

KaShui¹⁹⁸⁰

KA SHUI
INTERNATIONAL
Holdings Limited
嘉瑞國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

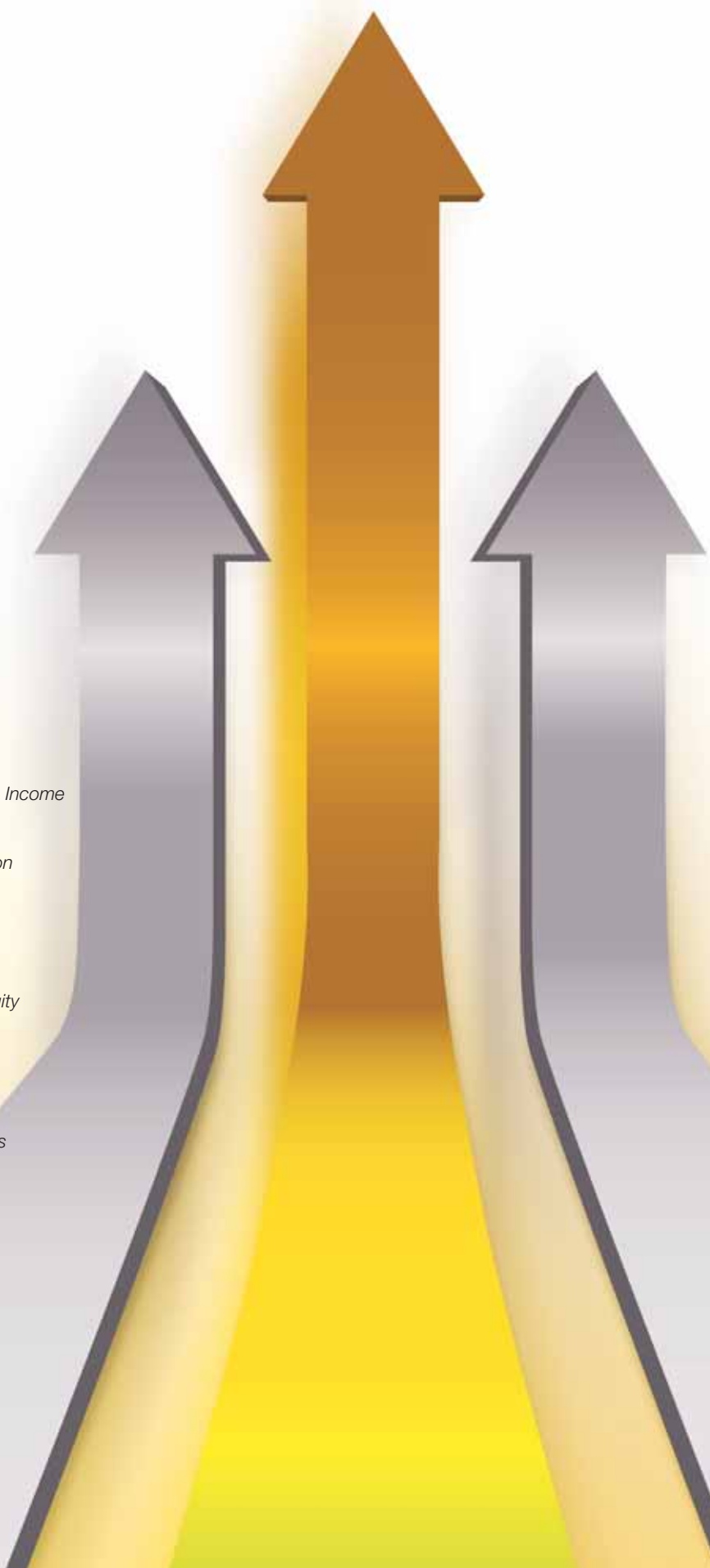
(於開曼群島註冊成立的有限公司)

Stock Code 股份代號 : 822

**ANNUAL
REPORT**
年 報
2009

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DIRECTORS

Executive Directors

Mr. Lee Yuen Fat (*Chairman*)
Dr. Keung Wing Ching
(*Vice Chairman and Chief Executive Officer*)
Mr. Wong Wing Chuen
Mr. Chan Tat Cheong, Alan

Independent Non-Executive Directors

Mr. Sun Kai Lit Cliff BBS, JP
Ir Dr. Lo Wai Kwok BBS, MH, JP
Mr. Yeow Hoe Ann John
Mr. Andrew Look

AUTHORISED REPRESENTATIVES

Dr. Keung Wing Ching
Mr. Chan Tat Cheong, Alan

COMPANY SECRETARY AND QUALIFIED ACCOUNTANT

Mr. Chan Tat Cheong, Alan

AUDIT COMMITTEE

Mr. Yeow Hoe Ann John
Mr. Sun Kai Lit Cliff BBS, JP
Ir Dr. Lo Wai Kwok BBS, MH, JP
Mr. Andrew Look

NOMINATION COMMITTEE

Mr. Sun Kai Lit Cliff BBS, JP
Ir Dr. Lo Wai Kwok BBS, MH, JP
Mr. Yeow Hoe Ann John
Mr. Andrew Look
Dr. Keung Wing Ching

REMUNERATION COMMITTEE

Mr. Sun Kai Lit Cliff BBS, JP
Ir Dr. Lo Wai Kwok BBS, MH, JP
Mr. Yeow Hoe Ann John
Mr. Andrew Look
Dr. Keung Wing Ching

董事

執行董事

李遠發先生 (*主席*)
姜永正博士
(*副主席兼行政總裁*)
黃永銓先生
陳達昌先生

獨立非執行董事

孫啟烈先生 BBS · 太平紳士
盧偉國博士 BBS · MH · 太平紳士
姚和安先生
陸東先生

授權代表

姜永正博士
陳達昌先生

公司秘書及合資格會計師

陳達昌先生

審核委員會

姚和安先生
孫啟烈先生 BBS · 太平紳士
盧偉國博士 BBS · MH · 太平紳士
陸東先生

提名委員會

孫啟烈先生 BBS · 太平紳士
盧偉國博士 BBS · MH · 太平紳士
姚和安先生
陸東先生
姜永正博士

薪酬委員會

孫啟烈先生 BBS · 太平紳士
盧偉國博士 BBS · MH · 太平紳士
姚和安先生
陸東先生
姜永正博士

REGISTERED OFFICE

Clifton House, 75 Fort Street
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註冊辦事處

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P.O. Box 1350 GT, George Town
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PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1210, Exchange Tower
33 Wang Chiu Road, Kowloon Bay
Kowloon, Hong Kong

香港主要營業地點

香港九龍
九龍灣宏照道33號
國際交易中心1210室

PRINCIPAL PLACE OF BUSINESS IN THE PEOPLE'S REPUBLIC OF CHINA (THE "PRC")

Fenghuang Road East Section
Pinghu Town, Longgang District
Shenzhen, the PRC

中華人民共和國(「中國」)主要營業地點

中國深圳市
龍崗區平湖鎮
鳳凰路東段

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
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Hong Kong

香港股份過戶登記分處

香港中央證券登記有限公司
香港皇后大道東183號
合和中心17樓1712-1716室

AUDITOR

RSM Nelson Wheeler

核數師

中瑞岳華(香港)會計師事務所

PRINCIPAL BANKERS

Standard Chartered Bank (Hong Kong) Limited
Hang Seng Bank Limited
DBS Bank (Hong Kong) Limited
Industrial and Commercial Bank of China (Asia) Limited

主要往來銀行

渣打銀行(香港)有限公司
恆生銀行有限公司
星展銀行(香港)有限公司
中國工商銀行(亞洲)有限公司

STOCK CODE

822

股份編號

822

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www.kashui.com

Chairman's Statement

主席報告



Lee Yuen Fat 李遠發
Chairman 主席

Dear Shareholders,

On behalf of the Board of Directors of Ka Shui International Holdings Limited (the "Company"), I am pleased to present you the audited annual results of the Company and its subsidiaries (collectively "the Group") for the year ended 31 December 2009.

The impact of the financial crisis, which began in 2008, continued into 2009 and prompted the global economy, including the PRC, to adjust amid the financial turmoil, leading to a 15.9% decrease in the total export of the PRC when compared with that of 2008. Under such tough business environment, the turnover of the Group was unavoidably affected and recorded a 7.5% decrease to HK\$633,832,000 (2008: HK\$685,134,000). However, the Group's gross profit managed to achieve a satisfactory growth of 35.9% to HK\$142,254,000 (2008: HK\$104,680,000) during the year under review. Profit attributable to owners of the Company also recorded a remarkable increase by 337.8% to HK\$37,800,000 (2008:

致各位股東：

本人謹代表嘉瑞國際控股有限公司(「本公司」)董事會，欣然向閣下提呈本公司及其附屬公司(統稱為「本集團」)截至二零零九年十二月三十一日止年度之經審核全年業績。

始於二零零八年的金融危機在二零零九年持續帶來影響，全球經濟和中國經濟仍處於動盪中調整的局面，導致中國之總出口較二零零八年下跌15.9%。處於此困難之營商環境下，本集團之營業額無可避免地受到影響，錄得7.5%之跌幅至633,832,000港元(二零零八年：685,134,000港元)。但是，本集團之毛利於回顧年度內取得令人滿意的增長達35.9%至142,254,000港元(二零零八年：104,680,000港元)。本公司權益持有人應佔溢利也較去年顯著上升337.8%至37,800,000港元(二零零八年：8,635,000港元)。儘管經濟環

HK\$8,635,000) as compared with that of last year. These growths, despite the weak economic environment, demonstrated the Group's resilience in the adverse operating environment as well as the effectiveness of its efforts in stringent cost controls and enhancing operational efficiencies.

The first phase of the industrial complex in Daya Bay, Huizhou, Guangdong Province, the PRC comprising gross floor area of 43,000 sq.m. was completed in April 2009 and operation had been officially commenced in June 2009. This new production facility manufactures zinc and aluminium alloy die casting components as well as plastic parts to cater for the business needs of our major customers. The Management believes that the expanded production capabilities following the operation of Daya Bay manufacturing plant will finally translate into a higher market share and larger business volume for the Group.

In view of the Company's continuing strong liquidity and equity base and also after due consideration of its future capital expenditure needs as well as an appropriate reserve for possible merge and acquisition opportunities arising after the financial tsunami, the Board of Directors therefore recommended the payment of a final dividend of HK1.1cents (2008: HK0.6 cents) per share for the year ended 31 December 2009. Together with the interim dividend of HK2.1 cents (2008: nil) per share paid in October 2009, the total dividends for the year will be HK3.2 cents (2008: HK0.6 cents) per share, which represent a total dividend payout ratio of 74.5%. This reflects the Group's long-term confidence in its future business prospects. Under prudent financial management principle, the Group will pursue a high dividend payout policy in the coming future in order to share the fruitful results of the Group with its shareholders.

It is expected that the market trend of the notebook computers to substitute the desktop computers will continue in the coming future. In view of this, the Group will devote more resources in the research and development on the application of new magnesium alloys for notebook computers as well as surface finishing technologies with an aim to increase its customer base and market share.

During the year under review, the research and development on the horizontal dual controlled die casting machine, which is one of the sponsored projects under the "Eleventh Five-Year Plan" of the PRC, was completed and is expected to become operational in year 2010. This machine has a unique feature of reducing or even eliminating the porosities in die casting components, especially parts with thick sections, thus leading to a higher yield rate and reduction of production costs. The Group intends to extend the use of this machine for the production of automobile parts with greater density in order to open up new revenue streams.

境疲弱，本集團仍然獲得此等增長，證明本集團能克服逆境，並在嚴緊控制成本及提升營運效率方面取得成效。

本集團位於中國惠州大亞灣佔地43,000平方米之工業園第一期生產廠房的建築工程已經在二零零九年四月完成，並在二零零九年六月正式投產。此新生產設施用作生產鋅合金及鋁合金壓鑄件和塑膠部件以迎合主要客戶之業務需求。管理層相信，隨着大亞灣廠房投入運作，本集團之產能以擴大，最終為本集團帶來較大的市場份額及營業額。

憑藉本集團持續雄厚之流動資金及資產基礎，以及充分考慮未來資本開支需求，及為金融海嘯後湧現之預期收購合併機會預留適當儲備，董事會建議派付截至二零零九年十二月三十一日止年度每股1.1港仙之末期股息(二零零八年：0.6港仙)。連同已於二零零九年十月支付的中期股息每股2.1港仙(二零零八年：無)，本年度股息總額為每股3.2港仙(二零零八年：0.6港仙)，總派息比率為74.5%。此反映本集團對其未來業務抱有長遠信心。在審慎的財務管理原則下，本集團於未來將會致力維持高派息比率，與股東一起分享本集團的盈利成果。

預期以筆記本電腦取代桌上電腦的市場趨勢仍然持續，因此，本集團將繼續投放更多資源於研究和開發新鎂合金在筆記本電腦上的應用和表面處理技術，藉以擴大客戶基礎及增加市場份額。

於回顧年內，國家「第十一個五年計劃」資助項目之一臥式鑄鍛雙控壓鑄機之開發已完成，並預期於二零一零年可投入運作。此機器擁有一獨特功能，可以減少或甚至消除壓鑄件(特別是厚的部份)之沙孔(氣孔)，從而達至較高之成品率及降低生產成本。本集團將會把此機器之用途擴展至生產較高密度之汽車零部件上，藉以開拓新收益來源。

Looking ahead, it is expected that the business environment will improve gradually as macro-economic data indicates signs of revival in the global economy. With its extensive sales network, solid research and development foundation as well as advanced manufacturing facilities, the Group is fully equipped to meet the challenges ahead and capture new business opportunities. Furthermore, the Management will continue to explore suitable merger and acquisition opportunities with a prudent approach in order to ensure the Group can have a sustainable growth in its business. In conclusion, the Management is optimistic about the Group's prospect in the foreseeable future.

Finally, I would like to express my sincere gratitude to our shareholders, customers, financial institutions and suppliers for their continuing support; our fellow board members for their sense of direction; and our management and employees for their dedicated contribution towards the continual progress of the Group.

Lee Yuen Fat
Chairman

Hong Kong, 16 April 2010

展望未來，隨着宏觀經濟數據顯示全球經濟有復甦的跡象，預期經濟環境將會逐漸改善。憑藉其廣闊的銷售網絡、穩固之研發基礎及先進的生產設備，本集團已準備就緒，去迎接未來的挑戰及把握新的商機。另外，管理層將繼續以審慎之態度尋求合適之收購合併機遇，藉以為集團之業務帶來持續增長。總而言之，在可見之未來，管理層對本集團之前景充滿信心。

最後，本集團之持續進步全靠股東、客戶、金融機構及供應商的不斷支持；我們董事會成員同仁的方向領導；及管理層與員工的全情貢獻。本人對以上人士表示萬分謝意。

李遠發
主席

香港，二零一零年四月十六日

(A) FINANCIAL REVIEW

The global financial crisis that broke out since September 2008 has affected the global economies. Governments around the world have swiftly responded with a series of economic stimulation policies to boost market demand and consumer confidence. However, as consumer sentiment was slow to recover and consequently imposed a negative impact on the overall sales of the Group. Nevertheless, the Group's turnover for the year 2009 only recorded a slight decrease of 7.5% to approximately HK\$633,832,000 (2008: HK\$685,134,000). In order to better deploy its resources, the Group also terminated the production of items with low profit margins which also led to a decline in its turnover. In account of concerted efforts, business started to gradually improve in the second half of the year and the Group's turnover rebounded with a strong momentum towards the end of 2009.

Despite a decrease in its turnover, the Group managed to achieve a substantial growth in its gross profit with an increase of 35.9% to HK\$142,254,000 (2008: HK\$104,680,000) together with a significant improvement in gross profit margin from 15.3% in the previous year to this year's 22.4%. This remarkable achievement was mainly attributable to exercising stringent cost control measures, terminating the production of items with low profit margins and enhancing manufacturing efficiency by the Group coupled with the turning around of the operating results of Wing Yu (Far East) Industries Company Limited ("Wing Yu") (a wholly-owned subsidiary engaged in surface finishing treatment). Wing Yu was loss making before wholly-owned by the Group in the beginning of 2008 and after the Group's effort in the restructuring of Wing Yu, its operating results began to break-even in the second half of year 2008 and then started to turn around successfully in the year under review. The Management is pleased with the results of Wing Yu and its substantially improved financial performance demonstrates the Group's expertise in management within the manufacturing environment with the ability to turn-around a loss-making company into a profit contributor. Given its proven management expertise and strong financial position, the Group will continue to seek similar opportunities in today's difficult operating environment which put tremendous pressure on the profit margins of small to medium sized manufacturers.

(A) 財務回顧

於二零零八年九月爆發的全球金融危機影響全球經濟。各國政府已迅速推出一系列刺激經濟政策，以恢復市場需求及公眾信心。由於消費意欲的復甦較為緩慢，令本集團之整體銷售受到負面影響。儘管如此，本集團之營業額只錄得7.5%之輕微跌幅至633,832,000港元(二零零八年：685,134,000港元)。為了善用其資源，本集團終止低毛利之貨品生產，也導致營業額下降。經過協調的努力，業務於下半年開始逐步改善，直到二零零九年底，本集團之營業額以強勁的增長勢頭反彈。

儘管營業額下跌，本集團之毛利取得顯著的增長達35.9%至142,254,000港元(二零零八年：104,680,000港元)。與此同時，毛利率由去年之15.3%大幅上升至22.4%。此令人鼓舞的成績主要是由於本集團推行嚴謹之成本控制措施、終止低毛利之貨品生產、持續提升其生產效能以及永裕(遠東)實業有限公司(「永裕」)(一間從事表面處理業務之全資附屬公司)之業績轉虧為盈。於二零零八年初成為本集團之全資附屬公司前，永裕仍處於虧損狀態，在本集團對永裕進行重組之努力後，永裕在二零零八年下半年已開始達致收支平衡，並在回顧年度內成功轉虧為盈。管理層對永裕的業績感到滿意，其顯著改善的財務表現反映本集團有能力在製造行業中運用其管理專業經驗，把虧損的公司扭轉為盈利貢獻者。憑藉其具實戰經驗的管理專業優勢及穩健之財務情況，本集團將在現時中小型生產商飽受盈利壓力的困難經營環境中，尋求類似的商機。

General and administrative expenses had increased by approximately HK\$11,307,000 or 15.0% as compared with that of last year. The increase was mainly caused by: (i) payment of land use tax amounting to approximately HK\$3,533,000 for the new plant at Daya Bay, Huizhou, the PRC; (ii) an exchange loss of HK\$550,000 was recorded in the year whereas an exchange gain of HK\$2,794,000 arose in the previous year mainly resulted from the appreciation of Renminbi against Hong Kong dollars/US dollars in 2008. In 2009, Renminbi against Hong Kong dollars/US dollars was relatively stable and therefore no such exchange gain arose; and (iii) a provision of discretionary bonus in the sum of HK\$3,000,000 (no such provision in 2008 as a result of unsatisfactory profit gained by the Group) was made to reward our staff for their positive contributions made to the Group during the year under review.

In addition, the Group disposed its office premises located in Tsuen Wan in April 2009 recording a net gain of approximately HK\$1,715,000. Meanwhile, the Group rented an office premises in Kowloon Bay as its head office in Hong Kong. In June 2009, the Group acquired an office premises in Kowloon Bay at a consideration of HK\$18,998,000. The construction of the newly acquired property was completed in the fourth quarter of 2009. The Group intends to use this newly acquired property as the Group's head office.

Resulting from a substantial increase in gross profit, the profit attributable to owners of the Company for the year recorded a 337.8% increase to approximately HK\$37,800,000 as compared with that of last year (2008: HK\$8,635,000). Net profit margin for the year also rebounded from 1.3% in 2008 to 6.0% in 2009.

一般及行政開支相比去年增加約11,307,000港元或15.0%。主要原因是(i)位於中國惠州大亞灣新建廠房之土地使用稅支付約3,533,000港元；(ii)於年內錄得匯兌虧損550,000港元，而在二零零八年，由於人民幣兌港元/美元升值，產生了2,794,000港元之匯兌收益。在二零零九年，人民幣兌港元/美元相對穩定，因此沒有匯兌收益產生；及(iii)為了獎勵員工於年內對集團的正面貢獻，酌情花紅的撥備為3,000,000港元(於二零零八年，由於本集團之盈利不理想，所以沒有此撥備)。

另外，本集團在二零零九年四月出售位於荃灣之寫字樓物業，獲淨利潤約1,715,000港元。與此同時，本集團在九龍灣租用另一寫字樓物業作為其在香港之總辦事處之用。在二零零九年六月，本集團以18,998,000港元購入一個位於九龍灣之寫字樓物業。此新購入之物業已於二零零九年第四季落成。本集團擬將此新購入之物業用作集團的總辦事處。

由於毛利得到顯著改善，本公司權益持有人應佔溢利相比去年同期大幅增加337.8%至約37,800,000港元(二零零八年：8,635,000港元)。純利率於年內亦由去年的1.3%反彈至二零零九年的6.0%。

(B) BUSINESS REVIEW**Zinc alloy die casting business**

Affected by the impact of financial tsunami on the worldwide economy, customers were conscious to minimize their inventory level and became prudent in placing orders for products. As such, sales of zinc alloy die casting products in the year 2009 recorded a 14.1% decrease to HK\$328,989,000 (2008: HK\$382,797,000), representing 51.9% (2008: 55.9%) of the Group's turnover. The Group anticipates that the market demand for zinc alloy die casting products will be revitalized following the gradual recovery of the global economy. In addition, during the year under review, the Group had developed a thin wall zinc alloy die casting technology with an overseas alloy smelter. This new technology can manufacture ultra thin (0.35 micron) zinc alloy die casting components. The Group expects that this new technology can expand its business for 3C (communication, computer and consumer electronics) products. Thin wall zinc alloy die casting is more environmental friendly and fits in with the energy saving policy of the PRC as less raw materials are required during the production process.

Magnesium alloy die casting business

Benefiting from the rising trend of using notebook computers by consumers, the turnover of magnesium alloy die casting business achieved a growth of 9.0% to HK\$139,997,000 (2008: HK\$128,489,000) during the year under review. The proportion of which as represented in the Group's turnover also increased from approximately 18.8% in 2008 to 22.1% in 2009. Seizing the growing demand for magnesium alloy die casting components in the notebook computer market, the Group will actively continue its research and development on the application of new magnesium alloys with an aim to expand its customer base.

(B) 業務回顧**鋅合金壓鑄業務**

受到金融海嘯對全球經濟的影響，客戶致力把存貨水平減至最低，於下訂單時採取審慎態度。因此，於二零零九年度，鋅合金壓鑄產品銷售額下跌14.1%至328,989,000港元（二零零八年：382,797,000港元），佔本集團營業額51.9%（二零零八年：55.9%）。隨着環球經濟復甦，本集團預期鋅合金壓鑄產品的市場需求將會恢復增長。另外，本集團於回顧年與一海外合金冶煉公司共同成功開發薄壁鋅合金壓鑄技術，其特點為可以壓鑄出超薄（0.35微米）鋅合金壓鑄件。本集團預期此新技術將會擴大公司在3C（通訊、電腦及消費者電子）產品方面的業務。由於在生產過程中需要較少的材料，鋅合金薄壁壓鑄更為環保及符合國家的節能政策。

鎂合金壓鑄業務

受惠於消費者使用筆記本電腦的上升趨勢，鎂合金壓鑄業務於回顧年度內錄得9.0%之升幅至139,997,000港元（二零零八年：128,489,000港元），其佔本集團營業額之比例亦由二零零八年的18.8%增加至22.1%。本集團把握筆記本電腦市場對鎂合金壓鑄件不斷上升的需求，積極繼續新鎂合金應用之研發，以擴展其客戶基礎。

Aluminium alloy die casting business

The turnover of aluminium alloy die casting business was HK\$164,846,000 (2008: HK\$173,848,000), representing a 5.2% decrease as compared with the year of 2008. However, its contribution to the Group's turnover increased from approximately 25.3% in last year to 26.0%. Looking ahead, with the use of its newly developed horizontal dual controlled die casting machine, the Group can open up the market for aluminium alloy die casting products with larger size and greater density. Since the dual controlled die casting machine can manufacture larger die casting products with less tonnage than the conventional die casting machine, it can enhance energy saving in the production process. Aluminium alloy die casting products, in terms of global production tonnage, accounted for a substantial proportion of the total die casting output. Since our market share is relatively small at present, the Group anticipates that there will be ample room for further growth in this business segment.

鋁合金壓鑄業務

鋁合金壓鑄業務之營業額為164,846,000港元(二零零八年:173,848,000港元),較二零零八年下降5.2%,但是,其所佔本集團營業額之比例則由去年的25.3%增加至26.0%。展望來年,集團期望應用其新近研發之臥式鑄鍛雙控壓鑄機去開發更多的大型高密度鋁合金壓鑄件市場。由於鑄鍛雙控壓鑄機能以噸數小於傳統的壓鑄機去生產出大的鑄件,故此在生產過程中能够大大提升能源節省。按全球壓鑄件生產噸位計算,鋁合金壓鑄件的產量佔總產量極大的份額。由於本集團現時在此部分的市場份額相對較少,故預期此方面的業務將會有很大的增長空間。

Disposal of Ka Shui Yinguang

In order to open up the magnesium alloy die casting market in the central and western region in the PRC and facilitate the research and development of new magnesium alloys, the Group and Shanxi Wenxi Yinguang Meiyue Group Limited Company ("Shanxi Yinguang"), a smelter for magnesium and magnesium alloys in the PRC, established Ka Shui Yinguang Technology (Wenxi) Limited, a sino-foreign equity joint venture enterprise in Shanxi, the PRC, for the production of magnesium alloy die castings and related products in February 2007. The Group owned 40% equity interest in this joint venture. However, the operation and business strategy of this joint venture had been changed and deviated from the initial plan and hence, the Group had finally decided to dispose its 40% equity interest back to Shanxi Yinguang at a consideration of RMB5,500,000 in May 2009. This disposal incurred a loss of approximately HK\$298,000 for the Group.

(C) PROSPECT

While recovery of the global economy and improvements in operating environment are expected to continue in 2010, there are still many uncertainties in the macro-economic environment. Nevertheless, in view of the strong and long-term relationships established with customers as well as its well diversified business, the Group is set to capture the opportunities arising in the recovering market.

The Group will continue to improve its operational efficiency through technological reform and constant upgrades of equipment. The Group will also exercise stringent cost control measures in order to lower its overall operating costs. In view of the increasing staff cost caused by shortage of labour, the Group will put every effort on production automation as a long-term strategy with an aim to reduce labour costs. During the year under review, certain automatic polishing machines had already been put into use so as to reduce the number of frontline workers, leading to a reduction in labour cost and enhancement of efficiency.

出售嘉瑞銀光

為了開闢中國中西部地區的鎂合金壓鑄件市場及有助本集團開發新型鎂合金材料，本集團於二零零七年二月與國內鎂及鎂合金冶煉生產商—山西聞喜銀光鎂業(集團)有限公司(「山西銀光」)於中國山西成立中外合資企業嘉瑞銀光科技(聞喜)有限公司，生產鎂合金壓鑄件及相關產品。本集團於此合資企業持有40%權益。但是，由於此合資企業之營運及業務策略有所變更並偏離集團之原本計劃，因此本集團最後決定在二零零九年五月把其所持有之40%權益售回予山西銀光，作價為人民幣5,500,000。此出售為本集團帶來約298,000港元之損失。

(C) 展望

二零一零年，全球經濟復甦及經營環境持續改善，但是，宏觀經濟環境仍然存在頗多不穩定因素。儘管如此，憑藉本集團與客戶所建立的緊密及長遠關係，以及多元化的業務，本集團已準備把握由市場復甦所帶來的機會。

本集團將透過技術改革及定期提升設備去持續改善其生產效能。本集團並推行嚴謹之成本控制措施以降低其整體營運成本。鑑於由勞工短缺所引發的工資成本增加，本集團竭力把生產自動化作為一項長遠策略，以減低勞工成本。於回顧年內，本集團已添置若干自動打磨機並降低前線員工的數目，從而減少勞工成本，並提升生產效率。



The construction of the first phase of the industrial complex in Daya Bay, Huizhou, the PRC comprising gross floor area of approximately 43,000 sq.m. was completed in April 2009 and the operation of this new production facility had officially commenced in June 2009 to manufacture mainly zinc alloy and aluminum alloy die casting components as well as parts with plastic contents. In this regard, the production capabilities of the Group can be therefore expanded in order to cater for the needs of our major customers and support the long-term business strategies of the Group.

Riding on the growth momentum of notebook computers, the Group is poised for further expansion in this aspect in the forthcoming future. In fact, the growing popularity of notebook computers seems to ensure its replacement of desktop computers in the long run. Given the low penetration rate of notebook computers in global markets, especially the Asia Pacific region, notebook computers have immense growth potential. In addition, the introduction of new computer operating systems will also prompt a drive for the replacement of traditional desktop computers. This trend is highly positive for our future business growth. In this regard, the Group will continue to put more emphasis on the research and development on the application of new magnesium alloys for notebook computers together with various surface finishing technologies with an aim to increase its market share.

To strengthen its market competitive edge and leading position, the Group expanded into plastics injection moulding business in late 2008, with an aim to become a vertically integrated one-stop service provider. Since some of our finished products are composed of metal alloy and plastic components, customers can reduce their costs in logistics and quality control as they do not need to outsource the production of metal alloy and plastic components to various suppliers. This one-stop service model had been fully supported by our customers in return for more orders being placed to us for the manufacture of metal alloy and plastic components simultaneously during the year under review. In view of this, the Group will further promote its competitive advantages in this aspect and capture more business opportunities.

本集團位於中國惠州大亞灣佔地 43,000 平方米之工業園第一期生產廠房的建築工程已經在二零零九年四月完成，並在二零零九年六月正式投產。此新生產設施用作生產鋅合金及鋁合金壓鑄件和塑膠部件。本集團之生產規模因此進一步擴大，以迎合主要客戶之業務需求及支持本集團之長遠業務發展策略。

把握筆記本電腦市場不斷增長的趨勢，本集團於此方面之業務於未來可再邁進一步。事實上，筆記本電腦取代桌上電腦已是大勢所趨，而目前全球特別是亞太區市場的筆記本電腦滲透率仍然偏低，筆記本電腦市場擁有巨大的增長潛力。另外，隨著新的電腦運作系統推出，將會帶來取代桌上電腦的動力。此趨勢對本集團的發展十分有利。本集團將繼續專注研究和開發新鎂合金在筆記本電腦上的應用及表面處理技術，以增加市場份額。

為了加強其市場競爭力及領導地位，本集團於二零零八年底發展塑膠注塑業務，致力成為垂直整合一站式服務供應商。由於本集團之部份最終製成品乃由金屬與塑膠部件組成，客戶不需要將金屬及塑膠零件之製造分別外判給不同供應商，此舉可以減低其物流及品質監控成本。此一站式服務模式相當受客戶支持，於回顧年內，客戶同時向本集團訂購更多金屬與塑膠部件。因此，本集團將進一步推廣此方面之競爭優勢及把握更多商機。

During the year, the Group's previous plan to establish a joint venture with a PRC entity to develop rare earth magnesium alloys had been temporarily put on hold as it is expected that the demand for raw materials would decrease drastically following the outbreak of the financial tsunami. However, the Group has not discontinued the research and development on rare earth magnesium alloys. Preliminary results have showed that various rare earth magnesium alloys have distinct positive impacts on metal flow and mechanical properties and the salt spray test has also proved that the corrosion resistance of these magnesium alloys can be remarkably improved. The rare earth magnesium alloys can be well applied on the manufacture of notebook computer casings as they can enhance yield rate and in turn lower the production costs.

In 2009, the research and development on the horizontal dual controlled die casting machine, which is one of the sponsored projects under the "Eleventh Five-Year Plan" of the PRC, was completed and is expected to become operational in year 2010. This machine has a unique feature for reducing or even eliminating the porosities in die casting components, especially in the thick sections, thus leading to a higher yield rate and reduction of production costs. The Group intends to extend the use of this machine for the production of automobile parts with greater density in order to open up new revenue streams.

The impact of the financial tsunami had forced a large number of less competitive manufacturing corporations went out of business in 2009. In this regard, a massive consolidation has been undergoing for all the manufacturing industries in the PRC. The Group is in the view that some of these ailing corporations might be fundamentally sound but only be hindered by short-term liquidity and management deficiencies. As such, the Group will actively seek for every possible merger and acquisition opportunity with a view to enhance its competitiveness and sustain long-term business growth.

The Group will continue to strengthen its organization and execution capabilities in pursuit of excellence in operational performance so as to create better returns for its shareholders and investors

年內，由於預期原材料之需求將因為金融海嘯的發生而大幅減少，本集團原本籌劃成立一間合營公司以發展稀土鎂合金之計劃已暫時擱置。然而，本集團從未間斷稀土鎂合金之科研。初步結果顯示多種稀土鎂合金對金屬流動性及其機械性能有明顯的正面作用，鹽霧測試也證實鎂合金之耐腐蝕性得到顯著改善。把稀土鎂合金應用於生產筆記本電腦外殼上，將有助提高成品率從而降低集團之生產成本。

於二零零九年，國家「第十一個五年計劃」資助項目之一臥式鑄鍛雙控壓鑄機之開發已完成，並預期於二零一零年可投入運作。此機器擁有一獨特功能，可以減少或甚至消除壓鑄件(特別是厚的部份)之沙孔(氣孔)，從而達至較高之成品率及降低生產成本。本集團將會把此機器之用途擴展至生產較高密度之汽車零部件上，藉以開拓新收益來源。

受到金融海嘯的沖擊，大量處於競爭劣勢之製造企業在二零零九年被逼結業。因此，中國的製造工業進行了大規模的整頓。本集團相信此等陷於困難的企業中，其中一部份之基本因素可能良好，但只是受制於短期流動資金需求及管理不善。故此，本集團會積極尋求每個潛在收購合併機會，藉以增強其競爭力及持續長遠業務發展。

本集團將繼續強化其組織和執行能力，追求卓越的經營績效，為股東和投資者創造更大價值。

(D) LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2009, the Group had bank and cash balances of approximately HK\$78,171,000 (31 December 2008: HK\$74,940,000), most of which were either denominated in US dollars, Renminbi or Hong Kong dollars.

Total interest-bearing borrowings of the Group as at 31 December 2009 were approximately HK\$99,416,000 (31 December 2008: HK\$81,714,000), comprising bank loans and overdrafts of approximately HK\$40,046,000 (31 December 2008: HK\$25,439,000) repayable within one year or on demand, term loans of approximately HK\$35,179,000 (31 December 2008: HK\$24,346,000) with maturity of not more than four years and obligations under finance leases of approximately HK\$24,191,000 (31 December 2008: HK\$31,929,000). All of these borrowings were denominated in Hong Kong dollars to which the interest rates applied were primarily subject to floating interest rate.

As at 31 December 2009, the gearing ratio (a ratio of the sum of total interest-bearing borrowings and obligations under finance leases divided by total equity) of the Group was approximately 17.9% (31 December 2008: 15.1%)

As at 31 December 2009, the net current assets of the Group were approximately HK\$169,824,000 (31 December 2008: HK\$177,824,000), which consisted of current assets of approximately HK\$339,951,000 (31 December 2008: HK\$313,056,000) and current liabilities of approximately HK\$170,127,000 (31 December 2008: HK\$135,232,000), representing a current ratio of approximately 2.0 (31 December 2008: 2.3).

(E) EXPOSURE TO FOREIGN EXCHANGE RISK

Most of the Group's transactions were conducted in US dollars, Hong Kong dollars or Renminbi. As such, the Group is aware of the potential foreign currency risk that may arise from the fluctuation of exchange rates between US dollars, Hong Kong dollars and Renminbi. During the year under review, the exchange rates between US dollars, Hong Kong dollars and Renminbi were fairly stable. The Group will closely evaluate the Group's foreign currency exposure on a continuing basis and take further actions to minimize its exposure whenever necessary.

(D) 流動資金及財務資源

於二零零九年十二月三十一日，本集團擁有銀行及現金結餘約78,171,000港元(二零零八年十二月三十一日：74,940,000港元)，當中大多數以美元、人民幣或港元計值。

本集團於二零零九年十二月三十一日的計息借款總額約為99,416,000港元(二零零八年十二月三十一日：81,714,000港元)，包括須於一年內或於要求時償還的銀行貸款及透支約40,046,000港元(二零零八年十二月三十一日：25,439,000港元)、到期期限不超過四年的定期貸款約35,179,000港元(二零零八年十二月三十一日：24,346,000港元)及融資租約承擔約24,191,000港元(二零零八年十二月三十一日：31,929,000港元)。該等借款全部以港元計值，所採用的利率主要為浮動利率。

於二零零九年十二月三十一日，本集團的資產負債比率(以計息借款及融資租約承擔的總和除以權益總額)約為17.9%(二零零八年十二月三十一日：15.1%)。

於二零零九年十二月三十一日，本集團流動資產淨值約為169,824,000港元(二零零八年十二月三十一日：177,824,000港元)，包括流動資產約339,951,000港元(二零零八年十二月三十一日：313,056,000港元)及流動負債約170,127,000港元(二零零八年十二月三十一日：135,232,000港元)，流動比率約為2.0(二零零八年十二月三十一日：2.3)。

(E) 外匯風險承擔

本集團的大部分交易均以美元、港元或人民幣進行。因此，本集團已注意到美元、港元及人民幣匯率的波動可能引起的潛在外匯風險。於回顧年內，美元、港元及人民幣匯率相當穩定。本集團將繼續密切評估本集團之外匯風險，並於有需要時採取進一步措施以減低本集團之風險。

(F) CONTINGENT LIABILITIES

As at 31 December 2009, the Group had no material contingent liabilities.

(G) CHARGE ON ASSETS

As at 31 December 2009, the Group's banking facilities were secured by guarantees given by the following assets: (a) the Group's bank deposits; (b) lessors' title to the leased assets under finance leases; and (c) a property situated in Hong Kong owned by the Group.

(H) HUMAN RESOURCES

As at 31 December 2009, the Group had approximately 3,400 full-time employees (31 December 2008: 2,200). The Group attributes its success to the hard work and dedication of its staff as a whole, therefore, they are deemed to be the most valuable assets of the Group. In order to attract and retain high caliber staff, the Group provides competitive salary package, including retirement scheme, medical benefit and bonus. The Group's remuneration policy and structure is determined based on market trends, the performance of individual staff as well as the financial performance of the Group. The Group has also adopted a share option scheme as incentive and reward for those qualifying staff who have made contribution to the Group.

The Group provides regular training courses for different level of staff and holds various training programs together with PRC institutes and external training bodies. Apart from academic and technical training, the Group also organizes different kinds of recreational activities, including New Year gathering, various sport competitions and interest groups. The aim is to promote interaction among staff, establish harmonious team spirit and promote healthy lifestyle.

(F) 或然負債

於二零零九年十二月三十一日，本集團並無任何重大或然負債。

(G) 資產抵押

於二零零九年十二月三十一日，本集團抵押下列資產作為銀行借貸及信貸融資的擔保：(a)本集團之銀行存款；(b)出租人按融資租約出租的資產業權；及(c)本集團擁有的香港物業。

(H) 人力資源

於二零零九年十二月三十一日，本集團約有3,400名全職僱員(二零零八年十二月三十一日：2,200名)。本集團之成功有賴全體僱員的表現和責任承擔，故此本集團把僱員視作為我們的核心資產。為了吸引及保留優秀員工，本集團提供具競爭力的薪酬，包括退休金計劃、醫療福利和花紅獎賞。本集團之薪酬政策及結構乃根據市場趨勢、個人工作表現以及本集團的財務表現而釐定。本集團亦已採納認購股權計劃，旨在向合資格僱員提供作為彼等對本集團所作出貢獻之鼓勵及獎賞。

本集團定期舉辦多項針對不同階層員工的培訓課程，並與多間國內專上學院及外間培訓機構合辦各種培訓計劃。除學術和技術培訓外，本集團舉辦了不同種類的文娛康樂活動，其中包括新春聯誼活動、各種體育比賽和興趣班等，目的為促進各部門員工之間的關係，建立和諧團隊精神及提倡健康生活。



EXECUTIVE DIRECTORS

Mr. Lee Yuen Fat, aged 54, is the Chairman of the Board, an Executive Director of the Company and a director of certain subsidiaries of the Company. Mr. Lee is responsible for the formulation of the overall business strategies of the Group. He has over 30 years of experience in the die casting industry. Mr. Lee holds a master degree in engineering from the Yanshan University. He was conferred an award of Honorary Fellowship by the Professional Validation Council of Hong Kong Industries.

Mr. Lee was one of the founding members and was the Chairman of the Hong Kong Diecasting Association (now become the Hong Kong Diecasting and Foundry Association (the "HKDFA")) in 1989. He was elected as the first Chairman of the HKDFA in 2008. Mr. Lee is also the Honorary Chairman and Executive Vice Chairman of Federation of Hong Kong Machinery and Metal Industries, the Deputy Director of the Plasticity Engineering Branch of China Machinery Engineering Association, Director of the Guangdong Foundry Industry Association, the Vice-Director General of the Guangdong Mechanical Engineering Association Die Casting Branch, the Vice President of the Commerce Society of Pinghu, Shenzhen and General Chamber of Commerce of Longgang District, Shenzhen, the PRC. Mr. Lee is currently a member of Hunan Provincial Committee of the Chinese People's Political Consultative Conference, the Deputy Director of Sub-committee 4 on Die Casting of National Technical Committee 54 on Foundry of Standardization Administration of China, the Deputy Secretary General and member of Sub-committee 2 on Metal Hot-forming Branch of National Technical Committee 186 on Foundry Machinery of Standardization Administration of China, the Deputy Director of Die Casting Technical Committee, Foundry Institution, Chinese Mechanical Engineering Society and a member of the Co-operative Working Group of Magnesium in the Both Sides of Taiwan Strait and Hong Kong.

Dr. Keung Wing Ching, aged 58, is the Vice Chairman and the Chief Executive Officer, an Executive Director and a director of certain subsidiaries of the Company. He is primarily responsible for the overall management, as well as supervision of the execution of the overall business strategies of the Group. Dr. Keung graduated from the National Taiwan University with a bachelor degree in mechanical engineering. He obtained his master degree and doctorate degree in mechanical engineering from the University of Birmingham, the United Kingdom. Dr. Keung has over 25 years of experience in the fields of metal forming, mechanical processing and information technology. He is a Chartered Engineer, a professional member of the Institute of Materials, Minerals & Mining (UK) and a fellow member of the Hong Kong Institution of Engineers.

執行董事

李遠發先生，54歲，本公司董事會主席、執行董事兼本公司若干附屬公司之董事。李先生負責制定本集團整體業務策略。彼擁有逾30年壓鑄業經驗，持有燕山大學工程碩士學位。此外，李先生獲香港工業專業評審局頒授榮譽院士。

李先生為香港壓鑄學會（現時為香港壓鑄及鑄造業總會）創辦人之一，及後於一九八九年出任該會會長。彼於二零零八年被選為香港壓鑄及鑄造業總會首任會長。李先生現為香港機械金屬業聯合總會榮譽會長及常務副主席、中國機械工程學會塑性工程分會副主任、廣東省鑄造行業協會理事、廣東省機械工程學會壓鑄分會副理事長、中國深圳市平湖商會及龍崗區總商會副會長。李先生現擔任中國人民政治協商會議湖南省委員會成員、全國鑄造標準化技術委員會壓力鑄造分技術委員會(SAC/TC54/SC4)副主任委員、全國鑄造機械標準化技術委員會金屬熱成形分技術委員會(SAC/TC186/SC2)委員兼副秘書長、中國機械工程學會鑄造分會壓鑄技術委員會副主任委員及海峽兩岸及香港鎂合金開發工作組成員。

姜永正博士，58歲，本公司副主席兼行政總裁、執行董事及本公司若干附屬公司之董事，主要負責本集團的整體管理及監督整體業務策略的執行。姜博士畢業於國立台灣大學，持有機械工程學士學位，並在英國伯明翰大學取得機械工程碩士及博士學位，擁有逾25年金屬成型、機械加工及資訊科技經驗。姜博士為特許工程師、英國材料、礦物及採礦學會專業會員以及香港工程師學會資深會員。

Prior to joining the Group in 2005, he worked with the Hong Kong Productivity Council for more than 25 years and his last position was the Branch Director, Information Technology and Services.

Dr. Keung is also the Permanent Honorary Chairman of the HKDFA, a committee member of the Magnesium Alloy Development Team for Taiwan, Mainland China and Hong Kong (which was established jointly by China Non-ferrous Metals Industrial Association, the Hong Kong Productivity Council and Taiwan Metal Industry Research and Development Centre), the Chairman of the board of directors of Hong Kong Critical Components Manufacturers Association, and a committee member of the Hong Kong Q Mark Council. Dr. Keung is currently an advisor of the Guangzhou Science & Technology Association and a member of Shandong Provincial Committee of the Chinese People's Political Consultative Conference. Dr. Keung is also currently an independent non-executive director of Fong's Industries Company Limited, a company whose shares are listed on the Hong Kong Stock Exchange.

Mr. Wong Wing Chuen, aged 48, is an Executive Director of the Company and a director of certain subsidiaries of the Company. Joined the Group in 1988, Mr. Wong is now responsible for the Group's operations, development of new products and production technologies and manufacturing activities. Mr. Wong has over 20 years' experience in die design and manufacturing and the die casting industry. He is an Associate of the Professional Validation Council of Hong Kong Industries.

Mr. Chan Tat Cheong, Alan, aged 49, is an Executive Director, Company Secretary and Qualified Accountant of the Company. He is primarily responsible for overseeing the Group's accounting and financial affairs. Prior to joining the Group in 2003, Mr. Chan held a senior financial position with a listed company in Hong Kong for over 8 years and has over 20 years' experience in accounting, auditing and financial management. Mr. Chan holds a bachelor degree in accounting and financial analysis from the University of Newcastle Upon Tyne, the United Kingdom. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and a member of the American Institute of Certified Public Accountants.

於二零零五年加入本集團前，姜博士曾在香港生產力促進局工作逾25年，離職前為該局副總裁，負責資訊科技及服務。

姜博士亦為香港壓鑄及鑄造業總會永遠名譽主席、台灣、中國大陸與香港鎂合金開發小組(原由中國有色金屬工業協會、香港生產力促進局及台灣金屬工業研究發展中心共同成立)委員會成員、香港關鍵性零部件製造業協會理事會主席及香港優質產品標誌局委員會成員。姜博士現時亦為廣州市科學技術協會顧問及中國人民政治協商會議山東省委員會成員。姜博士現為香港聯交所上市公司立信工業有限公司的獨立非執行董事。

黃永銓先生，48歲，本公司執行董事及本公司若干附屬公司之董事。黃先生於一九八八年加入本集團，現負責本集團之營運、新產品及生產技術的開發以及製造業務。黃先生擁有逾20年模具設計與製造及壓鑄業經驗，為香港工業專業評審局的副院士。

陳達昌先生，49歲，本公司執行董事、公司秘書兼合資格會計師，主要負責監督本集團會計及財務事宜。於二零零三年加入本集團前，陳先生曾在一家香港上市公司擔任高級財務職位逾八年及擁有逾20年會計、審計及財務管理經驗。陳先生持有英國紐卡素大學會計及財務分析學士學位，現為香港會計師公會資深會員及美國執業會計師公會會員。

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Sun Kai Lit Cliff BBS, JP, aged 56, was appointed as an Independent Non-executive Director of the Company on 2 June 2007. He is the chairman of the remuneration committee as well as the nomination committee of the Company. Mr. Sun is an associate of the Institute of Industrial Engineers of Ohio and has over 30 years of experience in the household products manufacturing industry. Mr. Sun was appointed the Justice of the Peace in July 2003 and was awarded the Bronze Bauhinia Star by the Hong Kong Government in July 2006. He is a member of the 10th Zhejiang Committee of Chinese People's Political Consultative Conference and a member of the Standing Committee of the 13th Ningbo Committee of Chinese People's Political Consultative Conference. He is currently the Chairman of the Federation of Hong Kong Industries, Honorary Chairman of The Hong Kong Exporters' Association, Honorary Chairman of the Hong Kong Q Mark Council and the President of the Hong Kong Plastics Manufacturers Association. Mr. Sun is currently an independent non-executive director of Ming Fai International Holdings Limited and a non-executive director of China South City Holdings Limited, all of which are listed on the Hong Kong Stock Exchange.

Ir Dr. Lo Wai Kwok BBS, MH, JP, aged 57, was appointed as an Independent Non-executive Director of the Company on 2 June 2007. Ir Dr. Lo holds a doctorate degree in engineering, master degrees in engineering and business administration respectively and a bachelor degree in engineering. He is a Chartered Mechanical Engineer and Fellow of the Hong Kong Institute of Engineers. Ir Dr. Lo was awarded with the "Young Industrial Awards of Hong Kong" and the "Ten Outstanding Young Persons Selection" in 1992, the "Medal of Honour" of the Hong Kong Government in July 2001, and was appointed "Justice of the Peace" of the Hong Kong Government in July 2004. Ir Dr. Lo was awarded the Bronze Bauhinia Star by the Hong Kong Government in July 2009.

Ir Dr. Lo was appointed as the managing director of Surface Mount Technology (Holdings) Limited in December 2006, a company listed on the Singapore Exchange Securities Trading Limited, and has over 30 years of experience in the electronic and power supply industry. He is an Adjunct Professor of the City University of Hong Kong and a Guest Professor of the University of Electronic Science and Technology Zhongshan College.

獨立非執行董事

孫啟烈先生 BBS, 太平紳士, 56歲, 於二零零七年六月二日獲委任為本公司獨立非執行董事。彼為本公司薪酬委員會及提名委員會主席。孫先生為美國俄亥俄州工業工程師學會會員, 於家居用品製造業擁有逾30年經驗。孫先生於二零零三年七月獲頒太平紳士榮譽, 並於二零零六年七月獲香港政府頒發銅紫荊星章。彼為中國人民政治協商會議第十屆浙江省委員會委員及中國人民政治協商會議第十三屆寧波市委員會常務委員。彼現時為香港工業總會主席、香港出口商會名譽主席、香港優質產品標誌局名譽主席及香港塑膠業廠商會會長。孫先生現為香港聯交所上市之明輝國際控股有限公司的獨立非執行董事及華南城控股有限公司的非執行董事。

盧偉國博士 BBS, MH, 太平紳士, 57歲, 於二零零七年六月二日獲委任為本公司獨立非執行董事。盧博士持有工程學博士學位、工程及工商管理碩士學位與工程學士學位, 並為機械工程特許工程師及香港工程師學會資深會員。盧博士為一九九二年「香港青年工業家獎」及「十大傑出青年選舉」與二零零一年七月香港政府「榮譽勳章」的得獎者, 更於二零零四年七月獲香港政府委任為「太平紳士」。盧博士於二零零九年七月獲香港政府頒發銅紫荊星章。

盧博士於二零零六年十二月獲委任為於新加坡證券交易所有限公司上市的新進科技集團有限公司的董事總經理, 彼於電子及電力供應業積累超過30年經驗。彼分別於香港城市大學與電子科技大學中山學院出任兼任教授及客席教授。

Mr. Yeow Hoe Ann John, aged 69, was appointed as an Independent Non-executive Director of the Company on 2 June 2007. He is the chairman of the audit committee of the Company. Mr. Yeow is a fellow member of both CPA Australia and the Hong Kong Institute of Company Secretaries, and a member of both the Institute of Chartered Accountants in Australia and the Hong Kong Institute of Certified Public Accountants.

Mr. Yeow previously worked for Price Waterhouse & Co. in Australia from 1969 to 1974 and KPMG in Hong Kong from 1974 to 1976 and was the Chief Accountant of the Hong Kong Trade Development Council from 1976 to 1987. In 1988, Mr. Yeow joined the Hong Kong Productivity Council and became the general manager in finance until his retirement in 2005.

Mr. Andrew Look, aged 45, was appointed as an Independent Non-executive Director of the Company on 16 December 2009. Mr. Look holds a bachelor of commerce degree from the University of Toronto and has over 20 years' experience in the equity investment analysis of Hong Kong and China stock markets. From 2000 to 2008, Mr. Look served in Union Bank of Switzerland ("UBS") as the head of Hong Kong research, strategy and product and he is now an external consultant to UBS. He was rated as the best Hong Kong strategist and best analyst by the Asiamoney magazine, a leading monthly financial and capital markets publication for corporate and finance readers and investors, in 2001, 2002, 2003, 2005, 2006 and 2007. Mr. Look is currently a director of Look's Capital Limited, a fund management company founded by him in April 2009.

SENIOR MANAGEMENT

Mr. Chan Sin Wing, aged 37, joined the Group in 2004 and is the director of sales and marketing of the Group. He is primarily responsible for overseeing the sales and marketing activities of the Group. Mr. Chan holds a master degree in industrial engineering and industrial management and a bachelor degree in engineering from the University of Hong Kong. Prior to joining the Group, he worked as a consultant of the Hong Kong Productivity Council for over 9 years.

Mr. Yoshihisa Suzuki, aged 53, joined the Group in 2008 and is the director of project development of the Group. He is primarily responsible for the new product business development of the Group. Mr. Suzuki holds a bachelor degree in mechanical engineering from Chiba Institute of Technology, Japan. Prior to joining the Group, he worked in the personal computer division of a reputable global integrated information technology products and business solutions provider for over 20 years.

姚和安先生，69歲，於二零零七年六月二日獲委任為本公司獨立非執行董事。彼為本公司審核委員會主席。姚先生為澳洲會計師公會及香港公司秘書公會資深會員，並為澳洲特許會計師公會及香港會計師公會會員。

姚先生曾於一九六九年至一九七四年在澳洲羅兵咸會計師事務所及於一九七四年至一九七六年在香港畢馬威會計師事務所任職。於一九七六年至一九八七年，姚先生擔任香港貿易發展局首席會計師。一九八八年，姚先生加入香港生產力促進局，擔任財務部總經理，直至二零零五年退休。

陸東先生，45歲，於二零零九年十二月十六日獲委任為本公司獨立非執行董事。陸先生持有加拿大多倫多大學商科學士學位，於香港及中國股票市場資產投資分析累積逾二十年經驗。由二零零零年至二零零八年，陸先生於瑞士銀行（「瑞士銀行」）出任香港研究、策略及產品部主管，現時為瑞士銀行外部顧問。陸先生曾於二零零一、二零零二、二零零三、二零零五、二零零六及二零零七年獲得《亞洲貨幣》雜誌（一本以企業及財經讀者及投資者為對象之著名財經及資本市場月刊）頒發「最佳策略員」及「最佳分析師」殊榮。陸先生現為Look's Capital Limited（一間由彼於二零零九年四月創立的基金管理公司）之董事。

高級管理人員

陳善榮先生，37歲，於二零零四年加入本集團，為本集團銷售及市場推廣總監，主要負責監督本集團的銷售及市場推廣工作。陳先生持有香港大學工業工程及工業管理碩士學位和工程學士學位。加入本集團前，陳先生曾任香港生產力促進局顧問逾九年。

鈴木良久先生，53歲，於二零零八年加入本集團，為本集團項目總監，主要負責本集團的新產品業務開發。鈴木先生持有日本千葉工業大學工程學士學位。加入本集團前，彼曾於一間全球著名資訊科技產品及商業方案供應商之個人電腦部門任職逾20年。

董事及高級管理人員(續)

Mr. Ng Mang Nga, aged 44, joined the Group in 2003 and is the general manager of the Group's subsidiary, Wing Yu (Far East) Industries Company Limited. He is responsible for the overall supervision of the operation of the processing factory in the PRC and has over 15 years' experience in the field of manufacturing.

Ms. Chan So Wah, aged 51, joined the Group in 1999. She is the general manager of the Group's subsidiary, Ka Shui Manufactory Co., Limited and is responsible for its overall management. Ms. Chan has over 18 years' experience in sales and is the sister-in-law of Mr. Lee Yuen Fat.

Mr. Li Yuen Wah, aged 52, joined the Group in 2004 and is the manager in charge of information technology of the Group. Mr. Li is responsible for the administration and operation of the management information system of the Group. He is the younger brother of Mr. Lee Yuen Fat.

Mr. Li Liang Jin, aged 43, joined the Group in 1992 and is the sales engineering manager of the Group. Mr. Li holds a bachelor degree in mechanical engineering from the Guang Xi University and has over 15 years' experience in the field of engineering.

吳萌芽先生，44歲，於二零零三年加入本集團，為本集團附屬公司永裕(遠東)實業有限公司總經理，負責監督位於國內加工廠的整體營運，彼擁有超過15年製造業經驗。

陳素華女士，51歲，於一九九九年加入本集團，為本集團附屬公司嘉瑞製品有限公司總經理，負責其整體管理，彼擁有逾18年銷售經驗，為李遠發先生的弟婦。

李遠華先生，52歲，於二零零四年加入本集團，為本集團資訊科技經理，負責本集團管理資訊系統的行政及運作，為李遠發先生的胞弟。

李良進先生，43歲，於一九九二年加入本集團，為本集團銷售工程經理。彼持有廣西大學機械工程學士學位，擁有逾15年工程方面的經驗。

The directors have pleasure in submitting their report together with the audited consolidated financial statements of Ka Shui International Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") for the year ended 31 December 2009.

PRINCIPAL ACTIVITIES

The Group is principally engaged in the manufacture of zinc, magnesium and aluminium alloy die casting components which are mainly sold to customers engaging in the household products, 3C (communication, computer and consumer electronics) products and automotive parts industries. The activities of the subsidiaries are set out in note 17 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated income statement on page 40.

The board of directors (the "Board") of the Company recommends the payment of a final dividend of HK1.1 cents per share to the shareholders whose names appear on the register of members of the Company on 3 June 2010.

The register of members of the Company will be closed from Tuesday, 1 June 2010 to Thursday, 3 June 2010, both days inclusive, during which no transfer of shares will be registered. In order to qualify for the final dividend, all share transfer documents accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 31 May 2010.

RESERVES

Movements in reserves during the year are set out in the consolidated statement of changes in equity on page 45.

As at 31 December 2009, the Company's reserve available for distribution amounted to approximately HK\$199,338,000.

董事會欣然提呈嘉瑞國際控股有限公司(「本公司」)及其附屬公司(統稱「本集團」)截至二零零九年十二月三十一日止年度之董事會報告及經審核綜合財務報表。

主要業務

本集團以生產鋅、鎂及鋁合金壓鑄件為主，主要售予從事家居用品、3C(通訊、電腦及消費者電子)產品及汽車零部件業的客戶。附屬公司之主要業務載於綜合財務報表附註17。

業績及分派

本集團於年內之業績載於第40頁之綜合損益表內。

本公司董事會(「董事會」)建議派付末期股息每股1.1港仙予於二零一零年六月三日名列本公司股東名冊之股東。

本公司將於二零一零年六月一日(星期二)至二零一零年六月三日(星期四)(包括首尾兩日)暫停辦理股份過戶登記手續，於此期間將不會辦理股份過戶登記。為符合資格獲派末期股息，所有股份過戶文件連同有關股票及過戶表格須於二零一零年五月三十一日(星期一)下午四時三十分前送交本公司之香港股份過戶登記分處香港中央證券登記有限公司辦理登記手續，地址為香港皇后大道東183號合和中心17樓1712至1716室。

儲備

本年度內，儲備之變動情況載於第45頁之綜合權益變動表。

於二零零九年十二月三十一日，本公司之可供分派儲備約為199,338,000港元。

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the year are set out in note 15 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the percentage of the Group's major customers and suppliers attributable to the Group's total sales and total purchases were as follows:

Sales	
– the largest customer	36.31%
– five largest customers combined	78.87%
Purchases	
– the largest supplier	15.39%
– five largest suppliers combined	41.12%

None of the directors, their associates or any shareholders (which to the knowledge of the directors owns more than 5% of the Company's share capital) had an interest in the Group's five largest customers and suppliers.

FINANCIAL SUMMARY

A summary of the results of the Group for the past five financial years ended 31 December 2009 and assets and liabilities of the Group as at 31 December 2005, 2006, 2007, 2008 and 2009 are set out on page 120.

SHARE CAPITAL

Details of the movements in share capital of the Company during the year are shown in note 32 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association and the Companies Law of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

物業、機器及設備

本集團物業、機器及設備於本年度內之變動詳情載於綜合財務報表附註15。

主要客戶及供應商

於本年度內，本集團之主要客戶及供應商應佔總營業額及總採購額之百分比如下：

銷售	
– 最大客戶	36.31%
– 五大客戶合計	78.87%
採購	
– 最大供應商	15.39%
– 五大供應商合計	41.12%

概無任何本公司董事、聯繫人士或據董事所知擁有本公司股本5%以上權益之任何股東於本集團首五大客戶及供應商擁有權益。

財務概要

本集團於截至二零零九年十二月三十一日止過往五個財政年度之業績以及本集團於二零零五年、二零零六年、二零零七年、二零零八及二零零九年年十二月三十一日之資產及負債的概要載於第120頁。

股本

本公司之股本於本年度內之變動詳載於綜合財務報表附註32。

股份優先購買權

本公司之組織章程細則及開曼群島之公司法中並無股份優先購買權之條文，規定本公司必須按比例發售新股予現有股東。

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities of the Company.

THE BOARD

The directors of the Company during the year and up to the date of this report were:

Executive Directors

Mr. Lee Yuen Fat (*Chairman*)
 Dr. Keung Wing Ching
(Vice Chairman and Chief Executive Officer)
 Mr. Wong Wing Chuen
 Mr. Chan Tat Cheong, Alan
 Mr. Zhao Jian (resigned with effect from 16 July 2009)

Independent non-executive directors

Mr. Sun Kai Lit Cliff *BBS, JP*
 Ir Dr. Lo Wai Kwok *BBS, MH, JP*
 Mr. Yeow Hoe Ann John
 Mr. Andrew Look (appointed on 16 December 2009)

The biographical details of the directors are set out on pages 16 to 19 of this annual report.

In accordance with Article 108 and 111 of the Company's Articles of Association, Mr. Lee Yuen Fat, Mr. Wong Wing Chuen, Mr. Sun Kai Lit, Cliff *BBS, JP* and Mr. Andrew Look will retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

DIRECTORS' SERVICE CONTRACTS

The directors being proposed for re-election at the forthcoming annual general meeting do not have any service contract with the Company which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

購買、出售或贖回本公司之上市證券

於本年度內，本公司及其任何附屬公司概無購買、出售或贖回本公司任何上市證券。

董事會

於本年度內及截至本報告日期止，本公司之董事為：

執行董事

李遠發先生(主席)
 姜永正博士
(副主席兼行政總裁)
 黃永銓先生
 陳達昌先生
 趙健先生 (於二零零九年七月十六日辭任)

獨立非執行董事

孫啟烈先生 *BBS, 太平紳士*
 盧偉國博士 *BBS, MH, 太平紳士*
 姚和安先生
 陸東先生 (於二零零九年十二月十六日獲委任)

董事之履歷詳情載列於本年報之第16至第19頁。

根據本公司組織章程細則第108及第111條，李遠發先生、黃永銓先生、孫啟烈先生 *BBS, 太平紳士* 及陸東先生於即將舉行之股東週年大會上退任，惟彼等均符合資格並願意膺選連任。

董事之服務合約

擬於即將召開之股東周年大會上膺選連任之董事，概無與本公司訂立本集團不可於一年內毋須賠償(法定補償除外)而終止之服務合約。

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed under the section headed "Continuing Connected Transactions" set out on page 32 and 33, there was no contract of significance, to which the Company, its holding company, any of its subsidiaries or fellow subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted during or at the end of the year.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

董事之合約權益

除列載於第32及第33頁之「持續關連交易」一節所披露者外，本公司、其控股公司、其任何附屬公司或同系附屬公司概無參與訂立本公司董事直接或間接擁有重大權益，而於年內或年終仍屬有效之重大合約。

管理合約

本年度內，本公司並無訂立或進行任何與本公司全部或重要業務有關之管理及行政合約。

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2009, the interests and short positions of the directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO); or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") in the Rules Governing the Listing on Securities on the Stock Exchange (the "Listing Rules") were as follows:

董事及主要行政人員於本公司及其相聯法團之股份、相關股份及債券的權益及短倉

於二零零九年十二月三十一日，本公司董事及主要行政人員，於本公司及其相聯法團(定義見證券及期貨條例(「證券及期貨條例」)第XV部)之股份、相關股份及債券中，擁有根據證券及期貨條例第XV部第7及第8分部須知會本公司及香港聯合交易所有限公司(「聯交所」)之權益及短倉(包括根據證券及期貨條例該等條文被當作或被視為擁有之任何權益及短倉)；或根據證券及期貨條例第352條須記錄在該條所述登記冊之權益及短倉；或根據聯交所證券上市規則(「上市規則」)上市公司董事進行證券交易的標準守則(「標準守則」)須知會本公司及聯交所之權益及短倉如下：

Long Positions in the Shares

股份之長倉

Name of Director	Capacity	Number of Shares	Approximate percentage of interest in the Company
董事姓名	身份	股份數目	佔本公司權益概約百分比
Executive Directors			
執行董事			
Mr. Lee Yuen Fat ("Mr. Lee") 李遠發先生(「李先生」)	Interest in controlled company ⁽¹⁾ 受控制公司權益 ⁽¹⁾	607,200,000	69%
	Beneficial owner 實益擁有人	2,100,000 ⁽²⁾	0.24%
Dr. Keung Wing Ching 姜永正博士	Beneficial owner 實益擁有人	20,262,000 1,460,000 ⁽²⁾	2.30% 0.17%
Mr. Wong Wing Chuen 黃永銓先生	Beneficial owner 實益擁有人	18,480,000 1,450,000 ⁽²⁾	2.10% 0.16%
Mr. Chan Tat Cheong, Alan 陳達昌先生	Beneficial owner 實益擁有人	7,029,000 1,270,000 ⁽²⁾	0.80% 0.14%
Independent Non-Executive Directors			
獨立非執行董事			
Mr. Andrew Look 陸東先生	Beneficial owner 實益擁有人	7,000,000	0.80%

Notes:

1. Mr. Lee holds the entire issued share capital of Precisefull Limited ("Precisefull"). As such, Mr. Lee is deemed to have a controlling interest in Precisefull and is therefore deemed to be interested in the interests of Precisefull in the Company.
2. Such interest in shares was held pursuant to options granted under the pre-IPO share option scheme and share option scheme, details of which are described in the section headed "Share Option Scheme" in this report set out on pages 28 to 32.

Save as disclosed above, as at 31 December 2009, none of the directors and chief executives of the Company had any interests or short positions in shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO); or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or were required to be notified to the Company and the Stock Exchange, pursuant to the Model Code in the Listing Rules. In addition, save as disclosed above, at no time during the year ended 31 December 2009 was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company or any of their spouses or children under the age of 18 to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

附註：

1. 李先生持有 Precisefull Limited (「Precisefull」) 全部已發行股本。因此，李先生被視為擁有 Precisefull 的控制性權益，並因此視為擁有 Precisefull 所持有的本公司權益。
2. 該等股份權益乃根據首次公開發售前購股權計劃及購股權計劃所授出購股權持有，有關詳情載於本報告第 28 至第 32 頁之「購股權計劃」一節。

除上文所披露者外，於二零零九年十二月三十一日，概無本公司董事及主要行政人員於本公司及其任何相聯法團(定義見證券及期貨條例第 XV 部)之股份、相關股份及債券中擁有任何根據證券及期貨條例第 XV 部第 7 及第 8 分部須知會本公司及聯交所之權益或短倉(包括彼等根據證券及期貨條例該等條文被當作或視為擁有之權益及短倉)；或根據證券及期貨條例第 352 條須記錄於該條所述之登記冊之權益及短倉；或根據標準守則須知會本公司及聯交所之權益及短倉。此外，除上述披露外，本公司或其任何附屬公司於截至二零零九年十二月三十一日止整年內概無訂立任何安排，令本公司董事或彼等之配偶或未滿十八歲之子女可藉購入本公司或其他法團之股份或債權證而獲益。

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2009, the following persons, other than the directors or chief executives of the Company, who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, or which were required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein, were as follows:

Long Positions in the Shares

Name	Capacity	Number of Shares	Approximate percentage of interest in the Company
名稱	身份	股份數目	佔本公司權益概約百分比
Precisefull	Beneficial owner 實益擁有人	607,200,000 ⁽¹⁾	69%

Note:

- Mr. Lee holds the entire issued share capital of Precisefull. As such, Mr. Lee is deemed to have a controlling interest in Precisefull and is therefore deemed to be interested in the interests of Precisefull in the Company.

Save as disclosed above, at no time during the year, the directors and the chief executive of the Company were aware of any other persons (other than the directors or chief executives of the Company) who had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, or which were required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

主要股東於本公司及其相聯法團之股份、相關股份及債券的權益及短倉

於二零零九年十二月三十一日，下列人士(本公司董事或主要行政人員除外)於本公司股份或相關股份中，擁有根據證券及期貨條例第XV部第2及3分部須向本公司披露之權益或短倉，或直接或間接擁有可於任何情況下在本公司股東大會投票之任何類別股本面值5%或以上之權益或短倉，或擁有根據證券及期貨條例第336條須記錄在該條所述登記冊之權益或短倉：

股份之長倉

附註：

- 李先生持有 Precisefull 全部已發行股本。因此，李先生被視為擁有 Precisefull 的控制性權益，並因此視為擁有 Precisefull 所持有的本公司權益。

除上文所披露者外，於本年度內，本公司董事及主要行政人員並不知悉任何其他人士(本公司董事或主要行政人員除外)於本公司之股份及相關股份中擁有須根據證券及期貨條例第XV部第2及第3分部披露之權益或短倉，或直接或間接擁有可於任何情況下在本公司股東大會投票之任何類別股本面值5%或以上權益，或擁有根據證券及期貨條例第336條須記錄在該條所述登記冊之權益或短倉。

SHARE OPTION SCHEME

1. Pre-IPO Share Option Scheme

On 1 June 2007, an aggregate of 59 pre-IPO share options of 22,000,000 shares were granted to selected persons as incentives or rewards for their contribution to the Group. Details of the options granted under the pre-IPO share option scheme during the year were as follows:

購股權計劃

1. 首次公開發售前購股權計劃

於二零零七年六月一日，合共59份有關22,000,000股股份之首次公開發售前購股權已授予選定人士，作為彼等對本集團所作出貢獻之獎勵或獎賞。於年內，根據首次公開發售前購股權計劃授出之購股權詳情如下：

Category of Grantee/ Name	Date of grant	Exercise Price (HK\$)	Exercise Period	Number of shares options 購股權數目			Outstanding as at 31/12/2009 於二零零九年十二月三十一日尚未行使
				As at 01/01/2009 於二零零九年一月一日	Exercised during the year 於年內行使	Lapsed/ Cancelled during the year 於年內失效/註銷	
Executive Directors 執行董事							
Mr. Lee 李先生	01/06/2007	0.81	27/06/2008 – 26/06/2011	1,320,000	–	–	1,320,000
Dr. Keung Wing Ching 姜永正博士	01/06/2007	0.81	27/06/2008 – 26/06/2011	880,000	–	–	880,000
Mr. Wong Wing Chuen 黃永銓先生	01/06/2007	0.81	27/06/2008 – 26/06/2011	880,000	–	–	880,000
Mr. Chan Tat Cheong, Alan 陳達昌先生	01/06/2007	0.81	27/06/2008 – 26/06/2011	880,000	–	–	880,000
Mr. Zhao Jian ⁽¹⁾ 趙健先生 ⁽¹⁾	01/06/2007	0.81	27/06/2008 – 26/06/2011	880,000	–	880,000	–
Others 其他							
Employees 僱員	01/06/2007	0.81	27/06/2008 – 26/06/2011	15,070,000	–	1,628,000	13,442,000

Note:

1. Mr. Zhao Jian's options lapsed after his resignation as an executive director of the Company on 16 July 2009.

All grantees of the pre-IPO share options may only exercise the pre-IPO share options granted to them as follows:

附註：

1. 趙健先生之購股權於彼在二零零九年七月十六日辭任本公司執行董事後失效。

所有首次公開發售前購股權之承授人僅可按以下方式行使首次公開發售前購股權：

Period	Maximum aggregate percentage of shares that are issuable upon exercise of the pre-IPO share option granted to each grantee
期間	各承授人行使獲授之首次公開發售前購股權而可予發行的股份總百分比上限
From 27 June 2007 (the "Listing Date") to the date immediately before the first anniversary (the "First Anniversary") of the Listing Date 二零零七年六月二十七日(「上市日期」)至上市日期起計滿一周年當日(「一周年當日」)的前一日	0%
From the First Anniversary to the date immediately before the second anniversary (the "Second Anniversary") of the Listing Date 一周年當日至上市日期起計滿兩周年當日(「兩周年當日」)的前一日	30%
From the Second Anniversary to the date immediately before the third anniversary (the "Third Anniversary") of the Listing Date 兩周年當日至上市日期起計滿三周年當日(「三周年當日」)的前一日	60%
From the Third Anniversary to the date immediately before the fourth anniversary of the Listing Date 三周年當日至上市日期起計滿四周年當日的前一日	100%

Save as disclosed above, no further options were granted under the pre-IPO share option scheme.

除上文披露者外，概無根據首次公開發售前購股權計劃進一步授出任何購股權。

2. Share Option Scheme

A share option scheme (the "Share Option Scheme") was adopted pursuant to the written resolutions passed by the shareholders of the Company on 2 June 2007. The purpose of the Share Option Scheme is to provide incentives and rewards to selected eligible persons for their contributions to the Group. The Share Option Scheme will remain valid until 1 June 2017 and each option will be granted at a consideration for HK\$10.

2. 購股權計劃

一項購股權計劃(「購股權計劃」)於二零零七年六月二日根據本公司股東通過之書面決議案獲採納。購股權計劃旨在向選定人士提供作為彼等對本集團所作出貢獻之獎勵及獎賞。購股權計劃將一直有效至二零一七年六月一日及每一購股權將以代價10港元授出。

The participants of the Share Option Scheme may include directors, employees, consultants, professionals, customers, suppliers, agents, partners, advisors and contractors of the Group or a company in which the Group holds an interest or a subsidiary of such company.

The maximum number of shares which may be issued upon the exercise of all options to be granted under the Share Option Scheme and under any other share option scheme(s) adopted by the Company must not in aggregate exceed 10% of the aggregate of the shares at the time of listing. In addition, the maximum number of shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other schemes involving the issue or grant of share options by the Company must not, in aggregate, exceed 30% of the shares in issue from time to time.

The total number of shares issued and to be issued upon exercise of the options already granted or to be granted to each participant under the Share Option Scheme and any other share option scheme(s) of the Company (including exercised and outstanding share options) in any 12-month period up to and including the date of such grant should not exceed 1% aggregate of the shares in issue as at the date of such grant. Any grant of further options above this 1% limit shall be subject to approval of the shareholders of the Company at general meetings, with such participant and his associates abstaining from voting.

The total number of shares in respect of which options may be granted under the Share Option Scheme shall be 32,080,000 shares, representing approximately 3.64% of the issued share capital of the Company as at the date of this annual report.

The period within which the options must be exercised will be specified by the Board at the time of the offer of grant, and must expire no later than 10 years from the effective date of the Share Option Scheme. There is no general requirement on the minimum period for which an option must be held or the performance targets which must be achieved before an option can be exercised under the terms of the Share Option Scheme.

購股權計劃之參與者包括本集團或本集團持有權益公司或該公司的附屬公司之董事、僱員、顧問、專業人士、客戶、供應商、代理商、合作夥伴、諮詢人及承辦商。

根據購股權計劃及本公司所採納之其他購股權計劃將予授出之購股權獲悉數行使時可能發行之股份數目，最高不得超過於上市時股份總數之10%。此外，根據購股權計劃及任何涉及發行或授出本公司購股權的購股權計劃已授出但尚未行使或將予行使之購股權獲行使時可能發行之股份數目，合共不得超過本公司不時已發行股本之30%。

根據購股權計劃及本公司所採納之其他購股權計劃向各參與者已授出或將予授出之購股權(包括已行使及尚未行使之購股權)獲行使而於任何12個月期間(包括授予當日)已發行及將予發行之股份總數，不得超過授出日期已發行股份總數之1%。任何進一步授予超過1%上限之購股權必須於股東大會上獲股東批准，而有關參與者及其聯繫人士須放棄投票。

根據購股權計劃可能授出的購股權所涉及的股份總數為32,080,000股，相當於本年報日期本公司已發行股本約3.64%。

董事會將於授出購股權要約時指明購股權須予行使的期限，必須不遲於購股權計劃生效日期起計十年內屆滿。購股權計劃之條款下並無有關必須持有購股權之最短期限或可行使購股權而必須達到之表現目標之一般規定。

The subscription price for any share under the Share Option Scheme will be a price determined by the Board and will be not less than the highest of:

- (i) the closing price of a share as stated in the Stock Exchange's daily quotations sheet on the date of grant of the relevant option, which must be a business day;
- (ii) an amount equivalent to the average closing price of a share as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant of the relevant option; and
- (iii) the nominal value of a share on the date of the grant.

On 13 March 2008, the Company granted 20,102,000 share options to the Group's employees under the Share Option Scheme at an exercise price of HK\$0.415 per share. A summary of movements of share options of the Company during the year is set out below:

購股權計劃項下股份的認購價將由董事會決定，惟該價格不得低於以下最高者：

- (i) 授出有關購股權日期(須為營業日)聯交所每日報價表所列股份收市價；
- (ii) 緊接授出有關購股權日期前五個營業日聯交所每日報價表所列股份平均收市價；及
- (iii) 授出日期股份之面值。

於二零零八年三月十三日，本公司根據購股權計劃向本集團僱員授出20,102,000份購股權，行使價為每股0.415港元。於本年度內，本公司購股權之變動概述如下：

Category of Grantee/ Name	Date of grant	Exercise Price (HK\$)	Exercise Period	Number of shares options 購股權數目				
				As at 01/01/2009	Granted during the year	Exercised/ during the year	Lapsed/ Cancelled during the year	Outstanding as at 31/12/2009
承授人類別/姓名	授出日期	行使價(港元)	行使期	於二零零九年一月一日	於年內授出	於年內行使	於年內失效/註銷	於二零零九年十二月三十一日尚未行使
Executive Directors 執行董事								
Mr. Lee 李先生	13/03/2008	0.415	13/03/2009 – 12/03/2018	780,000	–	–	–	780,000
Dr. Keung Wing Ching 姜永正博士	13/03/2008	0.415	13/03/2009 – 12/03/2018	580,000	–	–	–	580,000
Mr. Wong Wing Chuen 黃永銓先生	13/03/2008	0.415	13/03/2009 – 12/03/2018	570,000	–	–	–	570,000
Mr. Chan Tat Cheong, Alan 陳達昌先生	13/03/2008	0.415	13/03/2009 – 12/03/2018	390,000	–	–	–	390,000
Mr. Zhao Jian ⁽¹⁾ 趙健先生 ⁽¹⁾	13/03/2008	0.415	13/03/2009 – 12/03/2018	510,000	–	–	510,000	–
Others 其他								
Employees 僱員	13/03/2008	0.415	13/03/2009 – 12/03/2018	13,960,000	–	–	1,602,000	12,358,000

Notes:

1. Mr. Zhao Jian's options lapsed after his resignation as an executive director of the Company on 16 July 2009.
2. The vesting period of the share options is from the date of grant until the commencement of the exercise period.
3. The closing price of the share immediately before the date of grant was HK\$0.415.
4. The fair values of options granted during the year and the respective accounting policy adopted are set out in note 34 to the consolidated financial statement.

附註：

1. 趙健先生之購股權於彼在二零零九年七月十六日辭任本公司執行董事後失效。
2. 購股權歸屬期間為自授出日期起至行使期開始日期止。
3. 在緊接購股權授出日期之前的收市價為0.415港元。
4. 於年內授出的購股權公平值及其採取之會計政策載於綜合財務報表附註34。

COMPETING BUSINESS

Each of Mr. Lee Yuen Fat and Precisefull has provided a written confirmation, which has been reviewed and confirmed by the independent non-executive directors of the Company, confirming that they have complied with the terms of a Deed of Non-competition entered into between them and the Company for the year ended 31 December 2009.

CONTINUING CONNECTED TRANSACTIONS

On 2 June 2007, the Group entered into a purchase agreement with Chit Shun Machinery Limited ("Chit Shun") for a term of three years commencing from the Listing Date until 31 December 2009, in relation to the purchase of certain die casting machines and parts (together with the maintenance services). Chit Shun is a limited liability company incorporated in Hong Kong and beneficially owned by Mr. Lee and an independent third party, in equal share. Mr. Lee has nominated a director to the board of Chit Shun. Besides, Mr. Chan Tat Cheong, Alan (as a representative of Mr. Lee) sits on the board of a wholly-owned subsidiary of Chit Shun established in the PRC. Since Mr. Lee is a director and controlling shareholder of Chit Shun, Chit Shun is a connected person of the Company (as defined in the Listing Rules). Accordingly, the transactions between the Group and Chit Shun constitute continuing connected transactions (the "Chit Shun Transactions") of the Group. The Stock Exchange has granted the Company a waiver from strict compliance with the announcement and independent shareholders' approval requirement under Chapter 14A of the Listing Rules for a period of three financial years ending 31 December 2009.

For the year ended 31 December 2009, Chit Shun Transactions totalled approximately HK\$8,021,000 (2008: HK\$6,708,000).

競爭業務

李遠發先生及Precisefull各自已提供書面確認，並由本公司獨立非執行董事審閱及確認，彼等於截至二零零九年十二月三十一日止年度內已遵守本公司與彼等所訂立之不可競爭契據之條款。

持續關連交易

於二零零七年六月二日，本集團與捷迅機械設備有限公司(「捷迅」)就採購若干壓鑄機器與零部件(連同維修服務)訂立購買協議，年期由上市日期起至二零零九年十二月三十一日止，為期三年。捷迅為香港註冊成立的有限公司，由李先生及一名獨立第三方按等額權益實益擁有。李先生曾向捷迅董事會提名董事人選。另外，陳達昌先生(李先生的代表)為捷迅於中國成立的全資附屬公司之董事。因李先生為捷迅之董事兼控股股東，故捷迅為本公司的關連人士(定義見上市規則)。故此，本集團與捷迅之交易構成本集團之持續關連交易(「捷迅交易」)。聯交所已授予本公司豁免，無須嚴格遵守上市規則第14A章有關公告及取得獨立股東批准的規定，為期截至二零零九年十二月三十一日止三個財務年度。

截至二零零九年十二月三十一日止年度，捷迅交易之總額約為8,021,000港元(二零零八年：6,708,000港元)。

The auditors of the Company has performed certain agreed upon procedures in respect of the continuing connected transactions of the Group and reported to the Board that the Chit Shun Transactions:

1. have received the approval from the Board;
2. have been entered into in accordance with the relevant agreements governing the transactions; and
3. have not exceeded the caps as disclosed in the Company's prospectus dated 12 June 2007.

The independent non-executive directors of the Company have reviewed the Chit Shun Transactions and confirmed that they have been entered into :

1. in the ordinary and usual course of business of the Group;
2. either on normal commercial terms or, if there are no sufficient comparables to judge whether they are on normal commercial terms, on terms no less favourable to the Company than terms available from other independent parties; and
3. in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

PUBLIC FLOAT

As at the date of this report, the Company has maintained the prescribed public float required under the Listing Rules, based on the information that is publicly available to the Company and within the knowledge of the directors.

SUBSEQUENT EVENTS

Details of subsequent events are set out in note 39 to the consolidated financial statements.

AUDITOR

RSM Nelson Wheeler shall retire and being eligible, offer themselves for re-appointment, and a resolution to this effect will be proposed at the forthcoming annual general meeting.

By order of the Board
Lee Yuen Fat
Chairman

Hong Kong, 16 April 2010

本公司核數師就本集團之持續關連交易執行若干協定程序，並已向董事會匯報捷迅交易：

1. 已取得董事會批准；
2. 已按照監管有關交易的相關協議訂立；及
3. 並無超逾本公司於二零零七年六月十二日所刊發之招股章程所披露的上限。

本公司獨立非執行董事已審核捷迅交易並確認該等交易：

1. 屬本集團的日常業務；
2. 按照一般商務條款進行，或如可供比較的交易不足以判斷該等交易的條款是否一般商務條款，則對本公司而言，該等交易的條款不遜於獨立第三方所提供的條款；及
3. 是根據監管該等交易之有關協議條款進行，而交易條款公平合理，並且符合本公司股東的整體利益。

公眾持股量

於本報告日，根據本公司可以得悉之公開資料及本公司董事亦知悉之情況下，本公司已按上市規則之要求，維持足夠公眾持股量。

結算日後事項

結算日後事項詳情載於綜合財務報告附註39。

核數師

中瑞岳華(香港)會計師事務所將退任，惟願意膺選連任，而重聘彼等之有關決議案於即將舉行之股東週年大會上呈上。

承董事會命
李遠發
主席

香港，二零一零年四月十六日

The board of directors (the “Board”) believes that good corporate governance practices are essential for promoting investors’ confidence and maximizing shareholders’ returns. The Board is committed to maintaining a high standard of corporate governance and reviews its corporate governance practices on a regular basis.

The Company’s corporate governance practices are based on the principles and code provisions as set out in the Code on Corporate Governance Practices (the “CG Code”) contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”). During 2009, the Company is in compliance with all the code provisions of the CG Code.

THE BOARD

The Board is collectively responsible for formulating the Group’s overall business strategies, monitoring and evaluating its operating and financial performance and reviewing the corporate governance standard of the Company. The day-to-day management, administration and operation of the Company are led by the chief executive officer of the Company. The Board has also delegated a schedule of responsibilities to the senior management of the Company, which include the implementation of decisions of the Board, the co-ordination and direction of day-to-day operation and management of the Company in accordance with the management strategies and plans approved by the Board, formulating and monitoring the production and operating plans and budgets, and supervising and monitoring the control systems. The Board has the full support of the senior management to discharge its responsibilities.

The Board comprises eight directors, including four executive directors and four independent non-executive directors. Biographical details of the directors of the Company as at the date of this report are set out on pages 16 to 19 of this annual report.

The Board members have no financial, business, family or other material/relevant relationships with each other.

Each of the independent non-executive directors has confirmed in writing his independence from the Company in accordance with the guidelines on director independence of the Listing Rules. On this basis, the Company considers all such directors to be independent.

All the independent non-executive directors were appointed for a specific term of two years and subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the Articles of Association of the Company.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The roles of chairman and chief executive officer of the Company are segregated and are not performed by the same person. Mr. Lee Yuen Fat, the Chairman, is responsible for the leadership and effective running of the Board while Dr. Keung Wing Ching, the Vice Chairman and Chief Executive Officer, is responsible for the overall management and supervision of the execution of the overall business strategies of the Group.

本公司董事會(「董事會」)相信良好之企業管治守則對於提高投資者的信心和增加股東的回報至為重要。董事會一向致力維持高水平的企業管治及定期檢討本公司之企業管治守則。

本公司之企業管治守則乃以聯交所證券上市規則(「上市規則」)附錄十四《企業管治常規守則》(「企業管治守則」)之原則及守則條文為基礎。於二零零九年，本公司已遵守企業管治守則中的所有守則條文。

董事會

董事會共同負責制訂本集團之整體業務策略，及監管和評估本集團其營運與財務上之表現，並檢討本公司之企業管治水平。本公司的日常管理、行政及營運均由本公司行政總裁領導。董事會已將一系列職責轉授予本公司高級管理層，包括執行董事會的決策、依照董事會批准的管理策略及計劃對本公司日常運作及管理作出協調及指揮、制定及監察生產和營運計劃及預算，以及監督及監察監控制度。董事會亦獲高級管理層全力支持履行其職責。

董事會由八名董事組成，包括四名執行董事及四名獨立非執行董事。於本報告日，本公司董事之個人資料詳載於本年報第16至第19頁。

各董事會成員之間並沒有財務、業務、親屬或其他重大或相關之關係。

各獨立非執行董事已根據上市規則的規定就其獨立性以書面確認；因此，本公司認為該等董事確屬獨立人士。

所有獨立非執行董事之指定任期為兩年。彼等須按照本公司組織章程細則的條文在本公司之股東週年大會上輪值告退及膺選連任。

主席及行政總裁

本公司主席及行政總裁之角色已分開及不是由同一人出任。李遠發先生為本公司主席，負責領導及有效地管理董事會；而姜永正博士為本公司副主席兼行政總裁，負責本集團的整體管理及監督整體業務策略的執行。

AUDIT COMMITTEE

The Company established the Audit Committee in June 2007. The primary duties of the Audit Committee are to review and approve the financial reporting process and internal control system of the Group as well as to provide advice and comments to the Board. The Audit Committee comprises four independent non-executive directors, namely Mr. Yeow Hoe Ann John, Mr. Sun Kai Lit Cliff BBS, JP, Ir Dr. Lo Wai Kwok BBS, MH, JP and Mr. Andrew Look and is chaired by Mr. Yeow Hoe Ann John, a qualified accountant with extensive experience in financial reporting and controls.

During 2009, the Audit Committee held two meetings to review the financial statements of the Group with the external auditor and discussed on the internal control matters.

NOMINATION COMMITTEE

The Nomination Committee was set up in June 2007 and is mainly responsible for making recommendations to the Board on the appointment of directors and the management of the Board succession. The members of the Nomination Committee are Mr. Sun Kai Lit Cliff BBS, JP, Ir Dr. Lo Wai Kwok BBS, MH, JP, Mr. Yeow Hoe Ann John, Mr. Andrew Look and Dr. Keung Wing Ching. Mr. Sun Kai Lit Cliff BBS, JP is the Chairman of the Nomination Committee.

During the year, the Nomination Committee held two meetings to review the structure, size and the composition of the Board and make recommendation to the Board and reviewed the terms of employment on the appointment of a new independent non-executive director during the year.

REMUNERATION COMMITTEE

The Company established the Remuneration Committee in June 2007. The major duties of the Remuneration Committee include reviewing and determining the terms of remuneration packages, the award of bonuses and other compensation payable to directors and senior management. The Remuneration Committee consists of Mr. Sun Kai Lit Cliff BBS, JP, Ir Dr. Lo Wai Kwok BBS, MH, JP, Mr. Yeow Hoe Ann John, Mr. Andrew Look and Dr. Keung Wing Ching. The Chairman of the Remuneration Committee is Mr. Sun Kai Lit, Cliff BBS, JP, an independent non-executive director.

During 2009, the Remuneration Committee held one meeting and reviewed the remuneration of directors and senior management.

審核委員會

本公司於二零零七年六月成立審核委員會。審核委員會之主要職責為審閱及批准本集團之財務報告程序及內部監控系統，並向董事會提供建議及意見。審核委員會由四名獨立非執行董事組成，分別為姚和安先生、孫啟烈先生BBS·太平紳士、盧偉國博士BBS·MH·太平紳士及陸東先生，而姚和安先生為審核委員會之主席，彼為合資格會計師，於財務報告及控制擁有豐富經驗。

於二零零九年，審核委員會與外聘核數師舉行了兩次會議，審閱本集團之財務報表及討論內部監控事項。

提名委員會

提名委員會於二零零七年六月成立，主要負責就委任董事及管理董事會之繼任事項向董事會提供意見。提名委員會之成員包括孫啟烈先生BBS·太平紳士、盧偉國博士BBS·MH·太平紳士、姚和安先生、陸東先生及姜永正博士，而孫啟烈先生BBS·太平紳士為提名委員會之主席。

於本年度，提名委員會舉行了兩次會議，檢討董事會之架構、規模及組成，並向董事會提出推薦建議及檢討年內新委任之獨立非執行董事之聘任條款。

薪酬委員會

本公司於二零零七年六月成立薪酬委員會。薪酬委員會之主要職責包括檢討及釐定董事及高級管理人員之薪酬待遇、花紅獎賞及其他報酬。薪酬委員會由孫啟烈先生BBS·太平紳士、盧偉國博士BBS·MH·太平紳士、姚和安先生、陸東先生及姜永正博士組成。薪酬委員會之主席為獨立非執行董事孫啟烈先生BBS·太平紳士。

於二零零九年，薪酬委員會舉行了一次會議，檢討了董事及高級管理人員之薪酬。

ATTENDANCE OF MEETINGS

A summary of attendance of Board and Committee meetings in 2009 are detailed in the following table:

出席會議

下表載列於二零零九年董事會及委員會會議之出席率摘要：

	Board meeting 董事會會議	Audit Committee meeting 審核委員會會議	Nomination Committee meeting 提名委員會會議	Remuneration Committee meeting 薪酬委員會會議
Executive Directors				
執行董事				
Mr. Lee Yuen Fat 李遠發先生	6/6	–	–	–
Dr. Keung Wing Ching 姜永正博士	6/6	–	2/2	1/1
Mr. Wong Wing Chuen 黃永銓先生	6/6	–	–	–
Mr. Chan Tat Cheong, Alan 陳達昌先生	6/6	–	–	–
Mr. Zhao Jian ⁽¹⁾ 趙健先生 ⁽¹⁾	3/6	–	–	–
Independent Non-Executive Directors				
非執行董事				
Mr. Sun Kai Lit, Cliff BBS, JP 孫啟烈先生 BBS, 太平紳士	5/6	2/2	2/2	1/1
Ir Dr. Lo Wai Kwok BBS, MH, JP 盧偉國博士 BBS, MH, 太平紳士	6/6	2/2	2/2	1/1
Mr. Yeow Hoe Ann, John 姚和安先生	5/6	2/2	1/2	1/1
Mr. Andrew Look ⁽²⁾ 陸東先生 ⁽²⁾	0/6	0/2	0/2	0/1

Notes:

1. Mr. Zhao Jian, who resigned as an executive director for the Company with effect from 16 July 2009, attended all the board meetings during his office.
2. Mr. Andrew Look was appointed as an independent non-executive director on 16 December 2009. The Board and all Committees did not hold any meeting for the period from 16 December 2009 to 31 December 2009.

附註：

1. 趙健先生於二零零九年七月十六日辭任本公司執行董事一職。彼於任職期間出席所有董事會會議。
2. 陸東先生於二零零九年十二月十六日獲委任為獨立非執行董事。由二零零九年十二月十六日至二零零九年十二月三十一日期間，董事會及所有委員會沒有舉行任何會議。

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules. Having made specific enquiry of all directors, all directors have confirmed that they have fully complied with the required standard set out in the Model Code during the year.

董事進行證券交易的標準守則

本公司已採納上市規則附錄十所載之標準守則。經向全體董事作出具體查詢後確認，彼等於年內一直全面遵守標準守則所載規定準則。

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors acknowledge their responsibility for the preparation of the financial statements of the Company for the year ended 31 December 2009. The statement of the external auditor of the Company in relation to their reporting responsibility on the financial statements of the Group is set out in the Independent Auditors' Report on page 38 and 39.

董事就財務報表所承擔之責任

董事確認其對編制本公司截至二零零九年十二月三十一日止年度財務報表之責任。本公司之外聘核數師就其對本集團財務報表之申報責任而發出之聲明，載於第38及第39頁之獨立核數師報告內。

INTERNAL CONTROL

The Board has overall responsibility for maintaining a sound and effective internal control system of the Group in order to safeguard the Group's assets and shareholders' investments. There is currently an internal audit department within the Group. Its duties are to review the systems of internal controls covering all relevant financial, operational and compliance control functions within an established framework. Reports prepared by this department are submitted to the Audit Committee of the Company for review to ensure that an effective and adequate internal control system has been in place.

內部監控

董事會全權負責維持本集團健全和有效的內部監控系統，以保障本集團資產及股東之投資。現時集團有一內部審核部門，其職責為檢討內部監控系統，包括已建立的架構內的所有相關財務、營運及依從規例監控效能。該部門所編製之報告會提呈本公司之審核委員會審閱，以確保有效及足夠之內部監控系統經已存在。

AUDITOR'S REMUNERATION

Total auditor's remuneration in relation to statutory audit work and non-audit services of the Group is set out as follows:

核數師之酬金

本集團付予有關法定審核及非審核服務的核數師酬金如下：

(In HK\$'000)	(以港幣千元為單位)	2009	2008
Statutory audit	法定審核	880	800
Non-audit services ⁽¹⁾	非審核服務 ⁽¹⁾	366	175
Total	總數	1,246	975

Note:

1. Non-audit services mainly include interim review and tax advisory service.

附註：

1. 非審核服務主要包括中期審閱及稅務諮詢服務。

RSM! Nelson Wheeler

中瑞岳華(香港)會計師事務所

Certified Public Accountants

TO THE SHAREHOLDERS OF KA SHUI INTERNATIONAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Ka Shui International Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 40 to 119, which comprise the consolidated and Company statements of financial position as at 31 December 2009, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

致嘉瑞國際控股有限公司

全體股東

(於開曼群島註冊成立的有限公司)

本核數師(以下簡稱「我們」)已審核列載於第40至第119頁的嘉瑞國際控股有限公司(「貴公司」)及其附屬公司(統稱「貴集團」)綜合財務報表，其中包括於二零零九年十二月三十一日的綜合及貴公司財務狀況表、截至該日止年度的綜合損益表、綜合全面收益表、綜合權益變動表及綜合現金流量表以及主要會計政策概要及其他附註解釋。

董事就財務報表須承擔的責任

貴公司董事須負責根據香港會計師公會(「香港會計師公會」)頒佈的《香港財務報告準則》及《香港公司條例》披露規定，編製及真實公平地列報該等財務報表。該責任包括設計、實施及維護與編製及真實公平地列報財務報表相關的內部控制，以使財務報表不存在因欺詐或錯誤而導致的重大錯誤陳述；選擇並應用適當的會計政策；及按情況作出合理的會計估計。

核數師的責任

我們的責任是根據我們的審核結果，就該等財務報表發表意見，並僅向全體股東報告。除此之外，本報告不可用作其他用途。我們不會就本報告內容向任何其他人士負上或承擔任何責任。我們已根據香港會計師公會頒佈的《香港審計準則》進行審核。該等準則要求我們遵守道德規範，並計劃及執行審核，以合理確定該等財務報表是否存在任何重大錯誤陳述。

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2009 and of the Group's results and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

RSM Nelson Wheeler
Certified Public Accountants
Hong Kong

16 April 2010

審核範圍包括進程序以獲取有關財務報表所載金額及披露資料的審核憑證。所選定的程序取決於核數師的判斷，包括評估由於欺詐或錯誤而導致財務報表存在重大錯誤陳述的風險。在評估該等風險時，核數師考慮與 貴公司編製及真實公平地列報財務報表相關的內部控制，以設計適當的審核程序，但並非為對 貴公司的內部控制的效能發表意見。審核亦包括評估董事所採用的會計政策的適當性及所作出的會計估計的合理性，以及評估財務報表的整體列報方式。

我們相信，我們所獲得的審核憑證乃充足及適當，可為我們的審核意見提供基礎。

意見

我們認為，該等綜合財務報表已根據《香港財務報告準則》真實公平地反映 貴公司及 貴集團於二零零九年十二月三十一日的財務狀況，及 貴集團於截至該日止年度的業績及現金流量，並已按照《香港公司條例》的披露規定妥為編製。

中瑞岳華(香港)會計師事務所
執業會計師
香港

二零一零年四月十六日

Consolidated Income Statement

綜合損益表

For the year ended 31 December 2009 截至二零零九年十二月三十一日止年度

		Note	2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
		附註		
Turnover	營業額	6	633,832	685,134
Cost of sales	銷售成本		(491,578)	(580,454)
Gross profit	毛利		142,254	104,680
Other income	其他收入	7	3,742	4,710
Selling and distribution expenses	銷售及分銷開支		(7,577)	(9,654)
General and administrative expenses	一般及行政開支		(86,472)	(75,165)
Profit from operations	經營溢利		51,947	24,571
Finance costs	融資成本	9	(1,610)	(2,449)
Loss on disposal of a jointly controlled entity	出售共同控制實體虧損	18	(298)	-
Share of loss of a jointly controlled entity	分佔共同控制實體虧損	18	-	(1,292)
Impairment loss on available-for-sale financial assets	可供出售金融資產之減值虧損		-	(6,303)
Profit before tax	除稅前溢利		50,039	14,527
Income tax expense	所得稅開支	10	(12,239)	(5,892)
Profit for the year attributable to owners of the Company	本公司權益持有人應佔年內溢利	11	37,800	8,635
			HK Cents 港仙	HK Cents 港仙
Earnings per share	每股盈利	14		
Basic	基本		4.30	0.98
Diluted	攤薄		N/A	N/A

Consolidated Statement of Comprehensive Income

綜合全面收益表

For the year ended 31 December 2009 截至二零零九年十二月三十一日止年度

		2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
Profit for the year	年內溢利	37,800	8,635
Other comprehensive income, net of tax:	除稅後其他全面 收益：		
Exchange differences on translating foreign operations	換算海外業務產生之 匯兌差額	33	13,230
Less: Reclassification adjustments for exchange differences to profit or loss upon disposal of a jointly controlled entity	扣除：於出售共同控制 實體時計入損益賬的 匯兌差額再分類調整	(922)	-
		(889)	13,230
Total comprehensive income for the year attributable to owners of the Company	本公司權益持有人應佔年內 全面收益總額	36,911	21,865

Consolidated Statement of Financial Position

綜合財務狀況表

At 31 December 2009 於二零零九年十二月三十一日

			2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
		Note 附註		
Non-current assets	非流動資產			
Property, plant and equipment	物業、機器及設備	15	355,626	323,326
Prepaid land lease payments	預付土地租金	16	48,435	35,625
Club membership	會所會籍		718	718
Investment in a jointly controlled entity	對共同控制實體的投資	18	–	7,470
Available-for-sale financial assets	可供出售金融資產	19	–	–
Deposits paid for acquisition of property, plant and equipment and prepaid land lease payments	預付購買物業、機器及設備及預付土地租金之按金	20	18,484	30,090
			423,263	397,229
Current assets	流動資產			
Inventories	存貨	21	130,533	125,116
Trade receivables	貿易應收款項	22	111,755	97,445
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項		15,662	10,155
Current tax assets	即期稅項資產		1,600	1,118
Pledged bank deposits	已抵押銀行存款	23	2,230	4,282
Bank and cash balances	銀行及現金結餘	23	78,171	74,940
			339,951	313,056
Current liabilities	流動負債			
Trade payables	貿易應付款項	24	59,260	53,306
Deposits received	已收按金		1,012	2,578
Other payables and accruals	其他應付款項及應計費用		36,880	27,134
Due to a related company	應付關連公司款項	25	2,422	792
Financial liabilities at fair value through profit or loss	按公平值計入損益賬的金融負債	26	–	3,047
Short term borrowings	短期借款	27	40,046	25,439
Current portion of long term borrowings	長期借款的即期部份	28	11,300	9,263
Current portion of obligations under finance leases	融資租約承擔的即期部份	29	12,275	13,207
Current tax liabilities	即期稅項負債		6,932	466
			170,127	135,232
Net current assets	流動資產淨值		169,824	177,824
Total assets less current liabilities	資產總值減流動負債		593,087	575,053

Consolidated Statement of Financial Position (Continued)

綜合財務狀況表(續)

At 31 December 2009 於二零零九年十二月三十一日

			2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
		Note 附註		
Non-current liabilities	非流動負債			
Long term borrowings	長期借款	28	23,879	15,083
Obligations under finance leases	融資租約承擔	29	11,916	18,722
Deferred tax liabilities	遞延稅項負債	31	1,608	1,608
			37,403	35,413
NET ASSETS	資產淨值		555,684	539,640
Capital and reserves	資本及儲備			
Share capital	股本	32	88,000	88,000
Reserves	儲備	33	467,684	451,640
TOTAL EQUITY	權益總額		555,684	539,640

Approved by the Board of Directors on 16 April 2010

董事會於二零一零年四月十六日批准

Lee Yuen Fat

李遠發

Director

董事

Keung Wing Ching

姜永正

Director

董事

Statement of Financial Position

財務狀況表

At 31 December 2009 於二零零九年十二月三十一日

		Note	2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
		附註		
Non-current assets	非流動資產			
Investments in subsidiaries	於附屬公司之投資	17	10,000	10,000
Current assets	流動資產			
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項		229	296
Due from subsidiaries	應收附屬公司款項	17	315,157	314,157
Bank and cash balances	銀行及現金結餘	23	75	118
			315,461	314,571
Current liabilities	流動負債			
Other payables and accruals	其他應付款項及應計費用		18	–
Due to subsidiaries	應付附屬公司款項	17	24,753	–
			24,771	–
Net current assets	流動資產淨值		290,690	314,571
NET ASSETS	資產淨值		300,690	324,571
Capital and reserves	資本及儲備			
Share capital	股本	32	88,000	88,000
Reserves	儲備	33	212,690	236,571
TOTAL EQUITY	權益總額		300,690	324,571

Approved by the Board of Directors on 16 April 2010

董事會於二零一零年四月十六日批准

Lee Yuen Fat

李遠發

Director

董事

Keung Wing Ching

姜永正

Director

董事

Consolidated Statement of Changes in Equity

綜合權益變動表

For the year ended 31 December 2009 截至二零零九年十二月三十一日止年度

		Attributable to owners of the Company 本公司權益持有人應佔權益								
		Share capital	Share premium	Retained earnings	Capital reserve	Merger reserve	Foreign currency translation reserve	Share option reserve	Statutory reserve	Total equity
		股本	股份溢價	保留盈利	資本儲備	合併儲備	匯兌儲備	購股權儲備	法定儲備	權益總額
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
At 1 January 2008	於二零零八年一月一日	88,000	198,589	213,807	8,036	(9,931)	9,069	4,327	7,666	519,563
Total comprehensive income for the year	年內全面收益總額	-	-	8,635	-	-	13,230	-	-	21,865
Recognition of share-based payments	確認以股權結算之款項	-	-	-	-	-	-	6,132	-	6,132
Dividend paid	已付股息	-	-	(7,920)	-	-	-	-	-	(7,920)
At 31 December 2008 and 1 January 2009	於二零零八年十二月三十一日及二零零九年一月一日	88,000	198,589	214,522	8,036	(9,931)	22,299	10,459	7,666	539,640
Total comprehensive income for the year	年內全面收益總額	-	-	37,800	-	-	(889)	-	-	36,911
Recognition of share-based payments	確認以股權結算之款項	-	-	-	-	-	-	2,893	-	2,893
Dividends paid	已付股息	-	-	(23,760)	-	-	-	-	-	(23,760)
At 31 December 2009	於二零零九年十二月三十一日	88,000	198,589	228,562	8,036	(9,931)	21,410	13,352	7,666	555,684

Consolidated Statement of Cash Flows

綜合現金流量表

For the year ended 31 December 2009 截至二零零九年十二月三十一日止年度

	Note 附註	2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
NET CASH GENERATED FROM OPERATING ACTIVITIES	經營業務所得 現金淨額	76,335	53,883
CASH FLOWS FROM INVESTING ACTIVITIES	投資活動之 現金流量		
Decrease in pledged bank deposits	已抵押銀行存款減少	2,052	3,120
Acquisition of a subsidiary	收購一附屬公司	72	(1,551)
Interest received	已收利息	178	2,661
Proceeds from disposals of property, plant and equipment and prepaid land lease payments	出售物業、機器及設備及預付土地租金所得款項	5,709	37
Purchase of property, plant and equipment	購買物業、機器及設備	(53,814)	(71,495)
Purchase of prepaid land lease payments	購買預付土地租金款項	(14,119)	-
Deposit paid for the acquisition of property, plant and equipment	預付物業、機器及設備之按金	(3,511)	(23,558)
(Payment for)/proceeds from loss on financial liabilities at fair value through profit or loss	按公平值計入損益賬的金融負債(付款)/收益	(3,808)	4,837
Proceeds from disposal of a jointly controlled entity	出售共同控制實體款項	6,250	-
Net cash used in investing activities	投資活動所耗現金淨額	(60,991)	(85,949)
CASH FLOWS FROM FINANCING ACTIVITIES	融資活動之現金流量		
Dividends paid	已付股息	(23,760)	(7,920)
Net short term bank loans raised/(net repayment of short term bank loans)	新增短期銀行貸款淨額/(償還短期銀行貸款淨額)	15,000	(45,010)
Repayment of obligations under finance leases	償還融資租約承擔	(13,826)	(14,107)
Repayment of long term borrowings	償還長期借款	(11,167)	(6,180)
Long term borrowings raised	新增長期借款	22,000	16,000
Net cash used in financing activities	融資活動所耗現金淨額	(11,753)	(57,217)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	現金及等同現金項目增加/(減少)淨額	3,591	(89,283)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	於一月一日的現金及等同現金項目	74,501	166,039
Effect of foreign exchange rate changes	匯率變動影響	33	(2,255)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	於十二月三十一日的現金及等同現金項目	78,125	74,501
ANALYSIS OF CASH AND CASH EQUIVALENTS	現金及等同現金項目分析		
Bank and cash balances	銀行及現金結餘	78,171	74,940
Bank overdraft	銀行透支	(46)	(439)
		78,125	74,501

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is Clifton House, 75 Fort Street, P.O. Box 1350 GT, George Town, Grand Cayman, Cayman Islands. The address of its principal place of business is Room 1210, Exchange Tower, 33 Wang Chiu Road, Kowloon Bay, Kowloon, Hong Kong.

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 17 to the financial statements.

In the opinion of the directors of the Company, as at 31 December 2009, Precisefull Limited, a company incorporated in the British Virgin Islands, is the ultimate parent and Mr. Lee Yuen Fat ("Mr. Lee") is the ultimate controlling party of the Company.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for its accounting year beginning on 1 January 2009. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. The adoption of these new and revised HKFRSs did not result in substantial changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current year and prior years except as stated below.

1. 一般資料

本公司根據開曼群島公司法在開曼群島註冊成立為受豁免有限公司。其註冊辦事處地點為 Clifton House, 75 Fort Street, P.O. Box 1350 GT, George Town, Grand Cayman, Cayman Islands。其主要營業地點為香港九龍九龍灣宏照道33號國際交易中心1210室。

本公司為一家投資控股公司。其附屬公司的主要業務載於本財務報表附註17。

本公司董事認為，於二零零九年十二月三十一日，Precisefull Limited（一間於英屬處女群島註冊成立的公司）為最終母公司，李遠發先生（「李先生」）為本公司的最終控股方。

2. 採納新訂及經修訂香港財務報告準則

於本年度，本集團已採納適用於本身營運，由香港會計師公會頒佈及於二零零九年一月一日開始的會計年度生效的所有新訂及經修訂香港財務報告準則（「香港財務報告準則」）。香港財務報告準則包括香港財務報告準則（「香港財務報告準則」）、香港會計準則（「香港會計準則」）及詮釋。除下列註明外，採納該等新訂及經修訂的香港財務報告準則並未使本集團的會計政策、本集團財務報表的呈報方式及本年度與以往年度呈報的金額出現重大變動。

綜合財務報表附註(續)

For the year ended 31 December 2009 截至二零零九年十二月三十一日止年度

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (Continued)**a. Presentation of Financial Statements**

HKAS 1 (Revised) "Presentation of Financial Statements" affects certain disclosures and presentation of the financial statements. The balance sheet is renamed as the statement of financial position and the cash flow statement is renamed as the statement of cash flows. All income and expenses arising from transactions with non-owners are presented in the income statement and statement of comprehensive income, and the total carried to the statement of changes in equity. The owner changes in equity are presented in the statement of changes in equity. HKAS 1 (Revised) also requires disclosures of the reclassification adjustments and tax effects relating to each component of other comprehensive income for the year. HKAS 1 (Revised) has been applied retrospectively.

b. Operating Segments

HKFRS 8 "Operating Segments" requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. Previously, HKAS 14 "Segment Reporting" required an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity's 'system of internal financial reporting to key management personnel' serving as the starting point for the identification of such segments. HKFRS 8 has had no impact on the reported results or financial position of the Group. The primary segments reported under HKAS 14 are the same as the segments reported under HKFRS 8. HKFRS 8 has been applied retrospectively.

The segment accounting policies under HKFRS 8 are stated in note 8 to the consolidated financial statements.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

2. 採納新訂及經修訂香港財務報告準則(續)**a. 呈列財務報表**

香港會計準則(經修訂)第1號「財務報表呈報」對若干披露事項及財務報表之呈列方式構成影響。資產負債表重新命名為財務狀況報表,而現金流量表(cash flow statement)則重新命名為現金流量表(statement of cash flows)。與非權益持有人進行交易所產生一切收入及開支均呈列於損益表及全面收益表,而總額在權益變動表列賬。權益持有人於權益之變動呈列於權益變動表。香港會計準則(經修訂)第1號亦要求披露於年內與每個其他全面收入項目有關的再分類調整及稅務影響。香港會計準則(經修訂)第1號已獲追溯應用。

b. 經營分部

香港財務報告準則第8號「經營分部」規定經營分部須根據有關本集團各部分之內部報告予以識別,該等部分乃由主要經營決策人定期審閱,以分配資源至有關分部並評估其表現。香港會計準則第14號「分部呈報」過往規定實體須採用風險及回報法識別兩組分部(業務分部及地區分部),而該實體之「向主要管理人員提交之內部財務呈報系統」作為識別有關分部之起點。香港財務報告準則第8號並無對本集團之呈報業績或財務狀況構成影響。根據香港會計準則第14號呈報之主要分部與根據香港財務報告準則第8號呈報之分部相同。香港財務報告準則第8號已獲追溯應用。

香港財務報告準則第8號項下之分部會計政策列於綜合財務報表附註8。

本集團並未採納已頒佈但未開始生效的新訂香港財務報告準則。本集團已開始評估該等新訂香港財務報告準則的影響,但未能對該等新訂香港財務報告準則是否對本集團的業績及財務狀況產生重大影響作出結論。

3. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with HKFRSs, accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and by the Hong Kong Companies Ordinance.

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain investments and derivatives which are carried at their fair values.

The preparation of financial statements in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires the directors to exercise its judgements in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to these financial statements, are disclosed in note 4 to the financial statements.

The significant accounting policies applied in the preparation of the financial statements are set out below.

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December. Subsidiaries are entities over which the Group has control. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has control.

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

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

3. 主要會計政策

財務報表乃根據香港財務報告準則、香港普遍採納的會計原則及香港聯合交易所有限公司(「聯交所」)證券上市規則及香港公司條例所規定的適用披露事項編製。

除以公平值入賬的若干投資及衍生工具須作調整外，財務報表乃按歷史成本作為編製基準。

編製符合香港財務報告準則的財務報表須使用若干主要假設及估計，亦需要董事於應用會計政策的過程中作出判斷。涉及關鍵判斷的範疇與對該等財務報表屬重大的假設及估計的範疇於財務報表附註4中披露。

編製該等財務報表所採用的主要會計政策載列如下：

(a) 綜合賬目

綜合財務報表包括本公司及其附屬公司截至十二月三十一日止的財務報表。附屬公司為本集團擁有控制權的實體。控制權指有能力監控一家實體的財務及經營政策，並從其業務獲取利益。現時可行使或可兌換的潛在投票權的存在及影響將於評估本集團有否控制權時予以考慮。

附屬公司於控制權轉移至本集團當日全面綜合計算，並於控制權終止當日不再作綜合處理。

集團間的交易、結餘及未變現溢利會予以對銷。未變現虧損亦會予以對銷，除非交易有證據顯示所轉讓資產出現減值則除外。附屬公司的會計政策已於有需要時作出變動，以確保與本集團所採納的政策貫徹一致。

綜合財務報表附註(續)

For the year ended 31 December 2009 截至二零零九年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**(a) Consolidation (Continued)**

In the Company's statement of financial position the investments in subsidiaries are stated at cost less allowance for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

(b) Business combination and goodwill

The purchase method is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets, liabilities and contingent liabilities of the subsidiary in an acquisition are measured at their fair values at the acquisition date.

The excess of the cost of acquisition over the Group's share of the net fair value of the subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised in consolidated profit or loss.

Goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is measured at cost less accumulated impairment losses. The method of measuring impairment losses of goodwill is the same as that of other assets as stated in the accounting policy (t) below. Impairment losses of goodwill are recognised in consolidated profit or loss and are not subsequently reversed. Goodwill is allocated to cash-generating units that are expected to benefit from the synergies of the acquisition for the purpose of impairment testing.

(c) Joint venture

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control. Joint control is the contractually agreed sharing of control over the economic activity when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the "venturers").

3. 主要會計政策(續)**(a) 綜合賬目(續)**

在本公司之財務狀況表中，於附屬公司之投資以成本減除減值虧損撥備入賬。本公司按已收及應收的股息作為基準把附屬公司之業績列賬。

(b) 業務合併及商譽

本集團收購附屬公司時採用購買會計處理法入賬。收購成本按交易當日所給予之資產、所發行之股本工具及所產生或承擔之負債，另加收購所引致之直接成本計量。所收購之附屬公司之可識別資產、負債及或然負債，均以收購日之公平值計量。

收購成本高於本集團應佔可識別資產、負債及或然負債之公平淨值之金額記錄為商譽。本集團應佔被收購公司之可識別資產、負債及或然負債之公平淨值高於收購成本之金額於綜合損益內確認。

商譽每年進行減值測試，倘環境或情況改變顯示商譽可能減值時，則商譽或更頻繁作減值測試。商譽乃按成本減累計減值虧損計量。計量商譽減值虧損的方法與下文會計政策(t)所載述計量其他資產的方法相同。商譽的減值虧損於綜合損益確認，其後不會撥回。為了減值測試之用，商譽乃分配予預期將從收購而產生協同效應的現金產生單位。

(c) 合營公司

合營公司是指本集團與其他團體在共同控制下而進行經濟活動的合約安排。共同控制乃按合約同意分享經濟活動的控制權，而與該活動有關的策略財務及營運決定必須獲得共享控制權的各方(「合營伙伴」)一致同意時方可執行。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**(c) Joint venture (Continued)**

A jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venturer has an interest.

Investment in a jointly controlled entity is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets, liabilities and contingent liabilities of the jointly controlled entity in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of acquisition over the Group's share of the net fair value of the jointly controlled entity's identifiable assets, liabilities and contingent liabilities is recorded as goodwill. The goodwill is included in the carrying amount of the investment and is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Group's share of a jointly controlled entity's post-acquisition profits or losses is recognised in consolidated profit or loss, and its share of the post-acquisition movements in reserves is recognised in the consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in a jointly controlled entity equals or exceeds its interest in the jointly controlled entity, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the jointly controlled entity. If the jointly controlled entity subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The gain or loss on the disposal of a jointly controlled entity represents the difference between the proceeds of the sale and the Group's share of its carrying amount together with any remaining goodwill relating to the jointly controlled entity and also any related accumulated foreign currency translation reserve.

3. 主要會計政策(續)**(c) 合營公司(續)**

共同控制實體為各合營伙伴另行成立並擁有權益的合營公司。

於合營公司的投資乃按權益法記入綜合財務報表，並初步以成本值入賬。共同控制實體於收購日期收購的可識別資產、負債及或然負債按其公平值計量。收購成本高於本集團應佔共同控制實體的可識別資產、負債及或然負債的公平淨值的差額已記錄為商譽。該商譽已計入投資的賬面值，並在有客觀證據證明投資已減值時，於每個報告期間完結時就減值及投資進行測試。任何本集團應佔可識別資產、負債及或然負債的公平淨值高於收購成本的差額已於綜合損益確認。

本集團應佔收購後共同控制實體的盈虧於綜合損益中確認，而應佔收購後的儲備變動於綜合儲備中確認。收購後的累積變動於投資的賬面值作調整。倘本集團應佔共同控制實體的虧損等於或超過其佔共同控制實體的權益(包括任何其他無抵押應收款項)，則本集團不確認進一步的虧損，除非本集團代共同控制實體承擔責任或支付款項。倘共同控制實體其後錄得盈利，本集團只會於其應佔盈利等於應佔虧損未確認後才會確認其應佔盈利。

出售共同控制實體所產生的收益或虧損指出售所得款項與本集團應佔其賬面值的差額，連同之前任何有關共同控制實體的剩餘商譽，以及任何累計匯兌儲備。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**(c) Joint venture (Continued)**

Unrealised profits on transactions between the Group and its jointly controlled entities are eliminated to the extent of the Group's interests in the jointly controlled entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of jointly controlled entities have been changed where necessary to ensure consistency with the policies adopted by the Group.

(d) Foreign currency translation**(i) Functional and presentation currency**

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

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

3. 主要會計政策(續)**(c) 合營公司(續)**

本集團與共同控制實體之間的交易產生的未變現收益，按本集團在共同控制實體的權益抵銷。除非交易提供證據證明所轉移的資產出現減值，否則未變現虧損亦予以被抵銷。共同控制實體的會計政策已在需要時作出改變，以確保與本集團採納的政策貫徹一致。

(d) 外幣換算**(i) 功能及呈列貨幣**

本集團各實體的財務報表所納入的項目乃按實體經營業務所在主要經濟環境的貨幣(「功能貨幣」)計算。綜合財務報表以港元呈列，而港元為本公司的功能及呈列貨幣。

(ii) 各實體財務報表內的交易及結餘

外幣交易以交易日期適用的匯率換算為基本確認之功能貨幣。以外幣計值的貨幣資產及負債按每個報告期間完結時適用的匯率換算。該換算政策所產生的溢利及虧損列入損益內。

按公平值以外幣計算的非貨幣項目以決定公平值當天之匯率換算。

當非貨幣項目的收益或虧損於全面收益中確認，任何該收益或虧損之匯兌部份於其他全面收益中確認。當非貨幣項目的收益或虧損於損益中確認，任何該收益或虧損之匯兌部份於損益中確認。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**(d) Foreign currency translation (Continued)****(iii) Translation on consolidation**

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and
- All resulting exchange differences are recognised in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognised in consolidated profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

3. 主要會計政策(續)**(d) 外幣換算(續)****(iii) 綜合賬目時的換算**

集團內所有功能貨幣與本公司呈列貨幣有別的實體，其業績及財務狀況乃按下列方式換算為本公司的呈列貨幣：

- 各財務狀況表所呈列的資產及負債均按結算日的收市匯率換算；
- 各損益表內的收入及開支按平均匯率換算(除非該平均匯率並非為交易日期的適用匯率累計影響的合理約數，在該情況下，收入及開支按交易日期的匯率換算)；及
- 所產生的全部匯兌差額於匯兌儲備內確認。

綜合賬目時，換算海外實體投資淨額及借貸所產生的匯兌差額於匯兌儲備內確認。當海外業務被出售，匯兌差額於綜合損益中確認為出售溢利或虧損的一部分。

收購海外實體所產生的商譽及公平值調整被視作海外實體的資產及負債，並按收市匯率換算。

綜合財務報表附註(續)

For the year ended 31 December 2009 截至二零零九年十二月三十一日止年度

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

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

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

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal useful lives are as follows:

Buildings	over the unexpired term of lease
Leasehold improvements	shorter of 5 years and the unexpired term of lease
Plant and machinery	5 to 10 years
Computer equipment	5 years
Furniture, fixtures and office equipment	5 years
Motor vehicles	5 years

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

Construction in progress represents buildings under construction and plant and machinery pending installation, and is stated at cost less impairment losses. Depreciation begins when the relevant assets are available for use.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

3. 主要會計政策(續)**(e) 物業、機器及設備**

所有物業、機器及設備按成本減累計折舊及減值虧損列賬。

其後成本僅於與該項目有關的未來經濟利益可能流入本集團，而該項目的成本能可靠計量時，方列入資產的賬面值或確認為獨立資產(如適用)。所有其他維修及保養於產生期間內的損益支銷。

物業、機器及設備的折舊，按足以撇銷其成本減剩餘價值的比率，於估計可使用年期內使用直線法計算，主要可使用年期如下：

樓宇	按租約尚餘年期
租賃物業裝修	5年或租約尚餘年期 (以較短者為準)
機器及設備	5至10年
電腦設備	5年
傢俬、固定裝置及辦公室設備	5年
汽車	5年

剩餘價值、可使用年期及折舊方法於每個報告期間完結時進行檢討及作出調整(如適用)。

在建工程指興建中的租賃樓宇及待安裝的機器及設備，並按成本扣除減值虧損列賬。有關資產可供使用後方才計算折舊。

出售物業、機器及設備的收益或虧損指出售所得款項淨額與有關資產賬面值兩者間的差額，並於損益內確認。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**(f) Leases****(i) Operating leases**

Leases that do not substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as operating leases. Lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term.

(ii) Finance leases

Leases that substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as finance leases. At the commencement of the lease term, a finance lease is capitalised at the lower of the fair value of the leased asset and the present value of the minimum lease payments, each determined at the inception of the lease.

The corresponding liability to the lessor is included in the statement of financial position as finance lease payable. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Assets under finance leases are depreciated the same as owned assets.

(g) Club membership

Club membership with indefinite useful life is stated at cost less any impairment losses. Impairment is reviewed annually or when there is any indication that the club membership has suffered an impairment loss.

3. 主要會計政策(續)**(f) 租約****(i) 經營租約**

將資產擁有權的所有風險及回報不會大部份轉移至本集團的租約，分類為經營租約。租約款項在扣除自出租人收取的任何獎勵金後，於租約期內以直線法確認費用。

(ii) 融資租約

將資產擁有權的所有風險及回報大部份轉移至本集團的租約，分類為融資租約。融資租約在開始時按租賃資產的公平值及最低租賃款項現值(兩者均於租賃開始時釐定)的較低者入賬。

出租人的相應債務於財務狀況表中列作應付融資租約。租約款項按比例分配為融資費用及削減未付債務。融資費用於各租期內分攤，以便為債務結餘得出一個貫徹的定期利率。

於融資租約下的資產與自置資產以同樣方法計算折舊。

(g) 會所會籍

具無限可使用年期的會所會籍按成本減任何減值虧損列賬。會所會籍每年及當有跡象顯示出現減值虧損時進行減值檢討。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**(h) Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis. The cost of finished goods and work in progress comprises raw materials, direct labour and an appropriate proportion of all production overhead expenditure, and where appropriate, subcontracting charges. 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.

(i) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

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

(j) Investments

Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs except in the case of financial assets at fair value through profit or loss.

3. 主要會計政策(續)**(h) 存貨**

存貨按成本與可變現淨值兩者中的較低者入賬。成本乃按加權平均基準計量。製成品及在製品的成本包括原材料、直接勞工及所有生產經常性開支及分包開支(如適用)。可變現淨值按一般業務過程中的估計銷售價格減去估計完成成本及估計銷售所需費用計算。

(i) 確認及終止確認金融工具

金融資產及金融負債於本集團成為工具合約條文的訂約方時，於財務狀況表內確認。

倘從資產收取現金流的合約權利已到期，或本集團已將其於資產擁有的絕大部份風險及回報轉移，或本集團並無轉移及保留其於資產擁有權的絕大部份風險及回報但保留對資產的控制權，則金融資產將被終止確認。於終止確認金融資產時，資產的賬面值與已收及應收代價及已直接於其他全面收益內確認的累計盈虧兩者總和的差額，將於損益內確認。

倘於有關合約的特定責任獲解除、取消或到期，則金融負債將被終止確認。終止確認的金融負債的賬面值與已付代價的差額於損益內確認。

(j) 投資

投資乃按交易日基準(即購買或出售投資之合約條款所規定及經由所屬市場設定的時限交付該項投資之日)確認及終止確認，並初步按公平值加上直接應佔交易成本計量，惟按公平值計入損益賬的金融資產則除外。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**(j) Investments (Continued)**

Investments are classified as either financial assets at fair value through profit or loss or available-for-sale financial assets.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are either investments classified as held for trading or designated as at fair value through profit or loss upon initial recognition. These investments are subsequently measured at fair value. Gains or losses arising from changes in fair value of these investments are recognised in profit or loss.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets not classified as trade and other receivables, held-to-maturity investments or financial assets at fair value through profit or loss. Available-for-sale financial assets are subsequently measured at fair value. Gains or losses arising from changes in fair value of these investments are recognised in other comprehensive income, until the investments are disposed of or there is objective evidence that the investments are impaired, at which time the cumulative gains or losses previously recognised in other comprehensive income are recognised in profit or loss. Interest calculated using the effective interest method is recognised in profit or loss.

Impairment losses recognised in profit or loss for equity investments classified as available-for-sale financial assets are not subsequently reversed through profit or loss. Impairment losses recognised in profit or loss for debt instruments classified as available-for-sale financial assets are subsequently reversed and recognised in profit or loss if an increase in the fair value of the instruments can be objectively related to an event occurring after the recognition of the impairment loss.

3. 主要會計政策(續)**(j) 投資(續)**

投資分類為按公平值計入損益賬的金融資產或可供出售金融資產。

(i) 按公平值計入損益賬的金融資產

初步確認時，按公平值計入損益賬的金融資產均為持作買賣或指定為按公平值計入損益賬的投資。此等投資隨後按公平值計量。此等投資公平值變動引起的損益均在損益確認。

(ii) 可供出售金融資產

可供出售金融資產指並非歸類為貿易及其他應收款項、持至到期日投資或按公平值計入損益賬的金融資產的非衍生金融資產。可供出售金融資產其後按公平值計量。該等投資公平值變動產生的盈虧，在其他全面收益確認，直至該等投資被出售或確定已減值為止。屆時，先前在其他全面收益中確認的累計盈虧會在損益中確認。按實際利率法計算的利息在損益確認。

股本投資(歸類為可供出售金融資產)已在損益確認的減值虧損，其後不會在損益撥回。倘債務工具(歸類為可供出售金融資產)的公平值增加客觀上與確認減值虧損後發生的事項相關，則就該等工具已在損益確認的減值虧損會於其後撥回並在損益中確認。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**(k) Trade and other receivables**

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the receivables' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition. The amount of the allowance is recognised in profit or loss.

Impairment losses are reversed in subsequent periods and recognised in profit or loss when an increase in the receivables' recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the receivables at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

(l) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which 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.

3. 主要會計政策(續)**(k) 貿易及其他應收款項**

貿易及其他應收款項為無活躍市場報價，惟具固定或可釐定付款的非衍生金融資產，初步按公平值確認，其後以實際利率法按攤銷成本並減除任何減值撥備計量。貿易及其他應收款項的減值撥備於出現客觀證據顯示本集團無法按應收款項原有條款收回所有到期金額時確認。撥備金額為應收款項的賬面值與估計未來現金流量現值(按初步確認時計算的實際利率貼現計量)間的差額。撥備金額於損益確認。

當應收款項的可收回金額增加客觀上與於確認減值後發生的事件有關時，減值虧損應於其後期間撥回並在損益確認，惟應收款項於減值被撥回日期的賬面值不得超過如並無確認減值時的攤銷成本值。

(l) 現金及等同現金項目

就現金流量表而言，現金及等同現金項目指銀行及手頭現金、存於銀行及其他金融機構的活期存款，及可隨時轉換為已知數額現金且沒有重大價值變動風險的短期及高度流通投資。應要求償還及構成本集團現金管理一個完整部份的銀行透支亦列入現金及等同現金項目。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**(m) Financial liabilities and equity instruments**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

(i) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

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

(ii) Trade and other payables

Trade and other payables are stated initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(iii) Equity instruments

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

(n) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

Revenues from the sales of manufactured goods and trading of raw materials are recognised on the transfer of significant risks and rewards of ownership, which generally coincides with the time when the goods are delivered and the title has passed to the customers.

3. 主要會計政策(續)**(m) 金融負債及股本工具**

金融負債及股本工具乃根據所訂立的合約安排的性質及根據香港財務報告準則對金融負債及股本工具的定義而分類。股本工具為證明於本集團經扣除其所有負債後的資產中所剩餘權益的任何合約。就特定金融負債及股本工具而採納的會計政策載於下文。

(i) 借貸

借貸初步按公平值扣除所產生的交易成本確認，其後則以實際利率法按攤銷成本值計量。

除非本集團擁有無條件權利，可將負債的償還日期遞延至報告期間完結後至少十二個月，否則借貸被分類為流動負債。

(ii) 貿易及其他應付款項

貿易及其他應付款項初步按公平值列賬，其後則以實際利率法按攤銷成本值計量，貼現影響微小則作別論，在該情況下，則按成本值列賬。

(iii) 股本工具

本公司發行的股本工具按已收的所得款項，扣除直接發行費用列賬。

(n) 收益確認

收益乃按已收或應收代價的公平值計量，並於經濟利益有可能流入本集團且收益金額能可靠計量時確認。

銷售生產的貨品及原材料貿易的收益於擁有權的大部分風險及回報轉讓時確認。所有權轉讓通常與貨品交付及業權轉讓予客戶的時間相同。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**(n) Revenue recognition (Continued)**

Interest income is recognised on a time-proportion basis using the effective interest method.

Dividend income is recognised when the shareholders' rights to receive payment are established.

Rental income is recognised on a straight-line basis over the lease term.

(o) Employee benefits**(i) Employee leave entitlements**

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

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

(ii) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

(iii) Termination benefits

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

3. 主要會計政策(續)**(n) 收益確認(續)**

利息收入按時間比例用實際利息法確認。

股息收入於股東收取款項之權利成立時確認。

租金收入按租賃期內以直線法確認。

(o) 僱員福利**(i) 僱員享有的假期**

僱員年假及長期服務假於僱員享用時確認。已就僱員因截至報告期間完結時止所提供服務享有的年假及長期服務假的估計負債作出撥備。

僱員病假及產假於放假時始確認。

(ii) 退休金承擔

本集團向定額供款退休金計劃作出供款，全體僱員均可參與該計劃。供款由本集團及僱員按僱員基本薪金的百分比作出。自損益扣除的退休福利計劃成本指本集團應向該基金支付的供款。

(iii) 離職福利

本集團明確就終止僱用作出承擔或因在一項實際上不可能退出的詳細正式計劃下僱員自願離職而提供利益(及僅在上述情況下)，則可確認離職福利。

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

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

(q) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3. 主要會計政策(續)**(p) 以股權結算之款項**

本集團向若干僱員發行以股權結算以股份支付的款項。按股權結算以股份支付的款項乃於授出當日按本工具的公平值(不包括非市場歸屬條件的影響)計量。於按股權結算以股份支付的款項授出當日釐定的公平值,根據本集團所估計最終就非市場歸屬條件歸屬及調整的股份,按歸屬期以直線法支銷。

(q) 借貸成本

直接源自收購、建造或生產合資格資產,而有關資產需要一段長時間方可供作擬定用途或出售的借貸成本會撥充該等資產成本部分,直至該資產大致上可供作擬定用途或出售為止。尚未用於合資格資產的特定借貸作短期投資賺取的投資收入,於合資格資本化的借貸成本中扣除。

對於一般性借入資金用於獲取一項合資格的資產,可予資本化的借貸成本乃以在該資產的支出應用一個資本化比率釐定。資本化比率為期內適用於本集團尚未償還借款(用於獲取一項合資格的資產的借貸除外)的借貸成本的加權平均值。

所有借貸成本乃於其產生期間在損益中確認。

綜合財務報表附註(續)

For the year ended 31 December 2009 截至二零零九年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**(r) Taxation**

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

3. 主要會計政策(續)**(r) 稅項**

所得稅為即期稅項與遞延稅項的總和。

即期稅項乃按本年度應課稅溢利計算。應課稅溢利與損益中所確認的溢利不同，因應課稅溢利不包括在其他年度應課稅收入或可扣減開支項目，而且不包括永遠毋須課稅及不可扣稅項目。本集團的即期稅項負債乃按報告期間完結前已頒佈或實質頒佈的稅率計算。

遞延稅項乃就財務報表中資產及負債的賬面值與用作計算應課稅溢利的相應稅基間的差額確認。遞延稅項負債通常會就所有應課稅暫時差異確認，遞延稅項資產僅於可能有應課稅溢利而動用暫時性差異、未動用稅項虧損或未動用稅項資產可予以抵銷時方予以確認。於一項交易中，倘因商譽或其他資產及負債之初步確認(業務合併除外)而產生的暫時差異且不影響應課稅溢利及會計溢利時，則該等資產及負債不會予以確認。

遞延稅項負債乃就投資於附屬公司及合營公司而產生的應課稅暫時差異及於聯營公司中的權益予以確認，惟倘本集團能控制撥回暫時差異以及暫時差異在可見將來不會被撥回則作別論。

遞延稅項資產的賬面值於各報告期間完結時均會作出檢討，並在預期不再有足夠應課稅溢利可令全部或部份資產變現時作出相應減值。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**(r) Taxation (Continued)**

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(s) Related parties

A party is related to the Group if:

- (i) directly or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with, the Group; has an interest in the Group that gives it significant influence over the Group; or has joint control over the Group;
- (ii) the party is an associate;
- (iii) the party is a joint venture;
- (iv) the party is a member of the key management personnel of the Company or its parent;
- (v) the party is a close member of the family of any individual referred to in (i) or (iv);
- (vi) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

3. 主要會計政策(續)**(r) 稅項(續)**

遞延稅項乃以預期於償還負債或變現資產即期應用的稅率並基於報告期間完結前頒佈或實質頒佈的稅率計算。遞延稅項會乃於損益中確認，惟遞延稅項與已於其他全面收益中或直接於權益中確認的相關聯者則除外，在此情況下，遞延稅項亦會於其他全面收益中或直接於權益中確認。

倘有法定可行使權利可以即期稅項資產抵銷即期稅項負債，且彼等為關乎同一稅務機構徵收的所得稅，且本集團擬按淨額基準結算即期稅項資產及負債，則遞延稅項資產與負債會予以抵銷。

(s) 關連人士

任何一方如屬以下情況，即視為本集團的關連人士：

- (i) 該方透過一家或多家中介公司，直接或間接控制本集團、受本集團控制或與本集團受同一方控制；於本集團擁有權益，並可藉著該權益對本集團行使重大影響力；或共同控制本集團；
- (ii) 該方為聯營公司；
- (iii) 該方為合營公司；
- (iv) 該方為本公司或其母公司的主要管理人員其中一名成員；
- (v) 該方為(i)或(iv)所述的任何人士的家族近親；
- (vi) 該方為一家實體，直接或間接受(iv)或(v)所述的任何人士控制或共同控制，或(iv)或(v)所述之任何人士直接或間接對該實體行使重大影響力或擁有重大投票權；或

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**(s) Related parties (Continued)**

- (vii) the party is a post-employment benefit plan for the benefit of employees of the Group, or of any entity that is a related party of the Group.

(t) Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets except investments, inventories and receivables to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell 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 the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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

3. 主要會計政策(續)**(s) 關連人士(續)**

- (vii) 該方為終止僱用後福利計劃，乃為本集團或屬於其關連人士的任何實體的僱員福利而設。

(t) 資產減值

於各報告期間完結時，本集團均會審閱其有形及其中無形資產(投資、存貨及應收款項除外)的賬面值，以釐定是否有任何跡象顯示資產已出現減值虧損。如有任何減值情況，則會估計資產的可收回金額，以釐定減值虧損的程度。如不可能估計個別資產的可收回金額，則本集團會估計資產所屬現金產生單位的可收回金額。

可收回金額為公平值減出售成本與使用價值兩者中的較高者。於評估使用價值時，估計未來現金流量乃以稅前貼現率貼現至現值，以反映市場現時所評估的款項時間價值及資產的特定風險。

倘資產或現金產生單位的可收回金額估計少於其賬面值，則資產或現金產生單位的賬面值會減少至其可收回金額。減值虧損會即時於損益確認，惟有關資產乃按重估數額列賬則作別論，在該情況下，減值虧損被視為重估減少處理。

倘減值虧損其後撥回，則資產或現金產生單位的賬面值會增至經修訂的預計可收回金額，惟調高後的賬面值不會超逾過往年度並無就資產或現金產生單位確認減值虧損應予釐定的賬面值(扣除攤銷或折舊後計)。減值虧損撥回撥會即時被確認為損益，惟有關資產按重估金額列賬，則減值虧損撥回會作重估增加處理。

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

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present 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 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 is remote.

(v) Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the financial statements when material.

3. 主要會計政策(續)**(u) 撥備及或然負債**

倘本集團因過往事件承擔現有法定或推定責任而可能需要流出經濟溢利履行有關責任並可作出可靠估計，便會就無確定時間或金額的負債確認撥備。倘款項的時間價值重大，撥備會以履行責任預期所需開支的現值列報。

倘不大可能需要經濟利益流出，或有關款額不能可靠估量，有關責任則按或然負債披露，除非導致經濟利益流出的可能性極低，則作別論。可能承擔的責任（其存在與否僅藉一項或多項未來事件的發生與否而確定）亦按或然負債披露，除非導致經濟利益流出的可能性極低，則作別論。

(v) 報告期間完結後事項

提供本集團於報告期間完結時狀況的額外資料或顯示持續經營假設並不適當的報告期間完結後事項為調整事項，並反映於財務報表。非調整事項的報告期間完結後事項，倘屬重大時，則於財務報表附註內披露。

綜合財務報表附註(續)

For the year ended 31 December 2009 截至二零零九年十二月三十一日止年度

4. CRITICAL JUDGEMENTS AND ESTIMATES**Critical judgements in applying accounting policies**

- (a) In the process of applying the accounting policies, the directors have made the following judgements that have the most significant effect on the amounts recognised in the financial statements.

Legal titles of certain land and buildings

As stated in notes 15 and 16 to the consolidated financial statements, the titles of two parcels of land and one property were not transferred to the Group as at 31 December 2009. Despite the fact that the Group has not obtained the relevant legal titles, the directors determine to recognise their costs as prepaid land lease payments and property, plant and equipment, on the grounds that they expect the transfer of legal titles in future should have no major difficulties and the Group is in substance controlling those land and buildings.

(b) Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(i) Allowances for inventories

The directors identify obsolete and slow-moving inventory items that are no longer suitable for use in production at the end of each reporting period. The directors estimate the net realisable value for such inventories based primarily on the latest selling prices and costs of completion and selling expenses estimated at current operation conditions. The directors carry out an inventory review on a product-by-product basis at the end of each reporting period and makes allowance for obsolete items.

Where the actual outcome or expectation in future is different from the original estimates, such differences will impact the carrying value of inventories and allowance/write-back in the period in which such estimates have been changed.

4. 關鍵判斷及估計**(a) 應用會計政策時的關鍵判斷**

於應用會計政策過程中，董事已作出以下對財務報表中所確認金額具有重大影響的判斷。

若干土地及樓宇的法定業權

誠如綜合財務報表附註15及16所述，兩幅土地及一項物業的業權於二零零九年十二月三十一日尚未轉讓予本集團。儘管本集團尚未獲得有關法定業權，但由於董事預期未來轉讓法定業權應無重大困難且本集團實質上控制該等土地及該物業，因此董事決定於二零零九年十二月三十一日將該等業權確認為預付土地租金及物業、機器及設備。

(b) 估計不明朗因素的主要來源

下文討論有關未來之主要假設及於報告期間完結時之其他主要不確定估計來源，而該等假設及不確定估計可能導致下一個財政年度資產及負債賬面值須作出重大調整之重大風險。

(i) 存貨撥備

董事於各報告期間完結時識別一些不再適合生產的過時及滯銷存貨項目。董事主要根據最新售價及現時經營狀況下的預計完成成本及銷售開支估計該等存貨的可變現淨值。董事於每個報告期間完結時對存貨逐一進行檢查，並對過時項目作出撥備。

倘實際結果或日後預期與原定估計有差異，則該等差異將影響存貨賬面值及期間的撥備／撥回值。

4. CRITICAL JUDGEMENTS AND ESTIMATES (Continued)

Key sources of estimation uncertainty (Continued)

(ii) Property, plant and equipment and depreciation

The Group determines the estimated useful lives and related depreciation charges for the Group's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. The Group will revise the depreciation charge where useful lives are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

(iii) Impairment loss for bad and doubtful debts

The Group makes impairment loss for bad and doubtful debts based on assessments of the recoverability of the trade and other receivables, including the current creditworthiness and the past collection history of each debtor. Impairments arise where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debt expenses in the year in which such estimate has been changed.

(iv) Share-based payment expenses

The fair value of the share options granted to the directors and employees determined at the date of grant of the respective share options is expensed over the vesting period, with a corresponding adjustment to the Group's share option reserve. In assessing the fair value of the share options, the Black-Scholes option pricing model (the "Black-Scholes Model") was used. The Black-Scholes Model is one of the generally accepted methodologies used to calculate the fair value of the share options. The Black-Scholes Model requires the input of subjective assumptions, including the expected dividend yield and expected life of options. Any changes in these assumptions can significantly affect the estimate of the fair value of the share options.

4. 關鍵判斷及估計(續)

估計不明朗因素的主要來源(續)

(ii) 物業、機器及設備以及折舊

本集團釐定其物業、機器及設備的估計可使用年限及相關折舊開支。是項估算乃根據類似性質及功能的物業、機器及設備的實際可使用年期的過往經驗作出。當可使用年限與先前估計的年限不同時，本集團將修訂折舊開支或將已棄用或出售在技術上過時或屬非策略性的資產撤銷或撇減。

(iii) 呆壞賬的減值虧損

本集團根據對貿易及其他應收款項的可收回性評估(包括各債務人的現時信譽及過往還款記錄)就呆壞賬作出減值虧損。減值於發生事件或情況出現轉變，顯示或不能夠收回結餘時產生。識別呆壞賬須運用判斷及估計。倘實際結果有別於原先估計，則有關差異將會影響年內貿易及其他應收款項以及呆賬開支的賬面值。

(iv) 以股權結算之款項開支

授予董事及僱員的購股權的公平值(於各購股權授出日期釐定)於歸屬期間支銷，並於本集團的購股權儲備作出相應調整。本集團採用柏力克-舒爾斯期權定價模式(「柏力克-舒爾斯模式」)評估購股權的公平值。柏力克-舒爾斯模式為用於計算購股權公平值的公認方法之一。柏力克-舒爾斯模式要求輸入主觀假設，包括預期股息率及預期購股權年期。該等假設的任何變動均可對購股權的公平值估計造成重大影響。

4. CRITICAL JUDGEMENTS AND ESTIMATES (Continued)

Key sources of estimation uncertainty (Continued)

(v) Income taxes

The Group is subject to income taxes in several jurisdictions. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

5. FINANCIAL RISK MANAGEMENT

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

(a) Foreign currency risk

The Group has certain exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in HK\$, United States dollars ("USD") and Renminbi ("RMB"). The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

4. 關鍵判斷及估計(續)

估計不明朗因素的主要來源(續)

(v) 所得稅

本集團於多個司法權區須繳納所得稅。於釐定所得稅撥備時需要作出重大估計。於日常業務過程中大量交易及計算之最終稅項均屬不確定。倘若該等事項之最終稅項結果與初步記錄之金額不同，該差異將影響該決定作出期間之所得稅及遞延稅項撥備。

5. 財務風險管理

本集團因經營業務而承受多項財務風險：外匯風險、信貸風險、流動資金風險及利率風險。本集團的整體風險管理計劃集中在金融市場的不可預測性，故務求降低本集團財務表現所受到的潛在負面影響。

(a) 外匯風險

由於本集團大部分商務交易、資產及負債主要以港元、美元(「美元」)及人民幣(「人民幣」)列值，故本集團面對若干外匯風險。本集團現時並無就外匯交易、資產及負債採取外匯對沖政策。本集團將密切監察其外匯風險，並將考慮於需要時對沖重大外匯風險。

5. FINANCIAL RISK MANAGEMENT (Continued)**(a) Foreign currency risk (Continued)**

At 31 December 2009, if the HK\$ had weakened 1 per cent against the USD with all other variables held constant, consolidated profit after tax for the year would have been approximately HK\$1,091,000 (2008: HK\$2,363,000) higher, arising mainly as a result of the foreign exchange gain on trade receivables denominated in USD (2008: foreign currency forward contracts and trade receivables denominated in USD). If the HK\$ had strengthened 1 per cent against the USD with all other variables held constant, consolidated profit after tax for the year would have been approximately HK\$1,091,000 (2008: HK\$9,180,000) lower, arising mainly as a result of the foreign exchange loss on trade receivables denominated in USD (2008: foreign currency forward contracts and trade receivables denominated in USD).

At 31 December 2009, if the HK\$ had weakened 3 per cent (2008: 10 per cent) against the RMB with all other variables held constant, consolidated profit after tax would have been approximately HK\$2,003,000 (2008: HK\$8,108,000) higher, arising mainly as a result of the foreign exchange gain on trade payables of subsidiaries in the People's Republic of China (the "PRC") denominated in HK\$ (2008: foreign currency forward contracts). If the HK\$ had strengthened 3 per cent (2008: 10 per cent) against the RMB with all other variables held constant, consolidated profit after tax would have been approximately HK\$2,003,000 (2008: HK\$11,540,000) lower, arising mainly as a result of the foreign exchange loss on trade payables of the subsidiaries in the PRC denominated in HK\$ (2008: foreign currency forward contracts).

(b) Credit risk

The Group has policies in place to ensure that sales are made to customers with an appropriate credit history.

The carrying amount of the trade and other receivables and bank and cash balances included in the consolidated statement of financial position represents the Group's maximum exposure to credit risk in relation to the Group's financial assets.

5. 財務風險管理(續)**(a) 外匯風險(續)**

於二零零九年十二月三十一日，倘港元兌美元貶值1%，而其他所有變數維持不變，則年內除稅後綜合溢利將增加約1,091,000港元(二零零八年：2,363,000港元)，主要由於以美元計值的貿易應收款項產生外匯收益所致(二零零八年：以美元計值的遠期外匯合約及貿易應收款項)。倘港元兌美元升值1%，而其他所有變數維持不變，則年內除稅後綜合溢利將減少約1,091,000港元(二零零八年：9,180,000港元)，主要由於以美元計值的貿易應收款項產生外匯虧損所致(二零零八年：以美元計值的遠期外匯合約及貿易應收款項)。

於二零零九年十二月三十一日，倘港元兌人民幣貶值3%(二零零八年：10%)，而其他所有變數維持不變，則年內除稅後綜合溢利將增加約2,003,000港元(二零零八年：8,108,000港元)，主要由於於中華人民共和國(「中國」)之附屬公司以港元計值之貿易應付款項產生之外匯收益所致(二零零八年：遠期外匯合約)。倘港元兌人民幣升值3%(二零零八年：10%)，而其他所有變數維持不變，則年內除稅後綜合溢利將減少約2,003,000港元(二零零八年：11,540,000港元)，主要由於於中國之附屬公司以港元計值之貿易應付款項產生之外匯虧損所致(二零零八年：遠期外匯合約)。

(b) 信貸風險

本集團訂有政策，以確保只向信貸記錄良好的客戶銷售產品。

本集團就其金融資產所承受最高信貸風險乃為計入綜合財務狀況表的貿易及其他應收款項賬面值以及銀行及現金結餘。

綜合財務報表附註(續)

For the year ended 31 December 2009 截至二零零九年十二月三十一日止年度

5. FINANCIAL RISK MANAGEMENT (Continued)**(b) Credit risk (Continued)**

The percentage of trade receivables due from the Group's largest customer and due from the Group's five largest customers in aggregate to the Group's total trade receivables are as follows:

		2009 二零零九年 %	2008 二零零八年 %
		百分比	百分比
Due from the Group's largest customer	應收本集團最大客戶款項	18	18
Due from the Group's five largest customers	應收本集團五大客戶款項	73	52

The credit risk on pledged bank deposits, bank and cash balances and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

(c) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

5. 財務風險管理(續)**(b) 信貸風險(續)**

本集團最大客戶及五大客戶的貿易應收款項總值佔本集團貿易應收款項總額的百分比如下：

由於交易對手方均為國際信貸評級機構評定具有高信貸評級的銀行，故已抵押銀行存款、銀行及現金結餘及衍生金融工具的信貸風險有限。

(c) 流動資金風險

本集團策略為定期監督現時及預期的流動資金需求，以確保維持充足現金儲備，應付其短期及長期流動資金需求。

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5. FINANCIAL RISK MANAGEMENT (Continued)**(c) Liquidity risk (Continued)**

The maturity analysis of the Group's financial liabilities is as follows:

		Less than 1 year 少於一年 HK\$'000 千港元	Between 1 and 2 years 一年至兩年 HK\$'000 千港元	Between 2 and 5 years 兩年至五年 HK\$'000 千港元	Over 5 years 五年以上 HK\$'000 千港元
At 31 December 2009	於二零零九年十二月三十一日				
Long term borrowings	長期借款	12,051	8,049	10,624	6,577
Obligations under finance leases	融資約承擔	12,661	9,069	3,018	-
Short term borrowings	短期借款	40,106	-	-	-
Other payables and accruals	其他應付款項及應計費用	36,880	-	-	-
Trade payables	貿易應付款項	59,260	-	-	-
Due to a related company	應付關連公司款項	2,422	-	-	-
At 31 December 2008	於二零零八年十二月三十一日				
Long term borrowings	長期借款	9,877	8,093	7,553	-
Obligations under finance leases	融資租約承擔	14,174	10,883	8,505	-
Short term borrowings	短期借款	25,514	-	-	-
Other payables and accruals	其他應付款項及應計費用	27,134	-	-	-
Trade payables	貿易應付款項	53,306	-	-	-
Due to a related company	應付關連公司款項	792	-	-	-
Financial liabilities at fair value through profit or loss	按公平值計入 損益賬的金融負債	3,047	-	-	-

(d) Interest rate risk

The Group's exposure to interest rate risk arises from its bank deposits, short term and long term borrowings and obligations under finance leases. These deposits and borrowings bear interests at variable rates varied with the then prevailing market condition.

At 31 December 2009, if interest rates at that date had been 10 basis points lower with all other variables held constant, consolidated profit after tax for the year would have been approximately HK\$17,000 (2008: HK\$7,000) higher, arising mainly as a result of lower interest expenses on bank and other borrowings but partly offset by lower interest income on bank and cash balances. If interest rates had been 100 basis points higher, with all other variables held constant, consolidated profit after tax for the year would have been approximately HK\$168,000 (2008: HK\$68,000) lower, arising mainly as a result of higher interest expenses on bank and other borrowings but partly offset by higher interest income on bank and cash balances.

5. 財務風險管理(續)**(c) 流動資金風險(續)**

本集團金融負債的到期分析如下：

(d) 利率風險

本集團的利率風險來自其銀行存款、短期及長期借款以及融資租約承擔。該等存款及借款按跟隨當時市場狀況而變動的不同利率計息。

於二零零九年十二月三十一日，倘當日的利率下跌10個基點，而其他所有變數維持不變，則年內除稅後綜合溢利將增加約17,000港元(二零零八年：7,000港元)，主要由於銀行及其他借款的利息開支減少所致，惟部份影響會由銀行及現金結餘的利息收入減少所抵銷。倘利率上升100個基點，而其他所有變數維持不變，則年內除稅後綜合溢利將減少約168,000港元(二零零八年：68,000港元)，主要由於銀行及其他借款的利息開支增加所致，惟部份影響會由銀行及現金結餘的利息收入增加所抵銷。

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5. FINANCIAL RISK MANAGEMENT (Continued)

(e) Categories of financial instruments at 31 December 2009

		2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
Financial assets:	金融資產：		
Loans and receivables (including cash and cash equivalents)	貸款及應收款項(包括現金及等同現金項目)	200,940	181,795
Financial liabilities:	金融負債：		
Financial liabilities at fair value through profit or loss:	按公平值計入損益賬的金融負債：		
Held for trading	持作買賣	-	3,047
Financial liabilities at amortised cost	按攤銷成本計算之金融負債	173,787	131,017

(f) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

The following disclosures of fair value measurements use a fair value hierarchy which has 3 levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on unobservable market data (unobservable inputs).

5. 財務風險管理(續)

(e) 於二零零九年十二月三十一日金融工具之分類

(f) 公平值

本集團之金融資產及金融負債於綜合財務狀況表反映之賬面值概若相等於各自之公平值。

本集團採用以下公平值等級架構披露公平值計量，當中包括三層：

- 第1層：相同資產及負債之活躍市場報價(未經調整)。
- 第2層：第一層所包括之報價以外，資產及負債直接(即價格)或間接(即從價格推算)觀察得出之輸入資料。
- 第3層：並非根據可觀察市場數據而得出之資產或負債輸入資料(無法觀察輸入)。

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5. FINANCIAL RISK MANAGEMENT (Continued)**(f) Fair values (Continued)**

Disclosures of level in fair value hierarchy at 31 December 2008:

Description	項目	第1層	第2層	第3層	二零零八年
		Level 1	Level 2	Level 3	2008
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
Financial liabilities at fair value through profit or loss	按公平值計入損益賬的 金融負債				
Derivatives	衍生工具	-	3,047	-	3,047

The total gains or losses recognised in profit or loss including those for liabilities held at end of reporting period is presented in the income statement.

於損益內確認之收益或虧損包括於報告期末在收益表呈列之所持負債。

6. TURNOVER

The Group is principally engaged in the sale and manufacture of zinc, magnesium and aluminium alloy die casting components.

Turnover represents the net amounts received and receivable for goods sold, net of returns and allowances to customers during the year.

6. 營業額

本集團主要從事生產及銷售鋅、鎂及鋁合金壓鑄零部件業務。

營業額指於年內銷售貨品的已收及應收款項淨額(已扣除退貨及給予客戶的折扣)。

		2009	2008
		二零零九年	二零零八年
		HK\$'000	HK\$'000
		千港元	千港元
Sales of goods	銷售貨品	633,832	685,134

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7. OTHER INCOME

7. 其他收入

		2009	2008
		二零零九年	二零零八年
		HK\$'000	HK\$'000
		千港元	千港元
Interest Income	利息收入	178	2,661
Rental income	租金收入	171	68
Sales of scrap materials	廢料銷售	641	1,272
Product development fee income	產品開發費用收入	-	24
Compensation from insurance	保險賠償	180	-
Gain on disposal of listed securities	出售上市證券收益	-	2
Gain on disposal of property, plant and equipment	出售物業、機器及設備收益	1,665	-
Others	其他	907	683
		3,742	4,710

8. SEGMENT INFORMATION

For management purposes, the Group's operation is currently categorised into three operating divisions – zinc, magnesium and aluminium alloy die casting components. These divisions are the basis of the Group's three reportable segments. The Group's reportable segments are strategic business units that offer different products. They are managed separately because each business requires different technology and different cost measurement.

The accounting policies of the operating segments are the same as those described in note 3 to the consolidated financial statements. Segment profits or losses do not include interest income, corporate income, gain or loss from derivative instruments, corporate expenses, finance costs and income tax expense. Segment assets do not include current tax assets, corporate assets, club membership and derivative instruments. Segment liabilities do not include corporate liabilities, derivative instruments, borrowings, obligations under finance leases, dividend payables, current tax liabilities and deferred tax liabilities.

8. 分部資料

為方便管理，本集團現時業務分為三個營運部門 — 鋅、鎂及鋁合金壓鑄件。該等部門是本集團呈報主要分部資料的基準。本集團之呈報分部為提供不同產品之策略業務單位。由於有關業務需要不同技術及有不同成本計量方式，故該等分部乃獨立管理。

經營分部之會計政策與綜合財務報表附註3所載的相同。分部溢利或虧損不包括利息收入、企業收益、來自衍生工具之損益、企業開支、融資成本及所得稅開支。分部資產不包括即期稅項資產、企業資產、會所會籍及衍生工具。分部負債不包括企業負債、衍生工具、借款、融資租約承擔、應付股息、即期稅項負債及遞延稅項負債。

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8. SEGMENT INFORMATION (Continued)

Information about reportable segment profit or loss, assets and liabilities:

8. 分部資料(續)

呈報分部溢利或虧損、資產及負債之資料如下：

		Zinc alloy die casting components 鋅合金壓鑄件 HK\$'000 千港元	Magnesium alloy die casting components 鎂合金壓鑄件 HK\$'000 千港元	Aluminium alloy die casting components 鋁合金壓鑄件 HK\$'000 千港元	Total 總數 HK\$'000 千港元
Year ended 31 December 2009	截至二零零九年十二月三十一日止年度				
Revenue from external customers	來自外來客戶的收益	328,989	139,997	164,846	633,832
Segment profit	分部溢利	23,887	36,877	9,150	69,914
Depreciation and amortisation	折舊及攤銷	13,552	12,633	10,626	36,811
Additions to segment non-current assets	分部非流動資產之增加	30,011	4,943	7,302	42,256
As at 31 December 2009	於二零零九年十二月三十一日				
Segment assets	分部資產	250,282	179,601	130,132	560,015
Segment liabilities	分部負債	50,182	22,871	24,645	97,698

		Zinc alloy die casting components 鋅合金壓鑄件 HK\$'000 千港元	Magnesium alloy die casting components 鎂合金壓鑄件 HK\$'000 千港元	Aluminium alloy die casting components 鋁合金壓鑄件 HK\$'000 千港元	Total 總數 HK\$'000 千港元
Year ended 31 December 2008	截至二零零八年十二月三十一日止年度				
Revenue from external customers	來自外來客戶的收益	382,797	128,489	173,848	685,134
Segment profit	分部溢利	22,841	14,051	4,171	41,063
Depreciation and amortisation	折舊及攤銷	11,933	9,439	9,684	31,056
Additions to segment non-current assets	分部非流動資產之增加	21,641	36,433	13,207	71,281
As at 31 December 2008	於二零零八年十二月三十一日				
Segment assets	分部資產	213,629	155,075	120,440	489,144
Segment liabilities	分部負債	50,032	14,016	18,804	82,852

綜合財務報表附註(續)

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8. SEGMENT INFORMATION (Continued)

Reconciliations of reportable segment revenue, profit or loss, assets and liabilities:

8. 分部資料(續)

呈報分部收益、溢利或虧損、資產及負債之對賬：

		2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
Revenue	收益		
Total revenue of reportable segments	呈報分部之總溢利	633,832	685,134
Unallocated amounts	不分類數目	-	-
Consolidated revenue	綜合收益	633,832	685,134
Profit or loss	溢利或虧損		
Total profit or loss of reportable segments	呈報分部總溢利或虧損	69,914	41,063
Unallocated amounts:	不分類數目：		
Interest income	利息收入	178	2,661
Corporate income	企業收益	2,073	26
Loss on financial liabilities at fair value through profit or loss	按公平值計入損益賬的金融負債虧損	(761)	(1,487)
Impairment loss on available-for-sale financial assets	可供出售金融資產之減值虧損	-	(6,303)
Corporate expenses	企業開支	(19,755)	(18,984)
Finance costs	融資成本	(1,610)	(2,449)
Income tax expense	所得稅開支	(12,239)	(5,892)
Consolidated profit for the year	年內綜合溢利	37,800	8,635

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8. SEGMENT INFORMATION (Continued)

Reconciliations of reportable segment revenue, profit or loss, assets and liabilities (Continued):

8. 分部資料(續)

呈報分部收益、溢利或虧損、資產及負債之對賬(續):

		2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
Assets	資產		
Total assets of reportable segments	呈報分部總資產	560,015	489,144
Unallocated amounts:	不分類數目:		
Current tax assets	即期稅項資產	1,600	1,118
Corporate assets	企業資產	200,881	211,835
Club membership	會所會籍	718	718
Investment in a jointly controlled entity	對共同控制實體之投資	-	7,470
Consolidated total assets	綜合總資產	763,214	710,285
Liabilities	負債		
Total liabilities of reportable segments	呈報分部總負債	97,698	82,852
Unallocated amounts:	不分類數目:		
Corporate liabilities	企業負債	1,876	958
Financial liabilities at fair value through profit or loss	按公平值計入損益賬的金融負債	-	3,047
Short term borrowings	短期借款	40,046	25,439
Long term borrowings	長期借款	35,179	24,346
Obligations under finance leases	融資租約承擔	24,191	31,929
Current tax liabilities	即期稅項負債	6,932	466
Deferred tax liabilities	遞延稅項負債	1,608	1,608
Consolidated total liabilities	綜合總負債	207,530	170,645
Other material items – depreciation and amortisation	其他重大項目 – 折舊及攤銷		
Total depreciation and amortisation of reportable segments	呈報分部總折舊及攤銷	36,811	31,056
Unallocated amounts:	不分類數目:		
Depreciation of property, plant and equipment for corporate use	企業用物業、機器及設備折舊	2,662	1,451
Consolidated depreciation and amortisation	綜合折舊及攤銷	39,473	32,507
Other material items – additions to non-current assets	其他重大項目 – 非流動資產增加		
Total additions to non-current assets of reportable segments	呈報分部總非流動資產增加	42,256	71,281
Unallocated amounts:	不分類數目:		
Additions to non-current assets for corporate use	企業用非流動資產增加	35,276	59,220
Consolidated additions to non-current assets	綜合非流動資產增加	77,532	130,501

Apart from the above, the totals of other material items disclosed in the segment information are the same as the consolidated totals.

除上述外，於分部資料披露的其他重大項目的總數與綜合總數相同。

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8. SEGMENT INFORMATION (Continued)

Geographical information:

		Revenue 收益		Non-current assets 非流動資產	
		2009	2008	2009	2008
		二零零九年	二零零八年	二零零九年	二零零八年
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
Hong Kong	香港	344,842	413,821	22,790	5,723
PRC except Hong Kong	中國(香港除外)	59,625	78,943	400,473	391,506
Japan	日本	113,226	90,934	-	-
Others	其他	116,139	101,436	-	-
Consolidated total	綜合總數	633,832	685,134	423,263	397,229

In presenting the geographical information, revenue is based on the locations of the customers.

呈列地區資料時，收益是以客戶的地區為基準。

Revenue from major customers:

來自主要客戶之收益：

		2009	2008
		二零零九年	二零零八年
		HK\$'000	HK\$'000
		千港元	千港元
Zinc alloy die casting components segment	鋅合金壓鑄件分部		
Customer a	客戶 a	121,024	124,672
Customer b	客戶 b	126,882	80,827
Magnesium alloy die casting components segment	鎂合金壓鑄件分部		
Customer a	客戶 a	5,946	7,862
Customer c	客戶 c	112,483	90,120
Aluminium alloy die casting components segment	鋁合金壓鑄件分部		
Customer a	客戶 a	103,200	84,453

9. FINANCE COSTS

9. 融資成本

		2009	2008
		二零零九年	二零零八年
		HK\$'000	HK\$'000
		千港元	千港元
Interest expenses on bank overdraft and loans	銀行透支及貸款利息開支	942	1,333
Finance lease charges	融資租約支出	668	1,116
		1,610	2,449

10. INCOME TAX EXPENSE

10. 所得稅開支

		2009	2008
		二零零九年	二零零八年
		HK\$'000	HK\$'000
		千港元	千港元
Current tax – Hong Kong Profits Tax	即期稅項 – 香港利得稅		
Provision for the year	本年度撥備	1,752	5,290
Over-provision in prior years	過往年度超額撥備	(49)	(69)
Current tax – PRC enterprise income tax	即期稅項 – 中國企業所得稅		
Provision for the year	本年度撥備	10,536	191
Deferred tax (note 31)	遞延稅項(附註31)	–	480
Income tax expense		12,239	5,892

Hong Kong Profits Tax has been provided at a rate of 16.5% (2008: 16.5%) on the estimated assessable profits of Hong Kong incorporated subsidiaries for the year ended 31 December 2009. Two of the Hong Kong incorporated subsidiaries, Ka Fung Metal Manufactory Company Limited and Wing Yu (Far East) Industries Company Limited, are within the scope of the Departmental Interpretation Practice Note No. 21 issued by the Inland Revenue Department of Hong Kong, that they conducted their manufacturing operations by entering into processing arrangements within the processing factories in the PRC, and hence 50% of the adjusted profits were treated as offshore and not taxable in Hong Kong. No provision for Hong Kong Profits Tax is required for Ka May Metal Manufactory Company Limited and Ka Shui Technology Limited since they have no assessable profit for the year.

截至二零零九年十二月三十一日止年度之香港利得稅根據香港註冊附屬公司之估計應課稅溢利以稅率16.5% (二零零八年: 16.5%) 作出撥備。兩間香港註冊附屬公司嘉豐金屬製品廠有限公司及永裕(遠東)實業有限公司乃藉與中國的加工廠訂立加工安排進行生產業務, 生產模式屬香港稅務局頒佈的稅務局釋義及執行指引第21號界定的範圍, 故其經調整溢利50%視為離岸溢利, 毋須在香港納稅。由於嘉美金屬製品有限公司及嘉瑞科技有限公司於年內沒有應課稅溢利, 所以不需要為此兩間公司作出香港利得稅撥備。

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10. INCOME TAX EXPENSE (Continued)

The new PRC Enterprise Income Tax ("EIT") law passed by the Tenth National People's Congress on 16 March 2007 introduces various changes which include the unification of the EIT rate for domestic and foreign enterprises at 25%. The new tax law was effective from 1 January 2008. This tax rate is applicable to Ka Yi Technology (Huizhou) Company Limited.

According to 國發[2007]第39號 (Guofa [2007]39) issued by the State Council dated 26 December 2007 regarding enterprises established and operating in Shenzhen Special Economic Zone, the applicable EIT rates are as follow:

Year	年份	EIT rate 企業所得稅率
2008	二零零八年	18%
2009	二零零九年	20%
2010	二零一零年	22%
2011	二零一一年	24%
2012	二零一二年	25%

MG Technology (Shenzhen) Company Limited is an enterprise established and operating in Shenzhen Special Economic Zone, and hence, it would have to file its quarterly EIT returns at 20% EIT rate in 2009.

Ka Shui Technology (Huizhou) Company Limited, Ka Fung Industrial Technology (Huizhou) Company Limited and Ample Wealth Property Developments (Huizhou) Limited have no assessable profits since their establishment and hence no provisions were made during the year.

No provision for income tax in jurisdiction other than Hong Kong and the PRC has been made as the Group has no assessable profit subject to overseas income tax for the year ended 31 December 2009 (2008: Nil).

10. 所得稅開支(續)

於二零零七年三月十六日第十屆全國人民代表大會上通過之新中國企業所得稅(「企業所得稅」)法引進多項變動包括統一內外資企業之企業所得稅率為25%。新稅法於二零零八年一月一日起生效。此稅率適用於嘉宜科技(惠州)有限公司。

根據國務院於二零零七年十二月二十六日就於深圳經濟特區成立及經營之企業頒佈之國發[2007]第39號，適用之企業所得稅率如下：

由於創金美科技(深圳)有限公司於深圳經濟特區成立及營運之企業，因此它於二零零九年須按20%企業所得稅率申報季度企業所得稅。

嘉瑞科技(惠州)有限公司、嘉豐工業科技(惠州)有限公司及富豐物業開發(惠州)有限公司自成立以來並無應課稅溢利，故於本年度並無相關稅務撥備。

由於本集團於截至二零零九年十二月三十一日止年度並無海外所得稅規限之應課稅溢利(二零零八年：無)，故毋須於香港及中國以外地區之司法管轄區就所得稅作出撥備。

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10. INCOME TAX EXPENSE (Continued)

The reconciliation between the income tax expense and the product of profit before tax multiplied by the Hong Kong profits tax rate is as follows:

10. 所得稅開支(續)

所得稅開支與除稅前溢利乘以香港利得稅稅率計算所得結果的對賬如下：

		2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
Profit before tax	除稅前溢利	50,039	14,527
Tax at Hong Kong profits tax rate at 16.5% (2008: 16.5%)	按香港利得稅稅率 16.5% (二零零八年：16.5%) 計算的稅項	8,256	2,397
Tax effect of expenses that are not deductible	不可扣稅開支的 稅務影響	2,682	3,169
Tax effect of income that is not taxable	毋須課稅收入的稅務影響	(830)	(106)
Tax effect of temporary differences not recognised	未確認暫時差異的稅務 影響	3,946	2,632
Tax effect of utilisation of tax losses not previously recognised	過往未確認利用稅項虧損之 稅務影響	(748)	-
Over-provision in previous year	過往年度超額撥備	(49)	(69)
Over/(under)-provision for current year	本年度超額撥備/(撥備不足)	183	(574)
Effect of different tax rates of subsidiaries	附屬公司稅率不同的稅務影響	(1,201)	(1,557)
Income tax expense	所得稅開支	12,239	5,892

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11. PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY

The Group's profit for the year attributable to owners of the Company is stated after charging/(crediting) the following:

11. 本公司權益持有人應佔年內溢利

本集團年內之溢利已扣除/(計入)下列各項：

		2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
Allowance for doubtful debts	呆賬撥備	2,715	224
Allowance for inventories (included in cost of inventories sold)	存貨撥備(包含在已售存貨成本中)	4,732	1,108
Auditor's remuneration	核數師酬金	871	752
Bad debts written off	壞賬撇銷	-	867
Reversal of allowance for doubtful debts	呆賬撥備回撥	628	-
Cost of inventories sold	已售存貨成本	451,768	523,172
Depreciation of property, plant and equipment	物業、機器及設備折舊	39,473	32,507
(Gain)/loss on disposal of property, plant and equipment and prepaid land lease payments	出售物業、機器及設備及預付土地租金之(收益)/虧損	(1,665)	74
Loss on financial liabilities at fair value through profit or loss	按公平值計入損益賬的金融負債虧損	761	1,487
Impairment loss on available-for-sale financial assets	可供出售金融資產的減值虧損	-	6,303
Net exchange loss/(gain)	匯兌虧損/(收益)	550	(2,794)
Operating lease charges in respect of land and buildings	土地及樓宇經營租約租金	3,404	2,316
Research and development expenditure	研發開支	2,517	6,717
Staff costs:	員工成本：		
Directors' emoluments (note 12(a))	董事酬金(附註 12(a))	8,742	9,594
Wages and salaries	工資及薪金	130,242	124,007
Equity-settled share based payments (excluding directors)	以股權結算以股份支付的款項(不包括董事)	2,213	4,725
Others staff benefits	其他員工福利	8,578	4,279
Retirement benefits scheme contributions (excluding directors)	退休福利計劃供款(不包括董事)	2,920	5,689
		152,695	148,294

Cost of inventories sold includes staff costs, depreciation and operating lease charges of approximately HK\$138,776,000 (2008: HK\$128,230,000), which are included in the amounts disclosed separately.

已售存貨成本包括員工成本、折舊及經營租約租金約 138,776,000 港元(二零零八年：128,230,000 港元)，彼等已各自分別披露。

Research and development expenditure includes staff costs of approximately HK\$1,471,000 (2008: HK\$2,580,000), which are included in the amounts disclosed separately.

研發開支中包括獨立披露的員工成本約 1,471,000 港元(二零零八年：2,580,000 港元)。

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12. EMOLUMENTS OF DIRECTORS (KEY MANAGEMENT PERSONNEL) AND HIGHEST PAID EMPLOYEES**12. 董事(主要管理人員)酬金及最高薪僱員****(a) Emoluments of directors (key management personnel)****(a) 董事(主要管理人員)酬金**

The emoluments of each director were as follows:

各董事的酬金如下：

Name of director	Fees	Salaries and allowances	Discretionary bonus	Share-based payments	Retirement benefit scheme contributions	Total
董事姓名	袍金	薪金及津貼	酬情花紅	以股權結算之款項	退休福利計劃供款	總計
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	千港元	千港元	千港元	千港元	千港元	千港元
Year ended 31 December 2009	截至二零零九年十二月三十一日					
Executive directors	執行董事					
Mr. LEE Yuen Fat	-	2,313	171	198	12	2,694
Dr. KEUNG Wing Ching	-	1,893	143	135	12	2,183
Mr. WONG Wing Chuen	-	1,022	76	134	12	1,244
Mr. CHAN Tat Cheong, Alan	-	1,262	95	126	12	1,495
Mr. ZHAO Jian	-	570	-	87	7	664
Independent non-executive directors	獨立非執行董事					
Mr. SUN Kai Lit, Cliff BBS, JP	150	-	-	-	-	150
Ir Dr. LO Wai Kwok BBS, MH, JP	150	-	-	-	-	150
Mr. YEOW Hoe Ann, John	150	-	-	-	-	150
Mr. Andrew LOOK	12	-	-	-	-	12
Total for 2009	二零零九年總計	462	7,060	485	680	8,742
Year ended 31 December 2008	截至二零零八年十二月三十一日					
Executive directors	執行董事					
Mr. LEE Yuen Fat	-	2,491	-	384	12	2,887
Dr. KEUNG Wing Ching	-	1,988	-	260	12	2,260
Mr. WONG Wing Chuen	-	962	-	260	12	1,234
Mr. CHAN Tat Cheong, Alan	-	1,300	-	247	12	1,559
Mr. ZHAO Jian	-	939	-	256	9	1,204
Independent non-executive directors	獨立非執行董事					
Mr. SUN Kai Lit, Cliff BBS, JP	150	-	-	-	-	150
Ir Dr. LO Wai Kwok BBS, MH, JP	150	-	-	-	-	150
Mr. YEOW Hoe Ann, John	150	-	-	-	-	150
Total for 2008	二零零八年總計	450	7,680	-	1,407	9,594

There were no arrangements under which a director waived or agreed to waive any emoluments during the year (2008: Nil).

年內概無董事放棄或同意放棄任何酬金的安排(二零零八年：無)。

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12. EMOLUMENTS OF DIRECTORS (KEY MANAGEMENT PERSONNEL) AND HIGHEST PAID EMPLOYEES (Continued)**(b) Five highest paid individuals**

The five highest paid individuals in the Group during the year included 4 (2008: 5) directors whose emoluments are reflected in the analysis presented above. The emoluments of the remaining individual for the year ended 31 December 2009 are set out below:

		2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
Basic salaries and allowances	基本薪酬及津貼	912	—
Discretionary bonus	酬情花紅	68	—
Share-based payments	以股權結算之款項	178	—
Retirement benefit scheme contributions	退休福利計劃供款	12	—
		1,170	—

The emoluments fell within the following band:

酬金介乎以下範圍：

		Number of individuals 人數	
		2009 二零零九年	2008 二零零八年
HK\$1,000,001 to HK\$1,500,000	1,000,001港元至1,500,000港元	1	—

During the year, no emoluments were paid by the Group to any of the directors or the highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

年內，本集團並無向董事或最高薪人士支付任何作為加盟本集團時或之後的獎勵或離職的補償之酬金。

12. 董事(主要管理人員)酬金及最高薪僱員(續)**(b) 五名最高薪人士**

本集團的五名最高薪人士包括4名(二零零八年：5名)董事，有關酬金詳情載於上文的分析。於截至二零零九年十二月三十一日止年度餘下最高薪人士的酬金如下：

13. DIVIDENDS

13. 股息

		2009	2008
		二零零九年	二零零八年
		HK\$'000	HK\$'000
		千港元	千港元
Interim of HK\$0.021 (2008: Nil) per ordinary share paid	已付每股普通股0.021港元 (二零零八年：無)之中期股	18,480	-
Proposed final of HK\$0.011 (2008: HK\$0.006) per ordinary share	每股普通股0.011港元 (二零零八年：0.006港元) 之建議末期股息	9,680	5,280
		28,160	5,280

14. EARNINGS PER SHARE

Basis earnings per share

The calculation of basic earnings per share for the year ended 31 December 2009 is based on the profit attributable to owners of the Company of approximately HK\$37,800,000 (2008: HK\$8,635,000) and the weighted average number of ordinary shares of 880,000,000 (2008: 880,000,000) in issue during the year.

Diluted earnings per share

No diluted earnings per share are presented as the Company did not have any dilutive potential ordinary share during the two years ended 31 December 2009 and 2008.

14. 每股盈利

每股基本盈利

每股基本盈利乃根據截至二零零九年十二月三十一日止年度本公司權益持有人應佔的溢利約37,800,000港元(二零零八年：8,635,000港元)及年內已發行的加權平均普通股880,000,000股(二零零八年：880,000,000股)計算。

每股攤薄盈利

由於本公司在截至二零零八年及二零零九年十二月三十一日止之兩個年度內並無潛在攤薄股份，故沒有呈列每股攤薄盈利。

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15. PROPERTY, PLANT AND EQUIPMENT

15. 物業、機器及設備

		Group 本集團							
		Buildings	Leasehold improvements	Plant and machinery	Computer equipment	Furniture, fixtures and office equipment 傢俬、固定裝置及辦公室設備	Motor vehicles	Construction in progress	Total
		樓宇 HK\$'000 千港元	租賃物業裝修 HK\$'000 千港元	機器及設備 HK\$'000 千港元	電腦設備 HK\$'000 千港元	辦公室設備 HK\$'000 千港元	汽車 HK\$'000 千港元	在建工程 HK\$'000 千港元	總計 HK\$'000 千港元
Cost	成本								
At 1 January 2008	於二零零八年一月一日	57,462	3,949	205,588	6,468	7,610	7,229	27,046	315,352
Acquisition of a subsidiary (note 35(b))	購入一間附屬公司 (附註35(b))	2,825	1,138	5,686	118	71	38	-	9,876
Additions	添置	2,990	1,716	47,010	477	22	1,296	55,422	108,933
Disposal	出售	-	-	(4,106)	(1,169)	(3,599)	(350)	-	(9,224)
Exchange difference	匯兌差額	2,967	-	9,207	28	171	271	2,486	15,130
At 31 December 2008 and 1 January 2009	於二零零八年 十二月三十一日及 二零零九年一月一日	66,244	6,803	263,385	5,922	4,275	8,484	84,954	440,067
Acquisition of a subsidiary (note 35(b))	購入一間附屬公司 (附註35(b))	-	-	-	-	-	168	-	168
Transfer	轉移	75,044	7,994	957	-	-	-	(83,995)	-
Additions	添置	6,655	16,454	42,652	287	1,552	2,066	5,353	75,019
Disposal	出售	(2,828)	(287)	(1,388)	(34)	(808)	(907)	-	(6,252)
At 31 December 2009	於二零零九年 十二月三十一日	145,115	30,964	305,606	6,175	5,019	9,811	6,312	509,002
Accumulated depreciation	累計折舊								
At 1 January 2008	於二零零八年一月一日	8,039	2,161	67,663	2,953	6,241	3,715	-	90,772
Charge for the year	年內扣除	3,480	1,382	24,591	1,385	532	1,137	-	32,507
Disposal	出售	-	-	(4,106)	(1,169)	(3,560)	(278)	-	(9,113)
Exchange difference	匯兌差額	500	-	1,843	21	112	99	-	2,575
At 31 December 2008 and 1 January 2009	於二零零八年 十二月三十一日及 二零零九年一月一日	12,019	3,543	89,991	3,190	3,325	4,673	-	116,741
Charge for the year	年內扣除	4,768	2,762	29,030	1,301	489	1,123	-	39,473
Disposal	出售	(318)	(255)	(1,193)	(9)	(603)	(460)	-	(2,838)
At 31 December 2009	於二零零九年 十二月三十一日	16,469	6,050	117,828	4,482	3,211	5,336	-	153,376
Carrying amount	賬面值								
At 31 December 2009	於二零零九年 十二月三十一日	128,646	24,914	187,778	1,693	1,808	4,475	6,312	355,626
At 31 December 2008	於二零零八年 十二月三十一日	54,225	3,260	173,394	2,732	950	3,811	84,954	323,326

15. PROPERTY, PLANT AND EQUIPMENT (Continued)

The carrying amount of property, plant and equipment pledged as security for the Group's banking facilities amounted to approximately HK\$5,588,000 (2008: HK\$2,527,000).

The Group leases plant and machinery and motor vehicles under finance leases expiring from 3 to 5 years. None of the leases include contingent rentals.

The net carrying amount of plant and machinery and motor vehicles held by the Group under finance leases amounted to approximately HK\$37,201,000 (2008: HK\$45,283,000).

Included in buildings was a property of approximately HK\$5,588,000 of which the title has not been transferred to the Group as certain legal processes necessary for the acquisition have not been completed.

15. 物業、機器及設備(續)

賬面值約為5,588,000港元(二零零八年: 2,527,000港元)的物業、機器及設備已經抵押,作為本集團的銀行信貸擔保。

本集團按融資租約租用機器及汽車,為期三至五年。租約並不包括或然租金。

本集團按融資租約所持機器及汽車的賬面值約為37,201,000港元(二零零八年: 45,283,000港元)。

樓宇包括一個約值5,588,000港元之物業,由於在購買時所需要的法律程序未完成,所以其擁有權尚未轉移至本集團。

16. PREPAID LAND LEASE PAYMENTS**16. 預付土地租金**

		Group 本集團	
		2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
At 1 January	於一月一日	35,625	33,893
Additions	添置	14,119	-
Amortisation of prepaid land lease payments	預付土地租金攤銷	(679)	(269)
Disposal	出售	(630)	-
Exchange difference	匯兌差額	-	2,001
At 31 December	於十二月三十一日	48,435	35,625

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16. PREPAID LAND LEASE PAYMENTS (Continued)

The Group's prepaid land lease payments are analysed as follows:

		2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
In Hong Kong:	香港境內：		
Medium-term leases	中期租賃	14,044	634
Outside Hong Kong:	香港境外：		
Medium-term leases	中期租賃	34,391	34,991
		48,435	35,625

The carrying amount of prepaid land lease payments pledged as security for the Group's banking facilities amounted to approximately HK\$14,044,000 (2008: HK\$634,000).

Included in prepaid land lease payments is one (2008: two) parcel of land amounted to approximately HK\$7,286,000 (2008: HK\$24,493,000) of which the Group is in the process of applying for the land use right certificate, which has not yet been issued by the relevant government authority in the PRC.

Included in prepaid land lease payments is one (2008: Nil) parcel of land amounted to approximately HK\$14,044,000 of which the title has not been transferred to the Group as certain legal processes necessary for the acquisition have not been completed.

16. 預付土地租金(續)

本集團預付土地租金分析如下：

賬面值約為14,044,000港元(二零零八年：634,000港元)的預付土地租金已經抵押，作為本集團所獲銀行信貸的擔保。

預付土地租金包括一幅(二零零八年：兩幅)金額合共為7,286,000港元(二零零八年：24,493,000港元)之土地，本集團正在為其申請土地使用權證書，惟該等證書尚未獲有關中國政府機關發出。

預付土地租金包括一幅(二零零八年：無)約值14,044,000港元之土地，由於在購買時所需要的若干法律程序未完成，所以其擁有權尚未轉移至本集團。

17. INVESTMENTS IN SUBSIDIARIES**17. 對附屬公司的投資**

		Company 本公司	
		2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
Unlisted investment, at cost	非上市投資(按成本計算)	10,000	10,000

The amounts due from/to subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

應收／應付附屬公司款項為無抵押、免息及並無固定還款期。

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17. INVESTMENTS IN SUBSIDIARIES (Continued)

Particulars of the subsidiaries as at 31 December 2009 are as follows:

17. 對附屬公司的投資(續)

於二零零九年十二月三十一日，附屬公司詳情如下：

Name 名稱	Place and date of incorporation 註冊成立地點及日期	Issued and fully paid up share capital/ registered capital 已發行及繳足股本/ 註冊資本	Percentage of ownership interest/voting power/profit sharing 應佔權益/投票權/ 溢利百分比		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Ka Shui (Holdings) Company Limited 嘉瑞集團(控股)有限公司	British Virgin Islands ("BVI") 英屬處女群島 (「英屬處女群島」)	369,093 ordinary shares of US\$0.1 each 369,093股每股面值 0.1美元之普通股	100%	-	Investment holding 投資控股
Ample Wealth Developments Limited 富豐發展有限公司	BVI 英屬處女群島	1 ordinary share of US\$1 each 1股每股面值1美元之普通股	-	100%	Investment holding 投資控股
Ka Fung Metal Manufactory Company Limited 嘉豐金屬製品廠有限公司	Hong Kong 香港	10,000 ordinary shares of HK\$1 each 10,000股每股面值 1港元之普通股	-	100%	Manufacture of zinc alloy die casting products and components 生產鋅合金壓鑄產品 及零部件
Ka Shui Manufactory Co., Limited 嘉瑞製品有限公司	Hong Kong 香港	100 ordinary shares of HK\$100 each 100股每股面值 100港元之普通股	-	100%	Sale of zinc, magnesium and aluminium alloy die casting products and components 銷售鋅、鎂及鋁合金壓鑄 產品及零部件
MG Technology (Shenzhen) Company Limited 創金美科技(深圳)有限公司	The PRC 中國	Registered capital HK\$150,000,000 註冊資本150,000,000港元	-	100%	Sale and manufacture of magnesium and aluminium alloy die casting products and components 銷售及生產鎂及鋁合金 壓鑄產品及零部件
Ka Shui Technology (Huizhou) Company Limited 嘉瑞科技(惠州)有限公司	The PRC 中國	Registered capital HK\$110,000,000 註冊資本110,000,000港元	-	100%	Inactive 暫無業務

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17. INVESTMENTS IN SUBSIDIARIES (Continued)

17. 對附屬公司的投資(續)

Name 名稱	Place and date of incorporation 註冊成立地點及日期	Issued and fully paid up share capital/ registered capital 已發行及繳足股本/ 註冊資本	Percentage of ownership interest/voting power/profit sharing 應佔權益/投票權/ 溢利百分比		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Elegant Shine Investments Limited 雅輝投資有限公司	BVI 英屬處女群島	1 ordinary share of US\$1 each 1股每股面值1美元之普通股	-	100%	Inactive 暫無業務
Ample Wealth Property Developments (Huizhou) Limited 富豐物業開發(惠州)有限公司	The PRC 中國	Registered capital HK\$6,800,000 註冊資本6,800,000港元	-	100%	Inactive 暫無業務
Ka Shui Technology Limited 嘉瑞科技有限公司	Hong Kong 香港	10,000 ordinary shares of HK\$1 each 10,000股每股面值 1港元之普通股	-	100%	Investment holding 投資控股
Wing Yu (Far East) Industries Company Limited 永裕(遠東)實業有限公司	Hong Kong 香港	100,000 ordinary shares of HK\$1 each 100,000股每股面值 1港元之普通股	-	100%	Provision of surface finishing treatment services 提供表面處理服務
Ka Yi Technology (Huizhou) Company Limited 嘉宜科技(惠州)有限公司	The PRC 中國	Registered capital HK\$20,000,000* 註冊資本20,000,000港元*	-	100%	Sale and manufacture of zinc and aluminium alloy die casting products and components 銷售及生產鋅及鋁合金 壓鑄產品及零部件
Ka May Metal Manufactory Company Limited 嘉美金屬製品有限公司	Hong Kong 香港	1 ordinary share of HK\$1 each 1股每股面值1港元之普通股	-	100%	Inactive 暫無業務
Ka Fung Industrial Technology (Huizhou) Company Limited 嘉豐工業科技(惠州)有限公司	The PRC 中國	Registered capital HK\$2,000,000 註冊資本2,000,000港元	-	100%	Sale and manufacture of products and components with plastic contents 銷售及生產含塑膠部件之 產品及零部件

* As at 31 December 2009, only HK\$12,000,000 had been paid up.

* 於二零零九年十二月三十一日，只有12,000,000港元已繳付。

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17. INVESTMENTS IN SUBSIDIARIES (Continued)

MG Technology (Shenzhen) Company Limited, Ka Shui Technology (Huizhou) Company Limited, Ample Wealth Property Developments (Huizhou) Limited, Ka Yi Technology (Huizhou) Company Limited and Ka Fung Industrial Technology (Huizhou) Company Limited are wholly-foreign owned enterprises established in the PRC.

17. 對附屬公司的投資(續)

創金美科技(深圳)有限公司、嘉瑞科技(惠州)有限公司、富豐物業開發(惠州)有限公司、嘉宜科技(惠州)有限公司及嘉豐工業科技(惠州)有限公司為於中國成立之外商獨資企業。

18. INVESTMENT IN A JOINTLY CONTROLLED ENTITY**18. 對共同控制實體的投資**

		Group 本集團	
		2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
Unlisted investment Share of net assets	非上市投資 應佔資產淨值	-	7,470

Details of the jointly controlled entity at 31 December 2009 are as follows:

於二零零九年十二月三十一日本集團之共同控制實體詳情如下：

Name 名稱	Place of registration 註冊地點	Issued and paid up capital 已發行及繳足資本	Percentage of ownership interest/ profit sharing 應佔權益/ 溢利百分比	Principal activities 主要業務
Ka Shui Yinguang Technology (Wenxi) Limited 嘉瑞銀光科技(聞喜)有限公司	The PRC 中國	Registered capital of RMB20,000,000 註冊資本人民幣20,000,000元	40%	Manufacture of magnesium alloy die casting products and components 生產鎂合金壓鑄件及零部件

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18. INVESTMENT IN A JOINTLY CONTROLLED ENTITY (Continued)

The following amounts are the Group's share of assets, liabilities, turnover and expenses of the jointly controlled entity that are accounted for and included in the Group's financial statements using equity method of accounting.

18. 對共同控制實體的投資(續)

以下為本集團分佔該共同控制實體的資產、負債、營業額及開支之數額，乃按權益會計法在本集團財務報表內列賬。

		2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
<i>At 31 December</i>	<i>於十二月三十一日</i>		
Current assets	流動資產	-	2,798
Non-current assets	非流動資產	-	5,386
Current liabilities	流動負債	-	(714)
Net assets	資產淨值	-	7,470
<i>Year ended 31 December</i>	<i>截至十二月三十一日止年度</i>		
Turnover	營業額	-	2,818
Other income	其他收入	-	34
Expenses	開支	-	4,144
Group's share of loss of the jointly controlled entity for the year	本集團分佔共同控制實體之年內虧損	-	(1,292)

The Group disposed the investment in a jointly controlled entity during the year ended 31 December 2009 at a consideration of RMB5,500,000. This disposal incurred a loss of approximately HK\$298,000 for the Group.

本集團於截至二零零九年十二月三十一日止年度內以人民幣5,500,000作價出售對共同控制實體的投資。此出售為本集團帶來約298,000港元之損失。

19. AVAILABLE-FOR-SALE FINANCIAL ASSETS

19. 可供出售金融資產

		Group 本集團	
		2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
Unlisted equity, at cost	非上市股本(按成本計算)	8,303	8,303
Impairment loss	減值虧損	(8,303)	(8,303)
		-	-

Unlisted equity is carried at cost as it does not have a quoted market price in an active market and the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that its fair value cannot be reliably measured.

由於非上市股本並無活躍市場報價，而合理公平值估計的範圍又太大，本公司董事認為其公平值不能準確計算，故非上市股本投資乃按成本入賬。

20. DEPOSITS PAID FOR ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT AND PREPAID LAND LEASE PAYMENTS

20. 預付購買物業、機器及設備及預付土地租金之按金

At 31 December 2009, included in deposits paid for acquisition of property, plant and equipment and prepaid land lease payments was a deposit of approximately HK\$9.7 million (2008: HK\$9.8 million) paid to a related company, Chit Shun Machinery Limited, for the acquisition of machinery.

於二零零九年十二月三十一日，就預付購買物業、機器及設備及預付土地租金之按金包括就購買機器而向一間關連公司捷迅機械設備有限公司支付之按金約9,700,000 港元(二零零八年：9,800,000 港元)。

21. INVENTORIES

21. 存貨

		Group 本集團	
		2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
Raw materials	原材料	64,435	62,831
Consumables supplies and spare parts	消耗品及備用零部件	8,554	6,070
Work in progress	在製品	34,714	26,719
Finished goods	製成品	27,562	30,604
		135,265	126,224
Less: Allowance for inventories	減：存貨撥備	(4,732)	(1,108)
		130,533	125,116

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22. TRADE RECEIVABLES

The Group's trading terms with customers are mainly on credit. The credit terms generally ranged from 30 to 90 days (2008: 30 to 90 days). Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors. The ageing analysis of trade receivables, based on the invoice date, and net of allowance, is stated as follows:

		Group 本集團	
		2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
0 to 30 days	零至30日	69,725	52,245
31 to 60 days	31日至60日	24,522	21,572
61 to 90 days	61日至90日	13,454	13,983
91 to 180 days	91日至180日	3,376	9,084
Over 180 days	180日以上	678	561
		111,755	97,445

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

貿易應收款項賬面值乃以下列貨幣為單位：

		2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
HK\$	港元	29,565	10,289
USD	美元	73,788	69,248
RMB	人民幣	7,599	16,194
Others	其他	803	1,714
		111,755	97,445

At 31 December 2009, an allowance was made for estimated irrecoverable trade receivables of approximately HK\$3,204,000 (2008: HK\$1,053,000).

於二零零九年十二月三十一日，已就估計無法收回之貿易應收款項作出的撥備約3,204,000港元(二零零八年：1,053,000港元)。

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22. TRADE RECEIVABLES (Continued)

Reconciliation of allowance for trade receivables:

		2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
At 1 January	於一月一日	1,053	803
Allowance for the year	本年度撥備	2,715	224
Reversal	回撥	(628)	-
Exchange differences	匯兌差額	64	26
At 31 December	於十二月三十一日	3,204	1,053

At 31 December 2009, trade receivables of approximately HK\$13,241,000 (2008: HK\$38,609,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables, based on the due date, is as follows:

		2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
Up to 3 months	3個月以內	12,532	34,861
4 to 6 months	4至6個月	709	2,655
Over 6 months	6個月以上	-	1,093
		13,241	38,609

於二零零九年十二月三十一日，約13,241,000港元(二零零八年：38,609,000港元)的貿易應收款項為逾期但無減值撥備。該等款項與眾多最近並無拖欠紀錄的獨立客戶有關。逾期貿易應收款項根據到期日的賬齡分析如下：

23. PLEDGED BANK DEPOSITS AND BANK AND CASH BALANCES

The Group's pledged bank deposits represented deposits pledged to banks to secure banking facilities granted to the Group as set out in note 30 to the consolidated financial statements. The deposits were denominated in HK\$ and arranged at floating interest rate ranging from 0.1% to 1.0% per annum (2008: 2.0% to 2.8% per annum) and therefore are subject to cash flow interest rate risk.

23. 已抵押銀行存款與銀行及現金結餘

本集團已抵押銀行存款指載於綜合財務報表附註30有關本集團為取得銀行信貸而抵押予銀行的存款。該等存款以港元為單位，以年利率0.1%至1.0%(二零零八年：2.0%至2.8%)的浮動利率計息，故須承受現金流量利率風險。

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23. PLEDGED BANK DEPOSITS AND BANK AND CASH BALANCES (Continued)

Bank and cash balances amounted to approximately HK\$62,948,000 (2008: HK\$25,944,000) were denominated in RMB. Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations.

The carrying amounts of bank and cash balances are denominated in the following currencies:

		Company		Group	
		本公司	本公司	本集團	本集團
		2009	2008	2009	2008
		二零零九年	二零零八年	二零零九年	二零零八年
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
HK\$	港元	75	118	2,637	34,570
USD	美元	-	-	12,301	13,618
RMB	人民幣	-	-	62,948	25,944
Others	其他	-	-	285	808
		75	118	78,171	74,940

The bank and cash balances earned interest at floating interest rate ranging from 0.01% to 0.4% per annum (2008: 0.01% to 2.8% per annum).

24. TRADE PAYABLES

The ageing analysis of trade payables, based on the date of receipt of goods, is as follows:

		Group	
		本集團	本集團
		2009	2008
		二零零九年	二零零八年
		HK\$'000	HK\$'000
		千港元	千港元
0 to 30 days	零至30日	32,061	26,826
31 to 60 days	31至60日	19,569	16,343
61 to 90 days	61日至90日	2,037	7,180
91 to 180 days	91日至180日	2,994	1,306
Over 180 days	180日以上	2,599	1,651
		59,260	53,306

23. 已抵押銀行存款與銀行及現金結餘(續)

銀行及現金結餘約62,948,000港元(二零零八年: 25,944,000港元)以人民幣為單位。人民幣兌換外幣受中國外匯管理條例及結匯、售匯及付匯管理規定所限制。

銀行及現金結餘之賬面值以下列貨幣為單位:

銀行及現金結餘以浮動利率由年利率0.01%至0.4%賺取利息(二零零八年: 年利率0.01%至2.8%)。

24. 貿易應付款項

貿易應付款項按收貨日期計算的賬齡分析如下:

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24. TRADE PAYABLES (Continued)

The carrying amounts of the Group's trade payables are denominated in the following currencies:

		2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
HK\$	港元	13,819	6,206
USD	美元	2,946	6,483
RMB	人民幣	40,745	39,126
Others	其他	1,750	1,491
		59,260	53,306

Included in trade payables is an amount of Nil (2008: HK\$804,000) due to a jointly controlled entity.

24. 貿易應付款項(續)

貿易應付款項賬面值以下列貨幣為單位：

貿易應付款項包括應付共同控制實體0港元(二零零八年：804,000港元)。

25. DUE TO A RELATED COMPANY

Particulars of the amount due to a related company are as follows:

		Group 本集團	
		2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
Chit Shun Machinery Limited	捷迅機械設備有限公司	2,422	792

The amount due to a related company is unsecured, interest free and repayable on demand. Mr. Lee has significant influence in the related company.

25. 應付關連公司款項

應付關連公司款項詳情如下：

應付關連公司的款項為無抵押、免息及須在要求時即期償還。李先生在關連公司擁有重大影響力。

26. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

		Group 本集團	
		2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
Foreign currency forward contracts	遠期外匯合約	-	3,047

26. 按公平值計入損益賬的金融負債

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26. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

The carrying amount of the above financial liabilities is classified as held for trading.

The investments included above represent investments in derivatives that offer the Group the opportunity for return through fair value gains. The underlying currency is USD and RMB. The notional amounts of foreign currencies to be acquired or sold under contracts are set out below:

	2009 二零零九年		2008 二零零八年	
	Notional amount 名義金額	HK\$ equivalent 港元等值	Notional amount 名義金額	HK\$ equivalent 港元等值
Sales of HK\$ in exchange for USD 出售港元換取美元	-	-	USD18 million 18,000,000美元	140.4 million 140,400,000元
Sales of USD in exchange for HK\$ 出售美元換取港元	-	-	USD34 million 34,000,000美元	265.2 million 265,200,000元
Sales of USD in exchange for RMB 出售美元換取人民幣	-	-	USD39 million 39,000,000美元	304.2 million 304,200,000元
Sales of RMB in exchange for USD 出售人民幣換取美元	-	-	USD2 million 2,000,000美元	15.6 million 15,600,000元

The foreign currency forward contracts have no fixed coupon rate and have maturity of approximately 1 year. The fair values of the derivatives are determined by reference to the market exchange rate at year end and the forward rates stated in the contracts.

26. 按公平值計入損益賬的金融負債(續)

上述金融負債賬面值列為持作買賣類別。

上述投資代表衍生工具投資而提供本集團取得公平值升值回報之機會。相關貨幣為美元及人民幣。根據合約將收購或出售之外幣名義金額載列如下：

遠期外匯合約並無固定票息率，並約於1年到期。衍生工具之公平值以年終的市場匯率及合約訂明的遠期匯率釐定。

27. SHORT TERM BORROWINGS**27. 短期借款**

		Group 本集團	
		2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
Factoring loan (note 30) 應收賬款貸款(附註30)		5,000	-
Short term bank loans (note 30) 短期銀行貸款(附註30)		35,000	25,000
Bank overdraft (note 30) 銀行透支(附註30)		46	439
		40,046	25,439

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27. SHORT TERM BORROWINGS (Continued)

Short term bank loans were arranged at floating interest rates ranging from 1.6% to 2.3% per annum (2008: 1.9% to 2.3% per annum) and exposed the Group to cash flow interest rate risk. Short term bank loans were secured by the Group's fixed deposits, properties as well as corporate guarantees provided by the Company and certain subsidiaries of the Company.

The carrying amount of the short term bank loans are denominated in HK\$.

27. 短期借款(續)

短期銀行貸款的浮動年利率分別為1.6%至2.3%(二零零八年: 年利率為1.9%至2.3%), 故本集團須承擔現金流量利率風險。短期銀行貸款以本集團的定期存款、物業及本公司及其若干附屬公司提供的公司擔保作為抵押。

短期銀行貸款賬面值以港元為單位。

28. LONG TERM BORROWINGS

		Group 本集團	
		2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
Secured bank loans (note 30)	有抵押銀行貸款(附註30)	35,179	24,346
Current portion of long term borrowings	長期借款的即期部份	(11,300)	(9,263)
		23,879	15,083

The carrying amounts of the Group's long term borrowings are denominated in HK\$.

本集團長期借款賬面值以港元為單位。

The bank loans are repayable as follows:

銀行貸款的還款期如下:

		2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
On demands or within one year	於要求時即時償還或一年內	11,300	9,263
In the second year	第二年	7,550	7,750
In the third to fifth years, inclusive	第三至第五年(包括首尾兩年)	10,046	7,333
After 5 years	五年之後	6,283	-
		35,179	24,346

At 31 December 2009, long term borrowings were arranged at floating interest rates ranging from 1.9% to 3.1% per annum (2008: 2.9% to 3.1% per annum) and exposed the Group to cash flow interest rate risk.

於二零零九年十二月三十一日, 長期借款的浮動年利率為1.9%至3.1%(二零零八年: 年利率為2.9%至3.1%), 故本集團須承擔現金流量利率風險。

Long term bank loans were secured by the Group's fixed deposits, properties, corporate guarantees provided by the Company and certain subsidiaries of the Company.

長期銀行貸款以本集團的定期存款、物業、本公司及其若干附屬公司提供的公司擔保作為抵押。

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29. OBLIGATIONS UNDER FINANCE LEASES

Obligations under finance leases are repayable as follows:

29. 融資租約承擔

融資租約承擔的還款期如下：

		Group 本集團			
		Minimum lease payments 最低租賃款		Present value of minimum lease payments 最低租賃款現值	
		2009	2008	2009	2008
		二零零九年	二零零八年	二零零九年	二零零八年
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
Within one year	一年內	12,661	14,174	12,275	13,207
In the second to fifth years, inclusive	第二年至第五年 (包括首尾兩年)	12,087	19,388	11,916	18,722
		24,748	33,562	24,191	31,929
Less: Future finance lease charges	減：未來融資租約支出	(557)	(1,633)	N/A	N/A
Present value of lease obligations	租約承擔現值	24,191	31,929	24,191	31,929
Less: Amount due for settlement within 12 months (shown under current liabilities)	減：12個月內到期 結算款項 (列為流動負債)			(12,275)	(13,207)
Amount due for settlement after 12 months	12個月後到期結算款項			11,916	18,722

It is the Group's policy to lease certain of its plant and machinery and motor vehicles under finance leases. The average lease term is 3 to 5 years.

At 31 December 2009, leases of approximately HK\$161,000 (2008: HK\$575,000) were arranged at fixed interest rates and exposed the Group to fair value interest rate risk. The remaining borrowings were arranged at floating rates, thus exposing the Group to cash flow interest rate risk.

The interest rates are analysed as follows:

		2009 二零零九年	2008 二零零八年
Fixed rate leases	固定利率租約	7.0%	4.8% to 9.9%
Floating rate leases	浮動利率租約	1.8% to 5.7%	2.8% to 7.0%

All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

本集團的政策是以融資租約方式租賃其若干機器設備及汽車，平均租賃年期為3至5年。

於二零零九年十二月三十一日，約161,000港元(二零零八年：575,000港元)的租約按固定利率計息，故本集團須承擔公平值利率風險。其他借款按浮動利率計息，故本集團須承擔現金流量利率風險。

利率分析如下：

全部租約均有固定還款期且並無訂立任何或然租金安排。

29. OBLIGATIONS UNDER FINANCE LEASES (Continued)

All obligations under finance leases are denominated in HK\$.

The Group's obligations under finance leases are secured by the lessor's title to the leased assets.

30. BANKING FACILITIES

As at 31 December 2009, the Group had available banking facilities of approximately HK\$250 million (2008: HK\$269 million), which were utilised to the extent of approximately HK\$93 million (2008: HK\$67 million). These banking facilities were secured by the following:

- (a) corporate guarantees provided by the Company and certain subsidiaries of the Company;
- (b) the Group's bank deposits of approximately HK\$2 million (2008: HK\$4 million);
- (c) a property situated in Hong Kong owned by the Group; and
- (d) lessors' title to the leased assets under finance leases.

31. DEFERRED TAX LIABILITIES

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

29. 融資租約承擔(續)

全部融資租約承擔均以港元計算。

本集團的融資租約承擔以出租人的租賃資產所有權作為擔保。

30. 銀行信貸

於二零零九年十二月三十一日，本集團可動用的銀行信貸約為250,000,000港元(二零零八年：269,000,000港元)，而已動用的數額約為93,000,000港元(二零零八年：67,000,000港元)。此等銀行信貸以下列項目作為抵押：

- (a) 本公司及本公司某些附屬公司提供的公司擔保；
- (b) 本集團的銀行存款約2,000,000港元(二零零八年：4,000,000港元)；
- (c) 本集團擁有的一項香港物業；及
- (d) 出租人擁有融資租約出租的資產所有權。

31. 遞延稅項負債

以下為本集團於年內已確認的主要遞延稅項負債及資產與相關變動：

		Accelerated tax depreciation 加速稅項折舊 HK\$'000 千港元
At 1 January 2008	於二零零八年一月一日	1,128
Charge to profit or loss for the year (note 10)	自年內損益扣除(附註10)	480
At 31 December 2008 and 2009	於二零零八及二零零九年十二月三十一日	1,608

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31. DEFERRED TAX LIABILITIES (Continued)

At the end of the reporting period, the Group has unused tax losses and deductible temporary differences in respect of the pre-operating expenses of the PRC subsidiaries of approximately HK\$7,592,000 (2008: HK\$9,600,000) and HK\$11,025,000 (2008: Nil) available for offset against future profits respectively. No deferred tax asset has been recognised in respect of these tax losses and deductible temporary differences (2008: Nil) due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of approximately HK\$2,452,000 (2008: Nil) that will expire in 2014. Other tax losses may be carried forward indefinitely. The unrecognised deductible temporary differences can be carried forward for five years since the commencement date of the operation of these PRC subsidiaries.

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised is approximately HK\$36,204,000 (2008: Nil). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of reversal of the temporary differences and it is probable that such differences will not be reversed in the foreseeable future.

31. 遞延稅項負債(續)

於報告期間完結時，本集團有未動用稅項虧損及就中國附屬公司之開業前費用有可扣除臨時差額分別約7,592,000港元(二零零八年：9,600,000港元)及11,025,000港元(二零零八年：無)可供抵銷未來溢利。並無就該等稅項虧損及可扣除臨時差額確認遞延稅項資產(二零零八年：無)，原因為未能確定未來溢利流入。未確認稅項虧損包含虧損約2,452,000港元(二零零八年：無)將於二零一四年到期。其他稅項虧損可無限期結轉。未確認可扣除臨時差額可由此等中國附屬公司開業日期起結轉五年。

於報告期間完結時，與附屬公司未分派盈利有關而未確認遞延稅項負債之臨時差額合共約36,204,000港元(二零零八年：無)。並無就此等差額確認負債，原因為本集團能控制臨時差額的回撥，而該差額將不可能於可見未來回撥。

32. SHARE CAPITAL**32. 股本**

		Number of shares 股份數目	Amount 金額 HK\$'000 千港元
Authorised:	法定：		
Ordinary shares of HK\$0.1 each	每股面值0.1港元的普通股		
At 1 January 2008,	於二零零八年一月一日、		
31 December 2008 and	二零零八年十二月三十一日及		
31 December 2009	二零零九年十二月三十一日	5,000,000,000	500,000
Issued and fully paid:	已發行及繳足：		
Ordinary shares of HK\$0.1 each	每股面值0.1港元的普通股		
At 1 January 2008,	於二零零八年一月一日、		
31 December 2008 and	二零零八年十二月三十一日及		
31 December 2009	二零零九年十二月三十一日	880,000,000	88,000

32. SHARE CAPITAL (Continued)

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, reserves and retained earnings. The directors of the Company review the capital structure on a semi-annual basis. As part of this review, the directors consider the cost of capital and the risks associates with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt. The Group has a target gearing ratio of not more than 30% determined as the proportion of net debt to equity.

The gearing ratio at the year end was as follows:

		2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
Debt (a)	負債(a)	99,416	81,714
Less: Bank and cash balances	減：銀行及現金結餘	(78,171)	(74,940)
Net debt	負債淨額	21,245	6,774
Equity (b)	權益(b)	555,684	539,640
Net debt to equity ratio	債務淨額與權益比率	3.8%	1.3%

(a) Debt is defined as short term and long term borrowings and obligations under finance leases, as detailed in notes 27 to 29 to the consolidated financial statements.

(b) Equity includes all capital and reserves of the Group.

The only externally imposed capital requirement is that for the Group to maintain its listing on the Stock Exchange it has to have a public float of at least 25% of the shares.

32. 股本(續)

本集團管理其資本以確保本集團將可持續經營，而持份者亦可透過優化債務及權益結餘取得最大回報。本集團的整體策略與去年無異。

本集團的資本架構包括現金及等同現金項目及本公司權益持有人應佔權益，包括已發行股本、儲備及保留盈利。本公司董事每半年檢討一次資本架構。於進行檢討時，董事考慮資本成本及有關各類資本的風險。根據董事的建議，本集團將透過派付股息、發行新股及購回股份以及發行新債項或贖回現有債項，藉以平衡整體資本架構。本集團的目標資本負債比率(即債務淨額與權益的比率)為不超過30%。

於年終的資本負債比率如下：

(a) 債務乃界定為短期及長期借款及融資租約承擔，有關詳情載於綜合財務報表附註27至29。

(b) 權益包括本集團所有資本及儲備。

本集團唯一向外承擔之資本規定為保持其於聯交所之上市地位而具有公眾持股量相當於股份至少25%。

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33. RESERVES**(a) Group**

The amounts of the Group's reserves and the movements therein are presented in the consolidated statements of changes in equity.

(b) Company**33. 儲備****(a) 本集團**

本集團的儲備款項及相關變動均於綜合權益變動表呈列。

(b) 本公司

		Share premium 股份溢價 HK\$'000 千港元	Share option reserve 購股權儲備 HK\$'000 千港元	Retained profits 保留溢利 HK\$'000 千港元	Total 總數 HK\$'000 千港元
At 1 January 2008	於二零零八年一月一日	198,589	4,327	(17,254)	185,662
Recognition of share-based payments	確認以股權結算之款項	-	6,132	-	6,132
Profit for the year	年內溢利	-	-	52,697	52,697
Dividend paid	已付股息	-	-	(7,920)	(7,920)
At 31 December 2008	二零零八年 十二月三十一日	198,589	10,459	27,523	236,571
At 1 January 2009	於二零零九年一月一日	198,589	10,459	27,523	236,571
Recognition of share-based payments	確認以股權結算之款項	-	2,893	-	2,893
Loss for the year	年內虧損	-	-	(3,014)	(3,014)
Dividends paid	已付股息	-	-	(23,760)	(23,760)
At 31 December 2009	二零零九年 十二月三十一日	198,589	13,352	749	212,690

(c) Nature and purpose of reserves**(i) Share premium account**

Share premium represents premium arising from the issue of shares at a price in excess of their par value per share. Under the Companies Law of the Cayman Islands, the funds in the share premium account of the Company are 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.

(c) 儲備之性質及目的**(i) 股份溢價賬**

股份溢價乃指因按高於每股面值的價格發行股份而產生的溢價。根據開曼群島公司法，本公司的股份溢價賬的資金乃可分派予本公司的股東，惟緊隨股息建議分派之日後，本公司須有能力償還於日常業務過程中到期的債務。

33. RESERVES (Continued)**(c) Nature and purpose of reserves (Continued)****(ii) Merger reserve**

The merger reserve represents the aggregate of (i) the nominal value of the shares issued by Ka Fung Metal Manufactory Company Limited on 18 January 2005 in exchange for the business of Ka Fung Metal Manufactory, an unincorporated partnership established in Hong Kong and controlled by Mr. Lee; (ii) the nominal value of the shares issued by the Company in exchange for the entire shareholdings of Ka Shui (Holdings) Company Limited.

(iii) Capital reserve

The capital reserve represents the amount of minority interests in Ka Fung Metal Manufactory Company Limited and Ka Fung Metal Manufactory acquired by the Group.

(iv) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations as well as the effective portion of any foreign exchange differences arising from hedges of the net investment in these foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 3(d)(iii) to the financial statements.

(v) Share option reserve

The share option reserve represents the fair value of the actual or estimated number of unexercised share options granted to employees of the Group recognised in accordance with the accounting policy adopted for equity-settled share-based payments in note 3(p) to the financial statements.

33. 儲備(續)**(c) 儲備之性質及目的(續)****(ii) 合併儲備**

合併儲備指以下兩項的總和：(i) 嘉豐金屬製品廠有限公司於二零零五年一月十八日為換取嘉豐金屬製品廠(一間非按公司法註冊成立的合夥公司，在香港成立，並由李先生控制)之業務而發行的股份面值；及(ii)本公司為換取嘉瑞集團(控股)有限公司的全部股權而發行的股份面值。

(iii) 資本儲備

資本儲備指本集團收購嘉豐金屬製品廠有限公司及嘉豐金屬製品廠少數股東權益的款額。

(iv) 匯兌儲備

匯兌儲備包括來自換算海外業務財務報表時產生的所有匯兌差額及對沖海外業務投資淨額時產生的任何匯兌差額的有效部份。該等儲備根據財務報表附註3(d)(iii)所示會計政策處理。

(v) 購股權儲備

購股權儲備指根據綜合財務報表附註3(p)所載按股權結算以股份支付的款項而採納的會計政策確認的授予本集團僱員的未行使購股權的實際或估計數目的公平值。

33. RESERVES (Continued)**(c) Nature and purpose of reserves (Continued)****(vi) Statutory reserve**

The statutory reserve comprises the PRC statutory reserve fund which is non-distributable.

As stipulated by the relevant laws and regulations for foreign investment enterprises in the PRC, the Company's PRC subsidiaries are required to transfer 10% of their profit after taxation calculated under PRC accounting rules and regulations to the statutory reserve fund, until the accumulated total of the statutory reserve fund reaches 50% of their registered capital. The statutory surplus reserve fund can be used to make up prior year losses or applied in conversion into capital.

34. SHARE-BASED PAYMENTS**Equity-settled share option scheme****(a) Pre-IPO Share Option Scheme**

The Company operates a pre-IPO share option scheme (the "Pre-IPO Share Options Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants include the employees of the Group and executive directors of the Company. Share options under the Pre-IPO Share Option Scheme were granted to 59 grantees on 1 June 2007. The exercise of these share options would entitle these grantees to an aggregate of 22,000,000 shares.

33. 儲備(續)**(c) 儲備之性質及目的(續)****(vi) 法定儲備**

法定儲備包括不可分派的中國法定儲備基金。

中國規管外商投資企業的相關法律及條例規定，本公司的中國附屬公司須將根據中國會計法例及條例計算的除稅後溢利10%轉撥至法定儲備基金，直至累計法定儲備基金總額達到註冊資本的50%為止。法定盈餘儲備基金可用來填補過往年度虧損或撥入資本。

34. 以股權結算之款項**以股份支付之購股權計劃****(a) 首次公開售股前購股權計劃**

本公司設立首次公開售股前購股權計劃(「首次公開售股前購股權計劃」)，目的在於向對本集團成功經營作出貢獻的合資格參與者提供獎勵及回報。合資格參與者包括本集團僱員及本公司執行董事。首次公開售股前購股權計劃下的購股權已於二零零七年六月一日授予59位承授人。承授人行使此等購股權將可獲合共22,000,000股股份。

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34. SHARE-BASED PAYMENTS (Continued)**Equity-settled share option scheme (Continued)****(a) Pre-IPO Share Option Scheme (Continued)**

Details of the specific categories of options are as follows:

34. 以股權結算之款項(續)**以股份支付之購股權計劃(續)****(a) 首次公開售股前購股權計劃(續)**

購股權的具體類別詳情如下：

Category of grantee	Date of grant	Vesting date	Exercise period	Fair value at grant date	Exercise price	Number of share options outstanding
承授人類別	授出日期	歸屬日期	行使期	於授出日期之公平值	行使價	尚餘購股權數目
				HK\$ 港元	HK\$ 港元	
Executive directors 執行董事	1 June 2007 二零零七年六月一日	27 June 2008 二零零八年六月二十七日	27 June 2008 to 26 June 2011 二零零八年六月二十七日至 二零一一年六月二十六日	0.59	0.81	1,188,000
Executive directors 執行董事	1 June 2007 二零零七年六月一日	27 June 2009 二零零九年六月二十七日	27 June 2009 to 26 June 2011 二零零九年六月二十七日至 二零一一年六月二十六日	0.61	0.81	1,188,000
Executive directors 執行董事	1 June 2007 二零零七年六月一日	27 June 2010 二零一零年六月二十七日	27 June 2010 to 26 June 2011 二零一零年六月二十七日至 二零一一年六月二十六日	0.63	0.81	1,584,000
Senior staff 高級職員	1 June 2007 二零零七年六月一日	27 June 2008 二零零八年六月二十七日	27 June 2008 to 26 June 2011 二零零八年六月二十七日至 二零一一年六月二十六日	0.59	0.81	3,689,400
Senior staff 高級職員	1 June 2007 二零零七年六月一日	27 June 2009 二零零九年六月二十七日	27 June 2009 to 26 June 2011 二零零九年六月二十七日至 二零一一年六月二十六日	0.61	0.81	3,689,400
Senior staff 高級職員	1 June 2007 二零零七年六月一日	27 June 2010 二零一零年六月二十七日	27 June 2010 to 26 June 2011 二零一零年六月二十七日至 二零一一年六月二十六日	0.63	0.81	4,919,200
Junior staff 初級職員	1 June 2007 二零零七年六月一日	27 June 2008 二零零八年六月二十七日	27 June 2008 to 26 June 2011 二零零八年六月二十七日至 二零一一年六月二十六日	0.55	0.81	343,200
Junior staff 初級職員	1 June 2007 二零零七年六月一日	27 June 2009 二零零九年六月二十七日	27 June 2009 to 26 June 2011 二零零九年六月二十七日至 二零一一年六月二十六日	0.59	0.81	343,200
Junior staff 初級職員	1 June 2007 二零零七年六月一日	27 June 2010 二零一零年六月二十七日	27 June 2010 to 26 June 2011 二零一零年六月二十七日至 二零一一年六月二十六日	0.63	0.81	457,600

34. SHARE-BASED PAYMENTS (Continued) Equity-settled share option scheme (Continued)

(a) Pre-IPO Share Option Scheme (Continued)

The share options (to the extent not already exercised) shall lapse at the expiry of the option period on 26 June 2011 or otherwise in the following manner:

- (i) the share option shall lapse automatically upon the death of the grantee;
- (ii) the share options (to the extent not already exercised) shall lapse automatically on the last date of the grantee's employment with the Group, no matter how the cessation of employment arises; and
- (iii) if the grantee breaches any term or condition of the share options as described in the offer letter in relation thereto, the options (to the extent not already exercised) shall lapse automatically (unless otherwise directed by the Board of Directors in writing in its absolute discretion).

During the year, no share options were granted under the Pre-IPO Share Option Scheme.

The fair values of the options were determined at the dates of grant using the Black-Scholes option pricing model.

The following assumptions were used to calculate the fair values of shares options:

Exercise price	HK\$0.81
Expected life	2.5-3.5 years
Expected volatility	46.94%
Dividend yield	1.70%
Risk-free interest rate	4.38%

34. 以股權結算之款項(續) 以股份支付之購股權計劃(續)

(a) 首次公開售股前購股權計劃(續)

尚未行使的購股權將於購股權有效期屆滿日(二零一一年六月二十六日)或因以下原因告失效:

- (i) 購股權於承授人身故後自動失效;
- (ii) 尚未行使的購股權於承授人任職本集團的最後一日自動失效, 而不論因任何原因終止僱用; 及
- (iii) 倘承授人違反有關購股權要約函件所載購股權的條款或條件, 則尚未行使的購股權會自動失效, 惟董事會以書面形式全權酌情另行指示者則除外。

年內, 概無根據首次公開售股前購股權計劃授出任何其他購股權。

購股權的公平值於授出日期使用柏力克-舒爾斯期權定價模式釐定。

下列假設用於計算購股權公平值:

行使價	0.81 港元
預計年期	2.5-3.5 年
預計波幅	46.94%
股息回報率	1.70%
無風險利率	4.38%

34. SHARE-BASED PAYMENTS (Continued) Equity-settled share option scheme (Continued)

(b) Share Option Scheme

Pursuant to written resolutions of all the shareholders passed on 2 June 2007, a share option scheme (the "Share Option Scheme") was approved. The purpose of the Share Option Scheme is to recognise and acknowledge the contributions that eligible participants had made or may make to the Group. Eligible participants include (i) employees, directors, consultants, professionals, customers, suppliers, agents, partners or advisors of or contractors to the Group or a company in which the Group holds an interest or a subsidiary of such company ("Affiliate"), or (ii) companies beneficially owned by any director, employee, consultant, professional, customer, supplier, agent, partner, adviser of or contractor to the Group or an Affiliate. The Share Option Scheme became effective on 2 June 2007 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of shares which may be issued upon the exercise of all outstanding share options granted and yet to be exercised under the Share Option Scheme or any other schemes involving the grant of options over shares of the Company must not, in aggregate, exceed 30% of the shares of the Company in issue at anytime. The maximum number of shares issuable under share options to each eligible participant in the Share Option Scheme within any 12 month period, is limited to 1% of the shares of the Company in issue at anytime. Any further grant of shares options in excess of this limit is subject to shareholders' approval in a general meeting.

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

34. 以股權結算之款項(續) 以股份支付之購股權計劃(續)

(b) 購股權計劃

根據本公司全體股東於二零零七年六月二日通過的書面決議案，購股權計劃(「購股權計劃」)已獲採納。購股權計劃目的在於認可或酬謝合資格參與者已經或可能對本集團作出的貢獻。合資格參與者包括(i)本集團或本集團持有權益公司或該公司之附屬公司(「聯屬公司」)的僱員、董事、顧問、專業人士、客戶、供應商、代理商、夥伴或諮詢人或承包商，或(ii)由本集團或聯屬公司的任何董事、僱員、顧問、專業人士、客戶、供應商、代理商、夥伴、諮詢人或承包商實益擁有的公司。購股權計劃於二零零七年六月二日起生效，除非另行註銷或修訂，購股權計劃將自該日起十年內有效。

因行使所有根據購股權計劃或任何其他涉及授出本公司股份期權的計劃已授出而尚未行使購股權而可發行的最高股份數目，合共不得超過本公司不時已發行股份30%。根據購股權計劃，於任何十二個月期間，可發行予該購股權計劃各合資格參與者的最高股份數目上限為本公司不時已發行股份的1%。進一步授出超過該上限的購股權須獲股東於股東大會上批准。

向本公司董事、行政總裁或主要股東或彼等各自的任何聯繫人士授出購股權，須待獨立非執行董事事先批准後方可進行。此外，於任何十二個月期間內向本公司主要股東或獨立非執行董事或彼等的任何聯繫人士授予的任何購股權，倘超過本公司不時已發行股份的0.1%或總值(按授出日期本公司股份收市價計算)超過5,000,000港元者，須待股東於股東大會上批准後方可進行。

34. SHARE-BASED PAYMENTS (Continued) Equity-settled share option scheme (Continued)

(b) Share Option Scheme (Continued)

The offer of a grant of share options shall remain open for acceptance by the eligible participant concerned for a period of not less than three business days from the date of offer, except for any offer which is made within the last three business days of the life of this scheme, the offer shall remain open for acceptance on a business day by the eligible participant concerned for a period of not longer than the remaining life of this scheme. An offer cannot be accepted by an eligible participant who ceases to qualify as an eligible participant after the offer has been made. No offer shall be capable of or open for acceptance after the expiry of 10 years for the effective date of this scheme.

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

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

Share options do not confer rights on the holder to dividends or to vote at shareholders' meetings.

Share options under the Share Option Scheme were granted to 212 grantees on 13 March 2008. The exercise of these share options would entitle these grantees to an aggregate of 20,102,000 shares.

34. 以股權結算之款項(續) 以股份支付之購股權計劃(續)

(b) 購股權計劃(續)

授出購股權的邀約須於邀約日期起計不少於三個營業日的期限內可供合資格參與者接納，惟於該計劃年期的最後三個營業日內作出的任何邀約除外，邀約須於不超過該計劃餘下年期期限內可供合資格參與者於任何營業日接納。作出邀約後，不再為合資格參與者的參與者不得接納該項邀約。於該計劃生效日期10年屆滿後，不得提出邀約，亦不可供接納邀約。

承授人支付合共10港元的象徵式代價後，授出購股權的要約便屬獲得接納。獲授購股權的行使期由董事釐定，並於由董事於各授出日期釐定的若干歸屬期後開始，而屆滿日期不得遲於提出購股權要約日期起計10年。

購股權的行使價由董事釐定，且不得低於(i)提出購股權邀約之日本公司股份在聯交所的收市價；(ii)緊接邀約日期前五個營業日本公司股份在聯交所的平均收市價；及(iii)本公司股份於邀約日期的面值(以較高者為準)。

購股權持有人無權獲派股息或於股東大會上投票。

購股權計劃下的購股權已於二零零八年三月十三日授予212位承授人。承授人行使此等購股權將可獲合共20,102,000股股份。

34. SHARE-BASED PAYMENTS (Continued)**Equity-settled share option scheme (Continued)****(b) Share Option Scheme (Continued)**

Details of the specific categories of options are as follows:

34. 以股權結算之款項(續)**以股份支付之購股權計劃(續)****(b) 購股權計劃(續)**

購股權的具體類別詳情如下：

Category of grantee	Date of grant	Vesting date	Exercise period	Fair value at grant date	Exercise price	Number of share options outstanding
承授人類別	授出日期	歸屬日期	行使期	於授出日期之公平值	行使價	尚餘購股權數目
				HK\$ 港元	HK\$ 港元	
Executive directors 執行董事	13 March 2008 二零零八年三月十三日	13 March 2009 二零零九年三月十三日	13 March 2009 to 12 March 2018 二零零九年三月十三日至二零一八年三月十二日	0.13	0.415	928,000
Executive directors 執行董事	13 March 2008 二零零八年三月十三日	13 March 2010 二零一零年三月十三日	13 March 2010 to 12 March 2018 二零一零年三月十三日至二零一八年三月十二日	0.13	0.415	696,000
Executive directors 執行董事	13 March 2008 二零零八年三月十三日	13 March 2011 二零一一年三月十三日	13 March 2011 to 12 March 2018 二零一一年三月十三日至二零一八年三月十二日	0.13	0.415	696,000
Senior staff 高級職員	13 March 2008 二零零八年三月十三日	13 March 2009 二零零九年三月十三日	13 March 2009 to 12 March 2018 二零零九年三月十三日至二零一八年三月十二日	0.13	0.415	2,980,400
Senior staff 高級職員	13 March 2008 二零零八年三月十三日	13 March 2010 二零一零年三月十三日	13 March 2010 to 12 March 2018 二零一零年三月十三日至二零一八年三月十二日	0.13	0.415	2,235,300
Senior staff 高級職員	13 March 2008 二零零八年三月十三日	13 March 2011 二零一一年三月十三日	13 March 2011 to 12 March 2018 二零一一年三月十三日至二零一八年三月十二日	0.13	0.415	2,235,300
Junior staff 初級職員	13 March 2008 二零零八年三月十三日	13 March 2009 二零零九年三月十三日	13 March 2009 to 12 March 2018 二零零九年三月十三日至二零一八年三月十二日	0.11	0.415	1,962,800
Junior staff 初級職員	13 March 2008 二零零八年三月十三日	13 March 2010 二零一零年三月十三日	13 March 2010 to 12 March 2018 二零一零年三月十三日至二零一八年三月十二日	0.12	0.415	1,472,100
Junior staff 初級職員	13 March 2008 二零零八年三月十三日	13 March 2011 二零一一年三月十三日	13 March 2011 to 12 March 2018 二零一一年三月十三日至二零一八年三月十二日	0.12	0.415	1,472,100

綜合財務報表附註(續)

For the year ended 31 December 2009 截至二零零九年十二月三十一日止年度

34. SHARE-BASED PAYMENTS (Continued)
Equity-settled share option scheme (Continued)**(b) Share Option Scheme (Continued)**

The fair values of the options were determined at the dates of grant using the Black-Scholes option pricing model.

The following assumptions were used to calculate the fair values of shares options:

Exercise price	HK\$0.415
Expected life	3.5-6.5 years
Expected volatility	55.42%
Dividend yield	5.25%
Risk-free interest rate	2.005%-2.176%

Details of the share options outstanding under the Pre-IPO Share Option Scheme and Share Option Scheme during the year are as follows:

34. 以股權結算之款項(續)
以股份支付之購股權計劃(續)**(b) 購股權計劃(續)**

購股權的公平值於授出日期使用柏力克-舒爾斯期權定價模式釐定。

下列假設用於計算購股權公平值：

行使價	0.415 港元
預計年期	3.5-6.5 年
預計波幅	55.42%
股息回報率	5.25%
無風險利率	2.005% - 2.176%

年內於首次公開售股前購股權計劃及購股權計劃下之尚未行使購股權詳情如下：

		2009 二零零九年		2008 二零零八年	
		Number of share options	Weighted average exercise price 加權平均 行使價 HK\$ 港元	Number of share options	Weighted average exercise price 加權平均 行使價 HK\$ 港元
Outstanding at the beginning of the year	年初未行使	36,700,000	0.629	21,120,000	0.81
Granted during the year	年內授出	-	-	20,102,000	0.415
Forfeited during the year	年內沒收	(4,620,000)	0.629	(4,522,000)	0.521
Outstanding at the end of the year	年終未行使	32,080,000	0.629	36,700,000	0.629
Exercisable at the end of the year	年終可行使	16,312,400	0.668	5,973,000	0.81

34. SHARE-BASED PAYMENTS (Continued)**Equity-settled share option scheme (Continued)**

Expected volatility was determined by calculating the historical volatility of share prices of comparable companies with shares listed on the Stock Exchange and engaged in the similar business of the Group. The expected life used in the model has been adjusted, based on the Group's best estimate, for the effects of non transferability, exercise restrictions and behavioural considerations.

The fair value of the options will be amortised over the vesting period on a straight-line basis and expensed in the profit or loss.

No share option had been exercised during the year (2008: Nil). The options outstanding at the end of the year have a weighted average remaining contractual life of 4.9 years (2008: 5.6 years).

Save as disclosed above, no further options were granted under the Pre-IPO Share Option Scheme and Share Option Scheme.

34. 以股權結算之款項(續)**以股份支付之購股權計劃(續)**

預計波幅乃透過計算股份於聯交所上市且所從事業務與本集團類似的可比較公司的股價的過往波幅釐定。就非轉讓性、行使限制及行為考慮而言，根據本集團的最佳估計，使用該模式的預計年期已作出調整。

購股權公平值將以直線方式於歸屬期內攤銷，並於損益內列作支出。

年內概無購股權獲行使(二零零八年：無)。年終未行使購股權的加權平均剩餘合約年期為4.9年(二零零八年：5.6年)。

除上文所披露者外，概無根據首次公開售股前購股權計劃及購股權計劃授出任何其他購股權。

綜合財務報表附註(續)

For the year ended 31 December 2009 截至二零零九年十二月三十一日止年度

35. NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS 35. 綜合現金流量表附註(續)

(a) Cash flow from operating activities

(a) 經營業務所得現金流量

		2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
Profit from operations	經營溢利	51,947	24,571
Adjustments for:	已作出下列調整：		
Interest income	利息收入	(178)	(2,661)
Reversal of allowance for doubtful debts	呆賬撥備回撥	(628)	-
Bad debts written off	壞賬撇銷	-	867
Allowance for doubtful debts	呆賬撥備	2,715	224
Allowance for inventories	存貨撥備	4,732	1,108
Loss on financial liabilities at fair value through profit or loss	按公平值計入損益賬的金融負債虧損	761	1,487
Equity-settled share-based payments	以股權結算以股份支付的款項	2,893	6,132
(Gain)/loss on disposal of property, plant and equipment	出售物業、機器及設備之(收益)/虧損	(1,665)	74
Depreciation on property, plant and equipment	物業、機器及設備折舊	39,473	32,507
Amortisation of prepaid land lease payments	預付土地租金攤銷	679	269
Operating profit before movements in working capital	未計營運資金變動前的經營溢利	100,729	64,578
Increase in inventories	存貨增加	(10,149)	(1,694)
(Increase)/decrease in trade receivables	貿易應收款項(增加)/減少	(16,397)	21,867
(Increase)/decrease in prepayments, deposits and other receivables	預付款項、按金及其他應收款項(增加)/減少	(5,507)	2,136
Increase/(decrease) in trade payables	貿易應付款項增加/(減少)	5,954	(13,060)
Increase/(decrease) in deposits received, other payables and accruals	已收按金、其他應付款項及應計費用增加/(減少)	7,940	(4,961)
Increase/(decrease) in due to a related company	應付關連公司款項增加/(減少)	1,630	(14)
Cash generated from operations	經營所得現金	84,200	68,852
Income tax paid	已付所得稅	(6,255)	(12,520)
Interest paid	已付利息	(942)	(1,333)
Finance lease charges paid	已付融資租約支出	(668)	(1,116)
Net cash generated from operating activities	經營業務所得現金淨額	76,335	53,883

35. NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)**(b) Acquisition of a subsidiary**

On 1 April 2009, the Group acquired 100% of the issued share capital of Ample Wealth Developments Limited which was wholly owned by Mr. Lee for a cash consideration of approximately HK\$169,000. Ample Wealth Developments Limited was inactive during the year.

The fair value of the identifiable assets and liabilities of Ample Wealth Developments Limited acquired as at its date of acquisition, which has no significant difference from its carrying amount, is as follows:

		HK\$'000 千港元
Net assets acquired:	已收購淨資產	
Property, plant and equipment	物業、機器及設備	168
Bank and cash balances	銀行及現金結餘	241
Other payables and accruals	其他應付款項及應計費用	(240)
Satisfied by:	以下列方式償付：	
Cash	現金	169
Net cash inflow arising on acquisition:	收購產生之現金流出淨額	
Cash consideration paid	已付現金代價	(169)
Cash and cash equivalents acquired	已收購現金及等同現金項目	241
		72

Ample Wealth Developments Limited did not contribute any turnover to the Group but increased the Group's profit for the year by approximately HK\$88,000 for the period between the date of acquisition and 31 December 2009.

If the acquisition had been completed on 1 January 2009, the total Group's turnover would remain unchanged, and profit for the year would have been approximately HK\$37,060,000. The proforma information is for illustrative purposes only and is not necessarily an indication of the turnover and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2009, nor is intended to be a projection of future results.

35. 綜合現金流量表附註(續)**(b) 收購附屬公司**

於二零零九年四月一日，本集團收購由李先生全資擁有之富豐發展有限公司全部已發行股本，現金代價約169,000港元。富豐發展有限公司於年內暫無業務。

於收購日，富豐發展有限公司之可識別資產及負債之公平值與賬面值無重大差別，乃載列如下：

富豐發展有限公司並無對本集團之營業額作出任何貢獻，但增加由收購日期至二零零九年十二月三十一日期間本集團年內之溢利約88,000港元。

倘收購於二零零九年一月一日完成，本集團總營業額將維持不變，而年內之溢利將為約37,060,000港元。備考資料僅供說明之用，並不代表倘若本集團於二零零九年一月一日完成收購實際可取得之營業額及經營業績，亦並非旨在作為未來業績之預測。

綜合財務報表附註(續)

For the year ended 31 December 2009 截至二零零九年十二月三十一日止年度

35. NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(b) Acquisition of a subsidiary (Continued)

During the year ended 31 December 2008, one of the subsidiaries of the Company, Ka Shui (Holdings) Company Limited entered into a sales and purchase agreement with the remaining shareholders of Wing Yu (Far East) Industries Company Limited, pursuant to which Ka Shui (Holdings) Company Limited agreed to acquire the remaining equity interest of 60% in Wing Yu (Far East) Industries Company Limited for a cash consideration of approximately HK\$1,797,000. The acquisition was effective on 1 January 2008.

The fair value of the identifiable assets and liabilities of Wing Yu (Far East) Industries Company Limited acquired as at its date of acquisition, which has no significant difference from its carrying amount, is as follows:

35. 綜合現金流量表附註(續)

(b) 收購附屬公司(續)

截至二零零八年十二月三十一日止年度，本公司其中一間附屬公司嘉瑞集團(控股)有限公司與永裕(遠東)實業有限公司餘下之股東訂立買賣協議，據此嘉瑞集團(控股)有限公司同意收購永裕(遠東)實業有限公司餘下60%股權，現金代價約為1,797,000港元。收購於二零零八年一月一日生效。

已收購之永裕(遠東)實業有限公司於收購日期可識別資產及負債之公平值與其賬面值並無重大差異，乃如下所列：

		HK\$'000 千港元
Net assets acquired:	已收購淨資產：	
Property, plant and equipment	物業、機器及設備	9,876
Inventories	存貨	6,186
Trade receivables	貿易應收款項	4,912
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項	1,326
Due from a shareholder	應收股東款項	4,246
Pledged bank deposits	已抵押銀行存款	1,069
Bank and cash balances	銀行及現金結餘	957
Trade payables	貿易應付款項	(4,985)
Deposits received	已收按金	(90)
Other payables and accruals	其他應付款項及應計費用	(3,974)
Due to a shareholder	應付股東款項	(14,335)
Short term borrowings	短期借款	(1,455)
Obligations under finance leases	融資租約承擔	(110)
Bank overdrafts	銀行透支	(711)
		2,912
Share of net assets in previous year	應佔以往年度淨資產	(1,115)
Satisfied by:	以下列方式償付：	
Cash	現金	1,797
Net cash outflow arising on acquisition:	收購產生之現金流出淨額：	
Cash consideration paid	已付現金代價	1,797
Cash and cash equivalents acquired	已收購現金及等同現金項目	(246)
		1,551

35. NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)**(b) Acquisition of a subsidiary (Continued)**

Wing Yu (Far East) Industries Company Limited contributed approximately HK\$12,469,000 to the Group's turnover and decreased the Group's profit after tax by approximately HK\$9,976,000 for the period between the date of acquisition and 31 December 2008.

(c) Major non-cash transaction

- (i) During the year, the Group had entered into finance leases in respect of property, plant and equipment with total capital values at the inception of the leases of approximately HK\$6,088,000 (2008: HK\$35,448,000).
- (ii) Included in the addition of property, plant and equipment was an amount of approximately HK\$15,117,000 (2008: HK\$1,990,000) which was transferred from deposits paid for acquisition of property, plant and equipment and prepaid land lease payments.
- (iii) During the year ended 31 December 2008, prepayments to financial institution of approximately HK\$648,000 were set off against the obligations under finance leases.

36. OPERATING LEASE COMMITMENTS**The Group as lessee**

At 31 December 2009, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

		Group 本集團	
		2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
Within one year	一年內	3,602	2,014
In the second to fifth year, inclusive	第二至第五年(包括首尾兩年)	6,404	6,620
After five years	五年後	41,318	42,619
		51,324	51,253

35. 綜合現金流量表附註(續)**(b) 收購附屬公司(續)**

永裕(遠東)實業有限公司由收購日期至二零零八年十二月三十一日止之期間對本集團之營業額貢獻約為12,469,000港元，並減少本集團除稅後溢利約9,976,000港元。

(c) 主要非現金交易

- (i) 年內，本集團就物業、機器及設備訂立融資租約，於訂立租約時之資本總值約為6,088,000港元(二零零八年：35,448,000港元)。
- (ii) 計入添置物業、機器及設備約為15,117,000港元(二零零八年：1,990,000港元)，乃由收購物業、機器及設備及預付土地租金之按金所轉入。
- (iii) 於截至二零零八年十二月三十一日止年度內，預付款項予金融機構約648,000港元已與融資租約承擔抵銷。

36. 經營租約承擔**本集團作為承租人**

於二零零九年十二月三十一日，本集團根據不可撤銷經營租約而於下列期間到期的未來最低租賃款總額如下：

綜合財務報表附註(續)

For the year ended 31 December 2009 截至二零零九年十二月三十一日止年度

36. OPERATING LEASE COMMITMENTS (Continued)**The Group as lessee (Continued)**

Operating lease payments represent rentals payable by the Group for certain of its staff quarters, warehouse and leasehold land for factory. Leases for staff quarters and warehouse are negotiated, and rentals are fixed, for an average term of 1 to 2 years. Lease for leasehold land are fixed with a term of 40 years.

37. CAPITAL COMMITMENTS

The Group's capital commitments in respect of purchase and construction of property, plant and equipment at the end of the reporting period are as follows:

36. 經營租約承擔(續)**本集團作為承租人(續)**

經營租約付款指本集團須就若干員工宿舍、貨倉及工廠租賃土地支付的租金。員工宿舍及貨倉的租約經協商而訂立，租金為固定而租期平均為1至2年。租賃土地的租約協定的年期為40年。

37. 資本承擔

於報告期間完結日，本集團有關購買及建造物業、機器及設備的資本承擔詳情如下：

		Group 本集團	
		2009 二零零九年	2008 二零零八年
		HK\$'000 千港元	HK\$'000 千港元
Contracted but not provided for	已訂約但未撥備	9,098	19,653

38. RELATED PARTY TRANSACTIONS

(a) In addition to those related party transactions and balances disclosed elsewhere in the financial statements, the Group had the following transactions with its related parties during the year:

38. 關連人士交易

(a) 除於財務報表其他部份所披露的關連人士交易及結餘外，年內本集團曾與關連人士進行以下交易：

		2009 二零零九年	2008 二零零八年
		HK\$'000 千港元	HK\$'000 千港元
Purchase of raw material from a jointly controlled entity	向共同控制實體購買原材料	-	1,805
Purchase of machinery from an investee company (note (i))	向被投資公司購買機器(附註(i))	-	11,364
Purchase of machinery, machinery parts and maintenance cost from a related company, Chit Shun Machinery Limited (note (ii))	向關連公司捷迅機械設備有限公司購買機器、機器零部件及維修成本(附註(ii))	6,766	2,931
Deposit paid to a related company, Chit Shun Machinery Limited (note 20)	向關連公司捷迅機械設備有限公司支付按金(附註20)	1,255	3,777

38. RELATED PARTY TRANSACTIONS (Continued)

(a) (Continued)

Notes:

- (i) The investment in the investee company is classified as available-for-sale financial assets.
 - (ii) Mr. Lee has significant influence in the related company.
- (b) The above transactions were entered with the related parties on terms mutually agreed by individual parties. In the opinion of the directors of the Group, these related party transactions were conducted on normal commercial terms and in the ordinary and usual course of the Group's business.
- (c) During the year, the key management personnel compensation paid by the Group was disclosed in note 12 to the financial statements.

39. SUBSEQUENT EVENTS

On 16 April 2010, the Company proposed to declare a final dividend of HK\$0.011 (2008: HK\$0.006) per ordinary share to its shareholders, as further detailed in note 13 to the financial statements.

40. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 16 April 2010.

38. 關連人士交易(續)

(a) (續)

附註:

- (i) 對被投資公司之投資被分類為可供出售金融資產。
 - (ii) 李先生對此關連公司有重大影響力。
- (b) 上述交易均與關連人士按照各方互相協定的條款進行。本集團董事認為，該等關連交易乃根據一般商業條款於本集團日常業務過程中進行。
- (c) 年內，本集團已付主要管理人員酬金乃於綜合財務報表附註12披露。

39. 結算日後事項

於二零一零年四月十六日，本公司建議宣派每股0.011港元(二零零八年：每股0.006港元)之末期普通股股息，其詳情載於財務報表附註13。

40. 批准財務報表

本財務報表已於二零一零年四月十六日獲董事會批准並授權刊發。

Year ended 31 December

截至十二月三十一日止年度

		2005 二零零五年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
RESULTS	業績					
Turnover	營業額	348,377	645,588	752,749	685,134	633,832
Profit before tax	除稅前溢利	15,111	122,759	67,724	14,527	50,039
Income tax expense	所得稅開支	(2,001)	(11,339)	(10,179)	(5,892)	(12,239)
Profit for the year	年內溢利	13,110	111,420	57,545	8,635	37,800
Attributable to	以下人士應佔權益：					
– Owners of the Company	– 本公司權益持有人	13,031	109,562	57,492	8,635	37,800
– Minority interests	– 少數權益持有人	79	1,858	53	–	–
		13,110	111,420	57,545	8,635	37,800

As at 31 December

於十二月三十一日

		2005 二零零五年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
ASSETS AND LIABILITIES	資產及負債					
Total assets	總資產	296,948	422,109	718,396	710,285	763,214
Total liabilities	總負債	(174,986)	(203,739)	(198,833)	(170,645)	(207,530)
Net assets	淨資產	121,962	218,370	519,563	539,640	555,684

The results and summary of assets and liabilities for each of the two years ended 31 December 2006 are extracted from the Company's prospectus dated 12 June 2007 which have been prepared on a combined basis to indicate the results of the Group as if the group structure, at the time when the Company's shares were listed on The Stock Exchange of Hong Kong Limited, had been in existence throughout those years.

截至二零零六年十二月三十一日止兩年各年的業績及資產負債概要乃摘錄自本公司於二零零七年六月十二日的招股章程，已按合併基準編製以顯示本集團的業績（假設本公司的股份在香港聯合交易所有限公司上市時的集團架構在該等年度一直存在）。

KaShui¹⁹⁸⁰

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