

## Notes to Financial Statement 財務報表附註

31 December 2005 二零零五年十二月三十一日

**1. CORPORATE INFORMATION**

Orient Power Holdings Limited is a limited liability company incorporated in Bermuda. The registered office of the Company is located at Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda.

During the year, the Group was involved in the following activities:

- the development, manufacture, sale and distribution of information and entertainment consumer electronic products for home and automobiles;
- the development and provision of networking technology services; and
- the provision of integrated solutions and services for the cable TV industry.

**2.1 BASIS OF PRESENTATION AND FUNDAMENTAL UNCERTAINTIES IN RESPECT OF THE GOING CONCERN BASIS**

The Group sustained a loss attributable to the equity holders of the parent of HK\$1,254,365,000 and reported a net cash outflow from operating activities of HK\$550,022,000 for the year ended 31 December 2005. At 31 December 2005, the Group had consolidated net current liabilities of HK\$942,120,000 and deficiency of assets of HK\$497,794,000.

Included in the consolidated net current liabilities of HK\$942,120,000 as at 31 December 2005 were bank borrowings of HK\$1,135,689,000, bills payable of HK\$223,020,000 and trade payables of HK\$333,699,000, respectively (collectively the "Financial Creditors").

**1. 公司資料**

東強電子集團有限公司為一家於百慕達註冊成立之有限公司。本公司之註冊辦事處位於 Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda。

年內本集團從事以下業務：

- 開發、製造、銷售及分銷家居及汽車資訊及娛樂消費電子產品
- 開發及提供網絡技術服務；及
- 有線電視業務適用之綜合解決方案及服務。

**2.1 編製基準及有關持續經營基準之基本不明朗因素**

截至二零零五年十二月三十一日止年度，母公司股權持有人應佔虧損 1,254,365,000 港元及錄得經營業務現金流出淨額 550,022,000 港元。於二零零五年十二月三十一日，本集團綜合流動負債淨額為 942,120,000 港元，資產虧絀為 497,794,000 元。

於二零零五年十二月三十一日之綜合流動負債淨值為 942,120,000 港元，其中包括銀行借款 1,135,689,000 港元，應付票據 223,020,000 港元及應付貿易款項 333,699,000 港元（統稱「財務債權人」）。

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### 2.1 BASIS OF PRESENTATION AND FUNDAMENTAL UNCERTAINTIES IN RESPECT OF THE GOING CONCERN BASIS (continued)

On 30 May 2005, as a result of a prior breach of a syndicated loan covenant and the announcement of certain litigation against the Group by Koninklijke Philips Electronics N.V. ("Philips"), the Group sought protection under The Hong Kong Association of Banks and The Hong Kong Monetary Authority's guidelines "Hong Kong Approach To Corporate Difficulties". Following this action the Group entered a period of informal standstill with its lending banks in respect of the banking facilities of the Group prior to establishing a formal standstill under a standstill agreement dated 14 October 2005 (the "Standstill Agreement" as defined hereunder).

The Standstill Agreement has currently been agreed to by all but one of the Group's Hong Kong based lending banks, which is currently under the administration of the Hong Kong Monetary Authority. The aim of the Standstill Agreement is to provide the Group with sufficient time and stability to negotiate and implement a restructuring of the banking facilities extended to the Group (the "Existing Facilities") under a formal debt restructuring arrangement. Under the Standstill Agreement the banks ("the Lenders") have agreed not to enforce the payment of monies due from the Group under the Existing Facilities during the standstill period (the "Standstill Period"), which assuming no early termination on the occurrence of a default would expire on 31 January 2006 (the "Expiry Date"). In return, the Group had provided the Lenders with a fixed and floating charge debenture (the "Debenture") on all the assets of the Group.

### 2.1 編製基準及有關持續經營基準之基本不明朗因素 (續)

於二零零五年五月三十日，由於先前違反銀團貸款契諾及Koninklijke Philips Electronics N.V. (「飛利浦」) 宣佈向本集團提起若干訴訟，本集團已尋求香港銀行公會及香港金融管理局聯合頒佈之“Hong Kong Approach To Corporate Difficulties”指引之保護。於上述行動後，本集團就本集團根據日期為二零零五年十月十四日之暫停還款協議訂立正式暫停還款協議前之銀行貸款，與借款銀行訂立非正式暫停還款協議(見下文「暫停還款協議」之定義)。

現時除一間香港借款銀行(其目前由香港金融管理局管理)外，所有借款銀行已同意達成暫停還款協議。暫停還款協議之目的為向本集團提供充裕之時間及穩定性，以便本集團磋商正式債務重組安排以落實授予本集團銀行貸款(「現有貸款」)。根據暫停還款協議，銀行(「放款人」)同意於暫停還款期間(「暫停還款期間」)不會強迫本集團償還現有貸款之款項，假設並無因違約事件而提前終止，暫停還款期間將於二零零六年一月三十一日(「到期日」)屆滿。就此，本集團將本集團所有資產以固定及浮動押記債權證形式抵押予放款人(「債權證」)。

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**2.1 BASIS OF PRESENTATION AND FUNDAMENTAL UNCERTAINTIES IN RESPECT OF THE GOING CONCERN BASIS (continued)**

The Standstill Agreement includes, inter alia, the following principal terms:

- (i) the Lenders agreed, subject to the observation of certain terms, not to commence liquidation, receivership or insolvency related proceedings against the Group before the Expiry Date;
- (ii) the Group provided the Lenders with a fixed and floating charge debenture (the "Debenture") on all the assets of the Group;
- (iii) the Lenders reserved their rights in respect of previous breaches of covenants by the Group under the Existing Facilities;
- (iv) the revolving banking facilities would continue to be made available and be operated to the extent they were utilised on 30 May 2005; and
- (v) on maturity or roll-over dates of any of the Existing Facilities, the original terms of the relevant facility would be maintained subject to certain repayments being made to the Lenders.

Several extensions were granted by the Lenders to extend the Expiry Date and based on the latest written consent from the Lenders, the Expiry Date was further extended to 28 April 2006 with provision for further extension to 30 May 2006.

While certain covenants as specified in the Standstill Agreement have not been complied with during the Standstill Period, the Group has satisfied the Lenders so as to allow for extensions of the Standstill Agreement, and as at the date of this report, no notice of early termination of the Standstill Agreement has been received from any of the Lenders.

**2.1 編製基準及有關持續經營基準之基本不明朗因素 (續)**

暫停還款協議其中包括以下主要條款：

- (i) 放款人同意於到期日前，不會向本集團展開清盤、接管或破產司法程序，惟須視乎若干條款之履行；
- (ii) 本集團將所有資產以固定及浮動押記債權證（「債權證」）形式抵押予放款人；
- (iii) 放款人保留就本集團先前違反現有貸款之契諾之追索權利；
- (iv) 循環銀行貸款將繼續可供使用及運作直至二零零五年五月三十日止；及
- (v) 於現有貸款之到期日或續期日，有關貸款之原本條款將予保留，惟已向放款人作出若干還款除外。

放款人已各別於到期日授出延長期限，而根據放款人之最近期同意書，到期日進一步延長至二零零六年四月二十八日，並可進一步延長至二零零六年五月三十日。

儘管暫停還款協議內所述若干契諾於暫停還款期間尚未遵行，本集團已使放款人信納以延長暫停還款協議，於本報告日期，概無接獲放款人提前終止暫停還款協議之通知。

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## 2.1 BASIS OF PRESENTATION AND FUNDAMENTAL UNCERTAINTIES IN RESPECT OF THE GOING CONCERN BASIS (continued)

With a view to securing the support of the Lenders on a medium to long term basis in respect of the Existing Facilities, in January 2006, the Group presented a financial restructuring proposal (the "Debt Restructuring Proposal") to the Lenders to replace the Standstill Agreement. The Restructuring Proposal involves, inter alia, the following principal steps:

- (i) the rationalisation of the Group's resources to focus on higher margin business, and the associated rationalisation of manufacturing facilities to ensure fuller utilisation of production capacity;
- (ii) the reduction of factory overheads and various general and administrative expenses;
- (iii) the sale of certain properties of the Group; and
- (iv) the restructuring and repayment of indebtedness to all Lenders of the Group on a medium to long term basis.

In view of the Debt Restructuring Proposal, impairment assessments have been performed by the directors of the Company to determine the recoverable amounts of the property, plant and equipment, deferred product development costs and deposits for product development costs and moulds, either from utilisation in future operations, or from their disposal, in accordance with the future production plan of the Group. Accordingly, an impairment provision of HK\$88,665,000 and a write-off of HK\$19,949,000 have been made against the property, plant and equipment and charged to the consolidated income statement for the year ended 31 December 2005. Besides, deferred product development costs capitalised of HK\$50,037,000 and deposits for product development costs and moulds of HK\$26,663,000 have also been written off and charged to the consolidated income statement for the year ended 31 December 2005.

## 2.1 編製基準及有關持續經營基準之基本不明朗因素 (續)

為取得放款人支持將現有貸款延長中至長期，於二零零六年一月，本集團向放款人提呈財務重組建議（「債務重組建議」），以取代暫停還款協議。重組建議包括（其中包括）以下主要措施：

- (i) 將本集團之資源合理化，集中高利潤業務，以及理順生產設施，以確保全面利用生產力；
- (ii) 削減工廠支銷及各種一般及行政開支；
- (iii) 銷售本集團若干物業；及
- (iv) 重組及在中長期向本集團之財務債權人償還債務。

鑒於債務重組建議，本公司董事已根據本集團之未來生產計劃進行減值評估，以釐訂（不論可供未來業務使用或來自出售之）物業、廠房及設備之可收回金額、遞延產品開發成本及產品開發成本及模具按金。據此，物業、廠房及設備已作出減值撥備88,665,000港元及撇銷19,949,000港元及已計入截至二零零五年十二月三十一日止年度之綜合損益表。此外，遞延產品開發成本50,037,000港元及產品開發成本及模具按金26,663,000港元亦已撇銷及計入截至二零零五年十二月三十一日止年度之綜合損益表內。

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## 2.1 BASIS OF PRESENTATION AND FUNDAMENTAL UNCERTAINTIES IN RESPECT OF THE GOING CONCERN BASIS (continued)

At the date of the approval of these financial statements, several legal writs have been served to the Group in connection with unsettled trade payables for certain good purchases. The directors of the Company are in the opinion that the trade creditors will continue the normal trading arrangement with the Group to support its operations.

On the basis that the Debt Restructuring Proposal (or similar arrangements) will be successfully implemented and continuous financial support can be obtained from the Group's Financial Creditors, the directors of the Company consider that the Group will have sufficient working capital to finance its operations in the foreseeable future and the directors of the Company are satisfied that it is appropriate to prepare the financial statements on a going concern basis.

If the going concern basis were not to be appropriate, adjustments would have to be made to restate the values of the Company's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

## 2.2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which also include Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for the Group's investment property and certain buildings and equity investments, which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK\$") and all values are rounded to the nearest thousand except when otherwise indicated.

## 2.1 編製基準及有關持續經營基準之基本不明朗因素 (續)

於批准財務報表之日，本集團接獲若干有關本集團若干購貨之應付貿易賬款之傳訊令狀。本公司董事認為該等貿易債權人將會繼續與本集團進行正常貿易安排以支持本集團之營運。

在成功實行債務重組建議(或類似安排)且可由本集團債權人獲得持續財務支援之基礎上，本公司董事認為本集團將擁有足夠之營運資金於可見將來為其業務提供資金，因此本公司董事認為按持續經營基準編製財務報表乃屬恰當。

倘持續經營基準不適合，則須作出調整以把本公司之資產價值重列為其可收回金額、為可能進一步產生之負債作出撥備及把非流動資產及負債重新分類為流動資產及負債。

## 2.2 編製基準

本財務報表乃按香港會計師公會頒佈之香港財務報告準則(「香港財務報告準則」)(亦包括香港會計準則(「香港會計準則」)及詮釋)、香港普遍採納之會計原則及香港公司條例之披露規定編製。除以公平值計量投資物業、若干樓宇及股權投資外，財務報表乃根據歷史成本常規法編製。此等財務報告以港元列報，而所有價值均調整至千元，惟另有指明者除外。

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### 2.2 BASIS OF PREPARATION (continued)

#### Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2005. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The results of the subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

The acquisition of subsidiaries during the year has been accounted for using the purchase method of accounting. This method involves allocating the cost of the business combinations to the fair value of the assets acquired, and liabilities and contingent liabilities assumed at the date of acquisition. The cost of the acquisition is measured at the aggregate of the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Minority interests represent the interests of outside shareholders in the results and net assets of the Company's subsidiaries.

### 2.2 編製基準 (續)

#### 綜合基準

綜合財務報表包括本公司及其附屬公司截至二零零五年十二月三十一日止年度之財務報表。任何可能存在之不同會計準則已作出調整以使其一致。附屬公司之業績由收購日(即本集團取得控制日)起綜合列賬, 及將繼續綜合列賬直至該控制權終止當日止。本集團內各公司間之所有重大交易及結存已於綜合賬目時抵銷。

年內收購之附屬公司經已用會計併購法計入。此方法分配業務合併成本到收購資產及於收購日承擔負債及或然負債之公平值。收購成本以於交易日給予資產、發行權益工具及所產生或承擔負債之公平值總額, 加上其他與收購直接有關之成本計算。

少數股東權益乃指外來股東於本公司附屬公司之業績及資產淨值中之權益。

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## 2.3 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The following new and revised HKFRSs affect the Group and are adopted for the first time for the current year's financial statements:

HKAS 1	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 11	Construction Contracts
HKAS 12	Income Taxes
HKAS 14	Segment Reporting
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 18	Revenue
HKAS 19	Employee Benefits
HKAS 20	Accounting for Government Grants and Disclosure of Government Assistance
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 23	Borrowing Costs
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 28	Investments in Associates
HKAS 31	Interests in Joint Ventures
HKAS 32	Financial Instruments: Disclosure and Presentation
HKAS 33	Earnings per Share
HKAS 36	Impairment of Assets
HKAS 37	Provisions, Contingent Liabilities and Contingent Assets
HKAS 38	Intangible Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKAS 39 Amendment	Transition and Initial Recognition of Financial Assets and Financial Liabilities
HKAS 40	Investment Property
HKFRS 2	Share-based Payment
HKFRS 3	Business Combinations
HKFRS 5	Non-current Assets Held for Sale and Discontinued Operations
HK(SIC)-Int 21	Income Taxes – Recovery of Revalued Non-depreciable Assets
HK-Int 4	Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases

## 2.3 新訂及經修訂之香港財務報告準則之影響

下列新訂及經修訂香港財務報告準則對本集團有所影響，並已於本年度之財務報告首次採納：

香港會計準則第1號	財務報表之呈列
香港會計準則第2號	存貨
香港會計準則第7號	現金流量表
香港會計準則第8號	會計政策、會計估計變更及差錯
香港會計準則第10號	結算日後事項
香港會計準則第11號	建築合約
香港會計準則第12號	所得稅
香港會計準則第14號	分部呈報
香港會計準則第16號	物業、廠房及設備
香港會計準則第17號	租賃
香港會計準則第18號	收入
香港會計準則第19號	僱員福利
香港會計準則第20號	政府補助的會計方法及政府援助的披露
香港會計準則第21號	匯率變動之影響
香港會計準則第23號	借貸成本
香港會計準則第24號	關連人士之披露
香港會計準則第27號	綜合及獨立財務報表
香港會計準則第28號	於聯營公司之投資
香港會計準則第31號	於合資公司之權益
香港會計準則第32號	財務工具：披露及呈列
香港會計準則第33號	每股盈利
香港會計準則第36號	資產減值
香港會計準則第37號	撥備、或然負債及或然資產
香港會計準則第38號	無形資產
香港會計準則第39號	財務工具：確認及計量方法
香港會計準則第39號（修訂）	金融資產及金融負債之臨時及初步確認
香港會計準則第40號	投資物業
香港財務報告準則第2號	以股份支付之支出
香港財務報告準則第3號	業務合併
香港財務報告準則第5號	待售非流動資產及已終止業務
香港詮釋敘務委員會—詮釋第21號	所得稅—已重估不可折舊資產之收回
香港—詮釋第4號	租賃—釐定香港土地租賃之租期

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## 2.3 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (continued)

The adoption of HKASs 2, 7, 8, 10, 11, 12, 14, 16, 18, 19, 20, 23, 27, 28, 31, 33, 37, 38, HKFRS 2, HKFRS 5 and HK-Int 4 has had no material impact on the accounting policies of the Group and the Company and the methods of computation in the Group's and the Company's financial statements.

HKAS 1 has affected the presentation of minority interests on the face of the consolidated balance sheet, consolidated income statement, consolidated statement of changes in equity and other disclosures. In addition, in prior periods, the Group's share of tax attributable to jointly-controlled entities was presented as a component of the Group's total tax charge/(credit) in the consolidated income statement. Upon the adoption of HKAS 1, the Group's share of the post-acquisition results of jointly-controlled entities is presented net of the Group's share of tax attributable to jointly-controlled entities.

HKAS 21 had no material impact on the Group. As permitted by the transitional provisions of HKAS 21, goodwill arising in a business combination prior to 1 January 2005 and fair value adjustments arising on that acquisition are deemed to be in the currency of the Company. In respect of acquisitions subsequent to 1 January 2005, any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of the assets and liabilities are treated as assets and liabilities of the foreign operation and are translated at the closing rate in accordance with HKAS 21.

HKAS 24 has expanded the definition of related parties and affected the Group's related party disclosures.

## 2.3 新訂及經修訂之香港財務報告準則之影響 (續)

採納香港會計準則第2、7、8、10、11、12、14、16、18、19、20、23、27、28、31、33、37、38號、香港財務報告準則第2號、香港財務報告準則第5號、香港—詮釋第4號，並未令本集團及本公司之會計政策及本集團及本公司之財務報表之計算方法產生重大變動。

香港會計準則第1號於綜合資產負債表、綜合損益賬、綜合權益變動表及其他披露之列示影響了少數股東權益。此外，在以往年度，本集團應佔共同控制企業之稅項列示於本集團綜合損益賬內之稅項中。採用香港會計準則第1號後，本集團應佔共同控制企業收購後之業績，以扣除本集團應佔共同控制企業之稅項後列示。

香港會計準則第21號對本集團並無重大影響。按香港會計準則第21號過渡性條文允許之方式，二零零五年一月一日之前業務合併產生之商譽及收購時作出之公平值調整，均視作以本公司之貨幣進行。就二零零五年一月一日之後進行之收購而言，收購海外業務產生之任何商譽及對有關資產及負債賬面值作出之公平值調整，均視作海外業務之資產及負債，並根據香港會計準則第21號按結算匯率折算。

香港會計準則第24號將關連人士之定義擴大，影響本集團之關連人士披露。



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## 2.3 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (continued)

The impact of adopting the other HKFRSs is summarised as follows:

### (a) HKAS 17 – Leases

In prior years, leasehold land and buildings held for own use were stated at cost or valuation less accumulated depreciation and any impairment losses.

Upon the adoption of HKAS 17, the Group's leasehold interest in land and buildings is separated into leasehold land and leasehold buildings. The Group's leasehold land is classified as an operating lease, because the title of the land is not expected to pass to the Group by the end of the lease term, and is reclassified from property, plant and equipment to prepaid land lease payment, while leasehold buildings continue to be classified as part of property, plant and equipment. Prepaid land lease payments under operating leases are initially stated at cost and subsequently amortised on the straight-line basis over the lease term. When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in property, plant and equipment.

This change in accounting policy has had no effect on the consolidated income statement and retained profits. The comparative amounts for the year ended 31 December 2004 in the consolidated balance sheet have been restated to reflect the reclassification of the leasehold land.

## 2.3 新訂及經修訂之香港財務報告準則之影響 (續)

採納其他香港財務報告準則之影響概述如下：

### (a) 香港會計準則第17號 – 租賃

於過往年度，自用之租賃土地及樓宇按成本或估值減累計折舊及任何減值虧損列賬。

在採納香港會計準則第17號後，本集團於土地及樓宇之租賃權益將分別列為租賃土地及租賃樓宇。由於預期租期屆滿時土地業權不會轉移到本集團，本集團之租賃土地被歸類為經營租賃，並從物業、廠房及設備重列為預付土地租賃付款，而租賃樓宇繼續列作物業、廠房及設備之一部份。根據經營租賃之土地租賃付款之預付地租賃付款土最初按成本列賬，其後於租期內按直線法攤銷。當無法可靠地分攤土地及樓宇之租賃付款，全部租賃付款將列作物業、廠房及設備之融資租賃之土地及樓宇成本。

此項會計政策之變動對綜合收益表及保留溢利並無影響。綜合資產負債表內截至二零零四年十二月三十一日止年度之比較數字已予重列以反映租賃土地之重新分類。

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## 2.3 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (continued)

### (b) HKAS 32 and HKAS 39 – Financial Instruments

#### (i) Equity investment

In prior years, the Group classified its equity investment as a long term investment, which was held for non-trading purpose and was stated at its cost less any impairment losses. Upon the adoption of HKAS 39, this investment held by the Group at 1 January 2005 in the carrying amount of nil is designated as an available-for-sale equity investment under the transitional provisions of HKAS 39 and accordingly is stated at fair value with gains or losses being recognised as a separate component of equity until subsequent derecognition or impairment.

The adoption of HKAS 39 has had no effect on the consolidated income statement and retained profits.

#### (ii) Discounted bills

In prior years, bills receivable discounted to banks with recourse were derecognised and proceeds received for discounting these bills receivable were disclosed as contingent liabilities.

Upon the adoption of HKASs 32 and 39, as the Group has retained substantially all the risks and rewards of ownership of the discounted bills receivable with recourse, the Group is required to continue to recognise the discounted bills receivable and at the same time recognise financial liabilities for the proceeds received.

## 2.3 新訂及經修訂之香港財務報告準則之影響 (續)

### (b) 香港會計準則第32號及第39號 – 金融工具

#### (i) 股本投資

於過往年度，本集團將其非持作買賣目的之股本投資列作長期投資，並按成本減任何減值虧損列賬。於採納香港會計準則第39號時，本集團根據香港會計準則第39號之過渡性條文將於二零零五年一月一日所持有之此項投資列作待售股本投資，故按公平值列賬，並將盈利或虧損作為一個獨立股本部分確認，直至其後被取消確認或出現減值時止。

採納香港會計準則第39號對綜合損益表及保留溢利並無影響。

#### (ii) 貼現票據

於過往年度，已取消確認給予銀行具有追索權之貼現票據應收賬款，故貼現該等票據應收賬款獲得之所得款項當作或然負債予以披露。

於採納香港會計準則第32號及第39號時，由於本集團保留該等具有追索權之已貼現票據應收賬款之擁有權之絕大部分風險及回報，故本集團須持續確認該等已貼現票據應收賬款，同時就獲得之所得款項確認金融負債。

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**2.3 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (continued)**

The effects of the above changes are summarised in note 2.5 to the financial statements. In accordance with the transitional provisions of HKAS 39, comparative amounts have not been restated.

**(c) HKAS 40 – Investment Property**

In prior years, changes in the fair value of the Group's investment property were dealt with as movements in the asset revaluation reserve. If the total of this reserve was insufficient to cover a deficit, on a portfolio basis, the excess of the deficit was charged to the income statement. Any subsequent revaluation surplus was credited to the income statement to the extent of the deficit previously charged.

Upon the adoption of HKAS 40, gains or losses arising from changes in the fair value of the investment property are included in the income statement in the year in which they arise. In accordance with the transitional provisions of HKAS 40, the opening balance of retained profits and the results for the comparative period have been restated to reflect this change retrospectively. The effects of the above change are summarised in note 2.5 to the financial statements.

**2.3 新訂及經修訂之香港財務報告準則之影響 (續)**

上述變化之影響概述於綜合財務報表附註2.5。根據香港會計準則第39號之過渡性條文，比較數字並無重列。

**(c) 香港會計準則第40號 – 投資物業**

於過往年度，本集團投資物業公平值之變動乃列作資產重估儲備變動處理。倘按組合基準計算之該儲備總額不足以抵銷虧絀，超出虧絀之數額於收益表內扣除。其後之任何重估盈餘計入收益表，惟以先前扣除之虧絀數額為限。

在採納香港會計準則第40號後，因投資物業公平值改變而產生之盈虧於產生年度在收益表內列賬。根據香港會計準則第40號之過渡性條文，已分別重列比較期間之保留溢利期初結餘及業績以反映此項變動。上述變動之影響概述於綜合財務報表附註2.5。

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## 2.3 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (continued)

### (d) HKFRS 3 – Business Combinations and HKAS 36 – Impairment of Assets

In prior years, goodwill and negative goodwill arising on acquisitions prior to 1 January 2001 were eliminated against the consolidated retained profits and credited to the consolidated capital reserve, respectively, in the year of acquisition and were not recognised in the income statement until disposal or impairment of the acquired businesses.

The adoption of HKFRS 3 and HKAS 36 has resulted in the Group ceasing annual goodwill amortisation and commencing testing for impairment at the cash-generating unit level annually (or more frequently if events or changes in circumstances indicate that the carrying value may be impaired).

Any excess of the Group's interest in the net fair value of the acquirees' identifiable assets, liabilities and contingent liabilities over the cost of acquisition of subsidiaries (previously referred to as negative goodwill), after reassessment, is recognised immediately in the income statement.

## 2.3 新訂及經修訂之香港財務報告準則之影響 (續)

### (d) 香港財務報告準則第3號 – 業務合併及香港會計準則第36號 – 資產減值

於過往年度，於二零零一年一月一日前進行收購產生之商譽及負商譽分別於收購年內在綜合保留溢利中撇銷及記入綜合資本儲備撇銷，且於所收購業務出售或出現減值前不會在收益表內確認。

採納香港財務報告準則第3號及香港會計準則第36號已導致本集團終止商譽攤銷並開始每年按現金產生單位水準作減值測試(或若有事件或情況改變顯示賬面值可能減值，則更加頻繁)。

本集團於被收購公司可識別資產、負債及或有負債之公平值權益與收購附屬公司成本之任何差額(以前稱為負商譽)經重估後即時於收益表確認。

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**2.3 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (continued)****(d) HKFRS 3 – Business Combinations and HKAS 36 – Impairment of Assets (continued)**

The transitional provisions of HKFRS 3 have required the Group to eliminate at 1 January 2005 the carrying amounts of accumulated amortisation and impairment losses with a corresponding adjustment to the cost of goodwill and to derecognise at 1 January 2005 the carrying amounts of negative goodwill that remaining in the consolidated capital reserve against retained profits. Goodwill previously eliminated against the retained profits remains eliminated against the retained profits and is not recognised in the income statement when all or part of the business to which the goodwill relates is disposed of or when a cash-generating unit to which the goodwill relates becomes impaired.

The effects of the above changes are summarised in note 2.5 to the financial statements. In accordance with the transitional provisions of HKFRS 3, comparative amounts have not been restated.

**2.3 新訂及經修訂之香港財務報告準則之影響 (續)****(d) 香港財務報告準則第3號 – 業務合併及香港會計準則第36號 – 資產減值 (續)**

香港財務報告準則第3號之過渡性條文要求本集團於二零零五年一月一日撇減累計攤銷及減值虧損之賬面值，並相應調整商譽成本，及於二零零五年一月一日在保留溢利內取銷確認負商譽賬面值（於綜合資本儲備內之剩餘部份）。先前在溢留溢利中撇銷之商譽繼續在保留溢利中撇銷，及當所有或部份與商譽有關之業務出售或與商譽有關之現金產生單元減值時不會於收益表確認。

上述變化之影響概述於綜合財務報表附註2.5。根據香港財務報告準則第3號之過渡性條文，比較數字並無重列。

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## 2.3 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (continued)

### (e) HK(SIC)-Int 21 – Income Taxes – Recovery of Revalued Non-depreciable Assets

In prior periods, deferred tax arising on the revaluation of investment properties was recognised based on the tax rate that would be applicable upon the sale of the investment properties.

Upon the adoption of HK(SIC)-Int 21, deferred tax arising on the revaluation of the Group's investment property is determined depending on whether the property will be recovered through use or through sale. The Group has determined that its investment property will be recovered through use, and accordingly the profits tax rate has been applied to the calculation of deferred tax.

The adoption of HK(SIC)-Int 21 has had no effect on the deferred tax position of the Group.

## 2.3 新訂及經修訂之香港財務報告準則之影響 (續)

### (e) 香港 (詮釋敘務委員會) 詮釋第21號 – 所得稅 – 收回經重估的不可折舊資產

於過往期間，對於投資物業重估產生之遞延稅項，按照銷售投資物業所適用之稅率為基礎確認。

採納香港 (詮釋敘務委員會) 詮釋第21號之後，本集團投資物業重估所產生之遞延稅項是按照物業將通過使用或銷售收回釐訂。本集團已確定將透過使用收回投資物業，因此採用利得稅率來計算遞延稅項。

採納香港詮釋常務委員會 – 詮釋第21號對本集團遞延稅項並無任何影響。

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## 2.4 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements. Unless otherwise stated, these HKFRSs are effective for annual periods beginning on or after 1 January 2006:

HKAS 1 Amendment	Capital Disclosures
HKAS 19 Amendment	Actuarial Gains and Losses, Group Plans and Disclosures
HKAS 21 Amendment	The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation
HKAS 39 Amendment	Cash Flow Hedge Accounting of Forecast Intragroup Transactions
HKAS 39 Amendment	The Fair Value Option
HKAS 39 & HKFRS 4 Amendments	Financial Guarantee Contracts
HKFRSs 1 & 6 Amendments	First-time Adoption of Hong Kong Financial Reporting Standards and Exploration for and Evaluation of Mineral Resources
HKFRS 6	Exploration for and Evaluation of Mineral Resources
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC)-Int 4	Determining whether an Arrangement contains a Lease
HK(IFRIC)-Int 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds

## 2.4 已公佈但未生效之香港財務報告準則之影響

本集團尚未於財務報表內採用以下已公佈但未生效之新訂及經修訂香港財務報告準則。除另有列明者外，以下香港財務報告準則於二零零六年一月一日或以後開始之年度期間生效。

香港會計準則第1號(經修訂)	資本披露
香港會計準則第19號(經修訂)	精算損益、集團計劃及披露
香港會計準則第21號(經修訂)	外幣匯率變動之影響 – 於外國業務之投資淨額
香港會計準則第39號(經修訂)	預測集團內公司間交易之現金流量對沖會計處理
香港會計準則第39號(經修訂)	公平值之選擇
香港會計準則第39號及香港財務報告準則第4號(經修訂)	財務擔保合約
香港財務報告準則第1號及第6號(經修訂)	首次採納香港財務報告準則及礦產資源之勘探及評估
香港財務報告準則第6號	礦產資源之勘探及評估
香港財務報告準則第7號	金融工具：披露
香港(國際財務報告詮釋委員會)詮釋第4號	釐定一項安排是否包括租賃
香港(國際財務報告詮釋委員會)詮釋第5號	解除運作、復原及環境修復基金所產生權益之權利

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## 2.4 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

HK(IFRIC)-Int 6	Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies

The HKAS 1 Amendment shall be applied for annual periods beginning on or after 1 January 2007. The revised standard will affect the disclosures about qualitative information about the Group's objective, policies and processes for managing capital; quantitative data about what the Company regards as capital; and compliance with any capital requirements and the consequences of any non-compliance.

HKFRS 7 incorporates the disclosure requirements of HKAS 32 relating to financial instruments. This HKFRS shall be applied for annual periods beginning on or after 1 January 2007.

In accordance with the amendments to HKAS 39 and HKFRS 4 regarding financial guarantee contracts, financial guarantee contracts are initially recognised at fair value and are subsequently measured at the higher of (i) the amount determined in accordance with HKAS 37 and (ii) the amount initially recognised, less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18. The adoption of the amendments to HKAS 39 and HKFRS 4 will result in the recognition of a financial liability in the Company's balance sheet in respect of corporate guarantees given by the Company in connection with banking facilities granted to its subsidiaries.

## 2.4 已公佈但未生效之香港財務報告準則之影響 (續)

香港(國際財務報告詮釋委員會)詮釋第6號	參與特定市場一廢棄電力及電子設備產生之負債
香港(國際財務報告詮釋委員會)詮釋第7號	根據香港會計準則第29號惡性通貨膨脹經濟下之財務報告採用重列法

香港會計準則第1號(經修訂)於二零零七年一月一日或以後開始之年度期間應用。該經修訂準則將影響披露有關集團管理資本之目標、政策及流程之資料，有關公司認定為資本之量化數據，及符合任何資本要求及不符合之後果。

香港財務報告準則第7號將加入香港會計準則第32號有關金融工具之披露要求。香港財務報告準則第7號於二零零七年一月一日或以後開始之年度期間應用。

按照香港會計準則第39號及香港財務報告準則第4號就財務擔保合約所作出之修訂，財務擔保合約起初以公平值確認及其後以(i)按照香港會計準則第37號釐定之金額及(ii)起初確認之金額減(如適合)按照香港會計準則第18號確認之累計攤銷兩者中較高者計量。採納香港會計準則第39號及香港財務報告準則第4號之修訂將導致本公司就附屬公司獲授之銀行貸款給予之公司擔保於本公司資產負債表內確認財務負債。



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### 2.4 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

The HKAS 19 Amendment, HKAS 21 Amendment, HKAS 39 Amendment regarding cash flow hedge accounting of forecast intragroup transactions, HKFRSs 1 and 6 Amendments, HKFRS 6, HK(IFRIC)-Int 5, HK(IFRIC)-Int 6 and HK(IFRIC)-Int 7 do not apply to the activities of the Group. HK(IFRIC)-Int 6 and HK(IFRIC)-Int 7 shall be applied for annual periods beginning on or after 1 December 2005 and 1 March 2006, respectively.

Except as stated above, the Group expects that the adoption of the pronouncements listed above will not have any significant impact on the Group's financial statements in the period of initial application.

### 2.4 已公佈但未生效之香港財務報告準則之影響 (續)

香港會計準則第19號(經修訂)、香港會計準則第21號(經修訂)、有關預測集團內公司間交易之現金流量對沖會計處理之香港會計準則第39號(經修訂)、香港財務報告準則第1號及第6號(經修訂)、香港財務報告準則第6號、香港(國際財務報告詮釋委員會)詮釋第5號、香港(國際財務報告詮釋委員會)詮釋第6號及香港(國際財務報告詮釋委員會)詮釋第7號均不適用於本集團之業務活動。香港(國際財務報告詮釋委員會)詮釋第6號及香港(國際財務報告詮釋委員會)詮釋第7號須分別於二零零五年十二月一日及二零零六年三月一日或以後開始之年度期間應用。

除上文所述者外，本集團預計採用上述其他準則將不會對於首次應用期間之本集團財務報表有重大影響。

## Notes to Financial Statement 財務報表附註

31 December 2005 二零零五年十二月三十一日

## 2.5 SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICIES

## (a) Effect on the consolidated balance sheet

At 1 January 2005

Effect of new policies (Increase/(decrease))	Effect of adopting 採納之影響			Total
	HKAS 1 <sup>#</sup> Presentation 香港會計 準則第1號 <sup>#</sup> 呈列方式 HK\$'000 千港元	HKFRS 40 <sup>#</sup> revaluation of investment property 香港財務報告 準則第40號 <sup>#</sup> 投資物業 重估盈餘 HK\$'000 千港元	HKFRS 3 <sup>*</sup> Derecognition of negative goodwill 香港財務報告 準則第3號 <sup>*</sup> 取消確認商譽 HK\$'000 千港元	
<b>Assets</b>				
Property, plant and equipment	物業、廠房 及設備	(4,200)	–	(4,200)
Investment property	投資物業	4,200	–	4,200
				–
<b>Liabilities/equity</b>	<b>負債／權益</b>			
Asset revaluation reserve	資產重估儲備	–	(550)	(550)
Capital reserve/(goodwill) on consolidation	綜合時之資本 儲備／(商譽)	–	–	(1,243)
Retained profits	保留溢利	–	550	1,793
				–

\* Adjustment/presentation taken effect retrospectively

\* Adjustment taken effect prospectively from 1 January 2005

## 2.5 會計政策變更之影響概要

## (a) 對綜合資產負債表之影響

於二零零五年一月一日

\* 調整／呈列方式追溯生效

\* 調整自二零零五年一月一日起非追溯生效

## Notes to Financial Statement 財務報表附註

31 December 2005 二零零五年十二月三十一日

## 2.5 SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICIES (continued)

## 2.5 會計政策變更之影響概要 (續)

## (a) Effect on the consolidated balance sheet (continued)

## (a) 對綜合資產負債表之影響 (續)

At 31 December 2005

於二零零五年十二月三十一日

Effect of new policies (Increase/(decrease))	Effect of adopting 採納之影響					Total
	HKAS 1 Presentation 香港會計 準則第1號	HKAS 17 land lease payment 香港會計 準則第17號	HKAS 39 Recognition of Prepaid discounted bills receivable and bank loans 香港會計準則 第39號 應收貼現 票據及銀行 貸款之確認	HKAS 40 Surplus on revaluation of investment property 香港會計準則 第40號 投資物業 重估盈餘	HKFRS 3 Derecognition of negative goodwill 香港財務報告 準則第3號 取消 確認負商譽	
新政策之影響(增加)/(減少)	呈列方式 HK\$'000 千港元	預付土地 租賃款項 HK\$'000 千港元	票據及銀行 貸款之確認 HK\$'000 千港元	投資物業 重估盈餘 HK\$'000 千港元	取消 確認負商譽 HK\$'000 千港元	總計 HK\$'000 千港元
<b>Assets</b>		<b>資產</b>				
Property, plant and equipment	(4,470)	物業、廠房及設備 (7,202)	-	-	-	(11,672)
Investment property	4,470	投資物業	-	-	-	4,470
Prepaid land lease payment	-	預付土地租賃款項 7,031	-	-	-	7,031
Trade and bills receivable	-	應收賬款及 應收票據	81,061	-	-	81,061
Prepayments, deposits and other receivables	-	預付款項、按金及 其他應收款項 171	-	-	-	171
						81,061
<b>Liabilities/equity</b>		<b>負債/權益</b>				
Bank loans and other borrowings	-	銀行貸款及其他 貸款	81,061	-	-	81,061
Capital reserve/(goodwill) on consolidation	-	綜合時之資本 儲備/(商譽)	-	-	(1,243)	(1,243)
Asset revaluation reserve	-	資產重估儲備	-	(820)	-	(820)
Retained profits	-	保留溢利	-	820	1,243	2,063
						81,061

## Notes to Financial Statement 財務報表附註

31 December 2005 二零零五年十二月三十一日

## 2.5 SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICIES (continued)

## (b) Effect on the balances of equity at 1 January 2004 and at 1 January 2005

## 2.5 會計政策變更之影響概要 (續)

## (b) 對二零零四年一月一日及二零零五年一月一日權益結餘之影響

Effect of new policies (Increase/(decrease))	Effect of adopting 採納之影響		Total
	HKAS 40 Surplus on revaluation of investment property 香港會計 準則第40號 投資物業 重估盈餘 HK\$'000 千港元	HKFRS 3 Derecognition of negative goodwill 香港財務 報告準則第3號 取消 確認負商譽 HK\$'000 千港元	
新政策之影響 (增加 / (減少))			總計 HK\$'000 千港元
1 January 2004	於二零零四年一月一日		
Asset revaluation reserve	資產重估儲備	150	150
Retained profits	保留溢利	(150)	(150)
			-
1 January 2005	於二零零五年一月一日		
Asset revaluation reserve	資產重估儲備	(550)	(550)
Capital reserve/(goodwill) on consolidation	綜合時之資本 儲備 / (商譽)	-	(1,243)
Retained profits	保留溢利	550	1,793
			-

## Notes to Financial Statement 財務報表附註

31 December 2005 二零零五年十二月三十一日

## 2.5 SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICIES (continued)

## 2.5 會計政策變更之影響概要 (續)

## (c) Effect on the consolidated income statement for the years ended 31 December 2005 and 2004

## (c) 對截至二零零五年及二零零四年十二月三十一日止年度綜合損益表之影響

Effect of new policies	Effect of adopting 採納之影響	Effect of adopting		Total
		HKAS 1 Share of post-tax Profits and losses of jointly-controlled entities and associates 香港會計 準則第1號 應佔共同控制 企業及聯營公司之 稅後溢利及虧損 HK\$'000 千港元	HKAS 40 Surplus on revaluation of investment property 香港會計 準則第40號 投資物業 重估盈餘 HK\$'000 千港元	
Year ended 31 December 2005	截至二零零五年 十二月三十一日止年度			
Increase in other income	其他收入之增加	-	270	270
Total increase in profit	溢利增加總額	-	270	270
Increase in basic earnings per share	每股基本盈利 增加	-	HK 0.05 cent港仙	HK 0.05 cent港仙
Year ended 31 December 2004	截至二零零四年 十二月三十一日止年度			
Increase in other income	其他收入之增加	-	700	700
Decrease in share of profits and losses of jointly-controlled entities	應佔共同控制企業溢利 及虧損減少	(168)	-	(168)
Decrease in share of profits and losses of associates	應佔聯營公司溢利及 虧損減少	(1,891)	-	(1,891)
Decrease in tax	稅項減少	2,059	-	2,059
Total increase in profit	溢利增加總額	-	700	700
Increase in basic earnings per share	每股基本盈利增加	-	HK 0.14 cent港仙	HK 0.14 cent港仙

## Notes to Financial Statement 財務報表附註

31 December 2005 二零零五年十二月三十一日

**2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****Subsidiaries**

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

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

**Joint ventures**

A joint venture is an entity set up by contractual arrangement, whereby the Group and other parties undertake an economic activity. The joint venture company operates as a separate entity in which the Group and the other parties have an interest.

The joint venture agreement between the venturers stipulates the capital contributions of the joint venture parties, the duration of the joint venture and the basis on which the assets are to be realised upon its dissolution. The profits and losses from the joint venture's operations and any distributions of surplus assets are shared by the venturers, either in proportion to their respective capital contributions, or in accordance with the terms of the joint venture agreement.

A joint venture company is treated as:

- (a) a subsidiary, if the Group has unilateral control, directly or indirectly, over the joint venture;
- (b) a jointly-controlled entity, if the Group does not have unilateral control, but has joint control, directly or indirectly, over the joint venture;

**2.6 主要會計政策概要****附屬公司**

附屬公司指本公司直接或間接控制其財務及經營政策，以便能從其業務中獲取利益之公司。

附屬公司之業績按照已收及應收股息計入本公司之損益表內。本公司附屬公司權益按成本減減值虧損列賬。

**合營公司**

合營公司指根據合約性安排成立之公司，據此，本集團與其他人士合營一項經濟活動。合營公司作為一個獨立主體營運，本集團與其他人士均擁有其權益。

合營公司各方訂立之合營協議訂明，合營各方之出資額、合營公司之期限及在合營公司解散時變現資產之基準。合營公司業務之盈虧及盈餘資產之分派均由合營公司各方按其各自之出資額或依據合營協議之條款計算。

合營公司被視為：

- (a) 附屬公司，倘若本集團對該合營公司擁有單方面之直接或間接控制權；
- (b) 共同控制企業，倘若本集團不可直接或間接地單方面控制，但可共同控制該合營公司；

## Notes to Financial Statement 財務報表附註

31 December 2005 二零零五年十二月三十一日

**2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****Joint ventures**

- (c) an associate, if the Group does not have unilateral or joint control, but holds, directly or indirectly, generally not less than 20% of the joint venture's registered capital and is in a position to exercise significant influence over the joint venture; or
- (d) an equity investment accounted for in accordance with HKAS 39, if the Group holds, directly or indirectly, less than 20% of the joint venture's registered capital and has neither joint control of, nor is in a position to exercise significant influence over, the joint venture.

**Jointly-controlled entities**

A jointly-controlled entity is a joint venture that is subject to joint control, resulting in none of the participating parties having unilateral control over the economic activity of the jointly-controlled entity.

The Group's share of the post-acquisition results and reserves of jointly-controlled entities is included in the consolidated income statement and consolidated reserves, respectively. The Group's interests in jointly-controlled entities are stated in the consolidated balance sheet at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

**2.6 主要會計政策概要 (續)****合營公司**

- (c) 聯營公司，倘若本集團並無單方面或共同控制權，但直接或間接持有一般不少於該合營公司之20%註冊資本，並可對該合營公司施加重大影響；或
- (d) 以香港會計準則第39號計入之權益投資，倘若本集團直接或間接持有少於該合營公司之20%註冊資本，且對該合營公司並無共同控制權及不可施加重大影響。

**共同控制企業**

共同控制企業是指參股單位共同控制之合營公司，而無一參股單位可單方面控制實體之經濟活動。

本集團所佔共同控制企業於收購後之業績及儲備已分別列入綜合損益表及綜合儲備內。本集團於共同控制企業之權益，乃按權益法計算之本集團所佔資產淨值減任何減值虧損於綜合資產負債表內列示。倘若會計政策存在任何不一致，將會作出相應調整。

## Notes to Financial Statement 財務報表附註

31 December 2005 二零零五年十二月三十一日

## 2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Goodwill

Goodwill arising on the acquisition of subsidiaries represents the excess of the cost of the business combination over the Group's interest in the net fair value of the acquirees' identifiable assets acquired, and liabilities and contingent liabilities assumed as at the date of acquisition.

*Goodwill on acquisitions for which the agreement date is on or after 1 January 2005*

Goodwill arising on acquisition is recognised in the consolidated balance sheet as an asset, initially measured at cost and subsequently at cost less any accumulated impairment losses.

The carrying amount of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than a segment based on either the Group's primary or the Group's secondary reporting format determined in accordance with HKAS 14 "Segment Reporting".

## 2.6 主要會計政策概要 (續)

### 商譽

收購附屬公司產生之商譽指業務合併成本超出於收購當日本集團對被收購公司可識別資產及負債及或有負債之淨公平價值權益之差額。

*協議日期為二零零五年一月一日及以後之收購產生之商譽*

收購時所產生之商譽於資產負債表中確認為資產，起初以成本計量及其後以成本減累計減值虧損列賬。

商譽之賬面值每年審閱減值一次，或多次（如果有事件發生或情況改變顯示賬面值有可能減值時）。

就減值測試而言，業務合併產生之商譽，由收購日起，分配至本集團每個現金產生單元或期望合併後因協同效應而得益之現金產生單元組合，不管本集團其他資產或負債有否分配至該等單元或單元組合。商譽分配至每個單元或單元組合：

- 乃代表本集團內監測商譽作內部管理用途之最小部門；及
- 乃不大於按照香港會計準則第14號「分部報告」所釐定之本集團初級或第二級報告格式之一個分部。



## Notes to Financial Statement 財務報表附註

31 December 2005 二零零五年十二月三十一日

**2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****Goodwill (continued)**

*Goodwill on acquisitions for which the agreement date is on or after 1 January 2005 (continued)*

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised.

Where goodwill forms part of a cash-generating unit (group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

An impairment loss recognised for goodwill is not reversed in a subsequent period.

*Goodwill previously eliminated against the consolidated reserves*

Prior to the adoption of SSAP 30 "Business Combinations" in 2001, goodwill arising on acquisition was eliminated against the consolidated retained profits in the year of acquisition. On the adoption of HKFRS 3, such goodwill remains eliminated against the consolidated retained profits and is not recognised in profit or loss when all or part of the business to which the goodwill relates is disposed of or when a cash-generating unit to which the goodwill relates becomes impaired.

**2.6 主要會計政策概要 (續)****商譽 (續)**

*協議日期為二零零五年一月一日及以後之收購產生之商譽 (續)*

減值以評估與商譽有關現金產生單元 (現金產生單元組合) 可收回之金額釐定。當現金產生單元 (現金產生單元組合) 可收回之金額少於賬面值時，確認減值虧損。

當商譽組成現金產生單元 (現金產生單元組合) 部份及單元內業務部份出售，與出售業務有關之商譽於釐定出售業務損益時計入業務賬面值。在這情況下出售商譽以出售業務及保留現金產生單元部份相對價值計量。

商譽減值虧損不會於以後期間回撥。

*前度沖減綜合儲備之商譽*

於二零零一年採納會計實務準則第30號「業務合併」之前，收購產生之商譽於收購年度內沖減綜合保留溢利。採用香港財務報告準則第3號後，該商譽維持沖減保留溢利及當全部或部份與商譽有關之業務被出售或當與商譽有關之現金產生單元出現減值時不會於損益表內確認。

## Notes to Financial Statement 財務報表附註

31 December 2005 二零零五年十二月三十一日

## 2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Impairment of assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets, financial assets, an investment property and goodwill), the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to the income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, however not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation), had no impairment loss been recognised for the asset in prior years. A reversal of such impairment loss is credited to the income statement in the period in which it arises, unless the asset is carried at the revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

## 2.6 主要會計政策概要 (續)

### 資產減值

當出現減值跡象時，或當資產(存貨、遞延稅項資產、金融資產、投資物業及商譽除外)需要進行年度減值測試時，需預計資產之可收回金額。一項資產之可收回金額以資產或現金產生單元之使用價值及其公平值減出售成本淨額兩者之較高者計算，及以個別資產釐定，除非資產不會產生很大程度獨立於其他資產或資產組合之現金流入，可收回金額則以資產所屬之現金產生單元釐定。

倘一項資產之賬面金額超過其可收回金額，即確認減值虧損。在評估使用價值時，估計未來現金流量將予以稅前折讓率折讓至其現值，以反映目前資金時值之市場估量及資產有關之風險。減值虧損乃於產生時於損益表中確認為開支，除非有關資產乃按經重估金額列賬，則減值虧損將根據針對該重估資產之有關會計政策列賬。

於每個報告日評估以往年度確認之減值虧損是否不再存在或有所減少。倘有任何該等情況，將估計可收回金額。先前確認之資產(除商譽外)減值虧損，只會在用以釐定可收回金額之估計有所改變時轉回，但轉回之金額不可超過該項資產倘於以往年度未獲確認減值虧損之賬面值(扣除任何折舊／攤銷)。減值虧損之轉回於其發生當期計入損益表，除非該資產乃以重估金額列賬，則減值虧損之轉回將根據針對該重估資產之有關會計政策列賬。

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31 December 2005 二零零五年十二月三十一日

**2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****Related parties**

A party is considered to be related to the Group if:

- (a) the party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, the Group; (ii) has an interest in the Group that gives it significant influence over the Group; or (iii) has joint control over the Group;
- (b) the party is an associate;
- (c) the party is a jointly-controlled entity;
- (d) the party is a member of the key management personnel of the Group or its parent;
- (e) the party is a close member of the family of any individual referred to in (a) or (d);
- (f) 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 (d) or (e); or
- (g) the party is a post-employment benefit plan for the benefit of the employees of the Group, or of any entity that is a related party of the Group.

**2.6 主要會計政策概要 (續)****關連方**

一方如具下列身份，會被視為與本集團有關連：

- (a) 該方直接或間接通過一位或多位中間機構 (i) 控制本集團，被本集團控制或與本集團均受同一方之控制；(ii) 持有本集團權益對本集團施加重大影響；或 (iii) 擁有本集團共同控制權；
- (b) 該方為聯營公司；
- (c) 該方為共同控制企業；
- (d) 該方為本集團或其母公司主要管理層之成員；
- (e) 該方為上述 (a) 或 (d) 人士之家庭近親成員；
- (f) 該方為一實體被上述 (d) 及 (e) 人士控制、共同控制或施加重大影響，或上述 (d) 及 (e) 人士直接或間接擁有重大投票權；或
- (g) 該方為本集團或與本集團有關聯實體之員工退休福利計劃。

## Notes to Financial Statement 財務報表附註

31 December 2005 二零零五年十二月三十一日

### 2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Property, plant and equipment and depreciation

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

Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Changes in the values of property, plant and equipment are dealt with as movements in the property revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on an individual asset basis, the excess of the deficit is charged to the income statement. Any subsequent revaluation surplus is credited to the income statement to the extent of the deficit previously charged. On disposal of a revalued asset, the relevant portion of the property revaluation reserve realised in respect of previous valuations is transferred to retained profits as a movement in reserves.

### 2.6 主要會計政策概要 (續)

#### 物業、廠房及設備和折舊

物業、廠房及設備是以成本或估值扣除累計折舊及減值虧損列賬。物業、廠房及設備成本值包括其購買價及任何使資產達到可使用狀態及地點作擬定用途之直接應計成本。物業、廠房及設備投入運作後產生之開支，例如維修及保養開支，一般於產生期間自損益表中扣除。倘可清楚顯示該項支出會導致日後使用物業、廠房及設備所得之經濟利益增加，則該項支出將被資本化為該資產之附加成本或被視作取替。

估值會經常進行，以確保重估資產之公平值與其賬面值不存在太大差異。物業、廠房及設備之價值變動乃列作資產重估儲備變動。倘按個別資產計算虧絀高於該儲備之總額，超出之虧絀數額則在損益表中扣除。隨後之任何重估盈餘乃以先前扣除之虧絀為限計入損益表。出售重估資產時，重估儲備中因先前估值而變現之相關部份，須作為儲備之變化轉撥至保留溢利。

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**2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****Property, plant and equipment and depreciation (continued)**

Depreciation is calculated on the straight-line basis to write off the cost or valuation of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Land and buildings	Over the shorter of the lease terms or 25 years
Leasehold improvements	Over the lease terms
Plant and machinery	10%
Moulds and tools	20% – 50%
Furniture and equipment	20%
Motor vehicles	20%

Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the income statement in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

**2.6 主要會計政策概要 (續)****物業、廠房及設備和折舊 (續)**

折舊乃以直線法計值，按物業、廠房及設備各項目之估計可使用年期撇銷其成本或價值至其剩餘價值。就此所應用之主要年率如下：

土地及樓宇	按租約有效期或25年兩者中較短者
租賃物業裝修	按租約有效期
廠房及機器	10%
模具及工具	20%-50%
家具及設備	20%
汽車	20%

倘部分物業、廠房及設備之可使用年期彼此不同，則會按合理基準將該項目成本或估值分配予各部分資產，並對各部分資產予以分開折舊。

於各結算日會檢討餘值、可使用年期及折舊方法，並作出適當調整。

物業、廠房及設備於出售時，或於其使用或出售預期不會產生未來經濟利益時取消確認。於取消確認資產年度在損益表內確認因出售或報廢資產而產生之任何盈虧，為有關資產之出售所得款項淨額與其賬面值兩者之間之差額。

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**2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****Investment property**

Investment property is interests in land and buildings held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such property is measured initially at cost, including transaction costs. Subsequent to initial recognition, the Group's investment property is stated at fair value, which reflects market conditions at the balance sheet date.

Gains or losses arising from changes in the fair value of the investment property are included in the income statement in the year in which they arise.

Any gains or losses on the retirement or disposal of the investment property are recognised in the income statement in the year of the retirement or disposal.

**Investment property (other than goodwill)**

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each balance sheet date.

**2.6 主要會計政策概要 (續)****投資物業**

投資物業指為賺取租金收入及／或資本增值(而非用於生產或提供貨品或服務或用作管理用途)或於日敘業務過程中出售而持有之權益。該物業最初按成本(包括交易成本)計算。於首次確認後，本集團投資物業按反映結算日之市況之公平值列賬。

投資物業公平值變動產生之盈利或虧損於產生年度列入損益表。

報廢或出售投資物業產生之任何盈利或虧損於報廢或出售年度在損益表內確認。

**無形資產(不包括商譽)**

無形資產之可使用年期評估為有限或無限。年期有限之無形資產於可使用年期內攤銷，並評估是否有跡象顯示無形資產可能出現減值。可使用年期有限之無形資產之攤銷年期及攤銷方法至少於各年結日檢討一次。

## Notes to Financial Statement 財務報表附註

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## 2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Research and development costs

All research costs are charged to the income statement as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Deferred product development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products not exceeding five years, commencing from the date when the products are put into commercial production. Periodic reviews are carried out to write off the deferred product development costs with no commercial value.

## 2.6 主要會計政策概要 (續)

### 研究及開發成本

所有研究成本均於產生時於損益表中扣除。

開發新產品之項目招致之開支，待開發新產品之項目所產生之開支，待本集團出現完成無形資產之技術可能性以致該資產可供使用或出售，其完成意圖及使用或出售資產之能力，資產怎樣產生日後經濟利益，足夠資源以完成該項目及於開發期間計量開支能力之情況下項目可以清晰界定；可以獨立地分辨及可靠地計算開支；能合理地確定項目技術上可行；以及該項產品具有商業價值，才會將項目資本化及遞延入賬。未能符合這些標準之產品開發開支，於產生時支銷。

遞延產品開發成本按成本減任何減值虧損列賬，並由產品作商業性生產當日起以直線法按基本產品不超過五年之商用年期計算攤銷，並會定期檢討以撇除無商業價值之遞延產品開發成本。

## Notes to Financial Statement 財務報表附註

31 December 2005 二零零五年十二月三十一日

## 2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the income statement so as to provide a constant periodic rate of charge over the lease terms.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives.

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

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms. When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in property, plant and equipment.

## 2.6 主要會計政策概要 (續)

### 租賃

倘租賃條款將擁有資產之絕大部份回報及風險(法定業權除外)轉至本集團,有關租賃將列為融資租賃。融資租賃訂立時,租賃資產之成本按最低租金款額之現值撥作資本,並連同有關責任(不計利息部份)列賬,以反映購買及融資事宜。按已撥作資本之融資租賃持有之資產乃列作物業、廠房及設備及按資產之租期或估計可使用年期(以較短者為準)計算折舊。該等租賃之融資成本乃在損益表中扣除,以按租期根據固定周期比率扣減。

透過融資性質之租購合約購入之資產列作融資租賃,惟按其估計可使用年期計算折舊。

倘租賃條款將擁有資產之絕大部份回報及風險仍撥歸出租公司,有關租賃均列作經營租賃。倘本集團為出租人,本集團按經營租賃之已租賃資產列為非流動資產,而按經營租賃應收之租金會按租期以直線法撥入損益表。倘本集團為承租人,按經營租賃應付之租金按租期以直線法在損益表扣除。

經營租賃預付土地租賃款項初步按成本列賬,隨後於租賃期內以直線法攤銷。於租金未能在土地及樓宇項目之間可靠劃分時,則全部租金會作為物業、廠房及設備之融資租賃列賬於土地及樓宇成本項下。



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31 December 2005 二零零五年十二月三十一日

## 2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Investments and other financial assets

**Applicable to the year ended 31 December 2004:**

The Group classified its equity investments, other than subsidiaries and jointly-controlled entities, as long term investments.

Long term investments are non-trading investments in unlisted equity securities intended to be held on a long term basis. The investments are stated at costs less any impairment, on an individual basis. When a decline in the fair value of a security below its carrying amount has occurred, unless there is evidence that the decline is temporary, the carrying amounts of the securities are reduced to their fair values, as determined by the directors. The amount of the impairment is charged to the income statement for the period in which it arises. Where the circumstances and events which led to an impairment in value cease to exist and there is persuasive evidence that the new circumstances and events will persist for the foreseeable future, the amount of the impairment previously charged is credited to the income statement to the extent of the amount previously charged.

## 2.6 主要會計政策概要 (續)

### 投資及其他金融資產

**適用於截至二零零四年十二月三十一日止年度：**

本集團將其股本投資(不包括附屬公司及共同控制企業)列作長期投資。

長期投資為於非上市股本證券之非買賣投資，乃因應持續策略或長期計劃而持有，並以個別投資項目為基準按成本減任何減值虧損列賬。如證券之公平值降至低於其賬面值之情況出現，除非證實減值情況僅為暫時性，否則證券之賬面值會削減至董事釐定之公平值，而減值之款額會自其出現之期間之損益表扣除。如導致減值出現之情況及事件不再存在，並有有力證據顯示新之情況及事件會於可預見將來持續，則先前扣減之減值款額會撥入損益表，惟僅以先前扣減之款額為限。

## Notes to Financial Statement 財務報表附註

31 December 2005 二零零五年十二月三十一日

**2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****Investments and other financial assets (continued)****Applicable to the year ended 31 December 2005:**

Financial assets in the scope of HKAS 39 are classified as either loans and receivables, or available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at the balance sheet date.

All regular way purchases and sales of financial assets are recognised on the trade date, i.e., the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

*Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

**2.6 主要會計政策概要 (續)****投資及其他金融資產 (續)****適用於截至二零零五年十二月三十一日止年度：**

根據香港會計準則第39號所界定之金融資產，分類為經損益按公平值入帳之金融資產、貸款及應收款項或可供出售金融資產(視情況而定)。金融資產於首次確認時以公平值計算，而並非按公平值計入損益表之投資，則按直接應佔交易成本計算。本集團於首次確認後釐定其金融資產分類，並在容許及適當之情況下於結算日重新評估有關分類。

所有一般買賣之金融資產概於交易日(即本集團承諾購買該資產之日期)予以確認。一般買賣乃指按照一般市場規定或慣例在一定期間內交付資產之金融資產買賣。

*貸款及應收帳款*

貸款及應收帳款為具有固定或可確定現金付款，但在活躍市場中無報價之非衍生金融資產。該等資產用有效利率方法計算攤銷成本。該等貸款及應收款項遭取消確認、出現減值或進行攤銷時產生之盈虧計入該年度之損益表。

## Notes to Financial Statement 財務報表附註

31 December 2005 二零零五年十二月三十一日

## 2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Investments and other financial assets (continued)

**Applicable to the year ended 31 December 2005:**  
(continued)

#### Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets in unlisted equity securities that are designated as available for sale or are not classified in any of the other two categories. After initial recognition, available-for-sale financial assets are measured at fair value, with gains or losses recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statement.

When the fair value of unlisted equity securities cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such securities are stated at cost less any impairment losses.

#### Fair value

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business at the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instruments which is substantially the same; a discounted cash flow analysis and option pricing models.

## 2.6 主要會計政策概要 (續)

### 投資及其他金融資產 (續)

**適用於截至二零零五年十二月三十一日止年度：**(續)

#### 可供出售金融資產

可供出售金融資產是指定為可供出售之非上市股本證券或不以其他兩個類別分類之非衍生工具金融資產。經初步確認後，可供出售金融資產以公平值計量，損益以獨立權益部份確認，直至該投資取消確認或直至該投資被釐定為減值為上；屆時之前以權益呈列之累計損益計入損益表。

當因為(a)合理預計投資公平值幅度出現對該投資而言屬重大之波動；或(b)於評估公平值時無法合理評估有關範圍內不同估計之可能性或使用有關估計，即非上市股本證券之公平值不能準確計量時，該等證券以成本減任何減值虧損列賬。

#### 公平值

在金融市場中交投活躍之投資，其公平值乃參結算日之市場收市價。倘某項投資不存在活躍市場，公平值將採用估值方法確定。該等方法包括參考近期所進行之公平市場交易；參照其他大致類同金融工具之現行市場價格，以及現金流量折現分析及期權定價模型。

## Notes to Financial Statement 財務報表附註

31 December 2005 二零零五年十二月三十一日

## 2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Impairment of financial assets (applicable to the year ended 31 December 2005)

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

#### *Assets carried at amortised cost*

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through the use of an allowance account. The amount of the impairment loss is recognised in profit or loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

## 2.6 主要會計政策概要 (續)

### 金融資產減值 (適用於截至二零零五年十二月三十一日止年度)

本集團於各結算日評估是否有客觀跡象表明一項金融資產或一組金融資產出現減值。

#### *以攤銷成本計值之資產*

如果有客觀跡象表明以攤銷成本計值之貸款及應收款項已出現減值，資產之賬面值與估算未來之現金流量 (不包括尚未產生之未來信貸損失) 以原始有效利率折現之現值之間差額確認減值。有關資產之賬面值可通過直接沖減或通過備抵賬目作出抵減。有關減值在損益表中確認。

本集團首先對具個別重要性之金融資產進行評估，評估是否有客觀憑證顯示個別存有減值，並對非具個別重要性之金融資產進行評估，評估是否有客觀憑證顯示個別或共同存有減值。倘若經個別評估之金融資產 (無論具重要性與否) 確定並無客觀憑證顯示存有減值，該項資產會歸入一組具有相同信貸風險特性之金融資產內，並對該組金融資產是否存有減值共同作出評估。倘經個別評估減值之資產並其減值虧損會或將繼續確認入賬，有關資產則不會納入共同減值評估之內。

## Notes to Financial Statement 財務報表附註

31 December 2005 二零零五年十二月三十一日

**2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****Impairment of financial assets (applicable to the year ended 31 December 2005) (continued)**

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

*Assets carried at cost*

If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

*Available-for-sale financial assets*

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the income statement. Impairment losses on equity instruments classified as available for sale are not reversed through profit or loss.

**2.6 主要會計政策概要 (續)****金融資產減值 (適用於截至二零零五年十二月三十一日止年度) (續)**

以後期間，倘若減值虧損之數額減少，而減少之原因客觀上與減值虧損確認後所發生之事件相關聯，則先前確認之減值虧損可予以回撥。於回撥當日，倘若資產賬面值並無超出其攤薄成本，則任何減值虧損之其後回撥將於收益表內確認入賬。

*以成本列賬之資產*

如果有客觀證據顯示以非公平值列賬之非上市權益工具因其公平值不能準確地計量而有減值虧損，虧損金額以資產之賬面金額與以相似金融資產之近期市場回報率貼現預計未來現金流量所得之現有價值之差額計算。該等資產之減值虧損不會回撥。

*可供出售金融資產*

如果待售金融資產有減值，金額包括其成本(扣除本金付款及攤銷)與其近期公平值之差額減任何以前已確認為損益之減值虧損，會從權益轉撥至損益賬。分類為可供出售金融資產之權益工具減值虧損不會回撥損益。

## Notes to Financial Statement 財務報表附註

31 December 2005 二零零五年十二月三十一日

## 2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Derecognition of financial assets (applicable to the year ended 31 December 2005)

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Group retains the rights to receive cash flows from the asset, but has assumed an obligation to pay in full without material delay to a third party under a "pass-through" arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, where the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

## 2.6 主要會計政策概要 (續)

### 取消確認金融資產 (適用於截至二零零五年十二月三十一日止年度)

金融資產 (或一項金融資產之一部份或一組同類金融資產之一部份) 在下列情況將取消確認：

- 收取該項資產所得現金流量之權利已經屆滿；
- 本集團保留收取該項資產所得現金流量之權利，但根據一項「通過」安排，在未有嚴重延緩之期間向第三者全數付款之責任；或
- 本集團已轉讓其收取該項資產所得現金流量之權利，並(a)已轉讓該項資產之絕大部份風險及回報；或(b)並無轉讓或保留該項資產絕大部份風險及回報，但已轉讓該項資產之控制權。

本集團凡轉讓其收取該項資產所得現金流量之權利，但並無轉讓或保留該項資產之絕大部份風險及回報，且並無轉讓該項資產之控制權，該項資產將確認入賬，條件為本集團須持續涉及該項資產。持續涉及指本集團就已轉讓資產作出之一項保證，已轉讓資產乃以該項資產之原賬面值及本集團或須償還之代價數額上限 (以較低者為準) 計算。

倘以沽出及／或購買期權 (包括現金結算期權或類似條文) 形式持續涉及已轉讓資產，本集團之持續涉及程度視乎本集團可能購回已轉讓資產金額，惟以書面認沽期權 (包括現金結算期權或類似條文) 按公平值計量之資產則例外，在該情況下本集團持續參與程度則以已轉讓資產公平值及期權行使價 (以較低者為準) 為限。

## Notes to Financial Statement 財務報表附註

31 December 2005 二零零五年十二月三十一日

## 2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in net profit or loss when the liabilities are derecognised as well as through the amortisation process.

### Derecognition of financial liabilities (applicable to the year ended 31 December 2005)

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

### Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

## 2.6 主要會計政策概要 (續)

### 付息貸款及借貸

所有貸款及借貸初步按已收代價之公平值減直接交易成本確認入賬。

初步確認後，計息貸款及借貸其後利用利息法按攤銷成本計算。

有關收益及虧損於負債取消確認時透過攤銷過程在溢利或虧損淨額中確認入賬。

### 取消確認金融負債 (適用於截至二零零五年十二月三十一日止年度)

當負債之義務已被履行、取消或屆滿，本集團取消金融負債。

由同一貸款人改以重大不同條款代替之現存金融負債，或現存負債條款經重大修訂，有關轉換或修訂被視作取消確認原來負債，並確認新負債，有關賬面值之差異於收益表內確認。

### 存貨

存貨乃按成本值及可變現淨值兩者中較低者列賬。成本值按先入先出方法計算，如屬在製品及製成品，則包括直接物料、直接勞工及間接開支之應佔部份。可變現淨值乃指預期之售價減去完成產品之估計成本及銷售所需之估計成本。

## Notes to Financial Statement 財務報表附註

31 December 2005 二零零五年十二月三十一日

### 2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the balance sheets, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

#### Provisions for sales returns and warranty costs

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the balance sheet date of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the income statement.

### 2.6 主要會計政策概要 (續)

#### 現金及現金等價物

就綜合現金流量表而言，現金等價物乃指手頭現金及按要求之存款及短期及高度流通之投資，該等投資可隨時兌換為可知數額之現金，而該等現金須承受價值變動之重大風險，並有一般須在購入時之到期時限不超過三個月之短期限制，及減須即期償還之銀行透支，而該等投資乃本集團現金管理之一部份。

就資產負債表而言，現金及現金等價物包括手頭及銀行現金，包括並無指定用途之定期存款。

#### 銷售退貨及保養成本撥備

在過往事項引致現行責任(法定或推定)出現，而日後可能須流出資源以承擔責任之情況下，方會確認撥備，惟須以可靠方式估計責任之款額。

如折讓之影響重大，就撥備確認之款額為預計日後須用以承擔責任之開支於結算日之現值。因應時間而致折讓現值之上升，會在收益表列為財務費用。



## Notes to Financial Statement 財務報表附註

31 December 2005 二零零五年十二月三十一日

## 2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Provisions for sales returns and warranty costs (continued)

Provision for losses on expected future sales returns and provision for warranty costs arising in the ordinary course of the Group's distribution business are made on an accrual basis with reference to the sales volume, past experience of the levels of repairs and returns, and the directors' best estimates of the expenditure required to settle the obligations, and are charged to the income statement in the period in which the related sales are made. Subsequent expenditure on the settlement of such obligations is charged against the provisions made, except where the expenditure exceeds the balance of the provisions, in which case, it is charged to the income statement in the period in which the returns are made.

### Income tax

Income tax comprises current and deferred tax. Income tax is recognised in the income statement, or in equity if it relates to items that are recognised in the same or a different period directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

## 2.6 主要會計政策概要 (續)

### 銷售退貨及保養成本撥備 (續)

就本集團一般經銷業務在日後之預期銷售退貨及保養成本作出之撥備，乃根據銷售量、有關維修及退貨之過往經驗及董事會合理估計承擔該等責任所需開支之應計基準計算，並於有關銷售進行期間於損益賬中扣除。承擔該等責任所需之其後開支將於撥備中扣除，除非開支超過撥備餘額，在此情況下，開支將於出現退貨期間之損益賬中扣除。

### 所得稅

所得稅包括即期稅項及遞延稅項。所得稅乃於損益表中確認，惟其與直接確認於股本之項目有關者則於股本中確認。

現有及之前期間之現有稅項資產及負債以預期由稅務機關退稅或付給稅務機關之金額計算。

遞延稅項乃以負債法就於結算日之資產及負債之稅項基礎及其用作財務申報之賬面值之間之所有暫時差額作提撥。

## Notes to Financial Statement 財務報表附註

31 December 2005 二零零五年十二月三十一日

## 2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Income tax (continued)

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

## 2.6 主要會計政策概要 (續)

### 所得稅 (續)

遞延稅項負債就所有應課稅暫時差額予以確認：

- 惟遞延稅項負債源於商譽或初次確認一項交易(並非一項業務組合)之其他資產及負債，而於該項交易進行時不影響會計溢利或應課稅溢利或虧損者除外；及
- 遞延稅項負債源於附屬公司之投資及合營企業之權益之應課稅暫時差額予以確認，惟可予控制撥回時間之暫時差額及暫時差額於可見之未來不可能撥回者除外。

遞延稅項資產就所有可扣減暫時差額、未使用稅項資產及未使用稅項虧損之結轉予以確認，惟僅限於可能有應課稅溢利以對銷可扣減暫時差額、未使用稅項資產及未使用稅項虧損之結轉時才予確認：

- 惟有關可扣減暫時差額之遞延稅項資產源於初次確認一項交易(並非一項業務組合)之其他資產及負債，而於該項交易進行時不影響會計溢利或應課稅溢利或虧損者除外；及
- 遞延稅項資產源於附屬公司之投資及合營企業之權益之可扣減暫時差額予以確認，惟僅限於在可見之未來可撥回暫時差額及可能有應課稅溢利以對銷暫時差額時才予確認。

## Notes to Financial Statement 財務報表附註

31 December 2005 二零零五年十二月三十一日

**2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****Income tax (continued)**

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 profit will be available to allow all or part of the deferred tax asset to be utilised. Conversely, previously unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**Revenue recognition**

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

- (a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;
- (b) from the rendering of services, as the underlying services have been provided;

**2.6 主要會計政策概要 (續)****所得稅 (續)**

遞延稅項資產之賬面值乃於各個結算日進行檢討，並無足夠應課稅溢利可供全部或部份遞延稅項資產可予應用之部份則予以相應扣減。反之，之前未予確認之遞延稅項資產限於可能有足夠應課稅溢利可供全部或部份遞延稅項資產可予應用之部份則予確認。

遞延稅項資產及負債以預期適用於資產變現及負債清償期間之稅率計算，並以結算日已頒佈或實際上已頒佈之稅率（及稅務法例）計算。

倘若存在法律上可強制執行之權利，可將流動稅項資產與流動稅項負債互相抵銷，且遞延稅項涉及同一課稅實體及同一稅局，則將遞延稅項資產與遞延稅項負債互相抵銷。

**收入之確認**

收入將於本集團可獲得經濟利益及可以可靠方式估量時確認，基準如下：

- (a) 銷售貨品於擁有權之大部份風險及回報已轉予買家時確認入賬，惟本集團不得就所售出貨品持有一般涉及之管理層參與權及業權或有效控制權；
- (b) 服務收入在提供服務時確認入賬；

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**2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****Revenue recognition (continued)**

- (c) interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset; and
- (d) rental income, on a time proportion basis over the lease terms.

**Employee benefits***Share-based payment transactions*

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employee (including directors) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

No share options had been granted under the share option scheme since its adoption.

*Paid leave carried forward*

The Group provides paid annual leave to its employees under their employment contracts on a calendar year basis. Under certain circumstances, such leave which remains untaken as at the balance sheet date is permitted to be carried forward and utilised by the respective employees in the following year. An accrual is made at the balance sheet date for the expected future cost of such paid leave earned during the year by the employees and carried forward.

**2.6 主要會計政策概要 (續)****收入之確認 (續)**

- (c) 利息收入以應計方式按金融工具之估計年期用實際利率將未來估計之現金收入貼現計算金融資產之賬面淨值；及
- (d) 租金收入按租期以時間分配基準入賬。

**僱員福利***以股份支付之交易*

本公司實施一項購股權計劃，為對本集團業務成功作出貢獻之合資格參與者，提供激勵與獎勵。本集團僱員（包括董事）以股份支付交易之方式收取報酬，而僱員則提供服務作為股權工具之代價（「以股權支付之交易」）。

自購股權計劃採納以來，並無授出購股權。

*結轉有薪假期*

本集團按公曆年之基準根據僱員之合約向其僱員提供有薪年假。在若干情況下，於結算日該等仍然尚未使用之假期將結轉，而僱員各自可於下一年度使用該等假期。本公司於結算日就在年內僱員所取得之有薪假期之預計日後成本而作出應計款項，並將之結轉。

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**2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****Employee benefits (continued)***Employment Ordinance long service payments*

Certain of the Group's employees have completed the required number of years of service to the Group in order to be eligible for long service payments under the Hong Kong Employment Ordinance in the event of the termination of their employment. The Group is liable to make such payments in the event that such a termination of employment meets the circumstances specified in the Hong Kong Employment Ordinance.

A provision is recognised in respect of the probable future long service payments expected to be made. The provision is based on the best estimate of the probable future payments which have been earned by the employees from their service to the Group to the balance sheet date.

A contingent liability is disclosed in respect of possible future long service payments to employees, as a number of current employees have achieved the required number of years of service to the Group, at the balance sheet date, in order to be eligible for long service payments under the Employment Ordinance if their employment is terminated in the circumstances specified. A provision has not been recognised in respect of such possible payments, as it is not considered probable that the situation will result in a material future outflow of resources from the Group.

**2.6 主要會計政策概要 (續)****僱員福利 (續)***僱傭條例支付長期服務金*

本集團若干僱員之服務年期已屆所需之年期，這符合在終止聘用後有資格取得根據香港僱傭條例可領取長期服務金。倘終止聘用之情況與香港僱傭條例所指定者相符，則本集團須支付該等長期服務金。

已就預期未來可能支付之長期服務金確認撥備。該項撥備乃根據僱員由任職本集團起至結算日止應享有之長期服務金之未來可能付款之最準確估計而計算。

於結算日，本集團現時之若干僱員為符合享有根據僱傭條例在終止聘用所指定之情況下有資格領取長期服務金，而達致須在本集團工作之所需服務年期，則本集團須就可能須於日後向僱員支付長期服務金而披露或然負債。本公司並無就該等所須支付之款項確認撥備，是由於該情況將不會影響本集團在日後出現重大資源流出之情況。

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## 2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Employee benefits (continued)

#### *Pension schemes and other retirement benefits*

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for all its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute certain percentage of their payroll costs to the central pension scheme. The contributions are charged to the income statement as they become payable in accordance with the rules of the central pension scheme.

For overseas subsidiaries, the Group operates a defined contribution pension scheme for those employees who are eligible to participate in the scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. Contributions are made based on a percentage of the participating employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the scheme. This pension scheme operates in a similar way to the MPF Scheme, except that when an employee leaves the scheme prior to his/her interest in the Group's employer contributions vesting fully, the ongoing contributions payable by the Group may be reduced by the relevant amount of forfeited contributions.

## 2.6 主要會計政策概要 (續)

### 僱員福利 (續)

#### *退休金計劃及其他退休福利*

本集團根據強制性公積金計劃條例為其於香港之所有僱員設立定額供款之強制性公積金退休福利計劃(「強積金計劃」)。供款乃按僱員底薪之若干百分比計算，並於根據強積金計劃之規則應予支付時自收益賬扣除。強積金計劃之資產獨立於本集團之資產，並由獨立管理之基金另行持有。本集團之僱主供款就強積金計劃供款後全數即屬僱員所有。

本集團於中國內地之附屬公司之僱員須參加由當地市政府設立之定額供款中央退休計劃。此等附屬公司須按彼等工資成本之若干百分比向中央退休計劃供款。根據中央退休計劃之規定有關供款須在支付時在收益賬內扣除。

至於海外附屬公司，本集團為合資格僱員設立定額供款退休金計劃。計劃之資產獨立於本集團之資產，並由獨立管理之基金另行持有。供款乃按參與之僱員底薪之若干百分比計算，並於根據計劃之規則應予支付時自損益表扣除。此計劃與強積金計劃之運作方式相近，惟倘僱員於有權全數收取本集團之僱主供款以前退出計劃，本集團繼後應付之供款可以遭放棄之有關款項扣減。

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## 2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Borrowing costs

Borrowing costs are recognised as expenses in the income statement in the period in which they are incurred.

### Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained profits within the equity section of the balance sheet, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

## 2.6 主要會計政策概要 (續)

### 借貸成本

借貸成本在產生之期間在收益賬中確認為開支。

### 股息

董事擬派之末期股息會分類為資產負債表內資本及儲備項下之另一項保留溢利分配，直至股東在股東大會上批准為止。如股息獲股東批准及宣派，會確認為負債。

中期股息會同時擬派及宣派，原因是本公司之章程大綱及細則授權董事宣派中期股息，因此，中期股息會於擬派及宣派時即時確認為負債。

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## 2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions are initially recorded using the functional currency rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the balance sheet date. All differences are taken to profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currencies of overseas subsidiaries and jointly-controlled entities are currencies other than the Hong Kong dollar. As at the balance sheet date, the assets and liabilities of these entities are translated into the presentation currency of the Company at exchange rates ruling at the balance sheet date and, their income statements are translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are included in the exchange fluctuation reserve. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

For the purpose of the consolidated cash flow statement, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

## 2.6 主要會計政策概要 (續)

### 外幣

財務報表以港元呈報，即其為本公司之功能及呈報貨幣呈列。本集團內之每一個體各自決定其功能貨幣為何，各個體之財務報表項目均以所定功能貨幣計量。外幣交易初步按交易日之有關功能貨幣之匯率換算入賬。以外幣為計價單位之貨幣資產及負債，按有關功能貨幣於結算日之匯率再換算。所有匯兌差額撥入收益表處理。按歷史成本列賬、以外幣計量之非貨幣項目，採用首次交易日期之匯率換算。按公平值列賬、以外幣計量之非貨幣項目，採用釐定公平值日期之匯率換算。

海外附屬公司及共同控制企業之功能貨幣，為非港元之貨幣。於結算日，有關個體之資產與負債以結算日之匯率換算為本公司之呈報貨幣，而收益賬則以年內匯率加權平均數而換算為港元。因而產生之匯兌差額被入入匯兌波動儲備中。於出售外國個體時，在股本中就該外國業務確認之遞延累計金額，在收益賬中確認。

就綜合現金流量表而言，海外附屬公司之現金流量乃按於現金流當日之匯率換算為港元。在年內海外附屬公司經常產生之現金流量乃按截至本年度之加權平均匯率換算為港元。



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### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

#### Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

##### *Operating lease commitments – Group as lessor*

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

##### *Classification between investment property and owner-occupied properties*

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

### 3. 重大會計判斷及估計

#### 判斷

於應用本集團之會計政策時，管理層作出下列對於在財務報表所確認金額有重大影響之判斷，涉及估計者除外：

##### *經營租賃承擔 — 本集團作為出租人*

本集團就投資物業組合訂立商業物業租賃。本集團確定其繼續保留按經營租賃出租之物業之所有重大所有權風險及回報。

##### *投資物業與業主自用物業之分類：*

本集團釐訂物業是否符合投資物業之資格，並已制定作出有關判斷之準則。投資物業為持有作賺取租金或資本增值或同時兩者之物業。因此，本集團考慮物業是否能大致在獨立於本集團其他資產下賺取現金流。

部份物業涉及一部份是持作賺取租金或資本增值，而另一部份則持作使用生產或供應貨品或服或作行政用途。倘該等部份可獨立出售（或根據融資租約而獨立出售），本集團將有關部份獨立入賬。倘有關部份不能獨立出售，物業僅於只有極少部份乃持作用於生產或供應貨品或服或作行政用途，始會列為投資物業。

本集團就個別物業而判斷附設服務是否非敘重要，以使物業並不符合投資物業之資格。

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### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

#### 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.

##### *Impairment of goodwill/intangible asset*

The Group determines whether goodwill/intangible asset is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill/intangible asset is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. More details are given in notes 17 and 18 to the financial statements.

##### *Deferred tax assets*

Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

The Group's management determines the deferred tax assets based on the enacted or substantially enacted tax rates and laws and best knowledge of profit projections of the Group for coming years during which the deferred tax assets are expected to be utilised. Management will revise the assumptions and profit projections at each balance sheet date.

### 3. 重大會計判斷及估計 (續)

#### 不肯定估計

有關未來之重大假設及其他於結算日涉及可能導致下一個財政年度資產與負債之賬面值作出重大調整之重大風險及其他有關不肯定之估計如下：

##### *商譽／無形資產減值*

本集團最少每年釐訂商譽／無形資產會否出現減值，當中需要估計獲分配商譽／無形資產之現金賺取單位之使用價值。估計使用價值需要本集團就現金賺取單位之預期未來現金流作估計，並選擇最適合之貼現率以計現該等現金流之現值。詳情載於財務報表附註17及附註18。

##### *遞延稅項資產*

遞延稅項資產利用在結算日已制定或大致制定之稅率（及法例）而釐訂，並預期於相關遞延稅務資產變現或清償遞延稅務負債時應用。遞延稅項資產按估計可動用臨時差額以抵銷未來應課稅溢利而確認。

本集團管理層根據已制定或大致制定之稅率及法例，以及本集團就預期動用遞延稅項資產之未來年度之最佳溢利預測而釐訂。管理層於各結算日修訂假設及溢利預測。

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### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

#### Estimation uncertainty (continued)

*Impairment of PPE/deferred product development costs/deposits for product development costs and moulds*

The Group determines whether PPE/deferred product development costs/deposits for product development costs and moulds are impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the PPE/deferred product development costs/deposits for product development costs and moulds is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

### 3. 重大會計判斷及估計 (續)

#### 估計不明朗因素 (續)

*物業、廠房及設備／遞延產品開發成本／產品開發成本及模具按金之減值*

本集團至少每年釐訂物業、廠房及設備／遞延產品開發成本／產品開發成本及模具按金是否減值，如此需要估計物業、廠房及設備／遞延產品開發成本／產品開發成本及模具按金所在現金產生單位之使用價值。估計使用價值須本集團首先估計現金產生單位之預期未來現金流量，以及選定合適折讓率以計算該等現金流量之現值。

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### 4. SEGMENT INFORMATION

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

The Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments. Summary details of the business segments are as follows:

- (a) the home entertainment segment manufactures audio and video products for home entertainment purpose;
- (b) the in-car electronics segment manufactures in-car electronic products;
- (c) the network information/entertainment solutions segment engages in the development of networking technology and the provision of integrated solutions and services for the cable TV industry; and
- (d) the corporate and other segment comprises corporate income and expense items and other businesses.

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

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the prevailing market prices.

### 4. 分部資料

分部資料以兩種分部方式提呈：(i)以業務分部為其主要呈報方式；及(ii)以地區分部作為次要呈報方式。

本集團之經營業務按業務性質及所提供之產品及服務進行組合及管理。本集團每項業務分部均代表所提供產品及服務涉及之風險及回報與其他業務分部不同之策略性業務單位。業務分部概要詳情如下：

- (a) 製造家居娛樂音響及錄像產品之家居娛樂部門；
- (b) 製造汽車電子產品之汽車電子部門；
- (c) 開發網絡技術及提供有線電視業務適用之綜合解決方案及服務之網絡資訊／娛樂解決方案部門；及
- (d) 控股公司及其他分部包括公司收入及開支項目及其他業務。

本集團決定地區分部時，會按客戶所在地劃分收益所屬分部，亦按資產所在地劃分資產所屬分部。

分部間之銷售及轉撥按向第三者以當時市值進行銷售之售價進行。

## Notes to Financial Statement 財務報表附註

31 December 2005 二零零五年十二月三十一日

4. SEGMENT INFORMATION  
(continued)

## 4. 分部資料(續)

## (a) Business segments

## (a) 業務分部

The following tables present revenue, profit/(loss) and certain asset, liability and expenditure information for the Group's business segments for the years ended 31 December 2005 and 2004.

下表載列本集團業務分部截至二零零五年及二零零四年十二月三十一日止年度之收益、溢利／(虧損)及若干資產、負債及開支之資料。

Group 本集團	Home entertainment 家居娛樂		In-car electronics 汽車電子		Network information/ entertainment solutions 網絡資訊／娛樂解決方案		Corporate and others 控股公司及其他		Eliminations 對銷		Consolidated 綜合	
	2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元 (Restated) (重列)
<b>Segment revenue:</b> 分部收益：												
Sales to external customers 向外界客戶銷售	1,718,336	2,249,245	1,974,407	1,879,434	3,421	6,047	-	-	-	-	3,696,164	4,134,726
Intersegment sales 分部間銷售	-	7,741	25,668	101,765	-	-	-	-	(25,668)	(109,506)	-	-
Other revenue 其他收益	12,642	11,509	8,318	11,676	2	9	-	-	-	-	20,962	23,194
<b>Total</b> 總額	<b>1,730,978</b>	<b>2,268,495</b>	<b>2,008,393</b>	<b>1,992,875</b>	<b>3,423</b>	<b>6,056</b>	<b>-</b>	<b>-</b>	<b>(25,668)</b>	<b>(109,506)</b>	<b>3,717,126</b>	<b>4,157,920</b>
<b>Segment results</b> 分部業績	<b>(705,251)</b>	<b>43,274</b>	<b>(469,514)</b>	<b>46,361</b>	<b>(2,751)</b>	<b>(5,856)</b>	<b>-</b>	<b>256</b>	<b>-</b>	<b>-</b>	<b>(1,177,516)</b>	<b>84,035</b>
Interest income 利息收入											6,211	8,631
Unallocated expenses 未分配開支											(41,264)	(33,433)
Finance costs 財務費用											(49,209)	(19,893)
Share of profits and losses of: 應佔溢利及虧損：												
Jointly-controlled entities 共同控制企業	(17,935)	1,853	(14,268)	(4,434)	-	-	-	-	-	-	(32,203)	(2,581)
Associates 聯營公司	-	-	-	12,836	-	-	-	-	-	-	-	12,836
Profit/(loss) before tax 除稅前溢利／(虧損)											(1,293,981)	49,595
Tax 稅項											35,040	(11,456)
Profit/(loss) for the year 年內溢利／(虧損)											(1,258,941)	38,139

## Notes to Financial Statement 財務報表附註

31 December 2005 二零零五年十二月三十一日

4. SEGMENT INFORMATION  
(continued)

## 4. 分部資料 (續)

## (a) Business segments (continued)

## (a) 業務分部 (續)

Group 本集團		Home entertainment 家居娛樂		In-car electronics 汽車電子		Network information/ entertainment solutions 網絡資訊/娛樂解決方案		Corporate and others 控股公司及其他		Consolidated 綜合	
		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
Segment assets	分部資產	663,093	653,878	503,646	689,077	10,595	9,180	24,417	26,775	1,201,751	1,378,910
Interests in jointly- controlled entities	共同控制企業 權益	-	71,593	6,968	28,513	-	(2,174)	-	-	6,968	97,932
Unallocated assets	未分配資產									162,605	329,991
Total assets	總資產									1,371,324	1,806,833
Segment liabilities	分部負債	274,975	260,081	209,647	166,771	11,622	5,030	10,014	4,217	506,258	436,099
Unallocated liabilities	未分配負債									1,362,860	626,182
Total liabilities	總負債									1,869,118	1,062,281
Other segment information:	其他分部 資料:										
Depreciation and amortisation	折舊及攤銷	89,155	77,468	52,658	40,441	1,296	1,222	-	395	143,109	119,526
Other non-cash expenses/(income)	其他非現金 支出/ (收入)	483,581	(9,903)	231,444	4,952	(177)	2,035	23,239	-	738,087	(2,916)
Capital expenditure	資本支出	81,132	118,035	67,335	90,928	5	675	-	-	148,472	209,638
Impairment of items of property, plant and equipment	物業、廠房 及設備 減值	51,745	-	36,920	-	-	-	-	-	88,665	-
Deferred expenditure written off	遞延支出 撇銷	29,610	2,159	20,427	2,946	-	-	-	-	50,037	5,105
Deposits for product development costs and moulds written off	產品開發成 本及模具 按金撇銷	21,227	-	5,436	-	-	-	-	-	26,663	-
Surplus on revaluation of property, plant and equipment credited to the asset revaluation reserve	重估物業、 廠房及設 備盈餘計 入資產重 估儲備	(6,473)	-	(5,070)	(1,240)	-	(72)	(6,966)	(3,793)	(18,509)	(5,105)

## Notes to Financial Statement 財務報表附註

31 December 2005 二零零五年十二月三十一日

4. SEGMENT INFORMATION  
(continued)

## (b) Geographical segments

The following table presents revenue and certain asset and expenditure information for the Group's geographical segments for the years ended 31 December 2005 and 2004.

## Group

	United States of America 美國		Europe 歐洲		Asia 亞洲		Central and South America 中南美洲		Canada 加拿大		Others 其他地區		Eliminations 對銷		Consolidated 綜合	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
	二零零五年	二零零四年	二零零五年	二零零四年	二零零五年	二零零四年	二零零五年	二零零四年	二零零五年	二零零四年	二零零五年	二零零四年	二零零五年	二零零四年	二零零五年	二零零四年
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
Segment revenue: 分部收益:																
Sales to external 向外界客																
customers 戶銷售	1,050,642	1,333,421	1,943,874	1,876,058	163,660	189,002	268,462	181,583	172,312	430,157	97,214	124,505	-	-	3,696,164	4,134,726
Other segment 其他分部																
information: 資料:																
Segment assets 分部資產	202,489	52,513	128,832	60,808	1,006,854	1,686,794	21,027	-	10,686	5,419	1,436	1,299	-	-	1,371,324	1,806,833
Capital expenditure 資本支出	-	201	-	-	148,472	209,437	-	-	-	-	-	-	-	-	148,472	209,638

## 4. 分部資料(續)

## (b) 地區分部

下表載列本集團截至二零零五年及二零零四年十二月三十一日止年度地區分部劃分之收益、若干資產及開支之資料。

## 本集團

## Notes to Financial Statement 財務報表附註

31 December 2005 二零零五年十二月三十一日

**5. REVENUE, OTHER INCOME AND GAINS**

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts during the year.

An analysis of revenue, other income and gains is as follows:

**5. 收益、其他收入及收益**

年內收益(亦即本集團之營業額)乃指已售出貨品之發票淨值扣除退貨及貿易折扣。

收益、其他收入及收益分析如下：

		<b>Group 本集團</b>	
		<b>2005 二零零五年 HK\$'000 千港元</b>	2004 二零零四年 HK\$'000 千港元
<b>Revenue</b>	<b>收益</b>		
Development, manufacture, sale and distribution of:	開發、製造、銷售及分銷：		
– home entertainment products	– 家居娛樂產品	<b>1,353,771</b>	2,249,245
– in-car electronic products	– 汽車電子產品	<b>2,338,755</b>	1,879,434
– network information/entertainment solutions	– 網絡資訊/娛樂解決方案	<b>3,638</b>	6,047
		<b>3,696,164</b>	4,134,726
<b>Other income</b>	<b>其他收入及收益</b>		
Tooling and repairing service income	模具及維修服務收入	<b>9,556</b>	12,726
Bank interest income	銀行利息收入	<b>6,211</b>	8,631
Rental income	租金收入	<b>927</b>	1,827
Sale of scrap materials	銷售廢料	<b>1,296</b>	1,676
Promotional income	市場推廣收入	<b>850</b>	2,500
Others	其他	<b>5,836</b>	3,580
		<b>24,676</b>	30,940
<b>Gains</b>	<b>收益</b>		
Foreign exchange gains arising from the translation of bank loans, net	兌換銀行貸款所得外匯淨收益	<b>2,227</b>	–
Gain on disposal of associates	出售聯營公司收益	–	185
Fair value gain on an investment property	投資物業公平值收益	<b>270</b>	700
		<b>2,497</b>	885
		<b>27,173</b>	31,825



## Notes to Financial Statement 財務報表附註

31 December 2005 二零零五年十二月三十一日

## 6. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) from tax is arrived at after charging/(crediting)

## 6. 除稅前溢利／（虧損）

本集團之除稅前溢利／（虧損）經扣除／（計入）：

		Group 本集團	
		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
	Notes 附註		
Cost of inventories sold	已售存貨成本	<b>3,667,043</b>	3,723,623
Cost of services provided	已提供服務成本	-	6,692
Provision/(write-back of provision) for obsolete inventories*	陳舊存貨撥備／ （撥備撥回）*	<b>290,121</b>	(629)
Provisions for sales returns and warranty costs*	銷售退貨及保養 成本撥備*	<b>48,830</b>	29,007
Minimum lease payments under operating leases in respect of land and buildings	根據經營租賃之 土地及樓宇最低 租賃付款	<b>22,221</b>	17,440
Less: Amounts capitalised	減：撥作資本款額	<b>(4,450)</b>	(4,038)
		<b>17,771</b>	13,402
Depreciation	折舊	<b>102,614</b>	83,749
Research and development costs: Amortisation of deferred expenditure amortised*	研究及開發成本： 遞延支出攤銷*	<b>40,324</b>	35,777
Write-off of deferred expenditure written off***	遞延支出撇銷***	<b>50,037</b>	5,105
Current year's expenditure***	現年度開支***	<b>16,111</b>	14,837
		<b>106,472</b>	55,719
Write-off of deposits for product development costs and moulds***	產品開發成本及 模具撇銷***	<b>26,663</b>	-
Goodwill impairment arising during the year***	年內產生之商譽 減值***	<b>23,239</b>	-
Auditors' remuneration	核數師酬金	<b>3,350</b>	1,700
Employee benefits expense (including directors' remuneration – note 8):	僱員福利支出(包括 董事酬金—附註8)：		
Pension scheme contributions	退休金計劃供款	<b>1,223</b>	3,196
Less: Forfeited contributions	減：已放棄供款	-	-
Net pension scheme contributions**	退休金計劃供款淨額**	<b>1,223</b>	3,196
Wages, salaries and bonuses	工資、薪金及紅利	<b>224,085</b>	227,402
		<b>225,308</b>	230,598
Less: Amounts capitalised	減：撥作資本款額	<b>(53,048)</b>	(57,169)
		<b>172,260</b>	173,429

## Notes to Financial Statement 財務報表附註

31 December 2005 二零零五年十二月三十一日

6. PROFIT/(LOSS) BEFORE TAX  
(continued)

## 6. 除稅前溢利／(虧損) (續)

		Group 本集團	
		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
	Notes 附註		
Foreign exchange losses arising from translation of time deposits, net ***	兌換定期存款所得之外匯虧損淨額 ***	-	5,804
Loss on disposal of items of property, plant and equipment, net***	出售物業、廠房及設備虧損淨額***	147	1,964
Provision/(write-back of provision) for doubtful receivables***	呆賬撥備／(撥備撥回)***	<b>65,753</b>	(4,352)
Amortisation of prepaid land lease payments***	預付土地租賃款項攤銷***	1671	-
Write-off of items of property, plant and equipment***	物業、廠房及設備撇銷***	1419,949	-
Impairment of items of property, plant and equipment***	物業、廠房及設備減值***	1488,665	-
Write-off of receivables***	應收款項撇銷***	<b>287,039</b>	-
Impairment of a long term investment***	長期投資減值***	-	100
Net rental income	租金收入淨值	<b>(927)</b>	(1,827)
Provision for an amount due from jointly-controlled entity***	共同控制企業欠款撥備***	202,850	10,500

\* The provision for obsolete inventories, the amortisation of deferred expenditure and the provisions for sales returns and warranty costs for the year are included in "Cost of sales" on the face of the consolidated income statement.

\*\* At 31 December 2005, there were no forfeited contributions available to the Group to reduce its contributions to the pension schemes in future years (2004: Nil).

\*\*\* Included in "Other expenses" disclosed in the consolidated income statement.

\* 本年度之陳舊存貨撥備、遞延開支攤銷及銷售退貨及保養成本撥備已在綜合損益表列為「銷售成本」。

\*\* 於二零零五年十二月三十一日，本集團並無已放棄供款可作扣減其日後年度之退休金計劃供款（二零零四年：無）。

\*\*\* 詳情於綜合損益表之「其他開支」中披露。

## Notes to Financial Statement 財務報表附註

31 December 2005 二零零五年十二月三十一日

## 7. FINANCE COSTS

## 7. 財務費用

		Group 本集團	
		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
Interest on bank loans and overdrafts wholly repayable within five years	須於五年內全數償還之 銀行貸款及透支	49,209	19,877
Interest on finance leases	融資租賃之利息	-	16
		<b>49,209</b>	19,893

## 8. DIRECTORS' REMUNERATION

## 8. 董事酬金

Directors' remuneration for the year, disclosed pursuant to the Listing Rules and Section 161 of the Companies Ordinance, is as follows:

年內根據上市規則及香港公司條例第161條所披露之董事酬金如下：

		Group 本集團	
		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
Fees	袍金	720	568
Other emoluments:	其他酬金：		
Salaries, allowances and benefits in kind	薪金、津貼及其他 實物利益	7,836	8,980
Pension scheme contributions	退休金計劃供款	36	36
		<b>7,872</b>	9,016
		<b>8,592</b>	9,584

## Notes to Financial Statement 財務報表附註

31 December 2005 二零零五年十二月三十一日

**8. DIRECTORS' REMUNERATION (continued)****(a) Independent non-executive directors**

The fees paid to independent non-executive directors during the year were as follows:

Chan Wing Tai, Joseph	陳榮泰
Tang Tin Ying	鄧天應
Tay Chee Hung, Clement	鄭志雄
Fung Chi Kong, Edward*	馮志光*
Cheung Mei Ha, Jennifer*	張美霞*

\* Redesignated from independent non-executive directors to non-executive directors during the year ended 31 December 2004 and resigned subsequent to the balance sheet date

There were no other emoluments payable to the independent non-executive directors during the year (2004: Nil).

**8. 董事酬金 (續)****(a) 獨立非執行董事**

年內支付獨立非執行董事之袍金如下：

<b>2005</b> 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
<b>360</b>	360
<b>120</b>	44
<b>120</b>	44
-	75
-	-
<b>600</b>	523

\* 於截至二零零四年十二月三十一日止年度內由獨立非執行董事轉任非執行董事，並於結算日後辭任。

年內概無任何其他應付獨立非執行董事之酬金(二零零四年：無)。

## Notes to Financial Statement 財務報表附註

31 December 2005 二零零五年十二月三十一日

8. DIRECTORS' REMUNERATION  
(continued)(b) Executive directors and  
non-executive directors

2005 二零零五年	Fees 袍金 HK\$'000 千港元	Salaries, allowances and benefits in kind	Pension scheme contributions	Total remuneration	
		薪金、及津貼 實物利益 HK\$'000 千港元	退休金 計劃供款 HK\$'000 千港元	酬金 總額 HK\$'000 千港元	
Executive directors:					
	執行董事：				
Poon Ka Hung	潘嘉雄	–	2,500	12	2,512
Wu Lai Ping	胡禮平	–	2,836	12	2,848
Lin Hoo Fin*	連浩芬	–	2,500	12	2,512
		–	7,836	36	7,872
Non-executive directors:					
	非執行董事：				
Cheung Mei Ha, Jennifer*	張美霞	–	–	–	–
Fung Chi Kong, Edward*	馮志光	120	–	–	120
Leung Chun Pong	梁振邦	–	–	–	–
		120	–	–	120

\* Resigned subsequent to the balance sheet date

\* 於結算日後辭任

## Notes to Financial Statement 財務報表附註

31 December 2005 二零零五年十二月三十一日

8. DIRECTORS' REMUNERATION  
(continued)

## (b) Executive directors and non-executive directors (continued)

2004 二零零四年	Fees 袍金 HK\$'000 千港元	Salaries, allowances and benefits in kind 薪金、及津貼 實物利益 HK\$'000 千港元	Pension scheme contributions 退休金 供款 HK\$'000 千港元	Total remuneration 酬金 總額 HK\$'000 千港元	
Executive directors:	執行董事：				
Poon Ka Hung	潘嘉雄	–	2,388	12	2,400
Wu Lai Ping	胡禮平	–	2,104	12	2,116
Lin Hoo Fun	連浩芬	–	4,488	12	4,500
		–	8,980	36	9,016
Non-executive directors:	非執行董事：				
Cheung Mei Ha, Jennifer*	張美霞*	–	–	–	–
Fung Chi Kong, Edward*	馮志光*	45	–	–	45
Leung Chun Pong	梁振邦	–	–	–	–
		45	–	–	45

\* Redesignated from independent non-executive directors to non-executive directors during the year ended 31 December 2004.

During the year, two executive directors agreed to waive the basic salaries as provided for in their respective service agreements in a total amount of HK\$8,597,070 (2004: HK\$7,620,583).

## 8. 董事酬金 (續)

(b) 執行董事及非執行董事  
(續)

\* 於截至二零零四年十二月三十一日止年度內由獨立非執行董事轉任非執行董事。

兩位董事於年內同意放棄其各自之服務協議訂明之基本薪金，總額為8,597,070港元（二零零四年：7,620,583港元）。

## Notes to Financial Statement 財務報表附註

31 December 2005 二零零五年十二月三十一日

## 9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included three (2004: three) directors, details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining two (2004: two) non-directors, highest paid employees for the year are as follows:

		Group 本集團	
		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
Salaries, allowances and benefits in kind	薪金、津貼及其他實物利益	3,601	4,976
Pension scheme contributions	退休金計劃供款	24	24
		<b>3,625</b>	<b>5,000</b>

The number of non-director, highest paid employees whose remuneration fell within the following bands is as follows:

		Number of employees 僱員人數	
		2005 二零零五年	2004 二零零四年
HK\$1,500,001 to HK\$2,000,000	1,500,001港元 – 2,000,000港元	2	–
HK\$2,000,001 to HK\$2,500,000	2,000,001港元 – 2,500,000港元	–	2
		<b>2</b>	<b>2</b>

## 9. 五位最高薪僱員

年內五位最高薪僱員包括三位(二零零四年：三位)董事，彼等酬金之詳情已在上文附註8披露。其餘兩位(二零零四年：兩位)非董事最高薪僱員於年內之酬金詳情如下：

酬金介乎以下範圍之非董事最高薪僱員人數如下：

## Notes to Financial Statement 財務報表附註

31 December 2005 二零零五年十二月三十一日

## 10. TAX

Hong Kong profits tax has been provided at the rate of 17.5% (2004: 17.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

The tax rate for corporate income tax ("CIT") applicable to the subsidiaries of the Group operating in Mainland China is 33%. Certain of these subsidiaries were eligible for exemption from CIT for the two years starting from the first year in which assessable profits are generated, and a 50% exemption from CIT for the following three years.

## 10. 稅項

香港利得稅乃按年內在香港賺得之估計應課稅溢利以17.5%(二零零四年: 17.5%)之稅率撥備。源於其他地區之應課稅溢利之稅項則按本集團業務所在國家之現行稅率, 根據有關地區之現行法例、詮釋及慣例計算。

適用於本集團在中國內地經營之附屬公司之企業所得稅(「企業所得稅」)稅率為33%。若干該等附屬公司符合資格, 可於首個產生應課稅溢利年度起計兩年獲豁免企業所得稅, 而繼後連續三年則可享有50%企業所得稅減免。

		<b>2005</b> 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元 (Restated) (重列)
Group:	本集團:		
Current – Hong Kong	即期 – 香港:		
Charge for the year	年內開支	<b>82</b>	1,275
Overprovision in prior years	去年超額撥備	<b>(13,659)</b>	–
Current – Elsewhere	即期 – 其他地區	<b>749</b>	3,454
Deferred (note 32)	遞延稅項(附註32)	<b>(22,212)</b>	6,727
<hr/>		<hr/>	
Total tax charge/(credit) for the year	年度稅項支出/(計入)總額	<b>(35,040)</b>	11,456



## Notes to Financial Statement 財務報表附註

31 December 2005 二零零五年十二月三十一日

## 10. TAX (continued)

A reconciliation of the tax expense applicable to profit/(loss) before tax using the statutory rates for the countries in which the Company and its subsidiaries are domiciled to the tax charge/(credit) for the year is as follows:

## 10. 稅項 (續)

使用本公司、其附屬公司註冊地之國家之法定稅率計算之稅前溢利／(虧損)適用稅項開支本與年內之稅項支出／(收入)之對賬如下：

		<b>2005</b> 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元 (Restated) (重列)
Profit/(loss) before tax	除稅前溢利／(虧損)	<b>(1,293,981)</b>	49,595
Calculated at a tax rate of 17.5% (2004: 17.5%)	按17.5%稅率(二零零四年：17.5%)計算之稅項	<b>(226,447)</b>	8,679
Effect of different tax rates in other countries	其他國家之不同稅率之影響	<b>1,162</b>	(1,746)
Adjustments in respect of current tax of previous periods	就往期之即期稅項所作調整	<b>(13,659)</b>	-
Profit and losses attributable to jointly-controlled entities and associates	應佔共同控制企業及聯營公司之溢利及虧損	<b>5,635</b>	(1,794)
Income not subject to tax	毋須納稅收入	<b>(359)</b>	(7,685)
Expenses not deductible for tax	不可扣稅開支	<b>92,933</b>	12,377
Tax losses utilised from previous periods	動用往期稅項虧損	<b>(1,079)</b>	(1,482)
Tax losses not recognised	未確認之稅項虧損	<b>106,774</b>	3,107
Tax charge/(credit) for the year	本年度稅項支出／(計入)	<b>(35,040)</b>	11,456

The share of tax attributable to jointly-controlled entities and associates amounting to nil (2004: HK\$168,000) and nil (2004: HK\$1,891,000), respectively, is included in "Share of profits and losses of jointly-controlled entities and associates" on the face of the consolidated income statement.

應佔共同控制企業及聯營公司之稅項分別為零(二零零四年：168,000港元)及零(二零零四年：1,891,000港元)已列入綜合損益表「應佔共同控制企業及聯營公司溢利及虧損」。

## Notes to Financial Statement 財務報表附註

31 December 2005 二零零五年十二月三十一日

**11. NET PROFIT/(LOSS) FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT**

The net loss from ordinary activities attributable to equity holders of the parent for the year ended 31 December 2005 dealt with in the financial statements of the Company was HK\$985,804,000 (2004: HK\$4,114,000) (note 35(b)).

**11. 母公司股權持有人應佔日敘業務純利／(虧損)**

撥入本公司財務報表處理截至二零零五年十二月三十一日止年度之母公司股權持有人應佔日敘業務虧損淨額為985,804,000港元(二零零四年: 4,114,000港元)(附註35(b))

**12. DIVIDENDS**

Interim – Nil (2004: HK0.5 cent)  
per ordinary share

中期股息每股普通股零  
(二零零四年: 每股0.5港仙)

Proposed final – Nil  
(2004: HK1.5 cents)  
per ordinary share

擬派末期股息每股普通股零  
(二零零四年: 每股1.5港仙)

	<b>2005</b> <b>二零零五年</b> <b>HK\$'000</b> <b>千港元</b>	2004 二零零四年 HK\$'000 千港元
	-	2,549
	-	7,647
	-	10,196

The proposed final dividend for the year ended 31 December 2004 was approved by the Company's shareholders at the annual general meeting.

截至二零零四年十二月三十一日止年度擬派末期股息須在股東週年大會上獲得本公司股東批准。

**13. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT**

The calculation of basic loss per share amounts is based on the net profit/(loss) for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares in issue during the year.

Diluted earnings/(loss) per share amounts for the years ended 31 December 2005 and 2004 have not been disclosed as no dilutive events existed during these years.

**13. 母公司普通股權持有人應佔每股盈利／(虧損)**

每股基本虧損乃根據截至本年度之母公司普通股權持有人應佔純利／虧損淨額及年內已發行普通股加權平均數計算。

由於在截至二零零五年及二零零四年十二月三十一日止年度內並無出現攤薄事件，因此並無披露該等年度之每股攤薄盈利／(虧損)。

## Notes to Financial Statement 財務報表附註

31 December 2005 二零零五年十二月三十一日

## 14. PROPERTY, PLANT AND EQUIPMENT

## 14. 物業、廠房及設備

## Group

## 本集團

		Land and buildings 土地及樓宇	Leasehold improvements 租賃物業裝修	Plant, machinery, moulds and tools 設備、機器、 模具及工具	Furniture and equipment 傢俬及設備	Motor vehicles 汽車	Total 總額
Note	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
附註	千港元	千港元	千港元	千港元	千港元	千港元	千港元
<b>31 December 2005</b>	於二零零五年十二月三十一日						
At 31 December 2004 and at 1 January 2005:	於二零零四年十二月三十一日及二零零五年一月一日：						
Cost or valuation	成本值或估值：	54,381	91,113	640,797	108,091	5,664	900,046
Accumulated depreciation and impairment	累積折舊及減值	(206)	(61,644)	(341,290)	(84,233)	(4,457)	(491,830)
Net carrying amount	賬面淨值	54,175	29,469	299,507	23,858	1,207	408,216
At 1 January 2005, net of accumulated depreciation	於二零零五年一月一日， 扣除累積折舊	54,175	29,469	299,507	23,858	1,207	408,216
Additions	添置	22	4,653	91,937	2,570	130	99,312
Acquisition of a subsidiary	收購附屬公司	36	46	37,452	3,464	503	71,268
Disposals	出售	-	(1)	(76)	(39)	(31)	(147)
Surplus on revaluation	重估盈餘	18,509	-	-	-	-	18,509
Write-off	撇除	-	(3,690)	(15,126)	(1,133)	-	(19,949)
Impairment*	減值*	-	(889)	(86,543)	(1,233)	-	(88,665)
Depreciation provided during the year	年內折舊撥至投資物業	(3,059)	(10,361)	(77,653)	(11,115)	(426)	(102,614)
Exchange realignment	滙兌調整	683	17	213	79	10	1,002
At 31 December 2005, net of accumulated depreciation and impairment	於二零零五年十二月三十一日， 扣除累積折舊及減值	100,133	19,244	249,711	16,451	1,393	386,932
At 31 December 2005:	二零零五年十二月三十一日：						
Cost or valuation	成本值或估值	100,799	79,187	744,559	107,087	6,314	1,037,946
Accumulated depreciation and impairment	累積折舊及減值	(666)	(59,943)	(494,848)	(90,636)	(4,921)	(651,014)
Net carrying amount	賬面淨值	100,133	19,244	249,711	16,451	1,393	386,932
Analysis of cost or valuation:	成本值或估值分析：						
At cost	成本值	6,617	79,187	744,559	107,087	6,314	943,764
At 31 December 2005 valuation	於二零零五年十二月三十一日 估值	94,182	-	-	-	-	94,182
		100,799	79,187	744,559	107,087	6,314	1,037,946

\* At 31 December 2005, the Group's property, plant and equipment were pledged under a fixed charged to secure general banking facilities granted to the Group, as further detailed in note 28 to the financial statements, and an impairment assessment has been conducted by the directors whereby an impairment provision has been made to write down the property, plant and equipment to their respective recoverable amount pursuant to the future production plan, as further detailed in note 2.1 to the financial statements.

\* 於二零零五年十二月三十一日，本集團物業、廠房及設備以固定押記作抵押，以令本集團獲授一般銀行貸款，詳情載於財務報表附註28。董事已展開一項減值評估，已根據未來生產計劃作出減值撥備，將物業、廠房及設備撥回至其各自之可回收金額，詳情載於財務報表附註2.1。

## Notes to Financial Statement 財務報表附註

31 December 2005 二零零五年十二月三十一日

## 14. PROPERTY, PLANT AND EQUIPMENT (continued)

## 14. 物業、廠房及設備(續)

## Group

## 本集團

		Land and buildings 土地及樓宇 HK\$'000 千港元	Leasehold improvements 租賃物業裝修 HK\$'000 千港元	Plant, machinery, moulds and tools 設備、機器、 模具及工具 HK\$'000 千港元	Furniture and equipment 傢俬及設備 HK\$'000 千港元	Motor vehicles 汽車 HK\$'000 千港元	Total 總額 HK\$'000 千港元 (Restated) (重列)
<b>At 31 December 2004</b>	<b>二零零四年十二月三十一日</b>						
At 1 January 2004:	二零零四年一月一日：						
Cost or valuation	成本值或估值	46,585	79,651	602,345	99,438	5,091	833,110
Accumulated depreciation	累積折舊	(806)	(55,979)	(361,979)	(74,520)	(4,009)	(497,293)
Net carrying amount	賬面淨值	45,779	23,672	240,366	24,918	1,082	335,817
At 1 January 2004, net of accumulated depreciation	於二零零四年一月一日， 扣除累積折舊	45,779	23,672	240,366	24,918	1,082	335,817
Additions	添置	5,183	14,688	123,608	10,097	573	154,149
Disposals	出售	-	-	(2,883)	(223)	-	(3,106)
Surplus on revaluation	重估盈餘	5,105	-	-	-	-	5,105
Depreciation provided during the year	年內折舊	(1,892)	(8,891)	(61,584)	(10,934)	(448)	(83,749)
At 31 December 2004, net of accumulated depreciation	於二零零四年十二月三十一日， 扣除累積折舊	54,175	29,469	299,507	23,858	1,207	408,216
At 31 December 2004:	二零零四年十二月三十一日：						
Cost or valuation	成本值或估值	54,381	91,113	640,797	108,091	5,664	900,046
Accumulated depreciation	累積折舊	(206)	(61,644)	(341,290)	(84,233)	(4,457)	(491,830)
Net carrying amount	賬面淨值	54,175	29,469	299,507	23,858	1,207	408,216
Analysis of cost or valuation:	成本值或估值分析：						
At cost	成本值	6,617	91,113	640,797	108,091	5,664	852,282
At 31 December 2004 valuation	於二零零四年十二月三十一日 估值	47,764	-	-	-	-	47,764
Net carrying amount	賬面淨值	54,381	91,113	640,797	108,091	5,664	900,046

## Notes to Financial Statement 財務報表附註

31 December 2005 二零零五年十二月三十一日

## 14. PROPERTY, PLANT AND EQUIPMENT (continued)

## 14. 物業、廠房及設備(續)

Company

本公司

## Motor vehicles

汽車

HK\$'000

千港元

31 December 2004 and 2005

二零零四年及二零零五年  
十二月三十一日

At 1 January 2004,	於二零零四年一月一日、	
31 December 2004,	二零零四年十二月三十一日、	
1 January 2005 and	二零零五年一月一日及	
31 December 2005:	二零零五年十二月三十一日：	
Cost	成本值	437
Accumulated depreciation	累計折舊	(437)
<hr/>		
Net carrying amount	賬面淨值	—

The Group's land and buildings included above are held under the following lease terms:

本集團上述土地及樓宇乃以下列租約持有：

		Hong Kong 香港	Elsewhere 其他地區	Total 總計
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
At cost:	按成本：			
Long term leases	長期租約	—	6,386	6,386
Medium term leases	中期租約	—	231	231
<hr/>				
		—	6,617	6,617
<hr/>				
At valuation:	按價值：			
Long term leases	長期租約	—	41,817	41,817
Medium term leases	中期租約	24,000	28,365	52,365
<hr/>				
		24,000	70,182	94,182
<hr/>				
		24,000	76,799	100,799

## Notes to Financial Statement 財務報表附註

31 December 2005 二零零五年十二月三十一日

### 14. PROPERTY, PLANT AND EQUIPMENT (continued)

The net book value of the Group's fixed assets held under a finance lease included in the total amount of plant, machinery, moulds and tools at 31 December 2005 amounted to nil (2004: HK\$8,000).

The Group's land and buildings, were revalued individually at the balance sheet date by Vigers Appraisal & Consulting Limited, independent professionally qualified valuers. The buildings were revalued at open market value, based on their existing use. A revaluation surplus of HK\$18,509,000 (2004: HK\$5,105,000 (as restated)) resulting from the above valuations, have been credited to the asset revaluation reserve.

Had the revalued land and buildings been carried at historical cost less accumulated depreciation and impairment losses, their carrying amounts would have been approximately HK\$72,436,234 (2004: HK\$45,606,342).

### 14. 物業、廠房及設備(續)

本集團根據融資租賃持有之固定資產之賬面淨值(二零零四年: 8,000港元)已計入二零零五年十二月三十一日之廠房、機器、模具及工具之總額。

本集團名下之土地及樓宇由獨立而合資格專業物業估值師行威格斯資產評估顧問有限公司於結算日個別重估。該等樓宇按公開市值根據現有用途進行重估。上述重估產生之重估盈餘18,509,000港元(二零零四年: 5,105,000港元(重列))已計入資產重估儲備。

倘此等土地及樓宇乃按歷史成本減累計折舊及減值虧損列賬,其賬面值應為約72,436,234港元(二零零四年: 45,606,342港元)。

## Notes to Financial Statement 財務報表附註

31 December 2005 二零零五年十二月三十一日

## 15. INVESTMENT PROPERTY

## 15. 投資物業

		Group 本集團	
		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元 (Restated) (重列)
Carrying amount at 1 January	於一月一日之賬面值	<b>4,200</b>	3,500
Net profit from a fair value adjustment	公平值調整之純利	<b>270</b>	700
Carrying amount at 31 December	於十二月三十一日之賬面值	<b>4,470</b>	4,200

The Group's investment property, situated in Hong Kong and held under a long term lease, was revalued on 31 December 2005 by Vigers Appraisal & Consulting Limited, independent professionally qualified valuers, at HK\$4,470,000 on an open market, existing use basis. This investment property is leased to a third party under an operating lease.

At 31 December 2005, the Group's investment property was pledged under a fixed charge to secure general banking facilities granted to the Group as further detailed in note 2.1 to the financial statements.

本集團位於香港及按長期租賃持有之投資物業由獨立合資格專業物業估值師行威格斯資產評估顧問有限公司於二零零五年十二月三十一日按公開市值及現有用途基準重估之價值為4,470,000港元。投資物業以經營租賃形式被租予第三方。

於二零零五年十二月三十一日，本集團投資物業已按固定押記抵押，作為授予本集團一般銀行融資之抵押，詳情載於財務報表附註2.1。

## Notes to Financial Statement 財務報表附註

31 December 2005 二零零五年十二月三十一日

## 16. PREPAID LAND LEASE PAYMENT

## 16. 預付土地租賃款項

		<b>Group</b> 本集團	
		<b>2005</b> 二零零五年 <b>HK\$'000</b> 千港元	2004 二零零四年 HK\$'000 千港元 (Restated) (重列)
Carrying amount at 1 January	於一月一日之賬面值	-	-
Acquisition of a subsidiary	收購附屬公司	<b>7,373</b>	-
Recognised during the year	年內確認	<b>(171)</b>	-
Carrying amount at 31 December	於十二月三十一日之賬面值	<b>7,202</b>	-
Current portion included in prepayments, deposits and other receivables	列作預付款項、按金及其他應收款項之即期部份	<b>(171)</b>	-
Non-current portion	非即期部份	<b>7,031</b>	-

The leasehold land is held under a medium term lease and is situated in Mainland China.

At 31 December 2005, the Group's prepaid land lease payment was pledged under a fixed charge to secure general banking facilities granted to the Group, as further detailed in note 28 to the financial statements.

該等租賃土地乃按中期租約持有並位於國內。

於二零零五年十二月三十一日，本集團之預付土地租賃款項已按固定抵押形式抵押予銀行作為授予本集團一般銀行貸款之抵押，詳情見財務報表附註28。



## Notes to Financial Statement 財務報表附註

31 December 2005 二零零五年十二月三十一日

**17. GOODWILL AND NEGATIVE GOODWILL****17. 商譽及負商譽****Group****本集團****Total**

總額

HK\$'000

千港元

**31 December 2005**

二零零五年十二月三十一日

Carrying amount at 1 January 2005	於二零零五年一月一日之賬面值	–
Acquisition of a subsidiary (note 36)	收購附屬公司(附註36)	23,239
Impairment during the year	年內減值	(23,239)
<hr/>		
Carrying amount at 31 December 2005	於二零零五年十二月三十一日之賬面值	–
<hr/>		
At 31 December 2005:	於二零零五年十二月三十一日：	
Cost	成本值	23,239
Accumulated impairment	累計減值	(23,239)
<hr/>		
Carrying amount at 31 December 2005	於二零零五年十二月三十一日之賬面值	–

As further detailed in note 2.3 to the financial statements, the Group applied the transitional provisions of HKFRS 3 that permitted goodwill in respect of business combinations which occurred prior to 2001, to remain eliminated against the consolidated reserves.

The amounts of goodwill and negative goodwill remaining in consolidated reserves as at 1 January 2005, arising from the acquisition of subsidiaries prior to the adoption of SSAP 30 in 2001, are as follows:

如財務報表附註2.3所詳述，本集團已採用香港財務報告準則第3號之過渡條文，該條文容許於二零零一年之前進行之業務合併產生之商譽維持沖減綜合儲備。

在二零零一年採納會計實務準則第30號前收購附屬公司所產生並仍留在綜合儲備之商譽及負商譽於二零零五年一月一日之金額如下：

## Notes to Financial Statement 財務報表附註

31 December 2005 二零零五年十二月三十一日

## 17. GOODWILL AND NEGATIVE GOODWILL (continued)

## 17. 商譽及負商譽 (續)

		Group 本集團	
		Goodwill eliminated against consolidated retained profits 沖減綜合 保留溢利之商譽 HK\$'000 千港元	Negative goodwill credited to capital reserve 計入資本 儲備之負商譽 HK\$'000 千港元
<b>31 December 2005</b>	<b>二零零五年十二月三十一日</b>		
At 1 January 2005	於二零零五年一月一日		
Cost as previously reported	如先前呈報之成本	33,135	(1,243)
Effect of adopting HKFRS 3 (note 2.3(d))	採納香港財務報告準則 第3號之影響(附註2.3(d))	(7,217)	1,243
		25,918	-
Accumulated impairment as previously reported	如先前呈報之累計 減值	(7,217)	-
Effect of adopting HKFRS 3 (note 2.3(d))	採納香港財務報告準則 第3號之影響(附註2.3(d))	7,217	-
Accumulated impairment as restated	重列累計減值	-	-
Net carrying amount	賬面淨值	25,918	-
Cost at 1 January 2005, net of accumulated impairment	於二零零五年一月一日之 成本值，扣除累計減值	25,918	-
Impairment provided during the year	年內減值撥備	(25,918)	-
Net carrying amount at and 31 December 2005	於二零零五年十二月三十一日 之賬面淨值	-	-
At 31 December 2005:	於二零零五年十二月三十一日：		
Cost	成本值	25,918	-
Accumulated impairment	累計減值	(25,918)	-
Carrying amount at 31 December 2005	於二零零五年十二月三十一日 之賬面淨值	-	-
<b>31 December 2004</b>	<b>二零零四年十二月三十一日</b>		
At 1 January 2004 and 31 December 2004:	於二零零四年一月一日及 二零零四年十二月三十一日：		
Cost	成本值	33,135	(1,243)
Accumulated impairment	累計減值	(7,217)	-
Net carrying amount	賬面淨值	25,918	(1,243)

## Notes to Financial Statement 財務報表附註

31 December 2005 二零零五年十二月三十一日

**17. GOODWILL AND NEGATIVE GOODWILL (continued)****Impairment testing of goodwill**

Goodwill acquired through business combinations has been allocated to the home entertainment cash-generating unit and the in-car electronics cash generating unit, which are reportable segments, for impairment testing.

The recoverable amount of the home entertainment cash generating unit and the in-car electronics cash generating unit have been determined based on a value in use calculation using cash flow projections based on financial budgets approved by senior management.

Key assumptions were used in the value in use calculation of both cash-generating units for 31 December 2005 and 31 December 2004. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill.

**Budgeted gross margins** – The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budgeted year, increased for expected efficiency improvements and expected market development.

**Discount rates** – The discount rates used are before tax and reflect specific risks relating to the relevant units.

**17. 商譽及負商譽 (續)****商譽減值測試**

業務合併所產生之商譽已撥入家庭娛樂現金產生單元及車內電子現金產生單元(獨立分部)作減值測試。

家庭娛樂現金產生單元及車內電子現金產生單元之可收回金額(按可使用價值計算法計算)乃按根據高級管理層批准之財政預算就現金流量進行之預測釐定。

計算截至二零零五年十二月三十一日及二零零四年十二月三十一日現金產生單元之使用價值時已使用主要假設。管理層根據其現金流量預測進行商譽減值測試所依據之每項主要假設如下：

**預期毛利率**—預期毛利率乃根據預算年度前之最近年度內已達到之平均毛利率及預期增長情況及預期市場發展釐定。

**折現率**—已使用之折現率為除稅前折現率，該折現率反映與相關單元有關之特定風險。

## Notes to Financial Statement 財務報表附註

31 December 2005 二零零五年十二月三十一日

## 18. DEFERRED PRODUCT DEVELOPMENT COSTS

## 18. 遞延產品開發成本

		Group 本集團 HK\$'000 千港元
<b>31 December 2005</b> 二零零五年十二月三十一日		
Cost at 1 January 2005, net of accumulated amortisation	於二零零五年一月一日之成本值，扣除累計攤銷	67,006
Additions	添置	46,175
Amortisation provided during the year	年內攤銷	(40,324)
Write-off	撇除	(50,037)
At 31 December 2005	於二零零五年十二月三十一日	22,820
At 31 December 2005:	於二零零五年十二月三十一日：	
Cost	成本值	82,176
Accumulated amortisation	累計攤銷	(59,356)
Net carrying amount	賬面淨值	22,820
<b>31 December 2004</b> 二零零四年十二月三十一日		
At 1 January 2004:	於二零零四年一月一日：	
Cost	成本值	113,718
Accumulated amortisation	累計攤銷	(52,712)
Net carrying amount	賬面淨值	61,006
Cost at 1 January 2004, net of accumulated amortisation	於二零零四年一月一日之成本值，扣除累計攤銷	61,006
Additions	添置	46,882
Amortisation provided during the year	年內攤銷	(35,777)
Write-off	撇除	(5,105)
At 31 December 2004	於二零零四年十二月三十一日	67,006
At 31 December 2004 and at 1 January 2005:	於二零零四年十二月三十一日及二零零五年一月一日	
Cost	成本值	125,918
Accumulated amortisation	累計攤銷	(58,912)
Net carrying amount	賬面淨值	67,006

\* At 31 December 2005, the deferred product development costs of the Group were pledged under a fixed charges as security for the Group's banking facilities, as further detailed in note 28 to the financial statements. In addition, an impairment assessment has been conducted by the directors whereby the deferred product development costs have been written down to its value in use pursuant to the future production plan, as further detailed in note 2.1 to the financial statements.

\* 於二零零五年十二月三十一日，本集團遞延產品開發成本以固定押記為本集團之銀行貸款作抵押，詳情載於財務報表附註28。此外，董事已展開一項減值評估，遞延產品開發成本已根據未來生產計劃撥回至其使用價值，詳情載於財務報表附註2.1。

## Notes to Financial Statement 財務報表附註

31 December 2005 二零零五年十二月三十一日

## 19. INTERESTS IN SUBSIDIARIES

## 19. 附屬公司權益

		Company 本公司	
		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
Unlisted shares, at cost	非上市股份，按成本	<b>35,630</b>	35,630
Due from subsidiaries	應收附屬公司款項	<b>1,221,265</b>	1,050,635
Due to subsidiaries	應付附屬公司款項	<b>(201,378)</b>	(125,975)
		<b>1,055,517</b>	960,290
Provision for impairment	減值撥備	<b>(1,055,516)</b>	(84,800)
		<b>1</b>	875,490

The balances with subsidiaries are unsecured, interest-free and have no fixed terms of repayment. The carrying amounts of these balances with subsidiaries approximate to their fair values.

The Company's interests in subsidiaries were pledged under a fixed charge to secure general banking facilities granted to the Group as further detailed in note 28 to the financial statements.

應收附屬公司款項乃無抵押，免息及無固定還款日期。應收附屬公司款項結餘之賬面值接近其公平值。

本公司於附屬公司之投資按固定押記抵押，作為授予本集團一般銀行融資之抵押，詳情載於財務報表附註28。

## Notes to Financial Statement 財務報表附註

31 December 2005 二零零五年十二月三十一日

19. INTERESTS IN SUBSIDIARIES  
(continued)

Particulars of the principal subsidiaries are as follows:

## 19. 附屬公司權益 (續)

主要附屬公司之詳情如下：

Name 名稱	Place of incorporation/ and operations registration 成立/註冊 及經營地點	Nominal value of issued ordinary/ registered share capital 已發行普通 股本/註冊 股本面值	Percentage of equity attributable to the Company 本公司應佔股權百分比		Principal activities 主要業務
			2005	2004	
			二零零五年	二零零四年	
Asian Power Electronics Limited 奧勁電子有限公司	Hong Kong/ Mainland China 香港/中國內地	HK\$10,000 10,000港元	100	100	Subcontracting of audio products 承包製造音響產品
Begenius Limited	Hong Kong 香港	HK\$2 2港元	100	100	Trading of auto electronic products 汽車電子產品貿易
Heavy Power Electronics Limited 奧力電子有限公司	Hong Kong/ Mainland China 香港/中國內地	HK\$2 2港元	100	100	Manufacture and sale of audio products 製造及銷售音響產品
Jiangsu Electronics Industries Limited	British Virgin Islands 英屬處女群島	US\$4,000,000 4,000,000美元	100	100	Investment holding and licensing of intellectual property 投資控股及 授出知識產權
Jiangsu International Limited 江蘇國際有限公司	Hong Kong 香港	HK\$2 2港元	100	100	Trading of audio and in-car electronic products 音響及汽車 電子產品貿易
J.S. International, Inc.	United States of America ("U.S.A.") 美利堅合眾國 (「美國」)	US\$100 100美元	100	100	Distribution of audio and in-car electronic products 經銷音響及 汽車電子產品
OP Audio Limited 奧比音響科技有限公司	Hong Kong 香港	HK\$2 2港元	100	100	Trading of audio products 買賣音響產品

## Notes to Financial Statement 財務報表附註

31 December 2005 二零零五年十二月三十一日

19. INTERESTS IN SUBSIDIARIES  
(continued)

## 19. 附屬公司權益 (續)

Name 名稱	Place of incorporation/ and operations registration 成立/註冊 及經營地點	Nominal value of issued ordinary/ registered share capital 已發行普通 股本/註冊 股本面值	Percentage of equity attributable to the Company 本公司應佔股權百分比		Principal activities 主要業務
			2005	2004	
			二零零五年	二零零四年	
Orient Power Auto Electronics (Hong Kong) Limited 東方汽車電子(香港)有限公司	Hong Kong 香港	HK\$2 2港元	100	100	Investment holding 投資控股
Orient Power (BVI) Limited	British Virgin Islands 英屬處女群島	HK\$15,000,000 15,000,000港元	100	100	Investment holding 投資控股
Orient Power Car Audio Limited 東華音響有限公司	Hong Kong/ Mainland China 香港/中國內地	HK\$2 2港元	100	100	Development, manufacture and sale of in-car electronic products 開發、製造及銷售 汽車電子產品
Orient Power Car Stereos Limited 東華電子有限公司	Hong Kong/ Mainland China 香港/中國內地	HK\$1,000,000 1,000,000港元	100	100	Development, manufacture and sale of in-car electronic products and investment holding 開發、製造及銷售 汽車電子產品及 投資控股
Orient Power Electronics Limited 東強電子有限公司	Hong Kong/ Mainland China 香港/中國內地	Ordinary HK\$1,000 Non-voting deferred HK\$2,000,000 普通, 1,000港元 無投票權遞延, 2,000,000港元	100	100	Development, manufacture and sale of audio products and investment holding 開發、製造及 銷售音響產品及 投資控股

## Notes to Financial Statement 財務報表附註

31 December 2005 二零零五年十二月三十一日

19. INTERESTS IN SUBSIDIARIES  
(continued)

## 19. 附屬公司權益 (續)

Name 名稱	Place of incorporation/ and operations registration 成立/註冊 及經營地點	Nominal value of issued ordinary/ registered share capital 已發行普通 股本/註冊 股本面值	Percentage of equity attributable to the Company 本公司應佔股權百分比		Principal activities 主要業務
			2005 二零零五年	2004 二零零四年	
Orient Power GPS Limited	Hong Kong/ Mainland China 香港/中國內地	HK\$2 2港元	100	100	Development, manufacture and sale of in-car electronic products 開發、製造及銷售 汽車電子產品
Orient Power Hi-Fi Mfg. Limited 東聲音響有限公司	Hong Kong/ Mainland China 香港/中國內地	HK\$3,500,000 3,500,000港元	100	100	Development, manufacture and sale of audio and video products 開發、製造及 銷售影音產品
Orient Power Industrial Limited 東塑製品有限公司	Hong Kong/ Mainland China 香港/中國內地	HK\$4,500,000 4,500,000港元	100	100	Manufacture and sale of plastic products and investment holding 製造及銷售塑膠製品 及投資控股
Orient Power Injection Moulding Limited 佳保實業有限公司	Hong Kong/ Mainland China 香港/中國內地	HK\$7,000,000 7,000,000港元	70	70	Leasing of assets to Group companies 向集團公司租賃資產
Orient Power (Jiangsu) Electronics Limited 東強(江蘇)電子有限公司	Hong Kong/ Mainland China 香港/中國內地	HK\$2 2港元	100	100	Investment holding, manufacture and sale of audio products 投資控股、製造及 銷售音響產品
Orient Power Mobile Electronics Limited	Hong Kong/ Mainland China 香港/中國內地	HK\$2 2港元	100	100	Development, manufacture and sale of in-car electronic products 開發、製造及 銷售汽車電子產品



## Notes to Financial Statement 財務報表附註

31 December 2005 二零零五年十二月三十一日

19. INTERESTS IN SUBSIDIARIES  
(continued)

## 19. 附屬公司權益 (續)

Name 名稱	Place of incorporation/ and operations registration 成立/註冊 及經營地點	Nominal value of issued ordinary/ registered share capital 已發行普通 股本/註冊 股本面值	Percentage of equity attributable to the Company 本公司應佔股權百分比		Principal activities 主要業務
			2005 二零零五年	2004 二零零四年	
Orient Power Multimedia Limited 東強多媒體有限公司	Hong Kong 香港	HK\$2 2港元	100	100	Development, manufacture and sale of video products 開發、製造及 銷售影視產品
Orient Power-Sunniwell IT Limited* 北京朝歌寬帶網絡信息 技術有限公司*	PRC/ Mainland China 中國/中國內地	RMB15,000,000 15,000,000元	51	51	Provision of network solutions 網絡解決方案供應商
Orient Power Technologies Limited 精藝電子有限公司	Hong Kong 香港	HK\$1,000,000 1,000,000港元	100	100	Investment holding 投資控股
Orient Power Video Manufacturing Limited 東視電子有限公司	Hong Kong 香港	HK\$29,250,000 29,250,000港元	100	100	Development, manufacture and sale of video products and investment holding 開發、製造及銷售 影視產品及投資控股
Surf Power Limited 電濤有限公司	Hong Kong 香港	HK\$1,000 1,000港元	100	100	Property investment 物業投資
Orient Power (Wuxi) Digital Technology Company Limited** 無錫東強數碼科技有限公司*#	PRC/ Mainland China 中國/中國內地	US\$10,000,000 10,000,000美元	77.5	55	Manufacture and sale of video products 製造及銷售影視產品
Zhuhai Hong Lee Plastic Electronic Company Limited^	Hong Kong 香港	HK\$1 1港元	100	-	Trading of video products 影視產品貿易

## Notes to Financial Statement 財務報表附註

31 December 2005 二零零五年十二月三十一日

19. INTERESTS IN SUBSIDIARIES  
(continued)

- ^ Newly incorporated during the year
- \* These subsidiaries are registered as contractual joint ventures under the PRC law
- # Orient Power (Wuxi) Digital Technology Company Limited ("OPWDT") is a joint venture formed in 2000 by a subsidiary of the Company and a PRC Joint Venture ("JV") partner. In accordance with the articles of association of OPWDT, the Group and the JV partner appointed two and three representatives, respectively, to the board of OPWDT and the Group's interest in OPWDT had been included as an interest in a jointly-controlled entity. On 15 March 2005, the Group made further capital injection of US\$5 million (equivalent to HK\$39 million) into OPWDT. As the JV partner did not make any capital injection in proportion to its original shareholding, the Group has become a 77.5% shareholder of OPWDT subsequent to the additional capital injection. As at the date of these financial statements, the Group has been conducting discussions with the PRC JV partner with a view to amending the articles of association of OPWDT to confer the Group a right to appoint a majority of representatives to the board of OPWDT. Nevertheless, a representative previously appointed by the JV partner to the board of OPWDT has already declared in writing that he had been acting, and will act in the future, on the direction of the Group in all major decisions regarding the financial and operating policies of OPWDT since the additional capital injection made by the Group. Accordingly, OPWDT has been accounted for as a subsidiary of the Group since the additional capital injection made in March 2005 and its results have been consolidated into the Group's consolidated financial statements since 15 March 2005. Further details of this capital injection are included in note 36 to the financial statements.

All subsidiaries are indirectly held by the Company with the exception of Orient Power (BVI) Limited and Oritron Company Limited.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

## 19. 附屬公司權益 (續)

- ^ 於年內新註冊成立
- \* 該等附屬公司按照中國法律註冊為合同式合營企業。
- # 無錫東強數碼科技有限公司(「無錫東強」)為本公司一家附屬公司與中方合營公司合夥人於二零零零年成立之合營公司。根據無錫東強之章程細則，本集團及合營公司合夥人分別委任兩名及三名無錫東強董事會成員。本集團於無錫東強之權益已經列作共同控制企業權益。於二零零五年三月十五日，本集團進一步注資5,000,000美元(相等於39,000,000港元)至無錫東強。由於合營公司合夥人並無按其原有持股比例注入任何資本，故本集團於額外注入資本後成為擁有無錫東強77.5%之股東。於本財務報表日期，本集團已與中方合夥人磋商修訂無錫東強之章程細則，授予本集團委任多數無錫東強董事會成員之權力。然而，本集團於額外注入資本後，合夥人委任之一名無錫東強董事會成員書面宣佈其已並將於往後就無錫東強之財務及經營政策之重大決定根據本集團之指示行事。因此，本集團於額外注入資本後，無錫東強被列作本集團之附屬公司，而其業績已綜合入本集團自二零零五年三月十五日以來之綜合財務報表。關於該注資之其他詳情載於財務報表附註36。

除 Orient Power (BVI) Limited 及 Oritron Company Limited 外，所有附屬公司均由本公司間接持有。

上表載列董事會認為對本集團本年度業績構成主要影響或構成本集團資產淨值主要部份之本公司附屬公司。董事會認為，載列其他附屬公司之詳情會令篇幅過於冗長。

## Notes to Financial Statement 財務報表附註

31 December 2005 二零零五年十二月三十一日

## 20. INTERESTS IN JOINTLY-CONTROLLED ENTITIES

## 20. 共同控制企業權益

		Group 本集團	
		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
Share of net assets	應佔資產淨值	-	32,203
Due from jointly-controlled entities	應收共同控制企業款項	<b>9,818</b>	76,229
		<b>9,818</b>	108,432
Provision for an amount due from a jointly-controlled entity (note 6)	應收共同控制企業款項撥備(附註6)	<b>(2,850)</b>	( 10,500)
		<b>6,968</b>	97,932

The balances due from the jointly-controlled entities are unsecured, interest-free and have no fixed terms of repayment. The carrying amounts of these balances due from jointly-controlled entities approximate to their fair values.

The amounts due from jointly-controlled entities arose from raw materials and finished goods purchased by the Group on behalf of those jointly-controlled entities in prior years, which although technically currently repayable under the original terms of the transactions giving rise thereto, have been deferred for the longer term and are therefore classified as non-current.

At 31 December 2005, the Group's interests in jointly-controlled entities were pledged under a fixed charge to secure general banking facilities granted to the Group as further detailed in note 2.1 to the financial statements.

應收共同控制企業款項結餘乃無抵押，免息及無固定還款期。該等應收共同控制企業餘款之賬面值與其公平值相若。

應收共同控制企業款項乃因本集團於過往年度代表該等共同控制企業採購原材料及製成品而產生，儘管技術上根據有關交易條款須即期償還，惟已遞延至較長年期，故被分類為非流動。

於二零零五年十二月三十一日，本集團於共同控制企業之權益已按固定押記抵押，作為授予本集團一般銀行融資之抵押，詳情載於財務報表附註2.1。

## Notes to Financial Statement 財務報表附註

31 December 2005 二零零五年十二月三十一日

**20. INTERESTS IN JOINTLY-CONTROLLED ENTITIES (continued)**

Particulars of the unlisted jointly-controlled entities are as follows:

**20. 共同控制企業權益 (續)**

非上市共同控制企業之詳情如下：

Name 名稱	Place of registration and operations 註冊及經營地點	Percentage of 百分比			Principal activities 主要業務
		Ownership interest 名下權益	Voting power 投票權	Profit sharing 應佔溢利	
Jiangsu Orient Power Electronics Co., Ltd. 江蘇東華電子有限公司	PRC/ Mainland China 中國／ 中國內地	51	50	51	Manufacture and sale of in-car electronic products 製造及銷售汽車電子產品
Orient Power Xian GPS Electronics Limited 西安東強電子導航有限公司	PRC/ Mainland China 中國／ 中國內地	25.37	50	25.37	Research and sale of in-car electronic products 研究及銷售汽車電子產品

All of the above investments in jointly-controlled entities are indirectly held by the Company.

所有上述於共同控制企業之投資均由本公司間接持有。

## Notes to Financial Statement 財務報表附註

31 December 2005 二零零五年十二月三十一日

**20. INTERESTS IN JOINTLY-CONTROLLED ENTITIES (continued)**

The following table illustrates the summarised financial information of the jointly-controlled entities held by the Group at each balance sheet date:

**20. 共同控制企業權益 (續)**

下表載列本集團持有之共同控制企業於各結算日之財務資料概要：

		<b>2005</b> 二零零五年 <b>HK\$'000</b> 千港元	2004 二零零四年 HK\$'000 千港元
Share of jointly-controlled entities' assets and liabilities:	應佔共同控制企業資產及負債：		
Non-current assets	非流動資產	<b>14,349</b>	80,331
Current assets	流動資產	<b>103,634</b>	168,419
Current liabilities	流動負債	<b>(117,433)</b>	(216,547)
Non-current liabilities	非流動負債	<b>(6,106)</b>	-
<b>Net assets/(liabilities)</b>	<b>資產／(負債)淨值</b>	<b>(5,556)</b>	32,203
Share of jointly-controlled entities' results:	應佔共同控制企業業績：		
Turnover	營業額	<b>203,170</b>	322,838
Net loss after tax	除稅後虧損淨額	<b>(14,248)</b>	(2,581)

## Notes to Financial Statement 財務報表附註

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**21. AVAILABLE-FOR-SALE EQUITY INVESTMENT/LONG TERM INVESTMENT****21. 可供出售股本投資／長期投資**

		<b>Group 本集團</b>	
		<b>2005 二零零五年 HK\$'000 千港元</b>	2004 二零零四年 HK\$'000 千港元
Unlisted equity investment, at cost	非上市股本投資，按成本	<b>500</b>	500
Advance to an investee company	向接受投資公司墊款	<b>1,300</b>	1,300
		<b>1,800</b>	1,800
Provision for impairment	減值撥備	<b>(1,800)</b>	(1,800)
		-	-

The above investment was designated as available-for-sale equity investment on 1 January 2005 and has no fixed maturity date or coupon rate.

The investment in unlisted equity instrument is measured at cost because its fair value cannot be measured reliably. In the opinion of directors, the variability in the range of reasonable fair value estimates is significant for this investment or the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value.

At 31 December 2005, the Group's available-for-sale investment was pledged under a fixed charge to secure general banking facilities granted to the Group as further detailed in note 2.1 to the financial statements.

上述投資於二零零五年一月一日被列作待售股本投資及無固定到期日或票面利率。

非上市股本工具之投資按成本計算，原因是其公平值無法可靠地量度。董事認為，此項投資之估計合理公平值範圍存在重大差異或其範圍內可能出現之不同估計無法在估計公平值時合理地評估及使用。

於二零零五年十二月三十一日，本集團之可供出售投資已按固定押記抵押，作為授予本集團一般銀行融資之抵押，詳情載於財務報表附註2.1。

## Notes to Financial Statement 財務報表附註

31 December 2005 二零零五年十二月三十一日

**22. DEPOSITS FOR PRODUCT DEVELOPMENT COSTS AND MOULDS**

Deposits for product development costs and moulds represent the capitalised costs incurred for the development of new products. These deposits will be capitalised as deferred product development costs and the costs of moulds and tools when the development process is completed. During the year, an impairment assessment has been conducted by the directors whereby the deposits for product development costs and moulds of HK\$26,663,000 (2004: Nil) has been written-off to its value in use as a result of the change of customers' demand in the Group's products, pursuant to the future production plan as further detailed in note 2.1 to the financial statements.

At 31 December 2005, the Group's deposits for product development costs and moulds were pledged under a fixed charge to secure general banking facilities granted to the Group as further detailed in note 28 to the financial statements.

**22. 產品開發成本及模具按金**

產品開發成本及模具按金指開發新產品所涉及之資本化成本。此等按金在開發過程完成後將撥充資本，作為遞延產品開發成本以及模具及工具成本。年內，由於客戶對本集團產品之需求有變動，本公司董事已根據未來生產計劃展開一項減值評估，產品開發成本及模具按金26,663,000港元已撇銷至其使用價值，詳情載於財務報表附註2.1（二零零四年：零）。

於二零零五年十二月三十一日，本集團已將產品開發成本及模具按金作為固定抵押，作為授予本集團一般銀行貸款之抵押，詳情見財務報表附註28。

**23. INVENTORIES**

Raw materials	原材料
Work in progress	在製品
Finished goods	製成品

**23. 存貨**

		<b>Group</b> 本集團	
		<b>2005</b> 二零零五年 <b>HK\$'000</b> 千港元	2004 二零零四年 HK\$'000 千港元
		<b>110,042</b>	198,948
		<b>139,072</b>	35,038
		<b>51,066</b>	125,076
		<b>300,180</b>	359,062

At 31 December 2005, all the inventories of the Group were pledged under a floating charge as security for the Group's banking facilities, as further detailed in note 28 to the financial statements.

於二零零五年十二月三十一日，本集團所有存貨已按浮定押記抵押，作為授予本集團銀行融資之抵押，詳情載於財務報表附註28。

## Notes to Financial Statement 財務報表附註

31 December 2005 二零零五年十二月三十一日

## 24. TRADE AND BILLS RECEIVABLES

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally for a period of one month, extending up to three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing. The carrying amounts of the trade and bills receivables presented below approximate to their fair values.

## 24. 應收貿易賬款及票據

本集團與客戶之貿易主要以賒賬方式進行，惟新客戶則一般需要預先付款。賒賬期一般為一個月，主要客戶則會延長至三個月。每位客戶均設有最高賒賬限額。本集團繼續維持嚴格控制其尚未收取之應收款項，並設立賒賬控制部門將信貸風險減至最低。高級管理層已定期就過期賬款進行審閱。鑒於上述情況及本集團之應收貿易賬款分攤至眾多客戶，因此信貸風險並無過份集中。應收貿易賬款為不計息。以下呈列之應收貿易及票據之賬面值與其公平值接近。

		Group 本集團	
		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
Bills receivable	應收票據	113,557	701
Trade receivables assigned to factoring agents without recourse	已以無追索權條件轉讓予讓售商之應收貿易賬款	21,322	79,124
Less: Advances from factoring agents	減：讓售商墊款	(5,934)	(71,110)
		<b>15,388</b>	8,014
Unfactored trade receivables	非讓售之應收貿易賬款	363,266	486,089
Less: Provision for bad and doubtful debts	減：呆壞賬撥備	(52,182)	(12,445)
		<b>311,084</b>	473,644
		<b>440,029</b>	482,359



## Notes to Financial Statement 財務報表附註

31 December 2005 二零零五年十二月三十一日

**24. TRADE AND BILLS RECEIVABLES  
(continued)**

An aged analysis of the unfactored trade receivables as at balance sheet date, based on the invoice date, is as follows:

Current to 90 days	即期至90日
91 to 180 days	91至180日
181 to 360 days	181至360日
Over 360 days	逾360日
Less: Provision for bad and doubtful debts	減：呆壞賬撥備

At 31 December 2005, discounted bills receivables with recourse of HK\$81,061,000 were included in the bills receivables. All bills receivables are aged within 90 days.

At 31 December 2005, all the trade and bills receivables of the Group were pledged under a floating charge as security for the Group's banking facilities, as further detailed in note 28 to the financial statements.

**24. 應收貿易賬款及票據 (續)**

於結算日之未交保理應收貿易賬款之賬齡按發票日期分析如下：

		<b>Group</b> 本集團	
		<b>2005</b> 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
		<b>292,306</b>	433,366
		<b>17,687</b>	19,130
		<b>5,443</b>	10,624
		<b>47,830</b>	22,969
		<b>363,266</b>	486,089
		<b>(52,182)</b>	(12,445)
		<b>311,084</b>	473,644

於二零零五年十二月三十一日，應收票據賬款中包括已貼現及有追索權之應收票據81,061,000港元。所有應收票據賬齡均為90日。

於二零零五年十二月三十一日，本集團所有應收貿易賬款及票據已按浮動押記抵押，作為授予本集團銀行融資之抵押，詳情載於財務報表附註28。

## Notes to Financial Statement 財務報表附註

31 December 2005 二零零五年十二月三十一日

## 25. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

## 25. 現金及現金等價物以及抵押存款

		Group 本集團		Company 本公司	
		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
Time deposits	定期存款	<b>90,735</b>	276,499	<b>90,735</b>	189,901
Less: Pledged time deposits	減：抵押定期存款	<b>(90,735)</b>	-	<b>(90,735)</b>	-
		-	276,499	-	189,901
Cash and bank balances	現金及銀行結存	<b>62,870</b>	44,932	<b>786</b>	86
Cash and cash equivalents	現金及現金等價物	<b>62,870</b>	321,431	<b>786</b>	189,987

At the balance sheet date, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to HK\$14,721,000 (2004: HK\$10,843,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The carrying amounts of the cash and cash equivalents and the pledged deposits approximate to their fair values.

At 31 December 2005, except for the deposits of HK\$90,735,000 which were pledged under a fixed charge, all the cash and cash equivalents of the Group were pledged under a floating charge as security for the Group's banking facilities, as further detailed in note 28 to the financial statements.

於結算日，本集團為數14,721,000港元（二零零四年：10,843,000港元）之現金及銀行結存乃以人民幣計算。人民幣不可自由兌換為其他貨幣。惟根據《中華人民共和國外匯管理條例》及《結匯、售匯及付匯管理規定》，本集團獲准透過獲授權進行外匯交易業務之銀行將人民幣兌換為其他貨幣。

銀行結存根據每日銀行存款利率以浮動利率計息。短期定期存款之期限不一，介乎一日至三個月不等，視乎本集團之即時現金需求，並按不同短期定期存款利率計息。現金及現金等價物以及抵押存款之賬面值與其公平值相若。

於二零零五年十二月三十一日，除以固定押記作抵押之按金90,735,000港元外，本集團所有現金及現金等價物已按浮動押記抵押，作為授予本集團銀行融資之抵押，詳情載於財務報表附註28。

## Notes to Financial Statement 財務報表附註

31 December 2005 二零零五年十二月三十一日

**26. TRADE AND BILLS PAYABLES**

An aged analysis of the trade and bills payables as at the balance sheet, based on the invoice date, is as follows:

		<b>Group 本集團</b>	
		<b>2005 二零零五年 HK\$'000 千港元</b>	2004 二零零四年 HK\$'000 千港元
Bill payables	應付票據	<b>223,020</b>	—
		<b>223,020</b>	—
Trade payables:	應付貿易款項：		
Current to 90 days	即期至90日	<b>267,441</b>	317,240
91 to 180 days	91至180日	<b>53,062</b>	3,323
181 to 360 days	181至360日	<b>9,520</b>	2,775
Over 360 days	逾360日	<b>3,676</b>	1,414
		<b>333,699</b>	324,752
		<b>556,719</b>	324,752

The trade payables are non-interest-bearing and are normally settled on 60-day terms. The fair values of the trade and bills payables included above approximate to their fair values.

應付貿易賬款為不計息並一般按60日期限結算。上述之應付貿易賬款及票據之賬面值與其公平值相若。

**27. OTHER PAYABLES AND ACCRUALS**

Other payables are non-interest-bearing and have an average term of three months. The carrying amounts of other payables approximate to their fair values.

**27. 其他應付款項及應計費用**

其他應付款項乃不計息，平均期限為三個月。其他應付款項之賬面值與其公平值相若。

## Notes to Financial Statement 財務報表附註

31 December 2005 二零零五年十二月三十一日

## 28. BANK LOANS AND OTHER BORROWINGS

## 28. 銀行貸款及其他借款

	Effective interest rate (%) 實際利率 (%)	Maturity 到期	Group 本集團		Company 本公司	
			2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
Bank overdrafts, unsecured 銀行透支，無抵押	Prime 最優惠	On demand 按通知	-	374	-	33
Bank overdrafts, secured 銀行透支，有抵押	7.06% 7.06%	On demand 按通知	10,989	-	-	-
Syndicated bank loans, unsecured 銀團貸款，無抵押	HIBOR + 0.88 - 1.15% 香港銀行同業拆息率 +0.88 - 1.15%	3 August 2007 二零零七年八月三日	-	500,000	-	500,000
Syndicated bank loans, secured 銀團貸款，有抵押	HIBOR + 0.88 - 1.15% 香港銀行同業拆息率 +0.88 - 1.15%	On demand 按通知	510,140	-	510,140	-
Bank loans, unsecured 銀行貸款，無抵押	4.68% 4.68%	2006 二零零六年	69,325	81,223	-	-
Bank loans, secured 銀行貸款，有抵押	HIBOR + 0.85 - 1% 香港銀行同業拆息率 +0.85 - 1%	On demand/2006 按通知/二零零六年	545,235	-	-	-
			<b>1,135,689</b>	581,597	<b>510,140</b>	500,033

## Notes to Financial Statement 財務報表附註

31 December 2005 二零零五年十二月三十一日

## 28. BANK LOANS AND OTHER BORROWINGS (continued)

## 28. 銀行貸款及其他借款(續)

	Group 本集團		Company 本公司	
	2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
Analysed into: 分作:				
Bank loans and overdrafts repayable:				
Within one year or on demand	1,135,689	281,597	510,140	200,033
In the second year	-	235,714	-	235,714
In the third to fifth years, inclusive	-	64,286	-	64,286
	<b>1,135,689</b>	581,597	<b>510,140</b>	500,033
Portion classified as current liabilities 列作流動負債部份	<b>(1,135,689)</b>	(281,597)	<b>(510,140)</b>	(200,033)
Non-current portion 非流動部份	-	300,000	-	300,000

Notes:

附註:

- (a) Except for the unsecured bank loan of HK\$69,325,000, all of the Company's and the Group's banking facilities as at 31 December 2005 are secured by a fixed and floating charge over all the assets of the Group. All the banking facilities of the Company and the Group as at 31 December 2005 are unsecured.
- (b) Except for the unsecured bank loans equivalent to HK\$11,538,000 and secured bank loans equivalent to HK\$500,086,000, which are denominated in RMB and USD, respectively, all other borrowings are in Hong Kong dollars.

- (a) 除無抵押銀行貸款69,325,000港元外，本集團及本公司於二零零五年十二月三十一日之所有銀行信貸乃以本集團全部資產之固定及浮動押記抵押。本集團及本公司於二零零四年十二月三十一日之所有銀行融資乃無抵押。
- (b) 除分別以人民幣及美元計值之無抵押銀行貸款11,538,000港元及有抵押銀行貸款500,086,000港元外，其他所有借款皆以港元計值。

## Notes to Financial Statement 財務報表附註

31 December 2005 二零零五年十二月三十一日

**28. BANK LOANS AND OTHER BORROWINGS (continued)**

- (c) As at 31 December 2005, included in the secured bank loans are an amount of approximately HK\$81,061,000 (2004: Nil) which represented the proceeds from discounted bills receivable.
- (d) Certain of the Group's unsecured bank loans of HK\$57,973,000 (2004: Nil) were guaranteed by a minority shareholder of OPWDT, who was counter-guaranteed by the Group as at the balance sheet date.
- (e) Except for certain unsecured bank loans with a carrying amount of HK\$51,480,000 (2004: HK\$11,863,000), all other borrowings of the Group bear interests at floating rates. All borrowings of the Company bear interests at floating rates.

The carrying amounts of the Group's and the Company's current borrowings approximate to their fair values.

**28. 銀行貸款及其他借款 (續)**

- (c) 於二零零五年十二月三十一日，有抵押銀行貸款約81,061,000(二零零四年：無)之款項，為貼現應收票據所得款項。
- (d) 本集團若干金額達57,973,000港元(二零零四年：無)之無抵押銀行貸款由無錫東強之一位少數股東作出擔保，本集團於結算日對該股東作出反擔保。
- (e) 除賬面值為51,480,000港元(二零零四年：11,863,000港元)之若干無抵押銀行貸款外，本集團所有其他借款按浮動利率計息。本公司所有借款按浮動利率計息。

本集團及本公司本期借款之賬面值與其公平值相若。

## Notes to Financial Statement 財務報表附註

31 December 2005 二零零五年十二月三十一日

## 29. FINANCE LEASE PAYABLE

As at 31 December 2005, no finance lease contract has been entered into by the Group. As at 31 December 2004, the Group had leased certain of its plant and machinery for its business. This lease was classified as a finance lease payable and had a lease term of three years.

At the balance sheet date, the total future minimum lease payments under a finance lease and its present value were as follows:

## Group

		Minimum lease payments 最低 租賃款項	Minimum lease payments 最低 租賃款項	Present value of minimum lease payments 最低租賃 款項之現值	Present value of minimum lease payments 最低租賃 款項之現值
		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
Amounts payable within one year and total minimum finance lease payments	須於一年內支付之款項及融資租賃最低租賃款項總額	-	6	-	6
Future finance charges	日後之融資支出	-	-	-	-
Total net finance lease payable	融資租賃應付款項淨額總計	-	6	-	6
Portion classified as current liabilities	列作流動負債部份	-	(6)	-	(6)
Non-current portion	非流動部份	-	-	-	-

## 29. 融資租賃應付款項

於二零零五年十二月三十一日，本集團並無訂立任何融資租賃。於二零零四年十二月三十一日，本集團為其業務租賃若干廠房及機器。該項租賃列為融資租賃應付款項，租賃年期為三年。

於結算日，根據融資租賃之日後最低租賃款項總額及有關之現值如下：

## 本集團

		Minimum lease payments 最低 租賃款項	Minimum lease payments 最低 租賃款項	Present value of minimum lease payments 最低租賃 款項之現值	Present value of minimum lease payments 最低租賃 款項之現值
		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
Amounts payable within one year and total minimum finance lease payments	須於一年內支付之款項及融資租賃最低租賃款項總額	-	6	-	6
Future finance charges	日後之融資支出	-	-	-	-
Total net finance lease payable	融資租賃應付款項淨額總計	-	6	-	6
Portion classified as current liabilities	列作流動負債部份	-	(6)	-	(6)
Non-current portion	非流動部份	-	-	-	-

## Notes to Financial Statement 財務報表附註

31 December 2005 二零零五年十二月三十一日

**30. DUE TO MINORITY SHAREHOLDERS OF SUBSIDIARIES**

The amounts due to minority shareholders of non-wholly-owned subsidiaries are unsecured, interest-free and have no fixed terms of repayment. The carrying amounts of the amounts due to minority shareholders approximate to their fair value.

**30. 應付附屬公司少數股東之款項**

應付非全資附屬公司少數股東之款項乃無抵押、免息及並無固定償還日期。應付少數股東款項之賬面值與其公平值相若。

**31. PROVISIONS FOR SALES RETURNS AND WARRANTY COSTS****31. 銷售退貨及保養成本撥備**

		<b>Group</b>
		本集團
		HK\$'000
		千港元
At beginning of year	年初	11,431
Additional provision	額外撥備	48,830
Amount utilised during the year	年內動用款項	(35,611)
<hr/>		
At 31 December 2005	於二零零五年十二月三十一日	24,650

The Group provides six-month warranties to its customers on certain of its electronic products, under which products can be returned within six months after sale. The amount of the provision for the warranties is estimated based on sales volumes and past experience of the level of repairs and returns. The estimation basis is reviewed on an ongoing basis and revised where appropriate.

本集團就其若干電子產品向客戶提供六個月保養期，據此，產品可於售出後六個月內退回。就保養所作撥備之款項按銷量及有關維修及退貨之過往經驗估計。作出估計之基準會不斷檢討，在適當情況下亦會進行修訂。



## Notes to Financial Statement 財務報表附註

31 December 2005 二零零五年十二月三十一日

**32. DEFERRED TAX**

The movements in deferred tax assets and liabilities during the year are as follows:

**Deferred tax assets****Group**

		2005 二零零五年			
		Accelerated tax depreciation	Losses available for offset against future taxable profit	Deferred product development cost	Total
		加 速 稅 項 折 舊	可 用 以 抵 銷 未 來 應 課 稅 溢 利 之 虧 損	遞 延 產 品 開 發 成 本	總 計
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
At 1 January 2005	於二零零五年一月一日	(1,283)	9,843	–	8,560
Deferred tax (charged)/credited to the income statement during the year*	年內(扣除)/計入損益表之遞延稅項*	17,562	(30,677)	4,555	(8,560)
Gross deferred tax assets at 31 December 2005	遞延稅項資產總額於二零零五年十二月三十一日	16,279	(20,834)	4,555	–

**32. 遞延稅項**

遞延稅項資產及負債於年內之變動如下：

**遞延稅項資產****本集團**

## Notes to Financial Statement 財務報表附註

31 December 2005 二零零五年十二月三十一日

## 32. DEFERRED TAX (continued)

## Deferred tax liabilities

## Group

		2005 二零零五年			
		Accelerated tax depreciation	Losses available for offset against future taxable profit	Deferred product development costs	Total
		加速 稅項折舊	可用以抵銷 未來應課稅 溢利之虧損	遞延產品 開發成本	總計
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
At 1 January 2005	於二零零五年 一月一日	26,278	(8,107)	12,601	30,772
Deferred tax charged/(credited) to the income statement during the year*	年內扣除/(計入) 損益表之遞延 稅項*	(23,396)	5,225	(12,601)	(30,772)
Gross deferred tax liabilities at 31 December 2005	遞延稅項負債總額 於二零零五年 十二月三十一日	2,882	(2,882)	-	-
Net deferred tax liabilities at 31 December 2005	遞延稅項負債淨值 於二零零五年 十二月三十一日				-

\* The total deferred tax credited to the income statement during the year ended 31 December 2005 was HK\$22,212,000 (note 10).

## 32. 遞延稅項 (續)

## 遞延稅項負債

## 本集團

	2005 二零零五年			
	Accelerated tax depreciation	Losses available for offset against future taxable profit	Deferred product development costs	Total
	加速 稅項折舊	可用以抵銷 未來應課稅 溢利之虧損	遞延產品 開發成本	總計
	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
At 1 January 2005	26,278	(8,107)	12,601	30,772
Deferred tax charged/(credited) to the income statement during the year*	(23,396)	5,225	(12,601)	(30,772)
Gross deferred tax liabilities at 31 December 2005	2,882	(2,882)	-	-
Net deferred tax liabilities at 31 December 2005				-

\* 於截至二零零五年十二月三十一日止年度，計入損益表扣除之遞延稅項總額為22,212,000港元(附註10)。

## Notes to Financial Statement 財務報表附註

31 December 2005 二零零五年十二月三十一日

## 32. DEFERRED TAX (continued)

## Deferred tax assets

## Group

		2004 二零零四年		
		Accelerated tax depreciation	Losses available for offset against future taxable profit	Total
		加速 稅項折舊	未來應課稅 溢利之虧損	總計
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
At 1 January 2004	於二零零四年一月一日	4	4,451	4,455
Deferred tax charged/(credited) to the income statement during the year*	年內扣除/(計入) 損益表之遞延 稅項*	(1,287)	5,392	4,105
Gross deferred tax assets at 31 December 2004	遞延稅項資產總額 於二零零四年 十二月三十一日	(1,283)	9,843	8,560

## 32. 遞延稅項 (續)

## 遞延稅項資產

## 本集團

		2004 二零零四年		
		Accelerated tax depreciation	Losses available for offset against future taxable profit	Total
		加速 稅項折舊	未來應課稅 溢利之虧損	總計
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
At 1 January 2004	於二零零四年一月一日	4	4,451	4,455
Deferred tax charged/(credited) to the income statement during the year*	年內扣除/(計入) 損益表之遞延 稅項*	(1,287)	5,392	4,105
Gross deferred tax assets at 31 December 2004	遞延稅項資產總額 於二零零四年 十二月三十一日	(1,283)	9,843	8,560

## Notes to Financial Statement 財務報表附註

31 December 2005 二零零五年十二月三十一日

## 32. DEFERRED TAX (continued)

## Deferred tax liabilities

## Group

		2004 二零零四年				
		Accelerated tax depreciation	Losses available for offset against future taxable profit 可用以抵銷 未來應課稅 溢利之虧損	Deferred product development costs	Others	Total
		加速 稅項折舊 HK\$'000 千港元	HK\$'000 千港元	遞延產品 開發成本 HK\$'000 千港元	其他 HK\$'000 千港元	總計 HK\$'000 千港元
At 1 January 2004	於二零零四年 一月一日	21,403	(8,777)	9,045	(1,731)	19,940
Deferred tax charged to the income statement during the year*	年內扣除 損益表之 遞延稅項*	4,875	670	3,556	1,731	10,832
Gross deferred tax liabilities at 31 December 2004	遞延稅項負債總額 於二零零四年 十二月三十一日	26,278	(8,107)	12,601	-	30,772
Net deferred tax liabilities at 31 December 2004	遞延稅項負債淨值 於二零零四年 十二月三十一日					22,212

\* Total deferred tax charged to the income statement during the year ended 31 December 2004 was HK\$6,727,000 (note 10).

## 32. 遞延稅項 (續)

## 遞延稅項負債

## 本集團

\* 於截至二零零四年十二月三十一日止年度，自損益表扣除之遞延稅項總額為6,727,000港元(附註10)。

## Notes to Financial Statement 財務報表附註

31 December 2005 二零零五年十二月三十一日

## 32. DEFERRED TAX (continued)

## Deferred tax assets

## Company

		<b>Accelerated tax depreciation</b>	<b>2004 二零零四年 Losses available for offset against future taxable profit</b>	<b>Total</b>
		加速 稅項折舊 HK\$'000 千港元	可用以 抵銷未來 應課稅溢利 之虧損 HK\$'000 千港元	總計 HK\$'000 千港元
At 1 January 2004	於二零零四年一月一日	4	302	306
Deferred tax charged/(credited) to the income statement during the year	年內扣除/(計入) 損益表之 遞延稅項	(1)	101	100
Net deferred tax assets at 31 December 2004 and 1 January 2005	遞延稅項資產淨值 於二零零四年 十二月三十一日及 二零零五年一月一日	3	403	406
Deferred tax charged to the income statement during the year	年內扣除損益表 之遞延稅項	(1)	(405)	(406)
Net deferred tax assets at 31 December 2005	遞延稅項資產淨值 於二零零五年 十二月三十一日	2	(2)	-

The Group has tax losses arising in Hong Kong of HK\$74,878,000 (2004: HK\$7,740,000) and in Mainland China of HK\$573,926,000 (2004: HK\$33,929,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time.

本集團於香港及中國內地產生之稅務虧損分別為 74,878,000 港元 (二零零四年: 7,740,000 港元) 及 573,926,000 港元 (二零零四年: 33,929,000 港元), 該稅務虧損可無限期於產生該稅務虧損之公司用作抵銷將來應課稅溢利。從長期虧損之附屬公司產生之稅務虧損並未被確認為遞延稅項資產。

## Notes to Financial Statement 財務報表附註

31 December 2005 二零零五年十二月三十一日

**32. DEFERRED TAX (continued)**

At 31 December 2005, there was no significant unrecognised deferred tax liability (2004: Nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries or jointly-controlled entities as the Group has no liability to additional tax should such amounts be remitted.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

**32. 遞延稅項 (續)**

於二零零五年十二月三十一日，由於本集團並無因本集團若干附屬公司或共同控制企業之未減免盈利應付之稅項產生額外之稅項負債，因此，本集團並無就該等未減免數額產生重大未確認遞延稅項負債（二零零四年：無）。

本公司派付股息予其股東概無導致出現所得稅後果。

**33. SHARE CAPITAL****33. 股本**

		<b>Company</b> 本公司	
		<b>2005</b> 二零零五年 <b>HK\$'000</b> 千港元	2004 二零零四年 HK\$'000 千港元
Authorised:	法定：		
800,000,000	800,000,000股		
(2004: 800,000,000)	(二零零四年：800,000,000股)		
ordinary shares of HK\$0.10 each	每股面值0.10港元之普通股	<b>80,000</b>	80,000
Issued and fully paid:	已發行及繳足：		
509,805,968	509,805,968股		
(2004: 509,805,968)	(二零零四年：509,805,968股)		
ordinary shares of HK\$0.10 each	每股面值0.10港元之普通股	<b>50,981</b>	50,981

## Notes to Financial Statement 財務報表附註

31 December 2005 二零零五年十二月三十一日

### 34. SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include the Company's directors, including independent non-executive directors, other employees or consultants of the Group, or any of their companies or discretionary trusts, suppliers of goods or services to the Group, customers or advisors of the Group and the Company's shareholders. The Scheme became effective on 29 May 2002 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 44,026,764 shares, being 10% of the shares of the Company in issue at 29 May 2002. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of shares of the Company in issue on the last date of such 12-month period. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of the grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

### 34. 購股權計劃

本公司設有購股權計劃(「該計劃」)，藉以向對本集團業務之成功作出貢獻之合資格參與者提供獎勵及回報。該計劃之合資格參與者包括本公司董事(包括獨立非執行董事)、本集團或本集團任何成員公司或全權信託之其他僱員或顧問，或向本集團提供貨品或服務之供應商、本集團客戶或顧問以及本公司股東。該計劃於二零零二年五月二十九日起生效，除以其他方式註銷或修訂外，該計劃將自該日起計十年內仍然生效。

根據該計劃目前容許授出之未行使購股權所涉及之最高股份數目44,026,764股，即本公司於二零零二年五月二十九日之已發行股份10%之數額。於任何12個月期間內，根據該計劃之各合資格參與者之購股權而須予發行之股份數目最多不得超過於該12個月期間最後一日本公司已發行股份之1%。任何進一步授出購股權而超出該限制者，必須獲股東於股東大會批准。

授出購股權予本公司董事、最高行政人員或主要股東或彼等各自之任何聯繫人士，必須事先取得獨立非執行董事之批准。此外，倘於任何12個月期間內，授予本公司主要股東或獨立非執行董事或彼等之任何聯繫人士之任何購股權超逾本公司任何時間之已發行股份之0.1%或總值(根據授出日期本公司股價計算)超過5,000,000港元，則須事先取得股東於股東大會上批准。

## Notes to Financial Statement 財務報表附註

31 December 2005 二零零五年十二月三十一日

**34. SHARE OPTION SCHEME  
(continued)**

The offer of a grant of share options may be accepted within 21 days from the date of the offer. The exercise period of the share options granted is determinable by the directors, and commences after a certain vesting period and ends on a date which is not later than 10 years from the date of offer of the share options or the expiry date of the Scheme, if earlier.

The exercise price of the share options is determinable by the directors, but may not be less than the highest of (i) the nominal value of the shares of the Company, (ii) the Stock Exchange closing price of the Company's shares on the date of the offer of the share options; and (iii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of the offer.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

No share options were granted during the year and at the balance sheet date and no share options were outstanding under the Scheme.

**35. RESERVES****(a) Group**

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 45 of the financial statements.

Certain amounts of goodwill arising on the acquisition of subsidiaries in prior years remain eliminated against the consolidated retained profits in prior year, as explained in note 17 to the financial statements.

**34. 購股權計劃 (續)**

授出購股權之要約可於要約日期起計21日內接納。所授出之購股權之行使期由董事決定，期限在購股權歸屬承授人後開始，而屆滿日期不得遲於購股權授出日期起計10年或該計劃屆滿日期（以較早者為準）。

購股權之行使價將由董事釐定，惟該價格不得低於(i)本公司一股份之票面值；(ii)購股權要約日期本公司股份於聯交所之每股收市價及(iii)緊接要約日期前五個交易日本公司股份於聯交所之平均收市價（以最高者為準）。

購股權持有人並無享有股息或於股東大會投票之權利。

於年內並無授出購股權，而於結算日根據該計劃並無尚未行使之購股權。

**35. 儲備****(a) 本集團**

本集團之儲備款項及在現年度及往年度儲備之變動詳情載於本財務報表第45頁之綜合權益變動表。

在過往年度收購附屬公司而產生商譽及負商譽之若干款項仍可對銷過往年度之綜合保留溢利，詳情載於財務報表附註17。



## Notes to Financial Statement 財務報表附註

31 December 2005 二零零五年十二月三十一日

## 35. RESERVES (continued)

## (b) Company

			Share premium account 溢價賬 HK\$'000 千港元	Contributed surplus 繳入盈餘 HK\$'000 千港元	Retained profits 保留溢利 HK\$'000 千港元	Total 總額 HK\$'000 千港元
Balance at 1 January 2004	於二零零四年 一月一日之結餘		212,320	20,630	288,942	521,892
Net loss for the year	年度虧損淨額		-	-	(4,114)	(4,114)
Interim 2004 dividend	二零零四年中期股息	12	-	-	(2,549)	(2,549)
Proposed final 2004 dividend	二零零四年擬派末期股息	12	-	-	(7,647)	(7,647)
At 31 December 2004	於二零零四年 十二月三十一日		212,320	20,630	274,632	507,582
Net loss for the year	年度虧損淨額		-	-	(985,804)	(985,804)
At 31 December 2005	於二零零五年 十二月三十一日		212,320	20,630	(711,172)	(478,222)

The Company's contributed surplus represents the excess of the consolidated shareholders' funds of the subsidiaries at the date when they were acquired by the Company over the nominal amount of the Company's shares issued as consideration therefor pursuant to the Group reorganisation implemented prior to the listing of the Company's shares in 1991. Under the Companies Act of 1981 of Bermuda (as amended), the contributed surplus of the Company is distributable to shareholders under certain circumstances.

本公司之繳入盈餘指本公司於收購附屬公司當日，附屬公司之綜合股東資金與本公司股份於一九九一年上市前根據集團重組而發行作為代價之本公司股份之面值間之差額。根據百慕達一九八一年公司法（經修訂），本公司之繳入盈餘在若干情況下可分派予股東。

## 35. 儲備 (續)

## (b) 本公司

## Notes to Financial Statement 財務報表附註

31 December 2005 二零零五年十二月三十一日

## 36. BUSINESS COMBINATION

As disclosed in note 19 to the financial statements above, on 15 March 2005, the Group acquired an additional 22.5% interest in OPWDT by making a further capital injection of US\$5 million (equivalent to HK\$39 million) into OPWDT. The Group's interest in OPWDT increased from 55% as at 31 December 2004 to 77.5% upon the completion of the capital injection and OPWDT has become a subsidiary of the Group since then. OPWDT is engaged in the manufacture and sale of video products. The acquisition has been accounted for using the purchase method of accounting. Further details of the transaction are included in note 19 to the financial statements.

The fair values of the identifiable assets and liabilities of OPWDT and the corresponding carrying amounts immediately after the additional capital injection were as follows:

## 36. 業務合併

誠如上文財務報表附註19所披露，於二零零五年三月十五日，本集團通過向無錫東強進一步注資5,000,000美元(相等於39,000,000港元)收購無錫東強額外22.5%之權益。本集團於無錫東強之權益由二零零四年十二月三十一日之55%增加至注資完成後之77.5%，而無錫東強自此成為本集團之子公司。無錫東強從事影視產品製造及銷售。該項收購乃按收購會計法列賬。交易詳情載於財務報表附註19。

緊隨進一步注資後，無錫東強可識別資產及負債之公平值及相應賬面值如下：

			<b>Fair value recognised on acquisition</b>	<b>Carrying amount</b>
			收購時 確認之公平值	賬面值
		Notes 附註	HK\$'000 千港元	HK\$'000 千港元
Property, plant and equipment	物業、廠房及設備	14	71,268	71,268
Prepaid land lease payment	預付土地租賃款項	16	7,373	7,373
Cash and bank balances	現金及銀行結存		41,913	41,913
Inventories	存貨		68,917	76,554
Trade receivables	應收貿易賬款		64,149	115,149
Prepayments and other receivables	預付款項及 其他應收款項		28,653	28,653
Bank loans	銀行貸款		(38,180)	(38,180)
Trade payables	應付貿易賬款		(223,758)	(223,758)
			20,335	78,972
Minority interests	少數股東權益		(4,574)	
Goodwill on acquisition	收購時產生之商譽	17	23,239	
Satisfied by cash	以現金支付		39,000	

## Notes to Financial Statement 財務報表附註

31 December 2005 二零零五年十二月三十一日

**36. BUSINESS COMBINATION  
(continued)**

An analysis of the net outflow of cash and cash equivalents in respect of the acquisition of a subsidiary through the additional capital injection into OPWDT is as follows:

		HK\$'000 千港元
Cash consideration	現金代價	(39,000)
Cash and bank balances acquired	收購之現金及銀行結存	41,913
<hr/>		
Net outflow of cash and cash equivalents in respect of the acquisition of a subsidiary	收購附屬公司之現金及現金等價物流出淨額	2,913

Since its acquisition, OPWDT contributed HK\$136,685,000 to the Group's turnover and HK\$88,579,000 to the consolidated loss for the year ended 31 December 2005.

Had the additional capital injection taken place at the beginning of the year, the revenue of the Group and the loss of the Group for the year would have been HK\$220,117,000 and HK\$91,725,000, respectively.

**36. 業務合併 (續)**

通過向無錫東強進一步注資收購附屬公司之現金及現金等價物之現金流出淨額分析如下：

		HK\$'000 千港元
Cash consideration	現金代價	(39,000)
Cash and bank balances acquired	收購之現金及銀行結存	41,913
<hr/>		
Net outflow of cash and cash equivalents in respect of the acquisition of a subsidiary	收購附屬公司之現金及現金等價物流出淨額	2,913

收購完成後，無錫東強為本集團截至二零零五年十二月三十一日止年度之營業額及綜合虧損分別提供136,685,000港元及88,579,000港元。

倘進一步注資於年初進行，年內本集團之收入及虧損將分別為220,117,000港元及91,725,000港元。

## Notes to Financial Statement 財務報表附註

31 December 2005 二零零五年十二月三十一日

## 37. CONTINGENT LIABILITIES

## 37. 或然負債

(a) At the balance sheet date, contingent liabilities not provided for in the financial statements were as follows:

(a) 於結算日，未有在財務報表作撥備之或然負債如下：

	Group 本集團		Company 本公司	
	2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
Bills discounted with recourse	-	299,522	-	-
Guarantees given to banks in connection with facilities granted to:				
Subsidiaries	-	-	<b>1,500,871</b>	2,895,864
Jointly-controlled entities	<b>19,500</b>	19,500	<b>19,500</b>	19,500
Guarantees given to a deemed minority shareholder of a subsidiary (note 28(d))	<b>57,973</b>	-	<b>57,973</b>	-
	<b>77,473</b>	319,022	<b>1,578,344</b>	2,915,364

As at 31 December 2005, the banking facilities granted to the subsidiaries subject to guarantees given to banks by the Company were utilised to the extent of approximately HK\$551,925,000 (2004: HK\$829,480,000), and the banking facilities guaranteed by the Group to the jointly-controlled entities were utilised to the extent of approximately HK\$17,160,000 (2004: HK\$19,500,000).

於二零零五年十二月三十一日，由本公司向銀行作出擔保而獲批之附屬公司銀行融資當中約551,925,000港元(二零零四年：829,480,000港元)已動用，而由本集團向銀行作出而獲批之共同控制企業銀行融資當中約17,160,000港元(二零零四年：19,500,000港元)已動用。

## Notes to Financial Statement 財務報表附註

31 December 2005 二零零五年十二月三十一日

**37. CONTINGENT LIABILITIES  
(continued)**

(b) The Group had a contingent liability in respect of possible future long service payments to employees under the Hong Kong Employment Ordinance, with a maximum possible amount of HK\$5,650,000 (2004: HK\$7,022,000) as at 31 December 2005, as further explained under the heading "Employee benefits" in note 2.6 to the financial statements. The contingent liability has arisen because, at the balance sheet date, a number of current employees have achieved the required number of years of service to the Group in order to be eligible for long service payments under the Employment Ordinance if their employment is terminated under certain circumstances. A partial provision of HK\$987,000 (2004: HK\$1,072,000) has been recognised in respect of such possible payments, as it is not considered probable that the situation will result in a material future outflow of resources from the Group.

**37. 或然負債 (續)**

(b) 本集團就香港僱傭條例須向僱員支付之潛在日後長期服務金而擁有或然負債，於二零零五年十二月三十一日涉及之潛在最高金額達5,650,000港元(二零零四年：7,022,000港元)，詳情載於財務報表附註2.6「僱員福利」。於結算日，由於若干現有僱員於本集團之服務年期已屆指定年期，符合僱員因若干情況離職時可享有僱傭條例所界定之長期服務金資格，因而導致該或然負債。本公司已就該等可能出現之款項而確認部份撥備987,000港元(二零零四年：1,072,000港元)，因預期該等情況將不會導致本集團日後出現重大利益損失之情況。

## Notes to Financial Statement 財務報表附註

31 December 2005 二零零五年十二月三十一日

### 37. CONTINGENT LIABILITIES (continued)

(c) In May 2005, the Company, together with 12 subsidiaries were served with a writ (the "Writ") by Philips in the Court of First Instance of Hong Kong for alleged infringement of Philips' patent rights, mainly for CD and DVD technologies. A jointly-controlled entity of the Group was also named as a defendant in the Writ but the proceedings had not been served upon that entity. Orient Power Electronics Limited ("OPE") and Orient Power Multimedia Limited ("OPMM"), two wholly-owned subsidiaries of the Company, had respectively entered into license agreements with Philips for the use of Philips' patents. Philips claimed that OPE and OPMM had breached such license agreements for failing to submit statements in respect of licensed products and pay the related royalties to Philips. Although OPE and OPMM are separate legal entities, Philips further alleged that by virtue of the said license agreements, the other defendants (the "Non-Licensed Parties"), are also accountable for payments due under the said license agreements entered into by OPE and OPMM respectively. Philips also claimed that the Non-Licensed Parties should be accountable under the license agreements, and are liable for damages for infringement of the patents of Philips in Hong Kong. Furthermore, Philips alleged against the Company and/or its subsidiaries misrepresentation, inducing breach of contract and conspiracy to cause damages to Philips. As a result, Philips is seeking relief against the Company and/or its subsidiaries which includes an injunction, a claim for royalties and/or damages for breach of contracts, including interest and all costs incurred by Philips in relation to the Writ. The claim from Philips did not set out an amount for damages, however, Philips made an estimation of unpaid royalties of over US\$60,000,000 (equivalent to approximately HK\$468,000,000), but no basis of calculation had been provided by Philips.

### 37. 或然負債 (續)

(c) 於二零零五年五月，本公司連同12家附屬公司接獲飛利浦在香港原訟法庭發出之令狀（「令狀」），指稱飛利浦之專利權（主要為CD及DVD技術）被侵犯。本集一家共同控制企業亦在令狀上指被稱為被告人，但未有接獲訴訟。本公司兩家全資附屬公司東強電子有限公司（「東強電子」）及東強多媒體有限公司（「東強多媒體」）曾與飛利浦分別就使用飛利浦專利權訂立特許協議。飛利浦指稱東強電子及東強多媒體因未能提交特許產品之報表及向飛利浦支付有關專利權費而違反上述特許協議。儘管東強電子及東強多媒體乃獨立法律實體，飛利浦進一步指稱，依據上述特許協議，其他被告人（「非特許協議訂約方」）須負責支付上述分別與東強電子及東強多媒體訂立之特許協議項下應付之款項。另外，飛利浦指，如非特許協議訂約方須對特許協議負責，則彼等須為侵犯飛利浦在香港之專利權承擔損朗賠償。除此之外，飛利浦亦指控本公司及／或該等附屬公司失實陳述、誘使違反合約及串謀使飛利浦蒙受損朗。因此，飛利浦以禁制令、支付專利權費及／或就違反合約損朗賠償（包括飛利浦就令狀所產生之利息及所有費用）等形式尋求本公司及／或其附屬公司作出補償。飛利浦之索償並無列明賠償數目。雖然飛利浦估計之未支付專利權費為60,000,000美元（相等於468,000,000港元），但估計之基準亦未予提供。

## Notes to Financial Statement 財務報表附註

31 December 2005 二零零五年十二月三十一日

**37. CONTINGENT LIABILITIES  
(continued)**

In August and September 2005, the Company and the other defendants (being associated with the Company) applied to dismiss Philips' claim against them. In November 2005, Philips served an amended statement of claim upon the Company and the other defendants. The Company and the other defendants have applied to the court to have the amendments to the original statement of claim disallowed and struck out. These and other matters were the subject of a contested hearing before a High Court Judge in Hong Kong and the hearing was held from 27 to 31 March 2006. Upon the conclusion of the hearing, the Learned Judge reserved his decision and as of to date, the decision has not been delivered. As the issue of whether Philips' claims in the original statement of claim can proceed and whether Philips' original statement of claim would be allowed to be amended remains uncertain, the directors are not in a position to form an opinion on the likely progress of these proceedings. However, the directors of the Company have been advised by the legal advisors that it is unlikely that the claims by Philips, if it is allowed to continue, would be resolved in the near future. However, the directors of the Company have been advised by the patent experts and legal advisers that there are valid objections to the validity of the patents which Philips is claiming in the said proceedings to have been infringed and accordingly the Company and its subsidiaries would have a valid defence to all allegations raised by Philips in its present form or in its amended form (if Philips' amendments are allowed to stand). As such, the directors are of the opinion that no provision is required to be made in respect of the claims made by Philips under the Writ. Furthermore, the directors are of the opinion that adequate provision for legal fees in relation to the Writ has been made as at 31 December 2005 for legal costs expected to be incurred at the present time.

**37. 或然負債 (續)**

二零零五年八月及九月，本公司及其他被告人（與本公司有聯繫者）申請駁回飛利浦對其作出之申索。二零零五年十一月，飛利浦向本公司及其他被告人發出一項經修訂之申索陳述書。本公司及其他被告人已向法院申請，駁回及剔除申索陳述書之修訂。此等及其他事宜有待於香港高等法院法官前抗辯，而聆訊已於二零零六年三月二十七日至三月三十一日期間進行。完成聆訊後，法官迄今尚未作出決定。由於飛利浦在原申索陳述書之申索能否繼續，以及飛利浦之原本申索陳述書會否獲准修訂仍未明朗，故本公司董事未能就有關法律程序之可能進展發表意見。然而，本公司董事已獲法律顧問告知，飛利浦之申索倘獲許繼續，不可能於短期內解決。然而，本公司已獲專利權專家及法律顧問告知，本公司可就飛利浦在上述法律程序申索專利權被侵犯之有效性提出有效反對，因此，本公司及其附屬公司可有效抗辯飛利浦現時或經修訂（倘飛利浦之修訂獲批准為有效）而提出之所有指控。因此董事認為無須就飛利浦根據令狀而提出之申索預期產生之法律費用作出撥備。此外，董事認為於二零零五年十二月三十一日，就令狀之法律費用作出充足撥備。

## Notes to Financial Statement 財務報表附註

31 December 2005 二零零五年十二月三十一日

### 37. CONTINGENT LIABILITIES (continued)

(d) In January 2004, Siemssen & Co. GmbH ("Siemssen"), a company situated in Hamburg, Germany, and a former customer of Orient Power Video Manufacturing Limited ("OPVM"), an indirectly wholly-owned subsidiary of the Company, filed a civil complaint against OPVM in the District Court of Hamburg (the "Action"). In the Action, Siemssen alleged that OPVM had breached certain warranties that it had provided under several contracts for the sale of OPVM products to Siemssen, which rendered Siemssen liable to a third party to the extent of US\$9,835,000 (equivalent HK\$76,713,000). In the Action, Siemssen is claiming for the sum of US\$9,835,000 (equivalent HK\$76,713,000) and legal costs of Euro58,000 (equivalent HK\$565,000) against OPVM.

### 37. 或然負債 (續)

(d) 於二零零四年一月，Siemssen & Co. GmbH(「Siemssen」，位於德國漢堡之公司並為本公司間接全資附屬公司東視電子有限公司(「東視電子」)之前客戶)在漢堡地區法院提出民事訴訟(「該法律行動」)。在該法律行動中，Siemssen指稱東視電子違反其在對Siemssen銷售東視電子產品之若干合同內之若干保證，使到Siemssen須對第三方賠償9,835,000美元(相等於76,713,000港元)。在該法律行動中，Siemssen要求東視電子賠償9,835,000美元(相等於76,713,000港元)並支付58,000歐羅(相等於565,000港元)訟費。



## Notes to Financial Statement 財務報表附註

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**37. CONTINGENT LIABILITIES  
(continued)**

Of the said claim of US\$9,835,000 (equivalent HK\$76,713,000), a receivable due from Siemens in the sum of US\$1,930,000 (equivalent HK\$15,054,000) is presently deposited into a bank by Siemens pursuant to an order of the Hamburg court as security for part of the said claim in the Action. The said sum is held subject to the outcome of the Action and shall be returned to OPVM if Siemens fails in the Action. OPVM through its legal representatives in Germany contested the Action. The directors of the Company have been advised by the German legal advisers of the Company that the claim in the Action has no merit. The legal proceedings have been stayed by an order of the court in Germany because a series of litigation has arisen in relation to the issue of patent validity. These patent issues from the foundation of the claim by Siemens, that is, if the products sold by OPVM did not infringe a third party's patents, then the claim by Siemens would fail. At present, it is not possible to ascertain the number of patents which would be claimed and the number of proceedings which may arise because each patent would be the subject of separate proceedings. Therefore, the directors of the Company have been advised by the German legal advisers for the Company that it is uncertain as to when the court would allow the release of the receivables and OPVM has made a full provision against the receivable of US\$1,930,000 (equivalent HK\$15,054,000).

**37. 或然負債 (續)**

在上述9,835,000美元(相等於76,713,000港元)之索償中,由Siemens應付之1,930,000美元(相等於15,054,000港元)款項現時由根據漢堡法院之命令由Siemens存入一家銀行,作為在該法律行動中上述申索之一部份之保證金。上述款項將一直被扣起,直至該法律行動有結果為止,並會在Siemens敗訴之情況下退還予東視電子。東視電子透過其在德國之法律代表對該法律行動提出抗辯。本公司董事獲德國法律顧問知會,得悉該法律行動中之申索缺乏理據。由於與專利權有效性有關之爭議產生連串訴訟,德國法院已下令擱置司法程序。該等專利權爭議均源自Siemens之索償,即倘東視電子出售之產品並無侵犯第三方專利權,則Siemens之索償將敗訴。目前未能確定將提出索償之專利權宗數及可能產生之司法程序,原因為各專利權均須進行單獨司法程序。因此,本公司董事已獲本公司德國法律顧問告知,目前未能確定法院是否容許解除應收款項,而東視電子已就應收款項1,930,000美元(15,054,000港元)作出全數撥備。

## Notes to Financial Statement 財務報表附註

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**38. OPERATING LEASE ARRANGEMENTS****As lessee**

The Group leases certain of its office properties, factory premises and staff quarters under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to ten years.

At 31 December 2005, the Group had total future minimum lease payments under non-cancellable operating leases in respect of land and buildings falling due as follows:

Within one year	一年內
In the second to fifth years, inclusive	第二至五年(包括首尾兩年)
After five years	五年後

**38. 經營租賃安排****以承租人身份**

本集團根據經營租賃安排租賃其若干辦公室物業、廠房物業及員工宿舍，而洽商之物業租期介乎1年至10年。

於二零零五年十二月三十一日，本集團根據土地及樓宇不可撤銷經營租賃須於下列年期內支付之日後最低租賃款項總額如下：

		<b>Group</b> 本集團	
		<b>2005</b> 二零零五年 <b>HK\$'000</b> 千港元	2004 二零零四年 HK\$'000 千港元
Within one year	一年內	<b>9,210</b>	10,845
In the second to fifth years, inclusive	第二至五年(包括首尾兩年)	<b>22,265</b>	13,170
After five years	五年後	<b>21,155</b>	—
		<b>52,630</b>	24,015

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## 39. COMMITMENTS

In addition to the operating lease commitments detailed in note 38 above, the Group had the following capital commitments at the balance sheet date:

		Group 本集團	
		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
Unpaid capital contribution to a jointly-controlled entity	共同控制企業 未付資本承擔	-	21,450
Plant and machinery: Contracted, but not provided for	廠房及機器： 已訂約但未撥備	<b>9,513</b>	11,353

## 39. 承擔

除上文附註38所述之經營租賃承擔外，本集團於結算日之資本承擔如下：

## 40. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year:

		Group 本集團	
		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
Purchases of goods from jointly-controlled entities	向共同控制企業購貨	<b>479,740</b>	688,487
Sale of raw materials to jointly-controlled entities	向共同控制料企業銷售原	-	232
Rental income of machinery from a jointly-controlled entity	來自共同控制企業之機器租金收入	<b>927</b>	927
Rental income from an associate	來自聯營公司之租金收入	-	216

## 40. 有關連人士之交易

(a) 除在本財務報表之其他部份詳述之交易及結餘外，本集團於年內曾與有關連人士作以下重大交易：

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**40. RELATED PARTY TRANSACTIONS  
(continued)**

Notes: (continued)

- (i) The goods purchased from the jointly-controlled entities were made at prices ranging from cost to cost plus a margin of 3%.
  - (ii) The raw materials sold to the jointly-controlled entities were priced at cost to cost plus a margin of 3%.
  - (iii) The directors considered that the rental charged was similar to the fair market rate.
- (b) The Company has executed and issued the following guarantees and stand-by-letters-of-credit in favour of banks as security for such banks' granting loan facilities to a non-wholly-owned subsidiary and a jointly-controlled entity:
- (i) guarantees and stand-by-letters-of-credit in favour of a bank in respect of two revolving loan facilities respectively in the sum of US\$1.25 million (2004: US\$1.25 million) and RMB2.0 million (equivalent to HK\$1.9 million) (2004: HK\$2.2 million) granted to OPSIT, a 51%-owned subsidiary of the Group;
  - (ii) guarantees in favour of various banks in respect of loan facilities not exceeding US\$2.5 million (equivalent to HK\$19.5 million) (2004: HK\$19.5 million) granted to JOPE, a 51%-owned jointly-controlled entity of the Group; and
  - (iii) counter-guarantees in relation to bank loan facilities of HK\$57,973,000 in favour of a deemed minority shareholder of OPWDT, who guaranteed the loan facilities of OPWDT (note 28(d)).

**40. 有關連人士之交易 (續)**

附註：(續)

- (i) 購自共同控制企業之貨品之價格為成本至成本另加3%利潤。
  - (ii) 售予共同控制企業之原料按成本至成本另加3%利潤。
  - (iii) 董事認為租金乃按與公平市值相近之款項收取。
- (b) 本公司就非全資擁有附屬公司及共同控制企業所獲銀行貸款融資向有關銀行簽立及發出以下擔保及備用信用狀，作為有關銀行貸款融資之抵押：
- (i) 本公司就本集團擁有51%股權之附屬公司朝歌獲批之兩筆循環貸款融資1,250,000美元（二零零四年：1,250,000美元）及人民幣2,000,000元（相等於1,900,000港元）（二零零四年：2,200,000港元）向銀行作出擔保及發出備用信用證；及
  - (ii) 本公司就本集團擁有51%股權之共同控制企業江蘇東華獲批不超過2,500,000美元（相等於19,500,000港元）（二零零四年：19,500,000港元）之貸款融資向多家銀行作出擔保。
  - (iii) 就銀行貸款57,973,000港元為無錫東強之信貸作擔保之無錫東強少數股東提供反擔保（附註28(d)）。

## Notes to Financial Statement 財務報表附註

31 December 2005 二零零五年十二月三十一日

**40. RELATED PARTY TRANSACTIONS  
(continued)****40. 有關連人士之交易 (續)**

- (c) Outstanding balances with related parties:
- (i) Details of the Group's guarantee in favour of a bank in respect of loan facilities granted to its jointly-controlled entities are included in note 28 to the financial statements.
- (ii) Details of the Group's balances with its jointly-controlled entities as at the balance sheet date are disclosed in note 20 to the financial statements.
- (d) Compensation of key management personnel of the Company

- (c) 與關連人士之未償還結餘
- (i) 本集團就銀行授予共同控制實體之貸款而向銀行作出之擔保之詳情載於財務報表附註28。
- (ii) 於資產負債表日本集團與共同實體之結餘於財務報表附註20披露。
- (d) 本公司主要管理人員酬金

		<b>2005</b> 二零零五年 <b>HK\$'000</b> 千港元	2004 二零零四年 HK\$'000 千港元
Short term employee benefits	短期僱員福利	<b>12,067</b>	13,911
Post-employment benefits	退休後福利	<b>72</b>	72
Total compensation paid to key management personnel		<b>12,139</b>	13,983

Further details of the directors' emoluments as disclosed in note 8 to the financial statements.

董事酬金詳情載於財務報表附註8。

The related party transactions in respect of items (a) to (c)(i) above also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

上文(a)至(c)(i)項之有關連人士之交易，亦構成上市規則第14A章所界定之關連交易或持續關連交易。

## Notes to Financial Statement 財務報表附註

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**41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Group's principal financial instruments comprise its bank loans, finance leases and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

It is, and has been, throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are cash flow interest rate risk, foreign currency risk, credit risk and liquidity risk. The board reviews and agrees policies for managing each of these risks and they are summarised below.

**Cash flow interest rate risk**

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's borrowings with a floating interest rate.

The Group's policy to manage its cash flow interest rate risk is to minimise the Group's interest-bearing borrowings bore interest at floating rates.

**Foreign currency risk**

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currency, which are mainly denominated in USD. In view of the fact that the Hong Kong dollar is pegged with the United States dollar and that the Group tried to match its assets and liabilities with the same currency, the Group's exposure to foreign currency risk is minimal. The Group has no specific policy to deal with the foreign exchange risk as in the opinion of the directors, the exposure is not significant.

**41. 財務風險管理目標及政策**

本集團之主要金融工具包括銀行貸款、融資租約及現金及短期存款。該等金融工具之主要目的是為本集團之業務籌集資金。本集團有多項其他金融資產及負債，例如應收貿易賬款及應付貿易賬款，並直接來自其業務。

本集團現時及於回顧年度一直奉行之政策為不會買賣金融工具。

來自本集團金融工具之主要風險，為現金流量利率風險、外匯風險、信貸風險及流動資金風險。董事會檢討及協訂有關管理各項風險之政策，現概述如下：

**現金流量利率風險**

本集團就市場利率變動之風險，主要涉及本集團之浮動利息借貸。

本集團管理其現金流量利率風險之政策，為盡量減少本集團之浮動利息計息借貸。

**外匯風險**

本集團有交易貨幣風險。有關風險來自經營單位以非其功能貨幣之貨幣（主要為美元）進行之買賣。鑑於港元與美元掛鉤，且本集團嘗試以同一貨幣將其資產配對其負債，故本集團於外匯風險極微。本集團並無特定政策處理外匯風險，乃因董認為風險並不重大。

## Notes to Financial Statement 財務報表附註

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**41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)****Credit risk**

The Group trades mainly with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral.

**Liquidity risk**

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and other banking facilities. The Group's policy is to minimise borrowings as part of the working capital.

**42. POST BALANCE SHEET EVENTS**

Except for the events set out in note 2.1 to the financial statements, there were no other significant post balance sheet events.

**41. 財務風險管理目標及政策 (續)****信貸風險**

本集團主要與認可及有信譽之第三方進行交易。本集團之政策為有意以賒賬期進行買賣之所有客戶必須經過信貸核證程序。此外，本集團會持續監察應收款項結餘，故有關壞賬之風險並不重大。

本集團對於其他金融資產（包括現金及現金等價物）之信貸風險，來自對手方失責，而最高風險相等於該等工具之賬面值。

由於本集團只與認可及有信譽之第三方進行交易，故不會要求取得抵押品。

**流動資金風險**

本集團之目標為透過利用銀行透支、銀行貸款及其他銀行信貸，保持資金延續性及靈活性之平衡。本集團之政策為減少借貸作為營運資金之一部份。

**42. 結算日後事項**

除財務報表附註2.1所述事項外，並無其他重大結算日後事項。

## Notes to Financial Statement 財務報表附註

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### 43. COMPARATIVE AMOUNTS

As further explained in notes 2.3 and 2.5 to the financial statements, due to the adoption of new HKFRSs during the year, the accounting treatment and presentation of certain items and balances in the financial statements have been revised to comply with the new requirements. Accordingly, certain prior year and opening balance adjustments have been made and certain comparative amounts have been reclassified and restated to conform with the current year's presentation and accounting treatment.

### 44. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 26 April 2006.

### 43. 比較數字

如財務報表附註2.3及2.5所詳述，由於在年內採納新香港財務報告準則，財務報表之若干項目及結餘之會計處理方法及呈列方式已作修訂以配合新規定。因此，財務報表已作出若干期初結餘調整，而若干比較數字已重新分類及重列，以配合本年度之呈列方式及會計處理方法。

### 44. 審批財務報表

董事會已於二零零六年四月二十六日審批及授權刊發財務報表。