

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

For the year ended 31 December 2006

截至二零零六年十二月三十一日止年度

### 1. GENERAL

The Company is a public company incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and the principal place of business of the Company are disclosed in the section headed "Corporate information" of the Company's Annual Report.

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

The principal activities of the Group are the design, manufacture and sale of toys.

The financial statements on pages 28 to 83 have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The financial statements also include the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules").

The financial statements for the year ended 31 December 2006 were approved for issue by the Board of directors on 20 April 2007.

### 1. 一般資料

本公司於百慕達註冊成立為獲豁免有限公司，其股份在香港聯合交易所有限公司（「聯交所」）上市。本公司註冊辦事處地址及主要營業地點已經詳列於本公司年報的「公司資料」內。

本財務報表資料以港幣呈列，港幣為本公司的功能及呈列貨幣。

本集團的主要業務為設計、製造及銷售玩具。

載於28至83頁之財務報表已按照香港會計師公會（「香港會計師公會」）頒佈之香港財務報告準則（「香港財務報告準則」）（包括所有適用之香港財務報告準則、香港會計準則及詮釋）編製。財務報表亦載有聯交所證券上市規則（「上市規則」）規定之適用披露事項。

截至二零零六年十二月三十一日止年度之財務報表已於二零零七年四月二十日獲董事會批准刊發。

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### 2. ADOPTION OF NEW OR AMENDED HKFRSS

From 1 January 2006, the Group has adopted all the new and amended HKFRSSs which are first effective on 1 January 2006 and relevant to the Group. The adoption of these HKFRSSs has resulted in changes in the Group's accounting policies on

- financial guarantee contracts; &
- financial assets designated as at fair value through profit or loss

The amendment to HKAS 39 Financial Instruments: Recognition and Measurement — The Fair Value Option permits designating a financial asset at fair value through profit or loss only when certain conditions are met. The investments previously classified as investments at fair value through profit or loss have retrospectively been reclassified as available-for-sale investments and are carried at fair value. This change in accounting policy has had no material effects on the results and financial positions of the current year and prior years. Accordingly, no prior year adjustments have been made.

Apart from the above, the adoption of the other new and amended HKFRSSs did not result in significant changes in the Group's accounting policies but gave rise to additional disclosures. The specific transitional provisions contained in some of these new or amended HKFRSSs have been considered. The adoption of these standards did not result in any changes to the amounts or disclosures in these financial statements.

The Group has not early adopted the following HKFRSSs that have been issued but are not yet effective. The directors of the Company anticipate that the adoption of such HKFRSSs will not result in material financial impact on the Group's financial statements.

### 2. 採納新訂或經修訂香港財務報告準則

自二零零六年一月一日，本集團已採納所有自二零零六年一月一日起始生效及對本集團適用之新訂及經修訂之香港財務報告準則。該些香港財務報告準則導至有以下之會計政策變更：

- 財務擔保合約
- 經損益以公平值計量之金融資產

香港財務報告準則第39號(修訂本)“金融工具之確認及量度－公平價值法”只容許金融資產在符合某些條件底下才可透過損益以公平值量度。以前分類為經損益以公平值計量投資，追溯分類為可變賣之投資，並以公平值量度。該會計制度之變更並沒有對本年度及以前年度之業績及財務狀況有重大影響。因此，沒有作出對以前年度之調整。

除以上外，採納其他新訂及經修訂之香港財務報告準則除會增加披露外，並不會對本集團之會計政策有重大影響。包括在部份新訂及經修訂之香港財務報告準則之特定之過渡安排，已經考慮。採納該等準則並沒有導致財務報表內之金額及披露有所更改。

本集團並無提前採納下列經已頒佈但尚未生效之香港財務報告準則。本公司董事預期，採納該等香港財務報告準則將不會導致本集團財務報表產生重大變動。

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### 2. ADOPTION OF NEW OR AMENDED HKFRSS (Continued)

Amendment to HKAS 1	"Presentation of Financial Statements" — Capital Disclosures <sup>1</sup>
HKFRS 7	"Financial Instruments: Disclosures" <sup>1</sup>
HKFRS 8	"Operating Segments" <sup>7</sup>
HK(IFRIC) Interpretation 7	"Apply the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies" <sup>2</sup>
HK(IFRIC) Interpretation 8	"Scope of HKFRS 2" <sup>3</sup>
HK(IFRIC) Interpretation 9	"Reassessment of Embedded Derivatives" <sup>4</sup>
HK(IFRIC) Interpretation 10	"Interim Financial Reporting and Impairment" <sup>5</sup>
HK(IFRIC) Interpretation 11	"Group and Treasury Share Transactions" <sup>6</sup>
HK(IFRIC) Interpretation 12	"Service Concession Arrangements" <sup>8</sup>

- 1 Effective for annual periods beginning on or after 1 January 2007
- 2 Effective for annual periods beginning on or after 1 March 2006
- 3 Effective for annual periods beginning on or after 1 May 2006
- 4 Effective for annual periods beginning on or after 1 June 2006
- 5 Effective for annual periods beginning on or after 1 November 2006
- 6 Effective for annual periods beginning on or after 1 March 2007
- 7 Effective for annual periods beginning on or after 1 January 2009
- 8 Effective for annual periods beginning on or after 1 January 2008

### 2. 採納新訂或經修訂香港財務報告準則 (續)

香港會計準則第1號(修訂本)	「財務報表之呈列 — 資本披露」 <sup>1</sup>
香港財務報告準則第7號	「財務工具：披露」 <sup>1</sup>
香港財務報告準則第8號	「經營分類」 <sup>7</sup>
香港(國際財務報告詮釋委員會)詮釋第7號	按香港會計準則第29號「嚴重貨脹經濟中的財務報告」應用重列方法 <sup>2</sup>
香港(國際財務報告詮釋委員會)詮釋第8號	「香港財務報告準則第2號的範圍」 <sup>3</sup>
香港(國際財務報告詮釋委員會)詮釋第9號	「重估內在衍生工具」 <sup>4</sup>
香港(國際財務報告詮釋委員會)詮釋第10號	「中期財務報告及減值」 <sup>5</sup>
香港(國際財務報告詮釋委員會)詮釋第11號	「集團及庫存股份交易」 <sup>6</sup>
香港(國際財務報告詮釋委員會)詮釋第12號	「服務經營權安排」 <sup>8</sup>

- 1 於二零零七年一月一日或以後開始的年度期間生效
- 2 於二零零六年三月一日或以後開始的年度期間生效
- 3 於二零零六年五月一日或以後開始的年度期間生效
- 4 於二零零六年六月一日或以後開始的年度期間生效
- 5 於二零零六年十一月一日或以後開始的年度期間生效
- 6 於二零零七年三月一日或以後開始的年度期間生效
- 7 於二零零九年一月一日或以後開始的年度期間生效
- 8 於二零零八年一月一日或以後開始的年度期間生效

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Basis of preparation

The significant accounting policies that have been used in the preparation of these financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated.

The financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are stated at fair values. The measurement bases are fully described in the accounting policies below.

It should be noted that accounting estimates and assumptions are used in preparation of the financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

#### 3.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 December each year.

#### 3.3 Subsidiaries

Subsidiaries are entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are excluded from consolidation from the date that control ceases.

### 3. 主要會計政策概要

#### 3.1 編製基準

編製本財務報表所使用之主要會計政策概述如下。除另有指明外，該等政策已於所呈報的各個年度貫徹採用。

財務報表乃按照歷史成本基準編製，惟若干物業及金融工具按公平值計算則除外。計量的基準詳載於以下會計政策。

謹請留意編製財務報表時已運用會計估計及假設。雖然該等估計乃由管理人員根據其對現時事件或行動深入了解及判斷而作出，惟事實結果可能與估計有所出入。涉及重大或複雜程度較高的判斷，或對本財務報表具有重大影響的假設和估計在財務報表附註4中披露。

#### 3.2 綜合賬目基準

綜合財務報表包括本公司及其附屬公司每年截至十二月三十一日止之財務報表。

#### 3.3 附屬公司

附屬公司乃本集團對其財務及營運決策有控制權藉以從其業務中獲益的實體。當判斷本集團是否控制另一實體時，現時可執行或可轉換的潛在表決權的存在及影響均會考慮在內。附屬公司自控制權轉讓予本集團當日起全面綜合計算，並自終止控制權當日起不再綜合計算。

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

#### 3.3 Subsidiaries (Continued)

Intra-group transactions, balances and unrealised gains on transactions between Group companies are eliminated in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the assets transferred.

In the Company's balance sheet, subsidiaries are carried at cost less any impairment loss. The results of the subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the balance sheet date.

#### 3.4 Property, plant and equipment

All property, plant and equipment are stated at acquisition cost less depreciation and impairment losses. The gain or loss arising on the disposal is determined as the difference between the sales proceeds and carrying amount of the asset and is recognised in the income statement.

Buildings held under capital leasing agreement are depreciated over their expected useful lives or over the term of lease, if shorter.

Factory under construction is stated at cost less any impairment loss, and is not depreciated. Cost comprises the direct costs of construction. Factory under construction is reclassified to the appropriate category of building when completed and ready for use.

Property, plant and equipment are depreciated over their estimated useful lives and after taking into account their estimated residual value, using the straight-line method over their cost, at the following depreciation rates per annum:

### 3. 主要會計政策概要 (續)

#### 3.3 附屬公司 (續)

集團公司之間於交易時之集團內交易、結存及未變現收益，已於編製綜合財務報表時對銷。未變現虧損亦會撇銷，惟交易證明所轉讓資產出現減值則除外。

於本公司之資產負債表中，附屬公司按成本減去減值虧損列賬。附屬公司之業績由本公司按於結算日已收及應收股息之基準列賬。

#### 3.4 物業、廠房及設備

所有物業、廠房及設備均以收購成本減折舊及減值虧損列賬。由出售產生之受益或虧損乃按銷售所得款項及資產賬面值之差額釐定，並於收益表中確認。

按資本租賃協議持有之樓宇乃按估計可用年限或租賃期之較短者予以折舊。

在建廠房乃按成本減任何減值虧損列賬及不予折舊。成本包括建設之直接成本。在建廠房乃於建成及可投入使用時重新歸類至適用之樓宇類別。

物業、廠房及設備乃按估計可用年期及扣除估計剩餘價值後，按其成本以直線法按下列年率予以折舊：

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

#### 3.4 Property, plant and equipment (Continued)

Category of assets	Estimated useful lives
Buildings	20 to 25 years or over the lease term of the land on which the building is situated, if shorter
Plant and machinery	5 to 8 years
Moulds and tools	3 to 5 years
Other tangible fixed assets	4 to 5 years, and if applicable, over the lease term, if shorter

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other costs, such as repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

#### 3.5 Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use.

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured using the fair value model. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

### 3. 主要會計政策概要 (續)

#### 3.4 物業、廠房及設備 (續)

資產類別	估計可用年限
樓宇	二十至二十五年或按土地租約年期，兩者之較短者
廠房及機器	五至八年
工模及工具	三至五年
其他有形固定資產	四至五年及按租約年期（如適用），兩者之較短者

期後成本僅會在項目相關之未來經濟利益可能會流入本集團及能可靠計量項目成本時，始視乎情況計入資產賬面值或確認為獨立資產。維修及保養等所有其他成本，均於其產生之財政期間自收益表扣除。

#### 3.5 投資物業

投資物業為租賃權益下擁有或持有之土地及／或樓宇，以賺取租金收入及／或用於資本增值目的。該等投資物業包括現時未能確定未來用途而持有之土地。

於初步確認時，投資物業乃按成本（包括任何直接應佔之開支）計量。於初步確認後，投資物業利用公平值模式計量。投資物業公平值變動產生之收入或虧損會於其產生期間計入損益表。

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

#### 3.6 Prepaid lease payments

Prepaid lease payments are up-front payments to acquire the land use rights. They are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated on a straight line basis over the lease term.

#### 3.7 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the first-in-first-out method, and in the case of work in progress and finished goods, comprise direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and applicable selling expenses.

#### 3.8 Research and development expenditure

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

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

Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

### 3. 主要會計政策概要 (續)

#### 3.6 預付土地租金

預付土地租金乃獲得土地使用權之首期預付款項，按成本減累計攤銷及累計減值虧損列賬。攤銷乃於租賃期內按直線法計算。

#### 3.7 存貨

存貨按成本值或可變現淨值之較低者入賬。成本以先進先出法釐定；而在製品及製成品成本則包括直接原料、直接勞工及適當比例之經常性開支。可變現淨值根據一般業務過程之估計售價減完工估計成本及適用銷售開支而釐定。

#### 3.8 研究及發展費用

研究項目費用將於產生期間列作開支。

因發展費用產生之內部無形資產僅會於預期清楚界定之項目所產生之發展成本將可透過未來商業活動而收回時確認入賬。有關資產將以直線法按其預計可用年限攤銷及以成本減去期後累積攤銷及減值虧損(如有)列賬。

倘並無內部無形資產可確認入賬，則發展開支將於其產生期間列作開支。

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

#### 3.9 Impairment of assets

Property, plant and equipment, prepaid lease payments for land and interests in subsidiaries are subject to impairment testing.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use. 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 assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

### 3. 主要會計政策概要 (續)

#### 3.9 資產減值

物業、廠房及設備、預付土地租金以及於附屬公司之權益須進行減值測試。

減值虧損於資產賬面值超出其可回收金額時即時確認為費用。可回收金額為反映市況之公平值減銷售成本與使用價值兩者中之較高者。於評估使用價值時，估計未來現金流量按可反映目前市場對貨幣時間價值的評估及資產特定風險之稅前折現率折算至其現值。

就評估減值而言，倘資產並未能在大致獨立於其他資產下產生現金流量，則釐定可獨立產生現金流量之最小組別資產(即現金產生單位)之可回收金額。因此，部份資產個別進行減值測試，而部份則以現金產生單位之水平進行測試。

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

#### 3.10 Financial assets and liabilities

##### *Financial assets*

All financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument. Regular way purchases of financial assets are recognised on trade date. 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.

Derecognition of financial assets occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. At each balance sheet date, financial assets are reviewed to assess whether there is objective evidence of impairment. If any such evidence exists, impairment loss is determined and recognised based on the classification of the financial asset.

##### *Financial assets at fair value through profit or loss*

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

### 3. 主要會計政策概要 (續)

#### 3.10 金融資產及負債

##### 金融資產

所有財務資產只會在本集團成為有關工具的合約條文的訂約方時，方予確認。金融資產之一般買賣於交易日確認。初步確認時，金融資產按公平值(倘投資並非按公平值計入損益表)加直接應佔交易成本計算。

當收取投資現金流量之權利屆滿或擁有權的絕大部份風險及回報已轉讓時不再確認金融資產。於各結算日，會對金融資產進行審閱，以評估是否存在任何減值的客觀證據。倘存在上述證據，則根據金融資產之分類釐定及確認減值虧損。

##### 於損益表按公平值計算之金融資產

於損益表按公平值計算之金融資產包括購買用作於短期內出售之持有之交易投資。於初步確認後之各結算日，於損益表按公平值計算之金融資產乃按公平值計量，而公平值之變動則在彼等產生之期間內直接於損益表中確認。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

For the year ended 31 December 2006

截至二零零六年十二月三十一日止年度

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

#### 3.10 Financial assets and liabilities (Continued)

##### *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. At each balance sheet date subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less any identified impairment losses. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed on initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

### 3. 主要會計政策概要 (續)

#### 3.10 金融資產及負債 (續)

##### *持有至到期日之投資*

非衍生金融資產，有固定或可以確定的支付金額及固定的到期時間，而且管理層有肯定的意向及能力，可以持有直至到期日為止，則列為持有至到期日之投資。於初步確認後的每一個結算日，持有至到期日之投資採用實際利率法按攤銷成本減任何已識別減值虧損而計算。如有客觀證據顯示資產有減值，減值虧損需於損益表中確認，並按資產賬面值與初步確認後以實際利率折算之估計未來現金流量之現值之間的差額計量。當投資之可回收金額增加可客觀地與確認減值後發生之事件聯繫，則減值虧損於其後期間撥回，惟於撥回減值日期之資產賬面值不得超逾假設並無確認減值之原有攤銷成本。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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For the year ended 31 December 2006

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

#### 3.10 Financial assets and liabilities (Continued)

##### *Loans and receivables*

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

##### *Available-for-sale financial assets*

Available-for-sale financial assets include non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. All financial assets within this category are subsequently measured at fair value. Gain or loss arising from a change in the fair value is recognised directly in equity, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised, at which time the cumulative gain or loss previously recognised in equity would be recognised in profit or loss. Interest calculated using the effective interest method is recognised in profit or loss. Upon disposal, the cumulative gain or loss previously recognised in equity is transferred to the income statement.

### 3. 主要會計政策概要 (續)

#### 3.10 金融資產及負債 (續)

##### *貸款及應收款項*

貸款及應收款項(包括貿易及其他應收款項、應收票據及銀行結存)為附帶固定或待付款之非衍生金融資產，且並無在活躍市場報價。於初步確認後各結算日，貸款及應收款項採用實際利率法按攤銷成本，減任何已識別減值虧損列賬。倘有客觀證據證明資產出現減值，則於損益表確認減值虧損，並按資產賬面值與按原實際利率折算之估計未來現金流量現值之間的差額計量。當資產之可回收金額增加可客觀地與確認減值後發生之事件聯繫，則減值虧損於其後期間撥回，惟於撥回減值日期之資產賬面值不得超逾假設並無確認減值之原有攤銷成本。

##### *可供出售金融資產*

可供出售金融資產包括指定為此類別或並不符合資格納入其他金融資產類別之非衍生金融資產。此類別內之所有金融資產其後乃以公平值計量。公平值變動引起之收入或虧損則於權益內直接確認，惟減值虧損及外匯收益及虧損除外，直至先前已於權益確認之累計損益於損益表確認時不再確認金融資產為止。以實際利率法計算之利息於損益表內確認。於出售時，先前已於權益確認之累計損益轉撥至收益表。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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

#### 3.10 Financial assets and liabilities (Continued)

For available-for-sale investments in equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses at each balance sheet date subsequent to initial recognition.

#### *Financial liabilities and equity instrument*

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

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

The Group's financial liabilities (including trade and other payables) are subsequently measured at amortised cost, using the effective interest method after initial recognition.

#### 3.11 Leases

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

#### *The Group as lessor*

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

### 3. 主要會計政策概要 (續)

#### 3.10 金融資產及負債 (續)

就股本證券內之可供出售投資而言，倘為沒有活躍市場掛牌報價、其公平值不能可靠地計算以及其掛鈎衍生工具必須透過交付該等非報價股本投資以作結算者，則該等可供出售投資於初步確認期後各結算日以成本值減去任何已識別減值虧損列賬。

#### *金融負債及股本工具*

由集團旗下實體發行之金融負債及股本工具，按所訂立合約安排性質以及金融負債及股本工具之定義分類。

股本工具為證明集團資產剩餘權益（經扣除其所有負債）之任何合約。由本公司發行之股本工具按已收所得款項扣除直接發行成本入賬。

本集團金融負債（包括貿易及其他應付款項）於初步確認後採用實際利率法按攤銷成本計量。

#### 3.11 租賃

凡租賃之條款規定擁有權所附帶之一切風險及回報實質上轉移至承租人者，該租賃即歸類為融資租賃。其他租賃全部列作經營租賃。

#### *本集團作為出租人*

經營租賃之租金收入乃按相關租賃年期以直線法於收益表確認。於協商及安排經營租賃時引致之初步直接成本乃加至租賃資產之賬面值，並按租賃年期以直線法確認作一項支出。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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

#### 3.11 Leases (Continued)

##### *The Group as lessee*

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

#### 3.12 Accounting for income taxes

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the balance sheet date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in the income statement.

Deferred tax is calculated using the liability method on temporary differences at the balance sheet date between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

### 3. 主要會計政策概要 (續)

#### 3.11 租賃 (續)

##### *本集團作為承租人*

根據經營租賃之應付租金乃按相關租賃年期以直線法於損益表扣除。因訂立一項經營租賃作為獎勵之已收及應收福利乃以直線法按租賃年期確認作租金支出減少。

#### 3.12 所得稅之會計處理

所得稅包括即期稅項及遞延稅項。

即期所得稅資產及／或負債包括於結算日尚未繳付並與本期或先期申報期有關應付予稅收機關或稅收機關申索之稅務責任。該等稅務責任乃根據其相關財政期間之適用稅率及稅法，按年內應課稅溢利計算。即期稅務資產或負債之所有變動於收益表稅項開支項下確認。

遞延稅項乃使用負債法就財務報表內資產及負債之賬面值與其各自稅基於結算日之暫時性差額計算。遞延稅項負債一般就所有應課稅暫時性差額確認。遞延稅項資產則於可能有應課稅溢利可用作抵銷可抵扣暫時性差額、未動用稅務虧損及未動用稅務抵免時，就所有可抵扣暫時性差額、可供結轉稅務虧損及其他未動用稅務抵免確認。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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

#### 3.12 Accounting for income taxes (Continued)

Deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss.

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

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets or liabilities are recognised in the income statement, or in equity if they relate to items that are charged or credited directly to equity.

#### 3.13 Foreign currency translation

The financial statements are presented in Hong Kong Dollars (HK\$), which is also the functional currency of the Company.

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the balance sheet date retranslation of monetary assets and liabilities are recognised in the income statement.

### 3. 主要會計政策概要 (續)

#### 3.12 所得稅之會計處理 (續)

若於一項交易中，因商譽或因業務合併以外原因初步確認資產及負債而引致之暫時性差額既不影響應課稅損益亦不影響會計損益，則不會確認該等遞延稅項資產及負債。

遞延稅項負債乃按因於附屬公司之投資而引致之應課稅暫時性差額而確認，惟若本集團可控制之暫時性差額回撥及暫時性差額有可能未必於可見將來返還之情況除外。

遞延稅項不計折現，按預期償還負債或變現資產之期間適用而於結算日已實施或大體上實施之稅率計算。

遞延稅項資產或負債之變動乃於收益表中確認，倘與於權益直接扣除或計入之項目有關，則於權益中確認。

#### 3.13 外幣換算

本財務報表乃以港元(港元)呈列，此亦乃本公司之功能貨幣。

於綜合實體之個別財務報表內，外幣交易均按交易當日匯率換算為個別實體之功能貨幣。於結算日，以外幣列值之貨幣資產及負債乃按結算日之現行匯率換算。因結算該等交易及於結算日重新換算外幣資產及負債而產生的外匯收入及虧損於收益表確認。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

For the year ended 31 December 2006

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

#### 3.13 Foreign currency translation(Continued)

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined and are reported as part of the fair value gain or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

In the consolidated financial statements, all individual financial statements of foreign operations, originally presented in a currency different from the Group's presentation currency, have been converted into Hong Kong dollars. Assets and liabilities have been translated into Hong Kong dollars at the closing rate at the balance sheet date. Income and expenses have been converted into Hong Kong dollars at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period. Any differences arising from this procedure have been dealt with separately in the exchange reserve in equity.

#### 3.14 Borrowing costs

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

#### 3.15 Revenue recognition

Revenue comprises the fair value for the sale of goods, net of rebates and discounts. Provided it is probable that the economic benefit will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised as follows:

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

Sales of investments are recognised when the sale agreement becomes unconditional and it is probable that the economic benefits associated with the sale will flow to the Group.

### 3. 主要會計政策概要 (續)

#### 3.13 外幣換算 (續)

以外幣計值並按公平值列值之非貨幣項目，按釐定公平值當日的現行稅率重新換算，並作為公平值損益的一部份呈報。按歷史成本計算以外幣列值之非貨幣項目不予重新換算。

於綜合財務報表中，原以本集團呈報貨幣以外貨幣呈列的海外業務所有個別財務報表均已換算為港元。資產及負債已按結算日之收市匯率換算為港元。收入及支出按交易日的現行匯率或按申報期間之平均匯率換算為港元。任何因此程序產生之差額已於權益之匯兌儲備內分開處理。

#### 3.14 借貸成本

所有借貸成本均於產生期間在綜合收益表確認及計入為財務費用。

#### 3.15 收入確認

收入包括銷售貨物之公平值，扣除回扣及折扣。倘經濟利益可能流入本集團以及收入與成本(如適用)能可靠地計量時，收入按以下方式確認：

貨品銷售於貨品付運及擁有權轉讓時確認。

出售投資項目於出售協議成為無條件及有關該出售事項之經濟利益可能流入本集團時確認。

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## 財務報表附註

For the year ended 31 December 2006

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

#### 3.15 Revenue recognition(Continued)

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

Dividend is recognised when the shareholder's right to receive payment is established.

#### 3.16 Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand as well as short term bank deposits.

#### 3.17 Share capital

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued.

Any transaction costs associated with the issuing of shares are deducted from the proceeds (net of any related income tax benefits), to the extent they are incremental costs directly attributable to the equity transaction.

#### 3.18 Employee benefits

The Group contributes to a defined contribution retirement benefit scheme ("MPF scheme") under the Mandatory Provident Fund Scheme Ordinance which is available to its employees in Hong Kong. Contributions to the MPF Scheme by the Group and employees are calculated as percentages of employees' basic salaries. The retirement benefit scheme cost charged to income statement represents contributions payable by the Group to the MPF scheme.

The assets of the MPF Scheme are held separately from those of the Group in independently administered funds.

### 3. 主要會計政策概要 (續)

#### 3.15 借貸成本 (續)

來自金融資產之利息收入參考未償還本金及適用實際利率按時間比例計算。適用實際利率指在金融資產預期可用年限實際折算估計未來現金收入至其賬面淨值之比率。

股息於股東有權收取款項時確認。

#### 3.16 現金及現金等價物

現金及現金等價物包括銀行及手頭現金以及短期銀行存款。

#### 3.17 股本

普通股被列為權益。股本乃採用已發行股份之面值釐定。

與發行股份有關之任何交易成本乃自所得款項(扣除任何相關所得稅利益)中扣除,該扣除只限於其直接源於權益交易之增加成本。

#### 3.18 僱員福利

本集團根據強制性公積金條例為其香港僱員設立定額供款退休福利計劃(「強積金計劃」)。本集團及僱員之強積金計劃供款金額乃按有關僱員之基本薪金百分比計算。計入收益表內之退休福利計劃支出為本集團按強積金計劃之應付供款。

強積金計劃之資產與本集團之資產分開,並由獨立管理基金持有。

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## 財務報表附註

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

#### 3.18 Employee benefits(Continued)

The employees of the Group's subsidiaries which operate in the PRC are required to participate in a central pension scheme operated by the local municipal government.

These subsidiaries are required to contribute 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.

#### 3.19 Provision and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

All provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

### 3. 主要會計政策概要 (續)

#### 3.18 僱員福利 (續)

本集團若干於中國內地營運之附屬公司之僱員須強制參加由當地市政府運作之中央退休福利計劃。

此等附屬公司須按其薪金成本供款若干百分比予該中央退休福利計劃。按中央退休福利計劃之規則，當向中央退休福利計劃之供款到期應付時，有關供款額於收益表列支。

#### 3.19 撥備及或然負債

倘本集團因過往事件而須承擔現有法定或推定責任，而履行該責任時有可能涉及經濟利益流失，並能可靠地衡量涉及金額，則確認有關撥備。若貨幣之時間價值乃屬重大，則撥備按履行該責任預計所需開支之現值列賬。

所有撥備於各結算日作出檢討並作出調整以反映當時之最佳估計。

倘若導致經濟利益流失之可能性不大，或未能可靠地衡量該責任之金額，該責任會披露為或然負債，除非導致經濟利益流失之可能性極低。潛在責任（須視乎日後是否發生一宗或多宗事件而確定其會否實現）亦會披露為或然負債，除非導致經濟利益流失之可能性極低。

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

#### 3.19 Provision and contingent liabilities (Continued)

Contingent liabilities are recognised in the course of the allocation of purchase price to the assets and liabilities acquired in a business combination. They are initially measured at fair value at the date of acquisition and subsequently measured at the higher of the amount that would be recognised in a comparable provision as described above and the amount initially recognised less any accumulated amortisation, if appropriate.

#### 3.20 Financial guarantee issued

A financial guarantee contract is a contract that requires the issuer (or guarantor) to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee is initially recognised as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised if and when it becomes probable that the holder of the guarantee will call upon the Group under the guarantee and the amount of that claim on the Group is expected to exceed the current carrying amount i.e. the amount initially recognised less accumulated amortisation, where appropriate.

### 3. 主要會計政策概要 (續)

#### 3.19 撥備及或然負債 (續)

或然負債乃於將購買價格分配予在業務合併中所購入資產及負債之過程中確認。或然負債於收購日期按公平值初步予以計量，並在其後按於上述相關撥備中將予確認之金額與初步確認之金額減任何累計攤銷(如適用)兩者之較高者計量。

#### 3.20 所發出的財務擔保

財務擔保合約乃要求發行人(或擔保人)就擔保持有人因特定債務人未能根據債項工具的條款於到期時付款而蒙受的損失而向持有人支付特定款項的合約。

倘本集團發出財務擔保，該擔保的公平值最初確認為貿易及其他應付款項內的遞延收入。倘在發行該擔保時收取或可收取代價，該代價則根據適用於該類資產的本集團政策而予確認。倘有關代價尚未收取或應予收取，於最初確認任何遞延收入時，即時開支於損益表內確認。

最初確認為遞延收入的擔保款額，按擔保年期於損益表內攤銷為所發出的財務擔保收入。此外，倘擔保持有人有可能根據本集團已作出的財務擔保向集團提出索償通知時；及本集團的申索款額預期超過相關擔保現時賬面值(即最初確認的金額)減累計攤銷，便作出撥備。

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

#### 3.21 Related parties

Parties are considered to be related to if:

- (i) directly, or indirectly through one or more intermediaries, the Group:
  - controls, is controlled by, or is under common control with, the entity;
  - has an interest in the entity that gives it significant influence over the entity;
  - has joint control over the entity;
- (ii) the party is an associate;
- (iii) the party is a jointly-controlled entity;
- (iv) the party is a member of the key management personnel of the Group or its parent;
- (v) the party is a close member of the family or any individual referred to in (i) or (iv);
- (vi) 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 (iv) or (v); or
- (vii) the party is a post-employment benefit plan for the benefit of employees of the Group, or of any entity that is a related party of the Group.

### 3. 主要會計政策概要 (續)

#### 3.21 關連人士

有關連之人士乃指：

- (i) 本集團直接或間接透過一個或多個中介人：
  - 控制的實體、被實體控制或與實體受到共同控制；
  - 擁有實體之權益使其能對實體行使重大影響力；
  - 於實體有共同控制權；
- (ii) 該人士乃聯營公司；
- (iii) 該人士乃共同控制企業；
- (iv) 該人士乃本集團或其母公司之主要管理人員；
- (v) 該人士乃第(i)或第(iv)項所指之任何個別人士之近親；
- (vi) 該人士乃第(iv)或第(v)項之任何個別人士直接或間接地能控制、共同控制或有重大影響力或重大投票權之實體；或
- (vii) 該人士乃本集團或屬於本集團關連人士之實體為其僱員而設之離職後福利計劃。

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#### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

##### Estimated useful lives of property, plant and equipment

The Group determines the estimated useful lives of property, plant and equipment and their related depreciation charges. When useful lives of property, plant and equipment are different from that previously estimated, the depreciation charges for future periods will be adjusted accordingly.

##### Impairment loss on property, plant and equipment

The property, plant and equipment of the Group are reviewed by the management for possible impairment when events or changes in operating environment indicate that the carrying amounts of such assets may not be fully recoverable. In determining the recoverable amounts of these assets, expected cash flows to be generated by the assets are discounted to their present value, which involves significant level of judgment relating to sales volume, selling prices and manufacturing and other operating cost. When a decline in an asset's recoverable amount has occurred, the carrying amount is reduced to its estimated recoverable amount.

##### Impairment loss on trade and other receivables

The Group regularly conducts assessments on possible losses resulting from the inability of customers to settle the amounts due to the Group. The assessment is based, inter alia, on the age of the debt and the credit-worthiness of the customer. If the financial condition of the customers deteriorates, the amount of allowance for doubtful recovery of receivables would be higher than that provided for in the financial statements.

#### 4. 主要會計估計及判斷

本集團根據以往經驗及其他因素，包括預期日後在合理情況下相信會出現的事件，持續對所作之估計及判斷進行評估。

本集團就日後作出估計及假設。因此而作出之估計按定義大多有別於相關實際結果。下文詳述有重大風險或會導致下一個財政年度內資產及負債賬面值作出重大調整之有關估計及假設。

##### 物業、廠房及設備之估計可用年限

本集團訂定物業、廠房及設備之估計可用年限及有關的折舊支出。當物業、廠房及設備之可用年限與之前估計有不同，未來之折舊支出會相應調整。

##### 物業、廠房及設備之減值虧損

倘有事項及經營環境改變而顯示物業、廠房及設備的賬面值不能完全收回，本集團之管理層會審閱該等資產的可能減值。於訂定該等資產之可回收金額，需對其銷售量、售價、生產及其他經營成本作出重大判斷，從而估計現金流量並將之折算至其現值。倘資產之可回收金額下跌，其賬面值應減少至其估計之可回收金額。

##### 貿易及其他應收款項之減值虧損

本集團對因客戶不能償還應付本集團之金額所導致之可能損失，會作定期評估。該評估乃根據(其中包括)欠款之賬齡及客戶之信用。如客戶之財務狀況變壞，可回收有問題之應收款撥備會較在財務報表所撥備之為高。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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#### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

##### Impairment loss on inventories

Included in the consolidated balance sheet at 31 December 2006 are inventories of HK\$165,554,000 which are carried at the lower of cost and net realisable value. Management conducts assessments on the net realisable value of inventories by reference to their age, obsolescence, estimated net selling price and other economic conditions of the markets in which the Group's customers operate. If the actual selling prices of inventories are substantially less than expected due to an adverse market condition or other factors, impairment loss on inventories may result.

##### Deferred tax assets

As at 31 December 2006, deferred tax assets of HK\$4,596,000 in relation to unused tax losses and other deductible temporary differences have been recognised in the consolidated balance sheet. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less than expected, a reversal of the deferred tax assets may arise, which would be recognised in the consolidated income statement for the period in which such a reversal takes place.

#### 4. 主要會計估計及判斷 (續)

##### 存貨之減值虧損

記於二零零六年十二月三十一日之綜合資產負債表的存貨金額為165,554,000港元；該等存貨按成本或可變現淨值兩者中較低者入賬。管理層評估存貨之可變現淨值乃根據其賬齡、過時、估計售價淨額及集團客戶經營之市場的其他經濟現況。若果存貨之實際售價因不良市場狀況或其他因素導致顯著少於估計，存貨之減值虧損可能會出現。

##### 遞延稅項資產

於二零零六年十二月三十一日，有關未使用之稅項虧損及其他可抵扣暫時性差額之遞延稅項資產已於綜合資產負債表確認之金額為4,596,000港元。遞延稅項資產之可變現性主要依賴未來是否有足夠之溢利或應課稅暫時性差額。假設實際之未來溢利少於估計，遞延稅項資產可能會撥回，而該撥回會於該期間之綜合收益表中確認。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

For the year ended 31 December 2006

截至二零零六年十二月三十一日止年度

### 5. BUSINESS AND GEOGRAPHICAL SEGMENTS

#### Business segments

The Group is principally engaged in the design, manufacture and sales of toys. Turnover represents the net amounts received and receivable for goods sold by the Group to outside customers during the year. The businesses based upon which the Group reports its primary segment information are as follows:

Own Brand	—	Manufacture of toys designed/developed by the Group and sold under the Group's brand name or the labels of licensors
OEM/ODM	—	Manufacture of toys with design originated from customers and where the toolings are owned by customers
Moulds	—	Manufacture of moulds for sale to customers

Segment information about these businesses is presented below.

### 5. 業務及地區分類

#### 業務分類

本集團之主要業務為設計、製造及銷售玩具。營業額指年內本集團售貨予外間客戶已收取及應收取之款項淨額。本集團以主要分類資料呈報之業務如下：

自設品牌	—	製造由本集團設計／開發之玩具，並以本集團品牌或客戶商標銷售。
OEM/ODM	—	製造有關設計由客戶提供而有關生產工具由客戶擁有之玩具。
工模	—	製造供售予客戶之工模。

有關該等業務之分類資料載於下文。

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### 5. BUSINESS AND GEOGRAPHICAL SEGMENTS 5. 業務及地區分類(續)

*(Continued)*

#### RESULTS AND REVENUE

#### 業績及收入

*For the year ended 31 December 2006*

截至二零零六年十二月三十一日止年度

		Own Brand 自設品牌 HK\$'000 千港元	OEM/ODM OEM/ODM HK\$'000 千港元	Moulds 工模 HK\$'000 千港元	Consolidated 綜合 HK\$'000 千港元
<b>Turnover</b>	<b>營業額</b>				
External sales	對外銷售	463,285	86,117	752	550,154
<b>Result</b>	<b>業績</b>				
Segment result	分類業績	56,980	4,100	66	61,146
Other income	其他收入				5,106
Valuation deficit on investment properties	投資物業價值減值				(600)
Gain on financial assets at fair value through profit or loss	金融資產公平值經損益之收入				—
Unallocated corporate expenses	未經分配之集團費用				(32,615)
Finance costs	財務費用				(783)
Profit before income tax	除所得稅前溢利				32,254
Income tax expense	稅務開支				(1,947)
Profit for the year attributable to shareholders	股東應佔年內溢利				30,307

*For the year ended 31 December 2005*

截至二零零五年十二月三十一日止年度

		Own Brand 自設品牌 HK\$'000 千港元	OEM/ODM OEM/ODM HK\$'000 千港元	Moulds 工模 HK\$'000 千港元	Consolidated 綜合 HK\$'000 千港元
<b>Turnover</b>	<b>營業額</b>				
External sales	對外銷售	459,231	79,282	1,175	539,688
<b>Result</b>	<b>業績</b>				
Segment result	分類業績	67,275	8,732	85	76,092
Other income	其他收入				8,619
Valuation surplus on investment properties	投資物業價值增值				3,400
Loss on financial assets at fair value through profit or loss	金融資產公平值經損益之虧損				(2,383)
Unallocated corporate expenses	未經分配之集團費用				(39,239)
Finance costs	財務費用				(445)
Profit before income tax	除所得稅前溢利				46,044
Income tax expense	稅務開支				(5,169)
Profit for the year attributable to shareholders	股東應佔年內溢利				40,875

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

For the year ended 31 December 2006

截至二零零六年十二月三十一日止年度

## 5. BUSINESS AND GEOGRAPHICAL SEGMENTS

*(Continued)*

## CONSOLIDATED ASSETS AND LIABILITIES

As at 31 December 2006

## 5. 業務及地區分類(續)

## 綜合資產及負債

於二零零六年十二月三十一日

		Own Brand 自設品牌 HK\$'000 千港元	OEM/ODM OEM/ODM HK\$'000 千港元	Moulds 工模 HK\$'000 千港元	Consolidated 綜合 HK\$'000 千港元
<b>Assets</b>	<b>資產</b>				
Segment assets	分類資產	191,682	40,581	1,440	233,703
Investment properties	投資物業				10,300
Held-to-maturity investments	持有至到期日之投資				52,170
Held for trading investments	持有之交易投資				236
Other unallocated assets	未經分配之資產				286,876
Consolidated total assets	綜合總資產				583,285
<b>Liabilities</b>	<b>負債</b>				
Segment liabilities	分類負債	10,408	8,475	509	19,392
Unallocated liabilities	未經分配之負債				59,934
Consolidated total liabilities	綜合總負債				79,326

As at 31 December 2005

於二零零六年十二月三十一日

		Own Brand 自設品牌 HK\$'000 千港元	OEM/ODM OEM/ODM HK\$'000 千港元	Moulds 工模 HK\$'000 千港元	Consolidated 綜合 HK\$'000 千港元
<b>Assets</b>	<b>資產</b>				
Segment assets	分類資產	164,204	29,910	1,345	195,459
Investment properties	投資物業				10,900
Held-to-maturity investments	持有至到期日之投資				63,139
Held for trading investments	持有之交易投資				161
Other unallocated assets	未經分配之資產				298,071
Consolidated total assets	綜合總資產				567,730
<b>Liabilities</b>	<b>負債</b>				
Segment liabilities	分類負債	11,042	7,762	728	19,532
Unallocated liabilities	未經分配之負債				56,500
Consolidated total liabilities	綜合總負債				76,032

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## 財務報表附註

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截至二零零六年十二月三十一日止年度

**5. BUSINESS AND GEOGRAPHICAL SEGMENTS***(Continued)***OTHER INFORMATION***For the year ended 31 December 2006*

		Own Brand 自設品牌	OEM/ODM OEM/ODM	Moulds 工模	Unallocated 未經分配	Total 總計
		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
Capital additions	資本增加					
— Property, plant and equipment	— 物業、廠房及設備	12,242	—	9	17,398	29,649
Depreciation and amortisation	折舊及攤銷	22,374	2,929	85	1,644	27,032
Loss on disposal of property, plant and equipment	出售物業、廠房及設備之虧損	270	—	3	98	371
Allowance for doubtful debts	壞賬撥備	1,535	—	—	—	1,535
Provision for slow moving inventories	存貨撥備	1,420	296	—	13	1,729

*For the year ended 31 December 2005*

		Own Brand 自設品牌	OEM/ODM OEM/ODM	Moulds 工模	Unallocated 未經分配	Total 總計
		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
Capital additions	資本增加					
— Property, plant and equipment	— 物業、廠房及設備	15,129	—	160	46,078	61,367
Depreciation and amortisation	折舊及攤銷	29,069	2,421	383	761	32,634
Gain on disposal of property, plant and equipment	出售物業、廠房及設備之收益	3	—	—	5	8
Allowance for doubtful debts	壞賬撥備	1,085	—	—	—	1,085
Provision for slow moving inventories	存貨撥備	1,118	28	—	23	1,169

**Geographical segments**

The marketing activities of the Group's products are substantially carried out in Hong Kong while the Group's manufacturing activities are carried out in other regions in the People's Republic of China (the "PRC").

**5. 業務及地區分類 (續)****其他資料**

於截至二零零六年十二月三十一日止年度

於截至二零零五年十二月三十一日止年度

**地區分類**

本集團之大部份產品於香港銷售，而本集團之生產業務均於中華人民共和國（「中國」）的其他地區進行。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

For the year ended 31 December 2006

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### 5. BUSINESS AND GEOGRAPHICAL SEGMENTS

(Continued)

#### Geographical segments (Continued)

The following table provides an analysis of the Group's sales by geographical market, irrespective of the origin of the goods:

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
North America	北美洲		
United States of America	美國	201,144	201,452
Canada	加拿大	62,070	51,232
Europe	歐洲	202,926	212,512
Asia	亞洲	28,825	27,011
Other locations	其他地區	55,189	47,481
		550,154	539,688

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

### 5. 業務及地區分類 (續)

#### 地區分類 (續)

本集團銷售按地區市場分類(不根據原產地釐定)之分析提供如下:

分類資產賬面值以及物業、廠房及設備添置按資產之所屬地區分析如下:

		Segment assets 分類資產		Capital expenditure 資本性開支	
		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
Hong Kong	香港	142,397	168,474	79	1,201
Mainland China	中國大陸	340,623	309,569	29,570	60,141
Other locations	其他地區	100,265	89,687	—	25
		583,285	567,730	29,649	61,367

# NOTES TO THE FINANCIAL STATEMENTS

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For the year ended 31 December 2006

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## 6. OTHER INCOME

## 6. 其他收入

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Interest income	利息收入	332	226
Interest yield on held-to-maturity investments	持有至到期日投資 利息收入	2,481	3,934
Rental income from investment properties	投資物業之租金 收入	429	391
PRC tax incentive (note)	中國稅務優惠 (附註)	—	2,767
Other income	其他收入	1,864	1,301
		<b>5,106</b>	<b>8,619</b>

Note:

The PRC tax incentive in Year 2005 represents part of the income tax paid by certain PRC subsidiaries refunded by the PRC government as an incentive for re-investment of the profits of these subsidiaries.

附註：

二零零五年的中國稅務優惠代表中國政府鼓勵集團中國子公司將溢利轉作投資，而將部份已付的企業所得稅退回。

## 7. FINANCE COSTS

## 7. 財務費用

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Interest on bank loans repayable within one year	於一年內償還之 銀行借款之利息	487	361
Interest on bank overdrafts	銀行透支之利息	296	84
		<b>783</b>	<b>445</b>

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## 8. PROFIT BEFORE INCOME TAX

## 8. 稅前溢利

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Profit before income tax has been arrived at after charging/(crediting):	稅前溢利已扣除(計入)下列項目：		
Auditors' remuneration	核數師費用	640	1,100
Amortisation of prepaid lease payments for land	預付土地租金攤銷	992	832
Cost of inventories sold (including provision for slow-moving inventories)	已售存貨成本(包括存貨撥備)	240,088	227,744
Depreciation of property, plant and equipment	物業、廠房及設備折舊	26,040	31,802
Operating lease charges:	經營租約支出：		
— land and buildings	— 土地及樓宇	2,469	2,296
Loss/(gain) on disposal of property, plant and equipment	出售物業、廠房及設備之虧損/(收入)	371	(8)
Research and development expenditure	研究及發展費用	6,896	8,815
Staff costs including directors' remuneration (note)	包括董事酬金之職工成本(附註)	124,139	111,277
Allowance for doubtful debts	壞賬撥備	1,535	1,085
Provision for slow moving inventories	存貨撥備	1,729	1,169
Fair value (gain)/loss on held for trading investments	持有之交易投資公平值變動之(收入)/虧損	(196)	79
Net exchange loss	匯兌虧損淨額	1,108	2,258

## Note:

The staff costs disclosed above include the Group's contributions to retirement benefit schemes amounted to HK\$3,452,000 (2005: HK\$3,743,000).

## 附註：

上述職工成本包括僱主對退休福利計劃作出之供款3,452,000港元(二零零五年：3,743,000港元)。

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## 9. DIRECTORS' AND EMPLOYEES EMOLUMENTS

## 9. 董事及高級職員酬金

## (a) Directors' emoluments

The emoluments paid or payable to each of the 9 (2005: 10) directors were as follows:

## (a) 董事酬金

九位(二零零五年:十位)董事已付或應付酬金如下:

		Fees 袍金	Salaries, allowance and other benefits 底薪、津貼及 其他實物利益	Performance related incentive payments 按工作 表現獎金 (note) (附註)	Contributions to retirement benefits schemes 退休福利 計劃之供款	Total 總酬金
		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
2006	二零零六年					
Mr. Yip Yun Kuen	葉潤權先生	—	2,016	1,800	101	3,917
Mr. Yip Yun Tim	葉潤添先生	—	930	380	46	1,356
Mr. Chan Shun Po	陳順寶先生	—	1,008	390	50	1,448
Mr. Chan, Michael Siu Tai *	陳兆泰先生*	—	469	66	23	558
Ms. Chan Pik Ha #	陳碧夏女士#	—	118	—	—	118
Mr. Yeung Wai Kin	楊偉堅先生	100	—	—	—	100
Mr. Man Mo Leung	文暮良先生	150	—	—	—	150
Mr. Yap Alfred Donald, JP	葉天養太平紳士	100	—	—	—	100
Ms. Lau Ki Cho, Iris ^	劉紀初小姐^	60	—	—	—	60
Total emoluments for year 2006	二零零六年 總酬金	410	4,541	2,636	220	7,807
2005	二零零五年					
Mr. Yip Yun Kuen	葉潤權先生	—	2,016	2,000	101	4,117
Mr. Yip Yun Tim	葉潤添先生	—	909	400	45	1,354
Mr. Chan Shun Po	陳順寶先生	—	984	430	49	1,463
Mr. Shiu Chun Yuen **	邵鎮源先生***	—	—	—	—	—
Ms. Chan Pik Ha #	陳碧夏女士#	—	202	80	—	282
Mr. Xin Shu Lin, Steve **	辛樹林先生**	75	—	—	—	75
Mr. Yeung Wai Kin	楊偉堅先生	100	—	—	—	100
Mr. Man Mo Leung	文暮良先生	150	—	—	—	150
Mr. Yap Alfred Donald, JP	葉天養太平紳士	100	—	—	—	100
Ms. Lau Ki Cho, Iris ^	劉紀初小姐^	60	—	—	—	60
Total emoluments for year 2005	二零零五年 總酬金	485	4,111	2,910	195	7,701

\* Newly appointed on 1 January 2006

\*\* Resigned on 16 September 2005

\*\*\* Resigned on 1 January 2005

# Resigned on 1 August 2006

^ Resigned on 1 October 2006

\* 於二零零六年一月一日新委任

\*\* 於二零零五年九月十六日辭任

\*\*\* 於二零零五年一月一日辭任

# 於二零零六年八月一日辭任

^ 於二零零六年十月一日辭任

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### 9. DIRECTORS' AND EMPLOYEES EMOLUMENTS

(Continued)

#### (a) Directors' emoluments (Continued)

Note:

The performance related incentive payments were determined mainly with the Group's overall performance.

The amounts disclosed above include directors' fees of HK\$310,000 (2005: HK\$310,000) and HK\$100,000 (2005: HK\$175,000) paid or payable to three (2005: three) independent non-executive directors and one (2005: two) non-executive director respectively.

There was no arrangement under which a director waived or agreed to waive any remuneration during the years ended 31 December 2006 and 2005.

During the years ended 31 December 2006 and 2005, no share options were granted to the directors in respect of their services to the Group and further details of which were set out in note 26 to the financial statements.

#### (b) Employees' emoluments

The emoluments of the five highest paid employees included three (2005: three) directors of the Company, details of which are set out above. The emoluments of the remaining two (2005: two) individuals were as follows:

		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	底薪、津貼及其他實物利益	1,459	1,459
Performance related incentive payments	按工作表現獎金	917	820
Contributions to retirement benefit schemes	退休福利計劃之供款	36	36
		2,412	2,315

### 9. 董事及高級職員酬金 (續)

#### (a) 董事酬金 (續)

附註：

工作表現獎金之釐定標準主要是按照本集團之整體表現。

以上披露數額包括已支付或應付袍金予三位(二零零五年：三位)獨立非執行董事及一位(二零零五年：二位)非執行董事，分別為310,000港元(二零零五年：310,000港元)及100,000港元(二零零五年：175,000港元)。

於截至二零零五年及二零零六年十二月三十一日止年度並無作出董事放棄或同意放棄收取任何酬金之安排。

於截至二零零五年及二零零六年十二月三十一日止年度，並無董事之購股權乃根據彼對本集團之服務授出，有關詳情載列於財務報表附註26。

#### (b) 職員酬金

五名最高薪職員包括三名(二零零五年：三名)本公司董事，其酬金詳情如上文所載。餘下二名(二零零五年：二名)職員之酬金詳情如下：



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### 10. INCOMETAX EXPENSE (Continued)

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

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Profit before income tax	除所得稅前溢利	32,254	46,044
Tax at the domestic income tax rate of 17.5% (2005: 17.5%)	按本地所得稅稅率17.5% (二零零五年：17.5%) 計算之稅項	5,644	8,058
Tax effect of expenses not deductible	不可扣減開支之稅務影響	1,101	1,077
Tax effect of income not taxable	免稅收入之稅務影響	(328)	(1,221)
Tax effect of profit not chargeable to tax (note)	免稅溢利之稅務影響 (附註)	(517)	(1,127)
Effect of different tax rates of subsidiaries operating in other jurisdictions	於其他司法地區經營之附屬公司之不同稅率影響	(1,009)	(3,038)
Tax effect of temporary differences not recognised	未確認暫時性差額之稅務影響	(889)	2,272
Utilisation of deferred tax assets previously not recognised	使用過往未確認之遞延稅項資產	(1,224)	(51)
Overprovision in respect of prior year	過往年度超額撥備	(299)	(271)
Others	其他	(532)	(530)
Income tax expense for the year	本年度之所得稅務開支	1,947	5,169

Note:

The profits of certain subsidiaries are subject to Hong Kong profits tax on a 50: 50 apportionment basis.

### 11. PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

Of the consolidated profit attributable to equity holders of the Company of approximately HK\$30,307,000 (2005: HK\$40,875,000), a profit of approximately HK\$25,955,000 (2005: HK\$31,108,000) has been dealt with in the financial statements of the Company.

### 10. 所得稅開支(續)

本年度所得稅開支與收益表內之除稅前溢利對賬詳情如下：

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Profit before income tax	除所得稅前溢利	32,254	46,044
Tax at the domestic income tax rate of 17.5% (2005: 17.5%)	按本地所得稅稅率17.5% (二零零五年：17.5%) 計算之稅項	5,644	8,058
Tax effect of expenses not deductible	不可扣減開支之稅務影響	1,101	1,077
Tax effect of income not taxable	免稅收入之稅務影響	(328)	(1,221)
Tax effect of profit not chargeable to tax (note)	免稅溢利之稅務影響 (附註)	(517)	(1,127)
Effect of different tax rates of subsidiaries operating in other jurisdictions	於其他司法地區經營之附屬公司之不同稅率影響	(1,009)	(3,038)
Tax effect of temporary differences not recognised	未確認暫時性差額之稅務影響	(889)	2,272
Utilisation of deferred tax assets previously not recognised	使用過往未確認之遞延稅項資產	(1,224)	(51)
Overprovision in respect of prior year	過往年度超額撥備	(299)	(271)
Others	其他	(532)	(530)
Income tax expense for the year	本年度之所得稅務開支	1,947	5,169

附註：

若干附屬公司之溢利享有減半徵收香港利得稅。

### 11. 本公司股東應佔溢利

本公司股東應佔溢利約30,307,000港元(二零零五年：40,875,000港元)，當中約25,955,000港元(二零零五年：31,108,000港元)之溢利已計入本公司財務報表。

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**12. DIVIDENDS****12. 股息**

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Interim dividend paid HK2 cents (2005: HK2 cents) per ordinary share	已派發中期股息每股 2港仙(二零零五年: 2港仙)	6,619	6,686
Final dividend proposed HK3 cents (2005: HK6 cents) per ordinary share	建議派發末期股息每股 3港仙(二零零五年: 6港仙)	9,929	19,975
		<b>16,548</b>	<b>26,661</b>

The final dividend of HK3 cents per ordinary share, totalling HK\$9,929,000 has been proposed by the directors and are subject to approval by the shareholders in general meeting.

董事會建議派發之末期股息每股3港仙合共9,929,000港元，需待即將舉行之股東週年大會上之股東批准。

The amounts of final dividend proposed are calculated based on the number of shares in issue as at the date of approval of these financial statements.

末期建議股息款項乃按照於本財務報表批准發行當日之股份數目計算。

**13. EARNINGS PER SHARE****13. 每股溢利**

The calculation of the basic and diluted earnings per share is based on the following data:

基本及攤薄每股溢利之計算乃根據：

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Earnings for the purpose of basic and diluted earnings per share	藉以計算基本及攤薄後 每股溢利之溢利	30,307	40,875
			Number of shares 股份數目
		'000 千股	'000 千股
Weighted average number of ordinary shares for the purpose of basic earnings per share	藉以計算基本每股溢利 之普通股加權平均數	331,762	360,548
Effect of dilutive potential shares in respect of share options	有關購股權於普通股之 潛在攤薄影響	—	173
Weighted average number of ordinary shares for the purpose of diluted earnings per share	藉以計算攤薄後每股 溢利之普通股加權 平均數	331,762	360,721

Diluted earnings per share for the year ended 31 December 2006 was not presented because the impact of the exercise of share options was anti-dilutive.

由於行使購股權之影響為不攤薄，故此並沒有列示截至二零零六年十二月三十一日止年度之每股攤薄之溢利。

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### 14. PROPERTY, PLANT AND EQUIPMENT — GROUP 14. 物業、廠房及設備 — 本集團

		Buildings	Factory under construction	Plant and machinery	Moulds and tools	Leasehold improvements, furniture, fixtures and equipment	Motor vehicles	Total
		樓宇	在建廠房	設備及機器	模具及工具	裝修、傢俬、裝置及設備	汽車	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元
At 1 January 2005	於二零零五年一月一日							
Cost	按成本值	129,619	3,719	129,464	139,116	56,922	6,641	465,481
Accumulated depreciation	累計折舊	(37,355)	—	(108,292)	(125,056)	(42,425)	(5,696)	(318,824)
Net book amount	賬面淨值	92,264	3,719	21,172	14,060	14,497	945	146,657
Year ended 31 December 2005	於二零零五年十二月三十一日止年度							
Opening net book amount	期初賬面淨值	92,264	3,719	21,172	14,060	14,497	945	146,657
Additions	添置	—	41,502	2,437	15,104	1,745	579	61,367
Disposals	出售	—	—	—	—	(3)	—	(3)
Depreciation	折舊	(5,028)	—	(7,700)	(12,783)	(5,734)	(557)	(31,802)
Closing net book amount	期末賬面淨值	87,236	45,221	15,909	16,381	10,505	967	176,219
At 31 December 2005	於二零零五年十二月三十一日							
Cost	按成本值	129,619	45,221	131,901	154,220	58,510	7,220	526,691
Accumulated depreciation	累計折舊	(42,383)	—	(115,992)	(137,839)	(48,005)	(6,253)	(350,472)
Net book amount	賬面淨值	87,236	45,221	15,909	16,381	10,505	967	176,219
At 31 December 2006	於二零零六年十二月三十一日							
Opening net book amount	期初賬面淨值	87,236	45,221	15,909	16,381	10,505	967	176,219
Exchange differences	匯兌差額	6,018	118	2,051	979	1,395	—	10,561
Additions	添置	9,026	2,097	1,169	12,242	4,895	220	29,649
Transfers	轉讓	27,705	(43,992)	8,996	14	7,277	—	—
Disposal	出售	—	—	(113)	(2)	(286)	(61)	(462)
Depreciation	折舊	(7,302)	—	(4,469)	(7,658)	(6,215)	(396)	(26,040)
Closing net book amount	期末賬面淨值	122,683	3,444	23,543	21,956	17,571	730	189,927
Year ended 31 December 2006	於二零零六年十二月三十一日止年度							
Cost	按成本值	173,919	3,444	146,217	168,137	72,456	6,616	570,789
Accumulated depreciation	累計折舊	(51,236)	—	(122,674)	(146,181)	(54,885)	(5,886)	(380,862)
Net book amount	賬面淨值	122,683	3,444	23,543	21,956	17,571	730	189,927

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### 14. PROPERTY, PLANT AND EQUIPMENT — GROUP (Continued)

An analysis of the carrying value of the Group's properties is set out below:

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Buildings situated on leasehold interest in land in Hong Kong — Under medium-term lease	按香港土地租用權之租約樓宇 — 中期租約	10,032	10,682
Buildings situated on leasehold interest in land in PRC — Under medium-term lease	按中國土地租用權之租約樓宇 — 中期租約	112,651	76,554
		122,683	87,236
Factory under construction on leasehold interest in land — Under medium-term lease in the PRC	按中國土地租用權之在建廠房 — 中期租約	3,444	45,221
		126,127	132,457

### 14. 物業、廠房及設備 — 本集團 (續)

本集團物業之賬面淨值分析如下：

### 15. PREPAID LEASE PAYMENTS FOR LAND — GROUP

The Group's prepaid lease payments for land comprise land use rights in the PRC and leasehold land situated in Hong Kong which are held under medium-term leases as follows:

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Leasehold land In the PRC	租約土地 中國	29,102	28,331
In Hong Kong	香港	15,036	15,372
		44,138	43,703
Analysed for reporting purposes as:	作報告用途之 分析：		
Non-current	非流動	43,145	42,723
Current	流動	993	980
		44,138	43,703

### 15. 預付土地租金 — 本集團

本集團預付土地租金包括以中期租約之中國土地使用權及香港租約土地如下：

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## 16. INVESTMENT PROPERTIES – GROUP

## 16. 投資物業 — 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
<b>Fair value</b>	<b>公平值</b>		
At beginning of the year	於年初	10,900	7,500
(Decrease)/increase in fair value recognised in the consolidated income statement	公平值(減少)/增加於綜合收益表中確認	(600)	3,400
At end of the year	於年終	10,300	10,900

The fair value of the Group's investment properties at 31 December 2006, have been arrived at on the basis of a valuation carried out on that date by RHL Appraisal Ltd., independent qualified professional valuers not connected with the Group with appropriate qualifications and recent experiences in valuation of similar properties in the relevant locations. The valuation report was issued by RHL Appraisal Ltd., represented by its director who is a member of the Institute of Valuers. The valuation conformed to HK Institute of Surveyors Valuation Standards on Properties, was arrived at by reference to market evidence of transaction prices for similar properties, and gave rise to a decrease of HK\$600,000 (2005: increase of HK\$3,400,000) which has been accounted for in the income statement.

All of the Group's leasehold interest in land held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

All of the Group's investment properties are rented out under operating leases.

本集團投資物業於二零零六年十二月三十一日之公平值，由一間與本集團並無關連之獨立物業估值師行，永利行評值顧問有限公司，於當日按評估相關地區類似物業之合適資格及現有經驗所執行之估值基準釐定。有關估值報告由永利行評值顧問有限公司為估值師公會成員之董事代表發出。有關估值與香港測量師公會之估值標準一致並由類似物業之市場成交價計算得出。評估產生之減值600,000港元(二零零五年：增值3,400,000)已撥入綜合收益表內。

根據經營租約，所有本集團之土地租用權，用作賺取租金收入或以資產增值為目的，均按公平值入賬及以投資物業列示。

所有本集團之投資物業已按經營租約租出。

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### 17. HELD-TO-MATURITY INVESTMENTS – GROUP 17. 持有至到期日之投資— 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
Unlisted bonds	非上市債券	52,170	63,139
Less: Included in current assets	減：計入流動資產	(8,648)	(10,089)
		<b>43,522</b>	<b>53,050</b>

The unlisted bonds carry fixed interest rates maturing within 7 years. The effective interest rates on the bonds range from 2.76% to 6.17%. The fair value of the unlisted bonds at 31 December 2006 amounted to HK\$51,497,000 (2005: HK\$62,000,000) determined by reference to prices quoted by financial institutions.

非上市債券附有固定利率及於7年內到期。債券的實際利率由2.76%至6.17%。根據金融機構之報價，於二零零六年十二月三十一日，該等非上市債券的公平值為51,497,000港元(二零零五年：62,000,000港元)。

### 18. INVESTMENTS IN SUBSIDIARIES

### 18. 於附屬公司之投資

		2006 二零零六年 HK\$'000 千港元	Company 本公司 2005 二零零五年 HK\$'000 千港元
Unlisted shares, at cost	非上市股份，按成本值	107,146	107,146

The amounts due from subsidiaries are unsecured, interest free and repayable on demand.

應收附屬公司款項為無抵押、免息且無固定還款期限。

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### 18. INVESTMENTS IN SUBSIDIARIES (Continued)

### 18. 於附屬公司之投資 (續)

(a) Details of the principal subsidiaries at 31 December 2006 are as follows:

(a) 於二零零六年十二月三十一日主要附屬公司詳情如下：

Name 名稱	Place of incorporation/ establishment/ operations 註冊成立/ 登記地點	Particulars of issued share/ registered capital 已發行股本/ 註冊資本詳情	Percentage of equity attributable to the Company 本公司應佔權益 百分比	Principal activities 主要業務
<b>Held directly</b>		<b>直接持有</b>		
RBI International Investment Limited (i)	British Virgin Islands	Ordinary US\$30,000	100%	Investment holding and trading of securities 投資控股及證券買賣
RBI International Investment Limited (ii)	英屬處女群島	普通股30,000美元		
<b>Held indirectly</b>		<b>間接持有</b>		
Dongguan Tai Fat Toy Factory Ltd. (a foreign wholly-owned enterprise) 東莞大發玩具廠有限公司 (全資外商投資企業)	The PRC 中國	Registered HK\$36,800,000 註冊資本36,800,000港元	100%	Manufacture and sale of toys 製造及銷售玩具
Dongguan Tungfat Toy Factory Co. Ltd. (a foreign wholly-owned enterprise) 東莞東發玩具廠有限公司 (全資外商投資企業)	The PRC 中國	Registered HK\$55,670,000 註冊資本55,670,000港元	100%	Manufacture and sale of toys 製造及銷售玩具
Motormax Industries (Heyuan) Ltd (a foreign wholly-owned enterprise) 駿發實業(河源)有限公司 (全資外商投資企業)	The PRC 中國	Registered HK\$30,000,000 註冊資本30,000,000港元	100%	Manufacture and sale of toys 製造及銷售玩具
Motormax Toy Factory Limited 駿發玩具廠有限公司	Hong Kong 香港	Ordinary HK\$100,000 普通股100,000港元	100%	Trading of toys 買賣玩具
RBI Industries (Shenzhen) Co. Ltd (a foreign wholly-owned enterprise) 紅發實業(深圳)有限公司 (全資外商投資企業)	The PRC 中國	Registered HK\$46,000,000 註冊資本46,000,000港元	100%	Manufacture and sale of toys 製造及銷售玩具
RBI Toys Inc.	United States of America 美國	Common Stock US\$10,000	100%	Trading of toys
RBI Toys Inc.		普通股10,000美元		買賣玩具
Red Box Toy Factory Limited 紅盒玩具廠有限公司	Hong Kong 香港	Ordinary HK\$1,000 Non-voting deferred (iii) HK\$12,000,000 普通股1,000港元 無投票權遞延股 (iii) 12,000,000港元	100%	Design, trading and marketing of toys and investment holding 設計、買賣與經銷玩具 及投資控股
Tai Fat Toy Factory (China) Limited (ii) 大發玩具廠(中國)有限公司 (ii)	Hong Kong 香港	Ordinary HK\$2,900,000 Non-voting deferred (iii) HK\$5,100,000 普通股2,900,000港元 無投票權遞延股 (iii) 5,100,000港元	100%	Manufacture and sale of toys 製造及銷售玩具

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### 18. INVESTMENTS IN SUBSIDIARIES (Continued)

- (i) Operating principally in Hong Kong.
- (ii) Operating principally in the PRC.
- (iii) The non-voting deferred shares, which are held by RBI International Investment Limited, practically carry no rights to dividends or to receive notice of or to attend or vote at any general meetings of the respective companies or to participate in any distribution on winding up.

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.

### 19. HELD FOR TRADING INVESTMENTS — GROUP

Equity securities listed in Hong Kong, at market value	於香港上市之股本證券，按市值	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
		236	161

The fair value of the Group's held for trading investments at the balance sheet date was determined at their open market value.

### 20. INVESTMENT IN CERTIFICATES OF DEPOSITS — GROUP

The deposits represent US dollar deposits placed with banks with an aggregate principal amount of USD4,000,000 (2005: USD4,000,000) which carry interests chargeable at certain pre-determined rates less London Interbank Offered Rate. The bank deposits will mature from 2009 to 2013 or earlier, when the interest income accrued on the deposits reaches certain specified amount. Such deposits were designated as financial assets at fair value through profit or loss previously and had been reclassified as available-for-sale investments this year.

The directors consider the carrying amount of these bank deposits approximates their fair value, based on the amounts quoted by financial institutions.

### 18. 於附屬公司之投資 (續)

- (i) 主要於香港經營。
- (ii) 主要於中國經營。
- (iii) 該等無投票權遞延股份由RBI International Investment Limited持有，持有此等股份實質上並無權收取有關公司之股息，亦無權接收有關公司之任何股東大會之通告或出席有關大會或於會上投票，而在公司清盤時，亦無權享有任何分派。

董事認為，上述表格所列乃主要影響本年度之業績或構成本集團主要資產淨值之本公司附屬公司，詳列其他附屬公司之資料將令致篇幅過長。

### 19. 持有之交易投資 — 本集團

於結算日，本集團持有之交易投資的公平值以其公開市場價格訂定。

### 20. 存款證投資 — 本集團

該存款代表存於銀行之美元存款，合共本金4,000,000美元（二零零五年：4,000,000美元）。該存款附有利息，以事前議定之利率減去倫敦銀行同業拆息列賬。銀行存款會於二零零九至二零一三年期間到期，倘利息達至某一特定金額，可提早到期。該存款於以前年度為按公平值計入損益表之金融資產，本年重新分類至可供售賣之投資。

根據金融機構之報價，董事認為該銀行存款之賬面值與公平值相若。

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### 21. BANK BALANCES AND CASH

Cash and cash equivalents include the following components:

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Cash at banks and in hand	銀行及手頭現金	8,889	20,406
Short-term bank deposits	短期銀行存款	8,883	14,400
		<b>17,772</b>	<b>34,806</b>

Included in cash and cash equivalents of the Group is HK\$2,877,000 (2005: HK\$8,249,000) of cash and bank balances denominated in Renminbi ("RMB") placed with banks in the PRC and cash in hand. RMB is not a freely convertible currency.

At 31 December 2006, the effective interest rate of short-term bank deposits is 4.75%. They have maturity dates from 7 days to 10 days and are eligible for immediate cancellation without receiving any interest for the last deposit period.

### 21. 銀行結存及現金

現金及現金等價物包括：

	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
本集團現金及現金等價物包括2,877,000港元(二零零五年：8,249,000港元)以人民幣(「人民幣」)列值存放於中國內地銀行的現金及銀行結存，以及手頭現金。人民幣為不可自由兌換之貨幣。	8,889	20,406
於二零零六年十二月三十一日，短期銀行存款利率為4.75%。彼等享有七日至十日之到期日，並可於最後存款期間不計息即時撤銷。	8,883	14,400
	<b>17,772</b>	<b>34,806</b>

本集團現金及現金等價物包括2,877,000港元(二零零五年：8,249,000港元)以人民幣(「人民幣」)列值存放於中國內地銀行的現金及銀行結存，以及手頭現金。人民幣為不可自由兌換之貨幣。

於二零零六年十二月三十一日，短期銀行存款利率為4.75%。彼等享有七日至十日之到期日，並可於最後存款期間不計息即時撤銷。

### 22. INVENTORIES — GROUP

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Raw materials	原料	45,814	37,272
Work in progress	在製品	62,308	57,801
Finished goods	製成品	57,432	44,908
		<b>165,554</b>	<b>139,981</b>

### 22. 存貨 — 本集團

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### 23. TRADE AND OTHER RECEIVABLES — GROUP

The Group allows a credit period of 30 to 90 days to its trade customers.

The aging analysis of the Group's trade receivables is as follows:

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
0 — 30 days	0至30天	14,944	12,526
31 — 60 days	31至60天	11,708	10,130
61 — 90 days	61至90天	19,306	14,004
Over 90 days	90天以上	9,322	8,357
Trade receivables	貿易應收款項	55,280	45,017
Other receivables	其他應收款項	904	4,136
		56,184	49,153

The directors consider the carrying amount of trade and other receivables approximates their fair value.

### 24. BILLS RECEIVABLES — GROUP

An aging analysis of bills receivables outstanding at the balance sheet date is as follows:

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
0 — 30 days	0至30天	3,096	5,592
31 — 60 days	31至60天	1,334	1,642
61 — 90 days	61至90天	2,321	2,464
Over 90 days	91天以上	5,016	1,583
		11,767	11,281

The directors consider the carrying amount of the bills receivables approximates their fair value.

### 23. 貿易及其他應收款 — 本集團

本集團一般給予客戶三十天至九十天信貸期。

本集團貿易應收款項之賬齡分析如下：

	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
0 — 30 days	14,944	12,526
31 — 60 days	11,708	10,130
61 — 90 days	19,306	14,004
Over 90 days	9,322	8,357
Trade receivables	55,280	45,017
Other receivables	904	4,136
	56,184	49,153

董事認為貿易及其他應收款項之賬面值與其公平值相若。

### 24. 應收票據 — 本集團

於結算日尚未收回之應收票據賬齡分析如下：

	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
0 — 30 days	3,096	5,592
31 — 60 days	1,334	1,642
61 — 90 days	2,321	2,464
Over 90 days	5,016	1,583
	11,767	11,281

董事認為應收票據之賬面值與其公平值相若。

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### 25. TRADE AND OTHER PAYABLES — GROUP

The aging analysis of the Group's trade payables is set out as follows:

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
0 — 30 days	0至30天	18,710	12,380
31 — 60 days	31至60天	7,699	7,192
61 — 90 days	61至90天	2,263	1,664
Over 90 days	91天以上	283	368
Trade payables	貿易應付款項	28,955	21,604
Other payables	其他應付款項	11,418	12,651
		<b>40,373</b>	<b>34,255</b>

The directors consider the carrying amount of trade and other payables approximates their fair value.

### 25. 貿易及其他應付款項 — 本集團

本集團貿易應付款項之賬齡分析如下：

董事認為貿易及其他應付款項之賬面值與其公平值相若。

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## 26. SHARE CAPITAL

## 26. 股本

	Number of shares 股份數目		Nominal value 面值	
	2006 二零零六年 '000 千	2005 二零零五年 '000 千	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Authorised: Ordinary shares of HK\$0.1 each				
法定： 每股面值0.1港元之 普通股	800,000	800,000	80,000	80,000
Issued and fully paid: At beginning of the year	333,966	371,712	33,397	37,171
Repurchased and cancelled	(3,010)	(37,746)	(301)	(3,774)
已發行及繳足： 年初				
贖回及註銷				
At end of the year	330,956	333,966	33,096	33,397
年終				

## Repurchase of own shares

During the year, the Company repurchased 3,010,000 (2005: 37,746,000) ordinary shares over the Stock Exchange at a cost of HK\$3,439,000 (2005: HK\$58,836,000), which was dealt with by charging HK\$301,000 (2005: HK\$3,774,000) to share capital, HK\$2,803,000 (2005: HK\$35,145,000) to share premium, HK\$636,000 (2005: HK\$23,691,000) to retained earnings and crediting HK\$301,000 (2005: HK\$3,774,000) to capital redemption reserve.

## 購回股份

於本年度內，本公司作價3,439,000港元（二零零五年：58,836,000港元）在聯交所購回3,010,000股（二零零五年：37,746,000股）普通股，處理該等金額時於股本中扣除301,000港元（二零零五年：3,774,000港元）、於股份溢價中扣除2,803,000港元（二零零五年：35,145,000港元）、於留存溢利中扣除636,000港元（二零零五年：23,691,000港元）以及於資本贖回儲備中計入301,000港元（二零零五年：3,774,000港元）。

Particulars of the shares repurchased are as follows:

股份購回詳情如下：

Month of 2006	二零零六月份	Number of ordinary shares of HK\$0.10 each 每股0.10港元之 普通股股份數目 '000 千	Highest		Lowest		Total consideration paid 已支付總代價 HK\$'000 千港元
			最高 HK\$ 港元	最低 HK\$ 港元	最高 HK\$ 港元	最低 HK\$ 港元	
Feb	二月	1,042	1.21	1.20	1,254		
May	五月	1,968	1.14	1.05	2,185		
		3,010			3,439		

The repurchases on the Stock Exchange were effected by the directors pursuant to the mandate from shareholders, with a view to benefiting shareholders as a whole by the enhancement of the earnings per share of the Company.

該等於聯交所購回乃董事會根據股東授權而執行，目的為提高本公司每股盈利，從而整體上使股東受益。

Other than above, none of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

除以上所述，於本年度內本公司任何附屬公司概無購買、出售或贖回本公司任何上市證券。

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### 26. SHARE CAPITAL (Continued)

#### Share option scheme

The Company's share option scheme (the Scheme) was adopted on 21 December 1995 for the primary purpose of providing incentives to directors and eligible employees, and had been expired on 20 December 2005. Under the Scheme, options had been granted to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company.

The following table discloses details of the Company's share options and movements in such holdings:

Granted to	Date of grant	Exercisable period	Subscription price per share	Number of shares under options granted 授予購股權涉及之股份數目		
				Outstanding at 1 January 2006 於二零零六年 一月一日 尚未行使	Movements during the year exercised 年內變動行使	Outstanding at 31 December 2006 於二零零六年 十二月三十一日 尚未行使
授予	授予日期	行使期	每股認購價 HK\$ 港元			
Directors 董事	2 January 2002 二零零二年一月二日	1 January 2004 to 31 December 2013 二零零四年一月一日至 二零一三年十二月三十一日	1.1	600,000	—	600,000

Granted to	Date of grant	Exercisable period	Subscription price per share	Number of shares under options granted 授予購股權涉及之股份數目		
				Outstanding at 1 January 2005 於二零零五年 一月一日 尚未行使	Movements during the year exercised 年內變動行使	Outstanding at 31 December 2005 於二零零五年 十二月三十一日 尚未行使
授予	授予日期	行使期	每股認購價 HK\$ 港元			
Directors 董事	2 January 2002 二零零二年一月二日	1 January 2004 to 31 December 2013 二零零四年一月一日至 二零一三年十二月三十一日	1.1	600,000	—	600,000

No options were granted, cancelled, lapsed or forfeited during the year ended 31 December 2006 and 2005.

### 26. 股本 (續)

#### 購股權計劃

本公司於一九九五年十二月二十一日採納購股權計劃(「計劃」)，主要目的為向董事及合資格僱員提供獎勵，計劃已於二零零五年十二月二十日屆滿。根據計劃，本公司董事會可向合資格僱員(包括本公司及其附屬公司之董事)授予購股權。

下表披露本公司購股權以及購股權持有情況變動之詳情：

Granted to	Date of grant	Exercisable period	Subscription price per share	Number of shares under options granted 授予購股權涉及之股份數目		
				Outstanding at 1 January 2006 於二零零六年 一月一日 尚未行使	Movements during the year exercised 年內變動行使	Outstanding at 31 December 2006 於二零零六年 十二月三十一日 尚未行使
授予	授予日期	行使期	每股認購價 HK\$ 港元			
Directors 董事	2 January 2002 二零零二年一月二日	1 January 2004 to 31 December 2013 二零零四年一月一日至 二零一三年十二月三十一日	1.1	600,000	—	600,000

Granted to	Date of grant	Exercisable period	Subscription price per share	Number of shares under options granted 授予購股權涉及之股份數目		
				Outstanding at 1 January 2005 於二零零五年 一月一日 尚未行使	Movements during the year exercised 年內變動行使	Outstanding at 31 December 2005 於二零零五年 十二月三十一日 尚未行使
授予	授予日期	行使期	每股認購價 HK\$ 港元			
Directors 董事	2 January 2002 二零零二年一月二日	1 January 2004 to 31 December 2013 二零零四年一月一日至 二零一三年十二月三十一日	1.1	600,000	—	600,000

截至二零零五年及二零零六年十二月三十一日止年度，並無購股權授予、取消、失效或撤回。

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### 27. DEFERRED TAX ASSETS/(LIABILITIES)

The followings are the major deferred tax assets and liabilities recognised by the Group and movements thereon during the current and prior years:

### 27. 遞延稅項資產(負債)

以下為本集團確認之主要遞延稅項資產及負債及於現行與過往年度之變動：

		Accelerated tax depreciation	Unrealised profit on intra-group transfer of assets 集團內 資產轉移之 未變現溢利	Other temporary differences 其他 暫時差額	Total 總計
		加速 稅項折舊 HK\$'000 千港元	資產轉移之 未變現溢利 HK\$'000 千港元	其他 暫時差額 HK\$'000 千港元	總計 HK\$'000 千港元
At 1 January 2005	於二零零五年一月一日	(2,899)	3,452	660	1,213
Credit/(charge) to income statement	於收益表中 計入/(扣除)	8	(1,302)	397	(897)
At 31 December 2005	於二零零五年十二月三十一日	(2,891)	2,150	1,057	316
Credit/(charge) to income statement	於收益表中 計入/(扣除)	151	870	746	1,767
Exchange difference	匯兌差額	(347)	48	26	(273)
At 31 December 2006	於二零零六年十二月三十一日	(3,087)	3,068	1,829	1,810
			2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	
Deferred tax assets	遞延稅項資產		4,596	4,501	
Deferred tax liabilities	遞延稅項負債		(2,786)	(4,185)	
			1,810	316	

At 31 December 2006, the Group had unused tax losses of HK\$31,984,000 (2005: HK\$38,060,000) available for offset against future profits. Deferred tax assets have been recognised in respect of HK\$6,370,000 (2005: HK\$3,293,000) of such losses. No deferred tax asset has been recognised in respect of the remaining HK\$25,614,000 (2005: HK\$34,767,000) due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of HK\$24,160,000 (2005: HK\$23,118,000) that will expire from 2007 to 2026. Other unused tax losses may be carried forward indefinitely.

於二零零六年十二月三十一日，本集團未使用稅項虧損用以抵銷未來溢利為31,984,000港元(二零零五年：38,060,000港元)。就該稅務虧損之已確認之遞延稅項資產為6,370,000港元(二零零五年：3,293,000港元)。餘下的25,614,000港元(二零零五年：34,767,000港元)，由於不能確定其未來溢利之趨勢，故此並沒有確認為遞延稅項資產。其中包括在未確認之稅務虧損24,160,000港元(二零零五年：23,118,000港元)將於二零零七年至二零零六年屆滿。其他未使用稅項虧損可無限期結轉。

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### 28. RETIREMENT BENEFIT PLANS

The Group participates in both a defined contribution scheme which is registered under the Occupational Retirement Scheme Ordinance (the "ORSO Scheme") and a Mandatory Provident Fund Scheme (the "MPF Scheme") established under the Mandatory Provident Fund Ordinance. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees.

The ORSO Scheme is funded by monthly contributions from both the employees and the Group, calculated at 5% of the employee's basic salary.

For members of the MPF Scheme, the Group contributes 5% of relevant payroll costs to the MPF Scheme, which contribution is matched by the employees.

According to the relevant laws and regulations in the PRC, the subsidiaries in the PRC are required to contribute a certain percentage of the salaries and wages of their employees to the retirement benefit schemes to fund the retirement benefits of their employees.

Where there are employees who left the ORSO Scheme prior to vesting fully in the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions. No forfeited contributions were utilised in this manner during the year. At 31 December 2006, there were no forfeited employer's contributions available to reduce the contributions payable in future years (2005: Nil).

### 28. 退休福利計劃

本集團參與已向職業退休計劃條例(「職業退休計劃」)登記之定額供款計劃以及根據強制性公積金計劃條例成立之強制性公積金計劃(「強積金計劃」)。該等計劃之資產與本集團的資產分開持有，存放於信託人控制之基金內。

職業退休計劃由僱員與本集團各按僱員基本薪金之5%作出每月供款而運作。

就強積金計劃成員而言，本集團按有關薪酬成本之5%向強積金計劃作出供款，供款額與僱員相同。

根據中國之有關法規，中國附屬公司須將薪金及工資的若干百分比用作退休福利計劃供款，以提供僱員的退休福利。

倘若僱員於供款全數歸於彼等所有前離開職業退休計劃，沒收之供款會作扣減本集團之應付供款。於本年度內，並無沒收供款用於此用途。於二零零六年十二月三十一日，並無已沒收的僱主供款可用於扣減未來的應付供款(二零零五年：無)。

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## 29. RESERVES

## Company

		Share premium account 股份溢價賬	Capital redemption reserves 資本贖回儲備	Contributed surplus 實繳盈餘 (Note) (附註)	Retained profits 留存溢利	Total 總計
		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
At 1 January 2005	於二零零五年一月一日	133,902	2,128	100,635	66,166	302,831
Profit for the year	年度溢利	—	—	—	31,108	31,108
2004 final dividend paid	已派發二零零四年末期股息	—	—	—	(26,020)	(26,020)
Repurchase of own shares	購回股份	(35,145)	3,774	—	(23,691)	(55,062)
2005 interim dividend paid	已派發二零零五年中期股息	—	—	—	(6,686)	(6,686)
At 31 December 2005	於二零零五年十二月三十一日	98,757	5,902	100,635	40,877	246,171
Profit for the year	年度溢利	—	—	—	25,955	25,955
2005 final dividend paid	已派發二零零五年末期股息	—	—	—	(19,975)	(19,975)
Repurchase of own shares	購回股份	(2,803)	301	—	(636)	(3,138)
2006 interim dividend paid	已派發二零零六年中期股息	—	—	—	(6,619)	(6,619)
At 31 December 2006	於二零零六年十二月三十一日	95,954	6,203	100,635	39,602	242,394

Note: The contributed surplus of the Company represents the excess of the carrying value of the subsidiaries acquired over the nominal value of the Company's shares issue.

附註：實繳盈餘指被收購附屬公司之價值超於本公司已發行股份之票面值之數額。

## 30. OPERATING LEASES

## GROUP

The Group as lessee

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Lease payments paid under operating leases in respect of land and buildings during the year	本年度根據土地及樓宇經營租約已付之租金	2,469	2,296

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

本集團為承租人

於結算日，本集團根據將於下列期限屆滿之土地及樓宇不可撤銷經營租約之日後最低租金承擔如下：

		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	2,589	2,604
In the second to fifth year inclusive	第二至五年 (包括首尾兩年)	2,778	5,395
		5,367	7,999

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### 30. OPERATING LEASES (Continued)

#### GROUP (Continued)

##### The Group as lessee (Continued)

Operating lease payments represent rentals payable by the Group for overseas offices and warehouses. Leases are negotiated for an average term of two to three years and rentals are fixed during such period.

##### The Group as lessor

Property rental income earned during the year was HK\$429,000 (2005: HK\$391,000). The properties held have committed tenants for 1 year.

At the balance sheet date, the Group had contracted with tenants for the following future minimum lease payments:

#### COMPANY

Within one year

一年內

517

213

The Company did not have any significant lease commitments at 31 December 2006 (2005: Nil).

### 31. CAPITAL COMMITMENTS

#### GROUP

Capital expenditure in respect of the acquisition of property, plant and equipment contracted but not provided for

已簽約但未提撥之  
購買物業、廠房  
及設備資本性  
開支

5,730

12,808

The Company did not have any significant capital commitments at 31 December 2006 (2005: Nil).

### 30. 經營租約 (續)

#### 本集團 (續)

##### 本集團為承租人 (續)

經營租約租金指本集團就海外辦公室及貨倉應付之租金。租約均按平均租期兩至三年磋商，而於上述期間之租金均屬固定。

##### 本集團為出租人

年內賺取之物業租金收入為429,000港元 (二零零五年：391,000港元)。該等所持物業由租客承租，而租期為一年。

於結算日，本集團與租客訂立合約，其日後最低租金如下：

#### 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

於二零零六年十二月三十一日，本公司並無任何重大租約承擔 (二零零五年：無)。

### 31. 資本承擔

#### 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

於二零零六年十二月三十一日，本公司並無任何重大資本承擔 (二零零五年：無)。

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### 32. CONTINGENT LIABILITIES

For the year ended 31 December 2006, the Group and the Company had no significant contingent liabilities.

### 33. FINANCIAL GUARANTEE CONTRACTS

The Company has executed guarantees amounting to approximating HK\$38 million (2005: HK\$38 million) with respect to general banking facilities granted to certain subsidiaries of the Company. Under the guarantees, the Company would be liable to pay the bank if the bank is unable to recover the loan. At the balance sheet date, no provision for the Company's obligation under the guarantee contract has been made as the directors considered that it was not probable that the repayment of the loan would be in default.

### 34. MATERIAL RELATED PARTY TRANSACTIONS

The emoluments of key management are presented in note 9.

### 35. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include held to maturity investments, investment in certificates of deposits, trade and other receivables, bills receivables, bank balances and cash and trade and other payables. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

#### Credit risk

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful recovery of receivables estimated by management based on the age of the debts, their knowledge of customers' credit-worthiness, management's prior experience and their assessment of the current economic environment. Management reviews the recoverable amounts of significant trade receivables regularly to ensure adequate allowances for doubtful recovery are recognised if considered appropriate.

The Group's concentration of credit risk by geographical locations is mainly in North America and Europe, with exposure spread over a number of counterparties and customers.

The credit risk on the Group's liquid funds, unlisted bonds and investment in certificates of deposits is limited because the majority of the counterparties are banks or corporations with high credit ratings.

### 32. 或然負債

於截至二零零六年十二月三十一日止年度，本集團並無任何重大或然負債。

### 33. 財務擔保合約

本公司為本公司若干附屬公司獲授之一般銀行貸款，向銀行發出公司擔保約38,000,000港元（二零零五年：38,000,000港元）。根據擔保，倘銀行未能收回貸款，本公司須承擔向銀行支付欠款之責任。於結算日，由於董事認為拖欠該貸款之可能性極小，故並無於承擔合約項下之本公司責任中作出撥備。

### 34. 重大關聯交易

主要管理人員之薪酬於附註9列示。

### 35. 風險管理目標及政策

集團之主要金融工具包括持有至到期日之投資、存款証投資、貿易及其他應收款、應收票據、銀行結存及現金及貿易及其他應付款項。下文載列與該等金融工具有關之風險及如何降低該等風險之政策。管理層管理及監控該等風險，以確保及時及有效地採取適當之措施。

#### 信貸風險

集團之信貸風險基本源於貿易應收款項。該金額列示於資產負債表是減去管理層根據賬齡、對客戶信用之理解、管理層以前之經驗及其對現時經濟環境之評估所作的可回收有問題之應收款撥備。管理層會定時審閱重大貿易應收款項之可回收金額，從而確保有足夠之可回收有問題之應收款撥備。

本集團按地區劃分之信貸風險集中於北美洲及歐洲，有關之風險分散於一些客戶及有關團體。

本集團之流動資金、非上市債券及存款証投資之信貸風險有限，此乃由於對方均為較高信貸地位之銀行或機構。

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### 35. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

#### Market risk

##### (i) Foreign exchange risk

The Group holds certain financial assets and financial liabilities which are denominated in Renminbi. The Group is therefore exposed to foreign currency risk. The management monitors foreign exchange exposures and will consider hedging significant foreign currency exposures when the need arises.

##### (ii) Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing financial assets. Interest-bearing financial assets are mainly held-to-maturity investments and investment in certificates of deposits which are long term in nature. As the held-to-maturity investments and investment in certificates of deposits are respectively arranged at fixed rates and on a predetermined basis which are variable rates over the period, thus exposing the Group to both fair value interest rate risk and cash flow interest rate risk. The management monitors interest rate risk exposure and will consider hedging significant interest rate exposure should the need arises.

##### (iii) Price risk

The Group's held for trading investments are measured at fair value at each balance sheet date. Therefore, the Group is exposed to equity price risk. The management manages this exposure by maintaining a portfolio of investments with different risk profiles.

### 36. NON-ADJUSTING POST BALANCE SHEET EVENT

Pursuant to the PRC enterprise income tax law passed by the Tenth National People's Congress on 16 March 2007, the new enterprise income tax rates for domestic and foreign enterprises are unified at 25% and will be effective from 1 January 2008. The impact of this change in enterprise income tax rates on the Group's consolidated financial statements will depend on detailed implementation pronouncements that will be issued. The Group is currently assessing the impact on the Group's results of operations and financial position of this change in enterprise income tax rates.

### 35. 風險管理目標及政策 (續)

#### 市場風險

##### (i) 外幣換算風險

本集團持有若干以人民幣列值之金融資產及金融負債。因此，本集團承受外匯風險。管理層會監察有關之外匯風險，並會考慮於必要時對沖重大外匯風險。

##### (ii) 利率風險

本集團之附息金融資產，如利息改變會帶來利率風險。附息金融資產主要為長期性質的持有至到期日之投資及存款証投資。由於持有至到期日之投資及存款証投資分別為固定利息和預定期間的浮動利息，因此本集團會冒有公平值利率風險及現金流量利率風險，管理層會監察有關之利率風險，並會考慮於必要時對沖重大利率風險。

##### (iii) 價格風險

本集團之持有之交易投資於各結算日按公平值計算。因此，本集團面臨權益價格風險。管理層透過維持不同風險狀況之投資組合以管理此風險。

### 36. 非調整結算日後事項

根據第十屆全國人民代表大會於二零零七年三月十六日決議通過的中國企業所得稅法，內資企業和外商投資企業的企業所得稅率統一為25%，並由二零零八年一月一日起開始生效。企業所得稅率的改變對本集團綜合財務報表的影響有賴於最終頒佈的實施細則。本集團現階段正就企業所得稅率的變動對本集團經營業績及財務狀況的影響進行估計。