

二零零六年十二月三十一日

31 December 2006

1. CORPORATE INFORMATION

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

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

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

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which also include Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for buildings, a derivative financial instrument and an available-for-sale investment, which have been measured at fair value. These financial statements are presented in Hong Kong dollars.

Basis of consolidation

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

1. 公司資料

堅寶國際控股有限公司是一間於百慕達註冊成立之有限公司。堅寶國際控股有限公司的總辦事處為香港新界葵涌梨木道八十八號達利中心二十三樓二零四至零六室。

集團年內之主要業務如下：

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

2.1 編製基準

本財務報告是根據香港會計師公會所頒佈之香港財務報告準則（「香港財務報告準則」）（並包括香港會計準則（「香港會計準則」）及詮釋）、香港公認會計原則及香港公司法例之披露規定適當編製。除樓宇、金融衍生工具及可供出售投資以公平價值計量外，本財務報告乃以歷史原值成本法計算。本財務報告以港元呈列。

綜合賬項基準

綜合財務報告包括本公司及其所有附屬公司截至二零零六年十二月三十一日止年度之財務報告。收購附屬公司之業績自該等公司被收購之日（本公司取得該等公司之控制權之日）起綜合計算，並綜合計算至該控制權終止為止。本集團公司之間所有重大交易及賬項結存已於編製綜合賬項時互相抵銷。

2.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

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

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

The principal changes in accounting policies are as follows:

(a) HKAS 39 Financial Instruments: Recognition and Measurement

Amendment for financial guarantee contracts

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

2.2 新訂及經修訂香港財務報告準則之影響

本集團首次採納以下新增及經修訂香港財務報告準則編製本年度財務報告。除特殊情况引起之會計準則變更及附加披露外，採納該新增及經修訂之準則及詮釋並未對該等財務報告產生重大影響。

香港會計準則 第21號經修訂	海外業務之投資淨額
香港會計準則第39號 及香港財務報告 準則第4號經修訂	財務擔保合同
香港會計準則 第39號經修訂	預測集團內交易之現金 流量對沖會計法
香港會計準則 第39號經修訂	公平價值計量選擇權
香港(國際財務報告 詮釋委員會) – 詮釋第4號	釐定安排是否包含租賃

會計政策的主要變動如下：

(a) 香港會計準則第39號金融工具：確認和計量

財務擔保合同之修訂

此項修訂對香港會計準則第39號之範圍作出變更，要求不被視為保險合約之已發行財務擔保合同，首先按公平價值確認，再次計量時按根據香港會計準則第37號撥備、或然負債和或然資產釐定之金額與首次確認之金額之較高者，減去（如適當）根據香港會計準則第18號收益確認之累計攤銷。採納該修訂對本財務報告並無重大影響。

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2.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (continued)

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

The Group has adopted this interpretation as of 1 January 2006, which provides guidance in determining whether arrangements contain a lease to which lease accounting must be applied. The Group has determined based on this interpretation that certain arrangements of the Group contained leases and accordingly, the Group has treated them in accordance with HKAS 17 *Leases*. However, the adoption of this interpretation has had no material impact on these financial statements.

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

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

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

2.2 新訂及經修訂香港財務報告準則之影響 (續)

(b) 香港(國際財務報告詮釋委員會) – 詮釋第4號 *釐定安排是否包含租賃*

本集團自二零零六年一月一日起採用了本詮釋，詮釋就釐定安排是否包含一項必須採用租賃會計核算的租賃提供了指南。本集團根據本詮釋確定本集團的部分安排包含租賃，因此本集團已按照香港會計準則第17號 *租賃* 對該安排進行了會計處理。但是，採用本詮釋對這些財務報告無重大影響。

2.3 已頒佈但尚未生效的香港財務報告準則的影響

本集團並無於該等財務報告採用下列已頒佈但未生效的新訂及經修訂的香港財務報告準則。

香港會計準則 第1號經修訂	資本披露
香港財務報告 準則第7號	金融工具：披露
香港財務報告 準則第8號	經營分部
香港(國際財務 報告詮釋委員會) – 詮釋第7號	應用香港會計準則第 29號 <i>惡性通貨膨脹 經濟中的財務報告規 定的重報法</i>
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 號之範圍
香港(國際財務 報告詮釋委員會) – 詮釋第9號	嵌入式衍生工具的重估
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
香港(國際財務 報告詮釋委員會) – 詮釋第11號	香港財務報告準則第2 號 – 集團與庫存股份 交易
香港(國際財務 報告詮釋委員會) – 詮釋第12號	服務經營權安排

2.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

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

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

HKFRS 8 shall be applied for annual periods beginning on or after 1 January 2009. The standard sets out requirements for disclosure of information about the operating segments of the Group, the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from its major customers. This standard will supersede HKAS14 *Segment Reporting*.

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

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

2.3 已頒佈但尚未生效的香港財務報告準則的影響 (續)

香港會計準則第1號經修訂適用於二零零七年一月一日或之後開始之年度期間。該項修訂準則將會影響有關本集團管理資本之目標、政策及程序等定性資料之披露；本集團有關資本之定量資料，以及在遵守任何資本規定及未能遵守有關規定之結果。

香港財務報告準則第7號適用於二零零七年一月一日或之後開始之年度期間。該準則要求之披露事項能夠使財務報告使用者評估本集團金融工具之重要性及由此金融工具引起之風險範疇。

香港財務報告準則第8號適用於二零零九年一月一日或之後開始之年度期間。該準則要求載列有關本集團之經營分部、分部所提供的產品及服務、本集團經營所在地區及來自主要客戶的收入資料之披露，此準則將取代香港會計準則第14號分部報告。

香港（國際財務報告詮釋委員會）—詮釋第7號、香港（國際財務報告詮釋委員會）—詮釋第8號、香港（國際財務報告詮釋委員會）—詮釋第9號、香港（國際財務報告詮釋委員會）—詮釋第10號、香港（國際財務報告詮釋委員會）—詮釋第11號及香港（國際財務報告詮釋委員會）—詮釋第12號分別適用於二零零六年三月一日、二零零六年五月一日、二零零六年六月一日、二零零六年十一月一日、二零零七年三月一日及二零零八年一月一日或之後開始的年度期間。

本集團正在評估該等新增及經修訂香港財務報告準則對初始應用期間之影響。至今所得結論認為，雖然採納香港會計準則第1號經修訂、香港財務報告準則第7號及香港財務報告準則第8號可能需要做出新的披露或修改目前披露，但該等新增及經修訂之香港財務報告準則應不會對本集團之經營業績及財政狀況造成重大影響。

財務報告附註

Notes to the Financial Statements

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

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

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

Associates

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

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

The results of an associate are included in the Company's income statement to the extent of dividends received and receivable. The Company's interest in an associate is treated as non-current assets and is stated at cost less any impairment losses.

Goodwill

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

Goodwill previously eliminated against consolidated retained profits

Prior to the adoption of HKICPA's Statement of Standard Accounting Practice 30 "Business Combinations" ("SSAP 30") in 2001, goodwill arising on acquisition was eliminated against consolidated retained profits in the year of acquisition. On the adoption of HKFRS 3, such goodwill remains eliminated against consolidated retained profits and is not recognised in the income statement when all or part of the business to which the goodwill relates is disposed of or when a cash-generating unit to which the goodwill relates becomes impaired.

2.4 重大會計政策概要

附屬公司

附屬公司指本公司直接或間接控制其財務及經營政策以從其業務中獲取利益之實體。

附屬公司之業績以已收及應收之股息列入本公司之利潤表內。本公司於附屬公司之權益以成本扣除任何減值虧損列賬。

聯營公司

聯營公司為除附屬公司或合營公司以外，由本集團長期持有的一般不少於20%股本投票權，並對其有重大影響力之公司。

本集團所佔聯營公司之購入後業績及儲備已分別計入綜合利潤表及綜合儲備內。本集團於聯營公司之權益乃以權益會計法計算，並就本集團之應佔資產淨值扣除減值虧損，於綜合資產負債表內列賬。

本公司利潤表中計入的聯營企業經營業績僅限於已收和應收的股息。本公司於聯營企業的權益被視為非流動資產，並按成本減去減值虧損列賬。

商譽

收購附屬公司產生的商譽指商業合併成本超出於收購當日集團對所購的可辨別資產、負債及或然負債的公平價值之淨值。

過去對銷綜合保留溢利之商譽

於香港會計師公會之會計實務準則第30條「業務合併」於二零零一年被採納之前，收購所產生之商譽會在收購的年度內與綜合保留溢利對銷。在採納香港財務報告準則第3號後，此商譽繼續在綜合保留溢利對銷，並且不會於出售與商譽相關的全部或部份業務，或與商譽相關的現金產生單位減值時在利潤表中確認。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

Impairment of non-financial assets other than goodwill

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

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

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, however not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation), had no impairment loss been recognised for the asset in prior years. A reversal of such impairment loss is credited to the income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

2.4 重大會計政策概要 (續)

除商譽外的非金融資產減值

當有跡象顯示減值或當資產(存貨及金融資產以外)需要進行年度減值測試時,需預計資產的可收回金額。資產的可收回金額以現金產生單位的使用價值,或其公平價值減去銷售成本兩者的較高者計算,並就個別資產釐定,除非資產不會產生頗大程度獨立於其他資產或資產組合的現金流入,在此情況下,可收回金額則以資產所屬的現金產生單位釐定。

如資產之賬面值超逾其可收回金額時,減值虧損方予確認。於評估使用價值時,估計日後現金流量按反映現時市場評估的貨幣時間值及資產特定風險的除稅前折現率折減至現值。減值虧損於產生期間自利潤表扣除,除非該資產以重估價值列賬,在該情況下,減值虧損根據有關重估資產之會計政策列賬。

於每個報告日會評估是否有任何跡象顯示過往已確認的減值虧損不再存在或減少。倘出現該等跡象,則會估計可收回金額。過往確認的資產減值虧損(商譽除外)僅用於釐定資產可收回金額的估計改變時撥回,惟撥回後的數額不得高於過往年度若並無就資產確認減值虧損而應有的賬面值(扣除折舊/攤銷後)。減值虧損的撥回於呈現期間計入利潤表,除非該資產以重估價值列賬,在此情況下,減值虧損根據重估資產相關之會計政策列賬。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

Related parties

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

- (a) the party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, the Group; (ii) has an interest in the Group that gives it significant influence over the Group; or (iii) has joint control over the Group;
- (b) the party is an associate;
- (c) the party is a jointly-controlled entity;
- (d) the party is a member of the key management personnel of the Group;
- (e) the party is a close member of the family of any individual referred to in (a) or (d);
- (f) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or
- (g) the party is a post-employment benefit plan for the benefit of the employees of the Group, or of any entity that is a related party of the Group.

2.4 重大會計政策概要 (續)

關連人士

倘屬以下情況，該人士被視為本集團關連人士：

- (a) 該人士透過一間或以上中介機構直接或間接(i)控制本集團、被本集團控制或與本集團一起受共同控制；(ii)擁有本集團權益，令其可對本集團發揮重大影響力；或(iii)對本集團擁有共同控制權；
- (b) 該人士為聯營公司；
- (c) 該人士為共同控制公司；
- (d) 該人士為本集團之主要管理人員；
- (e) 該人士為(a)或(d)所述任何人士之直系家屬成員；
- (f) 該人士為受到(d)或(e)所述任何人士所控制、共同控制或重大影響之實體，或直接或間接對該實體擁有重大投票權；或
- (g) 該人士乃本集團或任何與本集團有關連人士之實體為僱員福利而設之離職後福利計劃。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost or valuation less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment, and where the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Changes in the values of property, plant and equipment are dealt with as movements in the asset revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on an individual asset basis, the excess of the deficit is charged to the income statement. Any subsequent revaluation surplus is credited to the income statement to the extent of the deficit previously charged. On disposal of a revalued asset, the relevant portion of the asset revaluation reserve realised in respect of previous valuations is transferred to retained profits as a movement in reserves.

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

Buildings	2.5%
Leasehold improvements	25% to 30%
Plant and machinery	12.5% to 25%
Furniture, fixtures and office equipment	10% to 30%
Motor vehicles	20% to 25%
Moulds	20% to 33.33%

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

2.4 重大會計政策概要 (續)

物業、廠房及設備及折舊

除在建築工程外，物業、廠房及設備乃以成本或估值減累計折舊及任何減值虧損後列賬。物業、廠房及設備項目之成本包括購買價及將該資產達至所定之運作情況及地點之任何直接應佔成本。於物業、廠房及設備項目運作後所引致之維修及保養費用等開支，一般均自費用產生期間從利潤表扣除。倘若可明確顯示該等開支可導致日後使用物業、廠房及設備項目而獲得之經濟利益增加，及該等項目之成本能可靠計量時，則該等開支將被資本化作為該資產之額外成本或作重置處理。

重估資產之公平價值會進行足夠頻密之評估以確保不會與其賬面值有重大差別。物業、廠房及設備之價值改變以固定資產重估儲備之變動處理。若儲備總額不足以抵銷虧蝕(按個別資產計算)，則多出之虧蝕於利潤表中扣除。其後重估產生之任何盈餘則計入利潤表，惟不得超出先前所扣除之虧蝕數額。出售已重估之資產時，將先前估值的資產重估儲備中之有關部份將轉撥至保留溢利作儲備變動處理。

各項物業、廠房及設備之折舊乃以直線法按其估計可使用年期撇銷其成本或估值計算。用以計算折舊之主要年率如下：

樓宇	2.5%
租賃物業裝修	25%至30%
廠房及機器	12.5%至25%
傢俬、裝置及辦公室設備	10%至30%
汽車	20%至25%
模具	20%至33.33%

倘若物業、廠房及設備項目之部份具不同使用期限，該項目之成本或估值按合理基準分配給各部份，由各部份各自計算折舊。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

Property, plant and equipment and depreciation

(continued)

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

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

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

Intangible assets (other than goodwill)

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

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Licences

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

2.4 重大會計政策概要 (續)

物業、廠房及設備及折舊 (續)

剩餘價值、可使用年期及折舊方法於每個結算日審閱及在適當時進行調整。

物業、廠房及設備項目乃於出售後，或當預期使用或出售該項目將不會產生未來經濟利益時取消確認。在取消確認該資產的年度於利潤表確認其出售或棄用的數額即出售相關資產所得款項淨額與賬面值之差額。

在建工程指在興建的樓宇，按成本減去減值虧損且不計提折舊入賬。成本包括建築期內的直接建築成本。在建工程竣工且可供使用時，將重新分類至物業、廠房和設備的恰當類別。

無形資產 (除了商譽)

無形資產之可使用年期乃評估為有限或無限。具有有限使用年期之無形資產按可使用經濟年期攤銷，並於該無形資產出現減值跡象時作評估減值。具有有限使用年期之無形資產之攤銷年期及攤銷方法須至少於每個結算日作檢核。

具無限使用年期之無形資產於每年個別或於現金產生單位水平作減值測試。該等無形資產不會被攤銷。每年檢討具無限使用年期的無形資產之可使用年期，以釐定無限年期之評估是否仍然成立。若評估不成立，則可使用年期之評估自此由按無限年期更改為有限使用年期計量。

使用權

使用權乃按成本減除任何減值虧損後攤銷入賬，並按估計可使用年期分六年以直線法攤銷。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

Intangible assets (other than goodwill) (continued)

Research and development costs

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

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

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

Technical know-how

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

Leases

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

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessee, rentals payable under the operating leases net of any incentives received from the lessor are charged to the income statement on the straight-line basis over the lease terms.

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

2.4 重大會計政策概要 (續)

無形資產 (除了商譽) (續)

研究與開發成本

所有研究成本於產生時在利潤表中扣除。

僅當所涉及的項目可明確界定，其開支可單獨確認並能可靠地計量，並且可合理地確定該項目在技術上可行，其產品亦具有商業價值時，開發新產品的項目所產生的開支將予以資本化，並作遞延處理。不符合此等標準的產品開發成本於產生時列為開支。

遞延開發成本乃以成本減任何減值虧損後列賬，攤銷乃按產品商業年限（不超過五年）由產品開始投入產業生產起以直線法計算。

技術知識

技術知識乃以成本減除任何減值虧損入賬並按估計可使用年期五年以直線法攤銷。

租賃

凡將資產擁有權（法定所有權除外）之大部份回報及風險撥歸本集團之租賃均列為融資租賃。融資租賃生效時，租賃資產之成本將按最少租賃費用的現今值撥作資本，並連同租賃責任（不包括利息）入賬，以反映採購與融資。資本化融資租賃所持之資產包括物業、廠房及設備，並按租期或資產之估計可使用年期兩者之中較低者計算折舊。上述租賃之融資成本自利潤表扣除，以於租約期作出定期定額扣減。

所有資產之收益及風險實際上仍歸於出租人之租約均視為經營租約。倘本集團為承租人，有關該等經營租約之租金（已扣除出租人提供的任何獎勵措施）乃按直線法在租約期內於利潤表中扣除。

經營租賃之預付土地租賃款起始時以成本列賬，之後按直線法在租約期內確認。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

Investments and other financial assets

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

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

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

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in the income statement.

Financial assets may be designated upon initial recognition as at fair value through profit or loss if the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or recognising gains or losses on them on a different basis; (ii) the assets are part of a group of financial assets which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy; or (iii) the financial asset contains an embedded derivative that would need to be separately recorded.

2.4 重大會計政策概要 (續)

投資及其他金融資產

根據香港會計準則第39號所界定之金融資產分類為經損益賬按公平價值列賬之金融資產、貸款及應收賬款、及可供出售之金融資產(視情況而定)。金融資產於起始確認時以公平價值加該投資並非按公平價值經損益賬列賬的情況,直接應佔交易成本計算。本集團首次成為某合約的訂約方時,會考慮該合約是否包含嵌入式衍生工具。若分析顯示嵌入式衍生工具的經濟特徵及風險與主體合約並無密切關係,則內嵌式衍生工具與並非按公平價值計入損益賬中的主體合約分開處理。

本集團在初步確認後,釐定其金融資產類別,而在情況許可及適當下,於結算日重新評估該分類。

所有一般買賣之金融資產於交易日(即本集團承諾購買該資產之日期)予以確認。一般買賣乃指按照一般市場規定或慣例在一定期間內交付資產之金融資產買賣。

以公平價值計入損益的金融資產

以公平價值計入損益的財務資產包括為交易而持有的金融資產和初始確認時指定為以公平價值計入損益的金融資產。金融資產如以短期出售為目的而購買,則分類為以買賣目的而持有之投資。衍生工具同樣分類為交易而持有的,除非其被指定為有效的對沖工具。以買賣為目的而持有之投資溢利或虧損於利潤表中確認。

倘符合下列情況,金融資產或會於初始確認時被指定為以公平價值計入損益的資產:(i)該項指定對銷或大幅減低因按不同基準而計量資產或確認有關資產之損益而另行引起之不一致處理方法;(ii)資產乃一組金融資產之一部分,而該等金融資產乃根據已明定之風險管理策略及按公平價值評定表現;或(iii)該金融資產包括嵌入式衍生工具須獨立記錄。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*(continued)***Investments and other financial assets** *(continued)**Loans and receivables*

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

Available-for-sale financial assets

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

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

Fair value

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

2.4 重大會計政策概要 (續)**投資及其他金融資產 (續)***貸款及應收賬款*

金融資產或會於初始確認時被指定為按公平價值。貸款及應收賬款為具有固定或可確定款項，但在活躍市場中無報價的非衍生金融資產。該等資產用實際利率法攤銷成本列賬。若該等貸款及應收賬款遭取消確認、出現減值或進行攤銷時產生的收益及虧損會被計入利潤表。

可供出售金融資產

可供出售金融資產為於非上市股本證券中之非衍生金融資產或未被歸入任何其他兩類別之資產。於初始時確認後，可供出售金融資產按公平價值計量，其盈利或虧損確認為獨立的權益成份，直至投資獲取確認為止或直至投資被釐定減值，此時，之前於權益呈報之累計收益或虧損會被計入利潤表內。

倘非上市股本證券之公平價值不能被可靠計量，原因為(a)該投資在合理公平價值的估計範圍內大幅波動或(b)於該範圍內多種估計之可能性不能被合理評估及用於估計其公平價值，則該等證券乃按成本減任何減值虧損列賬。

公平價值

在有組織金融市場交投活躍的投資之公平價值乃參照於結算日收市時報出之市場買價釐定。對於沒有活躍市場之投資，公平價值由估價技術來確定。此技術包括採用最近之公平市場交易；參照幾乎相同之其他工具之當前市場價值；現金流量分析之折現和期權定價模型。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

Impairment of financial assets

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

Assets carried at amortised cost

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

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

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

2.4 重大會計政策概要 (續)

金融資產減值

本集團於各結算日評估是否有客觀證據顯示一項金融資產或一組金融資產出現減值。

按攤銷後成本列賬資產

倘有客觀證據表明按攤銷後成本列賬的貸款及應收款項已產生減值虧損，資產的賬面價值與估計未來之現金流量（不包括尚未產生的未來信貸損失）以金融資產的原本實際利率（即初始確認時計算的實際利率）折現的現值之間差額確認為損失數額。有關資產的賬面值可通過直接或備抵賬目減低。減值虧損的數額在利潤表中確認。

本集團首先對具個別重要性的金融資產進行評估，評估是否有客觀證據顯示出現個別減值，並對不具個別重要性的金融資產進行評估，評估是否有客觀證據顯示個別或共同存有減值。倘若經個別評估的金融資產（無論具重要性與否）釐定並無客觀證據顯示存有減值，該項資產會歸入一組具有相似信貸風險特性的金融資產內，並對該組金融資產是否存有減值共同作出評估。經個別評估減值及其減值虧損或將繼續確認入賬之資產則不會歸入共同減值評估之內。

於往後期間，倘若減值虧損的數額減少，而減少的原因客觀上與確認減值後所發生的事件相關聯，則先前確認的減值虧損可予以回撥。於回撥當日，倘若資產賬面值並未超出其攤薄後成本，則任何減值虧損的其後回撥將於利潤表內確認入賬。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

Impairment of financial assets (continued)

Assets carried at amortised cost (continued)

In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all of the amounts due under the original terms of an invoice. The carrying amount of the receivables is reduced through the use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

Available-for-sale financial assets

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

2.4 重大會計政策概要 (續)

金融資產減值 (續)

按攤銷後成本列賬資產 (續)

至於應收賬項，倘有客觀證據（例如欠債人可能破產或有重大財政困難）顯示本集團將無法按某發票之原有條款收回一切欠款，則會作出減值撥備。應收賬項之賬面值透過使用備抵賬削減。當已耗蝕之債項被評估為無法收回時即予取消確認。

可供出售金融資產

如果可供出售金融資產有減值，金額包括其成本（扣除本金付款及攤銷）與其近期公平價值的差額減任何過往已確認於利潤表的減值虧損，會從權益轉撥至利潤表。分類為可供出售財務資產的權益工具之減值虧損不會回撥到利潤表。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

Derecognition of financial assets

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

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

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

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

2.4 重大會計政策概要 (續)

取消確認金融資產

金融資產 (或 (倘適用) 一項金融資產的一部份或一組相類似金融資產的一部份) 在下列情況將取消確認:

- 收取該項資產所得現金流量的權利經已屆滿;
- 本集團保留收取該項資產所得現金流量的權利, 惟須根據一項「轉付」安排, 在未有嚴重延緩予第三者的情況下, 已就有關權利全數承擔付款的責任; 或
- 本集團已轉讓其收取該項資產所得現金流量的權利, 並(a)已轉讓該項資產的絕大部份風險及回報; 或(b)並無轉讓或保留該項資產絕大部份風險及回報, 但已轉讓該項資產的控制權。

凡本集團轉讓其收取該項資產所得現金流量的權利, 但並無轉讓或保留該項資產的絕大部份風險及回報, 且並無轉讓該項資產的控制權, 該項資產將由本集團持續介入並確認入賬。採用就已轉讓資產作出保證形式的持續介入, 按該項資產的原本賬面值及本集團或須償還的代價數額上限 (以較低者為準) 計算。

倘持續介入以沽出及/或購入權 (包括現金結算權或相似規定) 之形式出現於有關轉讓資產上, 本集團持續介入之程度為本集團可能再購買之已轉讓資產之金額, 惟按資產公平價值計量之書面認沽權證 (包括現金結算權或相似規定) 除外, 本集團持續介入之程度限於已轉讓資產之公平價值及此等權利行使價兩者較低者。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*(continued)***Financial liabilities at amortised cost (including interest-bearing loans and borrowings)**

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

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the income statement.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial liability at fair value through profit or loss, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

Financial liabilities may be designated upon initial recognition as at fair value through profit or loss if the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the liabilities or recognising gains or losses on them on a different basis; (ii) the liabilities are part of a group of financial liabilities which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy; or (iii) the financial liability contains an embedded derivative that would need to be separately recorded.

2.4 重大會計政策概要 (續)**按攤銷成本入賬的金融負債 (包括帶息貸款及借貸)**

金融負債包括應付賬項及其他應付款項及帶息貸款及借貸，均初步按公平價值減直接所佔交易成本列賬，於其後採用實際利息法按攤銷成本計算，除非貼現之影響不大，則會按成本列賬。

在負債取消確認及透過攤銷程序進行後，收益及虧損在利潤表中確認。

以公平價值計入損益的金融負債

以公平價值計入損益的金融負債包括為交易而持有的金融負債和初始確認時指定為以公平價值計入損益的金融負債。

金融負債如以短期出售為目的而購買，則分類為以買賣目的而持有之投資。衍生工具，包括獨立的嵌入式衍生工具，同樣分類為以買賣目的而持有，除非其被指定為有效的對沖工具。為買賣而持有的負債所產生的收益或虧損在利潤表內確認。

如果一項合同包括一項或多項的嵌入式衍生工具，則整個混合合同可指定為以公平價值計入損益的金融負債，除非該嵌入式衍生工具不會對現金流量產生重大改變，或者將嵌入式衍生工具分離出去是明確禁止的。

倘符合下列情況，金融負債或會於初始確認時被指定為以公平價值計入損益的負債：(i)該項指定對銷或大幅減低因按不同基準而計量負債或確認有關負債之損益而另行引起之不一致處理方法；(ii)負債乃一組金融負債之一部分，而該等金融負債乃根據已明定之風險管理策略及按公平價值評定表現；或(iii)該金融負債包括嵌入式衍生工具須獨立記錄。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

Financial guarantee contracts

Financial guarantee contracts in the scope of HKAS 39 are accounted for as financial liabilities. A financial guarantee contract is recognised initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial guarantee contract, except when such contract is recognised at fair value through profit or loss. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount determined in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 *Revenue*.

Convertible loan notes

The component of convertible loan notes that exhibits characteristics of a liability is recognised as a liability in the balance sheet, net of transaction costs. On issuance of convertible loan notes, the fair value of the liability component is determined using a market rate for an equivalent non-convertible loan note; and this amount is carried as long term liability on the amortised cost basis until extinguished on conversion or redemption.

Derecognition of financial liabilities

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

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

2.4 重大會計政策概要 (續)

財務擔保合同

在香港會計準則第39號範圍中的財務擔保合同作為金融負債核算。一份財務擔保合同初始計量按其公平價值加直接歸屬於購買或發出該等財務擔保合同的交易費用確認，除非該等合同以公平價值計量且變動計入損益來確認。初始確認後，本集團按以下兩者中的較高者計量財務擔保合同：(i)根據香港會計準則第37號撥備、或然負債和或然資產釐定的金額；及(ii)初始確認的金額減(若適用)，根據香港會計準則第18號收入確認的累計攤銷額後的餘額。

可換股貸款票據

可換股貸款票據顯示負債之部份於資產負債表中確認為負債(扣除交易成本)。於發行可換股貸款票據時，負債部份之公平價值按相等之非可換股貸款票據之市場利率釐定；該金額按已攤銷成本為基準列賬為長期負債，直至兌換或贖回時註銷為止。

取消確認金融負債

倘金融負債的責任被解除、取消或到期，則須取消確認金融負債。

倘現有金融負債被來自同一貸款人之另一項負債按實質上不相同之條款替代，或現有負債之條款大部份被修訂，該項交換或修訂作為取消確認原有負債及確認新負債處理，兩者相應賬面值之差額於利潤表內確認。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

Derivative financial instrument

The Group uses a derivative financial instrument that is a forward currency contract to hedge its risk associated with foreign currency fluctuations. Such derivative financial instrument is initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are taken directly to the income statement.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

Inventories

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

Cash and cash equivalents

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

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

2.4 重大會計政策概要 (續)

衍生金融工具

本集團採用衍生金融工具即是一份遠期貨幣合同，對其外幣浮動相關之風險進行對沖。該等衍生金融工具初始時按訂立衍生合同當日之公平價值確認，其後按公平價值再計量。如果衍生金融工具的公平價值為正，則衍生金融工具作為資產入賬，如果公平價值為負，則按負債入賬。

不符合對沖會計處理條件的衍生金融工具的公平價值變動所產生的任何收益或損失直接計入利潤表中。

遠期貨幣合同公平價值的計算參考具有相似到期日的合同之當前的遠期匯率。

存貨

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

現金及現金等值項目

於編製綜合現金流量表時，現金及現金等值項目包括現金及按要求之存款及短期高度流通之投資，該等投資可隨時兌換為可知數額之現金，而該等現金毋須承受價值變動之重大風險，並一般在購入時至到期期限不超過三個月之短期限制，及減去按要求償還之銀行透支，而該等投資乃本集團現金管理的一部份。

於編製資產負債表時，現金及現金等值項目指現金及銀行存款（包括定期存款），其用途並無限制。

財務報告附註

Notes to the Financial Statements

二零零六年十二月三十一日
31 December 2006

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

Provisions

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

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

Income tax

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

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

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

Deferred tax liabilities are recognised for all taxable temporary differences, except:

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

2.4 重大會計政策概要 (續)

撥備

因過去發生的事件而導致目前須承擔責任(法律或推定責任),並可能導致將來有資源流失以支付該責任,而該責任的金額能夠可靠估計時,撥備即予確認。

當有重大折現影響時,會就預期須用作支付責任的未來開支於結算日確認其現值作撥備。因時間值所導致折現現值的金額增加,會列入利潤表的融資成本。

所得稅

所得稅包括本期及遞延稅項。所得稅於利潤表內確認,如所得稅與股東權益確認之項目有關,於同期或不同期間入賬,則於股東權益內直接確認。

現在及過往期間的本期稅項資產及負債按預期撥回或支付予稅務機構的金額計算。

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

所有應課稅暫時性差異均會確認為遞延稅項負債,惟以下情況例外:

- 倘若遞延稅項負債的起始時確認由非業務合併交易產生之資產或負債,而於進行交易時對會計溢利或應課稅溢利或虧損均無影響;及
- 對於涉及附屬公司之投資的應課稅暫時性差異而言,撥回暫時性差異的時間可以控制,而暫時性差異不甚可能在可見將來撥回。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

Income tax (continued)

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

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

2.4 重大會計政策概要 (續)

所得稅 (續)

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

- 倘若有關可予扣減暫時性差異的遞延稅項資產的起因是起始時確認由非業務合併交易產生之資產或負債，而於進行交易時對會計溢利或應課稅溢利或虧損均無影響；及
- 對於涉及附屬公司之投資之權益的應課稅暫時性差異而言，只有在暫時性差異有可能在可見將來撥回，而且有可能出現應課稅溢利，可用以抵扣該等暫時性差異時，方會確認遞延稅項資產。

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

Income tax (continued)

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

Revenue recognition

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

- (a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;
- (b) interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset;
- (c) tooling charge income, sale commissions and subcontracting fee income, when the services are rendered; and
- (d) dividend income, when the shareholders' right to receive payment has been established.

Employee benefits

Share-based payment transactions

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

2.4 重大會計政策概要 (續)

所得稅 (續)

倘現有可依法執行權利，容許本期稅項資產抵銷本期稅項負債，而該遞延稅項涉及同一稅務實體及同一稅務機關，則遞延稅項資產及遞延稅項負債予以對銷。

收入確認

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

- (a) 銷售貨品，當擁有權之重大風險及回報已歸買方，而本集團對已出售之貨品並無維持一般與擁有權有關之管理參與或實際控制；
- (b) 利息收入，按應計基準，以金融工具的估計使用年期用實際利率將未來估計的現金收入折現為財務資產的賬面淨值；
- (c) 模具收入、銷售佣金及加工費收入，於服務提供時入賬；及
- (d) 股息收入，在股東收取款項的權利被確立時確認。

僱員福利

以股份支付款項之交易

本公司為提供獎勵及回報予對本集團業務作出貢獻之合資格參與者設立一項購股權計劃。本集團僱員（包括董事）收取包括以股份支付款項交易在內之酬金，僱員則提供服務作為收取股本工具（「股本結算交易」）之代價。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

Employee benefits (continued)

Share-based payment transactions (continued)

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined using a binomial model, further details of which are given in note 31. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company ("market conditions"), if applicable.

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

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

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

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

2.4 重大會計政策概要 (續)

僱員福利 (續)

以股份支付款項之交易 (續)

本集團與僱員進行股本結算交易之成本乃參照授出相關工具當日其公平價值計算。該公平價值乃採用二項式模型釐定，詳情見附註31。在評估股本結算交易時，不會計算任何表現條件，惟於適用情況下計算與本公司股份價格有關的條件（市場條件）除外。

股本結算交易之成本值連同股本之相應增長會於達到表現及/或服務條件之期間內確認，直至相關僱員完全享有該報酬之日（「歸屬日」）為止。由各結算日直至歸屬日就權益結算交易確認之累計開支反映歸屬期屆滿之程度，以及本集團就最終將歸屬之權益工具數目所作之最佳估計。某期間自利潤表扣除或計入利潤表之項目指於期初及期末確認之累計開支的變動。

未能最終歸屬之報酬不會確認為開支，除非報酬須待達到某市場條件後方可歸屬，在此情況下，不論是否達到該市場條件均會被視作歸屬處理，惟必須達到其他所有表現條件。

當股權結算報酬的條款修訂時，會確認最少的支出，猶如條款並未修訂一般。此外，倘若按變更日期計量，任何變更導致以股份支付款項的安排的總公平價值有所增加，或對僱員帶來其他利益，則應該等變更確認開支。

當股權計算報酬註銷時會視作報酬已於註銷日已經歸屬，而報酬尚未確認的任何支出會即時確認。然而，倘註銷的報酬有任何替代的新報酬，並指定為授出當日的替代報酬，則該項註銷及新報酬會如上段所述被視為原有報酬的修訂般處理。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*(continued)***Employee benefits** *(continued)**Pension schemes*

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

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute certain percentage of their 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.

Dividends

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

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

2.4 重大會計政策概要 (續)**僱員福利 (續)***退休福利計劃*

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

本集團在中國內地經營之附屬公司的員工均須參與由當地市政府實施之中央退休金計劃。該等中國附屬公司須按其所發放薪金之若干百分比對該中央退休金計劃供款。當供款按中央退休金計劃規定為應付款時會在利潤表中扣除。

股息

董事建議之末期股息於資產負債表之股本一項中另行列作保留溢利之分配，直至股東於股東大會上批准為止。當股東批准及宣派股息時，則列作負債。

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

Foreign currencies

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

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

2.4 重大會計政策概要 (續)

外幣

此等財務報告以港元(本公司之功能及呈報貨幣)呈列。本集團屬下各公司自行決定其功能貨幣,而各公司財務報告內之項目均以該功能貨幣計算。外幣交易初步乃按個別交易日之功能貨幣匯率計算。以外幣為單位之貨幣資產及負債均按結算日之功能貨幣匯率換算。所有匯兌差額均列入利潤表處理。非貨幣項目按起始交易日之外幣歷史成本計算匯率。若以公平價值釐定的非貨幣項目則根據公平價值釐定當日之匯率計算其價值。

若干海外附屬公司及聯營公司之功能貨幣並非港元。於結算日,該等公司之資產及負債按結算當天之匯率折算為本公司之呈報貨幣,該等公司之利潤表按本年度之加權平均兌換率折算為港元。因此產生之匯兌差額被列入匯兌波動儲備中之獨立部分。在出售海外公司時,已於股本確認之該特定海外業務相關之遞延累計總額被再確認於利潤表中。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

Foreign currencies (continued)

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

2.5 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Judgements

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

Inventories

The Group does not have a general provisioning policy on inventories based on ageing given that the inventories are not subject to frequent wear and tear or frequent technological changes. However, as the majority of the working capital is devoted to inventories, operational procedures have been in place to monitor this risk. The Group reviews the inventory ageing listing on a periodical basis for those aged inventories. This involves comparison of the carrying value of the aged inventory items with the respective net realisable value. The purpose is to ascertain whether allowance is required to be made in the consolidated financial statements for any obsolete and slow-moving items. In addition, physical counts on all inventories are carried out on a periodical basis in order to determine whether the allowance needs to be made in respect of any obsolete and defective inventories identified.

2.4 重大會計政策概要 (續)

外幣 (續)

就綜合現金流量表而言，海外附屬公司之現金流量按現金流量當日之匯率換算為港元。海外附屬公司在整年產生之現金流量按該年之加權平均匯率換算為港元。

2.5 重大會計判斷及估計

判斷

於應用本集團會計政策過程中，除涉及估計外，管理層已作出下列判斷，該些判斷對財務報告內確認之數額具重大影響：

存貨

基於存貨的性質並非經常受到耗損及技術變動影響，本集團並無根據賬齡處理存貨的一般性政策。然而，大部分營運資金均投入存貨之中，故此本集團已設立經營程序，藉以監察是項風險。本集團定期審閱存貨之存貨賬齡。這涉及將陳舊存貨項目的賬面值與各自的可變現淨值互相比較，目的在於確定是否需要在綜合財務資料，就任何陳舊及滯銷存貨作出撥備。此外，所有存貨均定期進行實際盤點，以決定是否需要就任何已識別的陳舊及有瑕疵存貨作出撥備。

2.5 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Judgements (continued)

Trade receivables

In judging whether allowances for estimated irrecoverable amounts of the trade receivables have to be recognised in the consolidated financial statements, the Group takes into consideration if there is objective evidence that the Group will not be able to collect the debts. Following the identification of doubtful debts, the Group's responsible personnel discuss with the relevant customers and report to management on the recoverability. Specific allowance is only made for receivables that are unlikely to be collected.

Estimated useful lives of property, plant and equipment and other intangible assets

In assessing the estimated useful lives of the property, plant and equipment and other intangible assets, the Group takes into account factors like the expected usage of the assets by the Group based on past experience, the expected physical wear and tear, and the technical obsolescence arising from changes or improvements in production or from a change in the market demand for the products. The estimation of the useful lives is a matter of judgement based on the experience of the Group.

Estimation uncertainty

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

Impairment of property, plant and equipment and other intangible assets

Property, plant and equipment and other intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts of the property, plant and equipment and other intangible assets have been determined based on value-in-use calculations. These calculations and valuations require the use of judgements and estimates.

2.5 重大會計判斷及估計 (續)

判斷 (續)

應收貿易賬款

本集團在決定是否需要於綜合財務報告中確認貿易賬款之估計不可收回款額撥備時，乃考慮客觀證據顯示本集團能否收取賬款。於識別出呆壞賬後，本集團有關人員將就可收回程度與有關客戶討論並向管理層報告。只有在應收貿易賬款不可能收回時，方會作出特別撥備。

物業、廠房及設備及其他無形資產之估計可使用年限

在評估物業、廠房及設備及其他無形資產之可使用年限時，本集團會考慮以過去經驗為基礎之資產估計用途、估計實際磨損、因生產程序改變或進步而令技術落後或市場對該產品需求之改變。估計可使用年限涉及本集團根據過往經驗所作之判斷。

不確定估計

於結算日對資產及負債賬面值在下一財政年度內有重大調整風險的有關將來主要假設及其他主要不確定估計來源在下文討論。

物業、廠房及設備及其他無形資產減值

倘於任何情況或變動下有跡象顯示資產之賬面值可能未能收回，則對物業、廠房及設備及其他無形資產進行減值審閱。物業、廠房、設備及其他無形資產之可收回價值根據可用價值釐定。此計算及評估須涉及判斷及估計。

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2.5 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

Current income taxes and deferred income taxes

The Group is subject to income taxes in Hong Kong and Mainland China. Significant judgement is required in determining the amount of the provision for tax and the timing of payment of the related taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact on the income tax and deferred tax provisions in the periods in which such determination is made.

Valuation of buildings

The Group's buildings included in the property, plant and equipment are stated at their fair values in the balance sheet, which are assessed annually by management with reference to valuations performed by independent professionally qualified valuers using the depreciated replacement cost method. The assumptions adopted in the valuations are based on the market conditions existing at the balance sheet date, with reference to the current market values of similar properties in the same location and conditions and for the same usage as those of the Group.

2.5 重大會計判斷及估計 (續)

不確定估計 (續)

本期稅項及遞延稅項

本集團在香港及中國大陸須繳納企業所得稅。釐定稅項撥備金額及有關稅項的支付時限時須作出重大判斷。有很多項交易及計算無法於日常業務過程中釐定其最終稅額。倘該等事項的最終稅額與最初記錄的金額不同，該差額將會影響作出有關決定期間的所得稅及遞延稅項撥備。

樓宇估值

本集團的樓宇包括物業、廠房及設備以其公平價值於資產負債表中列賬，該公平價值每年由管理層參考由獨立合資格專業估值師採用折舊重置成本法進行之估值計量。估值所採納之假設乃基於結算日之現行市況，並參考地點、狀況及與本集團之用途相同之類似物業的現行市價。

3. SEGMENT INFORMATION

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

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

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

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

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

3. 分類資料

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

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

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

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

本集團分類業務之內部銷售及轉付乃參考銷售成本進行。

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3. SEGMENT INFORMATION (continued)

(a) Business segments

The following table presents revenue, profit and certain asset, liability and expenditure information for the Group's business segments for the years ended 31 December 2006 and 2005.

3. 分類資料 (續)

(a) 業務劃分

以下表格列出本集團於截至二零零六年及二零零五年十二月三十一日止年度按業務劃分之收入、溢利及若干資產、負債及開支之資料：

		Precision parts and components 精密零部件		Consumer electronic products 電子消費品		Corporate and others 總部及其他		Eliminations 抵銷		Consolidated 綜合	
		2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
		HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
		港元	港元	港元	港元	港元	港元	港元	港元	港元	港元
Segment revenue:	分類收入:										
Sales to external customers	對外銷售收入	197,552,370	205,741,362	194,882,303	182,376,556	-	-	-	-	392,434,673	388,117,918
Intersegment sales	內部類別銷售收入	6,138,645	7,173,851	-	-	-	-	(6,138,645)	(7,173,851)	-	-
Other income and gains	其他收入及收益	6,970,957	9,539,291	927,267	309,059	27,459	67,318	-	-	7,925,683	9,915,668
Total	總計	210,661,972	222,454,504	195,809,570	182,685,615	27,459	67,318	(6,138,645)	(7,173,851)	400,360,356	398,033,586
Segment results	分類業績	16,289,813	22,197,106	(4,577,002)	(7,377,540)	(1,478,805)	(2,467,342)	-	-	10,234,006	12,352,224
Bank interest income	銀行利息收入									1,251,657	586,812
Gain on disposal of an associate	出售聯營公司收益									-	16,310,084
Finance costs	融資成本									(7,847,329)	(7,590,829)
Share of loss of an associate	所佔聯營公司虧損		(5,836,506)							-	(5,836,506)
Profit before tax	除稅前溢利									3,638,334	15,821,785
Tax	稅項									(2,251,374)	(2,134,723)
Profit for the year	本年度溢利									1,386,960	13,687,062
Assets and liabilities	資產及負債										
Segment assets	分類資產	144,115,251	148,836,248	88,695,733	95,469,019	16,207,651	16,501,556	(1,689,729)	(1,507,925)	247,328,906	259,298,898
Unallocated assets	未分配資產									41,569,534	50,062,999
Total assets	總資產									288,898,440	309,361,897
Segment liabilities	分類負債	32,629,196	37,994,253	33,825,671	40,595,744	1,001,090	910,881	16	16	67,455,973	79,500,894
Unallocated liabilities	未分配負債									84,831,150	92,627,656
Total liabilities	總負債									152,287,123	172,128,550
Other segment information:	其他分類資料:										
Depreciation and amortisation	折舊及攤銷	15,311,849	16,674,646	10,248,241	8,115,583	373,501	339,486	-	-	25,933,591	25,129,715
Impairment of trade receivables	應收款項減值	250,060	253,240	85,017	544,479	-	-	-	-	335,077	797,719
Impairment of other receivable	其他應收款項減值	-	-	-	-	1,150,000	-	-	-	1,150,000	-
Provision for slow-moving inventories	滯銷存貨撥備	218,089	100,000	404,253	574,216	-	-	-	-	622,342	674,216
Surplus on revaluation of buildings credited to the asset revaluation reserve	重估樓宇之盈餘計入資產重估儲備	-	-	-	-	760,060	424,648	-	-	760,060	424,468
Recognition of prepaid land lease payments	預付土地租賃款項	283,766	245,133	-	-	199,602	199,602	-	-	483,368	444,735
Capital expenditure	資本開支	18,243,611	16,063,075	11,135,851	12,875,683	70,670	159,974	-	-	29,450,132	29,098,732

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3. SEGMENT INFORMATION (continued)

(b) Geographical segments

The following table presents revenue, and certain asset and expenditure information for the Group's geographical segments for the years ended 31 December 2006 and 2005.

3. 分類資料 (續)

(b) 地區劃分

以下表格列出本集團截至二零零六年及二零零五年十二月三十一日止年度按地區劃分之收入、資產及資本開支之資料：

		Segment revenue		Other segment information			
		分類收入		其他分類資料			
		Sales to		Segment assets		Capital expenditure	
		對外銷售收入		分類資產		資本開支	
	2006	2005	2006	2005	2006	2005	
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	
	港元	港元	港元	港元	港元	港元	
Hong Kong	香港	102,456,554	147,783,763	101,189,142	117,126,683	6,012,299	6,369,959
Mainland China	中華人民共和國 之其他地方	29,250,519	12,564,548	141,938,843	142,007,641	23,265,285	22,283,446
Total in the People's Republic of China (the "PRC")	中華人民共和國 總計	131,707,073	160,348,311	243,127,985	259,134,324	29,277,584	28,653,405
Japan	日本	29,815,271	28,537,084	3,132,589	3,500,258	-	-
Other Asian countries*	其他亞洲國家*	12,497,500	12,055,947	5,971,405	8,567,253	6,162	292,323
Total in Asia	亞洲總計	174,019,844	200,941,342	252,231,979	271,201,835	29,283,746	28,945,728
Germany	德國	71,620,338	70,691,098	3,875,537	20,501,377	-	-
Other European countries**	其他歐洲國家**	108,908,257	91,002,808	15,295,221	8,430,074	-	-
Total in Europe	歐洲總計	180,528,595	161,693,906	19,170,758	28,931,451	-	-
North America	北美洲	26,960,340	16,815,723	10,559,663	6,266,769	166,386	153,004
Others***	其他***	10,925,894	8,666,947	6,936,040	2,961,842	-	-
Consolidated	綜合	392,434,673	388,117,918	288,898,440	309,361,897	29,450,132	29,098,732

* Other Asian countries mainly comprise Taiwan, Singapore, Malaysia, Thailand, Indonesia and Korea.

** Other European countries mainly comprise Italy, the United Kingdom, France, the Netherlands, Austria, Switzerland, Denmark, Sweden and Spain.

*** Others mainly comprise South America, Australia and New Zealand.

* 其他亞洲國家主要包括台灣、新加坡、馬來西亞、泰國、印尼及韓國。

** 其他歐洲國家主要包括意大利、英國、法國、荷蘭、奧地利、瑞士、丹麥、瑞典及西班牙。

*** 其他國家主要包括南美洲國家、澳洲及新西蘭。

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4. REVENUE, OTHER INCOME AND GAINS

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

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

Revenue	收入	2006 二零零六年 HK\$ 港元	2005 二零零五年 HK\$ 港元
Sale of goods	商品銷售	392,434,673	388,117,918
Other income and gains	其他收入及收益		
Bank interest income	銀行利息收入	1,251,657	586,812
Tooling charge income	模具收入	3,215,023	3,901,874
Sale of scrap	廢料銷售	1,248,606	405,270
Sale commissions	銷售佣金	2,239,860	4,427,638
Gain on disposal of items of property, plant and equipment	出售物業、廠房及設備的收益	5,359	-
Gain on disposal of an associate	出售聯營公司的收益	-	16,310,084
Subcontracting fee income	加工費收入	79,604	434,847
Others	其他	1,137,231	746,039
		9,177,340	26,812,564

4. 收入、其他收入及收益

收入(為本集團營業額)指年內銷售貨品的發票淨值扣除退貨與貿易折扣。

本集團收入、其他收入及收益的分析如下:

5. OTHER EXPENSES

		2006 二零零六年 HK\$ 港元	2005 二零零五年 HK\$ 港元
Fair value loss on a derivative instrument – transaction not qualifying as a hedge	衍生工具的公平價值虧損 – 不符合對沖條件的交易	1,444,685	-
Impairment of trade receivables	應收賬項減值	335,077	797,719
Impairment of other receivable	其他應收款項減值	1,150,000	-
Loss on disposal of items of property, plant and equipment	出售物業、廠房及設備的虧損	-	2,405
		2,929,762	800,124

5. 其他費用

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6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

		2006 二零零六年 HK\$ 港元	2005 二零零五年 HK\$ 港元
Cost of inventories sold	已售存貨成本	308,039,143	307,705,578
Auditors' remuneration	核數師酬金	1,827,952	1,250,000
Depreciation	折舊	21,976,924	22,189,715
Recognition of prepaid land lease payments	預付土地租賃款確認	483,368	444,735
Minimum lease payments under operating leases on land and buildings	土地及樓宇之最少 經營租約租金	3,444,966	3,348,021
Amortisation of other intangible assets*	其他無形資產攤銷*	3,956,667	2,940,000
Provision for slow-moving inventories*	滯銷存貨撥備*	622,342	674,216
Staff costs (including directors' other emoluments – note 8):	員工開支(包括董事 其他酬金—附註8)		
Wages and salaries	工資及薪金	93,150,148	92,673,424
Equity-settled share option expense	股本結算購股權支出	23,252	69,285
Pension scheme contributions	公積金供款	1,167,804	1,241,425
		94,341,204	93,984,134
Less: Amount capitalised in deferred development costs	減:已資本化的 遞延發展成本	(4,800,000)	(4,200,000)
		89,541,204	89,784,134
Fair value loss on a derivative instrument – transaction not qualifying as a hedge	衍生工具的 公平價值虧損 — 不符合對沖條件的交易	1,444,685	–
Foreign exchange differences, net	匯兌差額·淨額	1,136,871	2,146,990

* The amortisation of other intangible assets and the provision for slow-moving inventories for the year are included in "Cost of sales" on the face of the consolidated income statement.

* 本年之其他無形資產攤銷及滯銷存貨撥備已包含在綜合利潤表上之「銷售成本」內。

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7. FINANCE COSTS

Interest on bank loans and overdrafts wholly repayable within five years	於五年內償還之銀行貸款 及透支之利息
Interest on finance leases	融資租約利息
Interest on convertible loan notes	可換股貸款票據利息

7. 融資成本

		Group 集團	
		2006 二零零六年 HK\$ 港元	2005 二零零五年 HK\$ 港元
		7,395,403	6,463,552
		451,926	917,316
		–	209,961
		7,847,329	7,590,829

8. DIRECTORS' REMUNERATION

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

8. 董事酬金

根據上市條例及香港公司法例第一六一條所規定披露之董事酬金如下:

Fees:	袍金:
Executive directors	執行董事
Independent non-executive directors	獨立非執行董事
Other emoluments:	其他酬金:
Salaries	薪金
Pension scheme contributions	公積金供款
Other allowances	其他津貼

		Group 集團	
		2006 二零零六年 HK\$ 港元	2005 二零零五年 HK\$ 港元
		–	–
		720,000	685,333
		720,000	685,333
		5,748,990	5,748,990
		24,000	24,000
		148,163	145,311
		5,921,153	5,918,301
		6,641,153	6,603,634

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8. DIRECTORS' REMUNERATION (continued)

(a) Independent non-executive directors

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

		2006 二零零六年 HK\$ 港元	2005 二零零五年 HK\$ 港元
Kung Fan Cheung	孔蕃昌	240,000	240,000
Leung Man Kay	梁文基	240,000	240,000
Li Yuen Kwan, Joseph	李沅鈞	240,000	85,333
Tsao Kwang Yung, Peter	曹廣榮	-	120,000
		720,000	685,333

There were no other emoluments payable to the independent non-executive directors during the year (2005: Nil).

8. 董事酬金 (續)

(a) 獨立非執行董事

年內支付予獨立非執行董事之袍金:

年內並無向獨立非執行董事支付其他酬金(二零零五年:無)。

(b) Executive directors

		Fees	Salaries	Performance related bonuses 表現 相關花紅	Pension scheme contributions 公積金供款	Other allowances 其他津貼	Total remuneration
		袍金 HK\$ 港元	薪金 HK\$ 港元	HK\$ 港元	HK\$ 港元	HK\$ 港元	總酬金 HK\$ 港元
2006	二零零六年						
Executive directors:	執行董事:						
Lai Pei Wor	賴培和	-	2,199,990	-	12,000	50,000	2,261,990
Chan Yau Wah	陳友華	-	1,800,500	-	-	49,926	1,850,426
Chung Yik Cheung, Raymond	鍾奕昌	-	1,748,500	-	12,000	48,237	1,808,737
		-	5,748,990	-	24,000	148,163	5,921,153
2005	二零零五年						
Executive directors:	執行董事:						
Lai Pei Wor	賴培和	-	2,199,990	-	12,000	50,000	2,261,990
Chan Yau Wah	陳友華	-	1,800,500	-	-	46,872	1,847,372
Chung Yik Cheung, Raymond	鍾奕昌	-	1,748,500	-	12,000	48,439	1,808,939
		-	5,748,990	-	24,000	145,311	5,918,301

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

於年內沒有任何協議以致董事被放棄或同意放棄其酬金。

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9. SEVEN HIGHEST PAID EMPLOYEES

The seven highest paid employees during the year included three (2005: three) executive directors, details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining four (2005: four) non-director, highest paid employees for the year are as follows:

		Group 集團	
		2006 二零零六年 HK\$ 港元	2005 二零零五年 HK\$ 港元
Basic salaries, allowances and benefits in kind	基本薪金、津貼及實物利益	4,967,096	4,887,167
Employee share option benefits	僱員購股權福利	23,253	69,285
Pension scheme contributions	公積金供款	101,188	97,963
		5,091,537	5,054,415

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

		Number of employees 僱員人數	
		2006 二零零六年	2005 二零零五年
HK\$500,001 to HK\$1,000,000	500,001港元至1,000,000港元	1	1
HK\$1,000,001 to HK\$1,500,000	1,000,001港元至1,500,000港元	2	2
HK\$1,500,001 to HK\$2,000,000	1,500,001港元至2,000,000港元	1	1
		4	4

9. 七位最高薪僱員

本集團七位最高薪僱員包括三位(二零零五年:三位)執行董事,詳情已列於上文附註8,餘下四位(二零零五年:四位)最高薪之非董事的最高薪僱員之酬金詳見如下:

		Group 集團	
		2006 二零零六年 HK\$ 港元	2005 二零零五年 HK\$ 港元
Basic salaries, allowances and benefits in kind	基本薪金、津貼及實物利益	4,967,096	4,887,167
Employee share option benefits	僱員購股權福利	23,253	69,285
Pension scheme contributions	公積金供款	101,188	97,963
		5,091,537	5,054,415

非董事最高薪僱員之酬金所屬範圍如下:

		Number of employees 僱員人數	
		2006 二零零六年	2005 二零零五年
HK\$500,001 to HK\$1,000,000	500,001港元至1,000,000港元	1	1
HK\$1,000,001 to HK\$1,500,000	1,000,001港元至1,500,000港元	2	2
HK\$1,500,001 to HK\$2,000,000	1,500,001港元至2,000,000港元	1	1
		4	4

10. TAX

Hong Kong profits tax has been provided at the rate of 17.5% (2005: 17.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

10. 稅項

香港利得稅已按年內源自香港的估計應課稅溢利以17.5% (二零零五年: 17.5%) 的稅率撥備。源於其他地區應課稅溢利的稅項應根據本集團經營所受管轄區域的現行法律、解釋公告和相關常規，按照常用稅率計算。

		2006 二零零六年 HK\$ 港元	2005 二零零五年 HK\$ 港元
Group:	集團:		
Current – Hong Kong	本期 – 香港	2,310,156	2,134,723
Current – Elsewhere	本期 – 其他地區	601,218	–
Deferred (note 29)	遞延稅項 (附註29)	(660,000)	–
Total tax charge for the year	本年度稅項支出總額	2,251,374	2,134,723

A reconciliation of the tax expense applicable to profit before tax using the statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate are as follows:

按照適用於本公司及其大多數的子公司所受管轄區域的稅前利潤之法定稅率計算出的稅項費用，與按實際稅率計算出的稅項費用之調節，以及適用稅率（即法定所得稅稅率）和實際稅率的調節如下：

		2006 二零零六年 HK\$ 港元	2005 二零零五年 HK\$ 港元
Profit before tax	除稅前溢利	3,638,334	15,821,785
Tax at the statutory tax rate of 17.5% (2005: 17.5%)	按法定稅率17.5%計算之稅項 (二零零五年: 17.5%)	636,708	2,768,812
Effect of different rates for companies operating in other jurisdictions	其他公司經營所受管轄區域的不同稅率之影響	282,390	–
Loss attributable to an associate	聯營公司應佔虧損	–	1,021,389
Income not subject to tax	不須繳稅之收入	(1,638,885)	(4,405,767)
Expenses not deductible for tax	不可扣減稅項之支出	952,344	2,466,972
Tax losses utilised from previous periods	以往期間動用之稅項虧損	(255,399)	(149,431)
Tax losses not recognised	未確認之稅項虧損	2,266,407	145,663
Others	其他	7,809	287,085
Tax charge at the Group's effective rate of 61.9% (2005: 13.5%)	按本集團有效稅率計算之稅項支出為61.9% (二零零五年: 13.5%)	2,251,374	2,134,723

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11. PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The consolidated profit attributable to equity holders of the Company for the year ended 31 December 2006 includes a loss of HK\$1,975,259 (2005: a profit of HK\$4,849,961) which has been dealt with in the financial statements of the Company (note 32(b)).

12. DIVIDENDS

Interim – Nil (2005: HK0.5 cent) per ordinary share	中期股息 – 無 (二零零五年: 每股普通股0.5港仙)	-	1,327,524
Proposed final – Nil (2005: HK0.5 cent) per ordinary share	建議末期股息 – 無 (二零零五年: 每股普通股0.5港仙)	-	1,327,524

13. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share is based on the profit for the year attributable to shareholders for the year of HK\$1,386,960 (2005: HK\$13,687,062), and 265,504,800 (2005: 265,504,800) ordinary shares in issue during the year.

Diluted earnings per share amounts for the years ended 31 December 2006 and 2005 have not been disclosed, as the share options outstanding during these years had anti-dilutive effect on the basic earnings per share for these years.

11. 本公司權益持有人所佔溢利

截至二零零六年十二月三十一日止年度股權持有人應佔綜合溢利已包括本公司財務報告中之虧損為港幣1,975,259元(二零零五年: 4,849,961港元之溢利)(附註32(b))。

12. 股息

2006 二零零六年 HK\$ 港元	2005 二零零五年 HK\$ 港元
-	1,327,524
-	1,327,524
-	2,655,048

13. 本公司普通股權益持有人應佔每股盈利

每股基本盈利乃根據本年度股東應佔溢利淨額約1,386,960港元(二零零五年: 13,687,062港元)及於年度內已發行普通股265,504,800股(二零零五年: 265,504,800股)計算。

於截至二零零六年及二零零五年十二月三十一日止年度沒有顯示每股攤薄盈利,原因是於年內尚未行使之股份購股權對年內之每股基本盈利有反攤薄之影響。

14. PROPERTY, PLANT AND EQUIPMENT

Group

14. 物業、廠房及設備

集團

		Buildings	Leasehold improvements	Plant and machinery	Furniture, fixtures and office equipment 傢俬、裝置及辦公室設備	Motor vehicles	Moulds	Construction in progress	Total
		樓宇 HK\$ 港元	租賃裝修 HK\$ 港元	廠房及機器 HK\$ 港元	HK\$ 港元	汽車 HK\$ 港元	模具 HK\$ 港元	在建工程 HK\$ 港元	總額 HK\$ 港元
31 December 2006	於二零零六年十二月三十一日								
At 31 December 2005 and at 1 January 2006:	於二零零五年十二月三十一日及於二零零六年一月一日:								
Cost or valuation	成本或估值	16,895,000	21,209,459	103,001,924	23,964,499	2,306,930	53,271,104	-	220,648,916
Accumulated depreciation	累計折舊	-	(16,131,367)	(78,609,669)	(15,049,899)	(1,459,204)	(34,642,236)	-	(145,892,375)
Net carrying amount	賬面淨值	16,895,000	5,078,092	24,392,255	8,914,600	847,726	18,628,868	-	74,756,541
At 1 January 2006, net of accumulated depreciation	於二零零六年一月一日，扣除累計折舊	16,895,000	5,078,092	24,392,255	8,914,600	847,726	18,628,868	-	74,756,541
Additions	添置	-	16,142	1,137,732	4,055,206	455,700	6,976,238	11,759,114	24,400,132
Disposals	出售	-	-	-	(65,668)	-	-	-	(65,668)
Depreciation provided during the year	年內折舊	(565,060)	(1,962,215)	(6,245,483)	(3,497,127)	(266,809)	(9,440,230)	-	(21,976,924)
Surplus on revaluation	重估盈餘	760,060	-	-	-	-	-	-	760,060
Exchange realignment	外匯調整	-	41,122	116,367	38,137	-	457	-	196,083
At 31 December 2006, net of accumulated depreciation	於二零零六年十二月三十一日，扣除累計折舊	17,090,000	3,173,141	19,400,871	9,445,148	1,036,617	16,165,333	11,759,114	78,070,224
At 31 December 2006:	於二零零六年十二月三十一日:								
Cost or valuation	成本或估值	17,090,000	21,286,379	104,276,927	27,910,349	2,762,630	60,307,421	11,759,114	245,392,820
Accumulated depreciation	累計折舊	-	(18,113,238)	(84,876,056)	(18,465,201)	(1,726,013)	(44,142,088)	-	(167,322,596)
Net carrying amount	賬面淨值	17,090,000	3,173,141	19,400,871	9,445,148	1,036,617	16,165,333	11,759,114	78,070,224
Analysis of cost or valuation:	成本或估值分析:								
At cost	按成本值	-	21,286,379	104,276,927	27,910,349	2,762,630	60,307,421	11,759,114	228,302,820
At 31 December 2006 valuation	於二零零六年十二月三十一日估值	17,090,000	-	-	-	-	-	-	17,090,000
		17,090,000	21,286,379	104,276,927	27,910,349	2,762,630	60,307,421	11,759,114	245,392,820

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14. PROPERTY, PLANT AND EQUIPMENT (continued)

Group (continued)

		Buildings	Leasehold improvements	Plant and machinery	Furniture, fixtures and office equipment	Motor vehicles	Moulds	Total
		樓宇 HK\$ 港元	租賃裝修 HK\$ 港元	廠房及機器 HK\$ 港元	傢俬、裝置及 辦公室設備 HK\$ 港元	汽車 HK\$ 港元	模具 HK\$ 港元	總額 HK\$ 港元
31 December 2005	於二零零五年十二月三十一日							
At 31 December 2004 and at 1 January 2005:	於二零零四年十二月三十一日及二零零五年一月一日:							
Cost or valuation	成本或估值	17,021,000	18,858,032	95,655,698	18,746,244	3,155,939	43,997,877	197,434,790
Accumulated depreciation	累計折舊	-	(13,668,653)	(71,708,901)	(12,463,739)	(2,716,737)	(25,222,778)	(125,780,808)
Net carrying amount	賬面淨值	17,021,000	5,189,379	23,946,797	6,282,505	439,202	18,775,099	71,653,982
At 1 January 2005, net of accumulated depreciation	於二零零五年一月一日·扣除累計折舊	17,021,000	5,189,379	23,946,797	6,282,505	439,202	18,775,099	71,653,982
Additions	添置	-	2,355,285	7,350,353	5,323,065	580,751	9,289,278	24,898,732
Disposals	出售	-	-	-	(21,034)	-	-	(21,034)
Depreciation provided during the year	年內折舊	(550,648)	(2,466,320)	(6,902,315)	(2,664,234)	(172,227)	(9,433,971)	(22,189,715)
Surplus on revaluation	重估盈餘	424,648	-	-	-	-	-	424,648
Exchange realignment	外匯調整	-	(252)	(2,580)	(5,702)	-	(1,538)	(10,072)
At 31 December 2005, net of accumulated depreciation	於二零零五年十二月三十一日·扣除累計折舊	16,895,000	5,078,092	24,392,255	8,914,600	847,726	18,628,868	74,756,541
At 31 December 2005:	於二零零五年十二月三十一日:							
Cost or valuation	成本或估值	16,895,000	21,209,459	103,001,924	23,964,499	2,306,930	53,271,104	220,648,916
Accumulated depreciation	累計折舊	-	(16,131,367)	(78,609,669)	(15,049,899)	(1,459,204)	(34,642,236)	(145,892,375)
Net carrying amount	賬面淨值	16,895,000	5,078,092	24,392,255	8,914,600	847,726	18,628,868	74,756,541
Analysis of cost or valuation:	成本或估值分析:							
At cost	按成本值	-	21,209,459	103,001,924	23,964,499	2,306,930	53,271,104	203,753,916
At 31 December 2005 valuation	於二零零五年十二月三十一日估值	16,895,000	-	-	-	-	-	16,895,000
		16,895,000	21,209,459	103,001,924	23,964,499	2,306,930	53,271,104	220,648,916

The net book value of the Group's property, plant and equipment held under finance leases included in the total amount of plant and machinery at 31 December 2006, amounted to HK\$6,982,847 (2005: HK\$11,963,238).

The Group's buildings were revalued at 31 December 2006, by Chung, Chan & Associates, independent professionally qualified valuers. The buildings in Hong Kong were revalued at open market value, based on their existing use, and the buildings in Mainland China were revalued using the depreciated replacement cost method.

14. 物業、廠房及設備 (續)

集團 (續)

		Buildings	Leasehold improvements	Plant and machinery	Furniture, fixtures and office equipment	Motor vehicles	Moulds	Total
		樓宇 HK\$ 港元	租賃裝修 HK\$ 港元	廠房及機器 HK\$ 港元	傢俬、裝置及 辦公室設備 HK\$ 港元	汽車 HK\$ 港元	模具 HK\$ 港元	總額 HK\$ 港元
31 December 2005	於二零零五年十二月三十一日							
At 31 December 2004 and at 1 January 2005:	於二零零四年十二月三十一日及二零零五年一月一日:							
Cost or valuation	成本或估值	17,021,000	18,858,032	95,655,698	18,746,244	3,155,939	43,997,877	197,434,790
Accumulated depreciation	累計折舊	-	(13,668,653)	(71,708,901)	(12,463,739)	(2,716,737)	(25,222,778)	(125,780,808)
Net carrying amount	賬面淨值	17,021,000	5,189,379	23,946,797	6,282,505	439,202	18,775,099	71,653,982
At 1 January 2005, net of accumulated depreciation	於二零零五年一月一日·扣除累計折舊	17,021,000	5,189,379	23,946,797	6,282,505	439,202	18,775,099	71,653,982
Additions	添置	-	2,355,285	7,350,353	5,323,065	580,751	9,289,278	24,898,732
Disposals	出售	-	-	-	(21,034)	-	-	(21,034)
Depreciation provided during the year	年內折舊	(550,648)	(2,466,320)	(6,902,315)	(2,664,234)	(172,227)	(9,433,971)	(22,189,715)
Surplus on revaluation	重估盈餘	424,648	-	-	-	-	-	424,648
Exchange realignment	外匯調整	-	(252)	(2,580)	(5,702)	-	(1,538)	(10,072)
At 31 December 2005, net of accumulated depreciation	於二零零五年十二月三十一日·扣除累計折舊	16,895,000	5,078,092	24,392,255	8,914,600	847,726	18,628,868	74,756,541
At 31 December 2005:	於二零零五年十二月三十一日:							
Cost or valuation	成本或估值	16,895,000	21,209,459	103,001,924	23,964,499	2,306,930	53,271,104	220,648,916
Accumulated depreciation	累計折舊	-	(16,131,367)	(78,609,669)	(15,049,899)	(1,459,204)	(34,642,236)	(145,892,375)
Net carrying amount	賬面淨值	16,895,000	5,078,092	24,392,255	8,914,600	847,726	18,628,868	74,756,541
Analysis of cost or valuation:	成本或估值分析:							
At cost	按成本值	-	21,209,459	103,001,924	23,964,499	2,306,930	53,271,104	203,753,916
At 31 December 2005 valuation	於二零零五年十二月三十一日估值	16,895,000	-	-	-	-	-	16,895,000
		16,895,000	21,209,459	103,001,924	23,964,499	2,306,930	53,271,104	220,648,916

本集團根據融資租約持有之廠房、機器及設備賬面淨值，已包括於二零零六年十二月三十一日之物業、廠房及機器總額，為6,982,847港元(二零零五年:11,963,238港元)。

本集團之樓宇於二零零六年十二月三十一日由獨立專業合資格估值師衡量行重新估值。香港樓宇按公開市場價值及樓宇現時的用途重估，而中國的樓宇則按折舊重置成本法重估。

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14. PROPERTY, PLANT AND EQUIPMENT (continued)

Had the Group's buildings been carried at historical cost less accumulated depreciation and impairment losses, their carrying amounts would have been included in the financial statements at approximately HK\$13,284,618 (2005: HK\$13,746,684).

In the prior year, certain of the Group's buildings with an aggregate carrying value of HK\$15,730,000 were pledged to secure general banking facilities granted to the Group (note 27).

15. PREPAID LAND LEASE PAYMENTS

The leasehold land are situated in Hong Kong and Mainland China under medium term leases of HK\$8,183,677 (2005: HK\$8,383,279) and HK\$13,040,768 (2005: HK\$13,029,662), respectively, at the balance sheet date.

In the prior year, certain of the Group's bank loans were secured by the Group's prepaid land lease payments, which had an aggregate carrying value at the balance sheet date of HK\$9,783,742.

14. 物業、廠房及設備 (續)

本集團樓宇以歷史成本減累計折舊及減值虧損入賬，其賬面值已計入財務報告中，其金額約為13,284,618港元（二零零五年：13,746,684港元）。

在去年，本集團若干賬面值15,730,000港元的樓宇已作抵押換取本集團之一般備用信貸（附註27）。

15. 預付土地租賃款

		Group 集團	
		2006 二零零六年 HK\$ 港元	2005 二零零五年 HK\$ 港元
Carrying amount at 1 January	於一月一日的賬面值	21,412,941	21,857,676
Recognised during the year	於本年內確認	(483,368)	(444,735)
Exchange realignment	滙兌調整	294,872	-
Carrying amount at 31 December	於十二月三十一日的賬面值	21,224,445	21,412,941
Current portion included in prepayments, deposits and other receivables	計入預付款項、按金及其他應收款項的流動部份	(477,214)	(477,214)
Non-current portion	非流動部份	20,747,231	20,935,727

於結算日，位於香港及中國內地的租賃土地以中期租約租賃價值分別為8,183,677港元（二零零五年：8,383,279港元）及13,040,768港元（二零零五年：13,029,662港元）。

在上年度，本集團若干銀行貸款是以本集團於結算日的賬面總額為9,783,742港元之預付土地租賃款作抵押。

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16. OTHER INTANGIBLE ASSETS

Group

16. 其他無形資產

集團

		Technical know-how 技術知識 HK\$ 港元	Deferred development costs 遞延發展成本 HK\$ 港元	Licences 使用權 HK\$ 港元	Total 總額 HK\$ 港元
31 December 2006	二零零六年 十二月三十一日				
Cost at 1 January 2006, net of accumulated amortisation	二零零六年 一月一日的成本， 扣除累計攤銷	-	7,362,500	1,950,000	9,312,500
Additions	添置	-	4,800,000	250,000	5,050,000
Amortisation provided during the year	本年度攤銷	-	(3,550,000)	(406,667)	(3,956,667)
At 31 December 2006	於二零零六年 十二月三十一日	-	8,612,500	1,793,333	10,405,833
At 31 December 2006	於二零零六年 十二月三十一日				
Cost	成本	1,239,647	18,350,000	2,590,000	22,179,647
Accumulated amortisation	累計攤銷	(1,239,647)	(9,737,500)	(796,667)	(11,773,814)
Net carrying amount	賬面淨值	-	8,612,500	1,793,333	10,405,833
31 December 2005	二零零五年 十二月三十一日				
At 1 January 2005	於二零零五年 一月一日				
Cost	成本	1,239,647	9,350,000	2,340,000	12,929,647
Accumulated amortisation	累計攤銷	(1,239,647)	(3,637,500)	-	(4,877,147)
Net carrying amount	賬面淨值	-	5,712,500	2,340,000	8,052,500
Cost at 1 January 2005, net of accumulated amortisation	於二零零五年 一月一日的成本， 扣除累計攤銷	-	5,712,500	2,340,000	8,052,500
Additions	添置	-	4,200,000	-	4,200,000
Amortisation provided during the year	本年度攤銷	-	(2,550,000)	(390,000)	(2,940,000)
At 31 December 2005	於二零零五年 十二月三十一日	-	7,362,500	1,950,000	9,312,500
At 31 December 2005 and at 1 January 2006	於二零零五年 十二月三十一日 及於二零零六年 一月一日				
Cost	成本	1,239,647	13,550,000	2,340,000	17,129,647
Accumulated amortisation	累計攤銷	(1,239,647)	(6,187,500)	(390,000)	(7,817,147)
Net carrying amount	賬面淨值	-	7,362,500	1,950,000	9,312,500

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17. INTERESTS IN SUBSIDIARIES

17. 於附屬公司之權益

		Company 公司	
		2006 二零零六年 HK\$ 港元	2005 二零零五年 HK\$ 港元
Unlisted shares, at cost	非上市股份·按成本值	58,999,981	58,999,981
Due from subsidiaries	附屬公司欠款	82,754,199	85,856,613
		141,754,180	144,856,594
Less: Impairment of amounts due from subsidiaries	減: 附屬公司之欠款減值	(11,018,779)	(11,018,779)
		130,735,401	133,837,815

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

附屬公司欠款為無抵押、免息及無固定還款期。該等附屬公司欠款與其公平價值相若。

Particulars of the principal subsidiaries are as follows:

主要附屬公司詳情如下:

Company name	Place of incorporation/ registration and operations	Nominal value of issued and paid-up share/ registered capital	Percentage of equity interest attributable to the Company	Principal activities
公司名稱	註冊成立/註冊及營業地點	已發行及繳足股份之面值/註冊資本	本公司所佔股本權益百分比	主要業務
Bistec Corporation Limited 寶仕達實業有限公司	Hong Kong 香港	HK\$2,000,000 2,000,000港元	100	Investment holding 投資控股
Cokeen Development Limited 確建發展有限公司	Hong Kong 香港	HK\$10,000 10,000港元	100	Property holding and provision of management services 物業持有及提供管理服務
E-Dotcom Limited	Hong Kong 香港	HK\$2 2港元	100	Investment holding 投資控股
Gaiki Silicone Products Limited 凱基有機硅製品有限公司	Hong Kong 香港	HK\$10,000 10,000港元	100	Manufacture of silicone rubber products 生產硅橡膠產品

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17. INTERESTS IN SUBSIDIARIES (continued)

Particulars of the principal subsidiaries are as follows: (continued)

17. 於附屬公司之權益 (續)

主要附屬公司詳情如下: (續)

Company name	Place of incorporation/ registration and operations	Nominal value of issued and paid-up share/ registered capital	Percentage of equity interest attributable to the Company	Principal activities
公司名稱	註冊成立/註冊 及營業地點	已發行及 繳足股份之面值/ 註冊資本	本公司應佔股本 權益百分比	主要業務
Hideki Precision (B.V.I.) Limited	British Virgin Islands 英屬處女群島	US\$1 1美元	100	Intellectual property holding 知識產權持有
Hideki (China) Investment Limited 西城(中國)投資有限公司	Hong Kong 香港	HK\$2,000,000 2,000,000港元	100	Investment holding 投資控股
Hideki Electronics Limited 西城電子有限公司	Hong Kong 香港	HK\$2,000,000 2,000,000港元	100	Sale of consumer electronic products 銷售電子消費品
Hideki Electronics, Inc.*	United States of America ("USA") 美國	US\$100,000 100,000美元	100	Sale of consumer electronic products 銷售電子消費品
Hi-Tech (China) Investment Limited 中穎(中國)投資有限公司	Hong Kong 香港	HK\$2,000,000 2,000,000港元	100	Investment holding 投資控股
Hi-Tech Investment Holdings Limited	British Virgin Islands/ Hong Kong 英屬處女群島/香港	US\$50,000 50,000美元	100	Investment holding 投資控股
Hi-Tech Polymer (China) Inc. 堅城實業有限公司	Western Samoa/ PRC 西薩摩亞國/ 中華人民共和國	US\$1 1美元	100	Manufacture of synthetic rubber products 製造合成橡膠產品
Hi-Tech Polymer Limited 中穎橡膠配件有限公司	Hong Kong 香港	HK\$10,000 10,000港元	100	Sale of synthetic rubber products 銷售合成橡膠產品
Hi-Tech Precision Plastic Limited 中穎精密塑膠有限公司	Hong Kong 香港	HK\$3,000,000 3,000,000港元	100	Sale of plastic products 銷售塑膠產品
Hi-Tech Property Holdings Limited	British Virgin Islands/PRC 英屬處女群島/ 中華人民共和國	US\$1 1美元	100	Property holding 物業持有

17. INTERESTS IN SUBSIDIARIES (continued)

Particulars of the principal subsidiaries are as follows: (continued)

17. 於附屬公司之權益 (續)

主要附屬公司詳情如下: (續)

Company name 公司名稱	Place of incorporation/ registration and operations 註冊成立/註冊 及營業地點	Nominal value of issued and paid-up share/ registered capital 已發行及 繳足股份之面值/ 註冊資本	Percentage of equity interest attributable to the Company 本公司應佔股本 權益百分比	Principal activities 主要業務
Hi-Tech Silicone Rubber Manufactory Limited 中穎實業有限公司	Hong Kong 香港	HK\$1,500,000 1,500,000港元	100	Sale of silicone rubber products 銷售硅橡膠產品
K & P Group (Holdings) Limited 堅寶(控股)有限公司	British Virgin Islands/ Hong Kong 英屬處女群島/ 香港	US\$1,238,545 1,238,545美元	100	Investment holding 投資控股
K. S. (China) Electronics Manufactory Limited 堅城(中國)電子廠有限公司	Hong Kong 香港	HK\$2 2港元	100	Investment holding 投資控股
Mars Field Limited	British Virgin Islands/PRC 英屬處女群島/ 中華人民共和國	US\$1 1美元	100	Manufacture of consumer electronic products and precision parts and components 製造電子消費品及 精密零部件
Technology Trends International Limited	British Virgin Islands/ Hong Kong/ Republic of Singapore 英屬處女群島/ 香港/新加坡	US\$50,000 50,000美元	100	Sale of precision parts and components 銷售精密零部件
TQL Technology Limited 栢城電子有限公司	Hong Kong 香港	HK\$7,000,000 7,000,000港元	100	Manufacture and sale of liquid crystal displays 製造及銷售液晶體 顯示器

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17. INTERESTS IN SUBSIDIARIES (continued)

Particulars of the principal subsidiaries are as follows: (continued)

Company name	Place of incorporation/ registration and operations	Nominal value of issued and paid-up share/ registered capital 已發行及 繳足股份之面值/ 註冊資本	Percentage of equity interest attributable to the Company 本公司應佔股本 權益百分比	Principal activities
公司名稱	註冊成立／註冊 及營業地點			主要業務
Webborton Investments Limited	British Virgin Islands/ Hong Kong 英屬處女群島／ 香港	US\$1 1美元	100	Investment holding 投資控股
中穎(中山)電子有限公司	PRC 中華人民共和國	US\$5,400,000 5,400,000美元	100	Manufacture of precision parts and components 製造精密零部件

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

* Not audited by Ernst & Young Hong Kong or other Ernst & Young International member firms

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

17. 於附屬公司之權益 (續)

主要附屬公司詳情如下: (續)

除堅寶(控股)有限公司外,上述所有附屬公司均由本公司間接持有。

* 非由香港安永會計師事務所及其國際成員公司核數

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

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21. TRADE AND BILLS RECEIVABLES

Trade receivables	應收賬項
Bills receivable discounted with recourse (note 27)	可退回的折扣性 應收票據 (附註27)

21. 應收賬項及票據

		Group 集團	
		2006 二零零六年	2005 二零零五年
		HK\$ 港元	HK\$ 港元
		66,877,306	75,191,309
		3,390,559	11,974,971
		70,267,865	87,166,280

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. Invoices are normally payable within 60 days of issuance, except for certain well-established customers, where the terms are extended from 60 to 90 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control policy to minimise credit risk. Overdue balances are regularly reviewed by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing. Bills receivable discounted with recourse are interest-bearing.

客戶買賣條款中，除新客戶外，主要客戶都享有信用預提。一般發票需要在六十天內支付，優良客戶可享用六十至九十天信用預提。每位客戶均有信用額度。集團對未償還應收賬項有嚴緊控制及有信貸政策以減低信貸風險。高級管理層會對逾期應收款作經常審閱。鑒於以上所述及由於本集團的應收賬項涉及大量不同客戶，因此並無高度集中的信貸風險。應收賬項是不計利息，而可退回的折扣性應收票據是帶息的。

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

在結算日應收賬項按發票日期及減除撥備後之賬齡分析如下：

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

		Group 集團	
		2006 二零零六年	2005 二零零五年
		HK\$ 港元	HK\$ 港元
		56,097,927	65,652,822
		8,966,591	7,823,104
		1,812,788	1,715,383
		66,877,306	75,191,309

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

在結算日應收票據按發票日期及減除撥備後之賬齡分析如下：

Within 90 days	九十天內
----------------	------

		Group 集團	
		2006 二零零六年	2005 二零零五年
		HK\$ 港元	HK\$ 港元
		3,390,559	11,974,971

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22. INVESTMENT AT FAIR VALUE THROUGH PROFIT OR LOSS**22. 按公平價值計入損益賬之投資**

		Group 集團	
		2006 二零零六年 HK\$ 港元	2005 二零零五年 HK\$ 港元
Unlisted investment, at fair value	非上市投資·按公平價值	-	1,989,000

The above investment at 31 December 2005 was classified as held for trading.

以上投資於二零零五年十二月三十一日被列為可供交易。

23. CASH AND CASH EQUIVALENTS**23. 現金及現金等值項目**

		Group 集團		Company 公司	
		2006 二零零六年 HK\$ 港元	2005 二零零五年 HK\$ 港元	2006 二零零六年 HK\$ 港元	2005 二零零五年 HK\$ 港元
Cash and bank balances	現金及銀行結存	21,075,112	15,894,704	13,448	9,567
Time deposits	定期存款	20,494,422	32,179,295	-	-
		41,569,534	48,073,999	13,448	9,567
Less: Pledged time deposits for banking facilities	減: 作抵押定期存款以取得銀行備用信貸	-	(8,374,121)	-	-
Cash and cash equivalents	現金及現金等值項目	41,569,534	39,699,878	13,448	9,567

At the balance sheet date, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to HK\$2,056,496 (2005: HK\$4,412,490). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

於結算日，本集團以人民幣（「人民幣」）定值之現金及銀行結存為2,056,496港元（二零零五年：4,412,490港元）。人民幣不能自由兌換其他貨幣，惟根據中國大陸外匯管制法規定及結存、銷售及支付的管理規定，本集團獲准透過獲授權經營海外業務之銀行將人民幣兌換為外幣。

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

銀行現金賺取之利息乃按每日銀行存款利率之浮動利率而定。短期定期存款之期限不一，介乎一日至三個月不等，主要視乎本集團之即時現金需求，並按不同的短期定期存款賺取利息。現金及現金等值項目與定期存款之賬面值與其公平價值相約。

In the prior year, certain of the Group's bank loans were secured by the pledge of the Group's time deposits amounting to HK\$8,374,121.

在上年度，本集團若干銀行貸款是以本集團為數8,374,121港元之定期存款作抵押。

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24. TRADE PAYABLES

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

		Group 集團	
		2006 二零零六年 HK\$ 港元	2005 二零零五年 HK\$ 港元
Within 90 days	九十天內	38,132,629	49,888,727
Between 91 and 180 days	九十一天至一百八十天	849,474	1,947,621
Over 180 days	一百八十天以上	199,369	37,520
		39,181,472	51,873,868

The trade payables are non-interest-bearing and are normally settled on terms varying from 60 to 120 days.

25. ACCRUED LIABILITIES AND OTHER PAYABLES

		Group 集團		Company 公司	
		2006 二零零六年 HK\$ 港元	2005 二零零五年 HK\$ 港元	2006 二零零六年 HK\$ 港元	2005 二零零五年 HK\$ 港元
Accrued liabilities	應計負債	8,530,115	9,124,959	200,850	115,171
Other payables	其他應付款項	19,744,386	18,502,068	-	-
		28,274,501	27,627,027	200,850	115,171

Other payables are non-interest-bearing and have an average term of three months.

26. DERIVATIVE FINANCIAL INSTRUMENT

		Group 集團	
		2006 二零零六年 HK\$ 港元	2005 二零零五年 HK\$ 港元
Forward currency contract	遠期貨幣合同	1,444,685	-

The carrying amount of forward currency contract is the same as its fair value.

The Group entered into a forward currency contract to sell US\$15,000,000 or buy US\$45,000,000. The maturity date of this forward currency contract is on 17 January 2008 and there will be fifteen expiration dates throughout this contract, of which two of them had been expired at the balance sheet date.

24. 應付賬項

在結算日應付賬項按發票日期之賬齡分析如下:

		Group 集團	
		2006 二零零六年 HK\$ 港元	2005 二零零五年 HK\$ 港元
Within 90 days	九十天內	38,132,629	49,888,727
Between 91 and 180 days	九十一天至一百八十天	849,474	1,947,621
Over 180 days	一百八十天以上	199,369	37,520
		39,181,472	51,873,868

應付賬項為免息及一般於六十至一百二十日到期償還。

25. 應計負債及其他應付款項

		Group 集團		Company 公司	
		2006 二零零六年 HK\$ 港元	2005 二零零五年 HK\$ 港元	2006 二零零六年 HK\$ 港元	2005 二零零五年 HK\$ 港元
Accrued liabilities	應計負債	8,530,115	9,124,959	200,850	115,171
Other payables	其他應付款項	19,744,386	18,502,068	-	-
		28,274,501	27,627,027	200,850	115,171

其他應付款項為免息及平均還款期為三個月。

26. 衍生金融工具

		Group 集團	
		2006 二零零六年 HK\$ 港元	2005 二零零五年 HK\$ 港元
Forward currency contract	遠期貨幣合同	1,444,685	-

遠期貨幣合同之賬面金額相當於其公平價值。

本集團簽訂一份出售15,000,000美元或買入45,000,000美元的遠期貨幣合同。此遠期貨幣合同之到期日為二零零八年一月十七日及整個合同期間將會有十五個到期日，而其中兩個已於結算日到期。

26. DERIVATIVE FINANCIAL INSTRUMENT (continued)

This forward currency contract did not meet the criteria for hedge accounting. The change in the fair value of this non-hedging currency derivative of HK\$1,444,685 was charged to the income statement during the year (2005: Nil).

26. 衍生金融工具 (續)

此遠期貨幣合同不符合對沖會計法標準。此非對沖貨幣衍生工具的公平價值之變更為1,444,685港元已計入本年度利潤表內(二零零五年:無)。

27. INTEREST-BEARING BANK AND OTHER BORROWINGS**27. 帶息銀行貸款及其他借貸**

Group 集團	Effective interest rate (%) 實際利率(%)	2006 二零零六年		Effective interest rate (%) 實際利率(%)	2005 二零零五年	
		Maturity 到期日	HKS 港元		Maturity 到期日	HKS 港元
Current						
本期						
Finance lease payables (note 28) 應付融資租約(附註28)	8.00 – 8.75	2007	2,229,637	8.00 – 9.25	2006	5,460,985
Bank loans – secured 銀行貸款 – 有抵押	–	–	–	7.00	2006	13,383,352
Bank loans – unsecured 銀行貸款 – 無抵押	5.91 – 9.50	2007	40,955,021	6.38 – 9.00	2006	30,900,941
Bank loans – discounted bills with recourse 銀行貸款 – 可退回的折扣性票據	7.10 – 12.35	2007	3,390,559	6.39 – 9.00	2006	11,974,971
Money market loans – secured 以貨幣市場利率為基準的貸款 – 有抵押	–	–	–	6.88	2006	4,000,000
Money market loans – unsecured 以貨幣市場利率為基準的貸款 – 無抵押	6.95	2007	4,000,000	–	–	–
Mortgage loans 按揭貸款	–	–	–	5.00 – 8.00	2006	268,745
Instalment loans – secured 分期貸款 – 有抵押	–	–	–	6.40 – 8.00	2006	12,782,469
Instalment loans – unsecured 分期貸款 – 無抵押	6.34 – 7.75	2007	9,948,931	6.50 – 10.00	2006	1,309,603
			60,524,148			80,081,066
Non-current						
非本期						
Finance lease payables (note 28) 應付融資租約(附註28)	8.00	2008	555,468	8.05 – 9.25	2007 – 2008	2,783,069
Instalment loans – secured 分期貸款 – 有抵押	–	–	–	7.75 – 8.00	2008	3,864,068
Instalment loans – unsecured 分期貸款 – 無抵押	6.34 – 7.75	2008-2009	15,967,089	7.00 – 7.75	2008	792,400
			16,522,557			7,439,537
			77,046,705			87,520,603

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27. INTEREST-BEARING BANK AND OTHER BORROWINGS

(continued)

27. 帶息銀行貸款及其他借貸 (續)

		Group 集團	
		2006 二零零六年 HK\$ 港元	2005 二零零五年 HK\$ 港元
Analysed into:	按下列各項分析:		
Bank loans repayable:	應償還銀行貸款:		
Within one year or on demand	一年內或按要求	58,294,511	74,620,081
In the second year	第二年	15,967,089	4,289,311
In the third to fifth years, inclusive	第三至五年 (包括首尾兩年)	-	367,157
		74,261,600	79,276,549
Other borrowings repayable:	其他應償還借貸:		
Within one year	一年內	2,229,637	5,460,985
In the second year	第二年	555,468	2,239,430
In the third to fifth years, inclusive	第三至五年 (包括首尾兩年)	-	543,639
		2,785,105	8,244,054
		77,046,705	87,520,603

Notes:

- (a) In the prior year, certain of the Group's bank loans were secured by:
- (i) the Group's buildings, which had an aggregate carrying value at the balance sheet date of approximately HK\$15,730,000 (note 14);
 - (ii) the Group's prepaid land lease payments, which had an aggregate carrying value at the balance sheet date of HK\$9,783,742; and
 - (iii) the pledge of the Group's time deposits amounting to HK\$8,374,121.
- (b) In the prior year, except for a secured bank loan of RMB10,000,000 (equivalent to HK\$9,500,000), all other borrowings were denominated in Hong Kong dollars.

附註:

- (a) 在上年度本集團若干銀行貸款由下列各項抵押:
- (i) 本集團於結算日的賬面值總額約15,730,000港元之樓宇 (附註14);
 - (ii) 本集團於結算日的賬面值總額為9,783,742港元之預付土地租賃款; 及
 - (iii) 本集團以為數8,374,121港元之定期存款作抵押。
- (b) 在上年度: 除一筆10,000,000人民幣 (相等於9,500,000港元) 之有抵押銀行貸款外, 所有其他借貸均以港元計算。

財務報告附註

Notes to the Financial Statements

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27. INTEREST-BEARING BANK AND OTHER BORROWINGS

(continued)

Other interest rate information:

27. 帶息銀行貸款及其他借貸 (續)

其他利率資料:

		Group 集團			
		2006 二零零六年		2005 二零零五年	
		Fixed rate 定息 HK\$ 港元	Floating rate 浮息 HK\$ 港元	Fixed rate 定息 HK\$ 港元	Floating rate 浮息 HK\$ 港元
Finance lease payables	應付融資租約	-	2,785,105	-	8,244,054
Bank loans – secured	銀行貸款—有抵押	-	-	-	13,383,352
Bank loans – unsecured	銀行貸款—無抵押	-	40,955,021	-	30,900,941
Bank loans – discounted bills with recourse	銀行貸款—可退回的 折扣性票據	-	3,390,559	-	11,974,971
Money market loans – secured	以貨幣市場利率 為基準的貸款 —有抵押	-	-	-	4,000,000
Money market loans – unsecured	以貨幣市場利率 為基準的貸款 —無抵押	-	4,000,000	-	-
Mortgage loans	按揭貸款	-	-	-	268,745
Instalment loans – secured	分期貸款—有抵押	-	-	9,500,000	7,146,537
Instalment loans – unsecured	分期貸款—無抵押	-	25,916,020	-	2,102,003

The carrying amounts of the Group's current borrowings approximate to their fair values. The carrying amounts and fair values of the Group's non-current borrowings are as follows:

本集團本期借貸之賬面值與其公平價值相若。本集團非本期借貸之賬面值及公平價值如下:

		Carrying amounts 賬面值		Fair value 公平價值	
		2006 二零零六年 HK\$ 港元	2005 二零零五年 HK\$ 港元	2006 二零零六年 HK\$ 港元	2005 二零零五年 HK\$ 港元
Finance lease payables	應付融資租約	555,468	2,783,069	532,498	2,801,290
Instalment loans – secured	分期貸款—有抵押	-	3,864,068	-	3,858,466
Instalment loans – unsecured	分期貸款—無抵押	15,967,089	792,400	15,913,804	783,671
		16,522,557	7,439,537	16,446,302	7,443,427

The fair value of interest-bearing bank and other borrowings has been calculated by discounting the expected future cash flows at prevailing interest rates.

帶息銀行貸款及其他借貸之公平價值乃根據預期未來現金流量按現行利率折讓計算。

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28. FINANCE LEASE PAYABLES

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

At the balance sheet date, the total future minimum lease payments under finance leases and their present values were as follows:

Group	集團	Minimum lease payments 最少租賃費用 2006 二零零六年 HK\$ 港元	Minimum lease payments 最少租賃費用 2005 二零零五年 HK\$ 港元	Present value of minimum lease payments 最少租賃費用的現今值 2006 二零零六年 HK\$ 港元	Present value of minimum lease payments 最少租賃費用的現今值 2005 二零零五年 HK\$ 港元
Amounts payable:	應付款項:				
Within one year	一年內	2,358,188	5,912,319	2,229,637	5,460,985
In the second year	第二年	564,302	2,367,895	555,468	2,239,430
In the third to fifth years, inclusive	第三年至第五年(包括首尾兩年在內)	–	552,470	–	543,639
Total minimum finance lease payments	總計最少融資租賃費用	2,922,490	8,832,684	2,785,105	8,244,054
Future finance charges	日後財務費用	(137,385)	(588,630)		
Total net finance lease payables	應付融資租約總淨額	2,785,105	8,244,054		
Portion classified as current liabilities (note 27)	分類作流動負債之部份(附註27)	(2,229,637)	(5,460,985)		
Non-current portion (note 27)	非本期部份(附註27)	555,468	2,783,069		

28. 應付融資租約

本集團租用若干營業用的廠房及設備。該等租約被分類為融資租約，其尚餘租約期介乎一至二年不等。

於結算日，根據融資租約下的總計日後最少租賃費用及其現今值如下：

29. DEFERRED TAX LIABILITIES

The movements in deferred tax liabilities, which comprised depreciation allowance in excess of related depreciations, during the year are as follows:

		Group 集團	
		2006 二零零六年 HK\$ 港元	2005 二零零五年 HK\$ 港元
At 1 January 2006	於二零零六年一月一日	3,611,481	3,611,481
Deferred tax credited to the income statement during the year (note 10)	年內計入利潤表之遞延稅項(附註10)	(660,000)	-
At 31 December 2006	於二零零六年十二月三十一日	2,951,481	3,611,481

The Group has tax losses arising in Hong Kong and the United States of America of HK\$11,982,000 (2005: HK\$9,971,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

At 31 December 2006, there was no significant unrecognised deferred tax liability (2005: Nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries as the Group has no liability to additional tax should such amounts be remitted.

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

29. 遞延稅項

年內之遞延稅項負債變動(包括稅務折舊超出有關折舊)如下:

		Group 集團	
		2006 二零零六年 HK\$ 港元	2005 二零零五年 HK\$ 港元
At 1 January 2006	於二零零六年一月一日	3,611,481	3,611,481
Deferred tax credited to the income statement during the year (note 10)	年內計入利潤表之遞延稅項(附註10)	(660,000)	-
At 31 December 2006	於二零零六年十二月三十一日	2,951,481	3,611,481

本集團於香港及美國產生之稅務虧損為11,982,000港元(二零零五年:9,971,000港元),可無限地用以抵銷產生該等虧損之公司之未來應課稅溢利。由於該等虧損乃於虧本已有一段時間之附屬公司產生,而被認為不大可能以應課稅溢利抵銷可予使用之稅項虧損,故此並無確認為遞延稅項資產。

於二零零六年十二月三十一日,就本集團之附屬公司應付之無寬免稅項之盈利而額外增加稅務負債而言,並無重大之未確認之遞延稅項負債(二零零五年:無)。

本公司向股東派付之股息並無附帶任何所得稅後果。

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30. SHARE CAPITAL

30. 股本

		Company 公司	
		2006 二零零六年 HK\$ 港元	2005 二零零五年 HK\$ 港元
Shares	股份		
Authorised:	法定股本:		
900,000,000 shares of HK\$0.10 each	900,000,000股每股面值0.10港元	90,000,000	90,000,000
Issued and fully paid:	已發行及繳足股本:		
265,504,800 shares of HK\$0.10 each	265,504,800股每股面值0.10港元	26,550,480	26,550,480

A summary of the issued share capital of the Company is as follows:

本公司已發行股本的概要如下:

		Number of shares 股份數目	Issued capital 已發行股本 HK\$ 港元	Share premium account 股份溢價賬 HK\$ 港元	Total 總額 HK\$ 港元
At 1 January 2005,	於二零零五年一月一日、				
1 January 2006	二零零六年一月一日				
and 31 December 2006	及二零零六年 十二月三十一日	265,504,800	26,550,480	50,541,281	77,091,761

Share options

Details of the Company's share option scheme are included in note 31 to the financial statements.

購股權

本公司之購股權計劃之詳情，已載於本財務報告附註31。

31. SHARE OPTION SCHEME

A summary of the existing share option scheme of the Company (the "Scheme") adopted on 27 May 2002 is as follows:

- Purpose** To provide incentives and rewards to eligible participants for their contributions to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any entity in which the Group holds an equity interest ("Invested Entity").
- Participants**
- (i) any employee (whether full-time or part-time), executive directors, non-executive directors and independent non-executive directors of the Company, any of its subsidiaries or any Invested Entity;
 - (ii) any supplier of goods or services to any member of the Group or any Invested Entity; any customer of the Group or any Invested Entity; any person or entity that provides research, development or other technological support to the Group or any Invested Entity; and
 - (iii) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity

Total number of ordinary shares available for issue and the percentage of the issued share capital that it represents as at the date of the annual report

25,000,480 ordinary shares and 9.42% of the issued share capital.

Maximum entitlement of each participant

Shall not exceed 1% of the issued share capital of the Company in any 12-month period.

31. 購股權計劃

本公司於二零零二年五月二十七日採納之現行購股權計劃概要如下：

目的 為鼓勵或獎賞合資格參與人士對本集團作出之貢獻及／或協助本集團聘請及留任能幹僱員及吸納對本集團與任何本集團持有其任何股本權益之公司（「所投資公司」）有重大價值之人力資源。

- 參與人士**
- (i) 本公司、其任何附屬公司或其任何所投資公司之任何僱員（不論是全職或兼職）、執行董事、非執行董事及獨立非執行董事；
 - (ii) 向本集團任何成員公司或任何所投資公司提供貨物或服務之任何供應商；本集團或任何所投資公司之任何客戶；向本集團或任何所投資公司提供研究、開發或其他技術支援之任何人士或公司；及
 - (iii) 本集團任何成員公司或任何所投資公司之任何股東或本集團任何成員公司或任何所投資公司所發行任何證券之任何持有人。

可予發行的普通股總數以及其於本年報日期佔已發行股本的百分比

25,000,480股普通股及佔已發行股本之9.42%。

每名參與人士可獲授權益上限

在任何12個月內，不得超過本公司已發行股本之1%。

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31. SHARE OPTION SCHEME (continued)

<p>Period within which the securities must be taken up under an option</p>	<p>An option may be exercised at any time during a period to be determined and notified by the directors to each grantee, but shall end in any event not later than 10 years from the date of the grant of options subject to the provisions for early termination thereof.</p>
<p>Minimum period for which an option must be held before it can be exercised</p>	<p>There is no minimum period for which an option granted must be held before it can be exercised.</p>
<p>Amount payable on acceptance</p>	<p>The offer of a grant of share options may be accepted within 28 days from the date of the offer with a consideration of HK\$1.00 being payable by the grantee.</p>
<p>Period within which payments/calls/loans must be made/repaid</p>	<p>Not applicable.</p>

31. 購股權計劃 (續)

<p>可根據購股權認購普通股股份的期限</p>	<p>購股權可於董事所決定並已知會各承授人之期間內任何時間獲行使，惟在任何情況下不得遲於由授出購股權日期起計10年（根據該計劃條款而提早終止購股權者則除外）。</p>
<p>購股權行使之前必須持有的最短期限</p>	<p>購股權並無行使之前必須持有的最短期限。</p>
<p>接納購股權須付金額</p>	<p>承授人可於授出購股權建議之日起二十八日內，在支付面值代價金額1.00港元後接納該建議。</p>
<p>付款或通知付款的期限或償還申請購股權貸款的期限</p>	<p>不適用。</p>

31. SHARE OPTION SCHEME (continued)

Basis of determining the exercise price

Determined by the directors but shall not be less than the highest of (i) the closing price of the ordinary shares as stated in the Stock Exchange's daily quotation sheet on the date of the offer of options, which must be a trading day; (ii) the average closing price of the ordinary shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of the offer of options; and (iii) the nominal value of shares.

The remaining life of the Scheme

The Scheme remains in force until 26 May 2012.

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

31. 購股權計劃 (續)

行使價的釐定基準

由董事決定，惟不得低於下列中之較高者：(i) 股份於提供購股權建議當日（須為交易日）之收市價（以聯交所日報表所載者為準）；(ii) 股份於提供購股權建議日前五個交易日之平均收市價（以聯交所日報表所載者為準）；及(iii) 股份面值。

計劃尚餘的有效期

計劃有效期至二零一二年五月二十六日止。

購股權益持有人並不享有獲發紅利或於股東會上投票之權益。

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31. SHARE OPTION SCHEME (continued)

The following share options were outstanding under the Scheme during the year:

Name or category of participant	Number of share options 購股權數目						Date of grant of share options*	Exercise period of share options	Exercise price of share options**	Price of the Company's shares*** 本公司股份價格***			
	At 1 January 2006	Granted during the year	Exercised during the year	Expired during the year	Forfeited during the year	At 31 December 2006				At grant date of options	Immediately before the exercise date	At exercise date of options	
參與者姓名及類別	於二零零六年一月一日	於年內授出	於年內行使	於年內到期	於年內放棄	於二零零六年十二月三十一日	授出購股權日期*	購股權之行使期	購股權之行使價**	於授出購股權日期	行使購股權前一天	於行使購股權當日	
									HK\$ 港元 per share 每股	HK\$ 港元 per share 每股	HK\$ 港元 per share 每股	HK\$ 港元 per share 每股	
Employees other than the directors 非董事之僱員													
In aggregate 合計	2,500,000	-	-	-	(300,000)	2,200,000	26-1-2005	1-4-2006 to 31-12-2012	0.26	0.26	N/A	N/A	
Supplier of goods and services 商品及服務供應商													
In aggregate 合計	-	1,000,000	-	-	-	1,000,000	9-10-2006	1-4-2007 to 31-12-2012	0.242	0.242	N/A	N/A	
	2,500,000	1,000,000	-	-	(300,000)	3,200,000							

Notes to the reconciliation of share options outstanding during the year:

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

31. 購股權計劃 (續)

根據計劃於年內尚未行使之購股權如下:

於年內尚餘之購股權調節附註:

- * 購股權賦予權利的日期是由授出當日起計算直至行使期的開始日。
- ** 購股權的行使價是受到如配售新股或派送紅股，或本公司股本類同的變動而調整。
- *** 本公司於購股權授出日期所披露的股價是購股權授出當日起計算之前在香港聯合交易所第一個交易日的收市價。

31. SHARE OPTION SCHEME (continued)

The fair value of the share options granted during the year was HK\$51,000 of which the Group recognised a share option expense of HK\$12,240 during the year ended 31 December 2006.

The fair value of equity-settled share options granted during the year was estimated as at the date of grant, using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used for the periods:

Date of grant	授出日期	26 January 2005 二零零五年 一月二十六日	9 October 2006 二零零六年 十月九日
Dividend yield (%)	股息率(%)	3.85	-
Expected volatility (%)	預期波動(%)	5.15	3.84
Historical volatility (%)	歷史波動(%)	9.39	4.92
Risk-free interest rate (%)	無風險利率(%)	3.27	3.96
Expected life of options (year)	購股權預計年期(年)	6.75	7.00
Weighted average share price (HK\$)	加權平均股價(港元)	0.26	0.242

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

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

At the balance sheet date, the Company had 3,200,000 share options outstanding under the Scheme. The exercise in full of the remaining share options would, under the present capital structure of the Company, result in the issue of 3,200,000 additional ordinary shares of the Company and additional share capital of HK\$320,000 and share premium of HK\$494,000 (before issue expenses).

At the date of approval of these financial statements, the Company had 3,200,000 share options outstanding under the Scheme, which represented approximately 1.21% of the Company's shares in issue as at that date.

31. 購股權計劃 (續)

本年度所授予的購股權的公平價值為51,000港元，其中本集團在截至二零零六年十二月三十一日止年度確認的購股權費用為12,240港元。

於年內已授出股權支付之購股權之公平價值為使用二項式模式及購股權授出之條款及條件計算。下表載列此期間之二項式之計入項目：

購股權之預計年期乃根據過去三年之歷史數據計算，該行使模式並不一定發生。預期波動反映歷史波動為未來趨勢之指示之假設，並不一定為實際結果。

於計算公平價值時並無計及所授購股權之任何其他特性。

於結算日，根據計劃，本公司有3,200,000股購股權尚未行使。根據本公司現行股本結構，全面行使餘下之購股權將導致本公司額外發行3,200,000股普通股，額外股本為320,000港元，股份溢價（扣除發行開支前）為494,000港元。

於批准此財務報告當日，根據計劃，本公司有3,200,000股購股權尚未行使，佔本公司當日已發行股份約1.21%。

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32. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 34 of the financial statements.

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

Goodwill amounting to HK\$11,924,221 arising on the acquisition of subsidiaries in prior years before the adoption of SSAP 30, which is stated at its cost, remains eliminated against the consolidated retained profits.

(b) Company

		Note	Share premium account 股份溢價賬 HK\$ 港元	Share option reserve 購股權儲備 HK\$ 港元	Contributed surplus 繳入盈餘 HK\$ 港元	Retained profits 保留溢利 HK\$ 港元	Total 總額 HK\$ 港元
1 January 2005	二零零五年一月一日		50,541,281	-	49,999,981	3,364,217	103,905,479
Equity-settled share option arrangement	股本結算購股權安排		-	69,285	-	-	69,285
Profit for the year	本年度溢利		-	-	-	4,849,961	4,849,961
Interim 2005 dividend	二零零五年中期股息	12	-	-	-	(1,327,524)	(1,327,524)
Proposed final 2005 dividend	建議二零零五年末期股息	12	-	-	-	(1,327,524)	(1,327,524)
At 31 December 2005 and 1 January 2006	於二零零五年十二月三十一日及二零零六年一月一日		50,541,281	69,285	49,999,981	5,559,130	106,169,677
Equity-settled share option arrangement	股本結算購股權安排		-	35,492	-	-	35,492
Loss for the year	本年度虧損		-	-	-	(1,975,259)	(1,975,259)
At 31 December 2006	於二零零六年十二月三十一日		50,541,281	104,777	49,999,981	3,583,871	104,229,910

32. 儲備

(a) 集團

本年度及以往之年度本集團儲備及變動已呈列於財務報告第34頁之綜合權益變動表。

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

於採納會計實務準則第30條前之以往年度，因收購附屬公司所產生總值11,924,221港元的商譽乃按成本列賬，其餘部份於綜合保留溢利中對銷。

(b) 公司

32. RESERVES (continued)

The contributed surplus of the Company represents the difference between the underlying consolidated net assets of K & P Group (Holdings) Limited and its subsidiaries at the date on which the Group's reorganisation became effective, referred to in note 32(a), over the nominal value of the share capital of the Company issued in exchange therefor, less the amount capitalised to pay up the nil-paid shares issued on the incorporation of the Company.

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

33. NOTE TO THE CONSOLIDATED CASH FLOW STATEMENT

Major non-cash transaction

There was no major non-cash transaction in the current year. In the prior year, the Group entered into finance lease arrangements in respect of plant and equipment with a total capital value at the inception of the leases of HK\$4,862,146.

34. CONTINGENT LIABILITIES

Guarantees of banking facilities granted to subsidiaries 附屬公司之貸款擔保

As at 31 December 2006, the banking facilities granted to the subsidiaries subject to guarantees given to the banks by the Company were utilised to the extent of approximately HK\$74,000,000 (2005: HK\$67,000,000).

32. 儲備 (續)

本公司之繳入盈餘指堅寶(控股)有限公司及其附屬公司於集團重組生效之日之綜合資產淨值高出本公司所發行以交換該公司股本面值之數(詳情載錄於財務報告附註32(a))。減去繳足資本化以於本公司之註冊成立日所發行未繳款股份之數。

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

33. 綜合現金流量表附註

重大非現金交易

本年度並沒有重大非現金交易。在上年度,本集團簽訂有關廠房及設備的融資租約安排,涉及之資產總值於租約生效時為4,862,146港元。

34. 或然負債

Group 集團		Company 公司	
2006 二零零六年	2005 二零零五年	2006 二零零六年	2005 二零零五年
HK\$ 港元	HK\$ 港元	HK\$ 港元	HK\$ 港元

	-	-	171,826,000	134,956,032
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於二零零六年十二月三十一日,本公司之附屬公司獲授付有本公司向銀行提供之貸款擔保之銀行備用額中,已耗用約74,000,000港元(二零零五年:67,000,000港元)。

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35. OPERATING LEASE ARRANGEMENTS

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

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

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

35. 經營租約安排

本集團根據經營租約安排租用若干辦公室物業及廠房。該等租約之議定期期介乎一年至四年不等。

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

		Group 集團	
		2006 二零零六年	2005 二零零五年
		HK\$ 港元	HK\$ 港元
Within one year	於一年內	526,858	475,455
In the second to fifth years, inclusive	於第二至第五年(包括首尾兩年)	4,750	57,000
		531,608	532,455

36. COMMITMENTS

In addition to the operating lease commitments detailed in note 35 above, the Group had the following capital commitments at the balance sheet date:

Contracted, but not provided for:	已訂約，但未撥備：
Buildings	樓宇
Authorised, but not contracted for:	已授權，但未訂約：
Capital contributions payable to subsidiaries	應付資本予 附屬公司

36. 承擔

除上文附註35詳述的經營租約承擔外，於結算日，本集團作出以下資本承擔：

		Group 集團	
		2006 二零零六年	2005 二零零五年
		HK\$ 港元	HK\$ 港元
Contracted, but not provided for:	已訂約，但未撥備：	17,900,000	—
Buildings	樓宇		
Authorised, but not contracted for:	已授權，但未訂約：	66,300,000	—
Capital contributions payable to subsidiaries	應付資本予 附屬公司		

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

於結算日，本公司概無任何重大承擔。

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36. COMMITMENTS (continued)

At 31 December 2006, the Group and the Company had total future minimum royalty payments under licence agreements falling due as follows:

		Group and Company 集團與公司	
		2006 二零零六年 HK\$ 港元	2005 二零零五年 HK\$ 港元
Within one year	於一年內	1,950,000	1,716,000
In the second to fifth years, inclusive	於第二至第五年(包括首尾兩年)	8,034,000	9,984,000
		9,984,000	11,700,000

37. RELATED PARTY TRANSACTIONS

(a) Certain of the Group's banking facilities amounting to HK\$124,700,000 (2005: HK\$116,612,908), of which HK\$74,000,000 (2005: HK\$33,000,000), were secured by personal guarantees given by a director of the Company. The director received no consideration for providing these guarantees.

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

		2006 二零零六年 HK\$ 港元	2005 二零零五年 HK\$ 港元
Short term employee benefits	短期僱員福利	12,970,520	12,788,983
Termination benefits	終止福利	243,891	222,662
Share-based payments	以股份作支付的費用	23,253	69,285
Total compensation paid to key management personnel	給予主要管理人員之總報酬	13,237,664	13,080,930

Further details of directors' emoluments are included in note 8 to the financial statements.

36. 承擔 (續)

於二零零六年十二月三十一日，本集團及本公司於使用權協議下之未來最低專利權使用費之到期日如下：

37. 關連人士交易

(a) 本集團若干銀行融資為數124,700,000港元(二零零五年:116,612,908港元)其中74,000,000港元(二零零五年:33,000,000港元)乃由本公司一名董事提供之個人擔保作抵押。該董事並無就提供該等擔保收取任何代價。

(b) 本集團提供予重要管理人員之報酬：

有關董事酬金之詳細資料見財務報告的附註8。

二零零六年十二月三十一日

31 December 2006

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

Cash flow interest rate risk

The interest rates of the interest-bearing loans and borrowings of the Group are disclosed in note 27. The Group does not have significant exposure to the risk of changes in market interest rates as the Group does not have any long term receivables with a floating interest rates.

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currency.

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

38. 財務風險管理目標及政策

本集團之主要金融工具包括銀行貸款及透支、其他帶息貸款、融資租約、以及現金及短期存款。該等金融工具之主要目的是為本集團營運籌集資金。本集團亦有多項直接於營運產生之其他金融資產及負債，例如應收賬款及應付賬款。

本集團於回顧年度之政策一直為不進行任何金融工具買賣。

本集團金融工具涉及之主要風險為現金流量利率風險、外匯風險、信貸風險及流動資金風險。董事會審閱及同意管理該等風險之政策，概述如下。

現金流量利率風險

本集團的帶息借貸利率已披露於附註27。因本集團並沒有帶浮動息率之長期應收款債項承擔，故此，所承受的市場利率變動風險並不嚴重。

外匯風險

本集團承受交易貨幣風險。該等風險因經營單位以其功能貨幣以外之貨幣進行銷售或採購而產生。

本集團近期並沒有外匯對沖政策。但是，管理層會監察並考慮在有需要時對沖重要的外匯風險。

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**Credit risk**

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

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, an available-for-sale financial asset and a derivative instrument, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

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

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, other interest-bearing loans and finance leases. The directors have reviewed the Group's working capital and capital expenditure requirements and determined that the Group does not have significant liquidity risk.

39. POST BALANCE SHEET EVENT

A subsidiary 西城(清新)電子有限公司 was incorporated in the People's Republic of China on 29 October 2006 with a registered capital of US\$5 million (equivalent to HK\$39 million). The first capital injection of US\$750,000 (equivalent to HK\$5,850,000) was made by the Group on 29 January 2007 and the remaining US\$4.25 million (equivalent to HK\$33.15 million) will be injected on or before 29 October 2009.

40. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 24 April 2007.

38. 財務風險管理目標及政策 (續)**信貸風險**

本集團僅與已確認及信譽良好之第三方進行買賣。本集團之所有客戶如欲以信貸期進行買賣，必須通過信貸核證程序。此外，應收款項結餘以持續基準監察，而本集團之壞賬風險輕微。

鑑於本集團於其他金融資產出現信貸風險，包括現金及現金等值項目，可供出售金融資產及衍生工具，集團之信貸風險來自交易對方的違約，最大的風險等同這些工具的賬面值。

因本集團只與被確認及信譽良好的第三方進行買賣，並不要求任何抵押。

流動資金風險

本集團透過銀行透支、銀行借貸、其他帶息借款及融資租約來維持資金的連續性及靈活性達到目標。董事會審閱集團的流動資本及資本開支要求並確定集團不會有嚴重的流動資金風險。

39. 結算日後事項

一間附屬公司西城(清新)電子有限公司於中國以註冊資本5,000,000美元(相等於39,000,000港元)於二零零六年十月二十九日註冊成立。本集團在二零零七年一月二十九日，首次以750,000美元(相等於5,850,000港元)投入資金，餘下的4,250,000美元(相等於33,150,000港元)將會在二零零九年十月二十九日或之前投入。

40. 財務報告之批准

董事會已在二零零七年四月二十四日批准及授權刊發財務報告。