

# 叁龍

2011 Annual Report  
年報



Dragonite International Limited  
叁龍國際有限公司

*(Incorporated in the Cayman Islands with limited liability)*

(於開曼群島註冊成立之有限公司)

(Stock Code : 329) (股份代號: 329)

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### EXECUTIVE DIRECTORS

Mr. Wong Yin Sen

Mr. Gary Drew Douglas

(appointed on 24 October 2011)

Mr. Hon Lik

Ms. Chan Mee Sze (appointed on 11 April 2011)

Mr. Lam Suk Ping (appointed on 1 June 2011)

Mr. Wong Hei Lin (resigned on 7 July 2011)

Ms. Ching Yuen Man, Angela (resigned on 25 October 2011)

Mr. Au Yueng Kai Chor (resigned on 25 October 2011)

### NON-EXECUTIVE DIRECTORS

Mr. Frank H. Miu

(resigned on 7 July 2011)

Mr. Manfred A. Häussler

(resigned on 1 April 2011)

### INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chung Yuk Lun

Mr. Liu Kwong Sang

Mr. Lam Man Sum, Albert

Mr. Ho Tak Fun (appointed on 1 November 2011)

Mr. Pang Hong (resigned on 29 February 2012)

### AUDIT COMMITTEE

Mr. Chung Yuk Lun

Mr. Liu Kwong Sang

Mr. Lam Man Sum, Albert

Mr. Ho Tak Fun (appointed on 1 November 2011)

Mr. Pang Hong (resigned on 29 February 2012)

### COMPANY SECRETARY

Ms. Chan Mee Sze

### AUDITOR

Deloitte Touche Tohmatsu

### REGISTERED OFFICE

Cricket Square, Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

### 執行董事

王彥宸先生

Gary Drew Douglas先生

(於二零一一年十月二十四日獲委任)

韓力先生

陳美思女士(於二零一一年四月十一日獲委任)

林叔平先生(於二零一一年六月一日獲委任)

王希年先生(於二零一一年七月七日辭任)

程婉雯女士(於二零一一年十月二十五日辭任)

歐陽啟初先生(於二零一一年十月二十五日辭任)

### 獨立非執行董事

繆希先生

(於二零一一年七月七日辭任)

Manfred A. Häussler先生

(於二零一一年四月一日辭任)

### 獨立非執行董事

鍾育麟先生

廖廣生先生

林聞深先生

何德芬先生(於二零一一年十一月一日獲委任)

龐鴻先生(於二零一二年二月二十九日辭任)

### 審核委員會

鍾育麟先生

廖廣生先生

林聞深先生

何德芬先生(於二零一一年十一月一日獲委任)

龐鴻先生(於二零一二年二月二十九日辭任)

### 公司秘書

陳美思女士

### 核數師

德勤•關黃陳方會計師行

### 註冊辦事處

Cricket Square, Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

**HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE HONG KONG SPECIAL ADMINISTRATIVE REGION OF THE PEOPLE'S REPUBLIC OF CHINA ("HONG KONG")**

Room 1101, 11th Floor  
China United Centre  
28 Marble Road  
North Point  
Hong Kong

中華人民共和國  
香港特別行政區(「香港」)  
總辦事處及主要營業地點  
香港  
北角  
馬寶道28號  
華匯中心  
11樓1101室

**PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE**

Butterfield Fulcrum Group (Cayman) Limited  
Butterfield House  
68 Fort Street  
P.O. Box 609  
Grand Cayman, KY1-1107  
Cayman Islands

**股份過戶登記總處**

Butterfield Fulcrum Group (Cayman) Limited  
Butterfield House  
68 Fort Street  
P.O. Box 609  
Grand Cayman, KY1-1107  
Cayman Islands

**HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE**

Computershare Hong Kong Investor Services Limited  
Shops 1712-1716, Hopewell Centre  
183 Queen's Road East  
Hong Kong

**香港股份過戶登記分處**

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

**PRINCIPAL BANKERS**

in Hong Kong:  
The Hong Kong and Shanghai Banking Corporation Limited

**主要往來銀行**

於香港：  
香港上海滙豐銀行有限公司

in the PRC:  
China Construction Bank  
Shenyang Economic and Technology Development Zone Branch

於中國：  
中國建設銀行  
瀋陽經濟技術開發區分行

**WEBSITE**

[www.dragonite.com.hk](http://www.dragonite.com.hk)

**網站**

[www.dragonite.com.hk](http://www.dragonite.com.hk)

**STOCK CODE**

0329

**股份代號**

0329

# Chairman's Statement and Management Discussion and Analysis

## 主席報告及管理層討論與分析

On behalf of the board of directors (the "Board") of Dragonite International Limited (the "Company"), I hereby present the audited results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2011 (the "Year").

### BUSINESS REVIEW

The Group recorded an audited consolidated net loss of approximately HK\$314,081,000 for the Year (2010: HK\$233,331,000). Due to the realized and unrealized losses on financial assets at fair value through profit or loss ("FAFVPL"), there was a negative turnover of approximately HK\$232,907,000 for the Year (2010: negative turnover of approximately HK\$61,425,000 (restated)). The net asset value of the Group increased from HK\$72,890,000 as at 31 December 2010 to HK\$235,852,000 as at 31 December 2011, representing a 223.6% increment.

Loss for the Year was mainly attributable to the following factors:

1. As a result of the market turbulence in the stock market during the Year, the Group recorded net realized and unrealized losses of approximately HK\$214,408,000 (2010: net gain of approximately HK\$1,404,000 (restated)) on change in fair value of FAFVPL in the income statement.
2. The sales of electronic cigarette products were very minimal during the first half of 2011 as the Group had been revamping its products.
3. Due to technical or commercial obsolescence, a provision for impairment of inventory at about HK\$31,796,000 (2010: HK\$ 65,399,000) was made for the Year.
4. The temporary suspension of the sales and production of health care products caused substantial decrease in sales as compared to 2011.

As for the pharmaceutical business, Azithromycin Granules (II) (「阿奇霉素顆粒」) and Rosiglitazone Hydrochloride Capsules (「鹽酸吡格列酮膠囊」) remained as two key products of the Group for the sales during the Year. The continued increase in prices of raw materials and energy, continued strategic price reduction of medicine and irrational price competition have adversely affected the performance of trading of pharmaceutical products. Turnover of pharmaceutical products for the Year was approximately HK\$14,419,000, representing a decrease of 22.24% from approximately HK\$18,543,000 as compared to the previous year.

本人謹代表參龍國際有限公司(「本公司」)董事會(「董事會」)提呈本公司及其附屬公司(統稱「本集團」)截至二零一一年十二月三十一日止年度(「本年度」)之經審核業績。

### 業務回顧

本集團於本年度錄得經審核綜合虧損淨額約314,081,000港元(二零一零年:233,331,000港元)。受按公平值計入損益之金融資產(「按公平值計入損益之金融資產」)已變現及未變現虧損影響,本年度營業額約負232,907,000港元(二零一零年:營業額約負61,425,000港元(經重列))。本集團資產淨值由二零一零年十二月三十一日之72,890,000港元增至二零一一年十二月三十一日之235,852,000港元,錄得223.6%增長。

本年度出現虧損主要由於下列因素:

1. 由於本年度股市波動,本集團錄得收益表內按公平值計入損益之金融資產之公平值變動已變現及未變現虧損淨額約214,408,000港元(二零一零年:收益淨額約1,404,000港元(經重列))。
2. 由於本集團不斷改良產品,於二零一一年上半年電子煙產品之銷售額極低。
3. 本年度因存貨在技術或商業方面過時而作出減值撥備約31,796,000港元(二零一零年:65,399,000港元)。
4. 暫停銷售及生產保健產品導致銷售額與二零一一年相比大幅下降。

藥品業務方面,阿奇霉素顆粒(II)及鹽酸吡格列酮膠囊兩種主要產品仍佔本集團本年度銷售額相當比例。原材料及能源價格繼續上揚、藥品維持策略性降價以及非理性價格競爭對醫藥產品買賣之表現有不利影響。本年度醫藥產品之營業額約14,419,000港元,較去年約18,543,000港元減少約22.24%。

# Chairman's Statement and Management Discussion and Analysis

## 主席報告及管理層討論與分析

In the fourth quarter of 2011, nine newly designed electronic cigarette models across three new product lines were launched, resulting in an increase in turnover of electronic cigarette from HK\$4,063,000 in 2010 to HK\$5,363,000 in 2011. The Group will continue to focus on research and development of new products and plans to launch new products in the People's Republic of China (the "PRC") and overseas markets in the coming year.

The Company's continued creation and acquisition of intellectual property in the United States and elsewhere around the globe has enabled the Company to strengthen and expand its strategic partnerships in recent years. As previously announced, the Group filed two civil actions for infringement of United States Patent No. 7,832,410 in the United States District Court for the Central District of California. During 2011, new patents were granted in Australia, Canada, China, Japan, Korea, and New Zealand.

### Trading of Securities

The Group has further expanded its principal business in securities trading and as a treasury function invest its surplus cash in the Hong Kong securities market with an aim to capture future appreciation of share price. However, due to the European sovereign debt crisis and weak global growth, securities market was highly volatile and the Hang Seng Index dropped by approximately 20% in 2011. Market value of the Group's securities portfolio had declined and the net loss on the change in fair value of FAFVPL for the Year amounted to approximately HK\$214,408,000 (2010: net gain on the change in fair value of FAFVPL approximately HK\$1,404,000). The Group incurred realized and unrealized losses from its securities trading and investments.

The Group will continue to take opportunities to diversify its investment portfolio and to capture future appreciation of share price. The Group has engaged an external investment adviser to provide professional advice and analysis to the Board to assist the Group in making investment decisions. Facing with increasing uncertainties in the global economy, the management will exercise a cautious approach in securities trading.

二零一一年第四季度，本集團三個產品系列推出九項新設計電子煙型號，使電子煙營業額由二零一零年之4,063,000港元增至二零一一年之5,363,000港元。本集團來年將繼續致力於研發新產品，並計劃在中華人民共和國（「中國」）及海外市場推出新產品。

本公司持續創造並獲得美國及世界各地知識產權，已令本公司近年來增強及擴展其策略性夥伴關係。如先前所公佈，本集團已就其美國專利第7,832,410號被侵犯向加利福尼亞中央區美國地方法院提起兩宗民事訴訟。於二零一一年，本公司在澳洲、加拿大、中國、日本、韓國及新西蘭獲授多項新專利。

### 證券買賣

本集團再進一步擴展其主要業務於證券買賣，並將其現金盈餘投資於香港證券市場作為財資功能，旨在獲取未來股價升值。然而，由於歐洲主權債務危機且全球經濟增長疲軟，證券市場極為動盪，而恒生指數於二零一一年下跌約20%。本集團證券組合市值下滑，於本年度按公平值計入損益之金融資產之公平值變動虧損淨額約214,408,000港元（二零一零年：按公平值計入損益之金融資產之公平值變動收益淨額約1,404,000港元）。本集團的證券買賣及投資產生已變現及未變現虧損。

本集團將繼續藉機使其投資組合多樣化，及獲取未來股價升值。本集團已聘請一名外部投資顧問，以向董事會提供專業意見及分析，從而協助本集團作出投資決策。面對全球經濟不確定因素日漸增多，管理層將對證券買賣持謹慎態度。

# Chairman's Statement and Management Discussion and Analysis

## 主席報告及管理層討論與分析

### Property Investment

The Company holds a positive view towards the prospects of the real estate market in Hong Kong, particularly in commercial and retail sectors. On 4 May 2011, the Group acquired the entire issued share capital of Central Town Limited for the interests of a property situated at the Basement, China United Centre, 28 Marble Road, North Point, Hong Kong. Upon completion of the aforesaid acquisition in August 2011, a large portion of the said premises has been leased to a Chinese medicine clinic at a monthly rent of HK\$350,000 for a term of 5 years. Attributable to such rental income, the Group recorded a segment turnover of approximately HK\$1,671,000 for the Year (2010: nil).

### Research & Development

Ruyan's research and development team recently achieved a major technical breakthrough advancing the vapor yield of the electronic cigarette. In addition, the Company has greatly improved the taste and quality of its electronic cigarettes. Positive responses from distributors of all regions across the PRC and various letters of intent were received during the trade conference held in Beijing in early August 2011. Newly designed products with the implementation of the new technology were launched in China in late 2011.

The Company considers quality and safety as its top concerns. Backed by its extensive research and development investment program, technical innovation and quality control, and together with the maturity of its patent portfolio, the Company is confident it will succeed in driving out inferior product imitations in global markets in the near future. These efforts will be synchronized to reinforce Ruyan's brand position as a high-end, trend-setting, and safe smoking alternative that offers consumers freedom and choice.

### 物業投資

本公司看好香港房地產市場，尤其是商用及零售地產。於二零一一年五月四日，本集團收購 Central Town Limited 全部已發行股本，以取得香港北角馬寶道28號華匯中心地庫之物業權益。上述收購於二零一一年八月完成後，所述物業之大部分已按月租350,000港元租予一間中醫診所，為期五年。因有關租賃收入，本集團於本年度錄得分類營業額約1,671,000港元（二零一零年：零）。

### 研發

如煙之研發團隊最近在提升電子煙煙霧氣量方面有重大技術突破。此外，本公司已大幅改進電子煙之味道及品質。二零一一年八月初，本集團在北京舉辦招商會期間，來自中國各地區之分銷商反響積極，本公司已接獲多封意向書。應用新技術之新設計產品於二零一一年末在中國推出。

本公司以質量及安全為首要考慮。憑藉全面之研發投資、技術創新及質量控制，以及成熟之專利組合，本公司深信可在短期內淘汰全球市場上劣質之假冒產品。本公司通過上述措施多管齊下，加強如煙作為高端、前衛香煙替代品之品牌定位，是消費者安全享受吸煙自由之上佳選擇。

# Chairman's Statement and Management Discussion and Analysis

## 主席報告及管理層討論與分析

### Intellectual Property

The Company is a leader in the area of electronic cigarette technology and is developing an extensive portfolio of issued patents and additional pending patent applications. In 2012, the Company anticipates obtaining additional intellectual property coverage with the grant of at least one other Electronic Cigarette patent in the United States, Europe and other key markets. The Company is in the process of filing national phase applications for a core patent ("Improved Atomizing Electronic Cigarette" - PCT/CN2010/000125) in countries including the United States, Canada, Japan, Brazil, Egypt, Israel, and Singapore. The Company also recently applied for a patent on a novel capacitive sensor, which is an internal component in an electronic cigarette. The Company continues to actively monitor and enforce its intellectual property rights, which provide broad protection for its innovative electronic cigarettes.

As previously announced, the Company's wholly-owned subsidiary, Ruyan Investment (Holdings) Limited, has filed two civil actions for infringement of United States Patent No. 7,832,410 in the United States District Court for the Central District of California against a total of 11 defendants. Consistent with its strong intellectual property position, the Company may institute additional litigation based on newly-acquired rights.

### Progress in Overseas Markets

Patents were granted in Australia, Canada, China, Japan, Korea, and New Zealand during 2011. The Company is expanding distribution of electronic cigarettes in many overseas markets. The Company has been approached by new prospective distributors and is also pursuing new innovative distribution channels in certain markets. New orders have been received from several European countries for its new lines and product testing is underway in the United Kingdom, Greece, Netherlands, Malaysia, and other markets.

### 知識產權

本公司在電子煙技術領域處於領先行列，正在形成一個具有大量已獲頒專利及更多待批之專利申請。於二零一二年，本公司預計將於美國、歐洲及其他主要市場就至少一項其他電子煙專利獲授更多知識產權。本公司正著手在美國、加拿大、日本、巴西、埃及、以色列及新加坡等多個國家就一項核心專利（「改進霧化電子煙 (Improved Atomizing Electronic Cigarette)」 – PCT/CN2010/000125）遞交全國性專利申請。本公司近期亦就一種新穎電容傳感器申請專利，該傳感器為電子煙內部配件。本公司繼續積極監察及行使其知識產權，為其創新電子煙提供全面保障。

如先前所公佈，本公司之全資附屬公司Ruyan Investment (Holdings) Limited已就其美國專利第7,832,410號被侵犯而於加州中央區美國地方法院向合共11名被告提出兩宗民事訴訟。憑藉其強勁知識產權地位，本公司可能根據新取得之權利提起額外訴訟。

### 海外市場之發展

本公司於二零一一年在澳洲、加拿大、中國、日本、韓國及新西蘭獲授多項專利，現正於多個海外市場擴大電子煙分銷，不少有意加入之新分銷商與本公司接洽，另本公司亦正在若干市場尋求創新之分銷渠道。本公司已獲得多個歐洲國家有關新產品系列之新訂單，正在英國、希臘、荷蘭、馬來西亞及其他市場進行產品測試。



# Chairman's Statement and Management Discussion and Analysis

## 主席報告及管理層討論與分析

### LIQUIDITY, FINANCIAL ANALYSIS AND CAPITAL STRUCTURE

As at 31 December 2011, the Group's net borrowing was approximately HK\$92,342,000 (31 December 2010: HK\$9,136,000), consisting of secured bank borrowings and unsecured other borrowings. Such borrowings were denominated in Hong Kong dollar, and thus, there was no exposure to fluctuations in exchange rate. Gearing ratio of the Group increased from approximately 12.53% as at 31 December 2010 to approximately 39.15% as at 31 December 2011. This calculation is based on net borrowings mentioned above and shareholders' funds of approximately HK\$235,852,000 (31 December 2010: HK\$72,890,000). Cash and bank balances amounted to approximately HK\$55,970,000 (31 December 2010: HK\$11,681,000) and total assets were approximately HK\$375,323,000 (31 December 2010: HK\$129,210,000). Net current assets of the Group on the same date amounted to approximately HK\$52,633,000 (31 December 2010: HK\$19,799,000). As at 31 December 2011, inventories amounted to approximately HK\$8,487,000, representing a significant decrease of approximately HK\$26,891,000 when compared with the amount as at 31 December 2010. The Group had no material capital commitment as at 31 December 2011.

In order to improve the financial position of the Group, the Company carried out the following fund raising exercises during the Year:

- 1) Subsequent to the capital reorganization in 2010 which involved, among other things, share consolidation and capital reduction, the Company allotted and issued 1,847,245,240 shares on 28 January 2011, by way of rights issue at a subscription price of HK\$0.22 per rights share on the basis of twenty rights shares for every share held on 7 January 2011. Net proceeds of approximately HK\$390,650,000 were raised.

### 流動資金、財務分析及資本結構

於二零一一年十二月三十一日，本集團之借貸淨額約為92,342,000港元(二零一零年十二月三十一日：9,136,000港元)，包括有抵押銀行借貸及無抵押其他借貸。該等借貸以港元計值，因此無匯率波動之風險。本集團之資本與負債比率由二零一零年十二月三十一日約12.53%增至二零一一年十二月三十一日約39.15%。此乃根據上述借貸淨額及股東資金約235,852,000港元(二零一零年十二月三十一日：72,890,000港元)計算。現金及銀行結餘約55,970,000港元(二零一零年十二月三十一日：11,681,000港元)及資產總額約375,323,000港元(二零一零年十二月三十一日：129,210,000港元)。本集團於同日之流動資產淨額約52,633,000港元(二零一零年十二月三十一日：19,799,000港元)。於二零一一年十二月三十一日，存貨約為8,487,000港元，相對二零一零年十二月三十一日之存貨大幅減少約26,891,000港元。本集團於二零一一年十二月三十一日並無重大資本承擔。

為改善本集團之財務狀況，本公司於本年度進行了下列集資活動：

- 1) 二零一零年股本重組(涉及(其中包括)股份合併及削減股本)完成後，本公司於二零一一年一月二十八日以認購價每股供股股份0.22港元配發及發行1,847,245,240股供股股份，按於二零一一年一月七日每持有一股股份獲發二十股供股股份之基準進行供股。所得款項淨額約390,650,000港元。

# Chairman's Statement and Management Discussion and Analysis

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- 2) On 30 March 2011, an independent investor subscribed for 18,470,000 shares of the Company which was issued under general mandate at the subscription price of HK\$0.16 per share. The share subscription was completed on 12 April 2011 and the Company received net proceeds of approximately HK\$2,856,000.
- 3) On 4 August 2011, the Company completed a placement of 750,000,000 ordinary shares to independent investors at the placing price of HK\$0.1 per share and the Company received net proceeds of approximately HK\$73,000,000.

These fund raising activities during the Year placed the Group in a far stronger financial position to equip itself with additional funding for future expansion. The management is of the view that the Group's incoming cash flow from various financing activities can provide working capital and thereby to fund future business expansion and to pursue business opportunities when they arise. As at 31 December 2011, the issued share capital of the Company was 2,717,307,502 shares of HK\$0.10 each.

### FOREIGN EXCHANGE RISKS

The Group's operations conducted in the PRC are mainly settled in Renminbi. However, all corporate activities (i.e. capital reorganization, rights issue, subscription and placing of new shares) are conducted in Hong Kong dollars. Therefore, the Group is exposed to fluctuations in foreign exchange rate to a certain extent. Currently, the Group has no formal hedging policies in place. The Group has not entered into any foreign currency exchange contracts or derivatives to hedge against the Group's currency risks.

### PROSPECTS FOR THE YEAR 2012 AND DEVELOPMENT PLAN

#### Electronic Cigarette

The Company will continue to accelerate its marketing efforts. The marketing strategy of RUYAN products will evolve from a product oriented approach, which primarily focused on the product itself, to a market oriented approach which will focus more on the appeal or social status the product provided. The Group will continue to focus on products launched in late 2011. In addition, four new products are planned to be launched in the first half of 2012.

- 2) 於二零一一年三月三十日，獨立投資者以認購價每股0.16港元認購18,470,000股根據一般授權發行之本公司股份。股份認購於二零一一年四月十二日完成，本公司所得款項淨額約2,856,000港元。
- 3) 於二零一一年八月四日，本公司完成向獨立投資者以每股0.1港元之配售價配售750,000,000股普通股。本公司所得款項淨額約73,000,000港元。

本年度該等集資活動令本集團之財務狀況大幅改善，從而得以準備額外資金以備未來擴張。管理層認為，本集團不同融資活動所得現金流入能提供營運資金，藉此為未來業務擴張提供資金及尋求業務機遇。於二零一一年十二月三十一日，本公司之已發行股本為2,717,307,502股每股面值0.10港元之股份。

### 外匯風險

本集團之國內業務主要以人民幣結算，然而，所有企業活動（即股本重組、供股、認購及配售新股）則以港元進行。因此，本集團有一定程度之匯率波動風險。現時，本集團並無制定正式對沖政策，亦無訂立任何外匯合約或衍生工具，以對沖本集團之貨幣風險。

### 二零一二年展望及發展計劃

#### 電子煙

本公司會繼續加快市場推廣。如煙產品之市場推廣策略將由產品導向策略轉化為市場導向策略，專注提升產品吸引力或公眾形象。本集團將繼續專注於二零一一年底推出之產品。此外，四項新產品計劃於二零一二年上半年推出。

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For 2012, the Company anticipates obtaining additional intellectual property coverage with the grant of at least one other Electronic Cigarette patent in the United States, Europe and other key markets and may institute additional litigation based on the newly-acquired rights. The Company continues to actively monitor and enforce its rights.

In the PRC, market conditions have changed from previous years. As the objectives of anti-smoking and tobacco control are now clearly stated in the "12th Five Year Plan", we are increasingly optimistic about our future development and the industry. Looking forward, the Company plans to continue to invest in research and development and to define the global market for the electronic cigarette. The Company is confident that by ramping up its research and development, intellectual property, marketing strategies and regulatory work in concert, the market demand for RUYAN products will grow rapidly in the near future.

Internationally, during 2011, the regulatory environment for the electronic cigarette has become more transparent in leading markets such as the United States and the United Kingdom. The Company believes this trend will continue and regulators have agreed in principal to accept the electronic cigarette as a viable alternative to smoking traditional tobacco cigarettes. Together with its overseas partners, the Company intends to work closely with regulatory officials in key markets and hopes to play a role in the creation of guidelines for safety, efficacy, and quality of electronic cigarettes.

With an improving regulatory environment, strengthened intellectual property enforcement, and with the implementation of new GMP and ISO manufacturing standards and other quality assurance processes, the Company believes it has a bright future and an important role to play in reducing the cost of health care and improving the quality of life of smokers and those around them.

### Pharmaceuticals and health care products

The operating results of pharmaceuticals products are generally not satisfactory due to increasing material costs and price competition. The Group will attempt to develop more sales channels and focus on exploring new product lines to broaden the income stream.

本公司預計二零一二年將獲得額外知識產權覆蓋，在美國、歐洲及其他主要市場獲得至少一項其他電子煙之專利，並可能根據新取得之權利提出額外訴訟。本公司繼續積極監察及行使其權利。

多年來，中國市場環境不斷變遷。鑒於「十二五」規劃列明反吸煙及控煙目標，我們對本身及行業之發展前景愈趨樂觀。展望將來，本公司計劃繼續投資研發電子煙並確立其全球市場。本公司深信透過加強研發、知識產權、市場策略及對吸煙之監管，如煙產品之市場需求將於不久將來快速增長。

國際方面，二零一一年主要市場（如美國及英國）之監管環境愈加透明。本公司相信此趨勢將會延續，監管機構已基本認同接受電子煙作為傳統煙草之替代品。本公司及其海外夥伴將與主要市場之監管機構密切合作，希望在建立電子煙之安全、效能及質量指引方面發揮作用。

隨著監管環境不斷改善、知識產權執法加強及新GMP及ISO生產標準以及其他質量保證程序之執行，本公司相信其前景光明，將對降低保健成本及提高吸煙者及周圍人群之生活質量發揮重要作用。

### 藥品及保健品

醫藥產品之經營業績整體不盡人意，乃由於材料成本增加及價格競爭加劇所致。本集團將試圖開發更多銷售渠道，專注於尋求新產品系列以拓寬收入來源。

# Chairman's Statement and Management Discussion and Analysis

## 主席報告及管理層討論與分析

The Company holds a positive view towards the prospects of the health care products business. In order to meet the latest GMP standard, the Group plans to complete the upgrade of the health care products manufacturing facilities in 2012 and that is expected to resume operations in the second half of 2012. In future, the Group will look for opportunities to expand the product mix of ginseng products and to invest in other alternative medicine.

### DETAILS OF MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

During the Year, Ruyan International Limited, a wholly-owned subsidiary of the Company, acquired the entire interests in Charm Action Group Limited and its subsidiary ("Charm Action Group") from an independent third party for future market development of electronic cigarette in North America at a cash consideration of HK\$10,000,000. The acquisition was duly completed in February 2011. Taking into account the weak financial position of Charm Action Group, the Group subsequently disposed of its entire interests in Charm Action Group to an independent third party at a cash consideration of HK\$100 on 31 October 2011 so as to streamline the corporate structure.

On 4 May 2011, the Company through its wholly-owned subsidiary, acquired the entire issued share capital of and the related shareholder's loan extended to Central Town Limited for the interests of a premises at an aggregate consideration of HK\$117,000,000. In August 2011, the transaction was completed and a large portion of such premises has been leased to HON Chinese Medicine Company Limited (the "Clinic") at a monthly rent of HK\$350,000 for 5 years. Upon completion, the Group has entered into an option agreement for the possible acquisition of Apex Corporate Investments Limited ("Apex"), the holding company of the Clinic. Such call / put options, stated at fair value, have been disclosed as Derivative Financial Instruments in the Consolidated Statement of Financial Position. The exercise price of such call / put options is capped at HK\$75 million and the minimum is HK\$25 million. The Group is under no obligation to further invest in either the Clinic or Apex pursuant to the said option agreement. However, the Company will keep itself apprised of any future fund raising opportunities for developing Apex and the Clinic if and when the Group acquires Apex.

Save as disclosed herein, there were no other material acquisitions or disposals of subsidiaries during the Year.

本公司看好保健品業務之前景。為達到最新GMP標準，本集團計劃於二零一二年完成保健品生產設施之升級及預期於二零一二年下半年恢復運營。未來，本集團將尋找機會擴大人參產品組合以及投資其他替代藥物。

### 重大收購及出售附屬公司詳情

於本年度，本公司全資附屬公司Ruyan International Limited以現金代價10,000,000港元就北美洲電子煙之未來市場開發向獨立第三方收購其於Charm Action Group Limited及其附屬公司（「Charm Action Group」）之全部股權。收購於二零一一年二月正式完成。考慮到Charm Action Group疲弱之財務狀況，本集團隨後於二零一一年十月三十一日以現金代價100港元向獨立第三方出售其於Charm Action Group之全部權益，以簡化企業結構。

於二零一一年五月四日，本公司通過其全資附屬公司以總代價117,000,000港元收購Central Town Limited之全部已發行股本及相關之股東貸款，以取得一項物業之權益。該項交易於二零一一年八月完成，該物業之大部份已租予漢坊中醫藥業有限公司（「診所」），為期五年，月租為350,000港元。完成後，本集團就可能收購持有診所之控股公司Apex Corporate Investments Limited（「Apex」）訂立期權協議。該等認購／認沽期權按公平值列賬，已於綜合財務狀況表披露為衍生金融工具。該等認購／認沽期權之行使價上限為7仟5百萬港元，下限為2仟5百萬港元。根據所述期權協議，本集團並無責任進一步投資於診所或Apex。然而，倘及當本集團收購Apex，本公司將持續評估任何未來資金募集機會以發展Apex及診所。

除本文所披露者外，本年度內並無附屬公司之其他重大收購或出售。

# Chairman's Statement and Management Discussion and Analysis

## 主席報告及管理層討論與分析

### PLEDGE OF ASSETS

At 31 December 2011, the Group pledged its investment property to secure its bank borrowing of approximately HK\$27,342,000.

At 31 December 2011, margin facilities of approximately HK\$51,486,000 (31 December 2010: HK\$4,809,000) from regulated securities brokers were granted to the Group which were secured by the Group's FAFVPL with the carrying amount of approximately HK\$124,654,000 (31 December 2010: HK\$15,563,000).

### CONTINGENT LIABILITIES

As at 31 December 2011, the Group did not provide any form of guarantees for any external party and was not liable to any material legal proceedings of which provision for contingent liabilities was required.

### EMPLOYEE POLICY

As at 31 December 2011, the Group employed approximately 278 employees in the PRC and Hong Kong. The remuneration package of the employees is determined with reference to their performance, experience and their positions, duties and responsibilities in the Group.

### EVENTS AFTER THE REPORTING PERIOD

As announced by the Company on 3 November 2011, the Company proposed the capital reorganization (the "Capital Reorganization") involving (i) every 5 issued shares of par value of HK\$0.10 each be consolidated into one consolidated share of par value of HK\$0.50 each; (ii) the nominal value of each issued consolidated shares be reduced from par value of HK\$0.50 each to par value of HK\$0.01 each by cancellation of the paid-up capital to the extent of HK\$0.49 on each issued consolidated share; (iii) rounding down the total number of consolidated share in the issued share capital of the Company to the nearest whole number; (iv) the entire amount standing to the credit of the share premium account of the Company be cancelled; (v) the credit arising from the capital reduction and share premium cancellation to cancel the accumulated deficit of the Company with the balance to be transferred to a distributable reserve account of the Company; and (vi) each of the authorized but unissued shares of par value of HK\$0.10 each will be subdivided into 10 adjusted shares of par value of HK\$0.01 each. The Grand

### 資產抵押

於二零一一年十二月三十一日，本集團已抵押其投資物業，以取得銀行借貸約27,342,000港元。

於二零一一年十二月三十一日，本集團獲規管證券經紀商授予保證金信貸額約51,486,000港元(二零一零年十二月三十一日：4,809,000港元)，以本集團賬面值約124,654,000港元(二零一零年十二月三十一日：15,563,000港元)之按公平值計入損益之金融資產擔保。

### 或然負債

於二零一一年十二月三十一日，本集團並無對外為其他公司作出任何形式之擔保，亦無涉及重大訴訟事項而需要作出或然負債撥備。

### 僱員政策

於二零一一年十二月三十一日，本集團在中國和香港僱有員工約278名。僱員之薪酬待遇參考其表現、經驗及在本集團之職位、職責及責任而釐定。

### 報告期後事項

本公司於二零一一年十一月三日公佈建議進行資本重組(「資本重組」)，包括(i) 每5股每股面值0.10港元的已發行股份合併為一股面值0.50港元的合併股份；(ii) 通過註銷繳足資本(每股已發行合併股份註銷0.49港元)，使每股已發行合併股份的面值由0.50港元減至0.01港元；(iii) 將本公司已發行股本中合併股份總數下調至最接近的整數；(iv) 註銷本公司股份溢價賬的全部進賬；(v) 資本削減及股份溢價賬註銷所得進賬彌補本公司的累積虧損後，餘額轉撥至本公司的可分派儲備賬；及(vi) 將每股面值0.10港元法定但未發行的股份拆分為10股每股面值0.01港元的經調整股份。開曼群島大法

# Chairman's Statement and Management Discussion and Analysis

## 主席報告及管理層討論與分析

Court of the Cayman Islands granted the approval of the aforesaid capital reduction on 9 March 2012 (Cayman time) and it is expected that the Capital Reorganization will become effective after 4:00 p.m. on 19 March 2012 (Hong Kong time).

Upon the Capital Reorganization becoming effective, the Company will carry out a rights issue (the "Rights Issue") on the basis of two rights shares for every adjusted share held on the record date at the subscription price of HK\$0.10 per rights share. Assuming the Rights Issue will become unconditional and not terminated by the underwriter, it is expected that the Rights Issue will complete in May 2012 and net proceeds of not less than approximately HK\$108.7 million will be raised thereby.

### APPRECIATION

The Board would like to express our gratitude and sincere appreciation to our business partners, all management and staff members, and shareholders for their continuous support.

By Order of the Board  
Dragonite International Limited

Wong Yin Sen  
Chairman

Hong Kong, 16 March 2012

院於二零一二年三月九日(開曼群島時間)批准上述資本削減，預期資本重組將於二零一二年三月十九日下午四時正(香港時間)後生效。

資本重組生效後，本公司將以每股供股股份0.10港元之認購價按紀錄日期每持有一股經調整股份可獲配兩股供股股份之基準供股(「供股」)。假設供股會成為無條件，且並無被包銷商終止，預期將於二零一二年五月完成供股，所得款項淨額不少於約108.7百萬港元。

### 致謝

董事會謹此衷心感謝本集團的業務夥伴、全體管理人員和僱員以及股東一直以來的支持。

承董事會命  
叁龍國際有限公司

主席  
王彥宸

香港，二零一二年三月十六日

# Corporate Governance Report

## 企業管治報告

The Board is committed to maintaining and ensuring a high standard of corporate governance. The Board takes the view that a high standard of corporate governance lays down a solid foundation for enhancing a high degree of accountability and transparency, maintaining sound and effective internal control, improving the performance of the Group and safeguarding the interests of the shareholders of the Company.

The Board has adopted the code provisions set out in the Code of Corporate Governance Practice (the "Code") contained in Appendix 14 to Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). During the year ended 31 December 2011 (the "Year"), the Company has complied with the Code with the exception of Article A.4.1 of the Code. The Board will continue to review and recommend such steps as appropriate in a timely manner in order to comply with the requirements of the Code.

### THE BOARD

As at 31 December 2011, the Board of Directors of the Company (the "Board") comprised Mr. Wong Yin Sen (Chairman), Mr. Gary Drew Douglas (Managing Director), Mr. Hon Lik (Chief Executive Officer), Ms. Chan Mee Sze and Mr. Lam Suk Ping as Executive Directors; and Mr. Pang Hong, Mr. Chung Yuk Lun, Mr. Liu Kwong Sang, Mr. Lam Man Sum, Albert and Mr. Ho Tak Fun as Independent Non-executive Directors. Mr. Pang Hong has resigned as Independent Non-executive Director of the Company with effect from 29 February 2012.

The biographies of the Directors are set out in pages 23 to 26 and demonstrate a diversity of skills, expertise, experience and qualifications.

To the best knowledge of the Company, save for the interests in the shares of the Company held by Absolute Target Limited, a corporation which is controlled as to 46.25%, 42.5% and 11.25% by Mr. Wong Yin Sen, Mr. Hon Lik and Mr. Wong Hei Lin respectively, there is no financial, business, family or other material/relevant relationship between the Directors.

The Board is responsible for the overall strategic development of the Company and its subsidiaries (collectively the "Group") and is also responsible for the financial performance and internal control policies and business operations of the Group. The daily operations of the Group are delegated to the management of the Group. All Directors are provided with updated information relating to corporate governance and regulatory matters.

由於董事會認為高水準之企業管治為問責性和透明度的提升確立穩固基礎，保持合理有效的內部監控，並改善本集團表現及保障本公司股東之利益，故董事會致力保持及確保高水準之企業管治。

董事會已採納香港聯合交易所有限公司證券上市規則（「上市規則」）第十四章所載之企業管治常規守則（「守則」）。截至二零一一年十二月三十一日止年度（「本年度」），除守則第A.4.1條外，本公司已遵守守則。董事會將繼續及時檢討及建議有關適當行動，以遵守守則規定。

### 董事會

於二零一一年十二月三十一日，本公司董事會（「董事會」）包括執行董事王彥宸先生（主席）、Gary Drew Douglas先生（董事總經理）、韓力先生（行政總裁）、陳美思女士及林叔平先生；及獨立非執行董事龐鴻先生、鍾育麟先生、廖廣生先生、林聞深先生及何德芬先生。龐鴻先生於二零一二年二月二十九日起辭任本公司獨立非執行董事一職。

董事之履歷資料載於第23至26頁，顯示董事各具不同的技能、專業知識、經驗和資歷。

據本公司所深知，除由Absolute Target Limited（由王彥宸先生、韓力先生及王希年先生分別控制46.25%、42.5%及11.25%的公司）持有本公司股份權益外，各董事之間並無任何財務、業務、家屬或其他重大／相關關係。

董事會負責本公司及其附屬公司（統稱「本集團」）之整體策略發展，亦負責本集團之財務表現、內部監控政策及業務營運。本集團之日常業務授權予本集團管理層負責。全體董事均會獲提供有關企業管治及監管事項之最新資料。

### BOARD MEETINGS

The Executive Directors meet on a regular basis to discuss the ordinary business of the Company. Board meetings were held to discuss the overall development, operation and financial performance, interim results, annual results and other business of the Company that require approval of the Board. Reasonable notice has been given to the Board members to give them an opportunity to attend. All Board members are provided documentation and other relevant materials covering the subject matter of board meetings. The Board members are also provided sufficient information in a timely manner for them to review and consider matters to be discussed at Board meetings. For those Directors who are not able to attend board meetings in person, the Company utilizes telephone conferencing for them to participate.

During the Year, the Board held 42 Board meetings. The following table shows the attendance of Directors at Board meetings during the Year:

Name of Director	Attendance	董事姓名	出席會議次數
<b>Executive Directors</b>			
Wong Yin Sen ( <i>Chairman</i> )	35/42	王彥宸 (主席)	35/42
Gary Drew Douglas ( <i>Managing Director</i> ) (appointed on 24 October 2011)	6/42	Gary Drew Douglas (董事總經理) (於二零一一年十月二十四日獲委任)	6/42
Hon Lik ( <i>Chief Executive Officer</i> )	30/42	韓力 (行政總裁)	30/42
Au Yeung Kai Chor (resigned on 25 October 2011)	29/42	歐陽啟初 (於二零一一年十月二十五日辭任)	29/42
Chan Mee Sze (appointed on 11 April 2011)	27/42	陳美思 (於二零一一年四月十一日獲委任)	27/42
Ching Yuen Man, Angela (resigned on 25 October 2011)	33/42	程婉雯 (於二零一一年十月二十五日辭任)	33/42
Lam Suk Ping (appointed on 1 June 2011)	23/42	林叔平 (於二零一一年六月一日獲委任)	23/42
Wong Hei Lin (resigned on 7 July 2011)	0/42	王希年 (於二零一一年七月七日辭任)	0/42
<b>Non-executive Directors</b>			
Frank H. Miu (resigned on 7 July 2011)	6/42	繆希 (於二零一一年七月七日辭任)	6/42
Manfred A. Häussler (resigned on 1 April 2011)	0/42	Manfred A. Häussler (於二零一一年四月一日辭任)	0/42
<b>Independent non-executive Directors</b>			
Chung Yuk Lun	3/42	鍾育麟	3/42
Ho Tak Fun (appointed on 1 November 2011)	0/42	何德芬 (於二零一一年十一月一日獲委任)	0/42
Lam Man Sum, Albert	7/42	林闖深	7/42
Liu Kwong Sang	8/42	廖廣生	8/42
Pang Hong (resigned on 29 February 2012)	8/42	龐鴻 (於二零一二年二月二十九日辭任)	8/42

### 董事會會議

執行董事定期召開會議，以商討本公司日常業務。所召開董事會會議為討論本公司整體發展、營運及財務表現、中期業績、年度業績及須董事會審批之其他業務。本公司會給合理通知予董事會成員，以便彼等有機會出席會議。董事會全體成員均能獲得涵蓋董事會會議主題的文件及其他相關資料，亦及時獲提供充足資料審閱及考慮董事會會議商討事項。對於不能親身出席董事會會議之董事，本公司使用電話會議方式以便彼等參與。

於本年度，董事會已舉行42次董事會會議。下表列示本年度內董事於董事會會議的出席情況：



### DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules. Following enquiries with the Directors, the Company has received confirmation from each of the Director confirming that he or she has complied with the required standard of dealings set out in the Model Code for the Year.

### SEGREGATION OF DUTIES

The positions of the Chairman, Managing Director and Chief Executive Officer are held by separate individuals with a view to maintain an effective segregation of duties in respect of the management of the Board and the day-to-day management of the Group's business. The Chairman is responsible for the management of the Board. The Managing Director is responsible for the implementation of the overall strategy of the Group and the Chief Executive Officer is responsible for the Group's day-to-day operations.

### INDEPENDENT NON-EXECUTIVE DIRECTOR

The Independent Non-executive Directors bring independent judgment to the Board. The Company has received from each of the Independent Non-executive Directors written confirmations of their independence pursuant to Rule 3.13 of the Listing Rules. Based upon said confirmations, the Board considers that all the independent non-executive Directors have met the qualifications of Rule 3.13 of the Listing Rules for the Year.

### APPOINTMENTS AND RE-ELECTION OF DIRECTORS

The Directors were appointed in accordance with their qualifications and experience to ensure they are competent to perform their duties and protect the interests of the stakeholders. Each newly appointed Director receives a comprehensive and formal introduction to ensure that he/she has an understanding of the Group's business and operations, his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements, and the Model Code.

During the Year, all Directors discharged their duties in a dedicated, diligent and proactive manner with reasonable prudence. They have executed their duties in accordance with statutory requirements, the articles of association of the Company (the "Articles of Association") and the Listing Rules. All Directors have exercised due care in monitoring corporate matters of the Company and provided sufficient time and attention to all significant issues of Group.

### 董事之證券交易

本公司已採納上市規則附錄十所載的上市發行人董事進行證券交易之標準守則(「標準守則」)。經向各董事作出查詢後，所有董事均向本公司確認，彼等於本年度內已遵守標準守則所載的交易規定標準。

### 職責分化

主席、董事總經理及行政總裁之職位由不同人士擔任，以有效區分董事會管理及本集團業務之日常管理職責。主席負責董事會管理，董事總經理負責本集團整體戰略實施，而行政總裁負責本集團的日常經營。

### 獨立非執行董事

獨立非執行董事向董事會提出獨立判斷。本公司已接獲各獨立非執行董事根據上市規則第3.13條就本身的獨立性發出的確認書。根據上述確認書，董事會認為於本年度內所有獨立非執行董事符合上市規則第3.13條所述的資格。

### 委任及重選董事

董事之委任乃根據其資歷及經驗而決定，確保彼等有能履行職責及保障股權持有人權益。本公司會向每名新獲委任之董事作出全面正式介紹，以確保彼等了解本集團的業務及經營，彼等根據上市規則以及有關規管規定及標準守則所負的職務和責任。

於本年度內，所有董事以合理審慎之方式竭力、盡職及主動履行職責。彼等根據法定規定、本公司組織章程細則(「組織章程細則」)及上市規則執行職責。所有董事謹慎監督本公司的企業事務，並投入充裕時間及精力關注本集團的一切重大問題。

Article A.4.1 of the Code stipulates that non-executive Directors shall be appointed for a specific term and be subject to re-election. The Non-executive Directors of the Company have not appointed for a specific term of office, which constitutes a deviation from A.4.1 of the Code. However, all non-executive Directors are subject to retirement by rotation at the annual general meeting of the Company in accordance with the Articles of Association. The Board therefore considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those of the Code.

According to the provisions of the Articles of Association and the Listing Rules, any Director appointed by the Board to fill a casual vacancy shall hold office until the next following general meeting of the Company, and in the case of an addition to the existing Board, until the next following annual general meeting of the Company. Furthermore, each Director, including those appointed for a specific term or holding office as Chairman and/or Managing Director, is subject to retirement by rotation at least once every three years.

### NOMINATION OF DIRECTORS

The Board considers the experience, qualification, general market conditions and composition of the Board in selecting and recommending candidates as Directors of the Company.

During the Year, the Company did not have a nomination committee for the appointment of Directors. The Board is empowered however under the Company's Articles of Association to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. In March 2012, the Company established a Nomination Committee comprised of five members: Mr. Lam Man Sun, Albert (Chairman of the Nomination Committee), Mr. Gary Drew Douglas, Mr. Chung Yuk Lun, Mr. Liu Kwong Sang and Mr. Ho Tak Fun.

Detailed information relating to the educational and professional qualifications and relevant work experience were provided at the board meeting to approve the proposed appointment of new Directors. The criteria for selecting Directors are mainly based on candidate's qualifications, experience, professional knowledge, ethics and integrity. During the Year, four board meetings were held to approve the appointments of Ms. Chan Mee Sze, Mr. Lam Suk Ping, Mr. Gary Drew Douglas and Mr. Ho Tak Fun each respectively.

守則A.4.1規定，非執行董事之委任應有指定任期，惟可膺選連任。本公司非執行董事概無特定委任年期，故偏離守則A.4.1規定。然而，全體非執行董事須遵照組織章程細則於本公司股東週年大會輪席退任。因此，董事會認為已採取充分措施確保本公司的企業管治慣例並無較守則之規定寬鬆。

按照組織章程細則之條文及上市規則，任何獲董事會委任填補臨時空缺之董事，其任期至本公司下屆股東大會為止，倘在新加入現有董事會情況下，其任期則至本公司下屆股東週年大會為止。此外，各董事（包括獲委任特定任期或擔任主席及／或董事總經理之董事）須至少每三年輪席退任一次。

### 董事提名

董事會於甄選及推薦本公司董事候選人時，會考慮經驗、資歷、整體市況及董事會組成結構。

於本年度內，董事會沒有設立任命董事的提名委員會。然而，根據本公司的組織章程細則，董事會有權委任任何人士為董事，填補董事會職位空缺，或增添現有董事會席位。二零一二年三月，本公司成立提名委員會，由五名成員組成：林聞深先生（提名委員會主席）、Gary Drew Douglas先生、鍾育麟先生、廖廣生先生及何德芬先生。

有關教育、專業資格以及相關工作經驗的詳細資料已提呈董事會會議，以批准新董事的提議任命。甄選董事的標準主要以候選人的資格、經驗、專業知識、操守和誠信為基礎。於本年度，本公司召開四次董事會會議批准陳美思女士、林叔平先生、Gary Drew Douglas先生及何德芬先生各自之委任。

### REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

In determining the remuneration of Directors and senior management, the Company took into account (i) prevailing market conditions; (ii) time commitment required; (iii) duties and responsibilities; (iv) contribution to the Group; (v) qualifications and (vi) experience, so as to ensure sufficient remuneration levels to attract and retain high caliber personnel without paying excessively.

### THE COMMITTEES

#### Audit Committee

The audit committee of the Company (the "Audit Committee") was established in 2001 and the Company adopted written terms of reference for the Audit Committee. As at 31 December 2011, the Audit Committee was comprised of five Independent Non-executive Directors:

Mr. Chung Yuk Lun (*Chairman*)

Mr. Ho Tak Fun

Mr. Lam Man Sum, Albert

Mr. Liu Kwong Sang

Mr. Pang Hong (resigned on 29 February 2012)

The primary duties of the Audit Committee include, among other things, review and supervision of the financial reporting process and the Company's internal control policies and procedures. The Audit Committee also acts as the communication bridge between the Board and the external auditors in relation to the planning and scope of audit work. The appointment of members to the Audit Committee is based on member's breadth of experience in various commercial sectors and professional knowledge of financial reporting and general management.

The Audit Committee met twice during the Year to review the interim and annual results of the Group and to review internal control issues. The attendance records of the meetings are shown below.

### 董事及高級管理層之薪酬

釐定董事及高級管理層之薪酬時，本公司考慮 (i) 現行市況；(ii) 所須時間承擔；(iii) 職責及責任；(iv) 對本集團之貢獻；(v) 資格；及(vi) 經驗，以確保能以充足而非過高的薪酬水平吸引及留任高素質人才。

### 委員會

#### 審核委員會

本公司審核委員會（「審核委員會」）於二零零一年成立，且本公司採用審核委員會之書面職權範圍。於二零一一年十二月三十一日，審核委員會由五名獨立非執行董事組成：

鍾育麟先生 (*主席*)

何德芬先生

林聞深先生

廖廣生先生

龐鴻先生 (於二零一二年二月二十九日辭任)

審核委員會之主要職責包括 (其中包括) 檢討及監察財務報告程序及本公司之內部監控政策和程序。審核委員會亦擔任董事會與外部核數師就核數工作策劃及範圍方面的溝通橋樑。審核委員會成員之委任，乃根據有關成員於各商界之廣泛經驗及對財務報告和一般管理之專業知識而釐定。

於本年度，審核委員會已舉行兩次會議，以審閱本集團的中期及年度業績以及檢討內部監控問題。會議之出席紀錄載於下文。

### Remuneration Committee

The remuneration committee of the Company (the "Remuneration Committee") was established in 2005 and the Company adopted written terms of reference for the Remuneration Committee. As at 31 December 2011, the Remuneration Committee was comprised of five Independent Non-executive Directors:

Mr. Pang Hong (Chairman)(resigned on 29 February 2012)

Mr. Chung Yuk Lun (Chairman with effect from 29 February 2012)

Mr. Ho Tak Fun

Mr. Lam Man Sum, Albert

Mr. Liu Kwong Sang

Upon the resignation of Mr. Pang Hong on 29 February 2012, Mr. Chung Yuk Lun assumed the position of chairman of the Remuneration Committee. The duties of the Remuneration Committee include, among other things, making recommendations on the Company's remuneration policy for Directors and senior management as well as evaluating and submitting recommendations on other employee benefits.

During the Year, the Remuneration Committee held two meetings. The attendance record of the meetings are shown below.

### Attendance record

The following table shows the attendance of Directors at meetings of the Audit Committee and the Remuneration Committee during the Year:

#### Independent Non-Executive Directors

#### 獨立非執行董事

Chung Yuk Lun	鍾育麟
Ho Tak Fun (appointed on 1 November 2011)	何德芬 (於二零一一年十一月一日獲委任)
Lam Man Sum, Albert	林聞深
Liu Kwong Sang	廖廣生
Pang Hong (resigned on 29 February 2012)	龐鴻 (於二零一二年二月二十九日辭任)

### 薪酬委員會

本公司薪酬委員會(「薪酬委員會」)於二零零五年成立，且本公司採用薪酬委員會之書面職權範圍。於二零一一年十二月三十一日，薪酬委員會由五名獨立非執行董事組成：

龐鴻先生(主席)(於二零一二年二月二十九日辭任)

鍾育麟先生(於二零一二年二月二十九日出任主席)

何德芬先生

林聞深先生

廖廣生先生

在龐鴻先生於二零一二年二月二十九日辭任後，鍾育麟先生出任薪酬委員會主席一職。薪酬委員會之職責包括(其中包括)對本公司有關董事及高級管理層之薪酬政策作出建議，以及評估其他僱員福利並提出建議。

於本年度，薪酬委員會已舉行兩次會議，有關會議出席紀錄載於下文。

### 出席紀錄

下表顯示本年度內董事於審核委員會及薪酬委員會會議之出席情況：

#### Attendance

#### 出席情況

	Audit Committee 審核委員會	Remuneration Committee 薪酬委員會
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Chung Yuk Lun	鍾育麟	2/2	2/2
Ho Tak Fun (appointed on 1 November 2011)	何德芬 (於二零一一年十一月一日獲委任)	0/2	0/2
Lam Man Sum, Albert	林聞深	2/2	2/2
Liu Kwong Sang	廖廣生	2/2	2/2
Pang Hong (resigned on 29 February 2012)	龐鴻 (於二零一二年二月二十九日辭任)	2/2	2/2

### INVESTOR RELATIONS AND COMMUNICATIONS

The annual general meeting is the principal forum for formal dialogue with shareholders of the Company and in which the Board members are available to answer questions regarding proposed resolutions. Individual resolutions were stipulated at the general meetings for each substantial issue and the Board members were available to answer questions raised by the shareholders.

Information of the Group was also disseminated to shareholders of the Company and investors as follows:

- Delivery of the interim reports and annual reports to all shareholders of the Company and other interested parties;
- Publication of announcements on the interim results and annual results on the website of the Stock Exchange and the website of the Company; and issue and publication of other announcements and shareholders' circulars in accordance with the continuing disclosure obligation under the Listing Rules; and
- Price sensitive information is disclosed to the public by way of announcement as required by the Listing Rules.

Enquiries and suggestions from shareholders of the Company or investors are welcome through the following channels:

- by mail to the Company's principal place of business in Hong Kong at Room 1101, 11th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong
- by telephone at telephone number (852) 3198 0688
- by fax at fax number (852) 2579 0055
- by email at [general@dragonite329.com.hk](mailto:general@dragonite329.com.hk)

### 投資者關係及溝通

股東週年大會為本公司與股東進行正式對話之主要平台，董事會成員均會列席大會，回答有關所提呈決議案的問題。股東大會就各重大問題制定個別決議案，而董事會成員均會列席大會，回答股東提問。

本集團之資料亦會以下列方式發佈予本公司股東及投資者：

- 向本公司之所有股東及其他利益關係方發送中期報告和年報；
- 在聯交所網站及本公司網站刊發中期業績及年度業績之公佈，及按上市規則所規定之持續披露責任發表和刊發其他公告及股東通函；及
- 價格敏感資料乃按照上市規則之規定以公告方式向公眾披露。

本公司歡迎本公司股東或投資者透過下列渠道作出查詢和建議：

- 郵寄至本公司位於香港之主要營業地點，地址為香港北角馬寶道28號華匯中心11樓1101室
- 撥打電話(852) 3198 0688
- 傳真至(852) 2579 0055
- 電郵至 [general@dragonite329.com.hk](mailto:general@dragonite329.com.hk)

### ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibilities for overseeing the preparation of the financial statements of the Group and believe these statements give a true and fair view of the Group's affairs and its results. The Directors are also responsible for the timely publication of the financial statements of the Group and to ensure they are prepared in accordance with statutory requirements and applicable financial reporting standards. The Directors are also committed to making appropriate announcements in accordance with the requirements of the Listing Rules, and to disclose all information necessary for shareholders of the Company to assess the financial performance and other aspects of the Company.

Deloitte Touche Tohmatsu was appointed as the external auditor of the Group for the Year and will continue as such until the forthcoming annual general meeting of the Company. The annual consolidated financial statements of the Group for the Year have been audited by Deloitte Touche Tohmatsu. The auditors' responsibilities for the Group's financial statements are set out in the Independent Auditor's Report on pages 35 to 36 of the Company's 2011 Annual Report.

The Audit Committee is responsible for evaluating the external auditors of the Group, including but not limited to their independence and objectivity.

For the Year, the fees of the external auditors of the Group for audit services amounted to HK\$1,600,000 and for non-audit services amounted to approximately HK\$1,671,000.

### INTERNAL CONTROL

The Board is responsible for ensuring that an adequate system of internal control is maintained within the Group, and for reviewing its effectiveness through the Audit Committee. The internal control systems are designed to meet the Group's particular needs and the risks to which it is exposed, and by their nature can only provide reasonable, but not absolute assurance against misstatement or loss and to manage, but not to eliminate, risks of failure in achieving the Group's objectives. Practicable and effective control systems and procedures have been implemented by the Group to enhance internal control on an ongoing basis. The Board, through the Audit Committee, has conducted reviews of the effectiveness and the adequacy of the Group's system of internal control.

### 問責和審核

董事確認彼等須負責監察本集團財務報表之編製，認為該等財務報表真確公允反映本集團的事務及業績。董事亦須負責及時刊發本集團財務報表，以確保財務報表乃根據法定要求及適用財務報告準則編製。董事亦致力按照上市規則之規定作出適當公佈，以披露本公司股東就評估本公司財務表現及其他事宜所須的一切資料。

德勤•關黃陳方會計師行於本年度獲委任為本集團外部核數師，其任期至本公司應屆股東週年大會止。本集團於本年度之年度綜合財務報表已由德勤•關黃陳方會計師行審核。核數師對本集團財務報表之責任載於本公司二零一一年年報第35至36頁之獨立核數師報告。

審核委員會負責評估本集團之外部核數師，包括但不限於彼等之獨立性和客觀性。

於本年度，本集團之外部核數師有關核數服務及非核數服務之費用分別為1,600,000港元及約1,671,000港元。

### 內部監控

董事會負責確保本集團內部維持足夠之內部監控系統，及透過審核委員會對其有效性進行檢討。內部監控系統是專為應付本集團的具體需要及所須承受之風險而設，惟其性質使然，僅能提供有關錯誤陳述或損失之合理（並非絕對）保證，以及管理（並非消除）無法達致本集團目標之風險。本集團已實施實際有效的監控系統及程序，以持續加強內部監控。董事會（透過審核委員會）已就本集團內部監控系統之有效性和足夠性進行檢討。

# Corporate Governance Report

## 企業管治報告

During the Year, based on the evaluations made by the Audit Committee, the Board was satisfied that nothing has come to its attention to cause the Board to believe that the system of internal control is inadequate; and there is an ongoing process to identify, evaluate and manage significant risks encountered by the Group.

### GOING CONCERN

The Directors confirm that, to the best of their knowledge, information and belief and having made all reasonable enquiries, they are not aware of any material uncertainties relating to events or conditions that may cause significant doubt upon the Company's ability to continue as a going concern. The Board therefore continues to adopt the going concern approach in preparing the financial statements for the Year.

On behalf of the Board  
**Dragonite International Limited**

**Gary Drew Douglas**  
*Managing Director*

Hong Kong, 16 March 2012

於本年度根據審核委員會所作評估，董事會信納並無任何事宜將導致董事會相信內部監控系統乃不足夠，另有持續程序識別、評估及管理本集團所承受之重大風險。

### 持續經營

經作出一切合理查詢後所知、所悉及所信，董事確認並無任何有關事項或情況的重大不確定因素可能引致對本公司持續經營能力產生重大懷疑。因此，董事會仍然採用持續經營方法編製本年度財務報表。

代表董事會  
**叁龍國際有限公司**

*董事總經理*  
**Gary Drew Douglas**

香港，二零一二年三月十六日

# Directors and Senior Management Profile

## 董事及高級管理人員簡介

### DIRECTORS

#### Executive Directors

**Mr. Wong Yin Sen**, aged 59, is one of the co-founders and currently the Chairman and President of the Group. Mr. Wong is familiar with commercial, political and social affairs in the PRC and has over 26 years of experience managing enterprises in the People's Republic of China (the "PRC"). After settling down in Hong Kong in 1992, he established and invested in the Group. Mr. Wong has accumulated abundant knowledge in the medical and health care product industry and has extensive experience in enterprise management.

**Mr. Gary Drew Douglas**, aged 62, is the managing Director of the Company and responsible for the electronic cigarette business of the Group. Mr. Douglas holds a Master's Degree in Business Administration from the University of Santa Clara, USA. Mr. Douglas has over 20 years of professional experience in general management, consumer electronics, IT business, project management and software, and commercial and retail banking in Japan and the USA. Mr. Douglas is also fluent in Japanese. He is currently an independent non-executive director of Freeman Financial Corporation Limited and Willie International Holdings Limited, both listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Mr. Douglas was an independent non-executive director of Radford Capital Investment Limited, a company listed on the main board of the Stock Exchange during the period from 30 June 2011 to 20 October 2011.

**Mr. Hon Lik**, aged 56, is a senior pharmacist, a co-founder and currently Chief Executive Officer of the Group. Mr. Hon graduated from Liaoning College of Traditional Chinese Medicine in 1982 and started his career with Liaoning Academy of Traditional Chinese Medicine in the same year. Mr. Hon was promoted to the position of vice superintendent of Liaoning Academy of Traditional Chinese Medicine in 1990, and was responsible for the company's technology development. Mr. Hon has approximately 27 years of experience in the medical field and invented and patented the technology used in Chenlong Baoling Longevity Ginseng and electronic cigarette products.

### 董事

#### 執行董事

**王彥宸先生**，59歲，本集團共同創辦人之一，目前亦為本集團主席及總裁。王先生稔熟中國商業、政治及社會事務，於中華人民共和國（「中國」）企業積逾26年商業管理經驗。於一九九二年定居香港後，成功投資創辦了本集團，積累了大量醫藥及保健品行業知識及企業管理經驗。

**Gary Drew Douglas先生**，62歲，為本公司董事總經理，負責本集團的電子煙業務。Douglas先生獲美國聖克拉拉大學(University of Santa Clara)工商管理碩士學位。Douglas先生於日本及美國的一般管理、消費電子、資訊科技業務、項目管理及軟件以及商業及零售銀行業積逾20年專業經驗。Douglas先生亦精通日語。Douglas先生現任民豐企業控股有限公司及威利國際控股有限公司（均於香港聯合交易所有限公司（「聯交所」）主板上市）的獨立非執行董事。於二零一一年六月三十日至二零一一年十月二十日，Douglas先生亦任萊福資本投資有限公司（一間於聯交所主板上市的公司）的獨立非執行董事。

**韓力先生**，56歲，高級藥劑師、本集團共同創辦人及目前為本集團行政總裁。韓先生於一九八二年畢業於遼寧中醫學院，同年開始於遼寧省中藥研究所工作。於一九九零年擢升為遼寧省中藥研究所副所長，主管該公司技術開發。韓先生於醫藥界積累約27年之豐富經驗，且為辰龍保齡參系列及電子煙產品所用專利技術之發明人。



## Directors and Senior Management Profile

### 董事及高級管理人員簡介

**Ms. Chan Mee Sze**, aged 37, is an executive Director and Company Secretary of the Company. Ms. Chan holds a Bachelor's Degree in Laws from University of London and a Master's Degree in Business Administration from University of Dundee. She is also an associate member of The Hong Kong Institute of Company Secretaries with Practitioner's Endorsement and an associate member of The Institute of Chartered Secretaries and Administrators. She has over 12 years of experience in corporate secretaryship and corporate finance.

**Mr. Lam Suk Ping**, aged 54, is an executive Director of the Company and he joined the Group in 2011 to oversee the accounts department. Mr. Lam holds a Master's Degree in Business Administration from the University of Hull, the United Kingdom. He has over 30 years of experience in auditing, finance and accounting, investment and business management. Prior to joining the Group, Mr. Lam was an executive director of Mascotte Holdings Limited, a company listed on the main board of the Stock Exchange during the period from 7 April 2008 to 27 April 2011. He was also an independent non-executive director of Radford Capital Investment Limited, a company listed on the main board of the Stock Exchange during the period from 30 June 2011 to 20 October 2011.

#### Independent Non-executive Directors

**Mr. Chung Yuk Lun**, aged 51, is an independent non-executive Director of the Company. He is a fellow member of The Association of Chartered Certified Accountants, an associate member of The Hong Kong Institute of Certified Public Accountants and an Associate Chartered Accountants (England and Wales). Mr. Chung has over 22 years' experience in finance and project investment. He is currently an executive director of Radford Capital Investment Limited and Ming Fung Jewellery Group Limited, an independent non-executive director of Heritage International Holdings Limited and Forefront Group Limited, all of which are companies listed on the Stock Exchange.

**陳美思女士**，37歲，為本公司執行董事兼公司秘書。陳女士持有倫敦大學法律學士學位及University of Dundee工商管理碩士學位。彼亦為香港特許秘書公會會員，持有執業者認可證明，並為特許秘書及行政人員公會會員。陳女士於企業秘書事務及企業財務方面擁有逾12年經驗。

**林叔平先生**，54歲，為本公司執行董事。彼於二零一一年加入本集團，監管會計部。林先生持有英國University of Hull工商管理碩士學位。彼擁有逾30年審計、金融及會計、投資及商業管理經驗。加入本集團前，林先生曾於二零零八年四月七日至二零一一年四月二十七日擔任馬斯葛集團有限公司（於聯交所主板上市的公司）的執行董事。彼亦於二零一一年六月三十日至二零一一年十月二十日擔任萊福資本投資有限公司（一間於聯交所主板上市的公司）的獨立非執行董事。

#### 獨立非執行董事

**鍾育麟先生**，51歲，為本公司獨立非執行董事。彼為英國特許公認會計師公會資深會員、香港會計師公會會員以及英格蘭及威爾斯特許會計師公會會員。鍾先生於金融及項目投資方面擁有逾22年經驗。彼現任萊福資本投資有限公司及明豐珠寶集團有限公司之執行董事，以及漢基控股有限公司及福方集團有限公司之獨立非執行董事，該等公司均為聯交所上市公司。

## Directors and Senior Management Profile 董事及高級管理人員簡介

**Mr. Liu Kwong Sang**, aged 50, is an independent non-executive Director of the Company. He has been practising as a certified public accountant in Hong Kong with more than 20 years' experience. He graduated with honours from the Hong Kong Polytechnic University with a Bachelor's Degree in accountancy and obtained the Master's Degree in Business Administration from the University of Lincoln, the United Kingdom. Mr. Liu is an associate member of the Institute of Chartered Accountants in England and Wales, a fellow member of The Association of Chartered Certified Accountants, a fellow member of the Institute of Financial Accountants, the United Kingdom and a fellow member of the National Institute of Accountants, Australia. He is also a fellow member of The Hong Kong Institute of Certified Public Accountants, a fellow member of the Taxation Institute of Hong Kong and a fellow member of the Society of Registered Financial Planners. Mr. Liu acts as an independent non-executive director of Polytec Asset Holdings Limited and China Railsmedia Corporation Limited, securities of both are listed on the main board of the Stock Exchange, and of abc Multiactive Ltd whose securities are listed on the GEM board of the Stock Exchange and of Pacific CMA, Inc. whose securities were previously listed on the American Stock Exchange.

**Mr. Lam Man Sum, Albert**, aged 56, is an independent non-executive Director of the Company. He is a fellow member of The Association of Chartered Certified Accountants and The Hong Kong Institute of Certified Public Accountants and member of the Hong Kong Securities Institute, Society of Chinese Accountants and Auditors and Taxation Institute of Hong Kong. Mr. Lam holds a Bachelor's Degree in Arts (Economics) from the University of Manchester, United Kingdom. He is currently an independent non-executive director of Junefield Department Store Group Limited, the shares of which are listed on the Stock Exchange. He had been the proprietor of Albert Lam & Co. CPA from 1993 to 2007.

**廖廣生先生**，50歲，為本公司獨立非執行董事。彼為香港執業會計師，擁有超過20年經驗。廖先生畢業於香港理工大學，持有會計學士學位，並取得英國林肯大學之工商管理碩士學位。廖先生為英格蘭及威爾斯特許會計師公會之會員、英國特許公認會計師公會資深會員、英國財務會計師公會資深會員及澳大利亞國家會計師公會資深會員。彼亦為香港會計師公會資深會員、香港稅務學會資深會員及註冊財務策劃師協會資深會員。廖先生擔任保利達資產控股有限公司及中國鐵聯傳媒有限公司（該等公司證券於聯交所主板上市）及辰罡科技有限公司（其證券於聯交所創業板上市）及 Pacific CMA, Inc.（其證券先於前於美國證券交易所上市）之獨立非執行董事。

**林聞深先生**，56歲，為本公司獨立非執行董事。彼為英國特許公認會計師公會及香港會計師公會資深會員以及香港證券學會、香港華人會計師公會及香港稅務學會會員。林先生持有英國曼徹斯特大學經濟學文學士學位。彼一直擔任莊勝百貨集團有限公司之獨立非執行董事，該公司之股份於聯交所上市。彼於一九九三年至二零零七年期間為林聞深會計師事務所之東主。

## Directors and Senior Management Profile

### 董事及高級管理人員簡介

**Mr. Ho Tak Fun**, aged 58, is an independent non-executive Director of the Company. He received a Bachelor's Degree in Business Administration, Marketing from The Chinese University of Hong Kong and a Master's Degree in Science, Information Systems from the Hong Kong Polytechnic University. Mr. Ho is a seasoned retail executive with profound experience in launching new businesses, strategic planning, business development and operations in both the PRC and Hong Kong retail markets. He also has extensive knowledge in marketing, merchandising, distribution and promotion of consumer products and mass merchandise. Mr. Ho was an executive director of Tack Fiori International Group Limited, a company listed on the main board of the Stock Exchange during the period from 5 August 2011 to 31 October 2011.

#### SENIOR MANAGEMENT

**Mr. Scott Fraser**, is the Vice President of a subsidiary of the Company. Mr. Fraser holds a Master's Degree in Business Administration from University California at Berkeley, Haas School of Business. He has over 22 years of work experience in sales and marketing in various multinational corporations in the PRC and the United States, including being the marketing manager in Intel China Limited and being the retail channel marketing manager in Motorola Asia/ Pacific Limited. He is currently responsible for the Group's international market and sales development. He joined the Group in 2007.

**何德芬先生**，58歲，為本公司獨立非執行董事。彼獲香港中文大學頒發工商管理學市場系學士學位及香港理工大學資訊系統理學碩士學位。何先生為資深零售業行政人員，於中國及香港零售市場之開創新業務、策略性規劃、業務發展及營運方面經驗豐富。彼亦於消費產品及大眾商品之市場推廣、採購、分銷及宣傳方面具有廣泛知識。二零一一年八月五日至二零一一年十月三十一日期間，何先生為野馬國際集團有限公司（一間於聯交所主板上市之公司）之執行董事。

#### 高級管理人員

**雷思華先生**為本公司附屬公司之副總裁。雷先生持有美國加州大學伯克萊商學院工商管理碩士學位。彼於中國和美國多間大型跨國公司有超過22年的營銷工作經驗，包括：英特爾中國有限公司市場部經理、摩托羅拉亞太有限公司零售市場部經理；目前負責本集團國際市場之開拓及銷售工作。彼於二零零七年加入本集團。

The directors present their annual report and the audited consolidated financial statements for the year ended 31 December 2011 (the "Year").

### PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The principal activities of the Company's principal subsidiaries are set out in note 1 to the consolidated financial statements.

### RESULTS AND DIVIDENDS

The results of the Company and its subsidiaries (collectively the "Group") for the Year are set out in the consolidated statement of comprehensive income on page 37.

The directors do not recommend the payment of a dividend for the Year.

### PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the Year are set out in note 16 to the consolidated financial statements.

### SHARE CAPITAL

Details of movements during the Year in the Company's share capital are set out in note 31 to the consolidated financial statements.

### DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distributions to shareholders as at 31 December 2011 comprised the share premium, contributed surplus less accumulated losses with a net aggregate amount of approximately HK\$210,047,000 (2010: HK\$173,870,000).

本公司董事會謹此提呈截至二零一一年十二月三十一日止年度(「本年度」)之年報及經審核綜合財務報表。

### 主要業務

本公司為一家投資控股公司。本公司主要附屬公司之主要業務載於綜合財務報表附註1。

### 業績及股息

本公司及其附屬公司(「本集團」)本年度之業績載於第37頁之綜合全面收益表。

董事現不建議派付本年度股息。

### 物業、廠房及設備

本集團於本年度的物業、廠房及設備之變動詳情載於綜合財務報表附註16。

### 股本

本公司之股本於本年度之變動詳情載於綜合財務報表附註31。

### 本公司之可分派儲備

於二零一一年十二月三十一日，本公司可供分派予股東之儲備包括股份溢價、繳入盈餘減去累積虧損之總計淨額約210,047,000港元(二零一零年：173,870,000港元)。

# Directors' Report

## 董事會報告書

### DIRECTORS

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

#### Executive Directors:

Mr. Wong Yin Sen	
Mr. Gary Drew Douglas	(appointed on 24 October 2011)
Mr. Hon Lik	
Mr. Wong Hei Lin	(resigned on 7 July 2011)
Ms. Ching Yuen Man, Angela	(resigned on 25 October 2011)
Mr. Au Yeung Kai Chor	(resigned on 25 October 2011)
Ms. Chan Mee Sze	(appointed on 11 April 2011)
Mr. Lam Suk Ping	(appointed on 1 June 2011)

#### Non-executive Directors:

Mr. Frank H. Miu	(resigned on 7 July 2011)
Mr. Manfred A. Häussler	(resigned on 1 April 2011)

#### Independent Non-executive Directors:

Mr. Pang Hong	(resigned on 29 February 2012)
Mr. Chung Yuk Lun	
Mr. Liu Kwong Sang	
Mr. Lam Man Sum, Albert	
Mr. Ho Tak Fun	(appointed on 1 November 2011)

### 董事

本公司於本年度及截至本報告日期之董事為：

#### 執行董事：

王彥宸先生	
Gary Drew Douglas先生	(於二零一一年十月二十四日獲委任)
韓力先生	
王希年先生	(於二零一一年七月七日辭任)
程婉雯女士	(於二零一一年十月二十五日辭任)
歐陽啟初先生	(於二零一一年十月二十五日辭任)
陳美思女士	(於二零一一年四月十一日獲委任)
林叔平先生	(於二零一一年六月一日獲委任)

#### 非執行董事：

繆希先生	(於二零一一年七月七日辭任)
Manfred A. Häussler先生	(於二零一一年四月一日辭任)

#### 獨立非執行董事：

龐鴻先生	(於二零一二年二月二十九日辭任)
鍾育麟先生	
廖廣生先生	
林聞深先生	
何德芬先生	(於二零一一年十一月一日獲委任)

In accordance with Article 87 of the Company's Articles of Association, Mr. Wong Yin Sen, Mr. Hon Lik and Mr. Chung Yuk Lun shall retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

In accordance with Article 86 of the Company's Articles of Association, Mr. Gary Drew Douglas, Mr. Lam Suk Ping and Mr. Ho Tak Fun shall be eligible for re-election at the forthcoming annual general meeting.

The non-executive directors have no specific term of office but are subject to retirement by rotation, and being eligible, offer themselves for re-election, in accordance with the Company's Articles of Association.

### DIRECTORS' SERVICE CONTRACTS

None of the directors proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITION IN SHARES AND UNDERLYING SHARES

As at 31 December 2011, the interests and short positions of the directors and the chief executive of the Company in the shares, underlying shares and debt securities of the Company or any of its subsidiaries or associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which are required (i) to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") to be notified to the Company and the Stock Exchange were as follows:-

根據本公司組織章程細則第87條，王彥宸先生、韓力先生及鍾育麟先生須輪值退任，惟符合資格在應屆股東週年大會膺選連任。

根據本公司組織章程細則第86條，Gary Drew Douglas先生、林叔平先生及何德芬先生符合資格在應屆股東週年大會膺選連任。

非執行董事並無設定任期，惟根據本公司組織章程細則之規定須輪值退任，惟符合資格膺選連任。

### 董事服務合約

將在應屆股東週年大會上被提名候選連任之董事，概無訂立不可於一年內由本集團終止而無須作出賠償(法定賠償除外)之服務合約。

### 董事及主要行政人員於股份及相關股份中之權益及短倉

於二零一一年十二月三十一日，本公司董事及主要行政人員於本公司或其任何附屬公司或相聯法團(定義見證券及期貨條例(「證券及期貨條例」)第XV部)之股份、相關股份及債券中，擁有須(i)根據證券及期貨條例第XV部而須知會本公司及香港聯合交易所有限公司(「聯交所」)之權益及短倉(包括根據證券及期貨條例有關規定擁有或視作擁有之權益及短倉)；或(ii)須載入根據證券及期貨條例第352條之規定所存置之登記冊內之權益及短倉；或(iii)根據聯交所證券上市規則(「上市規則」)附錄10所載上市發行人董事進行證券交易的標準守則(「標準守則」)而須知會本公司及聯交所之權益及短倉載列如下：

# Directors' Report

## 董事會報告書

Long positions in ordinary shares and underlying shares of the Company as at 31 December 2011:

於二零一一年十二月三十一日，本公司普通股及相關股份中的長倉載列如下：

Name of Director 董事姓名	Capacity 身份	Number of issued ordinary shares of the Company 本公司已發行普通股數目	Number of underlying shares in respect of the options granted under the share option scheme of the Company 根據本公司購股權計劃授出購股權之相關股份數目 (附註1) (Note 1)	Approximate percentage of the issued share capital of the Company 本公司已發行股本之概約百分比
Mr. Wong Yin Sen 王彥宸先生	Beneficial owner 實益擁有人		260,266	0.01%
	Interest of controlled corporation 受控制法團權益	167,265,000 (Note 2) (附註2)		6.16%
Mr. Hon Lik 韓力先生	Beneficial owner 實益擁有人		260,266	0.01%
	Interest of controlled corporation 受控制法團權益	167,265,000 (Note 2) (附註2)		6.16%
Mr. Pang Hong (Note 3) 龐鴻先生(附註3)	Beneficial owner 實益擁有人		173,513	0.01%

Notes:

附註：

- Details of share option scheme of the Company are disclosed in note 32 to the consolidated financial statements.
  - These represent the interests in the 167,265,000 shares of the Company directly held by Absolute Target Limited which is controlled as to 46.25%, 42.5% and 11.25% by Mr. Wong Yin Sen, Mr. Hon Lik and Mr. Wong Hei Lin respectively.
  - Mr. Pang Hong resigned as an independent non-executive director of the Company with effect from 29 February 2012.
- 本公司購股權計劃之詳情於綜合財務報表附註32披露。
  - 由Absolute Target Limited直接持有的本公司167,265,000股之權益。王彥宸先生、韓力先生及王希年先生分別擁有Absolute Target Limited 46.25%、42.5%及11.25%權益。
  - 龐鴻先生於二零一二年二月二十九日辭任本公司獨立非執行董事。

Save as disclosed above, as at 31 December 2011, none of the directors and chief executive of the Company had any interests or short positions in the shares, underlying shares and debt securities of the Company or any of its subsidiaries or associated corporations that are required to be recorded pursuant to section 352 of the SFO, or otherwise notified to the Company or the Stock Exchange pursuant to the Model Code.

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES OF THE COMPANY

Save as disclosed in note 32 to the financial statements headed "Share Based Payments", at no time during the Year was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of acquisition of shares in, or debt securities (including debentures) of, the Company or any associated corporations, and none of the directors of the Company, or their spouses or children under age of 18, had any right to subscribe for the shares or debt securities of the Company or had exercised any such right during the Year.

### DIRECTORS' INTERESTS IN CONTRACTS

There was no contract of significance to which the Company, its holding company, subsidiaries or fellow subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year.

### SUBSTANTIAL SHAREHOLDERS

So far as is known to directors of the Company, as at 31 December 2011, the persons or companies (other than directors or chief executive of the Company) who had interests or short positions in the shares and underlying shares of the Company which fall to be disclosed to the Company under Part XV of the SFO, or which were recorded in the register of substantial shareholders required to be kept by the Company under section 336 of the SFO were as follows:

除上文所披露者外，於二零一一年十二月三十一日，概無任何本公司董事及主要行政人員於本公司或其任何附屬公司或相聯法團的股份、相關股份及債券中擁有須根據證券及期貨條例第352條之規定登記之權益及短倉或須根據標準守則知會本公司或聯交所之權益或短倉。

### 董事購買本公司股份或債券之權利

除財務報表附註32「以股份為基礎之付款」所披露者外，於本年度任何時間，本公司或其任何附屬公司概無訂立任何安排，致使本公司董事透過收購本公司或任何相聯法團之股份或債券（包括公司債券）而獲得利益，且於本年度內，本公司董事或彼等配偶或十八歲以下子女並無認購本公司股份或債券的權利，亦無行使任何權利。

### 董事於合約之權益

於本年度末或本年度任何時間，本公司、其控股公司、附屬公司或其同系附屬公司概無訂立任何本公司董事於其中直接或間接擁有重大利益關係之重大合約。

### 主要股東

就本公司董事所知，於二零一一年十二月三十一日，於本公司股份或相關股份中擁有須根據證券及期貨條例第XV部向本公司披露，或須載入本公司根據證券及期貨條例第336條之規定存置之主要股東登記冊的權益或短倉的人士或公司（除本公司董事或主要行政人員外）載列如下：



# Directors' Report

## 董事會報告書

Long positions in the ordinary shares of the Company as at 31 December 2011:

Name 姓名／名稱	Capacity 身份
Absolute Target Limited (Note 1) (附註 1)	Beneficial owner 實益擁有人

Note:

1. According to the filings made under the SFO, Absolute Target Limited is controlled as to 46.25% by Mr. Wong Yin Sen, 42.50% by Mr. Hon Lik and 11.25% by Mr. Wong Hei Lin. Both Mr. Wong Yin Sen and Mr. Hon Lik are executive directors of the Company.

Save as disclosed above, as at 31 December 2011, no person, other than the directors of the Company, whose interests are set out herein this report, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to section 336 of the SFO.

### SHARE OPTION SCHEME

The existing share option scheme was adopted by the Company on 30 May 2003. Details and the movement of the share option scheme of the Company are disclosed in "Share-based Payments" in note 32 to the consolidated financial statements.

### CONVERTIBLE SECURITIES, OPTIONS OR OTHER SIMILAR RIGHTS

Movements in share option scheme and convertible note during the Year are set out in notes 32 and 30 to the consolidated financial statements respectively. Save for the outstanding share options as set out in note 32 to the consolidated financial statements, the Company has no other outstanding convertible securities, options or similar rights in issue as at 31 December 2011.

### BORROWINGS

Details of the interest-bearing borrowings of the Group are set out in note 29 to the consolidated financial statements.

於二零一一年十二月三十一日，本公司普通股的長倉載列如下：

Number of shares of the Company 本公司股份數目	Approximate percentage of shareholding 股權概約百分比
167,265,000	6.16%

附註：

1. 根據按證券及期貨條例進行的登記，Absolute Target Limited由王彥宸先生、韓力先生及王希年先生分別擁有46.25%、42.50%及11.25%權益。王彥宸先生及韓力先生均為本公司執行董事。

除上文所披露者外，於二零一一年十二月三十一日，概無任何人士（於本報告中載有其權益的本公司董事外）於本公司股份或相關股份中擁有須根據證券及期貨條例第336條登記之權益或短倉。

### 購股權計劃

本公司於二零零三年五月三十日採納現有購股權計劃。本公司購股權計劃之詳情及變動於綜合財務報表附註32「以股份為基礎之付款」披露。

### 可換股證券、購股權或其他同類權利

本年度的購股權計劃及可換股票據變動分別載於綜合財務報表附註32及30。除綜合財務報表附註32所載的未行使購股權外，於二零一一年十二月三十一日，本公司並無其他尚未行使的可換股證券、購股權或同類權利。

### 借貸

本集團的計息借貸詳情載於綜合財務報表附註29。

#### RETIREMENT SCHEME

The Group provides a defined contribution retirement scheme under the Mandatory Provident Fund Scheme (the "Scheme") in Hong Kong. Under the Scheme, employer and employees are each required to make contributions to the scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$20,000 and a minimum level of relevant income of HK\$6,500 for the employees' contribution.

#### MANAGEMENT CONTRACTS

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

#### INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive directors are independent.

#### EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the remuneration committee of the Company (the "Remuneration Committee") on the basis of their merit, qualifications and competence.

The emoluments of the directors of the Company are recommended by the Remuneration Committee, having regard to the Company's operating results, individual performance, time, commitment, duties and responsibilities, contribution to the Group, comparable market statistics and prevailing marketing practice and trends.

#### PRE-EMPTIVE RIGHTS

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

#### 退休計劃

本集團根據香港強制性公積金計劃（「強積金計劃」）提供定額供款退休計劃。根據強積金計劃，僱主及僱員均須按僱員相關收入的5%向強積金計劃供款，惟僱員供款的相關每月收入最高及最低限額分別為20,000港元及6,500港元。

#### 管理合約

本年度內並沒有訂立或存在有關管理本公司及本集團整體或任何重大部分業務之合約。

#### 獨立非執行董事的獨立性

本公司已從各獨立非執行董事接獲根據上市規則第3.13條確認其獨立性之年度確認書，並認為所有獨立非執行董事均為獨立。

#### 薪酬策略

本公司薪酬委員會（「薪酬委員會」）按本集團僱員之功績、資歷及勝任度釐定其薪酬政策。

薪酬委員會視乎本公司之營運業績、個人表現及董事之年期、承諾及職務、對集團之貢獻及當前市場慣例及趨勢，及可作比較之市場統計數字建議本公司董事之薪酬。

#### 優先購買權

根據本公司組織章程細則或開曼群島法例，當中並無載列優先購買權條文，規定本公司按比例基準向其現有股東建議發售新股。

# Directors' Report

## 董事會報告書

### MAJOR SUPPLIERS AND CUSTOMERS

During the Year, the largest supplier of the Group by itself and together with the next four suppliers accounted for about 21.6% and 39.9%, respectively, of the Group's purchases.

During the Year, the five largest customers of the Group accounted for less than 47.6% of the Group's turnover.

At no time during the Year did a director, an associate of a director or a shareholder of the Company (which to the knowledge of the directors own more than 5% of the Company's share capital) have an interest in any of the Group's five largest suppliers.

### RELATED PARTY TRANSACTION

The related party transaction set out in note 38 to the consolidated financial statements did not fall within the definition of connected transaction or continuing connected transaction under Chapter 14A of the Listing Rules.

### PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the Year, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

### SUFFICIENCY OF PUBLIC FLOAT

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

### AUDITOR

The consolidated financial statements of the Company for each of the three years ended 31 December 2011 were audited by Messrs. Deloitte Touche Tohmatsu. A resolution will be submitted to the forthcoming annual general meeting of the Company to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board

**Dragonite International Limited**

**Wong Yin Sen**

*Chairman*

Hong Kong, 16 March 2012

### 主要供應商及客戶

於本年度，本集團最大供應商連同另外四名最大供應商分別佔本集團總採購額約21.6%及39.9%。

於本年度，本集團五大客戶佔本集團營業額不足47.6%。

於本年度內，本公司各董事、董事之聯繫人士或股東（據董事所知擁有本公司股本超過5%者），概無於本集團五大供應商擁有任何權益。

### 關連人士交易

綜合財務報表附註38所載之關連人士交易並非上市規則第14A章「關連交易」或「持續關連交易」之定義範圍內。

### 購買、出售或贖回證券

於本年度內，本公司或其任何附屬公司亦無購買、出售或贖回本公司任何上市證券。

### 足夠公眾持股量

於本報告日期，基於本公司所得之公開資料及就董事所知，本公司一直維持上市規則規定之充足公眾持股量。

### 核數師

本公司截至二零一一年十二月三十一日止三年度各年的綜合財務報表均由德勤•關黃陳方會計師行審核。本公司將於即將舉行之股東週年大會上提呈續聘德勤•關黃陳方會計師行為本公司核數師之決議案。

代表董事會

**叁龍國際有限公司**

*主席*

**王彥宸先生**

香港，二零一二年三月十六日

### TO THE SHAREHOLDERS OF DRAGONITE INTERNATIONAL LIMITED

(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Dragonite International Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 37 to 145, which comprise the consolidated statement of financial position as at 31 December 2011, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### AUDITOR'S RESPONSIBILITY

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

致：參龍國際有限公司

(於開曼群島註冊成立之有限公司)

股東

本行已完成審核載於第37頁至第145頁參龍國際有限公司(「貴公司」)及其附屬公司(統稱「貴集團」)綜合財務報表，其中包括於二零一一年十二月三十一日的綜合財務狀況表，及截至該日止年度之綜合全面收益表、綜合權益變動表及綜合現金流量表，以及重大會計政策概要及其他附註。

### 董事就綜合財務報表須承擔的責任

貴公司董事須負責遵照香港會計師公會頒佈的香港財務報告準則及香港公司條例披露規定，編製及真實而公平地列報綜合財務報表，及制定董事認為編製並無重大錯誤陳述(不論是否因欺詐或錯誤引起)的綜合財務報表所必要的內部監控。

### 核數師的責任

我們的責任是根據我們審核的結果，對該等綜合財務報表發表意見，並僅向整體股東報告，除此以外，按我們協定的委聘條款，本報告並無其他用途。我們不會就本報告的內容向任何其他人士承擔或負上任何責任。我們已根據香港會計師公會頒佈的香港審核準則進行審核。該等準則規定我們須遵守職業道德規範計劃及進行審核，以合理確定此等綜合財務報表有否存有任何重大錯誤陳述。

# Independent Auditor's Report

## 獨立核數師報告

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

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

### OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2011 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

**Deloitte Touche Tohmatsu**

*Certified Public Accountants*

Hong Kong

16 March 2012

審計涉及執行程序以獲取有關綜合財務報表所載金額及披露資料的審計憑證。所選程序取決於核數師的判斷，包括評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險。在評估該等風險時，核數師考慮與該公司編製真實公平列報的綜合財務報表相關的內部控制，以設計適當的審計程序，但目的並非對公司內部控制的成效發表意見。審計亦包括評價董事所採用會計政策是否合適及所作會計估計是否合理，以及評價綜合財務報表的整體列報方式。

我們相信，我們已取得充分恰當的審核憑證，為我們的審核意見提供了基礎。

### 意見

我們認為，按照香港財務報告準則編製的綜合財務報表真實公平地反映 貴集團於二零一一年十二月三十一日的財政狀況及 貴集團截至該日止年度的虧損和現金流量，並已按照香港公司條例的披露規定妥善編製。

**德勤•關黃陳方會計師行**

*執業會計師*

香港

二零一二年三月十六日

# Consolidated Statement of Comprehensive Income

## 綜合全面收益表

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

		NOTES	2011	2010
		附註	二零一一年	二零一零年
			HK\$'000	HK\$'000
			千港元	千港元
Turnover	營業額			
Sales of goods	銷售貨品		19,878	21,786
Less: Cost of goods sold	減：銷貨成本		(42,854)	(84,615)
			(22,976)	(62,829)
Change in fair value of financial assets at fair value through profit or loss	按公平值計入損益之 金融資產之公平值變動		(214,408)	1,404
Dividend income	股息收入		2,806	—
Rental income	租賃收入		1,671	—
			(232,907)	(61,425)
Other income	其他收入		3,119	795
Other gains and losses	其他盈虧	8	(4,986)	(9,750)
Distribution costs	經銷費用		(14,005)	(40,708)
Administrative expenses	行政支出		(47,536)	(43,705)
Other expenses	其他支出		(4,565)	(82,004)
(Loss) gain on disposal of subsidiaries	出售附屬公司（虧損）收益	34	(9,967)	21,903
Finance costs	財務費用	9	(2,635)	(17,945)
Loss before tax	稅前虧損		(313,482)	(232,839)
Income tax expense	所得稅支出	10	(599)	(492)
Loss for the year	本年度虧損	11	(314,081)	(233,331)
Other comprehensive income	其他全面收益			
Reclassification adjustment for exchange difference upon disposal of foreign operation	於出售海外業務後 匯兌差額之重新分類調整		—	(368)
Exchange differences arising on translation to presentation currency	換算為呈列貨幣產生之 匯兌差額		767	6,719
Other comprehensive income for the year	本年度其他全面收益		767	6,351
Total comprehensive expense for the year	本年度全面開支總額		(313,314)	(226,980)
				(Restated) (經重列)
Loss per share	每股虧損			
Basic and diluted	基本及攤薄	15	HK (14.51) 港仙	HK (57.04) 港仙

# Consolidated Statement of Financial Position

## 綜合財務狀況表

At 31 December 2011 於二零一一年十二月三十一日

		NOTES 附註	2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	16	25,799	30,413
Investment property	投資物業	17	145,000	—
Available-for-sale investments	可供出售投資	18	—	—
Financial assets at fair value through profit or loss	按公平值計入損益之 金融資產	19	9,730	20,000
Intangible assets	無形資產	20	—	—
Prepaid lease payments	預付租賃款項	21	2,690	2,678
			<b>183,219</b>	<b>53,091</b>
Current assets	流動資產			
Inventories	存貨	22	8,487	35,378
Financial assets at fair value through profit or loss	按公平值計入損益之 金融資產	19	114,924	15,563
Trade receivables	應收貿易賬項	23	4,184	5,082
Deposits, prepayments and other receivables	按金、預付款項及 其他應收賬項	24	6,878	5,736
Taxation recoverable	可收回稅項		1,579	2,600
Prepaid lease payments	預付租賃款項	21	82	79
Bank balances and cash	銀行結存及現金	26	55,970	11,681
			<b>192,104</b>	<b>76,119</b>
Current liabilities	流動負債			
Trade payables	應付貿易賬項	27	6,272	4,647
Accruals and other payables	應計款項及其他應付賬項	28	33,665	41,269
Derivative financial instruments	衍生金融工具	25	5,689	377
Borrowings	借款	29	92,342	5,000
Convertible bonds	可換股債券	30	—	4,136
Taxation payable	應付稅項		1,503	891
			<b>139,471</b>	<b>56,320</b>
Net current assets	流動資產淨值		<b>52,633</b>	<b>19,799</b>
Total assets less current liabilities	總資產減流動負債		<b>235,852</b>	<b>72,890</b>

# Consolidated Statement of Financial Position

## 綜合財務狀況表

At 31 December 2011 於二零一一年十二月三十一日

		NOTES 附註	2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
Capital and reserves	資本及儲備			
Share capital	股本	31	271,731	9,236
Reserves	儲備		(35,879)	63,654
Equity attributable to owners of the Company	本公司擁有人應佔權益		235,852	72,890

The consolidated financial statements on pages 37 to 145 were approved and authorised for issue by the Board of Directors on 16 March 2012 and are signed on its behalf by:

第37至145頁之綜合財務報表於二零一二年三月十六日獲董事會批准及授權刊發，並由下列董事代表簽署：

董事  
DIRECTOR

董事  
DIRECTOR



# Consolidated Statement of Changes in Equity

## 綜合權益變動表

For the year ended 31 December 2010 截至二零一一年十二月三十一日止年度

										Attributable to owners of the Company	
		Share capital	Share premium account	Shareholders' contribution	Translation reserve	Share option reserve	Non-distributable reserves	Merger reserves	Special reserves	Accumulated losses	Company
		股本	股份溢價賬	股東出資	滙兌儲備	購股權儲備	非供分派儲備	合併儲備	特別儲備	累積虧損	應佔權益
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
				(note a)			(note b)	(note d)	(note c)		
				(附註a)			(附註b)	(附註d)	(附註c)		
At 1 January 2010	於二零一零年一月一日	151,336	1,182,410	21,780	86,873	9,612	24,737	(1,016,738)	3,142	(418,945)	44,207
Loss for the year	本年度虧損	—	—	—	—	—	—	—	—	(233,331)	(233,331)
Other comprehensive income for the year	本年度其他全面收益	—	—	—	6,351	—	—	—	—	—	6,351
Total comprehensive income for the year	本年度全面收益總額	—	—	—	6,351	—	—	—	—	(233,331)	(226,980)
Issue of new shares	發行新股	33,272	—	—	—	—	—	—	—	—	33,272
Issue of new shares upon conversion of convertible bonds	於轉換可換股債券後發行新股	71,891	10,400	—	—	—	—	—	—	—	82,291
Issue of new shares upon exercise of share options	於行使購股權後發行新股	29,770	26,582	—	—	(11,984)	—	—	—	—	44,368
Issue of new shares upon rights issue	於供股後發行新股	83,180	—	—	—	—	—	—	—	—	83,180
Capital Reorganisation	資本重組	(360,213)	—	—	—	—	—	—	—	360,213	—
Recognition of equity-settled share-based payments	確認以權益結算並以股份為基礎之付款	—	—	—	—	12,552	—	—	—	—	12,552
At 31 December 2010	於二零一零年十二月三十一日	9,236	1,219,392	21,780	93,224	10,180	24,737	(1,016,738)	3,142	(292,063)	72,890

# Consolidated Statement of Changes in Equity

## 綜合權益變動表

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

										Attributable to owners of the	
		Share		Share		Non-				Company	
		capital	premium	holders'	translation	option	distributable	Merger	Special	Accumulated	Company
		account	contribution	reserve	reserve	reserves	reserves	reserves	reserves	losses	本公司擁有人
		股本	股份溢價賬	股東出資	匯兌儲備	購股權儲備	非供分派 儲備	合併儲備	特別儲備	累積虧損	應佔權益
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
					(note a)	(note b)		(note d)	(note c)		
					(附註a)	(附註b)		(附註d)	(附註c)		
At 1 January 2011	於二零一一年一月一日	9,236	1,219,392	21,780	93,224	10,180	24,737	(1,016,738)	3,142	(292,063)	72,890
Loss for the year	本年度虧損	—	—	—	—	—	—	—	—	(314,081)	(314,081)
Other comprehensive income for the year	本年度其他全面收益	—	—	—	767	—	—	—	—	—	767
Total comprehensive income for the year	本年度全面收益總額	—	—	—	767	—	—	—	—	(314,081)	(313,314)
Issue of new shares upon rights issue	於供股後發行新股	184,725	221,669	—	—	—	—	—	—	—	406,394
Issue of new shares upon subscription	於認購後發行新股	1,847	1,109	—	—	—	—	—	—	—	2,956
Issue of new shares upon exercise of share options	於行使購股權後發行新股	923	1,540	—	—	(783)	—	—	—	—	1,680
Issue of new shares upon placing	於配股後發行新股	75,000	—	—	—	—	—	—	—	—	75,000
Transaction costs attributable to issue of shares	發行新股產生之費用	—	(10,537)	—	—	—	—	—	—	—	(10,537)
Recognition of equity-settled share-based payments	確認以權益結算並以股份為基礎之付款	—	—	—	—	783	—	—	—	—	783
Lapse of share options	購股權失效	—	—	—	—	(1,464)	—	—	—	1,464	—
At 31 December 2011	於二零一一年十二月三十一日	271,731	1,433,173	21,780	93,991	8,716	24,737	(1,016,738)	3,142	(604,680)	235,852

# Consolidated Statement of Changes in Equity

## 綜合權益變動表

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

### Notes:

- (a) Shareholders' contribution represents the amounts contributed by shareholders of Ruyan Investment (Holdings) Limited ("RIHL").
- (b) The non-distributable reserve represents statutory reserves appropriated from profit after tax of the Company's PRC subsidiary under the PRC laws and regulations.
- (c) The special reserve of the Group represents reserve arising pursuant to Group Reorganisation on the basis that the Group Reorganisation had been effected on 1 January 2000.
- (d) The merger reserve represents (i) the share capital of RIHL (ii) the carrying amount of equity interest in RIHL held by the non-controlling parties and (iii) the fair value of the considerations paid for acquisition of RIHL.

### 附註：

- (a) 股東出資指Ruyan Investment (Holdings) Limited (「RIHL」) 之股東出資金額。
- (b) 非供分派儲備指本公司之中國附屬公司根據中國法律及法規從除稅後溢利中撥出之法定儲備。
- (c) 本集團之特別儲備指集團重組於二零零零年一月一日生效時因集團重組產生之儲備。
- (d) 合併儲備指(i)RIHL股本；(ii)無控制權人士持有之RIHL股權之賬面值；及(iii)就收購RIHL支付代價之公平值。

# Consolidated Statement of Cash Flows

## 綜合現金流量表

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

		2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
<b>OPERATING ACTIVITIES</b>			
Loss before tax	經營活動 除稅前虧損	(313,482)	(232,839)
Adjustments for:	就以下項目作出調整：		
Depreciation of property, plant and equipment	物業、廠房及設備折舊	6,015	9,163
Amortisation of prepaid lease payments	預付租賃款項攤銷	88	85
Amortisation of intangible assets	無形資產攤銷	—	753
Allowance for inventory obsolescence	陳舊存貨撥備	31,796	65,399
Allowance for bad and doubtful debts	呆壞賬準備	1,473	37,406
Share-based payment expense	以股份為基礎付款之支出	783	12,552
Finance costs	財務費用	2,635	17,945
Change in fair value of derivative financial instruments	衍生金融工具之公平值變動	(958)	(912)
Change in fair value of financial assets designated at fair value through profit or loss	指定按公平值計入損益之金融資產之公平值變動	10,295	(9,700)
Interest income	利息收入	(8)	(13)
Impairment loss on property, plant and equipment	物業、廠房及設備之減值虧損	—	9,328
(Gain) loss on disposal of property, plant and equipment	出售物業、廠房及設備之(收益)虧損	(65)	1,334
Loss (gain) on disposal of subsidiaries	出售附屬公司之虧損(收益)	9,967	(21,903)
Change in fair value of investment property	投資物業之公平值變動	6,009	—
Operating cash flows before movements in working capital	營運資金變動前之經營現金流量	(245,452)	(111,402)
(Increase) decrease in inventories	存貨(增加)減少	(4,235)	2,224
(Increase) decrease in trade receivables	應收貿易賬項(增加)減少	(505)	31,734
(Increase) decrease in deposits, prepayments and other receivable	按金、預付款項及其他應收賬項(增加)減少	(703)	15,226
Increase in held-for-trading investments	持作買賣用途之投資增加	(94,111)	(11,113)
Increase (decrease) in trade payables	應付貿易賬項增加(減少)	1,537	(557)
(Decrease) increase in accruals and other payables	應計款項及其他應付賬項(減少)增加	(9,224)	24,789
Cash used in operations	經營所用現金	(352,693)	(49,099)
Interest received	已收利息	8	13
Interest paid	已付利息	—	(1,146)
PRC income tax refunded (paid)	已退回中國所得稅(已繳)	1,034	(119)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>經營活動所用現金淨額</b>	<b>(351,651)</b>	<b>(50,351)</b>

# Consolidated Statement of Cash Flows

## 綜合現金流量表

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

	NOTES 附註	2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
<b>INVESTING ACTIVITIES</b>			
<b>投資活動</b>			
Proceeds on disposal of property, plant and equipment	出售物業、廠房及設備所得款項	65	2,078
Proceeds on disposal of financial assets designated at fair value through profit or loss	出售指定按公平值計入損益之金融資產所得款項	24,750	—
Purchase of financial assets designated at fair value through profit or loss	購入指定按公平值計入損益之金融資產	(30,025)	(14,750)
Purchase of property, plant and equipment	購入物業、廠房及設備	(405)	(3,378)
Net cash outflow arising on disposal of subsidiaries	出售附屬公司之現金流出淨額	—	(389)
Acquisition of subsidiaries	收購附屬公司	(10,000)	—
Acquisition of assets and liabilities	收購資產與負債	(116,943)	—
Repayments from a shareholder	股東償還款項	—	127
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>投資活動所用現金淨額</b>	<b>(132,558)</b>	<b>(16,312)</b>
<b>FINANCING ACTIVITIES</b>			
<b>融資活動</b>			
New other borrowings raised	其他新造借款	140,000	130,000
Interest paid on borrowings	借款已付利息	(1,771)	(2,402)
Repayment of other borrowings	償還其他借款	(80,677)	(125,000)
Redemption of convertible bonds	贖回可換股債券	(5,000)	(153,681)
Proceeds from issue of convertible bonds	發行可換股債券之所得款項	—	75,000
Issue of new shares	發行新股	486,030	160,820
Expenses of issue of shares	發行股份之開支	(10,537)	—
Repayment to a shareholder	償還股東款項	—	(10,000)
Repayment to a non-controlling shareholder of the Company	償還本公司非控股股東款項	—	(21,011)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>融資活動所得現金淨額</b>	<b>528,045</b>	<b>53,726</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>現金及現金等值項目增加 (減少) 淨額</b>	<b>43,836</b>	<b>(12,937)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>	<b>年初之現金及現金等值項目</b>	<b>11,681</b>	<b>24,117</b>
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES</b>	<b>匯率變動之影響</b>	<b>453</b>	<b>501</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR, REPRESENTED BY BANK BALANCES AND CASH</b>	<b>年終之現金及現金等值項目，即銀行結存及現金</b>	<b>55,970</b>	<b>11,681</b>

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

### I. GENERAL

The Company was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in "Corporate Information" of the annual report.

The Company acts as an investment holding company. Its subsidiaries are principally engaged in production and sales of a series of health care products, pharmaceutical products, Ruyan atomizing cigarettes, securities trading and investments and property investment in Hong Kong.

In prior years, the Company's functional currency was Renminbi ("RMB"). During the year, the directors had re-evaluated the underlying investment activities and strategy of the Company and have determined that the functional currency of the Company changed from RMB to Hong Kong dollars ("HKD"). The effects of the change of the functional currency of the Company had been accounted for prospectively during the year.

For the purposes of presenting the consolidated financial statements, the Group adopted HKD as its presentation currency for the convenience of the readers. The directors consider HKD can provide more meaningful information to the Company's shareholders.

### 1. 一般資料

本公司於開曼群島註冊成立為獲豁免有限公司，其股份於香港聯合交易所有限公司（「聯交所」）上市。本公司之註冊辦事處地址及主要營業地點已於本年報「公司資料」中披露。

本公司為一家投資控股公司，其附屬公司之主要業務為生產及銷售一系列保健產品、醫藥產品及如煙霧化煙、證券買賣及投資及於香港進行物業投資。

於過往年度，本公司之功能貨幣為人民幣（「人民幣」）。於本年度，董事經重新評估本公司有關投資活動及策略，釐定將本公司之功能貨幣由人民幣變換為港元（「港元」）。本公司功能貨幣變動之影響已於年內追溯入賬。

就呈列綜合財務報表而言，為方便讀者閱覽，本集團採用港元作為其呈列貨幣。董事認為港元可為本公司股東提供更有意義之資料。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

### 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

In the current year, the Group has applied the following new and revised standards, amendments and interpretations (“new and revised HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

Amendments to HKFRSs

香港財務報告準則之修訂

HKAS 24 (as revised in 2009)

香港會計準則第 24 號 (二零零九年經修訂)

Amendments to HK(IFRIC) - INT 14

香港 (國際財務報告詮釋委員會)

— 詮釋第 14 號之修訂

HK(IFRIC) - INT 19

香港 (國際財務報告詮釋委員會)

— 詮釋第 19 號

The adoption of the new and revised HKFRSs has had no material effect on consolidated financial statements of the Group for current or prior accounting periods.

The Group has not early applied the following new or revised Standards and Interpretations that have been issued but are not yet effective:

HKFRS 7 (Amendments)

香港財務報告準則第 7 號 (修訂本)

HKFRS 9

香港財務報告準則第 9 號

HKFRS 9 & HKFRS 7 (Amendments)

香港財務報告準則第 9 號及香港財務報告準則第 7 號 (修訂本)

HKFRS 10

香港財務報告準則第 10 號

HKFRS 11

香港財務報告準則第 11 號

HKFRS 12

香港財務報告準則第 12 號

### 2. 應用新訂及經修訂香港財務報告準則 (「香港財務報告準則」)

於本年度，本集團應用下列由香港會計師公會 (「香港會計師公會」) 頒佈之新訂及經修訂準則、修訂及詮釋 (「新訂及經修訂香港財務報告準則」)。

Improvement to HKFRSs issued in 2010

改進二零一零年頒佈之香港財務報告準則

Related party disclosures

關連人士之披露

Prepayments of a minimum funding requirement

最低資本規定之預付款項

Extinguishing financial liabilities with equity instruments

以股本工具抵銷金融負債

採用新訂及經修訂香港財務報告準則對本集團現時及過往會計期間之綜合財務報表並無重大影響。

本集團並無提早採用下列已頒佈但尚未生效之新訂及經修訂準則及詮釋：

Disclosures - Transfers of financial assets<sup>1</sup>

披露—轉讓金融資產<sup>1</sup>

Disclosures - Offsetting financial assets and financial liabilities<sup>2</sup>

披露—抵銷金融資產及金融負債<sup>2</sup>

Financial instruments<sup>3</sup>

金融工具<sup>3</sup>

Mandatory effective date of HKFRS 9 and transition disclosures<sup>3</sup>

香港財務報告準則第 9 號之強制生效日期及過渡性披露<sup>3</sup>

Consolidated financial statements<sup>2</sup>

綜合財務報表<sup>2</sup>

Joint arrangements<sup>2</sup>

合營安排<sup>2</sup>

Disclosure of interests in other entities<sup>2</sup>

披露其他實體之權益<sup>2</sup>

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

### 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Cont’d)

HKFRS 13  
香港財務報告準則第 13 號

HKAS 1 (Amendments)  
香港會計準則第 1 號 (修訂本)

HKAS 12 (Amendments)  
香港會計準則第 12 號 (修訂本)

HKAS 19 (Revised 2011)  
香港會計準則第 19 號 (二零一一年經修訂)

HKAS 27 (as revised in 2011)  
香港會計準則第 27 號 (二零一一年經修訂)

HKAS 28 (as revised in 2011)  
香港會計準則第 28 號 (二零一一年經修訂)

HKAS 32 (Amendments)  
香港會計準則第 32 號 (修訂本)

HK(IFRIC) - INT 20  
香港 (國際財務報告詮釋委員會)  
— 詮釋第 20 號

- <sup>1</sup> Effective for annual periods beginning on or after 1 July 2011.
- <sup>2</sup> Effective for annual periods beginning on or after 1 January 2013.
- <sup>3</sup> Effective for annual periods beginning on or after 1 January 2015.
- <sup>4</sup> Effective for annual periods beginning on or after 1 January 2012.
- <sup>5</sup> Effective for annual periods beginning on or after 1 July 2012.
- <sup>6</sup> Effective for annual periods beginning on or after 1 January 2014.

### 2. 應用新訂及經修訂香港財務報告準則 (「香港財務報告準則」) (續)

Fair value measurement<sup>2</sup>  
公平值計量<sup>2</sup>

Presentation of items of other comprehensive income<sup>5</sup>  
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- <sup>1</sup> 於二零一一年七月一日或之後開始之年度期間生效。
- <sup>2</sup> 於二零一三年一月一日或之後開始之年度期間生效。
- <sup>3</sup> 於二零一五年一月一日或之後開始之年度期間生效。
- <sup>4</sup> 於二零一二年一月一日或之後開始之年度期間生效。
- <sup>5</sup> 於二零一二年七月一日或之後開始之年度期間生效。
- <sup>6</sup> 於二零一四年一月一日或之後開始之年度期間生效。



# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

For the year ended 31 December 2011 | 截至二零一一年十二月三十一日止年度

### 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Cont'd)

HKFRS 9 “Financial instruments” issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 “Financial instruments” amended in 2010 adds requirements for financial liabilities and for derecognition.

- HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 “Financial instruments: Recognition and measurement” are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

### 2. 應用新訂及經修訂香港財務報告準則（「香港財務報告準則」）（續）

二零零九年頒佈的香港財務報告準則第9號「金融工具」引進有關金融資產分類和計量的新要求。香港財務報告準則第9號「金融工具」（於二零一零年修訂）加入有關金融負債及取消確認的規定。

- 根據香港財務報告準則第9號，所有屬香港會計準則第39號「金融工具：確認及計量」範疇內的已確認金融資產，其後均按攤銷成本或公平值計量。尤其是，按商業模式持有而目的為收取合約現金流量的債務投資，以及僅為支付本金及未償還本金利息的合約現金流量的債務投資，一般均於其後會計期結束時按攤銷成本計量。所有其他債務投資及股本投資均於其後會計期結束時按公平值計量。此外，根據香港財務報告準則第9號，公司有不可撤回的選擇權把股本投資（非持有作交易用途）隨後的公平值變動呈列於其他全面收益內，一般只有股息收入於損益確認。
- 就金融負債之分類及計量而言，香港財務報告準則第9號最重大影響乃有關金融負債信貸風險變動應佔該負債（指定按公平值計入損益）公平值變動之呈列。尤其是，根據香港財務報告準則第9號，對於指定為按公平值計入損益的金融負債，因金融負債信貸風險有變而導致其公平值變動的款額乃於其他全面收益呈列，惟於其他全面收益確認該負債信貸風險變動的影響會產生或增加損益的會計錯配則除外。因金融負債信貸風險而導致其公平值變動其後不會重新分類至損益。過往，根據香港會計準則第39號，指定為按公平值計入損益的金融負債的全部公平值變動款額均於損益呈列。

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## 綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

### 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Cont’d)

The directors anticipate that HKFRS 9 that will be adopted in the Group’s consolidated financial statements for the annual period beginning 1 January 2015 and that the application of the new Standard is not expected to have significant impact on the consolidated financial statements.

#### New and revised standards on consolidation and disclosures

HKFRS 10 replaces the parts of HKAS 27 “Consolidated and separate financial statements” that deal with consolidated financial statements. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor’s returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

HKFRS 10 and HKFRS 12 are effective for annual periods beginning on or after 1 January 2013. The directors anticipate that these standards will be adopted in the Group’s consolidated financial statements for the annual period beginning 1 January 2013. The application of these standards may not have impact on amounts reported in the consolidated financial statements.

### 2. 應用新訂及經修訂香港財務報告準則（「香港財務報告準則」）（續）

董事預期，香港財務報告準則第9號將於本集團於二零一五年一月一日開始的年度的綜合財務報表採納，而應用該新準則預期不會對綜合財務報表造成重大影響。

#### 關於綜合入賬及披露的新訂及經修訂準則

香港財務報告準則第10號取代香港會計準則第27號「綜合及獨立財務報表」處理綜合財務報表之部份。香港財務報告準則第10號載有控制權之新定義，包含三項元素：(a)對被投資公司的權力，(b)參與被投資公司所得可變回報之風險或權利，及(c)行使對被投資公司之權力以影響投資者回報金額之能力。香港財務報告準則第10號已加入廣泛指引以處理複雜情況。

香港財務報告準則第12號為一項披露準則，適用於擁有附屬公司、合營安排、聯營公司及／或未綜合結構實體權益的公司。一般而言，香港財務報告準則第12號比現行準則提出更廣泛的披露規定。

香港財務報告準則第10號及香港財務報告準則第12號於二零一三年一月一日或之後開始之會計期生效。董事預期，該等準則將於本集團於二零一三年一月一日開始的年度的綜合財務報表採納。應用該等準則未必會對綜合財務報表所呈報的金額造成影響。

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## 綜合財務報表附註

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### 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Cont'd)

#### Amendments to HKAS 1 Presentation of items of other comprehensive income

The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to HKAS 1 are effective for the Group for annual periods beginning on 1 January 2013. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

#### Amendments to HKAS 12 Deferred tax - Recovery of underlying assets

The amendments to HKAS 12 provide an exception to the general principles in HKAS 12 that the measurement of deferred tax assets and deferred tax liabilities should reflect the tax consequences that would follow from the manner in which the entity expects to recover the carrying amount of an asset. Specifically, under the amendments, investment properties that are measured using the fair value model in accordance with HKAS 40 “Investment property” are presumed to be recovered through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

The amendments to HKAS 12 are effective for annual periods beginning on or after 1 January 2012. If the presumption is not rebutted, the directors anticipate that the measurement of deferred tax shall reflect the tax consequences of recovering the carrying amount of investment property entirely through sale.

The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the consolidated financial statements.

### 2. 應用新訂及經修訂香港財務報告準則（「香港財務報告準則」）（續）

#### 香港會計準則第1號的修訂本呈列其他全面收入項目

香港會計準則第1號的修訂本保留以單一報表或兩份獨立但連續報表呈列損益及其他全面收入的選擇權。然而，香港會計準則第1號的修訂本規定須於其他全面收入部份作出額外披露，以便將其他全面收入項目劃分為兩類：(a)其後不會重新分類至損益的項目；及(b)於達成特定條件時，其後可重新分類至損益的項目。其他全面收入項目的所得稅須按相同基準予以分配。

香港會計準則第1號的修訂本乃於二零一三年一月一日開始的年度生效。當修訂本於未來會計期應用時，其他全面收入項目的呈列方式將會作出相應變動。

#### 香港會計準則第12號的修訂本遞延稅項－收回相關資產

香港會計準則第12號的修訂本就香港會計準則第12號所載的一般原則提出一項例外情況，即遞延稅項資產及遞延稅項負債的計量應反映該實體預期收回資產賬面值的方式所產生的稅務影響。修訂本明確地指出根據香港會計準則第40號「投資物業」以公平值模式計量的投資物業，其遞延稅項的計量是假定物業會透過出售而回撥，除非在若干情況下假定被駁回。

香港會計準則第12號的修訂本乃於二零一二年一月一日或之後開始的年度生效。倘假定未被駁回，董事預期遞延稅項的計量應反映透過出售全部收回投資物業賬面值的稅務影響。

本公司董事預期，應用其他新訂及經修訂準則、修訂或詮釋不會對綜合財務報表造成重大影響。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

### 3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments and investment property, which are measured at fair values, as explained in the accounting policies set out below. Historical cost is generally based on fair value of the consideration given in exchange for goods.

The principal accounting policies are set out below:

#### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

### 3. 重大會計政策

綜合財務報表已根據香港會計師公會頒佈的香港財務報告準則編製。此外，綜合財務報表包括香港聯合交易所有限公司證券上市規則及香港公司條例所規定的相關披露事項。

除若干按公平值列賬之金融工具及投資物業以外，綜合財務報表乃根據歷史成本法編製，如下文所載會計政策所解釋。歷史成本一般基於為換取貨物所付代價的公平值。

主要會計政策如下：

#### 綜合賬目之基準

綜合財務報表包括本公司及本公司控制之實體(附屬公司)之財務報表。倘本公司有權力規管實體之財務及營運政策，以從其業務獲益，即為取得其控制權。

本年內購入或出售之附屬公司業績自收購生效日期起或至出售生效日期止(倘適用)計入綜合全面收益表。

於必要時調整附屬公司之財務報表，使其會計政策符合本集團其他成員公司所使用者。

集團內各公司間之交易、結餘、收入及開支均於綜合賬目時抵銷。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

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### 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 "Income taxes" and HKAS 19 "Employee benefits" respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 "Share-based payment" at the acquisition date (see the accounting policy below); and
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 "Non-current assets held for sale and discontinued operations" are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

### 3. 重大會計政策 (續)

#### 業務合併

收購業務採用收購法入賬。業務合併所轉讓代價按公平值計量，而計算方法為本集團所轉讓資產、本集團產生的對被收購方前股東的負債及本集團為換取被收購方控制權而發行的股權於收購日期的公平值的總和。有關收購的成本一般於產生時於損益表確認。

於收購日期，所收購的可識別資產及所承擔的負債按公平值確認，惟以下情況除外：

- 遞延稅項資產或負債及與僱員福利安排相關的負債或資產分別按香港會計準則第12號「所得稅」及香港會計準則第19號「僱員福利」確認及計量；
- 與被收購方以股份為基礎的付款安排有關或以所訂立本集團以股份為基礎的付款安排取代被收購方以股份為基礎的付款安排有關的負債或權益工具，乃於收購日期按香港財務報告準則第2號「以股份為基礎的付款」計量（見下文會計政策）；及
- 根據香港財務報告準則第5號「持作出售的非流動資產及已終止經營業務」分類為持作出售的資產（或出售組別）根據該準則計量。

商譽是以所轉讓的代價、任何非控股權益於被收購方所佔金額及收購方先前所持被收購方股權的公平值（如有）的總和，超出所收購的可識別資產及所承擔的負債於收購日期的淨額的差額計量。倘經過重新評估後，所收購的可識別資產與所承擔負債於收購日期的淨額高於轉讓的代價及任何非控股權益於被收購方所佔金額及收購方先前所持被收購方權益的公平值（如有）的總和，則差額即時於損益表確認為議價收購收益。

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## 綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

### 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### Goodwill

Goodwill arising on an acquisition of a business is carried at cost less accumulated impairment losses, if any, and is presented in the consolidated statement of financial position as an intangible asset.

For the purposes of impairment testing, goodwill is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that is expected to benefit from the synergies of the acquisition.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated statement of comprehensive income. An impairment loss for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill capitalised is included in the determination of the amount of profit or loss on disposal.

### 3. 重大會計政策 (續)

#### 商譽

收購業務所產生之商譽乃按成本減累計減值虧損計算，並於綜合財務狀況表呈列為無形資產。

就減值測試而言，商譽乃分配至預期受益於收購之協同效應的各有關賺取現金單位或賺取現金單位組別。

已獲分配商譽之賺取現金單位每年或更頻繁及凡有跡象顯示單位可能出現減值時進行減值測試。對於報告期末之收購所產生之商譽，已獲分配商譽之賺取現金單位於該報告期末前進行減值測試。如賺取現金單位之可收回金額少於該單位之賬面值，則減值虧損會先用作減低分配到該單位之任何商譽之賬面值，其後按單位中各資產之賬面值比例分配到該單位之其他資產。商譽之任何減值虧損乃直接於綜合全面收益表的損益確認。商譽之減值虧損於其後期間不予撥回。

於出售有關賺取現金單位時，釐定出售所得損益計及已撥充資本的商譽應佔金額。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

### 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold in the normal course of business, net of discounts, sales related taxes and returns.

Revenue from sale of goods is recognised when the goods are delivered and title has passed at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Rental income is recognised, on a straight-line basis, over the terms of the respective leases.

Dividend income from investments is recognised when the Group's rights to receive payment have been established.

### 3. 重大會計政策 (續)

#### 收益確認

收益按已收或應收代價之公平值計量，指在日常業務過程中所出售貨品之應收金額（經扣除折扣、銷售相關稅項及退貨）。

銷售貨物之收益於交付貨物及轉讓所有權並於下列所有條件達成時確認：

- 本集團已向買方轉讓貨物擁有權之重大風險及回報；
- 本集團並無對售出貨品保留一般與擁有權相關之持續管理參與，亦無保留售出貨物之實際控制權；
- 收入金額能可靠計量；
- 與交易有關之經濟利益很有可能流入本集團；及
- 就交易所產生或將產生之成本能可靠計量。

金融資產之利息收入當經濟效益可能會流入本集團及收入金額能可靠計量時確認。金融資產之利息收入乃以時間基準按未償還本金及相關實際利率累計，而實際利率為於金融資產之預期期限內將估計日後現金收入準確折現至初步確認時該資產賬面淨值之利率。

租金收入按直線法於相關租期內確認。

投資股息收入於本集團收取款項的權利建立時確認。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

### 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible asset is measured at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets acquired separately.

### 3. 重大會計政策 (續)

#### 研究與開發支出

研究活動支出在其發生期間確認為開支。

開發活動(或是內部工程開發階段)所形成的內部產生無形資產，僅在以下所有條件達成時方予確認：

- 完成該無形資產以供使用或出售在技術上可行；
- 有意完成該無形資產並使用或出售；
- 有能力使用或出售該無形資產；
- 該無形資產如何產生很可能的未來經濟利益；
- 有足夠的技術、財務及其他資源來完成其發展，並使用和出售該無形資產；及
- 能夠可靠計量開發期間該無形資產應佔的支出。

於初步確認的內部產生的無形資產數額為無形資產自首次符合上述確認標準當日起所產生的支出總和。當無內部產生的無形資產可確認時，開發支出於產生期間計入損益。

初步確認後，內部產生的無形資產如同獨立收購的無形資產按成本減累計攤銷及累計減值虧損(如有)計算。



# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

### 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or services, or for administrative purposes are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

#### Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties include land held for undetermined future use, which is regarded as held for capital appreciation purpose.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the item is derecognised.

### 3. 重大會計政策 (續)

#### 物業、廠房及設備

物業、廠房及設備(包括持作生產,或提供產品或服務或作行政用途之樓宇)以成本減累計折舊及累計減值虧損(如有)列賬。

折舊乃以直線法按估計可使用年期撇銷物業、廠房及設備項目成本減其殘值計算。估計可使用年期、殘值及折舊方法於各報告期末檢討,而任何估計變動的影響按相應基準入賬。

物業、廠房及設備項目於出售時或當繼續使用該資產預期不會產生任何日後經濟利益時解除確認。出售或報廢物業、廠房及設備項目產生之任何收益或虧損,按該資產之銷售所得款項與其賬面值之差額計算,於損益確認。

#### 投資物業

投資物業指持有以賺取租金及/或作資本增值的物業。投資物業包括持作日後未確定用途的土地,視為持作資本增值。

投資物業初步按成本計量,包括任何直接應佔支出。初步確認後,投資物業按公平值計量。投資物業公平值變動產生的收益或虧損於產生期間計入損益。

投資物業於出售,或當投資物業永久不再使用,且預期其出售不會產生未來經濟利益時取消確認。該物業取消確認產生的任何盈虧(按該資產出售所得款項淨值與其賬面值之間的差額計算)於取消確認該項目的期間計入損益。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

### 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### Leasing

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.

#### *The Group as lessor*

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

#### *The Group as lessee*

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

#### *Leasehold land and building*

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis.

### 3. 重大會計政策 (續)

#### 租賃

凡租約條款將擁有權之絕大部分風險及回報轉讓予承租人之租賃，均分類為融資租賃。所有其他租約則分類為經營租賃。

#### *本集團作為出租人*

經營租賃的租賃收入在相關租期內按直線法於損益確認。

#### *本集團作為承租人*

經營租賃款項於租期內按直線法確認為開支。

#### *租賃土地及樓宇*

當租賃包含土地及樓宇部分，本集團會按各部分擁有權之絕大部分風險及回報是否已轉移至本集團來評估各部分應分類為融資租賃還是經營租賃，惟倘兩個部分均明顯為經營租賃除外，在此情況下整項租賃分類為經營租賃。具體來說，最低租賃款項(包括任何一次過預付款)乃按租賃開始時土地及樓宇部分之租賃權益的相對公平值比例在兩個部分間分配。

如若租賃款項能可靠地分配，入賬為經營租賃之租賃土地權益在綜合財務狀況表呈列為「預付租賃款項」，並於租期內按直線法攤銷。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

### 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which cases, the exchange differences are also recognised directly in other comprehensive income.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of the translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

### 3. 重大會計政策 (續)

#### 外幣

於編製各個別集團實體之財務報表時，計值貨幣並非實體功能貨幣(外幣)之交易，以相關功能貨幣(即該實體經營所在主體經濟環境之貨幣)按交易日期之匯率換算入賬。於報告期末，以外幣列值之貨幣項目按該日之匯率重新換算。以外幣列值按公平值入賬之非貨幣項目按釐定公平值當日之現行匯率重新換算。以外幣歷史成本計量之非貨幣項目則不會重新換算。

結算及重新換算貨幣項目所產生之匯兌差額，於產生期間在損益確認。因重新換算按公平值入賬之非貨幣項目產生之匯兌差額計入該期間損益內，惟重新換算有關盈虧直接在其他全面收入確認之非貨幣項目所產生之差額除外，於此情況下，匯兌差額亦直接在其他全面收入確認。

為呈列綜合財務報表，本集團業務的資產及負債均以報告期末現行匯率換算為本集團之呈列貨幣(即港元)，而其收入及開支則以本年度平均匯率予以換算，惟匯率於期間大幅波動而須使用交易日之匯率的情況則除外。產生之匯兌差額(如有)於其他全面收入確認及並於權益之匯兌儲備累計。

在出售海外業務(即出售本集團所持海外業務的全部權益)時，關於本公司擁有人應佔該業務並累計至權益的所有匯兌差額重新分類至損益。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

### 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

#### Retirement benefits costs

Payments to defined contribution retirement benefits schemes and state-managed retirement benefit scheme are recognised as expenses when employees have rendered service entitling them to the contributions.

#### Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

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

### 3. 重大會計政策 (續)

#### 借貸成本

收購、建設或生產未完成資產(即需很長一段時間才能達到擬定用途或出售的資產)直接有關的借貸成本作為該等資產的成本,直至該等資產大體上可作擬定用途或出售時為止。

尚未用作未完成資產支出的特定借款臨時投資所賺取投資收入從合資格撥作資本的借貸成本扣除。

其他所有借貸成本均於產生期間在損益確認。

#### 退休福利成本

界定供款退休福利計劃及國家管理退休福利計劃之付款,於僱員提供服務而可享有供款時確認為開支。

#### 稅項

所得稅開支指現時應付稅項與遞延稅項之和。

現時應付稅項乃按本年度應課稅溢利計算。應課稅溢利與綜合全面收益表所呈報溢利不同,此乃由於前者不包括其他年度應課稅或可扣稅收入或開支項目,並且不包括從未課稅或扣稅之項目。本集團本期稅項負債按於報告期末已頒佈或具體頒佈之稅率計算。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

### 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### Taxation (Cont'd)

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

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

### 3. 重大會計政策 (續)

#### 稅項 (續)

遞延稅項就綜合財務報表內資產及負債賬面值與計算應課稅溢利所採用相應稅基間之暫時差額確認。遞延稅項負債一般按所有應課稅暫時差額確認。遞延稅項資產一般於可能有應課稅溢利而動用可扣減暫時差額時予以確認。倘由商譽或初次確認不影響應課稅溢利或會計溢利之交易之其他資產及負債(業務合併除外)產生暫時差額，有關資產及負債不予確認。

遞延稅項負債乃按因於附屬公司之投資而引致之應課稅暫時差額而確認，惟若本集團可控制暫時差額撥回及暫時差額有可能不會於可見將來撥回之情況除外。與該等投資及權益相關之可扣減暫時差額產生之遞延稅項資產僅在有足夠應課稅溢利可供動用暫時差額利益，並預期會在可見未來撥回之情況下，方會確認。

於報告期末檢討遞延稅項資產的賬面值，並在不再可能有足夠應課稅溢利以收回全部或部分遞延稅項資產時，相應扣減該賬面值。

遞延稅項資產及負債按照於報告期末已頒佈或具體頒佈之稅率(及稅法)，以預計於償還負債或變現資產之期間適用之稅率計算。

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## 綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

### 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### Taxation (Cont'd)

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively.

#### Intangible assets

Intangible assets acquired separately and with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses, if any. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

The Group's intangible assets represent technology know-how acquired from third parties.

#### Inventories

Inventories comprise raw materials, work-in-progress and finished goods are carried at the lower of cost and net realisable value.

Cost includes direct materials, direct labour costs and overheads that have been incurred in bringing the inventories and work in progress to their present location and condition and is calculated using the weighted average method.

Net realisable value is the estimated by the management and is determined by reference to the selling price less all costs to completion and costs to be incurred in selling and distribution.

### 3. 重大會計政策 (續)

#### 稅項 (續)

遞延稅項負債及資產之計量反映於報告期末本集團預期收回資產或償還負債賬面值之方式之稅務後果。

即期及遞延稅項於損益確認，惟倘稅項有關在其他全面收入或直接在權益確認之項目，則即期及遞延稅項亦分別於其他全面收入或直接於權益確認。

#### 無形資產

獨立購入且具有限使用期之無形資產，按成本減累計攤銷及任何累計減值虧損(如有)列賬。具有限使用期之無形資產之攤銷以直線法在估計使用年期計提(見下文有關有形及無形資產減值虧損之會計政策)。

解除確認無形資產所產生之盈虧，按資產出售所得款項淨額與賬面值之差額計算，並於解除確認資產之期間在損益確認。

本集團之無形資產指向第三方購入之技術知識。

#### 存貨

存貨包括原材料，在製品及製成品，按成本或可變現淨值兩者之較低者列賬。

成本包括直接原料，直接勞工成本及使用存貨及在製品達至現有地點及狀況之日常開支，使用加權平均法計算。

可變現淨值由管理層估計，參考售價扣除完成之所有成本以及出售及分銷產生之成本釐定。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

### 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### Financial instruments

Financial assets and financial liabilities are recognised on the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

#### Financial assets

The Group's financial assets are classified into one of the three categories, including financial assets at fair value through profit or loss ("FVTPL"), loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

### 3. 重大會計政策 (續)

#### 金融工具

當集團實體成為工具訂約條文之訂約方時，金融資產及金融負債於綜合財務狀況表確認。

金融資產及金融負債初步按公平值計算。因收購或發行金融資產及金融負債（按公平值計入損益之金融資產及金融負債除外）而直接應佔之交易成本於初步確認時按適用情況加入或扣自該項金融資產或金融負債之公平值。因收購按公平值計入損益之金融資產或金融負債而直接應佔之交易成本當即於損益確認。

#### 金融資產

本集團金融資產分為三類，包括按公平值計入損益（「按公平值計入損益」）之金融資產、貸款及應收賬項，以及可供出售金融資產。分類視乎金融資產的性質及目的而定，並於初步確認時釐定。金融資產之所有定期買賣按交易日基準確認及取消確認。定期買賣指規定在市場規例或慣例設定之時間內交付資產的金融資產買賣。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

### 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### Financial instruments (Cont'd)

#### Financial assets (Cont'd)

##### Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

##### Financial assets at fair value through profit or loss

Financial assets at FVTPL has two subcategories, including financial assets held for trading and those designated as at FVTPL on initial recognition.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

### 3. 重大會計政策 (續)

#### 金融工具 (續)

#### 金融資產 (續)

##### 實際利率法

實際利率法是在相關期間內計算金融資產的攤銷成本以及分配利息收入的方法。實際利率乃將估計日後現金收入(包括構成實際利率不可缺少的一部分的已付或已收所有費用、交易成本以及其他溢價或折讓)按金融資產的預期使用年期,或(倘合適)較短期間精確折現至初步確認時的賬面淨值的利率。

債務工具的利息收入按實際利率基準確認。

##### 按公平值計入損益之金融資產

按公平值計入損益之金融資產有兩個類別,包括持作買賣用途之金融資產及於首次確認時指定為按公平值計入損益之金融資產。

倘金融資產:

- 購入之主要目的為於近期銷售;或
- 屬於本集團合併管理的金融工具確定組合的一部分及具有最近實際短期獲利模式;或
- 為未被指定的衍生工具及可有效作為對沖工具,則該金融資產歸類為持作買賣用途。



# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

### 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### Financial instruments (Cont'd)

#### Financial assets (Cont'd)

#### Financial assets at fair value through profit or loss (Cont'd)

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets.

#### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade receivables, other receivables and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

### 3. 重大會計政策 (續)

#### 金融工具 (續)

#### 金融資產 (續)

#### 按公平值計入損益之金融資產 (續)

倘屬於下列情況，持作買賣用途之金融資產以外之金融資產可能於首次確認時指定為按公平值計入損益：

- 有關指定可對銷或大幅度減少計量或確認出現的不一致情況；或
- 金融資產屬於金融資產或金融負債組別或兩者之組成部份，而根據本集團之風險管理文件或投資策略，其乃按照公平值基準管理及評估表現，且有關於分類資料會以該基準向內部提供；或
- 其屬於包括一項或多項嵌入式衍生工具之合約之組成部份，而香港會計準則第39號容許將全部合併合約（資產或負債）指定為按公平值計入損益。

按公平值計入損益之金融資產以公平值計量，重新計量產生的公平值變動直接在發生期間於損益確認。於損益確認的盈虧淨額包括金融資產賺取的任何股息或利息。

#### 貸款及應收賬項

貸款及應收賬項指於活躍市場並無報價而具有固定或可釐定款項之非衍生金融資產。首次確認後，貸款及應收賬項（包括應收貿易賬項、其他應收賬項與銀行結餘及現金）乃利用實際利率法按攤銷成本扣除任何已識別減值虧損列賬（見下文有關金融資產減值虧損之會計政策）。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

### 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### Financial instruments (Cont'd)

#### Financial assets (Cont'd)

##### Available-for-sale financial assets

The Group's available-for-sale financial assets comprised unlisted equity investments.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, are measured at cost less any identified impairment losses at the end of the reporting period (see accounting policy on impairment loss on financial assets below).

##### Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- disappearance of an active market for that financial assets because of financial difficulties.

### 3. 重大會計政策 (續)

#### 金融工具 (續)

#### 金融資產 (續)

##### 可供出售金融資產 (續)

本集團之可供出售金融資產包括非上市股本投資。

在活躍市場並無市場報價，且未能可靠衡量公平值之可供出售股本投資，在報告期末按成本減任何已識別減值虧損計算(見下文有關金融資產減值虧損之會計政策)。

##### 金融資產之減值

金融資產(按公平值計入損益之金融資產除外)會於報告期末評定有否減值跡象。當有客觀證據顯示金融資產之估計未來現金流量因於初步確認該金融資產後發生之一項或多項事件而受到影響時，該金融資產即視為已減值。

對於可供出售之股本投資，該投資之公平值大幅或長期下跌至低於其成本即視為減值之客觀證據。

對於所有其他金融資產，減值之客觀證據包括：

- 發行人或交易對手出現重大財務困難；或
- 拖欠利息或本金；或
- 借款人有可能破產或進行財務重組；或
- 因財務困難而導致該金融資產失去活躍市場。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

### 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### Financial instruments (Cont'd)

##### Impairment of financial assets (Cont'd)

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period from 60 to 270 days, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

### 3. 重大會計政策 (續)

#### 金融工具 (續)

##### 金融資產之減值 (續)

對於若干類別金融資產，比如應收貿易賬項，不會單個評估減值的資產另外整體評估減值。應收賬項組合減值之客觀證據包括本集團過往收款經驗、組合中逾期60至270天平均信用期之滯延付款數量增加及與拖欠應收賬項有關之全國或本地經濟環境可觀察變化。

對於按攤銷成本列賬之金融資產，減值虧損數額為資產之賬面值與估計未來現金流量按金融資產初始實際利率折讓之現值之差額。

對於按成本列賬之金融資產，減值虧損之金額按該項資產之賬面值與估計未來現金流量按類似金融資產現時市場回報率折讓之現值之差額計量。該減值虧損不會於隨後的期間撥回。

除應收貿易賬項通過計提壞賬準備減少賬面值外，所有金融資產之賬面值直接按減值虧損減少。壞賬準備賬面值之變動於損益確認。當應收貿易賬項視為不可收回時，則於壞賬準備撇銷。其後收回先前撇銷之款項計入損益。

對於按攤銷成本計量之金融資產，倘減值虧損數額於後續期間減少，而有關減少在客觀上與確認減值虧損後發生之事件有關，則先前已確認之減值虧損將透過損益撥回，惟該資產於減值撥回當日之賬面值不得超過未確認減值情況下應有之攤銷成本。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

### 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### Financial instruments (Cont'd)

##### *Impairment of financial assets (Cont'd)*

Impairment losses on available-for-sales equity securities will not be reversed through profit or loss in subsequent periods. Any increase in fair value subsequent to an impairment loss is recognised directly in other comprehensive income and accumulated in investments revaluation reserve.

##### *Financial liabilities and equity*

Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability instrument.

##### *Derivative financial instruments*

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately.

##### *Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

##### *Effective interest method*

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

### 3. 重大會計政策 (續)

#### 金融工具 (續)

##### *金融資產之減值 (續)*

可供出售股本證券的減值虧損於隨後的期間不會透過損益撥回。減值虧損後之任何公平值增加直接於其他全面收入確認，並於投資重估儲備累積。

##### *金融負債及股本*

集團實體發行之金融負債及股本工具，乃根據所訂立合約安排之實際內容及金融負債工具之定義分類為金融負債或股本。

##### *衍生金融工具*

衍生工具初步按於衍生工具合約訂立當日之公平值確認，其後於報告期末以其公平值重新計量。所得收益或虧損即時於損益確認。

##### *股本工具*

股本工具乃證明扣除集團所有負債後的集團資產剩餘權益之任何合約。

##### *實際利率法*

實際利率法是在相關期間內計算金融負債的攤銷成本以及分配利息支出的方法。實際利率乃將估計日後現金付款(包括構成實際利率不可缺少的一部分的已付或已收所有費用、交易成本以及其他溢價或折讓)按金融負債的預期使用年期，或(倘合適)較短期間精確折現至初步確認時的賬面淨值的利率。

利息支出按實際利率基準確認。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

### 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### Financial instruments (Cont'd)

#### Financial liabilities and equity (Cont'd)

##### Convertible bonds containing liability component and conversion option derivative

Convertible bonds issued by the Group that contain liability, early redemption option derivatives and conversion option components are classified separately into respective items on initial recognition. Conversion option that will be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is a conversion option derivative. At the date of issue, the liability, early redemption options and conversion option components are recognised at fair value.

In subsequent periods, the liability component of the convertible bonds is carried at amortised cost using the effective interest method. The early redemption option derivatives and conversion option derivative is measured at fair value with changes in fair value recognised in profit or loss.

When an entity extinguishes the convertible bonds before maturity through an early redemption or repurchase, in which the original conversion privileges are unchanged, are extinguished, the consideration paid and any transaction costs for the repurchase or redemption are allocated to the liability, early redemption option derivatives and conversion option components of the instrument at the date of the transaction. The method used in allocating the consideration paid and transaction costs to the separate components is consistent with that used in the original allocation to the separate components of the proceeds received by the Group when the convertible bonds were issued.

Once the allocation of the consideration is made, the amount of gain or loss relating to the liability component are recognised in profit or loss and equity respectively.

### 3. 重大會計政策 (續)

#### 金融工具 (續)

#### 金融負債及股本 (續)

##### 可換股債券(包括負債部分及換股選擇權衍生工具)

本集團發行的可換股債券(包括負債、提早贖回選擇權衍生工具及換股選擇權部分)於初步確認時獨立分類至各自項目。換股選擇權將以定額現金或其他金融資產交換本公司固定數目的股本工具以外的方式結算，屬於換股選擇權衍生工具。於發行日期，負債、提早贖回選擇權及換股選擇權部分均按公平值確認。

於隨後的期間，可換股債券的負債部分乃使用實際利率法按攤銷成本列賬。提早贖回選擇權衍生工具及換股選擇權衍生工具按公平值計量，而公平值變動於損益確認。

當實體於到期前透過提早贖回或購回而註銷可換股債券，且原定換股特權維持不變，則購回或贖回所付之代價及任何交易成本將於交易當日分配至有關工具之負債、提早贖回選擇權衍生工具及換股選擇權部分。分配所付代價及交易成本至個別部分之方法與發行可換股債券當時本集團所收款項個別部分之原定分配方法一致。

一旦分配代價，負債部分有關之盈虧會分別於損益及權益確認。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

### 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### Financial instruments (Cont'd)

##### Financial liabilities and equity (Cont'd)

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability, early redemption option derivatives and conversion option components in proportion to their relative fair values. Transaction costs relating to the conversion option derivative is charged to profit or loss immediately. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible bonds using the effective interest method.

##### Other financial liabilities

Other financial liabilities including trade payables, other payables and borrowings are subsequently measured at amortised cost, using the effective interest rate method.

##### Embedded derivatives

Derivatives embedded in non-derivative host contracts are separated from the relevant host contracts (the liability component) and deemed as held-for-trading when the economic characteristics and risks of the embedded derivatives are not closely related to those of the host contracts, and the combined contracts are not measured at fair value through profit or loss.

##### Equity instruments

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Rights issued by the Company for issuing a fixed number of the Company's equity instruments for a fixed amount of any currency are equity instruments if the Company offers the rights pro rata to all of its existing owners of ordinary shareholders of the Company.

### 3. 重大會計政策 (續)

#### 金融工具 (續)

##### 金融負債及股本 (續)

發行可換股債券相關交易成本按其相關公平值比例分配予負債、提早贖回選擇權衍生工具及換股選擇權部分。換股選擇權衍生工具相關交易成本即時自損益扣除。負債部分相關交易成本列入負債部分之賬面值，並採用實際利率法於可換股債券期限內攤銷。

##### 其他金融負債

其他金融負債包括應付貿易賬項、其他應付款項及借貸，其後以實際利率法按攤銷成本計算。

##### 嵌入式衍生工具

嵌入非衍生工具主合同之衍生工具獨立於有關主合約(負債部分)，倘嵌入式衍生工具之經濟特質及風險與該等主合約並無密切關連及合併合約並非按公平值計入損益計量，則視為持作買賣用途之衍生工具。

##### 股本工具

本公司發行之股本工具，按已收所得款項減直接發行成本入賬。

購回本公司本身股本工具直接於權益確認並扣除。概不會就購買、出售、發行或註銷本公司本身股本工具於損益確認任何盈虧。

倘本公司向其普通股份之所有現有擁有人按比例發售權利，則本公司用任何固定金額貨幣發行本公司固定數目之股本工具之已發行權利屬股本工具。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

### 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### Financial instruments (Cont'd)

##### Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

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

##### Impairment losses on tangible and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

### 3. 重大會計政策 (續)

#### 金融工具 (續)

##### 解除確認

僅當收取資產現金流量之合約權利屆滿時，或將金融資產及資產擁有權之絕大部份風險及回報轉移予另一實體時，本集團方會取消確認金融資產。倘本集團並未轉移亦未保留擁有權之絕大部份風險及回報，並繼續控制已轉移資產，則本集團繼續確認所涉資產，並確認關連負債。若本集團保留已轉移金融資產擁有權之絕大部份風險及回報，則持續確認金融資產，並確認已收所得款項的抵押借款。

於完全解除確認金融資產時，該項資產賬面值與已收及應收代價與於其他全面收入確認之累計損益的總和間的差額於損益確認。

金融負債則於有關合約指定之債務解除、註銷或屆滿時解除確認。確認解除之金融負債之賬面值與已付及應付代價間的差額於損益確認。

**有形及無形資產(商譽除外)之減值虧損**  
於報告期末，本集團檢討有形及無形資產之賬面值，以釐定有否跡象顯示該等資產出現減值虧損。倘出現該等跡象，將估計資產之可收回金額以釐定減值虧損(如有)之程度。倘資產之可收回金額估計低於其賬面值，該項資產之賬面值會削減至其可收回金額。減值虧損即時確認為開支。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

### 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### Impairment losses on tangible and intangible assets other than goodwill (Cont'd)

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

#### Share-based payment transactions

##### Equity-settled share-based payment transactions

*Share options granted to employees and others providing similar services as employees*

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimated, with a corresponding adjustment to share options reserve.

At the time when the share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are lapsed after the vesting date or still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to accumulated losses.

### 3. 重大會計政策 (續)

#### 有形及無形資產(商譽除外)之減值虧損(續)

倘減值虧損其後撥回，則資產之賬面值增至經修訂估計可收回金額，惟增加後之賬面值不得超過假設過往年度並無確認減值虧損所釐定之賬面值。減值虧損撥回即時確認為收益。

#### 以股份為基礎付款交易

##### 以權益結算並以股份為基礎付款交易

*授予僱員及提供與僱員類似服務的其他人士之購股權*

所獲取服務之公平值乃參照獲授購股權於授出日期之公平值而釐定，並於歸屬期按直線基準列支，而權益(購股權儲備)亦相應增加。

本集團於報告期末修訂對預期最終會歸屬之購股權數目之估計。修訂估計之影響(如有)於損益內確認以使累計開支反映修訂估計，並對購股權儲備作相應調整。

倘購股權獲行使，原先於購股權儲備內確認之款項將轉撥至股份溢價。倘購股權於歸屬日期後失效或於屆滿日期仍未行使，原先於購股權儲備內確認之款項將轉撥至累計虧損。



# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

For the year ended 31 December 2011 | 截至二零一一年十二月三十一日止年度

#### 4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

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

##### **Fair value of derivative financial instruments and financial assets designated at fair value through profit or loss**

As described in notes 19 and 25, the directors of the Company use their judgment in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. The derivative component of the convertible bonds, financial assets designated at fair value through profit or loss and derivative financial instruments are valued using the Binominal model that incorporated market data and involved uncertainty in estimates used by management in the assumption. Binominal model requires the input of highly subjective assumptions, including the volatility of share price, changes in subjective input assumptions can materially affect the fair value estimate. The carrying amounts of the financial derivatives are set out in notes 19 and 25 respectively.

#### 4. 主要不確定估計來源

於應用附註3所述本集團會計政策時，本公司之董事須對未能透過其他來源確定之資產及負債之賬面值作出判斷、估計及假設。估計及相關假設乃基於過往經驗及視為相關之其他因素作出。實際結果可能與該等估計有異。

估計及相關假設會持續檢討。倘會計估計之修訂僅影響修訂估計之期間，則於該期間確認，倘修訂影響當前及未來期間，則於修訂期間及未來期間確認。

下列為報告期末有關日後事件之關鍵假設以及其他主要不確定估計來源，該等估計及假設或會導致須對下一財政年度之資產及負債的賬面值作出重大調整。

##### **衍生金融工具及指定按公平值計入損益之金融資產之公平值**

如附註19及25所述，本公司董事就並無於活躍市場報價之金融工具選取合適估值方法時須作出判斷。所採用估值技術乃市場估值師普遍採納者。可換股債券之衍生部分、指定按公平值計入損益之金融資產及衍生金融工具使用二項式模式估值，當中包括市場數據並涉及管理層作出假設時所採用估計不確定因素。二項式模式須輸入相當主觀之假設（包括股價波幅），所輸入主觀假設的變更會重大影響公平值估計。金融衍生工具之賬面值分別載於附註19及25。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

#### 4. KEY SOURCES OF ESTIMATION UNCERTAINTY (Cont'd)

##### Allowances for inventories

The management of the Group reviews an aging analysis at the end of the reporting period and makes allowance for obsolete and slow-moving inventory items identified that are no longer suitable for use in production or sale. The management estimates the net realisable value for such finished goods and work-in progress based primarily on the latest invoice prices and current market conditions. The Group carries out an inventory review on a product-by-product basis at the end of the reporting period and makes allowance for obsolete items.

If the market condition was to deteriorate, resulting in a lower net realisable value for such finished goods and work-in-progress, additional allowances may be required.

As at 31 December 2011, the carrying amount of inventories is approximately HK\$8,487,000 (net of allowance for obsolescence inventories of approximately HK\$357,562,000) (2010: carrying amount of approximately HK\$35,378,000, net of allowance for obsolescence inventories of approximately HK\$325,766,000).

#### 5. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of debts, which include the borrowings disclosed in note 29 and equity attributable to equity holders of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors consider the cost of capital and the risks associates with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

#### 4. 主要不確定估計來源 (續)

##### 存貨撥備

本集團管理層於報告期末檢討賬齡分析並對確認為不再適合生產或銷售之過時及滯銷存貨作出撥備。管理層估計該等製成品及半成品之可變現淨值主要根據最近期發票價格及目前市況釐定。本集團於報告期末對每種產品進行盤點，並對過時存貨作出撥備。

倘市況轉差導致該等製成品及半成品之可變現淨值下降，則或須作出額外撥備。

於二零一一年十二月三十一日，扣除滯銷存貨撥備約357,562,000港元後，存貨之賬面值約8,487,000港元（二零一零年：扣除滯銷存貨撥備約325,766,000港元後，賬面值約35,378,000港元）。

#### 5. 資本風險管理

管理層管理其資本，以確保本集團可持續經營，並透過優化債務及權益結餘為股東帶來最大回報。本集團之整體策略與過往年度維持不變。

本集團之資本結構包括債項（包括於附註29披露之借款）及本公司權益持有人之應佔權益（包括已發行股本及儲備）。

本公司董事定期檢討資本結構，董事檢討時考慮資本成本及各類別資本相關風險。本集團將根據董事之意見透過支付股息、發行新股及購回股份以及新增債務或贖回現有債務而平衡其整體資本結構。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

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### 6. FINANCIAL INSTRUMENTS Categories of financial instruments

### 6. 金融工具 金融工具之分類

		2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
Financial assets	金融資產		
Financial assets at fair value through profit or loss	按公平值計入損益之金融資產		
– Designated at fair value through profit or loss	– 指定按公平值計入損益	19,430	24,450
– Held-for-trading investments	– 持作交易用途之投資	105,224	11,113
Loans and receivables (including cash and cash equivalents)	貸款及應收款項 (包括現金及現金等值項目)	61,166	18,309
Financial liabilities	金融負債		
Financial liabilities at fair value through profit or loss	按公平值計入損益之金融負債		
– Derivative financial instruments	– 衍生金融工具	5,689	377
Amortised cost	攤銷成本	111,024	35,792

#### Financial risk management objectives and policies

The Group's major financial instruments include available-for-sale investments, financial assets at fair value through profit or loss, trade receivables, other receivables, bank balances and cash, trade payables, other payables, borrowings, derivative financial instruments and convertible bonds. Details of the financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risk (interest rate risk, currency risk and other price risk), credit risk and liquidity risk. 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.

#### 財務風險管理目的及政策

本集團之主要金融工具包括可供出售投資、按公平值計入損益之金融資產、應收貿易賬項、其他應收款項、銀行結餘及現金、應付貿易賬項、其他應付款項、借款、衍生金融工具及可換股債券。金融工具詳情於相關附註披露。與該等金融工具相關之風險包括市場風險（利率風險、貨幣風險與其他價格風險）、信貸風險及流動資金風險。有關減低該等風險之政策載列如下。管理層管理及監控該等風險，以確保及時與有效地採取適當措施。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

### 6. FINANCIAL INSTRUMENTS (Cont'd)

#### Financial risk management objectives and policies (Cont'd)

##### Market risk

##### Currency risk

Certain bank balances of the Group are denominated in foreign currencies which are different from functional currencies of respective group entities. As at 31 December 2011 and 2010, as bank balances of respective group entities denominated in foreign currency was immaterial, the Group does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise. In view of the immaterial foreign currency amount, no sensitivity analysis was presented.

##### Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances and variable-rate bank borrowings.

The Group was exposed to fair value interest rate risk in relation to the fixed-rate borrowings through the impact of market interest rate changes on interest bearing borrowings.

The Group currently does not have interest rate hedging policy. However, the management will consider hedging significant interest rate exposure should the need arise.

##### Sensitivity analysis

The management considers that the Group's exposure to cash flow interest rate risk on variable-rate bank balances and bank borrowings and fair value interest rate risk on fixed-rate borrowings as a result of the change of market interest rate is insignificant due to its short-term maturity and thus no sensitivity analysis is prepared for interest rate risk.

### 6. 金融工具 (續)

#### 財務風險管理目的及政策 (續)

##### 市場風險

##### 貨幣風險

本集團之若干銀行結餘乃以不同於有關集團實體功能貨幣之外幣計值。於二零一一年及二零一零年十二月三十一日，由於有關集團實體以外幣計值之銀行結餘並不重大，故本集團並無外幣對沖政策。然而，管理層監管外匯風險，並於需要時考慮對沖重大外幣風險。鑑於外幣金額並不重大，故並無呈列敏感度分析。

##### 利率風險

本集團承受浮息銀行結餘及浮息銀行借款的現金流量利率風險。

本集團透過計息借款的市場利率變動之影響面對有關定息借款的公平值利率風險。

本集團目前概無利率對沖政策。然而，管理層於需要時將考慮對沖重大利率風險。

##### 敏感度分析

管理層認為本集團因市場利率變動而面對的浮息銀行結餘及銀行借款之現金流量利率風險以及定息借款之公平值利率風險由於到期日短而並不重大，故未對利率風險作敏感度分析。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

### 6. FINANCIAL INSTRUMENTS (Cont'd)

#### Financial risk management objectives and policies (Cont'd)

##### Market risk (Cont'd)

##### Other price risk

The Group is exposed to price risk in respect of:

- the conversion option and early redemption options embedded in the convertible bonds which allows the bondholders to convert to the Company's ordinary shares and allow the bondholders and the Group to early redeem the convertible bonds.
- the conversion option embedded in the financial assets designated at fair value through profit or loss which allows the Company to convert to the issuers' ordinary shares.
- The Call Option and Put Option (as defined and set out in note 25) in relation to acquisition of entire equity interests in Apex Corporate Investments Limited ("the Chinese Medical Clinic"), which engaged in the Chinese Medical Clinic operation in Hong Kong.
- held for trading investments in equity securities listed in the respective stock exchange.

##### Sensitivity analysis

In management's opinion, the sensitivity analysis are unrepresentative of the inherent market risk as the pricing model used in the fair value valuation of the conversion option, early redemption options embedded in the convertible bonds and Call Option and Put Option involves multiple variables and certain variables are interdependent. Thus, no sensitivity analyses are provided.

The sensitivity analyses below have been determined based on the exposure to equity price risks at the end of the reporting period. If the prices of the respective equity instruments had been 5% (2010: 5%) higher/lower, post-tax loss for the year ended 31 December 2011 would decrease/increase by HK\$5,261,000 (2010: HK\$556,000) as a result of the changes in fair value of held-for-trading investments.

The management would manage its exposure arising from these investments by closely monitoring the performance of respective listed equity security and market conditions. The management would consider diversifying the portfolio of these investments as they consider appropriate.

### 6. 金融工具 (續)

#### 財務風險管理目的及政策 (續)

##### 市場風險 (續)

##### 其他價格風險

本集團面對以下項目的價格風險：

- 可換股債券附帶之換股選擇權及提早贖回選擇權，容許債券持有人將該等債券轉換為本公司普通股，並容許債券持有人及本集團提早贖回可換股債券。
- 指定按公平值計入損益之金融資產附帶之換股選擇權，容許本公司將該等債券轉換為發行人之普通股。
- 有關收購於香港經營中醫診所業務的 Apex Corporate Investments Limited (「中醫診所」) 全部股權之認購期權及認沽期權 (定義見附註25)。
- 就於各證券交易所上市的股本證券而持作交易用途之投資。

##### 敏感度分析

管理層認為，由於可換股債券附帶之換股選擇權及提早贖回選擇權之公平值估值所用定價模式及認購期權及認沽期權涉及多項變量以及若干變量相互關連，敏感度分析無法反映內在市場風險，故未進行敏感度分析。

以下的敏感度分析乃根據報告期末的股價風險釐定。倘股本工具價格分別上升／下降5% (二零一零年：5%)，持作交易用途之投資之公平值變動將導致截至二零一一年十二月三十一日止年度的除稅後虧損減少／增加5,261,000港元 (二零一零年：556,000港元)。

管理層將透過密切監督各上市股本證券之表現及市況，管控由該等投資引致之風險。管理層將在認為適當時考慮分散該等投資組合。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

### 6. FINANCIAL INSTRUMENTS (Cont'd)

#### Financial risk management objectives and policies (Cont'd)

##### Credit risk

As at 31 December 2011 and 2010, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on financial assets designated at fair value through profit or loss is limited because the counterparties are companies listed in The Stock Exchange of Hong Kong. The directors consider the default in payment upon maturity to be low. In addition, management of the Group reviews the public announcements and financial information of these listed companies in order to assess their credit quality. In this regard, the directors' of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, the Group does not have any other significant concentration of credit risk. Trade receivables consist of a large number of customers.

### 6. 金融工具 (續)

#### 財務風險管理目的及政策 (續)

##### 信貸風險

於二零一一年及二零一零年十二月三十一日，本集團所面臨因交易對手未能履行彼等之責任而將導致財務虧損的最大信貸風險，乃源自綜合財務狀況表所示有關已確認金融資產之賬面值。

為將信貸風險減至最低，本集團管理層已委派一組人員負責釐定信貸限額、信貸審批及其他監控措施，以確保採取後續措施收回逾期未付債務。此外，本集團於報告期末檢討每項個別貿易債務之可收回金額，以確保就不可收回金額作出足夠減值虧損。就此而言，本公司董事認為本集團信貸風險已大幅降低。

由於交易對手為於香港聯交所上市的公司，故指定按公平值計入損益之金融資產的信貸風險有限。董事認為拖欠到期款項的機會較低。此外，本集團管理層檢討該等上市公司之公佈及財務資料以評估彼等的信貸質素。就此而言，本公司董事認為本集團信貸風險已大幅降低。

由於交易對手為獲國際信貸評級機構給予高信貸評級之銀行，故流動資金之信貸風險有限。

除存放於若干高信貸評級銀行之流動資金所承受之集中信貸風險外，本集團並無任何其他重大集中信貸風險。應收貿易賬項包括大量客戶。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

### 6. FINANCIAL INSTRUMENTS (Cont'd)

#### Financial risk management objectives and policies (Cont'd)

##### Liquidity risk

The Group manages its liquidity risk by monitoring and maintaining a level of cash and cash equivalents secured adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowing and ensure compliance with loan covenants.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

##### Liquidity risk tables

		Weighted average interest rate	On demand or less than 1 month	1 - 3 months	3 months to 1 year	Total undiscounted cash flows	Carrying amount at 31.12.2011
		加權平均利率	於要求時或一個月以下	一至三個月	三個月至一年	未貼現現金流量總額	於二零一一年十二月三十一日之賬面值
		%	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		厘	千港元	千港元	千港元	千港元	千港元
2011	二零一一年						
Non-derivative financial liabilities	非衍生金融負債						
Trade payables	應付貿易賬項	—	5,093	1,179	—	6,272	6,272
Other payables	其他應付款項	—	12,410	—	—	12,410	12,410
Borrowings	借款	note 1	92,342	—	—	92,342	92,342
			109,845	1,179	—	111,024	111,024

### 6. 金融工具 (續)

#### 財務風險管理目的及政策 (續)

##### 流動資金風險

本集團通過監管及並將現金及現金等值項目維持於管理層認為充足的水平管理流動資金風險，以為本集團提供營運資金及減低現金流量波動之影響。管理層監管銀行借款的動用情況並確保遵守貸款契諾。

下表詳細載列根據本集團可能被要求還款之最早日期計算的債券非衍生金融負債的合約剩餘期限。具體而言，附有於要求時償還條款之銀行貸款於最早時間計入債券，而不考慮銀行選擇行使彼等權利的可能。利息及主要現金流量均載於該表。倘利息流為浮動利率，則未貼現金額基於報告期末的利率曲綫得出。

##### 流動資金風險表

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

### 6. FINANCIAL INSTRUMENTS (Cont'd)

Financial risk management objectives and policies (Cont'd)

Liquidity risk (Cont'd)

Liquidity risk tables (Cont'd)

### 6. 金融工具 (續)

財務風險管理目的及政策 (續)

流動資金風險 (續)

流動資金風險表 (續)

		Weighted	On			Total	Carrying
		average	demand or	1 - 3	3 months	undiscounted	amount at
		interest rate	1 month	months	to 1 year	cash flows	31.12.2010
		加權平均	於要求時或	一至	三個月	未貼現現金	十二月
		利率	一個月以下	三個月	至一年	流量總額	三十一日
		%	HK\$'000	HK\$'000	HK\$'000	HK\$'000	之賬面值
		厘	千港元	千港元	千港元	千港元	千港元
2010	二零一零年						
<b>Non-derivative</b>	<b>非衍生金融負債</b>						
<b>financial liabilities</b>							
Trade payables	應付貿易賬項	—	4,647	—	—	4,647	4,647
Other payables	其他應付款項	—	22,009	—	—	22,009	22,009
Convertible Bonds	可換股債券						
(note 2)	(附註2)	16	—	—	5,000	5,000	4,136
Other borrowings	其他借款	24	—	5,268	—	5,268	5,000
			26,656	5,268	5,000	36,924	35,792

Notes:

- (1) Variable-rate borrowings carry interest at Prime Rate less 2% at the end of the reporting period is used in the maturity analysis.
- (2) The undiscounted cash outflows represent the coupon interest payments and redemption amount of the Convertible Bonds on the assumption that they will not be early redeemed by the Company before the maturity date.

附註：

- (1) 報告期末按優惠稅率減2%計算利息的浮息借款用於到期日分析。
- (2) 未貼現現金流出指假設本公司不會於到期日前提早贖回可換股債券時有關債券之息票利息付款及贖回金額。



# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

### 6. FINANCIAL INSTRUMENTS (Cont'd)

#### Financial risk management objectives and policies (Cont'd)

##### Liquidity risk (Cont'd)

Mortgage loans with a repayment on demand clause are included in the "on demand or within 1 month" time band in the above maturity analysis. The aggregate undiscounted principal amounts of the mortgage loans amounted to approximately HK\$27,342,000 as at 31 December 2011 (2010: nil). Taking into account the Group's financial position, the Directors of the Company do not believe that it is probable that the bank will exercise its discretionary rights to demand immediate payment. The Directors of the Company believe that such mortgage loan will be repaid within 13 years after the reporting date in accordance with the scheduled repayment dates set out in the loan agreements. The aggregate principal and interest cash outflows amounted to approximately HK\$33,893,000 as at 31 December 2011 (2010: nil). The bank repayment schedules based on the scheduled repayment dates as per the following:

		2011 二零一一年 HK\$'000 千港元
Within one year	一年內	2,530
In the second to fifth year	二至五年	10,120
More than five year	五年以上	21,243
		<b>33,893</b>

The amount included above for variable-rate borrowings are subject to change if changes in variable-interest rates differ to those estimates of interest rates determined at the end of the reporting period.

### 6. 金融工具 (續)

#### 財務風險管理目的及政策 (續)

##### 流動資金風險 (續)

附有於要求時償還條款之抵押貸款於上述到期日分析計入「於要求時或一個月以下」之時間組別內。於二零一一年十二月三十一日，該等抵押貸款的未貼現本金總額約為27,342,000港元(二零一零年：零)。經考慮本集團的財務狀況後，本公司董事相信銀行不會行使酌情權要求即時支付款項。本公司董事相信該等抵押貸款將根據貸款協議所載之計劃還款日期於報告日期後13年內償還。於二零一一年十二月三十一日，本金總額及利息現金流出約為33,893,000港元(二零一零年：零)。基於計劃還款日期之銀行還款計劃如下：

上述浮息借款之金額，將於浮動利率之變動與報告期末釐定之估計利率變動有差異時作出變動。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

### 6. FINANCIAL INSTRUMENTS (Cont'd)

#### Fair value

The fair value of financial assets and financial liabilities are determined as follows:

- the fair values of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices;
- the fair values of other financial assets and financial liabilities (excluding derivative financial instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis; and
- the fair values of derivative financial instruments are calculated using option pricing model.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

#### *Fair value measurements recognised in the consolidated statement of financial position*

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

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

### 6. 金融工具 (續)

#### 公平值

金融資產及金融負債之公平值按以下釐定：

- 具有標準條款及條件並於活躍流通市場買賣之金融資產之公平值乃參考市場所報買入價釐定；
- 其他金融資產及金融負債(不包括衍生金融工具)之公平值乃根據普遍採納之定價模式，按貼現現金流量分析釐定；及
- 衍生金融工具之公平值採用期權定價模型估計。

董事認為，在綜合財務報表中以攤銷成本列賬之金融資產及金融負債之賬面值，與其公平值相若。

#### *在綜合財務狀況表確認之公平值計量*

下表載列於初步確認後以公平值計量之金融工具按照其公平值可觀察程度分為一至三級之分析。

- 第一級公平值計量指以在活躍市場就相同資產或負債取得之報價(未經調整)進行之計量。
- 第二級公平值計量指以第一級報價以外的資產或負債的可觀察數據(無論是直接(即價格)或間接(即按價格推算))進行之計量。
- 第三級公平值計量指透過運用並非基於可觀察市場數據之資產或負債參數(不可觀察參數)之估值方法進行之計量。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

### 6. FINANCIAL INSTRUMENTS (Cont'd)

Fair value (Cont'd)

Fair value measurements recognised in the consolidated statement of financial position (Cont'd)

As at 31 December 2011

		Level 1 第一級 HK\$'000 千港元	Level 2 第二級 HK\$'000 千港元	Level 3 第三級 HK\$'000 千港元	Total 總計 HK\$'000 千港元
<b>Financial assets at FVTPL</b>	<b>按公平值計入損益之 金融資產</b>				
Non-derivative financial assets held for trading	持作交易用途之 非衍生金融資產	105,224	—	—	105,224
Investment in convertible instruments	投資可換股工具	—	—	19,430	19,430
<b>Total</b>	<b>總計</b>	<b>105,224</b>	<b>—</b>	<b>19,430</b>	<b>124,654</b>
<b>Financial liabilities FVTPL</b>	<b>按公平值計入損益之 金融負債</b>				
Derivative financial instruments	衍生金融工具	—	—	5,689	5,689

As at 31 December 2010

		Level 1 第一級 HK\$'000 千港元	Level 2 第二級 HK\$'000 千港元	Level 3 第三級 HK\$'000 千港元	Total 總計 HK\$'000 千港元
<b>Financial assets at FVTPL</b>	<b>按公平值計入損益之 金融資產</b>				
Non-derivative financial assets held for trading	持作交易用途之 非衍生金融資產	11,113	—	—	11,113
Investment in convertible instruments	投資可換股工具	—	—	24,450	24,450
<b>Total</b>	<b>總計</b>	<b>11,113</b>	<b>—</b>	<b>24,450</b>	<b>35,563</b>
<b>Financial liabilities at FVTPL</b>	<b>按公平值計入損益之 金融負債</b>				
Derivative financial instruments	衍生金融工具	—	—	377	377

There were no transfers between Level 1 and 2 in the current and prior years.

### 6. 金融工具 (續)

公平值 (續)

在綜合財務狀況表確認之公平值計量 (續)

於二零一一年十二月三十一日

於二零一零年十二月三十一日

於本年度及過往年度第一級與第二級之間概無轉移。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

### 6. FINANCIAL INSTRUMENTS (Cont'd)

Fair value (Cont'd)

Reconciliation of Level 3 fair value measurements of financial assets

### 6. 金融工具 (續)

公平值 (續)

金融資產之第三級公平值計量之對賬

		Call Option/ Put Option 認購期權/ 認沽期權 HK\$'000 千港元	Conversion option derivatives 換股選擇權 衍生工具 HK\$'000 千港元	Investment in convertible instruments 投資 可換股工具 HK\$'000 千港元
At 1 January 2010	於二零一零年一月一日	—	—	—
Purchases	購入	—	—	14,750
Issuance of convertible bonds	發行可換股債券	—	(19,340)	—
Conversion	轉換	—	18,051	—
Gain in profit or loss	損益之收益	—	912	9,700
At 31 December 2010	於二零一零年十二月三十一日	—	(377)	24,450
Granted during the year	年內授出	(6,270)	—	—
(Loss) gain in profit or loss	損益之(虧損)收益	581	377	(10,295)
Disposal	出售	—	—	(24,750)
Purchases	購入	—	—	30,025
At 31 December 2011	於二零一一年十二月三十一日	(5,689)	—	19,430

Fair value gains or losses on Call Option, Put Option and conversion option derivative embedded in the convertible bonds are included in "other gains and losses" in the consolidated statement of comprehensive income. Fair value gains or losses in investment in convertible instruments are included in "change in fair value on financial assets at fair value through profit or loss" in the consolidated statement of comprehensive income.

認購期權、認沽期權及可換股債券附帶之換股選擇權衍生工具於綜合全面收益表入賬為「其他盈虧」。投資可換股工具之公平值損益於綜合全面收益表入賬為「按公平值計入損益之金融資產的公平值變動」。

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

### 7. SEGMENT INFORMATION

The Group's executive directors are the chief operation decision makers as they collectively make strategic decisions towards the Group's operations. During the year ended 31 December 2011, securities trading and investments has become a substantial operating activity to the Group, therefore it is reported in a new reportable and operating segment. Also, the Group acquired Central Town Limited ("CTL") which includes a subsidiary principally engaged in property investment in Hong Kong (details refer to note 33). Thus, the executive directors consider property investment in Hong Kong is another new reportable and operating segment upon the acquisition. Figures in the segment information for the year ended 31 December 2010 have been restated for comparative purposes only.

The Group's reportable and operating segments under HKFRS 8 are therefore as follows:

- (a) health care products, which are mainly represented by ginseng products
- (b) pharmaceutical products, which are mainly represented by licensed medicines
- (c) Ruyan atomizing cigarettes
- (d) securities trading and investments
- (e) property investment in Hong Kong

### 7. 分類資料

由於本集團執行董事共同對本集團營運作出策略決定，故彼等為主要經營決策者。截至二零一一年十二月三十一日止年度，證券交易及投資成為本集團的主要經營業務，因此呈報為一個新的呈報及經營分類。本集團亦已收購 Central Town Limited (「CTL」)，包括一間主要於香港從物業投資的附屬公司(詳情見附註33)。因此，執行董事認為待收購後，於香港之物業投資為另一新的呈報及經營分類。截至二零一零年十二月三十一日止年度之分類資料之數據已予以重列，僅供比較。

本集團根據香港財務報告準則第8號之呈報及經營分類如下：

- (a) 保健產品，主要為人參產品
- (b) 醫藥產品，主要為持牌藥物
- (c) 如煙霧化煙
- (d) 證券交易及投資
- (e) 於香港之物業投資

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

### 7. SEGMENT INFORMATION (Cont'd)

#### Segment turnover and results

The following is an analysis of the Group's turnover and results by reportable and operating segments.

For the year ended 31 December 2011

### 7. 分類資料 (續)

#### 分類營業額及業績

以下為按呈報及經營分類之本集團營業額及業績之分析。

截至二零一一年十二月三十一日止年度

		Health care products	Pharmaceutical products	Ruyan atomizing cigarettes	Securities trading and investments	Property investment in Hong Kong	Consolidated
		保健產品	醫藥產品	如煙霧化煙	及投資	之物業投資	合計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元
Segment turnover	分類營業額						
Sales of goods	貨物銷售	96	14,419	5,363	—	—	19,878
Change in fair value of financial assets at fair value through profit or loss	按公平值計入損益之金融資產之公平值變動	—	—	—	(214,408)	—	(214,408)
Dividend income	股息收入	—	—	—	2,806	—	2,806
Rental income	租賃收入	—	—	—	—	1,671	1,671
		96	14,419	5,363	(211,602)	1,671	(190,053)
Segment loss	分類虧損	(15,894)	(10,515)	(32,509)	(211,607)	(4,881)	(275,406)
Other income	其他收入						3,119
Change in fair value of derivative financial instruments	衍生金融工具之公平值變動						958
Loss on disposal of subsidiaries	出售附屬公司之虧損						(9,967)
Share-based payment expenses	以股份為基礎付款之支出						(783)
Unallocated corporate expenses	未分配公司支出						(29,144)
Finance costs	財務費用						(2,259)
Loss before taxation	稅前虧損						(313,482)

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

### 7. SEGMENT INFORMATION (Cont'd)

#### Segment turnover and results (Cont'd)

For the year ended 31 December 2010

		Health care products 保健產品 HK\$'000 千港元	Pharmaceutical products 醫藥產品 HK\$'000 千港元	Ruyan atomizing cigarettes 如煙霧化煙 HK\$'000 千港元	Securities trading and investments 證券交易 及投資 HK\$'000 千港元	Consolidated 合計 HK\$'000 千港元
Segment turnover	分類營業額					
Sales of goods	貨物銷售	6,202	18,543	(2,959)	—	21,786
Change in fair value of financial assets at fair value through profit or loss	按公平值計入損 益之金融資產 之公平值變動	—	—	—	1,404	1,404
		6,202	18,543	(2,959)	1,404	23,190
Segment (loss) profit	分類(虧損)溢利	(55,195)	(12,116)	(123,856)	1,404	(189,763)
Other income	其他收入					795
Change in fair value of derivative financial instruments	衍生金融工具 之公平值 變動					912
Gain on disposal of subsidiaries	出售附屬公司之收益					21,903
Share-based payment expenses	以股份為基礎付款之支出					(12,552)
Unallocated corporate expenses	未分配公司支出					(36,189)
Finance costs	財務費用					(17,945)
Loss before taxation	稅前虧損					(232,839)

Segment turnover includes proceeds from sales of goods, dividend income and rental income. In addition, the chief operation decision maker also considers change in fair value of financial assets at fair value through profit or loss (excluding derivative financial instruments) as segment turnover.

### 7. 分類資料 (續)

#### 分類營業額及業績 (續)

截至二零一零年十二月三十一日止年度

分類營業額包括貨物銷售、股息收入及租金收入。此外，主要營運決策者亦考慮按公平值計入損益之金融資產之公平值變動(衍生金融工具除外)為分類營業額。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

### 7. SEGMENT INFORMATION (Cont'd)

#### Segment turnover and results (Cont'd)

Segment (loss) profit represents the loss from/profit earned by each segment without allocation of other income, change in fair value of derivative financial instruments, loss/gain on disposal of subsidiaries, share-based payment expenses, unallocated corporate expenses and certain finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

#### Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segment:

As at 31 December 2011

		Health care products	Pharmaceutical products	Ruyan atomizing cigarettes	Securities trading and investments	Property investment in Hong Kong	Consolidated
		保健產品	醫藥產品	如煙霧化煙	證券交易及投資	於香港之物業投資	合計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元
<b>ASSETS</b>	<b>資產</b>						
Segment assets	分類資產	21,519	14,738	9,159	125,332	145,350	316,098
Bank balances and cash	銀行結餘及現金						55,970
Taxation recoverable	可收回稅項						1,579
Other receivables	其他應收款項						1,676
Consolidated total assets	綜合資產總額						375,323
<b>LIABILITIES</b>	<b>負債</b>						
Segment liabilities	分類負債	8,374	10,490	13,949	—	28,169	60,982
Other payables	其他應付款項						6,297
Taxation payable	應付稅項						1,503
Derivative financial instruments	衍生金融工具						5,689
Borrowings	借款						65,000
Consolidated total liabilities	綜合負債總額						139,471

### 7. 分類資料 (續)

#### 分類營業額及業績 (續)

分類(虧損)溢利指各分類產生之虧損/所賺取之溢利，不計及分派其他收入、衍生金融工具之公平值變動、出售附屬公司之虧損/收益、以股份為基礎付款之支出、未分配公司支出及若干財務費用。此乃向主要營運決策者呈報之計量方式，以便分配資源及評估表現。

#### 分類資產及負債

以下為按呈報及經營分類之本集團資產及負債之分析：

於二零一一年十二月三十一日



# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

### 7. SEGMENT INFORMATION (Cont'd)

#### Segment assets and liabilities (Cont'd)

As at 31 December 2010

		Health care products 保健產品 HK\$'000 千港元	Pharmaceutical products 醫藥產品 HK\$'000 千港元	Ruyan atomizing cigarettes 如煙霧化煙 HK\$'000 千港元	Securities trading and investments 證券交易 及投資 HK\$'000 千港元	Consolidated 合計 HK\$'000 千港元
<b>ASSETS</b>	<b>資產</b>					
Segment assets	分類資產	46,348	23,375	7,595	35,563	112,881
Bank balances and cash	銀行結餘及 現金					11,681
Taxation recoverable	可收回稅項					2,600
Other receivables	其他應收款項					2,048
Consolidated total assets	綜合資產總額					129,210
<b>LIABILITIES</b>	<b>負債</b>					
Segment liabilities	分類負債	8,777	7,617	14,421	—	30,815
Other payables	其他應付款項					15,101
Taxation payable	應付稅項					891
Convertible bonds	應可換股債券					4,136
Derivative financial instruments	衍生金融工具					377
Borrowings	借款					5,000
Consolidated total liabilities	綜合負債 總額					56,320

For the purpose of monitoring segment performances and allocating resources between segments:

- all assets are allocated to reportable and operating segments, other than certain other receivables, taxation recoverable and bank balances and cash.

### 7. 分類資料 (續)

#### 分類資產及負債 (續)

於二零一零年十二月三十一日

		Health care products 保健產品 HK\$'000 千港元	Pharmaceutical products 醫藥產品 HK\$'000 千港元	Ruyan atomizing cigarettes 如煙霧化煙 HK\$'000 千港元	Securities trading and investments 證券交易 及投資 HK\$'000 千港元	Consolidated 合計 HK\$'000 千港元
<b>ASSETS</b>	<b>資產</b>					
Segment assets	分類資產	46,348	23,375	7,595	35,563	112,881
Bank balances and cash	銀行結餘及 現金					11,681
Taxation recoverable	可收回稅項					2,600
Other receivables	其他應收款項					2,048
Consolidated total assets	綜合資產總額					129,210
<b>LIABILITIES</b>	<b>負債</b>					
Segment liabilities	分類負債	8,777	7,617	14,421	—	30,815
Other payables	其他應付款項					15,101
Taxation payable	應付稅項					891
Convertible bonds	應可換股債券					4,136
Derivative financial instruments	衍生金融工具					377
Borrowings	借款					5,000
Consolidated total liabilities	綜合負債 總額					56,320

為監控分類表現及分類之間之資源分配：

- 所有資產分配至呈報及經營分類，惟若干其他應收款項、可收回稅項及銀行結餘及現金除外。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

### 7. SEGMENT INFORMATION (Cont'd)

#### Segment assets and liabilities (Cont'd)

- all liabilities are allocated to reportable and operating segments, other than derivative financial instruments, certain other payables, certain borrowings, taxation payable and convertible bonds.

#### Other segment information

Amounts included in measure of segment profit or loss or segment assets:

*For the year ended 31 December 2011*

		Health care products	Pharmaceutical products	Ruyan atomizing cigarettes	Securities trading and investments	Property investment in Hong Kong	Consolidated
		保健產品	醫藥產品	如煙霧化煙	證券交易及投資	之物業投資	合計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元
Addition to property, plant and equipment	物業、廠房及設備添置	—	339	66	—	—	405
Depreciation of property, plant and equipment	物業、廠房及設備折舊	1,802	700	3,513	—	—	6,015
Amortisation of prepaid lease payments	預付租賃款項之攤銷	88	—	—	—	—	88
Change in fair value of investment property	投資物業公平價值之變動	—	—	—	—	6,009	6,009
Allowance for obsolescence inventories	滯銷存貨之撥備	13,341	11,025	7,430	—	—	31,796
Allowance for bad and doubtful debts, net	呆壞賬撥備，淨額	192	1,225	56	—	—	1,473
Gain on disposal of property, plant and equipment	出售物業、廠房及設備之收益	—	—	(65)	—	—	(65)

### 7. 分類資料 (續)

#### 分類資產及負債 (續)

- 所有負債分配至呈報及經營分類，惟衍生金融工具、若干其他應付款項、若干借款、應付稅項及可換股債券除外。

#### 其他分類資料

包括於計量分類溢利或虧損或分類資產之款項：

*截至二零一一年十二月三十一日止年度*

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

### 7. SEGMENT INFORMATION (Cont'd)

#### Other segment information (Cont'd)

For the year ended 31 December 2010

		Health care products 保健產品 HK\$'000 千港元	Pharmaceutical products 醫藥產品 HK\$'000 千港元	Ruyan atomizing cigarettes 如煙霧化煙 HK\$'000 千港元	Securities trading and investments 證券交易 及投資 HK\$'000 千港元	Consolidated 合計 HK\$'000 千港元
Addition to property, plant and equipment	物業、廠房及 設備添置	694	753	1,931	—	3,378
Depreciation of property, plant and equipment	物業、廠房及 設備折舊	1,965	683	6,515	—	9,163
Amortisation of prepaid lease payments	預付租賃款項 之攤銷	85	—	—	—	85
Amortisation of intangible assets	無形資產之 攤銷	—	753	—	—	753
Allowance for obsolescence inventories	滯銷存貨之 撥備	7,105	5,977	52,317	—	65,399
Allowance for bad and doubtful debts, net	呆壞賬撥備， 淨額	9,801	8,107	19,498	—	37,406
Loss on disposal of property, plant and equipment	出售物業、 廠房及設 備之虧損	37	17	1,280	—	1,334
Impairment loss on property, plant and equipment	物業、廠房及 設備之減值 虧損	4,051	94	5,183	—	9,328

### 7. 分類資料 (續)

#### 其他分類資料 (續)

截至二零一零年十二月三十一日止年度

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

### 7. SEGMENT INFORMATION (Cont'd)

#### Turnover from major products

		來自主要產品之營業額	
		2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
Health care products	保健產品	96	6,202
Pharmaceutical products	醫藥產品	14,419	18,543
Ruyan atomizing cigarettes	如煙霧化煙	5,363	(2,959)
		<b>19,878</b>	<b>21,786</b>

#### Information about major customers

There is no single customer contributing over 10% of total sales of the Group for the year ended 31 December 2011 and 2010.

#### 關於主要客戶之資料

截至二零一一年及二零一零年十二月三十一日止年度，概無單一客戶佔本集團總銷售額逾10%。

#### Geographical information

The Group's non-current assets by geographical location of the assets are detailed below:

#### 地理資料

本集團以資產地理位置分析之非流動資產之詳情如下：

		2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
		The People's Republic of China ("PRC")	中華人民共和國(「中國」)
Hong Kong	香港	145,000	—
		<b>173,489</b>	<b>33,091</b>

Note: The non-current assets exclude financial assets at fair value through profit or loss.

附註：非流動資產不包括按公平值計入損益之金融資產。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

### 8. OTHER GAINS AND LOSSES

### 8. 其他盈虧

		2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
Change in fair value of derivative financial instruments	衍生金融工具之公平值變動	958	912
Gain (loss) on disposal of property, plant and equipment	出售物業、廠房及設備之收益(虧損)	65	(1,334)
Impairment loss recognised on property, plant and equipment	就物業、廠房及設備確認之減值虧損	—	(9,328)
Change in fair value of investment property	投資物業之公平值變動	(6,009)	—
		<b>(4,986)</b>	<b>(9,750)</b>

### 9. FINANCE COSTS

### 9. 財務費用

		2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
The finance costs represent interests on:	財務費用指以下各項之利息：		
– bank borrowings wholly repayable more than five years	– 須於五年後悉數償還之銀行借款	376	—
– other borrowings wholly repayable within five years	– 須於五年內悉數償還之其他借款	1,395	3,548
– Convertible Bonds (note 30)	– 可換股債券(附註30)	864	14,397
		<b>2,635</b>	<b>17,945</b>

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

### 10. INCOME TAX EXPENSE

### 10. 所得稅開支

		2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
PRC Enterprise Income Tax	中國企業所得稅	599	492

No Hong Kong Profits Tax is payable by the Company or its subsidiaries operated in Hong Kong since they had no assessable profit for the year.

本公司或其於香港經營之附屬公司於本年度並無任何應課稅溢利，故並無任何應付之香港利得稅。

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

根據中國企業所得稅法（「企業所得稅法」）及企業所得稅法實施條例，中國附屬公司之所得稅率為25%，自二零零八年一月一日起開始生效。

The taxation for the year can be reconciled to the loss before taxation per the consolidated statement of comprehensive income as follows:

本年度之稅項與綜合全面收益表之稅前虧損對賬如下：

		2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
Loss before taxation	稅前虧損	(313,482)	(232,839)
Tax at PRC income tax rate of 25%	按中國所得稅率 25% 計算之稅項	(78,371)	(58,210)
Tax effect of expenses not deductible for tax purpose	不可扣稅之支出對稅項之影響	4,120	28,839
Tax effect of incomes not taxable for tax purpose	毋須課稅之收入對稅項之影響	(53)	(8,129)
Tax effect of deductible temporary difference not recognised	未確認可扣減暫時性差額對稅項之影響	8,368	2,367
Tax effect of tax losses/deductible temporary difference not recognised	未確認之稅損／可扣減暫時性差額對稅項之影響	66,535	35,625
Taxation for the year	本年度之稅項	599	492

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

### 10. INCOME TAX EXPENSE (Cont'd)

At the end of the reporting period, the Group has estimated unused tax losses of approximately HK\$510,910,000 (2010: HK\$244,770,000) available for offset against future profits. No provision of deferred taxation has been recognised in respect of the tax losses due to unpredictability of future profit streams. The tax losses may be carried forward indefinitely.

At the end of the reporting period, the Group has deductible temporary difference of HK\$490,140,000 (2010: HK\$456,668,000). No deferred tax asset has been recognised in relation to such deductible temporary differences as the directors of the Company is not certain when taxable profit will be available again which the deductible temporary differences can be utilised.

### 10. 所得稅開支 (續)

於報告期末，本集團估計有未使用稅損約 510,910,000 港元（二零一零年：244,770,000 港元）可供抵銷未來溢利。由於未來溢利難以預測，故並無就稅損確認遞延稅項撥備。稅損可無限期結轉。

於報告期末，本集團可扣減暫時性差額為 490,140,000 港元（二零一零年：456,668,000 港元）。由於本公司董事不確定應課稅溢利能否可供動用以抵銷可扣減暫時性差額，因此並無就該等可扣減暫時性差額確認為遞延稅項資產。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

### II. LOSS FOR THE YEAR

### 11. 本年度虧損

		2011	2010
		二零一一年	二零一零年
		HK\$'000	HK\$'000
		千港元	千港元
Loss for the year has been arrived at after charging (crediting):	本年度虧損已扣除 (計入) 下列項目:		
Staff costs	員工開支		
Directors' emoluments (note 12)	董事酬金 (附註 12)		
– fees and other emoluments	– 袍金及其他酬金	5,443	3,874
Other staff costs	其他員工開支		
– salaries, allowances and bonus	– 薪金、津貼及花紅	8,838	8,872
– share-based payment expenses (note ii)	– 以股份為基礎付款之開支 (附註 ii)	783	12,552
– retirement benefits scheme contributions	– 退休福利計劃供款	837	463
		15,901	25,761
Amortisation of intangible assets (included in cost of sales)	無形資產之攤銷 (包括在銷售成本內)	—	753
Amortisation of prepaid lease payments	預付租賃款項之攤銷	88	85
Cost of inventories recognised as expense (note i)	確認為開支之存貨成本 (附註 i)	42,854	84,615
Auditor's remuneration	核數師酬金	1,600	957
Depreciation of property, plant and equipment	物業、廠房及設備之折舊	6,015	9,163
Operating lease rentals in respect of land and buildings	土地及樓宇營業租約租賃款項	5,109	8,070
Allowance for bad and doubtful debts, net (included in other expenses)	呆壞賬撥備，淨額 (包括在其他開支內)	1,473	37,406
Research and development expenses (included in other expenses)	研發開支 (包括在其他開支)	2,309	6,354
Interest income (included in other income)	利息收入 (包括在其他收入內)	(8)	(13)
Gross rental income from investment property	投資物業之總租賃收入	(1,671)	—
Less: direct operating expenses from investment property that generate rental income for the year	減：產生本年度租賃收入之投資物業之直接運營開支	145	—
		(1,526)	—



# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

### II. LOSS FOR THE YEAR (Cont'd)

Notes:

- (i) Included in the cost of inventories recognised as expense for the year ended 31 December 2011 and 2010 is an allowance for obsolescence inventories of HK\$31,796,000 (2010: HK\$65,399,000). The allowance was provided for certain slow-moving raw materials and finished goods of HK\$18,331,000 (2010: HK\$46,551,000) including health care products, pharmaceutical products and Ruyan atomizing cigarettes. During the year ended 31 December 2011, certain health care products were spoiled and no longer sellable, and an allowance for inventories of HK\$13,465,000 was provided. During the year ended 31 December 2010, certain models of Ruyan atomizing cigarettes had quality problems and an allowance for inventories of HK\$18,848,000 was provided.
  
- (ii) The share-based payment expenses of HK\$783,000 granted to eligible participants during the year ended 31 December 2011 were related to the Group's trading securities business. The share-based payment expenses of HK\$11,905,000 presented to certain eligible participants during the year ended 31 December 2010 were related to, among others, the Group's corporate exercises.

### 11. 本年度虧損 (續)

附註：

- (i) 截至二零一一年及二零一零年十二月三十一日止年度，確認為開支之存貨成本包括滯銷存貨撥備31,796,000港元（二零一零年：65,399,000港元）。滯銷存貨撥備乃就若干滯銷原材料及製成品（包括保健產品、醫藥產品及如煙霧化煙）18,331,000港元（二零一零年：46,551,000港元）計提。截至二零一一年十二月三十一日止年度，若干保健產品變質且不可出售，計提存貨撥備13,465,000港元。截至二零一零年十二月三十一日止年度，若干有質量問題之如煙霧化煙計提存貨撥備18,848,000港元。
  
- (ii) 截至二零一一年十二月三十一日止年度，以股份為基礎之付款開支783,000港元乃授予一名合資格參與者，與本集團之買賣證券業務有關。截至二零一零年十二月三十一日止年度，以股份為基礎之付款開支11,905,000港元乃提供予若干合資格參與者，與（其中包括）本集團之企業活動有關。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

### 12. DIRECTORS' EMOLUMENTS

The emoluments paid or payable to each of the fifteen (2010: thirteen) directors were as follows:

2011 二零一一年	Gary Drew Douglas	Wong		Hon Lik	Au Yeung Kai Chor	Chan Mee Sze	Ching		Yuk Lun 鍾育麟	Lam		Liu Liu	Frank H. Miu	Manfred A. Haussler	Ho Tak Fun	Total 二零一一年 總計
		Yin Sen 王彥宸	Hei Lin 王希年				Yuen Man, Angela	Suk Ping 林叔平		Man Sum, Albert	Pang Hong					
	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
	(note e) (附註 e)		(note d) (附註 d)		(note f) (附註 f)	(note b) (附註 b)	(note f) (附註 f)	(note c) (附註 c)					(note d) (附註 d)	(note a) (附註 a)	(note g) (附註 g)	
Fees 袍金	—	—	—	—	—	—	—	—	—	—	150	—	—	—	—	150
Other emoluments 其他酬金																
Salaries 薪金	158	750	402	780	714	637	637	350	120	120	—	120	93	60	20	4,961
Retirement benefit scheme 退休福利計劃	—	12	7	12	10	9	10	7	6	6	—	—	—	—	1	80
Other allowances 其他津貼	—	252	—	—	—	—	—	—	—	—	—	—	—	—	—	252
	158	1,014	409	792	724	646	647	357	126	126	150	120	93	60	21	5,443

Notes:

- (a) Mr. Manfred A. Haussler resigned as non-executive director on 1 April 2011.
- (b) Ms. Chan Mee Sze was appointed as executive director on 11 April 2011.
- (c) Mr. Lam Suk Ping was appointed as executive director on 1 June 2011.
- (d) Mr. Wong Hei Lin resigned as executive director and Mr. Frank H. Miu resigned as non-executive director on 7 July 2011, respectively.
- (e) Mr. Gary Drew Douglas was appointed as executive director on 24 October 2011.
- (f) Mr. Au Yeung Kai Chor and Ms. Ching Yuen Man, Angela resigned as executive directors on 25 October 2011, respectively.
- (g) Mr. Ho Tak Fun was appointed as independent non-executive director on 1 November 2011.

附註：

- (a) Manfred A. Haussler先生於二零一一年四月一日辭任非執行董事。
- (b) 陳美思女士於二零一一年四月十一日獲委任為執行董事。
- (c) 林叔平先生於二零一一年六月一日獲委任為執行董事。
- (d) 王希年先生及繆希先生於二零一一年七月七日分別辭任執行董事及非執行董事。
- (e) Gary Drew Douglas先生於二零一一年十月二十四日獲委任為執行董事。
- (f) 歐陽啟初先生及程婉雯女士分別於二零一一年十月二十五日辭任執行董事。
- (g) 何德芬先生於二零一一年十一月一日獲委任為獨立非執行董事。

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## 綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

### 12. DIRECTORS' EMOLUMENTS (Cont'd)

### 12. 董事酬金 (續)

		Wong	Wong	Hon	Au Yeung	Ching	Lam	Cheung	Ding	Pang	Liu	Frank		Total	
		Yin Sen	Hei Lin	Lik	Kai Chor	Yuen Man,	Chung	Man Sum,	Kwai Hung	Xun	Hong	Kwong Sang	H. Miu	Manfred	2010
2010		王彥宸	王希年	韓力	歐陽啟初	程婉雯	鍾育麟	林聞深	張鈞鴻	丁迅	龐鴻	廖廣生	繆希	A. Haussler	二零一零年
二零一零年		王彥宸	王希年	韓力	歐陽啟初	程婉雯	鍾育麟	林聞深	張鈞鴻	丁迅	龐鴻	廖廣生	繆希	A. Haussler	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
					(note e)	(note c)	(note a)	(note d)	(note f)	(note f)		(note b)		(note g)	
					(附註 e)	(附註 c)	(附註 a)	(附註 d)	(附註 f)	(附註 f)		(附註 b)		(附註 g)	
Fees	袍金	—	—	—	—	—	—	—	—	—	150	—	—	—	150
Other emoluments	其他酬金														
Salaries	薪金	585	585	585	557	527	86	81	—	—	—	84	171	53	3,314
Other allowances	其他津貼	228	—	—	—	—	—	—	—	—	—	—	—	130	358
Retirement benefits	退休福利計劃														
scheme contributions	供款	9	9	9	9	8	4	4	—	—	—	—	—	—	52
		822	594	594	566	535	90	85	—	—	150	84	171	183	3,874

Notes:

附註：

- (a) Mr. Chung Yuk Lun was appointed as independent non-executive director on 14 April 2010. (a) 鍾育麟先生於二零一零年四月十四日獲委任為獨立非執行董事。
- (b) Mr. Liu Kwong Sang was appointed as independent non-executive director on 19 April 2010. (b) 廖廣生先生於二零一零年四月十九日獲委任為獨立非執行董事。
- (c) Ms. Ching Yuen Man, Angela was appointed as executive director on 28 April 2010. (c) 程婉雯女士於二零一零年四月二十八日獲委任為執行董事。
- (d) Mr. Lam Man Sum, Albert was appointed as independent non-executive director on 28 April 2010. (d) 林聞深先生於二零一零年四月二十八日獲委任為獨立非執行董事。
- (e) Mr. Au Yeung Kai Chor was appointed as executive director on 7 May 2010. (e) 歐陽啟初先生於二零一零年五月七日獲委任為執行董事。
- (f) Mr. Cheung Kwai Hung and Mr. Ding Xun resigned as independent non-executive directors on 28 June 2010, respectively. (f) 張鈞鴻先生及丁迅先生分別於二零一零年六月二十八日辭任獨立非執行董事。
- (g) Mr. Manfred A. Haussler was appointed as non-executive director on 12 October 2010. (g) Manfred A. Haussler先生於二零一零年十月十二日獲委任為非執行董事。

During the year, no emoluments were paid by the Group to any of the directors as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors has waived any emoluments during the year.

年內，本集團並無向任何董事支付酬金，作為加入或於加入本集團時之獎勵或離職賠償。年內，並無董事放棄任何酬金。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

### 13. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, five (2010: four) were directors of the Company whose emoluments are included in the disclosures in note 12 above. The emoluments of the remaining one individual for the year ended 31 December 2010 were as follows:

		2010 二零一零年 HK\$'000 千港元
Salaries and other benefits	薪金及其他福利	702
Contributions to retirement benefits schemes	退休福利計劃供款	12
		714

His emoluments was within the following band:

其酬金介於下列範圍：

		2010 二零一零年 No. of employees 僱員人數
Nil to HK\$1,000,000	零至 1,000,000 港元	1

### 14. DIVIDENDS

No dividend was paid or proposed for both years, nor has any dividend been proposed since the end of the reporting period.

### 14. 股息

過去兩年並無派付或建議派付股息，自報告期末以來亦無建議派付任何股息。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

### 15. LOSS PER SHARE

The calculation of the basic loss per share attributable to the ordinary equity holders of the parent is based on the following data:

		2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
Loss for the purposes of basic and diluted earnings per share (loss for the year attributable to owners of the Company)	就計算每股基本及攤薄盈利之虧損 (本公司擁有人應佔年內虧損)	(314,081)	(233,331)
		2011 二零一一年 '000 千股	2010 二零一零年 '000 千股 (restated) (經重列)
Number of shares	股份數目		
Weighted average number of ordinary shares for the purpose of basic earnings per share	就計算每股基本盈利之普通股加權平均數	2,165,182	409,082

The computation of diluted loss per share does not assume the conversion of the Company's share options and outstanding convertible bonds since their assumed conversion would result in a decrease in loss per share.

The weighted average number of ordinary shares adopted in the calculation of the basic and diluted loss per share for the years of 2011 and 2010 have been adjusted to reflect the impact of issue of new shares, including rights issue, subscription of new shares, placement and exercise of options effected during the year ended 31 December 2011.

### 15. 每股虧損

母公司普通股持有人應佔每股基本虧損乃按下列數據計算：

		2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
Loss for the purposes of basic and diluted earnings per share (loss for the year attributable to owners of the Company)	就計算每股基本及攤薄盈利之虧損 (本公司擁有人應佔年內虧損)	(314,081)	(233,331)
		2011 二零一一年 '000 千股	2010 二零一零年 '000 千股 (restated) (經重列)
Number of shares	股份數目		
Weighted average number of ordinary shares for the purpose of basic earnings per share	就計算每股基本盈利之普通股加權平均數	2,165,182	409,082

每股攤薄虧損之計算並無假設本公司購股權及未償還可換股債券獲轉換，原因是假設該等轉換可能導致每股虧損減少。

計算二零一一年及二零一零年之每股基本及攤薄虧損時採納之普通股加權平均數已作出調整，以反映截至二零一一年十二月三十一日止年度發行新股(包括供股、認購新股、配售及行使購股權)之影響。

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## 綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

### 16. PROPERTY, PLANT AND EQUIPMENT

### 16. 物業、廠房及設備

		Leasehold Buildings improvement 租賃物業 樓宇	Plant and machinery 廠房及 機器	Furniture, fixtures and equipment 傢俬、裝置 及設備	Motor vehicles 汽車	Total 總額
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
<b>COST</b>	<b>成本</b>					
At 1 January 2010	於二零一零年一月一日	33,439	5,322	53,172	7,004	109,579
Exchange adjustments	匯兌調整	1,259	147	1,686	244	3,683
Additions	添置	—	691	1,978	709	3,378
Disposal of subsidiaries	出售附屬公司	—	—	—	(6)	(6)
Disposals	出售	—	(1,433)	—	(1,273)	(5,497)
At 31 December 2010	於二零一零年十二月三十一日	34,698	4,727	56,836	6,678	111,137
Exchange adjustments	匯兌調整	1,300	105	2,134	207	4,017
Additions	添置	—	—	202	150	405
Disposals	出售	—	—	—	(938)	(938)
At 31 December 2011	於二零一一年十二月三十一日	<b>35,998</b>	<b>4,832</b>	<b>59,172</b>	<b>7,035</b>	<b>114,621</b>
<b>DEPRECIATION AND IMPAIRMENT LOSSES</b>	<b>折舊及減值虧損</b>					
At 1 January 2010	於二零一零年一月一日	11,664	2,564	37,663	4,600	62,720
Exchange adjustments	匯兌調整	438	60	743	166	1,601
Provided for the year	年內撥備	1,415	87	5,571	1,525	9,163
Disposal of subsidiaries	出售附屬公司	—	—	—	(3)	(3)
Eliminated on disposals	出售時抵銷	—	(493)	—	(800)	(2,085)
Impairment loss for the year	本年度減值虧損	—	1,905	6,756	544	9,328
At 31 December 2010	於二零一零年十二月三十一日	13,517	4,123	50,733	6,032	80,724
Exchange adjustments	匯兌調整	545	105	1,962	206	3,021
Provided for the year	年內撥備	1,656	138	3,824	313	6,015
Eliminated on disposals	出售時抵銷	—	—	—	(938)	(938)
At 31 December 2011	於二零一一年十二月三十一日	<b>15,718</b>	<b>4,366</b>	<b>56,519</b>	<b>6,551</b>	<b>88,822</b>
<b>NET BOOK VALUES</b>	<b>賬面淨值</b>					
At 31 December 2011	於二零一一年十二月三十一日	<b>20,280</b>	<b>466</b>	<b>2,653</b>	<b>484</b>	<b>25,799</b>
At 31 December 2010	於二零一零年十二月三十一日	21,181	604	6,103	646	30,413

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## 綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

### 16. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Buildings	Over the shorter of the terms of the lease or 50 years
Leasehold improvement	Over the shorter of the terms of the lease or 50 years
Plant and machinery	9% - 20%
Furniture, fixtures and equipment	18% - 20%
Motor vehicles	9% - 20%

In view of the huge operating loss experienced by the Group in health care products, pharmaceutical products and Ruyan atomizing cigarettes business for the year ended 31 December 2011 and 2010, the directors of the Company reviewed the carrying value of their leasehold improvement, plant and machinery and furniture, fixtures and equipment as at 31 December 2011 and 2010 based on value in use assessment, in order to assess their recoverable amounts.

There is no impairment on property, plant and equipment for the year ended 31 December 2011. For the year ended 31 December 2010, impairment losses of HK\$4,051,000, HK\$94,000 and HK\$5,183,000 were provided to health care products, pharmaceutical products and Ruyan atomizing cigarettes business respectively with reference to the result of the value in use assessment.

The recoverable amount for the property, plant and equipment other than buildings was determined based on the value in use calculations covering a detailed five-year financial budget plan approved by the Group's executive directors. There are a number of key assumptions and estimates involved in the preparation of the cash flow projections for the period covered by the Group's executive directors approved financial budget plan.

### 16. 物業、廠房及設備 (續)

上述物業、廠房及設備項目以直線法按以下年率計算折舊：

樓宇	於租約年期或五十年之 較短者
租賃物業裝修	於租約年期或五十年之 較短者
廠房及機器	9%至20%
傢俬、裝置及 設備	18%至20%
汽車	9%至20%

鑑於本集團截至二零一一年及二零一零年十二月三十一日止年度的保健產品、醫藥產品及如煙霧化煙業務之龐大營運虧損，本公司董事根據使用價值評估基準檢討截至二零一一年及二零一零年十二月三十一日之租賃物業裝修、廠房及機器以及傢俬、裝置及設備之賬面值，以評估其可收回金額。

截至二零一一年十二月三十一日止年度，物業、廠房及設備概無減值。截至二零一零年十二月三十一日止年度，保健產品、醫藥產品及如煙霧化煙業務之減值虧損分別為4,051,000港元、94,000港元及5,183,000港元，為參考使用價值評估結果作出之撥備。

物業、廠房及設備(樓宇除外)之可收回金額按使用價值計算釐定，包括一項經本集團執行董事批准的詳盡五年財政預算計劃。就本集團執行董事批准財政預算計劃期間編製現金流量預測涉及多項主要假設及估計。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

### 16. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Value in use is derived at by discounting the expected future cash flow projection at a 17% (2010: 17%) discount rate. The discount rate used is pre-tax and reflects specific risks relating to the relevant segment. The Group's executive directors have assumed zero (2010: zero) growth rate in its budget revenues. Other key assumptions for the value in use calculations related to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the unit's past performance and management's expectations for the market development.

The directors of the Company assessed the recoverable amount of buildings of the Group by reference to recent market prices for similar properties and similar locations and considered that there is no impairment on buildings as at 31 December 2011 and 2010.

### 17. INVESTMENT PROPERTY

### 16. 物業、廠房及設備 (續)

使用價值乃按17%(二零一零年: 17%)的貼現率貼現預期未來現金流量預測得出。所使用之貼現率為除稅前, 並反映有關相關分類之特定風險。本集團執行董事假設預算收入增長率為零(二零一零年: 零)。有關估計現金流入/流出之使用價值計算之其他主要假設包括銷售預算及毛利, 該等估計是根據單位過往業績及管理層之市場發展預期作出。

本公司董事於評估本集團樓宇之可收回金額時乃參照類似物業及地點的近期市價, 並計及樓宇於二零一一年及二零一零年十二月三十一日並無減值。

### 17. 投資物業

		HK\$'000 千港元
FAIR VALUE	公平值	
At 1 January 2010 and 31 December 2010	於二零一零年一月一日及二零一零年十二月三十一日	—
Acquisition of subsidiaries (note 33)	收購附屬公司 (附註 33)	151,009
Fair value change recognised to profit or loss	於損益確認之公平值變動	(6,009)
At 31 December 2011	於二零一一年十二月三十一日	145,000

The fair value of the Group's investment property at 31 December 2011 have been arrived at on the basis of a valuation carried out on that date by Asset Appraisal Limited, independent qualified professional valuers not connected with the Group. Asset Appraisal Limited is a member of the Institute of Valuers. The valuation was arrived at by reference to the discounted cash flow projections based on estimates of future cash flows, supported by the terms of existing lease and reasonable and supportable assumptions that represent what knowledgeable willing parties would assume about rental income for future leases in the light of current conditions, using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

本集團於二零一一年十二月三十一日投資物業之公平值乃根據與本集團概無關連之獨立合資格專業估值師 Asset Appraisal Limited 基於截至該日之估值而作出。Asset Appraisal Limited 為估價師協會 (Institute of Valuers) 會員。估值乃參考基於未來現金流量估計之貼現現金流量預測作出, 由現有租約之條款及合理可靠假設支持, 有關假設指知情自願訂約方鑑於當時條件按反映現金流量金額及時間之不確定因素之當時市場評估之貼現率對未來租約租賃收入之假設。



# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

### 17. INVESTMENT PROPERTY (Cont'd)

The Group's investment property is held under medium-term leases in Hong Kong. All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment property.

As at 31 December 2011, the Group has pledged this investment property to secure the bank borrowings granted to the Group.

### 18. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments comprise:	可供出售投資包括：
Unlisted equity securities in Hong Kong (note) - at cost	在香港之非上市股本證券 (附註) — 按成本
Less: Impairment loss	減：減值虧損

Note: The amount represents unlisted equity investment in Archnet Technology Limited (the "Archnet"), a company incorporated in Hong Kong, which is stated at cost less impairment loss. The Group's investment represents a holding of 20% of the ordinary shares of Archnet. Archnet is not regarded as an associate of the Group because the Group is unable to appoint directors to sit on the board of Archnet and hence not in a position to exercise significant influence over its financial and operating policy decisions.

The investment has been fully impaired in prior periods.

### 17. 投資物業 (續)

本集團之投資物業位於香港及按中期租約持有。本集團用作賺取租金或作資本升值用途而持有之經營租約物業權益使用公平值模式計量，並歸類及入賬列作投資物業。

於二零一一年十二月三十一日，本集團已抵押該等投資物業作為授予本集團的銀行借款之擔保。

### 18. 可供出售投資

	2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
Available-for-sale investments comprise:		
Unlisted equity securities in Hong Kong (note) - at cost	1,000	1,000
Less: Impairment loss	(1,000)	(1,000)
	—	—

附註：該款項指於在香港註冊成立之公司 Archnet Technology Limited (「Archnet」) 之非上市股本投資，乃按成本減減值虧損列賬。本集團之投資指持有 Archnet 之 20% 普通股。由於本集團未能委任董事加入 Archnet 董事會，因而未能對 Archnet 之財務及營運決策行使重大影響，故此 Archnet 不視為本集團之聯營公司。

該項投資已於過往期間全數減值。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

### 19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

### 19. 按公平值計入損益之金融資產

		2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
Financial assets at fair value through profit or loss comprise:	按公平值計入損益之金融資產包括：		
Investment in convertible instruments designated at fair value through profit or loss	指定按公平值計入損益之可換股工具投資	19,430	24,450
Held-for-trading investments	持作交易用途之投資	105,224	11,113
		<b>124,654</b>	35,563
Analysed for reporting purpose as:	就呈報目的分析：		
Non-current portion	非即期部分	9,730	20,000
Current portion	即期部分	114,924	15,563
		<b>124,654</b>	35,563

Held-for-trading investments comprise of equity securities listed in Hong Kong and their fair values are based on quoted market bid prices.

持作交易用途之投資包括於香港上市之股本證券，彼等之公平值乃基於市場所報買入價釐定。

The investment in convertible instruments is designated at financial assets at fair value through profit or loss on initial recognition.

投資可換股工具於初步確認時指定為按公平值計入損益之金融資產。

During the year ended 31 December 2011, the Group acquired the convertible bond instruments in Hong Kong Life Group Holdings Limited ("Hong Kong Life"), a Hong Kong listed company incorporated in the Cayman Islands, and Rising Development Holdings Limited ("RDHL"), a Hong Kong listed company incorporated in Bermuda, at a consideration of HK\$20,000,000 and HK\$10,025,000, respectively.

截至二零一一年十二月三十一日止年度，本集團收購於開曼群島註冊成立之香港上市公司香港生命集團控股有限公司（「香港生命」）及於百慕達註冊成立之香港上市公司麗盛集團控股有限公司（「麗盛集團控股」）的可換股債券工具，代價分別為20,000,000港元及10,025,000港元。

The amounts as at 31 December 2010 represented the convertible bond instruments in ABC Communications (Holdings) Limited ("ABC"), a Hong Kong listed company incorporated in Bermuda, and Fulbond Holdings Limited ("Fulbond"), a Hong Kong listed company incorporated in Bermuda. These convertible bond instruments are disposed during the year ended 31 December 2011.

截至二零一零年十二月三十一日之金額代表所持有佳訊（控股）有限公司（「佳訊」）及福邦控股有限公司（「福邦」）的可換股債券工具，佳訊及福邦均為於百慕達註冊成立之香港上市公司。截至二零一一年十二月三十一日止年度，該等可換股債券工具已被售出。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

### 19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

(Cont'd)

Binomial model is used for valuation of conversion option and redemption option of respective convertible bonds instruments. The inputs into the model were as follows:

		As at 31 December 2011 於二零一一年 十二月三十一日		As at 31 December 2010 於二零一零年 十二月三十一日	
		RDHL Convertible Hong Kong Life Convertible Bonds 麗盛集團 控股之可換 股債券		ABC Convertible Bonds 佳訊之可換 股債券	Fulbond Convertible Bonds 福邦之可換 股債券
Stock price	股價	HK\$0.35 港元	HK\$0.97 港元	HK\$0.71 港元	HK\$0.02 港元
Exercise price	行使價	HK\$23.86 港元	HK\$1.00 港元	HK\$0.95 港元	HK\$0.01 港元
Volatility (note a)	波幅 (附註 a)	67%	84%	53%	58%
Option life (note b)	選擇權年期 (附註 b)	4.4 years 年	2.8 years 年	0.95 year 年	2 years 年
Risk-free rate (note c)	無風險利率 (附註 c)	0.845%	0.496%	0.34%	0.58%

Notes:

- (a) Expected volatility was determined by calculating the historical volatility of the share prices of Hong Kong Life, RDHL, ABC and Fulbond.
- (b) Expected life was the remaining life of the respective options.
- (c) The risk free is determined by reference to the Hong Kong Government Bond Yield.

During the year, HK\$10,295,000 loss (2010: HK\$9,700,000 gain) on change in fair value of investment in convertible instruments designated at fair value through profit or loss was charged or credited to profit or loss.

### 19. 按公平值計入損益之金融資產 (續)

二項式模式乃用於各可換股債券工具之換股選擇權及贖回選擇權之估值中。輸入模式之參數如下：

As at 31 December 2011  
於二零一一年  
十二月三十一日

As at 31 December 2010  
於二零一零年  
十二月三十一日

		RDHL Convertible Hong Kong Life Convertible Bonds 麗盛集團 控股之可換 股債券		ABC Convertible Bonds 佳訊之可換 股債券	Fulbond Convertible Bonds 福邦之可換 股債券
--	--	--	--	---	---

附註：

- (a) 預期波幅透過計算香港生命、麗盛集團控股、佳訊及福邦股價之歷史波幅釐定。
- (b) 預期年期為有關選擇權之餘下年期。
- (c) 無風險利率乃參照香港政府債券孳息釐定。

年內，指定按公平值計入損益之投資可換股工具之公平值變動虧損10,295,000港元(二零一零年：9,700,000港元溢利)扣除自或計入損益。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

### 20. INTANGIBLE ASSETS

The intangible assets represent technology know-hows for the production of pharmaceutical product which were acquired from third parties and are amortised on a straight-line basis over their estimated useful lives of 3 to 5 years from the date on which the technology know-hows were available for use by the Group.

		Technical know-hows 技術知識 HK\$'000 千港元
<hr/>		
COST	成本	
At 1 January 2010	於二零一零年一月一日	12,358
Exchange adjustments	匯兌調整	466
<hr/>		
At 31 December 2010 and 31 December 2011	於二零一零年十二月三十一日及二零一一年十二月三十一日	12,824
<hr/>		
AMORTISATION	攤銷	
At 1 January 2010	於二零一零年一月一日	11,628
Exchange adjustments	匯兌調整	443
Charge for the year	年內扣除	753
<hr/>		
At 31 December 2010 and 31 December 2011	於二零一零年十二月三十一日及二零一一年十二月三十一日	12,824
<hr/>		
CARRYING VALUES	賬面值	
At 31 December 2010 and 31 December 2011	於二零一零年十二月三十一日及二零一一年十二月三十一日	—

### 21. PREPAID LEASE PAYMENTS

The prepaid lease payments comprise:

### 21. 預付租賃款項

預付租賃款項包括：

		2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
<hr/>			
Leasehold land outside Hong Kong: Medium-term lease	香港以外之租賃土地： 中期租約	2,772	2,757
<hr/>			
Analysed for reporting purposes as:	就呈報目的分析：		
Current portion	即期部分	82	79
Non-current portion	非即期部分	2,690	2,678
		<hr/>	<hr/>
		2,772	2,757

The leasehold land is amortised on a straight-line basis over the remaining term of the lease.

租賃土地於租約剩餘年期以直線法攤銷。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

### 22. INVENTORIES

		2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
Raw materials	原料	5,489	26,650
Work in progress	在製品	634	—
Finished goods	製成品	2,364	8,728
		<b>8,487</b>	<b>35,378</b>

### 22. 存貨

### 23. TRADE RECEIVABLES

		2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
Trade receivables	應收貿易賬項	149,792	143,986
Less: Allowance for doubtful debts	減：呆賬撥備	(145,608)	(138,904)
		<b>4,184</b>	<b>5,082</b>

### 23. 應收貿易賬項

The Group allows an average credit period from 60 to 270 days to its trade customers. The following is an aged analysis of trade receivables net of allowance for doubtful debts presented based on the invoice date at the end of the reporting period:

本集團容許其貿易客戶有平均60至270日之信貸期。以下為於報告期末根據發票日期呈列應收貿易賬項(扣除呆賬撥備)之賬齡分析：

		2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
0 to 60 days	0 至 60 日	1,258	822
61 to 90 days	61 至 90 日	42	1,361
91 to 180 days	91 至 180 日	2,884	2,899
		<b>4,184</b>	<b>5,082</b>

The Group has policy of allowance for bad and doubtful debts which is based on the evaluation of collectability and age of accounts and on management's judgement including credit worthiness and past collection history of each customer.

本集團設有一套呆壞賬撥備政策，該政策乃根據對可收回性及賬齡進行之評估以及根據管理層之判斷(包括每位客戶之信用及過往收賬記錄)而制訂。

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed regularly.

於接納任何新客戶前，本集團評估客戶之信貸質素及釐定客戶信貸上限。本集團定期審閱給予客戶之信貸限額。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

### 23. TRADE RECEIVABLES (Cont'd)

The receivables with a carrying amount of HK\$4,184,000 (2010: HK\$5,082,000) which are neither past due nor impaired at the end of the reporting date for which the Group believes that the amounts are considered recoverable because the receivables are related to a number of independent customers that have good repayment records with the Group.

At 31 December 2011 and 2010, there is no trade receivable balance is past due at the reporting date for which the Group has not provided for impairment loss.

In determining the recoverability of the trade receivables, the Group considers any changes in the credit quality of the trade receivables from the date credit was initially granted up to the end of the reporting period. Accordingly, the directors believe that there is no further credit provision required in excess of the allowance for bad and doubtful debts.

#### Movement in the allowance for doubtful debts

		2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
Balance at beginning of the year	年初結餘	138,904	125,132
Impairment losses recognised	已確認減值虧損	1,676	13,229
Amounts recovered during the year	年內已收回款項	(203)	(4,167)
Exchange adjustments	匯兌調整	5,231	4,710
Balance at end of the year	年終結餘	145,608	138,904

Included in the allowance for doubtful debts are individually impaired trade receivables, which were either in the severe financial difficulties or overdue for a long period time. The Group has made full allowance on these receivables and considered that they are generally not recoverable.

### 23. 應收貿易賬項 (續)

賬面值為4,184,000港元(二零一零年：5,082,000港元)之應收款項於報告期末既未逾期亦未減值，本集團相信可收回該款項，原因是應收款項來自若干獨立客戶，該等客戶於本集團擁有良好還款紀錄。

於二零一一年以及二零一零年十二月三十一日，本集團並無應收貿易賬項餘額於報告日期已逾期，而本集團並無作出減值虧損撥備。

於釐定應收貿易賬項之可收回性時，本集團考慮應收貿易賬項自首次獲授信貸當日至報告期末之任何信貸質素變化。因此，董事認為，除呆壞賬減值撥備以外，毋須作出其他信貸撥備。

#### 呆賬撥備之變動

		2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
Balance at beginning of the year	年初結餘	138,904	125,132
Impairment losses recognised	已確認減值虧損	1,676	13,229
Amounts recovered during the year	年內已收回款項	(203)	(4,167)
Exchange adjustments	匯兌調整	5,231	4,710
Balance at end of the year	年終結餘	145,608	138,904

呆賬撥備包括個別正遭遇重大財困或逾期甚久之已減值應收貿易賬項。本集團已就該等應收款項悉數撥備，並認為該等款項一般不能收回。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

### 24. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

### 24. 按金、預付款項及其他應收款項

		2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
Deposits	按金	2,487	1,659
Prepayments	預付款項	3,379	2,531
Other receivables (note)	其他應收款項 (附註)	1,012	1,546
		<b>6,878</b>	<b>5,736</b>

Note: Other receivables are unsecured, interest-free and repayable on demand.

附註：其他應收款項為無抵押、免息及須於要求時償還。

		2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
Other receivables	其他應收款項	36,946	36,182
Less: Allowance	減：撥備	(35,934)	(34,636)
Other receivables (net of provision)	其他應收款項 (扣除撥備)	1,012	1,546

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

### 24. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES (Cont'd)

Movement in the allowance for bad and doubtful debts for other receivables

		2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
Balance at beginning of the year	年初結餘	34,636	6,064
Charged for the year	年內支出	—	28,344
Exchange adjustments	匯兌調整	1,298	228
Balance at end of the year	年末結餘	35,934	34,636

Included in the allowance for doubtful debts are individually impaired other receivables, which were either in the severe financial difficulties or overdue for a long period time. The Group has made full allowance on these other receivables and considered that they are generally not recoverable.

### 24. 按金、預付款項及其他應收款項 (續)

其他應收賬項之呆壞賬撥備之變動

呆賬撥備包括個別已減值之遭遇嚴重財務困難或逾期甚久之其他應收賬項。本集團已就該等其他應收賬項悉數撥備，並認為該等款項一般不能收回。

### 25. DERIVATIVE FINANCIAL INSTRUMENTS

		2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
Derivative financial instruments consist of the following items:	衍生金融工具包括下列項目：		
Call Option/Put Option	認購期權／認沽期權	5,689	—
Conversion option derivatives of convertible bonds	可換股債券之換股選擇權衍生工具	—	377
Total derivative financial instruments (shown as current liabilities)	衍生金融工具總額 (如流動負債所示)	5,689	377

### 25. 衍生金融工具



For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

### 25. DERIVATIVE FINANCIAL INSTRUMENTS (Cont'd)

On 8 August 2011 ("Date of Completion"), Nation Wealth Holdings Limited ("NWHL"), a wholly-owned subsidiary of the Company, acquired the entire equity interests in Central Town Limited ("CTL") from an independent third party (the "Vendor") and entered into an option agreement with the Vendor at a total consideration of HK\$117,000,000 (the "Acquisition"). Details of the Acquisition are disclosed in note 33.

The terms of the option agreement are that (i) the Vendor granted a call option to NWHL to require the Vendor to sell the entire equity interest in Apex Corporate Investments Limited ("Chinese Medical Clinic") ("Option Shares") and to assign the shareholders loans of Chinese Medical Clinic ("Option Shareholders Loans") to NWHL (collectively known as "Call Option"); and (ii) NWHL granted a put option to the Vendor to require NWHL to purchase the Option Shares and Option Shareholders Loans (collectively known as "Put Option"). Chinese Medical Clinic is currently wholly-owned subsidiary of the Vendor.

The Call Option and Put Option are exercisable within 5 years from the Date of Completion conditioning upon the completion of the Vendor's contribution of an interest free loan or by way of equity of HK\$25 million to Chinese Medical Clinic. As at 31 December 2011, the Vendor's interest free loan to Chinese Medical Clinic is less than HK\$25 million and both Call Option and Put Option is not exercisable as at 31 December 2011. The option exercise price is determined with the following conditions:

- if Chinese Medical Clinic's audited results for the year ending 31 March 2012 or any accounting period subsequent thereto has not been released and issued, the option exercise price will be HK\$25,000,000; and
- if Chinese Medical Clinic's audited results for the year ending 31 March 2012 or any accounting period subsequent thereto has been released and issued,

### 25. 衍生金融工具 (續)

二零一一年八月八日(「完成日期」)，本公司全資附屬公司Nation Wealth Holdings Limited(「NWHL」)以總代價117,000,000港元自一名獨立第三方(「賣方」)收購Central Town Limited(「CTL」)全部股權並與賣方訂立期權協議(「收購」)。收購詳情披露於附註33。

期權協議的條款為(i)賣方向NWHL授出認購期權，可要求賣方向NWHL出售Apex Corporate Investments Limited(「Chinese Medical Clinic」)的全部股權(「期權股份」)並轉讓Chinese Medical Clinic的股東貸款(「期權股東貸款」)(統稱「認購期權」)；及(ii)NWHL向賣方授出認沽期權，可要求NWHL購買期權股份及期權股東貸款(統稱「認沽期權」)。Chinese Medical Clinic現為賣方的全資附屬公司。

認購期權及認沽期權可於完成日期起計5年內行使，惟須待賣方向Chinese Medical Clinic注入25,000,000港元不計息貸款或以股本形式注入該金額完成後方可作實。截至二零一一年十二月三十一日，賣方向Chinese Medical Clinic注入的不計息貸款不足25,000,000港元，因此截至二零一一年十二月三十一日認購期權及認沽期權均不可行使。期權行使價按下列條件釐定：

- 倘Chinese Medical Clinic截至二零一二年三月三十一日止年度或任何其後會計期的經審核業績尚未發佈及刊發，則期權行使價為25,000,000港元；及
- 倘Chinese Medical Clinic截至二零一二年三月三十一日止年度或任何其後會計期的經審核業績已發佈及刊發，則

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### 25. DERIVATIVE FINANCIAL INSTRUMENTS (Cont'd)

- in the case of the exercise of the Call Option, the option exercise price will be the higher of HK\$25 million; or (ii) the lower of 10 times earnings before interest, taxes, depreciation and amortisation (“EBITDA”) or HK\$75 million; and
- in the case of the exercise of the Put Option, the option exercise price will be the higher of: (i) HK\$25 million; or (ii) the lower of 5 times EBITDA or HK\$75 million.

The fair value of the Call Option and Put Option is approximately HK\$6,270,000 at Date of Completion.

The movement of the Call Option and Put Option during the year is set out below:

		HK\$'000 千港元
Granted at the Date of Completion	於完成日期授出	(6,270)
Changes in fair value	公平值變動	581
At 31 December 2011		(5,689)

The fair value of Call Option and Put Option are calculated using the Binominal Pricing Model at the Date of Completion and 31 December 2011. The inputs into the model were as follows:

		Call Option and Put Option 認購期權及認沽期權	
		As at 31 December 2011 二零一一年 十二月三十一日	As at Date of Completion 完成日期
Exercise price	行使價	HK\$25,000,000 港元	HK\$25,000,000 港元
Business value (note a)	業務價值 (附註 a)	HK\$22,000,000 港元	HK\$22,000,000 港元
Expected volatility (note b)	預期波幅 (附註 b)	41.354%	36.03%
Expected life (note c)	預期年期 (附註 c)	4.6 years 年	5 years 年
Risk-free rate (note d)	無風險利率 (附註 d)	0.943%	0.922%

### 25. 衍生金融工具 (續)

- 在行使認購期權情況下，期權行使價為以下兩者之較高者：25,000,000港元；或(ii)除利息、稅項、折舊及攤銷前盈利(「EBITDA」)10倍或75,000,000港元之較低者；及
- 在行使認沽期權情況下，期權行使價為以下兩者之較高者：(i) 25,000,000港元；或(ii) EBITDA 5倍或75,000,000港元之較低者。

認購期權及認沽期權於完成日期的公平值約為6,270,000港元。

年內認購期權及認沽期權之變動如下：

認購期權及認沽期權的公平值於完成日期及二零一一年十二月三十一日採用二項式定價模式計算。輸入模式之參數如下：

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### 25. DERIVATIVE FINANCIAL INSTRUMENTS (Cont'd)

Notes:

- (a) The business value is determined based on the future discounted cashflow of the operation of Chinese Medical Clinic.
- (b) Expected volatility for options is based on historical daily share price movements of comparable listed companies in the same industry over a historical period of 4.6 years (Date of Completion: 5 years).
- (c) Expected life was the expected remaining life of the Call Option and the Put Option.
- (d) The risk-free rate is determined by reference to the yield of Exchange Fund Bills.

During the year ended 31 December 2011, a gain of HK\$581,000 was recognised in respect of the changes in fair values of derivative financial instruments.

Conversion option derivatives on Third Convertible Bonds (as defined in note 30) of approximately HK\$912,000 are recognised as at 31 December 2010 and fair value change of derivatives of HK\$377,000 is credit to profit or loss during the year 31 December 2011. Details of the conversion option derivatives are disclosed in note 30.

### 26. BANK BALANCES AND CASH

At 31 December 2011, there were bank balances and cash denominated in Renminbi ("RMB") amounting to approximately HK\$7,610,000 (2010: HK\$7,121,000) and carry interest at market rates which range from 0.001% to 0.36% (2010: 0.36% to 0.72%) per annum. RMB is not freely convertible into other currencies. Other bank balances and cash are denominated in Hong Kong dollars which carry interest at market rates which range from 0.001% to 0.06% (2010: 0.001% to 0.06%) per annum.

### 25. 衍生金融工具 (續)

附註：

- (a) 業務價值根據Chinese Medical Clinic業務的日後貼現現金流釐定。
- (b) 期權的預期波幅根據過往4.6年(完成日期：5年)同行業可比較上市公司的過往每日股價波動釐定。
- (c) 預期年期為認購期權及認沽期權之預期餘下年期。
- (d) 無風險利率乃參考外匯基金票據孳息釐定。

截至二零一一年十二月三十一日止年度，就衍生金融工具公平值變動確認收益581,000港元。

第三批可換股債券(定義見附註30)的換股選擇權衍生工具約912,000港元於二零一零年十二月三十一日確認，而衍生工具公平值變動377,000港元於截至二零一一年十二月三十一日止年度計入損益。換股選擇權衍生工具詳情披露於附註30。

### 26. 銀行結餘及現金

於二零一一年十二月三十一日，以人民幣(「人民幣」)計值之銀行結餘及現金約為7,610,000港元(二零一零年：7,121,000港元)，按市場年利率介乎0.001%至0.36%(二零一零年：0.36%至0.72%)計息。人民幣不能自由兌換為其他貨幣。其他銀行結餘及現金以港元計值，按市場年利率介乎0.001%至0.06%(二零一零年：0.001%至0.06%)計息。

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### 27. TRADE PAYABLES

The aged analysis of trade payables presented based on the invoice date at the end of the reporting period is as follows:

		2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
0 to 30 days	0至30日	51	51
31 to 60 days	31至60日	1,006	—
61 to 90 days	61至90日	65	—
Over 90 days but less than 1 year	90日以上但不到一年	1,226	517
Over 1 year	一年以上	3,924	4,079
		6,272	4,647

### 27. 應付貿易賬項

以下為於報告末根據發票日期並列應付貿易賬項之賬齡分析：

### 28. ACCRUALS AND OTHER PAYABLES

Other payables	其他應付賬項
Accruals	應計款項
Customer deposits	客戶按金

		2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
Other payables	其他應付賬項	12,410	22,009
Accruals	應計款項	16,567	16,134
Customer deposits	客戶按金	4,688	3,126
		33,665	41,269

### 28. 應計款項及其他應付賬項

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### 29. BORROWINGS

### 29. 借款

		2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
Secured bank borrowings	有抵押銀行借款	27,342	—
Unsecured other borrowings	無抵押其他借款	65,000	5,000
		92,342	5,000
Carrying amount repayable within one year	須於一年內償還之 賬面值	65,000	5,000
Carrying amount of bank borrowings not repayable within one year from the end of the reporting period but contain a repayment on demand clause (shown under current liabilities)	毋須於報告期末起一年內 償還但包含於要求時 償還條款之銀行 借款賬面值 (列入流動負債)	25,693	—
Carrying amount of bank borrowings repayable within one year and contain a repayment on demand clause	須於一年內償還且 包含於要求時 償還條款之銀行 借款賬面值	1,649	—
		92,342	5,000
Amounts due within one year shown under current liabilities	列作流動負債之一年內 到期金額	(92,342)	(5,000)
		—	—
Borrowings comprise:	借款包括：		
Variable-rate borrowings	浮息借款	27,342	—
Fixed-rate borrowings	定息借款	65,000	5,000
		92,342	5,000

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## 綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

### 29. BORROWINGS (Cont'd)

At as 31 December 2011, bank borrowings amounting to approximately HK\$27,342,000 (2010: nil) are variable-rate borrowings which carry interest at Hong Kong Prime Rate less 2% per annum. Unsecured other borrowings of approximately HK\$65,000,000 (2010: nil) carries a fixed interest rate of 5% per annum.

As at 31 December 2010, unsecured other borrowings amounting to approximately HK\$5,000,000 are fixed-rate borrowings which carry interest at 24% per annum.

As at 31 December 2011, bank borrowings of HK\$27,342,000 were secured by investment property of the Group in note 17.

### 30. CONVERTIBLE BONDS AND DERIVATIVE FINANCIAL INSTRUMENTS

On 31 July 2007, the Company issued HK\$151,000,000 convertible bonds (the "First Convertible Bonds") bearing coupons of 2.5% per annum payable semi-annually in arrear and matures on 31 July 2012.

On 7 August 2009, the bondholders and the Company come to an agreement to amend the terms of the First Convertible Bonds (thereafter the First Convertible Bonds with amended terms are referred as the "Second Convertible Bonds"). The approval of amendment was granted by the Stock Exchange on 14 August 2009 and the restructuring of First Convertible Bonds was completed on 28 August 2009.

The key terms of the Second Convertible Bonds are summarised below:

- the principal bearing coupon was amended from 2.5% to 4% per annum payable semi-annually in arrears.
- the maturity date was amended from 31 July 2012 to 31 July 2010 (the "Amended Maturity Date").

### 29. 借款 (續)

二零一一年十二月三十一日，銀行借款約27,342,000港元(二零一零年：無)為浮息借款，按香港最優惠利率減2%的年利率計息。無抵押其他借款約65,000,000港元(二零一零年：無)按固定年利率5%計息。

二零一零年十二月三十一日，無抵押其他借款約5,000,000港元為定息借款，按年利率24%計息。

二零一一年十二月三十一日，銀行借款27,342,000港元由附註17所述本集團投資物業作抵押。

### 30. 可換股債券及衍生金融工具

二零零七年七月三十一日，本公司發行151,000,000港元可換股債券(「首批可換股債券」)，按年利率2.5厘計息，須每半年支付利息，到期日為二零一二年七月三十一日。

二零零九年八月七日，債券持有人與本公司訂立協議修訂首批可換股債券之條款(其後條款經修訂之首批可換股債券稱為「第二批可換股債券」)。聯交所於二零零九年八月十四日授出修訂批准，重組首批可換股債券於二零零九年八月二十八日完成。

第二批可換股債券之主要條款概述如下：

- 本金所附票息由每年2.5厘修訂為每年4厘，須每半年支付票息。
- 到期日由二零一二年七月三十一日修訂為二零一零年七月三十一日(「經修訂到期日」)。

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### 30. CONVERTIBLE BONDS AND DERIVATIVE FINANCIAL INSTRUMENTS (Cont'd)

- the Second Convertible Bonds could be converted into the Company's shares at: HK\$0.75 per share if the conversion right was exercised during the period from the date of restructuring of the First Convertible Bonds to 30 October 2009; HK\$0.7 per share if the conversion right was exercised during the period from 1 November 2009 to 31 December 2009; and HK\$0.65 per share if the conversion right was exercised during 1 January 2010 to the Amended Maturity Date.
- unless previously redeemed or converted into the Company's shares, the Company shall redeem the Second Convertible Bonds at 147.47% of the principal amount of the Second Convertible Bonds on the Amended Maturity Date.
- the Company may redeem the Second Convertible Bonds, in whole or in part, at any time at early redemption price calculated based on redemption yields ("Redemption Yields"). The Redemption Yields for the period from 1 August 2009 to 30 September 2009, 1 October 2009 to 31 December 2009 and 1 January 2010 to the Amended Maturity Date are 20%, 22.5% and 25% per annum respectively.
- The bondholder would have the right to early redeem the outstanding convertible bonds at a premium of the principal amount of such convertible bond at anytime prior to maturity.

#### Conversion on Second Convertible Bonds

On 3 February 2010, a bondholder served a conversion notice to the Company for the conversion of 18,910,000 shares of the Second Convertible Bonds at HK\$0.65 per share at an agreed principal amount of HK\$12,291,000.

### 30. 可換股債券及衍生金融工具 (續)

- 第二批可換股債券可轉換為本公司股份：倘自重組首批可換股債券日期至二零零九年十月三十日止期間行使換股權，則按每股0.75港元；倘於二零零九年十一月一日至二零零九年十二月三十一日止期間行使換股權，則按每股0.7港元；倘於二零一零年一月一日至經修訂到期日止期間行使換股權，則按每股0.65港元。
- 除非先前已贖回或轉換成本公司股份，否則本公司須於經修訂到期日以本金額之147.47%贖回第二批可換股債券。
- 本公司可於任何時候根據贖回收益率（「贖回收益率」）以提早贖回價贖回全部或部分第二批可換股債券。二零零九年八月一日至二零零九年九月三十日、二零零九年十月一日至二零零九年十二月三十一日及二零一零年一月一日至經修訂到期日止期間之贖回收益率分別為年息20厘、22.5厘及25厘。
- 債券持有人有權於到期前任何時間按有關可換股債券本金額之溢價提早贖回尚未行使之可換股債券。

#### 第二批可換股債券轉換

二零一零年二月三日，一位債券持有人向本公司發出轉換通知，要求按賬面協定本金額12,291,000港元以每股0.65港元轉換18,910,000份第二批可換股債券股份。

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### 30. CONVERTIBLE BONDS AND DERIVATIVE FINANCIAL INSTRUMENTS (Cont'd)

#### Redemption on Second Convertible Bonds

On 10 June 2010, the bondholders served a redemption notice to the Company for the fully redemption of the remaining Second Convertible Bonds at an agreed redemption consideration of HK\$153,681,000 being the outstanding principal together with interest and redemption premium. The completion of the redemption took place on 17 June 2010.

The movement of liability component and conversion option derivatives of Second Convertible Bonds for the periods is set out below:

		Liability component 負債部分 HK\$'000 千港元	Derivative component 衍生工具部分 HK\$'000 千港元	Total 總計 HK\$'000 千港元
As at 1 January 2010	於二零一零年一月一日	152,000	—	152,000
First conversion	首個轉換	(12,291)	—	(12,291)
Interest charge	利息支出	13,972	—	13,972
Second redemption	第二個贖回	(153,681)	—	(153,681)
As at 31 December 2010 and 31 December 2011	於二零一零年十二月 三十一日及二零一一年 十二月三十一日	—	—	—

On 22 June 2010, the Company issued HK\$75,000,000 zero-coupon convertible bonds (the "Third Convertible Bonds"). The Third Convertible Bonds are denominated in HKD. It entitled the holders to convert them into ordinary shares of the Company at any time between the date of issue of the notes and their settlement date on 21 June 2012 at a conversion price of HK\$0.10 per convertible loan note. If the notes have not been converted, they will be redeemed on 21 June 2012 at par. The conversion price is adjusted to HK\$0.675 per share after rights issue and share consolidated.

### 30. 可換股債券及衍生金融工具 (續)

#### 第二批可換股債券贖回

二零一零年六月十日，債券持有人向本公司發出贖回通知，要求按協定贖回代價153,681,000港元（即尚欠本金以及利息及贖回溢價）全數贖回餘下之第二批可換股債券。該贖回於二零一零年六月十七日完成。

期內第二批可換股債券之負債部分及換股選擇權衍生工具的變動如下：

二零一零年六月二十二日，本公司發行75,000,000港元零息可換股債券（「第三批可換股債券」）。第三批可換股債券以港元計值，賦予持有人權利由票據發行日期起至二零一二年六月二十一日之清償日期止任何時間，按每股可換股貸款票據0.10港元之換股價轉換為本公司普通股。倘票據未轉換，則會於二零一二年六月二十一日按面值贖回。於供股及股份合併後換股價調整為每股0.675港元。



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### 30. CONVERTIBLE BONDS AND DERIVATIVE FINANCIAL INSTRUMENTS (Cont'd)

#### Redemption on Second Convertible Bonds (Cont'd)

The net proceeds received from the issue of the Third Convertible Bonds contain liability component and conversion option. The conversion option is not closely related to the liability component and is classified as a derivative because the conversion will not result in the Company issuing a fixed number of shares in settlement of a fixed amount of liability component. Conversion option is measured at fair value with change in fair value recognised in profit or loss.

#### Conversion on Third Convertible Bonds

On 22, 29 and 30 June 2010, the bondholders served conversion notices to the Company for conversion of 250,000,000, 100,000,000 and 350,000,000 ordinary shares of the Company, respectively, of the Third Convertible Bonds at HK\$0.1 per share at a consideration of HK\$70,000,000. The liability component of the Third Convertible Bonds was HK\$51,949,000 which was stated at the amortised cost using the effective interest method and the fair value of the derivative components of the Third Convertible Bonds at the date of Conversion was HK\$18,051,000.

#### Redemption on Third Convertible Bonds

On 11 August 2011, the Company served a redemption notice to the bondholder for the fully redemption of the remaining Third Convertible Bonds at an agreed redemption consideration of HK\$5,000,000 being the outstanding principal.

### 30. 可換股債券及衍生金融工具 (續)

#### 第二批可換股債券贖回 (續)

發行第三批可換股債券之所得款項淨額包括負債部分及換股選擇權。換股選擇權並不與負債部分密切關連，分類為衍生工具，原因是有關轉換不會導致本公司發行固定數目之股份以償付負債部分之定額款項。換股選擇權按公平值計量，其公平值之變動於損益確認。

#### 第三批可換股債券轉換

二零一零年六月二十二日、二十九日及三十日，債券持有人向本公司發出轉換通知，要求以代價70,000,000港元，分別以每股0.1港元將第三批可換股債券轉換為250,000,000股、100,000,000股及350,000,000股本公司普通股。第三批可換股債券之負債部分為51,949,000港元，乃按攤銷成本以實際利率法列賬，而第三批可換股債券衍生部分於轉換日期之公平值為18,051,000港元。

#### 第三批可換股債券贖回

二零一一年八月十一日，本公司向債券持有人發出贖回通知，要求按協定贖回代價5,000,000港元（即尚欠本金）全數贖回餘下之第三批可換股債券。

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## 綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

### 30. CONVERTIBLE BONDS AND DERIVATIVE FINANCIAL INSTRUMENTS (Cont'd)

#### Redemption on Third Convertible Bonds (Cont'd)

The movement of the liability component and conversion option derivatives of the Third Convertible Bonds for the periods is set out as below:

		Liability component	Conversion option derivatives 換股選擇權 衍生工具	Total
		負債部分 HK\$'000 千港元	HK\$'000 千港元	總計 HK\$'000 千港元
As at 1 January 2010	於二零一零年一月一日	—	—	—
Issue during the year	年內發行	55,660	19,340	75,000
Second conversion	第二個轉換	(51,949)	(18,051)	(70,000)
Interest charged	利息支出	425	—	425
Gain arising on change of fair value	公平值變動所得收益	—	(912)	(912)
As at 31 December 2010	於二零一零年十二月三十一日	4,136	377	4,513
Interest charged	利息支出	864	—	864
Redemption	贖回	(5,000)	—	(5,000)
Gain arising on change of fair value	公平值變動所得收益	—	(377)	(377)
As at 31 December 2011	於二零一一年十二月三十一日	—	—	—

The methods and assumptions applied for the valuation of the Second and Third Convertible Bonds are as follows:

#### (1) Valuation of liability component

At the date of issue, the liability component was recognised at fair value. The fair value of liability component was calculated based on the present value of the contractually determined stream of future cash flows discounted at the required yield, which was determined with reference to the average yield of notes with similar credit rating and remaining time to maturity. In subsequent periods, the liability component is carried at amortised cost using the effective interest method. The effective interest rate of the liability component of Second Convertible Bonds and Third Convertible Bonds are 24% and 16.1% respectively.

### 30. 可換股債券及衍生金融工具 (續)

#### 第三批可換股債券贖回 (續)

期內第三批可換股債券之負債部分及換股選擇權衍生工具的變動如下：

		Liability component	Conversion option derivatives 換股選擇權 衍生工具	Total
		負債部分 HK\$'000 千港元	HK\$'000 千港元	總計 HK\$'000 千港元
As at 1 January 2010	於二零一零年一月一日	—	—	—
Issue during the year	年內發行	55,660	19,340	75,000
Second conversion	第二個轉換	(51,949)	(18,051)	(70,000)
Interest charged	利息支出	425	—	425
Gain arising on change of fair value	公平值變動所得收益	—	(912)	(912)
As at 31 December 2010	於二零一零年十二月三十一日	4,136	377	4,513
Interest charged	利息支出	864	—	864
Redemption	贖回	(5,000)	—	(5,000)
Gain arising on change of fair value	公平值變動所得收益	—	(377)	(377)
As at 31 December 2011	於二零一一年十二月三十一日	—	—	—

第二批及第三批可換股債券估值所採用之方法及假設如下：

#### (1) 負債部分之估值

於發行日，負債部分按公平值確認。負債部分之公平值按合約釐定以規定收益率貼現之未來現金流量之現值計算，而所規定之收益率則參考具有類似信用評級及餘下到期時間之票據之平均收益率而釐定。於其後期間，負債部分按攤銷成本以實際利率法列賬。第二批可換股債券及第三批可換股債券負債部分之實際利率分別為24%及16.1%。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

### 30. CONVERTIBLE BONDS AND DERIVATIVE FINANCIAL INSTRUMENTS (Cont'd)

#### (2) Valuation of conversion option

##### (i) For Second Convertible Bonds

Binomial model is used for valuation of conversion option of the Second Convertible Bonds. The inputs into the model were as follows:

		3 February 2010 二零一零年 二月三日	10 June 2010 二零一零年 六月十日
Stock price	股價	HK\$0.25 港元	HK\$0.11 港元
Exercise price	行使價	(note) (附註)	(note) (附註)
Volatility	波幅	30%	30%
Option life	選擇權年期	0.5 years 年	0 year 年
Risk-free rate	無風險利率	0.18%	0%

Note: HK\$0.75 per share from 28 August 2009 to 30 October 2009; HK\$0.7 per share from 1 November 2009 to 31 December 2009; and HK\$0.65 per share from 1 January 2010 to the Amended Maturity Date.

### 30. 可換股債券及衍生金融工具 (續)

#### (2) 換股選擇權之估值

##### (i) 就第二批可換股債券而言

二項式模式用於第二批可換股債券換股選擇權之估值。輸入模式之參數如下：

附註：二零零九年八月二十八日至二零零九年十月三十日每股0.75港元；二零零九年十一月一日至二零零九年十二月三十一日每股0.7港元；二零一零年一月一日至經修訂到期日每股0.65港元。

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### 30. CONVERTIBLE BONDS AND DERIVATIVE FINANCIAL INSTRUMENTS (Cont'd)

#### (2) Valuation of conversion option (Cont'd)

##### (ii) For Third Convertible Bonds

Binomial model is used for valuation of conversion option of the Third Convertible Bonds. The inputs into the model were as follows:

		22 June 2010 二零一零年 六月二十二日	31 December 2010 二零一零年 十二月三十一日
Stock price	股價	HK\$0.1 港元	HK\$0.46 港元
Exercise price	行使價	HK\$0.1 港元	HK\$0.692 港元
Volatility	波幅	45%	51%
Option life	選擇權年期	2 years 年	1.5 years 年
Risk-free rate	無風險利率	0.62%	0.46%

#### (3) Valuation of issuer and bondholders early redemption options for Second Convertible Bonds

Binomial model is used for valuation of conversion option of the Second Convertible Bonds. The inputs into the model were as follows:

		3 February 2010 二零一零年 二月三日	10 June 2010 二零一零年 六月十日
Stock price	股價	HK\$0.25 港元	HK\$0.11 港元
Volatility (note a)	波幅 (附註 a)	33%	33%
Option life (note b)	選擇權年期 (附註 b)	0.5 years 年	0 year 年
Risk-free rate (note c)	無風險利率 (附註 c)	0.18%	0%

### 30. 可換股債券及衍生金融工具 (續)

#### (2) 換股選擇權之估值 (續)

##### (ii) 就第三批可換股債券而言

二項式模式用於第三批可換股債券換股選擇權之估值。輸入模式之參數如下：

	22 June 2010 二零一零年 六月二十二日	31 December 2010 二零一零年 十二月三十一日
Stock price	HK\$0.1 港元	HK\$0.46 港元
Exercise price	HK\$0.1 港元	HK\$0.692 港元
Volatility	45%	51%
Option life	2 years 年	1.5 years 年
Risk-free rate	0.62%	0.46%

#### (3) 發行人及債券持有人第二批可換股債券提早贖回選擇權之估值

二項式模式用於第二批可換股債券換股選擇權之估值。輸入模式之參數如下：

	3 February 2010 二零一零年 二月三日	10 June 2010 二零一零年 六月十日
Stock price	HK\$0.25 港元	HK\$0.11 港元
Volatility (note a)	33%	33%
Option life (note b)	0.5 years 年	0 year 年
Risk-free rate (note c)	0.18%	0%

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## 綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

### 30. CONVERTIBLE BONDS AND DERIVATIVE FINANCIAL INSTRUMENTS (Cont'd)

#### (2) Valuation of conversion option (Cont'd)

Notes:

- (a) Expected volatility was determined by calculating the historical volatility of the Company's share price.
- (b) Expected life was the remaining life of the respective options.
- (c) The risk-free is determined by reference to the Hong Kong Government Bond Yield.

During the year, HK\$377,000 (2010: HK\$912,000) was recognised in profit or loss as change in fair value of derivative financial instruments.

### 31. SHARE CAPITAL

### 30. 可換股債券及衍生金融工具 (續)

#### (2) 換股選擇權之估值 (續)

附註：

- (a) 預期波幅透過計算本公司股價之過往波幅釐定。
- (b) 預期年期為有關選擇權之餘下年期。
- (c) 無風險利率乃參考香港政府債券孳息釐定。

年內，377,000港元(二零一零年：912,000港元)於損益確認為衍生金融工具之公平值變動。

### 31. 股本

		Number of shares 股份數目 '000 千股	Share capital 股本 HK\$'000 千港元
Ordinary shares of HK\$0.10 each	每股面值 0.10 港元之普通股		
Authorised:	法定：		
At 1 January 2010	二零一零年一月一日	2,000,000	200,000
Increase in authorised share capital (note i)	法定股本增加 (附註 i)	8,000,000	800,000
At 31 December 2010 and 31 December 2011	於二零一零年十二月三十一日及 二零一一年十二月三十一日	10,000,000	1,000,000
Issued:	已發行：		
At 1 January 2010	於二零一零年一月一日	1,513,360	151,336
Issue of subscription shares (note ii)	發行認購股份 (附註 ii)	332,721	33,272
Exercise of share options (note iii)	行使購股權 (附註 iii)	297,696	29,770
Conversion of convertible bonds (note iv)	轉換可換股債券 (附註 iv)	718,910	71,891
Rights issue (note v)	供股 (附註 v)	831,803	83,180
Share Consolidation (note vi)	股份合併 (附註 vi)	(3,602,128)	(360,213)
At 31 December 2010	於二零一零年十二月三十一日	92,362	9,236
Rights issue (note vii)	供股 (附註 vii)	1,847,245	184,725
Exercise of share options (note viii)	行使購股權 (附註 viii)	9,230	923
Issue of subscription shares (note ix)	發行認購股份 (附註 ix)	18,470	1,847
Issue of placing shares (note x)	發行配售股份 (附註 x)	750,000	75,000
At 31 December 2011	於二零一一年十二月三十一日	2,717,307	271,731

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## 綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

### 31. SHARE CAPITAL (Cont'd)

Notes:

- (i) On 5 May 2010, the authorised share capital of the Company was increased from HK\$200,000,000 divided into 2,000,000,000 shares of HK\$0.10 each to HK\$1,000,000,000 divided into 10,000,000,000 shares by creation of an additional 8,000,000,000 shares.

On 15 December 2010, the Company performed a share capital re-organization involving every 40 issued and unissued shares of par value of HK\$0.1 each be consolidated into 1 consolidated share by cancelling a sum of HK\$3.9 per consolidated share in issue. Moreover, authorised share capital of the Company is then being increased from HK\$25,000,000 divided into 250,000,000 adjusted shares to HK\$1,000,000,000 divided into 10,000,000,000 adjusted shares by the creation of an additional 9,750,000,000 new adjusted shares.

- (ii) On 22 June 2010, 332,721,166 new ordinary shares of the Company of HK\$0.10 each were issued by subscription pursuant to the subscription agreement dated 11 June 2010 entered into between the Company and an individual investor of the Company, at a price of HK\$0.10 per share.
- (iii) On 2 March 2010, 28 April 2010 and 10 June 2010, share options for 1,000,000, 130,336,000 and 166,360,583 of HK\$0.10 each were exercised at the exercised price of HK\$0.167, HK\$0.200 and HK\$0.109 respectively.

### 31. 股本 (續)

附註：

- (i) 於二零一零年五月五日，透過增設額外8,000,000,000股股份，將本公司法定股本由200,000,000港元（分為2,000,000,000股每股面值0.10港元之股份）增至1,000,000,000港元（分為10,000,000,000股股份）。

於二零一零年十二月十五日，本公司進行股本重組，涉及透過註銷每股已發行合併股份3.9港元而將每40股每股面值0.1港元之已發行及未發行股份合併為1股合併股份。此外，透過增設額外9,750,000,000股新經調整股份，將本公司法定股本由25,000,000港元（分為250,000,000股經調整股份）增至1,000,000,000港元（分為10,000,000,000股經調整股份）。

- (ii) 於二零一零年六月二十二日，本公司按日期為二零一零年六月十一日由本公司與本公司個人投資者訂立之認購協議，以每股0.10港元之價格發行332,721,166股本公司每股面值0.10港元之新普通股。
- (iii) 於二零一零年三月二日，於二零一零年四月二十八日及於二零一零年六月十日，以行使價分別為0.167港元、0.200港元及0.109港元分別行使1,000,000份購股權、130,336,000份購股權及166,360,583份購股權。

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## 綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

### 31. SHARE CAPITAL (Cont'd)

Notes: (Cont'd)

- (iv) On 9 February 2010, 18,909,832 new ordinary shares of the Company of HK\$0.10 each were issued upon the partial conversion of Second Convertible Bonds (as defined in note 30) issued pursuant to the Subscription Agreement. Convertible Bonds with aggregate principal amount of HK\$12,291,000 were converted into 18,909,832 ordinary shares of the Company at a conversion price of HK\$0.65 per share.

On 22, 29 and 30 June 2010, 250,000,000, 100,000,000 and 350,000,000 new ordinary shares of the Company of HK\$0.10 each were issued upon the partial conversion of Third Convertible Bonds (as defined in note 30) pursuant to the Subscription Agreement, respectively. Convertible Bonds with aggregate principal amount of HK\$70,000,000 were converted into 700,000,000 ordinary shares of the Company at a conversion price of HK\$0.10 per share.

- (v) On 3 June 2010, the Company allotted and issued 831,802,916 shares by way of rights issue at a subscription price of HK\$0.1 per rights share on the basis of one rights share for every two shares then held.
- (vi) On 15 December 2010, the Company carried out a Share Consolidation involving every 40 shares of par value of HK\$0.10 each be consolidated into 1 consolidated share of par value of HK\$4 each (the "Consolidated Share").

A capital reduction whereby upon the Share Consolidation becoming effective, the nominal value of all the issued Consolidated Share shall be reduced from HK\$4 each to HK\$0.1 each, and the issued and paid up capital of the Company shall be cancelled to the extent of HK\$3.9 per Consolidated Share in issue.

- (vii) On 28 January 2011, the Company allotted and issued 1,847,245,240 shares by way of rights issue at a subscription price of HK\$0.22 per rights share on the basis of twenty rights share for every share held on 7 January 2011.

### 31. 股本 (續)

附註：(續)

- (iv) 於二零一零年二月九日，本公司按認購協議部份轉換第二批可換股債券(定義見附註30)，發行18,909,832股每股面值0.10港元之新普通股。本金總額為12,291,000港元之可換股債券，以每股0.65港元的轉換價，轉換為本公司18,909,832股普通股。

於二零一零年六月二十二日、二十九日及三十日按認購協議部份贖回第三批可換股債券(定義見附註30)時分別發行本公司每股面值0.10港元之新普通股250,000,000股、100,000,000股及350,000,000股。本金總額70,000,000港元之可換股債券按轉換價每股0.10港元轉換為本公司700,000,000股普通股。

- (v) 於二零一零年六月三日，本公司以供股方式按每持有兩股股份可獲發一股供股股份之基準以認購價每股供股股份0.1港元配發及發行831,802,916股股份。
- (vi) 於二零一零年十二月十五日，本公司進行股份合併，以每40股每股面值0.10港元之股份合併為一股每股面值4港元之合併股份(「合併股份」)。

股份合併生效後進行股本削減，所有已發行合併股份的面值由每股4港元減至每股0.1港元，而本公司已發行及繳足股本中每股已發行合併股份註銷3.9港元。

- (vii) 於二零一一年一月二十八日，本公司以供股方式按於二零一一年一月七日每持有一股股份可獲發二十股供股股份之基準以認購價每股供股股份0.22港元配發及發行1,847,245,240股股份。

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### 31. SHARE CAPITAL (Cont'd)

Notes: (Cont'd)

- (viii) On 31 March 2011, share options for 9,230,000 of HK\$0.1 each were exercised at the exercise price of HK\$0.182.
- (ix) On 12 April 2011, 18,470,000 new ordinary shares of the Company of HK\$0.1 each were issued by subscription pursuant to the subscription agreement dated 30 March 2011 entered into between the Company and an individual third party, at a price of HK\$0.16 per share.
- (x) On 4 August 2011, 750,000,000 new ordinary shares of the Company of HK\$0.1 each were issued by placing. Pursuant to the placing agreement dated 4 May 2011, the placing price was HK\$0.145 per share. The placing price was amended to HK\$0.1 per share pursuant to the supplement placing agreement dated 28 June 2011.

All the shares issued during the year ended 31 December 2011 rank pari passu with the then issued shares of the Company in all respect.

### 31. 股本 (續)

附註：(續)

- (viii) 於二零一一年三月三十一日，以行使價0.182港元行使9,230,000份每股面值0.1港元之購股權。
- (ix) 於二零一一年四月十二日，本公司透過按日期為二零一一年三月三十日由本公司及個人第三方訂立之認購協議以每股股份0.16港元之價格認購而發行18,470,000股每股面值0.1港元之新普通股。
- (x) 於二零一一年八月四日，本公司透過配售發行750,000,000股每股面值0.1港元之新普通股。根據日期為二零一一年五月四日之配售協議，配售價為每股0.145港元。配售價根據日期為二零一一年六月二十八日之補充配售協議修訂為每股0.1港元。

截至二零一一年十二月三十一日止年度內所有已發行股份在所有方面與本公司當時已發行股份享有同等地位。



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## 綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

### 32. SHARE-BASED PAYMENTS

#### Equity-settled share option scheme

The Company's share option scheme (the "Scheme"), was adopted pursuant to a resolution passed on 30 May 2003 for the primary purpose of providing incentives to participants, including executive directors of the Company and its subsidiaries. Under the Scheme, the Board of Directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries and to consultants, to subscribe for shares in the Company.

The following table discloses movements in the Company's share options during the year:

Category of participants	Date of share options granted (note i)	Number of share options					No. of share options as at 1 January 2011	Number of share options					Exercise price per share option (note iv)
		as at 1 January 2010	granted during the period	exercised during the period	adjusted during the period	at 31 December 2011		granted during the period	exercised during the period	adjusted during the period	options lapsed during the period	outstanding as at 31 December 2011	
		於二零一零年一月一日	期內	期內	期內	於二零一一年一月一日之	期內	期內	期內	期內	於二零一一年十二月三十一日		
參與者分類	授出購股權日期 (附註i)	授出之購股權數目	授出之購股權數目	行使之購股權數目	經調整之購股權數目	購股權數目	授出之購股權數目	行使之購股權數目	經調整之購股權數目	失效之購股權數目	尚未行使之購股權數目	行使期間	每股購股權之行使價 (附註iv)
Directors 董事													
Wong Yin Sen 王彥宸	9 January 2008 二零零八年一月九日	1,500,000	—	—	(1,456,088)	43,912	—	—	216,354	—	260,266	11 January 2008 to 10 January 2013 二零零八年一月十一日至二零一三年一月十日	3.455
Hon Lik 韓力	9 January 2008 二零零八年一月九日	1,500,000	—	—	(1,456,088)	43,912	—	—	216,354	—	260,266	4 February 2008 to 3 February 2013 二零零八年二月四日至二零一三年二月三日	3.455
Wong Hei Lin 王希年	9 January 2008 二零零八年一月九日	1,500,000	—	—	(1,456,088)	43,912	—	—	216,354	(260,266)	—	4 February 2008 to 3 February 2013 二零零八年二月四日至二零一三年二月三日	3.455

### 32. 以股份為基礎之付款

#### 以股權結算之購股權計劃

本公司購股權計劃(「該計劃」)，乃根據二零零三年五月三十日通過之決議案而採納，主要目的為向參與者(包括本公司及其附屬公司執行董事)提供獎勵。根據該計劃，本公司董事會可向合資格僱員(包括本公司及其附屬公司董事)及顧問授出購股權，以認購本公司股份。

下表披露本公司年內購股權之變動：

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For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

### 32. SHARE-BASED PAYMENTS (Cont'd)

### 32. 以股份為基礎之付款 (續)

Category of participants	Date of share options granted (note i)	Number of share options as at 1 January 2010	Number of share options granted during the period	Number of share options		No. of share options as at 1 January 2011	Number of share options granted during the period	Number of share options exercised during the period	Number of share options adjusted during the period	Number of share options lapses during the period	Number of share options outstanding as at 31 December 2011	Exercise period	Exercise price per share option (note iv)
				exercised during the period	adjusted during the period								
參與者分類	授出購股權日期 (附註 i)	於二零一零年一月一日 購股權數目	期內 授出之 購股權數目	期內 行使之 購股權數目	期內 經調整之 購股權數目	於二零一一年一月一日之 購股權數目	期內 授出之 購股權數目	期內 行使之 購股權數目	期內 經調整之 購股權數目	期內 失效之 購股權數目	於二零一一年十二月三十一日 購股權數目	行使期間	每股購股權 之行使價 (附註 iv)
Directors (Cont'd)													
董事 (續)													
Pang Hong 龐鴻	9 January 2008 二零零八年一月九日	1,000,000	—	—	(970,725)	29,275	—	—	144,238	—	173,513	14 January 2008 to 13 January 2013 二零零八年一月 十四日至二零一三年 一月十三日	3.455
Cheung Kwan Hung (note ii) 張鈞鴻 (附註 ii)	9 January 2008 二零零八年一月九日	1,000,000	—	—	(970,725)	29,275	—	—	144,238	—	173,513	11 January 2008 to 10 January 2013 二零零八年一月 十一日至二零一三年 一月十日	3.455
Ding Xun (note ii) 丁迅 (附註 ii)	9 January 2008 二零零八年一月九日	1,000,000	—	—	(970,725)	29,275	—	—	144,238	—	173,513	22 January 2008 to 21 January 2013 二零零八年一月 二十二日至 二零一三年一月 二十一日	3.455
		7,500,000	—	—		219,561					1,041,071		

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For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

### 32. SHARE-BASED PAYMENTS (Cont'd)

### 32. 以股份為基礎之付款 (續)

Category of participants	Date of share options granted (note i)	Number of share options as at 1 January 2010	Number of share options granted during the period	Number of share options		No. of share options as at 1 January 2011	Number of share options granted during the period	Number of share options exercised during the period	Number of share options adjusted during the period	Number of share options lapsing during the period	Number of share options outstanding as at 31 December 2011	Exercise period	Exercise price per share option (note iv)
				exercised during the period	adjusted during the period								
參與者分類	授出購股權日期 (附註i)	於二零一零年一月一日	期內授出之購股權數目	期內行使之購股權數目	期內經調整之購股權數目	於二零一一年一月一日之購股權數目	期內授出之購股權數目	期內行使之購股權數目	期內經調整之購股權數目	期內失效之購股權數目	於二零一一年十二月三十一日尚未行使之購股權數目	行使期間	每股購股權之行使價 (附註iv)
Employees (in aggregate)													
僱員 (總計)	9 January 2008 二零零八年一月九日	22,600,000	—	—	(21,938,384)	661,616	—	—	3,259,783	(867,565)	3,053,834	6 February 2008 to 5 February 2013 二零零八年二月六日至二零一三年二月五日	3.455
	18 February 2008 二零零八年二月十八日	1,000,000	—	—	(970,725)	29,275	—	—	144,238	—	173,513	17 March 2008 to 16 March 2013 二零零八年三月十七日至二零一三年三月十六日	4.036
	28 February 2008 二零零八年二月二十八日	4,000,000	—	—	(3,882,900)	117,100	—	—	576,952	(347,026)	347,026	27 March 2008 to 26 March 2013 二零零八年三月二十七日至二零一三年三月二十六日	4.036
	5 June 2008 二零零八年六月五日	2,000,000	—	—	(1,941,450)	58,550	—	—	288,476	—	347,026	3 July 2008 to 2 July 2013 二零零八年七月三日至二零一三年七月二日	3.570
	20 November 2009 二零零九年十一月二十日	6,000,000	—	(1,000,000)	(4,853,625)	146,375	—	—	721,190	—	867,565	20 November 2009 to 19 November 2013 二零零九年十一月二十日至二零一三年十一月十九日	0.965
		35,600,000				1,012,916					4,788,964		

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## 綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

### 32. SHARE-BASED PAYMENTS (Cont'd)

### 32. 以股份為基礎之付款 (續)

Category of participants	Date of share options granted (note i)	Number of share options as at 1 January 2010	Number of share options granted during the period	Number of share options exercised during the period		Number of share options adjusted during the period	No. of share options as at 1 January 2011	Number of share options granted during the period	Number of share options exercised during the period	Number of share options adjusted during the period	Number of share options of share options lapsed during the period	Number of share options outstanding as at 31 December 2011	Exercise period	Exercise price per share option (note iv)
				Number of share options exercised during the period	Number of share options adjusted during the period									
參與者分類	授出購股權日期 (附註 i)	於二零一零年一月一日授出之購股權數目	期內授出之購股權數目	期內行使之購股權數目	期內經調整之購股權數目	於二零一一年一月一日之購股權數目	期內授出之購股權數目	期內行使之購股權數目	期內經調整之購股權數目	期內失效之購股權數目	於二零一一年十二月三十一日尚未行使之購股權數目	行使期間	每股購股權之行使價 (附註 iv)	
Others (note iii)	其他 (附註 iii)													
	6 May 2008 二零零八年五月六日	2,000,000	—	—	(1,941,450)	58,550	—	—	288,476	—	347,026	3 June 2008 to 2 June 2013 二零零八年六月三日 至二零一三年六月二日	3.516	
	30 March 2009 二零零九年三月三十日	15,000,000	—	—	(14,560,875)	439,125	—	—	2,163,569	—	2,602,694	30 March 2009 to 29 March 2013 二零零九年三月三十日 至二零一三年三月二十九日	2.308	
	28 April 2010 (note v) 二零一零年四月二十八日 (附註 v)	—	130,336,000	(130,336,000)	—	—	—	—	—	—	—	28 April 2010 to 27 April 2015 二零一零年四月二十八日 至二零一五年四月二十七日	N/A 不適用	
	10 June 2010 (note vi) 二零一零年六月十日 (附註 vi)	—	166,360,583	(166,360,583)	—	—	—	—	—	—	—	10 June 2010 to 9 June 2015 二零一零年六月十日 至二零一五年六月九日	N/A 不適用	
	31 March 2011 (note vii) 二零一一年三月三十一日 (附註 vii)	—	—	—	—	—	9,230,000	(9,230,000)	—	—	—	31 March 2011 to 30 March 2016 二零一一年三月三十一日 至二零一六年三月三十日	0.182	
		17,000,000				497,675					2,949,720			
Total 總額		60,100,000				1,730,152					8,779,755			
Exercisable at the end of the year 年終可行使		60,100,000				1,730,152					8,779,755			
Weighted average exercise price (HK\$) 加權平均行使價 (港元)											2.929			

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## 綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

### 32. SHARE-BASED PAYMENTS (Cont'd)

Notes:

- (i) There is no vesting period for the share options granted except for 21,600,000 share options granted during 2008 are subject to a vesting period of three stages with 33.33% of such options granted becoming exercisable on the first anniversary, another 33.33% becoming exercisable on the second anniversary and the remaining 33.34% becoming exercisable on the third anniversary of the respective dates on which the options were accepted.
- (ii) Mr. Cheung Kwan Hung and Mr. Ding Xun were resigned as an independent non-executive director on 28 June 2010.
- (iii) These are individuals who rendered consultancy services in respect of management of the Ruyan atomizing cigarettes and securities investment to the Group. The Group granted share options to them for recognising their services similar to those rendered by other employees. The consultancy services rendered by the consultants include, among others, coordination of potential investment projects and advise on potential acquisition and corporate exercises. In the opinion of the directors, the consultancy services rendered by the consultants are similar to those rendered by the employees. Therefore, the fair value of the share options granted to the consultants was measured by the same accounting policies as that of the employees in accordance with HKFRS 2.
- (iv) The number of share options and exercise price per share option were adjusted immediately after the completion of the rights issue on 28 January 2011.
- (v) The weighted average closing price of the shares immediately before 28 April 2010 on which the options were exercised was HK\$0.162 per share. The closing price of the Company's shares immediately before 28 April 2010, the date of grant of the share options was HK\$0.165 per share.
- (vi) The weighted average closing price of the shares immediately before 10 June 2010 on which the options were exercised was HK\$0.115 per share. The closing price of the Company's shares immediately before 10 June 2010, the date of grant of the share options was HK\$0.101 per share.
- (vii) The weighted average closing price of the shares immediately before 31 March 2011 on which the options were exercised was HK\$0.183 per share. The closing price of the Company's shares immediately before 31 March 2011, the date of grant of the share options was HK\$0.182 per share.

### 32. 以股份為基礎之付款 (續)

附註：

- (i) 授出之購股權並無歸屬期，惟於二零零八年授出之21,600,000份購股權於購股權獲接納之各自日期起分三期行使：33.33%授出之有關購股權於第一周年可行使，另外33.33%授出之有關購股權於第二周年可行使，而其餘33.34%於第三周年可行使。
- (ii) 張鈞鴻先生及丁迅先生已於二零一零年六月二十八日辭任獨立非執行董事。
- (iii) 該等為就如煙霧化煙管理及證券投資向本集團提供諮詢服務之人士，本集團確認因彼等提供類似其他僱員之服務而向彼等授出購股權。該等顧問提供之諮詢服務包括(其中包括)協調潛在投資項目及就潛在收購和企業活動提供意見。董事認為，顧問提供之諮詢服務類似僱員提供之服務。因此，授予顧問購股權之公平值根據香港財務報告準則第2號按照適用於僱員之相同會計政策計量。
- (iv) 購股權數目及每份購股權行使價於二零一一年一月二十八日供股完成後即時調整。
- (v) 緊接二零一零年四月二十八日購股權行使前的股份加權平均收市價為每股0.162港元。緊接購股權之授出日期二零一零年四月二十八日前，本公司股份之收市價為每股0.165港元。
- (vi) 緊接二零一零年六月十日購股權行使前的股份加權平均收市價為每股0.115港元。緊接購股權之授出日期二零一零年六月十日前，本公司股份之收市價為每股0.101港元。
- (vii) 緊接二零一一年三月三十一日購股權行使前的股份加權平均收市價為每股0.183港元。緊接購股權之授出日期二零一一年三月三十一日前，本公司股份之收市價為每股0.182港元。

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For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

### 32. SHARE-BASED PAYMENTS (Cont'd)

The fair value of options determined at 31 March 2011, 10 June 2010 and 28 April 2010 using the Binominal model approximately were HK\$783,000, HK\$5,057,000 and HK\$6,843,000 respectively.

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

		31.3.2011 二零一一年 三月三十一日	10.6.2010 二零一零年 六月十日	28.4.2010 二零一零年 四月二十八日
Grant date share price	授出日股價	HK\$0.182 港元	HK\$0.108 港元	HK\$0.193 港元
Exercise price	行使價	HK\$0.182 港元	HK\$0.109 港元	HK\$0.200 港元
Option life	購股權年期	5 years 年	5 years 年	5 years 年
Expected volatility	預期波幅	81%	91%	94%
Dividend yield	股息率	—	—	—
Risk-free interest rate	無風險利率	1.845%	1.594%	2.026%

The Binominal 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.

At the end of the reporting period, the Group revised its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates, if any, is recognised in the profit and loss, with a corresponding adjustment to the share options reserve.

During the year, an amount of share-based payment expenses in respect of its share options of HK\$783,000 (2010: HK\$12,552,000) has been recognised in the consolidated statement of comprehensive income with a corresponding adjustment recognised in the Group's share option reserve.

### 32. 以股份為基礎之付款 (續)

於二零一一年三月三十一日、二零一零年六月十日及二零一零年四月二十八日採用二項式模式釐定之購股權公平值分別約為783,000港元、5,057,000港元及6,843,000元。

在計算購股權公平值時運用了以下之假設：

二項式乃用於估計購股權之公平值。在計算購股權之公平值所使用之數據及假設乃根據董事之最佳估計而作出。購股權之價值亦視乎若干主觀假設而不同。

於報告期末，本集團修訂對預計最終歸屬購股權數目之估計。修正估計產生之影響(如有)將於損益賬確認，購股權儲備亦相應調整。

年內，就購股權以股份為基礎付款之支出783,000港元(二零一零年：12,552,000港元)已於綜合全面收益表確認，其相應調整則於本集團購股權儲備確認。

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## 綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

### 33. ACQUISITION OF ASSETS AND LIABILITIES

In May 2011, NWHL entered a sale and purchase agreement to (i) acquire the entire issued share capital in and the shareholder's loan to CTL; and (ii) in August 2011 enter into an option agreement as disclosed in note 25, at a total consideration of HK\$117,000,000 by cash, of which HK\$123,270,000 representing CTL's assets acquired and liabilities recognised and HK\$6,270,000 representing Call Option and Put Option acquired. CTL is an investment holding company and its subsidiaries are principally engaged in property investment in Hong Kong. The Acquisition is completed on Date of Completion.

CTL's assets acquired and liabilities recognised at the date of acquisition are as follows:

		HK\$'000 千港元
Investment property	投資物業	151,009
Deposits and prepayments	按金及預付款項	350
Bank balances and cash	銀行結餘及現金	57
Deposits received	已收按金	(127)
Bank borrowings	銀行借款	(28,019)
		123,270
Net cash outflow arising on acquisition:	收購產生的現金流出淨額：	
Cash consideration paid	已付現金代價	117,000
Less: Bank balances and cash acquired	減：所收購銀行結餘及現金	(57)
		116,943

### 33. 收購資產及負債

二零一一年五月，NWHL訂立買賣協議以(i)收購CTL全部已發行股本及其股東貸款；及(ii)於二零一一年八月訂立期權協議(附註25所披露者)，總現金代價為117,000,000港元，其中123,270,000港元為所收購CTL資產及所確認負債，而6,270,000港元為所收購認購期權及認沽期權。CTL為投資控股公司，其附屬公司主要於香港從事物業投資。收購於完成日期完成。

收購日期所收購CTL資產及所確認負債如下：

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## 綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

### 34. ACQUISITION AND DISPOSAL OF SUBSIDIARIES

#### Disposal of Charm Action Group Limited ("Charm Action") in year 2010

On 23 April 2010, the Group has disposed entire equity interest in Charm Action at the consideration of US\$1 to an independent third party. Before the disposal, Charm Action had 51% equity interests in Ruyan America Inc. ("RAI"), a limited company incorporated in the United States. The net liabilities of the Charm Action and RAI at the date of disposal were as follows:

		HK\$'000 千港元
Net liabilities disposed of	出售以下各項之負債淨額	
Property, plant and equipment	物業、廠房及設備	3
Inventories	存貨	13
Trade receivables	應收貿易賬項	164
Bank balances and cash	銀行結餘及現金	389
Trade payables	應付貿易賬項	(1,647)
Amount due to related companies	應付關連公司款項	(20,457)
		(21,535)
Cash consideration	現金代價	—
Release of translation reserve	轉撥換算儲備	(368)
		(21,903)
Gain on disposal of subsidiaries	出售附屬公司之收益	(21,903)
Net cash outflow arising on disposal	出售產生之現金流出淨額	
Cash consideration	現金代價	—
Bank balances and cash disposed of	已出售銀行結餘及現金	(389)
		(389)

Charm Action is an investment holding company and RAI is principally engaged in sales of Ruyan atomizing cigarettes in the United States. During the year 31 December 2010, management disposed of Charm Action because the Group had only 51% equity interest in RAI, and management considered no further capital injection would be made to Charm Action. In view of these, the Group disposed of Charm Action and RAI to an independent third party.

### 34. 收購及出售附屬公司

#### 於二零一零年出售 Charm Action Group Limited (「Charm Action」)

於二零一零年四月二十三日，本集團以代價1美元向獨立第三方出售其於Charm Action之全部股權。出售前，Charm Action持有於美國註冊成立之上市公司Ruyan America Inc. (「RAI」) 51%的股權。Charm Action及RAI於出售日期之負債淨額如下：

Charm Action為投資控股公司，RAI主要於美國從事如煙霧化煙銷售。截至二零一零年十二月三十一日止年度，管理層出售Charm Action，是因為本集團反持有RAI 51%股權，且管理層亦考慮不再向Charm Action注資。鑑於該等情況，本集團向獨立第三方出售Charm Action及RAI。



# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

### 34. ACQUISITION AND DISPOSAL OF SUBSIDIARIES (Cont'd)

#### Acquisition of Charm Action in year 2011

On 21 February 2011, Ruyan International Limited, a wholly-owned subsidiary of the Group, acquired the entire issued share capital of Charm Action at a consideration of HK\$10,000,000 by cash from an independent third party. The acquisition has been accounted for using the purchase method.

Assets acquired and liabilities recognised at the date of acquisition are as follows:

		HK\$'000 千港元
Inventories	存貨	972
Other receivables	其他應收款項	47
Other payables	其他應付款項	(5,213)
Other borrowings	其他借款	(1,558)
		(5,752)
Goodwill	商譽	15,752
		10,000
Total consideration	總代價	10,000
Net cash outflow arising on acquisition:	收購產生之現金流出淨額：	
Cash consideration paid	已付現金代價	10,000

In the opinion of the directors of the Company, the Group would like to restart distribution of Ruyan atomizing cigarettes in the United States. Management considers that Charm Action is an appropriate company to acquire because RAI, its subsidiary, has existing distribution network in the United States. Thus, management agreed with the vendor to acquire Charm Action in February 2011 at HK\$10 million.

Goodwill arose in the acquisition of Charm Action because the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development in the United States. These benefits are not recognised separately from goodwill because they do not meet recognition criteria for identifiable intangible assets.

### 34. 收購及出售附屬公司 (續)

#### 於二零一一年收購Charm Action

於二零一一年二月二十一日，本集團全資附屬公司Ruyan International Limited以現金代價10,000,000港元向獨立第三方收購Charm Action的全部已發行股本。收購按購買法入賬。

收購日期所收購資產及所確認負債如下：

本公司董事認為，本集團將重新於美國分銷如煙霧化煙。由於Charm Action之附屬公司RAI於美國擁有分銷網絡，管理層認為適宜收購Charm Action，故管理層同意於二零一一年二月以代價10,000,000港元向賣方收購Charm Action。

由於收購已付代價實際包括有關預期協同效應利益、收益增長及美國未來市場發展之款項，故收購Charm Action產生商譽。由於該等利益不符合可識別無形資產之確認標準，故並不獨立於商譽確認。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

### 34. ACQUISITION AND DISPOSAL OF SUBSIDIARIES (Cont'd)

#### Acquisition of Charm Action in year 2011 (Cont'd)

Included in the loss for the year is HK\$33,000 incurred by Charm Action and RAI. No revenue for the year contributed from Charm Action.

#### Disposal of Charm Action in year 2011

In early October 2011, management reassessed that benefits from the acquisition of Charm Action is less than original expectation. Management decided to streamline its business in the PRC and Hong Kong as well as North America thus considered the disposal of Charm Action.

On 31 October 2011, Ruyan International Limited disposed of the entire issued share capital of Charm Action Group at a consideration of HK\$100 by cash to another independent third party. The net liabilities of Charm Action Group at the date of disposal were as follows:

### 34. 收購及出售附屬公司 (續)

#### 於二零一一年收購Charm Action (續)

年內虧損包括Charm Action及RAI應計虧損33,000港元。年內並無自Charm Action獲得收益。

#### 於二零一一年出售Charm Action

於二零一一年十月初，管理層重估收購Charm Action所得利潤較預期者低，管理層決定整合中國、香港及北美洲業務，故考慮出售Charm Action。

於二零一一年十月三十一日，Ruyan International Limited以現金代價100港元向另一獨立第三方出售Charm Action Group全部已發行股本。Charm Action Group於出售日期之負債淨額如下：

		HK\$'000 千港元
Net liabilities disposed of:	出售以下各項之負債淨額：	
Goodwill	商譽	15,752
Inventories	存貨	972
Other receivables	其他應收款項	67
Other payables	其他應付款項	(5,266)
Other borrowings	其他借款	(1,558)
		9,967
Cash consideration	現金代價	—
		9,967
Loss on disposal of subsidiaries	出售附屬公司之虧損	9,967

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

### 34. ACQUISITION AND DISPOSAL OF SUBSIDIARIES (Cont'd)

#### Disposal of Charm Action in year 2011 (Cont'd)

The impact of Charm Action on the Group's results and cash flows for the year is shown as follows:

The loss for the year from the disposal is analysis as follows

		HK\$'000 千港元
Loss from the operation of Charm Action (included in administrative expenses)	經營 Charm Action 產生的 虧損 (包括在行政開支內)	33
Loss on disposal of Charm Action	出售 Charm Action 的虧損	9,967
		10,000

During the year, Charm Action incurred HK\$33,000 to the Group's net operating cash flows.

### 34. 收購及出售附屬公司 (續)

#### 於二零一一年出售 Charm Action (續)

Charm Action 對本集團年內業績及現金流量的影響如下：

年內出售產生的虧損分析如下

		HK\$'000 千港元
		33
		9,967
		10,000

年內 Charm Action 產生 33,000 港元，計入本集團經營現金流量淨額。

### 35. CAPITAL COMMITMENTS

		2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of – acquisition of intangible assets	就以下項目之已訂約但未於綜合財務報表中撥備之資本開支 – 收購無形資產	317	305

### 35. 資本承擔

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

### 36. OPERATING LEASES

#### The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments in respect of rented premises which fall due as follows:

		2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
Within one year	一年內	4,494	2,169
In the second to fifth year	第二至五年	461	523
More than five year	五年以上	—	—
		<b>4,955</b>	<b>2,692</b>

Operating lease payments represent rentals payable by the Group for certain of its office premises. Leases are negotiated for six years and rentals are fixed for two years.

#### The Group as lessor

All of the properties held have a committed tenant for next five years.

At the end of the reporting period, the Group had contracted with a tenant for the following future minimum lease payments:

		2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
Within one year	一年內	4,200	—
In second to fifth year inclusive	第二至五年（包括首尾兩年）	15,050	—
		<b>19,250</b>	<b>—</b>

### 36. 經營租賃

#### 本集團作為承租人

本集團於報告期末就租用物業日後須承擔最低租金載列如下：

		2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
Within one year	一年內	4,494	2,169
In the second to fifth year	第二至五年	461	523
More than five year	五年以上	—	—
		<b>4,955</b>	<b>2,692</b>

經營租金為本集團租用其若干辦公室而應付租金。租期協定為六年，兩年租金固定。

#### 本集團作為出租人

所持所有物業未來五年均有承諾租戶。

於報告期末，本集團已與租戶就下列日後最低租金訂約：

		2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
Within one year	一年內	4,200	—
In second to fifth year inclusive	第二至五年（包括首尾兩年）	15,050	—
		<b>19,250</b>	<b>—</b>

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

### 37. RETIREMENT BENEFITS SCHEMES

The Group operates a mandatory provident fund scheme (the "Scheme") for all qualifying employees of the Group in Hong Kong. The assets of the Scheme are held separately from those of the Group, in funds under the control of the trustees. During the year, contributions made by the Group to the Scheme amounted HK\$362,000 (2010: HK\$276,000).

The employees of the subsidiaries in the PRC are members of retirement benefits schemes operated by the PRC government. The relevant PRC subsidiaries are required to make contributions to the state retirement schemes in the PRC based on certain percentage of the monthly salaries of their current employees to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specific contributions.

During the year, contributions made by the Group to the state retirement schemes amounted HK\$555,000 (2010: HK\$239,000).

The contributions made by the Group to the Scheme and state retirement schemes are charged to the consolidated statement of comprehensive income when employees have rendered service to the Group.

### 37. 退休福利計劃

本集團為其香港所有合資格僱員設有強制性公積金計劃（「計劃」）。計劃之資產乃由受托人控制之基金持有，並與本集團資產分開。年內，本集團向計劃作出供款 362,000 港元（二零一零年：276,000 港元）。

本集團中國附屬公司之僱員參與中國政府所經辦之退休福利計劃。有關中國附屬公司須按僱員月薪之若干百分比向中國國營退休福利計劃供款以為有關福利提供資金。本集團有關退休福利計劃之唯一責任為作出指定供款。

年內，本集團向國營退休福利計劃作出供款 555,000 港元（二零一零年：239,000 港元）。

本集團向計劃及國營退休福利計劃作出之供款已於僱員向本集團提供服務時在綜合全面收益表內扣除。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

### 38. RELATED PARTY TRANSACTIONS

The remuneration of directors and other members of key management during the year was as follows:

		2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
Short-term benefits	短期福利	5,363	3,822
Post employment benefits	離職後福利	80	52
		<b>5,443</b>	<b>3,874</b>

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

### 38. 關連人士交易

董事及其他主要管理人員年內之薪酬如下：

		2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
Short-term benefits	短期福利	5,363	3,822
Post employment benefits	離職後福利	80	52
		<b>5,443</b>	<b>3,874</b>

董事及主要行政人員之薪酬由薪酬委員會考慮個人表現及市場趨勢後釐定。

### 39. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period includes:

		2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
Investments in subsidiaries	投資附屬公司	—	—
Amount due from a subsidiary	應收附屬公司款項	117,000	—
Bank balance and cash	銀行結餘及現金	42,468	3,917
Other receivables and prepayments	其他應收款項及預付款項	1,309	781
Total assets	總資產	<b>160,777</b>	4,698
Share Capital	股本	271,731	9,236
Reserves	儲備	(183,063)	(30,151)
Total equity	總權益	<b>(88,668)</b>	(20,915)

### 39. 有關本公司財務狀況表之資料

有關本公司報告期末財務狀況表之資料包括：

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

### 40. PRINCIPAL SUBSIDIARIES

The following table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

### 40. 主要附屬公司

下表載列董事認為對本集團之業績或資產具有主要影響之本公司附屬公司。董事認為，提供其他附屬公司之詳情將令篇幅過於冗長。

Name of subsidiary 附屬公司名稱	Place of incorporation or registration/ operation 註冊成立或註冊/ 營業地點	Proportion of nominal value of Issued and fully paid share capital/ registered capital 已發行及 繳足股本/ 註冊資本	Issued capital/ registered capital held by the Company 本公司持有 已發行股本面值/ 註冊資本之百分比		Principal activities 主要業務
			2011 二零一一年 %	2010 二零一零年 %	
Chenlong Group Limited	BVI/Hong Kong 英屬處女群島/ 香港	US\$20,000 20,000 美元	100	100	Investment holding 投資控股
New Wellon Limited 新華龍有限公司	Hong Kong 香港	HK\$10,000 10,000 港元	100	100	Investment holding 投資控股
Central Town Limited	BVI/Hong Kong 英屬處女群島/ 香港	US\$1 1 美元	100	—	Investment holding 投資控股
East Champion Limited 億緯有限公司	Hong Kong 香港	HK\$2 2 港元	100	—	Property investment in Hong Kong 於香港之物業投資
Ruyan Group (Hong Kong) Limited 如烟集團(香港)有限公司	Hong Kong 香港	HK\$100 100 港元	100	100	Investment holding 投資控股
Jian New Wellon Ginseng Industry Co., Ltd. ("Jian New Wellon") 集安新華龍參業有限公司 ([集安新華龍])	PRC 中國	RMB7,000,000 (note a) 7,000,000 人民幣 (附註 a)	100	100	Purchase and sales of raw ginseng 採購及銷售原參

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## 綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

### 40. PRINCIPAL SUBSIDIARIES (Cont'd)

### 40. 主要附屬公司 (續)

Name of subsidiary 附屬公司名稱	Place of incorporation or registration/ operation 註冊成立或註冊/ 營業地點	Proportion of nominal value of Issued and fully paid share capital/ registered capital 已發行及 繳足股本/ 註冊資本	Issued capital/ registered capital held by the Company 本公司持有 已發行股本面值/ 註冊資本之百分比		Principal activities 主要業務
			2011 二零一一年 %	2010 二零一零年 %	
Shenyang Chenlong Longevity Ginseng Co., Ltd. ("Shenyang Chenlong") 瀋陽辰龍保齡參有限公司 (「瀋陽辰龍」)	PRC 中國	US\$3,705,000 (note b) 3,705,000 美元 (附註 b)	100	100	Processing and sales of a series of health care products 加工及銷售一系列保健品
Shenyang Jinlong Health Care Products Co., Ltd. ("Shenyang Jinlong") 瀋陽金龍保健品有限公司 (「瀋陽金龍」)	PRC 中國	US\$1,220,000 (note c) 1,220,000 美元 (附註 c)	100	100	Processing and sales of ginseng and related products 加工及銷售人參及 相關產品
Shenyang Jinlong Pharmaceutical Co., Ltd. ("Jinlong Pharmaceutical") 瀋陽金龍藥業有限公司 (「金龍藥業」)	PRC 中國	HK\$20,000,000 (note d) 20,000,000 港元 (附註 d)	100	100	Processing and sales of Pharmaceutical products and production of electronics cigarettes components 加工及銷售藥品及 生產電子煙配件
Beijing SBT-Ruyan Technology and Development Co., Ltd. ("BJ SBT") 北京賽波特如煙科技發展 有限公司 (「北京賽波特」)	PRC 中國	US\$5,000,000 (note f) 5,000,000 美元 (附註 f)	100	100	Research and develop production and sales of Ruyan atomizing cigarettes 研究與開發如煙霧化煙 之生產與銷售



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## 綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

### 40. PRINCIPAL SUBSIDIARIES (Cont'd)

### 40. 主要附屬公司 (續)

Name of subsidiary 附屬公司名稱	Place of incorporation or registration/ operation 註冊成立或註冊/ 營業地點	Proportion of nominal value of Issued and fully paid share capital/ registered capital 已發行及 繳足股本/ 註冊資本	Issued capital/ registered capital held by the Company 本公司持有 已發行股本面值/ 註冊資本之百分比		Principal activities 主要業務
			2011 二零一一年 %	2010 二零一零年 %	
Shenyang SBT Technology and Development Co., Ltd. ("Shenyang SBT") 瀋陽賽波特科技發展 有限公司 (「瀋陽賽波特」)	PRC 中國	US\$500,000 (note g) 500,000 美元 (附註 g)	100	100	Research and develop production and sales of Ruyan atomizing cigarettes 研究與開發如煙霧化煙 之生產與銷售
Tianjin SBT-Ruyan Technology and Development Corporation ("Tianjin SBT") 天津賽波特如煙科技發展 有限公司 (「天津賽波特」)	PRC 中國	HK\$56,000,000 (note h) 56,000,000 港元 (附註 h)	100	100	Research and develop production and sales of Ruyan atomizing cigarettes 研究與開發如煙霧化煙 之生產與銷售
北京埃迪歐亞商貿 有限責任公司	PRC 中國	RMB100,000 (note e) 100,000 人民幣 (附註 e)	100	100	Sales of Ruyan atomizing cigarettes 銷售如煙霧化煙
北京如煙科技發展 有限公司	PRC 中國	US\$749,990 (note i) 749,990 美元 (附註 i)	100	—	Research and develop production and sales of Ruyan atomizing cigarettes 研究與開發如煙霧化煙 之生產與銷售

None of the subsidiaries had issued any debt securities at the end of the year.

上述附屬公司於年終均並無發行任何債務證券。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

### 40. PRINCIPAL SUBSIDIARIES (Cont'd)

Notes:

- (a) Jian New Wellon is a wholly foreign-owned enterprise for a period of 15 years commencing from 22 June 1998.
- (b) Shenyang Chenlong is a wholly foreign-owned enterprise for a period of 15 years commencing from 7 May 1999.
- (c) Shenyang Jinlong is a sino-foreign equity joint venture for a period of 15 years commencing from 27 November 1992 established under a joint venture agreement with another PRC party who is the former shareholder of Success Century holding the remaining 20% shareholding of Shenyang Jinlong.

Pursuant to an agreement made between the Group and the former shareholder of Success Century during the year 2004, the remaining 20% shareholding of Shenyang Jinlong was transferred to the Group by way of acquisition of Success Century and Shenyang Jinlong became the wholly foreign owned enterprise.

- (d) Jinlong Pharmaceutical is a wholly foreign-owned enterprise for a period of 15 years commencing from 8 June 2001.
- (e) 北京埃迪歐亞商貿有限責任公司 is a wholly foreign-owned enterprise for a period of 20 years commencing from 13 December 2007.
- (f) BJ SBT is wholly foreign-owned enterprises for a period of 10 years commencing from 29 December 2003.
- (g) Shenyang SBT is a wholly foreign-owned enterprise for a period of 12 years commencing from 21 July 2003.
- (h) Tianjin SBT is a wholly foreign-owned enterprise for a period of 10 years commencing from 21 June 2006.
- (i) 北京如煙科技發展有限公司 is a wholly foreign-owned enterprise for a period of 15 years commencing from 29 June 2011.

### 40. 主要附屬公司 (續)

附註：

- (a) 集安新華龍為一家外商獨資企業，自一九九八年六月二十二日開始經營，為期十五年。
- (b) 瀋陽辰龍為一家外商獨資企業，自一九九九年五月七日開始經營，為期十五年。
- (c) 瀋陽金龍為本集團根據一份合資協議與另一中方伙伴合資成立之中外合資企業，自一九九二年十一月二十七日開始經營，為期十五年，而該名中方伙伴為持有瀋陽金龍剩餘20%股權之Success Century之前任股東。

根據本集團與Success Century之前任股東於二零零四年訂立之協議，瀋陽金龍剩餘20%股權透過收購Success Century轉讓予本集團，而瀋陽金龍成為一家外商獨資企業。

- (d) 金龍藥業為一家外商獨資企業，自二零零一年六月八日開始經營，為期十五年。
- (e) 北京埃迪歐亞商貿有限責任公司為一家外商獨資企業，自二零零七年十二月十三日開始經營，為期二十年。
- (f) 北京賽波特為外商獨資企業，自二零零三年十二月二十九日起開始經營，為期十年。
- (g) 瀋陽賽波特為外商獨資企業，自二零零三年七月二十一日起開始經營，為期十二年。
- (h) 天津賽波特為外商獨資企業，自二零零六年六月二十一日起開始經營，為期十年。
- (i) 北京如煙科技發展有限公司為外商獨資企業，自二零一一年六月二十九日起開始經營，為期十五年。

# Financial Summary

## 財務概要

		Year ended 31 December 截至十二月三十一日止年度				
		2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元
<b>RESULTS</b>	<b>業績</b>					
Turnover	營業額	(232,907)	(61,425)	(137,388)	213,925	185,619
(Loss) profit before tax	稅前（虧損）溢利	(313,482)	(232,839)	(441,855)	(147,374)	38,734
Income tax expense	所得稅支出	(599)	(492)	(2,052)	(17,270)	(4,495)
(Loss) profit for the year	本年度（虧損）溢利	(314,081)	(233,331)	(443,907)	(164,644)	34,239
Attributable to:	應佔：					
Equity holders of the parent	母公司權益持有人	(314,081)	(233,331)	(443,907)	(164,644)	26,116
Non-controlling interest	非控股股東	—	—	—	—	8,123
		(314,081)	(233,331)	(443,907)	(164,644)	34,239

		As at 31 December 於十二月三十一日				
		2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元
<b>ASSETS AND LIABILITIES</b>	<b>資產及負債</b>					
Total assets	總資產	375,323	129,210	271,412	769,861	885,527
Total liabilities	總負債	(139,471)	(56,320)	(227,205)	(286,654)	(280,710)
		235,852	72,890	44,207	483,207	604,817
Equity attributable to equity holders of the period	本期間權益持有人應佔權益	235,852	72,890	44,207	483,207	604,817

