

### 1. GENERAL INFORMATION

The principal activity of Hi Sun Technology (China) Limited (the “Company”) is investment holding.

The Company and its subsidiaries (collectively referred to as the “Group”), are principally engaged in the sales of information technology products, provision of information system consultancy and integration services, and information technology operation valued-added services.

The Company is a limited liability company incorporated in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

The Company is listed on the Stock Exchange of Hong Kong Limited.

These consolidated financial statements are presented in thousands of units of HK dollars (HK\$'000), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 17 April 2007.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### 2.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, which are carried at fair value.

### 1. 一般資料

高陽科技(中國)有限公司(「本公司」)之主要業務為投資控股。

本公司及其附屬公司(合稱為「本集團」)主要從事銷售資訊科技產品、提供資訊系統諮詢及集成服務以及資訊科技運營增值服務。

本公司為於百慕達註冊成立的有限公司，其註冊辦事處地址為Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda。

本公司於香港聯合交易所有限公司上市。

除另有所指外，綜合財務報表以千港元(千港元)為單位呈列。此等綜合財務報表於二零零七年四月十七日獲董事會批准刊發。

### 2. 重大會計政策概要

編製此等綜合財務報表時採用的主要會計政策載列如下。除另有所指外，該等政策於呈報的所有年度貫徹採用。

#### 2.1 編製基準

本公司的綜合財務報表乃根據香港財務報告準則(「香港財務報告準則」)，按歷史成本法編製，並就按公平值列賬之按公平值計入溢利或虧損之金融資產重估作修訂。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.1 Basis of preparation (continued)

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

The areas involving a higher degree of judgement or complexity, or area where assumptions and estimates are significant to the financial statements are disclosed in note 4.

In 2006, the Group adopted the following new amendments and interpretations of HKFRS and Hong Kong Accounting Standards ("HKAS"), which are relevant to its operations:

- HKAS 19 (Amendment) Actuarial Gains and Losses, Group Plans and Disclosures
- HKAS 21 (Amendment) Net Investment in a Foreign Operation
- HKAS 39 (Amendment) Cash Flow Hedge Accounting of Forecast Intragroup Transactions
- HKAS 39 (Amendment) The Fair Value Option
- HKAS 39 (Amendment) and HKFRS 4 (Amendment) Financial Guarantee Contracts
- HKFRS-Int 4 Determining whether an Arrangement contains a Lease

The adoptions of new/revised HKAS 19 (Amendment), 21 (Amendment), 39 (Amendment), HKFRS 4 (Amendment) and HKFRS-Int 4 did not result in substantial changes to the accounting policies of the Group.

### 2. 重大會計政策概要 (續)

#### 2.1 編製基準 (續)

為與香港財務報告準則相符，編製財務報表時須作出若干重要的會計估計，管理層亦須在應用本公司會計政策之過程中作出判斷。

涉及高度判斷性或複雜性，或對財務報表而言有重大影響之假設和估計等範圍於附註4披露。

於二零零六年，本集團採納下文對營運有關之香港財務報告準則及香港會計準則（「香港會計準則」）之新修訂及詮釋：

- 香港會計準則第19號（修訂本）精算損益、集團計劃及披露
- 香港會計準則第21號（修訂本）於海外業務之投資淨額
- 香港會計準則第39號（修訂本）預測集團內交易之現金流量對沖會計法
- 香港會計準則第39號（修訂本）公平價值選擇權
- 香港會計準則第39號（修訂本）及香港財務報告準則第4號（修訂本）財務擔保合約
- 香港財務報告準則—詮釋第4號釐定安排是否包括租賃

採納新訂／經修訂香港會計準則第19號（修訂本）、21號（修訂本）、39號（修訂本）、香港財務報告準則第4號（修訂本）及香港財務報告準則詮釋第4號不會對本集團會計政策造成重大變動。

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.1 Basis of preparation (continued)

The following standards, amendments or interpretations to existing standards have been published but are not effective for 2006 and have not been early adopted:

- HKAS 1 (Amendment) Presentation of Financial Statements: Capital Disclosures
- HKFRS 7 Financial Instruments: Disclosures
- HKFRS 8 Operating Segments
- HK(IFRIC)-Int 7 Applying the Restatement Approach under HKAS 29, Financial Reporting in Hyperinflationary Economies
- HK(IFRIC)-Int 8 Scope of HKFRS 2
- HK(IFRIC)-Int 9 Reassessment of Embedded Derivatives
- HK(IFRIC)-Int 10 Interim Financial Reporting and Impairment
- HK(IFRIC)-Int 11 HKFRS 2-Group and Treasury Share Transactions
- HK(IFRIC)-Int 12 Service Concession Arrangements

The Group has already commenced an assessment of the impact of the new standards, amendments or interpretations to existing standards but is not yet in a position to state whether these new standards, amendments or interpretations to existing standards would have a significant impact to its results of operations and financial position.

### 2. 重大會計政策概要 (續)

#### 2.1 編製基準 (續)

以下準則、現行準則之修訂或詮釋頒佈，惟於二零零六年尚未生效，故並無提早採納：

- 香港會計準則第1號(修訂本)財務報告之呈列：資本披露
- 香港財務報告準則第7號金融工具：披露
- 香港財務報告準則第8號經營分部
- 香港(國際財務報告詮釋委員會)－詮釋第7號根據香港會計準則第29號：財務報告於嚴重通脹經濟上應用重列法
- 香港(國際財務報告詮釋委員會)－詮釋第8號香港財務報告準則第2號之範圍
- 香港(國際財務報告詮釋委員會)－詮釋第9號重估內含衍生工具
- 香港(國際財務報告詮釋委員會)－詮釋第10號中期財務報告及減值
- 香港(國際財務報告詮釋委員會)－詮釋第11號香港財務報告準則第2號－集團及庫存股份交易
- 香港(國際財務報告詮釋委員會)－詮釋第12號服務特許權安排

本集團已著手評估此等新訂準則、現行準則修訂或詮釋之影響，惟尚未能指出此等新訂準則、現行準則修訂或詮釋會否對其經營業績及財務狀況造成重大影響。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.2 Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to 31 December.

##### *Subsidiaries*

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

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

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

### 2. 重大會計政策概要 (續)

#### 2.2 綜合賬目

綜合財務報表包括本公司及其所有附屬公司截至十二月三十一日止之財務報表。

##### *附屬公司*

附屬公司乃指本集團控制其半數以上投票權，並有權監管其財務及營運政策之所有實體（包括特定用途實體）。於評估本集團是否控制另一實體時，已考慮現時可予行使或轉換之潛在投票權之存在及影響。

附屬公司之賬目自控制權轉讓予本集團之日起綜合計入，而有關賬目將於該控制權終止之日剔除綜合計入賬目。

收購會計法用於計算本集團收購附屬公司。收購成本按於所給予資產、所發行股本工具及所產生或承擔負債於交換日期之公平值計量，另加收購之直接應佔成本。於業務合併取得之可識別資產以及承擔之負債及或然負債，初步按收購日期之公平值計量，而不論任何少數股東權益的數額。收購成本超出本集團所佔可識別資產淨值公平值之差額乃記錄為商譽。倘收購成本少於所收購附屬公司資產淨值之公平值，則有關差額直接於收益表確認。

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.2 Consolidation (continued)

#### *Subsidiaries (continued)*

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

In the Company's balance sheet, the investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted by the Company on the basis of dividend received and receivable.

### 2.3 Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

### 2.4 Foreign currency translation

#### (a) *Functional and presentation currency*

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

## 2. 重大會計政策概要 (續)

### 2.2 綜合賬目 (續)

#### *附屬公司 (續)*

集團內公司間之交易、集團內公司間交易之結餘及未變現收益均予以對銷。未變現虧損亦會對銷，惟有證據顯示所轉讓資產出現減值之交易除外。附屬公司之會計政策於有需要時已作出更改，以確保本集團採納之政策貫徹一致。

在本公司之資產負債表內，附屬公司之投資以成本值減去減值虧損準備入賬。附屬公司之業績由本公司按已收及應收股息為基準入賬。

### 2.3 分類報告

業務分類指從事提供產品或服務之一組資產及業務，而該組資產及業務之風險及回報與其他業務分類有別。地區分類乃在特定經濟環境下從事提供產品或服務，而該分類之風險及回報與在其他經濟環境經營之分類有別。

### 2.4 外幣換算

#### (a) *功能和呈報貨幣*

本集團旗下各實體的財務報表所列項目均採用有關實體營業所在的主要經濟環境通用的貨幣（「功能貨幣」）為計算單位。綜合財務報表以港幣呈報，而港幣為本公司的功能貨幣及呈報貨幣。

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.4 Foreign currency translation (continued)

##### (b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Translation differences on non-monetary items, such as equity instruments held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation difference on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

##### (c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- (iii) all resulting exchange differences are recognised as a separate component of equity.

### 2. 重大會計政策概要 (續)

#### 2.4 外幣換算 (續)

##### (b) 交易及結餘

外幣交易按交易當日適用的匯率兌換為功能貨幣。因結算交易及按結算日匯率換算貨幣資產和負債產生的外匯損益均於收益表確認。

非貨幣項目(例如按公平值計入溢利或虧損之股本工具)之換算差額乃呈報為公平值損益之部分。非貨幣項目(例如分類為可供出售金融資產之股本)之換算差額則計入權益項下公平值儲備。

##### (c) 集團旗下公司

集團旗下所有功能貨幣與呈報貨幣不同之實體(全部均非高通脹經濟之貨幣)之業績及財務狀況,按以下方式換算為呈報貨幣:

- (i) 各資產負債表所呈列資產及負債,按結算日之收市匯率換算;
- (ii) 各收益表之收入及支出,按平均匯率換算,惟此平均值並非該等交易日期通行匯率具累積效果之合理約數除外。在此情況下,收入及支出將於交易日期換算;及
- (iii) 所有匯兌差額將確認為個別權益項目。

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)**2.4 Foreign currency translation** (continued)(c) *Group companies* (continued)

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

**2.5 Property, plant and equipment**

All property, plant and equipment are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate cost to their residual values over their estimated useful lives, as follows:

Buildings	5 – 10%
Leasehold improvements	20%
Office furniture and equipment	18% – 25%
Plant and equipment	9% – 25%
Motor vehicles	18% – 25%

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.7).

Gains and losses on disposal are determined by comparing the proceeds, with the carrying amount and are recognized within other gains/(losses) – net, in the income statement.

**2. 重大會計政策概要 (續)****2.4 外幣換算 (續)**(c) *集團旗下公司* (續)

綜合賬目時，換算於海外實體之淨投資所產生匯兌差額及指定用作對沖該等投資之借款及其他貨幣工具之匯兌差額均計入股東權益。出售海外業務時，匯兌差額於收益表確認為出售收益或虧損之一部分。

**2.5 物業、廠房及設備**

所有物業、廠房及設備按歷史成本減折舊及減值虧損入賬。歷史成本包括收購此等項目直接應佔開支。

當與項目有關之未來經濟利益可能流入本集團，以及項目成本能可靠計算時，其後成本才會計入資產之賬面值或確認為獨立資產（視適用情況而定）。所有其他維修及保養費於產生財政期間於收益表支銷。

物業、廠房及設備之折舊以直線法於其估計可用年期內分配其成本至剩餘價值。所採用年率如下：

樓宇	5 – 10%
租約物業裝修	20%
辦公室傢俬及設備	18% – 25%
廠房及設備	9% – 25%
汽車	18% – 25%

資產之剩餘價值及可用年期會於各結算日審閱及調整（如適用）。

倘資產之賬面值超過其估計可收回金額，則其賬面值將即時撇減至其可收回金額（附註 2.7）。

出售資產之收益或虧損指出售所得款項與有關資產賬面值之間差額，並於收益表之其他收益／（虧損）淨額確認。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.6 Investment properties

Property that is held for long-term yields or for capital appreciation or both, and that is not occupied by the companies in the consolidated Group, is classified as investment property.

The cost of an investment property comprises its purchase price and any costs directly attributable to bringing the property to its intended use.

After initial recognition, investment property is stated at cost less accumulated depreciation and impairment losses.

Depreciation is calculated using the straight-line method to allocate cost of the investment property over its estimated useful lives, as follows:

Buildings	5%
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Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the income statement during the financial period in which they are incurred.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment.

#### 2.7 Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation, which are at least tested annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

### 2. 重大會計政策概要 (續)

#### 2.6 投資物業

持作取得長期收益或資本升值或兩者之物業，及並非由綜合本集團旗下成員本公司佔用之物業，均分類為投資物業。

投資物業成本包括其買入價及與令物業達致其擬定用途直接有關之成本。

初步確認後，投資物業按成本減累計折舊及減值虧損列賬。

投資物業乃按以下比率，就其估計可用年期，以直線法分配成本計算折舊：

樓宇	5%
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其後開支僅於與該項目相關之日後經濟利益將流入本集團，及該項目成本能可靠計量時，自資產賬面值扣除。所有其他維修及保養成本於產生之財政期間在收益表支銷。

倘投資物業成為業主自用，則重新分類為物業、廠房及設備。

#### 2.7 資產減值

並無可用期限的資產毋須攤銷，但此等資產每年均作出至少一次減值評估。如發生任何可能導致未能收回資產賬面值的事項或情況變化，本集團亦會檢討該資產的減值情況。就須攤銷資產而言，倘發生任何可能導致未能收回資產賬面值之事項或情況變化，本集團將檢討該資產的減值情況。減值虧損為資產賬面值超越其可收回價值之數額。可收回金額為資產公平值減出售成本後之價值，與其使用價值之間的較高者。就評估資產減值而言，本集團按可個別可識別其現金流量（現金產生單位）的最低水平劃分資產類別。



## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.8 Financial assets

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

(a) *Financial assets at fair value through profit or loss*  
Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

(b) *Loans and receivables*  
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balance sheet (Note 2.10).

## 2. 重大會計政策概要 (續)

### 2.8 金融資產

本集團將其金融資產分類為：按公平值計入溢利或虧損之金融資產與貸款及應收款項。分類取決於收購金融資產之目的。管理層於初步確認時釐定其金融資產之分類，並於每個申報日期重新評估有關決定。

(a) *按公平值計入溢利或虧損之金融資產*  
按公平值計入溢利或虧損之金融資產乃持作買賣之金融資產。倘收購旨在於短期內售出或倘管理層有所指定，則於此類別分類。除非衍生工具設定作對沖用途，否則，衍生工具亦分類為持作買賣。倘資產乃持作買賣或預期於結算日起計12個月內變現，則分類為流動資產。

(b) *貸款及應收款項*  
貸款及應收款項為並無於活躍市場掛牌而有固定待付付款的非衍生金融資產。貸款及應收款項於本集團直接向無意買賣應收款項之借方提供金錢、貨品或服務時產生。貸款及應收款項計入流動資產，惟到期日為結算日起計12個月以上者除外。此等貸款及應收款項分類為非流動資產。貸款及應收款項於資產負債表計入應收賬款及其他應收款項（附註2.10）。

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.8 Financial assets (continued)

Purchases and sales of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus transaction costs. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Realised and unrealised gains and losses arising from changes in the fair value of the “financial assets at fair value through profit or loss” category are included in the income statement in the period in which they arise.

If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm’s length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer’s specific circumstances.

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

#### 2.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises raw materials and direct labour. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

### 2. 重大會計政策概要 (續)

#### 2.8 金融資產 (續)

買賣金融資產於成交日期確認，即本集團承諾買賣資產之日期。金融資產初步按公平值加所有金融資產之交易成本確認。金融資產於其收取現金流量之權利屆滿或轉讓後，本集團亦已轉讓後其所有的絕大部分風險及回報時，將會被剔除。

按公平值計入溢利或虧損之金融資產其後按公平值列賬。貸款及應收款項以實際利率法按攤銷成本列賬。

「按公平值計入溢利或虧損之金融資產」之公平值變動產生之已變現與未變現收益及虧損，於產生期間計入收益表。

倘金融資產（及非上市證券）之市場並不活躍。本集團使用估值技巧釐定公平值，該等技巧包括使用近期公平磋商交易。參考大致相同之其他工具、折讓現金流量分析，並調整購股權訂價模式，以反映發行人之特定情況。

本集團於每個結算日評估是否有客觀證據顯示金融資產或一組金融資產已出現減值。

#### 2.9 存貨

存貨乃以以成本值及可變現淨值兩者中較低者列賬。成本以先入先出方法釐定。製成品及在建工程之成本包括原材料及直接工資。變現淨值為正常業務過程中之估計售價扣除適用之可變銷售開支。

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.10 Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision and reversal of such provision is recognised in the income statement within administrative expenses.

### 2.11 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown as borrowings under current liabilities on the balance sheet.

### 2.12 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### 2.13 Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

## 2. 重大會計政策概要 (續)

### 2.10 應收賬款及其他應收款項

應收賬款及其他應收款項初步按公平值確認，其後使用實際利率法計量攤銷成本，並扣除減值撥備。當有客觀證據顯示本集團未能根據應收款項之原訂條款收回所有到期款項，則會作出應收賬款及其他應收款項之減值撥備。撥備金額為資產賬面值與預期日後現金流量之現值間之差額，按實際息率貼現。撥備金額及撥備撥回在收益表中行政費用內確認。

### 2.11 現金及現金等價物

現金及現金等價物按成本值於資產負債表列賬。現金及現金等價物包括手頭現金、銀行活期存款、原定到期日為三個月或以下之其他短期高流通量投資及銀行透支。銀行透支於資產負債表流動負債下列作借款。

### 2.12 股本

普通股分類列為權益。發行新股份或購股權直接有關的增量成本於權益列示為自所得款項扣除稅項之扣減。

### 2.13 應付賬款

應付賬款初步按公平值確認，其後使用實際利率法按攤銷成本計算。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.14 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Transaction costs are incremental costs that are directly attributable to the acquisition and issue of borrowings including fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

The fair value of the liability portion of convertible preference shares issued by a subsidiary is determined using a market interest rate for an equivalent non-convertible preference shares. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or on maturity. The remainder of the proceeds is allocated to the equity component and is included in shareholders' equity, net of income tax effects.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

### 2. 重大會計政策概要 (續)

#### 2.14 借款

借款初步以公平值確認(減去所產生之交易成本)。交易成本為收購及發行一項負債的遞增直接成本,包括支付予代理人、顧問、經紀及經銷商之費用及佣金,以及支付予監管機構及證券交易所之徵費,以及轉讓稅項及徵稅。借款其後以攤銷成本列賬。所得款項(扣除交易成本)與贖回價值間之差額,乃以實際利率法於借款期間在收益表確認。

由一家附屬公司發行之可換股優先股之負債部分之公平值以等額非可換股優先股市場利率釐定。有關款項按攤銷成本基準記錄為負債,直至獲轉換或到期為止。所得款項之餘下部分分配至權益部分,並於扣除所得稅影響後計入股東權益。

借款歸類為流動負債,除非本集團有權無條件將債項延長至結算日後最少12個月後清償則作別論。

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.15 Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

### 2.16 Employee benefits

#### (a) Employee leave entitlements

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

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

## 2. 重大會計政策概要 (續)

### 2.15 遞延所得稅

遞延所得稅乃就資產與負債的稅基及有關資產與負債於綜合財務報表中的賬面值兩者的暫時差額，以負債法作出全數撥備。然而，倘遞延所得稅乃產生自於交易（業務合併除外）初步確認資產或負債，而當時之交易並無影響會計或應課稅溢利或虧損，則不會列賬。遞延所得稅乃以於結算日訂明或實際訂明之稅率（及法例）釐定，並預期於變現相關遞延所得稅資產或償還遞延所得稅負債時適用。

遞延所得稅資產之確認以預期日後可能出現應課稅溢利用作抵銷暫時差額為限。

本集團就附屬公司投資產生之暫時差額作出遞延所得稅撥備，除非本集團可控制撥回該暫時差額之時間，且該暫時差額符負債作出可能不會於可預見將來撥回則屬例外。

### 2.16 僱員福利

#### (a) 僱員有薪假期

僱員獲享之年度休假在僱員可享有時確認。本集團會對僱員服務至結算日所累積之年度休假估算負債作出撥備（倘適用）。

僱員獲享之病假及產假不會確認，直至僱員休假之時。

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.16 Employee benefits (continued)

##### (b) Pension obligations

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "Pension Scheme") set up pursuant to the Mandatory Provident Fund Schemes Ordinance, for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the Pension Scheme. The assets of the Pension Scheme are held separately from those of the Group in an independently administrated fund. The Group's employer contributions vest fully with the employees when contributed to the Pension Scheme, except for the Group's employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to vesting fully in the contributions, in accordance with the rules of the Pension Scheme.

The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due and are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

In addition, pursuant to the government regulations in the People's Republic of China (the "PRC"), the Group is required to contribute an amount to certain retirement benefit schemes based on approximately 7% to 20% of the wages for the year of those employees in the PRC. The local municipal government undertakes to assume the retirement benefits obligations of those employees of the Group. Contributions to these retirement benefits schemes are charged to the income statement as incurred.

### 2. 重大會計政策概要 (續)

#### 2.16 僱員福利 (續)

##### (b) 退休金責任

本集團為其所有香港僱員運作一個根據強制性公積金計劃條例設立之定額供款強制性公積金退休計劃(「退休計劃」)。退休計劃之供款按僱員基本薪金之某個百分比計算，並於根據退休計劃規定應支付供款時在收益表扣除。退休計劃之資產與本集團之資產分開持有，並由獨立管理基金保管。本集團之僱主供款在向退休計劃作出供款時悉數歸屬僱員，惟本集團作出之僱主自願供款，會按照退休計劃之規則在僱員於有關供款全數歸屬前而離職時退回予本集團。

本集團於支付供款後即無其他付款責任。供款於到期應付及被僱員於供款全數歸屬前離職所沒收供款抵銷時確認。預付供款於退回現金或可對銷未來供款時確認為資產。

此外，根據中華人民共和國(「中國」)政府之規例，本集團須按中國員工該年度之工資約7%至20%就若干退休福利計劃作出供款，由當地市政府承擔該等本集團員工之退休福利責任。就該等退休福利計劃作出之供款於產生時在收益表中扣除。

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.16 Employee benefits (continued)

#### (c) Share-based compensation

The Group operates two equity-settled, share-based compensation plans. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

#### (d) Profit sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

## 2. 重大會計政策概要 (續)

### 2.16 僱員福利 (續)

#### (c) 股本酬金

本集團設有以股本結算並以股份支付之酬金計劃。就僱員所提供服務授出之購股權之公平值確認為開支。歸屬期內支銷總額參考所授出購股權之公平值釐定，不包括任何非市場性質歸屬條件（例如盈利能力及銷售額增長指標）所產生影響。於各結算日，實體檢討預期可予行使購股權數目之估計。倘需修訂原有估計，則於收益表確認有關影響（如有），並就餘下歸屬期間對權益作出相應調整。

當購股權獲行使時，已收所得款項扣除任何直接應計交易成本計入股本（面值）及股份溢價。

#### (d) 溢利分享及花紅計劃

本集團按照特定計算方法就花紅及溢利分享確認負債及開支，該計算方法已計入本公司股東應佔溢利並作出若干調整。當出現合約責任或過往慣例引致推定責任時，本集團即確認撥備。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.17 Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

#### 2.18 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group. Revenue is recognised as follows:

- (a) *Sales of goods*  
Sales of goods are recognised when a Group entity has delivered products to the customer, the customer has accepted the products and collectibility of the related receivables is reasonably assured.
- (b) *Sales of services*  
Sales of services are recognised when the services are rendered.
- (c) *Interest income*  
Interest income is recognised on a time-proportion basis using the effective interest method.

### 2. 重大會計政策概要 (續)

#### 2.17 撥備

當本集團因過往事件承擔現有法律或推定責任，而解除責任很有可能導致資源流出，且金額能夠可靠計算之情況下，便會確認撥備。

倘承擔若干類似責任，於釐定解除責任是否需要流出資源時，將以整類責任類別為考慮。即使同類責任當中任何一項導致資源流出可能性甚低，亦會確認撥備。

#### 2.18 收入確認

收入包括本集團於日常業務中銷售貨品及提供服務收回或應收之代價的公平值。所示收入已扣除增值稅、退貨、回扣及折扣，並沖銷集團內公司間之銷售。收入按以下方式確認：

- (a) *銷售貨品*  
當集團旗下實體交付產品予客戶及客戶接納產品時，且合理確定可以收回相關應收款項，即確認銷售貨品收入。
- (b) *提供服務*  
服務收入於提供服務時確認。
- (c) *利息收入*  
利息收入以實際利率法按時間比例確認。



### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.18 Revenue recognition (continued)

##### (d) Lease income – finance lease

Lease income under finance lease is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return. When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income.

##### (e) Lease income – operating lease

Lease income under operating lease is recognised over the term of the lease in a straight line basis.

#### 2.19 Leases

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

#### 2.20 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

### 2. 重大會計政策概要 (續)

#### 2.18 收入確認 (續)

##### (d) 租金收入 – 融資租約

融資租約項下租金收入以淨投資法於租約年期確認，以反映各期間之穩定回報。當根據融資租約出租資產時，租金現值確認為應收款項。應收款項總額與應收款項現值間之差額確認為未賺取融資收入。

##### (e) 租金收入 – 經營租約

經營租約項下租金收入按直線法於租期內確認。

#### 2.19 租約

凡擁有權所涉及大部分風險及回報由出租人保留之租約，均列作經營租約。根據經營租約所付租金在扣除來自出租人之任何優惠後，在租約年期內以直線法在收益表支銷。

#### 2.20 政府資助

倘存合理保證可收到政府資助而本集團亦將會遵行有關條款時，該資助將會以公平值確認為收入。

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.20 Government grants (continued)

Government grants relating to the purchase of property, plant and equipment are deducted from the carrying amount of the asset. The grant is recognised as income over the life of a depreciable asset by way of a reduced depreciation charge.

#### 2.21 Research and development

Research expenditure is expensed as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will be a success considering its commercial and technological feasibility, and costs can be measured reliably. Other development expenditures are expensed as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

#### 2.22 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

#### 2.23 Comparatives

Where necessary, comparative figures have been reclassified to conform with changes in presentation in current year.

### 2. 重大會計政策概要 (續)

#### 2.20 政府資助 (續)

與收購物業、廠房及設備有關的政府資助會於資產賬面值扣除。有關資助會以扣減折舊法，按該須予折舊資產可用年期確認為收益。

#### 2.21 研發

研究開支於產生時支銷。考慮其商業及技術可行性而認為該項目將成功且成本能可靠地作出計量時，於發展項目產生的成本（有關設計及測試新或改良產品）確認為無形資產。其他發展開支於產生時支銷。過往確認為開支的發展成本不會於其後期間確認為資產。

#### 2.22 股息分派

向本公司股東分派的股息於本集團的財務報表內於本公司股東批准股息期內，確認為負債。

#### 2.23 比較數字

倘需要，比較數字已重新分類，以符合本年度之呈列方式變動。

### 3. FINANCIAL RISK MANAGEMENT

#### 3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and price risk), credit risk, liquidity risk and cash flow and fair value interest-rate risk.

Risk management is carried out by the executive Directors. The executive Directors identify, evaluate and hedge financial risks in close co-operation within the operating units of the Group.

#### (a) Market risk

##### (i) Foreign exchange risk

The Group operates mainly in the PRC and Hong Kong. The exchange rate of Renminbi to HK dollars is subject to the rules and regulations of foreign exchange control promulgated by the PRC government. At present, the Group does not have any financial instruments for hedging purposes.

Foreign exchange risk arises when future commercial transactions, recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The executive Directors are responsible for managing the net position in each foreign currency.

##### (ii) Price risk

The Group is exposed to equity securities' price risk because the Group has publicly traded equity investments classified as financial assets at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the investment portfolio is continuously reviewed and carefully monitored in accordance with the limits set by the executive Directors.

### 3. 財務風險管理

#### 3.1 財務風險因素

集團的經營存在多種財務風險：市場風險（包括外匯風險及價格風險）、信用風險、流動性風險，及現金流量公平值利率風險。

風險管理由執行董事進行，執行董事會與本集團營運單位緊密合作以識別、評估及對沖財務風險。

#### (a) 市場風險

##### (i) 外匯風險

本集團主要於中國及香港經營業務。人民幣兌港元的匯率須受中國政府頒布的外匯管制規則及法規所規限。目前，本集團並無任何作對沖用途的金融工具。

倘未來有商業交易，則會產生外匯風險，已確認資產及負責以實體功能貨幣以外的貨幣兌換。執行董事負責監管各外幣的淨狀況。

##### (ii) 價格風險

由於本集團公開買賣分類為按公平值計入溢利或虧損之金融資產之股本投資，故本集團面對股本證券價格風險。為管理股本證券投資產生之價格風險，本集團按照執行董事制定之限制，持續審閱及審慎監控投資組合。

### 3. FINANCIAL RISK MANAGEMENT (continued)

#### 3.1 Financial risk factors (continued)

(b) *Credit risk*

The Group has concentration of credit risk. Sales of goods and services to the top five customers constituted 64% of the Group's turnover for the year ended 31 December 2006.

The executive Directors considers that the Group's exposure to bad debts is not significant since the Group primarily trades with reputable and creditworthy customers. In addition, the Group has credit policies in place to ensure that sales of products and services are made to customers with appropriate credit history. Collection of outstanding receivable balances and authorisation of credit limits to individual customers are closely monitored on an ongoing basis.

(c) *Liquidity risk*

Prudent liquidity risk management implies maintaining sufficient cash and the ability to apply for bank loan facilities if necessary.

(d) *Cash flow and fair value interest rate risk*

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group has no significant interest-bearing assets, except for the cash placed with banks.

The interest rate risk of the Group arises from borrowings. Borrowings issued at variable rates expose the Group to cash flow interest-rate risk. Borrowings issued at fixed rates expose the Group to fair value interest-rate risk. At the year end, all borrowings were at a fixed rate.

### 3. 財務風險管理 (續)

#### 3.1 財務風險因素 (續)

(b) *信貸風險*

本集團信貸風險集中。向五大客戶銷售的貨物及服務構成本集團截至二零零六年十二月三十一日止年度營業額的64%。

執行董事認為，本集團的壞賬風險並不高，因為本集團主要與信譽良好及可信賴的客戶交易。此外，本集團現時有信貸政策確保產品及服務的銷售是向具有正常信貸記錄的客戶作出。本集團會持續對收回應收款餘額及向個別客戶授出的信貸限額作出嚴密監控。

(c) *流動資金風險*

謹慎的流動資金風險管理指有需要時維持足夠現金及申請銀行信貸的能力。

(d) *現金流量及公平值利率風險*

本集團的收入及經營現金流量非常獨立於市場利率變動。除存於銀行的現金外，本集團並無任何重大付息資產。

本集團的利率風險來自借貸。浮息借貸令本集團面對現金流量利率風險。定息借貸令本集團面對公平值利率風險。於年結日，所有借貸均為定息借貸。

### 3. FINANCIAL RISK MANAGEMENT (continued)

#### 3.2 Fair value estimation

The nominal value less impairment provision of trade receivable and payables approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

The fair value of financial assets at fair value through profit or loss of the Group is based on quoted market prices at the balance sheet date without any deduction for transaction costs.

Details of the fair value estimation of convertible preference shares issued by a subsidiary are set out in note 4(b).

### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

#### (a) Income taxes

The Group is subject to income taxes in various jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

### 3. 財務風險管理 (續)

#### 3.2 公平值估計

貿易應收款項及應收款項之面值減減值撥備與其公平值相若。就披露資料而言，金融負債的公平值按本集團就類似金融工具所得現行市場利率折算日後合約現金流量估計。

本集團按公平值計入溢利或虧損之金融資產公平值，乃按於結算日所報市價釐定，而不會扣除任何交易成本。

一家附屬公司所發行可換股優先股的估計公平值詳情載於附註4(b)。

### 4. 關鍵會計估計及判斷

估計及判斷持續根據過往經驗及其他因素評估，包括在現行情況下相信屬合理的未來事件預測。

本集團就未來作出估計及假設。所得會計估計顧名思義絕少與實際結果相同。有重大風險導致下個財政年度的資產與負債賬面值需作出重大調整的估計及假設討論如下。

#### (a) 所得稅

本集團須繳納多個司法權區的所得稅。就各地所得稅釐定撥備時，須作出重大判斷。於進行日常業務時涉及大量未能確定最終稅項的交易及計算。

#### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

##### (a) Income taxes (continued)

Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

##### (b) Estimated fair value of the liability component of the convertible preference shares issued by Turbo Speed Technology Limited (“Turbo Speed”), a wholly-owned subsidiary of the Company

The fair value of the liability component is estimated by applying the discounted cash flows method. The Group makes significant assumptions of the future dividend payments to convertible preference shareholders of Turbo Speed based on available latest financial information, business potential and plans, and recent market information of industry and sector performance.

According to the subscription agreement entered into by Turbo Speed, the holders of the convertible preference shares will be entitled to a fixed cumulative preferred dividend equal to HK\$624,000 (the “Preferred Dividend”). The holders of the convertible preference shares will also be entitled to participate in part of dividends (the “Ordinary Dividend”) declared and payable by Turbo Speed (after the Preferred Dividend), calculated by applying an agreed formula so that the aggregate of the Preferred Dividend and Ordinary Dividend to the holders of convertible preference shares will be equal initially to 16% (on an annual basis) of the total dividend payable by Turbo Speed.

#### 4. 關鍵會計估計及判斷 (續)

##### (a) 所得稅 (續)

倘該等事宜的最終稅務結果與初次記錄金額有別，有關差額將影響作出決定期間的所得稅及遞延稅項撥備。

##### (b) 本公司全資附屬公司 Turbo Speed Technology Limited (「Turbo Speed」) 所發行可換股優先股負債部分的估計公平值

負債部分的公平值乃以貼現現金流量法估計。本集團根據現有最新資料、業務潛力及計劃以及行業和界別近期市場資訊，就賦予 Turbo Speed 之可換股優先股股東的日後股息作出重大假設。

根據 Turbo Speed 所訂立認購協議，可換股優先股持有人有權獲派相當於 624,000 港元的定額累計優先股股息（「優先股股息」）。可換股優先股持有人亦有權獲派派付優先股股息後，按協定方式計算的 Turbo Speed 宣派及應付部分股息（「普通股股息」），致使可換股優先股持有人獲派優先股息及普通股股息總額初步相當於 Turbo Speed 應付股息總額的 16%（按年計算）。

**4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS** (continued)**(c) Impairment of receivables**

The executive Directors determine the provision for impairment of trade and other receivables based on the credit history of its customers and the current market condition. The executive Directors reassess the provision on each of the balance sheet date.

**5. TURNOVER, OTHER GAINS AND SEGMENT INFORMATION**

The Group is principally engaged in the sales of information technology products, provision of information system consultancy and integration services, and information technology operation value-added services. Turnover and other gains recognised during the year are as follows:

**4. 關鍵會計估計及判斷 (續)****(c) 應收款項減值**

執行董事基於其客戶的信貸記錄及現行市況，釐定應收賬款及其他應收款項的減值撥備。執行董事於各結算日重新評估撥備。

**5. 營業額、其他收入及分類資料**

本集團的主要業務為銷售資訊科技產品、提供資訊系統諮詢及集成服務，以及資訊科技運營增值服務。於年內已確認的營業額及其他收入如下：

		<b>For the year ended</b> 截至年度止	
		<b>2006</b> 二零零六年 <b>HK\$'000</b> 千港元	2005 二零零五年 HK\$'000 千港元
Turnover	營業額		
Sales of goods	銷售貨品	<b>197,843</b>	200,261
Provision of information system consultancy and integration services	提供資訊系統諮詢及集成服務	<b>169,695</b>	102,111
Information technology operation value-added services	資訊科技運營增值服務	<b>105,584</b>	136,241
Management fees received from a related company (Note 32)	向一家關連公司收取管理費用 (附註32)	-	150
		<b>473,122</b>	438,763
Other gains	其他收入		
Interest income	利息收入	<b>4,831</b>	1,403
Subsidy income from government grant (Note below)	從政府補助所得資助收入 (見下文附註)	-	926
Gain on disposal of financial assets at fair value through profit or loss	出售按公平值計入溢利或虧損之金融資產的收益	<b>59,727</b>	-
Fair value gain on financial assets at fair value through profit or loss	按公平值計入溢利或虧損之金融資產公平值收益	<b>2,699</b>	-
Finance lease income	融資租賃收入	<b>111</b>	41
Other income	其他收入	<b>991</b>	217
		<b>68,359</b>	2,587
Turnover and other gains	營業額及其他收入	<b>541,481</b>	441,350

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 5. TURNOVER, OTHER GAINS AND SEGMENT INFORMATION (continued)

#### Primary reporting format – business segments

As at 31 December 2006, the Group is organised into four main business segments:

- (a) Financial solutions, services and related products – provision of information system consultancy and integration services and sales of information technology products to financial institutions and banks;
- (b) Telecommunication solutions, services and related products – provision of information system consultancy and integration services and sales of information technology products to the telecommunication industries;
- (c) Electronic payment products and services – sales of electronic fund transfer point-of-sale (“EFT-POS”) terminals; and
- (d) Information technology operation value-added services – provision of Interactive Voice Response (“IVR”) platform operation services.

There are no sales or other transactions between the business segments.

Turnover consists of sales from financial solutions, services and related products, telecommunication solutions, services and related products, electronic payment products and services and information technology operation value-added services, which are HK\$473,122,000 and HK\$438,613,000 for the years ended 31 December 2006 and 2005 respectively.

Other Group operations during the year ended 31 December 2005 mainly comprised of management fees received from a related company of HK\$150,000 (Note 32). No such management fee was received during the current year.

### 5. 營業額、其他收入及分類資料 (續)

#### 主要呈報方式 – 業務分類

於二零零六年十二月三十一日，本集團共分為四大業務分類：

- (a) 金融解決方案、服務及相關產品 – 向財務機構及銀行提供資訊系統諮詢及集成服務以及銷售資訊科技產品；
- (b) 電訊解決方案、服務及相關產品 – 向電訊行業提供資訊系統諮詢及集成服務以及銷售資訊科技產品；
- (c) 電子支付產品及服務 – 銷售電子支付（「EFT-POS」）終端機；及
- (d) 資訊科技運營增值服務 – 提供語音互動（「IVR」）平台作業服務。

各項分類業務之間並無銷售或其他交易。

營業額包括金融解決方案、服務及相關產品、電訊解決方案、服務及相關產品、電子支付產品和服務及資訊科技運營增值服務之銷售，截至二零零六年及二零零五年十二月三十一日止年度，營業額分別為473,122,000港元及438,613,000港元。

截至二零零五年十二月三十一日止年度，其他集團業務主要包括向一家關連公司收取管理費用150,000港元（附註32）。本年內並無收取此等管理費用。



# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 5. TURNOVER, OTHER GAINS AND SEGMENT INFORMATION (continued)

#### Primary reporting format – business segments (continued)

The segment results for the year ended 31 December 2006 and segment assets and liabilities at 31 December 2006 and capital expenditure for the year then ended are as follows:

### 5. 營業額、其他收入及分類資料 (續)

#### 主要呈報方式 – 業務分類 (續)

截至二零零六年十二月三十一日止年度之分類業績，及於二零零六年十二月三十一日之分類資產與負債及截至該年度之資本開支如下：

		Financial solutions, services and related products 金融解決方案、服務及相關產品 HK\$'000 千港元	Telecom- munication solutions, services and related products 電訊解決方案、服務及相關產品 HK\$'000 千港元	Electronic payment products and services 電子支付產品及服務 HK\$'000 千港元	Information technology operation value-added services 資訊科技增值運營服務 HK\$'000 千港元	Unallocated 未分配 HK\$'000 千港元	Group 本集團 HK\$'000 千港元
Turnover	營業額	164,474	5,221	197,843	105,584	-	473,122
Other gains	其他收入	-	-	-	-	68,359	68,359
Segment results	分類業績	30,911	2,649	30,081	41,950	43,454	149,045
Finance costs	融資成本					(3,803)	(3,803)
Profit before income tax	除所得稅前溢利						145,242
Income tax expense	所得稅開支					(11,642)	(11,642)
Profit attributable to equity holders of the Company	本公司權益持有人應佔溢利						133,600
Segment assets	分類資產	240,561	1,398	151,158	127,136	326,857	847,110
Segment liabilities	分類負債	(37,142)	(3,828)	(68,422)	(27,026)	(31,020)	(167,438)
Other segment information:	其他分類資料：						
Depreciation of property, plant and equipment	物業、廠房及設備折舊	3,765	-	1,413	7,739	172	13,089
Depreciation of investment property	投資物業折舊	-	-	-	-	8	8
Amortisation of leasehold land	租賃土地攤銷	-	-	5	-	31	36
Write back of provision for impairment of trade receivables	應收賬款減值撥備撥回	-	(1,523)	-	-	-	(1,523)
Provision for impairment of trade receivables	應收賬款減值撥備	369	-	897	-	-	1,266
Write-off of inventories	存貨撇銷	-	-	1,504	-	-	1,504
(Gain)/loss on disposal of property, plant and equipment	出售物業、廠房及設備 (收益)/虧損	(18)	-	(1)	(10)	11	(18)
Capital expenditure	資本開支	34,313	-	1,502	11,165	36,086	83,066

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 5. TURNOVER, OTHER GAINS AND SEGMENT INFORMATION (continued)

#### Primary reporting format – business segments (continued)

The segment results for the year ended 31 December 2005 and segment assets and liabilities at 31 December 2005 and capital expenditure for the year then ended are as follows:

### 5. 營業額、其他收入及分類資料 (續)

#### 主要呈報方式 – 業務分類 (續)

截至二零零五年十二月三十一日止年度的分類業績，於二零零五年十二月三十一日的分類資產與負債及截至該年度的資本開支如下：

		Financial solutions, services and related products 金融解決方案及相關產品	Telecommunication solutions, services and related products 電訊解決方案及相關產品	Electronic payment products and services 電子支付產品及服務	Information technology operation value-added services 資訊科技增值運營服務	Other operations 其他集團業務	Unallocated 未分配	Group 本集團
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Turnover	營業額	157,784	11,515	133,073	136,241	150	-	438,763
Other gains	其他收入	-	-	-	-	-	2,587	2,587
Segment results	分類業績	13,103	(3,438)	12,912	71,462	150	(23,249)	70,940
Finance costs	融資成本						(3,998)	(3,998)
Profit before income tax	除所得稅前溢利							66,942
Income tax expenses	所得稅開支						(4,638)	(4,638)
Profit attributable to equity holders of the Company	本公司權益持有人應佔溢利							62,304
Segment assets	分類資產	87,625	2,178	104,535	116,030	-	3,373	313,741
Segment liabilities	分類負債	(76,338)	(19,957)	(48,903)	(30,695)	-	(10,414)	(186,307)
Other segment information:	其他分類資料:							
Depreciation of property, plant and equipment	物業、廠房及設備折舊	4,160	-	673	4,989	-	62	9,884
Provision for impairment of trade receivables	應收賬款減值撥備	1,586	3,477	1,911	-	-	-	6,974
Write-off of inventories	存貨撇銷	-	-	1,008	-	-	-	1,008
Loss on disposal of property, plant and equipment	出售物業、廠房及設備虧損	188	-	5	126	-	-	319
Capital expenditure	資本開支	418	-	6,816	18,619	-	527	26,380

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 5. TURNOVER, OTHER GAINS AND SEGMENT INFORMATION (continued)

#### Secondary reporting format – Geographical segments

The Group's four business segments operate in two main geographical areas:

- Hong Kong and South East Asia – financial solutions, services and related products, electronic payment products and services, and other Group operations
- Mainland China – financial solutions, services and related products, telecommunication solutions, services and related products, electronic payment products and services, and information technology operation value-added services

There are no sales or other transactions between the geographical segments.

### 5. 營業額、其他收入及分類資料 (續)

#### 次要呈報方式 – 地區分類

本集團之四大業務分類在兩個主要地區經營：

- 香港及東南亞 – 金融解決方案、服務及相關產品、電子支付產品及服務及其他集團業務
- 中國大陸 – 金融解決方案、服務及相關產品、電訊解決方案、服務及相關產品、電子支付產品及服務，以及資訊科技運營增值服務

各地區分類業務之間並無銷售或其他交易。

		<b>Turnover</b> 營業額 <b>2006</b> 二零零六年 <b>HK\$'000</b> 千港元	<b>Segment results</b> 分類業績 <b>2006</b> 二零零六年 <b>HK\$'000</b> 千港元	<b>Total assets</b> 總資產 <b>2006</b> 二零零六年 <b>HK\$'000</b> 千港元	<b>Capital expenditure</b> 資本開支 <b>2006</b> 二零零六年 <b>HK\$'000</b> 千港元
Hong Kong and South East Asia	香港及東南亞	<b>110,040</b>	<b>5,942</b>	<b>257,420</b>	<b>14</b>
Mainland China	中國大陸	<b>363,082</b>	<b>99,649</b>	<b>262,833</b>	<b>46,966</b>
		<b>473,122</b>	<b>105,591</b>	<b>520,253</b>	<b>46,980</b>
Other gains, unallocated	其他收入，未分配		<b>68,359</b>		
Unallocated expenses	未分配開支		<b>(24,905)</b>		
Operating profit	經營溢利		<b>149,045</b>		
Unallocated assets	未分配資產			<b>326,857</b>	
Total assets	資產總值			<b>847,110</b>	
Unallocated capital expenditure	未分配資本開支				<b>36,086</b>
Total capital expenditure	資本開支總額				<b>83,066</b>

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 5. TURNOVER, OTHER GAINS AND SEGMENT INFORMATION (continued)

#### Secondary reporting format - Geographical segments (continued)

### 5. 營業額、其他收入及分類資料 (續)

#### 次要呈報方式－地區分類 (續)

		Turnover 營業額 2005 二零零五年 HK\$'000 千港元	Segment results 分類業績 2005 二零零五年 HK\$'000 千港元	Total assets 總資產 2005 二零零五年 HK\$'000 千港元	Capital Expenditure 資本開支 2005 二零零五年 HK\$'000 千港元
Hong Kong and South East Asia	香港及東南亞	71,100	(1,740)	35,821	123
Mainland China	中國大陸	367,663	95,929	274,547	25,730
		<u>438,763</u>	<u>94,189</u>	<u>310,368</u>	<u>25,853</u>
Other gains, unallocated	其他收入·未分配		2,587		
Unallocated expenses	未分配開支		<u>(25,836)</u>		
Operating profit	經營溢利		<u>70,940</u>		
Unallocated assets	未分配資產			<u>3,373</u>	
Total assets	資產總值			<u>313,741</u>	
Unallocated capital expenditure	未分配資本開支				<u>527</u>
Total capital expenditure	資本開支總額				<u>26,380</u>

**6. EXPENSES BY NATURE**

Expenses included in cost of sales, selling expenses and administrative expenses are analysed as follows:

**6. 以性質區分的開支**

於銷售成本、銷售開支及行政開支計入的開支，分析如下：

		<b>2006</b> 二零零六年 <b>HK\$'000</b> 千港元	2005 二零零五年 HK\$'000 千港元
Auditor's remuneration	核數師酬金	<b>1,894</b>	1,620
Depreciation of property, plant and equipment	物業、廠房及設備折舊	<b>13,089</b>	9,884
Depreciation of investment property	投資物業折舊	<b>8</b>	-
Amortisation of leasehold land	租賃土地攤銷	<b>36</b>	-
Employee benefit expense (including Directors' emoluments) (Note 8)	僱員福利開支(包括董事酬金)(附註8)	<b>100,641</b>	101,092
Costs of inventories sold	售出存貨成本	<b>147,246</b>	185,572
Operating lease rentals for land and buildings	土地及樓宇之營業租賃租金	<b>9,379</b>	10,254
Operating lease rentals for equipment	設備之營業租賃租金	<b>9,348</b>	7,212
Research and development costs	研究及開發成本	<b>2,598</b>	2,204
(Gain)/loss on disposal of property, plant and equipment	出售物業、廠房及設備(收益)/虧損	<b>(18)</b>	319
Provision for impairment of trade receivables	應收賬款減值撥備	<b>1,266</b>	6,974
Write-back of provision for impairment of trade receivables	應收賬款減值撥備撥回	<b>(1,523)</b>	-
Write-off of inventories	存貨撇銷	<b>1,504</b>	1,008
Refund of value-added tax	增值稅退款	<b>(1,097)</b>	(4,816)

**7. NET FOREIGN EXCHANGE (LOSSES)/GAINS**

The net foreign exchange losses recognised in the consolidated income statement included as administrative expenses for the year ended 31 December 2006 amounted to HK\$1,736,000 (2005: net foreign exchange gains of HK\$500,000).

**7. 外匯淨(虧損)/收益**

於綜合收益表中確認的外匯淨虧損計入於截至二零零六年十二月三十一日止年度的行政開支，達1,736,000港元(二零零五年：外匯淨收益500,000港元)。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 8. EMPLOYEE BENEFIT EXPENSE (INCLUDING DIRECTORS' EMOLUMENTS)

### 8. 僱員福利開支 (包括董事酬金)

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Wages and salaries	工資及薪金	<b>87,455</b>	86,920
Social security costs	社會保障成本	<b>5,987</b>	6,574
Employee share option schemes – value of employee services for share options granted (Note 22)	僱員購股權計劃 – 已授出購股權的僱員服務價值 (附註22)	<b>2,387</b>	4,493
Pension costs – defined contribution plans (Note (a))	退休金成本 – 界定供款計劃 (附註(a))	<b>4,812</b>	3,105
		<b>100,641</b>	101,092

Note:

附註:

#### (a) Pensions – defined contribution plans

Contributions totalling HK\$8,696,000 (2005: HK\$4,284,000) were payable to the fund at the year end.

No contribution was forfeited during the year (2005: Nil).

#### (b) Directors' emoluments

There was no arrangement under which a Director waived or agreed to waive any emolument during the year (2005: Nil).

#### (a) 退休金 – 界定供款計劃

合共8,696,000港元的供款 (二零零五年: 4,284,000港元) 須於年終付予基金。

年內並無供款被沒收 (二零零五年: 無)。

#### (b) 董事酬金

年內並無董事放棄或同意放棄任何酬金安排 (二零零五年: 零)。

**8. EMPLOYEE BENEFIT EXPENSE (INCLUDING DIRECTORS' EMOLUMENTS) (continued)****(b) Directors' emoluments (continued)**

The directors' emoluments for the year are equivalent to key management compensation. The remuneration of every Director for the year ended 31 December 2006, is set out below:

**8. 僱員福利開支 (包括董事酬金) (續)****(b) 董事酬金 (續)**

年內董事酬金相當於主要管理層的補償。截至二零零六年十二月三十一日止年度，每名董事的酬金如下：

Name of Director	董事姓名	Fees 袍金 HK\$'000 千港元	Salary 薪金 HK\$'000 千港元	Discretionary bonus 酌情花紅 HK\$'000 千港元	Other benefits- Share options (Note (i)) 其他福利-購股權 (附註(i))		Total 合共 HK\$'000 千港元
					Employer's contribution to pension scheme 僱主的退休金 計劃供款 HK\$'000 千港元	Value of services for share options granted 年內 服務價值 HK\$'000 千港元	
<b>Executive Directors</b> 執行董事							
Cheung Yuk Fung	張玉峰	360	-	-	12	-	372
Kui Man Chun	渠萬春	-	808	-	12	237	1,057
Lo Siu Yu (Note (ii))	羅韶宇 (附註(ii))	-	441	-	10	237	688
Xu Wensheng	徐文生	-	603	-	12	237	852
Li Wenjin	李文晉	-	608	800	12	237	1,657
Chan Yiu Kwong	陳耀光	-	888	600	12	72	1,572
Xu Chung Jun	徐昌軍	-	505	-	12	237	754
Zhou Jian (Note (ii))	周健 (附註(ii))	-	-	-	-	-	-
		360	3,853	1,400	82	1,257	6,952
<b>Non-Executive Director</b> 非執行董事							
Liu Yangsheng, Charles (Note (iii))	劉揚聲 (附註(iii))	35	-	-	-	-	35
<b>Independent Non-Executive Directors</b> 獨立非執行董事							
Tam Chun Fai	譚振輝	60	-	-	-	-	60
Leung Wai Man, Roger	梁偉民	60	-	-	-	-	60
Xu Sitao	許思濤	60	-	-	-	-	60
		180	-	-	-	-	180
		575	3,853	1,400	82	1,257	7,167

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 8. EMPLOYEE BENEFIT EXPENSE (INCLUDING DIRECTORS' EMOLUMENTS) (continued)

#### (b) Directors' emoluments (continued)

The remuneration of every Director for the year ended 31 December 2005 is set out below:

### 8. 僱員福利開支(包括董事酬金)(續)

#### (b) 董事酬金(續)

截至二零零五年十二月三十一日止年度，每名董事的酬金如下：

Name of Director	董事姓名	Fees 袍金 HK'000 千港元	Salary 薪金 HK'000 千港元	Discretionary bonus 酌情花紅 HK'000 千港元	Other benefits-		Total 合共 HK\$'000 千港元
					Share options (Note (i)) 其他福利-購股權(附註(i)) Employer's contribution to pension scheme 僱主的退休金計劃供款 HK'000 千港元	Value of services for share options granted 年內服務價值 HK'000 千港元	
<b>Executive Directors</b>		<b>執行董事</b>					
Cheung Yuk Fung	張玉峰	220	-	150	9	-	379
Kui Man Chun	渠萬春	-	612	2,000	12	418	3,042
Lo Siu Yu	羅韶宇	-	425	1,200	12	418	2,055
Xu Wensheng	徐文生	-	425	1,000	12	418	1,855
Li Wenjin	李文晉	-	477	2,000	12	418	2,907
Chan Yiu Kwong	陳耀光	-	852	450	12	127	1,441
Xu Chung Jun	徐昌軍	-	399	500	12	418	1,329
Zhou Jian	周健	-	-	-	-	-	-
Su Terry Lumin (Note (iv))	蘇魯閩(附註(iv))	-	-	-	-	-	-
		220	3,190	7,300	81	2,217	13,008
<b>Non-Executive Director</b>		<b>非執行董事</b>					
Liu Yangsheng, Charles (Note (iii))	劉揚聲(附註(iii))	75	-	300	-	-	375
<b>Independent Non-Executive Directors</b>		<b>獨立非執行董事</b>					
Tam Chun Fai	譚振輝	60	-	-	-	-	60
Leung Wai Man, Roger	梁偉民	60	-	-	-	-	60
Xu Sitao	許思濤	60	-	-	-	-	60
		180	-	-	-	-	180
		475	3,190	7,600	81	2,217	13,563



**8. EMPLOYEE BENEFIT EXPENSE (INCLUDING DIRECTORS' EMOLUMENTS) (continued)****(b) Directors' emoluments (continued)***Note:*

- (i) On 26 September 2005, 17,500,000 share options were granted to certain Directors at an exercise price of HK\$0.768 per share (the average closing price of the shares as quoted in the daily quotations sheets issued by The Stock Exchange of Hong Kong Limited for the five business days immediately preceding 26 September 2005) with an expiry date of 25 September 2015. The exercisable period of the options commenced on 26 September 2005 and expires 10 years thereafter. Options granted are vested as follows:

On 26 September 2005	Up to 50%
On 26 September 2006	Up to 100%

Pursuant to an ordinary resolution passed on 28 June 2006, each of the existing issued and unissued ordinary shares of HK\$0.01 each in the share capital of the Company was subdivided into four ordinary shares of HK\$0.0025 each (the "Share Subdivision"), which was approved by the shareholders of the Company and became effective on 29 June 2006.

The Share Subdivision has led to an adjustment to the exercise price of the outstanding options and the number of shares to be issued by the Company upon exercise of the outstanding options. For share options granted to Directors with exercise period from 26 September 2005 to 25 September 2015, the number of shares to be issued by the Company upon full exercise of such options has been increased from 17,500,000 shares to 70,000,000 shares and the exercise price has been adjusted from HK\$0.768 to HK\$0.192 per share.

- (ii) Mr. Lo Siu Yu and Mr. Zhou Jian have resigned as directors of the Company on 18 October 2006 and 20 November 2006, respectively.
- (iii) Mr. Liu Yangsheng, Charles was appointed as a non-executive director of the Company on 17 May 2005 and resigned on 17 April 2006.
- (iv) Mr. Su Terry Lumin has resigned as Director of the Company on 2 February 2005.

**8. 僱員福利開支 (包括董事酬金) (續)****(b) 董事酬金 (續)***附註:*

- (i) 於二零零五年九月二十六日，17,500,000份購股權以每股行使價0.768港元（由香港聯合交易所有限公司於緊接二零零五年九月二十六日前五個營業日的每日報價單的股份平均收市價）授予若干董事，有效期至二零零五年九月二十五日。購股權行使期間於二零零五年九月二十六日開始，並於其後十年屆滿。授出的股權歸屬如下：

於二零零五年九月二十六日	最多50%
於二零零六年九月二十六日	最多100%

根據於二零零六年六月二十八日通過之普通決議案，本公司股本中每股面值0.01港元之已發行及未發行普通股，已分拆為四股每股面值0.0025港元之普通股（「股份分拆」），股份分拆已獲本公司股東批准，於二零零六年六月二十九日生效。

股份分拆導致須對未行使購股權及本公司於未行使購股權獲行使時將予發行之股份數目作出調整。就董事所獲授且行使期由二零零五年九月二十六日至二零一五年九月二十五日之購股權而言，本公司於有關購股權獲行使時將予發行之股份數目，已由17,500,000股增至70,000,000股，而行使價由每股0.768港元調整至每股0.192港元。

- (ii) 羅韶宇先生及周健先生分別於二零零六年十月十八日及二零零六年十一月二十日辭任本公司董事。
- (iii) 劉揚聲先生於二零零五年五月十七日獲委任為本公司非執行董事，後於二零零六年四月十七日辭任。
- (iv) 蘇魯閩先生於二零零五年二月二日已辭任本公司董事一職。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 8. EMPLOYEE BENEFIT EXPENSE (INCLUDING DIRECTORS' EMOLUMENTS) (continued)

#### (c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year included four Directors (2005: four). The emoluments payable to the remaining one (2005: one) individual during the year are as follows:

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Salaries, allowances and benefits in kind	薪金、津貼及實物利益	2,020	2,420
Pension cost	退休金成本		
– defined contribution plan	– 界定供款計劃	12	12
		<b>2,032</b>	2,432

The emoluments fell within the following band:

酬金介乎下列組別：

Emolument band	酬金組別	Number of individuals 人數	
		2006 二零零六年	2005 二零零五年
HK\$2,000,001 – HK\$2,500,000	2,000,001港元 – 2,500,000港元	1	1

### 8. 僱員福利開支(包括董事酬金)(續)

#### (c) 五名最高薪人士

本集團本年度五名最高薪人士包括四名董事(二零零五年:四名)。本年度應付餘下一名(二零零五年:一名)人士之酬金載列如下:

## 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 loans and overdrafts	銀行貸款及透支利息	2,069	2,891
Interest on financial liability portion of convertible preference shares issued by a subsidiary (Note 25(a))	一家附屬公司發行可換股優先股財務負債部分之利息 (附註25(a))	1,734	1,107
		<b>3,803</b>	3,998

## 10. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 17.5% (2005: 17.5%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

## 10. 所得稅開支

香港利得稅項為以年內估計應課稅溢利按稅率17.5% (二零零五年: 17.5%) 計算。海外溢利稅項則以年內估計應課稅溢利, 按本集團營運所在國家當時的稅率計算。

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Current income tax	現時所得稅項		
– Hong Kong profits tax	– 香港利得稅項	3,100	–
– Overseas taxation	– 海外稅項	8,542	4,638
Income tax expense	所得稅開支	<b>11,642</b>	4,638

PRC taxation has been provided on the profits of the Group's subsidiaries operating in the PRC and calculated at the applicable rates for both years ended 31 December 2006 and 2005.

截至二零零六年及二零零五年十二月三十一日止年度, 本集團已就其附屬公司於中國營運所得稅溢利之中國稅項作出撥備並按適用稅率計算。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 10. INCOME TAX EXPENSE (continued)

The subsidiaries in the PRC enjoy tax concessions made available to Foreign Investment Enterprises and Foreign Enterprises. Pursuant to the Income Tax Law of the PRC concerning Foreign Investment Enterprises and Foreign Enterprises, the subsidiaries in the PRC are subject to tax rate and tax concessions as follows:

Name of subsidiaries 附屬公司名稱	Applicable tax rate 適用稅率	Year of tax exemption/relief 年內稅務豁免/減免
Pax Technology (Shenzhen) Limited 百富計算機技術(深圳)有限公司	15%	2004 to 2008 二零零四年至二零零八年
Beijing Hi Sun Advanced Business Solutions Information Technology Limited 北京高陽金信信息技術有限公司	15%	2000 to 2005 二零零零年至二零零五年
Beijing Hi Sunray Information Technology Limited 北京高陽聖思園信息技術有限公司	15%	2000 to 2005 二零零零年至二零零五年

The taxation on the Group's profit before income tax differs from the theoretical amount that would arise using the applicable tax rate in Hong Kong of 17.5% (2005: 17.5%) as follows:

### 10. 所得稅開支(續)

中國之附屬公司享有外資企業及外國企業稅務優惠。根據有關外資企業及外國企業之中國所得稅法，在中國之附屬公司享有稅率及稅務優惠如下：

本集團除所得稅前溢利之稅項與採用17.5%之香港適用稅率(二零零五年: 17.5%)計算之理論金額差別如下：

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Profit before income tax	除所得稅前溢利	145,242	66,942
Calculated at a taxation rate of 17.5% (2005: 17.5%)	按稅率17.5%(二零零五年: 17.5%)計算之稅項	25,417	11,715
Effect of different taxation rates in other countries	其他國家不同稅率的影響	(2,477)	(2,357)
Effect of tax holiday	稅務優惠期之影響	(2,284)	(8,207)
Income not subject to taxation	毋須課稅收入	(4,513)	(18)
Expenses not deductible for taxation purposes	就課稅而言不可扣稅之 開支	3,270	2,862
Utilisation of previously unrecognised tax losses	動用過往未確認之 稅項虧損	(7,870)	(2,560)
Unrecognised tax losses	未確認稅項虧損	99	3,203
Income tax expense	所得稅開支	11,642	4,638

**11. PROFIT/(LOSS) ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY**

The profit attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of HK\$55,064,000 (2005: loss of HK\$21,698,000).

**12. DIVIDENDS**

No dividend has been paid or declared by the Company during the year (2005: Nil).

**13. EARNINGS PER SHARE****(a) Basic**

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

**11. 本公司權益持有人應佔溢利／（虧損）**

本公司權益持有人應佔溢利55,064,000港元（二零零五年：虧損21,698,000港元）於本公司財務報表處理。

**12. 股息**

年內，本公司並無派付或宣派任何股息（二零零五年：無）。

**13. 每股盈利****(a) 基本**

每股基本盈利乃按本公司權益持有人應佔溢利除年內已發行普通股加權平均數計算。

		<b>For the year ended 31 December</b>	
		截至十二月三十一日止年度	
		<b>2006</b>	2005
		二零零六年	二零零五年
Profit attributable to equity holders of the Company (HK\$'000)	本公司權益持有人應佔溢利（千港元）	<b>133,600</b>	62,304
Weighted average number of ordinary shares in issue (thousands) (Note)	已發行普通股加權平均數（千股）（附註）	<b>1,606,721</b>	1,332,216
Basic earnings per share (HK\$ per share)	每股基本盈利（每股港元）	<b>0.083</b>	0.047

### 13. EARNINGS PER SHARE (continued)

#### (b) Diluted

Diluted earnings per share is calculated by adjusting the number of ordinary shares outstanding to assume conversion of all potentially dilutive shares. The Company has two categories of potentially dilutive shares: convertible preference shares issued by subsidiaries and share options. The convertible preference shares issued by subsidiaries are assumed to be converted into ordinary shares of the Company and the net profit is adjusted to eliminate the interest expense less the tax effect. For the share options, a calculation is done to determine the number of shares that would have been acquired at fair value (determined as the average market share price of the Company's shares during the current year) based on the monetary value of the subscription rights attached to these outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

### 13. 每股盈利 (續)

#### (b) 攤薄

每股攤薄盈利乃按兌換所有潛在攤薄股份之假設而調整已發行普通股數目計算。本公司之潛在攤薄股份分為兩類：附屬公司發行之可換股優先股及購股權。附屬公司發行之可換股優先股假設已轉換為本公司普通股，並已調整純利以對銷利息開支扣除稅務影響。購股權方面，按尚未行使購股權所附認購權之貨幣價值計算，以釐定可按公平值（定為本公司股份本年內之平均市價）購買之股份數目。按上述方式計算之股份數目乃與假設購股權獲行使時應已發行之股份數目作比較。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 13. EARNINGS PER SHARE (continued) (b) Diluted (continued)

### 13. 每股盈利 (續) (b) 攤薄 (續)

		For the year ended 31 December 截至十二月三十一日止年度	
		2006 二零零六年	2005 二零零五年
Profit attributable to equity holders of the Company (HK\$'000)	本公司權益持有人應佔溢利(千港元)	<b>133,600</b>	62,304
Interest expense on convertible preference shares issued by a subsidiary (Note 9) (HK\$'000)	一家附屬公司發行之可換股優先股利息開支(附註9)(千港元)	<b>1,734</b>	1,107
Profit used to determine diluted earnings per share (HK\$'000)	用作釐定每股攤薄盈利之溢利(千港元)	<b>135,334</b>	63,411
Weighted average number of ordinary shares in issue (thousands)	已發行普通股加權平均數(千股)	<b>1,606,721</b>	1,332,216
Adjustments for	就下列各項作出調整		
– assumed conversion of convertible preference shares issued by subsidiaries (thousands)	– 假設轉換附屬公司發行之可換股優先股(千股)	<b>138,206</b>	69,808
– share options (thousands)	– 購股權(千份)	<b>178,314</b>	75,704
Weighted average number of ordinary shares for diluted earnings per share (thousands)	計算每股攤薄盈利之普通股加權平均數(千股)	<b>1,923,241</b>	1,477,728
Diluted earnings per share (HK\$ per share)	每股攤薄盈利(每股港元)	<b>0.070</b>	0.043

*Note:*

The weighted average number of ordinary shares for the purpose of basic and diluted earnings per share for the year ended 31 December 2005 have been adjusted for the Company's share subdivision in June 2006 (Note 22(b)).

*附註:*

就截至二零零五年十二月三十一日止年度每股基本及攤薄盈利而言之普通股加權平均數已就本公司於二零零六年六月進行股份分拆作出調整(附註22(b))。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 14. LEASEHOLD LAND

The Group's interests in leasehold land represent operating lease prepayments and their net book amounts are analysed as follows:

		Group 本集團		Company 本公司	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Outside Hong Kong, held on:	香港境外：				
Leases of between 10 to 50 years	按10至50年之租約持有	<b>30,595</b>	208	<b>30,378</b>	-
Amortisation	攤銷開支	<b>(36)</b>	-	<b>(31)</b>	-
Net book amount	賬面淨值	<b>30,559</b>	208	<b>30,347</b>	-

The movement of the net book amount for leasehold land is as follows:

### 14. 租賃土地

本集團於租賃土地的權益相當於預繳經營租約款項，其賬面淨值分析如下：

租賃土地之賬面淨值變動如下：

		Group 本集團		Company 本公司	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Net book amount at beginning of year	年初賬面淨值	<b>208</b>	-	-	-
Additions (Notes (a) and (b))	添置(附註(a)及(b))	<b>30,378</b>	208	<b>30,378</b>	-
Amortisation	攤銷	<b>(36)</b>	-	<b>(31)</b>	-
Exchange difference	匯兌差額	<b>9</b>	-	-	-
Net book amount at end of year	年底賬面淨值	<b>30,559</b>	208	<b>30,347</b>	-



**14. LEASEHOLD LAND (continued)**

- (a) During the year, the Company has acquired the property located at 北京市海澱區阜成路67號銀都大廈15-17樓 from a related company and a connected person of the Company, Beijing Hi Sun Electric Power Information Technology Limited, at a total consideration of RMB34,500,000 (Note 32).

Acquisition costs including the consideration of the property of HK\$34,500,000 and direct costs of HK\$1,035,000 are as follows:

		<b>Group</b> 本集團 <b>2006</b> 二零零六年 <b>HK\$'000</b> 千港元	<b>Company</b> 本公司 <b>2006</b> 二零零六年 <b>HK\$'000</b> 千港元
Leasehold land	租賃土地	<b>30,378</b>	<b>30,378</b>
Property, plant and equipment - building (Note 15)	物業、廠房及設備 - 樓宇 (附註15)	<b>1,609</b>	-
Investment property (Note 16)	投資物業 (附註16)	<b>3,548</b>	<b>5,157</b>
		<b>35,535</b>	<b>35,535</b>

- (b) During year ended 31 December 2005, Pax Technology (Shenzhen) Limited ("PAX SZ"), a subsidiary of the Company, has acquired leasehold land and building at a total consideration of HK\$5,714,000 from the PRC government as an incentive to PAX SZ for the development of new technology and new products.

The property acquired by PAX SZ is limited to self-use on specific projects approved by the PRC government. The property cannot be used for property trading or sub-leasing purposes. Any transfer of ownership of the property is subject to approval from the PRC government, ruled by applicable laws and regulations.

**14. 租賃土地 (續)**

- (a) 年內，本公司向本公司之一家關連方兼關連公司北京高陽萬為電力信息技術有限公司收購位於北京市海澱區阜成路67號銀都大廈15-17樓之物業，總代價人民幣34,500,000元(附註32)。

收購成本包括物業代價34,500,000港元及直接成本1,035,000港元如下：

- (b) 截止二零零五年十二月三十一日止年度，本公司附屬公司百富計算機技術(深圳)有限公司(「深圳百富」)自中國政府購入租賃土地及樓宇，總代價為5,714,000港元，作為深圳百富開發新技術及新產品的獎勵。

深圳百富購入的物業只限於就獲中國政府所批准特定項目作自用。該物業不可作物業買賣或分租用途。該物業所有權的任何轉讓須獲中國政府批准，並受適用法律及規例監管。

		Group 本集團 2005 二零零五年 HK\$'000 千港元
Acquisition cost of leasehold land	租賃土地收購成本	<b>208</b>
Acquisition cost of building	樓宇收購成本	<b>5,506</b>
		<b>5,714</b>

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 15. PROPERTY, PLANT AND EQUIPMENT

### 15. 物業、廠房及設備

		Group 本集團					Total 合計
		Buildings 樓宇	Leasehold improvements 租賃改善	Office equipment 辦公室 家具及設備	Plant and equipment 廠房及設備	Motor vehicles 汽車	
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
<b>At 1 January 2005</b>	於二零零五年一月一日						
Cost	成本	-	6,503	26,786	586	3,839	37,714
Accumulated depreciation	累計折舊	-	(5,368)	(8,382)	(239)	(2,590)	(16,579)
Net book amount	賬面淨值	-	1,135	18,404	347	1,249	21,135
<b>Year ended 31 December 2005</b>	截至二零零五年十二月三十一日止年度						
Opening net book amount	期初賬面淨值	-	1,135	18,404	347	1,249	21,135
Exchange differences	匯兌差額	-	32	527	11	35	605
Additions	添置	5,786	-	18,515	135	1,944	26,380
Disposals (Note 29(b))	出售 (附註29(b))	-	-	(440)	-	(36)	(476)
Depreciation	折舊	-	(961)	(7,784)	(134)	(1,005)	(9,884)
Closing net book amount	期末賬面淨值	5,786	206	29,222	359	2,187	37,760
<b>At 31 December 2005</b>	於二零零五年十二月三十一日						
Cost	成本	5,786	6,698	42,043	740	5,695	60,962
Accumulated depreciation	累計折舊	-	(6,492)	(12,821)	(381)	(3,508)	(23,202)
Net book amount	賬面淨值	5,786	206	29,222	359	2,187	37,760
<b>Year ended 31 December 2006</b>	截至二零零六年十二月三十一日止年度						
Opening net book amount	期初賬面淨值	5,786	206	29,222	359	2,187	37,760
Exchange differences	匯兌差額	233	7	1,839	17	73	2,169
Additions	添置	1,609	1,080	45,476	231	744	49,140
Disposals (Note 29(b))	出售 (附註29(b))	-	-	24	(45)	-	(21)
Depreciation	折舊	(668)	(370)	(11,183)	(162)	(706)	(13,089)
Closing net book amount	期末賬面淨值	6,960	923	65,378	400	2,298	75,959
<b>At 31 December 2006</b>	於二零零六年十二月三十一日						
Cost	成本	7,643	5,383	88,712	998	6,438	109,174
Accumulated depreciation	累計折舊	(683)	(4,460)	(23,334)	(598)	(4,140)	(33,215)
Net book amount	賬面淨值	6,960	923	65,378	400	2,298	75,959

**15. PROPERTY, PLANT AND EQUIPMENT (continued)**

Depreciation expense of HK\$6,072,000 (2005: HK\$5,394,000) has been expensed in cost of sales, nil (2005: HK\$148,000) in selling expenses and HK\$7,017,000 (2005: HK\$4,342,000) in administrative expenses.

During the year, the Company has acquired leasehold land, building and investment property from Beijing Hi Sun Electric Power Information Technology Limited, a connected person and a related company of the Company, at a total consideration of RMB34,500,000 (Notes 14 and 32).

As at 31 December 2006, bank borrowings are secured on buildings with a total net book amount of HK\$5,354,000 (2005: Nil) (Note 27).

**15. 物業、廠房及設備 (續)**

折舊開支中6,072,000港元(二零零五年: 5,394,000港元)已於銷售成本內支銷;零港元(二零零五年: 148,000港元)於銷售開支內支銷及7,017,000港元(二零零五年: 4,342,000港元)於行政開支支銷。

年內,本公司向本公司之一家關連公司兼關連方北京高陽萬為電力信息技術有限公司收購租賃土地、樓宇及投資物業,總代價為人民幣34,500,000元(附註14及32)。

於二零零六年十二月三十一日,銀行借款乃以賬面總淨值為5,354,000港元之樓宇作抵押(二零零五年:無)(附註27)。

		<b>Company</b> 本公司 <b>Office furniture and equipment</b> 辦公室家具 及設備 HK\$'000 千港元
<b>At 1 January 2005</b>	於二零零五年一月一日	
Cost or valuation	成本或估值	12
Accumulated depreciation	累計折舊	(6)
Net book amount	賬面淨值	6
<b>Year ended 31 December 2005</b>	截至二零零五年十二月三十一日止年度	
Opening net book amount	期初賬面淨值	6
Depreciation	折舊	(2)
Closing net book amount	期末賬面淨值	4
<b>At 31 December 2005</b>	於二零零五年十二月三十一日	
Cost or valuation	成本或估值	12
Accumulated depreciation	累計折舊	(8)
Net book amount	賬面淨值	4
<b>Year ended 31 December 2006</b>	截至二零零六年十二月三十一日止年度	
Opening net book amount	期初賬面淨值	4
Depreciation	折舊	(3)
Closing net book amount	期末賬面淨值	1
<b>At 31 December 2006</b>	於二零零六年十二月三十一日	
Cost or valuation	成本或估值	12
Accumulated depreciation	累計折舊	(11)
Net book amount	賬面淨值	1

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 16. INVESTMENT PROPERTIES

### 16. 投資物業

		<b>Group</b> 本集團 <b>Buildings</b> 樓宇 HK\$'000 千港元	<b>Company</b> 本公司 <b>Buildings</b> 樓宇 HK\$'000 千港元
<b>At 1 January 2006</b>	於二零零六年一月一日		
Cost	成本	-	-
Accumulated depreciation	累計折舊	-	-
Net book amount	賬面淨值	-	-
<b>Year ended 31 December 2006</b>	截至二零零六年十二月三十一日止年度		
Opening net book amount	期初賬面淨值	-	-
Additions	添置	<b>3,548</b>	5,157
Depreciation	折舊	<b>(8)</b>	(11)
Closing net book amount	期終賬面淨值	<b>3,540</b>	5,146
<b>At 31 December 2006</b>	於二零零六年十二月三十一日		
Cost	成本	<b>3,548</b>	5,157
Accumulated depreciation	累計折舊	<b>(8)</b>	(11)
Net book amount	賬面淨值	<b>3,540</b>	5,146
Fair value (Note below)	公平價值(見下文附註)	<b>3,548</b>	5,157

*Note:*

The fair value of the investment property located at 北京市海澱區阜成路67號銀都大廈15-17樓 as at 31 December 2006 was assessed by the independent and professionally qualified valuer, Vigers Appraisal & Consulting Limited based on current prices in an active market.

*附註:*

截至二零零六年十二月三十一日，位於北京市海澱區阜成路67號銀都大廈15-17樓之投資物業之公平價值，由獨立專業合資格估值師威格斯資產評估顧問有限公司，按於活躍市場之現行價格估值。

**16. INVESTMENT PROPERTIES** (continued)

Interests in investment properties at their net book values are analysed as follows:

		<b>Group</b> 本集團 <b>2006</b> 二零零六年 <b>HK\$'000</b> 千港元	<b>Company</b> 本公司 <b>2006</b> 二零零六年 <b>HK\$'000</b> 千港元
Outside Hong Kong, held on:	香港境外：		
Leases of between 10 to 50 years	按10至50年租約持有	<b>3,540</b>	<b>5,146</b>

The following amounts have been recognised in the consolidated income statement:

		<b>Group</b> 本集團 <b>For the</b> <b>year ended</b> <b>31 December</b> 截至 十二月三十一日 止年度 <b>2006</b> 二零零六年 <b>HK\$'000</b> 千港元	<b>Company</b> 本公司 <b>For the</b> <b>year ended</b> <b>31 December</b> 截至 十二月三十一日 止年度 <b>2006</b> 二零零六年 <b>HK\$'000</b> 千港元
Rental income	租金收入	<b>55</b>	-
Direct operating expenses arising from investment property that generated rental income	帶來租金收入之投資物業所產生直接經營開支	<b>(42)</b>	-

There were no direct operating expenses arising from investment property that did not generate rental income during the year.

The period of leases whereby the Group or the Company leases out its investment property under operating leases ranged from 1 to 2 years.

**16. 投資物業 (續)**

投資物業權益按賬面淨值分析如下：

於綜合收益表確認之金額如下：

年內，帶來租金收入之投資物業並無產生任何直接經營開支。

本集團或本公司根據經營租約租出其投資物業之租期介乎1年至2年。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 16. INVESTMENT PROPERTIES (continued)

At 31 December 2006, the future aggregate minimum rentals receivables under non-cancellable operating leases are as follows:

		<b>Group 2006 二零零六年 HK\$'000 千港元</b>	<b>Company 2006 二零零六年 HK\$'000 千港元</b>
Not later than 1 year	一年內	<b>1,518</b>	<b>2,171</b>
Later than 1 year and no later than 5 years	一年以上但五年內	<b>302</b>	<b>302</b>
		<b>1,820</b>	<b>2,473</b>

### 16. 投資物業 (續)

於二零零六年十二月三十一日，根據不可撤銷經營租約之未來最低應收租金總額如下：

### 17. INVESTMENTS IN SUBSIDIARIES AND DUE FROM/(TO) SUBSIDIARIES

### 17. 於附屬公司之投資及應收／(應付)附屬公司款項

		<b>Company 本公司</b>	
		<b>2006 二零零六年 HK\$'000 千港元</b>	2005 二零零五年 HK\$'000 千港元
Unlisted investments, at cost	非上市投資，按成本	<b>4,136</b>	4,136
Due from subsidiaries (Note below)	應收附屬公司款項 (見下文附註)	<b>100,822</b>	78,214
Less: Provision for diminution in value	減：減值撥備	-	(20,000)
		<b>100,822</b>	58,214
Due to a subsidiary (Note below)	應付一家附屬公司款項 (見下文附註)	<b>(21,035)</b>	-
		<b>83,923</b>	62,350

Note: The balances with subsidiaries are unsecured, interest free, and repayable on demand.

附註：與附屬公司之往來結餘為無抵押、免息及索還時償付。

**17. INVESTMENTS IN SUBSIDIARIES AND DUE FROM/(TO) SUBSIDIARIES (continued)**

The following is a full list of the subsidiaries at 31 December 2006:

**17. 於附屬公司之投資及應收／(應付)附屬公司款項(續)**

於二零零六年十二月三十一日，所有附屬公司之名單如下：

Name 名稱	Place of incorporation and type of legal entity 註冊成立地點及法定實體類別	Principal activities and place of operation 主要業務及營業地點	Particulars of issued share capital/ registered capital 已發行股本／註冊資本詳情	Interest held 所持權益
北京高陽金信信息技術有限公司 (Beijing Hi Sun Advanced Business Solutions Information Technology Limited)	PRC, limited liability company 中國·有限公司	Provision of financial and banking solutions and services in the PRC 在中國提供金融及銀行解決方案及服務	HK\$60,000,000 60,000,000港元	100%
北京高陽聖思園信息技術有限公司 (Beijing Hi Sunray Information Technology Limited)	PRC, limited liability company 中國·有限公司	Provision of telecommunication solutions, services, related products and information technology operation value-added services in the PRC 在中國提供電訊解決方案、服務及相關產品以及資訊科技運營增值服務	HK\$27,000,000 27,000,000港元	100%
Emerging Technology Limited ("Emerging Technology")	The British Virgin Islands ("BVI"), limited liability company 英屬處女群島·有限公司	Investment holding in PRC 在中國從事投資控股	7,692,308 ordinary shares of US\$1 each 760,778 convertible preference shares of US\$1 each 7,692,308股每股面值1美元之普通股 760,778股每股面值1美元之可換股優先股	100%
Hi Sun (BVI) Limited	BVI, limited liability company 英屬處女群島·有限公司	Investment holding in Hong Kong and PRC 在香港及中國從事投資控股	2 ordinary shares of US\$1 each 2股每股面值1美元之普通股	100% <sup>1</sup>
Hi Sun Development Management Limited 高陽拓業管理有限公司	Hong Kong, limited liability company 香港·有限公司	Provision of management services in Hong Kong 在香港提供管理服務	2 ordinary shares of HK\$1 each 2股每股面值1港元之普通股	100%

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 17. INVESTMENTS IN SUBSIDIARIES AND DUE FROM/(TO) SUBSIDIARIES (continued)

### 17. 於附屬公司之投資及應收／(應付)附屬公司款項(續)

Name 名稱	Place of incorporation and type of legal entity 註冊成立地點及法定實體類別	Principal activities and place of operation 主要業務及營業地點	Particulars of issued share capital/ registered capital 已發行股本／註冊資本詳情	Interest held 所持權益
Hi Sun Technology Holding Limited 高陽科技控股有限公司	Bermuda, limited liability company 百慕達·有限公司	Provision of financial services and related products in Hong Kong 在香港提供金融解決方案及服務及相關產品	168,070,000 ordinary shares of HK\$0.1 each 168,070,000股每股面值0.1港元之普通股	100%
Pax Technology Limited 百富科技有限公司	Hong Kong, limited liability company 香港·有限公司	Sale of electronic payment products and services in Hong Kong 在香港銷售電子支付產品及服務	35,000,000 ordinary shares of HK\$1 each 35,000,000股每股面值1港元之普通股	100%
Turbo Speed Technology Limited ("Turbo Speed")	BVI, limited liability company 英屬處女群島·有限公司	Investment holding in PRC 在中國從事投資控股	35,897,440 ordinary shares of US\$0.1 each 6,837,608 convertible preference shares of US\$0.1 each 35,897,440股每股面值0.1美元之普通股 6,837,608股每股面值0.1美元之可換股優先股	100%
百富計算機技術(深圳)有限公司 (Pax Technology (Shenzhen) Limited)	PRC, limited liability company 中國·有限公司	Sale of electronic payment products and services in the PRC 在中國銷售電子支付產品及服務	HK\$10,000,000 10,000,000港元	100%
Max Hero Group Limited	BVI, limited liability company 英屬處女群島·有限公司	Dormant 暫無業務	1 ordinary share of US\$1 1股面值1美元之普通股	100% <sup>1</sup>
New Concept Services Limited	BVI, limited liability company 英屬處女群島·有限公司	Dormant 暫無業務	1 ordinary share of US\$1 1股面值1美元之普通股	100% <sup>1</sup>

<sup>1</sup> Shares held directly by the Company.

<sup>1</sup> 本公司直接持有之股份。



# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 18. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

### 18. 應收賬款及其他應收款項、預付款項及按金

		Group 本集團		Company 本公司	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Trade receivables (Note (a))	應收賬款 (附註(a))	130,220	86,624	-	-
Finance leases receivables (Note (b))	融資租約應收賬款 (附註(b))	720	2,498	-	-
Less: provision for impairment of receivables	減: 應收賬款減值撥備	(4,318)	(10,831)	-	-
Trade receivables – net	應收賬款 – 淨值	126,622	78,291	-	-
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項	12,454	19,146	382	997
		139,076	97,437	382	997

#### Note (a): Trade receivables

The Group's credit terms to trade debtors range from 0 to 180 days. At 31 December 2006 and 2005, the ageing analysis of the trade receivables was as follows:

#### 附註(a): 應收賬款

本集團給予貿易債務人的信貸期由零至180日不等。於二零零六年及二零零五年十二月三十一日，應收賬款之賬齡分析如下：

		Group 本集團	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Current to 90 days	即期至90日	117,451	66,594
91 to 180 days	91日至180日	6,774	6,700
181 to 365 days	181至365日	3,519	3,200
Over 365 days	365日以上	2,476	10,130
		130,220	86,624

The Group's sales are made to several major customers and there is concentration of credit risks. Collections of outstanding receivable balances are closely monitored on an ongoing basis to minimise such credit risk.

本集團之銷售乃向數名主要客戶作出且有信貸集中風險。本集團不斷密切監察尚未償還應收款項之收回情況，以減少此等信貸風險。

During the year ended 31 December 2006, the Group has recognised a provision of HK\$1,266,000 for the impairment of its trade receivables (2005: HK\$6,974,000) and a write back of provision of HK\$1,523,000 (2005: Nil) upon the settlement of trade receivables previously provided for. These amounts have been included in administrative expenses in the consolidated income statement.

本集團於截至二零零六年十二月三十一日止年度確認其應收賬款項減值撥備為1,266,000港元(二零零五年: 6,974,000港元)及於結清以往已作撥備之應收賬款後撥回撥備1,523,000港元(二零零五年: 無)。此等金額已在綜合收益表列入行政開支。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 18. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS (continued)

Note (b): Finance leases receivables

		Group 本集團	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
<b>Current receivables</b>	<b>現時的應收款項</b>		
Gross receivables from finance leases:	融資租約應收賬款總數：		
Not later than 1 year	不遲於一年	729	2,576
Unearned future finance income on finance leases	於融資租約未賺取的 未來融資收入	(9)	(78)
Net investment in finance leases	融資租約投資淨額	720	2,498
The net investment in finance leases is analysed as follows:	融資租約投資淨額分析如下：		
Not later than 1 year	不遲於一年	720	2,498

### 18. 應收賬款及其他應收款項、預付款項及按金 (續)

附註(b): 融資租約應收賬款

### 19. INVENTORIES

		Group 本集團	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Raw materials	原材料	7,339	5,780
Work in progress	在製品	5,589	7,586
Finished goods	製成品	15,624	8,241
		<b>28,552</b>	21,607

### 19. 存貨

The cost of inventories recognised as expense and included in cost of sales amounted to HK\$147,246,000 (2005: HK\$185,572,000).

確認為開支及計入銷售成本的存貨成本達147,246,000港元(二零零五年: 185,572,000港元)。

## 20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS – GROUP AND COMPANY

Listed securities:	上市證券：
– Equity securities – PRC	– 股本證券 - 中國

2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
41,281	–

Financial assets at fair value through profit or loss are presented in operating activities as part of changes in working capital in the consolidated cash flow statement (Note 29).

Changes in fair values of financial assets at fair value through profit or loss are recorded as other gains – net in the consolidated income statement (Note 5).

The fair value of all equity securities is based on their current bid prices in an active market.

## 20. 按公平值計入溢利或虧損之金融資產 - 本集團及本公司

按公平值計入溢利或虧損之金融資產乃於綜合現金流量表呈列為經營業務，作為營運資金部分變動（附註29）。

按公平值計入溢利或虧損之金融資產於綜合收益表記錄為其他收益淨額（附註5）。

所有股本證券之公平值乃按於活躍市場之現行買入價計算。

## 21. CASH AND CASH EQUIVALENTS

		Group 本集團		Company 本公司	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Cash at bank and in hand	銀行及手上現金	528,076	156,579	247,802	848

Funds of the Group amounting to HK\$76,129,000 (2005: HK\$114,630,000) are kept in the bank accounts opened with banks in the PRC where the remittance funds is subject to foreign exchange control.

## 21. 現金及現金等價物

本集團之資金中76,129,000港元（二零零五年：114,630,000港元），乃存放於在中國的銀行開立的賬戶內，其中匯款須受外匯監管規限。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 22. SHARE CAPITAL

Authorised:  
At 1 January 2005, 31 December  
2005 and 1 January 2006

法定：  
於二零零五年一月一日、  
二零零五年十二月三十一日  
及二零零六年一月一日

Share subdivision (Note (b))

股份分拆 (附註(b))

At 31 December 2006

於二零零六年十二月三十一日

Issued and fully paid:  
At 1 January 2005, 31 December  
2005 and 1 January 2006

已發行及繳足：  
於二零零五年一月一日、  
二零零五年十二月三十一日  
及二零零六年一月一日

Issue of new ordinary  
shares (Note (a)(i))

發行新普通股  
(附註(a)(i))

Shares issued under share option  
scheme of the Company (Note (c))

根據本公司購股權計劃  
發行股份 (附註(c))

Reduction of par value of ordinary shares  
due to share subdivision (Note (b))

因股份分拆而削減普通股  
面值 (附註(b))

Issue of new ordinary shares  
(Note (a)(ii))

根據本公司購股權計劃發行  
新普通股 (附註(a)(ii))

Shares issued under share option  
scheme of the Company (Note(c))

根據本公司購股權計劃  
發行股份 (附註(c))

At 31 December 2006

於二零零六年十二月三十一日

### 22. 股本

Ordinary shares of  
HK\$0.01 each  
每股面值0.01港元  
之普通股

Ordinary shares of  
HK\$0.0025 each  
每股面值0.0025港元  
之普通股

No. of shares  
股數

HK\$'000  
千港元

No. of shares  
股數

HK\$'000  
千港元

	1,000,000,000	10,000	-	-
	(1,000,000,000)	(10,000)	4,000,000,000	10,000
	-	-	4,000,000,000	10,000
	333,054,030	3,330	-	-
	66,000,000	660	-	-
	10,000,000	100	-	-
	(409,054,030)	(4,090)	1,636,216,120	4,090
	-	-	100,000,000	250
	-	-	143,200,000	359
	-	-	1,879,416,120	4,699

Note:

附註：

#### (a) Issue of new ordinary shares

- (i) On 21 March 2006, the Company entered into a subscription agreement with a subscriber in relation to the subscription by the subscriber at a price of HK\$1.46 per share of an aggregate of 66,000,000 new ordinary shares of HK\$0.01 each to be issued by the Company pursuant to the subscription agreement. The subscription consideration of HK\$96,360,000 was settled by the subscriber in cash and the subscription was completed on 31 March 2006. The net proceeds from the subscription of approximately HK\$96 million will be utilised for future investments or developments in outsourcing services, research and development of electronic payment products and general working capital of the Group.

#### (a) 發行新普通股

- (i) 於二零零六年三月二十一日，本公司與一名認購方訂立認購協議，乃關於認購方根據認購協議以每股1.46港元的價格認購本公司將予發行合共66,000,000股每股面值0.01港元新普通股。96,360,000港元之認購將由認購方以現金支付，已於二零零六年三月三十一日完成。認購之所得款項淨額約為96,000,000港元，將用作日後投資或發展外判服務、研究與開發電子支付產品，並撥作本集團之一般營運資金。

**22. SHARE CAPITAL (continued)**

Note: (continued)

**(a) Issue of new ordinary shares (continued)**

(ii) On 27 September 2006, the Company entered into six subscription agreements with certain subscribers, in relation to the subscription by these subscribers at a price of HK\$1.50 per share of an aggregate of 100,000,000 new ordinary shares of HK\$0.0025 each to be issued by the Company pursuant to the subscription agreements. The total subscription consideration of HK\$150,000,000 was settled by the subscribers in cash and the subscription was completed on 11 October 2006. The net proceeds from the subscription of approximately HK\$149 million will be utilised for expansion of the ATM operation services business and for general working capital of the Group.

**(b) Share subdivision**

Pursuant to an ordinary resolution passed on 28 June 2006, each of the existing issued and unissued ordinary shares of HK\$0.01 each in the share capital of the Company was subdivided into four ordinary shares of HK\$0.0025 each (the "Share Subdivision"), which was approved by the shareholders of the Company and became effective on 29 June 2006.

**(c) Share options of the Company**

The Company operates a share option scheme (the "Scheme") for the purpose of attracting, retaining and motivating talented employees in order to strive for future developments and expansion of the Group. Eligible participants of the Scheme include the Group's full-time employees, and executive and non-executive Directors. The Scheme became effective on 29 November 2001 and unless otherwise cancelled or amended, will remain valid and effective for a period of 10 years from that date.

The total number of shares in respect of which options may be granted shall not (together with all the other Schemes, if any) exceed 10% of the total issued capital of the Company as at date of approval of the Scheme unless the Company obtains a fresh approval from shareholders to renew the 10% limit.

The maximum number of shares in respect of which options may be granted under the Scheme, together with any unexercised share options granted under the Scheme and any other share option schemes of the Company in issue, may not exceed 30% of the relevant class of securities of the Company in issue at any time. On 18 March 2004, 33,000,000 share options were granted to certain directors and employees at an exercise price of HK\$0.374 per share (the average closing price of the shares as quoted in the daily quotations sheets issued by The Stock Exchange of Hong Kong Limited for the five business days immediately preceding 18 March 2004) with an expiry date of 17 March 2014.

**22. 股本 (續)**

附註：(續)

**(a) 發行新普通股 (續)**

(ii) 於二零零六年九月二十七日，本公司與若干認購方訂立六份認購協議，乃關於此等認購方根據該等認購協議按每股1.50港元之價格，認購本公司將予發行合共100,000,000股每股面值0.0025港元之新普通股。總認購價為150,000,000港元，並已由該等認購方以現金支付，而認購已於二零零六年十月十一日完成。認購事項之所得款項淨額約為149,000,000港元，並將用作擴展銀行自動櫃員機運營服務業務，並撥作集團之一般營運資金。

**(b) 股份分拆**

根據於二零零六年六月二十八日通過之普通決議案，本公司股本中每股面值0.01港元之現有已發行及未發行普通股，已分拆為四股每股面值0.0025港元之普通股（「股份分拆」），股份分拆已獲本公司股東批准，並已於二零零六年六月二十九日生效。

**(c) 本公司之購股權**

本公司運作一項購股權計劃（「該計劃」），旨在吸引、挽留及激勵有才幹之僱員，以助本集團日後發展及擴充業務。該計劃的合資格參與者包括本集團的全職僱員以及執行及非執行董事。該計劃於二零零一年十一月二十九日生效，除非該計劃取消或修訂，否則將由該日起計10年仍然有效及生效。

連同所有其他購股權計劃（如有）可能授出之購股權涉及之股份總數，不得超過本公司於批准該計劃當日已發行股本總額之10%，惟本公司取得股東另外特准更新該10%的限額除外。

該計劃項下可能授出之購股權連同該計劃及本公司任何其他購股權計劃項下已授出而尚未行使之任何購股權所涉及之股份數目，最多不得超過任何時候本公司已發行相關類別證券之30%。於二零零四年三月十八日，本公司向若干董事及僱員授出33,000,000份購股權，行使價為每股0.374港元（即緊接二零零四年三月十八日前五個營業日香港聯合交易所有限公司發佈之每日報價表所報股份之平均收市價）到期日為二零一四年三月十七日。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 22. SHARE CAPITAL (continued)

Note: (continued)

#### (c) Share options of the Company (continued)

Pursuant to an ordinary resolution passed on 17 August 2005, a refreshment of the limit on grant of options under the Scheme was approved by the Company's shareholders. Upon refreshing the 10% limit on grant of options under the Scheme, 33,305,403 shares may be issued pursuant to the grant of further options under the Scheme.

On 26 September 2005, 33,300,000 share options were granted to certain directors and employees at an exercise price of HK\$0.768 per share (the average closing price of the shares as quoted in the daily quotations sheets issued by the Stock Exchange of Hong Kong Limited for the five business days immediately preceding 26 September 2005) with an expiry date of 25 September 2015. The option period commences on 26 September 2005 and expires 10 years thereafter.

Options granted are vested as follows:

On 26 September 2005	Up to 50%
On 26 September 2006	Up to 100%

The Share Subdivision has led to an adjustment to the exercise price of the outstanding options and the number of shares to be issued by the Company upon exercise of the outstanding options. For share options with exercise period from 18 March 2004 to 17 March 2014, the number of shares to be issued by the Company upon full exercise of such outstanding options immediately before the Share Subdivision has been increased from 23,000,000 shares to 92,000,000 shares and the exercise price has been adjusted from HK\$0.374 to HK\$0.0935 per share. For share options with exercise period from 26 September 2005 to 25 September 2015, the number of shares to be issued by the Company upon full exercise of such outstanding options immediately before the Share Subdivision has been increased from 33,300,000 shares to 133,200,000 shares and the exercise price has been adjusted from HK\$0.768 to HK\$0.192 per share.

Share options outstanding (in thousands) at the end of the year have the following expiry date and exercise prices:

Expiry date 到期日		Exercise price before share subdivision	Exercise price after share subdivision	Share options 購股權	
		股份分拆前行使價 HK\$ per share 每股港元	股份分拆後行使價 HK\$ per share 每股港元	2006 二零零六年	2005 二零零五年
17 March 2014	二零一四年三月十七日	0.374		-	33,000
			0.0935	25,200	-
25 September 2015	二零一五年九月二十五日	0.768		-	33,300
			0.192	56,800	-
				82,000	66,300

### 22. 股本 (續)

附註: (續)

#### (c) 本公司之購股權 (續)

根據於二零零五年八月十七日通過的普通決議案，根據該計劃可授出的購股權限額獲本公司股東批准更新。該計劃項下授出購股權之10%原有有限額更新後，可根據該計劃授出額外購股權發行33,305,403股股份。

於二零零五年九月二十六日，本公司向若干董事及僱員授出33,300,000份購股權，每股行使價0.768港元（即緊接二零零五年九月二十六日前五個營業日香港聯合交易所有限公司發佈之每日報價表所報股份之平均收市價）到期日為二零一五年九月二十五日。購股權期間由二零零五年九月二十六日開始，10年後到期。

授出的購股權歸屬如下：

於二零零五年九月二十六日	最多50%
於二零零六年九月二十六日	最多100%

股份分拆導致須對未行使購股權及本公司於未行使購股權獲行使時將予發行之股份數目作出調整。就行使期由二零零四年三月十八日至二零一四年三月十七日之購股權而言，本公司於有關購股權獲悉數行使時將予發行之股份數目，已由23,000,000股增至92,000,000股，而行使價由每股0.374港元調整至每股0.0935港元。就行使期由二零零五年九月二十六日至二零一五年九月二十五日之購股權而言，本公司於有關購股權獲行使時將予發行之股份數目，已由33,300,000股增至133,200,000股，而行使價由每股0.768港元調整至每股0.192港元。

截至本年度結算日止尚未行使的購股權（以千計）之到期日及行使價如下：

**22. SHARE CAPITAL (continued)**

Note: (continued)

**(c) Share options of the Company (continued)**

As at 31 December 2006, the particulars of the options granted to each of the Directors and employees of the Company under the Scheme are as follows: –

**22. 股本 (續)**

附註: (續)

**(c) 本公司之購股權 (續)**

於二零零六年十二月三十一日，根據該計劃向董事及本公司僱員各自授出之購股權詳情如下：

Name 姓名	Date of grant 授出日期	Exercise Price before/after Share Subdivision 股份分拆前/ 後之行使價 (HK\$) (港元)	Number of options held at 1 January 2006 於二零零六年 一月一日 所持之 購股權數目	Exercised before Share Subdivision 股份分拆前 行使	Number of options held immediately before Share Subdivision 緊接股份 分拆前所持之 購股權數目	Adjustment for Share Subdivision 就股份分拆 調整	Number of options held after Share Subdivision 股份分拆後 所持之 購股權數目	Exercised after Share Subdivision 股份分拆後 行使	Number of options held at 31 December 2006 於二零零六年 十二月 三十一日 所持之 購股權數目
<b>Directors</b> <b>董事</b>									
Mr. Kui Man Chun 渠萬春先生	18 March 2004*	0.374/0.0935	3,000,000	-	3,000,000	9,000,000	12,000,000	-	12,000,000
	26 September 2005**	0.768/0.192	3,300,000	-	3,300,000	9,900,000	13,200,000	-	13,200,000
Mr. Xu Wensheng 徐文生先生	18 March 2004*	0.374/0.0935	3,300,000	-	3,300,000	9,900,000	13,200,000	(13,200,000)	-
	26 September 2005**	0.768/0.192	3,300,000	-	3,300,000	9,900,000	13,200,000	-	13,200,000
Mr. Li Wenjin 李文晉先生	18 March 2004*	0.374/0.0935	3,300,000	-	3,300,000	9,900,000	13,200,000	(13,200,000)	-
	26 September 2005**	0.768/0.192	3,300,000	-	3,300,000	9,900,000	13,200,000	-	13,200,000
Mr. Chan Yiu Kwong 陳耀光先生	18 March 2004*	0.374/0.0935	1,500,000	-	1,500,000	4,500,000	6,000,000	(6,000,000)	-
	26 September 2005**	0.768/0.192	1,000,000	-	1,000,000	3,000,000	4,000,000	-	4,000,000
Mr. Xu Chang Jun 徐昌軍先生	18 March 2004*	0.374/0.0935	3,300,000	-	3,300,000	9,900,000	13,200,000	(13,200,000)	-
	26 September 2005**	0.768/0.192	3,300,000	-	3,300,000	9,900,000	13,200,000	-	13,200,000
Mr. Lo Siu Yu (Note 1) 羅韶宇先生 (附註1)	18 March 2004*	0.374/0.0935	3,300,000	-	3,300,000	9,900,000	13,200,000	(13,200,000)	-
	26 September 2005**	0.768/0.192	3,300,000	-	3,300,000	9,900,000	13,200,000	(13,200,000)	-
			35,200,000	-	35,200,000	105,600,000	140,800,000	(72,000,000)	68,800,000
<b>Employees</b> <b>僱員</b>									
(In aggregate) (總計)	18 March 2004*	0.374/0.0935	15,300,000	(10,000,000)	5,300,000	15,900,000	21,200,000	(8,000,000)	13,200,000
	26 September 2005**	0.768/0.192	15,800,000	-	15,800,000	47,400,000	63,200,000	(63,200,000)	-
			66,300,000	(10,000,000)	56,300,000	168,900,000	225,200,000	(143,200,000)	82,000,000

### 22. SHARE CAPITAL (continued)

Note: (continued)

#### (c) Share options (continued)

\* The exercisable period of the above share options is from 18 March 2004 to 17 March 2014 (both dates inclusive).

\*\* The option period commences on 26 September 2005 and expires 10 years thereafter. Options granted are vested as follows:

On 26 September 2005	Up to 50%
On 26 September 2006	Up to 100%

Note 1: On 18 October 2006, Mr Lo has resigned as Executive Director of the Company.

During the year, the weighted average closing price immediately before the dates on which the options were exercised was HK\$1.257 per share (being adjusted for effect of the Company's share subdivision in June 2006).

During the year ended 31 December 2006, no share options was granted. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

On 2 January 2007, 43,000,000 share options had been granted to certain employees of the Company pursuant to the Share Option Scheme of the Company to subscribe ordinary shares of the Company at an exercise price of HK\$2.00 per share. The exercisable period of these share options is from 2 January 2007 to 1 January 2010 (both dates inclusive).

As at the date of this report, the Company has 98,115,000 share options outstanding.

#### (d) Employee incentive scheme of a subsidiary

On 4 April 2005, the Company approved its wholly-owned subsidiary, Turbo Speed Technology Limited ("Turbo Speed"), to adopt an employee incentive scheme (the "Employee Incentive Scheme") to motivate the employees of Turbo Speed and its subsidiary (the "Turbo Speed Group"). Eligible participants of the Employee Incentive Scheme include the full-time employees of Turbo Speed or any of its subsidiaries, including any Directors of Turbo Speed or any of its subsidiaries (but excluding any person who is a Director of the Company) provided always that such term shall exclude any person who has tendered his resignation or who at the relevant time is working out his period of notice pursuant to his employment contract or otherwise. The Employee Incentive Scheme is effective from 4 April 2005, and expires on 31 December 2008, unless terminated by resolution of a remuneration committee formed by the Board to administer the Employee Incentive Scheme (the "Committee").

### 22. 股本 (續)

附註: (續)

#### (c) 購股權 (續)

\* 上述購股權之行使期由二零零四年三月十八日至二零一四年三月十七日(首尾兩日包括在內)。

\*\* 購股權期間由二零零五年九月二十六日開始及於其後十年屆滿。授出購股權歸屬情況如下:

二零零五年九月二十六日	最多50%
二零零六年九月二十六日	最多100%

附註1: 於二零零六年十月十八日, 羅先生辭任本公司執行董事。

年內, 緊接購股權行使日期前之加權平均收市價為每股1.257港元(已就二零零六年六月本公司進行之股份分拆的影響作出調整)。

截至二零零六年十二月三十一日止年度, 並無授出購股權。本集團並無法律或推定責任以現金購回或清償購股權。

於二零零七年一月二日, 本公司根據本公司購股權計劃向本公司若干僱員授出43,000,000份購股權, 可按行使價每股2.00港元認購本公司普通股。有關購股權行使期由二零零七年一月二日至二零一零年一月一日(包括首尾兩天)。

於本報告日期, 本公司有98,115,000份購股權尚未行使。

#### (d) 一家附屬公司之僱員獎勵計劃

於二零零五年四月四日, 本公司批准其全資附屬公司 Turbo Speed Technology Limited (「Turbo Speed」) 採納其僱員獎勵計劃 (「僱員獎勵計劃」), 以鼓勵 Turbo Speed 及其附屬公司 (「Turbo Speed 集團」) 之僱員。僱員獎勵計劃的合資格參與者包括 Turbo Speed 或其任何附屬公司的全職僱員, 包括 Turbo Speed 或其任何附屬公司的任何董事 (但不包括為本公司董事的任何人士), 惟上述計劃不適用於已遞交辭呈或根據彼之僱傭合約或以其他形式的僱用條款, 已於有關時間發出離職通知的人士。除非董事會就執行僱員獎勵計劃而成立的薪酬委員會 (「委員會」) 以決議案終止該計劃外, 該計劃於二零零五年四月四日起生效, 直至二零零八年十二月三十一日到期。



**22. SHARE CAPITAL (continued)**

Note: (continued)

**(d) Employee incentive scheme of a subsidiary (continued)**

The total number of shares in respect of which options may be granted shall not exceed 4,682,275 ordinary shares of Turbo Speed ("Turbo Speed Shares"), representing approximately 13.0% of the existing issued share capital of Turbo Speed, currently held by a wholly-owned subsidiary of the Company. Share options may be offered to any employee determined by the Committee in its absolute discretion from time to time by reference to: (i) the performance of that employee; and (ii) the financial performance of the Turbo Speed Group and the extent to which the Turbo Speed Group has achieved its intended business plans. The maximum number of the Turbo Speed Shares which may be offered to an employee who is also a Director of companies within the Turbo Speed Group in any 12-month period may not exceed 1% of the entire issued share capital of Turbo Speed.

On 8 July 2005, 1,425,000 share options had been granted to certain Directors and employees of a subsidiary of Turbo Speed to subscribe for ordinary shares of Turbo Speed at an exercise price of HK\$1.922 per share. The exercisable period of the above share options is from 8 July 2005 to 31 December 2008 (both dates inclusive). During the year ended 31 December 2006 and up to the date of this report, 1,245,000 share options have been lapsed and no share options have been exercised. As at the date of this report, Turbo Speed has 180,000 share options outstanding.

Share options outstanding (in thousands) at the end of the year have the following expiry date and exercise price:

Expiry date 到期日	Exercise price 行使價 HK\$ per share 每股港元	Share options 購股權	
		2006 二零零六年	2005 二零零五年
31 December 2008 二零零八年十二月三十一日	1.922	180	1,425

During the year ended 31 December 2006, no share options have been exercised and 1,245,000 share options have been lapsed (2005: Nil). The Group has no legal or constructive obligation to repurchase or settle the options in cash.

**22. 股本 (續)**

附註: (續)

**(d) 一家附屬公司之僱員獎勵計劃 (續)**

有關授出購股權所涉及的股份總數不得超過 Turbo Speed 的 4,682,275 股普通股 (「Turbo Speed 股份」), 相當於 Turbo Speed 現時由本公司一家全資附屬公司持有之已發行股本約 13.0%。購股權可由委員會不時參考下列各項後全權酌情決定向任何僱員提呈: (i) 該名僱員的表現; 及 (ii) Turbo Speed 集團的財務表現及其可達致其擬定業務計劃的程度。於任何十二個月期間, 可向同時為 Turbo Speed 集團內公司董事之僱員提呈的 Turbo Speed 股份, 最多不得超過 Turbo Speed 全部已發行股本的 1%。

於二零零五年七月八日, 已向 Turbo Speed 一家附屬公司若干董事及僱員授出 1,425,000 份購股權, 可按每股 1.922 港元的行使價認購 Turbo Speed 普通股。上述購股權的行使期為二零零五年七月八日至二零零八年十二月三十一日 (包括首尾兩天在內)。截至二零零六年十二月三十一日止年度及直至本報告日期, 已有 1,245,000 份購股權失效, 且並無任何購股權獲行使。於本報告日期, Turbo Speed 有 180,000 份購股權尚未行使。

截至本年度止尚未行使的購股權 (以千計) 到期日及行使價如下:

截至二零零六年十二月三十一日止年度, 並無任何購股權獲行使, 另 1,245,000 份購股權已失效 (二零零五年: 零)。本集團並無法律或推定責任以現金購回或結算購股權。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 23. OTHER RESERVES

#### (a) Group

		Share premium	Contributed surplus	Other reserves	Exchange reserve	(Accumulated losses)/ retained earnings	Total
		Share premium	(Note (i))	Other reserves	Exchange reserve	(accumulated losses)/ retained earnings	Total
		股份溢價	實繳盈餘	其他儲備	匯兌儲備	保留盈利	合計
		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
At 1 January 2005	於二零零五年一月一日	100,556	125,310	-	-	(180,565)	45,301
Profit for the year	年度溢利	-	-	-	-	62,304	62,304
Issue of convertible preference shares by a subsidiary (Note 25(a))	一家附屬公司發行可換股優先股 (附註25(a))	-	-	11,134	-	-	11,134
Employee share option scheme - value of employee services (Note 22(c))	僱員購股權計劃 - 僱員服務價值 (附註22(c))	-	-	4,220	-	-	4,220
Employee share option scheme of a subsidiary - value of employee services (Note 22(d))	一家附屬公司之僱員購股權計劃 - 僱員服務價值 (附註22(d))	-	-	273	-	-	273
Exchange differences arising on translation of the financial statements of foreign subsidiaries	換算海外附屬公司財務報表之匯兌差額	-	-	-	872	-	872
<b>At 31 December 2005</b>	<b>於二零零五年十二月三十一日</b>	<b>100,556</b>	<b>125,310</b>	<b>15,627</b>	<b>872</b>	<b>(118,261)</b>	<b>124,104</b>
At 1 January 2006	於二零零六年一月一日	100,556	125,310	15,627	872	(118,261)	124,104
Profit for the year	年度溢利	-	-	-	-	133,600	133,600
Shares issued under share option scheme of the Company (Note 22(c))	根據本公司購股權計劃發行股份 (附註22(c))	24,196	-	-	-	-	24,196
Issue of new shares (Note 22(a))	發行新股份 (附註22(a))	245,450	-	-	-	-	245,450
Share issuance expenses	股份發行開支	(60)	-	-	-	-	(60)
Share premium reduction (Note (b)(ii))	削減股份溢價 (附註(b)(ii))	(100,556)	43,124	-	-	57,432	-
Issue of convertible preference shares by a subsidiary (Note 25(b))	一家附屬公司發行可換股優先股 (附註25(b))	-	-	138,480	-	-	138,480
Employee share option scheme - value of employee services (Note 22(c))	僱員購股權計劃 - 僱員服務價值 (附註22(c))	-	-	2,387	-	-	2,387
Exchange differences arising on translation of the financial statements of foreign subsidiaries	換算海外附屬公司財務報表之匯兌差額	-	-	-	6,816	-	6,816
<b>At 31 December 2006</b>	<b>於二零零六年十二月三十一日</b>	<b>269,586</b>	<b>168,434</b>	<b>156,494</b>	<b>7,688</b>	<b>72,771</b>	<b>674,973</b>

### 23. 其他儲備

#### (a) 本集團

**23. OTHER RESERVES** (continued)**(a) Group** (continued)

Note:

- (i) The contributed surplus of the Group represents the difference between the nominal value of the ordinary shares and share premium account of Hi Sun Holdings Limited ("HSHL") acquired pursuant to the group reorganisation (the "Reorganisation") on 17 October 2001 as set out in the circular to the shareholders of HSHL dated 9 August 2001, over the nominal value of the Company's shares issued in exchange thereof.

**(b) Company****23. 其他儲備** (續)**(a) 本集團** (續)

附註：

- (i) 本集團之實繳盈餘指向高陽控股有限公司（「高陽控股」）股東寄發日期為二零零一年八月九日之通函所載，根據於二零零一年十月十七日進行之集團重組（「重組」）所收購之高陽控股之普通股面值及股份溢價賬，與本公司就此交換之已發行股份面值之差額。

**(b) 本公司**

		Share premium 股份溢價 HK\$'000 千港元	Contributed surplus (Note) 實繳盈餘 (附註) HK\$'000 千港元	Other reserves 其他儲備 HK\$'000 千港元	(Accumulated losses)/ retained earnings (累計虧損)/ 保留盈利 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	100,556	3,293	-	(35,733)	68,116
Employee share option scheme - value of employee services (Note 22(c))	僱員購股權計劃 - 僱員服務價值 (附註22(c))	-	-	4,220	-	4,220
Loss for the year	年度虧損	-	-	-	(21,698)	(21,698)
At 31 December 2005	於二零零五年十二月三十一日	100,556	3,293	4,220	(57,431)	50,638
At 1 January 2006	於二零零六年一月一日	100,556	3,293	4,220	(57,431)	50,638
Profit for the year	年度溢利	-	-	-	55,064	55,064
Shares issued under share option scheme of the Company (Note 22(c))	根據本公司購股權 計劃發行股份 (附註22(c))	24,196	-	-	-	24,196
Issue of new shares (Note 22(a))	發行新股份 (附註22(a))	245,450	-	-	-	245,450
Share issuance expenses	股份發行開支	(60)	-	-	-	(60)
Share premium reduction (Note (ii))	削減股份溢價 (附註(ii))	(100,556)	43,124	-	57,432	-
Employee share option scheme - value of employee services (Note 22(c))	僱員購股權計劃 - 僱員服務價值 (附註22(c))	-	-	2,387	-	2,387
<b>At 31 December 2006</b>	<b>於二零零六年十二月三十一日</b>	<b>269,586</b>	<b>46,417</b>	<b>6,607</b>	<b>55,065</b>	<b>377,675</b>

### 23. OTHER RESERVES (continued)

#### (b) Company (continued)

Note:

- (i) The contributed surplus of the Company represents the excess of the fair value of the shares of the subsidiaries acquired pursuant to the Reorganisation over the nominal value of the Company's shares issued in exchange thereof. Under the Companies Act 1981 of Bermuda, a company may make distributions to its members out of the contributed surplus under certain circumstances.
- (ii) In compliance with section 46 of the Companies Act 1981 of Bermuda and with effect from 28 June 2006 (the date of the passing of the special resolution), the entire amount standing to the credit of the share premium account of the Company as at 31 December 2005 of HK\$100,556,000 was cancelled and the directors of the Company was authorised to apply part of the credit arising from the aforesaid reduction of the share premium account of the Company in the sum of HK\$57,432,000 to offset the accumulated losses of the Company in full and the remaining balance of the credit arising therefrom in the sum of HK\$43,124,000 was transferred to the contributed surplus account of the Company in accordance with the Bye-laws of the Company and all applicable laws.
- (iii) As at 31 December 2006, the aggregate amount of reserves available for distribution to the equity holders of the Company, including contributed surplus, other reserves and retained earnings, was HK\$108,089,000 (2005: nil).

### 23. 其他儲備 (續)

#### (b) 本公司 (續)

附註:

- (i) 本公司之實繳盈餘指根據重組所收購之附屬公司股份公平值與本公司就此交換之已發行股份面值之差額。根據百慕達一九八一年公司法，公司可在若干情況下從實繳盈餘中撥出款額以向其股東作出分派。
- (ii) 根據百慕達一九八一年公司法第46條，自通過特別決議案日期二零零六年六月二十八日起，削減本公司於二零零五年十二月三十一日共100,556,000港元之股份溢價賬全數進賬均遭註銷，而本公司董事獲授權動用上述本公司股份溢價賬削減所產生部分進賬57,432,000港元，以抵銷本公司全數累計虧損。該進賬餘額43,124,000將根據本公司之公司細則及所有適用法例轉撥至本公司實繳盈餘賬。
- (iii) 於二零零六年十二月三十一日，本公司可供分派予權益持有人之儲備（包括實繳盈餘、其他儲備及保留盈利）合共108,089,000港元（二零零五年：無）。

## 24. TRADE AND OTHER PAYABLES

## 24. 應付賬款及其他應付款項

		Group 本集團		Company 本公司	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Trade payables	應付賬款	54,611	40,305	-	-
Other payables and accruals	其他應付款項及應計款項	44,399	67,671	8,908	10,231
Pension obligations	退休金供款	8,696	4,284	-	-
Social security and other taxes	社會保障及其他稅項	9,576	3,692	-	-
		<b>117,282</b>	115,952	<b>8,908</b>	10,231

At 31 December 2006 and 2005, the ageing analysis of the trade payables was as follows:

於二零零六年及二零零五年十二月三十一日，應付賬款的賬齡分析如下：

		Group 本集團	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Current to 90 days	現時至90日	44,888	32,373
91 to 180 days	91至180日	4,923	2,463
181 to 365 days	181至365日	2,987	3,704
Over 365 days	超過365日	1,813	1,765
		<b>54,611</b>	40,305

### 25. CONVERTIBLE PREFERENCE SHARES ISSUED BY SUBSIDIARIES - GROUP

#### (a) Convertible preference shares issued by Turbo Speed

On 9 November 2004, Turbo Speed, a wholly-owned subsidiary of the Company, entered into a subscription agreement with independent third parties in relation to the subscription of 6,837,608 convertible preference shares of US\$0.10 each of Turbo Speed for a total subscription price of US\$4 million (approximately HK\$31.2 million) (the "TS Subscription"). The subscription price had been received by Turbo Speed shortly after signing of the said subscription agreement and was held in a jointly controlled bank account and would be released on completion of the Subscription.

Pursuant to an ordinary resolution passed on 4 April 2005, the Company approved the TS Subscription and the TS Subscription was completed on 29 April 2005.

According to the said subscription agreement, the rights attached to holders of convertible preference shares of Turbo Speed are summarised as follows:

- (a) Income (assuming no conversion of convertible preference shares)
  - (i) A fixed cumulative preferred dividend equal to HK\$624,000 for each financial year of Turbo Speed; and
  - (ii) Participation in part of dividends declared and payable by Turbo Speed (after the preferred dividend), calculated by applying an agreed formula so that the aggregate of the preferred dividend and ordinary dividend to the holders of the convertible preference shares would be equal to 16% (on an annual basis) of the total dividends payable by Turbo Speed.

### 25. 附屬公司發行可換股優先股－本集團

#### (a) Turbo Speed發行之可換股優先股

於二零零四年十一月九日，本公司全資附屬公司 Turbo Speed 與獨立第三方就認購 6,837,608 股每股面值 0.10 美元之 Turbo Speed 可換股優先股訂立認購協議，總認購價為 4,000,000 美元（約 31,200,000 港元）（「該 TS 認購」）。在簽訂上述認購協議後不久，Turbo Speed 隨即收取認購價，並存放於共同控制的銀行戶口，將待認購事項完成後解除。

根據二零零五年四月四日通過的普通決議案，本公司批准該 TS 認購，而該 TS 認購於二零零五年四月二十九日完成。

根據上述認購協議，Turbo Speed 可換股優先股的持有人權利概述如下：

- (a) 收入（假設並無兌換可換股優先股）
  - (i) 相等於 Turbo Speed 各財政年度固定累計優先股股息 624,000 港元；及
  - (ii) 於獲派優先股股息後，獲派部分 Turbo Speed 已宣派及應派的股息，金額透過使用協定方程式計算，致使可換股優先股持有人的優先股股息及普通股股息合共相等於 Turbo Speed 應付股息總額（按年計）之 16%。

**25. CONVERTIBLE PREFERENCE SHARES ISSUED BY SUBSIDIARIES - GROUP** (continued)**(a) Convertible preference shares issued by Turbo Speed** (continued)

## (b) Conversion options

- (i) Convertible at any time from the date of completion of the TS Subscription for a period of 24 months into new shares of the Company at a conversion price of HK\$1.2 per share, subject to adjustment set out in the subscription agreement (the "Conversion"). The amount for the Conversion shall be US\$4 million; and
- (ii) Automatic conversion into ordinary shares of Turbo Speed at a ratio of 1:1 on the business day after Turbo Speed has paid total dividends on each convertible preference share which exceed its original issue price of US\$4 million.

According to a shareholders' agreement entered into by the Company and the convertible preference shareholders of Turbo Speed on 29 April 2005, under certain specified conditions, the Company shall transfer an agreed percentage of shares in Turbo Speed to the then convertible preference shareholders of Turbo Speed for a consideration of HK\$1.

The fair values of the liability component and the equity conversion component were determined at issuance of the convertible preference shares.

The fair value of the liability component, included in long-term borrowings, was calculated using a market interest rate for an equivalent non-convertible preference share. The residual amount, representing the value of the equity conversion component, is included in shareholders' equity in other reserves.

**25. 附屬公司發行可換股優先股－本集團（續）****(a) Turbo Speed 發行之可換股優先股（續）**

## (b) 轉換選擇權

- (i) 可於該TS認購完成日期起二十四個月期間隨時兌換為本公司新股份，轉換價為每股1.2港元，可按認購協議所載者調整（「該轉換」）而定。該轉換的金額將為4,000,000美元；及
- (ii) 在Turbo Speed就每股可換股優先股派付超逾原有發行價4,000,000美元的總股息後的營業日，自動以1:1的比率兌換為Turbo Speed普通股。

根據本公司與Turbo Speed可換股優先股股東於二零零五年四月二十九日訂立的股東協議，在某些特定條件下，本公司應按協定百分比轉讓Turbo Speed股份予當時的Turbo Speed可換股優先股股東，代價為1港元。

負債部分及權益轉換部分的公平值於發行可換股優先股時釐定。

負債部分（包括長期借款）的公平值以同等不可換股優先股的市場利率計算。相當於股權轉換部分價值的餘款計入其他儲備的股東權益內。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 25. CONVERTIBLE PREFERENCE SHARES ISSUED BY SUBSIDIARIES - GROUP (continued)

#### (a) Convertible preference shares issued by Turbo Speed (continued)

### 25. 附屬公司發行可換股優先股－本集團（續）

#### (a) Turbo Speed發行之可換股優先股（續）

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
At beginning of the year	年初	21,173	-
Addition	添置	-	20,066
Interest expense for the year (Note 9)	年內利息開支（附註9）	1,734	1,107
Preferred dividend paid for the year ended 31 December 2006	就截至二零零六年十二月三十一日止年度派付優先股股息	(422)	-
Liability component at 31 December 2006 (Note 27)	於二零零六年十二月三十一日之負債部分（附註27）	22,485	21,173

Note: The convertible preference shares issued and initially recognised in the consolidated balance sheet is calculated as follows:

附註：初步於綜合資產負債表確認之已發行可換股優先股計算如下：

		2005 二零零五年 HK\$'000 千港元
Face value of convertible preference shares issued on 29 April 2005	於二零零五年四月二十九日發行可換股優先股之面值	31,200
Equity component (Note 23)	權益部分（附註23）	(11,134)
Liability component on initial recognition on 29 April 2005	於二零零五年四月二十九日初步確認之負債部分	20,066

The fair value of the liability component of convertible preference shares at 31 December 2006 amounted to HK\$21,525,000 (2005: HK\$21,023,000). The fair value is calculated using cash flows discounted at a rate based on the borrowings rate of 6.59% (2005: 7.32%) per annum.

於二零零六年十二月三十一日，可換股優先股負債部分的公平值為21,525,000港元（二零零五年：21,023,000港元）。該公平值乃採用借貸利率年息6.59厘（二零零五年：7.32厘）折算現金流量計算。



### 25. CONVERTIBLE PREFERENCE SHARES ISSUED BY SUBSIDIARIES - GROUP (continued)

#### (a) Convertible preference shares issued by Turbo Speed (continued)

Interest expense on the convertible preference shares is calculated using the effective interest method by applying the effective interest rate of 8.27% (2005: 8.27%) per annum to the liability component.

#### (b) Convertible preference shares issued by Emerging Technology

On 21 August 2006, Emerging Technology, a wholly-owned subsidiary of the Company, entered into a subscription agreement with independent third parties in relation to the subscription of 760,778 convertible preference shares of US\$1.00 each of Emerging Technology at a total subscription price of US\$18 million (approximately HK\$140 million) (the "ET Subscription").

Pursuant to an ordinary resolution passed on 25 September 2006, the Company approved the ET Subscription and the ET Subscription was completed on 12 October 2006.

### 25. 附屬公司發行可換股優先股－本集團（續）

#### (a) Turbo Speed發行之可換股優先股（續）

可換股優先股利息開支乃於負債部分採用實際利率以年息8.27厘（二零零五年：8.27厘）實際利率法計算。

#### (b) 由Emerging Technology發行之可換股優先股

於二零零六年八月二十一日，本公司全資附屬公司Emerging Technology與獨立第三方就認購760,778股每股面值1.00美元的Emerging Technology可換股優先股訂立認購協議，總認購價18,000,000美元（約140,000,000港元）（「該ET認購」）。

根據於二零零六年九月二十五日通過的普通決議案，本公司批准該ET認購，而該ET認購於二零零六年十月十二日完成。

### 25. CONVERTIBLE PREFERENCE SHARES ISSUED BY SUBSIDIARIES – GROUP (continued)

#### (b) Convertible preference shares issued by Emerging Technology (continued)

According to the said subscription agreement, the rights attached to holders of convertible preference shares of Emerging Technology are summarised as follows:

- (a) *Income (assuming no conversion of convertible preference shares)*
  - (i) Participation in dividends declared and payable by Emerging Technology so that the aggregate of the preferred dividend to the holders of the convertible preference shares would be equal to 9% (on an annual basis) of the total dividends payable by Emerging Technology.
- (b) *Conversion options*
  - (i) Convertible at any time from the date of completion of the ET Subscription for a period of 24 months into new shares of the Company at a conversion price of HK\$1.088 per share, subject to adjustment set out in the subscription agreement (the “HS Conversion”). The amount for the HS Conversion shall be US\$18 million;
  - (ii) Convertible at any time from the date of completion of the ET Subscription for a period of 24 months into ordinary share of Emerging Technology at a ratio of 1:1; and
  - (iii) Automatic conversion into ordinary shares of Emerging Technology at a ratio of 1:1 on the business day after Emerging Technology has paid total dividends on each convertible preference share which exceed its original issue price.

### 25. 附屬公司發行可換股優先股 – 本集團 (續)

#### (b) 由Emerging Technology發行之可換股優先股 (續)

根據上述認購協議，Emerging Technology可換股優先股的持有人的權利概述如下：

- (a) 收入 (假設並無轉換可換股優先股)
  - (i) 獲發Emerging Technology已宣派及應派股息致使可換股優先股持有人的優先股股息合共相等於Emerging Technology應派股息總額之 (按年計) 9%。
- (b) 轉換選擇權
  - (i) 可於該ET認購完成日期起二十四個月期間隨時兌換為本公司新股份，轉換價為每股1.088港元，可按認購協議所載者調整 (「HS轉換」) 而定。HS轉換的金額將為18,000,000美元；
  - (ii) 於該ET認購完成日期起計二十四個月期間內，按1:1比例兌換為Emerging Technology普通股；及
  - (iii) 在Emerging Technology就每股可換股優先股派付超逾原有發行價的總股息後的營業日，自動以1:1比率兌換為Emerging Technology的普通股。

**25. CONVERTIBLE PREFERENCE SHARES ISSUED BY SUBSIDIARIES - GROUP** (continued)**(b) Convertible preference shares issued by Emerging Technology** (continued)

The convertible preference shares issued are initially recognised in the consolidated balance sheet is calculated as follows:

		<b>31 December 2006</b> 二零零六年 十二月三十一日 <b>HK\$'000</b> 千港元
Face value of convertible preference shares issued on 12 October 2006	於二零零六年十月十二日發行的可換股優先股面值	<b>140,040</b>
Legal and professional fees directly attributable to the ET Subscription	與ET認購直接有關之法律及專業費用	<b>(1,560)</b>
Equity component (Note 23)	權益部分 (附註23)	<b>(138,480)</b>
Liability component on initial recognition and as at 31 December 2006	於初步確認時及於二零零六年十二月三十一日的負債部分	<b>-</b>

**26. DUE FROM/TO A RELATED COMPANY AND A FELLOW SUBSIDIARY**

The amounts due from/to a related company and a fellow subsidiary are interest free, unsecured, and repayable on demand.

**25. 附屬公司發行可換股優先股－本集團 (續)****(b) 由Emerging Technology發行之可換股優先股 (續)**

於綜合資產負債表中初步確認的可換股優先股計算如下：

**26. 應收／應付一家關連公司及一家同系附屬公司款項**

應收／應付一家關連公司及一家同系附屬公司款項為免息、無抵押及於索還時償付。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 27. BORROWINGS

### 27. 借款

		Group 本集團	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
<b>Non-current</b>	<b>非即期</b>		
Financial liability portion of convertible preference shares issued by a subsidiary (Note 25(a))	一家附屬公司發行可換股優先股的財務負債部分 (附註25(a))	<b>22,485</b>	21,173
<b>Current</b>	<b>即期</b>		
Short term bank loans – PRC, secured (Note)	短期銀行貸款－中國，有抵押 (附註)	<b>7,000</b>	48,077
Total borrowings	借款總額	<b>29,485</b>	69,250

*Note:*

As at 31 December 2006, short term bank loans of RMB7 million (HK\$7 million) were secured by the leasehold land and building of a subsidiary of the Company (Note 15) and the corporate guarantee from an independent third party, 深圳市高新技術投資擔保有限公司 (Shenzhen High and New Technology Investment Guarantee Company Limited).

As at 31 December 2005, short term bank loans of HK\$48,077,000 were secured by corporate guarantee of HK\$48,077,000 from the Company.

The carrying amounts of financial liability portion of convertible preference shares issued by a subsidiary and short-term borrowings approximate their fair values.

*附註：*

於二零零六年十二月三十一日，人民幣7,000,000元（7,000,000港元）的短期銀行貸款由本公司一家附屬公司之租賃土地及樓宇（附註15）以及一名獨立第三方深圳市高新技術投資擔保有限公司之公司擔保作抵押。

於二零零五年十二月三十一日，48,077,000港元的短期銀行貸款由本公司48,077,000港元的企業擔保作抵押。

由一家附屬公司發行可換股優先股之財務負債部分及短期借款之賬面值與其公平值相約。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 27. BORROWINGS (continued)

The maturity of borrowings is as follows:

		<b>Group</b> 本集團			
		<b>Bank borrowings</b> 銀行借款		<b>Financial liability portion of convertible preference shares issued by a subsidiary</b> 一家附屬公司發行可換股優先股的財務負債部分	
		<b>2006</b> 二零零六年 <b>HK\$'000</b> 千港元	2005 二零零五年 HK\$'000 千港元	<b>2006</b> 二零零六年 <b>HK\$'000</b> 千港元	2005 二零零五年 HK\$'000 千港元
Within 1 year	一年內	<b>7,000</b>	48,077	-	-
Over 5 years	逾五年	-	-	<b>22,485</b>	21,173
		<b>7,000</b>	48,077	<b>22,485</b>	21,173

The effective interest rates at the balance sheet date were as follows:

於結算日的實際利率如下：

		<b>2006</b> 二零零六年		2005 二零零五年	
		<b>Hong Kong dollar</b> 港元	<b>Renminbi</b> 人民幣	Hong Kong dollar	Renminbi
		<b>per annum</b> 每年	<b>per annum</b> 每年	per annum 每年	per annum 每年
Financial liability portion of convertible preference shares issued by a subsidiary	一家附屬公司發行可換股優先股的財務負債部分	<b>8.27%</b>	-	8.27%	-
Short term bank borrowings	短期銀行借貸	-	<b>6.80%</b>	-	5.58%

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 27. BORROWINGS (continued)

The carrying amounts of the borrowings are denominated in the following currencies:

### 27. 借款(續)

借款賬面值以下列貨幣列值：

		Group 本集團	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Hong Kong dollar	港元	<b>22,485</b>	21,173
Renminbi	人民幣	<b>7,000</b>	48,077
		<b>29,465</b>	69,250

During the year ended 31 December 2005, all the bank facilities have been terminated. There is no undrawn bank facility as at 31 December 2006.

於截至二零零五年十二月三十一日止年度，所有銀行信貸均終止。於二零零六年十二月三十一日並無尚未提取之銀行信貸。

**28. DEFERRED INCOME TAX – GROUP**

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The offset amounts are as follows:

		<b>2006</b> 二零零六年 <b>HK\$'000</b> 千港元	2005 二零零五年 HK\$'000 千港元
Deferred tax assets to be recovered within 12 months	十二個月內將予撥回的遞延稅項資產	<b>(6)</b>	(56)
Deferred tax liabilities to be recovered within 12 months	十二個月內將予撥回的遞延稅項負債	<b>6</b>	56
		-	-

The movement in deferred tax assets and liabilities (prior to offsetting of balances within the same taxation jurisdiction) during the year is as follows:

**28. 遞延所得稅 – 本集團**

當有法定權利可將現有稅項資產與現有稅項負債抵銷，且遞延所得稅涉及同一財政機關，則可將遞延所得稅資產與負債互相抵銷。抵銷金額如下：

年內，將相同稅項司法權區之結餘互相抵銷前，遞延稅項資產與負債之變動如下：

		<b>Accelerated tax depreciation</b> 加速稅項折舊	
		<b>2006</b> 二零零六年 <b>HK\$'000</b> 千港元	2005 二零零五年 HK\$'000 千港元
Deferred tax liabilities	遞延稅項負債		
At 1 January	於一月一日	<b>56</b>	28
(Credited)/charged to consolidated income statement	自綜合損益賬(扣除)/開支	<b>(50)</b>	28
At 31 December	於十二月三十一日	<b>6</b>	56

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 28. DEFERRED INCOME TAX – GROUP (continued)

### 28. 遞延所得稅 – 本集團 (續)

		Tax losses 稅損	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Deferred tax assets	遞延稅項資產		
At 1 January	於一月一日	(56)	(28)
Charged/(credited) to consolidated income statement	自綜合收益表扣除/(計入)	50	(28)
At 31 December	於十二月三十一日	(6)	(56)

Deferred taxation is calculated in full on temporary differences under the liability method using a principal taxation rate of 17.5% (2005: 17.5%).

遞延稅項以負債法按 17.5% (二零零五年: 17.5%) 的主要稅率就暫時差額全數撥備。

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related benefits through the future taxable profits is probable. As at 31 December 2006, the Group has unrecognised tax losses HK\$13,117,000 (2005: HK\$36,731,000) to carry forward against future taxable income. These tax losses have not been recognised due to uncertainty of their future recoverability. The tax losses will expire according to the prevailing tax laws and regulations in the countries in which the Group operates.

遞延所得稅資產乃因應相關利益有可能透過日後應課稅溢利變現而就所結轉之稅項虧損作確認。截至二零零六年十二月三十一日，本集團之未確認稅項虧損為 13,117,000 港元 (二零零五年: 36,731,000 港元)，可結轉以抵銷日後應課稅收入。由於未能確定上述稅項虧損能否於將來撥回，故並無確認上述稅項虧損。此等稅項虧損之到期日根據本集團經營國家之適用稅法及規例而定。



## 29. NOTES TO CONSOLIDATED CASH FLOW STATEMENT

## 29. 綜合現金流量表附註

## (a) Reconciliation of profit before income tax to cash generated from operating activities

## (a) 除所得稅前溢利與經營業務產生的現金對賬

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Profit before income tax	除所得稅前溢利	145,242	66,942
Interest income	利息收入	(4,831)	(1,403)
Subsidy income from Government	政府的資助收入	-	(926)
Employee share option scheme	僱員購股權計劃		
– value of employee services	– 僱員服務價值	2,387	4,220
Employee share option scheme of a subsidiary	一家附屬公司之僱員購股權計劃		
– value of employee services	– 僱員服務價值	-	273
Depreciation of property, plant and equipment	物業、廠房及設備折舊	13,089	9,884
Depreciation of investment property	投資物業折舊	8	-
Amortisation of leasehold land	租賃土地攤銷	36	-
(Gain)/loss on disposal of property, plant and equipment	出售物業、廠房及設備(收益)/虧損	(18)	319
(Write-back)/provision for impairment of trade receivable, net	應收賬款減值(撥回)/撥備·淨額	(257)	6,974
Write-off of inventories	撇銷存貨	1,504	1,008
Finance costs	融資成本	3,803	3,998
Operating profit before working capital changes	營運資金變動前的經營溢利	160,963	91,289
(Increase)/decrease in trade and other receivables	應收賬款及其他應收款項(增加)/減少	(41,300)	6,275
(Increase)/decrease in inventories	存貨(增加)/減少	(8,448)	7,236
Increase in financial assets at fair value through profit or loss	按公平值計入溢利或虧損之金融資產增加	(41,281)	-
Increase/(decrease) in trade and other payables	應付賬款及其他應付款項增加/(減少)	1,329	(5,328)
Decrease in amount due to ultimate holding company	應付最終控股公司款項減少	-	(24,638)
Increase/(decrease) in amounts due to fellow subsidiaries	應付同系附屬公司款項增加/(減少)	13,107	(233)
Cash generated from operating activities	經營業務產生的現金	84,370	74,601

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 29. NOTES TO CONSOLIDATED CASH FLOW STATEMENT (continued)

(b) In the cash flow statement, proceeds from sale of property, plant and equipment comprise:

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Net book amount (Note 15)	賬面淨額值 (附註15)	21	476
Gain/(loss) on sale of property, plant and equipment	出售物業、廠房及設備之收益/ (虧損)	18	(319)
Proceeds from sale of property, plant and equipment	出售物業、廠房及設備 所得款項	39	157

### 29. 綜合現金流量表附註 (續)

(b) 於現金流量表內，出售物業、廠房及設備所得款項如下：

### 30. CONTINGENT LIABILITIES

As at 31 December 2006, the Group and the Company had no contingent liabilities (2005: Nil).

### 30. 或然負債

於二零零六年十二月三十一日，本集團及本公司並無其他或然負債（二零零五年：無）。

### 31. OPERATING LEASE COMMITMENTS

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

### 31. 經營租約承擔

於二零零六年十二月三十一日，本集團於不可撤銷經營租約項下的未來最低租賃付款總額如下：

		Land and buildings 土地及樓宇		Equipment 設備	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Not later than one year	不遲於一年	5,705	5,079	8,102	6,243
Later than one year and not later than five years	遲於一年，但不遲 於五年	5,428	6,085	-	-
		11,133	11,164	8,102	6,243

**32. RELATED PARTY TRANSACTIONS**

The Group is controlled by Rich Global Limited (incorporated in British Virgin Islands), which owns 40.28% of the Company's shares. The remaining 59.72% of the shares are widely held. In the opinion of the Directors, the ultimate holding company of the Company is Hi Sun Limited (incorporated in British Virgin Islands).

**(a) The following transactions were carried out with the related parties:**

		<b>2006</b> 二零零六年 <b>HK\$'000</b> 千港元	2005 二零零五年 HK\$'000 千港元
Management fees received from a related company (Note (i))	來自關連公司的管理費用 (附註(i))	-	150
Rental fees paid to a related company (Note (ii))	支付予關連公司的租金費用 (附註(ii))	<b>797</b>	827
Acquisition of property from a related company (Note (iii) and 14(a))	收購關連公司物業 (附註(iii)及14(a))	<b>34,500</b>	-

*Note:*

- (i) For the year ended 31 December 2005, a subsidiary, Hi Sun Development Management Limited, provided management services to Panorama Stock Limited, a company owned by a Director of the Company.
- (ii) The subsidiaries, Beijing Hi Sun Advanced Business Solutions Information Technology Limited and Pax Technology (Shenzhen) Limited, paid rental fees to Beijing Hi Sun Electric Power Information Technology Limited, a fellow subsidiary company owned by a Director and a substantial shareholder, of the Company.
- (iii) On 2 November 2006, the Company entered into acquisition agreement with Beijing Hi Sun Electric Power Information Technology Limited in relation to the acquisition of property located at 北京市海澱區阜成路67號銀都大廈15-17樓 for a consideration of RMB34,500,000 (approximately equal to HK\$34,500,000).

**32. 關連方交易**

本集團由於英屬處女群島註冊成立的Rich Global Limited控制，該公司擁有本公司40.28%股份。餘下59.72%股份由公眾人士持有。董事認為，本集團最終控股公司為於英屬處女群島註冊成立的Hi Sun Limited。

**(a) 與關連方進行的交易如下：**

		<b>2006</b> 二零零六年 <b>HK\$'000</b> 千港元	2005 二零零五年 HK\$'000 千港元
Management fees received from a related company (Note (i))	來自關連公司的管理費用 (附註(i))	-	150
Rental fees paid to a related company (Note (ii))	支付予關連公司的租金費用 (附註(ii))	<b>797</b>	827
Acquisition of property from a related company (Note (iii) and 14(a))	收購關連公司物業 (附註(iii)及14(a))	<b>34,500</b>	-

*附註：*

- (i) 截至二零零五年十二月三十一日止年度，附屬公司高陽拓業管理有限公司向本公司一名董事擁有之公司全景傳媒有限公司提供管理服務。
- (ii) 附屬公司北京高陽金信信息技術有限公司及百富計算機技術(深圳)有限公司向北京高陽萬為電力信息技術有限公司(由本公司一名董事兼主要股東擁有之同系附屬公司)支付租金。
- (iii) 於二零零六年十一月二日，本公司與北京高陽萬為電力信息技術有限公司訂立收購協議，以按代價人民幣34,500,000元(約34,500,000港元)收購位於北京市海澱區阜成路67號銀都大廈15-17樓之物業。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 32. RELATED PARTY TRANSACTIONS (continued)

#### (a) The following transactions were carried out with the related parties: (continued)

Note: (continued)

The consideration of the acquisition of the property from Beijing Hi Sun Electric Power Information Technology Limited (as disclosed in note (iii)) was determined by reference to the fair market value at the date of acquisition as assessed by an independent valuer. Other transactions were conducted in the normal course of business and charged at terms mutually agreed or in accordance with the terms of the underlying agreements, where appropriate.

#### (b) Year end balances with related parties are as follows:

Receivable from a related company Panorama Stock Limited	應收一家關連公司款項 全景傳媒有限公司
Payable to a fellow subsidiary Beijing Hi Sun Electric Power Information Technology Limited	應付一家同系附屬公司款項 北京高陽萬為 電力信息技術有限公司

The balances with related parties were unsecured, interest free and repayable on demand.

#### (c) Key management compensation

During the years ended 31 December 2005 and 2006 key management compensation is equivalent to the Directors' emolument as disclosed in note 8(b).

### 32. 關連方交易 (續)

#### (a) 與關連方進行的交易如下: (續)

附註: (續)

向北京高陽萬為電力所購入物業之代價(如附註(iii)所披露)乃參考於收購日期之公平市場價格而決定,並由獨立估值師作評估。其他交易均於日常業務中進行,並以雙方協定的條款或根據有關協議的條款(視適用情況而定)而訂立。

#### (b) 與關連方有關的年底結餘如下:

	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Receivable from a related company Panorama Stock Limited	67	150
Payable to a fellow subsidiary Beijing Hi Sun Electric Power Information Technology Limited	13,497	390

與關連方之往來結餘為無抵押,免息及於索償時付還。

#### (c) 主要管理人員補償

截至二零零五年及二零零六年十二月三十一日止年度,主要管理人員補償相等於附註8(b)所披露之董事酬金。

**33. SUBSEQUENT EVENTS****(i) Termination of disposal and issue of preference shares by Pax Technology Limited (“PAX”)**

On 6 November 2006, the Company entered into a sale and purchase agreement (“the PAX Disposal Agreement”) with Keen Ambition Enterprise Limited (the “Purchaser”), a company incorporated in the British Virgin Islands and Mr. Mo Ying San (the “Guarantor”), who owns the entire issued share capital of the Purchaser, in relation to the disposal of the entire issued share capital of an aggregate of 35,000,000 ordinary shares of HK\$1.00 of PAX, a company incorporated in Hong Kong and an indirect wholly owned subsidiary of the Company, for a consideration of HK\$200 million, which is to be satisfied by cash. The Purchaser and the Guarantor are both third parties independent of the Group.

On 4 April 2007, the Company, the Purchaser and the Guarantor entered into a termination agreement to terminate the PAX Disposal Agreement in consideration of the return of the deposit of HK\$5 million by the Company to the Purchaser.

On 4 April 2007, PAX and the Company entered into a subscription agreement (the “PAX Subscription Agreement”) with Digital Investment Limited (the “PAX Subscriber”) in relation to the subscription by the PAX Subscriber of 8,750,000 preference shares of PAX of HK\$1.00 each (the “PAX Preference Shares”) at a total subscription price of US\$10 million (equivalent to approximately HK\$78.1 million) (the “PAX Subscription”). The PAX Preference Shares represent 25% of the existing issued share capital of PAX and 20% of the issued share capital of PAX as enlarged by the PAX Subscription. The Subscriber is a third party independent of the Group.

The Completion of the PAX Subscription is subject to the approval by the shareholders of the Company.

**(ii) Grant of options**

On 2 January 2007, 43,000,000 share options had been granted to certain employees of the Company pursuant to the Share Option Scheme of the Company to subscribe ordinary shares of the Company at an exercise price of HK\$2.00 per share. The exercisable period of these share options is from 2 January 2007 to 1 January 2010 (both dates inclusive).

**33. 結算日後事項****(i) 百富科技有限公司（「百富」）終止出售及發行優先股**

於二零零六年十一月六日，本公司與一家於英屬處女群島註冊成立之公司 Keen Ambition Enterprise Limited（「買方」）及擁有買方全部已發行股本之武迎新先生（「擔保人」）訂立買賣協議（「百富出售協議」），出售本公司於香港註冊成立之間接全資附屬公司百富全部已發行股本合共 35,000,000 股每股面值 1.00 港元之普通股，代價為 200,000,000 港元，將以現金支付。買方及擔保人均為本集團獨立第三方。

於二零零七年四月四日，本公司、買方與擔保人訂立終止協議，按本公司向買方退回訂金 5,000,000 港元之代價，終止百富出售協議。

於二零零七年四月四日，百富及本公司與 Digital Investment Limited（「百富認購人」）就百富認購人按總認購價 10,000,000 美元（約相等於 78,100,000 港元）認購 8,750,000 股每股 1.00 港元之百富優先股（「百富優先股」）（「百富認購」）訂立認購協議（「百富認購協議」）。百富優先股相當於百富現有已發行股本 25% 及百富經百富認購擴大之已發行股本 20%。認購人為本集團之獨立第三方。

百富認購須待本公司股東批准，方告作實。

**(ii) 授出購股權**

於二零零七年一月二日，本公司根據本公司購股權計劃向本公司若干僱員授出 43,000,000 份購股權，可按行使價每股 2.00 港元認購本公司普通股。有關購股權行使期由二零零七年一月二日至二零一零年一月一日（包括首尾兩天）。

### 33. SUBSEQUENT EVENTS (continued)

#### (iii) Conversion of convertible preference shares in a subsidiary of the Company

On 12 January 2007, the Company received a notice from a holder of the convertible preference shares issued by Turbo Speed for the conversion of all of its 3,418,804 convertible preference shares into the ordinary shares of the Company pursuant to the terms of the subscription agreement dated 9 November 2004.

As a result of the above conversion, 51,866,667 new ordinary shares of the Company were issued and allotted to the convertible preference shares holder at a conversion price of HK\$0.3 per share on 18 January 2007.

#### (iv) Proposed acquisition of the entire interest in Baifu Hualong and Pacific Sheen and disposal of 5% interest in Hualong Holding

On 10 February 2007, the Company entered into a sale and purchase agreement (the "Hualong Agreement") with 王秉人 (Wang Bing Ren), 王中方 (Wang Zhong Fang), 蔣杰忠 (Jiang Jie Zhong), 趙樹勳 (Zhao Shu Xun (also known as 趙力斌 (Zhao Li Bin)), 李寧川 (Li Ning Chuan) and Everon Group Holdings Limited (a company incorporated in Hong Kong) (collectively the "Vendors"), who are parties independent of the Group, pursuant to which the Company conditionally agreed to procure the acquisition of the entire registered capital of Hangzhou Baifu Holding Company Limited ("Baifu Hualong"), a company to be incorporated in the PRC which will hold the entire interest in 杭州華隆電子技術有限公司 (Hangzhou Hualong Electronic Technology Company Limited), a company established in the PRC ("Hualong Electronic") and 杭州華隆信息技術有限公司 (Hangzhou Hualong Information Technology Company Limited), a company established in the PRC ("Hualong Information") prior to completion of the Hualong Agreement, the entire issued share capital of Pacific Sheen International Limited (富順國際有限公司), a company incorporated in Hong Kong ("Pacific Sheen") and its subsidiary (collectively referred to as the "Hualong Group") and the shareholders' loans of HK\$24.0 million (the "Shareholders' Loans") for a total consideration of RMB300.7 million (equivalent to approximately HK\$302.9 million) (the "Hualong Acquisition"). The consideration for the Hualong Acquisition will be satisfied as to RMB200.7 million (equivalent to approximately HK\$202.1 million) in cash and as to the remaining balance of RMB100.0 million (equivalent to approximately HK\$100.7 million) by way of the 36,900,146 new shares of the Company (the "Consideration Shares") at a consideration of HK\$2.73 per share.

### 33. 結算日後事項 (續)

#### (iii) 兌換本公司一家附屬公司之可換股優先股

於二零零七年一月十二日，本公司接獲一名持有由 Turbo Speed 發行的可換股優先股持有人通知，並根據日期為二零零四年十一月九日認購協議之條款，將其所持 3,418,804 股可換股優先股悉數轉換為本公司普通股。

基於上述轉換，本公司於二零零七年一月十八日按每股股份 0.3 港元之兌換價，向可換股優先股持有人發行及配發 51,866,667 股本公司新普通股。

#### (iv) 建議收購百富華隆及富順國際全部權益及出售 Hualong Holding 5% 權益

於二零零七年二月十日，本公司與獨立於本集團之人士 王秉人、王中方、蔣杰忠、趙樹勳 (又名 趙力斌)、李寧川 及 信安控股有限公司 (於香港註冊成立之公司) (統稱「賣方」) 訂立買賣協議 (「華隆協議」)。據此，本公司有條件同意促使收購將於中國註冊成立之 杭州百富控股有限公司 (「百富控股」) 全部註冊股本、於香港註冊成立之 富順國際有限公司 (「富順國際」) 及其附屬公司 (統稱「華隆集團」) 全部已發行股本以及股東貸款 24,000,000 港元 (「股東貸款」)，總代價為人民幣 300,700,000 元 (約相當於 302,900,000 港元) (「華隆收購」)。百富控股將持有於中國成立之 杭州華隆電子技術有限公司 (「華隆電子」) 及於華隆協議完成前於中國成立之 杭州華隆信息技術有限公司 (「華隆信息技術」) 全部權益。華隆收購代價中，人民幣 200,700,000 元 (約相當於 202,100,000 港元) 將以現金支付，餘額人民幣 100,000,000 元 (約相當於 100,700,000 港元) 則以本公司 36,900,146 股每股作價 2.73 港元之新股份 (「代價股份」) 支付。

**33. SUBSEQUENT EVENTS** (continued)**(iv) Proposed acquisition of the entire interest in Baifu Hualong and Pacific Sheen and disposal of 5% interest in Hualong Holding** (continued)

As part of the transactions in relation to the Hualong Acquisition, the Company and the Vendors will execute all relevant documents for the disposal of 5% of the issued share capital of Hualong Holding, a subsidiary of the Company which will become the immediate holding company of Baifu Hualong and Pacific Sheen upon completion of the Hualong Agreement, to the Vendors for a total consideration of RMB15.0 million (equivalent to approximately HK\$15.1 million), which is equal to 5% of the total consideration to be paid by the Group for the Hualong Acquisition (the "Hualong Disposal").

The Hualong Acquisition and the Hualong Disposal and the transactions contemplated herein above have not been completed up to the date of this report.

As at 31 December 2006, the aggregate audited carrying value of the total net assets of the Hualong Group amounted to approximately HK\$169.8 million. Goodwill arising from the Hualong Acquisition and Hualong Disposal will be finalised upon completion of management's assessment of the fair value of identifiable assets and liabilities of the Hualong Group.

**(v) Effect of the Corporate Income Tax Law of the People's Republic of China (the "new CIT Law")**

On 16 March 2007, the National People's Congress approved the new CIT Law. The new CIT Law changes the corporate income tax rate to 25% with effect from 1 January 2008. The new CIT Law also provides for preferential tax rates, tax incentives for prescribed industries and activities, grandfathering provisions as well as determination of taxable profit. As at the date that this report are approved for issue, detailed measures concerning these items has yet to be issued by the State Council. Consequently, the Group is not in a position to assess the impact, if any, to the carrying value of deferred tax assets and liabilities as at 31 December 2006. The Group will continue to evaluate the impact as more detailed regulations are announced.

**(vi) Exercise of share options**

Subsequent to the year end and up to the date of this report, total aggregate number of 26,885,000 share options have been exercised, which result in the issue of 26,885,000 additional ordinary shares of the Company. As at the date of this report, the Company has 98,115,000 share options outstanding.

**33. 結算日後事項 (續)****(iv) 建議收購百富華隆及富順國際全部權益及出售Hualong Holding 5%權益 (續)**

作為有關華隆收購交易之其中一環，本公司與賣方將就以總代價人民幣15,000,000元（約相當於15,100,000港元，相當於本集團收購總代價5%）向賣方出售本公司附屬公司Hualong Holding已發行股本5%（「華隆出售」）簽署所有有關文件，Hualong Holding將於華隆協議完成後成為百富華隆及富順國際之直接控股公司。

直至本報告日期，上述華隆收購及華隆出售以及據此擬進行之交易尚未完成。

於二零零六年十二月三十一日，華隆集團資產淨值總額經審核賬面值總額約為169,800,000港元。華隆收購及華隆出售所產生商譽將於管理層完成評估華隆集團可識別資產及負債公平值後落實。

**(v) 中華人民共和國企業所得稅法（「新企業所得稅法」）之影響**

於二零零七年三月十六日，全國人民大會批准新企業所得稅法。自二零零八年一月一日起，新企業所得稅法之企業所得稅率將改為25%。新企業所得稅法亦提供優惠稅率、就指定行業及活動提供稅務優惠、不追溯條款以及釐定應課稅溢利。截至本報告批准刊發日期，國務院尚未就有關項目頒佈詳細措施。因此，本集團未能就二零零六年十二月三十一日之遞延稅項資產及負債賬面值評估有關影響（如有）。本集團將就頒佈之更多詳細規例繼續評估其影響。

**(vi) 行使購股權計劃**

於年結日後及截至本報告日期止，總共26,885,000份購股權獲行使，導致發行額外26,885,000股本公司普通股。於本報告日期，本公司有98,115,000份尚未行使購股權。