Notes to the Consolidated Financial Statements

For the year ended 31 December 2005

1. GROUP REORGANIZATION AND BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Company was incorporated in the Cayman Islands on 11 July 2005 as an exempted company with limited liability under the Companies Law (2004 Revision) of the Cayman Islands. The Company's immediate holding company is Advent Group Limited, which was incorporated in the British Virgin Islands ("BVI") and its ultimate holding company is Magnificent Capital Holding Limited, which was incorporated in the BVI. The address of the registered office and principal places of business of the Company and its subsidiaries are disclosed in the Corporate Information section of the annual report.

Pursuant to a group reorganization (the "Group Reorganization") to rationalize the structure of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") in preparation for the listing of the Company's shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Company became the holding company of the Group on 24 October 2005. The shares of the Company have been listed on the Stock Exchange since 17 November 2005. Details of the Group Reorganization were set out in the prospectus issued by the Company dated 7 November 2005.

The Group resulting from the Group Reorganization is regarded as a continuing entity and is regarded as business under common control. Accordingly, the consolidated financial statements of the Group have been prepared using the principles of merger accounting as if the current group structure had been in existence throughout the two years ended 31 December 2005.

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

The Company acts as an investment holding company. Particulars of the principal activities of its subsidiaries are set out in note 41.

2. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments, which are measured at fair values, and in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by Hong Kong Institute of Certified Public Accountants (the "HKICPA"). In addition, the consolidated financial statements include application disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance. All HKFRSs effective for the accounting period commencing on 1 January 2005, together with the relevant transitional provision, have been adopted in the preparation of the consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting standards not yet effective

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

HKAS 1 (Amendment)	Capital disclosures[1]
HKAS 19 (Amendment)	Actuarial gains and losses, group plans and disclosures[2]
HKAS 21 (Amendment)	Net investment in a foreign operation[2]
HKAS 39 (Amendment)	Cash flow hedge accounting of forecast intragroup transactions[2]
HKAS 39 (Amendment)	The fair value option[2]
HKAS 39 & HKFRS 4 (Amendments)	Financial guarantee contracts[2]
HKFRS 6	Exploration for and evaluation of mineral resources[2]
HKFRS 7	Financial instruments: Disclosures[1]
HKFRS – INT 4	Determining whether an arrangement contains a lease[2]
HKFRS – INT 5	Rights to interests arising from decommissing, restoration and environmental rehabilitation funds[2]
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 economies[4]

[1] Effective for annual periods beginning on or after 1 January 2007.
[2] Effective for annual periods beginning on or after 1 January 2006.
[3] Effective for annual periods beginning on or after 1 December 2005.
[4] Effective for annual periods beginning on or after 1 March 2006.

Basis of consolidation

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

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes.

Sale of goods are recognized when goods are delivered and title has passed.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Property, plant and equipment

Property, plant and equipment other than freehold land and construction in progress are stated at cost less depreciation and accumulated impairment loss.

Freehold land is stated at cost less accumulated impairment loss.

Construction in progress is stated at cost, which comprises all direct costs incurred in relation to their construction, less accumulated impairment loss. The cost of construction in progress will not be amortized until they are ready for their intended use and are transferred to a specific category of property, plant and equipment when the construction is completed.

Depreciation is provided to write off the cost of items of property, plant and equipment, other than freehold land and construction in progress, over their estimated useful lives and after taking into account their estimated residual value, using the straight line method.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the year in which the item is derecognized.

Club debenture

Club debenture is measured initially at purchase cost and is amortized on a straight line basis over its estimated useful life.

Cash surrender value of life insurance

Cash surrender value of life issuance is stated at fair value.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the tangible asset is reduced to its recoverable amount. An impairment loss is recognized as an expense immediately.

Where 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 recognized for the tangible asset in prior years. A reversal of an impairment loss is recognized as income immediately.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is calculated using the weighted average cost method.

Borrowing costs

All borrowing costs are recognized as and included in finance costs in the income statement in the period in which they are incurred.

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income and expense that are taxable or deductible in other year and it further excludes income statement items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognized on differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized 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 taxable profit nor the accounting profit.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference 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 profits 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 is realized, based on tax rates that have been enacted or substantially enacted by the balance sheet date. Deferred tax is charged or credited to the profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Foreign currencies

In preparing the financial statements of the individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded at its functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange 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 recognized in profit or loss in the period in which they arise. 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 recognized directly in equity, in which cases, the exchange differences are also recognized directly in equity.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in United States dollars using exchange rates prevailing on the balance sheet date. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized as a separate component of equity. Such exchange differences are recognized in profit or loss in the period in which the foreign operation is disposed of.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as expenses as they fall due.

Financial instruments

Financial assets and financial liabilities are recognized 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 recognized immediately in profit or loss.

Financial assets

The Group's financial assets are classified into one of the three categories, including financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognized and derecognized 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 accounting policies adopted in respect of each category of financial assets are set out below.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss has two subcategories, including financial assets held for trading and those designated at fair value through profit or loss on initial recognition. At each balance sheet date subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognized directly in profit or loss in the period in which they arise.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

***Financial assets** (continued)*

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, loans and receivables (including trade receivables) are carried at amortized cost using the effective interest method, less any identified impairment losses. An impairment loss is recognized 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 recognized, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

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 (set out above). At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognized in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognized in equity is removed from equity and recognized in profit or loss. Any impairment losses on available-for-sale financial assets are recognized 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.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses at each balance sheet date subsequent to initial recognition. An impairment loss is recognized in profit or loss when there is objective evidence that the asset is impaired. The amount of the impairment loss is measured as the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses will not reverse in subsequent periods.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

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. The Group's financial liabilities are generally classified into financial liabilities at fair value through profit or loss and other financial liabilities. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss has two subcategories, including financial liabilities held for trading and those designated at fair value through profit or loss on initial recognition. At each balance sheet date subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value recognized directly in profit or loss in the period in which they arise.

Other financial liabilities

Other financial liabilities including bank borrowings and trade payables are subsequently measured at amortized cost, using the effective interest rate method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derivative financial instruments and hedging

The Group uses derivative financial instruments (primarily interest rate swap contracts) to hedge its exposure against interest rate risk. Such derivatives are measured at fair value regardless of whether they are designated as effective hedging instruments.

The Group's hedging instruments mainly comprise cash flow hedges. Hedges are classified as cash flow hedges when hedges are made to hedge against exposure to variability in cash flows that are attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction. The accounting treatments of cash flows hedges are set out below:

For cash flow hedges that qualify for hedge accounting, the effective portion of the gains or losses arising on the changes in fair value of hedging instruments is initially recognized in equity and "recycled" into the income statement when the hedged item affects profit or loss. The ineffective portion is recognized immediately in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Derecognition

Financial assets are derecognized when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognized directly in equity is recognized in profit or loss.

For financial liabilities, they are removed from the Group's balance sheet (i.e. when the obligation specified in the relevant contract is discharged, cancelled or expires). The difference between the carrying amount of the financial liability derecognized and the consideration received or receivable is recognized in profit or loss.

3. CRITICAL JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies, management makes various estimates and judgments (other than those involving estimates) based on past experience, expectations of the future and other information. The key sources of estimation uncertainty and the critical judgments that can significantly affect the amounts recognized in the consolidated financial statements are disclosed below.

Allowance on trade receivables

The Group performs ongoing credit evaluations of its customers and adjusts credit limits based on payment history and the customer's current credit-worthiness, as determined by the review of their current credit information. The Group continuously monitors collections and payments from its customers and maintains a provision for estimated credit losses based upon its historical experience and any specific customer collection issues that it has identified. Credit losses have historically been within the Group's expectations and the Group will continue to monitor the collections from customers and maintain an appropriate level of estimated credit losses.

Inventory valuation method

Inventory is valued at the lower of cost and net realizable value. Cost is determined using the weighted average method. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The Group reviews its inventory levels in order to identify slow-moving and obsolete merchandise, where the Group has identified items of inventory which have net realizable value lower than its carrying amount, the Group would estimate the amount of inventory loss as allowance on inventory.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include, cash and cash equivalents, trade and other receivables and trade and other 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.

Interest rate risk

The Group's interest rate risk relates primarily to floating-rate bank borrowings. In relation to these floating-rate borrowings, the Group aims at keeping borrowings at fixed rates. In order to achieve this result, the Group entered into interest rate swaps to hedge against its exposures to changes in the cash flow of the borrowings. The critical terms of these interest rate swaps are similar to those of hedged borrowings. These interest rate swaps are designated as effective hedging instruments and hedge accounting is used (see Note 25 for details).

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations as at 31 December 2005 in relation to each class of recognized financial assets is the carrying amount of those assets as stated in the consolidated balance sheet. In order to minimize the credit risk, the management of the Group has delegated a team of staff members 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.

The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Currency risk

Several subsidiaries of the Company are located in The People's Republic of China (the "PRC"), which expose the Group to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

5. TURNOVER AND SEGMENTAL INFORMATION

Turnover represents the net amounts received and receivable for goods sold by the Group to outside customers for the year is analyzed as follows:

	2005	2004
	US$'000	*US$'000*
Branded products	**455,777**	405,594
Originated equipment manufacturing products	**61,262**	51,948
	517,039	457,542

Business and Geographical segments

The Group is solely engaged in the manufacturing and trading of wooden furniture and over 90% of the Group's sales are made to customers in the United States of America (the "USA"). The directors consider that these activities constitute one business segment since these activities are related and are subject to common risks and returns. Accordingly, no business and geographical segment information is presented.

The Group's operations are located in the PRC, Taiwan and the USA.

The following is an analysis of the carrying amount of segment assets and additions to property, plant and equipment, analyzed by geographical area in which the assets are located.

	Carrying amount of segment assets		Addition to property, plant and equipment	
	2005	2004	2005	2004
	US$'000	*US$'000*	*US$'000*	*US$'000*
The PRC	**256,933**	163,788	**18,377**	27,599
Taiwan	**39,226**	45,250	**–**	–
The USA	**148,496**	118,730	**738**	1,928
	444,655	327,768	**19,115**	29,527

6. FINANCE COSTS

	2005	2004
	US$'000	*US$'000*
Interest on bank borrowings wholly repayable within five years	**2,133**	542

7. TAXATION

	2005	2004
	US$'000	*US$'000*
Tax charge represents:		
PRC Foreign Enterprise Income Tax ("FEIT")	**291**	289
USA income tax	**9,561**	6,595
Taiwan income tax	**67**	178
Deferred tax credit *(note 28)*	**(1,838)**	(395)
	8,081	6,667

No provision of Hong Kong Profits Tax has been made as the Group's profit neither arise in, nor is derived from, Hong Kong during both years.

Pursuant to the relevant laws and regulations in the PRC, Lacquer Craft Mfg. Co., Ltd. (Dongguan) ("LCDG") and Lacquer Craft Mfg. Co., Ltd. (Zhejiang) ("LCZJ"), subsidiaries of the Company, are entitled to the exemptions from the FEIT for two years starting from its first profit-making year and to a 50% relief from the FEIT for the following three years. After offsetting the accumulated tax losses, LCZJ has not yet entered into its first profit-making year in 2005. Accordingly, no provision for the FEIT has been made on LCZJ. LCDG's first profit-making year was the year ended 31 December 2000. Accordingly, LCDG is subject to a 50% relief from the FEIT for each of the three years ended 31 December 2004. For the year ended 31 December 2005, LCDG should be remained to be entitled to 50% relief from the FEIT as all of its sales were exported according to the relevant laws and regulations in the PRC. Applying this 50% relief, the income tax rate applicable to LCDG for the year ended 31 December 2005 was 12%.

USA income tax charge comprises federal income tax calculated at 34% and state income tax calculated at various rates on the estimated assessable profits of Legacy Classic Furniture Inc. and Universal Furniture International Inc., both are wholly owned subsidiaries of the Company.

Taiwan income tax is calculated at 25% of the deemed assessable profits of the branch of Samson International Enterprises, Limited, a subsidiary of the Company, established in Taiwan.

7. TAXATION (continued)

The tax charge for the year based on the income tax rate which most of the Group's profit was assessed, can be reconciled to the profit before taxation per the consolidated income statements as follows:

	2005 **US$'000**	2004 US$'000
Profit before taxation	**97,113**	76,737
Taxation at the USA federal income tax rate of 34%	**33,018**	26,090
USA state income tax at various rates	**661**	453
Tax effect of income not taxable for tax purpose	**(1,591)**	(1,495)
Tax effect of expenses not deductible for tax purpose	**1,976**	2,045
Effect of tax loss not recognized	**–**	5,900
Utilization of tax losses previously not recognized	**(2,766)**	–
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(23,217)**	(26,326)
Tax charge for the year	**8,081**	6,667

Details of deferred taxation are set out in note 28.

8. PROFIT FOR THE YEAR

	2005	2004
	US$'000	*US$'000*
Profit for the year has been arrived at after charging:		
Staff costs	**43,357**	42,209
Retirement benefit scheme contributions	**524**	249
Total staff costs including directors' remuneration *(note 9)*	**43,881**	42,458
Allowance for inventories	**83**	–
Amortization of club debenture	**7**	–
Auditors' remuneration	**599**	113
Cost of inventories recognized as an expense	**339,978**	310,590
Depreciation of property, plant and equipment	**11,102**	8,972
Impairment loss on trade receivables	**604**	606
Listing expenses charged to income statement	**1,400**	–
Loss on disposal of lease premium for land	**451**	164
Net exchange loss	**–**	80
Release of lease premium for land	**225**	233
and after crediting:		
Bank interest income	**1,277**	609
Gain on disposal of investments held for trading	**72**	40
Gain on disposal of property, plant and equipment	**200**	539
Interest on loans receivable	**–**	172
Net exchange gain	**112**	–
Reversal of allowance for inventories	**–**	39

9. DIRECTORS' AND EMPLOYEES' REMUNERATIONS

The emoluments paid or payable to each of the directors of the Company were as follows:

	Shan Huei Kuo US$'000	Yi-Mei Liu US$'000	Mohamad Aminozzakeri US$'000	Sheng Hsiung Pan US$'000	Huei-Chu Huang US$'000	Ming-Jian Kuo US$'000	Siu Ki Lau US$'000	2005 Total US$'000	2004 Total US$'000
Fees	6	6	6	3	6	6	6	39	–
Other emoluments									
Salaries and other benefits	1,174	824	414	–	–	–	–	2,412	2,379
Total emoluments	1,180	830	420	3	6	6	6	2,451	2,379

Of the five individuals with the highest emoluments in the Group, three (2004: two) are the directors of the Company whose emoluments are included above. The emoluments of the remaining two (2004: three) individuals are as follows:

	2005 US$'000	2004 US$'000
Basic salaries and allowances	763	1,334
Retirement benefit scheme contributions	11	20
	774	1,354

Their emoluments were within the following bands:

	2005 Number of employees	2004 Number of employees
HK$2,000,001 to HK$2,500,000	–	1
HK$2,500,001 to HK$3,000,000	1	–
HK$3,000,001 to HK$3,500,000	1	–
HK$3,500,001 to HK$4,000,000	–	1
HK$4,000,001 to HK$4,500,000	–	1
	2	3

During both years, no emoluments were paid by the Group to any of the directors or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors has waived any emoluments during the year.

10. DIVIDENDS

The directors recommend the payment of a final dividend of HK$0.055 (2004: nil) per share for the year ended 31 December 2005 amounting to HK$151,800,000 (equivalent to approximately US$19,462,000).

During the year, Samson Worldwide Limited ("SWL"), a subsidiary of the Company, paid dividends of US$18,000,000 (2004: US$90,000,000) to its then shareholders prior to the Group Reorganization. The rate of dividend and the number of shares ranking for dividends declared by SWL are not presented as such information is not meaningful having regard to the purpose of this report.

11. EARNINGS PER SHARE

The calculation of the basic earnings per share for the year is based on the following data:

	2005	2004
	US$'000	*US$'000*
Profit for the year and earnings for the purposes of basic earnings per share	**89,032**	70,070
Weighted average number of shares for the purposes of basic earnings per share	**2,356,712,329**	2,300,000,000

The calculation of basic earnings per share for the year ended 31 December 2004 was based on the Company's 2,300,000,000 shares deemed to be issued throughout the year assuming the Group Reorganization had been effective on 1 January 2004.

12. PROPERTY, PLANT AND EQUIPMENT

	Freehold land US$'000	Buildings US$'000	Plant and machinery US$'000	Leasehold improvements US$'000	Motor vehicles US$'000	Furniture, fixture and equipment US$'000	Construction in progress US$'000	Total US$'000
COST								
At 1 January 2004	2,932	37,133	36,429	1,752	1,056	13,836	14,518	107,656
Additions	–	482	5,189	–	123	1,951	21,782	29,527
Transfer	–	16,728	1,785	3,079	–	5,630	(27,222)	–
Disposals	–	(11,062)	(2,275)	–	(58)	(2,631)	–	(16,026)
At 31 December 2004 and 1 January 2005	2,932	43,281	41,128	4,831	1,121	18,786	9,078	121,157
Exchange adjustments	–	750	1,003	118	27	211	221	2,330
Additions	–	1,134	3,729	773	26	2,286	11,167	19,115
Transfer	–	9,638	1,684	–	–	840	(12,162)	–
Disposals	–	(3,377)	(160)	–	(45)	(1,833)	–	(5,415)
At 31 December 2005	**2,932**	**51,426**	**47,384**	**5,722**	**1,129**	**20,290**	**8,304**	**137,187**
DEPRECIATION								
At 1 January 2004	–	2,876	5,372	–	384	4,895	–	13,527
Provided for the year	–	1,873	3,277	320	196	3,306	–	8,972
Eliminated on disposals	–	(1,937)	(1,454)	–	(44)	(1,558)	–	(4,993)
At 31 December 2004 and 1 January 2005	–	2,812	7,195	320	536	6,643	–	17,506
Exchange adjustments	–	44	230	14	15	74	–	377
Provided for the year	–	3,645	3,996	405	184	2,872	–	11,102
Eliminated on disposals	–	(2,792)	(44)	–	(28)	(1,719)	–	(4,583)
At 31 December 2005	**–**	**3,709**	**11,377**	**739**	**707**	**7,870**	**–**	**24,402**
NET BOOK VALUES								
At 31 December 2005	**2,932**	**47,717**	**36,007**	**4,983**	**422**	**12,420**	**8,304**	**112,785**
At 31 December 2004	2,932	40,469	33,933	4,511	585	12,143	9,078	103,651

The freehold land is situated in the USA.

The following rates are used for the depreciation of property, plant and equipment:

Buildings	5%
Plant and machinery	10%
Leasehold improvements	10%
Motor vehicles	20%
Furniture, fixture and equipment	20%

13. LEASE PREMIUM FOR LAND

	2005	2004
	US$'000	*US$'000*
The Group's lease premium for land under operating lease is analyzed as follows:		
Medium-term land use rights situated in the PRC	**11,399**	10,606
Analyzed for reporting purposes as:		
Current asset	**255**	223
Non-current asset	**11,144**	10,383
	11,399	10,606

14. LOANS RECEIVABLE

	2005	2004
	US$'000	*US$'000*
Loans receivable	**–**	1,600
Less: Amount due within one year shown under current assets	**–**	(600)
Amount due after one year	**–**	1,000

The amounts represented the loans advanced to third parties. The loans were unsecured, interest-bearing at 10% to 12% per annum and were fully repaid during the year.

In the opinion of the directors, the carrying amount of the loans receivable approximated their fair values.

15. CASH SURRENDER VALUE OF LIFE INSURANCE

Amount under deferred compensation plan (note 27) has been invested in an insurance policy in accordance with the terms of the deferred compensation plan. The Group is the beneficiary of such investment. As at 31 December 2005, the carrying amount represents the cash surrender value of the policy and approximates its fair value.

16. CLUB DEBENTURE

	2005	2004
	US$'000	*US$'000*
COST		
At beginning of the year	**40**	–
Additions	**–**	40
At end of the year	**40**	40
AMORTIZATION		
At beginning of the year	**–**	–
Provided for the year	**7**	–
At end of the year	**7**	–
NET BOOK VALUE	**33**	40

The club debenture is amortized over its estimated useful life of 5 years.

17. INVESTMENTS IN SECURITIES

	2005	2004
	US$'000	*US$'000*
Investments held for trading, unlisted outside Hong Kong	**–**	2,540

The investments included above represent investments in unlisted equity securities that offer the Group the opportunity for return through dividend income and fair value gains, and investments in unlisted debt securities with maturity of one year and zero coupon rate. The fair values of these securities were based on prices quoted by the financial institutions.

18. INVENTORIES

	2005	2004
	US$'000	*US$'000*
Raw materials	**26,794**	30,591
Work in progress	**11,720**	13,127
Finished goods	**44,294**	39,705
	82,808	83,423

19. TRADE AND OTHER RECEIVABLES

The Group generally allows an average credit period of 60 days to its trade customers.

The aged analysis of the Group's trade receivables net of allowance as at the balance sheet date are as follows:

	2005	2004
	US$'000	*US$'000*
Trade receivables:		
0 – 30 days	**95,351**	63,254
31 – 60 days	**7,303**	6,658
Over 60 days	**1,998**	2,570
	104,652	72,482
Other receivables	**21,958**	11,529
	126,610	84,011

The directors consider that the carrying amounts of trade and other receivables approximate their fair values.

20. RESTRICTED BANK BALANCES

It represented bank balances pledged for the Group's investments. The directors consider that the carrying amount of these assets approximated their fair value.

21. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The directors consider that the carrying amount of these assets approximates their fair values.

The balance of cash and cash equivalents held in the PRC of US$21,491,000 (2004: US$2,928,000) are subject to foreign exchange control.

The balance of cash and cash equivalents includes deposits at an average interest rate of 4% per annum, placed in a financial institution amounting to US$61,894,000 (2004: nil).

22. TRADE AND OTHER PAYABLES

The aged analysis of the Group's trade payables as at the balance sheet date are as follows:

	2005	2004
	US$'000	*US$'000*
Trade payables:		
0 – 30 days	**25,111**	15,871
31 – 60 days	**10,375**	4,172
Over 60 days	**2,067**	2,603
	37,553	22,646
Other payables	**35,846**	28,472
	73,399	51,118

The directors consider that the carrying amounts of trade and other payables approximate their fair values.

23. AMOUNTS DUE TO DIRECTORS

Name of director	**2005**	2004
	US$'000	US$'000
Mr. Shan Huei KUO	**–**	6,348
Ms. Yi-Mei LIU	**–**	6,348
	–	12,696

The amounts were unsecured, non-interest bearing and were fully settled during the year.

The directors consider that the carrying amounts of amounts due to directors approximate their fair values.

24. AMOUNTS DUE TO RELATED COMPANIES

Name of related company	2005 US$'000	2004 US$'000
Samson Global Co. Ltd.	8	1,085
Uson Enterprises Limited	–	8
	8	1,093

The amounts are unsecured, non-interest bearing and repayable on demand.

The directors consider that the carrying amounts of amounts due to related companies approximate their fair values.

25. DERIVATIVE FINANCIAL INSTRUMENTS

	2005 US$'000	2004 US$'000
Interest rate swaps liabilities	–	31

The Group uses interest rate swaps to manage its exposure to interest rate movements on its bank borrowings by swapping a proportion of those borrowings from floating rates to fixed rates.

As at 31 December 2004, the Group had an interest rate swap agreement in place with a notional amount of US$6,000,000 whereby it paid a fixed rate of interest of 3.26% and received a variable rate equal to London Interbank Offered Rate ("LIBOR") on the notional amount. The swap was being used to hedge the exposure to changes in the cash flow of a portion of its syndicated revolving loan bearing interest at LIBOR plus 0.75%. The syndicated revolving loan and the interest rate swap had the same key terms.

The amount was based on quoted market prices for equivalent instruments at the balance sheet date. All of these interest rate swaps were designated and effective as cash flow hedges and the fair value thereof had been deferred in equity.

26. BANK BORROWINGS

	2005	2004
	US$'000	*US$'000*
Bank loans		
– Secured	**–**	19,134
– Unsecured	**–**	25,000
	–	44,134
The maturity profile of the above bank borrowings is as follows:		
Within one year	**–**	19,134
More than two years, but not exceeding five years	**–**	25,000
	–	44,134
Less: Amount due within one year shown under current liabilities	**–**	(19,134)
Amount due after one year	**–**	25,000

All of the Group's borrowings were denominated in the United Sates dollars and were fully repaid during the year.

Bank loans of US$190,000 as at 31 December 2004 were arranged at fixed interest rates and other borrowings are arranged at floating rates.

The average effective interest rate on bank borrowings approximated 4.44% (2004: 3.36%).

The directors estimated the fair value of the Group's borrowings as at 31 December 2004, by discounting their cash flows at the market rate, to be US$44,134,000.

26. BANK BORROWINGS (continued)

The Group has the following bank loans:

	2005	2004
	US$'000	*US$'000*
Revolving line of credit from Wachovia Bank, N.A. in which borrowings of up to US$30,000,000 were permitted. The loan was secured by substantially all of the assets of Samson Investment Holding Co., a subsidiary of the Company, Universal Furniture International Inc. and Legacy Classic Furniture Inc. and interest bearing at the 30 days LIBOR plus 0.75%	–	18,944
Unsecured loan from Fleet Funding Corporation bearing interest at 1.67% per annum	–	190
Syndicated revolving loan arranged by Chinatrust Commercial Bank, Ltd. in which borrowings of up to US$50,000,000 were permitted. The loan was guaranteed by of Samson Global Co. Ltd., Samson Worldwide Limited and Samson Pacific Company Limited, a subsidiary of the Company, and interest bearing at the annual LIBOR plus 0.75%	–	25,000
Total	–	44,134

27. DEFERRED COMPENSATION

The Group has adopted a defined contribution deferred compensation plan for a key executive. Under the terms of this plan, the executive may defer a discretionary annual amount up to US$100,000 of compensation which is payable to the executive upon his retirement, death or termination of service. This amount is invested by the Group on behalf of the relevant executive in managed investment funds (note 15). The balance is stated at fair value at the balance sheet date.

28. DEFERRED TAXATION

The following are the major deferred tax liabilities (assets) recognized by the Group and movements thereon during the year:

	Accelerated tax depreciation *US$'000*	**Others** (note) *US$'000*	**Total** *US$'000*
At 1 January 2004	760	(934)	(174)
Charge (credit) to income statement for the year	284	(679)	(395)
At 31 December 2004 and 1 January 2005	1,044	(1,613)	(569)
Credit to income statement for the year *(note 7)*	(111)	(1,727)	(1,838)
At 31 December 2005	**933**	**(3,340)**	**(2,407)**

note: The amounts represent deferred tax on temporary differences on trade receivables, inventories and accrued expenses.

As at 31 December 2005, the Group has unused tax losses of US$11,014,000 (2004: US$19,148,000) available to offset against future profits in Lacquer Craft Mfg. Co., Ltd. (Zhejiang) ("LCZJ"). No deferred tax asset has been recognized in respect of such tax losses due to the unpredictability of future profit streams of LCZJ. Tax losses will be expired within five years from the respective balance sheet date.

Deferred tax assets and liabilities have not offset for the purpose of balance sheet presentation as they relate to different tax authorities. The following is the analysis of the deferred taxation balance for financial reporting purposes:

	2005 ***US$'000***	2004 *US$'000*
Deferred tax liabilities	**668**	870
Deferred tax assets	**(3,075)**	(1,439)
	(2,407)	(569)

At the balance sheet date, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognized was US$48,875,000 (2004: US$35,828,000). No liability has been recognized in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

29. SHARE CAPITAL

	Notes	**Number of shares**	**Nominal value** *US$'000*
Ordinary shares of US$0.05 each			
Authorized:			
On incorporation and at 31 December 2005	*(i)*	6,000,000,000	300,000
Issued and fully paid:			
Allotted and issued on incorporation	*(ii)*	1	–
Issue of shares on the Group Reorganization	*(iii)*	2,299,999,999	115,000
Issue of shares through initial public offer	*(iv)*	460,000,000	23,000
At 31 December 2005		**2,760,000,000**	**138,000**

The share capital at 31 December 2004 shown in the consolidated balance sheet represented 115,000,000 shares of US$1 each in the share capital of Samson Worldwide Limited ("SWL") prior to the Group Reorganization.

The following changes in the share capital of the Company took place during the period from 11 July 2005 (date of incorporation) to 31 December 2005:

(i) The Company was incorporated with an authorized share capital of US$300,000,000 divided into 6,000,000,000 shares of US$0.05 each.

(ii) On 11 July 2005, 1 share of US$0.05 was allotted and issued.

(iii) On 24 October 2005, the Company issued 2,299,999,999 shares of US$0.05 each for the acquisition of SWL pursuant to the Group Reorganization. These new shares ranked pari passu in all respects with the then existing shares.

(iv) On 17 November 2005, the Company issued 460,000,000 shares of US$0.05 each at a price of HK$2.75 per share to the public. These new shares ranked pari passu in all respects with the then existing shares.

30. SHARE OPTION SCHEME

On 24 October 2005, a share option scheme (the "Share Option Scheme") was approved by a resolution of the shareholders and adopted by a resolution of the board of directors of the Company (the "Board"). The purpose of the Share Option Scheme is to attract skilled and experienced personnel, to incentivize them to remain with the Group and to give effect to the Group's customer-focused corporate culture, and to motivate them to strive for the future development and expansion of the Group, by providing them with the opportunity to acquire equity interests in the Group. The Board may, at its absolute discretion, offer any employee, management member or director of the Group and third party service providers options to subscribe for shares on the terms set out in the Share Option Scheme.

The maximum number of shares in respect of which options may be granted under the Share Option Scheme when aggregated with the maximum number of shares in respect of which options may be granted under any other scheme involving the issue or grant of options over shares or other securities by the Group shall not exceed 10% of the issued share capital on 17 November 2005 (such 10% limit representing 276,000,000 shares).

The Share Option Scheme does not contain any minimum period(s) for which an option must be held before it can be exercised. However, at the time of grant of the options, the Board may specify any such minimum period(s) up to five years.

No option may be granted to any one person such that the total number of shares issued and to be issued upon the exercise of options granted and to be granted to that person in any 12-month period up to the date of the latest grant exceeds 1% of our issued share capital from time to time, unless the approval of our shareholders is obtained. Options granted to substantial shareholders or independent non-executive directors in excess of 0.1% of the Company's share capital or with a value in excess of HK$5,000,000 must be approved in advance by the Company's shareholders.

The amount payable on acceptance of an option is HK$1. The period within which the options must be exercised will be specified by the Group at the time of grant, and must expire no later than ten years from 17 November 2005, the date of listing the Company's shares on the Stock Exchange. The exercise price is determined by the Board, and will not be less than the highest of (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

No option has been granted under the Share Option Scheme from 24 October 2005 (date of adoption) to 31 December 2005.

31. MERGER RESERVE

The merger reserve represents the differences between the nominal value of the share of Samson Pacific Company Limited, the intermediate holding company of certain members of the Group, and the nominal value of Samson Worldwide Limited's shares issued for a share swap thereof pursuant to a group reorganization on 31 December 2004.

32. STATUTORY RESERVE

Pursuant to the relevant regulations applicable to foreign investment enterprises established in the PRC, Lacquer Craft Mfg. Co., Ltd. (Dongguan) and Lacquer Craft Mfg. Co., Ltd. (Zhejiang) are required to transfer a certain percentage of their profit after taxation to the statutory reserve. The balances of the statutory reserve cannot be reduced except where approval is obtained from the relevant PRC authority to setoff accumulated losses or increase capital.

33. OPERATING LEASE ARRANGEMENTS

The Group as lessee:

Minimum lease payments paid under operating leases during the year:

	2005	2004
	US$'000	*US$'000*
Premises and equipment	**3,251**	3,001

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
	US$'000	*US$'000*
Within one year	**2,879**	2,533
In the second to fifth year inclusive	**9,154**	5,603
Over five years	**436**	–
	12,469	8,136

Operating lease payment represent rentals payable by the Group for its factories and staff quarters and equipment. Lease terms are ranged from one to seven years.

34. CAPITAL COMMITMENTS

	2005	2004
	US$'000	*US$'000*
Capital expenditure in respect of acquisition of property, plant and equipment:		
– contracted for but not provided in the financial statements	**9,185**	3,537
– authorized but not contracted for	**–**	2,689

35. CONTINGENT LIABILITIES

In December 2004, as the result of an investigation, the United States Department of Commerce ("Department of Commerce") began collecting cash deposits for anti-dumping duties on imports of wooden bedroom furniture manufactured in the PRC. The deposits, which vary by manufacturer, range from 2.32% to 198.02% on import invoice value and are payable by the USA importers of such furniture. The duties actually imposed on the furniture imported for a particular year will be calculated by the Department of Commerce in an administrative review procedure at the end of that year.

The Group was assigned a duty rate of 2.66% on imports of wooden bedroom furniture manufactured by Lacquer Craft Mfg. Co., Ltd. (Dongguan) and Lacquer Craft Mfg. Co., Ltd. (Zhejiang); however, the management of the Group has filed an appeal with the U.S. Court of International Trade challenging the calculation of the Department of Commerce. Up to 31 December 2005, the cumulative duties amounted to US$4,521,000. In view of the impending appeal and annual review process, the management believes that the anti-dumping duty payable by the Group is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Accordingly, no provision for the duties have been made in the financial statements of the Group. As requested by the Department of Commerce, the Group paid a deposit of US$3,524,000 (included in trade and other receivables) and a related bank guarantee of US$997,000 was given by the Group as at 31 December 2005.

36. PLEDGE OF ASSETS

At the balance sheet date, the Group had the following assets pledged to banks to secure the general banking facilities granted to the Group:

	2005	2004
	US$'000	*US$'000*
Inventories	**10,771**	8,896
Trade and other receivables	**56,969**	34,679
	67,740	43,575

37. RETIREMENT BENEFIT SCHEMES

In accordance with the relevant PRC rules and regulations, Lacquer Craft Mfg. Co., Ltd. (Dongguan) ("LCDG") and Lacquer Craft Mfg. Co., Ltd. (Zhejiang) ("LCZJ") are required to establish a defined contribution plan managed by the relevant local government bureau in the PRC and to make contributions for their eligible employees. The contribution borne by LCDG and LCZJ are calculated according to the rate set by the municipal government.

Both of Legacy Classic Furniture Inc. and Universal Furniture International Inc. have established defined contribution retirement plans for their eligible employees in the USA. The assets of the plans are held separately from those of the Group in funds under the control of trustees.

38. RELATED PARTY TRANSACTIONS

During the year, the Group had the following significant transactions with related parties:

Name of related company	**Nature of transactions**	**2005** **US$'000**	2004 US$'000
Uson Enterprises Limited	Transportation logistics service fee paid	**1,794**	1,703
Samson Global Co. Ltd. ("SGL")	Purchase of hardware components	**59**	319
	Rental paid	**9**	–

In addition, bank loans of US$25,000,000 as at 31 December 2004 were guaranteed by SGL as set out in note 26.

Balances with related parties as at 31 December 2005 are set out in notes 23 and 24.

39. NON-CASH TRANSACTIONS

During the year ended 31 December 2004, amounts due to directors of US$35,000,000 were capitalized as the share capital of Samson Worldwide Limited.

40. BALANCE SHEET OF THE COMPANY

The balance sheet of the Company as at 31 December 2005 is as follows:

	Note	*US$'000*
NON-CURRENT ASSET		
Investment in a subsidiary		**195,186**
CURRENT ASSETS		
Other receivables		**745**
Amounts due from subsidiaries		**181,357**
Cash and cash equivalents		**48**
		182,150
CURRENT LIABILITY		
Other payables		**3,721**
NET CURRENT ASSETS		**178,429**
		373,615
CAPITAL AND RESERVES		
Share capital		**138,000**
Reserves	*(a)*	**235,615**
		373,615

40. BALANCE SHEET OF THE COMPANY (continued)

Note:

(a) Reserves of the Company

	Share premium US$'000	Contributed surplus US$'000 (note)	Accumulated profit US$'000	Total US$'000
Issue of shares at premium through initial public offer	140,079	–	–	140,079
Transaction costs attributable to issue of new shares	(4,509)	–	–	(4,509)
Contributed surplus arising on the Group Reorganization	–	80,186	–	80,186
Profit for the year	–	–	19,859	19,859
At 31 December 2005	**135,570**	**80,186**	**19,859**	**235,615**

note: Contributed surplus represents the difference between the net assets of the subsidiaries and the nominal amount of the Company's shares issued in exchange thereof pursuant to the Group Reorganization.

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Name of company	Place of incorporation/ establishment/ operation	Class of share held	Issued and fully paid share/ registered capital	Proportion of nominal value of share/registered capital held by the Company: Directly	Indirectly	Principal activities
High Intelligence Limited	BVI	Ordinary	US$50,000,000	–	100%	Investment holding
#Lacquer Craft Mfg. Co., Ltd. (Dongguan) ("LCDG")	The PRC	Capital contribution	HK$196,600,000	–	100%	Manufacturing of wooden furniture
#Lacquer Craft Mfg. Co., Ltd. (Zhejiang) ("LCZJ")	The PRC	Capital contribution	US$38,815,213	–	100%	Manufacturing of wooden furniture
Legacy Classic Furniture Inc.	The USA	Ordinary	US$4,450,000	–	100%	Marketing and sales of residential furniture
Samson International Enterprises, Limited	BVI/Taiwan	Ordinary	US$50,000	–	100%	Trading of residential furniture and procurement services
Samson Investment Holding Co.	The USA	Ordinary	US$0.10	–	100%	Investment holding
Samson Pacific Company Limited	BVI	Ordinary	US$50,000,000	–	100%	Investment holding
Samson Worldwide Limited	BVI	Ordinary	US$115,000,000	100%	–	Investment holding
Universal Furniture International Inc.	The USA	Ordinary	US$0.35	–	100%	Marketing and sales of residential furniture

The above table lists the subsidiaries of the Group which, in the opinion of the directors, principally affected 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.

LCDG and LCZJ are wholly foreign owned enterprises.