Notes to Financial Statements
財務報表附註

(31 December 2006)
(二零零六年十二月三十一日)

1. CORPORATE INFORMATION

Haier Electronics Group Co., Ltd. is a limited liability company incorporated in Bermuda. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

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

- manufacture and sale of washing machines
- manufacture and sale of water heaters
- manufacture and sale of mobile handsets — discontinued operation (note 13)

2. BUSINESS COMBINATIONS INVOLVING ENTITIES UNDER COMMON CONTROLS AND BASIS OF PRESENTATION

On 31 December 2006, the Company acquired from its controlling shareholders, Haier Group Corporation ("Haier Corp") and Qingdao Haier Investment and Development Co., Ltd. ("Haier Investment") (collectively referred to as "Haier Group"), their entire 100% interest in Haier Electrical Appliances Fourth Holdings (BVI) Limited ("Haier SPV") at a consideration of HK$900 million (the "Asset Transfer"). The consideration was satisfied by:

(i) offsetting the outstanding principal amount of a promissory note of approximately HK$420 million (the "Promissory Note") and its accrued interest of approximately HK$11 million.

The Promissory Note was issued to the Company by Qingdao Haier Group Holdings (BVI) Limited ("Haier BVI") on 27 June 2006 as the consideration for acquiring the Group's entire interest in Pegasus Telecom (Qingdao) Co., Ltd. ("Pegasus Qingdao") and Pegasus Electronic (Qingdao) Co., Ltd. ("Pegasus Electronic") for approximately HK$411 million, as further detailed in note 13 below, and as the consideration for assigning the Group's receivable amounts due from Pegasus Qingdao and Pegasus Electronic to Haier BVI for approximately HK$9 million;

1. 公司資料

海爾電器集團有限公司為於百慕達註冊成立之有限公司。本公司註冊辦事處位於Clarendon House, 2 Church Street, Hamilton, HM11, Bermuda 。

本年度內，本集團從事下列主要業務：

- 製造及銷售洗衣機
- 製造及銷售熱水器
- 製造及銷售移動電話 — 已終止經營業務（附註13）

2. 涉及受共同控制實體之業務合併及呈報基準

於二零零六年十二月三十一日，本公司向其控股股東海爾集團公司（「海爾集團公司」）及青島海爾投資發展有限公司（「海爾投資」）（統稱「海爾集團」）收購其於海爾電器第四控股（BVI）有限公司（「海爾SPV」）之全部100%權益，代價為900,000,000港元（「資產轉讓」）。代價以下列方式支付：

(i) 抵銷承付票據之未償還本金額約420,000,000港元（「承付票據」）及其應計利息約11,000,000港元。

承付票據由青島海爾集團控股（BVI）有限公司（「海爾BVI」）於二零零六年六月二十七日向本公司發出，作為以約411,000,000港元收購本集團於飛馬通訊（青島）有限公司（「飛馬青島」）及飛馬電子（青島）有限公司（「飛馬電子」）之全部權益（詳情載於下文附註13）之代價，及作為向海爾BVI轉讓本集團應收飛馬青島及飛馬電子款項約9,000,000港元之代價；

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2. BUSINESS COMBINATIONS INVOLVING ENTITIES UNDER COMMON CONTROLS AND BASIS OF PRESENTATION *(Cont'd)*

(ii) issue of 1,000 million ordinary shares of the Company at HK$0.24 each;

(iii) offsetting non-interest-bearing receivables of approximately HK$60 million due from Haier Group to certain subsidiaries of Haier SPV (the "Offsetting Receivables"); and

(iv) a payable to Haier Electrical Appliances Third Holdings (BVI) Limited ("Haier Third BVI"), a subsidiary of Haier Group, of approximately HK$169 million which is unsecured, due to be repayable within one year and interest-bearing at 4% per annum (the "Deferred Consideration").

The subsidiaries of Haier SPV are principally engaged in the manufacture and sale of washing machines and water heaters. Haier SPV and its subsidiaries are collectively referred to as the "Haier SPV Group".

As the Company and Haier SPV Group are under the common control of Haier Group before and after the Asset Transfer, the Asset Transfer has been accounted for in the combined financial statements of the Group as a business combination under common control using merger accounting under the Accounting Guideline 5 *Merger Accounting for Common Control Combinations* issued by the Hong Kong Institute of Certified Public Accountants. As a result, the operating results of Haier SPV Group for the years ended 31 December 2006 and 2005 and the assets and liabilities of Haier SPV Group as at 31 December 2006 and 2005 have been included in the combined income statement and combined balance sheet of the Group.

2. 涉及受共同控制實體之業務合併及呈報基準 *(續)*

(ii) 按每股0.24港元發行1,000,000,000股本公司普通股；

(iii) 抵銷海爾集團結欠海爾SPV若干附屬公司之不計息應收款項約60,000,000港元（「抵銷應收款項」）；及

(iv) 應付海爾集團之附屬公司海爾電器第三控股(BVI)有限公司(「海爾第三BVI」)之款項約169,000,000港元，乃無抵押、須於一年內償還及按年利率4厘計息(「遞延代價」)。

海爾SPV之附屬公司主要從事製造及銷售洗衣機及熱水器。海爾SPV及其附屬公司統稱為「海爾SPV集團」。

由於於資產轉讓前及後，本集團及海爾SPV集團均共同受海爾集團控制，故根據香港會計師公會頒佈之會計指引第5號*共同控制合併之合併會計法*，資產轉讓已計入本集團之合併財務報表作為業務合併。因此，海爾SPV集團截至二零零六年及二零零五年十二月三十一日止年度之經營業績及海爾SPV集團於二零零六年及二零零五年十二月三十一日之資產及負債已計入本集團之合併收益表及合併資產負債表。

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2. BUSINESS COMBINATIONS INVOLVING ENTITIES UNDER COMMON CONTROLS AND BASIS OF PRESENTATION *(Cont'd)*

The operating results previously reported by the Group for the year ended 31 December 2005 have been restated to include the operating results of Haier SPV Group as set out below:

2. 涉及受共同控制實體之業務合併及呈報基準*(續)*

本集團過往呈報截至二零零五年十二月三十一日止年度之經營業績經已重列以包括海爾SPV集團之經營業績載列如下：

		The Group (as previously reported) 本集團（如前呈報） HK$'000 千港元	Haier SPV Group 海爾SPV集團 HK$'000 千港元	Reclassification 重新分類 HK$'000 千港元 *(note)* *(附註)*	The Group (combined) 本集團（合併） HK$'000 千港元
Operating results:	經營業績：				
Revenue	收益	4,940,474	2,229,492	(1,628,830)	5,541,136
Profit/(loss) before tax	除税前溢利╱（虧損）	(400,982)	104,542	471,025	174,585
Profit/(loss) for the year	年內溢利╱（虧損）	(417,837)	90,355	—	(327,482)

Note: The reclassification relates to the disposal of Pegasus Qingdao and Pegasus Electronic during the year and they are regarded as a discontinued operation under Hong Kong Financial Reporting Standard 5 *Non-current Assets Held for Sale and Discontinued Operations*. Therefore, the revenue and loss before tax amounts in respect of Pegasus Qingdao and Pegasus Electronic were reclassified to and included in the "Profit/(loss) for the year from a discontinued operation" on the face of the combined income statement, as further detailed in note 13 to the financial statements.

附註： 重新分類乃與於年內出售飛馬青島及飛馬電子有關，根據香港財務報告準則第5號*持作出售之非流動資產及已終止經營業務*，其被視為已終止經營業務。因此，有關飛馬青島及飛馬電子之收益及除税前虧損金額已重新分類至並計入合併收益表之「已終止經營業務之年內溢利╱（虧損）」，詳情載於財務報表附註13。

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2. BUSINESS COMBINATIONS INVOLVING ENTITIES UNDER COMMON CONTROLS AND BASIS OF PRESENTATION *(Cont'd)*

The financial position previously reported by the Group at 31 December 2005 has been restated to include the assets and liabilities of Haier SPV Group as set out below:

2. 涉及受共同控制實體之業務合併及呈報基準 *(續)*

本集團過往於二零零五年十二月三十一日呈報之財務狀況經已重列，以包括海爾SPV集團之資產及負債載列如下：

		The Group (as previously reported) 本集團（如前呈報） HK$'000 千港元	Haier SPV Group 海爾SPV集團 HK$'000 千港元	The Group (combined) 本集團（合併） HK$'000 千港元
Financial position:	財務狀況：			
Non-current assets	非流動資產	677,923	433,280	1,111,203
Current assets	流動資產	1,820,845	587,675	2,408,520
Current liabilities	流動負債	(1,574,323)	(576,004)	(2,150,327)
Non-current liabilities	非流動負債	(220,334)	(39,640)	(259,974)
Equity	權益	(704,111)	(405,311)	(1,109,422)

3.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which also include Hong Kong Accounting Standards ("HKASs") and Interpretations issued by 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. These financial statements are presented in Hong Kong dollars (HK$) and all values are rounded to the nearest thousand (HK$'000) except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2006. The results of subsidiaries acquired are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

3.1 編製基準

此等財務報表乃按香港會計師公會所頒佈之香港財務報告準則(「香港財務報告準則」)(當中亦包含香港會計準則(「香港會計準則」)及詮釋)、香港普遍接納之會計原則及香港公司條例之披露規定而編製。此等財務報表乃按歷史成本慣例編製。此等財務報表之呈列貨幣為港元，而除另有指明外，所有價值均約整至最接近之千元。

綜合賬目基準

綜合財務報表包括本公司及其附屬公司截至二零零六年十二月三十一日止年度之財務報表。所購入之附屬公司之業績由收購之日期(即本集團取得控制權當日)起綜合入賬，並一直綜合直至控制權終止當日為止。本集團內所有公司間之重大交易及結餘已於綜合賬目時對銷。

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3.1 BASIS OF PREPARATION *(Cont'd)*

Basis of consolidation *(Cont'd)*

Minority interests represent the interests of outside shareholders not held by the Group in the results and net assets of the Company's subsidiaries.

3.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements. Except for in certain cases, giving rise to new and revised accounting policies and additional disclosures, the adoption of these new and revised standards and interpretation has had no effect on these financial statements.

HKAS 21 Amendment	Net Investment in a Foreign Operation
HKAS 39 & HKFRS 4 Amendments	Financial Guarantee Contracts
HKAS 39 Amendment	Cash Flow Hedge Accounting of Forecast Intragroup Transactions
HKAS 39 Amendment	The Fair Value Option
HK(IFRIC)-Int 4	Determining whether an Arrangement contains a Lease

The principal changes in accounting policies are as follows:

(a) HKAS 21 The Effects of Changes in Foreign Exchange Rates

Upon the adoption of the HKAS 21 Amendment regarding a net investment in a foreign operation, all exchange differences arising from a monetary item that forms part of the Group's net investment in a foreign operation are recognised in a separate component of equity in the consolidated financial statements irrespective of the currency in which the monetary item is denominated. This change has had no material impact on these financial statements as at 31 December 2006 or 31 December 2005.

3.1 編製基準 *(續)*

綜合賬目基準 *(續)*

少數股東權益指並非由本集團持有之外間股東應佔本公司附屬公司之業績及資產淨值之權益。

3.2 新訂及經修訂香港財務報告準則之影響

本集團已於本年度之財務報表首次採納下列新訂及經修訂香港財務報告準則。除若干情況引致新訂及經修訂之會計政策及額外披露外，採納此等新訂及經修訂準則及詮釋對此等財務報表並無構成重大影響。

香港會計準則第21號（修訂）	於海外業務之投資淨值
香港會計準則第39號及香港財務報告準則第4號（修訂）	財務擔保合約
香港會計準則第39號（修訂）	預測集團內公司間交易之現金流量對沖會計法
香港會計準則第39號（修訂）	選擇以公平值入賬
香港（國際財務匯報準則）詮釋第4號	釐定安排是否包含租賃

會計政策之主要變動如下：

(a) 香港會計準則第21號外幣匯率變動的影響

於採納有關於海外業務之投資淨值之香港會計準則第21號（修訂）後，所有構成本集團於海外業務投資淨值部分之貨幣項目所產生之匯兑差額乃於綜合財務報表內確認權益之獨立部分，而不論貨幣項目以何種貨幣列值。此項變動並無對此等於二零零六年十二月三十一日或二零零五年十二月三十一日之財務報表構成重大影響。

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3.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(Cont'd)*

(b) HKAS 39 Financial Instruments: Recognition and Measurement

(i) Amendment for financial guarantee contracts

This amendment has revised the scope of HKAS 39 to require financial guarantee contracts issued that are not considered insurance contracts, to be recognised initially at fair value and to be remeasured at the higher of the amount determined in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 Revenue. The adoption of this amendment has had no material impact on these financial statements.

(ii) Amendment for the fair value option

This amendment has changed the definition of a financial instrument classified as fair value through profit or loss and has restricted the use of the option to designate any financial asset or any financial liability to be measured at fair value through the income statement. The Group had not previously used this option, and hence the amendment has had no effect on the financial statements.

(iii) Amendment for cash flow hedge accounting of forecast intragroup transactions

This amendment has revised HKAS 39 to permit the foreign currency risk of a highly probable intragroup forecast transaction to qualify as a hedged item in a cash flow hedge, provided that the transaction is denominated in a currency other than the functional currency of the entity entering into that transaction and that the foreign currency risk will affect the consolidated income statement. As the Group currently has no such transactions, the amendment has had no effect on these financial statements.

3.2 新訂及經修訂香港財務報告準則之影響*(續)*

(b) 香港會計準則第39號金融工具：確認及計量

(i) 對財務擔保合約之修訂

此項修訂對香港會計準則第39號之範圍所出修改，以要求已發出但不獲認定為保險合約之財務擔保合約，須首先以公平值確認，再按香港會計準則第37號*撥備、或然負債及或然資產*釐定之金額與首次確認之金額減(如適用)根據香港會計準則第18號收益所確認之累計攤銷(以較高者為準)計量。

(ii) 對選擇以公平值入賬之修訂

此修訂改變對以公平值入賬之金融工具之定義及限制使用選擇權指定任何金融資產須透過收益表以公平值計量。本集團過往並無使用此選擇權，故修訂對財務報表並無構成影響。

(iii) 對預測集團內公司間交易之現金流量對沖會計法之影響

此修訂乃修訂香港會計準則第39號，以准許一個高可能性成為集團內公司間交易之外幣風險符合為現金對沖之一個對沖項目，惟該交易所選定之貨幣須為進行交易實體之功能貨幣以外之貨幣，及該外幣風險對綜合收益表有所影響。由於本集團目前並無該等交易，故修訂對此等財務報表並無構成影響。

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3.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(Cont'd)*

(c) HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease

The Group has adopted this interpretation as of 1 January 2006, which provides guidance in determining whether arrangements contain a lease to which lease accounting must be applied. This interpretation has had no material impact on these financial statements.

3.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs that have been issued but are not yet effective, in these financial statements.

HKAS 1 Amendment	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HKFRS 8	Operating Segment
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29 *Financial Reporting in Hyperinflationary Economies*
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment
HK(IFRIC)-Int 11	HKFRS 2 — Group and Treasury Share Transactions
HK(IFRIC)-Int 12	Service Concession Arrangements

The HKAS 1 Amendment shall be applied for annual periods beginning on or after 1 January 2007. The revised standard will affect the disclosures about qualitative information about the Group's objective, policies and processes for managing capital; quantitative data about what the Company regards as capital; and compliance with any capital requirements and the consequences of any non-compliance.

3.2 新訂及經修訂香港財務報告準則之影響*（續）*

(c) 香港（國際財務匯報準則）詮釋第4號釐定安排是否包含租賃

本集團已於二零零六年一月一日採納此詮釋，此詮釋為釐定安排是否包含租賃提供必須應用租賃會計之指引。此詮釋對此等財務報表並無構成重大影響。

3.3 已頒佈但尚未生效之香港財務報告準則之影響

本集團尚未於此等財務報表採納下列已頒佈但尚未生效之新訂及經修訂香港財務報告準則。

香港會計準則第1號（修訂）	資本披露
香港財務報告準則第7號	金融工具：披露
香港財務報告準則第8號	經營分類
香港（國際財務匯報準則）詮釋第7號	根據香港會計準則第29號*嚴重通貨膨脹經濟中之財務報告*採用重列法
香港（國際財務匯報準則）詮釋第8號	香港財務報告準則第2號的範圍
香港（國際財務匯報準則）詮釋第9號	重新評估內含衍生工具
香港（國際財務匯報準則）詮釋第10號	中期財務報告及減值
香港（國際財務匯報準則）詮釋第11號	香港財務報告準則第2號 — 集團及庫存股份交易
香港（國際財務匯報準則）詮釋第12號	服務特許權安排

香港會計準則第1號（修訂）須於二零零七年一月一日或之後開始之年度期間應用。經修訂準則影響本集團管理資本之目標、政策及過程之定性資料、本公司視作資本項目之定量數據及已符合之任何資本規定及不符合的影響之後果之披露。

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3.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(Cont'd)*

HKFRS 7 shall be applied for annual periods beginning on or after 1 January 2007. The standard requires disclosures that enable users of the financial statements to evaluate the significance of the Group's financial instruments and the nature and extent of risks arising from those financial instruments.

HKFRS 8 shall be applied for annual periods beginning on or after 1 January 2009. The standard requires the disclosure of information about the operating segments of the Group, the products and services provided by the segments, the geographical areas in which the Group operates, and revenues from the Group's major customers. This standard will supersede HKAS 14 *Segment Reporting*.

HK(IFRIC)-Int 7, HK(IFRIC)-Int 8, HK(IFRIC)-Int 9, HK(IFRIC)-Int 10, HK(IFRIC)-Int 11 and HK(IFRIC)-Int 12 shall be applied for annual periods beginning on or after 1 March 2006, 1 May 2006, 1 June 2006, 1 November 2006, 1 March 2007 and 1 January 2008, respectively.

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, it has concluded that while the adoption of the HKAS 1 Amendment, HKFRS 7 and HKFRS 8 may result in new or amended disclosures, these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

3.3 已頒佈但尚未生效之香港財務報告準則之影響*（續）*

香港財務報告準則第7號須於二零零七年一月一日或之後開始之年度期間應用。此準則要求作出能夠使財務報表使用者評估本集團金融工具之重要性，及由該等金融工具產生之風險性質及範圍之披露。

香港財務報告準則第8號須於二零零九年一月一日或之後開始之年度期間應用。此準則要求披露有關本集團經營分類、分類所提供產品及服務、本集團經營所在地區及來自本集團主要客戶之收益之資料。此準則將取代香港會計準則第14號*分類呈報*。

香港（國際財務匯報準則）詮釋第7號、香港（國際財務匯報準則）詮釋第8號、香港（國際財務匯報準則）詮釋第9號、香港（國際財務匯報準則）詮釋第10號、香港（國際財務匯報準則）詮釋第11號及香港（國際財務匯報準則）詮釋第12號分別須於二零零六年三月一日、二零零六年五月一日、二零零六年六月一日、二零零六年十一月一日、二零零七年三月一日及二零零八年一月一日或之後開始之年度期間應用。

本集團正在評估於首次應用此等新訂及經修訂香港財務報告準則之影響。至今所得結論為，採納香港會計準則第1號（修訂）、香港財務報告準則第7號及香港財務報告準則第8號可能引致新訂或經修訂之披露，惟此等新訂及經修訂香港財務報告準則不大可能對本集團之經營業績及財政狀況構成重大影響。

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3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity 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 income statement to the extent of dividends received and receivable. The Company's interests in subsidiaries are stated at cost less any impairment losses.

Joint ventures

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

The joint venture agreement between the venturers stipulates the capital contributions of the joint venture parties, the duration of the joint venture entity and the basis on which the assets are to be realised upon its dissolution. The profits and losses from the joint venture'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 is treated as:

(a) a subsidiary, if the Group has unilateral control, directly or indirectly, over the joint venture;

(b) a jointly-controlled entity, if the Group does not have unilateral control, but has joint control, directly or indirectly, over the joint venture;

(c) an associate, if the Group does not have unilateral or joint control, but holds, directly or indirectly, generally not less than 20% of the joint venture's registered capital and is in a position to exercise significant influence over the joint venture; or

(d) an equity investment accounted for in accordance with HKAS 39, if the Group holds, directly or indirectly, less than 20% of the joint venture's registered capital and has neither joint control of, nor is in a position to exercise significant influence over, the joint venture.

3.4 主要會計政策概要

附屬公司

附屬公司指本公司直接或間接控制其財政及經營政策以自該實體之業務獲益之實體。

附屬公司之業績按已收及應收之股息，計入本公司之收益表。本公司於附屬公司之權益乃按成本減任何減值虧損列賬。

合資企業

合資企業為按合約按排成立之實體，由此本集團及其他訂約方承擔一經濟活動。該合資企業乃本集團及其他訂約方擁有權益之獨立經營實體。

合資各方訂立之合營企業協議訂明合資各方之出資額、合資期限以及於合資企業解散時將予變現資產之基準。合資企業之經營損益及任何盈餘資產由合營各方按彼等各自之出資額比例或按合資企業協議之條款進行分配。

合資企業會被視為：

(a) 附屬公司，如本集團對合資企業直接或間接擁有單方面之控制權；

(b) 共同控制實體，如本集團對合資企業並無單方面控制權，但有直接或間接共同控制權；

(c) 聯營公司，如本集團並無單方面或共同之控制權，但直接或間接持有一般不少於20%之合資企業註冊資本及對其有重大影響力；或

(d) 按其指示香港會計準則第39號處理之股份投資，如本集團直接或間接持有不足20%之合資企業註冊資本，且對合資企業並無共同控制權，或對其並無重大影響力。

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3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Goodwill

Goodwill arising on the acquisition of subsidiaries represents the excess of the cost of the business combination over the Group's interest in the net fair value of the acquirees' identifiable assets acquired, and liabilities and contingent liabilities assumed as at the date of acquisition.

Goodwill arising on acquisition is recognised in the consolidated balance sheet as an asset initially measured at cost and subsequently at cost less any accumulated impairment losses.

The carrying amount of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than a segment based on either the Group's primary or the Group's secondary reporting format determined in accordance with HKAS 14 *Segment Reporting*.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised.

3.4 主要會計政策概要*(續)*

商譽

收購附屬公司所產生之商譽，乃指業務合併成本超出本集團於收購日期應佔所收購公司可識別資產、負債及或然負債公平淨值之差額。

因收購而產生之商譽首先按成本於綜合資產負債表確認，其後按成本減任何累計減值虧損計量。

商譽之賬面值每年或於發生事項或變動顯示賬面值可能減值時檢討有否減值。

於評估有否減值時，業務合併所收購之商譽由收購日期起分配至預期可受惠於合併協同效應之本集團各項或各組現金產生單位，而不計及本集團有否其他資產或負債已分配至該等單位。獲分配商譽之各項或各組單位：

- 指本集團為內部管理而監察商譽之最小單位；及
- 不大於根據香港會計準則第14號*分類呈報*所釐定之本集團主要或本集團次要報告形式之分類。

減值乃根據商譽有關之現金產生單位（一組現金產生單位）之可收回金額評估而計算。若現金產生單位（一組現金產生單位）之可收回金額低於賬面值，則確認減值虧損。

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3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Goodwill *(Cont'd)*

Where goodwill forms part of a cash-generating unit (group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

An impairment loss recognised for goodwill is not reversed in a subsequent period.

Excess over the cost of business combinations

Any excess of the Group's interest in the net fair value of the acquirees' identifiable assets, liabilities and contingent liabilities over the cost of the acquisition of subsidiaries (previously referred to as negative goodwill), after reassessment, is recognised immediately in the income statement.

Impairment of non-financial assets other than goodwill

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets, financial assets and goodwill), the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the income statement in the period in which it arises.

3.4 主要會計政策概要*(續)*

商譽*(續)*

若商譽為現金產生單位(一組現金產生單位)一部分，而該單位之部分業務被出售，則於計算出售業務損益時，相關商譽將計入所出售業務之賬面值。在此情況下出售之商譽根據所出售業務之相關價值及所保留現金產生單位之部分計量。

已確認之商譽減值虧損不得在往後期間撥回。

超逾業務合併成本之差額

本集團應佔所收購公司可識別資產負債及或然負債公平淨值超逾附屬公司收購成本之任何差額(前稱負商譽)，於重估後即時於收益表確認。

商譽以外之非財務資產減值

倘出現任何減值跡象或按規定每年檢討資產(不包括存貨、遞延稅項資產、財務資產及商譽)顯示減值，則會估計資產之可收回數額。資產之可收回數額乃按資產或現金產生單位之使用價值或公平值減銷售成本兩者中之較高者計算，而個別資產須分開計算，惟若資產並不產生明顯獨立於其他資產或資產組別之現金流入，則可收回數額按資產所屬現金產生單位之可收回數額計算。

當資產之賬面值超出其可收回數額時，方會確認減值虧損。評估使用價值時，估計未來現金流量按可反映貨幣時間價值及資產特定風險之現時市場評估之稅前貼現率貼現為現值。減值虧損乃於產生期間在收益表中扣除。

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3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Impairment of non-financial assets other than goodwill *(Cont'd)*

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that 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 such impairment loss is credited to the income statement in the period in which it arises.

Related parties

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

(a) the party, directly or indirectly through one or more intermediaries, the party (i) controls, is controlled by, or is under common control with, the Group; (ii) has an interest in the Group that gives it significant influence over the Group; or (iii) has joint control over the Group;

(b) the party is an associate;

(c) the party is a jointly-controlled entity;

(d) the party is a member of the key management personnel of the Company or its parent;

(e) the party is a close member of the family of any individual referred to in (a) or (d);

(f) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or

(g) the party is a post-employment benefit plan for the benefit of the employees of the Group, or of any entity that is a related party of the Group.

3.4 主要會計政策概要*(續)*

商譽以外之非財務資產減值*(續)*

於各申報日期，將評估有否跡象顯示過往已確認之減值虧損不再存在或可能減少。若出現上述跡象，則估計可收回數額。當用以釐定資產可收回數額之估計方法有變時，方會撥回先前已確認之資產減值虧損(商譽除外)，惟撥回之數額不得超逾假設過往年度並無就該項資產確認減值虧損之原賬面值(已扣除任何折舊／攤銷)。撥回之減值虧損乃於產生期間計入收益表。

關連人士

下列人士將視為與本集團有關連：

(a) 直接或間接透過一個或多個中介機構(i)控制本集團、受本集團控制或與本集團共同受他人控制；(ii)擁有本集團權益而對本集團有重大影響力；或(iii)受本集團共同控制之人士；

(b) 聯繫人；

(c) 共同控制實體；

(d) 本集團或其母公司之主要管理人員；

(e) (a)或(d)所述任何個別人士之直屬親屬；

(f) (d)或(e)所述任何個別人士直接或間接控制、共同控制或可發揮重大影響力或持有大部分投票權之實體；或

(g) 以本集團或屬本集團關連人士之任何實體之僱員為受益人之離職後福利計劃。

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3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5 *Non-current Assets and Disposal Groups Held for Sale and Discontinued Operations*. The cost of an item of property, plant and equipment 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 items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement 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 an item of property, plant and equipment, and where the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	2% to 10%
Plant and machinery	5% to 19%
Tools, furniture and fixtures	10% to 33%
Motor vehicles	9% to 20%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at each balance sheet date.

3.4 主要會計政策概要*(續)*

物業、廠房及設備及折舊

物業、廠房及設備(在建工程除外)乃以成本減累計折舊及任何減值虧損列賬。若物業、廠房及設備項目分類為可供出售或屬於列為持作出售之出售組合一部分,則不予折舊,根據香港財務報告準則第5號*非流動資產及持作出售之出售組合及已終止經營業務*入賬。物業、廠房及設備項目之成本包括其購買價及任何將資產達至其運作狀況及運往現址作擬定用途之直接應佔成本。在物業、廠房及設備項目投入運作後產生之支出,如維修保養等,一般於產生期間之收益表中扣除。倘當時之情況清楚顯示該項支出導致預期日後因使用該物業、廠房及設備項目而獲得之經濟利益增加,並能可靠地衡量該項目成本,則將該項支出撥作該項資產之額外成本或重置成本。

每項物業、廠房及設備項目乃按直線法就其估計可使用年期撇銷成本以計算折舊,就此採用之主要年率如下:

樓宇	2%至10%
廠房及設備	5%至19%
工具、傢具及裝置	10%至33%
汽車	9%至20%

若物業、廠房及設備項目任何部分之可使用年期不同,則該項目成本將合理分配至各部分,而各部分將分開計算折舊。

餘值、可使用年期及折舊方法將於各結算日檢討及作出適當調整。

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3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Property, plant and equipment and depreciation *(Cont'd)*

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the income statement in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents a building under construction and equipment pending installation. It is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction during the period of construction. Construction in progress is reclassified to the appropriate category of the property, plant and equipment when completed and ready for use.

Intangible assets (other than goodwill)

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each balance sheet date.

Patents and licenses

Purchased patents and licenses are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 10 years.

Research and development costs

All research costs are charged to the income statement as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

3.4 主要會計政策概要*(續)*

物業、廠房及設備及折舊*(續)*

物業、廠房及設備項目於出售時或預期日後使用或出售該項目不會產生經濟利益時將終止確認。於資產終止確認之年度在收益表確認之出售或廢棄資產之任何損益，乃按出售所得款項淨額與有關資產賬面值之差額計算。

在建工程指建築中樓宇及有待安裝之設備，乃按成本減任何減值虧損列賬而不作折舊。成本包括建築工程於建築期間之直接成本。在建工程於落成及可供使用時重新分類至物業、廠房及設備之適當類別。

無形資產(不包括商譽)

無形資產之可使用年期分為有期限或無期限。有期限之無形資產將於可使用經濟期限攤銷，並於有跡象顯示無形資產可能減值時評估是否減值。有可用期限之無形資產攤銷期及攤銷方法須最少於各結算日進行檢討。

專利及特許權

所購入之專利及特許權乃按成本減任何減值虧損列賬，按其估計可使用年期分10年以直線法攤銷。

研究及開發費用

所有研究費用於產生時在收益表扣除。

開發新產品項目所產生之支出，只有在本集團證明在技術上可以完成無形資產並該無形資產可供使用或出售、有意完成項目及有能力使用或出售資產、資產如何產生未來經濟利益、可動用資源以完成項目及能可靠衡量發展期間之開支時，方會撥充資本及遞延處理。若產品開發支出未符合上述條件，則於產生時列作支出。

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3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Intangible assets (other than goodwill) *(Cont'd)*

Research and development costs (Cont'd)

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, commencing from the date when the products are put into commercial production.

Leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the income statement on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under the operating leases are charged to the income statement on the straight-line basis over the lease terms.

Prepaid land premiums under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

Investments and other financial assets

Financial assets in the scope of HKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group considers whether a contract contains an embedded derivative when the Group first becomes a party to it. The embedded derivatives are separated from the host contract which is not measured at fair value through profit or loss when the analysis shows that the economic characteristics and risks of embedded derivatives are not closely related to those of the host contract.

The Group determines the classification of its financial assets, after initial recognition and, where allowed and appropriate, re-evaluates this designation at the balance sheet date.

3.4 主要會計政策概要*(續)*

無形資產(不包括商譽)*(續)*

遞延開發成本按成本減任何減值虧損列賬，並由產品開始投入商業生產當日起按相關產品之商業年期以直線法攤銷。

租約

凡資產擁有權之絕大部分回報及風險仍由出租人享有及承擔之租約，均列為經營租約。倘本集團為出租人，則本集團根據經營租約出租之資產均列為非流動資產，而根據經營租約應收之租金於租期內按直線法計入收益表。倘本集團為承租人，則根據該等經營租約應付之租金乃以直線法按租期在收益表扣除。

經營租約之預付土地款首先按成本列賬，其後以直線法按租期確認。

投資及其他財務資產

香港會計準則第39號所包含之財務資產視乎情況而分類為透過損益賬按公平值列賬之財務資產、貸款及應收賬項，以及可供出售財務資產。於首次確認時，財務資產以公平值計量，而若投資並非透過損益賬按公平值列賬，則以公平值加直接交易成本確認。當本集團首次成為合約之訂約方時，本集團會考慮該合約是否內含衍生工具。當分析顯示內含衍生工具之經濟特徵及風險與主合約者並無密切關係時，內含衍生工具乃與主合約分開，而主合約不會透過損益賬按公平值列賬。

本集團於首次確認後釐定財務資產之分類，並於許可並合適時在結算日重新評估分類。

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3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Investments and other financial assets *(Cont'd)*

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Gains or losses on investments held for trading are recognised in the income statement.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are subsequently carried at amortised cost using the effective interest method. Amortisation cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets in listed and unlisted equity securities that are designated as available for sale or are not classified in any of the other two categories. After initial recognition, available-for-sale financial assets are measured at fair value, with gains or losses recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statement.

3.4 主要會計政策概要 *(續)*

投資及其他財務資產 *(續)*

所有按正規買賣之財務資產於交易當日(即本集團承諾購買或出售資產之日期)確認。財務資產之正規買賣指須於市場一般既定規例或慣例所規定之期限內交付資產之財務資產買賣。

透過損益賬按公平值列賬之財務資產

透過損益賬按公平值列賬之財務資產包括持作買賣之財務資產。倘財務資產乃購入作短期內銷售用途，則份類為持作買賣。持作買賣投資之損益在收益表確認。

貸款及應收賬項

貸款及應收賬項為有指定或可釐定付款金額而在活躍市場並無報價之非衍生財務資產。該等資產其後以實際利息法按攤銷成本列賬。攤銷成本於計及任何收購折讓或溢價後計算，並包括屬實際利息及交易成本一部分之費用。有關損益於貸款及應收賬項終止確認或減值時以及透過攤銷在收益表確認。

可供出售財務資產

可供出售財務資產為上市及非上市股本證券之非衍生財務資產，而此等資產被指定為可供出售或並無分類為任何其他兩個類別。於首次確認後，可供出售財務資產按公平值計量，損益獨立確認為權益之部分，直至該投資被終止確認或直至該投資被釐定為減值為止，屆時過往於權益呈報之累計損益計入收益表。

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3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Investments and other financial assets *(Cont'd)*

Available-for-sale financial assets (Cont'd)

When the fair value of unlisted equity securities cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such securities are stated at cost less any impairment losses.

Fair value

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business at the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; and a discounted cash flow analysis.

Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

Assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effect interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through the use of an allowance account. The amount of the impairment loss is recognised in the income statement.

3.4 主要會計政策概要*(續)*

投資及其他財務資產*(續)*

可供出售財務資產(續)

倘非上市股本證券之公平值因(a)合理公平值估計之範圍變動對投資屬重大或(b)於該範圍內多項估計之概率無法可靠地評估及用於估計公平值，而無法可靠地計量，則有關證券按成本減任何減值虧損列賬。

公平值

於有組織金融市場交投活躍之投資之公平值，乃參考於結算日營業時間結束時所報市場買入價而釐定。對於並無活躍市場之投資，公平值利用估值技術釐定。有關技術包括使用最近公平市場交易；參考大致相同之另一工具之現行市值及貼現現金流量分析。

財務資產減值

本集團於各結算日評估有否客觀證據顯示一項或一組財務資產出現減值。

按攤銷成本列賬之資產

如有客觀證據顯示按攤銷成本列賬之貸款及應收賬項出現減值虧損，則虧損額按資產賬面值與以財務資產原有實際利率(即於首次確認時所計算之實際利率)貼現之估計未來現金流量現值(不包括尚未產生之未來信貸虧損)之差額釐定。資產賬面值直接或透過撥備賬扣減。減值虧損數額於收益表確認。

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3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Impairment of financial assets *(Cont'd)*

Assets carried at amortised cost (Cont'd)

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

Assets carried at cost

If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

Available-for-sale financial assets

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the income statement, is transferred from equity to the income statement. Impairment losses on equity instruments classified as available for sale are not reversed through the income statement.

3.4 主要會計政策概要*(續)*

財務資產減值*(續)*

按攤銷成本列賬之資產(續)

本集團首先評估有否客觀證據顯示個別屬重大之財務資產個別出現減值以及個別並非重大之財務資產個別或共同出現減值。若認為並無客觀證據顯示個別評估財務資產(不論是否重大)出現減值，則該資產將包括於一組信貸風險特徵相若之財務資產，並整體評估該組別有否減值。個別評估減值且確認或繼續確認減值虧損之資產，將不會整體評估有否減值。

若在往後期間，減值虧損數額減少，並可客觀地認為該項減少與減值確認後發生之事項有關，則將過往已確認之減值撥回。減值虧損之任何其後撥回於收益表確認，而資產賬面值不得超過撥回當日之攤銷成本。

按成本列賬之資產

如有客觀證據顯示並非按公平值列賬之非掛牌股本工具乃因其公平值無法可靠地計量而出現減值虧損，則虧損額按資產賬面值與以類似財務資產之現行市場回報率貼現之估計未來現金流量現值之差額釐定。該等資產之減值虧損不予撥回。

可供出售財務資產

倘可供出售資產減值，則一筆相等於其成本(扣除任何本金及攤銷)與其現行公平值之差額，減先前在收益表中確認之任何減值虧損之金額，自權益轉撥至收益表。分類為可供出售股本工具之減值虧損不會透過收益表撥回。

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3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Group retains the rights to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risk and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, where the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

3.4 主要會計政策概要*(續)*

終止確認財務資產

在下列情況，財務資產(或財務資產一部分或一組同類財務資產之一部分(視情況而定))將終止確認：

- 收取資產現金流量之權利屆滿；
- 本集團保留收取資產現金流量之權利，惟須根據「轉讓」協議向第三方全數付款且無出現重大延誤；或
- 本集團轉讓收取資產現金流量之權利及(a)轉讓絕大部分資產之風險及回報，或(b)並無轉讓或保留絕大部分資產之所有風險及回報，惟轉讓資產控制權。

倘本集團轉讓收取資產所得現金流量之權利，但並無轉讓或保留該項資產之絕大部分風險及回報，亦無轉讓該項資產之控制權，而本集團將持續涉及該項資產，則會將該項資產確認入賬。持續涉及資產指本集團就所轉讓資產提供擔保，以該項資產之原賬面值或本集團或須支付之總代價(以較低者為準)計算。

若持續涉及所轉讓資產屬於書面及╱或認購期權(包括現金結算期權或同類規定)，則本集團持續涉及資產之程度以本集團可購回之所轉讓資產數額為限，惟若屬按公平值計量之資產書面認沽期權(包括現金結算期權或同類規定)，則本集團之持續涉及資產之程度僅限於所轉讓資產之公平值及期權行使價。

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3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Financial liabilities at amortised cost (including interest-bearing loans and borrowings)

Financial liabilities including trade and other payables and interest-bearing loans and borrowings are initially stated at fair value less directly attributable transaction costs and are subsequently measured at amortised cost, using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the amortisation process.

Convertible notes

The component of convertible notes that exhibits characteristics of a liability is recognised as a liability in the balance sheet, net of transaction costs. On issuance of convertible notes, the fair value of the liability component is determined using a market rate for an equivalent non-convertible note; and this amount is carried as a long term liability on the amortised cost basis until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the convertible notes based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

Derecognition of financial liabilities

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

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

3.4 主要會計政策概要*(續)*

按攤銷成本列賬之財務負債(包括計息貸款及借貸)

財務負債包括應付貿易賬款其他應付賬款以及計息貸款及借貸，首次按公平值減直接應佔交易成本列賬，其後以實際利息法計算攤銷成本計量，惟倘貼現之影響不大，則按成本列賬。

有關損益於終止確認負債時以及透過攤銷過程於收益表確認。

可換股票據

可換股票據中顯示負債特徵之部分，於扣除交易成本後在資產負債表確認為負債。發行可換股票據時，採用同等非可換股票據之市值釐定負債部分之公平值，按攤銷成本基準將該數額列為長期負債，直至換股或贖回時註銷為止。所得款項餘款分配往已確認之換股期權，於扣除交易成本後計入股東權益。於其後年度，換股期權之賬面值不會重新計量。

交易成本根據所得款項於工具首次確認時在負債與權益部分之間之分配，分類為可換股票據負債部分及權益部分。

終止確認財務負債

當負債之責任解除或註銷或到期時，財務負債將終止確認。

若現有財務負債由另一項來自相同貸方按完全不同之條款提供之負債取代，或現有負債之條款作出重大修訂，則上述取代或修訂視為終止確認原有負債及確認新負債，而相關賬面值之差額在收益表確認。

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3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average 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 the 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.

Provision

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the balance sheet date of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the income statement.

Provisions for installation services and product warranties granted by the Group on certain products are recognised based on sales volume and past experience of the level of installation services rendered, repairs or returns, discounted to their present values as appropriate.

3.4 主要會計政策概要*（續）*

存貨

存貨乃按成本與可變現淨值兩者中之較低者入賬。成本按加權平均基準釐定。如屬在製品及製成品，成本包括直接原料、直接勞工及按適當比例計算之間接成本。可變現淨值指估計售價減任何在完成及出售時產生之估計成本。

現金及現金等值項目

就綜合現金流量表而言，現金及現金等值項目包括庫存現金及活期存款，以及可隨時兑換為已知數額現金、價值波動風險輕微，且一般於取得當日起計三個月內到期之高度流動短期投資，減須按通知償還之銀行透支，為本集團現金管理之整體部分。

就資產負債表而言，現金及現金等值項目為用途不受限制之庫存及存放於銀行之現金，包括定期存款。

撥備

倘若由於過往事項產生現有法定或推斷責任，而解除責任可能需要未來資源流出，且該責任之數額能可靠衡量，則會確認撥備。

當貼現影響重大時，已確認之撥備數額為預期解除責任所需之未來支出於結算日之現值。隨時間流逝而產生之貼現現值增加將計入收益表之融資成本。

本集團就若干產品所提供之安裝服務及產品保養撥備根據銷量及過往之安裝服務及維修或退貨水平而確認，並貼現成現值(如適用)。

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3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Income tax

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

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

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 goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination 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, 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 credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits 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 in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

3.4 主要會計政策概要*(續)*

所得稅

所得稅包括當期及遞延稅項。所得稅乃於收益表確認，或如其關於在同一期間或不同期間直接在股東權益確認之項目，則在股東權益確認。

當期及過往期間之當期稅項資產及負債按預期已付予稅務當局或獲退回之數額計量。

遞延稅項使用負債法，於結算日就資產與負債稅基與財務申報面賬面值之間所有暫時差額作出撥備。

遞延稅項負債乃就所有應課稅暫時差額確認：

- 惟倘遞延稅項負債乃來自商譽或首次確認交易（業務合併除外）資產或負債，且交易時並不影響會計溢利及應課稅溢利或虧損，則另作別論；及

- 就與附屬公司之投資有關之應課稅暫時差額確認，惟倘可控制沖回暫時差額之時間，而暫時差額於可見未來將不會沖回之情況下，則另作別論。

在有可扣稅暫時差額、承前之未動用稅項資產及未動用稅項虧損可供用於抵銷應課稅溢利之情況下，遞延稅項資產乃就所有可扣稅之暫時差額、承前之未動用稅項資產及未動用稅項虧損確認：

- 惟倘遞延稅項資產關於首次確認交易（業務合併除外）資產或負債產生之可扣稅暫時差額，且交易時並不影響會計溢利及應課稅溢利或虧損則另作別論；及

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3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Income tax *(Cont'd)*

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Conversely, previously unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it is probable that sufficient 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.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the income statement over the expected useful life of the relevant asset by equal annual instalments.

3.4 主要會計政策概要 *(續)*

所得稅 *(續)*

- 就與附屬公司之投資有關之可扣稅暫時差額而言，只會在於可見未來可沖回暫時差額及有應課稅溢利可供用於抵銷暫時差額之情況下，才會確認遞延稅項資產。

於每個結算日均會審閱遞延稅項資產之賬面值，及倘不再可能有足夠之應課稅溢利以動用全部或部分遞延稅項資產，則會減低遞延稅項資產。相反，於每個結算日均會重新評估之前未確認之遞延稅項資產，而如可能有足夠應課稅溢利以動用全部或部分遞延稅項資產，則予以確認之遞延稅項資產。

遞延稅項資產及負債按變現資產或償還負債期間預計適用稅率計算，而預計之適用稅率乃按結算日已頒行或大致上已頒行之稅率(及稅法)釐定。

倘根據法例可將同一應課稅實體及同一稅務當局的即期稅項資產與即期稅項負債以及遞延稅項對銷，則可將遞延稅項資產與遞延稅項負債對銷。

政府補助金

政府補助金於合理確定將獲取補助金及符合所有附帶條件時，按公平值確認。倘補助金與開支項目有關，則於有關期間確認為開支，以有系統地配合擬補助之成本。倘補助金與資產有關，則將其公平值計入遞延收入賬，於有關資產預計可使用年期平均分期撥往收益表。

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3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

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, 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;

(b) rental income, on a time proportion basis over the lease terms; and

(c) interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Employee benefits

Share-based payment transactions

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. Employees (including directors) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined using the Black-Scholes Option Model, further details of which are given in note 35 to the financial statements. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company ("market conditions"), if applicable.

3.4 主要會計政策概要*(續)*

收入確認

收入乃於本集團可取得經濟利益且能可靠地計算時按以下基準確認：

(a) 銷售貨物收入，於擁有權之大部分風險及回報已轉移至買方而本集團不涉及通常與擁有權聯繫之管理亦無實際上控制售出之貨物時確認；

(b) 租金收入，按物業租期按時間比例確認；及

(c) 利息收入，根據實際利率法按應計基準以可將財務資產預期期限之估計未來現金回報貼現為財務資產賬面淨值之比率計算。

僱員福利

以股份支付報酬之交易

本公司設立購股權計劃，目的在於激勵及獎勵對本集團業務成功作出貢獻之合資格參與者。本集團僱員(包括董事)獲取股份支付報酬形式之薪酬，而僱員則提供服務作為股本工具之代價(「股本結算交易」)。

與僱員進行股本結算交易之成本乃參考授出當日之公平值釐定。公平值採用柏力克—舒爾斯期權模式釐定，進一步詳情載於財務報表附註35。於釐定股本結算交易之價值時，並不考慮任何表現條件，惟有關本公司股價之條件(「市況」)(如適用)則除外。

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3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Employee benefits *(Cont'd)*

Share-based payment transactions (Cont'd)

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the "vesting date"). The cumulative expense recognised for equity-settled transactions at each balance sheet date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the income statement for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

3.4 主要會計政策概要*(續)*

僱員福利*(續)*

以股份支付報酬之交易(續)

股本結算交易成本將連同權益之相應增加於表現及/或服務條件獲達成之期間確認，直至相關僱員全面獲得該獎勵之日期(「歸屬日期」)為止。於各結算日至歸屬日期期間就股本結算交易所確認之累計支出計算至歸屬期屆滿時，為本集團就最終歸屬之股本工具數目之最佳估計。於該期間在收益表扣除或入賬之數額指該期間開始及終結時所確認之累計支出變動。

最終並無歸屬之獎勵支出不予確認，惟須視乎市況而歸屬之獎勵(在達成所有其他表現條件後，將視作歸屬而不論有否符合有關市況之條件)除外。

若股本結算獎勵之條款有所修訂，則至少確認假設並無修訂條款之支出。此外，倘若修訂導致以股本支付之報酬安排總公平值增加或使僱員受惠，則須確認支出，有關金額於修訂當日計算。

倘若註銷股本結算獎勵，則視作於註銷當日已歸屬，而獎勵任何尚未確認之支出將即時確認。然而，若以新獎勵取代已註銷之獎勵，並於授出當日列為代替獎勵，則相關已註銷及新獎勵將視為上一段所述之原有獎勵之修訂。

尚未行使購股權之攤薄影響將於計算每股盈利時列作額外股份攤薄。

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3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Employee benefits *(Cont'd)*

Share-based payment transactions (Cont'd)

The Group has adopted the transitional provisions of HKFRS 2 in respect of equity-settled awards and has applied HKFRS 2 only to equity-settled awards granted after 7 November 2002 that had not vested by 1 January 2005 and to those granted on or after 1 January 2005.

Pension schemes

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

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

Borrowing costs

Borrowings costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets substantially ready for their intened use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised.

Borrowing costs are recognised as expenses in the income statement in the period in which they are incurred.

3.4 主要會計政策概要*（續）*

僱員福利*（續）*

以股份支付報酬之交易（續）

本集團已採納香港財務報告準則第2號有關股本結算獎勵之過渡條文，並僅將香港財務報告準則第2號應用於二零零二年十一月七日後授出而於二零零五年一月一日尚未歸屬以及二零零五年一月一日或之後授出之股本結算獎勵。

退休金計劃

本集團根據強制性公積金計劃條例為合資格參與強制性公積退休福利計劃(「強積金計劃」)之僱員設立定額供款強積金計劃。供款按僱員基本薪金之百分比計算，於根據強積金計劃應付時自收益表扣除。強積金計劃資產與本集團資產分開持有，由獨立管理之基金持有。本集團之僱主供款於向強積金計劃作出供款時全數歸屬於僱員。

本集團中國大陸附屬公司僱員須參與由地方市政府營運之中央退休金計劃。此等附屬公司須向中央退休金計劃作出相當於其工資成本某一百分比之供款。供款於根據中央退休金計劃規則應付時自收益表扣除。

借貸成本

由收購、建築或生產合資格資產(即需相當長時間方可作擬定用途或出售之資產)所直接產生之借貸成本乃資本化為該等資產之部份成本。當資產大致可作擬定用途或出售時，則不再將該等借貸成本資本化。個別借貸於用作合資格資產開支前之暫時性投資所賺取之投資收入，乃於已資本化之借貸成本中扣除。

借貸成本於其產生期間在收益表列作開支。

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3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained profits within the equity 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.

Interim dividends are simultaneously proposed and declared, because the Company's 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

These financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions are initially recorded using the functional currency rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currencies of Mainland China subsidiaries are currencies other than the Hong Kong dollar. As at the balance sheet date, the assets and liabilities of these entities are translated into the presentation currency of the Company at exchange rates ruling at the balance sheet date and, their income statements are translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are included in the exchange fluctuation reserve. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

3.4 主要會計政策概要*(續)*

股息

董事擬派之末期股息於資產負債表之權益部分，分開列為保留盈利分配，直至該等股息獲股東於股東大會批准。當該等股息獲股東批准及宣派時，即確認為負債。

中期股息乃同時建議及宣派，原因是本公司之公司細則授權董事宣派中期股息。因此，中期股息乃於建議及宣派時即時確認為負債。

外幣

此等財務報表以本公司之功能及呈報貨幣港元呈列。本集團屬下各實體自行決定本身之功能貨幣，而各實體之財務報表所包括項目按功能貨幣計量。外幣交易首先按各自之交易日期適用之功能貨幣匯率入賬。以外幣計值之貨幣資產及負債按結算日適用之功能貨幣匯率換算。所有匯兑差額於收益表處理。以外幣歷史成本計量之非貨幣項目按原訂交易日期之匯率換算，而按公平值計量之非貨幣項目則按釐定公平值當日之匯率換算。

若干中國內地附屬公司之功能貨幣並非港元。於結算日，該等實體之資產及負債按結算日之匯率換算為本公司之呈列貨幣，而收益表按年內之加權平均匯率換算為港元。所產生之匯兑差額計入外匯波動儲備。出售海外實體時，有關特定海外業務於權益確認之遞延累計數額將於收益表確認。

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3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Foreign currencies *(Cont'd)*

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

3.4 主要會計政策概要 *(續)*

外幣 *(續)*

就綜合現金流量表而言，中國內地附屬公司之現金流量按現金流量日期之匯率換算為港元。中國內地附屬公司於整個年度經常產生之現金流量，按年內之加權平均匯率換算為港元。

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Operating lease commitments — Group as lessor

The Group has entered into commercial property leases on its property portfolio. The Group has determined that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

4. 重大會計判斷及估計

判斷

採用本集團之會計政策時，除涉及估計者外，管理層作出以下對財務報表所確認數額有最重大影響之判斷：

經營租約承擔－本集團為出租人

本集團已就其物業組合訂立商業物業租約。本集團已決定保留該等根據經營租約出租之物業擁有權之所有重大風險及回報。

投資物業及擁有者自佔物業之分類

本集團須決定物業是否屬於投資物業，並已制訂作出判斷之條件。投資物業指持作賺取租金及／或資本增值之物業。因此，本集團須考慮物業所產生之現金流量是否大致獨立於本集團所持之其他資產。

若干物業包括持作賺取租金或資本增值之部分及持作生產或供應貨品或服務或管理用途之部分。若該等部分可分開出售(或根據融資租約分開出租)，則本集團將各部分獨立入賬。若該等部分不可分開出售，則物業僅於持作生產或供應貨品或服務或管理用途之部分並不重大時，方會列作投資物業。

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4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Cont'd)*

Judgements *(Cont'd)*

Classification between investment properties and owner-occupied properties (Cont'd)

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Estimation uncertainty

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

Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised. Where the actual or expected tax positions of the relevant companies of the Group in future are different from the original estimate, such differences will impact the recognition of deferred tax assets and income tax charge in the period in which such estimate has been changed.

Write-down of inventories to net realisable value

Write-down of inventories to net realisable value is made based on the ageing and estimated net realisable value of inventories. The assessment of the write-down amount involves management's judgements and estimates. Where the actual outcome or expectation in future is different from the original estimate, such differences will impact the carrying value of the inventories and the write-down charge/reversal in the period in which such estimate has been changed.

4. 重大會計判斷及估計*（續）*

判斷*（續）*

投資物業及擁有者自佔物業之分類（續）

管理層須判斷個別物業之附帶設施是否重大而導致物業不合資格列為投資物業。

估計之不明朗因素

以下為大有可能導致下一財政年度之資產及負債賬面值須作重大調整之未來主要假設及結算日其他主要估計不明朗因素主要來源。

遞延税項資產

在有可扣税暫時差額、承前之未動用税項資產及未動用税項虧損可供用於抵銷應課税溢利之情況下，遞延税項資產乃就所有可扣税之暫時差額、承前之未動用税項資產及未動用税項虧損確認。倘本集團有關公司未來之實際或預期税務狀況與原先估計不同，則上述差額將會對在有關估計改變期間確認遞延税項資產及所得税支出構成影響。

撇減存貨至可變現淨值

撇減存貨至可變現淨值乃按存貨賬齡及估計可變現淨值而作出。評估撇減額涉及管理層之判斷及估計。倘實際結果或未來期望與原先估計不同，則上述差額將會對在有關估計改變期間之存貨賬面值及撇減支出／撥回構成影響。

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4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Cont'd)*

Estimation uncertainty *(Cont'd)*

Product warranty and installation provisions

Product warranty and installation provisions are made based on sales volume and past experience of the level of installation service rendered, repairs or returns. The assessment of the provision amount involves management's judgements and estimates. Where the actual outcome or expectation in future is different from the original estimate, such differences will impact the carrying amount of the product warranty and installation provisions and the provision amount charge/reversal in the period in which such estimate has been changed.

Useful lives of items of property, plant and equipment

The management determines the estimated useful lives and related depreciation for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of items of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to industry cycles. Management will increase the depreciation charge where the useful lives are less than the previously estimated useful lives, or it will write off or write down the obsolete or non-strategic assets that have been abandoned or sold.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

4. 重大會計判斷及估計 *(續)*

估計之不明朗因素 *(續)*

產品保養及安裝撥備

產品保養及安裝撥備乃按銷量及過往所提供安裝服務、維修或退貨紀錄而作出。評估撥備額涉及管理層之判斷及估計。倘實際結果或未來期望與原先估計不同，則上述差額將會對在有關估計改變期間之產品保養及安裝撥備賬面值及撥備額支出／撥回構成影響。

物業、廠房及設備項目之可使用年期

管理層釐定其物業、廠房及設備之估計可使用年期及有關折舊。該估計乃按照性質與功能類似之物業、廠房及設備項目之實際可使用年期而作出，可因技術創新及競爭對手就行業週期而採取之行動而顯著改變。管理層將於可使用年期比先前之估計可使用年期短時增加折舊支出，或會撇銷或撇減已棄置或出售之過時或非策略資產。

商譽減值

本集團最少每年釐定商譽是否減值。本集團須估計獲分配商譽之現金產生單位之使用價值。估計使用價值時，本集團須估計現金產生單位之預期未來現金流量，亦須選擇用作計算現金流量現值之合適貼現率。

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5. 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.

Segment information is presented by way of the Group's primary segment reporting basis, by business segment. 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. No further geographical segment information is presented as over 90% of the Group's revenue is derived from customers based in Mainland China, and over 90% of the Group's assets are located in Mainland China.

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 washing machine business segment manufactures and sells washing machines;

(b) the water heater business segment manufactures and sells water heaters;

(c) the mobile handset business segment manufactures and sells mobile phones and it was discontinued during the year (note 13); and

(d) the corporate and others segment includes general corporate income and expense items.

5. 分類資料

分類資料以兩種劃分方式呈列：(i)按業務劃分之主要分類報告基準；及(ii)按地域劃分之次要分類報告基準。

分類資料按本集團主要分類報告基準業務分類呈報。在釐定本集團之地域分類時，分類應佔收益乃按客戶所在地劃分，而分類應佔資產則按資產之所在地劃分。由於本集團90%以上之收益乃衍生自以中國大陸為基地之客戶，而本集團90%以上資產位於中國大陸，故此並無呈列按地域劃分之進一步分類資料。

本集團之經營業務乃按其業務以及所提供產品及服務之性質組織及分開管理，本集團各個業務分類自成一個策略性業務單位，所提供產品及服務承受與其他業務分類不同之風險及享有不同之回報。業務分類之詳情概述如下：

(a) 洗衣機業務分類製造及銷售洗衣機；

(b) 熱水器業務分類製造及銷售熱水器；

(c) 移動手機業務分類製造及銷售移動電話，並已於年內終止經營（附註13）；及

(d) 公司及其他分類包括一般公司收支項目。

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5. SEGMENT INFORMATION *(Cont'd)*

Business segments

The following tables present revenue, profit/(loss) and certain asset, liability and expenditure information for the Group's business segments for the years ended 31 December 2006 and 2005.

5. 分類資料 *（續）*

業務分類

下表呈列截至二零零六年及二零零五年十二月三十一日止年度本集團業務分部之收益、溢利／（虧損），以及若干資產、負債與開支資料。

	Continuing operations 持續經營業務										Discontinued operation 已終止經營業務			
	Washing machine business 洗衣機業務		Water heater business 熱水器業務		Corporate and others 公司及其他		Eliminations 對銷		Total 總計		Mobile handset business 移動手機業務		Combined 合併	
	2006 二零零六年 HK$'000 千港元	2005 二零零五年 HK$'000 千港元 (Restated) (重列)	**2006 二零零六年 HK$'000 千港元**	2005 二零零五年 HK$'000 千港元 (Restated) (重列)	**2006 二零零六年 HK$'000 千港元**	2005 二零零五年 HK$'000 千港元	**2006 二零零六年 HK$'000 千港元**	2005 二零零五年 HK$'000 千港元	**2006 二零零六年 HK$'000 千港元**	2005 二零零五年 HK$'000 千港元 (Restated) (重列)	**2006 二零零六年 HK$'000 千港元**	2005 二零零五年 HK$'000 千港元	**2006 二零零六年 HK$'000 千港元**	2005 二零零五年 HK$'000 千港元 (Restated) (重列)
Segment revenue 分類收益														
Sales to external customers 向外間客戶銷售	**5,650,895**	4,477,726	**1,250,810**	1,063,410	**–**	–	**–**	–	**6,901,705**	5,541,136	**1,014,163**	1,628,830	**7,915,868**	7,169,966
Other revenue 其他收益	**13,814**	6,457	**12,520**	755	**–**	–	**–**	–	**26,334**	7,212	**917**	8,346	**27,251**	15,558
Total 總計	**5,664,709**	4,484,183	**1,263,330**	1,064,165	**–**	–	**–**	–	**6,928,039**	5,548,348	**1,015,080**	1,637,176	**7,943,119**	7,185,524
Segment results 分類業績	**220,980**	170,345	**44,216**	35,336	**(47,217)**	(18,336)	**–**	–	**217,979**	187,345	**(49,760)**	(139,002)	**168,219**	48,343
Interest income 利息收入									**16,626**	3,402	**248**	285	**16,874**	3,687
Finance costs 融資成本									**(11,109)**	(16,162)	**(3,517)**	(10,361)	**(14,626)**	(26,523)
Impairment of goodwill 商譽減值									**–**	–	**–**	(321,947)	**–**	(321,947)
Gain on disposal of the discontinued operation 出售已終止經營業務之收益									**–**	–	**156,449**	–	**156,449**	–
Profit/(loss) before tax 除稅前溢利／(虧損)									**223,496**	174,585	**103,420**	(471,025)	**326,916**	(296,440)
Tax 稅項									**(39,710)**	(22,999)	**–**	(8,043)	**(39,710)**	(31,042)
Profit/(loss) for the year 年內溢利／(虧損)									**183,786**	151,586	**103,420**	(479,068)	**287,206**	(327,482)

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5. SEGMENT INFORMATION *(Cont'd)*

Business segments *(Cont'd)*

5. 分類資料*（續）*

業務分類*（續）*

	Continuing operations 持續經營業務										Discontinued operation 已終止經營業務			
	Washing machine business 洗衣機業務		Water heater business 熱水器業務		Corporate and others 公司及其他		Eliminations 對銷		Total 總計		Mobile handset business 移動手機業務		Combined 合併	
	2006 二零零六年	2005 二零零五年	2006 二零零六年	2005 二零零五年	2006 二零零六年	2005 二零零五年	2006 二零零六年	2005 二零零五年	2006 二零零六年	2005 二零零五年	2006 二零零六年	2005 二零零五年	2006 二零零六年	2005 二零零五年
	HK$'000 千港元	HK$'000 千港元 (Restated) (重列)	HK$'000 千港元	HK$'000 千港元 (Restated) (重列)	HK$'000 千港元	HK$'000 千港元	HK$'000 千港元	HK$'000 千港元	HK$'000 千港元	HK$'000 千港元 (Restated) (重列)	HK$'000 千港元	HK$'000 千港元	HK$'000 千港元	HK$'000 千港元 (Restated) (重列)
Assets and liabilities 資產與負債														
Segment assets 分類資產	2,237,560	1,371,257	533,020	421,004	1,119	8,931	(60,163)	(7,429)	2,711,536	1,793,763	–	1,099,562	2,711,536	2,893,325
Deferred tax assets 遞延税項資產									34,681	30,824	–	–	34,681	30,824
Tax recoverable 可退回税項									261	3,332	–	10	261	3,342
Pledged deposits 已抵押存款									–	–	–	70	–	70
Cash and cash equivalents 現金及現金等值項目									626,802	562,277	–	29,885	626,802	592,162
Total assets 資產總值									3,373,280	2,390,196	–	1,129,527	3,373,280	3,519,723
Segment liabilities 分類負債	1,775,441	988,793	280,802	255,647	246,664	6,226	(60,163)	(7,429)	2,242,744	1,243,237	–	700,440	2,242,744	1,943,677
Tax payable 應付税項									26,039	12,020	–	–	26,039	12,020
Interest-bearing bank and other borrowings 計息銀行及其他借貸									136,800	132,692	–	110,384	136,800	243,076
Convertible notes 可換股票據									161,665	211,528	–	–	161,665	211,528
Deferred tax liabilities 遞延税項負債									7,465	–	–	–	7,465	–
Total liabilities 負債總額									2,574,713	1,599,477	–	810,824	2,574,713	2,410,301
Other segment information 其他分類資料：														
Depreciation and amortisation 折舊及攤銷	62,272	64,213	17,089	14,571	252	216	–	–	79,613	79,000	23,813	50,076	103,426	129,076
Capital expenditure 資本開支	94,540	122,091	73,229	28,418	849	392	–	–	168,618	150,901	135	232,533	168,753	383,434
Provision for obsolete and slow-moving inventories 過時及滯銷存貨撥備	4,558	683	2,672	–	–	–	–	–	7,230	683	23,008	53,148	30,238	53,831
Provision for bad and doubtful debts 呆壞賬撥備	–	1,360	–	–	–	–	–	–	–	1,360	–	34,303	–	35,663
Product warranty and installation provisions 產品保養及安裝撥備	223,219	144,565	139,727	97,074	–	–	–	–	362,946	241,639	–	–	362,946	241,639
Loss on disposal/write-off of items of property, plant and equipment, net 出售／撇銷物業、廠房及設備項目之虧損淨額	2,342	4,458	99	–	–	–	–	–	2,441	4,458	–	–	2,441	4,458

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6. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, net of value-added tax and after allowances for returns and trade discounts.

An analysis of revenue, other income and gains is as follow:

6. 收益、其他收入及盈利

收益亦即本集團之營業額，指售出貨品之發票淨值，扣除增值税、退貨及貿易折扣。

收益、其他收入及盈利分析如下：

Group **本集團**

		2006 **二零零六年** **HK$'000** **千港元**	2005 二零零五年 HK$'000 千港元 (Restated) （重列）
Revenue	收益		
Continuing operations:	持續經營業務：		
Sale of washing machines	銷售洗衣機	**5,650,895**	4,477,726
Sale of water heaters	銷售熱水器	**1,250,810**	1,063,410
		6,901,705	5,541,136
Discontinued operation:	已終止經營業務：		
Sale of mobile handsets	銷售移動手機	**1,014,163**	1,628,830
Other income and gains	其他收入及盈利		
Continuing operations:	持續經營業務：		
Compensation received from suppliers*	已收供應商賠償*	**19,126**	2,107
Bank interest income	銀行利息收入	**5,438**	3,402
Interest income for the Promissory Note	承付票據利息收入	**11,188**	—
Sale of scrap materials	銷售廢料	**1,253**	113
Government subsidies**	政府補助金**	**1,627**	2,121
Gross rental income in respect of land and buildings	土地及樓宇之租金收入總額	**1,446**	537
Others	其他	**2,882**	2,334
		42,960	10,614
Discontinued operation:	已終止經營業務：		
Compensation received from suppliers	已收供應商賠償	**—**	4,575
Bank interest income	銀行利息收入	**248**	285
Sale of scrap materials	銷售廢料	**—**	2,626
Gross rental income in respect of land and buildings	土地及樓宇之租金收入總額	**385**	1,145
Others	其他	**532**	—
		1,165	8,631

* The compensation received from suppliers for the year included a compensation of approximately HK$9,078,000 (2005: Nil) received from Qingdao Haier Parts Procurement Co., Ltd., an affiliate to Haier Investment, for the supply of defective materials used in the production of water heaters. The compensation amount is determined with reference to actual costs incurred by the Group.

** The government subsidies for the year represented subsidies received from a relevant authority of Qingdao Municipality for advanced research and development of washing machines and certain tax refunds received from a relevant authority of Wuhan Municipality.

* 年內已收供應商賠償包括自海爾投資聯屬人士青島海爾零部件採購有限公司所供應用於生產熱水器之瑕疵物料而收取之賠償約9,078,000港元（二零零五年：無）。賠償額乃經參考本集團所產生之實際成本釐定。

** 年內政府補助金指一家附屬公司獲得青島市有關當局給予有關洗衣機之高新技術研究及開發補助金以及武漢市有關當局所作出之若干退税。

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7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting)#:

7. 除税前溢利

本集團之除税前溢利已扣除／(計入)下列各項#：

		Notes 附註	2006 二零零六年 HK$'000 千港元	2005 二零零五年 HK$'000 千港元 (Restated) (重列)
Cost of inventories sold	售出存貨成本		**5,961,423**	5,827,857
Depreciation	折舊	17	**101,360**	127,094
Recognition of prepaid land premiums	確認預付土地款	18	**1,427**	1,051
Amortisation of intangible assets*	無形資產攤銷*	19	**639**	931
Research and development costs*	研究及開發費用*		**87,183**	112,703
Auditors' remuneration	核數師酬金		**7,700**	6,000
Employee benefits expense (including directors' remuneration — *note 9*):	員工成本(包括董事酬金 — *附註9*)：			
Wages and salaries	工資及薪金		**163,486**	152,368
Equity-settled share option expense	以股本結算之購股權支出		**409**	—
Net pension scheme contributions and other benefits	退休金計劃供款及其他福利淨額		**38,550**	28,109
			202,445	180,477
Minimum lease payments under operating leases:	經營租約之最低租金款項：			
Land and buildings	土地及樓宇		**24,143**	10,104
Plant and machinery	廠房及機器		**—**	160
			24,143	10,264
Provision for obsolete and slow-moving inventories*	過時及滯銷存貨撥備*		**30,238**	53,831
Provision for bad and doubtful debts**:	呆壞賬撥備**：			
Trade receivables	應收貿易賬款		**—**	34,303
Other receivables	其他應收賬款		**—**	1,360
			—	35,663
Product warranty and installation provisions	產品保養及安裝撥備	32	**362,946**	241,639
Impairment of goodwill***	商譽減值***	20	**—**	321,947
Loss on disposal/write-off of items of property, plant and equipment, net**	出售／撇銷物業、廠房及設備項目之虧損淨額**		**2,441**	4,458
Foreign exchange differences, net	匯兑差額淨額		**(7,727)**	(3,686)

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7. PROFIT BEFORE TAX *(Cont'd)*

* The amortisation of intangible assets, research and development costs and provision for obsolete and slow-moving inventories for the year are included in "Cost of sales" on the face of the combined income statement, except for those relating to a discontinued operation which are included in "Profit/(loss) for the year from a discontinued operation" on the face of the combined income statement.

** The loss on disposal/write-off of items of property, plant and equipment, net, and provision for bad and doubtful debts are included in "Other expenses" on the face of the combined income statement.

*** The impairment of goodwill is included in "Profit/(loss) for the year from a discontinued operation" on the face of the combined income statement.

\# The disclosures presented in this note include those amounts charged/credited in respect of the discontinued operation.

7. 除税前溢利 *(續)*

* 本年度無形資產攤銷、研究及開發費用以及過時及滯銷存貨撥備已於合併收益表列入「銷售成本」內，惟與已終止經營業務有關者則於合併收益表列入「已終止經營業務之年內溢利／(虧損)」內。

** 出售／撇銷物業、廠房及設備項目之虧損淨額及呆壞賬撥備已於合併收益表列入「其他費用」內。

*** 商譽減值已於合併收益表列入「已終止經營業務之年內溢利／(虧損)」內。

\# 此附註所呈列之披露事項包括就已終止經營業務扣除／計入之金額。

8. FINANCE COSTS 8. 融資成本

Group 本集團

		2006 二零零六年 HK$'000 千港元	2005 二零零五年 HK$'000 千港元 (Restated) (重列)
Continuing operations:	持續經營業務：		
Interest on bank and other loans wholly repayable within five years	須於五年內全數償還之銀行及其他貸款之利息	**3,650**	6,427
Interest on convertible notes	可換股票據利息	**7,459**	9,735
		11,109	16,162
Discontinued operation:	已終止經營業務：		
Interest on bank and other loans wholly repayable within five years	須於五年內全數償還之銀行及其他貸款之利息	**3,517**	10,361
Total finance costs	融資成本總額	**14,626**	26,523

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9. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and Section 161 of the Hong Kong Companies Ordinance, is as follows:

9. 董事酬金

本年度根據香港聯合交易所有限公司證券上市規則(「上市規則」)及香港公司條例第161條披露之董事酬金如下:

Group 本集團

		2006 **二零零六年** **HK$'000** **千港元**	2005 二零零五年 HK$'000 千港元
Fees	袍金	**860**	943
Other emoluments:	其他酬金:		
Salaries, allowances and benefits in kind	薪金、津貼及實物利益	**–**	–
Performance related bonuses	表現花紅	**–**	–
Employee share option benefits	僱員購股權福利	**–**	–
Pension scheme contributions	退休金計劃供款	**–**	–
		860	943

(a) Independent non-executive directors:

The fees paid to independent non-executive directors during the year were as follows:

(a) 獨立非執行董事:

年內付予獨立非執行董事之袍金如下:

		2006 **二零零六年** **HK$'000** **千港元**	2005 二零零五年 HK$'000 千港元
Lam Kin Kau, Mark	林建球	**240**	240
Fung Hoi Wing, Henry	馮藹榮	**240**	240
Wu Yinong	吳亦農	**240**	223
Lau Ho Wai, Lucas*	劉可為*	**140**	240
		860	943

* Mr. Lau Ho Wai, Lucas, resigned as a director of the Company on 28 July 2006.

* 劉可為先生於二零零六年七月二十八日辭任本公司董事。

There was no other emolument payable to the independent non-executive directors during the year.

年內並無任何其他應付予獨立非執行董事之薪酬。

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9. DIRECTORS' REMUNERATION *(Cont'd)* 9. 董事酬金（續）

(b) Executive directors: (b) 執行董事：

		Fees 袍金 HK$'000 千港元	Salaries, allowances and benefits in kind 薪金、津貼及實物利益 HK$'000 千港元	Performance related bonuses 表現花紅 HK$'000 千港元	Employee share option benefits 僱員購股權福利 HK$'000 千港元	Pension scheme contributions 退休金計劃供款 HK$'000 千港元	Total remuneration 酬金總額 HK$'000 千港元
2006	二零零六年						
Yang Mian Mian	楊綿綿	—	—	—	—	—	—
Wu Ke Song	武克松	—	—	—	—	—	—
Chai Yong Sen*	柴永森*	—	—	—	—	—	—
Liang Hai Shan	梁海山	—	—	—	—	—	—
Cao Chun Hua	曹春華	—	—	—	—	—	—
Cui Shao Hua	崔少華	—	—	—	—	—	—
Song Chun Guang*	宋春光*	—	—	—	—	—	—
		—	—	—	—	—	—
2005	二零零五年						
Yang Mian Mian	楊綿綿	—	—	—	—	—	—
Wu Ke Song	武克松	—	—	—	—	—	—
Chai Yong Sen*	柴永森*	—	—	—	—	—	—
Liang Hai Shan	梁海山	—	—	—	—	—	—
Cao Chun Hua	曹春華	—	—	—	—	—	—
Cui Shao Hua	崔少華	—	—	—	—	—	—
Song Chun Guang*	宋春光*	—	—	—	—	—	—
Mak Siu Tong, Clement**	麥紹棠**	—	—	—	—	—	—
Tam Ngai Hung, Terry**	譚毅洪**	—	—	—	—	—	—
Man Wei Dong**	滿為東**	—	—	—	—	—	—
		—	—	—	—	—	—

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

年內概無董事訂立放棄或同意放棄任何薪酬之安排。

* Mr. Chai Yong Sen and Mr. Song Chun Guang resigned as directors of the Company on 15 February 2007.

** Mr. Mak Siu Tong, Clement, Mr. Tam Ngai Hung, Terry and Mr. Man Wei Dong resigned as directors of the Company on 28 January 2005.

* 柴永森先生及宋春光先生於二零零七年二月十五日辭任本公司董事。

** 麥紹棠先生、譚毅洪先生及滿為東先生於二零零五年一月二十八日辭任本公司董事。

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10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included one director (2005: Nil), details of whose remuneration are set out in note 9 above. Details of the remuneration of the four (2005: five) non-director, highest paid employees for the year are as follows:

10. 五名最高薪酬僱員

年內五名最高薪酬僱員包括一名董事（二零零五年：無），有關董事之酬金詳情載於上文附註9 。年內四名（二零零五年：五名）非董事最高薪酬僱員之酬金詳情如下：

Group 本集團

		2006 二零零六年 HK$'000 千港元	2005 二零零五年 HK$'000 千港元
Salaries, allowances and benefits in kind	薪金、津貼及實物利益	**4,682**	4,124
Performance related bonuses	表現花紅	**—**	—
Employee share option benefits	僱員購股權福利	**409**	—
Pension scheme contributions	退休金計劃供款	**37**	34
		5,128	4,158

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

非董事最高薪酬僱員酬金在下列指定範圍內之人數如下：

		Number of employees 僱員人數 2006 二零零六年	 2005 二零零五年
Nil to HK$1,000,000	零至1,000,000港元	**2**	3
HK$1,500,001 to HK$2,000,000	1,500,001港元至2,000,000港元	**1**	2
HK$2,500,001 to HK$3,000,000	2,500,001港元至3,000,000港元	**1**	—
		4	5

During the year, share options were granted to a non-director, highest-paid employee in respect of his services to the Group, further details of which are included in the disclosures in note 35 to the financial statements. The fair value of such options, which has been recognised to the income statement over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above non-director, highest-paid employees' remuneration disclosures.

年內，本公司已就一名非董事最高薪酬僱員向本集團提供服務而向其授出購股權，詳細詳情載於財務報表附註35之披露內。該等購股權之公平值已於授出日期釐定及於歸屬期內在收益表內確認，而計入本年度財務報表之有關金額已計入上文非董事最高薪酬僱員酬金之披露內。

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11. TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year (2005: Nil).

Tax on profits assessable elsewhere in the People's Republic of China (the "PRC") have been calculated at the applicable PRC corporate income tax ("CIT") rates. Certain subsidiaries of the Group are entitled to preferential tax treatments including a reduction of CIT and a full exemption from CIT for two years starting from their first profit-making year following by a 50% reduction for the next consecutive three years.

11. 稅項

年內，本集團並無任何源自香港之應課稅溢利，因此並無作出香港利得稅撥備（二零零五年：無）。

於中華人民共和國（「中國」）其他地區就應稅稅溢利之稅項，乃按照中國企業所得稅（「企業所得稅」）稅率計算。本集團若干附屬公司有權享有稅項優惠待遇，包括獲扣減中國企業所得稅，以及自其首個獲利年度起兩個年度獲全數豁免企業所得稅，並於其後連續三年獲豁免50%中國企業所得稅。

		2006 二零零六年 HK$'000 千港元	2005 二零零五年 HK$'000 千港元
Group:	本集團：		
Current — Mainland China	即期 — 中國大陸	**34,963**	24,106
Deferred *(note 33)*	遞延 *(附註33)*	**4,747**	(1,107)
Total tax charge for the year	年內稅項支出總額	**39,710**	22,999

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11. TAX *(Cont'd)*

A reconciliation of the tax charge applicable to profit/loss before tax using the statutory or applicable rates for the jurisdictions in which the Company and its subsidiaries are domiciled to the tax charge at the effective tax rates, and a reconciliation of the statutory or applicable rates to the effective tax rates, are as follows:

11. 稅項 *(續)*

按本公司及其附屬公司所在司法權區之法定或適用稅率計算除稅前溢利／虧損之稅項支出，與按實際稅率計算之稅項支出之對賬，以及法定或適用稅率與實際稅率之對賬如下：

Group — 2006 本集團 — 二零零六年

		Hong Kong 香港		Mainland China 中國大陸		Total 總計	
		HK$'000 千港元	% %	HK$'000 千港元	% %	HK$'000 千港元	% %
Profit before tax (including profit from a discontinued operation)	除稅前溢利（包括已終止經營業務之溢利）	62,029		264,887		326,916	
Tax at the statutory or applicable tax rate	按法定或適用稅率計算之稅項	10,855	17.5	87,413	33.0	98,268	30.0
Income not subject to tax	非課稅收入	(20,478)	(33.0)	–	–	(20,478)	(6.3)
Expenses not deductible for tax	不可扣稅開支	9,571	15.5	7,330	2.8	16,901	5.2
Tax losses not recognised	未確認稅項虧損	52	–	–	–	52	–
Temporary differences not recognised	未確認暫時差額	–	–	2,384	0.9	2,384	0.7
Tax exemption	稅項豁免	–	–	(57,417)	(21.7)	(57,417)	(17.5)
Tax charge at the Group's effective rate	按本集團之實際稅率計算之稅項支出	–	–	39,710	15.0	39,710	12.1
Represented by:	代表：						
Tax charge attributable to a discontinued operation *(note 13)*	已終止經營業務應佔之稅項支出 *(附註13)*					–	
Tax charge attributable to continuing operations	持續經營業務應佔之稅項支出					39,710	
						39,710	

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11. TAX *(Cont'd)*

11. 稅項*（續）*

Group — 2005

本集團 — 二零零五年

		Hong Kong 香港 HK$'000 千港元	%	Mainland China 中國大陸 HK$'000 千港元 (Restated) （重列）	%	Total 總計 HK$'000 千港元 (Restated) （重列）	%
Profit/(loss) before tax (including loss from a discontinued operation)	除稅前溢利／（虧損）（包括已終止經營業務之虧損）	(339,816)		43,376		(296,440)	
Tax at the statutory or applicable tax rate	按法定或適用稅率計算之稅項	(59,468)	17.5	14,314	33.0	(45,154)	15.2
Income not subject to tax	非課稅收入	(1,742)	0.5	—	—	(1,742)	0.6
Expenses not deductible for tax	不可扣稅開支	56,350	(16.5)	1,768	4.1	58,118	(19.6)
Tax losses not recognised	未確認稅項虧損	4,860	(1.5)	45,350	104.6	50,210	(16.9)
Temporary differences not recognised	未確認暫時差額	—	—	21,182	48.8	21,182	(7.2)
Tax exemption	稅項豁免	—	—	(51,572)	(118.9)	(51,572)	17.4
Tax charge at the Group's effective rate	按本集團之實際稅率計算之稅項支出	—	—	31,042	71.6	31,042	(10.5)
Represented by:	代表：						
Tax charge attributable to a discontinued operation *(note 13)*	已終止經營業務應佔之稅項支出*（附註13）*					8,043	
Tax charge attributable to continuing operations	持續經營業務應佔之稅項支出					22,999	
						31,042	

12. PROFIT/(LOSS) ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

The combined profit attributable to equity holders of the parent for the year ended 31 December 2006 includes a profit of HK$48,698,000 (2005: a loss of HK$1,250,311,000) which has been dealt with in the financial statements of the Company (note 36 (b)).

12. 母公司股權持有人應佔溢利／（虧損）

截至二零零六年十二月三十一日止年度，本公司在財務報表內處理之母公司股權持有人應佔合併溢利為48,698,000港元（二零零五年：虧損1,250,311,000港元）（附註36(b)）。

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13. DISCONTINUED OPERATION

During the year, the Group disposed of its entire interest in Pegasus Qingdao and Pegasus Electronic to Haier BVI at a consideration aggregating approximately HK$411 million. The consideration is satisfied by way of a promissory note which is interest bearing at 5.2% per annum issued by Haier BVI to the Company. Haier BVI is a substantial shareholder of the Company and a subsidiary of Haier Corp. Pegasus Qingdao and Pegasus Electronic are principally engaged in the manufacture and sale of mobile handsets. The above transaction was approved by the independent shareholders of the Company at a special general meeting held on 15 June 2006 and was completed on 27 June 2006.

The results of Pegasus Qingdao and Pegasus Electronic are presented below:

13. 已終止經營業務

年內，本集團向海爾BVI出售其於飛馬青島及飛馬電子之全部權益，代價合共約為411,000,000港元。海爾BVI透過向本公司發行按年利率5.2厘計息之承付票據支付代價。海爾BVI為海爾集團公司一間附屬公司及本公司之主要股東。飛馬青島及飛馬電子主要從事製造及銷售移動手機之業務。上述交易已於二零零六年六月十五日舉行之股東特別大會上獲本公司獨立股東批准，並已於二零零六年六月二十七日完成。

飛馬青島及飛馬電子之業績呈列如下：

		From 1 January to 27 June 2006 二零零六年一月一日至六月二十七日 HK$'000 千港元	For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度 HK$'000 千港元
Revenue	收益	**1,014,163**	1,628,830
Expenses	開支	**(1,063,675)**	(1,767,547)
Finance costs	融資成本	**(3,517)**	(10,361)
Impairment of goodwill *(note 20)*	商譽攤銷 *(附註20)*	**–**	(321,947)
Loss before tax from the discontinued operation	已終止經營業務之除税前虧損	**(53,029)**	(471,025)
Tax	税項	**–**	(8,043)
Loss for the year from the discontinued operation	已終止經營業務之年內虧損	**(53,029)**	(479,068)
Gain on disposal of the discontinued operation	出售已終止經營業務之收益	**156,449**	—
Profit/(loss) for the year from the discontinued operation	已終止經營業務之年內溢利／(虧損)	**103,420**	(479,068)
Earnings/(loss) per share:	每股盈利／(虧損)：		
Basic, from the discontinued operation	基本，來自已終止經營業務	**5.66 HK cents港仙**	(28.82) HK cents港仙
Diluted, from the discontinued operation	攤薄，來自已終止經營業務	**5.34 HK cents港仙**	N/A不適用

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13. DISCONTINUED OPERATION *(Cont'd)*

The calculations of basic and diluted earnings/(loss) per share amounts for the discontinued operation are based on:

13. 已終止經營業務 *(續)*

計算已終止經營業務之每股基本及攤薄盈利／(虧損)之金額乃根據下列數據計算：

		2006 **二零零六年**	2005 二零零五年
Earnings/(loss)	**盈利／(虧損)**		
Profit/(loss) attributable to ordinary equity holders of the parent from the discontinued operation	母公司普通股權持有人應佔已終止經營業務溢利／(虧損)	HK$103,420,000 港元	HK$(479,068,000) 港元
Shares	股份		
Weighted average number of ordinary shares in issue during the year, as used in the basic earnings/(loss) per share calculation (as adjusted to reflect the consolidation of the Company's ordinary shares after the balance sheet date *(note 43(b))*)	用於計算每股基本盈利／(虧損)之年內已發行普通股之加權平均數(經調整以反映於結算日後將本公司之普通股合併 *(附註43(b))*)	**1,826,314,968**	1,662,028,315
Weighted average number of ordinary shares, as used in the diluted earnings/(loss) per share calculation (as adjusted to reflect the consolidation of the Company's ordinary shares after the balance sheet date *(note 43(b))*)	用於計算每股攤薄盈利／(虧損)之普通股之加權平均數(經調整以反映於結算日後將本公司之普通股合併 *(附註43(b))*)	**1,936,194,326**	N/A不適用

The net cash flows incurred by Pegasus Qingdao and Pegasus Electronic are as follows:

飛馬青島及飛馬電子所產生之現金流入淨額如下：

		From 1 January to 27 June 2006 **二零零六年一月一日至六月二十七日** **HK$'000** **千港元**	For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度 HK$'000 千港元
Operating activities	經營業務	**54,774**	53,825
Investing activities	投資活動	**(135)**	(2,286)
Financing activities	融資活動	**(45,991)**	(47,021)
Net cash inflow	現金流入淨額	**8,648**	4,518

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14. DIVIDENDS

No dividend has been paid or declared by the Company during the year (2005: Nil).

The dividend disclosed for the years ended 31 December 2006 and 2005 represented dividend declared by the Group's subsidiaries to their respective previous owners, out of their retained profits determined in accordance with the applicable financial rules and regulations of the PRC.

15. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings/(loss) per share amounts is based on the profit/(loss) for the year attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares in issue during the year, as adjusted to reflect the consolidation of the Company's ordinary shares after the balance sheet date (note 43(b)).

The calculation of diluted earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, adjusted to reflect the interest on the convertible notes. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares, as adjusted to reflect the consolidation of the Company's ordinary shares after the balance sheet date (note 43(b)).

Dilutive loss per share amount based on loss for the year ended 31 December 2005 has not been disclosed as share options and convertible notes outstanding in prior year had an anti-dilutive effect on the basic loss per share amount for that year.

14. 股息

年內本公司並無派付或宣派任何股息(二零零五年：無)。

所披露截至二零零六年及二零零五年十二月三十一日止年度之股息指本集團附屬公司根據中國適用之財務規則及法規釐定以保留溢利向彼等各自之前擁有人所宣派之股息。

15. 母公司股權持有人應佔每股盈利／(虧損)

每股基本盈利／(虧損)之金額乃根據年內母公司普通股權持有人應佔溢利／(虧損)及年內已發行普通股加權平均數計算(經調整以反映於結算日後將本公司之普通股合併(附註43(b))。

每股攤薄盈利之金額乃根據年內母公司股權持有人應佔溢利(經調整以反映於可換股票據之利息)計算，而計算所用之普通股加權平均數乃用於計算每股基本盈利時所用之年內已發行普通股數目，以及假設視作行使或兑換所有潛在攤薄普通股為普通股而無償發行之普通股加權平均數(經調整以反映於結算日後將本公司之普通股合併(附註43(b))。

由於上年度未行使之購股權及尚未兑換之可換股票據對截至二零零五年十二月三十一日止年度之每股基本虧損之金額具反攤薄作用，因此並無披露按該年度虧損計算之每股攤薄虧損之金額。

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15. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT *(Cont'd)*

15. 母公司股權持有人應佔每股盈利／(虧損) *(續)*

		2006 二零零六年 HK$ 港元	2005 二零零五年 HK$ 港元 (Restated) (重列)
Earnings/(loss)	盈利／(虧損)		
Profit/(loss) attributable to ordinary equity holders of the parent, as used in the basic earnings/(loss) per share calculation:	用於計算每股基本盈利／(虧損)之母公司普通股權持有人應佔溢利／(虧損)：		
From continuing operations	來自持續經營業務	**158,929,000**	115,317,000
From a discontinued operation	來自已終止經營業務	**103,420,000**	(479,068,000)
		262,349,000	(363,751,000)
Interest on convertible notes *(note 8)*	可換股票據利息 *(附註8)*	**7,459,000**	9,735,000
Profit/(loss) attributable to ordinary equity holders of the parent before interest on convertible notes	未計可換股票據利息前之母公司普通股權持有人應佔溢利／(虧損)	**269,808,000**	(354,016,000)
Attributable to:	應佔：		
Continuing operations	持續經營業務	**166,388,000**	125,052,000
Discontinued operation	已終止經營業務	**103,420,000**	(479,068,000)
		269,808,000	(354,016,000)

		Number of shares 股份數目 2006 二零零六年	 2005 二零零五年
Shares	股份		
Weighted average number of ordinary shares in issue during the year, as used in the basic earnings/(loss) per share calculation (as adjusted to reflect the consolidation of the Company's ordinary share after the balance sheet date *(note 43(b))*	用於計算每股基本盈利／(虧損)之年內已發行普通股加權平均數(經調整以反映於結算日後將本公司之普通股合併 *(附註43(b))*	**1,826,314,968**	1,662,028,315
Effect of dilution — weighted averaged number of ordinary shares (as adjusted to reflect the consolidation of the Company's ordinary share after the balance sheet date *(note 43(b))*	攤薄影響 — 普通股加權平均數(經調整以反映於結算日後將本公司之普通股合併 *(附註43(b))*：		
Share options	購股權	**13,270,530**	13,855,965
Convertible notes	可換股票據	**96,608,828**	143,458,143
		109,879,358	157,314,108
Total	總計	**1,936,194,326**	1,819,342,423

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16. RELATED PARTY TRANSACTIONS

In addition to the related party transactions detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year.

(a) (i) Pegasus Qingdao and Pegasus Electronic, which were disposed of during the year, had the following material transactions with Haier Group and their subsidiaries and associates (collectively referred to as "Haier Affiliates"). Haier Affiliates are companies that have certain key management personnel in common with the Company.

16. 關連人士交易

除此等財務報表其他部分詳述之關連人士交易外，本集團於年內與關連人士曾進行以下重大交易。

(a) (i) 已於年內出售之飛馬青島及飛馬電器與海爾集團、其附屬公司及聯營公司(統稱「海爾聯屬人士」)曾進行以下重大交易。海爾聯屬人士為與本公司擁有若干相同主要管理人員之公司。

			Group 本集團	
		Notes *附註*	**2006** **二零零六年** **HK$'000** **千港元**	2005 二零零五年 HK$'000 千港元
Sales of mobile handset products	銷售移動手機產品	*(i)*	**817,038**	1,523,428
Purchases of raw materials	採購原料	*(ii)*	**816,103**	606,607
Utility service fee expenses	公用服務費支出	*(iii)*	**2,546**	5,745
Interest expenses	利息支出	*(iv)*	**3,517**	3,594
Interest income	利息收入	*(iv)*	**248**	165
Other service fee expenses	其他服務費支出	*(v)*	**1,230**	1,286

Notes:

(i) The sales of mobile handset products were made at selling prices based on the costs of raw materials plus a processing fee which is not less than the industry standard.

(ii) The purchases of materials were charged no more than the average market price or the consolidated and integrated tender and bidding price plus a 2.6% commission.

(iii) Utility service fee expenses were charged based on the state-prescribed prices plus actual administrative costs.

(iv) Interest expenses and income were determined with reference to the standard rates published by the People's Bank of China.

(v) Other service fee expenses included legal consulting service fee, general security service fee and human resources service fee which were determined with reference to actual costs incurred.

附註：

(i) 銷售移動手機產品乃按原料之成本另加加工費(不低於行業標準)計價。

(ii) 採購原料支出乃根據不超過市場平均價或統一整合競標後之價格另加2.6%佣金計價。

(iii) 公用服務費支出乃根據國家指定價格另加實際行政成本計價。

(iv) 利息支出及收入乃參考中國人民銀行頒佈之標準息率釐定。

(v) 其他服務費支出包括參考所產生實際成本釐定之法律顧問服務費、一般保安服務費及人力資源服務費。

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16. RELATED PARTY TRANSACTIONS *(Cont'd)*

(a) (ii) The Company's subsidiaries, Qingdao Haier Washing Machine Co., Ltd., Qingdao Jiaonan Haier Washing Machine Co., Ltd., Hefei Haier Washing Machine Co., Ltd., Foshan Shunde Haier Electric Co., Ltd., Foshan Shunde Haier Intelligent Electronic Co., Ltd. and Qingdao Haier Electronics Sales Co., Ltd. had the following material transactions with Haier Affiliates:

16. 關連人士交易 *(續)*

(a) (ii) 本公司附屬公司青島海爾洗衣機有限公司、青島膠南海爾洗衣機有限公司、合肥海爾洗衣機有限公司、佛山市順德海爾電器有限公司、佛山市順德海爾智能電子有限公司及青島海爾電器銷售有限公司與海爾聯屬人士曾進行下列重大交易：

			Group 本集團	
		Notes *附註*	**2006** **二零零六年** **HK$'000** **千港元**	2005 二零零五年 HK$'000 千港元
Sales of washing machines	銷售洗衣機			
— before 28 January 2005	— 於二零零五年一月二十八日前	*(vi)*	**–**	287,492
— on or after 28 January 2005	— 於二零零五年一月二十八日或之後	*(vii)*	**346,991**	310,782
Purchases of raw materials	採購原料	*(viii)*	**3,105,709**	2,680,706
Printing and packaging fee expenses	印刷及包裝費支出	*(ix)*	**4,376**	1,985
Mould charges	模具費支出	*(x)*	**45,640**	60,880
Utility service fee expenses	公用服務費支出	*(xi)*	**12,441**	11,783
Logistics charges	物流費支出	*(xii)*	**125,621**	128,684
Promotion fee expenses	宣傳費支出	*(xiii)*	**47,984**	19,231
Other service fee expenses	其他服務費支出	*(xiv)*	**31,373**	14,572
Interest expenses	利息支出	*(xv)*	**269**	—
Interest income	利息收入	*(xv)*	**1,808**	572
Trademark license fee expenses	商標牌照費支出	*(xvi)*	**32,315**	26,226

Notes:

(vi) The sales of washing machines before 28 January 2005 comprised domestic sales made to subsidiaries and fellow subsidiaries of Haier Investment and export sales made to Haier Electrical Appliances Co., Ltd. ("Haier Electrical"), a subsidiary of Haier Investment.

The domestic sales of washing machines were made at selling prices quoted by the subsidiaries and fellow subsidiaries of Haier Investment to third party distributors less discounts ranging from 10.5% to 17.5%. The export sales of washing machines were made at selling prices representing differences between the selling prices of washing machines mutually agreed and the selling expenses of Haier Electrical not exceeding 2.5% of the selling prices of washing machines.

附註：

(vi) 於二零零五年一月二十八日前銷售洗衣機包括向海爾投資之附屬公司及同系附屬公司之國內銷售，以及向海爾投資之附屬公司海爾集團電器產業有限公司(「海爾電器產業」)之出口銷售。

洗衣機之國內銷售乃根據海爾投資之附屬公司及同系附屬公司向第三方分銷商所報之售價減10.5%至17.5%不等之折扣而進行。洗衣機之出口銷售則根據相等於雙方協定之洗衣機售價與海爾電器產業之出售開支(不超過洗衣機售價之2.5%)之差額而進行。

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16. RELATED PARTY TRANSACTIONS *(Cont'd)*

(a) (ii) *(Cont'd)*

Notes: (Cont'd)

(vii) The sales of washing machines on or after 28 January 2005 were made to Haier Electrical at selling prices representing differences between the selling prices of washing machines mutually agreed and the selling expenses of Haier Electrical not exceeding 2.5% of the selling prices of washing machines.

Subsequent to 28 January 2005, all domestic sales of washing machines are directly made to third party customers and are no longer transacted through the related companies.

(viii) The purchases of materials were charged based on the lower of the average market price or the consolidated and integrated tender and bidding price plus a 2.6% commission.

(ix) Printing and packaging fee expenses were charged on actual cost basis plus a processing fee of not higher than those charged by independent third parties.

(x) Moulds were charged with reference to the average market tender and bidding price plus actual administrative costs.

(xi) Utility service fee expenses were charged based on the state-prescribed prices plus actual administrative costs.

(xii) Logistics charges were charged based on an actual cost basis and on terms more favourable than those offered by independent third parties.

(xiii) Promotion fee expenses were charged based on 1.2% of the domestic sales of washing machines.

(xiv) Other service fee expenses included legal consulting service fee, catering and travel agency service fee, human resources service fee, general security service fee, product certification service fee and equipment repair and maintenance service fee which were determined with reference to actual costs incurred.

(xv) Interest expenses and income were determined with reference to the standard rates published by the People's Bank of China.

16. 關連人士交易（續）

(a) (ii) *（續）*

附註：（續）

(vii) 於二零零五年一月二十八日或之後向海爾電器產業銷售洗衣機乃根據相等於雙方協定之洗衣機售價與海爾電器產業之出售開支（不超過洗衣機售價之2.5%）之差額而進行。

於二零零五年一月二十八日之後，所有洗衣機之國內銷售均直接向第三方客戶進行，而不再透過關連公司進行。

(viii) 採購原料乃根據市場平均價或統一整合競標後之價格另加2.6%佣金計價（以較低者為準）。

(ix) 印刷及包裝費支出乃根據實際成本另加不超過獨立第三方所收取之加工費計價。

(x) 模具費支出乃參考平均市場競標後之價格另加實際行政成本計價。

(xi) 公用服務費支出乃根據國家指定價格另加實際行政成本計價。

(xii) 物流費支出乃按較獨立第三方提供者優厚之條款，根據實際成本計價。

(xiii) 宣傳費支出乃按洗衣機之國內銷售之1.2%計價。

(xiv) 其他服務費支出包括參考所產生實際成本釐定之法律顧問服務費、餐飲及旅遊代理服務費、人力資源服務費、一般保安服務費、產品驗證服務費及設備維修保養服務費。

(xv) 利息支出及收入乃根據中國人民銀行頒佈之標準息率釐定。

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16. RELATED PARTY TRANSACTIONS *(Cont'd)*

(a) (ii) *(Cont'd)*

Notes: (Cont'd)

(xvi) Trademark license fee expenses were charged at a rate of 0.8% of certain sales made by Qingdao Haier Washing Machine Co., Ltd., Foshan Shunde Haier Electric Co., Ltd., Hefei Haier Washing Machine Co., Ltd. and Qingdao Jiaonan Haier Washing Machine Co., Ltd.

(a) (iii) The Company's subsidiaries, Haier Indesit (Qingdao) Washing Machine Co., Ltd., Haier Indesit (Qingdao) Electrical Appliance Co., Ltd., Qingdao Economy and Technology Development Zone Haier Water Heater Co., Ltd. and Wuhan Haier Water Heater Co., Ltd. had the following material transactions with Haier Affiliates:

16. 關連人士交易*（續）*

(a) (ii) *（續）*

附註：（續）

(xvi) 商標牌照費支出乃按青島海爾洗衣機有限公司、佛山市順德海爾電器有限公司、合肥海爾洗衣機有限公司及青島膠南海爾洗衣機有限公司之若干銷售0.8%之比率計價。

(a) (iii) 本公司附屬公司海爾盈德喜（青島）洗衣機有限公司、海爾盈德喜（青島）電器有限公司、青島經濟技術開發區海爾熱水器有限公司及武漢海爾熱水器有限公司與海爾聯屬人士曾進行下列重大交易：

			Group 本集團	
		Notes 附註	**2006 二零零六年 HK$'000 千港元**	2005 二零零五年 HK$'000 千港元
Sales of washing machines	銷售洗衣機	*(xvii)*	**1,257,317**	1,165,982
Sales of water heaters	銷售熱水器	*(xviii)*	**1,238,658**	1,062,505
Purchases of raw materials	採購原料	*(xix)*	**1,664,676**	1,426,384
Printing and packaging fee expenses	印刷及包裝費支出	*(xx)*	**4,187**	5,613
Mould charges	模具費支出	*(xxi)*	**16,164**	31,982
Utility service fee expenses	公用服務費支出	*(xxii)*	**21,905**	29,273
Logistics charges	物流費支出	*(xxiii)*	**74,421**	75,209
Other service fee expenses	其他服務費支出	*(xxiv)*	**35,962**	12,715
Interest expenses	利息支出	*(xxv)*	**3,381**	6,290
Interest income	利息收入	*(xxv)*	**258**	253
Promotion fee expenses	宣傳費支出	*(xxvi)*	**31,619**	—

Notes:

(xvii) The sales of washing machines comprised domestic sales made to subsidiaries of Haier Investment and export sales made to Haier Electrical.

The domestic sales of washing machines were made at selling prices quoted by the subsidiaries of Haier Investment to third party distributors less discounts ranging from 2% to 50%. The export sales of washing machines were made at selling prices representing differences between the selling prices of washing machines mutually agreed and the selling expenses of Haier Electrical not exceeding 2.5% of the selling prices of washing machines.

附註：

(xvii) 銷售洗衣機包括向海爾投資之附屬公司之國內銷售，以及向海爾電器產業之出口銷售。

洗衣機之國內銷售乃根據海爾投資之附屬公司向第三方分銷商所報之售價減2%至50%不等之折扣而進行。洗衣機之出口銷售則根據相等於雙方協定之洗衣機售價與海爾電器產業之出售開支（不超過洗衣機售價之2.5%）之差額而進行。

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16. RELATED PARTY TRANSACTIONS *(Cont'd)*

(a) (iii) *(Cont'd)*

Notes: (Cont'd)

(xviii) The sales of water heaters comprised domestic sales made to subsidiaries of Haier Investment and export sales made to Haier Electrical.

The domestic sales of water heaters were made at selling prices quoted by the subsidiaries of Haier Investment to third party distributors less discounts ranging from 2% to 50%. The export sales of water heaters were made at selling prices representing differences between the selling prices of water heaters mutually agreed and the selling expenses of Haier Electrical not exceeding 2.5% of the selling prices of water heaters.

(xix) The purchases of materials were charged based on the lower of the average market price or the consolidated and integrated tender and bidding price plus a 2.6% commission.

(xx) Printing and packaging fee expenses were charged on actual costs basis plus a processing fee of not higher than those charged by independent third parties.

(xxi) Moulds were charged with reference to the average market tender and bidding price plus actual administrative costs.

(xxii) Utility service fee expenses were charged based on the state-prescribed prices plus actual administrative costs.

(xxiii) Logistics charges were charged based on an actual cost basis and on terms more favourable than those offered by independent third parties.

(xxiv) Other service fee expenses included legal and financial consultancy service fee, catering and travel agency service fee, human resources service fee, general security service fee, product certification service fee, software service fee, office consumable supplies and equipment repair and maintenance service fee which were determined with reference to actual costs incurred.

(xxv) Interest expenses and income were determined with reference to the standard rates published by the People's Bank of China.

(xxvi) The promotion fee expenses were charged with reference to a rate of 1.2% (2005: Nil) of the domestic sales of washing machines and water heaters made by subsidiaries of Haier Investment.

16. 關連人士交易 *（續）*

(a) (ii) *（續）*

附註：（續）

(xviii) 銷售熱水器包括向海爾投資之附屬公司之國內銷售，以及向海爾電器產業之出口銷售。

熱水器之國內銷售乃根據海爾投資之附屬公司向第三方分銷商所報之售價減2%至50%不等之折扣而進行。熱水器之出口銷售則根據相等於雙方協定之熱水器售價與海爾電器產業之出售開支（不超過熱水器售價之2.5%）之差額而進行。

(xix) 採購原料乃根據市場平均價或統一整合競標後之價格另加2.6%佣金計價（以較低者為準）。

(xx) 印刷及包裝費支出乃根據實際成本另加不超過獨立第三方所收取之加工費計價。

(xxi) 模具費支出乃參考平均市場競標後之價格另加實際行政成本計價。

(xxii) 公用服務費支出乃根據國家指定價格另加實際行政成本計價。

(xxiii) 物流費支出乃按較獨立第三方提供者優厚之條款，根據實際成本計價。

(xxiv) 其他服務費支出包括參考所產生實際成本釐定之法律及財務顧問費、餐飲及旅遊代理服務費、人力資源服務費、一般保安服務費、產品驗證服務費、軟件服務費、辦公室消耗品供應以及設備維修保養服務費。

(xxv) 利息支出及收入乃參考中國人民銀行頒佈之標準息率釐定。

(xxvi) 宣傳費支出乃參考海爾投資之附屬公司所作出洗衣機及熱水器之國內銷售1.2%（二零零五年：無）之比率計價。

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(31 December 2006)
(二零零六年十二月三十一日)

16. RELATED PARTY TRANSACTIONS *(Cont'd)*

(b) (i) On 25 June 2005, Haier Corp provided a corporate guarantee of RMB70,000,000 (equivalent to approximately HK$67,308,000) to Haier Group Finance Co., Ltd. ("Haier Finance"), a subsidiary of Haier Corp and a financial institution approved by the People's Bank of China, as a security for banking facilities granted to Pegasus Qingdao for the period from 25 June 2005 to 24 June 2006. Pegasus Qingdao fully utilised the banking facilities as at 31 December 2005 and it was disposed of to a subsidiary of Haier Corp during the year ended 31 December 2006 (note 13).

(b) (ii) On 30 December 2005, Haier Corp provided a corporate guarantee of RMB30,000,000 (equivalent to approximately HK$28,846,000) to Haier Finance as a security for banking facilities granted to Qingdao Jiaonan Haier Washing Machine Co., Ltd. for the period from 30 December 2005 to 29 December 2006. Qingdao Jiaonan Haier Washing Machine Co., Ltd. utilised RMB15,000,000 (equivalent to approximately HK$14,423,000) of the above banking facilities as at 31 December 2005 and the borrowings were fully repaid during the year ended 31 December 2006.

16. 關連人士交易 *(續)*

(b) (i) 於二零零五年六月二十五日，海爾集團公司向其附屬公司海爾集團財務有限責任公司(「海爾財務」，一間中國人民銀行批准之財務機構)提供人民幣70,000,000元(相等於約67,308,000港元)之公司擔保，作為飛馬青島於二零零五年六月二十五日至二零零六年六月二十四日期間所獲銀行融資之擔保。於二零零五年十二月三十一日，飛馬青島已全數動用上述銀行融資，而其已於截至二零零六年十二月三十一日止年度內出售予海爾集團公司之一間附屬公司(附註13)。

(b) (ii) 於二零零五年十二月三十日，海爾集團公司向海爾財務提供人民幣30,000,000元(相等於約28,846,000港元)之公司擔保，作為青島膠南海爾洗衣機有限公司於二零零五年十二月三十日至二零零六年十二月二十九日期間所獲銀行融資之擔保。於二零零五年十二月三十一日，青島膠南海爾洗衣機有限公司已動用上述銀行融資之人民幣15,000,000元(相等於約14,423,000港元)，有關借貸已於截至二零零六年十二月三十一日止年度內全數償還。

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(31 December 2006)
(二零零六年十二月三十一日)

16. RELATED PARTY TRANSACTIONS *(Cont'd)*

(b) (iii) On 28 January 2005, 10 March 2005 and 26 April 2005, Haier Corp provided corporate guarantees aggregating RMB123,000,000 (equivalent to approximately HK$118,269,000) to Haier Finance as securities for banking facilities granted to Haier Indesit (Qingdao) Washing Machine Co., Ltd., Qingdao Economy and Technology Development Zone Haier Water Heater Co., Ltd. and Haier Indesit (Qingdao) Electrical Appliance Co., Ltd. for the periods from 28 January 2005 to 27 January 2006, from 10 March 2005 to 9 March 2006 and from 26 April 2005 to 25 April 2006, respectively. All of the banking facilities were fully utilised as at 31 December 2005 and they were fully repaid during the year ended 31 December 2006.

(b) (iv) On 9 March 2006 and 30 June 2006, Haier Corp provided corporate guarantees aggregating RMB58,000,000 (equivalent to approximately HK$56,863,000) to Haier Finance as securities for banking facilities granted to Qingdao Economy and Technology Development Zone Haier Water Heater Co., Ltd. for the periods from 9 March 2006 to 8 March 2007 and from 30 June 2006 to 29 June 2007, respectively. All of the banking facilities were fully utilised as at 31 December 2006.

16. 關連人士交易 *(續)*

(b) (iii) 於二零零五年一月二十八日、二零零五年三月十日及二零零五年四月二十六日，海爾集團公司向海爾財務提供合共人民幣123,000,000元（相等於約118,269,000港元）之公司擔保，作為海爾盈德喜（青島）洗衣機有限公司、青島經濟技術開發區海爾熱水器有限公司及海爾盈德喜（青島）電器有限公司分別於二零零五年一月二十八日至二零零六年一月二十七日、二零零五年三月十日至二零零六年三月九日及二零零五年四月二十六日至二零零六年四月二十五日所獲銀行融資之公司擔保。於二零零五年十二月三十一日，所有銀行融資已全數動用，並已於截至二零零六年十二月三十一日止年度內全數償還。

(b) (iv) 於二零零六年三月九日及二零零六年六月三十日，海爾集團公司向海爾財務提供合共人民幣58,000,000元（相等於約56,863,000港元）之公司擔保，作為青島經濟技術開發區海爾熱水器有限公司分別於二零零六年三月九日至二零零七年三月八日及二零零六年六月三十日至二零零七年六月二十九日所獲銀行融資之公司擔保。於二零零六年十二月三十一日，所有銀行融資已全數動用。

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（二零零六年十二月三十一日）

16. RELATED PARTY TRANSACTIONS *(Cont'd)*

(b) (v) On 16 August 2006, 27 December 2006 and 30 December 2006, Haier Corp provided corporate guarantees aggregating RMB98,800,000 (equivalent to HK$96,863,000) to Haier Finance as securities for banking facilities granted to Chongqing Haier Washing Machine Co., Ltd. and Chongqing Haier Water Heater Co., Ltd. for the periods from 16 August 2006 to 15 August 2011, from 27 December 2006 to 26 December 2011 and from 30 December 2006 to 29 December 2009, respectively. As at 31 December 2006, Chongqing Haier Washing Machine Co., Ltd. and Chongqing Haier Water Heater Co., Ltd. utilised RMB78,800,000 (equivalent to HK$78,800,000) of the above banking facilities.

(c) Compensation of key management personnel of the Group:

16. 關連人士交易*（續）*

(b) (v) 於二零零六年八月十六日、二零零六年十二月二十七日及二零零六年十二月三十日，海爾集團公司向海爾財務提供合共人民幣98,800,000元（相等於96,863,000港元）之公司擔保，作為重慶海爾洗衣機有限公司及重慶海爾熱水器有限公司分別於二零零六年八月十六日至二零一一年八月十五日、二零零六年十二月二十七日至二零一一年十二月二十六日及二零零六年十二月三十日至二零零九年十二月二十九日所獲銀行融資之公司擔保。於二零零六年十二月三十一日，重慶海爾洗衣機有限公司及重慶海爾熱水器有限公司已動用上述銀行融資其中人民幣78,800,000元（相等於78,800,000港元）。

(c) 本集團主要管理人員之薪酬：

		2006 **二零零六年** **HK$'000** **千港元**	2005 二零零五年 HK$'000 千港元
Short term employee benefits	短期僱員福利	**2,948**	2,881
Post-employment benefits	離職後福利	**12**	12
Share-based payments	以股份支付之報酬	**409**	—
		3,369	2,893

Further details of directors' emoluments are included in note 9 to the financial statements.

The related party transactions in respect of items (a)(i), (a)(ii), (b)(i), (b)(ii) and (c) above and notes 2 and 13 to the financial statements also constitute continuing connected transactions or connected transaction as defined in Chapter 14A of the Listing Rules.

董事酬金之其他詳情載於財務報表附註9。

根據上市規則第14A章之定義，有關上文(a)(i)、(a)(ii)、b(i)、b(ii)及(c)項目及財務報表附註2及13之關連人士交易亦構成持續關連交易或關連交易。

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17. PROPERTY, PLANT AND EQUIPMENT 17. 物業、廠房及設備

Group 本集團

		Buildings 樓宇 HK$'000 千港元	Plant and machinery 廠房及機器 HK$'000 千港元	Tools, furniture and fixtures 工具、傢具及裝置 HK$'000 千港元	Motor vehicles 汽車 HK$'000 千港元	Construction in progress 在建工程 HK$'000 千港元	Total 總計 HK$'000 千港元
31 December 2006	**二零零六年十二月三十一日**						
At 1 January 2006 (as restated):	於二零零六年一月一日(重列):						
Cost	成本	503,236	1,065,107	93,198	7,719	2,095	1,671,355
Accumulated depreciation and impairment	累計折舊及減值	(110,073)	(498,564)	(31,757)	(6,341)	–	(646,735)
Net carrying amount	賬面淨值	393,163	566,543	61,441	1,378	2,095	1,024,620
Cost at 1 January 2006, net of accumulated depreciation and impairment (as restated)	於二零零六年一月一日之成本,已扣除累計折舊及減值(重列)	393,163	566,543	61,441	1,378	2,095	1,024,620
Additions	添置	1,403	25,035	3,474	697	97,926	128,535
Disposals/write-off	出售/撇銷	(15)	(3,613)	(288)	(704)	(791)	(5,411)
Disposal of subsidiaries *(note 38)*	出售附屬公司 *(附註38)*	(111,483)	(209,249)	(49,310)	–	–	(370,042)
Depreciation provided during the year	年內折舊撥備	(18,860)	(73,830)	(8,279)	(391)	–	(101,360)
Transfers	轉撥	61	2,967	135	–	(3,163)	–
Exchange realignment	匯兌調整	10,843	12,539	183	47	76	23,688
Cost at 31 December 2006, net of accumulated depreciation and impairment	於二零零六年十二月三十一日之成本,已扣除累計折舊及減值	275,112	320,392	7,356	1,027	96,143	700,030
At 31 December 2006:	於二零零六年十二月三十一日:						
Cost	成本	382,174	782,861	12,266	3,589	96,143	1,277,033
Accumulated depreciation and impairment	累計折舊及減值	(107,062)	(462,469)	(4,910)	(2,562)	–	(577,003)
Net carrying amount	賬面淨值	275,112	320,392	7,356	1,027	96,143	700,030

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財務報表附註

(31 December 2006)
（二零零六年十二月三十一日）

17. PROPERTY, PLANT AND EQUIPMENT *(Cont'd)* 17. 物業、廠房及設備*（續）*

Group 本集團

		Buildings 樓宇 HK$'000 千港元	Plant and machinery 廠房及機器 HK$'000 千港元	Tools, furniture and fixtures 工具、傢具及裝置 HK$'000 千港元	Motor vehicles 汽車 HK$'000 千港元	Construction in progress 在建工程 HK$'000 千港元	Total 總計 HK$'000 千港元
31 December 2005 (as restated)	二零零五年十二月三十一日（重列）						
At 1 January 2005:	於二零零五年一月一日：						
Cost	成本	354,589	897,071	57,289	6,980	4,699	1,320,628
Accumulated depreciation and impairment	累計折舊及減值	(87,997)	(439,677)	(15,457)	(5,945)	—	(549,076)
Net carrying amount	賬面淨值	266,592	457,394	41,832	1,035	4,699	771,552
Cost at 1 January 2005, net of accumulated depreciation and impairment	於二零零五年一月一日之成本，已扣除累計折舊及減值	266,592	457,394	41,832	1,035	4,699	771,552
Additions	添置	54,524	62,555	6,050	528	15,395	139,052
Acquisition of subsidiaries *(note 37)*	收購附屬公司*（附註37）*	80,439	120,339	27,038	207	—	228,023
Disposals/write-off	出售／撇銷	—	(15,671)	(52)	(19)	—	(15,742)
Depreciation provided during the year	年內折舊撥備	(19,536)	(90,820)	(16,335)	(403)	—	(127,094)
Transfers	轉撥	1,133	16,082	920	—	(18,135)	—
Exchange realignment	匯兌調整	10,011	16,664	1,988	30	136	28,829
Cost at 31 December 2005, net of accumulated depreciation and impairment	於二零零五年十二月三十一日之成本，已扣除累計折舊及減值	393,163	566,543	61,441	1,378	2,095	1,024,620
At 31 December 2005:	於二零零五年十二月三十一日：						
Cost	成本	503,236	1,065,107	93,198	7,719	2,095	1,671,355
Accumulated depreciation and impairment	累計折舊及減值	(110,073)	(498,564)	(31,757)	(6,341)	—	(646,735)
Net carrying amount	賬面淨值	393,163	566,543	61,441	1,378	2,095	1,024,620

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(31 December 2006)
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17. PROPERTY, PLANT AND EQUIPMENT *(Cont'd)*

As at 31 December 2006, certain of the Group's buildings with an aggregate net book value of approximately HK$219,008,000 (2005: HK$346,648,000 (as restated)) did not have building ownership certificates registered under the names of the respective subsidiaries of the Company.

On 24 February 2005 and 20 September 2006, Haier Corp issued two undertakings to the Company pursuant to which Haier Corp agreed to provide other suitable properties to the Group to ensure the continuing operations of certain subsidiaries of the Company operating in Qingdao and Wuhan and indemnify the Group against any losses arising from the above defective property title issue and for any moving cost/loss incurred, if, for any reason, the respective subsidiaries were not able to continue to use the buildings before the related acquisition and registration procedures have been completed. The aggregate net book value of the Group's buildings indemnified by Haier Corp as at 31 December 2006 amounted to approximately HK$175,588,000 (2005: HK$292,763,000 (as restated)).

In the opinion of the directors, the Group is entitled to lawfully and validly occupy and use the buildings for its daily operations, notwithstanding the fact that the related building ownership certificates have not yet been obtained.

17. 物業、廠房及設備 *(續)*

於二零零六年十二月三十一日，本集團總賬面淨值約為219,008,000港元（二零零五年：346,648,000港元（重列））之若干樓宇並無以本公司各相關附屬公司之名義登記之房地產權證。

於二零零五年二月二十四日及二零零六年九月二十日，海爾集團公司向本公司作出兩項承諾，據此，海爾集團公司同意，倘各附屬公司如因任何理由無法在有關收購及登記程序完成前繼續使用樓宇經營業務，則海爾集團公司將向本集團提供其他合適物業，以確保本公司於青島及武漢經營之若干附屬公司可繼續經營業務，並彌償本集團因上述物業所有權欠妥之任何損失以及所招致之任何搬遷成本／損失。於二零零六年十二月三十一日，海爾集團公司彌償本集團之樓宇總賬面淨值約為175,588,000港元（二零零五年：292,763,000港元（重列））。

董事認為，儘管仍未取得有關房地產權證，惟本集團有權合法及有效地佔用及使用樓宇以進行日常營運。

18. PREPAID LAND PREMIUMS

18. 預付土地款

		Group 本集團	
		2006 二零零六年 HK$'000 千港元	2005 二零零五年 HK$'000 千港元 (Restated) (重列)
Carrying amount at 1 January	於一月一日之賬面值	**36,668**	23,031
Additions	添置	**40,218**	14,025
Exchange realignment	匯兑調整	**1,467**	663
Recognised during the year	年內確認	**(1,427)**	(1,051)
Carrying amount at 31 December	於十二月三十一日之賬面值	**76,926**	36,668
Current portion included in prepayments, deposits and other receivables	計入預付款項、按金及其他應收賬款之流動部分	**(1,265)**	(1,095)
Non-current portion	非流動部分	**75,661**	35,573

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(31 December 2006)
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18. PREPAID LAND PREMIUMS *(Cont'd)*

All leasehold land of the Group is under medium term leases and is situated in Mainland China.

As at 31 December 2006, certain parcels of the Group's land with an aggregate unamortised prepaid land premium amount of approximately HK$56,210,000 (2005: HK$24,440,000 (as restated)) did not have land use right certificates registered under the names of the respective subsidiaries of the Company, of which approximately HK$10,516,000 (2005: HK$10,653,000 (as restated)) was indemnified by Haier Corp as at 31 December 2006. Details of the undertakings granted by Haier Corp to the Company in relation to such title issues are set out in note 17 to the financial statements.

18. 預付土地款 *(續)*

本集團全部租賃土地均按中期租約持有，且位於中國大陸。

於二零零六年十二月三十一日，本集團未攤銷預付土地款總額約為56,210,000港元（二零零五年：24,440,000港元（重列））之若干幅土地並無以本公司各相關附屬公司之名義登記之土地使用權證，海爾集團公司已於二零零六年十二月三十一日就其中約10,516,000港元（二零零五年：10,653,000港元（重列））作出彌償。海爾集團公司向本公司就有關所有權之發出而向本公司作出承諾之詳情載於財務報表附註17。

19. INTANGIBLE ASSETS 19. 無形資產

Group 本集團

		Patents and licenses 專利及特許權 HK$'000 千港元
31 December 2006	二零零六年十二月三十一日	
At 1 January 2006 (as restated):	於二零零六年一月一日（重列）：	
Cost	成本	8,312
Accumulated amortisation	累計攤銷	(2,874)
Net carrying amount	賬面淨值	5,438
Cost at 1 January 2006, net of accumulated amortisation (as restated)	於二零零六年一月一日之成本，已扣除累計攤銷（重列）	5,438
Amortisation provided during the year	年內攤銷撥備	(639)
Disposal of subsidiaries *(note 38)*	出售附屬公司 *(附註38)*	(3,138)
Exchange realignment	匯兑調整	73
Cost at 31 December 2006, net of accumulated amortisation	於二零零六年十二月三十一日之成本，已扣除累計攤銷	1,734
At 31 December 2006:	於二零零六年十二月三十一日：	
Cost	成本	2,428
Accumulated amortisation	累計攤銷	(694)
Net carrying amount	賬面淨值	1,734

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19. INTANGIBLE ASSETS *(Cont'd)* 19. 無形資產*(續)*

Group 本集團

		Patents and licenses 專利及特許權 HK$'000 千港元
31 December 2005 (as restated)	二零零五年十二月三十一日(重列)	
At 1 January 2005:	於二零零五年一月一日:	
Cost	成本	5,810
Accumulated amortisation	累計攤銷	(1,888)
Net carrying amount	賬面淨值	3,922
Cost at 1 January 2005, net of accumulated amortisation	於二零零五年一月一日之成本,已扣除累計攤銷	3,922
Additions	添置	2,334
Amortisation provided during the year	年內攤銷撥備	(931)
Exchange realignment	匯兌調整	113
Cost at 31 December 2005, net of accumulated amortisation	於二零零五年十二月三十一日之成本,已扣除累計攤銷	5,438
At 31 December 2005:	於二零零五年十二月三十一日:	
Cost	成本	8,312
Accumulated amortisation	累計攤銷	(2,874)
Net carrying amount	賬面淨值	5,438

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20. GOODWILL

20. 商譽

Group
本集團

		HK$'000 千港元
31 December 2006	二零零六年十二月三十一日	
Cost and net carrying amount at 1 January and 31 December 2006	於二零零六年一月一日及十二月三十一日之成本及賬面淨值	–
31 December 2005	二零零五年十二月三十一日	
Cost and net carrying amount at 1 January 2005	於二零零五年一月一日之成本及賬面淨值	—
Acquisition of subsidiaries *(note 37)*	收購附屬公司 *(附註37)*	321,947
Impairment during the year	年內減值	(321,947)
Cost and net carrying amount at 31 December 2005	於二零零五年十二月三十一日之成本及賬面淨值	—

Impairment testing of goodwill

Goodwill acquired through business combination for the year ended 31 December 2005 had been allocated to the mobile handset business cash-generating unit, which was a reportable segment, for impairment testing.

Mobile handset business cash-generating unit

The recoverable amount of the mobile handset business cash-generating unit as at 31 December 2005 had been determined based on a value in use calculation using cash flow projections based on financial budgets approved by senior management covering a five-year period. The discount rate applied to cash flow projections was 17.2% and cash flows beyond the five-year period were extrapolated using a growth rate of 3% which was determined with reference to the prevailing inflation rate in Mainland China. Senior management estimated the budgeted gross profit margin based on past performance and their expectations for market development. The discount rate used was before tax and reflected specific risks relating to the mobile handset business cash-generating unit.

For the year ended 31 December 2005, due to the intensifying competition and the price reduction of mobile phones in the mobile phone market in Mainland China, the Group recognised a goodwill impairment loss of HK$321,947,000 for its mobile handset business. The goodwill impairment loss was determined with reference to the recoverable amount of the Group's mobile handset business as at 31 December 2005.

評估商譽減值

為評估有否減值，截至二零零五年十二月三十一日止年度透過業務合併收購所得之商譽已分配至可呈報分類移動手機業務現金產生單位。

移動手機業務現金產生單位

於二零零五年十二月三十一日，移動手機業務現金產生單位之可收回數額已根據高級管理層批准之五年財政預算預測之現金流量按使用價值計算法而釐定。用作預測現金流量之貼現率為17.2%，而五年期以後之現金流量乃按參考中國大陸當時通賬率釐定之3%增長率推算。高級管理層根據過往表現及預期市場發展估計預測毛利。所用貼現率並未扣除税項，及已反映有關移動手機業務現金產生單位之特定風險。

截至二零零五年十二月三十一日止年度，由於中國大陸移動電話市場之競爭越趨激烈以及移動電話價格下跌，本集團就移動手機業務確認商譽減值虧損321,947,000港元。商譽減值虧損乃參考本集團移動手機業務於二零零五年十二月三十一日之可收回數額釐定。

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21. INTERESTS IN SUBSIDIARIES

21. 附屬公司權益

Company
本公司

		2006 二零零六年 HK$'000 千港元	2005 二零零五年 HK$'000 千港元
Unlisted shares, at cost	非上市股份，按成本	**1,982,417**	3,517,747
Due from subsidiaries	應收附屬公司款項	**503**	2,360
Due to subsidiaries	應付附屬公司款項	**(84,789)**	(8,894)
		1,898,131	3,511,213
Impairment	減值	**—**	(2,127,707)
		1,898,131	1,383,506

The amounts due from and to subsidiaries are unsecured, interest-free and have no fixed terms of repayment. The carrying amounts of these amounts due from and to subsidiaries approximate to their fair values.

應收附屬公司款項為無抵押、免息及無指定還款期。該等應收及應付附屬公司款項之賬面值與其公平值相若。

Particulars of the principal subsidiaries are as follows:

主要附屬公司之資料如下：

Name 名稱	Place of registration and operations 註冊及營業地點	Nominal value of registered capital 註冊資本面值	Percentage of equity directly attributable to the Company 本公司直接應佔股權百分比 Direct 直接	 Indirect 間接	Principal activities 主要業務
Qingdao Haier Washing Machine Co., Ltd.* 青島海爾洗衣機有限公司*	PRC/ Mainland China 中國／中國內地	RMB150,000,000 人民幣 150,000,000元	—	93.44	Manufacture and sale of washing machines 生產及銷售洗衣機
Foshan Shunde Haier Electric Co., Ltd.* 佛山市順德海爾電器有限公司*	PRC/ Mainland China 中國／中國內地	RMB48,000,000 人民幣 48,000,000元	—	60	Manufacture and sale of washing machines 生產及銷售洗衣機
Hefei Haier Washing Machine Co., Ltd.* 合肥海爾洗衣機有限公司*	PRC/ Mainland China 中國／中國內地	RMB12,000,000 人民幣 12,000,000元	—	98.69	Manufacture and sale of washing machines 生產及銷售洗衣機

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21. INTERESTS IN SUBSIDIARIES *(Cont'd)* 21. 附屬公司權益*(續)*

Name 名稱	Place of registration and operations 註冊及營業地點	Nominal value of registered capital 註冊資本面值	Percentage of equity directly attributable to the Company 本公司直接應佔股權百分比 Direct 直接	 Indirect 間接	Principal activities 主要業務
Qingdao Jiaonan Haier Washing Machine Co., Ltd.** 青島膠南海爾洗衣機有限公司**	PRC/ Mainland China 中國／中國內地	RMB10,000,000 人民幣10,000,000元	—	94.49	Manufacture and sale of washing machines 生產及銷售洗衣機
Chongqing Haier Washing Machine Co., Ltd.* 重慶海爾洗衣機有限公司*	PRC/ Mainland China 中國／中國內地	RMB25,000,000 人民幣25,000,000元	25	74.02	Commercial operations not yet commenced 尚未展開商業營運
Foshan Shunde Haier Intelligent Electronic Co., Ltd.* 佛山市順德海爾智能電子有限公司*	PRC/ Mainland China 中國／中國內地	RMB34,200,000 人民幣34,200,000元	25	74.02	Manufacture and sale of accessories for electrical appliances 生產及銷售電器配件
Qingdao Haier Electronics Sales Co., Ltd.* 青島海爾電器銷售有限公司*	PRC/ Mainland China 中國／中國內地	RMB5,000,000 人民幣5,000,000元	50	30	Sale of washing Machines 銷售洗衣機
Haier Indesit (Qingdao) Washing Machine Co., Ltd.#**** 海爾盈德喜(青島)洗衣機有限公司#****	PRC/ Mainland China 中國／中國內地	USD24,000,000 24,000,000美元	—	70	Manufacture and sale of washing machines 生產及銷售洗衣機
Haier Indesit (Qingdao) Electrical Appliance Co., Ltd.#**** 海爾盈德喜(青島)電器有限公司#****	PRC/ Mainland China 中國／中國內地	USD12,000,000 12,000,000美元	—	70	Manufacture and sale of washing machines 生產及銷售洗衣機
Qingdao Economy and Technology Development Zone Haier Water Heater Co., Ltd.#**** 青島經濟技術開發區海爾熱水器有限公司#****	PRC/ Mainland China 中國／中國內地	RMB120,000,000 人民幣12,000,000元	—	100	Manufacture and sale of water heaters 生產及銷售熱水器

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21. INTERESTS IN SUBSIDIARIES *(Cont'd)*

21. 附屬公司權益 *(續)*

Name 名稱	Place of registration and operations 註冊及營業地點	Nominal value of registered capital 註冊資本面值	Percentage of equity directly attributable to the Company 本公司直接應佔股權百分比 Direct 直接	Indirect 間接	Principal activities 主要業務
Wuhan Haier Water Heater Co., Ltd.#*** 武漢海爾熱水器有限公司#***	PRC/ Mainland China 中國／中國內地	RMB50,000,000 人民幣 50,000,000元	—	100	Manufacture and sale of water heaters 生產及銷售熱水器
Chongqing Haier Water Heater Co., Ltd.#*** 重慶海爾熱水器有限公司#**	PRC/ Mainland China 中國／中國內地	RMB10,000,000 人民幣 10,000,000元	—	100	Commercial operations not yet commenced 尚未展開商業營運

\# Subsidiaries of Haier SPV acquired by the Company on 31 December 2006.

* Registered as a Sino-foreign equity joint venture enterprise under the PRC law.

** Registered as a limited liability company under the PRC law.

*** Registered as a wholly-foreign-owned enterprise under the PRC law.

\# 本公司於二零零六年十二月三十一日所收購之海爾SPV附屬公司。

* 根據中國法律註冊為中外股份合營公司。

** 根據中國法律註冊為有限責任公司。

*** 根據中國法律註冊為外商獨資企業。

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.

上表所列之本公司附屬公司乃董事認為主要影響本集團本年度之業績或組成本集團資產淨值主要部分之附屬公司。董事認為，詳列其他附屬公司將會導致內容過於冗長。

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22. INVESTMENTS 22. 投資

Group 本集團

		2006 二零零六年 HK$'000 千港元	2005 二零零五年 HK$'000 千港元 (Restated) (重列)
Unlisted equity investments, at cost	非上市股本投資，按成本	–	4,807

Unlisted equity investments comprised a 25%-owned associate and a 60%-owned subsidiary of Haier SPV Group. They were individually and in aggregate not material to the Group's financial positions and results of operations for the years ended 31 December 2006 and 2005. The Group accounted for these two investments at cost less provision for impairment losses.

非上市股本投資包括海爾SPV集團擁有25%之聯營公司及擁有60%之附屬公司，該等公司個別及共同對本集團截至二零零六年及二零零五年十二月三十一日止年度之財務狀況及經營業績而言並不重大。本集團將該兩項投資按成本減減值虧損撥備入賬。

During the year, these two investments were disposed of to Haier Affiliates at their respective carrying amounts.

年內，該兩項投資已按其各自之賬面值出售予海爾聯屬人士。

23. LONG TERM PREPAYMENTS 23. 長期預付款項

In 2005, Haier Group sponsored the Organising Committee for the Games of XXIX Olympiad ("OCG") in connection with the Games of the XXIX Olympiad to be hosted in Beijing in 2008 (the "Games"). The sponsorship fee amounting to RMB220 million (equivalent to approximately HK$216 million) was shared as to RMB203 million (equivalent to approximately HK$199 million) by certain subsidiaries of Haier Group (excluding those subsidiaries of the Group) and RMB17 million (equivalent to approximately HK$17 million) by one of the subsidiaries of Haier SPV Group. Under the sponsorship agreement, Haier Group and/or its affiliates are permitted to use the official logo of the Games for its product promotion purposes from 8 August 2005 to 31 December 2008 (the "Sponsorship Period").

於二零零五年，海爾集團就將於二零零八年在北京主辦之第29屆奧林匹克運動會(「奧運會」)贊助第29屆奧林匹克運動會組織委員會(「奧委會」)。贊助費達人民幣220,000,000元(相等於約216,000,000港元)，其中人民幣203,000,000元(相等於約199,000,000港元)由海爾集團之若干附屬公司(本集團之附屬公司除外)分擔，而人民幣17,000,000元(相等於約17,000,000港元)則由海爾SPV集團之一家附屬公司分擔。根據贊助協議，海爾集團及／或其聯屬人士於二零零五年八月八日至二零零八年十二月三十一日期間(「贊助期間」)獲准使用奧運會會徽作產品宣傳。

The sponsorship fee is amortised over the Sponsorship Period on the straight-line basis.

贊助費於贊助期間以直線法攤銷。

Accordingly, a relevant portion of the sponsorship fee paid by the subsidiary of Haier SPV Group amounting to approximately HK$5 million has been classified as prepayments, deposits and other receivables under current assets.

因此，海爾SPV集團附屬公司所支付贊助費之相關部分約5,000,000港元已分類為流動資產項下之預付款項、按金及其他應收賬款。

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23. LONG TERM PREPAYMENTS *(Cont'd)* 23. 長期預付款項 *(續)*

Group 本集團

		2006 二零零六年 HK$'000 千港元	2005 二零零五年 HK$'000 千港元 (Restated) (重列)
Carrying amount at end of year	年終之賬面值	**10,338**	14,911
Current portion included in prepayments, deposits and other receivables	計入預付款項、按金及其他應收賬款之流動部分	**(5,169)**	(4,970)
Non-current portion	非流動部分	**5,169**	9,941

24. INVENTORIES 24. 存貨

Group 本集團

		2006 二零零六年 HK$'000 千港元	2005 二零零五年 HK$'000 千港元 (Restated) (重列)
Raw materials	原料	**15,907**	143,958
Work in progress	在製品	**11,668**	79,685
Finished goods	製成品	**180,495**	263,585
		208,070	487,228

25. TRADE AND BILLS RECEIVABLES

The Group normally allows an average credit period of 30 to 90 days to its trade customers. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

25. 應收貿易賬款及票據

本集團一般給予其貿易客戶平均30至90日的信貸期。本集團致力對其未償還應收賬款維持嚴緊監控，而高級管理層會定期檢討過期結餘。鑑於上述措施及本集團之應收貿易賬款與多名不同客戶有關，故並無重大信貸集中風險。應收貿易賬款均不計利息。

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25. TRADE AND BILLS RECEIVABLES *(Cont'd)*

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

25. 應收貿易賬款及票據*(續)*

於結算日應收貿易賬款及票據(已扣除撥備)之賬齡按發票日期分析如下：

		2006 二零零六年 HK$'000 千港元	2005 二零零五年 HK$'000 千港元 (Restated) (重列)
Trade receivables:	應收貿易賬款：		
Within 1 month	1個月內	**334,656**	547,394
1 to 2 months	1至2個月	**120,429**	189,542
2 to 3 months	2至3個月	**29,295**	105,749
Over 3 months	超過3個月	**21,267**	36,756
		505,647	879,441
Bills receivable	應收票據	**1,113,761**	205,597
		1,619,408	1,085,038

Included in the Group's trade and bills receivables are amounts due from Haier Affiliates amounting to HK$479,940,000 (2005: HK$828,458,000 (as restated)), which are repayable on similar credit terms to those offered to the major customers of the Group. Further details of the sales to these related parties are set out in note 16 to the financial statements.

本集團之應收貿易賬款及票據包括應收海爾聯屬人士之款項為479,940,000港元(二零零五年：828,458,000港元(重列))，該款項須按與本集團給予主要客戶相若之信貸條款償還。有關向該等關連人士銷售之其他詳情載於財務報表附註16。

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26. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES
26. 預付款項、按金及其他應收賬款

		Group 本集團		Company 本公司	
		2006 二零零六年 HK$'000 千港元	2005 二零零五年 HK$'000 千港元 (Restated) （重列）	**2006 二零零六年 HK$'000 千港元**	2005 二零零五年 HK$'000 千港元
Prepayments	預付款項	**64,298**	96,069	**42**	2
Deposits and other receivables	按金及其他應收賬款	**37,166**	144,611	**304**	—
		101,464	240,680	**346**	2

Included in the Group's prepayments, deposit and other receivables are amounts due from Haier Affiliates amounting to HK$87,008,000 (2005: HK$131,368,000 (as restated)), which are unsecured, interest-free and are repayable on demand. The carrying amounts of the prepayments, deposits and other receivables approximate to their fair values.

本集團之預付款項、按金及其他應收賬款包括應收海爾聯屬人士款項為87,008,000港元（二零零五年：131,368,000港元（重列））。該款項為無抵押、免息及按通知償還。預付款項、按金及其他應收賬款之賬面值與其公平值相若。

27. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS
27. 現金及現金等值項目及已抵押存款

		Group 本集團		Company 本公司	
		2006 二零零六年 HK$'000 千港元	2005 二零零五年 HK$'000 千港元 (Restated) （重列）	**2006 二零零六年 HK$'000 千港元**	2005 二零零五年 HK$'000 千港元
Cash and bank balances	現金及銀行結餘	**350,685**	564,870	**17,904**	23,906
Time deposits	定期存款	**276,117**	27,362	**48,117**	27,362
		626,802	592,232	**66,021**	51,268
Less: Pledged deposits	減：已抵押存款	**—**	(70)	**—**	—
Cash and cash equivalents	現金及現金等值項目	**626,802**	592,162	**66,021**	51,268

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27. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS *(Cont'd)*

At the balance sheet date, the cash and bank balances and time deposits of the Group denominated in Renminbi ("RMB") amounted to HK$560,760,000 (2005: HK$464,339,000 (as restated)). 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.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and one year depending on the immediate cash requirement of the Group, and earn interest at the respective short term time deposit rates. The carrying amounts of the cash and cash equivalents approximate to their fair values.

Included in the Group's cash and cash equivalents are deposits of approximately HK$479,163,000 (2005: HK$276,396,000 (as restated)) placed with Haier Finance, a financial institution approved by the People's Bank of China. The interest rate on these deposits was 0.72% per annum. Further details of the interest income attributable to the deposits placed with Haier Finance are set out in note 16 to the financial statements.

27. 現金及現金等值項目及已抵押存款 *(續)*

於結算日，本集團以人民幣(「人民幣」)列值之現金及銀行結餘以及定期存款為560,760,000港元(二零零五年：464,339,000港元(重列))。人民幣不能自由兑換為其他貨幣，但根據中國大陸之《外匯管制法規及結匯、售匯及付匯管理規定》，本集團可透過獲認可進行外幣業務之銀行將人民幣兑換為其他貨幣。

存於銀行之現金根據每日銀行存款利率按浮動利率賺取利息。短期定期存款視乎本集團之即時現金需求而分為介乎一日至一年之不同存款期，按相關短期定期存款利率賺取利息。現金及現金等值項目之賬面值與其公平值相若。

本集團之現金及現金等值項目包括存放於海爾財務之存款約479,163,000港元(二零零五年：276,396,000港元(重列))。海爾財務為中國人民銀行認可之財務機構。該等存款按年利率0.72 厘計息。有關存放於海爾財務之存款之利息收入其他詳情載於財務報表附註16。

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28. TRADE AND BILLS PAYABLES

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

28. 應付貿易賬款及票據

於結算日應付貿易賬款之賬齡按發票日期分析如下：

		2006 二零零六年 HK$'000 千港元	2005 二零零五年 HK$'000 千港元 (Restated) （重列）
Trade payables:	應付貿易賬款：		
Within 1 month	1個月內	**630,009**	620,746
1 to 2 months	1至2個月	**108,895**	166,587
2 to 3 months	2至3個月	**3,864**	121,676
Over 3 months	超過3個月	**25,225**	204,655
		767,993	1,113,664
Bills payable	應付票據	**442,020**	107,701
		1,210,013	1,221,365

Included in the Group's trade and bills payables are amounts due to Haier Affiliates amounting to HK$749,449,000 (2005: HK$992,331,000 (as restated)), which are repayable on similar credit terms to those offered by the major suppliers of the Group. Further details of the purchases from these related parties are set out in note 16 to the financial statements.

本集團之應付貿易賬款及票據包括應付海爾聯屬人士款項為749,449,000港元（二零零五年：992,331,000港元（重列）），該款項須按與主要供應商給予本集團相若之信貸條款償還。有關向該等關連人士採購之其他詳情載於財務報表附註16。

The trade payables are non-interest-bearing and are normally settled on credit terms ranging from 30 to 60 days.

應付貿易賬款不計利息，並一般按介乎30至60日之信貸期償還。

29. OTHER PAYABLES AND ACCRUALS

29. 其他應付賬款及應計負債

		Group 本集團		Company 本公司	
		2006 二零零六年 HK$'000 千港元	2005 二零零五年 HK$'000 千港元 (Restated) （重列）	2006 二零零六年 HK$'000 千港元	2005 二零零五年 HK$'000 千港元
Other payables	其他應付賬款	**625,512**	397,244	**168,695**	—
Accruals	應計負債	**236,054**	216,609	**17,650**	6,071
		861,566	613,853	**186,345**	6,071

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29. OTHER PAYABLES AND ACCRUALS *(Cont'd)*

Included in the Group's other payables and accruals are amounts due to Haier Affiliates amounting to HK$261,232,000 (2005: HK$130,463,000 (as restated)). These amounts are unsecured, interest-free and are repayable on demand, except for a payable amount due to Haier Third BVI of HK$168,695,000 which is unsecured, due to be repayable within one year and interest-bearing at 4% per annum, further details of which are set in note 2 to the financial statements. The carrying amounts of the other payables and accruals approximate to their fair values.

29. 其他應付賬款及應計負債 *(續)*

本集團之其他應付賬款及應計負債包括應付海爾聯屬人士款項為261,232,000港元(二零零五年:130,463,000港元(重列)),該款項為無抵押、免息乃按通知償還,惟應付海爾第三BVI款項168,695,000港元為無抵押、將於一年內到期須予償還及按年利率4厘計算,有關其他詳情載於財務報表附註2。其他應付賬款及應計負債之賬面值與其公平值相若。

30. INTEREST-BEARING BANK AND OTHER BORROWINGS

30. 計息銀行及其他借貸

Group 本集團

		2006 二零零六年			2005 二零零五年		
		Effective interest rate (%) 實際利率 (%)	**Maturity 到期**	**HK$'000 千港元**	Effective interest rate (%) 實際利率 (%)	Maturity 到期	HK$'000 千港元 (Restated) (重列)
Current	**流動**						
Other loans	其他貸款	**6.12**	**2007 二零零七年**	**58,000**	4 — 6	2006 or on demand 二零零六年或按通知	200,000
Trust receipts	信託票據	**–**	**–**	**–**	3 — 5	2006 or on demand 二零零六年或按通知	43,076
				58,000			243,076
Non-current	**非流動**						
Convertible notes *(note 31)*	可換股票據 *(附註31)*	**4.75**	**2008 二零零八年**	**161,665**	4.75	2008 二零零八年	211,528
Other loans	其他貸款	**6.48**	**2009-2011 二零零九年至二零一一年**	**78,800**	—	—	—
				240,465			211,528
				298,465			454,604

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30. INTEREST-BEARING BANK AND OTHER BORROWINGS *(Cont'd)*
30. 計息銀行及其他借貸*(續)*

Company 本公司

		2006 二零零六年			2005 二零零五年		
		Effective interest rate (%) 實際利率 (%)	**Maturity 到期**	**HK$'000 千港元**	Effective interest rate (%) 實際利率 (%)	Maturity 到期	HK$'000 千港元 (Restated) (重列)
Non-current	**非流動**						
Convertible notes *(note 31)*	可換股票據 *(附註31)*	**4.75**	**2008 二零零八年**	**161,665**	4.75	2008 二零零八年	211,528

		Group 本集團		Company 本公司	
		2006 二零零六年 HK$'000 千港元	2005 二零零五年 HK$'000 千港元 (Restated) (重列)	**2006 二零零六年 HK$'000 千港元**	2005 二零零五年 HK$'000 千港元
Analysed into:	分析如下：				
Bank loans repayable:	須於以下限期償還之銀行貸款：				
Within one year or on demand	一年內或按通知	**–**	43,076	**–**	—
Other borrowings repayable:	須於以下限期償還之其他借貸：				
Within one year or on demand	一年內或按通知	**58,000**	200,000	**–**	—
In the second year	第二年	**161,665**	—	**161,665**	—
In the third to fifth year, inclusive	第三年至五年(包括首尾兩年)	**78,800**	211,528	**–**	211,528
		298,465	411,528	**161,665**	211,528
		298,465	454,604	**161,665**	211,528

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30. INTEREST-BEARING BANK AND OTHER BORROWINGS *(Cont'd)*

All interest-bearing bank and other borrowings are unsecured. The other loans represented loans borrowed from Haier Finance, which are guaranteed by Haier Corp, bear interest at a rate of approximately 6% per annum and are repayable within one year, except for borrowings of HK$78,800,000 which are repayable between 2009 and 2011. Further details of the interest expenses attributable to the loans borrowed from Haier Finance are set out in note 16 to the financial statements.

Except for the convertible notes, all other borrowings of the Group bear interest at floating interest rates. The Group's other loans are denominated in RMB and the convertible notes are denominated in Hong Kong dollars.

The carrying amounts of the Group's other borrowings approximate to their fair values. The fair value of the liability portion of the convertible notes is estimated at approximately HK$150 million (2005: HK$200 million), which is calculated by discounting the expected future cash flows at the prevailing interest rates.

31. CONVERTIBLE NOTES

On 28 January 2005, the Company issued convertible notes with an aggregate principal amount of HK$260 million to a subsidiary of Haier Group, Qingdao Haier Group Holdings (BVI) Ltd. The convertible notes have a three-year term and are non-interest-bearing. Each note is convertible at any time prior to the fifth business days before 27 January 2008, at the note holder's option, into the Company's ordinary shares at a conversion price of HK$0.18 per share. When the notes were issued, the prevailing market interest rate for similar notes without the conversion option was higher than the interest rate at which the notes were issued.

The fair value of the liability component of the convertible notes was determined at the issuance date, using the prevailing market interest rate for similar debt without a conversion option of 4.75% and is carried as a long term liability. The remaining portion was allocated to the conversion option that is recognised and included in shareholders' equity. At the issuance date, the liability and equity components of the convertible notes were split as to HK$226,210,000 and HK$33,790,000, respectively.

30. 計息銀行及其他借貸*（續）*

所有計息銀行及其他借貸均為無抵押。其他貸款指向海爾財務借入並由海爾集團公司擔保之貸款，按年利率約6厘計息及須於一年內償還，惟須於二零零九年至二零一一年償還之借貸78,800,000港元除外。向海爾財務借入貸款之利息支出載於財務報表附註16。

除可換股票據外，本集團所有其他借貸均以浮動利率計息。本集團其他貸款以人民幣列值，而可換股票據則以港元列值。

本集團其他借貸之賬面值與其公平值相若。可換股票據之負債部分公平值估計約為150,000,000港元（二零零五年：200,000,000港元），乃按預期日後現金流量以當時利率貼現計算。

31. 可換股票據

於二零零五年一月二十八日，本公司向海爾集團之附屬公司青島海爾集團控股(BVI)有限公司發行本金額合共260,000,000港元之可換股票據。可換股票據之年期為三年，不計利息。票據持有人可於二零零八年一月二十七日前第五個營業日前隨時以每股0.18港元之換股價將各票據兌換為本公司普通股。當發行票據後，並無換股權之同類票據當時市場利率較票據發行當時之利率為高。

可換股票據之負債部分公平值於發行日期按同類債務（並無換股權）之當時市場利率（4.75厘）釐定，並以長期負債列賬。剩餘部分則分配至在股東權益確認入賬之換股權。於發行日期，已分拆之可換股票據之負債及權益部分分別為226,210,000港元及33,790,000港元。

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31. CONVERTIBLE NOTES *(Cont'd)*

During the year, convertible notes with a face value of HK$63,000,000 (2005: HK$27,000,000) were converted into 350,000,000 (2005: 150,000,000) ordinary shares of the Company. Accordingly, the equity component and liability component of the convertible notes were reduced by HK$8,187,000 (2005: HK$3,509,000) and HK$57,322,000 (2005: HK$24,417,000), respectively.

31. 可換股票據 *(續)*

年內，面值63,000,000港元（二零零五年：27,000,000港元）之可換股票據已兑換為350,000,000股（二零零五年：150,000,000股）本公司普通股。因此，可換股票據之權益部分及負債部分分別減少8,187,000港元（二零零五年：3,509,000港元）及57,322,000港元（二零零五年：24,417,000港元）。

Group and Company 本集團及本公司

			Liability component 負債部分	
			2006 二零零六年	2005 二零零五年
		Notes 附註	**HK$'000 千港元**	HK$'000 千港元
At the issuance date or beginning of year	於發行日期或年初		**211,528**	226,210
Interest expenses	利息支出	*8*	**7,459**	9,735
Conversion of convertible notes	兑換可換股票據	*34*	**(57,322)**	(24,417)
At 31 December	於十二月三十一日		**161,665**	211,528

Subsequent to the balance sheet date, on 8 March 2007, the conversion price of the convertible notes was adjusted to HK$1.8 per share as a result of the share consolidation which became effective from 8 March 2007, further details of which are set out in note 34 to the financial statements.

結算日後，於二零零七年三月八日，可換股票據之兑換價因股份合併（於二零零七年三月八日起生效）而調整至每股1.8港元，股份合併之詳細詳情載於財務報表附註34。

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32. PROVISIONS

32. 撥備

Group
本集團

		Product warranties and installation 產品保養及安裝	
		2006 二零零六年 HK$'000 千港元	2005 二零零五年 HK$'000 千港元 (Restated) (重列)
At 1 January (as restated)	於一月一日(重列)	**108,459**	83,744
Additional provision	額外撥備	**362,946**	241,639
Amounts utilised during the year	年內已動用金額	**(304,578)**	(219,340)
Exchange realignment	匯兑調整	**4,338**	2,416
At 31 December	於十二月三十一日	**171,165**	108,459
Portion classified as current liabilities	列作流動負債之部分	**(61,172)**	(60,013)
Non-current portion	非流動部分	**109,993**	48,446

The Group provides installation services and warranties of one to three years to its customers on washing machines and water heaters, under which faulty products are repaired or replaced. The amount of the provision for the warranties is estimated based on sales volumes and past experience of the level of installation service rendered, repairs and returns. The estimation basis is reviewed on an ongoing basis and revised where appropriate.

本集團向客戶提供安裝服務及為期一至三年之洗衣機及熱水器保養，有問題之產品可獲維修或更換。保養撥備金額按銷量及以往所提供安裝服務、維修及退貨紀錄估計。估計基準持續檢討，並於適當時作出修訂。

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33. DEFERRED TAX

The movements in deferred tax assets and liabilities (mainly representing losses available for offset against future taxable profit, accruals and provisions) during the year are as follows:

33. 遞延稅項

年內，遞延稅項資產及負債(主要為可抵銷日後應課稅溢利之虧損、應計費用及撥備)變動如下：

Group 本集團

		Notes 附註	Deferred tax assets 遞延稅項資產 **2006 二零零六年 HK$'000 千港元**	2005 二零零五年 HK$'000 千港元 (Restated) (重列)
At 1 January (as restated)	於一月一日(重列)		**30,824**	37,308
Deferred tax credited to the income statement during the year in respect of:	年內就下列項目在收益表入賬之遞延稅項：			
Continuing operations	持續經營業務	11	**2,718**	484
A discontinued operation	已終止經營業務	13	**—**	(8,043)
Exchange realignment	匯兌調整		**1,139**	1,075
At 31 December	於十二月三十一日		**34,681**	30,824

		Notes 附註	Deferred tax liabilities 遞延稅項負債 **2006 二零零六年 HK$'000 千港元**	2005 二零零五年 HK$'000 千港元
At 1 January	於一月一日		**—**	606
Deferred tax charged/(credited) to the income statement during the year in respect of continuing operations	年內就持續經營業務在收益表扣除／(入賬)之遞延稅項	11	**7,465**	(623)
Exchange realignment	匯兌調整		**—**	17
At 31 December	於十二月三十一日		**7,465**	—

The Group has tax losses arising in Hong Kong of HK$34,523,000 (2005: HK$35,702,000) 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 the Company and subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

本集團於香港產生之稅項虧損為34,523,000港元(二零零五年：35,702,000港元)，可供無限期抵銷該等產生虧損之公司日後應課稅溢利。由於遞延稅項資產來自虧損多時之本公司及附屬公司，故此並無就該等虧損確認遞延稅項資產，而本公司不認為有可能出現可動用稅項虧損之應課稅溢利。

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33. DEFERRED TAX *(Cont'd)*

At 31 December 2006, there is no significant unrecognised deferred tax liability (2005: Nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries 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.

33. 遞延稅項 *(續)*

於二零零六年十二月三十一日，本集團概無因匯寄該等款額產生額外稅項之負債，故此並無有關若干本集團附屬公司未匯寄盈利之應付稅項之重大未確認遞延稅項負債(二零零五年：無)。

本公司向其股東派付之股息概無附帶任何所得稅後果。

34. ISSUED EQUITY

34. 已發行股本

Group
本集團

		Notes 附註	Issued equity 已發行股本 HK$'000 千港元
At 1 January 2005 (as restated)	於二零零五年一月一日(重列)		592,324
Acquisition of subsidiaries	收購附屬公司	37	445,307
Conversion of convertible notes	兌換可換股票據	31	27,926
Exercise of share options	行使購股權	35	28,602
At 31 December 2005 and beginning of year (as restated)	於二零零五年十二月三十一日及年初(重列)		1,094,159
Conversion of convertible notes	兌換可換股票據	31	65,509
Exercise of share options	行使購股權	35	53,292
At 31 December 2006	於二零零六年十二月三十一日		1,212,960

Due to the use of reverse acquisition basis of accounting, the amount of issued equity, which includes share capital, share premium and contributed surplus in the combined balance sheet, represents the amount of issued equity of legal subsidiaries acquired by the Company on 28 January 2005. The equity structure (i.e., the number and type of shares) reflects the equity structure of the legal parent, Haier Electronics Group Co., Ltd.

由於採用逆向收購會計法，故已發行股本之金額(包括合併資產負債表之股本、股份溢價及繳入盈餘)指本公司於二零零五年一月二十八日所收購各法定附屬公司之已發行股本金額。股本架構(即股份數目及類別)反映法定母公司海爾電器集團有限公司之股本架構。

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34. ISSUED EQUITY *(Cont'd)* 34. 已發行股本*(續)*

Company 本公司

		2006 二零零六年 HK$'000 千港元	2005 二零零五年 HK$'000 千港元
Authorised:	法定：		
30,000,000,000 (2005: 30,000,000,000) shares of HK$0.10 each	30,000,000,000股(二零零五年：30,000,000,000股)每股面值0.10港元之股份	**3,000,000**	3,000,000
Issued and fully paid:	已發行及已繳足：		
18,365,734,612 (2005: 16,670,734,612) shares of HK$0.10 each	18,365,734,612股(二零零五年：16,670,734,612股)每股面值0.10港元之股份	**1,836,573**	1,667,073

A summary of the transactions during the year involving the Company's issued share capital is as follows:

於年內涉及本公司已發行股本之交易概要如下：

		Notes 附註	Number of shares in issue 已發行股份數目	Issued share capital 已發行股本 HK$'000 千港元	Share premium account 股份溢價賬 HK$'000 千港元	Total 總計 HK$'000 千港元
At 1 January 2005	於二零零五年一月一日		9,964,027,945	996,403	70,179	1,066,582
Transfer of share premium account and contributed surplus to set off against accumulated losses#	轉撥股份溢價賬及繳入盈餘以抵銷累計虧損#		—	—	(70,179)	(70,179)
Issue of shares	發行股份	*37*	6,369,706,667	636,970	556,436	1,193,406
Conversion of convertible notes	兌換可換股票據	*31*	150,000,000	15,000	12,926	27,926
Exercise of share options	行使購股權	*35*	187,000,000	18,700	9,902	28,602
At 31 December 2005 and beginning of year	於二零零五年十二月三十一日及年初		16,670,734,612	1,667,073	579,264	2,246,337
Issue of shares	發行股份	*2*	1,000,000,000	100,000	140,000	240,000
Conversion of convertible notes	兌換可換股票據	*31*	350,000,000	35,000	30,509	65,509
Exercise of share options	行使購股權	*35*	345,000,000	34,500	18,792	53,292
At 31 December 2006	於二零零六年十二月三十一日		18,365,734,612	1,836,573	768,565	2,605,138

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34. ISSUED EQUITY *(Cont'd)*

\# Pursuant to a special resolution passed at an annual general meeting of the Company held on 25 May 2005, the Company carried out the following capital reorganisation:

(a) the credit balance of share premium account amounted to HK$70,179,000 was reduced and applied to offset an equivalent amount of the accumulated losses of the Company as at 31 December 2004; and

(b) the credit balance of contribution surplus amounted to HK$844,286,000 was reduced and applied to offset the an equivalent amount of the accumulated losses of the Company as at 31 December 2004.

Pursuant to a special resolution passed at a special general meeting of the Company held on 7 March 2007, the Company reduced the nominal value of each of its issued share from HK$0.10 to HK$0.01 by cancellation of paid-up capital of HK$0.09 on each of its issued share (the "Capital Reduction"). Immediately following the Capital Reduction, every 10 issued shares of the Company of HK$0.01 each resulting from the Capital Reduction were consolidated into one consolidated share of HK$0.1 each (the "Share Consolidation"). The Capital Reduction and Share Consolidation became effective from 8 March 2007.

35. SHARE OPTION SCHEME

The Company adopts a share option scheme (the "Share Option Scheme") for the purpose of providing incentives and rewards to the eligible participants who contribute to the operations of the Group. Eligible participants of the Share Option Scheme include any employee, executive or officer of the Group (including executive and non-executive directors of the Company) and any supplier, consultant, agent, adviser, shareholder, customer, partner, business associate who, in the sole discretion of the board of directors of the Company (the "Board"), has contributed to the Group. The Share Option Scheme became effective on 28 February 2002 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

34. 已發行股本 *(續)*

\# 根據二零零五年五月二十五日舉行之本公司股東週年大會通過之特別決議案，本公司進行以下股本重組：

(a) 股份溢價賬信貸結餘70,179,000港元減少，並用以抵銷本公司於二零零四年十二月三十一日之累計虧損相同金額；及

(b) 繳入盈餘賬信貸結餘844,286,000港元減少，並用以抵銷本公司於二零零四年十二月三十一日之累計虧損相同金額。

根據本公司於二零零七年三月七日舉行之股東特別大會上通過之特別決議案，本公司透過註銷其每股已發行股份之已繳足股本0.09港元，將其每股已發行股份之面值由0.10港元削減至0.01港元(「股本削減」)。緊隨股本削減後，本公司因股本削減而產生之每10股每股面值0.01港元之已發行股份合併為一股每股面值0.1港元之合併股份(「股份合併」)。股本削減及股份合併已由二零零七年三月八日起生效。

35. 購股權計劃

本公司採納一項購股權計劃(「購股權計劃」)，其目的是激勵及獎勵合資格參與者為本集團業務作出貢獻。購股權計劃之合資格參與者包括本集團之任何僱員、行政人員或管理人員(包括本公司之執行及非執行董事)，以及本公司董事會(「董事會」)全權決定認為對本集團有所貢獻之任何供應商、顧問、代理商、諮詢人、股東、客戶、夥伴及業務聯繫人。購股權計劃由二零零二年二月二十八日起生效，而除另行註銷或修訂外，將由該日起計10年內有效。

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35. SHARE OPTION SCHEME *(Cont'd)*

The maximum number of shares in respect of which options may be granted under the Share Option Scheme is such number of shares, when aggregated with shares subject to any other share option scheme(s) of the Company, must not exceed 10% of the issued share capital of the Company as at the date of adoption of the Share Option Scheme. The maximum number of shares issuable upon exercise of the options granted under the Share Option Scheme and any other share option scheme(s) of the Company (including exercised, cancelled and outstanding options) to each eligible participant in any 12-month period is limited to 1% of the shares of the Company in issue as at the date of grant. Any further grant of share options in excess of this 1% limit shall be subject to the issue of a circular by the Company (and if required, the holding company) and the shareholders' approval of the Company (and if required, the approval of the shareholders of the holding company) at a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their respective associates, are subject to the approval in advance by the independent non-executive directors of the Company (and if required, the independent non-executive directors of the holding company), excluding the independent non-executive director(s) of the Company and the holding company who is/are the grantee(s) of the options. In addition, any share option granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their respective associates, in excess of 0.1% of the shares of the Company in issue as at the date of grant or with an aggregate value (based on the closing price of the shares of the Company as at the date of grant) in excess of HK$5 million, within any 12-month period, is subject to the issue of a circular by the Company (and if required, the holding company) and the shareholders' approval of the Company (and if required, the approval of the shareholders of the holding company) in advance at a general meeting.

35. 購股權計劃 *(續)*

根據購股權計劃可能授出之購股權所涉之股份總數加上本公司任何其他購股權計劃所涉之股份數目，不得超過於購股權計劃採納當日本公司已發行股本10%。於任何十二個月期間內，因根據購股權計劃及本公司任何其他購股權計劃授出之購股權(包括已行使、註銷及尚未行使之購股權)獲行使而可以向各合資格參與者發行之最高股份數目，以授出當日本公司已發行股份1%為限。如再授出超過該1%限額之購股權，則本公司(及(如有需要)控股公司)須事先刊發通函及於股東大會徵求本公司股東(及(如有需要)控股公司之股東)批准。

向本公司之董事或最高行政人員或主要股東或彼等各自之任何聯繫人授出購股權，事先必須獲得本公司之獨立非執行董事(及(如有需要)控股公司之獨立非執行董事)批准(身為購股權承授人之本公司及控股公司獨立非執行董事除外)。此外，如於任何十二個月期間向本公司之主要股東或獨立非執行董事或彼等各自任何聯繫人授出之購股權所涉之股份，超過授出當日本公司已發行股份0.1%或總值(根據授出當日本公司股份之收市價格計算)超過5,000,000港元，則本公司(及(如有需要)控股公司)須事先刊發通函及於股東大會徵求本公司股東(及(如有需要)控股公司之股東)批准。

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35. SHARE OPTION SCHEME *(Cont'd)*

The offer of a grant of share options may be accepted within 28 days from the date of the offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the Board, and commences on a specified date and ends on a date which is not later than 10 years from the date of grant of the share options or the expiry date of the Share Option Scheme, whichever is earlier.

The exercise price of the share options is determinable by the Board, but may not be less than the highest of (i) the closing price of the shares of the Company as stated in the daily quotation sheet of the Stock Exchange on the date of grant, which must be a trading day; (ii) the average closing price of the shares of the Company as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of grant; and (iii) the nominal value of the shares of the Company.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

35. 購股權計劃 *(續)*

授出購股權之建議可於建議日期起計28日內由承授人支付象徵式代價合共1港元後接納。已授出購股權之行使期由董事會釐定，由指定之日期開始至授出購股權日期起計不超過十年之日或購股權計劃期滿日(以較早者為準)為止。

購股權之行使價由董事會釐定，惟不得低於下列三者之最高者：(i)本公司股份於授出當日(必須為交易日)在聯交所每日報價表所列之收市價；(ii)本公司股份於緊接授出當日前五個交易日在聯交所每日報價表所列之平均收市價；及(iii)本公司股份之面值。

購股權並無賦予持有人收取股息或於股東大會上投票之權利。

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35. SHARE OPTION SCHEME *(Cont'd)*

Details of the movements of share options under the Share Option Scheme during the year were as follows:

35. 購股權計劃 *（續）*

年內，購股權計劃項下購股權之變動詳情如下：

Name or category of participant 參與者名稱或類別	Number of share options 購股權數目: Outstanding as at 1 January 2006 於二零零六年一月一日尚未行使	Granted during the year 年內授出	Exercised during the year 年內行使	Outstanding as at 31 December 2006 於二零零六年十二月三十一日尚未行使	Date of grant of options *(Note 1)* 購股權授出日期 *(附註1)*	Exercisable period of share options 購股權行使期	Exercise price of options *(Note 2)* 購股權行使價 *(附註2)* HK$ 港元	Price of the Company's shares *(Note 3)* 本公司股份價格 *(附註3)*: At grant date of options 授出購股權當日 HK$ 港元	Immediately before the exercise date of options 緊接購股權行使日期前 HK$ 港元	At exercise date of options 於購股權行使日期 HK$ 港元
Executive directors 執行董事										
Wu Ke Song 武克松	62,000,000	—	(52,000,000)	10,000,000	19/11/2002	19/11/2003 — 18/11/2007	0.150	—	0.241	0.239
Chai Yong Sen *(Note 4)* 柴永森 *(附註4)*	62,000,000	—	(52,000,000)	10,000,000	19/11/2002	19/11/2003 — 18/11/2007	0.150	—	0.240	0.241
Liang Hai Shan 梁海山	60,000,000	—	(50,000,000)	10,000,000	19/11/2002	19/11/2003 — 18/11/2007	0.150	—	0.241	0.241
Cui Shao Hua 崔少華	60,000,000	—	(50,000,000)	10,000,000	19/11/2002	19/11/2003 — 18/11/2007	0.150	—	0.241	0.241
	244,000,000	—	(204,000,000)	40,000,000						
Independent non-executive directors 獨立非執行董事										
Lam Kin Kau, Mark 林建球	5,000,000	—	(5,000,000)	—	16/8/2002	16/8/2003 — 15/8/2007	0.156	—	0.259	0.248
Fung Hoi Wing, Henry 馮藹榮	2,000,000	—	(1,000,000)	1,000,000	16/8/2002	16/8/2003 — 15/8/2007	0.156	—	0.265	0.280
	7,000,000	—	(6,000,000)	1,000,000						
Other employees 其他僱員										
In aggregate 合計	—	5,000,000	(5,000,000)	—	23/1/2006	23/1/2006 — 22/1/2011	0.2134	0.213	0.320	0.295
Other participants 其他參與者										
In aggregate 合計	356,500,000	—	(130,000,000)	226,500,000	16/8/2002	16/8/2003 — 15/8/2007	0.156	—	0.300	0.291
	607,500,000	5,000,000	(345,000,000)	267,500,000						

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35. SHARE OPTION SCHEMES *(Cont'd)*

Notes:

1. The vesting period of the share options is from the date of grant until the commencement of the exercisable period.

2. The exercise price of the share options is subject to adjustment(s) in the case of rights or bonus share issues, or other similar changes in the share capital of the Company.

3. The price of the Company's shares disclosed as at the date of grant of the share options is the Stock Exchange closing price on the trading day immediately prior to the date of grant of the options. The price of the Company's shares disclosed immediately before the exercise date of the share options is the weighted average of the Stock Exchange closing prices immediately before the dates on which the options were exercised over all of the exercises of options within the disclosure line.

4. Mr. Chai Yong Sen resigned as the director of the Company with effect from 15 February 2007.

The fair value of the share options granted during the year was HK$409,000 of which the Group recognised a share option expense during the year ended 31 December 2006.

The fair value of equity-settled share options granted during the year was estimated as at the date of grant using the Black-Scholes Option Model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used for the year ended 31 December 2006:

35. 購股權計劃 *（續）*

附註：

1. 購股權之歸屬期由授出日期起至行使期開始為止。

2. 購股權之行使價可於配售新股或發行紅股或本公司股本出現其他類似變動時調整。

3. 所披露本公司股份於購股權授出當日之價格，為緊接購股權授出當日前之交易日在聯交所之收市價。所披露本公司股份緊接購股權行使當日前之價格，為在披露範圍內有關行使所有購股權在緊接購股權行使當日前在聯交所之加權平均收市價。

4. 柴永森先生於二零零七年二月十五日辭任本公司董事。

年內所授出購股權之公平值為409,000港元，本集團已將此確認為截至二零零六年十二月三十一日止年度內之購股權支出。

年內已授出以股本結算購股權之公平值乃於授出當日採用Black-Scholes期權模型作估計，並經考慮授出購股權之條款及條件。下表載列截至二零零六年十二月三十一日止年度輸入所用模型之資料：

Dividend yield	股息率	0%
Expected volatility	預期波幅	68.35%
Historical volatility	過往波幅	68.35%
Risk-free interest rate	無風險利率	3.73%
Expected life of options	購股權之預期年期	2 years兩年

The expected life of the options is based on the management estimate with reference to the historical data over the past two years and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

購股權之預期年期乃按管理層估計並經參考過去兩年之過往資料後計算所得，未必能反映可能出現之行使模式。預期波幅反映過往波幅為未來趨勢指標之假設，惟該假設亦可能未必為真實結果。

並無其他已授出購股權之特點已納入公平值之計量當中。

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35. SHARE OPTION SCHEMES *(Cont'd)*

The 345,000,000 share options exercised during the year resulted in the issue of 345,000,000 (2005:187,000,000) ordinary shares of the Company and new share capital of HK$34,500,000 (2005: HK$18,700,000) and share premium of HK$18,792,000 (2005: HK$9,902,000) (before issue expenses), as further detailed in note 34 to the financial statements.

At the balance sheet date, the Company had 267,500,000 share options outstanding under the Share Option Scheme. The exercise in full of the remaining share options would, under the present capital structure of the Company, result in the issue of 267,500,000 additional ordinary shares of the Company (representing approximately 1.5% of the Company's shares in issue at the balance sheet date) and additional share capital of HK$26,750,000 and share premium of HK$14,740,000 (before issue expenses).

Subsequent to the balance sheet date, certain directors of the Company exercised in aggregate of 40,000,000 share options at HK$0.15 each and other participants of the Share Option Scheme exercised in aggregate 62,500,000 share options at HK$0.156 each.

At the date of approval of these financial statements, the Company had 16,500,000 share options exercisable at HK$1.56 each, which were adjusted from 165,000,000 share options exercisable at HK$0.156 each as a result of the Share Consolidation, as further detailed in note 43 to the financial statements.

35. 購股權計劃 *(續)*

年內已行使345,000,000份購股權，導致須發行345,000,000股（二零零五年：187,000,000股）本公司普通股以及新股本34,500,000港元（二零零五年：18,700,000港元）及股份溢價18,792,000港元（二零零五年：9,902,000港元）（未計發行開支），其他詳情載於財務報表附註34。

於結算日，本公司根據購股權計劃有267,500,000份未行使購股權。倘悉數行使餘下之購股權，則根據本公司現有資本結構計算，本公司須額外發行267,500,000股本公司普通股（佔本公司於結算日之已發行股份約1.5%）而股本及股份溢利將分別增加26,750,000港元及14,740,000港元（未計發行開支）。

結算日後，本公司若干董事按每股0.15港元行使合共40,000,000份購股權，而其他購股權計劃參與者則按每股0.156港元行使合共62,500,000份購股權。

於批准財務報表當日，本公司有16,500,000份可按每股1.56港元行使之購股權（已因財務報表附註43所進一步詳述之股本合併而由165,000,000份可按每股0.156港元行使之購股權調整而至）。

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36. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the combined statement of changes in equity on pages 50 and 51 of the financial statements.

(i) Pursuant to the relevant PRC laws and regulations, certain of the Group's subsidiaries registered in the PRC are required to transfer a portion of their profits to reserve funds. These funds are non-distributable in the form of cash dividends. For the purpose of determining the appropriations to these funds, the net profits of these subsidiaries are determined in accordance with the applicable financial rules and regulations of the PRC.

(ii) The consideration in connection with the Asset Transfer set out in note 2 to the financial statements was HK$900 million, which was satisfied as to HK$240 million by the issuance of 1,000,000,000 ordinary shares of the Company at HK$0.24 each and HK$660 million by the Promissory Note and its accrued interest, the Offsetting Receivables and the Deferred Consideration (collectively referred to as the "Non-share Consideration").

As the Asset Transfer is accounted for using merger accounting, it is treated as an equity transaction. Accordingly, the Non-share Consideration is regarded as a deemed distribution to the holding companies of the Company for the year ended 31 December 2006.

36. 儲備

(a) 本集團

本年度及過往年度本集團之儲備數額及其變動詳情，載於財務報表第50及51頁之合併權益變動表。

(i) 根據相關中國法例及法規，本集團若干於中國註冊之附屬公司須將其部分溢利轉撥至儲備基金。該等基金不可以現金股息之形式分派。在釐定向該等基金之分配時，會根據適用之中國財務規則及法規釐定該等附屬公司之純利。

(ii) 財務報表附註2所載與資產轉讓有關之代價為900,000,000港元，其中240,000,000港元透過按每股0.24港元發行1,000,000,000股本公司普通股之方式支付，而660,000,000港元則透過承付票據及其應計利息、抵銷應收賬款及遞延代價（統稱「非股份代價」）之方式支付。

由於資產轉讓乃採用合併會計法入賬，故其獲視為一項股本交易。因此，非股份代價乃視為於截至二零零六年十二月三十一日止年度向本公司控股公司作出之分派。

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36. RESERVES *(Cont'd)*

36. 儲備 *(續)*

(b) Company

(b) 本公司

		Notes 附註	Share premium account 股份溢價賬 HK$'000 千港元	Contributed surplus 繳入盈餘 HK$'000 千港元	Share option reserve 購股權儲備 HK$'000 千港元	Accumulated losses 累計虧損 HK$'000 千港元	Total 總額 HK$'000 千港元
At 1 January 2005	於二零零五年一月一日		70,179	1,035,156	—	(914,465)	190,870
Transfer of share premium account and contributed surplus to set off against accumulated losses	轉撥股份溢價賬及繳入盈餘以抵銷累計虧損	34	(70,179)	(844,286)	—	914,465	—
Issue of shares	發行股份	34	556,436	—	—	—	556,436
Conversion of convertible notes	兌換可換股票據	31	12,926	—	—	—	12,926
Exercise of share options	行使購股權	34	9,902	—	—	—	9,902
Loss for the year	年內虧損		—	—	—	(1,250,311)	(1,250,311)
At 31 December 2005 and beginning of the year	於二零零五年十二月三十一日及年初		579,264	190,870	—	(1,250,311)	(480,177)
Issue of shares	發行股份	2, 34	140,000	—	—	—	140,000
Equity-settled share option arrangements	以股本結算之購股權安排	35	—	—	409	—	409
Conversion of convertible notes	兌換可換股票據	31	30,509	—	—	—	30,509
Exercise of share options	行使購股權	34	18,792	—	(409)	—	18,383
Profit for the year	年內溢利		—	—	—	48,698	48,698
At 31 December 2006	於二零零六年十二月三十一日		768,565	190,870	—	(1,201,613)	(242,178)

The contributed surplus of the Company represents the excess of the fair value of the shares of the subsidiaries acquired, over the nominal value of the Company's shares issued in exchange therefor. Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus is distributable to shareholders in certain circumstances.

本公司之繳入盈餘為所收購附屬公司股份公平值超逾本公司為支付相關代價而發行股份面值之差額。根據百慕達一九八一年公司法(經修訂),繳入盈餘可在若干情況下分派予股東。

The share option reserve comprises the fair value of share options granted which are yet to be exercised, as further explained in the accounting policy for share-based payment transactions in note 3.4 to the financial statements. The amount will either be transferred to the share premium account when the related options are exercised, or be transferred to accumulated losses should the related options expire or be forfeited.

購股權儲備包括已授出但未獲行使購股權之公平值(於財務報表附註3.4有關以股份支付報酬之交易之會計政策中詳細闡釋)。有關數額將於有關購股權獲行使時轉撥至股份溢價賬,或於有關購股權屆滿或遭沒收時轉撥至累計虧損。

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37. BUSINESS COMBINATION

On 28 January 2005, the Company acquired from Haier Group its entire 100% interest in Haier Holdings (BVI) Limited and Qingdao Haier Investment and Development Holdings (BVI) Limited, for an aggregate consideration of RMB1,100 million (equivalent to approximately HK$1,035 million) (the "Asset Injection"). The total consideration of HK$1,035 million was satisfied as to HK$725 million by the issuance of 4,027 million ordinary shares of the Company at HK$0.18 each, HK$260 million by the issuance of convertible notes of the Company and HK$50 million in cash.

On the same date, the Company exercised its call option to acquire from Haier Investment its entire 35.5% interest in Pegasus Qingdao for a consideration of HK$468.6 million (the "Call Option Exercise"). The consideration was satisfied by the issuance of 2,343 million ordinary shares of the Company at HK$0.20 each.

Upon completion of the Asset Injection and Call Option Exercise, Haier Group's interest in the Company collectively increased to 50.2% and Haier Group became the controlling shareholder of the Company.

Under HKFRS 3 *Business combinations*, the Asset Injection and Call Option Exercise were accounted for as a reverse acquisition since the issuance of the consideration shares resulted in Haier Group becoming the controlling shareholder of the Company. For accounting purpose, Haier Group's interest in Haier Holdings (BVI) Limited, Qingdao Haier Investment and Development Holdings (BVI) Limited and Pegasus Qingdao (collectively referred to as the "Haier Businesses") is treated as the acquirer while the Company and its relevant interest in the then subsidiaries (collectively referred to as the "Former Group") is deemed to have been acquired by the Haier Businesses on 28 January 2005.

37. 業務合併

於二零零五年一月二十八日，本公司向海爾集團收購海爾控股(BVI)有限公司及青島海爾投資發展有限公司全部100%權益，總代價為人民幣1,100,000,000元（相等於約1,035,000,000港元）（「注入資產」）。總代價1,035,000,000港元中725,000,000港元透過按每股0.18港元發行4,027,000,000股本公司普通股之方式支付、260,000,000港元透過發行本公司可換股票據之方式支付及50,000,000港元以現金支付。

同日，本公司行使其認購期權，以向海爾投資收購其於飛馬青島之全部35.5%權益，代價為468,600,000港元（「行使認購期權」）。代價透過按每股0.20港元發行2,343,000,000股本公司普通股之方式支付。

於完成注入資產及行使認購期權後，海爾集團佔本公司之權益合共增加至50.2%，而海爾集團成為本公司之控股股東。

根據香港財務報告準則第3號*業務合併*，由於發行代價股份導致海爾集團成為本公司之控股股東，故注入資產及行使認購期權將列作逆向收購入賬。就會計而言，海爾集團所擁有的海爾控股(BVI)有限公司、青島海爾投資發展有限公司及飛馬青島權益（統稱為「海爾業務」）被視為收購者，而本公司及其當時附屬公司之相關權益（統稱為「前集團」）則視為由海爾業務於二零零五年一月二十八日所收購。

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37. BUSINESS COMBINATION *(Cont'd)*

The fair values of the identifiable assets and liabilities of the Former Group as at the date of acquisition, which have no significant differences from their carrying amounts immediately before the acquisition, were as follows:

37. 業務合併 *(續)*

以下為前集團於收購當日之可識別資產及負債之公平值(與緊接收購前之賬面值無重大差異):

		Notes 附註	**2006 二零零六年 HK$'000 千港元**	2005 二零零五年 HK$'000 千港元
Property, plant and equipment	物業、廠房及設備	*17*	–	228,023
Cash and bank balances	現金及銀行結餘		–	130,189
Prepayments and other receivables	預付款項及其他應收賬款		–	30,805
Trade payables	應收貿易賬款		–	(134)
Accruals and other payables	應計負債及其他應付賬款		–	(75,136)
Minority interests	少數股東權益		–	119,613
			–	433,360
Goodwill	商譽	*20*	–	321,947
			–	755,307
Satisfied by:	以下列方式支付代價:			
Issued equity	已發行股本	*34*	–	445,307
Convertible notes*	可換股票據*	*31*	–	260,000
Cash*	現金*		–	50,000
			–	755,307

* regarded as deemed distributions to Haier Group

* 被視為向海爾集團作出之分派

An analysis of the net inflow of cash and cash equivalents in respect of the acquisition is as follows:

有關收購之現金及現金等值項目流入淨額分析如下:

		2006 二零零六年 HK$'000 千港元	2005 二零零五年 HK$'000 千港元
Cash and bank balances acquired	所收購現金及銀行結餘	–	130,189
Cash consideration	現金代價	–	(50,000)
Net inflow of cash and cash equivalents in respect of the acquisition	有關收購之現金及現金等值項目流入淨額	–	80,189

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37. BUSINESS COMBINATION *(Cont'd)*

Since its acquisition, the Former Group had no contribution to the Group's revenue and contributed HK$114,687,000 to the Group's combined loss for the year ended 31 December 2005.

There would have been no significant differences to the Group's combined loss for the year ended 31 December 2005 had the combination taken place at 1 January 2005.

37. 業務合併 *(續)*

前集團自收購以來並無為本集團帶來收益，但於截至二零零五年十二月三十一日止年度帶來114,687,000港元之合併虧損。

若合併於二零零五年一月一日進行，與本集團截至二零零五年十二月三十一日止年度之合併虧損無重大差異。

38. DISPOSAL OF SUBSIDIARIES

38. 出售附屬公司

		Notes 附註	2006 二零零六年 HK$'000 千港元	2005 二零零五年 HK$'000 千港元
Net assets disposed of:	所出售之資產淨值：			
Property, plant and equipment	物業、廠房及設備	17	370,042	—
Intangible assets	無形資產	19	3,138	—
Inventories	存貨		171,527	—
Trade and bills receivables	應收貿易賬款及票據		438,676	—
Prepayments, deposits and other receivables	預付款項、按金及其他應收賬款		105,047	—
Tax recoverable	可退回税項		94	—
Cash and cash equivalents	現金及現金等值項目		38,534	—
Trade and bills payables	應付貿易賬款及票據		(738,611)	—
Other payables and accruals	其他應付賬款及應計負債		(54,862)	—
Interest-bearing bank and other borrowings	計息銀行及其他借貸		(67,911)	—
			265,674	—
Exchange fluctuation reserve realised	已變現之外匯波動儲備		(13,342)	—
Expenses directly attributable to the disposal of the discontinued operation	出售已終止經營業務直接應佔之開支		2,219	—
Gain on disposal of the discontinued operation	出售已終止經營業務之收益	13	156,449	—
			411,000	—
Satisfied by:	以下列方式支付：			
Promissory note	承付票據	2	411,000	—

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38. DISPOSAL OF SUBSIDIARIES *(Cont'd)*

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

38. 出售附屬公司 *(續)*

有關出售附屬公司之現金及現金等值項目流出淨額分析如下：

		2006 **二零零六年** **HK$'000** **千港元**	2005 二零零五年 HK$'000 千港元
Cash consideration	現金代價	**–**	—
Cash and cash equivalents disposed of	所出售現金及現金等值項目	**(38,534)**	—
Net outflow of cash and cash equivalents in respect of the disposal of subsidiaries	有關出售附屬公司之現金及現金等值項目流出淨額	**(38,534)**	—

39. CONTINGENT LIABILITIES

At the balance sheet date, neither the Group nor the Company had any significant contingent liabilities.

39. 或然負債

於結算日，本集團及本公司均無任何重大或然負債。

40. OPERATING LEASE ARRANGEMENTS

(a) As lessor

At 31 December 2006, the Group did not have any future minimum lease receivables.

For the year ended 31 December 2005, the Group leased part of its buildings under an operating lease arrangement, with the lease negotiated for a term of one year. At 31 December 2005, the Group had total future minimum lease receivables of HK$1,356,000 under a non-cancellable operating lease with its tenants falling due within one year.

40. 經營租約安排

(a) 作為出租人

於二零零六年十二月三十一日，本集團並無任何未來最低租約應收賬款。

截至二零零五年十二月三十一日止年度，本集團根據經營租約安排出租其部分樓宇，議定之租期為一年。於二零零五年十二月三十一日，本集團根據與其租戶於一年內到期之不能取消之經營租約有未來最低租約應收賬款總額為1,356,000港元。

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40. OPERATING LEASE ARRANGEMENTS *(Cont'd)*

(b) As lessee

The Group leases certain properties under operating lease arrangements. Leases for the properties are negotiated for terms ranging from one to ten years.

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

40. 經營租約安排*（續）*

(b) 作為承租人

本集團根據經營租約安排租用若干物業。議定之物業租期介乎一年至十年。

於結算日，本集團及本公司根據於下列期間到期之不能取消之經營租約有未來最低租金總額如下：

		Group 本集團		Company 本公司	
		2006 二零零六年 HK$'000 千港元	2005 二零零五年 HK$'000 千港元 (Restated)（重列）	**2006 二零零六年 HK$'000 千港元**	2005 二零零五年 HK$'000 千港元
Within one year	一年內	**7,436**	2,105	**998**	—
In the second to fifth year, inclusive	第二至五年（包括首尾兩年）	**5,111**	5,213	**1,247**	—
		12,547	7,318	**2,245**	—

41. COMMITMENTS

In addition to the operating lease commitments detailed in note 40 above, the Group had the following commitments at the balance sheet date:

41. 承擔

除上文附註40所詳述經營租約承擔外，本集團於結算日有以下承擔：

Group 本集團

		2006 二零零六年 HK$'000 千港元	2005 二零零五年 HK$'000 千港元 (Restated)（重列）
Authorised, but not contracted for:	已授權但未訂約：		
Property, plant and equipment	物業、廠房及設備	**169,298**	6,010
Contracted, but not provided for:	已訂約但未撥備：		
Property, plant and equipment	物業、廠房及設備	**82,467**	5,920
		251,765	11,930

At the balance sheet date, the Company did not have any significant commitments other than those disclosed in note 40 above.

於結算日，本公司除上文附註40所披露者外並無任何重大承擔。

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42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise convertible notes, other interest-bearing loans and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations or acquisitions. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are cash flow interest rate risk, foreign currency risk, credit risk and liquidity risk. The board reviews and agrees policies for managing each of these risks and they are summarised below.

Cash flow interest rate risk

The Group's exposure to the risk of changes in market interest rates related primarily to the Group's loans and borrowings with floating interest rates. The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts.

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currency. The Group's foreign currency risk is not considered significant because most of the Group's sales and purchases are denominated in RMB.

Credit risk

The Group trades only with recognised and creditworthy customers. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

42. 財務風險管理目標及政策

本集團之主要金融工具包括可換股票據、其他計息貸款及現金與短期存款。該等金融工具之主要目的是為本集團營運或收購集資。本集團有多種其他財務資產及負債，如直接來自業務之應收及應付貿易賬款。

於整個回顧年度，本集團之政策為不進行任何金融工具買賣。

來自本集團金融工具之主要風險為現金流量利率風險、外幣風險、信貸風險及流動資金風險。董事會檢討及協定各類風險之監控政策概述如下。

現金流量利率風險

本集團之市場利率變動風險主要有關本集團之浮息貸款及借貸承擔。本集團之政策是借入固定及浮動利率之借貸組合，以管理利息成本。

外幣風險

本集團涉及交易貨幣風險。該等風險來自營運單位以功能貨幣以外貨幣進行銷售或購買。由於本集團大部分銷售及採購均以人民幣列值，故外幣風險並不重大。

信貸風險

本集團僅與著名及信譽良好之客戶進行交易。根據本集團之政策，任何有意以記賬形式進行交易之客戶均須經過信貸核實程序。此外，本集團亦持續監察應收賬款結餘，而本集團之壞賬風險並不重大。

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42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Cont'd)*

Credit risk *(Cont'd)*

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these financial assets.

Since the Group trades only with recognised and creditworthy customers, there is no requirement for collateral.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and other borrowings. It is the Group's policy to renew its loan agreements with Haier Finance or major local banks in Mainland China upon the maturity of the Group's short term loans or borrowings.

43. POST BALANCE SHEET EVENTS

(a) Subsequent to the balance sheet date, there were 102,500,000 share options exercised, further details of which are set out in note 35 to the financial statements.

(b) On 8 March 2007, the nominal value of each of the Company's shares was reduced from HK$0.10 to HK$0.01 and every 10 shares of the Company were consolidated into one consolidated share, further details of which are set out in note 34 to the financial statements.

(c) During the 5th Session of the 10th National People's Congress, which was concluded on 16 March 2007, the PRC Corporate Income Tax Law (the "New Corporate Income Tax Law") was approved and will become effective on 1 January 2008. The New Corporate Income Tax Law introduces a wide range of changes which include, but are not limited to, the unification of the income tax rate for domestic-invested and foreign-invested enterprises at 25%. Since the detailed implementation and administrative rules and regulations have not yet been announced, the financial impact of the New Corporate Income Tax Law to the Group cannot be reasonably estimated at this stage.

42. 財務風險管理目標及政策 *(續)*

信貸風險 *(續)*

就本集團其他財務資產(包括現金及現金等值項目)之信貸風險而言，本集團之信貸風險來自交易對手違約，最高金額以相關財務資產之賬面值為限。

由於本集團僅與著名及信譽良好的客戶進行交易，因此並無要求提供抵押。

流動資金風險

本集團旨在透過銀行貸款及其他借貸維持資金之持續性及彈性之平衡。本集團之政策為在本集團之短期貸款或借貸期滿時，續訂與海爾財務或中國內地主要地方銀行訂立之貸款協議。

43. 結算日後事項

(a) 於結算日後，102,500,000份購股權已獲行使，其他詳情載於財務報表附註35。

(b) 於二零零七年三月八日，本公司每股股份面值由0.10港元削減至0.01港元及每10股本公司股份合併為一股合併股份，其他詳情載於財務報表附註34。

(c) 於二零零七年三月十六日結束之第10屆全國人民代表大會第5次會議上，中國企業所得稅法(「新企業所得稅法」)已獲批准，並將於二零零八年一月一日生效。新企業所得稅法引入多項變動，包括但不限於將內資及外資企業之所得稅率統一為25%。由於施行詳情及行政規則及法規尚未公佈，故現階段無法合理估計新企業所得稅法對本集團之財務影響。

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44. COMPARATIVE AMOUNTS

As further explained in note 2 to the financial statements, due to the application of merger accounting for common control combinations during the current year, the comparative amounts have been revised to comply with the new accounting treatment.

In addition, the comparative income statement has been re-presented as if the operation discontinued during the current year had been discontinued at the beginning of the comparative period (note 13).

45. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 23 April 2007.

44. 比較金額

誠如按財務報表附註2所詳細闡釋，由於本年度就一般控制權合併應用合併會計法，故比較金額已經修訂，以符合新會計處理方法。

此外，比較收益表已重新呈列，猶如本年度內已終止經營之業務已於比較期間開始時終止經營（附註13）。

45. 財務報表之批准

財務報表已於二零零七年四月二十三日經董事會批准及授權刊發。