

## Notes to Financial Statements

二零零四年十二月三十一日  
31 December 2004

### 1. CORPORATE INFORMATION

The principal office of K & P International Holdings Limited is located at Units 2304-06, 23rd Floor, Riley House, 88 Lei Muk Road, Kwai Chung, New Territories, Hong Kong.

During the year, the Group was involved in the following principal activities:

- manufacture and sale of precision parts and components (comprising keypads, synthetic rubber and plastic components and parts, and liquid crystal displays (“LCDs”)); and
- design, manufacture and sale of consumer electronic products (comprising time, weather forecasting and other products).

### 2. IMPACT OF RECENTLY ISSUED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

The Hong Kong Institute of Certified Public Accountants has issued a number of new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards, herein collectively referred to as the new HKFRSs, which are generally effective for accounting periods beginning on or after 1 January 2005. The Group has not early adopted these new HKFRSs in the financial statements for the year ended 31 December 2004. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a significant impact on its results of operations and financial position.

### 1. 公司資料

堅寶國際控股有限公司的總辦事處為香港新界葵涌梨木道八十八號達利中心二十三樓二三零四至零六室。

集團年內之主要業務如下：

- 製造及銷售精密零部件（其中包括按鍵、合成橡膠及塑膠零部件及液晶體顯示器）
- 設計、製造及銷售電子消費品（其中包括時計、天氣預測及其他產品）

### 2. 最近頒佈之香港財務報告準則（「香港財務報告準則」）之影響

香港會計師公會已頒佈多項新訂及經修訂之香港財務報告準則及香港會計準則（於本文內統稱「新香港財務報告準則」），有關準則一般於二零零五年一月一日或以後開始之會計期間生效。本集團並無提早於截至二零零四年十二月三十一日止年度之財務報告中採納該等新香港財務報告準則。本集團已著於評估該等新香港財務報告準則之影響，惟仍未能確定該等新香港財務報告準則對其營運業績及財務狀況有否重大影響。

二零零四年十二月三十一日  
31 December 2004

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of preparation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (which also include Statements of Standard Accounting Practice and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for the periodic remeasurement of certain fixed assets as further explained below.

#### Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2004. The results of subsidiaries acquired or disposed of during the year are consolidated from or to their effective dates of acquisition or disposal, respectively. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

#### Subsidiaries

A subsidiary is a company whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

The results of subsidiaries are included in the Company's profit and loss account to the extent of dividends received and receivable. The Company's interests in subsidiaries are stated at cost less any impairment losses.

#### Joint venture companies

A joint venture company is a company set up by contractual arrangement, whereby the Group and other parties undertake an economic activity. The joint venture company operates as a separate entity in which the Group and the other parties have an interest.

### 3. 主要會計政策摘要

#### 編製基準

本財務報告是由香港會計師公會所頒佈之香港財務報告準則(並包括《會計實務準則及詮釋》)、香港公認會計原則及香港《公司條例》之披露規定適當編製。除周期性重新計算若干固定資產(於下文進一步闡述),該等財務報告乃以歷史原值成本法計算。

#### 綜合賬項基準

綜合財務報告包括本公司及其所有附屬公司截至二零零四年十二月三十一日止年度之經審核財務報告。收購或出售之附屬公司之業績,均分別自該等公司實際被收購之日起計算或計算至實際被出售之日止。本集團公司間之所有重大交易及賬項結存已於編製綜合賬項時互相抵銷。

#### 附屬公司

附屬公司乃指財務和經營決策由本公司直接或間接控制,以冀從其業務當中獲利的公司。

附屬公司的業績限於以應收股息及已收股息於本公司損益表中所載入。本公司於附屬公司之權益乃以原本值扣除任何減損後列賬。

#### 合營公司

合營公司乃按合約安排成立,根據合約由本集團及其他訂約方負責經濟活動。合營公司乃本集團及其他訂約方擁有權益之獨立經營公司。

二零零四年十二月三十一日

31 December 2004

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Joint venture companies (continued)

The joint venture agreement between the venturers stipulates the capital contributions of the joint venture parties, the duration of the joint venture and the basis on which the assets are to be realised upon its dissolution. The profits and losses from the joint venture company's operations and any distributions of surplus assets are shared by the venturers, either in proportion to their respective capital contributions, or in accordance with the terms of the joint venture agreement.

A joint venture company is treated as:

- (a) a subsidiary, if the Group/Company has unilateral control, directly or indirectly, over the joint venture company;
- (b) a jointly-controlled entity, if the Group/Company does not have unilateral control, but has joint control, directly or indirectly, over the joint venture company;
- (c) an associate, if the Group/Company does not have unilateral or joint control, but holds, directly or indirectly, generally not less than 20% of the joint venture company's registered capital and is in a position to exercise significant influence over the joint venture company; or
- (d) a long term investment, if the Group/Company holds, directly or indirectly, less than 20% of the joint venture company's registered capital and has neither joint control of, nor is in a position to exercise significant influence over, the joint venture company.

### 3. 主要會計政策摘要 (續)

#### 合營公司 (續)

合營方所訂立之合營公司協議規定了合營各方之出資額、合營期限以及於公司解散時將予變現資產之基準。合營公司營運所產生之損益及任何盈餘資產由合營方按彼等各自之出資額比例或按合營協議之條款進行分配。

合營公司被視為：

- (a) 附屬公司，如本集團／本公司對合營公司擁有單方面之直接或間接控制權；
- (b) 共同控制公司，如本集團／本公司對合營公司沒有單方面控制權，但有共同之直接或間接控制權；
- (c) 聯營公司，如本集團／本公司既無單方面控制權亦無共同控制權，但一般直接或間接持有合營公司註冊資本不少於20%及對合營公司可施行重大影響力；或
- (d) 長期投資，如本集團／本公司直接或間接持有合營公司註冊資本少於20%，既不能共同控制合營公司，亦不能對合營公司施行重大影響力。

二零零四年十二月三十一日

31 December 2004

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Associates

An associate is a company, not being a subsidiary or a jointly-controlled entity, in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence.

The Group's share of the post-acquisition results and reserves of an associate is included in the consolidated profit and loss account and consolidated reserves, respectively. The Group's interest in an associate is stated in the consolidated balance sheet at the Group's share of net assets under the equity method of accounting, less any impairment losses.

#### Goodwill

Goodwill arising on the acquisition of subsidiaries represents the excess of the cost of the acquisition over the Group's share of the fair values of the identifiable assets and liabilities acquired as at the date of acquisition.

Goodwill arising on acquisition is recognised in the balance sheet as an asset and amortised on the straight-line basis over its estimated useful life.

Prior to the adoption of SSAP 30 "Business combinations" in 2001, goodwill arising on acquisitions was eliminated against consolidated reserves in the year of acquisition. On the adoption of SSAP 30, the Group applied the transitional provision of the SSAP that permitted such goodwill to remain eliminated against consolidated reserves. Goodwill on acquisitions subsequent to the adoption of the SSAP is treated according to the SSAP 30 goodwill accounting policy above.

### 3. 主要會計政策摘要 (續)

#### 聯營公司

聯營公司為除附屬公司或合營公司以外，由本集團長期持有有一般不少於20%股本投票權，並對其有重大影響力之公司。

本集團攤佔聯營公司之被收購後業績及儲備已分別於綜合損益表及綜合儲備內列賬。本集團於聯營公司之權益乃以權益會計法計算，並就本集團之應佔資產淨值扣除減值虧損，於綜合資產負債表內列賬。

#### 商譽

收購附屬公司產生的商譽，乃指收購成本超逾本集團於收購當日所購入可辨別資產及負債之公平價值。

收購所產生之商譽於資產負債表內確認為資產，並以直線法按預計可使用期限內攤銷。

於會計實務準則第30條「業務合併」於二零零一年被採納之前，收購所產生之商譽會在收購的年度內在儲備撇銷。本集團採納了會計實務準則第30條之過渡性條文，該條准許在二零零一年一月一日以前就收購所產生之商譽繼續在儲備撇銷。其後因收購而產生之商譽乃根據上述新會計政策處理。

二零零四年十二月三十一日

31 December 2004

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Goodwill (continued)

On disposal of subsidiaries, the gain or loss on disposal is calculated by reference to the net assets at the date of disposal, including the attributable amount of goodwill which remains unamortised and any relevant reserves, as appropriate. Any attributable goodwill previously eliminated against consolidated reserves at the time of acquisition is written back and included in the calculation of the gain or loss on disposal.

The carrying amount of goodwill, including goodwill remaining eliminated against consolidated reserves, is reviewed annually and written down for impairment when it is considered necessary. A previously recognised impairment loss for goodwill is not reversed unless the impairment loss was caused by a specific external event of an exceptional nature that was not expected to recur, and subsequent external events have occurred which have reversed the effect of that event.

#### Impairment of assets

An assessment is made at each balance sheet date of whether there is any indication of impairment of any asset, or whether there is any indication that an impairment loss previously recognised for an asset in prior years may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's value in use or its net selling price.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged to the profit and loss account in the period in which it arises, unless the asset is carried at a revalued amount, when the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

### 3. 主要會計政策摘要 (續)

#### 商譽 (續)

出售附屬公司時，出售之收益或虧損乃參考出售當日之資產淨值而計算，其中包括商譽應佔仍未攤銷之數額及任何有關儲備（如適用）。於釐定出售之收益或虧損時將先撥回先前於收購時在儲備撇銷的應佔商譽加入計算。

公司須每年審閱商譽之賬面值，包括仍在儲備撇銷之商譽，並在認為有需要時就減值作出撇減。至於以前年度已作出之商譽減損，除非減損乃基於未能預料且性質特殊之外來特別事件所產生，而其後產生之外來事件令該項事件出現反效果，否則不會撥回先前已就商譽確認之減損。

#### 資產減值

於每個結算日均進行評估，以決定是否有任何顯示任何資產出現減值，或有任何顯示往年度已確認之減值虧損不再存在或已減少。倘有任何該等顯示存在，該資產之可收回值須予以評估。資產之可收回值定為資產之使用價值與其銷售淨值之較高者。

減值虧損僅於資產賬面值超出其可收回值時予以確認。減值虧損於其產生之期間在損益賬內扣除，惟當該資產以重估值為其賬面值時，減值虧損則按重估資產之有關會計政策入賬。

二零零四年十二月三十一日

31 December 2004

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Impairment of assets (continued)

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset, however not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation), had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is credited to the profit and loss account in the period in which it arises, unless the asset is carried at a revalued amount, when the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

#### Fixed assets and depreciation

Fixed assets are stated at cost or valuation less accumulated depreciation and any impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after fixed assets have been put into operation, such as repairs and maintenance, is normally charged to the profit and loss account in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of a fixed asset, the expenditure is capitalised as an additional cost of that asset.

Changes in the values of fixed assets are dealt with as movements in the fixed asset revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on an individual asset basis, the excess of the deficit is charged to the profit and loss account. Any subsequent revaluation surplus is credited to the profit and loss account to the extent of the deficit previously charged. On disposal of a revalued asset, the relevant portion of the revaluation reserve realised in respect of previous valuations is transferred to retained profits as a movement in reserves.

### 3. 主要會計政策摘要 (續)

#### 資產減值 (續)

僅於資產之估計可收回值出現變動時，過往已確認之減值虧損方予以撥回，然而，倘往年度該資產並無已確認之減值虧損，則撥回金額不得超過資產扣除任何折舊之賬面值。撥回之減值虧損於其產生之期間計入損益賬內，惟當該資產以重估值為其賬面值時，減值虧損則按重估資產之有關會計政策入賬。

#### 固定資產及折舊

固定資產乃按成本值或估值減累計折舊入賬。固定資產之成本包括其購買及資產達致運作狀況及運至工作地點作擬定用途之直接成本。固定資產在投入使用後所產生如維修保養之開支一般在產生之期間在損益賬中扣除。倘情況明確顯示開支導致因使用該等資產而預期未來獲得之經濟利益有所增加時，該有關支出將撥充資產之額外成本。

就按估值列賬之資產，固定資產價值出現之變動撥入固定資產重估儲備之變動處理。倘若以個別資產為基準之儲備不足抵扣虧絀，差額在損益賬內扣除。至於其後之重估增值部份將當作收入處理，惟只限於以往曾於損益賬內撇銷總數。出售重估固定資產時，就以往之重估而獲得之有關重估儲備部分，須直接從適當之重估儲備中撥入保留溢利賬內。

二零零四年十二月三十一日

31 December 2004

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)**Fixed assets and depreciation** (continued)

Depreciation is calculated on the straight-line basis to write off the cost or valuation of each asset over its estimated useful life. The principal annual rates used for this purpose are as follows:

Land held under medium term leases	Over the lease terms
Buildings	2.5%
Leasehold improvements	25% to 30%
Plant and machinery	12.5% to 25%
Furniture, fixtures and office equipment	20% to 30%
Motor vehicles	20% to 25%
Moulds	20% to 33.33%

The gain or loss on disposal or retirement of a fixed asset recognised in the profit and loss account is the difference between the net sales proceeds and the carrying amount of the relevant asset.

**Leased assets**

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases are included in fixed assets and are depreciated over the estimated useful lives of the assets. The finance costs of such leases are charged to the profit and loss account so as to provide a constant periodic rate of charge over the lease terms.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Rentals payable under such operating leases are charged to the profit and loss account on the straight-line basis over the lease terms.

**3. 主要會計政策摘要 (續)****固定資產及折舊 (續)**

各項資產之折舊乃以直線法按其估計可使用年期撇銷其成本或估值計算。用以計算折舊之主要年率如下：

中期租約持有之土地	租約年限
樓宇	2.5%
租賃物業裝修	25%至30%
機器設備	12.5%至25%
傢俬、裝置、辦公室設備	20%至30%
汽車	20%至25%
模具	20%至33.33%

在損益賬內所確認出售或報廢之固定資產之收益或虧損，乃有關資產銷售所得款項與其賬面值之差額。

**租賃資產**

除法定業權外，凡將資產擁有權之絕大部份回報及風險歸本集團之租約均列為融資租約。於融資租約開始後，租賃資產之成本按租約須付最少款項之現值撥作資產，連同租賃債項一同記錄（不包括利息部份），以反映購買價及融資費用。按資本化融資租約持有之資產計入固定資產內，並按估計可使用年期攤銷。該等租約之財務費用則於損益賬中扣除以反映在租約期內不變之周期費用率。

凡將資產擁有權之絕大部份回報及風險保留予出租公司之租約均列為經營租約。該等經營租約之應付租金於租約年期內按直線基準於損益賬中扣除。

二零零四年十二月三十一日

31 December 2004

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

#### Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

#### Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the balance sheet, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

### 3. 主要會計政策摘要 (續)

#### 關連人士

凡有能力直接或間接控制另一方或對另一方制訂財務及營運決定有重大影響力者均被視為關連人士。凡受同一來源控制或在同一重大影響下之人士亦被視為關連人士。關連人士可為個人或公司實體。

#### 存貨

存貨按成本值及可變現淨值之較低者入賬。成本值以先進先出基準計算，倘為在製品及製成品，則包括直接材料、直接勞工及間接成本之適當部份。可變現淨值乃根據估計售價減預期達致完成及出售之成本計算。

#### 現金等值項目

於編製綜合現金流量表時，現金及與現金等值項目包括手頭現金及按要求之存款及短期及高度流通之投資，該等投資可隨時兌換為可知數額之現金，而該等現金須承受價值變動之重大風險，並有一般須在購入時之到期期限不超過三個月之短期限制，及減須即期償還之銀行透支，而該等投資乃本集團現金管理一部份。

於編製資產負債表分類項目時，現金及與現金等值項目指銀行存款及現金（包括短期存款），其用途並無限制。



二零零四年十二月三十一日

31 December 2004

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Income tax

Income tax comprises current and deferred tax. Income tax is recognised in the profit and loss account, or in equity if it relates to items that are recognised in the same or a different period directly in equity.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences:

- except where the deferred tax liability arises from the initial recognition of an asset or liability and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries and associates, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax assets and unused tax losses, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax assets and unused tax losses can be utilised:

- except where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and future taxable profit will be available against which the temporary differences can be utilised.

### 3. 主要會計政策摘要 (續)

#### 所得稅

所得稅包括當期及遞延稅項。所得稅於損益表內確認，如所得稅與已於股東權益確認之項目有關，或與於股東權益不同期間入賬之項目有關，則於股東權益確認。

在結算日，資產與負債的稅基與作為財務申報用途的資產與負債賬面值之間的所有暫時性差異，須按負債法計提遞延稅項撥備。

所有應課稅暫時性差異均會確認為遞延稅項負債：

- 倘若遞延稅項負債的起因，是由於初步確認資產或負債，於進行交易時，對會計溢利或應課稅溢利或虧損均無影響，則屬例外；及
- 對於涉及於附屬公司之投資及於合營公司之權益的應課稅暫時性差異而言，倘若撥回暫時性差異的時間可以控制，而暫時性差異不甚可能在可見將來撥回，則屬例外。

對於所有可予扣減之暫時性差異、承前未動用稅項資產及未動用稅項虧損，若日後有可能出現應課稅溢利，可用以抵扣該等可予扣減暫時性差異、承前未動用稅項資產及未動用稅項虧損，則遞延稅項資產一律確認入賬：

- 倘若有關可予扣減暫時性差異的遞延稅項資產的起因，是由於初步確認資產或負債，於進行交易時，對會計溢利或應課稅溢利或虧損均無影響，則屬例外；及
- 對於涉及於附屬公司之投資及於合營公司之權益的應課稅暫時性差異而言，只有在暫時性差異有可能在可見將來撥回，而且日後有可能出現應課稅溢利，可用以抵扣該等暫時性差異時，方會確認遞延稅項資產。

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)**Income tax** (continued)

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 future taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Conversely, previously unrecognised deferred tax assets are recognised to the extent that it is probable that sufficient future taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

**Intangible assets***Licences*

Licences are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of six years.

*Technical know-how*

Technical know-how is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of five years.

*Research and development costs*

All research costs are charged to the profit and loss account as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the projects are clearly defined; the expenditure is separately identifiable and can be measured reliably; there is reasonable certainty that the projects are technically feasible; and the products have commercial value. Product development expenditure which does not meet these criteria is expensed when incurred.

**3. 主要會計政策摘要 (續)****所得稅 (續)**

遞延稅項資產的賬面值，在每個結算日予以審閱。若不再可能有足夠應課稅溢利用以抵扣全部或部分相關遞延稅項資產，則扣減遞延稅項資產賬面值。相反，在可能有足夠應課稅溢利用以抵扣全部或部分相關遞延稅項資產，則確認過往未予確認的遞延稅項資產。

變現資產或清償負債的期間預期適用的稅率，會用作衡量遞延稅項資產及負債，並以結算日當日已經生效或大致上已經生效的稅率（及稅法）為基準。

**無形資產***使用權*

使用權乃按成本減累計攤銷入賬，並按其估計可使用年期以直線法分六年攤銷。

*技術知識*

技術知識乃按成本減累計攤銷入賬，並以直線法分五年攤銷。

*研究與發展成本*

研究計劃的開支一般於出現時在損益賬中扣除。

新產品發展計劃的開支將資本化及遞延如該計劃可明確界定、支出獨立認明、可靠地計算及能合理確定該計劃產品是技術性可行及可透過日後之商業活動收回。不符合該等條件的產品發展開支於出現時沖銷。

二零零四年十二月三十一日

31 December 2004

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Intangible assets (continued)

##### Research and development costs (continued)

Deferred development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products not exceeding five years, commencing from the date when the products are put into commercial production.

#### Long term investments

##### Non-trading investments

Long term investments in unlisted equity securities, intended to be held for a continuing strategic or long term purpose, are stated at cost less any impairment losses, on an individual investment basis.

When a decline in the fair value of a security below its carrying amount has occurred, unless there is evidence that the decline is temporary, the carrying amount of the security is reduced to its fair value, as estimated by the directors. The amount of the impairment is charged to the profit and loss account for the period in which it arises. When the circumstances and events which led to the impairment in value cease to exist and there is persuasive evidence that the new circumstances and events will persist for the foreseeable future, the amount of the impairment previously charged is credited to the profit and loss account to the extent of the amount previously charged.

##### Club memberships

Long term investments in club memberships, which are intended to be held for long term purposes, are stated at cost less any impairment losses.

#### Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained profits within the capital and reserves section of the balance sheet, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

### 3. 主要會計政策摘要 (續)

#### 無形資產 (續)

##### 研究與發展成本 (續)

該發展成本減除減值將遞延並採用直線法按該產品作商業用途日期起計分期(不超過五年)攤銷。

#### 長期投資

##### 非買賣投資

非上市股份之長期投資，由於業務策略及長遠目標擬持續所持有，按個別投資而定按成本減除減值虧損列賬。

當出現投資減值時，該等證券之面值乃減至董事估計之公平價值，而減值款額則於損益表中扣除。倘令損失之情況及事件不再出現，並有充份理據證明此等新情況及事件於可見將來得以持續，則先前扣除之損失款額及公平價值之任何增值乃以先前扣除之款項為限計入損益賬。

##### 會所會籍

長期投資之會所會籍，乃擬長期持有，並按成本減除減值虧損列賬。

#### 股息

董事建議之末期股息於資產負債表之股本及儲備一項中另行列作保留溢利之分配，直至股東於股東大會上批准為止。當股東批准及宣派股息時，則列作負債。

二零零四年十二月三十一日

31 December 2004

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Dividends (continued)

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and Bye-laws grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

#### Foreign currencies

Foreign currency transactions are recorded at the applicable exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the applicable exchange rates ruling at that date. Exchange differences are dealt with in the profit and loss account.

On consolidation, the financial statements of overseas subsidiaries and an associate are translated into Hong Kong dollars using the net investment method. The profit and loss accounts of overseas subsidiaries and an associate are translated into Hong Kong dollars at the weighted average exchange rates for the year, and their balance sheets are translated into Hong Kong dollars at the exchange rates ruling at the balance sheet date. The resulting translation differences are included in the exchange fluctuation reserve.

For the purpose of the consolidated cash flow statement, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

#### Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

- (a) from the sale of goods and scrap, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

### 3. 主要會計政策摘要 (續)

#### 股息 (續)

由於本公司組織章程大綱及細則授權董事宣派中期股息，故中期股息可同時建議派付及宣派。其後，中期股息於建議派付及宣派時即入賬列作負債。

#### 外幣

外幣交易按交易日期適用之匯率換算入賬。於結算日以外幣為單位之貨幣資產及負債按當日之適用匯率換算入賬。滙兌差額撥入損益賬處理。

於綜合賬目時，海外附屬公司之財務報告乃按淨投資法換算為港元。海外附屬公司的損益表乃按年內的加權平均匯率換算為港元，海外附屬公司的資產負債表乃按結算日之適用匯率換算為港元。換算所產生之滙兌差額均計入滙兌波動儲備內。

就綜合現金流量表而言，海外附屬公司之現金流量乃按於交易日之匯率換為港元。在年內海外附屬公司經常產生之現金流量乃按截至本年度之加權平均匯率換算為港元。

#### 收益確認

收益會於本集團可能獲得有關經濟利益及有關收益可以可靠地計算時按以下基準確認：

- (a) 銷售貨品及廢料，當擁有權之絕大部份風險及回報已歸買方，而本集團對已出售之貨品並無維持一般與擁有權有關之管理參與或實際控制；

二零零四年十二月三十一日  
31 December 2004

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Revenue recognition (continued)

- (b) interest income, on a time proportion basis taking into account the principal outstanding and the effective interest rate applicable;
- (c) income from the sale of listed investment, on the trade date; and
- (d) tooling charge and sales commissions, when the services are rendered.

#### Employee benefits

##### *Paid leave carried forward*

The Group provides paid annual leave to its employees under their employment contracts. Under certain circumstances, such leave which remains untaken as at the balance sheet date is permitted to be carried forward and utilised by the respective employees in the following year. An accrual is made at the balance sheet date for the expected future cost of such paid leave earned during the year by the employees and carried forward.

##### *Employment Ordinance long service payments*

Certain of the Group's employees have completed the required number of years of services to the Group in order to be eligible for long service payments under the Hong Kong Employment Ordinance in the event of the termination of their employment. The Group is liable to make such payments in the event that such a termination of employment meets the circumstances specified in the Hong Kong Employment Ordinance.

A provision is recognised in respect of the probable future long service payments expected to be made. The provision is based on the best estimate of the probable future payments which have been earned by the employees from their services to the Group to the balance sheet date.

### 3. 主要會計政策摘要 (續)

#### 收益確認 (續)

- (b) 利息·根據尚欠本金及適用之實際利率按時間比例計算入賬;
- (c) 出售上市投資收入·於交易日入賬; 及
- (d) 模具收入及銷售佣金·於服務提供時入賬。

#### 僱員福利

##### *有薪假期結轉*

本集團按年根據僱員之聘用合約向僱員提供有薪年假。在若干情況下·截至結算日仍未支取之假期可予以結轉·並由有關僱員於來年支取。本集團已就僱員年內賺取並予以結轉之有薪年假之預期日後成本於結算日入賬列為應計項目。

##### *僱傭條例長期服務金*

本集團若干員工已具備足夠年資·根據香港僱傭條例於終止僱用時合資格收取長期服務金·本集團有責任於終止僱用之情況符合香港僱傭條例所述時支付該等款項。

本集團已就可能之未來長期服務金款項·按照員工截至結算日服務本集團所賺得·為可能於未來流出之資源作最佳評估·並確認準備。

二零零四年十二月三十一日

31 December 2004

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Employee benefits (continued)

##### Pension scheme

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for all of its employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to the profit and loss account 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 Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operates in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to the profit and loss account as they become payable in accordance with the rules of the central pension scheme.

##### Share option scheme

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The financial impact of share options granted under the share option scheme is not recorded in the Company's or the Group's balance sheet until such time as the options are exercised, and no charge is recorded in the profit and loss account or balance sheet for their cost. Upon the exercise of share options, the resulting shares issued are recorded by the Company as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded by the Company in the share premium account. Options which are cancelled prior to their exercise date, or which lapse, are deleted from the register of outstanding options.

### 3. 主要會計政策摘要 (續)

#### 僱員福利 (續)

##### 退休福利計劃

本集團根據強制性公積金計劃條例設立一定額供款強制性公積金退休福利計劃(「強積金計劃」)給本集團僱員。根據該計劃之規定，供款乃按僱員基本薪金之百分比計算，當供款應付時會在損益賬中扣除。該計劃之資產乃與本集團之資產分開並由獨立管理基金持有。本集團之僱主供款於注入該計劃時乃全數歸僱員所有。

本集團在中國內地經營之附屬公司的員工均須參與由當地市政府實施之中央退休金計劃。該等中國附屬公司須按其所發放薪金之若干百分比對該中央退休金計劃供款。

##### 購股權計劃

本公司就提供獎勵及回報予對本集團業務作出貢獻之合資格參與者而設立一項購股權計劃(「該計劃」)。對於授出購股權之財務影響，本公司或本集團在直到購股權行使時之前並沒有計入資產負債表，以及就其成本沒有計入損益表或資產負債表。在購股權行使時，本公司將因此而引致的已發行股份以股份面值計入新增股本，和把每股行使價高於股份面值的部份計入股份溢價。被取消或於行使日前失效之購股權將在尚未行使購股權紀錄中刪除。

二零零四年十二月三十一日  
31 December 2004

#### 4. SEGMENT INFORMATION

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

The Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments. Summary details of the business segments are as follows:

- (a) the precision parts and components segment comprise the manufacture and sale of precision parts and components comprising keypads, synthetic rubber and plastic components and parts, and liquid crystal displays (LCDs);
- (b) the consumer electronic products segment comprise the design, manufacture and sale of consumer electronic products comprising time, weather forecasting and other products; and
- (c) the corporate and others segment comprises the Group's property holding activity, together with corporate income and expense items.

In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets.

Intersegment sales and transfers are transacted with reference to the cost of sales.

#### 4. 分類資料

分類資料由兩個分類報告方式表達，(i)主要分類報告基準是按業務劃分；及(ii)次要分類報告基準按地區劃分。

本集團之經營業務乃按照彼等經營的性質及提供的產品及服務劃分為不同架構作個別管理。本集團各個業務類別自成一個策略性業務單位，所提供之產品及服務因應不同之業務類別而受制於不同之風險及回報規限。業務分類之詳情概述如下：

- (a) 精密零部件類別包括製造及銷售精密零部件包括按鍵、合成橡膠及塑膠零部件及液晶體顯示器；
- (b) 設計、製造及銷售電子消費品類別生產電子消費品包括時計、天氣預計及其他產品；及
- (c) 總公司及其它類別包括集團長期投資及總公司的收入及支出項目。

在決定本集團之地區類別時，分類收益乃按客戶所位於之地區劃分，而分類資產則按該資產所位於之地區劃分。

本集團分類業務之內部銷售及轉付乃參考銷售成本進行。

二零零四年十二月三十一日  
31 December 2004

#### 4. SEGMENT INFORMATION (continued)

##### (a) Business segments

The following tables present revenue, profit/(loss) and certain asset, liability and expenditure information for the Group's business segments:

##### Group

	Precision parts and components		Consumer electronic products		Corporate and others		Eliminations		Consolidated	
	精密零部件		電子消費品		總部及其他		抵銷		綜合	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
	二零零四年	二零零三年	二零零四年	二零零三年	二零零四年	二零零三年	二零零四年	二零零三年	二零零四年	二零零三年
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
	港元	港元	港元	港元	港元	港元	港元	港元	港元	港元
Segment revenue:	分類收入:									
Sales to external customers	對外銷售收入									
	191,089,906	148,037,018	158,168,621	123,808,477	-	-	-	-	349,258,527	271,845,495
Intersegment sales	內部類別銷售收入									
	6,567,143	4,931,152	-	-	-	-	(6,567,143)	(4,931,152)	-	-
Other revenue and gains	其他收入及收益									
	8,395,552	3,618,008	112,156	166,080	10,418	1,632,473	-	-	8,518,126	5,416,561
Total	總收入									
	206,052,601	156,586,178	158,280,777	123,974,557	10,418	1,632,473	(6,567,143)	(4,931,152)	357,776,653	277,262,056
Segment results	分類業績									
	19,999,729	2,382,214	5,358,715	13,392,100	1,509,877	(107,200)	-	-	26,868,321	15,667,114
Interest income	利息收入									
	-	-	-	-	-	-	-	-	170,204	116,570
Gain on disposal of a long term investment	出售長期投資收入									
	-	-	-	-	-	-	-	-	5,113,837	-
Profit from operating activities	經營業務溢利									
	-	-	-	-	-	-	-	-	32,152,362	15,783,684
Finance costs	融資成本									
	-	-	-	-	-	-	-	-	(5,521,263)	(5,808,182)
Share of loss of an associate	所佔聯營公司虧損									
	(6,127,939)	(4,335,105)	-	-	-	-	-	-	(6,127,939)	(4,335,105)
Profit before tax	除稅前溢利									
	-	-	-	-	-	-	-	-	20,503,160	5,640,397
Tax	稅項									
	-	-	-	-	-	-	-	-	(2,846,004)	(2,100,475)
Net profit from ordinary activities attributable to shareholders	股東應佔經營業務溢利									
	-	-	-	-	-	-	-	-	17,657,156	3,539,922

#### 4. 分類資料 (續)

##### (a) 業務劃分

以下表格列示本集團按業務劃分之收入、溢利／(虧損)及資產、負債及資本開支之資料：

##### 集團



二零零四年十二月三十一日

31 December 2004

4. SEGMENT INFORMATION (continued)

4. 分類資料 (續)

(a) Business segments (continued)

(a) 業務劃分 (續)

Group		集團									
		Precision parts and components 精密零部件		Consumer electronic products 電子消費品		Corporate and others 總部及其他		Eliminations 抵銷		Consolidated 綜合	
		2004 二零零四年	2003 二零零三年	2004 二零零四年	2003 二零零三年	2004 二零零四年	2003 二零零三年	2004 二零零四年	2003 二零零三年	2004 二零零四年	2003 二零零三年
		HK\$ 港元	HK\$ 港元	HK\$ 港元	HK\$ 港元	HK\$ 港元	HK\$ 港元	HK\$ 港元	HK\$ 港元	HK\$ 港元	HK\$ 港元
Segment assets	分類資產	168,256,145	126,769,705	61,450,384	52,616,792	11,128,034	12,407,762	23,237	(14,663)	240,857,800	191,779,596
Interest in an associate	於聯營公司之權益	26,303,422	24,401,113	-	-	-	-	-	-	26,303,422	24,401,113
Unallocated assets	未分配資產									27,301,322	29,178,879
Total assets	總資產									294,462,544	245,359,588
Segment liabilities	分類負債	60,633,082	39,443,469	28,714,866	22,803,736	1,468,048	1,633,810	16	16	90,816,012	63,881,031
Unallocated liabilities	未分配負債									76,656,012	76,806,133
Total liabilities	總負債									167,472,024	140,687,164
Other segment information:	其他分類資料:										
Depreciation and amortisation	折舊及攤銷	18,705,362	17,510,209	5,395,895	6,382,520	553,457	924,668	-	-	24,654,174	24,817,397
Write back of provision for doubtful debts	呆壞賬撥回	-	(830)	-	-	-	-	-	-	-	(830)
Provision for doubtful debts	呆壞賬撥備	921,346	85,547	-	8,553	-	-	-	-	921,346	94,100
Provision for slow moving inventories	滯銷存貨撥備	370,000	-	-	-	-	-	-	-	370,000	-
Surplus on revaluation of leasehold land and buildings credited to:	重估租賃土地及樓宇之盈餘計入:										
Fixed assets revaluation reserve	固定資產重估儲備	-	-	-	-	(3,389,932)	(1,204,702)	-	-	(3,389,932)	(1,204,702)
Profit and loss account	損益賬	-	-	-	-	(238,444)	(248,192)	-	-	(238,444)	(248,192)
Capital expenditure	資本開支	26,516,361	11,256,050	14,681,985	8,280,166	143,801	115,567	-	-	41,342,147	19,651,783

## Notes to Financial Statements

二零零四年十二月三十一日  
31 December 2004

## 4. SEGMENT INFORMATION (continued)

## (b) Geographical segments

The following table presents revenue, and certain asset and expenditure information for the Group's geographical segments:

Group		Segment revenue 分類收入		Other segment information 其他分類資料			
		Sales to external customers 對外銷售收入		Segment assets 分類資產		Capital expenditure 資本開支	
		2004	2003	2004	2003	2004	2003
		二零零四年	二零零三年	二零零四年	二零零三年	二零零四年	二零零三年
		HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
		港元	港元	港元	港元	港元	港元
Hong Kong	香港	135,268,737	97,694,871	114,568,131	89,527,768	5,568,887	1,426,123
Mainland China	中華人民共和國 之其他地方	4,458,866	8,489,685	140,808,051	126,994,851	32,953,690	18,160,632
Total in the People's Republic of China ("PRC")	中華人民共和國 總計	139,727,603	106,184,556	255,376,182	216,522,619	38,522,577	19,586,755
Japan	日本	29,024,655	34,626,252	5,325,386	6,592,414	-	-
Other Asian countries*	其他亞洲國家*	20,081,491	16,692,168	20,684,692	10,821,447	137,232	65,028
Total in Asia	亞洲總計	188,833,749	157,502,976	281,386,260	233,936,480	38,659,809	19,651,783
Germany	德國	64,347,082	50,141,106	3,544,219	2,611,562	-	-
Other European countries**	其他歐洲國家**	73,383,458	52,342,184	6,889,611	7,438,543	-	-
Total in Europe	歐洲總計	137,730,540	102,483,290	10,433,830	10,050,105	-	-
North America	北美洲	14,986,554	7,031,381	1,698,446	555,244	2,682,338	-
Others***	其他***	7,707,684	4,827,848	944,008	817,759	-	-
Consolidated	綜合	349,258,527	271,845,495	294,462,544	245,359,588	41,342,147	19,651,783

## 4. 分類資料 (續)

## (b) 地區劃分

以下表格列示本集團按地區劃分之收入、資產及資本開支之資料：

## 集團

二零零四年十二月三十一日  
31 December 2004

#### 4. SEGMENT INFORMATION (continued)

##### (b) Geographical segments (continued)

###### Group (continued)

- \* Other Asian countries mainly comprise Taiwan, Singapore, Malaysia, Thailand, Indonesia and Korea.
- \*\* Other European countries mainly comprise Italy, the United Kingdom, France, the Netherlands, Austria, Sweden and Spain.
- \*\*\* Others mainly comprise South America, Australia and New Zealand.

#### 5. TURNOVER, REVENUE AND GAINS

Turnover represents the net invoiced value of goods sold, after allowances for returns and trade discounts, during the year.

An analysis of the Group's turnover, other revenue and gains is as follows:

#### 4. 分類資料 (續)

##### (b) 地區劃分 (續)

###### 集團 (續)

- \* 其他亞洲國家主要包括台灣·新加坡·馬來西亞·泰國·印尼及韓國。
- \*\* 其他歐洲國家主要包括意大利·英國·法國·荷蘭·奧地利·瑞典及西班牙。
- \*\*\* 其他國家主要包括南美洲國家·澳洲及新西蘭。

#### 5. 營業額·收入及收益

集團之營業額指已減去折扣及退貨之銷貨發票值。

本集團之營業額·其他收入及收益如下:

		二零零四年 2004 港元 HK\$	二零零三年 2003 港元 HK\$
<b>Turnover</b>	<b>營業額</b>		
Sale of goods	貨物銷售	<b>349,258,527</b>	271,845,495
<b>Other revenue and gains</b>	<b>其他收入及收益</b>		
Interest income	利息收入	<b>170,204</b>	116,570
Tooling charge income	模具收入	<b>1,015,363</b>	1,411,604
Sale of scrap	廢料銷售	<b>114,148</b>	267,104
Warrant subscription reserve recognised as income upon expiry of warrants	於認股權證到期日後 確認為收入之認股 權證認購儲備	—	1,389,475
Sales commissions	銷售佣金	<b>5,878,203</b>	1,300,020
Gain on disposal of a long term investment	出售長期投資收入	<b>5,113,837</b>	—
Sub-contracting fee income	加工費收入	<b>997,932</b>	—
Others	其他	<b>512,480</b>	1,048,358
		<b>13,802,167</b>	5,533,131

二零零四年十二月三十一日  
31 December 2004

## 6. OTHER OPERATING INCOME/(EXPENSES), NET 6. 其他經營收入／(支出)，淨額

		Group 集團	
		2004 二零零四年 HK\$ 港元	2003 二零零三年 HK\$ 港元
Surplus on revaluation of leasehold land and buildings	租賃土地及樓宇重估盈餘	238,444	248,192
Provision for doubtful debts, net	呆壞賬撥備淨額	(921,346)	(93,270)
Loss on disposal and write off of fixed assets	出售及撇銷固定資產虧損	(2,118,490)	(60,836)
		<b>(2,801,392)</b>	<b>94,086</b>

## 7. PROFIT FROM OPERATING ACTIVITIES

The Group's profit from operating activities is arrived at after charging/(crediting):

## 7. 經營業務溢利

本集團之經營業務溢利經扣除／(計入)：

		2004 二零零四年 HK\$ 港元	2003 二零零三年 HK\$ 港元
Cost of inventories sold	已售存貨成本	267,408,146	212,902,194
Auditors' remuneration	核數師酬金	934,350	877,317
Depreciation	折舊	21,830,405	23,673,634
Minimum lease payments under operating leases on land and buildings	土地及樓宇之最少經營租約租金	3,006,280	3,165,840
Amortisation of intangible assets*	無形資產攤銷*	2,824,309	1,143,763
Provision for slow-moving inventories	滯銷存貨撥備	370,000	-
Staff costs (including directors' other emoluments – note 9):	員工開支 (包括董事酬金 – 附註9)：	79,589,544	64,207,254
Wages and salaries	工資及薪金	968,237	1,026,189
Pension scheme contributions	公積金供款	80,557,781	65,233,443
Less: Amount capitalised in deferred development costs	減：已資本化的遞延發展成本	(4,350,000)	(1,114,400)
		<b>76,207,781</b>	<b>64,119,043</b>
Foreign exchange losses/(gains)	匯兌虧損／(收入)	(616,020)	147,146

\* The amortisation of intangible assets for the year is included in "Cost of sales" on the face of the consolidated profit and loss account.

\* 本年度之無形資產攤銷已在綜合損益表列為「銷售成本」。

二零零四年十二月三十一日  
31 December 2004

## 8. FINANCE COSTS

Interest expenses on bank loans and overdrafts wholly repayable within five years	銀行貸款及於五年內償還透支利息
Interest on finance leases	融資租約利息
Interest on convertible loan notes and fixed rate loan notes	可換股貸款票據及定息貸款票據利息
Accrued premium on redemption of convertible loan notes and fixed rate loan notes	應計可換股貸款票據及定息貸款票據贖回溢價

## 8. 融資成本

		Group 集團	
		2004 二零零四年 HK\$ 港元	2003 二零零三年 HK\$ 港元
		<b>3,184,111</b>	2,311,708
		<b>667,531</b>	1,118,515
		<b>254,336</b>	556,358
		<b>1,415,285</b>	1,821,601
		<b>5,521,263</b>	5,808,182

## 9. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Listing Rules and Section 161 of the Hong Kong Companies Ordinance, is as follows:

## 9. 董事酬金

根據上市條例及香港公司條例第一六一節所規定披露之董事酬金如下：

		Group 集團	
		2004 二零零四年 HK\$ 港元	2003 二零零三年 HK\$ 港元
Fees:	袍金：		
Executive directors	執行董事	—	—
Independent non-executive directors	獨立非執行董事	<b>352,300</b>	312,000
		<b>352,300</b>	312,000
Other emoluments paid to executive directors:	執行董事之其他酬金：		
Salaries	薪金	<b>5,748,990</b>	5,748,990
Pension scheme contributions	公積金供款	<b>24,000</b>	24,000
Housing benefits	房屋津貼	—	—
Performance related bonus	表現相關花紅	<b>1,868,920</b>	—
Other allowances	其他津貼	<b>150,000</b>	150,000
		<b>7,791,910</b>	5,922,990
		<b>8,144,210</b>	6,234,990

二零零四年十二月三十一日  
31 December 2004

## 9. DIRECTORS' REMUNERATION (continued)

The number of directors whose remuneration fell within the following bands is as follows:

Nil – HK\$500,000	零 – 500,000港元
HK\$1,500,001 – HK\$2,000,000	1,500,001港元 – 2,000,000港元
HK\$2,000,001 – HK\$2,500,000	2,000,001港元 – 2,500,000港元
HK\$2,500,001 – HK\$3,000,000	2,500,001港元 – 3,000,000港元

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

## 10. SEVEN HIGHEST PAID EMPLOYEES

The seven highest paid employees during the year included three (2003: three) executive directors, details of whose remuneration are set out in note 9 above. Details of the remuneration of the remaining four (2003: four) non-director, highest paid employees for the year are as set out below:

Basic salaries, allowances, bonus and benefits in kind	基本薪金、津貼、 花紅及實物利益
Pension scheme contributions	公積金供款

## 9. 董事酬金 (續)

酬金屬下列範圍之董事數目如下：

Number of directors 董事人數		2004 二零零四年	2003 二零零三年
		<b>3</b>	2
		–	2
		<b>1</b>	1
		<b>2</b>	–
		<b>6</b>	<b>5</b>

於年內沒有任何協議以致董事被放棄或同意放棄其酬金。

## 10. 七位最高薪僱員

本集團七位最高薪僱員包括三位(二零零三年:三位)執行董事,詳情已列於上文財務報告附註9,餘下四位(二零零三年:四位)最高薪之非董事僱員之酬金如下:

Group 集團		2004 二零零四年	2003 二零零三年
		HK\$ 港元	HK\$ 港元
		<b>4,516,632</b>	3,716,200
		<b>77,661</b>	120,145
		<b>4,594,293</b>	<b>3,836,345</b>

二零零四年十二月三十一日  
31 December 2004

**10. SEVEN HIGHEST PAID EMPLOYEES (continued)**

The number of non-director, highest paid employees whose remuneration fell within the following bands is as follow:

HK\$500,001 – HK\$1,000,000	500,001港元 – 1,000,000港元
HK\$1,000,001 – HK\$1,500,000	1,000,001港元 – 1,500,000港元
HK\$1,500,001 – HK\$2,000,000	1,500,001港元 – 2,000,000港元

**10. 七位最高薪僱員 (續)**

非董事最高薪僱員之酬金所屬範圍如下：

Number of employees 僱員人數	
2004 二零零四年	2003 二零零三年

<b>2</b>	3
<b>1</b>	1
<b>1</b>	–
<b>4</b>	4

**11. TAX**

Hong Kong profits tax has been provided at the rate of 17.5% (2003: 17.5%) on the estimated assessable profits arising in Hong Kong during the year.

**11. 稅項**

香港利得稅已按年內源自香港的估計應課稅溢利以17.5% (二零零三年: 17.5%) 的稅率撥備。

2004 二零零四年	2003 二零零三年
HK\$ 港元	HK\$ 港元

Group:	集團:
Current – Hong Kong	本期 – 香港
Charge for the year	本年度稅項支出
Overprovision in prior years	往年超額撥備
Deferred (note 29)	遞延稅項 (附註29)
Total tax charge for the year	本年度稅項支出總額

<b>1,839,047</b>	575,813
<b>(179,862)</b>	–
<b>1,186,819</b>	1,524,662
<b>2,846,004</b>	2,100,475

二零零四年十二月三十一日  
31 December 2004

## 11. TAX (continued)

A reconciliation of the tax expense applicable to profit before tax using the statutory rate to the tax charge at the effective tax rate is as follows:

## 11. 稅項 (續)

適用於按香港法定稅率計算之除稅前溢利之稅項支出與按有效稅率計算之稅項支出之調節如下：

		<b>Group</b>	
		<b>集團</b>	
		<b>2004</b>	2003
		二零零四年	二零零三年
		<b>HK\$</b>	<b>HK\$</b>
		港元	港元
Profit before tax	除稅前溢利	<b>20,503,160</b>	5,640,397
Tax at the statutory tax rate of 17.5% (2003: 17.5%)	按法定稅率17.5%計算之稅項(二零零三年:17.5%)	<b>3,588,053</b>	987,069
Overprovision of tax in prior years	往年超額撥備稅項	<b>(179,862)</b>	-
Effect on opening deferred tax of increase in rates	法定稅率增加對期初遞延稅項之影響	-	84,375
Income not subject to tax	不須繳稅之收入	<b>(2,889,430)</b>	(1,830,265)
Expenses not deductible for tax	不可扣減稅項之支出	<b>1,945,895</b>	2,482,502
Tax losses utilised from previous periods	以往期間動用之稅項虧損	<b>(248,406)</b>	(1,689,080)
Unrecognised tax losses	未確認之稅項虧損	<b>550,381</b>	608,222
Others	其他	<b>79,373</b>	1,457,652
Tax charge at the Group's effective rate	按本集團有效稅率計算之稅項支出	<b>2,846,004</b>	2,100,475

## 12. NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS

The net profit from ordinary activities attributable to shareholders for the year ended 31 December 2004 dealt with in the financial statements of the Company was HK\$4,528,376 (2003: HK\$1,116,335) (Note 33(b)).

## 12. 股東應佔經營業務溢利

本公司財務報告之股東應佔經營業務溢利為4,528,376港元(二零零三年:1,116,335港元)(附註33(b))。



二零零四年十二月三十一日  
31 December 2004

### 13. DIVIDEND

Proposed final – HK1 cent (2003: nil) per ordinary share

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

### 14. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the net profit attributable to shareholders for the year of HK\$17,657,156 (2003: HK\$3,539,922), and on the weighted average of 259,004,800 (2003: 250,004,800) ordinary shares in issue during the year.

The calculation of diluted earnings per share is based on the net profit attributable to shareholders for the year of HK\$17,657,156 (2003: HK\$3,539,922). The weighted average number of ordinary shares used in the calculation is the 259,004,800 (2003: 250,004,800) ordinary shares in issue during the year, as used in the basic earnings per share calculation; and the weighted average of 1,975,842 (2003: 1,368,946) ordinary shares assumed to have been issued at no consideration on the deemed exercise of all share options outstanding during the year.

In the calculations of the diluted earnings per share, the effect of the convertible loan notes outstanding during the years ended 31 December 2004 and 2003 was not taken into account as they had an anti-dilutive effect on the basic earnings per share for these years.

### 13. 股息

2004 二零零四年 HK\$ 港元	2003 二零零三年 HK\$ 港元
-----------------------------	-----------------------------

**2,655,048**

–

本年度擬分派之末期股息須經由即將舉行之股東週年大會獲得股東通過批准。

### 14. 每股盈利

每股基本盈利乃根據股東應佔溢利淨額約 17,657,156 港元（二零零三年：3,539,922 港元）及於年度內已發行普通股加權平均股份 259,004,800 股（二零零三年：250,004,800 股）計算。

每股攤薄盈利的計算是按本年股東應佔溢利淨額 17,657,156 港元（二零零三年：3,539,922 港元）。於年內加權平均普通股股份數目是 259,004,800 股（二零零三年：250,004,800 股）已發行股份，等同用於計算每股基本盈利的數目。同時，於年內已發行購股權假設被行使以致 1,975,842 股（二零零三年：1,368,946 股）加權平均普通股在無代價下發行。

計算每股攤薄盈利時，於二零零四年十二月三十一日及二零零三年十二月三十一日年度內發行之可換股貸款票據之影響並沒有計算在內，原因是該票據對這些年度之每股盈利有反攤薄影響。

## Notes to Financial Statements

二零零四年十二月三十一日  
31 December 2004

## 15. FIXED ASSETS

## 15. 固定資產

Group		集團						
		Leasehold land and buildings	Leasehold improvements	Plant and machinery	Furniture, fixtures and office equipment	Motor vehicles	Moulds	Total
		租賃土地 及樓宇	租賃物 業裝修	機器 設備	傢俬、裝置 及辦公室 設備	汽車	模具	總額
		HK\$ 港元	HK\$ 港元	HK\$ 港元	HK\$ 港元	HK\$ 港元	HK\$ 港元	HK\$ 港元
Cost or valuation:	成本或估值:							
At beginning of year	年初	27,950,000	21,085,446	92,151,083	14,354,354	2,858,217	34,518,789	192,917,889
Additions	添置	9,470,000	2,105,334	4,436,662	4,391,390	313,346	13,935,415	34,652,147
Disposals and write off	出售及撇銷	(1,100,056)	(4,365,939)	(983,350)	(38,262)	(15,624)	(4,487,393)	(10,990,624)
Surplus on revaluation	重估盈餘	2,980,056	-	-	-	-	-	2,980,056
Exchange realignment	滙兌調整	-	33,191	51,303	38,762	-	31,066	154,322
<b>At 31 December 2004</b>	<b>於二零零四年十二月三十一日</b>	<b>39,300,000</b>	<b>18,858,032</b>	<b>95,655,698</b>	<b>18,746,244</b>	<b>3,155,939</b>	<b>43,997,877</b>	<b>219,713,790</b>
Analysis of cost or valuation:	成本及估值分析:							
At cost	按成本值	-	18,858,032	95,655,698	18,746,244	3,155,939	43,997,877	180,413,790
At 31 December 2004 valuation	按二零零四年十二月 三十一日年估值	39,300,000	-	-	-	-	-	39,300,000
		39,300,000	18,858,032	95,655,698	18,746,244	3,155,939	43,997,877	219,713,790
Accumulated depreciation:	累積折舊:							
At beginning of year	年初	-	13,567,954	64,706,667	9,971,369	2,557,294	21,661,669	112,464,953
Provided during the year	年內撥備	648,320	3,136,915	7,357,530	2,487,406	172,409	8,027,825	21,830,405
Disposals and write off	出售及撇銷	-	(3,057,898)	(371,396)	(21,353)	(12,966)	(4,487,393)	(7,951,006)
Written back on revaluation	重估撥回	(648,320)	-	-	-	-	-	(648,320)
Exchange realignment	滙兌調整	-	21,682	16,100	26,317	-	20,677	84,776
<b>At 31 December 2004</b>	<b>於二零零四年十二月三十一日</b>	<b>-</b>	<b>13,668,653</b>	<b>71,708,901</b>	<b>12,463,739</b>	<b>2,716,737</b>	<b>25,222,778</b>	<b>125,780,808</b>
Net book value:	賬面淨值:							
<b>At 31 December 2004</b>	<b>於二零零四年十二月三十一日</b>	<b>39,300,000</b>	<b>5,189,379</b>	<b>23,946,797</b>	<b>6,282,505</b>	<b>439,202</b>	<b>18,775,099</b>	<b>93,932,982</b>
At 31 December 2003	於二零零三年十二月三十一日	27,950,000	7,517,492	27,444,416	4,382,985	300,923	12,857,120	80,452,936
Net book value held under finance leases:	融資租約下之 賬面淨值:							
<b>At 31 December 2004</b>	<b>於二零零四年十二月三十一日</b>	<b>-</b>	<b>-</b>	<b>15,789,636</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,789,636</b>
At 31 December 2003	於二零零三年十二月三十一日	-	-	18,061,752	140,889	-	-	18,202,641

二零零四年十二月三十一日  
31 December 2004

**15. FIXED ASSETS** (continued)

The Group's leasehold land and buildings are held under the following lease terms, with geographical locations as follows:

Medium term leases,  
at valuation

中期租約·  
按估值

**15. 固定資產** (續)

本集團的租賃土地及樓宇以下列的租約持有·其地理位置如下:

<b>PRC</b>		<b>Total</b>
<b>Hong Kong</b>	<b>Mainland China</b>	
香港	其他	總額
HK\$	HK\$	HK\$
港元	港元	港元
9,500,000	29,800,000	39,300,000

At 31 December 2004, the Group's leasehold land and buildings situated in Hong Kong and certain of the Group's leasehold land situated in Mainland China with a carrying value of \$12,500,000 were revalued on an open market, existing use basis by Chung, Chan & Associates, a firm of independent professionally qualified property valuers. The Group's leasehold land and buildings situated in Mainland China, except for the leasehold land with a carrying value of HK\$12,500,000 as mentioned above, were revalued using the depreciated replacement cost method by the same firm of property valuers as at 31 December 2004.

Had the Group's leasehold land and buildings been carried at historical cost less accumulated depreciation and impairment losses, their carrying amounts would have been included in the financial statements at approximately HK\$36,659,434 (2003: HK\$28,693,600).

Certain of the Group's leasehold land and buildings with a net book value of HK\$21,500,000 (2003: HK\$22,450,000) were pledged to secure general banking facilities granted to the Group (note 25 to the financial statements).

本集團位於香港的租賃土地及樓宇及某些位於中國賬面值12,500,000港元之租賃土地之價值由獨立物業估值師衡量行於二零零四年十二月三十一日以公開市值按現時使用基準重估·而本集團位於中國其他地區的租賃土地及樓宇·除了上述賬面值12,500,000港元之租賃土地由同一的獨立物業估值師於二零零四年十二月三十一日以折舊重置成本法重估。

倘若租賃土地及樓宇未經重估·以其成本值減去累計折舊計算之賬面值約為36,659,434港元(二零零三年: 28,693,600港元)。

本集團的某些租賃土地及樓宇賬面淨值21,500,000港元(二零零三年: 22,450,000港元)已抵押予銀行·以換取對本集團之銀行融資(財務報告附註25)。

## Notes to Financial Statements

二零零四年十二月三十一日  
31 December 2004

## 16. INTANGIBLE ASSETS

## 16. 無形資產

Group	集團	Deferred			Total
		Technical know-how	development costs	Licences	
		技術知識	遞延發展成本	使用權	合計
		HK\$	HK\$	HK\$	HK\$
		港元	港元	港元	港元
Cost:	成本:				
At beginning of year	年初	1,239,647	5,000,000	–	6,239,647
Additions	增加	–	4,350,000	2,340,000	6,690,000
<b>At 31 December 2004</b>	<b>於二零零四年十二月三十一日</b>	<b>1,239,647</b>	<b>9,350,000</b>	<b>2,340,000</b>	<b>12,929,647</b>
Accumulated amortisation:	累計攤銷:				
At beginning of year	年初	1,157,005	895,833	–	2,052,838
Provided during the year	年內攤銷	82,642	2,741,667	–	2,824,309
<b>At 31 December 2004</b>	<b>於二零零四年十二月三十一日</b>	<b>1,239,647</b>	<b>3,637,500</b>	<b>–</b>	<b>4,877,147</b>
Net book value:	賬面淨值:				
<b>At 31 December 2004</b>	<b>於二零零四年十二月三十一日</b>	<b>–</b>	<b>5,712,500</b>	<b>2,340,000</b>	<b>8,052,500</b>
At 31 December 2003	於二零零三年十二月三十一日	82,642	4,104,167	–	4,186,809

二零零四年十二月三十一日  
31 December 2004

## 17. INTERESTS IN SUBSIDIARIES

## 17. 於附屬公司之權益

		Company 公司	
		2004 二零零四年	2003 二零零三年
		HK\$ 港元	HK\$ 港元
Unlisted shares, at cost	非上市股份·按成本值	<b>58,999,981</b>	58,999,981
Due from subsidiaries	附屬公司欠款	<b>91,404,495</b>	99,991,327
		<b>150,404,476</b>	158,991,308
Provisions against amounts due from subsidiaries	附屬公司欠款撥備	<b>(11,018,779)</b>	(11,018,779)
		<b>139,385,697</b>	147,972,529

The amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

附屬公司欠款為無抵押貸款、免息及沒有固定還款期。

二零零四年十二月三十一日  
31 December 2004

## 17. INTERESTS IN SUBSIDIARIES (continued)

## 17. 於附屬公司之權益 (續)

Particulars of the principal subsidiaries are as follows:

主要附屬公司詳情如下:

Company name	Place of incorporation/ registration and operations	Nominal value of issued and paid-up share/ registered capital	Percentage of equity interest attributable to the Company	Principal activities
公司名稱	註冊成立/註冊 及營業地點	已發行及 繳足股份/ 註冊資本	本集團應佔 股本權益	主要業務
Bistec Corporation Limited 寶仕達實業有限公司	Hong Kong 香港	HK\$2,000,000 2,000,000港元	100	Investment holding 投資控股
Cokeen Development Limited 確建發展有限公司	Hong Kong 香港	HK\$10,000 10,000港元	100	Property holding and provision of management services 物業持有及 提供管理服務
E-Dotcom Limited	Hong Kong 香港	HK\$2 2港元	100	Investment holding 投資控股
Gaiki Silicone Products Limited 凱基有機硅製品有限公司	Hong Kong 香港	HK\$10,000 10,000港元	100	Manufacturing of silicone rubber products 生產硅橡膠產品
Hideki Precision (BVI) Limited	British Virgin Islands 英屬處女群島	US\$1 1美元	100	Intellectual property holding 知識產權持有
Hideki Electronics Limited 西城電子有限公司	Hong Kong 香港	HK\$2,000,000 2,000,000港元	100	Sale of consumer electronic products 銷售電子消費品
Hideki Electronics, Inc.	United States of America (the "USA") 美國	US\$100,000 100,000美元	100	Distribution of consumer electronic products 分銷電子消費產品
Hi-Tech (China) Investment Limited 中穎(中國)投資有限公司	Hong Kong 香港	HK\$2,000,000 2,000,000港元	100	Investment holding 投資控股

Notes to Financial Statements

二零零四年十二月三十一日  
31 December 2004

17. INTERESTS IN SUBSIDIARIES (continued)

17. 於附屬公司之權益 (續)

Company name	Place of incorporation/ registration and operations	Nominal value of issued and paid-up share/ registered capital	Percentage of equity interest attributable to the Company	Principal activities
公司名稱	註冊成立／註冊 及營業地點	已發行及 繳足股份／ 註冊資本	本集團應佔 股本權益	主要業務
Hi-Tech Investment Holdings Limited	British Virgin Islands/ Hong Kong 英屬處女群島／香港	US\$50,000 50,000美元	100	Investment holding 投資控股
Hi-Tech Polymer (China) Inc. 堅城實業有限公司	Western Samoa/PRC 西薩摩亞國／ 中華人民共和國	US\$1 1美元	100	Manufacturing of synthetic rubber products 製造合成橡膠產品
Hi-Tech Polymer Limited 中穎橡膠配件有限公司	Hong Kong 香港	HK\$10,000 10,000港元	100	Sale of synthetic rubber products 銷售合成橡膠產品
Hi-Tech Precision Plastic Limited 中穎精密塑膠有限公司	Hong Kong 香港	HK\$3,000,000 3,000,000港元	100	Sale of plastic products 銷售塑膠產品
Hi-Tech Property Holdings Limited	British Virgin Islands/ PRC 英屬處女群島／ 中華人民共和國	US\$1 1美元	100	Property holding 物業持有
Hi-Tech Silicone Rubber Manufactory Limited 中穎實業有限公司	Hong Kong 香港	HK\$1,500,000 1,500,000港元	100	Sale of silicone rubber products 銷售硅橡膠產品
K & P Group (Holdings) Limited 堅寶(控股)有限公司	British Virgin Islands/ Hong Kong 英屬處女群島／ 香港	US\$1,238,545 1,238,545美元	100	Investment holding 投資控股
K. S. (China) Electronics Manufactory Limited 堅城(中國)電子廠有限公司	Hong Kong 香港	HK\$2 2港元	100	Investment holding 投資控股

## Notes to Financial Statements

二零零四年十二月三十一日  
31 December 2004

## 17. INTERESTS IN SUBSIDIARIES (continued)

## 17. 於附屬公司之權益 (續)

Company name	Place of incorporation/ registration and operations	Nominal value of issued and paid-up share/ registered capital	Percentage of equity interest attributable to the Company	Principal activities
公司名稱	註冊成立／註冊 及營業地點	已發行及 繳足股份／ 註冊資本	本集團應佔 股本權益	主要業務
Mars Field Limited	British Virgin Islands/ PRC 英屬處女群島／ 中華人民共和國	US\$1 1美元	100	Manufacturing of consumer electronic products and precision parts and components 製造電子消費品及 精密零部件
Shenzhen Jiancheng Electronic Co., Ltd. ("Shenzhen Jiancheng") 深圳堅城電子有限公司 (「深圳堅城」)	PRC 中華人民共和國	HK\$12,000,000 12,000,000港元	*	Dormant 未有業務
Technology Trends International Limited	British Virgin Islands/ Hong Kong/Republic of Singapore 英屬處女群島／香港／ 新加坡	US\$50,000 50,000美元	100	Sale of precision parts and components 銷售精密零部件
TQL Technology Limited 栢城電子有限公司	Hong Kong 香港	HK\$7,000,000 7,000,000港元	100	Manufacturing and sale of liquid crystal displays 製造及銷售 液晶體顯示器
Webborton Investments Limited	British Virgin Islands/ Hong Kong 英屬處女群島／香港	US\$1 1美元	100	Investment holding 投資控股
中穎(中山)電子有限公司	PRC 中華人民共和國	US\$1,800,000 1,800,000美元	100	Manufacturing of precision parts and components 製造精密零部件



## 17. INTERESTS IN SUBSIDIARIES (continued)

Except for K & P Group (Holdings) Limited, all of the above subsidiaries are indirectly held by the Company.

- \* *Shenzhen Jiancheng is registered as a co-operative joint venture company under the laws of the People's Republic of China (the "PRC"). Pursuant to the co-operative joint venture contract with the PRC joint venture partner, the Group contributed all of the registered capital of Shenzhen Jiancheng. The PRC joint venture partner is entitled to certain monthly and annual fees regardless of the amount of profit or loss made by Shenzhen Jiancheng, and the Group is entitled to all of the profits, and is liable for all of the losses, of Shenzhen Jiancheng after payment of such fees to the PRC joint venture partner. The initial term of the joint venture expires on 25 January 2009 and can be extended with the consent of the joint venture partners and the approval of the relevant PRC government authority. On expiry of the initial term of the joint venture, the joint venture agreement provides that ownership of all of the immovable assets of the joint venture will revert to the PRC joint venture partner while other assets will initially be used to settle the wages of all employees and all the liabilities of Shenzhen Jiancheng. Any remaining balance will be distributed to the Group.*

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

## 17. 於附屬公司之權益 (續)

除堅寶(控股)有限公司外,上述所有附屬公司均由本公司間接持有。

- \* 深圳堅城乃按中華人民共和國(「中國」)法律註冊為合營公司。根據與中國合營夥伴之合作經營合約,本集團就深圳堅城全部註冊股本出資。無論深圳堅城所賺取之溢利多少,中國合營夥伴每年可得若干月費及年費,而本集團則有權於支付中國合營夥伴該等費用後獲得深圳堅城之全部溢利,亦須承擔其所有虧損。合營年期將於二零零九年一月二十五日屆滿,經合營雙方同意及有關中國當局批准後,可予續期。合營年期屆滿後,合營公司之所有不動產將歸還予中國合營夥伴,其餘之資產將首先用於清償所有僱員之工資及深圳堅城之所有負債,而任何餘額則分配予本集團。

董事認為上表列出了主要影響本年度業績或構成本集團資產淨值主要部份之本公司附屬公司。董事並認為提供其他附屬公司的詳細資料,會引致內容過於冗長。

二零零四年十二月三十一日  
31 December 2004

## 18. INTEREST IN AN ASSOCIATE

## 18. 於聯營公司之權益

		Group 集團	
		2004 二零零四年 HK\$ 港元	2003 二零零三年 HK\$ 港元
Share of net assets	應佔資產淨值	21,506,422	24,401,113
Loan to an associate	貸款予一聯營公司	4,797,000	-
		<b>26,303,422</b>	<b>24,401,113</b>

The loan to the associate is unsecured, interest-free and repayable within five years.

貸款予一聯營公司為無抵押、免息及還款期在五年內。

Particulars of the associate are as follows:

聯營公司資料如下：

Company name	Business structure	Place of incorporation and operations	Nominal value of issued and paid-up share	Percentage of equity interest attributable to the Company	Principal activities
公司名稱	業務結構	註冊成立及營業地點	已發行及繳足面值	本公司所佔股份權益百分比	主要業務
YOUEAL TTI Limited	Corporate	Hong Kong	US\$10,000,000	41	Investment holding
唯一科力有限公司	公司	香港	10,000,000美元		投資控股

The shareholding in the associate is held through a wholly-owned subsidiary.

於聯營公司的投資控股是透過一間全資附屬公司持有。

Financial information as extracted from the most recent financial statements of the Group's associate is set out below:

節錄自本集團聯營公司之最近期財務報告的財務資料如下：

**Consolidated profit and loss account**  
Year ended 31 December 2004

**綜合損益表**  
截至二零零四年十二月三十一日止年度

		2004 二零零四年 HK\$ 港元	2003 二零零三年 HK\$ 港元
Turnover	營業額	101,785,035	7,505,424
Net loss attributable to shareholders	股東應佔虧損	<b>14,946,193</b>	<b>10,573,426</b>

二零零四年十二月三十一日  
31 December 2004

## 18. INTEREST IN AN ASSOCIATE (continued)

Consolidated balance sheet  
31 December 2004

Non-current assets	非流動資產
Current assets	流動資產
Current liabilities	流動負債
Non-current liabilities	非流動負債
Net assets	淨資產

## 18. 於聯營公司之權益 (續)

綜合資產負債表  
二零零四年十二月三十一日

	2004 二零零四年 HK\$ 港元	2003 二零零三年 HK\$ 港元
	<b>51,950,746</b>	45,883,564
	<b>63,764,917</b>	26,813,654
	<b>(51,560,974)</b>	(13,182,308)
	<b>(11,700,000)</b>	—
	<b>52,454,689</b>	59,514,910

## 19. LONG TERM INVESTMENTS

At cost:	成本
Unlisted equity investments	非上市股份投資
Club membership	會所會籍

## 19. 長期投資

	Group 集團	
	2004 二零零四年 HK\$ 港元	2003 二零零三年 HK\$ 港元
	<b>2,500,000</b>	2,808,450
	<b>680,000</b>	600,000
	<b>3,180,000</b>	3,408,450

二零零四年十二月三十一日  
31 December 2004

## 20. INVENTORIES

Raw materials	原料
Work in progress	在製品
Finished goods	製成品
Less: Provisions for slow-moving inventories	減: 滯銷存貨撥備

There were no inventories carried at net realisable value at the balance sheet date (2003: Nil).

## 20. 存貨

		Group 集團	
		2004 二零零四年 HK\$ 港元	2003 二零零三年 HK\$ 港元
		<b>25,103,295</b>	24,193,468
		<b>12,714,224</b>	10,126,372
		<b>3,373,142</b>	1,968,835
		<b>41,190,661</b>	36,288,675
		<b>(488,749)</b>	(118,749)
		<b>40,701,912</b>	36,169,926

於結算日並無存貨以變現淨值列賬(二零零三年: 無)。

## 21. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Prepayments	預付款項
Deposits and other receivables	按金及其他 應收款項

		Group 集團		Company 公司	
		2004 二零零四年 HK\$ 港元	2003 二零零三年 HK\$ 港元	2004 二零零四年 HK\$ 港元	2003 二零零三年 HK\$ 港元
		<b>1,515,546</b>	431,455	<b>222,391</b>	88,185
		<b>14,454,852</b>	13,354,067	-	-
		<b>15,970,398</b>	13,785,522	<b>222,391</b>	88,185

## 21. 預付款項、按金及其他應收款項

## 22. TRADE AND BILLS RECEIVABLES

The Group's trading terms with its customers are largely on credit. Invoices are normally payable within 60 days of issuance, except for certain well-established customers, where the terms are extended from 60 to 90 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control policy to minimise credit risk. Overdue balances are regularly reviewed by senior management.

## 22. 應收賬項及票據

客戶買賣條款中，一般往來客戶都享有信用預提。一般發票需要在六十天內支付，優良客戶可享用六十至九十天信用預提。每位客戶均有信用額度。集團對未償還應收賬項有嚴緊控制及有信貸政策以減低信貸風險。高級管理層會對逾期應收款項作經常審閱。

二零零四年十二月三十一日  
31 December 2004

## 22. TRADE AND BILLS RECEIVABLES (continued)

An aged analysis of the trade and bills receivables as at the balance sheet date, based on invoice date and net of provisions, is as follows:

Within 90 days	九十天內
Between 91 to 180 days	九十一至一百八十天
Over 180 days	一百八十天以上

## 22. 應收賬項及票據 (續)

在結算日應收賬項及票據按發票日期及減除撥備後之賬齡分析如下：

		Group 集團	
		2004 二零零四年	2003 二零零三年
		HK\$ 港元	HK\$ 港元
		<b>64,691,297</b>	40,749,619
		<b>10,980,902</b>	5,861,830
		<b>3,347,809</b>	2,444,504
		<b>79,020,008</b>	<b>49,055,953</b>

## 23. CASH AND CASH EQUIVALENTS

Cash and bank balances	現金及銀行結存
Time deposits	定期存款

		Group 集團		Company 公司	
		2004 二零零四年	2003 二零零三年	2004 二零零四年	2003 二零零三年
		HK\$ 港元	HK\$ 港元	HK\$ 港元	HK\$ 港元
		<b>15,046,982</b>	12,618,842	<b>88,926</b>	414,241
		<b>4,070,444</b>	8,095,224	-	-
		<b>19,117,426</b>	<b>20,714,066</b>	<b>88,926</b>	<b>414,241</b>

## 23. 現金及現金等值項目

At the balance sheet date, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to HK\$2,497,832 (2003: HK\$3,119,230). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

於結算日，本集團以人民幣（「人民幣」）定值之現金及銀行結存為2,497,832港元（二零零三年：3,119,230港元）。人民幣不能自由兌換其他貨幣，惟根據中國大陸外匯管制法規定及結匯、售及付管理規定，本集團獲准透過獲授權經營外匯業務之銀行將人民幣兌換為外幣。

二零零四年十二月三十一日  
31 December 2004

## 24. INTEREST-BEARING BANK AND OTHER LOANS

## 24. 帶息銀行貸款及其他貸款

		Group 集團	
		2004 二零零四年	2003 二零零三年
		HK\$ 港元	HK\$ 港元
		Notes 附註	
Current portion of bank loans	銀行貸款本期部份	25	39,590,623
Current portion of finance lease payables	應付融資租約 本期部份	27	5,992,827
			<b>59,778,516</b>
			45,583,450

## 25. INTEREST-BEARING BANK LOANS

## 25. 帶息銀行貸款

		Group 集團	
		2004 二零零四年	2003 二零零三年
		HK\$ 港元	HK\$ 港元
Unsecured:	無抵押:		
Bank loans	銀行貸款	<b>30,085,824</b>	21,917,261
Secured:	有抵押:		
Money market loan	以貨幣市場利率為基準的貸款	<b>4,000,000</b>	4,000,000
Mortgage loans	按揭貸款	<b>651,605</b>	1,017,162
Instalment loans	分期貸款	<b>8,573,218</b>	3,908,995
Other bank loans	其他銀行貸款	<b>10,852,724</b>	9,974,885
Total interest-bearing bank loans	帶息銀行貸款總額	<b>54,163,371</b>	40,818,303
Portion due within one year, classified as current liabilities (note 24)	一年內到期之部份， 分類作流動負債 (附註24)	<b>(53,433,484)</b>	(39,590,623)
Long term portion	長期部份	<b>729,887</b>	1,227,680
The bank borrowings are repayable:	銀行借款須於下列期間償還:		
Within one year or on demand	一年內或於要求時	<b>53,433,484</b>	39,590,623
In the second year	第二年	<b>729,887</b>	960,558
In the third to fifth years, inclusive	第三至第五年 (包括首尾兩年在內)	-	267,122
		<b>54,163,371</b>	40,818,303

二零零四年十二月三十一日  
31 December 2004

## 25. INTEREST-BEARING BANK LOANS (continued)

The secured bank borrowings were secured by fixed charges over the Group's medium term leasehold land and buildings with a net book value of HK\$21,500,000 (2003: HK\$22,450,000) and over bank deposits amounting to HK\$8,183,896 (2003: HK\$8,238,270).

## 26. TRADE PAYABLES

An aged analysis of the trade payables as at balance sheet date, based on invoice date, is as follows:

Within 90 days	九十天內
Between 91 to 180 days	九十一天至一百八十天
Over 180 days	一百八十天以上

## 25. 帶息銀行貸款 (續)

本集團有抵押銀行貸款乃以本集團合共為賬面淨值21,500,000港元(二零零三年:22,450,000港元)之中期租賃土地及樓宇及銀行存款8,183,896港元(二零零三年:8,238,270港元)為抵押。

## 26. 應付賬項

在結算日應付賬項按發票日期之賬齡分析如下:

Group 集團	
2004 二零零四年 HK\$ 港元	2003 二零零三年 HK\$ 港元
<b>45,726,426</b>	35,958,662
<b>14,964,564</b>	2,717,528
<b>1,516,716</b>	5,243
<b>62,207,706</b>	<b>38,681,433</b>

二零零四年十二月三十一日  
31 December 2004

## 27. FINANCE LEASE PAYABLES

The Group leases certain of its plant and machinery and equipment for its businesses. These leases are classified as finance leases and have remaining lease terms ranging from one to three years.

At 31 December 2004, the total future minimum lease payments under finance leases and their present values were as follows:

## 27. 應付融資租約

本集團根據融資租約安排租用若干營業用的機器設備。該等租約之尚餘租約期介乎一至三年不等。

於二零零四年十二月三十一日，根據融資租約下的總計最少租賃費用及其現在值如下：

Group	集團	Minimum lease payments 最少租賃費用 2004 二零零四年 HK\$ 港元	Minimum lease payments 最少租賃費用 2003 二零零三年 HK\$ 港元	Present value of minimum lease payments 費用的現今值 2004 二零零四年 HK\$ 港元	Present value of minimum lease payments 費用的現今值 2003 二零零三年 HK\$ 港元
Amounts payable:	應付款項：				
Within one year	一年內	<b>6,795,691</b>	6,511,235	<b>6,345,032</b>	5,992,827
In the second year	第二年	<b>4,007,553</b>	4,553,523	<b>3,874,911</b>	4,357,465
In the third to fifth years, inclusive	第三年至第五年 (包括首尾兩年在內)	<b>532,491</b>	1,062,577	<b>525,717</b>	1,047,057
Total minimum finance lease payments	總計最少租賃費用	<b>11,335,735</b>	12,127,335	<b>10,745,660</b>	11,397,349
Future finance charges	日後財務費用	<b>(590,075)</b>	(729,986)		
Total net finance lease payables	應付融資租約總淨額	<b>10,745,660</b>	11,397,349		
Portion classified as current liabilities (note 24)	一年內應付之部份、分類作流動負債(附註24)	<b>(6,345,032)</b>	(5,992,827)		
Long term portion	長期部份	<b>4,400,628</b>	5,404,522		



二零零四年十二月三十一日  
31 December 2004

## 28. ACCRUED LIABILITIES AND OTHER PAYABLES

## 28. 應計負債及其他應付款項

		Group		Company	
		集團	公司	集團	公司
		2004	2003	2004	2003
		二零零四年	二零零三年	二零零四年	二零零三年
		HK\$	HK\$	HK\$	HK\$
		港元	港元	港元	港元
Accrued liabilities	應計負債	10,052,447	11,072,923	113,111	124,777
Other payables	其他應付款項	18,555,857	14,126,675	22,277	5,850
		<b>28,608,304</b>	25,199,598	<b>135,388</b>	130,627

## 29. DEFERRED TAX LIABILITIES

## 29. 遞延稅項

The movement in deferred tax liabilities, which comprised accelerated tax depreciation, during the year is as follows:

年內之遞延稅項負債變動包括增加稅務折舊如下：

		Group	
		集團	公司
		2004	2003
		二零零四年	二零零三年
		HK\$	HK\$
		港元	港元
At 1 January 2004	於二零零四年一月一日	2,424,662	900,000
Deferred tax charged to the profit and loss account during the year (note 11)	年內於損益賬扣除之遞延稅項 (附註11)	1,186,819	1,524,662
At 31 December 2004	於二零零四年十二月三十一日	<b>3,611,481</b>	2,424,662

The Group has tax losses arising in Hong Kong of HK\$9,975,000 (2003: HK\$9,673,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time.

本集團於香港產生之稅務虧損為9,975,000港元(二零零三年:9,673,000港元)，可無限期用以抵銷產生該等虧損之公司之未來應課稅溢利。由於該等虧損乃於虧本已有一段時間之附屬公司產生，故此並未就其確認遞延稅項資產。

二零零四年十二月三十一日  
31 December 2004

## 29. DEFERRED TAX LIABILITIES (continued)

At 31 December 2004, there is no significant unrecognised deferred tax liability (2003: Nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries or associate as the Group has no liability to additional tax should such amounts be remitted.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

## 30. CONVERTIBLE LOAN NOTES AND FIXED RATE LOAN NOTES

Convertible loan notes	可換股貸款票據
Fixed rate loan notes	定息貸款票據
Portion classified as current liabilities	分類作流動負債的部份

## 29. 遞延稅項 (續)

於二零零四年十二月三十一日，就本集團之附屬公司及聯營公司應付之無寬免稅項之盈利而額外增加稅務負債而言，並無重大之未確認之遞延稅項負債（二零零三年：無）。

本公司向股東派付之股息並無附帶任何所得稅後果。

## 30. 可換股貸款票據及定息貸款票據

### Group and Company 集團及公司

2004 二零零四年 HK\$ 港元	2003 二零零三年 HK\$ 港元
-----------------------------	-----------------------------

6,437,523	11,189,262
—	10,639,339
<b>6,437,523</b>	21,828,601
<b>(6,437,523)</b>	(10,639,339)
<b>—</b>	<b>11,189,262</b>

二零零四年十二月三十一日  
31 December 2004

### 30. CONVERTIBLE LOAN NOTES AND FIXED RATE LOAN NOTES (continued)

Pursuant to the subscription agreements between the Company and several independent investors (the "Subscription Agreements") dated 3 March 2003, the Company issued to the investors convertible loan notes with an aggregate principal amount of US\$1,282,500 (equivalent to approximately HK\$10,003,500). The convertible loan notes bear interest at the rate of 2% per annum, which is payable quarterly in arrears on 17 June, 17 September, 17 December, 17 March in each year. The notes are convertible into ordinary shares of the Company, at the option of the investors at any time during the period commencing from the date falling 24 months after the issue of the notes on 17 March 2003, up to and including the day immediately prior to the maturity date of the convertible notes, at an initial conversion price of HK\$0.40 per share (subject to adjustment). The maturity date of the convertible loan notes will be on 16 June 2005. The shares to be issued on any exercise of the conversion rank pari passu in all respects with the Company's shares already in issue. Any outstanding convertible loan notes will be redeemed at maturity by the Company at 132.25% of the principal value. Alternatively, they could be redeemed at the option of the investors at any time on or after 17 March 2004 to redeem part or all of the outstanding principal amount in accordance with the following formula:

$$\text{Redemption amount} = \text{HK\$}10,003,500 \times 1.15 \times \frac{1}{(1+0.15 \times A/365)}$$

where

A is the number of days elapsed from (and including) 17 March 2004 up to (but excluding) the relevant redemption date

### 30. 可換股貸款票據及定息貸款票據 (續)

於二零零三年三月三日，本公司與數位獨立投資者分別訂立認購協議（「認購協議」）；據此，該些投資者分別同意根據認購協議認購由本公司發行之本金額合共1,282,500美元之非上市可換股貸款票據（相當於大約10,003,500港元）。這些可換股貸款票據按年息2厘計算利息，並於每年六月十七日、九月十七日、十二月十七日及三月十七日按季度支付。投資者可按每股0.40港元（可予以調整）之初步兌換價兌換為本公司之股份，由根據有關之可換股貸款票據發行當日二零零三年三月十七日之後二十四個月之日至可換股貸款票據到期日（包括該日在內）止之期間。該等可換股貸款票據的到期日為二零零五年六月十六日。因行使換股權而需發行的股份在各方面都與本公司現時發行股份的地位等同。於到期日本公司將以本金額132.25%贖回可換股貸款票據。或者，投資者可選擇在二零零四年三月十七日或之後將部份或全部本金額按下列公式贖回：

$$\text{贖回金額} = 10,003,500 \text{ 港元} \times 1.15 \times \frac{1}{(1+0.15 \times A/365)}$$

A 即由二零零四年三月十七日（包括當天）至有關贖回日（不包括當天）的日數

二零零四年十二月三十一日  
31 December 2004

### 30. CONVERTIBLE LOAN NOTES AND FIXED RATE LOAN NOTES (continued)

Upon the request of the convertible loan notes investors, the Company has redeemed part of the convertible loan notes with an aggregate principal amount of US\$641,250 on 30 June 2004 at HK\$6,002,583. The Group has accrued premium on redemption of the above convertible loan notes amounting to HK\$1,250,844 (2003: HK\$1,185,762), which was charged to the profit and loss account. At the balance sheet date, the aggregate of convertible loan notes and accrued premium on redemption amounting to HK\$6,437,523 (2003: HK\$11,189,262) was recorded as a current liability (2003: non-current liability) in the balance sheet.

Pursuant to the Subscription Agreements, the Company also issued fixed rate loan notes with an aggregate principal amount of US\$1,282,500 (equivalent to approximately HK\$10,003,500). The fixed rate loan notes bore interest at the rate of 5% per annum, which is payable quarterly in arrears on 17 June, 17 September, 17 December, 17 March in each year. The notes were not convertible into ordinary shares in the Company. The fixed rate loan notes were redeemable at maturity by the Company at 115% of the principal value. Alternatively, they could be early redeemed at the option of the Company, at 108% of the principal value, on 17 March 2004.

During the year, on 17 March 2004, the Company exercised the option for early redemption of all issued fixed rate loan notes with an aggregate principal amount of US\$1,282,500 at 108% at US\$1,385,100 (equivalent to approximately HK\$10,803,780).

The Group has accrued premium on redemption of the above fixed rate loan notes amounting to HK\$164,441 prior to the notes being redeemed (2003: HK\$635,839), which was charged to the profit and loss account.

### 30. 可換股貸款票據及定息貸款票據 (續)

當可換股貸款票據投資者要求時，本公司已在二零零四年六月三十日以6,002,583港元（本金額合共641,250美元）贖回部份可換股貸款票據。其本集團已於本年度的損益表中計入可換股貸款票據於贖回時的應計溢價1,250,844港元（二零零三年：1,185,762港元）。於結算日，可換股貸款票據及應計贖回溢價總和為6,437,523港元（二零零三年：11,189,262港元），並已於資產負債表中流動負債（二零零三年：非流動負債）列出。

根據認購協議，本公司同時發行本金額合共1,282,500美元（相當於大約10,003,500港元）之定息貸款票據。定息貸款票據按年息5厘計算利息，於每年六月十七日、九月十七日、十二月十七日、三月十七日按季度支付。該票據不可轉換成本公司之普通股股份。本公司可於到期日以本金115%贖回定息貸款票據。或者，可於二零零四年三月十七日以本金108%贖回。

於年內二零零四年三月十七日，本公司已提前行使其權利，贖回本金額合共1,282,500美元已發行定息貸款票據以本金額之108%贖回，即1,385,100美元（相當於大約10,803,780港元）。

本集團已於本年度的損益表中計入以上之定息貸款票據於贖回時的應計溢價164,441港元（二零零三：635,839港元）。

二零零四年十二月三十一日  
31 December 2004

31. SHARE CAPITAL

31. 股本

Shares	股份	Group and Company 集團及公司	
		2004 二零零四年 HK\$ 港元	2003 二零零三年 HK\$ 港元
<i>Authorised:</i>	<i>法定股本:</i>		
900,000,000	900,000,000股		
(2003: 900,000,000)	(二零零三年: 900,000,000股)		
shares of HK\$0.10 each	每股面值0.10港元	<b>90,000,000</b>	90,000,000
<i>Issued and fully paid:</i>	<i>已發行及繳足股本:</i>		
265,504,800	265,504,800股		
(2003: 252,504,800)	(二零零三年: 252,504,800股)		
shares of HK\$0.10 each	每股面值0.10港元	<b>26,550,480</b>	25,250,480

During the year, on 10 July 2004, the subscription rights attaching to 13,000,000 share options were exercised at the subscription price of HK\$0.16 per share (note 32), resulting in the issue of 13,000,000 shares of HK\$0.10 each for a total cash consideration of HK\$2,080,000.

本年內，在二零零四年七月十日，13,000,000購股權賦予的認購權以每股港元0.16被行使（附註32），以致以現金代價2,080,000港元發行13,000,000，每股面值0.10港元的股票。

A summary of the transaction during the year with reference to the above movement in the issued share capital of the Company is as follows:

本公司已發行股本於年內的變動的概要如下：

		Number of shares 股份數目	Issued share capital 已發行股份 HK\$ 港元	Share premium account 股份溢價 HK\$ 港元	Total 合計 HK\$ 港元
At 1 January 2003	二零零三年一月一日	250,004,800	25,000,480	49,611,281	74,611,761
Share options exercised	已行使購股權	2,500,000	250,000	150,000	400,000
At 31 December 2003 and 1 January 2004	於二零零三年十二月三十一日及 二零零四年一月一日	252,504,800	25,250,480	49,761,281	75,011,761
Share options exercised	已行使購股權	13,000,000	1,300,000	780,000	2,080,000
<b>At 31 December 2004</b>	<b>於二零零四年 十二月三十一日</b>	<b>265,504,800</b>	<b>26,550,480</b>	<b>50,541,281</b>	<b>77,091,761</b>

二零零四年十二月三十一日  
31 December 2004

### 31. SHARE CAPITAL (continued)

#### Share options

Details of the Company's share option scheme are included in note 32 to the financial statements.

### 32. SHARE OPTION SCHEME

On 4 December 1996, the Company adopted a share option scheme (the "Old Scheme"), which was the first share option scheme of the Company, for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The Old Scheme was terminated and replaced by a new share option scheme at the annual general meeting of the Company held on 27 May 2002 (the "New Scheme"). Upon termination of the Old Scheme, no further options can be granted thereunder but in all other respects, the provisions of the Old Scheme shall remain in force and any options granted prior to such termination shall continue to be valid and exercisable in accordance therewith.

The maximum number of unexercised share options currently permitted to be granted under the Old Scheme and the New Scheme must not in aggregate exceed 30% of the shares of the Company in issue at any time.

### 31. 股本 (續)

#### 購股權

本公司之購股權計劃之詳情，已載於本財務報告附註32。

### 32. 購股權計劃

於一九九六年十二月四日，本公司採納一項購股權計劃（「舊計劃」），此亦是本公司第一個購股權計劃，目的是提供獎勵及報酬予對本集團業務成就作出貢獻之合資格參與者。本公司於二零零二年五月二十七日週年大會中通過終止舊計劃並以一項新的購股權計劃（「新計劃」）取代。舊計劃終止後，再沒有購股權可據此再授出，但在所有其他情況下，現有購股權計劃之條文仍然生效，而所有於終止前已授出之任何購股權將仍有效及可據該計劃獲行使。

根據舊計劃和新計劃所發行而尚未行使購股權之累計最大數目不得超過本公司於任何時候股票發行量的百分之三十。

**32. SHARE OPTION SCHEME (continued)**

**32. 購股權計劃 (續)**

A summary of the share option schemes of the Company is as follows:

本公司購股權計劃之概要：

	<b>Old Scheme 舊計劃</b>	<b>New Scheme 新計劃</b>
Purpose 目的	To provide incentives and rewards to eligible participants who contribute to the success of the Group's operations. 為對本集團營運成就有貢獻之合資格參與者作出獎勵及報酬。	To provide incentives and rewards to eligible participants for their contributions to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any entity in which the Group holds an equity interest ("Invested Entity"). 為鼓勵或獎賞合資格參與人士對本集團作出之貢獻及／或協助本集團聘請及留任能幹僱員及吸納對本集團與任何本集團持有其任何股本權益之公司(「所投資公司」)有重大價值之人力資源。
Participants 參與人士	Full-time employees (including executive directors) of the Company or any of its subsidiaries. 本公司或其任何附屬公司之全職僱員，包括執行董事。	(i) any employee (whether full-time or part-time), executive directors, non-executive directors and independent non-executive directors of the Company, any of its subsidiaries or any Invested Entity; (ii) 本公司、其任何附屬公司或其任何所投資公司之任何僱員(不論是全職或兼職)、執行董事、非執行董事及獨立非執行董事；

二零零四年十二月三十一日  
31 December 2004

### 32. SHARE OPTION SCHEME (continued)

### 32. 購股權計劃 (續)

	<b>Old Scheme</b> 舊計劃	<b>New Scheme</b> 新計劃
		<ul style="list-style-type: none"> <li data-bbox="1021 539 1410 927">(ii) any supplier of goods or services to any member of the Group or any Invested Entity; any customer of the Group or any Invested Entity; any person or entity that provides research, development or other technological support to the Group or any Invested Entity; and</li> <li data-bbox="1021 927 1410 1185">(ii) 向本集團任何成員公司或任何所投資公司提供貨物或服務之任何供應商;本集團或任何所投資公司之任何客戶;向本集團或任何所投資公司提供研究、開發或其他技術支援之任何人士或公司;及</li> <li data-bbox="1021 1185 1410 1401">(iii) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity.</li> <li data-bbox="1021 1401 1410 1595">(iii) 本集團任何成員公司或任何所投資公司之任何股東或本集團任何成員公司或任何所投資公司所發行任何證券之任何持有人。</li> </ul>
<p>Total number of ordinary shares available for issue and the percentage of the issued share capital that it represents as at the date of the annual report</p> <p>可予發行的普通股總數以及其於本年報日期佔已發行股本的百分比</p>	<p>Not applicable</p> <p>不適用</p>	<p>22,500,480 ordinary shares and 8.47% of the issued share capital.</p> <p>22,500,480股普通股及佔已發行股本之8.47%。</p>



**32. SHARE OPTION SCHEME (continued)**

**32. 購股權計劃 (續)**

	<b>Old Scheme</b> 舊計劃	<b>New Scheme</b> 新計劃
Maximum entitlement of each participant 每名參與人士可獲授權益上限	Shall not exceed 25% of the total number of ordinary shares in respect of the options that may be granted in accordance with the scheme. 不得超過根據本計劃可能授出之購股權獲行使所發行普通股股份總數目之25%。	Shall not exceed 1% of the issued share capital of the Company in any 12-month period. 在任何12個月內，不得超過本公司已發行股本之1%。
Period within which the securities must be taken up under an option 可根據購股權認購普通股股份的期限	An option may be exercised at any time during the 3-year period commencing on the expiry of six months after the date on which the option is accepted and expiring on the last day of the 3-year period or the tenth anniversary of the date on which the scheme is adopted by resolution of the Company in a general meeting, whichever is earlier. 購股權可於授出及被接納當日起計算六個月後之三年期內隨時行使，其期滿日為這三年期的最後一日，或該計劃於本公司股東大會被通過之決議案的十週年日，以較前者為準。	An option may be exercised at any time during a period to be determined and notified by the directors to each grantee, but shall end in any event not later than 10 years from the date of the grant of options subject to the provisions for early termination thereof. 購股權可於董事所決定並已知會各承授人之期間內任何時間獲行使，惟在任何情況下不得遲於由授出購股權日期起計10年（根據該計劃條款而提早終止購股權者則除外）。
Minimum period for which an option must be held before it can be exercised 購股權行使之前必須持有的最短期限	There is no minimum period for which an option granted must be held before it can be exercised. 購股權並無行使之前必須持有的最短期限。	There is no minimum period for which an option granted must be held before it can be exercised. 購股權並無行使之前必須持有的最短期限。
Amount payable on acceptance 接納購股權須付金額	The offer of a grant of share options may be accepted within 28 days from the date of the offer with a consideration of HK\$1.00 being payable by the grantee. 承授人可於授出購股權建議之日起二十八日內，在支付面值代價金額1.00港元後接納該建議。	The offer of a grant of share options may be accepted within 28 days from the date of the offer with a consideration of HK\$1.00 being payable by the grantee. 承授人可於授出購股權建議之日起二十八日內，在支付面值代價金額1.00港元後接納該建議。

二零零四年十二月三十一日  
31 December 2004

### 32. SHARE OPTION SCHEME (continued)

### 32. 購股權計劃 (續)

	<b>Old Scheme</b> 舊計劃	<b>New Scheme</b> 新計劃
Period within which payments/calls/loans must be made/repaid 付款或通知付款的期限或償還申請購股權貸款的期限	Not applicable. 不適用。	Not applicable. 不適用。
Basis of determining the exercise price 行使價的釐定基準	Determined by the directors based on the higher of (i) 80% of the average closing price of the ordinary shares on the Stock Exchange of the five trading days immediately preceding the date of the grant of options; and (ii) the nominal value of shares. 董事根據以下列較高者決定：(i)購股權授出日前五個交易日於聯交所之平均普通股收市價之80%；及(ii)股份面值。	Determined by the directors but shall not be less than the highest of (i) the closing price of the ordinary shares as stated in the Stock Exchange's daily quotation sheet on the date of offer of grant of options, which must be a trading day; (ii) the average closing price of the ordinary shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of grant of options; and (iii) the nominal value of shares. 由董事決定，惟不得低於下列中之較高者：(i)股份於提供授予購股權建議當日（須為交易日）之收市價（以聯交所日報表所載者為準）；(ii)股份於提供授予購股權建議日前五個交易日之平均收市價（以聯交所日報表所載者為準）；及(iii)股份面值。
The remaining life of the scheme 計劃尚餘的有效期	The scheme was terminated on 27 May 2002, but the provision of the scheme shall remain in force until 3 December 2006. 計劃已於二零零二年五月二十七日終止，但計劃之條文至二零零六年十二月三日止仍然生效。	The scheme remains in force until 26 May 2012. 計劃有效期至二零一二年五月二十六日止。
Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.		購股權持有人並不享有獲發紅利或於股東會上投票之權益。

二零零四年十二月三十一日  
31 December 2004

### 32. SHARE OPTION SCHEME (continued)

The particulars in relation to each share option scheme of the Company that are required under Rules 17.07 to 17.09 of Chapter 17 of the Listing Rules and SSAP 34 are disclosed as follows:

#### (a) Old Scheme

Name or category of participant	Number of share options 購股權數目					Date of grant of share options* 授出購股權日期*	Exercise period of share options 購股權之行使期	Exercise price of share options** 購股權之行使價**	Price of Company's shares*** 公司股份之價格***	
	At 1 January 2004	Exercised during the year	Lapsed during the year	Cancelled during the year	At 31 December 2004 於二零零四年十二月三十一日				At grant date 於購股權授出日期	At exercise date 於購股權行使日期
<b>Directors</b> 董事										
Chan Yau Wah 陳友華	2,500,000	(2,500,000)	-	-	-	12-1-2001	12-7-2001 to 11-7-2004	0.16	0.20	0.228
Chung Yik Cheung, Raymond 鍾奕昌	2,500,000	(2,500,000)	-	-	-	12-1-2001	12-7-2001 to 11-7-2004	0.16	0.20	0.228
	<u>5,000,000</u>	<u>(5,000,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>					
<b>Other employees</b> 其他僱員										
In aggregate 合計	8,000,000	(8,000,000)	-	-	-	12-1-2001	12-7-2001 to 11-7-2004	0.16	0.20	0.228
	<u>13,000,000</u>	<u>(13,000,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>					

### 32. 購股權計劃 (續)

根據上市規則第17章第17.07至17.09條及會計實務準則第34號，須予披露之本公司每一購股權計劃詳情如下：

#### (a) 舊計劃

Price of Company's shares\*\*\*  
公司股份之價格\*\*\*

HK\$  
港元

HK\$  
港元

HK\$  
港元

HK\$  
港元

HK\$  
港元

二零零四年十二月三十一日  
31 December 2004

## 32. SHARE OPTION SCHEME (continued)

### (a) Old Scheme

- \* *The vesting period of the share options is from the date of the grant until the commencement of the exercise period.*
- \*\* *The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.*
- \*\*\* *The price of the Company's shares disclosed as at the date of the grant of the share options is the Stock Exchange closing price on the trading day immediately prior to the date of the grant of the options. The price of the Company's shares disclosed as at the date of the exercise of the share options is the weighted average of the Stock Exchange closing prices over all of the exercises of options within the disclosure line.*

### (b) New Scheme

There have been no options to subscribe for ordinary shares in the Company being granted to any eligible participants, including the directors or their respective employees of the Company or any of its subsidiaries under the New Scheme.

The 13,000,000 share options exercised during the year resulted in the issue of 13,000,000 ordinary shares of the Company and new share capital of HK\$1,300,000 and share premium HK\$780,000, as detailed in note 31 to the financial statements.

Subsequent to the balance sheet date, on 26 January 2005, a total of 2,500,000 share options were granted to certain of employees of the Company in respect of their services to the Group in the forthcoming year with a consideration of HK\$1.00 payable by each grantee. These share options vest on 26 January 2005 and have an exercise price of HK\$0.26 per share and an exercise period from 1 April 2006 to 31 December 2012. The price of the Company's shares at the date of offer to grant was HK\$0.26 per share.

## 32. 購股權計劃 (續)

### (a) 舊計劃

- \* 購股權賦予權利的日期是由授出當日起計算直至行使期的開始日。
- \*\* 購股權的行使價是受到如配售新股或派送紅股，或本公司股本類同的更動而調整。
- \*\*\* 本公司於購股權授出日期所披露的股價是購股權授出當日起計算之前在香港聯合交易所第一個交易日的收市價。於行使購股權日期所披露之本公司股份價格是聯交所所報之收市價按披露類別內行使所有購股權後之加權平均數。

### (b) 新計劃

年內並無合資格人士，包括董事，本公司及其任何成員公司之僱員，於新計劃下獲授購股權證以認購本公司之普通股。

於年內13,000,000購股權獲行使引致本公司發行了13,000,000普通股及1,300,000港元的股本及780,000港元的股份溢價，詳情已載於購財務報告註31。

於結算日後之二零零五年一月二十六日，合共2,500,000認股權證以代價1港元授予某些本公司僱員以表他們對本集團來年的服務。這些認股權證於二零零五年一月二十六日授與，行使價為每股0.26港元及行使期間為二零零六年四月一日至二零一二年十二月三十一日。於授予認股權證當日，本公司股份價格為每股0.26港元。

### 33. RESERVES

#### (a) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 31 of the financial statements.

The contributed surplus of the Group arose as a result of the Group's reorganisation and represents the difference between the nominal value of the share capital of the former holding company of the Group, K & P Group (Holdings) Limited, prior to the Group's reorganisation in preparation for the listing of the Company's shares in 1996, over the nominal value of the share capital of the Company issued in exchange therefor, less the amount capitalised to pay up the nil-paid shares issued on the incorporation of the Company.

As detailed in note 3 to the financial statements, on the adoption of SSAP 30, the Group applied the transitional provision of SSAP 30 that permitted goodwill in respect of acquisitions which occurred prior to 1 January 2001, to remain eliminated against consolidated reserves or credited to the capital reserve.

Goodwill amounting to HK\$11,924,221 arising on the acquisition of subsidiaries in prior years, which is stated at its cost, remains eliminated against consolidated retained profits as explained in note 3 to the financial statements.

### 33. 儲備

#### (a) 集團

本年度及上年度本集團的儲備及變動已載於財務報告第31頁。

本集團之繳入盈餘源自集團重組，乃指集團於一九九六年為籌備本公司股份上市之重組前本集團之前控股公司堅實（控股）有限公司之股本面值較本公司為交換該等股份而發行股本面值所多出之數減資本化以繳付於本公司之註冊成立時所發行未繳款股份之數。

於財務報告附註3中已詳述，由於採納了會計實務準則第30條，本集團採納了會計實務準則第30條之過渡性條文，該條准許於二零零一年一月一日以前就收購所產生之商譽繼續在儲備撇銷。

由收購所產生總值11,924,221港元的商譽維持於保留溢利中撇銷，說明載於財務報告附註3。

## Notes to Financial Statements

二零零四年十二月三十一日  
31 December 2004

**33. RESERVES (continued)****(b) Company**

		Share premium account 股份溢價 HK\$ 港元	Warrant subscription reserve 認股權證 認購儲備 HK\$ 港元	Contributed surplus 繳入盈餘 HK\$ 港元	Retained profits/ (accumulated losses) 保留溢利/ (累計虧損) HK\$ 港元	Total 總額 HK\$ 港元
At 1 January 2003	於二零零三年一月一日	49,611,281	1,389,475	49,999,981	387,650	101,388,387
Issue of shares	發行股份	150,000	-	-	-	150,000
Warrant subscription reserve recognised as income upon expiry of warrants	認股權證認購儲備於 到期後確認為收入	-	(1,389,475)	-	-	(1,389,475)
Net profit for the year	該年度盈利	-	-	-	1,116,335	1,116,335
At 31 December 2003 and at 1 January 2004	於二零零三年十二月三十一日 及二零零四年一月一日	49,761,281	-	49,999,981	1,503,985	101,265,247
Issue of shares	發行股份	780,000	-	-	-	780,000
Net profit for the year	該年度盈利	-	-	-	4,528,376	4,528,376
Proposed final dividend	建議末期股息	-	-	-	(2,655,048)	(2,655,048)
<b>At 31 December 2004</b>	<b>於二零零四年十二月三十一日</b>	<b>50,541,281</b>	<b>-</b>	<b>49,999,981</b>	<b>3,377,313</b>	<b>103,918,575</b>

The contributed surplus of the Company represents the difference between the underlying consolidated net assets of K & P Group (Holdings) Limited and its subsidiaries at the date on which the Group's reorganisation became effective, referred to in note 33(a), over the nominal value of the share capital of the Company issued in exchange therefor, less the amount capitalised to pay up the nil-paid shares issued on the incorporation of the Company.

Under the Companies Act 1981 of Bermuda (as amended), the Company may make distributions to its members out of the contributed surplus in certain circumstances.

**33. 儲備 (續)****(b) 公司**

		Share premium account 股份溢價 HK\$ 港元	Warrant subscription reserve 認股權證 認購儲備 HK\$ 港元	Contributed surplus 繳入盈餘 HK\$ 港元	Retained profits/ (accumulated losses) 保留溢利/ (累計虧損) HK\$ 港元	Total 總額 HK\$ 港元
At 1 January 2003	於二零零三年一月一日	49,611,281	1,389,475	49,999,981	387,650	101,388,387
Issue of shares	發行股份	150,000	-	-	-	150,000
Warrant subscription reserve recognised as income upon expiry of warrants	認股權證認購儲備於 到期後確認為收入	-	(1,389,475)	-	-	(1,389,475)
Net profit for the year	該年度盈利	-	-	-	1,116,335	1,116,335
At 31 December 2003 and at 1 January 2004	於二零零三年十二月三十一日 及二零零四年一月一日	49,761,281	-	49,999,981	1,503,985	101,265,247
Issue of shares	發行股份	780,000	-	-	-	780,000
Net profit for the year	該年度盈利	-	-	-	4,528,376	4,528,376
Proposed final dividend	建議末期股息	-	-	-	(2,655,048)	(2,655,048)
<b>At 31 December 2004</b>	<b>於二零零四年十二月三十一日</b>	<b>50,541,281</b>	<b>-</b>	<b>49,999,981</b>	<b>3,377,313</b>	<b>103,918,575</b>

本公司之繳入盈餘指堅寶(控股)有限公司及其附屬公司於集團重組生效之日之綜合資產淨值高出本公司所發行以交換該公司股本面值之數,詳情載錄於財務報告附註33(a)。減去繳足資本化以於本公司之註冊成立日所發行未繳款股份之數。

根據百慕達一九八一年公司法(經修訂)之許可,本公司可在某些情況下從繳入盈餘中撥款向其股東作出分派。

二零零四年十二月三十一日  
31 December 2004

**34. NOTE TO THE CONSOLIDATED CASH FLOW STATEMENT**

**Major non-cash transaction**

During the year, the Group entered into finance lease arrangements in respect of fixed assets with a total capital value at the inception of the leases of HK\$8,060,697 (2003: HK\$10,030,418).

**35. CONTINGENT LIABILITIES**

Bills discounted with recourse 有追索權之貼現票據  
Guarantee of loan facilities 附屬公司之貸款擔保  
granted to subsidiaries

**34. 綜合現金流量表附註**

**重大非現金交易**

本集團年內關於固定資產而簽訂的融資租約安排，涉及之資產總值於租約生效時為 8,060,697 港元（二零零三年：10,030,418 港元）。

**35. 或然負債**

	Group 集團		Company 公司	
	2004 二零零四年 HK\$ 港元	2003 二零零三年 HK\$ 港元	2004 二零零四年 HK\$ 港元	2003 二零零三年 HK\$ 港元
Bills discounted with recourse	3,915,244	5,721,820	-	-
Guarantee of loan facilities granted to subsidiaries	-	-	113,927,956	88,379,823
	<b>3,915,244</b>	<b>5,721,820</b>	<b>113,927,956</b>	<b>88,379,823</b>

As at 31 December 2004, the bank facilities granted to the subsidiaries subject to guarantees given to the banks by the Company were utilised to the extent of approximately HK\$52 million (2003: HK\$41 million).

於二零零四年十二月三十一日，本公司之附屬公司獲授付有本公司向銀行提供之貸款擔保之銀行備用額中，已耗用約 52,000,000 港元（二零零三年：41,000,000 港元）。

二零零四年十二月三十一日  
31 December 2004

### 36. OPERATING LEASE ARRANGEMENTS

The Group leases certain of its office properties and factories under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to three years.

At the balance sheet date, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

Within one year	於一年內
In the second to fifth years, inclusive	於第二至第五年 (包括首尾兩年)

At the balance sheet date, the Company did not have any future minimum lease payments under non-cancellable operating leases.

### 37. COMMITMENTS

In addition to the operating lease commitments detailed in note 36 above, the Group had the following commitments at the balance sheet date:

Capital commitments contracted, but not provided for:	已簽約資本承擔, 但尚未作撥備:
Land and buildings	租賃土地及樓宇
Plant and machinery	機械設備
Investment in an associate	對聯營公司之投資

At the balance sheet date, the Company did not have any significant capital commitments.

### 36. 經營租約安排

本集團根據經營租約安排租用若干辦公室物業及廠房。該等租約之議定期期介乎1年至3年不等。

於結算日，本集團根據不能取消經營租約之未來最低應付租金總額將於下列期間到期：

Group 集團	
2004 二零零四年 HK\$ 港元	2003 二零零三年 HK\$ 港元
488,813	362,618
608,643	—
<b>1,097,456</b>	<b>362,618</b>

於結算日，本公司並無任何根據不能取消經營租約之未來最低應付租金。

### 37. 承擔

除於附註36詳列之經營租約承擔，本集團於結算日有下列承擔：

Group 集團	
2004 二零零四年 HK\$ 港元	2003 二零零三年 HK\$ 港元
—	4,650,000
—	109,275
—	3,198,000
<b>—</b>	<b>7,957,275</b>

在結算日，本公司並無任何重大資本或經營租約承擔。



二零零四年十二月三十一日  
31 December 2004

### 38. RELATED PARTY TRANSACTIONS

- (a) Details of the Group's loans to an associate are included in note 18 to the financial statements.
- (b) Certain of the Group's banking facilities amounting to HK\$69,791,000 (2003: HK\$47,000,000), of which HK\$30 million (2003: HK\$22 million) had been utilised as at the balance sheet date, were secured by personal guarantees given by a director of the Company. The director received no consideration for providing these guarantees.

### 39. POST BALANCE SHEET EVENT

Subsequent to the balance sheet date, a party filed a patent infringement claim and complaint with certain authorities in the USA against the Company and certain of its subsidiaries. The directors, based on the advice from the Group's legal counsel, believe that the Group has a strong likelihood of success in defending all claims asserted against the Group by such party and, accordingly, have not provided for the claim in the financial statements.

### 40. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 26 April 2005.

### 38. 關連人士交易

- (a) 本集團向聯營公司之墊款詳情已載錄於財務報告附註18。
- (b) 本集團部份備用信貸約69,791,000港元，其中於結算日已被使用的30,000,000港元是由一位公司董事作個人擔保抵押。而該董事並沒有就所作出之擔保收取報酬。

### 39. 結算日後事項

於結算日後，有一公司向美國法律部門對本公司及某些附屬公司提出侵犯專利權之指控及投訴。董事根據本集團法律顧問的意見，相信本集團極大機會成功駁回該公司對本集團的所有指控，故此未於財務報告中對此指控作出撥備。

### 40. 財務報告之批准

董事會已於二零零五年四月二十六日批准及核准刊發財務報告。