

# LAUNCH

深圳市元征科技股份有限公司  
LAUNCH TECH COMPANY LIMITED

(於中華人民共和國註冊成立之股份有限分司)

( a joint stock limited company incorporated  
in the People's Republic of China with limited liability )

(Stock Code 股份代號 : 8196)



年報 2006 Annual Report

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創業板所發佈資料之主要方法為在聯交所為創業板而設之互聯網網頁刊登。上市公司毋須在憲報指定報章刊登付款公佈披露資料。因此，有意投資之人士應注意彼等須閱覽創業板網頁，以便取得創業板上市發行人之最新資料。

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## Our Mission 企業使命

With an aim to be the pioneer of the automotive aftermarket in the PRC, Launch Tech Company Limited (the “Company” or “Launch”) and its subsidiaries (the “Group”) is committed to the provision of the most superior and advanced products, technologies and services to the automobile service and manufacturing industry as well as car owners in the PRC and the world.

Capitalizing on its strong research and development team and market sensitivity, and the cost competitiveness of manufacturing in the PRC, Launch aims at being a new driving force of the world's automotive aftermarket.

深圳市元征科技股份有限公司(「本公司」或「元征」)及其附屬公司(「集團」)秉著中國汽車後市場先鋒的理念，要為中國及全球汽車服務和製造行業以及廣大車主提供最優質和先進的產品、技術和服務。

憑藉著元征雄厚的研發力量和市場觸覺，以及中國在製造業的成本優勢，我們矢志要成為世界汽車後市場後來居上的強大驅動力。



**“Inauguration of the Launch  
Industrial Park unveils  
a new chapter of the Group”**  
「元征工業園之落成  
揭開集團新一頁」

**Liu Xin (Louis Liu) 劉新(劉易之)**  
Chairman 董事長



## OPERATING RESULTS

In 2006, turnover of the Group amounted to approximately RMB 304 million representing a drop of 11% whereas the net profit rose to RMB41 million, and, representing a growth of 11% compared with last year. The Board will propose, on the forthcoming Annual General Meeting on 28 May 2007 (Monday), a final dividend of RMB 3.5 cent per share for the year ended 31st December 2006.

## BUSINESS REVIEW

The Launch Industrial Park of approximately RMB 150 million invested by the Group in Longgang District, Shenzhen was completed and in use in 2006. The Industrial Park commenced construction at the end of 2005 and was completed in the second half of 2006. It occupies 48,000 square meters of total area and 80,000 square meters of gross floor area, integrating divisions of research and development, purchase, production, management, logistics, and sales of function. Therefore, the Industrial Park is the head office of the Group. The Industrial Park is equipped with excellent facilities, which effectively improved operational and management efficiency. It is a new milestone of the Group.

## 經營業績

二零零六年財政年度，本集團的營業額及淨利潤分別約為人民幣304,000,000元下跌約11%，而淨利潤約人民幣41,000,000元，較去年同期增長11%。董事會將於二零零七年五月二十八日(星期一)召開的股東週年大會上建議派發截至二零零六年十二月三十一日止年度末期股息，每股人民幣3.5分。

## 業務回顧

集團在深圳市龍崗區投資約人民幣1.5億元從工業園已於二零零六年落成使用，工業園於二零零五年底動工二零零六年下半年落成，總面積佔地四萬八千平方米，建築面積8萬平方米，結合研發採購、生產、管理、物流、銷售功能於此，為集團之總部。工業園配以一流之設施，有效地加強了營運及管理效率，為集團的新里程碑。

# Chairman's Statement

## 董事長報告



In 2006, sales of the Group's X431 Electronic Eye continued to grow, of which X431 INFINITE has won market recognition since it was launched. In 2006, X431 INFINITE was selected as one of the Top Twenty Maintenance Tools in China by the authoritative journal (汽車維修與保養) in domestic automobile aftermarket. The business of creader decoder has also achieved remarkable development, recording a sales of over 30,000 units in USA. Sales from purchase/upgrading in diagnosis software also recorded significant growth.

In 2006, the Group launched X-531, the representative model of CCD Series wheel alignment system which offers higher precision, more accurate in measuring, more stable in performance and quality, which was highly recognized by the market. 800 units of X-531 were sold during the year, securing its leading position in the domestic market. X-531 will become the new growing profit stream of the Company since it commands higher margin.

二零零六年，本集團之X431電眼睛全球年銷量繼續保持增長，其中X431 INFINITE新上市就得到了市場認可，於二零零六年，X431 INFINITE被國內汽車後市場核心期刊《汽車維修與保養》評為「中國「20佳」維修工具」。而Creader讀碼卡業務亦有長遠發展，僅美國市場銷售即超過30,000個。診斷軟件購買/升級之銷售收入亦有大幅增長。

二零零六年，本集團推出了以X-531為代表的精度更高、測量更精確、性能和質量更穩定的CCD系列四輪定位儀，得到了市場充分認可。年內X-531銷售了約800台，在國內市場處於領先地位。由於X-531有較高之銷售利潤，將成為公司新利潤增長點。





In 2006, the Group sent engineers to important overseas markets such as UK for circuit training, further expanding the overseas sales of machinery products and lifts products. In 2006, the lifts products passed ETL Standards of USA.

In 2006, the Group's business with key domestic customers developed remarkably. The Group maintained strategic cooperation with more than 20 major automotive manufacturing enterprises in the PRC, such as Chery Automobile, Shanghai GM Wuling, Beijing Mercedes-Benz, Shenyang Brilliance, Hainan Mazda and Hafei Auto. In 2006, the Group's central devices passed the PSO certification, which were produced as accessory with the bulk purchase of the armoured car WARRIOR.

二零零六年，於機械產品和舉升機產品方面，集團派遣工程師在英國等重要海外市場做了巡迴培訓會，使得此類產品在海外銷售業績進一步擴大。於二零零六年，舉升機通過了美國 ETL 標準。

二零零六年，本集團重點國內客戶業務發展迅猛，與奇瑞汽車、上汽通用五菱、北京奔馳克萊斯勒、瀋陽華晨、海南馬自達和哈飛汽車等國內 20 多家大型汽車製造廠繼續保持戰略合作。二零零六年，本集團中央儀錶通過 (PSO) 工藝認證，並配套批量裝備「勇士」軍車。





# Chairman's Statement

## 董事長報告



### PROSPECTS

The Group's relocation to the Launch Industrial Park can reduce operating costs significantly and lay a solid foundation for further growth of its future results. In 2007, the Group will implement the Blue Sea Strategy within the Group which is market-focused and aimed to create more value for customers. The Group will continue to expand its business in domestic and overseas markets by joining the important trade expositions in the world, so as to reinforce the reputable brand image of Launch.

After trial runs at Guangzhou and Shenzhen branches, the Group's CRM system will be put to full implementation in all branches, both domestically and overseas in 2007. CRM will become our marketing strategy, revealing the principle of refined cultivation in sales and services, and more importantly, it differentiates our services from that of our competitors. We believe that the use of CRM system with the calling system will definitely bring the overall market organization and management and customer service functions of the Group to the world's advanced level.

### 前景

本集團入駐元征工業園，可以大幅降低運營成本，為未來公司業績之更大增長奠定良好基礎。二零零七年，本集團將在集團內部推行藍海戰略，以市場為中心，為顧客創造更多之價值。繼續拓展國內及海外市場業務，參加全球重要的行業展會，塑造元征良好之品牌形象。

本集團之CRM系統經過在廣州和深圳分公司之試用，二零零七年將在國內和國外全面應用。CRM是公司集團之市場戰略，體現銷售及服務之精耕細作原則，更是與競爭對手服務差異化之體現。我們相信，CRM系統和呼叫中心系統之配合使用，必將令集團整體之市場組織和管理，客戶服務技能躋身世界先進水平。



## Chairman's Statement 董事長報告

In overseas market, while the Group develops new markets, it is also widening the range of products it sells, as a result, sales proportion of machinery, inspection and maintenance products especially lifts has increased year on year, improving greatly the product mix which is of significant importance for the expansion of overseas market, sales growth as well as brand building.

Looking ahead, all fellow directors and staff of Launch will closely cooperate and create ceaselessly to secure even better returns for our shareholders and investors.

### **Liu Xin (Louis Liu)**

*Chairman*

在海外市場，集團在開發新市場之同時，亦在不斷豐富銷售之產品，機械、檢測、養護產品特別是舉升機在銷售中所佔之比重逐年上升，產品結構有了很大之改善。此舉對海外市場之開拓、銷售之提升，乃至品牌之建設均有重要之意義。

展望未來，元征的各同仁將同心協力，不斷創新，為股東和投資者帶來更好的回報。

### **劉新(劉易之)**

*董事長*



# Business Review

## 業務回顧

### BUSINESS REVIEW

#### Markets

In 2006, Launch continued its strategy of “focusing on major markets with sophistication “ in domestic markets. Better market segmentation was achieved in such areas as Fujian, Yunnan, Shandong, Hebei, Zhejiang, Shaanxi, Ningxia, Hubei, Gansu, etc. with prominent progress.

In 2006, Launch made breakthrough in all its projects with Changfeng Pajero, Zhengzhou Nissan, Wuhan Dongfeng Peugeot Citroen, Dongfeng Commercial Vehicle which brought about growth in results.

In 2006, Launch continued its expansion in international markets through engaging distributors in Italy, Poland, Brazil, South Korea, India and the four Middle-East countries led by Saudi Arabia. In order to further drive its overseas business and build up its brand, Launch participated in such large-scale exhibitions as Frankfurt International Exhibition of Automotive Equipments and International Auto and Parts Exhibition in Las Vegas of America.

In 2006, in addition to the existing promotion efforts, Launch laid more emphasis on direct mailing. Starting from the 3rd quarter, through publishing its quarterly “Launch Newsletter”, Launch has been sending its latest products and promotional information to its customers through direct mail, thus promoted the communication between the Company and end-users and generated more sales opportunities.

In the first half of 2006, Launch conducted 50 spring promotion seminars at Shenzhen, Xi'an, Wuhan, Shenyang, Guangzhou, Chengdu and Nanchang, etc. and 37 “Promotion Seminar on Launch X531 3D 4-wheel Aligner” across the country.

### 業務回顧

#### 市場

二零零六年，元征在國內市場繼續執行「重點市場，精耕細作」之渠道策略，在福建、雲南、山東、河北、浙江、陝西、寧夏、湖北、甘肅等區域在市場細分方面進展較好，成效顯著。

二零零六年，元征與長豐獵豹，鄭州日產，武漢神龍汽車，東風本田，東風商用汽車均取得項目性突破，並帶來了業績之增長。

二零零六年，元征繼續海外市場的開拓，在意大利、波蘭、巴西、韓國、印度和沙特四國聘用了經銷商。為推進海外業務的發展，塑造公司之品牌，元征參加了法蘭克福國際汽保設備展、美國拉斯維加斯國際汽車及配件展覽會等大型展會。

二零零六年，元征在原有之宣傳方式上，加大了對直郵廣告之投入。從第三季度開始，元征每個季度出版一期《元征快訊》，將公司最新產品和促銷信息直郵給終端客戶，促進了用戶與公司的溝通，增加了市場銷售機會。

二零零六年上半年，在深圳、西安、武漢、瀋陽、廣州、成都及南昌等地舉行了50場春季推廣會，在全國舉行了37場「元征X531四輪定位儀推廣會」。

In 2006, Launch participated in “44th and 45th National Exhibitions of Automobile Maintenance, Repair, Testing and Diagnostic Equipment”. In September 2006, the “11th Automobile Aftermarket Forum-Launch Scientific Annual Meeting” and opening ceremony of the new industrial park were held simultaneously. Launch won more attention from all circles.

## RESEARCH AND DEVELOPMENT

The major research and developments of the Group in 2006 are as follows:

In 2006, Launch completed research and development of X431TOP, Creader.3.0 decoder and tire pressure tester.

In 2006, X431 was issued in an aggregate of 406 versions, X431 software experienced significant in-depth developments. The CODING function on BENZ, BMW was greatly improved and the CANBUS function was perfected in respect of various car models.

Beijing JEEP panel passed the PSO attestation, passed the PS, PVP1, PVP2 testing and gradually stepped into mass production.

In 2006, Launch completed development of X531 CCD series 3D 4-wheel aligner which won favor from the market due to its good performance to price ratio.

In 2006, in respect of maintenance products, the research and development of several new products of MRF series and optimized products were completed. The research and development of 4-series maintenance equipments in three different models were completed. At present, they have entered into production and sales stage.

二零零六年參加了第45屆和46屆全國汽車保修檢測診斷設備展。二零零六年九月，「第十一屆汽車後市場論壇暨元征科技年會」和新園區的開業典禮同時舉行，各界對元征有更多之關注。

## 研發

本集團在二零零六年的主要研究與開發工作如下：

二零零六年，完成了X431TOP的研發工作，完成了Creader.3.0讀碼卡的研發，完成了胎壓檢測儀的研發。

二零零六年，X431共發行406個版本，X431軟件得到大幅度深度開發。BENZ，BMW的CODING功能大大提高，CANBUS功能在各個車型上得到完善。

北京JEEP儀錶通過PSO認證，通過了P2、PVP1、PVP2階段的測試，逐步進入批量。

二零零六年，完成了X-531 CCD系列四輪定位儀的研發，由於其良好的性價比，得到了市場的青睞。

二零零六年，在養護產品方面，完成了MRF系列幾款新產品及改進型產品開發，完成三款4系列養護設備的研發工作，目前已經進入生產、銷售階段。



# Business Review

## 業務回顧



### MANAGEMENT

In 2006, Launch Tech has fully integrated its operation through IT-based information management, it has established ERP, OA, CRM, EPM and CLEARCASE systems etc. significantly enhanced management efficiency and scientific decision-making process.

### PROSPECTS

In 2007, Launch plans to implement HR, PDM, SRM, SHOPFLOOR and logistics system etc. to further upgrade the management of the Company. In 2007, Launch will adjust its organization structure, and establish more effective incentive mechanism.

In 2007, Launch will optimize and integrate the existing service network in domestic market, realize the sophistication of network distribution, and improve the service capability of the network. It will establish professional training system, enrich the technical knowledge of service personnel, carry out division of labor, raise the productivity of the entire workforce. It will also continue the use of various promotional and marketing channels to broaden awareness and image recognition.

### 管理

二零零六年，元征科技已全面進入信息化管理，已經建立了ERP、OA、CRM、EPM和CLEARCASE等系統，信息化管理大大提高了管理效率和決策科學化。

### 工作展望

二零零七年，元征計劃實施HR、PDM、SRM、SHOPFLOOR、物流等系統，使公司的管理更上一個臺階。二零零七年，元征將對組織架構進行調整，建立更為有效的激勵機制。

二零零七年，元征在國內市場將優化整合現有服務網絡，實現網絡布局的精益化，提高網絡服務能力。建立專業的培訓體系，提高服務人員技術面；實行專業分工，提高團隊作戰能力。繼續採取各種宣傳和營銷手段，擴大知名度，提高美譽度。

In 2007, on the domestic market, Launch will continue its commitment in brand promotional campaigns such as annual meeting, product promotion seminar, product training session, exhibition, prize-winning answering program, advertisement on professional media, etc.

In 2007, in overseas market, Launch will strengthen the development of existing market whilst accelerating the exploration of new markets. In Canada, Launch will firstly focus on Ontario and Quebec in the east, then penetrate to the west step by step. Launch will put more emphasis on the development of New Zealand market whilst further consolidating the market in Australia.

In 2007, Launch will actively push the implementation of product development management approach PACE which could shorten the product lead time, promote productivity in product development as well as reduce waste in development and increase the margin on new products.

In 2007, Launch's research and development will be more market-orientated and develop such products that can meet the needs of local markets. Investments in the R&D centers of Japan, UK and USA will be increased, so that the software for all car models can be solved in time.

In 2007, Launch will introduce X431TOP and X431PC version to adapt to the needs from each segmented market. In addition to diagnosing function, X431TOP has oscilloscope function and complete automobile maintenance database. With its powerful functions, it will be very attractive to high-class customers such as big garages and 4S dealerships.

二零零七年，元征在國內市場繼續做好品牌宣傳活動，如年會、產品推廣會、產品培訓會、展會、有獎征答、專業媒體廣告活動等。

二零零七年，元征在海外市場在加快開發新市場之同時，亦加強對已有市場的開拓力度。在加拿大，將以東部安大略和魁北克地區為突破，逐步向西發展；在進一步鞏固澳洲市場之同時，加大新西蘭市場之開拓力度。

二零零七年，元征積極推行產品開發管理之PACE方法，此舉將縮短產品投入市場之時間，提高產品開發生產力了，亦可減少開發浪費，增加新產品收益。

二零零七年，元征研發工作將以市場為中心，開發符合當地市場要求之產品。加大了對日本、英國和美國三個研發中心的投入，以便所有車型軟件都能得到及時之解決。

二零零七年，元征將推出X431TOP和X431PC版，以適應各個細分市場之需求。X431TOP除了診斷功能外，還有示波功能和完備的汽車維修資料庫。由於其功能強大，對大型汽車修理廠和4S店等高端客戶有較大之吸引力。

## Business Review

### 業務回顧

In 2007, Launch will develop TLT627M lift to adapt to the needs for low position and small tonnage facility lifts in USA and European markets, and mobile lifts to meet the needs for big tonnage lifts in domestic aftermarket for big passenger cars.

In 2007, Launch will develop reversing radar, vehicle tools and cleaning products etc. to cater for automobile manufacturers and 4S dealerships, to increase operating revenue and create more added values.

二零零七年，元征開發 TLT627M 型舉升機，以適合美國和歐洲市場的低位小噸位簡易型，亦準備開發移動式舉升機，以滿足國內大客車維修需用之大噸位舉升設備。

二零零七年，針對汽車製造廠和 4S 店，元征將開發倒車雷達、隨車工具和清洗產品等，逐步向汽車前端市場滲透，以增加營業收入，創造更多之附加值。



### FINANCIAL RESOURCES AND LIQUIDITY

The Group adopts to a prudent financial management policy and has a healthy financial position. As at 31 December 2006, The Group had cash and bank balances of approximately RMB71 million. As at 31 December 2006, shareholders' equity of the Group amounted to approximately RMB419 million. Current assets was approximately RMB489 million. The Group's current liabilities of approximately RMB265 million, comprised of short-term bank borrowings of approximately RMB173 million, and the rest were mainly account payables and accruals. The Group's long term borrowings amounted to approximately RMB95 million. The Group's net asset value per share was approximately RMB0.75. The Group's gearing ratio, which represented the percentage of bank borrowings over gross asset value, was approximately 34%.

For the year ended 31 December 2006, the Group's domestic income was denominated in RMB whereas all overseas sales were transacted in USD, and expenses were paid in RMB. As the exchange rate between RMB and USD experienced more significant adjustment during 2006, the management will try to minimize the Group's foreign exchange risk through price adjustment with overseas customers for the transactions of which are settled in USD, and it has reached initial understanding with these customers. Therefore, the Directors consider that the Group was not under substantial foreign exchange risk exposure.

### EMPLOYEES

As at 31 December 2006, the Group had 1,261 and 11 employees (2005: 1,366 and 11 respectively) based in the PRC and overseas respectively. Staff costs, excluding directors' and supervisors' emoluments, were approximately RMB61 million (2005: approximately RMB58 million).

The Group remunerates employees by their performance and experience. It has adopted a share option scheme whereby employees of the Group may be granted options to acquire shares. The Group also offers staff benefits such as professional training programs enhance staffs' skills, knowledge and sense of belonging.

### 財務資源與流動資金

集團採取審慎的理財政策，擁有穩健的財務狀況，於二零零六年十二月三十一日，持有現金及銀行存款約人民幣71,000,000元。於二零零六年十二月三十一日，集團的股東權益約為人民幣419,000,000元。流動資產約為人民幣489,000,000元。集團之流動負債約為人民幣265,000,000元，當中包括銀行短期借貸約人民幣173,000,000元，其它主要為應付帳款及預提費用。集團之長期負債約為人民幣95,000,000元。集團的每股資產淨值為人民幣0.75元。集團以銀行借貸與總資產值的百分比為杠杆比率，該比率約為34%。

截至二零零六年十二月三十一日止年度，由於集團國內銷售收入乃以人民幣結算，而所有海外銷售乃以美元進行交易，而開支則以人民幣支付，鑑於人民幣與美元匯率於二零零六年有較大調整，管理層將針對以美元結算之海外客戶通過價格調整以降低集團匯兌風險，並已跟海外客戶初部達成共識。故董事認為，集團毋須面對重大外幣匯兌風險。

### 員工

於二零零六年十二月三十一日，集團於國內及海外分別有1,261名及11名員工（二零零五年為1,366名及11名）。扣除董事及監事酬金後之員工成本約為人民幣61,000,000元（二零零五年約為人民幣58,000,000元）。

集團按員工表現及經驗計算薪金報酬，集團設有購股權計劃以給予集團員工透過購股權計劃購股。集團亦提供員工福利，如給予員工專業培訓計劃以提高員工之技術、知識及歸屬感。

### OTHERS

上海元征愛思開汽車服務有限公司， a joint venture between the Group and SK Networks Co., Ltd., a Korean company, was incorporated in Shanghai in December 2005. The Group invested RMB 1.35 million, representing 30% of the registered capital of this associated company. By leveraging on the advanced technologies of the Group in auto repair and maintenance and the partner's superior expertise in repair service coaching, managerial experience, the joint venture is engaged in the provision of professional auto repair, maintenance and decorations to its customers. The associated company commenced operation in 2006, and as it was still in the start-up stage, a loss of approximately RMB0.96 million was incurred by the Group. The management expects that this associate will turnaround in 2007 along with the growth in business.

In 2006, apart from the part of the investment of the Group as referred to above, the Group did not hold any material investments, so as on 31st December 2005.

In 2006, the Group's increase of registered capital via an additional issue of 38,000,000 H shares was completed, with new shares entirely subscribed by International Finance Corporation with a net proceeds of approximately HK\$ 58 million, which have been applied to the establishment of the Launch Industrial Park.

As at 31 December 2006, apart from the pledged bank deposits of approximately RMB26 million (2005: approximately RMB12 million), and the pledged land and building of RMB60 million and (2005: Nil), the Group had no other significant assets pledged, so as on 31st December 2005.

### 其他

由集團與韓國SK networks Co., Ltd.共同出資的上海元征愛思開汽車服務有限公司於二零零五年十二月在上海成立。集團總投資額為人民幣1,350,000元，佔該聯營公司註冊資本30%。此項合作將利用集團先進的汽車維修技術以及韓國SK公司優秀的維修服務培訓、管理經驗，向客戶提供專業的汽車維修、保養、裝飾等服務。於二零零六年聯營公司正式營業，由於仍處於剛開業初期，本年度為集團帶來約人民幣96萬元虧損，管理層預期於二零零七年度業務發展上軌道聯營公司將可轉虧為盈。

於二零零六年，除集團之上述投資之外，集團並無持有重大投資，而於二零零五年十二月三十一日亦如是。

於二零零六年，本公司完成增資發行38,000,000股新H股，發行之新股全部由世界銀行國際金融公司(International Finance Corporation)認購，發行股份所得款項淨額約為58,000,000港元，已全部用於元征工業園的建設。

於二零零六年十二月三十一日，除了已抵押銀行存款約人民幣26,000,000元(二零零五年：約人民幣12,000,000元)，以及已抵押若干土地及樓宇約人民幣60,000,000元(二零零五年：無)外，集團並沒有抵押其他重要資產，而於二零零五年十二月三十一日亦如是。

# Directors, Supervisors and Senior Management

## 董事、監事及高級管理人員

### DIRECTORS

#### Executive Directors

**Mr. Liu Xin (劉新)**, also known as **Liu Yi Zhi (劉易之)**, aged 38, is an executive Director and the chairman of the Company. Mr. Liu is the founder of the Company and has around 10 years of experience in corporate management, business development, product development and marketing in the computer and automotive diagnostic and testing industries. He is a graduate of Chengdu Technology University (成都科技大學) (currently known as Sichuan University (四川大學)) with a bachelor's degree in applied physics. Mr. Liu is mainly responsible for the strategic planning, overall management, establishment of strategic alliances and development of overseas marketing and sales channel. Mr. Liu Xin is the brother of Mr. Liu Jun and Ms. Liu Yong.

**Mr. Liu Jun (劉均)**, also known as **Liu Zheng Zhi (劉正之)**, aged 36, is an executive Director and the chief executive officer of the Company. Mr. Liu is the co-founder of the Company and is the brother of Mr. Liu Xin and Ms. Liu Yong. Mr. Liu has around 10 years of experience in corporate management, business development and product development in automotive diagnostic and testing industries. He is a graduate of Tsinghua University (清華大學) with a bachelor's degree in radio electronics engineering. Mr. Liu once served as the head of the Company's R&D department and headed the development of the first generation of Electronic Eye in November 1994, and was honoured as one of the Shenzhen Ten Outstanding Young Technology Experts in 1998 (1998年深圳市青年科技專家). He is currently responsible for the day-to-day operations of Company, and also supervises the Company's R&D and finance.

### 董事

#### 執行董事

劉新先生，又名劉易之，現年38歲，本公司執行董事兼董事長。劉先生乃本公司之創辦人，彼在電腦及汽車診斷及測試系統行業之企業管理、業務發展、產品開發及市場推廣方面擁有約十年經驗。劉先生在成都科技大學(現稱四川大學)畢業，擁有應用物理學士學位。劉先生主要負責策略性規劃、整體管理、建立策略性聯盟及發展海外市場推廣及銷售渠道之工作。劉新先生與劉均先生及劉庸女士為兄弟及姊弟之關係。

劉均先生，又名劉正之，現年36歲，本公司執行董事兼行政總裁。劉先生乃本公司創辦人之一，亦為劉新先生及劉庸女士之胞弟。劉先生在汽車診斷及測試系統行業之企業管理、業務發展及產品開發方面擁有約十年經驗。劉先生在清華大學畢業，擁有電子工程學士學位。劉先生曾出任本公司研發部門主管一職，並於一九九四年十一月領導開發第一代電眼睛，並榮獲一九九八年深圳市青年科技專家。劉先生現時負責本公司之日常業務運作，亦肩負本公司之研發及財務監督工作。



# Directors, Supervisors and Senior Management

## 董事、監事及高級管理人員

### DIRECTORS (Continued)

#### Executive Directors (Continued)

**Professor Wang Xue Zhi (王學志)**, aged 70, is an executive Director and chief engineer of the Company. Professor Wang is an expert in automotive diagnostic and testing engineering with approximately 30 years of experience in related studies and research works, and has published 20 related books and academic papers. Prior to joining the Company in May 1998, Professor Wang served as a professor of Xian Highway Transportation Institute (西安公路交通大學) (currently known as Changan University (長安大學)) and the vice principal of the board of experts of the China Automobile Maintenance and Repair Equipment Industry Association under the Ministry of Transportation (交通部屬下《中國汽車保修設備行業協會》). He heads the Company's overall product development, and was responsible for leading the development of IVIEW-100 wheel alignment system and other similar large-scale automotive diagnostic and testing systems.

#### Non-executive Director

**Ms. Liu Yong (劉庸)**, aged 44, is a non-executive Director since June 1997, and is the sister of Mr. Liu Xin and Mr. Liu Jun. Ms. Liu once studied in Dalian Foreign Language Institute (大連外國語學院), and served in the sales department and public relations department of Guilin Holidays Inn (桂林賓館) and Guilin Rong Hu Hotel (桂林榕湖飯店), respectively, and as the general manager of Sunshine Travel Agency (陽光旅行社). Ms. Liu has extensive experience in corporate management, sales and marketing and public relations management. She is currently a director of Shenzhen De Shi Yu.

#### Independent non-executive Directors

**Mr. Zhang Xiao Yu (張小虞)**, aged 62, is an independent non-executive Director since March 2002. Mr. Zhang is the vice-chairman of China Machinery Industrial Association since April 2001, and prior to April 2001, he served as the vice commissioner of the State Machinery Industry Bureau (國家機械工業局), the chief of Automobile Industry Division (汽車工業司) of the Ministry of Machinery Industry (機械工業部).

### 董事(續)

#### 執行董事(續)

**王學志教授**，現年70歲，本公司執行董事兼總工程師。王教授乃汽車診斷及測試工程專家，在相關研究工作方面擁有約30年經驗，曾發表20本相關書籍及學術論文。於一九九八年五月加入本公司前，王教授出任西安公路交通大學(現稱長安大學)之教授，並為交通部屬下《中國汽車保修設備行業協會》之專家委員會副會長。王教授領導本公司之整體產品開發工作，亦曾負責領導開發 IVIEW-100 四輪定位儀及其他類似大型汽車診斷及測試系統。

#### 非執行董事

**劉庸女士**，現年44歲，自一九九七年六月起擔任非執行董事，亦為劉新先生及劉均先生之胞姊。劉女士曾就讀於大連外國語學院，曾分別為桂林賓館及桂林榕湖飯店之銷售及公關部門，以及陽光旅行社之總經理。劉女士在企業管理、銷售、市場推廣及公共關係管理方面擁有豐富經驗。彼現時擔任深圳得時域之董事。

#### 獨立非執行董事

**張小虞先生**，現年62歲，自二零零二年三月起擔任獨立非執行董事。張先生於二零零一年四月至今一直出任中國機械工業協會副會長，於二零零一年四月前，他曾擔任國家機械工業局副局長、機械工業部汽車工業司司長。

# Directors, Supervisors and Senior Management

## 董事、監事及高級管理人員

### DIRECTORS (Continued)

#### Independent non-executive Directors (Continued)

**Professor Hu Zi Zheng (胡子正)**, aged 69, is an independent non-executive Director since March 2002. Mr. Hu is currently the professor and doctoral student mentor of automotive studies of the school of mechanics at Jilin Industrial University (吉林工業大學). Mr. Hu is also the appointed specialist of China Automobile Engineering Association (中國汽車工程學會) and member of the board of editors of "Mechanical Engineering Paper" (機械工程學報). He also served as the vice principal of the State Key Laboratory of Dynamic Automotive Simulation (模擬國家重點實驗室學術委員會) and dean of automotive school at the Jilin Industrial University. Mr. Hu graduated from the Jilin Industrial University with a degree in automobile engineering, and has around 30 years of experience in automotive science research and teaching.

**Mr. Yim Hing Wah (嚴慶華)**, aged 42, has more than 15 years experience in auditing, accounting, taxation, business consulting and financial management. He had worked for Deloitte Touche Tohmatsu as manager for 9 years from July 1992 to December 2000. After that, he was the financial controller of Jiangsu Nandasoft Company Limited and Chinasoft International Limited, the companies listed on GEM. Currently, he is a partner of Chan, Yim, Cheng & Co., an accounting firm in Hong Kong. Mr. Yim is a graduate of Hong Kong Polytechnic University and holds a Bachelor Degree in Accounting. He is a member of the Hong Kong Society of Accountants, a fellow member of Association of Chartered Certified Accountants and a member of Hong Kong Securities Institute. Mr. Yim also serves as the independent non-executive director of Artel Solutions Holdings Limited (listed on Main Board) and Jiangsu NandaSoft Company Limited (listed on GEM).

### 董事 (續)

#### 獨立非執行董事 (續)

**胡子正教授**，現年69歲，自二零零二年三月起擔任獨立非執行董事。胡先生現時為吉林工業大學機械學院汽車研究之教授及博士生導師。胡先生亦獲中國汽車工程學會委任為專業顧問及吉林工業大學《機械工程學報》編輯委員會成員。彼亦曾出任汽車動態模擬國家重點實驗室學術委員會之副會長及吉林工業大學汽車學院院長。胡先生於吉林工業大學畢業，取得汽車工程學位，在汽車科學研究及教學方面積約30年經驗。

**嚴慶華先生**，現年42歲，於核數、會計、稅務、商業諮詢及財務管理方面擁有逾15年經驗。一九九二年七月至二零零零年十二月之九年期間，嚴先生於德勤會計師行擔任經理，其後加盟於創業板上市之江蘇南大蘇富特軟件股份有限公司及中軟國際有限公司，出任財務總監一職。目前，彼為香港一家會計師事務所Chan, Yim, Cheng & Co.之合夥人。嚴先生畢業於香港理工大學，持有會計學學士學位。彼為香港會計師公會會員、英國特許公認會計師公會資深會員及香港證券學會會員。嚴先生亦獲委任為宏通集團控股有限公司(聯交所主板上市公司)及江蘇南大蘇富特軟件股份有限公司(創業板上市公司)之獨立非執行董事。

# Directors, Supervisors and Senior Management

## 董事、監事及高級管理人員

### MEMBERS OF SUPERVISORY COMMITTEE

Supervisory committee in the PRC has similar functions as audit committee, which mainly reviews the financial results of the Company and the decisions made by the Board. Supervisors can represent the interest of shareholders or employees, and independent supervisors are recruited from outside and not related to any of the directors, supervisors, promoters and employees of the Company. Mr. Wang Xi Lin is appointed as a Supervisor through the recommendation of the Company's employees. Ms. Hou Wen Tao and Mr. Guo Jian Yuan are appointed as independent Supervisors.

**Ms. Hou Wen Tao (侯文濤)**, aged 67, is a Supervisor since March 2002. Ms. Hou retired from the Shenzhen Science and Technology Bureau (深圳市科學技術局) since August 2001, where she served as its vice commissioner, vice principal and inspector since 1991. Prior to July 1986, she served as a senior engineer at the Changchun Applied Chemistry Research Institute of the China Science Academy (中國科學學院長春應用化學研究所) and a visiting scholar of Proyaume de Belgique in Belgium between April 1981 and February 1982. Ms. Hou obtained a bachelor's degree in atomic physics from Jilin University (吉林大學).

**Mr. Guo Jian Yuan (郭健源)**, aged 59, is a Supervisor since March 2002. Mr. Guo is currently the chairman of Shenzhen Cosber Industrial Co., Ltd. (深圳市康士柏實業有限公司), a distributor of automobile maintenance equipment in the PRC, vice-chairman of China Automobile Maintenance and Repair Equipment Industry Association (中國汽車保修設備行業協會) and chairman of Shenzhen Automobile and Motorcycle Maintenance and Repair Industry Association (深圳市汽車摩托車維修行業協會), in charge of their overall management. He also served as the director and president of Shenzhen Tellus Holding Co., Ltd. (深圳市特力(集團)股份有限公司), a developer of mechanical tools in the PRC, in charge of their overall management. Mr. Guo has extensive experience in corporate management.

### 監事會成員

國內監事會之職能類似審核委員會，主要負責審核財務業績及董事會所作之決定。監事可代表股東或僱員之權益，而獨立監事均從公司以外聘請，並獨立於本公司之任何董事、監事、發起人及僱員。王希琳先生透過本公司僱員推薦獲委任為監事，而侯文濤女士及郭健源先生則獲委任為獨立監事。

**侯文濤女士**，現年67歲，自二零零二年三月起擔任監事。侯女士於一九九一年起服務於深圳市科學技術局，先後出任副局長、副主任及調查人員職位，並於二零零一年八月榮休。於一九八六年七月前，彼曾任職中國科學學院長春應用化學研究所高級工程師，於一九八一年四月至一九八二年二月在比利時 Proyaume de Belgique 進修。侯女士取得吉林大學頒發之原子物理學士學位。

**郭健源先生**，現年59歲，自二零零二年三月起擔任監事。郭先生現時為國內汽車保養設備分銷商深圳市康士柏實業有限公司董事長、中國汽車保修設備行業協會副會長及深圳市汽車摩托車維修行業協會會長，負責該等公司或組織之整體管理。彼亦曾出任國內機械工具開發商深圳市特力(集團)股份有限公司董事兼總裁，負責該等公司之整體管理。郭先生在企業管理方面具豐富經驗。



# Directors, Supervisors and Senior Management

## 董事、監事及高級管理人員

### MEMBERS OF SUPERVISORY COMMITTEE (Continued)

**Mr. Wang Xi Lin (王希琳)**, aged 43, is the general manager of the Company's automotive diagnostic product division and a Supervisor since March 2002. Mr. Wang graduated from the China Mining Industry University (中國礦業大學) in Beijing with a master's degree in engineering. Prior to joining the Company in October 2000, Mr. Wang served as a senior engineer at several state-owned companies and led the R&D works in relation to large electronic control and electronic automation systems. Mr. Wang was formerly the head of the Company's R&D department, and had successfully led the development of the ADC2000 auto diagnostic computer.

### SENIOR MANAGEMENT

**Mr. Peter Toland**, aged 50, is the vice president and overseas market officer of the Company. He graduated from Wulfrun College and received a MBA degree from Ashridge Management College. Before joining the Company in 2003, he was a vice president in a large motor maintenance and manufacture company and a general manager of the branch of that company. Besides, he had worked in an international petro-chemical company. He has much experience in enterprise management, market development and promotion. Mr. Peter Toland mainly takes charge of the development, promotion and planning of our overseas markets.

**Ms. Huang Zhao Huan (黃兆歡)**, aged 34, is the head of the Company's domestic marketing centre. Ms. Huang is a graduate of Nanchong Teaching University (南充師範學院) with a bachelor's degree in mathematics. She is currently responsible for the development and management of the Company's domestic sales network and marketing activities and customer relationships of its major customers. She joined the Company in 1996.

**Mr. Hu Kai (胡凱)**, aged 33, is the head of the Company's production and procurement department. Mr. Hu has a degree in economic management for Guangxi Teaching University (廣西師範大學) and joined the Company as a manager of purchase division in 1995. He is mainly responsible for overseeing the Company's production planning and management.

### 監事會成員(續)

王希琳先生，現年43歲，本公司汽車診斷事業部總經理，自二零零二年三月起擔任監事。王先生畢業於北京中國礦業大學，擁有工程碩士學位。於二零零零年十月加入本公司前，王先生曾在多家國有企業擔任高級工程師，領導大型電子控制及電子自動系統相關之研發工作。王先生曾擔任本公司研發部門總監，並成功領導ADC2000汽車診斷電腦之開發工作。

### 高級管理人員

**Peter Toland**先生，現年50歲，本公司副總裁兼海外市場中心主管。Peter Toland先生畢業於Wulfrun College，後獲得Ashridge Management College MBA學位。於二零零三年加入本公司前，曾在一家世界大型的汽車維修設備製造公司擔任副總裁及歐洲分公司總經理，並曾擔任英國一家國際石油化工有限公司經理，在企業管理、市場開拓與推廣方面有著豐碩的經驗。Peter Toland先生現時主要負責本公司海外市場的開拓、推廣及策劃之工作。

**黃兆歡**女士，現年34歲，本公司國內市場中心主管。黃女士畢業於南充師範學院，擁有數學學士學位。彼現時負責發展及管理本公司之國內銷售網絡及市場推廣活動，以及本公司主要客戶之客戶關係。黃女士於一九九六年加入本公司。

**胡凱**先生，現年33歲，本公司生產及採購部門主管。胡先生持有廣西師範大學之經濟管理學位，於一九九五年加入本公司，擔任採購分部經理。彼主要負責監管本公司之生產規劃及管理。

# Directors, Supervisors and Senior Management

## 董事、監事及高級管理人員

**Mr. Guo Feng**, aged 35, graduated from Xian Electronic Technology University majoring in Communication Engineering. He has been responsible for R&D and implementation of automatic control system of large buildings. He joined Launch in 1999 and worked his way up from engineer, division manager to general manager now. He has successfully led the R&D and improvement of a series of products including engine analyzer and so on.

**Mr. Jiang Shiwen**, aged 34, is the Company's Chief Information Officer. Mr. Jiang graduated from Dalian University of Technology and Shanghai Jiao Tong University with a master's degree in mathematics and a MBA degree. Prior to joining the Company in 2002, he had worked in several major privately-owned and foreign enterprises as development engineer, in charge of the R&D work relating to large scale management system, e-commerce system and embedded system. Mr. Jiang oversees the construction, implementation and maintenance of the entire IT system of the Company. He has led the Company in the successful planning, design and online operation of a number of large IT networks including ERP, CRM and OA systems.

### QUALIFIED ACCOUNTANT AND COMPANY SECRETARY

**Mr. Liu Chun Ming (廖俊明)**, aged 31, is the financial controller and company secretary of the Company. Mr. Liu is a qualified accountant and obtained a bachelor's degree (Honours) in accountancy from the City University of Hong Kong in 1997. He is an associate member of the Association of Chartered Certified Accountants, and, prior to joining the Company in March 2002, acquired over four years of experience with an international audit firm.

### COMPLIANCE OFFICER

**Mr. Liu Jun (劉均)**, executive Director, compliance officer and authorised representative. Mr. Liu will be advising on and assisting the Board in implementing procedures to ensure that the Company complies with the GEM Listing Rules and other relevant laws and regulations applicable to the Company and responding efficiently to all inquiries directed to the Company by the Stock Exchange.

**郭鋒先生**，現年35歲，畢業於西安電子科技大學通訊工程專業，本科學歷，主導研發過大型樓宇自動控制系統及實施工程項目，於一九九九年加入本公司，先後擔任研發工程師／部門經理／事業部總經理，並成功領導EA系列發動機綜合性能分析儀等產品的研發和改進工作。

**蔣仕文先生**，現年34歲，本公司首席信息官。蔣先生畢業於大連理工大學(Dalian University of Technology)和上海交通大學(Shanghai Jiao Tong University)，擁有數學碩士和工商管理碩士學位。於2002年加入本公司前，蔣先生曾在多家大型民營和外資企業擔任開發工程師，領導大型管理系統、電子商務系統和嵌入式系統相關之研發工作。蔣先生負責領導公司整體的IT系統建設、運行和維護，曾成功領導了公司ERP、CRM、OA等多套大型系統的規劃、設計和上線工作。

### 合資格會計師及公司秘書

**廖俊明先生**，現年31歲，本公司之財務總監兼公司秘書。廖先生乃合資格會計師，於一九九七年在香港城市大學取得會計(榮譽)學士學位。彼為特許會計師公會會員，於二零零二年三月加入本公司前，已在一家國際核數師行汲取超過四年經驗。

### 監察主任

**劉均先生**乃執行董事、監察主任兼授權代表。劉先生負責向董事會提供意見，並協助董事會採取步驟，確保本公司遵守創業板上規及其他適用於本公司之相關法規，以及有效率地回覆聯交所對本公司之詢問。

# Directors, Supervisors and Senior Management

## 董事、監事及高級管理人員

### AUDIT COMMITTEE

The audit committee was established by the Company on 21 March 2002, with written terms of reference in compliance with the requirements as set out in Rules 5.23 to 5.25 of the GEM Listing Rules. The principal duties of the committee are the review and supervision of the Company's reporting process and internal control. The Group's audit committee has held five meeting since early 2003. The members of the audit committee are as follows:

### 審核委員會

本公司已於二零零二年三月二十一日根據創業板上市規則第5.23至第5.25條所載之規定成立具有明確職權範圍之審核委員會。審核委員會之主要職責為審核本公司之財務申報及內部監控工作。集團之審核委員會於二零零五年年初至今曾召開五次會議。審核委員會之成員如下：

<b>Name</b> 姓名	<b>Position in the audit committee</b> 審核委員會職銜	<b>Position in the Board</b> 董事會職銜
Mr. Zhang Xiao Yu 張小虞先生	chairman 主席	independent non-executive Director 獨立非執行董事
Professor Hu Zi Zheng 胡子正教授	member 成員	independent non-executive Director 獨立非執行董事
Mr. Yim Hing Wah 嚴慶華先生	member 成員	independent non-executive Director 獨立非執行董事

# Corporate Governance Report

## 企業管治報告

### CORPORATE GOVERNANCE PRACTICE

The Group commits to maintaining and ensuring a high level of corporate governance standards and continuously reviews and improves our corporate governance and internal controls practices. Set out below are the principles of corporate governance as adopted by the Company during the reporting year.

### DISTINCTIVE ROLE OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Chairman of the Board is responsible for leading the Board of Directors in establishing and monitoring the implementation of strategies and plans to create values for shareholders.

The Chief Executive Officer is responsible for managing the operation of the Group's businesses, proposing strategies to the Board and the effective implementation of the strategies and policies adopted by the Board.

### THE BOARD

As of 31 December 2006, there were seven members on the Board, which are the Chairman, two other Executive Directors, a Non-Executive Director ("NED") and three Independent Non-Executive Directors ("INEDs").

The INEDs are considered by the Board to be independent of the management and free of any relationship that could materially interfere with the exercise of their independent judgments. The Board considered that each of the INEDs brings his own relevant expertise to the Board and its deliberations.

None of the INEDs has any business or financial interests with the Group nor has any relationship with other directors and confirmed their independences to the Group pursuant to Rule 5.09 of the GEM Listing Rules.

### 企業管治常規

本集團一直致力確保企業管治標準維持於高水平，並持續檢討及改善企業管治及內部監控常規。以下為本公司於報告年度內採納的企業管治原則。

### 主席及行政總裁的分工

董事會主席負責領導董事會制訂及監控業務策略與計劃的推行，務求為股東締造更高的企業價值。

行政總裁負責管理集團業務運作、向董事會提呈策略方針，以及落實推行獲董事會採納的策略及政策。

### 董事會

於二零零六年十二月三十一日，董事會由七位成員組成，分別為主席及其他兩位執行董事、一位非執行董事（「非執行董事」）及三位獨立非執行董事（「獨立非執行董事」）。

董事會認為，各獨立非執行董事均為與管理層並無關係的獨立人士，其獨立判斷不會受到影響。此外，董事會認為，各獨立非執行董事均為董事會事務及其決策貢獻本身的相關經驗。

獨立非執行董事並無涉及本集團的任何業務及財務利益，且與其他董事亦並無任何關係，並已根據創業板上市規則第5.09條向本集團確認彼等為獨立人士。



### THE BOARD (Continued)

The Board met regularly during the year and on ad hoc basis as required by business needs. The Board's primary purpose is to set and review the overall strategic development of the Group and to oversee the achievement of the plans to enhance shareholders' value. Daily operational decisions are delegated to the Executive Directors. The Board met 6 times during the year and the Directors' attendance is shown in the table on page 26. The NED and INEDs may take independent professional advice at the Company's expense in carrying out their functions. The Board has arranged for appropriate insurance coverage for the Directors

The Company appointed each of the Non-Executive directors during the Annual General Meeting or by the Board for new appointment during the year. The term of each of these appointments shall be expired up to the forthcoming Annual General Meeting and can offer for re-election in the Annual General Meeting.

### AUDIT COMMITTEE

The Audit Committee ("Committee") comprises the three INEDs, Mr. Zhang Xiao Yu, Professor Hu Zi Zheng and Mr. Yim Hing Wah with Mr. Zhang Xiao Yu serving as the chairman of the Committee. Each member brings to the Committee his valuable experience in reviewing financial statements and evaluating significant control and financial issues of the Group. He is a member of the Hong Kong Society of Accountants, a fellow member of Association of Chartered Certified Accountants and a member of Hong Kong Securities Institute. Mr. Yim has more than 15 years experience in auditing, accounting, taxation, business consulting and financial management. He possesses the appropriate professional qualification on accounting or related financial management expertise as required under Rule 5.05 (2) of the GEM Listing Rules. Member's attendance at the five meetings held during the year is set out in the table on page 26.

### 董事會 (續)

年內，本集團定期及按業務所需不時舉行會議。董事會的主要功能為制訂及檢討本集團的整體策略發展，以及監督業務計劃成效以提升股東價值。日常營運決策乃授予執行董事。年內，董事會舉行了6次會議，而董事的出席記錄見第26頁所載表內。非執行董事及獨立非執行董事在執行彼等的職務時，可諮詢獨立專業人士的意見，費用概由本公司承擔。

每名非執行董事均由本公司於股東週年大會委任或由董事會於年內新委任。此類委任之任期均須於應屆股東週年大會屆滿，並可於同屆股東週年大會重選連任。

### 審核委員會

審核委員會(「委員會」)由三位獨立非執行董事，即張小虞先生、胡子正教授及嚴慶華先生組成，其中張小虞先生擔任委員會主席。在審閱財務報表、評估本集團重大監控及財務事宜方面，各成員均為委員會貢獻本身的相關寶貴經驗。嚴先生為香港會計師公會會員、英國特許公認會計師公會資深會員及香港證券學會會員。於核數、會計、稅務、商業諮詢及財務管理方面擁有逾15年經驗。彼具備創業板上市規則第5.05(2)條所規定的合適專業會計資格或相關財務管理專才。於年內舉行的5次會議的成員出席記錄見第26頁所載表內。

# Corporate Governance Report

## 企業管治報告

### AUDIT COMMITTEE (Continued)

The Committee is required to assist the Board to fulfill its responsibilities related to external financial reporting, associated announcements and system of internal control. During the year, the Committee reviewed the quarterly and annual reports. Additional meetings may also be held by the Committee from time to time to discuss special projects or other issues that the Committee considered necessary.

The Committee is also responsible for the development, implementation and monitoring of the Groups' policy on external audit. The Committee recommended the appointment and reappointment of the Group's external auditors.

### REMUNERATION COMMITTEE

The Company has not established a Remuneration Committee. The Board is responsible for determining the Company's policy on remuneration of directors and reviewing all remuneration packages of directors. The Company currently does not have any plan to set up a Remuneration Committee considering the small size of the Board.

In determining the remuneration of each Director, the Board looks into individual competence and his/her contributions to the Company, together with the benchmark of the similar executive positions in the market.

### NOMINATION OF DIRECTORS

The Board is responsible for considering the suitability of an individual to act as a Director, and approving and terminating the appointment of a Director. The Company has not established a Nomination Committee. The Company currently does not have any plans to set up a Nomination Committee considering the small size of the Board.

### 審核委員會(續)

委員會須協助董事會履行其就對外財務申報、相關公佈及內部監控制度的職責。年內，委員會已審閱各季度報告及年報。此外，委員會亦會不時因應需要，就商討特殊項目或其他事宜舉行額外會議。

此外，委員會亦負責發展、執行及監控本集團的外部審核政策，並就外聘核數師的委聘及續聘作出推薦。

### 薪酬委員會

本公司並無成立薪酬委員會。董事會負責釐定本公司的董事薪酬政策，並檢討所有董事薪酬組合。鑒於董事會成員人數不多，本公司目前並無計劃成立薪酬委員會。

在釐定每位董事的薪酬時，董事會會考慮個別董事的能力及其對本公司的貢獻，以及類似行政職位的市場薪酬指標。

### 董事提名

董事會負責考慮個別人士是否勝任董事一職，並負責批核及終止董事委任。本公司並無成立提名委員會。鑒於董事會成員人數不多，本公司目前並無計劃成立提名委員會。

### NOMINATION OF DIRECTORS (Continued)

The Chairman is responsible for identifying suitable candidates for member of the Board when there is a vacancy or an additional director is considered necessary. The Chairman proposes the appointment of such candidates to each member of the Board for consideration. Each member of the Board will review the qualifications of the relevant candidates for determining the suitability to the Group on the basis of his or her qualifications, experiences and background.

### 董事提名(續)

董事會主席負責物色合適人選出任董事，以填補空缺或在有需要時的新增董事名額。主席會向董事會各成員建議合資格人選作考慮。董事會各成員將根據候選人的資歷、經驗及背景評估有關人士是否切合本集團的要求。

# Corporate Governance Report

## 企業管治報告

### MEETINGS ATTENDANCE

### 會議出席記錄

		<b>Board</b> 董事會	<b>Audit Committee</b> 審核委員會
<b>Number of Meetings</b>	會議次數	6	5
<b>Executive directors</b>	執行董事		
Mr. Liu Xin	劉新先生	6	N/A 不適用
Mr. Liu Jun	劉均先生	6	N/A 不適用
Professor Wang Xue Zhi	王學志教授	6	N/A 不適用
<b>Non-executive director</b>	非執行董事		
Ms. Liu Yong	劉庸女士	4	N/A 不適用
<b>Independent non-executive directors</b>	獨立非執行董事		
Mr. Zhang Xiao Yu	張小虞先生	4	5
Professor Hu Zi Zheng	胡子正教授	4	5
Mr. Yim Hing Wah	嚴慶華先生	4	5



### CONFIRMATION OF COMPLIANCE WITH MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding Directors’ securities transactions. The Directors have confirmed, following specific inquiry by the Company that they have complied with the required standard set out in the Model Code during the year under review.

### AUDITORS’ REMUNERATION

The Audit Committee of the Company is responsible for considering the appointment of the external auditor and reviewing any non-audit functions performed by the external independent auditor, including whether such non-audit functions could lead to any potential material adverse effect on the Company. During the year under review, the Group is required to pay an aggregate of approximately RMB1,388,000 to the external auditors for their services including audit and non-audit services.

### DIRECTORS’ AND INDEPENDENT AUDITORS’ RESPONSIBILITIES FOR ACCOUNTS

The Directors’ responsibilities for the accounts and the responsibilities of the external independent auditors to the shareholders are set out on page 40.

### LOOKING FORWARD

The Group will keep on reviewing its corporate governance standards on a timely basis and the Board endeavors to take the necessary actions to ensure the compliance with the provisions of the Code on Corporate Governance Practices introduced by the Stock Exchange.

### 確認遵守標準守則

本公司已採納創業板上市規則第5.48至第5.67條所載列的上市發行人董事進行證券交易的標準守則(「標準守則」)作為董事進行證券交易的操守守則。經本公司作出特定查詢後，全體董事已確認彼等於回顧年度內均已遵守標準守則載列的所需標準。

### 核數師酬金

本公司審核委員會負責外部核數師的委聘事宜及檢討外部核數師執行的任何非審核職能，包括該等非審核職能會否對本公司構成任何潛在重大不利影響。於回顧年度內，本集團須就外部獨立核數師所提供的服務(包括審計及非審計服務)向其支付合共約人民幣1,388,000元。

### 董事及獨立核數師就賬目的責任

董事就賬目的責任及外部獨立核數師就股東的責任載列於第40頁。

### 展望

本集團將繼續適時檢討其企業管治水平，而董事會將竭力採取所需措施，以確保遵守聯交所頒佈的企業管治常規守則條文。

# Directors' Report

## 董事會報告書

The Directors present their annual report and the audited financial statements of the Company for the year ended 31 December 2006.

### PRINCIPAL ACTIVITIES

The Company is engaged in the provision of products and services serving the automotive aftermarket and the automobile industry in the PRC and certain overseas countries. The principal activities of its subsidiaries are set out in note 19 to the financial statements.

### RESULTS AND APPROPRIATIONS

Details of the results of the Group and appropriations of the Company for the year are set out in the consolidated income statement and consolidated statement of changes in equity on page 42 and page 45 respectively and the accompanying note 33 to the financial statements.

The Directors recommend the payment of a final dividend of RMB3.5 cents per Share to the shareholders on the register of members on 28 May 2007 amounting to RMB20 million and the retention of the remaining profit for the year of approximately RMB21 million.

### SHARE CAPITAL

Details of movements during the year in the registered and issued share capital of the Company are set out in note 31 to the financial statements.

### PROPERTY, PLANT AND EQUIPMENT

During the year, the Group expended an aggregate of approximately RMB134 million on property, plant and equipment. Details of these and other movements in the property, plant and equipment of the Group and the Company during the year are set out in note 15 to the financial statements.

董事會提呈本公司截至二零零六十二月三十一日止年度的年報及經審核財務報表。

### 主要業務

本公司業務為向中國及若干海外國家的汽車後市場及汽車行業提供產品及服務。其附屬公司的主要業務載於財務報表附註19。

### 業績及分配

集團本年度業績及本公司本年度分配的詳情分別載於第42頁及第45頁綜合收益表及綜合權益變動報表以及財務報表附註33。

董事建議派付末期股息每股人民幣3.5分予於二零零七年五月二十八日名列於股東名冊的股東，合共約人民幣20,000,000元，並保留本年度剩餘溢利約人民幣21,000,000元。

### 股本

本公司註冊及已發行股本於年內之變動已載於財務報表附註31。

### 物業、廠房及設備

年內，集團於物業、廠房及設備上合共支出約人民幣134,000,000元。集團及本公司物業、廠房及設備於年內的該等及其他變動詳情載於財務報表附註15。

## DIRECTORS AND SUPERVISORS

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

Executive directors:

Mr. Liu Xin (*Chairman*)

Mr. Liu Jun (*Chief Executive Officer*)

Professor Wang Xue Zhi

Non-executive director:

Ms. Liu Yong

Independent non-executive directors:

Mr. Zhang Xiao Yu

Professor Hu Zi Zheng

Mr. Yim Hing Wah

Supervisors:

Ms. Hou Wen Tao

Mr. Guo Jian Yuan

Mr. Wang Xi Lin

All Directors and Supervisors have entered into service contracts with the Company, for a term of three years.

In accordance with the provisions of the Company's Articles of Association, the term of office of the Directors shall be three years commencing from the date of appointment or re-election and renewable upon re-appointment or re-election. In accordance with the provisions of the Company's Articles of Association and the PRC Company Law, the term of office of supervisors shall also be three years and renewable upon re-appointment or re-election.

None of the Directors or Supervisors has a service contract with the Company which is not determinable by the Company within one year with payment of compensation, other than statutory compensation.

## 董事及監事

本年度及至本報告日期，本公司的董事及監事為：

執行董事：

劉新先生 董事長

劉均先生 行政總裁

王學志教授

非執行董事：

劉庸女士

獨立非執行董事：

張小虞先生

胡子正教授

嚴慶華先生

監事：

侯文濤女士

郭健源先生

王希琳先生

各董事及監事已與本公司訂立服務合約，任期為三年。

根據本公司組織章程條文，董事任期自委任或連任日期起計三年，並可經重新委任或重選續任。根據本公司組織章程及中國公司法條文，監事任期也是三年，並可經重新委任或重選續任。

董事或監事概無訂立本公司不可於一年內在毋須支付賠償(法定賠償除外)的情況下終止的服務合約。

# Directors' Report

## 董事會報告書

### DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

#### (a) Interests and short positions of Directors, Chief Executives and Supervisors of the Company in the share capital of the Company and its associated corporations

As at 31 December 2006, the Directors, Chief Executives and Supervisors of the Company have the following interests and short positions in the shares, debentures or underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which have been required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which have been required, pursuant to Rules 5.48 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange, were as follows:

#### Long positions in Shares

##### Domestic Shares

Name of Director 董事姓名	Capacity in which shares were held 持股身份	Number of domestic shares 內資股數目	Approximate percentage of the Company's issued domestic shares 佔本公司 已發行內資股 概約百分比	Approximate percentage of the Company's total issued shares 佔本公司已 發行股份總數 概約百分比
Mr. Liu Xin 劉新先生	<sup>(1)</sup> Beneficiary owner <sup>(1)</sup> 實益擁有人	132,000,000	40.00%	25.39%
	<sup>(2)</sup> Interest in controlled company <sup>(2)</sup> 受控公司權益	138,864,000	42.08% (Note 1) (附註1)	26.70%

### 董事、監事及主要行政人員於證券的權益

#### (a) 本公司董事、主要行政人員及監事於本公司及其相關法團之股本中之權益及短倉

於二零零六年十二月三十一日，本公司董事、主要行政人員及監事擁有以下本公司或其相聯法團（定義見證券及期貨條例（「證券及期貨條例」）第XV部）根據證券及期貨條例第XV部第7及8分部須知會本公司及聯交所之任何股份、債券或相關股份中之權益或短倉（包括根據證券及期貨條例有關條文被視為或當作由董事擁有之權益及短倉），或須載入根據證券及期貨條例第352條而存置之登記冊內或根據創業板上市規則第5.48至第5.67條規定須就董事之證券交易知會本公司及聯交所之權益或短倉：

#### 股份長倉

##### 內資股



DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES (Continued)

董事、監事及主要行政人員於證券的權益(續)

Long positions in Shares (Continued)

股份長倉(續)

Domestic Shares (Continued)

內資股(續)

Name of Director 董事姓名	Capacity in which shares were held 持股身份	Number of domestic shares 內資股數目	Approximate percentage of the Company's issued domestic shares	Approximate percentage of the Company's total issued shares
			佔本公司已發行內資股概約百分比	佔本公司已發行股份總數概約百分比
	<sup>(3)</sup> Interest in controlled company	10,261,000	3.11%	1.97%
	<sup>(3)</sup> 受控公司權益		(Note 2)	
Mr. Liu Jun	Interest in controlled company	138,864,000	42.08%	26.70%
劉均先生	受控公司權益		(Note 3)	
Professor Wang Xue Zhi	Beneficiary owner	9,636,000	2.92%	1.85%
王學志教授	實益擁有人			

Notes:

附註:

(1) Mr. Liu Xin holds 60.00% interest in 深圳市浪曲科技開發有限公司("Shenzhen Langqu") which holds approximately 42.08% interest in the issued domestic shares of the Company. The corporate interest of Mr. Liu Xin in the Company duplicates with that held by Mr. Liu Jun in the Company. By virtue of Mr. Liu Xin's holding more than one-third interest in Shenzhen Langqu, Mr. Liu Xin is deemed, under Part XV of the SFO, to be interested in approximately 42.08% interest in the issued domestic shares of the Company apart from his personal interest of 40.00% interest in the issued domestic shares of the Company.

(1) 劉新先生持有深圳市浪曲科技開發有限公司(「深圳浪曲」)之60.00%權益，而深圳浪曲則持有本公司已發行內資股約42.08%權益。劉新先生於本公司之公司權益與劉均先生於本公司所持之權益重複。由於劉新先生持有深圳浪曲三分之一以上權益，故根據證券及期貨條例第XV部，劉新先生除擁有本公司已發行內資股中40.00%之個人權益外，亦被視作擁有本公司已發行內資股約42.08%權益。

### DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES (Continued)

#### Long positions in Shares (Continued)

##### Domestic Shares (Continued)

- (2) Mr. Liu Xin holds 40.00% interest in 深圳市得時域投資有限公司("Shenzhen De Shi Yu") which holds 3.11% interest in the issued domestic shares of the Company. By virtue of Mr. Liu Xin's holding more than one-third interest in Shenzhen De Shi Yu, Mr. Liu Xin is deemed, under the Part XV of the SFO, to be interested in 3.11% interest in the issued domestic shares of the Company apart from his personal interest of 40.00% interest in the issued domestic shares of the Company.
- (3) Mr. Liu Jun holds 40.00% interest in Shenzhen Langqu which holds approximately 42.08% interest in the issued domestic shares of the Company. The corporate interest of Mr. Liu Jun in the Company duplicates with that held by Mr. Liu Xin in the Company. By virtue of Mr. Liu Jun's holding more than one-third interest in Shenzhen Langqu which holds approximately 42.08% interest in the issued domestic shares of the Company, Mr. Liu Jun is deemed, under Part XV of the SFO, to be interested in approximately 42.08% interest in the issued domestic shares of the Company.

Save as disclosed above, as at the 31 December 2006, none of the Directors, Chief executives or Supervisors of the Company has any personal, family, corporate or other interests or short positions in any shares, debentures or underlying shares of the Company or any of its associated corporations as defined in the SFO.

### 董事、監事及主要行政人員於證券的權益(續)

#### 股份長倉(續)

##### 內資股(續)

- (2) 劉新先生於深圳市得時域投資有限公司(「深圳得時域」)持有40.00%權益，而深圳得時域則持有本公司已發行內資股約3.11%之權益。除劉新先生於本公司已發行內資股擁有40.00%之個人權益外，由於其亦持有深圳得時域三分之一以上權益，故根據證券及期貨條例第XV部，劉新先生被視作擁有本公司已發行內資股約3.11%之權益。
- (3) 劉均先生持有深圳浪曲之40.00%權益，而深圳浪曲則持有本公司已發行內資股約42.08%權益。劉均先生於本公司之公司權益與劉新先生於本公司所持之權益重複。由於劉均先生持有深圳浪曲(深圳浪曲持有本公司已發行內資股約42.08%權益)三分之一以上權益，故根據證券及期貨條例第XV部，劉均先生被視作擁有本公司已發行內資股約42.08%權益。

除上文所披露以外，於二零零六年十二月三十一日，本公司各董事、主要行政人員或監事概無於本公司或其任何相聯法團(定義見證券及期貨條例)之股份、債券或相關股份之權益或短倉中擁有任何個人、家族、公司或其他權益。

**DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES (Continued)**

**(b) Persons who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial shareholders**

So far as known to the Directors, as at 31 December 2006, the following (not being a Director or supervisor of the Company) have an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions of 2 and 3 of Part XV of the SFO or be directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

**Long positions in shares and underlying shares in the Company**

(i) Domestic Shares

Name 名稱	Capacity in which shares were held 持股身份	Number of domestic shares 內資股數目	Approximate percentage of the Company's issued domestic shares 佔本公司 已發行內資股 概約百分比	Approximate percentage of the Company's total issued shares 佔本公司已 發行股份總數 概約百分比
Shenzhen Langqu 深圳浪曲	Interest in controlled company 受控公司權益	138,864,000	42.08% (Note 1) (附註1)	26.70%

Note:

- (1) The legal and beneficial interests in the shares of Shenzhen Langqu are owned by Mr. Liu Xin as to 60% and by Mr. Liu Jun as to 40% respectively. Mr. Liu Xin and Mr. Liu Jun are therefore deemed to be interested in all Domestic Shares registered in the name of Shenzhen Langqu under Part XV of the SFO.

**董事、監事及主要行政人員於證券的權益(續)**

**(b) 擁有根據證券及期貨條例第XV部第2及3分部須予披露權益或短倉之人士及主要股東**

於二零零六年十二月三十一日，就董事所知，以下人士(非本公司董事或監事)於本公司股份或有關股份中擁有根據證券及期貨條例第XV部第2及3分部之條文須向本公司披露之權益或短倉，或直接或間接於附有在所有情況下於集團任何其他成員公司股東大會上投票之權利之任何類別股本中擁有10%或以上之權益：

**於本公司股份及相關股份之長倉**

(i) 內資股

Name 名稱	Capacity in which shares were held 持股身份	Number of domestic shares 內資股數目	Approximate percentage of the Company's issued domestic shares 佔本公司 已發行內資股 概約百分比	Approximate percentage of the Company's total issued shares 佔本公司已 發行股份總數 概約百分比
Shenzhen Langqu 深圳浪曲	Interest in controlled company 受控公司權益	138,864,000	42.08% (Note 1) (附註1)	26.70%

附註：

- (1) 深圳浪曲股份之法定及實際權益分別由劉新先生及劉均先生擁有60%及40%。因此，根據證券及期貨條例第XV部，劉新先生及劉均先生被視為擁有以深圳浪曲名義註冊之所有內資股之權益。

# Directors' Report

## 董事會報告書

### DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES (Continued)

(b) Persons who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial shareholders (Continued)

(ii) H Shares

Name 名稱	Capacity in which shares were held 持股身份	Interests in H shares long position H股長倉權益	Approximate percentage of the Company's issued H shares 佔本公司已發行H股概約百分比	Approximate percentage of the Company's total issued shares 佔本公司全部已發行股份概約百分比
McCarthy Kent C.	Interest of corporation controlled by substantial shareholder 主要股東所控制的法團權益	119,516,000	52.42%	21.42% (Note 1) (附註1)
Jayhawk China Fund (Cayman) Ltd. ("JCF")	Investment manager 投資經理	90,756,000	39.81%	16.26%
International Finance Corporation	Beneficial owner 實益擁有人	38,000,000	16.67%	6.81%
Genesis Fund Managers, LLP	Investment manager 投資經理	38,000,000	16.67%	6.81%
Genesis Asset Managers, LLP	Investment manager 投資經理	38,000,000	16.67%	6.81%
Jayhawk Paivate Equity Fund, L. P. ("JPEF")	Investment manager 投資經理	25,405,000	11.14%	4.55%
Genesis Smaller Companies SICAV	Investment manager 投資經理	22,651,000	9.93%	4.06%

### 董事、監事及主要行政人員於證券的權益(續)

(b) 擁有根據證券及期貨條例第XV部第2及3分部須予披露權益或短倉之人士及主要股東(續)

(ii) H股

**DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES (Continued)**

**董事、監事及主要行政人員於證券的權益 (續)**

(b) Persons who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial shareholders (Continued)

(b) 擁有根據證券及期貨條例第XV部第2及3分部須予披露權益或短倉之人士及主要股東 (續)

(ii) H Shares (Continued)

(ii) H股 (續)

Name 名稱	Capacity in which shares were held 持股身份	Interests in H shares long position H股長倉權益	Approximate percentage of the Company's issued H shares 佔本公司已發行H股概約百分比	Approximate percentage of the Company's total issued shares 佔本公司全部已發行股份概約百分比
Citigroup Inc.	Custodian corporation 保管人法團	15,349,000	6.73%	2.75%
United Technologies Corporation Master Trust	Investment manager 投資經理	15,349,000	6.73%	2.75%
Baring Asia II Holdings (20) Limited	Beneficial owner 實益擁有人	12,275,000	5.38%	2.20%
Baring Asia Private Equity Fund II L.P.1	Interest of corporation controlled by substantial shareholder 主要股東所控制的法團權益	12,275,000	5.38%	2.20% (Note 2) (附註2)
Carlson Fund Equity Asian Small Cap	Investment manager 投資經理	12,180,000	5.34%	2.18%



# Directors' Report

## 董事會報告書

### Notes:

1. McCarthy Kent C is interested in 100% of the issued share capital of JCF and JPEF. Therefore, by virtue of Part XV of the SFO, the H Shares in which JCF and JPEF are shown as being interested are included in and duplicate with interest in the H Shares held by McCarthy Kent C.
2. Baring Asia Private Equity Fund II L.P. 1 is interested in 47.14% of the issued share capital of Baring Asia II Holdings (20) Limited. Therefore, by virtue of Part XV of the SFO, the H Shares in which Baring Asia II Holdings (20) Limited is shown as being interested are included in and duplicate with interest in the H Shares held by Baring Asia Private Equity Fund II L.P. 1.

## DIRECTORS' INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS

No contracts of significance to which the Company or any of its 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 ended 31 December 2006.

## MAJOR CUSTOMERS AND SUPPLIERS

During the year, the aggregate turnover attributable to the Group's five largest customers was approximately 22% of the Group's total turnover and the Group's largest customer accounted for approximately 5% of the Group's turnover.

The aggregate purchases during the year attributable to the Group's five largest suppliers was approximately 10% of the Group's total purchases and the Group's largest supplier accounted for approximately 30% of the Group's total purchases.

None of the Directors, or Supervisors, their associates or any shareholder of the Company (which to the knowledge of the directors and supervisors own more than 5% of the Company's issued share capital) had any interest in any of the five largest customers or suppliers of the Group.

### 附註：

1. McCarthy Kent C 於 JCF 及 JPEF 已發行股本擁有 100% 之權益，因此，按證券及期貨條例第 XV 部，JCF 及 JPEF 據顯示擁有之該等 H 股權益乃包括於並與 McCarthy Kent C 持有之 H 股權益重覆。
2. Baring Asia Private Equity Fund II L.P. 1 於 Baring Asia II Holdings (20) Limited 之已發行股本擁有 47.14% 之權益。因此，按證券及期貨條例第 XV 部，Baring Asia II Holdings (20) Limited 據顯示擁有之該等 H 股權益乃包括於並與 Baring Asia Private Equity Fund II L.P. 1 持有之 H 股權益重覆。

## 董事於合約及關連交易的權益

本公司董事概無於本公司或其任何附屬公司所訂立直至二零零六年十二月三十一日止年度結束時或年內任何時間仍然存續之任何重大合約中直接或間接擁有重大權益。

## 主要客戶及供應商

年內，集團五大客戶應佔的營業總額約為集團總營業額的 22%，而集團最大客戶則佔集團總營業額約 5%。

年內，集團五大供應商應佔的採購總額約為集團總採購額的 10%，而集團最大供應商則佔集團總採購額約 30%。

就董事所知，擁有超過本公司已發行股本 5% 權益的本公司董事、監事、彼等的聯繫人士或任何股東，概無擁有集團五大客戶或供應商中任何一間的任何權益。

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

## PRE-EMPTIVE RIGHTS

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

## BOARD PRACTICES AND PROCEDURES

The Company has complied with the board practices and procedures as set out in Rules 5.34 to 5.45 of the GEM Listing Rules during this year.

## AUDIT COMMITTEE

An audit committee was established on 21 March 2002 with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group. The audit committee comprises the three independent non-executive directors, Mr. Zhang Xiao Yu, Professor Hu Zi Zheng and Mr. Yim Hing Wah.

Five audit committee meetings were held in 2006 and up to the date of this announcement to perform the following duties:

- review the 2005 and 2006 annual reports and first to third quarterly reports of 2006 of the Company; and
- review and supervise the internal control system of the Group.

## 購買、出售或贖回本公司已上市證券

年內，本公司或其任何附屬公司概無購買、出售或贖回本公司任何已上市證券。

## 優先認購權

本公司之公司組織章程或中國法例並無訂明本公司須按比例向現有股東發售新股的優先認購權條文。

## 董事會慣例及程序

本公司於本年度遵照創業板上市規則第5.34至5.45條所載董事會慣例及程序。

## 審核委員會

本公司已於二零零二年三月二十一日，根據創業板上市規則第5.28至5.33條，成立具有明確職權範圍之審核委員會。審核委員會的主要職責為審核及監督集團的財務申報過程及內部控制制度。審核委員會之成員包括三名獨立非執行董事張小虞先生、胡子正教授及嚴慶華先生。

審核委員會於二零零六年度及至本公佈日期，曾召開五次審核委員會會議，以履行以下職責：

- 審閱本公司二零零五年及二零零六年年報及二零零六年第一至三季報告；以及
- 審閱及監督集團的內部控制制度。

# Directors' Report

## 董事會報告書

### SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company has also made specific enquiry to all Directors and the Company is not aware of any non-compliance with the required standard of dealings and the code of conduct regarding securities transactions by Directors adopted by the Company throughout the year.

### COMPETING INTERESTS

None of the Directors or the management shareholders of the Company or their respective associates (as defined in the GEM Listing Rules) had an interest in a business which causes or may cause significant competition with the business of the Group.

### INDEPENDENT AUDITORS

The financial statements of the Company for the 3 years ended 31 December 2004 to 2006 were audited by Grant Thornton.

A resolution will be submitted to the annual general meeting of the Company to re-appoint Grant Thornton as independent auditors of the Company.

By order of the Board

**Launch Tech Company Limited**

**Liu Xin**

*Chairman*

Shenzhen, the PRC  
29 March 2007

### 董事進行證券交易

本公司已採納一套有關董事進行證券交易之操守準則，條款不遜於創業板上市規則第5.48至5.67條所規定之交易標準。經向全體董事作出特別查詢後，本公司並不知悉有任何董事於本年內不遵守所需交易準則及本公司所採納有關董事進行證券交易之操守準則。

### 競爭權益

本公司董事或管理層股東或彼等各自的聯繫人(定義見創業板上市規則)概無於與集團業務競爭或可能造成與集團激烈業務競爭的業務中擁有權益。

### 獨立核數師

截至二零零四年至二零零六年十二月三十一日止三個年度之本公司財務報表乃經均富會計師行審核。

本公司將於本公司股東週年大會提呈決議案重新委任均富會計師行為本公司之獨立核數師。

承董事會命

深圳市元征科技股份有限公司

董事長

劉新

中國·深圳  
二零零七年三月二十九日

# Supervisory Committee's Report

## 監事會報告書

To: All Shareholders

During the year ended 31 December 2006, the Supervisory Committee of Launch Tech Company Limited has compiled with the Company Law of the PRC and requirements of the relevant laws and regulations of Hong Kong and the Articles of Association of the Company, exercised conscientiously its authority, safeguarded the interests of the shareholders and the Company, followed the principle of honesty and trustworthiness and worked cautiously and diligently.

During the year, we provided reasonable suggestions and advice on the operations and development plans to the Board and strictly and effectively monitored whether the policies and decisions made had conformed with the state laws and regulations and the Articles of Association of the Company or safeguarded the interests of the shareholders.

After investigation, we consider that the financial statements of the Company, audited by Grant Thornton, truly and sufficiently reflect the operating results and asset positions of the Company. We also reviewed the Report of the Directors and the profit distribution proposal. We consider that the above report and proposal meet the requirements of the relevant regulations and associations of the Company. We have attended the meeting of the Board of Directors. We consider that the members of the Board of Directors, the chief executive and other officers have strictly complied with the principle of honesty and trustworthiness, worked diligently and sincerely acted in the best interests of the Company. Up to now, none of the Directors, chief executive and other officers have abused their powers, caused damages to the interests of the Company and infringed upon the interests of the Company and its staff, nor have they violated any laws, regulations or the Company's Articles of Association.

We are satisfied with the various tasks achieved in the year 2006 as well as the cost-effectiveness gained, and are confident about the prospects of future development of the Company.

On behalf of the Supervisory Committee

**Hou Wen Tao**

*Chairwoman of the Supervisory Committee*

Shenzhen, the PRC

29 March 2007

各位股東：

深圳市元征科技股份有限公司監事會（「本監事會」）在截至二零零六年十二月三十一日止年度內遵照《中華人民共和國公司法》、香港有關法律、法規及公司章程的規定，認真履行職權，維護股東權益，維護本公司利益，遵守誠信原則，恪盡職守，合理謹慎、勤勉主動地開展工作。

在本年度內本監事會對本公司的經營及發展計劃向董事會提出合理的建議和意見，對本公司管理層的重大決策及具體決定是否符合國家法律、法規以及本公司章程，是否維護股東利益等，進行了嚴格有效的監督。

本監事會認真審閱並同意董事會擬提呈予本次股東年會的董事會報告、經均富會計師行審核的財務報告以及股利派發方案，認為本公司董事會成員、總裁及其他高級管理人員，嚴格遵守誠信原則，工作克勤盡職，真誠地以公司最大利益為出發點行使職權。至今未發現董事、總裁及高級管理人員濫用職權、損害本公司利益及侵犯本公司股東和本公司員工權益之行為，亦未違反法例、規則或本公司的公司章程。

本監事會對本公司二零零六年度各項工作和取得的經濟效益表示滿意，對公司未來的發展前景充滿信心。

代表監事會

監事會主席

侯文濤

中國·深圳

二零零七年三月二十九日

# Independent Auditors' Report

## 獨立核數師報告書

### Grant Thornton

#### 均富會計師行

#### To the members of Launch Tech Company Limited

*(A joint stock company with limited liability established in the People's Republic of China)*

We have audited the consolidated financial statements of Launch Tech Company Limited 深圳市元征科技股份有限公司 (the "Company") set out on pages 42 to 109, which comprise the consolidated and company balance sheets as at 31 December 2006, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

#### DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

#### AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

致：深圳市元征科技股份有限公司股東  
(於中華人民共和國成立之股份有限公司)

本行已完成審核載於第42頁至第109頁深圳市元征科技股份有限公司(「貴公司」)的綜合財務報表，此綜合財務報表包括於二零零六年十二月三十一日的綜合及公司資產負債表與截至該日止年度的綜合收益表、綜合權益變動表及綜合現金流量表，以及主要會計政策概要及其他附註解釋。

#### 董事就財務報表須承擔的責任

貴公司董事須負責根據香港會計師公會頒佈的香港財務報告準則及香港《公司條例》之披露要求、編製及真實而公平地列報該等財務報表。這責任包括設計、實施及維護與編製及真實而公平地列報財務報表相關的內部監控，以使財務報表不存在由於欺詐或錯誤而導致的重大錯誤陳述；選擇和應用適當的會計政策；及按情況作出合理的會計估計。

#### 核數師的責任

本行的責任是根據吾等的審核，對該等財務報表作出意見並僅向整體股東報告，除此之外本報告別無其他目的。本行不會就本報告的內容向任何其他人士負上或承擔任何責任。



# Independent Auditors' Report

## 獨立核數師報告書

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 as to whether the financial statements are free from material misstatement.

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

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

### OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2006 and of the Group's profit 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.

#### Grant Thornton

*Certified Public Accountants*  
13th Floor, Gloucester Tower  
The Landmark  
15 Queen's Road Central  
Hong Kong  
29 March 2007

本行已根據香港會計師公會頒佈的香港審計準則進行審核。這些準則要求我們遵守道義規範，並規劃及執行審核，以合理確定此等財務報表是否不存有任何重大錯誤陳述。

審核涉及執程序以獲取有關財務報表所載金額及披露資料的審核憑證。所選定的程序取決於核數師的判斷，包括評估由於期詐或錯誤而導致財務報表存有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及真實而公平地列報財務報表相關的內部監控，以設計適當的審核程序，但並非為對公司的內部監控之有效性發表意見。審核亦包括評價董事所採用的會計政策的合適性及所作出的會計估計的合理性，以及評價財務表的整體列報方式。

本行相信，吾等所獲得的審核憑證充足及適當地為我們的審核意見提供基礎。

### 意見

本行認為，該等綜合財務報表已根據香港財務報告準則真實而公平地反映 貴公司及 貴集團於二零零六年十二月三十一日的事務狀況及 貴集團截至該日止年度的溢利及現金流量，並已按照香港《公司條例》的披露要求而妥為編製。

#### 均富會計師行

*執業會計師*  
香港中環皇后大道中 15 號  
置地廣場  
告羅士打大廈 13 樓  
香港  
二零零七年三月二十九日

# Consolidated Income Statement

## 綜合收益表

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

			2006 二零零六年 RMB'000 人民幣千元	2005 二零零五年 RMB'000 人民幣千元
<b>Turnover</b>	<b>營業額</b>	6	304,211	342,586
Cost of sales	銷售成本		(141,283)	(190,219)
<b>Gross profit</b>	<b>毛利</b>		162,928	152,367
Other income	其他收益	6	19,831	38,157
Selling expenses	銷售開支		(64,909)	(69,513)
Administrative expenses	行政費用		(37,708)	(44,854)
Research and development expenses	研發費用		(12,853)	(8,500)
Loss on disposal of assets	出售資產虧損	8	–	(7,807)
Write off of payment for other investment	其他投資付款撇銷		–	(5,400)
Other operating expenses	其他經營開支		(19,085)	(2,098)
Finance costs	財務成本	10	(8,147)	(11,126)
Share of result of an associate	應佔一間聯營公司業績		(961)	–
<b>Profit before income tax</b>	<b>除所得稅前溢利</b>	7	39,096	41,226
Income tax	所得稅	11	2,033	(4,097)
<b>Profit for the year</b>	<b>本年度溢利</b>	12	41,129	37,129
Attributable to:	應佔：			
Equity holders of the Company	本公司權益持有人		41,129	37,118
Minority interest	少數股東權益		–	11
<b>Profit for the year</b>	<b>本年度溢利</b>		41,129	37,129
<b>Dividends</b>	<b>股息</b>	13	19,530	19,530
<b>Earnings per share for profit attributable to the equity holders of the Company during the year</b>	<b>本公司權益持有人應佔年內溢利之每股盈利</b>			
– Basic	– 基本	14	0.074	0.071

# Consolidated Balance Sheet

## 綜合資產負債表

As at 31 December 2006 於二零零六年十二月三十一日

			2006	2005
			二零零六年	二零零五年
	Notes		RMB'000	RMB'000
	附註		人民幣千元	人民幣千元
<b>ASSETS AND LIABILITIES</b>		<b>資產及負債</b>		
<b>Non-current assets</b>		<b>非流動資產</b>		
Property, plant and equipment		物業、廠房及設備	15 215,508	94,508
Leasehold land and land use rights		租賃土地及土地使用權	16 23,794	25,046
Goodwill		商譽	17 3,658	2,636
Development costs		開發成本	18 41,247	38,918
Interest in an associate		於一間聯營公司之權益	20 389	1,350
Pledged bank deposit		已抵押之銀行存款	27 5,040	-
			<hr/> 289,636	162,458
<b>Current assets</b>		<b>流動資產</b>		
Inventories		存貨	21 82,219	69,269
Trade receivables		應收貿易賬款	22 233,784	195,335
Other receivables, deposits and prepayments		其他應收款項、 按金及預付款項	23 105,864	84,680
Amount due from an associate		一間聯營公司欠款	25 43	-
Amount due from a related company		一間關連公司欠款	26 1,271	682
Pledged bank deposits		已抵押之銀行存款	27 20,784	12,350
Cash at banks and in hand		銀行結餘及現金	45,197	89,984
			<hr/> 489,162	452,300
<b>Current liabilities</b>		<b>流動負債</b>		
Trade payables		應付貿易賬款	28 68,119	70,897
Bills payable		應付票據	27 6,324	30,000
Other payables and accrued charges		其他應付款項及應計費用	16,486	16,916
Income tax payable		應付所得稅項	371	4,258
Current portion of borrowings		借貸之流動部分	29 173,339	155,167
			<hr/> 264,639	277,238
<b>Net current assets</b>		<b>流動資產淨值</b>	<hr/> 224,523	175,062
<b>Total assets less current liabilities</b>		<b>總資產減流動負債</b>	<hr/> 514,159	337,520
<b>Non-current liabilities</b>		<b>非流動負債</b>		
Borrowings		借貸	29 95,000	-
<b>Net assets</b>		<b>資產淨值</b>	<hr/> 419,159	337,520

# Consolidated Balance Sheet

## 綜合資產負債表

As at 31 December 2006 於二零零六年十二月三十一日

			2006 二零零六年 RMB'000 人民幣千元	2005 二零零五年 RMB'000 人民幣千元
<b>EQUITY</b>	<b>權益</b>			
<b>Equity attributable to the Company's equity holders</b>	<b>本公司權益持有人應佔權益</b>			
Share capital	股本	31	55,800	52,000
Reserves	儲備	32(a)	343,829	265,990
Proposed final dividend	建議末期股息	13	19,530	19,530
<b>Total equity</b>	<b>權益總額</b>		<b>419,159</b>	<b>337,520</b>

**Mr. Liu Xin**

劉新

Director

董事

**Mr. Liu Jun**

劉均

Director

董事

# Balance Sheet

## 資產負債表

As at 31 December 2006 於二零零六年十二月三十一日

	Notes 附註	2006 二零零六年 RMB'000 人民幣千元	2005 二零零五年 RMB'000 人民幣千元
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	15	160,122	48,559
Leasehold land and land use rights	16	11,149	11,805
Development costs	18	37,172	38,295
Investments in subsidiaries	19	78,054	42,054
Interest in an associate	20	1,350	1,350
Pledged bank deposit	27	5,040	–
		292,887	142,063
<b>Current assets</b>			
Inventories	21	56,200	55,379
Trade receivables	22	215,778	186,836
Other receivables, deposits and prepayments	23		
Amounts due from subsidiaries		92,978	76,477
Amount due from an associate	24	36,622	16,742
Amount due from a related company	25	43	–
Pledged bank deposits	26	1,271	682
Cash at banks and in hand	27	18,377	11,000
		42,762	88,540
		464,031	435,656
<b>Current liabilities</b>			
Trade payables	28	26,470	46,470
Bills payable	27	1,510	25,000
Other payables and accrued charges		13,239	12,152
Amounts due to subsidiaries	24	86,325	2,610
Income tax payable		–	4,000
Current portion of borrowings	29	153,339	125,167
		280,883	215,399
<b>Net current assets</b>		183,148	220,257
<b>Total assets less current liabilities</b>		476,035	362,320
<b>Non-current liabilities</b>			
Borrowings	29	95,000	–
		95,000	–
<b>Net assets</b>		381,035	362,320
<b>EQUITY</b>			
Share capital	31	55,800	52,000
Reserves	32(b)	305,705	290,790
Proposed final dividend	13	19,530	19,530
<b>Total equity</b>		381,035	362,320
<b>Mr. Liu Xin</b> 劉新 Director 董事			
<b>Mr. Liu Jun</b> 劉均 Director 董事			



# Consolidated Cash Flow Statement

## 綜合現金流量表

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

		2006	2005
		二零零六年	二零零五年
	Notes	RMB'000	RMB'000
	附註	人民幣千元	人民幣千元
<b>Cash flows from operating activities</b>	<b>經營業務產生之流動現金</b>		
Profit before income tax	除所得稅前溢利	39,096	41,226
Adjustments for:	經調整：		
Interest expenses	利息支出	7,767	10,889
Interest income	利息收入	(862)	(2,354)
Amortisation of development costs	開發成本之攤銷	9,490	6,251
Depreciation of property, plant and equipment	物業、廠房及設備之折舊	16,586	13,801
Annual charges on leasehold land and land use rights	租賃土地及土地使用權年費	788	788
Loss on disposals of property, plant and equipment	出售物業、廠房及設備之虧損	2,108	2,484
Loss on disposals of assets	出售資產之虧損	-	7,807
Gain on disposals of subsidiaries	出售附屬公司收益	-	(1,762)
Write off of payment for other investment	其他投資付款撇銷	-	5,400
Provision for impairment on trade receivables	貿易應收賬款項減值	7,518	-
Reversal of provision for slow-moving inventories	撥回滯銷存貨撥備	(1,819)	-
Inventory written off	存貨撇銷	-	10,534
Share of results of an associate	應佔一間聯營公司業績	961	-
Operating profit before working capital changes	營運資金變動前之經營溢利	81,633	95,064
(Increase)/decrease in inventories	存貨(增加)/減少	(11,131)	26,666
Increase in trade receivables	應收貿易賬款增加	(45,795)	(72,591)
Increase in amount due from an associate	聯營公司欠款增加	(43)	-
Increase in other receivables, deposits and prepayments	其他應收款項、按金及預付款項增加	(20,234)	(46,916)
(Decrease)/increase in trade payables	應付貿易賬款(減少)/增加	(2,778)	4,709
Decrease in other payables and accrued charges	其他應付款項及應計費用減少	(11,799)	(23,380)
Decrease in bills payable	應付票據減少	(23,676)	(150,621)
Cash used in operations	經營業務所用現金	(33,823)	(167,069)
Interest paid	已付利息	(7,767)	(10,889)
Income tax paid	已付所得稅	(1,854)	(9,100)
Net cash used in operating activities	經營業務所用現金淨額	(43,444)	(187,058)

# Consolidated Cash Flow Statement

## 綜合現金流量表

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

		2006 二零零六年 RMB'000 人民幣千元	2005 二零零五年 RMB'000 人民幣千元
	Notes 附註		
<b>Cash flows from investing activities</b>	<b>投資活動產生之流動現金</b>		
Establishment of an associate	成立聯營公司	–	(1,350)
Additions of property, plant and equipment	新增物業、廠房及設備 所支付之按金	(129,508)	(16,678)
Additions of development costs	開發成本增加	(11,819)	(13,470)
Acquisition of subsidiaries (net of cash and cash equivalents acquired)	收購附屬公司(減收購之現金及現金等價物)	33 (973)	–
Disposals of subsidiaries (net of cash and cash equivalents disposed of)	出售附屬公司(減出售之現金及現金等價物)	–	(270)
Advance to a related company	給予一間關連公司之墊款	(589)	(682)
Proceeds from disposals of property, plant and equipment	出售物業、廠房及設備 所得款	2,876	2,900
Proceeds from disposals of leasehold land and land use rights	出售租賃土地及土地 使用權所得款	464	–
Interest expense capitalised under property plant and equipment	物業、廠房及設備撥充資本之 利息開支	(4,290)	–
Additional capital contribution by minority interests on a subsidiary disposed of	已出售一間附屬公司少數 投資者之額外出資	–	1,400
Interest received	已收利息	862	2,354
Net cash used in investing activities	投資活動所用現金淨額	(142,977)	(25,796)
<b>Cash flows from financing activities</b>	<b>融資活動產生之流動現金</b>		
Issue of H shares	發行H股	67,217	–
Share issue expense	關於發行股份之支出	(6,523)	–
(Increase)/decrease in pledged bank deposits	已抵押銀行存款(增加)/ 減少	(13,474)	125,350
Bank loans raised	新增銀行貸款	268,339	155,167
Repayment of bank loans	償還銀行貸款	(155,167)	(154,707)
Dividends paid	已付股息	(18,157)	(18,200)
Net cash generated from/(used in) financing activities	融資活動產生/(所用)之 流動現金	142,235	107,610
<b>Net decrease in cash and cash equivalents</b>	<b>現金及現金等價物減少淨額</b>	(44,186)	(105,244)
<b>Cash and cash equivalents at beginning of the year</b>	<b>年初之現金及現金等價物</b>	89,984	195,427
Effect of foreign exchange rate changes, on cash held	外匯變動對持有之現金 之影響	(601)	(199)
<b>Cash and cash equivalents at end of the year, comprising cash at banks and in hand</b>	<b>年末之現金及現金等價物， 計有銀行結餘及現金</b>	45,197	89,984

# Consolidated Statement of Changes in Equity

## 綜合權益變動報表

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

		Attributable to equity holders of the Company 本公司權益持有人應佔								
		股本	股份溢價*	法定* 公積金	法定* 公益金	換算儲備*	累計溢利*	建議之 末期股息	少數 股東權益	權益總額
		Share capital	Share* premium	Statutory* surplus reserve	Statutory* public welfare fund	Translation* reserve	Accumulated* profits	Proposed final dividend	Minority interest	Total equity
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
			(Note 32)	(Note 32)	(Note 32)		(Note 32)			
			(附註32)	(附註32)	(附註32)		(附註32)			
At 1 January 2005	於二零零五年一月一日	52,000	169,594	10,118	10,118	150	59,234	18,200	339	319,753
Appropriation	分配	-	-	1,441	1,441	-	(2,882)	-	-	-
2004 final dividend paid	二零零四年已付之末期股息	-	-	-	-	-	-	(18,200)	-	(18,200)
Contribution from minority interests	少數股東出資	-	-	-	-	-	-	-	1,400	1,400
Currency translation differences - total income and expense recognised directly in equity	貨幣換算差額 - 直接反映於權益 之總收入及支出	-	-	-	-	(812)	-	-	-	(812)
Profit for the year	年內利潤	-	-	-	-	-	37,118	-	11	37,129
Total income and expense for the year	年內收入及 支出總額	-	-	-	-	(812)	37,118	-	11	36,317
Disposals of subsidiaries	出售附屬公司	-	-	-	-	-	-	-	(1,750)	(1,750)
2005 proposed final dividend	二零零五年建議之 末期股息	-	-	-	-	-	(19,530)	19,530	-	-
At 31 December 2005 and 1 January 2006	於二零零五年十二月三十一日及 二零零六年一月一日	52,000	169,594	11,559	11,559	(662)	73,940	19,530	-	337,520
Issue of H shares	發行H股	3,800	63,417	-	-	-	-	-	-	67,217
Share issue expenses	股份發行費用	-	(6,523)	-	-	-	-	-	-	(6,523)
Appropriation	分配	-	-	4,042	4,042	-	(8,084)	-	-	-
2005 final dividend paid	已付二零零五年末期股息	-	-	-	-	-	-	(19,530)	-	(19,530)
Currency translation differences-total income and expense recognised directly in equity	貨幣換算差額 - 直接反映於權益之 總收入及支出	-	-	-	-	(654)	-	-	-	(654)
Profit for the year	年內利潤	-	-	-	-	-	41,129	-	-	41,129
Total income and expense for the year	年內收入及 支出總額	-	-	-	-	(654)	41,129	-	-	40,475
2006 proposed final dividend	二零零六年建議之 末期股息	-	-	-	-	-	(19,530)	19,530	-	-
At 31 December 2006	於二零零六年十二月三十一日	55,800	226,488	15,601	15,601	(1,316)	87,455	19,530	-	419,159

\* These reserve accounts comprises the reserves of RMB343,829,000 (2005: RMB265,990,000) in the consolidated balance sheet.

\* 此等儲備賬戶包括於綜合資產負債表內之儲備人民幣343,829,000元(二零零五年: 人民幣265,990,000元)。

Total income and expenses attributable to equity holders of the Company for the year amounts to RMB40,475,000 (2005: RMB36,306,000).

本公司權益持有人年內應佔之總收入及支出達人民幣40,475,000元(二零零五年: 人民幣36,306,000元)。

# Notes to the Financial Statements

## 財務報表附註

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

### 1. GENERAL INFORMATION

The Company was established in Shenzhen, the People's Republic of China (the "PRC") as a joint stock limited company and its overseas listed foreign invested shares ("H Shares") are listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since October 2002. The address of the Company's registered office is 2-8 Floors, Xin Yan Building, Bagua Number Four Road, Futian District, Shenzhen, the PRC and, its principal place of business in the PRC is Launch Industrial Park, North of Wuhe Road, Banxuegang, Longgang District, Shenzhen, the PRC.

These financial statements on pages 42 to 109 have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") which collective term includes all applicable and individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations as issued by the Hong Kong Institute of Certified Public Accountants. These financial statements comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

The financial statements for the year ended 31 December 2006 were approved by the board of directors on 29 March 2007.

### 2. NATURE OF OPERATIONS

The principal activities of the Company and its subsidiaries (the "Group") are provision of products and services serving the automotive aftermarket and the automobile industry in the PRC and certain overseas countries.

### 1. 一般資料

本公司為在中華人民共和國(「中國」)深圳成立之股份有限公司。其海外上市外資股(「H股」)自二零零二年十月以來在香港聯合交易所有限公司(「聯交所」)創業板(「創業板」)上市。本公司註冊辦事處之地址為中國深圳福田區八卦四路新陽大廈2至8樓，而主要營業地點之地址為中國深圳市龍崗區坂雪崗工業區五和大道北元征工業園。

載於第42至109頁之此等財務報表乃根據頒佈之香港財務申報準則(「香港財務申報準則」)編制，該等香港財務申報準則包括香港會計師公會頒佈之所有適用香港財務申報準則、香港會計準則及詮釋。此等財務報表遵守香港公司條例及香港聯合交易所有限公司創業板證券上市規則之適用披露規定。

截至二零零六年十二月三十一日止年度之財務報表已於二零零七年三月二十九日經董事會批准。

### 2. 業務性質

本公司及其子公司(「本集團」)之主要業務為向中國及若干海外國家的汽車後市場及汽車業提供產品及服務。

# Notes to the Financial Statements

## 財務報表附註

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

### 3. ADOPTION OF NEW OR AMENDED HKFRS

From 1 January 2006, the Group has adopted all the new and amended HKFRSs which are first effective on 1 January 2006 and relevant to the Group. The adoption of these new and amended HKFRSs did not result in significant changes in the Group's accounting policies.

#### 3.1 New or amended HKFRSs that have been issued but are not yet effective

The Group has not early adopted the following, HKFRSs that have been issued but are not yet effective. The directors of the Company anticipate that the adoption of such HKFRSs will not result in material financial impact on the Group's financial statements.

Amendment to HKAS 1	"Presentation of financial Statement" – Capital Disclosure <sup>1</sup>
HKFRS 7	"Financial Instruments Disclosures" <sup>1</sup>
HKFRS 8	"Operating Segments" <sup>7</sup>
HK(IFRIC) Interpretation 7	"Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies" <sup>2</sup>
HK(IFRIC) Interpretation 8	"Scope of HKFRS 2" <sup>3</sup>
HK(IFRIC) Interpretation 9	"Reassessment of Embedded Derivatives" <sup>4</sup>

### 3. 採納新訂或經修訂香港財務申報準則

由二零零六年一月一日起，本集團已採納於二零零六年一月一日起首先生效並與本集團相關之新訂及經修訂香港財務申報準則。採納該等新訂及經修訂香港財務申報準則並未引致本集團會計政策之顯著變動。

#### 3.1 已公佈惟尚未生效之新訂或經修訂香港財務申報準則

本集團並未提早採納以下已頒佈但尚未生效之香港財務報告準則。本公司董事預計，採納有關香港財務報告準則，將不會對本集團之財務報表造成重大財務影響。

香港會計準則第1號 (修訂案)	「財務報表呈報」 — 資本披露 <sup>1</sup>
香港財務報告準則 第7號	「金融工具— 披露」 <sup>1</sup>
香港財務報告準則 第8號	「經營分部」 <sup>7</sup>
香港(國際財務報告 詮釋委員會) — 詮釋第7號	「根據香港會計 準則第29號 嚴重通脹 經濟的財務 報告應用 重列法」 <sup>2</sup>
香港(國際財務報告 詮釋委員會) — 詮釋第8號	「香港財務報告 準則 第2號的範疇」 <sup>3</sup>
香港(國際財務報告 詮釋委員會) — 詮釋第9號	「內置衍生工具 的重新評估」 <sup>4</sup>



# Notes to the Financial Statements

## 財務報表附註

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

### 3. ADOPTION OF NEW OR AMENDED HKFRS (Continued)

#### 3.1 New or amended HKFRSs that have been issued but are not yet effective (Continued)

HK(IFRIC) Interpretation 10	“Interim Financial Reporting and Impairment” <sup>5</sup>
HK(IFRIC) Interpretation 11	“Group and Treasury Share Transactions” <sup>6</sup>
HK(IFRIC) Interpretation 12	“Service Concession Arrangement” <sup>8</sup>

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

### 3. 採納新訂或經修訂香港財務申報準則(續)

#### 3.1 已公佈惟尚未生效之新訂或經修訂香港財務申報準則(續)

香港(國際財務報告 詮釋委員會) — 詮釋第10號	「中期財務報告 及減值」 <sup>5</sup>
香港(國際財務報告 詮釋委員會) — 詮釋第11號	「集團及庫存 股份交易」 <sup>6</sup>
香港(國際財務報告 詮釋委員會) — 詮釋第12號	「服務經營協 議」 <sup>8</sup>

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

# Notes to the Financial Statements

## 財務報表附註

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

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 4.1 Basis of preparation

The significant accounting policies that have been used in the preparation of these consolidated financial statements which are consistent with last year, are summarised below.

These financial statements have been prepared on the historical cost basis. The measurement bases are fully described in the accounting policies below.

It should be noted that accounting estimates and assumptions are used in preparation of the financial statements. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

#### 4.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries (together referred to as "the Group") made up to 31 December each year.

#### 4.3 Subsidiaries

Subsidiaries are all entities over which the Group has the power to control the financial and operating policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

### 4. 主要會計政策概要

#### 4.1 編製基準

編製此等財務報表時採納之重大會計政策與去年採用者一致，並概述如下。

此等財務報表乃按照歷史成本法編製。計量基準於以下會計政策內詳述。

務請注意，編製財務報表時須作出會計估計及假設。儘管此等估計乃按管理層對現行事件及行動所深知而作出，惟實際結果最終或會有別於該等估計。

#### 4.2 綜合賬目之基準

綜合財務報表載有本公司及其附屬公司(統稱為「集團」)截至每年十二月三十一日止之財務報表。

#### 4.3 附屬公司

附屬公司為本公司擁有權力控制其財務及營運政策之實體。本集團會於評估本公司是否控制另一家實體時，考慮現時可行使或可兌換之潛在投票權存在與否及其影響。附屬公司之賬目自控制權轉讓予本集團之日起綜合計入，而有關賬目將於該控制權終止之日自綜合賬目剔除。

# Notes to the Financial Statements

## 財務報表附註

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

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 4.3 Subsidiaries (Continued)

Business combinations (other than combining entities under common control) are accounted for by apply the purchase method. This involves the revaluation at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated balance sheet at their revalued amounts, which are also used as the bases for subsequent measurement in accordance with the Group accounting policies.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

In the Company's balance sheet, subsidiaries are carried at cost less impairment loss. The results of the subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the balance sheet date.

### 4. 主要會計政策概要(續)

#### 4.3 附屬公司(續)

業務組合(於共同控制下實體之組合除外)乃採取收購法入賬。此情況涉及按公平值重估於收購日期所有可識別資產及負債,包括該附屬公司之或然負債,而不論該等資產及負債於收購前是否記錄於該附屬公司之財務報表。於初步確認時,該附屬公司之資產及負債會按重估金額計入綜合資產負債表,並將按照本集團之會計政策用作其後計量之基準。

集團內公司間之交易、集團內公司間交易之結餘及未變現收益會作對銷。未變現虧損亦會對銷,惟有證據顯示所轉讓資產出現減值之交易除外。

於本公司之資產負債表中,附屬公司按成本值減去減值虧損列賬。附屬公司之業績由本公司按於結算日已收及應收股息之基準列賬。

# Notes to the Financial Statements

## 財務報表附註

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

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 4.4 Associates

Associates are those entities over which the Group is able to exert significant influence, generally accompanying a shareholding of between 20% and 50% of voting rights but which are neither subsidiaries nor investment in a joint venture. In consolidated financial statements, investment in associates is initially recognised at cost and subsequently accounted for using the equity method. Under the equity method, the Group's interest in the associate is carried at cost and adjusted for the post-acquisition changes in the Group's share of the associate's net assets less any identified impairment loss, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). The consolidated income statement includes the Group's share of the post-acquisition, post-tax results of the associate for the year, including any impairment loss on goodwill relating to the investment in associate recognised for the year.

After the application of equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. At each balance sheet date, the Group determines whether there is any objective evidence that the investment in associate is impaired. If such indications are identified, the Group calculates the amount of impairment as being the difference between the recoverable amount (see Note 20) of the associate and its carrying amount.

### 4. 主要會計政策概要(續)

#### 4.4 聯營公司

聯營公司是指本集團對其有重大影響之公司，泛指擁有20%至50%投票權之持投量，但並不歸類為附屬或合營公司。在綜合財務報表內，於聯營公司之投資乃初步按成本確認並於隨後以權益法入賬。根據權益法，本集團於聯營公司之權益乃按成本入賬並就本集團應佔聯營公司資產淨值減任何可識別減值虧損之收購後變動作出調整，除非其被分類為持作出售(或納入分類為持作出售之出售組合內)。綜合收益表包括本集團應佔聯營公司於本年度之收購後除稅後業績，包括於年內確認之於聯營公司投資有關之商譽之任何減值虧損。

於採納權益法後，本集團釐定是否有必要對本集團於其聯營公司之投資確認額外減值虧損。於各結算日，本集團釐定是否有客觀證據顯示於聯營公司之投資已減值。若本集團識別有關指標，則按可回收金額(見附註20)與其賬面值之差額計算減值金額。

# Notes to the Financial Statements

## 財務報表附註

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

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 4.4 Associates (Continued)

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. For this purpose, the Group's interest in the associate is the carrying amount of the investment under the equity method together with the Group's long term interests, that in substance form part of the Group's net investment in the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

In the Company's balance sheet, investments in associates are stated at cost less any impairment losses. The results of associates are accounted for by the Company on the basis of dividends received and receivable.

#### 4.5 Goodwill

Goodwill represents the excess of the cost of a business combination over the Group's interest in the net fair value of the acquiree's identifiable assets and liabilities and contingent liabilities. The cost of business combination is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group, plus any costs directly attributable to the business combination.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment (see Note 4.8)

### 4. 主要會計政策概要(續)

#### 4.4 聯營公司(續)

當本集團應佔聯營公司虧損相等或超出其於聯營公司之權益，本集團不會確認超出之損失，除非本集團代聯營公司承擔法律或推定責任或支付款項。就此而言，本集團於聯營公司之權益，即為根據權益法所得投資賬面值，以及本集團實質構成於聯營公司投資淨額之長期投資。

本集團與聯營公司之間交易而產生之未變現收益將按本集團所享有之部分抵銷。除非該交易提供證據證明所轉移資產出現減值，否則未變現虧損亦應抵銷。

於本公司資產負債表內，於聯營公司之投資乃按成本減任何減值虧損入賬。聯營公司之業績乃由本公司根據已收及應收股息入賬。

#### 4.5 商譽

商譽指一項業務組合超出本集團於收購日期分佔有關附屬公司可識別資產及負債公平值之差額。業務組合之或有負債乃按交換所提供資本、產生或承擔負債以及本集團發行股本工具日期的公平值總額計值，另加有關業務組合直接應佔的任何成本。

商譽乃按成本減累計減值虧損入賬。商譽被分配至現金賺取單位並每年進行減值測試(見附註4.8)。

# Notes to the Financial Statements

## 財務報表附註

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

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 4.5 Goodwill (Continued)

Any excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of a business combination is recognised immediately in profit or loss.

On subsequent disposal of subsidiary, the attributable amount of goodwill capitalised is included in the determination of the amount of gain or loss on disposal.

#### 4.6 Research and development expenditure

Expenditure on research activities is recognised as an expense as incurred.

Costs incurred on development projects whereby research findings or other knowledge are applied to a plan or design for the production of new or substantially improved products and processes are recognised as intangible assets, provided that they meet the following recognition requirements:

- (i) demonstration of technical feasibility of the prospective product for internal use or sale;
- (ii) the intangible asset will generate probable economic benefits through internal use or sale;
- (iii) sufficient technical, financial and other resources are available for completion; and
- (iv) the intangible asset can be reliably measured.

### 4. 主要會計政策概要(續)

#### 4.5 商譽(續)

本集團於被收購者之可辨別資產、負債及或有負債公平值中任何超出該項業務組合成本之部分隨即於損益賬中確認。

其後出售附屬公司時，資本化商譽的應佔數額須計入出售時所釐定的收益或虧損。

#### 4.6 研發費用

研究活動費用於產生時列作開支予以確認。

有關應用作生產新增或持續提升產品及程序之計劃或設計之研究結果或其他知識所產生之開發費用確認為無形資產，惟符合以下確認規定者除外：

- (i) 顯示預期開發以供內部使用或銷售之產品之技術可行性；
- (ii) 無形資產將通過內部使用或銷售使產生可能經濟利益；
- (iii) 具備充足技術、財務及其他資源以供完成；及
- (iv) 無形資產能可靠地估量。



# Notes to the Financial Statements

## 財務報表附註

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

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 4.6 Research and development expenditure (Continued)

The development costs capitalised, which include cost of materials and direct labour, are amortised on a straight line basis over the estimated useful lives of the products or processes up to ten years from the date of commencement of commercial operation. Other development costs are recognised as an expense in the period as incurred.

Capitalised development costs are stated at cost less accumulated amortisation and impairment losses subject to impairment testing as described below in note 4.8.

#### 4.7 Property, plant and equipment

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

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

Buildings	4% – 5%
Leasehold improvements	20%
Mould and equipment	10% – 20%
Motor vehicles	20%

The gain or loss arising on the retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

### 4. 主要會計政策概要(續)

#### 4.6 研發費用(續)

撥充資本之開發費用(包括物料成本及直接工資)由開展商業生產當日起按估計至多十年可使用年期以直線法予以攤銷。其他開發費用於產生時作期內開支予以確認。

撥充資本之開發費用按成本值減去累計攤銷及減值虧損列賬，惟須就下文附註4.8所述之減值測試予以調整。

#### 4.7 物業、廠房及設備

物業、廠房及設備乃按成本減累計折舊及減值虧損後入賬。

物業、廠房及設備經考慮其估計剩餘價值後，按下列年率就其估計可使用年期以直線法撇銷各項成本值計算折舊：

樓宇	4% – 5%
租賃物業裝修	20%
模具及設備	10% – 20%
汽車	20%

報廢或出售產生之收益或虧損，按銷售所得款項與資產賬面值之差額釐定，並於收益表確認。

# Notes to the Financial Statements

## 財務報表附註

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

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 4.7 Property, plant and equipment (Continued)

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

#### 4.8 Impairment of assets

The Group's goodwill, on acquisition of subsidiaries development costs and property, plant and equipment and the Company's investments in subsidiaries are subject to impairment testing.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill in particular is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which the goodwill is monitored for internal management purpose.

### 4. 主要會計政策概要(續)

#### 4.7 物業、廠房及設備(續)

其後成本僅於與該項目相關之日後經濟利益有可能流入本集團，且該項目之成本能可靠計算時，計入資產之賬面值或確認為獨立資產(按適用情況)。所有其他維修及保養均於產生之財政期間自收益表扣除。

資產之剩餘價值及可使用年期於每個結算日進行檢討，並(按適用情況)作出調整。

#### 4.8 資產減值

本集團於收購子公司時所產生之商譽、收購附屬公司、開發成本及物業、機器及設備及本公司於附屬公司之投資須進行減值測試。

就評估減值而言，倘資產未能產生大致上獨立於其他資產之現金流入，則可收回款額將按能單獨產生現金流入之最小資產類別(即現金產生單位)釐定。因此，部份資產個別進行減值測試及部份資產則以現金產生單位的水平進行測試。商譽特別分配至預期可從相關業務合併的協同效益中帶來獲得利益現金產生單位，為本集團內出於內部管理目的監控商譽的最低水平。

# Notes to the Financial Statements

## 財務報表附註

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

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 4.8 Impairment of assets (Continued)

Individual assets with indefinite useful lives or cash-generating units that include goodwill and other intangible assets which are not yet available for use are tested for impairment at least annually, irrespective of whether there is any indication that they are impaired. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised as an expenses immediately for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the assets. Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash generating unit except that the carrying value of an assets will not be reduced below its individual fair value less cost to sell or value in use, if determinable.

An impairment loss on goodwill is not reversed in subsequent periods. In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

### 4. 主要會計政策概要(續)

#### 4.8 資產減值(續)

包括商譽及仍未可供使用之其他無確認使用年期之無形資產之個別資產或現金產生單位最少每年進行減值測試。無論是否有跡象顯示該等資產已減值。所有其他個別資產或現金產生單位於顯示賬面值可能不能收回之事件發生或情況有變時進行減值測試。

減值虧損按資產或現金產生單位之賬面值超出其可收回金額之差額立即確認為虧損。可收回金額為反映市況之公平值減銷售成本與使用價值兩者之較高者。於評估使用價值時，估計未來現金流量乃貼現至其現時使用價值。估計未來現金流量乃採用反映現時市場對貨幣價值及資產特定風險之除稅前貼現率，貼現至其現時使用價值。就已分配商譽之現金產生單位確認之減值虧損，初步計入商譽之賬面值。任何剩餘減值虧損按比例自該現金產生單位之其他資產扣除。商譽減值虧損不會於其後期間撥回，除非某項資產之賬面值將不會減至低於其可釐定之個別公平值減銷售成本或使用價值。

就其他資產而言，倘用於釐定資產可收回款額之估計有所改變，則撥回減值虧損，惟以資產之賬面值(扣除折舊後)不得超出假設過往年度該資產未確認減值虧損的情況下本該釐定的賬面值。

# Notes to the Financial Statements

## 財務報表附註

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

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 4.9 Inventories

Inventories comprise raw materials, supplies and purchased goods. Cost is determined using weighted average method and in the case of work in progress and finished goods, include all expenses directly attributable to the manufacturing process as well as appropriate portions of related production overheads, based on normal operating capacity. Financing costs are not taken into consideration. At the balance sheet date, inventories are carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and applicable selling expenses.

#### 4.10 Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand as well as bank deposits.

#### 4.11 Accounting for income taxes

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, tax authorities relating to the current or prior reporting period, that are unpaid at the balance sheet date. They are calculated according to the tax rates and tax laws applicable to the periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in the income statement.

### 4. 主要會計政策概要(續)

#### 4.9 存貨

存貨包括原料、供用品及所採購貨物。成本使用加權平均法釐定，而就在半成品或製成品，則包括根據正常營運能力直接應佔製造過程之所有開支，及有關生產間接費用之適當部分。財務成本不予計算。存貨於結算日按成本與可變現淨值之較低者列賬。可變現淨值為日常業務中之估計銷售價減預期完成成本及適用銷售開支。

#### 4.10 現金及現金等價物

現金及現金等價物包括存放於銀行及手頭現金，以及銀行存款。

#### 4.11 所得稅之會計方法

所得稅包括本期稅項及遞延稅項。

本期所得稅資產及／或負債包括於結算日尚未繳付並與本期或先前申報期有關應付予稅收機關或稅收機關申索之稅務責任。該等稅務責任乃根據其相關財政年度適用稅率及稅法，按應課稅溢利計算。本期稅務資產或負債所有變動於收益表稅務開支項下確認。

# Notes to the Financial Statements

## 財務報表附註

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

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 4.11 Accounting for income taxes (Continued)

Deferred tax is calculated using the liability method on temporary differences at the balance sheet date between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred tax assets are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss.

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

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement.

### 4. 主要會計政策概要(續)

#### 4.11 所得稅之會計方法(續)

遞延稅項指財務報表中資產及負債的賬面值與相應稅基之間的暫時差額，使用負債法計算。遞延稅項資產通常就所有應課稅暫時差額確認。遞延稅項資產通常就所有可扣減暫時差額、可供結轉至下期之稅項虧損，以及其他未動用稅項抵免予以確認，以應課稅溢利可供以對銷可扣減暫時差額、未動用稅項虧損及未動用稅項抵免為限。

倘該暫時差額源自商譽，或源自不影響稅務及會計盈虧的交易中其他資產及負債的首次確認(除業務合併外)，則該等資產及負債不予確認。

遞延稅項負債會為源自於附屬及聯營公司投資的應課稅暫時差額確認，惟倘本集團能夠控制該暫時差額的撥回及該暫時差額於可見將來很可能不會撥回則另作別論。

遞延稅項乃按於清償負債或變現資產期間預計適用於結算日為已頒佈或大致上已頒佈之稅率計算(毋須貼現)。

遞延稅項資產或負債之變動於收益表稅務開支項下確認。

# Notes to the Financial Statements

## 財務報表附註

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

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 4.12 Borrowing costs

Borrowing costs incurred for the construction of any qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. A qualifying asset is an asset necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are expensed.

#### 4.13 Foreign currency translation

The consolidated financial statements are presented in Renminbi (“RMB”), which is also the functional currency of the Company.

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

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

### 4. 主要會計政策概要(續)

#### 4.12 借貸成本

建造任何合資格資產所產生之借貸成本，乃於完成及準備資產以用作其擬定用途而所需時間內資本化。合資格資產為須經相當長時間，方能準備就緒以供使用或出售之資產。其他借貸成本乃列作支銷。

#### 4.13 外幣換算

綜合財務報表以人民幣(「人民幣」)呈列，人民幣亦為本公司之功能貨幣。

於綜合實體之獨立財務報表內，外幣交易按交易當日之匯率換算為個別實體之功能貨幣。因結算該等交易及按年結日之匯率換算以外幣為單位之貨幣資產及負債所產生匯兌收益或虧損，均分別於收益表確認。

以外幣為單位按歷史成本計值之非貨幣項目概不重新折算。



# Notes to the Financial Statements

## 財務報表附註

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

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 4.13 Foreign currency translation (Continued)

In the consolidated financial statements, all separate financial statements of subsidiaries originally presented in a currency different from the Group's presentation currency, have been converted into RMB. Assets and liabilities have been translated into RMB at the closing rate at the balance sheet date. Income and expenses have been converted into the Group's presentation currency at the exchange rates ruling at the transaction dates, or the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been charged/credited to the currency translation reserve in equity. Goodwill and fair value adjustments arising on the acquisition of a foreign entity on or after 1 January 2005 have been treated as assets and liabilities of the foreign entity and translated into RMB at the closing rate. Goodwill arising on the acquisitions of foreign operations before 1 January 2005 is translated at the foreign exchange rate that applied at the date of acquisition of the foreign operation.

#### 4.14 Leases

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

### 4. 主要會計政策概要(續)

#### 4.13 外幣換算(續)

於綜合財務報表內，原本以本集團之呈列貨幣以外之貨幣呈列之附屬公司所有獨立財務報表已轉換為人民幣。資產及負債已按結算日之匯率折算為人民幣。倘若匯率無重大波動，收入及開支已按交易日報之匯率或申報期之平均匯率折算為本集團之功能貨幣。從此程序產生之任何差額已於股本內之貨幣換算儲備內扣除／計入。於二零零五年一月一日或之後，收購海外公司產生之商譽及公平值被視為海外公司之資產及負債，並已按收市匯率折算為人民幣；於二零零五年一月一日之前，收購海外業務所產生之商譽乃按收購海外業務當日之外幣匯率折算。

#### 4.14 租賃

倘本集團決定在約定的時期內將特定資產使用權出讓，以換取一筆或一連串付款的安排，則包括一項交易或連串交易之該項安排為或包括一項租賃。該項決定乃基於安排內容的估值而作出，並不計是否該安排採取法律形式的租賃。

# Notes to the Financial Statements

## 財務報表附註

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

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 4.14 Leases (Continued)

The leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the leased asset. The related asset is recognised at the time of inception of the lease at the fair value of the leased assets, or, if lower, the present value of the lease payments plus incidental payment, if any, to be borne by the lessee. A corresponding amount is recognised as a finance lease liability, irrespective of whether some of these lease payments are payable up-front at the date of inception of the lease.

Subsequent accounting for assets held under finance lease agreements correspond to those applied to comparable acquired assets. The corresponding finance lease liability is reduced by lease payments less finance charges, which are expensed to finance costs.

All other leases are treated as operating lease agreements. Operating lease payments are recognised as an expense on a straight-line basis over the lease terms, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased assets. Affiliated costs, such as maintenance and insurance, are expensed as incurred.

### 4. 主要會計政策概要(續)

#### 4.14 租賃(續)

倘承租人承擔與租賃資產擁有權有關之絕大部分風險及回報，租賃資產即轉交承租人。有關資產於租賃開始時，按租賃付款現值加由承租人承擔之附帶費用或(若較低)租賃資產之公平值(如有)確認，並確認相應金額為融資租賃負債，不論該等租賃付款是否部分須於租賃開始時預先支付。

根據融資租賃協議持有的資產應用可作比較之所收購資產之相應折舊方法及可使用年期作其後入賬。相應之融資租賃負債會減除扣除財務費用後之租賃付款，並於融資成本列作開支。

所有其他租賃均視作經營租賃協議處理。經營租賃付款於租期內按直線法確認為開支，除非其他方法可更好地呈列來自租賃資產的收益，維修及保險等相關費用於產生時列作開支。

# Notes to the Financial Statements

## 財務報表附註

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

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 4.15 Pension cost

The employees of the Company and its subsidiary which operate in PRC are required to participate in a central pension scheme operated by the local municipal government. This subsidiary is required to contribute 8.0% to 22.5% of its payroll costs to the central pension scheme. The contributions are charged to the income statement as they become payable in accordance with the rules of the central pension scheme.

#### 4.16 Related parties

A party is considered to be related to the Group if:

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

### 4. 主要會計政策概要(續)

#### 4.15 退休金成本

本公司及其於中國經營之附屬公司之僱員，須參與由地方市政府所管理之中央退休金計劃。此附屬公司須向中央退休金計劃以其工資成本之8.0%至22.5%供款。供款於根據中央退休金計劃之規則應付時於收益表扣除。

#### 4.16 有關連人士

以下人士被視為本集團有關連人士：

- (a) 透過一或多個中介實體，該方直接或間接(i)控制本公司／本集團，或由本公司／本集團控制，或與本公司／本集團受到共同控制；(ii) 於本集團擁有權益，而該權益可導致其對本集團行使重大影響力；或 (iii) 對本集團擁有共同控制；
- (b) 該方為一名聯繫人士；
- (c) 該方為一共同控制實體；
- (d) 該方為本集團或其母公司主要管理人員之一；
- (e) 該方為(a)或(d)項所述任何個別人士之近親；

# Notes to the Financial Statements

## 財務報表附註

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

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 4.16 Related parties (Continued)

- (f) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or
- (g) the party is a post-employment benefit plan for the benefit of employees of the Group, or of any entity that is a related party of the Group.

#### 4.17 Income and expense recognition

Revenue comprises the fair value for the sale of goods, net of rebates and discounts. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised as follows:

Sales of goods are recognised when goods are delivered and title has passed.

Revenue from the sale of software systems is recognised when the software system has been delivered and installed and the customer has examined and accepted the software system.

Revenue from technical services is recognised when services are rendered.

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

### 4. 主要會計政策概要(續)

#### 4.16 有關連人士(續)

- (f) 該方為(d)或(e)項所述任何個別人士所直接或間接、共同控制或可對其行使重大影響力，或於該實體擁有重大投票權；或
- (g) 該方為本集團或屬本集團有關連人士之任何實體為僱員福利而設之僱用後福利計劃成員。

#### 4.17 收入及開支確認

收益包括出售貨物之公平值減去回扣和折扣。倘有可能有關之經濟利益流向本集團及有關之收益及成本(如適用)可以可靠地計量，收益將如下確認：

貨品銷售額於貨品付運及所有權轉移時確認入賬。

銷售軟件系統所得之收益乃於軟件系統付運及安裝，而客戶已驗收軟件系統時確認入賬。

技術服務收益於提供服務時確認入賬。

利息收入按時間比例基準使用實際利率法。

# Notes to the Financial Statements

## 財務報表附註

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

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 4.17 Income and expense recognition (Continued)

Non-refundable government grants are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

#### 4.18 Share capital

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued.

Any transaction costs associated with the issuing of shares are deducted from share premium (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction.

#### 4.19 Financial assets

The Group's financial assets comprise trade receivables, other receivables, deposits and prepayment amount due from an associate related company and cash and cash equivalents. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the financial assets were acquired. The designation of financial assets is re-evaluated at every reporting date at which a choice of classification or accounting treatment is available.

All financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument. Regular way purchase of financial assets are recognised on trade date. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

### 4. 主要會計政策概要(續)

#### 4.17 收入及開支確認(續)

無須退還之政府撥款在合理確定將獲得該撥款且本集團將遵守所有附帶條件時以公平值確認。

#### 4.18 股本

普通股歸類為權益。股本以已發行股份面值釐定。

任何與發行股份相關之交易成本乃自股份溢價扣除(扣除任何相關所得稅利益), 並以與權益交易直接有關所增加之成本為限。

#### 4.19 金融資產

政府之授權在合理確定將獲得該授權且本集團將遵守所有附帶條件時以公平值確認。金融資產由管理層於首次確認時, 視乎購入金融資產之目的, 金融資產被劃分為不同類別。於每個申報日重新評估金融資產之指定, 選擇分類或會計處理。

所有金融資產於且僅於本集團成為工具合約條款一部分時確認。以普通交易方式購入金融資產乃於交易日確認, 對於並非屬於以公平值列示且公平值變動反映於損益表中之金融資產, 在初始確認時以公平值加上相應之交易成本計量。

# Notes to the Financial Statements

## 財務報表附註

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

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 4.19 Financial assets (Continued)

Derecognition of financial assets occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. At each balance sheet date, financial assets are reviewed to assess whether there is objective evidence of impairment. If any such evidence exists, impairment loss is determined and recognised based on the classification of the financial asset.

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any impairment losses. Any changed in their value are recognised in income statement.

Receivables are provided against when there is objective evidence that the Group will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the assets original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss is recognised in profit or loss of the period in which the impairment occurs.

### 4. 主要會計政策概要(續)

#### 4.19 金融資產(續)

倘收取投資所產生的現金流量之權利失效或被轉讓，且擁有權之絕大部分風險及回報已經轉移，須取消確認金融資產。於各結算日，會檢討金融資產以評估是否存在減值之客觀證據。倘若存在該等客觀證明，將釐定減值並根據金融資產之分類確認。

應收款項為附帶固定或可釐定付款之非衍生性質金融資產，且並無在活躍市場計算報價。應收款項初步按公平值確認，而其後採用實際利息法計算之攤銷成本，減任何減值虧損列賬。任何價值變動於收益表確認。

倘客觀證明本集團未能按照應收款項之原本條款收回欠其之所有款項，則為應收款項作出撥備。撇減之金額為資產賬面值與估計未來現金流量之現值之差額，以該資產之原實際利率(即最初確認之實際利率)折讓。虧損金額在減值發生時期於損益賬內確認。



# Notes to the Financial Statements

## 財務報表附註

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

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 4.19 Financial assets (Continued)

If, in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss of the period in which the reversal occurs.

#### 4.20 Financial liabilities

The Group's financial liabilities include bank borrowings, trade and other payables and bills payable.

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. All interest related charges are recognised as an expense in finance cost in the income statement.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in the income statement.

### 4. 主要會計政策概要(續)

#### 4.19 金融資產(續)

於其後之期間，倘減值虧損減少且客觀上與減值虧損確認後發生之事件有關，則過往確認之減值虧損經損益撥回，惟撥回不應使金融資產之賬面金額超於減值撥回日期尚未確認減值時之攤銷成本。撥回金額於其產生期間之損益內確認。

#### 4.20 金融負債

本集團之金融負債包括銀行貸款、貿易及其他應付款項及應付票據。

金融負債乃於本集團參與訂立工具合約條款時確認。所有利息相關開支乃於收益表之「財務成本」確認為開支。

當負債項下之責任被解除或取消或屆滿，金融負債將取消確認。

如現有金融負債由同一放債人以條款極為不同之負債所取代，或現有負債之條款作出重大修訂，此類交換或修訂將被視為取消確認原負債及確認新負債處理，有關賬面值之差額於收益表中確認。

# Notes to the Financial Statements

## 財務報表附註

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

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 4.20 Financial liabilities (Continued)

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

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

Trade payables are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method.

#### 4.21 Segment reporting

In accordance with the Group's internal financial reporting the Group has determined that business segment be presented as the primary reporting format and geographical segment as the secondary reporting format.

In respect of geographical segment reporting, sales are based on the countries in which the customers are located and total assets and capital expenditure are based on where the assets are located.

### 4. 主要會計政策概要(續)

#### 4.20 金融負債(續)

借貸初步按公平值(扣除已產生之交易成本)確認。借貸其後按已攤銷成本列賬；所得款項(扣除已產生之交易成本)與贖回價值之任何差額使用實際利息法於借貸期間在收益表確認。

借貸列為流動負債，除非本集團有無條件權利遞延償還負債之期限至結算日後至少十二個月。

貿易應付款項初步乃按其公平值確認，其後使用實際利率法按攤銷成本計量。

#### 4.21 分類申報

按照本集團之內部財務申報形式，本集團決定以業務分類作主要申報形式，地區分類則為次要分類申報形式。

就地區分類申報而言，銷售乃按客戶所在國家分類，資產總值及資本開支則按資產所在地分類。

# Notes to the Financial Statements

## 財務報表附註

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

### 5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### 5.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

##### **Net realisable value of inventories**

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are based on the current market condition and the historical experience of selling products of similar nature. It could change significantly as a result of competitor actions in response to severe industry cycles. Management will reassess the estimations at the balance sheet date.

##### **Impairment of trade receivables**

The Group's management determines the provision for impairment of trade receivables. This estimate is based on the credit history of its customers and the current market condition. Management reassess the provision on each of the balance sheet dates.

### 5. 重要會計估計及判斷

估計須持續，並根據過往經驗及其他因素(包括在有關情況下相信為合理之對未來事件之預期)進行評估。

#### 5.1 重要會計估計及假設

本集團就未來作出估計及假設。從推算所得的會計估計通常有別於相關實際結果。以下論述有關具有重大風險導致資產與負債之賬面值於下個財政年度出現重大調整之估計及假設。

##### **存貨之可變現淨值**

存貨之可變現淨值乃於日常業務過程中之估計售價，減估計完成成本及銷售開支。該等估計乃以現有市況及銷售同類產品之過往經驗為基準進行，並可因競爭對手因應嚴峻之行業週期而採取之行動而顯著改變。管理層將於結算日重新評估有關估計。

##### **應收貿易賬款減值**

為應收貿易賬款減值由本集團之管理層決定。此估計乃按照其客戶之信貸往績及現行市況而釐定。管理層會於每個結算日重新評估撥備。

# Notes to the Financial Statements

## 財務報表附註

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

### 5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

#### 5.2 Criteria judgments in applying the entity's accounting policies

##### **Research and development activities**

Careful judgment by the Group's management is applied when deciding whether the recognition requirements for development costs have been met. This is necessary as the economic success of any product development is uncertain and may be subject to future technical problems at the time of recognition. Judgments are based on the best information available at each balance sheet date. In addition, all internal activities related to the research and developments of new products are continuously monitored by the Group's management.

### 5. 重要會計估計及判斷(續)

#### 5.2 應用實體會計政策之準則判斷

##### **研發活動**

本集團管理層於決定開發費用是否符合確認規定時運用仔細判斷。由於任何產品開發之經濟成果未能確定，及於確認之時可能受制於未來技術問題，故此屬必要。判斷於每個結算日根據可獲提供之最佳資料作出。此外，有關研發新產品之所有內部活動持續受本集團管理層所監察。

# Notes to the Financial Statements

## 財務報表附註

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

### 6. TURNOVER, OTHER INCOME AND SEGMENT INFORMATION

### 6. 營業額、其他收入及分類資料

		2006 二零零六年 RMB'000 人民幣千元	2005 二零零五年 RMB'000 人民幣千元
<b>Turnover</b>	<b>營業額</b>	304,211	342,586
<b>Other income</b>	<b>其他收入</b>		
Bank interest income	銀行利息	862	2,354
VAT refund *	增值稅退稅*	14,558	13,163
Gain on disposal of subsidiaries	出售附屬公司收益	—	1,762
Non-refundable government subsidies	無償政府補貼	2,340	6,328
Others	其他	2,071	14,550
		<b>19,831</b>	<b>38,157</b>

Turnover represents the net amount received and receivable for goods and software systems sold and services rendered arising from the principal activities of the Group.

營業額指就源於本集團主要業務之已出售貨品及軟件系統及提供服務所收取及應收取之款項淨額。

\* VAT refund relating to sales of certain products during the period from 1 December 2005 to November 2006 (2005: from 1 July 2004 to 30 November 2005) was approved and paid by the PRC tax bureau in the current year.

\* 增值稅退稅涉及於二零零五年十二月一日至二零零六年十一月三十日(二零零五年:二零零四年七月一日至二零零五年十一月三十日)之若干產品銷售,於本年度獲中國稅務局批准及退繳。

# Notes to the Financial Statements

## 財務報表附註

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

### 6. TURNOVER, OTHER INCOME AND SEGMENT INFORMATION (Continued)

The Group's operation is regarded as a single business segment, being an enterprise providing products and services serving the automotive aftermarket and the automobile industry in the PRC and certain overseas countries. As such, no business segment analysis is provided.

The Group's geographical segment analysis is as follows:

Geographical market:

PRC other than Hong Kong  
Asia other than PRC  
Europe  
Africa and the Middle East  
America  
Australia

市場區域：

中國(不包括香港)  
亞洲(不包括中國)  
歐洲  
非洲及中東  
美國  
澳洲

Sales are based on the countries in which the customers are located.

No geographical analysis of the carrying amount of segment assets and capital expenditure is provided as less than 10% of the segment assets and capital expenditure are attributable to markets outside the PRC.

### 6. 營業額、其他收入及分類資料(續)

本集團之業務運作被視為一個獨立業務分類，屬一家向中國及若干海外國家之汽車後市場及汽車業提供技術、產品及服務之企業。因此，概無提供任何業務分類分析。

本集團之業務按地域分析如下：

Turnover	
營業額	
2006	2005
二零零六年	二零零五年
RMB'000	RMB'000
人民幣千元	人民幣千元
143,430	153,777
29,817	37,500
73,712	71,243
16,792	27,898
33,835	41,470
6,625	10,698
<b>304,211</b>	<b>342,586</b>

銷售乃按客戶之所在國家計算。

由於源自中國以外市場之分類資產及資本性開支低於10%，因此概無提供任何分類資產及資本性開支之賬面金額之地域分析。



# Notes to the Financial Statements

## 財務報表附註

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

### 7. PROFIT BEFORE INCOME TAX

### 7. 除所得稅前溢利

		2006 二零零六年 RMB'000 人民幣千元	2005 二零零五年 RMB'000 人民幣千元
Profit before income tax has been arrived at after charging/(crediting):	除所得稅前溢利乃經扣除／(計入)下列各項後得出：		
Staff costs	員工成本		
Directors' and supervisors' remuneration (note 9)	董事及監事酬金 (附註9)	1,222	928
Other staff costs	其他員工成本	55,783	51,768
Retirement benefits	退休福利成本	5,647	6,695
		<hr/> 62,652	<hr/> 59,391
Less: Staff costs capitalised as development costs	減：作為開發成本撥作資本之員工成本	(11,819)	(11,927)
		<hr/> 50,833	<hr/> 47,464
Expenditure for current year	本年度開支	3,363	2,249
Add: Amortisation of development costs (note 18)	加：開發成本之攤銷 (附註18)	9,490	6,251
		<hr/> 12,853	<hr/> 8,500
Research and development expenses	研發費用		
Depreciation of property, plant and equipment	物業、廠房及設備折舊	16,586	13,801
Operating lease charges on land and buildings	土地及樓宇經營租賃費用	8,285	8,841
Annual charge of leasehold land and land use rights	租賃土地及土地使用權年費	788	788
Loss on disposals of property, plant and equipment	出售物業、廠房及設備虧損	2,108	2,484
Auditors' remuneration	核數師酬金	1,388	1,543
Net exchange loss	匯兌虧損淨額	9,894	1,262
Provision for impairment on trade receivables	應收貿易款項減值撥備	7,518	-
		<hr/> 7,518	<hr/> -

The Group's cost of inventories recognised as expenses during the years 2005 and 2006 is equal to the cost of sales shown in the consolidated income statement.

本集團於二零零五及二零零六年內確認之存貨成本等同綜合收益表內之銷售成本。

# Notes to the Financial Statements

## 財務報表附註

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

### 8. LOSS ON DISPOSAL OF ASSETS

In 2005, the Group ceased the operation of a business division which was engaged in the manufacture of automotive electronic products. The major reason of the closure was that the director expected the division could not bring the Group revenue and profit.

Upon the closure of the business division, the Group incurred the loss on the disposal of assets as follows:

Loss on disposal of property, plant and equipment	出售物業、 廠房及設備虧損
Development costs written off (note 18)	開發成本撇銷(附註18)
Inventories written off	存貨撇銷

### 8. 出售資產虧損

於二零零五年，本集團終止了一間從事汽車電子產品生產的業務部門。終止的主要原因，乃董事認為該部門無法為本集團帶來收益及溢利。

終止該業務部門時，本集團於出售資產時產生如下虧損：

2006 二零零六年 RMB'000 人民幣千元	2005 二零零五年 RMB'000 人民幣千元
-	3,447
-	2,613
-	1,747
-	7,807

# Notes to the Financial Statements

## 財務報表附註

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

### 9. DIRECTORS' AND SUPERVISORS' REMUNERATION

### 9. 董事及監事酬金

		Salaries, allowances and other benefits		Retirement benefits costs	Total
		Fees	薪金、津貼 及其他福利	退休金成本	總計
		RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元
<b>2006</b>	<b>二零零六年</b>				
<i>Executive directors</i>	<i>執行董事</i>				
Mr. Liu Xin	劉新先生	–	340	3	343
Mr. Liu Jun	劉均先生	–	304	3	307
Professor Wang Xue Zhi	王學志教授	–	100	–	100
<i>Non-executive director</i>	<i>非執行董事</i>				
Ms. Liu Yong	劉庸女士	15	–	–	15
<i>Independent non-executive directors</i>	<i>獨立非執行董事</i>				
Mr. Zhang Xiao Yu	張小虞先生	15	–	–	15
Professor Hu Zi Zheng	胡子正教授	15	–	–	15
Mr. Yim Hing Wah	嚴慶華先生	5	–	–	5
<i>Supervisors</i>	<i>監事</i>				
Ms. Hou Wen Tao	候文濤女士	10	–	–	10
Mr. Guo Jian Yuan	郭健源先生	10	–	–	10
Mr. Wang Xi Lin	王希琳先生	10	390	2	402
		80	1,134	8	1,222

# Notes to the Financial Statements

## 財務報表附註

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

### 9. DIRECTORS' AND SUPERVISORS' REMUNERATION (Continued)

### 9. 董事及監事酬金(續)

		Fees	Salaries, allowances and other benefits	Retirement benefits	Total
		袍金	薪金、津貼及其他福利	退休金成本	總計
		RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元
<b>2005</b>	<b>二零零五年</b>				
<i>Executive directors</i>	<i>執行董事</i>				
Mr. Liu Xin	劉新先生	–	203	6	209
Mr. Liu Jun	劉均先生	–	165	8	173
Professor Wang Xue Zhi	王學志教授	–	111	–	111
<i>Non-executive directors</i>	<i>非執行董事</i>				
Ms. Liu Yong	劉庸女士	15	–	–	15
Ms. Xu Xin, Kathy (resigned on 4 February 2005)	徐新女士 (二零零五年 二月四日辭職)	–	–	–	–
<i>Independent non-executive directors</i>	<i>獨立非執行董事</i>				
Mr. Zhang Xiao Yu	張小虞先生	15	–	–	15
Professor Hu Zi Zheng	胡子正教授	15	–	–	15
Mr. Yim Hing Wah	嚴慶華先生	5	–	–	5
<i>Supervisors</i>	<i>監事</i>				
Ms. Hou Wen Tao	候文濤女士	10	–	–	10
Mr. Guo Jian Yuan	郭健源先生	10	–	–	10
Mr. Wang Xi Lin	王希琳先生	10	352	3	365
		80	831	17	928

# Notes to the Financial Statements

## 財務報表附註

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

### 9. DIRECTORS' AND SUPERVISORS' REMUNERATION (Continued)

For the year ended 31 December 2006, the five highest paid individuals of the Group included two directors and one supervisor (2005: one supervisor), details of which are included above. The emoluments of the remaining two highest paid individuals (2005: four individuals) are as follows:

Salaries, allowances and other benefits	薪金、津貼及其他福利
Retirement benefits cost	退休金成本

The emoluments of each of the two individuals (2005: four individuals) fall within the band of nil to HKD1,000,000.

No emoluments were paid by the Group to the directors, supervisors or highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2005: Nil). None of the directors waived or agreed to waive any emoluments during the year (2005: Nil).

### 9. 董事及監事酬金(續)

截至二零零六年十二月三十一日止年度，本集團五位最高薪人士包括兩位董事及一位監事(二零零五年：一位監事)，有關資料已於上文披露。其餘兩位(二零零五年：四位)最高薪人士的薪酬如下：

2006 二零零六年 RMB'000 人民幣千元	2005 二零零五年 RMB'000 人民幣千元
730	971
3	10
<hr/> 733	<hr/> 981

兩位(二零零五年：四位)人士各自之酬金界乎零至1,000,000港元。

年內，本集團並無向包括董事、監事或最高薪人士支付任何薪酬，作為其加入或於加入本集團時之獎勵或作為離職之補償(二零零五年：無)。董事及監事於年內概無放棄或同意放棄任何薪酬(二零零五年：無)。

# Notes to the Financial Statements

## 財務報表附註

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

### 10. FINANCE COSTS

Interest charges on bank loans:	銀行貸款之利息支出：
– wholly repayable within five years	– 須於五年內悉數償還
Less: interest capitalised included	減：包括於物業、廠房及
in property, plant and	設備之利息撥充資本
equipment (note 15)	(附註 15)
Bank charges	銀行費用

The interest charged on a project loan in connection with the construction of property, plant and equipment at the rate of 6.435% per annum was capitalised during the year 2006.

### 11. INCOME TAX

PRC enterprise income tax (“EIT”) has been provided based on the estimated taxable income for PRC taxation purposes at the rates of taxation prevailing in the provinces in which the group companies operate. The Company is subject to income tax at the rate of 15% (2005: 15%); the Company’s PRC subsidiaries are subject to income tax at the rates of 15% to 33% and the Company’s overseas subsidiary is subject to income tax at the rate of 42%.

### 10. 財務成本

2006	2005
二零零六年	二零零五年
RMB’000	RMB’000
人民幣千元	人民幣千元
12,057	10,889
(4,290)	–
7,767	10,889
380	237
8,147	11,126

興建物業、廠房及設備之有關一筆項目貸款利息撥備已以每年6.435%的比率於二零零六年內資本化。

### 11. 所得稅

中國企業所得稅(「企業所得稅」)乃按集團公司經營所在省份當時稅率就中國稅項之估計應課稅收入作出撥備。本公司須按15%之稅率繳納所得稅(二零零五年：15%)；本公司之中國附屬公司須按15%至33%之稅率繳納所得稅。本公司之海外附屬公司須按42%之稅率繳納所得稅。



# Notes to the Financial Statements

## 財務報表附註

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

### 11. INCOME TAX (Continued)

Pursuant to the relevant laws and regulations in the PRC, the Company has been designated as a new and high technology enterprise. The Company was exempted from PRC enterprise income tax for the financial years 2000 and 2001 and was eligible for and entitled to 50% tax relief for the financial years 2002 to 2004. Upon obtaining the approval from local tax bureau, the Company is eligible and entitled to 50% tax relief for the 3 additional financial years from 2005 to 2007.

上海元征機械設備有限責任公司 (“Launch Shanghai”), a subsidiary of the Company established in the PRC, is entitled to the tax holiday of “two-year exemption and three-year 50% reduction” from the first profitable year of operation. No provision for EIT has been made for Launch Shanghai as it did not derive any taxable income for the year.

深圳市元征軟件開發有限公司, a subsidiary of the Company established in the PRC, as a software company recognised by local tax bureau, is entitled to the tax holiday of “two-year exemption and three-year 50% reduction” from the first profitable year of operation.

### 11. 所得稅(續)

根據中國相關法例及法規，本公司已被定為高新技術企業。本公司獲豁免繳納二零零零年及二零零一年財政年度之中國企業所得稅，且有資格並有權於二零零二年至二零零四年財政年度獲享50%稅務減免，若地方稅務局批准，本公司亦可於二零零五年至二零零七年三個額外財政年度獲享50%稅務減免。

上海元征機械設備有限責任公司(「上海元征」，本公司於中國成立之附屬公司)有權於首個經營獲利年度起計享有「兩年豁免及三年減半」免稅期。由於上海元征於本年度並無任何應課稅收入，故該公司並無就企業所得稅作出任何撥備。

本公司於中國成立之附屬公司深圳市元征軟件開發有限公司作為當地稅務局認定之軟件公司，有權於首個經營獲利年度起計享有「兩年豁免及三年減半」免稅期。

2006	2005
二零零六年	二零零五年
RMB'000	RMB'000
人民幣千元	人民幣千元

The tax (credit)/charge comprises:

稅項(抵免)/支出包括：

Enterprise income tax – PRC  
 – current year  
 – overprovision for prior years  
 Income tax – overseas

企業所得稅－中國  
 – 現年度  
 – 過往年度過度撥備  
 所得稅－海外

-	4,097
(2,261)	-
228	-
<b>(2,033)</b>	<b>4,097</b>

# Notes to the Financial Statements

## 財務報表附註

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

### 11. INCOME TAX (Continued)

Reconciliation between income tax (credit)/charge and accounting profit at applicable tax rate is as follows:

### 11. 所得稅(續)

稅項(抵免)/支出與會計溢利按適用稅率計算之對賬如下:

		2006 二零零六年 RMB'000 人民幣千元	2005 二零零五年 RMB'000 人民幣千元
Profit before income tax	除所得稅前溢利	39,096	41,226
Tax at PRC income tax rate of 15% (2005: 15%)	按中國所得稅稅率 15% (二零零五年: 15%) 繳納之稅項	5,864	6,184
Tax effect attributable to tax exemption	免稅之稅務影響	(8,162)	(5,099)
Tax effect of non-deductible expenses	不可扣減開支之稅務影響	43	922
Tax effect of non-taxable revenue	毋須課稅收益之稅務影響	(1,097)	(2,344)
Tax effect of prior year's tax losses utilised this year	本年度動用過往年度稅務虧損之稅務影響	(3)	(993)
Tax losses not recognised as deferred tax assets	未確認為遞延稅項資產之稅務虧損	3,434	4,753
Effect of different tax rates of subsidiaries	附屬公司不同稅率之影響	149	674
Overprovision of EIT deferred taxation in respect of prior years	過往年度企業所得稅遞延之過度撥備金額	(2,261)	-
Others	其他	-	-
Income tax (credit)/charge	所得稅(抵免)/支出	(2,033)	4,097

The deferred tax assets are not recognised as it is uncertain whether future taxable profit will be available for utilising the accumulated tax losses. Under the current tax legislation, the tax losses can be carried forward for five years from the year the losses were incurred.

由於未能確定未來有否應課稅溢利以利用累計稅務虧損，因此並未確認遞延稅項資產值。根據現行稅務法例，稅務虧損可由產生虧損之年起計結轉五年。

# Notes to the Financial Statements

## 財務報表附註

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

### 12. PROFIT FOR THE YEAR

Of the consolidated profit attributable to the equity holders of the Company for the year of RMB41,129,000 (2005: RMB37,118,000), a loss of RMB22,449,000 (2005: profit of RMB57,634,000) has been dealt with in the financial statements of the Company.

### 13. DIVIDENDS

No interim dividend for the year ended 31 December 2006 was declared.

A final dividend of RMB0.035 (2005: RMB0.035) per share amounting to approximately RMB19,530,000 for the year ended 31 December 2006 (2005: RMB19,530,000) has been proposed by the Directors after the balance sheet date. The proposal is subject to approval by the shareholders at the forthcoming annual general meeting. The final dividend proposed has not been recognised as a liability at the balance sheet date, but reflected as an appropriation of accumulated profits for the year ended 31 December 2006.

### 14. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to equity holders of the Company of RMB41,129,000 (2005: RMB37,118,000) and on weighted average number of 557,063,014 and 520,000,000 shares in issue during the years end 31 December 2006 and 2005 respectively.

No diluted earnings per share has been presented as there had been no dilutive potential shares in both years of 2006 and 2005.

### 12. 本年度溢利

本年度本公司權益持有人應佔之綜合溢利人民幣41,129,900元(二零零五年：人民幣37,118,000元)中，共約人民幣22,449,000元(二零零五年：溢利人民幣57,634,000元)之虧損於本公司財務報表中反映。

### 13. 股息

本公司並無宣派截至二零零六年十二月三十一日止年度之中期股息。

董事於結算日後建議派發截至二零零六年十二月三十一日止年度之末期股息每股人民幣0.035元(二零零五年：人民幣0.035元)，合共約人民幣19,530,000元(二零零五年：人民幣19,530,000元)。是項建議須待股東於應屆股東週年大會上批准。該建議末期股息於結算日並未確認為負債，惟已反映為截至二零零六年十二月三十一日止年度之累計溢利分配。

### 14. 每股盈利

每股基本盈利乃根據本公司權益持有人應佔溢利人民幣41,129,000元(二零零五年：人民幣37,118,000元)及分別截至二零零五及二零零六年十二月三十一日止年度已發行股份加權平均數557,063,014股及520,000,000股股份計算。

由於二零零六年及二零零五年兩年並無具攤薄潛力之股份，故並無呈列每股攤薄盈利。

# Notes to the Financial Statements

## 財務報表賬項附註

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

### 15. PROPERTY, PLANT AND EQUIPMENT

### 15 物業、廠房及設備

#### Group

#### 集團

		Construction in progress 在建工程 RMB'000 人民幣千元	Buildings 樓宇 RMB'000 人民幣千元	Leasehold improvements 租賃物業裝修 RMB'000 人民幣千元	Mould and equipment 模具及設備 RMB'000 人民幣千元	Motor vehicles 汽車 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 1 January 2005	於二零零五年一月一日						
Cost	成本	407	53,010	11,339	40,807	20,160	125,723
Accumulated depreciation	累計折舊	-	(4,627)	(4,838)	(9,644)	(4,841)	(23,950)
Net book amount	賬面淨值	407	48,383	6,501	31,163	15,319	101,773
Year ended 31 December 2005	截至二零零五年十二月三十一日止年度						
Opening net book amount	期初賬面淨值	407	48,383	6,501	31,163	15,319	101,773
Additions	添置	2,198	2,226	363	9,052	2,839	16,678
Disposals of subsidiaries	出售附屬公司	-	-	-	(1,176)	(135)	(1,311)
Disposals	出售	-	-	(755)	(6,077)	(1,999)	(8,831)
Depreciation	折舊	-	(2,662)	(836)	(5,857)	(4,446)	(13,801)
Transfer	結轉	(24)	-	-	24	-	-
Closing net book amount	期末賬面淨值	2,581	47,947	5,273	27,129	11,578	94,508
At 31 December 2005	於二零零五年十二月三十一日						
Cost	成本	2,581	55,236	10,716	39,691	19,543	127,767
Accumulated depreciation	累計折舊	-	(7,289)	(5,443)	(12,562)	(7,965)	(33,259)
Net book amount	賬面淨值	2,581	47,947	5,273	27,129	11,578	94,508
Year ended 31 December 2006	截至二零零六年十二月三十一日止年度						
Opening net book amount	期初賬面淨值	2,581	47,947	5,273	27,129	11,578	94,508
Additions	添置	121,305	65	71	6,750	5,607	133,798
Acquisition of a subsidiary (Note 33)	收購附屬公司 (附註33)	-	-	-	8,592	180	8,772
Disposals	出售	-	(1,444)	(8)	(1,991)	(1,541)	(4,984)
Depreciation	折舊	-	(3,712)	(2,741)	(7,420)	(2,713)	(16,586)
Transfer	結轉	(123,886)	97,070	75	26,730	11	-
Closing net book amount	期末賬面淨值	-	139,926	2,670	59,790	13,122	215,508
At 31 December 2006	於二零零六年十二月三十一日						
Cost	成本	-	150,685	10,850	76,117	21,924	259,576
Accumulated depreciation	累計折舊	-	(10,759)	(8,180)	(16,327)	(8,802)	(44,068)
Net book amount	賬面淨值	-	139,926	2,670	59,790	13,122	215,508

# Notes to the Financial Statements

## 財務報表賬項附註

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

### 15. PROPERTY, PLANT AND EQUIPMENT (Continued)

### 15 物業、廠房及設備(續)

#### Company

#### 公司

		Construction in progress 在建工程 RMB'000 人民幣千元	Buildings 樓宇 RMB'000 人民幣千元	Leasehold improvements 租賃物業裝修 RMB'000 人民幣千元	Mould and equipment 模具及設備 RMB'000 人民幣千元	Motor vehicles 汽車 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 1 January 2005	於二零零五年一月一日						
Cost	成本	14	20,112	11,340	28,602	19,400	79,468
Accumulated depreciation	累計折舊	-	(4,503)	(4,838)	(8,702)	(4,705)	(22,748)
Net book amount	賬面淨值	14	15,609	6,502	19,900	14,695	56,720
Year ended 31 December 2005	截至二零零五年十二月三十一日 止年度						
Opening net book value	期初賬面淨值	14	15,609	6,502	19,900	14,695	56,720
Additions	添置	2,130	25	363	5,421	2,839	10,778
Disposals	出售	-	-	(755)	(6,077)	(1,999)	(8,831)
Depreciation	折舊	-	(997)	(836)	(3,952)	(4,323)	(10,108)
Closing net book amount	期末賬面淨值	2,144	14,637	5,274	15,292	11,212	48,559
At 31 December 2005	於二零零五年十二月三十一日						
Cost	成本	2,144	20,137	10,716	25,766	19,067	77,830
Accumulated depreciation	累計折舊	-	(5,500)	(5,442)	(10,474)	(7,855)	(29,271)
Net book amount	賬面淨值	2,144	14,637	5,274	15,292	11,212	48,559
Year ended 31 December 2006	截至二零零六年十二月三十一日 止年度						
Opening net book value	期初賬面淨值	2,144	14,637	5,274	15,292	11,212	48,559
Additions	添置	117,986	-	71	5,722	5,343	129,122
Disposals	出售	-	(1,460)	(45)	(4,419)	(1,805)	(7,729)
Transfer	結轉	(120,130)	94,006	75	26,049	-	-
Depreciation	折舊	-	(918)	(2,737)	(3,691)	(2,484)	(9,830)
Closing net book amount	期末賬面淨值	-	106,265	2,638	38,953	12,266	160,122
At 31 December 2006	於二零零六年十二月三十一日						
Cost	成本	-	112,439	11,540	48,006	20,263	192,248
Accumulated depreciation	累計折舊	-	(6,174)	(8,902)	(9,053)	(7,997)	(32,126)
Net book amount	賬面淨值	-	106,265	2,638	38,953	12,266	160,122

Bank borrowings are secured on the Group's and the Company's certain land and buildings for the carrying amount of RMB37,315,000 and RMB3,670,000 respectively (2005: Nil)

銀行借款乃以本集團及本公司賬面值分別為人民幣37,315,000元及人民幣3,670,000元(二零零五年:無)的若干土地及樓宇作抵押。

# Notes to the Financial Statements

## 財務報表賬項附註

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

### 15. PROPERTY, PLANT AND EQUIPMENT (Continued)

Included in the Group's and the Company's buildings is net interest capitalised of RMB 4,290,000 (2005: Nil) during the construction of new factory and office premises. Construction of such premises was completed during the year and the premises are already in use. However, the building ownership certificates have yet to be issued by the local land bureau in the PRC.

### 16. LEASEHOLD LAND AND LAND USE RIGHTS

These are up-front payments to acquire the leasehold land and land use rights and their carrying amount are analysed as follows:

#### Group

	香港以外地區：
Outside Hong Kong held on:	50年或以上之租約
Leases of over 50 years	10年至50年之租約
Leases of between 10 to 50 years	

Opening carrying amount as at 31 December	於十二月三十一日之期初賬面值
Disposals	出售
Annual charges of prepaid operating lease payment	預付經營租賃付款之年費
Closing carrying amount as at 31 December	於十二月三十一日之期末賬面值

### 15 物業、廠房及設備(續)

本集團及本公司樓宇包括於建造新廠房及辦公室物業期間撥充資本的利息淨額人民幣4,290,000元(二零零五年：無)。有關物業已於年內竣工並投入使用。但尚待中國當地土地局發出物業所有權證書。

### 16. 租賃土地及土地使用權

此乃購入租賃土地及土地使用權所支付之手續費，其賬面淨值分析如下：

#### 集團

2006 二零零六年 RMB'000 人民幣千元	2005 二零零五年 RMB'000 人民幣千元
1,168	1,744
22,626	23,302
23,794	25,046

2006 二零零六年 RMB'000 人民幣千元	2005 二零零五年 RMB'000 人民幣千元
25,046	25,834
(464)	-
(788)	(788)
23,794	25,046



# Notes to the Financial Statements

## 財務報表賬項附註

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

### 16. LEASEHOLD LAND AND LAND USE RIGHTS (Continued)

### 16. 租賃土地及土地使用權(續)

Company		公司	
		2006	2005
		二零零六年	二零零五年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Outside Hong Kong held on:	香港以外地區：		
Leases of over 50 years	50年或以上之租約	1,168	1,744
Leases of between 10 to 50 years	10年至50年之租約	9,981	10,061
		<b>11,149</b>	<b>11,805</b>
		2006	2005
		二零零六年	二零零五年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Opening carrying amount	期初賬面值	11,805	11,920
Disposals	出售	(464)	-
Annual charges of prepaid operating lease payment	預付經營租賃付款之年費	(192)	(115)
Closing carrying amount	期末賬面值	<b>11,149</b>	<b>11,805</b>

Bank borrowings are secured on the Group's and the Company's certain land for the carrying amount of RMB22,982,000 and RMB10,335,000 respectively (2005: Nil).

銀行借款乃以本集團及本公司賬面值為人民幣22,982,000元及人民幣10,335,000元(二零零五年：無)的若干土地作抵押。

# Notes to the Financial Statements

## 財務報表賬項附註

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

### 17. GOODWILL

Opening carrying amount	期初賬面值
Acquisition of a subsidiary (note 33)	收購一間附屬公司(附註33)
Disposals of subsidiaries	出售附屬公司
Closing carrying amount	期末賬面值
Closing carrying amount	期末賬面值
Gross carrying amount	賬面總值
Accumulated amortisation	累計攤銷
Closing net carrying amount	期末賬面淨值

The goodwill at 31 December 2006 comprises goodwill arising from the acquisitions of Launch Shanghai, Launch Software and Launch Europe GmbH ("Launch Europe") amounting to approximately RMB1.5 million, RMB 1.2 million and RMB1.1 million respectively. Based on the impairment assessment of the recoverable amount of goodwill using the value-in-use calculations, covering a four-year cash-flow projections discounted at 5% per annum, in the opinion of the directors, no impairment provision is considered necessary for the balance of the Group's goodwill.

### 17. 商譽

	2006	2005
	二零零六年	二零零五年
	RMB'000	RMB'000
	人民幣千元	人民幣千元
Opening carrying amount	2,636	3,353
Acquisition of a subsidiary (note 33)	1,022	-
Disposals of subsidiaries	-	(717)
Closing carrying amount	3,658	2,636
Closing carrying amount	3,658	2,636
Gross carrying amount	3,796	2,774
Accumulated amortisation	(138)	(138)
Closing net carrying amount	3,658	2,636

於二零零六年十二月三十一日之商譽，包括因收購上海元征、元征軟件及Launch Tech GmbH (「Launch Europe」)而產生之商譽分別約人民幣1,500,000元、人民幣1,200,000元及人民幣1,100,000元。採取使用價值法對商譽可收回金額作減值測試，對四年的預計現金流量以5%年利率進行貼現。依據測試結果，董事認為無須對本集團商譽之餘額作減值撥備。

# Notes to the Financial Statements

## 財務報表賬項附註

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

### 18. DEVELOPMENT COSTS

2005

		Group 集團 RMB'000 人民幣千元	Company 公司 RMB'000 人民幣千元
Opening carrying amount	期初賬面值	30,855	30,855
Development labour cost capitalised	開發勞動成本撥作資本	11,927	11,304
Acquisition of development software	購入開發軟件	5,000	5,000
Amortisation charge (note 7)	攤銷費用(附註7)	(6,251)	(6,251)
Write off (note 8)	撇銷(附註8)	(2,613)	(2,613)
Closing carrying amount	期末賬面值	38,918	38,295
Closing carrying amount	期末賬面值		
Gross carrying amount	賬面總值	53,351	52,728
Accumulated amortisation	累計攤銷	(14,433)	(14,433)
Closing carrying amount	期末賬面值	38,918	38,295

2006

		Group 集團 RMB'000 人民幣千元	Company 公司 RMB'000 人民幣千元
Opening carrying amount	期初賬面值	38,918	38,295
Development labour cost capitalised	開發勞動成本撥作資本	11,819	8,199
Amortisation charge (note 7)	攤銷費用(附註7)	(9,490)	(9,322)
Closing carrying amount	期末賬面值	41,247	37,172
Closing carrying amount	期末賬面值		
Gross carrying amount	賬面總值	65,170	60,928
Accumulated amortisation	累計攤銷	(23,923)	(23,756)
Closing carrying amount	期末賬面值	41,247	37,172

All amortisations are included in “research and development expenses” in the income statement.

所有攤銷已包括在收益表「研發費用」內。

# Notes to the Financial Statements

## 財務報表賬項附註

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

### 19. INVESTMENTS IN SUBSIDIARIES

### 19. 於附屬公司之投資

		2006	2005
		二零零六年	二零零五年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Unlisted investments, at cost	非上市投資，按成本值	78,054	42,054

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

於二零零六年十二月三十一日，本公司附屬公司之詳情如下：

Name of subsidiary 附屬公司名稱	Form of business structure 商業性質	Place of registration and operations 註冊及營業地點	Registered and fully paid capital 註冊及實收資本	Percentage of registered capital held by the Company 本公司持有註冊資本百分比		Principal activities 主要業務
				directly 直接	indirectly 間接	
上海元征機械設備 有限責任公司 (「Launch Shanghai」)	Limited liability company	PRC	USD 5,751,369	50%	50%	Manufacturing of equipment and machines for maintenance of automobiles
上海元征機械設備 有限責任公司 (「上海元征」)	有限責任公司	中國	5,751,369美元	50%	50%	製造汽車後市場之養護設備
Launch Europe GmbH (「Launch Europe」)	Limited liability company	Germany	DM50,000	100%	–	Sales of accessories, equipment and machines for the automotive aftermarket
Launch Europe GmbH (「Launch Europe」)	有限責任公司	德國	50,000馬克	100%	–	銷售汽車後市場之所有配件、設備及機器
深圳市元征軟件 開發有限公司 (「Launch Software」)*	Limited liability company	PRC	RMB40,000,000	90%	10%	Development, manufacturing and sales of equipment for the automotive aftermarket
深圳市元征軟件 開發有限公司 (「元征軟件」)	有限責任公司	中國	人民幣 40,000,000元	90%	10%	開發、製造及銷售汽車後市場之設備

\* Acquired during the year.

\* 於年內已收購。

# Notes to the Financial Statements

## 財務報表賬項附註

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

### 20. INTEREST IN AN ASSOCIATE

### 20. 於一間聯營公司之權益

		Group		Company	
		2006	2005	2006	2005
		二零零六年	二零零五年	二零零六年	二零零五年
		RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元
Balance at 1 January	於一月一日之結餘	1,350	–	1,350	–
Share of associate's results	應佔聯營公司業績				
– Loss before income tax	– 除利得稅前虧損	(961)	–	–	–
Establishment of an associate	一間聯營公司成立	–	1,350	–	1,350
Balance at 31 December	於十二月三十一日之結餘	389	1,350	1,350	1,350

Particulars of the associate at 31 December 2006 are as follows:

於二零零六年十二月三十一日，聯營公司之詳情如下：

Name	Registered and fully paid capital	Place of registration and operation	Percentage of interest held by the Company
名稱	註冊及實收股本	註冊及營業地點	本公司持有權益之詳情
上海元征愛思開汽車服務有限公司	RMB4,500,000	PRC	30%
上海元征愛思開汽車服務有限公司	人民幣 4,500,000 元	中國	30%

# Notes to the Financial Statements

## 財務報表賬項附註

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

### 20. INTEREST IN AN ASSOCIATE (Continued)

The summarised financial information of the Group's associate extracted from its PRC financial statements are as follows:

		2006 二零零六年 RMB'000 人民幣千元	2005 二零零五年 RMB'000 人民幣千元
Assets	資產	11,511	–
Liabilities	負債	10,214	–
Revenues	收益	1,162	–
Loss	虧損	(3,279)	–

### 21. INVENTORIES

		Group 集團		Company 公司	
		2006 二零零六年 RMB'000 人民幣千元	2005 二零零五年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元	2005 二零零五年 RMB'000 人民幣千元
Raw materials	原材料	30,587	41,760	15,308	35,770
Work in progress	在製品	12,474	7,864	5,256	6,186
Finished goods	製成品	39,158	19,645	35,636	13,423
		82,219	69,269	56,200	55,379

During the year, the Group and Company reversed a general provision for slow-moving inventories of RMB1,819,000 (2005: Nil) which is included in costs of sales in the consolidated income statement.

### 20. 於一間聯營公司之權益(續)

摘自其中國財務報表之本集團聯營公司財務資料概要如下：

### 21. 存貨

於本年度，本集團及本公司將價值人民幣1,819,000元之流動性低存貨作一般撥備，於綜合收益表銷售成本內列賬。



# Notes to the Financial Statements

## 財務報表賬項附註

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

### 22. TRADE RECEIVABLES

The fair values of trade and other receivables are as follows:

		Group 集團		Company 公司	
		2006 二零零六年	2005 二零零五年	2006 二零零六年	2005 二零零五年
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
Trade receivables	應收貿易賬款	244,355	198,388	226,349	189,889
Less: provision for impairment of receivables	減：應收款項 減值撥備	(10,571)	(3,053)	(10,571)	(3,053)
		<b>233,784</b>	<b>195,335</b>	<b>215,778</b>	<b>186,836</b>

### 22. 應收貿易賬款

貿易及其他應收款項之公平值如下：

		Group 集團		Company 公司	
		2006 二零零六年	2005 二零零五年	2006 二零零六年	2005 二零零五年
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
Trade receivables	應收貿易賬款	244,355	198,388	226,349	189,889
Less: provision for impairment of receivables	減：應收款項 減值撥備	(10,571)	(3,053)	(10,571)	(3,053)
		<b>233,784</b>	<b>195,335</b>	<b>215,778</b>	<b>186,836</b>

The Group generally allows a credit period of one to six months to its trade customers. The following is the aging analysis of trade receivables, based on the invoice dates, as at 31 December 2006:

本集團一般給予其貿易客戶一至六個月之信貸期。以下為根據發票日期之應收貿易賬款於二零零六年十二月三十一日之賬齡分析：

		Group 集團		Company 公司	
		2006 二零零六年	2005 二零零五年	2006 二零零六年	2005 二零零五年
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
Within 6 months	六個月內	107,868	89,432	89,862	80,933
Over 6 months but less than 1 year	六個月以上但少於一年	56,495	105,903	56,495	105,903
Over 1 year but less than 2 years	一年以上但少於兩年	69,421	–	69,421	–
		<b>233,784</b>	<b>195,335</b>	<b>215,778</b>	<b>186,836</b>

# Notes to the Financial Statements

## 財務報表賬項附註

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

### 22. TRADE RECEIVABLES (Continued)

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

	Group 集團		Company 公司	
	2006 二零零六年	2005 二零零五年	2006 二零零六年	2005 二零零五年
	000 千元	000 千元	000 千元	000 千元
US dollars 美元	22,615	18,806	22,116	18,806

### 22. 應收貿易賬款(續)

應收貿易賬款已包括以下與該實體有關但以與其功能貨幣有別的貨幣為單位的金額：

### 23. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Included in other receivables, deposits and prepayments are advances to the staff of the branches by the Group and the Company which amounted to RMB3,717,000 and RMB3,147,000 respectively (2005: RMB4,447,000 and RMB4,447,000) in aggregate. Such advances are unsecured, interest-free and repayable on demand.

In addition, other receivables include an amount of RMB5,541,000 (2005: RMB5,988,000) which was held under custodian by two of the Company's directors namely Mr. Liu Xiu and Mr. Liu Jun in the course of business of the Group. These amounts are unsecured, interest-free and repayable on demand.

### 24. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

The amounts due are unsecured, interest-free and repayable on demand.

### 23. 其他應收款項、按金及預付款項

其他應收款項、按金及預付款項包括本集團及本公司對分公司僱員所作之墊款，總金額分別達人民幣3,717,000元及人民幣3,147,000元(二零零五年：人民幣4,447,000元及人民幣4,447,000元)。此類墊款並無抵押、免息及須於接獲通知時償還。

本公司兩位董事劉新先生及劉均先生於本集團之業務過程中以託管方式持有人民幣5,541,000元(二零零五年：人民幣5,988,000)。該條款項為無抵押、免息及須於要求時償還。

### 24. 附屬公司欠款/(結欠)

該款項為無抵押、免息及於通知時償還。

# Notes to the Financial Statements

## 財務報表賬項附註

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

### 25. AMOUNT DUE FROM AN ASSOCIATE

The amount is unsecured, interest-free and repayable on demand.

### 26. AMOUNT DUE FROM A RELATED COMPANY

#### Group and Company

藍點軟件技術(深圳)  
有限公司

Maximum amount outstanding during the year 於本年度未償還最高金額

Mr. Liu xin and Mr. Liu Jun are connected with this related company.

At 31 December 2006, the amount is unsecured interest free, and repayable on demand. It has been fully repaid subsequent to the year end date.

### 27. PLEDGED BANK DEPOSITS/BILLS PAYABLE

The deposits are pledged to banks to secure the bills and certain borrowings granted to the Group and the Company.

### 25. 一間聯營公司欠款

該款項為無抵押、免息及於通知時償還。

### 26. 一間關連公司欠款

#### 集團及公司

2006 二零零六年 RMB'000 人民幣千元	2005 二零零五年 RMB'000 人民幣千元
-----------------------------------	-----------------------------------

1,271	682
-------	-----

1,271	5,682
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劉新先生及劉均先生與此關連公司具有關連。

於二零零六年十二月三十一日，該款項為免息、無抵押及須於要求時償還，其於結算日後已悉數償還。

### 27. 已抵押銀行存款／應付票據

存款已抵押予銀行，作為授予本集團及本公司票據及若干借貸之抵押。

# Notes to the Financial Statements

## 財務報表賬項附註

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

### 28. TRADE PAYABLES

The aging analysis of trade payables as at 31 December 2006 is as follows:

		Group 集團		Company 公司	
		2006 二零零六年 RMB'000 人民幣千元	2005 二零零五年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元	2005 二零零五年 RMB'000 人民幣千元
Within 6 months	六個月內	59,939	43,044	22,921	20,067
Over 6 months but less than 1 year	六個月以上 但少於一年	5,971	27,853	2,985	26,403
Over 1 year but less than 2 years	一年以上 但少於兩年	2,209	–	564	–
		<b>68,119</b>	<b>70,897</b>	<b>26,470</b>	<b>46,470</b>

### 28. 應付貿易賬款

於二零零六年十二月三十一日，應付貿易賬款之賬齡分析如下：

### 29. BORROWINGS

		Group 集團		Company 公司	
		2006 二零零六年 RMB'000 人民幣千元	2005 二零零五年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元	2005 二零零五年 RMB'000 人民幣千元
Bank loans	銀行貸款				
Secured	有抵押	208,339	–	188,339	–
Unsecured	無抵押	60,000	155,167	60,000	125,167
		<b>268,339</b>	<b>155,167</b>	<b>248,339</b>	<b>125,167</b>
Less: Current portion due within one year included under current liabilities	減：包括於流動負債項下一年內到期之即期部分	(173,339)	(155,167)	(153,339)	(125,167)
Non-current portion included under non-current liabilities	包括於非流動負債項下之非即期部分	95,000	–	95,000	–

### 29. 借貸

# Notes to the Financial Statements

## 財務報表賬項附註

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

### 29. BORROWINGS (Continued)

As at 31 December 2006, the Group's and the Company's borrowings were repayable as follows:

		Group		Company	
		集團		公司	
		2006	2005	2006	2005
		二零零六年	二零零五年	二零零六年	二零零五年
		RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元
Within one year	一年內	173,339	155,167	153,339	125,167
In the second year	於第二年	35,000	-	35,000	-
In the third to the fifth year	由第三年至第五年	60,000	-	60,000	-
		<b>268,339</b>	<b>155,167</b>	<b>248,339</b>	<b>125,167</b>

All bank borrowings are denominated in RMB and are repayable in one to five years since the draw down date. The Group's and the Company's bank borrowings of RMB19,940,000 bears interest at fixed rate 6.138% per annum and the remaining borrowings bear floating rates ranging from 5.85% to 7.96% per annum.

Certain bank borrowings are secured by land, buildings, fixed deposits of the Group as detailed in note 15, 16 and 27 and personal guarantee provided by certain shareholders, and the pledge of 10,000,000 shares of Company's shares held by a shareholder.

### 29. 借貸(續)

於二零零六年十二月三十一日，本集團及本公司之借貸須於下列期限償還：

所有銀行借貸均以人民幣為計值單位，並須於提取日後一年至五年後償付。本集團及本公司的銀行借貸人民幣19,940,000元乃按年息率為6.138%之固定利率計息，其餘借貸以介乎5.85%至7.96%之浮動利率計息。

若干銀行借貸以本集團之土地、樓宇、定期存款(詳情載於附註15、16及27)以及若干股東提供之個人擔保作抵押，並以一位股東持有本公司之10,000,000股股份作質押(該等貸款按每年5.85%至7.96%之浮動利率計息)。

# Notes to the Financial Statements

## 財務報表賬項附註

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

### 30. DEFERRED TAX

As at 31 December 2006, the Group and the Company did not have material unprovided deferred tax liabilities.

### 31. SHARE CAPITAL

Share capital of RMB0.10 each at 1 January 2005, 31 December 2005 and 1 January 2006	於二零零五年一月一日，二零零五年十二月三十一日及二零零六年一月一日
Issue of H Shares	每股面值人民幣0.10元之股本發行H股
At 31 December 2006	於二零零六年十二月三十一日

Except for the currency in which dividends are paid and the restrictions as to whether the shareholders can be PRC investors or foreign investor, domestic, unlisted foreign shares and H Shares rank pari passu in all respects with each other.

On 10 January 2006, the Company, by means of placing of new H Shares to institutional investors, issued and allotted an aggregate of 38,000,000 new H Share of RMB0.10 each at a price of HK\$1.72 per H Share. After the completion of the subscription of H Shares, the Company's number of issued share capital and issued H share capital increased to 558,000,000 shares and 228,000,000 shares respectively.

### 30. 遞延稅項

於二零零六年十二月三十一日，本集團及本公司概無任何重大未撥備之遞延稅項負債。

### 31. 股本

	Number of shares 股份數目	Registered, issued and fully paid 註冊、已發行 及繳足	
	Domestic and unlisted foreign shares 內資及未上市外資股	H Shares H股	RMB'000 人民幣千元
	'000 千股	'000 千股	
Share capital of RMB0.10 each at 1 January 2005, 31 December 2005 and 1 January 2006	330,000	190,000	52,000
Issue of H Shares	-	38,000	3,800
At 31 December 2006	330,000	228,000	55,800

除支付股息之貨幣及是否限制股東為中國投資者或外國投資者外，內資、未上市外資股與H股在各方面享有同等權益。

於二零零六年一月十日，本公司向機構投資者配發新H股，以每股H股1.72港元之價格合共發行面值人民幣0.10元之新H股38,000,000股。於H股認購完成後，本公司之股本數目及已發行H股股份分別增至558,000,000股及228,000,000股。



# Notes to the Financial Statements

## 財務報表賬項附註

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

### 32. RESERVES

#### (a) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity of the financial statements. Nature and purpose of the statutory surplus reserve, statutory public welfare fund and accumulated profits are explained in note (b) below.

#### (b) Company

### 32. 儲備

#### (a) 集團

本集團之儲備金額以及本年度及過往年度之儲備變動呈列於財務報表之綜合權益變動報表內。法定公積金、法定公益金及累計溢利之性質及用途於下文附註(b)載列。

#### (b) 公司

		Share premium	Statutory surplus reserve	Statutory public welfare fund	Accumulated profits	Total
		股份溢價	法定公積金	法定公益金	累計溢利	總計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
At 1 January 2005	於二零零五年一月一日	169,594	10,118	10,118	62,856	252,686
Appropriations	分配	-	1,441	1,441	(2,882)	-
Profit for the year	年度溢利	-	-	-	57,634	57,634
2005 proposed final dividend	二零零五年擬派末期股息	-	-	-	(19,530)	(19,530)
At 31 December 2005 and 1 January 2006	於二零零四年十二月三十一日 及二零零五年一月一日	169,594	11,559	11,559	98,078	290,790
Issue of H shares	發行H股	63,417	-	-	-	63,417
Share issue expenses	股份發行費用	(6,523)	-	-	-	(6,523)
Appropriations	分配	-	4,042	4,042	(8,084)	-
Loss for the year	年度虧損	-	-	-	(22,449)	(22,449)
2006 proposed final dividend	二零零六年擬派 末期股息	-	-	-	(19,530)	(19,530)
At 31 December 2006	於二零零六年十二月三十一日	226,488	15,601	15,601	48,015	305,705

Notes:

#### (i) Share premium

Share premium is the excess of the proceeds received over the nominal value of the shares of the Company issued at a premium, less the amount of expenses incurred in connection with the issue of the shares.

附註：

#### (i) 股份溢價

股份溢價乃本公司股份以溢價發行時所得資金，撇除發行股份費用後，與股份面值之差異。

# Notes to the Financial Statements

## 財務報表賬項附註

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

### 32. RESERVES (Continued)

#### (b) Company (Continued)

##### (ii) Statutory surplus reserve

The Company's Articles of Association requires the appropriation of 10% of profit after income tax each year to the statutory surplus reserve until the balance reaches 50% of the registered share capital. According to the provision of the Company's Articles of Association, under normal circumstances, the statutory surplus reserve shall only be used for making up losses, capitalisation into share capital and expansion of the Company's production and operation. For the capitalisation of statutory surplus reserve into share capital, the remaining amount of such reserve shall not be less than 25% of the registered share capital. The transfer to the statutory surplus reserve is based on the net profit in the financial statements prepared under PRC accounting standards.

##### (iii) Statutory public welfare fund

Statutory public welfare fund represents the appropriation of profit after income tax according to the requirements of the Company's Articles of Association and the PRC Company Law. According to the requirements, the Company shall make allocation from profit after income tax at the rate of 5% to 10% to the statutory public welfare fund. The statutory public welfare fund can only be utilised on capital items for employees' collective welfare. Individual employees only have the right to use these facilities, the titles to which will remain with the Company. The statutory public welfare fund forms part of the shareholders' equity but is not distributable other than in liquidation. The transfer to the statutory public welfare fund is based on the net profit in the financial statements prepared under PRC accounting standards.

##### (iv) Accumulated profits

The reserve available for distribution to shareholders is based on the lower of the aggregate amount of profit after income tax for the year and accumulated profits brought forward determined under PRC accounting regulations and that determined under Hong Kong generally accepted accounting principles after deduction of the current year's appropriations to the statutory surplus reserve and statutory public welfare fund.

### 32. 儲備(續)

#### (b) 公司(續)

##### (ii) 法定公積金

本公司公司章程規定每年將除稅後溢利之10%轉撥為法定公積金，直至結餘達到註冊股本之50%為止。根據本公司公司章程之規定，在一般情況下，法定公積金僅可用於彌補虧損、撥充資本至股本及擴充本公司之生產及業務。就將法定公積金撥充資本至股本而言，該等法定公積金之剩餘款項不得少於註冊股本之25%。法定公積金之轉移乃以根據中國會計準則所編製之財務報表中之淨利潤為基準。

##### (iii) 法定公益金

法定公益金指根據本公司公司章程及中國公司法撥備除所得稅後溢利。根據有關規定，本公司須將其除所得稅後溢利之5%至10%轉撥為法定公益金。法定公益金僅可用於員工集體福利之公益項目。個別員工僅有權使用其項下之設施，而設施之所有權仍屬於本公司。法定公益金構成股東之部分權益，除清盤外不得分派。法定公益金之轉移乃以根據中國會計準則所編製之財務報表中之淨利潤為基準。

##### (iv) 累計溢利

可供分派予股東之儲備乃根據中國會計規定或根據香港普遍採納之會計準則釐定之本年度之除稅後溢利總額及累計結轉溢利，並扣除本年度轉撥為法定公積金及法定公益金之金額(以較低者為準)計算。

# Notes to the Financial Statements

## 財務報表賬項附註

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

### 33. NOTE TO CONSOLIDATED CASH FLOW STATEMENT

#### Acquisition of a subsidiary

On 1 June 2006, the Group acquired 100% of the registered capital of Launch Software, which is principally engaged in development, manufacturing and sales of equipment for the automotive after market. The acquired business contributed revenues of approximately RMB6,851,000 and net loss of RMB11,935,000 to the Group for the period from 1 June 2006 to 31 December 2006. If the acquisition had occurred on 1 January 2006, the Group's revenue would have been approximately RMB7,594,000 and loss allocations would have been RMB12,943,000.

Details of the net assets acquired and goodwill are as follows:

### 33. 綜合現金流量表附註

#### 收購一間附屬公司

於二零零六年六月一日，本集團收購深圳市元征軟件開發有限公司100%註冊資本，該公司主要從事開發、生產及銷售汽車售後市場設備。於二零零六年六月一日至二零零六年十二月三十一日期間，收購業務為本集團貢獻收益約人民幣6,851,000元及淨虧損人民幣11,935,000元。倘收購於二零零六年一月一日進行，本集團之收益將為約人民幣7,594,000元，而盈利潤分配將為人民幣12,943,000元。

收購之資產淨值詳情如下：

		2006 二零零六年 RMB'000 人民幣千元
Purchase consideration paid by cash	以現金支付收購代價	1,000
Fair value of assets acquired: (also the carrying values)	收購之資產值： (亦為賬面值)	
Property, plant and equipment (note 15)	物業、廠房及設備 (附註15)	8,772
Trade receivables	應收貿易賬款	172
Other receivables, deposits and prepayments	其他應收款項、按金及 預付款項	1,003
Bank balances and cash	銀行結餘及現金	27
Other payables	其他應付款項	(9,996)
Fair value of net assets acquired	收購之淨資產公平值	(22)
Goodwill (note 17)	商譽(附註17)	1,022

# Notes to the Financial Statements

## 財務報表賬項附註

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

### 33. NOTE TO CONSOLIDATED CASH FLOW STATEMENT (Continued)

#### Acquisition of a subsidiary (Continued)

The goodwill is attributable to the synergies expected to arise after the Group's acquisition of Launch Software.

### 33. 綜合現金流量表附註(續)

#### 收購一間附屬公司(續)

商譽歸因於本集團收購元征軟件後預期產生之協同效應。

		2006 二零零六年 RMB'000 人民幣千元
Satisfied by:	支付方式：	
Cash	現金	1,000
Cash flows arising from the acquisition:	收購時產生之現金流量：	
Cash consideration	現金代價	1,000
Bank balances and cash acquired	銀行結餘及所得現金	(27)
Net cash outflow in respect of the acquisition of a subsidiary	收購一間附屬公司之現金流出淨額	973

# Notes to the Financial Statements

## 財務報表賬項附註

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

### 34. OPERATING LEASE COMMITMENTS

As at 31 December 2006, the Group and the Company had commitments for future minimum lease payments in respect of land and buildings under non-cancellable operating leases which fall due as follows:

		Group 集團		Company 公司	
		2006 二零零六年 RMB'000 人民幣千元	2005 二零零五年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元	2005 二零零五年 RMB'000 人民幣千元
Within one year	一年內	4,005	6,338	3,359	6,338
In the second year to fifth year	第二年至第五年	6,227	8,691	4,887	8,691
After the fifth year	五年以上	488	1,365	488	1,365
		<b>10,720</b>	<b>16,394</b>	<b>8,734</b>	<b>16,394</b>

The lease payments are fixed and no arrangements have been entered into for contingent rental payments.

### 34. 經營租約承擔

於二零零六年十二月三十一日，本集團及本公司根據不可撤銷之經營租約就土地及樓宇須於下列年度支付日後之最低租約承擔如下：

租約付款乃固定及概未就或然租金付款訂立安排。

# Notes to the Financial Statements

## 財務報表賬項附註

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

### 35. CAPITAL COMMITMENTS

### 35. 資本承擔

	Group		Company	
	2006	2005	2006	2005
	二零零六年	二零零五年	二零零六年	二零零五年
	RMB'000	RMB'000	RMB'000	RMB'000
	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Capital expenditure authorised but not contracted for acquisition of property, plant and equipment				
就收購物業、廠房及設備已批准但未定約之資本開支	-	13,819	-	13,819
Capital expenditure contracted for but not provided in the financial statements:				
已定約但未於財務報表中撥備之資本開支：				
- acquisition of property, plant and equipment				
—收購物業、廠房及設備	27,482	4,469	27,482	4,469
	<b>27,482</b>	<b>18,288</b>	<b>27,482</b>	<b>18,288</b>

# Notes to the Financial Statements

## 財務報表賬項附註

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

### 36. SHARE OPTION SCHEME

Pursuant to the Company's share option scheme approved by a resolution of the shareholders of the Company dated 21 March 2002 (the "Share Option Scheme"), the Company, for the purpose of encouraging the participants to perform their best in achieving the goals of the Group, may grant options to employees including any directors of the Company or its subsidiaries to subscribe for the H Shares in the Company. An offer for the grant of options must be accepted within 28 days from the date of offer, and a consideration of RMB1.00 is payable by each of the participants on acceptance of the grant of options. The Share Option Scheme will remain valid for a period of ten years commencing on 21 March 2002. An option may be exercised at any time during a period to be notified by the directors of the Company to each grantee provided that the period within which the option must be exercised shall be not less than two years and not more than 10 years from the date of grant. The subscription price for H Shares under the Share Option Scheme will be determined by the directors and notified to each grantee and will be no less than the highest of (a) the closing price of the H Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; (b) the average closing price of the H Shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of grant; and (c) the nominal value of a H Share.

However, for employees who are PRC nationals and have taken up any options to subscribe for the Company's H Shares, they shall not be entitled to exercise the options until:

### 36. 購股權計劃

根據經本公司股東於二零零二年三月二十一日之決議所通過之本公司購股權計劃(「購股權計劃」)，本公司為鼓勵參與者盡其所能達到本集團之目標，可向僱員(包括本公司或其附屬公司之任何董事)授予購股權，以認購本公司之H股。每名參與者若接納授予購股權之建議必須於建議日期起計二十八日內作出，接納授予購股權時每人須支付代價人民幣1.00元。購股權計劃之有效期於二零零二年三月二十一日起計為期十年。每份購股權可於本公司董事通知每名承授人之時期內隨時行使，惟購股權須予行使之時期由授出之日起計不可短於兩年及長於十年。購股權計劃項下H股之認購價將由董事釐定後通知承授人，認購價不會低於以下三者之最高者：(a) 授出購股權日期(必須為營業日)H股於聯交所之日報表所列之收市價；(b) 緊接授出購股權日期前五個營業日H股於聯交所日報表所列之平均收市價；或(c)H股之面值。

然而，屬於中國國民並已接納可認購本公司H股之購股權之僱員直至以下時間方有權行使購股權：



# Notes to the Financial Statements

## 財務報表賬項附註

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

### 36. SHARE OPTION SCHEME (Continued)

- (i) The current restrictions imposed by the relevant PRC laws and regulations restricting PRC nationals from subscribing for and dealing in H Shares or any laws and regulations with similar effects have been abolished or removed; and
- (ii) The China Securities Regulatory Commission or other relevant government authorities in the PRC have approved the new issue of H Shares upon the exercise of any options which may be granted under the Share Option Scheme.

The total number of H Shares subject to the Share Option Scheme and any other share option schemes must not, in aggregate, exceed 30% of issued H Shares of the Company in issue from time to time. The total number of H Shares available for issue under options granted under the Share Option Scheme and any other schemes, must not in aggregate, exceed 10% of the number of H Shares of the Company in issue from time to time. The Company may seek approval from shareholders in general meeting for renewing the 10% limit or for granting further options beyond the 10% limit, provided that the options in excess of the 10% limit are granted only to participants specifically identified by the Company before such approval is sought.

### 36. 購股權計劃(續)

- (i) 中國有關限制其國民認購及買賣H股之法律及法規或具有類似效力之法律及法規現時所施加之限制被廢除或解除；及
- (ii) 中國證券監督管理委員會或中國其他相關之政府機關批准購股權計劃所授購股權獲行使後新發行H股。

購股權計劃及任何其他購股權計劃所涉及之H股總數合共不可超過本公司不時已發行H股之30%。購股權計劃及任何其他計劃所授購股權而可供發行之H股總數合共不可超過本公司不時已發行H股數目之10%。本公司可於股東大會尋求股東批准更新此10%限額或批准進一步授出超出10%限額之購股權，惟僅可向尋求此項批准前本公司所特別界定之參與者授予超過此10%限額之購股權。

# Notes to the Financial Statements

## 財務報表賬項附註

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

### 36. SHARE OPTION SCHEME (Continued)

No employee of the Company or its subsidiaries shall be granted an option which, if all the options granted to the employee (including both exercised and outstanding options) in any 12-month period up to the date of grant, shall not exceed 1% of the H Shares in issue at the date of grant.

No option has been granted by the Company under the Share Option Scheme since its adoption.

### 37. RETIREMENT PLANS

As stipulated by the rules and regulations in the PRC, the Group contributes to state-sponsored retirement plans for its employees in the PRC. The Group is required to contribute 8.0% to 22.5% of the basic salaries of its employees to the retirement plans, and has no further obligation for the actual payment of the previous or post retirement benefits. The relevant state-sponsored retirement plans are responsible for the entire present obligation to retired employees.

### 38. RELATED PARTY TRANSACTIONS

The Group did not enter into any material related party transactions during the year other than as disclosed in note 9, 23 and 26.

### 36. 購股權計劃(續)

倘於截至授出購股權之日止十二個月期內授予僱員之所有購股權(包括已行使及未行使之購股權), 並不超過授出日期已發行H股之1%, 則本公司或其附屬公司之僱員概不可獲授予購股權。

自採納購股權計劃以來, 本公司並無按該計劃授出購股權。

### 37. 退休計劃

根據中國法規及法例之規定, 本集團須為其中國僱員向國家資助之退休計劃供款。本集團須支付員工基本薪金8.0%至22.5%之金額作為退休計劃之供款, 惟並無義務支付退休前後福利之實際付款。有關之國家資助退休計劃須就有關退休員工承擔所有現行責任。

### 38. 與關連人士之交易

除附註9及附註23至26所披露者外, 年內, 本集團並無訂立任何重大關連人士交易。

# Notes to the Financial Statements

## 財務報表賬項附註

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

### 39. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial assets include cash and cash equivalents, deposits, other receivables, trade receivables and amount due from a related company. The Group's financial liabilities include trade payables, deposits received, accrued liabilities and other payables.

The Group does not have written risk management policies and guidelines. However, the board of directors meets periodically to analyse and formulate strategies to manage the Group's exposure to market risk, including changes in interest rates and currency exchange rates.

#### 39.1 Interest rate risk

The Group has no significant interest bearing assets apart from cash and bank deposits. The Group currently have bank borrowings with fixed and floating interest rates as disclosed in note 29.

#### 39.2 Credit risk

The carrying amounts of trade receivables and other receivables represent the Group's maximum exposure to credit risk in relation to its financial assets. It is the Group's policy that receivable balances are monitored on an ongoing basis. The allowance for impairment has been made to reduce the exposure to the credit risk in relation to the receivables. Other than this there are no significant concentrations of credit risk within the Group in relation to other financial assets.

#### 39.3 Foreign currency risk

The Group's exposure to market risk for changes in foreign currency exchange rates relates primarily to certain trade receivables and certain cash and cash equivalents in currencies other than the functional currency of RMB.

### 39. 風險管理目標及政策

本集團之金融資產包括現金及現金等價物、按金、其他應收款項、應收貿易賬款及應收一間關聯公司款項。本集團之金融負債包括應付貿易賬款、已收按金、應計負債及其他應付款項。

本集團並無書面風險管理政策及指引。然而，董事會會定期舉行會議，以分析及制定策略管理本集團之市場風險，包括利率及匯率變動。

#### 39.1 利率風險

除現金及銀行存款外，本集團並無重大計息資產。本集團現時之銀行借貸以定息及浮息計息（見附錄29之披露）。

#### 39.2 信貸風險

應收貿易賬款及其他應收款項之賬面值，即為本集團之金融資產有關之最大信貸風險。本公司政策乃持續監察應收款項餘額，並已作減值撥備減少與應收款項有關之信貸風險。除本處披露者外，本集團內並無與其他金融資產相關之重大信貸風險。

#### 39.3 外匯風險

本集團因外幣匯率變動承擔之市場風險，主要與若干應收貿易賬款及若干以功能貨幣人民幣以外之現金及現金等價物。

# Notes to the Financial Statements

## 財務報表賬項附註

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

### 39. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

#### 39.4 Liquidity risk

The Group exercised liquidity risk management policy by maintaining sufficient cash level and the availability of adequate amount of committed credit facilities.

#### 39.5 Fair values

The fair values of cash and cash equivalents, deposits, other receivables and trade receivables, amount due from a related company, trade payables, deposits received, accrued liabilities and other payables, are not materially different from their carrying amounts because of the immediate or short term maturity of these financial assets and liabilities.

### 39. 風險管理目標及政策(續)

#### 39.4 流動資金風險

本集團維持足夠水平之現金及已承諾信貸提供之融資，執行流動資金風險管理政策。

#### 39.5 公平值

現金及現金等價物、按金、其他應收款項及應收貿易賬款及應收一間關連公司款項、應付貿易賬款、已收按金、應計負債及其他應付款項之公平值與其賬面值並無重大分別，因該等金融資產及負債乃即時或於短期內到期。

# Notice of Annual General Meeting

## 股東週年大會通告

**NOTICE IS HEREBY GIVEN** that an Annual General Meeting of Launch Tech Company Limited (the “Company”) will be held at the conference room, 9th Floor, Office Block, Launch Industrial Park, North of Wuhe Road, Banxuegang, Longgang District, Shenzhen, the PRC at 10:00 a.m. on 28 May 2007 Monday for the following purposes:

- I. To pass the following matters as ordinary resolutions:
  1. To consider and pass the report of the Directors’ Report for the year 2006;
  2. To consider and pass the Supervisory Committee’s Report for the year 2006;
  3. To consider and pass the audited consolidated financial statements of the Company and its subsidiaries for the year 2006;
  4. To consider and pass the resolution of final dividend distribution for the year 2006;
  5. To consider and pass the resolution for making allotments of statutory surplus reserve and statutory public welfare fund for the year 2006;
  6. To consider and pass plans to re-appoint Grant Thornton as independent auditors of the Company for the year 2007 and to authorise the board of Directors to fix their remunerations;
  7. To handle any other matters.

**茲通告**，深圳市元征科技股份有限公司（「本公司」）謹定於二零零七年五月二十八日（星期一）上午十時正假座中國深圳市龍崗區坂雪崗工業區五和大道北元征工業園辦公樓九樓會議室召開股東週年大會，藉以商討下列事項：

- I. 以普通決議案通過的以下事項：
  1. 審議並通過本公司二零零六年度董事會報告書；
  2. 審議並通過本公司二零零六年度監事會報告書；
  3. 審議並通過本公司及其附屬公司二零零六年度之經審核綜合財務報表；
  4. 審議並通過二零零六年度末期股息分配議案；
  5. 審議並通過二零零六年度提取法定公積金及法定公益金議案；
  6. 審議並通過續聘均富會計師行出任本公司二零零七年度獨立核數師並授權董事會決定其酬金的方案；
  7. 處理任何其他事項。

# Notice of Annual General Meeting

## 股東週年大會通告

### II. To pass the following matters as special resolutions:

1. To consider and resolve that, subject to the approval of China Securities Regulatory Commission and/or other relevant statutory authorities in the People's Republic of China and/or the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited for the proposed allotment and issue of new H shares and/or domestic shares, the board of Directors be authorised:
  - (a) to issue and/or place H shares and/or domestic Shares within a period of 12 months from the date of this resolution, provided that the total number of H shares and/or domestic shares to be placed and/or issued shall not exceed 20% (the "20% Limit") of the number of H shares and/or domestic shares of the Company in issue respectively;
  - (b) subject to the 20% Limit, to decide the number of H shares and/or domestic shares to be placed and/or issued and to deal with any matter arising from or related to the placing or issue of the new shares mentioned above;
  - (c) to amend, in accordance with the increase in registered capital of the Company, the relevant articles contained in the Articles of Association in relation to the registered capital of the Company and any other articles that require corresponding amendments; and

### II. 以特別決議案通過的以下事項：

1. 審議並通過，在受限於中國證券監督管理委員會（「中國證監會」）及／或中華人民共和國其他有關的法定機關及／或香港聯合交易所有限公司創業板批准本公司擬增發H股及／或內資股上市及買賣的前提下，授予董事會一項授權：
  - (a) 由決議案日期起計十二個月期間內發行及／或配售H股及／或內資股，惟將予配售及／或發行之H股及／或內資股之總數不得分別超過本公司已發行之H股及／或內資股之股份數目的20%（「20%限額」）；
  - (b) 以20%限額為限，確定將予配售及／或發行H股及／或內資股之數目，以及處置因配售及／或發行該等新股份所產生或與之有關之事宜；
  - (c) 根據增加註冊資本的具體情況，修改章程中關於本公司註冊資本的細則及需相應修改的其他細則；及

# Notice of Annual General Meeting

## 股東週年大會通告

- (d) if any chronological variation of the wordings or numbering of the articles contained in the Articles of Association of the Company is necessary upon application to the companies examination and approval authority authorised by the State Council and China Securities Regulatory Commission for examination and approval, to make corresponding amendments to the Articles of Association as required by such authority and China Securities Regulatory Commission.

By order of the Board

**Launch Tech Company Limited**

**Liu Xin**

*Chairman*

Shenzhen, the PRC

29 March 2007

Notes:

1. A member entitled to attend and vote at the above meeting is entitled to appoint one or more than one proxy to attend and vote on his behalf. A proxy need not be a member of the Company.
2. To be valid, a form of proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such authority, must be deposited at (i) the principal place of business in the PRC of the Company, at 9th floor, Launch Industrial Park, North of Wuhe Road, Banxuegang Longgang District, Shenzhen, the PRC (for holders of domestic shares of the Company); or (ii) the Company's H share registrar, Computershare Hong Kong Investor Services Limited, at Room 1712 – 1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong (for holders of H shares of the Company), not less than 24 hours before the time for holding the meeting or appointed time of voting.
3. Shareholders or their proxies shall present proofs of identities when attending the AGM.
4. The Registrar of members will be closed from 29 April 2007 to 28 May 2007, both days inclusive. All transfers accompanied by relevant share certificates must be lodged with Company's H share registrar not later than 4:00 p.m. on 28 April 2007.
5. Shareholders entitled to attend the AGM are requested to deliver the reply slip for attendance to (i) the registered office of the Company (for holders of domestic shares of the Company); or (ii) the Company's H share registrar (for holders of H shares of the Company) before 7 May 2007.

- (d) 如公司章程呈報國務院授權的公司審批部門和中國證監會審批時需要進行文字或條文順序的變動，依據上述審批部門和中國證監會的要求作出相應的修改。

承董事會命

**深圳市元征科技股份有限公司**

**董事長**

**劉新**

中國，深圳

二零零七年三月二十九日

附註：

1. 有資格出席上述會議及於會上投票的本公司股東，均可委派一名或多名代理人出席會議及代其投票；代理人毋須為本公司股東。
2. H股股東代理人委任表格及如果該代理人委任表格由他人根據授權書或其他授權文件代表委託人簽署，經由公證律師證明之該等授權書或其他授權文件的副本，必須最遲於此會議召開或指定表決時間二十四小時前送達(i) (就本公司內資股持有人而言)本公司之中國主要營業地點，地址為中國深圳龍崗區坂雪崗工業區五和大道北元征工業園辦公樓九樓；或(ii) (就本公司H股持有人而言)本公司H股股份過戶登記處地址為香港皇后大道東一八三號合和中心十七樓一七一二至一七一六室香港中央證券登記有限公司，方為有效。
3. 股東或其代理人出席會議時應出示本人身份證明文件。
4. 本公司將於二零零七年四月二十九日至二零零七年五月二十八日(首尾兩天包括在內)暫停辦理股東名冊變更登記。為釐定有權出席大會並可於大會上投票之股東之身份，所有過戶文件連同有關股票須於二零零七年四月二十八日下午四時正前送抵本公司H股股份過戶登記處。
5. 有權出席股東週年大會之股東需於二零零七年五月七日前以書面回覆(i) (就本公司內資股持有人而言)本公司之註冊辦事處；或(ii) (就本公司H股持有人而言)本公司H股股份過戶登記處。



## DIRECTORS OF THE COMPANY

### Executive Directors

Mr. Liu Xin (*Chairman*)

Mr. Liu Jun (*Chief executive officer*)

Professor Wang Xue Zhi

### Non-executive Director

Ms. Liu Yong

### Independent Non-executive Directors

Mr. Zhang Xiao Yu

Professor Hu Zi Zheng

Mr. Yim Hing Wah

## SUPERVISORS

Ms. Hou Wen Tao

Mr. Guo Jian Yuan

Mr. Wang Xi Lin

## QUALIFIED ACCOUNTANT

Mr. Liu Chun Ming, ACCA

## COMPANY SECRETARY

Mr. Liu Chun Ming, ACCA

## AUDIT COMMITTEE

Mr. Zhang Xiao Yu

Professor Hu Zi Zheng

Mr. Yim Hing Wah

## COMPLIANCE OFFICER

Mr. Liu Jun

## 董事會

### 執行董事

劉新先生 董事長

劉均先生 行政總裁

王學志教授

### 非執行董事

劉庸女士

### 獨立非執行董事

張小虞先生

胡子正教授

嚴慶華先生

## 監事

侯文濤女士

郭健源先生

王希琳先生

## 合資格會計師

廖俊明先生 ACCA

## 公司秘書

廖俊明先生 ACCA

## 審核委員會

張小虞先生

胡子正教授

嚴慶華先生

## 監察主任

劉均先生

# Corporate Information

## 公司資料

### AUTHORISED REPRESENTATIVES

Mr. Liu Jun  
Mr. Liu Chun Ming, ACCA

### AUDITORS

Grant Thornton  
13th Floor, Gloucester Tower  
The Landmark  
11 Peddar Street, Central  
Hong Kong

### LEGAL ADVISERS

As to Hong Kong law:  
Woo, Kwan, Lee & Lo  
26th Floor, Jardine House  
1 Connaught Place  
Hong Kong

As to PRC law:  
ZHONG LUN LAW FIRM  
12-13/F, Building 1,  
China Merchants Tower,  
No. 118 Jianguo Road,  
Chaoyang District, Beijing 100022,  
People's Republic of China

Suite 17-D, 17/F,  
Shenzhen Development Bank Tower,  
5047 Shennan Road East, Shenzhen 518001,  
People's Republic of China

### PRINCIPAL BANKERS

China Everbright Bank  
Shenzhen Branch, Honglilu Sub-branch  
Block 501,  
Honglilu Shangbu Industrial Zone,  
Shenzhen, the PRC

### 法定代表

劉均先生  
廖俊明先生 ACCA

### 核數師

均富會計師行  
執業會計師  
香港中環畢打街11號  
置地廣場告羅士打大廈13樓

### 法律顧問

香港法律：  
胡關李羅律師行  
香港中環  
康樂廣場一號  
怡和大廈26樓

中國法律：  
北京市中倫金通律師事務所  
中國北京市朝陽區建國路118號  
招商局中心01樓12/13層  
郵政編碼：100022

中國深圳市深南東路5047號  
深圳發展銀行大廈17樓D  
郵政編碼：518001

### 主要往來銀行

中國光大銀行  
深圳分行紅荔路支行  
中國深圳  
紅荔路上步工業區  
501幢

China Everbright Bank  
Hongling Sub-branch  
No.15. Bagua No. 4 Road, Futian District  
Shenzhen, the PRC

Shenzhen Development Bank  
Huafulu Sub-branch  
General Building, Huali Co.,  
No. 118, Zhenhua Road  
Shenzhen, the PRC

Agricultural Bank of China  
Shenzhen Branch  
3/F., Hongling Building, 1001 Shennan Road, Shenzhen

China Development Bank  
Shenzhen Branch  
12-15/F, Zhongxin Building,  
no. 1093 Shennan Zhong Road, Shenzhen

## HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited  
Rooms 1712-1716  
17th Floor, Hopewell Centre  
183 Queen's Road East  
Hong Kong

## REGISTERED OFFICE

Xin Yang Building  
Bagua Number Four Road  
Futian District  
Shenzhen, the PRC

中國光大銀行  
深圳分行紅嶺支行  
中國深圳福田區  
八卦四路15號

深圳發展銀行  
華富路支行  
中國深圳  
振華路118號  
華麗公司綜合樓

中國農業銀行  
深圳市分行  
深圳市深南中路1001號紅嶺大廈三樓

國家開發銀行  
深圳市分行  
深圳市深南中路1093號中信大廈12-15樓

## 香港股份過戶登記處

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

## 註冊辦事處

中國深圳福田區  
八卦四路新陽大廈

# Corporate Information

## 公司資料

### PRINCIPAL PLACE OF BUSINESS IN THE PRC

Launch Industrial Park  
North of Wuhe Road, Banxuegang, Longgang District, Shenzhen,  
the PRC

Launch Shanghai Base  
No. 661 Baian Road, Angtin Zhen, Jiading District, Shanghai,  
the PRC

### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1801, 18th Floor  
Wing On Central Building  
26 Des Voeux Road Central  
Hong Kong

### STOCK CODE

8196

### 中國主要營業地點

元征工業園  
中華人民共和國  
深圳市龍崗區坂雪崗工業區五和大道北

上海元征基地  
中華人民共和國  
上海市嘉定區安亭鎮百安公路661號

### 香港主要營業地點

香港  
德輔道中26號  
永安中區大廈  
18樓1801室

### 股票編號

8196

