

NOTES TO FINANCIAL STATEMENTS 財務報表附註

YEAR ENDED 31 DECEMBER 2006 截至二零零六年十二月三十一日止年度

1. GENERAL

The Company is incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of registered office and principal place of business of the Company is Unit 9, 32nd Floor, Cable TV Tower, No. 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong.

The consolidated financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Company and its subsidiaries (the "Group").

The Company acts as an investment holding company. The principal activities of its principal subsidiaries are set out in note 15 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied, for the first time, a number of new standards, amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are either effective for accounting periods beginning on or after 1 December 2005 or 1 January 2006. The adoption of the new HKFRSs had no material effect on how the results for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new standard, amendment and interpretations that have been issued but are not yet effective as at 31 December 2006. The directors of the Company anticipate that the application of these standard, amendment or interpretations will have no material impact on the results and the financial position of the Group.

1. 一般資料

公司為在開曼群島註冊成立之獲豁免有限公司，其股份於香港聯合交易所有限公司（「聯交所」）上市。公司之註冊辦事處兼主要營業地點為香港新界荃灣海盛路9號有線電視大樓32樓9室。

綜合財務報表乃以港元列示，亦為公司及其附屬公司（「集團」）之功能貨幣。

公司作為一間投資控股公司。其主要附屬公司之主要業務載於財務報表附註15。年內集團之主營業務性質並無重大改變。

2. 應用香港財務報告準則

於本年度，集團已首次採用多項於二零零五年十二月一日或二零零六年一月一日或以後開始之會計期間生效，由香港會計師公會（「香港會計師公會」）所頒佈之新訂準則、修訂及詮釋（「新訂香港財務報告準則」）。採納新訂香港財務報告準則並無對本會計期間或以往會計期間之業績之編製及呈列方式造成任何重大影響，因此毋須作出往期調整。

集團並無提早採納以下於二零零六年十二月三十一日經已頒佈但尚未生效之新準則、修訂及詮釋。公司董事預期應用該等準則、修訂或詮釋將不會對集團之業績及財務狀況造成任何重大影響。

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2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

Hong Kong Accounting Standard ("HKAS") 1 (Amendment)	Capital Disclosures ¹
HKFRS 7	Financial Instruments: Disclosures ¹
HK (IFRIC) – Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies ²
HK (IFRIC) – Int 8	Scope of HKFRS 2 ³
HK(IFRIC) – Int 9	Reassessment of Embedded Derivatives ⁴
HK(IFRIC) – Int 10	Interim Financial Reporting and Impairment ⁵
HK(IFRIC) – Int 11	HKFRS 2 – Group and Treasury Share Transaction ⁶

¹ Effective for annual periods beginning on or after 1 January, 2007.

² Effective for annual periods beginning on or after 1 March, 2006.

³ Effective for annual periods beginning on or after 1 May, 2006.

⁴ Effective for annual periods beginning on or after 1 June, 2006.

⁵ Effective for annual periods beginning on or after 1 November, 2006.

⁶ Effective for annual periods beginning on or after 1 March, 2007.

2. 應用香港財務報告準則 (續)

香港會計準則(「香港會計準則」)第1號(修訂)	資本披露 ¹
香港財務報告準則第7號	金融工具:披露 ¹
香港(國際財務報告詮釋委員會) – 詮釋第7號	應用香港會計準則第29號嚴重通貨膨脹經濟中之財務報告之重列法 ²
香港(國際財務報告詮釋委員會) – 詮釋第8號	香港財務報告準則第2號之範圍 ³
香港(國際財務報告詮釋委員會) – 詮釋第9號	重新評估嵌入式衍生工具 ⁴
香港(國際財務報告詮釋委員會) – 詮釋第10號	中期財務報告及減值 ⁵
香港(國際財務報告詮釋委員會) – 詮釋第11號	香港財務報告準則第2號 – 集團及庫務股份交易 ⁶

¹ 於二零零七年一月一日或之後開始之年度期間生效。

² 於二零零六年三月一日或之後開始之年度期間生效。

³ 於二零零六年五月一日或之後開始之年度期間生效。

⁴ 於二零零六年六月一日或之後開始之年度期間生效。

⁵ 於二零零六年十一月一日或之後開始之年度期間生效。

⁶ 於二零零七年三月一日或之後開始之年度期間生效。

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3. PRINCIPAL ACCOUNTING POLICIES**Basis of preparation**

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations (hereinafter collectively referred to as “HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The consolidated financial statements have been prepared under the historical cost basis except for leasehold land and buildings, and certain financial instruments, which are measured at revalued amount or fair values as explained in the accounting policies set out below.

In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinances.

Basis of consolidation

Where the Company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. The consolidated financial statements incorporate the financial statement of the Company and its subsidiaries. All Intra-group transactions, balances, income and expenses are eliminated on consolidation.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective dates of acquisition or up to the effective dates of disposal, as appropriate.

3. 主要會計政策**編製基準**

綜合財務報表乃根據香港會計師公會（「香港會計師公會」）所頒佈之香港財務報告準則、香港會計準則（「香港會計準則」）及詮釋（以下統稱「香港財務報告準則」）編製。除租賃土地及樓宇及若干金融工具按重估值或公平值計量（詳情見下文所載之會計政策之解釋）外，綜合財務報表乃根據歷史成本基準編製。

此外，綜合財務報表包括根據聯交所證券上市規則及香港公司條例規定之適用披露事項。

綜合基準

倘若公司有權直接或間接控制另一間實體或業務之財務及營運政策以從其業務中獲取利益，該實體則列作附屬公司。綜合財務報表包括公司及其附屬公司之財務報表。集團旗下公司間之交易、結餘及收支於綜合時對銷。

在年內購入或售出之附屬公司之業績由收購生效日起計或計至出售生效日止（視情況而定），列入綜合收益表內。

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3. PRINCIPAL ACCOUNTING POLICIES (Continued)**Basis of consolidation** (Continued)

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Investments in subsidiaries

The Company's investments in subsidiaries are stated at cost less impairment loss, if any.

Impairment

Impairment tests on assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (ie the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit (ie the lowest group of assets in which the asset belongs for which there are separately identifiable cash flows).

Impairment charges are included in the administrative expenses line item in the consolidated income statement, except to the extent they reverse income previously recognised directly in equity.

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

3. 主要會計政策 (續)**綜合基準** (續)

有需要時，將於附屬公司之財務報表作出調整以使其會計政策與本集團其他成員公司所使用者為一致。

於附屬公司之投資

公司於附屬公司之投資乃以成本值扣除減值虧損(如有)列賬。

減值

倘因任何事件或情況變動顯示資產之賬面額可能不可收回，則會進行減值測試。倘資產之賬面值高於其可收回金額(即可使用價值與扣減出售成本之公平值兩者之較高者本)，資產則相應撇銷。

倘若未能可靠估計個別資產之可收回金額，則按資產之現金產生單位進行減值測試(即資產按可獨立辨認之現金流量計算所屬之最低水平)。

減值費用乃計入綜合收益表之行政開支項目內，惟以先前直接於權益確認為撥回收入為限。

於回撥減值虧損時，資產之賬面值可調高至重新釐定之估計可收回金額，惟不可高於該資產(現金產生單位)於過往年度未計減值虧損前之賬面值。撥回之減值虧損可即時被確認為收入。倘有關資產因按其他會計準則以重估值列賬，其回撥額可按其他會計準則當作重估增額入賬。

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3. PRINCIPAL ACCOUNTING POLICIES (Continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Weighted average method is used to calculate the cost of ordinarily interchangeable items.

Property, plant and equipment

The building component of owner-occupied leasehold properties are stated at valuation less accumulated depreciation. Fair value is determined by the Directors based on independent valuations which are performed periodically. The Directors review the carrying value of the leasehold buildings and adjustment is made where they consider that there has been a material change. Increases in valuation are credited to the property revaluation reserve. Decreases in valuation are first offset against increases on earlier valuations in respect of the same property and are thereafter charged to the income statement. Any subsequent increases are credited to the consolidated income statement up to the amount previously charged and thereafter to property revaluation reserve.

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

Property, plant and equipment are depreciated at rates sufficient to write off their cost net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives and residual value are reviewed, and adjusted if appropriate, at each balance sheet date. The principal annual rates are as follows:

Leasehold land and buildings	–	The shorter of the lease terms or 50 years
Leasehold improvements, furniture, office equipment and motor vehicles	–	20%
Plant and machinery	–	10%

3. 主要會計政策 (續)

存貨

存貨按成本或可變現淨值兩者之較低者列賬。成本包括所有採購成本、轉換成本及其他因將存貨送至現時位置及達致現有用途所產生之其他成本。

加權平均法乃用作計算一般替換品之成本。

物業、廠房及設備

業主自用之租賃物業中之樓宇部分按估值減累計折舊列賬。公平值由董事根據定期進行之獨立估值而釐定。董事檢討租賃樓宇之賬面值並在認為出現重大變動時作出調整。估值之增加記入物業重估儲備，估值之減少則先以同一物業早前之估值增加作抵銷，之後才列入收益表。其後任何增值均須先記入綜合收益表，直至抵銷早前列入收益表之數額後，才記入物業重估儲備。

其他物業、廠房及設備按成本減累計折舊及減值虧損列賬。

物業、廠房及設備以直線法於估計可用年期內，按足以撇銷其成本（扣除預計剩餘價值後）之比率折舊。於每個結算日均會檢討可用年期及剩餘價值（如適用）。主要年度折舊率如下：

租賃土地及樓宇	–	按租期或50年之較短者
租賃物業裝修、傢俬、辦公室設備及汽車	–	20%
廠房及機器	–	10%

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3. PRINCIPAL ACCOUNTING POLICIES (Continued)**Property, plant and equipment** (Continued)

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

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

All non-qualifying expenditures and expenses incurred on other non-qualifying development activities are charged as expenses to the income statement in the period in which such expenses are incurred.

Upon disposal of leasehold buildings, the relevant portion of the revaluation reserve realised in respect of previous valuations is released from the property revaluation reserve to retained profits.

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

Financial Instruments**(i) Financial assets**

Financial assets comprise trade receivables, prepayments, deposits and other receivables, and cash and cash equivalents.

The Group classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Group's accounting policy for each category is as follows:

3. 主要會計政策 (續)**物業、廠房及設備** (續)

其後產生之成本，只有在有關項目未來可能帶給集團經濟效益，而項目之成本又能夠可靠計算時，方列作相關資產之賬面值或確認為另一項資產。所有其他維修保養成本即年列入收益表。

若資產賬面值高於其估計可收回價值，將立即調減至可收回價值。

其他不合資格開支和不合資格發展活動所產生之開支悉數即期撥入收益表中列作開支。

出售租賃樓宇時，重估儲備中因先前估值而變現之相關部分，須從樓宇重估儲備轉撥保留盈利。

出售租賃樓宇以外之物業、廠房及設備之收益或虧損乃指出售有關資產所得款項淨額與賬面金額之間的差額，並一概列入收益表。

金融工具**(i) 金融資產**

金融資產包括應收賬款、預付款項、按金及其他應收款項以及現金及現金等價物。

集團視乎金融資產之收購用途將該等資產歸類為以下其中一項。集團就各類別之會計政策如下：

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3. PRINCIPAL ACCOUNTING POLICIES (Continued)

Financial Instruments (Continued)

(i) Financial assets (Continued)

Fair value through profit or loss: This category comprises the financial assets that have been acquired for the purpose of selling or repurchasing it in the short-term or if so designated by management. This category includes derivatives which are not qualified for hedge accounting. Debt securities and bank deposits with embedded derivatives for yield enhancement whose economic characteristics and risks are not closely related to the host securities and deposits are designated as financial assets at fair value through profit or loss. They are carried in the balance sheet at fair value with changes in fair value recognised in the income statement.

Loans and receivables: These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade receivables), but also incorporate other types of contractual monetary asset. At each balance sheet date subsequent to initial recognition, they are carried at amortised cost using the effective interest rate method, less any identified impairment losses.

Held-to-maturity investments: These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. At each balance sheet date subsequent to initial recognition, held-to-maturity investment are measured at amortised cost using effective interest rate method, less any identified impairment losses.

3. 主要會計政策 (續)

金融工具 (續)

(i) 金融資產 (續)

按公平值計入損益: 此類別指購入之目的為短期內或管理層指定出售或購回之金融資產。此類別亦包括不符合對沖會計處理之衍生工具。附帶內在衍生產品以增加回報收益之債務證券及銀行存款(而有關衍生產品之經濟特徵及風險均與主體證券及存款沒有密切關係者)歸類為按公平值計入損益之金融資產。金融資產乃按公平值於資產負債表列賬,而公平值之變動則於收益表確認。

貸款及應收款項: 該等資產乃非衍生性質之金融資產,附帶固定或可計算之付款,但並不存在活躍市場之報價。貸款及應收款項主要透過向客戶提供貨品及服務(應收貿易賬項)所產生,亦包括其他類別之合約貨幣資產。於初步確認後各結算日,則採用實際利率準減任何已識別減值虧損進行攤銷。

持至到期投資: 該等資產為擁有固定或可計算之付款及集團管理層認為可以或有能力持有至到期之固定年期之非衍生性質金融資產。於初步確認後各結算日,持至到期投資乃採用實際利率準減任何已識別減值虧損進行攤銷。

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3. PRINCIPAL ACCOUNTING POLICIES (Continued)

Financial Instruments (Continued)

(i) Financial assets (Continued)

Available-for-sale: Non-derivative financial assets not included in the above categories are classified as available-for-sale and comprise the Group's strategic investments in entities not qualifying as subsidiaries, associates or jointly controlled entities. They are carried at fair value with changes in fair value recognised directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognised in the consolidated income statement. For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses at each balance sheet date subsequent to initial recognition.

(ii) Financial liabilities

Financial liabilities comprise trade payables, other payables and accruals, and interest-bearing bank loans.

The Group classifies its financial liabilities into one of two categories, depending on the purpose for which the liabilities was incurred. The Group's accounting policies for each category is as follows:

Financial liabilities at fair value through profit or loss has two subcategories, including financial liabilities held for trading and those designated at fair value through profit or loss on initial recognition. At each balance sheet date subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value recognised in the consolidated income statement in the year in which they arise.

3. 主要會計政策 (續)

金融工具 (續)

(i) 金融資產 (續)

可供出售: 並非屬於上述類別之非衍生性質金融資產乃列作可供出售，包括集團於非附屬公司、聯營公司或共同控制實體之實體作出之策略性投資。可供出售乃按公平值列賬，而公平值之變動則直接於權益中確認。倘可供出售金融資產之公平值減少構成客觀證據顯示出現減值，損失之數額乃於權益中扣除，並於綜合收益表中確認。在活躍市場上並無已報市價之可供出售股本投資，其公平值無法可靠地計算，與該等非上市股本工具有關並須以交付該等工具結算之衍生工具，則須於初步確認後按成本減減值損失計量。

(ii) 金融負債

金融負債包括應付貿易賬款、其他應付款項及應計款項及計息銀行貸款。

集團將金融負債分為兩類，視乎負債所產生之目的而定。集團就各類別之會計政策如下：

按公平值計入損益之金融負債有兩類，包括持有作買賣之金融資產及於初步確認時被指定按公平值計入損益之金融負債。於初步確認後之各結算日，按公平值計入損益之金融資產乃按公平值計量，而公平值之變動在彼等產生之年度內即時直接在綜合收益表中確認。

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3. PRINCIPAL ACCOUNTING POLICIES (Continued)**Financial Instruments** (Continued)**(ii) Financial liabilities** (Continued)

Other financial liabilities: Other financial liabilities include the following items:

- Trade payables and other short-term monetary liabilities, which are recognised at amortised cost.
- Bank loans are initially recognised at the amount advanced net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the balance sheet. "Interest expense" in this context includes initial transaction costs and premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

(iii) Derecognition

The Group derecognise a financial asset where the contractual rights to the future cash flows in relation to the investment expire or where the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKAS 39.

Owner-occupied leasehold interest in land

Interests in leasehold land held for own use under operating leases represent up-front payments to acquire long-term interests in lessee-occupied properties. These payments are stated at cost and are amortised over the period of the lease on a straight-line basis to the income statement.

3. 主要會計政策 (續)**金融工具** (續)**(ii) 金融負債** (續)

其他金融負債：其他金融負債包括下列各項：

- 應付貿易賬項及其他短期貨幣負債，按攤銷成本確認。
- 銀行貸款乃初步按所墊付金額扣除發行工具直接應佔之任何交易成本確認。該等計息負債於其後採用實際利息法按攤銷成本計算，以確保於償還期間之利息開支乃就負債之結餘按固定利率於資產負債表中列賬。「利息開支」就此而言，包括初步交易成本及贖回之應付溢價，以及未償還負債所產生之任何利息或應付票息。

(iii) 終止確認

倘投資之未來現金流量之合約權益屆滿，或倘金融資產經已轉讓，而有關轉讓達致香港會計準則第39號終止確認之情況，則集團終止確認金融資產。

業主佔用土地租賃權益

根據經營租賃持作自用之租賃土地之權益指於購入由承租人佔用之物業之長期權益時須先支付之數額。有關金額按成本列賬，並於租賃期內按直線法攤銷，攤銷金額列入收益表。

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3. PRINCIPAL ACCOUNTING POLICIES (Continued)**Leased assets**

Where substantially all of the risks and rewards incidental to ownership of a leased asset have been transferred to the Group (a “finance lease”), the asset is treated as if it had been purchased outright. The amount initially recognised as an asset is the present value of the minimum lease payments payable over the term of the lease. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element is charged to the income statement over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

Where substantially all of the risks and rewards incidental to ownership are retained by the lessor (an “operating lease”), the total rentals payable under the lease are charged to the income statement on a straight-line basis over the lease term.

The land and buildings elements of property leases are considered separately for the purposes of lease classification.

Employee benefits**(i) Retirement benefits scheme**

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the “MPF Scheme”) under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. 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.

3. 主要會計政策 (續)**租賃資產**

倘租賃資產擁有權之絕大部份風險及回報已轉嫁予集團(「融資租賃」)，則資產被視為已獲全部購入。初步確認為資產之金額為按租賃年期計算之最低租金之現值。相關租賃承擔乃列作負債。租賃付款可根據資本及利息分析。利息部份按租賃年期自收益表扣除，並於租賃負債中佔有固定比例。資本部份則扣除結欠借款人之餘額。

倘借款人乃保留擁有權之絕大部份風險及回報(「經營租賃」)，根據租賃應付租金總額乃以直線法按租賃年期自收益表扣除。

物業租賃之土地及樓宇部份於租賃分類時乃獨立處理。

僱員福利**(i) 退休福利計劃**

根據強制性公積金計劃條例，集團為所有合資格參與強積金計劃之僱員設立定額供款強制性公積金計劃(「強積金計劃」)。供款乃按僱員基本薪金之百分比計算，並於根據強積金計劃之規定須作出供款時計入損益賬內。強積金計劃之資產以獨立管理基金形式持有，與集團之資產分開。集團就強積金計劃支付之僱主供款全部歸僱員所有。

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3. PRINCIPAL ACCOUNTING POLICIES (Continued)**Employee benefits** (Continued)**(i) Retirement benefits scheme** (Continued)

The employees of the Group's subsidiaries operating in the People's Republic of China (the "PRC") are required to participate in a central pension scheme (the "Central Scheme") operated by the local municipal government in the PRC. The respective local municipal government in the PRC, undertakes to assume the retirement benefits obligations of all existing and future retired staff of these subsidiaries. The only obligation of these subsidiaries with respect to the Central Scheme is to meet the required contributions under the Central Scheme. The contributions are charged to the income statement as they become payable in accordance with the rules of the Central Scheme.

(ii) Termination benefits

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

(iii) Employee entitlements

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

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

3. 主要會計政策 (續)**僱員福利** (續)**(i) 退休福利計劃** (續)

公司於中華人民共和國(「中國」)經營之附屬公司旗下僱員須參與由中國地方市政府管理之中央退休金計劃(「中央計劃」)。中國之各別地方市政府承諾會承擔該等附屬公司所有現時及日後退休員工之退休福利責任。該等附屬公司於中央計劃中之唯一責任乃根據中央計劃提供所需供款。有關供款會於根據中央計劃之規定須作出供款時計入損益賬內。

(ii) 終止福利

只有當集團顯示其承諾終止僱用或透過沒有機會撤回之詳細並正式之自願離職計劃所提供之福利時，該終止服務福利方被確認。

(iii) 僱員權益

僱員應享年假及長期服務金乃於應計予僱員時確認，並就截至結算日因僱員所提供服務而產生之估計年假及長期服務金負債作出撥備。

僱員應享病假及分娩或陪產假僅於支取假期時始予確認。

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3. PRINCIPAL ACCOUNTING POLICIES (Continued)**Share-based payments**

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the consolidated income statement on a straight-line basis over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the consolidated income statement over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the consolidated income statement is charged with the fair value of goods and services received.

Revenue recognition

Sales of goods are recognised when goods are delivered and title has passed.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable.

3. 主要會計政策 (續)

以股份為基礎之付款

倘僱員獲授購股權，則購股權之公平值乃於授出日期按直線基準於歸屬期自綜合收益表扣除。倘出現非市場歸屬情況，則會考慮調整於各結算日預期將予歸屬之股本工具數目，因此按歸屬期確認之累計金額乃根據最終歸屬之購股權數目計算。市場歸屬情況已計入所授出購股權之公平值。只要所有其他歸屬情況獲達成，則不論是否達致市場歸屬情況均會作出扣除。倘未能達致市場歸屬情況，累計開支不會作出調整。

倘購股權之條款及條件於歸屬前獲修訂，購股權之公平值於緊接修訂前及緊隨修訂後之增加亦按剩餘歸屬年期自綜合收益表扣除。

倘股本工具乃授予非僱員之人士，則按所取得貨品及服務之公平值自綜合收益表扣除。

收益確認

銷貨收入於貨品交付及擁有權轉移後確認。

利息收入按時間比例根據未償還本金額及適用利率計算入賬。

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3. PRINCIPAL ACCOUNTING POLICIES (Continued)**Provisions and contingent liabilities**

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of economic benefits that can be reasonably estimated.

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

Income taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax arises from temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes and is accounted for using the balance sheet liability method. Except for recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates expected to apply in the period when the liability is settled or the asset is realised based on tax rates that have been enacted or substantively enacted at the balance sheet date.

3. 主要會計政策 (續)**撥備及或然負債**

如集團因過往事件產生法定或推定責任而出現時間或金額未確定之負債，並可合理估計將可能導致經濟利益流出時，即會確認撥備。

如有關債務可能不會導致經濟利益流出，或未能可靠地估計金額，則有關債務會披露為或然負債，除非經濟利益流出之可能性很低。純粹視乎日後有否出現一個或多個情況而可能產生之債務，亦披露為或然負債，除非經濟利益流出之可能性很低。

所得稅

年內之所得稅包括當期稅項及遞延稅項。

當期稅項乃根據日常業務之溢利或虧損，就所得稅而言毋須課稅或不可扣減之項目作出調整，按結算日已制定或大致上制定之稅率計算。

遞延稅項乃因就財務報告而言資產與負債之賬面值與就稅務而言之相關數值之暫時差異而產生，乃以資產負債表負債法計算。除不影響會計或應課稅溢利之已確認資產與負債之外，就所有暫時差異確認遞延稅項負債。倘應課稅溢利有機會可供扣減暫時差異，則確認遞延稅項資產。遞延稅項乃按預期於有關負債結算或有關資產變現之期間適用之稅率根據結算日已制定或大致上制定之稅率計算。

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3. PRINCIPAL ACCOUNTING POLICIES (Continued)

Income taxes (Continued)

Income taxes are recognised in the consolidated income statement except when they relate to items directly recognised to equity in which case the taxes are also directly recognised in equity.

Foreign currency

Transactions entered into by Group entities in a currency other than the currency of the primary economic environment in which it operates (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are similarly recognised immediately in the consolidated income statement, except for foreign currency borrowings qualifying as a hedge of a net investment in a foreign operation.

On consolidation, the results of overseas operations are translated into Hong Kong dollars at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations, including goodwill arising on the acquisition of those operations, are translated at the rate ruling at the balance sheet date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised directly in equity (the "foreign exchange reserve"). Exchange differences recognised in the income statement of group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the overseas operation concerned are reclassified to the foreign exchange reserve if the item is denominated in the functional currency of the Group or the overseas operation concerned.

On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign exchange reserve relating to that operation up to the date of disposal are transferred to the consolidated income statement as part of the profit or loss on disposal.

3. 主要會計政策 (續)

所得稅 (續)

所得稅乃於綜合收益表確認，除非該等稅項與直接於股本權益確認之項目有關，在此情況下該等稅項亦直接於股本權益確認。

外幣

集團實體以所經營之主要經濟環境之貨幣（「功能貨幣」）以外之其他貨幣訂立之交易，則按進行交易時之匯率記錄。外幣貨幣資產及負債於結算日按匯率換算。因重新換算未償付貨幣資產及負債所產生之匯兌差額一般會即時於綜合收益表確認，除非外幣借貸被列作對沖海外業務投資淨額。

於綜合賬目時，海外業務之業績乃按交易進行之概約匯率換算為港元。海外業務之所有資產及負債（包括因收購該等業務而產生之商譽）按結算日之匯率換算。按開盤匯價換算之期初資產淨值與按實際匯率計算海外業務之業績之匯兌差額乃直接於權益中確認（「外匯儲備」）。倘項目乃以集團或海外業務之功能貨幣計值，則於集團實體之獨立財務報表中就換算組成集團海外業務投資淨額部份之長期貨幣項目而於收益表確認之匯兌差額重新分類為外匯儲備。

於出售海外業務時，有關該業務於外匯儲備中直至出售日期為止所確認之累計匯兌差額乃轉撥至綜合收益表列作出售之損益。

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3. PRINCIPAL ACCOUNTING POLICIES (Continued)**Borrowing costs**

All borrowing costs are recognised as and included in finance costs in the consolidated income statement in the year in which they are incurred.

4. TURNOVER

Turnover represents the net invoiced value of goods sold, after allowances for returns and trade discounts during the year. All significant intra-group transactions have been eliminated on consolidation.

5. SEGMENT INFORMATION

Segment information is presented by way of two segment formats:

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

The principal activity of the Group is the manufacture and sale of electronic products, which is managed according to the geographical location of ultimate customers.

3. 主要會計政策 (續)**借貸成本**

所有借貸成本均於其產生之年度確認及包括於綜合收益表之財務成本內。

4. 營業額

營業額指扣除退貨及貿易折扣後，於年內售出貨品之發票淨值。所有集團內交易經已於合併時對銷。

5. 分類資料

分類資料以兩種分類形式呈列：

- (i) 以地區分類作為主要分類呈報基準；及
- (ii) 以業務分類作為輔設分類呈報基準。

集團之主要業務為製造及銷售電子產品，主要業務乃根據最終客戶所在地區管理。

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5. SEGMENT INFORMATION (Continued)

Each of the Group's geographical segments, represents a strategic business unit that offers products to customers located in different geographical areas which are subject to risks and returns that are different from those of other geographical segments.

The Group's geographical segments are as follows:

- (a) Hong Kong;
- (b) India;
- (c) Elsewhere in Asia; and
- (d) Africa, Western Europe, the Middle East, North and South America, and Russia.

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

5. 分類資料 (續)

集團之各地區分部乃向位於不同地區之客戶提供產品之策略商業單位，各地區分類之風險及回報不盡相同。

集團之地區分類如下：

- (a) 香港；
- (b) 印度；
- (c) 亞洲其他地區；及
- (d) 非洲、西歐、中東、北美及南美洲、以及俄羅斯。

於決定集團之地區分類時，收益、業績、資產及負債乃因應客戶所在地區而歸屬不同分類。

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5. SEGMENT INFORMATION (Continued)

(a) Geographical segments based on the location of customers

The following tables present revenue, results and certain asset, liability and expenditure information for the Group's geographical segments.

For the year ended 31 December

	Hong Kong		India		Elsewhere in Asia		Africa, Western Europe, the Middle East, North and South America, and Russia		Consolidated	
	香港		印度		亞洲其餘地區		非洲、西歐、中東、南北美洲及俄羅斯		綜合	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
二零零六年	二零零五年	二零零六年	二零零五年	二零零六年	二零零五年	二零零六年	二零零五年	二零零六年	二零零五年	
	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
Segment revenue:	分類收益:									
Sales to external customers	向外間客戶銷售									
	3,557	12,186	130,240	120,399	146,617	149,794	208,911	233,498	489,325	515,877
Segment results	分類業績									
	(183)	1,006	(7,854)	9,866	(8,632)	12,458	(11,495)	23,166	(28,164)	46,496
Unallocated income	未分配之收入									
Unallocated expenses	未分配之開支									
									9,289	2,298
(Loss)/profit from operations	經營(虧損)/溢利									
Finance costs	財務成本									
									(2,004)	(2,761)
(Loss)/profit before taxation	除稅前(虧損)/溢利									
Income tax expenses	所得稅開支									
									(20,879)	46,033
(Loss)/profit for the year attributable to equity holders of the Company	公司權益持有人應佔年度(虧損)/溢利									
									(4,419)	(2,609)
(Loss)/profit before taxation	除稅前(虧損)/溢利									
Income tax expenses	所得稅開支									
									(25,298)	43,424
(Loss)/profit for the year attributable to equity holders of the Company	公司權益持有人應佔年度(虧損)/溢利									
									(1,069)	(3,749)
(Loss)/profit for the year attributable to equity holders of the Company	公司權益持有人應佔年度(虧損)/溢利									
									(26,367)	39,675
Other segment information:	其他分類資料:									
Depreciation and amortisation	折舊及攤銷									
Unallocated depreciation	未分配之折舊									
	153	442	5,609	4,368	6,315	5,437	8,997	8,471	21,074	18,718
Capital expenditure	資本開支									
	201	1,345	7,358	13,287	8,283	16,530	11,803	25,766	27,645	56,928
Write-down of inventories to net realisable value	撇減存貨至可變現淨值									
	12	159	1,230	1,973	1,422	2,305	2,025	3,582	4,689	8,019
Write-down value of property, plant and equipment	撇減物業、廠房及設備之價值									
	22	31	2,353	384	2,721	449	3,874	697	8,970	1,561
Loss on disposal of property, plant and equipment	出售物業、廠房及設備之虧損									
	1	-	21	-	24	-	35	-	81	-
(Recovery of)/allowance for bad and doubtful trade receivables	應收貿易賬項呆壞賬(撥回)/撥備									
	(1)	2	(27)	27	(32)	32	(46)	50	(106)	111
(Recovery of)/allowance for bad and doubtful other receivables	其他應收款項呆壞賬(撥回)/撥備									
	(2)	60	(205)	748	(236)	874	(337)	1,358	(780)	3,040
(Surplus)/deficit on revaluation of leasehold land and buildings	重估租賃土地及樓宇之(盈餘)/虧絀									
	(3)	53	(357)	656	(413)	767	(588)	1,191	(1,361)	2,667

5. 分類資料 (續)

(a) 按客戶所在地區分析之地區分類

下表載列集團各地區分類之收益、業績與若干資產、負債及開支之資料。

截至十二月三十一日止年度

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5. SEGMENT INFORMATION (Continued)

(a) Geographical segments based on the location of customers (Continued)

As at 31 December

	Hong Kong		India		Elsewhere in Asia		Africa, Western Europe, the Middle East, North and South America, and Russia 非洲、西歐、中東、南北美洲及俄羅斯		Consolidated	
	2006 HK\$'000 二零零六年 千港元	2005 HK\$'000 二零零五年 千港元	2006 HK\$'000 二零零六年 千港元	2005 HK\$'000 二零零五年 千港元	2006 HK\$'000 二零零六年 千港元	2005 HK\$'000 二零零五年 千港元	2006 HK\$'000 二零零六年 千港元	2005 HK\$'000 二零零五年 千港元	2006 HK\$'000 二零零六年 千港元	2005 HK\$'000 二零零五年 千港元
Segment assets	1,161	10,458	121,808	130,248	140,804	152,209	200,526	236,512	464,299	529,427
Unallocated assets	-	-	-	-	-	-	-	-	119,504	70,592
Total assets	1,161	10,458	121,808	130,248	140,804	152,209	200,526	236,512	583,803	600,019
Segment liabilities	707	2,573	25,906	25,421	29,164	31,628	41,555	49,301	97,332	108,923
Unallocated liabilities	-	-	-	-	-	-	-	-	82,473	133,154
Total liabilities	707	2,573	25,906	25,421	29,164	31,628	41,555	49,301	179,805	242,077

(b) Business segments

Over 90% of the Group's revenue and assets are attributable to the manufacture and sale of electronic products.

6(a). OTHER INCOME

The Group's (loss)/profit from operations is arrived at after crediting:

	2006 HK\$'000 二零零六年 千港元	2005 HK\$'000 二零零五年 千港元
Recovery of bad and doubtful trade receivables	106	-
Recovery of bad and doubtful other receivables	780	-
Exchange gain, net	-	337
Sundry income	5,851	1,079
Surplus on revaluation of leasehold land and buildings	1,361	-
Interest income	1,191	882
	9,289	2,298

5. 分類資料 (續)

(a) 按客戶所在地區分析之地區分類 (續)

於十二月三十一日

(b) 業務分類

集團超過90%收益及資產均源自製造及銷售電子產品。

6(a). 其他收入

集團之經營業務(虧損)/溢利已計入:

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6(b). (LOSS)/PROFIT FROM OPERATIONS

6(b). 經營(虧損)/溢利

The Group's (loss)/profit from operations is arrived at after charging:

集團之經營業務(虧損)/溢利已扣除:

		2006 HK\$'000 二零零六年 千港元	2005 HK\$'000 二零零五年 千港元
Cost of inventories sold	已售存貨之成本	466,176	419,545
Depreciation of property, plant and equipment on	物業、廠房及設備之折舊		
– owned assets	– 自身資產	20,830	18,339
– assets held under finance leases	– 根據融資租約持有資產	–	151
Amortisation of owners occupied leasehold interest in land	業主佔用土地租賃權益攤銷	300	284
Minimum lease payments under operating leases for leasehold land and buildings	經營租約之租賃土地及樓宇最低租金付款	403	579
Auditors' remuneration	核數師酬金	560	814
Staff costs (excluding directors' emoluments – note 7)	職工成本(不包括董事酬金 – 附註7)		
Wages and salaries	工資及薪金	84,191	107,578
Retirement benefits scheme contributions (excluding directors' contributions – note 7)	退休福利計劃供款 (不包括董事供款 – 附註7)	5,137	3,758
Share-based payments expenses	以股份為基礎之付款開支	802	1,964
Write-down of inventories to net realisable value	撇減存貨至可變現淨值	4,689	8,019
Allowance for bad and doubtful trade receivables	應收貿易賬項呆壞賬撥備	–	111
Allowance for bad and doubtful other receivables	其他應收款項呆壞賬撥備	–	3,040
Exchange loss, net	匯兌虧損, 淨額	1,187	–
Write-down of property, plant and equipment	撇減物業、廠房及設備	8,970	1,561
Loss on disposal of property, plant and equipment	出售物業、廠房及設備之虧損	81	–
Deficit on revaluation of leasehold land and buildings	重估租賃土地及樓宇之虧絀	–	2,667
Loss on disposal of subsidiary companies	出售附屬公司之虧損	1,351	–

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YEAR ENDED 31 DECEMBER 2006 截至二零零六年十二月三十一日止年度

7. DIRECTORS' EMOLUMENTS

7. 董事酬金

		Group 集團	
		2006 HK\$'000 二零零六年 千港元	2005 HK\$'000 二零零五年 千港元
Directors' fees	董事袍金	90	30
Other emoluments for executive directors	執行董事之其他酬金		
– Salaries and other benefits	– 薪金及其他福利	3,499	3,680
– Retirement benefits scheme contributions	– 退休福利計劃供款	60	60
		3,649	3,770

Details of directors' emoluments for the year ended 31 December 2006 are as follows:

截至二零零六年十二月三十一日止年度之董事酬金詳情載列如下：

		Retirement			Total HK\$'000 總計 千港元
		Fees HK\$'000 袍金 千港元	Salaries and other benefits HK\$'000 薪金及其他福利 千港元	benefits contributions HK\$'000 退休福利計劃供款 千港元	
Executive directors:	執行董事：				
Mr. Lam Ping Kei	林平基先生	–	750	12	762
Ms. Wong Choi Fung	黃賽鳳女士	–	625	12	637
Ms. Lam Chu Ying	林珠英女士	–	288	12	300
Mr. Law Wai Fai	羅偉輝先生	–	898	12	910
Mr. Yeung Kwong Lun	楊廣倫先生	–	938	12	950
Independent Non-Executive directors:	獨立非執行董事：				
Mr. Sun Tian Yan	孫添炎先生	48	–	–	48
Mr. Deng Xiao Jun	鄧小軍先生	18	–	–	18
Mr. Qiu Ji Zhi	邱繼志先生	24	–	–	24
Total	總計	90	3,499	60	3,649

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YEAR ENDED 31 DECEMBER 2006 截至二零零六年十二月三十一日止年度

7. DIRECTORS' EMOLUMENTS (Continued)

Details of directors' emoluments for the year ended 31 December 2005 are as follows:

7. 董事酬金 (續)

截至二零零五年十二月三十一日止年度之董事酬金詳情載列如下：

		Fees	Salaries and other benefits	Retirement benefits scheme contributions	Total
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		袍金 千港元	薪金及 其他福利 千港元	退休福利 計劃供款 千港元	總計 千港元
Executive directors:	執行董事：				
Mr. Lam Ping Kei	林平基先生	-	780	12	792
Ms. Wong Choi Fung	黃賽鳳女士	-	650	12	662
Ms. Lam Chu Ying	林珠英女士	-	300	12	312
Mr. Law Wai Fai	羅偉輝先生	-	930	12	942
Mr. Yeung Kwong Lun	楊廣倫先生	-	1,020	12	1,032
Independent Non-Executive directors:	獨立非執行董事：				
Mr. Kwan Kai Ming	關介民先生	16	-	-	16
Mr. Sun Tian Yan	孫添炎先生	6	-	-	6
Mr. Deng Xiao Jun	鄧小軍先生	6	-	-	6
Mr. Qiu Ji Zhi	邱繼志先生	2	-	-	2
Total	總計	30	3,680	60	3,770

8. FIVE HIGHEST PAID INDIVIDUALS

The five highest paid individuals during the year included four (2005: four) directors, details of whose emoluments are set out in note 7 to the financial statements above. Details of the emoluments of remaining one (2005: one) non-director, highest paid individual are as follows:

8. 五位最高薪酬人士

年內，五位最高薪酬人士包括四位董事（二零零五年：四位），彼等之酬金詳情已載於財務報表附註7。其餘一位（二零零五年：一位）非董事最高薪酬人士之薪酬詳情如下：

		Group 集團	2006 HK\$'000 二零零六年 千港元	2005 HK\$'000 二零零五年 千港元
Salaries and other benefits	薪金及其他福利		422	497
Retirement benefits scheme contributions	退休福利計劃供款		12	12
			434	509

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8. FIVE HIGHEST PAID INDIVIDUALS (Continued)

The number of the non-director, highest paid individuals whose emoluments fell within the following band is as follows:

		Number of non-director, highest paid employees 非董事最高薪酬僱員數目	
		2006	2005
		二零零六年	二零零五年
Nil to HK\$1,000,000	無 – 1,000,000港元	<u>1</u>	<u>1</u>

During the year, no emoluments were paid to the five highest paid individuals (including directors and other employees) as inducement to join or upon joining the Groups or as compensation for loss to office.

8. 五位最高薪酬人士 (續)

酬金在下列範圍內之非董事最高薪酬人士人數如下：

		Number of non-director, highest paid employees 非董事最高薪酬僱員數目	
		2006	2005
		二零零六年	二零零五年
Nil to HK\$1,000,000	無 – 1,000,000港元	<u>1</u>	<u>1</u>

於本年度內，概無對五位最高薪酬人士（包括董事及其他僱員）支付任何酬金作為加入本集團之獎金或離職補償。

9. FINANCE COSTS

		2006	2005
		HK\$'000	HK\$'000
		二零零六年	二零零五年
		千港元	千港元
Interest on:	以下項目之利息：		
Bank loans wholly repayable within 5 years	須於五年內全數償還之 銀行貸款	4,419	2,583
Obligation under finance lease	融資租賃承擔	–	26
		<u>4,419</u>	<u>2,609</u>

9. 財務成本

		2006	2005
		HK\$'000	HK\$'000
		二零零六年	二零零五年
		千港元	千港元
Interest on:	以下項目之利息：		
Bank loans wholly repayable within 5 years	須於五年內全數償還之 銀行貸款	4,419	2,583
Obligation under finance lease	融資租賃承擔	–	26
		<u>4,419</u>	<u>2,609</u>

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10. INCOME TAX EXPENSES

10. 所得稅開支

		2006 HK\$'000 二零零六年 千港元	2005 HK\$'000 二零零五年 千港元
Current taxation:	本年度稅項：		
Hong Kong	香港	33	268
Other jurisdictions	其他司法權區	1,098	3,465
(Over)/under-provision in prior years	往年(超額撥備)／ 撥備不足		
Hong Kong	香港	90	(49)
Other jurisdictions	其他司法權區	(152)	65
		<u>1,069</u>	<u>3,749</u>

Hong Kong Profits Tax is calculated at 17.5% (2005:17.5%) of the estimated assessable profits arising in Hong Kong for the year.

香港利得稅乃根據本年度在香港賺取之估計應課稅溢利按稅率17.5% (二零零五年:17.5%) 計算撥備。

Taxation arising in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

在其他司法權區產生之稅項乃根據各司法權區之現行稅率計算。

Pursuant to the laws and regulations in the PRC, certain Group's PRC subsidiaries are entitled to exemption from PRC Foreign Enterprise Income Tax for two years commencing from their first profit-making year, followed by a 50% relief for the three years thereafter.

根據中國法律及法規，若干集團之中國附屬公司有權豁免中國外資企業所得稅，由首個獲利年度起計兩年，其後三年則減半。

Under Decree-Law no. 58/99/M, a Macau company incorporated under that Law (called "58/99/M Company") is exempted from Macau complementary tax (Macau income tax) as long as the 58/99/M Company does not sell its products to a Macau resident company. Currently, Tak Shun (Lam's) Macao Commercial Offshore Limited is qualified as 58/99/M Companies.

根據澳門第58/99/M號法令，按照該法令註冊成立之澳門公司（「58/99/M公司」），可獲豁免繳納澳門補充稅（澳門所得稅），惟58/99/M公司不可向澳門本土公司銷售其產品。目前德信（林氏）澳門離岸商業服務有限公司符合58/99/M公司資格。

No provision for deferred tax had been made as the Group did not have any significant unprovided deferred tax assets and liabilities in respect of the year (2005: Nil).

由於集團於本年度並無任何重大未撥備遞延稅項資產及負債（二零零五年：無），因此並無作出遞延稅項撥備。

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10. INCOME TAX EXPENSES (Continued)

The tax expenses for the year can be reconciled to the (loss)/profit per the consolidated income statement is as follows:

10. 所得稅開支 (續)

本年度之稅務支出與(虧損)/溢利之對賬如下綜合收益表內:

		2006 HK\$'000 二零零六年 千港元	2005 HK\$'000 二零零五年 千港元
(Loss)/profit before tax	除稅前(虧損)/溢利	(25,298)	43,424
Tax at domestic income tax rate	按本地所得稅稅率計算之稅項	(4,427)	7,599
Tax effect of expenses that are not deductible in determining taxable profit	就計算應課稅溢利不可扣除開支之稅務影響	1,934	4,188
Tax effect of income that is not taxable in determining taxable profit	就計算應課稅溢利毋須課稅收入之稅務影響	(6,173)	(5,912)
Tax effect of tax losses not recognized (Over)/under-provision in prior years	未確認稅務虧損之稅務影響 往年(超額撥備)/撥備不足	11,330 (62)	1,002 16
Effect of tax exemptions	稅項豁免之影響	(466)	(3,013)
Effect of different tax rates of subsidiaries operating in other jurisdictions	在其他司法權區經營之附屬公司之不同稅率之影響	(1,067)	(131)
Tax expenses for the year	本年度稅項	1,069	3,749

11. DIVIDEND

No dividend was paid or proposed during 2006 nor has any dividend been proposed since the balance sheet date (2005: Nil).

11. 股息

二零零六年並無派付或擬派股息，而自結算日以來亦無擬派任何股息(二零零五年:無)。

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12. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/ earnings per share

The calculation of basic (loss)/earning per share is based on the Group's loss for the year attributable to equity holders of the Company of approximately HK\$26,367,000 (2005: profit of HK\$39,675,000) and the weighted average of 1,597,813,403 (2005: 1,440,004,800) ordinary shares in issue during the year, calculated as follows:

Weighted average number of ordinary shares

		2006 二零零六年	2005 二零零五年
Issued ordinary shares at 1 January	於一月一日之已發行普通股	1,440,004,800	1,440,004,800
Effect of issuance of Offer Shares (note 23(1))	發行發售股份之影響 (附註23(1))	115,200,384	-
Effect of issuance of Placing Shares (note 23(2))	發行配售股份之影響 (附註23(2))	42,608,219	-
Weighted average number of ordinary shares at 31 December	於十二月三十一日之 普通股加權平均數	<u>1,597,813,403</u>	<u>1,440,004,800</u>

12. 每股(虧損)/盈利

(a) 每股基本(虧損)/盈利

每股基本(虧損)/盈利乃根據本年度集團之公司權益持有人應佔虧損約26,367,000港元(二零零五年:溢利39,675,000港元)及年內1,597,813,403股(二零零五年:1,440,004,800股)已發行普通股之加權平均數計算如下:

普通股之加權平均數

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12. (LOSS)/EARNINGS PER SHARE (Continued)

(b) Diluted (loss)/earnings per share

The calculation of diluted (loss)/earning per share is based on the Group's loss for the year loss attributable to equity holders of the Company of approximately HK\$26,367,000 and the weighted average of 1,600,121,339 ordinary shares in issue during the year, calculated as follows:

Weighted average number of ordinary shares (diluted)

		2006 二零零六年	2005 二零零五年 (Note) (附註)
Weighted average number of ordinary shares at 31 December	於十二月三十一日之普通股加權平均數	1,597,813,403	1,440,004,800
Effect of share option (note 25)	購股權之影響 (附註25)	1,253,166	-
Effect of issuance of contingently issuable shares (note 30(a))	發行或然可發行股份之影響 (附註30(a))	1,054,770	-
Weighted average number of ordinary shares (diluted) at 31 December	於十二月三十一日之普通股加權平均數 (攤薄)	1,600,121,339	1,440,004,800

Note:

No diluted earnings per share have been presented for year ended 31 December 2005 as the share options outstanding during the year had an anti-dilutive effect on the basic earnings per share for year ended 31 December 2005.

12. 每股(虧損)/盈利(續)

(b) 每股攤薄(虧損)/盈利

每股攤薄(虧損)/盈利乃根據本年度集團之公司權益持有人應佔虧損約26,367,000港元及年內1,600,121,339股已發行普通股之加權平均數計算如下:

普通股之加權平均數(攤薄)

		2006 二零零六年	2005 二零零五年 (Note) (附註)
Weighted average number of ordinary shares at 31 December	於十二月三十一日之普通股加權平均數	1,597,813,403	1,440,004,800
Effect of share option (note 25)	購股權之影響 (附註25)	1,253,166	-
Effect of issuance of contingently issuable shares (note 30(a))	發行或然可發行股份之影響 (附註30(a))	1,054,770	-
Weighted average number of ordinary shares (diluted) at 31 December	於十二月三十一日之普通股加權平均數 (攤薄)	1,600,121,339	1,440,004,800

附註:

由於截至二零零五年十二月三十一日止年度之尚未行使購股權對該年度之每股基本盈利具有反攤薄影響，因此並無呈列截至二零零五年十二月三十一日止年度之每股攤薄盈利。

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YEAR ENDED 31 DECEMBER 2006 截至二零零六年十二月三十一日止年度

13. OWNER-OCCUPIED LEASEHOLD INTEREST
IN LAND

The Group's owner-occupied leasehold interest in land comprises:

13. 業主佔用土地租賃權益

集團根據經營租賃持作自用租賃土地之權益包括：

		2006	2005
		HK\$'000	HK\$'000
		二零零六年	二零零五年
		千港元	千港元
Medium-term leasehold land in PRC	於中國之中期租賃土地	23,098	24,985
Analysed for reporting purpose as:	為報告之目的分析為：		
– current assets	– 流動資產	266	313
– non-current assets	– 非流動資產	22,832	24,672
		23,098	24,985

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YEAR ENDED 31 DECEMBER 2006 截至二零零六年十二月三十一日止年度

14. PROPERTY, PLANT AND EQUIPMENT

14. 物業、廠房及設備

Group

集團

		Medium term leasehold Land and Buildings	Construction in progress	Plant and machinery	Leasehold improvements, furniture, office equipment and motor vehicles	Total
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		中期租賃 土地及樓宇	在建工程	廠房及機器	租賃物業 裝修、傢俬、 辦公室 設備及汽車	總計
		千港元	千港元	千港元	千港元	千港元
Cost or valuation	成本或估值					
At 1 January 2005	於二零零五年一月一日	79,000	3,500	128,839	10,750	222,089
Additions	添置	6,154	12,708	31,702	1,814	52,378
Transfer	轉讓	1,116	(1,116)	-	-	-
Deficit on revaluation	重估虧絀	(1,180)	-	-	-	(1,180)
Disposals	出售	-	-	(2,380)	-	(2,380)
Exchange realignment	匯兌調整	2,210	254	4,194	248	6,906
At 31 December 2005 and 1 January 2006	於二零零五年 十二月三十一日及 二零零六年一月一日	87,300	15,346	162,355	12,812	277,813
Additions	添置	1,211	13,574	8,932	1,000	24,717
Transfer	轉讓	670	(906)	-	-	(236)
Deficit on revaluation	重估虧絀	484	-	-	-	484
Write-down of property plant and equipment	撇減物業、廠房 及設備	-	-	(12,783)	-	(12,783)
Disposals	出售	(4,351)	(7,723)	(11,516)	(1,541)	(25,131)
Exchange realignment	匯兌調整	3,446	863	7,099	422	11,830
At 31 December 2006	於二零零六年 十二月三十一日	88,760	21,154	154,087	12,693	276,694
Analysis of cost or valuation	成本或估值分析					
At cost	按成本	-	21,154	154,087	12,693	187,934
At valuation	按估值	88,760	-	-	-	88,760
		88,760	21,154	154,087	12,693	276,694

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YEAR ENDED 31 DECEMBER 2006 截至二零零六年十二月三十一日止年度

14. PROPERTY, PLANT AND EQUIPMENT

(Continued)

14. 物業、廠房及設備 (續)

Group		集團				Total HK\$'000
		Medium term leasehold Land and Buildings HK\$'000	Construction in progress HK\$'000	Plant and machinery HK\$'000	Leasehold improvements, furniture, office equipment and motor vehicles HK\$'000	
		中期租賃 土地及樓宇 千港元	在建工程 千港元	廠房及機器 千港元	租賃物業 裝修、傢俬、 辦公室 設備及汽車 千港元	總計 千港元
Depreciation	折舊					
At 1 January 2005	於二零零五年一月一日	-	-	28,305	4,175	32,480
Provided for the year	年內撥備	1,734	-	14,557	2,199	18,490
Write-back on revaluation	重估時撥回	(1,757)	-	-	-	(1,757)
Disposals	出售	-	-	(797)	-	(797)
Exchange realignment	匯兌調整	23	-	1,006	91	1,120
At 31 December 2005 and 1 January 2006	於二零零五年 十二月三十一日及 二零零六年一月一日	-	-	43,071	6,465	49,536
Provided for the year	年內撥備	1,817	-	16,748	2,265	20,830
Write-back on revaluation	重估時撥回	(1,796)	-	-	-	(1,796)
Write-down of property plant and equipment	撇減物業、廠房 及設備	-	-	(3,634)	-	(3,634)
Disposals	出售	(56)	-	(4,853)	(323)	(5,232)
Exchange realignment	匯兌調整	35	-	2,155	204	2,394
At 31 December 2006	於二零零六年 十二月三十一日	-	-	53,487	8,611	62,098
Net book values	賬面淨值					
At 31 December 2006	於二零零六年 十二月三十一日	88,760	21,154	100,600	4,082	214,596
At 31 December 2005	於二零零五年 十二月三十一日	87,300	15,346	119,284	6,347	228,277

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14. PROPERTY, PLANT AND EQUIPMENT

(Continued)

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

Medium-term leases in Hong Kong 於香港之中期租約
Medium-term leases in the PRC 於中國之中期租約

At 31 December 2006, the Group's leasehold land and buildings in Hong Kong were revalued on an open market value, existing use basis, by DTZ Debenham Tie Leung Limited ("DTZ"), an independent firm of professional valuers, at HK\$4,900,000 (2005: HK\$4,500,000). The resulting revaluation surplus of approximately HK\$456,000 had been credited to the property revaluation reserve (2005: HK\$1,300,000).

At 31 December 2006, the Group's leasehold land and buildings in the PRC except Hong Kong were revalued on a depreciated replacement costs basis by DTZ, at HK\$83,860,000 (2005: HK\$82,800,000). The resulting revaluation surplus of approximately HK\$920,000 (2005: HK\$240,000) had been charged to the property revaluation reserve and revaluation surplus of approximately HK\$1,361,000 had been charged to the income statement (2005: deficit of HK\$2,700,000).

Had the Group's leasehold land and buildings in Hong Kong and elsewhere in the PRC been carried at historical cost less accumulated depreciation, their carrying amounts would have been approximately HK\$2,708,000 (2005: HK\$2,771,000) and approximately HK\$85,614,000 (2005: HK\$89,307,000), respectively.

14. 物業、廠房及設備 (續)

上文所載之集團租賃土地及樓宇乃根據以下租賃年期持有：

2006 HK\$'000 二零零六年 千港元	2005 HK\$'000 二零零五年 千港元
4,900	4,500
83,860	82,800
88,760	87,300

於二零零六年十二月三十一日，集團位於香港之租賃土地及樓宇由獨立專業估價師行戴德梁行有限公司（「戴德梁行」）以現時使用基準按公開市值重估為4,900,000港元（二零零五年：4,500,000港元）。因重估產生之重估盈餘約456,000港元已計入物業重估儲備（二零零五年：1,300,000港元）。

於二零零六年十二月三十一日，集團位於中國（不包括香港）之租賃土地及樓宇由戴德梁行以折舊重置成本基準重估為83,860,000港元（二零零五年：82,800,000港元）。因重估產生之盈餘約920,000港元（二零零五年：240,000港元）已計入物業重估儲備，重估盈餘約1,361,000港元已計入收益表（二零零五年：虧絀2,700,000港元）。

倘集團於香港及中國其他地區之租賃土地及樓宇以歷史成本減累計折舊列賬，則有關租賃土地及樓宇之賬面值分別約為2,708,000港元（二零零五年：2,771,000港元）及約為85,614,000港元（二零零五年：89,307,000港元）。

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15. INVESTMENTS IN SUBSIDIARIES

15. 於附屬公司之投資

		Company 公司	
		2006 HK\$'000 二零零六年 千港元	2005 HK\$'000 二零零五年 千港元
Unlisted shares, at cost	非上市股份·按成本值	81,159	81,159

The balances due from/(to) subsidiaries included in the Company's current assets and current liabilities are unsecured, interest-free and repayable on demand. The carrying amount of these amounts due from/(to) subsidiaries approximate to their fair value.

計入公司之流動資產及流動負債之應收／(付)附屬公司之結餘為無抵押、免息及無固定償還期限。應收／(付)附屬公司之此等金額之賬面值接近其公平值。

Particulars of the principal subsidiaries are as follows:

主要附屬公司之詳情如下：

Name 公司名稱	Place of incorporation/ establishment and operations 註冊成立／成立 及營業地點	Nominal value of paid-up share/ registered capital 實繳股本／註冊 資本面值	Percentage of equity attributable to the Company Direct Indirect 公司應佔 股本百分比 直接 間接		Principal activities 主要業務
			Direct 直接	Indirect 間接	
E-Today Technology Limited ("E-Today")	British Virgin Islands 英屬處女群島	Ordinary US\$600 普通股 600美元	100	–	Investment holding 投資控股
Deji Electronic Co., Ltd. Putian County, Fujian ("Deji Electronic") (Note 1) 福建省莆田縣德基 電子有限公司 (「德基電子」)(附註1)	PRC 中國	HK\$10,200,000 10,200,000港元	–	100	Manufacture and sales of electronic products 製造及銷售 電子產品
Putian Dexing Electronic Co., Ltd. ("Putian Dexing") (Note 2) 莆田德信電子有限公司 (「莆田德信」) (附註2)	PRC 中國	HK\$100,186,635 100,186,635港元	–	100	Manufacture and sales of electronic products 製造及銷售 電子產品

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15. INVESTMENTS IN SUBSIDIARIES (Continued)

15. 於附屬公司之投資 (續)

Name 公司名稱	Place of incorporation/ establishment and operations 註冊成立／成立 及營業地點	Nominal value of paid-up share/ registered capital 實繳股本／註冊 資本面值	Percentage of equity attributable to the Company 公司應佔 股本百分比		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Putian Derong Electronic Co., Ltd. ("Putian Derong") (Note 3) 莆田德榮電子有限公司 (「莆田德榮」) (附註3)	PRC 中國	HK\$60,601,000 60,601,000港元	–	100	Manufacture and sales of electronic products 製造及銷售 電子產品
Zhejiang Yiwu Dexing Electronic Co., Ltd. ("Zhejiang Yiwu") (Note 4) 浙江義烏德信電子 有限公司 (「浙江義烏」) (附註4)	PRC 中國	US\$7,281,429 7,281,429美元	–	100	Inactive 暫無營業
Tak Shun (Lam's) Company Limited ("Tak Shun Lam") 德信(林氏)有限公司 (「Tak Shun Lam」)	Hong Kong 香港	Ordinary HK\$2 Non-voting deferred HK\$10,000 (Note 5) 普通股2港元 無投票權遞延股 10,000港元 (附註5)	–	100	Investment holding and distribution of electronic products 投資控股及分銷 電子產品
Advance Display Technology Limited 創思顯示技術有限公司	Hong Kong 香港	HK\$10,000 10,000港元		100	Sales of Liquid Crystal Display products 銷售液晶體 顯示產品
Tak Shun (Lam's) Macao Commercial Offshore Limited 德信(林氏)澳門離岸 商業服務有限公司	Macao 澳門	MOP500,000 500,000澳門幣	–	100	Distribution of electronic products 分銷電子產品

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15. INVESTMENTS IN SUBSIDIARIES (Continued)

Note 1: Deji Electronic is a Sole Foreign Investment Enterprise established in the PRC for an operating period of 20 years commencing from its date of establishment on 27 April 1992. The registered and paid-up capital of Deji Electronic amounted to HK\$10,200,000.

Note 2: Putian Dexing is a Sole Foreign Investment Enterprise established in the PRC for an operating period of 50 years commencing from its date of establishment on 18 May 1998. The registered capital of Putian Dexing amounted to HK\$206,480,000, of which HK\$100,186,635 was paid up by the Group as at 31 December 2006.

Note 3: Putian Derong is a Sole Foreign Investment Enterprise established in the PRC for an operating period of 50 years commencing from its date of establishment on 29 April 2001. The registered of Putian Derong amounted to HK\$63,000,000, of which HK\$60,601,000 was paid up by the Group as at 31 December 2006.

Note 4: Zhejiang Yiwu is a Sole Foreign Investment Enterprise established in the PRC for an operating period of 30 years commencing from its date of establishment on 28 November 2003. The registered capital of Zhejiang Yiwu amounted to US\$9,950,000 (equivalent to HK\$77,610,000) of which US\$7,281,429 (equivalent to HK\$56,780,000) was paid up by the Group as at 31 December 2006.

Note 5: The non-voting deferred shares carry no rights as to dividends, no rights to attend or vote at general meetings and no rights to receive any surplus in a return of capital in a winding-up (other than the nominal amount paid up or credited as paid-up of the non-voting deferred shares, after a sum of HK\$1,000,000,000 per ordinary share has been distributed to the holders of the ordinary shares of Tak Shun Lam in such winding-up).

None of the subsidiaries had any debt securities subsisting at the end of the year or at any time during the year.

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.

15. 於附屬公司之投資 (續)

附註1: 德基電子為於中國成立之獨資外資投資企業,由一九九二年四月二十七日成立日期起經營年期為20年。德基電子之註冊及繳足資本為10,200,000港元。

附註2: 莆田德信為於中國成立之獨資外資投資企業,由一九九八年五月十八日成立日期起經營年期為50年。莆田德信之註冊資本為206,480,000港元,當中100,186,635港元已於二零零六年十二月三十一日由集團支付。

附註3: 莆田德榮為於中國成立之獨資外資投資企業,由二零零一年四月二十九日成立日期起經營年期為50年。莆田德榮之註冊資本為63,000,000港元,當中60,601,000港元已於二零零六年十二月三十一日由集團支付。

附註4: 浙江義烏為於中國成立之獨資外資投資企業,由二零零三年十一月二十八日成立日期起經營年期為30年。浙江義烏之註冊資本為9,950,000美元(相當於77,610,000港元)。當中7,281,429美元(相當於56,780,000港元)已於二零零六年十二月三十一日由集團支付。

附註5: 無投票權遞延股並無附帶獲派股息之權利,亦無權出席股東大會及於會上投票及無權在清盤時在資本償還中收取任何盈餘(除非在清盤時Tak Shun Lam普通股之持有人已就每股普通股分派1,000,000,000港元之款項後,則可收回已繳或入賬列作繳足股款之無投票權遞延股之面值)。

並無附屬公司於年底或年內任何時間有任何債務證券附屬公司。

董事認為,上表所載列之公司附屬公司,對本年度業績構成主要影響或佔集團資產淨值之主要部分。董事認為,刊載其他附屬公司之詳細資料會令本文過於冗長。

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16. INVENTORIES

		Group 集團	
		2006 HK\$'000 二零零六年 千港元	2005 HK\$'000 二零零五年 千港元
Raw materials	原料	39,268	49,595
Work in progress	在製品	14,558	20,500
Finished goods	製成品	54,605	104,765
		<u>108,431</u>	<u>174,860</u>

Included in above, none of work in progress (2005: HK\$3,358,000) and finished goods of approximately HK\$14,250,000 (2005: HK\$50,997,000) are carried at net realisable value.

16. 存貨

以上不包括在製品（二零零五年：3,358,000港元）及包括製成品約14,250,000港元（二零零五年：50,997,000港元），均以可變現淨值列賬。

17. TRADE RECEIVABLES

		2006 HK\$'000 二零零六年 千港元	2005 HK\$'000 二零零五年 千港元
Trade receivables	應收貿易賬項	99,771	92,163
Less: Allowance for bad and doubtful trade receivables	減：應收貿易賬項呆壞賬撥備	(1,157)	(1,263)
		<u>98,614</u>	<u>90,900</u>

The Group normally allows credit terms ranging from 30 to 90 days to its customers.

17. 應收貿易賬項

集團一般給予客戶30至90日之信貸期。

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17. TRADE RECEIVABLES (Continued)

An aging analysis of the trade receivables net of allowance for bad and doubtful trade receivables as at the balance sheet date, based on the date of recognition of the sale, is as follows:

		2006	2005
		HK\$'000	HK\$'000
		二零零六年	二零零五年
		千港元	千港元
1-30 days	1-30日	41,277	45,457
31-60 days	31-60日	29,375	25,944
61-90 days	61-90日	16,938	13,726
Over 90 days	90日以上	11,024	5,773
		98,614	90,900

The fair values of the Group's trade receivables at 31 December 2006 approximated to the corresponding carrying amounts.

18. TRADE PAYABLES

An aging analysis of the trade payables as at the balance sheet date, based on the receipt of goods purchased is as follows:

		2006	2005
		HK\$'000	HK\$'000
		二零零六年	二零零五年
		千港元	千港元
1-30 days	1-30日	20,410	26,450
31-60 days	31-60日	16,390	16,897
61-90 days	61-90日	4,904	8,468
91-180 days	91-180日	4,674	9,087
Over 180 days	180日以上	9,818	6,355
		56,196	67,257

The fair values of the Group's trade payables at 31 December 2006 approximated to the corresponding carrying amounts.

17. 應收貿易賬項 (續)

根據銷售確認日期而劃分之結算日應收貿易賬項(扣除應收貿易賬項呆壞賬撥備)之賬齡分析如下:

	2006	2005
	HK\$'000	HK\$'000
	二零零六年	二零零五年
	千港元	千港元
1-30日	41,277	45,457
31-60日	29,375	25,944
61-90日	16,938	13,726
90日以上	11,024	5,773
	98,614	90,900

集團於二零零六年十二月三十一日之應收貿易賬項之公平值接近其相應之賬面值。

18. 應付貿易賬項

根據所購買之貨物收訖日期而劃分之結算日應付貿易賬項之賬齡分析如下:

	2006	2005
	HK\$'000	HK\$'000
	二零零六年	二零零五年
	千港元	千港元
1-30日	20,410	26,450
31-60日	16,390	16,897
61-90日	4,904	8,468
91-180日	4,674	9,087
180日以上	9,818	6,355
	56,196	67,257

集團於二零零六年十二月三十一日之應付貿易賬項之公平值接近其相應之賬面值。

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19. INTEREST-BEARING BANK LOANS

19. 計息銀行貸款

		Group 集團	
		2006 HK\$'000 二零零六年 千港元	2005 HK\$'000 二零零五年 千港元
Secured bank loans	有抵押銀行貸款	–	17,003
Unsecured bank loans	無抵押銀行貸款	50,000	83,333
		50,000	100,336

The above amounts bear interest at prevailing market rates and are repayable as follows:

上述金額乃按現行市場利率計息，並須於以下年期償還：

		2006 HK\$'000 二零零六年 千港元	2005 HK\$'000 二零零五年 千港元
Within one year	一年內	33,333	50,336
In the second year	第二年	16,667	33,333
In the third to fifth years inclusive	第三年至第五年(包括首尾兩年)	–	16,667
		50,000	100,336
Less: Amounts due within one year shown under current liabilities	減：流動負債所示一年內應付之款項	(33,333)	(50,336)
		16,667	50,000

All bank loans are variable-rate borrowings which carry interest ranging from 4.71% to 5.66% (2005: 1.53% to 5.86% per annum) of which approximately HK\$13,333,000 (2005: HK\$20,000,000) as at 31 December 2006 was hedged by using floating-to-fixed interest-rate swap. Such interest-rate swap has the economic effect of converting the bank loan from floating rate to fixed rate.

所有銀行貸款均為浮息借貸，按4.71%至5.66%利率計息(二零零五年：年利率為1.53%至5.86%)，當中於二零零六年十二月三十一日之13,333,000港元(二零零五年：20,000,000港元)乃採用浮息至固定息率轉換之方法對沖。有關利率轉換對將銀行貸款由浮息轉為固定利息帶來經濟效益。

The unsecured interest-bearing bank loans were guaranteed by the Company and certain of its subsidiaries.

無抵押計息銀行貸款由公司及其若干附屬公司提供擔保。

The directors consider that the carrying amount of bank borrowings is approximated to their fair values.

董事認為銀行借貸的賬面值接近其公平值。

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19. INTEREST-BEARING BANK LOANS (Continued)

The Group's borrowings that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2006	2005
	HK\$'000	HK\$'000
	二零零六年	二零零五年
	千港元	千港元
As at 31 December	-	17,003
於十二月三十一日	-	17,003

20. PLEDGE OF ASSETS

At the balance sheet date, none of property, plant and equipment (2005: HK\$42 million) were pledged to secure the Group's banking facilities.

21. FINANCIAL INSTRUMENTS – RISK MANAGEMENT

The Group is exposed through its operations to one or more of the following financial risks:

- Credit risk
- Currency risk
- Interest rate risk
- Liquidity risk
- Fair values of financial assets and financial liabilities

Policy for managing these risks is set by the directors of the Group. The policy for each of the above risks is described in more detail below.

19. 計息銀行貸款 (續)

以有關集團實體之功能貨幣以外之貨幣列值之集團借貸載列如下：

20. 資產抵押

於結算日並無物業、廠房及設備已抵押作集團銀行融資之抵押（二零零五年：42,000,000港元）。

21. 金融工具－風險管理

集團之業務須承擔下列一項或多項財務風險：

- 信貸風險
- 貨幣風險
- 利率風險
- 流動現金風險
- 金融資產及金融負債之公平值

集團董事制定政策管理該等風險。上述各項風險之政策詳情載於下文。

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21. FINANCIAL INSTRUMENTS – RISK MANAGEMENT (Continued)**(a) Credit risks**

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations as at 31 December 2006 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated balance sheet. The Group reviews the recoverable amount of each individual trade receivable at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group has no significant concentration of credit risk by any single debtor, with exposure spread over a number of counterparties and customers.

Bank balances are placed in various authorised institutions and directors of the Company consider the credit risk for such is minimal.

(b) Currency risk

Several subsidiaries of the Company have foreign currency sales, which expose the Group to foreign currency risk. Certain bank balances, pledged bank deposit and trade receivables of the Group are denominated in foreign currencies. 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 arises.

21. 金融工具 – 風險管理 (續)**(a) 信貸風險**

倘對手方於二零零六年十二月三十一日未能履行彼等之承擔，則集團就每類已確認金融資產而須承受之最大信貸風險為已於綜合資產負債表列值之資產之賬面金額反映。於各結算日，集團定期評估每項個別貿易應收款之可收回金額，以確保就不可收回金額所作出之減值虧損已足夠。就此而言，公司董事認為集團之信貸風險已大幅降低。

集團並無集中於單一債務人之信貸風險，有關風險乃分散至多個其他方及客戶。

銀行結餘乃存放於不同認可機構，公司董事認為此可將信貸風險減至最低。

(b) 貨幣風險

公司若干附屬公司有以外幣計值之銷售，令集團承受外幣風險。集團若干銀行結餘、有抵押銀行存款及應收貿易賬項均以外幣計值。集團現時尚無外幣對沖政策。然而，管理層監控外匯風險，並會考慮於必要時對沖重大外幣風險。

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21. FINANCIAL INSTRUMENTS – RISK MANAGEMENT *(Continued)***(c) Interest rate risk**

The Group's interest-rate risk arises from long-term borrowings. The Group does not have policy to maintain a specific level of its borrowings in fixed rate instruments since the board accepts that this neither protects the Group entirely from the risk of paying rates in excess of current market rates nor eliminates fully cash flow risk associated with interest payments. However, the Group makes use of interest rate swaps to achieve the interest rate profile that it considers an appropriate balance of exposure to these risks is achieved.

(d) Liquidity risk

Internally generated cash flow and bank loans are the general sources of funds to finance the operations of the Group. Part of the Group's banking facilities are subject to fixed interests rate and are renewable annually. The Group liquidity risk management includes making available standby banking facilities and diversifying the funding sources. The Group regularly reviews its major funding positions to ensure it has adequate financial resources in meeting its financial obligations.

(e) Fair values of financial assets and financial liabilities

The fair values of financial assets and financial liabilities reported in the balance sheet of the Group and the Company approximate their carrying amounts.

21. 金融工具 – 風險管理 (續)**(c) 利率風險**

集團之利率風險來自長期借貸。集團並無政策維持其借貸於特定水平之固定利率工具，因董事會認為是項政策不能保障集團完全避免支付超過現有市場利率之利息風險，亦不能完全對銷利息付款相關之現金流量風險，但集團利用利率轉換達致所需之利息組合。董事會認為此方法可令該等風險達致合適之平衡。

(d) 現金流量風險

集團一般以內部產生之現金流量及銀行貸款為業務提供資金。集團部份之銀行融資須按固定息率計息，並可於每年更新。集團之現金流量風險包括可供動用之備用銀行融資及多元化之資金來源。集團定期審閱其主要資金狀況，以確保擁有足夠之財務資源應付財務責任。

(e) 金融資產及金融負債之公平值

集團及公司之資產負債表所記錄金融資產及金融負債之公平值與彼等之賬面值相若。

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22. DEFERRED TAXATION

The following are the major unprovided deferred tax assets by the Group and movements thereon during the year.

22. 遞延稅項資產

以下為集團於年內之主要未撥備遞延稅項資產及其變動：

		Difference between depreciation and tax allowances	Estimated tax losses	Total
		HK\$'000	HK\$'000	HK\$'000
		折舊與 其免稅額 之差額 千港元	估計稅務 虧損 千港元	總計 千港元
At 1 January 2005	於二零零五年一月一日	538	–	538
Movement for the year	年內變動	(79)	–	(79)
At 31 December 2005	於二零零五年 十二月三十一日	459	–	459
Movement for the year	年內變動	(478)	508	30
At 31 December 2006	於二零零六年 十二月三十一日	(19)	508	489

No provision for deferred tax had been made as the Group did not have any significant unprovided deferred tax assets in respect of the year (2005: Nil).

集團於年內並無任何重大未撥備遞延稅項資產，故並無就遞延稅項作出撥備（二零零五年：無）。

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23. SHARE CAPITAL

23. 股本

Shares		Number of shares	Share capital HK\$'000
股份		股份數目	股本 千港元
Ordinary shares of HK\$0.01 each Authorised:	每股面值0.01港元之普通股 法定：		
At 1 January 2005, 31 December 2005 and 2006	於二零零五年一月一日、 二零零五年及二零零六年 十二月三十一日	4,000,000,000	40,000
Issued and fully paid:	已發行及繳足：		
At 1 January 2005 and 31 December 2005	於二零零五年一月一日及 二零零五年十二月三十一日	1,440,004,800	14,400
Issue of Offer Shares (Note 1)	發行發售股份 (附註1)	576,001,920	5,760
Issue of Placing Shares (Note 2)	發行配售股份 (附註2)	288,000,000	2,880
At 31 December 2006	於二零零六年十二月三十日	2,304,006,720	23,040

Notes:

The movements in the ordinary share capital during the year ended 31 December 2006 are as follows:

Note 1: Upon the completion of open offer on 17 October 2006, the Company issued and allotted 576,001,920 shares of HK\$0.01 each in the share capital of the Company ("Offer Shares") at a price of HK\$0.05 each on proportion of two offer shares for every five shares. The gross proceed from open offer before issue expenses amounted to approximately HK\$28.8 million.

All offer shares issued ranked pari passu in all respects with the existing ordinary shares of the Company.

附註:

截至二零零六年十二月三十一日止年度之普通股股本變動如下:

附註1: 於二零零六年十月十七日完成公開發售時, 公司以每股0.05港元之價格按每五股股份可獲發兩股發售股份之比例發行及配發576,001,920股公司股本中每股0.01港元之股份(「發售股份」)。除發行開支前之公開發售所得款項毛額約為28,800,000港元。

所有已發行發售股份在各方面與公司之現有普通股享有同等地位。

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23. SHARE CAPITAL (Continued)

Note 2: Upon the completion of placing of new shares under general mandate on 8 November 2006, the Company issued and allotted 288,000,000 shares of HK\$0.01 each in the share capital of the Company ("Placing Shares") at a price of HK\$0.089 per share. The gross proceed from placing of new shares before issue expenses amounted to approximately HK\$25.6 million.

All new shares issued ranked pari passu in all respects with the existing ordinary shares of the Company.

Note 3: On 22 December 2006, the Company entered into a placing agreement with the placing agent in connection with the placing, on fully written basis, to place 460,800,000 placing shares of the Company a price of HK\$0.215 each under general mandate, which was granted to the directors pursuant to the resolution of passed by extraordinary meeting held on 18 December 2006. The placing was completed on 9 January 2007. The result of placing was disclosed as post balance sheet event in note 30(a) to the financial statements.

23. 股本 (續)

附註2: 於二零零六年十一月八日根據一般授權完成配售新股時, 公司以每股0.089港元之價格發行及配發288,000,000股公司股本中每股0.01港元之股份(「配售股份」)。除發行開支前之配售新股所得款項毛額約為25,600,000港元。

所有已發行新股在各方面與公司之現有普通股享有同等地位。

附註3: 於二零零六年十二月二十二日, 公司與配售代理訂立配售協議, 內容有關根據一般授權以全數包銷基準配售460,800,000股公司配售股份, 每股配售股份作價0.215港元, 該一般授權乃根據於二零零六年十二月十八日召開之股東特別大會上通過之決議案授予董事。配售於二零零七年一月九日完成。配售結果於財務報表附註30(a)之結算日後事項中披露。

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24. NOTES TO CONSOLIDATED CASH FLOW STATEMENT

24. 綜合現金流量表附註

Disposal of subsidiary companies

During the year, the Group disposed of its subsidiaries, Tak Shun Shares Limited, which owned 100% interest in Putian Defeng Electronic Co., Ltd (“Shares Group”) and Tak Shun Electronic Development Limited, which owned 100% interest in Dexin (Henan) Electronic Co., Ltd (“Development Group”), to two independent unconnected parties respectively. The aggregate net assets of Shares Group and Development Group disposed were as follows:

出售附屬公司

年內，本集團分別出售其附屬公司「德信股份有限公司」（擁有「莆田德豐電子有限公司」（「股份集團」）之100%權益）及「德信電子發展有限公司」（擁有德信（河南）電子有限公司（「發展集團」）之100%權益）予兩名獨立非關連人士。已出售之股份集團及發展集團之資產淨值合計如下：

		2006 HK\$' 000 二零零六年 千港元
Aggregate net assets disposed at date of disposal:	於出售日期之已出售總資產淨值：	
Property, plant and equipment	物業、廠房及設備	23,953
Inventories	存貨	2,481
Trade receivables	應收貿易賬項	2,637
Cash and cash equivalents	現金及現金等值項目	2,323
Prepayment, deposits and other receivables	預付款項、訂金及其他應收款項	303
Other current assets	其他流動資產	156
Trade payables	應付貿易賬項	(438)
Other payables	其他應付款項	(1,033)
Other non-current liabilities	其他非流動負債	(13,731)
		16,651
Loss on disposal	出售之虧損	(1,351)
		15,300
Total consideration	總代價	
Satisfied by:	如下支付：	
Cash	現金	2,000
Deferred consideration	遞延代價	13,300
		15,300
Net cash inflow arising on disposal:	出售產生之現金流入淨額：	
Cash consideration	現金代價	2,000
Cash and cash equivalents disposed of	已出售現金及現金等值項目	(2,323)
		(323)

NOTES TO FINANCIAL STATEMENTS 財務報表附註

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25. SHARE OPTION SCHEME

The Company operates a share option scheme (the "Option Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Option Scheme include the Company's directors, including independent non-executive directors, other employees of the Group, suppliers of goods or services to the Group, customers of the Group, any person or entity providing research, development or other technological support to the Group, and any other person or entity determined by the directors as having contributed or may contribute to the development and growth of the Group. The Option Scheme became effective on 18 September 2001 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Option Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. At 31 December 2006, the number of shares issuable under the share options to be granted under the Option Scheme was approximately 230,400,672, which represented 10% of the Company's shares in issue as at that date. The maximum number of shares issuable under share options to each eligible participant in the Option Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

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

25. 購股權計劃

公司設有購股權計劃（「購股權計劃」）藉此獎勵及回饋對集團營運業績有寶貴貢獻之合資格參與者。購股權計劃之合資格參與者包括公司之董事（獨立非執行董事亦包括在內）、集團其他僱員、集團之貨品或服務供應商、集團客戶、為集團提供研究、開發或其他技術支援之個人或實體以及董事認為曾為或將為集團發展及成長帶來貢獻之任何其他人士或實體。購股權計劃於二零零一年九月十八日生效，除非另有取消或修訂，否則由該日起計10年將一直有效。

日前根據購股權計劃容許授出之未行使購股權之最高數目為相等於購股權行使後公司任何時間之已發行股份之10%。於二零零六年十二月三十一日，根據購股權計劃授出之購股權而可供發行之股份數目約為230,400,672股，佔公司於該日已發行股份之10%。在十二個月期內根據購股權計劃可向購股權計劃內之合資格參與者發行之最高股份數目不得超出公司已發行股份之1%。任何進一步授出超出此限額之購股權，則須在股東大會上取得股東批准。

授予公司董事、行政總裁或主要股東或任何彼等之聯繫人士購股權均須事先取得獨立非執行董事批准。此外，於任何十二個月期間如授予公司之主要股東或獨立非執行董事或任何彼等之聯繫人士之購股權超出公司任何時間之已發行股份之0.1%或總面值（根據公司股份於授出日期之價格計算）超出5,000,000港元者，均須在股東大會上事先取得股東批准。

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25. SHARE OPTION SCHEME (Continued)

The offer of a grant of share options may be accepted within 21 days from the date of the offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences after a certain vesting period and ends on a date which is not later than 10 years from the date of the grant of the share options.

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

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

25. 購股權計劃 (續)

授出購股權之建議須於授出購股權建議之日期起計21日內獲接納，承授人亦須就此繳交合共1港元之名義代價。所授出之購股權之行使期由董事決定，期限在購股權歸屬承授人後開始，而屆滿日期不得遲於購股權授出日期起計10年。

購股權之行使價由董事決定，惟不得低於以下之較高者(i)公司股份於授出購股權建議當日(該日必需為營業日)在聯交所每日報價表所列之收市價；(ii)緊接授出購股權建議日期前五個交易日聯交所每日報價表列示之公司股份平均收市價；及(iii)公司股份之面值。

購股權並不附予其持有人獲派股息及於股東大會上投票之權利。

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25. SHARE OPTION SCHEME (Continued)

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

Name or category of participant	Number of share options					At 31 December 2006	Date of grant of share options ¹	Exercise period of share options	Exercise price of share options ^{2,3} HK\$
	At 1 January 2006	Granted during the year	Exercised during the year	Cancelled During The year	Adjustment for open offer ³				
	購股權數目								
參與者姓名或類別	於二零零六年一月一日	年內已授出	年內已行使	年內已註銷	就公開售股調整 ³	於二零零六年十二月三十一日	授出購股權日期 ¹	購股權行使期限	購股權行使價 ^{2,3} 港元
Other employees 其他僱員									
In aggregate 合共	3,930,000	-	-	(742,930)	702,530	3,889,600	3/1/2005	24/1/2005 to 25/1/2010	0.2814
	5,895,000	-	-	(1,114,395)	1,053,795	5,834,400	3/1/2005	24/1/2006 to 25/1/2010	0.2814
	7,860,000	-	-	(1,485,860)	1,405,060	7,779,200	3/1/2005	24/1/2007 to 25/1/2010	0.2814
	9,825,000	-	-	(1,857,325)	1,756,325	9,724,000	3/1/2005	24/1/2008 to 25/1/2010	0.2814
	11,790,000	-	-	(2,228,790)	2,107,590	11,668,800	3/1/2005	24/1/2009 to 25/1/2010	0.2814
	<u>39,300,000</u>	<u>-</u>	<u>-</u>	<u>(7,429,300)</u>	<u>7,025,300</u>	<u>38,896,000</u>			

(1) The vesting period of the share options is from the date of the grant until the commencement of the exercise period.

(2) The exercise price of the share option is subject to adjustment in the case of a capitalisation issue, rights issue, sub-division or consolidation of the Company's shares or reduction of the Company's share capital.

25. 購股權計劃 (續)

年內，根據購股權計劃尚未行使之購股權如下：

(1) 購股權之歸屬期乃自授出日期起直至行使期開始止。

(2) 購股權之行使價可就資本化發行、供股、公司股份分拆或合併或公司股本削減予以調整。

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25. SHARE OPTION SCHEME (Continued)

- (3) The number of share options and exercised price had been adjusted following the completion of open offer.

These fair value of the share options granted on 3 January 2005 was calculated using the Black-Scholes pricing model. The inputs into the model were at the date of grant of options as follows:

		3 January 2005 二零零五年一月三日
Weighted average share price	加權平均股價	\$0.31
Exercise price	行使價	\$0.342
Expected volatility	預計波幅	41.94%
Expected life (year)	預計期限(年)	5
Risk-free rate	無風險利率	4%
Expected dividend yield	預計股息率	0%
Employee exit rate pre-vesting	歸屬前僱員離職率	10%

Expected volatility was determined by using the historical volatility of the Company's share price over the previous 1 year. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non transferability, exercise restrictions and behavioral considerations.

The Group recognised the total expense of HK\$802,000 for the year ended 31 December 2006 (2005: HK\$1,964,000) in relation to share options granted by the Company.

At 31 December 2006, the Company had 38,896,000 share options (2005: 39,300,000 share options) outstanding under the Option Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 38,896,000 additional ordinary shares of HK\$0.01 each of the Company and additional share capital of HK\$388,960 (2005: HK\$393,000) and share premium of approximately HK\$10,556,000 (2005: HK\$13,048,000) (before share issue expenses).

25. 購股權計劃 (續)

- (3) 購股權數及行使價於完成公開發售後已作調整。

該等於二零零五年一月三日授出之購股權之公平值乃採用「柏力克－舒爾斯」定價模式進行計算。於授出購股權當日，該定價模式之輸入數值列明如下：

預計波幅乃依據公司股價於過往一年內之歷史波幅測算。就非轉讓性、行使限制及行為考慮而言，根據管理層之最佳估計，使用該模式之所使用之預計年期已作出調整。

截至二零零六年十二月三十一日止年度，集團就公司所授出購股權確認之總開支為802,000港元（二零零五年：1,964,000港元）。

於二零零六年十二月三十一日，根據購股權計劃尚未行使之購股權有38,896,000份（二零零五年：39,300,000份）。根據公司目前之資本架構，倘若尚未行使之購股權獲悉數行將致使額外發行38,896,000股每股面值0.01港元之普通股，帶來未計發行股份開支前之額外股本約388,960港元（二零零五年：393,000港元）及股份溢價約10,556,000港元（二零零五年：13,048,000港元）。

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26. RESERVES

Company

		26. 儲備			
		公司			
		Share premium	Share options Reserve	Retained profits	Total
	Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	附註	股份溢價	購股權儲備	保留溢利	合計
		千港元	千港元	千港元	千港元
		附註1			
At 1 January 2005	於二零零五年一月一日	113,665	–	24,402	138,067
Employee share option benefits	僱員購股權福利	–	1,964	–	1,964
Profit for the year	本年度溢利	–	–	25,544	25,544
At 31 December 2005 and 1 January 2006	於二零零五年十二月三十一日及二零零六年一月一日	113,665	1,964	49,946	165,575
Employee share option benefits	僱員購股權福利	–	802	–	802
Premium on issue of Offer Shares	發行發售股份溢價	23(1) 22,039	–	–	22,039
Premium on issue of Placing Shares	發行配售股份溢價	23(2) 22,183	–	–	22,183
Loss for the year		–	–	(1,568)	(1,568)
At 31 December 2006	於二零零六年十二月三十一日	157,887	2,766	48,378	209,031

Note 1:

The share premium of the Company represents: (i) the excess of the then combined net assets of the subsidiaries acquired pursuant to the Group Reorganisation over the nominal value of the share capital of the Company issued in exchange therefor; (ii) the premium utilised as a result of the capitalisation issue and bonus issue of shares of the Company; and (iii) the premium arising from the new issue of shares of the Company.

附註1:

公司之股份溢價包括:(i)根據集團重組收購之附屬公司當時之合併資產淨值超出公司就交換有關資產而發行之股本面值之差額;(ii)因資本化發行及發行紅股所動用之溢價;及(iii)公司發售新股產生之溢價。

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26. RESERVES (Continued)*Note 1: (Continued)*

In accordance with the Companies Law (Revised) of the Cayman Islands, the share premium is distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business. The share premium may also be distributed in the form of fully paid bonus shares.

27. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities at the balance sheet date.

At 31 December 2006, the Company had provided corporate guarantees to the extent of HK\$70 million (2005: HK\$144.8 million) to banks for banking facilities granted to certain subsidiaries. The extent of such facilities utilised by the subsidiaries at 31 December 2006 amounted to approximately HK\$50.7 million (2005: HK\$100.3 million).

26. 儲備 (續)*附註1: (續)*

根據開曼群島公司法(經修訂)之規定,股份溢價可分派予公司股東,惟緊隨作出股息分派後,公司須能償付日常業務過程中到期應付之債務。股份溢價賬亦可以繳足紅股之方式分派。

27. 或然負債

集團於結算日並無任何重大或然負債。

於二零零六年十二月三十一日,公司就若干附屬公司獲授之銀行信貸向銀行提供70,000,000港元(二零零五年:144,800,000港元)之公司擔保。於二零零六年十二月三十一日,該等銀行信貸獲附屬公司動用約50,700,000港元(二零零五年:100,300,000港元)。

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28. OPERATING LEASE ARRANGEMENTS

The Group leases certain leasehold land and buildings under operating lease arrangements. The original lease terms for these leasehold land and buildings ranged from one to two years.

At 31 December 2006, the Group had commitment for future minimum lease payments under non-cancellable operating leases falling due as follows:

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

The Company did not have any operating lease arrangements as at 31 December 2006 (2005: Nil).

28. 經營租約安排

集團根據經營租約安排租賃若干租賃土地及樓宇。該等租賃土地及樓宇之原定租約年期介乎一年至兩年。

於二零零六年十二月三十一日，集團於下列年期內屆滿之不可撤銷經營租約之未來最低租金付款承擔總額如下：

Group	
集團	
2006	2005
HK\$'000	HK\$'000
二零零六年	二零零五年
千港元	千港元
269	155
-	123
269	278

於二零零六年十二月三十一日，公司並無任何經營租約安排(二零零五年：無)。

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29. COMMITMENTS

- (a) The Group had the following commitments in respect of its property, plant and equipment as at the balance sheet date:

		Group 集團	
		2006	2005
		HK\$'000	HK\$'000
		二零零六年	二零零五年
		千港元	千港元
Contracted for but not provided in:	已訂約但未撥備：		
Leasehold land and buildings	租賃土地及樓宇	1,234	21,610
Plant and machinery	廠房及機器	-	1,334
		<u>1,234</u>	<u>22,944</u>

- (b) At 31 December 2006, the Group had contracted commitments in respect of capital investments in the PRC subsidiaries amounting to approximately HK\$129,522,000 (2005: HK\$206,658,000). Details of which were disclosed in note 15 to the financial statements.

The Company did not have any significant commitment as at 31 December 2006 (2005: Nil).

29. 承擔

- (a) 集團於結算日就其物業、廠房及設備之承擔如下：

- (b) 於二零零六年十二月三十一日，集團就中國附屬公司之資本投資所擁有之已訂約承擔約為129,522,000港元（二零零五年：206,658,000港元）。詳情載於財務報表附註15。

公司於二零零六年十二月三十一日並無任何重大承擔（二零零五年：無）。

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30. POST BALANCE SHEET EVENTS

The following events occurred subsequent to 31 December, 2006 up to the date of approval of these consolidated financial statements by the Board of Directors:

- (a) On 9 January 2007, the placing of new shares of the Company, as mentioned in note 23 (Note 3) to the financial statements, was completed and 460,800,000 new shares were issued and allotted at placing price of HK\$0.215 per share ("Placing price"). The gross proceed from open offer before issue expenses amounted to approximately HK\$99.1 million. The Placing price represents a discount of approximately 14.68% on the closing price of HK\$0.245 per share on 18 December 2006, the last trading date immediately before the announcement of the Placing.
- (b) On 6 February 2007, the Company entered into a placing agreement with the placing agent in connection with the private placing, on fully written basis, to place up to 552,000,000 listed warrants in registered form to subscribe for shares in the capital of the Company at an issue price of HK\$0.0455 per warrant ("Private Placing"). Pursuant to an ordinary resolution passed at an extraordinary general meeting ("EGM") of the Company held on 19 March 2007, the shareholders approved the Private Placing. The 552,000,000 shares to which the 552,000,000 warrants relate, upon full exercise, represent approximately 19.97% of the issued share capital of the Company as at the date of EGM approving the Private Placing. The result of the placing will be announced by the Company in due course.
- (c) On 19 March 2007, pursuant to an ordinary resolution was passed at the EGM, the authorized share capital of the Company was increased from HK\$40,000,000 divided into 4,000,000,000 Shares to HK\$200,000,000 divided into 20,000,000,000 Shares by the creation of an additional 16,000,000,000 unissued shares.

30. 結算日後事項

以下為於二零零六年十二月三十一日之後及直至董事會批准此等綜合財務報表之日期間發生之事項：

- (a) 於二零零七年一月九日，如財務報表附註23（附註3）所述，公司完成配售新股及按每股0.215港元之配售價（「配售價」）發行及配發460,800,000股新股。除發行開支前之所得款項毛額約為99,100,000港元。配售價較於二零零六年十二月十八日（緊接公佈配售前之最後交易日）每股0.245港元之收市價折讓約14.68%。
- (b) 於二零零七年二月六日，公司就私人配售與配售代理訂立配售協議，內容有關根據全數包銷基準配售達552,000,000份記名上市認股權證以每份認股權證0.0455港元之發行價認購公司股本中之股份（「私人配售」）。根據於二零零七年三月十九日召開之公司股東特別大會（「股東特別大會」）上通過之普通決議案，私人配售已獲股東批准。於全面行使時，與552,000,000份認股權證有關之552,000,000股股份佔公司於在股東特別大會上批准私人配售之日已發行股本約19.97%。配售結果將於適當時候公佈。
- (c) 於二零零七年三月十九日，根據於股東特別大會上通過之普通決議案，公司之法定股本透過增設額外16,000,000,000股未發行股份由分為4,000,000,000股股份之40,000,000港元增加至分為20,000,000,000股股份之200,000,000港元。

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31. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies which are described in note 2, management has made the following judgments that have significant effect on the amounts recognised in the financial statements. 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 also discussed below.

Impairment loss on loans and receivables

The policy for impairment of loans and receivables of the Group is based on the evaluation of collectability and aging analysis of the loans and receivables and on management's judgment. A considerable amount of judgment is required in assessing the ultimate realisation of these loans and receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional impairment may be required.

Write-down of inventories to net realisable value

The management of the Group reviews an aging analysis at each balance sheet date, and makes provision for obsolete and slow-moving inventory items identified. The management estimates the net realisable value for such inventories based primarily on the latest invoice prices and current market conditions. The Group carries out an inventory review at each balance sheet date and makes provision for obsolete items.

31. 關鍵會計判斷及估計不確定性之主要來源

於應用集團之會計政策（如附註2所述）時，管理層作出下列對於財務報表中已確認之數額產生重大影響之判斷。涉及日後之主要假設及於結算日估計不明朗因素之其他主要來源（彼等均擁有導致下個財政年度之資產及負債之賬面值出現大幅調整之重大風險）亦討論如下。

貸款及應收款項之減值虧損

集團就貸款及應收款項減值之政策以可收回性評估、賬齡分析及管理層判斷為基礎。評估該等貸款及應收款項之最終變現能力需要進行大量判斷，包括客戶之現時信譽及過往收款歷史記錄。倘集團客戶財務狀況日趨惡化，削弱其付款能力，則須提撥額外準備。

撇減存貨至可變現價值

集團管理層於各結算日審核賬齡分析，並就已識別之陳舊及滯銷存貨品提供撥備。管理層估計，該等存貨之可變現淨值主要根據最近期之發票價格及現行市況而釐定。集團於各結算日進行存貨盤點，並就陳舊品種作出撥備。

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31. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)***Allowances for bad and doubtful debts**

The policy for allowance of bad and doubtful debts of the Group is based on the evaluation of collectability and aging analysis of accounts and on management's judgment. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in impairment of their ability to make payments, additional allowances may be required.

32. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current year presentation.

31. 關鍵會計判斷及估計不確定性之主要來源 (續)**呆壞賬撥備**

集團呆壞賬撥備之政策以評估可收回性及賬目之賬齡分析及管理層之判斷為基準。評估此等應收款項之最終變現需要使用一定程度的判斷，包括目前信譽及過往各客戶收回款項的記錄。倘集團客戶的財務狀況變差，導致其支付能力出現減值，則可能須作出額外的撥備。

32. 比較數字

若干數字已重新分類以符合本年度之呈列。