

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong dollars)
(以港元列值)

1 PRINCIPAL ACCOUNTING POLICIES

(a) Basis of presentation

Ta Yang Group Holdings Limited (the "Company") was incorporated in the Cayman Islands on 23 February 2006 in preparing for the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company and its subsidiaries (the "Group") are principally engaged in manufacturing and sale of silicone rubber related products.

Pursuant to a reorganisation (the "Reorganisation") of the Group, the Company acquired the equity interests of entities under common control and became the holding company of the subsidiaries now comprising the Group. Details of the Reorganisation are set out in the prospectus of the Company dated 28 May 2007 (the "Prospectus").

The shares of the Company were listed on the Stock Exchange on 8 June 2007 (the "Listing Date").

The Group is regarded as a continuing entity resulting from the Reorganisation under common control. Accordingly, the consolidated financial statements of the Group for the year ended 31 July 2007 and the comparatives have been prepared as if the current group structure had been in existence throughout the years presented.

1 主要會計政策

(a) 呈列基準

大洋集團控股有限公司(「本公司」)為籌備本公司股份於香港聯合交易所有限公司(「聯交所」)上市而於二零零六年二月二十三日在開曼群島註冊成立。本公司及其附屬公司(「本集團」)主要從事矽膠相關產品的製造及銷售。

根據本集團的重組(「重組」)，本公司收購受到共同控制實體的股本權益，並成為現時組成本集團的附屬公司的控股公司。重組詳情載於本公司於二零零七年五月二十八日刊發的售股章程(「售股章程」)內。

本公司股份於二零零七年六月八日(「上市日期」)在聯交所上市。

本集團被視為受到共同控制的重組後持續經營實體。因此，本集團截至二零零七年七月三十一日止年度的綜合財務報表及比較數字，乃按猶如本集團目前的架構於所呈列的年度一直存在而編製。

Notes to the Financial Statements 財務報表附註

(Expressed in Hong Kong dollars)
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1 PRINCIPAL ACCOUNTING POLICIES (Continued)

(b) Statement of compliance

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual 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 disclosure requirements of the Hong Kong Companies Ordinance. The financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange. A summary of the significant accounting policies adopted by the Group is set out below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies applied in these financial statements and has no impact on the profit for the year and net assets of the Group and the Company as at the balance sheet date.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period (see Note 35).

1 主要會計政策(續)

(b) 合規聲明

此等財務報表乃根據香港會計師公會(「香港會計師公會」)所頒佈所有適用的香港財務報告準則(「香港財務報告準則」)(包括所有適用的個別香港會計準則(「香港會計準則」)及詮釋的統稱),以及香港公認會計原則及香港公司條例的披露規定而編撰。此等財務報表亦符合聯交所證券上市規則的適用披露規定。本集團採用的重要會計政策概要載列於下文。

香港會計師公會已頒佈若干新訂及經修訂的香港財務報告準則,並於本會計期間初次生效或可提早採納。採納此等新訂及經修訂的香港財務報告準則並無導致本集團應用於此等財務報表的會計政策有重大變動,亦並不影響年內溢利及本集團及本公司於結算日的資產淨值。

本集團並無應用任何於本會計期間尚未生效的新訂準則或詮釋(見附註35)。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong dollars)
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1 PRINCIPAL ACCOUNTING POLICIES (Continued)

(c) Basis of preparation

The consolidated financial statements for the year ended 31 July 2007 comprise the Company, its subsidiaries and interest in associate.

The measurement basis used in the preparation of the financial statements is the historical cost basis.

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 experience 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 34.

1 主要會計政策(續)

(c) 編製基準

截至二零零七年七月三十一日止年度的綜合財務報表包括本公司、其附屬公司及於聯營公司中的權益。

財務報表乃以過往成本基準為編撰基準。

編製符合香港財務報告準則的財務報表須要管理層作出判斷、估計及假設，而該等判斷、估計及假設會影響政策的應用方式及所呈報的資產、負債及收支金額。該等估計及相關假設乃以過往經驗和在具體情況下相信為合理的多項其他因素為基礎作出，而所作出的該等估計及相關假設將成為判斷並無其他顯著渠道可取得的資產與負債賬面值資料時所採用的基準。實際結果可能與該等估計有所不同。

該等估計及相關假設會持續予以審閱。倘會計估計的修訂僅影響作出有關修訂的期間，則會於該期間確認；倘會計估計的修訂對即期及未來期間均會產生影響，則會於作出有關修訂的期間及未來期間確認。

管理層就香港財務報告準則的應用所作出的會對財務報表產生重大影響的判斷，以及極可能在下一年度產生重大調整的估計，已於附註34中作討論。

Notes to the Financial Statements 財務報表附註

(Expressed in Hong Kong dollars)
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1 PRINCIPAL ACCOUNTING POLICIES (Continued)

(d) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

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 full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

In the Company's balance sheet, an investment in a subsidiary is stated at cost less impairment losses (see note 1(ii)).

1 主要會計政策(續)

(d) 綜合基準

(i) 附屬公司

附屬公司指受本集團控制的實體。倘本集團有權控制實體的財務及經營政策，以從其業務中獲得利益，即屬於控制該實體。於評估控制權時，現時可行使的潛在投票權將計算在內。

於一家附屬公司的投資由擁有控制權開始當日起合併入綜合財務報表內，直至控制權結束為止。於編製綜合財務報表時，集團內部結餘及交易，以及集團內部交易所產生的任何未變現溢利均已全數對銷。集團內部交易所產生的未變現虧損則僅在並無減值證據的情況下，以與對銷未變現收益相同的方式予以對銷。

於本公司的資產負債表內，於一家附屬公司的投資乃按成本值減減值虧損列賬(見附註1(ii))。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong dollars)
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1 PRINCIPAL ACCOUNTING POLICIES (Continued)

(d) Basis of consolidation (Continued)

(ii) Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the comparative period or, if later, at the date that common control was established. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group's controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within the Group equity except that any share capital of the acquired entities is recognised as part of share premium.

(e) Associates

An associate is an entity in which the Group or company has significant influence, but not control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the financial statements under the equity method and is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group's share of the associate's net assets. The consolidated income statement includes the Group's share of the post-acquisition, post-tax results of the associates for the year.

1 主要會計政策 (續)

(d) 綜合基準 (續)

(ii) 從受共同控制的實體進行收購

因轉讓受控制本集團的股東所控制的實體的權益而產生的業務合併將予以入賬，猶如該項收購於可資比較期間(或如時間較後，則於建立共同控制當日)起就已發生。獲收購的資產及負債按以往於本集團控股股東的綜合財務報表內確認的賬面值進行確認。獲收購實體的各項權益計入本集團權益內的相應部分，惟獲收購實體的任何股本則作為股份溢價的一部分予以確認。

(e) 聯營公司

聯營公司指本集團或本公司對其管理工作(包括參與其財務及經營政策的決策工作)有重大影響力，但無控制權的實體。

於聯營公司中的投資以權益法計入財務報表，初步按成本值列賬，其後就本集團於收購後應佔該聯營公司資產淨值的變化作出調整。合併收益表包括年內本集團所佔聯營公司的收購後及除稅後業績。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong dollars)
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1 PRINCIPAL ACCOUNTING POLICIES (Continued)

(e) Associates (Continued)

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associate, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

(f) Property, plant and equipment

(i) Owned assets

Property, plant and equipment are stated in the balance sheet at cost less accumulated depreciation and impairment losses (see Note 1(i)).

1 主要會計政策(續)

(e) 聯營公司(續)

倘本集團應佔聯營公司的虧損超過權益，則本集團的權益將減至零，且除本集團已產生法律或推定責任或代聯營公司支付款項外，不會再進一步確認虧損。

本集團與其聯營公司進行交易所產生的未變現損益，按本集團於該聯營公司的權益數額予以對銷，除非未變現虧損提供所轉讓資產已減值的證明，則即時於損益表內確認。

(f) 物業、廠房及設備

(i) 自用資產

物業、廠房及設備於資產負債表內按成本值減累計折舊及減值虧損的方式(見附註1(i))列賬。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong dollars)
(以港元列值)

1 PRINCIPAL ACCOUNTING POLICIES (Continued)

(f) Property, plant and equipment (Continued)

Construction in progress represents property, plant and equipment under construction and equipment pending installation, and is initially recognised in the balance sheet at cost less impairment losses (see Note 1(i)). Cost comprises 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. Capitalisation of these costs ceases and the construction in progress is transferred to property, plant and equipment when the asset is substantially ready for its intended use, notwithstanding any delays in the issue of the relevant commissioning certificates by the relevant PRC authorities.

(ii) Disposal

Gains or losses arising from the retirement or disposal 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 profit or loss on the date of retirement or disposal.

(iii) Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

1 主要會計政策 (續)

(f) 物業、廠房及設備 (續)

在建工程指在興中物業、廠房及設備，以及有待安裝的設備，初步於資產負債表內按成本值減減值虧損的方式(見附註1(i))列賬。成本值包括材料、直接工資成本、拆卸及移除有關項目並復原所在土地(如適用)的初步估計成本，以及生產間接開支的適當比例。當資產大致上落成可作擬定用途時(不論相關中國機關發出驗收證明書一事是否有任何延誤)，該等成本將停止撥充作資本，而在建工程則轉撥至物業、廠房及設備。

(ii) 出售

物業、廠房及設備項目報廢或出售所產生的損益，按出售所得款項淨額與項目賬面值之間的差額釐定，並於報廢或出售當日於損益表內確認。

(iii) 折舊

折舊乃按物業、廠房及設備項目的成本值減其估計剩餘價值(如有)後，以直線法於以下估計可使用年期內撇銷：

Notes to the Financial Statements 財務報表附註

(Expressed in Hong Kong dollars)
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1 PRINCIPAL ACCOUNTING POLICIES (Continued)

(f) Property, plant and equipment (Continued)

(iii) Depreciation (Continued)

Properties held for own use situated on leasehold land are depreciated over the shorter of the unexpired term of lease and their estimated useful lives, being no more than 50 years after the date of completion.

Plant and machinery 廠房及機器	10 years 10年	10%
Leasehold improvements 租賃物業裝修	5 years 5年	—
Other property, plant and equipment 其他物業、廠房及設備	5 years 5年	10%

Where parts of an item of property, plant and equipment have different useful lives, the cost 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 residual value, if any, are reviewed annually.

1 主要會計政策(續)

(f) 物業、廠房及設備(續)

(iii) 折舊(續)

位於租賃土地上的持作自用物業按未屆滿租期或其估計可用年期(即落成日期後不超過50年)(以較短者為準)內折舊。

Estimated useful life 估計可使用年期	Estimated rate of residual value 估計剩餘價值率
10 years 10年	10%
5 years 5年	—
5 years 5年	10%

倘物業、廠房及設備項目其中部分有不同的可使用年期，則該項目的成本值以合理基準分配予各部分，並分別折舊。資產的可使用年期及其剩餘價值(如有)均每年予以審視。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong dollars)
(以港元列值)

1 PRINCIPAL ACCOUNTING POLICIES (Continued)

(g) Lease prepayments

Lease prepayments represent cost of land use rights in the People's Republic of China ("the PRC"). Land use rights are carried at cost less accumulated amortisation and impairment losses (see Note 1(i)). Amortisation is charged to profit or loss on a straight-line basis over the respective periods of the rights.

(h) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

Where the Group has the use of assets under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease terms, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made.

1 主要會計政策(續)

(g) 租賃預付款項

租賃預付款項指中華人民共和國(「中國」)土地使用權的成本值。土地使用權按成本值減累計攤銷及減值虧損(見附註1(i))列賬。攤銷於使用權的個別年期內以直線法於損益表內扣除。

(h) 租賃資產

倘本集團釐定由一項交易事項或一系列交易事項組成的安排涵蓋個別資產或多項資產於協定年期內的使用權，以換取付款或一系列付款，則該項安排乃屬或包含一項租賃。有關釐定工作乃以評估該項安排的實質內容為基準，而不論該項安排是否擁有租賃的法律形式。

不向本集團大幅轉移所有權所有風險及回報的租賃乃列作經營租賃。

倘本集團根據經營租賃擁有資產的使用權，則根據租賃所作付款乃於損益表內以相等分期款項在租賃條款所涵蓋的會計期間內扣除，除非有能更清楚顯示租賃資產獲利模式的另一基準則屬例外。已收租賃獎勵於損益表內確認為所作出的租賃付款總淨額的組成部分。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong dollars)
(以港元列值)

1 PRINCIPAL ACCOUNTING POLICIES (Continued)

(i) Impairment of assets

(i) *Impairment of trade and other receivables*

Investment in securities and current receivables that are stated at cost or amortised cost are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such evidence exists, any impairment loss is measured as follows:

For trade and other current receivables carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

1 主要會計政策 (續)

(i) 資產減值

(i) *應收貿易賬款及其他應收款項減值*

以成本值或攤銷成本列賬的證券投資以及即期應收款項於各結算日予以審視，以釐定是否出現減值的客觀證據。倘任何該等證據存在，則按以下各項計量減值虧損：

就按攤銷成本列賬的應收貿易賬款及其他即期應收款項而言，減值虧損按資產賬面值與估計日後現金流量之間的差額計量，且倘貼現影響屬重大影響，則按財務資產的原有實際利率（即於初步確認該等資產時計算的實際利率）貼現。

倘減值虧損金額於往後期間減少，而有關減幅可與確認減值虧損後發生的事件客觀連繫，則減值虧損將通過損益表予以撥回。撥回減值虧損不會導致資產的賬面值超出倘於過往年度並無確認減值虧損所應已釐定的金額。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong dollars)

(以港元列值)

1 PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(i) Impairment of assets *(Continued)*

(ii) *Impairment of other assets*

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

- Property, plant and equipment;
- Construction in progress;
- Lease prepayments; and
- Investment in associate.

If any such indication exists, the asset's recoverable amount is estimated.

- Calculation of recoverable amount
The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

1 主要會計政策 (續)

(i) 資產減值 (續)

(ii) 其他資產減值

內外部資料來源均會於各結算日予以審閱，以確認是否有跡象顯示下列資產可能出現減值，或過往確認的減值虧損不再存在或可能有所減少：

- 物業、廠房及設備；
- 在建工程；
- 租賃預付款項；及
- 於聯營公司的投資。

倘存在任何該等跡象，則資產的可收回金額將予以估計。

- 計算可收回金額
資產的可收回金額為其售價淨額與使用價值兩者之間的較高者。在評估使用價值時，估計日後現金流量會按可以反映當時市場對貨幣時間值及資產特定風險的評估的稅前貼現率，貼現至其現值。倘資產產生的現金流入大致上不能獨立於其他資產所產生者，則就獨立產生現金流入的最細類別資產（即現金產生單位）釐定可收回金額。

Notes to the Financial Statements 財務報表附註

(Expressed in Hong Kong dollars)
(以港元列值)

1 PRINCIPAL ACCOUNTING POLICIES (Continued)

(i) Impairment of assets (Continued)

(ii) Impairment of other assets (Continued)

- Recognition of impairment losses
An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.
- Reversals of impairment losses
An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

1 主要會計政策 (續)

(i) 資產減值 (續)

(ii) 其他資產減值 (續)

- 確認減值虧損
倘資產或其所屬的現金產生單位的賬面值超出其可收回金額時，則會於損益表內確認減值虧損。就現金產生單位確認的減值虧損獲得分配，以按比例減少單位（或一組單位）內的資產的賬面值，惟資產的賬面值不會減至低於其扣除銷售成本或使用價值（如可予釐定）後的個別公平值。
- 撥回減值虧損
倘用以釐定可收回金額的估計出現有利變動，則撥回減值虧損。

撥回減值虧損僅限於過往年度並無確認減值虧損所應已釐定的資產賬面值。撥回的減值虧損於確認撥回的年度內計入損益表。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong dollars)
(以港元列值)

1 PRINCIPAL ACCOUNTING POLICIES (Continued)

(j) Inventories

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

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable 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 realisable 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 recognised as an expense in the period in which the reversal occurs.

(k) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less impairment losses for bad and doubtful debts (see Note 1(i)) except where the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment losses for bad and doubtful debts (see Note 1(i)).

1 主要會計政策 (續)

(j) 存貨

存貨按成本值與可變現淨值之間的較低者列賬。

成本值乃按加權平均成本法計算，並包括所有採購成本、加工成本及使存貨達致其目前地點及現狀所產生的其他成本。

可變現淨值為於日常業務過程中估計的售價減去估計完工成本及銷售所需的估計成本。

在存貨售出時，該等存貨的賬面值會於確認有關收入的期間內確認為開支。將存貨撇減至可變現淨值的任何金額及所有存貨損失均於進行撇減或出現損失的期間內確認為開支。將任何存貨撇減撥回的任何金額於作出撥回的期間內確認為減少已確認為開支的存貨金額。

(k) 應收貿易賬款及其他應收款項

應收貿易賬款及其他應收款項初步按公平值確認，其後以攤銷成本減呆壞賬減值虧損(見附註1(i))的方式列賬，除非貼現影響並不重大，則以成本值減呆壞賬減值虧損(見附註1(i))的方式列賬。

Notes to the Financial Statements 財務報表附註

(Expressed in Hong Kong dollars)
(以港元列值)

1 PRINCIPAL ACCOUNTING POLICIES (Continued)

(l) 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.

(m) Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement.

1 主要會計政策(續)

(l) 計息借款

計息借款初步按公平值減應佔交易成本的方式確認。在初步確認後，計息借款以攤銷成本連同初步確認金額與於借款期內在損益表內確認的贖回價值之間的差額，以及用實際利率法計算的任何利息及應付費用列賬。

(m) 應付貿易賬款及其他應付款項

應付貿易賬款及其他應付款項初步按公平值確認，其後以攤銷成本列賬，除非貼現影響並不重大，則以成本值列賬。

(n) 現金及現金等價物

現金及現金等價物包括銀行結餘及手頭現金、銀行及其他金融機構活期存款，以及可即時轉換為已知金額現金及所承受的價值變動風險並不重大，且收購時於三個月內到期的短期高流動性投資。就合併現金流量表而言，需按要求償還、且屬貴集團現金管理組成部分的銀行透支亦作為現金及現金等價物入賬。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong dollars)
(以港元列值)

1 PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(o) Employee benefits

(i) *Short term employee benefits and contributions to defined contribution retirement plans*

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) *Share-based payments*

The fair value of share options granted to employees of the Group is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at the grant date using the Black-Scholes Option Pricing model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

1 主要會計政策 (續)

(o) 僱員福利

(i) *短期僱員福利及定額供款退休計劃的供款*

薪金、年度花紅、有薪年假、定額供款退休計劃的供款及非貨幣福利的成本於僱員提供相關服務期內計提。倘有關付款或結算遞延處理且影響屬重大，則有關金額按現值列賬。

(ii) *以股份為基礎的付款*

授予本集團僱員的購股權按公平值確認為僱員成本，而權益中的資本儲備亦會相應增加。公平值是在授予日以柏力克－舒爾斯期權定價模式計量，並會計及購股權授予條款和條件。倘僱員須符合歸屬條件才能無條件地享有購股權的權利，在考慮到購股權歸屬的可能性後，購股權的估計總公平值便會在整個歸屬期內分攤。

Notes to the Financial Statements 財務報表附註

(Expressed in Hong Kong dollars)
(以港元列值)

1 PRINCIPAL ACCOUNTING POLICIES (Continued)

(o) Employee benefits (Continued)

(ii) Share-based payments (Continued)

During the vesting period, the number of share options that is expected to vest is reviewed. Any adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On the vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the capital reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained profits).

1 主要會計政策(續)

(o) 僱員福利(續)

(ii) 以股份為基礎的付款(續)

本公司會在歸屬期內審閱預期歸屬的購股權數目。已於以往年度確認的累計公平值的任何調整會在回顧年度在損益中列支／計入；但如果原來的僱員開支符合確認為資產的資格，便會對資本儲備作出相應的調整。已確認為開支的數額會在歸屬日作出調整，以反映所歸屬購股權的實際數目（同時對資本儲備作出相應的調整）；但只會在無法符合與本公司股份市價相關的歸屬條件時才會放棄購股權。權益數額在資本儲備中確認，直至購股權獲行使（轉入股份溢價賬）或購股權到期（直接轉入保留溢利）時為止。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong dollars)
(以港元列值)

1 PRINCIPAL ACCOUNTING POLICIES (Continued)

(p) 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 profit or loss 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 assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

1 主要會計政策(續)

(p) 所得稅

年內所得稅包括即期稅項與遞延稅項資產與負債變動。即期稅項與遞延稅項資產與負債變動乃於損益表內確認，除非與直接於權益內確認的項目有關者，則於權益內確認。

即期稅項指年內應課稅收入按結算日已頒佈或實際上已頒佈的稅率計算的預期應付稅項，加上過往年度應付稅項的任何調整。

遞延稅項資產與負債分別由可扣稅及應課稅暫時性差額產生，即資產與負債就財務報告目的而言的賬面值與其稅基之間的差額。遞延稅項資產亦由未動用稅項虧損及未動用稅項抵免產生。

Notes to the Financial Statements 財務報表附註

(Expressed in Hong Kong dollars)
(以港元列值)

1 PRINCIPAL ACCOUNTING POLICIES (Continued)

(p) Income tax (Continued)

Apart from certain limited exception, 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 same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

1 主要會計政策(續)

(p) 所得稅(續)

除了某些有限的例外情況外，所有遞延稅項負債和所有遞延稅項資產（只限於很可能獲得未來應課稅溢利以使該資產得以使用）均會被確認。由可抵扣暫時性差異所產生的遞延稅項資產，因有未來應課稅溢利的支持而使之確認，包括因撥回目前存在的應課稅暫時性差異而產生的金額；但這些撥回的差異必須與同一稅務機關及同一應課稅實體有關，並預期在可抵扣暫時性差異預計撥回的同一年間或於遞延稅項資產所產生時稅務虧損可向後期或向前期結轉的期間內轉回。在決定目前存在的應課稅暫時性差異是否足以支持確認由未使用的稅務虧損和抵免所產生的遞延稅項資產時，亦會採用同一準則，即差異是否與同一稅務機關及同一應課稅實體有關，並是否預期能在使用稅務虧損和抵免的同一年間內撥回。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong dollars)
(以港元列值)

1 PRINCIPAL ACCOUNTING POLICIES (Continued)

(p) Income tax (Continued)

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

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.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no 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.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

1 主要會計政策(續)

(p) 所得稅(續)

不能確認為遞延稅項資產和負債的暫時性差異的有限例外情況包括不影響會計或應課稅溢利的資產或負債的初始確認(如屬企業合併的一部分則除外);以及投資於附屬公司相關的暫時性差異(如屬應課稅差異,不確認本集團可以控制撥回的時間,而且在可預見的將來不大可能撥回的暫時性差異;或如屬可扣稅差異,則只確認很可能在將來撥回的差異)。

已確認的遞延稅項金額乃按照資產與負債賬面值的預期變現或清償方式,以結算日已頒佈或實際上已頒佈的稅率計量。遞延稅項資產與負債均不予貼現。

遞延稅項資產的賬面值於各結算日予以審閱,倘預計不再可能獲得足夠的應課稅溢利用以抵銷相關稅務利益,則調低上述賬面值。倘可能獲得足夠的應課稅溢利,有關調低將會撥回。

來自分派股息的額外所得稅在確認支付有關股息的責任時確認。

Notes to the Financial Statements 財務報表附註

(Expressed in Hong Kong dollars)
(以港元列值)

1 PRINCIPAL ACCOUNTING POLICIES (Continued)

(p) Income tax (Continued)

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 and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
 - the same taxable entity; or
 - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

1 主要會計政策(續)

(p) 所得稅(續)

即期稅項結餘及遞延稅項結餘及其變動額會分開列示，且不予抵銷。倘本公司或本集團有合法強制執行權以即期稅項資產抵銷即期稅項負債，並符合以下附帶條件，則即期稅項資產始會分別與即期稅項負債及遞延稅項資產抵銷：

- 倘為即期稅項資產與負債，本公司或本集團計劃按淨額基準結算，或同時變現該資產及清償負債；或
- 倘為遞延稅項資產與負債，而此等資產與負債與同一稅務機關就以下其中一項徵收的所得稅有關：
 - 同一應課稅實體；或
 - 不同應課稅實體，而此等實體計劃在日後預計有大額遞延稅項負債需要清償或大額遞延稅項資產可予收回之每段期間內，按淨額基準變現當期稅項資產及清償當期稅項負債，或同時變現該等資產及清償該等負債。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong dollars)
(以港元列值)

1 PRINCIPAL ACCOUNTING POLICIES (Continued)

(q) 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 expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, 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 economic benefits is remote.

(r) Revenue recognition

Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

1 主要會計政策(續)

(q) 撥備及或然負債

倘本集團或本公司須就過往事件承擔法律或推定責任，並可能須輸出經濟利益以履行責任及能夠作出可靠估計時，則就未確定時間或金額的負債確認撥備。倘貨幣時間價值重大，則按履行責任預計開支的現值計提撥備。

倘需要付出經濟利益的可能性不大，或無法可靠估計有關金額，則有關責任披露為或然負債，除非經濟利益輸出的可能性極低則屬例外。倘有關責任須視乎某宗或多宗未來事件發生與否才能確定其存在，則會披露為或然負債，除非經濟利益輸出的可能性極低則屬例外。

(r) 收入確認

收入乃於經濟利益將會流入本集團，且能夠可靠地計算收入和成本(如適用)時，根據下列方法在損益表中確認：

Notes to the Financial Statements 財務報表附註

(Expressed in Hong Kong dollars)
(以港元列值)

1 PRINCIPAL ACCOUNTING POLICIES (Continued)

(r) Revenue recognition (Continued)

(i) Sales of goods

Revenue is recognised when goods are delivered at the customers' premises which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes value added tax and other sales tax and is after deduction of any trade discounts.

(ii) Interest income

Interest income is recognised as it accrues using the effective interest method.

(iii) Investment income

Investment income is recognised when the right to receive payment is established.

(iv) Government grants

Government grants are recognised in the balance sheet initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted in arriving at the carrying amount of the asset and consequently are recognised in profit or loss over the useful life of the assets.

1 主要會計政策 (續)

(r) 收入確認 (續)

(i) 銷售貨品

收入乃於貨品送抵客戶處所時 (即客戶接納貨品及所有權的相關風險及回報之時) 予以確認。收入不包括增值稅及其他銷售稅，並已扣除任何貿易折扣。

(ii) 利息收入

利息收入於應計時以實際利率法確認。

(iii) 投資收入

投資收入於確立收取款項的權利後確認。

(iv) 政府補助

倘有合理保證本集團可取得政府補助並將遵守其附帶條件，則政府補助會於資產負債表初始確認。補償本集團已產生開支的補助，將於產生開支的同一期間有系統地於損益內確認為收入。補償本集團一項資產成本的補助，則在計算資產賬面值時扣除，其後於資產的可用年限在損益內確認。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong dollars)
(以港元列值)

1 PRINCIPAL ACCOUNTING POLICIES (Continued)

(s) Foreign currency transactions

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

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 translated at the foreign exchange rates ruling at the balance sheet date. Exchange gains and losses are recognised in the profit or loss.

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 operations outside Hong Kong are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Balance sheet items are translated into Hong Kong dollars at the foreign exchange rates ruling at the balance sheet date. The resulting exchange differences are recognised directly in a separate component of equity.

1 主要會計政策 (續)

(s) 外幣交易

本集團各實體的財務報表內所載的項目以該實體經營所在的主要經濟環境的貨幣(「功能貨幣」)計量。財務報表以本公司的呈列貨幣港元(「港元」)呈列。

年內進行的外幣交易乃按適用於交易日期的匯率換算。以外幣計值的貨幣資產與負債乃按適用於結算日的匯率換算。匯兌收益及虧損於損益賬內確認。

以外幣按歷史成本計量的非貨幣資產與負債乃按適用於交易日期的匯率換算。以外幣計值並按公平值列賬的非貨幣資產與負債乃按適用於釐定公平值當日的匯率換算。

香港境外的經營業績乃按與適用於交易日期的匯率相若的匯率換算為港元。資產負債表項目乃按適用於結算日的匯率換算為港元。有關匯兌差額於權益內的獨立項目內直接確認。

Notes to the Financial Statements 財務報表附註

(Expressed in Hong Kong dollars)
(以港元列值)

1 PRINCIPAL ACCOUNTING POLICIES (Continued)

(s) Foreign currency transactions (Continued)

On disposal of an operation outside Hong Kong, the cumulative amount of the exchange differences recognised in equity which relate to that operation is included in the calculation of the profit or loss on disposal.

(t) Borrowing costs

Borrowing costs are expensed in profit or loss in the period in which they are incurred.

(u) Research and development costs

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as an expense as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources to complete development. Other development expenditure is recognised in profit or loss as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated depreciation and impairment losses.

1 主要會計政策(續)

(s) 外幣交易(續)

在出售香港境外業務時，與該業務有關且於權益內確認的匯兌差額累計金額計入出售損益之中。

(t) 借貸成本

借款成本於產生期內在損益表內扣除。

(u) 研發成本

為取得新的科學或技術知識或了解而進行研究活動的支出於損益中確認為開支。

倘產品或工藝在技術上及商業上均可行且本集團有足夠資源以完成開發，則開發活動(其研究成果乃應用於嶄新或大幅改良的產品生產及生產工序的計劃或設計)的支出會資本化。其他開發支出於產生時於損益中確認為開支。資本化的開發支出以成本減去累計折舊及減值虧損列賬。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong dollars)
(以港元列值)

1 PRINCIPAL ACCOUNTING POLICIES (Continued)

(v) Related parties

For the purposes of the financial statements, a party is considered to be related to the Group if:

- (i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;
- (ii) the Group and the party are subject to common control;
- (iii) the party is an associate of the Group;
- (iv) the party is a member of key management personnel of the Group or the Group's parent, or, a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individual;
- (v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or
- (vi) the party is a post-employment benefit plan which is for the benefit or employees of the Group or of any entity that is a related party of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

1 主要會計政策 (續)

(v) 關連人士

就財務報表而言，任何人士於以下情況下被視為與本集團有關連：

- (i) 該名人士能直接或間接通過一間或多間中介公司控制本集團，或對本集團的財務及經營政策決策行使重大影響力，或共同控制本集團；
- (ii) 本集團與該名人士受共同控制；
- (iii) 該名人士為本集團的聯繫人；
- (iv) 該名人士為本集團或本集團的母公司的主要管理層成員，或為該等人士的近親家屬，或為受到該等人士控制、共同控制或重大影響的實體；
- (v) 該名人士為第(i)段所述人士的近親家屬，或為受到該等人士控制、共同控制或重大影響的實體；或
- (vi) 該方為就本集團或屬本集團關連人士的任何實體的僱員利益而設的退休福利計劃。

一名人士的近親家屬指預期在與該實體交易時對其有所影響或受其影響的該等家庭成員。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong dollars)
(以港元列值)

1 PRINCIPAL ACCOUNTING POLICIES (Continued)

(w) 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.

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segment, is based on the Group's management and internal reporting structure.

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

Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one period.

2 TURNOVER

The Group is principally engaged in manufacturing and sale of silicone rubber related products. Turnover represents the sales value of goods sold to customers net of sales tax and value added tax.

1 主要會計政策(續)

(w) 分部報告

分部乃本集團可明顯區分的組成部分，從事提供產品或服務(業務分部)，或在特定經濟環境中提供產品或服務(地區分部)，其所涉及的風險及回報有別於其他分部。

有關本集團業務及地區分部的分部資料已經呈報。業務分部為主要形式，乃根據本集團的管理及內部匯報架構分部。

分部業績、資產與負債包括分部直接應佔的項目，以及可合理分配至該分部者。未分配至該分部的項目主要包括財務及公司資產、計息貸款、借款、稅項結餘、公司及融資開支。

分部資本開支指因年內收購預期可用於一個期間以上的分部資產而產生的成本總額。

2 營業額

本集團主要從事矽膠相關產品的製造及銷售。營業額指售予客戶的貨品銷售價值減銷售稅及增值稅。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong dollars)
(以港元列值)

2 TURNOVER (Continued)

For the year ended 31 July 2007, 55% (2006: 49%) of the turnover were derived from the five largest customers.

3 SEGMENT INFORMATION**Business segment**

During the year, the Group principally operated in a single business segment: the manufacturing and sale of silicone rubber and related products. Accordingly, no business segment information is presented.

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers.

2 營業額 (續)

截至二零零七年七月三十一日止年度，營業額的55% (二零零六年：49%)來自五大客戶。

3 分部資料**業務分部**

本集團於年內主要經營單一業務分部：製造及銷售矽膠相關產品。因此，概無呈列業務分部資料。

地區分部

按地區分部基準呈列資料時，分部收益乃按客戶所在地區為基準。

<i>Turnover based on geographical locations</i>		2007 二零零七年 \$'000 千元	2006 二零零六年 \$'000 千元
	<i>按地理位置分類的營業額</i>		
PRC (excluding Hong Kong)	中國 (香港除外)	287,630	255,246
Hong Kong	香港	131,038	111,314
Other Asian countries	其他亞洲國家	140,535	142,475
Americas	美洲	34,532	31,192
Europe	歐洲	36,104	39,329
		629,839	579,556

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

由於本集團大部分資產均位於中國，故並無呈列按資產所在地分類的分部資產及資本開支分析。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong dollars)
(以港元列值)

4 OTHER REVENUE

4 其他收益

	2007 二零零七年 \$'000 千元	2006 二零零六年 \$'000 千元
Interest income from bank deposits 銀行存款利息收入	7,625	1,925
Government grant (Note) 政府補助 (附註)	4,882	-
Dividends from available-for-sale securities 來自可供出售證券的股息	-	197
Others 其他	774	504
	13,281	2,626

Note: The Group is entitled to an one-off government grant for its enlarged investment in a subsidiary, Huzhou Ta Yang Electronic Technology Company Limited.

附註：本集團於附屬公司湖州大洋電子科技有限公司的經擴大投資可獲政府一筆一次性補助金。

5 OTHER NET EXPENSES

5 其他開支淨額

	2007 二零零七年 \$'000 千元	2006 二零零六年 \$'000 千元
Net exchange losses 匯兌虧損淨額	531	2,071
Loss on disposal of property, plant and equipment 出售物業、廠房及設備的虧損	134	2
Transfer from equity on disposal of available-for-sale securities 轉撥自出售可供出售證券的權益	-	286
Others 其他	-	4
	665	2,363

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong dollars)
(以港元列值)

6 PROFIT BEFORE TAXATION

6 除稅前溢利

Profit before taxation is arrived at after charging:

除稅前溢利乃經扣除以下各項：

		2007 二零零七年 \$'000 千元	2006 二零零六年 \$'000 千元
(a)	Staff costs (including directors' remuneration (Note 8)):		
	Salaries, wages and other benefits	154,029	129,258
	Contributions to retirement benefit schemes	5,838	2,256
	Equity-settled share-based payment transactions	1,421	-
		161,288	131,514
(b)	Finance costs:		
	Interest on short-term bank loans and overdrafts	5,389	2,547
(c)	Other items:		
	Amortisation of lease prepayments	259	197
	Auditors' remuneration	2,545	753
	Depreciation	20,878	15,933
	Operating lease charges in respect of properties	6,879	6,625
	Impairment losses on trade receivables	905	-
	Sewage disposal expenses	693	489
	Research and development costs*	2,118	1,646

* Research and development costs represent staff costs for the Group's employees engaged in research and development activities, which are also included in staff costs as disclosed in note (a) above.

* 研發成本指從事研發活動的本集團僱員的員工成本，亦包含在上文附註(a)所披露的員工成本內。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong dollars)
(以港元列值)

7 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT 7 綜合收益表內的所得稅

(a) Taxation in the consolidated income statement represents:

(a) 綜合收益表內的稅項包括：

		2007 二零零七年 \$'000 千元	2006 二零零六年 \$'000 千元
Current tax – Hong Kong Profits Tax	即期稅項 – 香港利得稅		
Provision for the year	年內撥備	2,005	3,599
Overprovision in respect of prior years	過往年度超額撥備	(15)	(10)
		1,990	3,589
Current tax – Outside Hong Kong	即期稅項 – 香港境外		
Provision for Macau tax for the year	年內澳門稅項撥備	-	9,342
Overprovision in respect of prior years (Note (a))	過往年度超額撥備 (附註(a))	(5,200)	-
		(5,200)	9,342
Provision for PRC income tax for the year	年內中國所得稅撥備	2,339	5,698
Overprovision in respect of prior years (Note (b))	過往年度超額撥備 (附註(b))	(3,511)	-
		(1,172)	5,698
		(6,372)	15,040
Deferred tax	遞延稅項		
Origination and reversal of temporary differences	暫時差額的產生及回撥	3,383	(2,952)
Total income tax (credit)/ expense	所得稅 (回撥) / 開支總額	(999)	15,677

Notes:

(a) During 2007, the management reassessed the tax provision of the Group's Macau branch and considered that there was an overprovision of income tax payable of HK\$5.2 million following discussions with the Macau tax authorities. Accordingly, Macau tax provision made in prior years of HK\$5.2 million is written back and credited to profit or loss.

附註：

(a) 於二零零七年，管理層已重新評估本集團的澳門分公司的稅務狀況，與澳門稅務當局商討後，管理層認為應付所得稅錄得超額撥備5,200,000港元。因此，已撥回為數5,200,000港元的過往年度澳門稅項撥備並計入損益。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong dollars)

(以港元列值)

7 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT (Continued)**7 綜合收益表內的所得稅** (續)**(a) Taxation in the consolidated income statement represents:** (Continued)

(b) Overprovision of PRC income tax expenses credited to profit or loss during 2007 represents the tax effect on tax benefits available to the Group in respect of certain purchases of equipment produced in the PRC pertained for the year 2006 but approved in 2007, and the agreement of the tax authorities on deductibility of certain expenses.

(b) Reconciliation between actual tax (credit)/expense and accounting profit at applicable tax rates:**(a) 綜合收益表內的稅項包括：** (續)

(b) 於二零零七年計入損益的中國所得稅開支超額撥備指本集團就屬二零零六年惟於二零零七年批准購買若干中國製造的設備，以及稅務機關就削減若干開支的協議而獲得的稅務優惠的影響。

(b) 實際稅項(回撥)／開支與按適用稅率計算會計溢利的對賬：

		2007 二零零七年 \$'000 千元	2006 二零零六年 \$'000 千元
Profit before taxation	除稅前溢利	158,590	159,800
Income tax calculated at rates applicable to profits in the respective tax jurisdictions concerned	按適用於有關司法權區溢利的稅率計算的所得稅	19,324	23,624
Tax effect of non-deductible expenses	不可扣稅開支的稅務影響	840	89
Tax effect of non-taxable revenue	不應課稅收入的稅務影響	(33)	(144)
Overprovision in respect of prior years	過往年度超額撥備	(8,726)	(10)
Income exempted from tax (Note (v))	獲稅項減免的收入 (附註(v))	(13,567)	(6,639)
Tax credit (Note (vi))	稅項抵免 (附註(vi))	(5,986)	(1,243)
Tax effect of unrecognised tax losses	未確認稅項虧損的稅務影響	7,149	-
Actual tax (credit)/expense	實際稅項 (回撥)／開支	(999)	15,677

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong dollars)
(以港元列值)

7 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT (Continued)

7 綜合收益表內的所得稅(續)

(b) Reconciliation between actual tax (credit)/expense and accounting profit at applicable tax rates: (Continued)

(b) 實際稅項(回撥)／開支與按適用稅率計算會計溢利的對賬：(續)

Notes:

附註：

- (i) Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands ("BVI"), the Group is not subject to any income tax in the Cayman Islands and BVI.
- (ii) Provision for Hong Kong Profits Tax for 2007 is calculated at 17.5% (2006: 17.5%) of the estimated assessable profits for the year.
- (iii) Provision for Macau Complementary Tax for the years ended 31 July 2006 and 2007 is calculated at 12% of the estimated assessable profits for the respective years.

- (i) 根據開曼群島及英屬處女群島(「英屬處女群島」)的規則及法規，本集團毋須繳納開曼群島及英屬處女群島的任何所得稅。
- (ii) 二零零七年香港利得稅撥備按各年的估計應課稅溢利的17.5%(二零零六年：17.5%)計算。
- (iii) 截至二零零六年七月三十一日及二零零七年七月三十一日止年度的澳門所得補充稅撥備，乃按個別年內的估計應課溢利的12%計算。

In June 2006, the Group's operations in Macau, previously undertaken by Delvan Limited ("Delvan"), were transferred to Ta Yang Group (Macao Commercial Offshore) Limited ("MCO") and thereafter Delvan ceased to carrying on any business. MCO was incorporated as a commercial offshore entity in Macau and is exempt from Macau Complementary Tax.

於二零零六年六月，本集團先前由Delvan Limited(「Delvan」)經營的澳門業務已轉讓予大洋集團(澳門離岸商業服務)有限公司(「大洋澳門」)，而Delvan其後已終止經營任何業務。大洋澳門在澳門註冊成立為離岸商業服務機構，獲豁免繳納澳門所得補充稅。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong dollars)
(以港元列值)

7 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT (Continued)

(b) Reconciliation between actual tax (credit)/expense and accounting profit at applicable tax rates: (Continued)

Notes: (Continued)

(iv) Pursuant to the income tax rules and regulations of the PRC, the companies comprising the Group in the PRC are liable to PRC enterprise income tax as follows:

- Dongguan Ta Yang Silicone Rubber Industrial Company Limited is an approved foreign investment product export oriented enterprise during the years ended 31 July 2006 and 2007 and eligible to a preferential tax rate of 12%.
- Dongguan Tay Yang Rubber Plastic Industrial Company Limited ("Dongguan Tay Yang"), Huzhou Ta Yang Electronic Technology Company Limited ("Huzhou Ta Yang") and Dongguan Tai Yang Rubber Plastic Industrial Company Limited ("Dongguan Tai Yang") are foreign investment enterprises and are entitled to tax concessions whereby the profit for the first two financial years beginning with the first profit-making year is exempted from income tax in the PRC and the profit for each of the subsequent three years is taxed at 50% of the prevailing tax rate.
- Dongguan Tay Yang is entitled to a preferential tax rate of 24%. The first profit-making year of Dongguan Tay Yang is 2005. Accordingly, Dongguan Tay Yang is exempted from PRC income tax from 1 January 2005 to 31 December 2006 and is entitled to a 50% exemption of income tax from 1 January 2007 to 31 December 2009.

7 綜合收益表內的所得稅(續)

(b) 實際稅項(回撥)／開支與按適用稅率計算會計溢利的對賬：(續)

附註：(續)

(iv) 根據中國所得稅規則及法規，組成本集團的各家中國公司須繳納中國企業所得稅如下：

- 東莞大洋硅膠製品有限公司於截至二零零六年及二零零七年七月三十一日止年度內乃核准外資產品出口企業，可享有12%優惠稅率。
- 東莞泰洋橡膠製品有限公司(「東莞泰洋」)、湖州大洋電子科技有限公司(「湖州大洋」)與東莞大洋橡膠製品有限公司(「東莞大洋」)為外資企業，可享有稅項減免，據此，首個獲利年度起計首兩個財政年度的溢利可豁免繳納中國所得稅，其後三年各年的溢利按適用稅率減半納稅。
- 東莞泰洋享有24%的優惠稅率。東莞泰洋的首個獲利年度為二零零五年。因此，該公司自二零零五年一月一日起至二零零六年十二月三十一日間豁免繳納中國所得稅，自二零零七年一月一日起至二零零九年十二月三十一日間享有50%的所得稅減免。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong dollars)
(以港元列值)

7 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT (Continued)

7 綜合收益表內的所得稅(續)

(b) Reconciliation between actual tax (credit)/expense and accounting profit at applicable tax rates: (Continued)

(b) 實際稅項(回撥)／開支與按適用稅率計算會計溢利的對賬：(續)

Notes: (Continued)

附註：(續)

(iv) (Continued)

(iv) (續)

- Huzhou Ta Yang is entitled to a preferential tax rate of 26.4%. The first profit-making year of Huzhou Ta Yang is 2004. Accordingly, Huzhou Ta Yang is exempted from PRC income tax from 1 January 2004 to 31 December 2005 and is entitled to a 50% exemption of income tax from 1 January 2006 to 31 December 2008.
- Dongguan Tai Yang is entitled to a preferential tax rate of 24% and it sustained tax losses during the years ended 31 July 2006 and 2007.

- 湖洲大洋享有26.4%的優惠稅率。湖洲大洋的首個獲利年度為二零零四年。因此，湖洲大洋自二零零四年一月一日起至二零零五年十二月三十一日間豁免繳納中國所得稅，自二零零六年一月一日起至二零零八年十二月三十一日間享有50%的所得稅減免。
- 東莞泰洋享有24%的優惠稅率，並於截至二零零六年及二零零七年七月三十一日止年度內維持稅務虧損。

(v) This represents the tax effect of income generated from Dongguan Tai Yang and Huzhou Ta Yang which are exempted from income tax as mentioned above.

(v) 該項指東莞泰洋及湖洲大洋於各年如上文所述豁免繳納所得稅後收入的稅務影響。

(vi) This represents the tax refund for the purchase of equipment produced in the PRC.

(vi) 該項指購買中國生產設備的退稅。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong dollars)

(以港元列值)

8 DIRECTORS' REMUNERATION

8 董事酬金

Directors' remuneration disclosed pursuant to section 161 of the Hong Kong Companies Ordinance is as follows:

根據香港公司條例第161節披露的董事酬金詳情如下：

Year ended 31 July 2007

截至二零零七年七月三十一日止年度

	Directors' fees	Basic salaries, allowances and other benefits	Contributions to retirement benefit schemes	Discretionary bonus	Sub-total	Share-based payments (note)	Total
	董事袍金	基本薪金、津貼及其他福利	退休福利計劃供款	酌情花紅	小計	以股份為基礎支付(附註)	總計
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	千元	千元	千元	千元	千元	千元	千元
<i>Executive directors</i> 執行董事							
Huang Chi-Wei 黃琦偉	-	751	33	-	784	50	834
Huang Sheng-Shun 黃勝舜	-	1,251	53	-	1,304	86	1,390
Huang Te-Wei 黃德威	-	438	20	-	458	36	494
Lin Hung-Ming 林宏明	-	571	26	-	597	50	647
Wong Tak Leung 黃德良	-	585	20	45	650	43	693
Wu Ih Chen 吳意誠	-	1,183	52	-	1,235	71	1,306
<i>Independent non-executive directors</i> 獨立非執行董事							
Chuang Hong-Jen 莊宏仁	25	-	-	-	25	-	25
Yeung Chi Tat 楊志達	38	-	-	-	38	-	38
Hsieh Yu 謝裕	25	-	-	-	25	-	25
Total 總計	88	4,779	204	45	5,116	336	5,452

Year ended 31 July 2006

截至二零零六年七月三十一日止年度

<i>Executive directors</i> 執行董事							
Huang Chi-Wei 黃琦偉	-	737	-	4,000	4,737	-	4,737
Huang Sheng-Shun 黃勝舜	-	203	-	4,000	4,203	-	4,203
Huang Te-Wei 黃德威	-	141	-	-	141	-	141
Wong Tak Leung 黃德良	-	529	18	90	637	-	637
Wu Ih Chen 吳意誠	-	629	-	4,000	4,629	-	4,629
Total 總計	-	2,239	18	12,090	14,347	-	14,347

Note: These represent the estimated value of Pre-IPO Share Options granted to the directors under the Company's share option scheme. The value of these share options is measured according to the Group's accounting policies for share-based payment transactions as set out in note 1(o).

附註：此項指根據本公司購股權計劃授予董事的首次公開發售前購股權的預計價值。該等購股權乃按照上文附註1(o)所述本集團有關以股份為基礎的付款交易的會計政策計算。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong dollars)
(以港元列值)

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS 9 最高薪酬人士

The five highest paid employees of the Group for the year ended 31 July 2007 are as follows:

截至二零零七年七月三十一日止年度，本集團五名最高薪酬人士如下：

		2007 二零零七年	2006 二零零六年
Directors	董事	5	4
Other individuals	其他人士	-	1
		5	5

The emoluments of the directors are disclosed in Note 8. The emoluments in respect of the other individuals are as follows:

董事薪酬已於附註8內披露。該等其他人士的薪酬如下：

		2007 二零零七年 \$'000 千元	2006 二零零六年 \$'000 千元
Salaries and other emoluments	薪金及其他薪酬	-	656
Discretionary bonus	酌情花紅	-	-
		-	656

The emoluments of the individuals with the highest emoluments are within the following bands:

最高薪酬人士的薪酬介乎以下幅度：

		2007 二零零七年 Number of individuals 人數	2006 二零零六年 Number of individuals 人數
Nil - \$1,000,000	零港元至1,000,000港元	-	1

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong dollars)
(以港元列值)

10 PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The consolidated profit attributable to equity shareholders of the Company includes a profit of \$4,058,000 (2006: Nil) which has been dealt with in the financial statements of the Company.

11 DIVIDENDS

Dividends payable to equity shareholders attributable to the year:

Interim dividends declared and paid (Note (a))	宣派及已派付的中期股息 (附註(a))	80,000	219,500
Final dividend proposed after the balance sheet date of \$0.06 per share (2006: \$Nil) (Note (b))	於結算日後建議的末期股息 每股0.06港元(二零零六年:零) (附註(b))	48,000	—
		128,000	219,500

- (a) The interim dividends represent dividends declared and paid by certain companies now comprising the Group to their then shareholders before they became subsidiaries of the Company.
- (b) The final dividend proposed after balance sheet date has not been recognised as a liability at the balance sheet date.

10 本公司權益持有人應佔溢利

本公司權益持有人應佔綜合溢利包括已於本公司財務報表處置的溢利為數4,058,000港元(二零零六年:零港元)。

11 股息

年內應付權益持有人股息:

2007 二零零七年 \$'000 千元	2006 二零零六年 \$'000 千元
80,000	219,500
48,000	—
128,000	219,500

- (a) 中期股息指若干現時組成本集團的公司在成為本公司附屬公司前向彼等當時的股東宣派及派付的股息。
- (b) 於結算日後建議的末期股息並未於結算日確認為負債。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong dollars)
(以港元列值)

12 EARNINGS PER SHARE

The calculation of basic earnings per share for the years presented is based on the profit attributable to equity shareholders of the Company for the years and on the assumption that 800,000,000 shares were in issue as if the shares issued as at the date the Company became the holding company of the Group were outstanding throughout the entire period.

Diluted earnings per share is calculated based on the weighted average number of shares in issue adjusted for the potential dilutive effect caused by the share options under the Pre-IPO Share Option Scheme (Note 28) assuming that they were exercised on the grant date, 16 May 2007. No diluted earnings per share for the year ended 31 July 2006 is presented as there were no potential dilutive shares outstanding. Weighted average number of shares (diluted) is as follows:

		2007 二零零七年	2006 二零零六年
Number of shares at 31 July	於七月三十一日的股份數目	800,000,000	800,000,000
Effect of deemed issue of shares under the Company's share option scheme	本公司購股權計劃下 視作發行股份的影響	700,292	—
Weighted average number of shares (diluted) at 31 July	於七月三十一日 (攤薄) 股份的加權平均數	800,700,292	800,000,000

12 每股盈利

呈列的年內每股基本盈利乃按年內本公司權益持有人應佔溢利計算，並假設該800,000,000股股份已發行，猶如本公司成為本集團控股公司當日發行的股份於整段期間已發行在外。

每股攤薄盈利乃按已發行股份的加權平均數經調整因首次公開發售前購股權計劃(附註28)授出的購股權假設於二零零七年五月十六日授出日獲行使的潛在攤薄影響後計算。由於並無潛在攤薄股份發行在外，故並無呈列截至二零零六年七月三十一日止年度每股攤薄盈利。(攤薄)股份的加權平均數目如下：

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong dollars)

(以港元列值)

13 PROPERTY, PLANT AND EQUIPMENT

13 物業、廠房及設備

The Group

本集團

		Properties held for own use 持作自用物業 \$'000 千元	Motor vehicles 汽車 \$'000 千元	Plant and machinery 廠房及機器 \$'000 千元	Furniture, fixtures and equipment 傢俬、裝置及設備 \$'000 千元	Leasehold improvements 租賃物業裝修 \$'000 千元	Total 總計 \$'000 千元
Cost:	成本值：						
At 1 August 2005	於二零零五年八月一日	9,810	3,509	129,954	21,349	17,350	181,972
Exchange adjustments	匯兌調整	30	34	1,264	198	162	1,688
Additions	添置	7,940	587	15,557	7,255	3,859	35,198
Disposals	出售	-	-	(121)	(627)	(625)	(1,373)
At 31 July 2006	於二零零六年七月三十一日	17,780	4,130	146,654	28,175	20,746	217,485
At 1 August 2006	於二零零六年八月一日	17,780	4,130	146,654	28,175	20,746	217,485
Exchange adjustments	匯兌調整	106	124	4,398	825	568	6,021
Additions	添置	4,688	610	54,641	6,840	18,567	85,346
Transfer from construction in progress (Note 14)	轉撥自在建工程(附註14)	45,317	-	2,790	1,272	5,119	54,498
Disposals	出售	-	-	(2,606)	(524)	-	(3,130)
At 31 July 2007	於二零零七年七月三十一日	67,891	4,864	205,877	36,588	45,000	360,220
Accumulated depreciation:	累計折舊：						
At 1 August 2005	於二零零五年八月一日	1,569	2,412	48,478	12,219	13,964	78,642
Exchange adjustments	匯兌調整	2	23	471	111	129	736
Charge for the year	年度開支	283	273	10,936	2,426	2,015	15,933
Write back on disposals	出售時撥回	-	-	(109)	(627)	(625)	(1,361)
At 31 July 2006	於二零零六年七月三十一日	1,854	2,708	59,776	14,129	15,483	93,950
At 1 August 2006	於二零零六年八月一日	1,854	2,708	59,776	14,129	15,483	93,950
Exchange adjustments	匯兌調整	8	82	1,859	415	460	2,824
Charge for the year	年度開支	1,269	347	13,298	3,619	2,345	20,878
Write back on disposals	出售時撥回	-	-	(2,327)	(472)	-	(2,799)
At 31 July 2007	於二零零七年七月三十一日	3,131	3,137	72,606	17,691	18,288	114,853
Net book value:	賬面淨值：						
31 July 2007	於二零零七年七月三十一日	64,760	1,727	133,271	18,897	26,712	245,367
31 July 2006	於二零零六年七月三十一日	15,926	1,422	86,878	14,046	5,263	123,535

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong dollars)
(以港元列值)

13 PROPERTY, PLANT AND EQUIPMENT (Continued)

The analysis of net book value of properties held for own use is as follows:

		2007 二零零七年 \$'000 千元	2006 二零零六年 \$'000 千元
Medium-term leases	中期租賃		
– In Hong Kong	– 位於香港	9,993	10,228
– Outside Hong Kong	– 香港境外	54,767	5,698
		64,760	15,926

13 物業、廠房及設備 (續)

持作自用物業的賬面淨值分析如下：

14 CONSTRUCTION IN PROGRESS

14 在建工程

		The Group 本集團	
		2007 二零零七年 \$'000 千元	2006 二零零六年 \$'000 千元
At 1 August	於八月一日	32,970	551
Exchange adjustments	匯兌調整	990	5
Additions	添置	21,539	32,414
Transfer to property, plant and equipment (Note 13)	轉入物業、廠房及設備 (附註13)	(54,498)	–
At 31 July	於七月三十一日	1,001	32,970

The balance at 31 July 2006 mainly represents construction in progress in respect of the new factory plant at Huzhou, the PRC, which was completed during the second quarter of 2007.

於二零零六年七月三十一日的結餘主要指位於中國湖州新廠房的在建工程，該廠已於二零零七年第二季竣工。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong dollars)
(以港元列值)

15 LEASE PREPAYMENTS

The lease prepayments represent cost of the land use rights in respect of land located in the PRC, on which the Group's factory plants are built. The remaining period of the land use rights of the Group ranges from 37 to 49 years.

15 租賃預付款項

租賃預付款項指有關位於中國的土地(本集團在該幅土地上建有廠房)的土地使用權的成本值。本集團土地使用權的剩餘期限介乎37至49年不等。

16 INVESTMENTS IN SUBSIDIARIES

16 於附屬公司的投資

		The Company 本公司	
		2007 二零零七年	2006 二零零六年
		\$'000 千元	\$'000 千元
Unlisted shares, at cost	非上市股份，按成本值	104,149	—

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

下表僅載列主要影響本集團業績、資產或負債的附屬公司的詳情。除非另有所指，否則所持有的股份類別均為普通股。

Name of company 公司名稱	Place of incorporation and operation 註冊成立及營運地點	Particulars of issued and paid up capital 已發行及繳足股本詳情	Attributable equity interest held by the Company 應佔本公司所持股本權益		Principal activities 主要業務
			Directly 直接	Indirectly 間接	
Ta Yang Group Limited ("Ta Yang BVI") 大洋集團有限公司 (「Ta Yang BVI」)	BVI 英屬處女群島	11,930,811 shares of US\$1 each 11,930,811股每股 面值1美元的股份	100%	—	Investment holding 投資控股

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong dollars)
(以港元列值)

16 INVESTMENTS IN SUBSIDIARIES

(Continued)

16 於附屬公司的投資(續)

Name of company 公司名稱	Place of incorporation and operation 註冊成立及 營運地點	Particulars of issued and paid up capital 已發行及 繳足股本詳情	Attributable equity interest held by the Company 應佔本公司所持股本權益		Principal activities 主要業務
			Directly 直接	Indirectly 間接	
Ta Yang Silicone Rubber Industrial Company Limited ("TYSR") 大洋矽橡膠工業有限公司 (「TYSR」)	Hong Kong 香港	1,000,000 shares of \$1 each 1,000,000股每股 面值1港元的股份	–	100%	Trading of silicone rubber 買賣矽膠
China Top Investments Limited ("China Top") 中台投資有限公司 (「中台」)	Hong Kong 香港	1,000,000 shares of \$1 each 1,000,000股每股 面值1港元的股份	–	100%	Investment holding 投資控股
Ta Yang Group (Macao Commercial Offshore) Limited ("MCO") 大洋集團(澳門離岸商業 服務)有限公司 (「大洋澳門」)	Macau 澳門	1 share of MOP100,000 each 1股面值100,000 澳門元的股份	–	100%	Trading of silicone rubber 買賣矽膠
東莞大洋矽膠製品有限公司 (Dongguan Ta Yang Silicone Rubber Industrial Company Limited) ("Dongguan Ta Yang")	PRC	\$86,000,000	–	100%	Manufacturing of silicone rubber
東莞大洋矽膠製品 有限公司(「東莞大洋」)	中國	86,000,000港元			製造矽膠

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong dollars)
(以港元列值)

16 INVESTMENTS IN SUBSIDIARIES

(Continued)

16 於附屬公司的投資(續)

Name of company 公司名稱	Place of incorporation and operation 註冊成立及 營運地點	Particulars of issued and paid up capital 已發行及 繳足股本詳情	Attributable equity interest held by the Company 應佔本公司所持股本權益		Principal activities 主要業務
			Directly 直接	Indirectly 間接	
Dongguan Tay Yang Rubber Plastic Industrial Company Limited ("Dongguan Tay Yang") 東莞泰洋橡塑製品 有限公司(「東莞泰洋」)	PRC 中國	\$5,000,000 5,000,000港元	–	100%	Manufacturing of silicone rubber 製造矽膠
Dongguan Tai Yang Rubber Plastic Industrial Company Limited ("Dongguan Tai Yang") 東莞太洋橡塑製品 有限公司(「東莞太洋」)	PRC 中國	\$5,000,000 (note ii) 5,000,000港元 (附註ii)	–	100%	Manufacturing of silicone rubber 製造矽膠
Huzhou Ta Yang Electronic Technology Company Limited ("Huzhou Ta Yang") 湖州大洋電子科技 有限公司(「湖州大洋」)	PRC 中國	US\$24,646,158 (note iii) 24,646,158美元 (附註iii)	–	100%	Manufacturing of silicone rubber 製造矽膠

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong dollars)
(以港元列值)

16 INVESTMENTS IN SUBSIDIARIES

(Continued)

16 於附屬公司的投資(續)

Name of company 公司名稱	Place of incorporation and operation 註冊成立及 營運地點	Particulars of issued and paid up capital 已發行及 繳足股本詳情	Attributable equity interest held by the Company 應佔本公司所持股本權益		Principal activities 主要業務
			Directly 直接	Indirectly 間接	
Star Epoch Trading Limited ("Star Epoch")	BVI	1 share of US\$1 each	-	100%	Investment holding
Star Epoch Trading Limited(「Star Epoch」)	英屬處女群島	1股面值1美元的股份			投資控股
Delvan Limited ("Delvan")	BVI	10,000 shares of US\$1 each	-	100%	Dormant
Delvan Limited(「Delvan」)	英屬處女群島	10,000股 每股面值1美元的股份			暫無營業
Elegant Giant Holdings Limited ("Elegant")	BVI	10,000 shares of US\$1 each	-	100%	Investment holding
鉅麗控股有限公司 (「鉅麗」)	英屬處女群島	10,000股 每股面值1美元的股份			投資控股

(i) All entities established in the PRC are wholly foreign owned enterprises.

(ii) Registered capital of Dongguan Tai Yang is \$18,000,000 of which \$5,000,000 has been paid up by the Group at 31 July 2007. The outstanding amount of \$13,000,000 will be due for contribution on 16 March 2008.

(iii) Registered capital of Huzhou Ta Yang is US\$27,000,000 of which US\$24,646,158 has been paid up by the Group at 31 July 2007. The outstanding amount of US\$2,353,842 will be due for contribution on 30 November 2007.

(i) 所有在中國成立的實體均為外商獨資企業。

(ii) 東莞太洋的註冊資本為18,000,000港元，其中5,000,000港元已於二零零七年七月三十一日由本集團繳足。尚未繳足的餘款13,000,000港元將於二零零八年三月十六日到期支付。

(iii) 湖州大洋的註冊資本為27,000,000美元，其中24,646,158美元已於二零零七年七月三十一日由本集團繳足。尚未繳足的餘款2,353,842美元將於二零零七年十一月三十日到期支付。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong dollars)

(以港元列值)

17 INTEREST IN ASSOCIATE

17 於聯營公司中的權益

	2007 二零零七年 \$'000 千元	2006 二零零六年 \$'000 千元
Share of net assets 股份資產淨值	1,328	—

The associate was transferred to the Group on 18 September 2006 (see Note 31).

該聯營公司於二零零六年九月十八日轉讓予本集團。(見附註31)。

(a) Particulars of the associate, which is an unlisted corporate entity, are as follows:

(a) 該聯營公司為非上市法團實體，詳情如下：

Name of company 公司名稱	Place of incorporation and operation 註冊成立及經營地點	Particulars of issued and paid up capital 已發行及繳足資本詳情	Group's effective interest held by a subsidiary 本集團由一家附屬公司持有的實際權益	Principal activity 主要業務
SiTY Silcum & Ta Yang International GmbH ("SiTY")	Germany	2 ordinary shares of Euro125,000 each	50%	Trading of silicone tiles and electrical switching systems and related items
SiTY Silcum & Ta Yang International GmbH ("SiTY")	德國	2股面值每股125,000歐元的普通股		矽膠瓷磚及電掣系統及相關項目貿易

Notes to the Financial Statements 財務報表附註

(Expressed in Hong Kong dollars)
(以港元列值)

17 INTEREST IN ASSOCIATE (Continued) 17 於聯營公司中的權益(續)

(b) Summary financial information:

		Assets	Liabilities	Equity	Revenues	Profit
		資產	負債	權益	收益	除稅後溢利
		\$'000	\$'000	\$'000	\$'000	\$'000
		千元	千元	千元	千元	千元
2007	二零零七年					
100%	100%	7,841	5,185	2,657	17,907	77
Group's effective	本集團的					
interest	實際權益	3,921	2,593	1,328	8,444	50

The Group does not have undertakings, legal or constructive obligations to make payments in connection with the associate.

(b) 財務資料概要：

本集團並無為該聯營公司作出付款而擁有任何承諾、法律或推定責任。

18 INVENTORIES

18 存貨

		The Group	
		本集團	
		2007	2006
		二零零七年	二零零六年
		\$'000	\$'000
		千元	千元
Raw materials	原材料	64,731	57,987
Work in progress	半製成品	26,251	8,794
Finished goods	製成品	22,723	15,461
		113,705	82,242

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong dollars)
(以港元列值)

18 INVENTORIES (Continued)

The analysis of the amount of inventories recognised as an expense is as follows:

Carrying amount of inventories sold 已售存貨賬面值

18 存貨(續)

確認為開支的存貨金額分析如下：

2007 二零零七年 \$'000 千元	2006 二零零六年 \$'000 千元
410,670	350,652

19 TRADE RECEIVABLES

Trade receivables:

- from third parties
- from an associate (Note 31(b))
- from related companies
(Note 31(b))

應收貿易賬款：

- 應收第三方
- 應收聯營公司(附註31(b))
- 應收關連公司(附註31(b))

		The Group 本集團	
		2007 二零零七年 \$'000 千元	2006 二零零六年 \$'000 千元
		204,045	164,219
		3,757	-
		-	12,232
		207,802	176,451

All of the trade receivables (including amounts due from the associate and related companies) are expected to be recovered within one year.

19 應收貿易賬款

預計所有應收貿易賬款(包括應收聯營公司及關連公司款項)均會於一年內收回。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong dollars)
(以港元列值)

19 TRADE RECEIVABLES (Continued)

An ageing analysis of the trade receivables (net of impairment losses for bad and doubtful debts) is as follows:

Current	即期	
Within 1 to 3 months	一個月至三個月內	
More than 3 months but less than 12 months	三個月以上但少於十二個月	
More than 12 months	十二個月以上	

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

United States dollars	美元
Euros	歐元
Taiwan dollars	新台幣

20 AMOUNTS DUE FROM/(TO) SUBSIDIARIES

Amounts due from/(to) subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

19 應收貿易賬款(續)

應收貿易賬款(扣除呆壞賬減值虧損)的賬齡分析如下:

The Group 本集團	
2007 二零零七年 \$'000 千元	2006 二零零六年 \$'000 千元
88,596	106,334
87,235	55,197
31,706	14,920
265	-
207,802	176,451

應收貿易賬款內包括下列以相關實體的功能貨幣以外的貨幣列值的金額:

The Group 本集團	
2007 二零零七年 '000 千	2006 二零零六年 '000 千
US\$21,697 美元	US\$14,341 美元
EUR1,867 歐元	EUR639 歐元
NTD1,038 新台幣	NTD19,109 新台幣

20 應收/(應付)附屬公司的款項

應收/(應付)附屬公司的款項均為無抵押，免息及無既定還款條件。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong dollars)

(以港元列值)

21 CASH AND CASH EQUIVALENTS

21 現金及現金等價物

		The Group 本集團		The Company 本公司	
		2007 二零零七年 \$'000 千元	2006 二零零六年 \$'000 千元	2007 二零零七年 \$'000 千元	2006 二零零六年 \$'000 千元
Deposits with banks	銀行存款	571,137	17,566	557,915	-
Cash at bank and in hand	銀行及手頭現金	38,118	23,854	3,310	77
Cash and cash equivalents in the balance sheets	資產負債表內的 現金及現金等值物	609,255	41,420	561,225	77
Bank overdrafts (Note 22)	銀行透支(附註22)	-	(6,297)		
Cash and cash equivalents in the consolidated cash flow statement	綜合現金流量表 內的現金及現金 等價物	609,255	35,123		

As at 31 July 2007, cash and bank balances that were placed with banks in the PRC and included in the cash and cash equivalents above amounted to RMB14,853,000 (2006: RMB19,646,000). Remittance of funds out of the PRC is subject to the exchange restriction imposed by the PRC government.

Included in cash and cash equivalents are the following amounts denominated in a currency other than the functional currency of the entity to which they relate:

於二零零七年七月三十一日，計入上述現金及現金等值物的現金及存於中國的銀行的銀行結餘達人民幣14,853,000元(二零零六年：人民幣19,646,000元)。將資金匯出中國須受中國政府頒佈的外匯管制所限。

現金及現金等值物內包括下列以相關實體的功能貨幣以外的貨幣列值的金額：

		The Group 本集團	
		2007 二零零七年 '000 千	2006 二零零六年 '000 千
United States dollars	美元	US\$3,503 美元	US\$1,822 美元

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong dollars)
(以港元列值)

22 BANK LOANS AND OVERDRAFTS 22 銀行貸款及透支

		The Group 本集團	
		2007 二零零七年	2006 二零零六年
		\$'000 千元	\$'000 千元
Unsecured bank overdrafts repayable on demand (Note 21)	按要求償還的無抵押 銀行透支(附註21)	-	6,297
Secured bank loans repayable within one year	於一年內償還的有 抵押銀行貸款	50,000	90,000
		50,000	96,297

At 31 July 2007, the Group's banking facilities were secured by a corporate guarantee provided by the Company. At 31 July 2006, the Group's banking facilities were secured by personal guarantees provided by the directors which have been released in June 2007.

At 31 July 2007, the drawn down loan balance is repayable within one year and bearing interest at a rate of HIBOR plus 0.65% per annum (2006: HIBOR plus 0.65% per annum), which ranged from 4.6% to 5.3% (2006: 4.9% to 5.2%) during the year.

於二零零七年七月三十一日，本集團的銀行融資額以本公司提供的公司擔保作為抵押。於二零零六年七月三十一日，本集團的銀行融資額以由董事提供、已於二零零七年六月解除的個人擔保作為抵押。

於二零零七年七月三十一日，支取的貸款結餘須於一年內償還，銀行貸款按香港銀行同業拆息加年利率0.65厘計算(二零零六年：香港銀行同業拆息加年利率0.65厘)，期內介乎4.6厘至5.3厘(二零零六年：4.9厘至5.2厘)。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong dollars)
(以港元列值)

22 BANK LOANS AND OVERDRAFTS **22 銀行貸款及透支(續)**

(Continued)

The Group has banking facilities with several banks as follows:

本集團擁有多間銀行的銀行融資額如下：

		2007	2006
		二零零七年	二零零六年
		\$'000	\$'000
		千元	千元
Banking facilities available	可提供的銀行融資額	424,939	309,119
Amounts utilised	已動用額度：		
Bank loans	銀行貸款	50,000	90,000
Bills payable (Note 23)	應付票據(附註23)	1,261	20,910
		51,261	110,910
Banking facilities not utilised	未動用的銀行融資額	373,678	198,209

23 TRADE AND BILLS PAYABLES**23 應付貿易賬款及票據**

		The Group	
		本集團	
		2007	2006
		二零零七年	二零零六年
		\$'000	\$'000
		千元	千元
Trade payables	應付貿易賬款	44,417	26,368
Bills payable (Note 22)	應付貿易票據(附註22)	1,261	20,910
		45,678	47,278

All of the trade and bills payables are expected to be settled within one year.

預計所有應付貿易賬款及票據均會於一年內結清。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong dollars)
(以港元列值)

23 TRADE AND BILLS PAYABLES

(Continued)

An ageing analysis of trade and bills payables is as follows:

		2007 二零零七年 \$'000 千元	2006 二零零六年 \$'000 千元
Due within 1 month or on demand	一個月內到期或按要求償還	16,481	19,783
Due after 1 month but within 3 months	一個月後但三個月內到期	25,719	24,998
Due after 3 months but within 6 months	三個月後但六個月內到期	2,254	1,958
Due after 6 months but within 1 year	六個月後但一年內到期	1,224	539
		45,678	47,278

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

		2007 二零零七年 '000 千元	2006 二零零六年 '000 千元
United States dollars	美元	US\$2,178 美元	US\$5,796美元

23 應付貿易賬款及票據 (續)

應付貿易賬款及票據的賬齡分析如下：

應付貿易賬款及票據內包括下列以相關實體的功能貨幣以外的貨幣列值的金額：

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong dollars)

(以港元列值)

24 AMOUNTS DUE TO DIRECTORS

Amounts due to directors were unsecured, interest-free and fully repaid during the year ended 31 July 2007.

24 應付董事款項

應付董事款項為無抵押、免息及於截至二零零七年七月三十一日止年內全數清還。

25 INCOME TAX (RECOVERABLE)/ PAYABLE IN THE CONSOLIDATED BALANCE SHEET**25 綜合資產負債表內的(可收回)/應付所得稅**

		2007 二零零七年 \$'000 千元	2006 二零零六年 \$'000 千元
Provision for the year:	期內撥備：		
– Hong Kong Profits Tax	– 香港利得稅	2,005	3,599
– Macau tax	– 澳門稅項	–	9,342
– PRC income tax	– 中國所得稅	2,339	5,698
PRC income tax paid	已付中國所得稅	(271)	(2,386)
		4,073	16,253
Balance of tax provision relating to prior years	與過往年度有關的稅項撥備結餘	46,923	45,709
		50,996	61,962
Representing:	代表：		
Tax recoverable	可收回稅項	–	(296)
Tax payable	應付稅項	50,996	62,258
		50,996	61,962

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong dollars)
(以港元列值)

26 DEFERRED TAX ASSETS AND LIABILITIES RECOGNISED IN THE CONSOLIDATED BALANCE SHEET

The components of deferred tax (assets)/liabilities recognised in the consolidated balance sheet and the movements during the year are as follows:

The Group

		Depreciation allowances in excess of the related depreciation	Unrealised profits on inventories	Total
		超出相關折舊免稅額的折舊撥備	存貨的未變現溢利	總計
		\$'000	\$'000	\$'000
		千元	千元	千元
Deferred tax arising from:	因以下事項產生的遞延稅項：			
At 1 August 2005	於二零零五年八月一日	23	(1,196)	(1,173)
Charged/(credited) to profit or loss	自損益表扣除/ (計入損益表)	55	(3,007)	(2,952)
At 31 July 2006	於二零零六年七月三十一日	78	(4,203)	(4,125)
At 1 August 2006	於二零零六年八月一日	78	(4,203)	(4,125)
Charged to profit or loss	自損益表扣除	65	3,318	3,383
At 31 July 2007	於二零零七年七月三十一日	143	(885)	(742)

26 於綜合資產負債表內確認的遞延稅項資產與負債

於綜合資產負債表內確認的遞延稅項(資產)/負債的組成部分，以及有關期間內的變動如下：

本集團

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong dollars)
(以港元列值)

26 DEFERRED TAX ASSETS AND LIABILITIES RECOGNISED IN THE CONSOLIDATED BALANCE SHEET

(Continued)

26 於綜合資產負債表內確認的遞延稅項資產與負債(續)

		2007 二零零七年 \$'000 千元	2006 二零零六年 \$'000 千元
Net deferred tax assets recognised in the consolidated balance sheet	於綜合資產負債表內確認的遞延稅項資產淨值	(885)	(4,203)
Net deferred tax liabilities recognised in the consolidated balance sheet	於綜合資產負債表內確認的遞延稅項負債淨值	143	78
		(742)	(4,125)

27 EMPLOYEE RETIREMENT BENEFITS

The Group participates in pension schemes organised by the PRC government whereby the Group is required to pay annual contributions at rates ranging from 14.5 per cent to 22 per cent (2006: 14.5 per cent to 20 per cent) of the standard wages determined by the relevant authorities in the PRC.

27 僱員退休福利

本集團參加中國政府組織的退休金計劃。據此，本集團須按中國相關機關釐定的僱員標準工資的比率：介乎14.5%至22%（二零零六年：14.5%至20%）支付年度供款。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong dollars)
(以港元列值)

27 EMPLOYEE RETIREMENT BENEFITS (Continued)

The Group also operates a Mandatory Provident Fund Scheme ("the MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement scheme administered by independent trustees. Under the MPF scheme, the Group and its employees are each required to make contributions to the scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$20,000. Contributions to the scheme vest immediately.

Save for the above schemes, the Group has no other material obligation for payment of retirement benefits beyond the contributions.

28 EQUITY-SETTLED SHARE BASED PAYMENTS

Pursuant to the shareholders' written resolution passed on 16 May 2007, the Company adopted a pre IPO share option scheme ("the Pre-IPO Option Scheme") whereby the directors and 91 employees of the Company and its subsidiaries were given the rights to subscribe for shares of the Company, the subscription price per share pursuant to the Pre-IPO Option Scheme is \$2.20 representing a 37.1% discount to the international offering price.

27 僱員退休福利(續)

本集團根據香港強制性公積金計劃條例為根據香港僱傭條例聘用的僱員設立強制性公積金計劃(「強積金計劃」)。強積金計劃屬於定額供款退休計劃，由獨立受託人管理。根據強積金計劃，本集團及其僱員均須各自按僱員有關入息5%對計劃作出供款，而供款額以有關每月入息20,000港元為上限。計劃的供款於作出後即屬僱員所有。

除上述計劃外，本集團於供款以外，並無任何其他須支付退休福利的重大責任。

28 股本結算以股份為基礎的付款

根據於二零零七年五月十六日通過的股東書面決議案，本公司採納首次公開售股前購股權計劃(「首次公開售股前購股權計劃」)。據此，董事以及本公司及其附屬公司的91名僱員獲授權認購本公司的股份，根據首次公開售股前購股權計劃每股認購價為2.20元，較全球發售價折讓37.1%。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong dollars)
(以港元列值)

28 EQUITY-SETTLED SHARE BASED PAYMENTS (Continued)

The total number of shares which may be issued upon the exercise of all options granted under the Pre-IPO Option Scheme is 9,070,000 shares which were fully granted on 16 May 2007. No further options would be granted under the Pre-IPO Option Scheme on or after the Listing Date.

- (a) The terms and conditions of the grants that existed during the year are as follows, whereby all options are settled by physical delivery of shares:

Options granted under the Pre-IPO Option Scheme have a vesting period of one to five years commencing from the Listing Date and the options are exercisable for a period of ten years. The Group has no legal or constructive obligation to repurchase or settle the option in cash.

28 股本結算股份付款(續)

於二零零七年五月十六日，因行使首次公開售股前購股權計劃的所有購股權可能發行合共9,070,000股股份。本公司於上市日期或之後，不會再根據首次公開售股前購股權計劃進一步授出購股權。

- (a) 以下為期內的授出購股權的條款及條件，而所有購股權均透過實物交付股份結算：

首次公開發售前購股權計劃所授購股權的歸屬期由上市日期起計為期一至五年，行使期為十年。本集團並無法律或推定責任以現金購回或結算購股權。

Vesting conditions		Number of	Number of	Total
		options granted to directors	options granted to employees	
歸屬條件		授予董事的購股權數目	授予僱員的購股權數目	總計
1st anniversary of the Listing Date	上市日期後一週年	430,000	1,384,000	1,814,000
2nd anniversary of the Listing Date	上市日期後兩週年	430,000	1,384,000	1,814,000
3rd anniversary of the Listing Date	上市日期後三週年	430,000	1,384,000	1,814,000
4th anniversary of the Listing Date	上市日期後四週年	430,000	1,384,000	1,814,000
5th anniversary of the Listing Date	上市日期後五週年	430,000	1,384,000	1,814,000
		2,150,000	6,920,000	9,070,000

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong dollars)
(以港元列值)

28 EQUITY-SETTLED SHARE BASED PAYMENTS (Continued)

28 股本結算股份付款(續)

(b) The number and exercise prices of share options are as follows:

(b) 購股權的數目及行使價如下：

		Exercise price 行使價	Number of options 購股權數目
Granted on 16 May 2007	於二零零七年五月十六日授出	\$2.20	9,070,000
Lapsed during the year	期內失效	\$2.20	(135,000)
Outstanding at 31 July 2007	於二零零七年七月三十一日尚未行使	\$2.20	8,935,000

(c) Fair value of share options and assumptions

(c) 購股權的公平值和假設

The fair value of services received in return for the share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on the Black-Scholes Option Pricing model. The contractual life of the share option is used as an input into this model. Expectation of early exercise is incorporated into the valuation model.

就授出購股權所獲得服務的公平值是參照所授出購股權的公平值計算。所授出購股權的公平值估計是以「柏力克—舒爾斯」期權定價模式計量。購股權的合約年期用作該模式的一項輸入參數。提早行使的預期乃計入估價模式。

Fair value at measurement date	於計量日期的公平值	\$1.66
Share price	股份價格	\$3.11
Exercise price	行使價	\$2.20
Expected volatility	預期波幅	56.65%
Option life	購股權的年期	10 years
Expected dividends	預期股息	2.5%
Risk-free interest rate (based on Exchange Fund Notes)	無風險利率(根據 外匯基金債券)	4.1%

2007
二零零七年

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong dollars)
(以港元列值)

29 CAPITAL AND RESERVES

29 資本及儲備

(a) The Group

(a) 本集團

		Share capital	Share premium	Capital reserve	Retained profits	Exchange reserve	Fair value reserve	Statutory surplus reserve	Statutory public welfare fund	Legal reserve	Total
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
		(Note (i))	(Note (ii))			(Note (iii))	(Note (iv))	(Note (v))	(Note (vi))	(Note (vii))	
		千元	千元	千元	千元	千元	千元	千元	千元	千元	千元
		(附註(i))	(附註(ii))			(附註(iii))	(附註(iv))	(附註(v))	(附註(vi))	(附註(vii))	
At 1 August 2005	於二零零五年八月一日	2,232	-	-	249,185	4,151	(210)	5,738	2,870	-	263,966
Capital injection	注資	57,586	-	-	-	-	-	-	-	-	57,586
Exchange difference on translation of financial statements of subsidiaries outside Hong Kong	換算位於香港以外的附屬公司財務報表所產生的匯兌差額	-	-	-	-	2,991	-	-	-	-	2,991
Profit for the year	年內溢利	-	-	-	144,123	-	-	-	-	-	144,123
Appropriation to reserves	分配至儲備	-	-	-	(6,653)	-	-	6,642	11	-	-
Transfer	轉撥	-	-	-	-	-	-	2,881	(2,881)	-	-
Change in fair value of available-for-sale securities	可供出售證券公平值變動	-	-	-	-	-	(76)	-	-	-	(76)
Transfer to profit or loss on disposal of available-for-sale securities	轉撥至出售可供出售證券的溢利或虧損	-	-	-	-	-	286	-	-	-	286
Dividend declared and paid during the year (Note 11)	年內已宣派及派付的股息 (附註11)	-	-	-	(219,500)	-	-	-	-	-	(219,500)
At 31 July 2006	於二零零六年七月三十一日	59,818	-	-	167,155	7,142	-	15,261	-	-	249,376
At 1 August 2006	於二零零六年八月一日	59,818	-	-	167,155	7,142	-	15,261	-	-	249,376
Capital injection	注資	182	44,149	-	-	-	-	-	-	-	44,331
Exchange difference on translation of financial statements of subsidiaries outside Hong Kong	換算位於香港以外的附屬公司財務報表所產生的匯兌差額	-	-	-	-	11,489	-	-	-	-	11,489
Elimination of share capital on group reorganisation	於集團重組時對銷股本	(60,000)	-	-	-	-	-	-	-	-	(60,000)
Shares issued on group reorganisation	於集團重組時已發行的股份	60,000	-	-	-	-	-	-	-	-	60,000
Shares issued under placing and public offering	已根據配售及公開發售發行的股份	20,000	680,000	-	-	-	-	-	-	-	700,000
Share issuing expenses	發行股份支出	-	(64,204)	-	-	-	-	-	-	-	(64,204)
Profit for the year	年內溢利	-	-	-	159,589	-	-	-	-	-	159,589
Equity-settled share based transactions	以股份為基礎的交易	-	-	1,421	-	-	-	-	-	-	1,421
Appropriation to reserves	分配至儲備	-	-	-	(5,911)	-	-	5,862	-	49	-
Transfer to reserves for value of share option lapsed	就已失效購股權的價值而轉撥至儲備	-	-	(21)	21	-	-	-	-	-	-
Dividend declared and paid during the year (Note 11)	年內已宣派及派付的股息 (附註11)	-	-	-	(80,000)	-	-	-	-	-	(80,000)
At 31 July 2007	於二零零七年七月三十一日	80,000	659,945	1,400	240,654	18,631	-	21,123	-	49	1,022,002

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong dollars)
(以港元列值)

29 CAPITAL AND RESERVES (Continued) 29 資本及儲備 (續)

(b) The Company

(b) 本公司

		Share capital 股本 \$'000 (Note (i)) 千元 (附註(i))	Share premium 股份溢價 \$'000 (Note (ii)) 千元 (附註(ii))	Capital reserve 資本儲備 \$'000 千元	Retained profits 保留溢利 \$'000 千元	Total 總計 \$'000 千元
At 1 August 2005	於二零零五年 八月一日	-	-	-	-	-
Issue of shares	發行股份	77	-	-	-	77
At 31 July 2006	於二零零六年 七月三十一日	77	-	-	-	77
At 1 August 2006	於二零零六年 八月一日	77	-	-	-	77
Repurchase of own shares	購回本身的股份	(77)	-	-	-	(77)
Shares issued on group reorganisation	於集團重組時 已發行的股份	60,000	44,149	-	-	104,149
Shares issued under placing and public offering	已根據配售及 公開發售發行 的股份	20,000	680,000	-	-	700,000
Share issuing expenses	發行股份支出	-	(64,204)	-	-	(64,204)
Profit for the year	年內溢利	-	-	-	4,058	4,058
Equity-settled share based transactions	股權結算以 股份為基礎 的交易	-	-	1,421	-	1,421
Transfer to reserves for value of share option lapsed	就已失效購股權 的價值而轉撥 至儲備	-	-	(21)	21	-
At 31 July 2007	於二零零七年 七月三十一日	80,000	659,945	1,400	4,079	745,424

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong dollars)

(以港元列值)

29 CAPITAL AND RESERVES (Continued)**(b) The Company** (Continued)**(i) Share capital**

As the Reorganisation was not complete as at 31 July 2006, the share capital in the balance sheet as at 31 July 2006 represented the aggregate amount of paid-in capital of the companies now comprising the Group, after elimination of investment in subsidiaries.

Capital injection of \$57,586,000 in 2006 represents shares issued by Ta Yang BVI to its then shareholders while the capital injection of \$44,331,000 in 2007 represents proceeds from shares allotted by Ta Yang BVI to Mitsubishi Corporation and Shin-Etsu Polymer Co Ltd.

The Company was incorporated in the Cayman Islands on 23 February 2006 with an authorised capital of 50,000 shares of US\$1.00 each ("US Shares"). Upon incorporation, 10,000 shares of US\$1.00 each were allotted, issued and fully paid. On 25 September 2006, all the 10,000 issued US Shares were repurchased by the Company and following the repurchase, the authorised but unissued share capital was cancelled. On the same date, the authorised share capital of the Company was changed to \$390,000 divided into 3,900,000 shares of \$0.10 each and the Company had allotted 1 nil paid share to its then shareholder.

29 資本及儲備 (續)**(b) 本公司** (續)**(i) 股本**

由於重組於二零零六年七月三十一日尚未完成，故於二零零六年七月三十一日於資產負債表所呈列中的股本指現時組成本集團各公司實繳股本的總額(已撇銷於附屬公司的投資)。

於二零零六年注資57,586,000港元指Ta Yang BVI發行予其當時股東的股份，而於二零零七年注資44,331,000港元則指Ta Yang BVI向三菱商事株式會社及信越聚合物株式會社配發股份的所得款項。

本公司於二零零六年二月二十三日在開曼群島註冊成立，其法定股本為50,000股每股面值1.00美元的股份(「美元股份」)。於註冊成立後，10,000股每股面值1.00美元的股份獲配發、發行及繳足。於二零零六年九月二十五日，本公司悉數購回10,000股已發行美元股份，並於購回後，法定但未發行股本獲註銷。於同一日期，本公司的法定股本變為390,000港元，分為3,900,000股每股面值0.10港元的股份，而且本公司已配發一股未繳股款股份予其當時股東。

Notes to the Financial Statements 財務報表附註

(Expressed in Hong Kong dollars)
(以港元列值)

29 CAPITAL AND RESERVES (Continued)

(b) The Company (Continued)

(i) Share capital (Continued)

By written resolutions of the sole shareholder passed on 16 May 2007, the authorised share capital of the Company was increased from \$390,000 to \$2,000,000,000 by the creation of 19,996,100,000 new shares ranking pari passu in all respects with the then existing issued shares.

As part of the Reorganisation of the Group, the Company issued 600,000,000 shares to Ta Yang BVI to acquire for the entire issued share capital of Ta Yang BVI from its then existing shareholders.

Immediately upon the listing of the Company's shares on the Stock Exchange on 8 June 2007 and at 31 July 2007, 800,000,000 shares of the Company had been issued and were fully paid.

(ii) Share premium

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

29 資本及儲備 (續)

(b) 本公司 (續)

(i) 股本 (續)

於二零零七年五月十六日，唯一股東通過書面決議案，透過發行19,996,100,000股新股，將本公司的法定股本由390,000港元增加至2,000,000,000港元，該等新股股份於各方面與本公司當時已發行的股份具同等地位。

作為本集團重組的一部分，本公司發行600,000,000股股份予Ta Yang BVI，以從其當時現有股東收購Ta Yang BVI的全部已發行股本。

緊隨本公司股份於二零零七年六月八日在聯交所上市後，於二零零七年七月三十一日，本公司800,000,000股股份已獲發行及繳足。

(ii) 股份溢價

根據開曼群島公司法，股份溢價賬乃可分派予本公司的股東，惟於緊隨建議分派股息當日後，本公司將有能力償還於日常業務過程中到期的債項。股份溢價亦可以繳足紅股方式予以分派。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong dollars)
(以港元列值)

29 CAPITAL AND RESERVES (Continued)**(b) The Company** (Continued)**(iii) Exchange reserve**

The exchange reserve comprises foreign exchange differences arising from the translation of the financial statements of operations outside Hong Kong which are dealt with in accordance with the accounting policies as set out in Note 1(s).

(iv) Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sales securities held as at the balance sheet date, which had been transferred to retained earnings through reserve movement upon disposal of the securities in March 2006.

(v) Statutory surplus reserve

As stipulated by regulations in the PRC, the Company's subsidiaries established and operated in the PRC are required to appropriate 10% of their after-tax-profit (after offsetting prior year losses) as determined in accordance with the PRC accounting rules and regulations, to statutory surplus reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of a dividend to equity owners.

29 資本及儲備 (續)**(b) 本公司** (續)**(iii) 匯兌儲備**

匯兌儲備包括所有換算香港境外業務的財務報表時所產生的匯兌差額，乃根據附註1(s)所載的會計政策處理。

(iv) 公平值儲備

公平值儲備包括於結算日持有的可供出售證券公平值的累計變動淨額，有關變動已透過於二零零六年三月出售證券後所產生的儲備變動而獲轉撥入保留盈利。

(v) 法定盈餘公積金

根據中國法規規定，本公司在中國成立及經營的附屬公司須將其根據中國會計規則及法規釐定的除稅後溢利(對銷過往年度虧損後)的10%轉撥至法定盈餘公積金，直至該儲備的結餘達到半數註冊資本為止，且須於向權益擁有人分派股息前轉撥至該儲備。

Notes to the Financial Statements 財務報表附註

(Expressed in Hong Kong dollars)
(以港元列值)

29 CAPITAL AND RESERVES (Continued)

(b) The Company (Continued)

(vi) Statutory public welfare fund

Historically, the Company's subsidiaries established and operated in the PRC were required to appropriate 5% to 10% of their after-tax-profit (after offsetting prior year losses) as determined in accordance with the PRC accounting rules and regulations, to statutory public welfare fund at rates determined by their respective boards of directors as stipulated by regulations in the PRC. The fund is non-distributable other than in liquidation and could only be utilised on capital items for the collective benefit of the employees. The transfer to this fund should be made before distribution of a dividend to equity owners.

According to the revised Company Law of the PRC effective 1 January 2006, appropriation to the statutory public welfare fund is no longer required and the balance of statutory public welfare fund at 31 December 2005 was transferred to statutory surplus reserve.

(vii) Legal reserves

In accordance with Macau Commercial Code, the Company's subsidiary incorporated in Macau is required to appropriate 25% of net profit to legal reserve until the balance of the reserve reaches 50% of respective company's registered capital. Legal reserve is not distributable to shareholders.

29 資本及儲備 (續)

(b) 本公司 (續)

(vi) 法定公益金

以往，根據中國法規規定，本公司在中國成立及經營的附屬公司須將其根據中國會計規則及法規釐定的除稅後溢利(對銷過往年度虧損後)的5%至10%轉撥至法定公益金，根據中國法規，有關比率由彼等各自的董事會釐定。除清盤外，該基金屬不可分派，且僅可用於為僱員集體利益而設的資本項目。於向股權持有人派發股息前，應轉撥至該法定公益金。

根據中國於二零零六年一月一日生效的經修訂公司法，已毋須再向法定公益金進行轉撥，於二零零五年十二月三十一日的法定公益金結餘已轉撥至法定盈餘公積金。

(vii) 法定儲備

根據澳門商業法，本公司於澳門註冊成立的附屬公司須撥出其純利的25%至法定儲備，直至該儲備的結餘達至有關公司註冊資本的50%。法定儲備不得分派予股東。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong dollars)
(以港元列值)

29 CAPITAL AND RESERVES (Continued)

(b) The Company (Continued)

(viii) Distributable reserves

At 31 July 2007, the aggregate amount of reserves available for distribution to equity shareholders of the Company was \$664,024,000 (2006: Nil).

30 COMMITMENTS

- (i) Capital commitments, representing cost for purchase of property, plant and equipment not provided for in the financial statements were as follows:

		2007	2006
		二零零七年	二零零六年
		\$'000	\$'000
		千元	千元
Contracted for	已訂約	10,088	17,816
Authorised but not contracted for	已批准但未訂約	-	2,499
		10,088	20,315

- (ii) The total future minimum lease payments under non-cancellable operating leases are payable as follows:

		2007	2006
		二零零七年	二零零六年
		\$'000	\$'000
		千元	千元
Within 1 year	一年內	7,004	5,315
After 1 year but within 5 years	一年後但五年內	19,440	12,708
		26,444	18,023

29 資本及儲備 (續)

(b) 本公司 (續)

(viii) 可供分派儲備

於二零零七年七月三十一日，可供分派予本公司權益持有人的儲備總額為664,024,000元（二零零六年：零）。

30 承擔

- (i) 代表未於財務報表作出撥備的購買物業、廠房及設備的成本的資本承擔如下：

- (ii) 根據不可撤銷經營租賃須於以下期間支付的未來最低租賃款項如下：

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong dollars)
(以港元列值)

30 COMMITMENTS (Continued)

The Group leases a number of properties under operating leases. The leases typically run for an initial period of one to five years, with an option to renew when all terms are renegotiated. Lease payments are usually reviewed annually to reflect market rentals. None of the leases includes contingent rentals.

31 MATERIAL RELATED PARTY TRANSACTIONS

During the years ended 31 July 2006 and 2007, the directors are of the view that related parties of the Group include the following companies:

Name	Relationship with the Group
Link Ta Yang Company Limited ("Link")	Effectively 50% owned by Wu Ih Chen, beneficial owner and a director of the Company. Wu Ih Chen ceased to be the director and disposed of his interest in Link to an employee of Ta Yang BVI, a nephew of Huang Sheng-Shun, on 7 July 2006. The interest held by that employee was subsequently sold to an independent third party on 1 November 2006 and Link is not considered a related party of the Group from 7 July 2006.

30 承擔 (續)

本集團根據經營租賃租賃若干物業。該等租賃一般初步為期一至五年，並擁有於所有條款均予重新磋商後續租的選擇權。租賃付款一般每年審視，以反映市值租金。該等租賃概無包括或然租金。

31 重大關連方交易

於截至二零零六年及二零零七年七月三十一日止年度內，董事認為，本集團的關連方包括下列公司：

名稱	與本集團的關係
Link Ta Yang Company Limited (「Link」)	由本公司實益擁有人及董事吳意誠實際擁有50%權益。於二零零六年七月七日，吳意誠不再為Link的董事及向Ta Yang BVI的一名僱員(黃勝舜的侄兒)出售其權益，該員工所持有的權益其後於二零零六年十一月一日出售給一獨立第三方，自二零零六年七月七日起Link不再被視為本集團的關連方。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong dollars)
(以港元列值)

31 MATERIAL RELATED PARTY TRANSACTIONS

Name	Relationship with the Group
Ta Yang Silicones of America, LLC ("TSAC")	Effectively 20% owned by Wu lh Chen and 30% owned by Huang Sheng-Shun, directors of the Company. Wu lh Chen and Huang Sheng-Shun disposed of their interest in TSAC to two independent third parties on 1 November 2006 and TSAC is not considered a related party of the Group from that day.
SiTY Silcum & Ta Yang International GmbH ("SiTY")	Before 18 September 2006, 25% equity interest of SiTY were effectively owned by each of Wu lh Chen and Huang Sheng-Shun respectively. On 18 September 2006, the aggregate of 50% equity interest was assigned to the Group at nil consideration and SiTY became an associate of the Group.

(a) Transactions

(i) Sales of goods to

Link	Link
TSAC	TSAC
SiTY	SiTY

31 重大關連方交易

名稱	與本集團的關係
Ta Yang Silicones of America, LLC ("TSAC")	由本公司董事吳意誠及黃勝舜分別實際擁有20%及30%權益。於二零零六年十一月一日，吳意誠及黃勝舜向兩個獨立第三方出售他們於TSAC的權益，自該日起，TSAC不再被視為本集團的關連方。
SiTY Silcum & Ta Yang International GmbH ("SiTY")	於二零零六年九月十八日之前，吳意誠及黃勝舜各自分別擁有SiTY的25%股本權益。於二零零六年九月十八日，合共50%股本權益以零代價轉讓予本集團，SiTY成為本集團的聯營公司。

(a) 交易事項

(i) 向以下公司銷售貨品

2007 二零零七年 \$'000 千元	2006 二零零六年 \$'000 千元
2,504	1,284
26,639	19,939
8,602	9,618

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong dollars)
(以港元列值)

31 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

The directors of the Company are of the opinion that the above related party transactions were conducted on normal commercial terms and in the ordinary course of business.

(b) Balances with related parties

As at 31 July 2007, the Group had the following balances with related parties:

<i>Trade receivables:</i>	<i>應收貿易賬款：</i>
TSAC	TSAC
SiTY	SiTY
<i>Other payables:</i>	<i>其他應付款項：</i>
Amounts due to directors	應付董事款項

As mentioned above, Link and TSAC are not considered to be related party of the Group effective 7 July 2006 and 1 November 2006 respectively. Accordingly, the balances with Link and TSAC are not included in the above summary.

The balances with related parties are unsecured, interest-free and expected to be recovered or paid within one year.

31 重大關連方交易 (續)

本公司董事認為，上述關連方交易乃根據正常商業條款在日常業務過程中進行。

(b) 關連方結餘

於二零零七年七月三十一日，本集團擁有下列關連方結餘：

	2007 二零零七年 \$'000 千元	2006 二零零六年 \$'000 千元
TSAC	-	8,837
SiTY	3,757	3,395
Other payables:		
Amounts due to directors	-	8,647

誠如上文所述，Link及TSAC分別自二零零六年七月七日及二零零六年十一月一日起不再被視為本集團的關連方。因此，與Link及TSAC的結餘並無計入上表。

關連方結餘為無抵押、不計息，並預計將於一年內收回或支付。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong dollars)
(以港元列值)

31 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(c) Key management personnel compensation

Remuneration for key management personnel, including amounts paid to the Company's directors as disclosed in Note 8 and certain of the highest paid employees as disclosed in Note 9, is as follows:

Short-term employee benefits	短期僱員福利
Contribution to retirement benefit schemes	退休福利計劃供款
Share-based payments	以股份為基礎的付款

Total remuneration is included in "staff costs" (see Note 6).

(d) Guarantees from directors

At 31 July 2006, banking facilities amounted to \$138.7 million of the Group were guaranteed by two directors. The guarantees were released during the year ended 31 July 2007.

31 重大關連方交易 (續)

(c) 主要管理層人員補償

主要管理人員的薪酬(包括附註8所披露已付本公司董事及附註9所披露已付若干最高薪酬人士的款項)如下:

	2007 二零零七年 \$'000 千元	2006 二零零六年 \$'000 千元
	6,279	16,272
	260	18
	458	-
	6,997	16,290

薪酬總額已計入「員工成本」(見附註6)。

(d) 董事所作擔保

於二零零六年七月三十一日，兩名董事向本集團提供138,700,000元的銀行信貸擔保。有關擔保已於截至二零零七年七月三十一日止年度內解除。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong dollars)
(以港元列值)

32 FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, currency and business risks arises in the normal course of the Group's business. These risks are limited by the Group's financial management policies and practices described below.

(a) Credit risk

The Group's credit risk is primarily attributable to trade receivables from third parties. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

In respect of trade receivables from third parties, credit evaluations are performed on all customers requiring credit over a certain amount. These receivables are due within 30 to 135 days from the date of monthly statements. Normally, the Group does not obtain collateral from customers.

At 31 July 2007, the Group had a concentration of credit risk as 58% (2006: 59%) of the total trade receivables from third parties was due from the Group's five largest customers, and 28% (2006: 25%) of the total trade receivables from third parties was due from the Group's largest customer.

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of surplus cash and the raising of loans to cover expected cash demand. 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 major financial institutions to meet its liquidity requirements in the short and longer term. The rate of interest and terms of repayment of the bank loans and overdrafts of the Group are disclosed in Note 22.

32 金融工具

本集團日常業務須承擔信貸、流動性、貨幣及業務風險。該等風險已由本集團下列財務管理政策及常則所限制。

(a) 信貸風險

本集團的信貸風險主要來自應收第三方貿易賬款。管理層已制訂信貸政策，並不斷監察所承擔的信貸風險。

就應收第三方貿易賬款而言，本集團會對所有要求超過若干金額的信貸的客戶進行信貸評估。該等應收款項由月結單發出日期起計30至135日內到期。一般而言，本集團並不向客戶收取抵押品。

就本集團信貸風險的集中情況而言，於二零零七年七月三十一日，應收第三方貿易賬款總額有58%（二零零六年：59%）集中來自本集團五大客戶，而應收第三方貿易賬款總額有28%（二零零六年：25%）集中來自本集團第一大客戶。

(b) 流動性風險

本集團內各獨立經營實體負責其本身的現金管理工作，包括以現金盈餘作短期投資，以及為支付預期現金需求而籌集貸款。本集團的政策為定期監察現有及預期流動性需求，以及遵守借貸承諾的情況，以確保維持有足夠的現金儲備以及主要金融機構已承諾的融資額度，以滿足其短期或長期流動性需求。本集團銀行貸款及透支的利率及還款期資料，已於附註22加以披露。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong dollars)
(以港元列值)

32 FINANCIAL INSTRUMENTS

(Continued)

32 金融工具(續)

(c) Interest rate risk

Effective interest rates and repricing analysis

In respect of income-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they reprice or the maturity dates, if earlier.

The Group

		2007 二零零七年		2006 二零零六年	
		Effective interest rate 實際利率 %	\$'000 千元	Effective interest rate 實際利率 %	\$'000 千元
Repricing dates for assets/ (liabilities) which reprice before maturity	於到期日前 重新定價的資產/ (負債)的重新 定價日期				
Cash and cash equivalents	現金及現金等價物	1.42%	38,118	1.39%	23,854
Short-term bank loans	短期銀行貸款	5.13%	(50,000)	5.01%	(90,000)
Bank overdrafts	銀行透支	-	-	16.00%	(6,297)
			(11,882)		(72,443)
Maturity dates for liabilities which do not reprice before maturity	於到期日前並無重 新定價的負債 的到期日				
Fixed deposits	定期存款	4.07%	571,137	2.00%	17,566

(c) 利率風險

實際利率及重新定價分析

就可賺取收益的金融資產及計息金融負債而言，下表載列彼等於結算日及其重新訂價期間或到期日(如較早)的實際利率：

本集團

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong dollars)
(以港元列值)

32 FINANCIAL INSTRUMENTS

(Continued)

(c) Interest rate risk (Continued)

The Company

		2007 二零零七年		2006 二零零六年	
		Effective interest rate 實際利率 %	\$'000 千元	Effective interest rate 實際利率 %	\$'000 千元
Repricing dates for assets/ (liabilities) which reprice before maturity	於到期日前重新定價的 資產／(負債) 的重新定價日期				
Cash and cash equivalent	現金及現金等價物	2.25%	3,310	-	77
Maturity dates for liabilities which do not reprice before maturity	於到期日前並無重新 定價的負債 的到期日				
Fixed deposits	定期存款	4.07%	557,915	-	-

(d) Foreign currency risk

The Group incurs foreign currency risk on sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate.

32 金融工具 (續)

(c) 利率風險 (續)

本公司

(d) 外幣風險

本集團因以相關業務的功能貨幣以外的貨幣計值的銷售及採購而產生外幣風險。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong dollars)
(以港元列值)

32 FINANCIAL INSTRUMENTS

(Continued)

(d) Foreign currency risk (Continued)

A majority of sales of the Group are transacted in United States dollars, while certain sales and majority of the operating costs of the Group are transacted in Renminbi, which is not freely convertible into foreign currencies. All foreign exchange transactions involving Renminbi must take place through the People's Bank of China or other institutions authorised to buy and sell foreign currency. The exchange rate adopted for the foreign exchange transactions are the rates of exchange quoted by the People's Bank of China that are determined largely by supply and demand. Changes in exchange rate affect the Renminbi value of sales proceeds of products and purchase costs of raw materials that are denominated in foreign currencies. In particular, an appreciation of Renminbi against United States dollars may have the effect of rendering exports from the Group in the PRC more expensive and less competitive than products from other countries.

All the Group's borrowings are denominated in Hong Kong dollars. In the circumstances, management does not expect that there will be any significant currency risk associated with the Group's borrowings.

32 金融工具(續)

(d) 外幣風險(續)

本集團大部分銷售以美元進行，而本集團若干銷售及大部分經營成本則以人民幣結算，而人民幣不可自由兌換為外幣。所有涉及人民幣的外匯交易均須透過中國人民銀行或其他獲授權進行外幣買賣的機構進行。外匯交易採納的匯率乃中國人民銀行所報的匯率(主要按供求釐定)。匯率變動影響以外幣計值的產品銷售所得款項及原材料採購成本的人民幣價值。具體而言，人民幣兌美元升值的可能影響包括令本集團來自中國的出口較來自其他國家的產品更為昂貴及競爭力降低。

本集團所有借款均以港元計值。在現行情況下，管理層預期並無與本集團借款有關的任何重大外幣風險。

Notes to the Financial Statements 財務報表附註

(Expressed in Hong Kong dollars)
(以港元列值)

32 FINANCIAL INSTRUMENTS

(Continued)

(e) Commodity price risk

The Group is principally engaged in the production and sales of silicone rubber and plastic related components. The Group is exposed to fluctuations in the prices of raw materials and components which are influenced by global as well as regional supply and demand conditions. Fluctuations in the prices for raw materials and components could adversely affect the Group's financial performance. The Group historically has not entered into any commodity derivative instruments to hedge the potential commodity price changes.

(f) Concentration risk

The Group sources most main raw materials and components from a limited group of suppliers. Interruption or reduction of supply of these raw materials and components could adversely affect the Group's financial performance. The Group's policy is to regularly monitor the stock level of raw materials and components to ensure that it maintains sufficient raw materials and components to meet its production schedules and commitments to customers in the short and longer term. Management does not expect that there will be difficulties to obtain adequate supplies of raw materials and components in a timely manner and at an affordable cost. During the year ended 31 July 2007, the Group's supplies of raw materials from the five highest suppliers represented 39% (2006: 52%) of the Group's total raw materials purchases.

32 金融工具(續)

(e) 商品價格風險

本集團主要從事製造及分銷矽膠及塑膠相關產品。原材料及零部件價格受全球以及地區性供求情況影響，令本集團承受原材料及零部件價格波動。原材料及零部件價格波動可能對本集團的財務表現構成不利影響。本集團以往從未訂立任何商品衍生工具，以對沖商品價格的潛在變動。

(f) 集中風險

本集團大部分主要原材料及零部件乃採購自一組數目有限的供應商。該等原材料及零部件的供應中斷或減少均可能對本集團的財務表現構成不利影響。本集團的政策為定期監察原材料及零部件的存貨量，以確保擁有足夠的原材料及零部件履行其生產時間表及對客戶的短期及長期承擔。管理層預期，在迅速及以穩定成本取得足夠的原材料及零部件供應方面不會有任何困難。截至二零零七年七月三十一日止年度，本集團來自五大供應商的原材料供應佔本集團原材料採購總額的39%(二零零六年：52%)。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong dollars)
(以港元列值)

32 FINANCIAL INSTRUMENTS

(Continued)

(g) Fair values

The carrying amounts of significant financial assets and liabilities approximate to their respective fair values as at 31 July 2007 due to the nature or short-term maturity of these instruments.

33 ULTIMATE CONTROLLING PARTY

At 31 July 2007, the directors consider the ultimate controlling party of the Company to be Homelink Venture Corp., which is incorporated in the British Virgin Islands. This entity does not produce financial statements available for public use.

34 ACCOUNTING ESTIMATES AND JUDGEMENTS

The methods, estimates and judgements the directors used in applying the Group's accounting policies have a significant impact on the Group's financial position and operating results. Some of the accounting policies require the Group to apply estimates and judgements, on matters that are inherently uncertain. The critical accounting judgements in applying the Group's accounting policies are described below.

(i) Depreciation

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives. The Group reviews annually the useful life of an asset and its residual value, if any. The depreciation expense for future periods is adjusted if there are significant changes from previous estimation.

32 金融工具(續)

(g) 公平值

由於重大金融資產與負債性質屬於短期內到期，因此，該等工具於二零零七年七月三十一日的賬面值與其個別的公平值相若。

33 最終控股方

於二零零七年七月三十一日，董事認為本公司最終控股方為Homelink Venture Corp.，該公司於英屬處女群島註冊成立。此實體並無編製財務報表以供公眾審閱。

34 會計估計及判斷

董事在應用本集團的會計政策時所用的方法、估計及判斷均會對本集團的財務狀況及經營業績產生重大影響。若干會計政策要求本集團對本質不確定的事項作出估計及判斷。本集團在應用會計政策時所作出的主要會計判斷概述如下。

(i) 折舊

物業、廠房及設備於估計可使用年期內按直線法計算折舊。本集團每年審閱資產的使用年期及其剩餘價值(如有)。倘過往的估計發生重大變化，則會在未來期間對折舊開支進行調整。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong dollars)
(以港元列值)

34 ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued) 34 會計估計及判斷 (續)

(ii) Impairments

In considering the impairment loss that may be required for certain property, plant and equipment of the Group, recoverable amount of the asset needs to be determined. The recoverable amount is the greater of the net selling price and the value in use. It is difficult to precisely estimate selling price because quoted market prices for these assets may not be readily available. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgement relating to items such as level of turnover and amount of operating costs. The Group uses all readily available information in determining an amount that is reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of items such as turnover and operating costs.

Impairment losses for bad and doubtful debts are assessed and provided based on the directors' regular review of ageing analysis and evaluation of collectibility. A considerable level of judgement is exercised by the directors when assessing the credit worthiness and past collection history of each individual customer.

An increase or decrease in the above impairment loss would affect the net profit in the year and in future years.

(ii) 減值

在考慮本集團若干物業、廠房及設備可能需要計提的減值虧損時，需要釐定有關資產的可收回金額。可收回金額是淨售價與使用價值兩者中的較高者。由於上述資產並不容易在市場上獲得報價，故難以精確估計售價。在釐定使用價值時，資產所產生的預期現金流量會貼現至其現值，因而需要對營業額水平及經營成本的金額等項目作出重大判斷。本集團在釐定與可收回金額相若的合理金額時會採用所有可供使用的資料，包括根據合理和可支持的假設所作出的估計和對營業額及經營成本的預測。

呆壞賬減值虧損是根據董事定期審閱賬齡分析及可收回程度評估來作出評估及計提撥備的。董事在評估各個別客戶的信譽度及過往收賬經驗時會作出大量判斷。

上述減值虧損的增加或減少將可能會影響到本年度及未來年度的溢利淨額。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong dollars)
(以港元列值)

34 ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

34 會計估計及判斷(續)

(iii) Income taxes

Determining income tax provisions involves judgement on the future tax treatment of certain transactions and interpretation of tax rules. The Group carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation.

Deferred tax assets are recognised for tax losses not yet used and temporary deductible differences. As those deferred tax assets can only be recognised to the extent that it is probable that future profit will be available against which the unused tax credit can be utilised, management's judgement is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

(iv) Inventory provision

The Group performs regular reviews of the carrying amounts of inventories with reference to aged inventories analyses, projections of expected future saleability of goods and management experience and judgement. Based on this review, write-down of inventories will be made when the carrying amounts of inventories decline below their estimated net realisable value. Due to changes in customers' performance, actual saleability of goods may be different from estimation and profit or loss could be affected by differences in this estimation.

(iii) 所得稅

釐定所得稅撥備會涉及對若干交易的未來稅務待遇及稅法的詮釋作出判斷。本集團審慎評估有關交易的稅務影響，並計提相應的稅項撥備。本集團會定期重新考慮該等交易的稅務待遇，以計及稅法的所有變動。

遞延稅項資產乃就尚未動用的稅項虧損及暫時可扣減差額予以確認。由於該等遞延稅項資產僅會在將可能會用未來溢利來抵銷可予動用而尚未使用的稅項抵免的情況下方可確認，故管理層須作出判斷，以評估產生未來應課稅溢利的可能性。本集團會經常審閱管理層的評估，而倘未來應課稅溢利將有可能讓遞延稅項資產可予收回時，則會確認額外的遞延稅項資產。

(iv) 存貨撥備

本集團參考存貨賬齡分析、未來貨物銷售的預測及管理層的經驗及判斷來對存貨的賬面值作出定期審閱。倘存貨的賬面值跌至低於其估計可變現淨值，則本集團會根據審閱的結果撇減存貨的價值。由於客戶的表現可能發生變動，因此，實際貨物銷售可能與估計的不同，而此估計的差異可能影響溢利或虧損。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong dollars)
(以港元列值)

35 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE ANNUAL ACCOUNTING YEAR ENDED 31 JULY 2007

Up to the date of issue of the financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the accounting year ended 31 July 2007 and which have not been adopted in the financial statements.

Of these developments, the following relate to matters that may be relevant to the Group's operations and financial statements:

		Effective for accounting periods beginning on or after 於以下日期或之後起計的 會計期間生效
HKFRS 7 香港財務報告準則第7號	Financial instruments: disclosures 金融工具：披露	1 January 2007 二零零七年一月一日
Amendments to HKAS 1 對香港會計準則第1號的修訂	Presentation of financial statements: capital disclosures 財務報表的呈報：資本披露	1 January 2007 二零零七年一月一日

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far it has concluded that while the adoption of them may result in new or amended disclosures, it is unlikely to have a significant impact on the Group's results of operations and financial position.

35 已頒佈但於截至二零零七年七月三十一日止會計年度尚未生效的修訂、新準則及詮釋的可能影響

截至本財務報表刊發日期，香港會計師公會已頒佈多項於截至二零零七年七月三十一日止會計年度尚未生效且並無在本財務報表中採用的修訂、新準則及詮釋。

於該等發展中，其中可能與本集團的業務及財務報表事宜相關的準則如下：

本集團正在評估該等修訂、新準則及新詮釋預期將對首次應用期間所產生的影響。迄今為止得出的結論是，雖然採用該等修訂、新準則及新詮釋可能會導致須作出新披露或修訂披露，但不大可能會對本集團的經營業績及財務狀況產生重大影響。