



宁波屹东电子股份有限公司

NINGBO YIDONG ELECTRONIC COMPANY LIMITED*

(a joint stock limited company incorporated in the People's Republic of China)
(於中華人民共和國註冊成立之股份有限公司)

股份代號 Stock code : 8249

ANNUAL REPORT 2007

二零零七年年報

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CORPORATE INFORMATION

公司資料

EXECUTIVE DIRECTORS

Mr. Liu Feng (appointed on 5 October 2007)
Mr. Wang Ya Qun (resigned on 5 October 2007)
Mr. Liu Xiao Chun (resigned on 5 October 2007)
Mr. Gong Zheng Jun
Mr. Chen Zheng Tu

NON-EXECUTIVE DIRECTORS

Mr. Li Ming (resigned on 5 October 2007)
Mr. Zheng Yi Song (appointed on 5 October 2007)
Mr. Wang Wei Shi (appointed on 5 October 2007)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Tang Zhen Ming
Mr. Ding Gang Yi
Mr. Ku Kin Shing (resigned on 30 April 2008)

SUPERVISORS

Mr. Zhang Xing Jiang (resigned on 11 June 2007)
Ms. Wang Ying
Mr. Chen Qian (resigned on 6 March 2007)
Mr. Yang Li (appointed on 11 June 2007)
Mr. Cheng Ping (appointed on 11 June 2007)

MEMBERS OF THE AUDIT COMMITTEE

Mr. Ding Gang Yi (Chairman)
Mr. Tang Zhen Ming
Mr. Ku Kin Shing (resigned on 30 April 2008)

COMPLIANCE OFFICER

Mr. Liu Feng

QUALIFIED ACCOUNTANT

Mr. Lam Chi Tat

COMPANY SECRETARY

Mr. Lam Chi Tat

AUTHORIZED REPRESENTATIVES

Mr. Gong Zheng Jun (appointed on 5 October 2007)
Mr. Lam Chi Tat

LEGAL ADVISERS TO THE COMPANY

Zhejiang Shiguang (As to PRC Law)

AUDITORS

PKF

執行董事

劉豐先生(於二零零七年十月五日獲委任)
王亞群先生(於二零零七年十月五日辭任)
劉曉春先生(於二零零七年十月五日辭任)
宮正軍先生
陳正土先生

非執行董事

李明先生(於二零零七年十月五日辭任)
鄭毅松先生(於二零零七年十月五日獲委任)
王偉時先生(於二零零七年十月五日獲委任)

獨立非執行董事

唐振明先生
丁剛毅先生
谷建聖先生(於二零零八年四月三十日辭任)

監事

張興江先生(於二零零七年六月十一日辭任)
王穎女士
陳謙先生(於二零零七年三月六日辭任)
楊立先生(於二零零七年六月十一日獲委任)
程平先生(於二零零七年六月十一日獲委任)

審核委員會成員

丁剛毅先生(主席)
唐振明先生
谷建聖先生(於二零零八年四月三十日辭任)

監察主任

劉豐先生

合資格會計師

林子達先生

公司秘書

林子達先生

授權代表

宮正軍先生(於二零零七年十月五日獲委任)
林子達先生

本公司法律顧問

浙江時興律師事務所(中國法律)

核數師

大信梁學濂(香港)會計師事務所

CORPORATE INFORMATION

公司資料

REGISTERED OFFICE

No. 65 Siming East Road
Yuyao City
Zhejiang Province
China

註冊辦事處

中國
浙江省
余姚市
四明東路65號

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Units 917-918 9/F
Shui On Centre
6-8 Harbour Road
Wanchai
Hong Kong

香港主要營業地點

香港
灣仔
港灣道6-8號
瑞安中心
9樓917-918室

COMPANY HOMEPAGE/WEBSITE

www.yidongelec.com

公司主頁／網站

www.yidongelec.com

HONG KONG H SHARE REGISTRAR AND TRANSFER OFFICE

Triroc Abacus Limited

香港H股過戶登記處

卓佳雅柏勤有限公司

PRINCIPAL BANKER

Industrial and Commercial Bank of China

主要往來銀行

中國工商銀行

GEM STOCK CODE

8249

創業板股份代號

8249

FINANCIAL HIGHLIGHTS

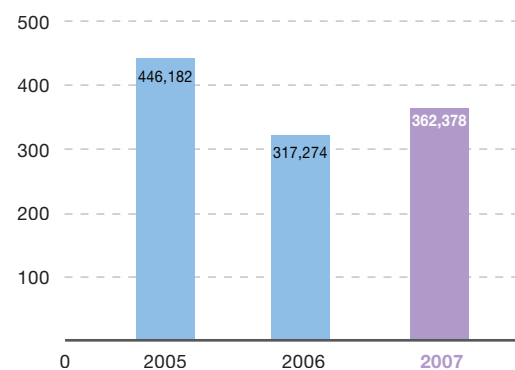
財務概要

Turnover

營業額

in thousand RMB

人民幣千元

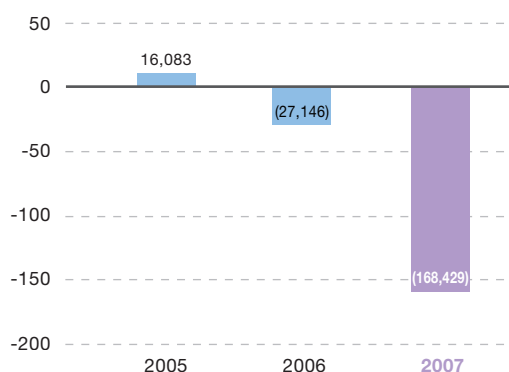


Profit (Loss) Before Tax

除稅前溢利(虧損)

in thousand RMB

人民幣千元

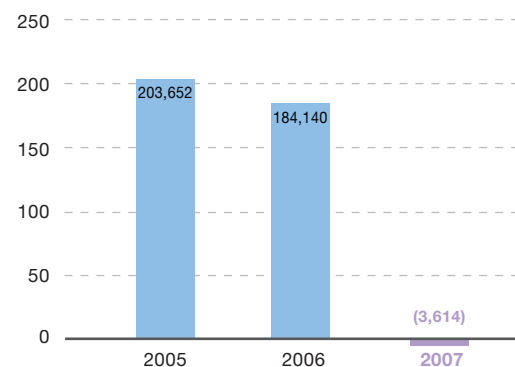


Equity attributable to equity holders of the Company

本公司股權持有人應佔權益

in thousand RMB

人民幣千元

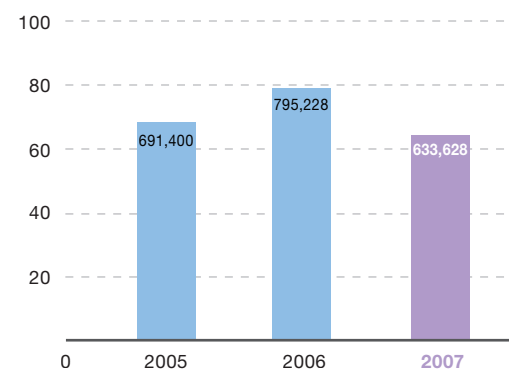


Total Assets

總資產

in thousand RMB

人民幣千元

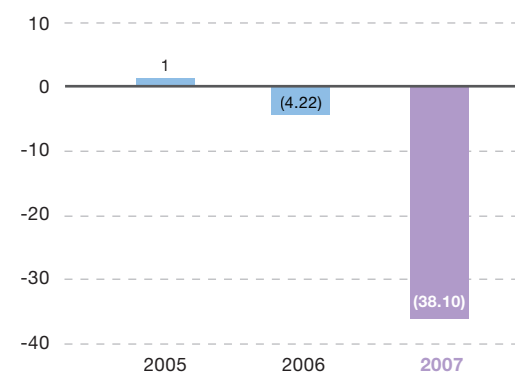


Earnings (Loss) Per Share (Basic)

每股盈利(虧損)(基本)

RMB (in cents)

人民幣(分)



CHAIRMAN'S STATEMENT

主席報告

主席·劉豐先生
Chairman, Mr. Liu Feng



I would like to take the opportunity to report last year's progress to our shareholders on behalf of the Board of Directors. Effort invested in the manufacturing of PHS and GSM mobile phones during the financial year has brought about further growth in sales, and stabilized our roles and ranking amongst PRC mobile phone manufacturers. Although the price paid for advancing through the stage was high, the achievement positions the Group favorably in relation to further sales and future development.

Besides stabilizing mobile phone businesses, the Group launched the production of game circuit board and sold the products in 2007, realizing 213% growth for the sector. Also, the Group had completed the research and development of several new products, and is in process launching them into the market. New factory construction completion with its 110 acres space should cater all impacts emerging in the near future.

The Group had restructuring its management team during the year, and settled at realistic strategies for entering new era in 2008. Since mobile phones are still our main business, gross margin reduction in the mobile phone industry has substantial impacts for the Group. On the other hand, large outlays for the new factory site had necessitated fund drawing from other business sectors - burdening the overall cost with financial cost, and leading to reduced sales consequently.

本人謹代表董事會在此向各位股東彙報過去一年之進度，本集團於2007年發展手機生產，除了提昇集團之銷售額外，便是成為國內眾多手機生產商之一，佔有一定之市場比率，但集團所付出之代價也是不少。

總括全年表現，本集團繼續穩定GSM、PHS手機製造業務，同時亦發展博彩機控制板加工業務，使之從2006年試產、送樣階段穩健步入現今之量產、出貨階段，有關業務已實現業務增長213%。另外，本集團亦加大了對自主研發產品的投入，完成了多個自主產品的研發工作，並已陸續推向市場。余姚經濟開發區110畝新廠區主體建議工程已基本完工，初步具備遷廠擴產條件。

年內集團進行了管理層改組，並確定了更加穩健務實的企業發展策略。同時對企業各級管理團隊進行了調整和充實，為2008年全面實現盈利奠定了基礎。由於手機製造仍是集團的主營業務，手機產業全行業的毛利下降，亦對集團產生了較大影響。新廠區建設項目所需的較大資金需求及日常業務動作龐大的資金佔用，均加大了集團財務成本。同時也導致2007年收入欠佳。

CHAIRMAN'S STATEMENT

主席報告

Projecting into the future, the Group shall insist the principles of "Stability, Realistic & Result-Oriented" as the enterprise's development strategies, ensuring resources flowing to profitability businesses through built-up leaning mechanism. We expect that this should lead to balanced profitability amongst all business sectors, and finally reasonable return for our investors.

Lastly, I am thanking to the continued support of our shareholders, customers and vendors, and wish every success for everyone.

Liu Feng
Chairman
Ningbo, The PRC

30 June 2008

展望2008年，集團將堅持“穩健務實，注意效益”的企業發展方針，資源向有盈利能力的業務傾斜，建立以利潤為中心的考核機制，力爭各業務單元全面盈利，實現股東合理的投資回報。

最後，本人感謝各位股東、客戶及供應商多年來的支持，祝願各位身體健康，事業順利！

劉豐
主席
寧波，中國

二零零八年六月三十日

MANAGEMENT'S DISCUSSION AND ANALYSIS

管理層討論及分析

BUSINESS AND OPERATIONS REVIEW

Turnover

For the year ended 31 December 2007, the Group recorded revenue of approximately RMB362,378,000 (2006: RMB317,274,000), representing an increase of approximately 14.2% over the previous year. The increase in the Group's revenue is due to increase in sales of both mobile phones and controller systems during the year.

業務及營運回顧

營業額

截至二零零七年十二月三十一日止年度，本集團錄得收益約人民幣362,378,000元（二零零六年：人民幣317,274,000元），較去年上升約14.2%。本集團收益有所增加乃由於年內流動電話及控制器系統的銷售均有所上升。



MANAGEMENT'S DISCUSSION AND ANALYSIS

管理層討論及分析

The following tables analysed the Group's turnover by business activity and geographical region for each of the three years ended 31 December 2007:

下表為截至二零零七年十二月三十一日止三個年度各年，本集團按業務活動及地區劃分的營業額分析：

By business activity	以業務活動分類	Year ended 31 December 2005 截至二零零五年 十二月三十一日止年度		Year ended 31 December 2006 截至二零零六年 十二月三十一日止年度		Year ended 31 December 2007 截至二零零七年 十二月三十一日止年度	
		RMB'000 人民幣千元	%	RMB'000 人民幣千元	%	RMB'000 人民幣千元	%
Air-conditioner controller systems	空調器控制器系統	20,706	4.7	66	0	2,587	0.7
Refrigerator controller systems	電冰箱控制器系統	23,072	5.1	-	0	-	-
Smoke extractor controller systems	抽油煙機控制器系統	2,024	0.5	131	0	-	-
Fan controller systems	電風扇控制器系統	-	-	-	0	-	-
Television controller systems	電視機控制器系統	264	0.1	1,093	0.3	5,376	1.5
Manufacture of mobile phone controller systems and assembly of mobile phones	製造流動電話控制器系統及裝嵌流動電話	390,558	87.5	300,082	94.7	344,869	95.2
Other controller systems	其它控制器系統	9,558	2.1	15,902	5.0	9,546	2.6
TOTAL	合計	446,182	100.0	317,274	100.0	362,378	100.0

By geographical region	以地區分類	Year ended 31 December 2005 截至二零零五年 十二月三十一日止年度		Year ended 31 December 2006 截至二零零六年 十二月三十一日止年度		Year ended 31 December 2007 截至二零零七年 十二月三十一日止年度	
		RMB'000 人民幣千元	%	RMB'000 人民幣千元	%	RMB'000 人民幣千元	%
Zhejiang Province	浙江省	117,541	26.3	17,808	5.6	29,623	8.2
Shandong Province	山東省	9,058	2.0	1,389	0.4	-	-
Guangdong Province	廣東省	93,679	21.0	84,645	26.7	1,264	0.3
Jiangsu Province	江蘇省	13,587	3.1	226	0.1	161	-
Shanghai	上海	19,624	4.4	69,492	21.9	3,596	1.0
Anhui	安徽	-	-	9,976	3.1	16,197	4.5
Hong Kong	香港	172,825	38.8	131,526	41.5	310,733	85.7
Taiwan	台灣	18,484	4.1	-	-	-	-
Others*	其它地區*	1,384	0.3	2,212	0.7	804	0.3
TOTAL	合計	446,182	100.0	317,274	100.0	362,378	100.0

* Others include Henan Province, Shanxi Province and other overseas districts.

* 其它地區包括河南省、山西省及其它海外地區。

MANAGEMENT'S DISCUSSION AND ANALYSIS

管理層討論及分析

Gross profit margin was 9.7% (2006: 13.5%) and there is a mild decrease in the profit margin due to keen competition. The Group continues to procure cost control to mitigate the impact of price competition caused by intense competition in the mobile phone industry.

Other revenues mainly include processing income and recorded a decrease of 38.4% over the previous year. Selling expenses recorded a mild decrease of 13.8%, while administrative expenses rose by 214.9% over the previous year. For the year ended 31 December 2007, finance costs amounted to RMB31,862,000 (2006: RMB17,638,000), which represented an increase of 80.6% over the previous year and was mainly attributable to additional bank borrowings raised for the construction of new factory premises and the rising demand for other working capital.

For the year ended 31 December 2007, loss attributable to shareholders of the Group amounted to RMB190,476,000 (2006: RMB21,087,000). Emergence of loss attributable to shareholders was principally due to the increase in administrative expenses, comprising mainly impairment loss on receivables and inventories recognised during the year.

SIGNIFICANT INVESTMENT HELD AND ACQUISITION

As at 31 December 2007, save as disclosed in this report, the Group did not have any significant investment and acquisition.

CHANGES IN THE GROUP STRUCTURE

During the year, the Group transferred 24% equity interest in Ningbo Bolang Electrical Appliance Company Ltd to two third party and the Company became an associated company of the Group. Further, A-Tech Technology (HK) Ltd. disposed of its entire 51% equity interest in E-Sync International Ltd. to a third party.

毛利率為9.7% (二零零六年: 13.5%)，而由於競爭激烈，以致邊際利潤輕微下跌。本集團仍繼續控制採購成本，藉以減輕價格競爭的影響，作為針對流動電話業務激烈競爭的措施。

其它收益主要包括加工費用等收入，較去年減少38.4%，銷售費用較去年輕微下跌13.8%，而行政費用則增加214.9%。截至二零零七年十二月三十一日止年度，融資成本為人民幣31,862,000元(二零零六年: 人民幣17,638,000元)，較去年上升80.6%，主要歸因於就新建廠房的建設工程籌集額外銀行借貸及其它營運資金需求上升。

截至二零零七年十二月三十一日止年度，本集團股東應佔虧損為人民幣190,476,000元(二零零六年: 人民幣21,087,000元)，出現股東應佔虧損的主要原因是行政費用上升所致，行政費用主要包括年內已確認應收賬款及存貨的減值虧損。

所持有重大投資及收購

於二零零七年十二月三十一日，除於本報告所披露者外，本集團並無任何重大投資及收購。

本集團架構變動

於本年度，本集團將其於寧波波朗電器有限公司的24%股本權益轉讓予兩名第三方，該公司成為本集團的聯營公司。此外，屹科科技(香港)有限公司出售其於屹訊國際有限公司的全部51%股本權益予一名第三方。

MANAGEMENT'S DISCUSSION AND ANALYSIS

管理層討論及分析

FINANCIAL REVIEW

Current assets and liabilities

As at 31 December 2007, the Group had current assets of RMB331,594,000 (2006: RMB504,939,000), representing a decrease of 34.3% compared with last year. The decrease was mainly attributable to the reduced bank balances and cash arising from repayment of bank borrowings during the year. As at 31 December 2007, the Group had current liabilities of RMB630,446,000 (2006: RMB602,479,000), which represented an increase of 4.6% and was mainly due to the increase in other payables and funds from shareholders and associates. As at 31 December 2007, the unutilised bank loan facilities and cash flow generated in the ordinary course of business were sufficient for the capital requirement of daily operations and the new facilities despite its net current liability status.

Finance and banking facilities

As at 31 December 2007, the Group had cash and bank balances of RMB202,276,000 (2006: RMB222,937,000), short-term bank borrowings of RMB225,840,000 (2006: RMB291,570,000), and net borrowings of RMB23,564,000 (2006: RMB68,633,000) respectively. The borrowings were secured by certain property, plant and equipments and bank deposits of the Group. The Group will seek to replace the existing short-term bank facilities by long-term bank loans and secure bank loans with lower costs of borrowings, so as to improve the Group's financial position and reduce financial costs.

Gearing ratio

The Group's gearing ratio as at 31 December 2007 was 35.6% (2006: 36.7%), which is expressed as a percentage of the total bank borrowings over the total assets.

Contingent liabilities and commitments

Contingent liabilities and commitments of the Group during the year are set out in notes 36 and 38 to the consolidated financial statements.

Capital structure and financial resources

As at 31 December 2007, the Group had net liabilities of approximately RMB1,371,000 (2006: net assets RMB187,540,000). The Group's operations and investments are financed principally by its internal resources, bank borrowings and shareholders' equity.

財務回顧

流動資產及負債

於二零零七年十二月三十一日，本集團的流動資產為人民幣331,594,000元（二零零六年：人民幣504,939,000元），較上年度下降34.3%。下降的主要因為銀行結餘及現金因年內償還銀行借貸而減少。於二零零七年十二月三十一日，本集團的流動負債為人民幣630,446,000元（二零零六年：人民幣602,479,000元），上升4.6%，上升的主要因為其它應付賬款增加及股東及聯營公司投入資金所致。於二零零七年十二月三十一日，雖然本集團出現淨流動負債情況，但未動用銀行信貸額度及一般日常業務產生的現金流，足夠日常營運及新建廠房資金所需。

融資及銀行信貸

於二零零七年十二月三十一日，本集團有現金及銀行結餘為人民幣202,276,000元（二零零六年：人民幣222,937,000元），短期銀行借款為人民幣225,840,000元（二零零六年：人民幣291,570,000元），及淨借貸人民幣23,564,000元（二零零六年：人民幣68,633,000元），有關借貸以本集團若干物業、廠房及設備以及銀行存款作為抵押。本集團將爭取安排長期銀行貸款以取代現有短期銀行信貸，同時爭取成本較低的銀行貸款，以改善本集團的財務狀況及降低融資成本。

資本負債比率

本集團於二零零七年十二月三十一日的資本負債比率為35.6%（二零零六年：36.7%），此乃以銀行借貸總額除資產總值的百分比列示。

或然負債及承擔

本集團年內的或然負債及承擔詳情載於綜合財務報表附註36及38。

資本結構及財務資源

於二零零七年十二月三十一日，本集團的淨負債約為人民幣1,371,000元（二零零六年：淨資產人民幣187,540,000元）。本集團的營運及投資主要由其內部資源、銀行借貸及股東資本撥付。

MANAGEMENT'S DISCUSSION AND ANALYSIS

管理層討論及分析

Foreign exchange risk

The Group's income and expenses were denominated in RMB while certain procurement transactions were settled in US dollars. The Group regulated its outstanding foreign exchange balance by conducting sales settled in US dollars to reduce its foreign exchange exposure. Since the existing bank loans are repayable in RMB, there was no material foreign exchange risk. The Group will review and monitor foreign exchange risk from time to time and may enter into forward swap contracts to hedge such risks where appropriate.

EMPLOYEES AND REMUNERATION POLICIES

An analysis of employees of the Group by their duties for each of the three years ended 31 December 2005, 2006 and 2007 is set out below:

Functions

Sales and marketing	銷售及市場推廣
R&D	研發
Production (including quality control)	生產 (包括質量控制)
Finance and administration	財務及行政
Procurement	採購

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2007, the Group had 454 employees (2006: 871 employees). Remuneration is determined by reference to market terms and the performance, qualifications and experience of individual employee. Bonuses based on individual performance will be paid to employees in recognition and reward of their contribution. Other benefits include contributions to retirement scheme.

外匯風險

本集團的收入及支出以人民幣計值，而部分採購則以美元支付。本集團透過部分以美元結算的銷售，調節及平衡外匯結餘金額，以減低外匯風險。由於現有銀行貸款均以人民幣為償還貨幣，因此並不存在重大外匯風險。本集團將不時檢討及監察外匯風險，於適當時訂立遠期調期合約，以對沖有關風險。

僱員及酬金政策

截至二零零五年、二零零六年及二零零七年十二月三十一日止三個年度各年，本集團僱員以職務分類的分析如下：

職能

Headcount for the year
ended 31 December
人數
截至十二月三十一日止年度

2005 二零零五年	2006 二零零六年	2007 二零零七年
85	42	43
60	78	14
877	633	329
90	80	22
30	38	46
<u>1,142</u>	<u>871</u>	<u>454</u>

僱員及酬金政策

於二零零七年十二月三十一日，本集團有454名僱員（二零零六年：871名僱員）。酬金是經參考市場條款及個別僱員的表現、資格及經驗而釐定。按個別表現釐定的花紅將付予僱員，作為其貢獻的肯定及獎勵。其它福利包括向退休計劃供款。

MANAGEMENT'S DISCUSSION AND ANALYSIS

管理層討論及分析

STAFF QUARTERS

Workers and staff of the Group are provided with accommodation within the vicinity of the Group's production facilities premises at No. 65 Siming Road East, Yuyao City. The Directors confirm that, apart from the above accommodation, there was no other housing benefit provided by the Group to its staff.

RELATIONSHIP WITH EMPLOYEES

The Group has not experienced any significant labour disputes or strikes which have led to the disruption of its normal business operations. The Directors consider that the Group maintains good relationship with its employees.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Biographical Details of Directors, Supervisors and Senior Management are set out on page 17 to page 19.

EMOLUMENTS OF DIRECTORS, SUPERVISORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors, Supervisors and the five highest paid individuals in the Company are set out in note 12 to the consolidated financial statements.

PROSPECTS

The expanded production capacity of the new factory premises and the possession of the 3G mobile phone production license will both enable manufacture new products launched to the market and serve production orders of group companies, related parties and external customers. Short-term plan targets at full utilization of the production capacity whilst long-term plan focuses over balanced development in mobile phones, controllers, LCD/PCBA and other products. The Group will continue leveraging on its competitive advantages of research and development know-how, well-established customer base and highly recognised product portfolio to capture larger market shares in the intelligent electronic consumer product market.

員工宿舍

本集團的工人及員工獲提供宿舍，地點在本集團位於余姚市四明東路65號的生產設施物業的鄰近地區。董事確認，除上述宿舍外，本集團並無向其員工提供其它房屋福利。

與僱員的關係

本集團概無經歷任何重大勞資糾紛或罷工，導致其日常業務運作受干擾。董事認為，本集團與其僱員的關係良好。

董事、監事及高級管理人員履歷

董事、監事及高級管理人員履歷載於第17頁至第19頁。

董事、監事及五名最高薪人士的酬金

董事、監事及本公司五名最高薪人士的酬金詳情載於綜合財務報表附註12。

前景

新廠房擴充產能，加上取得3G流動電話生產許可證，將可生產新產品以推出市場，並可承接集團成員公司、關連方及外部客戶生產訂單。短期計劃集中在充分發揮新產能的優勢，長遠而言，則致力平衡流動電話、控制器、LCD/PCBA及其它產品的發展。本集團將繼續憑藉其於善用研發知識、已具規模的客戶基礎及備受推崇的產品組合各方面的競爭優勢，進一步擴展於智能電子消費產品市場的市場佔有率。

CORPORATE GOVERNANCE REPORT

企業管治報告

CORPORATE GOVERNANCE PRACTICES

During the year ended 31 December 2007, the Company had complied with the Code on Corporate Governance Practices contained in Appendix 15 of the GEM Listing Rules (the "Code") in all material aspects except that no remuneration committee had been set up as required by rule B1.1 of the Code.

BOARD OF DIRECTORS

As at 31 December 2007, the Board comprises eight members, including the chairman and three executive directors, two non executive director and three independent non-executive Directors (the "INED(s)"). Each of the members possesses sufficient experience and qualification which enable them to discharge their duties properly.

The chairman is responsible for the formulation and review of the Group's overall development strategies. The daily operation is delegated to the chief executive officer and the executive directors. None of the INEDs is interested in the business of the Group and their independence has to be confirmed upon appointment or reappointment. Currently, there is no financial, business, family or other relevant material relationship among the existing directors.

According to the articles of association of the Company, all the directors shall be elected at the general meeting of the shareholders and the term of office shall be three years, renewable upon reappointment or re-election.

Board meetings are conducted on a periodic basis and with reference to the operation needs. During the year, the board held eight meetings and the attendance of the directors is set out on page 15.

AUDIT COMMITTEE

The principal duties of the Audit Committee are to oversee the financial reporting and internal control system of the Group. The Audit Committee comprises three independent non-executive directors, Mr. Ding Gang Yi (Chairman of the committee), Mr. Tang Zhen Ming and Mr. Ku Kin Shing. Mr. Ku is a committee member with professional accounting qualification. The audit committee held four meetings during the year ended 31 December 2007 and the attendance of the committee members is set out on page 15.

企業管治常規

除並無按創業板上市規則附錄15所載的企業管治常規守則(「守則」)第B1.1條的規定設立薪酬委員會外，本公司於截至二零零七年十二月三十一日止年度在各重大方面一直遵守守則的規定。

董事會

於二零零七年十二月三十一日，董事會由八名成員組成，包括主席及其它三名執行董事、兩位非執行董事及三名獨立非執行董事。董事會各成員均具有足夠經驗及資歷以妥善履行其職責。

主席負責製訂及檢討本集團的整體發展策略，日常營運則由行政總裁及執行董事負責。各獨立非執行董事概無於本集團業務中擁有任何權益，並於出任及留聘有關任命時確認其獨立地位。此外，現任董事間並無財務、業務、家族或其它相關重大關係。

根據本公司的公司章程細則規定，所有董事須於股東大會上選舉產生，任期三年，於任期屆滿時重選連任。

董事會定期及按業務所需舉行會議。年內，董事會舉行了八次會議，各董事出席記錄載於第15頁。

審核委員會

審核委員會的主要職責為監控本集團的財務報告程序及內部監控系統。審核委員會由三名獨立非執行董事組成，即丁剛毅先生(委員會主席)、唐振明先生及谷建聖先生，谷先生為具有專業會計資格的委員會成員。截至二零零七年十二月三十一日止年度，審核委員會共舉行四次會議，各委員會成員的出席記錄載於第15頁。

CORPORATE GOVERNANCE REPORT

企業管治報告

REMUNERATION OF DIRECTORS

As the number of the directors is limited, remuneration committee has not yet been set up by the Company. The remuneration policy of the directors is formulated by the Board and subject to approval by the shareholders at the general meeting. The Board takes into account of the respective duties, performance and contribution to the Company of each of the directors with reference to the market rates when deciding their remuneration.

Mr. Liu Feng was appointed as the executive director on 5 October 2007, and Mr. Zheng Yi Song and Mr. Wang Wei Shi were appointed as non-executive directors on 5 October 2007. In the opinion of the Board, the remuneration determination has been with a high degree of independence. Yet on the long-term basis, it believes that the establishment of the remuneration committee can enable the introduction of a reasonable and encouraging remuneration policy which is beneficial to the Group's development.

NOMINATION OF DIRECTORS

The Nomination Committee has not yet been set up by the Board. As a result, the nomination for a new member has to be considered and approved by all members of the Board. The candidate for the addition to the Board shall possess appropriate qualification and experience and shall only be duly appointed after the consideration and assessment of the Board.

During the year under review, Mr. Liu Feng was recommended as Executive Director and Mr. Zheng Yi Song and Mr. Wang Wei Shi were recommended as non-executive directors respectively, and their appointments to join the board were made after the detailed assessment by the Board.

董事薪酬

鑑於董事人數不多，本公司暫未成立薪酬委員會。董事薪酬政策乃由董事會負責制訂，並由股東於股東大會上批准。於制訂各位董事薪酬時，董事會根據各董事的職務範圍、表現及對本公司所作貢獻，以及參考市場水平而制訂。

於二零零七年十月五日，本公司分別委任劉豐先生為執行董事及鄭毅松先生及王偉時先生為非執行董事。董事會認為，就薪酬釐定方面已具有相當獨立性，但長遠而言，董事會認為成立薪酬委員會可制訂合理及具激勵性的董事薪酬政策，對本集團的發展具有積極的意義。

董事提名

董事會目前暫未設立提名委員會，因此，提名新董事須經董事會全體考慮及決定。新增董事會成員必須具有適合的資歷及經驗，並通過董事會的討論及評估才正式委任。

於回顧年度內，劉豐先生被推薦加入董事會出任執行董事，而鄭毅松先生及王偉時先生則分別被推薦加入董事會出任非執行董事，彼等的任命乃經過董事會的詳細評估而委任。

CORPORATE GOVERNANCE REPORT

企業管治報告

ATTENDANCE OF MEETINGS

As at 31 December 2007, the numbers of meetings held by the Board and the Audit Committee and the respective attendance of the directors are as follow:

會議出席記錄

於二零零七年十二月三十一日，董事會會議次數、審核委員會會議次數及各董事的出席記錄如下：

		Number of meeting (attended/held) 會議次數 (出席/舉行)	The Audit Committee 審核委員會
		The Board 董事會	
<i>Executive Directors</i>			
Mr. Liu Feng (Chairman)	劉豐先生(主席)	3/6	—
Mr. Wang Ya Qun	王亞群先生	3/6	—
Mr. Liu Xiao Chun	劉曉春先生	3/6	—
Mr. Gong Zheng Jun	宮正軍先生	6/6	—
Mr. Chen Zheng Tu	陳正土先生	4/6	—
<i>Non-executive Directors</i>			
Mr. Li Ming	李明先生	4/6	—
Mr. Zheng Yi Song	鄭毅松先生	2/6	—
Mr. Wang Wei Shi	王偉時先生	2/6	—
<i>Independent Non-executive Directors</i>			
Mr. Tang Zhen Ming	唐振明先生	1/6	4/4
Mr. Ding Gang Yi	丁剛毅先生	1/6	4/4
Mr. Ku Kin Shing	谷建聖先生	0/6	4/4

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard of dealing set out in Rule 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for securities transactions conducted by the Company's directors. After making specific enquires to all the board members, the Board confirmed that all the directors have complied with the relevant code of conduct and all applicable dealing standards.

董事進行證券交易

本公司已採納創業板上市規則第5.48至第5.67條所載買賣準則作為本公司董事進行證券交易的操守守則。經向全體董事會成員作出具體查詢後，董事會確認，全體董事一直遵守有關操守準則及所有適用的交易準則。

RESPONSIBILITIES OF DIRECTORS AND AUDITORS IN RESPECT OF THE FINANCIAL STATEMENTS

The respective responsibilities of the directors and the auditors towards the shareholders in respect of the financial statements and audited financial statements are set out in page 28.

董事及核數師對財務報表的責任

董事及核數師分別就財務報表及經審核財務報表對股東的責任刊載於第28頁。

CORPORATE GOVERNANCE REPORT

企業管治報告

INTERNAL CONTROL

The Company regularly reviews its internal control system in order to ensure its effectiveness. Reviews on the financial, operation and risk management measures are conducted on a periodic basis so as to maintain the standard of effective management.

AUDITORS

The Audit Committee of the Company is responsible for the appointment of the external auditors, including the engagement of non-auditing tasks and fees. During the year under review, the Company has appointed PKF to audit the financial statements for the year ended 31 December 2007, the fees paid for the audit of the Group's financial statements amounted to RMB1,850,000.

內部監控

本公司定期審查其內部監控系統，確保其有效運作，並定期檢討財務、營運及風險管理措施以達至有效的管理水平。

核數師

本公司審核委員會負責委聘外聘核數師，包括非核數範圍的工作及費用。於回顧年度，本公司委聘大信梁學濂(香港)會計師事務所審核截至二零零七年十二月三十一日止年度的財務報表，審核本集團財務報表的費用為人民幣1,850,000元。

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

董事、監事及高級管理人員

Directors

The Board currently consists of 8 Directors including 3 executive Directors, 2 non-executive Director and 3 independent non-executive Directors.

Executive Directors

Mr. Liu Feng, aged 44, was appointed as the chairman of the Board, an executive Director and the compliance officer of the Company on 5 October 2007. Mr. Liu was the executive assistant to the President of China Ruilian Holding Corporation ("China Ruilian") before joining the Group, and will be responsible for the implementation of the Group's objectives, policies and strategies as well as day-to-day management and operations. He graduated from Dongbei University of Finance & Economics with a bachelor's degree of Industrial Accounting in 1986, and has over 13 years of experience in corporate management and electronics business.

Mr. Gong Zheng Jun, aged 45, is an executive Director and Chief Executive Officer (CEO). Mr. Gong obtained a Master's Degree in Engineering from Xibei Telecommunications and Engineering Institute in 1987, and has 9 years of technical, operation, sales and management experience in the mobile handset industry. Mr. Gong had been the Senior Vice President of SIM Technology Group Company prior to joining the company, held various managerial positions in ZTE Corporation since 1998, and was responsible for the development of phased array radar in Radar Institute of Huanghe Machinery and Electronics Factory in 1987. Mr. Gong joined the Group in November 2006.

Mr. Chen Zheng Tu, aged 56, is a founder of the Group and an executive Director. Mr. Chen had worked with Yuyao 2nd Automobile Electrical Equipment Factory and has over 23 years of experience in the manufacturing industry. He is responsible for the strategic planning and corporate promotion of the Company.

Non-executive Directors

Mr. Zheng Yi Song, aged 45, was appointed as non-executive Director of the Company on 5 October 2007. Mr. Zheng is currently an executive director of China Ruilian, and China Ruilian is a substantial shareholder of the Company. He graduated with a bachelor's degree in management from Capital University of Economics Business in the People's Republic of China in July 1986. Mr. Zheng has over 23 years of experience in corporate management and electronics business.

董事

董事會現由八名董事組成，包括三名執行董事、兩名非執行董事及三名獨立非執行董事。

執行董事

劉豐先生，44歲，於二零零七年十月五日獲委任為董事會主席、執行董事兼本公司監察主任。加盟本集團之前，劉先生為中國瑞聯實業集團有限公司（「中國瑞聯」）總裁之行政助理。而劉先生將負責實施本集團的目標、政策及策略，以及負責日常管理及營運。彼於一九八六年畢業於東北財經大學，取得工業會計學士學位，在企業管理及電子業務方面積逾十三年經驗。

宮正軍先生，45歲，執行董事兼行政總裁。宮先生於一九八七年取得西北通訊工程學院工程碩士學位，於移動手機工業擁有九年技術、經營、銷售及管理經驗。於加盟本公司前，宮先生曾擔任SIM Technology Group Company高級副總裁，亦自一九九八年起任職中興通信股份有限公司多個管理職務。於一九八七年，彼加入黃河機電製造廠雷達研究所，負責開發相控陣雷達。宮先生於二零零六年十一月加盟本集團。

陳正土先生，56歲，本集團創辦人之一，並為執行董事。陳先生曾在余姚市汽車電器二廠工作，於製造業積逾二十三年經驗。彼負責本公司的策略性策劃及企業推廣。

非執行董事

鄭毅松先生，45歲，於二零零七年十月五日獲委任為本公司非執行董事。鄭先生現時亦為本公司主要股東中國瑞聯的執行董事。彼於一九八六年七月在中華人民共和國首都經濟貿易大學畢業，取得管理學學士學位。鄭先生在企業管理及電子業務方面積逾二十三年經驗。

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

董事、監事及高級管理人員

Mr. Wang Wei Shi, aged 52, was appointed as non-executive Director of the Company on 5 October 2007. Mr. Wang graduated from Hubei Television & Radio University in the People's Republic of China in 1992 with a bachelor's degree in electro-mechanical engineering, and has over 34 years of experience in the electronic business and manufacturing of fibreglass, refrigerator, and mobile phone assembly. Mr. Wang is the brother of past director, Mr. Wang Ya Qun.

Independent non-executive Directors

Mr. Tang Zhen Ming, aged 44, is an independent non-executive Director. He graduated from the Beijing Institute of Technology with a doctorate degree in engineering in March 1994. He had worked with Beijing Institute of Technology Industrial Company and is now working with Beijing ChinaSoft FE International Information Technology Ltd.. He has over 8 years of experience in management and administration. He joined the Group as an independent non-executive Director in December 2001.

Mr. Ding Gang Yi, aged 42 is an independent non-executive Director. He graduated from the Beijing Institute of Technology with a doctorate degree in engineering in September 1993. He is currently an associate professor and the Sub-Dean of the School of Software of the Beijing Institute of Technology. He joined the Group as an independent nonexecutive Director in December 2001.

Mr. Ku Kin Shing, aged 46, is an independent non-executive Director. Mr. Ku is a member of the Hong Kong Institute of Certified Public Accountants, and CPA (Aust.), and graduated from University of Canberra in 1991. Mr. Ku had worked with an international audit firm for 8 years, and is currently working as Financial Controller in a company listed on Singapore Exchange Limited. Mr. Ku joined the Group in June 2006.

Supervisors

Mr. Cheng Ping, aged 44, is a Supervisor and does not hold any other position in the Group. He graduated with a bachelor's degree from Anhui University of Education in 1988, and is currently the general manager of Enterprise Management Department of China Ruilian Holding Corp. He has over 18 years of working experience in management and administration.

王偉時先生，52歲，於二零零七年十月五日獲委任為本公司非執行董事。王先生一九九二年畢業於中華人民共和國湖北廣播電視大學，取得機電工程學士學位，於電子業務及製造玻璃纖維、電冰箱及流動電話裝嵌方面，積逾三十四年經驗。王先生為前董事王亞群先生的兄長。

獨立非執行董事

唐振明先生，44歲，獨立非執行董事。彼於一九九四年三月畢業於北京理工大學，取得工程博士學位。彼曾在北京理工大學產業總公司任職，而目前則在北京中軟遠東國際信息技術有限公司工作，在管理及行政方面擁有超過八年經驗。彼於二零零一年十二月加盟本集團，出任獨立非執行董事。

丁剛毅先生，42歲，獨立非執行董事。彼於一九九三年九月畢業於北京理工大學，取得工程博士學位。彼現時為北京理工大學軟件學院副教授兼副院長。彼於二零零一年十二月加盟本集團，出任獨立非執行董事。

谷建聖先生，46歲，獨立非執行董事。谷先生為香港會計師公會會員及澳洲執業會計師。彼在一九九一年畢業於University of Canberra。谷先生曾於一家國際會計師事務所工作八年，現任一家新加坡證券交易所有限公司上市公司的財務總監。谷先生於二零零六年六月加盟本集團。

監事

程平先生，44歲，監事，並無出任本集團任何其它職位。彼於一九八八年畢業於安徽師範大學，取得學士學位，現為中國瑞聯實業集團有限公司的企業管理部總經理。彼在管理及行政方面擁有超過十八年經驗。

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

董事、監事及高級管理人員

Mr. Yang Li, aged 46, is a Supervisor and does not hold any other position in the Group. He graduated with a bachelor's degree from Shanxi Electro-engineering University in 1986, and is currently the vice-president of China Ruilian Holding Corp. He has over 27 years of working experience in management and administration.

Ms. Wang Ying, aged 48, is a Supervisor and the manager of the QC department of the Group. Please refer to the section "Senior management" below for details of her qualifications and experience.

Senior management

Mr. Zhang Wen Gang, aged 42, is the assistant to the Chairman of the Group. Mr. Zhang had worked with Yuyao Light Industry Machine Factory, Yuyao Kuangshan Machine Factory, and Yuyao 2nd Light Industry Co., Ltd. and has over 16 years of experience in accounting and financial work. He is involved in the accounting aspects of the Group. He joined the Group in May 2001.

Mr. Sun Li Chun, aged 43, is the assistant to the general manager of the Group. He graduated from the Tianjin Business College with a bachelor's degree in engineering in July 1989. Mr. Sun had worked with Ningbo Handa and has over 4 years of experience in sales and marketing. He joined the Group in August 2000 and is responsible for overseeing the sales and marketing of the Group.

Ms. Wang Ying, aged 48, is the manager of QC Department. She graduated from Tai Yuan Industrial Institute in August 1982 with a bachelor's degree in engineering majoring in electronic engineering. She is a senior engineer and had worked with Liujibu Taiyuan Fenxi Machinery Factory and Hangzhou Dongbao Air Conditioner Factory. She has over 18 years of experience in R&D. Ms. Wang is responsible for overseeing the QC Department of the Group. She joined the Group in April 2001.

QUALIFIED ACCOUNTANT AND COMPANY SECRETARY

Mr. Lam Chi Tat, aged 54, is the financial controller of the Group. Mr. Lam is a fellow member of the Hong Kong Institute of Certified Public Accountants, is a fellow member of the Association of Chartered Certified Accountants, and holds the degree of Master of Business Administration from The Open University of Hong Kong. Mr. Lam joined the Group in November 2006, and has over 20 years' experience in accounting and auditing in previous employments.

楊立先生，46歲，監事，並無出任本集團任何其它職位。彼於一九八六年畢業於陝西電機工程大學，取得學士學位，現為中國瑞聯實業集團有限公司副總裁。彼在管理及行政方面擁有超過二十七年經驗。

王穎女士，48歲，監事兼本集團質量控制部經理。有關其資歷及經驗請參閱下文「高級管理層」一節。

高級管理層

張文剛先生，42歲，本集團主席助理。張先生曾任職余姚輕工機械廠、余姚礦山機械廠及余姚二輕工業總公司，於會計及財務工作方面擁有超過十六年經驗。彼參與本集團的會計工作。彼於二零零一年五月加盟本集團。

孫立春先生，43歲，本集團總經理助理。彼於一九八九年七月於天津商學院畢業，取得工程學士學位。孫先生曾在寧波漢達任職，在銷售及市場推廣方面擁有超過四年經驗。彼於二零零零年八月加盟本集團，負責監督本集團的銷售及市場推廣工作。

王穎女士，48歲，質量控制部經理。彼於一九八二年八月畢業於太原工學院，取得工程學士學位，主修電子工程。彼為高級工程師，曾任職六機部太原汾西機器廠及杭州東寶空調器廠，於研發方面擁有超過十八年經驗。王女士負責監督本集團質量控制部。彼於二零零一年四月加盟本集團。

合資格會計師及公司秘書

林子達先生，54歲，本集團財務總監。林先生為香港會計師公會及英國特許公認會計師公會資深會員，持有香港公開大學工商管理碩士學位。林先生於二零零六年十一月加盟本集團，於會計及核數方面積逾二十年經驗。

REPORT OF THE DIRECTORS

董事會報告書

The Directors present their annual report together with the audited consolidated financial statements for the year ended 31 December 2007.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The principal activities of the Company are the design, manufacture and sale of intelligent controller systems for various consumer electrical and electronic appliances and the assembly of mobile phones. Details of the principal activities of its subsidiaries are set out in note 43 to the consolidated financial statements.

Analysis of the Group's performance for the year by business and geographic segments is set out in note 8 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 33.

The Directors do not recommend the payment of any dividend in respect of the year ended 31 December 2007.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the year are set out in note 15 to the consolidated financial statements.

SHARE CAPITAL

Details of the share capital of the Company are set out in note 34(a) to the consolidated financial statements.

RESERVES

Details of movements in reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 15. The Company has no reserve available for distribution to shareholders as at 31 December 2007.

董事呈交其截至二零零七年十二月三十一日止年度的年度報告及經審核綜合財務報表。

主要業務及按地域分析的業務

本公司的主要業務為設計、製造及銷售可用於多種消費電器及電子用品的智能控制器系統以及裝嵌流動電話。有關其附屬公司主要業務的詳情載於綜合財務報表附註43。

本集團本年度按業務及地域分類的業績分析載於綜合財務報表附註8。

業績及分派

本集團截至二零零七年十二月三十一日止年度的業績載於第33頁的綜合收益表。

董事並不建議就截至二零零七年十二月三十一日止年度派發任何股息。

物業、廠房及設備

本集團的物業、廠房及設備年內變動詳情載於綜合財務報表附註15。

股本

本公司的股本詳情載於綜合財務報表附註34(a)。

儲備

本集團的儲備年內變動詳情載於第15頁的綜合權益變動表。本公司於二零零七年十二月三十一日並無任何可供分派予股東的儲備。

REPORT OF THE DIRECTORS

董事會報告書

BANK BORROWINGS

Details of bank borrowings of the Group during the year are set out in note 32 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association of the Company and no restriction against such rights under the laws of the People's Republic of China (the "PRC"), which will oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

SUMMARY OF FINANCIAL INFORMATION

A summary of the results and assets and liabilities of the Group for the last five financial years is set out on pages 111 to 112.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

SHARE OPTIONS

As at the date of this report, no option has been granted or agreed to be granted by the Company to any of its Directors, Supervisors or employees of the Company or its subsidiaries.

DIRECTORS

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

Executive Directors

Mr. Wang Ya Qun	(resigned on 5 October 2007)
Mr. Liu Xiao Chun	(resigned on 5 October 2007)
Mr. Liu Feng	(appointed on 5 October 2007)
Mr. Gong Zheng Jun	
Mr. Chen Zheng Tu	

Non-executive Directors

Mr. Li Ming	(resigned on 5 October 2007)
Mr. Zheng Yi Song	(appointed on 5 October 2007)
Mr. Wang Wei Shi	(appointed on 5 October 2007)

Independent non-executive Directors

Mr. Tang Zhen Ming	
Mr. Ding Gang Yi	
Mr. Ku Kin Shing	(resigned on 30 April 2008)

銀行借貸

本集團的銀行借貸年內詳情載於綜合財務報表附註32。

優先購買權

根據本公司的公司章程細則，概無優先購買權的條文，而根據中華人民共和國（「中國」）法律，並無限制該等權利的條文而規定本公司有義務按現有股東的股權比例，提呈發售新股份。

財務資料概要

本集團最近五個財政年度的業績、資產及負債概要載於第111頁至第112頁。

購買、出售或贖回上市證券

年內，本公司概無贖回其任何股份。本公司或其任何附屬公司於年內概無購買或出售本公司任何股份。

購股權

於本報告刊發日期，本公司概無向本公司或其附屬公司任何董事、監事或僱員授出或同意授出購股權。

董事

於本年度及截至本報告刊發日期止，本公司在職董事為：

執行董事

王亞群先生	（於二零零七年十月五日辭任）
劉曉春先生	（於二零零七年十月五日辭任）
劉豐先生	（於二零零七年十月五日獲委任）
宮正軍先生	
陳正土先生	

非執行董事

李明先生	（於二零零七年十月五日辭任）
鄭毅松先生	（於二零零七年十月五日獲委任）
王偉時先生	（於二零零七年十月五日獲委任）

獨立非執行董事

唐振明先生	
丁剛毅先生	
谷建聖先生	（於二零零八年四月三十日辭任）

REPORT OF THE DIRECTORS

董事會報告書

DIRECTORS (continued)

Supervisors

Ms. Wang Ying	
Mr. Chen Qian	(resigned on 6 March 2007)
Mr. Zhang Xing Jiang	(resigned on 11 June 2007)
Mr. Yang Li	(appointed on 11 June 2007)
Mr. Cheng Ping	(appointed on 11 June 2007)

Members of the audit committee

Mr. Ding Gang Yi (Chairman)	
Mr. Tang Zhen Ming	
Mr. Ku Kin Shing	(resigned on 30 April 2008)

In accordance with Articles 89 and 112 of the Company's Articles of Association, the Directors and Supervisors appointed by the Board since last shareholders' annual general meeting shall be elected at the coming shareholders' general meeting for a term of three years. A director or supervisor may serve consecutive terms if re-elected upon the expiration of the terms.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Brief biographical details of Directors, Supervisors and senior management are set out on page 17 to page 19.

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

Each of the Directors and Supervisors has entered into a service contract with the Company for a term of three years from his/her date of appointment as a Director or, as the case may be, as a Supervisor and thereafter subject to termination by either party giving not less than one month's written notice to the other party.

Save as disclosed above, no Directors or Supervisors who are proposed for re-election at the forthcoming annual general meeting has entered into any service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS

Apart from the Directors' and Supervisors' service contracts disclosed above, no contracts of significance in relation to the Group's business to which the Company or its subsidiaries was a party and in which a Director or a Supervisor of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

董事(續)

監事

王穎女士	
陳謙先生	(於二零零七年三月六日辭任)
張興江先生	(於二零零七年六月十一日辭任)
楊立先生	(於二零零七年六月十一日獲委任)
程平先生	(於二零零七年六月十一日獲委任)

審核委員會成員

丁剛毅先生(主席)	
唐振明先生	
谷建聖先生	(於二零零八年四月三十日辭任)

根據本公司的公司章程細則第89及第112條，自上屆股東週年大會以來由董事會委任的董事及監事須於來屆股東大會上接受選舉，任期三年。董事或監事可於任期屆滿時重選連任。

董事、監事及高級管理人員的履歷

董事、監事及高級管理人員的簡歷載於第17頁至第19頁。

董事及監事的服務合約

各董事及監事已分別與本公司訂立服務合約，任期由其各自獲委任為董事或(視情況而定)獲委任為監事之日起計為期三年，其後可由任何一方發出不少於一個月書面通知終止。

除上述所披露者外，概無擬於應屆股東週年大會重選連任的董事或監事，與本公司訂有任何不可於一年內免付賠償(法定賠償除外)而終止的服務合約。

董事及監事於合約的權益

除上文所披露的董事及監事的服務合約外，於本年度終結或年內任何時間，本公司或其附屬公司概無訂立對本集團業務而言屬重大及本公司董事或監事於當中直接或間接擁有重大權益的合約。

REPORT OF THE DIRECTORS

董事會報告書

DIRECTORS', CHIEF EXECUTIVES' AND SUPERVISORS' INTERESTS IN THE SHARES OF THE COMPANY

At 31 December 2007, the interests and long positions of each Director, Chief Executive and Supervisor of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register maintained by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the minimum standards of dealing by directors as referred to in Rules 5.40 to 5.58 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"), were as follows:

Ordinary shares of RMB0.10 each of the Company as at 31 December 2007:

董事、主要行政人員及監事於本公司股份的權益

於二零零七年十二月三十一日，本公司各董事、主要行政人員及監事於本公司及其相聯法團(定義見證券及期貨條例(「證券及期貨條例」)第XV部)的股份、相關股份及債券中，擁有本公司根據證券及期貨條例第352條規定須存置的登記冊所記錄的權益及好倉，或根據香港聯合交易所有限公司創業板證券上市規則(「創業板上市規則」)第5.40至5.58條所述董事進行交易的最低標準已知會本公司及聯交所的權益及好倉如下：

於二零零七年十二月三十一日本公司每股面值人民幣0.10元的普通股：

Name of Director/ Chief Executive/ Supervisor 董事／主要行政人員／ 監事姓名	Number of Domestic Shares of RMB0.10 each (the "Domestic Shares") held 所持每股面值 人民幣0.10元 的內資股 (「內資股」)數目	Nature of interest 權益性質	Long/short position 好／淡倉	Approximate percentage of shareholding held in same class of securities 佔同類別 證券概約 持股百分比	Approximate percentage of shareholding in the registered capital 佔註冊資本 概約持股 百分比
Mr. Gong Zheng Jun 宮正軍先生	91,650,000 Domestic Shares (note 2) 91,650,000股內資股 (附註2)	Beneficial owner 實益擁有人	Long position 好倉	24.77%	18.33%
Mr. Chen Zheng Tu 陳正土先生	63,100,000 Domestic Shares (note 2) 63,100,000股內資股 (附註2)	Beneficial owner 實益擁有人	Long position 好倉	17.05%	12.62%
Mr. Yang Li 楊立先生	41,500,000 Domestic Shares (note 2) 41,500,000股內資股 (附註2)	Beneficial owner 實益擁有人	Long position 好倉	11.22%	8.30%
Mr. Zheng Yi Song 鄭毅松先生	129,500,000 Domestic Shares (note 2) 129,500,000股內資股 (附註2)	Interest of controlled corporation (note 1) 受控制公司的權益 (附註1)	Long position 好倉	35%	25.90%

REPORT OF THE DIRECTORS

董事會報告書

DIRECTORS', CHIEF EXECUTIVES' AND SUPERVISORS' INTERESTS IN THE SHARES OF THE COMPANY

(continued)

Notes:

- (1) Mr. Zheng Yi Song is not a registered shareholder of the Company. His indirect shareholding interest in 129,500,000 shares of the Company is held through Shenzhen Ruilian Investment Company Limited ("Shenzhen Ruilian"), which holds a 90% direct interest in China Ruilian Holding Corporation ("China Ruilian"), a registered shareholder in 129,500,000 shares of the Company.

Both Shenzhen Ruilian and China Ruilian are established and based in the PRC. Mr. Zheng Yi Song holds a direct interest of 32% in Shenzhen Ruilian.

- (2) Domestic Shares of a nominal value of RMB0.10 each, in the registered capital of the Company, which are subscribed for or credited as fully-paid in Renminbi.

Save as disclosed above, at no time during the year did the Directors, Chief Executives and Supervisors (including their spouse and children under 18 years of age) had any interest in, or had been granted, or exercised, any rights to subscribe for shares of the Company or its associated corporations (within the meaning of SFO).

Apart from the above, at no time during the year was the Company or its subsidiaries a party to any arrangement enabling the Directors, Chief Executives and Supervisors of the Company to hold any interests or short positions in the shares or underlying shares in, or debentures of, the Company or its associated corporation.

董事、主要行政人員及監事於本公司股份的權益(續)

附註：

- (1) 鄭毅松先生並非本公司登記股東。彼於本公司129,500,000股的間接股權是透過深圳瑞聯實業集團有限公司(「深圳瑞聯」)持有。深圳瑞聯擁有中國瑞聯實業集團有限公司(「中國瑞聯」) 90%直接權益，而中國瑞聯為129,500,000股本公司股份的登記股東。

深圳瑞聯及中國瑞聯均為於中國成立及以中國為基地。鄭毅松先生直接持有深圳瑞聯32%權益。

- (2) 本公司註冊資本中每股面值人民幣0.10元的內資股乃以人民幣認購或入賬列作繳足。

除上文所披露者外，於本年度的任何時間，概無董事、主要行政人員及監事(包括彼等之配偶及未滿十八歲的子女)於本公司或其相聯法團(定義見證券及期貨條例)的股份擁有任何權益，或已獲授或已行使可認購該等股份的任何權利。

除上文所述者外，於本年度的任何時間，本公司或其附屬公司概無訂立任何安排，致使本公司董事、主要行政人員及監事持有本公司或其相聯法團的股份、相關股份或債券任何權益或淡倉。

REPORT OF THE DIRECTORS

董事會報告書

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SHARES OF THE COMPANY

According to the register of substantial shareholders maintained under section 336 of the SFO, as at 31 December 2007, the Company had been notified the following substantial shareholders' were interested in 5% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the Directors, Chief Executives and Supervisors.

主要股東於本公司股份的權益

按根據證券及期貨條例第336條規定存置的主要股東登記冊顯示，於二零零七年十二月三十一日，本公司獲知會以下主要股東擁有本公司已發行股本5%或以上權益。這些權益並無計入上文所披露有關董事、主要行政人員及監事的權益內。

Name of shareholder	Number of shares held	Nature of interest	Long/short position	Approximate percentage of shareholding in same class of securities 佔同類別證券 概約持股百分比	Approximate percentage of shareholding in the registered capital 佔註冊資本 概約持股百分比
股東姓名／名稱	所持股份數目	權益性質	好／淡倉		
China Ruilian 中國瑞聯	129,500,000 Domestic Shares (notes 1 and 2 above) 129,500,000股內資股 (上文附註1及2)	Beneficial owner 實益擁有人	Long position 好倉	35%	25.90%
Shenzhen Ruilian 深圳瑞聯	129,500,000 Domestic Shares (notes 1 and 2 above) 129,500,000股內資股 (上文附註1及2)	Interest of controlled corporation 受控制公司權益	Long position 好倉	35%	25.90%
Wang Ya Qun 王亞群	37,850,000 Domestic Shares (note 2 above) 37,850,000股內資股 (上文附註2)	Beneficial owner 實益擁有人	Long position 好倉	10.23%	7.57%
Martin Currie China Hedge Fund Limited	14,245,000 H Shares (note 1) 14,245,000股H股 (附註1)	Investment manager 投資經理	Long position 好倉	10.96%	2.85%
Martin Currie Investment Management Limited	14,245,000 H shares (note 1) 14,245,000股H股 (附註1)	Investment manager 投資經理	Long position 好倉	10.96%	2.85%

REPORT OF THE DIRECTORS

董事會報告書

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SHARES OF THE COMPANY (continued)

主要股東於本公司股份的權益(續)

Name of shareholder	Number of shares held	Nature of interest	Long/short position	Approximate percentage of shareholding in same class of securities 佔同類別證券 概約持股百分比	Approximate percentage of shareholding in the registered capital 佔註冊資本 概約持股百分比
股東姓名/名稱	所持股份數目	權益性質	好/淡倉		
Martin Currie (Holdings) Ltd.	12,680,000 H shares (note 1) 12,680,000股H股 (附註1)	Beneficial owner 實益擁有人	Long position 好倉	9.75%	2.53%
UBS AG	12,850,000 H shares (note 1) 12,850,000股H股 (附註1)	Person having a security interest in shares 於股份擁有抵押 權益的人士	Long position 好倉	9.88%	2.57%
Dai Huan	8,200,000 H shares (note 1) 8,200,000股H股 (附註1)	Beneficial owner 實益擁有人	Long position 好倉	6.31%	1.64%

Note:

附註：

(1) "H Share(s)" represent overseas listed foreign share(s) of a nominal value of RMB0.10 each in the registered capital of the Company, which are listed on the GEM and subscribed for and traded in Hong Kong dollars.

(1) 「H股」為本公司註冊資本中每股面值人民幣0.10元的海外上市外資股，於創業板上市，並以港元認購及買賣。

MANAGEMENT CONTRACTS

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

管理層合約

年內概無訂立或訂有有關本公司全部或任何主要部分業務的管理及行政合約。

MAJOR CUSTOMERS AND SUPPLIERS

The percentage of sales and purchases for the year attributable to the Group's major customers and suppliers are as follows:

主要客戶及供應商

本年度本集團主要客戶及供應商應佔的銷售及採購百分比如下：

Sales

– the largest customer	24.2%
– five largest customers combined	50.2%

銷售

– 最大客戶	24.2%
– 五大客戶合計	50.2%

Purchases

– the largest supplier	17.2%
– five largest suppliers combined	32.1%

採購

– 最大供應商	17.2%
– 五大供應商合計	32.1%

REPORT OF THE DIRECTORS

董事會報告書

COMPLIANCE WITH THE CODE

The Company has complied with all the code provisions set out in Appendix 15 Code on Corporate Governance Practices of the GEM Listing Rules throughout the financial year ended 31 December 2007.

RELATED PARTY TRANSACTIONS

Details of related party transactions of the Group, are set out in note 41 to the consolidated financial statements.

COMPETING INTERESTS

None of the Directors, the management shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) had any interest in any business that directly or indirectly competes with the business of the Group or has any other conflicts of interest.

AUDITORS

Messrs. PKF were appointed as auditors of the Company with effect from 30 November 2007 to fill the vacancy made by Deloitte Touche Tohmatsu with effect from 28 November 2007.

The financial statements for the year have been audited by PKF, who retire and, being eligible, offer themselves for re-appointment at the forthcoming Annual General Meeting of the Company.

On behalf of the Board

Liu Feng
Chairman

Ningbo, The PRC, 30 June 2008

遵守守則

於截至二零零七年十二月三十一日止財政年度，本公司一直遵守創業板上市規則附錄15企業管治常規守則所載的守則條文。

關連交易

本集團的關連交易詳情載於綜合財務報表附註41。

競爭權益

董事、本公司管理層股東及彼等各自的聯繫人士(定義見創業板上市規則)概無於直接或間接與本集團業務構成競爭的任何業務中擁有權益，亦無任何其它利益衝突。

核數師

大信梁學濂(香港)會計師事務所自二零零七年十一月三十日起獲委聘為本公司核數師，以填補德勤·關黃陳方會計師行自二零零七年十一月二十八日起所產生的空缺。

本年度財務報表由大信梁學濂(香港)會計師事務所審核，該會計師事務所將告退，並符合資格及願意於本公司應屆股東週年大會應聘連任。

代表董事會

主席
劉豐

中國寧波，二零零八年六月三十日

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告書



Accountants &
business advisers

26/F, Citicorp Centre
18 Whitfield Road
Causeway Bay
Hong Kong

TO THE SHAREHOLDERS OF NINGBO YIDONG
ELECTRONIC COMPANY LIMITED

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

We have audited the consolidated financial statements of Ningbo Yidong Electronic Company Limited (the "Company") and its subsidiaries (collectively known as the "Group") set out on pages 33 to 110, 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.

大信梁學濂(香港)會計師事務所

香港
銅鑼灣
威非路道18號
萬國寶通中心26樓

致寧波屹東電子股份有限公司列位股東
(於中華人民共和國成立的股份有限公司)

本核數師已審核列載於第33至110頁寧波屹東電子股份有限公司(「貴公司」)及其附屬公司(以下合稱「貴集團」)的綜合財務報表，當中包括於二零零七年十二月三十一日的綜合資產負債表與截至該日止年度的綜合收益表、綜合權益變動表和綜合現金流量表，以及主要會計政策概要及其它說明附註。

董事就綜合財務報表須承擔的責任

貴公司董事須負責根據香港會計師公會頒布的香港財務報告準則及香港公司條例的披露規定編製並真實而公平地呈列綜合財務報表。此責任包括設計、實施及維持與編製並真實而公平地呈列綜合財務報表有關的內部監控，以確保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；選取並應用適當的會計政策；及按不同情況作出合理的會計估計。

核數師的責任

本核數師的責任是根據審核工作的結果，對此等綜合財務報表發表意見。本核數師的報告僅為股東(作為一個團體)而編製，除此之外不作其它用途。本核數師概不就本報告的內容對任何其它人士負責或承擔責任。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告書

Except for the limitation in the scope of our work as explained below, 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.

However, because of the matters described in the basis for disclaimer of opinion paragraph, we were not able to obtain appropriate audit evidence to provide a basis for an audit opinion.

Basis for disclaimer of opinion

(1) *Scope limitation - Inventories*

We did not observe the counting of the physical inventory stated at RMB116,824,000 as at 31 December 2006, since the date was prior to our appointment as auditors. We were unable to satisfy ourselves as to the inventory quantities at that date by other audit procedures.

(2) *Scope limitation - Plant and machinery*

In respect of the plant and machinery with a carrying amount of RMB12,637,000 included in the Group's property, plant and equipment as at 31 December 2007, in the absence of sufficient evidences available for our inspection, we have not been able to verify its existence and carrying amount.

(3) *Scope limitation - Impairment loss on trade receivables, deposits and other receivables*

Included in the impairment loss on trade receivables, deposits and other receivables of RMB62,137,000 recognised in the current year as stated in note 10 to the consolidated financial statements was an amount of RMB55,783,000 in relation to the opening balances brought forward from 31 December 2006. We were unable to obtain sufficient information and explanations from the directors regarding the assessment of the reasonableness of the aforementioned basis of allowance and accordingly unable to satisfy ourselves as to whether the impairment loss related to the opening balances should have been recognised during the current year.

除下文所闡釋的工作範疇限制外，本核數師已按照香港會計師公會頒布的香港審核準則進行審核工作。該等準則規定本核數師遵守道德操守規範，並規劃及進行審核，以合理地確定綜合財務報表是否不存在重大錯誤陳述。

然而，由於「不表示意見的基準」一段所述的事項，本核數師未能取得恰當的審核憑證，以作為審核意見的基礎。

不表示意見的基準

(1) *範疇限制 - 存貨*

本核數師未有點算於二零零六年十二月三十一日列賬為人民幣116,824,000元的存貨實物，此乃由於當日本核數師尚未獲委聘為核數師。本核數師未能循其它審核程序以使吾等信納於該日的存貨數量。

(2) *範疇限制 - 廠房及機械*

有關計入 貴集團於二零零七年十二月三十一日的物業、廠房及設備、賬面值為人民幣12,637,000元的廠房及機械，在未有充足憑證以供本核數師查證的情況下，本核數師未能核實其存在與否及其賬面值。

(3) *範疇限制 - 應收貿易賬款、按金及其它應收賬款減值虧損*

綜合財務報表附註10所述於本年度確認的應收貿易賬款、按金及其它應收賬款減值虧損人民幣62,137,000元內，包括與承二零零六年十二月三十一日結轉的承前結餘有關的減值虧損金額人民幣55,783,000元。董事未能就評估上述撥備基準的理據提供充足資料及闡釋。因此，本核數師未能信納有關該承前結餘的減值虧損是否應當於本年度確認。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告書

(4) *Scope limitation – Impairment loss on amount due from a related company*

The impairment loss on amount due from a related company of RMB16,795,000 recognised in the current year as stated in note 10 to the consolidated financial statements was in relation to an amount of RMB28,720,000 included in the opening balance brought forward from 31 December 2006. The Group provided such allowance due to the quality problem of the products sold to the related company. We were unable to obtain sufficient information and explanations from the directors regarding the assessment of the reasonableness of the aforementioned basis of allowance and were unable to satisfy ourselves as to whether any further allowance was required to be made during the year ended 31 December 2007.

(5) *Scope limitation – Tax recoverable written off*

In respect of the tax recoverable written off of RMB13,526,000, which is related to opening balance brought forward from 31 December 2006, included in the income tax expense in the current year, we have not been provided with tax clearance letter issued by the Tax Bureau and other evidence for inspection and accordingly unable to satisfy ourselves as to whether it should have been expensed in the current year.

(6) *Going concern basis*

In forming our opinion, we have considered the adequacy of the disclosures made in note 2(b) to the consolidated financial statements concerning the basis of preparation of the consolidated financial statements made by the directors. As explained in note 2(b) to the consolidated financial statements, the Group is currently undertaking a number of measures to relieve the current profitability and liquidity problem of the Group.

The consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the ongoing support of the Group's bankers and/or the financial institutions, the undertaken financial support by a substantial shareholder, and the attainment of profitable and positive cash flow operations of the Group to meet its future working capital and financial requirements. The consolidated financial statements do not include any adjustments that might be necessary should the implementation of such measures become unsuccessful. Details of the circumstances relating to this fundamental uncertainty are described in note 2(b) to the consolidated financial statements.

(4) 範疇限制－應收一家關連公司款項減值虧損

綜合財務報表附註10所述於本年度確認有關應收一家關連公司款項的減值虧損人民幣16,795,000元，乃與承二零零六年十二月三十一日結轉的承前結餘內一筆人民幣28,720,000元款項有關。貴集團由於向該關連公司售出的產品質素問題而計提有關撥備。董事未能就評估上述撥備基準的理據提供充足資料及闡釋。因此，本核數師未能信納是否須於截至二零零七年十二月三十一日止年度額外計提任何撥備。

(5) 範疇限制－撤銷可收回稅項

有關本年度所得稅開支內一筆關於承二零零六年十二月三十一日結轉的承前結餘的可收回稅項撤銷人民幣13,526,000元，本核數師並未獲提供由稅務局發出的清稅函件或其它核實憑證，因此，本核數師未能信納其是否應當於本年度列作開支。

(6) 持續經營基準

於制訂意見時，本核數師已考慮董事於綜合財務報表附註2(b)有關綜合財務報表編製基準所作出的披露是否足夠。誠如綜合財務報表附註2(b)所闡釋，貴集團正進行多項措施以改善貴集團現時的盈利能力及流動資金問題。

綜合財務報表乃以持續經營基準而編製，而其是否有效乃取決於貴集團往來銀行及／或金融機構作出的持續支持、一名主要股東已承諾作出的財務支持，以及貴集團達致有利可圖及帶來正面現金流量的營運以應付其日後營運資金及財務需要。綜合財務報表並未載有一旦上述措施未能成功推行而需要作出的任何調整。有關此基本不確定因素情況的詳情載於綜合財務報表附註2(b)。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告書

Although disclosures have been made, we consider that there exists certain extreme inherent uncertainties surrounding the circumstances under which the Group might successfully continue to adopt the going concern basis. Thus, we have disclaimed our opinion in respect of this issue.

(7) *Contingent liabilities in respect of disposal of properties interest*

As explained in notes 2(b)(v) and 36(e) to the consolidated financial statements, the Company has signed an agreement with the local government for the potential disposal of its existing factory premises for a preliminary consideration of approximately RMB80,000,000. In this regard, the Company failed to deliver the possession of the existing factory premises before a pre-agreed date pursuant to the terms of the agreement. As a consequence, a daily compensation of 0.005% on the basis of total consideration will be levied and the percentage will be double if overdue for more than one month (the "Alleged Penalty") according to the agreement.

This potential disposal constitutes a very substantial disposal and will be subject to the approval from the extraordinary general meeting to be held according to the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited ("GEM Listing Rules"). As at 31 December 2007, the Alleged Penalty has not been accrued in the books of the Group as the directors of the Company are of the opinion, with the advice from a legal adviser, that the aforesaid agreement may not be enforceable on the ground that the Company had breached the GEM Listing Rules.

We consider that appropriate disclosures concerning the contingent liabilities in respect of aforesaid disposal of a leasehold land and buildings have been made, but the fundamental uncertainty is so extreme that we are unable to form an opinion as to whether the Group has obligation to pay the Alleged Penalty and whether the Alleged Penalty should be provided for in the consolidated financial statements.

儘管已作出披露，然而本核數師認為，貴集團能成功繼續採納持續經營基準的情況，仍存在若干極端的固有不確定因素。因此，本核數師就此不表示意見。

(7) *有關出售物業權益的或然負債*

誠如綜合財務報表附註2(b)(v)及36(e)所闡釋，貴公司與地方政府就以約人民幣80,000,000元的初步代價可能出售其現有廠房物業簽訂協議。就此，貴公司未能根據該協議的條款，在事先協定的日期前交付該現有廠房物業的擁有權。因此，根據該協議將被每日徵收總代價0.005%的罰款，而倘過期超過一個月有關百分比將會加倍（「指稱罰款」）。

根據香港聯合交易所有限公司創業板證券上市規則（「創業板上市規則」），此項可能進行的出售構成一項非常重大出售事項，須於股東特別大會上取得批准，方可作實。由於貴公司董事經參考法律意見後認為，基於貴公司違反創業板上市規則，上述協議或不能強制執行，因此於二零零七年十二月三十一日，指稱罰款並未計入貴集團賬目。

本核數師認為，已就有關上述出售租賃土地及樓宇的或然負債作出適當披露，然而由於基本不確定因素過於極端，致使本核數師未能就貴集團是否有責任支付指稱罰款及是否須於綜合財務報表中就指稱罰款計提撥備作出意見。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告書

Any adjustments that might have been found to be necessary in respect of the matters set out in points (1) to (7) above may have a consequential and significant effect on the financial positions of the Group as at 31 December 2007, the Group's loss and cash flows for the year ended 31 December 2007 and the related disclosures in the consolidated financial statements.

Disclaimer of opinion: disclaimer of view given by consolidated financial statements

Because of the significance of the matters described in the basis for disclaimer of opinion paragraph, we do not express an opinion on the consolidated financial statements as to whether they give a true and fair view of the state of affairs of the Group at 31 December 2007 and of the loss and cash flows of the Group for the year then ended in accordance with Hong Kong Financial Reporting Standards and as to whether the financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Report on matters under sections 141(4) and 141(6) of the Hong Kong Companies Ordinance

In respect alone of the limitation on our work as set out in the "Basis for disclaimer of opinion" section of this report:

- (i) we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- (ii) we were unable to determine whether proper books of account had been kept.

PKF

Certified Public Accountants
Hong Kong
30 June 2008

被視為就上文第(1)至(7)點所載事項必須作出的任何調整，或會對 貴集團於二零零七年十二月三十一日的財務狀況、 貴集團於截至二零零七年十二月三十一日止年度的虧損及現金流量以及於綜合財務報表作出的相關披露構成重大影響。

不表示意見：對綜合財務報表所作意見不表示意見

由於「不表示意見的基準」一段所述事項的重要性，故本核數師不對綜合財務報表是否已根據香港財務報告準則真實而公平地呈列 貴集團於二零零七年十二月三十一日的事務狀況及 貴集團截至該日止年度的虧損及現金流量，以及財務報表是否已根據香港公司條例的披露規定妥為編製表示意見。

對香港公司條例第141(4)及141(6)條項下事項作出報告

僅就本報告「不表示意見的基準」一節所載本核數師工作的限制而言：

- (i) 本核數師未有取得本核數師認為就審核而言必須的一切資料及闡釋；及
- (ii) 本核數師未能確定有否妥為存置會計賬目。

大信梁學濂(香港)會計師事務所

香港執業會計師
二零零八年六月三十日

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 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
Revenue	收益	7	362,378	317,274
Cost of sales	銷售成本		(327,057)	(274,311)
Gross profit	毛利		35,321	42,963
Other income	其它收入	7	6,186	10,049
Selling and distribution costs	銷售及分銷成本		(4,850)	(5,625)
Administrative expenses	行政費用		(179,139)	(56,895)
Finance costs	融資成本	9	(31,862)	(17,638)
Gain on disposal of subsidiaries	出售附屬公司收益	35	5,915	—
Loss before income tax	除所得稅前虧損	10	(168,429)	(27,146)
Income tax (expense)/credit	所得稅（開支）／抵免	11	(23,155)	3,901
Loss for the year	年內虧損		(191,584)	(23,245)
Attributable to:	應佔：			
Equity holders of the Company	本公司股權持有人		(190,476)	(21,087)
Minority interests	少數股東權益		(1,108)	(2,158)
			(191,584)	(23,245)
Dividends	股息	13	—	—
Loss per share	每股虧損	14		
Basic	基本		RMB人民幣(38.10 cents分)	RMB人民幣(4.22 cents分)
Diluted	攤薄		N/A	N/A

CONSOLIDATED BALANCE SHEET

綜合資產負債表

as 31 December 2007
於二零零七年十二月三十一日

	Notes 附註	2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
Non-current assets	非流動資產		
Property, plant and equipment	物業、廠房及設備	264,949	242,877
Prepaid lease payments	預付租賃款	36,341	37,282
Goodwill	商譽	-	-
Interests in associates	聯營公司權益	-	-
Deferred tax assets	遞延稅項資產	-	8,542
Construction deposits	在建工程按金	744	1,588
		302,034	290,289
Current assets	流動資產		
Inventories	存貨	55,899	116,824
Loan receivable	應收貸款	1,000	2,480
Trade and bills receivables	應收貿易賬款及票據	9,622	99,332
Prepayments, deposits and other receivables	預付款項、按金及其它應收賬款	17,970	43,041
Prepaid lease payments	預付租賃款	941	941
Amount due from a shareholder	應收一名股東款項	7,798	7,819
Amount due from a minority shareholder	應收少數股東款項	721	1,072
Amounts due from directors	應收董事款項	600	1,512
Amounts due from related companies	應收關連公司款項	34,292	378
Tax recoverable	可收回稅項	-	8,098
Held-for-trading investments	持作買賣投資	475	505
Pledged bank deposits	已抵押銀行存款	96,171	101,479
Bank balances and cash	銀行結餘及現金	106,105	121,458
		331,594	504,939
Current liabilities	流動負債		
Trade and bills payables	應付貿易賬款及票據	70,507	229,160
Other payables and accruals	其它應付賬款及應計費用	160,649	75,372
Receipt in advance	預收款項	11,442	-
Amount due to a shareholder	應付一名股東款項	107,291	-
Amounts due to minority shareholders	應付少數股東款項	1,871	280
Amount due to a director	應付一名董事款項	9,500	-
Amounts due to related companies	應付關連公司款項	18,169	-
Amount due to an associate	應付一家聯營公司款項	19,311	-
Dividends payable	應付股息	4,440	4,440
Income tax payable	應付所得稅	769	-
Bank borrowings	銀行借貸	225,840	291,570
Current portion of deferred revenue	遞延收益即期部分	657	1,657
		630,446	602,479

CONSOLIDATED BALANCE SHEET

綜合資產負債表

as 31 December 2007
於二零零七年十二月三十一日

		Notes 附註	2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
Net current liabilities	流動負債淨額		(298,852)	(97,540)
Total assets less current liabilities	總資產減流動負債		3,182	192,749
Non-current liability	非流動負債			
Deferred revenue	遞延收益	33	(4,553)	(5,209)
NET (LIABILITIES)/ASSETS	(負債) / 資產淨額		(1,371)	187,540
Capital and reserves	資本及儲備			
Share capital	股本	34(a)	50,000	50,000
Reserves	儲備		(53,614)	134,140
			(3,614)	184,140
Minority interests	少數股東權益		2,243	3,400
DEFICIENCY OF SHAREHOLDERS FUNDS	股東資金虧絀		(1,371)	187,540

APPROVED AND AUTHORISED FOR ISSUE BY THE BOARD OF
DIRECTORS ON 30 JUNE 2008

經董事會於二零零八年六月三十日批准及授權刊發

Liu Feng
劉豐
Director
董事

Chen Zheng Tu
陳正土
Director
董事

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

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 Company 本公司股權持有人應佔								
		Share capital 股本 RMB'000 人民幣千元	Capital reserve 資本儲備 RMB'000 人民幣千元 (Note a) (附註a)	Statutory reserve 法定盈餘 公積金 RMB'000 人民幣千元 (Note b) (附註b)	Statutory public welfare reserve 法定 公益金 RMB'000 人民幣千元 (Note c) (附註c)	Translation reserve 匯兌儲備 RMB'000 人民幣千元	Accumulated losses 累計虧損 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元	Minority interests 少數 股東權益 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 1 January 2006	於二零零六年一月一日	50,000	40,449	15,530	7,021	340	90,312	203,652	6,863	210,515
Exchange differences arising on translation of foreign operations and net income recognised directly in equity	因換算海外業務而產生的匯兌差額及直接在權益確認的收入淨額	-	-	-	-	1,575	-	1,575	-	1,575
Loss for the year	年內虧損	-	-	-	-	-	(21,087)	(21,087)	(2,158)	(23,245)
Total recognised income and expenses for the year	年內已確認收入及開支總額	-	-	-	-	1,575	(21,087)	(19,512)	(2,158)	(21,670)
Acquisition of a subsidiary	收購一家附屬公司	-	-	-	-	-	-	-	281	281
Establishment of a subsidiary	成立一家附屬公司	-	-	-	-	-	-	-	5	5
Dividend paid to a minority shareholder	向少數股東派付股息	-	-	-	-	-	-	-	(1,591)	(1,591)
Appropriations	分配	-	-	2,221	-	-	(2,221)	-	-	-
Transfer	轉撥	-	-	7,021	(7,021)	-	-	-	-	-
At 31 December 2006 and 1 January 2007	於二零零六年十二月三十一日及二零零七年一月一日	50,000	40,449	24,772	-	1,915	67,004	184,140	3,400	187,540
Exchange differences arising on translation of foreign operations and net income recognised directly in equity	因換算海外業務而產生的匯兌差額及直接在權益確認的收入淨額	-	-	-	-	2,722	-	2,722	-	2,722
Loss for the year	年內虧損	-	-	-	-	-	(190,476)	(190,476)	(1,108)	(191,584)
Total recognised income and expenses for the year	年內已確認收入及開支總額	-	-	-	-	2,722	(190,476)	(187,754)	(1,108)	(188,862)
Appropriations	分配	-	-	226	-	-	(226)	-	-	-
Release on disposal of a subsidiary	出售一家附屬公司時解除	-	-	-	-	-	-	-	(49)	(49)
At 31 December 2007	於二零零七年十二月三十一日	50,000	40,449	24,998	-	4,637	(123,698)	(3,614)	2,243	(1,371)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

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:

(a) Capital reserve

Capital reserve includes the share premium arising from the issue of H shares after deduction of the respective share issuance costs of the Company.

(b) Statutory surplus reserve

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

(c) Statutory public welfare reserve

Pursuant to the PRC Company Law, the Company and its subsidiaries established in the PRC shall make allocation from its profit after income tax determined under the PRC accounting standards at the rate of 5% to 10% to the statutory public welfare reserve. The statutory public welfare reserve can only be utilised on capital items for employees' collective welfare. Individual employees have the right to use these facilities, but the titles to which will remain with these companies. In accordance with the relevant PRC laws and regulations, the unutilised statutory public welfare reserve at 31 December 2005 has been transferred to statutory surplus reserve and no appropriation of statutory public welfare reserve is required effective from 2006.

附註：

(a) 資本儲備

資本儲備包括本公司發行H股產生的股份溢價(已扣除相關股份發行成本)。

(b) 法定盈餘公積金

本公司及其於中國成立的附屬公司的公司章程細則規定，每年須將根據中國會計準則計算的除所得稅後溢利的10%撥入法定盈餘公積金，直至有關結餘達到註冊股本的50%。根據本公司的公司章程細則的條文，在一般情況下，法定盈餘公積金僅可用作抵銷虧損、撥充股本及擴充本公司的生產及營運。就撥充股本而言，法定盈餘公積金的餘額不得少於註冊資本的25%。

(c) 法定公益金

根據中國公司法，本公司及其於中國成立的附屬公司須將根據中國會計準則計算的除所得稅後溢利的5%至10%撥入法定公益金。法定公益金僅可用於員工集體福利的資本項目。個別員工有權享用這些設施，惟其所有權仍歸於有關公司。根據相關的中國法規，於二零零五年十二月三十一日未動用的法定公益金已轉撥至法定盈餘公積金，而自二零零六年起毋須分配至法定公益金。

CONSOLIDATED CASH FLOW STATEMENT

綜合現金流量表

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 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
OPERATING ACTIVITIES	經營業務		
Loss before income tax	除所得稅前虧損	(168,429)	(27,146)
Adjustments for:	已就下列項目調整：		
Amortisation of prepaid lease payments	攤銷預付租賃款	479	479
Depreciation of property, plant and equipment	物業、廠房及設備折舊	13,122	14,285
Finance costs	融資成本	31,862	17,638
Government grants received recognised as income	已確認為收入的已收政府補助金	(1,656)	(657)
Impairment loss on amounts due from associates	應收聯營公司款項減值虧損	-	4,012
Impairment loss on amounts due from minority shareholders	應收少數股東款項減值虧損	-	792
Impairment loss on amount due from a related company	應收一間關連公司款項減值虧損	16,795	-
Impairment loss on goodwill arising from acquisition of subsidiaries	因收購附屬公司而產生的商譽的減值虧損	-	103
Impairment loss on property, plant and equipment	物業、廠房及設備減值虧損	-	106
Impairment loss on trade receivables, deposits and other receivables	應收貿易賬款、按金及其它應收賬款的減值虧損	62,137	14,392
Bad debts written off	撇銷壞賬	1,434	-
Interest income	利息收入	(2,285)	(1,845)
Loss on disposal of property, plant and equipment	出售物業、廠房及設備虧損	-	58
Gain on disposal of subsidiaries	出售附屬公司收益	(5,915)	-
Write-down of inventories	存貨撇減	54,103	4,555
Operating cash flows before movements in working capital	營運資金變動前的營運現金流量	1,647	26,772
Increase in inventories	存貨增加	(489)	(38,449)
Decrease in trade and bills receivables	應收貿易賬款及票據減少	33,719	46,153
Decrease in prepayments, deposits and other receivables	預付款項、按金及其它應收賬款減少	15,096	17,366
Decrease in amount due from a shareholder	應收一名股東款項減少	21	-
Decrease/(increase) in amounts due from directors	應收董事款項減少/(增加)	912	(1,423)
Increase in amounts due from related companies	應收關連公司款項增加	(50,709)	(35)
Increase in held-for-trading investments	持作買賣投資增加	(2)	(505)
(Decrease)/increase in trade and bills payables	應付貿易賬款及票據(減少)/增加	(151,191)	11,822
Increase/(decrease) in other payables and accruals	其它應付賬款及應計費用增加/(減少)	12,740	(541)
Increase/(decrease) in amount due to an associate	應付一家聯營公司款項增加/(減少)	19,311	(420)
Decrease in amounts due to directors	應付董事款項減少	-	(48)
Increase in amounts due to related companies	應付關連公司款項增加	233	-
Increase in amounts due to minority shareholders	應付少數股東款項增加	1,591	-
Increase in receipt in advance	預收款項增加	11,442	-

CONSOLIDATED CASH FLOW STATEMENT

綜合現金流量表

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 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
Cash (used in)/generated from operations	經營業務(所用)/所得現金	(105,679)	60,692
PRC income tax paid	已付中國所得稅	(5,831)	(7,019)
NET CASH (USED IN)/FROM OPERATING ACTIVITIES	經營業務(所用)/所得現金淨額	(111,510)	53,673
INVESTING ACTIVITIES	投資活動		
Net cash outflow on disposal of subsidiaries	出售附屬公司現金流出淨額	(662)	-
Decrease/(increase) in pledged bank deposits	已抵押銀行存款減少/(增加)	5,308	(54,770)
Purchase of property, plant and equipment	購買物業、廠房及設備	(36,963)	(39,506)
Decrease/(increase) in loan receivable	應收貸款減少/(增加)	1,480	(2,480)
Decrease/(increase) in construction deposits	在建工程按金減少/(增加)	844	(1,588)
Advances to minority shareholders	向少數股東墊款	-	(570)
Acquisition of a subsidiary	收購一家附屬公司	-	(191)
Advances to associates	向聯營公司墊款	-	(108)
Interest received	已收利息	2,285	1,845
Proceeds on disposal of property, plant and equipment received in advance	預收出售物業、廠房及設備所得款項	80,000	53
NET CASH FROM/(USED IN) INVESTING ACTIVITIES	投資活動所得/(所用)現金淨額	52,292	(97,315)
FINANCING ACTIVITIES	融資活動		
Advanced from a director	董事墊款	9,500	-
New bank loans raised	新增銀行貸款	540,666	395,741
Capital contribution by minority shareholders	少數股東出資	-	5
Repayment of bank loans	償還銀行貸款	(601,084)	(274,931)
Interest paid	已付利息	(31,862)	(17,638)
Repayment to a shareholder	償還一名股東款項	-	(4,330)
Dividend paid to a minority shareholder	向少數股東派付股息	-	(1,591)
Advance from/(advance to) a shareholder	來自/(借予)一名股東的墊款	107,291	(579)
Advanced from a related company	一家關連公司墊款	17,936	-
Dividend paid	已付股息	-	(20)
NET CASH FROM FINANCING ACTIVITIES	融資活動所得現金淨額	42,447	96,657
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	現金及現金等值項目(減少)/增加淨額	(16,771)	53,015
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	年初的現金及現金等值項目	121,458	66,868
EFFECT OF FOREIGN EXCHANGE RATE CHANGES, NET	匯率變動影響淨額	1,418	1,575
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, represented by bank balances and cash	年終的現金及現金等值項目，即銀行結餘及現金	106,105	121,458

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

1. GENERAL INFORMATION

The Company is a joint stock limited liability company established in the People's Republic of China (the "PRC") and its shares are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section to the annual report.

The consolidated financial statements are presented in Renminbi ("RMB"), which is the same as the functional currency of the Company.

The principal activities of the Group are the design, manufacture and sale of intelligent controller systems for consumer electrical and electronic appliances and the assembly of mobile phones in the PRC.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL UNCERTAINTIES IN RESPECT OF GOING CONCERN

(a) Basis of preparation

These consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which also includes Hong Kong Accounting Standards ("HKAS") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange and by the Hong Kong Companies Ordinance.

1. 一般資料

本公司為於中華人民共和國(「中國」)成立的股份有限公司，其股份在香港聯合交易所有限公司(「聯交所」)創業板上市。本公司的註冊辦事處及主要營業地點已於年報「公司資料」一節披露。

綜合財務報表以本公司功能貨幣人民幣(「人民幣」)呈列。

本集團主要在中國從事設計、製造及銷售可用於多種消費電器及電子用品的智能控制器系統以及裝嵌流動電話的業務。

2. 綜合財務報表的編製基準及有關持續經營的重大不確定因素

(a) 編製基準

此等綜合財務報表乃根據香港公認會計原則並遵照香港會計師公會(「香港會計師公會」)頒布的香港財務報告準則(「香港財務報告準則」，其亦包括香港會計師公會頒布的香港會計準則(「香港會計準則」)及詮釋)而編製。此外，綜合財務報表載有聯交所創業板證券上市規則及香港公司條例規定的適用披露事項。

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. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL UNCERTAINTIES IN RESPECT OF GOING CONCERN (continued)

(b) Material uncertainties in respect of going concern

In preparing the consolidated financial statements, the directors have given careful consideration to the future liquidity of the Group in light of its net current liabilities of RMB298,852,000 as at 31 December 2007 and a net loss attributable to the shareholders of approximately RMB190,476,000 for the year ended 31 December 2007. The Group financed its capital intensive operations by short-term bank borrowings and shareholders' equity. It tends to maintain a fair level of short-term bank borrowings which are renewed on a regular basis, as the borrowing costs of such arrangement are relatively lower. The directors are of the opinion that, after taking into account the presently available banking facilities and internal financial resources, the Group has sufficient working capital for its present requirements and will be able to meet in full its liabilities as they fall due in the foreseeable future. The opinion is based on the following:

- (i) The amounts of banking facilities available to the Group granted by various banks at 31 December 2007 was RMB387,012,000, in which RMB183,740,000 was utilised as at 31 December 2007. Approximately RMB102,850,000 of the unutilised banking facilities will expire one year after the balance sheet date. The directors of the Company are in ongoing negotiations with the Group's bankers to seek their ongoing support to the Group.
- (ii) A substantial shareholder has undertaken to provide the financial support the Group.

2. 綜合財務報表的編製基準及有關持續經營的重大不確定因素(續)

(b) 有關持續經營的重大不確定因素

於編製綜合財務報表時，由於本集團於二零零七年十二月三十一日錄得流動負債淨額人民幣298,852,000元及截至二零零七年十二月三十一日止年度錄得股東應佔虧損淨額約人民幣190,476,000元，故董事已審慎考慮本集團的未來流動資金狀況。本集團以短期銀行借貸及股東資金作為需要投入大量資金的業務的融資。由於短期銀行借貸成本相對較低，故此本集團傾向維持相當數量的短期銀行借貸，並且定期續期。董事認為，經考慮現時可動用的銀行信貸及內部財務資源後，本集團具備充裕營運資金應付目前所需，並有能力全數償還於可預見將來到期的負債。上述意見的依據如下：

- (i) 於二零零七年十二月三十一日，本集團自多家銀行取得的可動用銀行信貸金額為人民幣387,012,000元，其中人民幣183,740,000元於二零零七年十二月三十一日已動用。未動用銀行信貸約人民幣102,850,000元，將於結算日後一年到期。本公司董事正與本集團的往來銀行進行磋商，尋求對本集團給予持續支持。
- (ii) 一名主要股東已承諾對本集團提供財務支持。

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. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL UNCERTAINTIES IN RESPECT OF GOING CONCERN (continued)

(b) Material uncertainties in respect of going concern (continued)

- (iii) The directors of the Company continue to take action to tighten cost controls over factory overheads and various general and administrative expenses, and are actively seeking new investment and business opportunities with an aim to attain profitable and positive cash flow operations.
- (iv) Various products with higher profit margin, such as PCBA(WMS) and bluetooth products, have been introduced by the Group with the aim to diversify the Group's products and improve profitability. The directors expected that PCBA(WMS) would become a major contributor to the Group's turnover and net profit in the future.
- (v) On 20 December 2006, the Company entered into a provisional sale and purchase agreement with local government ("the Purchaser") for the disposal of the land use right together with buildings thereon (collectively referred to "the Property") for a preliminary consideration of approximately RMB120,000,000. On 17 August 2007, a supplementary agreement was signed between the Company and the Purchaser, the aforesaid total consideration was amended to RMB80,000,000 which is subject to valuation on market value of the Property at Sale Completion Date by independent valuers jointly appointed by the Company and the Purchaser.

2. 綜合財務報表的編製基準及有關持續經營的重大不確定因素(續)

(b) 有關持續經營的重大不確定因素(續)

- (iii) 本公司董事繼續採取行動以加強有關廠房間接開支及各一般及行政開支的成本控制，並積極物色新的投資及業務機遇，藉以達致有利可圖及帶來正面現金流量的營運。
- (iv) 本集團已引入PCBA(WMS)及藍芽產品等邊際利潤較高的不同產品，務求使本集團的產品更多元化，從而提升盈利能力。董事預期，PCBA(WMS)於日後將成為本集團營業額及純利的主要來源。
- (v) 於二零零六年十二月二十日，本公司與地方政府(「買方」)就以約人民幣120,000,000元的初步代價出售土地使用權連同該土地上的建築(統稱「該物業」)訂立一項臨時買賣協議。於二零零七年八月十七日，本公司與買方簽訂一項補充協議，將上述總代價修訂為人民幣80,000,000元(須待本公司與買方共同委聘的獨立估值師於銷售完成日期對該物業的市值進行估值而釐定)。

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2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL UNCERTAINTIES IN RESPECT OF GOING CONCERN (continued)

(b) Material uncertainties in respect of going concern (continued)

(v) (continued)

The Company has received a provisional payment of RMB80,000,000 in respect of the proceed from disposal of the Property from the Purchaser in August 2007. In respect of the provisional payment received to date, RMB58,850,000 will be used in repaying mortgage loan of Bank of China with the balance of RMB21,150,000 being used as working capital of the Company.

The sale constitutes a very substantial disposal for the Company under the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited ("GEM Listing Rules"). To date, the sale is not completed and subject to the approval of extraordinary general meeting. More details of this sale are set out in the Company's announcement dated 30 May 2008.

2. 綜合財務報表的編製基準及有關持續經營的重大不確定因素(續)

(b) 有關持續經營的重大不確定因素(續)

(v) (續)

本公司已於二零零七年八月就出售該物業的所得款項自買方收取臨時款項人民幣80,000,000元。就迄今所收取的臨時款項，人民幣58,850,000元將用作償還中國銀行的按揭貸款，而餘額人民幣21,150,000元則會用作本公司的營運資金。

根據香港聯合交易所有限公司創業板證券上市規則(「創業板上市規則」)，此項出售構成本公司的非常重大出售事項。截至目前為止，有關出售尚未完成，須於股東特別大會上取得批准，方可作實。有關此項出售的詳情載於本公司於二零零八年五月三十日發表的公布。

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2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL UNCERTAINTIES IN RESPECT OF GOING CONCERN (continued)

(b) Material uncertainties in respect of going concern (continued)

Due to the reasons above, the consolidated financial statements have been prepared on a going concern basis.

In the opinion of the directors, in light of the measures taken to date, together with the expected results of other measures in progress, the Group will have sufficient working capital for its current requirements and it is reasonable to expect the Group to return to a commercially viable concern. Accordingly, the directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis, notwithstanding the Group's financial position and liquidity position as at 31 December 2007.

Should the Group be unable to implement the above measures and fail to continue in business as a going concern, adjustment would have to be made to restate the values of assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively. The effect of these adjustments have not been reflected in the consolidated financial statements.

2. 綜合財務報表的編製基準及有關持續經營的重大不確定因素(續)

(b) 有關持續經營的重大不確定因素(續)

基於上述理由，綜合財務報表乃按持續經營基準編製。

董事認為，鑑於迄今所採取的行動，連同其它正進行的措施所預期的成果，本集團將擁有充裕的營運資金以應付其目前所需，並可合理預期本集團將能再次具備商業運營價值。因此，不論本集團於二零零七年十二月三十一日的財務狀況及流動資金狀況，董事信納以持續經營基準編製綜合財務報表乃屬恰當之舉。

倘本集團未能施行上述措施且無法以持續經營業準經營業務，將須作出調整以把資產的價值重列為其可收回金額，就任何日後可能產生的負債計提撥備，以及將非流動資產及負債分別重新分類為流動資產及負債。此等調整的影響並無於綜合財務報表中反映。

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綜合財務報表附註

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3. RECENTLY ISSUED ACCOUNTING STANDARDS

(a) Initial application of Hong Kong Financial Reporting Standards

In the current year, the Group initially applied the following Hong Kong Financial Reporting Standards:

HKAS 1 (Amendment)	Presentation of Financial Statements, Paragraphs 124A to 124C
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 initial application of these Hong Kong Financial Reporting Standards does not necessitate material changes in the Group's accounting policies or retrospective adjustments of the comparatives presented.

3. 近期頒布的會計準則

(a) 首次應用香港財務報告準則

於本年度，本集團首次應用下列香港財務報告準則：

香港會計準則第1號(修訂)	財務報表的呈列， 第124A至124C段
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	應用香港會計準則 第29號「就嚴重通 脹經濟作財務報 告」採用重列方法
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	重新評估內含衍生 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

首次應用此等香港財務報告準則並無導致本集團的會計政策出現重大變動或所呈列的比較數字須作出追溯調整。

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3. RECENTLY ISSUED ACCOUNTING STANDARDS

(continued)

(b) Hong Kong Financial Reporting Standards in issue but not yet effective

The following Hong Kong Financial Reporting Standards in issue at 31 December 2007 have not been applied in the preparation of the consolidated financial statements for the year ended 31 December 2007 since they were not yet effective for the annual period beginning on 1 January 2007:

HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKFRS 8	Operating Segments
HK(IFRIC)-Int 11	HKFRS 2 - Group and Treasury Share Transactions
HK(IFRIC)-Int 12	Service Concession Arrangements
HK(IFRIC)-Int 13	Customer Loyalty Programmes
HK(IFRIC)-Int 14	HKAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The Group is required to initially apply HK(IFRIC)-Int 11, HK(IFRIC)-Int 12 and HK(IFRIC)-Int 14 in its annual financial statements beginning on 1 January 2008, and to initially apply HKAS 1 (Revised), HKAS 23 (Revised), HKFRS 8 and HK(IFRIC)-Int 13 in its annual financial statements beginning on 1 January 2009.

3. 近期頒布的會計準則(續)

(b) 已頒布但尚未生效的香港財務報告準則

於編製截至二零零七年十二月三十一日止年度綜合財務報表時並未應用下列於二零零七年十二月三十一日已頒布的香港財務報告準則，此乃由於此等準則於二零零七年一月一日開始的年度期間尚未生效：

香港會計準則第1號(修訂)	財務報表的呈列
香港會計準則第23號(修訂)	借貸成本
香港財務報告準則第8號	經營分部
香港(國際財務報告詮釋委員會)-詮釋第11號	香港財務報告準則第2號-集團及庫存股份交易
香港(國際財務報告詮釋委員會)-詮釋第12號	服務特許權安排
香港(國際財務報告詮釋委員會)-詮釋第13號	客戶忠誠計劃
香港(國際財務報告詮釋委員會)-詮釋第14號	香港會計準則第19號-界定福利資產的限制、最低資金規定及兩者的相互關係

本集團須於二零零八年一月一日開始的年度財務報表中首次應用香港(國際財務報告詮釋委員會)-詮釋第11號、香港(國際財務報告詮釋委員會)-詮釋第12號及香港(國際財務報告詮釋委員會)-詮釋第14號，並於二零零九年一月一日開始的年度財務報表中首次應用香港會計準則第1號(修訂)、香港會計準則第23號(修訂)、香港財務報告準則第8號及香港(國際財務報告詮釋委員會)-詮釋第13號。

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4. SIGNIFICANT ACCOUNTING POLICIES

(a) Measurement basis

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

(b) Basis of consolidation

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

The results of subsidiaries acquired or disposed of during the year are included in the consolidated 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 share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority 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.

4. 主要會計政策

(a) 計量基準

此等綜合財務報表按歷史成本法編製，惟下述會計政策所闡釋若干按公平值計量的金融工具除外。

(b) 綜合基準

綜合財務報表包括本公司及由本公司控制的實體（其附屬公司）的財務報表。倘本公司有能力掌控實體的財務及經營政策以從其業務中獲利，即擁有控制權。

年內收購或出售的附屬公司的業績由其收購的生效日期起或計至出售的生效日期止（視乎情況而定）計入綜合收益表。

本集團會適當地調整附屬公司的財務報表，以使與本集團其它成員公司所採納的會計政策一致。

集團內公司間所有交易、結餘及收支均於綜合賬目時對銷。

少數股東所佔綜合附屬公司資產淨值與本集團的股本權益分開呈列。少數股東所佔資產淨值包括於原來業務合併日期的該等權益數額及少數股東所佔合併日期以來的權益變動。超逾少數股東所佔附屬公司權益的少數股東所佔虧損按本集團權益分配，惟少數股東具有約束力承擔，並可作出額外投資以補償虧損則除外。

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Business combinations

The acquisition of subsidiaries 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.

4. 主要會計政策(續)

(c) 業務合併

收購附屬公司以購入法入賬。收購成本按為換取被收購公司控制權而於交換當日所給予資產、所產生或所承擔負債以及本集團所發行股本工具的公平值，加上任何業務合併直接應佔成本的總額計量。符合香港財務報告準則第3號「業務合併」確認條件的被收購公司可識別資產、負債及或然負債均按收購日期的公平值予以確認。

收購所產生的商譽確認為資產，初步按成本計量，即業務合併成本超出本集團應佔已確認可識別資產、負債及或然負債的公平淨值的差額。倘於重新評估後，本集團應佔被收購公司可識別資產、負債及或然負債的公平淨值超出業務合併成本，則有關差額即時於損益確認。

少數股東於被收購公司的權益初步按少數股東於已確認資產、負債及或然負債的公平淨值的比例計量。

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Goodwill

Goodwill arising on acquisitions prior to 1 January 2005

Goodwill arising on an acquisition of a subsidiary for which the agreement date is before 1 January 2005 represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of the relevant subsidiary at the date of acquisition.

For previously capitalised goodwill arising on acquisitions after 1 January 2001, the Group has discontinued amortisation from 1 January 2005 onwards, and such goodwill is tested for impairment annually, and whenever there is an indication that the cash generating unit to which the goodwill relates may be impaired (see the accounting policy below).

Goodwill arising on acquisitions on or after 1 January 2005

Goodwill arising on an acquisition of a subsidiary 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 subsidiary at the date of acquisition. Such goodwill is carried at cost less any accumulated impairment losses.

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

4. 主要會計政策(續)

(d) 商譽

二零零五年一月一日前因收購而產生的商譽

因收購附屬公司(有關協議日期於二零零五年一月一日前)而產生的商譽指收購成本超逾本集團應佔相關附屬公司於收購當日的可識別資產與負債公平值的差額。

對於二零零一年一月一日後因收購而產生的先前已資本化商譽，本集團自二零零五年一月一日起終止確認攤銷，而有關商譽會每年及於有跡象顯示商譽有關的現金產生單位可能出現減值時進行減值檢測(見下述會計政策)。

二零零五年一月一日或之後因收購而產生的商譽

因收購附屬公司(有關協議日期於二零零五年一月一日或之後)而產生的商譽指收購成本超逾本集團應佔相關附屬公司於收購當日的可識別資產、負債及或然負債公平值的差額。商譽乃按成本減任何累計減值虧損入賬。

因收購附屬公司而產生的資本化商譽在綜合資產負債表分開呈列。

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Goodwill (continued)

Goodwill arising on acquisitions on or after 1 January 2005 (continued)

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 income statement. An impairment loss for goodwill is not reversed in subsequent periods.

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

4. 主要會計政策(續)

(d) 商譽(續)

二零零五年一月一日或之後因收購而產生的商譽(續)

進行減值檢測時，因收購而產生的商譽將分配至各個或各組預期受惠於收購的協同效益的相關現金產生單位。商譽所屬現金產生單位會每年及於有跡象顯示該單位可能出現減值時進行減值檢測。就財政年度因收購而產生的商譽而言，商譽所屬現金產生單位於該財政年度完結前進行減值檢測。倘現金產生單位的可收回金額低於其賬面值，則減值虧損首先分配至減低該單位的任何商譽賬面值，其後按單位內各資產賬面值的比例分配至該單位的其它資產。商譽的任何減值虧損將直接在收益表確認入賬。商譽的減值虧損不會於其後期間撥回。

其後出售附屬公司時，資本化商譽的金額將計入出售時的盈虧。

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Interests 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, interests in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the profit or loss and of changes in equity 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.

Goodwill arising on acquisitions prior to 1 January 2005

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities of the associate recognised at the date of acquisition is recognised as goodwill. From 1 January 2005 onwards, the Group has discontinued amortisation of goodwill and such goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment.

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

4. 主要會計政策(續)

(e) 於聯營公司權益

聯營公司指投資者對其擁有重大影響力的實體，而該實體並非附屬公司或於合營企業權益。

聯營公司的業績、資產及負債均以權益會計法計入此等綜合財務報表。根據權益法，於聯營公司權益按成本(已就本集團所佔溢利或虧損於收購後的變動及聯營公司權益變動作出調整)，並扣除任何已識別減值虧損計入綜合資產負債表。倘本集團所佔聯營公司的虧損相當於或超過所佔該聯營公司權益(包括實際屬於本集團於聯營公司投資淨額的任何長期權益)，則本集團終止確認其分佔額外虧損。本集團僅於代表該聯營公司承擔法定或推定責任或付款時，方會就額外分佔的虧損作出撥備及確認負債。

二零零五年一月一日前因收購而產生的商譽

收購成本超過本集團應佔聯營公司於收購當日的已確認可識別資產及負債公平淨值的任何差額確認為商譽。自二零零五年一月一日起，本集團終止確認商譽攤銷，而有關商譽計入投資賬面值，並視為投資的一部分進行減值檢測。

本集團應佔可識別資產、負債及或然負債公平淨值被評定為超過收購成本的任何差額即時於損益確認。

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Interests in associates (continued)

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.

(f) Revenue recognition

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

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

Service income is recognised when services are provided.

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.

(g) Property, plant and equipment

Property, plant and equipment, other than buildings under construction, are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

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

4. 主要會計政策(續)

(e) 於聯營公司權益(續)

倘集團實體與本集團聯營公司進行交易，有關溢利及虧損按本集團所佔相關聯營公司的權益對銷。

(f) 收益確認

收益按已收或應收代價的公平值計量，指於一般業務過程中就提供貨品與服務所應收取的金額，扣除折扣及銷售相關稅項。

貨品銷售於貨品付運及所有權轉移時確認入賬。

服務收入於提供服務時確認入賬。

金融資產的利息收入按時間基準根據未償還本金額及適用實際利率(即將金融資產預期可使用年期的估計日後現金流量準確貼現至資產賬面淨值的比率)計算。

(g) 物業、廠房及設備

物業、廠房及設備(在建樓宇除外)按成本減其後累計折舊及累計減值虧損入賬。

物業、廠房及設備(在建樓宇除外)以直線法按其估計可使用年期及估計剩餘價值計算折舊，以撇銷其成本。

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Property, plant and equipment (continued)

When the leasehold land and buildings are in the course of development for production, rental or for administrative purposes, the leasehold land element is classified as a prepaid lease payment and amortised over a straight-line basis over the lease term. During the construction period, the amortisation charge provided for the leasehold land is included as part of costs of buildings under construction. Buildings under construction are carried at cost, less any identified impairment losses. Depreciation of buildings commences when they are available for use.

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.

(h) Leasing

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

The Group as lessor

Rental income from operating leases is recognised in the consolidated income statement on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

4. 主要會計政策(續)

(g) 物業、廠房及設備(續)

倘租賃土地及樓宇正在發展以作生產、租賃或行政用途，則租賃土地部分將分類為預付租賃款，以直線法按租期攤銷。建設期間，租賃土地的攤銷撥備將計入在建樓宇的部分成本。在建樓宇按成本減任何已識別減值虧損入賬。樓宇於可供使用時開始計算折舊。

物業、廠房及設備項目於出售或預期日後持續使用該資產不會取得經濟利益時終止確認。終止確認資產而產生的任何收益或虧損(按出售所得款項淨額與項目賬面值的差額計算)計入終止確認項目年度的綜合收益表。

(h) 租賃

根據相關條款將擁有權的絕大部分風險及回報轉移予承租人的租約，均列作融資租約。所有其它租約則列作經營租約。

本集團作為出租人

經營租約的租金收入以直線法按有關租期於綜合收益表確認。磋商及安排經營租約的初步直接成本計入出租資產賬面值，並以直線法於租期確認為開支。

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Leasing (continued)

The Group as lessee

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

(i) 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 retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

4. 主要會計政策(續)

(h) 租賃(續)

本集團作為承租人

根據經營租約應付租金均以直線法按有關租期自損益扣除。就訂立經營租約而已收及應收的利益均以直線法按租期確認為扣除租金開支。

(i) 外幣

於編製個別集團實體的財務報表時，以該實體功能貨幣以外的貨幣(外幣)計值的交易按交易當日的匯率以功能貨幣(即該實體經營所處主要經濟體系的貨幣)入賬。於各結算日，以外幣計值的貨幣項目均按結算日的匯率重新換算。按公平值入賬並以外幣計值的非貨幣項目按釐定公平值當日的匯率重新換算。按歷史成本以外幣計值的非貨幣項目不予重新換算。

結算貨幣項目及換算貨幣項目時產生的匯兌差額均於產生期間在損益確認，惟因屬於本集團海外業務投資淨額的貨幣項目而產生的匯兌差額則除外，該等匯兌差額均在綜合財務報表內的股本權益確認入賬。因重新換算按公平值入賬的非貨幣項目而產生的匯兌差額均計入期間的損益，惟因重新換算直接在股本權益確認盈虧的非貨幣項目而產生的差額則除外，該等匯兌差額亦直接在股本權益確認入賬。

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Foreign currencies (continued)

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

(j) Borrowing costs

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

(k) Government grants

Government grants are recognised as income over the periods necessary to match them with the related costs. Grants related to depreciable assets are presented as deferred income and are released to income over the useful lives of the assets. Grants related to expense items are recognised in the same period as those expenses are charged in the consolidated income statement and are reported separately as other income.

4. 主要會計政策(續)

(i) 外幣(續)

於呈列綜合財務報表時，本集團海外業務的資產與負債按結算日的匯率換算為本公司的呈報貨幣(即人民幣)，而其收支項目則按年內的平均匯率換算，惟期內匯率大幅波動則除外，而在此情況下，則採用交易當日的匯率。匯兌差額(如有)均確認為股本權益的個別項目(匯兌儲備)。該等匯兌差額於出售海外業務的期間在損益確認入賬。

(j) 借貸成本

所有借貸成本於產生期間在綜合收益表確認為融資成本。

(k) 政府補助金

政府補助金於需與相關成本配對的期間確認為收入。有關應折舊資產的補助金列作遞延收入，並於資產可使用年期撥往收入。有關開支項目的補助金均於自綜合收益表扣除開支的同一期間確認入賬，並個別列作其它收入。

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Retirement benefits costs

The Group has arranged for its Hong Kong employees to join the Mandatory Provident Fund Scheme (the "MPF Scheme"). The MPF Scheme is a defined contribution scheme managed by an independent trustee. Under the MPF Scheme, each of the Group and its employees make monthly contribution to the scheme at 5% of the employees' earnings as defined under the Mandatory Provident Fund legislation. Both the employer's and the employee's contribution are subject to a cap of monthly earnings of HK\$20,000 and thereafter contributions are voluntary. As stipulated by the rules and regulations in PRC, the Group contributes to a state-sponsored retirement plans for its employees in PRC. The Group contributes to retirement plans at specified percentages of the basic salaries of its employees, and has no further obligations for the actual payment of pensions or post-retirement benefits. The state-sponsored retirement plans are responsible for the entire pension obligation payable to retired employees.

(m) 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 net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes income statement items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

4. 主要會計政策(續)

(l) 退休福利成本

本集團已為其香港僱員安排參加強制性公積金計劃(「強積金計劃」)。強積金計劃為由獨立受託人管理的界定供款計劃。根據強積金計劃，本集團及其僱員須每月各自按僱員收入的5%(由強制性公積金條例所界定)向計劃供款。僱主及僱員的供款均以每月收入20,000港元為上限，其後的供款均屬自願性供款。而本集團亦按照中國規則及規例所規定，為其中國僱員向國家主理的退休計劃供款。本集團乃按其僱員基本薪金的特定百分比向退休計劃供款，此外概無其它支付實際退休金或退休後福利的責任。國家主理的退休計劃負責向已退休僱員支付退休金。

(m) 稅項

所得稅開支指即期應付稅項與遞延稅項的總和。

即期應付稅項按年內應課稅溢利計算。由於應課稅溢利不包括其它年度的應課稅收入或可扣稅開支項目，亦不包括毋須課稅或不可扣稅的收益表項目，故此有別於收益表所列純利。本集團的即期稅項負債按結算日已頒布或實際頒布的稅率計算。

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Taxation (continued)

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

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

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

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

4. 主要會計政策(續)

(m) 稅項(續)

遞延稅項按綜合財務報表內資產及負債賬面值與計算應課稅溢利所用相關稅基的差額確認，並以資產負債表負債法入賬。遞延稅項負債一般按所有應課稅暫時差額確認，而遞延稅項資產則按可抵銷應課稅溢利的可扣稅暫時差額確認。倘暫時差額因商譽或初次確認(業務合併除外)交易的其它資產及負債而並不影響應課稅溢利及會計溢利，則有關資產及負債不予確認。

投資附屬公司及聯營公司產生的應課稅暫時差額須確認為遞延稅項負債，惟本集團可控制撥回暫時差額的時間及有可能在可見將來不會撥回暫時差額則除外。

遞延稅項資產的賬面值於各結算日作出檢討，並於不再可能有足夠應課稅溢利以收回全部或部分資產的情況下作出調減。

遞延稅項乃按預期於負債償還或資產變現期間的適用稅率計算。遞延稅項計入收益表或自收益表扣除，惟倘遞延稅項與直接計入股本權益或自股本權益扣除的項目有關，則亦會於股本權益處理。

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Research and development expenditures

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

An internally-generated intangible asset arising from development expenditure is recognised only if it is anticipated that the development costs incurred on a clearly-defined project will be recovered through future commercial activity. Where no internally generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

(o) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method.

(p) Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when a group entity becomes a party to the contractual provisions of the instruments. 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.

4. 主要會計政策(續)

(n) 研究及開發開支

研究活動的開支於產生期間確認為開支。

因開發開支而產生的內部無形資產僅於預期明確項目所產生開發成本將可透過日後經濟活動收回時確認。倘未有確認內部無形資產，則開發開支於產生期間自損益扣除。

(o) 存貨

存貨按成本與可變現淨值兩者的較低者入賬。成本以加權平均法計算。

(p) 金融工具

金融資產及金融負債於集團實體成為工具合約條文的訂約方時在資產負債表確認入賬。金融資產及金融負債初步按公平值計量。直接因收購或發行金融資產及金融負債(按公平值計入損益的金融資產及金融負債除外)而產生的交易成本於初步確認時在金融資產或金融負債的公平值入賬或扣除(視乎情況而定)。直接因收購按公平值計入損益的金融資產或金融負債而產生的交易成本即時在損益確認入賬。

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Financial instruments (continued)

Financial assets

The Group's financial assets are classified into financial assets at fair value through profit or loss and loans and receivables. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. The accounting policies adopted in respect of each category financial assets are set out below.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprise financial assets held for trading. At each balance sheet date subsequent to initial recognition, held for trading financial assets are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise.

4. 主要會計政策(續)

(p) 金融工具(續)

金融資產

本集團的金融資產分類為按公平值計入損益的金融資產及貸款與應收賬款。所有以正常方式買賣的金融資產按交易日基準確認及終止確認。以正常方式買賣指需要於交易當地規例或慣例制訂的時限內交付資產的金融資產買賣。就各類金融資產採納的會計政策載於下文。

按公平值計入損益的金融資產

按公平值計入損益的金融資產包括持作買賣金融資產。於初步確認後每個結算日，持作買賣金融資產均按公平值計量，而公平值變動則於產生期間直接於損益確認。

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Financial instruments (continued)

Financial assets (continued)*Loans and receivables*

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

Financial liabilities and equity

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

4. 主要會計政策(續)

(p) 金融工具(續)

金融資產(續)*貸款及應收賬款*

貸款及應收賬款指在活躍市場並無報價的指定或可確定付款金額的非衍生金融資產。於初步確認後每個結算日，貸款及應收賬款(包括應收貸款、應收貿易賬款及票據、按金及其它應收賬款、應收一名股東/少數股東/聯營公司/董事/關連公司款項及銀行結餘)以實際利率法按攤銷成本減任何已識別減值虧損入賬。當有客觀證據顯示資產出現減值時，減值虧損會在損益確認，並按資產賬面值與按原實際利率貼現的估計日後現金流量現值之間的差額計量。倘資產可收回金額的增加可客觀地與確認減值後發生的事件有關，則減值虧損會於其後期間撥回，惟資產於撥回減值當日的賬面值不得超逾假設並無確認減值的攤銷成本。

金融負債及股本權益

集團實體發行的金融負債及股本工具均按所訂立合約安排的內容及金融負債與股本工具的釋義分類。股本工具指任何可證明扣減所有負債後的本集團資產剩餘權益的合約。

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Financial instruments (continued)

Financial liabilities and equity (continued)

The Group's financial liabilities comprise other financial liabilities. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

Other financial liabilities

Other financial liabilities (including trade and bills payables, other payables, amounts due to a shareholder/minority shareholders/director/related companies/fellow subsidiary/associate, dividends payable and bank borrowings) are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded as 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.

4. 主要會計政策(續)

(p) 金融工具(續)

金融負債及股本權益(續)

本集團的金融負債包括其它金融負債。就金融負債及股本工具所採納的會計政策載於下文。

其它金融負債

其它金融負債包括應付貿易賬款及票據、其它應付賬款、應付一名股東／少數股東／董事／關連公司／同系附屬公司／聯營公司款項、應付股息及銀行借貸，其後以實際利率法按攤銷成本計量。

股本工具

本公司發行的股本工具列作已收所得款項(已扣除直接發行成本)。

終止確認

金融資產於有關自資產收取現金流量的權利屆滿或金融資產已轉讓而本集團將金融資產擁有權的絕大部分風險與回報轉讓時終止確認。終止確認金融資產時，資產賬面值與已收及應收代價及直接在股本權益確認的累計收益或虧損總和的差額在損益確認入賬。

當有關合約列明的責任解除、取消或到期時，終止確認金融負債。終止確認的金融負債賬面值與已付及應付代價的差額在損益確認入賬。

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Impairment losses (other than goodwill - see the accounting policies 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.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are also discussed below.

4. 主要會計政策(續)

(q) 減值虧損(商譽除外—見上文有關商譽的會計政策)

於各結算日，本集團檢討其有形及無形資產的賬面值，以確定有否跡象顯示有關資產出現減值虧損。倘資產的可收回金額估計低於其賬面值，則資產賬面值將調減至其可收回金額。減值虧損即時確認為開支。

倘減值虧損其後撥回，則該資產的賬面值將增至其經修訂的估計可收回金額，惟所增加賬面值不得超逾假設過往年度並無就該資產確認減值虧損的賬面值。減值虧損撥回即時確認為收入。

5. 估計不明朗因素的主要來源

大有可能導致下個財政年度的資產及負債賬面值須作重大調整的日後主要假設及其它於結算日估計不明朗因素的主要來源載於下文。

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5. KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

(a) Depreciation and amortisation

The Group's net book value of property, plant and equipment as at 31 December 2007 was approximately RMB264,949,000 (2006: RMB242,877,000). The Group depreciates the property, plant and equipment on a straight-line method over their estimated useful lives and after taking into account of their estimated residual value, at the rates of 3.33% to 20% per annum, commencing from the date the property, plant and equipment is available for intended use. The estimated useful lives and dates that the property, plant and equipment are available for intended use reflect the directors' estimate of the periods that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment.

(b) Allowances for bad and doubtful receivables

The policy for allowance for bad and doubtful receivables of the Group is based on the evaluation of collectability and recoverable amount of the receivables and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. An allowance of RMB78,932,000 (2006: RMB19,196,000) has been recognised in the current year.

5. 估計不明朗因素的主要來源 (續)

(a) 折舊及攤銷

本集團物業、廠房及設備於二零零七年十二月三十一日的賬面淨值約為人民幣264,949,000元(二零零六年：人民幣242,877,000元)。本集團自物業、廠房及設備可作擬定用途當日起，於計算估計剩餘價值後以直線法按估計可使用年期及以3.33%至20%的年率計算物業、廠房及設備的折舊。物業、廠房及設備的估計可使用年期及可作擬定用途日期反映董事估計本集團就自使用其物業、廠房及設備而取得經濟利益的期間的估計。

(b) 應收呆壞賬撥備

本集團的應收呆壞賬撥備政策乃基於應收賬款的估計可收回情況與可收回數額以及管理層判斷。評估此等應收賬款的最終變現需要作出重大判斷，包括各客戶的現時信用狀況及過往還款記錄。倘本集團客戶的財務狀況轉壞而使其無力還款，則或須作出額外撥備。本年度已確認撥備人民幣78,932,000元(二零零六年：人民幣19,196,000元)。

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5. KEY SOURCES OF ESTIMATION UNCERTAINTY

(continued)

(c) Write-down of obsolete and slow-moving inventories

Management reviews an aging analysis at each balance sheet date, and makes allowances for obsolete and slow-moving inventory items identified that are no longer suitable for use in production. Management estimates the net realisable value for such finished goods, work in progress and raw materials primarily on the latest invoice prices and current market conditions. The Group carries out an inventory review on a product-by-product basis at each balance sheet date and makes allowances for obsolete and slow-moving items. An allowance of RMB54,103,000 (2006: RMB4,555,000) has been recognised in the current year.

6. NATURE AND EXTENT OF FINANCIAL INSTRUMENT RISKS

The Group's policy is to prudently manage daily operations and invest surplus funds managed by the Group in a manner which satisfy liquidity requirements, safeguard financial assets, manage risks while optimising the returns.

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk and market price risk). The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

5. 估計不明朗因素的主要來源(續)

(c) 撇減陳舊及滯銷存貨

管理層於各結算日檢討賬齡分析，並對已識別為不再適合用作生產的陳舊及滯銷存貨項目作出撥備。管理層主要根據最近期發票價格及當時市況估計製成品、在製品及原料的可變現淨值。本集團於每個結算日檢討各項產品的存貨量，並會就陳舊及滯銷項目作出撥備。本年度確認撥備人民幣54,103,000元(二零零六年：人民幣4,555,000元)。

6. 金融工具風險的性質及範圍

本集團的政策是以滿足流動資金需要、保障金融資產及使風險受到管理之餘，同時能取得最佳投資回報的方式，審慎管理日常業務運作及投資本集團所管理的盈餘資金。

本集團的活動使其面對各種財務風險：信貸風險、流動資金風險及市場風險(包括貨幣風險及市價風險)。本集團的整體風險管理計劃是針對金融市場的難以預測性質，致力減低對本集團財務表現的潛在不利影響。

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6. NATURE AND EXTENT OF FINANCIAL INSTRUMENT RISKS (continued)

(a) Credit risk

Credit risk is the risk that a party to a financial instrument will cause a financial loss for the Group by failing to discharge an obligation. The Group manages credit risks by setting up credit control policy and periodic evaluation of credit performance of the other parties, measured by the extent of past due or default.

In respect of debtors arising from trading business, individual credit evaluations are preferred on all customers requiring credit over a certain amount. These evaluation focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Debtors are due with 30 days from the date of billing. Normally, the Group does not obtain collateral from customers.

Carrying amounts of financial assets as at 31 December 2007, which represented the amounts of maximum exposure to credit risks, were as follows:

Loan receivable	應收貸款
Trade and bills receivables	應收貿易賬款及票據
Deposits and other receivables	按金及其它應收賬款
Amount due from a shareholder	應收一名股東款項
Amount due from a minority shareholder	應收少數股東款項
Amounts due from directors	應收董事款項
Amounts due from related companies	應收關連公司款項
Held-for-trading investments	持作買賣投資
Pledged bank deposits	已抵押銀行存款
Bank balances and cash	銀行結餘及現金

6. 金融工具風險的性質及範圍(續)

(a) 信貸風險

信貸風險是指金融工具訂約方因未能履行責任而導致本集團造成財務損失的風險。本集團藉設定信貸監控政策，並定期評估其它方的信貸履約情況(以逾期或拖欠程度衡量)，以管理信貸風險。

就貿易業務產生的應收賬款而言，會對所有就若干金額要求給予信貸的客戶進行個別信貸評估。評估工作集中在客戶過往償還到期款項的記錄，以及目前的還款能力，亦考慮該客戶的特定資料及該客戶經營所在地的經濟環境。應收賬款自發票日起三十日到期。本集團一般並無向客戶取得抵押品。

金融資產於二零零七年十二月三十一日的賬面值(相當於最大額度信貸風險的金額)如下：

	2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
	1,000	2,480
	9,622	99,332
	9,803	21,637
	7,798	7,819
	721	1,072
	600	1,512
	34,292	378
	475	505
	96,171	101,479
	106,105	121,458
	266,587	357,672

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6. NATURE AND EXTENT OF FINANCIAL INSTRUMENT RISKS (continued)

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities. The Group manages liquidity risks by monitoring its liquidity position through periodic preparation of cash flows and cash balances forecasts and periodic evaluation of the ability of the Group to meet its financial obligations, measured by the debt-to-equity capital ratio.

Maturities of the financial liabilities of the Group as at 31 December 2007 were as follows:

Total amounts of contractual undiscounted obligations:	訂約非折現責任總額：
Trade and bills payables	應付貿易賬款及票據
Other payables and accruals	其它應付賬款及應計費用
Receipt in advance	預收款項
Amount due to a shareholder	應付一名股東款項
Amounts due to minority shareholders	應付少數股東款項
Amount due to a director	應付一名董事款項
Amounts due to related companies	應付關連公司款項
Amount due to an associate	應付一家聯營公司款項
Dividend payable	應付股息
Bank borrowings	銀行借貸
Due for payment:	到期付款：
Within one year or on demand	一年內或按要求償還
In the second to fifth years	第二至第五年

6. 金融工具風險的性質及範圍(續)

(b) 流動資金風險

流動資金風險是指本集團在應付金融負債有關的責任時遇到困難的風險。本集團藉著定期編製現金流量及現金結餘預測，並依據債務對股權資本比率，定期評估本集團履行其財務責任的能力，監控其流動資金狀況，從而管理流動資金風險。

本集團的金融負債於二零零七年十二月三十一日的到期情況如下：

	2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
	70,507	229,160
	160,649	75,372
	11,442	–
	107,291	–
	1,871	280
	9,500	–
	18,169	–
	19,311	–
	4,440	4,440
	225,840	291,570
	629,020	600,822
	629,020	600,822
	–	–
	629,020	600,822

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6. NATURE AND EXTENT OF FINANCIAL INSTRUMENT RISKS (continued)

(c) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Carrying amounts of financial assets and financial liabilities as at 31 December 2007 that exposed to currency risks were as follows:

6. 金融工具風險的性質及範圍(續)

(c) 貨幣風險

貨幣風險是指由於外幣匯率變動而引致金融工具的公平值或未來現金流量波動的風險。

面對貨幣風險的金融資產及金融負債於二零零七年十二月三十一日的賬面值如下：

		2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
Financial assets denominated in foreign currencies:	以外幣計值的金融資產：		
Trade receivables	應收貿易賬款	901	61
Held-for-trading investments	持作買賣投資	475	508
Deposits and other receivables	按金及其它應收賬款	1,344	212
Cash and bank balances	現金及銀行結餘	4,811	6,489
		<u>7,531</u>	<u>7,270</u>
Financial liabilities denominated in foreign currencies:	以外幣計值的金融負債：		
Short-term bank loans	短期銀行貸款	(6,591)	(34,798)
Bills payables	應付票據	(265)	(2,470)
Trade payables	應付貿易賬款	(6,612)	(32,391)
Other payables	其它應付賬款	(7,690)	(735)
		<u>(21,158)</u>	<u>(70,394)</u>
Net financial liabilities exposed to currency risks	面對貨幣風險的金融負債淨額	<u>(13,627)</u>	<u>(63,124)</u>

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6. NATURE AND EXTENT OF FINANCIAL INSTRUMENT RISKS (continued)

(c) Currency risk (continued)

The Group operates in Hong Kong and the PRC and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States dollars. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

Should Renminbi at 31 December 2007 inflate/(deflate) by 10% against all foreign currencies include United States dollars and Hong Kong dollars, the carrying amount of the net financial liabilities exposed to currency risk at 31 December 2007 determined in accordance with HKAS 21 "The Effects of Changes in Foreign Exchange Rates" would be decreased/(increased), and hence the equity at 31 December 2007 would be increased/(decreased), by RMB1,363,000/(RMB1,363,000) (2006: RMB6,312,000/(RMB6,312,000)); and there would be no effect on the loss for the years ended 31 December 2007 and 2006.

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group manages interest rate risks, when it is considered significant, by entering into appropriate swap contacts.

6. 金融工具風險的性質及範圍(續)

(c) 貨幣風險(續)

本集團於香港及中國經營，並面對不同貨幣(主要為美元)產生的外匯風險。外匯風險乃產生自未來商業交易、已確認的資產及負債以及於海外營運的投資淨額。

倘人民幣於二零零七年十二月三十一日兌所有外幣(包括美元及港元)升值/(貶值)10%，則按香港會計準則第21號「外幣匯率變動的影響」釐定的面對貨幣風險的金融負債淨額於二零零七年十二月三十一日將減少/(增加)(故於二零零七年十二月三十一日的股本權益將增加/(減少))人民幣1,363,000元/(人民幣1,363,000元)(二零零六年：人民幣6,312,000元/(人民幣6,312,000元))；而截至二零零七年及二零零六年十二月三十一日止年度的虧損則並無影響。

(d) 利率風險

利率風險是指市場利率變動而引致金融工具的公平值或未來現金流量波動的風險。本集團透過訂立適當調期合約，以在認為利率風險重大時管理該等風險。

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6. NATURE AND EXTENT OF FINANCIAL INSTRUMENT RISKS (continued)

(d) Interest rate risk (continued)

As at 31 December 2007, pledged bank deposits of RMB96,171,000 (2006: RMB101,479,000) earning fixed interests, bank loans of RMB225,840,000 (2006: RMB285,900,000) bearing fixed interests and bank loans of RMB Nil (2006: RMB5,670,000) bearing variable interests were exposed to fair value interest rate risk.

Since the pledged bank deposits and bank loans were measured at amortised cost, their carrying amounts would not be affected by changes in market interest rates.

(e) Market price risk

Market price risk is the risk that the fair value or future cash flows of a financial instrument traded in the market will fluctuate because of changes in market prices. The Group manages market prices risks, when it is considered significant, by entering into appropriate derivatives contracts.

The Group is exposed to equity price risk arising from equity investments classified as held-for-trading investments (note 29). The Group is not exposed to commodity price risk.

All investments are subject to a maximum concentration limit predetermined by the Board.

7. REVENUE AND OTHER INCOME

Revenue represents the amounts received and receivable for goods sold by the Group to outside customers, net of discounts and sales related taxes, during the year.

6. 金融工具風險的性質及範圍(續)

(d) 利率風險(續)

於二零零七年十二月三十一日，孳生定息的已抵押銀行存款人民幣96,171,000元(二零零六年：人民幣101,479,000元)、附帶定息的銀行貸款人民幣225,840,000元(二零零六年：人民幣285,900,000元)及附帶浮息的銀行貸款人民幣零元(二零零六年：人民幣5,670,000元)乃面對公平值利率風險。

由於已抵押銀行存款及銀行貸款乃以攤銷成本計量，故其賬面值不會受市場利率變動影響。

(e) 市價風險

市價風險是指由於市價變動而引致在市場買賣的金融工具的公平值或未來現金流量波動的風險。本集團透過訂立適當的衍生工具合約，以在認為市價風險重大時管理該等風險。

本集團面對分類為持作買賣投資(附註29)的股本投資所產生的股本價格風險。本集團並無面對任何商品價格風險。

所有投資均受董事會事先設定的最大風險額度所限。

7. 收益及其它收入

收益指年內本集團向外界客戶出售貨品的已收及應收金額減折扣及銷售相關稅項。

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7. REVENUE AND OTHER INCOME (continued)

An analysis of the Group's revenue and other income are as follows:

7. 收益及其它收入(續)

本集團的收益及其它收入分析如下：

		2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
Revenue	收益		
Sales of controller systems for consumer electrical and electronic appliances and income from sales of small electrical appliances	銷售消費電器及電子用品的控制器系統以及銷售小型電器的收入	17,509	17,192
Sales of controller systems for mobile phones and income from sales and assembly of mobile phones	銷售流動電話控制器系統及銷售與裝嵌流動電話的收入	344,869	300,082
		362,378	317,274
Other income	其它收入		
Processing fee income	加工費收入	-	2,850
Bank interest income	銀行利息收入	2,285	1,845
Subsidy income	津貼收入	153	1,959
Sales of scrap materials	銷售廢料	40	1,571
Government grants received recognised as income	已確認為收入的已收政府補助金	1,656	657
Exchange gain	匯兌收益	137	-
Others	其它	1,915	1,167
		6,186	10,049

8. BUSINESS AND GEOGRAPHICAL SEGMENTS

(a) Business segments

For management purposes, the Group is currently organised into two operating divisions, namely, sales of controller systems for consumer electrical and electronic appliances and income from sales of small electrical appliances, and sales of controller systems for mobile phones and income from sales and assembly of mobile phones. These divisions are the basis on which the Group reports its primary segment information.

8. 業務及地區分部

(a) 業務分部

就管理而言，本集團現時分為兩個營運部門，即銷售消費電器及電子用品的控制器系統以及銷售小型電器的收入，以及銷售流動電話控制器系統及銷售與裝嵌流動電話的收入。該等部門為本集團呈報其主要分部資料的基準。

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8. BUSINESS AND GEOGRAPHICAL SEGMENTS

(continued)

(a) Business segments (continued)

Segment information about these businesses is presented below:

For the year ended 31 December 2007

8. 業務及地區分部 (續)

(a) 業務分部 (續)

該等業務的分部資料呈列如下：

截至二零零七年十二月三十一日止年度

		Sales of controller systems for consumer electrical and electronic appliances and income from sales of small electrical appliances 銷售消費電器及電子用品的控制器系統以及銷售小型電器的收入 RMB'000 人民幣千元	Sales of controller systems for mobile phones and income from sales and assembly of mobile phones 銷售流動電話控制系統及銷售與裝嵌流動電話的收入 RMB'000 人民幣千元	Unallocated 未分配 RMB'000 人民幣千元	Consolidated 綜合 RMB'000 人民幣千元
Revenue	收益	17,509	344,869		362,378
Segment results	分部業績	2,751	4,610		7,361
Unallocated revenue	未分配收益				6,186
Unallocated corporate expenses	未分配企業開支				(156,029)
Finance costs	融資成本				(31,862)
Gain on disposal of subsidiaries	出售附屬公司收益				5,915
Loss before income tax	除所得稅前虧損				(168,429)
Income tax expense	所得稅開支				(23,155)
Loss for the year	年內虧損				(191,584)
At 31 December 2007 BALANCE SHEET	於二零零七年十二月三十一日 資產負債表				
ASSETS	資產				
Consolidated total assets	綜合資產總值	37,731	187,590	408,307	633,628
LIABILITIES	負債				
Consolidated total liabilities	綜合負債總額	4,225	284,369	346,405	634,999
OTHER INFORMATION	其它資料				
Capital additions	資本增加	-	37,425	-	37,425
Depreciation	折舊	632	12,463	27	13,122
Amortisation of prepaid lease payments	攤銷預付租賃款	20	353	106	479
Impairment loss on amount due from a related company	應收一家關連公司 款項減值虧損	-	16,795	-	16,795
Write-down of inventories and provision for obsolete stock	撇減存貨及陳舊存貨撥備	9,142	44,854	107	54,103
Impairment loss on trade receivables, deposits and other receivables	應收貿易賬款、按金及其它 應收賬款減值虧損	-	62,137	-	62,137
Bad debts written off	撇銷壞賬	-	1,286	148	1,434

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8. BUSINESS AND GEOGRAPHICAL SEGMENTS

(continued)

(a) Business segments (continued)

For the year ended 31 December 2006

8. 業務及地區分部 (續)

(a) 業務分部 (續)

截至二零零六年十二月三十一日止年度

		Sales of controller systems for consumer electrical and electronic appliances and income from sales of small electrical appliances 銷售消費電器及電子用品的控制器系統以及銷售小型電器的收入 RMB'000 人民幣千元	Sales of controller systems for mobile phones and income from sales and assembly of mobile phones 銷售流動電話控制系統及銷售與裝嵌流動電話的收入 RMB'000 人民幣千元	Unallocated 未分配 RMB'000 人民幣千元	Consolidated 綜合 RMB'000 人民幣千元
Revenue	收益	17,192	300,082		317,274
Segment results	分部業績	(3,594)	11,938		8,344
Unallocated revenue	未分配收益				5,015
Unallocated corporate expenses	未分配企業開支				(22,867)
Finance costs	融資成本				(17,638)
Loss before income tax	除所得稅前虧損				(27,146)
Income tax credit	所得稅抵免				3,901
Loss for the year	年內虧損				(23,245)
At 31 December 2006 BALANCE SHEET	於二零零六年十二月三十一日 資產負債表				
ASSETS	資產				
Consolidated total assets	綜合資產總值	59,935	405,681	329,612	795,228
LIABILITIES	負債				
Consolidated total liabilities	綜合負債總額	18,898	129,508	459,282	607,688
OTHER INFORMATION	其它資料				
Capital additions	資本增加	5,433	20,477	14,058	39,968
Depreciation	折舊	2,021	10,266	1,998	14,285
Amortisation of prepaid lease payments	攤銷預付租賃款	20	353	106	479
Impairment loss on amounts due from associates	應收聯營公司款項 減值虧損	-	-	4,012	4,012
Impairment loss on amounts due from minority shareholders	應收少數股東款項 減值虧損	-	792	-	792
Impairment loss on goodwill arising from acquisition of a subsidiary	因收購一家附屬公司而產生的 商譽減值虧損	-	103	-	103
Impairment loss on property, plant and equipment	物業、廠房及設備減值虧損	-	106	-	106
Impairment loss on trade receivables, deposits and other receivables	應收貿易賬款、按金及其它 應收賬款減值虧損	725	13,513	154	14,392
Loss on disposal of property, plant and equipment	出售物業、廠房及 設備虧損	-	10	48	58
Write-down of inventories	撇減存貨	1,150	3,405	-	4,555

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8. BUSINESS AND GEOGRAPHICAL SEGMENTS

(continued)

(b) Geographical segments

The Group's sales of controller systems for consumer electrical and electronic appliances and controller systems for mobile phones and income from sales of small electrical appliances and sales and assembly of mobile phones are located in the PRC and Hong Kong.

The following table provides an analysis of the Group's revenue by geographical market, irrespective of the origin of the goods or services.

The PRC, excluding Hong Kong	中國，不包括香港
Hong Kong	香港
Others	其它

An analysis of the carrying amount of segment assets, and additions to property, plant and equipment, by geographical area in which the assets are located has not been presented as they are substantially located in the PRC.

9. FINANCE COSTS

Interest on bank and other borrowings wholly repayable within five years

8. 業務及地區分部 (續)

(b) 地區分部

本集團銷售消費電器及電子用品的控制器系統以及流動電話的控制器系統，以及銷售小型電器及銷售與裝嵌流動電話所得收入位於中國及香港。

下表載列本集團按地區市場劃分的收益分析(不論貨品或服務的來源地)。

2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
50,841	183,536
310,733	131,526
804	2,212
362,378	317,274

由於分部資產以及物業、廠房及設備添置主要位於中國，故此並無按資產所在地區呈列有關賬面值的分析。

9. 融資成本

須於五年內悉數償還的銀行及其它借貸利息

2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
31,862	17,638

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10. LOSS BEFORE INCOME TAX

10. 除所得税前虧損

		2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
Loss before income tax has been arrived at after charging/(crediting):	除所得税前虧損已扣除／(計入)：		
Staff costs, including directors' remuneration (note 12(a)):	員工成本(包括董事酬金(附註12(a)))：		
– Salaries, wages and other benefits	– 薪金、工資及其它福利	19,458	26,027
– Retirement benefit scheme contributions	– 退休福利計劃供款	1,027	650
Total staff costs	總員工成本	<u>20,485</u>	<u>26,677</u>
Depreciation of property, plant and equipment	物業、廠房及設備折舊	13,122	14,285
Amortisation of prepaid lease payments	攤銷預付租賃款	941	941
Less: Amount capitalised in buildings under construction	減：撥充在建樓宇資本的金額	<u>(462)</u>	<u>(462)</u>
Total depreciation and amortisation	折舊及攤銷總額	<u>13,601</u>	<u>14,764</u>
Auditor's remuneration	核數師酬金	2,010	1,364
Cost of inventories recognised as an expense	已確認為開支的存貨成本	326,355	252,955
Impairment loss on amount due from a related company	應收一家關連公司款項減值虧損	16,795	–
Impairment loss on amounts due from associates	應收聯營公司款項減值虧損	–	4,012
Impairment loss on amounts due from minority shareholders	應收少數股東款項減值虧損	–	792
Impairment loss on goodwill arising from acquisition of subsidiaries	因收購附屬公司而產生的商譽減值虧損	–	103
Impairment loss on property, plant and equipment	物業、廠房及設備減值虧損	–	106
Impairment loss on trade receivables, deposits and other receivables	應收貿易賬款、按金及其它應收賬款減值虧損	62,137	14,392
Bad debts written off	撇銷壞賬	1,434	–
Loss on disposal of property, plant and equipment	出售物業、廠房及設備虧損	–	58
Net foreign exchange (gain)/losses	匯兌(收益)／虧損淨額	(137)	1,807
Research and development costs	研究及開發成本	7,261	7,008
Write-down of inventories included in cost of sales	撇減存貨，計入銷售成本	1,238	4,555
Write-down of inventories included in administrative expenses	撇減存貨，計入行政開支	52,865	–
Minimum lease payment paid under operating leases	根據經營租約已付的最低租金	<u>643</u>	<u>840</u>

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11. INCOME TAX EXPENSE/(CREDIT)

11. 所得稅開支／（抵免）

		2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
The income tax expense/(credit) comprises:	所得稅開支／（抵免）包括：		
Current tax	即期稅項		
– Hong Kong profits tax	– 香港利得稅	737	–
– PRC income tax	– 中國所得稅	350	1,322
– Tax recoverable written off	– 撇銷可收回稅項	13,526	–
– Over-provision in prior years	– 過往年度超額撥備	–	(1)
		14,613	1,321
Deferred tax (note 20)	遞延稅項（附註20）	8,542	(5,222)
		23,155	(3,901)

Hong Kong profits tax is calculate at 17.5% on the estimated assessable profits for the year. PRC income tax is calculated at 33% of the estimated taxable profit in accordance with the income tax law in the PRC for both years. A subsidiary operating in the PRC is entitled to a tax exemption for two years commencing from its first profit-making year followed by a 50% reduction in the PRC income tax for three years. The PRC income tax for this subsidiary was 50% exempted in both years.

香港利得稅乃按年度估計應課稅溢利以稅率17.5%計算。中國所得稅乃根據中國所得稅法按該兩個年度的估計應課稅溢利以稅率33%計算。一家於中國經營的附屬公司於首個獲利年度起計兩年可獲豁免繳稅，而其後三年的中國所得稅則可獲減半。該附屬公司於該兩個年度獲50%中國所得稅減免。

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11. INCOME TAX EXPENSE/(CREDIT) (continued)

The income tax expense/(credit) for the year can be reconciled to the loss before tax per the income statement as follows:

11. 所得稅開支／(抵免)(續)

年內所得稅開支／(抵免)可與收益表所列除稅前虧損的對賬如下：

		2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
Loss before income tax	除所得稅前虧損	<u>(168,429)</u>	<u>(27,146)</u>
Tax at the domestic income tax rate of 33%	按國內所得稅稅率33% 計算的稅項	(55,582)	(8,958)
Tax effect of expenses not deductible for tax purpose	就稅務用途的不可扣稅 開支稅務影響	18,278	4,622
Tax effect of recognition of deductible temporary difference recognised	確認已確認的可扣稅暫時 差額的稅務影響	(2,256)	-
Tax effect of income not taxable for tax purpose	就稅務用途的毋須課稅 收入稅務影響	(2,809)	(1,158)
Tax effect of tax losses not recognised	未確認稅務虧損的稅務影響	9,623	1,181
Utilisation of tax losses previously not recognised	動用過往未確認的稅務虧損	(34)	(321)
Tax effect of deductible temporary differences not recognised	未確認可扣稅暫時差額的 稅務影響	44,603	947
Income tax on concessionary rate	按優惠稅率計算的所得稅	(350)	(76)
Tax effect on different tax rate	不同稅率的稅務影響	827	-
Tax recoverable written off	撤銷可收回稅項	13,526	-
Over-provision in prior years	過往年度超額撥備	-	(1)
Others	其它	(2,671)	(137)
Income tax expense/(credit) for the year	本年度所得稅開支／(抵免)	<u>23,155</u>	<u>(3,901)</u>

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12. DIRECTORS', SUPERVISORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors' emoluments

The emoluments paid or payable to each of the 11 (2006: 12) directors were as follows:

2007 二零零七年	Wang		Liu	Chen	Gong			Zheng	Wang	Tang	Ding	Ku	Total
	Ya Qun	Xiao Chun	Zheng Tu	Zheng Jun	Liu Feng	Li Ming	Yi Song	Wei Shi	Zhen Ming	Gang Yi	Kin Shing		2007
	王亞群	劉曉春	陳正土	宮正軍	劉豐	李明	鄭毅松	王偉時	唐振明	丁剛毅	谷建聖		二零零七年 總計
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Fees	袍金	-	-	-	-	-	-	-	-	-	-	-	-
Other emoluments	其它酬金	-	-	-	-	-	-	-	-	-	-	-	-
Salaries and other benefits	薪金及其它福利	413	253	-	297	178	258	-	-	12	12	47	1,470
Retirement benefit scheme contributions	退休福利計劃供款	-	-	-	-	-	-	-	-	-	-	-	-
Total emoluments	酬金總額	413	253	-	297	178	258	-	-	12	12	47	1,470

2006 二零零六年	Wang		Liu	Chen	Gong	Chen	Wang			Tang	Ding	Ku	Wai Man	Total
	Ya Qun	Xiao Chun	Zheng Tu	Zheng Jun	Da Jun	Pei Zhang	Li Ming	Zhen Ming	Gang Yi	Wong Ning	Kin Shing	Derek		2006
	王亞群	劉曉春	陳正土	宮正軍	陳達均	王佩章	李明	唐振明	丁剛毅	王寧	谷建聖	莫偉民		二零零六年 總計
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Fees	袍金	-	-	-	-	-	-	-	-	-	-	-	-	-
Other emoluments	其它酬金	-	-	-	-	-	-	-	-	-	-	-	-	-
Salaries and other benefits	薪金及其它福利	689	725	-	11	77	-	-	-	-	-	29	52	1,583
Retirement benefit scheme contributions	退休福利計劃供款	-	-	-	1	1	-	-	-	-	-	-	-	2
Total emoluments	酬金總額	689	725	-	12	78	-	-	-	-	-	29	52	1,585

No director waived any emoluments for years ended 31 December 2007 and 2006.

截至二零零七年及二零零六年十二月三十一日止年度並無董事放棄任何酬金。

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12. DIRECTORS', SUPERVISORS' AND EMPLOYEES' EMOLUMENTS (continued)

(b) Supervisors' emoluments

The emoluments paid or payable to each of the 5 (2006: 3) supervisors were as follows:

		Zhang Xing Jiang	Chen Qian	Wang Ying	Yang Li	Cheng Ping	Total 2007
2007		張興江	陳謙	王穎	楊立	程平	二零零七年 總計
二零零七年		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Salaries and other benefits	薪金及其它福利	-	-	-	-	-	-
Retirement benefit scheme contributions	退休福利計劃供款	-	-	-	-	-	-
Total emoluments	酬金總額	-	-	-	-	-	-

		Zhang Xing Jiang	Chen Qian	Wang Ying	Total 2006
2006		張興江	陳謙	王穎	二零零六年 總計
二零零六年		RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元
Salaries and other benefits	薪金及其它福利	-	-	22	22
Retirement benefit scheme contributions	退休福利計劃供款	-	-	2	2
Total emoluments	酬金總額	-	-	24	24

No supervisor waived any emoluments for years ended 31 December 2007 and 2006.

截至二零零七年及二零零六年十二月三十一日止年度並無監事放棄任何酬金。

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12. DIRECTORS', SUPERVISORS' AND EMPLOYEES' EMOLUMENTS (continued)

(c) Employees' emoluments

Of the five individuals with the highest emolument in the Group, four (2006: two) were directors of the Company whose emoluments are included in note 12(a) above. The emoluments of the remaining one (2006: three) individuals were as follows:

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

Their emoluments were within the following band:

Nil to HK\$1,000,000	零至港幣1,000,000元
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13. DIVIDENDS

The directors do not recommend the payment of any dividend for the year ended 31 December 2007.

14. LOSS PER SHARE

The calculation of the basic loss per share is based on the loss for the year attributable to equity holders of the Company of RMB190,476,000 (2006: RMB21,087,000) and 500,000,000 shares (2006: 500,000,000 shares) in issue during the year.

12. 董事、監事及僱員酬金(續)

(c) 僱員酬金

在本集團五名最高薪人士中，四名(二零零六年：兩名)為本公司董事，其酬金已載於上文附註12(a)。餘下一名(二零零六年：三名)人士的酬金如下：

2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
341	858
12	14
353	872

酬金範圍如下：

Number of employees 僱員人數	
2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
1	3

13. 股息

董事並不建議就截至二零零七年十二月三十一日止年度派付任何股息。

14. 每股虧損

每股基本虧損乃根據年內本公司股權持有人應佔虧損人民幣190,476,000元(二零零六年：人民幣21,087,000元)及年內已發行股份500,000,000股(二零零六年：500,000,000股)計算。

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15. PROPERTY, PLANT AND EQUIPMENT

15. 物業、廠房及設備

		Buildings in the PRC	Leasehold improvements	Plant and machinery	Computer and office equipment	Motor vehicles	Buildings under construction in the PRC	Total
		中國樓宇 RMB'000 人民幣千元	租賃物業 裝修 RMB'000 人民幣千元	廠房及機器 RMB'000 人民幣千元	電腦及 辦公室設備 RMB'000 人民幣千元	汽車 RMB'000 人民幣千元	中國 在建樓宇 RMB'000 人民幣千元	總計 RMB'000 人民幣千元
Cost	成本							
At 1 January 2006	於二零零六年一月一日	25,644	-	107,904	5,280	4,856	111,001	254,685
Additions	添置	-	29	2,042	1,148	44	36,705	39,968
Acquired on acquisition of a subsidiary	於收購附屬公司 時購入	-	-	-	106	-	-	106
Disposals	出售	-	-	-	(44)	(155)	-	(199)
At 31 December 2006 and 1 January 2007	於二零零六年十二月 三十一日及 二零零七年一月一日	25,644	29	109,946	6,490	4,745	147,706	294,560
Additions	添置	-	-	4,967	367	-	32,091	37,425
Reallocation	重新分配	1,143	-	(5,786)	4,643	-	-	-
Decrease due to deconsolidation	因取消綜合而減少	-	-	(1,883)	(1,075)	(321)	-	(3,279)
Exchange difference	匯兌差額	-	(2)	(6)	-	-	-	(8)
At 31 December 2007	於二零零七年 十二月三十一日	<u>26,787</u>	<u>27</u>	<u>107,238</u>	<u>10,425</u>	<u>4,424</u>	<u>179,797</u>	<u>328,698</u>
Depreciation, amortisation and impairment:	折舊、攤銷及減值：							
At 1 January 2006	於二零零六年一月一日	3,331	-	28,873	3,437	1,739	-	37,380
Charge for the year	本年度開支	1,139	6	11,173	1,416	551	-	14,285
Impairment loss recognised in the consolidated income statement	於綜合收益表 確認的減值虧損	-	-	-	106	-	-	106
Eliminated on disposals	出售時撇銷	-	-	-	(13)	(75)	-	(88)
At 31 December 2006 and 1 January 2007	於二零零六年十二月 三十一日及 二零零七年一月一日	4,470	6	40,046	4,946	2,215	-	51,683
Charge for the year	本年度開支	1,904	4	9,444	1,372	398	-	13,122
Reallocation	重新分配	-	-	(31)	31	-	-	-
Decrease due to deconsolidation	因取消綜合而減少	-	-	(220)	(672)	(162)	-	(1,054)
Exchange difference	匯兌差額	-	-	(2)	-	-	-	(2)
At 31 December 2007	於二零零七年 十二月三十一日	<u>6,374</u>	<u>10</u>	<u>49,237</u>	<u>5,677</u>	<u>2,451</u>	<u>-</u>	<u>63,749</u>
Carrying value	賬面值							
At 31 December 2007	於二零零七年十二月 三十一日	<u>20,413</u>	<u>17</u>	<u>58,001</u>	<u>4,748</u>	<u>1,973</u>	<u>179,797</u>	<u>264,949</u>
At 31 December 2006	於二零零六年十二月 三十一日	<u>21,174</u>	<u>23</u>	<u>69,900</u>	<u>1,544</u>	<u>2,530</u>	<u>147,706</u>	<u>242,877</u>

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15. 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:

Buildings	3.33%–10%
Leasehold improvements	20%
Plant and machinery	10%–20%
Computer and office equipment	20%
Motor vehicles	20%

During the year, the directors conducted a review of the property, plant and equipment of subsidiaries in the segment of controller systems for consumer electrical and electronic appliances. No impairment loss was identified as at 31 December 2007.

Note: The building with a net book value of RMB20,413,000 is pledged to bank to secure general bank borrowing granted to the Company (note 39).

15. 物業、廠房及設備(續)

上述物業、廠房及設備以直線法按下列年率計算折舊：

樓宇	3.33%至10%
租賃物業裝修	20%
廠房及機器	10%至20%
電腦及辦公室設備	20%
汽車	20%

年內，董事就消費電器及電子用品的控制器系統分部的附屬公司物業、廠房及設備進行檢討。於二零零七年十二月三十一日，並無識別任何減值虧損。

附註：賬面淨值人民幣20,413,000元的樓宇乃抵押予銀行作為本公司獲授的一般銀行借貸的擔保(附註39)。

16. PREPAID LEASE PAYMENTS

The Group's prepaid lease payments comprise:
Medium-term leasehold land in the PRC

Analysed for reporting purposes as:
Non-current asset
Current asset

本集團的預付租賃款包括：
中國中期租賃土地

為呈報而進行的分析：
非流動資產
流動資產

16. 預付租賃款

2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
37,282	38,223
36,341	37,282
941	941
37,282	38,223

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16. PREPAID LEASE PAYMENTS (continued)

Notes:

- (i) The leasehold land with a net book value of RMB15,757,000 is pledged to bank to secure general bank borrowing granted to the Company (note 39).
- (ii) The remaining leasehold land with a net book value of RMB21,525,000 is pledged to bank to secure general banking facilities granted to an associate of the Company (note 41(c)(ii)).

16. 預付租賃款(續)

附註：

- (i) 賬面淨值人民幣15,757,000元的租賃土地乃抵押予銀行作為本公司獲授的一般銀行借貸的擔保(附註39)。
- (ii) 餘下賬面淨值人民幣21,525,000元的租賃土地乃抵押予銀行作為本公司一家聯營公司獲授的一般銀行信貸的擔保(附註41(c)(ii))。

17. GOODWILL

17. 商譽

		RMB'000 人民幣千元
Cost	成本	
At 1 January 2006	於二零零六年一月一日	3,315
Arising on acquisition of a subsidiary	因收購一家附屬公司而產生	103
		<hr/>
At 31 December 2006 and 31 December 2007	於二零零六年十二月三十一日及 二零零七年十二月三十一日	3,418
		<hr/>
Impairment	減值	
At 1 January 2006	於二零零六年一月一日	3,315
Impairment loss recognised for the year	年內已確認減值虧損	103
		<hr/>
At 31 December 2006 and 31 December 2007	於二零零六年十二月三十一日及 二零零七年十二月三十一日	3,418
		<hr/> <hr/>
Carrying value	賬面值	
At 31 December 2007	於二零零七年十二月三十一日	-
		<hr/> <hr/>
At 31 December 2006	於二零零六年十二月三十一日	-
		<hr/> <hr/>

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

商譽減值檢測詳情於附註18披露。

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18. IMPAIRMENT TESTING ON GOODWILL

For the purposes of impairment testing, the goodwill arising on acquisition of a subsidiary in 2006 as set out in note 17 has been allocated to one individual cash generating unit (the “CGU”), representing a subsidiary engaged in the design and research and development of mobile phones. The cost of goodwill as at 31 December 2006 allocated to this CGU is as follows:

Design and research and development of mobile phones	流動電話設計及研發
– Shenzhen Denuo Technology Co., Ltd. (“Denuo”)	– 深圳市德諾通訊有限公司（「德諾」）

RMB'000
人民幣千元

103

The Group recognised an impairment loss of RMB103,000 in relation to goodwill arising on acquisition of Denuo, of which basis is as follows:

The recoverable amount of Denuo has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period, and discount rate of 14.46%. Cash flow projections during the budget period for the CGU are based on expected gross margins and expected expenditures during the budget period. The unamortised goodwill allocated to Denuo has been fully impaired and recognised in profit and loss for the year 2006.

18. 商譽減值檢測

就減值檢測而言，附註17所載於二零零六年因收購附屬公司而產生的商譽已分配至一個個別現金產生單位（「現金產生單位」），即一家從事流動電話設計及研發的附屬公司。於二零零六年十二月三十一日分配至該現金產生單位的商譽成本如下：

本集團就收購德諾而產生的商譽確認減值虧損人民幣103,000元，有關基準如下：

德諾的可收回金額按使用價值計算法釐訂。該計算法使用以管理層批准的5年財政預算及貼現率14.46%為基準的現金流量預測。現金產生單位於預算期內的現金流量預測乃根據預算期內的預期毛利率及預期支出計算。分配至德諾的未攤銷商譽已全數減值，並在二零零六年的損益中確認。

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19. INTERESTS IN ASSOCIATES

19. 於聯營公司權益

		2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
Cost of investment in unlisted associates	非上市聯營公司投資成本	1,280	420
Less: Accumulated impairment	減：累計減值	(1,280)	(259)
		-	161
Share of post-acquisition losses	應佔收購後虧損	-	(161)
		-	-

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

於二零零七年十二月三十一日，本集團擁有下列聯營公司的權益：

Name	Class of share held	Place of incorporation/ registration and operation	Attributable equity interest of the Group	Principal activities
名稱	所持股份類別	註冊成立／註冊及營運地點	本集團應佔股權	主要業務
Ningbo Bolang Electrical Appliance Company Limited ("Bolang") 寧波波朗電器有限公司(「波朗」)	Contributed capital 實繳股本	PRC 中國	36%	Manufacture and sale of small electrical appliances 小型電器製造及銷售
Yidong-Sola Technology Limited ("Yidong-Sola") (note a) 屹東曜天科技有限公司 (「屹東曜天」)(附註 a)	Ordinary 普通股	Hong Kong 香港	50%	Trading of telecommunications products 電訊產品買賣

Note:

附註：

(a) The associate has been deregistered on 11 January 2008 (note 42).

(a) 該聯營公司已於二零零八年一月十一日取消註冊(附註42)。

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19. INTERESTS IN ASSOCIATES (continued)

Included in the cost of investment in unlisted associates is fully impaired goodwill arising from acquisition of associates in prior years. The movements of goodwill are set out below:

19. 於聯營公司權益(續)

非上市聯營公司投資成本包括因過往年度收購聯營公司而產生的全數減值商譽。商譽變動載於下文：

		RMB'000 人民幣千元
Cost	成本	
At 1 January 2006, 1 January 2007 and 31 December 2007	於二零零六年一月一日、二零零七年 一月一日及二零零七年十二月三十一日	259
Impairment	減值	
At 1 January 2006, 1 January 2007 and 31 December 2007	於二零零六年一月一日、二零零七年 一月一日及二零零七年十二月三十一日	259
Carrying value	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	—

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

有關本集團聯營公司的財務資料概述如下：

		2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
Total assets	資產總值	28,111	1,030
Total liabilities	負債總額	(31,580)	(1,374)
Net liabilities	負債淨額	(3,469)	(344)
Group's share of net liabilities of an associate	本集團應佔一家聯營公司 負債淨額	—	—
Revenue	收益	23,930	1,219
(Loss)/profit for the year	年內(虧損)/溢利	(1,421)	42
Group's share of loss of an associate for the year	本集團年內應佔一家 聯營公司虧損	—	—

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19. INTERESTS IN ASSOCIATES (continued)

The Group has discontinued recognition of its share of loss of an associate as it has no obligation to share post-acquisition loss in excess of its investment cost. The amount of unrecognised share of loss of an associate, extracted from the relevant management account of the associate for the year, cumulatively, is as follows:

Unrecognised share of loss of an associate	未確認應佔一家聯營公司虧損
Accumulated unrecognised share of loss of an associate	累計未確認應佔一家聯營公司虧損

19. 於聯營公司權益 (續)

由於本集團並無責任分佔超出其投資成本的收購後虧損，故本集團已終止確認應佔該聯營公司的虧損。摘錄自年內相關聯營公司管理賬目的累計未確認應佔聯營公司虧損金額如下：

	2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
	512	-
	2,329	99

20. DEFERRED TAX ASSETS

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

20. 遞延稅務資產

以下為本年度及過往年度的已確認主要遞延稅務資產及相關變動：

		Accelerated accounting depreciation 加速會計折舊 RMB'000 人民幣千元	Impairment loss on trade receivable, deposits and other receivables 應收貿易 賬款、按金及 其它應收賬款 減值虧損 RMB'000 人民幣千元	Write-down of inventories 撇減存貨 RMB'000 人民幣千元	Others 其它 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 1 January 2006	於二零零六年一月一日	(571)	(1,324)	(1,121)	(304)	(3,320)
Charge/(credit) to income statement for the year	自年內收益表扣除/(入賬)	454	(3,972)	(73)	(1,631)	(5,222)
At 31 December 2006 and 1 January 2007	於二零零六年十二月三十一日及二零零七年一月一日	(117)	(5,296)	(1,194)	(1,935)	(8,542)
Charge to income statement for the year	自年內收益表扣除	117	5,296	1,194	1,935	8,542
At 31 December 2007	於二零零七年十二月三十一日	-	-	-	-	-

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20. DEFERRED TAX ASSETS (continued)

As at the balance sheet date, the Group has unprovided deferred tax assets due to the unpredictability of the future profit streams arising from tax losses amounting to approximately RMB16,109,000 (2006: RMB3,797,000). All tax losses may be carried forward for five years starting from the year when the tax losses occurred.

As at the balance sheet date, the Group has deductible temporary differences of approximately RMB135,162,000 (2006: RMB5,565,000). No deferred tax asset has been recognised in relation to such deductible temporary differences as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

21. INVENTORIES

Raw materials	原料
Work in progress	在製品
Finished goods	製成品

22. LOAN RECEIVABLE

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

20. 遞延稅務資產(續)

於結算日，本集團因未能預測稅務虧損產生的日後溢利來源而有未撥備遞延稅務資產約人民幣16,109,000元(二零零六年：人民幣3,797,000元)。所有稅務虧損可自產生該稅務虧損之年起結轉五年。

於結算日，本集團的可扣稅暫時差額約為人民幣135,162,000元(二零零六年：人民幣5,565,000元)。由於不可能動用可扣稅暫時差額抵銷應課稅溢利，故此並無就該可扣稅暫時差額確認遞延稅務資產。

21. 存貨

2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
38,075	68,377
2,219	14,687
15,605	33,760
55,899	116,824

22. 應收貸款

該筆款項為無抵押、免息，且須應要求償還。

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23. TRADE AND BILLS RECEIVABLES

Trade and bills receivables	應收貿易賬款及票據
Less: Accumulated impairment losses	減：累計減值虧損

The Group allows an average credit period of 60 to 180 days to its trade customers.

The impairment losses on trade and bills receivables charged to the income statement and set off against the trade and bills receivables during the year are RMB53,024,000 and RMB6,837,000 respectively.

An aged analysis of the trade and bills receivables as at the balance sheet date, based on payment due date, and net of impairment losses, is as follows:

0 to 90 days	0至90日
91 to 180 days	91至180日
181 to 365 days	181至365日
Over 365 days	超過365日

Trade receivables of approximately RMB901,000 (2006: RMB61,000) are denominated in US dollars, which is different from the functional currency of the relevant group entity.

23. 應收貿易賬款及票據

2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
84,501	112,044
(74,879)	(12,712)
9,622	99,332

本集團給予其貿易客戶的信貸期平均介乎60至180日。

年內於收益表扣除及與應收貿易賬款及票據抵銷的應收貿易賬款及票據減值虧損分別為人民幣53,024,000元及人民幣6,837,000元。

於結算日按到期付款日劃分的應收貿易賬款及票據(已扣除減值虧損)賬齡分析如下：

2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
5,833	45,535
865	2,864
2,805	12,288
119	38,645
9,622	99,332

為數約人民幣901,000元(二零零六年：人民幣61,000元)的應收貿易賬款乃以美元列值，有別於相關集團實體的功能貨幣。

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24. AMOUNTS DUE FROM/(TO) A SHAREHOLDER

24. 應收／(應付)一名股東款項

		2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
Amount due from China Ruilian Holding Corp. ("China Ruilian")	應收中國瑞聯實業集團有限公司(「中國瑞聯」)款項	7,798	7,819

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

有關款項為無抵押、免息，且須應要求償還。

Amount due to China Ruilian

應付中國瑞聯款項

	2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
	(107,291)	-

The amount bears interest at a rate of 6.57% and 7.29% per annum.

有關款項按年息率6.57厘至7.29厘計息。

The directors consider the carrying amounts of amounts due from/(to) a shareholder approximate their fair values.

董事認為應收／(應付)一名股東款項的賬面值與其公平值相若。

25. AMOUNTS DUE FROM/(TO) MINORITY SHAREHOLDERS

25. 應收／(應付)少數股東款項

The amounts are unsecured, non-interest bearing and repayable on demand. The directors consider the carrying amounts of amounts due from/(to) minority shareholders approximate their fair values.

有關款項為無抵押、免息，且須應要求償還。董事認為應收／(應付)少數股東款項的賬面值與其公平值相若。

Included in the amount due from a minority shareholder as at 31 December 2007 is an accumulated impairment loss of RMB1,029,000 (2006: RMB1,029,000).

於二零零七年十二月三十一日，應收少數股東款項包括累計減值虧損人民幣1,029,000元(二零零六年：人民幣1,029,000元)。

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26. AMOUNTS DUE FROM/(TO) DIRECTORS

Amounts with directors disclosed pursuant to section 161B of the Hong Kong Companies Ordinance are as follows:

26. 應收／(應付)董事款項

根據香港公司條例第161B條披露的應收(應付)董事款項如下：

		Balance at 1.1.2007 於二零零七年 一月一日 的結餘 RMB'000 人民幣千元	Maximum amount outstanding during the year 年內最高 未償還金額 RMB'000 人民幣千元	Balance at 31.12.2007 於二零零七年 十二月三十一日 的結餘 RMB'000 人民幣千元
Amounts due from	應收款項			
Mr. Wang Ya Qun (note a)	王亞群先生 (附註a)	961	961	-
Mr. Liu Xiao Chun (note a)	劉曉春先生 (附註a)	551	551	-
Mr. Liu Feng	劉豐先生	-	600	600
		<u>1,512</u>		<u>600</u>
Amount due to	應付款項			
Mr. Gong Zheng Jun	宮正軍先生	-		(9,500)

Notes:

附註：

- (a) Messrs Wang Ya Qun and Liu Xiao Chun resigned as directors of the Company on 5 October 2007.
- (b) The amounts are unsecured, non-interest bearing and repayable on demand. The directors consider the carrying amounts of amounts due from/(to) directors approximate their fair values.

- (a) 王亞群先生與劉曉春先生已於二零零七年十月五日辭任本公司董事之職務。
- (b) 有關款項為無抵押、免息，且須應要求償還。董事認為應收／(應付)董事款項的賬面值與其公平值相若。

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27. AMOUNTS DUE FROM/(TO) RELATED COMPANIES 27. 應收／(應付) 關連公司款項

		2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
Amounts due from related companies	應收關連公司款項		
深圳漢泰新科技有限公司 ("深圳漢泰") (note a)	深圳漢泰新科技有限公司 ("深圳漢泰") (附註a)	17,583	-
安徽億多科技有限責任公司 ("安徽億多") (note b)	安徽億多科技有限責任公司 ("安徽億多") (附註b)	16,368	-
北京屹東利華科技有限 責任公司("屹東利華") (note c)	北京屹東利華科技有限責任公司 ("屹東利華") (附註c)	341	341
Fine Best Technology Limited ("Fine Best") (note d)	Fine Best Technology Limited ("Fine Best") (附註d)	-	37
		<u>34,292</u>	<u>378</u>
Amounts due to related companies	應付關連公司款項		
深圳市漢泰之星有限公司 ("漢泰之星") (note e)	深圳市漢泰之星有限公司 ("漢泰之星") (附註e)	(233)	-
西安瑞聯近代電子材料 有限責任公司 ("西安瑞聯") (note f)	西安瑞聯近代電子材料 有限責任公司 ("西安瑞聯") (附註f)	(17,936)	-
		<u>(18,169)</u>	<u>-</u>

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27. AMOUNTS DUE FROM/(TO) RELATED COMPANIES (continued)

Notes:

- (a) Mr. Gong Zheng Jun, a director of the Company, is also a shareholder of 深圳漢泰. The maximum amount outstanding during the year disclosed pursuant to Section 161B of the Hong Kong Companies Ordinance is RMB42,952,000.

The amount due from 深圳漢泰 is unsecured, non-interest bearing and repayable on demand. The directors consider the carrying amount of the amount due from 深圳漢泰 approximates its fair value.

- (b) The Company holds 90% equity interest of 安徽億多 on behalf of a shareholder of the Company.

The amount due from 安徽億多 is unsecured, non-interest bearing and repayable on demand. The directors consider the carrying amount of the amount due from 安徽億多 approximates its fair value.

- (c) The Company holds 40% equity interest of 屹東利華 on behalf of Mr. Wang Ya Qun, a shareholder of the Company, who is also a director of 屹東利華.

The amount due from 屹東利華 is unsecured, non-interest bearing and repayable on demand. The directors consider the carrying amount of the amount due from 屹東利華 approximates its fair value.

- (d) Messrs. Wang Ya Qun and Liu Xiao Chun, directors of the Company, are also directors of Fine Best and have controlling interests in Fine Best.

The relationship was terminated after the resignation of Messrs. Wang Ya Qun and Liu Xiao Chun as directors on 5 October 2007.

- (e) Mr. Yang Li, a shareholder of the Company, is also a director of 漢泰之星.

The amount due to 漢泰之星 is unsecured, non-interest bearing and repayable on demand. The directors consider the carrying amount of the amount due to 漢泰之星 approximates its fair value.

27. 應收／(應付)關連公司款項(續)

附註：

- (a) 本公司董事宮正軍先生亦為深圳漢泰的股東。根據香港公司條例第161B條披露的年內最高未償還金額為人民幣42,952,000元。

應收深圳漢泰款項為無抵押、免息，且須應要求償還。董事認為應收深圳漢泰款項的賬面值與其公平值相若。

- (b) 本公司代表一名本公司股東持有安徽億多90%股本權益。

應收安徽億多款項為無抵押、免息，且須應要求償還。董事認為應收安徽億多款項的賬面值與其公平值相若。

- (c) 本公司代表本公司股東王亞群先生持有屹東利華40%股本權益。王亞群先生亦為屹東利華的董事。

應收屹東利華款項為無抵押、免息，且須應要求償還。董事認為應收屹東利華款項的賬面值與其公平值相若。

- (d) 本公司董事王亞群先生及劉曉春先生亦為Fine Best的董事，並於Fine Best擁有控股權益。

有關關係自王亞群先生與劉曉春先生於二零零七年十月五日辭任董事之職務後終止。

- (e) 本公司股東楊立先生亦為漢泰之星的董事。

應收漢泰之星款項為無抵押、免息，且須應要求償還。董事認為應付漢泰之星款項的賬面值與其公平值相若。

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27. AMOUNTS DUE FROM/(TO) RELATED COMPANIES (continued)

Notes: (continued)

- (f) The amount is unsecured, bears interest at one year's primary loan interest rate per annum announced by the People's Bank of China and repayable on demand. The directors consider the carrying amount of amount due to 西安瑞聯 approximates its fair value.

28. AMOUNT DUE TO AN ASSOCIATE

Bolang

波朗

The amount is unsecured, non-interest bearing and repayable on demand. The directors consider the carrying amount of amount due to an associate approximates its fair value.

29. HELD-FOR-TRADING INVESTMENTS

The amount represents an equity-linked deposit accounted for as financial asset at fair value through profit or loss, which carries variable interest that is linked to the market value of certain equity securities listed overseas and with maturity date on 12 January 2009.

30. PLEDGED BANK DEPOSITS AND BANK BALANCES

Pledged bank deposits represent deposits pledged to banks to secure short-term banking facilities granted to the Group and are therefore classified as current assets. The pledged deposits carry interest at fixed rates ranging from 2.79% to 4.14% (2006: 2.25% to 3%) per annum and will be released upon the settlement of relevant bank borrowings.

Bank balances carry interest at variable rates ranging from 0.72% to 0.81% (2006: 0.72% to 2.5%) per annum.

27. 應收／(應付) 關連公司款項 (續)

附註：(續)

- (f) 該筆款項為無抵押、按中國人民銀行頒布的一年貸款年利率計息，且須應要求償還。董事認為應付西安瑞聯款項的賬面值與其公平值相若。

28. 應付一家聯營公司款項

2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
19,311	-

該筆款項為無抵押、免息，且須應要求償還。董事認為應付一家聯營公司款項的賬面值與其公平值相若。

29. 持作買賣投資

該筆款項為按公平值計入損益的金融資產入賬的股票掛鈎存款，且按若干於海外上市股本證券市值相關的不同利率計息，於二零零九年一月十二日到期。

30. 已抵押銀行存款及銀行結餘

已抵押銀行存款指抵押予銀行的存款，以作為本集團所獲短期銀行信貸的擔保，故此列作流動資產。已抵押存款按固定年利率介乎2.79厘至4.14厘(二零零六年：2.25厘至3厘)計息，並將於償還有關銀行借貸時解除。

銀行結餘則按浮動年利率介乎0.72厘至0.81厘(二零零六年：0.72厘至2.5厘)計息。

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31. TRADE AND BILLS PAYABLES

An aged analysis of the trade and bills payables as at the balance sheet date, based on payment due date, is as follows:

0 to 90 days	0至90日
91 to 180 days	91至180日
181 to 365 days	181至365日
Over 365 days	超過365日

Trade and bills payables of approximately RMB6,877,000 (2006: RMB34,861,000) are denominated in US dollars, which is different from the functional currency of the relevant group entity.

32. BANK BORROWINGS

Bank borrowings	銀行借款
– secured	– 有抵押
– unsecured	– 無抵押

Bank borrowings of approximately RMB225,840,000 (2006: RMB285,900,000) bear interest at fixed rates ranging from 4.185% to 8.217% (2006: 4.05% to 7.61%) per annum and the remaining RMB Nil (2006: RMB5,670,000) bears interest at 0.5% per annum over the US Prime Rate. The amounts are repayable within one year and are therefore classified as current liabilities.

31. 應付貿易賬款及票據

於結算日按到期付款日劃分的應付貿易賬款及票據賬齡分析如下：

2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
26,305	207,967
13,736	1,767
11,841	6,222
18,625	13,204
70,507	229,160

為數約人民幣6,877,000元(二零零六年：人民幣34,861,000元)的應付貿易賬款及票據乃以美元列值，有別於相關集團實體的功能貨幣。

32. 銀行借貸

2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
53,750	85,874
172,090	205,696
225,840	291,570

為數約人民幣225,840,000元(二零零六年：人民幣285,900,000元)的銀行借貸按固定年利率介乎4.185厘至8.217厘(二零零六年：4.05厘至7.61厘)計息，餘額人民幣零元(二零零六年：人民幣5,670,000元)按美國優惠利率加年息0.5厘計息。該筆款項須於一年內償還，故分類為流動負債。

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32. BANK BORROWINGS (continued)

The Group's borrowings that are denominated in currency other than the functional currency of the relevant group entities are set out below:

32. 銀行借貸(續)

本集團以有關集團實體功能貨幣以外的貨幣計值的借貸如下：

		Denominated in US dollars 以美元計值 RMB'000 equivalent 人民幣千元等值
At 31 December 2007	於二零零七年十二月三十一日	<u><u>6,591</u></u>
At 31 December 2006	於二零零六年十二月三十一日	<u><u>34,798</u></u>

33. DEFERRED REVENUE

33. 遞延收益

		2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
At 1 January	於一月一日	6,866	7,523
Transfer to consolidated income statement (note 7)	轉撥至綜合收益表 (附註7)	<u>(1,656)</u>	<u>(657)</u>
At 31 December	於十二月三十一日	<u><u>5,210</u></u>	<u><u>6,866</u></u>
Analysed for reporting purposes as:	為呈報而進行的分析：		
Current liability	流動負債	657	1,657
Non-current liability	非流動負債	<u>4,553</u>	<u>5,209</u>
		<u><u>5,210</u></u>	<u><u>6,866</u></u>

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33. DEFERRED REVENUE (continued)

Notes:

- (a) Government grants for research project

In 2005, the Group received government grants of RMB1,000,000, which were designated for a research project. The research project completed in late 2006. The verification report was assessed and approved by government in year 2007. Thus, the government grants were recognised as income for the year.

- (b) Government grants for purchase of the existing premises and equipment for production

In 2003 and 2004, the Group received government grants of RMB5,600,000 and RMB2,323,000, which were designated for the cost of acquisition of the existing factory premises and certain equipment for production respectively. The grants were deferred and will be recognised as income on a straight-line basis over the expected useful lives of the related assets. During the year, the Group recognised government grants of RMB191,000 and RMB465,000 as income respectively for the relevant assets.

33. 遞延收益 (續)

附註：

- (a) 有關研究項目的政府補助金

二零零五年，本集團獲得指定用作一項研究項目的政府補助金人民幣1,000,000元。該項目已於二零零六年年底完成。政府已於二零零七年審批核證報告。因此，該政府補助金於本年度確認為收入。

- (b) 有關購買現有物業及生產設備的政府補助金

於二零零三年及二零零四年，本集團獲得分別指定用作收購現有廠房大樓及若干生產設備的政府補助金人民幣5,600,000元及人民幣2,323,000元。該等補助金均已遞延處理，將以直線法按有關資產的預期可使用年期確認為收入。年內，本集團已分別就有關資產將政府補助金人民幣191,000元及人民幣465,000元確認為收入。

34. SHARE CAPITAL

- (a) Share capital

34. 股本

- (a) 股本

		Number of shares	Share capital
		股份數目	股本
		'000	RMB'000
		千股	人民幣千元
Issued and fully paid:	已發行及繳足：		
At 1 January 2006,	於二零零六年一月一日、		
31 December 2006	二零零六年十二月三十一日及		
and 31 December 2007	二零零七年十二月三十一日	500,000	500,000
		<hr/>	<hr/>
Domestic shares (note i)	內資股 (附註i)	370,000	370,000
H shares (note ii)	H股 (附註ii)	130,000	130,000
		<hr/>	<hr/>
		500,000	500,000
		<hr/>	<hr/>

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34. SHARE CAPITAL (continued)

(a) Share capital (continued)

Notes:

- (i) Pursuant to an approval dated 4 June 2003 issued by the China Securities Regulatory Commission, all the shares of the Company, which were issued and fully paid, being 37,000,000 ordinary shares with a par value of RMB1.00 each, were sub-divided into 370,000,000 ordinary shares with a par value of RMB0.10 each.
- (ii) On 14 November 2003, the Company commenced the trading of the newly issued 130,000,000 H shares of RMB0.10 each on the GEM of the Stock Exchange, including 117,000,000 H shares to institutional investors by way of placement and 13,000,000 H shares for subscription by members of the public in Hong Kong under the Public Offer at the Offer Price of HKD0.50 (equivalent to approximately RMB0.535) per share, for a total cash consideration of HKD65,000,000 (equivalent to approximately RMB69,550,000). Following the issue, the share capital and capital reserve of the Company increased by approximately HKD12,150,000 (equivalent to approximately RMB13,000,000) and HKD52,850,000 (equivalent to approximately RMB56,550,000) respectively.

34. 股本(續)

(a) 股本(續)

附註：

- (i) 根據中國證券監督管理委員會於二零零三年六月四日發出的批文，本公司所有已發行及繳足股份（即37,000,000股每股面值人民幣1.00元的普通股）拆細為370,000,000股每股面值人民幣0.10元的普通股。
- (ii) 於二零零三年十一月十四日，本公司開始於聯交所創業板買賣130,000,000股新發行每股面值人民幣0.10元的H股，其中包括117,000,000股H股以配售方式配售予機構投資者及13,000,000股H股根據公開發售按發售價每股港幣0.50元（約相當於人民幣0.535元）向香港公眾人士提呈以供認購，現金總代價為港幣65,000,000元（約相當於人民幣69,550,000元）。發行後，本公司的股本及資本儲備分別增加約港幣12,150,000元（約相當於人民幣13,000,000元）及港幣52,850,000元（約相當於人民幣56,550,000元）。

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34. SHARE CAPITAL (continued)

(b) Capital management

The Group's equity capital management objectives are to safeguard the Group's ability to continue as a going concern and to provide an adequate return to shareholders commensurately with the level of risk. To meet these objectives, the Group manages the equity capital structure and makes adjustments to it in the light of changes in economic conditions by paying dividends to shareholders, issuing new equity shares, and raising or repaying debts as appropriate.

The Group's equity capital management strategy, which was unchanged from the previous periods, was to maintain a reasonable proportion in total debts and equity capital. The Group monitors equity capital on the basis of the debt-to-equity capital ratio, which is calculated as net debts over equity capital. Net debts is calculated as total debts less cash and cash equivalents. Equity capital comprises all components of equity (i.e. share capital, accumulated losses and reserves). The debt-to-equity capital ratios at 31 December 2007 and at 31 December 2006 were as follows:

34. 股本(續)

(b) 資本管理

本集團管理權益股本的目標，乃保障本集團繼續持續經營的能力，並因應風險水平為股東提供充裕回報。為達致此等目標，本集團因應經濟環境，透過於適當時向股東派付股息、發行新股份及新造或償還債務，以管理權益股本架構及對其作出調整。

本集團的權益股本管理策略乃將債務總額與權益股本維持於合理比例，而此策略於過往期間一直維持不變。本集團按債務對權益股本比率(以債務淨額除以權益股本計算)監察權益股本。債務淨額乃按債務總額減以現金及現金等值項目計算。權益股本由所有權益項目(即股本、累計虧損及儲備)組成。於二零零七年十二月三十一日及二零零六年十二月三十一日的債務對權益股本比率如下：

		2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
Total debts	債務總額	629,789	600,822
Less: Cash and cash equivalents	減：現金及現金等值項目	(106,105)	(121,458)
Net debts	債務淨額	<u>523,684</u>	<u>479,364</u>
Total equity	權益總額	<u>(1,371)</u>	<u>187,540</u>
Debt-to-equity capital ratio	債務對權益股本比率	<u>(381.97)</u>	<u>2.56</u>

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35. DISPOSAL OF SUBSIDIARIES

- (a) According to the share transfer agreement signed between the Company and two third parties, the Company transferred 24% equity interest of the registered capital in Bolang to the two third parties at a total consideration of RMB720,000 with effective date from 1 January 2007. After the transferring of equity interest, Bolang became an associate of the Company.

Bolang is principally engaged in manufacture and sale of small electrical appliances and the assets and liabilities arising from the disposal are as follows:

35. 出售附屬公司

- (a) 根據本公司與兩名第三方簽訂的股份轉讓協議，本公司以總代價人民幣720,000元向兩名第三方轉讓波朗註冊資本中的24%股本權益，自二零零七年一月一日起生效。轉讓股本權益後，波朗成為本公司的聯營公司。

波朗主要從事小型電器製造及銷售，而出售所產生的資產及負債如下：

		RMB'000 人民幣千元
Property, plant and equipment	物業、廠房及設備	2,222
Inventories	存貨	5,468
Trade receivables	應收貿易賬款	778
Other receivables, deposits and prepayments	其它應收賬款、按金及預付款項	894
Amount due from a minority shareholder	應收少數股東款項	351
Income tax recoverable	可收回所得稅	64
Cash and cash equivalents	現金及現金等值項目	1,342
Trade payables	應付貿易賬款	(7,462)
Other payables and accruals	其它應付賬款及應計費用	(1,668)
Short-term bank loans	短期銀行貸款	(4,000)
Minority interests	少數股東權益	(49)
		<hr/>
Net liabilities disposed	所出售的負債淨額	(2,060)
Gain on disposal of a subsidiary	出售一家附屬公司收益	2,780
		<hr/>
Total purchase consideration	購買代價總額	<u>720</u>
		<hr/>
Net cash outflow arising from disposal:	出售所產生的現金流出淨額：	
Cash consideration received	已收現金代價	720
Cash and cash equivalents in a subsidiary disposed	所出售附屬公司的現金及現金等值項目	(1,342)
		<hr/>
Net cash outflow on disposal of a subsidiary	出售附屬公司的現金流出淨額	<u>(622)</u>

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35. DISPOSAL OF SUBSIDIARIES (continued)

- (b) According to the stamped Sold and Bought Note signed between Ms. Liao Xiao Fang and A Tech Technology (HK) Limited (a subsidiary of the Company, "A-Tech") on 18 June 2007, A-Tech disposed of its entire 51% equity interest in E-Sync International Limited ("E-Sync") to Ms. Liao Xiao Fang at a total consideration of HK\$1.

E-Sync is principally engaged in sale of controller systems for mobile phones and the assets and liabilities arising from the disposal are as follows:

35. 出售附屬公司(續)

- (b) 根據廖小芳女士與本公司附屬公司屹科科技(香港)有限公司(「屹科」)於二零零七年六月十八日訂立的加蓋買賣文據，屹科以總代價港幣1元向廖小芳女士出售其於屹訊國際有限公司(「屹訊」)的全部51%股本權益。

屹訊主要從事流動電話的控制器系統銷售，而出售所產生的資產及負債如下：

		RMB'000 人民幣千元
Property, plant and equipment	物業、廠房及設備	3
Inventories	存貨	1,843
Trade and bill receivables	應收貿易賬款及票據	723
Cash and cash equivalents	現金及現金等值項目	40
Other payable and accruals	其它應付賬款及應計費用	(5,744)
		<hr/>
Net liabilities disposed	所出售的負債淨額	(3,135)
Gain on disposal of a subsidiary	出售一家附屬公司收益	3,135
		<hr/>
Total purchase consideration	購買代價總額	-
Cash and cash equivalents in a subsidiary disposed	所出售附屬公司的現金及 現金等值項目	(40)
		<hr/>
Net cash outflow on disposal of a subsidiary	出售附屬公司的現金 流出淨額	(40)
		<hr/> <hr/>

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36. CONTINGENT LIABILITIES

- (a) On 31 December 2007, the Group had entered into the guarantee contracts of RMB79,000,000 and USD5,000,000 with banks to provide guarantee to secure the bank facilities granted to third parties.
- (b) On 12 March 2007, the Company was involved in a litigation as an defendant in which the plaintiff claimed the Company to compensate the loss of approximately RMB1.99 million (the "Alleged Amount") which was due to the tortuous products quality sold by the Company. The Alleged Amount has not been recorded in the books of the Group as liabilities, as the directors of the Company are of the opinion, with the advice from a legal adviser, that the Group has no legal obligation to pay the Alleged Amount.
- (c) On 30 March 2006, the Company involved in a litigation as an defendant in which the plaintiff claimed the Company to repay the principal outstanding balance of USD518,000 together with overdue interest expenses therein relating to purchase from the plaintiff. The claimed balance has not been recorded in the books of the Group as liabilities, as the directors of the Company are of the opinion, with the advice from a legal adviser, that the Group has no legal obligation to pay the claimed amount.
- (d) On 17 May 2007, the Company involved in a mediation as the second proposee together with a third party as the first proposee. The proposer asked the first proposee to refund the principal amount of RMB4,672,000 which was paid by the proposer on behalf, together with the overdue interest expenses therein and other interrelated expenses, and the Company to bear the related responsibility. As up to the date of report was signed, the mediation is still pending. The claimed balance has not been recorded in the books of the Group as liabilities.

36. 或然負債

- (a) 於二零零七年十二月三十一日，本集團與銀行訂立兩份人民幣79,000,000元及5,000,000美元的擔保合約，以為授予第三方的銀行信貸提供擔保。
- (b) 於二零零七年三月十二日，本公司成為一宗訴訟的被告人，起訴人指稱本公司因所售出的產品質素欠佳而須作出人民幣1,990,000元的損失補償（「指稱金額」）。經參考法律顧問意見後，本公司董事認為，本集團並無法律責任支付指稱金額，因此，指稱金額並無於本集團賬目中入賬為負債。
- (c) 於二零零六年三月三十日，本公司成為一宗訴訟的被告人，起訴人指稱本公司須就向起訴人的採購，償還未償付本金額518,000美元連同逾期利息開支。經參考法律顧問意見後，本公司董事認為，本集團並無法律責任支付該申索結餘，因此，該申索結餘並無於本集團賬目中入賬為負債。
- (d) 於二零零七年五月十七日，本公司成為一宗調停的第二被提案人，而一名第三方為首被提案人。提案人要求首被提案人償還提案人代為支付的本金額人民幣4,672,000元連同逾期利息開支及其它相關開支，並要求本公司承擔有關責任。截至本報告簽署日期，此項調停仍有待裁定。該申索結餘並無於本集團賬目中入賬為負債。

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36. CONTINGENT LIABILITIES (continued)

- (e) Pursuant to the agreement in connection with the very substantial disposal transaction as detailed in note 2(b)(v), the Company has obligation to deliver to the Property before a pre-agreed date. The failure to honour this commitment will trigger a daily compensation of 0.005% on the basis of total consideration and the percentage will be double if overdue for more than one month (the "Alleged Penalty"). However, the Company failed to deliver the possession. The directors of the Company are of the opinion, with the advice from a legal adviser, that the aforesaid agreement may not be enforceable on the ground that the Company had breached the GEM Listing Rules and accordingly the Alleged Penalty has not been accrued as at 31 December 2007.
- (f) Potential contingent liabilities arising/notified to the Group after the year end are set out in note 42 to the consolidated financial statements.

The directors of the Company are of the opinion, with the advice from a legal adviser, there is no other significant lawsuits in which the Company or the Group acts as defendant incurred except that set out above up to the report date. Save as disclosed above, the directors were not aware of any significant contingent liabilities of the Group as at the balance sheet date.

36. 或然負債(續)

- (e) 根據有關附註2(b)(v)所詳述的非常重大出售事項的協議，本集團有責任於事先協定的日期前交付該物業。未能履行此承擔將導致每日須支付總代價0.005%的補償，而該百分比在逾期超過一個月後將會加倍(「指稱罰款」)。然而，本公司未能交付有關擁有權。經參考法律顧問意見後，本公司董事認為，由於本公司違反創業板上市規則，故上述協議未必可強制執行，因此，於二零零七年十二月三十一日並未預提指稱罰款。
- (f) 年結後產生／本集團獲知會的潛在或然負債載於綜合財務報表附註42。

經參考法律顧問意見後，本公司董事認為，截至本報告日期，除上文所載者外，本公司或本集團概無成為任何重大訴訟的被告人。除上文所披露者外，董事並不知悉本集團於結算日有任何重大或然負債。

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37. OPERATING LEASES

The Group as lessee

Minimum lease payments paid under operating leases in respect of office premises during the year amounted to RMB643,000 (2006: RMB840,000).

Operating lease payments represent rentals payable by the Group for certain of its office premises. Leases are negotiated for a term of two years.

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

Within one year	一年內
In the second to fifth year inclusive	第二至第五年（包括首尾兩年）

The Group as lessor

Rental income earned under operating leases by the Group during the year in respect of office premises and machinery were RMB Nil (2006: RMB102,000) and RMB Nil (2006: RMB78,000), net of negligible outgoings, respectively. At 31 December 2007, the Group had not contracted with tenants for any future minimum lease payments.

37. 經營租約

本集團作為承租人

年內根據辦公室物業經營租約已付的最低租金為人民幣643,000元（二零零六年：人民幣840,000元）。

經營租約租金指本集團就其若干辦公室物業應付的租金。租約的協定租期為兩年。

於結算日，本集團根據下列日期到期的不可撤銷經營租約的日後最低租金承擔如下：

2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
715	573
968	57
1,683	630

本集團作為出租人

年內，本集團根據經營租約就辦公室物業及機器分別賺取租金收入人民幣零元（二零零六年：人民幣102,000元）及人民幣零元（二零零六年：人民幣78,000元）（扣除少額開支）。於二零零七年十二月三十一日，本集團並無就任何日後最低租金與租戶訂有任何合約。

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38. CAPITAL COMMITMENTS

38. 資本承擔

		2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
Commitments in respect of acquisition of property, plant and equipment	收購物業、廠房及設備的承擔		
– contracted for but not provided	– 已訂約但未撥備	17,337	39,296
– authorised but not contracted for	– 已授權但未訂約	–	178
		17,337	39,474

39. PLEDGE OF ASSETS

As at 31 December 2007, certain assets of the Group were pledged to secure credit facilities granted to the Group, as follows:

- (a) legal charges over certain of the Group's buildings with an aggregate net book value of RMB20,413,000 (2006: RMB21,174,000) (note 15);
- (b) legal charges over certain of the Group's prepaid lease payments in respect of medium-term leasehold land with an aggregate net book value of RMB15,757,000 (2006: RMB34,920,000) (note 16);
- (c) pledge of held-for-trading investments of the Group of RMB475,000 (2006: RMB505,000) (note 29); and
- (d) pledge of certain bank deposits of the Group of RMB96,171,000 (2006: RMB101,479,000) (note 30).

39. 資產抵押

於二零零七年十二月三十一日，本集團將下列若干資產抵押，作為本集團所獲信貸的擔保：

- (a) 本集團就若干賬面淨值合共人民幣20,413,000元(二零零六年：人民幣21,174,000元)的樓宇作法定抵押(附註15)；
- (b) 本集團就若干賬面淨值合共人民幣15,757,000元(二零零六年：人民幣34,920,000元)的中期租賃土地的預付租賃款作法定抵押(附註16)；
- (c) 本集團持作買賣投資人民幣475,000元(二零零六年：人民幣505,000元)的抵押(附註29)；及
- (d) 本集團若干銀行存款人民幣96,171,000元(二零零六年：101,479,000元)的抵押(附註30)。

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40. RETIREMENT BENEFIT SCHEMES

The employees of the Group's subsidiaries which operate in the PRC are required to participate in a central pension scheme operated by the local municipal government. The Group is required to make monthly contributions to the defined contribution retirement scheme calculated at 20% of the basic salaries of the employees, and employees are required to contribute 8% of their basic salaries to the retirement scheme. The Group has no obligations for further pension payments or any post retirement benefits beyond these contributions. The retirement benefits are paid directly from the scheme assets to the retired employees and are calculated by reference to their monthly basic salaries at the date of retirement and length of periods of services rendered. The contributions are charged to the consolidated income statement as they become payable in accordance with the rules of the central pension scheme.

For the Group's subsidiary in Hong Kong, it operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on percentage of the employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the subsidiary in an independently administered fund. The employer contributions from the subsidiary vest fully with the employees when contributed into the MPF Scheme.

The total cost charged to income statement of approximately RMB1,027,000 (2006: RMB650,000) represents contributions payable to these schemes by the Group in respect of the current accounting period.

40. 退休福利計劃

本集團在中國經營的附屬公司的僱員均須參與地方市政府管理的中央退休金計劃。本集團須每月按僱員基本薪金的20%向定額供款退休計劃供款，而僱員則須按其基本薪金的8%向退休計劃供款。除此等供款外，本集團並無責任進一步支付退休金或任何退休後福利。退休福利直接由計劃資產付予退休僱員，有關金額按退休當日的基本月薪及服務年資計算。供款於根據中央退休金計劃規則應付時自綜合收益表扣除。

就本集團的香港附屬公司，其根據強制性公積金計劃條例為合資格參加強制性公積金計劃(「強積金計劃」)的僱員設立定額供款強積金計劃。供款金額按僱員的基本薪金的若干百分比計算，並於根據強積金計劃規則應付時自收益表扣除。強積金計劃的資產與該附屬公司的資產分開持有，由獨立管理基金管理。該附屬公司的僱主供款於向強積金計劃供款時全數歸僱員所有。

自收益表扣除的總成本約為人民幣1,027,000元(二零零六年：人民幣650,000元)，即本集團於本會計期間須向該等計劃作出的供款。

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41. RELATED PARTY TRANSACTIONS

- (a) Apart from the information as disclosed in notes 24 to 28 the financial statements, the Group had the following material transactions with its related companies during the year:

Yidong-Solar, an associate	聯營公司屹東曜天
Sales of goods	銷售貨品
Service income received	已收服務收入
Bolang, an associate	聯營公司波朗
Rental income	租金收入
Electricity income	電力收入
安徽億多, a related company	關連公司安徽億多
Sales of goods	銷售貨品
深圳漢泰, a related company	關連公司深圳漢泰
Sales of goods	銷售貨品

- (b) Compensation of key management personnel. The remuneration of directors and other members of key management during the year was as follows:

Short-term benefits	短期福利
Post-employment benefits	受僱後福利
Total remuneration	酬金總額

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

41. 關連人士交易

- (a) 除財務報表附註24至28所披露的資料外，本集團與其關連公司於年內有以下重大交易：

2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
–	13,262
–	42
169	–
66	–
16,197	–
7,900	–

- (b) 主要管理人員酬金
年內董事及其它主要管理人員酬金如下：

2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
1,309	2,775
12	23
1,321	2,798

董事及主要行政人員酬金乃參考個別人士的工作表現及市場趨勢而釐定。

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41. RELATED PARTY TRANSACTIONS (continued)

(c) Guarantee

- (i) At 31 December 2007, guarantees given by related parties for bank borrowings are as follows:

China Ruilian	中國瑞聯
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- (ii) At 31 December 2007, guarantees given to banks for bank facilities granted to related parties are as follows:

Bolang	波朗
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Note:

Guarantees for bank borrowings of RMB20,000,000 has been subsequently released when the bank borrowings was repaid on 23 January 2008.

41. 關連人士交易(續)

(c) 擔保

- (i) 於二零零七年十二月三十一日，就銀行借貸由關連人士提供的擔保如下：

2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
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268,000	346,000
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- (ii) 於二零零七年十二月三十一日，就關連人士所獲的銀行信貸向銀行提供的擔保如下：

2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
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35,000	-
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附註：

就人民幣20,000,000元銀行借貸的擔保於該銀行借貸在二零零八年一月二十三日償還後獲解除。

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42. POST BALANCE SHEET EVENTS

- (a) According to the application for deregistration of a defunct private company, the notice of no objection to a company being deregistered issued by Inland Revenue Department and the notice issued by Company Registry dated 11 January 2008, pursuant to Section 291AA(9) of the Companies Ordinance, by notice published on 11 January 2008 under Gazette Notice No. 156, Yidong-Sola, an associate of A Tech has been deregistered, Yidong Sola was accordingly dissolved as from the date of publication of the said Gazette Notice.
- (b) Litigation
Subsequent to 31 December 2007, the Company has received numerous claims from various parties, most being suppliers, totalling approximately RMB4,000,000, being the total amount of outstanding principal of goods supplied and interest accrued thereon. Up to the date of this report, the court has made judgement that the Company has the obligation to repay approximately RMB1,900,000, and the remaining balance of approximately RMB2,100,000 has not been judged by the court.

42. 結算日後事項

- (a) 按照一項撤銷一家不營運私人公司註冊的申請、稅務局就撤銷註冊的公司發出的不反對通知書及公司註冊處根據公司條例第291AA(9)條按日期為二零零八年一月十一日的憲報公告第156號刊發的通知書，屹科的聯營公司屹東曜天已撤銷註冊，因此，屹東曜天自上述憲報公告日期起已告解散。
- (b) 訴訟
二零零七年十二月三十一日後，本公司自不同人士（大部分為供應商）收到多項索償，總金額約為人民幣4,000,000元，相當於所供應貨品的未償還本金連同應計利息總額。截至本報告日期，法院裁定本公司有責任償還約人民幣1,900,000元，而餘額約人民幣2,100,000元尚有待法院裁決。

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43. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

43. 本公司附屬公司詳情

Name of subsidiary 附屬公司名稱	Class of shares held 所持股份類別	Place of incorporation/ registration and operation/ establishment 註冊成立/註冊 及營運/ 成立地點	Nominal value of paid up issued/ registered/ ordinary capital 已繳已發行/ 註冊/ 普通股本面值	Attributable equity interest held by the Company		Principal activities 主要業務
				Directly 直接 %	Indirectly 間接 %	
A-Tech Technology (HK) Limited 屹科科技(香港)有限公司	Ordinary 普通股	Hong Kong 香港	HKD2 港幣2元	100%	-	Sale of controller systems for mobile phones 流動電話控制器系統銷售
Denuo 德諾	Contributed capital 實繳股本	PRC 中國	RMB2,000,000 人民幣2,000,000元	66.7%	-	Design, research and development of mobile phones 流動電話設計、研究與開發
Ningbo Hi-Tech Park Yitian Company Limited 寧波市科技園區屹天科技有限公司	Contributed capital 實繳股本	PRC 中國	RMB1,500,000 人民幣1,500,000元	51%	-	Inactive 暫無業務
Ningbo Million Bank Electronic Technical Company Limited 寧波億庫電子科技有限公司	Contributed capital 實繳股本	PRC 中國	USD10,000,000 10,000,000美元	51%	49%	Inactive 暫無業務
Ningbo Yitai Electronic Company Limited 寧波屹泰電子有限公司	Contributed capital 實繳股本	PRC 中國	RMB15,000,000 人民幣15,000,000元	51%	-	Research and development and production of controller systems for display devices 顯示設備控制器系統研究與開發及生產

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

for the year ended 31 December 2007
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43. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (continued)

43. 本公司附屬公司詳情(續)

Name of subsidiary 附屬公司名稱	Class of shares held 所持股份類別	Place of incorporation/ registration and operation/ establishment 註冊成立/註冊 及營運/ 成立地點	Nominal value of paid up issued/ registered/ ordinary capital 已繳已發行/ 註冊/ 普通股本面值	Attributable equity interest held by the Company		Principal activities 主要業務
				Directly 直接 %	Indirectly 間接 %	
Shanghai E-Source Telecommunication Company Limited 上海屹朔通訊設備有限公司	Contributed capital 實繳股本	PRC 中國	RMB10,000,000 人民幣10,000,000元	97.3%	-	Research and development of controller systems for telecommunications 電訊設備控制器系統研究與開發
Shenzhen E-Source Communications Technology Co., Ltd.	Contributed capital 實繳股本	PRC 中國	RMB5,000,000 人民幣5,000,000元	65%	-	Inactive 暫無業務
Shenzhen Ossay Technology Company Limited ("Shenzhen Ossay")	Contributed capital 實繳股本	PRC 中國	RMB714,200 人民幣714,200元	62.90% (note a) (附註a)	-	Research and development of controller systems for audio and video products 影音產品控制器系統研究與開發

Notes:

- (a) The total equity interest in Shenzhen Ossay was increased from 30% to 62.90% after the Company acquired additional 32.90% equity interest of Shenzhen Ossay in June 2005 from a third party. Accordingly, Shenzhen Ossay was changed as from an associate to a subsidiary of the Company in the year 2005.
- (b) None of the subsidiaries had any debt securities outstanding at the end of the year or at any time during the year.

附註：

- (a) 本公司於二零零五年六月自第三方額外收購Shenzhen Ossay 32.90%股本權益後，本公司於Shenzhen Ossay的股本權益由30%增至62.90%。因此，Shenzhen Ossay於二零零五年由本公司聯營公司轉為附屬公司。
- (b) 各附屬公司於年終或年內任何時間概無任何未償還債務證券。

SUMMARY OF FINANCIAL INFORMATION

財務資料摘要

RESULTS

業績

For the year ended 31 December

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		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
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Revenue	收益	315,954	494,123	446,182	317,274	362,378
Cost of sales	銷售成本	(229,158)	(389,494)	(400,598)	(274,311)	(327,057)
Gross profit	毛利	86,796	104,629	45,584	42,963	35,321
Other income	其它收入	5,781	19,314	30,296	10,049	6,186
Selling and distribution costs	銷售及分銷成本	(1,529)	(4,280)	(4,402)	(5,625)	(4,850)
Administrative expenses	行政開支	(16,210)	(32,747)	(44,481)	(56,895)	(179,139)
Finance costs	融資成本	(3,585)	(4,567)	(10,786)	(17,638)	(31,862)
Share of losses of associates	應佔聯營公司虧損	-	(33)	(128)	-	-
Gain on disposal of subsidiaries	出售附屬公司收益	-	-	-	-	5,915
Profit/(loss) before income tax	除所得稅前溢利/ (虧損)	71,253	82,316	16,083	(27,146)	(168,429)
Income tax (expense)/credit	所得稅(開支)/抵免	(24,032)	(27,176)	(12,032)	3,901	(23,155)
Profit/(loss) for the year	年內溢利/(虧損)	<u>47,221</u>	<u>55,140</u>	<u>4,051</u>	<u>(23,245)</u>	<u>(191,584)</u>
Attributable to:	應佔：					
Equity holders of the Company	本公司股權持有人	47,117	56,317	7,241	(21,087)	(190,476)
Minority interests	少數股東權益	104	(1,177)	(3,190)	(2,158)	(1,108)
Profit/(loss) for the year	年內溢利/(虧損)	<u>47,221</u>	<u>55,140</u>	<u>4,051</u>	<u>(23,245)</u>	<u>(191,584)</u>

SUMMARY OF FINANCIAL INFORMATION

財務資料摘要

ASSETS, LIABILITIES AND EQUITY

資產、負債及權益

		At 31 December 於十二月三十一日				
		2003 二零零三年 RMB'000 人民幣千元	2004 二零零四年 RMB'000 人民幣千元 (restated) (重列)	2005 二零零五年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
Total assets	資產總值	404,506	452,758	691,400	795,228	633,628
Total liabilities	負債總額	(240,253)	(238,934)	(480,885)	(607,688)	(634,999)
		<u>164,253</u>	<u>213,824</u>	<u>210,515</u>	<u>187,540</u>	<u>(1,371)</u>
Equity attributable to equity holders of the Company	本公司股權 持有人應佔權益	158,514	205,571	203,652	184,140	(3,614)
Minority interests	少數股東權益	5,739	8,253	6,863	3,400	2,243
		<u>164,253</u>	<u>213,824</u>	<u>210,515</u>	<u>187,540</u>	<u>(1,371)</u>

Certain amounts for the year 2004 have been restated to reflect the adoption of the new and revised HKFRSs.

二零零四年若干金額已重列，以反映採納新訂及經修訂香港財務報告準則。



宁波屹东电子股份有限公司
NINGBO YIDONG ELECTRONIC COMPANY LIMITED*