

二零零五年十二月三十一日

31 December 2005

1. CORPORATE INFORMATION

The principal office of K & P International Holdings Limited is located at Units 2304-06, 23rd Floor, Riley House, 88 Lei Muk Road, Kwai Chung, New Territories, Hong Kong.

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

- manufacture and sale of precision parts and components (comprising keypads, synthetic rubber and plastic components and parts, and liquid crystal displays ("LCDs")); and
- design, manufacture and sale of consumer electronic products (comprising time, weather forecasting and other products).

2.1 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 certain buildings and derivative financial instruments and certain investments, which have been measured at fair value. These financial statements are presented in Hong Kong dollars.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2005. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Company 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.

1. 公司資料

堅寶國際控股有限公司的總辦事處為香港新界葵涌梨木道八十八號達利中心二十三樓二二零四至零六室。

集團年內之主要業務如下：

- 製造及銷售精密零部件（其中包括按鍵、合成橡膠及塑膠零部件及液晶體顯示器）；及
- 設計、製造及銷售電子消費品（其中包括時計、天氣預測及其他產品）。

2.1 編製基準

本財務報告是根據香港會計師公會所頒佈之香港財務報告準則（「香港財務報告準則」）（並包括香港會計準則（「香港會計準則」）及詮釋）、香港公認會計原則及香港公司法例之披露規定適當編製。除若干樓宇、金融衍生工具及若干投資以公平價值計量外，本財務報告乃以歷史原值成本法計算。本財務報表以港元呈列。

綜合賬項基準

綜合財務報告包括本公司及其所有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告。收購附屬公司之業績自該等公司被收購之日（本公司取得該等公司之控制權之日）起綜合計算，並綜合計算至該控制權終止為止。本集團公司之間所有重大交易及賬項結存已於編製綜合賬項時互相抵銷。

2.2 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

2.2 新訂及經修訂香港財務報告準則之影響

以下新訂及經修訂香港財務報告準則對本集團造成影響，本集團於編製本年度財務報表時首次採納該等準則：

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、會計估計之變更及差錯
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	分類報告
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和對政府援助的披露
香港會計準則第21號	外幣匯率變動之影響
香港會計準則第23號	借款費用
香港會計準則第24號	關聯方披露
香港會計準則第27號	綜合及獨立財務報告
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	於合營企業的投資
香港會計準則第32號	金融工具：披露及呈列

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

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

The adoption of HKASs 1, 2, 7, 8, 10, 11, 12, 14, 16, 18, 19, 20, 21, 23, 27, 28, 31, 33, 37, 38, 40, HKFRS 5, HK(SIC)-Int 21 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 24 has expanded the definition of related parties and affected the Group's related party disclosures.

2.2 新訂及經修訂香港財務報告準則之影響 (續)

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	金融工具：確認及計量
香港會計準則第39號 (經修訂)	金融資產及金融負債之過渡及首次確認
香港會計準則第40號	投資物業
香港財務報告準則第2號	以股份支付之款項
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	待出售之非流動資產和已終止經營業務
香港詮釋財務委員會—詮釋第21號	所得稅—已重估非折舊資產之收回
香港—詮釋第4號	租賃—釐定香港土地租賃之租賃期長度

採納香港會計準則第1、2、7、8、10、11、12、14、16、18、19、20、21、23、27、28、31、33、37、38及40號、香港財務報告準則第5號、香港詮釋財務委員會—詮釋第21號及香港—詮釋第4號並未對本集團及本公司之會計政策及本集團及本公司編製財務報告之方式造成重大影響。

香港會計準則第24號已擴充關連人士定義之範圍，並影響本集團有關關連人士之披露。

2.2 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 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 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 payments, while buildings continue to be classified as part of property, plant and equipment. Prepaid land premiums for 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.

The effects of the above changes are summarised in note 2.4 to the financial statements. The change has been adopted retrospectively from the earliest period presented and comparative amounts have been restated.

2.2 新訂及經修訂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要如下：

(a) 香港會計準則第17號—租賃

於以往年度，持作自用之租賃土地和樓宇以成本值減累計折舊及任何減值虧損列賬。

採納香港會計準則第17號後，本集團於土地和樓宇的租賃權益分為租賃土地和樓宇。由於在租賃期結束時，預期土地的擁有權將不會轉移予本集團，因此，本集團之租賃土地分類為一項經營租賃，並從物業、廠房及設備重新分類至預付土地租賃款項，而樓宇則仍分類為物業、廠房及設備。經營租賃下之土地租賃款項預付土地溢價於起始時按成本列賬，其後於租賃期內按直線法攤銷。當租賃金額無法可靠分配至土地及樓宇部份時，整項租賃金額將計入土地及樓宇成本，作為物業、廠房及設備之融資租賃。

上述變更的影響在財務報告的附註2.4中列示。該變更從最早列報期間追溯採用，比較數字已重列。

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

(b) HKAS 32 and HKAS 39 – Financial Instruments

(i) Equity securities and club membership

In prior years, the Group classified its investments in unlisted equity securities and club membership in the form of a debenture as long term investments, which were held for non-trading purposes and were stated at cost less any impairment losses. Upon the adoption of HKAS 39, these investments held by the Group at 1 January 2005 were designated as available-for-sale investments under the transitional provisions of HKAS 39. The adoption of HKAS 39 has not resulted in any change in the measurement of the investments in unlisted equity securities, while the club membership is now stated at fair value with gains or losses being recognised as a separate component of equity until subsequent derecognition or impairment. Comparative amounts have been reclassified for presentation purposes.

(ii) Convertible loan notes

In prior years, convertible loan notes were stated at amortised cost. Upon the adoption of HKAS 32, the conversion options of the convertible loan notes are separated from the liability component of the convertible loan notes. In accordance with HKAS 32, comparative amounts of the liability component of the convertible loan notes have been restated. The conversion options of the convertible loan notes are derivative financial instruments and are stated at fair value. In accordance with the transitional provisions of HKAS 39, comparative amounts of the derivative financial instruments have not been restated.

2.2 新訂及經修訂香港財務報告準則之影響 (續)

(b) 香港會計準則第32號及香港會計準則第39號—金融工具

(i) 股本證券及會所會籍

於過往年度，本集團以債務形式將非上市股份投資及會所會籍分類為長期投資，此等投資持有作非買賣用途，並以成本減除任何減值虧損列賬。採納香港會計準則第39號後，本集團於二零零五年一月一日持有之此等投資按香港會計準則第39號之過渡性條文被列作可供出售投資。採納香港會計準則第39號並未改變非上市股份投資之計量，而會所會籍現以公平價值列賬，所產生之損益作為權益的一個單獨的組成部分來確認，直到期後不再確認或減值。比較數字已因應呈列目的被重新分類。

(ii) 可換股貸款票據

於過往年度，可換股貸款票據以攤銷成本列賬。採納香港會計準則第32號後，可換股貸款票據之可轉換期權與可換股貸款票據之負債部分區分。可換股貸款票據之負債部份之比較數據已根據香港會計準則第32號重列。可換股貸款票據之可轉換期權為衍生金融工具並以公平價值列賬。根據香港會計準則第39號之過渡性條文，衍生金融工具之比較數據並未重列。

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

(c) HKFRS 2 – Share-based Payment

In prior years, no recognition and measurement of share-based payment transactions in which employees (including directors) were granted share options over shares in the Company were required until such options were exercised by employees, at which time the share capital and share premium were credited with the proceeds received.

Upon the adoption of HKFRS 2, when employees (including directors) render services as consideration for equity instruments (“equity-settled transactions”), the cost of the equity-settled transactions with employees is measured by reference to the fair value at the date at which the instruments are granted.

The main impact of HKFRS 2 on the Group is the recognition of the cost of these transactions and a corresponding entry to equity for employee share options. The revised accounting policy for share-based payment transactions is described in more detail in note 2.5 “Summary of significant accounting policies” below.

The Group has adopted the transitional provisions of HKFRS 2 under which the new measurement policies have not been applied to (i) options granted to employees on or before 7 November 2002; and (ii) options granted to employees after 7 November 2002 but which had vested before 1 January 2005.

As the Group did not have any employee share options which were granted during the period from 7 November 2002 to 31 December 2004 but had not yet vested as at 1 January 2005, the adoption of HKFRS 2 has had no impact on the retained profits as at 31 December 2003 and at 31 December 2004. The Group has recognised the cost of options which were granted during the year in the current year’s income statement in accordance with the revised accounting policy.

The effects of adopting HKFRS 2 are summarised in note 2.4 to the financial statements.

2.2 新訂及經修訂香港財務報告準則之影響 (續)

(c) 香港財務報告準則第2號—以股份支付之款項

以往年度，僱員(包括董事)獲授之本公司購股權所涉及之以股份為基準之交易不予確認及計算，直至該等僱員行使有關購股權為止，其時，該等股本及股份溢價入賬為已收所得款項。

採納財務報告準則第2號後，當僱員(包括董事)提供服務作為股本工具之代價(「股本結算交易」)，與僱員進行之股本結算交易乃參考授出股本當日之公平價值計算。

香港財務報告準則第2號對本集團之主要影響為對此等交易成本之確認及就僱員購股權於權益中之相應計入。有關以股份支付之交易之經修訂會計政策詳情載於下文附註2.5「重大會計政策」概要中。

本集團已採納香港財務報告準則第2號之過渡性條文，在此準則下之新計量政策並未應用於(i)於二零零二年十一月七日或之前授予僱員之購股權；及(ii)於二零零二年十一月七日後授予僱員但於二零零五年一月一日前已歸屬之購股權。

由於本集團沒有於二零零二年十一月七日至二零零四年十二月三十一日期間授出但於二零零五年一月一日仍未歸屬之僱員購股權，因此採納香港財務報告準則第2號並未對於二零零三年十二月三十一日及二零零四年十二月三十一日之保留溢利造成影響。本集團已因應經修訂會計政策於本年度之損益賬確認於本年度授出之購股權之成本。

採納香港財務報告準則第2號之影響概要載於財務報表附註2.4。

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2.2 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 arising on acquisitions prior to 1 January 2001 was eliminated against the consolidated retained profits, in the year of acquisition and was not recognised in the income statement until disposal or impairment of the acquired businesses.

Goodwill arising on acquisitions on or after 1 January 2001 was capitalised and amortised on the straight-line basis over its estimated useful life and was subject to impairment testing when there was any indication of impairment.

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).

Under the transitional provisions of HKFRS 3, 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.

This change in accounting policy has had no effect on the consolidated income statement and retained profits. In accordance with the transitional provisions of HKFRS 3, comparative amounts have not been restated.

2.3 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, to 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	Net Investment in a Foreign Operation

2.2 新訂及經修訂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之前進行收購產生之商譽於收購年內與綜合保留溢利對銷，且於所收購業務得以出售或減值之前不會在損益賬中確認。

於二零零一年一月一日或之後進行收購產生之商譽已撥充資本，並按其估計可使用年期採用直線法攤銷，惟須在任何減值跡象出現時作出減值測試。

採納香港財務報告準則第3號及香港會計準則第36號後，本集團不再每年攤銷商譽，而改為每年進行現金產生單位水平之減值測試（若出現任何事件或情況改變，顯示賬面值可能減少時，則進行更頻密的測試）。

採納香港財務報告準則第3號之過渡性條文後，先前已對銷保留溢利之商譽繼續與保留溢利對銷，並且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損益賬確認。

此會計政策變動對綜合損益賬及保留溢利並無影響。根據香港財務報告準則第3號過渡性條文，比較金額未被重列。

2.3 已公佈但尚未生效之香港財務報告準則之影響

本集團於編製此財務報表時並未採納以下已公佈但尚未生效之新訂及經修訂香港財務報告準則。除另有註明外，此等香港財務報告準則於二零零六年一月一日或之後年度期間生效。

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)	海外業務之淨投資

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

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
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.

2.3 已公佈但尚未生效之香港財務報告準則之影響 (續)

香港會計準則第39號 (經修訂)	預測集團內部交易之現金流量對沖會計法
香港會計準則第39號 (經修訂)	期權之公平價值
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及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	釐定安排是否包含租賃
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產生權益之權利
香港 (國際財務報告詮釋委員會) 詮釋第6號	因參與特定市場之責任 – 廢料、電力及電子設備
香港 (國際財務報告詮釋委員會) 詮釋第7號	採用根據香港會計準則第29號惡性通脹經濟財務報告之重列處理法

在二零零七年一月一日或之後之年度期間採納香港會計準則第1號 (經修訂)。經修訂準則將影響有關本集團目標、政策及資本管理程序之質素資料; 有關被本公司視作資本之量化數據; 及遵守任何資本要求及任何不遵守帶來之後果之披露。

香港財務報告準則第7號包括香港會計準則第32有關金融工具之披露要求。此等香港財務報告準則適用於二零零七年一月一日或之後年度期間。

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

In accordance with the amendments to HKAS 39 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 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 and 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 would 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.

2.3 已公佈但尚未生效之香港財務報告準則之影響 (續)

根據香港會計準則第39號(經修訂)有關財務擔保合約之規定,財務擔保合約最初按公平價值確認,之後(i)按香港會計準則第37號決定及(ii)按香港會計準則第18號最初確認及在適當情況下扣除累計攤銷兩者間較高者計量。

香港會計準則第19號(經修訂)、香港會計準則第21號(經修訂)及香港會計準則第39號(經修訂)有關預測集團內部交易之現金流量對沖會計法之規定,以及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、6及7號並未應用於本集團之業務中。香港(國際財務報告詮釋委員會)詮釋第6號及7號分別於二零零五年十二月一日及二零零六年三月一日或之後年度期間被應用。

除以上所述者外,本集團預期採納以上所列之聲明於最初應用期間不會對本集團之財務報表造成重大影響。

財務報告附註

Notes to the Financial Statements

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2.4 SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICIES

(a) Effect on the consolidated balance sheet

2.4 會計政策變更影響概要

(a) 對綜合資產負債表的影響

At 1 January 2005 於二零零五年一月一日	Effect of adopting 採納的影響			Total 總額 HK\$ 港元
	HKASs 32 [#] and 39* 香港會計準則 第32 [#] 及39號*	HKAS 17 [#] 香港會計準則 第17號 [#]	HKAS 32 [#] 香港會計準則 第32號 [#]	
Effect of new policies (Increase/(decrease)) 新政策的影響 (增加/(減少))	Change in classification of financial instruments 金融工具 分類變更 HK\$ 港元	Prepaid land lease payments 預付土地 租賃款 HK\$ 港元	Convertible loan notes 可換股 貸款票據 HK\$ 港元	
Assets	資產			
Property, plant and equipment	物業、廠房及設備	–	(22,279,000)	– (22,279,000)
Prepaid land lease payments	預付土地租賃款	–	21,412,941	– 21,412,941
Available-for-sale investments	可供出售投資	3,180,000	–	– 3,180,000
Long term investments	長期投資	(3,180,000)	–	– (3,180,000)
Prepayments, deposits and other receivables	預付款項、按金及 其他應收款項	–	444,735	– 444,735
				<u>(421,324)</u>
Liabilities/equity	負債／權益			
Convertible loan notes	可換股貸款票據	–	–	13,096 13,096
Asset revaluation reserve	重估資產儲備	–	(5,814,383)	– (5,814,383)
Retained profits	保留溢利	–	5,393,059	(13,096) 5,379,963
				<u>(421,324)</u>

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2.4 SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICIES (continued)

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

		Effect of adopting 採納的影響			Total 總額 HK\$ 港元
		HKASs 32 [#] and 39* 香港會計準則 第32 [#] 及39號*	HKAS 17 [#] 香港會計準則 第17號 [#]	HKFRS 2 香港財務報告 準則第2號	
At 31 December 2005 於二零零五年十二月三十一日					
Effect of new policies (Increase/(decrease)) 新政策的影響 (增加/(減少))		Change in classification of financial instruments 金融工具 分類變更 HK\$ 港元	Prepaid land lease payments 預付土地 租賃款 HK\$ 港元	Equity-settled share option arrangements 股本結算 購股權安排 HK\$ 港元	
Assets	資產				
Property, plant and equipment	物業、廠房及設備	-	(21,987,885)	-	(21,987,885)
Prepaid land lease payments	預付土地租賃款	-	20,935,727	-	20,935,727
Available-for-sale investments	可供出售投資	680,000	-	-	680,000
Long term investments	長期投資	(680,000)	-	-	(680,000)
Prepayments, deposits and other receivables	預付款項、按金及 其他應收款項	-	477,214	-	477,214
					(574,944)
Liabilities/equity	負債/權益				
Share option reserve	購權股儲備	-	-	69,285	69,285
Asset revaluation reserve	重估資產儲備	-	(5,814,383)	-	(5,814,383)
Retained profits	保留溢利	-	5,239,439	(69,285)	5,170,154
					(574,944)

* Adjustments taken effect prospectively from 1 January 2005

Adjustments/presentation taken effect retrospectively

2.4 會計政策變更影響概要 (續)

(a) 對綜合資產負債表的影響

* 調整自二零零五年一月一日開始生效

調整/呈報追溯生效

2.4 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

2.4 會計政策變更影響概要 (續)

(b) 對於二零零四年一月一日及二零零五年一月一日股本結存之影響

Effect of new policies (Increase/(decrease)) 新政策的影響 (增加/(減少))		Effect of adopting 採納的影響		Total 總額 HK\$ 港元
		HKAS 17 香港會計準則 第17號 Prepaid land lease payments 預付土地 租賃款 HK\$ 港元	HKAS 32 香港會計準則 第32號 Convertible loan notes 可換股 貸款票據 HK\$ 港元	
1 January 2004	於二零零四年一月一日			
Asset revaluation reserve	重估資產儲備	(3,052,550)	–	(3,052,550)
Retained profits	保留溢利	5,844,812	219,208	6,064,020
				<u>3,011,470</u>
1 January 2005	於二零零五年一月一日			
Asset revaluation reserve	重估資產儲備	(5,814,383)	–	(5,814,383)
Retained profits	保留溢利	5,393,059	(13,096)	5,379,963
				<u>(434,420)</u>

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2.4 SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICIES (continued)

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

2.4 會計政策變更影響概要 (續)

(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賬之影響

Effect of new policies	新政策的影響	Effect of adopting 採納的影響			Total 總額 HK\$ 港元
		HKAS 17 香港會計準則 第17號 Prepaid land lease payments 預付土地 租賃款 HK\$ 港元	HKAS 32 香港會計準則 第32號 Convertible loan notes 可換股 貸款票據 HK\$ 港元	HKFRS 2 香港財務報告 準則第2號 Equity-settled share option arrangements 股本結算 購股權安排 HK\$ 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 administrative expenses	行政開支增加	(153,620)	–	(69,285)	(222,905)
Total decrease in profit	溢利減少總額	(153,620)	–	(69,285)	(222,905)
Decrease in basic earnings per share	每股基本盈利 減少	(0.06) cent 仙	–	(0.03) cent 仙	(0.09) cent 仙
Decrease in diluted earnings per share	每股攤薄盈利 減少	N/A	N/A	N/A	N/A
Year ended 31 December 2004	截至二零零四年 十二月三十一日 止年度				
Increase in cost of sales	銷售成本增加	(616)	–	–	(616)
Increase in administrative expenses	行政開支增加	(194,537)	–	–	(194,537)
Increase in other expenses	其他開支增加	(256,600)	–	–	(256,600)
Increase in finance costs	融資成本增加	–	(232,304)	–	(232,304)
Total decrease in profit	溢利減少總額	(451,753)	(232,304)	–	(684,057)
Decrease in basic earnings per share	每股基本盈利 減少	(0.18) cent 仙	(0.09) cent 仙	–	(0.27) cent 仙
Decrease in diluted earnings per share	每股攤薄盈利 減少	(0.18) cent 仙	(0.09) cent 仙	–	(0.27) cent 仙

2.5 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.

Associates

An associate is an entity, not being a subsidiary or a jointly-controlled entity, in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence.

The Group's share of the post-acquisition results and reserves of associates is included in the consolidated income statement and consolidated reserves, respectively. The Group's interests in associates 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.

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.

2.5 重大會計政策概要

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從其業務中獲取利益之實體。

附屬公司之業績以已收及應收之股息列入本公司之損益賬內。本公司於附屬公司之權益以成本扣除任何減值虧損列賬。

聯營公司

聯營公司為除附屬公司或合營公司以外，由本集團長期持有一般不少於20%股本投票權，並對其有重大影響力之公司。

本集團所佔聯營公司之購入後業績及儲備已分別計入綜合損益賬及綜合儲備內。本集團於聯營公司之權益乃以權益會計法計算，並就本集團之應佔資產淨值扣除減值虧損，於綜合資產負債表內列賬。

商譽

收購附屬公司產生的商譽指商業合併成本超出於收購當日集團對所購的可辨別資產、負債及或然負債的公平價值之淨值。

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

Goodwill (continued)

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.

Impairment of assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories and financial assets), 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.

2.5 重大會計政策概要 (續)

商譽 (續)

過去在綜合儲備對銷之商譽

於會計實務準則第30條「業務合併」於二零零一年被採納之前，收購所產生之商譽會在收購的年度內與綜合保留溢利對銷。在採納香港財務報告準則第3號後，此商譽繼續在綜合保留溢利對銷，並且不會於出售與商譽相關的全部或部分業務，或與商譽相關的現金產生單位減值時在損益賬中確認。

資產減值

當有跡象顯示減值或當資產（存貨及金融資產以外）需要進行年度減值測試時，需預計資產的可收回金額。資產的可收回金額以現金產生單位的使用價值，或其公平價值減去銷售成本兩者的較高者計算，並就個別資產釐定，除非資產不會產生頗大程度獨立於其他資產或資產組合的現金流入，在此情況下，可收回金額則以資產所屬的現金產生單位釐定。

如資產之賬面值超逾其可收回金額時，減值虧損方予確認。於評估使用價值時，估計日後現金流量按反映現時市場評估的貨幣時間值及資產特定風險的除稅前折現率折減至現值。減值虧損於產生期間自損益賬扣除，除非該資產以重估價值列賬，在該情況下，減值虧損根據有關重估資產之會計政策列賬。

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

Impairment of assets (continued)

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 a 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.

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;
- (e) the party is a close member of the family of any individual referred to in (a) or (d); or
- (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);

2.5 重大會計政策概要 (續)

資產減值 (續)

於每個報告日會評估是否有任何跡象顯示過往已確認的減值虧損不再存在或減少。倘出現該等跡象，則會估計可收回金額。過往確認的資產減值虧損（商譽除外）僅用於釐定資產可收回金額的估計改變時撥回，惟撥回後的數額不得高於過往年度若並無就資產確認減值虧損而應有的賬面值（扣除折舊／攤銷後）。減值虧損的撥回於產生期間計入損益賬，除非該資產以重估價值列賬，在該情況下，減值虧損根據重估資產相關之會計政策列賬。

關連人士

尚屬以下情況，該人士被視為本集團關連人士：

- (a) 該人士透過一間或以上中介機構直接或間接(i)控制本集團、被本集團控制或與本集團一起受共同控制；(ii)擁有本集團權益，令其可對本集團發揮重大影響力；或(iii)對本集團擁有共同控制權；
- (b) 該人士為聯營公司；
- (c) 該人士為共同控制公司；
- (d) 該人士為本集團之主要管理人員；
- (e) 該人士為(a)或(d)所述任何人士之直系家屬成員；或
- (f) 該人士為受到(d)或(e)所述任何人士所控制、共同控制或重大影響之實體，或直接或間接對該實體擁有重大投票權。

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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, 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 of 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 asset 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 asset revaluation reserve realised in respect of previous valuations is transferred to retained profits as a movement in reserves.

2.5 重大會計政策概要 (續)

物業、廠房及設備及折舊

除在建築工程外，物業、廠房及設備乃以成本或估值減累計折舊及任何減值虧損後列賬。物業、廠房及設備項目之成本包括購買價及將該資產達至所定之運作情況及地點之任何直接應佔成本。於物業、廠房及設備項目運作後所引致之維修及保養費用等開支，一般均自費用產生期間從損益賬扣除。倘若可明確顯示該等開支可導致日後使用物業、廠房及設備項目而獲得之經濟利益增加，及該等項目之成本能可靠計量時，則該等開支將被資本化作為該資產之額外成本或作重置處理。

重估資產之公平價值會進行足夠頻密之評估以確保不會與其賬面值有重大差別。物業、廠房及設備之價值改變以固定資產重估儲備之變動處理。若儲備總額不足以抵銷虧蝕（按個別資產計算），則多出之虧蝕於損益賬中扣除。其後重估產生之任何盈餘則計入損益賬，惟不得超出先前所扣除之虧蝕數額。出售已重估之資產時，將先前估值的資產重估儲備中之有關部份將轉撥至保留溢利作儲備變動處理。

2.5 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:

Buildings	2.5%
Leasehold improvements	25% to 30%
Plant and machinery	12.5% to 25%
Furniture, fixtures and office equipment	20% to 30%
Motor vehicles	20% to 25%
Moulds	20% to 33.33%

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.

2.5 重大會計政策概要 (續)

物業、廠房及設備及折舊 (續)

各項物業、廠房及設備之折舊乃以直線法按其估計可使用年期撇銷其成本或估值計算。用以計算折舊之主要年率如下：

樓宇	2.5%
租賃物業裝修	25%至30%
廠房及機器	12.5%至25%
傢俬、裝置及辦公室設備	20%至30%
汽車	20%至25%
模具	20%至33.33%

倘若物業、廠房及設備項目之部份具不同使用期限，該項目之成本或估值按合理基準分配給各部份，由各部份各自計算折舊。

剩餘價值、可使用年期及折舊方法於每個結算日審閱及在適當時進行調整。

物業、廠房及設備項目乃於出售後，或當預期使用或出售該項目將不會產生未來經濟利益時取消確認。在取消確認該資產的年度於損益賬確認其出售或棄用的數額即出售相關資產所得款項淨額與賬面值之差額。

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

Intangible assets

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.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Licences

Licences are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of six years.

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 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.

2.5 重大會計政策概要 (續)

無形資產

無形資產之可使用年期乃評估為有限或無限。具有有限使用年期之無形資產按可使用經濟年期攤銷，並於該無形資產出現減值跡象時作評估減值。具有有限使用年期之無形資產之攤銷年期及攤銷方法須至少於每個結算日作檢核。

具無限使用年期之無形資產於每年個別或於現金產生單位水平作減值測試。該等無形資產不會被攤銷。每年檢討具無限使用年期之無形資產之可使用年期，以釐定無限年期之評估是否仍然成立。若評估不成立，則可使用年期之評估自此由按無限年期更改為有限使用年期計量。

使用權

使用權乃按成本減除任何減值虧損後攤銷入賬，並按估計可使用年期分六年以直線法攤銷。

研究與開發成本

所有研究成本於產生時在損益賬中扣除。

僅當所涉及的項目可明確界定，其開支可單獨確認並能可靠地計量，並且可合理地確定該項目在技術上可行，其產品亦具有商業價值時，開發新產品的項目所產生的開支將予以資本化，並作遞延處理。不符合此等標準的產品開發成本於產生時列為開支。

遞延開發成本乃以成本減任何減值虧損後列賬，攤銷乃按產品商業年限（不超過五年）由產品開始投入產業生產起以直線法計算。

2.5 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.

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 net of any incentives received from the lessor 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.

2.5 重大會計政策概要 (續)

租賃

凡將資產擁有權(法定所有權除外)之大部份回報及風險撥歸本集團之租賃均列為融資租賃。融資租賃生效時,租賃資產之成本將按最少租賃費用的現今值撥作資本,並連同租賃責任(不包括利息)入賬,以反映採購與融資。資本化融資租賃所持之資產包括物業、廠房及設備,並按租期或資產之估計可使用年期兩者之中較低者計算折舊。上述租賃之融資成本自損益賬扣除,以於租約期作出定期定額扣減。

所有資產之收益及風險實際上仍歸於出租人之租約均視為經營租約。倘本集團為出租人,本集團根據經營租約租賃之資產乃計入非流動資產,而根據經營租約應收之租金則按直線法在租約期內計入損益賬。倘本集團為承租人,有關該等經營租約之租金(已扣除出租人提供的任何獎勵措施)乃按直線法在租約期內於損益賬中扣除。

經營租賃之預付土地租賃款起始時以成本列賬,之後按直線法在租約期內確認。

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

Investments and other financial assets

Applicable to the year ended 31 December 2004:

The Group classified its investments, other than subsidiaries and associates, as long term investments.

Long term investments

Long term investments represent non-trading investments in unlisted equity securities and club membership intended to be held on a long term basis. They are stated at cost less any impairment losses.

Applicable to the year ended 31 December 2005:

Financial assets in the scope of HKAS 39 are classified as financial assets at fair value through profits or loss, loans and receivables and 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.

Financial assets at fair value through profit or loss

Financial assets classified as held for trading or so designated are included in the category "financial assets at fair value through profit or loss". Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Gains or losses on investments held for trading are recognised in the income statement.

2.5 重大會計政策概要 (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:

本集團將投資(附屬公司及聯營公司除外)分類為長期投資。

長期投資

長期投資為擬長期持有之非上市股本證券及會所會籍之非買賣投資,並以成本減除任何減值虧損列賬。

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賬按公平價值列賬之金融資產,貸款及應收賬款,及可供出售之金融資產(視情況而定)。金融資產於起始確認時以公平價值加該投資並非按公平價值經損益賬列賬的情況,直接應佔交易成本計算。本集團於起始時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。

按公平價值計入損益賬之金融資產

列作以買賣目的而持有之金融資產計入「按公平價值列入損益賬之金融資產」。金融資產如以短期出售為目的而購買,則分類為以買賣目的而持有之投資。以買賣為目的而持有之投資之溢利或虧損於損益賬中確認。

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

Investments and other financial assets (continued)

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. 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.

Available-for-sale financial assets

Available-for-sale financial assets are those 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

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 instrument which is substantially the same; a discounted cash flow analysis; and option pricing models.

2.5 重大會計政策概要 (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)

貸款及應收賬款

貸款及應收賬款為具有固定或可確定款項,但在活躍市場中無報價的非衍生金融資產。該等資產用實際利率法攤銷成本列賬。若該等貸款及應收賬款遭取消確認、出現減值或進行攤銷時產生的收益及虧損會被計入損益賬。

可供出售金融資產

可供出售金融資產為於非上市股本證券中之非衍生金融資產或未被歸入任何其他兩類別之資產。於起始時確認後,可供出售金融資產按公平價值計量,其盈利或虧損確認為獨立的權益成份,直至投資獲取消確認或直至投資被釐定減值,此時,之前於股本呈報之累計收益或虧損會被計入損益賬內。

倘非上市股本證券之公平價值不能被可靠計量,原因為(a)該投資在合理公平價值的估計範圍內大幅波動或(b)於該範圍內多種估計之可能性不能被合理評估及用於估計其公平價值,則該等證券乃按成本減任何減值虧損列賬。

公平價值

對於沒有活躍市場之投資,公平價值由估價技術來確定。此技術包括採用最近之公平市場交易;參照幾乎相同之其他工具之當前市場價值;現金流量分析之折現和期權定價模型。

2.5 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 a 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.

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.

2.5 重大會計政策概要 (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顯示一項金融資產或一組金融資產出現減值。

按攤銷後成本列賬資產

倘有客觀跡象表明按攤銷後成本列賬的貸款及應收款項已產生減值虧損，資產的賬面價值與估計未來現金流量（不包括尚未產生的未來信貸損失）以原本實際利率（即起始確認時計算的實際利率）折現的現值之間差額確認為損失數額。有關資產的賬面值可通過直接或撥備賬目減低。有關減值虧損在損益賬中確認。

本集團首先對具個別重要性的金融資產進行評估，評估是否有客觀跡象顯示出現個別減值，並對不具個別重要性的金融資產進行評估，評估是否有客觀跡象顯示個別或共同存有減值。倘若經個別評估的金融資產（無論具重要性與否）釐定並無客觀跡象顯示存有減值，該項資產會歸入一組具有相似信貸風險特性的金融資產內，並對該組金融資產是否存有減值共同作出評估。經個別評估減值及其減值虧損或將繼續確認入賬之資產則不會歸入共同減值評估之內。

於往後期間，倘若減值虧損的數額減少，而減少的原因客觀上與確認減值後所發生的事件相關聯，則先前確認的減值虧損可予以回撥。於回撥當日，倘若資產賬面值並未超出其攤薄後成本，則任何減值虧損的其後回撥將於損益賬內確認入賬。

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

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

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 or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument 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.

2.5 重大會計政策概要 (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)

資產以成本列帳

倘有客觀證據顯示，非上市股本工具因公平價值不能可靠計量而未按公平價值列帳，或與有關非上市股本工具掛鈎且須以結算之衍生資產出現減值虧損，則虧損金額將按該資產之賬面值與按類似金融資產當時之市場回報率折現其估計未來現金流量現值之差額計量。該等資產之減值虧損不予撥回。

可供出售金融資產

如果可供出售金融資產有減值，金額包括其成本(扣除本金付款及攤銷)與其近期公平價值的差額減任何過往已確認於損益賬的減值虧損，會從股本轉撥至損益賬。分類為可供出售財務資產的股本工具之減值虧損不會回撥到損益賬。

2.5 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.

2.5 重大會計政策概要 (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 (倘適用) 一項金融資產的一部份或一組相類似金融資產的一部份) 在下列情況將取消確認:

- 收取該項資產所得現金流量的權利經已屆滿;
- 本集團保留收取該項資產所得現金流量的權利, 惟須根據一項「轉付」安排, 在未有嚴重延緩予第三者的情況下, 已就有關權利全數承擔付款的責任; 或
- 本集團已轉讓其收取該項資產所得現金流量的權利, 並(a)已轉讓該項資產的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, 但已轉讓該項資產的控制權。

凡本集團轉讓其收取該項資產所得現金流量的權利, 但並無轉讓或保留該項資產的絕大部份風險及回報, 且並無轉讓該項資產的控制權, 該項資產將由本集團持續介入並確認入賬。採用就已轉讓資產作出保證形式的持續介入, 按該項資產的原本賬面值及本集團或須償還的代價數額上限 (以較低者為準) 計算。

倘持續介入以沽出及/或購入權 (包括現金結算權或相似規定) 之形式出現於有關轉讓資產上, 本集團持續介入之程度為本集團可能購買之已轉讓資產之金額, 惟對於沽出有關已按公平價值計量的資產權 (包括現金結算權或相似規定), 本集團持續介入之程度限於已轉讓資產之公平價值及此等權利行使價兩者較低者。

2.5 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.

Convertible loan notes

The component of convertible loan notes that exhibits characteristics of a liability is recognised as a liability in the balance sheet, net of transaction costs. On issuance of convertible loan notes, the fair value of the liability component is determined using a market rate for an equivalent non-convertible loan notes; and this amount is carried as a long term liability on the amortised cost basis until extinguished on conversion or redemption.

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 the recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Derivative financial instruments

The derivative financial instruments are initially recognized at fair value on the date at which a derivative contract is entered into and are subsequently remeasured at fair value. Any gains or losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are taken directly to profit or loss for the year.

2.5 重大會計政策概要 (續)

計息貸款及借款

所有貸款及借款於起始時的代價以公平價值減直接成本確認。

於起始時確認後，帶息貸款及借款其後以實際利息法計算其攤銷成本。

當負債被取消確認以及通過攤銷過程，所得收益或虧損在淨溢利或虧損中被確認。

可換股貸款票據

可換股貸款票據顯示負債之部份於資產負債表中確認為負債(扣除交易成本)。於發行可換股貸款票據時，負債部份之公平價值按相等之非可換股貸款票據之市場利率釐定；該金額按已攤銷成本為基準列賬為長期負債，直至在兌換或贖回時註銷為止。

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)

倘金融負債的責任被解除、取消或到期，則須取消確認金融負債。

倘現有金融負債被來自同一貸款人之另一項負債按實質上不相同之條款替代，或現有負債之條款大部份被修訂，該項交換或修訂作為取消確認原有負債及確認新負債處理，兩者相應賬面值之差額於損益賬內確認。

衍生金融工具

該等衍生金融工具起始時按訂立衍生合約當日之公平價值確認，其後再按公平價值計量。有關不合資格作對沖的會計方式處理之衍生工具公平價值變動，產生之收益或虧損乃直接計入該年度溢利或虧損。

二零零五年十二月三十一日

31 December 2005

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

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.

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

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.

2.5 重大會計政策概要 (續)

存貨

存貨按成本值及可變現淨值之較低者入賬。成本值以先進先出基準計算，倘為在製品及製成品，則包括直接材料、直接勞工及間接成本之適當部份。可變現淨值乃根據估計售價減預期達致完成及出售之成本計算。

現金及現金等值項目

於編製綜合現金流量表時，現金及現金等值項目包括現金及按要求之存款及短期高度流通之投資，該等投資可隨時兌換為可知數額之現金，而該等現金毋須承受價值變動之重大風險，並一般在購入時至到期期限不超過三個月之短期限制，及減去按要求償還之銀行透支，而該等投資乃本集團現金管理的一部份。

於編製資產負債表時，現金及現金等值項目指現金及銀行存款（包括定期存款），其用途並無限制。

撥備

因過去發生的事件而導致目前須承擔責任（法律或推定責任），並可能導致將來有資源流失以支付該責任，而該責任的金額能夠可靠估計時，撥備即予確認。

當有重大折現影響時，會就預期須用作支付責任的未來開支於結算日確認其現值作撥備。因時間值所導致折現現值的金額增加，會列入損益賬的融資成本。

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

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.

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

- where the deferred tax liability 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 taxable temporary differences associated with investments in subsidiaries and associates, 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.

2.5 重大會計政策概要 (續)

所得稅

所得稅包括本期及遞延稅項。所得稅於損益賬內確認，如所得稅與股東權益確認之項目有關，於同期或不同期間入賬，則於股東權益內直接確認。

現在及過往期間的本期稅項資產及負債按預期撥回或支付予稅務機構的金額計算。

在結算日，資產與負債的稅基與作為財務申報用途的資產與負債賬面值之間的所有暫時性差異，須按負債法遞延稅項撥備。

所有應課稅暫時性差異均會確認為遞延稅項負債，惟以下情況例外：

- 倘若遞延稅項負債的起始時確認由非業務合併交易產生之資產或負債，而於進行交易時對會計溢利或應課稅溢利或虧損均無影響；及
- 對於涉及於附屬公司及聯營公司之投資的應課稅暫時性差異而言，撥回暫時性差異的時間可以控制，而暫時性差異不甚可能在可見將來撥回。

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

Income tax (continued)

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 associates, 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.

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.

2.5 重大會計政策概要 (續)

所得稅 (續)

對於所有可予扣減之暫時性差異、承前未動用稅項抵免及未動用稅項虧損，若日後有可能出現應課稅溢利，可用以抵扣該等可予扣減暫時性差異、承前未動用稅項抵免及未動用稅項虧損，則遞延稅項資產一律確認入賬，惟以下情況例外：

- 倘若有關可予扣減暫時性差異的遞延稅項資產的起因是起始時確認由非業務合併交易產生之資產或負債，而於進行交易時對會計溢利或應課稅溢利或虧損均無影響；及
- 對於涉及於附屬公司及聯營公司之投資之權益的應課稅暫時性差異而言，只有在暫時性差異有可能在可見將來撥回，而且有可能出現應課稅溢利，可用以抵扣該等暫時性差異時，方會確認遞延稅項資產。

遞延稅項資產的賬面值，在每個結算日予以審閱。若不再可能有足夠應課稅溢利用以抵扣全部或部分相關遞延稅項資產，則扣減遞延稅項資產賬面值。相反，在可能有足夠應課稅溢利用以抵扣全部或部分相關遞延稅項資產，則於各結算日重新評估及確認過往未予確認的遞延稅項資產。

確認資產或償還負債的期間預期適用的稅率，會用作衡量遞延稅項資產及負債，並以結算日當日已經生效或大致上已經生效的稅率（及稅法）為基準。

倘若存在法律上可執行的權利，將有關同一課稅項目及同一稅務機構的流動稅項負債及流動稅項資產以及遞延稅項抵銷。

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

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) 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;
- (c) income from the sale of unlisted investments, on the completion of legally binding contracts;
- (d) tooling charge and sales commissions, when the services are rendered; and
- (e) dividend income, when the shareholders' right to receive payment has been established.

2.5 重大會計政策概要 (續)

收益確認

收益會於本集團可能獲得有關經濟利益及有關收益可以可靠地計算時按以下基準確認：

- (a) 銷售貨品，當擁有權之重大風險及回報已歸買方，而本集團對已出售之貨品並無維持一般與擁有權有關之管理參與或實際控制；
- (b) 利息收入，按應計利息（即按金融工具的估計使用年期用實際利率將未來估計的現金收入折現為財務資產的賬面淨值）確認；
- (c) 銷售非上市之投資收入，於履行有法律約束力之合約後；
- (d) 模具收入及銷售佣金，於服務提供時入賬；及
- (e) 股息收入，在股東收取款項的權利被確立時確認。

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

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. Employees (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").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined using a binomial model, further details of which are given in note 32. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company ("market conditions"), if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the "vesting date"). The cumulative expense recognised for equity-settled transactions at each balance sheet date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the income statement for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

2.5 重大會計政策概要 (續)

僱員福利

以股份支付款項之交易

本公司為提供獎勵及回報予對本集團業務作出貢獻之合資格參與者設立一項購股權計劃。本集團僱員(包括董事)收取包括以股份支付款項交易在內之酬金，僱員則提供服務作為收取股本工具(「股本結算交易」)之代價。

本集團與僱員進行股本結算交易之成本乃參照授出相關工具當日其公平價值計算。該公平價值乃採用二項式模型釐定，詳情見附註32。在評估股本結算交易時，不會計算任何表現條件，惟於適用情況下計算與本公司股份價格有關的條件(市場條件)除外。

股本結算交易之成本值連同股本之相應增長會於達到表現及/或服務條件之期間內確認，直至相關僱員完全享有該報酬之日(「歸屬日」)為止。由各結算日直至歸屬日就權益結算交易確認之累計開支反映歸屬期屆滿之程度，以及本集團就最終將歸屬之權益工具數目所作之最佳估計。某期間自損益賬扣除或計入損益賬之項目指於期初及期末確認之累計開支的變動。

未能最終歸屬之報酬不會確認為開支，除非報酬須待達到某市場條件後方可歸屬，在此情況下，不論是否達到該市場條件均會被視作歸屬處理，惟必須達到其他所有表現條件。

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

Employee benefits (continued)

Share-based payment transactions (continued)

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

The Group has adopted the transitional provisions of HKFRS 2 in respect of equity-settled awards and has applied HKFRS 2 only to equity-settled awards granted after 7 November 2002 that had not vested on 1 January 2005 and to those granted on or after 1 January 2005.

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 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.

2.5 重大會計政策概要 (續)

僱員福利 (續)

以股份支付款項之交易 (續)

當股權結算報酬的條款修訂時，會確認最少的支出，猶如條款並未修訂一般。此外，倘若按變更日期計量，任何變更導致以股份支付款項的安排的總公平價值有所增加，或對僱員帶來其他利益，則應該等變更確認開支。

當股權計算報酬註銷時會視作報酬已於註銷當日經已歸屬，而報酬尚未確認的任何支出會即時確認。然而，倘註銷的報酬有任何替代的新報酬，並指定為授出當日的替代報酬，則該項註銷及新報酬會如上段所述被視為原有報酬的修訂般處理。

未行使購股權的攤薄影響會入賬為計算每股盈利時的額外股份攤薄。

本集團已採納香港財務報告準則第2號有關股本結算報酬之過渡條文，僅將香港財務報告準則第2號應用於在二零零二年十一月七日後授出且未於二零零五年一月一日歸屬及於二零零五年一月一日或之後授出之購股權。

僱傭條例長期服務金

本集團若干員工已具備足夠年資，根據香港僱傭條例於終止僱用時合資格收取長期服務金，本集團有責任於終止僱用之情況符合僱傭條例所述時支付該等款項。

本集團已就可能需於日後作出之長期服務金付款確認相關撥備。該撥備乃以僱員於結算日因彼等於本集團之服務賺取而可能於日後產生付款之最接近估計值為基準計算獲得。

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

Employee benefits (continued)

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for all of its employees. 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 operates 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.

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.

2.5 重大會計政策概要 (續)

僱員福利 (續)

退休福利計劃

本集團根據強制性公積金計劃條例設立一定額供款強制性公積金退休福利計劃(「強積金計劃」)給本集團僱員。根據該計劃之規定，供款乃按僱員基本薪金之百分比計算，當供款應付時會在損益賬中扣除。該計劃之資產乃與本集團之資產分開並由獨立管理基金持有。該計劃中本集團之僱主供款乃全數歸僱員所有。

本集團在中國內地經營之附屬公司的員工均須參與由當地市政府實施之中央退休金計劃。該等中國附屬公司須按其所發放薪金之若干百分比對該中央退休金計劃供款。當供款按中央退休金計劃規定為應付款時會在損益賬中扣除。

股息

董事建議之末期股息於資產負債表之股本一項中另行列作保留溢利之分配，直至股東於股東大會上批准為止。當股東批准及宣派股息時，則列作負債。

由於本公司組織章程大綱及細則授權董事宣派中期股息，故中期股息可同時建議派付及宣派。其後，中期股息於建議派付及宣派時即入賬列作負債。

2.5 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 certain overseas subsidiaries and an associate 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.

2.5 重大會計政策概要 (續)

外幣交易

此等財務報告以港元(本公司之功能及呈報貨幣)呈列。本集團屬下各公司自行決定其功能貨幣,而各公司財務報告內之項目均以該功能貨幣計算。外幣交易初步乃按個別交易日之功能貨幣匯率計算。以外幣為單位之貨幣資產及負債均按結算日之功能貨幣匯率換算。所有匯兌差額均列入損益賬處理。非貨幣項目按起始交易日之外幣歷史成本計算匯率。若以公平價值釐定的非貨幣項目則根據公平價值釐定當日之匯率計算其價值。

若干海外附屬公司及聯營公司之功能貨幣並非港元。於結算日,該等公司之資產及負債按結算當天之匯率折算為本公司之呈報貨幣,該等公司之損益賬按本年度之加權平均兌換率折算為港元。因此產生之匯兌差額被列入匯兌波動儲備中之獨立部分。在出售海外公司時,已於股本確認之該特定海外業務相關之遞延累計總額被再確認於損益賬中。

就綜合現金流量表而言,海外附屬公司之現金流量按現金流量當日之匯率換算為港元。海外附屬公司在整年產生之現金流量按該年之加權平均匯率換算為港元。

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2.6 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:

Inventories

The Group does not have a general provisioning policy on inventories based on ageing given that the inventories are not subject to frequent wear and tear or frequent technological changes. However, as the majority of the working capital is devoted to inventories, operational procedures have been in place to monitor this risk. The Group reviews the inventory ageing listing on a periodical basis for those aged inventories. This involves comparison of the carrying value of the aged inventory items with the respective net realisable value. The purpose is to ascertain whether allowance is required to be made in the consolidated financial statements for any obsolete and slow-moving items. In addition, physical counts on all inventories are carried out on a periodical basis in order to determine whether the allowance needs to be made in respect of any obsolete and defective inventories identified.

Trade receivables

In judging whether allowances for estimated irrecoverable amounts of the trade receivables have to be recognised in the consolidated financial statements, the Group takes into consideration if there is objective evidence that the Group will not be able to collect the debts. Following the identification of doubtful debts, the Group's responsible personnel discuss with the relevant customers and report to management on the recoverability. Specific allowance is only made for receivables that are unlikely to be collected.

2.6 重大會計判斷及估計

判斷

於應用本集團會計政策過程中，除涉及估計外，管理層已作出下列判斷，該些判斷對財務報告內確認之數額具重大影響。

存貨

基於存貨的性質並非經常受到耗損及技術變動影響，本集團並無根據賬齡處理存貨的一般性政策。然而，大部分營運資金均投入存貨之中，故此本集團業已設立經營程序，藉以監察是項風險。本集團定期審閱存貨之存貨賬齡。這涉及將陳舊存貨項目的賬面值與各自的可變現淨值互相比較，目的在於確定是否需要在綜合財務資料，就任何陳舊及滯銷存貨作出撥備。此外，所有存貨均定期進行實際盤點，以決定是否需要就任何已識別的陳舊及有瑕疵存貨作出撥備。

應收貿易賬款

本集團在決定是否需要於綜合財務報告中確認貿易賬款之估計不可收回款額撥備時，乃考慮客觀證據顯示本集團能否收取賬款。於識別出呆壞賬後，本集團有關人員將就可收回程度與有關客戶討論並向管理層報告。只有在應收貿易賬款不可能收回時，方會作出特別撥備。

2.6 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Judgements (continued)

Estimated useful lives of property, plant and equipment and other intangible assets

In assessing the estimated useful lives of the property, plant and equipment and other intangible assets, the Group takes into account factors like the expected usage of the assets by the Group based on past experience, the expected physical wear and tear, and technical obsolescence arising from changes or improvements in production or from a change in the market demand for the products. The estimation of the useful lives is a matter of judgement based on the experience of the Group.

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 property, plant and equipment and other intangible assets

Property, plant and equipment and other intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts of the property, plant and equipment and other intangible assets have been determined based on value-in-use calculations. These calculations and valuations require the use of judgements and estimates.

Current income taxes and deferred income taxes

The Group is subject to income taxes in Hong Kong and Mainland China. Significant judgement is required in determining the amount of the provision for tax and the timing of payment of the related taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact on the income tax and deferred tax provisions in the periods in which such determination is made.

2.6 重大會計判斷及估計 (續)

判斷 (續)

物業、廠房及設備及其他無形資產之估計可使用年限

在評估物業、廠房及設備及其他無形資產之可使用年限時，本集團會考慮以過去經驗為基礎之資產估計用途、估計實際磨損、因生產程序改變或進步而令技術落後或市場對該產品需求之改變。估計可使用年限涉及本集團根據過往經驗所作之判斷。

不確定估計

於結算日對資產及負債賬面值在下一財務年度內有重大調整風險的有關將來主要假設及其他主要不確定估計來源在下文討論。

物業、廠房及設備及其他無形資產減值

倘於任何情況或變動下有跡象顯示資產之賬面值可能未能收回，則對物業、廠房及設備及其他無形資產進行減值審閱。物業、廠房、設備及其他無形資產之可收回價值根據可用價值釐定。此計算及評估須涉及判斷及估計。

本期稅項及遞延稅項

本集團在香港及中國大陸須繳納企業所得稅。釐定稅項撥備金額及有關稅項的支付時限時須作出重大判斷。有很多項交易及計算無法於日常業務過程中釐定其最終稅額。倘該等事項的最終稅額與最初記錄的金額不同，該差額將會影響作出有關決定期間的所得稅及遞延稅項撥備。

2.6 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

Valuation of buildings

The Group's buildings included in the property, plant and equipment are stated at their fair values in the balance sheet, which are assessed annually by management with reference to valuations performed by independent professionally qualified valuers using the depreciated replacement cost method. The assumptions adopted in the valuations are based on the market conditions existing at the balance sheet date, with reference to the current market values of similar properties in the same location and conditions and for the same usage as the Group.

3. 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 precision parts and components segment comprises the manufacture and sale of precision parts and components comprising keypads, synthetic rubber and plastic components and parts, and liquid crystal displays ("LCDs");
- (b) the consumer electronic products segment comprises the design, manufacture and sale of consumer electronic products comprising time, weather forecasting and other products; and
- (c) the corporate and others segment comprises the Group's property holding activities, together with corporate income and expense items.

2.6 重大會計判斷及估計 (續)

不確定估計 (續)

樓宇估值

本集團的樓宇包括物業、廠房及設備以其公平價值於資產負債表中列賬，該公平價值每年由管理層參考由獨立合資格專業估值師採用折舊重置成本法進行之估值計量。估值所採納之假設乃基於結算日之現行市況，並參考地點、狀況及與本集團之用途相同之類似物業的現行市價。

3. 分類資料

分類資料由兩個分類報告方式表達，(i)主要分類報告基準是按業務劃分；及(ii)次要分類報告基準按地區劃分。

本集團之經營業務乃按照彼等經營的性質及提供的產品及服務劃分為不同架構作個別管理。本集團各個業務類別自成一策略性業務單位，所提供之產品及服務因應不同之業務類別而受制於不同之風險及回報規限。業務分類之詳情概述如下：

- (a) 精密零部件類別包括製造及銷售精密零部件包括按鍵、合成橡膠及塑膠零部件及液晶顯示器；
- (b) 設計、製造及銷售電子消費品類別生產電子消費品包括時計、天氣預計及其他產品；及
- (c) 總公司及其它類別包括集團長期投資及總公司的收入及支出項目。

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3. SEGMENT INFORMATION (continued)

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 cost of sales.

(a) Business segments

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

3. 分類資料 (續)

在決定本集團之地區類別時，分類收益乃按客戶所位於之地區劃分，而分類資產則按該資產所位於之地區劃分。

本集團分類業務之內部銷售及轉付乃參考銷售成本進行。

(a) 業務劃分

以下表格列示本集團於截至二零零五年及二零零四十二月三十一日止年度按業務劃分之收入、溢利及若干資產、負債及開支之資料：

	Precision parts and components 精密零部件		Consumer electronic products 電子消費品		Corporate and others 總部及其他		Eliminations 抵銷		Consolidated 綜合	
	2005 二零零五年 HK\$ 港元	2004 二零零四年 HK\$ 港元 (Restated) (重列)	2005 二零零五年 HK\$ 港元	2004 二零零四年 HK\$ 港元	2005 二零零五年 HK\$ 港元	2004 二零零四年 HK\$ 港元 (Restated) (重列)	2005 二零零五年 HK\$ 港元	2004 二零零四年 HK\$ 港元	2005 二零零五年 HK\$ 港元	2004 二零零四年 HK\$ 港元 (Restated) (重列)
Segment revenue:	分類收入：									
Sales to external customers	205,741,362	191,089,906	182,376,556	158,168,621	-	-	-	-	388,117,918	349,258,527
Intersegment sales	7,173,851	6,567,143	-	-	-	-	(7,173,851)	(6,567,143)	-	-
Other revenue and gains	9,539,291	8,395,552	309,059	112,156	67,318	10,418	-	-	9,915,668	8,518,126
Total	222,454,504	206,052,601	182,685,615	158,280,777	67,318	10,418	(7,173,851)	(6,567,143)	398,033,586	357,776,653
Segment results	分類業績									
Interest income									586,812	170,204
Gain on disposal of an available-for-sale long term investment									-	5,113,837
Gain on disposal of an associate									16,310,084	-
Finance costs									(7,590,829)	(5,753,567)
Share of loss of an associate	(5,836,506)	(6,127,939)	-	-	-	-	-	-	(5,836,506)	(6,127,939)
Profit before tax									15,821,785	19,819,103
Tax									(2,134,723)	(2,846,004)
Profit for the year									13,687,062	16,973,099
Assets and liabilities	資產及負債									
Segment assets	148,836,248	162,116,941	95,469,019	61,450,384	16,501,556	16,845,914	(1,507,925)	23,237	259,298,898	240,436,476
Interest in an associate		26,303,422	-	-	-	-	-	-	-	26,303,422
Unallocated assets									50,062,999	27,301,322
Total assets									309,361,897	294,041,220
Segment liabilities	37,994,253	60,633,082	40,595,744	28,714,866	910,881	1,468,048	16	16	79,500,894	90,816,012
Unallocated liabilities									92,627,656	76,669,108
Total liabilities									172,128,550	167,485,120
Other segment information:	其他分類資料：									
Depreciation and amortisation	16,674,646	18,611,369	8,115,583	5,395,895	339,486	548,392	-	-	25,129,715	24,555,656
Provision for impairment of trade receivables	253,240	921,346	544,479	-	-	-	-	-	797,719	921,346
Provision for slow moving inventories	100,000	370,000	574,216	-	-	-	-	-	674,216	370,000
Surplus on revaluation of buildings credited to the asset revaluation reserve	-	-	-	-	424,648	628,099	-	-	424,648	628,099
Capital expenditure	16,063,075	26,516,361	12,875,683	14,681,985	159,974	143,801	-	-	29,098,732	41,342,147

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3. 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.

3. 分類資料 (續)

(b) 地區劃分

以下表格列示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按地區劃分之收入、資產及資本開支之資料：

		Segment revenue 分類收入		Other segment information 其他分類資料			
		Sales to external customers 對外銷售收入		Segment assets 分類資產		Capital expenditure 資本開支	
		2005 二零零五年 HK\$ 港元	2004 二零零四年 HK\$ 港元	2005 二零零五年 HK\$ 港元	2004 二零零四年 HK\$ 港元 (Restated) (重列)	2005 二零零五年 HK\$ 港元	2004 二零零四年 HK\$ 港元
Hong Kong	香港	147,783,763	135,268,737	117,126,683	114,146,807	6,369,959	5,568,887
Mainland China	中華人民共和國 之其他地方	12,564,548	4,458,866	142,007,641	140,808,051	22,283,446	32,953,690
Total in the People's Republic of China (the "PRC")	中華人民共和國 總計	160,348,311	139,727,603	259,134,324	254,954,858	28,653,405	38,522,577
Japan	日本	28,537,084	29,024,655	3,500,258	5,325,386	-	-
Other Asian countries*	其他亞洲國家*	12,055,947	20,081,491	8,567,253	20,684,692	292,323	137,232
Total in Asia	亞洲總計	200,941,342	188,833,749	271,201,835	280,964,936	28,945,728	38,659,809
Germany	德國	70,691,098	64,347,082	20,501,377	3,544,219	-	-
Other European countries**	其他歐洲國家**	91,002,808	73,383,458	8,430,074	6,889,611	-	-
Total in Europe	歐洲總計	161,693,906	137,730,540	28,931,451	10,433,830	-	-
North America	北美洲	16,815,723	14,986,554	6,266,769	1,698,446	153,004	2,682,338
Others***	其他***	8,666,947	7,707,684	2,961,842	944,008	-	-
Consolidated	綜合	388,117,918	349,258,527	309,361,897	294,041,220	29,098,732	41,342,147

* Other Asian countries mainly comprise Taiwan, Singapore, Malaysia, Thailand, Indonesia and Korea.

** Other European countries mainly comprise Italy, the United Kingdom, France, the Netherlands, Austria, Sweden and Spain.

*** Others mainly comprise South America, Australia and New Zealand.

* 其他亞洲國家主要包括台灣、新加坡、馬來西亞、泰國、印尼及韓國。

** 其他歐洲國家主要包括意大利、英國、法國、荷蘭、奧地利、瑞典及西班牙。

*** 其他國家主要包括南美洲國家、澳洲及新西蘭。

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4. 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 the Group's revenue, other income and gains is as follows:

		2005 二零零五年 HK\$ 港元	2004 二零零四年 HK\$ 港元
Revenue	收入		
Sale of goods	商品銷售	388,117,918	349,258,527
Other income and gains	其他收入及收益		
Bank interest income	銀行利息收入	586,812	170,204
Tooling charge income	模具收入	3,901,874	1,015,363
Sale of scrap	廢料銷售	405,270	114,148
Sales commissions	銷售佣金	4,427,638	5,878,203
Gain on disposal of an available-for-sale long term investment	出售可供出售長期投資收益	-	5,113,837
Gain on disposal of an associate	出售於聯營公司收益	16,310,084	-
Subcontracting fee income	加工費收入	434,847	997,932
Others	其他	746,039	512,480
		26,812,564	13,802,167

4. 收入、其他收入及收益

收入(為本集團營業額)指年內銷售貨品的發票淨值扣除退貨與貿易折扣。

本集團收入、其他收入及收益的分析如下:

5. OTHER EXPENSES

		2005 二零零五年 HK\$ 港元	2004 二零零四年 HK\$ 港元 (Restated) (重列)
Provision for impairment of trade receivables	應收賬款減值撥備	797,719	921,346
Loss on disposal and write-off of items of property, plant and equipment	出售及撇銷物業、廠房及設備虧損	2,405	2,136,646
		800,124	3,057,992

5. 其他費用

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6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

6. 除稅前溢利

本集團除稅前溢利經扣除／(計入)：

		2005 二零零五年 HK\$ 港元	2004 二零零四年 HK\$ 港元 (Restated) (重列)
Cost of inventories sold	已售存貨成本	307,705,578	267,408,146
Auditors' remuneration	核數師酬金	1,250,000	934,350
Depreciation	折舊	22,189,715	21,731,347
Recognition of prepaid land lease payments	預付土地租賃款確認	444,735	294,211
Minimum lease payments under operating leases on land and buildings	土地及樓宇之最少 經營租約租金	3,348,021	3,006,280
Amortisation of other intangible assets*	其他無形資產攤銷*	2,940,000	2,824,309
Provision for slow-moving inventories	滯銷存貨撥備	674,216	370,000
Staff costs (including directors' other emoluments – note 8):	員工開支(包括董事 其他酬金 – 附註8)：		
Wages and salaries	工資及薪金	92,673,424	79,589,544
Equity-settled share option expenses	股本結算購股權支出	69,285	–
Pension scheme contributions	公積金供款	1,241,425	968,237
		93,984,134	80,557,781
Less: Amount capitalised in deferred development costs	減：已資本化的 遞延發展成本	(4,200,000)	(4,350,000)
		89,784,134	76,207,781
Foreign exchange differences, net	匯兌虧損／(溢利)淨額	2,146,990	(616,020)

* The amortisation of other intangible assets for the year is included in "Cost of sales" on the face of the consolidated income statement.

* 本年度之其他無形資產攤銷已在綜合損益表列為「銷售成本」。

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7. FINANCE COSTS

Interest expenses on bank loans and overdrafts wholly repayable within five years	於五年內償還之銀行貸款及透支之利息
Interest on finance leases	融資租約利息
Interest on convertible loan notes and fixed rate loan notes	可換股貸款票據及定息貸款票據利息

7. 融資成本

		Group 集團	
		2005 二零零五年 HK\$ 港元	2004 二零零四年 HK\$ 港元 (Restated) (重列)
		6,463,552	3,184,111
		917,316	667,531
		209,961	1,901,925
		7,590,829	5,753,567

8. DIRECTORS' REMUNERATION

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

8. 董事酬金

根據上市條例及香港公司法例第一六一條所規定披露之董事酬金如下:

Fees:	袍金:
Executive directors	執行董事
Independent non-executive directors	獨立非執行董事
Other emoluments:	其他酬金:
Salaries	薪金
Performance related bonuses*	表現相關花紅*
Pension scheme contributions	公積金供款
Other allowances	其他津貼

		Group 集團	
		2005 二零零五年 HK\$ 港元	2004 二零零四年 HK\$ 港元
		-	-
		685,333	352,300
		685,333	352,300
		5,748,990	5,748,990
		-	1,868,920
		24,000	24,000
		145,311	150,000
		5,918,301	7,791,910
		6,603,634	8,144,210

* Certain executive directors of the Company are entitled to bonus payments which are determined as a percentage of the profit after tax of the Group.

* 本公司若干執行董事有權收取花紅。花紅以本集團除稅後溢利的百分比釐定。

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8. DIRECTORS' REMUNERATION (continued)

(a) Independent non-executive directors

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

	2005 二零零五年 HK\$ 港元	2004 二零零四年 HK\$ 港元
Leung Man Kay 梁文基	240,000	40,300
Kung Fan Cheong 孔蕃昌	240,000	156,000
Li Yuen Kwan, Joseph 李沅鈞	85,333	-
Tsao Kwang Yung, Peter 曹廣榮	120,000	156,000
	685,333	352,300

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

(b) Executive directors

	Fees	Salaries	Performance related bonuses	Pension scheme contributions	Other allowances	Total remuneration
	袍金 HK\$ 港元	薪金 HK\$ 港元	表現 相關花紅 HK\$ 港元	公積金供款 HK\$ 港元	其他津貼 HK\$ 港元	總酬金 HK\$ 港元
2005	二零零五年					
Executive directors:	執行董事:					
Lai Pei Wor 賴培和	-	2,199,990	-	12,000	50,000	2,261,990
Chan Yau Wah 陳友華	-	1,800,500	-	-	46,872	1,847,372
Chung Yik Cheung, Raymond 鍾奕昌	-	1,748,500	-	12,000	48,439	1,808,939
	-	5,748,990	-	24,000	145,311	5,918,301
2004	二零零四年					
Executive directors:	執行董事:					
Lai Pei Wor 賴培和	-	2,199,990	676,920	12,000	50,000	2,938,910
Chan Yau Wah 陳友華	-	1,800,500	654,000	-	50,000	2,504,500
Chung Yik Cheung, Raymond 鍾奕昌	-	1,748,500	538,000	12,000	50,000	2,348,500
	-	5,748,990	1,868,920	24,000	150,000	7,791,910

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

8. 董事酬金 (續)

(a) 獨立非執行董事

年內支付予獨立非執行董事之袍金:

	2005 二零零五年 HK\$ 港元	2004 二零零四年 HK\$ 港元
Leung Man Kay 梁文基	240,000	40,300
Kung Fan Cheong 孔蕃昌	240,000	156,000
Li Yuen Kwan, Joseph 李沅鈞	85,333	-
Tsao Kwang Yung, Peter 曹廣榮	120,000	156,000
	685,333	352,300

年內並無向獨立非執行董事支付其他酬金 (二零零四年: 無)。

(b) 執行董事

於年內沒有任何協議以致董事被放棄或同意放棄其酬金。

9. SEVEN HIGHEST PAID EMPLOYEES

The seven highest paid employees during the year included three (2004: three) executive directors, details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining four (2004: four) non-director, highest paid employees for the year are set out below:

		Group 集團	
		2005 二零零五年 HK\$ 港元	2004 二零零四年 HK\$ 港元
Basic salaries, allowances, bonuses and benefits in kind	基本薪金、津貼、花紅及實物利益	4,887,167	4,516,632
Employee option scheme benefits	僱員購股權計劃利益	69,285	–
Pension scheme contributions	公積金供款	97,963	77,661
		5,054,415	4,594,293

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\$500,001 – HK\$1,000,000	500,001港元 – 1,000,000港元	1	2
HK\$1,000,001 – HK\$1,500,000	1,000,001港元 – 1,500,000港元	2	1
HK\$1,500,001 – HK\$2,000,000	1,500,001港元 – 2,000,000港元	1	1
		4	4

During the year, share options were granted to certain non-director, highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 32 to the financial statements. The fair value of such options, which has been charged to the income statement, was determined as at the date of the grant and was included in the above non-director, highest paid employees' remuneration disclosures.

9. 七位最高薪僱員

本集團七位最高薪僱員包括三位(二零零四年:三位)執行董事,詳情已列於上文附註8,餘下四位(二零零四年:四位)最高薪之非董事的最高薪僱員之酬金詳見如下:

		Group 集團	
		2005 二零零五年 HK\$ 港元	2004 二零零四年 HK\$ 港元
Basic salaries, allowances, bonuses and benefits in kind	基本薪金、津貼、花紅及實物利益	4,887,167	4,516,632
Employee option scheme benefits	僱員購股權計劃利益	69,285	–
Pension scheme contributions	公積金供款	97,963	77,661
		5,054,415	4,594,293

非董事最高薪僱員之酬金所屬範圍如下:

		Number of employees 僱員人數	
		2005 二零零五年	2004 二零零四年
HK\$500,001 – HK\$1,000,000	500,001港元 – 1,000,000港元	1	2
HK\$1,000,001 – HK\$1,500,000	1,000,001港元 – 1,500,000港元	2	1
HK\$1,500,001 – HK\$2,000,000	1,500,001港元 – 2,000,000港元	1	1
		4	4

在年內,本集團根據若干非董事最高薪僱員對本集團的服務授予購股權,具體內容詳見本財務報告附註32。購股權之公平價值於授予當日釐定,並於損益賬中列賬及於上述之非董事最高薪僱員酬金中披露。

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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.

Group:	集團:
Current – Hong Kong	本期－香港
Charge for the year	本年度稅項支出
Overprovision in prior years	往年超額撥備
Deferred (note 30)	遞延稅項 (附註30)
Total tax charge for the year	本年度稅項支出總額

A reconciliation of the tax expense applicable to profit before tax using the statutory rate to the tax charge at the effective tax rate is as follows:

10. 稅項

香港利得稅已按年內源自香港的估計應課稅溢利以17.5% (二零零四年: 17.5%) 的稅率撥備。

2005 二零零五年 HK\$ 港元	2004 二零零四年 HK\$ 港元
2,134,723	1,839,047
–	(179,862)
–	1,186,819
2,134,723	2,846,004

適用於按香港法定稅率計算之除稅前溢利之稅項支出與按有效稅率計算之稅項支出之調節如下:

		Group 集團	
		2005 二零零五年 HK\$ 港元	2004 二零零四年 HK\$ 港元 (Restated) (重列)
Profit before tax	除稅前溢利	15,821,785	19,819,103
Tax at the statutory tax rate of 17.5% (2004: 17.5%)	按法定稅率17.5%計算之稅項 (二零零四年: 17.5%)	2,768,812	3,468,343
Overprovision of tax in prior years	往年超額撥備稅項	–	(179,862)
Profits and losses attributable to an associate	聯營公司應佔損益	1,021,389	1,072,389
Income not subject to tax	不須繳稅之收入	(4,405,767)	(2,889,430)
Expenses not deductible for tax	不可扣減稅項之支出	2,466,972	873,506
Tax losses utilised from previous periods	以往期間動用之稅項虧損	(149,431)	(248,406)
Unrecognised tax losses	未確認之稅項虧損	145,663	550,381
Others	其他	287,085	199,083
Tax charge at the Group's effective rate	按本集團有效稅率計算之稅項支出	2,134,723	2,846,004

There was no share of tax attributable to the Group's associate during the year (2004: Nil).

年內本集團並無分佔聯營公司之稅項部份 (二零零四年: 無)。

11. PROFIT ATTRIBUTABLE TO EQUITY HOLDERS

The profit attributable to equity holders for the year ended 31 December 2005 dealt with in the financial statements of the Company was HK\$4,849,961 (2004: HK\$4,296,072 (as restated)) (note 33(b)).

12. DIVIDENDS

Interim – HK0.5 cent (2004: Nil) per ordinary share	中期股息 – 每股普通股0.5港仙 (二零零四年: 無)
Proposed final – HK0.5 cent (2004: HK1 cent) per ordinary share	建議末期股息 – 每股普通股0.5港仙 (二零零四年: 每股1港仙)

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

13. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS

The calculation of basic earnings per share is based on the profit attributable to shareholders for the year of HK\$13,687,062 (2004: HK\$16,973,099, as restated), and on the weighted average of 265,504,800 (2004: 259,004,800) ordinary shares in issue during the year.

A diluted earnings per share amount for the year ended 31 December 2005 has not been shown as the share options outstanding during the year had an anti-dilutive effect on the basic earnings per share for the year.

In the prior year, the calculation of diluted earnings per share was based on the profit attributable to shareholders for the year of HK\$16,973,099, as restated. The weighted average number of ordinary shares used in the calculation was the 259,004,800 ordinary shares in issue during that year, as used in the basic earnings per share calculation; and the weighted average of 1,975,842 ordinary shares assumed to have been issued at no consideration on the deemed exercise of all share options outstanding during that year.

In the calculations of the diluted earnings per share, the effect of the convertible loan notes outstanding during the year ended 31 December 2004 was not taken into account as they had an anti-dilutive effect on the basic earnings per share for that year.

11. 權益持有人所佔溢利

本公司財務報告之權益持有人佔本年度溢利為4,849,961港元(二零零四年: 4,296,072港元)(經重列)(附註33(b))。

12. 股息

2005 二零零五年 HK\$ 港元	2004 二零零四年 HK\$ 港元
1,327,524	–
1,327,524	2,655,048
2,655,048	2,655,048

本年度擬分派之末期股息須經由即將舉行之股東週年大會獲得本公司股東通過批准。

13. 普通權益持有人應佔每股盈利

每股基本盈利乃根據本年度股東應佔溢利淨額約13,687,062港元(二零零四年: 16,973,099港元, 經重列)及於年度內已發行普通股加權平均數265,504,800股(二零零四年: 259,004,800股)計算。

於截至二零零五年十二月三十一日止年度沒有顯示每股攤薄盈利, 原因是於年內尚未行使之股份購股權對年內之每股基本盈利有反攤薄之影響。

於上年度, 每股攤薄盈利的計算是按本年度股東應佔溢利16,973,099港元(經重列)。於年內加權平均普通股股份數目是259,004,800股已發行普通股, 等同用於計算每股基本盈利的數目。同時, 於年內已發行購股權假設被行使以致1,975,842股加權平均普通股在無代價下發行。

計算每股攤薄盈利時, 於截至二零零四年十二月三十一日止年度內發行之可換股貸款票據之影響並沒有計算在內, 原因是該票據對這些年度之每股基本盈利有反攤薄影響。

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14. PROPERTY, PLANT AND EQUIPMENT

Group

14. 物業、廠房及設備

集團

		Buildings	Leasehold improvements	Plant and machinery	Furniture, fixtures and office equipment	Motor vehicles	Moulds	Total
		樓宇 HK\$ 港元	租賃裝修 HK\$ 港元	廠房及機器 HK\$ 港元	傢俬、裝置及辦公室設備 HK\$ 港元	汽車 HK\$ 港元	模具 HK\$ 港元	總額 HK\$ 港元
31 December 2005	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於二零零五年一月一日:							
Cost or valuation	成本或估值	17,021,000	18,858,032	95,655,698	18,746,244	3,155,939	43,997,877	197,434,790
Accumulated depreciation	累計折舊	-	(13,668,653)	(71,708,901)	(12,463,739)	(2,716,737)	(25,222,778)	(125,780,808)
Net carrying amount	賬面淨值	17,021,000	5,189,379	23,946,797	6,282,505	439,202	18,775,099	71,653,982
At 1 January 2005, net of accumulated depreciation	於二零零五年一月一日，扣除累計折舊	17,021,000	5,189,379	23,946,797	6,282,505	439,202	18,775,099	71,653,982
Additions	添置	-	2,355,285	7,350,353	5,323,065	580,751	9,289,278	24,898,732
Disposals	出售	-	-	-	(21,034)	-	-	(21,034)
Depreciation provided during the year	年內折舊	(550,648)	(2,466,320)	(6,902,315)	(2,664,234)	(172,227)	(9,433,971)	(22,189,715)
Surplus on revaluation	重估盈餘	424,648	-	-	-	-	-	424,648
Exchange realignment	外匯調整	-	(252)	(2,580)	(5,702)	-	(1,538)	(10,072)
At 31 December 2005, net of accumulated depreciation	於二零零五年十二月三十一日，扣除累計折舊	16,895,000	5,078,092	24,392,255	8,914,600	847,726	18,628,868	74,756,541
At 31 December 2005:	於二零零五年十二月三十一日:							
Cost or valuation	成本或估值	16,895,000	21,209,459	103,001,924	23,964,499	2,306,930	53,271,104	220,648,916
Accumulated depreciation	累計折舊	-	(16,131,367)	(78,609,669)	(15,049,899)	(1,459,204)	(34,642,236)	(145,892,375)
Net carrying amount	賬面淨值	16,895,000	5,078,092	24,392,255	8,914,600	847,726	18,628,868	74,756,541
Analysis of cost or valuation:	成本或估值分析:							
At cost	按成本值	-	21,209,459	103,001,924	23,964,499	2,306,930	53,271,104	203,753,916
At 31 December 2005 valuation	於二零零五年十二月三十一日估值	16,895,000	-	-	-	-	-	16,895,000
		16,895,000	21,209,459	103,001,924	23,964,499	2,306,930	53,271,104	220,648,916

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14. PROPERTY, PLANT AND EQUIPMENT (continued)

Group (continued)

14. 物業、廠房及設備 (續)

集團 (續)

		Buildings	Leasehold improve- ments	Plant and machinery	Furniture, fixtures and office equipment	Motor vehicles	Moulds	Total
	樓宇	租賃裝修	廠房及機器	傢俬、裝置及 辦公室設備	汽車	模具	總額	
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	
	港元	港元	港元	港元	港元	港元	港元	
	(Restated)						(Restated)	
	(重列)						(重列)	
31 December 2004	於二零零四年 十二月三十一日							
At 1 January 2004:	於二零零四年一月一日:							
Cost or valuation	成本或估值	17,550,000	21,085,446	92,151,083	14,354,354	2,858,217	34,518,789	182,517,889
Accumulated depreciation	累計折舊	-	(13,567,954)	(64,706,667)	(9,971,369)	(2,557,294)	(21,661,669)	(112,464,953)
Net carrying amount	賬面淨值	17,550,000	7,517,492	27,444,416	4,382,985	300,923	12,857,120	70,052,936
At 1 January 2004, net of accumulated depreciation	於二零零四年一月一日· 扣除累計折舊	17,550,000	7,517,492	27,444,416	4,382,985	300,923	12,857,120	70,052,936
Additions	添置	-	2,105,334	4,436,662	4,391,390	313,346	13,935,415	25,182,147
Disposals	出售	(293,800)	(1,308,041)	(611,954)	(16,909)	(2,658)	-	(2,233,362)
Depreciation provided during the year	年內折舊	(549,262)	(3,136,915)	(7,357,530)	(2,487,406)	(172,409)	(8,027,825)	(21,731,347)
Surplus on revaluation	重估盈餘	314,062	-	-	-	-	-	314,062
Exchange realignment	外匯調整	-	11,509	35,203	12,445	-	10,389	69,546
At 31 December 2004, net of accumulated depreciation	於二零零四年 十二月三十一日· 扣除累計折舊	17,021,000	5,189,379	23,946,797	6,282,505	439,202	18,775,099	71,653,982
At 31 December 2004:	於二零零四年 十二月三十一日:							
Cost or valuation	成本或估值	17,021,000	18,858,032	95,655,698	18,746,244	3,155,939	43,997,877	197,434,790
Accumulated depreciation	累計折舊	-	(13,668,653)	(71,708,901)	(12,463,739)	(2,716,737)	(25,222,778)	(125,780,808)
Net carrying amount	賬面淨值	17,021,000	5,189,379	23,946,797	6,282,505	439,202	18,775,099	71,653,982
Analysis of cost or valuation:	成本或估值分析							
At cost	按成本值	-	18,858,032	95,655,698	18,746,244	3,155,939	43,997,877	180,413,790
At 31 December 2004 valuation	於二零零四年 十二月三十一日估值	17,021,000	-	-	-	-	-	17,021,000
		17,021,000	18,858,032	95,655,698	18,746,244	3,155,939	43,997,877	197,434,790

The net book value of the Group's property, plant and equipment held under finance leases included in the total amount of plant and machinery at 31 December 2005, amounted to HK\$11,963,238 (2004: HK\$15,789,636).

本集團根據融資租約持有之廠房、機器及設備賬面淨值，已包括於二零零五年十二月三十一日之物業、廠房及機器總額，為11,963,238港元(二零零四年: 15,789,636港元)。

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14. PROPERTY, PLANT AND EQUIPMENT (continued)

The Group's buildings were revalued at 31 December 2005, by Chung, Chan & Associates, independent professionally qualified valuers. The buildings in Hong Kong were revalued at open market value, based on their existing use, and the buildings in Mainland China were revalued using the depreciated replacement cost method.

Had the Group's buildings been carried at historical cost less accumulated depreciation and impairment losses, their carrying amounts would have been included in the financial statements at approximately HK\$13,746,684 (2004: HK\$14,208,749).

At the balance sheet date, certain of the Group's buildings with a net book value of HK\$15,730,000 (2004: HK\$15,850,000) were pledged to secure general banking facilities granted to the Group (note 27).

15. PREPAID LAND LEASE PAYMENTS

Carrying amount at 1 January	於一月一日的賬面值		
As previously reported	如以前所呈報	-	-
Effect of adopting HKAS 17	採納香港會計準則		
(note 2.2(a))	第17號的影響(附註2.2(a))	21,857,676	13,192,262
As restated	經重列	21,857,676	13,192,262
Additions during the year	於本年內添置	-	9,470,000
Disposals during the year	於本年內出售	-	(510,375)
Recognised during the year	於本年內確認	(444,735)	(294,211)
Carrying amount at 31 December	於十二月三十一日的賬面值	21,412,941	21,857,676
Current portion included in prepayments, deposits and other receivables	計入預付款項、按金及其他應收款項的流動部份	(477,214)	(444,735)
Non-current portion	非流動部份	20,935,727	21,412,941

The leasehold lands are held under medium term leases amounted to HK\$8,383,279 (2004: HK\$8,582,881) and HK\$13,029,662 (2004: HK\$13,274,795) are situated in Hong Kong and Mainland China, respectively, at the balance sheet date.

14. 物業、廠房及設備 (續)

本集團之樓宇於二零零五年十二月三十一日由獨立專業合資格估價師衡量行重新估值。香港樓宇按公開市場價值及樓宇現時的用途重估，而中國的樓宇則按折舊重置成本法重估。

本集團樓宇以歷史成本減累計折舊及減值虧損入賬，其賬面值已計入財務報告中，其金額約為13,746,684港元（二零零四年：14,208,749港元）。

於結算日，本集團若干賬面值15,730,000港元的樓宇（二零零四年：15,850,000港元）已作一般抵押換取本集團之貸款（附註27）。

15. 預付土地租賃款

		Group 集團	
		2005 二零零五年 HK\$ 港元	2004 二零零四年 HK\$ 港元 (Restated) (重列)
Carrying amount at 1 January	於一月一日的賬面值		
As previously reported	如以前所呈報	-	-
Effect of adopting HKAS 17	採納香港會計準則		
(note 2.2(a))	第17號的影響(附註2.2(a))	21,857,676	13,192,262
As restated	經重列	21,857,676	13,192,262
Additions during the year	於本年內添置	-	9,470,000
Disposals during the year	於本年內出售	-	(510,375)
Recognised during the year	於本年內確認	(444,735)	(294,211)
Carrying amount at 31 December	於十二月三十一日的賬面值	21,412,941	21,857,676
Current portion included in prepayments, deposits and other receivables	計入預付款項、按金及其他應收款項的流動部份	(477,214)	(444,735)
Non-current portion	非流動部份	20,935,727	21,412,941

於結算日，位於香港及中國內地的租賃土地以中期租約租賃價值分別為8,383,279港元（二零零四年：8,582,881港元）及13,029,662港元（二零零四年：13,274,795港元）。

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16. OTHER INTANGIBLE ASSETS

Group

16. 其他無形資產

集團

		Technical know-how 技術知識 HK\$ 港元	Deferred development costs 遞延發展成本 HK\$ 港元	Licenses 使用權 HK\$ 港元	Total 總額 HK\$ 港元
31 December 2005:	二零零五年 十二月三十一日:				
Cost at 1 January 2005, net of accumulated amortisation	二零零五年 一月一日的成本， 扣除累計攤銷	–	5,712,500	2,340,000	8,052,500
Additions	添置	–	4,200,000	–	4,200,000
Amortisation provided during the year	本年度攤銷	–	(2,550,000)	(390,000)	(2,940,000)
At 31 December 2005	於二零零五年 十二月三十一日	–	7,362,500	1,950,000	9,312,500
At 31 December 2005:	於二零零五年 十二月三十一日:				
Cost	成本	1,239,647	13,550,000	2,340,000	17,129,647
Accumulated amortisation	累計攤銷	(1,239,647)	(6,187,500)	(390,000)	(7,817,147)
Net carrying amount	賬面淨值	–	7,362,500	1,950,000	9,312,500
31 December 2004	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	1,239,647	5,000,000	–	6,239,647
Accumulated amortisation	累計攤銷	(1,157,005)	(895,833)	–	(2,052,838)
Net carrying amount	賬面淨值	82,642	4,104,167	–	4,186,809
Cost at 1 January 2004, net of accumulated amortisation	於二零零四年 一月一日的成本， 扣除累計攤銷	82,642	4,104,167	–	4,186,809
Additions	添置	–	4,350,000	2,340,000	6,690,000
Amortisation provided during the year	本年度攤銷	(82,642)	(2,741,667)	–	(2,824,309)
At 31 December 2004	於二零零四年 十二月三十一日	–	5,712,500	2,340,000	8,052,500
At 31 December 2004 and at 1 January 2005:	於二零零四年 十二月三十一日 及於二零零五年 一月一日:				
Cost	成本	1,239,647	9,350,000	2,340,000	12,929,647
Accumulated amortization	累計攤銷	(1,239,647)	(3,637,500)	–	(4,877,147)
Net carrying amount	賬面淨值	–	5,712,500	2,340,000	8,052,500

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17. INTERESTS IN SUBSIDIARIES

17. 於附屬公司之權益

		Company 公司	
		2005 二零零五年 HK\$ 港元	2004 二零零四年 HK\$ 港元
Unlisted shares, at cost	非上市股份·按成本值	58,999,981	58,999,981
Due from subsidiaries	附屬公司欠款	85,856,613	91,404,495
		144,856,594	150,404,476
Impairment of amounts due from subsidiaries	附屬公司欠款減值	(11,018,779)	(11,018,779)
		133,837,815	139,385,697

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

附屬公司欠款為無抵押免息及無固定還款期。該等附屬公司欠款與其公平價值相若。

Particulars of the principal subsidiaries are as follows:

主要附屬公司詳情如下:

Company name 公司名稱	Place of incorporation/ registration and operations 註冊成立/註冊 及營業地點	Nominal value of issued and paid-up share/ registered capital 已發行及 繳足股份之面值/ 註冊資本	Percentage of equity interest attributable to the Company 本公司應佔股本 權益百分比	Principal activities 主要業務
Bistec Corporation Limited 寶仕達實業有限公司	Hong Kong 香港	HK\$2,000,000 2,000,000港元	100	Investment holding 投資控股
Cokeen Development Limited 確建發展有限公司	Hong Kong 香港	HK\$10,000 10,000港元	100	Property holding and provision of management services 物業持有及提供管理 服務
E-Dotcom Limited	Hong Kong 香港	HK\$2 2港元	100	Investment holding 投資控股
Gaiki Silicone Products Limited 凱基有機硅製品有限公司	Hong Kong 香港	HK\$10,000 10,000港元	100	Manufacture of silicone rubber products 生產硅橡膠產品

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17. INTERESTS IN SUBSIDIARIES (continued)

17. 於附屬公司之權益 (續)

Company name	Place of incorporation/ registration and operations	Nominal value of issued and paid-up share/ registered capital	Percentage of equity interest attributable to the Company	Principal activities
公司名稱	註冊成立/註冊及營業地點	已發行及繳足股份之面值/註冊資本	本公司應佔股本權益百分比	主要業務
Hideki Precision (BVI) Limited	British Virgin Islands 英屬處女群島	US\$1 1美元	100	Intellectual property holding 知識產權持有
Hideki Electronics Limited 西城電子有限公司	Hong Kong 香港	HK\$2,000,000 2,000,000港元	100	Sales of consumer electronic products 銷售電子消費品
Hideki Electronics, Inc.	United States of America ("USA") 美國	US\$100,000 100,000美元	100	Sales of consumer electronic products 銷售電子消費品
Hi-Tech (China) Investment Limited 中穎(中國)投資有限公司	Hong Kong 香港	HK\$2,000,000 2,000,000港元	100	Investment holding 投資控股
Hi-Tech Investment Holdings Limited	British Virgin Islands/ Hong Kong 英屬處女群島/香港	US\$50,000 50,000美元	100	Investment holding 投資控股
Hi-Tech Polymer (China) Inc. 堅城實業有限公司	Western Samoa/ PRC 西薩摩亞國/ 中華人民共和國	US\$1 1美元	100	Manufacture of synthetic rubber products 製造合成橡膠產品
Hi-Tech Polymer Limited 中穎橡膠配件有限公司	Hong Kong 香港	HK\$10,000 10,000港元	100	Sale of synthetic rubber products 銷售合成橡膠產品
Hi-Tech Precision Plastic Limited 中穎精密塑膠有限公司	Hong Kong 香港	HK\$3,000,000 3,000,000港元	100	Sale of plastic products 銷售塑膠產品
Hi-Tech Property Holdings Limited	British Virgin Islands/PRC 英屬處女群島/ 中華人民共和國	US\$1 1美元	100	Property holding 物業持有

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17. INTERESTS IN SUBSIDIARIES (continued)

17. 於附屬公司之權益 (續)

Company name 公司名稱	Place of incorporation/ registration and operations 註冊成立/註冊 及營業地點	Nominal value of issued and paid-up share/ registered capital 已發行及 繳足股份之面值/ 註冊資本	Percentage of equity interest attributable to the Company 本公司應佔股本 權益百分比	Principal activities 主要業務
Hi-Tech Silicone Rubber Manufactory Limited 中穎實業有限公司	Hong Kong 香港	HK\$1,500,000 1,500,000港元	100	Sale of silicone rubber products 銷售硅橡膠產品
K & P Group (Holdings) Limited 堅寶(控股)有限公司	British Virgin Islands/ Hong Kong 英屬處女群島/ 香港	US\$1,238,545 1,238,545美元	100	Investment holding 投資控股
K. S. (China) Electronics Manufactory Limited 堅城(中國)電子廠有限公司	Hong Kong 香港	HK\$2 2港元	100	Investment holding 投資控股
Mars Field Limited	British Virgin Islands/PRC 英屬處女群島/ 中華人民共和國	US\$1 1美元	100	Manufacture of consumer electronic products and electronic precision parts and components 製造電子消費品及精 密零部件
Shenzhen Jiancheng Electronic Co., Ltd. ("Shenzhen Jiancheng") 深圳堅城電子有限公司 (「深圳堅城」)	PRC 中華人民共和國	HK\$12,000,000 12,000,000港元	*	Dormant 未有業務
Technology Trends International Limited	British Virgin Islands/ Hong Kong/ Republic of Singapore 英屬處女群島/ 香港/新加坡	US\$50,000 50,000美元	100	Sale of electronic parts and components 銷售精密零部件

17. INTERESTS IN SUBSIDIARIES (continued)

17. 於附屬公司之權益 (續)

Company name 公司名稱	Place of incorporation/ registration and operations 註冊成立/註冊 及營業地點	Nominal value of issued and paid-up share/ registered capital 已發行及 繳足股份之面值/ 註冊資本	Percentage of equity interest attributable to the Company 本公司應佔股本 權益百分比	Principal activities 主要業務
TQL Technology Limited 栢城電子有限公司	Hong Kong 香港	HK\$7,000,000 7,000,000港元	100	Manufacture and sale of liquid crystal displays 製造及銷售液晶體顯 示器
Webberton Investments Limited	British Virgin Islands/ Hong Kong 英屬處女群島/ 香港	US\$1 1美元	100	Investment holding 投資控股
中穎(中山)電子有限公司	PRC 中華人民共和國	US\$1,800,000 1,800,000美元	100	Manufacture of precision parts and components 製造精密零部件

Except for K & P Group (Holdings) Limited, all of the above subsidiaries are indirectly held by the Company.

除堅寶(控股)有限公司外,上述所有附屬公司均由本公司間接持有。

* Shenzhen Jiancheng is registered as a co-operative joint venture company under the laws of the "PRC". Pursuant to the co-operative joint venture contract with the PRC joint venture partner, the Group contributed all of the registered capital of Shenzhen Jiancheng. The PRC joint venture partner is entitled to certain monthly and annual fees regardless of the amount of profit or loss made by Shenzhen Jiancheng, and the Group is entitled to all of the profits, and is liable for all of the losses, of Shenzhen Jiancheng after payment of such fees to the PRC joint venture partner. The initial term of the joint venture expires on 25 January 2009 and can be extended with the consent of the joint venture partners and the approval of the relevant PRC government authority. On expiry of the initial term of the joint venture, the joint venture agreement provides that ownership of all of the immovable assets of the joint venture will revert to the PRC joint venture partner while other assets will initially be used to settle the wages of all employees and all the liabilities of Shenzhen Jiancheng. Any remaining balance will be distributed to the Group.

* 深圳堅城乃按「中華人民共和國」法律註冊為合營公司。根據與中國合營夥伴之合作經營合約,本集團就深圳堅城全部註冊股本出資。無論深圳堅城所賺取之溢利多少,中國合營夥伴每年可得若干月費及年費,而本集團則有權於支付中國合營夥伴該等費用後獲得深圳堅城之全部溢利,亦須承擔其所有虧損。合營年期將於二零零九年一月二十五日屆滿,經合營雙方同意及有關中國當局批准後,可予續期。合營年期屆滿後,合營公司之所有不動產將歸還予中國合營夥伴,其餘之資產將首先用於清償所有僱員之工資及深圳堅城之所有負債,而任何餘額則分配予本集團。

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17. INTERESTS IN SUBSIDIARIES (continued)

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.

18. INTEREST IN AN ASSOCIATE

In the prior year, the loan to an associate was unsecured, interest-free and had no fixed terms of repayment. The carrying amounts of this loan approximated to its fair value.

During the year, the Group disposed of its entire interest in the associate to a major shareholder of this associate for an aggregate cash consideration of US\$4,715,000 (equivalent to approximately HK\$36,777,000), resulting in a gain of HK\$16,310,084.

Particulars of the associate are as follows:

Company name 公司名稱	Particulars of issued shares held 所持已發行股份詳情	Place of incorporation and operations 註冊成立及營業地點	Percentage of equity interest attributable to the Company 本公司應佔股本權益百分比	Principal activity 主要業務
YOUEAL TTI Limited	Ordinary shares of US\$1 each	Hong Kong	41	Investment holding
唯一科力有限公司	每普通股為1美元	香港		投資控股

The shareholding in the associate is held through a wholly-owned subsidiary of the Company.

17. 於附屬公司之權益 (續)

董事認為，上表所列出之本公司附屬公司主要影響本年度業績或構成本集團資產淨值主要部份。董事並認為，提供其他附屬公司的詳細資料，會引致內容過於冗長。

18. 於聯營公司之權益

		Group 集團	
		2005 二零零五年 HK\$ 港元	2004 二零零四年 HK\$ 港元
Share of net assets	分佔資產淨值	-	21,506,422
Loan to an associate	貸款予一聯營公司	-	4,797,000
		-	26,303,422

於以往年度，給予聯營公司之貸款為無抵押、免息及無固定還款期。該等貸款之賬面值與其公平價值相若。

於年內，集團出售整項於聯營公司的權益予該聯營公司之主要股東，整體現金代價為4,715,000美元（相等約值36,777,000港元），總結收益為16,310,084港元。

聯營公司資料如下：

於聯營公司股權乃透過本公司一間全資附屬公司持有。

18. INTEREST IN AN ASSOCIATE (continued)

The following table illustrates the summarised financial information of the Group's associate extracted from its financial statements for the year ended 31 December 2004:

Assets	資產	115,715,663
Liabilities	負債	63,260,974
Revenues	收入	101,785,035
Losses	虧損	14,946,193

19. AVAILABLE-FOR-SALE INVESTMENTS/LONG TERM INVESTMENTS

At cost:	按成本值:
Unlisted equity investments	非上市股本投資
At fair value:	按公平價值:
Club membership	會所會籍

The above investments in unlisted in equity securities and club membership were designated as available-for-sale financial assets on 1 January 2005 and have no fixed maturity date or coupon rate.

In the opinion of the directors, the fair value of the unlisted available-for-sale equity investment cannot be reliably measured because the probabilities of the various measures within the range cannot be reasonably assessed and used in estimating the fair value, and hence this investment was stated at cost less any impairment losses. The investment was disposed of to an independent third party during the year, for a cash consideration of HK\$2,500,000 and was included in other receivables as at balance sheet date.

The fair value of the club membership is determined with reference to the price quoted by the club.

18. 於聯營公司之權益 (續)

節錄自本集團聯營公司截至二零零四年十二月三十一日止年度之財務報告的財務資料概要如下:

19. 可供出售投資／長期投資

		Group 集團	
		2005 二零零五年 HK\$ 港元	2004 二零零四年 HK\$ 港元
At cost:	按成本值:		
Unlisted equity investments	非上市股本投資	–	2,500,000
At fair value:	按公平價值:		
Club membership	會所會籍	680,000	680,000
		680,000	3,180,000

以上於非上市股本證券及會所會籍之投資被分類為可供出售的金融資產，於二零零五年一月一日沒有固定到期日或票面利率。

董事認為，可供出售的非上市股本投資的公平價值不能準確地計算，因為不同的計算方法出現之結果範圍的機會率不能合理地評估及用以估計其公平價值，故此這些投資用成本價減去任何減值列賬。於年內，出售投資予獨立第三者之現金代價為2,500,000港元在結算日已包含於其他應收款項中。

會所會籍的公平價值是參照會所所報呈之價值。

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20. INVENTORIES

20. 存貨

		Group 集團	
		2005 二零零五年 HK\$ 港元	2004 二零零四年 HK\$ 港元
Raw materials	原料	28,157,858	25,103,295
Work in progress	在製品	14,538,879	12,714,224
Finished goods	製成品	7,598,440	3,373,142
		50,295,177	41,190,661
Less: Provisions for slow-moving inventories	減: 滯銷存貨撥備	(988,750)	(488,749)
		49,306,427	40,701,912

21. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

21. 預付款項、按金及其他應收款項

		Group 集團		Company 公司	
		2005 二零零五年 HK\$ 港元	2004 二零零四年 HK\$ 港元 (Restated) (重列)	2005 二零零五年 HK\$ 港元	2004 二零零四年 HK\$ 港元
Prepayments	預付款項	1,769,881	1,960,281	312,485	222,391
Deposits and other receivables	按金及其他應收款項	15,371,542	14,454,852	2,985	—
		17,141,423	16,415,133	315,470	222,391

22. 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. Invoices are normally payable within 60 days of issuance, except for certain well-established customers, where the terms are extended from 60 to 90 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control policy to minimise credit risk. Overdue balances are regularly reviewed by senior management. In view of the aforementioned and the fact 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.

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

		Group 集團	
		2005 二零零五年 HK\$ 港元	2004 二零零四年 HK\$ 港元
Within 90 days	九十天內	77,627,793	64,691,297
Between 91 to 180 days	九十一至一百八十天	7,823,104	10,980,902
Over 180 days	一百八十天以上	1,715,383	3,347,809
		87,166,280	79,020,008

23. INVESTMENT AT FAIR VALUE THROUGH PROFIT OR LOSS

Unlisted investment, at fair value	非上市投資·按公平價值	1,989,000	-
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The above investment at 31 December 2005 was classified as held for trading.

22. 應收賬項及票據

客戶買賣條款中，除新客戶外，主要客戶都享有信用預提。一般發票需要在六十天內支付，優良客戶可享用六十至九十天信用預提。每位客戶均有信用額度。集團對未償還應收賬項有嚴緊控制及有信貸政策以減低信貸風險。高級管理層會對逾期應收款作經常審閱。鑒於以上所述及由於本集團的應收賬項涉及大量不同客戶，因此並無高度集中的信貸風險。應收賬項是不計利息。

在結算日應收賬項及票據按發票日期及減除撥備後之賬齡分析如下：

23. 按公平價值計入損益賬之投資

		Group 集團	
		2005 二零零五年 HK\$ 港元	2004 二零零四年 HK\$ 港元
Unlisted investment, at fair value	非上市投資·按公平價值	1,989,000	-

以上投資於二零零五年十二月三十一日被列為可供交易。

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24. CASH AND CASH EQUIVALENTS

24. 現金及現金等值項目

		Group 集團		Company 公司	
		2005 二零零五年 HK\$ 港元	2004 二零零四年 HK\$ 港元	2005 二零零五年 HK\$ 港元	2004 二零零四年 HK\$ 港元
Cash and bank balances	現金及銀行結存	15,894,704	15,046,982	9,567	88,926
Time deposits	定期存款	23,805,174	4,070,444	-	-
		39,699,878	19,117,426	9,567	88,926

At the balance sheet date, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to HK\$4,412,490 (2004: HK\$2,497,832). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

於結算日，本集團以人民幣（「人民幣」）定值之現金及銀行結存為4,412,490港元（二零零四年：2,497,832港元）。人民幣不能自由兌換其他貨幣，惟根據中國大陸外匯管制法規定及結存、銷售及支付的管理規定，本集團獲准透過獲授權經營海外業務之銀行將人民幣兌換為外幣。

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 pledge deposits approximate to their fair values.

銀行現金賺取之利息乃按每日銀行存款利率之浮動利率而定。短期定期存款之期限不一，介乎一日至三個月不等，主要視乎本集團之即時現金需求，並按不同的短期定期存款賺取利息。現金及現金等值項目與抵押存款之賬面值與其公平價值相約。

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25. TRADE PAYABLES

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

Within 90 days	九十天內
Between 91 to 180 days	九十一天至一百八十天
Over 180 days	一百八十天以上

The trade payables are non-interest-bearing and are normally settled on terms varying from 60 to 120 days.

25. 應付賬項

在結算日應付賬項按發票日期之賬齡分析如下：

		Group 集團	
		2005 二零零五年 HK\$ 港元	2004 二零零四年 HK\$ 港元
Within 90 days	九十天內	49,888,727	45,726,426
Between 91 to 180 days	九十一天至一百八十天	1,947,621	14,964,564
Over 180 days	一百八十天以上	37,520	1,516,716
		51,873,868	62,207,706

應付賬項為免息及一般於六十至一百二十日到期償還。

26. ACCRUED LIABILITIES AND OTHER PAYABLES

Accrued liabilities	應計負債
Other payables	其他應付款項

Other payables are non-interest-bearing and have an average term of three months.

26. 應計負債及其他應付款項

		Group 集團		Company 公司	
		2005 二零零五年 HK\$ 港元	2004 二零零四年 HK\$ 港元 (Restated) (重列)	2005 二零零五年 HK\$ 港元	2004 二零零四年 HK\$ 港元
Accrued liabilities	應計負債	9,124,959	10,052,174	115,171	113,111
Other payables	其他應付款項	18,502,068	18,556,130	-	22,277
		27,627,027	28,608,304	115,171	135,388

其他應付款項為免息及平均還款期為三個月。

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27. INTEREST-BEARING BANK AND OTHER BORROWINGS

27. 帶息銀行貸款及其他借貸

	Effective interest rate (%) 實際利率(%)	Maturity 到期日	Group 集團	
			2005 二零零五年 HK\$ 港元	2004 二零零四年 HK\$ 港元
Current				
本期				
Finance lease payables (note 28) 應付融資租約(附註28)	8.00 – 9.25	2006	5,460,985	6,345,032
Bank loans – secured 銀行貸款 – 有抵押	7.00	2006	13,383,352	10,852,724
Bank loans – unsecured 銀行貸款 – 無抵押	6.38 – 9.00	2006	30,900,941	30,085,824
Bank loans – discounted bills with recourse 銀行貸款 – 可退回的折扣性票據	6.39 – 9.00	2006	11,974,971	–
Money market loans – secured 以貨幣市場利率為基準的貸款 – 有抵押	6.88	2006	4,000,000	4,000,000
Mortgage loans 按揭貸款	5.00 – 8.00	2006	268,745	384,451
Instalment loans – secured 分期貸款 – 有抵押	6.40 – 8.00	2006	12,782,469	8,110,485
Instalment loans – unsecured 分期貸款 – 無抵押	6.50 – 10.00	2006	1,309,603	–
			80,081,066	59,778,516
Non-current				
非本期				
Finance lease payables (note 28) 應付融資租約(附註28)	8.05 – 9.25	2007-2008	2,783,069	4,400,628
Mortgage loans 按揭貸款	5.00 – 8.00	2006	–	267,154
Instalment loans – secured 分期貸款 – 有抵押	7.75 – 8.00	2008	3,864,068	462,733
Instalment loans – unsecured 分期貸款 – 無抵押	7.00 – 7.75	2008	792,400	–
			7,439,537	5,130,515
			87,520,603	64,909,031

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27. INTEREST-BEARING BANK AND OTHER BORROWINGS

(continued)

27. 帶息銀行貸款及其他借貸 (續)

		Group 集團	
		2005 HK\$ 二零零五年 港元	2004 HK\$ 二零零四年 港元
Analysed into:	按下列各項分析:		
Bank loans repayable:	應償還銀行貸款:		
Within one year or on demand	一年內或按要求	74,620,081	53,433,484
In the second year	第二年	4,289,311	729,887
In the third to fifth years, inclusive	第三至五年(包括首尾兩年)	367,157	-
		79,276,549	54,163,371
Other borrowings repayable:	其他應償還借貸:		
Within one year	一年內	5,460,985	6,345,032
In the second year	第二年	2,239,430	3,874,911
In the third to fifth years, inclusive	第三至五年(包括首尾兩年)	543,639	525,717
		8,244,054	10,745,660
		87,520,603	64,909,031

Notes:

- (a) Certain of the Group's bank loans are secured by:
- (i) the Group's buildings, which had an aggregate carrying value at the balance sheet date of approximately HK\$15,730,000 (2004: HK\$15,850,000) (note 14);
 - (ii) the Group's prepaid land lease payments, which had an aggregate carrying value at the balance sheet date of approximately HK\$9,783,742 (2004: HK\$10,016,688); and
 - (iii) the pledge of certain of the Group's time deposits amounting to HK\$8,374,121 (2004: HK\$8,183,896).
- (b) Except for a RMB10,000,000 (2004: RMB7,142,265) secured bank loan, all other borrowings are in Hong Kong dollars.

附註:

- (a) 本集團若干銀行貸款由下列各項抵押:
- (i) 本集團於結算日的賬面值總額約15,730,000港元(二零零四年:15,850,000港元)之樓宇(附註14);
 - (ii) 本集團於結算日的賬面值總額約9,783,742港元(二零零四年:10,016,688港元)之預付土地租賃款;及
 - (iii) 本集團以為數8,374,121港元(二零零四年:8,183,896港元)之定期存款作抵押。
- (b) 除一筆10,000,000人民幣(二零零四年:7,142,265人民幣)之有抵押銀行貸款外,所有其他借貸均以港元計算。

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27. INTEREST-BEARING BANK AND OTHER BORROWINGS

(continued)

Other interest rate information:

27. 帶息銀行貸款及其他借貸 (續)

其他利率資料:

		2005 二零零五年		2004 二零零四年	
		Fixed rate 定息 HK\$ 港元	Floating rate 淨息 HK\$ 港元	Fixed rate 定息 HK\$ 港元	Floating rate 淨息 HK\$ 港元
Finance lease payables	應付融資租約	-	8,244,054	-	10,745,660
Bank loans – secured	銀行貸款 – 有抵押	-	13,383,352	-	10,852,724
Bank loans – unsecured	銀行貸款 – 無抵押	-	30,900,941	-	30,085,824
Bank loans – discounted bills with recourse	銀行貸款 – 可退回的 折扣性票據	-	11,974,971	-	-
Money market loans – secured	以貨幣市場利率 為基準的貸款 – 有抵押	-	4,000,000	-	4,000,000
Mortgage loans	按揭貸款	-	268,745	-	651,605
Instalment loans – secured	分期貸款 – 有抵押	9,500,000	7,146,537	6,785,152	1,788,066
Instalment loans – unsecured	分期貸款 – 無抵押	-	2,102,003	-	-

The carrying amounts of the Group's current borrowings approximate to their fair values. The carrying amounts and fair value of the Group's non-current borrowings are as follows:

本集團本期借貸之賬面值與其公平價值相若。本集團非流動借貸之賬面值及公平價值如下:

		Carrying amounts 賬面值		Fair value 公平價值	
		2005 二零零五年 HK\$ 港元	2004 二零零四年 HK\$ 港元	2005 二零零五年 HK\$ 港元	2004 二零零四年 HK\$ 港元
Finance lease payables	應付融資租約	2,783,069	4,400,628	2,801,290	4,463,992
Instalment loans – secured	分期貸款 – 有抵押	3,864,068	462,733	3,858,466	471,033
Instalment loans – unsecured	分期貸款 – 無抵押	792,400	-	783,671	-
Mortgage loans	按揭貸款	-	267,154	-	229,909
		7,439,537	5,130,515	7,443,427	5,164,934

The fair value of interest-bearing bank and other borrowings has been calculated by discounting the expected future cash flows at prevailing interest rates.

帶息銀行貸款及其他借貸之公平價值乃根據預期未來現金流量按現行利率折讓計算。

28. FINANCE LEASE PAYABLES

The Group leases certain of its property, plant and equipment for its businesses. These leases are classified as finance leases and have remaining lease terms ranging from one to three years.

At the balance sheet date, the total future minimum lease payments under finance leases and their present values were as follows:

Group		Minimum lease payments 最少租賃費用 2005 二零零五年 HK\$ 港元	Minimum lease payments 最少租賃費用 2004 二零零四年 HK\$ 港元	Present value of minimum lease payments 最少租賃費用的現今值 2005 二零零五年 HK\$ 港元	Present value of minimum lease payments 最少租賃費用的現今值 2004 二零零四年 HK\$ 港元
Amounts payable:	應付款項:				
Within one year	一年內	5,912,319	6,795,691	5,460,985	6,345,032
In the second year	第二年	2,367,895	4,007,553	2,239,430	3,874,911
In the third to fifth years, inclusive	第三年至第五年(包括首尾兩年在內)	552,470	532,491	543,639	525,717
Total minimum finance lease payments	總計最少融資租賃費用	8,832,684	11,335,735	8,244,054	10,745,660
Future finance charges	日後財務費用	(588,630)	(590,075)		
Total net finance lease payables	應付融資租約總淨額	8,244,054	10,745,660		
Portion classified as current liabilities (note 27)	分類作流動負債之部份(附註27)	(5,460,985)	(6,345,032)		
Long term portion (note 27)	長期部份(附註27)	2,783,069	4,400,628		

28. 應付融資租約

本集團租用若干營業用的物業、廠房及設備。該等租約被分類為融資租約，其尚餘租約期介乎一至三年不等。

於結算日，根據融資租約下的總計日後最少租賃費用及其現在值如下：

29. CONVERTIBLE LOAN NOTES

Convertible loan notes
Portion classified as current liabilities

可換股貸款票據
分類作流動負債之部份

29. 可換股貸款票據

Group and Company 集團與公司	
2005 二零零五年 HK\$ 港元	2004 二零零四年 HK\$ 港元 (Restated) (重列)
–	6,450,619
–	(6,450,619)
–	–

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29. CONVERTIBLE LOAN NOTES (continued)

Pursuant to the subscription agreements between the Company and several independent investors (the "Subscription Agreements") dated 3 March 2003, the Company issued to the investors convertible loan notes with an aggregate principal amount of US\$1,282,500 (equivalent to approximately HK\$10,003,500). The convertible loan notes bear interest at the rate of 2% per annum, which is payable quarterly in arrears on 17 June, 17 September, 17 December, 17 March of each year. The notes are convertible into ordinary shares of the Company, at the option of the investors at any time during the period commencing from the date falling 24 months after the issue of the notes on 17 March 2003, up to and including the day immediately prior to the maturity date of the convertible notes, at an initial conversion price of HK\$0.40 per share (subject to adjustment). The maturity date of the convertible loan notes was on 16 June 2005. The shares to be issued on any exercise of the conversion rank *pari passu* in all respects with the Company's shares already in issue. Any outstanding convertible loan notes would be redeemed at maturity by the Company at 132.25% of the principal value. Alternatively, they could be redeemed at the option of the investors at any time on or after 17 March 2005 to redeem part or all of the outstanding principal amount in accordance with the following formula:

$$\text{Redemption amount} = \text{HK}\$10,003,500 \times 1.15 \times (1 + 0.15 \times A/365)$$

where

A is the number of days elapsed from (and including) 17 March 2004 up to (but excluding) the relevant redemption date

Upon the request of the convertible loan notes investors, the Company redeemed part of the convertible loan notes with an aggregate principal amount of US\$641,250 on 30 June 2004 at HK\$6,002,583.

During the year, upon maturity of the convertible loan notes, the Company redeemed all the outstanding convertible loan notes at US\$848,053 (equivalent to approximately HK\$6,614,811).

29. 可換股貸款票據 (續)

根據本公司與若干獨立投資者於二零零三年三月三日訂立之認購協議(「認購協議」)，本公司已向投資者發行本金總額為1,282,500美元(相等於約10,003,500港元)之可換股貸款票據。可換股貸款票據按年度2厘計息，並須於每年六月十七日、九月十七日、十二月十七日及三月十七日每季前期支付。投資者由票據發行當日二零零三年三月十七日起計滿二十四個月之日起至緊接可換股票據到期日前(包括該日在內)任何時間，按每股0.40港元(可予以調整)之初步兌換價兌換票據為本公司之普通股。該等可換股貸款票據之到期日為二零零五年六月十六日。因行使換股權而需發行之股份在各方面均與本公司已發行股份享有同等權益。尚未行使之可換股貸款票據可由本公司於到期日按本金的132.25%贖回。另外，投資者可選擇於二零零五年三月十七日或之後任何時間將部份或全部本金按下列公式贖回：

$$\text{贖回金額} = 10,003,500 \text{ 港元} \times 1.15 \times (1 + 0.15 \times A/365)$$

A 即由二零零四年三月十七日(包括當天)起至有關贖回日(不包括當天)之日數

於二零零四年六月三十日，本公司按可換股貸款票據投資者要求贖回部份可換股票據，本金為641,250美元總值6,002,583港元。

於本年度，直至可換股貸款票據到期日，本公司贖回所有可換股票據價值為848,053美元(相等約值6,614,811港元)。

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30. DEFERRED TAX LIABILITIES

The movement in deferred tax liabilities, which comprised accelerated tax depreciation, during the year is as follows:

		Group 集團	
		2005 二零零五年 HK\$ 港元	2004 二零零四年 HK\$ 港元
At 1 January 2005	於二零零五年一月一日	3,611,481	2,424,662
Deferred tax charged to the income statement during the year (note 10)	年內於損益賬扣除之遞延稅項(附註10)	-	1,186,819
At 31 December 2005	於二零零五年十二月三十一日	3,611,481	3,611,481

The Group has tax losses arising in Hong Kong of HK\$9,971,000 (2004: HK\$9,975,000) 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.

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 associate 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.

31. SHARE CAPITAL

		Group and Company 集團與公司	
		2005 二零零五年 HK\$ 港元	2004 二零零四年 HK\$ 港元
Shares	股份		
Authorised:	法定股本:		
900,000,000 shares of HK\$0.10 each	900,000,000股每股面值0.10港元	90,000,000	90,000,000
Issued and fully paid:	已發行及繳足股本:		
265,504,800 shares of HK\$0.10 each	265,504,800股每股面值0.10港元	26,550,480	26,550,480

30. 遞延稅項

年內之遞延稅項負債變動(包括增加稅務折舊)如下:

		Group 集團	
		2005 二零零五年 HK\$ 港元	2004 二零零四年 HK\$ 港元
At 1 January 2005	於二零零五年一月一日	3,611,481	2,424,662
Deferred tax charged to the income statement during the year (note 10)	年內於損益賬扣除之遞延稅項(附註10)	-	1,186,819
At 31 December 2005	於二零零五年十二月三十一日	3,611,481	3,611,481

本集團於香港產生之稅務虧損為9,971,000港元(二零零四年:9,975,000港元),可無限期用以抵銷產生該等虧損之公司之未來應課稅溢利。由於該等虧損乃於虧本已有一段時間之附屬公司產生,故此並未就其確認遞延稅項資產。

於二零零五年十二月三十一日,就本集團之附屬公司及聯營公司應付之無寬免稅項之盈利而額外增加稅務負債而言,並無重大之未確認之遞延稅項負債(二零零四年:無)。

本公司向股東派付之股息並無附帶任何所得稅後果。

31. 股本

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31. SHARE CAPITAL (continued)

A summary of movements in the issued share capital of the Company is as follows:

		Number of shares 股份數目	Issued share capital 已發行股本 HK\$ 港元	Share premium account 股份溢價賬 HK\$ 港元	Total 總額 HK\$ 港元
At 1 January 2004	二零零四年一月一日	252,504,800	25,250,480	49,761,281	75,011,761
Share options exercised	已行使購股權	13,000,000	1,300,000	780,000	2,080,000
At 31 December 2004 and 31 December 2005	於二零零四年十二月三十一日 及二零零五年十二月三十一日	265,504,800	26,550,480	50,541,281	77,091,761

Share options

Details of the Company's share option scheme are included in note 32 to the financial statements.

32. SHARE OPTION SCHEME

A summary of the existing share option scheme of the Company (the "Scheme") adopted on 27 May 2002 is as follows:

Purpose	To provide incentives and rewards to eligible participants for their contributions to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any entity in which the Group holds an equity interest ("Invested Entity").
Participants	(i) any employee (whether full-time or part-time), executive directors, non-executive directors and independent non-executive directors of the Company, any of its subsidiaries or any Invested Entity;
	(ii) any supplier of goods or services to any member of the Group or any Invested Entity; any customer of the Group or any Invested Entity; any person or entity that provides research, development or other technological support to the Group or any Invested Entity; and
	(iii) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity.

31. 股本 (續)

本公司已發行股本於年內的變動概要如下:

		Number of shares 股份數目	Issued share capital 已發行股本 HK\$ 港元	Share premium account 股份溢價賬 HK\$ 港元	Total 總額 HK\$ 港元
At 1 January 2004	二零零四年一月一日	252,504,800	25,250,480	49,761,281	75,011,761
Share options exercised	已行使購股權	13,000,000	1,300,000	780,000	2,080,000
At 31 December 2004 and 31 December 2005	於二零零四年十二月三十一日 及二零零五年十二月三十一日	265,504,800	26,550,480	50,541,281	77,091,761

購股權

本公司之購股權計劃之詳情，已載於本財務報告附註32。

32. 購股權計劃

本公司於二零零二年五月二十七日採納之現行購股權計劃概要如下:

目的	為鼓勵或獎賞合資格參與人士對本集團作出之貢獻及/或協助本集團聘請及留任能幹僱員及吸納對本集團與任何本集團持有其任何股本權益之公司(「所投資公司」)有重大價值之人力資源。
參與人士	(i) 本公司、其任何附屬公司或其任何所投資公司之任何僱員(不論是全職或兼職)、執行董事、非執行董事及獨立非執行董事;
	(ii) 向本集團任何成員公司或任何所投資公司提供貨物或服務之任何供應商;本集團或任何所投資公司之任何客戶;向本集團或任何所投資公司提供研究、開發或其他技術支援之任何人士或公司;及
	(iii) 本集團任何成員公司或任何所投資公司之任何股東或本集團任何成員公司或任何所投資公司所發行任何證券之任何持有人。

32. SHARE OPTION SCHEME (continued)

Total number of ordinary shares available for issue and the percentage of the issued share capital that it represents as at the date of the annual report	25,000,480 ordinary shares and 9.42% of the issued share capital.
Maximum entitlement of each participant	Shall not exceed 1% of the issued share capital of the Company in any 12-month period.
Period within which the securities must be taken up under an option.	An option may be exercised at any time during a period to be determined and notified by the directors to each grantee, but shall end in any event not later than 10 years from the date of the grant of options subject to the provisions for early termination thereof.
Minimum period for which an option must be held before it can be exercised	There is no minimum period for which an option granted must be held before it can be exercised.
Amount payable on acceptance	The offer of a grant of share options may be accepted within 28 days from the date of the offer with a consideration of HK\$1.00 being payable by the grantee.

32. 購股權計劃 (續)

可予發行的普通股總數以及其於本年報日期佔已發行股本的百分比	25,000,480股普通股及佔已發行股本之9.42%。
每名參與人士可獲授權益上限	在任何12個月內，不得超過本公司已發行股本之1%。
可根據購股權認購普通股股份的期限	購股權可於董事所決定並已知會各承授人之間內任何時間獲行使，惟在任何情況下不得遲於由授出購股權日期起計10年（根據該計劃條款而提早終止購股權者則除外）。
購股權行使之前必須持有的最短期限	購股權並無行使之前必須持有的最短期限。
接納購股權須付金額	承授人可於授出購股權建議之日起二十八日內，在支付面值代價金額1.00港元後接納該建議。

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32. SHARE OPTION SCHEME (continued)

Period within which payments/calls/loans must be made/repaid	Not applicable.
Basis of determining the exercise price	Determined by the directors but shall not be less than the highest of (i) the closing price of the ordinary shares as stated in the Stock Exchange's daily quotation sheet on the date of the offer of options, which must be a trading day; (ii) the average closing price of the ordinary shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of the offer options; and (iii) the nominal value of shares.
The remaining life of the Scheme	The Scheme remains in force until 26 May 2012.
Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.	

32. 購股權計劃 (續)

付款或通知付款的期限或償還申請購股權貸款的期限	不適用。
行使價的釐定基準	由董事決定，惟不得低於下列中之較高者：(i) 股份於提供購股權建議當日（須為交易日）之收市價（以聯交所日報表所載者為準）；(ii) 股份於提供購股權建議日前五個交易日之平均收市價（以聯交所日報表所載者為準）；及(iii) 股份面值。
計劃尚餘的有效期	計劃有效期至二零一二年五月二十六日止。
購權益持有人並不享有獲發紅利或於股東會上投票之權益。	

32. SHARE OPTION SCHEME (continued)

The following share options were outstanding under the Scheme during the year:

Name or category of participant	Number of share options 購股權數目					At 31 December 2005	Date of grant of share options*	Exercise period of share options	Exercise price of share options**	Price of Company's shares at grant date of options ***	
	At 1 January 2005	Granted during the year	Exercised during the year	Expired during the year	Forfeited during the year						
參與者姓名及類別	於二零零五年一月一日	於年內授出	於年內行使	於年內到期	於年內放棄	於二零零五年十二月三十一日	授出購股權日期*	購股權之行使期	購股權之行使價** HK\$ 港元	公司股份於授出日之價格 HK\$ 港元	
Employees other than the directors In aggregate		非董事之權員 合計	-	2,500,000	-	-	2,500,000	26-1-2005	1-4-2006 to 31-12-2012	0.26	0.26
			-	2,500,000	-	-	2,500,000				

Notes to the reconciliation of share options outstanding during the year:

- * The vesting period of the share options is from the date of the grant until the commencement of the exercise period.
- ** The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.
- *** The price of the Company's shares disclosed as at the date of the grant of the share options is the Stock Exchange closing price on the trading day immediately prior to the date of the grant of the options.

32. 購股權計劃 (續)

根據計劃於年內尚未行使之購股權如下:

於年內尚餘之購股權附註:

- * 購股權賦予權利的日期是由授出當日起計算直至行使期的開始日。
- ** 購股權的行使價是受到如配售新股或派送紅股，或本公司股本類同的更動而調整。
- *** 本公司於購股權授出日期所披露的股價是購股權授出當日起計算之前在香港聯合交易所第一個交易日的收市價。於行使購股權日期所披露之本公司股份價格是聯交所報之收市價按披露類別內行使所有購股權後之加權平均數。

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32. SHARE OPTION SCHEME (continued)

The fair value of the share options granted during the year was HK\$126,000.

The fair value of equity-settled share options granted during the year was estimated as at the date of grant, using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used for the year ended 31 December 2005.

Dividend yield (%)	3.85
Expected volatility (%)	5.15
Historical volatility (%)	9.39
Risk-free interest rate (%)	3.27
Expected life of option (year)	6.75
Weighted average share price (HK\$)	0.26

The expected life of the options is based on the historical data over the past three years and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

At the balance sheet date, the Company had 2,500,000 share options outstanding under the Scheme. The exercise in full of the remaining share options would, under the present capital structure of the Company, result in the issue of 2,500,000 additional ordinary shares of the Company and additional share capital of HK\$250,000 and share premium of HK\$400,000 (before issue expenses).

At the date of approval of these financial statements, the Company had 2,500,000 share options outstanding under the Scheme, which represented approximately 0.94% of the Company's shares in issue as at that date.

32. 購股權計劃 (續)

於年內已授出購股權之公平價值為126,000港元。

於年內已授出股權支付之購股權之公平價值為使用二項式模式及購股權授出之條款及條件計算。下表載列截至二零零五年十二月三十一日止年度二項式之計入項目。

股息率(%)	3.85
預期波動(%)	5.15
歷史波動(%)	9.39
無風險利率(%)	3.27
購股權預計年期(年)	6.75
加權平均股價(港元)	0.26

購股權之預計年期乃根據過去三年之歷史數據計算，該行使模式並不一定發生。預期波動反映歷史波動為未來趨勢之指示之假設，並不一定為實際結果。

於計算公平價值時並無計及所授購股權之任何其他特性。

於結算日，根據計劃，本公司有2,500,000份購股權尚未行使。根據本公司現行股本結構，全面行使餘下之購股權將導致本公司額外發行2,500,000股普通股，額外股本為250,000港元，股份溢價為400,000港元（扣除發行開支前）。

於批准此財務報表當日，根據計劃，本公司有2,500,000份購股權尚未行使，佔本公司當日已發行股份約0.94%。

33. 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 34 of the financial statements.

The contributed surplus of the Group arose as a result of the Group's reorganisation and represents the difference between the nominal value of the share capital of the former holding company of the Group, K & P Group (Holdings) Limited, prior to the Group's reorganisation in preparation for the listing of the Company's shares in 1996, over the nominal value of the share capital of the Company issued in exchange therefor, less the amount capitalised to pay up the Nil-paid shares issued on the incorporation of the Company.

Goodwill amounting to HK\$11,924,221 arising on the acquisition of subsidiaries in prior years before the adoption of SSAP30, which is stated at its cost, remains eliminated against the consolidated retained profits.

33. 儲備

(a) 集團

本年度及以往之年度本集團儲備及變動已呈列於財務報告第34頁之綜合權益變動表。

本集團之繳入盈餘源自集團重組，乃指集團於一九九六年為籌備本公司股份上市之重組前本集團之前控股公司堅寶(控股)有限公司之股本面值較本公司為交換該等股份而發行股本面值所多出之數減資本化以繳付於本公司之註冊成立時所發行未繳款股份之數。

於採納會計實務準則第30條前之以往年度，因收購附屬公司所產生總值11,924,221港元的商譽乃按成本列賬，其餘部份於綜合保留溢利中對銷。

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33. RESERVES (continued)

(b) Company

		Share premium account 股份溢價賬 HK\$ 港元	Share option reserve 購股權儲備 HK\$ 港元	Contributed surplus 繳入盈餘 HK\$ 港元	Retained profits 保留溢利 HK\$ 港元	Total 總額 HK\$ 港元
At 1 January 2004	於二零零四年一月一日					
As previously reported	如以前所呈報	49,761,281	-	49,999,981	1,503,985	101,265,247
Prior year adjustment	以前年度調整	-	-	-	219,208	219,208
As restated	經重列	49,761,281	-	49,999,981	1,723,193	101,484,455
Issue of shares	發行股份	780,000	-	-	-	780,000
Profit for the year (as restated)	本年度溢利 (經重列)	-	-	-	4,296,072	4,296,072
Proposed final dividend	建議末期股息	-	-	-	(2,655,048)	(2,655,048)
At 31 December 2004 and at 1 January 2005 (as restated)	於二零零四年 十二月三十一日 及二零零五年 一月一日 (經重列)	50,541,281	-	49,999,981	3,364,217	103,905,479
Equity-settled share option arrangements	以購股權支付的安排	-	69,285	-	-	69,285
Profit for the year	本年度溢利	-	-	-	4,849,961	4,849,961
Interim 2005 dividend	二零零五年中期股息	-	-	-	(1,327,524)	(1,327,524)
Proposed final 2005 dividend	建議二零零五年末期股息	-	-	-	(1,327,524)	(1,327,524)
At 31 December 2005	於二零零五年 十二月三十一日	50,541,281	69,285	49,999,981	5,559,130	106,169,677

The contributed surplus of the Company represents the difference between the underlying consolidated net assets of K & P Group (Holdings) Limited and its subsidiaries at the date on which the Group's reorganisation became effective, referred to in note 33(a), over the nominal value of the share capital of the Company issued in exchange therefor, less the amount capitalised to pay up the Nil-paid shares issued on the incorporation of the Company.

Under the Companies Act 1981 of Bermuda (as amended), the Company may make distributions to its members out of the contributed surplus in certain circumstances.

33. 儲備 (續)

(b) 公司

本公司之繳入盈餘指堅寶(控股)有限公司及其附屬公司於集團重組生效之日之綜合資產淨值高出本公司所發行以交換該公司股本面值之數(詳情載錄於財務報告附註33(a))。減去繳足資本化以於本公司之註冊成立日所發行未繳款股份之數。

根據百慕達一九八一年公司法(經修訂)之許可,本公司可在某些情況下從繳入盈餘中撥款向其股東作出分派。

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34. NOTE TO THE CONSOLIDATED CASH FLOW STATEMENT**Major non-cash transaction**

During the year, the Group entered into finance lease arrangements in respect of property, plant and equipment with a total capital value at the inception of the leases of HK\$4,862,146 (2004: HK\$8,060,697).

35. CONTINGENT LIABILITIES**34. 綜合現金流量表附註****重大非現金交易**

本集團年內簽訂有關物業、廠房及設備的融資租約安排，涉及之資產總值於租約生效時為4,862,146港元（二零零四年：8,060,697港元）。

35. 或然負債

	Group 集團		Company 公司		
	2005 二零零五年 HK\$ 港元	2004 二零零四年 HK\$ 港元	2005 二零零五年 HK\$ 港元	2004 二零零四年 HK\$ 港元	
Bills discounted with recourse Guarantees of loan facilities granted to subsidiaries	可退回的折扣性票據 附屬公司之貸款擔保	-	3,915,244	-	-
		-	-	134,956,032	113,927,956
		-	3,915,244	134,956,032	113,927,956

As at 31 December 2005, the bank facilities granted to the subsidiaries subject to guarantees given to the banks by the Company were utilised to the extent of approximately HK\$67 million (2004: HK\$52 million).

於二零零五年十二月三十一日，本公司之附屬公司獲授付有本公司向銀行提供之貸款擔保之銀行備用額中，已耗用約67,000,000港元（二零零四年：52,000,000港元）。

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36. OPERATING LEASE ARRANGEMENTS

The Group leases certain of its office properties and factories under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to three years.

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

Within one year	於一年內
In the second to fifth years, inclusive	於第二至第五年(包括首尾兩年)

36. 經營租約安排

本集團根據經營租約安排租用若干辦公室物業及廠房。該等租約之議定期期介乎1年至3年不等。

於結算日，本集團根據不能取消經營租約之未來最低應付租金總額將於下列期間到期：

		Group 集團	
		2005 二零零五年 HK\$ 港元	2004 二零零四年 HK\$ 港元
Within one year	於一年內	475,455	488,813
In the second to fifth years, inclusive	於第二至第五年(包括首尾兩年)	57,000	608,643
		532,455	1,097,456

37. COMMITMENTS

At 31 December 2005, the Group and the Company had total future minimum royalty payments under license agreements falling due as follows:

Within one year	於一年內
In the second to fifth years, inclusive	第二年至第五年(包括首尾兩年)

37. 承擔

於二零零五年十二月三十一日，本集團及本公司於使用權協議下之未來最低專利權使用費之到期日如下：

		Group and Company 集團與公司	
		2005 二零零五年 HK\$ 港元	2004 二零零四年 HK\$ 港元
Within one year	於一年內	1,716,000	—
In the second to fifth years, inclusive	第二年至第五年(包括首尾兩年)	9,984,000	—
		11,700,000	—

38. RELATED PARTY TRANSACTIONS

- (a) Details of the Group's loan to an associate are included in note 18 to the financial statements.
- (b) Certain of the Group's banking facilities amounting to HK\$116,612,908 (2004: HK\$69,791,000), of which HK\$33,002,944 (2004: HK\$30 million) had been utilised as at the balance sheet date, were secured by personal guarantees given by a director of the Company. The director received no consideration for providing these guarantees.
- (c) Compensation of key management personnel of the Group:

Short term employee benefits	短期僱員福利
Termination benefits	終止福利
Share-based payments	以股份作支付的費用
Total compensation paid to key management personnel	給予重要管理人員之總報酬

Further details of directors' emoluments are included in note 8 to the financial statements.

38. 關連人士交易

- (a) 本集團向聯營公司借款之詳情載於財務報告附註18。
- (b) 本集團若干銀行融資116,612,908港元(二零零四年:69,791,000港元)(其中33,002,944港元(二零零四年:30,000,000港元)已於結算日動用),乃由本公司一名董事提供之個人擔保作抵押。該董事並無就提供該等擔保收取任何代價。
- (c) 本集團提供予重要管理人員之報酬:

2005 二零零五年 HK\$ 港元	2004 二零零四年 HK\$ 港元
12,788,983	13,028,248
222,662	114,531
69,285	—
13,080,930	13,142,779

有關董事袍金之詳細資料見財務報告的附註8。

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, comprise bank loans and overdrafts, other interest-bearing 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 interest rates of the interest-bearing loans and borrowings of the Group are disclosed in note 27. The Group does not have significant exposure to the risk of changes in market interest rates as the Group does not have any long term receivables or significant long term debt obligations with a floating interest rate.

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.

The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

39. 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及透支、其他帶息貸款、融資租約、以及現金及短期存款。該等金融工具之主要目的是為本集團業務籌集資金。本集團亦有多項直接於業務產生之其他金融資產及負債，例如應收賬款及應付賬款。

本集團於回顧年度之政策一直為不進行任何金融工具買賣。

本集團金融工具涉及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。董事會審閱及同意管理該等風險之政策，概述如下。

現金流量利率風險

本集團的帶息借貸利率已披露於附註27。因本集團沒有長期應收款或浮息的長期債項承擔，故此，所承受的市場利率變動風險並不嚴重。

外匯風險

本集團承受交易貨幣風險。該等風險因經營單位以其功能貨幣以外之貨幣進行銷售或採購而產生。

本集團近期並沒有外匯對沖政策。但是，管理層會監察並考慮在有需要時對沖重要的外匯風險。

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk

The Group trades only 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.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, available-for-sale financial assets and certain derivative instruments, the Group's exposure to credit risk 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, other interest-bearing loans and finance leases. The directors have reviewed the Group's working capital and capital expenditure requirements and determined that the Group does not have significant liquidity risk.

40. POST BALANCE SHEET EVENT

On 31 March 2006, the Group entered into a sale and purchase agreement with an independent third party to acquire a land use right situated in Mainland China for a cash consideration of RMB6,380,000 (equivalent to approximately HK\$6,061,000).

41. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 25 April 2006.

39. 財務風險管理目標及政策 (續)

信貸風險

本集團僅與已確認及信譽良好之第三方進行買賣。本集團之所有客戶如欲以信貸期進行買賣，必須通過信貸核證程序。此外，應收款項結餘以持續基準監察，而本集團之壞賬風險輕微。

鑑於本集團於其他金融資產出現信貸風險，包括現金及現金等值項目，可供出售金融資產及某些衍生工具，集團之信貸風險來自交易對方的違約，最大的風險等同這些工具的賬面值。

因本集團只與被確認及信譽良好的第三方進行買賣，並不要求任何抵押。

流動資金風險

本集團透過銀行透支、銀行借貸、其他帶息借款及融資租約來維持資金的連續性及靈活性達到目標。董事會審閱集團的流動資本及資本開支要求並確定集團不會有嚴重的流動資金風險。

40. 結算日後事項

於二零零六年三月三十一日，本集團與一獨立第三方訂立買賣協議，收購一塊位於中國內地之土地的土地使用權，代價為現金6,380,000人民幣（相等於約值6,061,000港元）。

41. 財務報告之批准

董事會已於二零零六年四月二十五日批准及授權刊發財務報告。