

Notes to the Consolidated Financial Statements

綜合財務報表附註

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

1. GENERAL INFORMATION

GFT Holdings Limited (the “Company”) is a limited liability company incorporated in Bermuda and its shares are listed on the Stock Exchange. The address of the Company’s registered office and principal place of business are disclosed in the Corporate Information section of the annual report.

The principal activities of the Company and its subsidiaries (the “Group”) are trading and manufacturing of toys, gifts and premiums. The Group was also engaged in the manufacturing and trading of consumer products, which were discontinued in the current year (Note 11).

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKAS”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

1. 一般資料

真樂發控股有限公司(「本公司»)為一家於百慕達註冊成立之有限公司，股份在聯交所上市。本公司的註冊辦事處及主要營業地點的地址已於年報的公司資料內披露。

本公司及其附屬公司(「本集團»)的主要業務為玩具、禮品及贈品的製造及買賣。本集團亦從事消費品的製造及貿易，該等業務已於本年度內終止經營(附註11)。

2. 主要會計政策

(a) 遵例聲明

本財務報表已遵照香港會計師公會(「香港會計師公會»)頒佈的所有適用的香港財務報告準則(「香港財務報告準則」)，包括所有適用的個別香港財務報告準則、香港會計準則(「香港會計準則»)及詮釋、香港普遍採用會計原則及香港公司條例之披露規定而編製。此等財務報表亦遵守聯交所證券上市規則之適用披露。

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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. 主要會計政策 (續)

(a) Statement of compliance (Continued)

These financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2005 financial statements except for the adoption of the amendment of HKAS 39 and HKFRS 4 as explained in note 3 to the financial statements. A summary of the significant accounting policies adopted by the Group is set out below.

(b) Basis of preparation of the financial statements

The measurement basis used in the preparation of these financial statements is historical cost, except for (1) certain financial instruments, which are measured at fair value as explained in note 2(i) to the financial statements; and (2) non-current assets held for sale, which are stated at lower of carrying amount and fair value less costs to sell as explained in note 2(v) to the financial statements.

(c) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and all of its subsidiaries made up to 31 December. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal as appropriate.

(a) 遵例聲明 (續)

本財務報表之編製基準與二零零五年財務報表所採納者一致，惟採納經修訂香港會計準則第39號及香港財務報告第4號，而有關的資料已詳列於財務報表附註3內。本集團採用的主要會計政策概要如下。

(b) 本財務報表之編製基準

本財務報表是以歷史成本作為編製基準，除 (1) 若干金融工具按公平值計量，詳見本財務報表附註2(i)；及 (2) 持作出售之非流動資產按賬面值與公平值減銷售成本較低者列賬，詳見本財務報表附註2(v)。

(c) 綜合賬目基準

本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之財務報表。年內收購或出售之附屬公司業績自收購生效日期起計或計至出售生效日期止 (以適用者為準) 計入綜合收益表。

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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. 主要會計政策 (續)

(c) Basis of consolidation (Continued)

All intra-group transactions and balances, income and expenses are eliminated on consolidation. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised profits but only to the extent that there is no evidence of impairment.

Minority interests represent the portion of the net assets of subsidiaries attributable to interests that are not owned by the Company, whether directly or indirectly through subsidiaries, and in respect of which the Group has not agreed any additional terms with the holders of those interest which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. Minority interests are presented in the balance sheet within equity, separately from equity attributable to the equity holders of the Company. Minority interests in the results of the Group are presented on the face of the income statement as an allocation of the total profit or loss for the year between minority interests and the equity holders of the Company.

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

(c) 綜合賬目基準 (續)

本集團內公司間的所有交易及結餘、收益及開支均已於編製綜合賬目時抵銷。本集團內公司間交易所產生的未變現虧損均按與未變現溢利相同的方式抵銷，惟只限於未變現虧損並不顯示存有減值的情況。

少數股東權益指並非由本公司直接或間接通過附屬公司擁有權益的應佔附屬公司資產淨值部分，而本集團並無就此而與該等股權的持有人協定任何額外條款，致使本集團整體就該等權益擁有符合財務負債定義的合約責任。少數股東權益須於綜合資產負債表內的權益項下與本公司股權持有人應佔權益分開列示。本集團於業績的少數股東權益按本年度溢利或虧損總額於收益表中分配予少數股東權益和本公司股權持有人。

如果少數股東應佔的虧損超過其應佔附屬公司的權益，則超額部份和以後任何其他少數股東應佔虧損便需抵銷集團所佔權益；但如少數股東有能力及受契約約束作出額外投資彌補虧損則除外。如附屬公司其後恢復溢利，則所有該等溢利均會分配予本集團權益，直至收回以往由本集團承擔的少數股東應佔虧損為止。

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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. 主要會計政策 (續)

(d) Subsidiaries

A subsidiary is an entity, in which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's balance sheet, investment in subsidiaries is stated at cost less impairment losses. The carrying amount of investment is reduced to its recoverable amount on an individual basis. Results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

(e) Goodwill

Goodwill on acquisition of subsidiary, being the excess of the cost of the acquisition over the Group's share of the fair value of the identifiable assets, liabilities and contingent liabilities, is recognised as a separate asset. Goodwill is carried at cost less accumulated impairment losses, which is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Goodwill is allocated to cash-generating units for the purpose of impairment test and determination of gain or loss on disposal. An impairment loss on goodwill is not reversed.

Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition of businesses at the date of acquisition, after reassessment, is recognised immediately in income statement.

(d) 附屬公司

附屬公司乃為本集團有權控制一個實體的財務及經營政策而從其業務中獲取利益。

在本公司的資產負債表內，附屬公司之投資是以成本值減減值虧損列賬。投資之賬面值按個別基準調減至其可收回金額。本公司應佔附屬公司業績按已收及應收股息入賬。

(e) 商譽

因收購附屬公司而產生之商譽，即收購成本超出本集團應佔可識別資產、負債及或然負債的公平值的差額，確認為個別資產。商譽乃按成本減累計減值虧損列賬，本集團每年進行減值測試，倘若發生某些狀況或情況有變而顯示賬面值會減值，則會更加頻繁地進行減值測試。商譽就進行減值測試及釐定出售所得收益或虧損目的而言，乃分配至產生現金單位。商譽減值虧損不予撥回。

本集團在可識別資產、負債及或然負債之公平淨值中所佔權益超過於收購當日收購業務的成本，於評估後即時於收益表內確認。

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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Property, plant and equipment

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Repairs and maintenance are charged to the income statement during the year in which they are incurred.

Depreciation is provided to write off the cost less accumulated impairment losses of property, plant and equipment, other than construction in progress, over their estimated useful lives as set out below from the date on which they are available for use and after taking into account their estimated residual values, using the straight-line method. Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation of the item is allocated on a reasonable basis and depreciated separately.

Buildings	Over the shorter of the term of the prepaid land lease or 50 years
Leasehold improvements	Over the shorter of the term of the prepaid land lease or 5 years
Plant and machinery	20% — 33.33%
Furniture, fixtures and equipment	20% — 33.33%
Motor vehicles	25% — 33.33%

Assets held under finance leases are depreciated over the shorter of their expected useful lives or the term of the leases.

2. 主要會計政策 (續)

(f) 物業、廠房及設備

物業、廠房及設備(在建工程除外)按成本減累計折舊及累計減值虧損列賬。物業、廠房及設備項目之成本包括其購買價、令資產達致運作狀況及地點作其擬定用途而引致之直接費用。維修及保養費用於彼等發生之年度於收益表內扣除。

折舊乃以物業、廠房及設備成本減累計減值虧損(在建工程除外)，經減除估計剩餘價值後，按下文所述由其可供使用日期起計之估計可使用年期以直線法撇銷。凡物業、廠房及設備項目具備不同的可使用年期，有關項目的成本值或估值則按合理基準予以分配並個別計算折舊。

樓宇	按預付土地租賃年期或50年(以較短者為準)
租賃物業裝修	按預付土地租賃年期或5年(以較短者為準)
廠房及機器	20% — 33.33%
傢具、裝置及設備	20% — 33.33%
汽車	25% — 33.33%

根據融資租約持有之資產乃以預期使用年期與租期兩者中較短者計算折舊。

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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. 主要會計政策 (續)

(g) Construction in progress

Construction in progress is stated at cost less accumulated impairment losses. Cost includes all construction expenditure and other direct costs, including interest costs, attributable to such projects. Costs on completed construction works are transferred to the appropriate asset category. No depreciation is provided in respect of construction in progress until it is completed and available for use.

(h) Prepaid lease payments

Prepaid lease payments are up-front payments to acquire fixed term interests in lessee-occupied land. The premiums are stated at cost and are amortised over the period of the lease on a straight-line basis to the income statement.

(i) Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments and on a trade date basis. A financial asset is derecognised when the Group's contractual rights to future cash flows from the financial asset expire or when the Group transfers the contractual rights to future cash flows to a third party. A financial liability is derecognised only when the liability is extinguished.

(g) 在建工程

在建工程乃按成本減減值虧損列賬。成本包括所有建設費用及該等工程應佔其他直接成本(包括利息成本)。已完工建設工程之成本轉至合適之資產類別。在建工程並無計算任何折舊，直至其完工及可供使用。

(h) 預付租賃款項

預付租賃款項乃收購承租人所佔用物業固定權益之預付款項。溢價按成本列賬及於租賃期間按直線法於收益表中攤銷。

(i) 金融工具

金融資產及金融負債在本集團成為有關工具合約條文之訂約方時，以交易日期為基準確認。本集團源自金融資產之未來現金流量合約權利到期，或本集團向第三方轉讓未來現金流量合約權利，則不再確認該金融資產。金融資產僅於負債勾銷時方予終止確認。

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2. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(i) Financial instruments (Continued)

Loans and receivables

Loans and receivables including trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are not held for trading. They are measured at amortised cost using the effective interest method, except where receivables are interest-free loans and without any fixed repayment term or the effect of discounting would be insignificant. In such case, the receivables are stated at cost less impairment loss. Amortised cost is calculated by taking into account any discount or premium on acquisition, over the year to maturity. Gains and losses arising from derecognition, impairment or through the amortisation process are recognised in the income statement.

Impairment of financial assets

At each balance sheet date, the Group assesses whether there is objective evidence that financial assets are impaired. The impairment loss of financial assets carried at amortised cost is measured as the difference between the asset's carrying amount and the present value of estimated future cash flow discounted at the financial asset's original effective interest rate.

Financial liabilities

The Group's financial liabilities include trade and other payables, bank loans and other borrowings and obligations under finance leases. All financial liabilities are recognised initially at their fair value and subsequently measured at amortised cost, using effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

2. 主要會計政策 (續)

(i) 金融工具 (續)

貸款及應收款項

貸款及應收款項(包括貿易及其他應收款項)指並無於活躍市場報價且並非為買賣而持有之具有固定或可釐定付款金額之非衍生金融資產。該等貸款及應收款項以實際利率法按攤銷成本列賬，惟倘應收款項為免息貸款及無固定還款期或其折現影響並不重大則除外。其時，應收款項按成本扣除減值虧損入賬。攤銷成本已計算到期前年內任何收購折讓或溢價。因取消確認、減值或透過攤銷所產生之盈虧計入收益表。

金融資產之減值

本集團於各結算日評估有否客觀證據顯示金融資產出現減值。金融資產之減值虧損按攤銷成本入賬，而攤銷成本則為資產賬面值與按金融資產原訂實際利率折現之估計未來現金流量的現值兩者間之差異。

金融負債

本集團之金融負債包括應付賬款及其他應付款項、銀行貸款及其他借款和融資租賃債務。所有金融負債初步按其公平值確認，其後以實際利率法按攤銷成本計量，如折現影響並不重大，金融負債則按成本列賬。

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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. 主要會計政策 (續)

(i) Financial instruments (Continued)

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer of the contract to make specified payments to reimburse the holder of the contract for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee contract is initially recognised as deferred income within trade and other payable at fair value, where such information is available, otherwise, it is recognised at consideration received and receivable. Subsequently, it is measured at the higher of the amount initially recognised, less accumulated amortisation, and the amount of the provision, if any, that is required to settle the commitment at the balance sheet date.

(j) Cash equivalents

For the purpose of the consolidated cash flow statement, cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts.

(k) Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue and costs, if applicable, can be measured reliably and on the following bases.

Sale of goods is recognised on transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and the title is passed.

(i) 金融工具 (續)

財務擔保合約

財務擔保合約要求發出合約者向合約持有人付出指定金額，以補償合約持有人因指定借貸人無法按債務工具之條款償還債務而蒙受之損失。如入賬時有關資料已存在，財務擔保合約最初可按公平價值以遞延收入形式計入應付賬款及其他應付款項，否則會列為已收及應收代價。其後，該合約於結算日會按最初入賬金額(減累計攤銷)與用以支付承擔額之撥備金額(如有)兩者中之較高者入賬。

(j) 現金等值

就綜合現金流量表而言，現金等值指可即時轉換為已知金額現金，及存在輕微價值變動風險之短期高流動性投資，及已扣除銀行透支。

(k) 收入確認

收入是在經濟利益可能流入集團，及本集團能可靠地計算該等收入與有關的成本(如適用)時，按以下方法於損益表內確認：

銷售貨物之收入在擁有權的重大風險及回報轉移時確認，一般與貨物送交客戶及擁有權轉移之時間相同。

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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. 主要會計政策 (續)

(k) Revenue recognition (Continued)

Interest income from financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Rental income is recognised when the properties are let out and on the straight-line basis over the lease terms.

(l) Foreign currency translation

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

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

(k) 收入確認 (續)

金融資產利息收入按時間比例基準以其本金及有效利率計算。

租金收入按有關租約的年期在物業出租期間確認。

(l) 外幣兌換

本集團(包括附屬公司)旗下每一公司之財務報表項目按該公司經營所在主要經濟環境之貨幣(「功能貨幣」)列值。綜合財務報表則以港幣呈列(本公司之功能貨幣及呈列貨幣)。

外幣交易按有關交易日之匯率換算為功能貨幣。因結算該等交易及因按年結日匯率換算以外幣計值之貨幣資產及負債而產生之外匯損益於收益表確認。

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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. 主要會計政策 (續)

(l) Foreign currency translation (Continued)

On consolidation, the results and financial position of all the group entities that have a functional currency different from the presentation currency are translated as follows:

- (a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet;
- (b) income and expenses for each income statement are translated at average exchange rates;
- (c) all resulting exchange differences are recognised as a separate component of equity;
- (d) upon disposal of a group entity, exchange differences relating thereto and previously recognised in reserves are recognised in the income statement as part of the gain or loss on disposal; and
- (e) goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign entity are treated as assets and liabilities of that foreign entity and translated at the closing rates. Exchange differences arising are recognised in the translation reserve.

(l) 外幣兌換 (續)

於綜合時，若本集團所有實體中其功能性貨幣與呈列貨幣有所不同者，有關業績及財務狀況乃按下列情況換算為呈列貨幣：

- (a) 各資產負債表內呈列之資產及負債按結算日當日之收市匯率換算；
- (b) 各收益表的收支乃按平均匯率換算；
- (c) 就此產生之所有匯兌差額乃單獨確認為權益之一部份；
- (d) 於出售本集團一實體時，與之有關及先前於儲備中確認之匯兌差額於收益表中確認為出售之損益部分；及
- (e) 因收購海外實體而產生可識別資產之商譽及公平值調整，均作為有關海外實體的資產與負債及按收市匯率換算。所產生之匯兌差額於匯兌儲備中確認。

Notes to the Consolidated Financial Statements

綜合財務報表附註

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. 主要會計政策 (續)

(m) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, which comprises all costs of purchase and, where applicable, cost of conversion and other costs that have been incurred in bringing the inventories to their present location and condition, is calculated using the weighted average cost method. Net realisable value represents 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.

(n) Club debenture

Club debenture has indefinite useful life and is measured at cost less accumulated impairment losses.

(o) Impairment of other assets

At each balance sheet date, the Group reviews internal and external sources of information to determine whether its property, plant and equipment, prepaid lease payments, club debenture and investment in subsidiaries have suffered an impairment loss or impairment loss previously recognised no longer exists or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated, based on the higher of its fair value less costs to sell and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest group of assets that generates cash flows independently (i.e. cash-generating unit).

If the recoverable amount of an asset or a 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. Impairment losses are recognised as an expense immediately.

(m) 存貨

存貨按成本與可變現淨值兩者之較低者列賬。成本(包括所有購買成本及(如適用)轉換成本及存貨達至彼等目前位置及現狀之其他成本)用加權平均成本法計算。可變現淨值乃為於日常業務過程中估計之銷售價減完成之估計成本及出售之必要成本。

(n) 會所會籍

會所會籍無固定使用年期，按成本減累計減值虧損。

(o) 其他資產之減值

於各結算日，本集團審閱內部及外界資訊，以確定其物業、廠房及設備、預付租賃款項、會所會籍及於附屬公司之投資之賬面值是否已蒙受減值虧損或以往確認之減值虧損是否不再存在或可能撇減。倘存在該跡象，資產之可收回金額按其公平值減銷售成本及使用價值之較高者估計。倘不可能估計單個資產之可收回金額，本集團將估計獨立產生現金流量之最小資產類別(即現金產生單位)之可收回金額。

倘資產或現金產生單位之估計可收回款額少於其賬面值，則將該資產或現金產生單位之賬面值撇減至其可收回款額。減值虧損乃即時確認為開支。

Notes to the Consolidated Financial Statements

綜合財務報表附註

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. 主要會計政策 (續)

(o) Impairment of other assets (Continued)

A reversal of impairment loss is limited to the carrying amount of the asset or cash-generating unit that would have been determined had no impairment loss been recognised in prior years. Reversal of impairment loss is recognised as income statement.

(p) Leases

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

Assets held under finance leases are recognised as assets of the Group at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as finance lease obligation. Finance charges, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

Rentals payable under operating leases are charged to income statement on a straight-line basis over the term of the relevant lease.

Lease incentives are recognised in the income statement as an integral part of the net consideration agreed for the use of the leased asset. Contingent rentals are recognised as expenses in the accounting period in which they are incurred.

(o) 其他資產之減值 (續)

撥回減值虧損以該資產或現金產生單位按過往年度並無確認減值虧損而釐定之賬面值為限。減值虧損之撥回於收益表中確認。

(p) 租賃

凡擁有權之絕大部份風險及回報均已轉讓予承租人之租約，均列為融資租賃。所有其他租約均列作經營租賃。

根據融資租賃持有之資產按租賃資產之公平值或最低租賃付款之現值(以較低者為準)確認為資產。出租人之相應負債則在資產負債表列作融資租賃債務。財務費用指租賃債務總額與所收購資產公平值之差額，並會按有關租約之期限在收益表中扣除，使每個會計期間之餘下債務有大約一致之扣減率。

根據經營租賃應付之租金乃按相關租約期限以直線法於收益表內扣除。

租賃獎勵於收益表確認為就使用租賃資產而議定之代價淨額之一部份。或然租金於其發生之會計期間確認為開支。

Notes to the Consolidated Financial Statements

綜合財務報表附註

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. 主要會計政策 (續)

(q) Employee benefits — Defined contribution plans

The obligations for contributions to defined contribution retirement scheme are recognised as an expense in the income statement as incurred and are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. The assets of the scheme are held separately from those of the Group in an independently administered fund.

(r) Share-based payment transactions — Equity-settled transactions

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

(q) 僱員福利-界定供款計劃

界定供款退休計劃之供款責任於產生時在收益表確認為開支，並按於有關供款悉數歸屬前退出該計劃之僱員已沒收之供款扣減。該計劃之資產與本集團之資產以獨立管理基金形式分開持有。

(r) 以股份支付交易 — 以權益結算之交易

僱員獲授的購股權之公平值確認為僱員成本，並在權益內之購股權儲備作相應增加。公平值乃於購股權授出日期計算，並計及授出購股權之條款及條件。倘僱員須符合歸屬期條件方可無條件享有該等購股權，預計公平值總額在歸屬期內攤分入賬，並已考慮購股權歸屬之或然率。

Notes to the Consolidated Financial Statements

綜合財務報表附註

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. 主要會計政策 (續)

(r) Share-based payment transactions — Equity-settled transactions (Continued)

During the vesting period, the number of share options that is expected to vest is reviewed. Any adjustment to the cumulative fair value recognised in prior years is charged/credited to the income statement for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the share options reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Group's shares. The equity amount is recognised in the share options reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to accumulated profits). Share-based payment transactions in which the Company grants share options to subsidiaries' employees are accounted for as an increase in value of investments in subsidiaries in the Company's balance sheet which is eliminated on consolidation.

(s) Taxation

The charge for current income tax is based on the results for the year as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting profit nor taxable profit or loss, it is not accounted for.

(r) 以股份支付交易 — 以權益結算之交易 (續)

估計可歸屬購股權之數目須在歸屬期內作出檢討。除非原本僱員開支符合資產確認要求，否則任何已在過往年度確認之累計公平值之調整均須在檢討期內的收益表支銷或回撥，並在權益作相應調整。於歸屬日，確認為開支的金額按歸屬購股權之實際數目作調整，並在購股權儲備內作相應調整。但只會在無法符合與本公司股份市價相關的歸屬條件時才會放棄之股份期權除外。權益數額在購股權儲備中確認，直至期權獲行使(轉入股份溢價賬)或期權到期(直接轉入累計溢利)時為止。本公司藉以向附屬公司僱員授予認股權的股份支付交易，應在本公司資產負債表內列作於附屬公司的投資增加，並在綜合賬項時抵銷。

(s) 稅項

現行所得稅乃根據本年度之業績計算，並就毋須課稅或不獲寬減之項目作出調整。所得稅乃採用結算日當天已頒佈或實際上已頒佈之稅率計算。

遞延稅項按財務報表中資產及負債於結算日之稅基與其賬面值之間之暫時性差異，以負債法撥備。惟倘遞延稅項乃因初步確認一項交易(而非業務合併)之資產或負債而產生，且當時該項交易對會計溢利及應課稅損益未造成影響，則不予入賬。

Notes to the Consolidated Financial Statements

綜合財務報表附註

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. 主要會計政策 (續)

(s) Taxation (Continued)

The deferred tax liabilities and assets are measured at the tax rates that are expected to apply to the period when the asset is recovered or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, tax losses and credits can be utilised.

(t) Related parties

A party is related to the Group if

- (a) directly, or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with, the Group; or has an interest in the Group that gives it significant influence over the Group; or has joint control over the Group;
- (b) the party is an associate of the Group;
- (c) the party is a joint venture in which the Group is a venturer;
- (d) the party is a member of the key management personnel of the Group or its parent;
- (e) the party is a close member of the family of any individual referred to in (a) or (d);
- (f) 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 (d) or (e); or

(s) 稅項 (續)

遞延稅項負債或資產根據於結算日已頒佈或實際上已頒佈之稅率及稅務法例，按預期適用於已收回資產或清還負債期間之稅率計算。倘日後應課稅溢利可能會用於抵銷可扣減之暫時性差異、稅項虧損及稅項撥回，則遞延稅項資產會確認入賬。

(t) 關連人士

另一方人士於下列情況下被視為本集團的關連人士：

- (a) 直接或間接透過一位或多位元中間人控制本集團，或受本集團控制或與本集團共同受控制，或於本集團擁有可對本集團施加重大影響之權益或共同控制本集團；
- (b) 另一方人士為本集團的聯營公司；
- (c) 本集團為該合營企業之合夥人；
- (d) 另一方人士為本集團或本集團母公司的主要管理人員；
- (e) 是指(a)或(d)所述任何人士之近親；
- (f) 是指(d)或(e)所述任何人士直接或間接控制、共同控制或有重大影響或擁有其重大表決權之實體；或

Notes to the Consolidated Financial Statements

綜合財務報表附註

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. 主要會計政策 (續)

(t) Related parties (Continued)

- (g) 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.

(u) Segment reporting

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

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

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

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

(t) 關連人士 (續)

- (g) 另一方人士為提供福利予集團僱員或任何屬本集團關連人士的實體的僱員離職後福利計劃。

(u) 分部匯報

分部是指本集團內可劃分的單位，這些分部或負債提供產品或服務(業務分部)，或在特定的經濟環境提供產品或服務(地區分部)，而個別分部所示的承受風險或所得回報與其他分部不同。

根據本集團的內部財務報告制度，本集團選擇以業務分部資料作為本財務報表的主要呈報格式，並以地區分部資料為次要呈報格式。

分部收入、支出、業績、資產及負債包括直接歸屬於該分部的項目和能以合理方式分配至該分部的項目。分部收入、支出、資產及負債將於本集團內公司間的結餘及本集團內公司間的交易因編製綜合賬目而被抵銷前釐定，除非此等本集團內公司間的結餘及交易是來自單一分部的本集團實體。分部間的價格按其他外界機構獲得的類似條款而制訂。

分部的資本開支是收購預期使用超過一年的分部資產(有形及無形資產)而於收購年度內產生的總成本。

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綜合財務報表附註

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. 主要會計政策 (續)

(u) Segment reporting (Continued)

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

(v) Non-current assets held for sale and discontinued operation

(i) Non-current assets held for sale

A non-current asset (or disposal group) is classified as held for sale if it is highly probable that its carrying amount will be recovered through a sale transaction rather than through continuing use and the asset (or disposal group) is available for sale in its present condition. A disposal group is a group of assets to be disposed of together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transactions.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of the assets' (disposal groups') previous carrying amount and fair value less costs to sell.

(ii) Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

(u) 分部匯報 (續)

未予分配的項目主要包括財務及企業資產、付息借貸、借貸、稅務結餘、企業支出及財務費用。

(v) 持作出售之非流動資產及已終止經營業務

(i) 持作出售之非流動資產

列為持作出售之非流動資產是指當一非流動資產(或銷售組別)之賬面值在很有可能的情況下將透過銷售交易而非透過持續使用及該資產(或銷售組別)於其現狀下可供出售。銷售組別指一組將於單一交易中以一組別一併銷售之資產，而直接與該等資產相關之負債將於交易中轉移。

歸類為持作出售之非流動資產(或銷售組別)按該資產(或銷售組別)先前之賬面值及公平值減銷售成本之較低者計量。

(ii) 已終止經營業務

已終止經營業務乃本集團業務其中一部分，其業務及現金流量可明顯地與本集團餘下業務區分出來，成為業務或地區業務範圍之重要獨立一環，或可作為單方面協調計劃出售之一部份，或獨家收購附屬公司從而轉售。

Notes to the Consolidated Financial Statements

綜合財務報表附註

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. 主要會計政策 (續)

(v) Non-current assets held for sale and discontinued operations (Continued)

(ii) Discontinued operation (Continued)

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale (see (i) above), if earlier. It also occurs when the operation is abandoned.

Where an operation is classified as discontinued, a single amount is presented on the face of the income statement, which comprises:

- the post-tax profit or loss of the discontinued operation; and
- the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group constituting the discontinued operation.

(w) Future changes in HKFRS

At the date of authorisation of these financial statements, the Group has not early adopted the new/ revised standards and interpretations issued by HKICPA that are not yet effective for the current year. The directors anticipate that the adoption of these new HKFRS in the future periods will have no material impact on the result of the Group.

(v) 持作出售之非流動資產及已終止經營業務 (續)

(ii) 已終止經營業務 (續)

當出售或業務達到持作出售之條件時(見上文(i))，即可分類為已終止經營業務，亦可於該業務被放棄時產生。

如果某項業務被分類為已終止經營業務，便會在收益表上以單一金額列示，包括：

- 已終止經營業務的除稅後損益；及
- 按公平值減去出售成本後所得金額進行計量所確認的除稅後盈虧，或者於出售時對構成已終止經營業務的資產或出售組合所確認的除稅後盈虧。

(w) 香港財務報告準則之未來變動

於授權此等財務報表之日期，本集團並無提前採納香港會計師公會頒佈而對本年度尚未生效之新頒／經修訂準則及詮釋。本集團預期，在將來採納該等新頒／經修訂之香港財務報告準則不會對本集團之業績造成重要影響。

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綜合財務報表附註

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

HKAS 39 and HKFRS 4 (Amendment) “Financial guarantee contracts”

In prior years, financial guarantees issued by the Group were disclosed as contingent liabilities in accordance with HKAS 37, Provisions, contingent liabilities and contingent assets. No provisions were made in respect of these guarantees unless it was more likely than not that the guarantee would be called upon.

With effect from 1 January 2006, HKAS 39 requires recognising financial guarantees issued as financial liabilities and measured initially at fair value, where the fair value can be reliably measured. Subsequently, they are measured at the higher of the amount initially recognised, less accumulated amortisation, and the amount of the provision, if any, that should be recognised in accordance with HKAS 37. The adoption of this new accounting policy had no material effect on how the results and financial positions for the current or prior accounting periods have been prepared and presented.

3. 採納新頒/經修訂香港財務報告準則

香港會計準則第39號及香港財務報告準則第4號(修訂)「財務擔保合約」

於過往年度，本集團發出之財務擔保按照香港會計準則第37號「撥備、或然負債及或然資產」披露為或然負債。除非擔保被催繳之可能性較大，否則不會就該等擔保作出撥備。

自二零零六年一月一日起，香港會計準則第39號要求確認財務擔保，該等擔保乃發行作為金融負債，並於能夠可靠地計算公平值之情況下初步按公平值計算。其後，該等財務擔保乃按照據香港會計準則第37號應確認之初步確認金額減累計攤銷及撥備額(如有)兩者中之較高者計算。採納此新會計政策對本期或過往會計期間業績及財務狀況之編製及呈列方式並無重大影響。

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4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies, which are described in note 2 to the financial statements, management makes various estimates based on past experience, expectations of the future and other information. The key sources affect the amounts recognised in the financial information as disclosed below.

Depreciation

The Group depreciates the property, plant and equipment over their estimated useful lives and after taking into account of their estimated residual values, using the straight line method. The estimated useful life reflects the directors' estimate of the periods that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment. The residual values reflect the directors' estimated amount that the Group would currently obtain from disposal of the assets, after deducting the estimated costs of disposal, if the assets were already of the age and in the condition expected at the end of its useful life.

Estimated impairment of goodwill

Determining whether goodwill is impaired required an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate the present value. Where the actual cash flows are less than expected, a material impairment loss may arise. During the year, the directors determined that goodwill has impaired and such impairment has been recognised in the consolidated income statement.

4. 估計不確定性之主要來源

在應用本集團會計政策之過程(其概要載於財務報表附註2)中,管理層根據過往經驗及於財務報表中確認之對未來之預計作出如下多項估計。

折舊

本集團經計及物業、廠房及設備的估計剩餘價值以直線法於彼等的估計可使用年期内進行折舊計算。估計可使用年期反映董事於該期間內的估計,即本集團計劃將來從本集團的物業、廠房及設備的使用中可獲取的經濟利益。倘資產已到期及處於估計於其可使用年期末的狀況,剩餘價值反映董事估計本集團目前出售該資產後所獲的金額,經扣減估計出售成本。

商譽之估計減值

決定商譽有否減值須估計商譽所分配至之現金產生單位之使用價值。計算使用價值時,本集團須估計預期來自現金產生單位之未來現金流量及計算現值之合適折現率。倘實際未來現金流量少於預期,則可能會產生重大減值虧損。於本年度,董事釐定商譽已減值及該減值已於綜合收益表中確認。

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5. TURNOVER AND REVENUE

Turnover and revenue represent sale of goods at invoiced value to customers net of return and discounts.

5. 營業額及收益

營業額及收益指售出貨品予客戶經扣除退貨及折扣之發票值。

		2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元
Continuing operations	持續經營業務	130,085	165,810
Discontinued operation (Note 11)	已終止經營業務 (附註11)	2,547	13,318
		132,632	179,128

6. OTHER INCOME

6. 其他收入

		2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元
Continuing operations	持續經營業務		
Interest income	利息收入	71	45
Rental income	零售收入	159	8,362
Sundry income	雜項收入	948	447
		1,178	8,854
Discontinued operation (Note 11)	已終止經營業務 (附註 11)	—	646
		1,178	9,500

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7. SEGMENT INFORMATION

Segment information is presented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary reporting format because it is more relevant to the Group's internal financial reporting.

Primary reporting format — business segments

The Group comprises the following main business segments:

Business segments	Nature of business activities
1. Toy products trading and manufacturing	Sourcing, manufacturing and distribution of toys and premium
2. Securities trading and investments	Trading and investing of marketable securities
3. Consumer products trading and manufacturing	Sourcing, manufacturing and distribution of consumer products

Certain comparative figures for segment information have been restated and reclassified to conform with current year's presentation. In the opinion of the Company's directors, such classifications provide a more appropriate presentation of the Group's business segments.

7. 分部資料

分部資料按本集團的業務及地區分部呈列。由於業務分部資料與本集團的內部財務報告較為相關，因此業務分部資料被選為主要呈報形式。

主要呈報形式 — 按業務分部

本集團有下列主要業務分部：

按業務分部	業務活動性質
1. 玩具產品買賣及製造	玩具及贈品之採購、製造及分銷
2. 證券買賣及投資	有市場價值之證券之買賣及投資
3. 消費產品買賣及製造	消費產品之採購、製造及分銷

若干分部資料之比較數字已重新陳述及重新分類以符合本年之報告形式。本公司董事認為此種分類對本集團業務分部之呈報更為適合。

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7. SEGMENT INFORMATION (Continued)

Primary reporting format — business segments
(Continued)

2006

7. 分部資料 (續)

主要呈報形式 — 按業務分部 (續)

二零零六年

		Continuing operations		Discontinued operation		Consolidated
		持續經營業務		已終止經營業務		
		Toy products trading and manufacturing	Securities trading and investments	Total manufacturing	Consumer products trading and manufacturing	
		玩具產品買賣及製造	證券買賣及投資	總計	消費產品買賣及製造	綜合
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
Turnover	營業額					
Revenue from external customers	外部客戶收益	130,085	—	130,085	2,547	132,632
Segment results	分部業績	(27,350)	(18)	(27,368)	(423)	(27,791)
Other income	其他收入			1,178	—	1,178
Unallocated operating income and expenses	未分配經營收入及開支			(9,269)	—	(9,269)
Gain on disposal of subsidiaries	出售附屬公司之收益			—	355	355
Finance costs	財務費用			(930)	—	(930)
Loss before taxation	除稅前虧損			(36,389)	(68)	(36,457)
Taxation	稅項			(76)	—	(76)
Loss for the year	本年度虧損			(36,465)	(68)	(36,533)
Assets	資產					
Segment assets	分部資產	119,556	408	119,964	—	119,964
Unallocated assets	未分配資產			6,689	—	6,689
Total assets	資產總額			126,653	—	126,653
Liabilities	負債					
Segment liabilities	分部負債	53,684	—	53,684	—	53,684
Unallocated liabilities	未分配負債			3,355	—	3,355
Total liabilities	負債總額			57,039	—	57,039
Other information	其他資料					
Capital expenditure	資本開支	4,194	—	4,194	—	4,194
Depreciation	折舊					
Business segment	業務分部	5,112	12	5,124	—	5,124
Unallocated items	未分配項目			212	—	212
Amortisation on prepaid lease payments	預付租賃款項之攤銷	182	—	182	—	182
Significant non-cash expenses (other than depreciation and amortisation)	重大非現金開支 (不包括折舊及攤銷)					
Business segment	業務分部	2,983	—	2,983	26	3,009
Unallocated items	未分配項目			1,136	—	1,136

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

7. SEGMENT INFORMATION (Continued)

Primary reporting format — business segments
(Continued)

2005

7. 分部資料 (續)

主要呈報形式 — 按業務分部 (續)

二零零五年

		Continuing operations 持續經營業務			Discontinued operation 已終止 經營業務	Consolidated 綜合 HK\$'000 港幣千元
		Toy products trading and manufacturing 玩具產品 買賣及製造 HK\$'000 港幣千元	Securities trading and investments 證券買賣 及投資 HK\$'000 港幣千元	Total 總計 HK\$'000 港幣千元	Consumer products trading and manufacturing 消費產品 買賣及製造 HK\$'000 港幣千元	
Turnover	營業額					
Revenue from external customers	外部客戶 收益	157,473	8,337	165,810	13,318	179,128
Segment results	分部業績	13,941	2,785	16,726	(2,625)	14,101
Other income	其他收入			1,396	646	2,042
Unallocated operating income and expenses	未分配經營收入 及開支			(6,589)	—	(6,589)
Gain on disposal of subsidiaries	出售附屬公司 之收益			10	2,583	2,593
Finance costs	財務費用			(85)	(18)	(103)
Profit before taxation	除稅前溢利			11,458	586	12,044
Taxation	稅項			(872)	(1)	(873)
Profit for the year	本年度溢利			10,586	585	11,171
Assets	資產					
Segment assets	分部資產	132,793	67	132,860	3,318	136,178
Unallocated assets	未分配資產			4,104	—	4,104
Total assets	資產總額			136,964	3,318	140,282
Liabilities	負債					
Segment liabilities	分部負債	48,624	—	48,624	3,040	51,664
Unallocated liabilities	未分配負債			1,426	—	1,426
Total liabilities	負債總額			50,050	3,040	53,090
Other information	其他資料					
Capital expenditure	資本開支					
Business segment	業務分部	22,254	—	22,254	36	22,290
Unallocated items	未分配項目			58	—	58
Depreciation	折舊					
Business segment	業務分部	3,633	19	3,652	75	3,727
Unallocated items	未分配項目			202	—	202
Amortisation on prepaid lease payments	預付租賃款項 之攤銷	179	—	179	—	179
Significant non-cash expenses (other than depreciation and amortisation)	重大非現金開支 (不包括折舊 及攤銷)	29	—	29	912	941

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7. SEGMENT INFORMATION (Continued)

Secondary reporting format — geographical segments

The Group's business is managed on a worldwide basis, but participates in the principal economic environments as shown in the table below. Japan and Hong Kong are the major markets for all of the Group's businesses, and the location of the toy products manufacturing is in the People's Republic of China (the "PRC").

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets and capital expenditure are based on the geographical location of the assets.

7. 分部資料 (續)

次要呈報形式 — 按地區分部

本集團之業務遍佈世界各地，但主要位於如下表所示的經濟環境。日本和香港為本集團所有業務的主要市場，而中華人民共和國（「中國」）則為玩具產品的製造地。

在呈報地區分部資料時，分部收入是按客戶的所在地區劃分，而分部資產和資本開支則按資產所在地區劃分。

		Total Revenue	Total assets	Capital expenditure
		收入	資產總額	資本開支
		HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元
2006	二零零六年			
Japan	日本	52,623	5,534	—
Hong Kong	香港	35,531	19,136	5
PRC	中國	32,426	100,722	4,189
Taiwan	台灣	4,915	—	—
Europe	歐洲	4,408	390	—
Singapore	新加坡	1,834	—	—
United States of America	美國	605	283	—
Others	其他	290	588	—
		132,632	126,653	4,194

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7. SEGMENT INFORMATION (Continued)

Secondary reporting format — geographical segments (Continued)

7. 分部資料 (續)

次要呈報形式 — 按地區分部 (續)

		Revenue 收入 HK\$'000 港幣千元	Total assets 資產總額 HK\$'000 港幣千元 (restated) (經重列)	Capital expenditure 資本開支 HK\$'000 港幣千元
2005	二零零五年			
Japan	日本	72,012	5,558	—
Hong Kong	香港	39,758	25,473	131
PRC	中國	40,824	103,977	22,217
Europe	歐洲	17,423	590	—
Singapore	新加坡	1,268	—	—
United States of America	美國	6,839	2,466	—
Others	其他	1,004	2,218	—
		179,128	140,282	22,348

8. DIRECTORS' REMUNERATION

The emoluments paid or payable to every director for the year ended 31 December 2006 is set out below:

8. 董事酬金

截至二零零六年十二月三十一日止年度，已支付或應付每位董事之酬金如下：

		Directors' fees 董事袍金 HK\$'000 港幣千元	Salaries, allowances and benefits in kinds 薪金、津貼及實物福利 HK\$'000 港幣千元	Retirement scheme contribution 退休金計劃供款 HK\$'000 港幣千元	Total 總計 HK\$'000 港幣千元
Executive directors:	執行董事：				
Leung Wai Ho	梁蔚豪	—	650	12	662
Wong Chung Shun	黃仲遜	—	585	12	597
Ha Kee Choy, Eugene	夏其才	200	—	—	200
Non-executive directors:	非執行董事：				
Chui Chi Yun, Robert	崔志仁	120	—	—	120
Lam Kwok Cheong	林國昌	120	—	—	120
Lai Wing Leung, Peter	黎永良	120	—	—	120
		560	1,235	24	1,819

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8. DIRECTORS' REMUNERATION (Continued)

The emoluments paid or payable to every director for the year ended 31 December 2005 is set out below:

8. 董事酬金 (續)

截至二零零五年十二月三十一日止年度，已支付或應付每位董事之酬金如下：

		Salaries, allowances and benefits in kinds 薪金、津貼 及實物福利	Retirement scheme contribution 退休金 計劃供款	Total 總計	
		Directors' fees 董事袍金 HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元
Executive directors:	執行董事：				
Leung Wai Ho	梁蔚豪	—	700	12	712
Wong Chung Shun	黃仲遜	—	635	12	647
Ha Kee Choy, Eugene	夏其才	290	—	—	290
Non-executive directors:	非執行董事：				
Chui Chi Yun, Robert	崔志仁	120	—	—	120
Lam Kwok Cheong	林國昌	120	—	—	120
Lai Wing Leung, Peter	黎永良	120	—	—	120
		650	1,335	24	2,009

No directors have waived emoluments in respect of the years ended 31 December 2006 and 2005.

截至二零零五年及二零零六年十二月三十一止年度並無董事放棄領取酬金。

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9. FIVE HIGHEST PAID INDIVIDUALS

Of the five individuals with the highest emoluments in the Group, two (2005: two) are directors of the Company whose emoluments are included in the disclosures in note 8 above. The emoluments of the remaining three (2005: three) individuals were as follows:

		2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元
Salaries, allowances and benefits in kinds	薪金、津貼及實物福利	1,723	1,805
Retirement scheme contributions	退休金計劃供款	41	24
Share-based payments	股份支付	934	—
		2,698	1,829

The emoluments of the three (2005: three) individuals with the highest emoluments are within the following bands:

		2006 二零零六年 Number of individuals 人數	2005 二零零五年 Number of individuals 人數
Nil — HK\$1,000,000	零 — 港幣1,000,000元	2	3
HK\$1,000,001 — HK\$1,500,000	港幣1,000,001元 — 港幣1,500,000元	1	—
		3	3

9. 五位最高酬金人士

本集團五名最高酬金人士包括兩名(二零零五年: 兩名)本公司董事, 其酬金詳情載於上文附註8。其餘三名(二零零五年: 三名)最高酬金人士之酬金如下:

該三名(二零零五年: 三名)最高酬金人士的酬金分析如下:

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10. TAXATION

Hong Kong Profits Tax has been provided at the rate of 17.5% (2005: 17.5%) on the Group's estimated assessable profits arising from Hong Kong during the year.

The income tax provision in respect of operations in the PRC and overseas is calculated at the applicable tax rates on the estimated assessable profits, if any, for the year based on existing legislation, interpretations and practices in respect thereof.

10. 稅項

香港利得稅撥備乃按本年度本集團於香港之估計應課稅溢利之17.5% (二零零五年：17.5%) 之稅率計率。

中國及海外營運之利得稅撥備乃根據年內之估計應課稅溢利(如有)按各公司法權區適用之稅率及根據現行法例、詮釋及慣例而計算。

		2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元
Continuing operations	持續經營業務		
Current tax	本年度稅項		
Hong Kong	香港	59	661
PRC Enterprise Income Tax	中國企業所得稅	—	216
Under (Over) provision in prior years	過往年度撥備不足(超額撥備)		
Hong Kong	香港	17	(5)
Tax charge from continuing operations	持續經營業務之稅項	76	872
Discontinued operation	已終止經營業務		
Current tax	本年度稅項		
Hong Kong	香港	—	1
Tax charge from discontinued operation	已終止經營業務之稅項	—	1
Total tax charge for the year	年度稅項總額	76	873

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

10. TAXATION (Continued)

Reconciliation of tax expense

10. 稅項 (續)

稅項開支之對賬

		2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元
(Loss) Profit before taxation	除稅前(虧損)溢利		
Continuing operations	持續經營業務	(36,389)	11,458
Discontinued operation (Note 11)	已終止經營業務(附註11)	(68)	586
		(36,457)	12,044
Income tax at applicable tax rate of 17.5% (2005: 17.5%)	利得稅按適合稅率17.5%計算 (二零零五年: 17.5%)	(6,380)	2,108
Non-deductible expenses	不可扣減之開支	902	465
Tax exempt revenue	免稅收入	(353)	(1,204)
Unrecognised tax losses	未確認之稅項虧損	5,240	1,303
Unrecognised temporary differences	未確認之暫時差額	13	—
Effect of tax exemptions granted to PRC subsidiaries	中國附屬公司獲授 稅項豁免之影響	—	(1,161)
Effect of different tax rates of subsidiaries operating in other jurisdictions	於其他司法權區經營 之各附屬公司利率 差異之影響	637	(633)
Under (Over) provision in prior years	過往年度撥備不足(超額撥備)	17	(5)
Tax expense for the year	本年度稅項開支	76	873

The applicable tax rate is Hong Kong profits tax rate of 17.5% (2005: 17.5%).

適合稅率為香港利得稅率17.5%(二零零五年: 17.5%)。

Notes to the Consolidated Financial Statements

綜合財務報表附註

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

11. DISCONTINUED OPERATION

On 22 June 2006, the Group disposed two non-wholly owned subsidiaries, which manufacture and trade electronic components and were a separate business segment of the Group. The disposal transactions have been completed on 22 June 2006, details of the disposal of assets and liabilities are disclosed in note 32 to the financial statements. The results and net cash flows of the discontinued operation for the current year up to the date of disposal and the prior year are summarised as follows:

11. 已終止經營業務

於二零零六年六月二十二日，本集團出售兩間從事製造及買賣電子元件之非全資擁有附屬公司，並為本集團之獨立業務分部。該出售交易已於二零零六年六月二十二日完成，出售之資產及負債之詳情載於本財務報表附註32內。已終止經營業務於本年度至出售日期及去年之業績及淨現金流量摘要如下：

		2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元
(Loss) Profit for the year from discontinued operation	本年度已終止經營業務之(虧損)溢利		
Revenue	收入	2,547	13,318
Other income	其他收入	—	646
Gain on disposal of subsidiaries	出售附屬公司之收益	355	2,583
Expenses	開支	(2,970)	(15,943)
Finance costs	財務費用	—	(18)
(Loss) Profit before taxation	除稅前(虧損)溢利	(68)	586
Taxation	稅項	—	(1)
(Loss) Profit for the year from discontinued operation	本年度已終止經營業務之(虧損)溢利	(68)	585
Cash flows used in discontinued operation	已終止經營業務所動用之現金流量		
Net cash flows used in operating activities	經營活動所動用之現金流量淨額	(114)	(1,016)
Net cash flows used in investing activities	投資活動所動用之現金流量淨額	—	(61)
Net cash flows from financing activities	融資活動所產生之現金流量淨額	—	203
Net cash flows	現金流量淨額	(114)	(874)

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12. (LOSS) PROFIT FOR THE YEAR

This is stated after charging (crediting):

12. 本年度(虧損)溢利

經扣除(計入)下列各項後：

		2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元
(a) Finance costs	(a) 財務費用		
Interest on convertible notes wholly repayable within five years	五年內應悉數償還之可換股票據之利息	—	41
Interest on bank loans and other borrowings wholly repayable within five years	五年內應悉數償還之銀行貸款及其他借貸之利息	543	22
Finance charges on obligations under finance leases	融資租賃債務下之財務費用	387	40
		930	103
Attributable to discontinued operation (Note 11)	已終止經營業務應佔(附註11)	—	(18)
		930	85
(b) Other items	(b) 其他項目		
Staff costs (include directors' emoluments)	員工成本(包括董事酬金)	17,444	19,136
Salaries, wages and other benefits	薪金、工資及其他福利	1,868	—
Share options granted	授出之購股權	2,362	1,053
Contribution to defined contribution plans	定額退休福利供款	2,362	1,053
		21,674	20,189
Cost of inventories	存貨成本	131,923	138,487
Auditors' remuneration	核數師酬金	897	1,090
Depreciation on property, plant and equipment	物業、廠房及設備之折舊	5,336	3,929
Amortisation on prepaid lease payments	預付租賃款項之攤銷	182	179
Provision for obsolete inventories	陳舊存貨之撥備	1,516	—
Provision for impairment losses	減值虧損之撥備		
Goodwill (included in other expenses)	商譽(計入其他開支)	1,136	909
Trade and other receivables (included in administrative expenses)	應收賬款及其他應收款項(計入行政開支)	1,451	20
Net exchange losses	匯兌虧損淨額	152	169
Loss on disposal of property, plant and equipment	出售物業、廠房及設備之虧損	42	12
Operating lease payments for premises	物業經營租賃款項	463	662
Gain on disposal of investments held for trading	出售持作買賣投資之收益	—	(2,863)

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綜合財務報表附註

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

13. NON-CURRENT ASSETS HELD FOR SALE

On 24 November 2006, the directors announced that the Company entered into an agreement with a third party on 23 November 2006 to dispose of all its interest in certain subsidiaries of the Group for an aggregate consideration of HK\$20,000,000. The principal assets held by the subsidiaries are land use rights in respect of parcels of land situated in the PRC. The disposal is expected to be completed in May 2007. The major classes of assets and liabilities of the subsidiaries to be disposed classified as held for sale at the balance sheet date are as follows:

13. 持作出售之非流動資產

於二零零六年十一月二十四日，董事公佈本公司與第三方於二零零六年十一月二十三日訂立一份協定就以港幣20,000,000元之總代價出售其若干附屬公司之全部權益。該等附屬公司所持有之主要資產乃為位於中國之地片之土地使用權。出售事項將於二零零七年五月完成。於結算日，將被出售附屬公司之持作出售之主要資產及負債類別如下：

		Group 本集團
		2006 二零零六年
		HK\$'000 港幣千元
Non-current assets classified as held for sale	列為持作出售之非流動資產	
Goodwill	商譽	396
Property, plant and equipment	物業、廠房及設備	13,060
Prepaid lease payments	預付租賃款項	5,600
Bank balance and cash	銀行結餘及現金	71
		19,127
Liabilities associated with non-current assets classified as held for sale	列為持作出售之非流動資產之關聯負債	
Due to a related company (Note 13(a))	應付關連公司款項 (附註13(a))	(2,093)
		(2,093)
Net assets classified as held for sale	列為持作出售之資產淨值	17,034

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

13. NON-CURRENT ASSETS HELD FOR SALE (Continued)

(a) Due to a related company

The amount due is unsecured, interest-free and repayable on demand. The related company is owned and controlled by Mr. Leung Wai Ho and Mr. Wong Chung Shun, directors and shareholders of the Company.

14. LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The loss attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of loss of HK\$18,165,000 (2005: HK\$4,018,000).

15. (LOSS) EARNINGS PER SHARE

(a) For continuing and discontinued operations

The calculation of the basic and diluted (loss) earnings per share attributable to the equity holders of the Company are based on the following data:

Earnings

		2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元
(Loss) Profit for the year attributable to equity holders of the Company for the purpose of basic (loss) earnings per share	用以計算本公司股權持有人每股基本(虧損)盈利之年度(虧損)溢利	(36,610)	10,056
Effect of dilutive potential ordinary shares:	可攤薄潛在普通股之影響:		
Interest on convertible notes	可換股票據之利息	N/A 不適用	41
Earnings for the purpose of diluted earnings per share	用以計算每股攤薄盈利之盈利	N/A 不適用	10,097

13. 持作出售之非流動資產 (續)

(a) 應付關連公司款項

應付關連公司款項為無抵押、免息及須要求時償還。關連公司是由本公司之董事及股東梁蔚豪先生及黃仲遜先生擁有及控制。

14. 本公司股權持有人應佔虧損

本公司股權持有人應佔虧損包括一筆為數港幣18,165,000元的虧損(二零零五年:港幣4,018,000元),此虧損已計入於本公司的財務報表內。

15. 每股(虧損)盈利

(a) 持續經營業務及已終止經營業務

本公司股權持有人應佔每股基本及攤薄(虧損)盈利乃根據以下數據計算:

盈利

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

15. (LOSS) EARNINGS PER SHARE (Continued)

(a) For continuing and discontinued operations
(Continued)

Number of shares

		2006 二零零六年 Number of shares 股份數目 '000 千股	2005 二零零五年 Number of shares 股份數目 '000 千股 (restated) (經重列)
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	用以計算每股基本(虧損)盈利之普通股加權平均數	654,390	628,074
Effect of dilutive potential ordinary shares:	可攤薄潛在普通股之影響：		
Share options issued by the Company	本公司發行之購股權	N/A 不適用	11,685
Convertible notes	可換股票據	N/A 不適用	3,342
Weighted average number of ordinary shares for the purpose of diluted earnings per share	用以計算每股攤薄盈利之普通股加權平均數	N/A 不適用	643,101

Note:

The number of shares in 2006 and 2005 were adjusted to reflect the share consolidation of every five shares of HK\$0.01 each of the Company into two shares of HK\$0.025 each which became effective on 6 March 2007. Comparative figures have been restated accordingly.

Diluted loss per share for the year ended 31 December 2006 has not been shown because there was no dilutive potential ordinary share in issue at the balance sheet date.

15. 每股(虧損)盈利(續)

(a) 持續經營業務及已終止經營業務(續)

股份數目

		2006 二零零六年 Number of shares 股份數目 '000 千股	2005 二零零五年 Number of shares 股份數目 '000 千股 (restated) (經重列)
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	用以計算每股基本(虧損)盈利之普通股加權平均數	654,390	628,074
Effect of dilutive potential ordinary shares:	可攤薄潛在普通股之影響：		
Share options issued by the Company	本公司發行之購股權	N/A 不適用	11,685
Convertible notes	可換股票據	N/A 不適用	3,342
Weighted average number of ordinary shares for the purpose of diluted earnings per share	用以計算每股攤薄盈利之普通股加權平均數	N/A 不適用	643,101

附註：

二零零六年及二零零五年之股份數目經調整以反映二零零七年三月六日生效之股份合併(每五股每股面值港幣0.01元之本公司股份合併為兩股每股面值港幣0.025元之股份)。比較數字亦已相應重列。

由於於結算日概無任何已發行可攤薄潛在普通股股份，故並無呈列截至二零零六年十二月三十一日止年度每股攤薄虧損。

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綜合財務報表附註

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

15. (LOSS) EARNINGS PER SHARE (Continued)

(b) For continuing operations

The calculation of the basic and diluted (loss) earnings per share from continuing operations attributable to the equity holders of the Company are based on the following data:

Earnings

		2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元
(Loss) Profit for the year attributable to equity holders of the Company	本公司股權持有人應佔年度(虧損)溢利	(36,610)	10,056
Less:	減：		
(Loss) Profit for the year from discontinued operation	已終止經營業務之年度(虧損)溢利	67	(500)
(Loss) Earnings for the purpose of basic (loss) earnings per share from continuing operations	用以計算持續經營業務之每股基本(虧損)盈利之(虧損)盈利	(36,543)	9,556
Effect of dilutive potential ordinary shares: Interest on convertible notes	可攤薄潛在普通股之影響： 可換股票據之利息	N/A 不適用	41
Earnings for the purpose of diluted earnings per share from continuing operations	用以計算持續經營業務之每股攤薄盈利之盈利	N/A 不適用	9,597

The denominators used are the same as those detailed above for both basic and diluted (loss) earnings per share.

15. 每股(虧損)盈利(續)

(b) 持續經營業務

本公司股權持有人應佔持續經營業務之每股基本及攤薄(虧損)盈利乃根據以下數據計算：

盈利

		2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元
(Loss) Profit for the year attributable to equity holders of the Company	本公司股權持有人應佔年度(虧損)溢利	(36,610)	10,056
Less:	減：		
(Loss) Profit for the year from discontinued operation	已終止經營業務之年度(虧損)溢利	67	(500)
(Loss) Earnings for the purpose of basic (loss) earnings per share from continuing operations	用以計算持續經營業務之每股基本(虧損)盈利之(虧損)盈利	(36,543)	9,556
Effect of dilutive potential ordinary shares: Interest on convertible notes	可攤薄潛在普通股之影響： 可換股票據之利息	N/A 不適用	41
Earnings for the purpose of diluted earnings per share from continuing operations	用以計算持續經營業務之每股攤薄盈利之盈利	N/A 不適用	9,597

所用分母與上文詳述之每股基本及攤薄(虧損)盈利相同。

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

15. (LOSS) EARNINGS PER SHARE (Continued)

(c) For discontinued operation

Basic loss per share for the discontinued operation is HK0.01 cent per share (2005: earnings per share of HK0.08 cent per share) and diluted loss per share for the discontinued operation for the year ended 31 December 2006 is not applicable (2005: diluted earnings per share of HK0.08 cent per share), based on the loss for the year from the discontinued operation of HK\$67,000 (2005: profit for the year of HK\$500,000) and the denominators detailed above for both basic and diluted (loss) earnings per share.

15. 每股(虧損)盈利(續)

(c) 已終止經營業務

已終止經營業務之每股基本虧損為每股港幣0.01仙(二零零五年:每股盈利港幣0.08仙),而截至二零零六年十二月三十一日止年度已終止經營業務之每股攤薄虧損並不適用(二零零五年:每股攤薄盈利港幣0.08仙),乃根據已終止經營業務之年度虧損港幣67,000元(二零零五年:年度溢利港幣500,000元)及上文詳述之每股基本及攤薄(虧損)盈利之分母計算。

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

16. PROPERTY, PLANT AND EQUIPMENT

Group

16. 物業、廠房及設備

本集團

		Buildings	Leasehold improvements	Plant and machinery	Furniture, fixtures and equipment	Motor vehicles	Construction in progress	Total
		樓宇	租賃物業裝修	廠房及機器	傢具、裝置及設備	汽車	在建工程	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
COST	成本							
At 1 January 2005	於二零零五年一月一日	31,625	126	12,504	2,116	479	50	46,900
Exchange adjustments	匯兌調整	764	—	263	38	1	1	1,067
Additions	增購	12,207	68	6,418	243	—	3,412	22,348
Transfer	轉讓	53	—	—	—	—	(53)	—
Disposals	出售	—	—	(4)	(38)	—	—	(42)
Eliminated on disposal of subsidiaries	出售附屬公司時抵銷	—	(24)	—	(138)	—	—	(162)
At 31 December 2005	於二零零五年十二月三十一日	44,649	170	19,181	2,221	480	3,410	70,111
Exchange adjustments	匯兌調整	1,563	—	441	60	2	119	2,185
Additions	增購	3,570	—	570	47	7	—	4,194
Transfer	轉讓	3,200	—	295	—	—	(3,495)	—
Disposals	出售	—	(43)	—	(22)	—	—	(65)
Eliminated on disposal of a subsidiary	出售一附屬公司時抵銷	—	(74)	(49)	(75)	—	—	(198)
Reclassified as held for sale	重列為持有作出售	(13,576)	—	—	—	—	—	(13,576)
At 31 December 2006	於二零零六年十二月三十一日	39,406	53	20,438	2,231	489	34	62,651
DEPRECIATION	折舊							
At 1 January 2005	於二零零五年一月一日	150	49	726	199	98	—	1,222
Exchange adjustments	匯兌調整	2	—	—	—	—	—	2
Charged for the year	本年度折舊	777	36	2,586	431	99	—	3,929
Disposals	出售	—	—	(2)	(28)	—	—	(30)
Eliminated on disposal of subsidiaries	出售附屬公司時抵銷	—	—	—	(33)	—	—	(33)
At 31 December 2005	於二零零五年十二月三十一日	929	85	3,310	569	197	—	5,090
Exchange adjustments	匯兌調整	70	—	219	25	1	—	315
Charged for the year	本年度折舊	931	15	3,880	410	100	—	5,336
Disposals	出售	—	(16)	—	(7)	—	—	(23)
Eliminated on disposal of a subsidiary	出售一附屬公司時抵銷	—	(48)	(26)	(28)	—	—	(102)
Reclassified as held for sale	重列為持有作出售	(516)	—	—	—	—	—	(516)
At 31 December 2006	於二零零六年十二月三十一日	1,414	36	7,383	969	298	—	10,100
NET BOOK VALUE	賬面淨值							
At 31 December 2006	於二零零六年十二月三十一日	37,992	17	13,055	1,262	191	34	52,551
At 31 December 2005	於二零零五年十二月三十一日	43,720	85	15,871	1,652	283	3,410	65,021

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16. PROPERTY, PLANT AND EQUIPMENT

(Continued)

Group (Continued)

The net book value of the Group's property, plant and equipment includes an amount of HK\$4,800,000 (2005: HK\$6,000,000) in respect of assets held under finance leases.

Property, plant and equipment with an aggregate net book value at the balance sheet date of HK\$42,792,000 (2005: HK\$Nil) were pledged to secure banking facilities granted to a subsidiary of the Group.

16. 物業、廠房及設備 (續)

本集團 (續)

本集團之物業、廠房及設備賬面淨值包括按融資租賃安排持有之資產港幣4,800,000元(二零零五年：港幣6,000,000元)。

於結算日，總賬面淨值達港幣42,792,000元(二零零五年：無)之物業、廠房及設備已抵押，以獲取授予本集團附屬公司之銀行融資額度。

17. GOODWILL

17. 商譽

		Group 本集團 HK\$'000 港幣千元
COST	成本	
At 1 January 2005	於二零零五年一月一日	8,413
Adjustments to accumulated amortisation on adoption of HKFRS 3	因採納香港財務報告準則第3號而調整 累計攤銷	(696)
Eliminated on disposal of subsidiaries	出售附屬公司時抵銷	(1,075)
At 31 December 2005	於二零零五年十二月三十一日	6,642
Eliminated on disposal of subsidiary	出售附屬公司時抵銷	(909)
Reclassified as held for sale	重列為持作出售	(396)
At 31 December 2006	於二零零六年十二月三十一日	5,337
AMORTISATION	攤銷	
At 1 January 2006	於二零零六年一月一日	696
Adjustments to accumulated amortisation on adoption of HKFRS 3	因採納香港財務報告準則第3號而調整 累計攤銷	(696)
At 31 December 2005 and 2006	於二零零五年十二月三十一日及二零零六年十二月三十一日	—
IMPAIRMENT	減值	
At 1 January 2005	於二零零五年一月一日	—
Provided for the year	本年度撥備	909
At 31 December 2005	於二零零五年十二月三十一日	909
Eliminated on disposal of a subsidiary	出售附屬公司時抵銷	(909)
Provided for the year	本年度撥備	1,136
At 31 December 2006	於二零零六年十二月三十一日	1,136
NET BOOK VALUE	賬面淨值	
At 31 December 2006	於二零零六年十二月三十一日	4,201
At 31 December 2005	於二零零五年十二月三十一日	5,733

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綜合財務報表附註

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

17. GOODWILL (Continued)

Impairment tests for cash-generating units containing goodwill

Goodwill is allocated to the Group's cash-generating units (CGU) identified according to business segment and country of operation. The entire amount of goodwill have been allocated to the toy products trading and manufacturing segment located in Hong Kong:

The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period (2005: ten-year period), and a discount rate of 7.8% per annum (2005: 7.8% per annum). In 2006, cash flows for the five-year period were extrapolated using a 10% growth rate, while in 2005, cash flows for the first five-year and the last five-year period were extrapolated using a 10% and zero growth rate, respectively. Another key assumption for the value in use calculations is the budgeted gross margin, which is determined based on the unit's past performance and management's expectations for the market development. Management believes that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of this CGU.

17. 商譽 (續)

包含商譽之現金產生單位之減值測試

商譽乃分配至業務分部及營運所在國家而確認之現金產生單位。全部之商譽已被分配至位於香港之玩具產品買賣及製造之分部。

現金產生單位之可收回金額按使用價值計算法釐定。為計算使用價值，現金流量預測以經管理層所批准之五年（二零零五年：十年）為期之財政預算及每年7.8%（二零零五年：每年7.8%）之貼現率為基準。在二零零六年，未來五年之現金流量以10%增長率推定，而於二零零五年，首五年及最後五年之現金流量則分別以10%及零增長率推定。使用價值計演算法之其中一項主要假設為預算毛利率，乃按單位過往表現及管理層對市場發展之期望釐定。管理層相信上述可收回金額基於之關鍵假設之合理潛在變動，不會引致現金產生單位之總賬面淨值超過其總可收回金額。

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綜合財務報表附註

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

18. PREPAID LEASE PAYMENTS

Prepaid lease payments represent cost paid for medium-term leasehold land located outside Hong Kong. The cost is amortised over the leasehold period. The amount to be amortised more than twelve months after the balance sheet date amounted to HK\$3,327,000 (2005: HK\$8,698,000). The amount to be amortised within the next twelve months after the balance sheet date of HK\$72,000 (2005: HK\$180,000) is included in current assets.

At the balance sheet date, all the leasehold lands were pledged to secure banking facilities granted to a subsidiary of the Group (2005: HK\$nil).

19. INTEREST IN SUBSIDIARIES

In accordance with HKFRS 2 Share-based payment, share-based payment transactions in which an entity receives services from its employees as consideration for equity instruments of the entity are accounted for as equity-settled transactions (see note 2(r)). The Company recognises the grant of equity instruments to its subsidiaries' employees and eligible participants amounted to HK\$1,868,000 (2005: HK\$nil) as capital contributions to its subsidiaries.

Particulars of the Company's subsidiaries at the balance sheet date, which in the opinion of the directors principally affected the results, assets or liabilities of the Group are set out in note 39 to the financial statements.

18. 預付租賃款項

預付租賃款項乃指就位於香港境外之中期租賃土地之成本。該成本按租賃期限攤銷。結算日後逾十二個月後須攤銷之款項為港幣3,327,000元(二零零五年：港幣8,698,000元)。結算日後十二個月內須攤銷之款項為港幣72,000元(二零零五年：港幣180,000元)乃計入流動資產。

於結算日，所有租賃土地均已抵押，以獲取授予本集團一附屬公司之銀行融資額度(二零零五年：無)。

19. 附屬公司權益

		Company 本公司	
		2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元
Unlisted shares, at cost	未上市股份, 按成本	1	1
Equity share-based payment in subsidiaries	以權益股份支付予附屬公司	1,868	—
		1,869	1
Less: Impairment losses	減：減值虧損	(1,868)	—
		1	1

按照香港財務報告準則第2號「以股份支付」，在以股份支付交易中，如果實體獲僱員提供服務並以該實體股本權益工具作為對價，有關交易應按以股本權益結算(見附註2(r))。本公司已就授予附屬公司僱員之股本權益工具確認資本出資額港幣1,868,000元(二零零五年：無)。

於結算日，本公司附屬公司(董事認為足以左右本集團資產或負債之附屬公司)之詳情載於財務報表附註39。

Notes to the Consolidated Financial Statements

綜合財務報表附註

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

20. INVENTORIES

20. 存貨

		Group 本集團	
		2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元
Raw material	原材料	4,866	4,319
Work in progress	在製品	1,918	2,115
Finished goods	產成品	391	2,333
		7,175	8,767

All inventories, excluding those fully provided for with nil carrying value, are stated at cost.

所有存貨(已作全數撥備而無賬面值者除外)以成本入賬。

21. TRADE AND OTHER RECEIVABLES

21. 應收賬款及其他應收款項

			Group 本集團		Company 本公司	
			2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元	2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元
		Notes 附註				
Trade receivables	應收賬款	21(a)	23,006	35,384	—	—
Other receivables	其他應收款項					
Deposits, prepayments and other receivables	按金、預付款及 其他應收款項		9,642	10,235	224	198
Due from subsidiaries	應收附屬公司 款項	21(b)	—	—	69,380	70,082
			9,642	10,235	69,604	70,280
			32,648	45,619	69,604	70,280

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綜合財務報表附註

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

21. TRADE AND OTHER RECEIVABLES

(Continued)

(a) Trade receivables

The Group allows an average credit period ranging from 30 to 90 days to its trade customers. The ageing analysis of trade receivables (net of impairment losses for bad and doubtful debts) as of the balance sheet date is as follows:

		Group 本集團	
		2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元
0 to 60 days	0至60日	10,851	19,345
61 to 90 days	61至90日	3,803	5,031
Over 90 days	超過90日	8,352	11,008
		23,006	35,384

(b) Due from subsidiaries

The amounts due are unsecured, interest-free and has no fixed term of repayment.

21. 應收賬款及其他應收款項

(續)

(a) 應收賬款

本集團給予其客戶之平均信貸期介乎30至90天。於結算日，應收賬款(扣除呆壞賬減值虧損)之賬齡分析如下：

(b) 應收附屬公司款項

應收款項均是無抵押、免息及無固定還款期。

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

22. TRADE AND OTHER PAYABLES

22. 應付賬款及其它應付款項

		Group 本集團		Company 本公司	
		2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元	2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元
	Notes 附註				
Trade payables	應付賬款	22(a)	20,099	17,617	—
Other payables	其他應付款項				
Accrued charges and other creditors	應計費用及其他 應付賬款		17,606	11,987	950
Due to related companies	應付關連公司 款項	22(b)	4,827	13,420	—
			22,433	25,407	950
			42,532	43,024	950

(a) Trade payables

The ageing analysis of trade payable as at the balance sheet date is as follows:

(a) 應付賬款

於結算日，應付貿易賬款之賬齡分析如下：

		Group 本集團	
		2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元
0 to 60 days	0至60日	5,540	6,566
61 to 90 days	61至90日	836	5,694
Over 90 days	超過90日	13,723	5,357
		20,099	17,617

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綜合財務報表附註

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

22. TRADE AND OTHER PAYABLES (Continued)

(b) Due to related companies

The amounts due are unsecured, interest-free and repayable on demand. The related companies are owned and controlled by Mr. Leung Wai Ho and Mr. Wong Chung Shun, directors and shareholders of the Company.

22. 應付賬款及其它應付款項 (續)

(b) 應付關連公司款項

應付款項為無抵押、免息及須於要求時償還。關連公司由本公司董事及股東梁蔚豪先生及黃仲遜擁有及控制。

23. INTEREST-BEARING BORROWINGS

23. 附息借貸

		Group 本集團	
		2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元
		Notes 附註	
Fixed rate loans wholly repayable within five years	須於五年內悉數償還之定息貸款		
Bank loan, secured	有抵押之銀行貸款	23(a)	8,800
Loan from a third party, unsecured	無抵押之第三方貸款	23(b)	—
			3,062
			8,800
Current portion	流動部分		1,750
Non-current portion	非流動部分		1,312
			8,800
			3,062

Note:

- (a) The bank loan is interest-bearing at 7.254% per annum and repayable within 1 year. The loan is secured by certain leasehold land and buildings held by the Group in PRC (see note 16 and note 18) and personal guarantee by Mr. Leung Wai Ho, a director and shareholder of the Company.
- (b) The loan was unsecured, interest-bearing at 1.8% per annum and had been fully repaid during the year.

附註：

- (a) 銀行貸款按每年7.254%計息並於一年內償還。該貸款乃以集團於中國(見附註16及附註18)所持有之若干租賃土地及本公司董事暨股東梁蔚豪先生之個人擔保作為抵押。
- (b) 該貸款乃無抵押，按每年1.8%計息並於年內已全額償還。

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

24. OBLIGATIONS UNDER FINANCE LEASES

Group

24. 融資租賃債務

本集團

		Minimum lease payments 最低租賃款		Present value of minimum lease payments 最低租賃款之現值	
		2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元	2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元
Amount payable:	應付款項：				
Within one year	一年內	2,043	2,043	1,813	1,656
In the second to fifth years inclusive	第二年至第五年 (包括首尾兩年)	1,873	3,916	1,801	3,614
		3,916	5,959	3,614	5,270
Future finance charges	未來財務開支	(302)	(689)	—	—
Present value of lease obligations	租賃債務之現值	3,614	5,270	3,614	5,270

The average lease term for its plant and equipment under finance leases is 3 years (2005: 3 years). Interest rate underlying all obligations under finance leases is fixed at 8.4% per annum. No arrangements have been entered into for contingent rental payments.

機器及設備融資租賃之平均租賃期為3年(二零零五年：3年)。所有融資租賃債務之利率固定為每年8.4%。租賃並無或然租金付款安排。

25. DEFERRED TAXATION

At the balance sheet date, the Group has unused tax losses of HK\$52,947,000 (2005: HK\$23,472,000) available for offset against future profits. No deferred tax asset has been recognised in respect of such tax losses due to the unpredictability of future profit streams. The tax losses will not expire except for HK\$22,659,000 (2005: HK\$597,000), which will expire if they are not utilised to set off against the income within five years from the year in which they arose under the current tax legislation.

25. 遞延稅項

於結算日，本集團仍有未動用稅項虧損約港幣52,947,000元(二零零五年：港幣23,472,000元)可供抵銷將來溢利，但由於難以估計將來溢利，因此並無確認有關該等稅項虧損之遞延稅項資產。該稅項虧損不會過期，惟除港幣22,659,000元(二零零五年：港幣597,000元)以外。根據現行稅法，此筆款項如未於產生年度起五年內動用以抵銷收入將會過期。

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

26. SHARE CAPITAL

26. 股本

		2006 二零零六年		2005 二零零五年	
		Number of shares 股份數目 '000 千股	Share capital 股本 HK\$'000 港幣千元	Number of Share 股份數目 '000 千股	Share capital 股本 HK\$'000 港幣千元
Authorised:	法定：				
Ordinary shares of HK\$0.01 each	每股面值港幣 0.01元之 普通股	50,000,000	500,000	50,000,000	500,000
Issued and fully paid:	已發行及繳足：				
At beginning of the year	於年初	1,578,540	15,785	1,528,540	15,285
Issue of shares upon conversion of convertible notes (Note a)	轉換可換股票據 時發行股份 (附註 a)	—	—	50,000	500
Issue of shares upon placement of shares (Note b)	配售股份時發行 股份(附註 b)	300,000	3,000	—	—
Issue of shares upon exercise of share options (Note c)	行使購股權時發 行股份(附註c)	75,142	751	—	—
At balance sheet date	於結算日	1,953,682	19,536	1,578,540	15,785

Notes:

(a) On 30 September 2004, the Company issued unsecured convertible notes with an aggregate principal amount of HK\$2,500,000. The convertible notes bear interest at a rate of 3% per annum. The convertible notes can be converted into ordinary shares in the Company at a conversion price of HK\$0.05 per share, subject to adjustment, at the option of noteholders, on any business day after 30 days following the date of issue of the convertible notes and the maturity date is 29 March 2006.

On 3 March 2005, all convertible noteholders exercised their rights to convert the notes into 50,000,000 ordinary shares of the Company at a conversion price of HK\$0.05 per share.

附註：

(a) 於二零零四年九月三十日，本公司發行總本金額為港幣2,500,000元之無抵押可換股票據。可換股票據乃按每年3%之利率計息。票據持有人可選擇將可換股票據於其發行日期後起三十日後任何營業日任何交易日按每股港幣0.05元之轉換價轉換成本公司普通股，到期日為二零零六年三月二十九日。

於二零零五年三月三日，所有可換股票據持有人行使彼等之權利，按轉換價每股港幣0.05元將該票據轉換為50,000,000股本公司普通股。

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

26. SHARE CAPITAL (Continued)

Notes: (Continued)

- (b) Pursuant to a placing and subscription agreement dated 11 October 2006 made between the Company, Charm Management Limited ("Charm"), a substantial shareholder of the Company, and the placing agent, the placing agent agreed to place 300,000,000 ordinary shares in the Company held by Charm at a placing price of HK\$0.04 per share. Also, the Company agreed to allot and issue 300,000,000 ordinary shares in the Company to Charm at a subscription price of HK\$0.04 per share.

On 25 October 2006, 300,000,000 ordinary shares of HK\$0.01 each were issued and allotted to Charm at a consideration of HK\$0.04 per share. The net proceeds were used for additional working capital.

- (c) During the year ended 31 December 2006, options were exercised for 75,141,600 ordinary shares at the exercise price of HK\$0.049 per share under the share option schemes.

All the shares issued during both years rank pari passu with the existing shares of the Company in all respects.

26. 股本 (續)

附註：(續)

- (b) 根據本公司、本公司主要股東 Charm Management Limited (「Charm」) 及配售代理於二零零六年十月十一日簽署的配售及認購協議，配售代理同意配售由 Charm 持有之 300,000,000 股本公司普通股，配售價為每股港幣 0.04 元。另，本公司同意以每股港幣 0.04 元之認購價配發及發行 300,000,000 股本公司普通股予 Charm。

於二零零六年十月二十五日，Charm 獲發行及配發 300,000,000 股每股面值港幣 0.01 元之普通股，每股代價港幣 0.04 元。所得款項淨額已用作額外營運資金。

- (c) 截至二零零六年十二月三十一日止年度，根據購股權計劃，購股權乃就 75,141,600 股普通股按每股港幣 0.049 元之行使價行使。

兩個年度內所有此類已發行股份在各方面與本公司現有股份享有同等權益。

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

27. RESERVES

Company

27. 儲備

本公司

		Share premium	Contributed surplus	Convertible notes equity reserve	Share options reserve	Accumulated losses	Total
		股份溢價	實繳盈餘	可換股票 據權益儲備	購股權儲備	累計虧損	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
At 1 January 2005	於二零零五年 一月一日	33,124	49,948	262	—	(27,538)	55,796
Issue of shares upon conversion of convertible notes	因可換股票據換股而 發行股份	2,069	—	(262)	—	—	1,807
Loss for the year	本年度虧損	—	—	—	—	(4,018)	(4,018)
At 31 December 2005	於二零零五年 十二月三十一日	35,193	49,948	—	—	(31,556)	53,585
At 1 January 2006	於二零零六年 一月一日	35,193	49,948	—	—	(31,556)	53,585
Issue of shares upon placement of shares	因配售股份而發行之 股份	9,000	—	—	—	—	9,000
Equity settled share-based payment transactions	以權益股份支付交易	—	—	—	1,868	—	1,868
Issue of shares upon exercise of share options	因購股權行使而 發行股份	4,799	—	—	(1,868)	—	2,931
Share issue expense	股份發行費用	(144)	—	—	—	—	(144)
Loss for the year	本年度虧損	—	—	—	—	(18,165)	(18,165)
At 31 December 2006	於二零零六年 十二月三十一日	48,848	49,948	—	—	(49,721)	49,075

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28. CASH USED IN OPERATIONS

28. 經營業務所動用之現金

		Group 本集團	
		2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元
(Loss) Profit before taxation	除稅前(虧損)溢利	(36,457)	12,044
Depreciation of property, plant and equipment	物業、廠房及設備 之折舊	5,336	3,929
Impairment loss recognised in respect of trade and other receivables	就應收賬款及其他 應收款項確認之 減值虧損	1,451	20
Impairment loss on goodwill	商譽之減值虧損	1,136	909
Provision for obsolete inventories	陳舊存貨撥備	1,516	—
Equity settled share-based transactions	以權益股份 支付之交易	1,868	—
Loss on disposal of property, plant and equipment	出售物業、廠房及設備 之虧損	42	12
Gain on disposal of investments held for trading	出售持作買賣投資之 收益	—	(2,863)
Gain on disposal of subsidiaries	出售附屬公司之收入	(355)	(2,593)
Amortisation of prepaid lease payments	預付租賃款項之攤銷	182	179
Net exchange (gain) loss	匯兌(收益)虧損淨值	(398)	169
Finance costs	財務費用	930	103
Interest income	利息收入	(71)	(45)
Changes in working capital:	營運資金變動：		
Inventories	存貨	16	(6,521)
Trade and other receivables	應收賬款及 其他應收款項	9,666	(9,078)
Trade and other payables	應付賬款及 其他應付款項	4,047	1,026
Cash used in operations	經營業務所動用之現金	(11,091)	(2,709)

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29. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 December 2006, the Group has no major non-cash transaction. In 2005, the major non-cash transactions were as follows:

- (a) The Group entered into a finance lease arrangement in respect of property, plant and equipment with a total capital value at the inception of lease of HK\$6,000,000.
- (b) Deposits paid for acquisition of property, plant and equipment of HK\$4,330,000 was transferred to set-off the construction cost payable due to the same contractor.

30. SHARE OPTIONS

Pursuant to the resolution passed at a special general meeting held on 17 September 2004, the Company adopted a new share option scheme (the "Scheme"). The Company operates the Scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The eligible participants of the Scheme include the Company's or its subsidiaries' executive directors, non-executive directors and employees, and any business consultants, agents, financial or legal advisers and any other persons who the Board consider, at its sole discretion, will contribute or have contributed to the Group.

The grant of share options should be accepted within 30 days from the date of the grant, at a consideration of HK\$1, being payable by the grantee upon the acceptance of grant. The options may be exercised at any time within the period commencing from the date of grant of the options and expiring on the date determined by the directors, but in any event such exercise period shall not exceed a period of ten years commencing on the date the relevant option is deemed to be granted.

29. 不涉及現金之重大交易

截至二零零六年十二月三十一日止年度，本集團沒有不涉及現金之重大交易。於二零零五年，不涉及現金之重大交易如下：

- (a) 本集團就物業、廠房及設備訂立融資租約安排，租約生效時之資本總值為港幣6,000,000元。
- (b) 收購物業、廠房及設備之已支付按金港幣4,330,000元已轉撥作抵銷應付同一承建商之應付建築成本。

30. 購股權

根據於二零零四年九月十七日舉行之股東特別大會上通過之決議案，本公司採納一項新購股權計劃（「購股權計劃」）。本公司設立該計劃，以激勵並獎勵對集團成功經營有貢獻之合資格參與者。該計劃之合資格參與者包括本公司或其附屬公司之執行董事、非執行董事及僱員，及任何事務顧問、代理人、財務或法定顧問及任何董事會全權酌情下對本集團將有貢獻或有貢獻之其他人士。

授出之購股權應自授出日起30天內接納，代價為港幣1元，由承授人於接納時支付。購股權可自授出購股權之日起至董事釐定之止期間內隨時行使，惟該行使期間在任何情況下不得超逾被視為獲授相關購股權日起計十年。

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30. SHARE OPTIONS (Continued)

The exercise price of the share options was determinable by the directors, but was not able to be less than the higher of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotation sheet for the five business days immediately preceding the date of grant and (iii) the nominal value of the Company's share.

Pursuant to the Scheme, the maximum number of shares in the Company in respect of which options may be granted when aggregated with any other share option scheme of the Company is not permitted to exceed 127,854,000 shares, representing 10% of the issued share capital of the Company as at the date of adoption of the Scheme. Subject to the issue of a circular and the approval of the shareholders of the Company in general meeting and/or such other requirements prescribed under the Listing Rules from time to time, the Board may refresh the limit at any time to 10% of the total number of shares in issue as at the date of approval by the shareholders of the Company in general meeting. Notwithstanding the foregoing, the shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option schemes of the Company at any time shall not exceed 30% of the shares in issue from time to time.

No option may be granted to any person if the total number of shares of the Company already issued and issuable to him under all the options granted to him in any 12 month period up to and including the date of grant exceeding 1% of total number of shares in issue as at the date of grant. Any further grant of options in excess of this 1% limit shall be subject to the issue of a circular by the Company and the approval of the shareholders in general meeting. Such participant and his associates (as defined in the Listing Rules) abstaining from voting and/or other requirements prescribed under the Listing Rules from time to time. Options granted to substantial shareholders or independent non-executive directors in excess of 0.1% of the Company's share capital or with a value in excess of HK\$5 million must be approved in advance by the Company's shareholders.

30. 購股權 (續)

購股權之行使價由董事釐定，惟不得低於以下之較高者：(i)授出日期(須為營業日)聯交所每日報價表呈列之股份收市價；(ii)授出日期對上五個營業日如聯交所每日報價表呈列之股份平均收市價；及(iii)本公司股份之面值。

根據該計劃可能授出之購股權連同本公司任何其他購股權計劃可能授出者所涉及本公司股份最高數目不得超過127,854,000股，佔本公司於該計劃採納日期已發行股本10%。受刊發通函及本公司股東於股東大會批准及上市規則不時指定之其他規定所限，董事會可隨時更新有關限額至本公司股東於股東大會批准日期之已發行股份總數10%。不論上文所述者，根據該計劃及本公司任何其他購股權計劃已授出但有待行使之所有尚未行使購股權獲行使時可予發行之股份，於任何時間不得超過不時已發行股份30%。

倘於截至授出日期止任何12個月期間，根據授予任何人士之所有購股權已經及可予發行之本公司股份總數超過於授出日期已發行股份總數1%，則不得向有關人士授出購股權。進一步授出超過該1%限額之購股權須待本公司刊發通函及股東於股東大會批准(有關參與人士及其聯繫人士(定義見上市規則)須放棄投票)及/或受上市規則不時指定之其他規定所限。倘授予主要股東或獨立非執行董事之購股權超過本公司股本之0.1%及價值超過港幣5,000,000元，則必須獲本公司股東事先批准。

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30. SHARE OPTIONS (Continued)

(a) Movements in share options

The following table discloses movements of the Company's share options during the year.

30. 購股權 (續)

(a) 購股權之變動

下表披露本年度內本公司購股權之變動。

	Date of grant 授出日期	Exercise period 行使期間	Exercise price 行使價 HK\$ 港幣	Number of share options 購股權數目				
				Outstanding at 1.1.2006 於二零零六年一月一日 尚未行使	Granted during the year 年內授出	Exercised during the year 年內 已行使	Lapsed during the year 年內失效	Outstanding at 31.12.2006 於二零零六年十二月三十一日 尚未行使
Directors 董事	1 December 2004 二零零四年十二月一日	31 December 2004 to 30 December 2006 二零零四年十二月三十一日至 二零零六年十二月三十日	0.0676	7,671,240	—	—	(7,671,240)	—
Employees 僱員	1 December 2004 二零零四年十二月一日	31 December 2004 to 30 December 2006 二零零四年十二月三十一日至 二零零六年十二月三十日	0.0676	51,141,600	—	—	(51,141,600)	—
	16 November 2006 二零零六年十一月十六日	16 November 2006 to 15 November 2008 二零零六年十一月十六日至 二零零八年十一月十五日	0.0490	—	37,570,800	(37,570,800)	—	—
Others 其他	1 December 2004 二零零四年十二月一日	31 December 2004 to 30 December 2006 二零零四年十二月三十一日至 二零零六年十二月三十日	0.0676	43,470,360	—	—	(43,470,360)	—
	16 November 2006 二零零六年十一月十六日	16 November 2006 to 15 November 2008 二零零六年十一月十六日 至 二零零八年十一月十五日	0.0490	—	37,570,800	(37,570,800)	—	—
				102,283,200	75,141,600	(75,141,600)	(102,283,200)	—
Weight average exercise prices (HK\$) 加權平均行使價(港幣)			0.0676		0.0490	0.0490	0.0676	N/A 不適用

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30. SHARE OPTIONS (Continued)

(a) Movements in share options (Continued)

The following table discloses movements of the Company's share options during the prior year.

	Date of grant	Exercise period	Exercise price	Outstanding at 1.1.2005	Number of share options			Outstanding at 31.12.2005
					Granted during the year	Exercised during the year	Lapsed during the year	
	授出日期	行使期間	行使價 HK\$ 港幣	於二零零五年一月一日 尚未行使	年內授出	年內 已行使	年內失效	於二零零五年十二月三十一日 尚未行使
Directors 董事	1 December 2004 二零零四年十二月一日	31 December 2004 to 30 December 2006 二零零四年十二月三十一日至 二零零六年十二月三十日	0.0676	7,671,240	—	—	—	7,671,240
Employees 僱員	1 December 2004 二零零四年十二月一日	31 December 2004 to 30 December 2006 二零零四年十二月三十一日至 二零零六年十二月三十日	0.0676	63,927,000	—	—	(12,785,400)	51,141,600
Others 其他	1 December 2004 二零零四年十二月一日	31 December 2004 to 30 December 2006 二零零四年十二月三十一日至 二零零六年十二月三十日	0.0676	43,470,360	—	—	—	43,470,360
				115,068,600	—	—	(12,785,400)	102,283,200
Weight average exercise prices (HK\$) 加權平均行使價 (港幣)			0.0676		—	—	0.0676	0.0676

At the balance sheet date, the weighted average remaining contractual life of the Company's share options was nil year (2005: 1 year).

30. 購股權 (續)

(a) 購股權之變動 (續)

下表披露去年本公司購股權之變動。

於結算日，本公司並無購股權之加權平均尚餘契約期(二零零五年：一年)。

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30. SHARE OPTIONS (Continued)

(b) Share options exercised during the year

During the year, all share options granted in the year ended 31 December 2006 were exercised at the exercise price of HK\$0.049 per share. The weighted average closing price of the shares of the Company at the date of exercise was HK\$0.048 per share.

(c) Fair value of share options granted during the year and assumptions

The fair value of the share options granted during the year is HK\$0.0249 (2005: HK\$nil). The estimate of the fair value of the share options granted is measured based on Black-Scholes pricing model. The inputs into the model were as follows:

Closing price of the shares at the date of grant	HK\$0.052
Exercise price	HK\$0.049
Expected volatility	78.75%
Risk-free interest rate	6.75%
Option life	2 years
Expected dividend yield	0.00%

The expected volatility was determined by using the historical volatility of the share price of the Company over the previous one year.

The Black-Scholes pricing model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

30. 購股權 (續)

(b) 於本年內已行使之購股權

本年內所有新授出的購股權乃按行使價每股港幣0.049元行使，本公司股份於行使日之加權平均收市價為每股港幣0.048元。

(c) 年內授出購股權之公平值及假設

本年內授出之購股權之公平值為港幣0.0249元(二零零五年：無)。所授出之購股權的估計公平值乃採用柏力克－舒爾斯定價模式計算，而該模式之輸入數據如下：

授出日期股份之收市價	港幣0.052元
行使價	港幣0.049元
預期波幅	78.75%
無風險利率	6.75%
購股權年限	2年
預期股息率	0.00%

預期波幅乃以本公司股價於前一年之歷史波幅而釐定。

已用柏力克－舒爾斯定價模式估計購股權之公平值。計算購股權之公平值採用的變數及假設乃基於董事之最佳估計。購股權的價值亦因若干主觀假設之不同變數而異。

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31. RETIREMENT BENEFIT SCHEME

The Group operates a Mandatory Provident Fund Scheme ("MPF Scheme") for all qualifying employees in Hong Kong. The assets of the schemes are held separately from those of the Group in funds under the control of trustees. The Group contributes 5% of relevant payroll costs to the MPF Scheme, this contribution is matched by employees.

The employees of the Group's subsidiaries in the PRC are members of a state-managed retirement benefit plan operated by the government of the PRC. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

During the year, the total amount contributed by the Group to the relevant retirement benefit schemes are as follows:

31. 退休福利計劃

本集團為全體香港合資格僱員設有強制性公積金計劃(「強積金計劃」)。該計劃資產與本集團資產分開持有，存放於信託人控制之基金。本集團按有關薪酬成本之5%向強積金計劃作出供款，僱員亦作出相同供款。

本集團於中國附屬公司之僱員參加中國政府設立之國家管理退休福利計劃。該等附屬公司須按工資總額之指定百分比向退休福利計劃作出供款，為該等福利提供資金。本集團就退休福利計劃之唯一承擔為作出指定之供款。

於本年度，本集團就有關退休福利計劃的供款總額如下：

		2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元
MPF Scheme	強積金計劃	210	326
State-management retirement benefit schemes	國家管理之退休 福利金計劃	2,152	727
		2,362	1,053

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32. DISPOSAL OF SUBSIDIARIES

2005

On 19 November 2005, the Group disposed of its entire interest in a 50.01% owned subsidiary, Unique Force Limited. The disposal was completed on 19 November 2005. On 28 December 2005, the Group also entered into an agreement to dispose of its entire interest in a 70% owned subsidiary, Maple Force Limited. The disposal was completed on 30 December 2005.

2006

On 22 June 2006, the Group disposed of its entire interest in two 51% owned subsidiaries, Thunder Force Limited (“Thunder Force”) and Thunder Tech Electronic Co., Limited (“Thunder Tech”). Thunder Force was engaged in trading and manufacturing of electronic components while Thunder Tech was inactive. The Group discontinued its consumer products business at the time of disposal of these subsidiaries on 22 June 2006.

32. 出售附屬公司

二零零五年

於二零零五年十一月十九日，本集團悉數出售其於附屬公司唯一科時有限公司之50.01%權益，該項出售於二零零五年十一月十九日完成。於二零零五年十二月二十八日，本集團亦訂約出售其持有70%權益之附屬公司Maple Force Limited的全部權益，該項出售於二零零五年十二月三十日完成。

二零零六年

於二零零六年六月二十二日，本集團出售兩間其擁有51%權益之附屬公司——迅雷科時有限公司（「迅雷科時」）及迅雷科技有限公司（「迅雷科技」）。迅雷科時乃從事買賣及製造電子元件，而迅雷科技則暫無營業。本集團於出售該等附屬公司時，亦同時終止經營其消費產品業務（即於二零零六年六月二十二日）。

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32. DISPOSAL OF SUBSIDIARIES (Continued)

32. 出售附屬公司 (續)

		Group 本集團	
		2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元
Net (liabilities) assets disposed of by the Group:	本集團所出售之(負債)資產淨值：		
Property, plant and equipment	物業、廠房及設備	96	129
Inventories	存貨	60	475
Trade and other receivables	應收賬款及其他應收款項	1,854	4,529
Bank balances and cash	銀行結餘及現金	292	800
Bank overdrafts	銀行透支	—	(558)
Trade and other payables	應付賬款及其他應付款項	(2,446)	(2,387)
		(144)	2,988
Minority interests	少數股東權益	(161)	(1,961)
		(305)	1,027
Attributable goodwill	應佔商譽	—	1,075
		(305)	2,102
Gain on disposal	出售時收益		
Continuing operations	持續經營業務	—	10
Discontinued operation (Note 11)	已終止經營業務(附註11)	355	2,583
		355	2,593
Total consideration satisfied by cash	以現金支付之總代價	50	4,695

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32. DISPOSAL OF SUBSIDIARIES (Continued)

32. 出售附屬公司 (續)

		Group 本集團	
		2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元
Net cash (outflow) inflow arising on disposal:	出售時產生之現金 (流出) 流入淨額：		
Cash consideration	現金代價	50	4,695
Bank balances and cash disposed of	所出售之銀行結餘及現金	(292)	(800)
Bank overdrafts disposed of	所出售之銀行透支	—	558
		(242)	4,453

The impact of Thunder Force and Thunder Tech on the Group's result and cash flows in the current and prior periods is disclosed in note 11 to the financial statements.

迅雷科時及迅雷科技對本集團本期間及過往期間業績及現金流量之影響已於財務報表附註11披露。

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綜合財務報表附註

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33. RELATED PARTY TRANSACTIONS

In addition to the transactions/information disclosed elsewhere in these financial statements, during the year, the Group had the following transactions with related parties.

33. 與關連人士交易

除於本財務報表其他部份披露之交易／資料外，於本年度內，本集團與有關連人士曾進行下列交易：

Related party relationship 與有關連人士關係	Nature of transactions 交易性質	2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元
Key management personnel, including directors (note) 主要管理人員 包括董事(附註)	Compensation 酬金		
	Short-term benefits 短期福利	3,021	3,430
	Post employment benefits 離職後福利	48	48
		3,069	3,478
Companies under common control by executive directors and shareholders of the Company 本公司執行董事及股東共同 控制之公司	Administrative expenses paid: 已支付的行政開支：		
	— staff welfare 僱員福利	157	—
	— transportation 運輸	39	10
	— security 保安	403	—
	— office supplies 辦公室物資	—	34
		599	44
	Sales of goods 銷售貨物	84	976
	Purchase of goods 購買貨物	—	36
	Transfer of land use right 轉讓土地使用權	—	7,500

Note:

The remuneration of directors and key executives is determined by the board of directors having regard to the performance of individuals and market trends.

附註：

董事及主要執行人員之酬金乃由董事會視乎個人表現及市場趨勢而釐定。

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34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include trade and other receivables, trade and other payables, interest-bearing borrowings, convertible notes and obligation under finance leases. Details of these financial instruments are disclosed in respective notes and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Currency risk

Certain trade and other receivables and trade and other payables of the Group are denominated in foreign currencies. The Group currently does not have a foreign currency hedging policy. However, management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

Fair value interest rate risk

Interest rate risk arises from the potential changes in interest rates that may have an adverse effect on the Group in the current and future years.

The Group is exposed to fair value interest rate risk through the impact of interest rates changes on interest bearing debts and interest bearing cash. The Group does not enter into any derivative instruments to hedge this risk.

Credit risk

Credit risk refers to the risk that debtors will default on their obligations to repay the amounts owing to the Group, resulting in a loss to the Group. The Group has adopted procedures extending credit terms to customers and in monitoring its credit risk.

34. 金融風險管理目標及政策

本集團之主要金融工具包括應收賬款及其他應收款項、應付賬款及其他應付款項、付息借貸、可換股票據及融資租賃債務。有關此等金融工具的詳細內容及如何減低有關風險之政策載述如下。管理層負責管理及監察此等風險，以確保能適時及有效地採取適當措施。

貨幣風險

若干本集團之應收賬款及其他應收款項、及應付賬款及其他應付款項以外幣計值。本集團現時並無外幣對沖政策，然而，管理層會監察外匯風險，並於有需要時考慮對沖重大外幣風險。

公平值利率風險

利率風險來自利率之潛在變動可能性，此風險可能會對本年度及來年本集團之業績帶來不利影響。

本集團因帶息債項及帶息現金之利率變動而面對公平值利率風險。本集團並未訂立衍生金融工具對沖此風險。

信貸風險

信貸風險指本集團的債務人不履行償還其欠本集團款項的責任而令本集團蒙受損失的風險。本集團已採用程序加緊客戶之信貸條款及監管其信貸風險。

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34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk (Continued)

The Group's current credit practices include assessment and valuation of customer's credit reliability and periodic review of their financial status to determine the credit limits to be granted.

The maximum exposure to credit risk in the event that the counterparties fail to perform their obligations as at the end of the financial year in relation to each to each class of recognised financial assets is the carrying amount of those assets as stated in the balance sheet.

As at the balance sheet, the Group has no significant concentration of credit risk, with exposure spread over a number of customers and counterparts.

35. COMMITMENTS

(a) Capital expenditure commitments

At the balance sheet date, the Group had no commitment (2005: HK\$1,651,000) in respect of expenditure on property, plant and equipment contracted but not provided for in the financial statements.

(b) Commitments under operating leases

The Group as lessee

Operating lease payments represent rentals payable by the Group for certain of its warehouses and office premises. Leases are negotiated for an average term of two years (2005: two years) and rentals are fixed during the lease period.

34. 金融風險管理目標及政策 (續)

信貸風險 (續)

本集團現時的信貸做法包括評估客戶的信貸可靠度及定期檢討其財務狀況，以釐定可給予之信貸限額。

倘對方於本財政年度完結時未能履行其有關各類已確認金融資產之義務，則本集團要承受之最大信貸風險為資產負債表所列該等資產之賬面值。

於結算日，本集團之信貸風險源自多個客戶及交易對手，故並無明顯之信貸集中風險。

35. 承擔

(a) 資本開支承擔

於結算日，本集團概無已訂約但尚未計入財務報表中之物業、廠房及設備開支之承擔（二零零五年：港幣1,651,000元）。

(b) 經營租賃承擔

本集團作為承租人

經營租賃款項乃指本集團應付若干倉庫及辦公室物業之租金。租約之協定平均租期為兩年（二零零五年：兩年），租金於租賃期內之租金已固定。

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35. COMMITMENTS (Continued)

(b) Commitments under operating leases (Continued)

The Group as lessee (Continued)

At the balance sheet date, the Group had total future minimum lease payments under non-cancellable operating leases, which are payable as follows:

		2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元
Within one year	一年內	300	483
In the second to fifth year inclusive	第二年至第五年 (包括首尾兩年)	157	117
		457	600

The Group as lessor

The Group leases out part of its properties under operating leases with average lease terms of 2 to 3 years. The future aggregate minimum rental receivables under non-cancellable operating leases are as follows:

		2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元
Within one year	一年內	47	793
In the second to fifth year inclusive	第二年至第五年 (包括首尾兩年)	43	793
		90	1,586

35. 承擔 (續)

(b) 經營租賃承擔 (續)

本集團作為承租人 (續)

於結算日，本集團根據不可撤銷經營租約於下列期間之未來最少應付租金總額如下：

本集團作為出租人

本集團根據經營租賃租出之部分物業平均租賃期為2至3年。根據不可撤銷經營租約之未來最低應收租金總額如下：

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36. CONTINGENT LIABILITIES

Group

On 8 October 2004, Mr. Kwok Chin Wing ("Kwok"), a former director of the Company, commenced legal proceedings ("the Action") against the Company in respect of the loans due from two former subsidiaries of the Company, namely, Rockapetta Industrial Company Limited and Grand Extend Investment Limited, for a sum of approximately HK\$44.5 million and accrued interest thereof.

The Action is still pending in the High Court of Hong Kong SAR. The Company had already completed discovery of all documentary evidence and exchange of witness statements as to the fact pursuant to the directions of the Court and also obtained Counsel's advice on the pleadings, evidence and merit of defence in the Action. The Company was ready to proceed with the trial of the Action since early 2006.

However, Kwok took out applications in the Action in July 2006 for substantial amendments to his Re-Re-Amended Statement of Claim ("the Amendment Application") and joinder of party to the Action ("the Joinder Application"). The Amendment Application and the Joinder Application had substantially delayed the setting of the Action for trial.

The Amendment Application and the Joinder Application were granted by the Court on 19 April 2007 and the parties are now working on the proper directions to be sought for the further conduct of the Action. Notwithstanding the substantial amendments made to the Re-Re-Amended Statement of Claim and the joining of a new party to the Action, the Solicitors and Counsel acting for the Company still hold good for their advice previously delivered to the Company. With the benefit of the advice of the Solicitors and Counsel acting for the Company, the directors of the Company formed the opinion that Kwok does not have a valid claim against the Company and therefore it is unlikely to have any material adverse financial impact on the Group.

36. 或然負債

本集團

於二零零四年十月八日，本公司前董事郭展榮先生（「郭氏」）就本公司兩家前附屬公司（樂家實業有限公司及展昌投資有限公司）所欠貸款約港幣44,500,000元連應計利息向本公司開展法律訴訟（「訴訟」）。

該訴訟仍待香港特區高等法院裁決。本公司已根據法院指示，完成一切文件證據之透露及交換有關事實之證人陳述書，亦已就該訴訟之狀書、證據及答辯尋求法律顧問意見。本公司自二零零六年初起已準備進行該訴訟之審訊。

然而，郭氏於二零零六年七月提出訴訟申請，要求重大修改其二度修訂之申索陳述書（「修改申請」）及要求訴訟加入與訟方（「合併申請」）。修改申請及合併申請使訴訟之審訊大為延遲。

法院已於二零零七年四月十九日批准修改申請及合併申請，故與訟各方正就訴訟之進一步程序尋求適當指示。儘管二度修訂之申索陳述書有重大修改及有新與訟方加入，代表本公司之律師及大律師仍堅守彼等先前給予本公司之意見。在尋求代表本公司之律師及大律師之意見後，本公司董事認為，郭氏並無有效理據向本公司申索，故訴訟不應對本集團造成重大不利財務影響。

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36. CONTINGENT LIABILITIES (Continued)

Company

At 31 December 2006, the Company had executed an unconditional and irrevocable guarantee to secure banking facilities in respect of a finance lease granted to a subsidiary. The aggregate outstanding balances due by the subsidiary amounted to HK\$3,614,000 as at 31 December 2006 (2005: HK\$5,270,000).

37. POST BALANCE SHEET EVENTS

- (a) On 23 November 2006, the Company entered into an agreement with Sky Hawk International Limited, a third part, to dispose its entire interest in Good Prosper Trading Limited (“GPTL”), a wholly owned subsidiary, and the amounts owed by GPTL to the Company and its subsidiaries that are outstanding at completion of the agreement at a consideration of HK\$20 million. The disposal is expected to be completed in May 2007.
- (b) On 24 January 2007, the Board proposed to effect the share consolidation (“Share Consolidated”) on the basis that every five issued and unissued shares of HK\$0.01 each will be consolidated into two consolidated shares of HK\$0.025 each (“Consolidated Share”). The Share Consolidation was approved by the shareholders of the Company in the special general meeting held on 5 March 2007 (“SGM”) and the Share Consolidation was effective from 6 March 2007. Details of the Share Consolidation are set out in the circular issued by the Company dated 14 February 2007.

36. 或然負債 (續)

本公司

於二零零六年十二月三十一日，本公司簽立一項無條件及不可撤回擔保，作為授予一附屬公司融資租賃之銀行信貸額度之抵押。該附屬公司於二零零六年十二月三十一日欠付之總餘額達港幣3,614,000元（二零零五年：港幣5,270,000元）。

37. 結算日後事項

- (a) 於二零零六年十一月二十三日，本公司與第三方Sky Hawk International Limited訂立協議，以出售全資附屬公司Good Prosper Trading Limited (「GPTL」)全部權益及於協議完成時GPTL結欠本公司及其附屬公司尚未償還之款額，代價為港幣20,000,000元。該出售預期於二零零七年五月完成。
- (b) 於二零零七年一月二十四日，董事會建議進行股份合併，基準為每五股已發行及未發行每股面值港幣0.01元股份合併為兩個每股面值港幣0.025元之經合併股份(「經合併股份」)。股份合併已於二零零七年三月五日舉行之股東特別大會(「股東特別大會」)上獲本公司股東批准，而股份合併已自二零零七年三月六日起生效。股份合併詳情載於本公司於二零零七年二月十四日刊發之通函。

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37. POST BALANCE SHEET EVENTS (Continued)

- (c) On 24 January 2007, the Company entered into a conditional share placing agreement with Hani Securities (H.K.) Limited (“Placing Agent”) whereby the Placing Agent agreed to place up to 340,000,000 new Consolidated Shares at a price of HK\$0.10 per Consolidated Share to placees who are independent third parties procured by the Placing Agent. Of those Consolidated Shares, the Placing Agent has agreed to place 150,000,000 new Consolidated Shares on a fully underwritten basis, with the balance of up to 190,000,000 new Consolidated Shares to be placed on a best effort basis. The net proceeds from the share placing amounted to approximately HK\$33 million. The share placing was approved by the shareholders of the Company in the SGM.

220,000,000 new Consolidated Shares and 120,000,000 new Consolidated Shares were issued and allotted to HKSCC Nominees Limited at a consideration of HK\$0.10 per Consolidated Share on 14 March 2007 and 11 April 2007 respectively. The net proceeds of approximately HK\$33 million will be used as additional working capital and for future investment opportunities for the Group. These shares rank pari passu with the existing shares of the Company in all respects.

37. 結算日後事項 (續)

- (c) 於二零零七年一月二十四日，本公司與恆利證券(香港)有限公司(「配售代理」)訂立有條件股份配售協議，據此，配售代理同意按每股經合併股份港幣0.10元之價格，配售最多340,000,000股新經合併股份予配售代理所促使屬獨立第三方之承配人。在該等經合併股份當中，配售代理同意按全數包銷基準配售150,000,000股新經合併股份，餘額最多190,000,000股新經合併股份則按盡力基準配售。股份配售事項所得款項淨額約達港幣33,000,000元。股份配售已獲本公司股東在股東特別大會上批准。

220,000,000股新經合併股份及120,000,000股新經合併股份已分別於二零零七年三月十四日及二零零七年四月十一日發行及配發予香港中央結算(代理人)有限公司，代價為每股經合併股份港幣0.10元。所得款項淨額約港幣33,000,000元將撥作本集團額外營運資金及未來投資之用。該等股份在各方面與本公司現有股份享有同等權益。

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37. POST BALANCE SHEET EVENTS (Continued)

- (d) On 24 January 2007, the Company entered into a conditional note placing agreement with the Placing Agent whereby the Placing Agent would procure, on a best effort basis, subscribers to subscribe for the convertible notes in the aggregate principal amount of up to HK\$34 million to be issued by the Company ("Convertible Notes") which carrying right to convert into shares of the Company at a conversion price of HK\$0.10 per Consolidated Share (subject to adjustments). The net proceeds from the note placing will amount to approximately HK\$33.6 million and will be used as additional working capital and for future investment opportunities for the Group. The issue of Convertible Notes and note placing were approved by the shareholders of the Company in the SGM. Details of which are set out in the circular issued by the Company dated 14 February 2007.
- (e) On the 16 April 2007, Prosper Overseas Limited ("POL"), a wholly owned subsidiary of the Company entered into an agreement with Innovative Sonic International Limited, a company which is beneficially owned and controlled by Mr. Leung Wai Ho and Mr. Wong Chung Shun, both are directors and substantial shareholders of the Company, to dispose of its entire interest in GFT Holding Limited and the rights of and benefits in the total amount of loans or advances outstanding and owing from Great Force Technology Limited, one of the subsidiaries of GFT Holding Limited, to POL as at the date of completion of the agreement at a consideration of HK\$2.00. The disposal is conditional upon (a) the approval by independent shareholders at a special general meeting; (b) the release by the banks of the obligation of the Company as a corporate guarantor under the existing banking facilities granted to GFT Holding Limited group; and (c) all necessary consents being granted by third parties. Details of disposal are set out in the announcement issued by the Company dated 17 April 2007.

37. 結算日後事項 (續)

- (d) 於二零零七年一月二十四日，本公司與配售代理訂立有條件票據配售協議，據此，配售代理將以盡力基準促使認購人認購本公司將發行之總本金額最高港幣34,000,000元之可換股票據（「可換股票據」），可換股票據附帶可按兌換價每股經合併股份港幣0.10元（可予調整）兌換成本公司股份之權利。票據配售所得款項淨額約達港幣33,600,000元，將撥作本集團額外營運資金及未來投資之用。發行可換股票據及票據配售已獲本公司股東於股東特別大會上批准。有關詳情已載於本公司於二零零七年二月十四日刊發之通函。
- (e) 二零零七年四月十六日，本公司全資附屬公司興旺海外有限公司（「興旺」）與本公司董事兼主要股東梁蔚豪先生及黃仲遜先生實益擁有及控制之公司 Innovative Sonic International Limited 訂立協議，出售其於 GFT Holding Limited 之全部權益以及於協議完成日期時，GFT Holding Limited 之附屬公司即宏科（香港）有限公司未償還並欠負興旺之貸款或墊款總額之權利及利益予興旺，代價為港幣2元。出售事項之條件為(a)獨立股東於股東特別大會上批准；(b)銀行免除本公司於 GFT Holding Limited 集團獲授予現有銀行信貸中作為公司擔保人之責任；及(c)由第三方發出所有必需同意書。出售事項之詳情已載於本公司於二零零七年四月十七日刊發之公佈。

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38. COMPARATIVE FIGURES

Certain comparative figures, particularly relate to discontinued operation, have been reclassified to conform to the current year's presentation.

38. 比較數字

若干比較數字已重新分類，尤其是已終止經營業務之比較數字，以符合本年度的呈報方式。

39. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

39. 本公司附屬公司詳情

Name of subsidiary 附屬公司名稱	Place of incorporation/ establishment 註冊成立/ 成立地點	Place of operation 經營地點	Issued and paid-up share capital/ registered capital 已發行及繳足股本/ 註冊資本	Proportion ownership interest held by the Company 本公司所持權益比例		Principal activities 主要業務
				Directly 直接	Indirectly 間接	
Capital Prosper Limited	Hong Kong 香港	Hong Kong 香港	HK\$2 ordinary share 港幣2元 普通股	100%	—	Inactive 暫無營業
GFT Group Limited	British Virgin Islands 英屬處女群島	PRC 中國	US\$1 ordinary share 1美元 普通股	—	100%	Inactive 暫無營業
GFT Holding Limited	British Virgin Islands 英屬處女群島	Hong Kong 香港	US\$640,000 ordinary share 640,000美元 普通股	—	100%	Investment holding 控資控股
GFT International (Macao Commercial Offshore) Limited 真樂發國際(澳門離岸 商業服務)有限公司	Macau 澳門	Macau 澳門	MOP100,000 quota share 100,000澳門元 配額股份	—	100%	Trading of electronic toys 買賣 電子玩具
Good Prosper Trading Limited	British Virgin Islands 英屬處女群島	Hong Kong 香港	US\$1 ordinary share 1美元 普通股	100%	—	Securities trading and investment 證券買賣 及投資

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

39. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (Continued) 39. 本公司附屬公司詳情 (續)

Name of subsidiary 附屬公司名稱	Place of incorporation/ establishment 註冊成立/ 成立地點	Place of operation 經營地點	Issued and paid-up share capital/ registered capital 已發行及繳足股本/ 註冊資本	Proportion ownership interest held by the Company 本公司所持權益比例		Principal activities 主要業務
				Directly 直接	Indirectly 間接	
Great Force Technology Limited 宏科(香港)有限公司	Hong Kong 香港	Hong Kong 香港	HK\$2 ordinary share 港幣2元 普通股	—	100%	Investment holding 投資控股
New Challenge Limited	Hong Kong	Hong Kong	HK\$1,000,000 ordinary share	—	85%	Research and development of toy products and provision of marketing services 玩具產品之研究及開發以及提供市場推廣服務
利志有限公司	香港	香港	港幣1,000,000元 普通股			
Prosper Overseas Limited 興旺海外有限公司	Hong Kong 香港	Hong Kong 香港	HK\$2 ordinary share 港幣2元 普通股	100%	—	Investment holding 投資控股
Prosper Services Limited	Hong Kong 香港	Hong Kong 香港	HK\$2 ordinary share 港幣2元 普通股	100%	—	Provision of management services to the Group 向本集團提供管理服務

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

39. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (Continued) 39. 本公司附屬公司詳情 (續)

Name of subsidiary 附屬公司名稱	Place of incorporation/ establishment 註冊成立/ 成立地點	Place of operation 經營地點	Issued and paid-up share capital/ registered capital 已發行及繳足股本/ 註冊資本	Proportion ownership interest held by the Company 本公司所持權益比例		Principal activities 主要業務
				Directly 直接	Indirectly 間接	
Sky Union (Far East) Limited 天源(遠東)有限公司	Hong Kong 香港	Hong Kong 香港	HK\$4 ordinary share 港幣4元 普通股	—	100%	Investment holding 投資控股
Yanyan Force Limited 欣科有限公司	Hong Kong 香港	Hong Kong 香港	HK\$100 ordinary share 港幣100元 普通股	—	60%	Trading of toys, gifts and premiums 買賣及製造 玩具、禮品 及贈品
Wiz Limited 慧師有限公司	Hong Kong 香港	Hong Kong 香港	HK\$1 ordinary share 港幣1元 普通股	100%	—	Provision of management services to the Group 向本集團 提供管理服務
宏科電子(惠州) 有限公司 (Note)	PRC	PRC	HK\$27,898,000 paid-up capital	—	100%	Manufacturing and sales of toys
宏科電子(惠州)有限公司(附註)	中國	中國	港幣27,898,000元 實繳資本			製造及銷售 玩具

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

39. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (Continued) 39. 本公司附屬公司詳情 (續)

Name of subsidiary 附屬公司名稱	Place of incorporation/ establishment 註冊成立/ 成立地點	Place of operation 經營地點	Issued and paid-up share capital/ registered capital 已發行及繳足股本/ 註冊資本	Proportion ownership interest held by the Company 本公司所持權益比例		Principal activities 主要業務
				Directly 直接	Indirectly 間接	
天源(惠州)電子有限公司 (Note) 天源(惠州)電子有限公司(附註)	PRC 中國	PRC 中國	US\$4,200,000 paid-up capital 4,200,000美元 實繳資本	—	100%	Investment in land 土地投資
博羅縣天河電子 有限公司 (Note) 博羅縣天河電子有限公司(附註)	PRC 中國	PRC 中國	RMB500,000 paid-up capital 人民幣500,000元 實繳資本	—	100%	Investment in land 土地投資
博羅縣天興電子 有限公司 (Note) 博羅縣天興電子有限公司(附註)	PRC 中國	PRC 中國	RMB500,000 paid-up capital 人民幣500,000元 實繳資本	—	100%	Investment in land 土地投資

Note: These companies are wholly foreign-owned enterprise established in the PRC.

附註：該等公司均為於中國成立之外商獨資企業。

None of these subsidiaries had issued any debt securities at the end of the year or at any time during the year.

於年終或年內任何時間，附屬公司概無發行任何債務證券。