

TeleEye

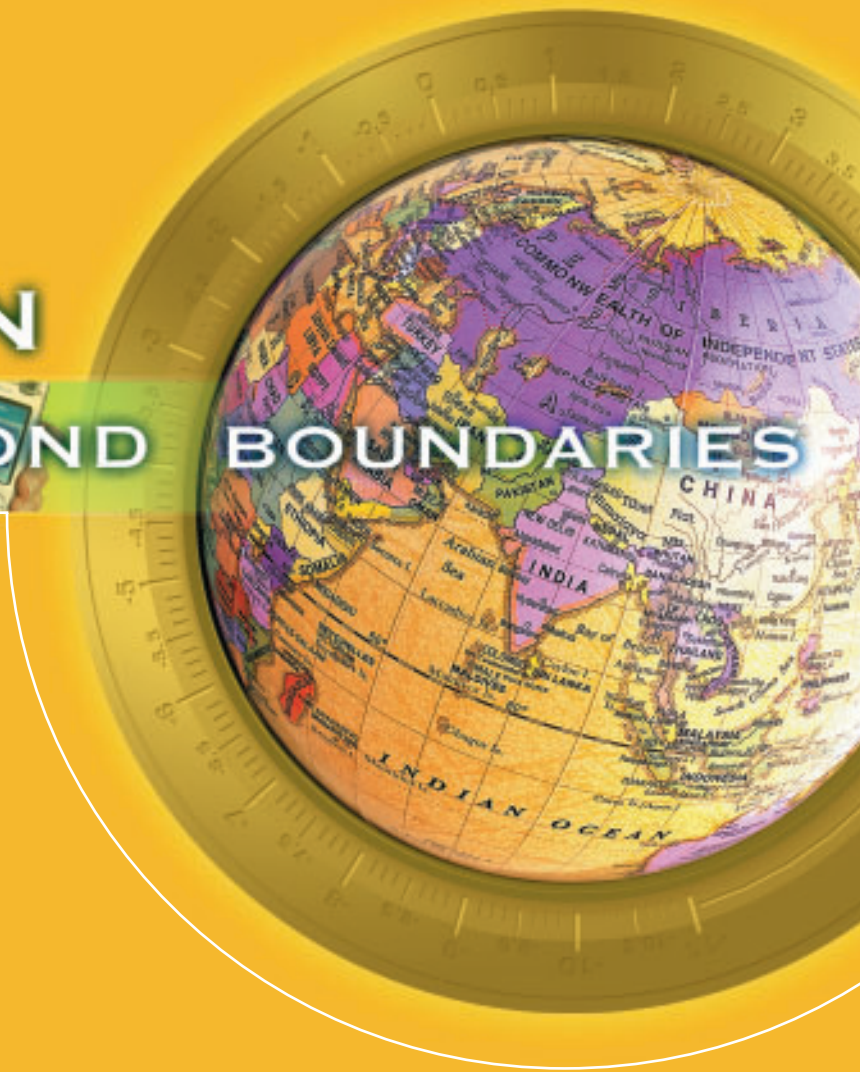
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Stock Code 股份代號 : 8051

VISION

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BOUNDARIES



TeleEye Holdings Limited
千里眼控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立之有限公司)

ANNUAL REPORT 2007 年報

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This report, for which the directors of TeleEye Holdings Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange for the purpose of giving information with regard to TeleEye Holdings Limited. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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創業板為帶有高投資風險之公司提供上市之市場。尤其在創業板上市之公司毋須有過往溢利記錄，亦毋須預測未來溢利。此外，在創業板上市之公司可因其新興性質及該等公司經營業務之行業或國家而帶有風險。有意投資之人士應了解投資於該等公司之潛在風險，並應經過審慎周詳之考慮後方作出投資決定。創業板之較高風險及其他特色表示創業板較適合專業及其他經驗豐富投資者。

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本報告（千里眼控股有限公司（「本公司」）各董事（「董事」）願共同及個別對此負全責）乃遵照香港聯合交易所有限公司《創業板證券上市規則》之規定而提供有關本公司之資料。各董事經作出一切合理查詢後，確認就彼等所知及所信：(1) 本報告所載資料在各重大方面均屬準確及完整，且無誤導成分；(2) 並無遺漏任何其他事實致使本報告所載任何聲明產生誤導；及(3) 本報告內表達之一切意見乃經審慎周詳考慮後方始作出，並以公平合理之基準和假設為依據。

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I am delighted to report that the Group achieved a double-digit growth in revenue and a net profit of about HK\$2 million in the past year. On behalf of the Board of directors, I would like to thank all staff for their contributions, dedications and teamwork.

The growth was mainly driven by the launch of a series of TeleEye RX Video Recording Servers during the year. The core technology in RX is the multi-stream video compression technology SMAC-M that our Group specially developed for video surveillance applications. The benefits of SMAC-M are well received by customers and further strengthen our position as a leading technology company in remote video surveillance field.

In the coming year, the Group will launch more products using the SMAC-M technology. Besides launching superior products, we will continue to improve our quality management system, expand our sales and support network, tighten cost and inventory control and strengthen our business development efforts.

We firmly believe that our focus on quality product and own brand marketing will bring long term profitability to the Group. Finally, I would like to express my sincere thanks to our investors, bankers, business partners and staff for their continuous support to the Group.

Dr. Chan Chok Ki
Chairman and Chief Executive Officer

Hong Kong, 12 September 2007

本人欣然呈報，本集團收益於過去一年錄得雙位數字增長，更錄得純利約2,000,000港元。本人謹代表董事會感謝全體員工之寶貴貢獻、盡心盡力及團隊精神。

業務增長主要來自本年度內推出之TeleEye RX數碼錄像伺服器系列。RX系列之核心技術為本集團特為視像監察應用而開發之多重串流視像壓縮技術SMAC-M。SMAC-M之優點已得到客戶廣泛認同，並進一步加強本集團於遙控視像監察領域內作為擁有頂尖技術公司之地位。

在來年，本集團將推出更多採用SMAC-M技術之產品。除推出優越產品外，本集團將繼續提升其品質管理系統、擴大其銷售及支援網絡、收緊成本及存貨控制及加強其業務發展能力。

本集團深信，專注於優質產品及自有品牌推廣將為本集團帶來長遠溢利。最後，本人謹向一直支持本集團之投資者、銀行、業務夥伴及員工致以萬分謝意。

陳作基博士
主席及行政總裁

香港，二零零七年九月十二日

FINANCIAL REVIEW

For the year ended 30 June 2007, the Group recorded a turnover of approximately HK\$46,635,000, representing an increase of about 25% as compared with a turnover of approximately HK\$37,356,000 of the preceding year. The growth in turnover was attributable to the Group's efforts in global market expansion and advanced product development strategies. Profit attributable to shareholders for the year ended 30 June 2007 amounted to approximately HK\$2,087,000, as compared to the loss attributable to shareholders of approximately HK\$273,000 for last year. Earnings per share for the year ended 30 June 2007 was HK1.16 cents, compared to loss per share of HK0.15 cents for the year ended 30 June 2006.

The Group's balance sheet remains strong, with substantial liquidity and a prudently low level of gearing. During the year ended 30 June 2007, the Group had capitalized operating costs of approximately HK\$626,000 (2006: HK\$741,000) in respect of development of advanced CCTV products. To cope with the Group's business expansion, overall operating costs had increased by approximately 6.5% to HK\$20,101,000 as compared to HK\$18,874,000 for the year ended 30 June 2006.

COMMENTS ON SEGMENT INFORMATION

Europe

Europe was still the largest market of the Group, whose turnover for the year ended 30 June 2007 amounted to approximately HK\$16,662,000 (2006: HK\$10,905,000) or 35.7% (2006: 29.2%) of the Group's turnover. TeleEye Europe Limited (a subsidiary in the UK) operates as a direct selling office commencing from April 2004. It contributed significant effort in the provision of technical and marketing support in the region. Segment profit increased to approximately HK\$3,671,000 (2006: HK\$953,000). It was due to the increase in turnover and implementation of stringent cost control measures.

財務回顧

截至二零零七年六月三十日止年度，本集團錄得總營業額約46,635,000港元，較前一年度之營業額約37,356,000港元增加約25%。營業額增加乃由於本集團致力落實全球市場擴展及高級產品開發策略。截至二零零七年六月三十日止年度，股東應佔溢利約為2,087,000港元，而去年之股東應佔虧損則約為273,000港元。截至二零零七年六月三十日止年度，每股盈利為1.16港仙，截至二零零六年六月三十日止年度之每股虧損則為0.15港仙。

本集團之資產負債組合仍然穩固，擁有大量流動資金及資本負債率處於較低之審慎水平。於截至二零零七年六月三十日止年度內，本集團已將有關發展高級閉路電視產品的經營成本約626,000港元（二零零六年：741,000港元）資本化。為配合本集團之業務擴展，整體經營成本已增加約6.5%至20,101,000港元，截至二零零六年六月三十日止年度之整體經營成本則為18,874,000港元。

分類資料評論

歐洲

歐洲仍然為本集團之最大市場，截至二零零七年六月三十日止年度之營業額約為16,662,000港元（二零零六年：10,905,000港元），佔本集團營業額之35.7%（二零零六年：29.2%）。TeleEye Europe Limited（於英國之附屬公司）自二零零四年四月開始作為直銷辦事處之方式經營，其對於在歐洲市場提供技術支援及市場推廣作出莫大貢獻。分類溢利增加至約3,671,000港元（二零零六年：953,000港元）。分類溢利增加是由於營業額增加以及實行嚴謹成本控制措施所致。

Hong Kong

Hong Kong was the second largest market of the Group. Turnover for the year ended 30 June 2007 amounted to approximately HK\$6,077,000 (2006: HK\$5,935,000) or 13% (2006: 16%) of the Group's turnover. Segment profit was approximately HK\$793,000 (2006: HK\$2,246,000).

Other Asia Countries

Turnover for other Asia countries, excluding Hong Kong & Singapore, for the year ended 30 June 2007 amounted to approximately HK\$5,616,000 (2006: 4,911,000) or 12% (2006: 13.1%) of the Group's turnover. Segment profit was approximately HK\$573,000 (2006: HK\$960,000).

Africa

Turnover from Africa for the year ended 30 June 2007 increased by 175% to approximately HK\$5,318,000 (2006: HK\$1,935,000). It accounted for 11.4% (2006: 5.2%) of the Group's turnover. Segment profit increased to approximately HK\$1,670,000 (2006: HK\$650,000). The increase in turnover was due to the increasing marketing efforts applied in the region. During the year, the Group appointed a new distributor in South Africa to further strengthen the Group's presence there.

Singapore

Due to increase in market demand, turnover for Singapore for the year ended 30 June 2007 was approximately HK\$5,108,000 (2006: HK\$4,338,000) or 11% (2006: 11.6%) of the Group's turnover. The segment reported a profit of approximately HK\$702,000 (2006: HK\$136,000).

Middle East

Turnover for Middle East for the year ended 30 June 2007 was approximately HK\$4,976,000 (2006: HK\$4,755,000) or 10.7% (2006: 12.7%) of the Group's turnover. The segment reported a profit of approximately HK\$1,600,000 (2006: HK\$1,727,000).

Others

Other geographical segments included the Americas and Australia. Turnover for the year ended 30 June 2007 was approximately HK\$2,878,000 (2006: HK\$4,577,000) or 6.2% (2006: 12.2%) of the Group's total turnover. The segment reported a profit of approximately HK\$1,012,000 (2006: HK\$908,000).

香港

香港為本集團第二大市場。截至二零零七年六月三十日止年度之營業額約為6,077,000港元(二零零六年: 5,935,000港元)，佔本集團營業額之13%(二零零六年: 16%)。分類溢利約為793,000港元(二零零六年: 2,246,000港元)。

其他亞洲國家

截至二零零七年六月三十日止年度，本集團源自其他亞洲國家(不包括香港及新加坡)之營業額約為5,616,000港元(二零零六年: 4,911,000港元)，佔本集團營業額之12%(二零零六年: 13.1%)。分類溢利約573,000港元(二零零六年: 960,000港元)。

非洲

截至二零零七年六月三十日止年度，源自非洲之營業額增加175%至約5,318,000港元(二零零六年: 1,935,000港元)，佔本集團營業額之11.4%(二零零六年: 5.2%)。分類溢利增加至約1,670,000港元(二零零六年: 650,000港元)。營業額增加乃由於本集團在非洲積極進行市場推廣工作。於本年度內，本集團已在南非委任新分銷商，以進一步增強本集團在當地之市場佔有率。

新加坡

由於市場需求增加，截至二零零七年六月三十日止年度，新加坡的營業額約為5,108,000港元(二零零六年: 4,338,000港元)，佔本集團營業額之11%(二零零六年: 11.6%)。分類溢利約702,000港元(二零零六年: 136,000港元)。

中東

截至二零零七年六月三十日止年度，中東的營業額約為4,976,000港元(二零零六年: 4,755,000港元)，佔本集團營業額之10.7%(二零零六年: 12.7%)。分類溢利約1,600,000港元(二零零六年: 1,727,000港元)。

其他

其他地區分類包括美洲及澳洲。截至二零零七年六月三十日止年度之營業額約為2,878,000港元(二零零六年: 4,577,000港元)，佔本集團總營業額之6.2%(二零零六年: 12.2%)。分類溢利約1,012,000港元(二零零六年: 908,000港元)。

BUSINESS REVIEW

The Group is principally engaged in research and development and sales and marketing of audio and video surveillance systems. For the financial year ended 30 June 2007, the Group succeeded in achieving growth and profitability in the highly competitive CCTV market. This reflected management's effort of providing a wide range of high-tech products and customer services to the market, and the optimisation of the Group's operational efficiency in a competitive environment. During the year, the Group continued to conduct seminars and exhibitions in various countries with a view to enhance TeleEye brand image worldwide. In July 2006, the Group had appointed, under a licensing and distributor agreement, TeleEye (Mauritius) Limited as its distributor in Mauritius to further expand the sales network there.

As part of the growth strategy, the Group is delighted to have its UK office relocated from Reading to a larger premises in Maidenhead. The relocation improved the Group's operational efficiency and allowed more resources, facilities and space to cope with the growth in the UK.

Product Development

During the year, the Group launched *TeleEye RX330 Series Video Recording Transmitters* ("*TeleEye RX330*") consisting of four (RX334), eight (RX338) and sixteen (RX3316) channel models. *TeleEye RX330* are high performance video transmitters which support up to two internal hard drives for standalone and remote operations. Being inherited from the success of their counterpart *TeleEye RX360*, these new models combine fast video transmission, high-resolution recording and flexible connections in one single box. Featuring with the Group's revolutionary Multi-rate Video Coding Technology (SMAC-M), *TeleEye RX330* deliver truly "no compromise" on both efficient video transmission and excellent DVD quality recording performance.

In March 2007, the Group added a series of new features on the TeleEye RX series product (*TeleEye RX360* series and *RX330* series), including advanced security functions, remote keyboard control, flexible SMS event notification and video extraction through DVD writer or USB flash drive.

業務回顧

本集團主要從事視聽監察系統之研究與開發以及銷售與市場推廣。截至二零零七年六月三十日止財政年度，本集團成功地在競爭激烈的閉路電視市場達致增長及錄得盈利，反映管理層致力向市場提供大量不同種類的高科技產品及客戶服務，並在競爭激烈的環境內優化本集團的經營效益。於本年度內，本集團繼續在多個國家舉行研討會及展覽會，藉以在全球提升TeleEye之品牌形象。於二零零六年七月，本集團已根據特許及分銷協議委任TeleEye (Mauritius) Limited為其於毛里裘斯的分銷商，進一步擴大於當地的銷售網絡。

作為增長策略的一部份，本集團欣然宣佈，其英國辦事處已由原本的Reading遷往Maidenhead較大地方的辦事處。搬遷後改善了本集團的經營效率，並可提供更多資源、設施及空間以應付英國業務的增長。

產品開發

於本年度內，本集團推出*TeleEye RX330*系列數碼錄像傳送器（「*TeleEye RX330*」），包括四（RX334）、八（RX338）及十六（RX3316）路視頻型號。*TeleEye RX330*乃高性能視頻傳送器，支援多至兩個內置硬盤，適合本機及遙距操作。秉承*TeleEye RX360*的彪炳成績，該三個新型號將高速視像傳送、高解像度質素錄影及靈活的連接結合在單一裝置內。採用本集團革命性的「多重串流視像壓縮技術(SMAC-M)」，*TeleEye RX330*能真正提供絕不妥協的同步高速視像傳送及DVD高質素錄影效果。

於二零零七年三月，本集團將一系列新功能加入TeleEye RX系列產品（*TeleEye RX360*系列及*RX330*系列），包括先進保安功能、遙距鍵盤操作、SMS警報功能，以及透過DVD燒錄器或USB儲存媒體提取視像。

In May 2007, the Group has expanded the RX series product line by introducing *TeleEye RX504*, a professional mobile video recording server using the SMAC-M. *TeleEye RX504* digitally compresses videos and generates independent data streams to cater for efficient transmission and high-resolution recording. It is one of the world's first mobile digital video servers which support HSDPA. *TeleEye RX504* designs for tough automotive environment allowing it to withstand repetitive shocks and heavy vibrations generated by travelling vehicles. It can be detached easily and is protected from shock and vibration by a specially designed shock absorption mounting bracket.

During the year ended 30 June 2007, the Group's RX series product contributed approximately 49% of the Group's total turnover.

The Award

In October 2006, *TeleEye RX360 Series Digital Video Recording Transmitters* ("*TeleEye RX360*") has won the Grand Award and the Gold Award (Security Category) in the 2006 Hong Kong Electronic Industries Association (HKEIA) Award for Outstanding Innovation and Technology Products during the Hong Kong Electronic Fair 2006, the largest electronic exhibitions in Asia and the second largest in the world. This is the fourth consecutive year that the HKEIA Award goes to *TeleEye* technology products. Moreover, this is the first time that the Group has received the Grand Award, the top honour in the HKEIA Award.

In February 2007, the Group received the Technological Achievement Certificate of Merit of the 2006 Hong Kong Awards for Industries organized by Hong Kong Science and Technology Parks Corporation. The award is presented to a company that has innovative achievement, which impacts on both business and on daily life. The award reflects a standard of recognition to technological excellence in Hong Kong.

於二零零七年五月，本集團已擴大RX系列產品線，引入採用SMAC-M的專業流動錄像伺服器 *TeleEye RX504*。*TeleEye RX504*以數碼方式將錄像壓縮及產生獨立數據串流，以應付高效傳送及高解像度錄像需要。*TeleEye RX504*為世界上第一種支援HSDPA之流動數碼錄像伺服器。*TeleEye RX504*專為汽車上的不穩定情況設計，令其免受汽車在行駛時產生的重複震盪及劇烈震動所影響。*TeleEye RX504*更易於安裝，及透過一個特別設計的避震懸掛裝置而免受震盪及震動影響。

於截至二零零七年六月三十日止年度內，本集團之RX系列產品為本集團產生約49%之總營業額。

獎項

於二零零六年十月，*TeleEye RX360*系列數碼錄像傳送器（「*TeleEye RX360*」）於2006年香港電子產品展（為全亞洲最大、亦是全世界第二大的電子產品展覽會）榮獲2006年香港電子業商會創新科技獎全場大獎及保安產品金獎，為千里眼科技產品連續第四年榮獲香港電子業商會獎項。此外，本集團亦首次榮獲全場大獎，為香港電子業商會獎項之最高榮譽。

於二零零七年二月，本集團獲頒發2006香港工商業獎科技成就優異證書。香港工商業獎由香港科技园公司主辦。「香港工商業獎：科技成就」獎項旨在表揚其創意科技對商界與日常生活有卓越貢獻的企業，在業界推崇下成為香港最優越科技的認可標準。

BUSINESS OUTLOOK

Looking ahead, the Group will continue its policy of focusing on its core strength of developing and sourcing innovative and quality products, and will continue to explore into new markets in countries with good market potential in order to broaden the source of revenue. The Group expected that the revenue from the TeleEye RX series product will continue to be a major contribution of the Group's total turnover. The management will remain constantly vigilant of controlling the costs whilst maintaining optimal efficiency of the Group. The directors remain cautiously optimistic about the future growth of the Group and believe that the Group can continue to be a leading advanced technological supplier in the global market of video management applications.

DIVIDENDS

The Board does not recommend the payment of dividend for the year ended 30 June 2007 (2006: Nil).

EMPLOYEES

As at 30 June 2007, the Group employed 36 (2006: 34) full time employees in Hong Kong and 16 (2006: 17) full time employees in the PRC and overseas offices. The Group's staff costs, including directors' emoluments, employees' salaries and retirement benefits scheme contribution amounted to approximately HK\$13,194,000 (2006: HK\$12,601,000).

Employees are remunerated in accordance with individual's responsibility and performance and remains competitive with the prevailing market rates. Other fringe benefits such as medical insurance, retirement benefit scheme and discretionary bonus are offered to all employees. Share options are granted at the directors' discretion and under the terms and conditions of share option schemes.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

As at 30 June 2007, non-interest bearing loans were outstanding to minority shareholders. The loans were to finance the operation of some of the Group's subsidiaries and were repayable on demand. There were no drawing and repayment to these loans during the year.

業務展望

展望未來，本集團將繼續專注於其核心業務強項的政策，即發展及採購創新及優質產品，並將繼續尋求機會在市場潛力優厚之國家開拓新市場，以擴大收入來源。本集團預期TeleEye RX系列產品的收入將繼續佔據本集團總營業額的重要部份。管理層將繼續以平穩方式致力控制成本，並同時維持本集團的最理想效益。董事對本集團未來增長仍然審慎樂觀，並相信本集團在全球視像管理應用方案市場上可繼續擔當技術先進而具領導地位的供應商。

股息

董事會不擬派付截至二零零七年六月三十日止年度之股息（二零零六年：無）。

僱員

於二零零七年六月三十日，本集團在香港聘用36名（二零零六年：34名）全職僱員，駐中國及海外辦事處之全職僱員則為16名（二零零六年：17名）。本集團之員工成本（包括董事酬金、僱員薪酬及退休福利計劃供款）約為13,194,000港元（二零零六年：12,601,000港元）。

僱員薪酬乃參照個別員工之職責與表現而定，與現行市場條件比較仍然甚具競爭力。本集團向全體僱員提供之其他福利包括醫療保險、退休福利計劃及酌情花紅。董事會將根據購股權計劃之條款及條件酌情授出購股權。

流動現金、財政資源及資本負債率

於二零零七年六月三十日，本集團尚未償還由少數股東提供之不附利息貸款。該筆貸款主要用作本集團部份附屬公司之經營資金，乃按要求而償還。於本年度內，本集團並無提取及償還貸款。

Other than the above, the Group mainly used its internal resources to finance its operations during the year. The Group has available banking facilities of HK\$5 million from Hang Seng Bank and none of them had been utilized as at 30 June 2007 (30 June 2006: Nil). Consequently, the Group's gearing ratio, as a percentage of bank and other borrowings and long-term debt over total assets, as at 30 June 2007 was approximately 1% (30 June 2006: 1%).

The Group had bank balances, deposits and cash of approximately HK\$11,726,000 as at 30 June 2007 (30 June 2006: HK\$13,354,000)

CAPITAL STRUCTURE

Apart from the aforesaid non-interest bearing loans from minority shareholders, the Group did not have any borrowings during the year under review.

The details of the change in the Company's share capital during the year ended 30 June 2007 are set out in note 24 to the financial statements. The details of change of share options are set out in note 25 to the financial statements.

SIGNIFICANT INVESTMENT

The Group did not make any significant new investment during the year.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

The Group did not make any material acquisitions and disposal of subsidiaries and affiliated companies.

CHARGE ON ASSETS

As at 30 June 2007, the Group did not have any charge on its assets (30 June 2006: Nil).

FUTURE PLAN FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Other than those disclosed in the Company's prospectus dated 24 April 2001, the Group does not have any other plan for material investments or capital assets for the coming year.

除上文所述者外，於本年度內，本集團主要運用其內部資源之資金經營。本集團持有恆生銀行可動用銀行融資額5,000,000港元，惟於二零零七年六月三十日，所有款額均尚未動用(二零零六年六月三十日：無)。據此，本集團於二零零七年六月三十日之資本負債率(銀行及其他借款與長期債務除總資產之百份比)約為1%(二零零六年六月三十日：1%)。

於二零零七年六月三十日，本集團之銀行結餘、存款及現金約為11,726,000港元(二零零六年六月三十日：13,354,000港元)。

資本結構

除上文所述之少數股東不附利息貸款外，於回顧年度內，本集團並無任何其他借款。

截至二零零七年六月三十日止年度內，本公司之股本變動詳情載於財務報表附註24。有關購股權之變動詳情載於財務報表附註25。

重大投資

於本年度內，本集團並無進行任何新的重大投資。

重大收購及出售附屬公司及聯屬公司

本集團並無任何重大收購及出售附屬公司及聯屬公司。

資產抵押

於二零零七年六月三十日，本集團之資產並無作任何抵押(二零零六年六月三十日：無)。

重大投資或資本資產之未來計劃

除本公司於二零零一年四月二十四日之招股章程所披露者外，於來年本集團並無任何其他重大投資或資本資產之計劃。

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

During the year under review, the Group's transactions were substantially denominated in either Hong Kong, US dollars and British Pounds. Since the Hong Kong dollars are pegged to the US dollars, the Board considers that the potential foreign exchange exposure of the Group is limited. During the year under review, the Group did not use any financial instruments for hedging purposes (30 June 2006: Nil). The Group closely monitors its foreign currency exposure from time to time and will engage appropriate hedging activities should needs arise.

CONTINGENT LIABILITIES

As at 30 June 2007, the Group did not have any contingent liabilities (30 June 2006: Nil).

匯率波動及匯率對沖之風險

於回顧年度內，本集團之交易主要以港元、美元及英鎊進行，由於港元與美元掛鉤，故董事會認為本集團之潛在匯兌風險有限。於回顧年度內，本集團並無運用任何金融工具作對沖之用（二零零六年六月三十日：無）。本集團將不時密切留意外幣風險，並於必要時進行適當的對沖活動。

或然負債

於二零零七年六月三十日，本集團並無任何或然負債（二零零六年六月三十日：無）。

EXECUTIVE DIRECTORS

Dr. Chan Chok Ki, aged 52, is a founder, chairman and the Chief Executive Officer of the Group, responsible for the overall corporate management and business development of the Group. He also actively participates in the strategic research and development of the Group. Dr. C.K. Chan is a research veteran in the digital signal processing and image compression technology. He had taught at the City University of Hong Kong (“City University”) since 1985 and was a professor of the Department of Electronic Engineering at the City University before he officially became involved in the management of the Group on a full-time basis in December 2000. He is presently an Adjunct Professor of the Department of Electronic Engineering at the City University.

Dr. C.K. Chan is presently the Chairman of the Industry and Technology Committee of the Hong Kong General Chamber of Commerce. He has received many awards which include the EDN Asia Innovator in 1996 and IEEE Third Millennium Award in 2000 for his outstanding achievement and contributions.

Dr. C.K. Chan obtained both his bachelor and master degrees of science in electrical engineering from The University of California, Los Angeles. He received his PhD degree in electronics from The Chinese University of Hong Kong.

Dr. Ma Chi Kit, aged 39, is a founder and the Chief Marketing Officer of the Group. He has extensive knowledge on digital signal processing and telecommunications technologies. He is presently responsible for formulation and implementation of marketing strategies, product pricing and positioning, and strategic management of channel distribution for the Group.

Dr. Ma obtained his bachelor’s degree with first class honours and a PhD degree in electronic engineering from the City University.

Mr. Ho Ka Ho, aged 35, is a founder and the Engineering Director of the Group. He is in charge of the engineering department of the Group and is responsible for product design, quality control, research and development of the Group. Mr. Ho has expertise in computer architecture, software engineering and digital signal processing.

執行董事

陳作基博士，現年52歲，為本集團創辦人、主席及行政總裁，負責本集團整體公司管理及業務發展，並積極參與本集團之策略研究及發展。陳博士為資深之數碼訊號處理及視像壓縮科技研究員。陳博士自一九八五年起於香港城市大學（「城市大學」）任教，擔任城市大學之電子工程系教授，直至二零零零年十二月正式全職參與本集團管理。彼現為城市大學電子工程學系之特約教授。

陳博士現為香港總商會工業及科技委員會主席。陳博士曾多次獲獎，包括一九九六年的EDN亞洲發明家及二零零零年的電機暨電子工程師學會的IEEE Third Millennium Award，以表揚其傑出成就及貢獻。

陳博士於美國洛杉磯加州大學取得電機工程學士及碩士學位，並於香港中文大學取得電子學博士學位。

馬志傑博士，現年39歲，為本集團創辦人及市場總監，於數碼訊號處理及電訊科技具有廣泛經驗。彼現時負責制定及執行市場推廣策略、產品定價及定位，以及本集團分銷渠道之策略管理。

馬博士於城市大學獲得電子工程一級榮譽學士學位及博士學位。

何家豪先生，現年35歲，為本集團創辦人及董事（工程）。彼擔任本集團工程部門之主管，負責本集團之產品設計、品質控制、研究及開發。何先生於電腦建構、軟件工程及數碼訊號處理方面具有專業知識。

Mr. Ho obtained his bachelor of engineering degree in computer engineering with first class honours and master of science degree in electronic engineering from the City University.

NON-EXECUTIVE DIRECTOR

Dr. Chan Cheung Fat, aged 49, is a founder and a research and development consultant of the Group, responsible for spearheading the research and development team on a part-time basis with particular focus on product design and development. Dr. C.F. Chan is a research veteran in the digital signal processing and speech compression technology.

Dr. C.F. Chan is presently an associate professor of the Department of Electronic Engineering at the City University. He is also a director of Signal Communications Holdings Limited and Signal Communications Limited, both are wholly-owned subsidiaries of the Company.

In 1998, he was named “EDN Asia Innovator” by the EDN Asia Magazine for his contribution in speech compression technology.

He received all his bachelor, master and PhD degrees in electronic engineering from The University of Essex, England.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Professor Siu Wan Chi, aged 57, is an independent non-executive Director who was appointed in September 2000. He is presently Chair Professor of the Department of Electronic and Information Engineering and Director of the Centre for Signal Processing, The Hong Kong Polytechnic University. He was the Head of the same department and Dean of Engineering Faculty between 1994 and 2002.

Prof. Siu has held numerous public offices in the academic field including member of editorial board of renowned journals in the U.S. and the PRC, general chair of world-class international conferences, and chairman of academic/professional assessment panels. Prof. Siu obtained his master of philosophy degree from The Chinese University of Hong Kong, and the PhD degree from Imperial College of Science, Technology and Medicine, University of London, UK.

何先生獲頒城市大學電腦工程一級榮譽電腦工程學士學位，以及電子工程碩士學位。

非執行董事

陳祥發博士，現年49歲，為本集團創辦人兼研究及開發顧問，以兼職性質負責推動研究及發展隊伍，特別專注於產品設計及發展。陳博士為數碼訊號處理及語音壓縮科技之資深研究員。

陳博士現任城市大學電子工程學系副教授。彼亦為本公司兩家全資附屬公司 Signal Communications Holdings Limited及訊研科技有限公司之董事。

於一九九八年彼獲EDN亞洲雜誌選為「EDN亞洲發明家」，表揚其對語音壓縮技術之貢獻。

彼於英國Essex大學取得電子工程學士、碩士及博士學位。

獨立非執行董事

蕭允治教授，現年57歲，於二零零零年九月獲委任為獨立非執行董事。蕭教授現為香港理工大學電子及資訊工程學講座教授及信號處理研究中心主任。在一九九四年至二零零二年期間，彼為電子及資訊工程學系系主任及工程學院院長。

蕭教授曾於學術界擔任多項公職，包括美國及中國多份著名學術刊物之編輯委員會成員、世界級國際會議之主席，以及學術／專業評審小組主席。蕭教授於香港中文大學獲取哲學碩士學位，並取得英國倫敦大學帝國學院之博士學位。

Mr. Yu Hon To, David, aged 59, is an independent non-executive Director of the Company who was appointed in January 2007. Mr. Yu is a founder and director of Management Capital Limited, which specialises in direct investment and financial advisory activities. He also sits on the boards of several other listed and private companies in Hong Kong. He was formerly a partner of an international accounting firm with extensive experience in corporate finance. Mr. Yu is a fellow member of the Institute of Chartered Accountants in England and Wales and an associate member of the Hong Kong Institute of Certified Public Accountants.

Professor Ching Pak Chung, aged 53, is an independent non-executive Director who was appointed in October 2004. Prof. Ching is presently Head of Shaw College, Director of the Shun Hing Institute of Advanced Engineering and Pro-Vice-Chancellor of The Chinese University of Hong Kong ("CUHK"). He was elected Dean of Engineering from 1998 till end of 2003. Prof. Ching pursued his studies at the University of Liverpool of United Kingdom. He received his bachelor's degree (first class honors) and doctoral degree in 1977 and 1981 respectively. Then, he continued his research at School of Electrical Engineering of the University of Bath and was back to Hong Kong in 1982, when he started teaching at the Department of Electronic Engineering of the Hong Kong Polytechnic University. In 1984, Prof. Ching joined the Department of Electronic Engineering of CUHK and was promoted to Chair Professor in 1999.

Prof. Ching has all along participated actively in various professional activities. Besides serving in different capacities for the Hong Kong Institution of Engineers (HKIE), and the Institute of Electrical and Electronic Engineers (IEEE), he was an elected Council Member of the Institution of Electrical Engineers (IEE) between 2002 and 2005. Prof. Ching also devotes his time on public services. He was a member of the Consumer Council and Chairman of the Hong Kong Accreditation Advisory Board, and presently he is a member of the Electricity Safety Advisory Committee and member of the Copyright Tribunal.

俞漢度先生，現年59歲，於二零零七年一月獲委任為獨立非執行董事。俞先生為偉業融資有限公司之創辦人及董事（該公司專門從事直接投資及財務顧問之業務）。彼現時亦為其他多間上市及私人公司之董事會成員。俞先生曾擔任一間國際會計師行之合夥人，並於企業融資方面擁有豐富經驗。俞先生為英格蘭及威爾斯特許會計師公會之資深會員及香港會計師公會之會員。

程伯中教授，現年53歲，於二零零四年十月獲委任為獨立非執行董事。程教授現任香港中文大學（「中文大學」）逸夫書院院長、信興高等工程研究所所長及中文大學副校長。彼於一九九八年獲委任為工程學院院長，直至二零零三年年底止。程教授於英國利物浦大學攻讀，於一九七七年及一九八一年分別取得學士學位（甲級榮譽）及博士學位。其後，彼於巴夫大學電機工程學院繼續其研究工作；及後於一九八二年回港，並於當時之香港理工大學電子工程系展開教學事業。程教授於一九八四年加盟中文大學電子工程系，並於一九九九年晉升為講座教授。

程教授向來積極參與各類專業團體事務。除身兼香港工程師學會（「HKIE」）及電機暨電子工程師學會（「IEEE」）多項職務外，彼於二零零二年至二零零五年期間亦為電機工程師學會（「IEE」）之委員會成員。程教授在參與公共事務方面亦不遺餘力。彼過往為消費者委員會成員及Hong Kong Accreditation Advisory Board之主席，及現時為Electricity Safety Advisory Committee成員及版權審裁處成員。

SENIOR MANAGEMENT

Ms. Leung Pui Shan, Lydia, aged 36, is the senior marketing manager of the Group. She has over eleven years of experience in corporate communications, marketing, promotions and event management. Prior to joining the Group in September 1998, Ms. Leung had worked for listed companies in Hong Kong and high-technology fields. Ms. Leung holds master of science degree in marketing from the University of Stirling, the UK and master of arts degree in communication and new media from the City University.

Mr. Lai Siu Chung, aged 39, is the financial controller, qualified accountant and company secretary of the Group. Mr. Lai is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. He is a graduate of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators. Mr. Lai obtained his bachelor of business administration degree from La Trobe University, Australia and master of arts degree from The Chinese University of Hong Kong. Mr. Lai had worked in a GEM-listed company immediately prior to joining the Group in June 2005.

Mr. Lee Chiu Shing, aged 39, is the regional manager of the Group. He joined the Group in May 1998. He is responsible for development of the Japanese market for the Group's products. He has over thirteen years of working experience in electronics industry, including stationing as an electronic engineer in Japan for two years. Mr. Lee is responsible for setting up the operation, staff training, business development and technical support for the Group's joint venture company in Japan. He also takes the position of product quality assurance manager and is in charge of the quality assurance activities of the Group.

高級管理層

梁佩珊女士，現年36歲，為本集團之高級市場推廣經理，彼於企業傳訊、行銷、推廣及項目策劃方面累積超過十一年經驗。梁女士於一九九八年九月加入本集團，在此之前於本港上市公司及高科技行業工作。梁女士持有英國史特靈大學市場學理碩士學位及城市大學傳播與新媒體文學碩士學位。

黎兆中先生，現年39歲，為本集團的財務總監、合資格會計師及公司秘書。彼為香港會計師公會會員及英國特許公認會計師公會資深會員。彼為香港特許秘書公會及特許秘書及行政人員公會之畢業學員。黎先生取得澳洲 La Trobe University 之工商管理學士學位及香港中文大學文學碩士學位。黎先生於二零零五年六月加盟本集團以前，於一家在創業板上市的公司工作。

李朝成先生，現年39歲，為本集團之地區經理，彼於一九九八年五月加入本集團，負責為本集團產品開拓日本市場。彼於電子業擁有超過十三年經驗，其中兩年擔任電子工程師，駐於日本。李先生負責為本集團於日本之合資經營公司建立運作架構、進行員工培訓、業務發展及技術支援。彼擔任本集團之產品品質稽查經理，並負責品質稽查工作。

CORPORATE GOVERNANCE PRACTICES

The Code on Corporate Governance Practices set out in Appendix 15 of the GEM Listing Rules (the “Code”) takes effect from 1 January 2005. Except for the deviations as disclosed on this report, the Company has complied with the Code by establishing a formal and transparent procedures to protect and maximize the interests of shareholders throughout the year under review.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted a code of conduct for 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. Having made specific enquiry of all directors, all directors confirmed they have complied with the required standard of dealings and the code of conduct regarding securities transactions by directors for the year ended 30 June 2007.

BOARD OF DIRECTORS

The Board currently comprises three executive Directors, one non-executive Director and three independent non-executive Directors. Details of backgrounds and qualifications of each Director are set out on the section headed “Profile of Directors and Senior Management” of this annual report.

The Board of directors is responsible for the overall strategic development of the Group. It also monitors the financial performance and internal control of the Group’s business operations. Executive Directors are responsible for running the Group and executing the strategies adopted by the Board. The Board delegates day-to-day activities to the management with department heads responsible for different aspects of the business. Management is required to present an annual budget and any proposal for major investments and changes in business strategies for the Board’s approval.

The Non-Executive Directors serve the relevant function of bringing independent judgment on the development, performance and risk management of the Group through their contributions in board meetings. They are also serving on audit committee and remuneration committee. Through their active participation, they provide their valuable skills, expertise and experience to the Board and the committees on which they serve so that the management process can be critically reviewed and controlled.

企業管治常規

《創業板上市規則》附錄十五所載的《企業管治常規守則》（「守則」）由二零零五年一月一日開始生效。除本報告內所披露的偏離事項外，於整個回顧年度內，本公司已透過成立正規而具透明度的程序而遵守該守則，以保障及儘量擴大股東的權益。

有關董事進行證券交易的守則

本公司已採納一套關於董事進行證券交易行為守則，條款不遜於創業板上市規則第5.48條至第5.67條所載之規定交易標準。在向全體董事作出特別查詢後，全體董事已確認，截至二零零七年六月三十日止年度，彼等已遵照本公司所採納有關董事進行證券交易所規定的買賣標準與操守準則。

董事會

董事會現由三名執行董事、一名非執行董事及三名獨立非執行董事組成。有關各董事的背景及資歷詳情，載於本年報「董事及高級管理人員簡介」一節。

董事會負責本集團的整體策略發展。其亦監督本集團業務營運的財務表現及內部監控。執行董事負責經營本集團及執行董事會所採納的策略。董事會將日常活動轉授予管理層，其中部門主管負責業務的不同方面。管理層須提交年度預算及有關主要投資及改變業務策略的任何建議書，以供董事會批准。

非執行董事透過彼等在董事會會議上的貢獻，就本集團的發展、表現及風險管理作出獨立判斷的有關職能。彼等亦為審核委員會及薪酬委員會成員。透過彼等的積極參與，彼等為董事會及彼等為成員的委員會提供彼等的寶貴技能、專長及經驗，使管理過程能受到批評性檢討及控制。

In compliance with rule 5.05(1) and (2) of the GEM Listing Rules, the Company has appointed three independent non-executive directors and at least one of them has the appropriate professional qualifications or accounting or related financial management expertise. The Company has received from each of the independent non-executive directors an annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers all of the independent non-executive directors are independent.

The Board meets at least four times a year to review the financial and operating performance of the Company. There were four regular board meetings held in the financial year ended 30 June 2007. Details of the attendance of the Board are as follows:

為遵守《創業板上市規則》第5.05(1)及(2)條，本公司已委任三名獨立非執行董事，彼等中最少一人具有合適的專業資格或會計或相關財務管理專長。本公司已收到每名獨立非執行董事根據《創業板上市規則》第5.09條的規定發出有關其獨立性的年度確認。本公司認為所有獨立非執行董事確屬獨立人士。

董事會會議每年召開至少四次，以檢討本公司的財務及經營表現。截至二零零七年六月三十日止財政年度共舉行四次定期董事會會議。有關董事會出席詳情如下：

Name of Director	董事姓名	Attended/Eligible to attend 出席／有資格出席
Executive Directors	執行董事	
Dr. Chan Chok Ki (Chairman & Chief Executive Officer)	陳作基博士 (主席及行政總裁)	4/4
Dr. Ma Chi Kit	馬志傑博士	4/4
Mr. Ho Ka Ho	何家豪先生	4/4
Non-executive Director	非執行董事	
Dr. Chan Cheung Fat	陳祥發博士	3/4
Independent Non-executive Directors	獨立非執行董事	
Prof. Siu Wan Chi	蕭允治教授	4/4
Prof. Ching Pak Chung	程伯中教授	4/4
Mr. Yu Hon To, David (appointed on 16 January 2007)	俞漢度先生 (於二零零七年一月十六日獲委任)	2/2
Mr. Yeung Kwok Ki, JP (resigned on 28 December 2006)	楊國琦先生太平紳士 (於二零零六年十二月二十八日辭任)	2/2

During the regular meetings of the Board, the Directors discuss and formulate the overall strategies of the Company, review and monitor the business and financial performances and discuss the quarterly, half-yearly and annual results, as well as discuss and decide on other significant matters. The company secretary records the proceedings of each board meeting by keeping minutes, including the record of all decisions by the board together with concerns raised and dissenting views expressed (if any). Draft of board minutes are circulated to all directors for comment and approval as soon as practicable after the meeting. All minutes are open for inspection at any reasonable time on request by any director.

於董事會定期會議上，董事討論及制定本公司的整體策略，檢討及監督業務及財務表現及討論季度、半年度及全年業績，以及討論及決定其他重大事宜。公司秘書記錄每次董事會會議的進程，備存會議記錄，包括董事會所有決定的記錄，連同提出的任何疑慮或表達的反對意見(如有)。會議結束後，會在切實可行情況下儘快將董事會會議記錄的初稿發送全體董事，供董事表達意見及批准。若有任何董事要求，會公開所有會議記錄供其在任何合理的時段查閱。

Chairman and Chief Executive Officer

Code Provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing.

At present, Dr. Chan Chok Ki is both the chairman and chief executive officer of the Company who is responsible for managing the Board and the Group's business. Dr. Chan has been both the chairman and chief executive officer of the Company since its incorporation. The Board considers that Dr. Chan has in-depth knowledge in the Group's business and can make appropriate decisions promptly and efficiently. The combination of the roles of chairman and chief executive officer can effectively formulate and implement the Group's strategies. The Board also consider that this structure will not impair the balance of power and authority between the Board and the management of the Company as the board of directors, which comprises experienced and high caliber individuals, meets regularly to discuss issues affecting the operations of the Group. The Group considered that, at its present size, there is no imminent need to segregate the role of chairman and chief executive officer.

Non-Executive Directors

Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. Code Provision A.4.2 stipulates that all directors appointed to fill a causal vacancy should be subject to election by shareholders at the first general meeting after their appointment, and every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

At present, the independent non-executive directors are not appointed for a specific term, but are subject to retirement by rotation and re-election in accordance with the Company's Articles of Association. In addition, not every director is subject to retirement by rotation at least once every three years. Directors are subject to rotation in accordance with the Articles of Association of the Company (that at each annual general meeting, one-third of the directors for the time being or, if their number is not a multiple of three, the number nearest to but not greater than one-third, shall retire from office) provided that notwithstanding anything therein, the chairman of the Board and/or the managing director of the Company shall not, whilst holding such office, be subject to retirement by rotation or be taken into account in determining the

主席及行政總裁

守則條文A.2.1規定，主席及行政總裁之角色須分開，而不應由同一人擔任。主席及行政總裁之職責須明確區分，並以書面形式訂明。

現時，陳作基博士為本公司主席兼行政總裁，其負責管理董事會及本集團之業務。陳博士自本公司註冊成立以來一直擔任本公司之主席兼行政總裁。董事會認為，陳博士對本集團業務有深入了解，並能夠即時及有效地作出適當決定。合併主席及行政總裁之角色能有效地制定及實施本集團之策略。董事會亦認為，此結構不會減弱董事會及本公司管理層之間的權力及授權之平衡，蓋因董事會（由經驗豐富及高素質人士組成）定期召開會議，以討論影響本集團營運之事宜。本集團認為，按其現時之規模，並無迫切需要分開主席及行政總裁之角色。

非執行董事

守則條文A.4.1規定，非執行董事的委任應有指定任期，並須接受重選。守則條文A.4.2規定，所有為填補臨時空缺而被委任之董事須在接受委任後之首個股東大會上接受股東選舉，而每位董事（包括按固定年期委任者）須至少每三年輪值退任一次。

現時，獨立非執行董事的委任並無指定任期，惟須根據本公司之公司組織章程細則之規定輪值退任及膺選連任。此外，並非每位董事須至少每三年輪值退任一次。董事乃根據本公司之公司組織章程細則輪值退任（於每屆股東週年大會上，當時三分之一之董事（或倘彼等數目並非三的倍數，則取最接近但不大於三分之一之數目）須退任），惟儘管其中另有任何規定，董事會主席及／或本公司董事總經理毋須於擔任有關職務時接受輪值退任或被計入釐定每年退任董事數目內。因此，除主席外，所有董事須根據本公司的公司組織章程細則輪值退任。董事會認為，主席職位的連貫性為本集團提供強大而貫徹的領導，對本集團的

number of directors to retire in each year. As such, with the exception of the chairman, all directors are subject to retirement by rotation in accordance with the Company's Articles of Association. The Board considers that the continuity of office of the Chairman provides the Group a strong and consistent leadership and is of great importance to the smooth operations of the Group. Therefore, for stability reasons, there is no imminent need to amend the Articles of Association of the Company.

NOMINATION OF DIRECTORS

No nomination committee was established by the Company.

The Board is mainly responsible for identifying suitable candidates for members of the Board when there is a vacancy or any additional director is considered necessary. The Board will review the qualifications of the relevant candidate for determining the suitability to the Group on the basis of his qualifications, experience and background.

BOARD COMMITTEES

To assist the Board in discharge of its duties, the Board is supported by two board committees. Each committee has its defined scope of duties and terms of reference and the committee members are empowered to make decisions on matters within the terms of reference of each committee.

(1) Audit Committee

The Company has established an audit committee with written terms of reference based upon the guidelines recommended by the Hong Kong Institute of Certified Public Accountants and the mandatory provisions set out in the Code.

The primary duties of the audit committee are to review the Company's annual report and financial statements, quarterly reports and half-yearly report and to provide advice and comment thereon to the board of directors. The audit committee will also be responsible for reviewing and supervising the financial reporting and internal control procedures of the Group. The audit committee has three members comprising three independent non-executive directors, namely Professor Siu Wan Chi, Mr. Yu Hon To, David, and Professor Ching Pak Chung. Mr. Yu Hon To, David, is the chairman of the audit committee.

暢順運作至關重要。因此，基於穩定原因，並無迫切需要修訂本公司之公司組織章程細則。

董事提名

本公司尚未成立提名委員會。

董事會主要負責在出現空缺或認為需要增加任何董事名額時物色合適的董事會成員候選人。董事會會根據有關候選人的資格、經驗及背景審閱有關候選人的資歷，以決定是否適合本集團。

董事會委員會

為協助董事會履行其職責，董事會有兩個董事會委員會的支援。每個委員會均有其界定職責範圍及職權範圍，而委員會成員獲賦予權力，就各自委員會的職權範圍內的事宜作出決定。

(1) 審核委員會

本公司已成立審核委員會，其書面職權範圍乃根據由香港會計師公會建議的指引及該守則內所載的強制性條文而釐定。

審核委員會之首要任務為審閱本公司之年報及財務報表、季度報告及半年期間報告，並就該等報告向董事會提供意見及評價。審核委員會亦將負責檢討及監察本集團之財務申報程序及內部監控程序。審核委員會包括三位獨立非執行董事蕭允治教授、俞漢度先生及程伯中教授。俞漢度先生為審核委員會主席。

The Group's unaudited quarterly and interim results for the year ended 30 June 2007 have been reviewed by the audit committee. It has also reviewed the audited financial statements for the year ended 30 June 2007 with management and the Company's external auditors and recommended its adoption by the Board. The audit committee had held four meetings during the current financial year. Individual attendance of each committee member at these meetings is as follows:

審核委員會已審閱本集團截至二零零七年六月三十日止年度的未經審核季度及中期業績。其亦已與管理層及本公司的外聘核數師審閱截至二零零七年六月三十日止年度的經審核財務報表，並建議董事會採納。於本財政年度內，審核委員會曾先後舉行四次會議。各委員會成員於該等會議的個別出席情況如下：

Name of Director	董事姓名	Attended/Eligible to attend 出席／有資格出席
Independent Non-executive Directors	獨立非執行董事	
Prof. Siu Wan Chi	蕭允治教授	4/4
Prof. Ching Pak Chung	程伯中教授	4/4
Mr. Yu Hon To, David (appointed on 16 January 2007)	俞漢度先生 (於二零零七年一月十六日獲委任)	2/2
Mr. Yeung Kwok Ki, JP (resigned on 28 December 2006)	楊國琦先生 太平紳士 (於二零零六年十二月二十八日辭任)	2/2

The company secretary keeps full minutes of all audit committee meetings. In line with practices consistent with board meetings, draft and final versions of audit committee meeting minutes are circulated to all members of the audit committee for comments, approval and record as soon as practicable after each meeting.

公司秘書備存所有審核委員會會議的完整記錄。與董事會會議的慣例一致，各會議結束後，會在切實可行情況下儘快將審核委員會會議記錄的初稿及最後定稿發送全體審核委員會成員，供彼等表達意見、批准及作其記錄之用。

The members of the audit committee are granted the authority to full and unlimited access to all books and accounts of the Company and any employees, consultants and advisers they may, from time to time, wish to consult.

審核委員會成員獲授權可全面而無限制地查閱本公司的所有簿冊及賬目，以及接觸彼等可不時希望諮詢的任何僱員、專家顧問及顧問。

The main duties of the audit committee are as follows:

審核委員會的主要職責如下：

- Reviewing, in draft form, the Company's annual report and accounts, half-year report and quarterly reports and providing advice and comments thereon to the Board. In this regard:
 - members of the committee must liaise with the Board, senior management and the person appointed as the Company's qualified accountant and the committee must meet, at least once a year, with the Company's auditors; and
 - the committee should consider any significant or unusual items that are, or may need to be, reflected in such reports and accounts and must give due consideration to any matters that have been raised by the Company's qualified accountant, compliance officer or auditors.
 - Reviewing and supervising the Company's financial reporting and internal control procedures.
- 審閱本公司年度報告及賬目、半年度報告及季度報告的初稿，並就此向董事會提供建議及意見。就此而言：
 - 委員會成員須與董事會、高層管理人員及獲委聘為本公司合資格會計師的人士聯絡，而委員會須至少每年與本公司的核數師開會一次；及
 - 委員會應考慮於該等報告及賬目中所反映或需反映的任何重大或不尋常事項，並須適當考慮任何由本公司的合資格會計師、監察主任或核數師提出的事項。
 - 檢討及監管本公司財務匯報及內部監控程序。

Other duties of the Audit Committee are set out in specific terms of reference which is posted on the Group's website.

(2) Remuneration Committee

According to the Code, the Company has established a remuneration committee in September 2005 and the primary duties of the remuneration committee are to formulate and make recommendations to the Board on the Company's policy and structure for all the remuneration of the Directors and Senior Management and on the establishment of a formal and transparent procedures for developing policy on such remuneration. The remuneration committee comprises two Independent Non-Executive Directors, namely, Prof. Siu Wan Chi and Prof. Ching Pak Chung, and one Non-Executive Director, namely, Dr. Chan Cheung Fat. The chairman of the committee is Dr. Chan Cheung Fat. It is scheduled to meet at least once a year and the quorum necessary for the transaction of business is two.

The remuneration committee held one meeting during the financial year under review. The committee has considered and reviewed the existing terms of service contracts of the Directors and considers that the existing terms of the service contracts are fair and reasonable.

The specific terms of reference of the remuneration committee is posted on the Group's website.

AUDITORS' REMUNERATION

The audit committee of the Company is responsible for considering the performance of external auditors, the audit fee, and any question of resignation or dismissal. The external auditors' fee is to be negotiated with management of the Company, and annually analyzed for the audit committee's review. The audit committee is also responsible for reviewing the extent of non-audit services provided by the external auditors in relation to their independence.

審核委員會的其他職責載於其職權範圍內，而其職權範圍則載於本集團網站內。

(2) 薪酬委員會

根據該守則，本公司已於二零零五年九月成立薪酬委員會，薪酬委員會的主要職責為就本公司有關董事及高級管理人員的全體薪酬政策及架構，及就設立正規而具透明度的程序制訂此等薪酬政策，向董事會提出建議。薪酬委員會由兩名獨立非執行董事（即蕭允治教授及程伯中教授）及一名非執行董事（即陳祥發博士）組成。委員會主席為陳祥發博士。其預定每年舉行會議至少一次，而處理事務的所需法定人數為二人。

於回顧年度內，薪酬委員會曾舉行一次會議。委員會已考慮及檢討董事服務合約的現有條款，並認為服務合約的現有條款公平合理。

薪酬委員會的特定職權範圍載於本集團網站內。

核數師薪酬

本公司的審核委員會負責考慮外聘核數師的表現、核數費用，以及任何有關辭職或辭退的問題。外聘核數師費用須與本公司管理層磋商，並每年分析作審核委員會檢討之用。審核委員會亦負責就外聘核數師的獨立性考慮外聘核數師所提供的非核數服務範圍。

The remuneration in respect of services provided by the external auditors for the year ended 30 June 2007 and 2006 is analysed as follows:

截至二零零七年及二零零六年六月三十日止年度，外聘核數師所提供服務的有關薪酬分析如下：

For the year ended 30 June
截至六月三十日止年度

	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
--	----------------------------------	----------------------------------

Annual audit	週年審核	302	385
Non-audit services	非核數服務		
– quarterly/interim result review	– 季度／中期業績審閱	50	40

DIRECTOR'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and in presenting the quarterly and annual financial statements, and announcements to shareholders, the Directors aim to present a balanced and understandable assessment of the Company's position and prospects.

The Directors' responsibilities in preparing financial statements and the auditors' responsibilities are set out in the Auditors' Report on page 29 of this annual report.

INTERNAL CONTROL

The Company has conducted a review of its system of internal control periodically to ensure the effective and adequate internal control system. The Company convened meetings periodically to discuss financial, operational and risk management control. The audit committee has discussed the internal control process with the management of the Company during the financial year ended 30 June 2007.

LOOKING FORWARD

The Board of Directors of the Company believe that good corporate governance can safeguard the effective allocation of resources and safeguard shareholders' interest. The Company will keep on reviewing its corporate governance standards on a timely basis and the Board endeavours to take the necessary actions to ensure compliance with the required practices and standards including the provisions of the Code on Corporate Governance Practices introduced by the Stock Exchange.

董事有關財務報表的責任

董事承認他們有責任就各財政年度編製真實而公平地反映本公司事務狀況的財務報表，而在向股東提呈季度及全年財務報表及公佈時，董事務求對本公司狀況及前景呈示的平衡而可理解的評估。

董事編製財務報表的責任及核數師的責任，載於本年度報告第29頁的核數師報告。

內部監控

本公司已定期檢討其內部監控系統，以確保內部監控系統有效而足夠。本公司定期召開會議，以討論財務、營運及風險管理監控事宜。審核委員會於截至二零零七年六月三十日止財政年度內曾與本公司管理層討論內部監控過程事宜。

展望

本公司董事會相信，良好企業管治可保障有效分配資源及保障股東權益。本公司將繼續在適當時候檢討其企業管治標準，而董事會努力採取所需行動，以確保符合有關慣例及標準，包括聯交所《企業管治常規守則》的條文。

The directors present their annual report and the audited consolidated financial statements for the year ended 30 June 2007.

PRINCIPAL ACTIVITIES

The Company is an investment holding company with its shares listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The principal activities of its subsidiaries and an associate are set out in notes 14 and 15 to the financial statements, respectively.

RESULTS

The results of the Group for the year ended 30 June 2007 are set out in the consolidated income statement on page 31.

The directors do not recommend the payment of a dividend.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the year are set out in note 12 to the financial statements.

SHARE CAPITAL

Details of share capital of the Company are set out in note 24 to the financial statements.

SHARE OPTIONS

Details of the share option schemes of the Company are set out in note 25 to the financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 30 June 2007:

- (i) The Group's five largest customers accounted for less than 24% of the Group's total turnover.
- (ii) The Group's largest supplier and five largest suppliers accounted for 19% and 44%, respectively, of the Group's total purchases (not including purchases of items which are of capital nature).

According to the understanding of the directors, none of the directors, their associates (within the meaning of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules")) or any shareholders who owned more than 5% of the Company's share capital had any interest in the Group's five largest suppliers.

董事謹提呈截至二零零七年六月三十日止年度之年報及經審核綜合財務報表。

主要業務

本公司為一家投資控股公司，其股份於香港聯合交易所有限公司（「聯交所」）之創業板（「創業板」）上市，其附屬公司及聯營公司之主要業務分別載於財務報表附註14及15。

業績

本集團截至二零零七年六月三十日止年度之業績載於第31頁之綜合收益表。

董事不擬派付股息。

物業、廠房及設備

本年度內有關本集團之物業、廠房及設備之變動詳情載於財務報表附註12內。

股本

有關本公司股本之詳情載於財務報表附註24內。

購股權

有關本公司購股權計劃之詳情載於財務報表附註25內。

主要客戶及供應商

截至二零零七年六月三十日止年度：

- (i) 本集團之五大客戶佔本集團之總營業額少於24%。
- (ii) 本集團之最大供應商及五大供應商分別佔本集團之總採購額（不包括屬資本性質之採購項目）之19%及44%。

根據董事所知，各董事、彼等之聯繫人士（見聯交所創業板證券上市規則（「創業板上市規則」）之定義）或任何股東（指擁有本公司股本5%以上者）概無於本集團之五大供應商中擁有任何權益。

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to its shareholders as at 30 June 2007 comprised share premium and retained profits in aggregate amounting to approximately HK\$22,245,000 (2006: HK\$20,193,000) provided that, after distribution, the Company will be able to pay its debts as they fall due in the ordinary course of business.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

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

Executive directors:

Dr. Chan Chok Ki
Dr. Ma Chi Kit
Mr. Ho Ka Ho

Non-executive director:

Dr. Chan Cheung Fat

Independent non-executive directors:

Professor Siu Wan Chi
Professor Ching Pak Chung
Mr. Yu Hon To, David
(appointed on 16 January 2007)
Mr. Yeung Kwok Ki, JP
(resigned on 28 December 2006)

In accordance with Article 87 of the Company's Articles of Association, Professor Ching Pak Chung will retire from office by rotation at the forthcoming annual general meeting and, being eligible, offers himself for re-election.

In accordance with Article 86(3) of the Company's Articles of Association, Mr. Yu Hon To, David, who is appointed by the Board on 16 January 2007, will retire from office at the forthcoming annual general meeting and, being eligible, offers himself for re-election.

The term of office of each non-executive director is the period up to his retirement or rotation in accordance with the Company's Articles of Association.

Each of the executive directors has entered into a service contract with the Company for an initial term of one year commencing 1 April 2001, which will continue thereafter unless and until terminated by either party by giving six months' prior written notice.

本公司的可分派儲備

於二零零七年六月三十日，本公司可向其股東派付之儲備(包括股份溢價及保留溢利)合共約為22,245,000港元(二零零六年：20,193,000港元)，惟本公司在派付後將須仍有能力償付該等在正常業務過程中到期之債項者，方可派付。

董事及董事之服務合約

於本年度內及截至本報告日期本公司之董事成員如下：

執行董事：

陳作基博士
馬志傑博士
何家豪先生

非執行董事：

陳祥發博士

獨立非執行董事：

蕭允治教授
程伯中教授
俞漢度先生
(於二零零七年一月十六日獲委任)
楊國琦先生 太平紳士
(於二零零六年十二月二十八日辭任)

根據本公司之公司章程細則第87條，程伯中教授將於即將舉行之股東週年大會上輪值退任，惟彼等乃合資格膺選連任。

根據本公司之公司章程細則第86(3)條，於二零零七年一月十六日獲董事會委任之俞漢度先生將於即將舉行之股東週年大會上輪值退任，惟彼等乃合資格膺選連任。

各非執行董事之任期是根據本公司之公司章程細則所指截至其退任或輪值退任止之期間。

執行董事各自均與本公司訂立自二零零一年四月一日起生效之服務合約，初步為期一年，其後將會自動續約，直至其中一方向對方發出六個月之事先書面通知，方可終止。

Dr. Chan Cheung Fat has entered into a two-year consultancy agreement with the Company commencing 1 April 2001 under which he has agreed to act as a research and development consultant to the Group on a part-time basis. The service period of such agreement has been extended and will continue unless and until terminated by either party by giving three months' prior notice.

Save as disclosed above, no director proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN SHARES AND SHARE OPTIONS

At 30 June 2007, the interests of the directors and their associates in the shares and share options of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were required pursuant to Section 352 of the SFO, or which are required pursuant to Rule 5.46 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Long position in shares:

(a) Ordinary shares of HK\$0.01 each of the Company

Name of director 董事姓名	Capacity 身份	Number of issued ordinary shares held 持有已發行 普通股數目	Percentage of the issued share capital of the Company 本公司已發行 股本百分比
Dr. Chan Chok Ki 陳作基博士	Held by controlled corporation (note 1) 由受控制法團持有 (附註1)	104,000,000	57.7%
Dr. Chan Cheung Fat 陳祥發博士	Held by controlled corporation (note 1) 由受控制法團持有 (附註1)	104,000,000	57.7%

(b) Share options

Name of director 董事姓名	Capacity 身份	Number of share options held 持有購股權數目	Number of underlying shares 相關股份數目
Dr. Chan Chok Ki 陳作基博士	Beneficial owner (note 2) 實益擁有人 (附註2)	2,700,000	2,700,000
Dr. Ma Chi Kit 馬志傑博士	Beneficial owner (note 2) 實益擁有人 (附註2)	2,160,000	2,160,000
Mr. Ho Ka Ho 何家豪先生	Beneficial owner (note 2) 實益擁有人 (附註2)	2,044,000	2,044,000

陳祥發博士已與本公司訂立一項自二零零一年四月一日起計為期兩年之顧問協議。據此，彼同意以兼職之基準擔任本集團之研究及開發顧問。該協議之服務期限已延長，並將會自動續約，直至其中一方向對方發出三個月之事先通知後終止。

除上文所披露者外，於即將舉行之股東週年大會上被提名重選之董事，並無與本公司訂立任何本集團不能於一年內免付賠償(法定賠償除外)而予以終止之服務合約。

董事於股份及購股權之權益

於二零零七年六月三十日，根據證券及期貨條例(「證券及期貨條例」)第352條，或根據創業板上市規則第5.46條須通知本公司及聯交所之規定，董事及彼等之聯繫人士於本公司或其任何相聯法團(見證券及期貨條例第十五部之定義)之股份及購股權中擁有之權益如下：

股份好倉：

(a) 本公司每股面值0.01港元之普通股

(b) 購股權

DIRECTORS' INTERESTS IN SHARES AND SHARE OPTIONS – continued

Notes:

- (1) These shares, representing approximately 57.7% of the issued share capital of the Company as at 30 June 2007, are held by Etin City Limited, which is owned by Etin Tech Limited and CityU Enterprises Limited in the proportion of 70% and 30%, respectively. Etin Tech Limited is owned by Dr. Chan Chok Ki, Dr. Chan Cheung Fat, Dr. Ma Chi Kit and Mr. Ho Ka Ho in the proportion of approximately 44.3%, 34.3%, 14.3% and 7.1%, respectively. As Dr. Chan Chok Ki and Dr. Chan Cheung Fat are entitled to exercise or control the exercise of 30% or more of the voting power in general meetings of Etin Tech Limited, they are deemed to be interested in the entire shares in the Company held by Etin City Limited.
- (2) The share options are granted to the directors pursuant to the share option schemes adopted by the Company, details of which are set out in note 25 to the financial statements.

Save as disclosed above, and other than a nominee share in a subsidiary held by a director in trust for the Group, at 30 June 2007, none of the directors of the Company nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than the share option schemes as described in note 25 to the financial statements, at no time during the year was the Company, its holding company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate and none of the directors, their spouses or children under the age of eighteen, had any rights to subscribe for securities of the Company, or had exercised any such rights during the year.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Other than the related party transaction disclosed in note 30 to the financial statements, no contracts of significance to which the Company, its holding 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.

董事於股份及購股權之權益 – 續

附註：

- (1) 於二零零七年六月三十日，此等佔本公司已發行股本約57.7%之股份由Etin City Limited持有。Etin City Limited由Etin Tech Limited及城大企業有限公司分別按70%及30%之比例持有。Etin Tech Limited乃由陳作基博士、陳祥發博士、馬志傑博士及何家豪先生分別按約44.3%、34.3%、14.3%及7.1%之比例擁有。由於陳作基博士及陳祥發博士有權於股東大會上行使或控制行使30%或以上之Etin Tech Limited之投票權，故彼等被視作擁有所有由Etin City Limited持有本公司之股份。
- (2) 董事獲授購股權乃根據本公司採納之購股權計劃而定，有關購股權計劃之詳情載於財務報表附註25。

除上文所披露者及由一名董事以本集團信託之身份持有於附屬公司之代理人股份外，於二零零七年六月三十日，本公司之董事或彼等之聯繫人士並無於本公司或其任何相聯法團之任何股份、相關股份或債權證中擁有任何權益或淡倉。

購買股份或債務證券之安排

除財務報表附註25所詳述之購股權計劃外，於本年度任何時間內，本公司、其控股公司或其任何附屬公司概無參與任何能夠讓本公司各董事可藉著購入本公司或任何其他法人團體之股份或債權證而獲得利益之安排，而本公司之董事、彼等之配偶或年齡在18歲以下之子女於本年度內亦無擁有可認購本公司之證券之任何權益或行使任何該等權益。

董事在重要合約之利益

除於財務報表附註30披露之關連人士交易外，在本年度終結時或在本年度內任何時間，本公司各董事並無在本公司、其控股公司或其任何附屬公司所參與訂立之任何重要合約中，直接或間接擁有任何重大利益。

SUBSTANTIAL SHAREHOLDERS

Other than the interests disclosed in the section headed "Directors' Interests in Shares and Share Options", the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO discloses no person as having a notifiable interest or short position in the issued share capital of the Company as at 30 June 2007.

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive directors, an annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers all of the independent non-executive directors are independent.

EMOLUMENT POLICY

The emolument of the directors and senior management of the Company are reviewed by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

The Company has adopted a share option scheme as an incentive to directors and eligible employees, details of the scheme are set out in note 25 to the financial statements.

COMPETING INTERESTS

The directors believe that none of the directors nor the management shareholders of the Company (as defined in the GEM Listing Rules) had an interest in a business, which competes or may compete with the business of the Group.

PRE-EMPTIVE RIGHTS

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

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

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

主要股東

除「董事於股份及購股權之權益」一節所披露之權益外，於二零零七年六月三十日，按照本公司根據證券及期貨條例第336條而須存置之主要股東登記冊所披露，並無任何人士於本公司之已發行股本中擁有任何權益或淡倉。

委任獨立非執行董事

本公司已收到各獨立非執行董事根據創業板上市規則第5.09條之規定發出有關其獨立性的年度確認書。本公司認為所有獨立非執行董事均為獨立人士。

薪酬政策

本公司各董事及高級管理層的薪酬由薪酬委員會於考慮本公司的經營業績、個別表現及可資比較的市場統計數據後進行檢討。

本公司已採納購股權計劃，作為董事及合資格僱員的激勵，有關計劃詳情，載於財務報表附註25。

競爭權益

董事相信，本公司各董事或管理層股東（見創業板上市規則之定義）沒有在與本集團在業務上競爭或可能會與本集團在業務上競爭之業務擁有任何權益。

優先購買權

本公司之章程細則或開曼群島法例均無優先購買權之規定，致使本公司須按比例向現有股東授出新股份。

買賣或贖回本公司之上市證券

於本年度內，本公司或其任何附屬公司概無買賣或贖回本公司之任何上市證券。

AUDIT COMMITTEE

The audit committee has three members comprising three independent non-executive directors, namely Professor Siu Wan Chi, Professor Ching Pak Chung and Mr. Yu Hon To, David.

The primary duties of the audit committee are to review the Company's annual report and financial statements, quarterly reports and half-yearly report and to provide advice and comment thereon to the Board of directors. The audit committee will also be responsible for reviewing and supervising the financial reporting process and internal control procedures of the Group.

The audit committee has reviewed the draft of this report and has provided advice and comments thereon.

The audit committee held four meetings during the year ended 30 June 2007.

AUDITORS

On 7 December 2006, Messrs. Deloitte Touche Tohmatsu resigned as the auditors of the Company and Messrs. HLB Hodgson Impey Cheng were appointed on 7 December 2006 by the Directors to fill the casual vacancy so arising.

The accompanying financial statements have been audited by Messrs. HLB Hodgson Impey Cheng. A resolution will be submitted to the annual general meeting of the Company to re-appoint Messrs. HLB Hodgson Impey Cheng as auditors of the Company.

On behalf of the Board

Dr. Chan Chok Ki
Chairman and Chief Executive Officer

Hong Kong, 12 September 2007

審核委員會

審核委員會包括三位獨立非執行董事蕭允治教授、程伯中教授及俞漢度先生。

審核委員會之首要任務為審閱本公司之年報及財務報表、季度報告及半年期間報告，並就該等報告向董事會提供意見及評價。審核委員會將負責檢討及監察本集團之財務申報程序及內部監控程序。

審核委員會已審閱本報告之初稿，並已就此提供建議及意見。

截至二零零七年六月三十日止年度內，審核委員會曾先後舉行四次會議。

核數師

於二零零六年十二月七日，德勤•關黃陳方會計師行辭任本公司核數師，而國衛會計師事務所於二零零六年十二月七日獲董事委任以填補所產生之臨時空缺。

隨附之財務報表已由國衛會計師事務所審核。於本公司之股東週年大會上將提呈一項決議案以重新委任國衛會計師事務所為本公司核數師。

承董事會命

陳作基博士
主席及行政總裁

香港，二零零七年九月十二日



國衛會計師事務所
Hodgson Impey Cheng

Chartered Accountants
Certified Public Accountants

31/F, Gloucester Tower
The Landmark
11 Pedder Street, Central
Hong Kong

香港
中環畢打街11號
置地廣場
告羅士打大廈31樓

TO THE SHAREHOLDERS OF TELEEYE HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

致千里眼控股有限公司股東
(於開曼群島註冊成立的有限公司)

We have audited the consolidated financial statements of TeleEye Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 31 to 79, which comprise the consolidated and company balance sheets as at 30 June 2007, 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.

本行已完成審核第31頁至第79頁所載千里眼控股有限公司(「貴公司」)及其附屬公司(統稱「貴集團」)之綜合財務報表,包括於二零零七年六月三十日之綜合及公司資產負債表以及截至該日止年度之綜合收益表、綜合權益變動表及綜合現金流量表,連同主要會計政策概要及其他說明附註。

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated 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.

董事對財務報表之責任

貴公司董事須負責按照香港會計師公會頒佈之香港財務報告準則及香港公司條例之披露規定編製及真實公平呈列此等綜合財務報表。有關責任包括制訂、實施及維持有關編製及真實公平呈列財務報表之內部監控制度,確保此等財務報表並不會存在任何重大錯誤陳述(不論由於欺詐或失誤所致);選定及採用適當會計政策;以及作出在相關情況下屬合理之會計估計。

Auditors' responsibility

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

核數師之責任

本行之責任乃根據審核工作之結果,對此等綜合財務報表發表意見,並僅向全體股東報告,不作其他用途。本行概不就本報告內容向任何其他人士承擔或負上任何責任。本行乃按照香港會計師公會頒佈之香港核數準則進行審核工作。該等準則規定本行須遵從道德操守,並計劃及進行審核工作,以就財務報表是否存有重大錯誤陳述作出合理確定。

Auditors' responsibility – continued

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 30 June 2007 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.

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants
Hong Kong, 12 September 2007

核數師之責任 – 續

審核範圍包括執程序以取得有關財務報表所載數額及披露事項之審核憑證。所選定程序倚賴核數師之判斷，包括評估財務報表存在重大錯誤陳述（不論由於欺詐或失誤所致）之風險。於作出該等風險評估時，核數師考慮與實體編製及真實公平呈列財務報表有關之內部監控制度，以制訂適合相關情況之審核程序，但並非旨在就實體內部監控制度是否有效發表意見。審核範圍亦包括評估所採用會計政策是否恰當及董事所作出會計估計是否合理，以及評估財務報表整體上之呈列方式。

本行相信，就為審核意見提供基準而言，本行所取得審核憑證已屬充分及恰當。

意見

本行認為，上述綜合財務報表已按照香港財務報告準則真實公平反映貴公司及貴集團於二零零七年六月三十日之財務狀況及貴集團截至該日止年度之溢利及現金流量，並已按照香港公司條例之披露規定適當編製。

國衛會計師事務所
英國特許會計師
香港執業會計師
香港，二零零七年九月十二日

CONSOLIDATED INCOME STATEMENT 綜合收益表

For the year ended 30 June 2007 截至二零零七年六月三十日止年度

			2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Revenue	收入		46,635	37,356
Cost of sales	銷售成本		(24,961)	(19,565)
Gross profit	毛利		21,674	17,791
Other income	其他收入	7	573	874
Distribution costs	分銷成本		(9,353)	(8,562)
Administrative expenses	行政費用		(6,644)	(6,492)
Research and development expenditure	研究及發展支出		(4,104)	(3,820)
Profit/(loss) for the year	年度溢利／(虧損)	8	2,146	(209)
Attributable to:	以下人士應佔：			
Equity holders of the Company	本公司權益持有人		2,087	(273)
Minority interests	少數股東權益		59	64
			2,146	(209)
Earnings/(loss) per share	每股盈利／(虧損)			
– Basic and diluted	– 基本及攤薄	11	1.16 cents仙	(0.15) cents仙

CONSOLIDATED BALANCE SHEET 綜合資產負債表

At 30 June 2007 於二零零七年六月三十日

		NOTES 附註	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	12	650	700
Capitalised development costs	發展成本資本化	13	1,447	1,599
Interest in an associate	於聯營公司之權益	15	-	-
Available-for-sale investments	可供出售投資	16	4,305	3,780
			6,402	6,079
Current assets	流動資產			
Inventories	存貨	17	10,964	8,775
Trade and other receivables	應收賬款及其他應收款	18	6,565	5,847
Amount due from an associate	應收聯營公司之款項	19	14	63
Bank balances and cash	銀行結餘及現金	20	11,726	13,354
			29,269	28,039
Current liabilities	流動負債			
Trade and other payables	應付賬款及其他應付款	21	3,898	4,768
Amounts due to minority shareholders	應付少數股東款項	22	502	474
Amounts due to directors	應付董事款項	23	-	92
			4,400	5,334
Net current assets	流動資產淨值		24,869	22,705
Net assets	資產淨值		31,271	28,784
Capital and reserves	資本及儲備			
Share capital	股本	24	1,802	1,800
Reserves	儲備		29,681	27,232
Equity attributable to equity holders of the Company	本公司權益持有人應佔 之權益		31,483	29,032
Minority interests	少數股東權益		(212)	(248)
Total equity	總權益		31,271	28,784

The consolidated financial statements on pages 31 to 79 were approved and authorised for issue by the Board of Directors on 12 September 2007 and are signed on its behalf by:

第31至79頁之綜合財務報表經董事會於二零零七年九月十二日核准及授權刊印，並由下列董事代表董事會簽署：

DR. CHAN CHOK KI 陳作基博士
DIRECTOR 董事

MR. HO KA HO 何家豪先生
DIRECTOR 董事

BALANCE SHEET 資產負債表

At 30 June 2007 於二零零七年六月三十日

		NOTES 附註	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Non-current asset	非流動資產			
Investment in a subsidiary	於附屬公司之投資	14	10	10
Current assets	流動資產			
Other receivables	其他應收款		71	67
Amounts due from subsidiaries	應收附屬公司款項	23	20,553	17,184
Bank balances	銀行結餘	20	4,018	5,536
			24,642	22,787
Current liabilities	流動負債			
Other payables	其他應付款		605	712
Amounts due to directors	應付董事款項	23	–	92
			605	804
Net current assets	流動資產淨值		24,037	21,983
Net assets	資產淨值		24,047	21,993
Capital and reserves	資本及儲備			
Share capital	股本	24	1,802	1,800
Reserves	儲備	26	22,245	20,193
Total equity	總權益		24,047	21,993

DR. CHAN CHOK KI 陳作基博士
DIRECTOR 董事

MR. HO KA HO 何家豪先生
DIRECTOR 董事

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 綜合權益變動表

For the year ended 30 June 2007 截至二零零七年六月三十日止年度

Attributable to equity holders of the Company
由本公司權益持有人應佔

		Share capital	Share premium	Translation reserve	Investment revaluation reserve	Special reserve	Retained profits/(deficit)	Total	Minority interests	Total
		股本	股份溢價	匯兌儲備	重估儲備	特別儲備	保留溢利/ (虧絀)	總計	股東權益	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
					投資	(Note)				
					儲備	附註				
At 1 July 2005	於二零零五年七月一日	1,800	21,605	(18)	425	14,990	(9,463)	29,339	(296)	29,043
Exchange differences on translation of overseas operations	因換算海外業務之賬目而產生之匯兌差距	-	-	(67)	-	-	-	(67)	(16)	(83)
Gain on fair value changes of available-for-sale investments	可供出售投資公平值變動收益	-	-	-	318	-	-	318	-	318
Net (expense)/income recognised directly in equity	直接在權益內確認之(開支)/收入淨額	-	-	(67)	318	-	-	251	(16)	235
Realisation of revaluation reserve on disposal of available-for-sale investments	出售可供出售投資時變現重估儲備	-	-	-	(285)	-	-	(285)	-	(285)
Loss for the year	年度虧損	-	-	-	-	-	(273)	(273)	64	(209)
Total recognised income/(expense) for the year	年度內確認收入/(開支)總額	-	-	(67)	33	-	(273)	(307)	48	(259)
At 30 June 2006	於二零零六年六月三十日	1,800	21,605	(85)	458	14,990	(9,736)	29,032	(248)	28,784
Exchange differences on translation of overseas operations	因換算海外業務之賬目而產生之匯兌差距	-	-	(196)	-	-	-	(196)	(23)	(219)
Gain on fair value changes of available-for-sale investments	可供出售投資公平值變動收益	-	-	-	525	-	-	525	-	525
Net (expense)/income recognised directly in equity	直接在權益內確認之(開支)/收入淨額	-	-	(196)	525	-	-	329	(23)	306
Profit for the year	年度溢利	-	-	-	-	-	2,087	2,087	59	2,146
Total recognised income/(expense) for the year	年度內確認收入/(開支)總額	-	-	(196)	525	-	2,087	2,416	36	2,452
Issue of ordinary shares upon exercise of share options	於購股權行使時發行普通股	2	33	-	-	-	-	35	-	35
At 30 June 2007	於二零零七年六月三十日	1,802	21,638	(281)	983	14,990	(7,649)	31,483	(212)	31,271
Attributed to an associate: At 30 June 2007 and 2006	源自聯營公司之權益: 於二零零七年及二零零六年六月三十日	-	-	(99)	-	-	(961)	(1,060)	-	(1,060)

Note:

The special reserve of the Group represents the difference between the aggregate of the nominal value of share capital of the subsidiaries acquired pursuant to a group reorganisation in April 2001 and the nominal value of the share capital issued by the Company as consideration for the acquisition.

附註:

本集團之特別儲備乃指根據於二零零一年四月進行集團重組時被購入之附屬公司合計之股本面值與本公司發行股本作為收購代價之面值兩者之差額。

CONSOLIDATED CASH FLOW STATEMENT 綜合現金流量表

For the year ended 30 June 2007 截至二零零七年六月三十日止年度

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
OPERATING ACTIVITIES	經營業務		
Profit/(loss) for the year	年度溢利／(虧損)	2,146	(209)
Adjustments for:	就下列項目作出調整：		
Amortisation of capitalised development costs	發展成本資本化之攤銷	778	803
Depreciation of property, plant and equipment	物業、廠房及設備之折舊	413	568
Write down of inventories	存貨撇減	1,276	201
Allowance for loan to an associate	給予聯營公司貸款之撥備	25	67
Allowance/(recovery of allowance) for bad and doubtful debts	呆壞賬撥備／(收回撥備)	37	(124)
Dividend income	股息收入	(127)	(164)
Gain on disposal of available-for-sale investments	出售可供出售投資的收益	-	(277)
Interest income	利息收入	(354)	(358)
Operating cash flows before movements in working capital	經營資金變動前之經營現金流量	4,194	507
Increase in inventories	存貨之增加	(3,465)	(2,635)
Increase in trade and other receivables	應收賬款及其他應收款增加	(755)	(2,349)
Decrease/(increase) in amount due from an associate	應收聯營公司之款項減少／(增加)	24	(1)
(Decrease)/increase in trade and other payables	應付賬款及其他應付款(減少)／增加	(870)	989
Decrease in amounts due to directors	應付董事之款項減少	(92)	-
Cash used in operations	應用於經營業務之現金	(964)	(3,489)
Interest received	已收利息	354	358
NET CASH USED IN OPERATING ACTIVITIES	應用於經營業務之現金淨額	(610)	(3,131)
INVESTING ACTIVITIES	投資業務		
Proceeds from disposal of available-for-sale investments	出售可供出售投資的所得款項	-	909
Dividend income received	已收股息收入	127	152
Increase in capitalised development costs	發展成本資本化增加	(626)	(741)
Purchase of property, plant and equipment	購入物業、廠房及設備	(357)	(183)
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES	(應用於)／源自投資業務之現金淨額	(856)	137
FINANCING ACTIVITIES	融資業務		
Advance from a minority shareholder	少數股東之墊款	-	97
Proceeds from issue of ordinary shares	發行普通股所得款項	35	-
NET CASH GENERATED FROM FINANCING ACTIVITIES	源自融資業務之現金淨額	35	97
NET DECREASE IN CASH AND CASH EQUIVALENTS	現金及現金等價物減少淨額	(1,431)	(2,897)
EXCHANGE DIFFERENCES ON TRANSLATION	換算產生的匯兌差距	(197)	(88)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	於年初的現金及現金等價物	13,354	16,339
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash	於年終的現金及現金等價物(即銀行結餘及現金)	11,726	13,354

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the Year ended 30 June 2007 截至二零零七年六月三十日止年度

1. GENERAL

The Company was incorporated in the Cayman Islands with limited liability and its shares are listed on the Growth Enterprise Market (the “GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Its ultimate holding company is Etin Tech Limited, a company incorporated in the British Virgin Islands (“BVI”). The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section of the annual report.

The consolidated financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Company.

The Company is an investment holding company. The principal activities of its subsidiaries and an associate are set out in notes 14 and 15, respectively.

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

In the current year, the Group has applied, for the first time, a number of new standard, amendments and interpretations (the “new HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) which are either effective for accounting periods beginning on or after 1 December 2005, 1 January 2006, 1 March 2006, 1 May 2006 or 1 June 2006. The adoption of the new HKFRSs has had no material impact on how the results and financial position for the current or prior accounting periods are prepared and presented. Accordingly, no prior year adjustment has been required.

The Group has not early applied the following new or revised standards, amendment or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these standards, amendment or interpretations will have no material impact on the results and financial position of the Group.

1. 一般事項

本公司在開曼群島註冊成立為有限公司，而其股份於香港聯合交易所有限公司（「聯交所」）創業板（「創業板」）上市，其最終控股公司為Etin Tech Limited，一家於英屬處女群島（「英屬處女群島」）註冊成立之公司。本公司註冊辦事處及主要營業地點的地址在年報「公司資料」一節內披露。

綜合財務報表乃以港元列報，與本公司的功能貨幣相同。

本公司為一家投資控股公司，其附屬公司及聯營公司之主要業務分別載於附註14及15。

2. 應用新增及經修訂香港財務報告準則（「香港財務報告準則」）

於本年度，本集團已首次應用香港會計師公會（「香港會計師公會」）頒佈之若干新準則、修訂及詮釋（「新香港財務報告準則」），並於二零零五年十二月一日、二零零六年一月一日、二零零六年三月一日、二零零六年五月一日或二零零六年六月一日開始或以後之會計期間生效。採納新香港財務報告準則對如何編製及呈列本會計期間或過往會計期間之業績及財務狀況並不會產生任何重大影響。因此，毋須作出過往年度調整。

本集團並無提早應用下列已頒佈但仍未生效之新增及經修訂準則、修訂或詮釋。本公司董事預計，應用該等準則、修訂或詮釋對本集團的業績及財務狀況將不會構成任何重大影響。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the Year ended 30 June 2007 截至二零零七年六月三十日止年度

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

– continued

HKAS 1 (Amendment)	Capital Disclosures ¹
HKAS 23 (Revised)	Borrowing Costs ²
HKFRS 7	Financial Instruments: Disclosures ¹
HKFRS 8	Operating Segments ²
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment ³
HK(IFRIC)-Int 11	HKFRS 2-Group and Treasury Share Transactions ⁴
HK(IFRIC)-Int 12	Service Concession Arrangements ⁵

¹ Effective for annual periods beginning on or after 1 January 2007

² Effective for annual periods beginning on or after 1 January 2009

³ Effective for annual periods beginning on or after 1 November 2006

⁴ Effective for annual periods beginning on or after 1 March 2007

⁵ Effective for annual periods beginning on or after 1 January 2008

2. 應用新增及經修訂香港財務報告準則（「香港財務報告準則」）－續

香港會計準則第1號 (修訂本)	資本披露 ¹
香港會計準則第23號 (經修訂)	借貸成本 ²
香港財務報告準則 第7號	金融工具：披露事項 ¹
香港財務報告準則 第8號	經營分類 ²
香港（國際財務匯報 詮釋委員會）詮釋 第10號	中期財務報告及減值 ³
香港（國際財務匯報 詮釋委員會）詮釋 第11號	香港財務報告準則 第2號－集團及庫存 股份交易 ⁴
香港（國際財務匯報 詮釋委員會）詮釋 第12號	服務特許權安排 ⁵

¹ 於二零零七年一月一日或之後開始之年度期間內生效。

² 於二零零九年一月一日或之後開始之年度期間內生效。

³ 於二零零六年十一月一日或之後開始之年度期間內生效。

⁴ 於二零零七年三月一日或之後開始之年度期間內生效。

⁵ 於二零零八年一月一日或之後開始之年度期間內生效。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the Year ended 30 June 2007 截至二零零七年六月三十日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below.

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

Basis of consolidation

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

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

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

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

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

3. 主要會計政策

綜合財務報表乃按歷史成本法而編製，惟若干金融工具按公平價值計量除外，詳見下文所載的會計政策所述。

綜合財務報表乃根據由香港會計師公會所頒佈的香港財務報告準則而編製。此外，綜合財務報表包括聯交所《創業板證券上市規則》及香港《公司條例》所規定的適用披露事項。

編製綜合賬目之基準

綜合財務報表包括本公司及由本公司（及其附屬公司）所控制實體（包括特別用途實體）之財務報表。如本公司有權規管實體之財務及經營政策，以自其業務中取得利益，則構成控制權。

於本年度內（或由收購生效日期或截至出售生效日期起計（如適用））收購或出售附屬公司之業績已計入綜合收益表內。

若有需要，會調整附屬公司的財務報表，以使其會計政策與本集團其他成員公司所採用者互相一致。

本集團內公司間的所有交易、結餘、收入及開支均已於綜合賬目時對銷。

於綜合附屬公司淨資產的少數股東權益與本集團於其中的權益分開列報。於淨資產的少數股東權益包括於原來企業合併日期該等權益的金額，以及少數股東分佔自合併日期以來的權益變動。少數股東分佔虧損超過少數股東於附屬公司權益中的權益會分配至與本集團的權益互相抵銷，但以少數股東有具有約束力的義務並有能力作出額外投資以補償有關虧損為限。

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Interest in an associate

An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any identified impairment loss. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

3. 主要會計政策 – 續

於聯營公司之權益

聯營公司為投資者對其擁有重大影響力及並非附屬公司或合營企業權益之實體。

聯營公司的業績及資產負債乃按權益會計法納入綜合財務報表內。根據權益法，聯營公司投資乃按成本另就本集團分佔聯營公司的淨資產於收購後的變動調整，減任何已識別減值虧損列於綜合資產負債表。當本集團分佔聯營公司的虧損等於或超過其於該聯營公司的權益（包括實質上構成本集團對聯營公司的投資淨額的一部分的任何長期權益），本集團不再確認其分佔的進一步虧損。額外分佔虧損會提撥準備及確認負債，惟僅以本集團已招致的法定或推定義務或代表該聯營公司支付的款項為限。

收購成本超逾本集團分佔收購當日聯營公司可識別資產、負債及或然負債公平淨值之任何差額均確認為商譽。商譽乃計入投資之賬面值，並就減值進行評估。

本集團分佔可識別資產、負債及或然負債公平淨值超逾收購成本之差額在重新評估後即時在損益表確認。

當集團實體與本集團的聯營公司進行交易，損益會互相抵銷，金額以本集團於有關聯營公司的權益為限。

For the Year ended 30 June 2007 截至二零零七年六月三十日止年度

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Revenue recognition

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

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

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

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

Property, plant and equipment

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated income statement in the year in which the item is derecognised.

Leasing

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

The Group as lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

3. 主要會計政策 – 續

收入確認

收入按已收或應收代價的公平價值計量，乃指於正常業務過程就所提供商品應收之款額，扣除折扣及銷售相關稅項。

銷售貨品在交付貨品及移交所有擁有權時確認入賬。

金融資產的利息收入乃根據尚未償還本金額及適用實際利率，按時間基準累計，適用利率乃將估計未來現金收入通過金融資產預期壽命準確地折現為該資產的賬面淨值的利率。

投資之股息收入在股東獲授權收取款項時確認入賬。

物業、廠房及設備

物業、廠房及設備是按成本減後續累積折舊及累計減值虧損確認入賬。

物業、廠房及設備項目會在出售或預期繼續使用資產不會帶來未來經濟利益時終止確認。終止確認資產的任何損益(按出售所得款項淨額與該項目的賬面值之間的差額計算)在項目終止確認的年度計入綜合收益表。

租賃

倘若租賃條款在實質上轉移了與所有權有關的幾乎全部風險和報酬，租賃會歸類為融資租賃。所有其他租賃均歸類為經營租約。

本集團作為承租人

根據經營租約應付的租金乃以直線法於有關租約期內在損益中扣除。作為訂立經營租約所享有優惠的已收及應收利益，乃以直線法在租約期內確認為租金開支減少。

3. SIGNIFICANT ACCOUNTING POLICIES – continued Foreign currencies

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

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences arising on a monetary item that forms part of the Company's net investment in a foreign operation, in which case, such exchange differences are recognised in equity in the consolidated financial statements. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the exchange differences are also recognised directly in equity.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Company (i.e. Hong Kong dollars) at the rate of exchange prevailing at the balance sheet date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the translation reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

3. 主要會計政策 – 續 外幣

在編製各個別集團實體的財務報表時，以該實體的功能貨幣以外的貨幣(外幣)進行的交易按交易日期的匯率以各自的功能貨幣(即實體經營業務的主要經濟環境的貨幣)記錄。在每一個結算日，以外幣為單位的貨幣性項目均按結算日的匯率再換算。以公平價值列值並以外幣為單位的非貨幣性項目會按確定公平價值日期的匯率再換算。以歷史成本計量並以外幣為單位的非貨幣性項目不會再換算。

由於結算貨幣性項目及換算貨幣性項目而產生的匯兌差距，會在其形成的期間在損益中確認，惟不包括因構成本公司於海外業務淨投資一部份之貨幣項目所產生之匯兌差距，在該情況下，該項匯兌差距於綜合財務報表之權益中確認。再換算按公平價值列值的非貨幣性項目所形成的匯兌差距包括於期間損益，但再換算損益直接在權益中確認的非貨幣性項目所形成的匯兌差距除外，在該情況下，匯兌差距亦直接在權益中確認。

於列報綜合財務報表時，本集團境外業務的資產負債，按結算日的匯率換算為本公司的列報貨幣(即港元)，而其收入支出則按年內的平均匯率換算，除非匯率在期間內大幅波動，在該情況下，則使用交易日期的匯率。所產生的匯兌差距(如有)，會確認為權益的獨立組成部分(匯兌儲備)。該等匯兌差距將於出售有關境外業務的期間內在損益中確認。

For the Year ended 30 June 2007 截至二零零七年六月三十日止年度

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Retirement benefit costs

Payments to the defined contribution retirement benefit plans are charged as an expense when employees have rendered service entitling them to the contributions.

Taxation

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

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

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

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

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

3. 主要會計政策 – 續

退休福利成本

向定額供款退休福利計劃支付之款項乃於僱員已提供服務，致使彼等享有供款之權益時扣除作為開支。

稅項

所得稅開支乃指現時應付稅項及遞延稅項。

現時應付稅項按本年度應課稅溢利基準計算。應課稅溢利有別於綜合收益表中所呈報之溢利，因其不包括其他年度之應課稅或可扣減之收入或開支項目，亦不包括從未課稅或扣減之項目。本集團的當期稅項負債，按已執行的或到結算日實質上已執行的稅率計算。

遞延稅項乃根據綜合財務報表中資產及負債之賬面值與用於計算應課稅溢利之有關稅率基準之差額確認，並採用資產負債表負債法列賬。遞延稅項負債通常就所有應課稅暫時差額作出確認，而遞延稅項資產僅會於預期應課稅溢利可供用作抵銷可予動用之可扣減暫時差額時確認。倘暫時差額乃源自商譽或來自初次確認（而非業務合併）交易中不涉及應課稅溢利及會計溢利之其他資產及負債，該等資產及負債則不予以確認。

遞延稅項負債乃就來自於附屬公司及聯營公司之投資之應課稅暫時差額而確認，惟本集團可控制暫時差額之回撥及預期暫時差額將不會於可見將來回撥則除外。

遞延稅項資產之賬面值會於各結算日審閱及調低至預期將不再有充足之應課稅溢利以收回所有或部份資產。

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Taxation – continued

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method.

Intangible assets

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

Gains and losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated income statement when the asset is derecognised.

Research and development costs

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

An internally-generated intangible asset arising from development expenditure is recognised only if it is anticipated that the development costs incurred on a clearly-defined project will be recovered through future commercial activity. The resultant asset is amortised on a straight-line basis over its useful life, and carried at cost less subsequent accumulated amortisation and any accumulated impairment losses.

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

3. 主要會計政策 – 續

稅項 – 續

遞延稅項乃按預期適用於結算負債或可變現資產期間之稅率計算。遞延稅項於收益表中扣除或計入，惟倘其涉及直接自權益扣除或計入權益之項目，遞延稅項會於權益中處理。

存貨

存貨是按成本與可變現淨值兩者中的較低者列賬。成本是按先進先出法計算。

無形資產

可使用年期有限的無形資產會按成本減累積攤銷及任何累積減值虧損列值。可使用年期有限的無形資產按直線法在其估計可使用年期計算攤銷。可使用年期無限的無形資產則按成本減任何後續累積減值虧損列值(見下文有關減值虧損的會計政策)。

終止確認無形資產所產生的損益按出售所得款項淨額與資產賬面值之間的差額計量，並於資產終止確認時在綜合收益表中確認。

研究及發展成本

研究活動之支出在其產生之期間內確認為費用入帳。

因發展支出而出現由內部產生之無形資產僅會在預期已清楚界定項目所產生之發展成本將可透過日後之商業活動所彌補時確認。所產生之資產按直線之基準以其可使用年期攤銷，並按成本減其後累計攤銷及任何累計減值虧損列賬。

就內部產生之無形資產而首次確認之金額為該無形資產首次符合確認條件日期起產生之支出總和。倘並無由內部產生之無形資產可予以確認，則發展支出將在其產生之期間內在收益表扣除。

For the Year ended 30 June 2007 截至二零零七年六月三十日止年度

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Intangible assets – continued

Impairment

Intangible assets not yet available for use are tested for impairment annually by comparing their carrying amounts with their recoverable amounts, irrespective of whether there is any indication that they may be impaired. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

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

Intangible assets with finite useful lives are tested for impairment when there is an indication that an asset may be impaired (see the accounting policies in respect of impairment losses for tangible and intangible assets below).

Financial instruments

Financial assets and financial liabilities are recognised on the consolidated balance sheet when an entity of the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3. 主要會計政策 – 續

無形資產 – 續

減值

尚未可供使用的無形資產會在不論是否有任何跡象顯示資產可能發生減值下每年進行減值檢查，比較其賬面值及其可收回金額。如果估計資產的可收回金額少於其賬面值，資產的賬面值會減記至其可收回金額。減值虧損會立即確認為費用。

倘若減值虧損於其後撥回，資產之賬面值將調升至重估後之可收回金額，而增加後之賬面值不得超過倘若該資產在過往年度並無確認減值虧損時原應確認之賬面值。撥回之減值虧損即時確認為收入。

可使用年期有限的無形資產在有跡象顯示資產可能發生減值時進行減值檢查(見下文有關有形及無形資產減值虧損的會計政策)。

金融工具

當本集團實體成為工具合約條款的一方時，會在綜合資產負債表上確認金融資產及金融負債。金融資產和金融負債在初始確認時會以公平價值進行計量。直接歸屬於購置或發行金融資產和金融負債(透過損益按公平價值列值的金融資產及金融負債除外)的交易費用在初始確認時計入或扣自各金融資產或金融負債(視何者適用而定)的公平價值。直接歸屬於購置透過損益按公平價值列值的金融資產或金融負債的交易費用立即在損益中確認。

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Financial instruments – continued

Financial assets

The Group's financial assets are classified into loans and receivables and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place. The accounting policies adopted are set out below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including trade and other receivables, amount due from an associate and bank balances) are carried at amortised cost using the effective interest method, less any identified impairment losses. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as loans and receivables and not held for trading purpose. At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in profit or loss. Any impairment losses on available-for-sale financial assets are recognised in profit or loss. Impairment losses on available-for-sale equity investments will not reverse through profit or loss in subsequent periods. For available-for-sale debt investments, impairment losses are subsequently reversed if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

3. 主要會計政策 – 續

金融工具 – 續

金融資產

本集團的金融資產歸類為貸款和應收款項，以及可供出售的金融資產。以常規方式購買或出售的金融資產，均按交易日方法進行確認或終止確認。以常規方式購買或出售是指要求在相關市場中的規則或慣例通常約定的時間內交付資產的金融資產買賣。所採納的會計政策載於下文。

貸款和應收款項

貸款和應收款項為款項固定或可釐定的非衍生工具金融資產，且並無在活躍市場上報價。初始確認後在每個結算日，貸款和應收款項(包括應收賬款及其他應收款、應收聯營公司款項及銀行結餘)以運用實際利率法計算的攤餘成本減任何已識別減值虧損計量。當存在客觀證據表明資產已發生減值，減值虧損會在損益中確認，金額按資產的賬面值與以最初的實際利率對預期未來現金流量進行折現後的現值兩者之間的差額計量。在後續期間，如果資產可收回金額的增加客觀上與確認減值之後發生的事項有聯繫，則減值虧損會轉回，但該轉回不應導致該資產在減值轉回日期的賬面值超過不確認減值情況下的攤餘成本。

可供出售的金融資產

可供出售的金融資產為指定為此類別或並無歸類為貸款和應收款項及並非為買賣而持有的非衍生工具。初始確認後在每個結算日，以公平價值計量可供出售的金融資產。公平價值變動在權益中確認，直至金融資產出售或釐定為減值為止，屆時，先前在權益中確認的累積損益會從權益中轉出，並在損益中確認。可供出售的金融資產的任何減值虧損會在損益中確認。可供出售的權益性投資的減值虧損不會在後續期間透過損益轉回。就可供出售的債務投資而言，其後如果投資公平價值的增加客觀上可能與確認減值虧損之後發生的事項有聯繫，減值虧損則會轉回。

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3. SIGNIFICANT ACCOUNTING POLICIES – continued

Financial instruments – continued

Financial liabilities and equity

Financial liabilities and equity instruments issued by an entity of the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

Financial liabilities

Financial liabilities (including trade and other payables and amounts due to minority shareholders) are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

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

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

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

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

3. 主要會計政策 – 續

金融工具 – 續

金融負債及權益

本集團實體發行的金融負債和權益性工具根據所訂立的合約安排的實質內容以及金融負債和權益性工具的定義而歸類。

權益性工具指能證明擁有本集團在減除其所有負債後的資產中的餘剩權益的任何合約。就金融負債和權益性工具採納的會計政策載於下文。

金融負債

金融負債(包括應付賬款及其他應付款、應付少數股東及董事款項)其後運用實際利率法,以攤餘成本計量。

權益性工具

本公司發行的權益性工具按收取的所得款項減直接發行成本記錄。

終止確認

當從資產收取現金的權利屆滿時,或金融資產已轉讓而本集團已實質上轉移了與金融資產所有權有關的幾乎全部風險和報酬,會終止確認該項金融資產。一旦終止確認金融資產,資產的賬面值與已收及應收的代價與已直接在權益中確認的累積損益的和之間的差額會在損益中確認。

金融負債於有關合約中規定的義務解除、取消或到期時終止確認。終止確認的金融負債的賬面值與支付或應付的代價之間的差額會在損益中確認。

撥備

倘本集團因過往事件而產生目前的責任,而本集團須償還該責任時,則確認撥備。撥備乃根據董事會於結算日對償還有關責任所須支出的最佳估算釐定,並在出現重大影響時折讓至現值。

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Share-based payment transactions

Equity-settled share-based payment transactions

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

At each balance sheet date, the Group revises its estimates of the number of options that are expected to ultimately vest. The effect of the change in estimate, if any, is recognised in profit or loss with a corresponding adjustment to share options reserve.

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

For share options granted to suppliers in exchange for goods or services, they are measured at the fair value of the goods or services received. The fair values of the goods or services are recognised as expenses immediately, unless the goods or services qualify for recognise as assets. Corresponding adjustments have been made to equity.

For share options granted by the Company which were vested before 1 January 2005, the fair value of those share options are not recognised as expenses in accordance with the transitional provision of HKFRS 2.

Impairment losses (other than goodwill and intangible assets that are not yet ready for use (see the accounting policies in respect of goodwill and intangible assets above))

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

3. 主要會計政策 – 續

以股份為基礎付款之交易

股本結算以股份為基礎付款之交易

就授予僱員之購股權而言，所獲服務之公平價值乃參考購股權於授出日期之公平價值釐定，在歸屬期間以直線法列作開支，並於權益中(購股權儲備)作相應之增加。

於各結算日，本集團修改其對預期最終歸屬購股權數目之估計。修改該估計之影響(如有)乃於損益確認，並於購股權儲備作相應調整。

於購股權獲行使時，先前於購股權儲備中確認之款項將轉撥至股份溢價。當購股權被沒收或於屆滿日期仍未行使，則先前於購股權儲備中確認之款項將轉撥至保留溢利。

就授予供應商以換取商品或服務之購股權而言，該等購股權之價值則以已收商品或服務之公平價值計量。商品或服務之公平價值即時確認為開支，惟商品或服務符合資格確認為資產除外。相應調整已於權益中進行。

就本公司授予而於二零零五年一月一日前歸屬之購股權而言，根據香港財務報告準則第2號的過渡性規定，該等購股權之公平價值不會確認為開支。

減值虧損(商譽及尚未可供使用的無形資產除外(見上文有關商譽及無形資產的會計政策))

於每個結算日，本集團會評估其有形及無形資產的賬面值，以決定是否有任何跡象顯示該等資產出現減值虧損。如估計資產的可收回金額低於其賬面值，資產的賬面值會減低至其可收回金額。減值虧損即時確認為開支。

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3. SIGNIFICANT ACCOUNTING POLICIES – continued

Impairment losses (other than goodwill and intangible assets that are not yet ready for use (see the accounting policies in respect of goodwill and intangible assets above)) – continued

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

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The critical accounting judgement and key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, 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.

Allowances for inventories

The management of the Group reviews an aging analysis at each balance sheet date, and makes allowance for obsolete and slow-moving inventory items especially technology solution system identified that are of minimal resale value due to technological changes. The management estimates the net realisable value for such inventory based primarily on the latest invoice prices and current market conditions. The Group carries out an inventory review on a product-by-product basis at the balance sheet date and makes allowance for obsolete items.

Estimated impairment of capitalised development costs

Determining whether capitalised development costs is impaired requires an estimation of the recoverable amount determined by the value in use of the capitalised development costs. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the capitalised development costs and a suitable discount rate in order to calculate the present value. The Group carries out an impairment review assessment on a product-by-product basis in respect of the capitalised development costs at the balance sheet date and no impairment is made for the years ended 30 June 2007 and 2006.

3. 主要會計政策 – 續

減值虧損(商譽及尚未可供使用的無形資產除外(見上文有關商譽及無形資產的會計政策)) – 續

如減值虧損其後轉回，資產的賬面值將增加至其經修訂的估計可收回金額，惟增加後的賬面值不得超出倘若該資產於過往年度並無確認減值虧損時原應確認的賬面值。減值虧損的轉回會即時確認為收入。

4. 關鍵會計判斷及估計不確定性的主要來源

有關未來的關鍵會計判斷及主要假設，以及於結算日估計不確定性的其他主要來源(具有重大風險會導致在下一財政年度對資產負債賬面值作出重大調整)，於下文討論。

存貨撥備

於每個結算日，本集團的管理層會審閱賬齡分析，並就由於技術改變而辨認為轉售價值甚低的過時及滯銷存貨(尤其是技術解決方案系統)提撥準備。管理層主要根據最新發票價及當時市場情況估計有關存貨的可變現淨值。於每個結算日，本集團均按個別產品基準進行存貨審閱，並就過時項目提撥準備。

發展成本資本化的估計減值

決定發展成本資本化有否減值須估計發展成本資本化按使用價值釐定的可收回金額。計算使用價值須本集團估計預期來自發展成本資本化的未來現金流量和計算現值的合適折現率。於結算日，本集團按個別產品基準就發展成本資本化進行減值檢查評估，於截至二零零七年及二零零六年六月三十日止年度並無作出減值。

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY – continued Allowances for bad and doubtful debts

The policy for allowance of bad and doubtful debts of the Group is based on the evaluation of collectability and aging analysis of accounts and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include available-for-sale investments, trade and other receivables, amount due from an associate, bank balances, trade and other payables and amounts due to minority shareholders. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

It is the Group's policy for each operating entity to operate in local currencies as far as possible to minimise currency risk. The Group's principal businesses are conducted and recorded in Hong Kong dollars, Great British Pound and US Dollars. No hedging against foreign currency exposure has been carried out by the management.

Price risk

The Group is exposed to equity securities price risk through its investment in available-for-sale investments. The management manages this exposure by maintaining a portfolio of investments with different risk profiles.

4. 關鍵會計判斷及估計不確定性的主要來源 – 續

呆壞賬撥備

本集團之呆壞賬撥備政策以可收回機會之評估、賬齡分析及管理層判斷為基礎。評估該等應收款最終能否變現需要進行大量判斷，包括對每名客戶之當前信用程度及過往之收回款項記錄。倘本集團客戶之財務狀況惡化，導致彼等付款之能力減弱，則可能須作出額外撥備。

5. 財務風險管理目標及政策

本集團的主要金融工具包括可供出售投資、應收賬款及其他應收款、應收聯營公司款項、銀行結餘、應付賬款及其他應付款，以及應付少數股東款項。有關該等金融工具的詳情於各有關附註內披露。有關該等金融工具的風險及減少該等風險的政策載於下文。管理層管理及監察該等風險，以確保在適當時間有效地實行合適的措施。

市場風險

貨幣風險

本集團的政策為，各經營實體儘可能以當地貨幣經營，以儘量減低貨幣風險。本集團的主要業務以港元、英鎊及美元進行及記錄。管理層並無進行任何外幣風險對沖。

價格風險

本集團因投資於可供出售投資而須面對權益性證券價格風險。管理層透過持有風險情況不同的投資組合而管理有關風險。

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5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES – CONTINUED

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations as at 30 June 2007 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated balance sheet. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

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

The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

5. 財務風險管理目標及政策 – 續

信用風險

於二零零七年六月三十日，如果對應方未能履行其義務，本集團就各類別已確認金融資產而須面對的最大信用風險為綜合資產負債表所載該等資產的賬面值。為儘量減低信用風險，本集團的管理層已指派專組，負責釐定信貸限額、信貸批核及其他監察程序，以確保採取跟進行動收回過期債項。此外，本集團於每個結算日均檢討各個別貿易債項的可收回金額，以確保就不可收回金額確認足夠的減值虧損。就此而言，本公司董事認為，本集團的信用風險已大為減少。

流動資金的信用風險有限，因有關對應方為銀行，其獲國際信貸評級機構給予高信貸評級。

本集團並無重大而集中的信用風險，有關風險分布於多個對應方及客戶。

流動資金風險

在管理流動資金風險方面，本集團監察及維持某一水平之現金及現金等價物，而該水平乃管理層視為足以撥付本集團業務需要及可減輕現金流量波動之影響。

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6. SEGMENT INFORMATION

Revenue represents the amounts received and receivable for goods sold, less returns and allowances, to outside customers during the year.

In accordance with the Group's internal financial reporting, the Group has determined that geographical segment by location of customers is its primary reporting format.

Geographical segment

The Group reports its primary segment information by geographical location of its customers who are principally located in Hong Kong, Singapore, other Asian countries, Middle East, Europe and Africa. Others include locations like the Americas and Australia. Segment information about these geographical markets is presented below:

2007

		二零零七年								
		Hong Kong	Singapore	Other Asian countries	Middle East	Europe	Africa	Others	Eliminations	Consolidated
		香港	新加坡	其他亞洲國家	中東	歐洲	非洲	其他	對銷	綜合
		HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
REVENUE	收入									
External sales	來自外界之銷售	6,077	5,108	5,616	4,976	16,662	5,318	2,878	-	46,635
Inter-segment sales	分類間之銷售	-	2,557	415	-	8,098	-	-	(11,070)	-
Total	總額	6,077	7,665	6,031	4,976	24,760	5,318	2,878	(11,070)	46,635
SEGMENT RESULT	分類業績	793	702	573	1,600	3,671	1,670	1,012	158	10,179
Unallocated corporate income	未劃分的公司收入									573
Unallocated corporate expenses	未劃分的公司費用									
- Administrative and other expenses	- 行政及其他費用									(4,502)
- Research and development expenditure	- 研究及發展支出									(4,104)
Profit for the year	年度溢利									2,146

Inter-segment sales are charged at cost plus a percentage mark-up.

6. 分類資料

收入指本年度內已售出貨品之已收及應收回款額減給予外來客戶之退款及津貼之款項。

根據本集團之內部財務呈報方式，本集團決定以客戶之所在地區分類作為其主要呈報方式。

地區分類

本集團以其客戶(其客戶主要位於香港、新加坡、其他亞洲國家、中東、歐洲及非洲)之所在地區呈報其主要業務資料。「其他」包括美洲及澳洲等地區。以下為按上述地區劃分之市場之分類資料：

分類間之銷售是按成本加某一百分比溢價計算。

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For the Year ended 30 June 2007 截至二零零七年六月三十日止年度

6. SEGMENT INFORMATION – continued

Geographical segment – continued

2007 – continued

The following is an analysis of the carrying amount of segment assets and segment liabilities, analysed by the geographical location of its customers:

6. 分類資料 – 續

地區分類 – 續

二零零七年 – 續

以下為按其客戶所在地區劃分之分類資產及分類負債之賬面值之分析：

		Hong Kong	Singapore	Other Asian countries 其他亞洲	Middle East	Europe	Africa	Others	Consolidated
		香港	新加坡	國家	中東	歐洲	非洲	其他	綜合
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
ASSETS	資產								
Segment assets	分類資產	331	911	683	73	4,623	90	(5)	6,706
Unallocated corporate assets	未劃分的公司資產								28,965
Consolidated total assets	綜合總資產								35,671
LIABILITIES	負債								
Segment liabilities	分類負債	833	395	240	291	945	250	117	3,071
Unallocated corporate liabilities	未劃分的公司負債								1,329
Consolidated total liabilities	綜合總負債								4,400

		Hong Kong	Singapore	Other Asian countries 其他亞洲	Middle East	Europe	Africa	Others	Corporate	Consolidated
		香港	新加坡	國家	中東	歐洲	非洲	其他	公司	綜合
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
OTHER INFORMATION	其他資料									
Capital additions	資本添置	-	7	-	-	235	-	-	115	357
Depreciation	折舊	-	7	28	-	49	-	-	329	413
Development costs capitalised	發展成本資本化	-	-	-	-	-	-	-	626	626
Allowance for inventories	存貨撥備	-	-	210	-	-	-	-	1,066	1,276
Allowance for loan to an associate	給予聯營公司的 貸款撥備	-	-	25	-	-	-	-	-	25
Amortisation of capitalised development costs	發展成本資本化 之攤銷	-	-	-	-	-	-	-	778	778

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For the Year ended 30 June 2007 截至二零零七年六月三十日止年度

6. SEGMENT INFORMATION – continued

Geographical segment – continued

2006

6. 分類資料 – 續

地區分類 – 續

二零零六年

		Hong Kong	Singapore	Other Asian countries 其他亞洲	Middle East	Europe	Africa	Others	Eliminations	Consolidated
		香港	新加坡	國家	中東	歐洲	非洲	其他	對銷	綜合
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
REVENUE	收入									
External sales	來自外界之銷售	5,935	4,338	4,911	4,755	10,905	1,935	4,577	-	37,356
Inter-segment sales	分類間之銷售	-	2,455	160	-	7,886	-	-	(10,501)	-
Total	總額	5,935	6,793	5,071	4,755	18,791	1,935	4,577	(10,501)	37,356
SEGMENT RESULT	分類業績	2,246	136	960	1,727	953	650	908	(127)	7,453
Unallocated corporate income	未劃分的公司收入									874
Unallocated corporate expenses	未劃分的公司費用									
- Administrative and other expenses	- 行政及其他費用									(4,716)
- Research and development expenditure	- 研究及發展支出									(3,820)
Loss for the year	年度虧損									(209)

Inter-segment sales are charged at cost plus a percentage mark-up.

分類間之銷售是按成本加某一百分比溢價計算。

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For the Year ended 30 June 2007 截至二零零七年六月三十日止年度

6. SEGMENT INFORMATION – continued

Geographical segment – continued 2006 – continued

The following is an analysis of the carrying amount of segment assets and segment liabilities, analysed by the geographical location of its customers:

		Hong Kong	Singapore	Other Asian countries 其他亞洲	Middle East	Europe	Africa	Others	Consolidated
		香港	新加坡	國家	中東	歐洲	非洲	其他	綜合
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
ASSETS	資產								
Segment assets	分類資產	238	1,332	1,031	22	3,604	1	-	6,228
Unallocated corporate assets	未劃分的公司資產								27,890
Consolidated total assets	綜合總資產								34,118
LIABILITIES	負債								
Segment liabilities	分類負債	1,528	764	168	372	696	16	161	3,705
Unallocated corporate liabilities	未劃分的公司負債								1,629
Consolidated total liabilities	綜合總負債								5,334

		Hong Kong	Singapore	Other Asian countries 其他亞洲	Middle East	Europe	Africa	Others	Corporate	Consolidated
		香港	新加坡	國家	中東	歐洲	非洲	其他	公司	綜合
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元

OTHER INFORMATION	其他資料									
Capital additions	資本添置	-	12	9	-	20	-	-	142	183
Depreciation	折舊	-	2	66	-	27	-	-	473	568
Development costs capitalised	發展成本資本化	-	-	-	-	-	-	-	741	741
Allowance for inventories	存貨撥備	-	-	-	-	-	-	-	201	201
Allowance for loan to an associate	給予聯營公司的 貸款撥備	-	-	67	-	-	-	-	-	67
Amortisation of capitalised development costs	發展成本資本化 之攤銷	-	-	-	-	-	-	-	803	803

The following is an analysis of the carrying amount of segment assets, and additions to property, plant and equipment and capitalised development costs analysed by the geographical area in which the assets are located.

6. 分類資料 – 續

地區分類 – 續 二零零六年 – 續

以下為按客戶所在地區劃分之分類資產及分類負債之賬面值之分析：

以下為按資產所在地區劃分之分類資產之賬面值與物業、廠房及設備及資本化發展成本之添置之分析。

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6. SEGMENT INFORMATION – continued

6. 分類資料 – 續

		Carrying amounts of segment assets		Additions to property, plant and equipment and capitalised development costs 物業、廠房及設備 與發展成本資本化 之添置	
		分類資產之賬面值		之添置	
		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Hong Kong	香港	28,347	25,907	741	883
Singapore	新加坡	1,528	1,841	7	12
Other Asian countries	其他亞洲國家	458	758	–	9
Europe	歐洲	5,338	5,612	235	20
		35,671	34,118	983	924

Business segments

The Group is solely engaged in research and development and sales and marketing of audio and video monitoring systems. No further business segment information is presented as all of the Group's revenue, operating results and assets were attributable to this business segment.

業務分類

本集團只從事視聽監察系統之研究及開發、銷售及市場推廣。由於本集團之所有收入、經營業績及資產已納入本業務分類，因此並無呈列其他業務分類資料。

7. OTHER INCOME

7. 其他收入

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Other income is analysed as follows:	其他收入之分析如下：		
Interest income from	源自以下項目之利息收入		
– bank deposits	– 銀行存款	351	354
– loan to an associate	– 給予聯營公司之貸款	3	4
Gain on disposal of available-for-sale investments	出售可供出售投資的收益	–	277
Dividend income from listed equity securities	上市權益性證券的股息收入	127	164
Others	其他	92	75
		573	874

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8. PROFIT/(LOSS) FOR THE YEAR

8. 年度溢利／(虧損)

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Profit/(loss) for the year has been arrived at after charging/(crediting):	年度溢利／(虧損)已扣除／(計入)：		
Employee benefits expense (including directors' remuneration)	僱員福利開支(包括董事酬金)		
Salaries, wages and other benefits	薪金、工資及其他福利	12,595	12,000
Retirement benefits scheme contributions	退休福利計劃供款	599	601
		13,194	12,601
Less: Amount capitalised as development costs	減：資本化並列作發展成本之款項	(626)	(741)
		12,568	11,860
Allowance/(recovery of allowance) for bad and doubtful debts	呆壞賬撥備／(收回撥備)	37	(124)
Allowance for loan to an associate	給予聯營公司貸款之撥備	25	67
Write down of inventories	存貨撇減	1,276	201
Amortisation of capitalised development costs included in research and development expenditure	發展成本資本化之攤銷 (已列入研究及發展支出)	778	803
Auditors' remuneration	核數師酬金	302	385
Net foreign exchange gains	外幣匯兌收益淨額	(728)	(583)
Depreciation of property, plant and equipment	物業、廠房及設備之折舊	413	568

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For the Year ended 30 June 2007 截至二零零七年六月三十日止年度

9. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

The emoluments paid or payable to each of the 8 (2006: 7) directors were as follows:

2007

		二零零七年								
		Dr. Chan	Dr. Ma	Mr. Ho	Dr. Chan	Professor	Professor	Professor	Mr. Yu Hon	Total
		Chok Ki	Chi Kit	Ka Ho	Cheung Fat	Siu	Mr. Yeung	Ching	To, David	
		陳作基博士	馬志傑博士	何家豪先生	陳祥發博士	蕭允治教授	楊國琦先生	程伯中教授	俞漢度先生	總額
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
							(Note (i))		(Note (ii))	
							(附註(i))		(附註(ii))	
Fees	袍金	-	-	-	-	60	30	60	28	178
Other emoluments	其他酬金									
Salaries and other benefits	薪金及其他福利	2,084	724	650	187	-	-	-	-	3,645
Contributions to retirement benefit schemes	退休福利計劃供款	12	12	12	-	-	-	-	-	36
Total emoluments	總酬金	2,096	736	662	187	60	30	60	28	3,859

Notes (i): Mr. Yeung Kwok Ki resigned as independent non-executive director of the Company on 28 December 2006.

(ii): Mr. Yu Hon To, David was appointed as independent non-executive director of the Company on 16 January 2007.

9. 董事及僱員酬金

已付或應付8名(二零零六年: 7名)董事各自的酬金如下:

二零零七年

		二零零七年								
		Dr. Chan	Dr. Ma	Mr. Ho	Dr. Chan	Professor	Professor	Professor	Mr. Yu Hon	Total
		Chok Ki	Chi Kit	Ka Ho	Cheung Fat	Siu	Mr. Yeung	Ching	To, David	
		陳作基博士	馬志傑博士	何家豪先生	陳祥發博士	蕭允治教授	楊國琦先生	程伯中教授	俞漢度先生	總額
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
							(Note (i))		(Note (ii))	
							(附註(i))		(附註(ii))	
Fees	袍金	-	-	-	-	60	30	60	28	178
Other emoluments	其他酬金									
Salaries and other benefits	薪金及其他福利	2,084	724	650	187	-	-	-	-	3,645
Contributions to retirement benefit schemes	退休福利計劃供款	12	12	12	-	-	-	-	-	36
Total emoluments	總酬金	2,096	736	662	187	60	30	60	28	3,859

附註 (i): 楊國琦先生於二零零六年十二月二十八日辭任本公司獨立非執行董事。

(ii): 俞漢度先生於二零零七年一月十六日獲委任為本公司獨立非執行董事。

2006

		二零零六年								
		Dr. Chan	Dr. Ma	Mr. Ho	Dr. Chan	Professor	Professor	Professor	Mr. Yu Hon	Total
		Chok Ki	Chi Kit	Ka Ho	Cheung Fat	Siu	Mr. Yeung	Ching	To, David	
		陳作基博士	馬志傑博士	何家豪先生	陳祥發博士	蕭允治教授	楊國琦先生	程伯中教授	俞漢度先生	總額
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
Fees	袍金	-	-	-	-	60	60	60		180
Other emoluments	其他酬金									
Salaries and other benefits	薪金及其他福利	2,004	720	616	187	-	-	-	-	3,527
Contributions to retirement benefit schemes	退休福利計劃供款	12	12	12	-	-	-	-	-	36
Total emoluments	總酬金	2,016	732	628	187	60	60	60		3,743

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For the Year ended 30 June 2007 截至二零零七年六月三十日止年度

9. DIRECTORS' AND EMPLOYEES' EMOLUMENTS – continued

The five highest paid individuals included three (2006: three) directors of the Company, details of whose emoluments are set out above. The emoluments of the remaining two (2006: two) individuals, which fall within the band of nil to HK\$1,000,000 for each of the two years ended 30 June 2007 and 2006, were as follows:

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Salaries and other benefits	薪金及其他福利	1,238	1,126
Retirement benefits scheme contributions	退休福利計劃供款	139	127
		1,377	1,253

During each of the two years ended 30 June 2007 and 2006, no emoluments were paid by the Group to the five highest paid individuals, including directors, as an inducement to join or upon joining the Group or as compensation for loss of office. In addition, no director waived any emoluments during the years ended 30 June 2007 and 2006.

10. TAXATION

Hong Kong profits tax is calculated at the rate of 17.5% (2006: 17.5%) on the estimated assessable profits arising in Hong Kong during the year. No tax is payable on profit for the years ended 30 June 2007 and 2006 arising in Hong Kong since the assessable profits are wholly absorbed by tax losses brought forward.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

9. 董事及僱員酬金 – 續

在五位酬金最高的人士中，包括本公司之三位(二零零六年：三位)董事，已在上文載有有關的酬金詳情。其餘兩位(二零零六年：兩位)人士於截至二零零七年及二零零六年六月三十日止兩個年度各自的酬金介乎零至1,000,000港元，詳情如下：

截至二零零七年及二零零六年六月三十日止兩個年度之各個年度內，本集團並無向五位酬金最高的人士(包括董事)支付任何款項作為吸引此等人士加入本集團之獎勵或在加入本集團之時收取獎勵或離職補償。此外，截至二零零七年及二零零六年六月三十日止年度內並無任何董事放棄任何酬金。

10. 稅項

香港利得稅乃按年內於香港產生之估計應課稅溢利以稅率17.5%(二零零六年：17.5%)計算。由於應課稅溢利已被結轉之稅項虧損悉數抵免，故毋須就截至二零零七年及二零零六年六月三十日止年度於香港產生之溢利繳納任何稅項。

於其他司法權區產生之稅項乃按有關司法權區之適用稅率計算。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the Year ended 30 June 2007 截至二零零七年六月三十日止年度

10. TAXATION – continued

The taxation for the year can be reconciled to the profit/(loss) for the year in the consolidated income statement as follows:

10. 稅項 – 續

本年度之稅項與於綜合收益表中的年度溢利／（虧損）之對賬如下：

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Profit/(loss) for the year	年度溢利／（虧損）	2,146	(209)
Tax at the domestic income tax rate of 17.5%	按本地所得稅稅率17.5%計算稅項	375	(37)
Tax effect of expenses that are not deductible for tax purposes	不可扣稅開支之稅務影響	288	216
Tax effect of income that is not taxable for tax purposes	毋須課稅收入之稅務影響	(381)	(88)
Utilisation of tax loss not previously recognised	動用過往尚未確認之稅項虧損	(446)	(272)
Tax effect of deferred tax assets not recognised	未確認遞延稅項資產之稅務影響	164	181
Taxation for the year	本年度之稅項	-	-

Details of the deferred taxation are set out in note 27.

遞延稅項詳情載於附註27。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the Year ended 30 June 2007 截至二零零七年六月三十日止年度

11. EARNINGS/(LOSS) PER SHARE

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

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Earnings/(loss)	溢利／(虧損)		
Profit/(loss) for the year attributable to equity holders of the Company	本公司權益持有人應佔年度溢利／(虧損)	2,087	(273)
Number of shares	股份數目		
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	就計算每股基本盈利／(虧損)之普通股加權平均數	180,007	180,000

Diluted earnings/(loss) per share for the years ended 30 June 2007 and 2006 have not been disclosed, as the share options outstanding during these years had an anti-dilutive effect on the basic earnings/(loss) per share for these years.

11. 每股盈利／(虧損)

本公司普通股權益持有人應佔每股基本及攤薄盈利／(虧損)乃根據以下數據計算：

由於在截至二零零七年及二零零六年六月三十日止年度內尚未行使之購股權對該等年度之每股基本盈利／(虧損)有反攤薄影響，因此並無披露該等年度之每股攤薄盈利／(虧損)。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the Year ended 30 June 2007 截至二零零七年六月三十日止年度

12. PROPERTY, PLANT AND EQUIPMENT

12. 物業、廠房及設備

		Furniture				Total
		Leasehold improvements	and fixtures	Office equipment	Motor vehicle	
		租賃物業裝修	傢俬及裝置	辦公室設備	汽車	總額
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元
THE GROUP	本集團					
COST	成本					
At 1 July 2005	於二零零五年七月一日	467	431	2,619	243	3,760
Exchange adjustments	匯兌調整	2	1	17	–	20
Additions	添置	–	13	170	–	183
Disposals	出售	–	–	(10)	–	(10)
At 30 June 2006	於二零零六年六月三十日	469	445	2,796	243	3,953
Exchange adjustments	匯兌調整	4	2	32	–	38
Additions	添置	–	–	357	–	357
Disposals	出售	–	–	(12)	–	(12)
At 30 June 2007	於二零零七年六月三十日	473	447	3,173	243	4,336
DEPRECIATION	折舊					
At 1 July 2005	於二零零五年七月一日	302	339	2,019	20	2,680
Exchange adjustments	匯兌調整	2	–	13	–	15
Provided for the year	本年度計提	144	45	298	81	568
Disposals	出售	–	–	(10)	–	(10)
At 30 June 2006	於二零零六年六月三十日	448	384	2,320	101	3,253
Exchange adjustments	匯兌調整	4	1	27	–	32
Provided for the year	本年度計提	21	32	279	81	413
Disposals	出售	–	–	(12)	–	(12)
At 30 June 2007	於二零零七年六月三十日	473	417	2,614	182	3,686
CARRYING AMOUNTS	賬面值					
At 30 June 2007	於二零零七年六月三十日	–	30	559	61	650
At 30 June 2006	於二零零六年六月三十日	21	61	476	142	700

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For the Year ended 30 June 2007 截至二零零七年六月三十日止年度

12. PROPERTY, PLANT AND EQUIPMENT – continued

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

Leasehold improvements	33 $\frac{1}{3}$ % or over the lease term, whichever is shorter
Furniture and fixtures	20%
Office equipment	20% – 33 $\frac{1}{3}$ %
Motor vehicle	33 $\frac{1}{3}$ %

12. 物業、廠房及設備 – 續

上述物業、廠房及設備項目折舊的計算方法是以直線法按其估計可使用年期及經考慮其估計剩餘價值來撇銷其成本，年率如下：

租賃物業裝修	33 $\frac{1}{3}$ %或租賃期 (以較短者為準)
傢俬及裝置	20%
辦公室設備	20% – 33 $\frac{1}{3}$ %
汽車	33 $\frac{1}{3}$ %

13. CAPITALISED DEVELOPMENT COSTS

13. 發展成本資本化

		HK\$'000 千港元
THE GROUP	本集團	
COST	成本	
At 1 July 2005	於二零零五年七月一日	7,215
Additions	添置	741
At 30 June 2006	於二零零六年六月三十日	7,956
Additions	添置	626
At 30 June 2007	於二零零七年六月三十日	8,582
AMORTISATION	攤銷	
At 1 July 2005	於二零零五年七月一日	5,554
Provided for the year	本年度計提	803
At 30 June 2006	於二零零六年六月三十日	6,357
Provided for the year	本年度計提	778
At 30 June 2007	於二零零七年六月三十日	7,135
CARRYING AMOUNTS	賬面值	
At 30 June 2007	於二零零七年六月三十日	1,447
At 30 June 2006	於二零零六年六月三十日	1,599

Development costs recognised as an asset are amortised using the straight-line method over three years from the date it is available for use.

The directors reviewed the carrying value of the capitalised development cost at the balance sheet dates with reference to the discounted future cash flows from the product developed. They determined that no impairment loss should be made at 30 June 2007 and 2006.

已確認為資產的發展成本，在其可供使用日期起計三年期間以直線法攤銷。

董事已參考已開發產品之折現未來現金流量，於結算日審閱資本化發展成本之賬面值。彼等認為，於二零零七年及二零零六年六月三十日不應確認減值虧損。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the Year ended 30 June 2007 截至二零零七年六月三十日止年度

14. INVESTMENT IN A SUBSIDIARY

14. 於附屬公司之投資

		The Company 本公司	
		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Unlisted investment, at cost	非上市投資，按成本	10	10

Details of the Company's subsidiaries as at 30 June 2007 were as follows:

於二零零七年六月三十日，本公司附屬公司之詳情如下：

Name of subsidiary 附屬公司名稱	Place of incorporation/ registration and operation 註冊成立／註冊 及經營地點	Issued and fully paid up ordinary share capital/ registered capital 已發行及繳足 普通股股本／ 註冊資本	Proportion of nominal value of issued capital/ registered capital held by the Company 由本公司持有之 已發行股本／ 註冊資本之 面值百分比		Principal activities 主要業務
			Directly 直接 %	Indirectly 間接 %	
Signal Communications Holdings Limited	BVI 英屬處女群島	HK\$15,000,000 15,000,000港元	100	–	Investment holding 投資控股
SiCOM China Limited	BVI 英屬處女群島	US\$1 1美元	–	100	Investment holding 投資控股
SiCOM Europe Limited	BVI 英屬處女群島	US\$1 1美元	–	100	Investment holding 投資控股
SiCOM Far East Limited	BVI 英屬處女群島	US\$1 1美元	–	100	Investment holding 投資控股
SiCOM Japan Limited	BVI 英屬處女群島	US\$1 1美元	–	100	Investment holding 投資控股
Signal Communications Limited 訊研科技有限公司	Hong Kong 香港	HK\$1,000 1,000港元	–	100	Research and development and sales and marketing of audio and video monitoring systems 視聽監察系統之 研究及發展及 銷售及市場推廣

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For the Year ended 30 June 2007 截至二零零七年六月三十日止年度

14. INVESTMENT IN A SUBSIDIARY – continued

14. 於附屬公司之投資 – 續

Name of subsidiary 附屬公司名稱	Place of incorporation/ registration and operation 註冊成立／註冊 及經營地點	Issued and fully paid up ordinary share capital/ registered capital 已發行及繳足 普通股股本／ 註冊資本	Proportion of nominal value of issued capital/ registered capital held by the Company 由本公司持有之 已發行股本／ 註冊資本之 面值百分比		Principal activities 主要業務
			Directly 直接 %	Indirectly 間接 %	
TeleEye Europe Limited	The United Kingdom 英國	GBP100 100英鎊	–	90	Sales and marketing of audio and video monitoring systems 視聽監察系統之 銷售及市場推廣
TeleEye (S) Pte Limited	Republic of Singapore 新加坡	\$S1,000 1,000新加坡元	–	51	Sales and marketing of audio and video monitoring systems 視聽監察系統之 銷售及市場推廣
TeleEye Solutions Limited 千里眼企業系統有限公司	Hong Kong 香港	HK\$10 10港元	–	100	Inactive 暫無營業
千里眼數碼科技(深圳) 有限公司 (Note) (附註)	The People's Republic of China (the "PRC") 中華人民共和國 (「中國」)	US\$130,000 130,000美元	–	100	Production, sales and marketing of audio and video monitoring systems 視聽監察系統之 製造及銷售及 市場推廣

Note: The Company is registered in the form of a wholly foreign owned enterprise.

附註：該公司以全資擁有外資企業之方式註冊。

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

於本年度終結時或本年度之任何時間內概無附屬公司擁有任何已發行之債務證券。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the Year ended 30 June 2007 截至二零零七年六月三十日止年度

15. INTEREST IN AN ASSOCIATE

15. 於聯營公司之權益

		The Group 本集團	
		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Cost of investment in an associate	聯營公司投資成本	1,060	1,060
Share of post-acquisition losses	應佔收購後虧損	(1,060)	(1,060)
		-	-

Details of the Group's associate at 30 June 2007 were as follows:

於二零零七年六月三十日，本集團之聯營公司詳情如下：

Name of associate	Particulars of issued shares held	Place of incorporation and operation	Proportion of nominal value of issued capital held by the Group 由本集團持有之已發行股本面值 百分比	Principal activities
聯營公司名稱	所持已發行股份詳情	註冊成立及經營地點		主要業務
CAMERIO Japan, Incorporated	294 shares of Yen 50,000 each 294股每股面值50,000日圓	Japan 日本	49%	Sales and marketing of audio and video monitoring systems 視聽監察系統之銷售及市場推廣

The summarised financial information in respect of the Group's associate is set out below:

有關本集團聯營公司的財務概要資料列載如下：

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Total assets	總資產	642	388
Total liabilities	總負債	(1,301)	(1,013)
		(659)	(625)
Group's share of net assets of associate	本集團應佔聯營公司的資產淨值	-	-
Loss for the year	年度虧損	(72)	(219)
Group's share of results of associate for the year	本集團應佔聯營公司的年度業績	-	-

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the Year ended 30 June 2007 截至二零零七年六月三十日止年度

15. INTEREST IN AN ASSOCIATE – continued

The Group has discontinued recognition of its share of results of the associate because the accumulated share of post-acquisition losses equals the cost of investment in the associate. The amount of unrecognised share of the associate, extracted from the relevant management accounts of the associate, both for the year and cumulatively, are as follows:

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Unrecognised share of loss of associate for the year	未確認的應佔聯營公司年度虧損	(35)	(107)
Accumulated unrecognised share of losses of associate	累積未確認應佔聯營公司虧損	(280)	(245)

15. 於聯營公司之權益 – 續

由於累積分佔收購後虧損相等於聯營公司投資成本，因此本集團已停止確認其應佔的聯營公司業績。年內及累積未確認應佔聯營公司金額（摘錄自聯營公司的有關管理賬目）如下：

16. AVAILABLE-FOR-SALE INVESTMENTS

		The Group 本集團	
		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Listed equity securities in Hong Kong	香港之上市股本證券	4,305	3,780

16. 可供出售投資

At the balance sheet date, all available-for-sale investments are stated at fair value. Fair values of those investments have been determined by reference to bid prices quoted in active markets.

於結算日，所有可供出售投資均以公平價值列賬。該等投資的公平價值乃參考活躍市場所報的買入價而釐定。

17. INVENTORIES

		The Group 本集團	
		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Raw materials	原料	3,362	3,175
Finished goods	製成品	7,602	5,600
		10,964	8,775

17. 存貨

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18. TRADE AND OTHER RECEIVABLES

18. 應收賬款及其他應收款

		The Group 本集團	
		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Trade receivables	應收賬款	4,482	4,120
Less: accumulated allowances	減：累計撥備	(103)	(66)
		4,379	4,054
Other receivables	其他應收款	2,186	1,793
Total trade and other receivables	應收賬款及其他應收款合計	6,565	5,847

The Group allows credit period of 30 days to some of its trade customers. The following is an aged analysis of trade receivables at the balance sheet date prepared on the basis of payment due date of sales invoice:

本集團給予一些貿易客戶三十日之信貸期。於結算日按銷售發票之到期付款日期之基準計算之應付賬款賬齡分析如下：

		The Group 本集團	
		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Current	即期付款		
(including less than 1 month overdue)	(包括逾期未到1個月)	3,318	2,495
1 to 3 months overdue	逾期1至3個月	897	1,108
More than 3 months	逾期超過3個月	164	451
		4,379	4,054

The fair value of the Group's trade and other receivables at 30 June 2007 approximates the carrying amount.

於二零零七年六月三十日，本集團應收賬款及其他應收款的公平值與賬面值相若。

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For the Year ended 30 June 2007 截至二零零七年六月三十日止年度

19. AMOUNT DUE FROM AN ASSOCIATE

Loan account	貸款賬項
Trade account	貿易賬項

19. 應收聯營公司之款項

		The Group 本集團	
		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Loan account	貸款賬項	-	25
Trade account	貿易賬項	14	38
		14	63

The loan account is unsecured, bears interest at 1% per annum and is repayable on demand. The trade account is unsecured, non-interest bearing and the Group allows an average credit period of 45 days for sales made to the associate. The trade account at the balance sheet date are aged within the credit period granted by Group.

The fair value of the Group's amount due from an associate at 30 June 2007 approximates the carrying amount.

貸款賬項為無抵押、年息為1%及須按要求而償還。貿易賬項為無抵押、不附利息及本集團就銷售而給予聯營公司之平均信貸期為45日。於結算日之貿易賬項賬齡均介乎本集團所授予之信貸期內。

於二零零七年六月三十日，本集團應收聯營公司的款項的公平價值與賬面值相若。

20. BANK BALANCES AND CASH

Bank balances and cash comprises cash and short-term bank deposits held by the Group and the Company with an original maturity of three months or less. The deposits carry fixed interest rate from 4.7% to 4.8% (2006: 4.6%). The fair values of the Group's and the Company's bank balances approximate the carrying amounts.

20. 銀行結餘及現金

銀行結餘及現金包括由本集團及本公司持有的現金及原定於三個月或以內到期的短期銀行存款。存款按4.7%至4.8% (二零零六年：4.6%) 的固定利率計算利息。本集團及本公司銀行結餘的公平價值與賬面值相若。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the Year ended 30 June 2007 截至二零零七年六月三十日止年度

21. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables of HK\$723,000 (2006: HK\$1,440,000). The following is an aged analysis of trade payables at the balance sheet date prepared on the basis of payment due date of supplier's invoice:

		The Group 本集團	
		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Current	即期付款		
(including less than 1 month overdue)	(包括逾期未到1個月)	619	643
1 to 3 months overdue	逾期1至3個月	104	298
More than 3 months but less than 12 months overdue	逾期超過3個月但在12個月以內	—	499
		723	1,440

The fair value of the Group's trade and other payables at 30 June 2007 approximates the carrying amount.

22. AMOUNTS DUE TO MINORITY SHAREHOLDERS

The Group

The balances are unsecured, non-interest bearing and are repayable on demand.

The fair value of the Group's amounts due to minority shareholders at 30 June 2007 approximates the carrying amount.

21. 應付賬款及其他應付款

應付賬款及其他應付款包括應付貿易賬款723,000港元(二零零六年: 1,440,000港元)。於結算日按供應商發票之到期付款日期之基準計算之應付賬款賬齡分析如下:

於二零零七年六月三十日,本集團應付賬款及其他應付款的公平值與賬面值相若。

22. 應付少數股東款項

本集團

該筆結餘為無抵押、不附利息及須按要求而償還。

於二零零七年六月三十日,本集團應付少數股東款項的公平價值與賬面值相若。

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23. AMOUNTS DUE FROM (TO) SUBSIDIARIES/DIRECTORS

The Group and the Company

The balances are unsecured, non-interest bearing and are repayable on demand.

The fair value of the Company's amounts due from subsidiaries at 30 June 2007 approximates the carrying amount.

23. 應收(應付)附屬公司／董事款項

本集團及本公司

該筆結餘為無抵押、不附利息及須按要求而償還。

於二零零七年六月三十日，本公司應收附屬公司款項的公平價值與賬面值相若。

24. SHARE CAPITAL

24. 股本

	Number of shares 股份數目		Share capital 股本	
	2007 二零零七年	2006 二零零六年	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Authorised:				
Ordinary shares of HK\$0.01 each	法定股本： 每股面值0.01港元 之普通股	800,000,000	800,000,000	8,000
Issued and fully paid:				
At beginning of year	已發行及繳足股本： 年初	180,000,000	180,000,000	1,800
Exercise of share options	行使購股權	240,000	–	–
At end of year	年終	180,240,000	180,000,000	1,802

25. SHARE OPTION SCHEMES

(i) Pre-IPO Share Option Scheme (the "Pre-IPO Scheme")

The Pre-IPO Scheme was adopted pursuant to a resolution passed on 12 April 2001 to recognise the contribution of executive directors and employees of the Company and its subsidiaries to the growth of the Group. The options granted under the scheme grant the right to the holder to subscribe for new ordinary shares of the Company at HK\$0.60 per ordinary share and the maximum number of shares in respect of which options might be granted under the scheme was 14,400,000. The number of shares in respect of which options might be granted to any individual was not permitted to exceed 3,600,000.

Options might be granted without any initial payment. Options granted are exercisable to the extent of an aggregate total of 25%, 50%, 75% and 100% at anytime after 6 months, 18 months, 30 months and 42 months, respectively, from the commencement of the trading of the shares of the Company on the GEM, and have a duration of 10 years from their respective vesting dates.

Upon the listing of the Company's shares on the GEM on 8 May 2001, no further options could be granted by the Company under the Pre-IPO Scheme. The rights of the holders of the share options granted prior thereto are not affected and such options granted continue to remain valid and exercisable in accordance with the terms of the scheme.

25. 購股權計劃

(i) 招股前購股權計劃（「招股前購股權計劃」）

本公司根據於二零零一年四月十二日通過之一項決議案採納招股前購股權計劃，藉以對本公司及其附屬公司之執行董事及僱員對本集團之成功所作出之貢獻予以肯定。根據計劃購股權授予持有人權利可按每股普通股0.60港元認購本公司之新普通股，而根據計劃可予授出之購股權涉及之最高股份數目為14,400,000股。可授予任何人士之購股權之股份數目不可超過3,600,000股。

購股權在並未支付任何初步款項之情況下仍然可予授出。購股權在本公司股份於創業板開始買賣後，可分別在滿六個月、十八個月、三十個月及四十二個月之後之任何時間內，順次行使合共佔購股權總額之25%、50%、75%及100%。該等購股權由各自可行使之日期起計十年內有效。

自本公司股份於二零零一年五月八日在創業板上市後，根據招股前購股權計劃，本公司將不得再授出購股權，而在此以前獲授購股權之持有人所享有之權益將不會受到影響，根據計劃之條款該等已授出之購股權將仍然有效並可予以行使。

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25. SHARE OPTION SCHEMES – continued

(i) Pre-IPO Share Option Scheme (the “Pre-IPO Scheme”) – continued

The following table discloses movements in the Company’s share options under the Pre-IPO Scheme during the years ended 30 June 2006 and 2007:

Date of grant	Exercise price per share	Balance at 1 July 2005 於二零零五年七月一日之結餘	Lapsed during the year 於年度內已失效	Balance at 30 June 2006 於二零零六年六月三十日之結餘	Lapsed during the year 於年度內已失效	Balance at 30 June 2007 於二零零七年六月三十日之結餘
Directors of the Company 本公司之董事						
Dr. Chan Chok Ki 陳作基博士	12 April 2001 二零零一年四月十二日	0.60 1,800,000	-	1,800,000	-	1,800,000
Dr. Ma Chi Kit 馬志傑博士	12 April 2001 二零零一年四月十二日	0.60 1,440,000	-	1,440,000	-	1,440,000
Mr. Ho Ka Ho 何家豪先生	12 April 2001 二零零一年四月十二日	0.60 1,364,000	-	1,364,000	-	1,364,000
		4,604,000	-	4,604,000	-	4,604,000
Employees of the Group 本集團僱員	12 April 2001 二零零一年四月十二日	0.60 3,912,000	(1,856,000)	2,056,000	-	2,056,000
		8,516,000	(1,856,000)	6,660,000	-	6,660,000

No options had been exercised since the date of grant. At 30 June 2007, the number of shares in respect of which options had been granted under the Pre-IPO Scheme represents 3.7% (2006: 3.7%) of the shares of the Company in issue at that date.

Note: These options lapsed upon the resignation of the grantees.

25. 購股權計劃 – 續

(i) 招股前購股權計劃 (「招股前購股權計劃」) – 續

下表披露於截至二零零六年及二零零七年六月三十日止年度內根據招股前購股權計劃本公司之購股權之變動詳情：

自授出日期起計並無購股權獲行使。於二零零七年六月三十日，根據招股前購股權計劃授出之購股權之股份數目佔該日期本公司已發行股份3.7% (二零零六年：3.7%)。

附註：此等購股權在承授人辭任後失效。

25. SHARE OPTION SCHEMES – continued

(ii) Share Option Scheme adopted on 28 October 2003 (the “2003 Option Scheme”)

Pursuant to a resolution passed on 28 October 2003, the 2003 Option Scheme was adopted to recognise and motivate the contribution of the employees and to provide incentives and help the Company in retaining its existing employees and recruiting additional employees for a term of ten years. The board of directors of the Company may at its discretion grant options to any employees, including executive and non-executive directors, advisers, consultants, agents, contractors, customers and suppliers of the Group to subscribe for shares in the Company. Option may be granted at a consideration of HK\$1 and should be accepted within 5 business days from the date of grant. The option granted is exercisable upon acceptance of and payment of consideration by the grantee and have a duration of 10 years from their respective vesting dates.

The maximum number of shares in respect of which options may be granted cannot exceed 10% of the issued share capital of the Company on 28 October 2003. No option shall be granted to a grantee if the total number of shares issued and to be issued upon exercise of options granted and to be granted under the 2003 Option Scheme in any twelve months period up to and including the date of grant to such grantee would exceed 1% of the issued share capital of the Company for the time being in issue.

The subscription price shall not be less than the highest of (i) the closing price of the shares of the Company as stated in the Daily Quotation Sheets on the date of grant, which must be a trading day; (ii) the average closing price of the shares of the Company as stated in the Daily Quotation Sheets for the five trading days immediately preceding the date of grant; or (iii) the nominal value of a share. Without prejudice to the generality of the above, the board of directors of the Company may grant options in respect of which the subscription price is fixed at different price.

25. 購股權計劃 – 續

(ii) 於二零零三年十月二十八日採納之購股權計劃 (「二零零三年購股權計劃」)

根據於二零零三年十月二十八日通過之決議案，本公司採納二零零三年購股權計劃，藉以確認及推動僱員對本公司作出貢獻，並向本公司現有僱員給予獎勵，藉以協助挽留他們，以及招聘任期為十年之額外僱員。本公司董事會可酌情向任何僱員授出購股權 (包括本集團之執行董事及非執行董事、專家、顧問、代理、承辦商、顧客及供應商) 以認購本公司股份。購股權可以代價1港元授出，惟必須於授出日期起計五個營業日內接納。在承授人接納及支付購股權的代價時，購股權方可予以行使，其有效期由其各自的歸屬日期起計為期10年。

將授出購股權之最高股份數目，不得超過本公司於二零零三年十月二十八日之已發行股本之10%。倘在任何十二個月期間直至授出購股權予該承授人日期 (包括該日) 止，已發行股份及根據二零零三年購股權計劃已授出及將予授出之購股權獲行使時將予發行之股份總數，超過本公司當時已發行股本之1%，則本公司將不會授出購股權。

認購價不得少於下列三者之最高者：(i) 本公司股份於授出日期 (須為交易日) 在每日報價表之收市報價；(ii) 本公司股份在緊接授出日期前五個交易日於每日報價表之平均收市報價；或(iii) 股份面值。在不損害上文之一般性原則下，本公司董事會可授出以不同價格釐定認購價之購股權。

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25. SHARE OPTION SCHEMES – continued

(ii) Share Option Scheme adopted on 28 October 2003 (the “2003 Option Scheme”) – continued

The following table discloses movements in the Company’s share options under the 2003 Option Scheme during the years ended 30 June 2006 and 2007:

Date of grant 授出日期	Exercise price per share 每股行使價 HK\$ 港元	Balance at 1 July 2005 於二零零五年 七月一日 之結餘	Lapsed during the year 於年度內 已失效 (note) (附註)	Balance at		Balance at	
				30 June 2006 於二零零六年 六月三十日 之結餘	30 June 2007 於二零零七年 六月三十日 之結餘	during the year 於年度內 已行使	during the year 於年度內 已行使
Directors of the Company 本公司之董事							
Dr. Chan Chok Ki 陳作基博士	4 August 2004 二零零四年八月四日	0.145 900,000	-	900,000	-	900,000	-
Dr. Ma Chi Kit 馬志傑博士	4 August 2004 二零零四年八月四日	0.145 720,000	-	720,000	-	720,000	-
Mr Ho Ka Ho 何家豪先生	4 August 2004 二零零四年八月四日	0.145 680,000	-	680,000	-	680,000	-
		2,300,000	-	2,300,000	-	2,300,000	-
Employees of the Group 本集團僱員	4 August 2004 二零零四年八月四日	0.145 700,000	(320,000)	380,000	(240,000)	140,000	
		3,000,000	(320,000)	2,680,000	(240,000)	2,440,000	

The closing price of the Company’s shares immediately before 4 August 2004 (date of grant of the above options) was HK\$0.145. At 30 June 2007, the number of shares in respect of which options had been granted under the 2003 Option Scheme represents 1.4% (2006: 1.5%) of the shares of the Company in issue at that date.

The 240,000 share options exercised during the year resulted in the issue of 240,000 ordinary shares of the Company and new share capital of HK\$2,400 and share premium of HK\$32,400 (before issue expenses), as further detailed in note 24 to the financial statements.

25. 購股權計劃 – 續

(ii) 於二零零三年十月二十八日採納之購股權計劃(「二零零三年購股權計劃」) – 續
下表披露截至二零零六年及二零零七年六月三十日止年度內本公司根據二零零三年購股權計劃授出之購股權變動詳情：

緊接二零零四年八月四日(上述購股權之授出日期)前本公司股份之收市價為0.145港元。於二零零七年六月三十日，根據二零零三年購股權計劃授出購股權涉及之股份數目佔於該日本公司已發行股份之1.4%(二零零六年：1.5%)。

如財務報表附註24進一步詳述，於年度內行使之240,000份購股權導致發行240,000股本公司普通股及新股本2,400港元及股份溢價32,400港元(未計發行開支)。

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25. SHARE OPTION SCHEMES – continued

(ii) Share Option Scheme adopted on 28 October 2003 (the “2003 Option Scheme”) – continued

The weighted average closing price per share immediately before the date on which the option for 120,000 shares was exercised (i.e. 20 June 2007) was HK\$0.26; and the weighted average closing price per share immediately before the date on which the option for 120,000 shares was exercised (i.e. 21 June 2007) was HK\$0.30.

Note: These options lapsed upon the resignation of the grantees.

25. 購股權計劃 – 續

(ii) 於二零零三年十月二十八日採納之購股權計劃(「二零零三年購股權計劃」) – 續
緊接涉及120,000股股份之購股權行使日期(即二零零七年六月二十日)前之每股加權平均收市價為0.26港元；而緊接涉及120,000股股份之購股權行使日期(即二零零七年六月二十一日)前之每股加權平均收市價為0.30港元。

附註： 此等購股權在承授人辭任後失效。

26. RESERVES

26. 儲備

		Share premium	Retained profits/ (deficit)	Total
		股份溢價	保留溢利／ (虧絀)	總計
		HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元
THE COMPANY	本公司			
At 1 July 2005	於二零零五年七月一日	21,605	961	22,566
Loss for the year	本年度虧損	–	(2,373)	(2,373)
At 30 June 2006	於二零零六年六月三十日	21,605	(1,412)	20,193
Issue of ordinary shares upon exercise of share options	於行使購股權時發行普通股	33	–	33
Profit for the year	本年度溢利	–	2,019	2,019
At 30 June 2007	於二零零七年六月三十日	21,638	607	22,245

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27. DEFERRED TAXATION

The following are the major deferred tax (assets)/liabilities recognised and movements thereon during the current and prior years:

27. 遞延稅項

下列為在本年度及過往年度，已確認之主要遞延稅項(資產)/負債及其變動詳情：

		Accelerated tax depreciation 加速稅項 折舊 HK\$'000 千港元	Capitalised development costs 發展成本 資本化 HK\$'000 千港元	Tax losses 稅務虧損 HK\$'000 千港元	Total 總額 HK\$'000 千港元
THE GROUP	本集團				
At 1 July 2005	於二零零五年七月一日	59	291	(350)	–
(Credit)/charge to income statement	於收益表中(計入)/扣除	(49)	(11)	60	–
At 30 June 2006 and 1 July 2006	於二零零六年六月三十日 及二零零六年七月一日	10	280	(290)	–
(Credit)/charge to income statement	於收益表中(計入)/扣除	(10)	(27)	37	–
At 30 June 2007	於二零零七年六月三十日	–	253	(253)	–

At 30 June 2007, the Group has unused tax losses of HK\$7,467,000 (2006: HK\$8,888,000) available for offset against future profits. A deferred tax asset has been recognised in respect of HK\$1,446,000 (2006: HK\$1,658,000) of such losses. No deferred tax asset has been recognised in relation to the remaining unused tax losses of HK\$6,021,000 (2006: HK\$7,230,000) due to the unpredictability of future profit streams. Included in the unrecognised tax losses are losses of HK\$790,000 (2006: HK\$643,000) that will expire in 2011 through 2012. The remaining tax losses may be carried forward indefinitely.

於二零零七年六月三十日，本集團可供用作抵銷未來溢利之尚未動用稅務虧損為7,467,000港元(二零零六年：8,888,000港元)。本集團就該等虧損而確認之遞延稅項資產為1,446,000港元(二零零六年：1,658,000港元)。由於未能預計未來溢利，故並無就餘下之尚未動用稅項虧損6,021,000港元(二零零六年：7,230,000港元)確認為遞延稅項資產。尚未確認稅項虧損中之虧損790,000港元(二零零六年：643,000港元)將由二零一一年至二零一二年到期。餘下之稅項虧損可予無限期限結轉。

At 30 June 2007, the Group has other deductible temporary differences of HK\$108,000 (2006: HK\$99,000). No deferred tax asset has been recognised in relation to such deductible temporary differences as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

於二零零七年六月三十日，本集團之其他可扣減暫時差額為108,000港元(二零零六年：99,000港元)。由於預期沒有應課稅溢利可用作抵銷可動用之可扣減暫時差額，故此並無就可扣減暫時差額確認遞延稅項資產。

28. RETIREMENT BENEFIT SCHEMES

The subsidiaries in Hong Kong participate in a defined contribution retirement scheme ("MPF Scheme") registered under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rules of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at rates specified in the rules. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the scheme. No forfeited contributions are available to reduce contributions payable in future years.

The employees of the subsidiary in the PRC are members of a state-managed retirement benefit scheme operated by the PRC government. The subsidiary is required to contribute approximately 8% of the basic salary of its employees to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit is to make the specified contribution.

In addition to the participation in the above retirement benefit schemes, the subsidiary in the United Kingdom and the subsidiary in Singapore are required to contribute, respectively, to National Insurance Contributions and Central Provident Fund Scheme for certain of its employees in the United Kingdom and Singapore based on applicable rates in accordance with the relevant government regulations.

The total costs charged to income statement of HK\$599,000 (2006: HK\$601,000) represents contributions payable to these schemes by the Group in respect of current accounting period.

28. 退休福利計劃

於香港之附屬公司參與根據強制性公積金計劃條例註冊的定額供款退休計劃（「強積金計劃」），強積金計劃之資產與本集團之資產分開持有，存放於由一名獨立信託人管理的基金。根據強積金計劃規則之規定，僱主及其僱員各自須按規則指定之比率向計劃供款。就強積金計劃而言本集團只須按計劃提供所須供款。本集團並無可用作扣減未來數年應付供款之沒收供款。

本集團於中國之附屬公司之僱員為國家管理退休福利計劃之成員，該計劃由中國政府經營。附屬公司須按照其僱員基本薪金之約8%向退休福利計劃作出供款。就此等退休福利而言本集團只須作出指定供款。

除參與上述退休福利計劃外，分別於英國及新加坡之附屬公司須根據英國及新加坡政府之法例，按適當比率為其於上述兩個國家之若干僱員分別向 National Insurance Contributions 及 Central Provident Fund Scheme 供款。

在收益表內扣除之總成本599,000港元（二零零六年：601,000港元）為本集團就本會計期間向此等計劃作出之供款。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the Year ended 30 June 2007 截至二零零七年六月三十日止年度

29. OPERATING LEASES

29. 經營租約安排

		The Group 本集團	
		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Minimum lease payments made under operating leases in respect of premises during the year	於本年度內根據經營租約有關物業須支付之最低租約租金	1,161	1,157

At the balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of premises which fall due as follows:

於結算日，本集團就有關物業之不可取消經營租約而須在未來支付之最低租約租金之承擔於下列日期到期：

		The Group 本集團	
		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Within one year	一年內	585	895
In the second to fifth year inclusive	第二年至第五年 (首尾兩年包括在內)	932	269
		1,517	1,164

Operating lease payments represent rentals payable by the Group for office premises. Leases are negotiated for an average of three years and rentals are fixed for an average of three years.

應付之經營租約租金指本集團為辦公室物業支付之租金。租約平均為期三年，而固定租金平均三年商定一次。

The Company has no significant operating lease commitments at the balance sheet date.

本公司於結算日並無重大租約承擔。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the Year ended 30 June 2007 截至二零零七年六月三十日止年度

30. RELATED PARTY TRANSACTIONS

30. 關連人士交易

		The Group 本集團	
		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Sales to an associate	向聯營公司銷售	150	267
Interest income from loan to an associate	來自給予聯營公司貸款之 利息收入	3	4
Delivery expense charged to an associate	向聯營公司收取的運輸費	16	16
Service fee to City University of Hong Kong ("City University")	向香港城市大學(「城大」)支付 服務費	38	21

CityU Enterprises Limited, a wholly owned subsidiary of City University, holds a 30% interest in Etin City Limited, a substantial shareholder of the Company.

持有Etin City Limited(本公司之主要股東之一)30%權益之城大企業有限公司為城大之全資附屬公司。

Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

主要管理人員的補償

董事及其他主要管理層成員於年內之酬金如下：

		The Group 本集團	
		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Short-term benefits	短期福利	4,777	4,643
Post-employment benefits	離職後福利	72	72
		4,849	4,715

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

董事及主要行政人員的酬金乃由薪酬委員會於考慮個別表現及市場趨勢後釐定。

FINANCIAL SUMMARY 財務概要

RESULTS

業績

		Year ended 30 June 截至六月三十日止年度				
		2003	2004	2005	2006	2007
		二零零三年	二零零四年	二零零五年	二零零六年	二零零七年
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元
Revenue	營業額	26,447	30,458	27,492	37,356	46,635
Profit/(loss) before tax	除稅前溢利／(虧損)	(1,272)	(911)	(3,500)	(209)	2,146
Income tax credit/(charge)	所得稅抵免／(支出)	(30)	21	-	-	-
Profit/(loss) for the year	本年度溢利／(虧損)	(1,302)	(890)	(3,500)	(209)	2,146
Attributable to:	以下人士應佔：					
Equity holders of the Company	本公司權益持有人	(1,209)	(946)	(3,284)	(273)	2,087
Minority interests	少數股東權益	(93)	56	(216)	64	59
		(1,302)	(890)	(3,500)	(209)	2,146

ASSETS AND LIABILITIES

資產及負債

		At 30 June 於六月三十日				
		2003	2004	2005	2006	2007
		二零零三年	二零零四年	二零零五年	二零零六年	二零零七年
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元
Total assets	總資產	35,210	35,693	33,291	34,118	35,671
Total liabilities	總負債	(3,204)	(3,902)	(4,248)	(5,334)	(4,400)
		32,006	31,791	29,043	28,784	31,271
Equity attributable to equity holders of the Company	本公司權益持有人應佔權益	32,173	31,878	29,339	29,032	31,483
Minority interests	少數股東權益	(167)	(87)	(296)	(248)	(212)
		32,006	31,791	29,043	28,784	31,271

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