

2007

Annual Report 年報

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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之有限公司)

Stock Code 股票編號 : 8310

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香港聯合交易所有限公司（「聯交所」）創業板市場（「創業板」）之特色

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。

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鑒於在創業板上市的公司可能因其新興性質，在創業板買賣的證券可能會較於聯交所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需能閱覽創業板網頁，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分內容而產生或因依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。董事經作一切合理查詢後確認，就彼等所知及確信：(i)本報告所載資料在各重大方面均屬準確及完整，且無誤導成分；(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作出，並以公平及合理的基準及假設為依據。

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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

Cricket Square, Hutchins Drive
P. O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

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 513, 2nd Floor, Strathvale House
North Church Street, George Town
Grand Cayman KY1-1106, Cayman Islands

Principal Bankers

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

Bank of China
No. 58 South Shun Shui Road
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
29th Floor
Caroline Centre
Lee Gardens Two
28 Yun Ping Road
Hong Kong

Compliance Adviser

Tanrich Capital Limited
16/F Central Plaza,
18 Harbour Road
Wan Chai
Hong Kong

Legal Advisers

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

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Cayman Islands

香港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處

Bank of Bermuda (Cayman) Limited
P. O. Box 513, 2nd Floor, Strathvale House
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主要往來銀行

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皇后大道中99號
中環11樓

中國銀行
中國浙江省餘姚市
舜水南路58號

香港股份過戶登記分處

卓佳證券有限公司
香港
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羅申美會計師行
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香港
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法律顧問

王珮玲律師事務所
香港
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39樓3908A室

股份代號

8310

公司網址

www.jffurnishings.com

CHAIRMAN'S STATEMENT

To Our Shareholders

On behalf of the board of Directors ("Board"), I am pleased to present the annual report of JF Household Furnishings Limited ("Company") and its subsidiaries (collectively, "Group") and its audited financial results for the financial year ended 31 December 2007.

For the fiscal year ended 31 December 2007, the Group recorded a turnover of approximately HK\$353.8 million, representing an increase of 82.4% over that of 2006. The increase in turnover was due to a strong rebound of the stainless steel businesses and the full operation of the production line for "flat line" timber products following the completion of the new plant for the timber businesses during the fiscal year. The stainless steel turnover increased by HK\$102.9 million while the timber business turnover increased by HK\$57.0 million over that of 2006.

In 2007, the Group's profit attributable to shareholders was approximately HK\$27.7 million, representing a 33.8% increase as compared to that of 2006, despite a narrowing of gross profit margin from 18.3% in 2006 to 13.8% in 2007. The decline in the gross profit margin was mainly due to the drop of the percentage in refund of import tax and the generally lower profit margin of the timber products in its first year of full operation.

Business Review

Year 2007 represents a remarkable turnaround for the Group. Notwithstanding the Group faced certain operating difficulties and risks during the year, such as increasing costs of raw materials and labour, imposition and change of PRC governmental policies, the appreciation of RMB and the reduction of the rate of import tax refund from 13% in 2006 to 5% in the 2nd half of 2007, the management had successfully delivered over 33% profit growth for the Group in year 2007. The management had during the fiscal year taken effective steps to minimize the adverse impact arising from such operating difficulties and risks, such as taking hedging contracts and liaising with key customers for price adjustments. Leveraging on the close and strong working relationship with the key customer of the Group, the management had managed to offset certain additional costs and secured a significant profit growth in year 2007.

During the year under review, the Group's core stainless steel business returned to a strong growing path with its turnover increased by more than 56.5%. Production capacity for the stainless steel production lines again reached its upper limits, hence, the Group had leased additional production space of about 760 square meters to house the production line of pedal bins, its signature stainless steel product. Apart from the continuous diversification of the product range of the stainless steel products, the management had also paid efforts in resourcing and actualising semi-automatic production line for certain stainless steel products.

The completion of the new 30,000 square meters timber production plant in June of 2007 started a new phase for the Group. Turnover attributed by the sales of timber products since July 2007 amounted to over HK\$50 million. Operation has quickly reached satisfactory level and the Group had been requested by its key customer to plan for further increase in the timber plant capacity.

During the year, the Group entered into negotiation with its key customer for the feasibility of establishing a stainless steel distribution centre. The cooperation between the Group and its key customer in the stainless steel distribution centre, if proceeded, will expand the scope of business of the Group and provide additional source of income for the Group.

Further, the Group also entered into discussion with its key customer to manufacture a new furniture series, an environmentally-friendly and low-cost products, which could have breakthrough implication for the Group.

致股東

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」）的年度報告及截至二零零七年十二月三十一日止財政年度的經審核財務業績。

於截至二零零七年十二月三十一日止財政年度內，本集團錄得營業額約353,800,000港元，較截至二零零六年十二月三十一日止之年內上升約82.4%。上升的主要原因為於本財政年度內本集團不銹鋼業務強勁反彈以及木家俱業務的新工廠完工後家俱產品生產線全面運營。不銹鋼的營業額較二零零六年增加102,900,000港元，而木家俱業務的營業額則較二零零六年增加57,000,000港元。

於二零零七年，本集團的股東應佔溢利約為27,700,000港元，較二零零六年同期上升33.8%，惟本集團於二零零七年的邊際毛利率由二零零六年的18.3%下降至約13.8%。邊際毛利率下跌主要是由於年內出口退稅比例下跌以及木製品第一年投入全面營運尚未達到盈利產能所致。

業務回顧

二零零七年本集團業務顯著好轉。儘管本集團年內面臨若干經營困難及風險，例如原材料及勞工成本增加，中國政府政策的變動及強制執行，人民幣升值以及出口退稅由二零零六年的13%下降至二零零七年下半年的5%，然而管理層仍成功帶領本集團於二零零七年錄得大於33%的盈利增長。於本財政年度內，管理層已經採取有效措施將該等經營困難及風險造成的不利影響降至最低，如採用對沖合約及與主要客戶聯絡進行價格調整。由於本集團與主要客戶保有緊密而鞏固的工作關係，管理層得以成功抵銷部分額外成本，並於二零零七年獲得大幅度盈利的增長。

於回顧年度內，本集團的核心不銹鋼業務重拾強勁增長軌道，營業額增長逾56.5%。不銹鋼家居用品的生產線產能再次達到上限，惟本集團已經增加租賃約760平方米的生產廠房用於容納本集團不銹鋼主打產品腳踏垃圾桶生產線。除持續推動不銹鋼產品進行多樣化發展外，管理層亦在採集資源及實現若干不銹鋼產品生產線的半自動化方面做出努力。

隨著面積約30,000平方米的木家俱廠房於二零零七年六月竣工，本集團的發展開始邁進新的階段。自二零零七年七月份以來，木製家俱的營業額超過50,000,000港元。經營迅速達致理想水平，而本集團主要客戶已經要求本集團進一步提升木家俱的產能。

年內，本集團已經與主要客戶開始磋商建立一個不銹鋼分銷中心的可行性。倘若本集團與其主要客戶合作建立不銹鋼分銷中心，則將進一步拓展本集團的業務範圍，為本集團提供額外的收入來源。

同期，本集團亦與主要客戶協商生產新系列家俱，該系列產品具有環保及低成本優勢，對本集團具突破性。

CHAIRMAN'S STATEMENT

Outlook and Future Prospects

In the year 2007, a strong foundation for the future growth of the Group had been established. The completion of the 30,000 square meters new production plant for timber products in June 2007 was a significant milestone for the Group in developing timber related businesses.

Growth in the timber business will come from several directions as follows:

1. since the operation of the production lines of timber products in the new production plant only began in the second half of 2007, the management expected that orders for existing timber products will increase substantially in 2008;
2. the Group will continue to liaise for the production of additional models of timber products with the customers, and it is expected that numbers of new products will bring in significant sales for the Group; and
3. as the production for the existing model of timber products has been highly satisfactory, the Groups is in negotiation for the production of a new series of timber products. The management trusts that the new project, once actualised, will again stimulate the growth of the Group's timber related business.

The management believes that the learning curve for the timber production is behind us, and the Group will generate a reasonable profit margin with further improvement of workflow and a more efficient use of materials.

In regard to the stainless steel division, the management is confident that the growth for stainless steel products will continue as the product line diversifies and increases continuously. The stainless steel distribution centre, if established, will also provide synergetic effect to the Group's business of stainless steel products.

To prepare for the expansion and the demand for additional space for production, the management had leased additional production space of about 2,725 square meters for the stainless steel production in February 2008, and is also considering the lease of another 7,000 square meters of production space by the Group to meet further requirements for production capacity in the near future.

The appreciation of RMB continued to affect the costs for the Group. The management had tried out certain hedging strategies and is confident that the costs associated with the appreciation of RMB can be minimized.

Looking ahead, the management is optimistic that the Group is in a strong position to deliver sustainable profit growth for the shareholders, through the continuing growth in the stainless steel division and the new substantial profit to be generated by the timber division in the year 2008.

The Company is considering the possibility of alternative listing ("Alternative Listing") of the Shares on the Main Board of the Stock Exchange. Although there is no assurance that the application for the Alternative Listing will proceed and succeed, the management is of the view that the successful Alternative Listing will further uplift the Group's profile and is beneficial to the Company and its shareholders as a whole.

Appreciation

On behalf of the Board, I would like to express our sincere appreciation to all our investors, customers, partners and shareholders for their ongoing support to the Group. I would also like to thank my colleagues and staff for their invaluable contributions throughout the year.

Yan Siu Wai

Chairman

Hong Kong, 25 March 2008

展望及未來前景

於二零零七年，本集團已經為未來的增長奠定堅實基礎。隨着面積30,000平方米的木製家具新生產廠房於二零零七年六月份竣工，為本集團拓展木家具相關業務展開重要一頁。

木家具業務將在以下幾個方向獲得增長：

1. 由於新生產廠房的木製家具生產線於二零零七年下半年才開始投入使用，管理層預期現有木製家具訂單將於二零零八年大幅增加；
2. 本集團將持續與客戶聯絡生產更多的木製家具新品種，預期大量新產品的面市將大大推動本集團銷售的增長；及
3. 鑒於現有木製家具的生產十分令人滿意，本集團目前正在對新系列木製家具進行協商。管理層相信，一旦新產品落實，將再次推動本集團木製家具相關業務的增長。

管理層亦相信，本集團的木製家具生產已經完成學習階段，隨著工藝流程的改善及材料利用率的提高，本集團將獲得更合理的利潤率。

不銹鋼部門方面，管理層相信隨著產品線的不斷增加及日趨多樣化，不銹鋼產品將繼續增長。若不銹鋼分銷中心建立，還將為本集團的不銹鋼產品業務帶來協同效應。

為應付擴充生產及增加生產空間的需求，管理層已於二零零八年二月增加租賃2,725平方米的生產場地用以於不銹鋼的生產，並亦在考慮另一處7,000平方米的生產場地供本集團租賃，以應付未來產能進一步增加之需求。

人民幣升值持續影響本集團成本。管理層已經採取若干對沖策略，並相信可將人民幣升值的相關成本降至最低。

展望未來，管理層十分樂觀，憑借二零零八年不銹鋼部門的持續增長以及木製家具部門貢獻的大幅盈利，本集團處於十分有利之地位可為股東帶來穩健的盈利增長。

本公司正考慮將股份於聯交所主板進行另行上市（「另行上市」）的可能性。儘管無法確保另行上市將會進行能夠成功，管理層認為另行上市的成功將進一步提升本集團形象，對本公司及其股東整體有益。

致謝

本人謹代表董事會向所有投資者、客戶、合作夥伴及股東對本集團一如既往的支持，及各董事同仁及全體員工於過去一年對本集團作出的無價貢獻，致以深摯謝意。

甄兆威

主席

香港，二零零八年三月二十五日

FINANCIAL HIGHLIGHTS

	Year ended 31 December				2007
	2003	2004	2005	2006	HK\$
	HK\$	HK\$	HK\$	HK\$	HK\$
Results					
Turnover	84,087,159	152,459,445	199,625,181	193,902,367	353,755,842
Profit attributable to shareholders of the Company	13,386,962	18,876,904	23,659,231	20,662,883	27,656,969
Assets and Liabilities					
Total assets	63,509,182	84,794,832	116,591,011	132,972,559	231,706,985
Total liabilities	52,553,335	59,490,978	41,436,610	43,448,295	115,376,003
Equity attributable to shareholders of the Company	10,955,847	25,303,854	75,154,401	89,524,264	116,330,982
Earnings per share					
Basic	N/A	0.14	0.17	0.12	0.16
Diluted	N/A	N/A	0.17	0.12	0.16

財務摘要

	截至十二月三十一日止年度				
	二零零三年 港元	二零零四年 港元	二零零五年 港元	二零零六年 港元	二零零七年 港元
業績					
營業額	84,087,159	152,459,445	199,625,181	193,902,367	353,755,842
本公司股東應佔溢利	13,386,962	18,876,904	23,659,231	20,662,883	27,656,969
資產及負債					
總資產	63,509,182	84,794,832	116,591,011	132,972,559	231,706,985
總負債	52,553,335	59,490,978	41,436,610	43,448,295	115,376,003
本公司股東應佔權益	10,955,847	25,303,854	75,154,401	89,524,264	116,330,982
每股盈利					
基本	不適用	0.14	0.17	0.12	0.16
攤薄	不適用	不適用	0.17	0.12	0.16

MANAGEMENT DISCUSSION AND ANALYSIS

Results of Operations

For the fiscal year ended 31 December 2007, the Group reported a turnover of approximately HK\$353.8 million, representing an increase of 82.4% from that of the fiscal year of 2006. The increase of turnover came from the growth of the stainless steel division and the new timber division. Turnover for the stainless steel division increased by HK\$102.9 million during the year to HK\$285.0 million, representing 56.5% increase. Turnover for the timber division increased from HK\$11.7 million in 2006 to HK\$68.7 million in 2007, as the Group moved from the pilot production mode to a full production mode when the new timber plant was completed and commenced to operate in June 2007.

Overall gross profit margin dropped significantly from 18.3% in the year 2006 to 13.8% in 2007, mainly due to the drop of the percentage in refund of import tax, and the generally lower profit margin of the timber products in the first year of operation.

Gross profit margin for the stainless steel division dropped from 19.2% in 2006 to 16.1% in 2007 mainly because of the reduction of import tax refund and the rise in stainless steel prices.

The shift of policy by the Chinese government to lessen its reliance on export growth has increased costs for the Group's products as the import tax refund percentage reduced from 13% to the current rate of 5%, contributing higher costs of RMB11.2 million for the Group.

Stainless steel prices continued its steep rise during the first half of 2007 and stabilized during the second half of 2007. The price of type 304 ("Type 304") steel increased from an average of RMB25,560 per ton for the full year 2006 to RMB30,040 per ton for the full year 2007. In order to avoid significant increase of costs in the future, the management will continue to strive for prices adjustment with the key customer based on the fluctuation of price in raw materials.

Gross profit margin for new timber division was a mere of 4.3% as the full operation of the division started only in the second half of the year and the management is still on the learning curve. By the end of the year, operations ran smoothly with monthly turnover exceeding RMB10 million per month.

The Group started to benefit from the economy of scale with ratio of total expenses (selling and administration) as a percentage of turnover dropped from 7.2% in 2006 to 5.0% in 2007.

Selling and distribution costs increased to approximately HK\$4.3 million or 73.7% mainly in line with the rise in turnover, despite the increase of fuel prices and the appreciation of RMB.

Administrative expenses of approximately HK\$13.3 million increased only slightly by 15.3% over that of 2006, mainly because lower exchange losses in 2007 and no share option benefits were charged in 2007 (HK\$411,000 was charged in 2006).

Excluding the exchange losses and the option benefit charges, the administrative expenses increased by HK\$4.0 million, or 45.1% over that of 2006. The increase was mainly due to higher salary costs of HK\$878,000, higher commission fees of HK\$521,000, and the higher general expenses due to overall higher turnover achieved by the Group and the operation of the new timber plant that increased depreciation of equipment and land use rights (HK\$419,000), various local taxes (HK\$338,000) and audit fees and bank charges (HK\$504,000).

Finance costs rose to approximately HK\$3.1 million or 189.8% from the relatively low level of approximately HK\$1.1 million mainly due to the rise in bank borrowing to finance the new timber plant and to finance higher working capital requirement due to increase in turnover.

Income tax expenses increased from HK\$3.9 million in 2006 to HK\$5.1 million in 2007, with the average tax rate of 15.7% in 2007, the same level with the 15.8% level in 2006.

Net profit in 2007 was approximately HK\$27.7 million, representing a 33.8% increase as compared to that of 2006. The significant increase in net profit mainly came from the stainless steel division, as the sales attributed by the stainless steel division increased by 56.5%.

Liquidity, Financial Resources and Funding and Treasury Policy

The Group's overall financial position was affected by two main factors: the 82.4% increase in turnover which increased the working capital requirement, and the completion of the new timber plant and installation of new timber equipment in mid 2007, which increased the fixed assets. The increases were financed by concrete support from banks.

As at 31 December 2007, the Group had bank and cash balances of approximately HK\$18.5 million (2006: HK\$9.4 million) and net current assets of approximately HK\$45.6 million which show a slight increase over the approximately HK\$43.0 million recorded in 2006. Non-current assets continue to increase, by approximately HK\$28.5 million to approximately HK\$75.0 million in the current year. The increase was mainly due to the new timber plant.

經營業績

截至二零零七年十二月三十一日止財政年度，本集團錄得營業額約353,800,000港元，較二零零六年財政年度上升82.4%。營業額的增長主要受不銹鋼部門以及新木製家具部門的增長所推動。不銹鋼部門的營業額年內增加102,900,000港元至285,000,000港元，增幅達56.5%。由於新木家具廠房於二零零七年六月竣工並開始運營，本集團由試產模式轉向全面生產模式，二零零七年木製家具部門之營業額由二零零六年之11,700,000港元激增至68,700,000港元。

本集團於二零零七年的邊際毛利率由二零零六年的18.3%下降至約13.8%。邊際毛利率下跌主要是由於年內出口退稅比例下跌以及木製家具第一年投入全面營運尚未達到盈利產能所致。

受出口退稅減少及不銹鋼價格上升的雙重影響，不銹鋼部門的邊際毛利率由二零零六年的19.2%下跌至二零零七年的16.1%。

由於中國政府採取減少經濟增長對出口的依賴政策，出口退稅比例由13%降低至現有稅率5%，令本集團實際稅負增加人民幣11,200,000元。

於二零零七年上半年，不銹鋼價格持續急劇上漲，惟於下半年趨穩。二零零七年全年，304型（「304型」）鋼的價格由二零零六年全年的每噸人民幣25,560元上升至每噸人民幣30,040元。為避免未來成本大幅增加，管理層將盡力與主要客戶達成協議，建立原材料價格產品價格聯系活動機制。

由於新的木家具部門僅於下半年開始全面經營，且管理層仍處於學習階段，故僅錄得邊際毛利率4.3%。至年底，經營走上軌道，每月月度營業額超過人民幣10,000,000元。

本集團開始自規模經濟中受惠，總開支（銷售及行政）佔營業額的比例由二零零六年的7.2%下降至二零零七年的5.0%。

銷售及分銷成本上升至約4,300,000港元或73.7%，儘管原料價格上升及人民幣升值，其升幅仍大體與營業額之增長相應。

行政開支僅由二零零六年上升15.3%至13,300,000港元，主要原因是二零零七年匯兌虧損下跌且二零零七年並無扣除購股權福利（二零零六年：411,000港元）。

除匯兌虧損及購股權福利外，行政開支自二零零六年增加4,000,000港元或45.1%。增加的主要原因為薪酬成本增加878,000港元，佣金增加521,000港元，以及新木家具廠房成立及營業額增加導致一般開支增加：設備折舊及土地使用費增加419,000港元、各類本地稅收增加338,000港元以、審計費用及銀行開支增加504,000港元。

融資成本自相對較低的水平約1,100,000港元增加約189.8%至約3,100,000港元，其主要原因是增加銀行借款以支持新木家具廠房的運作，以及應付由於營業額增加帶來的更高營運資本要求。

所得稅開支由二零零六年之3,900,000港元增至二零零七年的5,100,000港元，二零零七年的平均稅率為15.7%，與二零零六年的15.8%基本持平。

二零零七年的淨溢利約為27,700,000港元，較二零零六年增加33.8%。淨溢利的大幅增加主要來自不銹鋼部門的貢獻，該部門的銷售增長56.5%。

流動資金、財務資源及融資及財務政策

本集團的整體財務狀況主要受兩大因素影響：營業額增加82.4%，令營運資本需求增加；新木家具廠房於二零零七年年中竣工以及安裝新的木製產品設備令固定資產增加。該等增加均獲得銀行大力支持。

於二零零七年十二月三十一日，本集團擁有銀行及現金結餘約18,500,000港元（二零零六年：9,400,000港元）及流動資產淨值約45,600,000港元，較二零零六年之約43,000,000港元輕微增加。本年度非流動資產持續上升約28,500,000港元至約75,000,000港元，其主要原因是新木家具廠房的建立。

MANAGEMENT DISCUSSION AND ANALYSIS

As at 31 December 2007, the Group had current liabilities of approximately HK\$111.1 million, a significantly higher level than the 2006 year end balance of approximately HK\$43.4 million. The higher position consisted mainly of the increase of trade payables by HK\$18.5 millions and increase of bank borrowings by HK\$43.2 million, again due to the new timber plant and the higher working capital.

Bank Loans and Other Borrowings

Particulars of bank borrowings and charges on the Group's assets are set out in notes 25 and 26 to the financial statements.

Gearing Ratio

The Group's gearing ratio, which was derived from the total borrowings to total assets, increased to 32.3% up from 19.2% in 2006, as the Group had increased its borrowing to finance the additional working capital and the new timber plant.

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 2007.

Contingent Liabilities

As at 31 December 2007, the Group did not have any significant contingent liabilities.

Subsequent Events

No subsequent events occurred after 31 December 2007, which may have significant effects on the assets and liabilities of future operations of the Group.

Foreign Exchange Exposure

All transactions of the Group are denominated in RMB, Hong Kong dollars or US dollars. As RMB has continued to appreciate, the Group had purchased currency forward contract to hedge some of the risks associated with the RMB appreciation. The Group has also shifted more of its borrowings in Hong Kong dollars, which form a natural hedge with US dollars.

Employees and Remuneration Policy

As at 31 December 2007, the Group employed approximately 940 staff in the PRC and Hong Kong, representing an increase of 227 staff from 31 December 2006. The increase in staff was mainly attributable to the Group's completion of the new timber plant and the installation of new equipment. Accordingly, the Group's remuneration to employees, including Directors' emoluments, increased by approximately HK\$7.2 million to approximately HK\$23.8 million for the current fiscal year. The Group reviews employee remuneration annually and rewards its employee with reference to the length of services and performance. The Group also has the liberty to grant 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

Since the listing of the Company's shares on GEM of the Stock Exchange on 13 October 2005, there has been no change in the capital structure of the Company. The share capital of the Company comprises only ordinary shares.

Compliance Adviser's Interest

As at 31 December 2007, neither Tanrich Capital Limited ("TCL") 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 15 September 2006 which was entered into between the Company and TCL, TCL 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 15 September 2006 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 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.

管理層討論及分析

於二零零七年十二月三十一日，本集團擁有流動負債約111,100,000港元，遠高於二零零六年之結餘43,400,000港元。流動負債較高的原因主要是應付貿易賬款增加18,500,000港元以及銀行借貸增加43,200,000港元，增加的原因同樣是由於新木家俱廠房的成立以及營運資本需求增加。

銀行貸款及其他借款

銀行貸款及其他借款及集團資產抵押明細於財務報表附註25及26列載。

資本負債比率

由於本集團增加借款以應付新增營運資本及為新廠房融資，本集團的資產負債比率(以借款總額與資產總值之比例計算)由二零零六年的19.2%上升至二零零七年的32.3%。

重大投資的未來計畫

除本報告及本公司於二零零五年十月五日刊發之招股章程(「招股章程」)所披露者外，截至二零零七年十二月三十一日，本公司並無任何重大收購或資本開支計畫。

或然負債

於二零零七年十二月三十一日止，本集團並無任何重大或然負債。

結算日後事項

於二零零七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

本集團的所有交易均以人民幣、港元或美元列值。鑒於人民幣持續升值，本集團已經購買外匯期貨合約對沖部分與人民幣升值有關的風險。本集團亦將其更多借款轉向港元，可以與美元自然對沖。

僱員及薪酬政策

於二零零七年十二月三十一日，本集團於中國大陸及香港僱用約940名員工，較二零零六年十二月三十一日增加227名。員工人數上升主要由於本集團新木家俱廠房的建成和安裝新設備。相應的，在本財政年度，本集團的僱員薪酬(包括董事酬金)增加約7,200,000港元至約23,800,000港元。本集團按僱員服務年期及表現每年審核僱員薪酬及獎金。本集團亦根據本集團的財務表現由董事酌情決定向本集團僱員授出購股權及花紅。

資本結構

自本公司股份於二零零五年十月十三日於聯交所創業板上市以來，本公司的資本結構並無變動。本公司股本只由普通股組成。

合規顧問利益

於二零零七年十二月三十一日，敦沛融資有限公司(「敦沛」)之董事、僱員及聯繫人(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。

根據本公司與敦沛於二零零六年九月十五日按照創業板上市規則規定訂立的合規顧問協議，敦沛獲委任為本公司的合規顧問並獲支付一筆費用，任期由二零零六年九月十五日開始，直至按照所載條件及條款終止為止。

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 1 January 2007 to 30 June 2007 (the "First Relevant Period").

Business Objectives for the First Relevant Period as stated in the Prospectus

Actual Business Progress

Expansion of production plant and facilities

- Construction of the 2nd phase of the new production plant with total gross floor area of approximately 15,000 m² on the new piece of land. The new production plant with 30,000 m² (1st and 2nd phase) had been completed and officially opened in June 2007.

Product diversification

- Continuing to conduct research and development and introduction of new furnishings and home products and accessories using other types of steel. A new 200 ton hydraulic press machine has been bought to expand the production of steel and other metal base products.

Explore new business opportunities

- Setting up representative offices overseas to explore new business opportunities. An agent has been appointed in the USA to identify potential customers for the Group's products.

Improve the overall management systems

- Full implementation of enterprise resources planning system for better information sharing and improve operational efficiency. ERP system acquired earlier has been implemented. Eight additional PCs have been acquired to support the implementation.

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業務目標之比較摘錄如下：

於二零零七年一月一日至二零零七年六月三十日之期內（「第一有關期間」）：

招股章程所列的第一有關期間 業務目標

實際業務進度

擴充生產廠房及設備

- 於新地皮上興建總建築樓面面積約15,000平方米的第二期新廠房。
- 於二零零七年六月面積為30,000平方米的新廠房（第一期及第二期）竣工並正式投入運營。

產品多元化

- 持續進行研究及開發，引入使用其他類型鋼材製作的傢俱、家居用品及配件。
- 已經購置200噸的新液壓機器，擴大鋼鐵及其他金屬基本產品的產能。

開拓新商機

- 在海外市場建立代表辦事處，探索新商機。
- 於美國委任一間代理，為本集團產品尋求潛在客戶。

改善整體管理體系

- 全面實施企業資源規劃系統，改善資訊共用及經營效率。
- 此前購置的ERP系統已經實施，並添置八台電腦用於支援ERP的實施。

COMPARISON OF THE BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

For the period from 1 July 2007 to 30 December 2007 (the "Second Relevant Period").

Business Objectives for the Second Relevant Period as stated in the Prospectus

Actual Business Progress

Expansion of production plant and facilities

- Purchase of new facilities for the 2nd phase production plant which include power supplies, fire prevention facilities, and office renovation. — The construction of the new 30,000 square meters production plant was completed with installation of equipment within 2007.
- Setting up automatic production facilities. — New equipment had been ordered.

Product diversification

- Improvement of production workflow and working environment in order to increase production volume of furnishings and home products and accessories using both stainless steel and other types of steel. — New facilities for the new steel table production lines and the tooling workshop had been bought during the year.

Explore new business opportunities

- Further strengthening the sales department. — Training sales staff with opportunity to attending overseas trade show.

Improve the overall management systems

- Full implementation of enterprise resource planning system for better information sharing and improve operation efficiency. — Further refined ERP system and its implementation, adding equipment such as IBN server, switches and a number of personal computers.
- Purchase of new computer hardware and software to facilitate better internal control. — Adding equipment such as IBN server, switches and a number of personal computers.

業務目標與實際業務進度的比較

於二零零七年七月一日至二零零七年十二月三十一日之期內(「第二有關期間」)：

招股章程所列的第二有關期間 業務目標

實際業務進度

擴充生產廠房及設備

- 為生產廠房第二階段增購新設施，包括電力供應、防火設施及辦公室裝修。 — 於二零零七年年內完成興建面積為30,000平方米的新廠房，並安裝新設備。
- 建立自動生產設施。 — 已訂購新設備。

產品多元化

- 改善生產流程及工作環境，利用不銹鋼及其他類型的鋼增加傢俱、家居用品及其配件的產量。 — 年內為新鋼桌生產線及加工車間購買新設施。

開拓新商機

- 進一步強化銷售部。 — 以參加海外貿易展會的機會培訓銷售人員。

改善整體管理體系

- 全面實施企業資源規劃系統，改善信息共享及經營效率。 — 進一步完善ERP系統及其實施，增加IBN服務器、切換器以及增加個人電腦等新設備。
- 購買新的電腦軟硬體設施，以加強內部管理。 — 增加IBN服務器、切換器以及增加個人電腦等新設備。

DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Yan Siu Wai, aged 52, 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 27 years of experience in industrial management and manufacturing.

Mr. Leung Kwok Yin, aged 55, 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 27 years and has built substantial manufacturing and distribution experiences in the PRC.

Mr. Bao Jisheng, aged 69, 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 58, 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 58, 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 (now known as "The Securities Institute of 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 51, 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 42, 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.

Mr. Wang Shengkang, aged 66, 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 44, 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 had worked for Yuyao General Machinery Factory and Yuyao Jiehua Compressor Ltd., as technical manager and chief engineer.

Mr. Cheung Wai Tak, aged 55, 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

執行董事

甄兆威先生，52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畢威大學(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27年經驗。

梁國賢先生，55歲，本集團聯合創辦人之一。負責本集團產品開發、物料採購及市場推廣。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。梁先生與甄先生合夥在中國投資已約27年，在中國進行製造及分銷方面積累了豐富經驗。

鮑繼聲先生，69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，58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)。彼曾擔任美林公司(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，58歲，為澳洲公司董事學會(Australian Institute of Company Directors)及香港董事學會(Hong Kong Institute of Directors)資深會員及科廷商學院(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the Securities Institute Education(現稱「The Securities Institute of Australia」)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數個管理職務。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，51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(前稱為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委員，俞先生於二零零五三月獲委任為獨立非執行董事。

高級管理層

鮑向前先生，42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。

王勝康先生，66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，44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术經理及总工程师。

張偉德先生，55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 are pleased to present their report together with the audited financial statements of JF Household Furnishings Limited (“the Company”) and its subsidiaries (collectively the “Group”) for the year ended 31 December 2007.

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

Principal Activities

The Company is an investment holding Company. The Group is principally engaged in manufacturing and sales of furnishings, home products and accessories primarily used in kitchens and bathrooms and timber furniture products. 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 8 to 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	82.6%
Five largest customers in aggregate	97.8%
The largest supplier	20.0%
Five largest suppliers in aggregate	58.9%

None of the Directors or any of 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.

Dividend

Pursuant to a resolution passed at a Directors’ meeting on 25 March 2008, a final dividend of HK5.0 cents per share was recommended to be paid to shareholders of the Company, subject to shareholders’ approval at the forthcoming annual general meeting.

Property, Plant and Equipment

Details of movements in property, plant and equipment are set out in note 15 to the financial statements.

Distributable Reserves

At 31 December 2007, the Company’s reserves available for cash distribution amounted to approximately HK\$89.2 million. Under the Companies Law (Revised) of the Cayman Islands, the share premium of the Company is distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business. The share premium may also be distributed in the form of fully paid bonus shares.

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 exercise of certain pre-IPO share options during the year.

董事會報告

董事欣然提呈捷豐家具用品有限公司(「本公司」)及其附屬公司(統稱「本集團」)的董事會報告及截至二零零七年十二月三十一日止年度的經審核財務報表。

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有限公司。

主要業務

本公司的主要業務為投資控股，本集團主要從事製造及銷售主要用於廚房及浴室的家俱、家居用品及配件以及木制家具。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8。

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	82.6%
五大客戶合計	97.8%
最大供應商	20.0%
五大供應商合計	58.9%

就董事所知，概無董事、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。

股息

根據於二零零八年三月二十五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5.0港仙，惟須待股東於應屆股東週年大會上批准方可作實。

物業、廠房及設備

物業、廠房及設備的變動詳情載於財務報表附註15。

可供分派儲備

截至於二零零七年十二月三十一日，本公司可供現金分配之儲備約為89,200,000港元。根據開曼群島公司法(經修訂)，本公司之股份溢價賬可分派予本公司股東，惟本公司須於緊隨派發股息日之後仍有能力償還在日常業務中到期之債務。股份溢價帳將以繳足紅利股份的形成分派。

股本

本公司於年內的股本變動詳情載於財務報表附註27。年內股份乃根據首次公開招股前購股權之行使而發行。

REPORT OF THE DIRECTORS

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 which term had expired on 7 September 2007 ("Initial Term"). Following the expiration of the Initial Term, the respective independent non-executive Directors had been re-appointed for a further-term of 24 months commenced from 8 September 2007. The further term of appointment 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.

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

As at 31 December 2007, the interests and short positions of the Directors and the chief executives of the Company and each of their respective associates (as defined under the GEM Listing Rules), in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO") which (a) were required, to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of the Part XV of the SFO (including interests and short positions which the Directors were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Interests in the shares of the Company

Name of Director	Personal interests	Family interests	Corporate interests	Total	Approximate percentage of the total issued capital of the Company
Mr Yan Siu Wai	12,600,000	—	63,000,000	75,600,000 (Note 1)	44.2%
Mr Leung Kwok Yin	15,120,000	—	35,280,000	50,400,000 (Note 2)	29.5%

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初始服務合約，自二零零五年九月八日生效，並於二零零八年九月七日期滿，除非各方於初步年期或此後任何時間發出六個月的書面通知予以終止，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，並於二零零七年九月七日屆滿(「初步年期」)。初步年期屆滿後，各獨立非執行董事已經重新獲委任，為期二十四個月，自二零零七年九月八日開始生效。除非各獨立非執行董事與本公司相互協定，否則可以發出至少三個月的書面通知予以終止。

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

於二零零七年十二月三十一日，本公司及其各相關法團(定義見創業板上市規則)之董事及主要行政人員於本公司或其任何相聯法團(定義見香港法例第571章證券及期貨條例第XV部)的股份、相關股份及債券中擁有(a)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)；(b)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；(c)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：

於本公司股份之權益

董事姓名	個人權益	家族權益	公司權益	總計	約佔本公司 已發行股本 總數的百分比
甄兆威先生	12,600,000	—	63,000,000	75,600,000 (附註1)	44.2%
梁國賢先生	15,120,000	—	35,280,000	50,400,000 (附註2)	29.5%

REPORT OF THE DIRECTORS

Notes:

1. Among these 75,600,000 shares, (i) 34,020,000 shares were registered in the name of Excel Strength Investments Limited (“**Excel Strength**”); (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.
2. Among these 50,400,000 shares, (i) 22,680,000 shares were registered in the name of Hero Talent Investments Limited (“**Hero Talent**”); (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.

Interests in underlying shares of the Company

As at 31 December 2007, three executive Directors have been granted options to subscribe for shares, pursuant to the Pre-IPO Share Option Scheme) as defined in the paragraph headed “Share Options” below), details of which are set out as follows:

Name of Director	Number of Underlying Shares	Date of Grant	Exercise Period (Note)	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 was subject to a moratorium period of 12 months from the date of listing which had expired on 12 October 2006.

Save as disclosed above, as at 31 December 2007, none of the Directors or chief executive of the Company and each of their respective associates (as defined under the GEM Listing Rules) had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were 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 or short positions which the Directors were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange.

Substantial Shareholders

As at 31 December 2007, other than the interests disclosed above in respect of certain Directors, the Directors were not aware of any other persons who had interests or 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.

董事會報告

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。

本公司相關股份之權益

於二零零七年十二月三十一日，三名執行董事獲授予根據首次公開招股前購股權計劃(定義見下文「購股權」)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	行使期間 (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：

董事行使購股權須受自上市日期開始12個月的禁售期所規限(已於二零零六年十月十二日屆滿)。

除上文披露者外，於二零零七年十二月三十一日，概無本公司及其各相關法團(定義見創業板上市規則)之董事或主要行政人員於本公司或其任何相聯法團(定義見香港法例第571章證券及期貨條例第XV部)的股份、相關股份及債券中擁有或視為擁有(a)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)；(b)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；(c)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。

主要股東

於二零零七年十二月三十一日，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條規定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。

REPORT OF THE DIRECTORS

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 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 2007 are as follows:

	Options held as at 1 January 2007	Options exercised during the year ended 31 December 2007	Options held as at 31 December 2007	Exercise price (HK\$)
(A) Employees	2,688,000	—	2,688,000	0.80
	5,135,000	(1,355,000)	3,780,000	0.56
(B) Directors				
Yan Siu Wai	4,435,200	—	4,435,200	0.80
Leung Kwok Yin	2,956,800	—	2,956,800	0.80
Bao Jisheng	3,360,000	—	3,360,000	0.80
	18,575,000	(1,355,000)	17,220,000	

Share Option Scheme

Saved as disclosed above, no options granted under the Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme are still outstanding.

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 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 transactions disclosed as connected and/or related party transactions in accordance with the requirements of the GEM Listing Rules and accounting principles generally accepted in Hong Kong.

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.

Connected Transactions

Reference is made to an announcement of the Company dated 4 April 2007 and circular to shareholders dated 18 April 2007. The Group had entered into various connected transactions during the year ended 31 December 2006, which are subject to the reporting requirement under Rule 20.45 of the GEM Listing Rules.

1. Extension of loans to 餘姚捷豐空調設備有限公司 (Yuyao Jiefeng Air-Conditioning Equipment Company Limited) (“**Jiefeng Air-Con**”), a Sino-foreign equity joint venture established in the PRC
 - (i) By a loan agreement dated 8 February 2006 (“**Jiefeng Air-Con First Loan**”), JF A.C.R. Equipment Supplies (Ningbo) Co., Ltd. (寧波捷豐家居用品有限公司) (“**JF Ningbo**”), a wholly foreign owned enterprise established in the PRC and a wholly owned subsidiary of the Company, extended a loan of RMB1,000,000 (equivalent to approximately HK\$990,099) to Jiefeng Air-Con with administrative charges calculated at the rate of 6.2232% per annum and repayable on or before 28 February 2006. Jiefeng Air-Con First Loan had been fully repaid on 14 February 2006.

董事會報告

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二零零七年十二月三十一日尚未行使的購股權的詳情如下：

	於二零零七年 一月一日 持有的購股權	於截至二零零七年 十二月三十一日 之年內已經行使 的購股權	於二零零七年 十二月三十一日 持有的購股權	行使價 (港元)
(A) 僱員	2,688,000	—	2,688,000	0.80
	5,135,000	(1,355,000)	3,780,000	0.56
(B) 董事				
甄兆威	4,435,200	—	4,435,200	0.80
梁國賢	2,956,800	—	2,956,800	0.80
鮑繼聲	3,360,000	—	3,360,000	0.80
	18,575,000	(1,355,000)	17,220,000	

購股權計劃

除以上披露者外，首次公開招股前購股權及首次公開招股後購股權計劃授出之購股權均未行使。

董事於合約的權益

除根據創業板上市規則及香港公認之會計師准則作為關連及／或關聯方披露之交易外，概無本公司董事跟本公司或其任何附屬公司訂立的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本公司董事直接或間接擁有重大權益的重大合約。

買賣、銷售或贖回股份

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、銷售或贖回任何本公司的股份。

關連交易

謹此提述本公司日期為二零零七年四月四日之公佈以及日期為二零零七年四月十八日向股東寄發之通函。本集團於截至二零零六年十二月三十一日止之年度簽訂多項關連交易，須根據創業板上市規則第20.45條之要求進行申報。

1. 向一間於中國成立之中外合資企業餘姚捷豐空調設備有限公司（「捷豐空調」）借予貸款
 - (i) 透過於二零零六年二月八日與本公司全資附屬公司寧波捷豐家居用品有限公司（「寧波捷豐」）簽訂之貸款協議（「捷豐空調第一貸款」），向捷豐空調授予人民幣1,000,000元（合約990,099港元）之貸款，行政費用以每年6.2232%計算，償還日期為二零零六年二月二十八日或之前。捷豐空調第一貸款已於二零零六年二月十四日悉數償還。

REPORT OF THE DIRECTORS

- (ii) By a loan agreement dated 6 March 2006 (“**Jiefeng Air-Con Second Loan**”), JF Ningbo extended a loan of RMB1,500,000 (equivalent to approximately HK\$1,485,148.51) to Jiefeng Air-Con with administrative charges calculated at the rate of 6.2232% per annum and repayable on or before 30 June 2006. Jiefeng Air-Con Second Loan had been fully repaid on 8 March 2006.
- (iii) By a loan agreement dated 11 May 2006 (“**Jiefeng Air-Con Third Loan**”), JF Ningbo extended a loan of RMB1,000,000 (equivalent to approximately HK\$990,099) to Jiefeng Air-Con with administrative charges calculated at the rate of 6.1380% per annum and repayable on or before 31 May 2006. Jiefeng Air-Con Third Loan had been fully repaid on 17 May 2006.

Jiefeng Air-Con's equity interest is owned ultimately as to approximately 27.42% by Mr. Yan Siu Wai and as to 18.28% by Mr. Leung Kwok Yin. The then ultimate shareholdings of Mr. Yan and Mr. Leung in Jiefeng Air-Con were held through their indirect shareholdings in Better Asia Limited (“**Better Asia**”), a company incorporated in the BVI which issued share capital is owned as to 60% by Mr. Yan and 40% by Mr. Leung. Jiefeng Air-Con is therefore a connected person (“**Connected Person**”) (as defined under the GEM Listing Rules) of the Company. The above transactions constitute connected transactions (“**Connected Transactions**”) of the Company under the GEM Listing Rules.

2. Extension of loans to 餘姚捷豐空調風機有限公司 (Yuyao Jiefeng Fan and Air-Conditioning Equipment Company Limited) (“**Jiefeng Fan**”), a Sino-foreign equity joint venture established in the PRC

- (i) By a loan agreement dated 13 November 2006 (“**Jiefeng Fan First Loan**”), JF Ningbo extended a loan of RMB1,592,414.66 (equivalent to approximately HK\$1,576,648.18) to Jiefeng Fan with administrative charges calculated at the rate of 6.4350% per annum and repayable on or before 27 November 2006. Jiefeng Fan First Loan had been fully repaid on 27 November 2006.
- (ii) By a loan agreement dated 5 December 2006 (“**Jiefeng Fan Second Loan**”), JF Ningbo extended a loan of RMB2,400,000 (equivalent to approximately HK\$2,376,237.62) to Jiefeng Fan with administrative charges calculated at the rate of 6.4350% per annum and repayable on or before 31 December 2006. Jiefeng Fan Second Loan had been fully repaid on 28 December 2006.

Jiefeng Fan's equity interest is owned as to 60% by an independent third party who is not a Connected Person of the Company and 40% by Better Asia. As the issued share capital of Better Asia is owned as to 60% by Mr. Yan and 40% by Mr. Leung, Jiefeng Fan is therefore a Connected Person of the Company. The above transactions constitute Connected Transactions of the Company under the GEM Listing Rules.

3. Extension of loan to A.C.R. Equipment Supplies Limited (“**ACR**”) (捷豐冷凍器材有限公司), a company incorporated in Hong Kong

On 29 August 2006, JF Household Furnishings (BVI) Ltd., (“**JF BVI**”) a company incorporated in the BVI with limited liability and a wholly owned subsidiary of the Company, extended a loan of HK\$1,000,000 to ACR (“**ACR Loan**”) with administrative charges calculated at the rate of 6% per annum. The ACR Loan was repaid by 3 installments. The first installment of HK\$800,000 was repaid on 14 September 2006, the second installment of HK\$118,500 was repaid on 26 October 2006 and the third installment of HK\$81,500 was repaid on 6 November 2006.

ACR's issued share capital is held as to 30% by Mr. Yan, as to 30% by Madam Mak Man Lee, Manly, spouse of Mr. Yan, and as to 40% by Mr. Leung. ACR is therefore a Connected Person of the Company. The above transaction constitutes a Connected Transaction of the Company under the GEM Listing Rules.

Bank Loans and Other Borrowings

Particulars of bank loans and finance lease payable of the Group as at 31 December 2007 are set out in notes 25 and 26 to the financial statements.

董事會報告

- (ii) 透過於二零零六年三月六日簽訂之貸款協議(「捷豐空調第二貸款」)，寧波捷豐向捷豐空調授予人民幣1,500,000元(合約1,485,148.51港元)之貸款，行政費用以每年6.2232%計算，償還日期為二零零六年六月三十日或之前。捷豐空調第二貸款已於二零零六年三月八日悉數償還。
- (iii) 透過於二零零六年五月十一日簽訂之貸款協議(「捷豐空調第三貸款」)，寧波捷豐向捷豐空調授予人民幣1,000,000元(合約990,099港元)之貸款，行政費用以每年6.1380%計算，償還日期為二零零六年五月三十一日或之前。捷豐空調第三貸款已於二零零六年五月十七日悉數償還。

捷豐空調由甄兆威先生最終擁有27.42%的股權以及梁國賢先生擁有18.28%的股權。甄先生及梁先生於捷豐空調之最終權益乃透過其間接持有之公司Better Asia Limited (「Better Asia」)持有，該公司於英屬處女群島註冊成立，其已發行股本由甄先生持有60%及梁先生持有40%。因此，捷豐空調為本公司之關連人士(「關連人士」)(定義見創業板上市規則)。根據創業板上市規則，上述交易構成本公司之關連交易(「關連交易」)。

2. 向一間於中國成立之中外合資企業餘姚捷豐空調風機有限公司(「捷豐風機」)借予貸款

- (i) 透過於二零零六年十一月十三日簽訂之貸款協議(「捷豐風機第一貸款」)，寧波捷豐向捷豐風機授予人民幣1,592,414.66元(合約1,576,648.18港元)之貸款，行政費用以每年6.4350%計算，償還日期為二零零六年十一月二十七日或之前。捷豐風機第一貸款已於二零零六年十一月二十七日悉數償還。
- (ii) 透過於二零零六年十二月五日簽訂之貸款協議(「捷豐風機第二貸款」)，寧波捷豐向捷豐風機授予人民幣2,400,000元(合約2,376,237.62港元)之貸款，行政費用以每年6.4350%計算，償還日期為二零零六年十二月三十一日或之前。捷豐風機第二貸款已於二零零六年十二月二十八日悉數償還。

捷豐風機之股權由一名獨立第三方(並非本公司關連人士)擁有60%的權益及Better Asia擁有40%的權益。由於Better Asia之已發行股本由甄先生及梁先生分別持有60%及40%，故捷豐風機為本公司之關連人士。根據創業板上市規則，上述交易構成本公司之關連交易。

3. 向一間於香港註冊成立之公司捷豐冷凍器材有限公司(「捷豐冷凍器材」)借予貸款

於二零零六年八月二十九日，一間於英屬處女群島註冊成立之有限公司及本公司全資附屬公司捷豐家居用品(維爾京群島)有限公司(「捷豐維爾京」)向捷豐冷凍器材授予1,000,000港元之貸款(「捷豐冷凍器材貸款」)，行政費用以每年6%計算。捷豐冷凍器材貸款分三期償還。第一期800,000港元於二零零六年九月十四日償還，第二期118,500港元於二零零六年十月二十六日償還以及第三期81,500港元於二零零六年十一月六日償還。

捷豐冷凍器材之已發行股本由甄先生持有30%、麥曼莉女士(甄先生的配偶)持有30%以及梁先生持有40%。因此，捷豐冷凍器材為本公司的關連人士。根據創業板上市規則，上述交易構成本公司之關連交易。

銀行貸款及其他借貸

本公司及本集團於二零零七年十二月三十一日的銀行貸款及融資租賃款項詳情載於財務報表附註25及26。

REPORT OF THE DIRECTORS

Retirement Schemes

The Group maintains a mandatory provident fund ("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 defined contribution retirement benefit schemes ("Schemes") organised by the relevant local government authorities in Yuyao, the PRC whereby the Group is required to make contributions to the Schemes at the rate of 20% of the eligible employees' salaries. The local government authorities are responsible for the entire pension obligations payable to retired employees.

Auditors

A resolution to re-appoint the retiring auditors, RSM Nelson Wheeler, will be proposed at the forthcoming annual general meeting. There has been no change of the Company's auditors since its incorporation.

Application of Proceeds from Capital Raising

The Group raised approximately HK\$23.30 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 with effect from 13 October 2005. Up to the date of this report, the Group has applied the proceeds totaling approximately HK\$23.30 million for the following purposes:

- (i) approximately HK\$17.80 million for the expansion of production capacity;
- (ii) approximately HK\$3.71 million for product diversification;
- (iii) approximately HK\$0.90 million for strengthening the sales and marketing team; and
- (iv) approximately HK\$0.89 million for improving overall management system.

退休金計劃

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」)。本集團及僱員根據強制性公積金計劃條例及相關規例的要求向強積金計劃供款，其相關僱員的供款比率為相關收入的5%(上限為每月相關收入20,000港元)。

根據中國有關勞工條例及規定，本集團參與了由中國餘姚當地政府機構管理的定額退休金供款計劃(「計劃」)，據此，本集團須按合資格僱員薪金的20%向該計劃供款。地方政府負責向退休僱員全數發放退休金。

核數師

一項有關重新委任退任核數師羅申美會計師行之決議案將於應屆股東週年大會上提出。自本公司成立以來，本公司並無更換核數師。

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創業板成功上市。直至本年報發表日期，本集團已動用所得款合共約23,300,000港元作以下用途：

- (i) 約17,800,000港元作擴大產能；
- (ii) 約3,710,000港元作產品多樣化；
- (iii) 約900,000港元作加強銷售及市場推廣小組；及
- (iv) 約890,000港元作改善本集團的管理系統。

CORPORATE GOVERNANCE REPORT

Code of Best Practice

The Group is committed to ensuring high standards of corporate governance and business practices. The Group has complied throughout the period from 1 January 2007 to 31 December 2007 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 GEM Listing Rules for the year ended 31 December 2007.

Board of Directors

At 31 December 2007, the Board comprises six members, the Chairman and two other executive Directors and three non-executive Directors who are independent as defined in the GEM Listing Rules (the biographies of the Directors are set out on page 18).

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 to approve future plans and development.

Five Board meetings were held in 2007 and the average attendance rate was 100%:

Name of directors	Number of meetings	Attended	Attendance rate
Mr. Yan Siu Wai, (<i>Chairman</i>)	5/5		100%
Mr. Leung Kwok Yin	5/5		100%
Mr. Bao Jisheng	5/5		100%
Mr. Kwan Kai Cheong	5/5		100%
Mr. Garry Alides Willinge	5/5		100%
Mr. Yu Hon Wing, Allan	5/5		100%

The Chairman and executive Directors also held informal meetings with independent non-executive Directors for the 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

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 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.

最佳常規守則

本集團致力維持良好的企業管治及業務常規。於二零零七年一月一日至二零零七年十二月三十一日期間內，本集團已遵守創業板上市規則附錄十五之企業管治常規守則所載原則，董事會將繼續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，彼等於截至二零零七年十二月三十一日止年度已經完全遵守載於規則的規定準則。

董事會

於二零零七年十二月三十一日，董事會由六名成員組成，包括主席、兩名其他執行董事及三名非執行董事。根據創業板上市規則的界定，該三名非執行董事具有獨立身份(董事之個人資料載於第19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。

於二零零七年已舉行五次董事會會議，而平均出席率超過100%：

董事姓名	已出席會議次數	出席率
甄兆威先生(主席)	5/5	100%
梁國賢先生	5/5	100%
鮑繼聲先生	5/5	100%
關啟昌先生	5/5	100%
Garry Alides Willinge先生	5/5	100%
俞漢榮先生	5/5	100%

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

主席及總經理的職責清楚劃分，主席肩負領導之責及管理董事會及制訂本公司的策略，而總經理則負責執行本公司的策略。

董事會主席負責領導董事會確立本集團的發展方向，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

Audit Committee

The Company has established an audit committee with written terms of reference in accordance with 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 and the Chairman is an expert on financial and auditing matters. The committee meets four times each year. During 2007, 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 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 quarterly, the interim and annual reports for 2007.

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, to review the remuneration policy of the Group and to approve the granting of options. One meeting was held in 2007. 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 on pages 64 to 65. Details of the granting of options under the Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme are disclosed on pages 82 to 86.

Auditor's Remuneration

During the year ended 31 December 2007, the remuneration paid and payable to the auditors of the Company, RSM Nelson Wheeler, for the provision of the Group's audit services and taxation services were HK\$650,000 and HK\$5,000 respectively.

Related Party Transactions

The related party transactions are set out in note 35 to the financial statements.

By order of the board

Yan Siu Wai
Chairman

Hong Kong, 25 March 2008

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的豐富經驗，而主席亦屬財務及審核工作之專才。審核委員會每年召開四次會議。於二零零七年，審核委員會審核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，彼等建議董事會接納季度報告、中期報告及二零零七年年報。

薪酬委員會

薪酬委員會的職責為審核薪酬政策及審批所有執行董事及主要高級行政人員之薪金及花紅，並審核集團之薪酬政策及審批授出購股權。二零零七年已舉行了一次會議。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第64頁至第65頁披露。根據首次公開發售前購股權計劃及首次公開發售後購股權計劃授出的購股權詳情於第82頁至第86頁披露。

核數師酬金

於截至二零零七年十二月三十一日止年度，為本集團提供審計服務及稅務服務已付及應付予本公司核數師羅申美會計師行之酬金分別650,000港元及5,000港元。

關聯人士交易

關聯人士交易載於財務報表附註35。

承董事會命
甄兆威
主席

香港，二零零八年三月二十五日

INDEPENDENT AUDITOR'S 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 consolidated financial statements of JF Household Furnishings Limited (the "Company") set out on pages 38 to 92, which comprise the consolidated balance sheet as at 31 December 2007, and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit 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. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2007 and of the Group's results and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards 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

25 March 2008

RSM! Nelson Wheeler

羅申美會計師行

執業會計師

致捷豐家居用品有限公司全體股東 (於開曼群島註冊成立之有限公司)

本核數師(下稱「吾等」)已審核第38至92頁所載捷豐家居用品有限公司(「貴公司」)之綜合財務報表，包括於二零零七年十二月三十一日之綜合資產負債表、截至該日止年度之綜合收益表、綜合權益變動表及綜合現金流量表，以及主要會計政策概要及其他說明附註。

董事就財務報表之責任

董事須遵照香港會計師公會頒佈之《香港財務報告準則》及《香港公司條例》之披露規定，負責編製並真實兼公平地呈列此等財務報表。此責任包括設計、實行及維持與編製及真實兼公平地呈列財務報表有關之內部監控，以確保其並無重大錯誤陳述(不論其由欺詐或錯誤引起)；選擇並應用適當會計政策；及在不同情況下作出合理之會計估算。

核數師之責任

吾等之責任是根據審核之結果，對此等財務報表作出意見，並僅向股東(作為法人)報告，除此以外，別無其他用途。吾等概不就本報告之內容向任何其他人士負責或承擔責任。吾等之審核工作按照香港會計師公會頒佈之《香港審計準則》進行。該等準則要求吾等遵守操守規定，計劃及進行審核以合理確定此等財務報表是否沒有重大之錯誤陳述。

審核範圍包括進程序以取得與財務報表所載數額及披露事項有關之審核憑證。選取之程序須視乎核數師之判斷，包括評估財務報表之重大錯誤陳述(不論其由欺詐或錯誤引起)之風險。在作出該等風險評估時，核數師將考慮與公司編製及真實兼公平地呈列財務報表有關之內部監控，以為不同情況設計適當審核程序，但並非旨在就公司內部監控是否有效表達意見。審核範圍亦包括評估所用會計政策之恰當性，董事所作之會計估算之合理性，並就財務報表之整體呈列方式作出評估。

吾等相信，吾等所取得之審核憑證就提出審核意見而言屬充分恰當。

意見

吾等認為，綜合財務報表根據香港財務報告準則足以真實兼公平地顯示 貴集團於二零零七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為編製。

羅申美會計師行
執業會計師
香港

二零零八年三月二十五日

CONSOLIDATED INCOME STATEMENT

綜合收益表

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

		Note 附註	2007 二零零七年 HK\$ 港元	2006 二零零六年 HK\$ 港元
REVENUE	收益	6	353,755,842	193,902,367
Cost of goods sold	貨品銷售成本		(304,886,077)	(158,504,600)
Gross profit	毛利		48,869,765	35,397,767
Other income	其他收入	7	4,567,934	4,149,471
Distribution costs	分銷成本		(4,252,584)	(2,448,438)
Administrative expenses	行政開支		(13,257,393)	(11,493,403)
PROFIT FROM OPERATIONS	經營溢利		35,927,722	25,605,397
Finance costs	融資成本	10	(3,127,637)	(1,079,321)
PROFIT BEFORE TAX	除稅前溢利		32,800,085	24,526,076
Income tax expense	所得稅開支	11(a)	(5,143,116)	(3,863,193)
PROFIT FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	本公司股東 年內應佔 溢利	12	27,656,969	20,662,883
DIVIDEND	股息	13	8,547,000	8,309,665
EARNINGS PER SHARE	每股盈利	14		
Basic	基本		0.16	0.12
Diluted	攤薄		0.16	0.12

CONSOLIDATED BALANCE SHEET

綜合資產負債表

At 31 December 2007 於二零零七年十二月三十一日

		Note 附註	2007 二零零七年 HK\$ 港元	2006 二零零六年 HK\$ 港元
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	15	56,946,256	29,451,777
Land use rights	土地使用權	16	18,072,369	1,056,784
Deposit paid for acquisition of land use rights	收購土地使用權的已付按金	17	—	16,015,287
			75,018,625	46,523,848
Current assets	流動資產			
Inventories	存貨	18	92,507,698	42,326,566
Trade receivables	應收貿易賬款	19	35,731,827	26,527,951
Deposits, other receivables and prepayments	按金、其他應收款項及預付款項		5,600,919	5,941,961
Due from a related company	應收一家關聯公司款項	20	—	19,241
Financial assets at fair value through profit or loss	按公平值變化計入損益表之金融資產	21	2,288,887	—
Pledged bank deposits	已抵押銀行存款	22	2,085,047	2,235,712
Bank and cash balances	銀行及現金結餘	22	18,473,982	9,397,280
			156,688,360	86,448,711
Current liabilities	流動負債			
Trade payables	應付貿易賬款	23	29,980,551	11,451,980
Other payables and accruals	其他應付款項及應計項目		6,979,265	4,196,345
Due to directors	應付董事款項	24	540,000	540,000
Current tax liabilities	本年稅務負債		3,011,352	1,735,248
Bank borrowings	銀行借款	25	68,679,413	25,524,722
Finance lease payable	融資租賃款項	26	1,903,207	—
			111,093,788	43,448,295
NET CURRENT ASSETS	淨流動資產		45,594,572	43,000,416
TOTAL ASSETS LESS CURRENT LIABILITIES	資產總值減流動負債		120,613,197	89,524,264
Non-current liabilities	非流動負債			
Finance lease payable	融資租賃款項	26	4,282,215	—
NET ASSETS	淨資產		116,330,982	89,524,264
CAPITAL AND RESERVES	資本及儲備			
Share capital	股本	27	1,709,400	1,695,850
Reserves	儲備		114,621,582	87,828,414
TOTAL EQUITY	總權益		116,330,982	89,524,264

Approved by the Board of Directors on 25 March 2008
董事會於二零零八年三月二十五日批准

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 2007 截至二零零七年十二月三十一日止年度

Note	Share capital	Share premium	Merger reserve	Reserve					Retained profits	Proposed final dividend	Total
				外匯兌換儲備	Capital reserve	General reserve	Employee share-based compensation reserve	Foreign currency translation reserve			
附註	股本	股份溢價 (Note 30 (a)) (附註 30(a))	合併儲備 (Note a) (附註 a)	外匯兌換儲備	資本儲備 (Note b) (附註 b)	一般儲備 (Note c) (附註 c)	以股份支付僱員酬金儲備 (Note 30(c)) (附註 30(c))	保留溢利	建議末期股息	總值	
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	
At 1 January 2006	於二零零六年一月一日	1,680,000	21,593,529	7,358,082	567,597	131,901	8,138,302	2,350,190	23,845,880	9,488,920	75,154,401
Exchange difference on translation of financial statements of subsidiaries outside Hong Kong	換算香港境外附屬公司之財務報表而產生之匯兌差異	-	-	-	1,897,017	-	-	-	-	-	1,897,017
Net income recognised directly in equity Profit for the year	直接以股本形式確認之淨收入 年內溢利	-	-	-	1,897,017	-	-	-	20,662,883	-	1,897,017 20,662,883
Total recognised income and expense for the year	年內確認之收入及開支總額	-	-	-	1,897,017	-	-	-	20,662,883	-	22,559,900
Share issue on exercise of share options	因行使購股權而發行之股份	27(i)	15,850	1,249,539	-	-	-	(377,789)	-	-	887,600
Recognition of share-based payment	確認以股份支付僱員酬金	-	-	-	-	-	-	411,283	-	-	411,283
Dividend paid	已付股息	-	-	-	-	-	-	-	-	(9,488,920)	(9,488,920)
Transfers	轉撥	-	-	-	-	814,931	2,162,027	-	(2,976,958)	-	-
2006 proposed final dividend	二零零六年建議末期股息	13	-	-	-	-	-	-	(8,309,665)	8,309,665	-
At 31 December 2006	於二零零六年十二月三十一日	1,695,850	22,843,068	7,358,082	2,464,614	946,832	10,300,329	2,383,684	33,222,140	8,309,665	89,524,264
At 1 January 2007	於二零零七年一月一日	1,695,850	22,843,068	7,358,082	2,464,614	946,832	10,300,329	2,383,684	33,222,140	8,309,665	89,524,264
Exchange difference on translation of financial statements of subsidiaries outside Hong Kong	換算香港境外附屬公司之財務報表而產生之匯兌差異	-	-	-	6,700,614	-	-	-	-	-	6,700,614
Net income recognised directly in equity Profit for the year	直接以股本形式確認之淨收入 年內溢利	-	-	-	6,700,614	-	-	-	27,656,969	-	6,700,614 27,656,969
Total recognised income and expense for the year	年內確認之收入及開支總額	-	-	-	6,700,614	-	-	-	27,656,969	-	34,357,583
Share issue on exercise of share options	因行使購股權而發行之股份	27(i)	13,550	1,068,217	-	-	-	(322,967)	-	-	758,800
Dividend paid	已付股息	-	-	-	-	-	-	-	-	(8,309,665)	(8,309,665)
Transfers	轉撥	-	-	-	-	-	3,196,660	-	(3,196,660)	-	-
2007 proposed final dividend	二零零七年建議末期股息	13	-	-	-	-	-	-	(8,547,000)	8,547,000	-
At 31 December 2007	於二零零七年十二月三十一日	1,709,400	23,911,285	7,358,082	9,165,228	946,832	13,496,989	2,060,717	49,135,449	8,547,000	116,330,982

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 ("Corporate Reorganisation").
- 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 tax 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 tax 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」)的若干應付貿易款項，轉撥自保留溢利至資本儲備。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資本。
- 一般儲備乃由寧波捷豐，按有關的中國法律及規條由除稅後溢利撥付而成。撥付於一般儲備的比例由寧波捷豐董事會釐定，惟最低撥付比例為每年除稅後溢利的10%，直至累計結餘達其註冊資本的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 2007 截至二零零七年十二月三十一日止年度

		2007 二零零七年 HK\$ 港元	2006 二零零六年 HK\$ 港元
CASH FLOWS FROM OPERATING ACTIVITIES 經營活動的現金流量			
Profit before tax	除稅前溢利	32,800,085	24,526,076
Adjustments for:	經調整：		
Depreciation	折舊	2,895,250	1,021,559
Amortisation of land use rights	土地使用權攤銷	168,630	29,298
Write off of property, plant and equipment	註銷物業、 廠房及設備	—	2,513
Finance costs	融資成本	3,127,637	1,079,321
Interest income	利息收入	(229,230)	(216,374)
Employee share option benefits	僱員購股權福利	—	411,283
Fair value gain on financial assets at fair value through profit or loss	按公平值變化計入 損益表之金融資產	(2,288,887)	—
Operating profit before working capital changes	營運資金變動前的 經營溢利	36,473,485	26,853,676
Increase in inventories	存貨增加	(50,181,132)	(9,381,643)
(Increase)/decrease in trade receivables	應收貿易賬款 (增加)／減少	(9,203,876)	4,677,573
Decrease in deposits, other receivables and prepayments	按金、其他應收款項 及預付款項減少	341,042	949,553
Increase/(decrease) in trade payables	應付貿易賬款 增加／(減少)	18,528,571	(3,402,059)
Increase/(decrease) in other payables and accruals	其他應付款項及 應計項目增加／(減少)	2,782,920	(1,874,501)
Decrease in amounts due to directors	應付董事款項 減少	—	(31,720)
Cash (used in)/generated from operations	經營(所用)／產生的 現金	(1,258,990)	17,790,879
Income tax paid	已付所得稅	(3,867,012)	(5,330,689)
NET CASH (USED IN)/FROM OPERATING ACTIVITIES	經營業務(所用)／ 產生的現金淨額	(5,126,002)	12,460,190

CONSOLIDATED CASH FLOW STATEMENT

綜合現金流量表

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

		Note 附註	2007 二零零七年 HK\$ 港元	2006 二零零六年 HK\$ 港元
CASH FLOWS FROM INVESTING ACTIVITIES		投資活動的現金流量		
Purchase of property, plant and equipment	購買物業、廠房及設備		(20,545,454)	(16,065,772)
Decrease/(increase) in pledged bank deposits	已抵押銀行存款減少/(增加)		150,665	(1,065,712)
Decrease in amounts due from related companies	應收關聯公司款項減少		19,241	120,679
Interest received	已收利息		229,230	216,374
NET CASH USED IN INVESTING ACTIVITIES		投資活動所用的現金淨額	(20,146,318)	(16,794,431)
CASH FLOWS FROM FINANCING ACTIVITIES		融資活動的現金流量		
Proceeds from issue of shares	發行股份所得款項		758,800	887,600
Inception of new bank loans	新借銀行貸款		169,662,647	48,420,208
Repayment of bank loans	償還銀行貸款		(129,979,118)	(38,760,871)
Repayment of finance lease payable	償還融資租賃款項		(1,736,016)	—
Dividend paid	已付股息		(8,309,665)	(10,360,796)
Interest paid	已付利息		(3,127,637)	(1,079,321)
NET CASH FROM/(USED IN) FINANCING ACTIVITIES		融資活動產生/(所用)的現金淨額	27,269,011	(893,180)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		現金及現金等值物的增加/(減少)淨額	1,996,691	(5,227,421)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		外匯匯率變動的影響	3,608,849	988,032
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		年初的現金及現金等值物	9,397,280	13,636,669
CASH AND CASH EQUIVALENTS AT END OF YEAR		年末的現金及現金等值物	15,002,820	9,397,280
ANALYSIS OF CASH AND CASH EQUIVALENTS AT END OF YEAR		年末的現金及現金等值物分析		
Bank and cash balances	銀行及現金結餘		18,473,982	9,397,280
Bank overdrafts	銀行透支	25	(3,471,162)	—
			15,002,820	9,397,280

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

1. General Information

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The address of its principal place of business is 15th floor, EIB Tower, 4-6 Morrison Hill Road, Wanchai, Hong Kong. The Company's shares are listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 31 to the financial statements.

2. Adoption of New and Revised HKFRSs

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are relevant to its operations and effective for accounting periods beginning on or after 1 January 2007. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; and Interpretations. The adoption of these new and revised HKFRSs did not result in substantial changes to the Group's accounting policies and amounts reported for the current year and prior years.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its result of operations and financial position.

3. Significant Accounting Policies

These financial statements have been prepared in accordance with HKFRSs, accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange and by the Hong Kong Companies Ordinance.

1. 一般資料

本公司根據開曼群島公司法於開曼群島註冊成立為一家獲豁免有限公司，其註冊地址為Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands，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。本公司之股份於香港聯合交易所有限公司（「聯交所」）創業板（「創業板」）上市。

本公司為投資控股公司。本公司各附屬公司的主要業務列載於財務報表附註31。

2. 新訂及經修訂香港財務報告準則的採用

於本年度，本集團已採用經香港會計師公會頒佈的所有與本集團營運有關之新訂及經修訂香港財務報告準則，並於二零零七年一月一日或其後開始的會計期間生效。此財務報告準則包括香港財務報告準則、香港會計準則及詮釋。採用此等新訂及經修訂香港財務報告準則並未導致集團之會計政策及本年度和之前年度的財務報告發生重大變化。

本集團未採用已頒佈但尚未生效的新訂及經修訂香港財務報告準則。本集團已開始對該等新訂香港財務報告準則的影響進行評估，惟目前仍未能確定採用該等新訂香港財務報告準則會否對本集團之經營業績及財務狀況產生重大影響。

3. 主要會計政策

本財務報表乃根據香港財務報告準則、香港公認的會計原則及創業板上市規則和香港公司條例需要之披露規定而編製。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

3. Significant Accounting Policies (cont'd) 3. 主要會計政策 (續)

These financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets at fair value through profit or loss which are carried at their fair values.

The preparation of financial statements in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires directors to exercise its judgements in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to these financial statements, are disclosed in note 4 to the financial statements.

The significant accounting policies applied in the preparation of these financial statements are set out below.

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December. Subsidiaries are entities over which the Group has control. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has control.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary represents the difference between the proceeds of the sale and the Group's share of its net assets together with any goodwill relating to the subsidiary which was not previously charged or recognised in the consolidated income statement and also any related accumulated foreign currency translation reserve.

Inter-company transactions, balances and unrealised profits on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

本財務報表乃按歷史成本法而編製，惟經重估以公平價值計入損益賬之金融資產而修改。

編製符合香港財務報告準則的財務報表，須使用若干主要假設和估計，亦需要董事在採用會計政策的過程中行使其判斷。涉及重要判斷的內容及對本財務報表產生重要作用之假設和估計的內容披露於財務報表附註4。

編製本財務報表所採用之主要會計政策如下：

(a) 綜合賬項

綜合財務報表包括本公司及其附屬公司編製截至十二月三十一日止的財務報表。附屬公司為本集團控制之實體。透過監管其財務和經營政策，從而自其業務取得利益。評估本集團是否控制另一實體時，會考慮現時可行使或轉換之潛在投票權的存在及其影響。

附屬公司自其控制權轉移予本集團首日起綜合入賬，並於控制權終止當日停止綜合入賬。

出售附屬公司的盈虧指銷售所得款項與本集團所佔資產淨額連同與附屬公司相關的之前未於綜合收益表中入賬或確認的所有商譽以及相關的累計外匯兌換儲備的差額。

集團內公司間交易、結餘及未變現收益予以抵銷。未變現虧損亦予以抵銷，除非交易有證據顯示所轉讓資產出現減值。本公司對附屬公司之會計政策在必要情況下已予修訂，以確保符合本集團所採納之政策。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

3. Significant Accounting Policies (cont'd) 3. 主要會計政策 (續)

(b) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars ("HKD"), which is the Company's functional and presentation currency.

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign 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.

(iii) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and
- All resulting exchange differences are recognised in the foreign currency translation reserve.

(b) 外幣兌換

(i) 功能及呈列貨幣

本集團各實體之財務報表所包括之項目，乃按該實體經營所在之主要經濟環境之貨幣（「功能貨幣」）計量。綜合財務報表以港元（本公司之功能和呈列貨幣）呈列。

(ii) 每一實體之財務報表之交易及結餘

外幣交易均按交易日之現行匯率兌換為功能貨幣。外幣之貨幣性資產和負債均按結算日之匯率兌換。按此兌換政策產生的盈虧均包括於收益表內。

(iii) 綜合賬目的兌換

本集團所有實體如持有與呈列貨幣不同之功能貨幣，其業績和財務狀況均按以下方法兌換為本公司的呈列貨幣：

- 每項資產負債表之資產與負債均按照該資產負債表結算日之匯率兌換；
- 每項收益表之收入和支出均按照平均匯率兌換（若此平均匯率未能合理反映各交易日匯率所帶來之累計影響，在此情況下，收入和支出則按照交易日之匯率兌換）；及
- 所有匯兌差額均於外幣匯兌儲備中確認。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

3. Significant Accounting Policies (cont'd) 3. 主要會計政策 (續)

(b) Foreign currency translation (cont'd)

(iii) Translation on consolidation (cont'd)

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognised in the consolidated income statement as part of the profit or loss on disposal.

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are expensed in the income statement during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal useful lives are as follows:

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

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

Construction in progress represents buildings under construction and plant and machinery pending installation, and is stated at cost less impairment losses. Depreciation begins when the relevant assets are available for use.

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

(b) 外幣兌換 (續)

(iii) 綜合賬目的兌換 (續)

在綜合賬目時，兌換於海外公司投資淨額和借貸產生之匯兌差額於外幣匯兌儲備中確認。當出售海外業務時，此部分匯兌差額將於綜合收益表中確認為出售損益之一部分。

(c) 物業、廠房及設備

物業、廠房及設備以成本值減累計折舊及減值虧損列賬。

其後的成本包括於資產賬面值內，或當相關之未來經濟利益很可能流入本集團且該成本可靠計量時，可被確認為一項獨立資產(如適用)。其他的所有維修及保養費用均於其產生期間於收益表列支。

物業、廠房及設備乃以直線法於可使用的年期內按足以撇銷其成本減其剩餘價值之比率折舊。主要可使用年限如下：

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

資產的剩餘價值、可使用年限及折舊方法將於每個結算日予以檢討及調整(如適用)。

在建工程指在建建築物及待安裝的廠房和機械，以成本值減減值虧損列賬。相關資產投入使用時開始折舊。

出售物業、廠房及設備之盈虧指出售相關資產所得淨額與其賬面值之差額，並於收益表中確認。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

3. Significant Accounting Policies (cont'd) 3. 主要會計政策 (續)

(d) Leases

(i) Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease payments (net of any incentives received from the lessor) are expensed in the income statement on a straight-line basis over the lease term.

(ii) Finance leases

Leases that substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as finance leases. At the commencement of the lease term, a finance lease is capitalised at the lower of the fair value of the leased asset and the present value of the minimum lease payments, each determined at the inception of the lease.

The corresponding liability to the lessor is included in the balance sheet as finance lease payable. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Assets under finance leases are depreciated the same as owned assets.

(e) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis. The cost of finished goods and work in progress comprises raw materials, direct labour and an appropriate proportion of all production overhead expenditure, and where appropriate, subcontracting charges. 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.

(d) 租賃

(i) 經營租賃

經營租賃乃指出租方承擔資產所有權絕大部分風險及回報之租賃。租賃付款(經扣除自出租方收取之任何獎勵金)於租賃期內以直線法於收益表中列支。

(ii) 融資租賃

融資租賃乃指資產擁有權的所有風險及回報絕大部份轉讓予本集團的租賃。進入租賃期後，融資租賃乃於租約開始時以租賃資產之公平價值或最低租賃付款之現值(以較低者為準)資本化。

出租人之相應債務於資產負債表中列作融資租賃款項。租賃付款按比例分配為財務費用及削減未付債務。財務費用在各租期內分攤，從債務結餘得出一個貫徹之定期利率。

融資租賃之資產按自有資產同樣之基準折舊。

(e) 存貨

存貨以成本值或可變現淨值較低者呈列。成本乃基於加權平均數釐定。製成品及在製品成本包括原材料、直接勞工及適當比例的所有生產間接開支及分判承包費用(如適用)。可變現淨值為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。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

3. Significant Accounting Policies (cont'd)

(f) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the balance sheet when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in the income statement.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in the income statement.

(g) Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance 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 allowance is the difference between the receivables' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition. The amount of the allowance is recognised in the income statement.

Impairment losses are reversed in subsequent periods and recognised in the income statement when an increase in the receivables' recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the receivables at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

3. 主要會計政策 (續)

(f) 確認及解除確認金融工具

倘本集團成為工具合約條文的一方，則金融資產及金融負債於資產負債表中確認。

當從資產收取現金流的合約權利屆滿時，或本集團將所有資產所有權風險與回報的絕大部份轉讓時，或本集團並無將資產所有權的風險與回報的絕大部份保留或轉讓，但亦未保留對資產的控制權時，金融資產將被解除確認。於解除確認金融資產時，資產的賬面值與所收及應收代價與已直接在權益中確認的累積損益之總和兩者的差額將於收益表確認。

當相關合約中規定的責任解除、取消或屆滿時，金融負債將解除確認。解除確認的金融負債的賬面值與已付代價間的差額將於收益表確認。

(g) 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指並非於活躍市場報價，具有固定或可釐定付款之非衍生金融資產，初步確認時按公平價格入賬，其後使用實際利率法按攤銷成本減減值撥備釐定。倘有客觀證據顯示本集團將不能根據應收款項的原有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。撥備金額乃應收款項的資產賬面值與估計未來現金流量的現值，按最初確認時的實際利率貼現之差額。撥備金額於收益表中確認入賬。

當應收賬款之可收回金額增加乃客觀地與於確認減值後發生之事件有關時，則減值虧損會於隨後期間撥回並於收益表內確認，惟該應收賬款於撥回減值當日之賬面值不得超過假設未確認減值時之已攤銷成本。

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For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

3. Significant Accounting Policies (cont'd)

3. 主要會計政策 (續)

(h) Cash and cash equivalents

For the purpose of the cash flow statement, 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 change in value. 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.

(i) Derivative financial instruments

Derivatives are initially recognised at fair value on the contract date and are subsequently measured at fair value. Changes in the fair value of derivatives are recognised in the income statement as they arise.

(j) Financial liabilities and equity instruments

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 under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost 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.

Trade and other payables

Trade and other payables are stated initially 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.

Equity instruments

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

(h) 現金及現金等值物

就現金流量表而言，現金及現金等值物指銀行及手頭現金，銀行及其他金融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限）。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組成部份的銀行透支。

(i) 衍生金融工具

衍生工具初始於合約日期按公平值確認並於隨後按公平值計量。衍生工具公平值之變動於其產生後即時於收益表確認。

(j) 金融負債及權益工具

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性質及香港財務報告準則有關金融負債及權益工具的定義分類。權益工具為對本集團在扣除所有債務後的資產擁有剩餘權益的任何合約。就特定金融負債及權益工具所採納的會計政策載列如下。

借貸

借貸最初乃按公平值扣除所產生的交易成本確認入賬，其後以實際利率法按攤銷成本釐定。

除非本集團有無條件權利延遲清償負債至結算日後至少十二個月，否則借貸分類為流動負債。

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最初按其公平值列賬，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。

權益工具

由本公司發行的權益工具按發行所得款項扣除直接發行成本入賬。

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For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

3. Significant Accounting Policies (cont'd) 3. 主要會計政策 (續)

(k) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

Revenue from the sales of manufactured goods is recognised on the transfer of significant risks and rewards of ownership, which generally coincides with the time when the goods are delivered and the title has passed to the customers.

Interest income is recognised on a time-proportion basis using the effective interest method.

(l) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to the income statement represents contributions payable by the Group to the funds.

(iii) Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

(k) 確認收益

收益按所收取或應收取代價之公平值計量，並當經濟利益很可能流入本集團且收益數額能可靠計量時予以確認。

生產成品之銷售收入在擁有權之絕大部份風險及回報轉移時確認，通常亦即為貨品付運及所有權轉讓予客戶時。

利息收入按時間比例基準使用實際利率法確認。

(l) 僱員福利

(i) 僱員可享假期

僱員可享年假及長期服務休假在僱員應該享有時確認。本集團為截至結算日止僱員已提供之服務而產生之年假及長期服務休假之估計負債作出撥備。

僱員可享病假及產假在僱員正式休假時予以確認。

(ii) 退休金責任

本集團向界定供款退休計劃供款，所有僱員均可參與。本集團與僱員之供款按員工基本薪金之百分比計算。在收益表內支銷之退休福利計劃成本指本集團應向基金支付之供款。

(iii) 合約終止補償

合約終止補償只會在本集團根據正式、具體，且不大可能撤回的計劃終止僱員合約或根據該計劃自願遣散僱員而終止合約並做出補償時確認。

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財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

3. Significant Accounting Policies (cont'd) 3. 主要會計政策 (續)

(m) Share-based payments

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

(n) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

All other borrowing costs are recognised in the income statement in the period in which they are incurred.

(o) Government grants

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

Government 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.

(m) 以股份支付款項

本集團向若干僱員發放按權益結算以股份支付之款項。按權益結算以股份支付之款項於授出日期按公平價值計量(不包括非市場歸屬條件之影響)。按權益結算以股份支付之款項在授出日釐定之公平價值將依據本集團對最終歸屬之股份作估計，並對非市場歸屬條件之影響作出調整後，以直線法於歸屬期內列作開支。

(n) 借貸成本

借貸成本直接與收購、建造或生產合資格資產有關，而該資產須於一段長時間後方可用於其擬定用途或銷售，則此部份借貸成本均撥充為該等資產之成本的一部份，直至該等資產已充份就緒並可作擬定用途或可供出售時為止。在等待將特定借貸款項用在合資格資產上之前，將特定借貸款項作暫時性投資所賺取的投資收入，會用作扣減已資本化的借貸成本。

對於一般性借款用於獲取合資格資產，其借貸成本中可用於資本化的數額乃使用資本化比率對該資產的開支釐定。資本化比率為適用於本公司借貸成本(於相關期間內未償還)的加權平均數，惟為獲取合資格資產而特別作出的借貸除外。

所有其他借貸成本值在產生期間於收益表內確認。

(o) 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。

與收入有關的政府津貼延遲，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。

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For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

3. Significant Accounting Policies (cont'd)

(p) Taxation

Income tax represents the sum of the current tax and deferred tax.

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

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

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 difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

3. 主要會計政策 (續)

(p) 稅項

所得稅開支指現時稅項及遞延稅項之總額。

本年應付稅項乃按本年度應課稅溢利計算。應課稅溢利不包括其他年度之應課稅或可扣稅之收入或開支項目，亦不包括免稅或不可扣稅之項目，故與收益表所列溢利不同。本集團本年稅項之負債乃使用於結算日已實行或實質已實行之稅率計算。

遞延稅項乃為財務報表內資產及負債賬面值與計算應課稅溢利所用相應稅基間之差異，並採用資產負債表負債法入賬。遞延稅項負債一般按所有應課稅之暫時性差異予以確認，而遞延稅項資產則按可能出現可用以抵銷可扣減之暫時性差異、未使用稅項虧損或未使用稅項抵免之應課稅溢利而予以確認。若暫時性差異乃因商譽或首次確認一項既不影響應課稅溢利亦不影響會計溢利之交易(業務合併除外)中之其他資產及負債而產生，則不予確認有關資產及負債。

遞延稅項負債乃按於附屬公司之投資而引致之應課稅暫時性差異而確認，惟若本集團可控制暫時性差額之回撥及暫時性差額有可能未必於可見將來回撥之情況除外。

遞延稅項資產之賬面值會於每個結算日覆核，倘不再可能有足夠應課稅溢利可用於收回全部或部分遞延稅項資產則會予以扣減。

遞延稅項按預計於負債償還或資產變現期間所採用之稅率計算，所按稅率為於結算日已實行或實質實行之稅率。遞延稅項於收益表內扣除或計入，惟於遞延稅項直接在權益中扣除或計入的情況下，遞延稅項亦會於權益內處理。

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For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

3. Significant Accounting Policies (cont'd) 3. 主要會計政策 (續)

(p) Taxation (cont'd)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and 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) Related parties

A party is related to the Group if:

- (i) directly or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with, the Group; has an interest in the Group that gives it significant influence over the Group; or has joint control over the Group;
- (ii) the party is an associate;
- (iii) the party is a joint venture;
- (iv) the party is a member of the key management personnel of the Company or its parent;
- (v) the party is a close member of the family of any individual referred to in (i) or (iv);
- (vi) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- (vii) the party is a post-employment benefit plan for the benefit of employees of the Group, or of any entity that is a related party of the Group.

(p) 稅項 (續)

當有可合法執行權利許可將即期稅項資產與即期稅項負債互相抵銷，及當其涉及同一稅項機關徵收之所得稅，而本集團計劃以淨額基準處理其即期稅項資產及負債時，則遞延稅項資產可與遞延稅項負債互相抵銷。

(q) 關聯人士

在下列情況下，有關人士將視為本集團之關聯人士：

- (i) 透過一個或多個中介實體，該方直接或間接控制本集團，或由本集團控制或與本集團受到共同控制；於本集團擁有權益，並可藉此權益對本集團行使重大影響力；或對本集團共同控制；
- (ii) 有關人士為聯營公司；
- (iii) 有關人士為合營企業；
- (iv) 有關人士為本公司或其母公司之主要管理人員；
- (v) 有關人士為(i)或(iv)項所述人士之直系親屬；
- (vi) 有關人士受直接或間接歸屬於(iv)或(v)項所述人士之實體所控制、與他人共同控制或發揮重大影響力，或擁有重大投票權；或
- (vii) 有關人士為本集團或其關聯人士之離職後福利計劃之受益人。

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財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

3. Significant Accounting Policies (cont'd) 3. 主要會計政策 (續)

(r) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products and services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

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

Segment revenue, expenses, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to the segment. Unallocated costs mainly represent corporate expenses. Segment assets consist primarily of property, plant and equipment, inventories and trade receivables. Segment liabilities comprise operating liabilities and exclude items such as tax liabilities and corporate borrowings.

Segment revenue, expenses, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between Group enterprises within a single segment.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

(r) 申報分類資料

分類乃指本集團之一個可清楚界定之組成部份，以經營提供產品及服務(業務分類)，或以在一個特定經濟環境經營提供產品或服務之業務(地區分類)作區分，各分類之風險與回報亦與其他分類不同。

根據本集團的內部財務報告，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。

分類收入、開支、資產及負債包括一個分類直接應佔之項目，以及可按合理基準向有關分類分配之項目。未分配成本主要指企業開支。分類資產主要包括物業、廠房及設備、存貨以及貿易應收賬款。分類負債由經營負債組成，不包括稅項負債及企業借貸等項目。

分類收入、開支、資產及負債在集團成員公司間之結餘款額及集團成員公司間之交易互相對銷(此乃綜合賬目過程之一部份)前釐定，惟倘此等集團成員公司間之結餘款額及交易乃在集團成員公司間某單一分類內產生者，則作別論。

分類資本開支乃於期內購入且預期可使用一個期間以上之分類資產(包括有形及無形資產)所引致之總成本額。

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3. Significant Accounting Policies (cont'd) 3. 主要會計政策 (續)

(s) Impairment of assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets other than inventories, receivables and derivative financial instruments to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(s) 資產減值

於各結算日，本集團會審閱其有形及無形資產之賬面值（存貨、應收賬款及衍生金融工具除外），以釐定是否有任何情況顯示該等資產已出現減值虧損。倘出現任何該等情況，則會估計資產之可收回金額，以釐定減值虧損之數額。如未能對個別資產之可收回金額作出估計，則本集團會評估屬該資產之現金產生單位之可收回金額。

可收回金額乃公平價值減出售成本與使用價值兩者中之較高者。於評估使用價值時，以估計未來現金流量按稅前折現率折現至其現值，稅前折現率反映市場現時對貨幣時間價值及資產特定風險之評估。

倘估計資產或現金產生單位之可收回金額低於其賬面值，則資產或現金產生單位之賬面值將撇減至其可收回金額。減值虧損即時於收益表中確認，除非有關資產乃以重估金額列賬，在該情況下減值虧損將視為重估之減值。

倘減值虧損於其後回撥，資產或現金產生單位之賬面值將增加至重新估計之可收回金額，惟增加後之賬面值不得超過於以往年度並無就資產或現金產生單位確認減值虧損而原有之賬面值（扣除攤銷或折舊）。減值虧損之回撥即時於收益表中確認，除非有關資產乃以重估金額列賬，在該情況下減值虧損之回撥將視為重估之增值。

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3. Significant Accounting Policies (cont'd) 3. 主要會計政策 (續)

(t) 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 a 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 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.

(u) Events after the balance sheet date

Events after the balance sheet date 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. Events after the balance sheet date that are not adjusting events are disclosed in the notes to the financial statements when material.

(t) 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。

(u) 結算日後事項

為本集團於結算日之狀況提供額外資料或顯示持續經營假設於結算日並不合適之結算日後事項，為調整事項並反映於財務報表內。不屬於調整事項之結算日後事項於重要時在附註內作出披露。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

4. Critical Judgements and Key Estimates 4. 重大判斷及主要估計

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Property, plant and equipment and depreciation

The Group determines the estimated useful lives and related depreciation charges for the Group's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. The Group will revise the depreciation charge where useful lives are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

(b) Impairment loss for bad and doubtful debts

The Group makes impairment loss for bad and doubtful debts based on assessments of the recoverability of the trade and other receivables, including the current creditworthiness and the past collection history of each debtor. Impairments arise where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debt expenses in the year in which such estimate has been changed.

(c) Allowance for slow-moving inventories

Allowance for slow-moving inventories is made based on the ageing and estimated net realisable value of inventories. The assessment of the allowance amount involves judgement and estimates. Where the actual outcome in future is different from the original estimate, such difference will impact the carrying value of inventories and allowance charge/write-back in the period in which such estimate has been changed.

估計不明朗因素之主要來源

涉及日後之主要假設及於結算日估計不明朗因素之其他主要來源(彼等均擁有導致下個財政年度之資產及負債面值出現大幅調整之重大風險)討論如下。

(a) 物業、廠房及設備與折舊

本集團就其物業、廠房及設備釐定估計可用年期及相關折舊開支。此項估計乃根據類似性質及功能之物業、廠房及設備實際可使用年期之過往經驗作出。倘可用年期與先前估計有別，則管理層會修訂折舊開支，或撇銷或撇減已棄用或出售的技術性陳舊或非策略性資產。

(b) 壞帳及呆帳減值虧損

本集團根據貿易及其他應收賬款的可收回性評估，包括每一客戶之現時信譽及過往收款歷史記錄作出壞帳及呆帳減值虧損。若事件或情況變化顯示無法收取盈餘則產生減值。確認呆賬和壞賬需要作出判斷及評估。倘若實際結果與最初估計存在差異，則將影響於該估計改變之年內貿易及其他應收賬款之賬面值以及呆賬開支。

(c) 滯銷存貨撥備

滯銷存貨撥備乃按賬齡及估計可變現淨值計提。撥備金額的評估需要作出判斷及估計。若實際情況有別於最初估計，則有關差額將於有關估計已改變的期間內影響存貨及撥備開支/回撥的賬面值。

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5. Financial Risk Management

The Group's activities expose it to a variety of financial risks: foreign currency risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

The Group has certain exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in HKD, United States dollars ("USD") and Renminbi ("RMB"). During the year, the Group started to enter into foreign currency forward contracts to mitigate the foreign currency risk arising from sales of goods denominated in USD. The Group currently does not have a foreign currency hedging policy in respect of other foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

At 31 December 2007, if USD had weakened 5 per cent against RMB with all other variables held constant, consolidated profit after tax for the year would have been approximately HK\$426,000 higher (2006: HK\$740,000 lower), arising mainly as a result of exchange gain or loss on receivables, payables and borrowings denominated in USD. If USD had strengthened 5 per cent against RMB with all other variables held constant, consolidated profit after tax for the year would have been approximately HK\$426,000 lower (2006: HK\$740,000 higher), arising mainly as a result of exchange gain or loss on receivables, payables and borrowings denominated in USD.

At 31 December 2007, if the future USD had weakened 5 per cent against the future RMB with all other variables held constant, consolidated profit after tax for the year would have been approximately HK\$2,535,000 (2006: HK\$Nil) higher, arising mainly as a result of change in the fair value of derivative financial instruments denominated in USD. If the future USD had strengthened 5 per cent against the future RMB with all other variables held constant, consolidated profit after tax for the year would have been approximately HK\$2,535,000 (2006: HK\$Nil) lower, arising mainly as a result of change in the fair value of derivative financial instruments denominated in USD.

5. 財務風險管理

本集團之活動令其須承受眾多不同之金融風險：外匯風險、信用風險、流動資金風險及利率風險。本集團之整體風險管理計劃主要針對金融市場之不可預測性，旨在將對本集團之財務業績之不利影響減至最低。

(a) 外匯風險

由於本集團之大部份業務交易、資產及負債主要以港元、美元及人民幣計值，故需承受若干外匯風險。年內，本集團開始採用外匯期貨合約，以減少以美元計值之貨物銷售的外幣風險。目前，本集團並無對其他外匯交易、資產及負債採取外匯對沖政策。本集團將緊密監察其外匯風險，並將考慮於需要時對沖重大外匯風險。

於二零零七年十二月三十一日，若美元兌人民幣下跌5%，其他所有變數維持不變，由於應收款項、應付款項及借款之匯兌損益以美元計值，年內綜合除稅後溢利將上升約426,000港元（二零零六年：下跌740,000港元）。若美元兌人民幣上升5%，其他所有變數維持不變，由於應收款項、應付款項及借款之匯兌損益以美元計值，年內綜合除稅後溢利將減少約426,000港元（二零零六年：上升740,000港元）。

於二零零七年十二月三十一日，若美元期貨兌人民幣期貨下跌5%，其他所有變數維持不變，由於以美元計值之衍生金融工具之公平值變動，年內綜合除稅後溢利將上升約2,535,000港元（二零零六年：無）。若美元期貨兌人民幣期貨上升5%，其他所有變數維持不變，由於以美元計值之衍生金融工具之公平值變動，年內綜合除稅後溢利將減少約2,535,000港元（二零零六年：無）。

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For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

5. Financial Risk Management (cont'd)

5. 財務風險管理 (續)

(b) Credit risk

The carrying amount of the cash and bank balances, derivative financial instruments and trade and other receivables, included in the balance sheet represents the Group's maximum exposure to credit risk in relation to the Group's financial assets.

It has policies in place to ensure that sales are made to customers with an appropriate credit history.

The credit risk on cash and bank balance and derivative financial instruments is limited because 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's largest customer contributed over 83% of the turnover for the year and shared over 86% of the trade receivables at the balance sheet date. The Group has policies and procedures to monitor the collection of the trade receivables to limit the exposure to non-recoverable of the receivables and there is no recent history of default for the Group's largest customer.

(c) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

(b) 信用風險

本集團載於資產負債表內的現金及銀行結餘、衍生金融工具以及貿易及其他應收賬款，代表本集團所承載與金融資產有關的最大信用風險。

本集團定有適當政策，確保向擁有一定信用歷史的客戶進行銷售。

現金及銀行結餘以及衍生金融工具的信用風險有限，原因為對方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83%及於結算日佔應收貿易賬款逾86%。本集團已設定政策及程序監察應收貿易賬款之追收，已限制就應收款項不可收回部份的風險。近期，本集團最大客戶並無違約之情況出現。

(c) 流動資金風險

本集團的政策為定期監控現行及預期流動資金要求以確保其維持充足現金儲備，使其可配合短期及長期的流動資金需要。

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5. Financial Risk Management (cont'd)

5. 財務風險管理 (續)

(c) Liquidity risk (cont'd)

(c) 流動資金風險 (續)

The maturity analysis of the Group's financial liabilities is as follows:

本集團金融負債之到期日分析如下：

		Less than 1 year 一年以內 HK\$ 港元	Between 1 and 2 years 一至兩年間 HK\$ 港元	Between 2 and 5 years 二至五年間 HK\$ 港元	Over 5 years 五年以上 HK\$ 港元
At 31 December 2006	於二零零六年 十二月三十一日				
Bank borrowings	銀行借款	25,524,722	—	—	—
Other payables and accruals	其他應付款項 及應計項目	4,196,345	—	—	—
Trade payables	應付貿易賬款	11,451,980	—	—	—
Due to directors	應付董事款項	540,000	—	—	—
At 31 December 2007	於二零零七年 十二月三十一日				
Bank borrowings	銀行借款	68,679,413	—	—	—
Finance lease payable	融資租賃款項	2,266,341	2,234,584	2,678,629	—
Other payables and accruals	其他應付款項 及應計項目	6,979,265	—	—	—
Trade payables	應付貿易賬款	29,980,551	—	—	—
Due to directors	應付董事款項	540,000	—	—	—

(d) Interest rate risk

(d) 利率風險

At 31 December 2007, the Group's deposits are denominated in USD amounting to approximately HK\$1,271,000 (2006: HK\$1,219,000) and at fixed interest rate of 3.75% (2006: 4.25%) per annum and therefore are subject to foreign currency risk and fair value interest rate risk.

於二零零七年十二月三十一日，本集團以美元列值之存款金額約為1,271,000港元(二零零六年：1,219,000港元)，其固定年利率為3.75%(二零零六年：4.25%)，因此，該存款受外匯風險及公平值利率風險影響。

The Group's exposure to interest-rate risk arises from its bank deposits and borrowings. These bank deposits and borrowings bear interests at variable rates varied with the then prevailing market condition.

本集團之利率風險來自其銀行存款及借貸。該等銀行存款及借貸跟隨當時之市場狀況按不同利率計息。

Bank loans of approximately HK\$50,125,000 (2006: HK\$24,711,000) are arranged at fixed interest rates and expose the Group to fair value interest rates risk. Other bank borrowings are arranged at floating rates, thus exposing the Group to cash flow interest rate risk.

銀行貸款約為50,125,000港元(二零零六年：24,711,000港元)乃以固定息率計息，故本集團面臨公平值利率風險。其他銀行借款乃按浮息計息，故本集團需承受現金流量利率風險。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

5. Financial Risk Management (cont'd)

(d) Interest rate risk (cont'd)

At 31 December 2007, if interest rates at that date had been 100 basis points lower with all other variables held constant, consolidated profit after tax for the year would have been HK\$247,000 (2006: HK\$8,000) higher, arising mainly as a result of lower interest expense on bank borrowings. If interest rates had been 100 basis points higher, with all other variables held constant, consolidated profit after tax for the year would have been HK\$247,000 (2006: HK\$8,000) lower, arising mainly as a result of higher interest expense on bank borrowings.

(e) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated balance sheet approximate their respective fair values.

6. Revenue

The Group's turnover represented the net invoiced value of goods sold to customers, after allowances for trade discounts and returns.

5. 財務風險管理 (續)

(d) 利率風險 (續)

於二零零七年十二月三十一日，倘當日之利率下降100點子，其他變數保持不變，由於銀行借款利率開支減少，年內綜合除稅後溢利將上升247,000港元(二零零六年：8,000港元)。倘利率上升100點子，其他變數保持不變，由於銀行借款利率開支增加，年內綜合除稅後溢利將減少247,000港元(二零零六年：8,000港元)。

(e) 公平值

本集團計入綜合資產負債表的金融資產及金融負債之賬面值與其各自的公平值相若。

6. 收益

本集團之營業額乃指扣減貿易折扣及退貨後，已售予客戶之貨品之發票淨值。

		2007 二零零七年 HK\$ 港元	2006 二零零六年 HK\$ 港元
Sales of goods	貨品銷售	353,755,842	193,902,367

7. Other Income

7. 其他收入

		2007 二零零七年 HK\$ 港元	2006 二零零六年 HK\$ 港元
Fair value gain on financial assets at fair value through profit or loss	按公平值變化計入 損益表之金融資產	2,288,887	—
Government grants	政府津貼	502,960	2,410,901
Interest income	利息收入	229,230	216,374
Tax refund on re-investment	再投資退稅	1,545,718	—
Write off of trade payables	註銷應付貿易款項	—	1,107,244
Others	其他	1,139	414,952
		4,567,934	4,149,471

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8. Segment 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.

(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 table present revenue, results, assets, liabilities and capital expenditure information for the Group's geographical segments.

8. 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傢俱及家居用品。

(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：

		The PRC 中國		Hong Kong 香港		Consolidated 綜合	
		2007 二零零七年 HK\$ 港元	2006 二零零六年 HK\$ 港元	2007 二零零七年 HK\$ 港元	2006 二零零六年 HK\$ 港元	2007 二零零七年 HK\$ 港元	2006 二零零六年 HK\$ 港元
Segment revenue:	分類收益：						
Sales to external customers	外部客戶的銷售	72,058,537	40,305,064	281,697,305	153,597,303	353,755,842	193,902,367
Segment results	分類業績	7,826,545	2,899,298	32,674,947	24,863,946	40,501,492	27,763,244
Other income	其他收入					4,567,934	4,149,471
Unallocated expenses	未分配開支					(9,141,704)	(6,307,318)
Profit from operations	經營溢利					35,927,722	25,605,397
Finance costs	融資成本					(3,127,637)	(1,079,321)
Profit before tax	除稅前溢利					32,800,085	24,526,076
Income tax expense	所得稅開支					(5,143,116)	(3,863,193)
Profit for the year	年內溢利					27,656,969	20,662,883
Segment assets	分類資產	4,919,473	8,146,282	30,818,490	18,389,166	35,737,963	26,535,448
Unallocated assets	未分配資產					195,969,022	106,437,111
Total assets	總資產					231,706,985	132,972,559
Segment liabilities	分類負債	-	1,065,033	-	-	-	1,065,033
Unallocated liabilities	未分配負債					115,376,003	42,383,262
Total liabilities	總負債					115,376,003	43,448,295
Other segment information:	其他分類資料：						
Unallocated depreciation	未分配折舊					2,895,250	1,021,559
Unallocated capital expenditure	未分配資本開支					28,466,892	16,065,772

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8. Segment Information (cont'd)

(b) Geographic 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

The following table presents revenue, assets and capital expenditure information for the Group's business segments.

8. 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

本集團按業務分類之收益、資產、及資本開支的資料載列如下。

		Manufacturing and sale of stainless steel furnishings and home products 製造及銷售不銹鋼傢俱及家居用品		Manufacturing and sale of wooden furnishings and home products 製造及銷售木製傢俱及家居用品		Consolidated 綜合	
		2007 二零零七年 HK\$ 港元	2006 二零零六年 HK\$ 港元	2007 二零零七年 HK\$ 港元	2006 二零零六年 HK\$ 港元	2007 二零零七年 HK\$ 港元	2006 二零零六年 HK\$ 港元
Segment revenue	分類收益	285,039,513	182,154,311	68,716,329	11,748,056	353,755,842	193,902,367
Segment assets	分類資產	138,528,911	97,580,974	90,184,822	32,730,640	228,713,733	130,311,614
Unallocated assets	未分配資產					2,993,252	2,660,945
						231,706,985	132,972,559
Capital expenditure	資本開支	3,151,567	5,094,725	25,315,325	10,971,047	28,466,892	16,065,772

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For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

9. 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 GEM of the Stock Exchange and Section 161 of the Hong Kong Companies Ordinance are as follows:

For the year ended 31 December 2007

Name of director		Salaries, allowances and benefits in kind	Discretionary bonus	Share-based payment	Retirement benefits scheme contributions	Total emoluments
董事姓名		薪金、津貼及實物利益	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\$
		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	—	408,000	142,000	12,000	562,000
Mr. Leung Kwok Yin	梁國賢先生	—	216,000	134,000	12,000	362,000
Mr. Bao Jisheng	鮑繼聲先生	—	715,695	454,000	—	1,169,695
Independent non-executive directors	獨立非執行董事					
Mr. Kwan Kai Cheong	關啟昌先生	100,000	—	—	—	100,000
Mr. Garry Alides, Willinge	Garry Alides, Willinge先生	100,000	—	—	—	100,000
Mr. Yu Hon Wing, Allan	俞漢榮先生	60,000	—	—	—	60,000
Total	總額	260,000	1,339,695	730,000	24,000	2,353,695

9. 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：

截至二零零七年十二月三十一日止年度

For the year ended 31 December 2006

截至二零零六年十二月三十一日止年度

Name of director		Salaries, allowances and benefits in kind	Discretionary bonus	Share-based payment	Retirement benefits scheme contributions	Total emoluments
董事姓名		薪金、津貼及實物利益	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\$
		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	—	408,000	142,000	12,000	619,000
Mr. Leung Kwok Yin	梁國賢先生	—	216,000	134,000	11,150	399,150
Mr. Bao Jisheng	鮑繼聲先生	—	715,986	454,000	—	1,213,168
Independent non-executive directors	獨立非執行董事					
Mr. Kwan Kai Cheong	關啟昌先生	100,000	—	—	—	100,000
Mr. Garry Alides, Willinge	Garry Alides, Willinge先生	100,000	—	—	—	100,000
Mr. Yu Hon Wing, Allan	俞漢榮先生	60,000	—	—	—	60,000
Total	總額	260,000	1,339,986	730,000	23,150	2,491,318

There was no arrangement under which a director waived or agreed to waive any emoluments during the year (2006: 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（二零零六年：無）。

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For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

9. Directors' Emoluments and Five Highest Paid Individuals (cont'd)

The five highest paid individuals in the Group for the year ended 31 December 2007 included three (2006: three) directors, details of whose emoluments are disclosed above. Details of the emoluments of the remaining two (2006: two) highest paid individuals for the year ended 31 December 2007, which fell within the "HK\$Nil to HK\$1,000,000" band, are as follows:

9. 董事酬金及五位最高薪酬人士 (續)

本集團於截至二零零七年十二月三十一日止年度的五位最高薪酬人士包括三位(二零零六年:三位)董事,彼等的酬金詳情載於上文。其餘兩位(二零零六年:兩位)最高薪酬人士於截至二零零七年十二月三十一日止年度的酬金介乎「零港元至1,000,000港元」之間,詳情如下:

		2007 二零零七年 HK\$ 港元	2006 二零零六年 HK\$ 港元
Basic salaries, allowances and benefits in kind	基本薪金、津貼、及實物利益	649,543	648,515
Discretionary bonus	酌情花紅	200,000	200,000
Share-based payment	以股份支付款項	—	118,324
Retirement benefits scheme contributions	退休福利計劃供款	19,135	22,373
		868,678	989,212

During the year, no emoluments were paid or payable by the Group to any of the directors or the five highest paid individuals as an inducement to join, or upon joining the Group, or as compensation for loss of office (2006: HK\$Nil).

年內,本集團概無向任何董事或五位最高薪酬人士支付或應支付酬金作為加入本集團或加入本集團後的獎賞或作為離職補償(二零零六年:無)。

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For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

10. Finance Costs

10. 融資成本

		2007 二零零七年 HK\$ 港元	2006 二零零六年 HK\$ 港元
Finance lease charges	融資租賃費用	395,600	—
Interest on bank loans	銀行貸款利息	3,140,844	1,220,745
Amount capitalised	資本化款項	(408,807)	(141,424)
		3,127,637	1,079,321

Borrowing costs on funds borrowed generally are capitalised at a rate 6.16% per annum (2006: 6.12%).

一般性借入的資金之借貸成本按年利率6.16厘資本化(二零零六年: 6.12厘)。

11. Income Tax Expense

11. 所得稅開支

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

(a) 載入綜合收益表的稅項如下:

		2007 二零零七年 HK\$ 港元	2006 二零零六年 HK\$ 港元
Current tax — PRC enterprise income tax	本年稅項 — 中國企業所得稅	5,143,116	3,879,904
Over-provision in prior year	以前年度超額撥備	—	(16,711)
		5,143,116	3,863,193

No provision for Hong Kong Profits Tax is required since the Group has no assessable profit for the year (2006: HK\$Nil).

由於本集團於年內並無應課稅溢利(二零零六年: 無), 故無須就香港利得稅作出撥備。

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 the People's Republic of China for Enterprises with Foreign Investment and Foreign Enterprises.

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%。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

11. Income Tax Expense (cont'd)

- (a) Taxation included in the consolidated income statement represents: (cont'd)

Pursuant to the relevant laws and regulations in the PRC, JF Ningbo is entitled to a 50% reduction for the enterprise income tax as over 70% of the goods sold were exported goods.

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") and 寧波捷豐現代家具有限公司 (Ningbo JF Furniture Co., Ltd.) ("JF Furniture"), two subsidiaries of the Company operating in Zhejiang Province, the PRC, are subject to enterprise income tax rate at 26.4% on its taxable profit in accordance with Income Tax Law of the People's Republic of China for Enterprises with Foreign Investment and Foreign Enterprises. JF Metal and JF Furniture are 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 and JF Furniture incurred tax loss for the year.

- (b) No provision for deferred taxation has been made in the financial statements as the tax effect of temporary differences is immaterial to the Group.

11. 所得稅開支 (續)

- (a) 載入綜合收益表的稅項如下：
(續)

根據中國有關的法律及法規，因其超過70%的已出售貨品為出口貨品，故寧波捷豐獲寬減50%企業所得稅。

根據中國有關的法律及法規，於中國浙江省經營的本公司兩間附屬公司寧波捷豐金屬制品有限公司(「捷豐金屬」)及寧波捷豐現代家具有限公司(「捷豐家具」)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%。捷豐金屬及捷豐家具自其首個獲利年度起豁免兩年企業所得稅，並於其後三年獲寬減50%稅項。由於捷豐金屬及捷豐家具於年內產生稅項虧損，故並無就中國企業所得稅作出撥備。

- (b) 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。

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11. Income Tax Expense (cont'd)

- (c) The reconciliation between the income tax expense and the product of profit before tax multiplied by the PRC enterprise income tax rate is as follows:

11. 所得稅開支 (續)

- (c) 所得稅開支與除稅前溢利乘中國企業所得稅稅率之乘積對賬如下：

		2007 二零零七年 HK\$ 港元	2006 二零零六年 HK\$ 港元
Profit before tax	除稅前溢利	32,800,085	24,526,076
Tax at PRC enterprise income tax rate of 33% (2006: 33%)	按中國企業所得稅稅率33%(二零零六年：33%)計稅	10,824,028	8,093,605
Effect of preferential tax rate	優惠稅率的影響	(6,494,417)	(4,856,163)
Tax effect of income that is not taxable	不用課稅收入的稅務影響	(222,963)	(106,750)
Tax effect of expenses that are not deductible	不可扣稅開支的稅務影響	944,517	707,866
Tax effect of tax losses not recognised	未確認稅務虧損的稅務影響	99,759	41,346
Tax effect of unrecognised temporary difference	未確認暫時性差異的稅務影響	(7,808)	—
Over-provision in prior year	以前年度超額撥備	—	(16,711)
Income tax expense	所得稅開支	5,143,116	3,863,193

The new PRC enterprise income tax law passed by the Tenth National People's Congress on 16 March 2007 introduces various changes which include the unification of the enterprise income tax rate for domestic and foreign enterprises at 25%. The new tax law will be effective from 1 January 2008. The impact of the new tax law on the Group's consolidated financial statements is immaterial to the Group.

中國第十屆全國人民代表大會於二零零七年三月十六日通過了新的《中華人民共和國企業所得稅法》，新稅法引入一系列變動，其中包括將內資企業及外國企業的所得稅率統一為25%。新稅法自二零零八年一月一日起生效。新稅法對本集團之綜合財務報表之影響很小。

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12. Profit for the Year

The Group's profit for the year is stated after charging the following:

12. 年內溢利

本集團之年內溢利乃經扣除下列各項列賬：

		2007 二零零七年 HK\$ 港元	2006 二零零六年 HK\$ 港元
Auditors' remuneration	核數師之酬金	731,112	498,624
Cost of inventories sold	已出售存貨成本	304,886,077	158,504,600
Depreciation	折舊	2,895,250	1,021,559
Staff costs (including directors' emoluments (note 9))	員工成本(包括董事酬金(附註9))		
Fees	袍金	260,000	260,000
Basic salaries, bonuses, allowances and benefits in kind	基本薪金、花紅、津貼及實物收益	21,220,376	14,428,606
Retirement benefits scheme contributions	退休福利計劃供款	2,353,102	1,507,810
Equity-settled share-based payments	以權益結算的股份支付款項	—	411,283
Operating lease — land and buildings	經營租約 — 土地及建築物	328,430	125,251
Write off of property, plant and equipment	註銷物業、廠房及設備	—	2,513
Net exchange losses	淨匯兌虧損	408,470	2,223,854

Cost of inventories sold included staff costs and depreciation of approximately HK\$20,696,000 (2006: HK\$12,268,000) which are included in the amounts disclosed separately above.

Note:

The Group operates a mandatory provident fund scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all qualifying employees in Hong Kong. The Group's contributions to MPF Scheme are calculated at 5% of the salaries and wages subject to a monthly maximum amount of HK\$1,000 per employee and vest fully with employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries established in the PRC are members of a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute certain percentage of the employees' basic salaries and wages to the central pension scheme to fund the retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of these subsidiaries. The only obligation of these subsidiaries with respect to the central pension scheme is to meet the required contributions under the scheme.

已出售存貨成本包括員工成本及折舊約20,696,000港元(二零零六年: 12,268,000港元)已計入上述分別披露之款項內。

附註：

本集團已根據香港《強制性公積金計劃條例》的規定，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」)。本集團向強積金計劃之供款乃以薪金的5%計算(上限金額為每月每名僱員1,000港元)，供款一旦注入強積金計劃，即悉數歸屬僱員。

本集團在中國設立之附屬公司之僱員均參與地區市政府設立之中央退休金計劃。該等中國附屬公司須按其薪金之若干百分比向中央退休金計劃供款。地方政府承諾會承擔該等附屬公司所有現時及日後退休僱員之退休福利責任。該等附屬公司於中央退休金計劃之唯一責任乃根據該計劃提供所需供款。

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13. Dividend

13. 股息

		2007 二零零七年 HK\$ 港元	2006 二零零六年 HK\$ 港元
Proposed final dividend	建議派付之末期股息		
— HK5.0 cents (2006: HK4.9 cents)	— 每股普通股5.0港仙		
per ordinary share	(二零零六年：4.9港仙)	8,547,000	8,309,665

14. Earnings Per Share

14. 每股盈利

The calculation of basic and diluted earnings per share are based on the following:

每股基本盈利及攤薄盈利乃根據下列各項計算：

		2007 二零零七年 HK\$ 港元	2006 二零零六年 HK\$ 港元
Earnings	盈利		
Profit attributable to equity holders of the Company, used in the basic and diluted earnings per share calculation	用於計算每股基本盈利及攤薄盈利之本公司股東應佔溢利	27,656,969	20,662,883
Number of shares	股份數目		
Weighted average number of ordinary shares used in basic earnings per share calculation	用於計算每股基本盈利之普通股加權平均數	170,017,754	168,922,054
Effect of share options	購股權的影響	2,931,726	1,635,318
Weighted average number of ordinary shares used in diluted earnings per share calculation	用於計算每股攤薄盈利之普通股加權平均數	172,949,480	170,557,372

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15. Property, Plant and Equipment

15. 物業、廠房及設備

		Buildings	Plant and machinery	Furniture, fixtures and equipment 傢俱、裝置及設備	Motor vehicles	Construction in progress	Total
		建築物	廠房及機械		車輛	在建工程	總額
		HK\$ 港元	HK\$ 港元	HK\$ 港元	HK\$ 港元	HK\$ 港元	HK\$ 港元
Cost	成本						
At 1 January 2006	於二零零六年一月一日	7,167,268	4,243,812	333,444	789,384	3,340,697	15,874,605
Additions	添置	—	3,290,997	360,171	95,010	12,319,594	16,065,772
Write off	註銷	—	(3,802)	—	—	—	(3,802)
Transfer	轉撥	3,784,388	—	—	—	(3,784,388)	—
Exchange difference	匯兌差額	212,889	126,054	9,904	23,448	99,229	471,524
At 31 December 2006 and 1 January 2007	於二零零六年十二月三十一日及二零零七年一月一日	11,164,545	7,657,061	703,519	907,842	11,975,132	32,408,099
Additions	添置	52,910	14,521,703	1,288,103	692,258	11,911,918	28,466,892
Transfer	轉撥	22,844,882	788,527	—	—	(23,633,409)	—
Exchange difference	匯兌差額	767,921	515,451	47,984	62,442	823,672	2,217,470
At 31 December 2007	於二零零七年十二月三十一日	34,830,258	23,482,742	2,039,606	1,662,542	1,077,313	63,092,461
Accumulated depreciation	累計折舊						
At 1 January 2006	於二零零六年一月一日	927,864	535,382	100,952	316,006	—	1,880,204
Charge for the year	年內折舊	270,138	523,305	75,306	152,810	—	1,021,559
Write off	註銷	—	(1,289)	—	—	—	(1,289)
Exchange difference	匯兌差額	27,560	15,902	2,999	9,387	—	55,848
At 31 December 2006 and 1 January 2007	於二零零六年十二月三十一日及二零零七年一月一日	1,225,562	1,073,300	179,257	478,203	—	2,956,322
Charge for the year	年內折舊	1,012,807	1,363,391	294,126	224,926	—	2,895,250
Exchange difference	匯兌差額	116,265	117,213	21,163	39,992	—	294,633
At 31 December 2007	於二零零七年十二月三十一日	2,354,634	2,553,904	494,546	743,121	—	6,146,205
Carrying amount	賬面值						
At 31 December 2007	於二零零七年十二月三十一日	32,475,624	20,928,838	1,545,060	919,421	1,077,313	56,946,256
At 31 December 2006	於二零零六年十二月三十一日	9,938,983	6,583,761	524,262	429,639	11,975,132	29,451,777

The Group's buildings are situated in the PRC.

At 31 December 2007, the Group's buildings with carrying value of approximately HK\$6,699,000 (2006: HK\$7,678,000) were pledged as security to a bank for the Group's banking facilities (note 25).

At 31 December 2007, the carrying amount of plant and machinery held by the Group under finance lease amounted to approximately HK\$10,994,000 (2006: HK\$Nil).

At 31 December 2007, the Group's buildings, including certain buildings of approximately HK\$22,006,000 (2006: HK\$Nil) for which the Group are in the process of obtaining the relevant building ownership certificates.

本集團的建築物位於中國。

於二零零七年十二月三十一日，本集團賬面值約6,699,000港元(二零零六年：7,678,000港元)的建築物已質押予銀行，作為本集團獲取銀行信貸的抵押品(附註25)。

於二零零七年十二月三十一日，本集團以融資租賃持有的廠房及機械之賬面值約為10,994,000港元(二零零六年：無)。

於二零零七年十二月三十一日，本集團之建築物包括若干目前正在申請房屋所有權證的建築物，約為22,006,000港元(二零零六年：無)。

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16. Land Use Rights

16. 土地使用權

		HK\$ 港元
Cost	成本	
At 1 January 2006	於二零零六年一月一日	1,422,622
Exchange difference	匯兌差額	42,256
At 31 December 2006 and 1 January 2007	於二零零六年十二月三十一日 及二零零七年一月一日	1,464,878
Transfer from deposit paid for acquisition of land use rights (note 17)	由收購土地使用權的 已付按金 轉撥	16,015,287
Exchange difference	匯兌差額	1,202,321
At 31 December 2007	於二零零七年十二月三十一日	18,682,486
Accumulated amortisation	累計攤銷	
At 1 January 2006	於二零零六年一月一日	367,870
Charge for the year	年內攤銷	29,298
Exchange difference	匯兌差額	10,926
At 31 December 2006 and 1 January 2007	於二零零六年十二月三十一日 及二零零七年一月一日	408,094
Charge for the year	年內攤銷	168,630
Exchange difference	匯兌差額	33,393
At 31 December 2007	於二零零七年十二月三十一日	610,117
Carrying amount	賬面值	
At 31 December 2007	於二零零七年十二月三十一日	18,072,369
At 31 December 2006	於二零零六年十二月三十一日	1,056,784

The Group's land use rights are situated in the PRC under medium term leases with carrying value of approximately HK\$1,098,000 (2006: HK\$1,057,000) and pledged as security to a bank for the Group's banking facilities (note 25).

At 31 December 2007, the Group's prepaid land lease payments, included certain leasehold lands of approximately HK\$16,974,000 (2006: HK\$Nil) for which the Group were in the process of obtaining the relevant land use rights certificates.

本集團在中國的土地使用權以中期租約持有，賬面值約為1,098,000港元(二零零六年：1,057,000港元)，並已質押予銀行作為本集團銀行信貸的抵押品(附註25)。

於二零零七年十二月三十一日，本集團之預付土地租約款項包括若干正在申請相關土地使用權證的租賃土地，約為16,974,000港元(二零零六年：無)。

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17. Deposit Paid for Acquisition of Land Use Rights 17. 收購土地使用權的已付按金

		HK\$ 港元
At 1 January 2006	於二零零六年一月一日	15,553,308
Exchange difference	匯兌差額	461,979
At 31 December 2006 and 1 January 2007	於二零零六年十二月三十一日 及二零零七年一月一日	16,015,287
Transfer to land use rights (note 16)	轉撥至土地使用權(附註 16)	(16,015,287)
At 31 December 2007	於二零零七年十二月三十一日	—

18. Inventories

18. 存貨

		2007 二零零七年 HK\$ 港元	2006 二零零六年 HK\$ 港元
Raw materials	原材料	55,146,684	29,468,069
Work in progress	在製品	21,962,841	11,029,307
Finished goods	製成品	15,398,173	1,829,190
		92,507,698	42,326,566

19. Trade Receivables

19. 應收貿易賬款

		2007 二零零七年 HK\$ 港元	2006 二零零六年 HK\$ 港元
Trade receivables	應收貿易賬款	35,731,827	22,264,462
Trade receivables from a related company	應收一家關聯公司 貿易賬款	—	4,263,489
		35,731,827	26,527,951

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

本集團應收一家關聯公司貿易賬款之詳情如下：

		2007 二零零七年 HK\$ 港元	2006 二零零六年 HK\$ 港元
浙江帥康電器股份有限公司 (Zhejiang Shuaikang Electric Stock Co. Ltd.) ("Zhejiang Shuaikang") (note 35)	浙江帥康電器股份有限公司 (「浙江帥康」)(附註 35)	—	4,263,489
Maximum balance	最高結餘	4,263,489	7,757,179

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19. Trade Receivables (cont'd)

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:

		2007 二零零七年 HK\$ 港元	2006 二零零六年 HK\$ 港元
0 – 30 days	0至30日	34,475,494	23,594,740
31 – 60 days	31至60日	1,139,943	1,521,422
61 – 90 days	61至90日	—	1,376,771
Over 90 days	超過90日	116,390	35,018
		35,731,827	26,527,951

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

		2007 二零零七年 HK\$ 港元	2006 二零零六年 HK\$ 港元
AUD	澳元	—	263,656
RMB	人民幣	3,732,732	7,788,734
USD	美元	31,999,095	18,475,561
		35,731,827	26,527,951

20. Due from a Related Company

The amount due from a related company represents expenses paid on behalf of 餘姚捷豐空調設備有限公司 (Yuyao Jiefeng Air Conditioning Equipment Co. Ltd.) ("Yuyao Jiefeng") by the Group. The balance outstanding at 31 December 2006 is unsecured, interest-free and has no fixed terms of repayment (note 35).

19. 應收貿易賬款 (續)

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：

本集團應收貿易賬款之賬面值乃按下列貨幣列值：

20. 應收一家關聯公司款項

應收一家關聯公司款項指本集團代餘姚捷豐空調設備有限公司(「餘姚捷豐」)支付的開支。於二零零六年十二月三十一日的未償還結餘為無抵押、免息及並無固定還款期(附註35)。

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21. Financial Assets at Fair Value Through Profit or Loss 21. 按公平值變化計入損益表之金融資產

		2007 二零零七年 HK\$ 港元	2006 二零零六年 HK\$ 港元
Derivative financial instruments:	衍生金融工具：		
Foreign currency forward contracts	外匯期貨合約	2,288,887	—

The Group utilises currency derivatives to mitigate currency exposure of significant future transactions and cash flows in foreign currency. The Group is a party to foreign currency forward contracts in the management of its exchange rate exposures. The instruments purchased are primarily denominated in the currencies of the Group's principal markets. The underlining currency of all foreign currency forward contracts is denominated in USD.

At the balance sheet date, the total notional amount of outstanding foreign currency forward contracts to which the Group is committed is as follows:

本集團利用貨幣衍生工具以減少按外幣結算之重大期貨交易及現金流造成的貨幣風險。本集團參與外匯期貨合約，以管理其匯率風險。所購買的工具主要以本集團主要市場之貨幣列值。所有外匯期貨合約之有關貨幣均以美元列值。

於結算日期，本集團已承擔但未行使之外匯期貨合約之設定總額如下：

		2007 二零零七年 HK\$ 港元	2006 二零零六年 HK\$ 港元
Foreign currency forward contracts	外匯期貨合約	62,400,000	—

At 31 December 2007, the fair value of the Group's currency derivatives is estimated to be HK\$2,288,887 (2006: HK\$Nil). These amounts are based on the valuation performed by Grant Sherman Appraisal Limited, an independent firm of professional valuers, at fair market value.

於二零零七年十二月三十一日，本集團貨幣衍生工具之公平值預計為2,288,887港元(二零零六年：無)。該等金額乃根據獨立專業估值師中證評估有限公司所進行之估值按公平市場價值釐定。

22. Pledged Bank Deposits and Bank and Cash Balances 22. 已抵押銀行存款與銀行及現金結餘

The Group's pledged bank deposits represented deposits pledged to banks to secure banking facilities granted to the Group as set out in note 25 to the financial statements.

The deposits are denominated in USD amounting to approximately HK\$1,271,000 (2006: HK\$1,219,000) and at fixed interest rate of 3.75% (2006: 4.25%) per annum and therefore are subject to foreign currency risk and fair value interest rate risk.

本集團之已抵押銀行存款指已抵押予銀行之存款，以作為授予本集團銀行信貸之擔保(詳情載列於財務報表附註25)。

該等以美元列值之存款約1,271,000港元(二零零六年：1,219,000港元)乃按固定年利率3.75%(二零零六年：4.25%)，因此存在外匯風險及公平值利率風險。

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22. Pledged Bank Deposits and Bank and Cash Balances (cont'd)

At 31 December 2007, bank and cash balances of the Group denominated in RMB amounted to approximately HK\$7,996,000 (2006: HK\$7,200,000). Conversion of RMB into foreign currencies is subject to PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

The carrying amounts of the Group's bank and cash balances are denominated in the following currencies:

		2007 二零零七年 HK\$ 港元	2006 二零零六年 HK\$ 港元
HKD	港元	613,578	1,274,020
RMB	人民幣	7,995,804	7,200,163
USD	美元	9,852,758	917,376
Other	其他	11,842	5,721
		18,473,982	9,397,280

23. Trade Payables

		2007 二零零七年 HK\$ 港元	2006 二零零六年 HK\$ 港元
Trade payables	應付貿易賬款	29,980,551	11,161,220
Trade payables to related companies	應付關聯公司貿易賬款	—	290,760
		29,980,551	11,451,980

Particulars of the Group's trade payables to related companies are as follows:

		2007 二零零七年 HK\$ 港元	2006 二零零六年 HK\$ 港元
Yuyao Jiefeng (note 35)	餘姚捷豐(附註 35)	—	263,533
餘姚港舜現代印務有限公司 (note 35) (Yuyao Kongshun Modern Printing Service Co. Ltd.) ("Yuyao Kongshun")	餘姚港舜現代印務有限公司 (附註 35) ([餘姚港舜])	—	27,227
		—	290,760

22. 已抵押銀行存款與銀行及現金結餘 (續)

於二零零七年十二月三十一日，本集團以人民幣列值之銀行及現金結存約為7,996,000港元(二零零六年：7,200,000港元)。人民幣兌換為外幣須遵循中國外匯管制條例和結匯、售匯及付匯管理規定。

本集團之銀行及現金結餘賬面值乃按下列貨幣列值：

23. 應付貿易賬款

本集團應付關聯公司貿易賬款之詳情如下：

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23. Trade Payables (cont'd)

The credit terms of the Group's 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 the Group's trade payables is as follows:

		2007 二零零七年 HK\$ 港元	2006 二零零六年 HK\$ 港元
0 – 30 days	0至30日	23,013,291	7,784,539
31 – 60 days	31至60日	3,747,698	2,315,599
61 – 90 days	61至90日	583,753	579,442
Over 90 days	超過90日	2,635,809	772,400
		29,980,551	11,451,980

The carrying amounts of the Group's trade payables are denominated in the following currencies:

		2007 二零零七年 HK\$ 港元	2006 二零零六年 HK\$ 港元
HKD	港元	—	36,640
RMB	人民幣	26,291,087	9,815,669
USD	美元	3,689,464	1,599,671
		29,980,551	11,451,980

23. 應付貿易賬款 (續)

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

本集團應付貿易賬款之賬面值乃按下列貨幣列值：

24. Due to Directors

		2007 二零零七年 HK\$ 港元	2006 二零零六年 HK\$ 港元
Mr. Yan Siu Wai	甄兆威先生	320,000	320,000
Mr. Leung Kwok Yin	梁國賢先生	220,000	220,000
		540,000	540,000

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

24. 應付董事款項

應付董事款項指董事提供的臨時現金墊款。該款項為免息、無抵押及無固定還款期。

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25. Bank Borrowings

25. 銀行借款

		2007 二零零七年 HK\$ 港元	2006 二零零六年 HK\$ 港元
Bank overdrafts — secured	銀行透支 — 已抵押	3,471,162	—
Bank loans are repayable on demand or within one year	於要求時或 一年內償還的銀行貸款		
— secured	— 已抵押	28,739,902	7,702,940
— unsecured	— 無抵押	36,468,349	17,821,782
Amounts due for settlement within 12 months	於12個月內到期償還 的金額	68,679,413	25,524,722

The carrying amount of the Group's bank borrowings are denominated in the following currencies:

本集團銀行借款之賬面值乃按下列貨幣列值：

		2007 二零零七年 HK\$ 港元	2006 二零零六年 HK\$ 港元
HKD	港元	8,613,786	—
RMB	人民幣	2,116,400	23,267,327
USD	美元	57,949,227	2,257,395
		68,679,413	25,524,722

The average interest rates per annum at the balance sheet date are as follows:

於結算日之平均年利率如下：

		2007 二零零七年	2006 二零零六年
Bank loans	銀行貸款	6.12% — 8.00%	6.096% — 8.10%
Bank overdrafts	銀行透支	6.75% — 7.50%	—

At 31 December 2007, the Group's bank facilities were secured by the following:

於二零零七年十二月三十一日，本集團之銀行信貸由以下項目作抵押：

- | | |
|--|---|
| <p>(a) legal charge on land use rights and certain buildings owned by the Group;</p> <p>(b) corporate guarantees given by the Company and a subsidiary; and</p> <p>(c) all monies charge over deposits executed by subsidiaries of the Company in favour of the two banks of HK\$2,000,000 (2006: HK\$1,000,000) and an amount of not less than USDNil (2006: USD150,000), respectively.</p> | <p>(a) 本集團擁有的土地使用權及若干建築物的法定抵押；</p> <p>(b) 本公司及附屬公司所提供的公司擔保；及</p> <p>(c) 本公司附屬公司分別向兩家銀行作出2,000,000港元(二零零六年：1,000,000港元)以及不少於零美元(二零零六年：150,000美元)的存款全面抵押。</p> |
|--|---|

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26. Finance Lease Payable

26. 融資租賃款項

		Minimum lease payments		Present value of minimum lease payments	
		最低租賃付款		最低租賃付款之現值	
		2007	2006	2007	2006
		二零零七年	二零零六年	二零零七年	二零零六年
		HK\$	HK\$	HK\$	HK\$
		港元	港元	港元	港元
Within one year	一年內	2,266,341	—	1,903,207	—
In the second to fifth years, inclusive	第二至五年 (包括首尾兩年)	4,913,213	—	4,282,215	—
After five years	五年後	—	—	—	—
		7,179,554	—		
Less: Future finance charges	減：日後融資費用	(994,132)	—		
Present value of lease obligations	租賃承擔現值	6,185,422	—	6,185,422	—
Less: Amount due for settlement within 12 months (shown under current liabilities)	減：於12個月內到期償還的金額(於流動負債呈列)			(1,903,207)	—
Amount due for settlement after 12 months	於12個月後到期償還的金額			4,282,215	—

The average lease term is 4 years. At 31 December 2007, the average effective borrowing rate was 6.62% (2006: Nil). The lease is on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. At the end of lease term, the Group has the option to purchase the plant and machinery at nominal prices.

Finance lease payable is denominated in HKD.

The Group's finance lease payable is secured by the lessor's title to the leased assets.

平均租賃期限為四年。於二零零七年十二月三十一日，平均實際借款利率為6.62% (二零零六年：無)。該租賃乃按固定還款基準進行，並無就或然租金款項訂立任何安排。於租賃結束時，本集團可選擇以名義價格購買該廠房及機械。

融資租賃款項乃以港元列值。

本集團之融資租賃款項乃以出租人於出租資產之業權作為擔保。

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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	
	Note 附註	Number of shares 股份數目	Par value 面值 HK\$ 港元
Authorised:	法定：		
At 1 January 2006, 31 December 2006, 1 January 2007 and 31 December 2007	於二零零六年一月一日、 二零零六年十二月三十一日、 二零零七年一月一日及 二零零七年十二月三十一日	500,000,000	5,000,000
Issued and fully paid:	已發行及已繳足：		
At 1 January 2006	於二零零六年一月一日	168,000,000	1,680,000
Share issued on exercise of share options	行使購股權時 發行的股份 (i)	1,585,000	15,850
At 31 December 2006 and 1 January 2007	於二零零六年十二月三十一日 及二零零七年一月一日	169,585,000	1,695,850
Share issued on exercise of share options	行使購股權時 發行的股份 (ii)	1,355,000	13,550
At 31 December 2007	於二零零七年十二月三十一日	170,940,000	1,709,400
Note:	附註：		
(i)	During the year ended 31 December 2006, 1,585,000 ordinary shares of HK\$0.01 each were issued in relation to share options exercised by staff and senior management under the pre-IPO share option scheme of the Company at HK\$0.56 for a total cash consideration of HK\$887,600. The excess of the subscription consideration received over the nominal values issued, amounted to HK\$871,750, was credited to the share premium account.	(i)	截至二零零六年十二月三十一日止年度，因員工及高級管理層根據本公司的首次公開招股前購股權計劃按0.56港元的價格行使購股權而發行1,585,000股每股面值0.01港元的普通股，現金總代價為887,600港元。收到的認購代價高出發行面值的超額部分為871,750港元計入股份溢價賬目。
(ii)	During the year ended 31 December 2007, 1,355,000 ordinary shares of HK\$0.01 each were issued in relation to share options exercised by staff and senior management under the pre-IPO share option scheme of the Company at HK\$0.56 for a total cash consideration of HK\$758,800. The excess of the subscription consideration received over the nominal values issued, amounted to HK\$745,250, was credited to the share premium account.	(ii)	截至二零零七年十二月三十一日止年度，因員工及高級管理層根據本公司的首次公開招股前購股權計劃按0.56港元的價格行使購股權而發行1,355,000股每股面值0.01港元的普通股，現金總代價為758,800港元。收到的認購代價高出發行面值的超額部分為745,250港元計入股份溢價賬目。

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財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

27. Share Capital (cont'd)

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the payment of dividends, issue new shares, buy-back shares, raise new debts, redeem existing debts or sell assets to reduce debts.

The Group monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total debts less cash and cash equivalents. Adjusted capital comprises all components of equity (i.e. share capital, share premium, minority interests, retained earnings and other reserves).

During 2007, the Group's strategy, which was unchanged from 2006, was to maintain the debt-to-adjusted capital ratio at a level not exceeding 1, in order to secure access to finance at a reasonable cost. The debt-to-adjusted capital ratios at 31 December 2007 and at 31 December 2006 were as follows:

		2007 二零零七年 HK\$ 港元	2006 二零零六年 HK\$ 港元
Total debt	債務總額	115,376,003	43,448,295
Less: cash and cash equivalents	減：現金及現金等值項目	(18,473,982)	(9,397,280)
Net debt	債務淨額	96,902,021	34,051,015
Adjusted capital — Total equity	經調整資本 — 權益總額	116,330,982	89,524,264
Debt-to-adjusted capital ratio	債務對經調整資本比率	0.83	0.38

The increase in the debt-to-adjusted capital ratio during 2007 resulted primarily from the increase in bank borrowings.

The only externally imposed capital requirement is that for the Group to maintain its listing on the Stock Exchange it has to have a public float of at least 25% of the shares. As at 31 December 2007, 26.3% (2006: 25.7%) of the shares were in public hands.

27. 股本 (續)

本集團管理股本的目的旨在保障本集團的持續經營能力，並透過優化債務與權益比率為股東帶來最大回報。

本集團將按風險比例釐定資本金額。本集團根據經濟環境變動及有關資產的風險特性管理及調整資本結構。為維持或調整資本結構，本集團或會調整派發股息、發行新股、回購股份、新增債務、贖回現有債務或出售資產以減少債務。

本集團以債務對經調整資本比率為基準監控資本。該比率以債務淨額除以經調整資本計算。債務淨額以債務總額減現金及現金等值項目計算。經調整資本包括所有權益部分，即股本、股份溢價、少數股東權益、保留盈利及其他儲備。

於二零零七年，本集團之策略與二零零六年保持一致，即維持債務對經調整資本比率不超過1，以確保用合理成本獲得融資。於二零零七年十二月三十一日及二零零六年十二月三十一日之債務對經調整資本比率載列如下：

於二零零七年，債務對經調整資本比率增加主要由銀行借款增加所致。

本集團維持其在聯交所上市地位的唯一外部強制資本要求為，本集團須保持至少25%的公眾持股量。於二零零七年十二月三十一日，本集團公眾持股量為26.3% (二零零六年：25.7%)。

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For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

28. Share — Based Payment

Equity-settled 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 the GEM of the Stock Exchange. The total number of the shares of the Company subject to the Pre-IPO Share Option Scheme is 20,160,000 representing 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.

28. 以股份支付款項

以股份結算的購股權計劃

(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／或本公司股份於聯交所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，作為接授購股權的代價。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。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

28. Share — Based Payment (cont'd)

28. 以股份支付款項 (續)

Equity-settled share option scheme (cont'd)

以股份結算的購股權計劃 (續)

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

(i) 首次公開招股前購股權計劃 (續)

Details of the specific categories of options are as follows:

購股權分類之詳情如下：

	Date of grant 授出日期	Vesting date 歸屬日	Exercise period 行使期	Exercise price 行使價 HK\$ 港元
Executive directors	8 September 2005	13 April 2006	13 April 2006 to 12 October 2010	0.80
執行董事	二零零五年九月八日	二零零六年 四月十三日	二零零六年四月十三日至 二零一零年十月十二日	0.80
Senior management	8 September 2005	13 April 2006	13 April 2006 to 12 October 2010	0.80
高級管理層	二零零五年九月八日	二零零六年 四月十三日	二零零六年四月十三日至 二零一零年十月十二日	0.80
Other employees and senior management	8 September 2005	13 April 2006	13 April 2006 to 12 October 2010	0.56
其他僱員及高級管理層	二零零五年九月八日	二零零六年 四月十三日	二零零六年四月十三日至 二零一零年十月十二日	0.56

If the options remain unexercised after a period of 5 years from the date of grant, the options expire. Options are forfeited on the date which is 3 months after the date on which the eligible employee ceases to be an employee of the Group.

倘若自授出日期起五年期滿後購股權仍未獲行使，購股權將終止。當有關員工不再成為本集團之員工，繼於其離職日起三個月後，購股權將作廢。

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For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

28. Share — Based Payment (cont'd)

Equity-settled share option scheme (cont'd)

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

Details of the share options outstanding during the year are as follows:

28. 以股份支付款項 (續)

以股份結算的購股權計劃 (續)

(i) 首次公開招股前購股權計劃 (續)

年內尚未行使的購股權的詳情如下：

		2007 二零零七年		2006 二零零六年	
		Number of share options 購股權 數目	Weighted average exercise price 加權平均 行使價 HK\$ 港元	Number of share options 購股權 數目	Weighted average exercise price 加權平均 行使價 HK\$ 港元
Outstanding at the beginning of the year	年初尚未行使	18,575,000	0.73	20,160,000	0.72
Granted during the year	年內授出	—	—	—	—
Exercised during the year	年內已行使	(1,355,000)	0.56	(1,585,000)	0.56
Outstanding at the end of the year	年末尚未行使	17,220,000	0.75	18,575,000	0.73
Exercisable at the end of the year	年末可予行使	17,220,000	0.75	18,575,000	0.73

The weighted average share price at the date of exercise for share options exercised during the year was HK\$0.95 (2006: HK\$0.75). The options outstanding at the end of the year have a weighted average remaining contractual life of 2.79 years (2006: 3.79 years) and the exercise prices range from HK\$0.56 to HK\$0.80 (2006: HK\$0.56 to HK\$0.80).

年內已獲行使的購股權於行使日的加權平均股價為0.95港元(二零零六年：0.75港元)。於年末尚未行使的購股權的加權平均剩餘合約年期為2.79年(二零零六年：3.79年)及行使價介於0.56港元至0.80港元(二零零六年：0.56港元至0.80港元)之間。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度

28. Share — Based Payment (cont'd)

Equity-settled share option scheme (cont'd)

(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 an opportunity to have personal interest in the share capital of the Company. Eligible participants of the Post-IPO Share Option Scheme ("Participants") include employees (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.

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 daily quotations sheet on the date of grant of the option (which must be a business day), (ii) the average closing prices of the share of the Company 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.

28. 以股份支付款項 (續)

以股份結算的購股權計劃 (續)

(ii) 首次公開招股後購股權計劃

根據本公司全體股東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經或將會對本集團作出貢獻的僱員（包括本公司董事）、諮詢人士及／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。

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)本公司股份於購股權授出日期（必須為營業日）在聯交所日報表所報之收市價；(ii)於緊接購股權授出日期前五個營業日聯交所日報表所報股價之平均收市價及(iii)本公司股份於購股權日期之面值。

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28. Share — Based Payment (cont'd)

Equity-settled share option scheme (cont'd)

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

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 the 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 (2006: Nil) was granted under the Post-IPO Share Option Scheme.

28. 以股份支付款項 (續)

以股份結算的購股權計劃 (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授出之購股權可於本公司董事會釐定並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權之最短期間，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授出購股權予承授人時聲明者除外。

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(二零零六年：無)。

29. Balance Sheet of the Company

29. 本公司之資產負債表

		2007 二零零七年 HK\$ 港元	2006 二零零六年 HK\$ 港元
Investments in subsidiaries	於附屬公司之投資	42,967,020	42,967,020
Due from subsidiaries	應收附屬公司款項	54,479,143	45,637,112
Other current assets	其他流動資產	294,151	9,097
Due to subsidiaries	應付附屬公司款項	(5,526,807)	(3,814,989)
Other current liabilities	其他流動負債	(1,291,498)	(729,497)
Due to directors	應付董事款項	(10,000)	(10,000)
NET ASSETS	淨資產	90,912,009	84,058,743
Share capital	股本	1,709,400	1,695,850
Reserves	儲備	89,202,609	82,362,893
TOTAL EQUITY	總權益	90,912,009	84,058,743

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30. Reserves

30. 儲備

Company

本公司

	Note	Share premium	Contributed surplus	Employee share-based compensation reserve	Retained profits	Proposed final dividend	Total
	附註	股份溢價 (Note (a)) (附註(a))	繳入盈餘 (Note (b)) (附註(b))	以股份 支付僱員 酬金儲備 (Note (c)) (附註(c))	保留溢利	建議末期股息	總值
		HK\$ 港元	HK\$ 港元	HK\$ 港元	HK\$ 港元	HK\$ 港元	HK\$ 港元
At 1 January 2006	於二零零六年 一月一日	21,593,529	42,967,020	2,350,190	4,610,679	9,488,920	81,010,338
Share issued on exercise of share options	因行使購股權 而發行的股份 27(i)	1,249,539	—	(377,789)	—	—	871,750
Recognition of share-based payment	確認以股份 支付僱員酬金	—	—	411,283	—	—	411,283
Dividend paid	已付股息	—	—	—	—	(9,488,920)	(9,488,920)
Profit for the year	年內溢利	—	—	—	9,558,442	—	9,558,442
2006 proposed final dividend	二零零六年 建議末期股息 13	—	—	—	(8,309,665)	8,309,665	—
At 31 December 2006	於二零零六年 十二月三十一日	22,843,068	42,967,020	2,383,684	5,859,456	8,309,665	82,362,893
At 1 January 2007	於二零零七年 一月一日	22,843,068	42,967,020	2,383,684	5,859,456	8,309,665	82,362,893
Share issued on exercise of share options	因行使購股權 而發行的股份 27(ii)	1,068,217	—	(322,967)	—	—	745,250
Dividend paid	已付股息	—	—	—	—	(8,309,665)	(8,309,665)
Profit for the year	年內溢利	—	—	—	14,404,131	—	14,404,131
2007 proposed final dividend	二零零七年 建議末期股息 13	—	—	—	(8,547,000)	8,547,000	—
At 31 December 2007	於二零零七年 十二月三十一日	23,911,285	42,967,020	2,060,717	11,716,587	8,547,000	89,202,609

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30. Reserves (cont'd)

Note:

- (a) Under the Companies Law 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.
- (b) The contributed surplus of the Company arose as a result of the Corporate Reorganisation 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 exchange therefor.
- (c) The employee share-based compensation reserve of the Company and the Group arises on the grant of share options of employees under the Pre-IPO Share Option Scheme. Further information about share-based payments to employees set out in note 28 to the financial statements. The fair value of the actual or estimated number of unexercised share options granted to employees of the Company recognised in accordance with the accounting policy adopted for share-based payments in note 3(m) to the financial statements.

30. 儲備 (續)

附註：

- (a) 根據開曼群島公司法，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。
- (b) 本公司的繳入盈餘因集團重組而產生，為所收購附屬公司當時的合併資產淨值超過為進行收購交換股份而發行的本公司股份面值的數額。
- (c) 本公司及本集團之以股份支付僱員酬金儲備於根據首次公開招股前購股權計劃將購股權授予僱員時產生。有關以股份支付予僱員之款項的詳情載列於財務報表附註28。根據財務報表附註3(m)所列就以股份支付款項所採用的會計政策，確認實際或估計已授出本公司僱員但尚未行使的購股權數目的公平值。

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31. Subsidiaries

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

31. 附屬公司

附屬公司於結算日的詳情如下：

Company	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
本公司				
Directly held	直接持有			
JF Household Furnishings (Asia) Ltd. 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
Indirectly held	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(「捷豐維爾京」)	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(「機靈」)	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 Household Furnishings (Macau) Holdings Ltd. ("JF Macau Holdings") 捷豐家居用品(澳門)控股有限公司(「捷豐澳門控股」)	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
寧波捷豐* #	中國	100%	註冊資本7,000,000美元	製造及銷售傢俱、家居用品及配件
JF Metal**	PRC	100%	Registered capital US\$140,000	Manufacturing and processing of stainless steel rods and other accessories
捷豐金屬* #	中國	100%	註冊資本140,000美元	製造及加工不銹鋼桿及其他配件
JF Furniture**	PRC	100%	Registered capital US\$3,500,000 (2006: US\$2,000,000)	Manufacturing and sale of wooden furnishings and home products
捷豐傢俱* #	中國	100%	註冊資本3,500,000美元 (二零零六年： 2,000,000美元)	製造及銷售木製傢俱及家居用品
JF Household Furnishings Macao Commercial Offshore Limited# 捷豐家居用品澳門離岸商業服務有限公司 #	Macau 澳門	100%	Ordinary shares MOP100,000 普通股100,000澳門	General trading 一般貿易

Statutory financial statements not audited by RSM Nelson Wheeler

* Wholly foreign owned enterprise established in the PRC

法定財務報表未經羅申美會計師行審核

* 在中國成立的外商獨資企業

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32. Note to the Consolidated Cash Flow Statement 32. 綜合現金流量表附註

Major non-cash transaction

Additions to property, plant and equipment during the year of HK\$7,921,438 (2006: HK\$Nil) were financed by finance lease.

主要非現金交易

年內，添置物業、廠房及設備之費用7,921,438港元(二零零六年：無)由融資租賃款項撥付。

33. Contingent Liabilities

At 31 December 2007, the Group did not have any significant contingent liabilities.

33. 或然負債

於二零零七年十二月三十一日，本集團並無任何重大或然負債。

34. Commitments

(a) Operating lease commitments

At the balance sheet date, the Group had total future minimum lease payments under non-cancellable operating leases for leasehold land and buildings falling due as follows:

(a) 經營租賃承擔

於結算日，本集團就租賃土地及建築物之不可撤銷經營租賃之未來最低租金總額如下：

		2007 二零零七年 HK\$ 港元	2006 二零零六年 HK\$ 港元
Within one year	一年內	133,358	42,887
In the second to fifth years, inclusive	第二至第五年 (包括首尾兩年)	72,063	10,396
		205,421	53,283

(b) Capital commitments

		2007 二零零七年 HK\$ 港元	2006 二零零六年 HK\$ 港元
Construction of the factory premises and acquisition of plant and machinery	興建工廠物業及 購買廠房及機械		
— Contracted but not provided for	— 已訂約但 未撥備	334,041	15,736,872

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35. Related Party Transactions

35. 關聯人士交易

In addition to those transactions and balances disclosed elsewhere in the financial statements, during the year, in the normal course of business, the Group had the following 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:

除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聯人士進行以下交易，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：

		2007 二零零七年 HK\$ 港元	2006 二零零六年 HK\$ 港元
Purchases from	向以下公司購買		
— Yuyao Kongshun	— 餘姚港舜	—	34,649
— Yuyao Jiefeng	— 餘姚捷豐	—	263,533
Sales to	向以下公司銷售		
— Zhejiang Shuaikang	— 浙江帥康	—	12,178,261
— 寧波鑫龍空調器材有限公司 (Ningbo Xinlong Air-Conditioner Equipment Co. Ltd.)	— 寧波鑫龍 空調器材 有限公司	13,610	—
— 廣州番禺新速能板式熱交換器 有限公司 (Panyu Multistack Thermal Limited)	— 廣州番禺新速能板式 熱交換器 有限公司	590,878	—
— Yuyao Jiefeng	— 餘姚捷豐	59,937	—
Leasing charges paid to	向以下公司支付租賃費用		
— Yuyao Jiefeng	— 餘姚捷豐	31,978	24,752
Processing charges paid to	向以下公司支付加工費		
— Yuyao Jiefeng	— 餘姚捷豐	71,221	90,607
License fee paid to	向以下公司支付特許費		
— A.C.R. Equipment Supplies Limited ("A.C.R. Equipment")	— 捷豐冷凍器材有限公司 (「捷豐冷凍器材」)	85,800	54,000
Administrative charges received from	自以下公司收到管理費收入		
— Yuyao Jiefeng	— 餘姚捷豐	—	2,517
— 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	—	12,689
— A.C.R. Equipment	— 捷豐冷凍器材	—	4,369
Rental expenses paid to	向以下公司支付租金		
— Senior management	— 高級管理層	72,000	42,000

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35. Related Party Transactions (cont'd)

The executive directors, Mr. Yan Siu Wai and Mr. Leung Kwok Yin, have beneficial interests in the above companies except for Zhejiang Shuaikang. The executive director, Mr. Bao Jisheng, has the beneficial interests in Zhejiang Shuaikang.

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

During the year, the key management personnel compensation paid by the Group were disclosed in note 9 to the financial statements.

36. Events after the Balance Sheet Date

On 25 March 2008, the Company proposed to declare a final dividend of HK5.0 cents per ordinary share to its shareholders, as further detailed in note 13 to the financial statements.

37. Approval of the Financial Statements

The financial statements were approved and authorised for issue by the board of directors on 25 March 2008.

35. 關聯人士交易 (續)

執行董事甄兆威先生及梁國賢先生於上述除浙江帥康以外的公司持有實益權益。執行董事鮑繼聲先生於浙江帥康持有實益權益。

董事認為，該等與關聯人士的交易是按正常商業條款進行，其條款屬公平合理。

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9披露。

36. 結算日後事項

於二零零八年三月二十五日，本公司擬宣派每股普通股5.0港仙的末期股息，進一步詳情載於財務報表附註13。

37. 財務報表的批准

董事會已於二零零八年三月二十五日批准及授權發表本財務報表。

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之有限公司)

