

HC INTL<08292> - Results Announcement (Final, 2005, Summary)

HC International, Inc. announced on 20/03/2006:  
(stock code: 08292 )

Year end date :31/12/2005  
Currency :RMB  
Auditors' report :Unqualified

Important Note :

This result announcement form only contains extracted information from and should be read in conjunction with the detailed results announcement of the issuer, which can be viewed on the GEM website at <http://www.hkgem.com>

	(* Audited) Current Period from 01/01/2005 to 31/12/2005 RMB' 000	(* Audited) Last Corresponding Period from 01/01/2004 to 31/12/2004 RMB' 000
Turnover	320,519	313,498
Profit/(Loss) from Operations	(15,250)	41,578
Finance cost	(1,657)	(1,371)
Share of Profit/(Loss) of Associates	N/A	N/A
Share of Profit/(Loss) of Jointly Controlled Entites	(1,517)	(265)
Profit/(Loss) after Taxation & MI	(24,747)	39,478
% Change Over the Last Period	N/A	
EPS / (LPS)		
Basic (in dollar)	RMB (0.0023)	RMB 0.0702
Diluted (in dollar)	RMB (0.0021)	RMB 0.0646
Extraordinary (ETD) Gain/(Loss)	N/A	N/A
Profit (Loss) after ETD Items	(24,747)	39,478
Final Dividends per Share	NIL	NIL
(specify if with other options)	N/A	N/A
B/C Dates for Final Dividends	N/A	
Payable Date	N/A	
B/C Dates for Annual General Meeting	:18/04/2006 to 19/04/2006	bdi.
Other Distribution for Current Period	NIL	
B/C Dates for Other Distribution	N/A	

(bdi: both days inclusive)

For and on behalf of  
HC International, Inc.

Signature :

Name : Lai Sau Kam, Connie

Title : Executive Director

#### Responsibility statement

The directors of the Company (the "Directors") as at the date hereof hereby collectively and individually accept full responsibility for the accuracy of the information contained in this results announcement form (the "Information") and confirm, having made all reasonable inquiries, that to the best of their knowledge and belief the Information are accurate and complete in all material respects and not misleading and that there are no other matters the omission of which would make the Information herein inaccurate or misleading. The Directors acknowledge that the Stock Exchange has no responsibility whatsoever with regard to the Information and undertake to indemnify the Exchange against all liability incurred and all losses suffered by the Exchange in connection with or relating to the Information.

#### Remarks:

##### 1. Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards (HKFRS). The consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates.

It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

The adoption of new/revised HKFRS:

In 2005, the Group adopted the new/revised standards and interpretations of HKFRS below, which are relevant to its operations. The 2004 have been amended as required, in accordance with the relevant requirements. The changes to the Group's accounting policies are set out below.

The adoption of revised HKAS 17 has resulted in a change in the accounting policy relating to the reclassification of leasehold land and land use rights from property, plant and equipment to operating leases. The up-front prepayments made for the leasehold land and land use rights are expensed in the income statement on a straightline basis over the period of the lease or when there is impairment, the impairment is expensed in the income statement.

In prior years, the land use rights was accounted for at cost less accumulated depreciation and accumulated impairment.

The adoption of HKAS 32 and 39 has resulted in a change in the accounting policy relating to the classification of financial assets at fair value through profit or loss and available-for-sale financial assets.

The adoption of HKFRS 2 has resulted in a change in the accounting policy for share-based payments. Until 31st December 2004, the provision of share options to employees did not result in an expense in the income statements. Effective on 1st January 2005, the Group expenses the cost of share options in the income statement. As a transitional provision, the cost of share options granted after 7th November 2002 and had not yet vested on 1st January 2005 was expensed retrospectively in the income statement of the respective periods.

The adoption of HKFRS 3, HKAS 36 and HKAS 38 results in a change in the accounting policy for goodwill. Until 31st December 2004, goodwill was:

Amortised on a straight line basis over a period ranging to 20 years; and  
- Assessed for an indication of impairment at each balance sheet date.

In accordance with the provisions of HKFRS 3:

- The Group ceased amortisation of goodwill from 1st January 2005;
- Accumulated amortisation as at 31st December 2004 has been eliminated with a corresponding decrease in the cost of goodwill;
- From the year ended 31st December 2005 onwards, goodwill is tested annually for impairment, as well as when there is indication of impairment.

The Group has reassessed the useful lives of its intangible assets in accordance with the provisions of HKAS 38. No adjustment resulted from this reassessment.

The adoption of HKFRS 5 has resulted in a change in the accounting policy for non-current assets held for sale and discontinued operations. The non-current assets of disposal group held for sale were previously neither classified nor presented as current assets or liabilities. There was no difference in measurement for non-current assets of disposal group held for sale or for continuing use.

2. Listing date on GEM:  
17th December, 2003

3. Analysis of turnover:

Turnover of the Group's continuing business for the 12 months ended 31st December, 2005 was approximately RMB320.5 million as compared to approximately RMB313.5 million for the corresponding period in the previous financial year.

#### 4. Analysis of net profit

Loss attributable to equity holders of the Company for the 12 months ended 31st December, 2005 was approximately RMB(24.7) million as compared to profit attributable to equity holders of approximately RMB39.5 million for the corresponding period in the previous financial year.

Loss for the year from continuing operations for the 12 months ended 31st December, 2005 was approximately RMB(1.0) million as compared to profit for the year of approximately RMB29.6 million for the corresponding period in the previous financial year.

Loss for the year from discontinued operations for the 12 months ended 31st December, 2005 was approximately RMB(23.7) million as compared to profit for the year of approximately RMB9.9 million for the corresponding period in the previous financial year.

#### 5. Basis of calculation of EPS:

(1) continuing operations:

(a) basic

The calculation of basic loss per share from continuing operations is based on the loss attributable to the equity holders of approximately RMB(1,051,000) (2004: profit RMB29,575,000) for the year ended 31st December 2005 and the weighted average of approximately 465,155,000 (2004: 421,521,000) ordinary shares in issue during the year.

(b) diluted

The calculation of diluted loss per share from continuing operations for the year ended 31st December 2005 is based on the loss attributable to the equity holders of RMB(1,051,000) (2004: profit RMB29,575,000) and the diluted weighted average of 491,471,000 (2004: 457,703,000) ordinary shares after adjusting for the effects of all dilutive potential ordinary shares, as if all the outstanding share options granted by the Company under the Pre-IPO Share Option Scheme had been exercised at the date of grant.

The effect of anti-dilutive potential ordinary shares arising from Share Option Scheme has not been taken into account in calculating diluted earnings per share.

(2) discontinued operations:

(a) basic

The calculation of basic loss per share from discontinued operations is based on the loss attributable to the equity holders of approximately RMB(23,696,000) (2004: profit RMB9,903,000) for the year ended 31st December, 2005 and the weighted average of

approximately 465,155,000 (2004: 421,521,000) ordinary shares in issue during the year.

(b) diluted

The calculation of diluted loss per share from discontinued operations for the year ended 31st December 2005 is based on the loss attributable to the shareholders of RMB(23,696,000) (2004: profit RMB9,903,000) and the diluted weighted average of 491,470,000 (2004: 457,703,000 ) ordinary shares after adjusting for the effects of all dilutive potential ordinary shares, as if all the outstanding share options granted by the Company under the Pre-IPO Share Option Scheme had been exercised at the date of grant. The effect of anti-dilutive potential ordinary shares arising from Share Option Scheme has not been taken into account in calculating diluted earnings per share.