

inspur 浪潮

浪潮國際有限公司*

INSPUR INTERNATIONAL LIMITED

(於開曼群島註冊成立的有限公司 Incorporated in the Cayman Islands With Limited Liability)
(股份代號 Stock Code : 8141)



ANNUAL REPORT 年報

2007

* 僅供識別 For identification purpose only

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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The Stock Exchange takes no responsibility for the contents of this annual report, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this annual report.

This annual report, for which the directors of Inspur International Limited (formerly known as Lang Chao International Limited) (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to Inspur International Limited. The directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this annual 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 annual report misleading; and (3) all opinions expressed in this annual report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

香港聯合交易所有限公司 (「聯交所」)創業板 (「創業板」)的特色

創業板乃為帶有高投資風險的公司提供一個上市的市場。尤其在創業板上市的公司無須有過往溢利記錄，亦毋須預測未來溢利。此外，在創業板上市的公司可因其新興性質及該等公司經營業務的行業或國家而帶有風險。有意投資的人士應了解投資於該等公司的潛在風險，並應經過審慎周詳的考慮後方作出投資決定。創業板的較高風險及其他特色表示創業板較適合專業及其他資深的投資者。

由於創業板上市公司新興的性質所然，在創業板買賣的證券可能會較於主板買賣的證券承受較大的市場波動風險，同時無法保證在創業板買賣的證券會有高流通量的市場。

創業板所發佈的資料的主要方法為在聯交所就創業板而設的互聯網網頁刊登。上市公司毋須在憲報指定報章刊登付款公佈披露資料。因此，有意投資的人士應注意彼等能閱覽創業板網頁，以便取得創業板上市發行人的最新資料。

聯交所對本年報的內容概不負責，對其準確性或完整性亦不發表任何聲明，並明確表示概不就因本年報全部或任何部份內容而產生或因依賴該等內容而引致的任何損失承擔任何責任。

本年報（浪潮國際有限公司（「本公司」）董事共同及個別承擔全部責任）乃遵照香港聯合交易所有限公司創業板證券上市規則（「創業板上市規則」）而提供關於浪潮國際有限公司的資料。董事在作出一切合理查詢後確認，就其所知及所信：(1)本年報所載資料在各重要方面為真確及完整；(2)本年報並無遺漏任何其他事實，致本年報內容含有誤導成份；及(3)本年報所表達的意見乃經審慎周詳考慮後，根據公平合理的基準及假設而作出。

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Corporation Information

公司資料

EXECUTIVE DIRECTORS

Mr. Sun Pishu
Mr. Zhang Lei
Mr. Wang Miao
Mr. Leung Chi Ho

NON-EXECUTIVE DIRECTORS

Mr. Xin Wei Hua
Mr. Wang Hung, Alex
Mr. Marc Evan Brown (Resigned on 8 December 2007)
Mr. William James Fass

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Meng Xiang Xu
Mr. Liu Ping Yuan
Mr. Wong Lit Chor, Alexis

COMPANY SECRETARY AND QUALIFIED ACCOUNTANT

Mr. Chong Kwok Fai (Appointed on 2 October 2007)
Ms. Ng Mei Lin (Resigned on 14 May 2007)

COMPLIANCE OFFICER

Mr. Wang Miao

AUDIT COMMITTEE

Mr. Meng Xiang Xu
Mr. Liu Ping Yuan
Mr. Wong Lit Chor, Alexis

AUTHORIZED REPRESENTATIVES

Mr. Wang Miao
Ms. Leung Chi Ho (Appointed on 2 October 2007)

AUDITORS

Deloitte Touche Tohmatsu

執行董事

孫丕恕先生
張磊先生
王渺先生
梁智豪先生

非執行董事

辛衛華先生
王衡先生
Marc Evan Brown先生(於二零零七年十二月八日辭任)
William James Fass先生

獨立非執行董事

孟祥旭先生
劉平源先生
黃烈初先生

公司秘書及 合資格會計師

鍾國輝先生(於二零零七年十月二日獲委任)
伍美蓮小姐(於二零零七年五月十四日辭任)

監察主任

王渺先生

審核委員會

孟祥旭先生
劉平源先生
黃烈初先生

授權代表

王渺先生
梁智豪先生(於二零零七年十月二日獲委任)

核數師

德勤•關黃陳方會計師行

Corporation Information

公司資料



PRINCIPAL BANKERS

The Hong Kong and Shanghai Banking Corporation Limited
Bank of China (Hong Kong) Limited

主要往來銀行

香港上海滙豐銀行有限公司
中國銀行(香港)有限公司

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Bank (Cayman) Limited
Butterfield House
68 Fort Street
P.O. Box 705
George Town
Grand Cayman
Cayman Islands
British West Indies

主要股份過戶及登記處

Butterfield Bank (Cayman) Limited
Butterfield House
68 Fort Street
P.O. Box 705
George Town
Grand Cayman
Cayman Islands
British West Indies

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

香港股份過戶登記分處

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

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

註冊辦事處

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 726
Nan Fung Commercial Centre
19 Lam Lok Street
Kowloon Bay
Kowloon
Hong Kong

香港主要營業地點

香港
九龍
九龍灣
臨樂街19號
南豐商業中心
726室

GEM STOCK CODE

8141

創業板股份代號

8141

Financial Summary

財務概要

		For the year ended 31 December				
		截至十二月三十一日止年度				
		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
RESULTS	財務業績					
Turnover	營業額	548,087	635,827	729,561	870,619	922,174
Profit before taxation	除稅前純利	22,331	22,330	29,158	27,917	42,848
Taxation	稅項	(3,962)	(4,668)	(4,943)	(2,770)	(2,558)
Profit for the year	年度溢利	18,369	17,662	24,215	25,147	40,290
Attributable to:	應佔:					
Equity holders of the Company	母公司股權持有人	18,639	17,662	24,215	25,160	38,801
Minority interests	少數股東權益	-	-	-	(13)	1,489
Profit for the year	年度溢利	18,369	17,662	24,215	25,147	40,290
ASSETS AND LIABILITIES	資產及負債					
Total assets	資產總值	72,498	106,422	288,939	433,346	743,654
Total liabilities	負債總值	(54,109)	(40,831)	(167,234)	(268,501)	(460,058)
		18,389	65,591	121,705	164,845	283,596
TOTAL EQUITY	權益總額					
Equity attributable to equity holders of the parent	母公司股權持有人應佔股權	18,389	65,591	121,705	158,127	274,654
Minority interests	少數股東權益	-	-	-	6,718	8,942
		18,389	65,591	121,705	164,845	283,596

Notes:

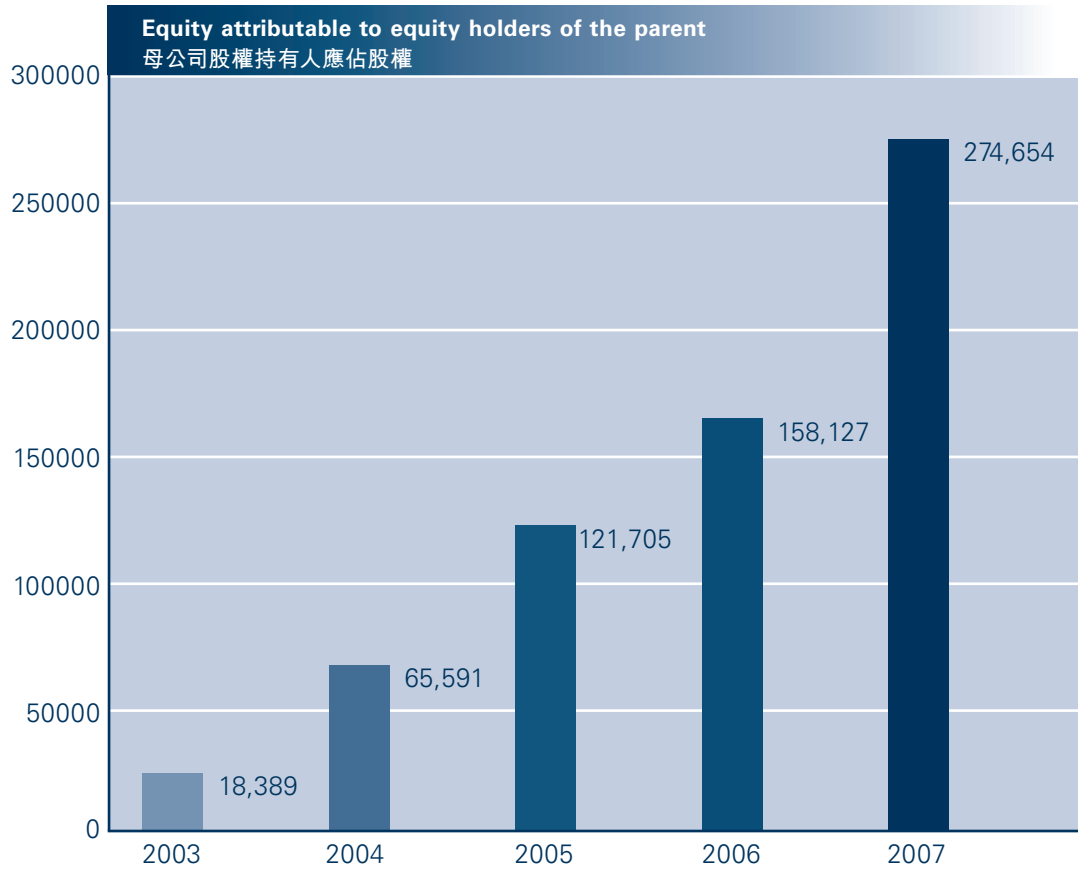
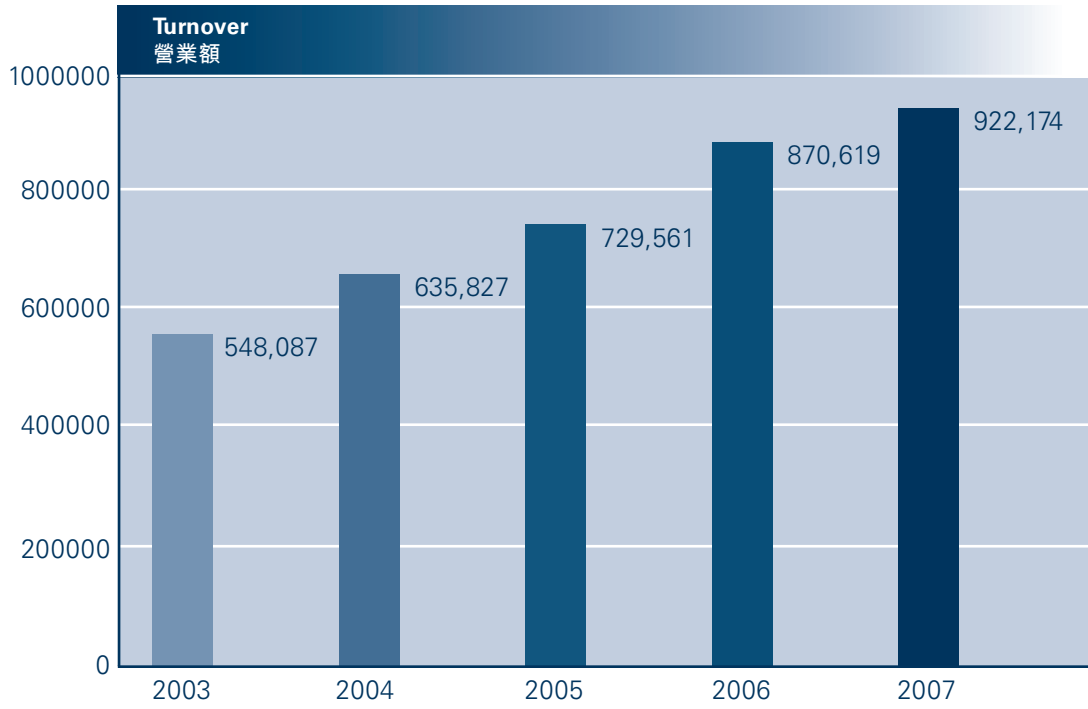
附註:

The Company was incorporated in Cayman Islands on 29 January 2003 and became the holding company of the Group with effect from 20 February 2003 as a result of the group reorganisation, details of which are set out in the Company's prospectus dated 20 April 2004.

本公司於二零零三年一月二十九日在開曼群島註冊成立，其後因重組而於二零零三年二月二十日成為本集團的控股公司。重組的詳情載於二零零四年四月二十日本公司之招股章程。

Financial Summary

財務概要



Chairman's Statement

On behalf of the Board of Directors of Inspur International Limited (the "Company"), I am pleased to announce the financial report of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2007.

FINANCIAL HIGHLIGHTS

During the year under review, the Group recorded a turnover of HK\$922,174,000 (2006: HK\$870,619,000), increased by 5.92% as compared with last year. Profit attributable to shareholders rose from HK\$25,160,000 to HK\$38,801,000, increased by 54.22%. Earnings per share rose by 49.49%, from HK\$0.99 cents to HK\$1.48 cents.

PROSPECT

2007 marked a landmark year to the Group in terms of corporate development. The Group entered into a series of agreements for the acquisition of businesses in the PRC with promising prospects and also conducted issue of shares to investors. These moves had helped transforming the Group from a trading company who mainly engaged in trading of computer components, and manufacturing and trading of computers, into a IT services and software outsourcing provider. Our business targets at such prominent sectors include finance, taxation, telecom, government, and medium-to-large enterprises. We have successfully attained a leading competitive position in those industries, which forms a solid foundation for the Group's future growth.

The tax-collection cashier machines market

The PRC Government has resolved to introduce policies for promotion of the use of tax-collection cashier machines in the whole country. This will require companies of substantial size in the retail, food and

主席報告

本人謹代表浪潮國際有限公司（「本公司」）董事會，欣然提呈本公司及其附屬公司（統稱「本集團」）截至二零零七年十二月三十一日止年度之業績報告。

財務摘要

於回顧年度，本集團錄得營業額922,174,000港元（二零零六年：870,619,000港元），較上年度增加5.92%。股東應佔溢利由25,160,000港元上升至38,801,000港元，升幅為54.22%。每股盈利由0.99港仙上升49.49%至1.48港仙。

前景

二零零七年度，是本集團發展歷程中非常重要的一年，本集團就收購國內發展前景良好的業務訂下若干協議，並向投資者發行股份，使本集團已由從事買賣電腦元件、製造及買賣電腦產品的貿易型企業全面轉型為IT服務及軟件外包供應商，集團業務覆蓋了金融、稅務、電信、政府、大中型企業等優勢行業，並且在這些行業中取得了領先的競爭性優勢，對本集團未來的發展奠定了堅實的基礎。

稅控收銀機行業

中國政府通過制定政策在全國推廣稅控收銀機的應用，國內從事零售、飲食、娛樂、服務與運輸業且規模相當的公司在未來幾年內必須使用稅控收銀機，未來



beverage, entertainment, service and transportation industries to install tax-collection cashier machines within the next few years. It is anticipated that the market size could grow to above ten billions Renminbi in next few years, and there will be plenty of room for development in this market. Shandong Inspur Business System Company Limited (山東浪潮商用系統有限公司), the acquisition of which the Group already announced, had the largest market share in tax-collection cashier machine market for 4 successive years with its 浪潮 brand cashier machine. The Group intends to take full advantage of its leading position in tax-collection cashier machine market and to capitalize on its enormous market potential so that the Group's overall operation performance will be further improved by product and service expansion.

Telecom

The Group acquired Inspur Communication Information System Limited (浪潮通信信息系統有限公司) during the year. The company recorded strong business growth in 2007, with long-term clients included telecom operators like China Mobile, China Unicom, China Telecom and China Netcom. It has also expanded its business into overseas market. With the prospective launch of 3G communication technology in the PRC, the telecommunication industry will be boosted by a new round of investment fund inflow. Inspur Communication Information System Limited has been well prepared with the launch of 3G technology. With the full-scale commencement of 3G business, there will be plenty of opportunities in the communication industry for the Group to explore, and on this basis it is intended that the Group will rapidly expand the IT services segment in the communication business.

ERP

The ERP products of Inspur Genersoft (浪潮通用軟件) have taken leading positions in the respective sectors of State-owned Assets Supervision and Administration Commission pharmaceuticals,

幾年的市場規模可達幾百億人民幣，具有良好的市場發展空間，本集團已公告收購的山東浪潮商用系統有限公司銷售的浪潮品牌稅控收銀機連續四年市場佔有率第一，具有領先的競爭優勢，本集團將充分利用在稅控市場上的領導地位優勢，並好好把握激增的市場增長機會，從而透過擴大其產品及服務基礎進一步改善本集團之整體業務表現。

通信行業

本集團年內收購完成的浪潮通信信息系統有限公司2007年度業績增長迅速，中國移動、中國聯通、中國電信、中國網通等電信運營商均為公司長期穩定的客戶，並將業務拓展至海外。國內擬推廣第三代移動通信技術(3G)技術，該技術的推廣會給電信行業帶來新的一輪投資高峰，浪潮通信信息有限公司為3G技術的推出已經做好了充分的準備，借助3G的全面推廣，本集團將把握通信行業的市場機遇，迅速拓展在通信行業的IT服務業務。

ERP行業

浪潮通用軟件所提供企業資源管理軟體系統已於國資委醫藥、石油化工、食品加工、機械製造及建築等領域佔領先地位，且浪潮通用軟件所提供服務於其他管

Chairman's Statement

petroleum chemicals, food processing, manufacturing, and building and construction. The services provided by Inspur Genersoft has also been ranking first amongst management software providers. Moreover, the financial management software of Inspur Genersoft has been ranking first amongst management software products in the PRC in terms of customers satisfaction level. In PRC, there are about 38% of corporations which are directly under the State-owned Assets Supervision and Administration Commission and about 20% of listed companies now using the management software system of Inspur Genersoft. It will continue its effort in maintaining its current leading positions in the aforesaid industries, as well as expanding into the small-to-medium enterprises segment.

Future investments and acquisitions

Capitalising on the leading position in the PRC IT industry of our controlling shareholder Inspur Group Limited, as well as the technical support from Microsoft, our preference shares holder, and riding on our strong cash position, the Group will, in line with market and product development trends, increase our effort on investing in our current niche markets in order to gain larger market share. As part of our key strategy for future development, the Group will also seek to acquire domestic businesses with excellent track records, so that our business portfolio, source of income and risk profile could be diversified.

APPRECIATION

On behalf of the Board of Directors, I would like to take this opportunity to extend my gratitude and appreciation to our shareholders, staff and business partners for their continued supports and hard work during the year.

Sun Pishu

Chairman

Hong Kong, 10 March 2008

主席報告

理軟件供應商中名列首位。浪潮通用軟件所提供之財務管理軟件亦在中國管理軟件之客戶滿意度方面排名居首，在中國約有38%國資委直屬公司及約20%上市公司採用浪潮通用軟件所提供之管理軟件系統。未來將繼續鞏固現有行業的領先地位，積極向中小型企業擴張。

未來投資與收購

本集團借助于控股股東浪潮集團有限公司在中國國內IT行業的領先地位，以及優先股股東微軟的技術支援，在目前資金狀況良好的條件下，將繼續緊貼市場發展及產品趨勢，加大對目前領先領域的投資力度，擴展市場份額。本集團亦將收購國內發展前景良好的業務做為未來發展的重要策略，通過收購，充實本集團業務，增加利潤來源和分散風險。

致謝

本集團擁有今天的成績，全賴各業務夥伴、員工、管理層及股東的支持。本人謹代表董事會向全體股東致以衷心的謝意，感謝他們一直以來對集團的鼎力支持，並對全體員工於過去一年為集團所作出的寶貴貢獻致意。

孫丕恕

主席

香港，二零零八年三月十日

FINANCIAL REVIEW

During the year, the Group recorded a turnover of HK\$922,174,000 (2006: HK\$870,619,000), increased by 5.92% as compared with last year which was mainly attributable to the increase in sales in manufacture and trading of computer products and development and sales of computer software. Turnover from trading of computer components was decreased during the year.

Gross profit was HK\$92,666,000 (2006: HK\$49,915,000) with gross profit margin of 10.05% (2006: 5.73%), increased by 85.65% and 75.39% respectively which was mainly due to the change in sales mix in 2007, with more sales of computer products which yielded higher margin than computer components.

Administrative expenses was HK\$39,670,000 (2006: HK\$16,634,000), increased by 138.49% which was mainly due to the incurring of share option cost and increase in operating expenses of PRC subsidiaries.

Share of profits of associates was HK\$8,111,000 (2006: HK\$2,645,000), increased by 206.65% which was mainly due to the increase in profitability of the two associates during the year.

Net profit attributable to shareholders was HK\$38,801,000 (2006: HK\$25,160,000), increased by 54.22% as compared with last year which was mainly attributable to the increase in sales of computer products, share of profits of associates and contribution from development and sales of computer software.

Capital structure

The Group finances its operations mainly from shareholder equity, internal generated funds and the 6% redeemable convertible preferred shares held by Microsoft Corporation. During the year, the Group conducted fund raising through issue of ordinary shares in order to enhance its capital base.

財務回顧

於年內，本集團錄得營業額922,174,000港元（二零零六年：870,619,000港元），較去年增加5.92%。該項增加主要由於製造及買賣電腦產品以及發展及銷售軟件的銷售增加所致。買賣電腦元件的營業額於年內減少。

本集團錄得92,666,000港元的毛利（二零零六年：49,915,000港元），毛利率為10.05%（二零零六年：5.73%），分別上升85.65%及75.39%。該項增加主要由於在二零零七年改變銷售組合，銷售較多電腦產品，而電腦產品的毛利率較電腦元件為高所致。

行政費用為39,670,000港元（二零零六年：16,634,000港元），增加138.49%，該增加主要由於購股權成本產生及中國附屬公司營運費用增加所致。

分佔聯營公司溢利為8,111,000港元（二零零六年：2,645,000港元），增加206.65%，該增加主要由於年內兩間聯營公司錄得溢利所致。

股東應佔溢利淨額為38,801,000港元（二零零六年：25,160,000港元），較去年增加54.22%，該增加主要由於銷售電腦產品、分佔聯營公司溢利以及開發及銷售軟件的貢獻增加所致。

資本架構

本集團主要以股東資金、內部產生資金及微軟公司持有之6%可贖回可換股優先股作為其經營業務的資金。年內，本集團透過發行普通股進行募集資金，以增強其資本基礎。

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On 16 October 2007, the Company completed the issue of 50,000,000 ordinary shares at HK\$0.94 per share, and has received net proceeds of HK\$47,000,000. On 14 December 2007, subdivision of share from HK\$0.01 to HK\$0.002 per share and change of board lot size from 8,000 shares to 5,000 subdivided shares were approved by the shareholders of the Company.

Subsequent to the balance sheet date, on 22 January 2008, the Company completed a placing of a total of 100,000,000 subdivided ordinary shares at HK\$1.25 per share to certain strategic investors included Atlantis, Legg Mason and Merrill Lynch, and received net proceeds of approximately HK\$121,100,000.

Liquidity and financial resources

As at 31 December 2007, shareholders' funds of the Group amounted to HK\$274,654,000 (2006: HK\$158,127,000). Current assets amounted to HK\$625,899,000 (2006: HK\$373,072,000) of which HK\$167,236,000 (2006: HK\$148,158,000) was cash and bank balances, mainly bank deposits denominated in Hong Kong dollars, Renminbi and US dollars and within three months of maturity when acquired. Current liabilities amounted to HK\$275,146,000 (2006: HK\$89,227,000), mainly comprised of trade payable, amounts due to fellow subsidiaries, other payables and accrued expenses and tax payable. The Group's current assets were approximately 2.27 times (2006: 4.18 times) over its current liabilities. As at 31 December 2007, the Group had no bank borrowings (2006: Nil). Gearing ratio of the Group, calculated as total interest-bearing borrowings divided by shareholders' equity, was 0.64 (2006: 1.09).

Although the Group has maintained a liquid position, banking facilities have nevertheless been put in place for contingency purposes. As at 31 December 2007, the Group's total available banking facilities, mainly import facilities, amounted to USD3,500,000 (2006: nil).

The Directors believe that the Group has sound financial position with sufficient resources to satisfy its capital expenditure and working capital requirements.

於二零零七年十月十六日，本公司完成按每股0.94港元發行50,000,000股普通股，並獲得所得款項淨額47,000,000港元。於二零零七年十二月十四日，本公司股東批准分拆股份（由每股面值0.01港元分拆為每股面值0.002港元）及更改每手買賣單位（由每手8,000股股份更改為每手5,000股拆細股份）。

於結算日後，本公司於二零零八年一月二十二日完成按每股1.25港元向若干戰略投資者，包括Atlantis、Legg Mason、美林證券總計配售100,000,000股拆細普通股，並獲得所得款項淨額約121,100,000港元。

流動資金及財務資源

於二零零七年十二月三十一日，本集團之股東資金為274,654,000港元（二零零六年：158,127,000港元）。流動資產為625,899,000港元（二零零六年：373,072,000港元），其中167,236,000港元（二零零六年：148,158,000港元）為主要為以港元、人民幣及美元計值且購入時到期日為三個月以內之銀行存款之現金及銀行結餘。流動負債為275,146,000港元（二零零六年：89,227,000港元），主要包括應付賬款、應付同系附屬公司款項、其他應付賬款及應計開支以及應付稅款。本集團的流動資產約為其流動負債的2.27倍（二零零六年：4.18倍）。於二零零七年十二月三十一日，本集團並無銀行借款（二零零六年：無）。本集團之權益負債比率（以總計息負債除以股東權益計算）為0.64（二零零六年：1.09）。

儘管本集團資金維持充裕，惟亦存置銀行融資以應付或然狀況。於二零零七年十二月三十一日，本集團之可動用銀行融資總額（主要為進口融資）為3,500,000美元（二零零六年：無）。

董事相信，本集團的財務狀況穩健，並有足夠資金應付其資本開支及營運資金需求。



Foreign exchange exposure

All of the Group's sales and purchase are mainly denominated in United States Dollars and Renminbi. The Group has not used any derivative instrument to hedge against its currency exposures. The Directors believe that with its sound financial position, the Group is able to meet its foreign exchange liabilities as and when they become due.

Employee Information

As at 31 December 2007, the Group had 605 (2006: 273) employees. Increase in number of employees was mainly attributable to the acquisition of Inspur Communication Information System Limited during the year. Total remuneration, including Directors remuneration and mandatory provident funds contributions, amounted to approximately HK\$16,357,000 (2006: HK\$8,131,000).

Employees are remunerated according to their performance and experience. On top of basic salaries, the Group also provides mandatory provident fund, medical and insurance schemes for employees. In addition, discretionary bonus and share options may be granted to eligible employees with reference to the Group's as well as the employees' performance.

Charges on assets

As at 31 December 2007, none of the Group's assets was pledged (2006: Nil).

Contingent liabilities

As at 31 December 2007, the Group had no material contingent liabilities (2006: Nil).

外匯風險

本集團之所有採購及銷售主要以美元及人民幣計值。本集團並無使用任何衍生工具以對沖其貨幣風險。董事相信，在本集團財務狀況穩健之情況下，本集團將可應付其到期外匯負債。

僱員資料

於二零零七年十二月三十一日，本集團有605名僱員（二零零六年：273名僱員）。員工增加主要來自年內收購浪潮通信信息系統有限公司。薪酬總額（包括董事及強制性公積金供款）約為16,357,000港元（二零零六年：約8,131,000港元）。

本集團根據僱員之表現及工作經驗釐定僱員薪酬。於基本薪酬以外，本集團亦向員工提供強制性公積金、醫療及保險計劃。此外本集團可參考其業績及個別員工之表現向合資格員工授予酌情花紅及購股權。

資產抵押

於二零零七年十二月三十一日，本集團之資產並無被質押（二零零六年：無）。

或然負債

於二零零七年十二月三十一日，本集團並無重大或然負債（二零零六年：無）。

Management Discussion and Analysis

管理層討論及分析

BUSINESS REVIEW

I. *Manufacturing and trading of computer products*

During the year, sales volume of computers to South America recorded a strong growth of more than 50%, and the product portfolio had also been expanded from previously a single line to currently various lines of desktop computers. Moreover, we had also added notebook computers into our product offering and realized product growth with diversification. With the increasing demand for computer products in South America, the Group believes that it may continue to strive for technological innovation under the current business scale, and to forge a close partnership with its customers aiming at long-term cooperation and joint development.

II. *Distribution of computer components*

Following the shift in focus of the Group's business during the reporting period, the contributing proportion of computer components distribution business in our principle business will be lower.

業務回顧

一：製造及買賣電腦產品

年內，向南美銷售電腦數量增長迅猛，增幅超過了50%，同時根據南美市場的實際需求，將產品類型由原先的單一系列臺式電腦拓展至多種系列臺式電腦，並增加了筆記本電腦供應，實現了電腦產品的多元化增長，相信隨著南美電腦產品的需求逐步擴大，集團將在現有的規模下，繼續推進技術革新，與客戶建立緊密的合作夥伴關係，力圖與客戶長期合作，共同發展。

二：分銷電腦元件業務

報告期內，隨著本集團業務的全面轉型，分銷電腦元件業務在公司主營業務中的比重將呈下降趨勢。



III. Software and IT Services

During the reporting period, the Group had devoted greater resources in research and development of software products for financial and e-government services. The Group launched a series of new software products included a banking management and analysis software, a wealth management software and the V1.0 Inspur Government Public Service System jointly with Microsoft's China Technology Centre. These new products have enriched our product offering and met financial institutions' and government departments' demands of their differentiated back office management. The Group had also expanded its after-sale service personnel and service network for financial industry and established a more comprehensive after-sale service system, thereby enhanced the level of satisfaction of customers of our own proprietary products. The after-sale service network also served the purpose of providing maintenance management outsource service for financial industry equipments like ATM machines to financial institution clients, and enhanced our results substantially. The Group will place strong emphasis in developing software and IT services business, continue to expand market share in the financial market and e-government services sectors, and to intensify software commercialization process, optimize solution packages and lower development costs in order to expand our scale of business at higher pace.

MATERIAL ACQUISITION, DISPOSALS AND SIGNIFICANT INVESTMENT

Acquisitions made during the year were:

Acquisition – 100% in Inspur Communication Information System Limited

Pursuant to acquisition agreements dated 2 November 2007, the Group has acquired 100% equity interests in Inspur Communication Information System Limited, a company principally engaged in the provision of software development and maintenance services for telecommunication system and network in the PRC, at a consideration of RMB88,000,000, subject to valuation adjustment. In consequence of the acquisition of the business of Inspur Communication Information System Limited, the Group has diversified its business into telecom and IT service segments.

三：軟件及IT服務業務

報告期內，加大了金融行業軟件產品及電子政務軟件產品的研發投入，與微軟中國技術中心緊密合作，推出了銀行管理分析軟件、財富管理軟件及浪潮政務公共服務系統V1.0等一系列軟件，豐富了產品的供應，滿足了金融機構和政府部門後臺管理差異化的需求。同時增加了金融行業售後服務人員及售後服務網點，建立了完善的售後服務體系，提高了自有產品客戶滿意度，同時借助該售後服務網絡，向金融機構提供包括ATM機等金融設備的運維管理外包服務，大幅提升了本集團業績。本集團將以軟件及IT服務業務成為發展重點，繼續擴大在金融行業、電子政務行業等行業的市場份額並提高軟件的產品化程度，優化解決方案，降低開發成本，快速擴大業務規模。

重大收購、出售及重大投資

年內，本集團曾進行下列收購：

收購浪潮通信信息系統有限公司100%權益

根據日期為二零零七年十一月二日之收購協議，本集團以代價人民幣88,000,000元（可因應估值調整）收購浪潮通信信息系統有限公司之100%股本權益。該公司主要在中國從事電信系統及網絡方面之軟件開發及保養服務，通過收購浪潮通信信息系統有限公司業務，將本集團業務拓展至電信行業IT服務。

Management Discussion and Analysis

管理層討論及分析

Acquisition – 21.26% in Inspur Group Shandong Gensoft Incorporation

Pursuant to an acquisition agreement dated 18 December 2007, the Group has agreed to acquire an additional 21.26% equity interests in Inspur Group Shandong Gensoft Incorporation (“Inspur Gensoft”), a company principally engaged in the development, distribution of enterprise resources planning products, and offering all-round services for enterprise informationization, at a consideration of RMB35,079,000, subject to valuation adjustment. Completion of the acquisition is subject to, among other things, the approval of shareholders in the extraordinary general meeting to be held on 17 March 2008. The Group’s shareholding in Inspur Gensoft will be increased from 30.05% to 51.31% upon completion of the acquisition.

Save as disclosed above, the Group did not have any material acquisitions, disposals or change in its investments during the year ended 31 December 2007.

Details of acquisition made after year end are as follows:

Acquisition – 60% in Shandong Inspur Business System Company Limited

Subsequent to the balance sheet date, on 19 February 2008, the Group entered into an acquisition agreement pursuant to which the Group has agreed to acquire an additional 60% equity interests in Shandong Inspur Business System Company Limited (“IBS”), a company principally engaged in the development, production and sale of computer software and computer peripherals particularly in respect of computerized cashier machines and point-of-sale terminals, and the provision of relevant information technology solution services, at a consideration of RMB36,000,000, subject to valuation adjustment. Completion of the acquisition is subject to, among other things, the approval of shareholders in an extraordinary general meeting to be held. The Group’s shareholding in IBS will be increased from 40% to 100% upon completion of the acquisition.

收購浪潮集團山東通用軟件有限公司21.26%權益

根據日期為二零零七年十二月十八日之收購協議，本集團同意以代價人民幣35,079,000元（可因應估值調整）收購浪潮集團山東通用軟件有限公司（「浪潮通用軟件」）之額外21.26%股本權益。浪潮通用軟件主要從事開發及分銷企業資源規劃產品，及提供全方位企業資訊化服務。完成是項收購須經（其中包括）股東在將於二零零八年三月十七日舉行之股東特別大會上批准方可作實。於完成是項收購後，本集團於浪潮通用軟件之股權將由30.05%增加至51.31%。

除上文披露者外，於截至二零零七年十二月三十一日止年度，本集團並無任何重大收購、出售或投資變動。

於年結後所進行之收購之詳情如下：

收購山東浪潮商用系統有限公司之60%權益

於結算日後，本集團於二零零八年二月十九日訂立一份收購協議，據此，本集團同意以代價人民幣36,000,000元（可因應估值調整）收購山東浪潮商用系統有限公司（「浪潮商用系統」）之額外60%股本權益。浪潮商用系統主要從事開發、生產及銷售電腦軟件及電腦週邊商品，特別是電腦化收款機及銷售點終端機，以及提供相關資訊科技解決方案服務。完成是項收購須經（其中包括）股東在將予舉行之股東特別大會上批准方可作實。於完成是項收購後，本集團於浪潮商用系統之股權將由40%增加至100%。

DIRECTORS

Mr. Sun Pishu (孫丕恕), aged 45, is the chairman of the Board. He joined the Group in August 1998. Mr. Sun is currently a delegate of the People's Congress of the PRC. He graduated from Shandong University with a Bachelor of Science degree in wireless electronics in 1983 and Armstrong University in California, US with a Master of Business Administration degree in 2002. He has attained over 15 years' experience in the IT industry particularly with its service in the Inspur Group. He was a member of the State 863 Planning Expert Committee (國家863計劃專家委員會) and was awarded the title of Key Award Technological Personnel (重獎科技人員) by the Shandong provincial government. He was also awarded as The 13th Top Ten Outstanding Youth Award in the PRC in 2002. He is a director of a number of members of the Inspur Group as well as Inspur Corporation and is the chairman of Inspur Corporation and Inspur Electronic Information Industry Co., Ltd., a company listed on the Shenzhen Stock Exchange. Mr. Sun is responsible for and devotes a substantial part of his time and effort for the overall planning and development of the Group.

Mr. Zhang Lei (張磊), aged 44, is the general manager of the Group. He has overall responsibility and devotes a substantial part of his time and effort for the finance, general administration and technology departments. He joined the Group in February 2003. Mr. Zhang graduated from Shandong University with a Bachelor of Science degree in Wireless Electronics and a Master degree in Economics in 1983 and 1992 respectively. Mr. Zhang has over 15 years' experience in financial and corporate management. Mr. Zhang was responsible for the Business Department in Shenyang People's Bank Shenyang Securities Exchange (瀋陽市人民銀行瀋陽證券交易中心). Before joining the LC Group in 2000, Mr. Zhang was the vice-president of Shenyang Wanzhong Group (瀋陽萬眾集團). He is a director of a number of subsidiaries of the Inspur Group but has not undertaken any active role in the day-to-day management of such companies.

董事

孫丕恕先生，45歲，董事會主席。孫先生於一九九八年八月加入本集團，孫先生目前為中國人大代表。他於一九八三年畢業於山東大學，持有無線電理學士及二零零二年取得美國加州Armstrong University工商管理碩士學位。他於IT業（特別是於浪潮集團服務）擁有超過15年經驗，為國家863計劃專家委員會成員，更獲山東省政府授予重獎科技人員。孫先生於二零零二年亦獲頒發中國第十三屆十大傑出青年。他亦為浪潮集團多間成員公司及浪潮公司的董事、浪潮公司及浪潮電子信息產業股份有限公司（一間於深圳證券交易所上市的公司）的主席。孫先生投入其大部分時間並負責本集團整體規劃及發展。

張磊先生，44歲，本集團總經理。張先生全權負責，並投入其大部分時間及精力於財務及一般行政及技術支援部。張先生於二零零三年二月加入本集團。張先生畢業於山東大學，分別於一九八三年及一九九二年取得無線電理學士學位及經濟碩士學位，擁有超過15年財務及企業管理經驗。張先生掌管瀋陽市人民銀行瀋陽證券交易中心商務部，在二零零零年加入浪潮集團前，張先生為瀋陽萬眾集團副總裁。張先生為浪潮集團多間附屬公司的董事，但並無於該等公司的日常管理方面扮演任何積極角色。

Directors and Senior Management Profile

Mr. Wang Miao (王渺), aged 45, is the deputy general manager and compliance officer of the Group, an executive Director and an Initial Management Shareholder. He has overall responsibility for the overall management planning, business development, sales and marketing and purchasing. Mr. Wang graduated from Shandong University in July 1984 with a Bachelor degree in Computer Science. Mr. Wang is one of the founders of the Group. Before joining the Group in August 1998, Mr. Wang worked in the Inspur Group since 1991 and assumed a senior management role in the business of the Inspur Group. Through its services in the Inspur Group and the Group, Mr. Wang has accumulated over 10 years of experience in trading and management in IT industry.

Mr. Leung Chi Ho (梁智豪), aged 48, is the chief technology officer of the Group responsible for the overall planning and development of IT advisory services. Mr. Leung graduated from the University of Hong Kong with a degree in Bachelor of Science (Engineering) majoring in electrical engineering in 1982. Before joining the Group in September 2002, Mr. Leung has worked for a number of companies in Hong Kong engaged in IT industry, focusing on the research and development of computer products and assuming senior engineer role, through which he has accumulated over 20 years of experience in IT industry.

Mr. Xin Wei Hua (辛衛華), aged 52, is a non-executive Director. He joined the Group in September 1999. Mr. Xin graduated from Shandong University with an Adult Higher Education Professional Certificate in Micro-computer Applications in 1990. Mr. Xin has assumed research supervisor and manager roles in the Inspur Group during its service in the Inspur Group since 1989, through which he has accumulated over 15 years experience in management and research and development for electronics and computer products. Mr. Xin has engaged extensively in technological research in Hong Kong and Singapore, and has been granted the First Grade Advancement Award of provincial level (省級科技進步一等獎). He is a director of a number of companies of the Inspur Group. He is also the general manager of Inspur Electronic Information Industry Co., Ltd., a company listed on the Shenzhen Stock Exchange and a member of the Inspur Group.

董事及高級管理層簡歷

王渺先生，45歲，本集團副總經理及監察主任、執行董事及上市時管理層股東。王先生全權負責管理規劃、業務發展、銷售與市場推廣及採購。王先生於一九八四年七月畢業於山東大學，持有電腦科學學士學位。王先生為本集團其中一名創辦人。在本集團於一九九八年八月加入本集團前，王先生自一九九一年以來於浪潮集團工作，於浪潮集團的業務上擔任高級管理層的角色。透過其於浪潮集團及本集團工作，王先生於IT行業的買賣及管理方面累積了超過十年經驗。

梁智豪先生，48歲，本集團技術總監，負責IT顧問服務的整體規劃及開發工作。梁先生於一九八二年畢業於香港大學，持有理學士（工程）學位，主修電子工程。於二零零二年九月加入本集團前，梁先生曾任職香港多間從事IT行業的公司，致力研究及開發電腦產品，並擔任高級工程師，梁先生於IT行業累積超過20年經驗。

辛衛華先生，52歲，非執行董事。辛先生於一九九九年九月加入本集團。辛先生於一九九零年畢業於山東大學，取得微電腦應用程式成人高級教育專業證書。辛先生自一九八九年於浪潮集團服務，擔任浪潮集團的研發部主任及經理的職位，辛先生於電子及電腦產品的管理及研發方面擁有超過15年經驗。辛先生在香港及新加坡廣泛從事技術研究，獲授省級科技進步一等獎。辛先生為浪潮集團多間公司的董事，亦為浪潮電子信息產業股份有限公司的總經理，該公司於深圳證券交易所上市，並為浪潮集團的成員公司。

Directors and Senior Management Profile

董事及高級管理層簡歷

Mr. Wang Hung, Alex (王衡), aged 45, is a non-executive Director and an Initial Management Shareholder. He joined the Group in August 1998. Mr. Wang graduated in 1991 from Louisiana Tech University in the US with a Master of Science degree in Electrical Engineering and has over 15 years experience in the IT industry. Before joining the Group in August 1998, Mr. Wang has been a design expert and an experienced engineer in Synchronous Group Inc., deputy general manager of the engineering department of Pacific Information Inc., technical deputy general manager of Mighty Micro Inc. and general manager of Pacific Information Inc.. He is the technical controller of Inspur Electronic Information Industry Co., Ltd., a company listed on the Shenzhen Stock Exchange and a member of the Inspur Group.

Mr. Meng Xiang Xu, aged 45, is an independent non-executive Director and joined the Group in March 2003. Mr. Meng graduated from Calculator Institute of Academy of Science (中國科學院計算所), majoring in computer application, and has obtained a Doctorate degree in 1998. He currently holds a senior position in a number of universities and committees including the dean of Computer Science and Technology College of Shandong University (山東大學計算機科學與技術學院), dean, professor and PhD tutor of Shandong University Qilu Software College (山東大學齊魯軟件學院), head of the expert group for the digitalisation of Shandong province (山東省信息化工作領導小組專家組) and supervisor of Shandong Province Manufacturing Information Technical Engineering Technology Research Center (山東省製造業信息化工工程技術研究中心). He is mainly engaged in the research and development of computer-aided design and graphics, and human interaction with computers.

Mr. Liu Ping Yuan, aged 72, is an independent non-executive Director and joined the Group in March 2003. Mr. Liu has been in the IT related industry for over 40 years detailed as follows. He has undertaken a number of important positions in the PRC (中華人民共和國郵電部), deputy chairman and secretary general of the Chinese Committee of the 22nd Meeting of the International Postal Association (萬國郵政聯盟大會中國組委會) and member of the Ninth National Political Consultative Committee (中華人民共和國政治協商會議). He is currently chairman of Chinese Postal Association (中華全國集郵聯合會).

王衡先生，45歲，非執行董事及上市時管理層股東。王先生於一九九八年八月加入本集團，王先生於一九九一年畢業於美國Louisiana Tech University，取得電機工程理碩士學位，並於IT業擁有超過15年經驗。王先生於一九九八年八月加入本集團前，是一名設計專家及Synchronous Group Inc.富經驗的工程師、Pacific Information Inc.工程副總經理、Mighty Micro Inc.技術副總經理及Pacific Information Inc.總經理。王先生為浪潮電子信息產業股份有限公司的技術總監，該公司於深圳證券交易所上市，並為浪潮集團的成員公司。

孟祥旭先生，45歲，獨立非執行董事，於二零零三年三月加入本集團，於一九九八年畢業於中國科學院計算所，主修電腦應用並取得博士學位，目前擔任多間大學及委員會的高級職位，包括山東大學計算機科學與技術學院院長、山東大學齊魯軟件學院院長、教授及博士生導師、山東省信息化工作領導小組專家組組長及山東省製造業信息化工工程技術研究中心主任。孟先生主要從事電腦輔助設計、圖形學及電腦人機交互研發。

劉平源先生，72歲，獨立非執行董事，於二零零三年三月加入本集團，於IT相關行業擁有超過40年經驗。劉先生曾擔任多個中國政府主要職位，包括中華人民共和國郵電部副部長、第二十二屆萬國郵政聯盟大會中國組委會副主席及秘書長，及第九屆中華人民共和國政治協商會議委員。彼現時為中華全國集郵聯合會會長。

Directors and Senior Management Profile

Mr. Wong Lit Chor, Alexis, aged 49, is an independent non-executive director and joined the Group in March 2003. Mr. Wong graduated from University of Toronto, Canada with a bachelor degree in arts (economics and commerce) and has obtained a master of business administration degree from the Chinese University of Hong Kong. He has over 20 years of banking, investment, corporate finance and securities dealing experience gained by working as a senior executive in a number of listed local and PRC financial services companies. He is currently a director of Quam Capital Holdings Limited, a subsidiary of Quam Limited which in turn is a company listed on the Main Board of the Stock Exchange providing comprehensive financial services. Mr. Wong is also an independent non-executive director of Wing Hing International (Holdings) Limited, Fortune Telecom Holdings Limited and Argos Enterprises Holdings Limited, which are companies listed on the Stock Exchange.

SENIOR MANAGEMENT

Mr. Chung Kwok Fai (鍾國輝), aged 35, is the qualified accountant and company secretary of the Company. Prior to joining the Group, Mr. Chung worked in an international accounting firm and was a financial controller in a private company in Hong Kong. Mr. Chung holds a Bachelor's Degree in Accountancy and is a member of Hong Kong Institute of Certified Public Accountants. Mr. Chung joined the Group in 2007.

Mr. Dong Hailong (董海龍), aged 30, is the manager of the purchasing department responsible for maintaining and improving the relationship between the Group and its suppliers. Mr. Dong was graduated from Southwest Jiaotong University with a Bachelor degree in Telecommunication Engineering in 1999. Mr. Dong joined the Group in 2002.

Mr. Zoubo (鄒波), aged 29, is the manager of marketing department responsible for sales and marketing activities of the Group, in particular in maintaining relationship with existing customers, and identifying and soliciting new customers. He has extensive experience in business operation, Mr. Zou was graduated from Huazhong University of Science and Technology with a bachelor degree in management and law in 2001. Mr. Zou joined the Group in 2006.

董事及高級管理層簡歷

黃烈初先生，49歲，獨立非執行董事，於二零零三年三月加入本集團，畢業於加拿大多倫多大學，取得文學（經濟及商業）學士學位，並取得香港中文大學工商管理碩士學位。黃先生曾於數家香港及中國的上市金融公司出任高層行政人員，於銀行業務、投資、企業融資及證券交易等方面擁有逾二十年經驗。彼現為華富國際控股有限公司（從事金融服務之聯交所主板上市公司）下附屬公司華富嘉洛融資控股有限公司之董事，亦為於聯交所上市之永興國際(控股)有限公司、長遠電訊網絡集團有限公司及雅高企業（集團）有限公司之獨立非執行董事。

高級管理層

鍾國輝先生，35歲，為本公司之合資格會計師及公司秘書。於加入本集團前，鍾先生曾於國際會計師行工作，並曾於香港一間私人公司任職財務總監。鍾先生持有會計學士學位，現為香港會計師公會會員。鍾先生於二零零七年加入本集團。

董海龍先生，30歲，採購部經理，負責維持及改善本集團與其供應商的關係。董先生於一九九九年畢業於西南交通大學，持有電訊工程學士學位。董先生於二零零二年加入本集團。

鄒波先生，29歲，市場推廣部經理，負責本集團的銷售及市場推廣活動，特別是維持與現有客戶之關係，以及物色及招徠新客戶，他在業務經營方面有豐富經驗。鄒先生於二零零一年畢業於華中科技大學，持有管理學和法學學士學位。鄒先生於二零零六年加入本集團。

Corporate Governance Report

企業管治報告



The Company has always recognized the importance of the shareholders' transparency and accountability. It is the belief of the Board of Directors that shareholders can maximize their benefits from good corporate governance.

The Company has adopted the code provisions set out in the Code of Corporate Governance Practices (the "CG Code") contained in Appendix 15 of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

THE BOARD

The Board is responsible for the leadership and control of the Company and oversees the Group's businesses, strategic decisions and performances. The Management was delegated the authority and responsibility by the Board for the management of the Group. In addition, the Board has also delegated various responsibilities to the Board Committees. Further details of these committees are set out in this report.

The Board has four regular meetings a year at quarterly interval and meets as and when required. During the financial year ended 31 December 2007, the Board held eleven meetings. The attendance of the directors at the board meetings are as follows:

Directors' attendance at Board meetings

Directors 董事

Mr. Sun Pishu	孫丕恕先生
Mr. Zhang Lei	張磊先生
Mr. Wang Miao	王渺先生
Mr. Leung Chi Ho	梁智豪先生
Mr. Xin Wei Hua	辛衛華先生
Mr. Wang Hung, Alex	王衡先生
Mr. Marc Evan Brown*	Marc Evan Brown先生*
Mr. William James Fass	William James Fass先生
Mr. Meng Xiang Xu	孟祥旭先生
Mr. Liu Ping Yuan	劉平源先生
Mr. Wong Lit Chor, Alexis	黃烈初先生

* Mr. Marc Evan Brown was resigned on 8 December 2007. Nine board meetings of the Company were held during the year prior to his resignation.

本公司一向重視股東透明度及問責之重要性。董事會相信股東可從良好之企業管治中獲得最大利益。

本公司已採用香港聯合交易所有限公司聯交所創業板證券上市規則附錄15所載企業管治常規守則（「企業管治守則」）所列之守則條文。

董事會

董事會負責領導及監控本公司，並負責監管本集團之業務、策略方針及表現。董事會亦轉授權力及責任予管理層，以管理本集團。此外，董事會亦已將各種職責分派至董事會各附屬委員會。該等委員會之詳情載於本報告內。

董事會每年定期召開四次會議，亦會在有需要時召開會議。於截至二零零七年十二月三十一日止財政年度內，董事會共召開十一次會議。董事出席董事會會議之情況如下：

董事出席董事會會議之情況

Number of attendance 出席次數

		7/11
		9/11
		11/11
		11/11
		9/11
		9/11
		4/9
		4/11
		7/11
		9/11
		8/11

* Marc Evan Brown先生於二零零七年十二月八日辭任，於其辭任前，本公司曾舉行九次董事會會議。

Corporate Governance Report

Board Minutes are kept by the Company Secretary of the Company and are sent to the Directors for records and are open for inspection by the Directors.

The directors enable, upon the reasonable request, to seek independent professional advice in appropriate circumstances, at the Company's expenses. The Board shall resolve to provide separate appropriate independent professional advice to the directors to assist the relevant directors to discharge their duties.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER ("CEO")

In the Board, the Chairman and CEO are separate persons in order to preserve independence and have a balanced judgment of views. The Board has appointed a Chairman, Mr. Sun Pishu, who has executive responsibilities and provides leadership to the Board so that the Board works effectively and discharges its responsibilities and that all key and appropriate issues are discussed by the Board in a timely manner. The CEO, Mr. Zhang Lei is an Executive Director and has executive responsibilities over the business directions and operational decisions of the management and performance of the Group. The Board also comprises Independent Non-Executive Directors who bring strong independent judgment, knowledge and experience to the Board. As noted below, all the Audit Committee members are Independent Non-Executive Directors. This structure is to ensure a sufficient balance of power and authority in place within the Group.

BOARD COMPOSITION

The Board comprises four Executive Directors, being Mr. Sun Pishu, Zhang Lei, Wang Miao and Mr. Leung Chi Ho, three Non-Executive Director, being Mr. Xin Wei Hua, Mr. Wang Hung, Alex, and Mr. William James Fass and three Independent Non-Executive Directors, being Mr. Meng Xiang Xu, Mr. Liu Ping Yuan and Mr. Wong Lit Chor, Alexis.

The Board members have no financial, business, family or other material/relevant relationships with each other. Such balanced board composition is formed to ensure strong independence exists across the Board. The biographies of the Directors are set out in Directors and Senior Management Profile section to the annual report, which demonstrates a diversity of skills, expertise, experience and qualifications.

企業管治報告

董事會會議記錄乃由公司秘書保存，並會送呈各董事作為記錄及會公開讓董事查閱。

董事應合理要求，可在適當情況下尋求獨立專業意見，有關費用由本公司支付。董事會須致力向董事提供不同及適當之獨立專業意見，以協助有關董事履行彼等之職責。

主席及首席執行官

董事會主席及首席執行官由不同人士擔任，可維持獨立性及有均衡之判斷觀點。董事會已委任主席，即孫丕恕先生，彼負有執行責任及領導董事會，使董事會有效運作及履行其職責，並使董事會及時處理所有重要及適當之問題。首席執行官張磊先生乃執行董事，對本集團之業務方向及管理營運決策負有執行責任。此外，董事會設有獨立非執行董事職位，可向董事會提供明智之獨立判斷及豐富之知識及經驗。誠如下文所述，全體審核委員會成員均為獨立非執行董事。此架構可確保本集團內部權力及授權維持充分平衡。

董事會之組成

董事會由四名執行董事（孫丕恕先生、張磊先生、王渺先生及梁智豪先生）、三名非執行董事（辛衛華先生、王衡先生及William James Fass先生）及三名獨立非執行董事（孟祥旭先生、劉平源先生及黃烈初先生）組成。

董事會成員間並無任何財務、業務、家族或其他重大／相關關係。董事會以如此均衡之架構組成，目的在確保整個董事會擁有穩固之獨立性。各董事履歷載於年報的董事及高級管理層簡歷內，當中載列各董事之多樣化技能、專業知識、經驗及資格。



The Company has received annual confirmation of independence from the three Independent Non-Executive Directors in accordance with Rule 5.09 of the GEM Listing Rules. The Board has assessed their independence and concluded that all the Independent Non-Executive Directors are independent within the definition of the Listing Rules.

APPOINTMENTS, RE-ELECTION AND REMOVAL

The Board has established a Nomination Committee (the "NC") in August 2005. The committee consists of one Non-Executive Director, Mr. Xin Wei Hua, with two Independent Non-Executive Directors, Mr. Meng Xiang Xu and Mr. Wong Lit Chor, Alexis. The primary purpose of the NC is to review the structure, size and composition (including the skills, knowledge and experiences) of the Board on a regular basis and make recommendations to the Board regarding any proposed changes. The Committee identified suitable individual qualified to become board members and makes recommendation to the Board on relevant matters relating to the appointment or reappointment of directors if necessary, in particular, candidates who can add value to the management through their contributions in the relevant strategic business areas and which appointments will result on the constitution of strong and diverse Board.

The meetings of the NC shall be held when necessary.

RESPONSIBILITIES OF DIRECTORS

Every newly appointed director is ensured to have a proper understanding of the operations and business of the Group and that he is fully aware of his responsibilities under statute and common law, the GEM Listing Rules, applicable legal requirements and other regulatory requirements and the business and governance policies of the issuer. The Directors are continually updated with legal and regulatory developments, business and market changes and the strategic development of the Group to facilitate the discharge of their responsibilities.

The Independent Non-Executive Directors take an active role in board meetings, contribute to the development of strategies and policies and make sound judgement on issues of strategy, policy, performance, accountability, resources, key appointments and standard of conduct. They will take lead where potential conflicts of interests arise. They are also members of various board committees and scrutinize the overall performance of the Group in achieving agreed corporate goals and objectives, and monitoring the reporting of performance.

本公司已接獲該三名獨立非執行董事根據創業板上市規則第5.09條發出之年度獨立性確認書。董事會已評估彼等之獨立性，並確定全體獨立非執行董事均屬上市規則所界定之獨立人士。

委任、重選及罷免

董事會已於二零零五年八月成立提名委員會，該委員會成員為一名非執行董事辛衛華先生和兩名獨立非執行董事孟祥旭先生及黃烈初先生。提名委員會之主要目的為定期檢討董事會之架構、人數及組成（包括技術、知識及經驗），並就任何擬作出之變動向董事會提出建議。該委員會物色合資格成為董事會成員之適當人選，並會就委任或重新委任董事之有關事宜向董事會提出推薦建議（如必要），尤其是通過在有關策略性業務領域之貢獻為本集團管理增值之候選人，且彼等之委任將可產生一個強大及多元化之董事會。

提名委員會會議有需要時召開。

董事之責任

須確保每位新受聘董事對本集團之營運及業務有適當理解，以及完全知悉彼在法規及普通法、創業板上市規則、適用之法律規定及其他監管規定以及發行人之業務及管治政策下之職責。董事緊跟法律及規管變更、業務及市場變動以及本集團之策略發展，獲持續更新有關知識，以便履行彼等之職責。

獨立非執行董事在董事會會議上擔當活躍角色，可為制訂策略及政策作出貢獻，並就策略、政策、表現、問責、資源、重大委任及行為準則事宜作出可靠之判斷。彼等會於潛在利益衝突出現時發揮牽頭引導作用。彼等亦出任多個董事委員會之成員，監察本集團在實現議定企業目標及指標時之整體表現，並監督表現之呈報。

Corporate Governance Report

企業管治報告

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct rules (the "Model Code") regarding securities transactions by Directors on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Rules 5.48 to 5.67 of the GEM Listing Rules, and that having made specific enquiry of all Directors, the Company confirms that all the Directors have complied with the Model Code.

SUPPLY OF AND ACCESS TO INFORMATION

In respect of regular board meetings, an agenda and the accompanying board papers are sent in full to all Directors at least 3 days before the intended date of a meeting. Board papers are circulated to the Directors to ensure they have adequate information before the meeting for the ad hoc projects.

The Management has the obligation to supply the Board and its committees with adequate information in a timely manner to enable it to make informed decisions. Where any director requires more information than is volunteered by the Management, each director has separate and independent access to the issuer's senior management to make further enquires if necessary.

All Directors are entitled to have unlimited access to the board papers and relevant materials. Such information is prepared to enable the Board to make an informed decision on matters placed before it.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The Company established a remuneration committee in August 2005. Its terms of reference are summarized as follows:

- i) To make recommendations with respect to the remuneration of the Executive Directors and the senior management of the Company for approval by the Board;
- ii) To review the remuneration package and recommend salaries, bonuses, including the incentive awards for Directors and the senior management; and
- iii) To administer and make determinations with regard to the Company's share option scheme.

董事進行之證券交易

本公司已就董事進行之證券交易採用一套行為規範守則（「標準守則」），其條款之嚴格程度並不遜於創業板上市規則第5.48條至5.67條所載之上市發行人董事進行證券交易之標準守則所規定之標準，並向全體董事作出具體查詢後，確認全體董事已遵守標準守則。

資料之提供及獲取

就董事會常規會議而言，議程及相關會議文件會在擬定召開會議日期前至少三天呈交全體董事。董事會文件供董事傳閱，以保證彼等於召開特別事項會議之前獲得充足資料。

管理層有責任向董事會及其附屬委員會及時提供充足之資料，以供董事會作出知情決定。倘有任何董事要求獲得除管理層自願提供之資料以外之其他資料，董事可透過不同及獨立途徑接觸高級管理層，以作出進一步諮詢（如必要）。

全體董事均有權無限制地取得董事會會議文件及有關材料。編製該等資料旨在使董事會可對提呈事項作出知情決定。

董事及高級管理層酬金

本公司於二零零五年八月設立薪酬委員會。其職權範圍概述如下：

- i) 就本公司執行董事及高級管理人員之薪酬提供推薦意見，以尋求董事會批准；
- ii) 審議董事及高級管理人員之薪酬組合，並就薪資、花紅包括獎勵提出建議；及
- iii) 管理及釐定本公司之購股權計劃。

Corporate Governance Report

企業管治報告



The committee consists of one Non-Executive Director, Mr. Xin Wei Hua, with two Independent Non-Executive Directors, Mr. Meng Xiang Xu and Mr. Wong Lit Chor, Alexis. The attendance of each member is set out as follows:

Directors

董事

Mr. Xin Wei Hua	辛衛華先生
Mr. Meng Xiang Xu	孟祥旭先生
Mr. Wong Lit Chor, Alexis	黃烈初先生

Number of attendance

出席次數

1/1
1/1
1/1

The remuneration committee is to consider and approve the remuneration plans and policies for all executive directors of the Company and senior management of the Group by reference to the prevailing rate with companies listed on the GEM of the Stock Exchange in Hong Kong.

In order to attract, retain, and motivate executives and key employees serving for the Group, the Company has adopted a share option scheme in 2004. Such incentive schemes enable the eligible persons to obtain an ownership interest in the Company and thus to rewards to the participants who contribute to the success of the Group's operations.

ACCOUNTABILITY AND AUDIT

The Management provides such explanation and information to the Board so as to enable the Board to make an informed assessment of the financial and other information put before the approval by the Board.

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 Group and in presenting the quarterly results, interim and annual financial statements, and announcements to shareholders. The Directors aim to present a balanced and understandable assessment of the Group's, position and prospects. The Board is not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern, the Board therefore continues to adopt the going concern approach in preparing the accounts.

The Board acknowledges its responsibility to present a balanced, clear and understandable assessment in the Company's annual and interim reports, other price-sensitive announcement and other financial disclosures required under the GEM Listing Rules, and reports to the regulators.

薪酬委員會成員為一名非執行董事辛衛華先生和兩名獨立非執行董事孟祥旭先生及黃烈初先生。各成員之出席情況載列如下：

薪酬委員會參考香港聯交所創業板上市公司之現行薪酬基準，考慮及批准本公司所有執行董事及本集團高級管理人員之薪酬計劃及政策。

為招攬、挽留及激勵在本集團供職之行政人員及主要僱員，本公司於二零零四年採納購股權計劃。該等激勵計劃使合資格人員可獲得本公司之所有權權益，從而對為本集團業務成功作出貢獻之參與者提供獎勵。

問責及審核

管理層向董事會提供有關解釋及資料，令董事會可對提呈董事會批准之財務及其他資料作出知情評估。

董事確認須負責為每一財政年度編製真實及公平地反映本集團業務狀況之財務報告，向股東提呈季度業績、中期及年度財務報表及公佈時，董事須努力提呈一項平衡及容易理解之本集團現況及前景之評估。董事會並不知悉任何與一些事件或情況有關之重大不確定因素，而該等事件或情況會對本集團的持續經營能力投下重大疑惑，因此，董事會仍然採用持續經營基準編製賬目。

董事會確認，其有責任在本公司年報及中期報告、其他價格敏感公佈及創業板上市規則規定之其他財務披露中，提供平衡、清晰及易於理解之評估，並向監管機構申報。

Corporate Governance Report

企業管治報告

The Company applied the principles and complied with all the code provisions set out in the CG Code throughout the year ended 31 December 2007, save as the Group has not performed an internal control review during the year ended 31 December 2007 because suitable staffing has not been acquired to perform an effective review. The directors have planned, using internal resources or external firm, to perform an internal control review in the coming financial year in order to comply with Code C.2.1.

AUDIT COMMITTEE

The Audit Committee currently comprises all three Independent Non-Executive Directors of the Company, Mr. Meng Xiang Xu, Mr. Liu Ping Yuan and Mr. Wong Lit Chor, Alexis as the members, who among themselves possess a wealth of management experience in the accounting profession and commercial sectors.

Directors' attendance at Audit Committee meetings

Directors

董事

Mr. Wong Lit Chor, Alexis (Chairman of the Audit Committee)	黃烈初先生 (審核委員會主席)
Mr. Meng Xiang Xu	孟祥旭先生
Mr. Liu Ping Yuan	劉平源先生

The Audit Committee meets the external auditors at least once a year to discuss any areas of concerns during the audits without the presence of the management. The Audit Committee reviews the quarterly results, interim and annual reports before submission to the Board. The Committee focuses not only on the impact of the changes in accounting policies and practices but also on the compliance with accounting standards, the GEM Listing Rules and the legal requirements in the review of the Company's quarterly results, interim and annual reports.

本公司於整個截至二零零七年十二月三十一日止年度已應用企業管治守則所載原則，並遵守守則內之所有守則條文，除了由於並無合適人選進行有效審閱，故本集團並無於截至二零零七年十二月三十一日止年度進行內部監控審閱。董事已計劃動用內部資源或外聘公司，於下一個財政年度進行內部監控審閱，以遵守守則第C.2.1條。

審核委員會

審核委員會目前由本公司全部三名獨立非執行董事組成，孟祥旭先生、劉平源先生及黃烈初先生為委員會成員，彼等於會計專業及商業具有豐富之管理經驗。

董事出席審核委員會會議之情況

Number of attendance

出席次數

審核委員會每年最少一次與外聘核數師舉行會議，討論審核過程中之任何問題，管理層不得與會。審核委員會於遞交業績予董事會前先行審閱季度業績、中期及全年報告。該委員會於審閱本公司之季度業績、中期及全年報告時，不僅注意會計政策及慣例變動之影響，亦兼顧須遵守會計政策、創業板上市規則及法律之規定。



AUDITORS' REMUNERATION

During the year under review, the remuneration paid to the Company's auditors, Messrs Deloitte Touche Tohmatsu, is set out as follows:

		Fee paid/payable
		已付／應付費用
		HK\$'000
		千港元
Services rendered	已提供服務	
Audit services	審計服務	1,500
Other services	其它服務	450

COMMUNICATIONS WITH SHAREHOLDERS

The Company's annual general meeting provides a good opportunity for communication between the Board and the Company's shareholders. Chairman of the Board and Committees are normally present to answer queries raised by shareholders. External auditors also attend the annual general meeting every year. Notice of the annual general meeting and related papers are sent to shareholders at least 21 calendar days before the meeting.

VOTING BY POLL

The Company informs the shareholders (in its circulars convening a general meeting) the procedures for voting by poll and the rights of shareholders to demand a poll to ensure compliance with the requirements on the poll voting procedures. In accordance to articles of association of the Company, a resolution put to the vote of a general meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

- i) by the chairman of such meeting; or
- ii) by at least three Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or
- iii) by a Shareholder or Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to vote at the meeting; or

核數師酬金

年內，向本公司核數師德勤·關黃陳方會計師行支付之酬金載列如下：

與股東進行溝通

本公司之股東週年大會為董事會與本公司之股東提供溝通良機。董事會及各委員會之主席一般均出席以解答股東提出之問題，而外聘核數師每年均會出席股東週年大會。股東週年通告及有關文件於大會舉行日期前最少二十一日寄予股東。

以投票方式表決

於其召開股東大會之通函內，本公司告知股東以投票方式表決之程序以及股東要求以投票方式表決之權利，從而確保遵守投票表決程序之規定。根據本公司之公司章程細則，於股東大會中進行表決之決議案將以舉手形式決定，除非（於公佈舉手結果之前或之際或其他進行投票表決之要求已被撤銷）由以下人士要求進行：

- i) 該大會主席；或
- ii) 至少三名親身出席之股東，或倘為一名公司股東，則為於當時有權在大會投票獲公司正式授權之代表或委任代表；或
- iii) 任何一名或多名親身出席之股東，或倘為一名公司股東，則為獲公司正式授權之代表或委任代表，彼或彼等須代表可於大會投票之所有股東之總投票權不少於十分之一；或

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- iv) by a Shareholder or Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

The Company should count all proxy votes, and except where a poll is required, the chairman of a meeting should indicate to the meeting the level of proxies lodged on each resolution, and the balance for and against the resolution, after it has been dealt with on a show of hands. The Company should ensure that votes cast are properly counted and recorded.

The chairman of a meeting should at the commencement of the meeting ensure that an explanation is provided of:

- i) the procedure for demanding a poll by shareholders before putting a resolution to the vote on a show of hands; and
- ii) the detailed procedures for conducting a poll and then answer any questions from shareholders whenever voting by way of a poll is required.

- iv) 任何一名或多名親身出席之股東，或倘為一名公司股東，則為獲公司正式授權之代表或委任代表，並持有附帶權利可於大會投票之已繳股款股份，有關股數須可代表相等於附帶該項權利之所有已繳股款股份之十分之一或以上。

本公司須計算所有委任代表之投票，及倘在以舉手方式表決後要求投票表決，則大會主席須向大會就每項決議案指明委任代表數目及該決議案之贊成及反對票數。本公司確保正確計算及記錄票數。

大會主席應於大會開始前就下列提供解釋：

- i) 股東於以舉手表決方式投票前要求以投票方式進行表決之程序；及
- ii) 進行投票之詳細程序並答覆要求以投票方式進行表決時股東所詢問之任何問題。

Directors' Report

The directors have pleasure in presenting their annual report and the audited consolidated financial statements for the year ended 31 December 2007.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of the Group are trading in computer components, manufacture and trading of computer products and development and sales of software and computer peripherals.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2007, the five largest customers accounted for approximately 55.89% of the Group's total turnover. The five largest suppliers accounted for approximately 69.57% of the Group's total purchases. In addition, the largest customer accounted for approximately 27.41% of the Group's total turnover while the largest supplier accounted for approximately 47.88% of the Group's total purchases.

Except for Inspur Group Limited ("Inspur Corporation"), the controlling shareholder of the Company, and its subsidiaries (together referred to as "the Inspur Group"), none of the directors, their associates or any shareholders (which, to the knowledge of the directors, own more than 5% of the Company's issued share capital) had any interest in the Group's five largest customers and suppliers. Sales to and purchases from the Inspur Group amounted to approximately 27.41% and 2.31% respectively of the total sales and total purchases of the Group for the year ended 31 December 2007.

SHARE CAPITAL

Details of movement during the year of the Company's share capital are set out in note 25 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2007 are set out in the consolidated income statement on page 44.

The directors do not recommended the payment of a final dividend for the year ended 31 December 2007.

董事會報告

董事欣然提呈本公司及本集團截至二零零七年十二月三十一日止年度的年報連同經審核綜合財務報表。

主要業務

本公司為投資控股公司。其集團的主要業務為分銷電腦元件、製造及分銷電腦產品、以及開發及銷售電腦軟件及電腦週邊設備。

主要客戶及供應商

截至二零零七年十二月三十一日止年度，本集團五大客戶佔本集團營業總額約55.89%，而本集團五大供應商佔本集團購貨總額約69.57%。此外，本集團最大客戶佔本集團營業總額約27.41%，而本集團最大供應商佔本集團購貨總額約47.88%。

除本公司控股股東浪潮集團有限公司（「浪潮公司」）及其附屬公司（總稱「浪潮集團」）以外，董事、彼等的聯繫人士或就董事所知，擁有本公司已發行股本5%以上的股東概無擁有本集團五大客戶及供應商的任何權益。浪潮集團的營業額及採購額分別佔本集團截至二零零七年十二月三十一日止年度的總營業額及總採購額約為27.41%及2.31%。

股本

年內，本公司股本的變動詳情已載於綜合財務報表附註25內。

業績及分配

本集團截至二零零七年十二月三十一日止年度的業績已載於第44頁的綜合損益表內。

董事會不建議就截至二零零七年十二月三十一日止年度派發末期股息。

Directors' Report

董事會報告

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2007, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed shares.

PRE-EMPTIVE RIGHTS

There are no provision for pre-emptive rights under the Company's Memorandum and 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.

RETIREMENT BENEFIT SCHEME

Details of the Group's retirement benefit scheme are set out in note 31 to the consolidated financial statements.

SUBSIDIARIES

Particulars of the Company's subsidiaries are set out in note 33 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

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

CONNECTED TRANSACTIONS

Particulars of the Group's related party transactions are set out in note 32 to the consolidated financial statements, certain of which also constitute connected transactions under Chapter 20 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules"). The connected transactions are as follows:

1. On 8 April 2004, the Company and the Inspur Group entered into a trademark licence agreement (the "Trademark Licence Agreement") which allowed the Group to use the trademark "Lang Chao" in Hong Kong, Taiwan and the People's Republic of China free of charge.

購買、出售或贖回上市證券

截至二零零七年十二月三十一日止年度，本公司或其任何附屬公司概無購買、出售或贖回本公司任何上市股份。

優先購買權

本公司的公司組織章程大綱及細則以及開曼群島法例並無任何優先購買權的條文，以規定本公司按比例向現有股東發行新股。

退休金計劃

本集團的退休金計劃詳情已載於綜合財務報表附註31內。

附屬公司

本公司附屬公司的詳情已載於綜合財務報表附註33內。

物業、廠房及設備

本集團的物業、廠房及設備於年內的變動詳情載於綜合財務報表附註16內。

關連交易

於綜合財務報表附註32披露與本集團有關連人士進行之交易。當中若干與有關連人士進行之交易根據香港聯合交易所有限公司創業板證券上市規則（「創業板上規」）第20章，均構成關連交易。關連交易如下：

1. 於二零零四年四月八日，本公司與浪潮集團已訂立商標特許協議（「商標特許協議」），以免費方式容許本集團於香港、台灣及中華民國使用「浪潮」商標。



Further details of such continuing connected transaction were disclosed in the Company's prospectus dated 20 April 2004 (the "Prospectus").

The independent non-executive directors have reviewed the above connected transaction and confirmed that the above transaction was in accordance with the relevant agreement governing the terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole. Such transaction was exempted from the reporting, announcement and shareholders' approval requirement pursuant to Rule 20.33(3) of the GEM Listing Rules.

2. On 1 April 2004, the Company entered into a distributorship agreement (the "Distributorship Agreement") with Inspur Corporation pursuant to which the Group became the exclusive distributor of the products of the Inspur Group, including personal computer and servers, in Hong Kong and overseas markets such as Japan and United States of America for a period of three years commencing 1 April 2004. The Group will receive a commission of 5% of the total value of the sales of the products of the Inspur Group as procured by the Group.

Further details of such continuing connected transaction were disclosed in the Prospectus.

During the year, the Group did not procure any products from the Inspur Group under the Distributorship Agreement and has not received any commission from the Inspur Group.

3. On 29 August 2006, a new sourcing agent agreement was entered into between the Group and Inspur Corporation which extended the period from 1 January 2007 to 31 December 2009 (the "Sourcing Agent Agreement"). The Inspur Group will, with reference to the then market prices, pay a premium of not less than 1.5% above the purchase price paid by the Group, without taking into account of rebates received from suppliers, for all computer components sourced overseas by the Group on their behalf. The Company and Inspur Corporation agreed that the maximum annual caps of the sales of goods by the Group to the Inspur Group pursuant to the Sourcing Agent Agreement ("the Sales") will not exceed HK\$180 million, HK\$200 million and HK\$300 million for each of the financial year ended 31 December 2007, 2008 and 2009 respectively.

上述持續關連交易之詳情載於本公司在二零零四年四月二十日之招股章程（「招股章程」）。

上述關連交易已經獨立非執行董事審閱，並就此確認上述交易按照相關協議條款進行，而該等條款誠屬公平合理且對本公司股東整體有利。該項交易根據創業板上市規則第20.33(3)條獲豁免遵守申報、作出公佈及股東批准之規定。

2. 於二零零四年四月一日，本公司已與浪潮公司訂立分銷權協議（「分銷權協議」），本集團由二零零四年四月一日起成為浪潮集團產品（包括PC及伺服器）在香港及如日本及美國等的海外市場的獨家分銷商，為期三年。本集團則將會收取本集團促使的浪潮集團產品銷售總值5%的佣金。

上述持續關連交易之詳情載於招股章程內披露。

年度內，本集團於分銷權協議下並沒有促使浪潮集團任何的產品，亦並沒有收取浪潮集團任何的佣金。

3. 於二零零六年八月二十九日，本集團已與浪潮公司訂立新採購代理協議（「採購代理協議」），將協議期間由二零零七年一月一日延長至二零零九年十二月三十一日。浪潮集團將參考當時的市價，但並無考慮從供應商獲得的回扣，支付本集團就代表他們從海外採購的所有電腦元件已支付的購買價不少於1.5%以上的溢價。本公司及浪潮公司同意，本公司向浪潮集團銷售產品（「銷售」）於截至二零零七年、二零零八年及二零零九年十二月三十一日止各財政年度的最高每年上限分別將不超過180,000,000港元、200,000,000港元及300,000,000港元。

Directors' Report

The Sales for the year ended 31 December 2007 amounted to HK\$173,720,000.

The independent non-executive directors have reviewed the Sales for the year ended 31 December 2007 and confirmed that the Sales were (i) in the ordinary course and usual course of the Group's business; (ii) on terms no less favourable to the Group than terms available from independent third parties who are not connected persons of the Group as defined in the GEM Listing Rules; and (iii) in accordance with the relevant agreement governing the Sales on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

4. On 29 August 2006, the Company entered into a master supply agreement (the "Master Supply Agreement") with Inspur Corporation pursuant to which the Group will supply the computer products to the Inspur Group for the purpose of overseas export for a period until 31 December 2008. The Group and Inspur Corporation agreed that maximum annual caps of the supply of the computer products by the Group to the Inspur Group pursuant to the Master Supply Agreement ("the Supplies") will not exceed HK\$198 million, HK\$296 million and HK\$394 million for the period from 9 October 2006 (date of Independent Shareholders' approval) to 31 December 2006 and each of the financial year ended 31 December 2007 and 2008 respectively. The price per unit for the computer products to be supplied by the Group will be set with reference to the then prevailing market rates of such computer products at the relevant time.

Further details of such continuing connected transaction were disclosed in the Company's circular dated 22 September 2006 (the "Circular").

The Supplies for the year ended 31 December 2007 amounted to HK\$274,770,000.

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截至二零零七年十二月三十一日止年度，銷售金額為173,720,000港元。

獨立非執行董事已審閱截至二零零七年十二月三十一日止年度之銷售，並確認銷售乃(i)在本集團日常一般業務中進行；(ii)按不遜於本集團獲獨立第三者（並非創業板上市規則所指之本集團關連人士）給予之條款進行；及(iii)按照規管銷售之相關協議進行，而該等條款屬公平合理且對本公司股東整體有利。

4. 於二零零六年八月二十九日，本公司已與浪潮公司訂立一份供應總協議（「供應總協議」）。根據協議，本集團須向浪潮集團供應電腦產品作海外出口，為期至二零零八年十二月三十一日。根據供應總協議，本集團與浪潮公司同意，本集團供應予浪潮集團的電腦產品的最高每年上限（「供應」）於二零零六年十月九日（獨立股東批准之日期）至二零零六年十二月三十一日期間，以及於截至二零零七年及二零零八年十二月三十一日止各財政年度將分別不超過198,000,000港元、296,000,000港元及394,000,000港元。本集團所供應的電腦產品之每個單位價格，將參考當時該類電腦產品之市場價格而適時釐訂。

上述持續關連交易之詳情載於本公司於二零零六年九月二十二日之通函（「通函」）內披露。

於截至二零零七年十二月三十一日止年度，供應金額為274,770,000港元。



The independent non-executive directors have reviewed the above connected transactions for the year ended 31 December 2007 and confirmed that the Supplies were (i) in the ordinary course and usual course of the Group's business; (ii) on terms no less favourable to the Group than terms available to independent third parties who are not connected persons of the Group as defined in the GEM Listing Rules; and (iii) in accordance with the relevant agreement governing the Supplies on terms that are fair and reasonable and in the interests of the shareholder's of the Group as a whole.

- On 29 August 2006, the Company entered into a master services agreement (the "Master Services Agreement") with Inspur Corporation pursuant to which the Group will provide the IT services to the Inspur Group for a period until 31 December 2008. The Group and Inspur Corporation agreed that the maximum annual caps of the provision of the IT services by the Group to the Inspur Group pursuant to the Master Services Agreement ("the IT Services") will not exceed HK\$2 million, HK\$4 million and HK\$6 million for the period from 9 October 2006 (date of Independent Shareholders' approval) to 31 December 2006 and each of the financial year ended 31 December 2007 and 2008 respectively. The service fee for the IT services to be provided by the Group will be set with reference to the then prevailing market rates of the IT Services at the relevant time.

Further details of such continuing connected transaction were disclosed in the Circular.

The IT Services for the year ended 31 December 2007 amounted to HK\$3,912,000.

The independent non-executive directors have reviewed the above connected transactions for the year ended 31 December 2007 and confirmed that the IT Services were (i) in the ordinary course and usual course of the Group's business; (ii) on terms no less favourable to the Group than terms available to independent third parties who are not connected persons of the Group as defined in the GEM Listing Rules; and (iii) in accordance with the relevant agreement governing the IT Services on terms that are fair and reasonable and in the interests of the shareholder's of the Group as a whole.

獨立非執行董事已審閱截至二零零七年十二月三十一日止年度的上述關連交易，並確認所協訂的供應乃(i)在本集團日常一般業務中進行；(ii)按不遜於本集團給予獨立第三者（並非創業板上市規則所指之本集團關連人士）之條款進行；及(iii)根據規管供應的有關協議進行，而該等條款屬公平合理且對本集團股東整體有利。

- 於二零零六年八月二十九日，本公司已與浪潮公司訂立一份服務總協議（「服務總協議」）。根據協議，本集團須向浪潮集團提供資訊科技服務，為期至二零零八年十二月三十一日。根據服務總協議，本集團與浪潮公司同意，本集團提供予浪潮集團的資訊科技服務的最高每年上限（「資訊科技服務」）於二零零六年十月九日（獨立股東批准之日期）至二零零六年十二月三十一日期間，以及於截至二零零七年及二零零八年十二月三十一日止各財政年度將分別不超過2,000,000港元、4,000,000港元及6,000,000港元。本集團所提供的資訊科技服務之服務費，將參考當時的資訊科技服務之市場價格而適時釐訂。

上述持續關連交易之詳情均於通函內披露。

截至二零零七年十二月三十一日年度，資訊科技服務金額為3,912,000港元。

獨立非執行董事已審閱截至二零零七年十二月三十一日止年度的上述關連交易，並確認所協訂的資訊科技服務乃(i)在本集團日常一般業務中進行；(ii)按不遜於本集團給予獨立第三者（並非創業板上市規則所指之本集團關連人士）條款進行；及(iii)根據規管資訊科技服務的有關協議進行，而該等條款屬公平合理且對本集團股東整體有利。

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6. On 29 August 2006, the Company entered into a master purchase agreement (the "Master Purchase Agreement") with Inspur Corporation pursuant to which the Group will purchase the computer hardware and software products from Inspur Group for a period until 31 December 2008. The Group and Inspur Corporation agreed that the maximum annual caps of the purchase of the computer hardware and software products by the Group from the Inspur Group pursuant to the Master Purchase Agreement ("the Purchases") will not exceed HK\$40 million, HK\$60 million and HK\$100 million for the period from 9 October 2006 (date of Independent Shareholders' approval) to 31 December 2006 and each of the financial year ended 31 December 2007 and 2008 respectively. The price per unit of the computer hardware and software products purchased from the Inspur Group will be set with reference to the then prevailing market rates of such computer hardware and software products at the relevant time.

Further details of such continuing connected transaction were disclosed in the Circular.

The Purchases for the year ended 31 December 2007 amounted to HK\$58,887,000.

The independent non-executive directors have reviewed the above connected transactions for the year ended 31 December 2007 and confirmed that the Purchases were (i) in the ordinary course and usual course of the Group's business; (ii) on terms no less favourable to the Group than terms available from independent third parties who are not connected persons of the Group as defined in the GEM Listing Rules; and (iii) in accordance with the relevant agreement governing the Purchases on terms that are fair and reasonable and in the interests of the shareholder's of the Group as a whole.

7. On 29 August 2006, the Company entered into a selling agency agreement (the "Selling Agency Agreement") with Inspur Corporation pursuant to which the Group appoints the Inspur Group to act as selling agent in the sale of the products and the services of the Group. In return, the Inspur Group will receive a commission of 1% of the total sales value of the products and the services. The expected maximum amounts

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6. 於二零零六年八月二十九日，本公司與浪潮公司訂立採購總協議（「採購總協議」），據此，本集團將向浪潮集團購買電腦硬件及軟件產品，為期至二零零八年十二月三十一日。本集團與浪潮公司同意，於二零零六年十月九日（獨立股東批准之日期）起至二零零六年十二月三十一日止期間以及截至二零零七年及二零零八年十二月三十一日止各財政年度，本集團根據採購總協議向浪潮集團購買電腦硬件及軟件產品（「採購」）之最高年度上限，將分別不超過40,000,000港元、60,000,000港元及100,000,000港元。向浪潮集團購買電腦硬件及軟件產品之每個單位價格將參考於有關時間該等電腦硬件及軟件產品之當時現行市場價格釐定。

上述持續關連交易之其他詳情於通函內披露。

截至二零零七年十二月三十一日止年度，採購金額為58,887,000港元。

獨立非執行董事已審閱上述於截至二零零七年十二月三十一日止年度之關連交易，並確認採購乃(i)在本集團日常一般業務中進行；(ii)按不遜於本集團獲獨立第三者（並非創業板上市規則所指之本集團關連人士）提供之條款進行；及(iii)按照規管採購之相關協議進行，而該等條款為公平合理且符合本集團股東之整體利益。

7. 於二零零六年八月二十九日，本公司與浪潮公司訂立銷售代理協議（「銷售代理協議」），據此，本集團委任浪潮集團擔任銷售及服務本集團產品之銷售代理。就此，浪潮集團將收取產品銷售及服務總值之1%佣金作為回報。於二零零六年十月九日（獨立股東批准之日期）起至二零零六年十二月三十一日止期間以及截至二零零七

Directors' Report

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of commission to be paid by the Group to the Inspur Group pursuant to the Selling Agency Agreement will not exceed HK\$300,000, HK\$600,000 and HK\$900,000 for the period from 9 October 2006 (date of Independent Shareholders' approval) to 31 December 2006 and each of the financial year ended 31 December 2007 and 2008.

Further details of such continuing connected transaction were disclosed in the Circular.

The commission paid to the Inspur Group for the year ended 31 December 2007 amounted to HK\$100,000.

- On 9 November 2007, Inspur Communication Information System Limited ("Inspur Communication") (浪潮通信信息系統有限公司), a wholly owned subsidiary of the Company, entered into a subcontracting agreement (the "Subcontracting Agreement") with Inspur Corporation pursuant to which the Inspur Group will subcontract its software development and maintenance business to Inspur Communication ("the Sale Transaction"). The contractual amount of the business subcontracted to Inspur Communication will be based on the amount of contract bid by the Inspur Group under the tender out of which Inspur Communication shall pay a commission of 0.5% of the total contract sum. The Group and Inspur Corporation agreed that the maximum annual caps of the Sale Transaction for each of the three years ending 31 December 2010 will not exceed RMB15 million, RMB15 million and RMB15 million (equivalent to approximately HK\$15.3 million, HK\$15.3 million and HK\$15.3 million) respectively.

Further details of such continuing connected transaction were disclosed in the Company's circular dated 27 November 2007.

There was no commission paid to the Inspur Group for the year ended 31 December 2007.

年及二零零八年十二月三十一日止各財政年度，本集團根據銷售代理協議將支付浪潮集團之預期最高佣金金額，將分別不超過300,000港元、600,000港元及900,000港元。

上述持續關連交易之其他詳情於通函內披露。

截至二零零七年十二月三十一日止年度，已付浪潮集團之佣金金額為100,000港元。

- 於二零零七年十一月九日，本公司全資附屬公司浪潮通信信息系統有限公司（「浪潮通信」）與浪潮公司訂立分包協議（「分包協議」），據此，浪潮集團分包其軟件發展及保養業務予浪潮通信（「銷售交易」）。分包予浪潮通信的業務合約金額乃根據山東浪潮的投標金額計算，據此，浪潮通信須就每項分包合約向山東浪潮支付合約總值之0.5%作為佣金。本集團及浪潮公司同意，截至二零一零年十二月三十一日止三個年度之各年，銷售交易之年度金額上限分別不超過人民幣15,000,000元、人民幣15,000,000元及人民幣15,000,000元（分別約等於15,300,000港元、15,300,000港元及15,300,000港元）。

上述持續關連交易之其他詳情於本公司日期為二零零七年十一月二十七日之通函內披露。

截至二零零七年十二月三十一日止年度概無向浪潮集團支付佣金。

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9. On 14 December 2007, Inspur (Shandong) Electronic Information Company Limited (浪潮(山東)電子信息有限公司), a subsidiary of the Company acquired a 51% equity interest in Inspur Communication from Shandong Inspur Electronic Information Technology Company Limited (山東浪潮電子信息科技有限公 司), a subsidiary of Inspur Corporation, at a consideration of RMB44,880,000 (equivalent to approximately HK\$47,749,000. Further details regarding the acquisition were disclosed in the Company's circular dated 27 November 2007.

The independent non-executive directors have received the transactions and confirmed that the terms of the transactions are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Pursuant to Rule 20.38 of the GEM Listing Rules, the board of directors (the "Board") engaged the auditor of the Company to perform certain agreed upon procedures in respect of the continuing connected transactions of the Group. The auditor has reported its factual findings on these procedures to the Board.

DISTRIBUTABLE RESERVES OF THE COMPANY

As at 31 December 2007, the Company's reserves available for distribution are set out as below:

Special reserve	特殊儲備
Share premium	股份溢價
Preferred shares equity reserve	優先股股本儲備
Accumulated losses	累計虧損

董事會報告

9. 於二零零七年十二月十四日，本公司之附屬公司一浪潮(山東)電子信息有限公司以代價人民幣44,880,000元(約等於47,749,000港元)向浪潮公司之附屬公司一山東浪潮電子信息科技有 限公司收購浪潮通信51%之股權。收購之其他詳情於本公司日期為二零零七年十一月二十七 日之通函內披露。

獨立非執行董事已審閱該等交易並確認交易之條款為公平合理且符合本公司股東之整體利益。

根據創業板上市規則第20.38條，董事會(「董事會」)委聘本公司核數師就本集團之持續關連交易執行若干協定程序。核數師已向董事會匯報其實質調查結果。

本公司可分派儲備

於二零零七年十二月三十一日，本公司可供分派儲備計算如下：

	2007	2006
	二零零七年	二零零六年
	HK\$'000	HK\$'000
	千港元	千港元
	571	571
	125,741	73,531
	17,438	17,438
	(10,224)	(135)
	<u>133,526</u>	<u>91,405</u>

Directors' Report

Under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, the share premium of the Company may be distributed subject to the provision of the Company's Memorandum and Articles of Association and provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business. This share premium account may also be distributed in the form of fully paid bonus shares.

DIRECTORS

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

Executive directors:

Mr. Sun Pishu
Mr. Zhang Lei
Mr. Wang Miao
Mr. Leung Chi Ho

Non-executive directors:

Mr. Wang Hung, Alex
Mr. Xin Wei Hua
Mr. William James Fass
Mr. Marc Evan Brown
(resigned on 8 December 2007)

Independent non-executive directors:

Mr. Meng Xiang Xu
Mr. Liu Ping Yuan
Mr. Wong Lit Chor, Alexis

In accordance with the Company's Articles of Association, Messrs. Leung Chi Ho, Liu Ping Yuen, Wang Miao and Xin Wei Hua will retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

DIRECTORS' SERVICE CONTRACTS

None of the directors has a service contract with the Company which is not determinable by the Group within one year without payment of a compensation, other than the statutory compensation.

董事會報告

根據開曼群島法例第22章公司法（經綜合及修訂的一九六一年法例3），本公司股份溢價可按本公司之組織章程大綱及細則分派。如緊隨建議分派股息日期後，本公司可在日常業務過程中，在債務到期之時予以清償之情況下，股份溢價可用以向本公司股東作出分派。股份溢價賬亦可以繳足紅股方式派付。

董事

本年內及截至本報告日期為止，本公司在任的董事如下：

執行董事：

孫丕恕先生
張磊先生
王渺先生
梁智豪先生

非執行董事：

王衡先生
辛衛華先生
William James Fass 先生
Marc Evan Brown 先生
(於二零零七年十二月八日辭任)

獨立非執行董事：

孟祥旭先生
劉平源先生
黃烈初先生

根據公司組織章程，梁智豪先生、劉平源先生、王渺先生及辛衛華先生將於應屆股東週年大會上告退，惟願意膺選連任。

董事服務合約

概無與本公司訂立於一年內不作補償（法定補償除外）而可予以終止之服務合約。

Directors' Report

董事會報告

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contract of significance to which the Company, any of its holding companies, fellow subsidiaries or 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.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES OF THE COMPANY

As at 31 December 2007, the interests and short positions of the directors and the chief executive and their associates in the shares and underlying shares of the Company or any of its associated corporations, as recorded in the register required to be kept by the Company pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO"), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Rules 5.46 to 5.68 of the GEM Listing Rules were as follows:

(a) Long positions in the shares of the Company

Name of director 董事姓名	Capacity 身份
Wang Miao 王渺	Beneficial owner 實益擁有人
Wang Hung, Alex 王衡	Beneficial owner 實益擁有人

董事於合約中之權益

本公司、其任何控股公司、同集團附屬公司或附屬公司於本年度結束時或本年度內任何時間並無就本集團之業務訂立與本公司董事直接及間接擁有重大權益的重大合約。

董事及最高行政人員於股份、相關股份之權益及淡倉

於二零零七年十二月三十一日，各董事及最高行政人員於本公司及其任何相聯法團（定義見證券及期貨條例第XV部）之股本、相關股份中擁有根據證券及期貨條例第352條須記錄於該條所指登記冊之權益及淡倉，或根據創業板上市規則第5.46條至5.68條有關董事進行證券交易的規定而知會本公司及聯交所，董事及監事及彼等各自聯繫人於本公司及其相關法團的股份或債券權益（如有）如下：

(a) 本公司股份的長倉

Number of issued ordinary shares held 持有普通股 之數目	Percentage of the issued share capital of the Company 佔本公司已發行股本 之百分比
--	---

75,000,000	2.56%
75,000,000	2.56%

(b) Long positions in the underlying shares of equity derivatives of the Company

(b) 本公司股本衍生工具的相關股份的長倉

Options in the Company
(Unlisted and physically settled equity derivatives)

本公司之購股權
(非上市及實物交收之股本衍生工具)

Name of director 董事姓名	Capacity 身份	Description of equity derivatives 股本衍生工具的詳情 (Note) (附註)	Number of underlying shares 相關股份的數目	Subscription price per share 每股認購價 HK\$ 港元
Sun Pishu 孫丕恕	Beneficial owner 實益擁有人	Share option 購股權	20,000,000	0.0648
Zhang Lei 張磊	Beneficial owner 實益擁有人	Share option 購股權	20,000,000	0.0648
Leung Chi Ho 梁智豪	Beneficial owner 實益擁有人	Share option 購股權	20,000,000	0.0648
Wang Miao 王渺	Beneficial owner 實益擁有人	Share option 購股權	20,000,000	0.0648
Wang Hung, Alex 王衡	Beneficial owner 實益擁有人	Share option 購股權	20,000,000	0.0648
Xin Wei Hua 辛衛華	Beneficial owner 實益擁有人	Share option 購股權	20,000,000	0.0648

Note: The share options were granted under the Pre-IPO Share Option Scheme as disclosed in the Prospectus. These options will expire ten years from the date of grant.

附註：購股權是根據刊於招股章程之首次公開招股前購股權計劃授出。該等購股權由授出日期起計十年後到期。

Save as disclosed above, as at 31 December 2007, none of the directors or the chief executive nor their associates had any interests or short positions in any shares or underlying shares of equity derivatives of the Company or any of its associated corporations.

除上述披露外，於二零零七年十二月三十一日，概無董事或最高行政人員或彼等之聯繫人士於本公司股份或股本衍生工具相關股份持有任何權益或淡倉。

Directors' Report

董事會報告

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2007, the following persons or companies (other than the directors or chief executive of the Company) had an interest or short position in the shares or underlying shares of the Company as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO, and were directly or indirectly, interest in 5% or more of the nominal value of any class of share capital carrying rights to vote on all circumstances as general meeting of any other members of the Group were as follows:

(a) Long positions in shares of the Company

Name of shareholder 股東姓名	Capacity 身份
Inspur Corporation 浪潮公司	Corporate (Note) 公司 (附註)
Inspur Electronics (HK) Limited 浪潮電子(香港)有限公司	Beneficial owner 實益持有人

Note: Inspur Corporation is taken to be interested in 1,350,000,000 shares due to its 100% shareholdings in the issued share capital of Inspur Electronics (HK) Limited.

(b) Long positions in series A senior redeemable convertible voting preferred shares of the Company

Name of shareholder 股東姓名	Capacity 身份
Microsoft Corporation 微軟公司	Beneficial owner 實益擁有人

主要股東權益及其他人士於股份及相關股份之權益及淡倉

於二零零七年十二月三十一日，按本公司根據證券及期貨條例第336條備存之權益登記冊所記錄，下列人士或公司（本公司董事或最高行政人員除外）於本公司股份及相關股份擁有權益或淡倉，或直接或間接擁有任何附帶權利可於任何情況下在本集團任何成員公司股東大會投票之類別股本面值5%或以上權益：

(a) 本公司股份的長倉

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 佔本公司已發行股本之百分比
---	--

1,350,000,000	46.07%
1,350,000,000	46.07%

附註：由於浪潮集團有限公司擁有浪潮電子(香港)有限公司已發行股本的100%股權，故此，浪潮集團有限公司被視為於1,350,000,000股股份中擁有權益。

(b) 本公司系列甲高級可贖回可換股附帶投票權優先股的好倉

Number of securities 證券數目	Approximate percentage of interests 概約權益百分比
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234,279,559	100%
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Directors' Report

As at 31 December 2007, no persons have any other relevant interests or short positions in shares or underlying shares of equity derivatives of the Company.

MANAGEMENT CONTRACTS

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

SHARE OPTIONS

Details of the Company's share option schemes are set out in note 26 to the consolidated financial statements.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than the option holdings disclosed above, at no time during the year was the Company, its holding company, or any of its subsidiaries or fellow 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.

AUDIT COMMITTEE

The Company established an audit committee on 8 April 2004 with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control systems of the Group. The audit committee comprises three independent non-executive directors, Messrs. Meng Xiang Xu, Liu Ping Yuan and Wong Lit Chor, Alexis. Mr. Wong Lit Chor, Alexis is the chairman of the audit committee.

Up to the date of approval of these consolidated financial statements, the audit committee has held four meetings and has reviewed the Company's draft annual, interim and quarterly financial reports and consolidated financial statements prior to recommending such reports and consolidated financial statements to the Board for approval.

董事會報告

於二零零七年十二月三十一日，並無人士於本公司股份或股本衍生工具相關股份中擁有任何其他相關權益或淡倉。

管理合約

本年度內，並無訂立有關本公司業務之全部或任何重要部分之管理及行政之合約。

購股權計劃

本公司購股權計劃的詳情載於綜合財務報表附註26。

購買股份或債券之安排

除上述所披露有關股權持有外，於本年度期間任何時間，本公司、其控股公司、或任何其附屬公司或同集團附屬公司概無參與任何安排，致令本公司董事可藉購入本公司或任何其他法人團體之股份或債券而獲益。

審核委員會

於二零零四年四月八日，本公司已依照創業板上市規則第5.28及5.33條之書面職責範圍成立審核委員會。該審核委員會主要負責審閱及監督本集團之財務申報程式及內部監控制度。此委員會由三名非執行董事孟祥旭先生、劉平源先生及黃烈初先生組成。黃烈初先生為審核委員會之主席。

直至批准該等綜合財務報表之日為止，審核委員會已舉行四次會議，並已於有關全年、中期及季度財務報告及綜合財務報表草稿提交董事會批准前審閱有關報告及綜合財務報表。

Directors' Report

The Group's audited results for the year ended 31 December 2007 have been reviewed by the audit committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

CORPORATE GOVERNANCE

The Company applied the principles and complied with all the code provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 15 of the GEM Listing Rules throughout the year ended 31 December 2007, save for the code provisions on internal controls to be implemented for the coming financial year which are set out in the Corporate Governance Report of the Company.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company confirmed that annual confirmations of independence were received from each of the Company's independent non-executive directors pursuant to Rules 5.09 of the GEM Listing Rules and all independent non-executive directors are considered to be independent.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the financial year ended 31 December 2007, the Company had adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company also had made specific enquiry of all directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by the directors.

董事會報告

審核委員會已審閱本集團截至二零零七年十二月三十一日止年度之經審核業績，彼等認為該等業績乃按照適用之會計準則及規定編製，並已作出足夠披露。

企業管治

除即將於下一個財政年度實施於之內部監控守則條文（載於本公司企業管治報告）外，本公司於截至二零零七年十二月三十一日止年度已應用及遵守列載於創業板上市規則附錄十五企業管治常規守則（「守則」）內的原則及所有守則條文。

獨立非執行董事之獨立性

本公司確認，已根據創業板上市規則第5.09條向本公司各獨立非執行董事收取獨立地位確認書，而全體獨立非執行董事均被認為屬獨立。

董事進行證券交易之標準守則

截至二零零七年十二月三十一日止年度，本公司經已採納不遜於創業板上市規則第5.48條至5.67條之規定準則作為董事進行證券交易之操守守則。本公司經向所有董事明確查詢後，並不知悉任何董事並不遵守交易規定標準及董事進行證券交易之操守守則。

Directors' Report

董事會報告



EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the Remuneration Committee on the basis of their merit, qualifications and competence.

The emoluments of the directors of the Company are decided 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 26 to the consolidated financial statements.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from 24 April 2008 to 28 April 2008, both days inclusive, during which period no transfer of shares will be effected. All transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch registrar, Computershare Hong Kong Investor Services Limited, Rooms 1712-1716, 17th Floor, Hoepwell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 23 April 2008.

POST BALANCE SHEET EVENTS

Details of significant events occurring after the balance sheet date are set out in note 35 to the consolidated financial statements.

AUDITOR

A resolution will be submitted to the annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as the auditor of the Company. There has been no change in the auditor of the Company since its incorporation on 29 January 2003.

On behalf of the Board

SUN PISHU
CHAIRMAN

Hong Kong, 10 March 2008

薪酬政策

本集團僱員之薪酬政策乃由薪酬委員會根據彼等之績效、資格和能力制訂。

本公司董事之酬金乃由薪酬委員會經考慮本公司之經營業績、個人表現及可比較市場統計數字後釐訂。

本公司已採納購股權計劃，作為對董事及合資格僱員之獎勵。有關計劃之詳情載於綜合財務報表附註26。

暫停辦理股份過戶登記

本公司將由二零零八年四月二十四日至二零零八年四月二十八日（包括首尾兩天）暫停辦理股份過戶登記手續。所有過戶文件連同有關之股票最遲必須於二零零八年四月二十三日下午四時三十分前送交本公司在香港之股份過戶登記分處香港中央證券登記有限公司，地址為香港皇后大道東183號合和中心17樓1712-1716室。

結算日後事項

有關結算日後之重大事項詳情載於綜合財務報表附註35。

核數師

股東週年大會上將提呈決議案以續聘德勤•關黃陳方會計師行為本公司的核數師。自二零零三年一月二十九日本公司成立日起，並沒有更換核數師。

承董事會命

主席
孫丕恕

香港，二零零八年三月十日

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告



TO THE SHAREHOLDERS OF INSPUR INTERNATIONAL LIMITED

(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Inspur International Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 44 to 120, which comprise the consolidated balance sheet as at 31 December 2007, and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the consolidated 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 the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these 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 consolidated financial statements are free from material misstatement.

致浪潮國際有限公司股東

(於開曼群島註冊成立之有限公司)

本核數師（以下簡稱「我們」）已審核列載於第44頁至120頁浪潮國際有限公司（「貴公司」）及其附屬公司（統稱「貴集團」）的綜合財務報表，此綜合財務報表包括於二零零七年十二月三十一日之綜合資產負債表與截至該日止年度的綜合收益表、綜合權益變動報表和綜合現金流量報表，以及主要會計政策概要及其他附註解釋。

董事就綜合財務報表須承擔的責任

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

核數師的責任

我們的責任是根據我們的審核工作的結果，對該等綜合財務報表作出獨立意見，僅向整體股東報告。除此以外，我們的報告書不可用作其他用途。我們概不就本報告書的內容，對任何其他人士負責或承擔法律責任。我們已根據香港會計師公會頒佈的香港審計準則進行審核。這些準則要求我們遵守道德規範，並規劃及執行審核，以合理確定此等綜合財務報表是否不存有任何重大錯誤陳述。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the consolidated 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 consolidated financial statements.

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

Opinion

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

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong
10 March 2008

審核涉及執行情序以獲取有關綜合財務報表所載金額及披露資料的審核憑證。所選定的程序取決於核數師的判斷，包括評估由於欺詐或錯誤而導致綜合財務報表存有重大錯誤陳述的風險。在評估該等風險時，核數師考慮與該公司編製及真實而公平地列報綜合財務報表相關的內部監控，以設計適當的審核程序，但並非為對公司的內部監控的效能發表意見。審核亦包括評價董事所採用的會計政策的合適性及所作出的會計估計的合理性，以及評價綜合財務報表的整體列報方式。

我們相信，我們所獲得的審核憑證是充足和適當地為我們的審核意見提供基礎。

意見

我們認為，該等綜合財務報表已根據香港財務報告準則真實而公平地反映 貴集團於二零零七年十二月三十一日的事務狀況及截至該日止年度的溢利及現金流量，並已按照香港公司條例的披露規定適當地編製。

德勤•關黃陳方會計師行

執業會計師

香港，二零零八年三月十日

Consolidated Income Statement

綜合收益表

For The Year Ended 31 December 2007

截至二零零七年十二月三十一日止年度

		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
Revenue	收益	7	922,174	870,619
Cost of sales	銷售成本		(829,508)	(820,704)
Gross profit	毛利		92,666	49,915
Other income	其他收入	9	3,657	3,975
Administrative expenses	行政費用		(39,670)	(16,634)
Other operating expenses	其他營運費用		(7,611)	–
Interest expenses	利息支出		(14,305)	(11,984)
Share of profits of associates	應佔聯營公司純利		8,111	2,645
Profit before taxation	除稅前純利		42,848	27,917
Taxation	稅項	10	(2,558)	(2,770)
Profit for the year	年內純利	11	40,290	25,147
Attributable to:	應佔：			
Equity holders of the parent	母公司股權持有人		38,801	25,160
Minority interests	少數股東權益		1,489	(13)
			40,290	25,147
Dividend	股息	14	7,715	15,333
Earnings per share	每股盈利	15		
Basic	基本		HK1.48 cents 1.48港仙	HK0.99 cents 0.99港仙
Diluted	攤薄		HK1.32 cents 1.32港仙	HK0.99 cents 0.99港仙

Consolidated Balance Sheet

綜合資產負債表

At 31 December 2007

於二零零七年十二月三十一日

		NOTE 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	16	3,777	1,762
Goodwill	商譽	17	30,542	–
Other intangible assets	其他無形資產	19	12,288	–
Interests in associates	聯營公司權益	20	71,148	58,512
			117,755	60,274
Current assets	流動資產			
Inventories	存貨	21	56,341	45,297
Trade receivables	貿易應收賬款	22	59,408	13,787
Prepayments, deposits and other receivables	預付款項、按金及其他應收賬款	22	13,689	8,299
Amounts due from customers for contract work	應收客戶合約工程款額	23	6,136	–
Amount due from an associate	應收一間聯營公司款額	22	–	58
Amounts due from fellow subsidiaries	應收同集團附屬公司款額	22	37,625	15,523
Amount due from ultimate holding company	應收最終控股公司款額	22	285,171	141,053
Taxation recoverable	可收回稅項		293	897
Bank balances and cash	銀行結餘及現金	22	167,236	148,158
			625,899	373,072
Current liabilities	流動負債			
Trade and bills payables	貿易應付賬款及應付票據	24	122,342	61,264
Other payables and accrued expenses	其他應付賬款及應計開支	24	81,273	20,825
Amounts due to customers for contract work	應付客戶合約工程款額	23	2,101	–
Amounts due to fellow subsidiaries	應付同集團附屬公司款額	24	65,304	7,099
Amount due to immediate holding company	應付直接控股公司款額	24	–	39
Amount due to ultimate holding company	應付最終控股公司款額	24	3,646	–
Taxation payable	應繳稅項		480	–
			275,146	89,227
Net current assets	流動資產淨額		350,753	283,845
Total assets less current liabilities	總資產減流動負債		468,508	344,119
Non-current liabilities	非流動負債			
Redeemable convertible preferred shares	可贖回可換股優先股	27	181,840	179,274
Deferred tax liabilities	遞延稅項負債	28	3,072	–
			184,912	179,274
			283,596	164,845

Consolidated Balance Sheet

綜合資產負債表

At 31 December 2007

於二零零七年十二月三十一日

		NOTE 附註	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Capital and reserves	資本及儲備			
Share capital	股本	25	5,861	5,143
Reserves	儲備		268,793	152,984
Equity attributable to equity holders of the parent	母公司股權持有人 應佔股權		274,654	158,127
Minority interests	少數股東權益		8,942	6,718
Total equity	權益總額		283,596	164,845

The consolidated financial statements on pages 44 to 120 were approved and authorised for issue by the Board of Directors on 10 March 2008 and are signed on its behalf by:

載於第44頁至第120頁的綜合財務報表經由董事會於二零零八年三月十日批准及授權刊行，並由下列董事代表董事會簽署：

DIRECTOR
董事

DIRECTOR
董事

Consolidated Statement Of Changes In Equity

綜合權益變動報表

For The Year Ended 31 December 2007

截至二零零七年十二月三十一日止年度

		Attributable to equity holders of the parent 母公司股權持有人應佔								
		Share capital	Share premium	Special reserve	Preferred shares equity reserve	Share option reserve	Translation reserve	Retained profits	Minority interests	Total
		股本	股份溢價	特殊儲備	優先股股本儲備	購股權儲備	匯兌儲備	留存盈餘	少數股東權益	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
At 1 January 2006	於二零零六年一月一日	4,911	66,862	92	6,387	-	(221)	43,674	-	121,705
Exchange differences arising on translation of operations outside Hong Kong recognised directly in equity	直接於股本中確認香港以外營運所產生之匯兌差異	-	-	-	-	-	8,643	-	-	8,643
Profit for the year	年內純利	-	-	-	-	-	-	25,160	(13)	25,147
Total recognised income (expense) for the year	年內已確認之收入(支出)	-	-	-	-	-	8,643	25,160	(13)	33,790
Minority interest in a subsidiary acquired	所收購附屬公司之少數股東權益	-	-	-	-	-	-	-	6,731	6,731
Exercise of share options	行使購股權	232	6,669	-	-	-	-	-	-	6,901
Equity component of the redeemable convertible preferred shares	可贖回可換股優先股之股權部份	-	-	-	11,051	-	-	-	-	11,051
Dividend paid	已派股息	-	-	-	-	-	-	(15,333)	-	(15,333)
		232	6,669	-	11,051	-	-	(15,333)	6,731	9,350
At 31 December 2006	於二零零六年十二月三十一日	5,143	73,531	92	17,438	-	8,422	53,501	6,718	164,845
Exchange differences arising on translation of operations outside Hong Kong recognised directly in equity	直接於股本中確認香港以外營運所產生之匯兌差異	-	-	-	-	-	21,576	-	735	22,311
Profit for the year	年內純利	-	-	-	-	-	-	38,801	1,489	40,290
Total recognised income for the year	年內已確認之收入	-	-	-	-	-	21,576	38,801	2,224	62,601
Exercise of share options	行使購股權	218	5,886	-	-	-	-	-	-	6,104
Issuance of new shares	發行新股份	500	46,500	-	-	-	-	-	-	47,000
Transaction costs attributable to issue of shares	發行股份應佔交易成本	-	(176)	-	-	-	-	-	-	(176)
Recognition of equity-settled share-based payments	確認按股權結算以股份支付之款額	-	-	-	-	10,937	-	-	-	10,937
Dividend paid	已派股息	-	-	-	-	-	-	(7,715)	-	(7,715)
		718	52,210	-	-	10,937	-	(7,715)	-	56,150
At 31 December 2007	於二零零七年十二月三十一日	5,861	125,741	92	17,438	10,937	29,998	84,587	8,942	283,596

The special reserve of the Group represents the difference between the nominal value of the shares of the subsidiaries and the nominal amount of the Company's shares issued for the acquisition at the time of the reorganisation prior to the listing of the Company's shares.

本集團的特殊儲備指附屬公司股份面值與本公司股份上市前集團重組時就收購而已發行的本公司股份的面值兩者之間的差額。

Consolidated Cash Flow Statement

綜合現金流量報表

For The Year Ended 31 December 2007

截至二零零七年十二月三十一日止年度

	NOTE 附註	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
OPERATING ACTIVITIES			
Profit before taxation	經營業務 除稅前純利	42,848	27,917
Adjustments for:	按下列各項調整：		
Share of profits of associates	應佔聯營公司純利	(8,111)	(2,645)
Interest income	利息收入	(2,358)	(2,718)
Interest expense	利息支出	14,305	11,984
Amortisation of other intangible assets	其他無形資產攤銷	479	–
Depreciation of property, plant and equipment	物業、廠房及設備折舊	934	589
Gain on disposal of an associate	出售一間聯營公司之利潤	–	(384)
Net loss on disposal of property, plant and equipment	出售物業、廠房及設備之淨虧損	21	2
Allowance for bad and doubtful debts	呆壞賬撥備	7,132	–
Expense recognised in profit or loss in respect of equity-settled share-based payments	有關股權支付以股份為基準之付款於損益表確認之支出	10,937	–
Write-down of inventories	存貨撇減	1,258	1,621
Operating cash flows before movements in working capital	營運資金變動前經營現金流量	67,445	36,366
(Increase) decrease in inventories	存貨(增加)減少	(11,600)	41,208
Increase in trade receivables	貿易應收賬款增加	(11,903)	(10,821)
Decrease (increase) in prepayments, deposits and other receivables	預付款項、按金及其他應收賬款減少(增加)	693	(8,264)
Decrease in amounts due from customers for contract work	應收客戶合約工程款額減少	1,577	–
Decrease (increase) in amount due from an associate	應收一間聯營公司款項減少(增加)	58	(58)
Increase in amounts due from fellow subsidiaries	應收同集團附屬公司款項增加	(11,696)	(5,323)
Increase in amount due from ultimate holding company	應收最終控股公司款項增加	(134,995)	(141,051)
Increase (decrease) in trade and bill payables	貿易應付賬款及應付票據增加(減少)	44,453	(3,030)
Increase in other payables and accrued expenses	其他應付賬款及應計開支增加	70,420	5,505
Decrease in amounts due to customers for contract work	應付客戶合約工程款額減少	(2,981)	–
Increase in amounts due to fellow subsidiaries	應付同集團附屬公司款額增加	12,005	6,183
(Decrease) increase in amount due to immediate holding company	應付直接控股公司款項(減少)增加	(39)	39
Increase in amount due to ultimate holding company	應付最終控股公司款項增加	352	–

Consolidated Cash Flow Statement

綜合現金流量報表

For The Year Ended 31 December 2007

截至二零零七年十二月三十一日止年度

		NOTE	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
		附註		
Cash generated from (used in) operations	源自(動用)營運產生現金		23,789	(79,246)
Income taxes paid	已付所得稅		(1,806)	(5,240)
Bank interest paid	已付銀行利息		(18)	–
NET CASH FROM (USED IN) OPERATING ACTIVITIES	源自(動用)營運業務產生的現金淨額		21,965	(84,486)
INVESTING ACTIVITIES	投資業務			
Acquisition of subsidiaries	收購附屬公司	29	(67,512)	6,731
Purchase of property, plant and equipment	購買物業、廠房及設備		(1,656)	(2,231)
Interest received	已收利息		2,358	2,718
Proceeds from disposal of property, plant and equipment	出售物業、廠房及設備之所得款項		26	515
Acquisition of an associate	收購一間聯營公司		–	(39,988)
Proceeds from disposal of an associate	出售一間聯營公司之所得款項		–	6,931
NET CASH USED IN INVESTING ACTIVITIES	動用投資業務的現金淨額		(66,784)	(25,324)
FINANCING ACTIVITIES	融資業務			
Proceeds from placement of shares	配售股份所得款項		47,000	–
Advance from a fellow subsidiary	來自一間同集團附屬公司之墊款		31,787	–
Proceeds from exercise of share options	行使購股權所得款項		6,104	6,901
Interest paid to redeemable convertible preferred shares holder	向可贖回可換股優先股持有人支付利息		(21,692)	–
Dividend paid to ordinary shareholders	派發予普通股持有人的股息		(7,715)	(15,333)
Share issue expenses	發行股份費用		(176)	–
Proceeds from issuance of redeemable convertible preferred shares	發行可贖回可換股優先股的所得款項		–	93,210
NET CASH FROM FINANCING ACTIVITIES	源自融資業務的現金淨額		55,308	84,778
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	現金及現金等值物增加(減少)淨額		10,489	(25,032)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	年初現金及現金等值物		148,158	165,405
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	外匯匯率改變之影響		8,589	7,785
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	年終現金及現金等值物		167,236	148,158
Bank balances and cash	銀行結餘及現金			

Notes To The Consolidated Financial Statements

For The Year Ended 31 December 2007

1. GENERAL

The Company is a public listed company and the shares of the Company have been listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 29 April 2004. The Company was incorporated in the Cayman Islands on 29 January 2003 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. Its parent is Inspur Electronics (HK) Limited, a company incorporated in Hong Kong and its ultimate holding company is Inspur Group Limited ("Inspur Corporation"), a company established in the People's Republic of China ("PRC").

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 the Group are trading of computer components, manufacture and trading of computer products and development and sale of computer software and computer peripherals.

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 Hong Kong Accounting Standards ("HKAS"), amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the Group's financial year beginning 1 January 2007.

綜合財務報表附註

截至二零零七年十二月三十一日止年度

1. 一般資料

本公司為一家公眾上市公司，其股份於二零零四年四月二十九日在香港聯合交易所有限公司（「聯交所」）創業板（「創業板」）上市。本公司根據開曼群島法例一九六一年法例3（以經綜合及修訂者為準）第22章公司法於二零零三年一月二十九日在開曼群島註冊成立為獲豁免有限公司。其母公司為浪潮電子（香港）有限公司，為一間於香港註冊成立的公司，其最終控股公司為浪潮集團有限公司（「浪潮公司」），為一間於中華人民共和國（「中國」）成立的公司。

本綜合財務報表以港元列示，港元亦為本公司之功能貨幣。

本公司是一間投資控股公司。本集團主要業務為買賣電腦元件、製造及分銷電腦產品，以及開發及銷售電腦軟件及電腦週邊產品。

2. 採用新訂及經修訂的香港財務報告準則（「香港財務報告準則」）

於本年度，本集團首次採用多項由香港會計師公會（「香港會計師公會」）新頒佈之香港會計準則（「香港會計準則」）、修訂及詮釋（統稱為「新香港財務報告準則」），該等準則於本集團於二零零七年一月一日開始之財政年度開始生效。

Notes To The Consolidated Financial Statements

綜合財務報表附註

For The Year Ended 31 December 2007

截至二零零七年十二月三十一日止年度

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

HKAS 1 (Amendment)	Capital disclosures
HKFRS 7	Financial instruments: Disclosures
HK (IFRIC) – INT 7	Applying the restatement approach under HKAS 29 Financial Reporting in Hyperinflationary Economies
HK (IFRIC) – INT 8	Scope of HKFRS 2
HK (IFRIC) – INT 9	Reassessment of embedded derivatives
HK (IFRIC) – INT 10	Interim financial reporting and impairment

The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting years have been prepared and presented. Accordingly, no prior year adjustment has been required.

The Group has applied the disclosure requirements under HKAS 1 (Amendment) and HKFRS 7 respectively. Certain information presented in prior year under the requirements of HKAS 32 has been removed and the relevant comparative information based on the requirements of HKAS 1 (Amendment) and HKFRS 7 has been presented for the first time in the current year.

The Group has not early applied the following new and revised standards or interpretations that have been issued but are not yet effective.

2. 採用新訂及經修訂的香港財務報告準則(「香港財務報告準則」)(續)

香港會計準則 第1號(修訂)	資本披露
香港財務報告準則 第7號	金融工具：披露
香港(國際財務報告 詮釋委員會) — 詮釋第7號	根據香港會計準則第29號 「惡性通貨膨脹經濟 中的財務報告」 採用重列法
香港(國際財務報告 詮釋委員會) — 詮釋第8號	香港財務報告準則 第2號的範圍
香港(國際財務報告 詮釋委員會) — 詮釋第9號	重估嵌入式衍生工具
香港(國際財務報告 詮釋委員會) — 詮釋第10號	中期財務報告及 減值

採納新香港財務報告準則對現時及上個會計年度編製及呈列之業績及財務狀況並無重大影響。因此，並不需要作出前一年之調整。

本集團已分別採納香港會計準則第1號(修訂)及香港財務報告準則第7號之披露規定。若干根據香港會計準則第32號之規定於前一年呈列之資料已移除，而根據香港會計準則第1號(修訂)及香港財務報告準則第7號之規定，相關比較資料已於本年首次呈列。

本集團並無提前採納以下已頒佈但仍未生效之新訂及經修訂之準則或詮釋。

Notes To The Consolidated Financial Statements

For The Year Ended 31 December 2007

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

HKAS 1 (Revised) Presentation of financial statements¹

HKAS 23 (Revised) Borrowing Costs¹

HKFRS 8 Operating segments¹

HK(IFRIC) – INT 11 HKFRS 2: Group and treasury share transactions²

HK(IFRIC) – INT 12 Service concession arrangements³

HK(IFRIC) – INT 13 Customer loyalty programmes⁴

HK(IFRIC) – INT 14 HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction³

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

² Effective for annual periods beginning on or after 1 March 2007.

³ Effective for annual periods beginning on or after 1 January 2008.

⁴ Effective for annual periods beginning on or after 1 July 2008.

The directors of the Company anticipate that the application of these standards or interpretations will have no material impact on the results and the financial position of the Group.

綜合財務報表附註

截至二零零七年十二月三十一日止年度

2. 採用新訂及經修訂的香港財務報告準則(「香港財務報告準則」)(續)

香港會計準則 財務報表呈列方式¹
第1號(經修訂)

香港會計準則 借貸成本¹
第23號(經修訂)

香港財務報告 營運分類¹
準則第8號

香港(國際財務報告 香港財務報告準則第2號：
詮釋委員會) 集團及庫存
— 詮釋第11號 股份交易²

香港(國際財務報告 服務經營權安排³
詮釋委員會)
— 詮釋第12號

香港(國際財務報告 客戶忠誠度計劃⁴
詮釋委員會)
— 詮釋第13號

香港(國際財務報告 香港會計準則第19號—
詮釋委員會) 界定利益資產的限制、
— 詮釋第14號 最低資金要求和
兩者的互相關係³

¹ 於二零零九年一月一日或之後開始之年度期間生效。

² 於二零零七年三月一日或之後開始之年度期間生效。

³ 於二零零八年一月一日或之後開始之年度期間生效。

⁴ 於二零零八年七月一日或之後開始之年度期間生效。

本公司董事預期，應用該等準則或詮釋將不會為本集團之業績及財務狀況帶來重大影響。

Notes To The Consolidated Financial Statements

For The Year Ended 31 December 2007

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis and in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange and by the Hong Kong Companies Ordinance. The accounting policies adopted are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and 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.

綜合財務報表附註

截至二零零七年十二月三十一日止年度

3. 主要會計政策

綜合財務報表乃根據歷史成本基準及按照香港會計師公會發出之香港財務報告準則編製。此外，綜合財務報表載列聯交所創業板證券上市規則及香港公司條例規定之適用披露。採納之會計政策載列如下。

綜合賬目之基準

綜合財務報表包括本公司及其附屬公司之財務報表。當本公司有能力監督一間實體公司的財務及經營政策以便從其業務中取得利益，則具有控制權。

年內所收購或出售附屬公司之業績乃自收購生效日期起或截至出售生效日期止(倘適用)計入綜合收益表內。

如有需要，本集團會對附屬公司之財務報表作出調整，使其會計政策與本集團其他成員公司所採用者保持一致。

所有集團內公司間之交易、結餘、收入及開支已於綜合賬目時對銷。

合併附屬公司淨資產之少數股東權益與本集團權益分開呈列。淨資產值之少數股東權益包括於原訂業務合併日期之權益及自合併日期起少數股東應佔權益變動之數額。少數股東應佔虧損高於少數股東所佔附屬公司權益之差額將用作扣除本集團之權益，惟若少數股東有具約束性責任且可作出額外投資以彌補虧損者除外。

Notes To The Consolidated Financial Statements

For The Year Ended 31 December 2007

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations

The acquisition of business is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under HKFRS 3 "Business Combinations" are recognised at their fair values at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Goodwill

Goodwill arising on an acquisition of a business for which the agreement date is on or after 1 January 2005 represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the relevant business at the date of acquisition. Such goodwill is carried at cost less any accumulated impairment losses.

Capitalised goodwill arising on an acquisition of a business is presented separately in the consolidated balance sheet.

綜合財務報表附註

截至二零零七年十二月三十一日止年度

3. 主要會計政策 (續)

業務合併

收購業務時採用購買會計處理法入賬。收購成本按交換當日所給予之資產、所產生和承擔之負債，以及本集團為換取控制被收購公司而已發行之股本工具之公平值，另加業務合併直接應佔之任何成本計量。符合根據香港財務報告準則第3號「業務合併」確認條件之被收購公司可識別資產、負債及或然負債，均以收購日期之公平值確認。

因收購所產生之商譽乃確認為資產，並初步按成本計量，即業務合併之成本超出本集團所持已確認可識別資產、負債及或然負債公平淨值權益的數額。倘於重新評估後，本集團所持被收購公司之可識別資產、負債及或然負債公平淨值中之權益超出業務合併之成本，則超出部份會即時於損益內確認。

被收購公司之少數股東權益初步按少數股東於已確認資產、負債及或然負債之公平淨值比例計算。

商譽

收購協議日期於二零零五年一月一日或以後之一項業務產生之商譽是指收購該業務所支付之成本超出收購當日本集團應佔有關業務之可辨認資產、負債與或然負債之公平值之數額。該等商譽乃按成本值減任何累計減值虧損列賬。

收購一項業務所產生之資本化商譽於綜合資產負債表上分開呈列。

Notes To The Consolidated Financial Statements

綜合財務報表附註

For The Year Ended 31 December 2007

截至二零零七年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. 主要會計政策 (續)

Goodwill (Continued)

商譽 (續)

For the purposes of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the consolidated income statement. An impairment loss for goodwill is not reversed in subsequent periods.

就減值測試而言，收購所產生之商譽乃被分配到各有關賺取現金單位，或賺取現金單位之組別，預期彼等從收購之協同效應中受益。已獲配商譽之賺取現金單位每年及當單位有可能出現減值之跡象時進行減值測試。就於某個財政年度之收購所產生之商譽而言，已獲配商譽之賺取現金單位於該財政年度完結前進行減值測試。當賺取現金單位之可收回金額少於該單位之賬面值，則減值虧損被分配，以削減首先分配到該單位，及其後以單位各資產之賬面值為基準按比例分配到該單位之其他資產之任何商譽之賬面值。商譽之任何減值虧損乃直接於綜合收益表內確認。商譽之減值虧損於其後期間不予撥回。

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

於其後出售有關賺取現金單位時，被資本化之商譽之應佔金額於出售時計入釐定損益之金額。

Notes To The Consolidated Financial Statements

For The Year Ended 31 December 2007

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in associates

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 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.

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.

綜合財務報表附註

截至二零零七年十二月三十一日止年度

3. 主要會計政策 (續)

於聯營公司之投資

聯營公司為投資者對該公司具有重大影響力之實體，且不屬於附屬公司或於合營企業之權益。

聯營公司之業績及資產與負債乃以會計權益法納入於該等綜合財務報表之內。根據權益法，於聯營公司之投資乃按成本於綜合資產負債表中列賬，並就本集團分佔該聯營公司之淨資產之收購後變動作出調整，以及減去任何已識別之減值虧損。當本集團分佔某聯營公司之虧損相等於或超出其於該聯營公司之權益(包括實質上構成本集團於該聯營公司之投資淨額一部份之任何長期權益)，則本集團終止確認其分佔之進一步虧損。本集團就額外分佔之虧損作出撥備，而負債僅以本集團已產生法定或推定責任或代表該聯營公司作出付款者為限被確認。

凡任何收購成本超逾本集團於收購日期確認聯營公司之已識別資產、負債及或然負債所佔之公平值淨額，均確認為商譽。商譽乃計入投資之賬面值內，並評估減值作為投資之一部分。

倘集團實體與本集團一間聯營公司進行交易，本集團於有關聯營公司之權益之損益將予以撇銷。

Notes To The Consolidated Financial Statements

綜合財務報表附註

For The Year Ended 31 December 2007

截至二零零七年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. 主要會計政策 (續)

Revenue recognition

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

收入確認

收入乃按已收或應收代價之公平值計算，相當於日常業務過程中所售貨物及所提供服務經扣除折扣、退貨及折讓後之應收金額。

Revenue from sales of goods is recognised when goods are delivered and title has been passed.

產品銷售收入乃於產品付運及其所有權已轉移後予以確認。

Service income is recognised when services are provided.

服務收入乃於提供服務時予以確認。

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.

來自財務資產之利息收入乃按時間基準，並參照尚未償還本金額及按適用之實際利率應計，此乃透過財務資產之預期可用年期將估計日後現金收據實際折讓至該資產之賬面淨值之比率。

Property, plant and equipment

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

物業、廠房及設備

物業、廠房及設備按成本減其後累計折舊及累計減值虧損後列賬。

Depreciation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives and after taking into account their estimated residual value, using the straight line method.

物業、廠房及設備項目的折舊以直線法按其估計可使用年期撇銷其成本，並計及這些物業、廠房及設備的估計剩餘價值。

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.

物業、廠房及設備項目於出售時或當繼續使用該資產預期不會產生任何日後經濟利益時取消確認。資產取消確認產生之任何收益或虧損（按該項目之出售所得款項淨額與賬面值之間之差額計算）於該項目取消確認之年度計入綜合收益表。

Notes To The Consolidated Financial Statements

For The Year Ended 31 December 2007

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories

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

Software development contracts

Where the outcome of a software development contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs, except where this would not be representative of the stage of completion.

Where the outcome of a software development contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When a contract covers a number of assets, the construction of each asset is treated as a separate contract when separate proposals have been submitted for each asset, each asset has been separately negotiated and the costs and revenues of each asset can be separately identified. A group of contracts, performed concurrently or in a continuous sequence, is treated as a single construction contract when the contracts were negotiated as a single package and they are so closely inter-related that they constitute a single project with an overall profit margin.

綜合財務報表附註

截至二零零七年十二月三十一日止年度

3. 主要會計政策 (續)

存貨

存貨乃按成本及可變現淨值兩者之較低者列賬。成本乃採用先進先出法計算。

軟件開發合同

如果軟件開發合同的結果能夠可靠地估計，應根據合同業務在結算日的完成進度確認收入及成本。合同完成進度是根據累計實際發生的合同成本佔合同預計總成本的比例確定，惟倘若此計算方法未能反映完成進度則作別論。

如果軟件開發合同的結果不能夠可靠地估計，合同收入應按所產生而將有可能收回的合同成本確認。合同成本應在發生的期間確認為開支。

如果合同預計總成本將超過合同預計總收入，應將預計損失立即確認為開支。

如果一項合同包括多項資產，每項資產均有獨立的計劃和單獨的談判，而其收入和成本可單獨確認，則每項資產應分立為單項合同處理。一組同時或依次履行的合同，如果是按一籃子交易簽訂，且每項合同實際上已構成一項綜合利潤率工程的組成部分，則這一組合同應合併為單項合同處理。

Notes To The Consolidated Financial Statements

For The Year Ended 31 December 2007

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Software development contracts (Continued)

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract works. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as amounts due to customers for contract works. Amounts received before the related work is performed are included in the consolidated balance sheet as a liability, as advances received. Amounts billed for work performed but not yet paid by the customers are included in the consolidated balance sheet under trade receivables.

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 its 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 re-translated at the rates prevailing on the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the year in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations outside Hong Kong 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 year, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in translation reserve. Such exchange differences are recognised in profit or loss in the year in which the foreign operation is disposed of.

綜合財務報表附註

截至二零零七年十二月三十一日止年度

3. 主要會計政策 (續)

軟件開發合同 (續)

倘由開始生效至今所產生的合同成本加已確認溢利及減去已確認虧損後，超逾按進度開發賬單的數額，則盈餘會被視為應收合同工程客戶的款項。倘按進度開發賬單的數額超逾至今所產生的合同成本加已確認溢利減已確認虧損，則盈餘會被列為應付合同工程客戶的款項。有關工程進行前已收取的款項計入綜合資產負債表為負債，並入賬列為已收墊款。就已進行工程已開發賬單而客戶尚未支付的款項乃計入綜合資產負債表的貿易應收賬款項下。

外幣

於編製各個別集團實體之財務報表時，以該實體功能貨幣以外之貨幣(外幣)進行之交易均按交易日期之適用匯率換算為功能貨幣(如該實體經營所在主要經濟地區之貨幣)記賬。於各結算日，以外幣為定值之貨幣項目均按結算日之適用匯率重新換算。按外幣過往成本計量之非貨幣項目毋須重新換算。

於結算及換算貨幣項目時產生之匯兌差額均於彼等產生之年度內於損益賬中確認。

就呈列綜合財務報表而言，本集團於香港以外經營業務之資產及負債乃按於結算日之適用匯率換算為本公司之列賬貨幣(即港元)，而其他收入及支出乃按該年度之平均匯率進行換算，除非匯率於該期間內出現大幅波動則作別論，於此情況下，則採用於交易當日之適用匯率。所產生之匯兌差額(如有)乃確認於匯兌儲備。該等匯兌差額乃於海外業務被出售之年內於損益賬內確認。

Notes To The Consolidated Financial Statements

For The Year Ended 31 December 2007

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies (Continued)

Goodwill and fair value adjustments on identifiable assets acquired arising on the acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of the operation outside Hong Kong and translated at the rate of exchange prevailing at the balance sheet date. Exchange differences arising are recognised in the translation reserve.

Borrowing costs

All borrowing costs are recognised as and included in finance cost in the consolidated income statement in the year in which they are incurred.

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 and expense that are taxable or deductible in other years, and it further excludes items that are never taxable and 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 base 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 profit 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 tax profit nor the accounting profit.

綜合財務報表附註

截至二零零七年十二月三十一日止年度

3. 主要會計政策 (續)

外幣 (續)

於二零零五年一月一日或以後收購業務而產生之可識別資產之商譽及公平值調整乃視作該香港以外業務之資產與負債，並按結算日之現行匯率換算。所產生之匯兌差額於匯兌儲備確認。

借貸成本

所有借貸成本均於產生年內於綜合收益表中確認，並以融資費用列賬。

稅項

所得稅開支指目前應付稅項及遞延稅項的總和。

目前應付稅項根據本年度的應課稅溢利計算。應課稅溢利有別於綜合收益表內所呈報的利潤，原因是其不包括其他年度的應課稅或可扣稅收入及開支項目，其進一步不包括永不課稅及扣稅的收益表項目。本集團之即期稅項負債乃按結算日已實行或大致上已實行之稅率計算。

遞延稅項指就綜合財務報表資產及負債賬面值與計算應課稅溢利所用相應稅基間之差額而確認，並以資產負債表負債法處理。遞延稅項負債通常會就所有應課稅臨時差額確認，而遞延稅項資產則於可能出現應課稅溢利以抵銷可扣稅之臨時差額時確認。若於一項交易中，因商譽或因業務合併以外原因開始確認其他資產及負債而引致既不影響稅項溢利亦不影響會計溢利之臨時差額，則不會確認該等資產及負債。

Notes To The Consolidated Financial Statements

綜合財務報表附註

For The Year Ended 31 December 2007

截至二零零七年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. 主要會計政策 (續)

Taxation (Continued)

稅項 (續)

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, 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.

遞延稅項負債乃按因於附屬公司及聯營公司之投資而引致之應課稅臨時差額而確認，惟若本集團可控制撥回臨時差額及臨時差額有可能未必於可見將來撥回之情況除外。

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 profit will be available to allow all or part of the asset to be recovered.

遞延稅項資產之賬面值於每個結算日作檢討，並在不再可能有足夠應課稅溢利恢復全部或部分資產時作調減。

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset realised. Deferred tax is charged or credited in the consolidated 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.

遞延稅項乃按預期於負債償還或資產變現年度適用之稅率計算。遞延稅項於綜合收益表中扣除或計入綜合收益表，惟於遞延稅項直接在股本權益中扣除或計入股本權益之情況下，遞延稅項亦會於股本權益中處理。

Intangible assets

無形資產

Intangible assets acquired in a business combination

於業務合併中收購之無形資產

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date.

於業務合併中收購之無形資產倘符合無形資產之定義及彼等之公平值能夠可靠地計量，則與商譽分開確定及確認。有關無形資產之成本乃無形資產於收購日期之公平值。

Subsequent to initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight line basis over their estimated useful lives.

於初步確認後，具有有限可使用年期之無形資產乃按成本減累計攤銷及累計減值虧損列賬。具有有限可使用年期之無形資產按彼等之估計可使用年期以直線法予以攤銷。

Notes To The Consolidated Financial Statements

For The Year Ended 31 December 2007

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment losses on tangible and intangible assets other than goodwill (see the accounting policy in respect of goodwill 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.

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.

Financial instruments

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

綜合財務報表附註

截至二零零七年十二月三十一日止年度

3. 主要會計政策 (續)

有形及無形資產 (不包括商譽, 有關商譽之會計政策請參閱上文) 之減值虧損

於各結算日, 本集團均會審閱其有形及無形資產之賬面值, 以確認該等資產是否已出現減值虧損。倘本公司估計某項資產之可回收金額低於其賬面值, 則該項資產之賬面值須減低至其可回收金額。減值虧損將即時確認為開支。

倘某項減值虧損其後撥回, 則該項資產之賬面值須增至其可回收金額之經修訂估計數額, 惟增加後之賬面值不得超過以往年度若資產並無減值虧損確認而釐定之賬面值。減值虧損撥回將即時確認為收益。

金融工具

財務資產及財務負債乃當某集團實體成為工具合同條文之訂約方時在綜合資產負債表上確認。財務資產及財務負債按公平值初步確認。收購或發行財務資產及資產負債直接應佔之交易成本(透過損益以公平值列賬之財務資產及財務負債除外)乃於初步確認時加入財務資產或財務負債之公平值或自財務資產或財務負債之公平值內扣除(如合適)。收購透過損益以公平值列賬之財務資產或財務負債直接應佔之交易成本即時於損益賬內確認。

Notes To The Consolidated Financial Statements

綜合財務報表附註

For The Year Ended 31 December 2007

截至二零零七年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. 主要會計政策 (續)

Financial instruments (Continued)

金融工具 (續)

Financial assets

財務資產

The Group's financial assets comprise loans and receivables and the accounting policies are set out below.

本集團之財務資產包括貸款及應收款項，有關會計政策載於下文。

Loans and receivables

貸款及應收款項

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 receivables, deposits and other receivables, amounts due from customers for contract work and amounts due from an associate, fellow subsidiaries and ultimate holding company and bank balances) are carried at amortised cost using the effective interest method, less any identified impairment losses.

貸款及應收款項乃並非於現行市場所報之固定或可釐定付款之非衍生財務資產。於初步確認後各結算日，貸款及應收款項(包括貿易應收賬款、按金及其他應收賬款、應收合同工程客戶之款項及應收聯營公司、同集團附屬公司及最終控股公司之款項，以及銀行結餘)均按採用實際利率法計算之已攤銷成本減任何已識別減值虧損入賬。

Effective interest method

實際利率法

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

實際利率法乃計算財務資產之攤銷成本及按有關期間攤分利息收入之方法。實際利率乃將估計日後現金收入(包括所有支付或收取構成整體實際利率之費用及利率差價、交易成本及其他所有溢價或折價)按財務資產之預期使用年期，或較短期間(倘合適)實際折現之利率。

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

就債務工具而言，利息按實際利率基準確認。

Impairment of financial assets – loans and receivables

財務資產之減值－貸款及應收款項

Loans and receivable are assessed for indicators of impairment at each balance sheet date. Loans and receivable are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted. Objective evidence of impairment could include:

貸款及應收款項會於每個結算日評定是否有減值跡象。當有客觀證據顯示貸款及應收款項之預期未來現金流量因於初步確認該財務資產後發生之一項或多項事件而受到影響時，即對該財務資產確認減值。減值之客觀證據可包括：

Notes To The Consolidated Financial Statements

For The Year Ended 31 December 2007

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets – loans and receivables (Continued)

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

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

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.

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

綜合財務報表附註

截至二零零七年十二月三十一日止年度

3. 主要會計政策 (續)

金融工具 (續)

財務資產(續)

財務資產之減值－貸款及應收款項(續)

- 發行人或交易對手出現重大財政困難；或
- 未能繳付或延遲償還利息或本金；或
- 借款人有可能面臨破產或財務重組。

就若干財務資產(例如貿易應收賬款)而言，不會單獨作出減值的資產會於其後彙集一併評估減值。應收款項組合出現減值之客觀證據包括本集團過往收款記錄、組合內超出平均信貸期的延遲付款數量有所增加、國家或地區經濟狀況出現明顯變動(與應收賬款未能償還的情況吻合)。

減值虧損乃當可實質證明資產減值時於損益中確認，並按該資產之賬面值與按原先實際利率折讓之估計未來現金流量之現值間的差額計量。

所有財務資產之減值虧損會直接於貸款及應收款項之賬面值中作出扣減，惟貿易應收賬款除外，貿易應收賬款之賬面值會透過撥備賬作出扣減。撥備賬內之賬面值變動會於損益中確認。當貿易應收賬款被視為不可收回時，其將於撥備賬內撇銷。之前已撇銷的款項如其後收回，將撥回損益內。

Notes To The Consolidated Financial Statements

綜合財務報表附註

For The Year Ended 31 December 2007

截至二零零七年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. 主要會計政策 (續)

Financial instruments (Continued)

金融工具 (續)

Financial assets (Continued)

財務資產(續)

Impairment of financial assets – loans and receivables (Continued)

財務資產之減值－貸款及應收款項(續)

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

倘減值虧損額於隨後期間有所減少，而有關減少在客觀上與確認減值虧損後發生之事件有關，則先前已確認之減值虧損將透過損益予以撥回，惟該資產於減值被撥回當日之賬面值不得超過未確認減值時之已攤銷成本。

Financial liabilities and equity

財務負債及股本

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

集團實體發行之財務負債及股本投資工具乃根據合同安排之性質與財務負債及股本投資工具之定義分類。

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

股本投資工具乃證明集團於扣減所有負債後之資產中擁有剩餘權益之任何合同。

Effective interest method

實際利率法

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

實際利率法乃計算財務負債之攤銷成本及按有關期間攤分利息支出之方法。實際利率乃將估計日後現金付款按財務負債之預定期限，或較短期間(倘合適)實際折現之利率。

Interest expense is recognised on an effective interest basis.

利息支出按實際利率基準確認。

Notes To The Consolidated Financial Statements

For The Year Ended 31 December 2007

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Redeemable convertible preferred shares (“Preferred Shares”)

Preferred Shares issued by the Company that contain both financial liability and equity components are classified separately into respective liability and equity components on initial recognition. On initial recognition, the fair value of the liability component is determined using the prevailing market interest rate of similar non-convertible debts. The difference between the proceeds of the issue of the Preferred Shares and the fair value assigned to the liability component, representing the embedded conversion option for the holder to convert the Preferred Shares into equity, is included in equity (Preferred shares equity reserve).

In subsequent periods, the liability component of the Preferred Shares is carried at amortised cost using the effective interest method. The equity component, represented by the option to convert the liability component into ordinary shares of the Company, will remain in preferred shares equity reserve until the embedded option is exercised in which case the balance stated in preferred shares equity reserve will be transferred to share premium. Where the option remains unexercised at the expiry date, the balance stated in preferred shares equity reserve will remain in the preferred shares equity reserve. No gain or loss is recognised in profit or loss upon conversion or expiration of the option.

Transaction costs that relate to the issue of the Preferred Shares are allocated to the liability and equity components in proportion to the allocation of the proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the Preferred Shares using the effective interest method.

綜合財務報表附註

截至二零零七年十二月三十一日止年度

3. 主要會計政策 (續)

金融工具 (續)

財務負債及股本(續)

可贖回可換股優先股(「優先股」)

本公司發行之優先股包括財務負債及股本部分，須於初步確認時獨立列為各個負債及股本部分。於初步確認時，負債部分之公平值是根據同類型不可換股債項之現行市場利率釐定。發行優先股之收入與轉讓至負債部分之公平值間之差異是股本部分(優先股股本儲備)，代表給持有人將優先股轉換為股份之隱含轉換認購期權。

於其後期間，優先股之負債部分以實際權益法按攤銷成本列賬，負債部分轉換為本公司普通股期權之股本部分，將會保留於優先股股本儲備內直至隱含期權行使為止，這樣優先股股本儲備之結餘將會轉撥至股份溢價。倘期權於到期日仍未行使，則優先股股本儲備之結餘將會保留在優先股股本儲備。期權轉換或到期時並不會於損益賬有任何損益確認。

與發行優先股有關之交易成本會按所得款項分配之比例以負債及股本部分來分配。與股本部分有關之交易成本會直接自股本內扣除。與負債部分有關之交易成本以負債部分之賬面值列賬，並以實際權益法於優先股期間攤銷。

Notes To The Consolidated Financial Statements

綜合財務報表附註

For The Year Ended 31 December 2007

截至二零零七年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Other financial liabilities

Other financial liabilities including trade and bills payables, other payables and amounts due to fellow subsidiaries and immediate holding company 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 and payable is recognised in profit or loss.

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 lease.

3. 主要會計政策 (續)

金融工具 (續)

財務負債及股本(續)

其他財務負債

其他財務負債包括貿易應付賬款及應付票據、其他應付賬款，以及應付同集團附屬公司及直接控股公司之款項，其後均使用實際利率法按經攤銷成本計算。

股本工具

本公司發行之股本工具乃按已收所得款項(扣除直接發行成本)記賬。

取消確認

若從資產收取現金流之權利已到期，或財務資產已轉讓及本集團已將其於財務資產擁有權之絕大部份風險及回報轉移，則財務資產將被取消確認。於取消確認財務資產時，資產賬面值與已收及應收代價及已直接於股本權益確認之累計損益之總和之差額，將於損益中確認。

倘於有關合約之特定責任獲解除、取消或到期，財務負債乃取消確認。取消確認之財務負債賬面值與已付及應付代價之差額乃於損益中確認。

租賃

凡租約條款將租賃擁有權之絕大部分風險及回報轉嫁予承租人之租約均分類為財務租約。所有其他租約則分類為經營租約。

Notes To The Consolidated Financial Statements

For The Year Ended 31 December 2007

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leasing (Continued)

The Group as lessee

Rentals payable under operating leases are charged to the consolidated income statement on a straight line basis over the relevant lease terms. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expenses over the lease term on a straight line basis.

Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted to employees of the Group

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

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

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

In relation to share options granted before 1 January 2005, the Group chose not to apply HKFRS 2 "Share-based payments" with respect to share options granted after 7 November 2002 and vested before 1 January 2005, no amount has been recognised in the consolidated financial statements in respect of these equity-settled share-based payments until such time when the share options were exercised, the amount in excess of the share capital was recorded as share premium.

綜合財務報表附註

截至二零零七年十二月三十一日止年度

3. 主要會計政策 (續)

租賃 (續)

本集團作為承租人

根據經營租約的應付租金乃按直線法就其有關租賃年期於綜合收益表中扣除。因訂立一項經營租約作為獎勵之已收及應收福利，乃以直線法按租約年期確認作租金支出減少。

以股份為基準之付款交易

股權支付以股份為基準之付款交易

授予本集團僱員之購股權

參照授出當日已授出購股權之公平值而釐定已收取服務之公平值，於歸屬期間按直線法確認為開支，而股本(購股權儲備)則相應增加。

於各結算日，本集團會對預期最終歸屬之購股權之估計數目進行修訂。修訂估計之影響(如有)在損益確認，並對購股權儲備作出相應調整。

於行使購股權時，先前已在購股權儲備中確認之金額將轉撥至股份溢價。倘購股權於歸屬日期後被沒收或於到期日尚未獲行使，則先前已在購股權儲備中確認之金額將轉撥至留存盈餘。

就於二零零五年一月一日前授出之購股權而言，本集團選擇對於二零零二年十一月七日後授出及於二零零五年一月一日前歸屬之購股權，不應用香港財務報告準則第2號「以股份為基準之支付」，概不會就該等股權支付以股份為基準之付款於綜合財務報表內確認任何金額，直至該等購股權獲行使為止。超出股本之金額會記作股份溢價。

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綜合財務報表附註

For The Year Ended 31 December 2007

截至二零零七年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Retirement benefits costs

Payments to the Mandatory Provident Fund Scheme and other schemes managed by the PRC government are charged as expenses when employees have rendered service entitling them to the contributions.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet dates, 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.

Estimated impairment of other intangible assets

Determining whether other intangible assets are impaired requires an estimation of the future cash flows expected to arise from the products developed and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. The carrying amount of other intangible assets at 31 December 2007 was HK\$12,288,000 (2006: nil) with no impairment loss recognised.

3. 主要會計政策 (續)

退休福利成本

對強制性公積金計劃及中國政府管理之其他計劃支付之供款，乃於僱員提供服務賦予彼等權利獲得供款時列作開支支銷。

4. 估計不確定性之主要來源

涉及日後之主要假設及於結算日估計不明朗因素之其他主要來源(彼等均擁有導致下個財政年度之資產及負債之賬面值出現大幅調整之重大風險)亦討論如下。

其他無形資產估計減值

釐定其他無形資產是否減值，須對已開發產品之預計未來現金流量及合適之折讓率作出估計，以計算有關之現值。倘實際未來現金流量少於預期，則可能出現重大減值虧損。其他無形資產於二零零七年十二月三十一日之賬面值為12,288,000港元(二零零六年：無)，並無確認任何減值虧損。

Notes To The Consolidated Financial Statements

For The Year Ended 31 December 2007

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Allowance for inventories

The management of the Group reviews an aging analysis of inventories at each balance sheet date, and makes allowance for obsolete and slow-moving inventory items identified that are no longer suitable for sales. The management estimates the net realisable value for such inventories based primarily on the latest invoice prices, current market conditions and any anticipated changes in market conditions subsequent to the balance sheet date. The Group carries out an inventory review on a product-by-product basis at each balance sheet date and makes allowance for obsolete and slow moving items.

Allowance for bad and doubtful debts

The policy for allowance for bad and doubtful debts of the Group is based on the evaluation of collectibility and aging analysis of accounts and on management's judgement. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including the current credit worthiness 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 allowance may be required.

5. CAPITAL RISK MANAGEMENT

The Group's policy is to maintain a strong capital base so as to maintain creditor and market confidence and to sustain future development of business. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debt, which include redeemable convertible preferred shares disclosed in note 27, cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued share capital, reserves and retained profits.

綜合財務報表附註

截至二零零七年十二月三十一日止年度

4. 估計不確定性之主要來源 (續)

存貨撥備

本集團管理層於各結算日審核存貨賬齡分析，並對被識別作不再適合用於出售之過時及滯銷庫存品進行撥備。管理層估計此等存貨之可變現淨值主要根據最近期之發票價格、目前市況及結算日後市況之任何預計變動而釐定。本集團於各個結算日對每種產品進行盤點，並對過時及滯銷項目作出撥備。

呆壞賬撥備

本集團壞賬及呆賬撥備的政策是根據可收回度、賬齡分析及管理層的判斷。評估應收賬款最終兌現能力時需要作出大量判斷，包括：每個客戶的現時借貸能力及過往收回記錄。如本集團客戶的財務情況轉差，導致還款能力下降，將需要作出額外撥備。

5. 資本風險管理

本集團的政策是維持穩健資本基礎以確保債權人及市場對本集團有信心並支持未來業務的發展。本集團的整體策略與去年維持不變。

本集團資本架構乃由債項(包括於附註27披露之可贖回可換股優先股)、現金及現金等值物及本公司股權持有人應佔權益(包括已發行股本、儲備及留存溢利)所組成。

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For The Year Ended 31 December 2007

5. CAPITAL RISK MANAGEMENT (Continued)

The directors of the Company review the capital structure on annual basis. As part of this review, the directors consider the cost of capital and the risks associates with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of redeemable convertible preferred shares to strategic investors or the redemption of existing debt.

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

Financial assets	財務資產
Loans and receivables (including cash and cash equivalents)	貸款及應收款項 (包括現金及現金等值物)
Financial liabilities	財務負債
Amortised cost	攤銷成本

(b) Financial risk management objectives and policies

The Group's major financial instruments include amounts due from customers for contract work, amounts due from fellow subsidiaries and ultimate holding company, trade receivables, other receivables, trade payables, other payables, amounts due to ultimate holding company and fellow subsidiaries, redeemable convertible preferred shares and bank balances and cash. 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.

綜合財務報表附註

截至二零零七年十二月三十一日止年度

5. 資本風險管理 (續)

本公司董事定期檢討資本結構。作為檢討之一部分，董事考慮資金成本及各級別資本相關之風險。根據董事之推薦建議，本集團透過派付股息、發行新股份及發行可贖回可換股優先股予策略投資者或贖回現有債務而平衡其整體資本結構。

6. 金融工具

(a) 金融工具類別

2007 二零零七年 HK'000 千港元	2006 二零零六年 HK'000 千港元
557,545	320,052
427,557	268,448

(b) 財務風險管理目標及政策

本集團之主要財務工具包括應收客戶合約工程款額、應收同集團附屬公司及最終控股公司之款額、貿易應收賬款、其他應收款額、貿易應付賬款、其他應付款額、應付最終控股公司及同集團附屬公司款額、可贖回可換股優先股及銀行結餘及現金。該等金融工具詳情於各附註披露。下文載列與該等金融工具有關之風險及如何降低該等風險之政策。管理層管理及監控該等風險，以確保及時和有效地採取適當之措施。

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For The Year Ended 31 December 2007

6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk

Currency risk

The Group collects most of its revenue in Hong Kong dollars ("HKD") and Renminbi ("RMB") and incurs most of the expenditures as well as capital expenditures in HKD and RMB. The directors consider that the Group's exposure to foreign currency exchange risk is insignificant as the majority of the Group's transactions are denominated in the functional currency of each individual group entity.

The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The directors consider that the sensitivity of the Group's exposures towards the change in foreign exchange rates is minimal as the assets and liabilities of the Group denominated in currency other than functional currency of a particular group entity were insignificant as at the balance sheet dates.

Fair value interest rate risk

The Group's fair value interest rate risk relates primarily to redeemable convertible preferred shares and bank balances.

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

綜合財務報表附註

截至二零零七年十二月三十一日止年度

6. 金融工具 (續)

(b) 財務風險管理目標及政策 (續)

市場風險

貨幣風險

本集團大部分收入以港元(「港元」)及人民幣(「人民幣」)計值，且引致之大部分開支及資本開支亦以港元及人民幣計值。本集團所有交易均以各個別集團實體之功能貨幣計值，故董事認為本集團之外幣換算風險不大。

本集團現時並無外幣對沖政策。然而，管理層會監察外匯風險，倘需要時將會考慮對沖重大外匯風險。

於結算日，本集團按各個別集團實體之功能貨幣以外之貨幣計值之資產及負債並不重大，故董事認為本集團對外幣匯率變動之敏感度極小。

公平值利率風險

本集團之公平值利率風險主要與可贖回可換股優先股及銀行結餘有關。

本集團現時並無利率對沖政策。然而，管理層監視利率風險，倘需要時將會考慮對沖重大利率風險。

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綜合財務報表附註

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截至二零零七年十二月三十一日止年度

6. FINANCIAL INSTRUMENTS (Continued)

6. 金融工具 (續)

(b) Financial risk management objectives and policies (Continued)

(b) 財務風險管理目標及政策 (續)

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at 31 December 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 receivable, amounts due from fellow subsidiaries and ultimate holding company at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. The Group's trade receivables as at 31 December 2007 are mainly due from a few customers. The management closely monitors the subsequent settlement of the customers and does not grant long credit period to them. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group also has concentration of credit risk on trade receivables from ultimate holding company, being the largest customer and fellow subsidiaries, two of which being the top five customers.

The Group's bank balances are deposited with banks with high credit ratings and the Group has limited exposure to any single financial institution.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains adequate cash and cash equivalents by continuously monitor forecast and actual cash flows and matching the maturity profiles of certain financial assets (including trade receivables, amounts due from fellow subsidiaries and ultimate holding company and bank balances and cash) and certain financial liabilities (including trade and bills payables, other payables, amounts due to fellow subsidiaries and interest payable of redeemable convertible preferred shares).

信貸風險

倘對方於二零零七年十二月三十一日未能履行彼等之承擔，則本集團就每類已確認財務資產而須承受之最大信貸風險為已於綜合資產負債表列值之資產之賬面值。為盡量降低信貸風險，本集團管理層已委派一組人員負責制訂信貸限額、信貸審批及其他監控措施，以確保採取跟進措施收回逾期未付之債項。此外，於各結算日，本集團評估每項個別貿易應收賬款、應收同集團附屬公司及最終控股公司款項之可收回金額，以確保就不可收回金額所作出之減值虧損已足夠。本集團於二零零七年十二月三十一日之貿易應收賬款主要為應收數名客戶之款項。管理層已密切注視該等客戶之其後結算，並不再給予該等客戶較長之信貸期。就此而言，本公司董事認為本集團之信貸風險已大幅降低。

本集團在來自最終控股公司(作為最大客戶)及同集團附屬公司(其中兩間為最大五位客戶)之貿易應收賬款方面亦出現信貸風險集中情況。

本集團之銀行存款均存放於高信貸評級之銀行，而本集團所承受之任何單一金融機構之風險有限。

流動資金風險

就管理流動資金風險方面，本集團將透過持續監察預測及實際現金流量，以及符合若干財務資產(包括貿易應收賬款、應收同集團附屬公司及最終控股公司之款額及銀行結餘及現金)及若干財務負債(包括貿易應付賬款及應付票據、其他應付款額、應付同集團附屬公司款額及可贖回可換股優先股之應付利息)之到期情況來監察及維持現金及現金等值物足夠之水平。

Notes To The Consolidated Financial Statements

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6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

The following table details the Company's remaining contractual maturity for its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of those financial assets including interest that will be earned on those assets except for bank balances and cash:

		Weighted average effective interest rate	6 months			Total	
			3 months	to 6 months	1 year	undiscounted cash flows	Total carrying amount
		加權平均實際利率	Less than 3 months	to 6 months	六個月至一年	未折現現金流量總額	賬面值總額
		%	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
2007	二零零七年						
Trade receivables	應收貿易賬款	-	39,826	19,582	-	59,408	59,408
Amounts due from fellow subsidiaries	應收同集團附屬公司款額	-	37,625	-	-	37,625	37,625
Amount due from ultimate holding company	應收最終控股公司之款額	-	142,055	143,116	-	285,171	285,171
Bank balances and cash	銀行結餘及現金	-	167,236	-	-	167,236	167,236
			386,742	162,698	-	549,440	549,440
2006	二零零六年						
Trade receivables	應收貿易賬款	-	13,787	-	-	13,787	13,787
Amounts due from fellow subsidiaries	應收同集團附屬公司款額	-	15,523	-	-	15,523	15,523
Amount due from ultimate holding company	應收最終控股公司之款額	-	141,053	-	-	141,053	141,053
Bank balances and cash	銀行結餘及現金	-	148,158	-	-	148,158	148,158
			318,521	-	-	318,521	318,521

綜合財務報表附註

截至二零零七年十二月三十一日止年度

6. 金融工具 (續)

(b) 財務風險管理目標及政策 (續)

流動資金風險(續)

下表詳細列明本公司非衍生財務資產的餘下合同到期情況。該表根據財務資產中的未折現非衍生財務資產合同到期(包括該等資產將賺取的利息，不包括銀行結餘及現金)編製。

Notes To The Consolidated Financial Statements

綜合財務報表附註

For The Year Ended 31 December 2007

截至二零零七年十二月三十一日止年度

6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

The following table details the Company's remaining contractual maturity for its financial liabilities. For non-derivative financial liabilities, the table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

6. 金融工具 (續)

(b) 財務風險管理目標及政策 (續)

流動資金風險(續)

下表詳細列明本公司財務負債的餘下合同到期情況。就非衍生財務負債而言，該表根據本集團須付款的最早日期的財務負債中未折現現金流量編製，包括利息及本金現金流量。

	Weighted average effective interest rate	Less than 3 months	3 – 6 months	6 months to 1 year	1 – 5 years	Total undiscounted cash flows	Carrying amount at
							31.12.2007
							於二零零七年十二月三十一日之賬面值
	%	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
2007							
Non-derivative financial liabilities							
Trade and bills payables		122,342	-	-	-	122,342	122,342
Other payables		58,071	-	-	-	58,071	58,071
Amounts due to fellow subsidiaries		65,304	-	-	-	65,304	65,304
Redeemable convertible preferred shares (note)	6%	-	-	11,656	229,230	240,886	181,840
		245,717	-	11,656	229,230	486,603	427,557

	Weighted average effective interest rate	Less than 3 months	3 – 6 months	6 months to 1 year	1 – 5 years	Total undiscounted cash flows	Carrying amount at
							31.12.2007
							於二零零七年十二月三十一日之賬面值
	%	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
2006							
Non-derivative financial liabilities							
Trade and bills payables		61,264	-	-	-	61,264	61,264
Other payables		20,772	-	-	-	20,772	20,772
Amounts due to fellow subsidiaries		7,099	-	-	-	7,099	7,099
Redeemable convertible preferred shares (note)	6%	-	-	11,721	240,886	252,607	179,274
		89,135	-	11,721	240,886	341,742	268,409

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6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Note: In view of the strategic relationship with the holder of redeemable convertible preferred shares and the average share price of the Company is higher than the convertible price of the redeemable convertible preferred shares, the directors of the Company consider the redeemable convertible preferred shares will be converted into shares of the Company prior to its maturity date. Accordingly, potential cash flows of HK\$194,263,000 (2006: HK\$194,263,000) in the settlement of the redeemable convertible preferred shares will be remote.

(c) Fair value

The fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions as input.

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

綜合財務報表附註

截至二零零七年十二月三十一日止年度

6. 金融工具 (續)

(b) 財務風險管理目標及政策 (續)

流動資金風險(續)

附註：鑒於可贖回可換股優先股之持有人的策略性關係及本公司股份平均股價高於可贖回可換股優先股之換股價，本公司董事認為，可贖回可換股優先股會於到期日前將轉換為本公司股份。因此，預料不會發生結算可贖回可換股優先股引致之潛在現金流出額194,263,000港元（二零零六年：194,263,000港元）。

(c) 公平值

財務資產及財務負債之公平值，乃根據基於貼現現金流量分析之公認定價模式，使用當前市場可供觀察交易之價格或利率釐定。

董事認為，按攤銷成本列入綜合財務報表之財務資產及財務負債之賬面值與其公平值相若。

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綜合財務報表附註

For The Year Ended 31 December 2007

截至二零零七年十二月三十一日止年度

7. REVENUE

Revenue represents the net amounts received and receivable for goods sold and services rendered by the Group less discounts, returns and allowances. An analysis of the Group's revenue for the year is as follows:

7. 收益

收益代表本集團售出貨品及提供服務之已收款及應收款項減折扣、退貨及折讓。本集團本年度收益之分析如下：

		2007 二零零七年 HK'000 千港元	2006 二零零六年 HK'000 千港元
Sales of computer components	銷售電腦元件	490,041	684,445
Sales of computer products	銷售電腦產品	401,726	185,047
Sales of computer peripherals in connection with software development contracts	銷售與軟件開發合同相關之電腦週邊產品	16,623	-
Revenue from software development contracts	軟件開發合約收入	13,784	1,127
		922,174	870,619

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8. SEGMENT INFORMATION

Business segment

For management purposes, the Group is currently organised into three operating divisions, namely trading of computer components, manufacture and trading of computer products and development and sale of computer software. These divisions are the basis on which the Group reports its primary segment information.

Segment information about these businesses is presented below:

Income statement for the year ended 31 December 2007

		Trading of computer components 買賣 電腦元件 HK\$'000 千港元	Manufacture and trading of computer products 製造及買賣 電腦產品 HK\$'000 千港元	Development and sales of computer software 開發及 銷售電腦 軟件收入 HK\$'000 千港元	Consolidated 綜合 HK\$'000 千港元
Revenue	收益	<u>490,041</u>	<u>401,726</u>	<u>30,407</u>	<u>922,174</u>
Segment results	分類業績	<u>10,536</u>	<u>47,680</u>	<u>4,277</u>	<u>62,493</u>
Unallocated income	未分配收入				2,373
Unallocated corporate expenses	未分配企業開支				(15,824)
Share of profits of associates	應佔聯營公司純利	-	-	8,111	8,111
Interest expenses	利息支出				<u>(14,305)</u>
Profit before taxation	除稅前純利				42,848
Taxation	稅項				<u>(2,558)</u>
Profit for the year	年內純利				<u>40,290</u>

綜合財務報表附註

截至二零零七年十二月三十一日止年度

8. 分類資料

業務分類

為方便管理，本集團現時組成三大業務部門，分別為買賣電腦元件、製造及買賣電腦產品，以開發及銷售電腦軟件。本集團按該等部門呈報其主要分類資料。

有關該等業務之分類資料呈列如下：

截至二零零七年十二月三十一日止年度之收益表

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For The Year Ended 31 December 2007

截至二零零七年十二月三十一日止年度

8. SEGMENT INFORMATION (Continued)

Business segment (Continued)

Balance sheet at 31 December 2007

8. 分類資料 (續)

業務分類 (續)

於二零零七年十二月三十一日之資產負債表

		Trading of computer components 買賣 電腦元件 HK\$'000 千港元	Manufacture and trading of computer products 製造及買賣 電腦產品 HK\$'000 千港元	Development and sale of computer software 開發及 銷售電腦 軟件收入 HK\$'000 千港元	Consolidated 綜合 HK\$'000 千港元
ASSETS	資產				
Segment assets	分類資產	<u>54,824</u>	<u>338,361</u>	<u>111,632</u>	<u>504,817</u>
Interests in associates	聯營公司權益	-	-	71,148	71,148
Unallocated corporate assets	未分配企業資產				<u>167,689</u>
Consolidated total assets	綜合資產總額				<u><u>743,654</u></u>
LIABILITIES	負債				
Segment liabilities	分類負債	<u>40,409</u>	<u>158,474</u>	<u>40,194</u>	<u>239,077</u>
Unallocated corporate liabilities	未分配企業負債				<u>220,981</u>
Consolidated total liabilities	綜合負債總額				<u><u>460,058</u></u>

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8. SEGMENT INFORMATION (Continued)

Business segment (Continued)

Other information for the year ended 31 December 2007

Additions to property, plant and equipment	添置物業、廠房及設備	-	1,479	1,371	1	2,851
Additions to goodwill arising on acquisition of subsidiaries	因收購附屬公司而產生之商譽增加	-	-	30,542	-	30,542
Additions to other intangible assets on acquisition of subsidiaries	因收購附屬公司而添置其他無形資產	-	-	12,767	-	12,767
Depreciation of property, plant and equipment	物業、廠房及設備折舊	-	564	166	204	934
Write-down of inventories	存貨撇減	1,258	-	-	-	1,258
Amortisation of other intangible assets	其他無形資產攤銷	-	-	479	-	479
Allowance for bad and doubtful debts	呆壞賬撥備	7,132	-	-	-	7,132

綜合財務報表附註

截至二零零七年十二月三十一日止年度

8. 分類資料 (續)

業務分類 (續)

截至二零零七年十二月三十一日止年度之其他資料

	Trading of computer components	Manufacture and trading of computer products	Development and sale of computer software	Unallocated	Consolidated
	買賣電腦元件	製造及買賣電腦產品	開發及銷售電腦軟件	未分配	綜合
	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
Additions to property, plant and equipment	-	1,479	1,371	1	2,851
Additions to goodwill arising on acquisition of subsidiaries	-	-	30,542	-	30,542
Additions to other intangible assets on acquisition of subsidiaries	-	-	12,767	-	12,767
Depreciation of property, plant and equipment	-	564	166	204	934
Write-down of inventories	1,258	-	-	-	1,258
Amortisation of other intangible assets	-	-	479	-	479
Allowance for bad and doubtful debts	7,132	-	-	-	7,132

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8. SEGMENT INFORMATION (Continued)

8. 分類資料 (續)

Business segment (Continued)

業務分類 (續)

Income statement for the year ended 31 December 2006

截至二零零六年十二月三十一日止年度收益表

		Trading of computer components 買賣 電腦元件 HK\$'000 千港元	Manufacture and trading of computer products 製造及買賣 電腦產品 HK\$'000 千港元	Development and sale of computer software 開發及銷售 電腦軟件 HK\$'000 千港元	Consolidated 綜合 HK\$'000 千港元
Revenue	收益	<u>684,445</u>	<u>185,047</u>	<u>1,127</u>	<u>870,619</u>
Segment results	分類業績	<u>18,992</u>	<u>20,291</u>	<u>(106)</u>	39,177
Unallocated income	未分配收入				3,005
Unallocated corporate expenses	未分配企業開支				(4,926)
Share of profits of associates	應佔聯營公司純利	—	—	2,645	2,645
Interest expenses	利息支出				<u>(11,984)</u>
Profit before taxation	除稅前純利				27,917
Taxation	稅項				<u>(2,770)</u>
Profit for the year	年內純利				<u>25,147</u>

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8. SEGMENT INFORMATION (Continued)

8. 分類資料 (續)

Business segment (Continued)

業務分類 (續)

Balance sheet at 31 December 2006

於二零零六年十二月三十一日資產負債表

		Trading of computer components 買賣 電腦元件 HK\$'000 千港元	Manufacture and trading of computer products 製造及買賣 電腦產品 HK\$'000 千港元	Development and sale of computer software 開發及銷售 電腦軟件 HK\$'000 千港元	Consolidated 綜合 HK\$'000 千港元
ASSETS	資產				
Segment assets	分類資產	<u>61,810</u>	<u>162,002</u>	<u>1,967</u>	225,779
Interests in associates	聯營公司權益	-	-	58,512	58,512
Unallocated corporate assets	未分配企業資產				<u>149,055</u>
Consolidated total assets	綜合資產總額				<u>433,346</u>
LIABILITIES	負債				
Segment liabilities	分類負債	<u>22,203</u>	<u>55,959</u>	<u>88</u>	78,250
Unallocated corporate liabilities	未分配企業負債				<u>190,251</u>
Consolidated total liabilities	綜合負債總額				<u>268,501</u>

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For The Year Ended 31 December 2007

截至二零零七年十二月三十一日止年度

8. SEGMENT INFORMATION (Continued)

Business segment (Continued)

Other information for the year ended 31 December 2006

Additions to property, plant and equipment	添置物業、廠房及設備	-	1,897	326	8	2,231
Depreciation of property, plant and equipment	物業、廠房及設備折舊	-	126	59	404	589
Write-down of inventories	存貨撇減	1,621	-	-	-	1,621

Geographical segments

The Group's operations are currently carried out in the PRC (including Hong Kong).

The following table provides an analysis of the Group's turnover by location of markets, irrespective of the origin of the goods/services:

Hong Kong	香港
The PRC (excluding Hong Kong)	中國（不包括香港）

8. 分類資料 (續)

業務分類 (續)

截至二零零六年十二月三十一日止年度之其他資料

	Manufacture and Development	Trading of computer components	Trading of computer products	Development and sale of computer software	Unallocated	Consolidated
	買賣	製造及買賣	開發及銷售	未分配	綜合	
	電腦元件	電腦產品	電腦軟件	未分配	綜合	
	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	
Additions to property, plant and equipment	-	1,897	326	8	2,231	
Depreciation of property, plant and equipment	-	126	59	404	589	
Write-down of inventories	1,621	-	-	-	1,621	

地區分類

本集團的業務現時於中國(包括香港)進行。

下表呈列本集團按市場所在地(不論貨品/服務之來源地)劃分之營業額分析:

Sales revenue by geographical market 按地區市場劃分之銷售收益

2007 二零零七年 HK'000 千港元	2006 二零零六年 HK'000 千港元
490,041	684,445
432,133	186,174
922,174	870,619

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8. SEGMENT INFORMATION (Continued)

Geographical segments

The following is an analysis of the carrying amount of segment assets, and additions to property, plant and equipment, other intangibles assets and goodwill, analysed by the geographical area in which the assets are located:

		Carrying amount of segment assets	Additions to property, plant and equipment, other intangible assets and goodwill
		分類資產之賬面值	物業、廠房及設備之添置、其他無形資產及商譽
		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	54,824	1
The PRC (excluding Hong Kong)	中國（不包括香港）	449,993	2,223
		504,817	2,231

9. OTHER INCOME

		2007 二零零七年 HK'000 千港元	2006 二零零六年 HK'000 千港元
Interest income	利息收入	2,358	2,718
Net foreign exchange gain	外匯收益淨額	10	286
Others	其他	1,289	587
Gain on disposal of an associate	出售一間聯營公司之收益	—	384
		3,657	3,975

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截至二零零七年十二月三十一日止年度

8. 分類資料 (續)

地區分類

以下為按資產所在地區位置，分類資產之賬面值，物業、廠房及設備之添置、其他無形資產及商譽之賬面值分析：

		Carrying amount of segment assets	Additions to property, plant and equipment, other intangible assets and goodwill
		分類資產之賬面值	物業、廠房及設備之添置、其他無形資產及商譽
		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	54,824	1
The PRC (excluding Hong Kong)	中國（不包括香港）	449,993	2,223
		504,817	2,231

9. 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
Interest income	利息收入	2,358	2,718
Net foreign exchange gain	外匯收益淨額	10	286
Others	其他	1,289	587
Gain on disposal of an associate	出售一間聯營公司之收益	—	384
		3,657	3,975

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10. TAXATION

10. 稅項

Current tax:	即期稅：
Hong Kong	香港
PRC Enterprise Income Tax	中國企業所得稅
Overprovision of Hong Kong Profits Tax in respect of previous years	過往年度之香港利得稅超額撥備
Deferred taxation (note 28)	遞延稅項 (附註28)

2007 二零零七年 HK'000 千港元	2006 二零零六年 HK'000 千港元
2,477	2,770
268	—
(67)	—
(120)	—
2,558	2,770

Hong Kong Profits Tax is calculated at 17.5% of the estimated assessable profit for both years.

於兩個年度，香港利得稅按本年度的估計應課稅純利的17.5%計算。

The statutory tax rate for the PRC Enterprise Income Tax of 33% is applied to the Group except for Inspur Communication Information System Limited (“Inspur Communication”) which was entitled to a preferential tax rate of 27%.

適用於本集團的中國企業所得稅之法定稅率為33%，而浪潮通信信息系統有限公司(「浪潮通信」)享有優惠稅率27%。

Pursuant to the relevant laws and regulations in the PRC, the Group's PRC subsidiaries, 浪潮(山東)電子信息有限公司, 山東浪潮電子政務軟件有限公司 and Inspur Communication are exempted from PRC Enterprise Income Tax for two years starting from its first profit-making year, followed by a 50% reduction for the next three years. The first profit-making year for 浪潮(山東)電子信息有限公司, 山東浪潮電子政務軟件有限公司 and Inspur Communication are the fiscal year ended 31 December, 2006, 31 December, 2007 and 31 December, 2004 respectively.

根據中國有關法律及規例，本集團之中國附屬公司浪潮山東(電子)信息有限公司、山東浪潮電子政務軟件有限公司及浪潮通信自其首個獲利年度起獲豁免繳納中國企業所得稅兩年，而其後三年所繳納之中國企業所得稅獲豁免減半。浪潮山東(電子)信息有限公司、山東浪潮電子政務軟件有限公司及浪潮通信之首個獲利年分別為截至二零零六年十二月三十一日止財政年度、截至二零零七年十二月三十一日止財政年度及截至二零零四年十二月三十一日止財政年度。

On 16th March, 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax (the “New Law”) by Order No. 63 of the President of the PRC. On 6th December, 2007, the State Council of the PRC issued Implementation Regulations of the New Law. The New Law and Implementation Regulations will change the tax rate to 25% from 1st January, 2008.

於二零零七年三月十六日，中國根據中國國家主席法令編號63頒佈中國企業所得稅法(「新法例」)。於二零零七年十二月六日，中國國務院頒佈了新稅法實施細則。根據新稅法及其實施細則，由二零零八年一月一日起，適用稅率將調整至25%。

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10. TAXATION (Continued)

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

		2007 二零零七年 HK'000 千港元	2006 二零零六年 HK'000 千港元
Profit before taxation	除稅前純利	42,848	27,917
Tax at the prevailing profits tax rate of 17.5% (2006: 17.5%)	按現行利得稅稅率17.5% (二零零六年：17.5%)	7,498	4,886
Tax effect of share of profits of associates	應佔聯營公司之 純利之稅務影響	(1,420)	(463)
Tax effect of expenses that are not deductible in determining taxable profit	於釐定應課稅純利時 不可扣稅開支之稅務影響	4,433	2,234
Tax effect of income not taxable for tax purpose	就稅務目的而言不可 徵稅收入之稅務影響	(121)	(248)
Tax effect of tax losses not recognised	未確認稅務虧損 之稅務影響	1,514	-
Effect of tax exemption granted to PRC subsidiaries	中國附屬公司 獲豁免稅項之影響	(9,280)	(3,852)
Overprovision in respect of previous years	過往年度之超額撥備	(67)	-
Others	其他	1	213
Taxation for the year	本年度稅項	2,558	2,770

At the balance sheet date, the Group has unused tax losses of HK\$9,449,000 (2006: HK\$798,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. The tax losses may be carried forward indefinitely.

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截至二零零七年十二月三十一日止年度

10. 稅項 (續)

根據綜合收益賬，本年度之稅項與除稅前純利對照如下：

	2007 二零零七年 HK'000 千港元	2006 二零零六年 HK'000 千港元
Profit before taxation	42,848	27,917
Tax at the prevailing profits tax rate of 17.5% (2006: 17.5%)	7,498	4,886
Tax effect of share of profits of associates	(1,420)	(463)
Tax effect of expenses that are not deductible in determining taxable profit	4,433	2,234
Tax effect of income not taxable for tax purpose	(121)	(248)
Tax effect of tax losses not recognised	1,514	-
Effect of tax exemption granted to PRC subsidiaries	(9,280)	(3,852)
Overprovision in respect of previous years	(67)	-
Others	1	213
Taxation for the year	2,558	2,770

於結算日，本集團仍有尚未動用稅項虧損為9,449,000港元(二零零六年：798,000港元)可供抵銷將來溢利。由於難以估計將來溢利之來源，因此並無確認遞延稅項資產。稅項虧損可無限期結轉。

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11. PROFIT FOR THE YEAR

11. 本年度純利

		2007 二零零七年 HK'000 千港元	2006 二零零六年 HK'000 千港元
Profit for the year has been arrived at after charging:	本年度純利經扣除下列各項後得出：		
Allowance for bad and doubtful debts	呆壞賬撥備	7,132	-
Amortisation of other intangible assets	其他無形資產攤銷	479	-
Auditor's remuneration	核數師酬金	1,500	1,109
Cost of inventories recognised as expenses	確認為開支的存貨成本	826,068	819,083
Depreciation for property, plant and equipment	物業、廠房及設備之折舊	934	589
Directors' remuneration (note 12)	董事酬金 (附註12)		
Fee	袍金	227	204
Other emoluments	其他酬金	1,866	2,666
Other staff costs	其他員工成本		
Salaries and other benefits	薪金及其他福利	13,239	4,966
Retirement benefit scheme contributions	退休福利計劃供款	1,025	295
		16,357	8,131
Interest expense on redeemable convertible preferred shares wholly repayable within five years	須於五年後悉數償還可贖回可換股優先股的利息開支	14,287	11,984
Interest expense on other borrowings wholly repayable within five years	須於五年後悉數償還其他借款的利息開支	18	-
		14,305	11,984
Net loss on disposal of property, plant and equipment	出售物業、廠房及設備之虧損淨額	21	2
Operating lease rentals in respect of office premises and staff quarters	辦公室及員工宿舍之經營租賃租金	1,219	484
Write-down of inventories	存貨撇減	1,258	1,621

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12. DIRECTORS' EMOLUMENTS

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

12. 董事酬金

向十一名(二零零六年: 十一名)董事支付/應付之酬金詳情如下:

	Executive director 執行董事				Non-executive director 非執行董事				Independent non-executive director 獨立非執行董事			
	Leung Chi Ho 梁智豪	Sun Pishu 孫丕恕	Wang Miao 王渺	Zhang Lei 張磊	Wong Hung, Alex 王銜	Xin Wei 辛衛華	Marc Evan Brown	William James Fass	Liu Ping Yuan 劉平源	Meng Xiang Xu 孟祥旭	Wong Lit Chor, Alexis 黃烈初	2007 二零零七年
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
Fees	袍金	-	-	-	-	-	-	-	60	60	107	227
Other emoluments	其他酬金											
Salaries and other benefits	薪金及其他福利	884	450	240	280	-	-	-	-	-	-	1,854
Contributions to retirement benefits scheme	退休福利計劃供款	12	-	-	-	-	-	-	-	-	-	12
Total emoluments	合計酬金	896	450	240	280	-	-	-	60	60	107	2,093

	Executive director 執行董事				Non-executive director 非執行董事				Independent non-executive director 獨立非執行董事			
	Leung Chi Ho 梁智豪	Sun Pishu 孫丕恕	Wang Miao 王渺	Zhang Lei 張磊	Wong Hung, Alex 王銜	Xin Wei 辛衛華	Marc Evan Brown	William James Fass	Liu Ping Yuan 劉平源	Meng Xiang Xu 孟祥旭	Wong Lit Chor, Alexis 黃烈初	2006 二零零六年
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	
Fees	袍金	-	-	-	-	-	-	-	60	60	84	204
Other emoluments	其他酬金											
Salaries and other benefits	薪金及其他福利	884	450	1,040	280	-	-	-	-	-	-	2,654
Contributions to retirement benefits scheme	退休福利計劃供款	12	-	-	-	-	-	-	-	-	-	12
Total emoluments	合計酬金	896	450	1,040	280	-	-	-	60	60	84	2,870

No directors of the Company waived any remuneration during both years.

於兩年度內，並無本公司董事放棄收取任何酬金。

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13. EMPLOYEES' REMUNERATION

Of the five individuals with the highest emoluments in the Group, four (2006: four) were directors of the Company whose emoluments are set out in note 12 above. The emoluments of the remaining one (2006: one) highest paid individual were as follows:

Salaries and other benefits	薪金及其他福利
Retirement benefit scheme contributions	退休福利計劃供款

13. 僱員酬金

在本集團五位最高薪酬人士中，其中四名(二零零六年：四名)為董事。詳情載於上文附註12。餘下一名(二零零六年：一名)最高薪人士的酬金詳情如下：

2007 二零零七年 HK'000 千港元	2006 二零零六年 HK'000 千港元
190	449
5	12
195	461

14. DIVIDEND

Dividends recognised as distribution during the year:	年內已認可分配之股息：
Final dividend for 2006, paid – HK1.5 cents (for 2005: HK3 cents) per share	已派二零零六年末期股息每股1.5港仙 (二零零五年：3港仙)
Additional final dividend paid for 2005 shares issued under share option scheme	已派就購股權計劃於二零零五年所發行股份之額外末期股息

14. 股息

2007 二零零七年 HK'000 千港元	2006 二零零六年 HK'000 千港元
7,715	14,733
–	600
7,715	15,333

No final dividend (2006: final dividend of HK1.5 cents) per share has been proposed by the directors.

董事不建議派發每股末期股息(二零零六年：末期股息1.5港仙)。

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15. EARNINGS PER SHARE

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

Earnings	盈利
Earnings for the purposes of basic earnings per share (Profit for the year attributable to equity holders of the parent)	計算每股基本盈利所採用之盈利 (母公司股權持有人應佔年度溢利)
Interest on redeemable convertible preferred shares	可贖回可換股優先股之利息
Earnings for the purposes of diluted earnings per share	計算每股攤薄盈利所採用之盈利
Number of shares	股份數目
Weighted average number of ordinary shares for the purpose of basic earnings per share	計算每股基本盈利所採用之加權平均普通股數目
Effect of dilutive potential ordinary shares:	潛在攤薄普通股之影響：
– share options	– 購股權
– redeemable convertible preferred shares	– 可贖回可換股優先股
Weighted average number of ordinary shares for the purpose of diluted earnings per share	計算每股攤薄盈利所採用之加權平均普通股數目

The weighted average number of ordinary shares for the purpose of basic and diluted earnings per share for the year ended 31 December 2006 has been adjusted for the share division which took effect on 14 December 2007 as disclosed in note 25 to the consolidated financial statements.

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15. 每股盈利

母公司普通股權持有人應佔每股基本及攤薄盈利乃根據下列數據計算：

2007 二零零七年 HK'000 千港元	2006 二零零六年 HK'000 千港元
38,801	25,160
14,287	11,984
53,088	37,144
'000 千股	'000 千股
2,628,034	2,537,255
208,934	206,440
1,171,398	1,018,730
4,008,366	3,762,425

計算截至二零零六年十二月三十一日止年度每股基本及攤薄盈利之加權平均普通股數目已就於二零零七年十二月十四日生效之股份分拆作出調整(於綜合財務報表附註25披露)。

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16. PROPERTY, PLANT AND EQUIPMENT

16. 物業、廠房及設備

		Machinery 機器 HK\$'000 千港元	Furniture, fixtures and office equipment 傢俬及裝置 HK\$'000 千港元	Motor vehicles 車輛 HK\$'000 千港元	Total 合共 HK\$'000 千港元
COST	成本				
At 1 January 2006	於二零零六年一月一日	–	1,405	–	1,405
Exchange adjustments	匯兌調整	21	12	4	37
Additions	增添	960	545	726	2,231
Disposals	撤銷	(30)	(45)	(508)	(583)
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December 2006	於二零零六年 十二月三十一日	951	1,917	222	3,090
Exchange adjustments	匯兌調整	77	85	16	178
Acquired on acquisition of subsidiaries	獲得收購 附屬公司	599	148	448	1,195
Additions	增添	245	1,411	–	1,656
Disposals	出售	(5)	(99)	–	(104)
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December 2007	於二零零七年 十二月三十一日	1,867	3,462	686	6,015
DEPRECIATION	折舊				
At 1 January 2006	於二零零六年一月一日	–	802	–	802
Exchange adjustments	匯兌調整	2	1	–	3
Charge for the year	本年撥備	89	468	32	589
Eliminated on disposals	出售時撤銷	(13)	(31)	(22)	(66)
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December 2006	於二零零六年 十二月三十一日	78	1,240	10	1,328
Exchange adjustments	匯兌調整	14	17	2	33
Charge for the year	本年撥備	245	642	47	934
Eliminated on disposals	出售時撤銷	–	(57)	–	(57)
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December 2007	於二零零七年 十二月三十一日	337	1,842	59	2,238
CARRYING VALUES	賬面值				
At 31 December 2007	於二零零七年 十二月三十一日	<u>1,530</u>	<u>1,620</u>	<u>627</u>	<u>3,777</u>
At 31 December 2006	於二零零六年 十二月三十一日	<u>873</u>	<u>677</u>	<u>212</u>	<u>1,762</u>

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16. PROPERTY, PLANT AND EQUIPMENT (Continued)

The above items of property, plant and equipment are depreciated on a straight line basis at the following rates per annum:

Machinery	機器	10% – 20%
Furniture, fixtures and office equipment	傢俬及裝置	10% – 33 $\frac{1}{3}$ %
Motor vehicles	車輛	10% – 20%

17. GOODWILL

At 1 January 2006 and 1 January 2007	於二零零六年一月一日及二零零七年一月一日	–
Arising on acquisition of subsidiaries (note 29)	因收購附屬公司所產生 (附註29)	30,542
At 31 December 2007	於二零零七年十二月三十一日	<u>30,542</u>

Particulars regarding impairment testing on goodwill are disclosed in note 18.

18. IMPAIRMENT TESTING ON GOODWILL

As explained in note 8, the Group uses business segments as its primary segment for reporting segment information. For the purposes of impairment testing, goodwill set out in note 17 has been allocated to the cash generating unit (“CGU”) of software development. The carrying amounts of goodwill as at 31 December 2007 allocated to this unit is as follows:

Software development	軟件開發	<u>30,542</u>
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16. 物業、廠房及設備 (續)

以上物業、廠房及設備的折舊以直線法按其年折舊率如下：

17. 商譽

HK\$'000
千港元

商譽減值測試之詳情於附註18披露。

18. 商譽減值測試

誠如附註8解釋，本集團於報告分類資料時使用業務分類為主要分類。就減值測試而言，載列於附註17之商譽已分配至軟件開發之現金產生單位(「現金產生單位」)。於二零零七年十二月三十一日分配於該單位之商譽賬面值如下：

Goodwill
商譽
HK\$'000
千港元

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18. IMPAIRMENT TESTING ON GOODWILL (Continued)

Management of the Group considers cashflow projections which was prepared based on financial budgets and determined that there was no impairment of the CGU containing goodwill as at 31 December 2007.

The recoverable amounts of the CGU of software development have been determined based on a value in use calculation. For the purpose of assessing goodwill impairment, the value in use calculation uses cash flow projections based on financial budgets approved by management covering a 5-years period and discount rate of 12.23%. A key assumption for the value in use calculations is the budgeted growth rate ranged from 6.5% to 16%, which is determined based on past performance and management's expectations for the market development. Management believes that any reasonably possible change in any of the assumption would not cause the aggregate carrying amount of the above CGU to exceed the aggregate recoverable amount of the above CGU.

19. OTHER INTANGIBLE ASSETS

COST	成本
At 1 January 2006 and 1 January 2007	於二零零六年一月一日及 二零零七年一月一日
Acquisition of subsidiaries	收購附屬公司
At 31 December 2007	於二零零七年 十二月三十一日
AMORTISATION AND IMPAIRMENT	攤銷及減值
At 1 January 2006 and 1 January 2007	於二零零六年一月一日及 二零零七年一月一日
Charge for the year	本年撥備
At 31 December 2007	於二零零七年十二月三十一日
CARRYING AMOUNT	賬面值
At 31 December 2007	於二零零七年十二月三十一日
At 31 December 2006	於二零零六年十二月三十一日

18. 商譽減值測試 (續)

本集團管理層認為，以財政預算為基準作出之現金流預測，可釐定含有商譽之任何賺取現金單位於二零零七年十二月三十一日並無出現減值。

上述軟件開發之現金產生單位之可回收金額乃根據使用價值計算而釐定。就評估商譽減值而言，使用價值乃根據管理層批准之財務預算對使用現金流量計算之預測為五年期，折讓率為12.23%。使用價值計算之主要假設為根據過往表現及管理層對市場發展期望而決定之預算增長率，由6.5%至16%不等。管理層相信任何假設可能發生之任何合理變化將不會導致上述現金產生單位賬面值總額超過上述現金產生單位可回收金額之總額。

19. 其他無形資產

Registered software 已註冊軟件	Customer Contracts 已訂約客戶	Total 總計
HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
—	—	—
11,971	796	12,767
11,971	796	12,767
—	—	—
214	265	479
214	265	479
11,757	531	12,288
—	—	—

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19. OTHER INTANGIBLE ASSETS (Continued)

The intangible assets of the Group were acquired as part of a business combination in the current year.

The intangible assets have finite useful lives. Intangible assets are depreciated on a straight-line basis over the following period:

Customer contracts	3 months to 1 year
Registered software	5 years

20. INTERESTS IN ASSOCIATES

Cost of investment in associates – unlisted	於聯營公司之投資成本 — 非上市
Share of post-acquisition profits	所佔收購後盈利份額
Exchange realignment	匯兌調整

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19. 其他無形資產 (續)

本集團無形資產於本年收購，作為業務合併其中一部份。

無形資產使用年期為有限。無形資產以直線法按以下期間攤銷：

已訂約客戶	三個月至一年
已註冊軟件	五年

20. 聯營公司之權益

2007 二零零七年 HK'000 千港元	2006 二零零六年 HK'000 千港元
53,591	53,591
13,032	4,921
4,525	—
71,148	58,512

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20. INTERESTS IN ASSOCIATES (Continued)

As at 31 December 2007, the Group had interests in the following associates:

20. 聯營公司之權益 (續)

於二零零七年十二月三十一日，本集團於下列聯營公司擁有權益：

Name of entity 實體名稱	Form of business structure 商業結構形式	Country of registration and operation 註冊及營運國家	Proportion of nominal value of registered capital held by the Group 由本集團持有之註冊資本賬面值百分比	Proportion of voting power held 持有投票權之百分比	Principal activities 主營業務
山東浪潮商用系統有限公司 ("山東商用")	Incorporated 註冊成立公司	PRC 中國	40%	40%	Development, production and sale of computer software and computer peripherals 開發、生產及銷售電腦軟件及電腦周邊設備
浪潮集團通用軟件有限公司 ("Inspur Genersoft")	Incorporated 註冊成立公司	PRC 中國	30.05%	30.05%	Development, production and sale of computer software and computer peripherals 開發、生產及銷售電腦軟件及電腦周邊設備

Included in the cost of investment in associates is goodwill of approximately HK\$4,469,000 (2006: HK\$4,168,000) arising on acquisition of associates. The movement of goodwill is set out below.

於聯營公司投資之成本包括收購聯營公司產生之4,469,000港元(二零零六年：4,168,000港元)之商譽。商譽變動載於下列表內。

		HK\$'000 千港元
Cost	成本	
At 1 January 2006	於二零零六年一月一日	1,105
Exchange adjustments	匯兌調整	40
Arising on acquisition of an associate	於收購聯營公司時產生	3,384
Eliminated upon disposal of an associate	出售一間聯營公司時撤銷	(361)
		<hr/>
At 31 December 2006	於二零零六年十二月三十一日	4,168
Exchange adjustments	匯兌調整	301
		<hr/>
At 31 December 2007	於二零零七年十二月三十一日	<u>4,469</u>

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20. INTERESTS IN ASSOCIATES (Continued)

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

Total assets	總資產
Total liabilities	總負債
Net assets	資產淨值
Group's share of net assets of associates	本集團應佔聯營公司之資產淨值
Revenue for the year	年度收益
Profit for the year	年度純利
Group's share of results of associates for the year	本年度本集團應佔聯營公司之純利

21. INVENTORIES

Raw materials	原材料
Work in progress	在製產品
Finished goods held for sale	持有待售之製成品

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20. 聯營公司之權益 (續)

本集團聯營公司之財務資料概要如下：

2007 二零零七年 HK'000 千港元	2006 二零零六年 HK'000 千港元
233,271	216,221
(44,114)	(46,922)
189,157	169,299
66,679	54,344
240,760	221,523
24,975	9,618
8,111	2,645

21. 存貨

2007 二零零七年 HK'000 千港元	2006 二零零六年 HK'000 千港元
8,458	1,029
2,969	5,063
44,914	39,205
56,341	45,297

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22. TRADE RECEIVABLES AND OTHER CURRENT FINANCIAL ASSETS

Trade receivables

Trade receivable	貿易應收賬款
Less: Allowance for bad and doubtful debts	減：呆壞賬撥備

The Group allows an average credit period of 30 to 120 days (2006: 30 to 90 days) to its customers. The aged analysis of trade receivables is stated as follows:

0 to 30 days	0至30日
31 to 60 days	31至60日
61 to 90 days	61至90日
91 to 120 days	91至120日
Over 120 days	120日以上

Before accepting any new customer, the Group uses an external credit scoring system to assess the potential customer's credit quality and defines credit limits by customers. Limits and scoring attributed to customers are reviewed twice a year. 75% of the trade receivables that are neither past due nor impaired have the best credit scoring attributable under the external credit scoring system used by the Group.

22. 貿易應收賬款及其他流動金融資產

貿易應收賬款

2007 二零零七年 HK'000 千港元	2006 二零零六年 HK'000 千港元
66,540	13,787
(7,132)	—
59,408	13,787

本公司向客戶提供平均30至120日的除賬期(二零零六年：30至90日)。貿易應收賬款的賬齡分析如下：

2007 二零零七年 HK'000 千港元	2006 二零零六年 HK'000 千港元
22,809	13,136
15,713	620
5,704	3
911	28
14,271	—
59,408	13,787

於接納任何新客戶前，本集團採用外部信貸評分系統評估潛在客戶之信貸質素及釐定客戶信貸上限。給予客戶之信貸上限及評分每年審查兩次。根據本集團採用之外部信貸評分系統，75%貿易應收賬款既無過期亦無減值，擁有最高信貸評分。

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22. TRADE RECEIVABLES AND OTHER CURRENT FINANCIAL ASSETS (Continued)

Trade receivables (Continued)

Included in the Group's trade receivable balance are debtors with aggregate carrying amount of HK\$14,271,000 and HK\$31,000 as at 31st December, 2007 and 2006 respectively, which are past due at the reporting date for which the Group has not provided for impairment loss as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances. The average age of these trade receivables is 140 days and 110 days in the year of 2007 and 2006 respectively.

Ageing of trade receivables which are past due but not impaired

60 to 90 days	60至90日
90 to 120 days	90至120日
Over 120 days	120日以上

Movement in the allowance for bad and doubtful debts

Balance at beginning of year	年初結餘
Impairment losses recognised on receivables	就應收賬款確認之減值虧損
Balance at the end of year	年末結餘

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22. 貿易應收賬款及其他流動金融資產 (續)

貿易應收賬款 (續)

本集團之貿易應收賬款結餘內包括應收賬款，該等應收賬款總賬面值於二零零七年及二零零六年十二月三十一日分別為人民幣14,271,000元及人民幣31,000元，於報告日已過期，且因信貸質素並無重大變動及認為該等金額尚可收回，故本集團並無就減值虧損作撥備。本集團並無就該等結餘持有任何抵押。於二零零七年及二零零六年，該等貿易應收賬款之平均賬齡分別為140天及110天。

已過期但未減值之貿易應收賬款之賬齡

2007 二零零七年 HK'000 千港元	2006 二零零六年 HK'000 千港元
–	3
–	28
14,271	–
14,271	31

呆壞賬撥備之變動

2007 二零零七年 HK'000 千港元	2006 二零零六年 HK'000 千港元
–	–
7,132	–
7,132	–

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22. TRADE RECEIVABLES AND OTHER CURRENT FINANCIAL ASSETS (Continued)

Trade receivables (Continued)

Included in the allowance for bad and doubtful debts are individually impaired trade receivables with an aggregate balance of HK\$7,132,000 (2006: nil) which have been under dispute. The Group does not hold any collateral over these balances.

Other receivables

Other receivables are unsecured, interest free and recoverable within one year.

In determined the recoverability of trade and other receivables, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the report date. The Group considers the trade and other receivables are determined to be impaired if they are aged for more than 180 days based on the management past experience. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors believe that there is no further credit provision required in excess of the allowance for bad and doubtful debts.

Amounts due from related companies

The Group allows an average trade credit period of 30 to 210 days (2006: 30 to 90 days) to its trade receivables due from its fellow subsidiaries and ultimate holding company, the following is an aged analysis of amounts due from fellow subsidiaries and ultimate holding company at the balance sheet date:

Amounts due from fellow subsidiaries	應收同集團附屬公司之款項
0 – 30 days	0至30日
31 – 60 days	31至60日
61 – 90 days	61至90日
91 – 210 days	91至210日

22. 貿易應收賬款及其他流動金融資產 (續)

貿易應收賬款 (續)

於呆壞賬撥備中包括個別具爭議之應收賬款確認之減值，結餘總額為7,132,000港元(二零零六年：無)。本集團並無就該等結餘持有任何抵押品。

其他應收賬款

其他應收賬款為無抵押、免息及可於一年內收回。

釐定是否能收回貿易及其他應收賬款時，本集團考慮自獲授信貸以來至呈報日期之任何信貸質素變動。根據過往經驗，本集團認為倘貿易及其其應收賬款之賬齡超過180日，則貿易及其他應收賬款會釐訂為減值。由於客戶群較大且無關聯，故信貸風險並不集中。因此，董事認為除呆賬及壞賬準備外，無須作出更多信貸撥備。

應收關連公司款項

本集團向應收同期集團附屬公司及最終控股公司貿易應收賬提供平均30日至210日(二零零六年30日至90日)的除賬期。以下為應收同集團附屬公司及最終控股公司款項於結算日之賬齡分析：

2007 二零零七年 HK'000 千港元	2006 二零零六年 HK'000 千港元
26,595	14,175
735	–
161	1,348
10,134	
37,625	15,523

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22. TRADE RECEIVABLES AND OTHER CURRENT FINANCIAL ASSETS (Continued)

Amounts due from related companies (Continued)

Amount due from ultimate holding company	應收最終控股公司之款項
0 – 30 days	0至30日
31 – 60 days	31至60日
61 – 90 days	61至90日
91 – 210 days	91至210日

The amounts due from fellow subsidiaries and ultimate holding company have not been past due at the reporting date and the Group has not provided for impairment loss. In determining the recoverability of amounts due from fellow subsidiaries and ultimate holding company, the Group considers any change in the credit quality of the amounts from related companies from the date credit was initially granted up to the report date.

The amount due from an associate was unsecured, interest free and fully settled during the year.

Bank balances and cash

Bank balances and cash comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The carrying amounts of these assets approximate to their fair values. The bank balances carried interest at market rates which range from 1.07% to 4.7% (2006: 0.72% to 4.60%) per annum. At 31 December 2007, the bank balances and cash of approximately HK\$113,168,000 (2006: HK\$121,337,000) were denominated in RMB which is not freely convertible into other currencies.

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22. 貿易應收賬款及其他流動金融資產 (續)

應收關連公司款項 (續)

2007 二零零七年 HK'000 千港元	2006 二零零六年 HK'000 千港元
144,170	43,788
30,202	56,490
51,860	40,775
58,939	—
285,171	141,053

應收同集團附屬公司及應收最終控股公司款項於報告日期尚未加上，而本集團並無就減值虧損撥備。釐訂應收同集團附屬公司及應收最終控股公司款項能否收回時，本集團會考慮關連公司自初步獲授信託日期至報告日期之信貸額質素變動。

應收一間聯營公司之款項為無抵押、免息及已於年內悉數償還。

銀行結餘及現金

本集團之銀行結餘及現金包括現金及三個月或以下之短期銀行存款，其公平值與賬面值相若。銀行結餘按市場利率年息率介乎1.07%至4.7%計息(二零零六年：0.72%至4.60%)。於二零零七年十二月三十一日，銀行結餘及現金約113,168,000港元(二零零六年：121,337,000港元)，均以人民幣計值，而人民幣並不可自由兌換為其他貨幣。

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23. AMOUNTS DUE FROM (TO) CUSTOMERS FOR CONTRACT WORK

23. 應收(應付)客戶之合約工程款項

		2007 二零零七年 HK'000 千港元	2006 二零零六年 HK'000 千港元
Contracts in progress at the balance sheet date	於結算日之在建工程：		
Contract costs incurred plus recognised profits less recognised losses	已產生之工程成本及 已確認純利減 已確認虧損	51,186	—
Less: Progress billings	減：進度款	(47,151)	—
		4,035	—
Analysed for reporting purposes as:	就報告分析而言：		
Amounts due from contract customers	應收客戶之合約 工程款項	6,136	—
Amounts due to contract customers	應付客戶之合約 工程款項	(2,101)	—
		4,035	—

At 31 December 2007, there was no retentions held by customers for contract works. Advances received from customers for contract work amounted to HK\$1,979,000 (2006: nil) included in other payables and accrued expenses.

截至二零零七年十二月三十一日，並無付足的客戶之合約工程款項。已收取來自客戶之合約工程之墊款為1,979,000港元(二零零六年：無)，且已包括於其他應付賬款及應計開支內。

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24. TRADE AND BILLS PAYABLES AND OTHER CURRENT FINANCIAL LIABILITIES

Trade and bills payables, other payables and accrued expenses principally comprise amounts outstanding for trade purposes and ongoing costs. The average credit period taken for trade purchases is up to 30 to 90 days.

The following is an aged analysis of trade and bills payables and amounts due to fellow subsidiaries for the purchase of goods and services received at the balance sheet date:

Trade payables	貿易應付賬款
0 – 30 days	0至30日
31 – 60 days	31至60日
61 – 90 days	61至90日
Over 90 days	90日以上
Amounts due to related companies:	應付關連公司款項：
Trading in nature	貿易性質
Fellow subsidiaries	同集團附屬公司
Ultimate holding company	一間最終控股公司
Total non-trading in nature	非貿易性質
A fellow subsidiary	一間同集團附屬公司
Immediate holding company	一間直接控股公司
Total amounts due to related companies	應付關連公司賬款總額

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24. 貿易應付賬款及應付票據及其他應付金融負債

貿易應付賬款及應付票據，其他應付款及應計開支主要包括貿易用途及其日常費用。貿易購貨期平均為30至90天。

以下為貿易應付賬款及應付票據及就採購貨品及所得到的服務的應付同集團附屬公司之賬款於結算日的賬齡分析：

2007 二零零七年 HK'000 千港元	2006 二零零六年 HK'000 千港元
95,914	40,831
17,656	17,785
2,028	1,918
6,744	730
122,342	61,264
33,517	7,099
3,646	-
37,163	7,099
31,787	-
-	39
68,950	7,138

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24. TRADE AND BILLS PAYABLES AND OTHER CURRENT FINANCIAL LIABILITIES (Continued)

The aged analysis of the amounts due to related companies which are trading in nature is stated as follows:

0 to 30 days	0至30日
31 to 90 days	31至90日

The amount due to a fellow subsidiary which is non-trading in nature is unsecured and interest-free and repayable on demand.

The amount due to immediate holding company was unsecured, interest free and repayable on demand.

24. 貿易應付賬款及應付票據及其他應付金融負債 (續)

性質為貿易之應付關連公司賬款之賬齡分析載列如下：

2007 二零零七年 HK'000 千港元	2006 二零零六年 HK'000 千港元
33,517	4,286
3,646	2,852
37,163	7,138

性質為非貿易之應付一間同集團附屬公司之賬款為無抵押、免息及按要求償還。

應付直接控股公司之款項為無抵押、免息及按要求償還。

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25. SHARE CAPITAL OF THE COMPANY

25. 本公司股本

		Notes 附註	Number of shares 股份數目 '000 千股	HK\$'000 千港元
Authorised:	法定：			
Ordinary shares of HK\$0.01 each at 1 January 2006 and 31 December 2006	於二零零六年一月一日及二零零六年十二月三十一日每股面值0.01港元之普通股		1,000,000	10,000
Share subdivision	股份分拆	1	4,000,000	40,000
Ordinary shares of HK\$0.002 each at 31 December 2007	於二零零七年十二月三十一日每股面值0.002港元之普通股		5,000,000	50,000
Issued and fully paid:	已發行及繳足：			
Ordinary shares of HK\$0.01 each at 1 January 2006	於二零零六年一月一日每股面值0.01港元之普通股		491,100	4,911
Exercise of share options	行使購股權		23,200	232
Ordinary shares of HK\$0.01 each at 31 December 2006	於二零零六年十二月三十一日每股面值0.01港元之普通股		514,300	5,143
Placing of shares	股份配售	2	50,000	500
Share subdivision	股份分拆	1	2,257,200	—
Exercise of share options	行使購股權	3	109,000	218
Ordinary shares of HK\$0.002 each at 31 December 2007	於二零零七年十二月三十一日每股面值0.002港元之普通股		2,930,500	5,861

Notes:

附註：

(1) Pursuant to an ordinary resolution passed on 14 December 2007, the Company's issued and unissued shares of HK\$0.01 each were subdivided into 5 new shares of HK\$0.002 each ("Share Subdivision"). The Share Subdivision took effect on 14 December 2007.

(1) 根據本公司於二零零七年十二月十四日通過之普通決議案，本公司股本中每股面值0.01港元之已發行及未發行股份分拆為五股每股面值0.002港元之新股份（「股份分拆」）。股份分拆已於二零零七年十二月十四日生效。

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25. SHARE CAPITAL OF THE COMPANY (Continued)

Notes: (Continued)

- (2) On 16 October 2007, completion took place for private placements to independent private investors of 50,000,000 new shares of HK\$0.01 each in the Company, at subscription price of HK\$0.94 per share. The proceeds were used to provide additional working capital for the Company.
- (3) On 17 December 2007, share options for 109,000,000 of HK\$0.002 each were exercised at the exercise price of HK\$0.056. Details of options outstanding and movements during the year are set out in note 26.

All the shares which were issued during both years rank *pari passu* with the then existing shares in all respects.

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

26. SHARE OPTION SCHEMES

Equity-settled share options scheme

The Pre-IPO Share Option Scheme (the "Pre-IPO Scheme") and Share Option Scheme (the "Option Scheme") of the Company were adopted by the Company pursuant to the written resolutions of all shareholders passed on 8 April 2004 for the primary purpose of providing incentives or rewards to selected participants for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any entity in which the Group holds any equity interest. The Pre-IPO Scheme and the Option Scheme shall be valid and effective for a period of ten years after the date of its adoption. Under the Pre-IPO Scheme and the Option Scheme, the board of directors of the Company may grant options to eligible participants including employees, executives or officers and directors (including executive and non-executive directors) of the Company or any of its subsidiaries, and any suppliers, consultants and advisers who will contribute or have contributed to the Group to subscribe for shares in the Company.

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25. 本公司股本 (續)

附註：(續)

- (2) 於二零零七年十月十六日，本公司已完成私人配售，向獨立私人投資者按認購價每股0.94港元配售本公司50,000,000股每股面值0.01港元之新股份。所得款項將用作提供本公司額外營運資金之用。
- (3) 於二零零七年十二月十七日，購股權中109,000,000股每股面值0.002港元已按行市價0.056港元行使。本年內尚未行使之購股權詳情及其變動載於附註26。

所有於此兩年內發行之股份在各方面與其他現有股份享有同等地位。

本公司之附屬公司於年內概無購買、出售或贖回任何本公司已上市之證券。

26. 購股權計劃

股權支付交易

本公司根據全體股東於二零零四年四月八日以書面決議案有條件採納之首次公開招股前購股權計劃(「首次公開招股前購股權計劃」)及購股權計劃(「購股權計劃」)，主要目的為向經甄選之參與者就彼等對本集團之貢獻提供獎勵或回報，並／或有助本集團招聘及挽留優質僱員及吸引對本集團及本集團持有任何股權的實體均具有重要價值之人力資源。首次公開招股前購股權計劃及購股權計劃於採納當日起計十年內可有效行使。根據首次公開招股前購股權計劃及購股權計劃，本公司董事會可向合資格參與者(包括本公司或其任何附屬公司之僱員、行政人員、高級職員或董事(包括執行及非執行董事)、將會或曾經對本集團作出貢獻之任何供應商、顧問及諮詢人)授出購股權，以認購本公司股份。

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26. SHARE OPTION SCHEMES (Continued)

Equity-settled share options scheme (Continued)

At 31 December 2007, the number of shares available for issue and remained outstanding under the Pre-IPO Scheme are 120,000,000 shares (2006: 120,000,000 shares) representing 4.1% (2006: 4.7%) of the issued share capital of the Company. The number of shares under the Option Scheme are 278,150,000 shares (2006: 130,000,000 shares) representing 9.49% (2006: 5.1%) of the issued share capital of the Company.

The total number of shares in respect of which options may be granted under each of the Pre-IPO Scheme and the Option Scheme is not permitted to exceed 10% of the shares of the Company of the adoption date of the Pre-IPO Scheme and the Option Scheme unless prior approval from the Company's shareholders in general meeting has been obtained. The number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Pre-IPO Scheme and the Option Scheme and any other share option schemes of the Company must not exceed 30% of the shares in issue from time to time. The total number of shares in respect of which options may be granted to any eligible participant in any twelve-month period is not permitted to exceed 1% of the shares of the Company in issue at any point in time, unless prior approval from the Company's shareholders in general meeting has been obtained. Options granted to substantial shareholder or an independent non-executive director of the Company in excess of 0.1% of the Company's share in issue and with a value in excess of HK\$5 million must be approved in advance by the Company's shareholders in general meeting.

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26. 購股權計劃 (續)

股權支付交易 (續)

於二零零七年十二月三十一日，根據首次公開招股前購股權計劃可供發行及尚未行使股份之數目為120,000,000股股份(二零零六年：120,000,000股股份)，相當於本公司已發行股本之4.1%(二零零六年：4.7%)。根據購股權計劃下之股份數目為278,150,000股股份(二零零六年：130,000,000股股份)，相當於本公司已發行股本之9.49%(二零零六年：5.1%)。

根據首次公開招股前購股權計劃及購股權計劃可能授出之股份總數不得超過於採納首次公開招股前購股權計劃及購股權計劃當日，本公司已發行股份10%，除非已事先在股東大會上獲本公司股東批准。根據首次公開招股前購股權計劃及購股權計劃以及本公司任何其他購股權計劃獲行使而可能發行之股份總數不得超過不時已發行股份30%。就於任何十二個月期間可能授予任何合資格參與者之股份總數，不得超過本公司於任何時間已發行股份1%，除非已事先在股東大會上獲本公司股東批准。授予主要股東或本公司獨立非執行董事超過本公司已發行股份0.1%及其價值超過5,000,000港元之購股權必須事先在股東大會上獲本公司股東批准。

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26. SHARE OPTION SCHEMES (Continued)

Equity-settled share options scheme (Continued)

There is no general requirement that an option must be held to any minimum period before it can be exercised but the board of directors is empowered to impose at its discretion any such minimum period at the time of grant of any particular option. Options offered must be taken up not later than 28 days after the date of offer. A non-refundable remittance of HK\$1 is payable as consideration by the grantee upon acceptance of every grant of option under the Pre-IPO Scheme and the Option Scheme. The period during which an option may be exercised will be determined by the board of directors at its absolute discretion, save that such period of time shall not exceed a period of ten years commencing on the date which the option is granted. The exercise price is determined by the board of directors of the Company, and will not be less than the highest of (i) the closing price of the share on the Stock Exchange's daily quotation sheet on the date of offer (ii) the average closing price of the shares on the Stock Exchange's daily quotation sheet for the five business days immediately preceding the date of offer and (iii) the nominal value of a share of the Company.

On 8 April 2004, a total of 40,000,000 share options were granted to certain employees and directors of the Group under the Pre-IPO Scheme entitling the holders thereof to subscribe for shares of the Company at an exercise price of HK\$0.324 per share.

On 28 December 2004, a total of 40,000,000 share options were granted to certain employees of the Group under the Option Scheme entitling the holders thereof to subscribe for shares of the Company at an exercise price of HK\$0.28 per share. The fair value of the Company's shares at 28 December 2004 was HK\$0.28.

On 30 January 2007, a total of 51,430,000 share options were granted to certain employees and directors of the Group and an associate under the option scheme entitling the holders thereof to subscribe for shares of the Company at an exercise price of HK\$0.56 per share. The estimated fair value of the options granted on 30 January 2007 was HK\$11,755,000.

26. 購股權計劃 (續)

股權支付交易 (續)

一般並無規定購股權行使前須持有之最少期間，但董事獲授權可於授出任何購股權時酌情施加任何該等最少期間。所有購股權之要約必須於要約發出後28日之內獲認購。於接受根據首次公開招股前購股權計劃及購股權計劃授出之每項購股權時，承授人須支付面額為1港元之不可撤回匯款作為代價。購股權可行使之期間將由董事會全權釐定，惟該期間不得超過授出購股權當日起計十年。行使價由本公司董事會釐定，並將不少於以下之最高者(i)於要約日期，股份於聯交所每日報價表上之收市價(ii)緊接要約日期前五個營業日，聯交所每日報價表上之股份平均收市價及(iii)本公司股份之面值。

於二零零四年四月八日，本公司已經根據首次公開招股前購股權計劃授出可認購合共40,000,000股股份的購股權予若干本集團僱員及董事，賦予持有人以每股行使價0.324港元認購本公司股份。

於二零零四年十二月二十八日，本公司已經根據購股權計劃授出可認購合共40,000,000股股份的購股權予若干本集團僱員，賦予持有人以每股行使價0.28港元認購本公司股份。於二零零四年十二月二十八日本公司股份之公平值為0.28港元。

於二零零七年一月三十日，本公司已經根據購股權計劃授出可認購合共51,430,000股股份的購股權予若干本集團僱員及董事，賦予持有人以每股0.56港元認購本公司股份。於二零零七年一月三十一日授出之購股權之預期公平值為11,755,000港元。

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For The Year Ended 31 December 2007

26. SHARE OPTION SCHEMES (Continued)

Equity-settled share options scheme (Continued)

The share options granted at 8 April 2004 and 28 December 2004 do not have any vesting conditions and are fully vested on the grant date.

20% of the share options granted at 30 January 2007 are exercisable during the period from the date of grant to 29 January 2017 while the remaining 80% of the share options are exercisable during the period from 29 January 2008 to 29 January 2017. All options are vested on the first day of respective exercise period.

The estimated fair value of the option granted on 30 January 2007 was calculated using the binominal model. The inputs into the model were as follows:

Closing share price at date of grant	於授出日期之股份收市價	HK\$0.56港元
Exercise price	行使價	HK\$0.56港元*
Expected volatility	預期波幅	69.83%
Expected life	預期期限	10 years年
Risk-free rate	無風險利率	4.181%
Expected dividend yield	預期股息回報率	2.5%

* This price has not been adjusted for the effect of the Share Subdivision of the Company which took effect on 14 December 2007.

Expected volatility was determined by using the historical volatility of the Company's share price over the previous year.

The Group recognised the total expense of HK\$10,937,000 for the year ended 31 December 2007 (2006: nil) in relation to share options granted by the Company.

綜合財務報表附註

截至二零零七年十二月三十一日止年度

26. 購股權計劃 (續)

股權支付交易 (續)

於二零零四年四月八日及二零零四年十二月二十八日所授出之購股權均不附帶任何歸屬條件，並均為於授出當日獲悉數歸屬。

於二零零七年一月三十日授予之購股權中，當中20%於自授出日期至二零一七年一月二十九日期間可隨時行使，而餘下的80%之購股權於自二零零八年一月二十九日至二零一七年一月二十九日期間可隨時行使。所有購股權於各行使期首日獲歸屬。

於二零零七年一月三十日授出之購股權之估計公平值乃採用二項式模型計算。該模型之輸入數據如下：

Date of grant
30.1.2007
授出日期
二零零七年一月三十日

Closing share price at date of grant	於授出日期之股份收市價	HK\$0.56港元
Exercise price	行使價	HK\$0.56港元*
Expected volatility	預期波幅	69.83%
Expected life	預期期限	10 years年
Risk-free rate	無風險利率	4.181%
Expected dividend yield	預期股息回報率	2.5%

* 該價格並未就本公司於二零零七年十二月十四日股份分拆生效之影響而作出調整。

預期波幅乃依據本公司股價於過往一年內之歷史波幅釐定。

本集團已確認本公司截至二零零七年十二月三十一日止年度所授出之購股權有關之總支出為10,937,000港元(二零零六年：無)。

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For The Year Ended 31 December 2007

截至二零零七年十二月三十一日止年度

26. SHARE OPTION SCHEMES (Continued)

Equity-settled share options scheme (Continued)

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

Details of specific categories of options are as follows:

26. 購股權計劃 (續)

股權支付交易 (續)

於估計購股權的公平值時採用了二項式模型，其中購股權的公平值的變數與假設乃以董事的最佳估計方法來計算。購股權價格與某些主觀假設的不同變數一同變化。

以下各購股權之詳情：

	Date of grant 授出日期	Exercise period 行使期	Exercise price 行使價 HK\$ 港元
Pre-IPO Scheme 首次公開招股前 購股權計劃	8 April 2004 二零零四年四月八日	8 April 2004 to 7 April 2014 二零零四年四月八日 至二零一四年四月七日	0.0648 (note) (附註)
Option Scheme 購股權計劃	28 December 2004 二零零四年十二月二十八日	28 December 2004 to 27 December 2014 二零零四年十二月二十八日 至二零一四年十二月二十七日	0.056 (note) (附註)
Option Scheme 購股權計劃	30 January 2007 二零零七年一月三十日	30 January 2007 to 29 January 2017 二零零七年一月三十日 至二零一七年一月二十九日	0.112 (note) (附註)

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26. SHARE OPTION SCHEMES (Continued)

Equity-settled share options scheme (Continued)

The following table discloses details of the Company's share options held by employees and movements in such holdings during the year:

Option type	Outstanding at 1.1.2006 於二零零六年一月一日	Exercised during the year 年內行使	Outstanding at 1.1.2007 於二零零七年一月一日	Adjusted upon the share subdivision		Exercised during the year 年內行使	Outstanding at 31.12.2007 於二零零七年十二月三十一日
				Granted during the year 年內授予	股份分拆後調整 (附註)		
Pre-IPO Scheme	33,200,000	(9,200,000)	24,000,000	-	96,000,000	-	120,000,000
Option Scheme	40,000,000	(14,000,000)	26,000,000	-	104,000,000	(109,000,000)	21,000,000
Option Scheme	-	-	-	51,430,000	205,720,000	-	257,150,000
	<u>73,200,000</u>	<u>(23,200,000)</u>	<u>50,000,000</u>	<u>51,430,000</u>	<u>405,720,000</u>	<u>(109,000,000)</u>	<u>398,150,000</u>

In respect of the share options exercised during the year, the weighted average share price at the dates of exercise and immediately before the dates of exercise are HK\$1.06 and HK\$1.056 respectively.

Details of the share options held by the directors included in the above table are as follows:

Option type	Outstanding at 1.1.2006 & 1.1.2007 於二零零六年一月一日及二零零七年一月一日	Adjusted upon the share subdivision 股份分拆後調整 (附註)	Outstanding at 31.12.2007 於二零零七年十二月三十一日
Pre-IPO Scheme	24,000,000	96,000,000	120,000,000

Note: The number and the exercise price of options which remained outstanding have been adjusted due to Share Subdivision of the Company with effect from 14 December 2007. Each share option was subdivided into 5 new shares options with exercise price of one fifth of the original exercise price.

26. 購股權計劃 (續)

股權支付交易 (續)

年內，僱員持有本公司購股權及其持有中的變動之詳情於下表披露：

就於年度內行使之購股權，其行使日期及緊接其行使日期前當日及之前之加權平均股份價格分別為1.06港元及1.056港元。

董事持有之購股權計劃之詳情如下(已包括上表)：

附註：由於本公司股份分拆於二零零七年十二月十四日生效，仍然尚未行使之購股權之數目及行使價已經作出調整。每份購股權分拆為5份新購股權，行使價為原先行使價之五分之一。

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For The Year Ended 31 December 2007

截至二零零七年十二月三十一日止年度

27. REDEEMABLE CONVERTIBLE PREFERRED SHARES

The Company issued 132,964,342 and 101,315,217, 6% Preferred Shares at a par value of HK\$0.76 and HK\$0.92 each on 8 December 2005 and 21 April 2006 respectively. The Preferred Shares are denominated in Hong Kong dollars. The holder of the Preferred Shares shall have the right to convert the Preferred Shares, at any time from the date of allotment of the Preferred Shares and up to the maturity date, which is the sixth anniversary of 8 December 2005 and without payment of any additional consideration at the conversion rate of one Preferred Share to five ordinary shares after Share Subdivision. If the Preferred Shares have not been converted, they will be redeemed on 8 December 2011 at par. Interest of 6% will be paid annually up until the settlement date. The details of terms of the Preferred Shares are set out in the Company's circular dated 28 October 2005.

The Preferred Shares contain two components, liability and equity elements. Upon the application of HKAS 32 "Financial Instruments: Disclosure and Presentation", the proceeds from issue of the Preferred Shares have been allocated between the liability and equity elements. The equity element is presented in equity heading "Preferred shares equity reserve".

The movement of the liability component of the Preferred Shares for the year is set out below:

Carrying amount at the beginning of the year	於年初之賬面值	
Liability component recognised during the year	於年內確認之負債部分	
Interest charge	利息支出	
Coupon interest payable included in other payables and accrued expenses	包括於其他應付款項及應計開支中的應付票面利息	
Coupon interest paid for the year	於年內支付的票面利息	

The weighted average effective interest rate of the liability component is 7.97% (2006: 7.97%).

27. 可贖回可換股優先股

於二零零五年十二月八日及二零零六年四月二十一日，本公司以每股面值0.76港元及0.92港元發行132,964,342股及101,315,217股6%優先股。優先股以港元為單位。優先股之持有人有權由配發優先股日期二零零五年十二月八日起至到期日(即二零零五年十二月八日之第六週年)毋須支付任何額外代價隨按一股優先股比五股普通股(股份分拆後)之初步換股比例將優先股轉換為股份。倘優先股沒有轉換為股份，會於二零一一年十二月八日以票面值贖回。年率6%付至到期日。有關優先股之詳情已刊載於本公司在二零零五年十月二十八日之通函內。

優先股包括兩部分，分別為負債及股本部分。採用香港會計準則第32號「金融工具：披露及呈列」後，發行優先股所得款項分為負債及股本部份。股本部份在股本項「優先股股本儲備」中呈現。

於本年度，優先股負債部分之變動載列如下：

2007 二零零七年 HK'000 千港元	2006 二零零六年 HK'000 千港元
179,274	95,102
-	82,159
14,287	11,984
-	(9,971)
(11,721)	-
181,840	179,274

負債部分之加權平均實際利率為7.97% (二零零六年：7.97%)。

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28. DEFERRED TAX LIABILITIES

The following is the deferred tax liabilities recognised and movements thereon during the current and prior reporting years:

		Other intangible assets
		其他無形資產
		HK\$'000
		千港元
At 1 January 2006 and 1 January 2007	於二零零六年一月一日及二零零七年一月一日	—
Acquired on acquisition of subsidiaries	收購附屬公司而獲得	3,192
Credit to the consolidated income statement for the year (note 10)	計入年內綜合收益表 (附註10)	(120)
		<hr/>
At 31 December 2007	於二零零七年十二月三十一日	<u>3,072</u>

29. ACQUISITION OF SUBSIDIARIES

For the year ended 31 December 2007

On 14 December 2007, the Group acquired a 49% of the issued capital of Inspur Communication through the acquisition of the entire interests in Shine Victory International Limited and 51% of the issued capital of Inspur Communication from an independent party and Shandong Inspur Electronic Information Technology Company Limited (山東浪潮電子信息科技有限公司), a subsidiary of Inspur Corporation at consideration of RMB43,120,000 and RMB44,880,000 (equivalent to HK\$45,876,000 and HK\$47,749,000) respectively. These transactions have been accounted for using the acquisition method of accounting. The amount of goodwill as a result of the acquisition was HK\$30,542,000.

綜合財務報表附註

截至二零零七年十二月三十一日止年度

28. 遞延稅項負債

以下為於本報告年度及過去報告年度已確認之遞延稅項資產及變動：

		Other intangible assets
		其他無形資產
		HK\$'000
		千港元
At 1 January 2006 and 1 January 2007	於二零零六年一月一日及二零零七年一月一日	—
Acquired on acquisition of subsidiaries	收購附屬公司而獲得	3,192
Credit to the consolidated income statement for the year (note 10)	計入年內綜合收益表 (附註10)	(120)
		<hr/>
At 31 December 2007	於二零零七年十二月三十一日	<u>3,072</u>

29. 收購附屬公司

截至二零零七年十二月三十一日止年度

於二零零七年十二月十四日，本集團透過向一名獨立第三方收購耀凱國際有限公司全部權益而收購浪潮通信已發行股本之49%及向浪潮公司之一間附屬公司(山東浪潮電子信息科技有限公司)收購浪潮通信已發行股本之51%，代價分別為人民幣43,120,000元及人民幣44,880,000元(相當於45,876,000港元及47,749,000港元)。此項交易以購買法列賬。因收購而產生商譽之數額為30,542,000港元。

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綜合財務報表附註

For The Year Ended 31 December 2007

截至二零零七年十二月三十一日止年度

29. ACQUISITION OF SUBSIDIARIES (Continued)

29. 收購附屬公司 (續)

For the year ended 31 December 2007 (Continued)

截至二零零七年十二月三十一日止年度
(續)

The net assets acquired in the transaction, and the goodwill arising, are as follows:

於該收易所收購之資產淨值及所產生之商譽如下：

		Acquiree's carrying amount before combination	Provisional fair value adjustments	Provisional fair value
		合併前被 收購方 之賬面值 HK\$'000 千港元	暫定公 平值調整 HK\$'000 千港元	暫定公平值 HK\$'000 千港元
Net assets acquired:	所收購之資產淨值：			
Property, plant and equipment	物業、廠房及設備	1,195	-	1,195
Other intangible assets	其他無形資產	-	12,767	12,767
Inventories	存貨	702	-	702
Trade receivables	貿易應收賬款	40,849	-	40,849
Other receivables	其他應收賬款	6,083	-	6,083
Amounts due from customers for contract work	應收客戶之合約 工程款項	7,713	-	7,713
Amounts due from related parties	應收關連人士賬款	10,469	-	10,469
Bank balances and cash	銀行結餘及現金	26,113	-	26,113
Trade and other payables	貿易及其他應付賬款	(16,827)	-	(16,827)
Amounts due to customers for contract work	應付客戶之合約 工程款項	(5,082)	-	(5,082)
Amounts due to related parties	應付關連人士賬款	(17,707)	-	(17,707)
Deferred tax liabilities	遞延稅項負債	-	(3,192)	(3,192)
		<u>53,508</u>	<u>9,575</u>	63,080
Goodwill on acquisition	收購之商譽			<u>30,542</u>
Total consideration, satisfied by cash	總代價，以現金支付			<u>93,625</u>
Net cash outflow arising on acquisition:	因收購而產生之現金 流出淨額			
Cash consideration paid	已付現金代價			(93,625)
Bank balances and cash acquired	所收購銀行結餘及現金			<u>26,113</u>
				<u>(67,512)</u>

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29. ACQUISITION OF SUBSIDIARIES (Continued)

For the year ended 31 December 2007 (Continued)

Notes:

- (a) The Group is in the process of assessing the fair value of the identifiable intangible assets of Inspur Communication at date of completion of the acquisition, thus, the determination of the goodwill and other intangible assets disclosed herein is provisional and subject to revision once the Company completes its valuation exercise and upon the receipt of professional valuations. The identifiable intangible assets include the Registered Software developed by Inspur Communication and the Customer Contracts as preliminary identified by the directors of the Company.
- (b) Pursuant to the purchase and sales agreements, the consideration of RMB88,000,000 (equivalent to approximately HK\$93,625,000) is subject to the downward price adjustment mechanism ("Price Adjustment") which is reference to the audited profit after tax for the years ended 31 December 2007 and 31 December 2008. Details of the Price Adjustment are set out in the circular of the Company dated 26 November 2007.
- (c) Shine Victory International Limited is the investment holding company and Inspur Communication is principally engaged in software development. The goodwill arising on the acquisition of subsidiaries is attributable to the anticipated profitability from Inspur Communication and the anticipated future operating synergies from the combination.

Inspur Communication and Shine Victory International Limited contributed in aggregate approximately HK\$10,944,000 and nil respectively to the Group's turnover and approximately HK\$1,513,000 and nil to the Group's profit before taxation for the period between the date of completion and the balance sheet date.

If the acquisition had been completed on 1 January 2007, total Group profit for the year would have been approximately HK\$48,196,000 and total group turnover for the period would have been approximately HK\$1,003,982,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2007, nor is it intended to be a projection of future results.

綜合財務報表附註

截至二零零七年十二月三十一日止年度

29. 收購附屬公司 (續)

截至二零零七年十二月三十一日止年度 (續)

附註：

- (a) 本集團已正評估浪潮通信於收購完成日期之可識別無形資產之公平值，因此，於本報告內披露之商譽及其他無形資產釐定屬暫定性質，當本公司完成其估值工作及收到專業估值後將再重新審訂。可識別無形資產包括由本公司初步識別之浪潮通信及客戶合約開發之註冊軟件。
- (b) 根據買賣協議，代價為人民幣88,000,000元（相當於約93,625,000港元）需受價格下調調整機制（「價值調整」）所限，此乃參考截至二零零七年十二月三十一日止年度及截至二零零八年十二月三十一日止年度經審核除稅後純利所釐定。價值調整之詳情載列於本公司日期為二零零七年十一月二十六日之通函內。
- (c) 耀凱國際有限公司為投資控股公司，而浪潮通信主要從事軟件開發。因收購附屬公司而產生之商譽源自浪潮通信預期盈利能力及於合併後預期之將來經營協同效應。

於完成日期及結算日期間，浪潮通信及耀凱國際有限公司為本集團營業額合共帶來約10,944,000港元及零港元之貢獻，且浪潮通信及耀凱國際有限公司亦為本集團除稅前純利合共帶來約1,513,000港元及零港元之貢獻。

倘收購已於二零零七年一月一日完成，則本集團於本年度之溢利總額應約為48,196,000港元，而本集團於期內之總營業額將約1,003,982,000港元。該備考資料僅作說明用途，並非作為倘本集團已於二零零七年一月一日完成收購而實際上應獲取之收入及經營業績之指標，亦非擬作為日後業績之預測。

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29. ACQUISITION OF SUBSIDIARIES (Continued)

For the year ended 31 December 2006 (Continued)

On 17 February 2006, the Group entered into a subscription agreement with 山東浪潮電子政務軟件有限公司 ("Inspur E-Government") to subscribe for a 53.3% of the enlarged registered capital of Inspur E-Government ("Subscription") at a consideration of RMB8,000,000 (equivalent to HK\$7,692,000). The Subscription was completed on 24 March 2006 and Inspur E-Government became a non-wholly owned subsidiary of the Group. At the date of Subscription, Inspur E-Government has not yet commenced its operation. After the Subscription, the only asset held by Inspur E-Government is the bank balances and cash amounting to approximately HK\$14,423,000. Accordingly, the net cash inflow amounted to approximately HK\$6,731,000.

30. LEASE COMMITMENTS

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

Within one year	於一年內	304	431
In the second to fifth years inclusive	第二至第五年 (包括頭尾兩年)	140	—
		444	431

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

29. 收購附屬公司 (續)

截至二零零六年十二月三十一日止年度 (續)

於二零零六年二月十七日，本集團與山東浪潮電子政務軟件有限公司(「浪潮電子政務」)訂立一份認購協議，以代價人民幣8,000,000元(相等於7,692,000港元)認購浪潮電子政務經擴大註冊股本之53.3%。該項認購於二零零六年三月二十四日完成，浪潮電子政務成為本公司之非全資附屬公司。於認購日期，浪潮電子政務尚未開始營運業務。於認購後，浪潮電子政務持有唯一資產為銀行結餘及現金總額約14,423,000港元。因此，現金流入淨額約為6,731,000港元。

30. 租賃承擔

於結算日，本集團之經營租賃就未來最低租賃付款額之承擔期滿情況如下：

2007 二零零七年 HK'000 千港元	2006 二零零六年 HK'000 千港元
304	431
140	—
444	431

租賃租金指本集團就其辦公室應付之租金。租賃平均每兩年檢討一次而租金乃按平均年期兩年釐定。

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31. RETIREMENT BENEFIT SCHEME

The Group operates the Mandatory Provident Fund Scheme under the rules and regulations of the Mandatory Provident Fund Schemes Authority. The Group's employees are required to join the scheme. The Group has followed the minimum statutory contribution requirement of 5% of eligible employees' relevant aggregated income.

The Company's subsidiaries in the PRC, in compliance with the applicable regulations of the PRC, participated in various central pension schemes operated by the relevant municipal and provincial governments. These subsidiaries are required to make defined contributions to these schemes at a fixed percentage of their covered payroll. The Group has no other obligation for the payment of its staff's retirement and other post-retirement benefits other than the contributions described above.

The total contributions in respect of the current accounting period charged to consolidated income statement amounting to HK\$1,037,000 (2006: HK\$307,000).

32. RELATED PARTY TRANSACTIONS/ BALANCES

Apart from the amounts due from and to related parties as disclosed in notes 22 and 24 respectively, the Group had entered into the following related party transactions during the year:

Sales of computer components (note a)	電腦元件銷售 (附註a)
Sales of computer (note b)	電腦銷售 (附註b)
Provision of IT Services (note c)	提供資訊科技服務 (附註c)
Purchase of goods (note b)	購買貨品 (附註b)
Commission paid (note d)	已付佣金 (附註d)

綜合財務報表附註

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31. 退休福利計劃

本集團根據強制性公積金計劃管理局的規則及規定推行強制性公積金計劃。本集團的員工均須參加此計劃。集團已遵照法定最低供款規定按合資格僱員的有關總收入的5%作出供款。

為遵守適用中國規例，本公司於中國之附屬公司均參與多項由有關市政府及省政府營辦之中央退休金計劃。附屬公司須按該等計劃覆蓋之薪金之固定百分比向該等計劃作出定額供款。除上述供款外，本集團並無有關支付其員工退休及其他退休後福利之其他承擔。

入賬於綜合收益表之現行會計期間之總供款為1,037,000港元(二零零六年：307,000港元)。

32. 關連人士交易

除綜合財務報表附註22及24內所披露的應收及應付予關連人士款項外，本集團於本年度內已訂立下列關連人士交易：

2007 二零零七年 HK'000 千港元	2006 二零零六年 HK'000 千港元
173,720	127,942
274,770	146,712
3,912	1,143
58,887	22,333
100	12

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32. RELATED PARTY TRANSACTIONS/ BALANCES (Continued)

32. 關連人士交易 (續)

Notes:

附註：

- (a) On 1 April 2004, Inspur Corporation appointed the Group as the exclusive agent for Inspur Corporation and its subsidiaries (together referred to as "the Inspur Group") for the overseas sourcing of computer components for a period of two years and nine months from 1 April 2004 to 31 December 2006. On 29 August 2006, a new agreement was entered into between the Group and Inspur Corporation which extend the period from 1 January 2007 to 31 December 2009. The Inspur Group will, with reference to the then market prices, pay a premium of not less than 1.5% above the purchase price paid by the Group, without taking into account of rebates received from suppliers, for all computer components sourced overseas by the Group on their behalf. The sales made under this arrangement to the ultimate holding company and fellow subsidiaries for the year ended 31 December 2007 amounted to approximately nil (2006: HK\$749,000) and HK\$173,720,000 (2006: HK\$127,193,000) respectively.
- (b) On 29 August 2006, the Company entered into a master supply agreement and a master purchase agreement with Inspur Corporation that the Group will sell computer products to and purchase computer hardware and software products from the Inspur Group. The purchases made under this arrangement from ultimate holding company and fellow subsidiaries for the year ended 31 December 2007 amounted to approximately HK\$20,220,000 (2006: nil) and HK\$38,667,000 (2006: HK\$22,333,000) respectively. The sales made under this arrangement to the ultimate holding company and fellow subsidiaries for the year ended 31 December 2007 amounted to approximately HK\$252,744,000 and HK\$22,026,000 (2006: HK\$140,435,000 and HK\$6,277,000) respectively.
- (c) On 29 August 2006, the Company entered into a master services agreement with Inspur Corporation that the Group will provide IT Services to the Inspur Group. The service income derived under this agreement from a fellow subsidiary for the year ended 31 December 2007 amounted to approximately HK\$3,912,000 (2006: HK\$1,143,000).

- (a) 於二零零四年四月一日，浪潮公司委任本集團為浪潮公司及其附屬公司（統稱「浪潮集團」）海外採購電腦元件的獨家代理，由二零零四年四月一日至二零零六年十二月三十一日，為期兩年零九個月。於二零零六年八月二十九日，本集團及浪潮公司訂立新協議將期限由二零零七年一月一日延續至二零零九年十二月三十一日。浪潮集團將參考當時的市價，但並無考慮從供應商獲得的回扣，支付本集團就代表他們從海外採購的所有電腦元件已支付的購買價不少於1.5%以上的溢價。故截至二零零七年十二月三十一日年度止，本集團根據此安排給最終控股公司總值約為無（二零零六年：749,000港元）及同集團附屬公司總值約為173,720,000港元（二零零六年：127,193,000港元）。
- (b) 於二零零六年八月二十九日，本公司與浪潮公司訂立了供應總協議及採購總協議，協議訂明本集團向浪潮集團銷售電腦產品及從浪潮集團購買電腦硬件及軟件產品。於截至二零零七年十二月三十一日止年度，向最終控股公司及同集團附屬公司於該項安排下所作的採購之總額分別約20,220,000港元（二零零六年：無）和38,667,000港元（二零零六年：22,333,000港元）。於截至二零零七年十二月三十一日年度，於該項安排下向最終控股公司及同集團附屬公司所作的銷售之總額分別約252,744,000港元及22,026,000港元（二零零六年：140,435,000港元及6,277,000港元）。
- (c) 於二零零六年八月二十九日，本公司與浪潮公司訂立了服務總協議，協議訂明本集團向浪潮集團提供資訊科技服務。於截至二零零七年十二月三十一日年度，於該項協議下來自同集團附屬公司之服務收入總額約3,912,000港元（二零零六年：1,143,000港元）。

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32. RELATED PARTY TRANSACTIONS/ BALANCES (Continued)

Notes: (Continued)

- (d) On 29 August 2006, the Company entered into a selling agency agreement with Inspur Corporation that the Inspur Group will act as the selling agent in the sale of the products and the services of the Group. In return, the Inspur Group will receive a commission of 1% of the total value of sales contracts. The commission made under this arrangement to a fellow subsidiary for the year ended 31 December 2007 amounted to approximately HK\$100,000 (2006: HK\$12,000).
- (e) On 14 December 2007, Inspur (Shandong) Electronic Information Company Limited (浪潮(山東)電子信息有限公司), a subsidiary of the Company, acquired a 51% equity interest in Inspur Communication from Shandong Inspur Electronic Information Technology Company Limited (山東浪潮電子信息科技有限公 司), a subsidiary of Inspur Corporation, at a consideration of RMB44,880,000 (equivalent to approximately HK\$47,749,000). Further details regarding the acquisition were disclosed in the Company's circular dated 27 November 2007.
- (f) On 9 November 2007, Inspur Communication entered into a subcontracting agreement (the "Subcontracting Agreement") with Inspur Corporation pursuant to which the Inspur Group will subcontract its software development and maintenance business to Inspur Communication. The contractual amount of the business subcontracted to Inspur Communication will be based on the amount of contract bid by the Inspur Group under the tender out of which Inspur Communication shall pay a commission of 0.5% of the total contract sum. No commission was paid or payable during the year ended 31 December 2007.
- (g) During the year ended 31 December 2006 and 2007, Inspur Electronic Information Industry Co., Ltd. (formerly known as Lang Chao Electronic Information Industry Co., Ltd.), a fellow subsidiary of the Company, allowed the Group to use the trademark "Lang Chao" in Hong Kong, Taiwan and the PRC free of charge.

Compensation of key management personnel

The remuneration of directors and key executive during the year are set out in notes 12 and 13, which is determined by the remuneration committee having regard to the performance of individuals and market trends.

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32. 關連人士交易 (續)

附註：(續)

- (d) 於二零零六年八月二十九日，本公司與浪潮公司訂立了銷售代理協議，協議訂明浪潮集團擔任合約代理，銷售本集團產品及服務。而浪潮集團則收取銷售合約總值之1%佣金作為回報。於截至二零零七年十二月三十一日止年度，於該項安排下向同集團附屬公司所支付的佣金約100,000港元（二零零六年：12,000港元）。
- (e) 於二零零七年十二月十四日，本公司一間附屬公司：浪潮(山東)電子信息有限公司向浪潮公司一間附屬公司：山東浪潮電子信息科技有限 公司收購浪潮通信51%股權，代價為人民幣44,880,000元（相當於約47,749,000港元）。收購進一步詳情於二零零七年十一月二十七日本公司通函內披露。
- (f) 於二零零七年十一月九日，浪潮通信與浪潮公司訂立分包協議（「分包協議」），據此，浪潮集團分包其軟件發展及保養業務予浪潮通信。分包予浪潮通信的業務合約金額乃根據山東浪潮的投標金額計算，據此，浪潮通信須就每項分包合約向山東浪潮支付合約總值之0.5%作為佣金。截至二零零七年十二月三十一日止年度並無已付／或應付佣金。
- (g) 截至二零零六年及二零零七年十二月三十一日止年度，本公司一間同集團附屬公司浪潮電子信息產業股份有限公司容許本集團於香港、台灣及中國免費使用「浪潮」商標。

主要管理人員之補償

董事及主要行政人員於年內之薪酬列載於附註12及13。薪酬均由薪酬委員會就個別表現及市場趨勢而釐定。

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33. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

33. 本公司附屬公司詳情

Particulars of the subsidiaries of the Company at 31 December 2007 are as follows:

本公司主要附屬公司於二零零七年十二月三十一日詳情如下：

Name of company 公司名稱	Form of business structure 商業結構形式	Place of incorporation/ registration 註冊成立及 登記地點	Class of share held 持有 股份類別	Paid up issued ordinary share capital/ registered capital 繳足已發行 普通股本/ 註冊資本	Proportion of interest held by the Company 本公司 所持權益之比率		Proportion of voting power held by the Company 本公司 持有投票權 之百分比	Principal activities 主營業務
					Directly 直接	Indirectly 間接		
Inspur Electronics Limited 浪潮電子有限公司	Incorporated 註冊成立公司	British Virgin Islands 英屬處女群島	Ordinary 普通股	US\$1 1美元	100%	-	100%	Investment holding 投資控股
Inspur (HK) Electronics Limited 浪潮(香港)電子有限公司	Incorporated 註冊成立公司	Hong Kong 香港	Ordinary 普通股	HK\$1,000,000 1,000,000港元	-	100%	100%	Trading of computer components 分銷電腦產品
浪潮(山東)電子信息有限公司*	Incorporated 註冊成立公司	PRC 中國	Ordinary 普通股	US\$29,675,000 29,675,000美元	-	100%	100%	Investment holding and manufacture, trading of computer products 投資控股及製造與分銷電腦產品
Timeone Technology Limited	Incorporated 註冊成立公司	British Virgin Islands 英屬處女群島	Ordinary 普通股	US\$50,000 50,000美元	-	100%	100%	Investment holding 投資控股
Inspur E-Government ** 山東浪潮電子政務軟件有限公司	Incorporated 註冊成立公司	PRC 中國	Ordinary 普通股	RMB15,000,000 人民幣15,000,000元	-	53.3%	53.3%	Manufacture, sale and development of computer software 製造、銷售及開發電腦軟件
Inspur Communication** 浪潮通信	Incorporated 註冊成立公司	PRC 中國	Ordinary 普通股	RMB50,000,000 人民幣50,000,000元	-	100%	100%	Manufacture, sale and development of computer software 製造、銷售及開發電腦軟件
Shine Victory International Limited 耀凱國際有限公司	Incorporated 註冊成立公司	Hong Kong 香港	Ordinary 普通股	HK\$8,979,000 8,979,000港元	100%	-	100%	Investment holding 投資控股

* This entity is a wholly foreign owned enterprise.

* 該實體為外商獨資企業

** This entity is a domestic limited liability company

** 該實體為內資有限責任公司

Except for acquisition of Inspur Communication and Shine Victory International Limited as set out in note 29, there is no change in the shareholdings of respective subsidiaries as set out above since 1 January, 2007.

除於附註29所載列收購浪潮通信及耀凱國際有限公司外，上述所列有關附屬公司之股權自二零零七年一月一日以來概無變動。

None of the subsidiaries had issued any debt securities at the end of the year.

概無附屬公司於年末發行任何債券。

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34. OTHER COMMITMENT

On 18 December 2007, the Company entered into an acquisition agreement pursuant to which the Company has agreed to acquire the entire issued share capital of Intersource Technology Limited which indirectly owns 21.26% equity interest in Inspur Genersoft which is the 30.05% associate of the Group as at year end at a consideration of RMB35,079,000 (equivalent to HK\$37,417,600). Upon the completion of the acquisition, Inspur Genersoft will become a 51.31% non-wholly owned subsidiary of the Group. The acquisition is subject to the approval of the independent shareholders at Extraordinary General Meeting ("EGM") of the Company.

35. POST BALANCE SHEET EVENTS

- (a) On 4 January 2008, the Company has entered into a placing agreement pursuant to which the Company has conditionally agreed to place 100,000,000 shares to certain financial institutions at the price of HK\$1.25 per share. The net proceeds from the placing of approximately HK\$121.1 million are intended to be used as general working capital of the Group.
- (b) On 19 February 2008, the Group entered into an acquisition agreement pursuant to which the Group has agreed to purchase an additional 60% of the registered capital of 山東商用 which is the 40% associate of the Group as at year end from a subsidiary of Inspur Corporation at a consideration of RMB30,000,000 (equivalent to HK\$32,000,000). Upon completion of the acquisition, 山東商用 will become a wholly owned subsidiary of the Group. The acquisition is subject to the approval of the independent shareholders at EGM of the Company.

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34. 其他承擔

於二零零七年十二月十八日，本公司訂立收購協議，據此，本公司以代價人民幣35,079,000元(相當於37,417,600港元)同意收購Intersource Technology Limited全部已發行股本，Intersource間接擁有浪潮通用軟件之21.26%股權，而浪潮通用軟件於年末為本集團持股30.05%之聯營公司。於收購完成後，浪潮通用軟件將成為本集團持股51.31%之非全資擁有附屬公司。收購仍須於本公司股東特別大會(「股東特別大會」)上獲獨立股東通過方可作實。

35. 結算日後事項

- (a) 於二零零八年一月四日，本公司訂立配售協議，據此，本公司有條件同意按每股配售價1.25港配售100,000,000股股份予若干金融機構。配售所得款項淨額約為121,100,000港元，擬用作本集團一般營運資金。
- (b) 於二零零八年二月十九日，本集團訂立收購協議，據此，本集團同意向浪潮公司之附屬公司收購山東商用額外60%之註冊資本，山東商用於年末為本集團持股40%之聯營公司，代價為人民幣30,000,000元(相當於32,000,000港元)。收購完成後，山東商用將成為本集團全資附屬公司。收購須待獨立股東於本公司股東特別大會批准方告落實。

