

2005

Annual Report 年報



JF Household Furnishings Limited
捷豐家居用品有限公司

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

(Stock code 股票編號 : 8310)

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability.

Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM. The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website at www.hkgem.com in order to obtain up-to-date information on GEM-listed issuers.

The Stock Exchange takes no responsibility for the contents of this report, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report. This report, for which the directors of JF Household Furnishings Limited (“Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (“GEM Listing Rules”) for the purpose of giving information with regard to the Company. The directors of the Company (“Directors”), having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this report is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this report misleading; and (iii) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

香港聯合交易所有限公司（「聯交所」）創業板（「創業板」）的特色

創業板乃為帶有高投資風險的公司提供一個上市的市場。尤其在創業板上市的公司毋須有過往溢利記錄，亦毋須預測未來溢利。

此外，在創業板上市的公司可能因其新興性質及該等公司經營業務的行業或所在國家而帶有風險。有意投資的人士應了解投資於該等公司的潛在風險，並應經過審慎周詳的考慮後方作出投資決定。創業板的較高風險及其他特色表示創業板較適合專業及其他資深投資者。

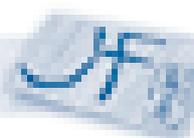
鑒於在創業板上市的公司屬於新興性質，在創業板買賣的證券可能會較於主板買賣的證券承受較大的市場波動風險，同時無法保證在創業板買賣的證券會有高流通量的市場。創業板發佈資料的主要方法為透過聯交所操作的互聯網網頁上刊登。上市公司一般毋須在憲報指定的報章刊登付款公佈披露資料。因此，有意投資的人士應注意彼等須能閱覽創業板網頁（網址為www.hkgem.com），以取得創業板上市發行人的最新資料。

聯交所對本報告的內容概不負責，對其準確性或完整性亦不發表任何聲明，並明確表示，概不就因本報告全部或任何部份內容而產生或因倚賴該等內容而引致的任何損失承擔任何責任。捷豐家居用品有限公司（「本公司」）各董事（「董事」）願就本報告共同及個別承擔全部責任，本報告乃根據聯交所創業板證券上市規則（「創業板上市規則」）而提供有關本公司的資料。公司董事（「董事」）經作出一切合理查詢後確認，就彼等深知及確信：(i)本報告所載資料在各重大方面均屬準確及完整，且無誤導成份；(ii)本報告並無遺漏其他事實，致使其任何聲明產生誤導；及(iii)本報告所表達的一切意見乃經過審慎周詳考慮後始行作出，並以公平及合理的基準及假設為依據。

CONTENTS

目錄

		Pages 頁
Corporate Information	公司資料	2-3
Financial Highlights	財務摘要	4-5
Chairman's Statement	主席報告	6-9
Management Discussion and Analysis	管理層討論及分析	10-15
Comparison of the Business Objectives with Actual Business Progress	業務目標與實際業務進度的比較	16-17
Directors and Senior Management	董事及高級管理層	18-21
Report of the Directors	董事會報告	22-33
Corporate Governance Report	企業管治報告	34-37
Auditors' Report	核數師報告	38-39
Consolidated Income Statement	綜合收益表	40
Consolidated Balance Sheet	綜合資產負債表	41
Balance Sheet	資產負債表	42
Consolidated Statement of Changes in Equity	綜合權益變動表	43
Consolidated Cash Flow Statements	綜合現金流量表	44
Notes to the Financial Statements	財務報表附註	46



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Yan Siu Wai (*Chairman*)
Mr. Leung Kwok Yin
Mr. Bao Jisheng

Independent Non-Executive Directors

Mr. Kwan Kai Cheong
Mr. Garry Alides Willinge
Mr. Yu Hon Wing, Allan

COMPANY SECRETARY

Mr. Cheung Wai Tak (CPA(US), CPA)

AUTHORISED REPRESENTATIVES

Mr. Yan Siu Wai
Mr. Cheung Wai Tak (CPA(US), CPA)

COMPLIANCE OFFICER

Mr. Yan Siu Wai

QUALIFIED ACCOUNTANT

Mr. Cheung Wai Tak (CPA(US), CPA)

AUDIT COMMITTEE

Mr. Kwan Kai Cheong (*Chairman*)
Mr. Garry Alides Willinge
Mr. Yu Hon Wing, Allan

REGISTERED OFFICE

Century Yard, Cricket Square, Hutchins Drive
PO Box 2681 GT
George Town, Grand Cayman
British West Indies

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

15th Floor, EIB Tower
4-6 Morrison Hill Road
Wanchai, Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Bank of Bermuda (Cayman) Limited
PO Box 513GT, Strathvale House
North Church Street, George Town
Grand Cayman, Cayman Islands
British West Indies

PRINCIPAL BANKERS

DBS Bank (Hong Kong) Limited
11th Floor, The Center
99 Queen's Road Central
Central
Hong Kong

Bank of China
No. 58 Shun Shui Road South
Yuyao, Zhejiang
PRC

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

AUDITORS

RSM Nelson Wheeler
7th Floor
Allied Kajima Building
138 Gloucester Road
Hong Kong

COMPLIANCE ADVISER

Deloitte & Touche Corporate Finance Limited
21st Floor
Wing On Centre
111 Connaught Road Central
Hong Kong

LEGAL ADVISER

Tracy Ong & Co.
3908A, 39th Floor
Jardine House
1 Connaught Place
Central
Hong Kong

STOCK CODE

8310

WEBSITE OF THE COMPANY

www.jffurnishings.com



董事會**執行董事**

甄兆威先生 (主席)
梁國賢先生
鮑繼聲先生

獨立非執行董事

關啟昌先生
Garry Alides Willinge先生
俞漢榮先生

公司秘書

張偉德先生(CPA(US), CPA)

授權代表

甄兆威先生
張偉德先生(CPA(US), CPA)

監察主任

甄兆威先生

合資格會計師

張偉德先生(CPA(US), CPA)

審核委員會

關啟昌先生 (主席)
Garry Alides Willinge先生
俞漢榮先生

註冊地址

Century Yard, Cricket Square, Hutchins Drive
PO Box 2681 GT
George Town, Grand Cayman
British West Indies

總辦事處及主要營業地點

香港灣仔
摩理臣山道4-6號
經信商業大廈15樓

開曼群島主要股份過戶登記分處

Bank of Bermuda (Cayman) Limited
PO Box 513GT, Strathvale House
North Church Street, George Town
Grand Cayman, Cayman Islands
British West Indies

主要往來銀行

星展銀行(香港)有限公司
香港
中環
皇后大道中99號
中環中心11樓

中國銀行
中國
浙江餘姚
舜水南路58號

香港股份過戶登記分處

卓佳證券登記有限公司
香港
灣仔
皇后大道東二十八號
金鐘匯中心二十六樓

核數師

羅申美會計師行
香港
告士打道138號
聯合鹿島大廈
7樓

合規顧問

德勤企業財務顧問有限公司
香港
干諾道中111號
永安中心
21樓

法律顧問

王珮玲律師事務所
香港
中環
康樂廣場1號
怡和大廈
39樓3908A室

股份代號

8310

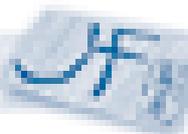
公司網址

www.jffurnishings.com



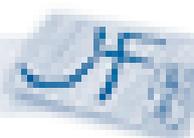
FINANCIAL HIGHLIGHTS

	Year ended 31 December		
	2003 HK\$	2004 HK\$	2005 HK\$
Results			
Turnover			
— Continuing operations	72,239,114	145,431,977	199,625,181
— Discontinued operation	11,848,045	7,027,468	—
	84,087,159	152,459,445	199,625,181
Net profit attributable to equity shareholders of the Company	13,386,962	18,876,904	23,659,231
At 31 December			
	2003 HK\$	2004 HK\$	2005 HK\$
Assets and Liabilities			
Total assets	63,509,182	84,794,832	116,591,011
Total liabilities	52,553,335	59,490,978	41,436,610
Equity attributable to equity shareholders of the Company	10,955,847	25,303,854	75,154,401
Earnings per share			
Basic	N/A	0.11	0.14
Diluted	N/A	N/A	0.14



	截至十二月三十一日止年度		
	2003年 港元	2004年 港元	2005年 港元
業績			
營業額			
— 持續業務	72,239,114	145,431,977	199,625,181
— 已終止業務	11,848,045	7,027,468	—
	84,087,159	152,459,445	199,625,181
本公司股東應佔純利	13,386,962	18,876,904	23,659,231

	於十二月三十一日		
	2003年 港元	2004年 港元	2005年 港元
資產及負債			
總資產	63,509,182	84,794,832	116,591,011
總負債	52,553,335	59,490,978	41,436,610
本公司股東應佔權益	10,955,847	25,303,854	75,154,401
每股盈利			
基本	不適用	0.11	0.14
攤薄	不適用	不適用	0.14



CHAIRMAN'S STATEMENT

TO OUR SHAREHOLDERS

On behalf of the board of Directors (the "Board"), I am pleased to present the first annual report of JF Household Furnishings Limited (the "Company") and its subsidiaries (collectively the "Group") and its audited financial results for the financial year ended 31 December 2005.

Year 2005 marks an important milestone in the corporate history of the Group with its successful listing on GEM of the Stock Exchange on 13 October 2005. The listing has given the Group an opportunity to strengthen its corporate structure with continuously improving corporate governance and an enhanced funding ability for future growth and international expansion.

During the year, the Group has successfully acquired a piece of land of approximately 44,105 m² located at Yaobei Industrial New Zone, Yuyao, Zhejiang, the People's Republic of China ("PRC") which is in close proximity with the existing production plant and will provide additional production space and capacity for the Group.

BUSINESS REVIEW

The Group is principally engaged in manufacturing and sales of furnishings and home products and accessories primarily used in kitchens and bathrooms.

For the financial year ended 31 December 2005, the Group recorded a turnover of approximately HK\$199.6 million, representing an increase of 37.3% over that of 2004. The growth was mainly due to the increasing demand on existing products and the successful expansion of the Group's product offering to the market in 2005.

In 2005, the Group's profit attributable to equity shareholders was approximately HK\$23.7 million, representing a growth of 25.3% as compared to that of 2004. The Group's gross profit margin in 2005 was 20.4%, representing an increase from 20.0% in 2004. The slight increase in the gross profit margin mainly came from the overall reduction in price of stainless steel during the year.

CHAIRMAN'S STATEMENT

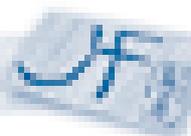
Year 2005 opens a new chapter for the development of the Company. The Group has successfully listed on GEM of the Stock Exchange, completed a new production plant of approximately 5,000 m² and successfully acquired a second piece of land of approximately 44,105 m².

The Group moved to diversify its customer base and had discussions with at least seven furniture retailers and providers in North America and across Europe, including UK, Germany and Italy. Samples had been sent to a number of potential customers. The management of the Company (the "Management") is cautiously optimistic that the Group will secure some substantial new orders in 2006.

To transform the corporate culture to meet the challenge of a more diversified its customer base, the Group has started to implement plans to further enhance the Group's customer service ability, including providing training sessions such as weekly English courses in the Group's factory in Yuyao for upgrading employees' communication skills.

In 2005, the Group has been making preparation to bid for wood furnishings products, as the Group has already been qualified for tendering orders for wood based products by one of its major customers.

Under the leadership of the Board, the Group sought to further enhance corporate governance and achieve product diversification with an aim to broaden the existing customer base and maintain competitiveness in the market, while providing a satisfactory return to its shareholders.



致各股東

本人謹代表董事會（「董事會」）欣然提呈捷豐家居用品有限公司（「本公司」）及其附屬公司（統稱為「本集團」）的首份年度報告及截至二零零五年十二月三十一日止財政年度的經審核財務業績。

於二零零五年十月十三日在聯交所創業板成功上市，二零零五年成為本集團公司歷史中的重要里程碑。上市活動大幅增強本集團的企業架構，令企業管治水平持續改善，融資能力得以加強，也為日後的增長及進軍國際市場作好準備。

於年內，本集團成功購入位處中華人民共和國（「中國」）浙江餘姚姚北工業新區一幅鄰近目前工廠佔地約44,105平方米的土地，為本集團提供額外生產空間及產能。

業務回顧

本集團主要從事製造及銷售主要用於廚房及浴室的家居用品及配件。

於截至二零零五年十二月三十一日止財政年度內，本集團錄得營業額約199,600,000港元，較二零零四年同期增長37.3%。該增長主要由於對現有產品的需求上升及於二零零五年成功擴大向市場提供本集團產品所致。

於二零零五年，本集團的股東應佔溢利約23,700,000港元，較二零零四年同期增長25.3%。本集團於二零零五年的邊際毛利率約為20.4%，較二零零四年的20.0%有所上升。邊際毛利率稍為上升，主要由於年內不銹鋼價格整體下跌所致。

主席報告

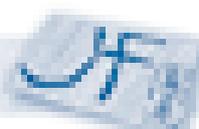
二零零五年揭開了本公司發展的新一頁。本集團在聯交所創業板成功上市，且面積約5,000平方米的新廠房落成及成功購得第二幅面積約44,105平方米的土地。

本集團動議擴大客戶基礎，並與北美及歐洲各國（包括英國、德國及意大利）的至少七間家具零售商及供應商洽商。樣本已送達多位潛在客戶。本公司管理層（「管理層」）對本集團能夠於二零零六年獲取若干重要的新訂單表示審慎樂觀。

為了改變公司文化以迎接客戶基礎更為多元化所帶來的挑戰，本集團已開始於本集團在餘姚的工廠引進每週英語課程等培訓項目，以提升僱員的英語溝通技巧以達致提升本集團客戶服務之能力。

於二零零五年，本集團一直準備競投木製家居產品，原因為本集團已合資格向其一名主要客戶投標木製產品。

在董事會領導下，本集團奮力提高企業管治水平及推動產品多元化，擴大現有客戶基礎及維持在市場內之競爭力，致力為股東提供理想回報。



CHAIRMAN'S STATEMENT

OUTLOOK AND FUTURE PROSPECTS

Year 2006 will begin a new phase for the Group. With the successful listing of the Company on GEM of the Stock Exchange in October 2005, the Group has obtained additional financial resources and acquired additional land for production scale expansion. In February 2006, the Group's management office in the PRC has moved to a newly completed building at the existing production facilities. In sum, the Management believes that the Company is now in a better position to face new challenges and opportunities in the years to come, as follows:

1. Transforming from a local factory into a public listed company with increasing demand for better internal controls and corporate governance;
2. Transforming from a few product lines that use mainly stainless steel materials to a range of product lines that use a diverse group of steel and wood materials; and
3. Transforming from a mainly single customer base business to a diverse clientele base of international retailers from Europe, North America and Asia.

In order to further expand the growing market opportunities, the Group has started developing new products for its potential customers. Currently, new products such as garden tools and library cabinets based on carbon steel are being developed. Although there may be a greater difference in product style as a result of the greater diversity in customer base, the Management believes that the Group are prepared and have taken new measures to adapt to these new environments.

As part of the Group's long term strategy to attract and retain of major retailers in North America and Europe, the Group is working on further strengthening its overall structure to meet the increasing challenges arising from its future expansion. The Group has set up a separate team within its business department to focus on potential customers from these regions. Currently, the Management has started discussions with at least seven furniture retailers and providers from Europe and North America, and the Group is cautiously optimistic that it will win significant orders from some of these prospective customers.

Apart from manufacturing the steel based products, the Group has also purchased a new production line for timber products from Italy as the Group has been qualified to bid for wood based products by a major existing client. Currently, the said production line has been used for making wood components for the existing door panel products. Our Management is hopeful that the Group will be able to obtain orders for the Group's wood based products in the latter part of year 2006.

The potential appreciation of Renminbi continued to affect the costs for the Company. Assuming that the course of appreciation follows the trend in 2005, the Management believes that the impact to the bottom line will be minimal.

With additional resources available to the Group, the Management understands that it is their responsibility to utilise those resources wisely and effectively. However, the Management also would not understate the challenges facing by the Group, including the uncertainty of stainless steel prices, the difference in production methodology of the new products, and the cultural difference of potential customers from various parts of the world.

It is the Board's intention to achieve sustainable and long term growth for the Group. The Directors are prudently optimistic about the opportunities ahead and committed to creating sustainable value for the Company's shareholders in the future.

APPRECIATION

On behalf of the Board, I would like to express our sincere gratitude to our shareholders, customers and partners for their ongoing support, and to our colleagues and staff for their invaluable contributions throughout the year.

Yan Siu Wai

Chairman

Hong Kong, 22 March 2006



展望及未來的前景

本集團於二零零六年將進入新階段。於二零零五年十月本公司在聯交所創業板成功上市後，本集團獲得額外財務資源及購入額外土地以擴大生產規模。於二零零六年二月，本集團於中國的管理層辦公室已搬至位於現有生產設施的新建成樓房內。總括而言，管理層相信本公司現已處身更有利位置去面對來年的新挑戰及商機如下所述：

1. 由一間本地工廠轉變為公眾上市公司，對更佳內部監控及企業管治的需求提升；
2. 將主要使用不銹鋼原料的少量本集團生產線轉變為使用多種鋼材及木材的一系列生產線；及
3. 由一種主要單一客戶基礎的業務轉變為由來自歐洲、北美及亞洲國際家具零售商及供應商組成的多樣化客戶基礎。

為進一步擴闊增長的市場和商機，本集團已著手為其全新的潛在客戶基礎開發新產品。目前正開發碳鋼製園藝工具及圖書館書櫃等新產品。儘管產品風格因客戶基礎更多樣化造成更大差異，管理層相信本集團已作好準備，並已採取措施以迎合新環境。

本集團的長遠策略是吸引及保留來自北美及歐洲的主要零售商客戶。本集團正努力進一步加強整體架構以迎合其擴充帶來的愈來愈大挑戰。本集團已於業務部內另行成立一個專注潛在新客戶的小組。截至本報告日期，管理層已開始與最少七位來自歐洲及北美的家具零售商及供應商仔細洽商，而本集團對贏得若干潛在客戶的重要訂單表示審慎樂觀。

除生產鋼製產品外，由於本集團已取得向一名主要現有客戶競投木製產品的資格，因此亦已為來自意大利的木材製品購入一條新生產線。目前，本集團已經使用該等設備製造現有門鑲板產品（抽屜面板）的木部件。管理層希望本集團將可於二零零六年下半部為本集團的木製產品取得訂單。

潛在的人民幣升值壓力繼續影響本公司的成本。然而，假設二零零五年人民幣的升勢持續，管理層相信對本集團的業績影響將會輕微。

憑藉可供本集團使用的額外資源，管理層明白，明智及有效地動用該等資源乃彼等的責任。然而，管理層亦不會低估本集團面對的挑戰，包括不銹鋼價格的不明朗因素、與不銹鋼不同性質的新產品類型及世界各地潛在客戶的不同文化。

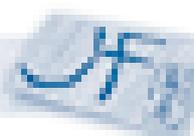
董事會有意為本公司取得持續及長期的增長。各董事對面前的商機表示審慎樂觀，並致力為股東創造日後的持久價值。

鳴謝

本人代表董事會向所有股東、客戶及生意伙伴對本集團的長期支持，並各董事同寅及本集團全體員工於過去一年對本集團無價的貢獻，致以深摯謝意。

甄兆威
主席

香港，二零零六年三月二十二日



MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS OF OPERATIONS

For the financial year ended 31 December 2005, the Group reported turnover of approximately HK\$199.6 million, representing an increase of 37.3% over that of year 2004. Gross profit margin reached 20.4%, which is slightly higher than that of 20.0% achieved last year, as the overall price of stainless steel dropped in 2005.

Distribution costs increased to HK\$1.5 million or by 50.1%, which is higher than the extent of increase in turnover and is mainly attributable to higher container transportation cost amid higher oil price, as well as the Group's effort on expansion into overseas markets.

Administrative expenses increased significantly from HK\$5.3 million in 2004 to HK\$10.8 million, which is mainly resulted from the Group's listing exercise and expansion in scale of operation and comprises of increases in entertainment expenses of HK\$0.5 million, listing related expenses of HK\$0.2 million, director and senior management salary and expenses of HK\$0.7 million, audit fees of HK\$0.4 million, exchange loss of HK\$0.5 million and a charge of HK\$2.4 million for share options granted during the year.

Exchange loss increased to approximately HK\$617,000 for 2005 from HK\$160,000 for 2004, as a result of appreciation of Reminbi against the US dollars during the year.

Finance charges did not increase in line with the level of the Group's activities since the Group reduced its bank borrowings following its listing on GEM of the Stock Exchange.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING AND TREASURY POLICY

The Group continued to improve its financial resources and liquidity position. As at 31 December 2005, the Group had bank and cash balances of approximately HK\$13.6 million (2004: approximately HK\$12.6 million) and net current assets of approximately HK\$44.6 million, representing a twofold increase from that of approximately HK\$14.7 million of last year. Non-current assets increased by approximately HK\$20.0 million to approximately HK\$30.6 million in year 2005. The increase was mainly due to the completion of a new factory building and the acquisition of a new parcel of land in Yuyao, the PRC.

As at 31 December 2005, the Group had current liabilities of approximately HK\$41.4 million, representing a decrease of HK\$18.1 million as the Group reduced its bank borrowings and payables given the Group has obtained additional funding from its listing on GEM of the Stock Exchange.

CHARGE ON GROUP ASSETS

Land use rights and certain buildings owned by the Group in the PRC are pledged as security to a bank for the Group's banking facilities.

A charge over deposits dated 1 November 2005 was created by Standard Chartered Bank (Hong Kong) Ltd against JF Household Furnishings (BVI) Ltd., a company incorporated in the British Virgin Islands with limited liability on 21 October 2004 and a wholly owned subsidiary of the Company.

GEARING RATIO

The Group's gearing ratio, which was derived from the total borrowings to total assets, decreased to 13.6% from that of 27.0% in 2004, as the Group reduced its debt and payable level with the additional funding obtained from its listing.



經營業績

截至二零零五年十二月三十一日止財政年度，本集團錄得營業額約199,600,000港元，較二零零四年同期上升37.3%。邊際毛利率達到20.4%，較上年度取得的20.0%輕微上升，原因為二零零五年的不銹鋼價格整體下跌所致。

分銷成本上升至1,500,000港元或上升達50.1%，較營業額的上升幅度為高，主要由於油價高企令貨櫃運輸成本偏高及為致力擴闊海外市場所致。

由於本集團準備上市及擴充營運規模，故行政開支由二零零四年的5,300,000港元大幅上升至10,800,000港元，上升主要來自應酬開支上升500,000港元、與上市有關的開支上升200,000港元、董事及高級管理人員薪金及開支上升700,000港元、審計開支上升400,000港元、匯兌損失上升500,000港元，及年內授出的購股權費用2,400,000港元。

於年內人民幣兌美元升值，導致匯兌損失由二零零四年約160,000港元上升至二零零五年約617,000港元。

財務費用並未與營業活動的水平一同上升。由於本集團於聯交所創業板上市後流動資金狀況得以改善，本集團減少向銀行之借款。

流動資金、財務資源及資金及財務政策

本集團持續改善其財務資源及流動現金狀況。於二零零五年十二月三十一日，本集團有銀行及現金結餘約13,600,000港元（二零零四年：約12,600,000港元）及流動資產淨值約44,600,000港元，較前一財政年度約14,700,000港元上升兩倍。二零零五年財政年度的非流動資產上升約20,000,000港元至約30,600,000港元。上升主要由於新工廠樓房落成及購置一幅位於中國餘姚的新土地所致。

於二零零五年十二月三十一日，本集團有流動負債約41,400,000港元，下跌約18,100,000港元，原因為本集團由於在聯交所創業板上市令現金資源得以改善，令銀行借款及應付款項減少所致。

集團資產抵押

本集團擁有位於中國的土地使用權及若干樓宇已質押予銀行作為本集團銀行信貸的抵押品。

於二零零五年十一月一日的存款抵押乃由香港渣打銀行向JF Household Furnishings (BVI) Ltd. (捷豐家居用品(維爾京群島)有限公司)設立，JF Household Furnishings (BVI) Ltd.為一間於二零零四年十月二十一日在英屬處女群島註冊成立的有限公司，且為本公司的全資附屬公司。

資本負債比率

由於本集團已以上市取得的額外資金降低負債及應付款項水平，本集團的資本負債比率(以借款總額與資產總值之比例計算)由二零零四年的27.0%下降至13.6%。



MANAGEMENT DISCUSSION AND ANALYSIS

FUTURE PLANS FOR MATERIAL INVESTMENTS

Save as disclosed in this report and the Company's prospectus dated 5 October 2005 ("Prospectus"), the Company had no material acquisition or capital expenditure plan as of 31 December 2005.

MATERIAL ACQUISITIONS AND DISPOSALS

Except for those set out in this report, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies.

CONTINGENT LIABILITIES

As at 31 December 2005, the Directors were not aware of any material contingent liabilities of the Group.

SEGMENTAL INFORMATION

The segmental information by geography of the Group is set out in note 4 to the financial statements.

SUBSEQUENT EVENTS

No subsequent events occurred after 31 December 2005, which may have significant effects, on the assets and liabilities of future operations of the Group.

FOREIGN EXCHANGE EXPOSURE

The income and expenditure of the Group are mainly denominated in Renminbi, Hong Kong dollars and US dollars. In view of the stability of the exchange rates of Renminbi, the Directors do not consider that the Group is significantly exposed to foreign exchange risk. Hence, no hedging or other arrangements to reduce the currency risk have been implemented.

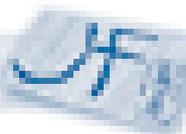
EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2005, the Group employed a total of approximately 621 staff in the PRC and Hong Kong, representing an increase of 316 staff from that of last year. The increase in staff was mainly attributable to the Group's expansion in operations in the PRC. Accordingly, the Group's remuneration to employees, including directors' emoluments, increased by approximately HK\$7.1 million to approximately HK\$17.5 million for the current financial year. The Group reviews employee remuneration annually and rewards its employee with reference to length of services and performance. The Group also provides share options and bonuses to employees of the Group at the discretion of the Directors based on the financial performance of the Group.

CAPITAL STRUCTURE

The Company was listed on GEM of the Stock Exchange on 13 October 2005 by way of placing of a total of 42,000,000 new shares. The net proceeds from this offering, after deduction for relevant expenses, are approximately HK\$23.3 million.

Since the listing of the Company's shares on GEM of the Stock Exchange, there has been no change in the capital structure of the Company. The share capital of the Company comprises only ordinary shares.



重大投資的未來計劃

除本年報及本公司於二零零五年十月五日刊發的招股章程（「招股章程」）所披露者外，截至二零零五年十二月三十一日，本公司並無任何重大收購或資本開支計劃。

重大收購事項及出售事項

除載於本年報者外，本集團並無任何重大附屬公司及聯營公司收購事項及出售事項。

或有負債

於二零零五年十二月三十一日，董事並不知悉本集團有任何重大或有負債。

分類資料

按地區劃分的分類資料載於財務報表附註4。

結算日後事項

於二零零五年十二月三十一日後，並無發生對本集團日後營運的資產及負債有重大影響的結算日後事項。

外匯風險

本集團的收入及支出均主要以人民幣、港元或美元列值。鑒於人民幣的匯率相對穩定，董事並不認為本集團承受重大匯兌風險。因此並無實施任何對沖或其他安排以減低貨幣風險。

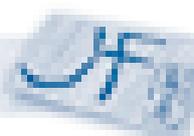
僱員及薪酬政策

於二零零五年十二月三十一日，本集團於中國及香港僱用約合共621名員工，較去年上升316名員工。員工人數上升主要由於擴大在中國之營運所致。因此，本集團的僱員薪酬（包括董事酬金），上升約7,100,000港元至本財政年度約17,500,000港元。本集團按僱員服務年期及表現每年檢討僱員薪酬及獎勵僱員。本集團經董事酌情及根據本集團的財政表現亦向本集團的僱員提供購股權及花紅。

資本結構

本公司於二零零五年十月十三日透過配售合共42,000,000新股在聯交所創業板上市。發售所得款項淨額經扣除相關開支後約為23,300,000港元。

自從本公司的股份在聯交所創業板上市，本公司的資本結構並無變動。本公司的股東資本只由普通股組成。



MANAGEMENT DISCUSSION AND ANALYSIS

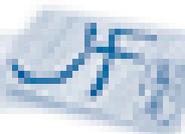
COMPLIANCE ADVISER'S INTEREST

As at 31 December 2005, neither Deloitte & Touche Corporate Finance Ltd. ("DTCFL") nor its directors, employees or associates, as defined in the GEM Listing Rules, had any interest in the securities of the Company or right to subscribe for or to nominate person to subscribe for securities of the Company.

Pursuant to the compliance adviser agreement dated 5 October 2005 entered into between the Company and DTCFL, DTCFL has been appointed as the compliance adviser to the Company as required under the GEM Listing Rules at a fee for the period commencing from 13 October 2005 until the agreement is terminated upon the terms and conditions set out therein.

COMPETING INTEREST

None of the Directors, management shareholders or their respective associates (as defined in the GEM Listing Rules), had any interests in any business which compete or may compete with the Company or any other conflicts of interest which any such person may have with the Company.



合規顧問的利益

於二零零五年十二月三十一日，德勤企業財務顧問有限公司（「德勤」）、其董事、僱員或聯繫人（定義見創業板上市規則）概無於本公司證券中擁有任何權益，或擁有認購或提名他人認購本公司證券的權利。

根據本公司及德勤於二零零五年十月五日按照創業板上市規則規定訂立的合規顧問協議，德勤獲委任為本公司的合規顧問並獲支付一筆費用，任期由二零零五年十月十三日起至根據該協議條款及條件終止協議為止。

競爭權益

概無董事、管理層股東或彼等各自的聯繫人（定義見創業板上市規則）於對本公司業務構成或可能構成競爭的任何業務中擁有任何權益，或與本公司構成任何其他利益衝突。



COMPARISON OF THE BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

In compliance with the GEM Listing Rules, the Company sets out below a summary of actual business progress as measured against the business objectives set out in the Prospectus for the period from 13 October 2005 to 31 December 2005 (the “Relevant Period”).

Business Objectives for the Relevant Period as stated in the Prospectus

Actual Business Progress

Expand production plant and facilities

- Complete construction of the new production plant of 5,000 sq.m. at the Group’s existing production facilities
- Complete the purchase of land for the Group’s expansion with total gross floor area of approximately 40,000 sq.m.

The new production plant of 5,000 sq.m. at the Group’s existing production facilities had been completed and in use

Successfully secured and completed the purchase a new parcel of land with total gross floor area of approximately 44,105 sq.m.

Product diversification

- Establish a new research and development team to cater for the development of furnishings and home products and accessories using other types of steel
- Improve existing research and development facilities

A new development team under the leadership of the Technical Director had been set up and started operation

New machineries including a bending machine and an edge banding machine have been in place. Orders have been placed for a machine for automatic loading of panels and a compact drilling machine

Explore new business opportunities

- Expand marketing department to promote the Group’s furnishings and home products and accessories to new customers
- Expand sales department to handle the expanding PRC market

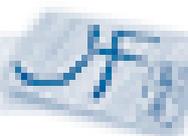
A separate business department has been set up to handle new customers group. The Group has started discussion with more than seven furniture retailers and providers in North America and across Europe, including UK, Germany and Italy

Recruited an experienced marketing officer to handle enquiries in respect of the Group’s export business and added 2 staff to support sales enquiries

Improve the overall management systems

- Improve existing control procedures and policies

Completed a new operation manual based on recommendations from compliance adviser and implemented most of the procedures set out in the new manual. A network linking all computers in the Group’s factory in Yuyao had been set up



業務目標與實際業務進度的比較

為遵守創業板上市規則，本公司將實際業務進度與載於招股章程的二零零五年十月十三日至二零零五年十二月三十一日期間（「有關期間」）的業務目標比較摘錄如下。

招股章程所列的有關期間業務目標

實際業務進度

擴充生產廠房及設施

- 於本集團現有生產設施完成興建面積5,000平方米的新生產廠房
- 完成購入總建築樓面面積約40,000平方米的土地以供本集團擴充

於本集團現有生產設施的面積5,000平方米新生產廠房已落成並投入使用

成功取得及完成購入一幅總建築樓面面積約44,105平方米的新土地

產品多元化

- 成立一個新的研究及開發小組，以配合開發採用其他類型鋼材的家居用品及配件
- 改善現有研究及開發設施

在技術總監領導下的新開發小組已成立並投入營運

新機器包括一台折彎機及自動封邊機已安裝好。已訂購一台木工機械電子開料機及一台自動排鑽機

探索新商機

- 擴大市場推廣部，以向新客戶推銷本集團的家居用品及配件
- 擴大銷售部，應付日益擴大的中國市場

已另行成立業務部應付新客戶組別。已開始與北美及歐洲各國（包括英國、德國及意大利）的超過七間家具零售商及供應商洽商。

聘用富經驗的市場推廣主任應付本集團的出口業務查詢及增聘2名員工支援銷售查詢

改善整體管理體系

- 改善現有監控程序及政策

根據合規顧問的推薦意見編成新營運手冊，並實施載於新手冊的大部分程序，餘姚公司局域網絡已經基本就緒。



DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Yan Siu Wai, aged 50, is one of the co-founders and Chairman of the Group. Mr. Yan is responsible for the strategic planning, corporate development and supervision of overall management of the Group. Mr. Yan graduated from Hong Kong Polytechnic University (formerly known as the Hong Kong Polytechnic) in 1976 with a higher diploma in production engineering. In 1998, he also obtained a master degree in Science (Engineering Business Management) from the University of Warwick, the United Kingdom. Mr. Yan is a member of the American Institute of Industrial Engineers and American Society of Heating Refrigerating and Air-conditioning Engineers, Inc.. Mr. Yan has approximately 25 years of experience in industrial management and manufacturing.

Mr. Leung Kwok Yin, aged 53, is one of the co-founders of the Group. Mr. Leung is responsible for product development, materials sourcing and marketing of the Group. Mr. Leung graduated from Hong Kong Polytechnic University (formerly known as the Hong Kong Polytechnic) in 1975 with a technician diploma in electrical engineering. Mr. Leung has been partnering with Mr. Yan for investments in the PRC for approximately 25 years and has built substantial manufacturing and distribution experiences in the PRC.

Mr. Bao Jisheng, aged 67, has been the general manager of JF A.C.R. Equipment Supplies (Ningbo) Co., Ltd ("JF Ningbo") since January 2003. He joined the Group in January 1999. Mr. Bao was previously the factory manager of Yuyao General Machinery Factory. Mr. Bao is responsible for the overall operation of JF Ningbo. He has over 40 years of experience in manufacturing, industrial engineering and business management. Mr. Bao is a qualified engineer and a director of Yuyao Jiefeng Air-Conditioning Equipment Co., Ltd..

INDEPENDENT NON-EXECUTIVE DIRECTORS

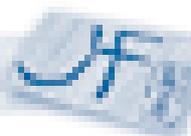
Mr. Kwan Kai Cheong, aged 56, graduated from the University of Singapore in 1973 with a degree in Accountancy. Mr. Kwan is qualified as a Chartered Accountant in Australia in 1979 and is a member of the Hong Kong Institute of Certified Public Accountants since 1982. He completed the Stanford Executive Program in 1992. He was previously the president and chief operating officer for the Asia Pacific Region of Merrill Lynch & Co. Mr. Kwan was appointed as an independent non-executive Director in March 2005.

Mr. Garry Alides Willinge, aged 56, is a fellow of the Australian Institute of Company Directors and a fellow of the Hong Kong Institute of Directors. He is also an Adjunct Professor with the Curtin Business School. He graduated from the University of Melbourne, Australia in 1970 with a Bachelor of Science. In 1996, he also obtained a Graduate Diploma in Applied Finance and Investment from the Securities Institute Education in Australia. Mr. Willinge has worked in a number of management roles in a multinational information technology company. Mr. Willinge was appointed as an independent non-executive Director in March 2005.

Mr. Yu Hon Wing, Allan, aged 49, graduated from the Hong Kong Polytechnic University (formerly known as the Hong Kong Polytechnic) in 1978 with a higher diploma in Accountancy. Mr. Yu is a Certified Public Accountant (Practising) with the Hong Kong Institute of Certified Public Accountants (formerly known as the Hong Kong Society of Accountants). He is also a fellow of the Chartered Association of Certified Accountants since 1986. Mr. Yu was appointed as an independent non-executive Director in March 2005.

SENIOR MANAGEMENT

Mr. Bao Xiangqian, aged 40, joined the Group in January 1999 and was promoted from the sales director of the Group to the position of deputy general manager in November 2004 and is in charge of the Group's marketing activities and correspondences with overseas customers. Mr. Bao graduated from East China University of Technical Engineering in 1988 with a bachelor degree major in Scientific English. He has been engaged in international trading for 16 years. Mr. Bao obtained a Master of Business Administration from the University of Canberra, Australia in July 2005. Mr. Bao is the son of Mr. Bao Jisheng.



執行董事

甄兆威先生，50歲，本集團主席兼聯合創辦人之一。甄先生負責本集團的策略規劃、企業發展及監督整體管理。甄先生一九七六年於香港理工大學(前稱香港理工學院)畢業，取得生產工程高級文憑，並於一九九八年取得英國華威大學(University of Warwick)理學(工程商業管理)碩士學位。甄先生為美國工程師學會及美國製冷學會會員。甄先生在工業管理及製造方面擁有約25年經驗。

梁國賢先生，53歲，本集團聯合創辦人之一。梁先生負責本集團產品開發、採購物料及市場推廣。梁先生一九七五年於香港理工大學(前稱香港理工學院)畢業，取得電機工程技術文憑。梁先生與甄先生合伙在中國投資已約25年，在中國進行製造及分銷方面累積了豐富經驗。

鮑繼聲先生，67歲，自二零零三年一月起為寧波捷豐家居用品有限公司(「寧波捷豐」)總經理。彼於一九九九年一月加入本集團，之前曾擔任餘姚通用機器廠廠長。鮑先生負責寧波捷豐的整體營運。彼在製造、工業工程及商業管理方面擁有逾40年經驗。鮑先生為合資格工程師及餘姚捷豐空調設備有限公司的董事。

獨立非執行董事

關啟昌先生，56歲，於一九七三年自新加坡大學畢業，取得會計學學士學位。關先生於一九七九年取得澳洲特許會計師資格，並自一九八二年起為香港會計師公會會員。彼於一九九二年修畢史丹福行政人員課程(Stanford Executive Program)。他曾擔任美林公司(Merrill Lynch & Co.)亞太區總裁及營運總監。關先生於二零零五年三月獲委任為獨立非執行董事。

Garry Alides Willinge先生，56歲，為澳洲公司董事學會(Australian Institute of Company Directors)資深會員及香港董事學會的資深會員。彼亦為科廷商學院(Curtin Business School)的副教授。彼於一九七零年自澳洲墨爾本大學畢業，取得理學士學位。於一九九六年，彼取得澳洲Securities Institute Education的應用財務及投資深造文憑。彼曾於一家跨國資訊科技公司擔任管理職務。Willinge先生於二零零五年三月獲委任為獨立非執行董事。

俞漢榮先生，49歲，於一九七八年自香港理工大學畢業(前稱香港理工學院)，取得會計學高級文憑。俞先生為香港會計師公會(其英文名稱前為Hong Kong Society of Accountants)的執業會計師。自一九八六年起，彼亦為特許公認會計師公會資深會員。俞先生於二零零五年三月獲委任為獨立非執行董事。

高級管理層

鮑向前先生，40歲，於一九九九年一月加入本集團，於二零零四年十一月由本集團銷售總監晉升為副總經理，負責本集團的市場推廣活動及與海外客戶聯繫。鮑先生於一九八八年畢業於華東理工大學，取得學士學位，主修科學英文。彼已從事國際貿易達16年。鮑先生於二零零五年七月取得澳洲坎培拉大學的工商管理碩士學位。鮑先生為鮑繼聲先生的兒子。

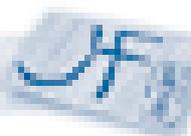


DIRECTORS AND SENIOR MANAGEMENT

Mr. Wang Shengkang, aged 64, joined the Group in June 2002 and was promoted to the position of deputy general manager in November 2004. Mr. Wang is responsible for the personnel and daily administrative operations of the Group. He has been engaged in corporate administration for 20 years.

Mr. Wu Dingfeng, aged 42, has been appointed as the technical controller of the Group since January 2003. Mr. Wu is responsible for daily technical and mechanical operations of the Group. Mr. Wu graduated from the faculty of mechanical engineering in Zhejiang Engineering College, the PRC in 1983 with a bachelor degree in engineering. Mr. Wu has been in mechanical engineering industry for over 20 years. Prior to joining the Group in January 2003, Mr. Wu has worked for Yuyao General Machinery Factory and Yuyao Jiehua Compressor Ltd. as technical manager and chief engineer.

Mr. Cheung Wai Tak, aged 53, joined the Group as the financial controller in May 2005 and has been working in the finance and accounting field for over 10 years. Mr. Cheung is a Certified Public Accountant in the United States and is a member of the Hong Kong Institute of Certified Public Accountants. He graduated with an MBA degree from the University of California at Berkeley, the United States in 1981.

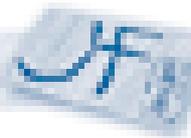


董事及高級管理層

王勝康先生，64歲，二零零二年六月加入本集團，並於二零零四年十一月晉升為副總經理。王先生負責本集團人事及日常行政工作。他從事企業行政工作已有20年。

吳定鋒先生，42歲，於二零零三年一月獲委任為本集團技術總監。吳先生負責本集團日常技術及機械運作。吳先生於一九八三年畢業於中國浙江工學院機械工程系，取得工程學學士學位。吳先生從事機械工程業已逾20年。於二零零三年一月加入本集團前，吳先生曾擔任餘姚通用機器廠及餘姚捷華壓縮機有限公司的技術經理及總工程師。

張偉德先生，53歲，於二零零五年五月加入本集團出任財務總監，並已於財務會計業工作逾10年。張先生為美國執業會計師，並為香港會計師公會會員。彼於一九八一年於美國加州柏克萊大學畢業，取得工商管理碩士學位。



REPORT OF THE DIRECTORS

The Directors is pleased to submit their first annual report together with the audited financial statements of of JF Household Furnishings Limited (“the Company”) and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2005.

GROUP REORGANISATION

The Company was incorporated in the Cayman Islands as an exempted company on 19 January 2005 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

Pursuant to the corporate reorganisation (“Corporate Reorganisation”) of the Group in preparation for the listing of the Company’s shares on the GEM of the Stock Exchange, the Company acquired the entire issued share capital of JF Household Furnishings (Asia) Ltd., the holding company of the subsidiaries and became the ultimate holding company of the Group on 5 September 2005. Further details of the Group Reorganisation are set out in Appendix V of the Company’s prospectus dated 5 October 2005 (“Prospectus”). Shares of the Company have been listed on the GEM of the Stock Exchange on 13 October 2005.

The Group Reorganisation is accounted for using merger accounting in accordance with the requirements of the Accounting Guideline 5 “Merger Accounting for Common Control Combinations” issued by the Hong Kong Institute of Certified Public Accountants. Accordingly, the Group financial statements are prepared as if the Company had been the holding company of the Group throughout the accounting periods. In the opinion of the Directors, the Group financial statements prepared on the above basis present more fairly the results and the state of affairs of the Group as a whole. The audited consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December 2005. The results of subsidiaries acquired or disposed of during the period are included in the income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

PRINCIPAL ACTIVITIES

The Group is principally engaged in manufacturing and sales of furnishings and home products and accessories primarily used in the kitchens and bathroom. Turnover represents invoiced value of goods sold, net of value-added tax, and after allowance for goods returned and trade discounts.

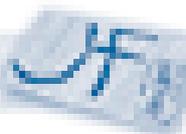
An analysis of the turnover from the principal activities during the financial year is set out in note 4 on the financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

The information in respect of the Group’s sales and purchases attributable to the major customers and suppliers respectively during the financial year is as follows:

	Percentage of the Group’s total Sales/Purchases
The largest customer	85.2%
Five largest customers in aggregate	98.8%
The largest supplier	13.9%
Five largest suppliers in aggregate	36.0%

None of the Directors, Supervisors, their associates or any shareholders of the Company (who or which to the knowledge of the Directors own more than 5.0% of the share capital of the Company) has any beneficial interest in any of the Group’s five largest customers and suppliers.



董事欣然提交其首個捷豐家居用品有限公司（「本公司」）及其附屬公司（統稱「本集團」）的年度報告以及截至二零零五年十二月三十一日止年度的經審核財務報表。

集團重組

本公司於二零零五年一月十九日根據開曼群島公司法第22章（一九六一年第3條法律，經綜合及修訂）在開曼群島註冊成立為獲豁免公司。

根據為籌備本公司股份於聯交所創業板上市的公司重組（「公司重組」），本公司收購其附屬公司的控股公司JF Household Furnishings (Asia) Ltd.（捷豐家居用品（亞洲）有限公司）的全部已發行股本，並於二零零五年九月五日成為本集團的最終控股公司。集團重組的詳情載於本公司所刊發日期為二零零五年十月五日的本公司招股章程（「招股章程」）附錄五。本公司股份於二零零五年十月十三日起已在聯交所創業板上市。

集團重組已根據香港會計師公會頒佈的會計指引第5號「共同控制權合併之合併會計法」，使用合併會計法入賬。因此，於編製本集團財務報表時，猶如本公司於會計期間內一直為本集團的控股公司。董事認為，按上述基準編製本集團的財務報表能更公平地反映本集團整體業績及財務狀況。經審核綜合財務報表包括本公司及其附屬公司截至二零零五年十二月三十一日止的財務報表。於本期間所收購或出售的附屬公司業績，均已自其實際收購日期起或截至實際出售日期止（視乎情況而定）列入收益表內。所有集團內公司間的重大交易及結餘已於綜合賬目時對銷。

主要業務

本集團主要從事製造及銷售主要用於廚房及浴室的家居用品及配件。營業額指扣除增值稅及退貨備抵和貿易折扣後售出貨品的發票值。

主要業務於本財政年度的營業額分析載於財務報表附註4。

主要客戶及供應商

於本財政年度內，主要客戶及供應商分別佔本集團銷售及採購的資料如下：

	佔本集團 銷售／採購 總額百分比
最大客戶	85.2%
五大客戶合計	98.8%
最大供應商	13.9%
五大供應商合計	36.0%

就董事所知，概無董事、監事、彼等的聯繫人或本公司的任何股東（彼等擁有本公司超過5.0%股本），擁有本集團任何五大客戶及供應商的實益權益。



REPORT OF THE DIRECTORS

DIVIDENDS

Pursuant to a resolution passed at a Directors' meeting on 22 March 2006, a final dividend of HK5.6 cents per share was recommended to be paid to shareholders of the Company, subject to shareholders' approval at the forthcoming annual general meeting.

FIXED ASSETS

Details of movements in fixed assets are set out in note 13 to the financial statements.

RESERVES

Details of movements in reserves of the Company and the Group during the year are set out in note 29 to the financial statements and consolidated statement of changes in equity.

SHARE CAPITAL

Details of movements in share capital of the Company during the year are set out in note 27 to the financial statements. Shares were issued during the year pursuant to the Corporate Reorganisation and the listing to broaden the capital base of the Company.

DIRECTORS

The Directors during the financial year and up to the date of this report were:

Executive Directors

Mr. Yan Siu Wai, *Chairman*

Mr. Leung Kwok Yin

Mr. Bao Jisheng

Independent Non-Executive Directors

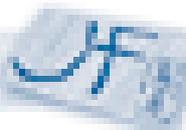
Mr. Kwan Kai Cheong

Mr. Garry Alides Willinge

Mr. Yu Hon Wing, Allan

DIRECTORS' SERVICE CONTRACTS

On 8 September 2005, all the executive Directors entered into a service contract with the Company for an initial term of three years commenced from 8 September 2005 and expiring on 7 September 2008 which term is renewable automatically for successive terms of one year each commencing from the day next after the expiry of the then current term of their appointment, unless terminated by not less than 6 months' notice in writing served by either party at the end of the initial term or at any time thereafter. Each executive Director is committed by the respective service contracts to devote himself exclusively and diligently to the business and interests of the Group and to keep the Board promptly and fully informed of his conduct of business affairs, among other commitments. All executive Directors are also entitled to a bonus depending on the profit of the Group attributable to shareholders of the Company. The bonus shall be determined by the Board but in any case the aggregate amount payable for each financial year to all the executive Directors of the Company shall not exceed 10% of such profit. The Board appointed three independent non-executive Directors on 8 March 2005 for a term of 30 months commenced from 8 March 2005 and which will be terminable by serving at least 3 months' prior notice in writing unless otherwise mutually agreed between the respective independent non-executive Director and the Company.



股息

根據於二零零六年三月二十二日舉行的董事會會議上通過的一項決議案，建議向本公司股東派付末期股息每股5.6港仙，惟須待股東於應屆股東週年大會上批准後方可作實。

固定資產

固定資產的變動詳情載於財務報表附註13。

儲備

本公司及本集團於本年度的儲備變動詳情載於財務報表附註29及綜合權益變動表。

股本

本公司於年內的股本變動詳情載於財務報表附註27。本公司根據公司重組及上市於本年度發售股份以擴闊資本基礎。

董事

於本財政年度及直至本報告刊發日期止的董事如下：

執行董事

甄兆威先生 (主席)
梁國賢先生
鮑繼聲先生

獨立非執行董事

關啟昌先生
Garry Alides Willinge先生
俞漢榮先生

董事服務合約

於二零零五年九月八日，全部執行董事與本公司訂立初步為期三年的服務合約，自二零零五年九月八日起生效，並於二零零八年九月七日期滿，除非各方於初步年期或其後任何時間發出六個月書面通知予以終止，否則可自動續期一年，自當時的委任年期到期後翌日起生效。每名執行董事致力就各自的服務合約承諾專心及勤奮地投入到本集團的業務及利益上，並及時及全面通知董事會包括其他承諾的營業事務操守。所有執行董事亦按本公司股東應佔本集團的溢利享有花紅。花紅須由董事會決定，但於任何情況下每個財政年度應付本公司全部執行董事的總額不得超過上述溢利10%。董事會已於二零零五年三月八日委任三名獨立非執行董事，為期三十個月，自二零零五年三月八日起生效，除非各獨立非執行董事與本公司互相協定，否則可以發出至少三個月的書面通知予以終止。



REPORT OF THE DIRECTORS

INTERESTS AND SHORT POSITIONS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS IN SHARES, UNDERLYING SHARES

Directors' interests and short positions in shares, underlying shares and debentures of the Company or its associated corporations

The Directors who held office at 31 December 2005 had the following interests or short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong) (the "SFO")) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have been taken under such provisions of the SFO) or which were required pursuant to Section 352 of the SFO to be entered in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transaction by the Directors on the listing of the Shares:

(a) Aggregate long positions in shares of the Company

Name of Director	Ordinary shares of HK\$0.01 each			Total
	Personal interests	Family interests	Corporate interests	
Mr. Yan Siu Wai	12,600,000	—	63,000,000	75,600,000 <i>(Note 1)</i>
Mr. Leung Kwok Yin	15,120,000	—	35,280,000	50,400,000 <i>(Note 2)</i>

Notes:

- Among these 75,600,000 Shares, (i) 34,020,000 Shares were registered in the name of Excel Strength Investments Limited ("Excel Strength") and (ii) 28,980,000 Shares were registered in the name of Willhero Investments Limited ("Willhero"); and (iii) the remaining 12,600,000 Shares were registered in the name of Mr. Yan Siu Wai directly. Each of Excel Strength and Willhero is a company incorporated in the BVI and whose entire issued capital is solely owned by Mr. Yan Siu Wai. By virtue of the SFO, Mr. Yan Siu Wai was deemed to be interested in 63,000,000 Shares through his shareholdings in Excel Strength and Willhero.
- Among these 50,400,000 Shares, (i) 22,680,000 Shares were registered in the name of Hero Talent Investments Limited ("Hero Talent") and (ii) 12,600,000 Shares were registered in the name of Joyday Consultants Limited ("Joyday"); and (iii) the remaining 15,120,000 Shares were registered in the name of Mr. Leung Kwok Yin directly. Each of Hero Talent and Joyday is a company incorporated in the BVI and whose entire issued capital is solely owned by Mr. Leung Kwok Yin. By virtue of the SFO, Mr. Leung Kwok Yin was deemed to be interested in 35,280,000 Shares through his shareholdings in Hero Talent and Joyday.

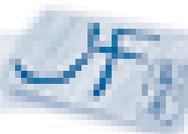
(b) Aggregate long positions in equity derivatives in, or in respect of, underlying Shares

As at 31 December 2005, three executive Directors have been granted options to subscribe for shares, details of which are set out as follows:

Name of Director	Number of Underlying Shares	Date of Grant	Exercise Period <i>(Note)</i>	Exercise price per share
Mr. Yan Siu Wai	4,435,200	8 September 2005	13 April 2006 to 12 October 2010	HK\$0.80
Mr. Leung Kwok Yin	2,956,800	8 September 2005	13 April 2006 to 12 October 2010	HK\$0.80
Mr. Bao Jisheng	3,360,000	8 September 2005	13 April 2006 to 12 October 2010	HK\$0.80

Note:

The exercise of the options by the Directors is, however, subject to a moratorium period of 12 months. Please see details set out in paragraph headed "Share Options" below.



董事及主要股東於股份、相關股份中的權益及淡倉

董事於本公司或其相聯法團的股份、相關股份及債券中的權益及淡倉

於二零零五年十二月三十一日在任的董事於本公司或其任何相聯法團(定義見香港法例第571章證券及期貨條例(「證券及期貨條例」)第XV部)的股份、相關股份及債券中擁有根據證券及期貨條例第XV部第7及8分部須於股份上市後知會本公司及聯交所的權益或淡倉(包括根據證券及期貨條例有關條文被當作擁有或被視為擁有的權益及淡倉)，或根據證券及期貨條例第352條規定須於股份上市後記錄於該條例所指登記冊的權益或淡倉，或根據創業板上市規則有關董事進行證券交易的第5.46至5.67條須於股份上市後知會本公司及聯交所的權益或淡倉：

(a) 於本公司股份中的好倉總額

董事姓名	個人權益	每股面值0.01港元的普通股		總計
		家族權益	公司權益	
甄兆威先生	12,600,000	—	63,000,000	75,600,000 (附註1)
梁國賢先生	15,120,000	—	35,280,000	50,400,000 (附註2)

附註：

- 該75,600,000股股份中，(i)34,020,000股股份以Excel Strength Investments Limited(卓能投資有限公司)(「卓能」)名義登記及(ii)28,980,000股股份以Willhero Investments Limited(志雄投資有限公司)(「志雄」)名義登記；及(iii)其餘的12,600,000股股份以甄兆威先生名義直接登記。卓能及志雄均為於英屬處女群島註冊成立的公司，其全部已發行股本由甄兆威先生單獨擁有。根據證券及期貨條例，甄兆威先生被視為通過彼於卓能及志雄的股權而於63,000,000股股份中擁有權益。
- 該50,400,000股股份中，(i)22,680,000股股份以Hero Talent Investments Limited(雄才投資有限公司)(「雄才」)名義登記及(ii)12,600,000股股份以Joyday Consultants Limited(欣日顧問有限公司)(「欣日」)名義登記；及(iii)其餘的15,120,000股股份以梁國賢先生名義直接登記。雄才及欣日均為於英屬處女群島註冊成立的公司，其全部已發行股本由梁國賢先生單獨擁有。根據證券及期貨條例，梁國賢先生被視為通過彼於雄才及欣日的股權而於35,280,000股股份中擁有權益。

(b) 於相關股份或有關相關股份的股本衍生工具的好倉總額

於二零零五年十二月三十一日，三名執行董事獲授予可認購股份的購股權詳情如下：

董事姓名	相關股份數目	授出日期	行使期 (附註)	每股行使價
甄兆威先生	4,435,200股	二零零五年九月八日	二零零六年四月十三日 至二零一零年十月十二日	0.80港元
梁國賢先生	2,956,800股	二零零五年九月八日	二零零六年四月十三日 至二零一零年十月十二日	0.80港元
鮑繼聲先生	3,360,000股	二零零五年九月八日	二零零六年四月十三日 至二零一零年十月十二日	0.80港元

附註：

然而，董事行使購股權須受12個月的禁售期所規限。詳情請參閱下文「購股權」一段。



REPORT OF THE DIRECTORS

Substantial Shareholders

As at 31 December 2005, other than the interests disclosed above in respect of certain Directors, the Directors were not aware of any other persons who had an interests or a short positions in the Shares or the underlying Shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

Share Options

By written resolutions passed on 8 September 2005, the then shareholders of the Company approved and adopted a share option scheme entitling the board of Directors to grant Share options at its discretion before the listing of the Shares (the "Pre-IPO Share Option Scheme"), and conditionally adopted a post-IPO share option scheme (the "Post-IPO Share Option Scheme"). Details of the Share options granted on 8 September 2005 pursuant to the Pre-IPO Share Option Scheme and remained outstanding as at 31 December 2005 are as follows:

	Options held as at 8 September 2005	Options held as at 31 December 2005	Exercise price (HK\$)	Exercisable in April 2006	Exercisable in September 2006 (Note)
(A) Employees	2,688,000	2,688,000	0.80	2,688,000	
	6,720,000	6,720,000	0.56	6,720,000	
(B) Directors					
Mr. Yan Siu Wai	4,435,200	4,435,200	0.80		4,435,200
Mr. Leung Kwok Yin	2,956,800	2,956,800	0.80		2,956,800
Mr. Bao Jisheng	3,360,000	3,360,000	0.80		3,360,000
	20,160,000	20,160,000		9,408,000	10,752,000

Note:

Taking into account the moratorium period of 12 months, the Directors may only exercise the options in September 2006.

Save as disclosed above, no options had been granted under the Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme. None of the Share options granted were exercised as at 31 December 2005.

VALUATION OF SHARE OPTIONS

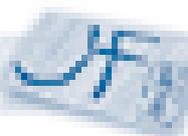
Details of the valuation of share options granted during the year are set out in note 28 to the financial statements.

DIRECTORS' INTERESTS IN CONTRACTS

No contract 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, whether directly or indirectly, subsisted at the end of the year or any time during the year save and except for the agreements as stated in section headed "Connected transactions" in the Prospectus.

PURCHASE, SALE OR REDEMPTION OF SHARES

Since the listing of the Company's shares on GEM on 13 October 2005, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares.



主要股東

於二零零五年十二月三十一日，除上文所披露有關若干董事的權益外，董事並不知悉任何其他人士於根據證券及期貨條例第336條所規定記錄於股東名冊上的本公司股份及相關股份中持有權益或淡倉。

購股權

根據一項於二零零五年九月八日通過的書面決議案，本公司當時的股東批准及採納一項購股權計劃，賦予董事會權力可於股份上市前酌情授出購股權（「首次公開招股前購股權計劃」），並有條件地採納首次公開招股後購股權計劃（「首次公開招股後購股權計劃」）。有關根據首次公開招股前購股權計劃於二零零五年九月八日授出及於二零零五年十二月三十一日尚未行使的購股權的詳情如下：

	於二零零五年 九月八日 持有的購股權	於二零零五年 十二月三十一日 持有的購股權	行使價 (港元)	於二零零六年 四月可予行使	於二零零六年 九月可予行使 (附註)
(A) 僱員	2,688,000	2,688,000	0.80	2,688,000	
	6,720,000	6,720,000	0.56	6,720,000	
(B) 董事					
甄兆威先生	4,435,200	4,435,200	0.80		4,435,200
梁國賢先生	2,956,800	2,956,800	0.80		2,956,800
鮑繼聲先生	3,360,000	3,360,000	0.80		3,360,000
	20,160,000	20,160,000		9,408,000	10,752,000

附註：

經計及12個月的禁售期後，董事或只可於二零零六年九月行使購股權。

除上文所披露者外，概無根據首次公開招股前購股權計劃及首次公開招股後購股權計劃授出任何購股權。於二零零五年十二月三十一日，概無已授出的購股權獲行使。

購股權的估值

於本年度授出的購股權估值詳情載於財務報表附註28。

董事於合約的權益

除招股章程中「關連交易」一節所述的協議外，概無本公司董事跟本公司或其任何附屬公司訂立了於本年度內任何時間內或於本年度結束時仍然有效之任何重大合約，其中本公司董事直接或間接擁有重大權益。

買賣或贖回股份

自本公司的股份於二零零五年十月十三日於創業板上市起，本公司或其任何附屬公司概無買賣或贖回任何本公司的股份。



REPORT OF THE DIRECTORS

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 26 to the financial statements.

RETIREMENT SCHEMES

The Group maintains a mandatory provident fund (the “MPF Scheme”) for all qualifying employees in Hong Kong. The Group’s and employee’s contributions to the MPF Scheme are based on 5% of the relevant income of the relevant employee (up to a cap of monthly relevant income of HK\$20,000) and in accordance with the requirements of the Mandatory Provident Fund Schemes Ordinance and related regulations.

Pursuant to the relevant labour rules and regulations in the PRC, the Group participates in the social insurance schemes (the “Schemes”) organised by the relevant local government authorities in Yuyao, the PRC whereby the Group and each of its employees are required to make a monthly contribution to the Schemes at the rates of 20% and 8% respectively of the eligible employee’s average monthly salary in the preceding year.

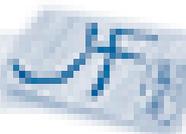
APPLICATION OF PROCEEDS FROM CAPITAL RAISING

The Group raised approximately HK\$23.3 million from the issue of 42,000,000 new shares of the Company at HK\$0.80 per share in October 2005. The Company’s shares were successfully listed on GEM of the Stock Exchange with effect from 13 October 2005. Up to the date of this report, the Group has applied part of the proceeds totaling approximately HK\$7.432 million for the following purposes:

- (i) approximately HK\$6.5 million for the expansion of production capacity;
- (ii) approximately HK\$0.637 million for product diversification;
- (iii) approximately HK\$0.179 million for exploring new business opportunities and expansion of the sales and marketing team; and
- (iv) approximately HK\$0.116 million for improving the Group’s management system.

Consistent with the disclosure in the Prospectus, the Group intends to apply the remaining proceeds of approximately HK\$15.864 million for the following purposes:

- (i) as to approximately HK\$11.3 million for the further expansion of production capacity;
- (ii) as to approximately HK\$3.06 million for the further diversification;
- (iii) as to approximately HK\$0.721 million for strengthening the sales and marketing team; and
- (iv) as to approximately HK\$0.783 million for improving overall management system.



銀行貸款及其他借款

本公司於二零零五年十二月三十一日的銀行貸款及其他借款的詳情載於財務報表附註26。

退休計劃

本集團為其全體香港合資格僱員設立強制性公積金計劃（「強積金計劃」）。本集團及僱員向強積金計劃供款乃按相關僱員的相關收入5%（上限為每月相關收入20,000港元）並根據強制性公積金計劃條例及相關規例的要求。

根據中國相關勞工規則及規例，本集團參與了由中國餘姚當地政府機構管理的社會保險計劃（「該計劃」），根據該計劃，本集團及其每名僱員需要分別按合資格僱員過去一年的平均月薪的20%及8%的比例向該計劃每月供款。

集資所得款項之用途

於二零零五年十月，本集團按每股0.80港元的價格發售42,000,000股本公司新股，籌集約23,300,000港元。本公司股份已於二零零五年十月十三日起在聯交所創業板成功上市。直至本年報發表日期，本集團已動用部分所得款項合共約7,432,000港元作以下用途：

- (i) 約6,500,000港元作擴大產能；
- (ii) 約637,000港元作產品多樣化；
- (iii) 約179,000港元作物色新商機及擴充銷售及市場推廣小組；及
- (iv) 約116,000港元作改善本集團的管理系統。

為配合招股章程的披露，本集團有意動用所得款項餘額約15,864,000港元作以下用途：

- (i) 約11,300,000港元作進一步擴大產能；
- (ii) 約3,060,000港元作進一步多樣化；
- (iii) 約721,000港元作加強銷售及市場推廣小組；及
- (iv) 約783,000港元作改善整體管理系統。



REPORT OF THE DIRECTORS

DISCLOSURE OF TRADE RECEIVABLES PURSUANT TO RULES 17.15 TO 17.17 OF GEM LISTING RULES

In accordance with Rules 17.15 to 17.17 of the GEM Listing Rules (prior to the related amendments became effective on 1 March 2006), the Group is obliged to disclose the details of advances to an entity that as at 31 December 2005, the Company and its subsidiaries had trading receivables (“Receivables”) of RMB22,305,262 (equivalent to approximately HK\$21,447,367) for the sales of its products due from IKEA Trading (Hong Kong) Ltd (“IKEA HK”).

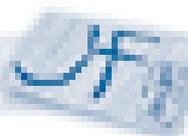
IKEA HK is an independent third party not connected with the directors, chief executive or substantial shareholders of the Company and its subsidiaries, or their respective associates (as defined in the GEM Listing Rules). The Receivables are unsecured and interest free and primarily arose from the sales to IKEA HK transacted before and on 31 December 2005.

RELATED PARTIES’ TRANSACTIONS

The related parties transactions set out in note 33 to the financial statements do not fall under the definition “connected transaction” or “continuing connected transaction” in Chapter 20 of the GEM Listing Rules.

By order of the board
Yan Siu Wai
Chairman

Hong Kong, 22 March 2006



根據創業板上市規則第17.15至17.17條披露應收貿易賬款

根據創業板上市規則第17.15至17.17條(按二零零六年三月一日起生效的有關修改前的規定計)，本集團有責任披露向一間實體提供墊款的詳情，情況是於二零零五年十二月三十一日，本公司及其附屬公司因銷售其產品而應收IKEA Trading (Hong Kong) Ltd. (宜家貿易(香港)有限公司) (「宜家香港」)的貿易應收賬款(「應收賬款」)人民幣22,305,262元(相等於約21,447,367港元)。

宜家香港是一名與本公司及其附屬公司的董事、行政總裁或主要股東，或彼等各自的聯繫人(定義見創業板上市規則)概無關連的獨立第三者。應收賬款乃無抵押及免息，主要是源自於二零零五年十二月三十一日及之前向宜家香港進行的銷售。

關連人士交易

財務報表附註33所載的關連人士交易並不屬創業板上市規則第20章內所界定的「關連交易」或「持續關連交易」。

承董事會命
主席
甄兆威

香港，二零零六年三月二十二日



CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Group is committed to ensuring high standards of corporate governance and business practices. The Group has complied throughout the period from 13 October 2005 to 31 December 2005 with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 15 of the GEM Listing Rules. The Board will continue to commit itself to achieving a high quality of corporate governance.

DIRECTORS' SECURITIES TRANSACTIONS

The Group has adopted a code of conduct regarding directors' securities transactions as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry, all Directors have fully complied with the required standard set out in the Rules since the Group was listed on 13 October 2005 to the end of year 2005.

BOARD OF DIRECTORS

The board of Directors ("Board"), which comprises of six members, includes three executive Directors and three independent non-executive Directors. The three executive Directors are Mr. Yan Siu Wai (Chairman), Mr. Leung Kwok Yin, and Mr. Bao Jisheng. The three independent non-executive Directors are Mr. Kwan Kai Cheong, Mr. Garry Alides Willinge and Mr. Yu Hon Wing Allan. Details of their backgrounds and qualifications are set out on pages 18 to 21.

The Board oversees the Group's strategic development and the overall management of the Group. The Board also monitors the financial performance and internal controls of the Group. The Board members have a broad access to business documents and information about the Group. Two Board committees, namely, the audit committee and the remuneration committee have been established to oversee particular aspects of the Group's affairs. The Board meets regularly to review the financial and operating performance of the Group and approve future plans and development. During the financial year ended 31 December 2005, two Board meetings were held and the details of individual attendance of each director at the Board meetings are as follows:

Director	Attendance
Mr. Yan Siu Wai	2/2
Mr. Leung Kwok Yin	2/2
Mr. Bao Jisheng	2/2
Mr. Kwan Kai Cheong	2/2
Mr. Garry Alides Willinge	2/2
Mr. Yu Hon Wing Allan	2/2

The Chairman and executive Directors also held informal meetings with independent non-executive Directors for advices on the well being and the long term development of the Group.

All directors and Board committees have recourse to external legal counsel and other professionals for independent advice at the Group's expense if they require it.

ROLE OF CHAIRMAN AND GENERAL MANAGER

Mr. Bao Jisheng ("General Manager") being one of the executive Directors, is the general manager of the Company. There is segregation of duties between the Chairman's responsibility for leadership and management of the Board and the Company's strategy, and the General Manager's responsibility to implement the Company's strategy.

The Chairman of the Board is responsible for leading the Board of Directors in establishing corporation directions and monitoring the implementation of the corporate strategies and plans for the long term development of the Group and to create value for shareholders.

The General Manager is responsible for managing the operation of the Group's businesses, proposing strategies to the Board, preparing plans and forecast and the implementation of plans and policies adopted by the Board.



企業管治常規

本集團致力在公司管治及經營實務方面達致卓越水平。於二零零五年十月十三日至二零零五年十二月三十一日期間，本集團一直遵守載於創業板上市規則附錄15所載的企業管治常規守則的規定。董事會將不斷致力達致高質素的企業管治。

董事進行證券交易

本集團已採納載於創業板上市規則第5.48條至5.67條有關董事進行證券交易的操守守則。在向所有董事作出具體查詢後，彼等由本集團於二零零五年十月十三日上市至二零零五年年底已完全遵守載於規則的規定準則。

董事會

董事會（「董事會」）由六名成員組成，包括三名執行董事及三名獨立非執行董事。三名執行董事為甄兆威先生（主席）、梁國賢先生及鮑繼聲先生。三名獨立非執行董事為關啟昌先生、Garry Alides Willinge先生及俞漢榮先生。彼等的背景及履歷載於第18至21頁。

董事會監察本集團的策略性發展及整體管理。董事會亦監察本公司的財政表現及內部控制。董事會成員可廣泛查閱本集團的業務文件及資料。兩個董事委員會（即審核委員會及薪酬委員會）乃為了監察本集團在有關方面的事務而成立。董事會定期召開會議，檢討本集團的財政及營運表現，以及通過日後的發展策略。於截至二零零五年十二月三十一日止財政年度已舉行兩次董事會會議，而每名董事個人出席董事會會議的詳情如下：

董事	出席
甄兆威先生	2/2
梁國賢先生	2/2
鮑繼聲先生	2/2
關啟昌先生	2/2
Garry Alides Willinge先生	2/2
俞漢榮先生	2/2

主席及執行董事亦與獨立非執行董事舉行非正式會議，以便獲得有關本集團的利益及長遠發展的意見。

所有董事及董事委員會均可在彼等要求時尋求獨立法律及其他專業意見，相關費用由本集團承擔。

主席及總經理的角色

鮑繼聲先生（「總經理」）為其中一名執行董事，亦為本公司的總經理。主席及總經理的職責有清楚劃分，主席肩負領導之責，須管理董事會及制訂公司的策略，而總經理則負責執行公司的策略。

董事會主席負責領導董事會確立企業的方向，並監控企業策略及與本集團長遠發展及為股東創造價值有關的計劃的實施。

總經理負責管理本集團業務的營運、向董事會提呈策略、籌備計劃及預測，以及實行董事會採納的計劃和政策。



CORPORATE GOVERNANCE REPORT

INDEPENDENT NON-EXECUTIVE DIRECTORS

The term of appointment of Mr. Kwan Kai Cheong, Mr. Garry Alides Willinge and Mr. Yu Hon Wing Allan commenced from 8 March 2005 for a term of 30 months which will be terminable by serving at least 3 months' prior notice in writing unless otherwise mutually agreed between the respective independent non-executive Director and the Company.

The Board has received from each of the independent non-executive Director an annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules and the Board still considers each of the independent non-executive Directors to be independent.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in accordance with and pursuant to Rules 5.28 to 5.33 of the GEM Listing Rules. The primary duties of the audit committee are to review the Company's annual report and accounts, half-year reports and quarterly reports and to provide advice and comments thereon to the Board. The audit committee is also responsible for reviewing internal control procedures of the Group.

The audit committee comprises the three independent non-executive Directors, namely, Mr. Kwan Kai Cheong (*Chairman*), Mr. Garry Alides Willinge and Mr. Yu Hon Wing, Allan.

The Committee members possess diversified industry experience. Two of the Committee members are qualified accountants and the Chairman is an expert on financial and auditing matters. The Committee meets four times each year. During 2005, the Audit Committee considered the external auditors' projected audit fees; discussed with the external auditors their independence and the nature and scope of the audit; reviewed the quarter, interim and annual financial statements; and reviewed the external auditors' management letter and management's response. As a result, they recommended the Board to adopt the unaudited quarterly results for the nine months ended 30 September 2005 and the annual report for the year ended 31 December 2005.

REMUNERATION COMMITTEE

The Remuneration Committee was set up to review the remuneration policies and approved the salary and bonus of the executive Directors and certain key executives, reviewed the remuneration policy of the Group and approved the granting of options. The remuneration committee comprises of the three independent non-executive Directors, namely, Mr. Kwan Kai Cheong (*Chairman*), Mr. Garry Alides Willinge and Mr. Yu Hon Wing, Allan. No meeting was held in 2005 as the Committee has just been set up. All Committee members are independent non-executive directors. No executive Director takes part in any discussion about his own remuneration.

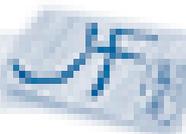
Directors' emoluments and retirement benefits are disclosed in note 6 to the financial statements. Details of the share option schemes and the granting of options are disclosed in note 28 to the financial statements.

AUDITORS

RSM Nelson Wheeler was first appointed as auditors of the Company since its incorporation on 19 January 2005. RSM Nelson Wheeler will retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of RSM Nelson Wheeler as auditors of the Company is to be proposed at the forthcoming annual general meeting.

By order of the board
Yan Siu Wai
Chairman

Hong Kong, 22 March 2006



獨立非執行董事

關啟昌先生、Garry Alides Willinge先生及俞漢榮先生的任期由二零零五年三月八日起，為期三十個月，除非各獨立非執行董事與本公司互相協定，否則可以發出至少三個月的書面通知予以終止。

董事會已收到每名獨立非執行董事根據創業板上市規則第5.09條就其獨立性發出的年度確認，而董事會仍然認為每名獨立非執行董事均為獨立。

審核委員會

本公司已成立審核委員會，並根據創業板上市規則第5.28條至第5.33條以書面釐定其職權範圍。審核委員會的主要職責為審閱本公司的年報及賬目、半年報告及季度報告，並就此向董事會提供意見及建議。審核委員會亦負責審閱本集團的內部監控程序。

審核委員會由三名獨立非執行董事，即關啟昌先生(主席)、Garry Alides Willinge先生及俞漢榮先生組成。

審核委員會成員具有不同行業之豐富經驗。其中二位成員為合資格會計師，主席亦屬財務及審核工作之專才。委員會每年召開四次會議。於二零零五年，審核委員會檢討外界核數師之預計核數酬金；與外界核數師審議其獨立性、核數之性質及範圍；審閱季度、中期及年度財務報表；審閱外界核數師致管理層函件以及管理層之回覆；因此，他們建議董事會接納截至二零零五年九月三十日止九個月的未經審核季度業績及截至二零零五年十二月三十一日止年度的年報。

薪酬委員會

薪酬委員會乃成立以檢討薪酬政策及審批所有執行董事及高級行政人員之薪金及花紅，並檢討集團之薪酬政策及審批授出購股權。薪酬委員會由三名獨立非執行董事組成，即關啟昌先生(主席)、Garry Alides Willinge先生及俞漢榮先生。由於委員會剛成立，因此於二零零五年並無舉行會議。所有委員會成員均為獨立非執行董事。並無執行董事參與有關其本身薪酬的討論。

董事酬金及退休福利於財務報表附註6披露。購股權計劃及授出購股權的詳情於財務報表附註28披露。

核數師

羅申美會計師行自本公司於二零零五年一月十九日註冊成立起獲委任為本公司首任核數師。羅申美會計師行將任滿告退，並合資格重選連任。一項重新委任羅申美會計師行為本公司核數師的決議案將於應屆股東週年大會上提呈。

承董事會命
主席
甄兆威

香港，二零零六年三月二十二日



AUDITORS' REPORT

RSM Nelson Wheeler

羅申美會計師行

Certified Public Accountants

TO THE SHAREHOLDERS OF JF HOUSEHOLD FURNISHINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

We have audited the financial statements on pages 40 to 80 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Company's directors are responsible for the preparation of financial statements which give a true and fair view. In preparing financial statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

BASIS OF OPINION

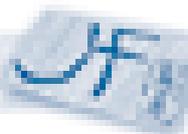
We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the Company and of the Group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2005 and of the results and cash flows of the Group for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

RSM Nelson Wheeler
Certified Public Accountants
Hong Kong
22 March 2006



RSM Nelson Wheeler

羅申美會計師行

Certified Public Accountants

致捷豐家居用品有限公司

全體股東

(於開曼群島註冊成立的有限公司)

本核數師(以下簡稱「我們」)已完成審核刊載於第40至80頁按照香港公認會計原則編製的財務報表。

董事及核數師各自的責任

貴公司董事須負責編製真實及公平的財務報表。在編製該等提供真實兼公平意見的財務報表時，董事必須採用適當的會計政策，並貫徹應用該等會計政策。

我們的責任是審核財務報表並據此作出獨立意見，並僅向整體股東報告，而本報告不得用於其他用途。我們不會就本報告的內容向任何其他人士負上或承擔任何責任。

意見的基礎

我們已按照香港會計師公會頒佈之香港核數準則進行審核工作。審核範圍包括以抽查方式查核與財務報表內所載數額及披露事項有關之憑證，亦包括評估董事於編製財務報表時所作出之重大估計和判斷，所採用之會計政策是否適合貴公司及貴集團之具體情況，及有否貫徹應用並足夠披露該等會計政策。

我們在策劃和進行審核工作時，均以取得一切我們認為必須之資料及解釋為目標，使我們能獲得充份的憑證，就該等財務報表是否存有重大錯誤陳述，作出合理之確定。在作出意見時，我們亦已衡量財務報表內所載之資料在整體上是否足夠。我們相信，我們之審核工作已為下列意見建立合理之基礎。

意見

我們認為上述財務報表均真實兼公平地反映貴公司及貴集團於二零零五年十二月三十一日之財務狀況，及貴集團截至該日止年度之業績及現金流量，並按照香港公司條例之披露規定妥善編製。

羅申美會計師行
執業會計師
香港
二零零六年三月二十二日



CONSOLIDATED INCOME STATEMENT

綜合收益表

For the year ended 31 December 2005

截至二零零五年十二月三十一日止年度

		Note 附註	2005 HK\$ 港元	2004 HK\$ 港元 (restated) (重列)
Turnover	營業額	4	199,625,181	145,431,977
Cost of sales	銷售成本		(158,922,912)	(116,350,149)
Gross profit	毛利		40,702,269	29,081,828
Other revenue	其他收益	4	61,403	63,502
Other income	其他收入		807,550	326,068
Selling and distribution costs	銷售及分銷成本		(1,512,091)	(1,007,544)
Administrative expenses	行政開支		(10,826,406)	(5,307,853)
PROFIT FROM OPERATIONS	經營溢利	5	29,232,725	23,156,001
Finance costs	融資成本	7	(1,247,915)	(1,199,672)
PROFIT BEFORE TAXATION	除稅前溢利		27,984,810	21,956,329
Taxation	稅項	8(a)	(4,325,579)	(3,079,425)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	本年度持續經營業務所得溢利		23,659,231	18,876,904
DISCONTINUED OPERATION	已終止業務	12	—	—
NET PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY	本公司股東應佔純利		23,659,231	18,876,904
DIVIDEND	股息	10	9,408,000	4,530,457
EARNINGS PER SHARE	每股盈利	11		
Basic	基本		0.14	0.11
Diluted	攤薄		0.14	N/A 不適用



CONSOLIDATED BALANCE SHEET

綜合資產負債表

At 31 December 2005

於二零零五年十二月三十一日

		Note 附註	2005 HK\$ 港元	2004 HK\$ 港元
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	13	13,994,401	9,587,996
Land use rights	土地使用權	14	1,054,752	1,062,767
Deposit paid for acquisition of land use rights	收購土地使用權的已付按金	15	15,553,308	—
			30,602,461	10,650,763
Current assets	流動資產			
Inventories	存貨	17	32,944,923	28,062,057
Trade receivables	應收貿易賬款	18	31,205,524	18,897,027
Deposits, other receivables and prepayments	按金、其他應收款項及預付款項	19	6,891,514	11,417,575
Due from directors	應收董事款項	20	—	1,560
Due from related companies	應收關連公司款項	21	139,920	2,850
Pledged bank deposits	已抵押銀行存款	22	1,170,000	3,123,264
Bank and cash balances	銀行及現金結餘	22	13,636,669	12,639,736
			85,988,550	74,144,069
Current liabilities	流動負債			
Bills payable	應付票據		—	1,150,970
Trade payables	應付貿易賬款	23	14,854,039	12,561,075
Deposit received	已收按金		—	1,803,208
Other payables and accruals	其他應付款項及應計項目	24	6,070,846	11,599,156
Dividends payable	應付股息		871,876	5,895,178
Due to directors	應付董事款項	25	571,720	491,974
Due to related companies	應付關連公司款項	21	—	1,450,818
Provision for taxation	稅項撥備	8(b)	3,202,744	1,616,241
Bank borrowings	銀行借款	26	15,865,385	22,922,358
			41,436,610	59,490,978
NET CURRENT ASSETS	流動資產淨值		44,551,940	14,653,091
NET ASSETS	資產淨值		75,154,401	25,303,854
CAPITAL AND RESERVES	資本及儲備			
Share capital	股本	27	1,680,000	—
Reserves	儲備		64,066,401	25,303,854
Proposed final dividend	建議末期股息	10	9,408,000	—
TOTAL EQUITY	權益總額		75,154,401	25,303,854

Yan Siu Wai
甄兆威
Director
董事

Leung Kwok Yin
梁國賢
Director
董事

BALANCE SHEET

資產負債表

At 31 December 2005

於二零零五年十二月三十一日

		Note 附註	2005 HK\$ 港元
Non-current assets	非流動資產		
Investments in subsidiaries	於附屬公司之投資	16	42,967,020
Current assets	流動資產		
Due from subsidiaries	應收附屬公司款項	16	44,658,602
Prepayment	預付款項		100,000
Bank and cash balances	銀行及現金結餘		158,166
			44,916,768
Current liabilities	流動負債		
Due to subsidiaries	應付附屬公司款項	16	3,814,989
Accruals	應計項目		1,368,461
Due to directors	應付董事款項	25	10,000
			5,193,450
NET CURRENT ASSETS	流動資產淨值		39,723,318
NET ASSETS	資產淨值		82,690,338
CAPITAL AND RESERVES	資本及儲備		
Share capital	股本	27	1,680,000
Reserves	儲備	29	71,602,338
Proposed final dividend	建議末期股息	10	9,408,000
TOTAL EQUITY	權益總額		82,690,338

Yan Siu Wai
甄兆威
Director
董事

Leung Kwok Yin
梁國賢
Director
董事



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

For the year ended 31 December 2005

截至二零零五年十二月三十一日止年度

		Note 附註	Share capital		Merger reserve (Note 1) (附註1)	Foreign exchange translation reserve 外匯 兌換儲備	Reserve 儲備		Employee share-based compensation reserve 以股份支付 僱員酬金儲備	Retained profits 保留溢利	Total 總值
			股本	股份溢價			資本儲備 (Note 2) (附註2)	General reserve 一般儲備 (Note 3) (附註3)			
			HKS 港元	HKS 港元	HKS 港元	HKS 港元	HKS 港元	HKS 港元	HKS 港元	HKS 港元	HKS 港元
At 1 January 2004	於二零零四年 一月一日		—	—	7,356,522	—	—	3,369,258	—	230,067	10,955,847
Proceeds from issue of shares	發行股份 所得款項		—	—	1,560	—	—	—	—	—	1,560
Net profit attributable to equity shareholders of the Company	本公司股東 應佔純利		—	—	—	—	—	—	—	18,876,904	18,876,904
Transfers	轉撥		—	—	—	—	131,901	1,969,197	—	(2,101,098)	—
Dividend	股息	10	—	—	—	—	—	—	—	(4,530,457)	(4,530,457)
At 31 December 2004 and 1 January 2005	於二零零四年 十二月三十一日 及二零零五年 一月一日		—	—	7,358,082	—	131,901	5,338,455	—	12,475,416	25,303,854
New shares issued on reorganisation	重組時發行 之新股份	27(ii), (iv)	20,000	(20,000)	—	—	—	—	—	—	—
Capitalisation of share premium	股份溢價 資本化	27(v)	1,240,000	(1,240,000)	—	—	—	—	—	—	—
Shares issued on placing	透過配售 發行股份	27(vi)	420,000	33,180,000	—	—	—	—	—	—	33,600,000
Share issue expenses	發行股份開支		—	(10,326,471)	—	—	—	—	—	—	(10,326,471)
Exchange difference on translation of financial statements of subsidiaries outside Hong Kong	因兌換香港境外 附屬公司之財 務報表而 產生之匯 兌差異		—	—	—	567,597	—	—	—	—	567,597
Employee share-based payment expenses	以股份支付 僱員開支	3n(ii), 28(i)	—	—	—	—	—	2,350,190	—	—	2,350,190
Net profit attributable to equity shareholders of the Company	本公司股東 應佔純利		—	—	—	—	—	—	—	23,659,231	23,659,231
Transfers	轉撥		—	—	—	—	—	2,799,847	—	(2,799,847)	—
At 31 December 2005	於二零零五年 十二月三十一日		1,680,000	21,593,529	7,358,082	567,597	131,901	8,138,302	2,350,190	33,334,800	75,154,401

Note:

- The merger reserve represents the difference between the nominal value of the share capital issued by the Company in exchange for the nominal value of the share capital and share premium of its subsidiaries arising from group reorganisation on 8 September 2005.
- This represents the transfer from retained profits to capital reserve as a result of the write off of certain trade payables by 寧波捷豐家居用品有限公司 (JF A.C.R. Equipment Supplies (Ningbo) Co., Ltd.) ("JF Ningbo"), a subsidiary of the Company. Pursuant to the People's Republic of China ("PRC") accounting principles and financial regulations, any gains arising from debt restructuring which represent the difference between the final settlement and the carrying value of the debt concerned are directly reflected in capital reserve and therefore not distributable. Accordingly, a transfer has been made from retained profits to capital reserve. The capital reserve can only be used to increase capital of this subsidiary.
- The general reserve is set up by JF Ningbo by way of appropriation from the profit after taxation in accordance with the relevant laws and regulations in the PRC. The rate of appropriation to the general reserve is subject to the decision of the board of directors of JF Ningbo, but the minimum appropriation rate is 10% of the profit after taxation for each year, until when the accumulated balance reaches 50% of its registered capital. Pursuant to the relevant laws and regulations of the PRC, if approvals are obtained from the relevant government authorities, the general reserve can be used in setting off accumulated losses or to increase the capital of this subsidiary.

附註:

- 合併儲備指於二零零五年九月八日進行集團重組時產生的本公司已發行股本面值交換其附屬公司之股本及股份溢價面值之差額。
- 資本儲備指因註銷本公司附屬公司寧波捷豐家居用品有限公司(「寧波捷豐」)應付的若干應付貿易款項，而從保留溢利轉撥至資本儲備。根據中華人民共和國(「中國」)會計原則及財務規條，因重組債務而產生的任何收益指最後結算與債務賬面值的差額，有關差額直接反映於資本儲備並不可供分派。故此從保留溢利轉撥至資本儲備。資本儲備僅可用作增加此附屬公司之股本。
- 一般儲備乃由一家於中國成立及營運的附屬公司寧波捷豐，按有關中國的法律及規條由除稅後溢利撥付而成。撥付予一般儲備的比率由寧波捷豐董事會釐定，惟最低撥付比率為每年除稅後溢利的10%，直至累計結餘達其註冊資本50%。根據中國的有關法律及規條，倘取得有關政府當局的批准，一般儲備可用作抵銷累計虧損或增加此附屬公司之資本。

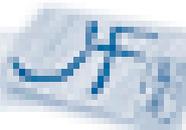
CONSOLIDATED CASH FLOW STATEMENT

綜合現金流量表

For the year ended 31 December 2005

截至二零零五年十二月三十一日止年度

	Note 附註	2005 HK\$ 港元	2004 HK\$ 港元
CASH FLOWS FROM OPERATING ACTIVITIES			
	經營業務的現金流量		
Profit before taxation	除稅前溢利	27,984,810	21,956,329
Adjustments for:	經調整：		
Depreciation of property, plant and equipment	物業、廠房 及設備折舊	838,238	663,687
Amortisation of land use rights	土地使用權攤銷	28,452	25,941
Write off of construction in progress	在建工程註銷	—	38,255
Loss on disposals of property, plant and equipment	出售物業、廠房 及設備虧損	23,023	—
Interest expenses	利息開支	1,247,915	1,199,672
Interest income	利息收入	(61,403)	(63,502)
Provision for employee share-based payment expenses	以股份支付 僱員開支之撥備	2,350,190	—
Operating profit before working capital changes	營運資金變動前 的經營溢利	32,411,225	23,820,382
Increase in inventories	存貨增加	(4,882,866)	(8,991,845)
Increase in trade receivables	應收貿易賬款增加	(12,308,497)	(6,612,025)
Decrease/(Increase) in deposits, other receivables and prepayments	按金、其他應收款項及 預付款項減少／(增加)	4,526,061	(4,154,674)
Increase in trade payables	應付貿易賬款增加	2,292,964	4,853,406
(Decrease)/Increase in deposit received	已收按金(減少)／增加	(1,803,208)	1,803,208
Decrease in amounts due to related companies	應付關連公司款項減少	(849,349)	(245,306)
(Decrease)/Increase in bills payable	應付票據(減少)／增加	(1,150,970)	1,150,970
(Decrease)/Increase in other payables and accruals	其他應付款項及應計項目 (減少)／增加	(5,528,310)	3,110,359
Cash generated from operations	經營產生的現金	12,707,050	14,734,475
Interest paid	已付利息	(1,247,915)	(1,199,672)
Enterprise income tax paid	已付企業所得稅	(2,739,076)	(2,800,322)
NET CASH GENERATED FROM OPERATING ACTIVITIES	經營業務產生的現金淨額	8,720,059	10,734,481



NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2005

截至二零零五年十二月三十一日止年度

1. GROUP REORGANISATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 19 January 2005 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. Pursuant to a group reorganisation, further details of which are set out in the paragraph headed "Corporate reorganisation" in the section headed "Further information about the Company" in Appendix V to the prospectus of the Company dated 5 October 2005 ("Corporate Reorganisation"), the Company became the holding company of the subsidiaries as set out in note 16. The shares of the Company are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited ("GEM").

The Group resulting from the Corporate Reorganisation is regarded as a continuing entity. Accordingly, the financial statements of the Group for the year ended 31 December 2004 and 31 December 2005 have been prepared on the basis as if the Company had always been the holding company of the Group using the principles of merger accounting in accordance with the Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

2. CORPORATE INFORMATION

The principal place of business of the Company is located at 15th Floor, EIB Tower, 4-6 Morrison Hill Road, Wanchai, Hong Kong.

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries are set out in note 16 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

3. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted by the Group in arriving at these financial statements, which conform to accounting principles generally accepted in Hong Kong, are as follows:

(a) Basis of preparation

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, which include collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the HKICPA, accounting principles generally accepted for Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The financial statements have been prepared under the historical cost convention.

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards (hereinafter collectively referred to as the "new HKFRSs") which are generally effective or available for early adoption for accounting periods beginning on or after 1 January 2005. The Group has adopted these currently in issue new HKFRSs in the preparation of the financial statements for the year ended 31 December 2005.

The preparation of financial statements in conformity with new HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

1. 集團重組

本公司於二零零五年一月十九日根據開曼群島公司法第22章(一九六一年第3條法律,經綜合及修訂),於開曼群島註冊成立為一家獲豁免公司。根據集團重組(進一步詳情載於二零零五年十月五日本公司所刊發招股章程附錄五「有關本公司的其他資料」一節「企業重組」一段),本公司成為附註16所載各附屬公司的控股公司。本公司之股份於香港聯合交易所有限公司創業板(「創業板」)上市。

由於企業重組,本集團被視為持續經營實體。故此,本集團截至二零零四年十二月三十一日及二零零五年十二月三十一日止年度的財務報表,乃使用根據香港會計師公會(「香港會計師公會」)頒佈之會計指引第5號「共同控制權合併之合併會計法」所訂明的合併會計法原則,猶如本公司一直為本集團之控股公司之基準編製。

2. 公司資料

本公司的主要營業地點位於香港灣仔摩利臣山道4-6號經信商業大廈15樓。

本公司的主要業務為投資控股。本公司各附屬公司的主要業務列載於財務報表附註16。年內,本集團的主要業務性質並無重大變動。

3. 主要會計政策

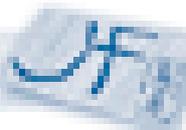
本集團於制定該等財務報表時所採用之主要會計政策乃遵照香港普遍接納的會計原則,內容如下:

(a) 編製基準

本財務報表乃根據所有適用之香港財務申報準則,包括香港會計師公會頒佈的所有個別適用的香港財務申報準則、香港會計準則及詮釋、香港普遍接納的會計原則及香港《公司條例》的披露規定而編製。本財務報表乃按歷史成本法而編製。

香港會計師公會已頒佈多項全新及經修訂香港財務申報準則以及香港會計準則(以下統稱為「新香港財務申報準則」),一般於二零零五年一月一日或其後開始的會計期間生效(或可予提前採納)。本集團於編製截至二零零五年十二月三十一日止年度的財務報表時,已採用已公佈的新香港財務申報準則。

編製符合新香港財務申報準則的財務報告,規定使用若干主要會計估計,亦規定管理層在採用本集團的會計政策的過程中行使其判斷。



NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

3. PRINCIPAL ACCOUNTING POLICIES (cont'd)

(a) Basis of preparation (cont'd)

The Group has not applied the following new and revised Hong Kong Financial Reporting Standards ("new and revised HKFRSs") applicable to these financial statements, that have been issued but are not yet effective, to these financial statements. Unless otherwise stated, these new and revised HKFRSs are effective for annual periods beginning on or after 1 January 2006:

HKAS 1	(Amendment)	Capital Disclosures
HKAS 21	(Amendment)	The Effects of Changes in Foreign Exchange Rates
HKAS 39	(Amendment)	Cash Flow Hedge Accounting of Forecast Intragroup Transactions
HKAS 39	(Amendment)	The Fair Value Option
HKAS 39 and HKFRS 4	(Amendments)	Financial Guarantee Contracts
HKFRS 7		Financial Instruments: Disclosures
HK(IFRIC) - Int 4		Determining whether an Arrangement contains a Lease

The Company has already commenced an assessment of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on its result of operations and financial position.

(b) 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.

All significant intercompany transactions and balances within the Group are eliminated on consolidation.

(c) Subsidiaries

A subsidiary is a company whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

The Company's investments in subsidiaries are stated at cost less any impairment losses. The results of subsidiaries are included in the Company's income statement to the extent of dividends received and receivable.

(d) Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to buyers, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

Interest income is recognised on a time proportion basis using the effective interest method, taking into account the principal amounts outstanding and the interest rates applicable.

3. 主要會計政策 (續)

(a) 編製基準 (續)

本集團於本財務報表並無採納以下適用於本財務報表之新訂及經修訂香港財務申報準則(「新訂及經修訂財務申報準則」)，該等準則已頒佈惟尚未生效。除另有訂明者外，此等全新及經修訂香港財務申報準則於二零零六年一月一日或其後開始的年度期間生效：

香港會計準則第1號	(修訂本)	資本披露
香港會計準則第21號	(修訂本)	外幣匯率變動之影響
香港會計準則第39號	(修訂本)	預測集團內部交易之現金流量對沖會計法
香港會計準則第39號	(修訂本)	公平值期權
香港會計準則第39號及香港財務申報準則第4號	(修訂本)	財務擔保合約
香港財務申報準則第7號		金融工具：披露
香港財務申報準則詮釋第4號		釐定安排是否包括租約

本公司已開始評估該等新訂及經修訂香港財務申報準則，惟仍未能聲明該等新訂及經修訂香港財務申報準則會否對本公司的經營業績及財務狀況有任何重大影響。

(b) 綜合賬項基準

綜合財務報表包括本公司及其附屬公司編製截至每年十二月三十一日止的財務報告。

綜合收益表包括年內所購入或出售的附屬公司的業績，乃由其實際收購日期起計或計至實際出售日期(視何者適用而定)止。

本集團內各公司之間所有重大交易及結餘已於綜合賬目時抵消。

(c) 附屬公司

附屬公司為本公司直接或間接控制其財務及經營政策，從而自其業務取得利益的公司。

本公司於附屬公司的投資乃按成本值減任何減值虧損列賬。附屬公司的業績則按已收及應收股息計入本公司的收益表。

(d) 確認收益

當經濟利益很可能流入本集團並在收益可靠計量時確認為收益。

貨品銷售的收入在擁有權的重大風險及回報已轉移予買方時確認為收益(惟倘本集團對已售貨品保留一般涉及擁有權程度的管理性參與並對已售貨品保留實制控制權者除外)。

利息收入按時間比例基準，並經計及結欠本金及適當的息率予以確認。



NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

3. PRINCIPAL ACCOUNTING POLICIES (cont'd)

(e) Property, plant and equipment

Property, plant and equipment, other than construction in progress (see note (3)(g) below), are stated at cost less accumulated depreciation and any impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the property, plant and equipment, the expenditure is capitalised as an additional cost of that asset.

Depreciation is provided on the straight-line basis to write off the cost of each asset over its estimated useful life less any estimated residual value. The estimated useful lives used for this purpose are as follows:

Buildings	20 years
Plant and machinery	10 years
Furniture, fixtures and equipment	5 years
Motor vehicles	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

The gain or loss on disposal of an asset is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the income statement.

(f) Land use rights

Land use rights are stated at cost less accumulated amortisation and any impairment losses. Land use rights are amortised on the straight-line basis over the lease terms.

(g) Construction in progress

Construction in progress represents property, plant and equipment under construction and pending installation and is stated at cost less accumulated impairment losses, if any. Cost includes the costs of construction of buildings, the costs of plant and machinery and interest charges arising from borrowings used to finance these assets during the period of construction or installation and testing, if any. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and are available for intended use. When construction in progress is completed and ready for use, the costs are transferred to property, plant and equipment and depreciated in accordance with the policy as stated in note 3(e).

3. 主要會計政策 (續)

(e) 物業、廠房及設備

物業、廠房及設備(在建工程除外,請參閱下文附註(3)(g))以成本值減其後的累計折舊及任何減值虧損列賬。資產的成本包括其購入價及令資產達至現有運作狀態及地點,作擬定用途的任何直接應計成本。物業、廠房及設備投用後所產生的開支,例如維修及保養,通常在產生期間於收益表內扣除。倘能清楚證明有關開支可增加預期會得自物業、廠房及設備使用的未來經濟效益,則該等開支會資本化為該等資產的額外成本。

折舊以直線法以各資產於估計可使用年期的成本值減任何估計剩餘價值予以註銷。就此目的而言的估計使用年期如下:

建築物	20年
廠房及機械	10年
傢俬、裝置及設備	5年
車輛	5年

於各個年結日,將檢討及調整(如適用)資產的剩餘價值及可用年限。

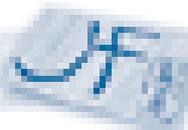
出售資產的盈虧指有關資產銷售所得款項淨額及其賬面值的差異,並於收益表中確認。

(f) 土地使用權

土地使用權按成本值減累計攤銷及任何減值虧損列賬。土地使用權按租賃期以直線法攤銷。

(g) 在建工程

在建工程指在建中及等待安裝的物業、廠房及設備。在建工程以成本值減累計減值虧損(如有)列賬。成本值包括於興建或安裝及測試(如有)期間建築物的建築成本值、廠房及機械的成本值及為該等資產融資的借貸而產生的利息開支。於在建工程完成及投入擬定用途前,有關資產不作折舊撥備。倘在建工程完成並可投入使用,成本值轉撥至物業、廠房及設備一項,並按附註3(e)所述的政策折舊。



NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

3. PRINCIPAL ACCOUNTING POLICIES (cont'd)

(h) Impairment of assets

Assets that have an indefinite useful life or not yet available for use are not subject to amortisation, which are at least tested annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The carrying amounts of assets are reviewed at each balance sheet date to assess whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated and where relevant, an impairment loss is recognised to reduce the asset to its recoverable amount. Such impairment losses are recognised in the income statement.

(i) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

(j) Inventories

Inventories are stated at the lower of cost and net realisable value after making due allowance for obsolete or slowing-moving items. Cost is determined on the weighted average basis, and in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads.

Net realisable 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.

(k) Foreign currency translation

Companies within the Group maintain their books and records in the primary currencies of their respective operations ("functional currencies"). Transactions in other currencies are translated into their functional currencies at the rates of exchange ruling on the transaction dates. Monetary assets and liabilities in other currencies are translated at the rates ruling on the balance sheet date. Profits and losses resulting from this translation policy are included in the income statement.

3. 主要會計政策 (續)

(h) 資產減值

可用年限為無限或未供使用的資產毋須予以攤銷，最少會每年就減值進行測試，並於出現顯示可能不能收回賬面值的事件或情況下就減值進行檢討。須予攤銷的資產於出現顯示可能不能收回賬面值的事件或情況下就減值進行檢討。資產賬面值於各結算日檢討有否出現任何減值跡象。倘出現任何該等跡象，則評估資產的可收回款額，並確認減值虧損(如有關)，以削減資產至其可收回金額，並於收益表中確認有關減值虧損。

(i) 撥備及或然負債

當本集團因過去的事件負有現有的法律或推定責任，而在履行責任的過程中，很有可能須要付出經濟利益時，對這些在時間及金額上未確定的負債會作出撥備，並作出可靠的評估。當金錢時間值影響重大時，撥備則以預計履行責任時所需支出之現值列賬。

如付出經濟利益的機會不大，或所涉及的金額未能可靠地估計時，除非付出經濟利益的可能性極微，否則這些責任會以或然負債披露。如責任的存在是取決於一件或多件事件將來發生與否時，除非付出經濟利益的可能性極微，否則這些可能的責任亦會以或然負債披露。

(j) 存貨

為廢棄或滯銷項目作出適當撥備後，存貨以成本值或可變現淨值較低者呈列。成本值按加權平均基準釐定，倘涉及在製品及製成品，則包括直接原料、直接勞工及適當比例的間接開支。

可變現淨值為於日常業務過程中的估計銷售價格減估計完成成本值及估計促成銷售的成本值。

(k) 外幣兌換

本集團的各公司以有關業務的主要貨幣(「功能貨幣」)記賬。以其他外幣進行的交易按交易當日的匯率兌換成功能貨幣。以其他貨幣列值的貨幣性資產及負債以結算日的匯率兌換。因兌換政策而產生的盈虧計入收益表。



NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

3. PRINCIPAL ACCOUNTING POLICIES (cont'd)

(k) Foreign currency translation (cont'd)

The financial statements are presented in Hong Kong dollars ("HK\$"). The directors of the Company believe that using HK\$ as the Group's reporting currency will enable financial results and relationships to be measured with more relevance and reliability.

For the purpose of consolidation, all of the assets and liabilities of subsidiaries with functional currencies other than HK\$ are translated into HK\$ at the rates of exchange ruling at the balance sheet date whilst income and expense items are translated at average rates during the year. Exchange differences are dealt with as movements in reserves.

(l) Related parties

For the purpose of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals, and post-employment benefit plans which are not for the benefit of employees of the Group or of any entity that is a related party of the Group.

(m) Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group has become a party to the contractual provisions of the instrument.

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

Cash and cash equivalents

Cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of changes in value, having been with three months of maturity at acquisition. For the purpose of the cash flow statement, bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.

3. 主要會計政策 (續)

(k) 外幣兌換 (續)

財務報表以港元(「港元」)呈列。本公司董事相信以港元作為本集團的申報貨幣將使財務業績及關係更有關連及可靠。

就綜合賬目而言，所有以港元以外的功能貨幣呈列的附屬公司資產及負債乃以結算日的匯率兌換為港元，而收益及開支項目乃以年內的平均匯率兌換。兌換差異於儲備中的變動處理。

(l) 關連人士

就此等財務報表而言，倘本集團有能力直接或間接控制另一方或可對另一方作出財務及營運決策行使重大影響力(反之亦然)，或倘本集團與另一方均受共同控制及共同影響力所規限，則該等各方被視為與本集團有關。有關連人士可為個人(為主要管理層成員、主要股東及/或彼等各自的直系家庭成員)或其他實體，並包括本集團有關連人士(倘該等人士為個人)、及離職後福利計劃(並非就本集團僱員之福利而作出)、或任何屬本集團有關連人士的實體對其有重大影響力的實體。

(m) 金融工具

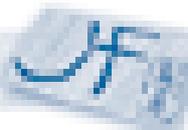
金融資產及金融負債於本集團參與訂立金融工具合約時在本集團資產負債表確認。

應收貿易賬款及其他應收款項

應收貿易賬款及其他應收款項初步確認時按公平價值入賬，其後使用實際利率法按攤銷成本減減值撥備釐定。倘有跡象顯示本集團將不能根據應收款項的原定期限收取所有到期金額，將會就應收貿易賬款及其他應收款項作出減值撥備。撥備金額乃資產賬面值與估計未來現金流量的現值的差額，按實際利率貼現。撥備金額於收益表中確認入賬。

現金及現金等值物

現金及現金等值物指銀行及手頭現金，銀行及其他財務機構的活期存款及短期高流動性投資(可轉換為現金款項及不受價值變動的高風險所規限)，於收購後三個月到期。就現金流量表而言，現金及現金等值物亦包括須於要求時清償及屬於本集團現金管理的組成部份的銀行透支。



NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

3. PRINCIPAL ACCOUNTING POLICIES (cont'd)

(m) Financial instruments (cont'd)

Financial liability and equity

Financial liabilities and equity instruments 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.

Trade and other payables

Trade and other payables are stated at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Bank borrowings

Interest-bearing bank borrowings are recorded at the proceeds received, net of direct issue costs. Finance charges, including premium payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis to the income statement using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(n) Employee benefits

(i) Salaries, annual bonuses, paid annual leave, leave passage and the cost to the Group of non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Share option scheme

The fair value of the options is recognised as an expense and credited to an employee share-based compensation reserve under equity. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted at the grant date. At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of the original estimates, if any, in income statement, and a corresponding adjustment to the employee share-based compensation reserve over the remaining vesting period.

Upon exercise of the share options, the resulting shares issued are recorded by the Company as additional share capital at the nominal value of the shares, and the excess of the exercise price over the nominal value of the shares is recorded by the Company in the share premium account.

3. 主要會計政策 (續)

(m) 金融工具 (續)

金融負債及權益

金融負債及權益工具按就該金融負債及權益工具所訂立的合約安排及其定義分類。權益工具為對本集團在扣除所有負債後的資產擁有剩餘權益的任何合約。

應付貿易賬款及其他應付款項

應付貿易賬款及其他應付款項按其公平價值列賬，其後以實際利率法按攤銷成本釐定，惟倘折扣影響並不重大，則以成本值列賬。

銀行借款

計息銀行借款按收到的所得款項扣除直接發行費用予以記錄。融資成本(包括清償或贖回時須付的溢價及直接發行費用)採用實際利息法在收益表按應計基準入賬，並將其未償還金額在產生期間計入有關工具的賬面值。借貸其後按攤銷成本列賬；所得款項(扣除交易成本)與贖回價值的差額於借貸期間使用實際利率法於收益表中確認入賬。

除非本集團有無條件權利遞延清償負債至年結日後最少十二個月，否則借貸分類為流動負債。

(n) 僱員福利

(i) 薪金、年終花紅、有薪年假、旅遊津貼及本集團的非金錢福利費用於本集團僱員提供相關服務的年度計提。倘遞延付款或結算，且影響重大，則按現值將該等款項入賬。

(ii) 購股權計劃

購股權的公平值乃確認為開支，並計入股本中的僱員股份酬金儲備。於歸屬期內將予支出的總金額乃參考於授出日期所授購股權的公平值釐定。於各結算日，本集團修訂預期可予行使購股權數目的估計數字，並於歸屬期餘下時間確認修訂收益表內原本估計數字(如有)及對僱員股份賠償儲備作出相應調整的影響。

購股權獲行使後，本公司將因此所發行的股份按股份面值列作額外股本，並將股份行使價超出本公司股份面值的差額計入股份溢價賬。



NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2005

截至二零零五年十二月三十一日止年度

3. PRINCIPAL ACCOUNTING POLICIES (cont'd)

(o) Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessee, rental payable under the operating leases are charged to the income statement on the straight-line basis over the lease terms.

(p) Taxation

The charge for taxation is based on the results for the year ended as adjusted for items which are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

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

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

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

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(q) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. All other borrowing costs are charged to the income statement in the year in which they are incurred.

3. 主要會計政策 (續)

(o) 經營租約

資產擁有權絕大部份回報及風險仍然由出租人擁有的租賃為經營租約。倘本集團為承租人，經營租約項下的應付租金於有關租賃年內以直線法計入收益表。

(p) 稅項

稅項開支是根據各年終的業績，並就毋須課稅或不可抵免項目作調整，按在結算日已執行或實質上已執行的稅率計算。

遞延稅項乃採用資產負債表負債法，就財務報表中資產及負債的眼面值與計算應課稅溢利相應稅基的兩者差額所產生暫時差異計算。遞延稅項負債原則上就所有應課稅暫時差異予以確認，而遞延稅項資產則於可能獲得應課稅溢利抵銷可扣稅的暫時差異時予以確認。若交易中因商譽 (或負商譽) 或因業務合併以外原因而首次確認之其他資產及負債而產生的暫時差異並不影響稅務溢利或會計溢利時，則不會確認為遞延稅項資產及負債。

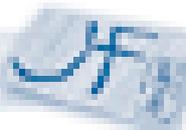
於投資附屬公司產生暫時性稅項差異時確認遞延稅項負債，惟本集團可控制有關暫時性差異的回撥及有關暫時性差異於可見未來並不會回撥則除外。

遞延稅項乃按預期於變現資產或清償負債期間適用的稅率計算。遞延稅項於收益表中扣除或計入，惟倘遞延稅項乃關於直接於股本權益計入或支銷的項目，則遞延稅項亦會於股本權益中處理。

倘遞延稅項資產及負債有關之所得稅由同一稅務機關徵收，以及本集團計劃以淨額基準清理現有稅務資產及負債，則遞延稅項資產及負債予以互相抵銷。

(q) 借貸成本

借貸成本為資產成本值的一部份，指於購買、興建或生產資產時直接應佔成本值，且須要一段長時間以將其投入擬定用途或銷售。所有其他借貸成本值於產生年份計入收益表。



NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

3. PRINCIPAL ACCOUNTING POLICIES (cont'd)

(r) Government grants

A government grant is recognised, when there is reasonable assurance that the Group will comply with the conditions attaching with it and that the grant will be received.

Grants relating to income are deferred and recognised in the income statement over the period necessary to match them with the costs they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to the income statement on a straight-line basis over the expected lives of the related assets.

(s) Events after the balance sheet date

Post-year-end events that provide additional information about the Group's position at the balance sheet date or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Post-year-end events that are not adjusting events are disclosed in the notes when material.

(t) Discontinued operations

A discontinued operation is component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal. It also occurs when the operation is abandoned.

Where an operation is classified as discontinued, a single amount is presented on the face of the income statement, which comprises:

- the post-tax profit or loss of the discontinued operation; and
- the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group(s) constituting the discontinued operation.

3. 主要會計政策 (續)

(r) 政府津貼

政府津貼於有合理保證本集團將遵守有關附帶條件及有關津貼將可獲取時予以確認。

與收入有關的津貼遞延，並將需以該等津貼與擬補償的成本值配對的期間內於收益表中確認。

與購買物業、廠房及設備有關的政府津貼計入非流動負債的遞延收入一項，並按有關資產的預計年期，以直線法計入收益表。

(s) 結算日後事項

年結日後事項若有助於對本集團於結算日的狀況提供額外資料或指出持續經營的假設不適用時，則須作為調整事項，並於財務報表中反映。不作為調整事項的結算日後事項如涉及金額重大，亦須在財務報表附註中披露。

(t) 已終止業務

已終止業務為本集團業務的一部分，其經營及現金流量可與本集團其他業務清楚區分，以及指另一主線業務或區域業務，或作為出售另一主線業務或區域業務之單一統籌計劃的一部分，或為一間純粹為轉售而收購之附屬公司。

列作已終止業務類別發生於出售時，亦發生於放棄經營業務時。

倘業務被分類為已終止，則會在收益表以一項獨立金額呈列，其中包含：

- 已終止業務的稅後溢利或虧損；及
- 在計量或在處置資產或構成已終止業務的處置類別的公平值減銷售成本時所確認稅後收益或虧損。



NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

3. PRINCIPAL ACCOUNTING POLICIES (cont'd)

(u) Segment reporting

In accordance with the Group's internal financial reporting system, the Group has determined that geographical segments be presented as the primary reporting format and business segments as the secondary reporting format for the purposes of these financial statements.

Segment assets consist primarily of operating assets and mainly exclude cash and cash equivalents which are included as corporate assets. Segment liabilities comprise operating liabilities and exclude items such as taxation and certain corporate borrowings which are included as corporate liabilities. Capital expenditure comprises additions to property, plant and equipment.

In respect of geographical segment reporting, sales are based on the country in which the customer is located. Total assets and capital expenditure are where the assets are located.

4. TURNOVER, REVENUE AND SEGMENT INFORMATION

The Group's turnover represented the net invoiced value of goods sold, after allowances for trade discounts and returns. Revenue for continuing operations recognised during the year is as follows:

		2005 HK\$ 港元	2004 HK\$ 港元 (restated) (重列)
Turnover	營業額		
— Sales of goods	— 貨品銷售	199,625,181	145,431,977
Other revenue	其他收益		
— Interest income	— 利息收入	61,403	63,502
Total revenue	收益總額	199,686,584	145,495,479

Segmental information

Segment information is presented by way of two segment formats:

- (i) on a primary segment reporting basis, by geographical segments; and
- (ii) on a secondary segment reporting basis, by business segments.

The Group is principally engaged in manufacturing and sale of furnishings and home products.

In prior years, the Group was also involved in the manufacture and sale of heat exchangers in the PRC. That operation was discontinued with effect from 1 July 2004 (note 12).

Segment information about the Group's continuing operations is presented below.

Segment information about the Group's discontinued operation is presented in note 12.

3. 主要會計政策 (續)

(u) 申報分類資料

根據本集團的內部財務申報制度，就本財務報表的目的而言，本集團決定以地區分類為首要申報形式，以業務分類為次要申報形式。

分類資產主要包括營運資產，並主要不包括計入企業資產的現金及現金等值物。分類負債包括經營負債，且並不包括計入企業負債的項目如稅項及若干企業借貸。資本開支包括物業、廠房及設備的增添。

就地區分類申報而言，銷售乃按客戶所在國家計算。資產總額及資本開支乃按資產所在地計算。

4. 營業額、收益及分類資料

本集團之營業額乃指扣減貿易折扣及退貨後，已售貨品之發票淨值。年內持續經營業務的已確認收益如下：

	2005 HK\$ 港元	2004 HK\$ 港元 (restated) (重列)
營業額		
— 貨品銷售	199,625,181	145,431,977
其他收益		
— 利息收入	61,403	63,502
收益總額	199,686,584	145,495,479

分類資料

分類資料按以下兩種形式申報：

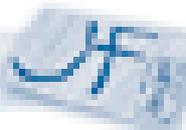
- (i) 主要分類申報形式為按地區分類；及
- (ii) 次要分類申報形式為按業務分類。

本集團主要從事製造及銷售家具及家居用品。

於過往年度，本集團亦在中國從事製造及銷售熱交換器。該業務已自二零零四年七月一日起終止(附註12)。

本集團的持續業務之分類資料呈列如下。

本集團的已終止業務之分類資料於附註12呈列。



NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

4. TURNOVER, REVENUE AND SEGMENT INFORMATION (cont'd)

4. 營業額、收益及分類資料 (續)

(a) Geographical segments based on the location of customers

In determining the Group's geographical segments, revenues, results, assets and liabilities are attributed to the segments based on the location of the customers.

The following tables present revenue, results, assets, liabilities and capital expenditure information for the Group's geographical segments:

(a) 按客戶所在地區分類

於釐定本集團的地區分類時，收益、業績、資產及負債乃按客戶所在地區計算。

本集團按地區分類之收益、業績、資產、負債及資本開支的資料載列如下：

		PRC 中國		Hong Kong 香港		Consolidated 綜合	
		2005 HK\$ 港元	2004 HK\$ 港元	2005 HK\$ 港元	2004 HK\$ 港元	2005 HK\$ 港元	2004 HK\$ 港元
Segment revenue:	分類收益：						
Sales to external customers	外部客戶的銷售	29,543,207	20,617,809	170,081,974	124,814,168	199,625,181	145,431,977
Segment results	分類業績	3,182,417	8,397,509	32,263,892	17,119,422	35,446,309	25,516,931
Unallocated revenue	未分配收益					868,953	389,570
Unallocated expenses	未分配開支					(7,082,537)	(2,750,500)
Profit from operations	經營溢利					29,232,725	23,156,001
Finance costs	融資成本					(1,247,915)	(1,199,672)
Profit before taxation	除稅前溢利					27,984,810	21,956,329
Taxation	稅項					(4,325,579)	(3,079,425)
Net profit attributable to equity shareholders of the Company	本公司股東應佔純利					23,659,231	18,876,904
Segment assets	分類資產	9,673,860	8,360,821	21,605,295	10,536,206	31,279,155	18,897,027
Unallocated assets	未分配資產					85,311,856	65,897,805
Total assets	資產總額					116,591,011	84,794,832
Segment liabilities	分類負債	—	1,803,208	—	—	—	1,803,208
Unallocated liabilities	未分配負債					41,436,610	57,687,770
Total liabilities	負債總額					41,436,610	59,490,978
Other segment information:	其他分類資料：						
Unallocated depreciation	未分配折舊					838,238	456,074
Unallocated amortisation	未分配攤銷					28,452	25,941
Capital expenditure	資本開支						
— Property, plant and equipment	— 物業、廠房及設備					5,131,359	5,529,048
— Deposit paid for acquisition of land use rights	— 收購土地使用權的已付按金					15,553,308	—
						20,684,667	5,529,048

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

4. TURNOVER, REVENUE AND SEGMENT INFORMATION (cont'd)

(b) Geographical segments based on the location of assets

All of the Group's assets are substantially located in the PRC. No additional information in respect of segment assets and capital expenditure information are presented.

(c) Business segments

No business segment information is presented as all the Group's turnover and contribution to operating results were arose from manufacturing and sale of furnishings and home products during the year.

5. PROFIT FROM OPERATIONS

Profit from operations is stated after charging the following:

4. 營業額、收益及分類資料 (續)

(b) 按資產所在地區之地區分類

本集團的所有資產主要位於中國。就分類資產及資本開支資料而言概無額外資料呈列。

(c) 業務分類

由於本集團之所有營業額及經營業績貢獻乃於年內因製造及出售家具及家庭用品產生，因此概無業務分類資料呈列。

5. 經營溢利

經扣除下列各項的經營溢利如下：

		2005 HK\$ 港元	2004 HK\$ 港元 (restated) (重列)
Auditors' remuneration	核數師之酬金	415,615	9,434
Depreciation and amortisation of land use rights	折舊及土地使用權的攤銷	866,690	482,015
Loss on disposals of property, plant and equipment	出售物業、廠房及設備虧損	23,023	—
Staff costs (including directors' emoluments (note 6))	員工成本 (包括董事酬金 (附註6))		
Fees	袍金	211,771	—
Basic salaries, bonuses, allowances and benefits in kind	基本薪金、花紅、津貼及實物收益	13,297,920	10,182,418
Retirement benefits scheme contributions	退休福利計劃供款	1,613,509	197,992
Employee share-based payment expenses	以股份支付僱員之開支	2,350,190	—
Operating lease-license fee of leasehold buildings	經營租約－租賃樓宇的特許費	43,500	—
Net exchange losses	滙兌虧損淨額	617,374	160,143

Note:

According to the Mandatory Provident Fund ("MPF") legislation regulated by the Mandatory Provident Fund Schemes Authority in Hong Kong, with effect from 1 December 2000 the Group is required to participate in MPF Scheme operated by approved trustees in Hong Kong and to make contributions for its eligible employees. The contributions borne by the Group are calculated at 5% of the salaries and wages (monthly contribution is limited to 5% of HK\$20,000 for each eligible employee) as calculated under the MPF legislation.

Employees of the Group in the PRC participate in a retirement benefit plan (社會保險基金) under which the Group is obliged to make monthly defined contributions to the plan at 20% of the employee's basic salary during the year.

附註：

根據自二零零零年十二月一日起生效的香港強制性公積金計劃管理局監管的強制性公積金(「強積金」)條例，本集團需參與由香港認可受託人經營的強積金計劃，並為其合資格僱員作出供款。根據強積金條例，本集團承擔的供款按薪金及工資的5% (每名合資格僱員的每月供款限於20,000港元之5%) 計算。

本集團為其於中國的僱員參與社會保險基金，據此本集團有責任按年內僱員基本薪金的20%，向該基金每月定額供款。



NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

6. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

Details of emoluments of the directors of the Company disclosed pursuant to the Rules Governing the Listing of Securities on the Growth Enterprise Market and Section 161 of the Hong Kong Companies Ordinance are as follows:

For the year ended 31 December 2005

6. 董事酬金及五位最高薪酬人士

根據創業板證券上市規則及香港公司條例第161條，本公司董事之酬金詳情披露如下：

截至二零零五年十二月三十一日止年度

Name of director	董事姓名	Basic salaries, allowances and benefits			Discretionary bonus	Share-based payment	Retirement benefits scheme contributions	Total emoluments
		Fees	in kind					
		袍金	及實物利益	酌情花紅	以股份支付款項	退休福利計劃供款	酬金總額	
		HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	
		港元	港元	港元	港元	港元	港元	
Executive directors	執行董事							
Mr. Yan Siu Wai	甄兆威先生	—	505,428	44,572	325,716	7,000	882,716	
Mr. Leung Kwok Yin	梁國賢先生	—	307,939	42,061	217,144	5,810	572,954	
Mr. Bao Jisheng	鮑繼聲先生	—	825,892	348,339	246,755	—	1,420,986	
Independent non-executive directors	獨立非執行董事							
Mr. Kwan Kai Cheong	關啟昌先生	81,450	—	—	—	—	81,450	
Mr. Garry Alides Willinge	Garry Alides Willinge先生	81,450	—	—	—	—	81,450	
Mr. Yu Hon Wing, Allan	俞漢榮先生	48,871	—	—	—	—	48,871	
Total	總額	211,771	1,639,259	434,972	789,615	12,810	3,088,427	

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

6. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS (cont'd)

6. 董事酬金及五位最高薪酬人士 (續)

For the year ended 31 December 2004

截至二零零四年十二月三十一日止年度

Name of director	董事姓名	Basic salaries, allowances and benefits in kind		Discretionary bonus	Share-based payment	Retirement benefits scheme contributions	Total emoluments
		Fees	及實物利益				
		袍金	基本薪金、津貼	酌情花紅	以股份	退休福利	酬金總額
		HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
		港元	港元	港元	港元	港元	港元
Executive directors	執行董事						
Mr. Yan Siu Wai	甄兆威先生	—	550,000	—	—	—	550,000
Mr. Leung Kwok Yin	梁國賢先生	—	350,000	—	—	—	350,000
Mr. Bao Jisheng	鮑繼聲先生	—	870,377	300,000	—	—	1,170,377
Independent non-executive directors	獨立非執行董事						
Mr. Kwan Kai Cheong	關啟昌先生	—	—	—	—	—	—
Mr. Garry Alides Willinge	Garry Alides Willinge先生	—	—	—	—	—	—
Mr. Yu Hon Wing, Allan	俞漢榮先生	—	—	—	—	—	—
Total	總額	—	1,770,377	300,000	—	—	2,070,377

During the year, 10,752,000 options were granted to the executive directors, under the share option scheme as stated in note 28 to the financial statements.

年內，根據財務報表附註28所述的購股權計劃，向執行董事授出購股權10,752,000份。

There was no arrangement under which a director waived or agreed to waive any emoluments during the year (2004: HK\$Nil).

年內，董事概無根據任何安排放棄或同意放棄領取酬金(二零零四年：零港元)。

During the year, no emoluments were paid or payable by the Group to the directors and five highest paid individuals as an inducement to join, or upon joining the Group, or as compensation for loss of office (2004: HK\$Nil).

年內，本集團並無支付或應付本集團董事及五位最高薪酬人士的酬金，作為彼等加入本集團時或加入本集團後的獎勵，或離職補償(二零零四年：零港元)。



NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

6. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS (cont'd)

The five highest paid individuals for the year ended 31 December 2005 included three (2004: three) directors, details of whose emoluments are disclosed above. Details of the emoluments of the remaining two (2004: two) highest paid individuals for the year ended 31 December 2005, which fell within the "Nil to HK\$1,000,000" band, are as follows:

		2005 HK\$ 港元	2004 HK\$ 港元
Basic salaries, housing benefits, other allowances and benefits in kind	基本薪金、房屋福利、其他津貼及實物利益	644,231	540,755
Discretionary bonus	酌情花紅	200,000	200,000
Share-based payment	以股份支付款項	676,136	—
Retirement benefits scheme contributions	退休福利計劃供款	13,734	6,043
		1,534,101	746,798

6. 董事酬金及五位最高薪酬人士 (續)

本集團於截至二零零五年十二月三十一日止年度的五位最高薪酬人士分別包括三位(二零零四年：三位)董事，彼等的酬金詳情載於上文。其餘兩位最高薪酬人士截至二零零五年十二月三十一日止年度的酬金介乎「零至1,000,000港元」之間，詳情如下：

7. FINANCE COSTS

		2005 HK\$ 港元	2004 HK\$ 港元
Interest on bank loans and overdrafts wholly repayable within five years	需於五年內全部清償之銀行貸款及透支利息	1,247,915	1,199,672

7. 融資成本

8. TAXATION

(a) Taxation included in the consolidated income statement represents:

		2005 HK\$ 港元	2004 HK\$ 港元
PRC enterprise income tax	中國企業所得稅	4,325,579	3,079,425

8. 稅項

(a) 載入綜合收益表的稅項如下：

No provision for profits tax in Hong Kong, the Cayman Islands or British Virgin Islands has been made as the Group had no income assessable for profits tax for the year.

由於本集團於年內並無應課稅收入，故並無就香港、開曼群島或英屬處女群島的利得稅作出撥備。

Pursuant to the relevant laws and regulations in the PRC, JF Ningbo operating in Zhejiang Province, the PRC, is subject to enterprise income tax rate at 26.4% on its taxable profit in accordance with Income Tax Law of People's Republic of China for Enterprises with Foreign Investment and Foreign Enterprises. JF Ningbo is entitled to a two-year exemption from enterprise income tax starting from its first profit-making year followed by a 50% reduction for the subsequent three years. JF Ningbo was in its fifth profit-making year during the year.

根據中國有關的法律及法規，於中國浙江省經營的寧波捷豐可根據中華人民共和國外商投資企業和外國企業所得稅法，按其應課稅溢利繳納企業所得稅26.4%。寧波捷豐自其首個獲利年度起獲豁免兩年企業所得稅，並於其後三年獲寬減50%稅項。寧波捷豐於年內正值其第五個獲利年度。



NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

8. TAXATION (cont'd)

Pursuant to the relevant laws and regulations in the PRC, 寧波捷豐金屬制品有限公司 (Ningbo JF Metal Products Co., Ltd.) ("JF Metal"), a subsidiary of the Company operating in Zhejiang Province, the PRC, is subject to enterprise income tax rate at 26.4% on its taxable profit in accordance with Income Tax Law of People's Republic of China for Enterprises with Foreign Investment and Foreign Enterprises. JF Metal is entitled to a two-year exemption from enterprise income tax starting from its first profit-making year followed by a 50% reduction for the subsequent three years. No provision for PRC enterprise income tax has been made as JF Metal has no assessable profit for the year.

(b) Taxation in the consolidated balance sheet represents:

		2005 HK\$ 港元	2004 HK\$ 港元
Provision for PRC enterprise income tax	中國企業所得稅撥備	3,202,744	1,616,241

(c) No provision for deferred taxation has been made in the financial statements as the effect of temporary differences is not material to the Group.

(d) The taxation on the Group's profit before taxation differs from the theoretical amounts that would arise using the taxation rate of the country where the Group principally operates as follows:

		2005 HK\$ 港元	2004 HK\$ 港元
Profit before taxation	除稅前溢利	27,984,810	21,956,329
Tax at statutory tax rate of 33%	法定稅率33%	9,234,987	7,245,589
Effect of preferential tax rate	優惠稅率的影響	(5,540,992)	(4,347,353)
Tax effect of income that is not taxable in determining taxable profit	釐定應課稅溢利的不用課稅收入的稅務影響	(96,334)	(58,275)
Tax effect on tax losses not yet recognised	未確認稅務虧損的稅務影響	7,144	364,236
Tax effect of expenses that are not deductible in determining taxable profit	釐定應課稅溢利的不可扣稅開支的稅務影響	945,832	69,777
Tax effect of unrecognised temporary differences	未確認暫時性差異的稅務影響	(225,058)	(194,549)
Taxation charge	稅務費用	4,325,579	3,079,425

9. NET PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The net profit attributable to equity shareholders of the Company dealt with in the financial statements of the Company for the year ended 31 December 2005 was HK\$14,099,599 (note 29).

8. 稅項 (續)

根據中國有關的法律及法規，於中國浙江省經營的本公司附屬公司寧波捷豐金屬製品有限公司(「捷豐金屬」)可根據中華人民共和國外商投資企業和外國企業所得稅法，按其應課稅溢利繳納企業所得稅26.4%。捷豐金屬自其首個獲利年度起獲豁免兩年企業所得稅，並於其後三年獲寬減50%稅項。捷豐金屬於二零零五年開業。由於寧波捷豐金屬於年內並無產生應課稅溢利，故並無就中國企業所得稅作出撥備。

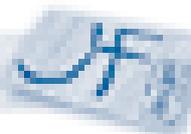
(b) 於綜合資產負債表的稅項如下：

(c) 由於暫時性差異對本集團的影響並不重大，故並無於財務報表中就遞延稅項作出撥備。

(d) 本集團除稅前溢利的稅項與使用本集團於主要營業國家稅率計算的理論金額的差異如下：

9. 本公司股東應佔純利

於本公司的財務報表中處理的截至二零零五年十二月三十一日止年度本公司股東應佔純利14,099,599港元(附註29)。



NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

10. DIVIDEND

10. 股息

		2005 HK\$ 港元	2004 HK\$ 港元
Interim dividend declared and paid of HK\$ Nil per share (2004: HK\$45,304.57 per share)	已宣派及已派付之中期股息，每股零港元 (二零零四年：每股45,304.57港元)	—	4,530,457
Final dividend proposed after the balance sheet date of HK5.6 cents per share (2004: HK\$ Nil)	建議於結算日後派付之末期股息每股5.6港仙 (二零零四年：零港元)	9,408,000	—
		9,408,000	4,530,457

The final dividend proposed after the balance sheet date have not been recognised as a liability at the balance sheet date. The final dividend of HK5.6 cents per share amounting to HK\$9,408,000 in respect of year ended 31 December 2005 has been proposed by the directors and is subject to approval by the equity shareholders in the forthcoming general meeting. The dividend for the year ended 31 December 2004 was paid by a subsidiary to its then shareholders prior to the Corporate Reorganisation.

結算日後擬派付的末期股息並未於結算日確認為負債。董事已宣派截至二零零五年十二月三十一日止年度末期股息每股5.6港仙 (合共9,408,000港元)，惟須待股東於即將召開的股東大會上批准。截至二零零四年十二月三十一日止年度的股息，乃於公司重組前，一家附屬公司向其當時的股東所派付。

11. EARNINGS PER SHARE

The calculation of basic earnings per share for the year ended 31 December 2005 is based on the net profit attributable to equity shareholders of HK\$23,659,231 and on the 168,000,000 ordinary shares of the Company in issue after the Company listing on the GEM on 13 October 2005 as if those shares had been in issue for the year.

The calculation of basic earnings per share for the year ended 31 December 2004 is based on the net profit attributable to equity shareholders of HK\$18,876,904 and on the 168,000,000 ordinary shares of the Company in issue after Corporate Reorganisation and capitalisation issue as if those shares had been in issue for the year.

The calculation of diluted earnings per share for the year ended 31 December 2005 is based on the net profit attributable to equity shareholders of HK\$23,659,231 and the weighted average number of 168,635,178 ordinary shares in issue during the year. Accordingly, the effect of dilutive potential ordinary shares relating to the share option is 635,178.

The diluted earnings per share for the year ended 31 December 2004 has not been shown as there were no dilutive potential ordinary shares existed during the year.

11. 每股盈利

截至二零零五年十二月三十一日止年度的每股基本盈利乃根據股東應佔純利23,659,231港元，及本公司於二零零五年十月十三日在創業板上市後的168,000,000股本公司已發行普通股股份 (猶如該等股份於年內已發行) 計算。

截至二零零四年十二月三十一日止年度的每股基本盈利乃根據股東應佔純利18,876,904港元，及本公司重組及資本化後的168,000,000股本公司已發行普通股股份 (猶如該等股份於年內已發行) 計算。

截至二零零五年十二月三十一日止年度的每股攤薄盈利乃根據股東應佔純利23,659,231港元及年內已發行普通股168,635,178股的加權平均數計算。因此，有關購股權的普通股攤薄潛在影響為635,178股。

截至二零零四年十二月三十一日止年度的每股攤薄盈利並未顯示，原因為於該等年度並不存在潛在攤薄普通股。



NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

12. DISCONTINUED OPERATION

On 1 April 2004 the Group entered into an agreement for the sale of its heat exchanger production line with 寧波美意熱交換器有限公司 (Ningbo Mei Yi Heat Exchanger Co. Ltd.). The Group agreed to sell the heat exchanger production line for a cash consideration of approximately HK\$2,466,196. The sale was completed on 12 July 2004 and control of the production line was effectively transferred to 寧波美意熱交換器有限公司 (Ningbo Mei Yi Heat Exchanger Co. Ltd.) (note 33) on the same day.

The results of the heat exchanger production line for the six months ended 30 June 2004 is as follows:

		HK\$ 港元
Turnover	營業額	7,027,468
Cost of sales	銷售成本	(6,440,597)
Gross profit	毛利	586,871
Other revenue	其他收益	584
Selling and distribution costs	銷售及分銷成本	(1,278)
Administrative expenses	行政開支	(586,177)
Profit from operations	經營溢利	—
Taxation	稅項	—
Profit attributable to the equity shareholders of the Company	本公司股東應佔溢利	—

The analysis of the net assets of the heat exchanger production line as at 30 June 2004 is as follows:

		HK\$ 港元
Property, plant and equipment	物業、廠房及設備	2,689,925
Inventories	存貨	4,338
Trade receivables	應收貿易賬款	3,619,039
Deposits and other receivables	按金及其他應收款項	853
Trade payables	應付貿易賬款	(2,436,149)
Other payables and accruals	其他應付款項及應計項目	(1,411,810)
		2,466,196

For the six months ended 30 June 2004, additions on property, plant and equipment and the depreciation charges for the heat exchanger production line amounted to HK\$Nil and HK\$207,613 respectively.

12. 已終止業務

本集團於二零零四年四月一日就銷售熱交換器生產線與寧波美意熱交換器有限公司簽訂一份協議。本集團同意按現金代價約2,466,196港元出售熱交換器生產線。有關銷售於二零零四年七月十二日完成，有關生產線的控制權已於同日轉予寧波美意熱交換器有限公司(附註33)。

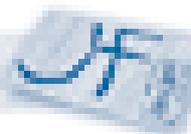
截至二零零四年六月三十日止六個月熱交換器生產線的業績如下：

		HK\$ 港元
營業額		7,027,468
銷售成本		(6,440,597)
毛利		586,871
其他收益		584
銷售及分銷成本		(1,278)
行政開支		(586,177)
經營溢利		—
稅項		—
本公司股東應佔溢利		—

於二零零四年六月三十日的熱交換器生產線的資產淨值分析如下：

		HK\$ 港元
物業、廠房及設備		2,689,925
存貨		4,338
應收貿易賬款		3,619,039
按金及其他應收款項		853
應付貿易賬款		(2,436,149)
其他應付款項及應計項目		(1,411,810)
		2,466,196

截至二零零四年六月三十日止六個月，添置物業、廠房及設備，以及熱交換器生產線的折舊費用分別為零港元及207,613港元。



NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

12. DISCONTINUED OPERATION (cont'd)

The cash inflows of the heat exchanger production line for the six months ended 30 June 2004 are as follows:

		HK\$ 港元
Cash inflows from operating activities	經營業務現金流入	665,884
Cash inflows from investing activities	投資活動現金流入	584
		666,468

12. 已終止業務 (續)

截至二零零四年六月三十日止六個月的熱交換器生產線的現金流入如下：

13. PROPERTY, PLANT AND EQUIPMENT

Group

		Buildings	Plant and machinery	Furniture, fixtures and equipment	Motor vehicles	Construction in progress	Total
		建築物	廠房及機械	家具、裝置及設備	車輛	在建工程	總計
		HK\$ 港元	HK\$ 港元	HK\$ 港元	HK\$ 港元	HK\$ 港元	HK\$ 港元
Cost	成本						
At 1 January 2004	於二零零四年一月一日	2,708,996	4,992,396	71,741	538,651	1,118,421	9,430,205
Additions	添置	—	1,692,927	151,470	441,776	3,242,875	5,529,048
Transfers	轉撥	4,323,041	—	—	—	(4,323,041)	—
Disposals/written off	出售/註銷	—	(4,164,045)	(10,472)	(117,635)	(38,255)	(4,330,407)
At 31 December 2004 and 1 January 2005	於二零零四年十二月三十一日及二零零五年一月一日	7,032,037	2,521,278	212,739	862,792	—	10,628,846
Additions	添置	—	1,674,048	116,614	—	3,340,697	5,131,359
Disposals	出售	—	—	—	(90,000)	—	(90,000)
Exchange difference	匯兌差額	135,231	48,486	4,091	16,592	—	204,400
At 31 December 2005	於二零零五年十二月三十一日	7,167,268	4,243,812	333,444	789,384	3,340,697	15,874,605
Accumulated depreciation	累計折舊						
At 1 January 2004	於二零零四年一月一日	387,515	1,488,048	24,880	78,947	—	1,979,390
Charge for the year	年內折舊	206,145	331,574	21,034	104,934	—	663,687
Disposals	出售	—	(1,597,044)	(5,183)	—	—	(1,602,227)
At 31 December 2004 and 1 January 2005	於二零零四年十二月三十一日及二零零五年一月一日	593,660	222,578	40,731	183,881	—	1,040,850
Charge for the year	年內折舊	322,787	308,524	59,438	147,489	—	838,238
Disposals	出售	—	—	—	(18,900)	—	(18,900)
Exchange difference	匯兌差額	11,417	4,280	783	3,536	—	20,016
At 31 December 2005	於二零零五年十二月三十一日	927,864	535,382	100,952	316,006	—	1,880,204
Net book value	賬面淨值						
At 31 December 2005	於二零零五年十二月三十一日	6,239,404	3,708,430	232,492	473,378	3,340,697	13,944,401
At 31 December 2004	於二零零四年十二月三十一日	6,438,377	2,298,700	172,008	678,911	—	9,587,996

The Group's buildings are situated in the PRC.

At 31 December 2005, the Group's buildings with carrying value of approximately HK\$5,516,000 (2004: HK\$5,811,000) were pledged as security to a bank for the Group's banking facilities (note 26).

本集團的建築物位於中國。

於二零零五年十二月三十一日，本集團賬面值約5,516,000港元(二零零四年：5,811,000港元)的建築物已質押予銀行，作為本集團銀行信貸的抵押品(附註26)。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

14. LAND USE RIGHTS

14. 土地使用權

		Group 本集團 HK\$ 港元
Cost	成本值	
At 1 January 2004, 31 December 2004 and 1 January 2005	於二零零四年一月一日、 二零零四十二月三十一日 及二零零五年一月一日	1,395,780
Exchange difference	匯兌差額	26,842
At 31 December 2005	於二零零五年十二月三十一日	1,422,622
Accumulated amortisation	累計攤銷	
At 1 January 2004	於二零零四年一月一日	307,072
Charge for the year	年內攤銷	25,941
At 31 December 2004 and 1 January 2005	於二零零四十二月三十一日及 二零零五年一月一日	333,013
Charge for the year	年內攤銷	28,452
Exchange difference	匯兌差額	6,405
At 31 December 2005	於二零零五年十二月三十一日	367,870
Net book value	賬面淨值	
At 31 December 2005	於二零零五年十二月三十一日	1,054,752
At 31 December 2004	於二零零四年十二月三十一日	1,062,767

The Group's land use rights are situated in the PRC under medium term leases of 50 years expiring in 2043 and pledged as security to a bank for the Group's banking facilities (note 26).

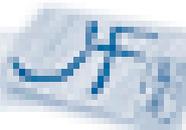
本集團在中國的土地使用權以50年的中期租約持有，於二零四三年到期，並已質押予銀行作為本集團銀行信貸的抵押品（附註26）。

15. DEPOSIT PAID FOR ACQUISITION OF LAND USE RIGHTS

At 31 December 2005 the Group paid HK\$15,553,308 (2004: HK\$Nil) as the consideration for acquisition of the land use rights of a parcel of land located in the PRC for a term of 50 years commencing from the date of issue of the State-owned Land Use Rights Certificate. The Group is in the process of obtaining the relevant State-owned Land Use Rights Certificate.

15. 收購土地使用權的已付按金

於二零零五年十二月三十一日，本集團支付15,553,308港元（二零零四年：零港元）作為收購一幅位於中國的地塊的土地使用權代價，由國有土地使用權證發出日期起計為期50年。本集團正在取得有關國有土地使用權證。



NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2005

截至二零零五年十二月三十一日止年度

16. INVESTMENTS IN SUBSIDIARIES

16. 於附屬公司之投資

	Company 本公司 2005 HK\$ 港元
Unlisted investments, at cost	42,967,020

非上市公司之投資 (按成本)

The balances with subsidiaries included in the Company's current assets and current liabilities were unsecured, interest-free and have no fixed terms of repayment.

計入本公司流動資產及流動負債之附屬公司結餘為無抵押、免息及無固定還款期。

Particulars of the subsidiaries as at the balance sheet date are as follows:

附屬公司於結算日的詳情如下：

Company 本公司	Place of incorporation/ establishment and operation 註冊成立／成立 及經營地點	Attributable interest 應佔權益	Issued and paid up capital/ registered capital 已發行及繳足 股本／註冊資本	Principal activities 主要業務
<i>Directly held</i> 直接持有				
JF Household Furnishings (Asia) Ltd. ("JF Asia") 捷豐家居用品(亞洲)有限公司	British Virgin Islands 英屬處女群島	100%	Ordinary shares US\$300 普通股 300美元	Investment holding 投資控股
<i>Indirectly held</i> 間接持有				
JF Household Furnishings (BVI) Ltd. ("JF BVI") 捷豐家居用品(維爾京群島) 有限公司	British Virgin Islands 英屬處女群島	100%	Ordinary shares US\$100 普通股 100美元	Investment holding 投資控股
Keylink Technology Limited ("Keylink") 機靈科技有限公司	British Virgin Islands 英屬處女群島	100%	Ordinary shares US\$100 普通股 100美元	Investment holding 投資控股

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2005

截至二零零五年十二月三十一日止年度

16. INVESTMENTS IN SUBSIDIARIES (cont'd)

16. 於附屬公司之投資 (續)

Company 本公司	Place of incorporation/ establishment and operation 註冊成立/成立 及經營地點	Attributable interest 應佔權益	Issued and paid up capital/ registered capital 已發行及繳足 股本/註冊資本	Principal activities 主要業務
<i>Indirectly held (cont'd)</i> 間接持有 (續)				
JF Household Furnishings (Macau) Holdings Ltd. ("JF Macau Holdings") 捷豐家居用品(澳門)控股 有限公司	British Virgin Islands 英屬處女群島	100%	Ordinary shares US\$100 普通股 100美元	Investment holding 投資控股
JF Ningbo * #	PRC	100%	Registered capital US\$7,000,000	Manufacturing and sale of furnishings and home products and accessories 生產及銷售家居用品 及配件
寧波捷豐 * #	中國	100%	註冊資本 7,000,000美元	
JF Metal * #	PRC	100%	Registered capital US\$140,000	Manufacturing and processing of stainless steel rods and other accessories 生產及加工不銹鋼桿 及其他配件
捷豐金屬 * #	中國	100%	註冊資本 140,000美元	
JF Household Furnishings Macao Commercial Offshore Limited #	Macau	100%	Ordinary shares MOP100,000	Not yet commence business
捷豐家居用品澳門離岸 商業服務有限公司 #	澳門	100%	普通股 100,000澳門元	未開始投入業務
#	Not audited by RSM Nelson Wheeler			
*	Wholly foreign owned enterprise established in the PRC			
#	未經羅申美會計師行審核			
*	在中國成立的外商獨資企業			

During the year, the registered capital of JF Ningbo increased from US\$1,000,000 to US\$7,000,000 of which US\$3,317,209 was paid.

年內，寧波捷豐之註冊資本由1,000,000美元增至7,000,000美元，其中已付3,317,209美元。

17. INVENTORIES

17. 存貨

		Group 本集團	
		2005 HK\$ 港元	2004 HK\$ 港元
Raw materials	原材料	19,532,738	17,242,376
Work in progress	在製品	12,326,220	9,568,322
Finished goods	製成品	1,085,965	1,251,359
		32,944,923	28,062,057

At 31 December 2005 all inventories stated at cost.

於二零零五年十二月三十一日，所有存貨按成本值列賬。



NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2005

截至二零零五年十二月三十一日止年度

18. TRADE RECEIVABLES

18. 應收貿易賬款

		Group 本集團	
		2005 HK\$ 港元	2004 HK\$ 港元
Trade receivables	應收貿易賬款	23,913,826	13,122,323
Trade receivables from a related company	應收一間關連公司貿易賬款	7,291,698	5,774,704
		31,205,524	18,897,027

Particulars of the trade receivables from a related company are as follows:

應收一間關連公司貿易賬款的詳情如下：

		2005 HK\$ 港元	2004 HK\$ 港元
浙江帥康電器股份有限公司 (Zhejiang Shuaikang Electric Stock Co. Ltd.)		7,291,698	5,774,704

The Group normally granted customers with credit terms of 30 to 90 days. The ageing analysis of the Group's trade receivables is as follows:

本集團一般給予客戶30至90天的信貸期。本集團應收貿易賬款的賬齡分析如下：

		Group 本集團	
		2005 HK\$ 港元	2004 HK\$ 港元
0 - 30 days	0至30日	18,507,628	10,739,604
31 - 60 days	31至60日	10,946,081	3,134,465
61 - 90 days	61至90日	1,751,815	2,638,971
Over 90 days	超過90日	—	2,383,987
		31,205,524	18,897,027

The directors consider that the carrying amount of trade receivables approximates its fair value.

董事認為應收貿易賬款之賬面值與其公平值相若。

19. DEPOSITS, OTHER RECEIVABLES AND PREPAYMENTS

19. 按金、其他應收款項及預付款項

		Group 本集團	
		2005 HK\$ 港元	2004 HK\$ 港元
Deposits	按金	5,801,057	9,667,526
Other receivables and prepayments	其他應收款項及預付款項	1,090,457	1,750,049
		6,891,514	11,417,575

The directors consider that the carrying amount of deposits, other receivables and prepayments approximates its fair value.

董事認為按金、其他應收款項及預付款項之賬面值與其公平值相若。



NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2005

截至二零零五年十二月三十一日止年度

20. DUE FROM DIRECTORS

Particulars of the amounts due from directors, pursuant to Section 161B of the Hong Kong Companies Ordinance, are as follows:

		Group 本集團	
		2005 HK\$ 港元	2004 HK\$ 港元
Mr. Yan Siu Wai	甄兆威先生	—	936
Mr. Leung Kwok Yin	梁國賢先生	—	624
		—	1,560

The amounts due from directors represent temporary cash advance to the directors are unsecured, interest-free and have no fixed terms of repayment.

The maximum amounts outstanding during the year are as follows:

		Group 本集團	
		2005 HK\$ 港元	2004 HK\$ 港元
Mr. Yan Siu Wai	甄兆威先生	936	7,195
Mr. Leung Kwok Yin	梁國賢先生	624	624
Mr. Bao Jisheng	鮑繼聲先生	—	1,344,643

The directors consider that the carrying amount of the amounts due from directors approximates its fair value.

21. DUE FROM/(TO) RELATED COMPANIES

(a) The amounts due from related companies represent expenses paid on behalf of 寧波美意熱交換器有限公司 (Ningbo Mei Yi Heat Exchanger Co. Ltd.) and 餘姚捷豐空調設備有限公司 (Yuyao Jiefeng Air Conditioning Equipment Co. Ltd.) by the Group remained outstanding at 31 December 2004 and 31 December 2005 respectively are unsecured, interest-free and have no fixed terms of repayment.

(b) At 31 December 2004 the amounts due to related companies mainly represent the consideration of HK\$601,469 payable to Better Asia Limited in connection with the acquisition of the 55% equity interests in JF Metal. The remaining balance represents expenses paid on behalf of the Group by A.C.R. Equipment Supplies Limited. These amounts are unsecured, interest-free and have no fixed terms of repayment.

The directors consider that the carrying amount of the amounts due from/(to) related companies approximates its fair value.

20. 應收董事款項

根據香港公司條例第161B條，應收董事款項的詳情如下：

應收董事款項為向董事作出的臨時現金墊款，為無抵押、免息且並無固定還款期。

年內的最高結欠款項如下：

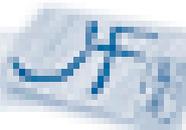
董事認為應收董事款項之賬面值與其公平值相若。

21. 應收／(付) 關連公司款項

(a) 應收關連公司款項分別指於二零零四年十二月三十一日及二零零五年十二月三十一日尚未清償，本集團代寧波美意熱交換器及餘姚捷豐空調設備有限公司支付的開支。該等款項均為無抵押、免息及並無固定還款期。

(b) 於二零零四年十二月三十一日，應付關連公司款項主要為就收購捷豐金屬55%股權而應付 Better Asia Limited (必達亞洲有限公司) 的代價601,469港元，餘額為捷豐冷凍器材有限公司代本集團支付的開支。該等款項為無抵押、免息及並無固定還款期。

董事認為應收／(應付) 關連公司款項之賬面值與其公平值相若。



NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

22. PLEDGED BANK DEPOSITS AND BANK AND CASH BALANCES

Bank balances included approximately HK\$12,517,000 (2004: approximately HK\$7,167,000) are denominated in Renminbi, are placed with banks in the PRC. The remittance of these funds out of the PRC is subject to the PRC's Foreign Exchange Control Regulations.

The directors consider the pledged bank deposits and bank and cash balances approximates its fair value.

23. TRADE PAYABLES

The credit terms of trade payables varies according to terms of different suppliers which generally ranging from letter of credit at sight to 90 days. The ageing analysis of trade payables is as follows:

		Group 本集團	
		2005 HK\$ 港元	2004 HK\$ 港元
0 - 30 days	0至30日	5,759,646	7,963,327
31 - 60 days	31至60日	2,562,711	2,515,194
61 - 90 days	61至90日	2,141,831	69,661
Over 90 days	超過90日	4,389,851	2,012,893
		14,854,039	12,561,075

The directors consider that the carrying amount of the trade payables approximates its fair value.

24. OTHER PAYABLES AND ACCRUALS

Other payables	其他應付款項	1,802,923	1,339,010
Loan from the People's Government of Yuyao (note 24(a))	餘姚市人民政府提供的貸款 (附註24(a))	—	4,716,981
Government grant (note 24(b))	政府津貼 (附註24(b))	1,923,078	1,886,793
Accruals	應計項目	2,344,845	3,656,732
		6,070,846	11,599,156

(a) This represents non-interest bearing loan obtained from the People's Government of Yuyao for the purpose of acquiring certain land use rights and repaid during the year.

(b) This represents government grant granted and approved by 餘姚市財政局 (Finance Bureau of Yuyao Municipal) and 餘姚市科學技術局 (Science and Technology Bureau of Yuyao Municipal) for support of the product development of the Group.

The directors consider that the carrying amount of the other payables and accruals approximates its fair value.

22. 已抵押銀行存款及銀行及現金結餘

包括約12,517,000港元(二零零四年:約7,167,000港元)的銀行結餘以人民幣列值,並存於中國的銀行。將該等資金匯往中國以外地區受中國外匯管理規定所規限。

董事認為,該等有抵押銀行存款及銀行及現金結餘與其公平值相若。

23. 應付貿易賬款

應付貿易賬款的信貸期按不同供應商的條款而有所不同,一般介乎即期信用證至90日。應付貿易賬款的賬齡分析如下:

		Group 本集團	
		2005 HK\$ 港元	2004 HK\$ 港元
0 - 30 days	0至30日	5,759,646	7,963,327
31 - 60 days	31至60日	2,562,711	2,515,194
61 - 90 days	61至90日	2,141,831	69,661
Over 90 days	超過90日	4,389,851	2,012,893
		14,854,039	12,561,075

董事認為應付貿易賬款之賬面值與其公平值相若。

24. 其他應付款項及應計項目

		Group 本集團	
		2005 HK\$ 港元	2004 HK\$ 港元
Other payables	其他應付款項	1,802,923	1,339,010
Loan from the People's Government of Yuyao (note 24(a))	餘姚市人民政府提供的貸款 (附註24(a))	—	4,716,981
Government grant (note 24(b))	政府津貼 (附註24(b))	1,923,078	1,886,793
Accruals	應計項目	2,344,845	3,656,732
		6,070,846	11,599,156

(a) 該貸款指就購買若干土地使用權而獲餘姚市人民政府提供的免息貸款,並已於年內償還。

(b) 該津貼指為支持本集團產品開發,獲餘姚市財政局及餘姚市科學技術局授予及批准的津貼。

董事認為其他應付款項及應計費用之賬面值與其公平值相若。



NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2005

截至二零零五年十二月三十一日止年度

25. DUE TO DIRECTORS

25. 應付董事款項

		Group 本集團	
		2005 HK\$ 港元	2004 HK\$ 港元
Mr. Yan Siu Wai	甄兆威先生	343,032	—
Mr. Leung Kwok Yin	梁國賢先生	228,688	—
Mr. Bao Jisheng	鮑繼聲先生	—	491,974
		571,720	491,974
		Company 本公司	
		2005 HK\$ 港元	
Mr. Yan Siu Wai	甄兆威先生	6,000	
Mr. Leung Kwok Yin	梁國賢先生	4,000	
		10,000	

The directors consider that the carrying amount of the amounts due to directors approximates its fair value.

At 31 December 2005 the amounts due to directors represents the temporary cash advance from the directors.

At 31 December 2004 the amount due to a director represents the purchase consideration payable to Mr. Bao Jisheng in connection with the acquisition of his beneficial interest in JF Metal. The amount is unsecured, interest-free and fully settled in January 2005.

董事認為應付董事款項之賬面值與其公平值相若。

於二零零五年十二月三十一日，應付董事款項指董事提供的臨時現金墊款。

於二零零四年十二月三十一日，應付董事款項指就收購鮑繼聲先生於捷豐金屬的實益權益而應付鮑繼聲先生的購買代價。該款項為無抵押、免息及已於二零零五年一月全數清償。

26. BANK BORROWINGS

26. 銀行借款

		Group 本集團	
		2005 HK\$ 港元	2004 HK\$ 港元
Wholly repayable within one year	須於一年內悉數清償的		
— secured bank loan	— 有抵押銀行貸款	2,403,846	22,922,358
— unsecured bank loan	— 無抵押銀行貸款	13,461,539	—
		15,865,385	22,922,358

At 31 December 2005, the Group has been granted bank facilities totalling approximately HK\$16 million which were secured by the followings:

- legal charge on land use rights and certain buildings owned by the Group;
- corporate guarantees given by the Company; and
- all monies charge over deposits executed by a subsidiary of the Company in favour of the bank in an amount of not less than US\$150,000.

The carrying amount of the Group's bank borrowings are denominated in RMB and approximates its fair value.

All bank loans are arranged at fixed interest rates and expose the Group to fair value interest rate risk.

於二零零五年十二月三十一日，本集團獲授銀行信貸合共約16,000,000港元，並由以下項目作抵押：

- 本集團擁有的土地使用權及若干樓宇的法定抵押；
- 本公司所提供的公司擔保；及
- 本公司附屬公司向銀行作出不少於150,000美元的存款全面抵押。

本集團銀行借款的賬面值以人民幣列值，並與其公平值相若。

所有銀行貸款均按固定利率取得，並使本集團承擔公平值利率風險。



NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2005

截至二零零五年十二月三十一日止年度

27. SHARE CAPITAL

27. 股本

		Ordinary shares of HK\$0.01 each 每股面值0.01港元的普通股	
		Number of shares 股份數目	Par value 面值 HK\$ 港元
Authorised:	法定：		
Upon incorporation on 19 January 2005 of HK\$0.01 each	於二零零五年一月十九日 註冊成立時每股面值0.01港元	(i)	20,000,000
Increase in authorised share capital	法定股本增加	(iii)	480,000,000
At 31 December 2005	於二零零五年十二月三十一日		500,000,000
Issued and fully paid:	已發行及繳足：		
Allotted and issued nil-paid on 23 February 2005	於二零零五年二月二十三日 配發及發行未繳股款	(ii), (iv)	1,000,000
Arising from Corporate Reorganisation	公司重組所產生	(iv)	1,000,000
Shares credit as fully paid	入賬列作繳足的股份	(ii), (iv)	—
Issue of shares by capitalisation of share premium account	將股份溢價賬資本化 而發行的股份	(v)	124,000,000
New issue on placing	配售所發行的新股	(vi)	42,000,000
At 31 December 2005	於二零零五年十二月三十一日		168,000,000

Note

- (i) The Company was incorporated in the Cayman Islands on 19 January 2005 with an authorised share capital of HK\$200,000 divided into 20,000,000 shares of HK\$0.01 each.
- (ii) On 23 February 2005, one share of HK\$0.01 was allotted and issued nil-paid. On the same date, 999,999 shares of HK\$0.01 was allotted and issued nil-paid.
- (iii) On 8 September 2005, written resolutions of all shareholders of the Company were passed pursuant to which the authorised share capital of the Company was increased from HK\$200,000 to HK\$5,000,000 by the creation of an additional 480,000,000 ordinary shares of HK\$0.01 each.
- (iv) Pursuant to the Corporate Reorganisation (a) 1,000,000 ordinary shares of HK\$0.01 each allotted and issued credited as fully paid and (b) 1,000,000 ordinary shares of HK\$0.01 each issued nil paid, as mentioned in point (ii) above were credited as fully paid, in consideration for transfer the entire issued shares in JF Asia to the Company.
- (v) Pursuant to a resolution of all shareholders of the Company passed on 8 September 2005, 124,000,000 ordinary shares of the Company were allotted and issued, credited as fully paid at par value of HK\$0.01 each to the holders of the share of the Company whose names appear on the register of members of the Company at the close of business on 8 September 2005 in proportion as nearly as possible without involving fractions to their then existing shareholdings in the Company. Such allotment and capitalisation were conditional on the share premium account of the Company being credited as a result of conditional placing of new shares as mentioned in the prospectus of the Company dated 5 October 2005.
- (vi) On 12 October 2005, 42,000,000 shares of the Company were issued on placing at a premium of HK\$0.79 for cash totalling HK\$33,600,000. The excess of the issued price over the par value of the shares, net of share issue expenses, was credited to the share premium account of the Company.

Details of the Company's share option scheme are included in note 28 to the financial statements.

附註：

- (i) 本公司於二零零五年一月十九日在開曼群島註冊成立，法定股本為200,000港元，分為20,000,000股每股面值0.01港元股份。
- (ii) 於二零零五年二月二十三日，配發及發行一股面值0.01港元的未繳股款股份。同日，配發及發行合共999,999股每股面值0.01港元的未繳股款股份。
- (iii) 於二零零五年九月八日，本公司所有股東通過書面決議案，據此，通過額外增設480,000,000股每股面值0.01港元的普通股，本公司法定股本由200,000港元增至5,000,000港元。
- (iv) 根據公司重組，(a)配發及發行的1,000,000股每股面值0.01港元入賬列為繳足的普通股及(b)1,000,000股每股面值0.01港元的未繳股款普通股如上文第(ii)點所述入賬列為繳足，作為轉讓捷豐亞洲的全部已發行股份予本公司的代價。
- (v) 根據本公司所有股東於二零零五年九月八日通過的決議案，本公司並按於二零零五年九月八日辦公時間結束時名列本公司股東名冊之本公司股東，根據彼等當時於本公司之股權比例（盡量不涉及碎股），配發及發行124,000,000股每股面值0.01港元入賬列為繳足的普通股予彼等，如本公司於二零零五年十月五日刊發的招股章程所述，上述配發及資本化須待本公司的股份溢價賬因有條件配售新股而錄得進賬後，方可作實。
- (vi) 於二零零五年十月十二日，本公司於配售時按溢價0.79港元發行42,000,000股股份，以換取現金共33,600,000港元。發行價高出所發行股份的面值（扣減股份發行開支後）記入本公司的股份溢價賬。

本公司購股權計劃的詳情載於財務報表附註28。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2005

截至二零零五年十二月三十一日止年度

28. SHARE OPTION SCHEME

(i) Pre-IPO share option scheme

Pursuant to the written resolution passed by all shareholders of the Company on 8 September 2005, the pre-IPO share option scheme ("Pre-IPO Share Option Scheme") was approved.

The purpose of the Pre-IPO Share Option Scheme is to recognise the contribution of certain persons to the growth of the Group and/or to the listing of shares of the Company on GEM. The total number of the shares of the Company subject to the Pre-IPO Share Option Scheme is 20,160,000 representing approximately 12% of the issued share capital of the Company upon completion of the placing of the shares of the Company and capitalisation issue and no further options will be granted under the Pre-IPO Share Option Scheme. Upon acceptance of the option, each grantee shall pay HK\$1 to the Company by way of consideration for the grant. All of these options granted under the Pre-IPO Share Option Scheme will only be exercised after the expiry of six months from 13 October 2005 ("Listing Date") but in any event not later than five years from the Listing Date.

The options granted under the Pre-IPO Share Option Scheme vest from the Listing Date until the commencement of the exercise period. Options shall lapse in accordance with the terms of the Pre-IPO Share Option Scheme.

At 31 December 2005, the directors and employees of the Group had the following interests in options to subscribe for the ordinary shares of the Company. Each option gives the holder the right to subscribe for one share. Details of the options granted are as follows:

Date granted 授出日期	Exercise period 行使期	Exercise price 行使價	Number of share options 購股權數目			
			At beginning of the year 於年初	Granted during the year 於年內授出	Lapsed during the year 於年內失效	At end of the year 於年底
Executive directors 執行董事						
8 September 2005	13 April 2006 to 12 October 2010	0.800	—	10,752,000	—	10,752,000
二零零五年九月八日	二零零六年四月十三日至 二零一零年十月十二日					
Senior management 高級管理層						
8 September 2005	13 April 2006 to 12 October 2010	0.800	—	2,688,000	—	2,688,000
二零零五年九月八日	二零零六年四月十三日至 二零一零年十月十二日					
8 September 2005	13 April 2006 to 12 October 2010	0.560	—	3,480,000	—	3,480,000
二零零五年九月八日	二零零六年四月十三日至 二零一零年十月十二日					
Other employees 其他僱員						
8 September 2005	13 April 2006 to 12 October 2010	0.560	—	3,240,000	—	3,240,000
二零零五年九月八日	二零零六年四月十三日至 二零一零年十月十二日					
			—	20,160,000	—	20,160,000

28. 購股權計劃

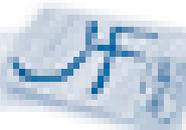
(i) 首次公開招股前購股權計劃

根據本公司全體股東於二零零五年九月八日通過的書面決議案，首次公開招股前購股權計劃（「首次公開招股前購股權計劃」）獲得批准。

首次公開招股前購股權計劃旨在表揚若干人士對本集團發展及／或本公司股份於創業板上市作出的貢獻。首次公開招股前購股權計劃涉及的本公司股份總數為20,160,000股，佔完成配售本公司股份及資本化發行後本公司已發行股本約12%，且本公司不會根據首次公開招股前購股權計劃授出其他購股權。接納購股權後，各承授人須向本公司繳付1港元，作為批授購股權的代價。根據首次公開招股前購股權計劃授出的所有購股權，在二零零五年十月十三日（「上市日期」）起滿六個月後方可行使，惟無論如何須於上市日期起計五年內行使。

根據首次公開招股前購股權計劃授出的購股權的歸屬期由上市日期起計，至行使期開始為止。購股權須依據首次公開招股前購股權計劃的條款失效。

於二零零五年十二月三十一日，本集團的董事及僱員擁有以下可認購本公司普通股的購股權權益。每份購股權均賦予其持有人認購一股股份的權利。已授出購股權的詳情如下：



NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

28. SHARE OPTION SCHEME (cont'd)

(i) Pre-IPO share option scheme (cont'd)

The estimated fair value of the options granted during the year ended 31 December 2005 was HK\$0.086 per share and HK\$0.238 per share for exercise price of HK\$0.8 and HK\$0.56 respectively. It was calculated using the Black-Scholes option pricing model by using the following information:

	2005
Weighted average share price	HK\$0.80
Weighted average exercise price	HK\$0.72
Expected volatility for exercise price of HK\$0.80	25.97%
Expected volatility for exercise price of HK\$0.56	24.71%
Expected life	5 years
Risk free rate for exercise price of HK\$0.80	3.5%
Risk free rate for exercise price of HK\$0.56	3.34%
Expected dividend yield	3%

The expected volatility is based on the adjusted average historical volatilities of the comparable companies in the industries. The Group recognised expenses for share options of HK\$2,350,190 for the year ended 31 December 2005 with corresponding credit in equity. No liabilities were recognised as there were all equity-settled share-based payment transactions.

(ii) Post-IPO share option scheme

Pursuant to the written resolution passed by all shareholders of the Company on 8 September 2005, the post-IPO share option scheme ("Post-IPO Share Option Scheme") was approved.

The purpose of the Post-IPO Share Option Scheme is to enable the Company to recognise the contributions of the participants to the Group and to motivate the participants to continuously work to the benefit of the Group by offering to the participants and opportunity to have personal interest in the share capital of the Company. Eligible participants of the Post-IPO Share Option Scheme ("Participants") include employee (including directors of the Company), consultants and/or advisers who in the sole discretion of the directors of the Company have contributed or will contribute to the Group.

The overall limit on the number of shares of the Company which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Post-IPO Share Option Scheme and other share option scheme of the Group (including the Pre-IPO Share Option Scheme) must not exceed 30% of the shares of the Company in issue from time to time. A nominal consideration of HK\$1 is payable by the grantee upon acceptance of an option.

28. 購股權計劃 (續)

(i) 首次公開招股前購股權計劃 (續)

於截至二零零五年十二月三十一日止年度授出的購股權的估計公平值分別為每股0.086港元及每股0.238港元(以行使價0.8港元及0.56港元計)。該公平值乃按Black-Scholes 期權定價模式通過使用以下資料計算：

	2005
加權平均股價	0.80港元
加權平均行使價	0.72港元
行使價0.80港元的預計波幅	25.97%
行使價0.56港元的預計波幅	24.71%
預計年期	5年
行使價0.80港元的無風險息率	3.5%
行使價0.56港元的無風險息率	3.34%
預計派息率	3%

預計波幅乃基於行內相若公司的經調整平均歷史波幅計算。本集團就截至二零零五年十二月三十一日止年度認列購股權開支為2,350,190港元，並將相應進賬記入股本權益。由於其均為以股本結算的股份付款交易，因此並無確認負債。

(ii) 首次公開招股後購股權計劃

根據本公司全體股東於二零零五年九月八日通過的書面決議案，首次公開招股後購股權計劃(「首次公開招股後購股權計劃」)獲得批准。

首次公開招股後購股權計劃旨在方便本公司表揚參與者對本集團所作的貢獻，並藉著使參與者有機會於本公司股本中擁有個人權益，以激勵參與者繼續為本集團的利益而努力。首次公開招股後購股權計劃的合資格參與者(「參與者」)包括本公司董事全權認為曾對或將對本集團作出貢獻的僱員(包括本公司董事)、諮詢人及/或顧問。

因行使根據本集團首次公開招股後購股權計劃及其他購股權計劃(包括首次公開招股前購股權計劃)所授出但尚未獲行使的所有未行使購股權而可能發行的本公司股份數目，整體不得超過本公司不時已發行股份的30%。承授人接納購股權時須繳付1港元的象徵式代價。



NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

28. SHARE OPTION SCHEME (cont'd)

(ii) Post-IPO share option scheme (cont'd)

Under the Post-IPO Share Option Scheme, the Company may grant options, at its discretion, to Participants to subscribe for such number of new shares at any exercise price determined by the board of directors of the Company in its absolute discretion. The price will be the highest of (i) the closing price of the share of the Company as stated in The Stock Exchange of Hong Kong Limited ("Stock Exchange") daily quotations sheet on the date of grant of the option (which must be a business day), (ii) the average closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the option and (iii) the nominal value of a share of the Company on the date of the option.

An option under the Post-IPO Share Option Scheme may be exercised in accordance with the terms of the Post-IPO Share Option Scheme at any time during the period to be determined and notified by the board of directors of the Company to each grantee which period of time shall commence on the expiration of three years of the date of grant of the option and expire on such date as determined by the board of directors of the Company provided that the option may not be exercised after expiration of 10 years from the date of grant of the option.

The Post-IPO Share Option Scheme does not require a minimum period for which an option must be held nor a performance target which must be achieved before an option can be exercised, unless the board of directors of the Company otherwise determined and stated in the offer of the grant of options to the grantee.

During the year, no option was granted under the Post-IPO Share Option Scheme.

29. RESERVES

Company

		Note	Share premium	Contributed surplus	Employee share-based compensation reserve	Retained profit	Total
		附註	股份溢價 HK\$ 港元	繳入盈餘 HK\$ 港元	以股份支付僱員酬金儲備 HK\$ 港元	保留溢利 HK\$ 港元	總計 HK\$ 港元
New shares issued on reorganisation	重組時發行之新股份	27(ii), (iv)	(20,000)	—	—	—	(20,000)
Capitalisation of share premium	股份溢價資本化	27(v)	(1,240,000)	—	—	—	(1,240,000)
Shares issued on placing	透過配售發行股份	27(vi)	33,180,000	—	—	—	33,180,000
Share issue expenses	發行股份的開支		(10,326,471)	—	—	—	(10,326,471)
Effect of reorganisation	重組的影響		—	42,967,020	—	—	42,967,020
Employee shared-based payment expenses	以股份支付僱員開支	3n(ii), 28(i)	—	—	2,350,190	—	2,350,190
Net profit attributable to equity shareholders of the Company	本公司股東應佔純利		—	—	—	14,099,599	14,099,599
At 31 December 2005	於二零零五年十二月三十一日		21,593,529	42,967,020	2,350,190	14,099,599	81,010,338

28. 購股權計劃 (續)

(ii) 首次公開招股後購股權計劃 (續)

根據首次公開招股後購股權計劃，本公司可酌情授出購股權予參與者，按本公司董事會全權釐定之行使價認購該等數目之新股，價格將為以下三者之較高者，(i) 股份於購股權授出日期（必須為營業日）在香港聯合交易所有限公司（「聯交所」）日報表所報之收市價；(ii) 於緊接購股權日期前五個營業日聯交所日報表所報股份之平均收市價及(iii) 本公司股份於購股權日期之面值。

根據首次公開招股後購股權計劃授出之購股權可於本公司董事會知會各承授人之期間內任何時間根據首次公開招股後購股權計劃之條款行使，該期間應於購股權授出日期起計三年期屆滿起，直至本公司董事釐定之日期為止，惟購股權不可於購股權授出日期起十年期屆滿後行使。

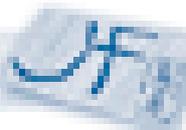
首次公開招股後購股權計劃並無規定必須持有購股之最短期間，以及購股權行使前必需達到的表現目標，惟本公司董事會另有決定及於建議授出購股權予承授人時聲明則除外。

年內，概無根據首次公開招股後購股權計劃授出任何購股權。

29. 儲備

本公司

		Note	Share premium	Contributed surplus	Employee share-based compensation reserve	Retained profit	Total
		附註	股份溢價 HK\$ 港元	繳入盈餘 HK\$ 港元	以股份支付僱員酬金儲備 HK\$ 港元	保留溢利 HK\$ 港元	總計 HK\$ 港元
New shares issued on reorganisation	重組時發行之新股份	27(ii), (iv)	(20,000)	—	—	—	(20,000)
Capitalisation of share premium	股份溢價資本化	27(v)	(1,240,000)	—	—	—	(1,240,000)
Shares issued on placing	透過配售發行股份	27(vi)	33,180,000	—	—	—	33,180,000
Share issue expenses	發行股份的開支		(10,326,471)	—	—	—	(10,326,471)
Effect of reorganisation	重組的影響		—	42,967,020	—	—	42,967,020
Employee shared-based payment expenses	以股份支付僱員開支	3n(ii), 28(i)	—	—	2,350,190	—	2,350,190
Net profit attributable to equity shareholders of the Company	本公司股東應佔純利		—	—	—	14,099,599	14,099,599
At 31 December 2005	於二零零五年十二月三十一日		21,593,529	42,967,020	2,350,190	14,099,599	81,010,338



NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

29. RESERVES (cont'd)

The contributed surplus of the Company arose as a result of the Group's reorganisation carried out on 8 September 2005 and represents the excess of the then combined net assets of the subsidiaries acquired, over the nominal value of the Company's shares issued in exchanged therefor.

Under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to shareholders subject to the provisions of its Memorandum and Articles of Association and provided that immediately following the distribution or dividend the Company is able to pay its debts as they fall due in the ordinary course of business.

30. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

Analysis of changes in financing during the year:

29. 儲備 (續)

本公司的繳入盈餘乃因本集團於二零零五年九月八日進行重組而產生，為所收購附屬公司當時的合併資產淨值超過為該等收購而發行的本公司股份面值的數額。

根據開曼群島公司法第22章(一九六一年第3條法律，經綜合及修訂)，本公司的股份溢價可根據本公司的公司組織章程大綱及細則的規定，用於向股東作出分派或派付股息，惟本公司在緊隨分派或派付股息後仍須有能力支付在日常業務過程中到期應付之債務。

30. 綜合現金流量表附註

於年內的融資變動分析如下：

		Bank borrowings 銀行借款 HK\$ 港元
At 1 January 2004	於二零零四年一月一日	15,855,319
Proceeds from new bank loans	新造銀行貸款所得款項	36,046,550
Repayment of bank loans	償還銀行貸款	(28,979,511)
At 31 December 2004 and 1 January 2005	於二零零四年十二月三十一日 及二零零五年一月一日	22,922,358
Proceeds from new bank loans	新造銀行貸款所得款項	22,596,154
Repayment of bank loans	償還銀行貸款	(29,653,127)
At 31 December 2005	於二零零五年十二月三十一日	15,865,385

31. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities at 31 December 2005 (2004: HK\$Nil).

At 31 December 2005, the Company had provided corporate guarantee to the extent of HK\$5,000,000 (2004: HK\$ Nil) for banking facilities granted to a subsidiary, which were not utilised.

31. 或然負債

本集團於二零零五年十二月三十一日並無任何重大或然負債(二零零四年：零港元)。

於二零零五年十二月三十一日，本公司為授予一間附屬公司最高達5,000,000港元(二零零四年：零港元)的銀行信貸提供公司擔保，該筆銀行信貸仍未動用。

32. COMMITMENTS

Capital injection to JF Ningbo
— Contracted but not provided for

向寧波捷豐注資
— 已訂約但未撥備

2005
HK\$
港元

20,145,772

2004
HK\$
港元

—

Commitments in respect of construction of the factory premises and acquisition of plant and machinery

就興建工廠物業
及購買廠房
及機器的承擔

— Contracted but not provided for

— 已訂約但未撥備

1,725,101

230,189

Save as disclosed above, the Group had no significant capital and financial commitments as at 31 December 2005.

At the balance sheet date, the Company had no significant capital and financial commitments.

除上文所披露者外，本集團於二零零五年十二月三十一日並無重大資本及財務承擔。

於結算日，本公司並無重大資本及財務承擔。



NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

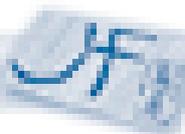
33. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances, disclosed elsewhere in these financial statements, during the year, in the normal course of business, the Group entered into significant transactions with its related parties, of which certain directors of the Company are also directors of these companies or held beneficial interests therein, as follows:

33. 關連人士交易

除該等財務報表其他部分所披露的交易及結餘外，於年內，本集團在正常業務過程中與其關連人士進行重大交易，本公司若干董事亦為該等公司的董事或持有其實益權益，有關資料載列如下：

		2005 HK\$ 港元	2004 HK\$ 港元
Continuing:	持續：		
Purchases from	向以下公司購買		
— 餘姚港舜現代印務有限公司 (Yuyao Kongshun Modern Printing Services Co. Ltd.) (note 33(a))	— 餘姚港舜現代印務有限公司 (附註33(a))	56,766	221,270
Sales to	向以下公司銷售		
— 浙江帥康電器股份有限公司 (Zhejiang Shuaikang Electric Stock Co. Ltd.) (note 33(b))	— 浙江帥康電氣股份有限公司 (附註33(b))	13,235,361	7,096,122
Leasing charges paid to	支付予餘		
— 餘姚捷豐空調設備有限公司 (Yuyao Jiefeng Air Conditioning Equipment Co. Ltd.) (note 33(a))	— 姚捷豐空調設備有限公司的租賃支出 (附註33(a))	77,462	—
Processing charges paid to 餘姚捷豐空調設備有限公司 (Yuyao Jiefeng Air Conditioning Equipment Co. Ltd.) (note 33(a))	支付予餘姚捷豐空調設備有限公司的加工費 (附註33(a))	285,643	661,368
License fee paid to A.C.R. Equipment Supplies Limited (note 33 (a))	支付予捷豐冷凍器材有限公司的特許費 (附註33(a))	43,500	—



NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

33. RELATED PARTY TRANSACTIONS (cont'd)

33. 關連人士交易 (續)

		2005 HK\$ 港元	2004 HK\$ 港元
Discontinuing:	終止：		
Purchases from	向以下公司購買		
— A.C.R. Equipment Supplies Limited (note 33(a))	— 捷豐冷凍器材有限公司 (附註33(a))	—	4,588,783
— 餘姚捷豐空調設備有限公司 (Yuyao Jiefeng Air Conditioning Equipment Co. Ltd.) (note 33(a))	— 餘姚捷豐空調設備 有限公司 (附註33(a))	—	277,084
Sales to	向以下公司銷售		
— 餘姚捷豐空調設備有限公司 (Yuyao Jiefeng Air Conditioning Equipment Co. Ltd.) (note 33(a))	— 餘姚捷豐空調設備有限公司 (附註33(a))	—	5,818,317
— 番禺速能冷暖設備有限公司 (Panyu Super Link Co. Ltd.) (note 33(a))	— 番禺速能冷暖設備有限公司 (附註33(a))	—	1,066,072
— 餘姚捷豐空調風機有限公司 (Yuyao Jiefeng Fan and Air-conditioning Co. Ltd.) (note 33(a))	— 餘姚捷豐空調風機有限公司 (附註33(a))	—	99,661
Sale of heat exchanger production line to 寧波美意熱交換器有限公司 (Ningbo Mei Yi Heat Exchanger Co. Ltd.) (note 33(a))	向寧波美意熱交換器有限公司 銷售的熱交換器生產線 (附註33(a))	—	2,466,196
Interest paid to	向以下公司支付的利息		
— 餘姚捷豐空調設備有限公司 (Yuyao Jiefeng Air Conditioning Equipment Co. Ltd.) (note 33(a))	— 餘姚捷豐空調設備有限公司 (附註33(a))	—	92,506
— 餘姚捷豐空調風機有限公司 (Yuyao Jiefeng Fan and Air-conditioning Co. Ltd.) (note 33(a))	— 餘姚捷豐空調風機有限公司 (附註33(a))	—	49,449
Acquisition of the equity interest in JF Metal from — Better Asia Limited (note 33(a))	向以下人士收購捷豐金屬的股權 — 必達亞洲有限公司 (附註33(a))	—	601,280
— Mr. Bao Jisheng	— 鮑繼聲先生	—	491,957



NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

33. RELATED PARTY TRANSACTIONS (cont'd)

- (a) Mr. Yan Siu Wai and Mr. Leung Kwok Yin are directors of and held beneficial interests in these companies as follows:

Name of related parties	關連人士名稱	Beneficial interests held by: 持有實益權益:	
		Mr. Yan Siu Wai 甄兆威先生	Mr. Leung Kwok Yin 梁國賢先生
餘姚捷豐空調設備有限公司 (Yuyao Jiefeng Air Conditioning Equipment Co. Ltd.)	餘姚捷豐空調設備有限公司	43%	32%
番禺速能冷暖設備有限公司 (Panyu Super Link Co. Ltd.)	番禺速能冷暖設備有限公司	28%	24%
餘姚捷豐空調風機有限公司 (Yuyao Jiefeng Fan and Air-conditioning Co. Ltd.)	餘姚捷豐空調風機有限公司	24%	16%
餘姚港舜現代印務有限公司 (Yuyao Kongsun Modern Printing Service Co. Ltd.) *	餘姚港舜現代印務有限公司*	8%	10%
寧波美意熱交換器有限公司 (Ningbo Mei Yi Heat Exchanger Co. Ltd.)	寧波美意熱交換器有限公司	33%	33%
Better Asia Limited	必達亞洲有限公司	60%	40%
A.C.R. Equipment Supplies Limited *	捷豐冷凍器材有限公司*	30%	40%

* Madam Mak Man Lee, Manly, the spouse of Mr. Yan Siu Wai, also held beneficial interests in 餘姚港舜現代印務有限公司 (Yuyao Kongsun Modern Printing Services Co. Ltd.) and A.C.R. Equipment Supplies Limited of 8% and 30% respectively.

* 麥曼莉女士(甄兆威先生的配偶)亦分別持有餘姚港舜現代印務有限公司及捷豐冷凍器材有限公司的實益權益8%及30%。

- (b) Mr. Yan Siu Wai is a director of and Mr. Bao Jisheng held approximately 5% beneficial interest in this company.

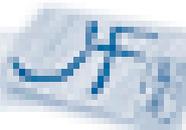
- (b) 甄兆威先生為該公司的董事，而鮑繼聲先生於該公司持有實益權益約5%。

In the opinion of the directors, these transactions with the related parties are conducted on normal commercial terms and the terms are fair and reasonable.

董事認為，該等與關連人士的交易是按正常商業條款進行，其條款屬公平合理。

During the year, the key management personnel compensation paid by the Group were disclosed in note 6 to the financial statements.

於年內，本集團支付予主要管理層人員的酬金於財務報表附註6披露。



NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments included bank borrowings, trade receivables and trade payables. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies applied by the Group to mitigate these risks are set out below.

Management monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

Foreign exchange risk

The Group operates mainly in Hong Kong and the PRC and is exposed to foreign exchange risk arising from RMB and the United State dollar exposures, primarily with respect to the HK\$. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

Credit risk

The Group's principal financial assets are trade and other receivables and bank and cash balances, which represent the Group's maximum exposure to credit risk in relation to financial assets.

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables, if any, estimated by the Group's management based on prior experience and their assessment of the current economic environment.

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

The Group has significant concentration of credit risk to its trade receivables as the Group largest customer contributed over 85.2% of the turnover and shared over 69% of the trade receivables in the year. The Group has policies and procedures to monitor the collection of the trade receivables to limit the exposure to non-recoverable of the receivables.

35. EVENTS AFTER THE BALANCE SHEET DATE

On 22 March 2006, the Company proposed to declare a final dividend of HK5.6 cent per ordinary share to its shareholders whose names appeared on the register of members of the Company on 30 May 2006, as further detailed in note 10 to the financial statements.

34. 財務風險管理目標及政策

本集團的主要金融工具包括銀行借款、應收貿易賬款及應付貿易賬款。該等金融工具的詳情於各自的附註中披露。與該等金融工具相關的風險及本集團減低該等風險所應用的政策於下文載列。

管理層監控該等風險，以確保及時和有效地採取適當的措施。

外匯風險

本集團主要於香港及中國經營，並主要承受人民幣及美元兌港元所產生的外匯風險。外匯風險來自海外業務的日後商業交易、已確認資產與負債及投資淨值。

信用風險

本集團的主要金融資產為貿易及其他應收款項及銀行及現金結餘，代表本集團所承擔與金融資產有關的最大信用風險。

本集團的信用風險主要來自其應收貿易賬款。資產負債表呈報的款額已扣除呆滯應收款項準備(如有)，該等準備按本集團管理層根據過往經驗及彼等對目前經濟環境的評估而作出估計。

流動資金的信用風險有限，原因為對手之主要為國際信貸評級機構給予高信用評級的銀行。

本集團應收貿易賬款的信用風險高度集中，原因是本集團的最大客戶於年內佔營業額逾85.2%及佔應收貿易賬款逾69%。本集團已設定政策及程序監察應收貿易賬款之追收，以限制就應收款項不可收回部分的風險。

35. 結算日後事項

於二零零六年三月二十二日，本公司擬向於二零零六年五月三十日名列本公司股東名冊之股東宣派每股普通股5.6港仙的末期股息，進一步詳情見財務報表附註10所進一步詳述。



NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2005

截至二零零五年十二月三十一日止年度

36. COMPARATIVE FIGURES

Certain comparative figures in the financial statements have been restated to comply with the disclosure requirement of HKAS 1 and HKFRS 5 for the discontinued operation of the Group in 2004.

37. APPROVAL OF THE FINANCIAL STATEMENTS

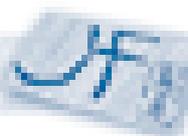
The financial statements were approved and authorised for issue by the board of directors on 22 March 2006.

36. 比較數字

為符合香港會計準則第1號及香港財務申報準則第5號有關本集團於二零零四年已終止業務之披露規定，財務報表內若干比較數字已予重列。

37. 財務報表的批准

董事會已於二零零六年三月二十二日批准及授權發表財務報表。





JF Household Furnishings Limited
捷豐家居用品有限公司

(Incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立的有限公司)