

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

### 1. GENERAL AND BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands on 10 May 2006, and its shares were listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") with effect from 7 December 2006. Its immediate parent company is Jamplan (BVI) Ltd., a limited liability company incorporated in the British Virgin Islands and its ultimate holding company is Kingboard Chemical Holdings Limited ("KCHL"), a company which is an exempted company with limited liability incorporated in the Cayman Islands with its shares listed on the main board of the Stock Exchange. The addresses of the registered office and principal place of business of the Company are disclosed in the section headed "Corporate Information" of the annual report.

Through a group reorganisation to rationalise the structure of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") in preparation for the listing of the Company's shares on the Stock Exchange (the "Group Reorganisation"), the Company became the holding company of the companies comprising the Group. Details of the Group Reorganisation are more fully explained in the paragraph headed "Corporate Reorganization" in Appendix VI to the prospectus of the Company dated 24 November 2006 (the "Prospectus").

The Group resulting from the Group Reorganisation is regarded as a continuing entity. Accordingly, the consolidated financial statements of the Group for the year ended 31 December 2006 have been prepared using the principles of merger accounting in accordance with Accounting Guideline 5 "Merger Accounting for Common Control Combinations" as if the group structure under the Group Reorganisation had been in existence throughout the two years ended 31 December 2006 or since their respective dates of incorporation, whichever is the shorter period.

### 1. 一般資料及綜合財務報表之呈報基準

本公司於二零零六年五月十日在開曼群島註冊成立並登記為一家獲豁免之有限公司，其股份於二零零六年十二月七日起於香港聯合交易所有限公司（「聯交所」）主板上市。本公司之直屬母公司為Jamplan (BVI) Ltd.，該公司為一家於英屬處女群島註冊成立之有限公司，而本公司之最終控股公司為建滔化工集團（「建滔化工集團」），該公司為一家於開曼群島註冊成立並獲豁免之有限公司，其股份於聯交所主板上市。本公司註冊辦事處及主要營業地點之地址於本年報之「公司資料」一節中披露。

為準備本公司股份於聯交所上市，本集團進行重組（「集團重組」）以理順本公司及其附屬公司（以下統稱「本集團」）之架構，藉此，本公司成為本集團成員公司之控股公司。集團重組之詳情於本公司在二零零六年十一月二十四日刊發之招股章程（「招股章程」）附錄六「公司重組」一段有更詳盡解釋。

集團重組後，本集團被視為持續實體。因此，本集團截至二零零六年十二月三十一日止年度之綜合財務報表乃根據會計指引第5號「合併受共同控制公司之合併會計法」以合併會計法原則編製，猶如進行集團重組後之集團架構於截至二零零六年十二月三十一日止兩個年度或自各成員公司各自之註冊成立日期（以較短者為準）起一直存在。

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### 1. GENERAL AND BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

The consolidated financial statements are presented in Hong Kong Dollars, which is the same as the functional currency of the Company.

The Company is an investment holding company and the principal activities of its subsidiaries are set out in note 37.

### 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") NOT YET EFFECTIVE

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

HKAS 1 (Amendment)	Capital disclosures <sup>1</sup>
HKFRS 7	Financial instruments: Disclosures <sup>1</sup>
HKFRS 8	Operating segments <sup>2</sup>
HK(IFRIC) – INT 7	Applying the restatement approach under HKAS 29 Financial Reporting in Hyperinflationary Economies <sup>3</sup>
HK(IFRIC) – INT 8	Scope of HKFRS 2 <sup>4</sup>
HK(IFRIC) – INT 9	Reassessment of embedded derivatives <sup>5</sup>
HK(IFRIC) – INT 10	Interim financial reporting and impairment <sup>6</sup>

### 1. 一般資料及綜合財務報表之呈報基準 (續)

綜合財務報表以本公司之功能貨幣港元呈列。

本公司為投資控股公司，其附屬公司之主要業務載於附註37。

### 2. 應用新增及修訂但尚未生效之香港財務申報準則 (「香港財務申報準則」)

本集團並無提前應用下列已頒佈但尚未生效之新準則、修訂或詮釋。本公司董事預期應用此等準則、修訂及詮釋對本集團之業績及財務狀況並無重大影響。

香港會計準則第1號 (經修訂)	資本披露 <sup>1</sup>
香港財務申報準則第7號	金融工具：披露 <sup>1</sup>
香港財務申報準則第8號	經營分部 <sup>2</sup>
香港(國際財務申報準則詮釋委員會) – 詮釋第7號	應用香港會計準則第29號「嚴重通脹經濟中之財務報告」之重列方法 <sup>3</sup>
香港(國際財務申報準則詮釋委員會) – 詮釋第8號	香港財務申報準則第2號之範圍 <sup>4</sup>
香港(國際財務申報準則詮釋委員會) – 詮釋第9號	內置衍生工具之重新評估 <sup>5</sup>
香港(國際財務申報準則詮釋委員會) – 詮釋第10號	中期財務報告及減值 <sup>6</sup>

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### 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") NOT YET EFFECTIVE (continued)

HK(IFRIC) – INT 11      HKFRS 2 – Group and treasury share transactions<sup>7</sup>

HK(IFRIC) – INT 12      Service concession arrangements<sup>8</sup>

- <sup>1</sup> Effective for annual periods beginning on or after 1 January 2007.
- <sup>2</sup> Effective for annual periods beginning on or after 1 January 2009.
- <sup>3</sup> Effective for annual periods beginning on or after 1 March 2006.
- <sup>4</sup> Effective for annual periods beginning on or after 1 May 2006.
- <sup>5</sup> Effective for annual periods beginning on or after 1 June 2006.
- <sup>6</sup> Effective for annual periods beginning on or after 1 November 2006.
- <sup>7</sup> Effective for annual periods beginning on or after 1 March 2007.
- <sup>8</sup> Effective for annual periods beginning on or after 1 January 2008.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at fair values, as explained in the accounting policies set out below.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards. 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 Ordinance.

### 2. 應用新增及修訂但尚未生效之香港財務申報準則（「香港財務申報準則」）（續）

香港（國際財務申報準則詮釋委員會）－  
香港財務申報準則第2號－集團及  
庫存股份交易<sup>7</sup>  
詮釋第11號

香港（國際財務申報準則詮釋委員會）－  
服務經營權安排<sup>8</sup>  
詮釋第12號

- <sup>1</sup> 於二零零七年一月一日或其後開始之年度期間生效。
- <sup>2</sup> 於二零零九年一月一日或其後開始之年度期間生效。
- <sup>3</sup> 於二零零六年三月一日或其後開始之年度期間生效。
- <sup>4</sup> 於二零零六年五月一日或其後開始之年度期間生效。
- <sup>5</sup> 於二零零六年六月一日或其後開始之年度期間生效。
- <sup>6</sup> 於二零零六年十一月一日或其後開始之年度期間生效。
- <sup>7</sup> 於二零零七年三月一日或其後開始之年度期間生效。
- <sup>8</sup> 於二零零八年一月一日或其後開始之年度期間生效。

### 3. 主要會計政策

綜合財務報表乃按歷史成本基準編製，惟如下文所載之會計政策所闡述，若干物業及若干金融工具則按公平值計量。

綜合財務報表乃按香港財務申報準則編製。此外，綜合財務報表載有聯交所證券上市規則及香港公司條例之適用披露規定。

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### 3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

#### Merger accounting for common control combinations

The consolidated financial statements incorporate the financial statement items of the combining entities in which the common control combination occurs as if they had been combined from the date when the combining entities first came under the control of the controlling party.

The net assets of the combining entities are combined using the existing book values from the controlling parties' perspective. No amount is recognised in respect of goodwill or excess of acquirers' interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated income statement includes the results of each of the combining entities from the earliest date presented or since the date when the combining entities first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the consolidated financial statements are presented as if the entities had been combined at the previous balance sheet date or when they first came under common control, whichever is shorter.

### 3. 主要會計政策 (續)

#### 共同控制下合併之合併會計

綜合財務報表併入發生共同控制下合併之合併實體之財務報表項目，猶如自該等合併實體首次受控制方控制日期起進行合併一樣。

合併實體之淨資產乃按控制方認為之現有賬面值進行合併，並無就商譽或收購公司於被收購公司可識別資產、負債及或然負債之公平淨值中之權益超出於共同控制下合併時之成本確認任何金額，並以控制方持續擁有權益為限。

綜合收益表包括自最早呈列日期起或自該等合併實體首次受控制方控制日期起（以期限較短者為準）（不論共同控制下合併之日期）各合併實體之業績。

綜合財務報表之可比較金額乃按猶如該等實體按先前結算日或其首次受控制方控制日期起（以期限較短者為準）合併之方式呈列。

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### 3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

#### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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

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.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

On acquisition of an additional interest in subsidiaries, goodwill was calculated as the difference between the consideration paid for the additional interest and the carrying amount of the net assets of the subsidiaries attributable to the additional interest acquired. If the Group's additional interest in the net assets of the subsidiaries exceeds the consideration paid for the additional interest, the excess is recognised immediately in the consolidated income statement.

### 3. 主要會計政策 (續)

#### 綜合賬目基準

綜合財務報表包括本公司及由本公司控制之實體(其附屬公司)截至每年十二月三十一日止之財務報表。當本公司有權力操縱某實體之財政及經營政策以藉其活動之中獲益，將視為擁有控制權。

於年內收購或出售之附屬公司之業績，自實際收購日期起或結算至出售生效日期止(視適用情況而定)列入綜合收益表內。

如有需要，將會就附屬公司之財務報表作出調整，以確保其會計政策與本集團其他成員公司所採用者貫徹一致。

所有集團內公司間之交易、結餘、收入及開支已於綜合賬目時對銷。

綜合入賬之附屬公司之資產淨值之少數股東權益乃與本集團擁有之股本權益分開呈列。於該等資產淨值之少數股東權益包括於原本之企業合併日期該等權益之金額及自合併日期以來少數股東應佔股本權益之變動。適用於少數股東及超過少數股東於附屬公司之股本權益之虧損乃與本集團之權益對銷，惟少數股東有具約束力責任及有能力作出額外投資以彌補虧損則除外。

增購附屬公司之權益時，商譽按就額外權益所付代價與所收購額外權益應佔附屬公司資產淨值之賬面值間差額計算。倘本集團應佔附屬公司資產淨值之額外權益超逾就額外權益所支付之代價，超額部分即時於綜合收益表內確認。

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### 3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

#### Investment properties

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured using the fair value model. Gains or losses arising from changes in the fair value of investment properties are included in the consolidated income statement for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated income statement in the period in which the item is derecognised.

#### Properties, plant and equipment

Properties, plant and equipment (other than properties, plant and equipment under construction) used in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated balance sheet at cost less subsequent accumulated depreciation and any accumulated impairment losses.

Depreciation is provided to write off the cost of items of properties, plant and equipment other than the properties, plant and equipment under construction over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method, at the following rates per annum:

Properties for own use	Over the remaining unexpired terms of the leases or fifty years, whichever is the shorter
Leasehold improvements	10 – 20%
Plant and machinery	10 – 20%
Furniture, fixtures and equipment	10 – 33 $\frac{1}{3}$ %
Motor vehicles	20%

### 3. 主要會計政策 (續)

#### 投資物業

於初步確認時，投資物業乃按成本計量，包括任何直接應佔開支。於初步確認後，投資物業以公平值模式計量。投資物業公平值變動產生之盈虧乃計入盈虧產生期間之綜合收益表內。

投資物業於出售后，或當永久停止使用該投資物業，或預期持續使用該資產不會產生未來經濟利益時剔除確認。剔除確認該資產所產生之任何盈虧（按出售所得款項淨額與該資產賬面值間之差額計算），乃計入剔除確認項目期間之綜合收益表內。

#### 物業、廠房及設備

用於生產或供應貨物或服務或作行政用途之物業、廠房及設備（不包括在建之物業、廠房及設備），乃按成本減其後累計折舊及任何累計減值虧損於綜合資產負債表列賬。

物業、廠房及設備項目（在建物業、廠房及設備除外）之折舊乃根據其估計可使用年期，於計及其估計剩餘價值後，以直線法撇銷其成本，折舊率如下：

自用物業	租約餘下之未屆滿年期或50年（以較短者為準）
租約物業裝修	10 – 20%
廠房及機器	10 – 20%
傢俬、裝置及設備	10 – 33 $\frac{1}{3}$ %
汽車	20%

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### 3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

#### Properties, plant and equipment (continued)

Properties, plant and equipment under construction, representing property, plant and equipment in the course of construction for production or for its own use purposes, are carried at cost, less any identified impairment losses. Properties, plant and equipment under construction is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of properties, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated income statement in the period in which the item is derecognised.

#### Leasehold land and buildings under development for future owner-occupied purpose

When the leasehold land and buildings are in the course of development for production, rental or for administrative purposes, the leasehold land component is classified as a prepaid lease payment and amortised over a straight-line basis over the lease term. During the construction period, the amortisation charge provided for the leasehold land is included as part of costs of buildings under construction. Buildings under construction are carried at cost, less any identified impairment losses. Depreciation of buildings commences when they are available for use (i.e. when they are in the location and condition necessary for them to be capable of operating in the manner intended by management).

#### Interests in an associate

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

### 3. 主要會計政策 (續)

#### 物業、廠房及設備 (續)

在建物業、廠房及設備 (指在建築過程中並作生產或其本身用途的物業、廠房及設備) 按成本減任何已識別減值虧損列賬。在建物業、廠房及設備在竣工及可作擬定用途時分類為物業、廠房及設備之適當類別。該等資產在可作擬定用途時按其他物業資產之基準開始計提折舊。

物業、廠房及設備項目於出售或預期持續使用資產不會產生未來經濟利益時剔除確認。剔除確認資產時所產生之任何盈虧 (按出售所得款項淨額與項目賬面值間之差額計算) 乃計入剔除確認項目期間之綜合收益表內。

#### 發展中供日後業主使用之租約土地及樓宇

倘租約土地及樓宇正在發展作生產、租約或行政用途，則租約土地部分乃分類為預付租約付款，並於租約年期以直線法攤銷。在建期間，就租約土地計提攤銷費用，乃列作在建樓宇成本部分。在建樓宇以成本減任何已識別減值虧損列賬。樓宇於可供使用 (即其達致管理層預期方式之所需運作地點及狀況) 時開始計提折舊。

#### 於聯營公司之權益

聯營公司指本集團對其有重大影響力之實體，且不屬於附屬公司或合資公司之權益。重大影響力指參與投資對象之財務及經營政策決策之權力，但並無控制或共同控制該等政策。

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### 3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

#### Interests in an associate (continued)

The results and assets and liabilities of associates are incorporated in the consolidated financial statement using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the profit or loss and of changes in equity of the associate, less any identified impairment loss. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in the consolidated income statement.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

#### Impairment losses

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

### 3. 主要會計政策 (續)

#### 於聯營公司之權益 (續)

聯營公司之業績及資產與負債乃按權益會計法列入綜合財務報表內。根據權益法，於聯營公司之投資乃按成本就本集團應佔該聯營公司之溢利或虧損及權益變動之收購後變動調整，減去已識別減值虧損於綜合資產負債表列賬。倘本集團應佔聯營公司之虧損相等於或超出其於該聯營公司之權益之差額（包括實質上構成本集團於該聯營公司之投資淨額之一部分之任何長期權益），則本集團會終止確認其應佔之其他虧損。額外應佔虧損會作出撥備及確認負債，惟僅以本集團已產生法定或推定責任或代表該聯營公司支付之款項為限。

任何收購成本超出本集團應佔於收購日期確認之聯營公司可識別資產、負債及或然負債中之公平值淨額，均確認為商譽。商譽乃計入投資之賬面值中，並以投資之一部分進行減值評估。任何本集團應佔可識別資產、負債及或然負債之公平值淨額超出收購成本之部分，經重估後即時於綜合收益表中確認。

當集團實體與本集團聯營公司進行交易時，損益會按本集團佔有關聯營公司之權益予以撇銷。

#### 減值虧損

於各結算日，本集團審閱其有形及無形資產之賬面值，以確定是否有任何跡象顯示該等資產出現減值虧損。倘某項資產之可收回金額估計低於其賬面值，則該項資產之賬面值須削減至其可收回金額。減值虧損即時確認為開支。



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

### 3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

#### Impairment losses (continued)

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 recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

#### Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

#### Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

#### The Group as lessor

Rental income from operating leases is recognised in the consolidated income statement on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

#### The Group as lessee

Rentals payable under operating leases are charged to the consolidated income statement on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense on a straight-line basis over the term of the relevant lease.

### 3. 主要會計政策 (續)

#### 減值虧損 (續)

倘日後轉出減值虧損，有關資產之賬面值須增至其經重新估計之可收回金額，惟增加之賬面值不得超出倘有關資產並無於以往年度確認任何減值虧損所應釐定之賬面值。轉出之減值虧損即時確認為收入。

#### 存貨

存貨按成本或可變現淨值兩者中之較低者入賬。成本包括直接物料及(如適用)直接勞工成本及使存貨達致現有位置及狀況所產生之間接成本。成本按加權平均法計算。可變現淨值指估計售價減估計完成所需之全部成本以及市場推廣、銷售及分銷將予產生之成本。

#### 租約

當租約條款將涉及擁有權之絕大部分風險及回報轉讓予承租人時，該租約乃分類為融資租約。所有其他租約均分類為經營租約。

#### 本集團作為出租人

經營租約之租金收入乃按相關租約年期以直線法在綜合收益表確認。於磋商及安排經營租約所產生之初步直接成本乃加至租約資產之賬面值，並按租約年期以直線法確認為開支。

#### 本集團作為承租人

根據經營租約之應付租金於有關租約年期以直線法在綜合收益表中扣除。訂立經營租約時已收及應收作為獎勵之利益按直線法於有關租約之年期確認為租金開支減少。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

### 3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

#### Leasing (continued)

The Group as lessee (continued)

The land and building elements of a lease of land and building are considered separately for the purpose of lease classification, leasehold land which title is not expected to pass to the lessee by the end of the lease term is classified as an operating lease unless the lease payments cannot be allocated reliably between the land and building elements, in which case, the entire lease is classified as a finance lease.

#### Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in its functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in the consolidated income statement in the period in which they arise, except for exchange differences arising on a monetary item that forms part of the Group's net investment in a foreign operation, in which case such exchange differences are recognised in equity in the consolidated financial statements. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the exchange differences are also recognised directly in equity.

### 3. 主要會計政策 (續)

#### 租約 (續)

本集團作為承租人 (續)

就租賃分類而言，租賃土地及樓宇中土地及樓宇部分乃分開計算，預期不會於租約年期完結前轉移業權予承租人之租賃土地，分類列為經營租賃，除非租金支出無法可靠地在土地及樓宇部分之間作出分配，則在此情況下，整項租賃則分類列為融資租賃。

#### 外幣

編製各集團實體之財務報表時，以該實體之功能貨幣以外貨幣（外幣）進行之交易乃按其功能貨幣（即實體主要經營之經濟環境之貨幣）於交易日期當時之匯率記錄。於各結算日，以外幣列值之貨幣項目以結算當日之匯率重新換算。以外幣列值之非貨幣項目公平值會按公平值釐定當日之利率重新換算。以外幣過往成本計算之非貨幣項目不予重新換算。

結算貨幣項目及換算貨幣項目所產生之匯兌差額會於產生期間在綜合收益表中確認，惟組成本集團海外業務投資淨額部分之貨幣項目所產生之匯兌差額除外，在此情況下，該等匯兌差額乃於綜合財務報表之股本確認。重新換算按公平值列賬之非貨幣項目產生之匯兌差額計入期內損益，惟重新換算非貨幣項目產生之差額則除外，有關盈虧於股本直接確認，在此情況下，匯兌差額亦於股本直接確認。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

### 3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

#### Foreign currencies (continued)

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rates of exchange prevailing at the balance sheet date, and their income and expenses are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the translation reserve). Such exchange differences are recognised in the consolidated income statement in the period in which the foreign operation is disposed of.

#### Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale.

All other borrowing cost are recognised and included in finance costs in the consolidated income statement in the period in which they are incurred.

#### Retirement benefit costs

Payments to defined contribution retirement benefit plans, state-managed retirement benefit schemes and the Mandatory Provident Fund Schemes are charged as an expense when the employees have rendered the service entitling them to the contributions.

#### Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

### 3. 主要會計政策 (續)

#### 外幣 (續)

就呈列綜合財務報表而言，本集團海外業務之資產及負債均按結算當日匯率換算為本集團之呈列貨幣（即港元），而彼等之收入及開支項目乃按期內平均匯率換算，除非期內匯率出現重大波幅，則於此情況下，將採用交易日之匯率。所產生匯兌差額（如有）確認為股本權益之獨立部分（匯兌儲備）。有關換算差額於該項海外業務出售期間在綜合收益表中確認。

#### 借貸成本

與收購、建造或生產合資格資產直接有關之借貸成本均撥充資本，作為該等資產之部分成本。當資產大致可作其擬定用途或可供銷售時，該等借貸成本將不再撥充為資本。

所有其他借貸成本均於產生期間確認及納入綜合收益表之融資成本。

#### 退休福利成本

向定額供款退休福利計劃、國家管理退休福利計劃及強積金計劃支付之供款均於僱員提供服務使其可獲供款時以開支形式扣除。

#### 稅項

所得稅開支指現時應付稅項與遞延稅項之總和。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

### 3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

#### Taxation (continued)

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

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will be reverse in the foreseeable future.

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

### 3. 主要會計政策 (續)

#### 稅項 (續)

現時應付稅項乃按本年度應課稅溢利計算。應課稅溢利與綜合收益表中所申報之溢利不同，乃由於前者不包括在其他年度應課稅或可扣稅收入或開支，並且不包括從未應課稅及可扣稅之項目。本集團即期稅項之債務乃按結算日已頒佈或實際已頒佈之稅率計算。

遞延稅項乃根據綜合財務報表資產及負債賬面值與計算應課稅溢利所採用相應稅基間之差額確認，並以資產負債表負債法處理。遞延稅項負債一般會就所有應課稅臨時差額確認，而遞延稅項資產乃按可能出現可利用臨時差額扣稅之應課稅溢利時確認。因商譽或因業務合併以外交易初步確認資產及負債且不影響應課稅溢利亦不影響會計溢利而引致之臨時差額，則不會確認該等資產及負債。

遞延稅項負債乃按於附屬公司之投資而引致之應課稅臨時差額而確認，惟若本集團可控制臨時差額之撥回及臨時差額有可能於可見將來之撥回之情況則除外。

遞延稅項資產之賬面值於各結算日作檢討，並在沒可能會有足夠應課稅溢利收回全部或部分資產時加以遞減。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

### 3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

#### Taxation (continued)

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

#### Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the consolidated income statement.

#### Financial assets

The Group's financial assets are classified into either loans and receivables or available-for-sale financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. The accounting policies adopted in respect of each category of financial assets are set out below.

### 3. 主要會計政策 (續)

#### 稅項 (續)

遞延稅項乃按預期於負債清償或資產變現期間適用之稅率計算。遞延稅項於損益中扣除或計入損益，惟倘遞延稅項直接在權益中扣除或計入權益之情況則除外，在此情況下，遞延稅項亦會於權益中處理。

#### 金融工具

當本集團成為工具合約條文之訂約方時，財務資產及財務負債會於資產負債表確認。財務資產及財務負債初步按公平值計量。因收購或發行財務資產及財務負債（按公平值計入損益之財務資產及財務負債除外）而直接應佔之交易成本於初步確認時，按適用情況加入或扣自該項財務資產或財務負債之公平值。因收購按公平值計入損益之財務資產或財務負債而直接引致之交易成本即時於綜合收益表確認。

#### 財務資產

本集團之財務資產分為貸款及應收賬款或可供出售財務資產。財務資產之所有日常買賣於交易日確認及剔除確認。日常買賣指須根據市場規則或慣例訂立之時間內交收資產之財務資產買賣。就各類別財務資產所採納之會計政策載列於下文。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

### 3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

#### Financial assets (continued)

##### Loans and receivables

Loans and receivables (including trade and other receivables, amounts due from fellow subsidiaries and bank balances) are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables are carried at amortised cost using the effective interest method, less any identified impairment losses. An impairment loss is recognised in consolidated income statement when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

##### Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments. At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in the consolidated income statement. Any impairment losses on available-for-sale financial assets are recognised in consolidated income statement. Impairment losses on available-for-sale equity investments will not reverse to the consolidated income statement in subsequent periods.

### 3. 主要會計政策 (續)

#### 財務資產 (續)

##### 貸款及應收賬款

貸款及應收賬款(包括貿易及其他應收賬款、應收同系附屬公司款項及銀行結餘)為在活躍市場上並無報價而具有固定或待定付款之非衍生財務資產。於初次確認後之各個結算日,貸款及應收賬款以實際利率法按攤銷成本減任何已識別減值虧損列賬。減值虧損於有客觀證據顯示資產出現減值時在綜合收益表確認,並按該項資產賬面值與以原有實際利率折讓估計日後現金流量現值間之差額計算。當該項資產之可收回金額增加可客觀地與該項減值獲確認後出現之事件有關連,則於以後期間可撥回減值虧損,惟於減值日期該項資產所撥回賬面值不得超出倘該項減值未獲確認原應出現之攤銷成本。

##### 可供出售財務資產

可供出售財務資產為非衍生工具,其須指定為可供出售財務資產或未有劃分為按公平值計入損益之財務資產、貸款及應收賬款或持有至到期的投資。於首次確認後之各個結算日,可供出售財務資產按公平值計算。公平價值之變動於股本確認,直至該財務資產售出或釐定有所減值,屆時過往於股本確認之累計盈虧將自股本剔除,並於綜合收益表中確認。可供出售財務資產之任何減值虧損於綜合收益表確認。可供出售之股本投資之減值虧損將不會於其後期間撥入綜合收益表。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

### 3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

#### Financial assets (continued)

##### Available-for-sale financial assets (continued)

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. An impairment loss is recognised in the consolidated income statement when there is objective evidence that the asset is impaired. The amount of the impairment loss is measured as the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses will not reverse in subsequent periods.

#### Financial liabilities and equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

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

##### Financial liabilities

Financial liabilities including trade and other payables, bills payable, amounts due to ultimate holding company, immediate holding company and fellow subsidiaries and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

##### Equity instruments

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

### 3. 主要會計政策 (續)

#### 財務資產 (續)

##### 可供出售財務資產 (續)

在活躍市場上並無報價之可供出售股本投資，其公平值未能可靠計量，與該等無報價股本工具有關並須以交付該等工具作結算之衍生工具，則於首次確認後之各個結算日，按成本減任何已識別減值虧損計算。倘具備客觀證據顯示資產出現減值，則減值虧損於綜合收益表中確認。減值虧損數額按資產賬面值與按類似財務資產之現行市場回報率折讓估計未來現金流量之現值間之差額計算。有關減值虧損將不會於以後期間撥回。

#### 財務負債及權益

由本集團發行之財務負債及股本工具按所訂立之合約安排內容，以及財務負債及股本工具之定義而分類。

股本工具為證明本集團資產剩餘權益（經扣除其所有負債）之任何合約。有關財務負債及股本工具所採納之會計政策載列如下。

##### 財務負債

財務負債包括貿易及其他應付賬款、應付票據、應付最終控股公司款項、應付直屬控股公司款項及應付同系附屬公司款項以及銀行借貸，乃採用實際利率法其後按攤銷成本計算。

##### 股本工具

本集團所發行之股本工具乃按已收取之所得款項減直接發行成本入賬。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

### 3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

#### Derivative financial instruments and hedging

*Derivatives that do not qualify for hedge accounting*

Derivatives that do not qualify for hedge accounting are deemed as financial assets or financial liabilities held for trading and are initially recognised at fair value at the date a derivative contract is entered into. Changes in fair values of such derivatives are recognised directly in the consolidated income statement.

#### Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received or any new asset obtained and the cumulative gain or loss that had been recognised directly in equity is recognised in the consolidated income statement.

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

#### Revenue recognition

Revenue is measured at the fair value of consideration received or receivable, net of discounts and sales related taxes.

Income from sales of goods are recognised when goods are delivered and title has passed.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

### 3. 主要會計政策 (續)

#### 衍生金融工具及對沖

*不符合對沖會計法之衍生工具*

不符合對沖會計法之衍生工具被視為持作買賣之財務資產或財務負債，並於衍生工具合約訂立日期按公平值首次確認。有關衍生工具公平值之變動直接於綜合收益表中確認。

#### 剔除確認

若從資產收取現金流量之權利已到期，或財務資產已轉讓及本集團已將其於財務資產擁有權之絕大部分風險及回報轉移，則財務資產會剔除確認。於剔除確認財務資產時，資產賬面值與已收代價或所取得之任何新資產及已直接於股本確認之累計盈虧之總額之間之差額，會於綜合收益表中確認。

倘於有關合約之指定責任獲解除、註銷或到期，則會剔除確認財務負債。剔除確認之財務負債賬面值與已付及應付代價之差額會於綜合收益表中確認。

#### 營業額確認

營業額乃按已收或應收代價之公平值減折讓及銷售相關稅項後計算。

銷售貨品收入乃於貨品交付及擁有權移交時確認。

財務資產利息收入乃根據未償還本金及適用實際利率按時間基準累計，有關利率乃將估計未來所收現金按財務資產估計可使用年期折讓至該資產賬面淨值之利率。



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

### 3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

#### Revenue recognition (continued)

Management fee income is recognised when services are rendered.

Dividend income from available-for-sale investments is recognised when the shareholders' rights to receive payment have been established.

### 4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies which are described in note 3, management has made the following key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date.

#### Inventories

Note 3 describes that inventories are stated at the lower of cost and net realisable value. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and marketing, selling and distribution expenses.

The Group has operational procedures in place to monitor the risk of inventories because a significant portion of the Group's working capital is devoted to inventories and inventories are subject to technological changes. The management reviews the usage of inventories on a periodical basis. This involves comparing the carrying value of the aged inventory items with their respective net realisable value. The purpose is to ascertain whether allowance is required to be made in the consolidated financial statements for obsolete and slow-moving items. In addition, a physical count on all inventories is carried out on a periodical basis in order to determine whether allowance need to be made in respect of any obsolete and defective inventories identified. In this regard, the directors of the Company have exercised their judgement and are satisfied that this risk is minimal and adequate allowance for obsolete and slow-moving inventories has been made in the consolidated financial statements.

### 3. 主要會計政策 (續)

#### 營業額確認 (續)

管理費收入乃於提供服務時確認。

可供出售投資之股息收入於股東收取該等股息之權利獲確立時確認。

### 4. 估計不明朗因素之主要來源

管理層在應用本集團之會計政策(於附註3載述)過程中作出以下有關未來之主要假設及於結算日估計不明朗因素之其他主要來源。

#### 存貨

附註3載述，存貨以成本或可變現淨值兩者中之較低者列賬。製成品及在製品之成本包括原材料、直接勞工、其他直接成本及有關生產間接成本。可變現淨值指日常業務過程之估計售價減估計完工成本以及市場推廣、銷售及分銷開支。

由於本集團大部分營運資金已投入存貨中，而存貨亦受技術變動影響，故本集團已制定經營程序，以監管存貨風險。管理層會定期檢討該等存貨之用途。這涉及將陳舊存貨項目之賬面值與彼等各自之可變現淨值互相比較，目的在於確定是否需要在綜合財務報表中，就陳舊及滯銷存貨作出準備。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之陳舊及有瑕疵存貨作出準備。就此而言，本公司董事行使其判斷，並信納此項風險乃屬微不足道，而在綜合財務報表中已就陳舊及滯銷存貨計提足夠準備。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

### 4. KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

#### Trade receivables

Note 3 describes that trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest method. Appropriate allowance for estimated irrecoverable amounts is recognised in the consolidated income statements when there is objective evidence that the asset is impaired.

In making the judgment, management considered detailed procedures have been in place to monitor this risk as a significant portion of the Group's working capital is devoted to trade receivables. In determining whether impairment for bad and doubtful debts is required, the Group takes into consideration the ageing status and estimates the likelihood of collection. Following the identification of doubtful debts, the responsible sales personnel discuss with the relevant customers and report on the recoverability. Specific allowance is only made for trade receivables that are estimated to be unlikely to be collected. In this regard, the directors of the Company are satisfied that this risk is minimal and adequate impairment for doubtful debts has been made in the consolidated financial statements in light of the current creditworthiness and the past collection history of each customers.

### 5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include available-for-sale investments, derivative financial instruments, bank balances and cash, trade and other receivables, trade and other payables, bills payable, amounts due from (to) ultimate holding company, immediate holding company and fellow subsidiaries and bank borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

### 4. 估計不明朗因素之主要來源 (續)

#### 貿易應收賬款

附註3載述，貿易應收賬款按初步確認公平值計量，其後採用實際利率法按攤銷成本計量。如存在客觀證據顯示資產出現減值，則就預計不可收回金額計提之適當準備於綜合收益表內確認。

由於本集團大部分營運資金均投放於貿易應收賬款，故於作出判斷時，管理層認為，本集團已制定詳細程序，以監察此項風險。於釐定是否須就呆壞賬作出減值時，本集團會考慮賬齡及估計收款之可能性。於識別呆賬後，銷售負責人員會與有關客戶討論，並就收回之可能性作出報告。特定準備僅就不大可能收回之貿易應收賬款作出。就此而言，本公司董事信納，此項風險乃屬微不足道，並根據目前各客戶之信用及過往收回紀錄，在綜合財務報表中就呆賬計提足夠準備。

### 5. 財務風險管理目標及政策

本集團之主要金融工具包括可供出售投資、衍生金融工具、銀行結餘及現金、貿易及其他應收賬款、貿易及其他應付賬款、應付票據、應收(應付)最終控股公司、直屬控股公司及同系附屬公司款項及銀行借貸。該等金融工具之詳情於各附註中披露。下文載列與該等金融工具相關之風險及如何降低該等風險之政策。管理層管理及監控該等風險，以確保及時和有效地採取合適之措施。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

### 5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

#### (i) Currency risk

Several subsidiaries of the Company have foreign currency sales and purchases, which expose the Group to foreign currency risk. Certain trade receivables, trade and other payables and bills payables and bank borrowings of the Group are denominated in foreign currencies as disclosed in notes 23, 26 and 27. The Group currently does not have a foreign currency hedging policy on these assets/liabilities. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

#### (ii) Cash flow interest rate risk

The Group's cash flow interest rate risk relates primarily to floating-rate bank borrowings (see Note 27 for details of these borrowings). The Group entered into interest rate swaps to hedge against certain of its exposure to potential variability of cash flows arising from changes in floating rate.

#### (iii) Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated balance sheet. In order to minimise the credit risk, the management of the Group has delegated the members of the board of directors be responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt 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.

### 5. 財務風險管理目標及政策 (續)

#### (i) 貨幣風險

本公司若干附屬公司有以外幣計值之買賣，以致本集團須承擔外幣風險。本集團若干貿易應收賬款、貿易及其他應付賬款、應付票據及銀行借貸乃以外幣計值，有關披露載於附註23、26及27。本集團現時並無就此等資產／負債制訂外幣對沖政策。然而，管理層監控外幣風險，並將考慮於有需要時對沖重大外幣風險。

#### (ii) 現金流量利率風險

本集團之現金流量利率風險主要與浮動利率計息之銀行借貸有關（該等借貸之詳情載於附註27）。本集團已訂立利率掉期安排，以對沖因浮動利率變動而產生之現金流量潛在變動之風險。

#### (iii) 信貸風險

倘交易方未能履行彼等就各類已確認財務資產之承擔，則本集團須承受之最高信貸風險為於綜合資產負債表所載資產之賬面值。為將信貸風險降至最低，本集團管理層已委派董事會成員負責制訂信貸限額、信貸審批及其他監控程序，以確保採取跟進措施收回逾期未付之債項。此外，於各結算日，本集團檢討每項個別貿易債務之可收回金額，以確保就不可收回金額已作出足夠減值虧損。就此而言，本公司董事認為，本集團之信貸風險已大幅降低。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

### 5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

#### (iii) Credit risk (continued)

The Group has no significant concentration of credit risk of trade and other receivables, with exposure spread over a number of counterparties and customers. The credit risk for bank deposits and bank balances exposed is considered minimal as such amounts are placed with banks with good credit ratings.

The Group has concentration of credit risk of the Group's trade receivables from certain fellow subsidiaries. In order to minimise the credit risk, the directors continuously monitor the level of exposure to ensure that follow-up action and/or corrective actions are taken promptly to lower exposure or even to recover overdue debts.

### 6. REVENUE

Revenue represents the amounts received and receivable by the Group from the sale of goods to outside customers, less returns and allowances, for the year.

### 5. 財務風險管理目標及政策 (續)

#### (iii) 信貸風險 (續)

本集團並無高度集中之貿易及其他應收賬款信貸風險，有關風險乃分散至多個訂約方及客戶。由於銀行存款及銀行結餘乃存放於信譽良好之銀行，故該等款項之信貸風險屬微不足道。

本集團有集中之應收若干同系附屬公司貿易應收賬款之信貸風險。為將信貸風險降至最低，董事持續監察風險水平，確保迅速作出跟進及／或採取補救行動，以減低風險甚或收回逾期債務。

### 6. 營業額

營業額指本集團年內自對外客戶銷售貨品所收及應收金額減退貨及準備。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

### 7. BUSINESS AND GEOGRAPHICAL SEGMENTS

#### Business segments

No business segment analysis is shown as more than 90% of the Group's principal activities of the business segment is sales of laminates and related products.

#### Geographical segments

The analysis of the Group's revenue by geographical market for the year is as follows:

The People's Republic of China (the "PRC")	中華人民共和國 (「中國」)
Other Asian countries	其他亞洲國家
Europe	歐洲
America	美國

An analysis of segment assets and capital additions by geographical area in which the assets are located has not been presented as the Group's assets are substantially located in the PRC.

### 7. 業務及地區分部

#### 業務分部

由於本集團逾90%之業務分部主要活動為銷售覆銅面板及相關產品，故並無業務分部分析。

#### 地區分部

於年度內，本集團地區市場的營業額分析如下：

	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
	7,649,605	5,661,918
	585,531	353,030
	179,095	74,295
	58,191	41,926
	<b>8,472,422</b>	<b>6,131,169</b>

由於本集團之資產大部分均位於中國，故並無按資產所在地區呈報分部資產及資本增添分析。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

### 8. OTHER INCOME

### 8. 其他收入

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Other income comprises:	其他收入包括:		
Dividends from available-for-sale investments	來自可供出售投資之股息	901	-
Net exchange gain	匯兌收益淨額	9,091	9,854
Gain on disposal of available-for-sale investments	出售可供出售投資之收益	-	4,162
Gain on fair value changes of investment properties	投資物業公平值變動之收益	7,163	717
Gain on fair value changes of foreign currency forward contracts	遠期外匯合約公平值變動之收益	23	-
Interest income from bank deposits	來自銀行存款利息收益	23,068	5,130
Interest income from fellow subsidiaries	來自同系附屬公司之利息收益	-	5,084
Management fee income from fellow subsidiaries	來自同系附屬公司管理費收益	22,610	33,292
Rental income	租金收益	6,014	2,053
Others	其他	8,638	14,744
		<b>77,508</b>	<b>75,036</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

### 9. FINANCE COSTS

### 9. 融資成本

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Interest on bank borrowings wholly repayable within five years	須於五年內全數償還之 銀行借貸利息	74,926	50,449
Interest expense to holding companies and fellow subsidiaries	控股公司和同系附屬公司 利息開支	45,701	52,923
Other finance charges	其他融資費用	5,944	1,503
		126,571	104,875
Fair value change of interest rate swap	利率掉期公平值變動	(50,463)	(801)
		76,108	104,074
Less: Interest capitalised	減:資本化利息	(3,044)	(3,731)
		73,064	100,343

Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 5% for 2006 (2005: 5%) to expenditures on qualifying assets.

年內之資本化借貸成本乃於一般借貸中產生，於二零零六年以合資格資產開支之資本化率5% (二零零五年: 5%) 計算。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

### 10. INCOME TAX EXPENSE

### 10. 所得稅開支

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
The amount comprises:	稅項包括:		
Hong Kong Profits Tax	香港利得稅		
Charge for the year	本年度稅項支出	3,472	48,599
(Over)underprovision in previous years	過往年度(超額撥備)/ 撥備不足	(9,461)	5,862
		(5,989)	54,461
Taxation arising in other jurisdictions	其他司法權區之稅項		
Charge for the year	本年度稅項支出	159,781	48,628
Underprovision in previous years	過往年度撥備不足	4,216	1,280
		163,997	49,908
Deferred taxation	遞延稅項		
Credit for the year (Note 28)	本年度撥回(附註28)	(12,159)	(13,339)
		145,849	91,030

Hong Kong Profits Tax is calculated at 17.5% on the estimated assessable profits for the year.

香港利得稅乃按年內估計應課稅溢利之17.5%計算。

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

其他司法權區之稅項乃按有關司法權區之適用稅率計算。



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

### 10. INCOME TAX EXPENSE (continued)

Taxation for the year can be reconciled to the profit before taxation as follows:

### 10. 所得稅開支(續)

本年度之稅項與除稅前溢利之對賬如下:

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Profit before taxation	除稅前溢利	1,887,260	1,233,100
Tax charge at the domestic income tax rate of 33% (Note 1)	以當地所得稅率33%計算之稅項支出(附註1)	622,796	406,923
Tax effect of share of result of an associate	應佔一間聯營公司業績之稅務影響	251	246
Tax effect of expenses that are not deductible for tax purpose	就稅項而言不可扣減費用之稅務影響	23,420	46,050
Tax effect of income not taxable for tax purpose	就稅項而言毋須課稅收入之稅務影響	(58,967)	(52,599)
(Over)under provision in previous years	過往年度(超額撥備)/撥備不足	(5,245)	7,142
Tax effect on tax holiday (Note 2)	免稅期之稅務影響(附註2)	(163,289)	(211,290)
Tax effect of tax losses not recognised	未予確認稅項虧損之稅務影響	-	6
Utilisation of tax losses previously not recognised	動用先前未確認稅項虧損	(617)	(4,737)
Effect of different tax rates of subsidiaries operating in other jurisdictions/areas	於其他司法權區/地區經營附屬公司之不同稅率之影響	(63,524)	(100,711)
Tax exempted profit (Note 3)	豁免繳稅溢利(附註3)	(208,976)	-
Tax expense for the year	本年度之稅務開支	145,849	91,030

Notes:

- The domestic income tax rate of 33% represents the PRC Enterprise Income Tax of which the Group's operations are substantially based.
- Certain subsidiaries of the Company in the PRC are exempted from income tax in the PRC for two years starting from the first profit making year in which profits exceed any carried forward tax losses followed by a 50% reduction in the income tax rate in the following three years.
- Profits arising from certain subsidiaries of the Company in areas other than PRC and Hong Kong are exempted from profit tax.

附註:

- 當地所得稅率33%指本集團大部分業務所在地區之中國企業所得稅。
- 本公司若干中國附屬公司自首個獲利年度(即溢利超逾任何結轉之稅務虧損)起計兩年內獲豁免繳納中國所得稅,其後三年所得稅率獲減免50%。
- 本公司位於中國及香港以外地區之若干附屬公司所產生之溢利獲豁免繳納利得稅。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

### 11. PROFIT FOR THE YEAR

### 11. 本年度溢利

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Profit for the year has been arrived at after charging (crediting):	本年度溢利已經扣除(計入)以下項目:		
Depreciation of properties, plant and equipment	物業·廠房及設備折舊	458,537	379,404
Release of prepaid lease payments	預付租賃支出撥回	3,591	3,591
		<b>462,128</b>	382,995
Auditor's remuneration	核數師酬金	3,000	2,955
Net exchange gain	匯兌收益淨額		
– included in cost of sales	– 計入銷售成本	(20,863)	(13,751)
– included in other income	– 計入其他收入	(9,091)	(9,854)
		<b>(29,954)</b>	(23,605)
Impairment loss recognised in respect of trade and other receivables	就貿易及其他應收賬款之已確認減值虧損	30,687	33,543
Loss on disposal and write off of properties, plant and equipment	出售及撇銷物業·廠房及設備之虧損	10	992
Total staff costs, including directors' emoluments (see Note 12)	員工成本總額·包括董事酬金(見附註12)	<b>248,194</b>	203,849

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

### 12. DIRECTORS' AND EMPLOYEES' EMOLUMENTS 12. 董事及僱員酬金

#### (a) Directors' emoluments

The emoluments paid or payable were as follows:

#### (a) 董事酬金

已付或應付之酬金如下:

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Salaries and other benefits	薪金及其他福利	8,458	8,379
Contributions to retirement benefits scheme	退休福利計劃供款	332	289
Performance related incentive payment	工作表現獎勵款項	12,045	3,800
Total emoluments	酬金總額	20,835	12,468

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

### 12. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (continued)

### 12. 董事及僱員酬金 (續)

#### (a) Directors' emoluments (continued)

The emoluments paid or payable to each of the directors were as follows:

#### (a) 董事酬金 (續)

已付或應付各董事之酬金如下:

		Year ended 31 December 2006 截至二零零六年十二月三十一日止年度													
		Cheung Kwok Wa	Cheung Kwok Keung	Cheung Kwok Ping	Lam Ka Po	Cheung Ka Ho	Chan Sau Chi	Liu Min	Zhou Pei Feng	Lo Ka Leong	Chan Charnwut	Chan Yue Kwong	Leung Tai Chiu	Mok Yiu Keung	Total
		張國華	張國強	張國平	林家寶	張家豪	陳秀姿	劉敏	周培峰	羅家亮	陳智思	陳裕光	梁禮超	莫耀強	合計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
Fees	袍金	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other emoluments:	其他酬金:														
Salaries and other benefits	薪金及其他福利	1,620	1,394	1,453	1,257	422	577	512	418	745	15	15	15	15	8,458
Contributions to retirement benefits scheme	退休福利計劃供款	75	61	70	58	18	26	-	-	24	-	-	-	-	332
Performance related incentive payment	工作表現獎勵款項	3,100	2,250	2,870	2,250	150	225	600	600	-	-	-	-	-	12,045
Total emoluments	酬金總額	4,795	3,705	4,393	3,565	590	828	1,112	1,018	769	15	15	15	15	20,835

Note: The performance related incentive payment is determined with reference to the operating results, individual performance and comparable market statistics during both years.

附註: 工作表現相關獎金乃參考兩個年度之經營業績、個人表現及比較市場數據釐定。

No directors waived any emoluments in the year ended 31 December 2006.

截至二零零六年十二月三十一日止年度,概無董事放棄任何酬金。

The emoluments paid to each of the Directors were within the following bands for the year ended 31 December 2005:

截至二零零五年十二月三十一日止年度,支付予各董事之酬金介乎以下範圍:

	Number of individuals 人數	
	Year ended 31 December 2005 截至二零零五年 十二月三十一日止年度	
Below HK\$1,000,000	1,000,000港元以下	1
HK\$1,000,001 to HK\$1,500,000	1,000,001港元至1,500,000港元	2
HK\$2,500,001 to HK\$3,000,000	2,500,001港元至3,000,000港元	2
HK\$3,000,001 to HK\$3,500,000	3,000,001港元至3,500,000港元	1
		6

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

### 12. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (continued)

#### (b) Employees' emoluments

The five highest paid employees for the year ended 31 December 2005 included two directors. Emoluments of the remaining three employees are as follows:

Salaries and other benefits	薪金及其他福利
Performance related incentive payments	工作表現獎勵款項
Retirement benefits scheme contributions	退休福利計劃供款

For the year ended 31 December 2006, all of the five highest paid employees are directors.

During both years, no emoluments were paid to or receivable by the directors or the Group's five highest paid individuals, including directors, as an inducement to join or upon joining the Group or as compensation for loss of office.

### 12. 董事及僱員酬金 (續)

#### (b) 僱員酬金

截至二零零五年十二月三十一日止年度，五位最高薪金僱員包括兩名董事。其餘三名僱員之酬金如下：

2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
–	7,783
–	4,200
–	336
–	12,319

截至二零零六年十二月三十一日止年度，全部五名最高薪金僱員均為董事。

於兩個年度內，董事或本集團五名最高薪金僱員（包括董事）概無支付或應收任何酬金，作為吸引彼等加盟或加盟時支付之獎勵或作為離職之補償。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

### 13. DIVIDENDS

The following dividends were paid by the Company and certain subsidiaries to KCHL and its subsidiaries and the minority shareholders prior to the Group Reorganisation.

### 13. 股息

以下股息於本集團重組前由本公司及本公司若干附屬公司派發予建滔化工集團及其附屬公司及少數股東。

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Dividends paid to:	已派發的股息:		
KCHL and its subsidiaries	建滔化工集團及其附屬公司	2,257,666	264,918
Minority shareholders of subsidiaries	附屬公司的少數股東	19,385	13,891
		<b>2,277,051</b>	278,809
Interim dividends paid in respect of current year	本年度派發的中期股息	35,448	116,393
Special dividends paid in respect of current year	本年度派發的特別股息	2,000,000	-
Final dividends paid in respect of previous year	以前年度派發的末期股息	241,603	162,416
		<b>2,277,051</b>	278,809

### 14. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to equity holders of the Company is based on the following data:

### 14. 每股盈利

本公司權益持有人應佔基本每股盈利按下列數據計算:

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Earnings for the purpose of calculating basic earnings per share	計算基本每股盈利之盈利	1,638,134	1,078,235

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

### 14. EARNINGS PER SHARE (continued)

### 14. 每股盈利 (續)

		Number of shares 股份數目	
		2006 二零零六年 '000 千股	2005 二零零五年 '000 千股
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	計算基本每股盈利之普通股加權平均數	<b>2,859,863</b>	2,730,926

No diluted earnings per share has been presented as the Company does not have any dilutive potential ordinary shares.

由於本公司並無具潛在攤薄效應之普通股，故此並無呈列攤薄每股盈利。

### 15. INVESTMENT PROPERTIES

### 15. 投資物業

		HK\$'000 千港元
FAIR VALUE	公平值	
At 1 January 2005	於二零零五年一月一日	32,340
Increase in fair value	公平值增加	717
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	33,057
Increase in fair value	公平值增加	7,163
At 31 December 2006	於二零零六年十二月三十一日	40,220

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

### 15. INVESTMENT PROPERTIES (continued)

The fair value of the Group's investment properties as at 31 December 2005 has been arrived at on the basis of a valuation carried out on that date by Messrs. Chung, Chan & Associates, independent qualified professional valuers not connected with the Group. At 31 December 2006, the fair value of the Group's investment properties has been arrived at on the basis of a valuation carried out on that date by Messrs. B.I. Appraisals Limited, independent qualified professional valuers not connected with the Group. Messrs. Chung, Chan & Associates and B.I. Appraisals Limited are members of the Institute of Valuers, and have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation, which conforms to International Valuation Standards, was arrived at by reference to market evidence of transaction prices for similar properties.

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

The carrying value of investment properties shown above comprises:

### 15. 投資物業 (續)

本集團投資物業於二零零五年十二月三十一日之公平值乃按與本集團並無關連之獨立合資格專業估值師衡量行於該等日期進行估值之基準達致。本集團投資物業於二零零六年十二月三十一日之公平值則按與本集團並無關連之獨立合資格專業估值師保柏國際評估有限公司於當日進行估值之基準達致。衡量行及保柏國際評估有限公司均為估值師協會會員，具備適當資格，擁有評估近期相關地點類似物業價值之經驗。是次估值遵循國際估值準則，並參考類似物業交易價值之市場憑證釐定。

本集團為賺取租金或資本增值並根據經營租約持有之所有物業權益，均利用按公平值模式計量，並分類及列作投資物業。

以上投資物業賬面值包括：

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Property interests situated in Hong Kong under:	按下列租約於香港持有之物業權益：		
Medium-term lease	中期租約	4,480	2,777
Property interests situated outside Hong Kong under:	按下列租約於香港以外持有之物業權益：		
Medium-term lease	中期租約	12,000	9,400
Long lease	長期租約	23,740	20,880
		<b>40,220</b>	<b>33,057</b>



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## 綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

## 16. PROPERTIES, PLANT AND EQUIPMENT

## 16. 物業、廠房及設備

		Properties for own use	Leasehold improvements	Plant and machinery	Furniture, fixtures and equipment	Motor vehicles	Properties, plant and equipment under construction	Total
		自用物業 HK\$'000 千港元	租約物業裝修 HK\$'000 千港元	廠房及機器 HK\$'000 千港元	傢俬、裝置 及設備 HK\$'000 千港元	汽車 HK\$'000 千港元	在建中物業、 廠房及設備 HK\$'000 千港元	合計 HK\$'000 千港元
<b>COST</b>	<b>成本</b>							
At 1 January 2005	於二零零五年一月一日	614,923	29,776	3,417,735	62,962	52,476	694,483	4,872,355
Exchange adjustments	匯兌調整	11,391	-	64,728	1,280	885	10,509	88,793
Additions	添置	6,124	121	88,158	9,650	12,544	519,293	635,890
Transfer to fellow subsidiaries	轉撥予同系附屬公司	-	-	(41,423)	-	-	-	(41,423)
Disposals and write off	出售及撇銷	(1,421)	(59)	(58,914)	(6,883)	(3,877)	-	(71,154)
Reclassifications	重新分類	85,089	84	795,707	10,199	1,391	(892,470)	-
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	716,106	29,922	4,265,991	77,208	63,419	331,815	5,484,461
Exchange adjustments	匯兌調整	20,989	-	10,694	2,927	1,137	8,079	43,826
Additions	添置	25,454	1,160	276,181	28,340	8,934	472,774	812,843
Disposals and write off	出售及撇銷	(5,724)	(6,803)	(45,289)	(726)	(11,173)	-	(69,715)
Transfer from fellow subsidiaries	轉撥自同系附屬公司	171	-	-	-	-	-	171
Transfer to fellow subsidiaries	轉撥予同系附屬公司	-	(22,291)	(145,901)	(1,485)	(2,108)	(101,409)	(273,194)
Reclassifications	重新分類	55,432	-	433,765	-	-	(489,197)	-
At 31 December 2006	於二零零六年 十二月三十一日	812,428	1,988	4,795,441	106,264	60,209	222,062	5,998,392
<b>DEPRECIATION AND IMPAIRMENT</b>	<b>折舊及減值</b>							
At 1 January 2005	於二零零五年一月一日	88,145	4,123	1,053,681	19,487	26,905	-	1,192,341
Exchange adjustments	匯兌調整	1,441	-	16,169	298	419	-	18,327
Provided for the year	本年度撥備	30,665	3,086	326,604	9,962	9,087	-	379,404
Transfer to fellow subsidiaries	轉撥予同系附屬公司	-	-	(686)	-	-	-	(686)
Eliminated on disposals and write off	出售時註銷及撇銷	(550)	(29)	(57,590)	(6,184)	(2,662)	-	(67,015)
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	119,701	7,180	1,338,178	23,563	33,749	-	1,522,371
Exchange adjustments	匯兌調整	4,444	-	10,894	733	848	-	16,919
Provided for the year	本年度撥備	31,455	186	412,136	7,248	7,512	-	458,537
Eliminated on disposals and write off	出售時註銷及撇銷	(3,559)	(5,805)	(35,105)	(658)	(10,628)	-	(55,755)
Transfer to fellow subsidiaries	轉撥予同系附屬公司	-	(218)	(7,050)	(577)	(1,158)	-	(9,003)
At 31 December 2006	於二零零六年 十二月三十一日	152,041	1,343	1,719,053	30,309	30,323	-	1,933,069
<b>CARRYING VALUES</b>	<b>賬面值</b>							
At 31 December 2006	於二零零六年 十二月三十一日	660,387	645	3,076,388	75,955	29,886	222,062	4,065,323
At 31 December 2005	於二零零五年 十二月三十一日	596,405	22,742	2,927,813	53,645	29,670	331,815	3,962,090

All the Group's properties for own use are situated in the PRC and held under medium-term leases.

本集團全部自用物業均位於中國，並按中期租約持有。

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## 綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

### 17. PREPAID LEASE PAYMENTS

All of the Group's prepaid lease payments are prepaid for medium-term lease leasehold land outside Hong Kong.

Analysed for reporting purposes as: 就報告分析如下:

Current asset 流動資產  
Non-current asset 非流動資產

### 17. 預付租賃款項

本集團全部預付租賃款項均為香港以外租賃土地之中期租約預付款。

	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
	4,015	3,885
	171,961	163,939
	<b>175,976</b>	<b>167,824</b>

### 18. AVAILABLE-FOR-SALE INVESTMENTS

Unlisted equity investments 非上市之股本投資

The above unlisted investments represent investments in unlisted equity securities issued by private entities. They are measured at cost less impairment at each balance sheet date because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably.

The Group's listed investment, Elec & Eltek International Holding Limited ("E&E"), was privatised by KCHL on 18 March 2005. The fair values of the investment amounting to approximately HK\$103,140,000 immediately before its privatisation was deemed as its cost and transferred to the category of unlisted equity investments thereafter.

Incidental to the group reorganisation, the Group transferred its unlisted equity investment in E&E with a carrying value of approximately HK\$103,140,000 back to KCHL on 3 October 2006 at the original cost HK\$55,234,000.

### 18. 可供出售投資

	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
	9,000	112,140

上述非上市投資指於私人實體所發行非上市股本證券之投資。由於公平值之合理估算幅度龐大，致使本公司董事認為未能可靠計算其公平值，故非上市投資於各個結算日按成本扣除減值計算。

本集團之上市投資依利安達國際集團有限公司（「依利安達」）於二零零五年三月十八日由建滔化工集團私有化。緊接其私有化前，此項投資之公平值約103,140,000港元被視為其成本，並於其後轉撥至非上市之股本投資類別。

隨進行集團重組後，本集團於二零零六年十月三日以原有成本55,234,000港元向建滔化工集團轉讓其於依利安達之非上市股本投資，賬面值約為103,140,000港元。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

### 19. BANK BALANCES AND CASH

Bank balances and cash comprise cash held by the Group and short-term bank deposits with an original maturity of one month or less. At 31 December 2006, the bank deposits carry at the prevailing market interest rates which range from 0.72% to 3.80% (2005: 0.50% to 4.28%) per annum. The directors consider the carrying amount of the bank deposits approximates to its fair value.

At 31 December 2006 and 2005, the Group had bank balances and cash that were not freely convertible or were subject to exchange controls in the PRC amounting to approximately HK\$396.1 million and HK\$326.5 million, respectively.

### 20. NON-CURRENT DEPOSITS

Non-current deposits represent deposits paid for the acquisition of properties, plant and equipment.

### 21. INVESTMENT IN AN ASSOCIATE

During the year, the Group transferred its interest in an associate to a subsidiary of KCHL at its carrying amount of HK\$19,085,000. Amount was settled through current account.

### 19. 銀行結餘及現金

銀行結餘及現金包括本集團持有之現金及原到期日為一個月或以下之短期銀行存款。於二零零六年十二月三十一日，銀行存款按現行市場年利率介乎0.72厘至3.80厘（二零零五年：0.50厘至4.28厘）計息。董事認為銀行存款之賬面值與其公平值相若。

於二零零六年及二零零五年十二月三十一日，本集團不可自由兌換或須受中國外匯管制所規限之銀行結餘及現金分別約為396,100,000港元及326,500,000港元。

### 20. 非流動訂金

非流動訂金指就購買物業、廠房及設備已支付之訂金。

### 21. 於一間聯營公司之投資

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Cost of investment in an associate, unlisted	於非上市聯營公司之投資成本	—	20,591
Share of post-acquisition losses	應佔收購後虧損	—	(744)
		—	19,847

年內，本集團按賬面值19,085,000港元將於一間聯營公司之權益轉讓予建滔化工集團之附屬公司。有關款額透過往來賬結清。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

### 21. INVESTMENT IN AN ASSOCIATE (continued)

The summarised financial information in respect of the Group's associate is set out below:

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Net assets	資產淨值	–	66,157
Group's share of net assets of associate	本集團應佔聯營公司資產淨值	–	19,847
Revenue	營業額	–	–
Loss for the year	本年度虧損	(2,540)	(2,479)
Group's share of result of associate for the year	本年度本集團應佔聯營公司業績	(762)	(744)

### 21. 於一間聯營公司之投資 (續)

有關本集團聯營公司之財務資料概述如下：

### 22. INVENTORIES

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Raw materials	原料	1,132,155	766,453
Work in progress	在製品	129,621	82,479
Finished goods	製成品	77,687	40,853
		1,339,463	889,785

### 22. 存貨

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

### 23. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS 23. 貿易及其他應收賬款及預付款項

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Trade receivables	貿易應收賬款	2,147,557	1,840,890
Bills receivables	應收票據	322,087	190,858
Other receivables and prepayments	其他應收賬款及預付款項	240,613	340,798
		<b>2,710,257</b>	<b>2,372,546</b>

The Group allows credit periods of up to 120 days, depending on the products sold, to its trade customers. The following is an aged analysis of trade receivables at the balance sheet date:

根據不同的銷售產品，本集團會給予貿易客戶最多120日之信貸期。於結算日，貿易應收賬款之賬齡分析如下：

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
0-90 days	0至90日	1,681,537	1,269,961
91-180 days	91至180日	463,176	512,812
Over 180 days	180日以上	2,844	58,117
		<b>2,147,557</b>	<b>1,840,890</b>

All bills receivables are aged within 90 days at the balance sheet date.

所有應收票據之賬齡均為結算日起計90日之內。

The fair values of the Group's trade and other receivables and bills receivables at the balance sheet date approximate their corresponding carrying amounts.

本集團於結算日之貿易及其他應收賬款及應收票據之公平值與相應賬面值相若。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

### 23. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (continued)

Included in trade and other receivables and prepayments are the following amounts denominated in a currency other than the functional currency of the Group to which they relate:

		2006 二零零六年 Amount 金額 '000 千元	2005 二零零五年 Amount 金額 '000 千元
United States Dollars	美元	81,423	54,124
Euro	歐元	1,039	-
Japanese Yen	日圓	3,804	-

### 24. AMOUNTS DUE FROM (TO) ULTIMATE HOLDING COMPANY/IMMEDIATE HOLDING COMPANY/FELLOW SUBSIDIARIES

		2006 二零零六年 Amount 金額 '000 千元	2005 二零零五年 Amount 金額 '000 千元
Amounts due from fellow subsidiaries under current assets	流動資產項下應收同系 附屬公司款項		
- Non-interest bearing	- 免息	173,181	4,947,142
Amounts due to ultimate holding company under current liabilities	流動負債項下應付最終 控股公司款項		
- Interest bearing at HIBOR + 0.5% to HIBOR + 1%	- 以香港銀行同業拆息 加0.5厘至1厘計息	-	2,029,242
- Non-interest bearing	- 免息	-	1,916,916
		-	3,946,158
Amounts due to immediate holding company under current liabilities	流動負債項下應付直屬 控股公司款項		
- Interest bearing at HIBOR + 0.5% to HIBOR + 1%	- 以香港銀行同業拆息 加0.5厘至1厘計息	-	75,548
Amounts due to fellow subsidiaries under current liabilities	流動負債項下應付同系 附屬公司款項		
- Interest bearing at HIBOR + 0.5% to HIBOR + 1%	- 以香港銀行同業拆息 加0.5厘至1厘計息	-	1,644,961
- Non-interest bearing	- 免息	4,881	18,121
		4,881	1,663,082

### 23. 貿易及其他應收賬款及預付款項 (續)

貿易及其他應收賬款及預付款項包括下列以本集團之功能貨幣以外貨幣計值之款額:

### 24. 應收/(應付)最終控股公司/直屬控股公司/同系附屬公司款項

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

### 24. AMOUNTS DUE FROM (TO) ULTIMATE HOLDING COMPANY/IMMEDIATE HOLDING COMPANY/FELLOW SUBSIDIARIES (continued)

The trade receivables of the Group included in amounts due from fellow subsidiaries and an aged analysis of such balances are as follows:

0-90 days	0至90日
91-180 days	91至180日
Over 180 days	180日以上

The Group allows credit period normally up to 120 days for sales to its fellow subsidiaries.

The trade payables of the Group included in amounts due to fellow subsidiaries and an aged analysis of such balances are as follows:

0-90 days	0至90日
91-180 days	91至180日
Over 180 days	180日以上

The amounts are unsecured. The Group's non-interest bearing amounts due to fellow subsidiaries have repayment terms of less than 30 days. The fair values of the Group's amounts due to fellow subsidiaries at the balance sheet date approximate their corresponding carrying amounts.

### 24. 應收／(應付)最終控股公司／直屬控股公司／同系附屬公司款項 (續)

應收同系附屬公司款項包括本集團之貿易應收賬款。此等結餘之賬齡分析如下：

	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
0-90 days	173,181	364,198
91-180 days	—	126,443
Over 180 days	—	21,680
	<b>173,181</b>	<b>512,321</b>

本集團就銷售給予其同系附屬公司之信貸期一般最長為120日。

應付同系附屬公司款項包括本集團之貿易應付賬款。此等結餘之賬齡分析如下：

	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
0-90 days	4,881	10,723
91-180 days	—	2,257
Over 180 days	—	5,141
	<b>4,881</b>	<b>18,121</b>

此等款項為無抵押。本集團應付同系附屬公司之免息款項均有少於30日之還款期。本集團於各結算日之應付同系附屬公司款項之公平值與相應賬面值相若。

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## 綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

### 25. DERIVATIVE FINANCIAL INSTRUMENTS

### 25. 衍生金融工具

		2006 二零零六年		2005 二零零五年
		Asset 資產	Liabilities 負債	Assets 資產
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Interest rate swaps	利率掉期	3,486	–	12,813
Foreign currency forward contracts	遠期外匯合約	218	195	–
		<b>3,704</b>	<b>195</b>	12,813

At the balance sheet date, major terms of the interest rate swaps are as follows:

於結算日，利率掉期之主要條款如下：

Outstanding contracts as at 於以下日期尚未到期之合約	Notional amount 面值 HK\$ 港元	Maturity 到期日	Receive floating 所收浮息	Pay fixed 所付定息
31 December 2005 and 2006 二零零六年及二零零五年 十二月三十一日	200,000,000	30 December 2007 二零零七年十二月三十日	HIBOR 香港銀行同業拆息	2.18% 2.18厘
31 December 2005 二零零五年十二月三十一日	150,000,000	6 November 2006 二零零六年十一月六日	HIBOR 香港銀行同業拆息	2.95% 2.95厘
	150,000,000	6 November 2006 二零零六年十一月六日	HIBOR 香港銀行同業拆息	2.95% 2.95厘

The ultimate holding company entered into interest rate swaps with notional amount of HK\$3,650 million (which receive floating rate and pay fixed rate) on behalf of the Group with a corresponding back to back agreement with the Group that the income or expenses arising on those interest rate swap contracts will be borne by the Group. All interest rate swaps entered into by the ultimate holding company on behalf of the Group had been fully settled at the date of the listing of the Company's shares on the main board of the Stock Exchange.

最終控股公司就一筆面值為3,650,000,000港元之款項代本集團訂立利率掉期(收取浮息及支付定息)，並與本集團訂立相應背對背協議，列明該等利率掉期合約所產生之收支將由本集團承擔。最終控股公司代本集團訂立之所有利率掉期已於本公司股份在聯交所主板上市當日全數結清。



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

### 25. DERIVATIVE FINANCIAL INSTRUMENTS

(continued)

At 31 December 2006, the Group entered into currency forward contracts. The major terms of the outstanding contracts are as follows:

Notional Amount 面值	Maturity 到期日	Forward Contract Rate 遠期匯率
6 contracts to buy US\$1,000,000 each 六份每份購買1,000,000美元之合約	Within 6 months 六個月內	US\$1 to HK\$7.728 1美元兌7.728港元
6 contracts to sell US\$1,000,000 each 六份每份出售1,000,000美元之合約	Within 6 months 六個月內	US\$1 to HK\$7.728 1美元兌7.728港元
6 contracts to sell US\$1,000,000 each 六份每份出售1,000,000美元之合約	Within 6 months 六個月內	US\$1 to HK\$7.750 1美元兌7.750港元

The above derivatives are measured at fair value at the balance sheet date. Their fair values are determined based on the valuation provided by licenced financial institutions for equivalent instruments at the balance sheet date.

於二零零六年十二月三十一日，本集團訂立遠期外匯合約。尚未到期合約之主要條款如下：

上述衍生工具於各結算日按公平值計算。其公平值按持牌金融機構於結算日就相應工具提供之估值釐定。

### 26. TRADE AND OTHER PAYABLES AND BILLS PAYABLE

The following is an aged analysis of trade payable at the balance sheet date.

0-90 days	0至90日
91-180 days	91至180日
Over 180 days	180日以上

The fair values of the Group's trade and other payables and bills payable at the balance sheet date approximate their corresponding carrying amounts.

### 26. 貿易及其他應付賬款及應付票據

以下是應付貿易賬款於結算日之賬齡分析。

2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
327,433	245,487
43,929	22,356
21,448	34,565
<b>392,810</b>	<b>302,408</b>

本集團於各結算日之貿易及其他應付賬款及應付票據之公平值與相應賬面值相若。

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## 綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

### 26. TRADE AND OTHER PAYABLES AND BILLS PAYABLE (continued)

Included in trade and other payables and bills payable are the following amounts denominated in a currency other than the functional currency of the Group to which they relate:

		2006 二零零六年 Amount 金額 '000 千元	2005 二零零五年 Amount 金額 '000 千元
United States Dollars	美元	63,694	33,903
Japanese Yen	日圓	1,460,097	2,454,509
Swiss Franc	瑞士法郎	36	1,958
Macau Pataca	澳門幣	19	-
Euro	歐元	962	-

### 26. 貿易及其他應付賬款及應付票據 (續)

貿易及其他應付賬款及應付票據包括下列以本集團功能貨幣以外貨幣計值之款額:

### 27. BANK BORROWINGS

		2006 二零零六年 Amount 金額 '000 千元	2005 二零零五年 Amount 金額 '000 千元
Unsecured:	無抵押:		
Bank loans	銀行貸款	2,595,000	928,335
Trust receipt loans	信託收據貸款	480,687	441,347
		<b>3,075,687</b>	1,369,682
Carrying amount repayable:	須於下列期間償還之賬面值:		
Within one year	一年內	540,687	1,008,767
More than one year, but not exceeding two years	一年以上但不超過兩年	130,769	210,690
More than two years but not more than three years	兩年以上但不超過三年	523,077	106,475
More than three years but not more than four years	三年以上但不超過四年	523,077	43,750
More than four years but not more than five years	四年以上但不超過五年	1,358,077	-
		<b>2,535,000</b>	360,915
Total	合計	<b>3,075,687</b>	1,369,682

### 27. 銀行借貸

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## 綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

### 27. BANK BORROWINGS (continued)

Bank borrowings at 31 December 2006 are variable-rate borrowings which carry interest ranging from HIBOR+0.575% to HIBOR+1% (2005: HIBOR + 0.58% to HIBOR + 1%) per annum.

The fair values of the Group's bank borrowings at the balance sheet date approximate their corresponding carrying amounts.

Included in bank borrowings are the following amounts denominated in a currency other than the functional currency of the Group to which they relate:

### 27. 銀行借貸 (續)

於二零零六年十二月三十一日，銀行借貸為具有不同利率之借貸，年息率介乎香港銀行同業拆息加0.575厘至香港銀行同業拆息加1厘不等（二零零五年：香港銀行同業拆息加0.58厘至香港銀行同業拆息加1厘）。

本集團於結算日之銀行借貸之公平值與相應賬面值相若。

銀行借貸包括下列以本集團功能貨幣以外貨幣計值之款額：

		2006 二零零六年 Amount 金額 '000 千元	2005 二零零五年 Amount 金額 '000 千元
United States Dollars	美元	52,952	61,132
Japanese Yen	日圓	260,554	23,454

### 28. DEFERRED TAX LIABILITIES

The following are the major deferred tax liabilities recognised and movements thereon during the current and prior reporting periods:

### 28. 遞延稅項負債

下表為目前及以前之報告期間已予確認之主要遞延稅項負債以及當中之變動：

		Accelerated tax depreciation 加速稅務折舊 HK\$'000 千港元	Others 其他 HK\$'000 千港元	Total 合計 HK\$'000 千港元
At 1 January 2005	於二零零五年 一月一日	36,178	(10,137)	26,041
(Credit) charge for the year	本年度(撥回) 支出	(13,917)	578	(13,339)
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	22,261	(9,559)	12,702
(Credit) charge for the year	本年度(撥回) 支出	(22,261)	10,102	(12,159)
At 31 December 2006	於二零零六年 十二月三十一日	-	543	543

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## 綜合財務報表附註

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### 29. SHARE CAPITAL/PAID-IN CAPITAL

The paid-in capital of the Group as at 1 January 2005 and 31 December 2005 represented the aggregate amount of the nominal value of the share capital/registered capital and share premium of the companies comprising the Group.

#### THE COMPANY

### 29. 股本／實繳資本

本集團於二零零五年一月一日及二零零五年十二月三十一日之實繳資本代表組成本集團之公司之股本／註冊資本與股份溢價之賬面值總額。

		本公司		Issued and fully paid	
		Authorised 法定		已發行及繳足	
		Number of Shares 股份數目	Amount 金額	Number of Shares 股份數目	Amount 金額
		'000 千股	HK\$'000 千港元	'000 千股	HK\$'000 千港元
Ordinary shares of HK\$0.10 each: 每股面值0.10港元之普通股:					
At 1 January 2005 and 31 December 2005	於二零零五年一月一日及 於二零零五年 十二月三十一日	-	-	-	-
On incorporation	註冊成立時	20,000,000	2,000,000	3,900	390
Issued pursuant to the Group Reorganisation	根據集團重組發行	-	-	2,846,100	284,610
Placing of new shares	配售新股份	-	-	150,000	15,000
At 31 December 2006	於二零零六年 十二月三十一日	20,000,000	2,000,000	3,000,000	300,000
Shown in the consolidated financial statements as - at 31 December 2006	於下列日期在綜合財務報表中 列示之金額 - 於二零零六年十二月三十一日				HK\$300,000,000港元
- at 31 December 2005	- 於二零零五年十二月三十一日				HK\$1,112,498,000港元

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

### 29. SHARE CAPITAL/PAID-IN CAPITAL (continued)

The Company was incorporated on 10 May 2006 with an authorised share capital of HK\$390,000 divided into 3,900,000 shares of HK\$0.10 each. A number of restructuring steps were then taken with the objective to establish the Company as the holding company for the laminate-related operations of the KCHL and its subsidiaries (save for EEIC) for the purpose of the Company's listing. On the same day, Jamplan (BVI) Limited ("Jamplan"), a wholly owned subsidiary of the Company's ultimate holding company, KCHL, became the beneficial owner of 3,900,000 shares in the Company.

Pursuant to the shareholders' resolutions of the Company on 13 November 2006, 2,846,100,000 new shares of HK\$0.10 each were allotted and issued to Jamplan as consideration for the acquisition of the entire issued share capital of Excel First Investments Limited. The Company subsequently issued a total of 150,000,000 new shares of HK\$0.10 each at a price of HK\$7.73 per share to members of the public in Hong Kong and institutional and professional investors in connection with its initial public offering and listing on the main board of the Stock Exchange on 7 December 2006.

### 30. RESERVES

Special reserve of the Group represents (i) the difference between the net asset value of the acquired subsidiaries and the nominal value of the Company's shares issued for the acquisition at the time of the Group Reorganisation and (ii) the reduction in the registered capital of a wholly-owned subsidiary established in the PRC.

Other reserve of the Group represents the deemed contribution from KCHL upon the acquisition of additional interests in subsidiaries and the amount included in other reserve was transferred to special reserve at the time of the Group Reorganisation.

### 29. 股本／實繳資本 (續)

本公司於二零零六年五月十日註冊成立，法定股本為390,000港元，分為3,900,000股每股面值0.10港元的股份。為準備本公司上市，已進行多項重組步驟，目的是令本公司成為建滔化工集團及其附屬公司（不包括EEIC）積層板相關業務之控股公司。同日，本公司最終控股公司建滔化工集團之全資附屬公司Jamplan (BVI) Limited（「Jamplan」）成為本公司3,900,000股股份之實益擁有人。

根據二零零六年十一月十三日之本公司股東決議案，本公司向Jamplan配發及發行2,846,100,000股每股面值0.10港元之新股份，作為收購卓先投資有限公司全部已發行股本之代價。本公司其後於二零零六年十二月七日就首次公開發售及於聯交所主板上上市向香港公眾人士及機構和專業投資者合共發行150,000,000股每股面值0.10港元之新股份，每股作價7.73港元。

### 30. 儲備

本集團之特別儲備為(i)被收購附屬公司之資產淨值及進行集團重組時為收購而發行之本公司股份面值兩者之間的差額；及(ii)一間於中國成立的全資附屬公司削減之註冊資本。

本集團之其他儲備為建滔化工集團收購附屬公司額外權益後之視作注資。列入其他儲備內之有關金額已於進行集團重組時轉撥至特別儲備。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

### 31. MAJOR NON-CASH TRANSACTIONS

The Group has transferred to fellow subsidiaries certain machinery and prepaid lease payments amounting to approximately HK\$264,020,000 (2005: HK\$40,737,000) and HK\$5,662,000 (2005: HK\$20,348,000) respectively during the year ended 31 December 2006.

### 32. COMMITMENTS

### 31. 主要非現金交易

截至二零零六年十二月三十一日止年度，本集團轉讓予同系附屬公司之若干機器及預付租賃款項分別約為264,020,000港元（二零零五年：40,737,000港元）及5,662,000港元（二零零五年：20,348,000港元）。

### 32. 承擔

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Capital expenditure contracted for but not provided in the consolidated financial statements for the acquisition of properties, plant and equipment	就購買物業、廠房及設備而已訂約但未於綜合財務報表作出撥備之資本開支	117,056	73,014

### 33. OPERATING LEASES

The Group as lessee:	本集團作為承租人：
Lease payments charged to the consolidated income statements during the year	年內於綜合收益表扣除之租約付款
– for premises	– 物業

Operating lease payments represent rentals payable by the Group for certain of its office properties and all lease payments are fixed and predetermined.

### 33. 經營租約

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
The Group as lessee:	本集團作為承租人：		
Lease payments charged to the consolidated income statements during the year	年內於綜合收益表扣除之租約付款		
– for premises	– 物業	508	739

經營租約付款為本集團就若干辦公室物業應付之租金。所有租約付款之金額均為固定及預早釐定。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

### 33. OPERATING LEASES (continued)

At the balance sheet date, the Group's future lease payments under non-cancellable operating leases are payable as follows:

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Within one year	一年內	777	515
After one year but not later than five years	一年後但於五年內	1,476	1,367
After five years	五年後	14,067	14,267
		<b>16,320</b>	16,149

### 33. 經營租約 (續)

於結算日，本集團根據不可撤銷之經營租約於日後支付之租約付款須於下列期間支付：

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
The Group as lessor:	本集團作為出租人：		
Rental income credited to the consolidated income statements during the year, net of outgoing amount of approximately HK\$120,000 (2005: HK\$40,000)	年內計入綜合收益表之租金收入(已扣除支銷約為120,000港元(二零零五年:40,000港元))	5,894	2,013

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

### 33. OPERATING LEASES (continued)

The Group's investment properties are rented to outside parties for periods up to five years at fixed predetermined amounts. At the balance sheet date, the Group had contracted with tenants to receive the following future minimum lease payments:

	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Within one year 一年內	4,249	828
After one year but not later than five years 一年後但於五年內	7,645	324
	<b>11,894</b>	<b>1,152</b>

### 34. FINANCIAL GUARANTEES AND CONTINGENT LIABILITIES

#### (a) Financial guarantees

Guarantees given to banks to secure credit facilities granted to ultimate holding company and fellow subsidiaries	為使最終控股公司及同系附屬公司取得信貸額而給予銀行之擔保
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During the current and prior year, the Group had given guarantees to certain banking facilities granted to the ultimate holding company and certain fellow subsidiaries free of charge. These guarantees were released on the day of listing of the Company's shares on the main board of the Stock Exchange.

In the opinion of the directors, the fair value of the financial guarantees at the dates of inception were immaterial.

### 33. 經營租約 (續)

本集團之投資物業均按預早釐定之定額租金租予外界人士，租期最長為五年。於結算日，本集團已與租戶訂立合約，可於日後收取之最低租約付款如下：

	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Within one year 一年內	4,249	828
After one year but not later than five years 一年後但於五年內	7,645	324
	<b>11,894</b>	<b>1,152</b>

### 34. 財務擔保及或然負債

#### (a) 財務擔保

	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Guarantees given to banks to secure credit facilities granted to ultimate holding company and fellow subsidiaries	-	3,950,657

本年度及過往年度內，本集團為使最終控股公司及若干同系附屬公司取得若干銀行信貸額而免費給予擔保。此等擔保已在本公司股份於聯交所主板上市當日撥回。

董事認為，財務擔保於其產生日期之公平值並不重大。



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

### 34. FINANCIAL GUARANTEES AND CONTINGENT LIABILITIES (continued)

#### (b) Litigation

During the year ended 31 December 2005, the Group continued to take legal action against customers to recover overdue trade receivables.

With regard to the three customers which were referred to in the annual report of KCHL for the year ended 31 March 1999, and which collectively owe approximately HK\$12 million to its subsidiaries, it was the intention of the directors that the Group would continue to vigorously pursue the recovery of the outstanding trade receivables and to defend against the counter-claims, amounting to approximately HK\$9 million, which have been lodged by the delinquent customers. On 22 April 2006, the litigation was settled and the counter-claims by the delinquent customers were dismissed in consideration of HK\$3 million payable by the counter-parties to the Group and certain products by the Group to be returned by the counter-parties to the Group. As at 31 December 2006, the Group has no significant contingent liabilities.

### 35. RETIREMENT BENEFITS SCHEME

The Group participates in both a defined contribution scheme which was registered under the Occupational Retirement Scheme Ordinance (the "ORSO Scheme") and a Mandatory Provident Fund Scheme which was established under the Mandatory Provident Fund Ordinance in December 2000 (the "MPF Scheme"). The assets of the schemes are held separately from those of the Group and are invested in funds under the control of independent trustees. Employees who were members of the ORSO Scheme prior to the establishment of the MPF Scheme are members of both the ORSO Scheme and the MPF Scheme, whereas all new employees joining the Group on or after December 2000 are required to join the MPF Scheme.

### 34. 財務擔保及或然負債 (續)

#### (b) 訴訟

截至二零零五年十二月三十一日止年度內，本集團繼續向客戶採取法律行動，追討過期貿易應收賬款。

有關建滔化工集團截至一九九九年三月三十一日止年度年報提出之三名客戶（共拖欠其附屬公司約12,000,000港元）而言，董事擬由本集團繼續積極追討未償還之貿易應收賬款及就反索償進行抗辯。該項由逾期未付賬款客戶提出之反索償涉及款項約9,000,000港元。二零零六年四月二十二日，該項訴訟已經和解，逾期未付賬款客戶提出之反索償已遭駁回，對方須向本集團支付代價3,000,000港元，並須向本集團歸還若干產品。於二零零六年十二月三十一日，本集團並無重大的或然負債。

### 35. 退休福利計劃

本集團同時參加一項根據職業退休計劃條例註冊之定額供款計劃（「職業退休計劃」）及根據強制性公積金條例於二零零零年十二月成立之強制性公積金計劃（「強積金計劃」）。該等計劃之資產與本集團之資產分開持有，並投資於由獨立信託人控制之基金。於成立強積金計劃之前已參加職業退休計劃之僱員，同時成為職業退休計劃及強積金計劃之成員，而所有於二零零零年十二月或之後加入本集團之新僱員必須參加強積金計劃。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

### 35. RETIREMENT BENEFITS SCHEME (continued)

Employees of subsidiaries in the PRC are members of the state-sponsored pension schemes operated by the PRC government. The subsidiaries are required to contribute a certain percentage of their payroll to the pension schemes to fund the benefits. The only obligation of the Group with respect to the pension schemes is to make the required contributions.

Payments to the ORSO Scheme, the MPF Scheme and the state-sponsored pension schemes of approximately HK\$6,531,000 (2005: HK\$4,909,000) net of nil forfeited contributions (2005: HK\$306,000), had been charged to the consolidated income statement.

### 36. RELATED PARTY TRANSACTIONS

The Group entered into the following significant transactions with related parties for the year:

### 35. 退休福利計劃 (續)

中國附屬公司之僱員為中國政府運作之國家資助退休福利計劃成員。該等附屬公司須將薪金支出之某一百分比投入退休計劃，以支付有關福利。本集團就退休計劃履行之唯一責任為支付所需供款。

向職業退休計劃、強積金計劃及國家資助退休福利計劃支付之供款約為6,531,000港元（二零零五年：4,909,000港元），已在扣除沒收供款零港元（二零零五年：306,000港元）後自綜合收益表中扣除。

### 36. 關連人士交易

本集團與有關連人士在年內進行之重大交易如下：

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
(i)	Sales of goods to fellow subsidiaries	(i) 向同系附屬公司銷售貨品  <b>1,714,976</b>	967,077
(ii)	Purchase of goods from fellow subsidiaries	(ii) 向同系附屬公司採購貨品  <b>103,514</b>	80,464
(iii)	Management fee received from fellow subsidiaries	(iii) 向同系附屬公司收取管理費  <b>22,610</b>	33,292
(iv)	Rental income received from fellow subsidiaries	(iv) 向同系附屬公司收取租金收入  <b>160</b>	-
(v)	Interest paid to holding companies and fellow subsidiaries	(v) 向控股公司及同系附屬公司支付利息  <b>45,701</b>	52,923

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

### 36. RELATED PARTY TRANSACTIONS (continued) 36. 關連人士交易 (續)

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元		
(vi)	Interest received from fellow subsidiaries	(vi)	自同系附屬公司收取利息	–	5,084
(vii)	Disposal of available-for-sale investment to ultimate holding company	(vii)	向最終控股公司出售可供出售投資	55,234	10,944

Other than disclosed above, the Group transferred properties, plant and equipment with carrying value of HK\$264,020,000 (2005: HK\$40,737,000) to fellow subsidiaries at a consideration of HK\$264,020,000 (2005: HK\$40,737,000) during the year ended 31 December 2006.

The Group transferred its interest in certain subsidiaries and an associate with carrying values of HK\$73,469,000 and HK\$19,085,000 to fellow subsidiaries at a consideration of HK\$73,469,000 and HK\$19,085,000 during the year.

The Group transferred prepaid lease payments with carrying value of HK\$5,662,000 (2005: HK\$20,348,000) to fellow subsidiaries at a consideration of HK\$5,662,000 (2005: HK\$20,348,000) during the year ended 31 December 2006.

The Group received approximately HK\$51,525,000 (2005: HK\$721,000) from the ultimate holding company in respect of interest rate swaps entered into on behalf of the Group as detailed in note 25.

除上文所披露者外，截至二零零六年十二月三十一日止年度，本集團向同系附屬公司轉讓賬面值為264,020,000港元（二零零五年：40,737,000港元）之物業、廠房及設備，代價為264,020,000港元（二零零五年：40,737,000港元）。

本年度內，本集團向同系附屬公司轉讓其於若干附屬公司及一間聯營公司之權益，賬面值分別為73,469,000港元及19,085,000港元，作價分別為73,469,000港元及19,085,000港元。

截至二零零六年十二月三十一日止年度，本集團向同系附屬公司轉讓賬面值為5,662,000港元（二零零五年：20,348,000港元）之預付租賃款項，作價為5,662,000港元（二零零五年：20,348,000港元）。

本集團因最終控股公司代表本集團訂立之利率掉期而從最終控股公司收取約51,525,000港元（二零零五年：721,000港元），詳情載於附註25。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

### 36. RELATED PARTY TRANSACTIONS (continued)

#### Compensation of key management personnel

The remuneration of directors and other members of key management during the year is as follows:

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Short-term benefits	短期福利	22,465	14,787
Post-employment benefits	退休後福利	352	321
		<b>22,817</b>	<b>15,108</b>

The remuneration of directors and key executives is determined with reference to the performance of individuals and market trends.

### 36. 有關連人士交易 (續)

#### 主要管理人員酬金

年內，董事及其他主要管理人員之酬金如下：

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Short-term benefits	短期福利	22,465	14,787
Post-employment benefits	退休後福利	352	321
		<b>22,817</b>	<b>15,108</b>

董事及其他主要管理人員之酬金會考慮個別員工表現及市場趨勢後釐定。

### 37. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the Company's principal subsidiaries at 31 December 2006 are as follows:

Name of subsidiary 附屬公司名稱	Place of incorporation/ registration and operation 註冊成立/登記 及經營地點	Issued and fully paid share capital/ registered capital 已發行及繳足股本/ 註冊資本	Proportion of interest held by the Group 本集團所持 權益比例 %	Principal activities 主要業務
Chung (Taicang) Insulated Material Co., Ltd. 忠信(太倉)絕緣材料有限公司	PRC <sup>1</sup> 中國 <sup>1</sup>	US\$3,000,000 3,000,000美元	100	Manufacture and distribution of bleached kraft paper 製造及分銷漂白木漿紙
Excel First Investments Limited 卓先投資有限公司	British Virgin Islands # 英屬處女群島#	US\$1 1美元	100	Investment holding 投資控股
Fogang Kingboard Industry Ltd. 佛岡建滔實業有限公司	PRC <sup>1</sup> 中國 <sup>1</sup>	RMB878,100,000 人民幣878,100,000元	62.15	Manufacture and distribution of copper foil 製造及分銷銅箔

### 37. 本公司主要附屬公司之詳情

於二零零六年十二月三十一日，本公司主要附屬公司之詳情如下：

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度

### 37. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued) 37. 本公司主要附屬公司之詳情 (續)

Name of subsidiary 附屬公司名稱	Place of incorporation/ registration and operation 註冊成立/登記 及經營地點	Issued and fully paid share capital/ registered capital 已發行及繳足股本/ 註冊資本	Proportion of interest held by the Group 本集團所持 權益比例 %	Principal activities 主要業務
Guangzhou Chung Shun Century Fibre Glass Co., Ltd. 廣州忠信世紀玻纖有限公司	PRC <sup>1</sup> 中國 <sup>1</sup>	US\$44,595,000 44,595,000美元	100	Manufacture and distribution of glass yarn 製造及分銷玻璃紗
Kingboard (Fogang) Insulated Material Company Limited 建滔(佛岡)絕緣材料有限公司	PRC <sup>1</sup> 中國 <sup>1</sup>	US\$6,115,000 6,115,000美元	100	Manufacture and distribution of bleached kraft paper 製造及分銷漂白木漿紙
Kingboard (Fogang) Laminates Co. Limited 建滔(佛岡)積層板有限公司	PRC <sup>1</sup> 中國 <sup>1</sup>	US\$29,466,000 29,466,000美元	100	Manufacture and distribution of laminates 製造及分銷覆銅面板
Kingboard (Fogang) Paper Laminates Co. Ltd. 建滔(佛岡)積層紙板有限公司	PRC <sup>1</sup> 中國 <sup>1</sup>	US\$17,700,000 17,700,000美元	100	Manufacture and distribution of laminates 製造及分銷覆銅面板
Kingboard (Lian Zhou) Fibre Glass Co. Limited 建滔(連州)玻璃纖維有限公司	PRC <sup>1</sup> 中國 <sup>1</sup>	US\$13,700,000 13,700,000美元	100	Manufacture and distribution of glass fabric 製造及分銷玻璃纖維布
Kingboard (Lian Zhou) Copper Foil Limited 建滔(連州)銅箔有限公司	PRC <sup>1</sup> 中國 <sup>1</sup>	US\$27,000,000 27,000,000美元	62.15	Manufacture and distribution of copper foil 製造及分銷銅箔
Kingboard Copper Foil (Macao Commercial Offshore) Limited 建滔銅箔(澳門離岸商業服務)有限公司	Macau 澳門	MOP100,000 澳門幣100,000元	62.15	Distribution of copper foils 分銷銅箔
Kingboard Copper Foil Holdings Limited	Bermuda <sup>#</sup> 百慕達 <sup>#</sup>	US\$72,250,000 72,250,000美元	62.15	Investment holding 投資控股

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### 37. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

### 37. 本公司主要附屬公司之詳情 (續)

Name of subsidiary 附屬公司名稱	Place of incorporation/ registration and operation 註冊成立/登記 及經營地點	Issued and fully paid share capital/ registered capital 已發行及繳足股本/ 註冊資本	Proportion of interest held by the Group 本集團所持 權益比例 %	Principal activities 主要業務
Kingboard Laminates (Jiangmen) Co., Ltd. 江門建滔積層板有限公司	PRC <sup>1</sup> 中國 <sup>1</sup>	HK\$118,400,000 118,400,000港元	100	Manufacture and distribution of laminates 製造及分銷覆銅面板
Kingboard Laminates (Kunshan) Co., Ltd. 建滔積層板(昆山)有限公司	PRC <sup>1</sup> 中國 <sup>1</sup>	US\$32,010,000 32,010,000美元	100	Manufacture and distribution of laminates 製造及分銷覆銅面板
Kingboard Laminates (Macao Commercial Offshore) Limited 建滔積層板(澳門離岸商業服務) 有限公司	Macau 澳門	MOP100,000 澳門幣100,000元	100	Distribution of laminates 分銷覆銅面板
Kingboard (Panyu Nansha) Petrochemical Company Limited 建滔(番禺南沙)石化有限公司	PRC <sup>1</sup> 中國 <sup>1</sup>	RMB250,000,000 人民幣250,000,000元	100	Manufacture and distribution of chemicals 製造及分銷化工產品
Kunshan Yatta Chemical Co., Ltd. 昆山日滔化工有限公司	PRC <sup>1</sup> 中國 <sup>1</sup>	US\$12,500,000 12,500,000美元	100	Manufacture and distribution of laminates 製造及分銷覆銅面板
#	These are investment holding companies which have no specific principal place of operations.		#	此等公司乃投資控股公司，並無特定主要營業地點。
<sup>1</sup>	These companies were established in the PRC in the form of Wholly Foreign-owned Enterprises.		<sup>1</sup>	此等公司以外商獨資企業之形式在中國成立。

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### 37. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

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

None of the subsidiaries had issued any debt securities at the end of the year.

### 37. 本公司主要附屬公司之詳情 (續)

上表所列為本公司董事認為主要影響本集團業績或資產之本公司附屬公司。本公司董事認為列出其他附屬公司之詳情會過於冗長。

各附屬公司於年結時概無發行任何債務證券。