

Notes to the Consolidated Financial Statements

綜合財務報告附註

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 9 October 2003 as an exempt company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited. The address of its register office is PO Box 309GT, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands, British West Indies.

The Company is an investment holding company. The principal activities of its subsidiaries consist of manufacturing and trading of steel pipes, steel sheets and other products made of steel and the aluminum forged and forged-spun wheels and other spare parts for automobiles.

The consolidated financial statements are presented in Renminbi, which is also the functional currency of the Group.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These financial statements of the Group have been prepared in accordance with applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing Securities on The Stock Exchange of Hong Kong Limited. A summary of the significant accounting policies adopted by the Group is set out below.

The HKICPA has issued a number of new and revised HKFRSs that are effective for accounting periods on or after 1 January 2006. The adoption of new/revised HKFRSs did not result in substantial change to the Group’s accounting policies.

1. 一般資料

本公司乃一間於二零零三年十月九日根據開曼群島法例第22章公司法（一九六一年第三號法案綜合及修訂本）在開曼群島註冊成立之獲豁免有限公司，股份於香港聯合交易所有限公司上市。其註冊辦事處之地址為P O Box 309GT, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands, British West Indies。

本公司為一間投資控股公司。其附屬公司之主要業務由製造及買賣鋼管、鋼片及其他鋼造產品、汽車用鍛造鋁合金車輪及鍛造車輪及其他汽車零件。

綜合財務報表以人民幣列示，人民幣亦為本集團之功能貨幣。

2. 主要會計政策

遵例聲明

本財務報表乃按照香港會計師公會（「香港會計師公會」）頒佈之所有適用香港財務報告準則（「香港財務報告準則」）（包括所有適用之個別香港財務報告準則、香港會計準則（「香港會計準則」）及詮釋）、香港普遍採納之會計原則及香港公司條例之披露規定而編製。本財務報表亦符合香港聯合交易所有限公司證券上市規則之適用披露條文。本集團採納之主要會計政策概要載列如下。

香港會計師公會已頒佈多項新訂及經修訂香港財務報告準則，該等準則於二零零六年一月一日或之後開始之會計期間生效。採用該等新訂及經修訂香港財務報告準則並未導致重大會計政策轉變。

Notes to the Consolidated Financial Statements

綜合財務報告附註

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Statement of compliance (Continued)

HKAS 19 (Amendment)	Actuarial Gain 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&HKFRS 4 (Amendment)	Financial Guarantee Contracts
HKFRS-Int 4	Determining whether an arrangement contains a lease

The following standards and interpretations to existing standards have been issued but not yet effective in these financial statements.

HKAS 1(Amendment)	Presentation of Financial Statements: Capital Disclosures ¹
HKFRS 7	Financial Instruments: Disclosures ¹
HKFRS 8	Operating segments ²
HK (IFRIC) – Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies ³
HK (IFRIC) – Int 8	Scope of HKFRS 2 ⁴
HK (IFRIC) – Int 9	Reassessment of Embedded Derivatives ⁵
HK (IFRIC) – Int 10	Interim Reporting and Impairment ⁶
HK (IFRIC) – Int 11	HKFRS 2 – Group and Treasury Share Transactions ⁷
HK (IFRIC) – Int 12	Service Concession Arrangements ⁸

2. 主要會計政策(續)

遵例聲明(續)

香港會計準則第19號 (經修訂)	精算損益、集團計劃及披露
香港會計準則第21號 (經修訂)	海外業務之淨投資
香港會計準則第39號 (經修訂)	預測集團內公司間交易之現金流量對沖會計法
香港會計準則第39號 (經修訂)	選擇以公平值列帳
香港會計準則第39號 及香港財務報告 準則第4號(經修訂)	財務擔保合約
香港(國際財務報告 詮釋委員會) — 詮釋第4號	釐定一項安排是否包含租賃

以下新準則、修訂及對現有準則之詮釋為已頒佈，惟尚未於財務報表內生效：

香港會計準則第1號 (經修訂)	財務報表之呈列— 資本披露 ¹
香港財務報告準則 第7號	金融工具：披露 ¹
香港財務報告準則 第8號	經營分部 ²
香港(國際財務報告 詮釋委員會) — 詮釋第7號	根據香港會計準則第29號 「惡性通貨膨脹經濟中 之財務報告」採用重列法 ³
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號之適用範圍 ⁴
香港(國際財務 報告詮釋委員會) — 詮釋第9號	重估內嵌式衍生工具 ⁵
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 ⁶
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 — 集團及財資股份交易 ⁷
香港(國際財務 報告詮釋委員會) — 詮釋第12號	服務營運權安排 ⁸

Notes to the Consolidated Financial Statements

綜合財務報告附註

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Statement of compliance (Continued)

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

Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2006 comprise the Company and its subsidiaries.

The measurement basis used in the preparation of the financial statements is the historic cost basis except for the available-for-sale assets, which is carried at fair value.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experiences and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 4.

2. 主要會計政策(續)

遵例聲明(續)

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

財務報表的編製基準

截至二零零六年十二月三十一日止年度的綜合財務報表包括本公司及其附屬公司。

編製財務報表所用的計量基準為歷史成本法，惟按公平值列帳的可供出售投資除外。

管理層在編製符合香港財務報告準則的財務報表時需要作出判斷、估計和假設。這些判斷、估計和假設會影響會計政策的應用和資產與負債和收入與支出的匯報數額。管理層的估計和假設乃根據營運經驗和各種被判斷為合理的因素，在沒有其它直接來源下，作為判斷資產和負債的帳面價值的基礎。因此，實際結果可能有別於該估計。

管理層會不斷審閱該估計和相關假設。如修訂的會計估計只影響當期，修訂會於當期確認；如修訂同時影響本期及未來期間，修訂會於修訂及未來期間確認。

管理層於應用香港財務報告準則時所作出對財務報表有重大影響之判斷，以及有極大風險導致下年度須作出重大調整之估算，將於附註4討論。

Notes to the Consolidated Financial Statements

綜合財務報告附註

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsidiaries

A subsidiary is a company in which the Group or Company, directly or indirectly, controls more than half of its voting power or issued share capital or controls the composition of its board of directors. Subsidiaries are considered to be controlled if the company has the power, directly or indirectly, to govern the financial and operating policies, so as to obtain benefits from their activities.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that this is no evidence of impairment.

Minority interests at the balance sheet date, being the portion of the net assets of subsidiaries attributable to equity interests that are not owned by the Company, whether directly or indirectly through subsidiaries, are presented in the consolidated balance sheet and consolidated statement of changes in equity, separately from equity attributable to the equity holders of the Company. Minority interests in the results of the Group are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between minority interests and the equity holders of the Company.

Where loss applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated all such profits until the minority's share of loss previously absorbed by the Group has been recovered.

In the Company's balance sheet, an investment in a subsidiary is stated at cost less impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

2. 主要會計政策(續)

附屬公司

附屬公司乃指本集團或本公司直接或間接持有該公司超過半數之投票權或已發行股本，或控制其董事會之組成。倘本公司有權直接或間接監管附屬公司之財務及營運政策以從其業務中得益，則該等附屬公司將被視為已受控制。

於附屬公司的投資乃由控制權開始當日起合併計算入綜合財務報表內，及直至控制權終止日為止。集團內公司間結餘及交易，以及因進行集團內公司間交易而產生之任何未變現收益，均於編製綜合財務報表時全數抵銷。集團內公司間交易產生之未變現虧損之抵銷方式與未變現收益相同，惟僅以並無減值憑證者為限。

結算日時之少數股東權益，指並非由本公司直接或透過附屬公司間接擁有之股本權益所佔附屬公司資產淨值之部分，於綜合資產負債表及綜合權益變動報表內呈列，及與本公司股份持有人應佔權益分開列示。少數股東所佔本集團業績在綜合收益表內作為年度溢利列作年內少數股東與本公司股份持有人之間之分配。

倘少數股東應佔虧損超過其所佔附屬公司股東權益，超額部分和任何歸屬於少數股東之進一步虧損便會沖減本集團之權益；惟當少數股東須承擔具有約束力之義務並有能力進行額外投資以彌補虧損則除外。附屬公司之所有期後溢利均會分配至本集團之權益，直至本集團收回以往承擔之少數股東應佔虧損為止。

於本公司的資產負債表內，於附屬公司的投資乃按成本減去減值虧損列帳，除非該項投資被列為持作出售（或包括在列為持作出售的出售團體）。

Notes to the Consolidated Financial Statements

綜合財務報告附註

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Goodwill

Goodwill represents the excess of the cost of a business combination over the group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment. Any excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of a business combination is recognised immediately in the income statement. On disposal of a cash generating unit, any attributable amount of goodwill is included in the calculation of the profit or loss on disposal.

Property, plant and equipment

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

Changes arising in the revaluation of properties held for own use are generally dealt with in reserves. The only exceptions are as follows:

- when a deficit arises on revaluation, it will be charged to income statement to the extent that it exceeds the amount held in the reserve in respect of that same asset immediately prior to the revaluation; and
- when a surplus arises on revaluation, it will be charged to the income statement to the extent that a deficit on revaluation in respect of that same asset had previously been charged to profit or loss.

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs.

Gains or losses arising on disposal or retirement of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in the income statement on the date of disposal or retirement. Any related revaluation surplus is transferred from the revaluation reserve to retained profits.

2. 主要會計政策(續)

商譽

商譽乃指業務合併成本超過本集團於被收購人之可識別資產、負債及或然負債公平淨值權益之數額。商譽乃按成本減累計減值虧損列帳。商譽乃分配至現金產生單位及每年測試減值。本集團於被收購人之可識別資產、負債及或然負債之淨公平價值權益超過於業務合併成本之任何數額乃於收益表立即確認。出售現金產生單位時，商譽之任何應佔金額乃於計算出售損益時計算在內。

物業、機器及設備

物業、機器及設備按成本減累計折舊及減值虧損入帳。

因重估持作自用物業產生之變動一般在儲備內處理。僅有例外情況如下：

- 倘產生重估虧絀，變動將在收益表內扣除，直至超出於緊接重估前就有關資產於儲備內持有之金額為止；及
- 倘產生重估盈餘，變動將計入收益表，並以就同一項資產先前已於收益表內支銷之重估虧絀為限計算。

自行興建之物業、廠房及設備之成本，包括材料成本、直接勞工成本，及如適用，初步估計拆卸及搬遷項目以及恢復項目所在地原貌的成本，以及適當比例的其他生產成本和借貸成本。

出售或棄用物業、廠房及設備項目之盈虧乃指出售所得款項與有關項目帳面值之差額，並於出售或棄用日期收益表內確認。任何相關重估盈餘由重估儲備撥入保留溢利。

Notes to the Consolidated Financial Statements

綜合財務報告附註

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment

Depreciation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives, after taking into account an estimated of residual value of 10% of cost, using the straight-line method, at the following rates per annum:

		Depreciation 折舊率
Building and factory premises	樓宇及廠房	4% – 6 $\frac{2}{3}$ %
Leasehold improvements	租賃物業裝修	10% – 20%
Furniture, fixtures and office equipment	傢俬、裝置及辦公室設備	6 $\frac{2}{3}$ % – 50%
Plant and machinery	機器及設備	10% – 33 $\frac{1}{3}$ %
Motor vehicles	汽車	20%
Aircrafts	飛機	10%

Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residue value, of any, are reviewed annually.

Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to income statement in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in income statement as an integral part of the aggregate net lease payments made. Contingent rentals are charged to income statement in the accounting period in which they are incurred.

The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term except where the property is classified as an investment property or is held for development for sale.

2. 主要會計政策(續)

物業、機器及設備

物業、機器及設備乃根據其估計剩餘價值(成本之10%)以直線法就其估計可使用年期計算折舊撥備,以撇銷成本,而所用之年率如下:

	Depreciation 折舊率
Building and factory premises	4% – 6 $\frac{2}{3}$ %
Leasehold improvements	10% – 20%
Furniture, fixtures and office equipment	6 $\frac{2}{3}$ % – 50%
Plant and machinery	10% – 33 $\frac{1}{3}$ %
Motor vehicles	20%
Aircrafts	10%

當物業、廠房及設備項目之不同部分有不同使用年期時,項目之成本或估值在不同部分之間按合理基準分配,每個部分分開計算折舊。資產之可使用年期及其剩餘價值(如有)須每年檢討。

經營租約費用

如屬本集團透過經營租約使用資產之情況,則根據租賃作出之付款會於租賃期所涵蓋之會計期間內,以等額在收益表扣除,惟如有其他基準能更清楚反映租賃資產所產生之收益模式則例外。租賃優惠於收益表確認為租賃淨付款總額之組成部分。或有租金在其產生之會計期間內在收益表扣除。

根據經營租約所持有土地之收購成本於租賃期內以直線法攤銷,惟該物業分部為投資物業或持作發展供出售則例外。

Notes to the Consolidated Financial Statements

綜合財務報告附註

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Available-for-sale financial assets

The Group classified its financial assets as available-for-sale financial assets. 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. Available-for-sale financial assets are non-derivatives that are either designated as such or not classified as any of the other categories. At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in profit or loss. Any impairment losses on available-on-sale financial assets are recognised in profit or loss. Impairment losses on available-for-sale equity investments will not be reversed in subsequent periods.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are measured at cost less any identified impairment losses at each balance sheet date subsequent to initial recognition. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired. The amount of the impairment loss is measured as the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses will not be reversed in subsequent periods.

Impairment of assets

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

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

2. 主要會計政策(續)

可供出售金融資產

本集團將其金融資產分部為可供出售金融資產。分部視乎獲取金融資產之目的而定。管理層於初步確認時決定金融資產之類別，並於每個申報日重新評估該項指定。可供出售金融資產為非衍生工具，無論是否劃分為其他類別。於初步確認後之每個結算日，可供出售金融資產按公平值計算。公平值之變動於權益表內確認，直至該金融資產被出售或決定被減值，屆時過往於權益表內確認之累計收入或虧損會自權益帳內剔除，並於收益表確認。可供出售金融資產之任何減值虧損於收益表確認。可供出售金融資產之減值虧損將不會於以後期間撥回。

就可供出售之權益投資而言，倘並無活躍市場之市價報價，而其公平值未能可靠計算，則可供出售之權益投資於首次確認後之每個結算日按成本值減任何已識別減值虧損計算。倘具備客觀證明資產減值，則減值虧損於收益表內確認。減值虧損數額按資產帳面值與按類似金融資產之現行市場回報率折現估計未來現金流量之現值間之差額計算。該項減值虧損不會於往後期間撥回。

資產減值

本集團會於每年結算日檢討有形及無形資產之帳面值，以確定該等資產有否出現減值虧損。倘估計資產之可收回數額降至低於其帳面值，則該資產之帳面值將調減至可收回數額之水平，並會即時將減值虧損確認為開支。

倘減值虧損其後撥回，則有關資產之帳面值將回升至重新估計之可收回數額，而所增加之帳面值不得超過假設該資產於過往年度並無確認減值虧損而釐定之帳面值。減值虧損之撥回將即時確認為收入。

Notes to the Consolidated Financial Statements

綜合財務報告附註

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost method and comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realizable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories as an expense in the period in which the reversal occurs.

Trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost less provision for impairment losses for bad and doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment losses for bad and doubtful debts.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

2. 主要會計政策(續)

存貨

存貨按成本及可變現淨值兩者之較低者入帳。

成本乃根據標準成本基準(即概約平均實際成本)計算,包括採購成本、轉換成本和將存貨運至現址及使其達至現時狀況所產生之成本。可變現淨值按在日常業務過程中之估計售價,減去估計完成成本及估計進行出售所需之其他成本計算。

於出售存貨後,其帳面值計入相關收益確認之期間之費用。存貨撇減至可變現淨值之任何撇減金額和虧損之金額,計入撇銷和虧損發生之期間之費用。撥回就存貨撇減之任何金額乃於撥回產生之期間確認為已確認存貨之減值及列作一項開支。

應收貿易及其他款項

應收貿易及其他款項按公平值初步確認,其後則以按經攤銷成本扣除減值撥備計算,惟應收帳項為向關連人士作出無固定還款期之免息貸款或折現之影響並不重大者除外。在該等情況下,應收帳項按成本減呆壞帳之減值虧損列值。

計息借貸

計息借貸按公平值減應佔交易費用初步確認。於初步確認後,計息借貸按攤銷成本列帳,成本與贖回價值之任何差異會在貸款期間內以實際利率法連同任何應付利息及費用在收益表確認。

Notes to the Consolidated Financial Statements

綜合財務報告附註

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Related parties

For the purposes of these financial statements, parties are considered to be related to the group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals, and post-employment benefit plans which are for the benefit of employees of the Group or of any entity that is a related party of the Group.

Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in the income statement except to the extent that they relate to items recognised directly in equity, in which case they are recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided in full, using the liability method, on all temporary differences arising from the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

2. 主要會計政策(續)

關連人士

就該等財務報表而言，倘一方有能力在作出財務及營運決定時直接或間接控制另一方或對另一方行使重大影響力，則雙方被視作有關連，或倘本集團及一方受共同控制或共同重大影響，亦被視作有關連。關連人士可以為個人（即主要管理人員、重要股東及／或彼等家庭成員）或其他實體，包括本集團關連人士（該等關連人士為個人）可行使重大影響力之實體及為本集團或任何身為實體之本集團關連人士之僱員福利設立之過往僱用福利計劃。

所得稅

年內之所得稅包括即期稅項及遞延稅項資產及負債之變動。即期稅項及遞延稅項資產及負債之變動乃於收益表內確認，除非屬直接在股本確認之項目，則於股本中確認。

即期稅項為預期須就年內應課稅收入支付之稅項，乃採用於結算日已頒佈或實質頒佈之稅率計算，並就過往年度應付之稅項作出調整。

遞延稅項以負債法按資產及負債就財務申報計算之帳面值與其稅基之全部暫時差額進行全數撥備。遞延稅項資產亦會因未動用稅項虧損及未動用稅項抵免而產生。

除若干少數例外情況外，所有遞延稅項負債及遞延稅項資產均於日後產生應課稅溢利並將可動用資產予以抵銷時確認。可引證確認源自可扣稅暫時差額之遞延稅項資產之日後應課稅溢利，包括該等源自撥回現有應課稅暫時差額，惟差額須與相同稅務機關及相同稅務實體有關，並預期於撥回可扣稅差額之同一期間或源自遞延稅項資產之稅項虧損可撥回或結轉之期間撥回。所確認之遞延稅項金額乃根據有關資產及負債帳面值之預期變現或償付方式，採用於結算日已頒佈或實質頒佈之稅率計量。遞延稅項資產及負債均不會予以折讓。

Notes to the Consolidated Financial Statements

綜合財務報告附註

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income tax (Continued)

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the company or the group has the legally enforceable right to set off current tax assets against current tax liabilities.

Financial guarantees

A financial guarantee (a kind of insurance contract) is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the original or modified terms of a debt instrument. The Group does not recognise liabilities for financial guarantees at inception, but perform a liability adequacy test at each reporting date by comparing its carrying amount of the net liability regarding the financial guarantee with its present legal or constructive obligation amount. If the carrying amount of the net liability is less than its present legal or constructive obligation amount, the entire difference is recognised in the income statement immediately.

Revenue

Revenue comprises the fair value for the sales of goods and services, net of rebates and discounts and after eliminated transactions within the Group. Revenue is recognised as follows:

- i) Sales of goods is recognised when the goods are delivered and title has passed to customer and the customer has accepted the products and collectibility of the related receivables is reasonably assured.

2. 主要會計政策(續)

所得稅(續)

遞延稅項資產之帳面值會於各結算日檢討，並於不再可能取得足夠應課稅溢利以動用有關稅務優惠時調低。任何減幅會於可能取得足夠應課稅溢利時修正。

即期稅項結餘及遞延稅項結餘以及有關變動均獨立呈列，不予抵銷。倘於本公司或本集團具合法權力可將即期稅項資產與即期稅項負債抵銷，則即期稅項資產與即期稅項負債抵銷，而遞延稅項資產則與遞延稅項負債抵銷。

財務擔保

財務擔保（一種保險合約）是一種要求發行人須對持有者就個別債務人未能履行債務合約的原有或經修改條文在付款期限前作出付款時承諾補償持有者之損失的合約。集團未就財務擔保之負債作初始確認，但於每個報告日就其財務擔保之負債淨額的賬面值與其現行法定或推定責任之數額進行負債撥備恰當測試。假若其負債淨額的賬面值是低於其現行法定或推定責任之數額時，相差之數額將即時全數直接於收益表中確認。

收入

收入指貨品銷售及提供服務收入之公平值，經扣除回扣及折扣以及抵銷本集團內部交易後之價值。收入確認如下：

- i) 當貨品已交付及所有權轉歸予客戶，及客戶已接收產品，且相關應收款項之可收回性能夠合理地確定，則貨品銷售確認入帳。

Notes to the Consolidated Financial Statements

綜合財務報告附註

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue (Continued)

- ii) Rental income receivable under operating leases is recognised the income statement in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in the income statement as an integral part of the aggregate net lease payments receivable.
- iii) Consultancy fee and commission income are recognised when the services are rendered.
- iv) Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and at the interest rate applicable.

Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are stated at the foreign exchange rates ruling at the balance sheet date. Exchange gains and losses are recognised in profit and loss, except those arising from foreign currency borrowings used to hedge a net investment in a foreign operation which are recognised directly in equity.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

The results of foreign operations are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of transactions. Balance sheet items, including goodwill arising on consolidation of foreign operations are translated into RMB at the foreign exchange rates ruling at the balance sheet date. The resulting exchange differences are recognised directly in a separate component of equity. Goodwill arising on consolidation of a foreign operation acquired is translated at the foreign exchange rate that applied at the date of acquisition of the foreign operation. On disposal of a foreign operation, the cumulative amount of the exchange differences recognised in equity which relate to that foreign operation is included in the calculation of the profit or loss on disposal.

2. 主要會計政策(續)

收入(續)

- ii) 經營租約之應收租金收入於租約期所涵蓋之會計期間內，以等額分期在收益表內確認，惟如有其他基準能更清楚地反映租賃資產所產生之收益模式則除外。所涉及之激勵措施在收益表中確認為應收租賃淨付款總額之組成部分。
- iii) 顧問費及佣金於提供服務時確認。
- iv) 利息收入根據未償還本金額及適用利率按時間比例基準確認。

外幣換算

於年內進行之外幣交易以交易日之適用外匯匯率換算。於結算日以外幣結算之貨幣資產及負債按該日之外匯匯率換算。匯兌盈虧於收益表內確認，惟來自用作對沖外國企業淨投資之外幣借貸則直接於權益內確認。

按過往成本以外幣為單位之非貨幣性資產及負債，按交易日之匯率換算。以公平值列帳的非貨幣性資產及負債按釐定其公平值當日適用之匯率換算。

外國企業之業績乃按與交易日之外匯匯率相若之匯率換算為港元。資產負債表項目（包括因合併所收購之外國企業產生之商譽）乃按結算日之外匯匯率換算為港元。產生之匯率差額直接於權益成分內獨立確認為一分開之項目。綜合收購外國企業產生之商譽，按收購外國企業日期適用之外匯匯率換算。於出售外國企業時，於權益內確認有關該外國企業之匯兌差額之累計數額，乃計入出售之損益中。

Notes to the Consolidated Financial Statements

綜合財務報告附註

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Retirement benefits scheme

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the profit and loss account as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme, except for the Group's employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme.

The employees of the Group's subsidiaries in the People's Republic of China (the "PRC") and Taiwan are members of the state-sponsored retirement scheme operated by the government of the PRC and Taiwan.

Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

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

2. 主要會計政策(續)

退休福利計劃

本集團根據強制性公積金計劃條例為其合資格參加強制性公積金計劃之僱員設有定額供款強制性公積金退休福利計劃(「強積金計劃」)。供款乃根據僱員基本薪金之百分比釐定，並於遵照強積金計劃規定應繳供款時自收益表扣除。強積金計劃之資產由獨立管理基金持有，與本集團資產分開管理。本集團僱主供款於向該計劃作出時全數歸僱員；惟根據強積金計劃之規定，屬本集團之僱主自願性供款則除外，倘僱員在有權全數取得該筆供款前離職，則該筆僱主自願供款便退還本集團。

本集團在中華人民共和國(「中國」)及台灣之附屬公司之僱員為中國及台灣政府運作之國家營辦退休計劃之參與者。

撥備及或然負債

倘因已發生之事件而導致本集團或本公司須對若干負債(時間或款額無法確定)承擔法律責任或推定責任，並可能引致經濟利益流出以解決有關責任，及能可靠地估計就此涉及之款額，為此等負債作出之撥備將予以確認。若金錢之時間價值乃屬重大因素，有關之撥備須按預期為解決有關責任之開支現值列帳。

在經濟利益可能流出，或有關款額未能可靠地估量之情況下，有關責任則列作或然負債並予以披露，除非導致經濟利益流出之可能性極低，則作別論。可能承擔之責任(其存在與否只能藉一項或多項未來事件之發生與否而確定)亦列作或然負債並予以披露，除非導致經濟利益流出之可能性極低，則作別論。

Notes to the Consolidated Financial Statements

綜合財務報告附註

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily take a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset.

All other borrowing costs are charged to the income statement in the year in which they are incurred.

Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

In accordance with the Group's internal financial reporting system, the Group has chosen business segment information as the primary reporting format and geographical segment information as the secondary reporting format for the purposes of these financial statements.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. For example, segment assets may include inventories, trade receivables and property, plant and equipment. Segment revenue, expenses, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group entities within a single segment. Inter-segment pricing is based on similar terms as those available to other external parties.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

Unallocated items mainly comprise financial and corporate assets, interest-bearing loans, borrowings, tax balances, corporate and financing expenses.

2. 主要會計政策(續)

借貸成本

因收購、建設或生產符合規定之資產(需於一段長時間方能達致其原定用途或出售者)而直接產生之借貸成本撥充該等資產之部份成本。

其他所有借貸成本於產生時於有關年度之收益表內扣除。

分部報告

分部乃指本集團可區分之部分，包括提供之產品或服務(業務分部)或提供產品或服務之特定經濟環境(地區分部)，均受有別於其他分部之風險及回報所影響。

根據本集團之內部財務報告制度，就此等財務報表而言，本集團選擇業務分部資料為主要報告形式，而地區分部資料則為次選報告形式。

分部收益、開支、業績、資產及負債包括直接劃分至該分部之項目及可合理劃分為該分部之項目。例如，分部資產可包括存貨、貿易應收賬款及物業、廠房及設備。分部收益、開支、資產及負債未計集團內公司間結算，集團內公司間交易則予以抵銷作為綜合處理之部分，惟該等集團內公司間之結餘及交易乃屬於一個單一類別內之集團實體之間之交易及結餘則除外。分部間交易之定價乃按給予外間人士之類似條款釐定。

分部資本開支乃指期內因收購預計可使用超過一個期間之分部資產(包括有形及無形資產)所產生之總成本。

未分配項目主要包括金融和企業資產、計息貸款、借貸、稅項結餘、企業及融資開支。

Notes to the Consolidated Financial Statements

綜合財務報告附註

3. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and price risk), credit risk, liquidity risk and interest-rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

a) Market risk

i) Foreign currency risk

The Group is exposed to foreign currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily United States dollars and new Taiwan dollars.

As the estimated foreign currency exposure in respect of committed future sales and purchases and estimated foreign currency exposure in respect of highly probable forecast sales and purchases is not significant, no hedging on foreign currency risk has been carried out during the year under review.

In respect of trade receivables and payables held in currencies other than the functional currency of the operations to which they relate, the Group ensures that the net exposure is kept to an acceptable level.

ii) Price risk

The Group is exposed to equity securities price risk because investments held by the Group are classified on the consolidated balance sheet either as available-for-sale financial assets or as financial assets at fair value through profit or loss.

3. 財務風險管理

本集團業務面對多類金融風險：市場風險（包括貨幣風險及價格風險）、信貸風險、流動資金風險及利率風險。本集團之整體風險管理計劃專注於金融市場之無法預測性，及尋求盡量減少對本集團財務表現可能造成之不利影響。

a) 市場風險

i) 外幣風險

本集團涉及之外匯風險主要來自以有關業務所涉及功能貨幣以外之外幣計值之買賣交易。引致此項風險之貨幣主要為美元及新台幣。

由於有關已承諾未來買賣交易之估計外幣風險及有關高度可預測性之估計外幣風險並不重大，因此於回顧年度內並未進行外幣風險對沖。

對於以業務所涉及功能貨幣以外之外幣持有之應收貿易款項及應付貿易款項，本集團確保其淨風險保持在可接受水平。

ii) 價格風險

本集團承受股本證券之價格風險，乃由於本集團所持有之投資均於綜合資產負債表上劃分為「可供出售金融資產」或「按公平值列入損益表之金融資產」。

Notes to the Consolidated Financial Statements

綜合財務報告附註

3. FINANCIAL RISK MANAGEMENT (Continued)

b) Credit risk

The Group's credit risks are primarily attributable to time deposits, trade and other receivables.

The Group's time deposits are deposited with banks of high credit quality in Hong Kong and the Group has exposure limit to any single financial institution.

For trade and other receivables, management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. In respect of trade and other receivables, credit evaluations are performed on all customers requiring credit over a certain amount.

In addition, the Group reviews the recoverable amount of each individual debt at each balance sheet date to ensure that adequate impairment losses are made for

c) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the raising of loans to cover expected cash demands, subject to approval by the holding company's board. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from bankers to meet its liquidity requirements in the short and longer term.

d) Interest rate risk

The Group manages its interest rate exposure based on interest rate level and outlook as well as potential impact on the Group's financial position arising from volatility. The Group does not expect any changes in interest rate which might materially affect the Group's result of operations.

3. 財務風險管理

b) 信貸風險

本集團之信貸風險主要來自定期存款、應收貿易及其他款項。

本集團及本公司之定期存款乃存放於多間信譽良好之香港銀行，而本集團亦對單一財務機構設定可承受之風險上限。

管理層備有應收貿易及其他款項之信貸政策，而該等信貸面對之風險持續受到監控。有關貿易及其他應收帳款，當客戶要求信貸超出若干數額，則會對該客戶作出信貸評估。

此外，本集團於各結算日檢討各項債務之可收回金額，以確保對不可收回金額作出足夠之減值虧損撥備。

c) 流動資金風險

本集團內個別營運企業須自行負責現金管理，包括籌措貸款以應付預期之現金需求（須獲得控股公司董事會批准）。本集團之政策為定期監察目前及預期之流動資金需要及遵守放款契諾，以確保其維持足夠現金儲備及往來銀行已承諾之信貸額度，以應付其長短期之流動資金需要。

d) 利率風險

本集團根據利率水平、其走勢及息率變動對本集團財務狀況之潛在影響而管理其利率風險。本集團認為不會有任何對本集團經營業績有重大影響之利率變動。

Notes to the Consolidated Financial Statements

綜合財務報告附註

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies, management has made various estimates and judgements (other than those involving estimates) based on past experience, expectations of the future and other information. The key source of estimation uncertainty and the critical accounting judgements that can significantly affect the amounts recognised in the financial statements are set out below.

a) Fair values of financial instruments

Financial instruments such as interest rate, foreign exchange and equity derivative instruments are carried at the balance sheet at fair value. The best evidence of fair value is quoted prices in an active market, where quoted prices are not available for a particular financial instrument, the Group uses the market values determined by independent financial institutions or internal or external valuation models to estimate the fair value. The use of methodologies, models and assumptions in pricing and valuing these financial assets and liabilities is subjective and requires varying degrees of judgement by management, which may result in significantly different fair values and results. All significant financial valuation models are strictly controlled and regularly recalibrated and vetted.

b) Income taxes

The Group is subject to income taxes in numerous 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. The Group recognised liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. 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.

5. SEGMENT INFORMATION

In accordance with the Group's internal financial reporting, the Group has determined that business segments be presented as the primary reporting format and geographical as the secondary reporting format. Segment information is presented by way of two segment formats: (a) on a primary segment reporting basis, by business segment; and (b) on a secondary segment reporting basis, by geographical segment.

4. 關鍵性之會計判斷及估計不確定性之主要來源

於採用本集團會計政策時，管理層曾根據其過往經驗、未來預測及其他資料作出多項估計及判斷（涉及估計除外）。可對於財務報告中確認之金額構成重大影響之估計不確定性之主要來源及重大會計判斷載列於下文。

a) 金融工具之公平值

金融工具（如利率、外匯及股本衍生工具）乃按公平值計入資產負債表。公平值之最佳憑證為於活躍市場中之報價，倘某一項金融工具未能取得報價，本集團將採用由獨立金融機構或內部或外部估值模式釐訂之市值估計其公平值。就該等金融資產及負債定價及估值時所採用之方法、模式及假設乃屬主觀性，並需管理層作出若干程度之判斷，而有關判斷或會導致出現截然不同之公平值及結果。所有重大財務估值模式均受嚴密監控，並會定期測試及檢查。

b) 所得稅

本集團須繳納多個司法管轄區之所得稅。在確定全球所得稅之撥備時，集團須作出重大判斷。在正常業務過程中，有許多交易及計算均難以明確作出最終之稅務釐定。本集團須估計未來會否繳納額外稅項，從而確認對預期稅務審核事宜之責任。倘該等事宜之最終稅務結果與起初入賬之金額不同，該等差額將影響稅務釐定期內之所得稅及遞延稅項撥備。

5. 分部資料

根據本集團內部財務報告，本集團決定以業務分部為主要報告形式，及以地區分部為次要報告形式。分部資料乃按兩種分部形式呈列：(a)以業務劃分之主要分部呈報基準；及(b)以地區市場劃分之次要分部呈報基準。

Notes to the Consolidated Financial Statements

綜合財務報告附註

5. SEGMENT INFORMATION (Continued)

a) Business segments

The Group comprises the following main business segments:

- Steel – the manufacture and trade of steel pipes, steel sheets and other products made of steel.
- Aluminum – the design, develop, manufacture and trade of aluminum forged and forged-spun wheels and other spare parts for automobiles.

5. 分部資料(續)

(a) 業務分部

本集團有以下主要業務分部：

- (i) 鋼 – 製造及買賣鋼管、鋼片及其他鋼材產品。
- (ii) 鋁 – 設計、開發、製造及買賣鋁鑄輪圈及其他汽車零件。

		Steel 鋼		Aluminum 鋁		Consolidated 綜合	
		2006 二零零六年 RMB'000 千元人民幣	2005 二零零五年 RMB'000 千元人民幣	2006 二零零六年 RMB'000 千元人民幣	2005 二零零五年 RMB'000 千元人民幣	2006 二零零六年 RMB'000 千元人民幣	2005 二零零五年 RMB'000 千元人民幣
Revenue	收入						
– External sales	– 對外銷售	936,499	1,048,532	109,983	8,097	1,046,482	1,056,629
– Inter-segment sales	– 分部間銷售	–	–	–	–	–	–
		936,499	1,048,532	109,983	8,097	1,046,482	1,056,629
Segment results	分部業績	31,389	22,227	1,873	(1,586)	33,262	20,641
Unallocated operating Income and expenses	未分配經營 收入及開支					937	(4,631)
Profit from operations	經營溢利					34,199	16,010
Finance costs	融資成本					(20,661)	(14,372)
Taxation	稅項					(2,095)	(878)
Profit for the year	本年度溢利					11,443	760
Segment assets	分部資產	629,858	676,955	239,358	169,747	869,216	846,702
Unallocated assets	未分配資產					42,752	26,721
Total assets	總資產					911,968	873,423
Segment liabilities	分部負債	386,596	450,969	120,978	140,785	507,574	591,754
Unallocated liabilities	未分配負債					42,602	576
Total liabilities	負債總額					550,176	592,330
Capital expenditure	資本開支	9,521	20,119	32,674	1,420	42,195	21,539
Unallocated amounts	未分配金額					3	15,611
						42,198	37,150
Depreciation and amortisation	折舊及攤銷	11,621	10,457	12,807	3,051	24,428	13,508
Unallocated amounts	未分配金額					1,965	785
						26,393	14,293

Notes to the Consolidated Financial Statements

綜合財務報告附註

5. SEGMENT INFORMATION

b) Geographical segments

The Group's revenue for the year ended 31 December 2006 is substantially made to customers based in the PRC, no separate analysis of geographical segment is presented accordingly.

The following is an analysis of the carrying amount of segment assets and capital expenditure analysed by the geographical area in which the assets are located.

		Segment assets 分部資產		Capital expenditure 資本開支	
		2006 二零零六年 RMB'000 千元人民幣	2005 二零零五年 RMB'000 千元人民幣	2006 二零零六年 RMB'000 千元人民幣	2005 二零零五年 RMB'000 千元人民幣
Hong Kong	香港	19,929	6,882	3	-
Mainland China	中國大陸	634,642	676,955	9,521	20,119
Taiwan	台灣	256,084	187,122	32,674	17,031
Other countries	其他國家	1,313	2,464	-	-
		911,968	873,423	42,198	37,150

5. 分部資料(續)

(b) 地區分部

由於本集團截至二零零六年十二月三十一日止年度之收入大部份來自位於中國之客戶，故此並無分別呈列按地區劃分之資料分析。

按本集團資產所處地區劃分之分部資產賬面值及資本開支之分析如下。

6. TURNOVER AND OTHER REVENUE

Turnover represents the net amounts received and receivable for sale of goods by the Group to outside customers.

An analysis of the Group's turnover and other revenue is as follows:

		2006 二零零六年 RMB'000 千元人民幣	2005 二零零五年 RMB'000 千元人民幣
Turnover	營業額		
Sale of goods	銷售產品	1,046,482	1,056,629
Other revenue	其他收益		
Interest income	利息收入	1,172	964
Rental income	租金收入	4,966	2,840
Consultancy fee	顧問費用	144	358
		6,282	4,162
		1,052,764	1,060,791

6. 營業額及其他收益

營業額指本集團向外界客戶銷售貨品已收及應收之款項淨額。

本集團之營業額及其他收益分析如下：

Notes to the Consolidated Financial Statements

綜合財務報告附註

7. OTHER INCOME

7. 其他收入

		2006 二零零六年 RMB'000 千元人民幣	2005 二零零五年 RMB'000 千元人民幣
Scrap sales	廢料銷售	5,111	5,916
Exchange gains, net	匯兌收益淨額	1,638	3,019
Fair value gain on foreign currency contracts	外幣合約之公平值增加	-	1,396
Gain on disposal of property, plant and equipment	出售物業、廠房及設備之收益	1,646	-
Reversal of previous impairment losses recognised on trade receivables	貿易應收賬款先前已確認之減值虧損撥回	931	3,229
Sundry income	雜項收入	976	618
		10,302	14,178

8. PROFIT FROM OPERATIONS

8. 經營溢利

Profit from operations has been arrived at after charging:

經營溢利已扣除下列各項：

		2006 二零零六年 RMB'000 千元人民幣	2005 二零零五年 RMB'000 千元人民幣
Auditors' remuneration	核數師酬金	600	364
Cost of inventories recognised as expenses	確認為開支之存貨成本	975,311	993,240
Depreciation	折舊	26,171	14,071
Amortisation of operating lease prepayment	經營租約預付款項之攤銷	222	222
Loss on disposal of property, plant and equipment	出售物業、機器及設備之虧損	-	120
Operating leases in respect of	經營租約：		
– rented premises	– 租賃物業	1,390	698
– motor vehicles	– 汽車	541	845
Impairment of inventories	存貨減值	519	-
Contribution to defined contribution retirement schemes	定額供款退休計劃之供款	2,286	1,474
Staff costs (including directors' remuneration)	僱員成本(包括董事酬金)	19,631	17,166

Notes to the Consolidated Financial Statements

綜合財務報告附註

9. GAINS ON DEEMED AND PARTIAL DISPOSALS OF INTERESTS IN SUBSIDIARIES

During the year, Fullchamp Technologies Co., Ltd. ("Fullchamp"), a non wholly-owned subsidiary of the Company, offered to issue new shares to existing shareholders of Fullchamp in proportion to their respective interests. The Company did not subscribe for any such new shares in the Fullchamp share offer and as such, it resulted that the Company's equity interest in Fullchamp had been diluted from 51.83% to 39.48% upon the completion of the Fullchamp share offer ("Deemed Disposal").

On 6 September 2006 and 3 October 2006, the Group disposed of 10.97% equity interest in Fullchamp through a wholly-owned subsidiary, Sunbeam Group Limited ("Sunbeam") at an aggregate consideration of NTD57.7 million (equivalent to approximately RMB13.86 million) in cash (the "Disposals") to two independent third parties.

Upon the completion of the deemed and partial disposal of equity interest in Fullchamp as referred to in the two preceding paragraphs, the Group recognised a total gain arising from decrease in interests in subsidiaries of RMB4,673,000 which has been credited to the consolidated income statement for the current year. Further details of the Deemed Disposal and Disposals are set out in the Company's circulars dated 26 May 2006 and 20 October 2006.

10. FINANCE COSTS

9. 視作及部份出售附屬公司權益之收益

年內，本公司一間非全資附屬公司富成金屬科技股份有限公司（「富成」）向富成之現有股東根據彼等之相關權益比例提呈發行新股份。本公司並沒有於富成該次招股中認購任何此等新股，故此，本公司於富成之股本權益於完成富成招股後將由51.83%攤薄至39.48%（「視作出售」）。

於二零零六年九月六日及二零零六年十月三日，本集團透過其全資附屬公司新光集團有限公司（「新光」），以57,700,000元新台幣（相等於約13,860,000元人民幣）之現金總代價，出售其於富成中10.97%之股本權益（「出售事項」）給兩位獨立第三者。

於上兩段視作及部份出售富成權益之完成日期，本集團於附屬公司之權益減少，並確認總收益4,673,000元人民幣。該收益已於本年度綜合收入報表中列帳。富成視作出售事項及出售事項之進一步詳情，乃載於本公司分別於二零零六年五月二十六日及二零零六年十月二十日刊發之通函內。

10. 融資成本

		2006 二零零六年 RMB'000 千元人民幣	2005 二零零五年 RMB'000 千元人民幣
Interest on bank and other borrowings wholly repayable repayable within five years	須於下列期間全數償還之銀行及其他借貸之利息		
– within five years	– 五年內	20,661	14,262
– after five years	– 五年後	–	110
		20,661	14,372

Notes to the Consolidated Financial Statements

綜合財務報告附註

11. TAXATION

The charge comprises:

		2006 二零零六年 RMB'000 千元人民幣	2005 二零零五年 RMB'000 千元人民幣
Income tax	所得稅		
Current year	本年度	2,424	612
(Over)/under provision in prior years	過往年度(超額撥備)/撥備不足	(329)	25
Deferred taxation (note 22)	遞延稅項	-	241
		2,095	878

Pursuant to the tax authorities in the PRC, Guangzhou Mayer Corporation Limited ("Guangzhou Mayer") is entitled to a preferential rate on PRC enterprise income tax of 10% for 2005 to 2006 (2005: 10%). The charge of PRC enterprise income tax for the year has been provided for after taking these tax incentives into account.

Income tax of the other companies comprising the Group is calculated at tax rates applicable to the jurisdictions in which they are incorporated/registered.

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

		2006 二零零六年 RMB'000 千元人民幣	2005 二零零五年 RMB'000 千元人民幣
Profit before taxation	除稅前溢利	13,538	1,638
Tax at income tax at statutory tax rate	按法定稅率計算之所得稅	2,031	246
Tax effect of tax exemption	稅項豁免之稅務影響	-	(365)
Tax effect on non-deductible expenses	不可扣稅開支之稅務影響	2,040	1,320
Tax effect on non-taxable income	毋須課稅收入之稅務影響	(2,555)	(1,044)
Tax loss not recognised	尚未確認之稅項虧損	1,274	-
(Over)/under-provision in respect of prior years	以往年度(超額撥備)撥備不足	(329)	26
Others	其他	(366)	695
		2,095	878

11. 稅項

稅項支出包括：

		2006 二零零六年 RMB'000 千元人民幣	2005 二零零五年 RMB'000 千元人民幣
Income tax	所得稅		
Current year	本年度	2,424	612
(Over)/under provision in prior years	過往年度(超額撥備)/撥備不足	(329)	25
Deferred taxation (note 22)	遞延稅項	-	241
		2,095	878

根據中國稅務部門之規定，廣州美亞股份有限公司（「廣州美亞」）於二零零五年至二零零六年間有權享有10%之中國企業所得稅優惠稅率（二零零五年：10%）。本年度之中國企業所得稅支出已作撥備，並就上述稅務優惠作出調整。

本集團屬下其他公司之所得稅乃按其註冊成立/註冊所在司法權區之有關稅率計算。

本年度之稅項支出可與除稅前溢利對帳如下：

Notes to the Consolidated Financial Statements

綜合財務報告附註

12. PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The net profit attributable to equity holders of the Company includes a loss of approximately RMB9,032,000 (2005: loss of RMB6,675,000) which has been dealt with in the financial statements of the Company for the year ended 31 December 2006.

12. 本公司權益持有人應佔溢利

本公司權益持有人應佔純利包括已於本公司截至二零零六年十二月三十一日止年度之財務報表內處理之虧損約9,032,000元人民幣（二零零五年：虧損6,675,000元人民幣）。

13. DIVIDENDS

13. 股息

	2006 二零零六年 RMB'000 千元人民幣	2005 二零零五年 RMB'000 千元人民幣
Proposed final dividend of 2 cents per share (2005: 1 cent)	9,600	4,000
擬派末期股息每股2分 (二零零五年：1分)		

14. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the net profit from ordinary activities attributable to equity holders for the year of approximately RMB12,042,000 (2005: RMB308,000) and the weighted average of 402,630,137 (2005: 400,000,000) shares in issue during the year.

There were no potential dilutive shares in existence for the year ended 31 December 2006 and 2005, and accordingly, no diluted earnings per share amount has been presented.

14. 每股盈利

每股基本盈利乃根據本年度權益持有人應佔日常業務純利約12,042,000元人民幣（二零零五年：308,000元人民幣）及本年度已發行股份之加權平均數402,630,137股（二零零五年：400,000,000股）計算。

由於截至二零零六年及二零零五年十二月三十一日止年度並無潛在攤薄股份，故無呈列每股攤薄盈利。

Notes to the Consolidated Financial Statements

綜合財務報告附註

15. DIRECTORS' EMOLUMENTS

The emolument of each director for the year ended 31 December 2006 is set out below:

15. 董事酬金

各董事於截至二零零六年十二月三十一日止年度之酬金載列如下：

Name of directors 董事姓名	Fees 袍金	Salary 薪金	Bonus 花紅	Total 合計	
	RMB'000 千元人民幣	RMB'000 千元人民幣	RMB'000 千元人民幣	RMB'000 千元人民幣	
Executive Directors	執行董事				
Lai Yueh-hsing	賴粵興	–	184	–	184
Lo Haw	羅漢	–	359	–	359
Shen Heng-chiang	沈亨將	–	223	–	223
Wu Kuo-lung	吳國龍	–	92	–	92
Lin Meng-chang	林孟璋	–	221	–	221
Lu Wen-yi	呂文義	–	92	–	92
Chiang Jen-chin	蔣仁欽	–	253	–	253
Cheng Dar-terng	鄭達騰	–	184	–	184
Non-executive Directors	非執行董事				
Hsiao Ming-chih	蕭敏志	–	141	–	141
Huang Chun-fa	黃春發	–	102	–	102
Independent non-executive Directors	獨立非執行董事				
Lin Sheng-bin	林聖斌	31	–	–	31
Huang Jui-hsiang	黃瑞祥	31	–	–	31
Alvin Chiu	趙熾佳	234	–	–	234
		296	1,851	–	2,147

Notes to the Consolidated Financial Statements

綜合財務報告附註

15. DIRECTORS' EMOLUMENTS (Continued)

The emolument of each director for the year ended 31 December 2005 is set out below:

Name of directors 董事姓名	Fees 袍金	Salary 薪金	Bonus 花紅	Total 合計	
	RMB'000 千元人民幣	RMB'000 千元人民幣	RMB'000 千元人民幣	RMB'000 千元人民幣	
Executive Directors	執行董事				
Lai Yueh-hsing	賴粵興	–	187	–	187
Lo Haw	羅漢	–	661	–	661
Shen Heng-chiang	沈亨將	–	452	–	452
Wu Kuo-lung	吳國龍	–	187	–	187
Chiang Jen-chin	蔣仁欽	–	219	–	219
Cheng Dar-terng	鄭達騰	–	187	–	187
Non-executive Directors	非執行董事				
Hsiao Ming-chih	蕭敏志	–	121	–	121
Huang Chun-fa	黃春發	–	105	–	105
Independent non-executive Directors	獨立非執行董事				
Lin Sheng-bin	林聖斌	31	–	–	31
Huang Jui-hsiang	黃瑞祥	31	–	–	31
Alvin Chiu	趙熾佳	237	–	–	237
		299	2,119	–	2,418

During the year, no emoluments were paid by the Group to any directors or any five highest paid individuals (note 16) as an inducement to join or upon joining the Group or as compensation for loss of office. No director has waived any emoluments during the year.

The emoluments of the directors were within the following bands:

	2006 Number of Directors 二零零六年 董事人數	2005 Number of Directors 二零零五年 董事人數	
Nil to RMB1,040,000 (HK\$1,000,000)	零至1,040,000元人民幣 (1,000,000港元)	13	11
RMB1,040,000 (HK\$1,000,000) to RMB2,080,000 (HK\$2,000,000)	1,040,000元人民幣 (1,000,000港元) 至 2,080,000元人民幣 (2,000,000港元)	–	–
	13	11	

15. 董事酬金(續)

各董事於截至二零零五年十二月三十一日止年度之酬金載列如下：

年內，本集團並無向任何董事或任何五名最高薪人士(附註16)支付酬金以作為加盟或於加盟本集團時之獎勵或作為離職賠償。董事於年內概無放棄任何酬金。

董事之酬金介乎以下範圍：

Notes to the Consolidated Financial Statements

綜合財務報告附註

16. FIVE HIGHEST PAID INDIVIDUALS

During the year, the five highest paid individuals in the Group included two (2005: two) directors, details of those emolument are set out in note 15 above. The emoluments of the remaining three (2005: three) individuals for the year ended 31 December 2006 were as follows:

		2006 二零零六年 RMB'000 千元人民幣	2005 二零零五年 RMB'000 千元人民幣
Salaries and other benefits	薪金及其他福利	959	821
Bonus	花紅	-	-
Contributions to retirement benefit schemes	退休福利計劃供款	-	-
		959	821

The remuneration of the individuals was within the following band:

該等人士之酬金介乎以下範圍:

		2006 二零零六年 Number of employees 僱員人數	2005 二零零五年 Number of employees 僱員人數
Nil to RMB1,040,000 (HK\$1,000,000)	零至1,040,000元人民幣 (1,000,000港元)	3	3

Notes to the Consolidated Financial Statements

綜合財務報告附註

17. PROPERTY, PLANT AND EQUIPMENT

17. 物業、機器及設備

Group

本集團

		Freehold land	Building and factory premises	Construction in progress	Leasehold improvements	Furniture, fixtures and office equipment	Plant and machinery	Motor vehicles	Aircrafts	Total
		永久業權土地	樓宇及廠房	在建工程裝修	裝置及租賃物業	辦公室設備	廠房及機器	汽車	飛機	總計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		千元人民幣	千元人民幣	千元人民幣	千元人民幣	千元人民幣	千元人民幣	千元人民幣	千元人民幣	千元人民幣
Cost	成本									
At 1 January 2005	於二零零五年一月一日	-	42,251	7,860	180	3,323	68,233	967	-	122,814
Acquisition of a subsidiary	收購一附屬公司	14,932	9,683	-	10,021	340	59,536	196	-	94,708
Additions	添置	-	-	18,228	102	741	2,044	424	15,611	37,150
Transfers	轉讓	-	116	(23,061)	2,740	1,492	18,713	-	-	-
Disposals	出售	-	-	-	-	(462)	(444)	-	-	(906)
Exchange adjustments	匯兌調整	-	-	-	-	-	-	-	(410)	(410)
At 31 December 2005	於二零零五年十二月三十一日	14,932	52,050	3,027	13,043	5,434	148,082	1,587	15,201	253,356
Additions	添置	-	-	7,312	8,054	192	26,253	387	-	42,198
Transfers	轉讓	-	-	(8,280)	-	103	8,176	1	-	-
Disposals	出售	-	-	-	(693)	(88)	(100)	(326)	-	(1,207)
Exchange adjustments	匯兌調整	(394)	(288)	-	(406)	(34)	(2,241)	(12)	(494)	(3,869)
At 31 December 2006	於二零零六年十二月三十一日	14,538	51,762	2,059	19,998	5,607	180,170	1,637	14,707	290,478
Depreciation	折舊									
At 1 January 2005	於二零零五年一月一日	-	10,363	-	25	1,719	32,181	551	-	44,839
Provided for the year	年內撥備	-	2,017	-	832	460	9,750	225	787	14,071
Written-back on disposals	出售時撥回	-	-	-	-	(383)	(333)	-	-	(716)
Exchange adjustments	匯兌調整	-	-	-	1	1	-	-	-	2
At 31 December 2005	於二零零五年十二月三十一日	-	12,380	-	858	1,797	41,598	776	787	58,196
Provided for the year	出售時撇銷年內撥備	-	2,563	-	2,915	1,040	18,006	284	1,363	26,171
Written back on disposals	出售時撥回	-	-	-	(77)	(75)	(44)	(240)	-	(436)
Exchange adjustments	匯兌調整	-	(50)	-	(204)	(26)	(907)	(10)	(52)	(1,249)
At 31 December 2006	於二零零六年十二月三十一日	-	14,893	-	3,492	2,736	58,653	810	2,098	82,682
Net book value	帳面淨值									
At 31 December 2006	於二零零六年十二月三十一日	14,538	36,869	2,059	16,506	2,871	121,517	827	12,609	207,796
At 31 December 2005	於二零零五年十二月三十一日	14,932	39,670	3,027	12,185	3,637	106,484	811	14,414	195,160

Notes to the Consolidated Financial Statements

綜合財務報告附註

17. PROPERTY, PLANT AND EQUIPMENT (Continued)

The freehold land is situated in Taiwan.

The building and factory premises are situated in the PRC and Taiwan and are held under medium term lease.

The aircrafts are leased to a related company established under the laws of the Republic of China, in which Mr. Huang Chun-fa has beneficial interest. During the year, rental income and consultancy fee income amounting to RMB4,872,000 (2005: RMB2,840,000) and RMB141,000 (2005: RMB358,000) respectively were received and receivable from this related company.

At 31 December 2006, the Group's property, plant and equipment with carrying value of RMB153,691,000 (2005: RMB159,791,000) were pledged to certain banks for banking facilities granted to the Group (note 31).

Company

17. 物業、機器及設備(續)

永久業權土地位於台灣。

樓宇及廠房均位於中國及台灣，並按中期租約持有。

飛機乃租賃予一家根據中華民國法律成立之關連公司(黃春發先生於該公司擁有實益權益)。年內，已收及應收該關連公司之租金收入及顧問費收入分別為4,872,000元人民幣(二零零五年:2,840,000元人民幣)及141,000元人民幣(二零零五年:358,000元人民幣)。

於二零零六年十二月三十一日，本集團帳面值為153,691,000元人民幣(二零零五年:159,791,000元人民幣)之物業、機器及設備已就本集團獲授之銀行信貸而抵押予若干銀行(附註31)。

本公司

		Leasehold improvements 租賃物業 裝修 RMB'000 千元人民幣	Furniture and fixtures 傢俬 及裝置 RMB'000 千元人民幣	Total 總計 RMB'000 千元人民幣
Cost	成本			
At 1 January 2005 and 1 January 2006	於二零零五年一月一日及 二零零六年一月一日	180	120	300
Additions	添置	-	3	3
Exchange adjustments	匯兌調整	(11)	(7)	(18)
		169	116	285
Depreciation	折舊			
At 1 January 2005	於二零零五年一月一日	25	16	41
Provided for the year	年內撥備	60	40	100
At 31 December 2006 and 1 January 2006	於二零零六年十二月三十一日及 二零零六年一月一日	85	56	141
Provided for the year	年內撥備	56	38	94
Exchange adjustments	匯兌調整	(5)	(3)	(8)
		136	91	227
Net book value	帳面淨值			
At 31 December 2006	於二零零六年十二月三十一日	33	25	58
At 31 December 2005	於二零零五年十二月三十一日	95	64	159

Notes to the Consolidated Financial Statements

綜合財務報告附註

18. LEASEHOLD LAND AND LAND USE RIGHTS FOR OWN USE UNDER OPERATING LEASE

The Group's interests in leasehold land and land use rights represent prepaid operating lease payments and their net book values are analysed as follows:

		2006 二零零六年 RMB'000 千元人民幣	2005 二零零五年 RMB'000 千元人民幣
Outside Hong Kong, held on:	於香港以外地區持有：		
Leases of between 10 to 50 years	租期10至50年	8,638	8,860

Bank borrowings are secured on leasehold land for the carrying amount of RMB8,638,000 (2005: RMB8,860,000) (note 31).

18. 根據經營租賃持有作自用之租賃土地及土地使用權

本集團於租賃土地及土地使用權之權益指預付經營租約付款，其帳面淨值分析如下：

		2006 二零零六年 RMB'000 千元人民幣	2005 二零零五年 RMB'000 千元人民幣
銀行借貸以帳面值8,638,000元人民幣（二零零五年：8,860,000元人民幣）之租賃土地作抵押（附註31）。			

		2006 二零零六年 RMB'000 千元人民幣	2005 二零零五年 RMB'000 千元人民幣
At 1 January	於一月一日	8,860	9,082
Amortisation of prepaid operating lease payment	預付經營租約付款之攤銷	(222)	(222)
At 31 December	於十二月三十一日	8,638	8,860

19. AVAILABLE-FOR-SALE FINANCIAL ASSETS

		2006 二零零六年 RMB'000 千元人民幣	2005 二零零五年 RMB'000 千元人民幣
Club debentures	會所債券		
Unquoted, at cost	無報價，按成本	1,294	1,294
Less: Impairment loss recognised	減：已確認減值虧損	(574)	(574)
		720	720

The carrying amount of the club debentures approximates to the fair value.

19. 可供出售金融資產

		2006 二零零六年 RMB'000 千元人民幣	2005 二零零五年 RMB'000 千元人民幣
會所債券之帳面值與其公平值相若。			

會所債券之帳面值與其公平值相若。

Notes to the Consolidated Financial Statements

綜合財務報告附註

20. GOODWILL

20. 商譽

		2006 二零零六年 RMB'000 千元人民幣	2005 二零零五年 RMB'000 千元人民幣
At 1 January 2006 and 31 December 2005	於二零零六年一月一日及 二零零五年十二月三十一日		
Goodwill attributable to acquisition of subsidiaries	收購一附屬公司應估商譽	12,708	12,708
Disposal of a foreign operation Deemed and partial disposals of interests in subsidiaries (note 9)	出售一外國銷售業務 視作及部分出售於附屬 公司權益(附註9)	(4,131) (3,858)	- -
At 31 December	於十二月三十一日	4,719	12,708

Impairment tests for goodwill:

Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to country of operation and business segment.

The goodwill at 31 December 2005 and 1 January 2006, was related to the business segment of aluminum wheels and car spare parts which is allocated in Taiwan, and a sales operation in USA which was disposed during the year. The entire remaining balance of the goodwill in the consolidated balance sheet at 31 December 2006 is related to the acquisition of the equity interest of Fullchamp in the last year.

The recoverable amount of CGU as at 31 December 2005 was valued by an independent valuer namely RHL Appraisal Limited on 24 April 2006 based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering on 3 year period. Cash flows beyond the 3 year period were extrapolated using the estimate rate stated below. The growth rate did not exceed the long-term average growth rate for the business in which CGU operates.

Key assumptions used for value-in-use calculations in 2005 were:

		2005 二零零五年
- Gross margin	- 毛利率	12%
- Growth rate	- 增長率	18.4%
- Discount rate	- 貼現率	6.1%

Management determined the budgeted gross margin based on past performance and its expectation for market development. The weighted average growth rate are consistent with forecasts included in industry report. The discount rate used are per-tax and reflect specific risks relating to the relevant segments.

Subsequent to 31 December 2006, this CGU was disposed to the ultimate holding company as referred to note 43(i) below.

No impairment loss has been recognised on the goodwill in respect of the aluminum wheels and car spare parts as the subsequent disposal of this CGU after 31 December 2006 exceeds its carrying value as at 31 December 2006.

商譽減值測試:

商譽已分配至按經營所在國及業務分部而識別之本集團現金產生單位。

與鋁製輪圈及汽車零件之業務分部有關於二零零五年十二月三十一日及二零零六年一月一日之商譽被分配至台灣及美國一銷售業務(於本年度內已被出售)。綜合資產負債表內之商譽結餘全數與去年收購富成全部權益有關。

現金產生單位於二零零五年十二月三十一日之可收回金額已由獨立專業估值師永利行評值顧問有限公司於二零零六年四月二十四日根據使用價值之計算方法進行估值。該等計算乃以管理層批准之三年期財政預算中之現金流量預測為基礎。三年以上期間之現金流量使用下列估計比率進行預測。增長率並無超逾現金產生單位所經營業務之長期平均增長率。

二零零五年用於計算使用價值之主要假設:

管理層根據過往表現及其對市場發展之預期釐定預算毛利率。加權平均增長率與行業報告中所載之預測一致。所使用之貼現率乃為稅前貼現率及可反映有關分部之特定風險。

二零零六年十二月三十一日後,該現金產生單位已出售予最終控股公司,見下文附註43(i)。

由於二零零六年十二月三十一日後出售該現金產生單位之可收回款額超出其於二零零六年十二月三十一日之帳面值,故並未就鋁製輪圈及汽車零件業務分部之商譽確認減值虧損。

Notes to the Consolidated Financial Statements

綜合財務報告附註

21. INTERESTS IN SUBSIDIARIES

21. 於附屬公司之權益

		2006 二零零六年 RMB'000 千元人民幣	2005 二零零五年 RMB'000 千元人民幣
Unlisted shares, at cost (as non-current assets)	非上市股份，按成本 (列為非流動資產)	132,967	141,211
Amounts due from subsidiaries (as current assets)	應收附屬公司款項 (列為流動資產)	80,865	64,015
Less: provision for impairment loss	減：減值虧損之撥備	(2,091)	-
		78,774	64,015
		211,741	205,226

The balances with the subsidiaries are unsecured, interest-free and repayable on demand.

應收附屬公司款項為無抵押、免息及無固定還款期。

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

於二零零六年十二月三十一日之附屬公司詳情如下：

Company	Place of incorporation/ operation	Issued and fully paid share capital	Percentage of interest held		Principal activities
			Direct	Indirect	
公司	註冊成立/ 營業地點	已發行及繳足股本	持有權益百分比		主要業務
			直接	間接	
Bamian Investments Pte. Ltd. 百門投資有限公司	Singapore 新加坡	US\$10,100,875 10,100,875美元	100% (2005: 100%)	-	Investment holding 投資控股
Guangzhou Mayer Corp., Ltd. (Note (a)) 廣州美亞股份有限公司 (附註(a))	PRC 中國	RMB200,000,000 200,000,000元人民幣	-	81.40% (2005: 77.52%)	Manufacture and trading of steel pipes, steel sheets and other products made of steel 製造及買賣鋼管、鋼片及其他鋼造產品
ROC Advance Ltd. 鵬進有限公司	BVI 英屬維爾京群島	USD1 1美元	100% (2005: 100%)	-	Leasing of aircrafts and provision of consultancy service 飛機租賃及提供顧問服務

Notes to the Consolidated Financial Statements

綜合財務報告附註

21. INTERESTS IN SUBSIDIARIES (Continued)

Company	Place of incorporation/ operation	Issued and fully paid share capital	Percentage of interest held		Principal activities
			Direct	Indirect	
公司	註冊成立/ 營業地點	已發行及繳足股本	持有權益百分比		主要業務
			直接	間接	
Sunbeam Group Ltd. 新光集團有限公司	BVI 英屬維爾京群島	USD1 1美元	100% (2005: 100%)	-	Investment holding 投資控股
Fullchamp Technologies Co., Ltd. * (note (b)) 富成金屬科技股份 有限公司* (附註(b))	Taiwan 台灣	NTD419,485,000 新台幣419,485,000	-	28.51% (2005: 51.83%)	Design, development, manufacture and trading of aluminum forged and forged-spun wheels and other spare parts for automobiles 設計、開發、製造及買賣鍛造鋁合金車輪及鍛造車輪與其他汽車零件
Teson Corporation (note (b))* Teson Corporation (附註(b))*	USA 美國	USD200,000 200,000美元	-	28.51% (2005: 51.83%)	Dormant 暫無業務
Fullchamp Technologies Co. Ltd. (Samoa)* (note (b)) Fullchamp Technologies Co. Ltd. (Samoa)* (附註(b))	Samoa 薩摩亞群島	USD200,000 200,000美元	-	28.51% (2005: 51.83%)	Dormant 暫無業務
Vansen International Ltd. # 偉新國際有限公司#	BVI 英屬維爾京群島	USD1 1美元	100% (2005: Nil無)	-	Dormant 暫無業務

* Not audited by CCIF CPA Limited

Incorporated on 8 March 2006

Note:

- (a) Guangzhou Mayer is a joint stock limited liability company established under the laws of the PRC.
- (b) Following the completion of deemed and partial disposals of the equity interest in Fullchamp as referred to in note 9 to the financial statements above, the Group's equity interest in Fullchamp has been reduced from 51.83% to 28.51% as at 31 December 2006. The Group has control over the operational and financial decision making process of Fullchamp to which the Group has appointed the majority of representatives to its board of directors during the year ended 31 December 2006. In addition, Mayer Taiwan, the ultimate holding company with a shareholding of 22.88% of the issued capital of Fullchamp, has provided a written undertaking to the Company pursuant to which the Company can also control the majority of the votes of the general meetings of Fullchamp. Therefore, Fullchamp has been treated as a subsidiary of the Group during the year ended 31 December 2006. Fullchamp has held all the issued capital of Teson Corporation and Fullchamp Technologies Co. Ltd (Samoa) for the year ended 31 December 2006.

Fullchamp and its subsidiaries contributed approximately RMB103 million and a loss of RMB7 million to the Group's turnover and profit for the year ended 31 December 2006, respectively, and approximately RMB88 million to the Group's net assets as at 31 December 2006.

21. 於附屬公司之權益(續)

* 並非經陳葉馮會計師事務所有限公司審核
於二零零六年三月八日註冊成立

附註：

- (a) 廣州美亞為根據中國法例註冊成立之股份有限公司。
- (b) 如上文財務報表附註9所述視作及部分出售富成之股本權益完成後，本集團於富成之股本權益於二零零六年十二月三十一日已由51.83%減至28.51%。本集團對富成有營運及財務控制權，於截至二零零六年十二月三十一日止年度亦已委任大多數代表進駐董事會。此外，持有富成22.88%股權之最終控股公司台灣美亞已向本公司提供書面承諾，根據此書面承諾，本公司亦可控制富成股東大會之大多數投票權。因此於截至二零零六年十二月三十一日止年度富成乃視作本公司之附屬公司。截至二零零六年十二月三十一日止年度富成亦持有 Teson Corporation 及 Fullchamp Technologies Co. Ltd (Samoa) 之所有已發行股本。

截至二零零六年十二月三十一日止年度富成及其附屬公司對本集團營業額及溢利分別帶來約103,000,000元人民幣及虧損7,000,000元人民幣，及於二零零六年十二月三十一日對本集團淨資產帶來約88,000,000元人民幣。

Notes to the Consolidated Financial Statements

綜合財務報告附註

22. DEFERRED TAX ASSETS

The followings are the major deferred tax assets recognised by the Group and movements thereon during the year:

		2006 二零零六年 RMB'000 千元人民幣	2005 二零零五年 RMB'000 千元人民幣
At 1 January	於一月一日	27	268
Charge for the year (note 11)	年內支出(附註11)	-	(241)
At 31 December	於十二月三十一日	27	27

22. 遞延稅項資產

以下為本集團於年內已確認之主要遞延稅項資產及有關變動：

		Deferred assets 遞延資產 RMB'000 千元人民幣	Impairment loss on club debentures and property, plant and equipment 會所債券 和物業、 機器及設備 減值虧損 RMB'000 千元人民幣	Allowance for doubtful debts 呆帳撥備 RMB'000 千元人民幣	Total 總計 RMB'000 千元人民幣
At 1 January 2005	於二零零五年一月一日	-	32	236	268
Charge for the year	年內支出	-	(5)	(236)	(241)
At 31 December 2005	於二零零五年十二月三十一日	-	27	-	27
Charge for the year	年內支出	-	-	-	-
At 31 December 2006	於二零零六年十二月三十一日	-	27	-	27

23. INVENTORIES

23. 存貨

		2006 二零零六年 RMB'000 千元人民幣	2005 二零零五年 RMB'000 千元人民幣
At cost:	成本：		
Raw materials	原料	142,163	163,937
Finished goods	製成品	75,452	48,930
		217,615	212,867

Notes to the Consolidated Financial Statements

綜合財務報告附註

24. TRADE RECEIVABLES

The Group has a policy of allowing an average credit period of 40-100 days to its trade customers and may be extended to selected customers depending on their trade volume and settlement with the Group.

(i) Ageing analysis of trade receivables is as follows:

		2006 二零零六年 RMB'000 千元人民幣	2005 二零零五年 RMB'000 千元人民幣
1 – 30 days	1至30日	125,713	70,501
31 – 60 days	31至60日	83,493	70,294
61 – 90 days	61至90日	65,695	58,240
91 – 180 days	91至180日	85,905	92,283
Over 180 days	180日以上	19,844	19,637
		380,650	310,955
Provision for impairment of trade receivables	貿易應收賬款減值撥備	(10,495)	(11,426)
		370,155	299,529

(ii) The carrying amounts of trade receivables are denominated in the following currencies:

		2006 二零零六年 RMB'000 千元人民幣	2005 二零零五年 RMB'000 千元人民幣
RMB	人民幣	337,702	284,858
United States dollars	美元	309	–
New Taiwan dollars	新台幣	32,144	14,671
		370,155	299,529

(iii) The carrying amounts of trade receivables approximate to their fair values.

24. 貿易應收賬款

本集團給予貿易客戶之信貸期平均介乎40至100日，或會就特定客戶之交易量及向本集團還款之紀錄而延長。

i) 貿易應收賬款之賬齡分析如下：

(ii) 貿易應收帳款之帳面值以下列貨幣計值：

(iii) 貿易應收帳款之帳面值與其公平值相若。

Notes to the Consolidated Financial Statements

綜合財務報告附註

25. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

		2006 二零零六年 RMB'000 千元人民幣	2005 二零零五年 RMB'000 千元人民幣
Prepayments	預付款項	5,938	4,088
Rental deposits	租賃訂金	471	593
VAT refundable	可退回增值稅	8,600	3,489
Advance to suppliers	墊款予供應商	1,458	720
Other loan	其他貸款	1,700	4,011
Others	其他	5,254	3,439
		23,421	16,340

Other loan in the amount of RMB 1.7 million (2005: RMB4 million) represents the loan receivable from a third party, bearing an interest rate at 9.108% per annum. The directors consider that the balances of prepayments, deposits and other receivables approximate their fair value.

26. AMOUNT DUE FROM A RELATED COMPANY

The amount due from a related company, in which Mr. Huang Chun-fa has beneficial interest, is unsecured, interest-free and repayable within the next twelve months from the balance sheet date. The maximum amount outstanding during the year amounted to RMB2,736,000 (2005: RMB2,733,000).

No provision for the amount due has been made in the financial statements. The directors are of the opinion that the carrying value of the amount due approximate to the fair value at the balance sheet date.

27. PLEDGED BANK DEPOSITS/BANK DEPOSITS

Pledged bank deposits are used to secure the Group's banking facilities. The pledged bank deposits carry fixed interest rates ranging from 1.15% to 3.80% (2005: 1% to 3.8%) for the year ended 31 December 2006. The bank deposits carry interest at market rates which range from 2% to 2.25% (2005: 2.07% to 2.25%) with maturities of more than three months.

25. 預付款項、訂金及其他應收款項

另有貸款1,700,000元人民幣(二零零五年: 4,000,000元人民幣)乃按年息率9.108%計息之應收第三方債項。董事認為預付款項、訂金及其他應收款項之結餘與其公平值相若。

26. 應收關連公司款項

應收一關連公司(黃春發先生於此公司擁有權益)款項乃無抵押、免息,並將於結算日起計之未來十二個月內清償。於年內未清償款項金額最高為2,736,000元人民幣(二零零五年: 2,733,000元人民幣)。

財務報表內並未就該應收款項作出撥備。董事認為該應收款項之帳面值與其公平值相若。

27. 有抵押銀行存款／銀行存款

有抵押銀行存款乃用作本集團之銀行融資提供之抵押。於截至二零零六年十二月三十一日止年度,此等有抵押銀行存款按固定年利率1%至3.80%(二零零五年: 1%至3.8%)計息。銀行存款按市場利率2%至2.25%(二零零五年: 2.07%至2.25%)計息,三個月以上到期。

Notes to the Consolidated Financial Statements

綜合財務報告附註

28. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components:

		Group 本集團		Company 本公司	
		2006 二零零六年 RMB'000 千元人民幣	2005 二零零五年 RMB'000 千元人民幣	2006 二零零六年 RMB'000 千元人民幣	2005 二零零五年 RMB'000 千元人民幣
Cash at bank and in hand	銀行及手頭現金	45,489	26,276	15,612	1,669
Short-term bank deposits	短期銀行存款	200	860	200	860
		45,689	27,136	15,812	2,529

- (i) The effective interest rate on short-term bank deposits is approximately 3.8 % (2005: 3.86%) per annum; these bank deposits have an average maturity of less than 1 month.
- (ii) The carrying amounts of cash and cash equivalents are denominated in the following currencies:

		Group 本集團		Company 本公司	
		2006 二零零六年 RMB'000 千元人民幣	2005 二零零五年 RMB'000 千元人民幣	2006 二零零六年 RMB'000 千元人民幣	2005 二零零五年 RMB'000 千元人民幣
RMB	人民幣	18,894	19,281	-	-
United States dollars	美元	8,760	1,473	-	-
New Taiwan dollars	新台幣	2,224	3,853	-	-
Hong Kong dollars	港元	15,811	2,529	15,812	2,529
		45,689	27,136	15,812	2,529

- (iii) The carrying amounts of cash and cash equivalents approximate their fair values.

28. 現金及現金等值項目

現金及現金等值項目包括以下項目：

- (i) 短期銀行存款之實際年利率約為3.8% (二零零五年：3.86%)，此等銀行存款之到期日不足一個月。
- (ii) 現金及現金等值項目之帳面值以下列貨幣計值：

- (iii) 現金及現金等值項目之帳面值與其公平值相若。

Notes to the Consolidated Financial Statements

綜合財務報告附註

29. TRADE PAYABLES

(i) An ageing analysis of the trade payables is as follows:

		2006 二零零六年 RMB'000 千元人民幣	2005 二零零五年 RMB'000 千元人民幣
1 – 30 days	1至30日	53,387	35,555
31 – 60 days	31至60日	42,611	26,135
61 – 90 days	61至90日	17,071	23,267
91 – 180 days	91至180日	26,366	33,361
Over 180 days	180日以上	53	16,853
		139,488	135,171

(ii) The carrying amounts of trade payables are denominated in the following currencies:

		2006 二零零六年 RMB'000 千元人民幣	2005 二零零五年 RMB'000 千元人民幣
RMB	人民幣	6,133	16,821
New Taiwan dollars	新台幣	133,355	118,350
		139,488	135,171

(iii) The carrying amounts of trade payables approximate their fair values.

29. 貿易應付賬款

(i) 貿易應付賬款之賬齡分析如下：

		2006 二零零六年 RMB'000 千元人民幣	2005 二零零五年 RMB'000 千元人民幣
1 – 30 days	1至30日	53,387	35,555
31 – 60 days	31至60日	42,611	26,135
61 – 90 days	61至90日	17,071	23,267
91 – 180 days	91至180日	26,366	33,361
Over 180 days	180日以上	53	16,853
		139,488	135,171

(ii) 貿易應付賬款之帳面值以下列貨幣計值：

		2006 二零零六年 RMB'000 千元人民幣	2005 二零零五年 RMB'000 千元人民幣
RMB	人民幣	6,133	16,821
New Taiwan dollars	新台幣	133,355	118,350
		139,488	135,171

(iii) 貿易應付賬款之帳面值與其公平值相若。

Notes to the Consolidated Financial Statements

綜合財務報告附註

30. OTHER PAYABLES AND ACCRUALS

		2006 二零零六年 RMB'000 千元人民幣	2005 二零零五年 RMB'000 千元人民幣
Advance from customers	客戶墊款	14,590	2,217
Salaries	薪金	6,105	8,777
Accrued expenses	應計開支	6,281	3,629
Other creditors	其他應付帳款	8,346	15,025
		35,322	29,648

The carrying amounts of other payables and accruals approximate their fair values.

其他應付款項及應計費用之帳面值與其公平值相若。

31. BORROWINGS

At 31 December 2006, the maturity of borrowings is as follows:

31. 借貸

於二零零六年十二月三十一日，借貸須於下列限期償還：

		Group 本集團		Company 本公司	
		2006 二零零六年 RMB'000 千元人民幣	2005 二零零五年 RMB'000 千元人民幣	2006 二零零六年 RMB'000 千元人民幣	2005 二零零五年 RMB'000 千元人民幣
Within 1 year or on demand	一年內或按要求	345,771	365,511	41,115	40,198
After 1 year but within 2 years	一年後至兩年內	14,916	32,302	-	-
After 2 years but within 5 years	兩年後至五年內	9,566	11,100	-	-
After 5 years	五年後	4,350	18,598	-	-
		374,603	427,511	41,115	40,198
Current portion	流動部分	(345,771)	(379,025)	(41,115)	(40,198)
Non-current portion	非流動部分	28,832	48,486	-	-

Notes to the Consolidated Financial Statements

綜合財務報告附註

31. BORROWINGS (Continued)

At 31 December 2006, the borrowings were secured by the followings:

		Group 本集團		Company 本公司	
		2006 二零零六年 RMB'000 千元人民幣	2005 二零零五年 RMB'000 千元人民幣	2006 二零零六年 RMB'000 千元人民幣	2005 二零零五年 RMB'000 千元人民幣
Bank loans	銀行貸款：				
- Corporate guarantees by Group companies	- 由集團公司 出具公司擔保	73,006	153,320	41,115	40,198
- Secured by plant and machinery with carrying value of RMB102,513,000 (2005: RMB82,667,000)	- 以帳面值102,513,000元 人民幣(二零零五年： 82,667,000元人民幣) 之機器及設備作抵押	42,394	23,233	-	-
- Secured by freehold land and land use rights with carrying value of RMB23,176,000 (2005: RMB23,792,000), buildings with carrying value of RMB36,640,000 (2005: RMB39,415,000) and bank deposits of RMB8,652,000 (2005: RMB 8,194,000)	- 以帳面值23,176,000元 人民幣(二零零五年： 23,792,000元人民幣) 之永久業權土地及土地 使用權、帳面值 36,640,000元人民幣 (二零零五年： 39,415,000元人民幣) 之樓宇及8,652,000元 人民幣(二零零五年： 8,194,000元人民幣) 之銀行存款作抵押	168,585	72,635	-	-
- Unsecured	- 無抵押	283,985 87,299	249,188 151,316	41,115 -	40,198 -
Other loans	其他貸款：				
- Secured by plant and machinery with carrying value of RMB: Nil (2005: RMB22,777,000)	- 由帳面值零 (二零零五年： 22,777,000元 人民幣)之機器 及設備作抵押	3,319	27,007	-	-
		374,603	427,511	41,115	40,198

31. 借貸(續)

於二零零六年十二月三十一日，借貸由下列資產作出抵押：

Notes to the Consolidated Financial Statements

綜合財務報告附註

31. BORROWINGS (Continued)

The borrowings are denominated in the following currencies:

		Group 本集團		Company 本公司	
		2006 二零零六年 RMB'000 千元人民幣	2005 二零零五年 RMB'000 千元人民幣	2006 二零零六年 RMB'000 千元人民幣	2005 二零零五年 RMB'000 千元人民幣
Hong Kong dollars	港元	41,115	40,198	41,115	40,198
RMB	人民幣	247,000	313,450	-	-
New Taiwan dollars	新台幣	86,488	73,863	-	-
		374,603	427,511	41,115	40,198

31. 借貸(續)

借貸以下列貨幣計值：

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

於結算日借貸之實際年利率如下：

		2006 二零零六年			2005 二零零五年		
		HK\$ 港元	RMB 人民幣	NTD 新台幣	HK\$ 港元	RMB 人民幣	NTD 新台幣
Bank borrowings	銀行借貸	2.5-5.5%	2.8-5.5%	2.4-6%	4.6%	4.4-4.9%	2-5.4%

The carrying amounts of all borrowings approximate their fair values.

所有借貸之帳面值與其公平值相若。

32. ISSUED CAPITAL

32. 已發行股本

		Number of authorised shares 法定 股份數目	Number of shares issued 已發行 股份數目	Nominal value of shares issued 已發行 股份面值 RMB'000 千元人民幣
At 1 January 2005 and At 31 December 2005	於二零零五年一月一日 及二零零五年 十二月三十一日	1,000,000,000	400,000,000	42,480
Issue of shares	發行股份	-	80,000,000	8,000
At 31 December 2006	於二零零六年 十二月三十一日	1,000,000,000	480,000,000	50,480

Notes to the Consolidated Financial Statements

綜合財務報告附註

32. ISSUED CAPITAL (Continued)

On 20 December 2006, pursuant to the subscription agreement entered into the Company and 10 individual investors 80,000,000 shares of HK\$0.10 each in the Company were issued at a price of HK\$0.50 per share. All the new shares issued rank pari passu in all respects the then existing shares.

33. SHARE OPTION SCHEME

The Share Option Scheme was adopted on 24 May 2004 for the primary purpose of providing incentives and to recognise the contribution of the eligible participants to the growth of the Group and will expire on 24 May 2014. Under the Share Option Scheme, the Board may grant options to eligible full time employees, including any executive, non-executive and independent non-executive directors, and consultants or advisers of the Company and/or any of its subsidiaries.

Up to 31 December 2006, no options have been granted since the adoption of the Share Option Scheme. The total number of shares in respect of which options may be granted under the Share Option Scheme and any other option schemes is not permitted to exceed 30% of the issued share capital of the Company from time to time, without prior approval from the Company's shareholders. The number of shares in respect of which options may be granted to any individual in any year is not permitted to exceed 1% of the issued share capital of the Company, without prior approval from the Company's shareholders.

Options may be exercised at any time from the date of grant to the 10 years of the date of grant. No minimum period for which an option must be held is required. The exercise price, which is determined by the Board is the highest of: (i) the closing price per share on the date of grant; (ii) the average closing price per share for the five business days immediately preceding the date of grant; and (iii) the nominal value of a share.

32. 已發行股本(續)

二零零六年十二月二十日，根據本公司與十名個人投資者訂立之認購協議，80,000,000股每股面值0.10港元之本公司按每股0.50港元之價格發行。所有新股份在各方面與當時之現有股份地位相等。

33. 購股權計劃

購股權計劃於二零零四年五月二十四日採納，主要目的在於向合資格參與者給予獎勵及表揚彼等為本集團之成長作出之貢獻，並將於二零一四年五月二十四日屆滿。根據購股權計劃，董事會可向合資格之全職僱員（包括本公司及／或其任何附屬公司之任何執行董事、非執行董事及獨立非執行董事及顧問或諮詢人）授出購股權。

截至二零零六年十二月三十一日，自購股權計劃獲採納以來並無授出任何購股權。在未經本公司股東事先批准下，根據購股權計劃及任何其他購股權計劃可能授出之購股權所涉及之股份總數不得超過本公司不時已發行股本之30%。在未經本公司股東事先批准下，於任何年度向任何個人可能授出之購股權所涉及之股份數目不得超過本公司已發行股本之1%。

購股權可由其授出日期至該日起計10年內隨時行使。概無規定必須持有購股權之最短期間。董事會所釐定之行使價必須為以下各項之最高者：(i)股份於授出日期之每股收市價；(ii)股份於緊接授出日期前五個營業日之平均每股收市價；及(iii)股份面值。

Notes to the Consolidated Financial Statements

綜合財務報告附註

34. RESERVES

Company

		Special reserve	Share premium	Translation reserve	Retained profits	Proposed final dividend	Total
		特別儲備	股份溢價	換算儲備	保留溢利	末期股息 擬派	總計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		千元人民幣	千元人民幣	千元人民幣	千元人民幣	千元人民幣	千元人民幣
At 1 January 2005	於二零零五年一月一日	129,211	4,076	-	3,125	12,000	148,412
Exchange difference	匯兌差額	-	-	(870)	-	-	(870)
Loss for the year	年內虧損	-	-	-	(6,675)	-	(6,675)
Dividend paid	已派股息	-	-	-	-	(12,000)	(12,000)
proposed final dividend	擬派末期股息	(4,000)	-	-	-	4,000	-
At 31 December 2005 and 1 January 2006	於二零零六年一月一日 及二零零五年 十二月三十一日	125,211	4,076	(870)	(3,550)	4,000	128,867
Exchange differences	匯兌差額	-	-	(9,036)	-	-	(9,036)
Issue of shares	發行股份	-	32,000	-	-	-	32,000
Share issue expenses	股份發行開支	-	(200)	-	-	-	(200)
Loss for the year	年內虧損	-	-	-	(9,032)	-	(9,032)
Dividend paid	已派股息	-	-	-	-	(4,000)	(4,000)
Proposed final dividend	擬派末期股息	-	-	-	(9,600)	9,600	-
At 31 December 2006	於二零零六年 十二月三十一日	125,211	35,876	(9,906)	(22,182)	9,600	138,599

The special reserve represented the difference between the nominal value of the shares of the Company issued in exchange for the issued share capital of the subsidiaries and the value of the underlying assets of the subsidiaries pursuant to the Group Reorganisation on 12 December 2004.

Subject to the Companies Law of the Cayman Islands and the Article of Association of the Company, the share premium and special reserve are distributable to the shareholders of the Company.

Movements of the Group's reserves are set out in the consolidated statement of changes in equity on page 40.

特別儲備指本公司根據二零零四年十二月十二日之集團重組，就交換附屬公司已發行股本而發行之股份面值與附屬公司相關資產價值之差額。

根據開曼群島公司法及本公司組織章程細則，股份溢價及特別儲備可分派予本公司股東。

本集團儲備變動載於第40頁之綜合權益變動表。

Notes to the Consolidated Financial Statements

綜合財務報告附註

35. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Reconciliation of profit before taxation to net cash outflow from operating activities:

35. 綜合現金流量表附註

(a) 除稅前溢利與經營活動淨現金流出之對帳：

		2006 二零零六年 RMB'000 千元人民幣	2005 二零零五年 RMB'000 千元人民幣
Profit before taxation	除稅前溢利	13,538	1,638
Adjustments for:	調整：		
Interest income	利息收入	(1,172)	(964)
Interest expenses	利息支出	20,661	14,372
Depreciation	折舊	26,171	14,071
Amortisation of operating lease prepayment	經營租賃預付款之攤銷	222	222
Gain on deemed and partial disposal of interests in subsidiaries	視為及部份出售附屬公司權益之收益	(4,673)	-
Negative goodwill arising from acquisition of additional interest in a subsidiary	因收購附屬公司額外權益產生之負商譽	(171)	-
Reversal of impairment loss on trade receivables	貿易應收帳款減值虧損轉回	-	(3,229)
Fair value gain on foreign currency contracts	外幣合約公平值增益	-	(1,396)
Loss on disposal of property, plant and equipment	出售物業、機器及設備之虧損	-	124
Gain on disposal of property, plant and equipment	出售物業、機器及設備之增益	(1,646)	(4)
Operating profit before working capital changes	營運資金變動前經營溢利	52,930	24,834
Increase in inventories	存貨增加	(4,748)	(74,999)
Increase in amount due from a related company	應收關連公司款項增加	(3)	(2,733)
Increase in trade receivables, prepayments, deposits and other receivables	貿易應收帳款、預付款項、訂金及其他應收款項增加	(77,707)	(45,181)
Increase in trade payables, other payables and accruals	貿易應付帳款、其他應付款項及應計費用增加	9,991	54,442
Cash outflow from operating activities	經營活動之現金流出	(19,537)	(43,637)
Income tax refunded/(paid)	退回/(已付)所得稅	264	(2,701)
Net cash outflow from operating activities	經營活動之現金流出淨額	(19,273)	(46,338)

Notes to the Consolidated Financial Statements

綜合財務報告附註

35. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (Continued)

(b) Acquisition of a subsidiary

On 20 October 2005, the Group acquired 51.83% of the share capital of Fullchamp, a private company established in Taiwan. Fullchamp is principally engaged in the design, development and manufacture of aluminum forged and forged-spun wheels for automobiles and trading of the products mainly in China, United States of America, Japan, Taiwan, Europe and Australia.

Details of net assets of Fullchamp acquired and goodwill at 31 December 2005 were as follows:

		2005 二零零五年 RMB'000 千元人民幣
Purchase consideration	購買代價	
– Cash paid	– 已付現金	40,112
Fair value of net assets acquired – shown as below	所收購之淨資產公平值 – 列示如下	27,404
Goodwill	商譽	12,708

Details of the decrease in the interest in Fullchamp during the year ended 31 December 2006 and after the balance sheet date are set out in notes 9, 21 and 43(i) to the financial statements.

35. 綜合現金流量表附註(續)

(b) 收購附屬公司

於二零零五年十月二十日，本集團收購富成（一間於台灣成立之私人公司）之 51.83% 股本。富成主要從事設計、開發、製造鍛造鋁合金車輪及鍛造車輪及於中國、美國、日本、台灣、歐洲及澳洲買賣其產品。

於二零零五年十二月三十一日所收購富成之淨資產及商譽詳情如下：

截至二零零六年十二月三十一日止年度於富成減少權益之詳情載於財務報表附註9、附註21及附註43(i)。

Notes to the Consolidated Financial Statements

綜合財務報告附註

35. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (Continued)

The tangible assets and liabilities arising from the acquisition of Fullchamp for the year ended in December 2005 were as follows:

35. 綜合現金流量表附註(續)

截至二零零五年十二月三十一日止年度收購富成所產生之有形資產及負債詳列如下：

		Fair value 公平值 RMB'000 千元人民幣
Cash and cash equivalents	現金及現金等值項目	20,057
Property, plant and equipment	物業、機器及設備	94,708
Inventories	存貨	24,490
Receivables	應收帳款	30,464
Payables	應付帳款	(80,548)
Borrowings	借貸	(36,299)
Net assets	淨資產	52,872
Minority interests (48.17%)	少數股東權益 (48.17%)	(25,468)
Net tangible assets attributable to 51.83% acquired	所收購51.83%權益應佔有形淨資產	27,404
Purchase consideration settled in cash	以現金付清之購買代價	40,112
Cash and cash equivalents in subsidiary acquired	所收購附屬公司之現金及現金等值項目	(20,057)
Cash outflow on acquisition	收購附屬公司之現金流出	20,055

Notes to the Consolidated Financial Statements

綜合財務報告附註

36. OPERATING LEASE COMMITMENTS

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases in respect of motor vehicles and rented premises which fall due as follows:

		2006 二零零六年 RMB'000 千元人民幣	2005 二零零五年 RMB'000 千元人民幣
Motor vehicles	汽車		
Within one year	一年內	541	436
Rented premises	租賃物業		
Within one year	一年內	830	1,193
In the second to fifth years inclusive	第二至五年(包括首尾兩年)	990	727
		2,361	2,356

Leases are negotiated for term of one to two years with fixed monthly rentals over the term of the leases.

租約之年期協定為一至兩年，而租期內之月租乃屬固定。

37. FUTURE OPERATING LEASE ARRANGEMENT

At the balance sheet date, the Group had future aggregate minimum lease receipts under non-cancellable operating lease in respect of aircrafts as follows:

		2006 二零零六年 RMB'000 千元人民幣	2005 二零零五年 RMB'000 千元人民幣
Within one year	一年內	4,966	6,004
In the second to fifth years inclusive	第二至五年(包括首尾兩年)	1,655	8,005
		6,621	14,009

Lease is negotiated for term of three years with a fixed monthly rental over the term of the lease.

租約之年期協定為三年，而租期內之月租乃屬固定。

36. 經營租約承擔

於結算日，本集團就汽車及租賃物業根據於下列期限屆滿之不可撤銷經營租約之未償還日後最低租金承擔如下：

37. 未來經營租約安排

於結算日，本集團就飛機根據於下列期限屆滿之不可撤銷經營租約之未來最低租賃總收入如下：

Notes to the Consolidated Financial Statements

綜合財務報告附註

38. COMMITMENTS

38. 承擔

		2006 二零零六年 RMB'000 千元人民幣	2005 二零零五年 RMB'000 千元人民幣
Capital expenditure contracted for but not provided in respect of acquisition of property, plant and equipment	有關收購物業、機器及設備之已訂約但未撥備之資本開支	1,498	4,054

The Company did not have any significant capital commitments at both balance sheet dates.

於兩年結算日，本公司並無任何重大資本承擔。

39. PLEDGE OF ASSETS

At 31 December 2006, the Group pledged the freehold land and land use rights with carrying value of approximately RMB23,176,000 (2005: RMB23,792,000) and building, plant and equipment with aggregate carrying value of approximately RMB139,153,000 (2005: RMB144,859,000) and bank deposits of approximately RMB8,652,000 (2005: RMB8,194,000) to banks to secure banking facilities to the extent of approximately RMB117,120,000 (2005: RMB122,875,000) granted to the Group.

39. 資產抵押

於二零零六年十二月三十一日，本集團已向銀行抵押帳面值約23,176,000元人民幣（二零零五年：23,792,000元人民幣）之永久業權土地及土地使用權，以及帳面總值約139,153,000元人民幣（二零零五年：144,859,000元人民幣）之樓宇、機器及設備，及約8,652,000元人民幣（二零零五年：8,194,000元人民幣）銀行存款，以作為本集團獲授約117,120,000元人民幣（二零零五年：122,875,000元人民幣）之銀行信貸之抵押。

40. CONTINGENT LIABILITIES

At 31 December 2006, the Company has given corporate guarantees in favour certain banks to secure banking facilities of approximately RMB47,017,000 (2005: RMB145,263,000) granted to Guangzhou Mayer, a subsidiary. Out of these banking facilities, approximately RMB44,961,000 was utilised by Guangzhou Mayer as at 31 December 2006 (2005: RMB96,983,000).

40. 或然負債

於二零零六年十二月三十一日，本公司就附屬公司廣州美亞獲授銀行信貸而向若干銀行提供公司擔保約47,017,000元人民幣（二零零五年：145,263,000元人民幣）。在該等銀行信貸中，廣州美亞截至二零零六年十二月三十一日已動用其中約44,961,000元人民幣（二零零五年：96,983,000元人民幣）。

Apart from the above, the Company and the Group have no other material contingent liabilities at both balance sheet dates.

除上述者外，本公司及本集團於兩年結算日並無其他重大或然負債。

Notes to the Consolidated Financial Statements

綜合財務報告附註

41. EMPLOYEE RETIREMENT BENEFITS

The Company and its subsidiaries participate in defined contribution retirement schemes governed by the relevant local government authorities in which they operate.

The Company operates a Mandatory Provident Fund Scheme (the "Scheme") for all qualifying employees in Hong Kong. The assets of the Scheme are held separately from those of the Group, in funds under the control of trustees. The Company contributes 5% of the relevant payroll to the Scheme, which contribution is matched by employees. The Company's employer contributions vest fully with the employees when contributed into the scheme.

The Company's subsidiary in the PRC is required to make monthly contributions to the retirement schemes up to the time of retirement of the eligible employees, at a rate of 12% of the local standard basic salaries. The local government authorities are responsible for the pension liabilities to these retired employees.

As of 31 December 2006, the Group had no obligation apart from the contributions as stated above. There were no forfeited contributions, which arose upon employees leaving the retirement benefits schemes.

41. 僱員退休福利

本公司及其附屬公司均參與有關地方政府機關所監管之定額供款退休計劃。

本公司為其全體香港合資格僱員設立強制性公積金計劃（「該計劃」）。該計劃之資產於受託人控制之基金內與本集團資產分開持有。本公司按相關薪酬之5%向該計劃作出供款，而有關供款與僱員對應。本公司之僱主供款於對計劃作出供款時全數歸屬予僱員。

本公司於中國之附屬公司於合資格僱員退休前每月須向退休計劃供款，供款額為當地標準基本薪金12%。地方政府機關須負責支付該等退休僱員之退休金。

於二零零六年十二月三十一日，除上述供款外，本集團並無任何其他責任，亦無由於僱員退出退休福利計劃而沒收之供款。

Notes to the Consolidated Financial Statements

綜合財務報告附註

42. CONNECTED AND RELATED PARTY TRANSACTIONS

During the year, the Group had the following connected and related party transactions which were conducted in the ordinary course of the Group's business:

- (i) ROC Advance Limited ("ROC"), a wholly-owned subsidiary of the Group entered into an aircraft lease agreement with Daily Air Corporation Inc., ("Daily Air"), a related company in which Mr. Huang Chun-fa has beneficial interest, regarding the leasing of two aircrafts and the provision of consultancy services by ROC to Daily Air for a term of three years commencing from 1 May 2006 to 30 April 2008 in consideration of rental income and consultancy fee income. At the balance sheet date, RMB2,736,000 is due from this related company (note 26). Total amounts received during the year are disclosed in (ii) below.
- (ii) In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year:

Name 姓名	Relationship 關係	Nature of transaction 交易性質	2006 二零零六年 RMB'000 千元人民幣	2005 二零零五年 RMB'000 千元人民幣
Lo Haw and his spouse 羅漢及其配偶	Director of the company 本公司董事	Rental paid (note) 已付租金(附註)	120	120
Daily Air 德安航空	Under common director 受共同董事控制	Rental income Consultancy fee income 租金收入 顧問費收入	4,966 144	2,840 358

Note: The rental, which was paid for premises owned by Mr. Lo Haw and his spouse was determined with reference to the prevailing market rental.

- (iii) On 30 June 2006 an ordinary resolution was passed by way of poll that a connected transaction of the issuance of the Fullchamp 10,000,000 new shares at offer price of NTD12.5 per share (the "Fullchamp Offer Shares") to Taiwan Mayer and other investors. The Company did not subscribed for any share in the Fullchamp Offer Shares, as a result, the Company's equity interest in Fullchamp was diluted from approximately 51.83% to 39.48% upon the completion of the Fullchamp Share Offer and it was treated as a deemed disposal by the Company, details of which were disclosed in the circular of the Company dated 12 June 2006.

42. 關連交易及關連人士交易

於年內，本集團在日常業務中進行之關連交易及關連人士交易如下：

- (i) 本集團全資附屬公司鵬進有限公司（「鵬進」）與關連公司德安航空股份有限公司（「德安航空」）（黃春發先生於其中擁有實益權益）訂立飛機租賃協議，內容有關兩架飛機之租賃及由鵬進向德安航空提供顧問服務，自二零零六年五月一日至二零零八年四月三十日止為期三年，代價為租金收入及顧問費收入。於結算日，應收該關連公司款項為2,736,000元人民幣（附註26）。年內收到之總款額於下文(ii)披露。
- (ii) 除本財務報表其他部份另外詳述之交易及結餘外，本集團於年內與關連人士進行以下重大交易：

附註：就羅漢先生及其配偶所擁有一項物業支付之租金乃參考現行市場租金釐定。

- (iii) 於二零零六年六月三十日，一項有關以發售價每股12.5新台幣向台灣美亞及其他投資者發行富成10,000,000股新股份（「富成發售股份」）之關連交易的普通決議案以投票表決方式通過。本公司並無認購任何富成發售股份，因此於完成富成股份發售時，本公司於富成之股本權益由約51.83%攤薄至39.48%，並作為本公司之視為出售事項處理，有關詳情載於本公司日期為二零零六年六月十二日之通函。

Notes to the Consolidated Financial Statements

綜合財務報告附註

43. POST BALANCE SHEET EVENTS

(i) The disposal of Fullchamp

On 13 April 2007, Sunbeam, a wholly-owned subsidiary of the Company, entered into the Share Disposal Agreement with Taiwan Mayer, the ultimate holding company, to dispose all of its 28.51% equity interest in Fullchamp for a consideration of NTD149,500,000 (equivalent to approximately HK\$35.2 million) in cash, subject to the resolution by the independent shareholders of the Company at its extraordinary general meeting to be held on 31 May 2007.

The consideration for the disposal was determined by reference to the net asset value of Fullchamp as at 31 December 2006 and was arrived at after arm's length negotiation between the Company and Taiwan Mayer.

The estimated proforma gain on the disposal, based on latest audited net assets of Fullchamp as at 31 December 2006 and as if the disposal was completed on 31 December 2006, would amount to approximately RMB4.9 million.

(ii) Acquisition and aircraft sale agreement

On 13 April 2007, ROC, a wholly-owned subsidiary of the Company, entered into the Aircraft Sale Agreement with Sino Regal Assets Limited ("Sino Regal"), a wholly-owned subsidiary of Taiwan Mayer, the ultimate holding company, to acquire two aircrafts from Sino Regal for a total consideration of approximately USD2 million. At the same date, Sino Regal, ROC and Daily Air a related company in which Mr Huang Chun-fa, a non-executive director of the Company, has beneficial interest, executed the Lease Assignment Agreement. Under the Agreement, ROC has agreed to continuously lease the Aircrafts to Daily Air for the period commencing from the date of the Lease Assignment Agreement to 30 April 2008 for an annual rental of USD552,000.

43. 結算日後事項

(i) 出售富成

於二零零七年四月十三日，本公司之全資附屬公司新光與最終控股股東台灣美亞訂立股份出售協議，以出售其於富成之全部28.51%全部股權，代價為現金新台幣149,500,000元（相等於約35,200,000港元），惟須待本公司獨立股東於二零零七年五月三十一日將予舉行之股東特別大會上以決議案批准，方可作實。

出售事項之代價乃參考富成於二零零六年十二月三十一日之資產淨值而釐定，並經本公司及台灣美亞按公平基準磋商後達成。

以富成二零零六年十二月三十一日之最近期經審核資產淨值為基準，假設出售事項於二零零六年十二月三十一日完成，出售事項之估計備考收益將約為4,900,000元人民幣。

(ii) 收購事項及飛機銷售協議

於二零零七年四月十三日，本公司之全資附屬公司鵬進與最終控股股東台灣美亞之全資附屬公司Sino Regal Assets Limited（「Sino Regal」）訂立飛機銷售協議，以向Sino Regal購買兩架飛機，總代價約為2,000,000美元。同日Sino Regal、鵬進及關連公司德安航空（本公司非執行董事黃春發先生於其中擁有實益權益）簽立租賃轉讓協議。根據該協議，鵬進同意繼續出租飛機予德安航空，由租賃轉讓協議日期起至二零零八年四月三十日止，年租金為552,000美元。

Notes to the Consolidated Financial Statements

綜合財務報告附註

43. POST BALANCE SHEET EVENTS (Continued)

(iii) Raw materials purchase agreement

On 13 April 2007, Guangzhou Mayer, a 81.4% indirectly-owned subsidiary of the Company, entered into the Raw Material Purchase Agreement with Taiwan Mayer, the ultimate holding company, for the acquisition of raw materials from Taiwan Mayer for the period commencing from 1 April 2007 to 31 March 2010. The directors of the Company expect that the maximum amount of raw material purchase for the three years ending 31 March 2010 will be in the amounts of USD3.9 million, USD4.29 million and USD4.719 million, respectively.

Details of the above transactions are set out in the Company's circular dated 13 April 2007.

44. ULTIMATE HOLDING COMPANY

The directors regard Mayer Steel Pipe Corporation, a company incorporated in Taiwan, as being the ultimate holding company.

43. 結算日後事項 (續)

(iii) 原材料採購協議

於二零零七年四月十三日，本公司持有81.4%間接權益之附屬公司廣州美亞與最終控股公司台灣美亞訂立原材料採購協議，以向台灣美亞採購原材料，由二零零七年四月一日起至二零一零年三月三十一日止。本公司董事預期截至二零一零年三月三十一日止三年，原材料採購之年度上限分別將為3,900,000美元、4,290,000美元及4,719,000美元。

以上交易之詳情已載於本公司日期為二零零七年四月十三日之通函。

44. 最終控股公司

董事認為於台灣註冊成立之公司美亞鋼管廠股份有限公司為最終控股公司。