



Ka Shui International Holdings Limited
嘉瑞國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

Stock Code 股份代號 : 822

ANNUAL REPORT 年報 2007

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DIRECTORS

Executive Directors

Mr. Lee Yuen Fat (Chairman)
Dr. Keung Wing Ching
(Vice Chairman and Chief Executive Officer)
Mr. Wong Wing Chuen
Mr. Chan Tat Cheong, Alan
Mr. Zhao Jian

Independent Non-Executive Directors

Mr. Sun Kai Lit Cliff BBS, JP
Ir Dr. Lo Wai Kwok MH, JP
Mr. Yeow Hoe Ann John

AUTHORISED REPRESENTATIVES

Dr. Keung Wing Ching
Mr. Chan Tat Cheong, Alan

COMPANY SECRETARY AND QUALIFIED ACCOUNTANT

Mr. Chan Tat Cheong, Alan

AUDIT COMMITTEE

Mr. Yeow Hoe Ann John
Mr. Sun Kai Lit Cliff BBS, JP
Ir Dr. Lo Wai Kwok MH, JP

NOMINATION COMMITTEE

Mr. Sun Kai Lit Cliff BBS, JP
Ir Dr. Lo Wai Kwok MH, JP
Mr. Yeow Hoe Ann John
Dr. Keung Wing Ching

REMUNERATION COMMITTEE

Mr. Sun Kai Lit Cliff BBS, JP
Ir Dr. Lo Wai Kwok MH, JP
Mr. Yeow Hoe Ann John
Dr. Keung Wing Ching

董事

執行董事

李遠發先生 (主席)
姜永正博士
(副主席兼行政總裁)
黃永銓先生
陳達昌先生
趙健先生

獨立非執行董事

孫啟烈先生BBS·太平紳士
盧偉國博士MH·太平紳士
姚和安先生

授權代表

姜永正博士
陳達昌先生

公司秘書及合資格會計師

陳達昌先生

審核委員會

姚和安先生
孫啟烈先生BBS·太平紳士
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孫啟烈先生BBS·太平紳士
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姚和安先生
姜永正博士

薪酬委員會

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STOCK CODE

822

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主要往來銀行

渣打銀行(香港)有限公司
恒生銀行有限公司
星展銀行(香港)有限公司
中國工商銀行(亞洲)有限公司

股份編號

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Lee Yuen Fat
Chairman

李遠發
主席

Dear Shareholders,

On behalf of the Board of Directors of Ka Shui International Holdings Limited (the "Company"), I am pleased to present you the first annual report of the Company and its subsidiaries (collectively "the Group") since our listing on the Main Board of The Stock Exchange of Hong Kong Limited on 27 June 2007. The year of 2007 was an important milestone in the history of the Group. It also marked the achievement of the Group evolving from a small medium sized enterprise to a publicly listed leading company in the die casting industry.

During the year under review, the turnover of the Group increased by 16.6% to HK\$752,749,000. Magnesium and aluminium alloy die casting business recorded a strong growth and their total contribution to the Group's turnover increased from 16.2% in last year to 26.7%.

The Board of Directors recommended the payment of a final dividend of HK0.9 cents per share, including an interim dividend of HK1.2 cents per share already paid, the total dividend for the year since our listing is HK2.1 cents per share.

During the previous year, due to the surge in costs of raw materials, energy and labour, as well as the appreciation of Renminbi, the profit attributable to the equity holders of the Company decreased by 47.5% as compared with 2006. Nevertheless, with our ability in providing products of superior quality and comprehensive service to our customers, the Group had overcome all the challenges and were able to achieve growth in turnover.

致各位股東：

本人謹代表嘉瑞國際控股有限公司（「本公司」）董事會，欣然向閣下提呈本公司及其附屬公司（統稱為「本集團」）自二零零七年六月二十七日於香港聯合交易所有限公司主版上市以來的首份年報。二零零七年是本集團發展歷史上一個非常重要之里程碑，標誌著本集團由一間中小型企業發展成為於香港上市的壓鑄領先企業之成就。

於回顧年內，本集團之營業額上升16.6%至752,749,000港元。其中鎂合金及鋁合金業務錄得強勁增長，兩者合計佔集團營業額比例由去年之16.2%增加至26.7%。

董事會建議派付每股0.9港仙之末期股息。連同已支付的中期股息每股1.2港仙，自上市後之本年度股息總額為每股2.1港仙。

過往一年間，原材料價格、能源及工資成本持續上漲，加上人民幣匯率上升，令本公司權益持有人應佔溢利較二零零六年下跌了47.5%。儘管如此，憑著為客戶提供高質量產品及全面服務之能力，本集團克服各種挑戰，在銷售上取得增長。

Looking ahead, with the rapid development of 3C (communication, computer and consumer electronics) products and the automobile industry, the demand for magnesium and aluminium alloy die casting components is continuously growing. The Group will continue to devote more resources in the development of magnesium and aluminium alloy die casting businesses and to increase their total contribution to the Group's turnover. Meanwhile, the construction of the first phase of the industrial complex in Daya Bay, Huizhou, the PRC comprising gross floor area of approximately 43,000 sq.m. is still in process. However, the progress of construction has been delayed due to the poor weather condition in the beginning of 2008 and it is expected that the operation of the new production facilities can be gradually commenced in July 2008. By then, the production capabilities of the Group can be expanded in order to keep abreast with the rapid development of magnesium and aluminium alloy die casting businesses.

The Group will continue to focus on design and development of new products, research and development on the applications of new metal alloys and production technologies in order to expand its market coverage, enhance its production efficiency and lower its production cost. Furthermore, the Group is now looking for suitable merger and acquisition opportunities so as to enhance its competitiveness by taking advantages of the benefits of resources and vertical integration.

On the whole, it is expected that the impact of sub-prime mortgage in the United States will lead to a slowdown in the global economic growth. In addition, due to the continuing increase in production costs, the manufacturing industry in Hong Kong and the PRC will face with difficulties under such business environment. By leveraging on its well established foundation and long-standing reputation in the industry, as well as its customer base with long-term business relationships, the Group is confident of coping with the current uncertain economic environment and achieving better results in the coming years.

What we have achieved today would not have been possible without the support and dedication of our staff, customers, suppliers, investors and our fellow board members. I would like to express my sincere gratitude to them and pledge that I will continue to work diligently to create increasing values for our shareholders in the years ahead.

Lee Yuen Fat

Chairman

Hong Kong, 18 April 2008

展望未來，因應3C(通訊、電腦及消費者電子)產品業及汽車行業的蓬勃發展，從而帶動對鎂合金及鋁合金壓鑄件之需求，本集團將繼續投放更多資源，全力發展鎂合金及鋁合金壓鑄業務，以增加此兩種合金佔集團營業額之百分比。同時，本集團於中國惠州大亞灣佔地約43,000平方米之工業園第一期生產廠房的建築工程正在加緊進行，但因受二零零八年初之惡劣天氣影響令工程進度有所延誤，預期可於二零零八年七月逐步正式投產。屆時本集團之產能可進一步擴大，以迎合鎂合金及鋁合金壓鑄業務之快速增長。

本集團將繼續專注新產品設計及開發和研發新合金材料及新生產技術，以開拓新市場、提高生產效率及降低生產成本。另一方面，本集團正尋求合適之合併及收購機會，利用資源及垂直整合優勢，加強本集團之競爭力。

總體而言，預期受到美國次級按揭影響導致全球經濟增長步伐放緩，以及生產成本持續上升，香港及中國之製造業將會在此營商環境下面臨困境。但憑藉集團之穩固根基、業內良好聲譽及擁有長期合作關係之客戶羣，本集團有信心應付現時不明朗之經濟環境，於未來數年取得更佳回報。

在我們員工、客戶、供應商、投資者及我們董事會成員共同的支持及努力下，我們獲取到今天的成果。本人謹此向以上人士表示萬分謝意，並承諾將繼續努力工作，在未來的年度中不斷為股東創造更大價值。

李遠發

主席

香港，二零零八年四月十八日



(A) Financial Review

Benefiting from the on-going global demand for metal die casting products and the Group's continuous enhancement of its production capabilities, the Group's turnover for the year ended 31 December 2007 amounted to approximately HK\$752,749,000 (2006: HK\$645,588,000), representing an increase of approximately 16.6% as compared with that of the previous year. Out of which, the turnover derived from magnesium and aluminum die casting components had achieved a remarkable growth during the year under review and their total contribution to the Group's turnover increased from 16.2% in 2006 to 26.7% in 2007.

Notwithstanding a growth in the Group's turnover, gross profit for the year 2007 recorded a 22.5% decrease to approximately HK\$140,232,000 (2006: HK\$180,912,000) and the gross profit margin was 18.6% (2006: 28.0%). The decline in gross profit and gross profit margin was mainly attributable to a number of adverse factors, including appreciation of Renminbi against the U.S. dollars, increase in the costs of raw materials especially metal alloys as well as labour, rise in energy costs and reduction of export tax rebates.

Meanwhile, to cater for the Group's future business expansion, there was an increase in the number of management and supporting personnel as well as related staff costs during the year under review for the initial preparation of the construction and operation of the new manufacturing facility at Daya Bay. Moreover, listing expenses and costs of pre-IPO share options granted to employees had to be accounted for during the year under review which also led to a surge in the general and administrative expenses over last year.

Mainly caused by the decrease in gross profit together with the surge in general and administrative expenses, the profit attributable to equity holders of the Company decreased by 47.5% to approximately HK\$57,492,000 (2006: HK\$109,562,000) when compared with that of the previous year. The net profit margin in 2007 was 7.6% (2006: 17.3%).

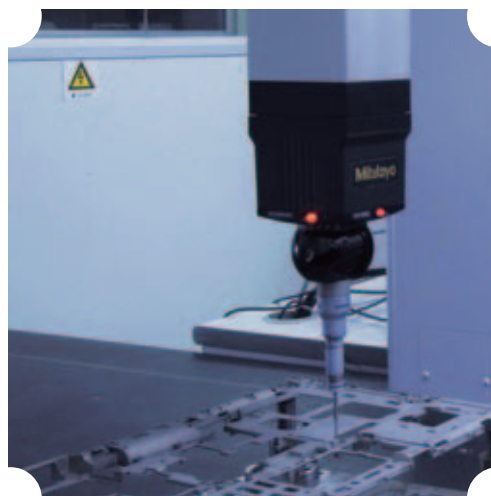
(A) 財務回顧

受惠於全球對金屬壓鑄產品需求之持續上升及本集團不斷提高之產能，本集團截至二零零七年十二月三十一日止全年之營業額約為752,749,000港元（二零零六年：645,588,000港元），較去年增加約16.6%；其中，鎂合金壓鑄件及鋁合金壓鑄件的營業額於回顧年內錄得顯著增長，兩者合計對營業額之貢獻由二零零六年的16.2%增加至二零零七年的26.7%。

雖然集團營業額有所增長，二零零七年的毛利則比去年同期減少22.5%至約140,232,000港元（二零零六年：180,912,000港元），毛利率為18.6%（二零零六年：28.0%）。毛利及毛利率下跌主要受到多項不利因素影響，其中包括人民幣兌美元匯率上升、原材料（尤其是合金）及勞工成本上漲、能源成本上升及出口退稅減少。

同時，因應集團未來業務之擴充而為大亞灣新廠房建築規劃及投產作前期佈置，管理及支援員工數目及相關薪金在回顧年內亦有所增加，加上上市費用支出及授予員工首次公開發售前購股權費用在回顧年內入賬，以致一般及行政費用較去年大幅上升。

主要是由於毛利下跌以及一般及行政費用大幅增加，最終令本公司權益持有人應佔溢利相比去年同期減少47.5%至57,492,000港元（二零零六年：109,562,000港元），二零零七年之純利率為7.6%（二零零六年：17.3%）。



(B) Business Review

Zinc alloy die casting business

For the year 2007, zinc alloy die casting operation continued to be the major profit contributor of the Group, accounting for 73.3% of the Group's turnover. Due to the persistent high price of zinc alloy during the year, customers had adopted a more conservative approach in placing orders. As a result, the turnover of zinc alloy die casting components only recorded a slight increase of approximately 2.0% as compared with that of the previous year. As such, the Group has, by leveraging on its strength of producing the three major non-ferrous die casting components (zinc, magnesium and aluminium alloys), actively proposed to its customers on using magnesium alloy or aluminium alloy as a substitution for zinc alloy. In 2007, some die casting products which were used to be made from zinc alloy had been gradually replaced by magnesium or aluminium alloy in order to lower the Group's manufacturing cost which was then reflected in the purchasing cost of the customers.

Magnesium alloy die casting business

During the year under review, the turnover of magnesium alloy die casting components increased strongly by 66.8% as compared with that of the previous year, the proportion of which as represented in the Group's turnover also increased from approximately 10.4% in the previous year to 14.9%. With the rapid development of 3C (communication, computer and consumer electronics) products industry, the demand for magnesium alloy die casting components is continuously growing. In order to expand its production capability on magnesium alloy die casting, the Group had purchased 3 magnesium alloy die casting machines in 2007.

(B) 業務回顧

鋅合金壓鑄業務

於二零零七年，鋅合金壓鑄業務繼續成為本集團核心利潤之貢獻來源，佔本集團營業額之73.3%。由於年內鋅合金價格持續高企，令客戶在下訂單時趨於審慎，因此鋅合金壓鑄件的營業額較去年只錄得約2.0%之輕微增長。有鑑於此，本集團同時把握製造鋅、鎂及鋁合金三種主要有色金屬的壓鑄零部件之優勢，積極向客戶推介選用鎂合金或鋁合金以取代鋅合金來作部件之用，部份過往以鋅合金來製造的壓鑄產品，於二零零七年內逐步被鎂或鋁合金取替，藉以減低集團之生產成本，從而令客戶之採購成本也因應降低。

鎂合金壓鑄業務

於回顧年內，鎂合金壓鑄件的營業額比去年增加66.8%，佔本集團營業額之比例亦由去年約10.4%上升至14.9%。由於3C(通訊、電腦及消費者電子)產品業的蓬勃發展，客戶不斷增加對鎂合金壓鑄件的需求。為了擴大鎂合金壓鑄之產能，本集團於二零零七年增添了3台鎂合金壓鑄機。

Aluminium alloy die casting business

The global output of aluminium alloy die casting, in terms of tonnage, always accounts for a large portion of the total non-ferrous metal die casting output. The Group started its aluminium alloy die casting business in 2004 and has vigorously strived for a larger market share. During the year under review, aluminium alloy die casting business not only achieved a satisfactory result but also became the fastest growth of the Group's business segment, with turnover increased substantially by 139.1% as compared with that of the previous year. The proportion of which as represented in the Group's turnover also increased from approximately 5.8% in the previous year to 11.8%. During the year, the Group had purchased 15 aluminium alloy die casting machines in order to keep abreast with the rapid development of its aluminium alloy die casting business.

(C) Prospects

To continuously enhance its competitiveness in the market, the Group will implement stringent cost control measures, raise production capabilities, improve operational efficiency, identify and seize the opportunities for strategic acquisition and co-operation. In addition, in order to have a diversified product range and to expand its market coverage, the Group will continue to focus on its research and development, including design and development of new products, research and development on the applications of new metal alloys, metal forming and surface treatment technologies, production optimization and automation.

With a view to further expand its production capacity so as to meet the demand from customers, the Group acquired two parcels of land in Daya Bay, Huizhou, the PRC at the end of year 2006 for the construction of new production facilities. At present, the Group is actively preparing for the construction of the first phase of this industrial complex. The new facilities will focus on the application of new alloys, the production of automotive components, 3C products and precision moulds. The design of the industrial complex is in such a way to consolidate the manufacturing supply chain within the region through strategic alliance and industrial clustering; and also by integrating the various technical know-how and professional engineering services of the Group so as to support the development of automotive components and 3C products. The construction of the first phase of the industrial complex comprising gross floor area of approximately 43,000 sq.m. was commenced in April 2007. However, the progress of construction was delayed due to the poor weather condition in the beginning of 2008 and it is expected that the operation of the new production facilities can be gradually commenced in July 2008.

鋁合金壓鑄業務

鋁合金壓鑄件的全球產量(以噸為單位)一直佔有色金屬壓鑄件總產量之較大份額。集團在二零零四年開始經營鋁合金壓鑄業務，並積極爭取較大之市場份額。在回顧年內，鋁合金壓鑄業務不只取得滿意之成績，並成為本集團增長最快之部份，營業額相比去年錄得139.1%之增長；其所佔本集團營業額之比例亦由去年約5.8%增加至11.8%。本集團於年內添置了15台鋁合金壓鑄機，藉以配合此業務之快速增長。

(C) 展望

為持續提升集團的市場競爭力，本集團將會採取嚴緊的成本控制措施、提高生產力、改善營運效率、不斷物色及把握策略性收購和合作機遇。此外，為了達致產品多元化及開拓新市場，本集團將繼續專注研究及開發，其中包括新產品設計及開發、新合金應用之研發、成型工藝與表面處理技術、生產優化及自動化等。

為了進一步擴充產能以應付客戶需求，本集團於二零零六年底收購位於中國惠州大亞灣兩幅土地，以興建新生產廠房之用。現時本集團正積極籌建此工業園之第一期，並定位為以新合金材料之應用及生產汽車關鍵零部件、3C產品和精密模具為主。透過採取戰略聯盟和產業集群的模式，實行區內供應鏈的全面整合；並集合本集團的多項技術，提供專業工程服務，藉以支援汽車關鍵零部件及3C產品的發展。工業園區之第一期生產廠房工程(總建築面積約43,000平方米)已於二零零七年四月展開，但因受二零零八年初之惡劣天氣影響令工程進度有所延誤，預期可於二零零八年七月逐步正式投產。

The prices of non-ferrous metals have fluctuated substantially in recent years and the price of zinc alloy started to surge in 2005. Despite a slight fall at the end of 2007, the price of zinc alloy still persists at a high level. The price of magnesium alloy also increased significantly in the fourth quarter of 2007 and its current price has increased by 53% when compared with that in September 2007. Since the eventual pricing of the die casting products would be directly affected by the metal alloy prices, this would have impacts on customers' order placing and choice of raw materials for products. Leveraging on the Group's capabilities in the die casting of zinc, magnesium and aluminium alloys, its customers, taking into account the characteristics of their product, can choose to use those alloys at a competitive price and thus enhance their competitiveness. In addition, since the gross profit margins generated from the magnesium and aluminium alloy die casting components are generally higher than that from the zinc alloy, the Group's future business strategy is to gradually increase the business proportion of these two segments which will enhance the overall gross profit margin for the Group. In the medium term, the Group has set a target for zinc alloy and the total of magnesium and aluminium alloys business to be accounted for 50% of its turnover respectively.

The Group will also strengthen its research and development on the application of magnesium alloy for automobiles and rail transport. Since magnesium alloy is light in weight, it will naturally become the raw material with the first priority for weight reduction. However, due to the fact that the existing magnesium alloys being developed cannot meet the specific property requirements of the automotive components, there are still limitations on the application of magnesium alloy on certain automotive components. The Group is now discussing with a major research and development institute in the PRC in relation to the development of new magnesium alloys and their applications on automobiles and rail transport, with a view to become a leading manufacturer in the production of weight reduction and energy saving automotive components.

有色金屬價格近年表現大幅度波動，鋅合金價格於二零零五年開始大幅度上升，雖然於二零零七年末稍有回落，但仍持續高企。鎂合金價格則於二零零七年第四季度開始急速上升，而目前鎂合金之價格與二零零七年九月相比已上升了53%。由於合金材料價格將直接影響壓鑄件之最終價格，因而對客戶在下訂單及產品的材料選擇上造成一定的影響。基於本集團同時擁有鋅合金、鎂合金及鋁合金壓鑄三項業務，客戶可因應其產品特點而選用具價格優勢之合金原材料，從而增加客戶之競爭力。另外，由於鎂合金及鋁合金壓鑄件的毛利率一般較鋅合金壓鑄件相對為高，本集團在未來業務策略上以逐步增加此兩類產品之份額為方向，藉以提高集團整體毛利率，中期目標為鋅合金與鎂、鋁合金業務總和分別各佔集團營業額之50%。

本集團亦加強鎂合金在汽車及軌道車輛應用上之開發，由於鎂合金輕巧，故此自然地成為輕量化之首選材料。但基於目前已開發之鎂合金類別仍未能滿足汽車關鍵零部件之特殊性能要求，因此鎂合金在某部分汽車零部件之應用上仍有所局限。集團現正與一所國內重點科研單位深入洽談有關鎂合金新材料開發及在汽車與軌道車輛製造領域的應用合作，為集團在生產輕量化及節能汽車零部件上作出領導者之步署。

In order to provide a more comprehensive one-stop service to customers, the Group has decided to expand into the plastics business because some of its finished products are not only made of metal parts but also with some plastics contents. As a result, the Group believes that the expansion into plastics business will not only provide the momentum for the Group's future growth, its customers can also reduce costs in logistic and quality control arising from their current practice of outsourcing the production of metal and plastics components to different suppliers. Given that the Group has accumulated extensive experience in the metal die casting industry and possessed excellent technological and research and development capabilities, the management believes that the Group is in a strong position to become a comprehensive production and service provider for metal and plastics components.

The Group expects that the uncertain situation in relation to the sub-prime mortgage in the United States will persist, leading to a slowdown in the global economy. In 2008, the demand for commodities is likely to decline, thus directly weakening the demand for components. Furthermore, the appreciation of Renminbi, energy shortage, high inflation rate and increase in labour cost will persist in the short run and will put certain pressure on the turnover and gross profit of the Group. It is expected that the operating environment for manufacturing industry will continue to be difficult and fluctuating in 2008. Merger and acquisition will take place in the industry and weak players in the market will be compelled by the strong ones. Given that, with the Group's solid business foundation being built up over the years, its excellent reputation in the industry and visionary and prudent plans for the future, the Group is confident to cope with the forthcoming challenges and difficulties and create better results in the future.

(D) Liquidity and Financial Resources

As at 31 December 2007, the Group had bank and cash balances of approximately HK\$166,039,000 (31 December 2006: HK\$12,300,000), most of which were either denominated in U.S. dollars or Hong Kong dollars. The significant increase in bank and cash balances was a result of the Group's initial public offering in June 2007 raising net proceeds of approximately HK\$274,400,000.

為了向客戶提供更全面之一站式服務，本集團決定將業務擴充至塑膠業務，此乃因為本集團之最終製成品除了包含金屬部件外，部份產品是以塑膠部件所組成。因此，本集團相信發展塑膠業務除了能為其提供新的增長動力外，同時客戶也可以降低因外判其金屬及塑膠部件予不同供應商所產生之物流及品質管理成本。基於本集團於金屬壓鑄行業累積了多年豐富經驗，並且擁有卓越之技術水平及研發能力，因此管理層相信本集團擁有有利條件成為處理金屬及塑膠部件的綜合生產及服務供應商。

本集團預期有關美國次級按揭所帶來的不明朗情況將會持續，導致全球經濟放緩，二零零八年度之商品需求量亦可能下降，從而直接降低客戶對零部件的需求量；加上人民幣幣值上漲、能源短缺、高通脹率及勞工成本增加之情況將於短期內持續，將對本集團之銷售及毛利構成一定壓力。預期二零零八年製造行業的經營環境將持續艱辛及波動，並將引發業內合併浪潮及出現汰弱留強的局面。儘管如此，憑藉多年來所建立之穩固業務基礎、業內良好聲譽及遠大審慎的未來計劃，本集團必定可以克服將來的種種挑戰和困難，於未來創造更佳之成績。

(D) 流動資金及財務資源

於二零零七年十二月三十一日，本集團擁有銀行及現金結餘約166,039,000港元（二零零六年十二月三十一日：12,300,000港元），當中大多數以美元或港元計值。銀行及現金結餘大幅增加，是由於本集團在二零零七年六月從首次公開招股中籌集淨資金約274,400,000港元。

Total interest-bearing borrowings of the Group as at 31 December 2007 were approximately HK\$94,207,000 (31 December 2006: HK\$105,025,000), comprising bank loans and overdrafts of approximately HK\$68,555,000 (31 December 2006: HK\$73,701,000) repayable within one year or on demand, term loans of HK\$14,526,000 (31 December 2006: HK\$20,006,000) with maturity of not more than four years and obligations under finance leases of approximately HK\$11,126,000 (31 December 2006: HK\$11,318,000). All of these borrowings were denominated in Hong Kong dollars to which the interest rates applied were primarily subject to floating interest rate.

As at 31 December 2007, the Group had net cash of approximately HK\$78,165,000, representing total cash and cash equivalents less total interest-bearing bank and other borrowings. The Group's net cash position was mainly resulted from net proceeds of approximately HK\$274,400,000 being raised from the Company's issue of 220,000,000 new shares at HK\$1.35 per share for listing on the Stock Exchange in June 2007.

As at 31 December 2007, the net current assets of the Group were approximately HK\$251,227,000 (31 December 2006: HK\$48,275,000), which consisted of current assets of approximately HK\$435,432,000 (31 December 2006: HK\$231,837,000) and current liabilities of HK\$184,205,000 (31 December 2006: HK\$183,562,000), representing a current ratio of approximately 2.4 (31 December 2006: 1.3).

(E) Exposure to Foreign Exchange Risk

Most of the Group's transactions were conducted in U.S. dollars, Hong Kong dollars or Renminbi. To mitigate the risks due to fluctuation in foreign currency exchange rates, the Group had used foreign currency forward contracts to manage its foreign currency exposure during the year under review.

(F) Contingent Liabilities

As at 31 December 2007, the Group had no material contingent liabilities.

本集團於二零零七年十二月三十一日的計息借款總額約為94,207,000港元(二零零六年十二月三十一日: 105,025,000港元), 包括須於一年內或於要求時償還的銀行貸款及透支約68,555,000港元(二零零六年十二月三十一日: 73,701,000港元)、到期期限不超過四年的定期貸款14,526,000港元(二零零六年十二月三十一日: 20,006,000港元)及融資租約承擔約11,126,000港元(二零零六年十二月三十一日: 11,318,000港元)。該等借款全部以港元計值, 所採用的利率主要為浮動利率。

於二零零七年十二月三十一日, 本集團的現金淨額約為78,165,000港元, 即現金及現金等值項目總額扣除計息銀行及其他借款總額。本集團的淨現金狀況主要是由於本公司於二零零七年六月在聯交所上市而按每股1.35港元發行220,000,000股新股而獲得之款項淨額約為274,400,000港元所致。

於二零零七年十二月三十一日, 本集團流動資產淨值約為251,227,000港元(二零零六年十二月三十一日: 48,275,000港元), 包括流動資產約435,432,000港元(二零零六年十二月三十一日: 231,837,000港元)及流動負債184,205,000港元(二零零六年十二月三十一日: 183,562,000港元), 流動比率約為2.4(二零零六年十二月三十一日: 1.3)。

(E) 外匯風險承擔

本集團的大部分交易均以美元、港元或人民幣進行。為減低匯率波動引起的風險, 本集團已利用遠期外匯合約, 以管理本集團於回顧年內的外匯風險。

(F) 或然負債

於二零零七年十二月三十一日, 本集團並無任何重大或然負債。

(G) Charge on Assets

As at 31 December 2007, the Group's banking facilities were secured by guarantees given by the following assets: (a) the Group's bank deposits; (b) lessors' title to the leased assets under finance leases; and (c) a property situated in Hong Kong owned by the Group.

(H) Human Resources

As at 31 December 2007, the Group had approximately 2,300 full-time employees (31 December 2006: 2,133). The Group attributes its success to the hard work and dedication of its staff as a whole. Therefore, they are deemed to be the most valuable assets of the Group. In order to attract and retain high caliber staff, the Group provides competitive salary package, including retirement scheme, medical benefit and bonus. The Group's remuneration policy and structure is determined based on market trends, the performance of individual staff as well as the financial performance of the Group. The Group has also adopted a share option scheme as incentive and reward for those qualifying staff who have made contribution to the Group.

The Group provides regular training courses for different level of staff and holds various training programs together with PRC institutes and external training bodies. Apart from academic and technical training, the Group also organizes different kinds of recreational activities, including New Year gathering, various sport competitions and interest groups. The aim is to promote interaction among staff, establish harmonious team spirit and promote healthy lifestyle.

(I) Use of Proceeds

The Group was listed on the Main Board of the Stock Exchange on 27 June 2007. The net proceeds amounted to approximately HK\$274,400,000 would be applied for the purposes as set out in the Company's prospectus dated 12 June 2007. As at 31 December 2007, approximately HK\$56,163,000 was utilized for the expansion of production capacity, approximately HK\$25,499,000 was utilized for the first phase construction of a new industrial complex in Daya Bay, Huizhou, the PRC, approximately HK\$4,354,000 was utilized for research and development of production technologies, approximately HK\$18,380,000 for repayment of bank borrowings and the remaining balance of the net proceeds was placed in certain licensed banks in Hong Kong as short-term deposits.

(G) 資產抵押

於二零零七年十二月三十一日，本集團抵押下列資產作為銀行借貸及信貸融資的擔保：(a)本集團之銀行存款；(b)出租人按融資租約出租的資產業權；及(c)本集團擁有的香港物業。

(H) 人力資源

於二零零七年十二月三十一日，本集團約有2,300名全職僱員(二零零六年十二月三十一日：2,133名)。本集團之成功有賴全體僱員的表現和責任承擔，故此本集團把僱員視作為我們的核心資產。為了吸引及保留優秀員工，本集團提供具競爭力的薪酬，包括退休金計劃、醫療福利和花紅獎賞。本集團之薪酬政策及結構乃根據市場趨勢、個人工作表現以及本集團的財務表現而釐定。本集團亦已採納認購股權計劃，旨在向合資格僱員提供作為彼等對本集團所作出貢獻之鼓勵及獎賞。

本集團定期舉辦多項針對不同階層員工的培訓課程，並與多間國內專上學院及外間培訓機構合辦各種培訓計劃。除學術和技術培訓外，本集團舉辦了不同種類的文娛康樂活動，其中包括新春聯誼活動、各種體育比賽和興趣班等，目的為促進各部門員工之間的關係，建立和諧團隊精神及提倡健康生活。

(I) 所得款項用途

本集團於二零零七年六月二十七日在聯交所主板上市，共籌集淨資金約274,400,000港元，將撥作本公司於二零零七年六月十二日刊發的招股章程所述之用途。於二零零七年十二月三十一日，約56,163,000港元用作擴充產能，約25,499,000港元用作在中國惠州大亞灣興建新生產廠房第一期，約4,354,000港元用作研發生產技術，約18,380,000港元用作償還銀行借款，及集資所得款項淨額的剩餘部份以短期存款形式存放於若干香港之持牌銀行。

Executive Directors

Mr. Lee Yuen Fat, aged 52, is the Chairman of the Board, an Executive Director of the Company and a director of certain subsidiaries of the Company. Mr. Lee is responsible for the formulation of the overall business strategies of the Group. He has over 25 years of experience in the die casting industry. Mr. Lee holds a master degree in engineering from the Yanshan University. He was conferred an award of Honorary Fellowship by the Professional Validation Council of Hong Kong Industries. Mr. Lee was one of the founding members and was the Chairman of the Hong Kong Diecasting Association in 1989. He is the Honorary President of the Hong Kong Foundry Association, and is also the Vice-Director General of the Guangdong Mechanical Engineering Association Die Casting Branch and the Vice President of the Commerce Society of Pinghu Town, Shenzhen, PRC. Mr. Lee is currently a member of Hunan Provincial Committee of the Chinese People's Political Consultative Conference.

Dr. Keung Wing Ching, aged 56, is the Vice Chairman, the Chief Executive Officer and an Executive Director of the Company. He is primarily responsible for the overall management, as well as supervision of the execution of the overall business strategies of the Group. Dr. Keung graduated from the National Taiwan University with a bachelor degree in mechanical engineering. He obtained his master degree and doctorate degree in mechanical engineering from the University of Birmingham, the United Kingdom. Dr. Keung has over 25 years of experience in the fields of metal forming, mechanical processing and information technology. He is a Chartered Engineer, a professional member of the Institute of Materials, Minerals & Mining (UK) and a fellow member of the Hong Kong Institution of Engineers (HKIE).

Prior to joining the Group in 2005, he worked with the Hong Kong Productivity Council for more than 25 years and his last position was the Branch Director of Information Technology and Services.

Dr. Keung is also the Permanent Honorary President of the Hong Kong Diecasting Association, Permanent Honorary Chairman of the Hong Kong Foundry Association, a committee member of the Magnesium Alloy Development Team for Taiwan, Mainland China and Hong Kong (which was established jointly by China Non-ferrous Metals Industrial Association, the Hong Kong Productivity Council and Taiwan Metal Industry Research and Development Centre), President of the board of directors of Hong Kong Critical Components Manufacturers Association, and committee member of the Hong Kong Q Mark Council. Dr. Keung is currently an advisor of the Guangzhou Science & Technology Association and a member of Shandong Provincial Committee of the Chinese People's Political Consultative Conference. Dr. Keung is also currently an independent non-executive director of Fong's Industries Company Limited, a company whose shares are listed on the Stock Exchange.

執行董事

李遠發先生，52歲，本公司董事會主席、執行董事兼本公司若干附屬公司之董事。李先生負責制定本集團整體業務策略。彼擁有逾25年壓鑄業經驗，持有燕山大學工程碩士學位。此外，李先生獲香港工業專業評審局頒授榮譽院士。李先生為香港壓鑄學會創辦人之一，及後於一九八九年出任該會會長，並為香港鑄造業協會名譽主席、廣東省機械工程學會壓鑄分會副理事長及中國深圳市平湖鎮商會副會長。李先生現為中國人民政治協商會議湖南省委員會成員。

姜永正博士，56歲，本公司副主席、行政總裁兼執行董事，主要負責本集團的整體管理及監督整體業務策略的執行。姜博士畢業於國立台灣大學，持有機械工程學士學位，並在英國伯明翰大學取得機械工程碩士及博士學位，擁有逾25年金屬成型、機械加工及資訊科技經驗。姜博士為特許工程師、英國材料、礦物及採礦學會專業會員以及香港工程師學會資深會員。

於二零零五年加入本集團前，姜博士曾在香港生產力促進局工作逾25年，離職前曾任資訊科技及服務科總裁。

姜博士亦為香港壓鑄業協會永遠名譽主席、香港鑄造業協會永遠榮譽主席、台灣、中國大陸與香港鎂合金開發小組(由中國有色金屬工業協會、香港生產力促進局及台灣金屬工業研究發展中心共同成立)委員會成員、香港關鍵性零部件製造業協會理事會理事長及香港優質產品標誌局委員會成員。姜博士現時亦為廣州市科學技術協會顧問及中國人民政治協商會議山東省委員會成員。姜博士現為聯交所上市公司立信工業有限公司的獨立非執行董事。

Mr. Wong Wing Chuen, aged 46, is an Executive Director of the Company and a director of certain subsidiaries of the Company. Joined the Group in 1988, Mr. Wong is now responsible for the development of new products and production technologies. Mr. Wong has over 18 years' experience in die design and manufacturing and the die casting industry. He is an Associate of the Professional Validation Council of Hong Kong Industries.

Mr. Chan Tat Cheong Alan, aged 47, is an Executive Director, Company Secretary and Qualified Accountant of the Company. He is primarily responsible for overseeing the Group's accounting and financial affairs. Prior to joining the Group in 2003, Mr. Chan held a senior financial position with a listed company in Hong Kong for over 8 years and has over 20 years' experience in accounting, auditing and financial management. Mr. Chan holds a bachelor degree in accounting and financial analysis from the University of Newcastle Upon Tyne, the United Kingdom. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and a member of the American Institute of Certified Public Accountants.

Mr. Zhao Jian, aged 39, is an Executive Director of the Company. Mr. Zhao joined the Group in 1996 and is now responsible for the overall management of the Group's production facilities in the PRC. He has over 10 years of experience in the die casting industry. Mr. Zhao holds a master degree in business administration from the National University of Singapore. Prior to joining the Group in 1996, he has worked in the manufacturing, banking and catering industry.

Independent Non-executive Directors

Mr. Sun Kai Lit Cliff BBS, JP, aged 54, was appointed as an Independent Non-executive Director of the Company on 2 June 2007. He is the chairman of the remuneration committee as well as the nomination committee of the Company. Mr. Sun is an associate of the Institute of Industrial Engineers of Ohio and has over 28 years of experience in the household products manufacturing industry. Mr. Sun was appointed the Justice of the Peace in 2003 and was awarded the Bronze Bauhinia Star by the Hong Kong Government in 2006. Mr. Sun currently serves on the board of directors as an independent non-executive director of Ming Fai International Holdings Limited, a company whose shares are listed on the Stock Exchange.

Ir Dr. Lo Wai Kwok MH, JP, aged 55, was appointed as an Independent Non-executive Director of the Company on 2 June 2007. Ir Dr. Lo holds a doctorate degree in engineering, a master degree in engineering and business administration respectively and a bachelor degree in engineering. He is a Chartered Mechanical Engineer and Fellow of the Hong Kong Institute of Engineers. Ir Dr. Lo was awarded with the "Young Industrial Awards of Hong Kong" and the "Ten Outstanding Young Persons Selection" in 1992, the "Medal of Honour" of the Hong Kong Government in July 2001, and was appointed "Justice of the Peace" of the Hong Kong Government in July 2004.

黃永銓先生，46歲，本公司執行董事及本公司若干附屬公司之董事。黃先生於一九八八年加入本集團，現負責本集團新產品及生產技術的開發。黃先生擁有逾18年模具設計與製造及壓鑄業經驗，為香港工業專業評審局的副院士。

陳達昌先生，47歲，本公司執行董事、公司秘書兼合資格會計師，主要負責監督本集團會計及財務事宜。於二零零三年加入本集團前，陳先生曾在一家香港上市公司擔任高級財務職位逾八年及擁有逾20年會計、審計及財務管理經驗。陳先生持有英國紐卡素大學會計及財務分析學士學位，現為香港會計師公會資深會員及美國執業會計師公會會員。

趙健先生，39歲，本公司執行董事。趙先生於一九九六年加入本集團，現負責本集團於中國生產設施的整體管理，彼擁有逾10年壓鑄業經驗。趙先生持有新加坡國立大學工商管理碩士學位。於一九九六年加入本集團前，彼曾從事製造業、銀行業及餐飲業。

獨立非執行董事

孫啟烈先生BBS，太平紳士，54歲，於二零零七年六月二日獲委任為本公司之獨立非執行董事。彼為本公司薪酬委員會及提名委員會主席。孫先生為俄亥俄州工業工程師學會會員，於家居用品製造業擁有逾28年經驗。孫先生於二零零三年獲頒太平紳士榮譽，並於二零零六年獲香港政府頒發銅紫荊星章。孫先生現為聯交所上市之明輝國際控股有限公司擔任獨立非執行董事。

盧偉國博士MH，太平紳士，55歲，於二零零七年六月二日獲委任為本公司之獨立非執行董事。盧博士持有工程學博士學位、工程及工商管理碩士學位與工程學士學位，並為機械工程特許工程師及香港工程師學會資深會員。盧博士為一九九二年「香港青年工業家獎」及「十大傑出青年選舉」與二零零一年七月香港政府「榮譽勳章」的得獎者，更於二零零四年七月獲香港政府委任為「太平紳士」。

Dr. Lo was appointed as the managing director of Surface Mount Technology (Holdings) Limited in December 2006, a company listed on the Singapore Exchange Securities Trading Limited, and has over 30 years of experience in the electronic and power supply industry. He is an Adjunct Professor of the City University of Hong Kong and a Guest Professor of the University of Electronic Science and Technology Zhongshan College.

Mr. Yeow Hoe Ann John, aged 67, was appointed as an Independent Non-executive Director of the Company on 2 June 2007. He is the chairman of the audit committee of the Company. Mr. Yeow is a fellow member of both CPA Australia and the Hong Kong Institute of Company Secretaries, and a member of both the Institute of Chartered Accountants in Australia and the Hong Kong Institute of Certified Public Accountants.

Mr. Yeow previously worked for Price Waterhouse & Co. in Australia from 1969 to 1974 and KPMG in Hong Kong from 1974 to 1976 and was the Chief Accountant of the Hong Kong Trade Development Council from 1976 to 1987. In 1988, Mr. Yeow joined the Hong Kong Productivity Council and became the general manager in finance until his retirement in 2005.

SENIOR MANAGEMENT

Mr. Chan Sin Wing, aged 35, joined the Group in 2004 and is the director of sales and marketing of the Group. He is primarily responsible for overseeing the sales and marketing activities of the Group. Mr. Chan holds a master degree in industrial engineering and industrial management and a bachelor degree in engineering from the University of Hong Kong. Prior to joining the Group, he worked as a consultant of the Hong Kong Productivity Council for over 9 years.

Mr. Ng Mang Nga, aged 42, joined the Group in 2003 and is the general manager of the Group's subsidiary, Ka Fung Metal Manufactory Company Limited. He is responsible for the overall supervision of the operation of the Processing Factory in the PRC and has over 15 years' experience in the field of manufacturing.

Ms. Chan So Wah, aged 49, joined the Group in 1999. She is the general manager of the Group's subsidiary, Ka Shui Manufactory Co., Limited and is responsible for its overall management. Ms. Chan has over 18 years' experience in sales and is the sister-in-law of Mr. Lee Yuen Fat.

Mr. Li Yuen Wah, aged 50, joined the Group in 2004 and is the manager in charge of information technology of the Group. Mr. Li is responsible for the administration and operation of the management information system of the Group. He is the younger brother of Mr. Lee Yuen Fat.

盧博士於二零零六年十二月獲委任為新加坡證券交易所有限公司上市的新進科技集團有限公司的董事總經理，彼於電子及電力供應業積累超過30年經驗。彼分別於香港城市大學與電子科技大學中山學院出任兼任教授及客席教授。

姚和安先生，67歲，於二零零七年六月二日獲委任為本公司之獨立非執行董事。彼為本公司審核委員會主席。姚先生為澳洲會計師公會及香港公司秘書公會資深會員，並為澳洲特許會計師公會及香港會計師公會會員。

姚先生曾於一九六九年至一九七四年在澳洲羅兵咸會計師事務所及於一九七四年至一九七六年在香港畢馬威會計師事務所任職。於一九七六年至一九八七年，姚先生擔任香港貿易發展局首席會計師。一九八八年，姚先生加入香港生產力促進局，擔任財務部總經理，直至二零零五年退休。

高級管理人員

陳善榮先生，35歲，於二零零四年加入本集團，為本集團銷售及市場推廣總監，主要負責監督本集團的銷售及市場推廣工作。陳先生持有工業工程及工業管理碩士學位及香港大學工程學士學位。加入本集團前，陳先生曾任香港生產力促進局顧問逾九年。

吳萌芽先生，42歲，於二零零三年加入本集團，為本集團附屬公司嘉豐金屬製品廠有限公司總經理，負責監督位於國內加工廠的整體營運，彼擁有超過15年製造業經驗。

陳素華女士，49歲，於一九九九年加入本集團，為本集團附屬公司嘉瑞製品有限公司總經理，負責其整體管理，彼擁有逾18年銷售經驗，為李遠發先生的弟婦。

李遠華先生，50歲，於二零零四年加入本集團，為本集團資訊科技經理，負責本集團管理資訊系統的行政及運作，為李遠發先生的胞弟。

Mr. Chan Ngan Po, aged 38, joined the Group in 2003 and is the assistant general manager of our Group's subsidiary, MG Technology (Shenzhen) Company Limited. He is responsible for the administration and supervision of the production and quality control functions. Mr. Chan has over 10 years' experience in quality assurance and holds a master degree in engineering business management from the University of Warwick in the United Kingdom.

Mr. Choi Sik Sheung, aged 40, joined the Group in 2004 and is the manager in charge of research and development of the Group. Mr. Choi has over 15 years' experience in project management and holds a master degree in manufacturing systems engineering from the University of Warwick in the United Kingdom.

Mr. Li Liang Jin, aged 41, joined the Group in 1992 and is the sales engineering manager of the Group. Mr. Li holds a bachelor degree in mechanical engineering from the Guang Xi University and has over 15 years' experience in the field of engineering.

陳雁波先生，38歲，於二零零三年加入本集團，為本集團附屬公司創金美科技(深圳)有限公司副總經理，負責生產與品質監控的行政及管理工作，彼擁有逾10年品質檢定經驗，持有英國華威大學工程商業管理碩士學位。

蔡適常先生，40歲，於二零零四年加入本集團，為本集團研發部經理。蔡先生擁有逾15年項目管理經驗，持有英國華威大學生產系統工程碩士學位。

李良進先生，41歲，於一九九二年加入本集團，為本集團銷售工程經理。彼持有廣西大學機械工程學士學位，擁有逾15年工程方面的經驗。

The directors have pleasure in submitting their report together with the audited consolidated financial statements of Ka Shui International Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") for the year ended 31 December 2007.

PRINCIPAL ACTIVITIES

The Group is principally engaged in the manufacture of zinc, magnesium and aluminium alloy die casting components which are mainly sold to customers engaging in the household products, 3C (communication, computer and consumer electronics) products and automotive parts industries. The activities of the subsidiaries are set out in note 40 to the consolidated financial statements.

GROUP REORGANISATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands on 7 January 2005.

Pursuant to a group reorganisation (the "Group Reorganisation"), the Company became the holding company of the companies now comprising the Group on 31 May 2007. Further details of the Group Reorganisation are set out in the paragraph headed "Corporate Reorganisation" in Appendix V of the Company's prospectus dated 12 June 2007 (the "Prospectus"). The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 27 June 2007 (the "Listing Date").

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated income statement on page 33.

An interim dividend of HK1.2 cents per share was paid on 15 October 2007. The board of directors of the Company recommends the payment of a final dividend of HK0.9 cents per share to the shareholders whose names appear on the register of members of the Company on 5 June 2008.

RESERVES

Movements in reserves during the year are set out in the consolidated statement of changes in equity on page 36.

As at 31 December 2007, the Company's reserves available for distribution amounted to approximately HK\$204,814,000.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the year are set out in note 14 to the consolidated financial statements.

董事欣然提呈嘉瑞國際控股有限公司(「本公司」)及其附屬公司(統稱「本集團」)截至二零零七年十二月三十一日止年度之董事會報告及經審核綜合財務報表。

主要業務

本集團以生產鋅、鎂及鋁合金壓鑄件為主，主要售予從事家居用品、3C(通訊、電腦及消費者電子)產品及汽車零部件業的客戶。附屬公司之主要業務載於綜合財務報表附註40。

集團重組

本公司於二零零五年一月七日根據開曼群島公司法在開曼群島註冊成立為受豁免有限公司。

根據集團重組(「集團重組」)，本公司於二零零七年五月三十一日成為現時組成本集團各成員公司的控股公司。有關集團重組的進一步詳情，載於本公司在二零零七年六月十二日所刊發的售股章程(「售股章程」)附錄五「企業重組」一段。本公司的股份於二零零七年六月二十七日(「上市日期」)在香港聯合交易所有限公司(「聯交所」)主板上市。

業績及分派

本集團於年內之業績載於第33頁之綜合損益表內。

中期股息每股1.2港仙已於二零零七年十月十五日派發。董事會建議派付末期股息每股0.9港仙予於二零零八年六月五日名列本公司股東名冊之股東。

儲備

本年度內，儲備之變動情況載於第36頁之綜合權益變動表。

於二零零七年十二月三十一日，本公司之可供分派儲備約為204,814,000港元。

物業、機器及設備

本集團之物業、機器及設備於本年度內之變動詳情載於綜合財務報表附註14。

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the percentage of the Group's major customers and suppliers attributable to the Group's total sales and total purchases were as follows:

Sales	
– the largest customer	37.6%
– five largest customers combined	66.3%
Purchases	
– the largest supplier	8.0%
– five largest suppliers combined	30.1%

None of the directors, their associates or any shareholders (which to the knowledge of the directors owns more than 5% of the Company's share capital) had an interest in the Group's five largest customers and suppliers.

FINANCIAL SUMMARY

A summary of the results of the Group for the past four financial years ended 31 December 2007 and assets and liabilities of the Group as at 31 December 2004, 2005, 2006 and 2007 are set out on page 104.

SHARE CAPITAL

Details of the movements in share capital of the Company during the year are shown in note 33 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association and the Companies Law of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities of the Company.

主要客戶及供應商

於本年度內，本集團之主要客戶及供應商應佔總營業額及總採購額之百分比如下：

銷售	
– 最大客戶	37.6%
– 五大客戶合計	66.3%
採購	
– 最大供應商	8.0%
– 五大供應商合計	30.1%

概無任何本公司董事、聯繫人士或據董事所知擁有本公司股本5%以上權益之任何股東於本集團首五大客戶及供應商擁有權益。

財務概要

本集團於截至二零零七年十二月三十一日止過往四個財政年度之業績以及本集團於二零零四年、二零零五年、二零零六年及二零零七年十二月三十一日之資產及負債的概要載於第104頁。

股本

本公司之股本於本年度內之變動詳情載於綜合財務報表附註33。

股份優先購買權

本公司之組織章程細則及開曼群島之公司法中並無股份優先購買權之條文，規定本公司必須按比例發售新股予現有股東。

購買、出售或贖回本公司之上市證券

於本年度內，本公司及其任何附屬公司概無購買、出售或贖回本公司任何上市證券。

THE BOARD

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

Executive Directors

Mr. Lee Yuen Fat (*Chairman*)
 Dr. Keung Wing Ching (*Vice Chairman and Chief Executive Officer*)
 Mr. Wong Wing Chuen
 Mr. Chan Tat Cheong, Alan
 Mr. Zhao Jian

Independent non-executive directors

Mr. Sun Kai Lit Cliff *BBS, JP*
 Ir Dr. Lo Wai Kwok *MH, JP*
 Mr. Yeow Hoe Ann John

The biographical details of the directors are set out on page 13 to 15 of this annual report.

In accordance with Article 112 of the Company's Articles of Association, Mr. Lee Yuen Fat, Dr. Keung Wing Ching, Mr. Wong Wing Chuen, Mr. Chan Tat Cheong Alan, Mr. Zhao Jian, Mr. Sun Kai Lit Cliff *BBS, JP*, Ir Dr. Lo Wai Kwok *MH, JP* and Mr. Yeow Hoe Ann John will retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

DIRECTORS' SERVICE CONTRACTS

The directors being proposed for re-election at the forthcoming annual general meeting do not have any service contract with the Company which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed under the section headed "Continuing Connected Transactions" set out on page 26, there was no contract of significance, to which the Company, its holding company, any of its subsidiaries or fellow subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted during or at the end of the year.

MANAGEMENT CONTRACTS

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

董事會

於本年度內及截至本報告日期止，本公司之董事為：

執行董事

李遠發先生 (主席)
 姜永正博士 (副主席兼行政總裁)
 黃永銓先生
 陳達昌先生
 趙健先生

獨立非執行董事

孫啟烈先生 *BBS, 太平紳士*
 盧偉國博士 *MH, 太平紳士*
 姚和安先生

董事之履歷詳情載列於本年報之第13至第15頁。

根據本公司組織章程細則第112條，李遠發先生、姜永正博士、黃永銓先生、陳達昌先生、趙健先生、孫啟烈先生 *BBS, 太平紳士*、盧偉國博士 *MH, 太平紳士* 及姚和安先生於即將舉行之股東週年大會上退任，惟彼等均符合資格並願意膺選連任。

董事之服務合約

擬於即將召開之股東週年大會上膺選連任之董事，概無與本公司訂立本集團不可於一年內毋須賠償 (法定補償除外) 而終止之服務合約。

董事之合約權益

除列載於第26頁之「持續關連交易」一節所披露者外，本公司、其控股公司、其任何附屬公司或同系附屬公司概無參與訂立本公司董事直接或間接擁有重大權益，而於年內或年終仍屬有效之重大合約。

管理合約

本年度內，本公司並無訂立或進行任何與本公司全部或重要業務有關之管理及行政合約。

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2007, the interests and short positions of the directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO); or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the “Model Code”) in the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) were as follows:

Long Positions in the Shares

Name of Director 董事姓名	Capacity 身份	Number of Shares 股份數目	Approximate percentage of interest in the Company
			佔本公司權益 概約百分比
Mr. Lee Yuen Fat (“Mr. Lee”) 李遠發先生(「李先生」)	Interest in controlled company ⁽¹⁾ 受控制公司權益 ⁽¹⁾	607,200,000	69%
	Beneficial owner 實益擁有人	1,320,000 ⁽²⁾	0.15%
Dr. Keung Wing Ching 姜永正博士	Beneficial owner 實益擁有人	20,262,000 880,000 ⁽²⁾	2.30% 0.10%
Mr. Wong Wing Chuen 黃永銓先生	Beneficial owner 實益擁有人	18,480,000 880,000 ⁽²⁾	2.10% 0.10%
Mr. Chan Tat Cheong, Alan 陳達昌先生	Beneficial owner 實益擁有人	7,029,000 880,000 ⁽²⁾	0.80% 0.10%
Mr. Zhao Jian 趙健先生	Beneficial owner 實益擁有人	7,029,000 880,000 ⁽²⁾	0.80% 0.10%

董事及主要行政人員於本公司及其相聯法團之股份、相關股份及債券的權益及短倉

於二零零七年十二月三十一日，本公司董事及主要行政人員，於本公司及其相聯法團（定義見證券及期貨條例（「證券及期貨條例」）第XV部）之股份、相關股份及債券中，擁有根據證券及期貨條例第XV部第7及8分部須知會本公司及聯交所之權益及短倉（包括根據證券及期貨條例該等條文被當作或被視為擁有之任何權益及短倉）；或根據證券及期貨條例第352條須記錄在該條所述登記冊之權益及短倉；或根據聯交所證券上市規則（「上市規則」）上市公司董事進行證券交易的標準守則（「標準守則」）須知會本公司及聯交所之權益及短倉如下：

股份之長倉

Notes:

1. Mr. Lee holds the entire issued share capital of Precisefull Limited ("Precisefull"). As such, Mr. Lee is deemed to have a controlling interest in Precisefull and is therefore deemed to be interested in the interests of Precisefull in the Company.
2. Such interest in shares was held pursuant to options granted under the pre-IPO share option scheme, details of which are described in the section headed "Share Option Scheme" in this report set out on page 23 to 25.

Save as disclosed above, as at 31 December 2007, none of the directors and chief executives of the Company had any interests or short positions in shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO) or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or were required to be notified to the Company and the Stock Exchange, pursuant to the Model Code in the Listing Rules.

附註：

1. 李先生持有 Precisefull Limited (「Precisefull」) 全部已發行股本。因此，李先生被視為擁有 Precisefull 的控制性權益，並因此視為擁有 Precisefull 所持有的本公司權益。
2. 該等股份權益乃根據首次公開發售前購股權計劃所授出購股權持有，有關詳情載於本報告第23至第25頁之「購股權計劃」一節。

除上文所披露者外，於二零零七年十二月三十一日，概無本公司董事及主要行政人員於本公司及其任何相聯法團(定義見證券及期貨條例第XV部)之股份、相關股份及債券中擁有任何根據證券及期貨條例第XV部第7及8分部須知會本公司及聯交所之權益或短倉(包括彼等根據證券及期貨條例該等條文被當作或視為擁有之權益及短倉)；或根據證券及期貨條例第352條須記錄於該條所述之登記冊之權益及短倉；或根據標準守則須知會本公司及聯交所之權益及短倉。

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2007, the following persons, other than the directors or chief executives of the Company, who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, or which were required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein, were as follows:

Long Positions in the Shares

Name 名稱	Capacity 身份	Number of Shares 股份數目	Approximate percentage of interest in the Company 佔本公司權益概約百分比
Precisefull	Beneficial owner 實益擁有人	607,200,000 ⁽¹⁾	69%

Notes:

- Mr. Lee holds the entire issued share capital of Precisefull. As such, Mr. Lee is deemed to have a controlling interest in Precisefull and is therefore deemed to be interested in the interests of Precisefull in the Company.

Save as disclosed above, at no time during the year, the directors and the chief executives of the Company were aware of any other persons (other than the directors or chief executives of the Company) who had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO, or, who were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, or were required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

主要股東於本公司及其相聯法團之股份、相關股份及債券的權益及短倉

於二零零七年十二月三十一日，下列人士（本公司董事或主要行政人員除外）於本公司股份或相關股份中，擁有根據證券及期貨條例第XV部第2及3分部須向本公司披露之權益或短倉，或直接或間接擁有可於任何情況下在本公司股東大會投票之任何類別股本面值5%或以上之權益或短倉，或擁有根據證券及期貨條例第336條須記錄在該條所述登記冊之權益或短倉：

股份之長倉

Name 名稱	Capacity 身份	Number of Shares 股份數目	Approximate percentage of interest in the Company 佔本公司權益概約百分比
Precisefull	Beneficial owner 實益擁有人	607,200,000 ⁽¹⁾	69%

附註：

- 李先生持有Precisefull全部已發行股本。因此，李先生被視為擁有Precisefull的控制性權益，並因此視為擁有Precisefull所持有的本公司權益。

除上文所披露者外，於本年度內，本公司董事及主要行政人員並不知悉任何其他人士（本公司董事或主要行政人員除外）於本公司之股份及相關股份中擁有須根據證券及期貨條例第XV部第2及第3分部披露之權益或短倉，或直接或間接擁有可於任何情況下在本公司股東大會投票之任何類別股本面值5%或以上權益，或擁有根據證券及期貨條例第336條須記錄在該條所述登記冊之權益或短倉。

SHARE OPTION SCHEME

1. Pre-IPO Share Option Scheme

On 1 June 2007, an aggregate of 59 pre-IPO share options of 22,000,000 shares were granted to selected persons as incentives or rewards for their contribution to the Group. Details of the options granted under the pre-IPO share option scheme during the year were as follows:

購股權計劃

1. 首次公開發售前購股權計劃

於二零零七年六月一日，合共59份有關22,000,000股股份之首次公開發售前購股權已授予選定人士，作為彼等對本集團所作出貢獻之獎勵或獎賞。於年內，根據首次公開發售前購股權計劃授出之購股權詳情如下：

Category of Grantee/Name 承授人類別／姓名	Date of grant 授出日期	Exercise Price (HK\$) 行使價 (港元)	Exercise Period 行使期	Number of shares options 購股權數目		
				As at 01/06/07 於二零零七年 六月一日	Exercised/ Lapsed/ Cancelled during the year 於年內行使／ 失效／註銷	Outstanding as at 31/12/07 於二零零七年 十二月三十一日 尚未行使
Executive Directors 執行董事						
Mr. Lee 李先生	01/06/2007	0.81	27/06/2008 – 26/06/2011	1,320,000	–	1,320,000
Dr. Keung Wing Ching 姜永正博士	01/06/2007	0.81	27/06/2008 – 26/06/2011	880,000	–	880,000
Mr. Wong Wing Chuen 黃永銓先生	01/06/2007	0.81	27/06/2008 – 26/06/2011	880,000	–	880,000
Mr. Chan Tat Cheong, Alan 陳達昌先生	01/06/2007	0.81	27/06/2008 – 26/06/2011	880,000	–	880,000
Mr. Zhao Jian 趙健先生	01/06/2007	0.81	27/06/2008 – 26/06/2011	880,000	–	880,000
Others 其他						
Employees 僱員	01/06/2007	0.81	27/06/2008 – 26/06/2011	17,160,000	880,000	16,280,000

All grantees of the pre-IPO share options may only exercise the pre-IPO share options granted to them as follows:

所有首次公開發售前購股權之承授人僅可按以下方式行使首次公開發售前購股權：

Period 期間	Maximum aggregate percentage of shares that are issuable upon exercise of the pre-IPO share option granted to each grantee 各承授人行使獲授之首次公開發 售前購股權而可予發行的 股份總百分比上限
From the Listing Date to the date immediately before the first anniversary (the "First Anniversary") of the Listing Date 上市日期至上市日期起計滿一周年當日(「一周年當日」)的前一日	0%
From the First Anniversary to the date immediately before the second anniversary (the "Second Anniversary") of the Listing Date 一周年當日至上市日期起計滿兩周年當日(「兩周年當日」)的前一日	30%
From the Second Anniversary to the date immediately before the third anniversary (the "Third Anniversary") of the Listing Date 兩周年當日至上市日期起計滿三周年當日(「三周年當日」)的前一日	60%
From the Third Anniversary to the date immediately before the fourth anniversary of the Listing Date 三周年當日至上市日期起計滿四周年當日的前一日	100%
Save as disclosed above, no further options were granted under the pre-IPO share option scheme.	

除上文披露者外，概無根據首次公開發售前購股權計劃進一步授出任何購股權。

2. Share Option Scheme

A share option scheme (the "Share Option Scheme") was adopted pursuant to the written resolutions passed by the shareholders of the Company on 2 June 2007. The purpose of the Share Option Scheme is to provide incentives and rewards to selected eligible persons for their contributions to the Group. The Share Option Scheme will remain valid until 1 June 2017 and each option will be granted at a consideration of HK\$10.

The participants of the Share Option Scheme may include directors, employees, consultants, professionals, customers, suppliers, agents, partners, advisors and contractors of the Group or a company in which the Group holds an interest or a subsidiary of such company.

2. 購股權計劃

一項購股權計劃(「購股權計劃」)於二零零七年六月二日根據本公司股東通過之書面決議案獲採納。購股權計劃旨在向選定人士提供作為彼等對本集團所作出貢獻之獎勵或獎賞。購股權計劃將一直有效至二零一七年六月一日及每一購股權將以代價10港元授出。

購股權計劃之參與者包括本集團或本集團持有權益公司或該公司的附屬公司之董事、僱員、顧問、專業人士、客戶、供應商、代理商、合作伙伴、諮詢人及承辦商。

The maximum number of shares which may be issued upon the exercise of all options to be granted under the Share Option Scheme and under any other share option scheme(s) adopted by the Company must not in aggregate exceed 10% of the aggregate of the shares at the time of listing. In addition, the maximum number of shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other schemes involving the issue or grant of share options by the Company must not, in aggregate, exceed 30% of the shares in issue from time to time.

The total number of shares issued and to be issued upon exercise of the options already granted or to be granted to each participant under the Share Option Scheme and any other share option scheme(s) of the Company (including exercised and outstanding share options) in any 12-month period up to and including the date of such grant should not exceed 1% aggregate of the shares in issue as at the date of such grant. Any grant of further options above this 1% limit shall be subject to approval by the shareholders of the Company at general meetings, with such participant and his associates abstaining from voting.

The subscription price for any share under the Share Option Scheme will be a price determined by the Board and will be not less than the highest of:

- (i) the closing price of a share as stated in the Stock Exchange's daily quotations sheet on the date of grant of the relevant option, which must be a business day;
- (ii) an amount equivalent to the average closing price of a share as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant of the relevant option; and
- (iii) the nominal value of a share on the date of the grant.

During the year, no options had been granted under the Share Option Scheme.

COMPETING BUSINESS

Each of Mr. Lee Yuen Fat and Precisefull has provided a written confirmation, which has been reviewed and confirmed by the independent non-executive directors of the Company, confirming that they have complied with the terms of a Deed of Non-competition entered into between them and the Company for the period from the Listing Date to 31 December 2007.

根據購股權計劃及本公司所採納之其他購股權計劃將予授出之購股權獲悉數行使時可能發行之股份數目，最高不得超過於上市時股份總數之10%。此外，根據購股權計劃及任何涉及發行或授出本公司購股權的購股權計劃已授出但尚未行使或將予行使之購股權獲行使時可能發行之股份數目，合共不得超過本公司不時已發行股本之30%。

根據購股權計劃及本公司所採納之其他購股權計劃向各參與者已授出或將予授出之購股權(包括已行使及尚未行使之購股權)獲行使而於任何12個月期間(包括授予當日)已發行及將予發行之股份總數，不得超過授出日期已發行股份總數之1%。任何進一步授予超過1%上限之購股權必須於股東大會上獲股東批准，而有關參與者及其聯繫人士須放棄投票。

購股權計劃項下股份的認購價將由董事會決定，惟該價格不得低於以下最高者：

- (i) 授出有關購股權日期(須為營業日)聯交所每日報價表所列股份收市價；
- (ii) 緊接授出有關購股權日期前五個營業日聯交所每日報價表所列股份平均收市價；及
- (iii) 授出日期股份之面值。

於本年度內，概無根據購股權計劃授出任何購股權。

競爭業務

李遠發先生及Precisefull各自已提供書面確認，並由本公司獨立非執行董事審閱及確認，彼等於上市日期起至二零零七年十二月三十一日止期間內已遵守本公司與彼等所訂立之不可競爭契據之條款。

CONTINUING CONNECTED TRANSACTIONS

On 2 June 2007, the Group entered into a purchase agreement with Chit Shun Machinery Limited ("Chit Shun") for a term of three years commencing from the Listing Date until 31 December 2009, in relation to the purchase of certain die casting machines and parts (together with the maintenance services). Chit Shun is a limited liability company incorporated in Hong Kong and beneficially owned by Mr. Lee and an independent third party, in equal share. Mr. Lee has nominated a director to the board of Chit Shun. Besides, Mr. Chan Tat Cheong, Alan (as a representative of Mr. Lee) sits on the board of a wholly-owned subsidiary of Chit Shun established in the PRC. Since Mr. Lee is a director and controlling shareholder of Chit Shun, Chit Shun is a connected person of the Company (as defined in the Listing Rules). Accordingly, the transactions between the Group and Chit Shun constitute continuing connected transactions (the "Chit Shun Transactions") of the Group. The Stock Exchange has granted the Company a waiver from strict compliance with the announcement and independent shareholders' approval requirement under Chapter 14A of the Listing Rules for a period of three financial years ending 31 December 2009.

For the year ended 31 December 2007, Chit Shun Transactions totalled approximately HK\$5,831,000.

The auditor of the Company has performed certain agreed upon procedures in respect of the continuing connected transactions of the Group and reported to the Board that the Chit Shun Transactions:

1. have received the approval from the Board;
2. have been entered into in accordance with the relevant agreements governing the transactions; and
3. have not exceeded the caps as disclosed in the Company's Prospectus.

The independent non-executive directors of the Company have reviewed the Chit Shun Transactions and confirmed that they have been entered into:

1. in the ordinary and usual course of business of the Group;
2. either on normal commercial terms or, if there are no sufficient comparables to judge whether they are on normal commercial terms, on terms no less favourable to the Company than terms available from other independent parties; and
3. in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

持續關連交易

於二零零七年六月二日，本集團與捷迅機械設備有限公司（「捷迅」）就採購若干壓鑄機器與零部件（連同維修服務）訂立購買協議，年期由上市日期起至二零零九年十二月三十一日止，為期三年。捷迅為香港註冊成立的有限公司，由李先生及一名獨立第三方按等額權益實益擁有。李先生曾向捷迅董事會提名董事人選。另外，陳達昌先生（李先生的代表）為捷迅於中國成立的全資附屬公司之董事。因李先生為捷迅之董事兼控股股東，故捷迅為本公司的關連人士（定義見上市規則）。故此，本集團與捷迅之交易構成本集團之持續關連交易（「捷迅交易」）。聯交所已授予本公司豁免，無須嚴格遵守上市規則第14A章有關公告及取得獨立股東批准的規定，為期截至二零零九年十二月三十一日止三個財政年度。

截至二零零七年十二月三十一日止年度，捷迅交易之總額約為5,831,000港元。

本公司核數師就本集團之持續關連交易執行若干協定程序，並已向董事會匯報捷迅交易：

1. 已取得董事會批准；
2. 已按照監管有關交易的相關協議訂立；及
3. 並無超逾本公司之招股章程所披露的上限。

本公司獨立非執行董事已審核捷迅交易並確認該等交易：

1. 屬本集團的日常業務；
2. 按照一般商務條款進行，或如可供比較的交易不足以判斷該等交易的條款是否一般商務條款，則對本公司而言，該等交易的條款不遜於獨立第三方所提供的條款；及
3. 是根據監管該等交易之有關協議條款進行，而交易條款公平合理，並且符合本公司股東的整體利益。

PUBLIC FLOAT

As at the date of this report, the Company has maintained the prescribed public float required under the Listing Rules, based on the information that is publicly available to the Company and within the knowledge of the directors.

POST BALANCE SHEET EVENTS

Details of post balance sheet events are set out in note 41 to the consolidated financial statements.

AUDITOR

RSM Nelson Wheeler shall retire and being eligible, offer themselves for re-appointment, and a resolution to this effect will be proposed at the forthcoming annual general meeting.

By order of the Board

Lee Yuen Fat

Chairman

Hong Kong, 18 April 2008

公眾持股量

於本報告日，根據本公司可以得悉之公開資料及本公司董事亦知悉之情況下，本公司已按上市規則之要求，維持足夠公眾持股量。

結算日後事項

結算日後事項詳情載於綜合財務報表附註41。

核數師

羅申美會計師行將退任，惟願意膺選連任，而重聘彼等之有關決議案於即將舉行之股東週年大會上提呈。

承董事會命

李遠發

主席

香港，二零零八年四月十八日

The board of directors (the “Board”) believes that good corporate governance practices are essential for promoting investors’ confidence and maximizing shareholders’ returns. Since the Company’s listing on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) in June 2007, the Board is committed to maintaining a high standard of corporate governance.

The Company’s corporate governance practices are based on the principles and code provisions as set out in the Code on Corporate Governance Practices (the “CG Code”) contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”). Since its listing on the Stock Exchange in June 2007, the Company is in compliance with all the code provisions of the CG Code.

The Board

The Board is collectively responsible for formulating the Group’s overall business strategies, monitoring and evaluating its operating and financial performance and reviewing the corporate governance standard of the Company.

The Board comprises eight directors, including five executive directors and three independent non-executive directors. For the period from the date of listing on 27 June 2007 to 31 December 2007 (the “Reviewed Period”), the Board held one meeting at which all directors were present.

The Board members have no financial, business, family or other material/relevant relationships with each other.

Each of the independent non-executive directors has confirmed in writing his independence from the Company in accordance with the guidelines on director independence of the Listing Rules. On this basis, the Company considers all such directors to be independent.

All the independent non-executive directors were appointed for a specific term of two years commencing from 2 June 2007 and subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the Articles of Association of the Company.

Biographical details of the directors of the Company as at the date of this report are set out on page 13 to 15 of this annual report.

本公司董事會(「董事會」)相信良好之企業管治守則對於提高投資者的信心和增加股東的回報至為重要。自本公司於二零零七年六月在香港聯合交易所有限公司(「聯交所」)上市以來，董事會致力維持高水平的企業管治。

本公司之企業管治守則乃以聯交所證券上市規則(「上市規則」)附錄十四《企業管治常規守規》(「企業管治守則」)之原則及守則條文為基礎，自二零零七年六月上市以來，本公司已遵守企業管治守則中的所有守則條文。

董事會

董事會共同負責制訂本集團之整體業務策略，及監管和評估本集團其營運與財務上之表現，並檢討本公司之企業管治水平。

董事會由八名董事組成，包括五名執行董事及三名獨立非執行董事。於二零零七年六月二十七日上市後起至二零零七年十二月三十一日止期內(「回顧期內」)，董事會舉行了一次會議，所有董事均有出席。

各董事會成員之間並沒有財務、業務、親屬或其他重大或相關之關係。

各獨立非執行董事已根據上市規則的規定就其獨立性作出書面確認；因此，本公司認為該等董事確屬獨立人士。

所有獨立非執行董事之指定任期為兩年，任期由二零零七年六月二日開始。彼等須按照本公司組織章程細則的條文在本公司之股東週年大會上輪值告退及膺選連任。

於本報告日，本公司董事之個人資料詳載於本年報第13至第15頁。

Chairman and Chief Executive Officer

The roles of chairman and chief executive officer of the Company are segregated and are not performed by the same person. Mr. Lee Yuen Fat, the Chairman, is responsible for the leadership and effective running of the Board while Dr. Keung Wing Ching, the Vice Chairman and Chief Executive Officer, is responsible for the overall management and supervision of the execution of the overall business strategies of the Group.

Audit Committee

The Company established the Audit Committee in June 2007. The primary duties of the Audit Committee are to review and approve the financial reporting process and internal control system of the Group as well as to provide advice and comments to the Board. The Audit Committee comprises three independent non-executive directors, namely Mr. Yeow Hoe Ann John, Mr. Sun Kai Lit Cliff BBS, JP and Ir Dr. Lo Wai Kwok MH, JP and is chaired by Mr. Yeow Hoe Ann John, a qualified accountant with extensive experience in financial reporting and controls.

During the Reviewed Period, the Audit Committee held one meeting with full attendance. At the meeting, it reviewed the interim accounts for the six months ended 30 June 2007 with the external auditor and discussed on the internal control matters.

Nomination Committee

The Nomination Committee was set up in June 2007 and is mainly responsible for making recommendations to the Board on the appointment of directors and the management of the Board succession. The members of the Nomination Committee are Mr. Sun Kai Lit Cliff BBS, JP, Ir Dr. Lo Wai Kwok MH, JP, Mr. Yeow Hoe Ann John and Dr. Keung Wing Ching. Mr. Sun Kai Lit Cliff BBS, JP is the Chairman of the Nomination Committee.

During the Reviewed Period, the Nomination Committee did not hold any meeting as no nomination of director was required.

Remuneration Committee

The Company established the Remuneration Committee in June 2007. The major duties of the Remuneration Committee include reviewing and determining the terms of remuneration packages, the award of bonuses and other compensation payable to directors and senior management. The Remuneration Committee consists of Mr. Sun Kai Lit Cliff BBS, JP, Ir Dr. Lo Wai Kwok MH, JP, Mr. Yeow Hoe Ann John and Dr. Keung Wing Ching. The Chairman of the Remuneration Committee is Mr. Sun Kai Lit, Cliff BBS, JP, an independent non-executive director.

During the Reviewed Period, there had not been any changes to the remuneration packages of the existing directors and therefore the Remuneration Committee did not hold any meeting in 2007.

主席及行政總裁

本公司主席及行政總裁之角色已分開及不是由同一人出任。李遠發先生為本公司主席，負責領導及有效地管理董事會；而姜永正博士為本公司副主席兼行政總裁，負責本集團的整體管理及監督整體業務策略的執行。

審核委員會

本公司於二零零七年六月成立審核委員會。審核委員會之主要職責為審閱及批准本集團之財務報告程序及內部監控系統，並向董事會提供建議及意見。審核委員會由三名獨立非執行董事組成，分別為姚和安先生、孫啟烈先生BBS，太平紳士及盧偉國博士MH，太平紳士，而姚和安先生為審核委員會之主席，彼為合資格會計師，於財務報告及控制擁有豐富經驗。

於回顧期內，審核委員會舉行了一次會議，全體成員均有出席。於有關會議上，該委員會與外聘核數師審閱截至二零零七年六月三十日止六個月中期賬目及討論內部監控事項。

提名委員會

提名委員會於二零零七年六月成立，主要負責就委任董事及管理董事會之繼任事項向董事會提供意見。提名委員會之成員包括孫啟烈先生BBS，太平紳士、盧偉國博士MH，太平紳士、姚和安先生及姜永正博士，而孫啟烈先生BBS，太平紳士為提名委員會之主席。

於回顧期內，由於並無需要提名董事，提名委員會並沒有舉行會議。

薪酬委員會

本公司於二零零七年六月成立薪酬委員會。薪酬委員會之主要職責包括檢討及釐定董事及高級管理人員之薪酬待遇、花紅獎賞及其他報酬。薪酬委員會由孫啟烈先生BBS，太平紳士、盧偉國博士MH，太平紳士、姚和安先生及姜永正博士組成。薪酬委員會之主席為獨立非執行董事孫啟烈先生BBS，太平紳士。

於回顧期內，現有董事之薪酬福利並沒有任何變動，因此，薪酬委員會於二零零七年並無舉行任何會議。

Model Code for Securities Transaction by Directors

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules. Having made specific enquiry of all directors, all directors have confirmed that they have fully complied with the required standard set out in the Model Code during the Reviewed Period.

Directors' Responsibility for the Financial Statements

The directors acknowledge their responsibility for the preparation of the financial statements of the Company for the year ended 31 December 2007. The statement of the external auditor of the Company in relation to their reporting responsibility on the financial statements of the Group is set out in the Independent Auditor's Report on page 31 and 32.

Internal Control

The Board has overall responsibility for maintaining a sound and effective internal control system of the Group in order to safeguard the Group's assets and shareholders' investments. There is currently an internal audit department within the Group. Its duties are to review the systems of internal controls covering all relevant financial, operational and compliance control functions within an established framework. Reports prepared by this department are submitted to the Audit Committee of the Company for review to ensure that an effective and adequate internal control system has been in place.

Auditor's Remuneration

Total auditor's remuneration in relation to statutory audit work and non-audit services of the Group is set out as follows:

(In HK\$'000)	(以港幣千元為單位)	2007
Statutory audit	法定審核	700
Non-audit services	非審核服務	116
Total	總數	816

董事進行證券交易的標準守則

本公司已採納上市規則附錄十所載之標準守則。經向全體董事作出具體查詢後確認，彼等於回顧期內一直全面遵守標準守則所載規定準則。

董事就財務報表所承擔之責任

董事確認其對編制本公司截止二零零七年十二月三十一日止年度財務報表之責任。本公司之外聘核數師就其對本集團財務報表之申報責任而發出之聲明，載於第31及第32頁之獨立核數師報告內。

內部監控

董事會全權負責維持本集團健全和有效的內部監控系統，以保障本集團資產及股東之投資。現時集團有一內部審核部門，其職責為檢討內部監控系統，包括已建立的架構內的所有相關財務、營運及依從規例監控效能。該部門所編製之報告會提呈本公司之審核委員會審閱，以確保有效及足夠之內部監控系統經已存在。

核數師之酬金

本集團付予有關法定審核及非審核服務的核數師酬金如下：

RSM Nelson Wheeler
羅申美會計師行
Certified Public Accountants

**TO THE SHAREHOLDERS OF
KA SHUI INTERNATIONAL HOLDINGS LIMITED**

(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Ka Shui International Holdings Limited (the "Company") set out on page 33 to 103, which comprise the consolidated balance sheet as at 31 December 2007, and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

**致嘉瑞國際控股有限公司
全體股東**

(於開曼群島註冊成立的有限公司)

本核數師(以下簡稱「我們」)已審核列載於第33至第103頁的嘉瑞國際控股有限公司(「貴公司」)綜合財務報表，其中包括於二零零七年十二月三十一日的綜合資產負債表、截至該日止年度的綜合損益表、綜合權益變動表及綜合現金流量表以及主要會計政策概要及其他附註解釋。

董事就財務報表須承擔的責任

貴公司董事須負責根據香港會計師公會(「香港會計師公會」)頒佈的香港財務報告準則及香港公司條例披露規定，編製及真實公平地列報該等財務報表。該責任包括設計、實施及維護與編製及真實公平地列報財務報表相關的內部控制，以使財務報表不存在因欺詐或錯誤而導致的重大錯誤陳述；選擇並應用適當的會計政策；及按情況作出合理的會計估計。

核數師的責任

我們的責任是根據我們的審核結果就該等財務報表發表意見，並僅向全體股東報告。除此之外，本報告別無其他用途。我們不會就本報告內容向任何其他人士負上或承擔任何責任。我們已根據香港會計師公會頒佈的香港審計準則進行審核。該等準則要求我們遵守道德規範，並計劃及執行審核，以合理確定是否該等財務報表不存在任何重大錯誤陳述。

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2007 and of the Group's results and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

RSM Nelson Wheeler
Certified Public Accountants

Hong Kong, 18 April 2008

審核範圍包括進程序以獲取有關財務報表所載金額及披露資料的審核憑證。所選定的程序取決於核數師的判斷，包括評估由於欺詐或錯誤而導致財務報表存在重大錯誤陳述的風險。在評估該等風險時，核數師考慮與公司編製及真實公平地列報財務報表相關的內部控制，以設計適當的審核程序，但並非為對公司的內部控制的效能發表意見。審核亦包括評估董事所採用的會計政策的適當性及所作出的會計估計的合理性，以及評估財務報表的整體列報方式。

我們相信，我們所獲得的審核憑證乃充足及適當，可為我們的審核意見提供基礎。

意見

我們認為，該等綜合財務報表已根據香港財務報告準則真實公平地反映 貴集團於二零零七年十二月三十一日的財務狀況，及 貴集團於截至該日止年度的業績及現金流量，並已按照香港公司條例的披露規定妥為編製。

羅申美會計師行
執業會計師

香港，二零零八年四月十八日

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

		Notes	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
		附註		
Turnover	營業額	6	752,749	645,588
Cost of sales	銷售成本		(612,517)	(464,676)
Gross profit	毛利		140,232	180,912
Other income	其他收入	7	11,205	4,607
Selling and distribution expenses	銷售及分銷開支		(7,440)	(7,769)
General and administrative expenses	一般及行政開支		(66,596)	(47,352)
Profit from operations	經營溢利		77,401	130,398
Finance costs	融資成本	8	(5,995)	(7,950)
Share of (loss)/profit of an associate	分佔聯營公司(虧損)/溢利	16	(1,401)	311
Share of loss of a jointly controlled entity	分佔共同控制實體虧損	17	(281)	–
Impairment loss on available-for-sale financial assets	可供出售金融資產之減值虧損	18	(2,000)	–
Profit before tax	除稅前溢利		67,724	122,759
Income tax expense	所得稅開支	9	(10,179)	(11,339)
Profit for the year	年內溢利	10	57,545	111,420
Attributable to:	以下人士應佔權益：			
Equity holders of the Company	本公司權益持有人		57,492	109,562
Minority interests	少數權益持有人		53	1,858
			57,545	111,420
Dividends	股息	12		
Interim	中期		10,560	–
Proposed final	建議末期		7,920	–
			18,480	–
			HK Cents	HK Cents
			港仙	港仙
Earnings per share	每股盈利	13		
Basic	基本		7.42	16.60
Diluted	攤薄		N/A 不適用	N/A 不適用

As at 31 December 2007
於二零零七年十二月三十一日

		Notes 附註	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元 (Restated) (重列)
Non-current assets	非流動資產			
Property, plant and equipment	物業、機器及設備	14	224,580	143,347
Prepaid land lease payments	預付土地租金	15	33,893	10,544
Club membership	會所會籍		718	718
Investment in an associate	對聯營公司的投資	16	1,115	2,516
Investment in a jointly controlled entity	對共同控制實體的投資	17	8,259	–
Available-for-sale financial assets	可供出售金融資產	18	6,303	8,303
Deposits paid for acquisition of property, plant and equipment and prepaid land lease payments	預付購買物業、機器及設備之按金及預付土地租金	19	8,096	24,844
			282,964	190,272
Current assets	流動資產			
Inventories	存貨	20	118,344	88,204
Trade receivables	貿易應收款項	21	115,491	112,461
Financial assets at fair value through profit or loss	按公平值計入損益賬之金融資產	22	3,277	1,150
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項	23	11,613	4,084
Due from an associate	應收聯營公司款項	24	14,335	7,490
Pledged bank deposits	已抵押銀行存款	25	6,333	6,148
Bank and cash balances	銀行及現金結餘	25	166,039	12,300
			435,432	231,837
Current liabilities	流動負債			
Trade payables	貿易應付款項	26	61,381	54,838
Deposits received	已收按金		3,054	3,769
Other payables and accruals	其他應付款項及應計費用		27,555	26,026
Due to a related company	應付關連公司款項	27	806	269
Due to a director	應付董事款項	27	–	837
Due to an associate	應付聯營公司款項	24	4,246	4,058
Short term borrowings	短期借款	28	68,555	73,701
Current portion of long term borrowings	長期借款的即期部分	29	5,511	5,482
Current portion of obligations under finance leases	融資租約承擔的即期部分	30	6,641	6,793
Current tax liabilities	即期稅項負債		6,456	7,789
			184,205	183,562
Net current assets	流動資產淨值		251,227	48,275
Total assets less current liabilities	資產總值減流動負債		534,191	238,547

As at 31 December 2007
於二零零七年十二月三十一日

		Notes 附註	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元 (Restated) (重列)
Non-current liabilities	非流動負債			
Long term borrowings	長期借款	29	9,015	14,524
Obligations under finance leases	融資租約承擔	30	4,485	4,525
Deferred tax liabilities	遞延稅項負債	32	1,128	1,128
			14,628	20,177
NET ASSETS	資產淨值		519,563	218,370
Capital and reserves	資本及儲備			
Share capital	股本	33	88,000	30
Reserves	儲備	34	431,563	213,441
Equity attributable to equity holders of the Company	本公司權益持有人應佔權益		519,563	213,471
Minority interests	少數權益持有人權益		-	4,899
TOTAL EQUITY	權益總額		519,563	218,370

Lee Yuen Fat
李遠發
Director
董事

Keung Wing Ching
姜永正
Director
董事

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

		Attributable to equity holders of the Company 本公司權益持有人應佔權益										
		Share capital	Share premium	Retained earnings	Capital reserve	Merger reserve	Foreign currency translation reserve	Share option reserve	Statutory reserve	Total	Minority interests	Total equity
		股本	股份溢價	保留盈利	資本儲備	合併儲備	匯兌儲備	購股權儲備	法定儲備	總計	少數權益持有人	權益總額
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
At 1 January 2006	於二零零六年一月一日	30	-	112,956	3,084	(10)	838	-	2,023	118,921	3,041	121,962
Exchange difference on translation of foreign operations	換算海外業務時產生的匯兌差額	-	-	-	-	-	1,988	-	-	1,988	-	1,988
Net income recognised directly in equity	直接在權益確認的收入淨額	-	-	-	-	-	1,988	-	-	1,988	-	1,988
Profit for the year	年內溢利	-	-	109,562	-	-	-	-	-	109,562	1,858	111,420
Total recognised income and expense for the year	年內確認的收入及開支總額	-	-	109,562	-	-	1,988	-	-	111,550	1,858	113,408
Transfer to statutory reserve	轉撥入法定儲備	-	-	(787)	-	-	-	-	787	-	-	-
Dividends paid by subsidiaries to their then shareholders	由附屬公司向當時股東派發之股息	-	-	(17,000)	-	-	-	-	-	(17,000)	-	(17,000)
At 31 December 2006 and 1 January 2007	於二零零六年十二月三十一日及二零零七年一月一日	30	-	204,731	3,084	(10)	2,826	-	2,810	213,471	4,899	218,370
Exchange difference on translation of foreign operations	換算海外業務時產生的匯兌差額	-	-	-	-	-	6,243	-	-	6,243	-	6,243
Share issue expenses	股份發行開支	-	(20,411)	-	-	-	-	-	-	(20,411)	-	(20,411)
Net (expense)/income recognised directly in equity	直接在權益確認的(支出)/收入淨額	-	(20,411)	-	-	-	6,243	-	-	(14,168)	-	(14,168)
Profit for the year	年內溢利	-	-	57,492	-	-	-	-	-	57,492	53	57,545
Total recognised income and expense for the year	年內確認的收入及開支總額	-	(20,411)	57,492	-	-	6,243	-	-	43,324	53	43,377
Issue of shares of a subsidiary	發行一家附屬公司股份	49	-	-	-	-	-	-	-	49	-	49
Effect of group reorganisation	集團重組的影響	9,921	-	-	-	(9,921)	-	-	-	-	-	-
Issue of shares by way of placing and public offer	透過配售及公開發售發行股份	22,000	275,000	-	-	-	-	-	-	297,000	-	297,000
Issue of shares by way of capitalisation of share premium account	透過以股份溢價賬的資本化發行股份	56,000	(56,000)	-	-	-	-	-	-	-	-	-
Acquisition of minority interests	收購少數權益持有人權益	-	-	-	4,952	-	-	-	-	4,952	(4,952)	-
Recognition of share-based payments	確認以股份支付的款項	-	-	-	-	-	-	4,327	-	4,327	-	4,327
Transfer to statutory reserve	轉撥入法定儲備	-	-	(4,856)	-	-	-	-	4,856	-	-	-
Dividends paid by subsidiaries to their then shareholders	由附屬公司向當時股東派發之股息	-	-	(33,000)	-	-	-	-	-	(33,000)	-	(33,000)
Interim dividend paid	已付中期股息	-	-	(10,560)	-	-	-	-	-	(10,560)	-	(10,560)
At 31 December 2007	於二零零七年十二月三十一日	88,000	198,589	213,807	8,036	(9,931)	9,069	4,327	7,666	519,563	-	519,563

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

	Notes 附註	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元 (Restated) (重列)
NET CASH GENERATED FROM OPERATING ACTIVITIES	經營業務所得 現金淨額		
	36(a)	49,104	70,107
CASH FLOWS FROM INVESTING ACTIVITIES	投資活動之 現金流量		
Increase in pledged bank deposits	已抵押銀行存款增加	(185)	(3,125)
Interest received	已收利息	4,602	403
Proceeds from disposals of property, plant and equipment	出售物業、機器及 設備所得款項	103	87
Purchase of property, plant and equipment	購買物業、 機器及設備	(78,883)	(25,066)
Purchase of prepaid land lease payments	購買預付 土地租金款項	(7,525)	-
Deposit paid for the acquisition of property, plant and equipment and prepaid land lease payments	預付物業、機器及 設備之按金及 預付土地租金	(4,606)	(24,844)
Proceeds from gain on financial assets at fair value through profit or loss	按公平值計入損益賬的 金融資產收益 所得款項	1,735	428
Capital injection to a jointly controlled entity	向一間共同控制 實體注入資本	(8,120)	-
Net cash used in investing activities	投資活動所耗 現金淨額	(92,879)	(52,117)
CASH FLOWS FROM FINANCING ACTIVITIES	融資活動之 現金流量		
Advance to related companies	向關連公司墊款	-	(527)
Advance to a director	向董事墊款	(22,774)	(20,470)
Advance from a director	董事墊款	20,810	8,161
Advance to an associate	向聯營公司墊款	(6,600)	(2,500)
Proceeds from issue of new shares by way of placing and public offer	透過配售及公開發售發行 新股所得款項	297,000	-
Payment of share issue and listing expenses	支付股份發行及 上市費用	(22,572)	-
Dividends paid	已付股息	(43,560)	-
Repayment of short term bank loans	償還短期 銀行貸款	(3,871)	(15,475)
Repayment of obligations under finance leases	償還融資 租約承擔	(9,335)	(8,814)
Repayment of long term borrowings	償還長期借款	(5,480)	(1,900)
Long term borrowings raised	新增長期借款	-	20,000
Net cash generated from/(used in) financing activities	融資活動所得/ (所耗) 現金淨額	203,618	(21,525)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	現金及等同現金 項目增加/ (減少) 淨額	159,843	(3,535)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	於一月一日的現金及 等同現金項目	11,025	16,641
Effect of foreign exchange rate changes	匯率變動 影響	(4,829)	(2,081)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	於十二月三十一日的 現金及等同現金項目	166,039	11,025
ANALYSIS OF CASH AND CASH EQUIVALENTS	現金及等同現金 項目分析		
Bank and cash balances	銀行及現金結餘	166,039	12,300
Bank overdraft	銀行透支	-	(1,275)
	28	166,039	11,025

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is P.O. Box 1350 GT Clifton House, 75 Fort Street, George Town, Grand Cayman, Cayman Islands. The address of its principal place of business is 3rd Floor, EW International Tower, No. 120 Texaco Road, Tsuen Wan, New Territories, Hong Kong.

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 40 to the financial statements.

In the opinion of the directors of the Company, as at 31 December 2007, Precisefull Limited, a company incorporated in the British Virgin Islands, is the ultimate parent and Mr. Lee Yuen Fat (“Mr. Lee”) is the ultimate controlling party of the Company.

Pursuant to a reorganisation scheme (the “Group Reorganisation”) to rationalise the structure of the Group in preparation for the listing of the Company’s shares on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), the Company became the holding company of the companies now comprising the Group on 31 May 2007. Further details of the Group Reorganisation are set out in the paragraph headed “Corporate reorganisation” in Appendix V to the prospectus dated 12 June 2007 (the “Prospectus”). The shares of the Company were listed on the Main Board of the Stock Exchange on 27 June 2007.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) that are relevant to its operations and effective for accounting periods beginning on or after 1 January 2007. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; and Interpretations. The adoption of these new and revised HKFRSs did not result in substantial changes to the Group’s accounting policies and amounts reported for the current year and prior years.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results and financial position.

1. 一般資料

本公司根據開曼群島公司法在開曼群島註冊成立為受豁免有限公司。其註冊辦事處地點為P.O. Box 1350 GT Clifton House, 75 Fort Street, George Town, Grand Cayman, Cayman Islands。其主要營業地點為香港新界荃灣德士古道120號安泰國際中心3樓。

本公司為一家投資控股公司。其附屬公司的主要業務載於本財務報表附註40。

本公司董事認為，於二零零七年十二月三十一日，Precisefull Limited（一間於英屬處女群島註冊成立的公司）為最終母公司，李遠發先生（「李先生」）為本公司的最終控股方。

根據重組計劃（「集團重組」）以優化本集團架構從而為本公司股份於香港聯合交易所有限公司（「聯交所」）上市作出準備，本公司於二零零七年五月三十一日成為現時組成本集團各成員公司的控股公司。有關集團重組的進一步詳情，載於二零零七年六月十二日刊發的售股章程（「售股章程」）附錄五「企業重組」一段。本公司的股份於二零零七年六月二十七日在聯交所主板上市。

2. 採納新訂及經修訂香港財務報告準則

於本年度，本集團已採納適用於本身營運，由香港會計師公會（「香港會計師公會」）所頒佈及於二零零七年一月一日或其後開始的會計期間生效的所有新訂及經修訂香港財務報告準則（「香港財務報告準則」）。香港財務報告準則包括香港財務報告準則、香港會計準則及詮釋。採納該等新訂及經修訂的香港財務報告準則並未使本集團的會計政策及本年度與以往年度呈報的金額出現重大變動。

本集團並未採納已頒佈但未開始生效的新訂香港財務報告準則。本集團已開始評估該等新訂香港財務報告準則的影響，但未能對該等新訂香港財務報告準則是否對本集團的業績及財務狀況產生重大影響作出結論。

3. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with HKFRSs, accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain investments and derivatives which are carried at their fair values.

The preparation of financial statements in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires the directors to exercise its judgements in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to these financial statements, are disclosed in note 4 to the financial statements.

The significant accounting policies applied in the preparation of these financial statements are set out below:

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December. Subsidiaries are entities over which the Group has control. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has control.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary represents the difference between the proceeds of the sale and the Group's share of its net assets together with any goodwill relating to the subsidiary which was not previously charged or recognised in the consolidated income statement and also any related accumulated foreign currency translation reserve.

Inter-company transactions, balances and unrealised profits on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

3. 主要會計政策

財務報表乃根據香港財務報告準則、香港普遍採納的會計原則及聯交所證券上市規則及香港公司條例所規定的適用披露事項編製。

除以公平值入賬的若干投資及衍生工具須作調整外，財務報表乃按歷史成本作為編製基準。

編製符合香港財務報告準則的財務報表須使用若干主要假設及估計，亦需要董事於應用會計政策的過程中作出判斷。涉及關鍵判斷的範疇與對該等財務報表屬重大的假設及估計的範疇於財務報表附註4中披露。

編製該等財務報表所採用的主要會計政策載列如下：

(a) 綜合賬目

綜合財務報表包括本公司及其附屬公司截至十二月三十一日止的財務報表。附屬公司為本集團擁有控制權的實體。控制權指有能力監控一家實體的財務及經營政策，並從其業務獲取利益。現時可行使或可兌換的潛在投票權的存在及影響將於評估本集團有否控制權時予以考慮。

附屬公司於控制權轉移至本集團當日全面綜合計算，並於控制權終止當日不再作綜合處理。

出售一家附屬公司所帶來的收益或虧損指出售所得款項與本集團應佔其資產淨值連同任何有關附屬公司之前並無自綜合損益表扣除或於綜合損益表確認的商譽及任何相關累計外匯換算儲備的差額。

集團內公司間的交易、結餘及集團內公司間交易的未變現溢利會予以對銷。未變現虧損亦會予以對銷，除非交易有證據顯示所轉讓資產出現減值則除外。附屬公司的會計政策已於有需要時作出變動，以確保與本集團所採納的政策貫徹一致。

3. SIGNIFICANT ACCOUNTING POLICIES*(continued)***(a) Consolidation** *(continued)*

Minority interests represent the interests of minority shareholders in the operating results and net assets of subsidiaries. Minority interests are presented in the consolidated balance sheet and consolidated statement of changes in equity within equity. Minority interests are presented in the consolidated income statement as an allocation of profit or loss for the year between minority and shareholders of the Company. Losses applicable to the minority in excess of the minority's interests in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses. If the subsidiary subsequently reports profits, such profits are allocated to the interests of the Group until the minority's share of losses previously absorbed by the Group has been recovered.

The Group applies a policy of treating acquisitions of minority interests by the majority interests in subsidiaries as transactions between equity holders in their capacity as equity holders. No gain or loss is recognised in the consolidated income statement on such acquisitions. Assets and liabilities of the subsidiaries in which the Group increases its interests are stated at their carrying amounts. The difference between the cost of acquisition and the carrying amount of the net assets additionally acquired by the Group is recognised directly in equity.

(b) Merger accounting for business combination under common control

Pursuant to the Group Reorganisation, the Company became the holding company of the companies now comprising the Group on 31 May 2007. As the Company and the subsidiaries were all controlled by Mr. Lee before and after the Group Reorganisation, the Group Reorganisation was accounted for as a business combination of entities under common control. The financial statements of the Group have been prepared based on the principles and procedures of merger accounting in accordance with Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the HKICPA, as if the Group Reorganisation had occurred from the date when the combining entities first came under the control of Mr. Lee.

3. 主要會計政策 (續)**(a) 綜合賬目 (續)**

少數權益持有人權益指少數股東於附屬公司的營運業績及資產淨值中的權益。少數權益持有人權益乃於綜合資產負債表及綜合權益變動表的權益內呈列。少數權益持有人權益於綜合損益表呈列，作為年內溢利或虧損在少數權益持有人與本公司股東間的分配。適用於少數股東的虧損而超出少數股東於附屬公司股權的權益的差額按本集團的權益分配，惟以少數股東有約束力的責任並有能力作出額外投資以彌補虧損為限。倘附屬公司其後呈報錄得溢利，則該等溢利會分配至本集團的權益，直至本集團收回以往本集團吸納的少數股東應佔的虧損為止。

本集團視由附屬公司的多數權益持有人購買少數權益持有人權益的交易為與權益持有人(作為權益持有人)而進行的交易。由於上述收購事項產生的收益或損失將不會於綜合損益表中確認，本集團增持權益的附屬公司的資產與負債以賬面價值確認。購買成本與本集團增加持有的淨資產賬面價值的差額直接計入權益中。

(b) 共同控制業務合併的合併會計法

根據集團重組，本公司於二零零七年五月三十一日成為現時組成本集團各成員公司的控股公司。由於本公司及附屬公司於集團重組前後均由李先生控制，因此集團重組作為共同控制實體的業務合併入賬。本集團的財務報表乃根據香港會計師公會頒佈的會計指引第5號「共同控制合併賬目的合併會計處理」所載的合併會計原則及程序編製，猶如集團重組於合併實體首次受李先生控制當日便已發生。

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

(b) Merger accounting for business combination under common control (continued)

The consolidated financial statements incorporate the financial statements of the combining entities as if they had been combined from the date when they first came under the control of the controlling party.

The consolidated income statements and consolidated cash flow statements include the results and cash flows of the combining entities from the earliest date presented or since the date when the combining entities first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

The consolidated balance sheets have been prepared to present the assets and liabilities of the combining entities as if the Group structure as at 31 December 2007 had been in existence at each balance sheet date. The net assets of the combining entities are combined using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirers' interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over the cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The comparative amounts in the consolidated balance sheet are presented as if the entities or businesses had been combined at the previous balance sheet date or when they first came under control of the controlling party, whichever is shorter.

There was no adjustment made to the net assets nor the net profit or loss of any combining entities in order to achieve consistency of the Group's accounting policies.

(c) Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policies of an entity but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has significant influence.

3. 主要會計政策 (續)

(b) 共同控制業務合併的合併會計法 (續)

綜合財務報表包括合併實體的財務報表項目，猶如該等合併實體自首次受控制方控制當日便已合併。

綜合損益表及綜合現金流量表包括合併實體自最早呈列日期或合併實體首次受共同控制當日(以期限較短者為準，而不論共同控制合併的日期)以來的業績及現金流量。

編製綜合資產負債表旨在呈列合併實體的資產及負債，猶如本集團於二零零七年十二月三十一日的架構在各結算日一直存在。合併實體的資產淨值乃按控制方認為的現有賬面值進行合併。並無就商譽或收購公司於被收購公司可識別資產、負債、或然負債的公平淨值中應佔權益超出共同控制合併時所付成本的差額確認任何金額，以控制方持續擁有權益為限。

綜合資產負債表的可比較金額乃按猶如該等實體或業務按先前結算日或其首次受控制方控制當日(以期限較短者為準)合併的方式呈列。

為使本集團的會計政策貫徹一致，本集團並無對任何合併實體的資產淨值或損益淨額作出調整。

(c) 聯營公司

聯營公司為本集團對其有重大影響力的實體。重大影響力乃於有關實體的財務及營運政策擁有參與權而非控制或共同控制權。現時可行使或可兌換的潛在投票權的存在及影響將於評估本集團有否重大影響時予以考慮。

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

(c) Associates (continued)

Investment in an associate is accounted for in the consolidated financial statements by the equity method of accounting and is initially recognised at cost. Identifiable assets, liabilities and contingent liabilities of the associate in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of acquisition over the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities is recorded as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised in the consolidated income statement.

The Group's share of an associate's post-acquisition profits or losses is recognised in the consolidated income statement, and its share of the post-acquisition movements in reserves is recognised in the consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The gain or loss on the disposal of an associate represents the difference between the proceeds of the sale and the Group's share of its net assets together with any goodwill relating to the associate which was not previously charged or recognised in the consolidated income statements and also any related accumulated foreign currency translation reserve.

Unrealised profits on transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

3. 主要會計政策 (續)

(c) 聯營公司 (續)

於聯營公司的投資乃採用權益會計法於綜合財務報表列賬，並按成本作出初步確認。所收購聯營公司的可識別資產、負債及或然負債乃按其於收購日的公平值計量。倘收購成本超出本集團應佔聯營公司的可識別資產、負債及或然負債的公平淨值，則差額將以商譽列賬，而該商譽將列入投資的賬面值，並作為投資的一部分進行減值評估。倘本集團應佔可識別資產、負債及或然負債的公平淨值高於收購成本，則有關差額將於綜合損益表內確認。

本集團應佔聯營公司收購後溢利或虧損於綜合損益表內確認，而其應佔收購後儲備變動則於綜合儲備內確認。累計收購後變動就投資賬面值作出調整。倘本集團應佔聯營公司虧損等於或多於其於聯營公司的權益(包括任何其他無抵押應收款項)，則本集團不會進一步確認虧損，除非其已產生負債或代聯營公司付款。倘聯營公司其後呈報錄得溢利，則本集團僅於其應佔溢利等於其應佔未確認虧損後恢復確認其應佔的該等溢利。

出售一家聯營公司的收益或虧損指出售所得款項與本集團應佔其資產淨值連同任何有關聯營公司之前並無自綜合損益表扣除或於綜合損益表確認的商譽及任何相關累計匯兌儲備的差額。

對銷本集團與其聯營公司之交易的未變現溢利乃以本集團於聯營公司的權益為限；而未變現虧損亦會予以對銷，除非交易有證據顯示所轉讓資產出現減值則除外。聯營公司的會計政策已於有需要時作出變動，以確保與本集團所採納的政策貫徹一致。

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

(d) Joint venture

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control. Joint control is the contractually agreed sharing of control over the economic activity when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the “venturers”).

A jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venturer has an interest.

Investment in a jointly controlled entity is accounted for in the consolidated financial statements by the equity method of accounting and is initially recognised at cost. Identifiable assets, liabilities and contingent liabilities of the jointly controlled entity in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of acquisition over the Group's share of the net fair value of the jointly controlled entity's identifiable assets, liabilities and contingent liabilities is recorded as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised in the income statement.

The Group's share of a jointly controlled entity's post-acquisition profits or losses is recognised in the income statement, and its share of the post-acquisition movements in reserves is recognised in the reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in a jointly controlled entity equals or exceeds its interest in the jointly controlled entity, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the jointly controlled entity.

The gain or loss on the disposal of a jointly controlled entity represents the difference between the proceeds of the sale and the Group's share of its net assets together with any goodwill relating to the jointly controlled entity which was not previously charged or recognised in the income statement and also any related accumulated foreign currency translation reserve.

3. 主要會計政策 (續)

(d) 合營公司

合營公司是指本集團與其他團體在共同控制下而進行經濟活動的合約安排。共同控制乃按合約同意分享經濟活動的控制權，而與該活動有關的策略財務及營運決定必須獲得共享控制權的各方（「合營伙伴」）一致同意時方可執行。

共同控制實體為各合營伙伴另行成立並擁有權益的合營公司。

於合營公司的投資乃按權益法記入綜合財務報表，並初步以成本值入賬。共同控制實體於收購日期收購的可識別資產、負債及或然負債按其公平值計量。收購成本高於本集團應佔共同控制實體的可識別資產、負債及或然負債的公平淨值的差額已記錄為商譽。該商譽已計入投資的賬面值，並就減值進行評估作為投資的部份。任何本集團應佔可識別資產、負債及或然負債的公平淨值高於收購成本的差額已於損益表確認。

本集團應佔收購後共同控制實體的盈虧於損益表中確認，而應佔收購後的儲備變動於儲備中確認。收購後的累積變動於投資的賬面值作調整。倘本集團應佔共同控制實體的虧損等於或超過其佔共同控制實體的權益（包括任何其他無抵押應收款項），則本集團不確認進一步的虧損，除非本集團代共同控制實體承擔責任或支付款項。

出售共同控制實體所產生的收益或虧損指出售所得款項與本集團應佔其資產淨值的差額，連同之前並未在損益表中支銷或確認的任何有關共同控制實體的商譽，以及任何累計匯兌儲備。

3. SIGNIFICANT ACCOUNTING POLICIES*(continued)***(d) Joint venture** *(continued)*

Unrealised profits on transactions between the Group and its jointly controlled entities are eliminated to the extent of the Group's interests in the jointly controlled entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of jointly controlled entities have been changed where necessary to ensure consistency with the policies adopted by the Group.

(e) Foreign currency translation*(i) Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars ("HK\$"), which is the Company's functional and presentation currency.

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the rates ruling on the balance sheet date. Profits and losses resulting from this translation policy are included in the consolidated income statement.

Translation differences on non-monetary items, such as equity instruments classified as financial assets at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equity instruments classified as available-for-sale financial assets, are included in the investment revaluation reserve in equity.

3. 主要會計政策 (續)**(d) 合營公司 (續)**

本集團與共同控制實體之間的交易產生的未變現收益，按本集團在共同控制實體的權益抵銷。除非交易提供證據證明所轉移的資產出現減值，否則未變現虧損亦予以被抵銷。共同控制實體的會計政策已在需要時作出改變，以確保與本集團採納的政策貫徹一致。

(e) 外幣換算*(i) 功能及呈列貨幣*

本集團各實體的財務報表所納入的項目乃按實體經營業務所在主要經濟環境的貨幣（「功能貨幣」）計算。綜合財務報表以港元呈列，而港元（「港元」）為本公司的功能及呈列貨幣。

(ii) 各實體財務報表內之交易及結餘

外幣交易以交易日期適用的匯率換算為功能貨幣。以外幣計值的貨幣資產及負債按結算日適用的匯率換算。該換算政策所產生的溢利及虧損列入綜合損益表內。

非貨幣項目如屬按公平值計入損益賬之金融資產類別的股本工具，其換算差額呈報為公平值收益或虧損之一部分。非貨幣項目諸屬可供出售金融資產類別的股本工具，其換算差額列入權益內的投資重估儲備。

3. SIGNIFICANT ACCOUNTING POLICIES*(continued)***(e) Foreign currency translation** *(continued)**(iii) Translation on consolidation*

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and
- All resulting exchange differences are recognised in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognised in the consolidated income statement as part of the profit or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

3. 主要會計政策 (續)**(e) 外幣換算 (續)***(iii) 綜合賬目時的換算*

集團內所有功能貨幣與本公司呈列貨幣有別的實體，其業績及財務狀況乃按下列方式換算為本公司的呈列貨幣：

- 各資產負債表所呈列的資產及負債均按結算日的收市匯率換算；
- 各損益表內的收入及開支按平均匯率換算(除非該平均匯率並非為交易日期的適用匯率累計影響的合理約數，在該情況下，收入及開支按交易日期的匯率換算)；及
- 所產生的全部匯兌差額於匯兌儲備內確認。

綜合賬目時，換算海外實體投資淨額及借貸所產生的匯兌差額於匯兌儲備內確認。當海外業務被出售，匯兌差額於綜合損益表中確認為出售溢利或虧損的一部分。

收購海外實體所產生的商譽及公平值調整被視作海外實體的資產及負債，並按收市匯率換算。

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

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

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their costs less their residual values over the estimated useful lives on a straight-line basis. The principal useful lives are as follows:

Buildings	over the unexpired term of lease
Leasehold improvements	shorter of 5 years and the unexpired term of lease
Plant and machinery	5-10 years
Computer equipment	5 years
Furniture, fixtures and office equipment	5 years
Motor vehicles	5 years

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

Construction in progress represents leasehold buildings under construction and plant and machinery pending installation, and is stated at cost less impairment losses. Depreciation begins when the relevant assets are available for use.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the income statement.

3. 主要會計政策 (續)

(f) 物業、機器及設備

物業、機器及設備按成本減累計折舊及減值虧損列賬。

其後成本僅於與該項目有關的未來經濟利益可能流入本集團，而該項目的成本能可靠計量時，方列入資產的賬面值或確認為獨立資產(如適用)。所有其他維修及保養於產生期間內的損益表支銷。

物業、機器及設備的折舊，按足以撇銷其成本減剩餘價值的比率，於估計可使用年內使用直線法計算，主要可使用年期如下：

樓宇	按租約尚餘年期
租賃物業裝修	5年或租約尚餘年期(以較短者為準)
廠房及機器	5-10年
電腦設備	5年
傢俬、固定裝置及辦公室設備	5年
汽車	5年

剩餘價值、可使用年期及折舊方法於各結算日進行檢討及作出調整(如適用)。

在建工程指興建中的租賃樓宇及待安裝的機器及設備，並按成本扣除減值虧損列賬。有關資產可供使用後方才計算折舊。

出售物業、機器及設備的收益或虧損指出售所得款項淨額與有關資產賬面值兩者間的差額，並於損益表內確認。

3. SIGNIFICANT ACCOUNTING POLICIES*(continued)***(g) Leases***(i) Operating leases*

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease payments (net of any incentives received from the lessor) are expensed in the income statement on a straight-line basis over the lease term.

(ii) Finance leases

Leases that substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as finance leases. At the commencement of the lease term, a finance lease is capitalised at the lower of the fair value of the leased asset and the present value of the minimum lease payments, each determined at the inception of the lease.

The corresponding liability to the lessor is included in the balance sheet as finance lease payable. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Assets under finance leases are depreciated the same as owned assets.

(h) Club membership

Club membership with indefinite useful life is stated at cost less any impairment losses. Impairment is reviewed annually or when there is any indication that the club membership has suffered an impairment loss.

3. 主要會計政策 (續)**(g) 租賃***(i) 經營租賃*

擁有權的大部分風險及回報仍由出租人保留的租賃，分類為經營租賃。租賃款項在扣除自出租人收取的任何獎勵金後，於租賃期內以直線法於損益表支銷。

(ii) 融資租賃

將資產擁有權的所有風險及回報實質上轉移至本集團的租賃，分類為融資租賃。融資租賃在開始時按租賃資產的公平值及最低租賃款項現值(兩者均於租賃開始時釐定)的較低者入賬。

出租人的相應債務於資產負債表中列作應付融資租賃。租賃款項按比例分配為融資費用及削減未付債務。融資費用於各租期內分攤，以便為債務結餘得出一個貫徹的定期利率。

於融資租賃下的資產與自置資產以同樣方法計算折舊。

(h) 會所會籍

具無限可使用年期的會所會籍按成本減任何減值虧損列賬。會所會籍每年及當有跡象顯示出現減值虧損時進行減值檢討。

3. SIGNIFICANT ACCOUNTING POLICIES*(continued)***(i) Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis. The cost of finished goods and work in progress comprises raw materials, direct labour and an appropriate proportion of all production overhead expenditure, and where appropriate, subcontracting charges. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(j) Recognition and derecognition of financial instruments

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

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in the income statement.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in the income statement.

3. 主要會計政策 (續)**(i) 存貨**

存貨按成本與可變現淨值兩者中的較低者入賬。成本乃按加權平均基準計量。製成品及在製品的成本包括原材料、直接勞工及所有生產經常性開支及(如適用)分包開支的適當部分。可變現淨值按一般業務過程中的估計銷售價格減去估計完成成本及估計銷售所需費用計算。

(j) 確認及終止確認金融工具

金融資產及金融負債於本集團成為工具合約條文的訂約方時，於資產負債表內確認。

倘從資產收取現金流的合約權利已到期，或本集團已將其於資產擁有的絕大部份風險及回報轉移，或本集團並無轉移及保留其於資產擁有權的絕大部份風險及回報但保留對資產的控制權，則金融資產將被終止確認。於終止確認金融資產時，資產的賬面值與已收及應收代價及已直接於權益內確認的累計盈虧兩者總和的差額，將於損益表內確認。

倘於有關合約的特定責任獲解除、取消或到期，則金融負債將被終止確認。終止確認的金融負債的賬面值與已付代價的差額於損益表內確認。

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

(k) Investments

Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs except in the case of financial assets at fair value through profit or loss.

Investments are classified as either financial assets at fair value through profit or loss or available-for-sale financial assets.

(i) *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are either investments held for trading or designated as at fair value through profit or loss upon initial recognition. These investments are subsequently measured at fair value. Gains or losses arising from changes in fair value of these investments are recognised in the income statement.

(ii) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets not classified as trade and other receivables, held-to-maturity investments or financial assets at fair value through profit or loss. Available-for-sale financial assets are subsequently measured at fair value, except for investments in equity instruments that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured. In such case, the equity instruments shall be stated at costs. Gains or losses arising from changes in fair value of these investments are recognised directly in equity, until the investments are disposed of or are determined to be impaired, at which time the cumulative gains or losses previously recognised in equity are recognised in the income statement.

3. 主要會計政策 (續)

(k) 投資

投資乃按交易日基準(即購買或出售投資之合約條款所規定及經由所屬市場設定的時限交付該項投資之日)確認及終止確認，並初步按公平值加上直接應佔交易成本計量，惟按公平值計入損益賬的金融資產則除外。

投資分類為按公平值計入損益賬的金融資產或可供出售金融資產。

(i) *按公平值計入損益賬的金融資產*

初步確認時，按公平值計入損益賬的金融資產均為持作買賣或指定為按公平值計入損益賬的投資。此等投資隨後按公平值計量。此等投資公平值變動引起的損益均在損益表確認。

(ii) *可供出售金融資產*

可供出售金融資產指並非歸類為貿易及其他應收款項、持至到期日投資或按公平值計入損益賬的金融資產的非衍生金融資產。可供出售金融資產其後按公平值計量，惟於活躍市場並無市場報價且其公平值未能可靠計量的股本工具投資除外。倘屬該情況，該等股本工具則按成本列賬。該等投資公平值變動產生的盈虧，直接在權益確認，直至該等投資被出售或確定已減值為止，屆時，先前在權益中確認的累計盈虧會在損益表中確認。

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Investments (continued)

(ii) Available-for-sale financial assets (continued)

Impairment losses recognised in the income statement for equity investments classified as available-for-sale financial assets are not subsequently reversed through the income statement. Impairment losses recognised in the income statement for debt instruments classified as available-for-sale financial assets are subsequently reversed and recognised in the income statement if an increase in the fair value of the instruments can be objectively related to an event occurring after the recognition of the impairment loss.

(l) Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the receivables' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition. The amount of the allowance is recognised in the income statement.

Impairment losses are reversed in subsequent periods and recognised in the income statement when an increase in the receivables' recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the receivables at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

3. 主要會計政策 (續)

(k) 投資 (續)

(ii) 可供出售金融資產 (續)

股本投資(歸類為可供出售金融資產)已在損益表確認的減值虧損，其後不會在損益表撥回。倘債務工具(歸類為可供出售金融資產)的公平值增加客觀上與確認減值虧損後發生的事項相關，則就該等工具已在損益表確認的減值虧損會於其後撥回並在損益表中確認。

(l) 貿易及其他應收款項

貿易及其他應收款項為無活躍市場報價惟具固定或可釐定付款的非衍生金融資產，初步按公平值確認，其後以實際利率法按攤銷成本(減除任何減值撥備)計量。貿易及其他應收款項的減值撥備於出現客觀證據顯示本集團無法按應收款項原有條款收回所有到期金額時確認。撥備金額為應收款項的賬面值與估計未來現金流量現值(按初步確認時計算的實際利率貼現計量)間的差額。撥備金額於損益表確認。

當應收款項的可收回金額增加客觀上與於確認減值後發生的事件有關時，減值虧損應於其後期間撥回並在損益表確認，惟應收款項於減值被撥回日期的賬面值不得超過如並無確認減值時的攤銷成本值。

3. SIGNIFICANT ACCOUNTING POLICIES*(continued)***(m) Cash and cash equivalents**

For the purpose of the cash flow statement, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.

(n) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

(o) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(p) Trade and other payables

Trade and other payables are stated initially at their fair value and 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.

(q) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

3. 主要會計政策 (續)**(m) 現金及等同現金項目**

就現金流量表而言，現金及等同現金項目指銀行及手頭現金、存於銀行及其他金融機構的活期存款，及可隨時轉換為已知數額現金且沒有重大價值變動風險的短期及高度流通投資。應要求償還及構成本集團現金管理一個完整部份的銀行透支亦列入現金及等同現金項目。

(n) 金融負債及股本工具

金融負債及股本工具乃根據所訂立的合約安排的性質及根據香港財務報告準則對金融負債及股本工具的定義而分類。股本工具為證明於本集團經扣除其所有負債後的資產中所剩餘權益的任何合約。就特定金融負債及股本工具而採納的會計政策載於下文。

(o) 借貸

借貸初步按公平值扣除所產生的交易成本確認，其後則以實際利率法按攤銷成本值計量。

除非本集團擁有無條件權利，可將負債的償還日期遞延至結算日期後至少十二個月，否則借貸被分類為流動負債。

(p) 貿易及其他應付款項

貿易及其他應付款項初步按公平值列賬，其後則以實際利率法按攤銷成本值計量，貼現影響微少則作別論，在該情況下，則按成本值列賬。

(q) 股本工具

本公司發行的股本工具按已收的所得款項，扣除直接發行費用列賬。

3. SIGNIFICANT ACCOUNTING POLICIES*(continued)***(r) Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

Revenues from the sales of goods are recognised on the transfer of significant risks and rewards of ownership, which generally coincides with the time when the goods are delivered and the title has passed to the customers.

Interest income is recognised on a time-proportion basis using the effective interest method.

(s) Employee benefits*(i) Employee leave entitlements*

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to the income statement represents contributions payable by the Group to the funds.

(iii) Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

3. 主要會計政策 (續)**(r) 收入確認**

收入乃按已收或應收代價的公平值計量，並於經濟利益有可能流入本集團且收入金額能可靠計量時確認。

銷售貨品的收入於擁有權的大部分風險及回報轉讓時確認。所有權轉讓通常與貨品交付及業權轉讓予客戶的時間相同。

利息收入按時間比例用實際利息法確認。

(s) 僱員福利*(i) 僱員享有的假期*

僱員年假及長期服務假於僱員享用於時確認。已就僱員因截至結算日止所提供服務享有的年假及長期服務假的估計負債作出撥備。

僱員病假及產假於放假時始確認。

(ii) 退休金承擔

本集團向定額供款退休金計劃作出供款，全體僱員均可參與該計劃。供款由本集團及僱員按僱員基本薪金的百分比作出。自損益表扣除的退休福利計劃成本指本集團應向該基金支付的供款。

(iii) 離職福利

倘本集團明確就終止僱用作出承擔或因在一項實際上不可能退出的詳細正式計劃下僱員自願離職而提供利益（及僅在上述情況下），則可確認離職福利。

3. SIGNIFICANT ACCOUNTING POLICIES*(continued)***(t) Share-based payments**

The Group issues equity-settled share-based payments to certain directors and employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

(u) Borrowing costs

All borrowing costs are recognised in the income statements in the period in which they are incurred.

(v) Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

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

3. 主要會計政策 (續)**(t) 以股份支付的款項**

本集團向若干董事及僱員發行按股權結算以股份支付的款項。按股權結算以股份支付的款項乃於授出當日按股本工具的公平值(不包括非市場歸屬條件的影響)計量。於按股權結算以股份支付的款項授出當日釐定的公平值，根據本集團所估計最終就非市場歸屬條件歸屬及調整的股份，按歸屬期以直線法支銷。

(u) 借貸成本

所有借貸成本均於產生期間在損益表確認。

(v) 稅項

所得稅為即期稅項與遞延稅項的總和。

即期稅項乃按本年度應課稅溢利計算。應課稅溢利與損益表中呈報的溢利不同，因應課稅溢利不包括在其他年度應課稅收入或可扣減開支項目，而且不包括永遠毋須課稅及不可扣稅項目。本集團的即期稅項負債乃按結算日前已頒佈或實質頒佈的稅率計算。

遞延稅項乃以資產負債表負債法就財務報表中資產及負債的賬面值與用作計算應課稅溢利的相應稅基間的差額確認。遞延稅項負債通常會就所有應課稅暫時差異確認，遞延稅項資產僅于可能有應課稅溢利而動用暫時性差異、未動用稅項虧損或未動用稅項資產可予以抵銷時方予以確認。於一項交易中，倘因其他資產及負債的商譽或初步確認(業務合併除外)而產生的暫時差異且不影響應課稅溢利及會計溢利時，則該等資產及負債不會予以確認。

3. SIGNIFICANT ACCOUNTING POLICIES*(continued)***(v) Taxation (continued)**

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

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(w) Related parties

A party is related to the Group if:

- (i) directly or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with, the Group; has an interest in the Group that gives it significant influence over the Group; or has joint control over the Group;
- (ii) the party is an associate;
- (iii) the party is a joint venture;
- (iv) the party is a member of the key management personnel of the Company or its parent;

3. 主要會計政策 (續)**(v) 稅項 (續)**

遞延稅項負債乃就投資於附屬公司及聯營公司而產生的應課稅暫時差異予以確認，惟倘本集團能控制撥回暫時差異以及暫時差異在可見將來不會被撥回則作別論。

遞延稅項資產的賬面值於各結算日均會作出檢討，並在預期不再有足夠應課稅溢利可令全部或部份資產變現時作出相應減值。

遞延稅項乃以預期於償還負債或變現資產即期應用的稅率並基於年結日前頒佈或實質頒佈的稅率計算。遞延稅項會乃於損益表中扣除或計入，惟遞延稅項與已直接於損益表中扣除或計入的權益項目相關聯者則除外，在此情況下，遞延稅項亦會於權益中入賬。

倘有法定可行使權利可以即期稅項資產抵銷即期稅項負債，且彼等為關乎同一稅務機構徵收的所得稅，且本集團擬按淨額基準結算即期稅項資產及負債，則遞延稅項資產與負債會予以抵銷。

(w) 關連人士

任何一方如屬以下情況，即視為本集團的關連人士：

- (i) 該方透過一家或多家中介公司，直接或間接控制本集團、受本集團控制或與本集團受同一方控制；於本集團擁有權益，並可藉著該權益對本集團行使重大影響力；或共同控制本集團；
- (ii) 該方為聯營公司；
- (iii) 該方為合營公司；
- (iv) 該方為本公司或其母公司的主要管理人員其中一名成員；

3. SIGNIFICANT ACCOUNTING POLICIES*(continued)***(w) Related parties** *(continued)*

- (v) the party is a close member of the family of any individual referred to in (i) or (iv);
- (vi) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- (vii) the party is a post-employment benefit plan for the benefit of employees of the Group, or of any entity that is a related party of the Group.

(x) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products and services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

In accordance with the Group's internal financial reporting, the Group has determined that business segments be presented as the primary reporting format and geographical segment as the secondary reporting format.

Segment revenue, expenses, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to the segment. Unallocated costs mainly represent corporate expenses. Segment assets consist primarily of property, plant and equipment, inventories and trade receivables. Segment liabilities comprise operating liabilities and exclude items such as tax liabilities and corporate borrowings.

Segment revenue, expenses, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between Group enterprises within a single segment. Inter-segment pricing is based on terms mutually agreed between the segments.

3. 主要會計政策 (續)**(w) 關連人士 (續)**

- (v) 該方為(i)或(iv)所述的任何人士的家庭近親；
- (vi) 該方為一家實體，直接或間接受(i)或(v)所述的任何人士控制或共同控制，或(i)或(v)所述之任何人士直接或間接對該實體行使重大影響力或擁有重大投票權；或
- (vii) 該方為終止僱用後福利計劃，乃為本集團或屬於其關連人士的任何實體的僱員福利而設。

(x) 分部呈報

分部乃本集團內可明顯區分的組成部分，以提供產品及服務(業務分部)，或於特定經濟環境中提供產品或服務(地區分部)，各分部的風險及回報均有別於其他分部的風險及回報。

根據本集團的內部財務呈報，本集團決定以業務分部作為主要呈報形式，而地區分部作為次要呈報形式。

分部收入、開支、資產及負債包括直接歸屬某一分類項目，以及可按合理基準分配至該分類的項目。未分配成本主要指企業開支。分類資產主要包括物業、機器及設備、存貨及貿易應收款項。分類負債包括經營負債，但不包括稅項負債及企業借款等項目。

分部收入、開支、資產及負債乃在對銷集團內公司間的結餘及集團內公司間交易作為綜合賬目過程中的一部分釐定，惟同屬一個分部的集團企業間的集團內公司間結餘及交易除外。分部間的定價乃按各分類間相互協定的條款計算。

3. SIGNIFICANT ACCOUNTING POLICIES*(continued)***(x) Segment reporting** *(continued)*

Segment capital expenditure is the total cost incurred during the period to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

In respect of geographical segment reporting, sales are based on the countries in which customers are located. Total assets and capital expenditure are based on where the assets are located.

(y) Impairment of assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets, except investments, inventories and receivables, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in the consolidated income statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

3. 主要會計政策 (續)**(x) 分部呈報 (續)**

分部資本開支指期內購入預計可使用超過一個期間的分部資產(包括有形及無形資產)所產生的成本總額。

就地區分部呈報而言，銷售乃以客戶所在國家為基準。總資產及資本開支則以資產所在地為基準。

(y) 資產減值

於各結算日，本集團均會審閱其有形及無形資產(投資、存貨及應收款項除外)的賬面值，以釐定是否有任何跡象顯示資產已出現減值虧損。如有任何減值情況，則會估計資產的可收回金額，以釐定減值虧損的程度。如不可能估計個別資產的可收回金額，則本集團會估計資產所屬現金產生單位的可收回金額。

可收回金額為公平值減出售成本與使用價值兩者中的較高者。於評估使用價值時，估計未來現金流量乃以稅前貼現率貼現至現值，以反映市場現時所評估的款項時間價值及資產的特定風險。

倘資產或現金產生單位的可收回金額估計少於其賬面值，則資產或現金產生單位的賬面值會減少至其可收回金額。減值虧損會即時於綜合損益表確認，惟有關資產乃按重估數額列賬則作別論，在該情況下，減值虧損被視為重估減幅。

3. SIGNIFICANT ACCOUNTING POLICIES*(continued)***(y) Impairment of assets** *(continued)*

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(z) Provisions and contingent liabilities

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

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

(aa) Events after the balance sheet date

Events after the balance sheet date that provide additional information about the Group's position at the balance sheet date or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Events after the balance sheet date that are not adjusting events are disclosed in the notes to the financial statements when material.

3. 主要會計政策 (續)**(y) 資產減值 (續)**

倘減值虧損其後撥回，則資產或現金產生單位的賬面值會增至經修訂的預計可收回金額，惟調高後的賬面值不會超過過往年度並無就資產或現金產生單位確認減值虧損應予釐定的賬面值(扣除攤銷或折舊後計)。減值虧損撥回撥會即時被確認為收入，惟有關資產按重估金額列賬，則減值虧損撥回會作重估增項處理。

(z) 撥備及或然負債

倘本集團因過往事件承擔現有法定或推定責任而可能需要流出經濟溢利履行有關責任並可作出可靠估計，便會就無確定時間或金額的負債確認撥備。倘款項的時間價值重大，撥備會以履行責任預期所需開支的現值列報。

倘不大可能需要經濟利益流出，或有關款額不能可靠估量，有關責任則按或然負債披露，除非導致經濟利益流出的可能性極低，則作別論。可能承擔的責任(其存在與否僅藉一項或多項未來事件的發生與否而確定)亦按或然負債披露，除非導致經濟利益流出的可能性極低，則作別論。

(aa) 結算日後事項

提供本集團於結算日狀況的額外資料或顯示持續經營假設並不適當的結算日後事項為調整事項，並反映於財務報表。並非調整事項的結算日後事項，倘屬重大時，則於財務報表附註內披露。

4. CRITICAL JUDGEMENTS AND ESTIMATES

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgements that have the most significant effect on the amounts recognised in the financial statements.

(a) *Subsequent measurement of the available-for-sale financial assets*

The directors determine that the fair value of an equity investment included in the available-for-sale financial assets cannot be reliably measured as the range of reasonable fair value estimates is significant. In addition, the investment does not have a quoted market price in an active market. According to HKAS 39, such investment should be subsequently measured at cost.

(b) *Legal titles of certain land*

As stated in note 15 to the financial statements, the titles of two parcels of land had not been transferred to the Group as at 31 December 2007. Despite the fact that the Group has not obtained the relevant legal titles, the directors determine to recognise those as prepaid land lease payments, on the grounds that they expect the transfer of legal titles in future should have no major difficulties and the Group is in substance controlling those parcels of land.

Key sources of estimation uncertainty

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

(a) *Allowances for inventories*

The directors identify obsolete and slow-moving inventory items that are no longer suitable for use in production at each balance sheet date. The directors estimate the net realisable value for such inventories based primarily on the latest selling prices and costs of completion and selling expenses estimated at current operation conditions. The directors carry out an inventory review on a product-by-product basis at each balance sheet date and makes allowance for obsolete items.

Where the actual outcome or expectation in future is different from the original estimates, such differences will impact the carrying value of inventories and allowance/write-back in the period in which such estimates have been changed.

4. 關鍵判斷及估計

應用會計政策時的關鍵判斷

於應用會計政策過程中，董事已作出以下對財務報表中所確認金額具有重大影響的判斷。

(a) *可供出售金融資產的其後計量*

由於公平值的合理估計範圍過大，故董事認為可供出售金融資產等股本投資的公平值不能可靠計量。此外，該項投資並無於活躍市場報價。根據香港會計準則第39號，該項投資其後應按成本計量。

(b) *若干土地的法定業權*

誠如財務報表附註15所述，兩幅土地的業權於二零零七年十二月三十一日尚未轉讓予本集團。儘管本集團尚未獲得有關法定業權，但由於董事預期未來轉讓法定業權應無重大困難且本集團實質上控制該等土地，因此董事決定將該等業權確認為預付土地租金。

估計不明朗因素的主要來源

下文討論有關未來之主要假設及於結算日之其他主要不確定估計來源，而該等假設及不確定估計很可能導致下一個財政年度資產及負債賬面值須作出重大調整之重大風險。

(a) *存貨撥備*

董事於各結算日識別不再適合生產的過時及滯銷存貨項目。董事主要根據最新售價及現時經營狀況下的預計完成成本及銷售開支估計該等存貨的可變現淨值。董事於結算日對存貨逐一進行檢查，並對過時項目作出撥備。

倘實際結果或日後預期與原定估計有差異，則該等差異將影響存貨賬面值及期間的撥備／撥回值。

4. CRITICAL JUDGEMENTS AND ESTIMATES

(continued)

Key sources of estimation uncertainty (continued)

(b) *Property, plant and equipment and depreciation*

The Group determines the estimated useful lives and related depreciation charges for the Group's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. The Group will revise the depreciation charge where useful lives are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

(c) *Impairment loss for bad and doubtful debts*

The Group makes impairment loss for bad and doubtful debts based on assessments of the recoverability of the trade and other receivables, including the current creditworthiness and the past collection history of each debtor. Impairments arise where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debt expenses in the year in which such estimate has been changed.

(d) *Share-based payment expenses*

The fair value of the share options granted to the directors and employees determined at the date of grant of the respective share options is expensed over the vesting period, with a corresponding adjustment to the Group's share option reserve. In assessing the fair value of the share options, the Black-Scholes option pricing model (the "Black-Scholes Model") was used. The Black-Scholes Model is one of the generally accepted methodologies used to calculate the fair value of the share options. The Black-Scholes Model requires the input of subjective assumptions, including the expected dividend yield and expected life of options. Any changes in these assumptions can significantly affect the estimate of the fair value of the share options.

4. 關鍵判斷及估計 (續)

估計不明朗因素的主要來源 (續)

(b) *物業、機器及設備以及折舊*

本集團釐定其物業、機器及設備的估計可使用年限及相關折舊開支。是項估算乃根據類似性質及功能的物業、機器及設備的實際可使用年期的過往經驗作出。當可使用年限與先前估算的年限不同時，本集團將修訂折舊開支或將已棄用或出售在技術上過時或屬非策略性的資產撇銷或撇減。

(c) *呆壞賬的減值虧損*

本集團根據對貿易及其他應收款項的可收回性評估(包括各債務人的現時信譽及過往還款記錄)就呆壞賬作出減值虧損。減值於發生事件或情況出現轉變，顯示或不能夠收回結餘時產生。識別呆壞賬須運用判斷及估計。倘實際結果有別於原先估計，則有關差異將會影響年內貿易及其他應收款項以及呆賬開支的賬面值。

(d) *以股份支付的款項開支*

授予董事及僱員的購股權的公平值(於各購股權授出日期釐定)於歸屬期間支銷，並於本集團的購股權儲備作出相應調整。本集團採用柏力克-舒爾斯期權定價模式(「柏力克-舒爾斯模式」)評估購股權的公平值。柏力克-舒爾斯模式為用於計算購股權公平值的公認方法之一。柏力克-舒爾斯模式要求輸入主觀假設，包括預期股息率及預期購股權年期。該等假設的任何變動均可對購股權的公平值估計造成重大影響。

4. CRITICAL JUDGEMENTS AND ESTIMATES (continued)

Key sources of estimation uncertainty (continued)

(e) *Impairment loss on available-for-sale financial assets*

The Group's available-for-sale financial assets include equity interest in an unlisted company. The investment is stated at cost as it does not have a quoted market price in an active market and the directors regard that fair values cannot be reliably measured. The directors estimated the impairment loss by reference to the net asset value from the financial statements of the unlisted investment as adjusted by (i) professional valuation on the property, plant and equipment, (ii) estimated impairment on the unlisted company's own investment and (iii) allowances on inventories and receivables. Any difference in the future recoverable amounts on the assets of the investment from the estimates will have an impact on the impairment loss.

5. FINANCIAL RISK MANAGEMENT

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

(a) **Foreign currency risk**

The Group has certain exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in HK\$, United States dollars ("USD") and Renminbi ("RMB"). The Group enters into foreign currency forward contracts to mitigate the foreign currency risk arising from sales of goods denominated in USD and purchases of raw materials denominated in USD and RMB. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

4. 關鍵判斷及估計 (續)

估計不明朗因素的主要來源 (續)

(e) *可供出售金融資產的減值虧損*

本集團可供出售金融資產包括於一間非上市公司的股本權益。由於在活躍市場並無報價，且董事認為不能可靠地計量其公平值，故該投資按成本列賬。董事透過參考該項非上市投資的財務報表中的資產淨值估計減值虧損，並按照(i)物業、機器及設備的專業估值；(ii)該非上市公司其自身投資的估計減值及(iii)存貨及應收款項的撥備進行調整。該項投資的資產於日後的可收回金額與有關估計的任何差異均會對減值虧損造成影響。

5. 財務風險管理

本集團因經營業務而承受多項財務風險：外匯風險、價格風險、信貸風險、流動資金風險及利率風險。本集團的整體風險管理計劃集中在金融市場的不可預測性，故務求降低本集團財務表現所受到的潛在負面影響。

(a) **外匯風險**

由於本集團大部分商務交易、資產及負債主要以港元、美元(「美元」)及人民幣(「人民幣」)列值，故本集團面對若干外匯風險。本集團訂立外匯遠期合約，以減輕主要因以美元計值的貨物銷售及以美元及人民幣計值的原料採購引致的外匯風險。本集團現時並無就外匯交易、資產及負債採取外匯對沖政策。本集團將密切監察其外匯風險，並將考慮於需要時對沖重大外匯風險。

5. FINANCIAL RISK MANAGEMENT (continued)

(a) Foreign currency risk (continued)

At 31 December 2007, if the HK\$ had weakened 1 per cent against the USD with all other variables held constant, consolidated profit after tax for the year would have been approximately HK\$1,275,000 (2006: HK\$1,340,000) higher, arising mainly as a result of the foreign exchange gain on foreign currency forward contracts and trade receivables denominated in USD. If the HK\$ had strengthened 1 per cent against the USD with all other variables held constant, consolidated profit after tax for the year would have been approximately HK\$4,427,000 (2006: HK\$1,367,000) lower, arising mainly as a result of the foreign exchange loss on foreign currency forward contracts and trade receivables denominated in USD.

At 31 December 2007, if the HK\$ had weakened 10 per cent against the RMB with all other variables held constant, consolidated profit after tax would have been HK\$275,000 higher (2006: HK\$642,000 lower), arising mainly as a result of the foreign exchange gain on foreign currency forward contracts and bank and cash balances denominated in RMB (2006: foreign exchange loss on trade payables denominated in RMB). If the HK\$ had strengthened 10 per cent against the RMB with all other variables held constant, consolidated profit after tax would have been HK\$3,329,000 lower (2006: HK\$642,000 higher), arising mainly as a result of the foreign exchange loss on foreign currency forward contracts and bank and cash balances denominated in RMB (2006: foreign exchange gain on trade payables denominated in RMB).

(b) Price risk

The Group's available-for-sale financial assets include equity interest in an unlisted company. The investment is stated at cost less impairment loss as it does not have a quoted market price in an active market and the directors regard that fair values cannot be reliably measured. Details of impairment criteria are set out in note 4(e) to the financial statements. Any variation in the future recoverable amounts of the assets will have an impact on its impairment loss. Therefore, the Group is exposed to equity security price risk.

5. 財務風險管理 (續)

(a) 外匯風險 (續)

於二零零七年十二月三十一日，倘港元兌美元貶值1%，而其他所有變數維持不變，則年內除稅後綜合溢利將增加約1,275,000港元(二零零六年：1,340,000港元)，主要由於以美元計值的外匯遠期合約及貿易應收款項產生外匯收益所致。倘港元兌美元升值1%，而其他所有變數維持不變，則年內除稅後綜合溢利將減少約4,427,000港元(二零零六年：1,367,000港元)，主要由於以美元計值的外匯遠期合約及貿易應收款項產生外匯虧損所致。

於二零零七年十二月三十一日，倘港元兌人民幣貶值10%，而其他所有變數維持不變，則年內除稅後綜合溢利將增加275,000港元(二零零六年：減少642,000港元)，主要由於以人民幣計值的外匯遠期合約及銀行及現金結餘產生外匯收益所致(二零零六年：以人民幣計值的貿易應付款項產生外匯虧損)。倘港元兌人民幣升值10%，而其他所有變數維持不變，則年內除稅後綜合溢利將減少3,329,000港元(二零零六年：增加642,000港元)，主要由於以人民幣計值的外匯遠期合約及銀行及現金結餘產生外匯虧損(二零零六年：以人民幣計值的貿易應付款項產生外匯收益)所致。

(b) 價格風險

本集團可供出售金融資產包括於一間非上市公司的股本權益。由於該項投資在活躍市場並無報價，且董事認為其公平值不能可靠地計量，故該項投資按成本減去減值虧損列賬。減值標準的詳情載列於財務報表附註4(e)。該項資產於日後的可收回金額的任何變動將對其減值虧損產生影響。因此，本集團須承受股本證券的價格風險。

5. FINANCIAL RISK MANAGEMENT (continued)

(b) Price risk (continued)

At 31 December 2007, if recoverable amounts had been 10% higher with all other variables held constant, consolidated profit after tax for the year would have been HK\$630,000 (2006: Nil) higher. If recoverable amounts had been 10% lower with all other variables held constant, consolidated profit after tax for the year would have been HK\$630,000 (2006: HK\$830,000) lower.

(c) Credit risk

The Group has policies in place to ensure that sales are made to customers with an appropriate credit history.

The carrying amount of the trade receivables included in the consolidated balance sheet represents the Group's maximum exposure to credit risk in relation to the Group's financial assets.

The percentage of trade receivables due from the Group's largest customer and due from the Group's five largest customers in aggregate to the Group's total trade receivables are as follows:

		2007 二零零七年 % 百分比	2006 二零零六年 % 百分比
Due from the Group's largest customer	應收本集團最大客戶款項	25	22
Due from the Group's five largest customers	應收本集團五大客戶款項	72	59

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

5. 財務風險管理 (續)

(b) 價格風險 (續)

於二零零七年十二月三十一日，倘可收回金額上升10%，而其他所有變數維持不變，則年內除稅後綜合溢利將增加630,000港元(二零零六年：無)。倘可收回金額下跌10%，而其他所有變數維持不變，則年內除稅後綜合溢利將減少630,000港元(二零零六年：830,000港元)。

(c) 信貸風險

本集團訂有政策，以確保只向信貸記錄良好的客戶銷售產品。

本集團就其金融資產所承受最高信貸風險乃為計入綜合資產負債表的貿易應收款項賬面值。

本集團最大客戶及五大客戶的貿易應收款項總值佔本集團貿易應收款項總額的百分比如下：

由於交易對手方均為國際信貸評級機構評定具有高信貸評級的銀行，故流動資金及衍生金融工具的信貸風險有限。

5. FINANCIAL RISK MANAGEMENT (continued)

(d) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The maturity analysis of the Group's financial liabilities is as follows:

		Less than 1 year 少於一年 HK\$'000 千港元	Between 1 and 2 years 一至兩年 HK\$'000 千港元	Between 2 and 5 years 二至五年 HK\$'000 千港元	Over 5 years 超過五年 HK\$'000 千港元
At 31 December 2007	於二零零七年 十二月三十一日				
Long term borrowings	長期借款	6,180	5,630	3,837	-
Obligations under finance leases	融資租約承擔	7,166	4,658	-	-
Short term borrowings	短期借款	68,932	-	-	-
Other payables and accruals	其他應付款項及應計費用	27,555	-	-	-
Trade payables	貿易應付款項	61,381	-	-	-
Due to a related company	應付關連公司款項	806	-	-	-
Due to an associate	應付聯營公司款項	4,246	-	-	-
		Less than 1 year 少於一年 HK\$'000 千港元	Between 1 and 2 years 一至兩年 HK\$'000 千港元	Between 2 and 5 years 二至五年 HK\$'000 千港元	Over 5 years 超過五年 HK\$'000 千港元
At 31 December 2006	於二零零六年 十二月三十一日				
Long term borrowings	長期借款	6,548	6,244	9,508	-
Obligations under finance leases	融資租約承擔	7,309	5,207	-	-
Short term borrowings	短期借款	73,947	-	-	-
Other payables and accruals	其他應付款項及應計費用	26,026	-	-	-
Trade payables	貿易應付款項	54,838	-	-	-
Due to a director	應付董事款項	837	-	-	-
Due to a related company	應付關連公司款項	269	-	-	-
Due to an associate	應付聯營公司款項	4,058	-	-	-

5. 財務風險管理 (續)

(d) 流動資金風險

本集團策略為定期監督現時及預期的流動資金需求，以確保維持充足現金儲備，應付其短期及長期流動資金需求。

本集團金融負債的到期分析如下：

5. FINANCIAL RISK MANAGEMENT (continued)

(e) Interest rate risk

The Group's exposure to interest rate risk arises from its bank deposits, short term and long term borrowings and obligations under finance leases. These deposits and borrowings bear interests at variable rates varied with the then prevailing market condition.

At 31 December 2007, if interest rates at that date had been 100 basis points lower with all other variables held constant, consolidated profit after tax for the year would have been HK\$992,000 lower (2006: HK\$724,000 higher), arising mainly as a result of a loss on lower interest income on bank and cash balances but partly offset by lower interest expenses on bank and other borrowings (2006: arising mainly as a result of lower interest expenses on bank and other borrowings but partly offset by a loss on lower interest income on bank and cash balances). If interest rates had been 100 basis points higher, with all other variables held constant, consolidated profit after tax for the year would have been HK\$992,000 higher (2006: HK\$724,000 lower), arising mainly as a result of a gain on higher interest income on bank and cash balances but partly offset by higher interest expenses on bank and other borrowings (2006: arising mainly as a result of higher interest expenses on bank and other borrowings but partly offset by a gain on higher interest income on bank and cash balances).

(f) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated balance sheet approximate their respective fair values.

5. 財務風險管理 (續)

(e) 利率風險

本集團的利率風險來自其銀行存款、短期及長期借款以及融資租約承擔。該等存款及借款按跟隨當時市場狀況而變動的不同利率計息。

於二零零七年十二月三十一日，倘當日的利率下跌100個基點，而其他所有變數維持不變，則年內除稅後綜合溢利將減少992,000港元(二零零六年：增加724,000港元)，主要由於銀行及現金結餘的利息收入減少產生虧損所致，惟部份影響會由銀行及其他借款的利息開支減少所抵銷(二零零六年：主要由於銀行及其他借款的利息開支減少所致，惟部份影響會由銀行及現金結餘的利息收入減少所抵銷)。倘利率上升100個基點，而其他所有變數維持不變，則年內除稅後綜合溢利將增加992,000港元(二零零六年：減少724,000港元)，主要由於銀行及現金結餘的利息收入增加產生收益所致，惟部份影響會由銀行及其他借款的利息開支增加所抵銷(二零零六年：主要由於銀行及其他借款的利息開支增加所致，惟部份影響會由銀行及現金結餘的利息收入增加所抵銷)。

(f) 公平值

綜合資產負債表所列的本集團金融資產及金融負債的賬面值與其各自的公平值相若。

6. TURNOVER AND SEGMENT INFORMATION

(a) Turnover

The Group is principally engaged in the sale and manufacture of zinc, magnesium and aluminium alloy die casting components.

Turnover represents the net amounts received and receivable for goods sold, net of returns and allowances to customers during the year.

6. 營業額及分部資料

(a) 營業額

本集團主要從事生產及銷售鋅、鎂及鋁合金壓鑄零部件業務。

營業額指於年內銷售貨品的已收及應收款項淨額(已扣除退貨及給予客戶的折扣)。

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Sales of goods	銷售貨品	752,749	645,588

6. TURNOVER AND SEGMENT INFORMATION (continued)

(b) Business segments

For management purposes, the Group's operation is currently categorised into three operating divisions – zinc, magnesium and aluminium alloy die casting components. These divisions are the basis on which the Group reports its primary segment information.

6. 營業額及分部資料 (續)

(b) 業務分部

為方便管理，本集團現時業務分為三個營運部門－鋅、鎂及鋁合金壓鑄件。該等部門是本集團呈報主要分部資料的基準。

		Zinc alloy die casting components 鋅合金 壓鑄件 HK\$'000 千港元	Magnesium alloy die casting components 鎂合金 壓鑄件 HK\$'000 千港元	Aluminium alloy die casting components 鋁合金 壓鑄件 HK\$'000 千港元	Consolidated 綜合 HK\$'000 千港元
Income statement	損益表				
<i>Year ended 31 December 2007</i>	<i>截至二零零七年十二月三十一日止年度</i>				
Turnover	營業額	551,812	112,184	88,753	752,749
Segment results	分部業績	64,298	19,395	1,335	85,028
Unallocated other income	不分類其他收入				8,769
Unallocated expenses	不分類開支				(16,396)
Profit from operations	經營溢利				77,401
Finance costs	融資成本				(5,995)
Share of loss of an associate	分佔聯營公司虧損	(1,401)	-	-	(1,401)
Share of loss of a jointly controlled entity	分佔共同控制實體虧損	-	(281)	-	(281)
Impairment loss on available-for-sale financial assets	可供出售金融資產之減值虧損				(2,000)
Profit before tax	除稅前溢利				67,724
Balance sheet	資產負債表				
<i>At 31 December 2007</i>	<i>於二零零七年十二月三十一日</i>				
Segment assets	分部資產	258,767	107,337	96,398	462,502
Investment in an associate	對聯營公司的投資	1,115	-	-	1,115
Investment in a jointly controlled entity	對共同控制實體的投資	-	8,259	-	8,259
Unallocated assets	不分類資產				246,520
Total assets	資產總額				718,396
Segment liabilities	分部負債	66,659	11,007	17,563	95,229
Unallocated liabilities	不分類負債				103,604
Total liabilities	負債總額				198,833
Other segment information:	其他分部資料：				
Capital expenditure	資本開支	19,640	21,265	23,616	64,521
Unallocated amounts	不分類數額				30,445
					94,966
Depreciation	折舊	11,574	6,433	3,705	21,712
Unallocated amounts	不分類數額				930
					22,642
Other non-cash expenses other than depreciation and amortisation	折舊及攤銷以外的其他非現金開支	442	872	23	1,337

6. TURNOVER AND SEGMENT INFORMATION

(continued)

6. 營業額及分部資料 (續)

(b) Business segments (continued)

(b) 業務分部 (續)

		Zinc alloy die casting components 鋅合金 壓鑄件 HK\$'000 千港元	Magnesium alloy die casting components 鎂合金 壓鑄件 HK\$'000 千港元	Aluminium alloy die casting components 鋁合金 壓鑄件 HK\$'000 千港元	Consolidated 綜合 HK\$'000 千港元
Income statement	損益表				
Year ended 31 December 2006	截至二零零六年十二月三十一日止年度				
Turnover	營業額	541,213	67,249	37,126	645,588
Segment results	分部業績	106,138	21,747	8,218	136,103
Unallocated other income	不分類其他收入				2,403
Unallocated expenses	不分類開支				(8,108)
Profit from operations	經營溢利				130,398
Finance costs	融資成本				(7,950)
Share of profit of an associate	分佔聯營公司溢利	311	-	-	311
Profit before tax	除稅前溢利				122,759
Balance sheet	資產負債表				
At 31 December 2006	於二零零六年十二月三十一日				
Segment assets	分部資產	260,317	73,688	33,117	367,122
Investment in an associate	對聯營公司的投資	2,516	-	-	2,516
Unallocated assets	不分類資產				52,471
Total assets	資產總額				422,109
Segment liabilities	分部負債	75,345	10,607	2,942	88,894
Unallocated liabilities	不分類負債				114,845
Total liabilities	負債總額				203,739
Other segment information:	其他分部資料:				
Capital expenditure	資本開支	20,546	6,662	3,055	30,263
Unallocated amounts	不分類數額				250
					30,513
Depreciation	折舊	12,329	3,599	1,428	17,356
Unallocated amounts	不分類數額				675
					18,031
Other non-cash expenses other than depreciation and amortisation	折舊及攤銷以外的其他非現金開支	751	38	22	811

6. TURNOVER AND SEGMENT INFORMATION

(continued)

(c) Geographical segments

The Group's principal markets are located in three main geographical areas, namely, Hong Kong, the People's Republic of China ("PRC") and Japan. An analysis of revenue, total assets and capital expenditure by geographical segment is set out below:

		Revenue 收益		Total assets 總資產		Capital expenditure 資本開支	
		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Hong Kong	香港	467,357	431,958	289,897	130,007	2,759	250
The PRC	中國	76,123	72,084	428,499	292,102	92,207	30,263
Japan	日本	93,394	44,016	-	-	-	-
Others	其他	115,875	97,530	-	-	-	-
		752,749	645,588	718,396	422,109	94,966	30,513

6. 營業額及分部資料 (續)

(c) 地區分部

本集團之主要市場位於香港、中華人民共和國(「中國」)及日本三個主要地區。地區分部之收益、總資產及資本開支之分析載列如下：

7. OTHER INCOME

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Interest income	利息收入	4,219	403
Interest income from subscription monies upon public offering	公開發售所得認購款項的利息收入	383	-
Rental income	租金收入	116	212
Sales of scrap materials	廢料銷售	1,970	793
Product development fee income	產品開發費用收入	102	812
Gain on financial assets at fair value through profit or loss	按公平值計入損益賬的金融資產收益	3,862	1,578
Gain on disposal of listed securities	出售上市證券收益	188	322
Management fee from an associate	來自聯營公司的管理費	156	156
Others	其他	209	331
		11,205	4,607

7. 其他收入

8. FINANCE COSTS

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Interest expenses on bank overdraft and loans	銀行透支及貸款利息開支	4,875	6,859
Finance lease charges	融資租約支出	1,120	1,091
		5,995	7,950

8. 融資成本

9. INCOME TAX EXPENSE

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Current tax – Hong Kong Profits Tax	即期稅項 – 香港利得稅		
Provision for the year	本年度撥備	8,808	7,896
Under-provision in prior years	過往年度撥備不足	267	242
Current tax – PRC enterprise income tax	即期稅項 – 中國企業所得稅		
Provision for the year	本年度撥備	1,098	3,198
Under-provision in prior years	過往年度撥備不足	6	3
Income tax expense	所得稅開支	10,179	11,339

9. 所得稅開支

Hong Kong Profits Tax has been provided at a rate of 17.5% (2006: 17.5%) on the estimated assessable profit of Hong Kong incorporated subsidiaries for the year ended 31 December 2007. One of the Hong Kong incorporated subsidiaries, Ka Fung Metal Manufactory Company Limited (“Ka Fung Metal”), is within the scope of the Departmental Interpretation Practice note No. 21 issued by the Inland Revenue Department of Hong Kong, that it has conducted its manufacturing operations by entering into processing arrangements with the processing factory in the PRC, and hence 50% of the adjusted profits were treated as offshore and not taxable in Hong Kong.

Pursuant to relevant laws and regulations in the PRC, one of the subsidiaries of the Group, MG Technology (Shenzhen) Company Limited (“MG Technology”) is exempted from PRC enterprise income tax (“EIT”) for the two years from its first profit-making year and thereafter is entitled to a 50% tax relief from PRC EIT for the following three years. For the year ended 31 December 2006, MG Technology was in its fifth profit-making year and was therefore entitled to a 50% tax relief from PRC EIT for the financial year ended 31 December 2006.

截至二零零七年十二月三十一日止年度之香港利得稅根據香港註冊附屬公司之估計應課稅溢利以稅率17.5% (二零零六年：17.5%) 作出撥備。香港註冊附屬公司嘉豐金屬製品廠有限公司(「嘉豐金屬」)乃藉與中國的加工廠訂立加工安排進行生產業務，生產模式屬香港稅務局頒佈的稅務局釋義及執行指引第21號界定的範圍，故其經調整溢利50%視為離岸溢利，毋須在香港納稅。

根據相關中國法律及法規，本集團附屬公司之一創金美科技(深圳)有限公司(「創金美科技」)可自其首個盈利年度起兩年獲豁免中國企業所得稅(「企業所得稅」)，並於其後三年獲減免中國企業所得稅50%。截至二零零六年十二月三十一日止年度為創金美科技的第五個盈利年度，故截至二零零六年十二月三十一日止財政年度的中國企業所得稅均獲減半。

9. INCOME TAX EXPENSE (continued)

In December 2006, MG Technology was recognised as a “New and High Technology Enterprise” by Shenzhen Municipal Technology and Information Bureau, and its 50% tax relief was extended for another three years commencing from January 2007. As a result, it was entitled to a 50% tax relief (should not be lower than 10%) from PRC EIT for the year ended 31 December 2007. The tax rate applicable to this subsidiary in the PRC, after the 50% tax relief, was 10%. From 2008 onwards, the above 50% tax rate deduction would be subject to the transitional arrangements under the new PRC EIT Law effective 1 January 2008.

The new PRC EIT Law passed by the Tenth National People's Congress on 16 March 2007 introduces various changes which include the unification of the EIT rate for domestic and foreign enterprise at 25%. The new tax law will be effective from 1 January 2008. The EIT Law Implementation Rules was also issued in December 2007 by the State Council.

Article 28 of the new PRC EIT Law and article 93 of the EIT Law Implementation Rules stipulate that qualified Technologically High and New Enterprises would be entitled to a reduced EIT rate at 15%. However, the PRC authorities have not issued detailed qualification requirements for this EIT incentive. On the other hand, according to 國法[2007]第39號 (Guofa [2007]39) issued by the State Council dated 26 December 2007 regarding enterprises established and operating in Shenzhen Special Economic Zone, the applicable EIT rates are as follows:

Year	年份	EIT rate 企業所得稅率
2008	二零零八年	18%
2009	二零零九年	20%
2010	二零一零年	22%
2011	二零一一年	24%
2012	二零一二年	25%

Since MG Technology has not yet obtained the Technologically High and New Enterprises qualification, it would have to file its quarterly EIT returns at 18% EIT rate in 2008.

Ka Shui Technology (Huizhou) Company Limited has no assessable profit since its establishment and hence no provision was made during the year.

No provision for income tax in jurisdiction other than Hong Kong and the PRC has been made as the Group has no assessable profit subject to overseas income tax for the year ended 31 December 2007 (2006: Nil).

9. 所得稅開支 (續)

於二零零六年十二月，創金美科技獲深圳市科技和信息局確定為「高新技術企業」，其稅項減半優惠獲進一步延長三年，由二零零七年一月開始。因此，其截至二零零七年十二月三十一日止年度的中國企業所得稅獲減半(惟不得少於10%)。適用於該中國的附屬公司之稅率經減半後為10%。由二零零八年起，上述之稅率減半將視乎於二零零八年一月一日生效之新中國企業所得稅法之過渡性安排。

於二零零七年三月十六日第十屆全國人民代表大會上通過之新中國企業所得稅法引進多項變動包括統一內外資企業之企業所得稅率為25%。新稅法於二零零八年一月一日生效。企業所得稅法實施細則亦於二零零七年十二月由國務院頒佈。

新中國企業所得稅法第28條及企業所得稅法實施細則第93條規定合資格高新技術企業有權享有15%之企業所得稅率寬減。然而，中國當局並無頒佈有關該企業所得稅優惠政策之詳細資格規定。另一方面，根據國務院於二零零七年十二月二十六日就於深圳經濟特區成立及經營之企業頒佈之國法[2007]第39號，適用之企業所得稅率如下：

由於創金美科技並未取得高新技術企業資格，因此它於二零零八年須按18%企業所得稅率申報其季度企業所得稅回報。

嘉瑞科技(惠州)有限公司自成立以來並無應課稅溢利，故於本年度並無相關稅務撥備。

由於本集團於截至二零零七年十二月三十一日止年度並無須繳納海外所得稅之應課稅溢利(二零零六年：無)，故毋須就香港及中國以外之司法管轄區作出所得稅撥備。

9. INCOME TAX EXPENSE (continued)

The reconciliation between the income tax expense and the product of profit before tax multiplied by the Hong Kong profits tax rate is as follows:

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Profit before tax	除稅前溢利	67,724	122,759
Tax at Hong Kong profits tax rate at 17.5% (2006: 17.5%)	按香港利得稅稅率17.5% (二零零六年：17.5%) 計算的稅項	11,852	21,483
Tax effect of expenses that are not deductible	不可扣稅開支的稅務影響	2,078	304
Tax effect of income that is not taxable	毋須課稅收入的稅務影響	(217)	(74)
Tax effect of temporary differences not recognised	未確認暫時差異的稅務影響	240	(1,280)
Under-provision in previous year	過往年度撥備不足	273	245
Over/(under)-provision for current year	本年度超額撥備/(撥備不足)	260	(412)
Tax effect of profit that is not taxable under tax holidays	免稅期毋須課稅溢利的稅務影響	(1,219)	(3,172)
Tax effect of change in tax rate	稅率變動的稅務影響	(259)	-
Effect of different tax rates of subsidiaries	附屬公司稅率不同的稅務影響	(2,829)	(5,755)
Income tax expense	所得稅開支	10,179	11,339

9. 所得稅開支 (續)

所得稅開支與除稅前溢利乘以香港利得稅稅率計算所得結果的對賬如下：

10. PROFIT FOR THE YEAR

The Group's profit for the year is stated after charging/(crediting) the following:

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Allowance for doubtful debt	呆賬撥備	803	-
Allowance for inventories (included in cost of inventories sold)	存貨撥備 (包含在已售存貨成本中)	534	565
Auditor's remuneration	核數師酬金	782	830
Bad debts written off	壞賬撇銷	-	246
Cost of inventories sold	已售存貨成本	559,909	429,054
Depreciation of property, plant and equipment	物業、機器及設備折舊	22,642	18,031
(Gain)/loss on disposal of property, plant and equipment	出售物業、機器及設備之 (收益)/虧損	(101)	19
Impairment loss on available-for-sale financial assets	可供出售金融資產之 減值虧損	2,000	-
Listing expenses	上市費用	2,161	-
Net exchange (gain)/loss	匯兌(收益)/虧損淨額	(1,647)	374
Operating lease charges in respect of land and buildings	土地及樓宇的經營 租約租金	1,540	1,215
Property, plant and equipment written off	物業、機器及設備撇銷	-	56
Research and development expenditure	研發開支	4,354	3,649
Staff costs:	員工成本:		
Directors' emoluments (note 11(a))	董事酬金(附註11(a))	8,939	7,143
Wages and salaries	工資及薪金	89,610	72,086
Equity-settled share-based payments (excluding directors)	股權結算之股份支付的款項 (不包括董事)	3,376	-
Other staff benefits	其他員工福利	3,606	2,462
Retirement benefits scheme contributions (excluding directors)	退休福利計劃供款 (不包括董事)	7,536	4,017
		113,067	85,708

Cost of inventories sold includes staff costs and depreciation of approximately HK\$90,726,000 (2006: HK\$70,592,000), which are included in the amounts disclosed separately.

Research and development expenditure includes staff costs of approximately HK\$1,290,000 (2006: HK\$493,000), which are included in the amounts disclosed separately.

10. 年內溢利

本集團年內之溢利已扣除/(計入)下列各項:

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
		803	-
		534	565
		782	830
		-	246
		559,909	429,054
		22,642	18,031
		(101)	19
		2,000	-
		2,161	-
		(1,647)	374
		1,540	1,215
		-	56
		4,354	3,649
		8,939	7,143
		89,610	72,086
		3,376	-
		3,606	2,462
		7,536	4,017
		113,067	85,708

已售存貨成本中包括獨立披露的員工成本及折舊約90,726,000港元(二零零六年: 70,592,000港元)。

研發支出中包括獨立披露的員工成本約1,290,000港元(二零零六年: 493,000港元)。

11. EMOLUMENTS OF DIRECTORS (KEY MANAGEMENT PERSONNEL) AND HIGHEST PAID EMPLOYEES

11. 董事(主要管理人員)酬金及最高薪僱員

(a) Emoluments of directors (key management personnel)

The emoluments of each director were as follows:

(a) 董事(主要管理人員)酬金

各董事的酬金如下：

Name of director	Fees	Salaries	Discretionary bonus	Share-based payments	Retirement benefit scheme	Total
		and allowances			contributions	
	袍金	薪金及津貼	酌情花紅	以股份支付的款項	退休福利計劃供款	總計
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	千港元	千港元	千港元	千港元	千港元	千港元
Year ended 31 December 2007						
截至二零零七年十二月三十一日止年度						
Executive directors						
執行董事						
Mr. LEE Yuen Fat	–	2,091	310	259	12	2,672
Dr. KEUNG Wing Ching	–	1,787	265	173	12	2,237
Mr. WONG Wing Chuen	–	759	145	173	12	1,089
Mr. CHAN Tat Cheong, Alan	–	1,182	180	173	12	1,547
Mr. ZHAO Jian	–	770	180	173	7	1,130
Independent non-executive directors						
獨立非執行董事						
Mr. SUN Kai Lit, Cliff BBS, JP	88	–	–	–	–	88
Ir Dr. LO Wai Kwok MH, JP	88	–	–	–	–	88
Mr. YEOW Hoe Ann, John	88	–	–	–	–	88
Total for 2007	264	6,589	1,080	951	55	8,939
Year ended 31 December 2006						
截至二零零六年十二月三十一日止年度						
Executive directors						
執行董事						
Mr. LEE Yuen Fat	–	1,635	480	–	12	2,127
Dr. KEUNG Wing Ching	–	1,559	480	–	12	2,051
Mr. WONG Wing Chuen	–	676	208	–	12	896
Mr. CHAN Tat Cheong, Alan	–	1,066	328	–	12	1,406
Mr. ZHAO Jian	–	495	164	–	4	663
Independent non-executive directors						
獨立非執行董事						
Mr. SUN Kai Lit, Cliff BBS, JP	–	–	–	–	–	–
Ir Dr. LO Wai Kwok MH, JP	–	–	–	–	–	–
Mr. YEOW Hoe Ann, John	–	–	–	–	–	–
Total for 2006	–	5,431	1,660	–	52	7,143

There were no arrangement under which a director waived or agreed to waive any emoluments during the year (2006: Nil).

年內概無董事放棄或同意放棄任何酬金的安排(二零零六年：無)。

11. EMOLUMENTS OF DIRECTORS (KEY MANAGEMENT PERSONNEL) AND HIGHEST PAID EMPLOYEES (continued)

(b) Five highest paid individuals

The five highest paid individuals in the Group during the year included 4 (2006: 4) directors whose emoluments are reflected in the analysis presented above. The emoluments of the remaining individual (2006: 1) are set out below:

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Basic salaries and allowances	基本薪金及津貼	845	741
Discretionary bonus	酌情花紅	160	230
Share-based payments	以股份支付的款項	259	-
Retirement benefit scheme contributions	退休福利計劃供款	12	12
		1,276	983

The emoluments fell within the following band:

		Number of individuals 人數	
		2007 二零零七年	2006 二零零六年
Nil to HK\$1,000,000	零至1,000,000港元	-	1
HK\$1,000,001 to HK\$1,500,000	1,000,001港元至1,500,000港元	1	-
		1	1

During the year, no emoluments were paid by the Group to any of the directors or the highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

11. 董事(主要管理人員)酬金及最高薪僱員(續)

(b) 五名最高薪人士

年內，本集團的五名最高薪人士包括4名(二零零六年：4名)董事，有關酬金詳情載於上文的分析。餘下最高薪人士(二零零六年：1名)的酬金如下：

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Basic salaries and allowances	基本薪金及津貼	845	741
Discretionary bonus	酌情花紅	160	230
Share-based payments	以股份支付的款項	259	-
Retirement benefit scheme contributions	退休福利計劃供款	12	12
		1,276	983

酬金介乎以下範圍：

		Number of individuals 人數	
		2007 二零零七年	2006 二零零六年
Nil to HK\$1,000,000	零至1,000,000港元	-	1
HK\$1,000,001 to HK\$1,500,000	1,000,001港元至1,500,000港元	1	-
		1	1

年內，本集團並無向董事或最高薪人士支付任何作為加盟本集團時或之後的獎勵或離職的補償之酬金。

12. DIVIDENDS

12. 股息

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Interim of HK\$0.012 (2006: Nil) per ordinary share paid	已付每股普通股0.012港元 (二零零六年：零)之中期股息	10,560	-
Proposed final of HK\$0.009 (2006: Nil) per ordinary share	每股普通股0.009港元 (二零零六年：無) 之建議末期股息	7,920	-
		18,480	-

On 1 February 2007, the directors of one of the subsidiaries, Ka Shui Manufactory Co., Limited ("Ka Shui HK"), proposed a final dividend of HK\$30,000 each per ordinary share for the year ended 31 December 2006 totaling HK\$3,000,000 to its then shareholders. On 1 February 2007, the directors of another subsidiary, Ka Fung Metal, proposed a final dividend of HK\$3,000 each per ordinary share for the year ended 31 December 2006 totaling HK\$30,000,000 to its then shareholders. On 2 February 2007, the shareholders of Ka Shui HK and Ka Fung Metal approved the above proposed final dividends respectively. These proposed final dividends were fully settled in May 2007, and included as a movement in the consolidated statement of changes in equity.

During the year ended 31 December 2006, interim dividend in the amount of HK\$17,000,000 was declared by Ka Shui HK to its then shareholders on 15 December 2006.

於二零零七年二月一日，附屬公司之一嘉瑞製品有限公司(「嘉瑞香港」)的董事建議向其當時股東派發截至二零零六年十二月三十一日止年度每股普通股30,000港元的末期股息，合共3,000,000港元。於二零零七年二月一日，另一間附屬公司嘉豐金屬建議向其當時股東派發截至二零零六年十二月三十一日止年度每股普通股3,000港元的末期股息，合共30,000,000港元。於二零零七年二月二日，嘉瑞香港及嘉豐金屬的股東分別批准上述建議末期股息。該等建議末期股息已於二零零七年五月全數付清並已作為一項變動載入綜合權益變動表。

截至二零零六年十二月三十一日止年度，嘉瑞香港於二零零六年十二月十五日向其當時之股東宣派中期股息合共為17,000,000港元。

13. EARNINGS PER SHARE

Basis earnings per share

The calculation of basic earnings per share for the year ended 31 December 2007 is based on the profit attributable to equity shareholders of the Company of approximately HK\$57,492,000 and the weighted average number of 774,520,548 ordinary shares in issue during the year, and is calculated as follows:

Weighted average number of ordinary shares

		2007 二零零七年
Issued ordinary shares at 1 January	於一月一日發行普通股	1
Effect of shares issued on Group Reorganisation	就集團重組發行股份之影響	99,999,999
Effect of capitalisation issue upon listing	上市時資本化發行之影響	560,000,000
Effect of shares issued under placing and public offer	根據配售及公開發售發行股份之影響	114,520,548
Weighted average number of ordinary shares at 31 December	於十二月三十一日之普通股加權平均數	774,520,548

The weighted average number of ordinary shares issued pursuant to Group Reorganisation is calculated as if the shares had been outstanding throughout the year.

The calculation of basic earnings per share for the year ended 31 December 2006 is based on the profit attributable to equity shareholders of the Company of approximately HK\$109,562,000 and the 660,000,000 shares (100,000,000 shares in issue as at the date of the Prospectus and 560,000,000 shares issued pursuant to the capitalisation issue upon listing), as if the shares had been outstanding throughout the year.

Diluted earnings per share

The effects of all potential ordinary shares are anti-dilutive for the year ended 31 December 2007. There were no diluted earnings per share for the year ended 31 December 2006 as there were no potential dilutive shares on that day.

13. 每股盈利

每股基本盈利

截至二零零七年十二月三十一日止年度之每股基本盈利乃根據年內本公司權益持有人應佔溢利約57,492,000港元及年內已發行普通股加權平均數774,520,548股及其計算如下：

加權平均普通股股數

		2007 二零零七年
Issued ordinary shares at 1 January	於一月一日發行普通股	1
Effect of shares issued on Group Reorganisation	就集團重組發行股份之影響	99,999,999
Effect of capitalisation issue upon listing	上市時資本化發行之影響	560,000,000
Effect of shares issued under placing and public offer	根據配售及公開發售發行股份之影響	114,520,548
Weighted average number of ordinary shares at 31 December	於十二月三十一日之普通股加權平均數	774,520,548

根據集團重組所發行普通股加權平均數乃按假設股份於整個年度為已發行計算。

截至二零零六年十二月三十一日止年度每股基本盈利乃根據本公司權益持有人應佔溢利約109,562,000港元及660,000,000股股份（於售股章程日期已發行之100,000,000股股份及根據上市時資本化發行而發行之560,000,000股股份）假設股份於整個年度為已發行計算。

每股攤薄盈利

截至二零零七年十二月三十一日止年度所有潛在普通股均具有反攤薄影響。由於在二零零六年十二月三十一日並無潛在攤薄股份，故截至二零零六年十二月三十一日止年度並無每股攤薄盈利。

14. PROPERTY, PLANT AND EQUIPMENT

14. 物業、機器及設備

		Buildings	Leasehold improvements	Plant and machinery	Computer equipment	Furniture, fixture and office equipment	Motor vehicle	Construction in progress	Total
						傢俬、固定裝置及辦公室設備			
		樓宇	租賃物業裝修	廠房及機器	電腦設備	辦公室內部	汽車	在建工程	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
Cost	成本								
At 1 January 2006	於二零零六年一月一日	49,080	3,786	106,284	3,344	6,976	5,645	1,153	176,268
Additions	添置	1,863	105	26,683	666	377	703	116	30,513
Transfer	轉撥	1,282	-	-	-	-	-	(1,282)	-
Disposal	出售	-	-	(188)	-	-	(156)	-	(344)
Write off	撇銷	(1)	-	(846)	-	(85)	(45)	-	(977)
Exchange difference	匯兌差額	1,552	-	2,715	15	90	117	13	4,502
At 31 December 2006	於二零零六年十二月三十一日								
and 1 January 2007	及二零零七年一月一日	53,776	3,891	134,648	4,025	7,358	6,264	-	209,962
Additions	添置	669	58	63,678	2,415	87	1,013	27,046	94,966
Disposal	出售	-	-	(351)	-	(9)	(310)	-	(670)
Exchange difference	匯兌差額	3,017	-	7,613	28	174	262	-	11,094
At 31 December 2007	於二零零七年十二月三十一日	57,462	3,949	205,588	6,468	7,610	7,229	27,046	315,352
Accumulated depreciation	累計折舊								
At 1 January 2006	於二零零六年一月一日	2,013	629	38,034	1,651	4,373	2,330	-	49,030
Charge for the year	年內扣除	2,858	775	12,049	591	817	941	-	18,031
Disposal	出售	-	-	(82)	-	-	(156)	-	(238)
Write back	撥回	(1)	-	(828)	-	(47)	(45)	-	(921)
Exchange difference	匯兌差額	138	-	506	7	36	26	-	713
At 31 December 2006	於二零零六年十二月三十一日								
and 1 January 2007	及二零零七年一月一日	5,008	1,404	49,679	2,249	5,179	3,096	-	66,615
Charge for the year	年內扣除	2,617	757	16,808	686	970	804	-	22,642
Disposal	出售	-	-	(279)	-	(5)	(264)	-	(548)
Exchange difference	匯兌差額	414	-	1,455	18	97	79	-	2,063
At 31 December 2007	於二零零七年十二月三十一日	8,039	2,161	67,663	2,953	6,241	3,715	-	90,772
Carrying amount	賬面值								
At 31 December 2007	於二零零七年十二月三十一日	49,423	1,788	137,925	3,515	1,369	3,514	27,046	224,580
At 31 December 2006	於二零零六年十二月三十一日	48,768	2,487	84,969	1,776	2,179	3,168	-	143,347

The carrying amount of property, plant and equipment pledged as security for the Group's banking facilities amounted to approximately HK\$2,592,000 (2006: HK\$33,104,000).

The Group leases plant and machinery and motor vehicles under finance leases expiring from 3 to 5 years. At the end of each lease term, the Group has the option to purchase the plant and machinery and motor vehicles at a price deemed to be a bargain purchase option. None of the leases include contingent rentals.

The carrying amount of plant and machinery and motor vehicles held by the Group under finance leases amounted to approximately HK\$20,550,000 (2006: HK\$24,731,000).

賬面值分別約為2,592,000港元(二零零六年：33,104,000港元)的物業、機器及設備已經抵押，作為本集團的銀行信貸擔保。

本集團按融資租約租用機器及汽車，為期三至五年。各租期屆滿時，本集團可選擇以優惠價格購買有關機器及汽車。租約並不包括或然租金。

本集團按融資租約所持機器及汽車的賬面值約為20,550,000港元(二零零六年：24,731,000港元)。

15. PREPAID LAND LEASE PAYMENTS

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
At 1 January	於一月一日	10,544	10,484
Additions	添置	23,040	-
Amortisation of prepaid land lease payments	預付土地租金攤銷	(260)	(249)
Exchange difference	匯兌差額	569	309
At 31 December	於十二月三十一日	33,893	10,544

The Group's prepaid land lease payments are analysed as follows:

本集團預付土地租金分析如下：

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
In Hong Kong:	香港境內：		
Medium-term leases	中期租賃	650	667
Outside Hong Kong:	香港境外：		
Medium-term leases	中期租賃	33,243	9,877
		33,893	10,544

The carrying amount of prepaid land lease payments pledged as security for the Group's banking facilities amounted to approximately HK\$650,000 (2006: HK\$9,034,000).

賬面值約為650,000港元(二零零六年：9,034,000港元)的預付土地租金已經抵押，作為本集團所獲銀行信貸的擔保。

Included in prepaid land lease payments are two parcels of land amounted to HK\$23,040,000 (2006: Nil) of which the Group is in the process of applying for the land use rights certificate, which have not yet been issued by the relevant government authority.

預付土地租金包括兩幅金額合共為23,040,000港元(二零零六年：零)之土地，本集團正在為其申請土地使用權證書，惟該等證書尚未獲有關政府機關發出。

16. INVESTMENT IN AN ASSOCIATE

16. 對聯營公司的投資

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Unlisted investment	非上市投資		
Share of net assets	應佔資產淨值	1,115	2,516

Details of the Group's associate at 31 December 2007 are as follows:

於二零零七年十二月三十一日本集團聯營公司詳情如下：

Name 公司	Place of incorporation 註冊成立地點	Issued and paid up capital 已發行及繳足股本	Percentage of ownership interest 應佔權益百分比	Principal activities 主要業務
Wing Yu (Far East) Industries Company Limited ("Wing Yu")	Hong Kong	100,000 ordinary shares of HK\$1 each	40%	Surface finishing treatment
永裕(遠東)實業有 限公司(「永裕」)	香港	100,000股 每股面值1港元的普通股	40%	表面處理

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

有關本集團聯營公司的財務資料概要如下：

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
<i>At 31 December</i>	<i>於十二月三十一日</i>		
Total assets	資產總額	27,816	27,945
Total liabilities	負債總額	25,029	21,656
Net assets	資產淨值	2,787	6,289
Group's share of the associate's net assets	本集團應佔聯營公司之資產淨值	1,115	2,516

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
<i>Year ended 31 December</i>	<i>截至十二月三十一日止年度</i>		
Total revenue	收益總額	45,286	43,929
Total (loss)/profit for the year	年內(虧損)/溢利總額	(3,502)	776
Group's share of the associate's (loss)/profit for the year	本集團分佔聯營公司之年內 (虧損)/溢利	(1,401)	311

17. INVESTMENT IN A JOINTLY CONTROLLED ENTITY

17. 對共同控制實體的投資

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Unlisted investment	非上市投資		
Share of net assets	應佔資產淨值	8,259	-

Details of the Group's jointly controlled entity at 31 December 2007 are as follows:

於二零零七年十二月三十一日本集團之共同控制實體詳情如下：

Name 公司	Place of registration 註冊成立地點	Issued and paid up capital 已發行及繳足股本	Percentage of ownership interest/ profit sharing 應佔權益/溢利百分比	Principal activities 主要業務
Ka Shui Yinguang Technology (Wenxi) Limited	The PRC	Registered capital of RMB20,000,000	40%	Manufacture of magnesium alloy die casting products and components
嘉瑞銀光科技(聞喜)有限公司	中國	註冊資本人民幣20,000,000元	40%	生產鎂合金壓鑄件

The following amounts are the Group's share of assets, liabilities, turnover and expenses of the jointly controlled entity that are accounted for and included in the Group's financial statements using equity method of accounting.

以下為本集團分佔該共同控制實體的資產、負債、營業額及開支之數額，乃按權益會計法在本集團財務報表內列賬。

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
<i>At 31 December</i>	<i>於十二月三十一日</i>		
Current assets	流動資產	3,754	-
Non-current assets	非流動資產	4,577	-
Current liabilities	流動負債	(72)	-
Net assets	資產淨值	8,259	-
<i>Year ended 31 December</i>	<i>截至十二月三十一日止年度</i>		
Turnover	營業額	838	-
Expenses	開支	(1,119)	-
Group's share of loss of the jointly controlled entity for the year	本集團分佔共同控制實體之年內虧損	(281)	-

18. AVAILABLE-FOR-SALE FINANCIAL ASSETS

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Unlisted equity securities, at cost	非上市證券(按成本值計算)	8,303	8,303
Impairment loss	減值虧損	(2,000)	-
		6,303	8,303

Unlisted equity is carried at cost as it does not have a quoted market price in an active market and the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair values cannot be reliably measured. Details of impairment criteria are set out in note 4(e) to the financial statements.

由於非上市股本在活躍市場並無市場報價，而合理公平值估計的範圍又太大，本公司董事認為其公平值不能準確計算，故非上市股本投資乃按成本入賬。減值標準詳情載於本財務報表附註4(e)。

19. DEPOSITS PAID FOR ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT AND PREPAID LAND LEASE PAYMENTS

At 31 December 2007, included in deposits paid for acquisition of property, plant and equipment and prepaid land lease payments was a deposit of approximately HK\$6.5 million (2006: HK\$3 million) paid to a related company, Chit Shun Machinery Limited, for the acquisition of machinery.

19. 預付購買物業、機器及設備之按金及預付土地租金

於二零零七年十二月三十一日，就收購物業、機器及設備支付的按金及預付土地租金包括就收購機器而向一間關連公司捷迅機械設備有限公司支付之按金約6,500,000港元(二零零六年：3,000,000港元)。

20. INVENTORIES

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Raw materials	原材料	52,708	35,182
Consumables supplies and spare parts	消耗品及備用零部件	4,324	2,837
Work in progress	在製品	34,997	31,037
Finished goods	製成品	26,849	19,713
		118,878	88,769
Less: Allowance for inventories	減：存貨撥備	(534)	(565)
		118,344	88,204

20. 存貨

21. TRADE RECEIVABLES

The Group's trading terms with customers are mainly on credit. The credit terms are generally ranged from 30 to 75 days (2006: 15 to 75 days). Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors. The ageing analysis of trade receivables, based on the invoice date, and net of allowance, is stated as follows:

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
0 to 30 days	零至30日	71,339	58,531
31 to 60 days	31日至60日	24,150	36,103
61 to 90 days	61日至90日	8,910	12,096
91 to 180 days	91日至180日	9,286	4,611
Over 180 days	180日以上	1,806	1,120
		115,491	112,461

The carrying amounts of the trade receivables are denominated in the following currencies:

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
HK\$	港元	21,031	35,365
USD	美元	76,676	68,863
RMB	人民幣	16,141	7,683
Others	其他	1,643	550
		115,491	112,461

At 31 December 2007, an allowance was made for estimated irrecoverable trade receivables of approximately HK\$803,000 (2006: Nil).

21. 貿易應收款項

本集團與客戶之交易大部分以信貸方式進行。信貸期通常為30日至75日不等(二零零六年：15日至75日)。各客戶均有最高信貸限額。本集團致力嚴格控制其未收取之應收款項。董事對逾期欠款進行定期檢查。基於發票日期之貿易應收款項(扣除折扣)之賬齡分析如下：

貿易應收款項賬面值乃以下列貨幣為單位：

於二零零七年十二月三十一日，已就估計無法收回之貿易應收款項作出的撥備約803,000港元(二零零六年：零)。

21. TRADE RECEIVABLES (continued)

At 31 December 2007, trade receivables of approximately HK\$45,440,000 (2006: HK\$42,520,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables, based on the due date, is as follows:

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Up to 3 months	3個月以內	37,624	36,441
4 to 6 months	4至6個月	6,472	3,970
Over 6 months	6個月以上	1,344	2,109
		45,440	42,520

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The carrying amounts of the above financial assets are classified as held for trading.

The investments included above represent investments in derivatives that offer the Group the opportunity for return through fair value gains. The underlying currency is USD and RMB. The notional amounts of foreign currencies to be acquired or sold under contracts are set out below:

		Notional amount 名義金額	HK\$ equivalent 港元等值
(a)	Sales of HK\$ in exchange for USD 沽出港元買入美元	USD28 million 28,000,000美元	218.4 million 218,400,000元
(b)	Sales of USD in exchange for HK\$ 沽出美元買入港元	USD22 million 22,000,000美元	171.6 million 171,600,000元
(c)	Sales of USD in exchange for RMB 沽出美元買入人民幣	USD6 million 6,000,000美元	46.8 million 46,800,000元

At 31 December 2006, notional amount of USD to be acquired under the contracts was USD2 million (approximately HK\$15.6 million).

The foreign currency forward contracts have no fixed coupon rate and have maturity of approximately 1 year. The fair values of the derivatives are determined by reference to the market exchange rate at year end and the forward rate stated in the contracts.

21. 貿易應收款項 (續)

於二零零七年十二月三十一日，約45,440,000港元(二零零六年：42,520,000港元)的貿易應收款項為逾期但無減值撥備。該等款項與眾多最近並無拖欠紀錄的獨立客戶有關。逾期貿易應收款項根據到期日的賬齡分析如下：

22. 按公平值計入損益賬之金融資產

上述金融資產賬面值列為持作買賣類別。

上述投資乃透過公平值收益為本集團提供回報機會的衍生工具投資。相關貨幣為美元及人民幣，根據合約將購入或沽出的外幣名義金額為如下：

於二零零六年十二月三十一日，根據合約將購入的名義金額為2,000,000美元(約15,600,000港元)。

外幣遠期合約並無固定票面息率，約1年到期。衍生工具公平值以年終的市場匯率及合約訂明的遠期匯率釐定。

23. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

At 31 December 2007, included in prepayments, deposits and other receivables was an amount due from a jointly controlled entity of approximately HK\$120,000 (2006: Nil).

24. DUE FROM/(TO) AN ASSOCIATE

The amounts due from/(to) an associate is unsecured, interest-free and has no fixed repayment terms, except for an advance to the associate of HK\$1,000,000 which bears interest at HIBOR plus 2% per annum (2006: HIBOR plus 2% per annum).

25. PLEDGED BANK DEPOSITS AND BANK AND CASH BALANCES

The Group's pledged bank deposits represented deposits pledged to banks to secure banking facilities granted to the Group as set out in note 31 to the financial statements. The deposits are in HK\$ and at floating interest rate ranging from 2.8% to 3.1% per annum (2006: 3.1% to 4.2% per annum) and therefore are subject to cash flow interest rate risk.

Bank and cash balances amounted to approximately HK\$12,770,000 (2006: HK\$8,287,000) were denominated in RMB. Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations.

The carrying amounts of bank and cash balances are denominated in the following currencies:

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
HK\$	港元	131,926	2,300
USD	美元	19,838	256
RMB	人民幣	12,770	8,287
Others	其他	1,505	1,457
		166,039	12,300

23. 預付款項、按金及其他應收款項

於二零零七年十二月三十一日，預付款項、按金及其他應收款項包括應收共同控制實體的款項約120,000港元(二零零六年：零)。

24. 應收／應付聯營公司款項

應收／付聯營公司款項均為無抵押、免息且無固定還款期，惟向聯營公司提供的借款1,000,000港元則每年按香港銀行同業拆息另加2厘(二零零六年：香港銀行同業拆息另加2厘)計息。

25. 已抵押銀行存款與銀行及現金結餘

本集團已抵押銀行存款指載於財務報表附註31有關本集團為取得銀行信貸而抵押予銀行的存款。該等存款以港元為單位，以年利率2.8厘至3.1厘(二零零六年：年利率3.1厘至4.2厘)的浮動利率計息，故須承受現金流量利率風險。

銀行及現金結餘約12,770,000港元(二零零六年：8,287,000港元)以人民幣為單位。人民幣兌換外幣受中國外匯管理條例及結匯、售匯及付匯管理規定所限制。

銀行及現金結餘之賬面值以下列貨幣為單位：

26. TRADE PAYABLES

The ageing analysis of trade payables, based on the date of receipt of goods, is as follows:

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
0 to 30 days	即時至30天	29,807	25,486
31 to 60 days	31天至60天	26,299	20,104
61 to 90 days	61天至90天	2,597	7,043
91 to 180 days	91天至180天	1,249	1,454
Over 180 days	180天以上	1,429	751
		61,381	54,838

The carrying amounts of trade payables are denominated in the following currencies:

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
HK\$	港元	15,668	14,774
USD	美元	5,159	8,972
RMB	人民幣	38,703	28,508
Others	其他	1,851	2,584
		61,381	54,838

27. DUE TO A DIRECTOR/A RELATED COMPANY

Particulars of the amounts due to a director and a related company are as follows:

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Name/company/related directors	名稱／公司／關連董事		
Director	董事		
Mr. Lee	李先生	-	837
Related company	關連公司		
Chit Shun Machinery Limited/Mr. Lee	捷迅機械設備有限公司／李先生	806	269

The amounts due to a director and a related company are unsecured, interest free and repayable on demand.

26. 貿易應付款項

貿易應付款項按收貨日期計算的賬齡分析如下：

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
0 to 30 days	即時至30天	29,807	25,486
31 to 60 days	31天至60天	26,299	20,104
61 to 90 days	61天至90天	2,597	7,043
91 to 180 days	91天至180天	1,249	1,454
Over 180 days	180天以上	1,429	751
		61,381	54,838

貿易應付款項賬面值以下列貨幣為單位：

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
HK\$	港元	15,668	14,774
USD	美元	5,159	8,972
RMB	人民幣	38,703	28,508
Others	其他	1,851	2,584
		61,381	54,838

27. 應付董事／關連公司款項

應付董事／關連公司款項詳情如下：

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Name/company/related directors	名稱／公司／關連董事		
Director	董事		
Mr. Lee	李先生	-	837
Related company	關連公司		
Chit Shun Machinery Limited/Mr. Lee	捷迅機械設備有限公司／李先生	806	269

應付董事及關連公司的款項為無抵押、免息及須在要求時即期償還。

28. SHORT TERM BORROWINGS

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Short term bank loans (note 31)	短期銀行貸款 (附註31)	68,555	72,426
Bank overdraft (note 31)	銀行透支 (附註31)	-	1,275
		68,555	73,701

Short term bank loans are arranged at floating interest rates at 4.8% to 5.4% per annum (2006: 5.4% to 8.8% per annum) and expose the Group to cash flow interest rate risk. Short term bank loans were secured by the Group's fixed deposits, properties, corporate guarantees provided by the Company and certain subsidiaries of the Company, and personal guarantees provided by Mr. Lee (2006: the Group's fixed deposits, properties, Mr. Lee's property, corporate guarantees provided by certain subsidiaries of the Company, and personal guarantees provided by Mr. Lee).

The carrying amounts of the short term bank loans are denominated in the following currencies:

28. 短期借款

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
短期銀行貸款的浮動年利率分別為4.8至5.4厘(二零零六年：年利率為5.4至8.8厘)，故本集團須承擔現金流量利率風險。短期銀行貸款以本集團的定期存款、物業、本公司及其若干附屬公司提供的公司擔保及李先生提供的個人擔保作為抵押(二零零六年：以本集團的定期存款、物業；李先生的物業、本公司若干附屬公司提供的公司擔保及李先生提供的個人擔保作為抵押)。			

短期銀行貸款賬面值以下列貨幣為單位：

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
HK\$	港元	68,555	48,272
RMB	人民幣	-	24,154
		68,555	72,426

29. LONG TERM BORROWINGS

29. 長期借款

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Secured bank loans (note 31)	有抵押銀行貸款 (附註31)	14,526	20,006
Current portion of long term borrowings	長期借款的即期部分	(5,511)	(5,482)
		9,015	14,524

The carrying amounts of the Group's long term borrowings are denominated in HK\$.

本集團長期借款賬面值以港元為單位。

The bank loans are repayable as follows:

銀行貸款的還款期如下：

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Within one year	一年內	5,511	5,482
In the second year	第二年	5,265	5,510
In the third to fifth year	第三至第五年	3,750	9,014
		14,526	20,006

At 31 December 2007, long term borrowings were arranged at floating interest rate at 5.0% to 5.6% per annum (2006: 6.0% to 6.3% per annum) and expose the Group to cash flow interest rate risk.

於二零零七年十二月三十一日，長期借款的浮動年利率為5.0至5.6厘（二零零六年：年利率為6.0至6.3厘），故本集團須承擔現金流量利率風險。

Long term bank loans were secured by the Group's fixed deposits, properties, corporate guarantees provided by the Company and certain subsidiaries of the Company, and personal guarantees provided by Mr. Lee, (2006: the Group's fixed deposits, properties, corporate guarantees provided by certain subsidiaries of the Company, and personal guarantees provided by Mr. Lee).

長期銀行貸款以本集團的定期存款、物業、本公司及其若干附屬公司提供的公司擔保及李先生提供的個人擔保作為抵押（二零零六年：以本集團的定期存款、物業、本公司若干附屬公司提供的公司擔保及李先生提供的個人擔保作為抵押）。

30. OBLIGATIONS UNDER FINANCE LEASES

Obligations under finance leases are repayable as follows:

		Minimum lease payments 最低租金		Present value of minimum lease payments 最低租金現值	
		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Within one year	一年內	7,166	7,309	6,641	6,793
In the second to fifth year, inclusive	第二至第五年 (包括首尾兩年)	4,658	5,207	4,485	4,525
		11,824	12,516	11,126	11,318
Less: Future finance lease charges	減：未來融資租約支出	(698)	(1,198)	N/A不適用	N/A不適用
Present value of lease obligations	租約承擔現值	11,126	11,318	11,126	11,318
Less: Amount due for settlement within 12 months (shown under current liabilities)	減：12個月內到期結算 (列為流動負債)			(6,641)	(6,793)
Amount due for settlement after 12 months	12個月後到期結算 款項			4,485	4,525

It is the Group's policy to lease certain of its plant and machinery and motor vehicles under finance leases. The average lease term is 3 to 5 years.

At 31 December 2007, leases of approximately HK\$133,000 (2006: HK\$233,000) were arranged at fixed interests rates and expose the Group to fair value interest rate risk. The remaining borrowings are arranged at floating rates, thus exposing the Group to cash flow interest rate risk.

The interest rates are analysed as follows:

		2007 二零零七年	2006 二零零六年
Fixed rate leases	固定利率租約	4.8% to 7.5%	3.9% to 4.8%
Floating rate leases	浮動利率租約	5.3% to 7.4%	5.9% to 8.5%

All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. At the end of each lease term, the Group has the option to purchase the plant and machinery and motor vehicles at nominal prices.

All obligations under finance leases are denominated in HK\$.

The Group's obligations under finance leases are secured by the lessor's title to the leased assets.

30. 融資租約承擔

融資租約承擔的還款期如下：

		Minimum lease payments 最低租金		Present value of minimum lease payments 最低租金現值	
		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Within one year	一年內	7,166	7,309	6,641	6,793
In the second to fifth year, inclusive	第二至第五年 (包括首尾兩年)	4,658	5,207	4,485	4,525
		11,824	12,516	11,126	11,318
Less: Future finance lease charges	減：未來融資租約支出	(698)	(1,198)	N/A不適用	N/A不適用
Present value of lease obligations	租約承擔現值	11,126	11,318	11,126	11,318
Less: Amount due for settlement within 12 months (shown under current liabilities)	減：12個月內到期結算 (列為流動負債)			(6,641)	(6,793)
Amount due for settlement after 12 months	12個月後到期結算 款項			4,485	4,525

本集團的政策為根據融資租約租賃其若干機器設備及汽車，平均租賃年期為3至5年。

於二零零七年十二月三十一日，約133,000港元(二零零六年：233,000港元)的租約按固定利率計息，故本集團須承擔公平值利率風險。其他借款按浮動利率計息，故本集團須承擔現金流量利率風險。

利率分析如下：

		2007 二零零七年	2006 二零零六年
Fixed rate leases	固定利率租約	4.8% to 7.5%	3.9% to 4.8%
Floating rate leases	浮動利率租約	5.3% to 7.4%	5.9% to 8.5%

全部租約均有固定還款期且並無訂立任何或然租金安排。於租約期滿時，本集團可選擇以名義價格購買有關機器設備及汽車。

全部融資租約承擔均以港元計算。

本集團的融資租約承擔以出租人的租賃資產所有權作為擔保。

31. BANKING FACILITIES

As at 31 December 2007, the Group had available banking facilities of approximately HK\$242 million (2006: HK\$244 million), which were utilised to the extent of approximately HK\$87 million (2006: HK\$114 million). These banking facilities were secured by the following:

- (a) corporate guarantees provided by the Company and certain subsidiaries of the Company;
- (b) the Group's bank deposits of approximately HK\$6 million;
- (c) a property situated in Hong Kong owned by the Group (2006: properties situated in Hong Kong and the PRC owned by the Group, and a property owned by Mr. Lee);
- (d) personal guarantees provided by a director, Mr. Lee.

Consent has been obtained from the banks for the personal guarantees and security given by a director of the Company to be released upon the listing of the shares on the Stock Exchange and replaced by corporate guarantees and/or other security to be provided by the Company and/or other members of the Group. At 31 December 2007, personal guarantees provided by Mr. Lee to three banks had not been released. The personal guarantees to one of the banks had been released subsequent to the year ended 31 December 2007.

32. DEFERRED TAX LIABILITIES

The following are the major deferred tax liabilities and assets recognised by the Group, and the movements thereon, during the year:

		Accelerated tax depreciation	Tax losses	Total
		加速稅項折舊	稅項虧損	總計
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		千港元	千港元	千港元
At 1 January 2006	於二零零六年一月一日	2,328	(1,200)	1,128
(Credit)/charge to income statement for the year	自年內收益表 (計入)/扣除	(1,200)	1,200	-
At 31 December 2006 and 2007	於二零零六年及 二零零七年十二月三十一日	1,128	-	1,128

There was no significant unprovided deferred taxation for the year or at the balance sheet dates.

31. 銀行信貸

於二零零七年十二月三十一日，本集團可動用的銀行信貸約為242,000,000港元（二零零六年：244,000,000港元），而已動用的數額約為87,000,000港元（二零零六年：114,000,000港元）。此等銀行信貸以下列項目作為抵押：

- (a) 本公司及本公司某些附屬公司提供的公司擔保；
- (b) 本集團的銀行存款約6,000,000港元；
- (c) 本集團擁有的一項香港物業（二零零六年：本集團擁有的香港及中國物業，及李先生擁有的一項物業）；
- (d) 董事李先生提供的個人擔保。

銀行已同意於股份在聯交所上市時解除本公司一位董事的個人擔保及抵押，並由本公司及／或本集團其他成員公司提供的公司擔保及／或其他抵押取代。於二零零七年十二月三十一日，由李先生向三家銀行提供的個人擔保並未解除。於二零零七年十二月三十一日後向其中一家銀行提供的個人擔保已獲解除。

32. 遞延稅項負債

以下為本集團於年內已確認的主要遞延稅項負債及資產與相關變動：

於年內或各結算日並無重大未撥備遞延稅項。

33. SHARE CAPITAL

33. 股本

		Note 附註	Number of shares 股份數目	Amount 金額 HK\$'000 千港元
<i>Authorised:</i>				
Ordinary shares of HK\$0.1 each	法定：			
On incorporation and	每股面值0.1港元普通股			
at 31 December 2006	於註冊成立日期及於			
	二零零六年			
	十二月三十一日	(a)	1,000,000	100
Increased on 31 May 2007	於二零零七年五月三十一日			
	新增股本	(b)(i)	4,999,000,000	499,900
At 31 December 2007	於二零零七年十二月三十一日		5,000,000,000	500,000
<i>Issued and fully paid:</i>				
Ordinary shares of HK\$0.1 each	已發行及繳足：			
On incorporation and	每股面值0.1港元普通股			
at 31 December 2006	於註冊成立日期及			
	於二零零六年			
	十二月三十一日	(a)	1	-
Issue of shares as consideration for	發行股份作為			
the transfer of entire shareholdings of	轉讓附屬公司			
a subsidiary	全部股權的代價	(b)(ii)	99,999,999	10,000
Issue of shares by way of capitalisation of	透過將股份溢價賬			
share premium account	資本化發行股份	(b)(iii)	560,000,000	56,000
Issue of shares by way of placing and	透過配售及公開發售			
public offer	發行股份	(c)	220,000,000	22,000
At 31 December 2007	於二零零七年十二月三十一日		880,000,000	88,000

Notes:

附註：

- (a) The Company was incorporated on 7 January 2005 with an authorised share capital of HK\$100,000 divided into 1,000,000 shares of HK\$0.1 each. On the same date, one share was allotted and issued as fully paid to the initial subscriber and transferred to Precisefull Limited, a company controlled by the controlling shareholder, Mr. Lee.
- (a) 本公司於二零零五年一月七日註冊成立，法定股本100,000港元分作1,000,000股每股面值0.1港元的股份。於同日，一股股份以繳足股款形式配發及發行予初步認購人，並轉讓予Precisefull Limited（由控股股東李先生控制的公司）。
- (b) Pursuant to the written resolutions passed by the Company's shareholders on 31 May 2007:
- (b) 根據本公司股東於二零零七年五月三十一日通過的書面決議案：
- (i) the authorised share capital of the Company was increased from HK\$100,000 to HK\$500,000,000 by the creation of additional 4,999,000,000 shares of HK\$0.1 each;
- (i) 透過新增4,999,000,000股每股面值0.1港元股份，本公司法定股本由100,000港元增至500,000,000港元；
- (ii) 99,999,999 shares of HK\$0.1 each was issued on 31 May 2007 in exchange for the entire shareholdings of Ka Shui (Holdings) Company Limited ("Ka Shui BVI"), a subsidiary of the Company, pursuant to the Group Reorganisation; and
- (ii) 本公司於二零零七年五月三十一日發行99,999,999股每股面值0.1港元股份，以根據集團重組換取本公司附屬公司嘉瑞集團（控股）有限公司（「Ka Shui BVI」）全部股權；及

33. SHARE CAPITAL (continued)*Notes: (continued)*

- (iii) a total of 560,000,000 shares of HK\$0.1 each were allotted and issued as fully paid at par to the shareholders of the Company whose names appeared on the register of members of the Company at the close of business on 12 June 2007, in proportion to their shareholdings, by way of capitalisation of the sum of HK\$56,000,000 standing to the credit of the share premium account of the Company, conditional on the share premium account being credited as a result of new shares issued by way of placing and public offer on 25 June 2007.
- (c) On 25 June 2007, 220,000,000 shares of HK\$0.1 each were issued at HK\$1.35 each to the public by way of placing and public offer for a total of cash consideration, before related expenses, of HK\$297,000,000. The excess over the par value of the shares issued was credited to the share premium account.
- (d) The share capital presented in the balance sheet as at 31 December 2006 represents the aggregate paid-in capital of the Group's subsidiaries, namely, Ka Fung Metal, Ka Shui HK and Ka Shui Technology Limited.

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued share capital, reserves and retained earnings. The directors of the Company review the capital structure on a semi-annual basis. As part of this review, the directors consider the cost of capital and the risks associates with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt. The Group has a target gearing ratio of not more than 30% determined as the proportion of net debt to equity.

33. 股本 (續)*附註：(續)*

- (iii) 透過本公司股份溢價賬的進賬 56,000,000 港元撥充資本，按股東的持股量，以繳足股款形式按面值配發及發行 560,000,000 股每股面值 0.1 港元股份予二零零七年六月十二日營業日結束時名列本公司股東名冊的本公司股東，惟股份溢價賬須因二零零七年六月二十五日配售及公开发售發行的股份而獲入賬。
- (c) 於二零零七年六月二十五日，透過配售及公开发售，220,000,000 股每股面值 0.1 港元股份按每股 1.35 港元的價格發行予公眾，總現金代價為 297,000,000 港元（扣除相關開支前）。超出已發行股份面值部份計入股份溢價賬。
- (d) 呈列於二零零六年十二月三十一日的資產負債表的股本指集團附屬公司嘉豐金屬、嘉瑞香港及嘉瑞科技有限公司的已繳股本總額。

本集團管理其資本以確保本集團將可持續經營，而股東亦可透過優化債務及權益結餘取得最大回報。本集團的整體策略與去年無異。

本集團的資本架構包括現金及等同現金項目及本公司權益持有人應佔權益，包括已發行股本、儲備及保留盈利。本公司董事每半年檢討一次資本架構。於進行檢討時，董事考慮資本成本及有關各類資本的風險。根據董事的建議，本集團將透過派付股息、發行新股及購回股份以及發行新債項或贖回現有債項，藉以平衡整體資本架構。本集團的目標資本負債比率（即債務淨額與權益的比率）為不超過 30%。

33. SHARE CAPITAL (continued)

The gearing ratio at the year end was as follows:

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Debt (i)	負債(i)	94,207	105,025
Cash and cash equivalents	現金及等同現金項目	(94,207)	(12,300)
Net debt	負債淨額	-	92,725
Equity (ii)	權益(ii)	519,563	218,370
Net debt to equity ratio	債務淨額與權益比率	-	0.42

(i) Debt is defined as short term and long-term borrowings and obligations under finance leases, as detailed in notes 28, 29 and 30.

(ii) Equity includes all capital and reserves of the Group.

34. RESERVES

The amounts of the Group's reserves and the movements therein are presented in the consolidated statement of changes in equity.

(a) Share premium account

Share premium represents premium arising from the issue of shares at a price in excess of their par value per share. Under the Companies Law of the Cayman Islands, the funds in the share premium account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

(b) Merger reserve

The merger reserve represents the aggregate of (i) the nominal value of the shares issued by Ka Fung Metal on 18 January 2005 in exchange for the business of Ka Fung Metal Manufactory, an unincorporated partnership established in Hong Kong and controlled by Mr. Lee; and (ii) the nominal value of the shares issued by the Company in exchange for the entire shareholdings of Ka Shui BVI.

33. 股本 (續)

於年終的資本負債比率如下：

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Debt (i)	負債(i)	94,207	105,025
Cash and cash equivalents	現金及等同現金項目	(94,207)	(12,300)
Net debt	負債淨額	-	92,725
Equity (ii)	權益(ii)	519,563	218,370
Net debt to equity ratio	債務淨額與權益比率	-	0.42

(i) 債務乃界定為短期及長期借款及融資租約承擔，有關詳情載於附註28、29及30。

(ii) 權益包括本集團所有資本及儲備。

34. 儲備

本集團的儲備款項及相關變動均於綜合權益變動表呈列。

(a) 股份溢價賬

股份溢價乃指因按高於每股面值的價格發行股份而產生的溢價。根據開曼群島公司法，本公司的股份溢價賬的資金乃可分派予本公司的股東，惟緊隨股息建議分派之日後，本公司須有能力償還於日常業務過程中到期的債務。

(b) 合併儲備

合併儲備指以下兩項的總和：(i)嘉豐金屬於二零零五年一月十八日為換取嘉豐金屬製品廠（一間非註冊成立的合夥公司，在香港成立，並由李遠發先生控制）業務而發行的股份面值；及(ii)本公司為換取 Ka Shui BVI的全部股權而發行的股份面值。

34. RESERVES (continued)**(c) Capital reserve**

The capital reserve represents the amount of minority interests in Ka Fung Metal and Ka Fung Metal Manufactory acquired by the Group.

(d) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations as well as the effective portion of any foreign exchange differences arising from hedges of the net investment in these foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 3(e)(iii) to the financial statements.

(e) Share option reserve

The share option reserve represents the fair value of the actual or estimated number of unexercised share options granted to employees of the Group recognised in accordance with the accounting policy adopted for equity-settled share-based payments in note 3(t) to the financial statements.

(f) Statutory reserve

The statutory reserve comprises the PRC statutory reserve fund which is non-distributable.

As stipulated by the relevant laws and regulations for foreign investment enterprises in the PRC, the Company's PRC subsidiaries are required to transfer 10% of their profit after taxation calculated under PRC accounting rules and regulations to the statutory reserve fund, until the accumulated total of the statutory reserve fund reaches 50% of their registered capital. The statutory surplus reserve fund can be used to make up prior year losses or applied in conversion into capital.

34. 儲備 (續)**(c) 資本儲備**

資本儲備指本集團收購嘉豐金屬及嘉豐金屬製品廠少數股東權益的款額。

(d) 匯兌儲備

匯兌儲備包括來自換算海外業務財務報表時產生的所有匯兌差額及對沖海外業務投資淨額時產生的任何匯兌差額的有效部份。該等儲備根據財務報表附註3(e)(iii)所示會計政策處理。

(e) 購股權儲備

購股權儲備指根據財務報表附註3(t)所載按股權結算以股份支付的款項而採納的會計政策確認的授予本集團僱員的未行使購股權的實際或估計數目的公平值。

(f) 法定儲備

法定儲備包括不可分派的中國法定儲備基金。

中國規管外商投資企業的相關法律及條例規定，本公司的中國附屬公司須將根據中國會計法例及條例計算的除稅後溢利10%轉撥至法定儲備基金，直至累計法定儲備基金總額達到註冊資本的50%為止。法定盈餘儲備基金可用來填補過往年度虧損或撥入資本。

35. SHARE-BASED PAYMENTS

Equity-settled share option scheme

Pre-IPO Share Option Scheme

The Company operates a pre-IPO share option scheme (the “Pre-IPO Share Options Scheme”) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Eligible participants include the employees of the Group and executive directors of the Company. In the current year, share options under the Pre-IPO Share Option Scheme were granted to 59 grantees on 1 June 2007. The exercise of these share options would entitle these grantees to an aggregate of 22,000,000 shares.

Details of the specific categories of options are as follows:

Category of grantee 承授人類別	Date of grant 授出日期	Vesting date 歸屬日期	Exercise period 行使期	Exercise price 行使價 HK\$ 港元	Number of share options 購股權數目
Executive directors 執行董事	1 June 2007 二零零七年六月一日	27 June 2008 二零零八年六月二十七日	27 June 2008 to 26 June 2011 二零零八年六月二十七日 至二零一一年六月二十六日	0.81	1,452,000
Executive directors 執行董事	1 June 2007 二零零七年六月一日	27 June 2009 二零零九年六月二十七日	27 June 2009 to 26 June 2011 二零零九年六月二十七日 至二零一一年六月二十六日	0.81	1,452,000
Executive directors 執行董事	1 June 2007 二零零七年六月一日	27 June 2010 二零一零年六月二十七日	27 June 2010 to 26 June 2011 二零一零年六月二十七日 至二零一一年六月二十六日	0.81	1,936,000
Employees 僱員	1 June 2007 二零零七年六月一日	27 June 2008 二零零八年六月二十七日	27 June 2008 to 26 June 2011 二零零八年六月二十七日 至二零一一年六月二十六日	0.81	5,148,000
Employees 僱員	1 June 2007 二零零七年六月一日	27 June 2009 二零零九年六月二十七日	27 June 2009 to 26 June 2011 二零零九年六月二十七日 至二零一一年六月二十六日	0.81	5,148,000
Employees 僱員	1 June 2007 二零零七年六月一日	27 June 2010 二零一零年六月二十七日	27 June 2010 to 26 June 2011 二零一零年六月二十七日 至二零一一年六月二十六日	0.81	6,864,000

35. 以股份支付的款項

權益結算購股權計劃

首次公開售股前購股權計劃

本公司設立首次公開售股前購股權計劃（「首次公開售股前購股權計劃」），目的在於向對本集團成功經營作出貢獻的合資格參與者提供獎勵及回報。合資格參與者包括本集團僱員及本公司執行董事。於本年度，首次公開售股前購股權計劃下的購股權已於二零零七年六月一日授予59位承授人。承授人行使此等購股權將可獲合共22,000,000股股份。

購股權的具體類別詳情如下：

35. SHARE-BASED PAYMENTS (continued)

The share options (to the extent not already exercised) shall lapse at the expiry of the option period on 26 June 2011 or otherwise in the following manner:

- the share option shall lapse automatically upon the death of the grantee;
- the share options (to the extent not already exercised) shall lapse automatically on the last date of the grantee's employment with the Group, no matter how the cessation of employment arises;
- if the grantee breaches any term or condition of the share options as described in the offer letter in relation thereto, the options (to the extent not already exercised) shall lapse automatically (unless otherwise directed by the Board in writing in its absolute discretion).

Details of the share options outstanding during the year are as follows:

		2007		2006	
		Number of share options 購股權數目	Weighted average exercise price 加權平均行使價 HK\$ 港元	Number of share options 購股權數目	Weighted average exercise price 加權平均行使價 HK\$ 港元
Outstanding at the beginning of the year	年初未行使	-	N/A 不適用	-	N/A 不適用
Granted during the year	年內授出	22,000,000	0.81	-	N/A 不適用
Forfeited during the year	年內沒收	(880,000)	0.81	-	N/A 不適用
Outstanding at the end of the year	年終未行使	21,120,000	0.81	-	N/A 不適用
Exercisable at the end of the year	年終可行使	-	N/A 不適用	-	N/A 不適用

No share option had been exercised during the year (2006: Nil). The options outstanding at the end of the year have a weighted average remaining contractual life of 3.5 years (2006: Nil).

Save as disclosed above, no further options were granted under the Pre-IPO Share Option Scheme.

The fair values per option determined at the dates of grant using the Black-Scholes option pricing model were HK\$0.55, HK\$0.59, HK\$0.61 and HK\$0.63 respectively.

35. 以股份支付的款項 (續)

尚未行使的購股權將於購股權有效期屆滿日(二零一一年六月二十六日)或因以下原因告失效:

- 購股權於承授人身故後自動失效;
- 尚未行使的購股權於承授人任職本集團的最後一日自動失效, 而不論因任何原因終止僱用;
- 倘承授人違反有關購股權要約函件所載購股權的條款或條件, 則尚未行使的購股權會自動失效, 惟董事會以書面形式全權酌情另行指示者則除外。

年內尚未行使的購股權詳情如下:

年內概無購股權獲行使(二零零六年: 無)。年終未行使購股權的加權平均剩餘合約年期為3.5年(二零零六年: 無)。

除上文所披露者外, 概無根據首次公開售股前購股權計劃授出任何其他購股權。

於授出日期使用柏力克-舒爾斯期權定價模式釐定的購股權公平值分別為0.55港元、0.59港元、0.61港元及0.63港元。

35. SHARE-BASED PAYMENTS (continued)

The following assumptions were used to calculate the fair values of shares options:

Exercise price	HK\$0.81
Expected life	2.5-3.5 years
Expected volatility	46.94%
Dividend yield	1.70%
Risk-free interest rate	4.38%

Expected volatility was determined by calculating the historical volatility of share prices of comparable companies with shares listed on the Stock Exchange and engaged in the similar business of the Group. The expected life used in the model has been adjusted, based on the Group's best estimate, for the effects of non transferability, exercise restrictions and behavioural considerations.

The fair value of the options will be amortised over the vesting period on a straight-line basis and expensed in the income statement.

Share Option Scheme

Pursuant to the written resolution passed by all shareholders of the Company on 2 June 2007, the share option scheme ("Share Option Scheme") was approved.

The purpose of the Share Option Scheme is to recognise and acknowledge the contributions that eligible participants had made or may make to the Group. Eligible participants include (a) employees, directors, consultants, professionals, customers, suppliers, agents, partners or advisors of or contractors to the Group or a company in which the Group holds an interest or a subsidiary of such company ("Affiliate"), or (b) companies beneficially owned by any director, employee, consultant, professional, customer, supplier, agent, partner, adviser of or contractor to the Group or an Affiliate. The Share Option Scheme became effective on 2 June 2007 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of shares which may be issued upon the exercise of all outstanding share options granted and yet to be exercised under the Share Option Scheme or any other schemes involving the grant of options over shares of the Company must not, in aggregate, exceed 30% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Share Option Scheme within any 12-month period, is limited to 1% of the shares of the Company in issue at any time. Any further grant of shares options in excess of this limit is subject to shareholders' approval in a general meeting.

35. 以股份支付的款項 (續)

下列假設用於計算購股權公平值：

行使價	0.81港元
預計年期	2.5-3.5年
預計波幅	46.94%
股息回報率	1.70%
無風險利率	4.38%

預計波幅乃透過計算股份於聯交所上市且所從業務與本集團類似的可資比較公司的股價的過往波幅釐定。就非轉讓性、行使限制及行為考慮而言，根據本集團的最佳估計，使用該模式的預計年期已作出調整。

購股權公平值將以直線方式於歸屬期內攤銷，並於損益表內列作支出。

購股權計劃

根據本公司全體股東於二零零七年六月二日通過的書面決議案，購股權計劃（「購股權計劃」）已獲採納。

購股權計劃目的在於認可或酬謝合資格參與者已經或可能對本集團作出的貢獻。合資格參與者包括(a)本集團或本集團持有權益公司或該公司之附屬公司（「聯屬公司」）的僱員、董事、顧問、專業人士、客戶、供應商、代理商、夥伴或諮詢人或承包商，或(b)由本集團或聯屬公司的任何董事、僱員、顧問、專業人士、客戶、供應商、代理商、夥伴、諮詢人或承包商實益擁有的公司。購股權計劃於二零零七年六月二日起生效，除非另行註銷或修訂，購股權計劃將自該日起十年內有效。

因行使所有根據購股權計劃或任何其他涉及授出本公司股份期權的計劃已授出而尚未行使購股權而可發行的最高股份數目，合共不得超過本公司不時已發行股份30%。根據購股權計劃，於任何十二個月期間，可發行予該購股權計劃各合資格參與者的最高股份數目上限為本公司不時已發行股份的1%。進一步授出超過該上限的購股權須獲股東於股東大會上批准。

35. SHARE-BASED PAYMENTS (continued)

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the closing price of the Company's shares at the date of the grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options shall remain open for acceptance by the eligible participant concerned for a period of not less than three business days from the date of offer, except for any offer which is made within the last three business days of the life of this scheme, the offer shall remain open for acceptance on a business day by the eligible participant concerned for a period of not longer than the remaining life of this scheme. An offer cannot be accepted by an eligible participant who ceases to qualified as an eligible participant after the offer has been made. No offer shall be capable of or open for acceptance after the expiry of 10 years for the effective date of this scheme.

The offer of a grant of share options may be accepted upon payment of a nominal consideration of HK\$10 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences after a certain vesting period as determined by directors at each grant and ends on a date which is not later than ten years from the date of the offer of the share options.

The exercise price of the share options is determinable by the directors, but may not be less than the highest of (i) the Stock Exchange closing price of the Company's shares on the date of the offer of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of the Company's shares on the date of the offer.

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

During the year, no option (2006: Nil) was granted under the Share Option Scheme.

35. 以股份支付的款項 (續)

向本公司董事、行政總裁或主要股東或彼等各自的任何聯繫人士授出購股權，須待獨立非執行董事事先批准後方可進行。此外，於任何十二個月期間內向本公司主要股東或獨立非執行董事或彼等的任何聯繫人士授予的任何購股權，倘超過本公司不時已發行股份的0.1%或總值(按授出日期本公司股份收市價計算)超過5,000,000港元者，須待股東於股東大會上批准後方可進行。

授出購股權的要約須於要約日期起計不少於三個營業日的期限內可供合資格參與者接納，惟於該計劃年期的最後三個營業日內作出的任何要約除外，要約須於不超過該計劃餘下年期期限內可供合資格參與者於任何營業日接納。作出要約後，不再為合資格參與者的合資格參與者不得接納該項要約。於該計劃生效日期10年屆滿後，不得提出要約，亦不可供接納要約。

承授人支付合共10港元的象徵式代價後，授出購股權的要約便屬獲得接納。獲授購股權的行使期由董事釐定，並於由董事於各授出日期釐定的若干歸屬期後開始，而屆滿日期不得遲於提出購股權要約日期起計10年。

購股權的行使價由董事釐定，且不得低於(i)提出購股權要約之日本公司股份在聯交所的收市價；(ii)緊接要約日期前五個營業日本公司股份在聯交所的平均收市價；及(iii)日本公司股份於要約日期的面值(以較高者為準)。

購股權持有人無權獲派股息或於股東大會上投票。

年內，概無根據購股權計劃授出任何購股權(二零零六年：無)。

36. NOTES TO CONSOLIDATED CASH FLOW STATEMENTS

36. 綜合現金流量表附註

(a) Cash flow from operating activities

(a) 經營業務所得現金流量

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元 (Restated) (重列)
Profit from operations	經營溢利	77,401	130,398
Adjustments for:	已作出下列調整：		
Interest income	利息收入	(4,602)	(403)
Bad debts written off	壞賬撇銷	-	246
Allowance for doubtful debt	呆賬撥備	803	-
Gain on financial assets at fair value through profit or loss	按公平值計入損益賬的金融資產收益	(3,862)	(1,578)
Equity-settled share-based payments	按股權結算以股份支付的款項	4,327	-
Listing expenses	上市開支	2,161	-
Property, plant and equipment written off	物業、機器及設備撇銷	-	56
(Gain)/loss on disposal of property, plant and equipment	出售物業、機器及設備的(收益)/虧損	(101)	19
Depreciation of property, plant and equipment	物業、機器及設備折舊	22,642	18,031
Amortisation of prepaid land lease payments	攤銷預付土地租金	260	249
Operating profit before movements in working capital	未計營運資金變動前的經營溢利	99,029	147,018
Increase in inventories	存貨增加	(30,140)	(43,134)
Increase in trade receivables	貿易應收款項增加	(3,856)	(44,281)
(Increase)/decrease in prepayments, deposits and other receivables	預付款項、按金及其他應收款項(增加)/減少	(7,137)	2,266
Increase in trade payables	貿易應付款項增加	6,543	13,655
Increase in deposits received, other payables and accruals	已收按金、其他應付款項及應計費用增加	814	5,785
(Decrease)/increase in due to an associate	應付聯營公司款項(減少)/增加	(57)	3,059
Increase/(decrease) in due to related companies	應付關連公司款項增加/(減少)	537	(350)
Increase/(decrease) in due to a director	應收董事款項增加/(減少)	904	(149)
Cash generated from operations	經營所得現金	66,637	83,869
Income tax paid	已付所得稅	(11,538)	(5,812)
Interest paid	已付利息	(4,875)	(6,859)
Finance lease charges paid	已付融資租約支出	(1,120)	(1,091)
Net cash generated from operating activities	經營業務所得現金淨額	49,104	70,107

36. NOTES TO CONSOLIDATED CASH FLOW STATEMENTS *(continued)*

(b) Major non-cash transaction

- (i) During the year, the Group had entered into finance leases in respect of property, plant and equipment with total capital values at the inception of the leases of approximately HK\$9,143,000 (2006: HK\$5,447,000).
- (ii) During the year, the Group sold property, plant and equipment to a jointly controlled entity at a consideration of approximately HK\$120,000 (2006: Nil). The consideration had not been settled during the year.
- (iii) Included in the addition of property, plant and equipment was an amount of approximately HK\$6,940,000 (2006: Nil) which was transferred from deposits paid for acquisition of property, plant and equipment and prepaid land lease payments.
- (iv) Included in the addition of prepaid land lease payments was an amount of approximately HK\$15,515,000 (2006: Nil) which was transferred from deposits paid for acquisition of property, plant and equipment and prepaid land lease payments.
- (v) On 15 December 2006, Ka Shui HK declared an interim dividend to its then shareholders in the amount of HK\$17,000,000 which was settled against amount due to a director.

36. 綜合現金流量表附註 (續)

(b) 主要非現金交易

- (i) 年內，本集團訂立有關物業、機器及設備的融資租約，訂約時的資本總值約為9,143,000港元(二零零六年：5,447,000港元)。
- (ii) 年內，本集團以代價約120,000港元(二零零六年：無)向一共同控制實體出售物業、機器及設備。年內，該項代價尚未清償。
- (iii) 轉自購買物業、機器及設備所付按金及預付土地租金的款項約6,940,000港元(二零零六年：無)，已計入物業、機器及設備的增項。
- (iv) 轉自預付購買物業、機器及設備之按金及預付土地租金的款項約15,515,000港元(二零零六年：無)，已計入預付土地租金的增項。
- (v) 於二零零六年十二月十五日，嘉瑞香港向其當時的股東宣派為數17,000,000港元的中期股息，該款項由應付一位董事款項結付。

37. OPERATING LEASE COMMITMENTS**The Group as lessee**

At 31 December 2007, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

		2007 二零零七年 <i>HK\$'000</i> 千港元	2006 二零零六年 <i>HK\$'000</i> 千港元
Within one year	一年內	883	7,082
In the second to fifth year inclusive	第二至第五年(包括首尾兩年)	3,418	2,876
After five years	五年後	40,695	38,880
		44,996	48,838

Operating lease payments represent rentals payable by the Group for certain of its staff quarter, warehouse and leasehold land for factory. Leases for staff quarter and warehouse are negotiated, and rentals are fixed, for an average term of 1 to 2 years. Lease for leasehold land are fixed with a term of 41 years.

38. CAPITAL COMMITMENTS

The Group's capital commitments in respect of purchase and construction of property, plant and equipment at the balance sheet date are as follows:

		2007 二零零七年 <i>HK\$'000</i> 千港元	2006 二零零六年 <i>HK\$'000</i> 千港元
Contracted but not provided for	已訂約但未撥備	29,827	5,256

37. 經營租約承擔**本集團作為承租人**

於二零零七年十二月三十一日，本集團根據不可撤銷經營租約而於下列期間到期的未來最低租金總額如下：

經營租約付款指本集團須就若干員工宿舍、貨倉及工廠租賃土地支付的租金。員工宿舍及貨倉的租約經協商而訂立，租期平均為1至2年而租金固定。租賃土地的租約協定的年期為41年。

38. 資本承擔

於結算日，本集團有關購買及建造物業、機器及設備的資本承擔詳情如下：

39. RELATED PARTY TRANSACTIONS

- (a) In addition to those related party transactions and balances disclosed elsewhere in the financial statements, the Group had the following transactions with its related parties during the year:

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Sale of property, plant and equipment to a jointly controlled entity	向共同控制實體出售物業、機器及設備	120	-
Purchase of machinery, machinery parts and maintenance cost from a related company, Chit Shun Machinery Limited (note (ii))	向關連公司捷迅機械設備有限公司購買機器、機器零部件及維修成本 (附註(ii))	2,275	3,602
Deposit paid to a related Company, Chit Shun Machinery Limited (note 19)	向關連公司捷迅機械設備有限公司支付按金 (附註19)	3,556	3,000
Subcontracting charges paid to an associate	向聯營公司支付分包費	26,685	24,844
Advance from Mr. Lee	李先生提供墊款	21,810	8,348
Advance from a jointly controlled entity	共同控制實體提供墊款	9	-
Advance from related companies (note (i))	關連公司提供墊款 (附註(i))	-	12
Management fee income from an associate	聯營公司所付管理費用	156	156
Advance to related companies (note (i))	向關連公司墊款 (附註(i))	-	3
Advance to Mr. Lee	向李先生墊款	22,870	20,806
Advance to an associate	向聯營公司墊款	6,600	2,500
Interests received from an associate	向聯營公司收取的利息	89	78

Notes:

- (i) Mr. Lee has control over these related companies.
- (ii) Mr. Lee has significant influence in the related company.
- (b) The above transactions were entered into with the related parties on terms mutually agreed by individual parties. In the opinion of the directors of the Group, these related party transactions were conducted on normal commercial terms and in the ordinary and usual course of the Group's business.
- (c) During the year, the key management personnel compensation paid by the Group was disclosed in note 11 to the financial statements.
- (d) During the year, certain banking facilities of the Group were secured by personal guarantees provided by Mr. Lee, details of which is set out in note 31 to the financial statements.

39. 關連人士交易

- (a) 除於財務報表其他部份所披露的關連人士交易及結餘外，年內本集團曾與關連人士進行以下交易：

附註：

- (i) 李先生對上述關連公司擁有控制權。
- (ii) 李先生對上述關連公司有重大影響力。
- (b) 上述交易均與關連人士按照各方互相協定的條款進行。本集團董事認為，該等關連交易乃根據一般商業條款於本集團日常業務過程中進行。
- (c) 年內，本集團已付主要管理人員酬金乃於財務報表附註11披露。
- (d) 年內，本集團若干銀行信貸乃以李先生提供的個人擔保作抵押，有關詳情載於財務報表附註31。

40. PARTICULARS OF SUBSIDIARIES

Particulars of the subsidiaries as at 31 December 2007 are as follows:

40. 附屬公司詳情

於二零零七年十二月三十一日，附屬公司詳情如下：

Name 名稱	Place of incorporation 註冊成立	Issued and fully paid up share capital/ registered capital 已發行及繳足 股本／註冊資本	Percentage of ownership interest/ voting power/ profit sharing 應佔權益／投票權／ 溢利百分比		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Ka Shui BVI	British Virgin Islands ("BVI") 英屬處女群島 (「英屬處女群島」)	1 ordinary share of US\$1 each 1股每股面值 1美元的普通股	100%	–	Investment holding 投資控股
Ka Fung Metal 嘉豐金屬	Hong Kong 香港	10,000 ordinary shares of HK\$1 each 10,000股每股 面值1港元的普通股	–	100%	Manufacture of zinc alloy die casting products and components 生產鋅合金壓鑄產品 及零部件
Ka Shui HK 嘉瑞香港	Hong Kong 香港	100 ordinary shares of HK\$100 each 100股每股 面值100港元的普通股	–	100%	Sale of zinc, magnesium and aluminium alloy die casting products and components 銷售鋅、鎂及 鋁合金壓鑄產品及零部件
MG Technology 創金美科技	The PRC 中國	Registered capital HK\$101,000,000 (2006: HK\$57,810,000) 註冊資本101,000,000港元 (二零零六年： 57,810,000港元)	–	100%	Sale and manufacture of zinc, magnesium and aluminium alloy die casting products and components 生產及銷售鋅、鎂及 鋁合金壓鑄產品及零部件
Ka Shui Technology (Huizhou) Company Limited 嘉瑞科技(惠州)有限公司	The PRC 中國	Registered capital HK\$110,000,000 註冊資本110,000,000港元	–	100%	Not yet commenced business 尚未開始經營
Elegant Shine Investments Limited 雅輝投資有限公司	BVI 英屬處女群島	1 ordinary share of US\$1 each 1股每股面值 1美元的普通股	–	100%	Inactive 暫無業務
Ka Shui Technology Limited 嘉瑞科技有限公司	Hong Kong 香港	10,000 ordinary shares of HK\$1 each 10,000 股每股 面值1港元的普通股	–	100%	Investment holding 投資控股

MG Technology and Ka Shui Technology (Huizhou) Company Limited are wholly-foreign owned enterprise established in the PRC.

創金美科技及嘉瑞科技(惠州)有限公司均為在中國成立的外商獨資企業。

41. SUBSEQUENT EVENTS

The following significant events have been taken place subsequent to 31 December 2007:

- (a) Consent has been obtained from banks for the personal guarantees given by directors of the Company to be released upon the listing of the shares on the Stock Exchange and replaced by corporate guarantees and/or other security to be provided by the Company and/or other members of the Group. At 31 December 2007, personal guarantees provided by Mr. Lee to three banks had not been released. The personal guarantees to one of the banks had been released subsequent to the year ended 31 December 2007.
- (b) On 20 February 2008, Ka Shui BVI entered into a sale and purchase agreement with the remaining shareholders ("Vendor") of Wing Yu pursuant to which Ka Shui BVI agreed to acquire and the Vendor agreed to sell an aggregate equity interest of 60% in Wing Yu for a total consideration of HK\$2,043,800. The effective date of the acquisition is on 1 January 2008 and the consideration was satisfied by cash on 20 February 2008. After the transaction, Wing Yu became a wholly-owned subsidiary of the Company.
- (c) On 18 April 2008, the Company proposed to declare a final dividend of Hong Kong 0.9 cents per ordinary share to its shareholders, as further detailed in note 12 to the financial statements.

42. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation. The changes included the reclassification of certain deposits paid for acquisition of property, plant and equipment and prepaid land lease payments previously classified under prepayments, deposits and other receivables to non-current assets. The new classification of the accounting items was considered to provide a more appropriate presentation of the state of affairs of the Group.

43. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 18 April 2008.

41. 結算日後事項

於二零零七年十二月三十一日後發生的重大事項如下：

- (a) 本公司已獲銀行同意，由本公司董事提供的個人擔保將於股份在聯交所上市後解除，並由本公司及/或本集團其他成員公司所提供的公司擔保及/或其他抵押品取代。於二零零七年十二月三十一日，李先生向三家銀行提供的個人擔保並未解除。於二零零七年十二月三十一日後向其中一家銀行提供的個人擔保已獲解除。
- (b) 於二零零八年二月二十日，Ka Shui BVI與永裕餘下股東（「賣方」）訂立一份買賣協議，據此，Ka Shui BVI同意購買及賣方同意出售永裕合共60%之股本權益，總代價為2,043,800港元。收購的生效日期為二零零八年一月一日，代價已於二零零八年二月二十日以現金方式支付。交易完成後，永裕已成為本公司的一間全資附屬公司。
- (c) 於二零零八年四月十八日，本公司建議向其股東宣派每股普通股0.9港仙的末期股息，進一步詳情載於本財務報表附註12。

42. 比較數字

若干可資比較數字已予重新分類以符合本年度的呈列。有關變動包括原分類為預付款項、按金及其他應收款項的預付購買物業、機器及設備之按金及預付土地租金重新分類為非流動資產。本公司認為會計項目之重新分類可更恰當地呈列本集團的營業狀況。

43. 批准財務報表

本財務報表已於二零零八年四月十八日獲董事會批准並授權刊發。

For the year ended 31 December

截至十二月三十一日止年度

		2004 二零零四年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元
RESULTS	業績				
Turnover	營業額	375,691	348,377	645,588	752,749
Profit before tax	除稅前溢利	60,745	15,111	122,759	67,724
Income tax expense	所得稅開支	(6,135)	(2,001)	(11,339)	(10,179)
Profit for the year	年內溢利	54,610	13,110	111,420	57,545
Attributable to	以下人士應佔權益：				
– Equity holders of the Company	– 本公司權益持有人	53,662	13,031	109,562	57,492
– Minority interests	– 少數權益持有人	948	79	1,858	53
		54,610	13,110	111,420	57,545

As at 31 December

於十二月三十一日

		2004 二零零四年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元
ASSETS AND LIABILITIES	資產及負債				
Total assets	總資產	225,961	296,948	422,109	718,396
Total liabilities	總負債	(117,848)	(174,986)	(203,739)	(198,833)
Net assets	淨資產	108,113	121,962	218,370	519,563

The results and summary of assets and liabilities for each of the three years ended 31 December 2006 are extracted from the Company's prospectus dated 12 June 2007 which have been prepared on a combined basis to indicate the results of the Group as if the group structure, at the time when the Company's shares were listed on The Stock Exchange of Hong Kong Limited, had been in existence throughout those years.

截至二零零六年十二月三十一日止三年各年的業績及資產負債概要乃摘錄自本公司於二零零七年六月十二日的招股章程，已按合併基準編制以顯示本集團的業績（假設本公司的股份在香港聯合交易所有限公司上市時的集團架構在該等年度一直存在）。



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