

2006

Annual Report 年報



CIL HOLDINGS LIMITED (Incorporated in Bermuda with limited liability)

華建控股有限公司

(於百慕達註冊成立之有限公司)
Stock code 股份代號: 479

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DIRECTORS

Ke Jun Xiang (*Chairman*)
Ho Pui Tsun, Peter (*Deputy Chairman*)
Shao Wei Hong
Hu Yeshan
Li Qinyi*
Kwok Yam Sheung**

* Non-Executive Director

** Independent Non-Executive Director

COMPANY SECRETARY

Chiu King Hoi, Anthony

BANKERS

Bank of China (Hong Kong)
Wing Hang Bank Ltd.
Standard Chartered Bank

AUDITORS

Graham H. Y. Chan & Co.
Unit 1, 15/F, The Center
99 Queen's Road Central, Hong Kong

SHARE REGISTERS

Bermuda

The Bank of Bermuda Limited
6 Front Street
Hamilton HM11
Bermuda

Hong Kong

Tricor Tengis Limited
Level 28, Three Pacific Place
1 Queen's Road East
Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

12/F, Bank of Communications Building
563 Nathan Road
Kowloon, Hong Kong

董事

柯俊翔 (*主席*)
何佩川 (*副主席*)
邵偉宏
胡葉山
李勤毅*
郭蔭尚**

* 非執行董事

** 獨立非執行董事

公司秘書

趙景開

主要往來銀行

中國銀行 (香港)
永亨銀行
渣打銀行

核數師

陳浩賢會計師事務所
香港中環皇后大道中99號
中環中心15樓1501室

股份登記處

百慕達

The Bank of Bermuda Limited
6 Front Street
Hamilton HM11
Bermuda

香港

卓佳登捷時有限公司
香港
皇后大道東1號
太古廣場三座28樓

註冊辦事處

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

總辦事處及主要營業地點

香港九龍
彌敦道563號
交通銀行大廈12樓

CHAIRMAN'S STATEMENT 主席報告書

On behalf of the board of directors (the "Board"), I hereby present to the shareholders the annual results of CIL Holdings Limited (the "Company") and its subsidiaries (the "Group") for the year ended 30 June 2006.

The management had dedicated to strengthening the overall financial performance of the Group during the year by developing the existing business in trading of multi-media and communication products, divesting under-performing assets as well as exploring new investment opportunities.

Benefited from the continual growth in the economy of Hong Kong and the Mainland China, the Group achieved a turnover of approximately HK\$210 million, representing an improvement of 73% over last year. Gross profit, attributable to effective marketing strategy, also increased by 136% to HK\$9 million despite keen competition in the market.

Nevertheless, net loss attributable to shareholders widened to approximately HK\$122.4 million from HK\$7.4 million of last financial year, which was ascribed to the need of making substantial provision for disputed claims against the Group for long outstanding loan and writing off the enormous amount of a doubtful debt which recoverability, in the opinion of the auditors, is uncertain.

The management will review the Group's business from time to time and strive to improve the business operation and the overall financial position. At the same time, the Group will proactively seek potential investment opportunities that can enhance value to the shareholders.

本人謹代表董事會(「董事會」)向各股東提呈華建控股有限公司(「本公司」)及其附屬公司(「本集團」)截至二零零六年六月三十日止年度之全年業績。

年內，管理層致力加強本集團之整體財務表現，工作包括發展目前多媒體及通訊產品之貿易業務、減持表現欠佳之資產，以及發掘新投資機會。

受惠於香港及中國大陸持續經濟增長，本集團錄得營業額約210,000,000港元，較去年改善73%。雖然市場競爭激烈，惟得力於市場推廣策略奏效，毛利亦上升136%至9,000,000港元。

縱然如此，股東應佔虧損淨額由上一個財政年度之7,400,000港元擴闊至約122,400,000港元，原因為本集團需要就長期未償還貸款之具爭議申索作出大額撥備，以及撤銷核數師認為收回機會未明的大額呆賬。

管理層將不時檢討本集團之業務，並將致力改善業務營運及整體財務狀況。與此同時，本集團將積極發掘可以提升股東價值之潛在投資機會。

CHAIRMAN'S STATEMENT 主席報告書

Dealing in the shares of the Company has been suspended by The Stock Exchange of Hong Kong Limited ("Stock Exchange") since 1 April 2004 mainly for the reason that the Company failed to keep the market informed of its developments and make timely disclosure of its financial position for a period of time. The Listing Committee of the Stock Exchange decided on 29 November 2007 to give the Company a period of six months to remedy those matters which had rendered it unsuitable for listing. If the Company fails to take adequate action to meet the conditions for resumption as required and obtain a restoration of listing, the Stock Exchange may cancel the listing of the Company on 12 June 2008.

We are now working together with our financial advisors and lawyers on a resumption proposal closely which is nearly completed and will soon be submitted to the Stock Exchange. Among others, it sets out a plan detailing how the Group will acquire additional capital to strengthen its financial base. It is confident that the lifting of the suspension of trading in its shares will succeed eventually.

Finally, I would like to take this opportunity to express my gratitude to my fellow directors, management and staff for their contributions and dedication to the Group. In addition, I would like to thank all the shareholders, business partners, suppliers and customers for their continued support.

Ke Jun Xiang
Chairman

Hong Kong, 27 May 2008

本公司股份自二零零四年四月一日起被香港聯合交易所有限公司(「聯交所」)暫停買賣，主要原因為本公司於一段時間內未能讓市場得知其發展並且適時披露財務狀況。聯交所上市委員會於二零零七年十一月二十九日決定，給予本公司六個月時間以對使到本公司不適合上市之有關事宜進行補救。若本公司未能採取適當行動以符合復牌所需之條件並取得復牌批准，聯交所可於二零零八年六月十二日取消本公司之上市地位。

本公司與財務顧問及律師正就復牌方案緊密合作，有關工作已接近完成並會快將向聯交所遞交復牌方案，當中包括本集團將爭取額外資本以加強財務基礎的計劃詳情，相信本公司股份最終可成功解除被暫停買賣之決定。

最後，本人藉此機會衷心感謝董事會同寅、管理層及員工對本集團之全心貢獻。此外，本人謹對所有股東、業務伙伴、供應商及客戶一直之鼎力支持致以謝意。

主席
柯俊翔

香港，二零零八年五月二十七日

FINANCIAL RESULTS

The Group recorded a consolidated turnover of approximately HK\$210 million, an increase of 73% over last year. Substantial amounts of provision and write-off rendering loss attributed to shareholders widened to HK\$122.4 million as compared to loss of HK\$7.4 million of last year, representing loss per share of HK\$1.98 cents (2005: HK\$0.12 cents).

BUSINESS REVIEW AND OUTLOOK

During the year, the Company's principal activity continued to be investment holding whilst its major subsidiary is mainly engaged in trading of multi-media and communication products.

Improving the financial condition is still a persistent target of the Group. The management will continue put its best effort to explore new business opportunities to enhance the value of the Group; to control the operating expenses at the minimum level and to acquire new financial resources for future developments.

LIQUIDITY AND FINANCIAL RESOURCES

At 30 June 2006, the Group had net liabilities of HK\$126.2 million comprising total assets of HK\$57.5 million and total liabilities of HK\$183.7 million. The current ratio, representing by current assets divided by current liabilities, was approximately 0.26:1.

As mentioned in the last annual report, the Group had completed execution of the order of Supreme People's Court of the People's Republic of China regarding a judgment debt receivable from the Bank of China, Hainan Branch. Upon receipt of the net recovered amount during the year, cash flow of the Group had improved. The bank balances and cash of the Group at the balance sheet date was HK\$24 million (2005: HK\$1 million).

財務業績

本集團錄得綜合營業額約210,000,000港元，較去年增加73%。大額撥備及撇銷使到股東應佔虧損擴闊至122,400,000港元，去年則為虧損7,400,000港元，即每股虧損1.98港仙（二零零五年：0.12港仙）。

業務回顧及展望

年內，本公司之主要業務繼續為投資控股，而其主要附屬公司主要從事多媒體及通訊產品貿易。

本集團仍然致力改善財務狀況。管理層將繼續致力發掘新業務以提升本集團之價值，並致力將經營開支保持在最低水平以及取得新財務資源作未來發展。

流動資金及財政資源

於二零零六年六月三十日，本集團負債淨額為126,200,000港元，包含資產總值57,500,000港元及負債總額183,700,000港元。流動比率（流動資產除以流動負債）約為0.26:1。

誠如去年年報所述，本集團已完成執行中華人民共和國最高人民法院就應收中國銀行海南分行之一筆判定債項的頒令。年內收取已收回款項淨額後，本集團之現金流量有所改善。於結算日，本集團之銀行結存及現金為24,000,000港元（二零零五年：1,000,000港元）。

The Group will actively seek for financial resources and improve its capital structure so as to strengthen its financial base and will also restructure its existing operation to improve shareholder returns.

FOREIGN CURRENCY EXPOSURE

The Group was exposed to foreign exchange risk arising mainly from the exposure of HK\$ against RMB as HK\$20,481,000 of the Group's bank balances (2005: nil) was denominated in RMB at the balance sheet date.

MATERIAL ACQUISITIONS AND DISPOSALS OF INVESTMENTS

During the year ended 30 June 2006, there was no material acquisition or disposal of subsidiaries or affiliated companies.

EMPLOYEES AND REMUNERATION POLICY

The number of staff employed by the Group at 30 June 2006 was around 40 (2005: 50). They were remunerated according to the prevailing manpower conditions and individual performance. There was no change on the staff policy during the year.

PLEDGE OF ASSETS

The Group did not have any pledge of assets at 30 June 2006.

CONTINGENT LIABILITIES

The Group had no contingent liabilities at the balance sheet date. At 30 June 2005, the Group had contingent liabilities approximately HK\$44 million in respect of the disputed claims against the Group for outstanding loan but the amount was fully provided as expense in the consolidated income statement of the current year.

本集團將積極尋求財務資源及改善其資本結構以強化財務基礎，並將重整現有業務以提高股東回報。

外匯風險

由於本集團於結算日之銀行結存中有20,481,000港元(二零零五年：無)是以人民幣計值，本集團主要面對源自港元兌人民幣之外匯風險。

有關投資之重大收購及出售

於截至二零零六年六月三十日止年度，並無有關附屬公司或聯屬公司之重大收購或出售。

僱員及薪酬政策

於二零零六年六月三十日，本集團聘有約40名員工(二零零五年：50名)。員工薪酬根據當時人力市場情況及個人表現釐定。年內員工政策不變。

資產抵押

本集團於二零零六年六月三十日並無任何資產抵押。

或然負債

本集團於結算日並無或然負債。於二零零五年六月三十日，本集團有或然負債約44,000,000港元，乃有關未償還貸款而針對本集團之爭議索償，但有關款項已於本年度之綜合收益表全數以開支的方式作出撥備。

The directors have pleasure in presenting their report and the audited financial statements for the year ended 30 June 2006.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 33 to the financial statements.

RESULTS AND DIVIDEND

The results of the Group for the year ended 30 June 2006 and the state of affairs of the Company and the Group as at that date are set out in the financial statements on pages 30 to 33.

The directors do not recommend the payment of any dividend in respect of the year ended 30 June 2006.

SEGMENT INFORMATION

An analysis of the Group's performance for the year by business and geographical segments is set out in note 7 to the financial statements.

RESERVES

Details of movements in the reserves of the Group and the Company during the year are set out in the statements of changes in equity on page 34.

DISTRIBUTABLE RESERVES

At 30 June 2006, the Company had no retained profits available for cash distribution. Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus of the Company in the amount of HK\$56,516,000 at 30 June 2006 may only be distributable to shareholders in certain circumstances, which the Company is currently unable to satisfy.

董事會欣然提呈截至二零零六年六月三十日止年度之報告及經審核財務報表。

主要業務

本公司為一家投資控股公司，其附屬公司之主要業務載於財務報表附註33。

業績及股息

本集團截至二零零六年六月三十日止年度之業績及本公司及本集團於當日之事務狀況載於財務報表第30至33頁。

董事會不建議派發截至二零零六年六月三十日止年度之任何股息。

分類資料

本集團於年內按業務及地域分類之業績分析載於財務報表附註7。

儲備

本集團及本公司於年內之儲備變動詳情載於第34頁之權益變動表。

可分派儲備

於二零零六年六月三十日，本公司並無保留溢利可供現金分派。根據一九八一年百慕達公司法（經修訂），本公司於二零零六年六月三十日之繳入盈餘56,516,000港元僅可於若干情況分派予股東，而本公司目前未能符合有關情況。

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements and reclassified as appropriate, is set out on page 88. This summary does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group and the Company during the year are set out in note 18 to the financial statements.

MAJOR INTERESTS IN PROPERTIES

The Group did not hold any major interests in properties as at 30 June 2006.

BANK AND OTHER BORROWINGS

Details of bank and other borrowings of the Group are set out in note 25 to the financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company during the year are set out in note 28 to the financial statements.

SHARE OPTIONS

The Company did not operate any share options scheme during the year.

財務資料概要

本集團於過去五個財政年度之已刊登業績及資產與負債之概要(摘自經審核財務報表及於適當情況經重新分類)載於第88頁。此概要並非經審核財務報表之一部分。

物業、機器及設備

有關本集團及本公司於本年度之物業、機器及設備變動詳情載於財務報表附註18。

主要物業權益

於二零零六年六月三十日，本集團並無持有任何主要物業權益。

銀行貸款及其他借貸

有關本集團之銀行貸款及其他借貸詳情載於財務報表附註25。

股本

有關年內本公司之股本變動詳情載於財務報表附註28。

購股權

本公司於年內並無任何購股權計劃。

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of turnover and purchases attributable to the Group's major customers and suppliers for the year are of follows:

Turnover:	
- The largest customer	11.8%
- Five largest customers combined	35%

Purchases:	
- The largest supplier	71%
- Five largest suppliers combined	86%

None of the directors, their associates or any shareholders (which, to the knowledge of the directors, own more than 5% of the Company's issued share capital) had any beneficial interests in any of the above customers or suppliers.

DIRECTORS

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

Executive directors:

Mr. Ke Jun Xiang
Mr. Ho Pui Tsun, Peter
Mr. Shao Wei Hong
Mr. Hu Yeshan

Non-executive directors:

Mr. Li Qinyi

主要客戶及供應商

年內主要客戶及供應商所佔本集團營業額及採購額之百分比如下：

營業額：	
- 最大客戶	11.8%
- 五大客戶共佔	35%

採購額：	
- 最大供應商	71%
- 五大供應商共佔	86%

年內各董事、彼等之聯繫人士或就董事會所知擁有本公司已發行股本5%以上之任何股東，概無擁有上述客戶或供應商之任何實益權益。

董事

本年度內及截至本報告日期之本公司董事如下：

執行董事：

柯俊翔先生
何佩川先生
邵偉宏先生
胡葉山先生

非執行董事：

李勤毅先生

Independent non-executive directors:

Mr. Wong Kwok Tai, Wytan
(resigned on 5 May 2008)

Mr. Ching Chun Chung
(resigned on 12 September 2005)

Mr. Kwok Yam Sheung

In accordance with the Company's bye-laws 99, Mr. Ke Jun Xiang, Mr. Ho Pui Tsun, Peter, Mr. Shao Wei Hong, Mr. Hu Yeshan, Mr. Li Qinyi and Mr. Kwok Yam Sheung will retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the directors and senior management of the Company are set out on pages 24 to 25.

DIRECTORS' SERVICE CONTRACTS

No directors being proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not terminable by the company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

Saved as disclosed in note 30 to the financial statements, no contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party, and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

獨立非執行董事：

黃國泰先生
(於二零零八年五月五日辭任)

程振忠先生
(於二零零五年九月十二日辭任)

郭蔭尚先生

根據本公司之公司細則第99條，柯俊翔先生、何佩川先生、邵偉宏先生、胡葉山先生、李勤毅先生及郭蔭尚先生將於應屆股東週年大會上退任，並合資格且願意膺選連任。

董事及高級管理層之履歷

本公司董事及高級管理層之履歷載於第24至25頁。

董事之服務合約

概無擬於應屆股東週年大會上膺選連任之董事與本公司訂立本公司於一年內須作出賠償(法定賠償除外)方可終止之服務合約。

董事於合約之權益

除財務報表附註30所披露者外，於本年度完結或年內任何時間，本公司或其任何附屬公司概無簽訂與本集團業務有關且本公司董事直接或間接擁有重大權益之任何重大合約。

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES

As at 30 June 2006, the interests of the directors and the chief executive of the Company and/or their respective associates in the long or short positions in shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)(the "SFO")) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Part XV of the SFO or the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") under the Listing Rules were as follows:

Long position in the shares of the Company:

Name of director	Number of ordinary shares beneficially held	Nature of interest	Approximate percentage of total shareholding (%)
董事姓名	實益持有之普通股數目	權益性質	佔總持股量之概約百分比(%)
Mr. Ke Jun Xiang 柯俊翔先生	3,530,000,000 (Note) (附註)	Interest in corporation 擁有法團權益	57.17

Note: Mr. Ke Jun Xiang ("Mr. Ke") had a controlling interest in Global Work Management Limited and Trade Honour Limited ("Trade Honour") which held 30,000,000 and 3,500,000,000 ordinary shares of the Company respectively. Accordingly, Mr. Ke was deemed to have interests in 3,530,000,000 ordinary shares of the Company.

董事及主要行政人員之股份權益

於二零零六年六月三十日，根據香港法例第571章證券及期貨條例（「證券及期貨條例」）第352條本公司須存置之登記冊所記錄，或根據證券及期貨條例第XV部或根據上市規則中《上市公司董事進行證券交易的標準守則》（「標準守則」）之規定須知會本公司及香港聯合交易所有限公司（「聯交所」），本公司董事及主要行政人員及／或彼等各自之聯繫人士於本公司或其任何相聯法團（見證券及期貨條例第XV部之定義）之股份、相關股份及債券中擁有下列之好倉或淡倉：

本公司股份好倉：

附註：柯俊翔先生（「柯先生」）於Global Work Management Limited及Trade Honour Limited（「Trade Honour」）中擁有控股權，此等公司分別擁有本公司之普通股30,000,000股及3,500,000,000股。因此，柯先生被視作於本公司之3,530,000,000股普通股中擁有權益。

Save as disclosed above, as at 30 June 2006, none of the directors and/or any of their associates had any interests in the shares or deemed interest in the long and short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the Model Code.

DIRECTORS' AND CHIEF EXECUTIVES' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year was the Company or its subsidiaries, a party to any arrangements to enable the directors or chief executives of the Company to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate. None of the directors' or chief executives or their spouses or children under 18 years of age, had any right to subscribe for the securities of the Company, or had exercised any such right during the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the directors of the Company has interests in any businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group.

除上文所披露者外，於二零零六年六月三十日，根據證券及期貨條例第352條本公司須置存之登記冊所記錄，或根據證券及期貨條例第XV部或根據標準守則之規定須知會本公司及聯交所，董事及／或其任何聯繫人士概無於本公司或其任何相聯法團（見證券及期貨條例第XV部之定義）之股份中擁有任何權益或被視作於股份、相關股份及債券中擁有好倉及淡倉。

董事及主要行政人員購買股份或債券之權利

於本年度內任何時間，本公司或其附屬公司概無參與任何安排，致使本公司董事或主要行政人員可藉著購入本公司或任何其他法人團體之股份或債券而獲益。概無董事或主要行政人員或彼等之配偶或彼等未滿十八歲之子女擁有收購本公司證券之任何權利，或於年內曾行使任何該等權利。

董事於競爭業務之權益

本公司各董事概無擁有直接或間接與本集團業務構成或可能構成競爭之任何業務權益。

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2006, the following persons (other than the directors or the chief executive of the Company) had an interest in the following long position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

Long position in the shares of the Company:

Name of shareholder 股東姓名／名稱	Notes 附註	Nature of interest 權益性質	Number of ordinary shares held 持有之普通股數目	Approximate percentage of total shareholding (%) 佔總持股量之概約百分比(%)
Trade Honour Limited		Beneficial Owner 實益擁有人	3,500,000,000	56.68
Upperclass Limited		Beneficial Owner 實益擁有人	500,000,000	8.10
Yau Kwok Wai	1	Interest in Corporation 擁有法團權益	500,000,000	8.10
ICEA Financial Services Limited 工商東亞金融服務有限公司		Beneficial Owner 實益擁有人	510,406,044	8.27
ICEA Financial Holdings Limited	2	Interest in Corporation 擁有法團權益	510,406,044	8.27
Industrial and Commercial Bank of China 中國工商銀行	3	Interest in Corporation 擁有法團權益	510,406,044	8.27

主要股東

於二零零六年六月三十日，根據證券及期貨條例第336條本公司須置存之登記冊所記錄，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下列之好倉。

本公司股份好倉：

Notes:

1. The interest disclosed comprised 500,000,000 shares held by Upperclass Limited, which is 100% owned by Yau Kwok Wai.
2. The interest disclosed comprised 510,406,044 shares held by ICEA Financial Services Limited, which is 100% owned by ICEA Financial Holdings Limited.
3. The interest disclosed comprised 510,406,044 shares beneficially held by ICEA Financial Holdings Limited, which is 75% owned by Industrial and Commercial Bank of China, through ICEA Financial Holdings Limited.

Saved as disclosed above, so far as known to the directors as at 30 June 2006, no other person (other than directors or the chief executive of the Company) had an interest in the long and short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

MANAGEMENT CONTRACTS

No contacts 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.

CONNECTED TRANSACTIONS

Saved as disclosed in note 30 to the financial statements, there are no other transactions which would need to be disclosed as connected transactions in accordance with the requirement of the Listing Rules.

附註：

1. 所披露之權益包括500,000,000股由Upperclass Limited擁有之股份，該公司由Yau Kwok Wai擁有100%權益。
2. 所披露之權益包括510,406,044股由工商東亞金融服務有限公司擁有之股份，該公司由ICEA Financial Holdings Limited擁有100%權益。
3. 所披露之權益包括510,406,044股由ICEA Financial Holdings Limited實益擁有之股份，該公司由中國工商銀行透過ICEA Financial Holdings Limited擁有75%權益。

除上文所披露者外，於二零零六年六月三十日，就董事所知，根據證券及期貨條例第336條本公司須置存之登記冊所記錄，並無其他人士（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好倉及淡倉。

管理合約

年內並無訂立或存在任何有關本公司業務之整體或任何重大部份的管理及行政合約。

關連交易

除財務報表附註30所披露者外，概無其他交易須根據上市規則規定披露為關連交易。

CONVERTIBLE SECURITIES, OPTIONS, WARRANTS OR SIMILAR RIGHTS

The Company had no outstanding convertible securities, options, warrants or other similar rights as at 30 June 2006. There had been no exercise of convertibles securities, options, warrants or similar rights during the year.

PURCHASE, SALE OF REDEMPTION OF THE COMPANY'S SECURITIES

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Bye-Laws of the Company or the laws of Bermuda in relation to issues of new shares by the Company.

PENSION SCHEME

Details of the Group's pension scheme are set out in note 16 to the financial statements.

可換股證券、購股權、認股權證或類似權利

本公司於二零零六年六月三十日並無尚未行使之可換股證券、購股權、認股權證或其他類似權利。年內亦無行使可換股證券、購股權、認股權證或類似權利。

購買、出售或贖回本公司證券

本公司或其任何附屬公司概無於年內購買、出售或贖回任何本公司之上市證券。

優先認購權

本公司之公司細則或百慕達法例均無涉及發行本公司新股份之優先認股權條文。

退休金計劃

本集團之退休金計劃詳情載於財務報表附註16。

AUDITORS

The financial statements of the Company for the year ended 30 June 2006 were audited by Graham H.Y. Chan & Co., who was appointed on 21 September 2007 to fill the casual vacancy upon the resignation of CCIF CPA Limited. CCIF CPA Limited was the auditors of the Company for the three financial years from 2002 to 2004.

A resolution for the re-appointment of Graham H.Y. Chan & Co. as auditors of the Company until the conclusion of the next annual general meeting is to be proposed at the forthcoming annual general meeting.

On behalf of the Board

Ke Jun Xiang
Chairman

Hong Kong, 27 May 2008

核數師

本公司截至二零零六年六月三十日止年度之財務報表乃由陳浩賢會計師事務所審核。陳浩賢會計師事務所乃於二零零七年九月二十一日獲委任，以填補陳葉馮會計師事務所有限公司辭任所出現之臨時空缺。陳葉馮會計師事務所有限公司為本公司於二零零二年至二零零四年之核數師。

有關重新委任陳浩賢會計師事務所為本公司核數師直至今屆股東週年大會結束之決議案將於應屆股東週年大會上提呈。

代表董事會

主席
柯俊翔

香港，二零零八年五月二十七日

The Board of Directors (the "Board") is committed to maintaining good standard of corporate governance practices at all times and acknowledges that good corporate governance helps the Company safeguard the interests of its shareholders and enhance the performance of the Group.

CORPORATE GOVERNANCE PRACTICES

The Stock Exchange of Hong Kong Limited issued the Code on Corporate Governance Practices ("CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Listing Rules"), which became effective for any accounting year commencing on or after 1 January 2005. The Company has applied the principles and made efforts to compile with code provisions of the CG Code for the year ended 30 June 2006, except for certain deviations as explained in the relevant paragraphs in this report.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has also adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by the directors of the Company. Having made specific enquiry of the directors, all of them confirmed that they had complied with the Model Code throughout the year.

BOARD OF DIRECTORS

The Board is responsible for leadership and control of the Company. The Board reviews and approves the objectives, strategies, directions and policies of the Group, the annual budget, annual and interim results, the management structure of the Company as well as other significant policy and financial matters. The Board has delegated the responsibility of the day-to-day operations of the Group to the management of the Company.

董事會(「董事會」)致力確保本公司一直維持優良的企業管治常規，認同優良的企業管治有助本公司保障股東權益，並可提升本集團之表現。

企業管治常規

香港聯合交易所有限公司頒佈了載列於香港聯合交易所有限公司證券上市規則(「上市規則」)附錄十四所載之企業管治常規守則(「企業管治守則」)，企業管治守則乃於二零零五年一月一日或其後開始之會計年度生效。於截至二零零六年六月三十日止年度，本公司已應用企業管治守則之原則並且致力遵守企業管治守則之守則條文，惟下文所說明之若干偏離行為除外。

董事的證券交易

本公司亦已採納上市規則附錄十所載之上市發行人董事進行證券交易的標準守則(「標準守則」)，作為本公司董事進行證券交易之行為守則。經向本公司全體董事進行特定查詢後，彼等均確認於年內已遵守標準守則。

董事會

董事會負責領導及監控本公司。董事會審閱及批核本集團之業務目標、策略、方向及政策、本公司之年度預算、全年及中期業績、管理層架構，以及其他重大政策及財務事宜。董事會已委任本公司管理層負責本集團之日常營運。

CORPORATE GOVERNANCE REPORT 企業管治報告書

During the year, the Company had eight directors and nine full board meetings were held. The attendance of each director is set out as follows:

年內，本公司有八名董事並舉行了九次全體董事成員會議。各董事之出席率如下：

Executive directors	Number of attendance	執行董事	出席次數
Mr. Ke Jun Xiang (<i>Chairman</i>)	9/9	柯俊翔先生 (<i>主席</i>)	9/9
Mr. Ho Pui Tsun, Peter (<i>Deputy Chairman</i>)	8/9	何佩川先生 (<i>副主席</i>)	8/9
Mr. Shao Wei Hong	9/9	邵偉宏先生	9/9
Mr. Hu Yeshan	9/9	胡葉山先生	9/9
Non-executive directors		非執行董事	
Mr. Li Qinyi	0/9	李勤毅先生	0/9
Independent non-executive directors		獨立非執行董事	
Mr. Wong Kwok Tai, Wytan (resigned on 5 May 2008)	0/9	黃國泰先生 (於二零零八年五月五日辭任)	0/9
Mr. Ching Chun Chung (resigned on 12 September 2005)	0/9	程振忠先生 (於二零零五年九月十二日辭任)	0/9
Mr. Kwok Yam Sheung	0/9	郭蔭尚先生	0/9

The Company considers all the independent non-executive directors to be independent in accordance with the independence guidelines set out in the Listing Rules.

根據上市規則之獨立身份指引，本公司認為全體獨立非執行董事均為獨立人士。

Code provision A.1.3 stipulates that notice of at least 14 days should be given of a regular board meeting to give all directors an opportunity to attend. In relation to this provision, some board meetings were convened by short notice of less than 14 days during the year.

守則條文A.1.3訂明，召開董事會定期會議應發出至少十四天通知，以讓所有董事皆有機會騰空出席。就此項條文而言，年內部份董事會會議之通知期少於十四天。

Under Code provision A.4.2, every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. All directors of the Company are subject to retirement and re-election at the annual general meeting in accordance with the Company's Bye-Law.

根據守則條文A.4.2，每名董事(包括有指定任期的董事)應輪流退任，至少每三年一次。本公司各董事均須根據本公司之公司細則於股東週年大會上退任及重選。

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Under Code provision A.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual and the division of responsibilities between the chairman and the chief executive officer should be clearly established and set out in writing.

The Company during the year and up to present does not have any officer assuming the position of chief executive officer. Mr. Ke Jun Xiang is now performing both roles as the chairman and the chief executive officer. Taking into consideration the nature and extent of the Group's operation, the board will continue to review the management structure and may consider appointing a chief executive officer in the future if the need arises.

NON-EXECUTIVE DIRECTORS

Under Code provision A.3.2, the Company should appoint independent non-executive directors representing at least one-third of the board. Subsequent to the resignation of one independent non-executive director during the year, the number of directors in the Board up to 30 June 2006 decreased to seven and only two of them were independent non-executive director.

Without the requisite number of independent non-executive directors, rule 3.10 of the Listing Rules, which requires the board of the Company must include at least three independent non-executive directors, was also not complied with. However, the Company has identified suitable persons who are willing to become independent non-executive directors and will announce their appointment in due course.

主席及行政總裁

根據守則條文A.2.1，主席與行政總裁的角色應有區分，並不應由一人同時兼任。主席與行政總裁之間職責的分工應清楚界定並以書面列載。

本公司於年內及直至目前為止並無任何人員擔任行政總裁之職務。柯俊翔先生目前正擔任主席與行政總裁兩種角色。董事會將考慮本集團業務之性質及範圍而繼續檢討管理層之架構，並會於需要時考慮委任行政總裁。

非執行董事

根據守則條文A.3.2，本公司應委任之獨立非執行董事數目須至少為董事會成員總數的三分之一。一名獨立非執行董事於年內辭任後，直至二零零六年六月三十日為止，董事會之董事人數減至七人，當中僅兩名為獨立非執行董事。

因為缺乏足夠數目之獨立非執行董事，本公司未能達到上市規則第3.10條有關本公司董事會須最少有三名獨立非執行董事之規定。然而，本公司已物色願意出任獨立非執行董事之人選，並將會於適當時候公佈有關任命。

Under Code provision A.4.1, the non-executive directors should be appointed for a specific term, subject to re-election. Non-executive directors of the Company are not appointed for a specific term but are subject to retirement and re-election at the annual general meeting in accordance with the Company's Bye-Law.

NOMINATION OF DIRECTORS

Currently, the Company does not have a nomination committee. The directors are responsible for selecting and recommending candidates for directorship, identifying individuals suitably qualified in terms of skill, knowledge and experience and making recommendation to the Board for approval.

REMUNERATION COMMITTEE

Under Code provisions B.1.1 to B.1.5, remuneration committee has to be set up by the Company. Despite terms of references have been adopted, the Company has not established a remuneration committee due to insufficient number of independent non-executive directors as explained in the foregoing paragraphs. However, the constitution of which will be finalised once at least three independent non-executive directors has been appointed.

The major roles and functions of the upcoming Remuneration Committee are as follows:

1. to make recommendations to the Board on the Company's policy and structure for all remuneration of directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration; and
2. to review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time.

根據守則條文A.4.1，非執行董事應以特定任期委任，並須重選連任。本公司之非執行董事並非以特定任期委任，惟須根據本公司之公司細則在股東週年大會上退任及膺選連任。

提名董事

本公司目前並無提名委員會。董事負責篩選及推薦董事候選人，物色具備適合擔任董事會成員所需之技能、知識及經驗之人士，並向董事會推薦以供董事會批准。

薪酬委員會

根據守則條文B.1.1至B.1.5，本公司須成立薪酬委員會。雖然本公司已採納相關職權範圍，惟因上文所述本公司未有足夠獨立非執行董事，本公司並未成立薪酬委員會。然而，待本公司委任至少三名獨立非執行董事後，本公司將審定薪酬委員會之章程文件。

即將成立之薪酬委員會之主要職責及職能如下：

1. 就本公司董事及高級管理層之全體薪酬政策及架構，以及就設立正規而具透明度的程序制定此等薪酬政策，向董事會提出建議；及
2. 透過參照董事會不時通過的公司目標及宗旨，檢討及批准績效薪酬。

AUDITORS' REMUNERATION

The remuneration paid to the auditors of the Company, Graham H.Y. Chan & Co., for services rendered to the Group, is set out below:

Services rendered	Fee paid/payable HK\$	提供之服務	已付／應付費用 港元
Annual audit	400,000	全年審核費	400,000
Non-audit	nil	非審核	無

AUDIT COMMITTEE

The major roles and functions of the Company's Audit Committee are:

1. to make recommendation to the Board on the appointment, re-appointment and removal of the auditors, to approve their remuneration and terms of engagement, and any questions of regarding their resignation or dismissal;
2. to discuss with the auditors before the audit commences, the nature and scope of the audit;
3. to review the interim and annual financial statements before submission to the Board;
4. to discuss problems and reservations arising from the interim results and final audit, and any matters the auditors may wish to discuss; and
5. to review the Group's financial and accounting policies and practices.

核數師之酬金

就本公司核數師陳浩賢會計師事務所向本集團提供之服務而向其支付之酬金如下：

提供之服務	已付／應付費用 港元
全年審核費	400,000
非審核	無

審核委員會

本公司審核委員會之主要職責及職能如下：

1. 就核數師之委聘、續聘及撤職事宜，批核核數師之酬金及聘任條款，以及有關核數師辭任或罷免之任何問題向董事會作出推薦意見；
2. 於審核開始前與核數師商討審核之性質及範疇；
3. 於向董事會提交中期及全年財務報表前審閱中期及全年財務報表；
4. 討論中期業績及全年審核工作產生之問題和保留意見，以及核數師有意商談之任何事項；及
5. 審閱本集團之財務及會計政策與慣例。

The Audit Committee originally comprised all three independent non-executive directors of the Company and all of them possess the appropriate professional qualifications, or accounting or related financial management expertise as required under the Listing Rules.

After the resignation of one independent non-executive director during the year, only two members were serving in the Audit Committee.

Since 30 March 2005 when the interim results for the period ended 31 December 2004 was announced, the Company has delayed in publication of its subsequent final and interim results. During the year, the Audit Committee did not hold any meeting as no results announcement was made.

INTERNAL CONTROL

The Company had commissioned a review on the Group's internal control system and operational procedures in 2004 and a report was issued by its previous auditors, CCIF CPA Limited.

Since then the Hong Kong Institute of Certified Public Accountants has published a guide entitled "Internal Control and Risk Management – a Basic Framework" in 2005. The Company therefore has retained its current auditors, Graham H.Y. Chan & Co., to undertake a review of the Group's internal control and risk management by reference to the standards set out in that guide. The review is ongoing and a report is expected to be completed soon.

Where issues are identified in the course of review, the Company has sought to, and will continue to seek to, implement remedial measures so as to ensure that systems are, or will promptly be put, in place to enable the Company to have better internal control, and hence ability to ensure compliance of its financial reporting and other obligations.

審核委員會原先由本公司三名獨立非執行董事組成，彼等均具備上市規則規定之合適專業資格或會計或相關財務管理專業知識。

一名獨立非執行董事於年內辭任後，審核委員會僅有兩名成員。

自二零零五年三月三十日公佈截至二零零四年十二月三十一日止期間之中期業績後，本公司已延期刊發其後之全年及中期業績。年內，由於並無作出業績公佈，審核委員會並無舉行任何會議。

內部監控

本公司已於二零零四年委託前任核數師陳葉馮會計師事務所有限公司對本集團之內部監控制度及營運程序進行檢討，其亦已就此發表報告。

其後，香港會計師公會於二零零五年發出名為「內部監控及風險管理－基本框架」之指引。因此，本公司委聘現任核數師陳浩賢會計師事務所參考該指引所載之準則，檢討本集團之內部監控及風險管理事宜。有關檢討工作正在進行，預計報告快將完成。

就檢討時發現有任何問題，本公司已經並將繼續補救，確保實行或適時實行適用制度，確保本公司有更佳內部監控以及有能力確保遵守財務報告及其他責任。

The Company has completed written manuals for the disclosure of information, internal control and the delineation of responsibilities of the Board and board committees. In addition, it is also working on the documentation of the internal control procedures relating to the Group's business operations.

DIRECTORS' RESPONSIBILITY FOR PREPARING FINANCIAL STATEMENTS

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, price-sensitive announcements and other financial disclosures required under the Listing Rules and other regulatory requirements.

The directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 30 June 2006.

AUDITORS' REPORTING RESPONSIBILITIES

The statement of the auditors of the Company about their responsibilities on the financial statements is set out under the section headed "Independent Auditor's Report" of this annual report.

本公司已就披露資料、內部監控及董事會與董事委員會之職責分工制訂書面指引。此外，本公司亦正就本集團之業務運作編製內部監控程序之文件。

董事對編製財務報表之責任

董事會須負責就年度及中期報告、股價敏感資料的公佈及其他根據上市規則及其他監管規定須作出之財務披露呈報不偏不倚、清晰及可理解之評估。

董事確認彼等有編製本公司截至二零零六年六月三十日止年度之財務報表的責任。

核數師之申報責任

本公司核數師就財務報表之責任聲明載於本年報之「獨立核數師報告書」內。

EXECUTIVE DIRECTORS

KE Jun Xiang, aged 45, joined the Company in August 1999 and is the Executive Director and Chairman of the Company. Mr. Ke graduated from Zhongshan University specializing in Business Management. He joined China Huitong Group of Companies as the person-in-charge of the Guangzhou Office. He was appointed as the Legal Representative and General Manager of the Guangdong Company of China Huitong Group of Companies since 1992.

HO Pui Tsun, Peter, aged 52, joined the Company in August 1996 as an Executive Director and is the Deputy Chairman of the Group. He graduated from the University of Toronto with a Bachelor Degree in Applied Science, and he has extensive experience in the construction industry in Hong Kong and the PRC.

SHAO Wei Hong, aged 48, joined the Company in January 2001 as an Executive Director. Mr. Shao graduated from Liaoning Industrial University, majoring in Corporate Management. Mr. Shao is the Deputy General Manager of China International Science Investment Trust Company. From March 1987 to September 1992, Mr. Shao was the Deputy Manager of Liaoning Province Anshan Wah Lai Technology Development Company. From February 1985 to February 1987, he was the Deputy Manager of Liaoning Province Anshan Electronics Company. Mr. Shao has many years of experience in electronics technology and financial trust business in the PRC.

HU Yeshan, aged 43, joined the Company in February 2001 as an Executive Director. He is the Deputy General Manager of a well-established property investment group in Guangzhou. Mr. Hu has many years of working experience in the property market and an extensive business connection in the PRC.

執行董事

柯俊翔，現年45歲，於一九九九年八月加入本公司，現擔任本公司之執行董事及主席。柯先生畢業於中山大學，主修商業管理，曾在中國惠通集團之廣州辦事處任職主管，並於一九九二年被委任為中國惠通旗下的廣東惠通實業公司之法人代表及總經理。

何佩川，現年52歲，於一九九六年八月加入本公司，現擔任本集團之執行董事及副主席。彼畢業於多倫多大學，獲應用科學學士銜，在香港及中國之建築業界均累積豐富經驗。

邵偉宏，現年48歲，於二零零一年一月加入本公司為執行董事。邵先生畢業於遼寧工業大學，主修企業管理。彼現時亦兼任中國國際科技信託投資公司大連公司之副總經理，於一九八七年三月至一九九二年九月曾任職遼寧省鞍山華黎技術科技發展公司之副總經理，於一九八五年二月至一九八七年二月出任遼寧省鞍山電子工業貿易公司副經理一職。邵先生在中國電子科技及財務信託業擁有多年經驗。

胡葉山，現年43歲，於二零零一年二月加入本公司為執行董事，現時亦兼任廣州一家有規模之物業投資公司之副總經理。胡先生擁有多年物業市場經驗，於中國人脈甚廣。

NON-EXECUTIVE DIRECTORS

LI Qinyi, aged 54, joined the Company in May 1998 and is the Non-Executive Director of the Company. Mr. Li is a senior economist in the PRC. He obtained his doctorate degree in Beijing Economic University. He had been an analyst of Ministry of Construction National Economic Reform Committee and an officer of Ministry of Construction Materials Industry. Mr. Li joined China National Real Estate Development Group in 1988, and was appointed the Deputy General Manager of China National Real Estate Development Group Corporation in June 1992. Besides, Mr. Li is also the Vice President of China National Real Estate Development Group.

INDEPENDENT NON-EXECUTIVE DIRECTORS

KWOK Yam Sheung, aged 60, joined the Company in September 2004 as an Independent Non-executive Director. Mr. Kwok is a corporate secretary. He is a fellow member of the Institute of Chartered Secretaries & Administrators and the Hong Kong Institute of Company Secretaries. He has worked for a number of public listed companies as company secretary and also has extensive experience in the property industry.

COMPANY SECRETARY

CHIU King Hoi, Anthony, aged 48, joined the Company in October 1997. He is also the Financial Controller of the Company. Mr. Chiu holds a Bachelor Degree of Commerce in Accounting and a Master Degree of Business in Electronic Commerce. He is a fellow member of CPA Australia and a member of the Hong Kong Institute of Certified Public Accountants. Mr. Chiu has 20 years of work experience in auditing and accounting. Prior to joining the Company, he had held senior financial positions in various listed companies in Hong Kong.

非執行董事

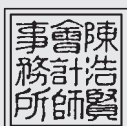
李勤毅，現年54歲，一九九八年五月加入本公司，現擔任本公司非執行董事。李先生是中國高級經濟師，持有北京經濟學院博士學位，曾任國家經濟體制改革委員會研究員、建設部辦公廳官員。一九八八年加入中國房地產開發集團公司，並於一九九二年六月獲委任為該集團副總經理。除此之外，李先生也是中國房地產開發集團副總裁。

獨立非執行董事

郭蔭尚，現年60歲，於二零零四年九月加入本公司，擔任獨立非執行董事。郭先生現職為公司秘書。彼為英國特許秘書及行政人員公會及香港公司秘書公會之資深會員，並曾於多間上市公司出任公司秘書一職，於物業市場亦擁有豐富的經驗。

公司秘書

趙景開，現年48歲，於一九九七年十月加入本公司。彼亦為本公司之財務總監。趙先生持有會計學士學位及電子商貿碩士學位。彼為澳洲會計師公會之資深會員及香港會計師公會之會員。趙先生於審核及會計方面工作逾20年。於加入本公司前，彼曾於香港多間上市公司出任高級財務人員職位。



GRAHAM H.Y. CHAN & CO.

CERTIFIED PUBLIC ACCOUNTANTS
HONG KONG

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CIL HOLDINGS LIMITED (incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of CIL Holdings Limited set out on pages 30 to 87, which comprise the consolidated and Company balance sheet as at 30 June 2006, and the consolidated income statement, the consolidated statement of changes in equity and the 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 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.

致華建控股有限公司股東之
獨立核數師報告書
(於百慕達註冊成立之有限公司)

本核數師(以下簡稱「我們」)已審核第30頁至第87頁所載華建控股有限公司之綜合財務報表。此財務報表包括於二零零六年六月三十日之綜合及 貴公司資產負債表、以及截至該日止年度之綜合收益表、綜合權益變動表和綜合現金流量表，以及主要會計政策概要及其他附註解釋。

董事於財務報表之責任

貴公司董事須負責根據香港會計師公會頒布之香港財務報告準則及香港公司條例之披露規定，編製真實公平之財務報表。有關責任包括設計、實施及維護與編製及真實而公平地列報財務報表相關之內部監控，以使財務報表不存在由於欺詐或錯誤而出現重大錯誤陳述；選擇和應用適當之會計政策；及按情況作出合理之會計估計。

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 Hong Kong Institute of Certified Public Accountants. 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.

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 judgment, 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

核數師之責任

我們之責任乃根據審核之結果，就該等財務報表發表意見，並僅向股東（作為個體）報告，除此之外，本報告不作其他用途。我們毋須就本報告之內容向任何其他人士負責或承擔責任。

我們已根據香港會計師公會頒佈之香港核數準則審核。這些準則要求我們遵守道德規範，並規劃及執行審核，以合理確定此等財務報表是否不存在任何重大錯誤陳述。

審核涉及執程序，以獲取有關財務報表所載金額及披露資料之審核憑證。所選定之程序乃取決於核數師之判斷，包括財務報表有否因欺詐或錯誤而導致重大錯誤陳述之風險評估。在評估該等風險時，核數師會考慮與該公司編製及真實而公平地列報財務報表相關之內部監控，以設計適當之審核程序，但並非為對該公司之內部監控之效能發表意見。審核亦包括評估董事所採用之會計政策是否合適及所作出之會計估計是否合理，以及評估財務報表之整體列報方式。

我們相信，我們所獲得之審核憑證已充足和適當地為我們之審核意見提供基礎。

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of the Company and the Group's affairs as at 30 June 2006 and of the Group's loss 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.

EMPHASIS OF MATTER

Without qualifying our opinion we draw your attention to Note 3 to the financial statements concerning the adoption of going concern basis on which the financial statements have been prepared. As further explained in the notes, the financial statements of the Group have been prepared on a going concern basis, notwithstanding that the Group incurred a loss of HK\$122,448,000 during the year ended 30 June 2006 and, as at that date, the Group reported consolidated net current liabilities and consolidated net liabilities of HK\$135,189,000 and HK\$126,219,000 respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the ability of the Group to continue as a going concern. The consolidated financial statements have been prepared on a going concern basis, the validity of which is dependent on the continual financial support from the controlling shareholder in order to finance the Group's future working capital and financial requirements and the Group's ability to obtain new working capital from prospective investors and to generate adequate cash

意見

本核數師認為，綜合財務報表根據香港財務報告準則足以真實及公平地反映 貴公司及 貴集團截至二零零六年六月三十日之財務狀況以及 貴集團截至該日止年度之虧損及現金流量，並已根據香港公司條例之披露規定妥為編製。

強調事項

在不發表保留意見的情況下，我們謹請股東留意財務報表附註3關於按持續經營基準編製財務報表。如該等附註進一步解釋，雖然 貴集團於截至二零零六年六月三十日止年度之虧損為122,448,000港元，而 貴集團於二零零六年六月三十日之綜合流動負債淨額及綜合負債淨額分別為135,189,000港元及126,219,000港元， 貴集團之財務報表乃以持續經營基準編製。該等條件顯示存在重大不明朗因素，可能對 貴集團持續經營之能力構成重大疑問。綜合財務報表乃以持續經營基準編製，其有效性乃取決於控股股東會否持續提供財務支持以讓 貴集團撥付未來營運資金及財務需求、 貴

INDEPENDENT AUDITOR'S REPORT 獨立核數師報告書

flows from its operation in the foreseeable future. The consolidated financial statements do not include any adjustment that would result from a failure to obtain such financial support and working capital. We consider that adequate disclosures have been made.

Graham H.Y. Chan & Co.
Certified Public Accountants (Practising)
Unit 1, 15/F, The Center,
99 Queen's Road Central,
Hong Kong, 27 May 2008

集團能否從準投資者取得新營運資金以及於可見將來從營運取得足夠現金流量。綜合財務報表並不包括未能獲得財務支持及營運資金時可能需要作出之調整。我們認為已經作出足夠披露。

陳浩賢會計師事務所
執業會計師
香港皇后大道中99號
中環中心15樓1室
香港，二零零八年五月二十七日

CONSOLIDATED INCOME STATEMENT 綜合收益表

For the year ended 30 June 2006 截至二零零六年六月三十日止年度

		Note 附註	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Turnover	營業額	7	210,161	121,287
Cost of sales	銷售成本		(201,095)	(117,448)
Gross profit	毛利		9,066	3,839
Other income	其他收入	8	4,389	4,177
Amount recovered from litigation	訴訟收回之款項		-	42,446
Litigation expenses	訴訟開支		-	(22,179)
Impairment loss recognised in respect of investment in securities	證券投資之已確認減值虧損		-	(2,056)
Impairment loss recognised in respect of prepaid consideration for acquisition of further interest in a subsidiary	投資於附屬公司之減值虧損撥備		-	(14,200)
Write-off of amount due to winding up subsidiaries	撇銷應付清盤附屬公司之款項		26,246	-
Provision for disputed claims against the Group for outstanding loan	因未償還貸款而對本集團提出之具爭議申索的撥備	9	(43,692)	-
Allowance for doubtful debts	呆賬撥備		(99,808)	(370)
Administrative expenses	行政開支		(16,880)	(17,863)
Finance costs	融資成本	10	(1,769)	(1,230)
Loss before taxation	除稅前虧損	11	(122,448)	(7,436)
Taxation	稅項	12	-	-
Loss for the year	本年度虧損		(122,448)	(7,436)
Attributable to:	應佔：			
Equity holders of the company	本公司股權持有人	13	(122,448)	(7,436)
Minority interest	少數股東權益		-	-
			(122,448)	(7,436)
Loss per share	每股虧損	14		
- Basic	- 基本		(1.98) cents仙	(0.12) cents仙
- Diluted	- 攤薄		N/A不適用	N/A不適用
Dividends	股息	15	Nil無	Nil無

CONSOLIDATED BALANCE SHEET 綜合資產負債表

At 30 June 2006 於二零零六年六月三十日

		Note	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
		附註		
Non-current assets	非流動資產			
Property, plant and equipment	物業、機器及設備	18	970	488
Investment in associates	於聯營公司之投資	20	-	-
Available-for-sale investment	可供出售投資	21	8,000	-
Investments in securities	證券投資	21	-	8,000
			8,970	8,488
Current assets	流動資產			
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項		1,028	142,482
Inventories	存貨	22	15,872	9,341
Accounts receivable	應收賬款	23	7,527	6,789
Bank balances and cash	銀行結存及現金		24,089	1,023
			48,516	159,635
Current liabilities	流動負債			
Accounts and bills payable	應付賬款及票據	24	28,354	20,662
Accruals, deposits received and other payable	應計費用、已收按金及其他應付款項		77,563	50,219
Interest payable of unsecured borrowings	無抵押借貸之應付利息		18,627	18,627
Discounted bills	已貼現票據		2,658	-
Due to winding up subsidiaries	應付清盤附屬公司之款項		11,982	38,228
Interest-bearing borrowings	計息借貸	25	23,907	29,131
Due to directors	應付董事款項	26	20,614	15,027
			183,705	171,894
Net current liabilities	流動負債淨額		(135,189)	(12,259)
Total assets less current liabilities	總資產減流動負債		(126,219)	(3,771)

CONSOLIDATED BALANCE SHEET 綜合資產負債表

At 30 June 2006 於二零零六年六月三十日

		Note 附註	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Capital and reserves	資本及儲備			
Issued capital	已發行股本	28	61,749	61,749
Reserves	儲備		(187,968)	(65,520)
			(126,219)	(3,771)

The financial statements on pages 30 to 87 were approved and authorised for issue by the board of directors on 27 May 2008 and are signed on its behalf by:.

第30至87頁之財務報表已經董事會於二零零八年五月二十七日批准及授權發行，並由下列代表簽署：

On behalf of the board

代表董事會

Ke Jun Xiang
柯俊翔
Director
董事

Shao Wei Hong
邵偉宏
Director
董事

BALANCE SHEET 資產負債表

At 30 June 2006 於二零零六年六月三十日

		Note	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
		附註		
Non-current assets	非流動資產			
Investment in subsidiaries	於附屬公司之投資	19	-	-
Investment in associates	於聯營公司之投資	20	-	-
Available-for-sale investment	可供出售投資	21	8,000	-
Investments in securities	證券投資	21	-	8,000
			8,000	8,000
Current assets	流動資產			
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項		8	99,022
Bank balances and cash	銀行結存及現金		20,441	1
			20,449	99,023
Current liabilities	流動負債			
Accruals, deposits received and other payables	應計費用、已收按金及其他應付款項		82,658	38,112
Interest-bearing borrowings	計息借貸	25	23,708	23,708
Due to subsidiaries	應付附屬公司款項	19	489	489
Due to directors	應付董事款項	26	20,352	14,572
			127,207	76,881
Net current (liabilities)/assets	流動(負債)/資產淨額		(106,758)	22,142
Net (liabilities)/assets	(負債)/資產淨額		(98,758)	30,142
Capital and reserves	資本及儲備			
Issued capital	已發行股本	28	61,749	61,749
Reserves	儲備		(160,507)	(31,607)
			(98,758)	30,142

Ke Jun Xiang
柯俊翔
Director
董事

Shao Wei Hong
邵偉宏
Director
董事

STATEMENTS OF CHANGES IN EQUITY 權益變動表

For the year ended 30 June 2006 截至二零零六年六月三十日止年度

Group		本集團				
		Issued capital 已發行股本 HK\$'000 千港元	Share premium 股份溢價 HK\$'000 千港元	Capital reserve 資本儲備 HK\$'000 千港元	Accumulated losses 累積虧損 HK\$'000 千港元	Total 合計 HK\$'000 千港元
At 1 July 2004	於二零零四年七月一日	61,749	293,907	(100)	(351,891)	3,665
Net loss for the year	年內淨虧損	-	-	-	(7,436)	(7,436)
At 30 June 2005 and 1 July 2005	於二零零五年六月三十日 及二零零五年七月一日	61,749	293,907	(100)	(359,327)	(3,771)
Net loss for the year	年內淨虧損	-	-	-	(122,448)	(122,448)
At 30 June 2006	於二零零六年六月三十日	61,749	293,907	(100)	(481,775)	(126,219)
Company		本公司				
		Issued capital 已發行股本 HK\$'000 千港元	Share premium 股份溢價 HK\$'000 千港元	Contributed surplus 繳入盈餘 HK\$'000 千港元	Accumulated losses 累積虧損 HK\$'000 千港元	Total 合計 HK\$'000 千港元
At 1 July 2004	於二零零四年七月一日	61,749	293,907	56,516	(372,686)	39,486
Net loss for the year	年內淨虧損	-	-	-	(9,344)	(9,344)
At 30 June 2005 and 1 July 2005	於二零零五年六月三十日 及二零零五年七月一日	61,749	293,907	56,516	(382,030)	30,142
Net loss for the year	年內淨虧損	-	-	-	(128,900)	(128,900)
At 30 June 2006	於二零零六年六月三十日	61,749	293,907	56,516	(510,930)	(98,758)

The contributed surplus of the Company represents the difference between the nominal value of the Company's shares issued in exchange for the fair value of the shares of the subsidiaries acquired at the dates of acquisition. Under the Companies Act 1981 of Bermuda (as amended), the Company may make distributions to its members out of the contributed surplus under certain circumstances, which the Company is currently unable to satisfy.

本公司之繳入盈餘乃指本公司所發行用於交換之股份面值與所收購附屬公司股份於收購日期公平值之差額。根據一九八一年百慕達公司法（經修訂），本公司可在若干情況自繳入盈餘向其股東作出分派，惟本公司目前並不符合該等情況。

CONSOLIDATED CASH FLOW STATEMENT 綜合現金流量表

For the year ended 30 June 2006 截至二零零六年六月三十日止年度

	Note 附註	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Loss before taxation	除稅前虧損	(122,448)	(7,436)
Adjustments for:	就下列各項作出調整：		
Interest income	利息收入	(32)	(3)
Interest expenses	利息開支	1,769	1,230
Depreciation	折舊	240	134
Impairment loss recognised in respect of investment in securities	證券投資之已確認減值虧損	-	2,056
Impairment loss recognised in respect of prepaid consideration for acquisition of further interest in a subsidiary	增購一家附屬公司權益之預付代價之已確認減值虧損	-	14,200
Write-off of investments in securities	撇銷證券投資	-	27
Provision for long service payment	長期服務金撥備	-	68
Write-off of amount due to winding up subsidiaries	撇銷應付清盤附屬公司款項	(26,246)	-
Write-off of other payables	撇銷其他應付款項	(419)	-
Provision for disputed claims against the Group for outstanding loan	因未償還貸款而對本集團提出之具爭議申索的撥備	43,692	-
Allowance for doubtful debts	呆賬撥備	99,808	370
Operating (loss)/profit before working capital changes	營運資金變動前之經營(虧損)／溢利	(3,636)	10,646
Increase in accounts receivable	應收賬款增加	(738)	(3,507)
Decrease/(increase) in prepayments, deposits and other receivables	預付款項、按金及其他應收款項減少／(增加)	41,646	(39,365)
(Increase)/decrease in inventories	存貨(增加)／減少	(6,531)	4,790
(Decrease)/increase in accounts and bills payables, discounted bills, accruals, other payable and deposit received	應付賬款及票據、貼現票據、應計費用、其他應付款項及已收按金(減少)／增加	(5,998)	26,774
Increase in amount due to directors	應付董事款項增加	5,587	3,779

CONSOLIDATED CASH FLOW STATEMENT 綜合現金流量表

For the year ended 30 June 2006 截至二零零六年六月三十日止年度

	Note	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
	附註		
Cash generated from operations	經營所得現金	30,330	3,117
Interest paid	已付利息	(1,769)	(1,230)
Net cash from operating activities	經營業務所得現金淨額	28,561	1,887
Cash flows from investing activities	投資業務所得現金流量		
Purchase of property, plant and equipment	購買物業、機器及設備	(722)	(178)
Interest income	利息收入	32	3
Net cash used in investing activities	投資業務所用現金淨額	(690)	(175)
Cash flows from financing activities	融資活動之現金流量		
Repayment of other loans	其他貸款還款	(4,831)	(1,447)
Net cash used in financing	融資所用現金淨額	(4,831)	(1,447)
Net increase in cash and cash equivalents	現金及現金等值項目增加淨額	23,040	265
Cash and cash equivalents at beginning of year	年初之現金及現金等值項目	850	585
Cash and cash equivalents at end of year	年終之現金及現金等值項目	23,890	850

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NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 30 June 2006 截至二零零六年六月三十日止年度

1. GENERAL INFORMATION

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange"). Trading of the Company's shares have been suspended since 1 April 2004. The directors consider Trade Honour Limited, a company incorporated in the British Virgin Islands to be the parent and ultimate holding company of the Company.

The address of its registered office and principal place of business of the Company are disclosed in the "Corporate Information" section of the annual report.

The principal activity of the Company is investment holding. The principal activities of the Company's principal subsidiaries are set out in note 33.

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

2. IMPACT OF NEW HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND HONG KONG ACCOUNTING STANDARDS ("HKASs")

The Hong Kong Institute of Certified Public Accountants (the "HKICPA") has issued a number of new HKFRSs, HKASs and Interpretations that are effective for accounting periods beginning on or after 1 January 2005. The Group has adopted the following HKFRSs and HKASs which are pertinent to its operations and relevant to these financial statements.

1. 一般資料

本公司於百慕達註冊成立為獲豁免有限責任公司，其股份於香港聯合交易所有限公司（「聯交所」）上市。本公司之股份自二零零四年四月一日起暫停買賣。董事認為，Trade Honour Limited（於英屬處女群島註冊成立之公司）為本公司之母公司及最終控股公司。

本公司之註冊辦事處及主要營業地點之地址，已於年報「公司資料」一節披露。

本公司之主要業務為投資控股。本公司主要附屬公司之主要業務已載於附註33。

綜合財務報表以港元呈列，港元亦為本公司之功能貨幣。

2. 新訂香港財務報告準則（「香港財務報告準則」）及香港會計準則（「香港會計準則」）之影響

香港會計師公會（「香港會計師公會」）頒佈若干新訂之香港財務報告準則、香港會計準則及詮釋，對二零零五年一月一日或之後開始之會計期間有效。本集團已採納下列與其業務及本財務報表有關之香港財務報告準則及香港會計準則。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 30 June 2006 截至二零零六年六月三十日止年度

2. IMPACT OF NEW HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) AND HONG KONG ACCOUNTING STANDARDS (“HKASs”) (Continued)

2. 新訂香港財務報告準則(「香港財務報告準則」)及香港會計準則(「香港會計準則」)之影響(續)

- HKAS 1	Presentation of Financial Statements
香港會計準則第1號	財務報表之呈報
- HKAS 2	Inventories
香港會計準則第2號	存貨
- HKAS 7	Cash Flow Statements
香港會計準則第7號	現金流量表
- HKAS 8	Accounting Policies, Change in Accounting Estimates and Errors
香港會計準則第8號	會計政策、會計估計變更和錯誤
- HKAS 10	Events after the Balance Sheet Date
香港會計準則第10號	結算日後事項
- HKAS 12	Income Taxes
香港會計準則第12號	所得稅
- HKAS 14	Segment reporting
香港會計準則第14號	分類報告
- HKAS 16	Property, Plant and Equipment
香港會計準則第16號	物業、機器及設備
- HKAS 17	Leases
香港會計準則第17號	租賃
- HKAS 18	Revenue
香港會計準則第18號	收入
- HKAS 19	Employee Benefits
香港會計準則第19號	僱員福利
- HKAS 21	The Effects of Changes in Foreign Exchange Rates
香港會計準則第21號	外幣匯率變動影響
- HKAS 23	Borrowing Costs
香港會計準則第23號	借貸成本
- HKAS 24	Related Party Disclosures
香港會計準則第24號	關聯方披露
- HKAS 27	Consolidated and Separate Financial Statements
香港會計準則第27號	綜合及獨立財務報表
- HKAS 28	Investments in Associates
香港會計準則第28號	於聯營公司之投資
- HKAS 32	Financial Instruments : Disclosure and Presentation
香港會計準則第32號	金融工具：披露與呈報
- HKAS 33	Earnings per Share
香港會計準則第33號	每股盈利
- HKAS 36	Impairment of Assets
香港會計準則第36號	資產減值
- HKAS 37	Provisions, Contingent Liabilities and Contingent Assets
香港會計準則第37號	撥備、或然負債和或然資產
- HKAS 39	Financial Instruments : Recognition and Measurement
香港會計準則第39號	金融工具：確認與計量
- HKFRS 2	Share-based Payment
香港財務報告準則第2號	以股份為基礎之付款

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 30 June 2006 截至二零零六年六月三十日止年度

2. IMPACT OF NEW HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND HONG KONG ACCOUNTING STANDARDS ("HKASs") (Continued)

The adoption of HKASs 2, 7, 8, 10, 12, 14, 16, 17, 18, 19, 21, 23, 27, 28, 33, 36 and 37 and HKFRS 2 have had no material impact on the Group's accounting policies and the methods of computation, presentation and disclosure in the Group's financial statements. The major effects on adoption of the other HKFRSs and HKASs are summarised as follows:

- (a) The adoption of HKAS 1 requires the disclosure of judgments (apart from those involving estimations) and key assumptions concerning the future and other sources of estimation uncertainty. These disclosures are detailed in note 5 to the financial statements.
- (b) The adoption of HKAS 24 affects the identification of related parties and the disclosure of related party transactions.
- (c) The adoption of HKAS 32 and HKAS 39 has resulted in a change in accounting policy for recognition, measurement, derecognition and disclosure of financial instruments. HKAS 32 requires retrospective application. The application of HKAS 32 has had no material impact on how financial instruments of the Group are presented for current and prior accounting periods. HKAS 39 which is effective for annual periods beginning on or after 1 January 2005, generally does not permit the recognition, derecognition or measurement of financial assets and liabilities on a retrospective basis. The principal effects resulting from the implementation of HKAS 39 are summarised below.

2. 新訂香港財務報告準則(「香港財務報告準則」)及香港會計準則(「香港會計準則」)之影響(續)

採用香港會計準則第2、7、8、10、12、14、16、17、18、19、21、23、27、28、33、36及37號以及香港財務報告準則第2號對本集團之會計政策及在本集團財務報表中之計算方法、呈報及披露並無重大影響。採納其他香港財務報告準則及香港會計準則之主要影響概述如下：

- (a) 採納香港會計準則第1號要求披露有關未來之判斷(涉及估計者除外)及重要假設以及其他估計不確定性之資料來源。該等披露之詳情載於財務報表附註5。
- (b) 香港會計準則第24號影響關聯方之辨識以及關聯方交易之披露。
- (c) 採納香港會計準則第32號及香港會計準則第39號導致確認、計量、取消確認及披露金融工具之會計政策有變。香港會計準則第32號規定須作追溯應用。應用香港會計準則第32號對本集團目前及過往會計期間之金融工具之呈列方式並無重大影響。香港會計準則第39號對二零零五年一月一日或之後開始之年度期間有效，一般不允許金融資產及負債作追溯性確認、取消確認及計量。實行香港會計準則第39號之主要影響概述如下。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 30 June 2006 截至二零零六年六月三十日止年度

2. IMPACT OF NEW HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND HONG KONG ACCOUNTING STANDARDS ("HKASs") (Continued)

(c) (continued)

The Group has applied the relevant transitional provisions of HKAS 39 with respect to classification and measurement of financial assets and financial liabilities that are within the scope of HKAS 39.

On or before 30 June 2005, the Group classified and measured its investment in equity securities as investment securities, which are carried at cost less impairment losses (if any), in accordance with the benchmark treatment of Statement of Standard Accounting Practice 24 "Accounting for Investments in Securities" issued by the HKICPA. From 1 July 2005 onwards, the Group classifies and measures its investment in equity securities as "available-for-sale investment", which are carried at cost, as the equity securities do not have a quoted market price in an active market and whose fair value cannot be reliably measured, in accordance with HKAS 39. No adjustment on fair value of the equity securities has been required.

2. 新訂香港財務報告準則(「香港財務報告準則」)及香港會計準則(「香港會計準則」)之影響(續)

(c) (續)

本集團就屬於香港會計準則第39號範圍之金融資產及金融負債之分類及計量，應用香港會計準則第39號之相關過渡條文。

於二零零五年六月三十日或之前，本集團遵照香港會計師公會頒佈之會計實務準則第24號「證券投資之會計方法」之基準處理方法將其股本證券投資分類及計量為「投資證券」。「投資證券」以成本減減值虧損列賬(如有)。自二零零五年七月一日起，本集團遵照香港會計準則第39號將其股本證券投資分類及計量為「可供出售投資」。由於股本證券並無在買賣活躍之市場內報出市價且公平值未能可靠地計量，故「可供出售金融資產」以成本列賬。本集團毋須就股本證券之公平值作出調整。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 30 June 2006 截至二零零六年六月三十日止年度

2. IMPACT OF NEW HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND HONG KONG ACCOUNTING STANDARDS ("HKASs") (Continued)

The Group has not early applied the following new HKFRSs that have been issued by the HKICPA but not yet effective. The Group has considered these standards and interpretations but does not expect that they will have a material effect on how the results of operation and financial position of the Group are prepared and presented.

- HKAS 1 (Amendment) 香港會計準則第1號(修訂本)	Capital Disclosures ¹ 資本披露 ¹
- HKAS 1 (Revised) 香港會計準則第1號(經修訂)	Presentation of Financial Statements ⁵ 財務報表之呈列 ⁵
- HKAS 19 (Amendment) 香港會計準則第19號(修訂本)	Actuarial gains and losses, group plans and disclosures ² 精算損益、集團計劃及披露 ²
- HKAS 21 (Amendment) 香港會計準則第21號(修訂本)	The effects of changes in foreign exchange rate - Net investment in a foreign operation ² 外幣匯率變動之影響 - 於一項海外業務之淨投資 ²
- HKAS 23 (Revised) 香港會計準則第23號(經修訂)	Borrowing costs ⁵ 借貸成本 ⁵
- HKAS 27 (Revised) 香港會計準則第27號(經修訂)	Consolidated and Separate Financial Statements ¹² 綜合及獨立財務報表 ¹²
- HKAS 39 (Amendment) 香港會計準則第39號(修訂本)	Cash Flow Hedge Accounting of Forecast Intragroup Transactions ² 預測集團內公司間交易之現金流量對沖會計處理 ²
- HKAS 39 (Amendment) 香港會計準則第39號(修訂本)	The Fair Value Option ² 選擇以公平值入賬 ²
- HKAS 39 and HKFRS 4 (Amendment) 香港會計準則第39號及香港財務報告準則第4號(修訂本)	Financial Guarantee Contracts ² 財務擔保合約 ²
- HKFRS 2 (Amendment) 香港財務報告準則第2號(修訂本)	Vesting Conditions and Cancellations ⁵ 歸屬條件及註銷 ⁵
- HKFRS 3 (Revised) 香港財務報告準則第3號(經修訂)	Business Combinations ¹² 業務合併 ¹²
- HKFRS 6 香港財務報告準則第6號	Exploration for and evaluation of mineral resources ² 礦產資源之勘探及評價 ²

2. 新訂香港財務報告準則(「香港財務報告準則」)及香港會計準則(「香港會計準則」)之影響(續)

本集團並無提早採納下列由香港會計師公會頒佈但尚未生效之新訂香港財務報告準則。本集團已考慮該等準則及詮釋，惟預期不會對本集團之經營業績及財政狀況之編製及呈列方式產生重大影響。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 30 June 2006 截至二零零六年六月三十日止年度

2. IMPACT OF NEW HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND HONG KONG ACCOUNTING STANDARDS ("HKASs") (Continued)

- | | |
|---|--|
| - HKFRS 7
香港財務報告準則第7號 | Financial instruments: Disclosures ¹
金融工具：披露 ¹ |
| - HKFRS 8
香港財務報告準則第8號 | Operating segments ⁵
經營分類 ⁵ |
| - HK(IFRIC) – INT 4
香港（國際財務報告詮釋委員會）
– 詮釋4 | Determining whether an arrangement contains a Lease ²
釐定一項安排是否包括租賃 ² |
| - HK(IFRIC) – INT 5

香港（國際財務報告詮釋委員會）
– 詮釋5 | Rights to interests arising from decommissioning,
restoration and environmental rehabilitation funds ²
終止運作、復原及環境修復基金產生權益之權利 ² |
| - HK(IFRIC) – INT 6

香港（國際財務報告詮釋委員會）
– 詮釋6 | Liabilities arising from participating in a specific market-
waste, electrical and electronic equipment ³
參與特定市場－廢棄電力及電子設備產生之負債 ³ |
| - HK(IFRIC) – INT 7

香港（國際財務報告詮釋委員會）
– 詮釋7 | Applying the restatement approach under HKAS 29
Financial reporting in hyperinflationary economies ⁴
根據香港會計準則第29號在惡性通貨膨脹經濟中採用財務報告
之重報方法 ⁴ |
| - HK(IFRIC) – INT 8
香港（國際財務報告詮釋委員會）
– 詮釋8 | Scope of HKFRS 2 ⁶
香港財務報告準則第2號之範疇 ⁶ |
| - HK(IFRIC) – INT 9
香港（國際財務報告詮釋委員會）
– 詮釋9 | Reassessment of embedded derivatives ⁷
重新評估內含式衍生工具 ⁷ |
| - HK(IFRIC) – INT 10
香港（國際財務報告詮釋委員會）
– 詮釋10 | Interim financial reporting and impairment ⁸
中期財務報告及減值 ⁸ |
| - HK(IFRIC) – INT 11
香港（國際財務報告詮釋委員會）
– 詮釋11 | HKFRS 2 – Group and treasury share transactions ⁹
香港財務報告準則第2號－集團及庫存股份交易 ⁹ |
| - HK(IFRIC) – INT 12
香港（國際財務報告詮釋委員會）
– 詮釋12 | Service concession arrangements ¹⁰
服務特許權安排 ¹⁰ |
| - HK(IFRIC) – INT 13
香港（國際財務報告詮釋委員會）
– 詮釋13 | Customer loyalty programmes ¹¹
客戶忠誠計劃 ¹¹ |
| - HK(IFRIC) – INT 14

香港（國際財務報告詮釋委員會）
– 詮釋14 | HKAS 19 – The limit on a defined benefit asset, minimum
funding requirements and their interaction ¹⁰
香港會計準則第19號－界定福利資產之限額、最低撥款規定及
兩者之相互關係 ¹⁰ |

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 30 June 2006 截至二零零六年六月三十日止年度

2. IMPACT OF NEW HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND HONG KONG ACCOUNTING STANDARDS ("HKASs") (Continued)

- 1 Effective for the annual periods beginning on or after 1 January 2007
- 2 Effective for the annual periods beginning on or after 1 January 2006
- 3 Effective for the annual periods beginning on or after 1 December 2005
- 4 Effective for the annual periods beginning on or after 1 March 2006
- 5 Effective for the annual periods beginning on or after 1 January 2009
- 6 Effective for the annual periods beginning on or after 1 May 2006
- 7 Effective for the annual periods beginning on or after 1 June 2006
- 8 Effective for the annual periods beginning on or after 1 November 2006
- 9 Effective for the annual periods beginning on or after 1 March 2007
- 10 Effective for the annual periods beginning on or after 1 January 2008
- 11 Effective for the annual periods beginning on or after 1 July 2008
- 12 Effective for the annual periods beginning on or after 1 July 2009

2. 新訂香港財務報告準則(「香港財務報告準則」)及香港會計準則(「香港會計準則」)之影響(續)

- 1 於二零零七年一月一日或之後開始之年度期間生效
- 2 於二零零六年一月一日或之後開始之年度期間生效
- 3 於二零零五年十二月一日或之後開始之年度期間生效
- 4 於二零零六年三月一日或之後開始之年度期間生效
- 5 於二零零九年一月一日或之後開始之年度期間生效
- 6 於二零零六年五月一日或之後開始之年度期間生效
- 7 於二零零六年六月一日或之後開始之年度期間生效
- 8 於二零零六年十一月一日或之後開始之年度期間生效
- 9 於二零零七年三月一日或之後開始之年度期間生效
- 10 於二零零八年一月一日或之後開始之年度期間生效
- 11 於二零零八年七月一日或之後開始之年度期間生效
- 12 於二零零九年七月一日或之後開始之年度期間生效

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 30 June 2006 截至二零零六年六月三十日止年度

3. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

In preparing the financial statements, the directors have considered the future liquidity of the Group in view of its net liabilities position as at 30 June 2006. The Group incurred loss of HK\$122,448,000 (2005: 7,436,000) for the year ended 30 June 2006, and as at that date, it had consolidated net current liabilities and consolidated net liabilities of HK\$135,189,000 (2005: HK\$12,259,000) and HK\$126,219,000 (2005: HK\$3,771,000) respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and therefore that it may be unable to realise its assets and discharge its liabilities in the normal course of business. Nevertheless, the directors are of the opinion that the Group will be able to finance its future working capital and financial requirements given that:

- (i) the Company has entered into loan agreements with third parties subsequent to the balance sheet date. Net proceeds of approximately HK\$6 million has been received.
- (ii) the Group has been actively discussing with prospective investors to obtain new working capital;
- (iii) the Company's controlling shareholder has agreed to provide financial support as is necessary to enable the Group to meet its liabilities as they fall due; and
- (iv) based on a cash flow forecast prepared by the Group's management for the twenty-one months ending 31 December 2009, the Group will be able to generate adequate cash flows from its operation.

3. 財務報表之編製基準

編製財務報表時，董事已就二零零六年六月三十日之淨負債水平審慎考慮本集團之未來流動資金狀況。本集團於截至二零零六年六月三十日止年度之虧損為122,448,000港元（二零零五年：7,436,000港元），於二零零六年六月三十日之綜合流動負債淨額及綜合負債淨額分別為135,189,000港元（二零零五年：12,259,000港元）及126,219,000港元（二零零五年：3,771,000港元）。該等條件顯示存在重大不明朗因素，可能對本集團持續經營之能力構成重大疑問，而其可能因此無法於日常業務範圍內變現其資產及解除其負債。然而，董事認為基於以下原因，本集團將能夠應付未來營運資金及財務需求：

- (i) 本公司已於結算日後與第三方訂立貸款協議，已收取之所得款項淨額約為6,000,000港元；
- (ii) 本集團一直就取得新營運資金與準投資者進行積極商討；
- (iii) 本公司控股股東已同意提供所需財務支持，以便本集團應付到期負債；及
- (iv) 根據本集團管理層就截至二零零九年十二月三十一日止二十一個月編製之現金流量預測，本集團將可自營運取得足夠現金流量。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 30 June 2006 截至二零零六年六月三十日止年度

3. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

The ability to obtain new working capital from prospective investors is dependent on the approval by the Stock Exchange of any resumption proposal and the trading of the Company's shares on the Stock Exchange successfully resumed.

Accordingly, the directors are of the opinion that it is appropriate to prepare the financial statements for the year ended 30 June 2006 on a going concern basis. Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets as current assets. The effect of these adjustments has not been reflected in the financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 30 June 2006.

The financial statements have been prepared in accordance with generally accepted accounting principles in Hong Kong and comply with HKFRS and HKAS (collectively "HKFRSs") issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance. The financial statements are prepared under the historical cost convention as modified with respect to the measurement of financial instruments as explained in the respective accounting policies below. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

3. 財務報表之編製基準(續)

能否從準投資者取得新營運資金，乃取決於聯交所是否批准任何復牌方案以及本公司股份能否成功在聯交所恢復買賣。

因此，董事認為以持續經營基準編製截至二零零六年六月三十日止年度之財務報表為恰當之做法。倘本集團無法持續經營業務，則須調整及撇減資產價值至可收回價值，並就可能產生之進一步負債撥備以及將非流動資產重新分類為流動資產。此等調整之影響並未於財務報表中反映。

4. 主要會計政策

綜合財務報表包括本公司及其附屬公司編製至二零零六年六月三十日之財務報表。

財務報表已根據香港公認之會計原則而編製，並符合香港會計師公會頒佈之香港財務報告準則及香港會計準則(統稱「香港財務報告準則」)以及香港公司條例之披露規定。財務報表乃按歷史成本常規編製，並就金融工具之計量作出修訂，解釋見下文相應會計政策。該等財務報表亦符合香港聯合交易所有限公司證券上市規則之適用披露條文規定。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 30 June 2006 截至二零零六年六月三十日止年度

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The preparation of financial statements in conformity with HKFRSs requires management to make judgments, estimates and assumption that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other source. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of HKFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 5.

4. 主要會計政策(續)

於編製符合香港財務報告準則之財務報表時，管理層須作出判斷、估計及假設，有關判斷、估計及假設影響政策應用及資產、負債、收入及開支之申報金額。管理層根據過往經驗，以及於特定情況彼等認為合理之其他因素作出估計及相關之假設，所得結果構成管理層就目前未能從其他來源而得出之資產及負債之賬面值所作出賬面值判斷之基準。實際數字或會有別於估計數字。

本集團按持續基準對估計及相關假設作出檢討。倘會計估計數字之修訂僅會影響修訂估計數字之期間，則有關會計估計數字之修訂將於該期間內確認，或倘該項會計估計數字之修訂影響現時及未來期間，則有關會計估計數字之修訂將於修訂期間及未來期間確認。

管理層在應用香港財務報告準則時所作出並對財務報表有重大影響之判斷，以及作出極可能在下一年度構成重大調整風險之估計，乃於附註5討論。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 30 June 2006 截至二零零六年六月三十日止年度

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Subsidiaries and minority interests

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Minority interests represent the portion of the net assets of subsidiaries attributable to interests that are not owned by the Company, whether directly or indirectly through subsidiaries, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. Minority interests are presented in the consolidated balance sheet within equity, separately from equity attributable to the equity shareholders of the Company. Minority interests in the results of the Group are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between minority interests and the equity shareholders of the Company.

4. 主要會計政策(續)

(a) 附屬公司及少數股東權益

附屬公司乃本集團控制之實體。當本集團有權支配該實體之財務及經營政策，並藉此從其活動中取得利益，均視為受本集團控制。於評估控制權時，已計及現時可予行使之潛在投票權。

於附屬公司之投資於擁有控制權日期起合併入綜合財務報表，直至該控制權終止時止。集團內部往來之結餘和交易及集團內部交易產生之任何未變現溢利，均在編製綜合財務報表時全數抵銷。在無出現減值之情況，集團內部交易所產生之未變現虧損，會按與未變現收益相同之方法抵銷。

少數股東權益是指並非由本公司直接或透過附屬公司間接擁有之權益所佔附屬公司資產淨值之部分，就此而言，本集團並無與該等權益之持有人協定任何額外條款，以致本集團整體須就有關權益承擔就財務負債所界定之合約責任。少數股東權益在綜合資產負債表之權益項目中與本公司權益股東應佔權益分開列示。少數股東所佔本集團業績之權益則在綜合收益表內列為在少數股東權益與本公司權益股東之間分配之年內溢利或虧損總額。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 30 June 2006 截至二零零六年六月三十日止年度

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Subsidiaries and minority interests (continued)

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

In the Company's balance sheet, an investment in a subsidiary is stated at cost less impairment loss.

(b) Associates

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated financial statements under the equity method and is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group's share of the associate's net assets. The consolidated income statement includes the Group's share of the post-acquisition, post-tax results of the associates for the year, including any impairment loss on goodwill relating to the investment in associates recognised for the year.

4. 主要會計政策(續)

(a) 附屬公司及少數股東權益(續)

如果少數股東應佔之虧損超過其所佔附屬公司之權益，超額部分和任何歸屬於少數股東之進一步虧損便會沖減本集團所佔權益；但如少數股東須承擔具有約束力之責任並有能力作出額外投資彌補虧損則除外。附屬公司之所有其後溢利均會分配予本集團之權益，直至本集團收回以往承擔之少數股東應佔虧損為止。

於本公司之資產負債表內，於附屬公司之投資按成本減去減值虧損列賬。

(b) 聯營公司

聯營公司是指本集團或本公司可對其管理行使重大影響力但並非可控制或共同控制其管理之實體，當中包括參與財務及經營決策。

於聯營公司之投資按權益法記入綜合財務報表，並且先以成本入賬，然後就本集團應佔聯營公司資產淨值在收購後的變動作出調整。綜合收益表計入年內本集團應佔聯營公司的收購後及除稅後業績，包括年內與聯營公司投資有關的任何商譽之已確認減值虧損。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 30 June 2006 截至二零零六年六月三十日止年度

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Associates (continued)

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. For this purpose, the Group's interest in the associate is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate.

Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associate, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

In the Company's balance sheet, its investments in associates are stated at cost less impairment losses.

4. 主要會計政策(續)

(b) 聯營公司(續)

當本集團應佔聯營公司虧損超逾其所佔權益時，本集團之權益將減少至零，並且終止確認進一步虧損；惟倘本集團須履行法律或推定責任，或代聯營公司付款則除外。就此而言，本集團於聯營公司之權益是按照權益法計算投資之賬面值，連同實質上構成本集團在聯營公司投資淨額一部分的長期權益為準。

本集團與其聯營公司進行交易所產生之未變現溢利及虧損，均以本集團於聯營公司之權益為限而對銷，惟可證實已轉讓資產出現減值之未變現虧損則不在此限，屆時將在損益內即時確認。

於本公司之資產負債表內，於聯營公司之投資按成本減去減值虧損列賬。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 30 June 2006 截至二零零六年六月三十日止年度

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Property, plant and equipment

All property, plant and equipment is stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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 financial period in which they are incurred.

Depreciation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method. The annual rates adopted for this purpose are as follows:

Leasehold improvements	25%-30%
Furniture and fixtures	25%-30%
Machinery and equipment	10%-30%
Motor vehicles	20%-25%

4. 主要會計政策(續)

(c) 物業、機器及設備

物業、機器及設備均按歷史成本值減折舊及減值虧損列賬。歷史成本值包括收購有關項目直接應佔之開支。

當與該項目有關之未來經濟利益很可能流入本集團，而且該項目之成本能被可靠計算時，其後成本方可列入資產之賬面值或確認為獨立資產(如適用)。所有其他維修及保養成本均於其產生之財政期間，在收益表內列作開支。

物業、機器及設備項目之折舊乃按其估計可用年限，並計及估計剩餘價值以直線法計提，從而撇銷項目成本。就此採用之年率如下：

租賃物業裝修	25%-30%
傢俬及裝置	25%-30%
機械及設備	10%-30%
汽車	20%-25%

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For the year ended 30 June 2006 截至二零零六年六月三十日止年度

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Property, plant and equipment (continued)

The asset's residual value and useful life are reviewed and adjusted if appropriate, at each balance sheet date.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on derecognition of the asset is the difference between the net disposal proceeds and the carrying amount of the relevant asset, and is recognised in the income statement in the year in which the asset is derecognised.

(d) Impairment of assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset 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 had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

4. 主要會計政策(續)

(c) 物業、機器及設備(續)

資產之剩餘價值及可用年限於各結算日檢討，並在適當情況作出調整。

物業、機器及設備項目乃於出售，又或預期繼續使用資產亦不會產生未來經濟利益時取消確認。取消確認資產產生之盈虧，乃指出售所得款項淨額與相關資產賬面值之間的差額，並於取消確認資產之年度內在收益表確認。

(d) 資產減值

於各結算日，本集團審核有形及無形資產之賬面值，以釐定有否顯示該等資產已出現減值虧損之跡象。倘估計資產之估計可收回金額低於賬面值，資產之賬面值將調低至可收回金額。減值虧損乃即時支銷。

倘減值虧損隨後減少，資產之賬面值乃增加至經修訂估計可收回金額，惟所增加之賬面值不得超過倘有關資產於過往年度未確認減值虧損而釐訂之賬面值。撥回減值虧損乃即時確認為收入。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 30 June 2006 截至二零零六年六月三十日止年度

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis, and includes all costs of purchase, costs of conversion, and other costs incurred in bringing the inventories to their present location and condition.

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.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(f) Financial instruments

Financial assets and financial liabilities are recognised on the Group's and the Company's balance sheet when a Group and the Company have become a party to the contractual provisions of the instruments.

The accounting policies adopted for the Group's financial instruments are set out below.

4. 主要會計政策(續)

(e) 存貨

存貨乃按成本或可變現淨值中之較低者列賬，成本並採用先入先出法釐定，並包括所有採購成本、轉換成本及令存貨達至現有地點及條件所產生之其他費用。

可變現淨值乃按日常業務範圍內之估計售價，減估計完成成本及進行出售所需之估計成本。

出售存貨時，該等存貨之賬面值將於有關收入確認期間確認為支出。存貨撇減至可變現淨值之數額及所有存貨虧損均於撇減或虧損出現之期間內確認為開支。任何存貨撇減撥回之款額，均於撥回之期間內確認為列作開支存貨數額之減少。

(f) 金融工具

當本集團及本公司成為工具合約條文的訂約方時，須在本集團及本公司之資產負債表確認金融資產及金融負債。

本集團就金融工具採納之會計政策載列如下。

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For the year ended 30 June 2006 截至二零零六年六月三十日止年度

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Financial instruments (continued)

Available-for-sale investments

Available-for-sale investments are those non-derivatives and are designated as available-for-sale investments or not classified under other investment categories. Available-for-sale investments are carried at fair value. Unrealised gain and losses (including transaction costs on acquisition) arising from changes in the fair value are recognised in fair value reserve in accordance with HKAS 39. When the securities are sold, the difference between the net sale proceeds and the carrying value, and the accumulated fair value adjustments in the fair value reserve are treated as gains or losses on disposal. For investments where there is no active market and whose fair value cannot be reliably measured, such investments are measured at cost less any impairment losses at each balance sheet date subsequent to initial recognition.

Trade and other receivables

Trade and other receivables are measured at initial recognition at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. A provision 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 provision is the difference between the asset's carrying amount and the present value of estimate future cash flows, discounted at the effective interest rate. The amount of provision is recognised in the income statement.

4. 主要會計政策(續)

(f) 金融工具(續)

可供出售投資

可供出售投資為非衍生工具，指定為可供出售投資或並非列入其他投資類別項下。可供出售投資按公平值列賬。因公平值變動而產生的未變現盈虧(包括收購的交易成本)，根據香港會計準則第39號在公平值儲備確認。於出售證券時，出售所得款項淨額與賬面值之間的差額，以及於公平值儲備的累計公平值調整，均被視作出售收益或虧損處理。如投資的市場交投並不活躍，亦不能可靠地計量其公平值，則於初步確認後的每個結算日按成本減任何減值虧損計量該等投資。

貿易及其他應收款項

貿易及其他應收款項初步按公平值確認，其後則以實際利率法按攤銷成本減去減值撥備計量。當有客觀證據證明本集團將無法按應收款項原有的條款收回所有款項時，即就貿易及其他應收款項提取減值撥備。撥備金額為資產賬面值與實際利率折現的估計未來現金流量的現值兩者的差額。撥備金額於收益表內確認。

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For the year ended 30 June 2006 截至二零零六年六月三十日止年度

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Financial instruments (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits held at call with banks.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings using the effective interest method.

Trade and other payables

Trade and other payables are initially measured at fair value and are subsequently measured at amortised cost using the effective interest method.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new shares are taken to equity as a deduction, net of tax, from the proceeds.

(g) Revenue recognition

- (i) Sales revenue is recognised when the merchandise is shipped and title has passed.
- (ii) Commission income is recognised when services are provided.

4. 主要會計政策(續)

(f) 金融工具(續)

現金及現金等值項目

現金及現金等值項目包括手頭現金及銀行活期存款。

計息借貸

計息借貸初步按公平值減應佔交易成本確認。於初步確認後，計息借貸按攤銷成本列賬，而成本與償還金額的任何差額按實際利息法於借貸期在損益確認。

貿易及其他應付款項

貿易及其他應付款項初步按公平值計量，其後則以實際利率法按攤銷成本計量。

股本

普通股列為股本。發行新股直接應佔的新增成本於權益中列為所得款項的扣減項目(扣除稅項)。

(g) 收入確認

- (i) 銷售收入乃於貨物付運及所有權轉移時確認。
- (ii) 佣金收入乃於提供服務時確認。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 30 June 2006 截至二零零六年六月三十日止年度

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Employee benefits

Salaries, annual bonuses, paid annual leave, leave passage and the cost to the Group of non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Contributions to Mandatory Provident Fund as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance, are recognised as an expense in the income statement as incurred.

(i) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. All other borrowing costs are charged to the income statement in the year in which they are incurred use or sale.

(j) Operating leases

Leases where substantially all the risks and rewards of ownership of the leased assets remain with the lessors are accounted for as operating leases. Rental payments under operating leases are charged to the income statement on a straight-line basis over the period of the relevant leases.

4. 主要會計政策(續)

(h) 僱員福利

薪金、年度花紅、有薪年假、休假及本集團非金錢福利之成本，於本集團僱員提供有關服務之年度累計。倘遞延付款或結算之影響重大，則該等金額按現值列賬。

根據香港強制性公積金計劃條例規定向強制性公積金作出之供款，於產生時在收益表確認為開支。

(i) 借貸成本

凡必須經頗長時間準備以作擬定用途或出售之資產之收購、建造或生產直接應佔借貸成本，均撥作該資產之部分成本。所有其他借貸成本均於產生年度之收益表扣除。

(j) 經營租約

凡租賃資產所有權之一切回報及風險仍歸出租人所有之租約均列為經營租約。經營租約之租金支出按租約期以直線法在收益表扣除。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 30 June 2006 截至二零零六年六月三十日止年度

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or 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 chosen business segment information as the primary reporting format and geographical segment information as the secondary reporting format.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. For example, segment assets may include inventories, trade receivables and property, plant and equipment. 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 similar terms as those available to other external parties.

4. 主要會計政策(續)

(k) 分部呈報

所謂一個分部，乃指本集團之一個可清楚界定的組成部份，經營提供產品或服務的業務(業務分類)，或在某一個特定經濟環境經營提供產品或服務的業務(地區分類)，其風險與收益亦與其他分部不同。

根據本集團的內部財務報告，本集團已選擇業務分部資料作為主要呈報模式，而地區分部資料則作為次要呈報模式。

分部收入、支出、業績、資產及負債包括一個分部直接應佔之項目，以及可按合理基準向有關分部劃撥之項目。舉例而言，分部資產可包括存貨、應收貿易賬款及物業、機器及設備。分部收入、支出、資產及負債在集團成員公司間的結餘款額及集團成員公司間的交易互相對銷(此乃綜合賬目過程之一部份)前釐定，惟倘此等集團成員公司間之結餘款額及交易乃在集團成員公司間某單一分部內產生者，則作別論。各分部之間的交易定價乃根據各分部向集團外其他人士提供之類似交易條款釐定。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 30 June 2006 截至二零零六年六月三十日止年度

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) 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.

Unallocated items mainly comprise financial and corporate assets, interest-bearing loans, borrowings, corporate and financing expenses and minority interests.

(l) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income and expense that are taxable or deductible in other years, and it further excludes income statement 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.

4. 主要會計政策(續)

(k) 分部呈報(續)

分部資本支出乃本集團期內購入且預期可使用一期以上之分部資產(包括有形及無形資產)所引致之總成本額。

未劃撥項目主要包括財務及企業資產、計息貸款、借貸、企業及融資費用及少數股東權益。

(l) 稅項

所得稅開支指現時應付稅項及遞延稅項之總和。

現時應付稅項乃按期內應課稅溢利計算。應課稅溢利與收益表中所報溢利淨額不同，乃由於前者不包括在其他年度應課稅或可扣稅之收入及開支，亦不包括永不須課稅或可扣稅之收益表項目。本集團乃按結算日已實行或大致已實行之稅率計算即期稅項之負債。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 30 June 2006 截至二零零六年六月三十日止年度

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(I) Taxation (continued)

Deferred tax is recognised on the differences between the carrying amount 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 only to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from the initial recognition of assets and liabilities in a transaction that affects neither the accounting profit nor the taxable profit.

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 realised. Deferred tax is charged or credited in 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.

4. 主要會計政策(續)

(I) 稅項(續)

遞延稅項按財務報表中資產及負債賬面值與用於計算應課稅溢利相應稅基之差額而確認，並以資產負債表負債法記賬。遞延稅項負債通常會就所有應課稅暫時差異而確認，而遞延稅項資產則僅按可能出現未來可扣稅暫時差異之應課稅溢利時確認。若於一項交易中，因初步確認資產與負債而引致之暫時差異既不影響會計溢利亦不影響應課稅溢利，則不會確認該等資產與負債。

遞延稅項資產之賬面值於每個結算日作檢討，並在沒可能有足夠應課稅溢利讓全部或部份資產得以收回時作調減。

遞延稅項乃按預期於清償負債或變現資產之期間適用之稅率計算。遞延稅項於收益表中扣除或加入，惟倘與遞延稅項有關之項目直接在股權中扣除或加入，則該遞延稅項亦會於股權中處理。

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For the year ended 30 June 2006 截至二零零六年六月三十日止年度

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Provisions and contingent liabilities

Provision are recognised for liabilities of uncertain timing or amount when the Company or Group has a 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 of economic benefits 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 of economic benefits is remote.

(n) Foreign currency translation

Items included in the financial statements of each of the Group 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.

4. 主要會計政策(續)

(m) 撥備及或然負債

倘因已發生的事件而導致本公司或本集團須對若干負債(時間或款額無法確定)承擔一項法律責任或推定責任,並可能引致經濟利益流出以解決有關責任,以及能可靠地估計就此涉及的款額,則會為此等負債確認撥備。若金錢時值乃屬重大因素,有關之撥備須按預期為解決有關責任而支付之款額之現值列賬。

在未能肯定是否會導致經濟利益流出,或有關款額未能可靠地估量的情況,有關責任則列作或然負債並予以披露,除非導致經濟利益流出之機會極低,則作別論。可能承擔的責任(其存在與否只能藉一項或多項未來事件之發生與否而確定)亦列作或然負債並予以披露,除非導致經濟利益流出之機會極低,則作別論。

(n) 外幣換算

本集團各公司的財務報表所包括的項目,乃按該公司經營所在主要經濟環境的貨幣(「功能貨幣」)計量。綜合財務報表以本公司之功能及呈列貨幣港元呈列。

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For the year ended 30 June 2006 截至二零零六年六月三十日止年度

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Foreign currency translation (continued)

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

On consolidation, the assets and liabilities of the Group's overseas operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are dealt with as movement in exchange fluctuation reserve.

(o) Related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals, and post-employment benefits plans which are for the benefit of employees of the Group or of any entity that is a related party of the Group.

4. 主要會計政策(續)

(n) 外幣換算(續)

外幣交易按交易日之匯率換算為功能貨幣。此等交易之結算以及對於以外幣計值之貨幣資產及負債按年結匯率進行換算所產生之外匯盈虧，乃於收益表確認。

就綜合賬目而言，本集團海外業務之資產及負債按結算日之通行匯率換算。收入及開支項目按期間之平均匯率換算。所產生之匯兌差額一概作為變動於外匯波動儲備內處理。

(o) 關聯方

倘本集團有能力直接或間接控制另一方或可對另一方之財務及營運決策行使重大影響力(反之亦然)，或本集團與另一方受共同控制或受共同重大影響，均視作關聯方。關聯方可以為個人(為主要管理人員成員、重大股東及/或其關係密切之家族成員)或其他實體，(在有關人士為個人的情況)亦包括受本集團關聯方重大影響的實體，及受益人為本集團或為本集團關聯方的任何實體的僱員的離職後福利計劃。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 30 June 2006 截至二零零六年六月三十日止年度

5. ACCOUNTING JUDGMENT AND ESTIMATES

In the process of applying the Group's accounting policies, the management has made various estimates based on past experience, expectations of the future and other information. The key sources of estimation uncertainty that may significantly affect the amounts recognised in the financial information are disclosed below.

Impairment of available-for-sale investment

The Group follows the guidance of HKAS 39 to determine when an available-for-sale investment is impaired. This determination requires significant judgment. In making this judgment, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of an near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

If all the declines in fair value below cost were considered significant or prolonged, provision for impairment loss may be required.

Allowance for bad and doubtful debts

The policy for allowance for doubtful loans and bad debts of the Group is based on the evaluation of collectability and aged analysis of accounts and on management's judgment. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each debtor. If the financial conditions of debtors of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

5. 會計判斷及估計

當應用本集團會計政策之過程中，管理層已根據過往經驗，未來預期及其他資料作出多項估計。該估計不確定因素之主要來源對財務資料之已確認金額之重大影響列載如下：

可供出售投資之減值

本集團在可供出售投資出現減值時會遵循香港會計準則第39號之指引。該項確定須作出重大判斷。於作出判斷時，本集團會評估（其中包括）投資之公平值低於其成本之持續時間及程度，以及投資對象之財務穩健程度及近期業務前景，包括如行業及界別表現、技術革新以及經營及融資現金流量等因素。

倘公平值低於成本的所有下跌幅度被認為重大或屬一段長時期，或須作出減值虧損撥備。

呆壞賬撥備

本集團呆壞賬之撥備政策以可收回機會評估、賬齡分析及管理層之判斷為基礎。核定最終可收回應收款項之金額需作出大量的判斷，包括對每位客戶的當前信譽及過去收賬記錄的判斷。假若本集團客戶的財政狀況逐漸惡化，導致其付款能力下降，則可能需要更多撥備。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 30 June 2006 截至二零零六年六月三十日止年度

6. FINANCIAL RISK MANAGEMENT

The Group's activities exposed it mainly to currency risk, credit risk and interest risk. The Group's overall risk management programme seeks to minimize potential adverse effects on the Group's financial performance.

Currency risk

The Group's monetary assets and transactions are principally denominated in Hong Kong Dollars ("HK\$"), United States Dollars ("US\$"), and Renminbi ("RMB"). The Group is exposed to foreign exchange risk arising from the exposure of HK\$ against US\$ and RMB respectively. Currency risk arises from future commercial transactions and recognised assets. As disclosed in note 29, HK\$20,481,000 (2005: Nil) of the Group's bank balances is denominated in RMB. RMB is not a freely convertible currency in the international market and its exchange rate is determined by the People's Bank of China.

Credit risk

The Group is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. It arises primarily from the Group's bank deposits and trade and other receivables. Bank balances are placed with high-credit-quality institutions and directors of the Company consider that the credit risk for such is minimal. The Group also has policies in place to ensure that sales of products are made to customers with an appropriate credit history. Sales to new customers are made either on cash-on-delivery basis or customers are required to make advance payment before product delivery. The Group's historical experience in collection of trade receivables falls within the recorded allowances.

6. 財務風險管理

本集團因其業務活動而主要面對貨幣風險、信貸風險及利率風險。本集團之整體風險管理計劃致力減低本集團財務表現所受到之潛在不利影響。

貨幣風險

本集團之貨幣資產及交易主要以港元、美元及人民幣計值。本集團因港元兌美元及人民幣之匯率而面對外匯風險。貨幣風險乃源自未來商業交易及已確認資產。誠如附註29所披露，本集團之銀行結存當中，有20,481,000港元(二零零五年：無)以人民幣計值。人民幣不能在國際市場自由兌換，其匯率由中國人民銀行釐定。

信貸風險

本集團面對信貸風險，此為對約方未能於到期時支付全數之風險。信貸風險主要源自本集團之銀行存款以及貿易及其他應收款項。銀行結存乃存放於享有高信貸評級之機構，本公司董事認為有關信貸風險甚低。本集團亦設有政策，確保只向擁有合適信貸紀錄之客戶銷售產品。對新客戶之銷售，乃以交貨付現之方式或客戶須於產品付運前墊支款項之方式進行。本集團在收取貿易應收款項方面之經驗符合已記錄之備抵。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 30 June 2006 截至二零零六年六月三十日止年度

6. FINANCIAL RISK MANAGEMENT (Continued)

Interest rate risk

The Group's interest rate risk relates to impact of interest rate changes on interest bearing secured other loan. The Group has not used any interest rate swaps to hedge its exposure to interest rate risk.

Fair value estimation

The carrying amounts of the Group's financial assets including cash and cash equivalents, bank deposits, trade and other receivables; and financial liabilities including trade and other payables, interest bearing borrowing and amounts due to directors approximate their fair values due to their short maturities. The face value less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values.

7. TURNOVER AND SEGMENT INFORMATION

Turnover represents the amount received and receivable for goods sold during the year.

(a) Business segments

The Group's turnover represents the revenue generated from the business of trading of multi-media and communication products. Accordingly, no business segment information is required.

6. 財務風險管理(續)

利率風險

本集團之利率風險乃關於利率變動對計息有抵押其他貸款之影響。本集團並無使用任何利率掉期安排來對沖面對之利率風險。

公平值估計

本集團之金融資產(包括現金及現金等值項目、銀行存款、貿易及其他應收款項)及金融負債(包括貿易及其他應付款項、計息借貸及應付董事款項)之賬面值與其公平值相若,原因為到期時間較短。於一年內到期之金融資產及負債的面值減任何估計信貸調整之數,乃假定與公平值相若。

7. 營業額及分類資料

營業額指年內就已售出貨品之已收及應收款項。

(a) 業務分類

本集團之營業額指多媒體及通訊產品貿易業務產生之收益。因此,毋須提供業務分類資料。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 30 June 2006 截至二零零六年六月三十日止年度

7. TURNOVER AND SEGMENT INFORMATION (Continued)

(b) Geographical segments

Segment revenue by location of customers	按客戶所在地劃分之分類收入
PRC, excluding Hong Kong	中國（不包括香港）
Hong Kong	香港
Segment assets by location of assets	按資產所在地劃分之分類資產
PRC, excluding Hong Kong	中國（不包括香港）
Hong Kong	香港
Capital expenditures by location of assets	按資產所在地劃分之資本開支
PRC, excluding Hong Kong	中國（不包括香港）
Hong Kong	香港

7. 營業額及分類資料(續)

(b) 地區分類

	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
	98,805	71,997
	111,356	49,290
	210,161	121,287
	32,835	51,733
	24,651	116,390
	57,486	168,123
	536	114
	186	64
	722	178

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 30 June 2006 截至二零零六年六月三十日止年度

8. OTHER INCOME

Interest income	利息收入
Commission income	佣金收入
Gain on exchange difference	匯兌差額收益
Others	其他

8. 其他收入

	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
	32	3
	3,649	4,061
	690	40
	18	73
	4,389	4,177

9. PROVISION FOR DISPUTED CLAIMS AGAINST THE GROUP FOR OUTSTANDING LOAN

The amount is in respect of the balance of disputed claims against the Group for outstanding loan. The creditors claimed repayments of the loans together with the interest of approximately HK\$78 million. The amount of HK\$34.7million had been provided for in the financial statements in prior years. Provision for the balance of the dispute claims of HK\$43,692,000 was made in the financial statements for the year ended 30 June 2006.

9. 因未償還貸款而對本集團提出之具爭議申索的撥備

該款項乃有關因未償還貸款而對本集團提出之具爭議申索的結餘。債權人要求償還貸款連利息共約78,000,000港元。於以往年度已在財務報表作出34,700,000港元撥備。截至二零零六年六月三十日止年度財務報表中已就具爭議申索的結餘43,692,000港元作出撥備。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 30 June 2006 截至二零零六年六月三十日止年度

10. FINANCE COSTS

10. 融資成本

	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Interests on:		
Bank loans, bills and overdrafts wholly repayable within five years	1,248	675
Other borrowing costs	521	555
	1,769	1,230

11. LOSS BEFORE TAXATION

11. 除稅前虧損

Loss before taxation has been arrived at after charging the following:

除稅前虧損已扣除下列各項：

	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Cost of goods sold and services provided	201,095	117,448
Staff costs (including directors' emoluments)	11,652	11,553
Pension scheme contributions	92	84
Auditors' remuneration		
- audit services		
- current year	440	412
- overprovision for prior years	(100)	-
Depreciation	240	134
Operating lease rentals in respect of land and buildings	929	529

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 30 June 2006 截至二零零六年六月三十日止年度

12. TAXATION

No provision for Hong Kong profits tax has been made in the financial statements since there is no estimated assessable profit derived from Hong Kong for the year (2005: Nil).

The charge for the year can be reconciled to the loss per the consolidated income statement as follows:

12. 稅項

由於年內並無香港估計應課稅溢利，故並無於財務報表內就香港利得稅作出撥備(二零零五年：零)。

年內稅項開支可與綜合收益表所列虧損對賬如下：

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Loss before taxation	除稅前虧損	(122,448)	(7,436)
Calculated at a taxation rate of 17.5%	按稅率17.5%計算	(21,428)	(1,301)
Expenses not deductible for taxation purposes	不可扣稅支出	26,263	4,220
Income not subject to taxation	毋須繳稅收入	(4,669)	(3,467)
Unused tax loss not recognised	未予確認之未使用稅項虧損	-	548
Utilisation of tax loss not previously recognised	使用以往未確認之稅項虧損	(166)	-
Taxation	稅項	-	-

13. LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The net loss attributable to equity holders of the Company includes a loss of approximately HK\$128,900,000 (2005: HK\$9,344,000) which has been dealt with in the financial statements of the Company for the year ended 30 June 2006.

13. 本公司股權持有人應佔虧損

本公司股權持有人應佔虧損淨額包括虧損約128,900,000港元(二零零五年：9,344,000港元)，已於本公司截至二零零六年六月三十日止年度之財務報表處理。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 30 June 2006 截至二零零六年六月三十日止年度

14. LOSS PER SHARE

The calculation of basic loss per share for the year ended 30 June 2006 is based on the loss attributable to shareholders of approximately HK\$122,448,000 (2005: loss of HK\$7,436,000) and 6,174,917,000 (2005: 6,174,917,000) ordinary shares in issue during the year.

Diluted loss per share was not presented as there was no dilutive potential ordinary share in issue for the years ended 30 June 2006 and 2005.

15. DIVIDENDS

No dividend was paid or proposed for the year ended 30 June 2006 (2005: nil), nor has any dividend been proposed since the balance sheet date.

16. RETIREMENT BENEFIT SCHEME

The Group participates in the Mandatory Provident Fund Scheme (the "MPF Scheme") for those employees who are eligible to participate in the MPF Scheme. Contributions are made by the Group at 5 per cent of the employee's relevant income as defined in the Hong Kong Mandatory Provident Fund Schemes Ordinance. The Group's employer contributions are fully and immediately vested in the employees as accrued benefits once they are paid. Contributions are charged to the income statement as they become payable in accordance with the rules of the MPF Scheme.

14. 每股虧損

截至二零零六年六月三十日止年度之每股基本虧損乃按股東應佔虧損約122,448,000港元(二零零五年:虧損7,436,000港元)及年內已發行普通股6,174,917,000股(二零零五年:6,174,917,000股)計算。

截至二零零六年及二零零五年六月三十日止年度,概無已發行攤薄潛在普通股,故並無呈列每股股份之攤薄虧損。

15. 股息

概無就截至二零零六年六月三十日止年度派付或擬派股息(二零零五年:無),自結算日以來亦無擬派任何股息。

16. 退休金計劃

本集團為符合強制性公積金計劃(「強積金計劃」)之合資格僱員加入了強積金計劃。本集團所作出之供款為香港強制性公積金計劃條例所規定之僱員有關收入之百分之五。本集團僱主供款於僱員獲得有關付款後悉數及隨即作為應計福利撥歸僱員所有。按照強積金計劃規則,供款於應付時在收益表扣除。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 30 June 2006 截至二零零六年六月三十日止年度

17. DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS

(a) Details of directors' emoluments

2006

二零零六年

Executive directors 執行董事

	Fees	Salaries, allowances and benefits in kind	Contribution to retirement scheme	Total
	袍金	薪金、津貼及實物利益	退休金計劃供款	合計
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	千港元	千港元	千港元	千港元
Ke Jun Xiang 柯俊翔	-	1,800	-	1,800
Ho Pui Tsun, Peter 何佩川	-	1,900	-	1,900
Shao Wei Hong 邵偉宏	-	960	-	960
Hu Yeshan 胡葉山	-	480	-	480

Non-executive directors 非執行董事

Li Qinyi 李勤毅	-	-	-	-
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Independent non-executive directors 獨立非執行董事

Wong Kwok Tai, Wytan (note 4) 黃國泰 (附註4)	-	-	-	-
Ching Chun Chung (note 1) 程振忠 (附註1)	-	-	-	-
Kwok Yam Sheung (note 2) 郭蔭尚 (附註2)	-	-	-	-
	-	5,140	-	5,140

17. 董事及高級行政人員之酬金

(a) 董事酬金之詳情

	Fees	Salaries, allowances and benefits in kind	Contribution to retirement scheme	Total
	袍金	薪金、津貼及實物利益	退休金計劃供款	合計
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	千港元	千港元	千港元	千港元
Ke Jun Xiang 柯俊翔	-	1,800	-	1,800
Ho Pui Tsun, Peter 何佩川	-	1,900	-	1,900
Shao Wei Hong 邵偉宏	-	960	-	960
Hu Yeshan 胡葉山	-	480	-	480

Li Qinyi 李勤毅	-	-	-	-
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獨立非執行董事

Wong Kwok Tai, Wytan (note 4) 黃國泰 (附註4)	-	-	-	-
Ching Chun Chung (note 1) 程振忠 (附註1)	-	-	-	-
Kwok Yam Sheung (note 2) 郭蔭尚 (附註2)	-	-	-	-
	-	5,140	-	5,140

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 30 June 2006 截至二零零六年六月三十日止年度

17. DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS (Continued)

(a) Details of directors' emoluments (continued)

2005		Fees	Salaries, allowances and benefits in kind	Contribution to retirement scheme	Total
二零零五年		袍金	薪金、津貼及實物利益	退休金計劃供款	合計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
<i>Executive directors</i> 執行董事					
	Ke Jun Xiang 柯俊翔	-	1,800	-	1,800
	Ho Pui Tsun, Peter 何佩川	-	2,900	-	2,900
	Shao Wei Hong 邵偉宏	-	940	-	940
	Hu Yeshan 胡葉山	-	620	-	620
	Chow Yeung Tuen, Richard (note 3) 鄧揚敦(附註3)	-	-	-	-
<i>Non-executive directors</i> 非執行董事					
	Li Qinyi 李勤毅	-	-	-	-
<i>Independent non-executive directors</i> 獨立非執行董事					
	Wong Kwok Tai, Wytan (note 4) 黃國泰(附註4)	-	-	-	-
	Ching Chun Chung (note 1) 程振忠(附註1)	-	-	-	-
	Kwok Yam Sheung (note 2) 郭蔭尚(附註2)	-	-	-	-
		-	6,260	-	6,260

Notes:

1. Mr. Ching Chun Chung resigned on 12 September 2005
2. Mr. Kwok Yam Sheung was appointed on 30 September 2004
3. Mr. Chow Yeung Tuen, Richard resigned on 1 September 2004
4. Mr. Wong Kwok Tai resigned on 5 May 2008

附註:

1. 程振忠先生於二零零五年九月十二日辭任
2. 郭蔭尚先生於二零零四年九月三十日獲委任
3. 鄧揚敦先生於二零零四年九月一日辭任
4. 黃國泰先生於二零零八年五月五日辭任

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 30 June 2006 截至二零零六年六月三十日止年度

17. DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS (Continued)

(b) Details of emoluments paid to the five highest paid individuals (including directors and other employees)

Basic salaries, allowances and benefits in kind	基本薪金、津貼及實物利益
Contributions to pension scheme	退休金計劃供款

The five highest paid individuals included four (2005: four) executive directors of the Company, details of whose emoluments have been included in note 17(a) above.

There were no arrangements under which a director or senior management waived or agreed to waive any emoluments, and no incentive payment nor compensation for loss of office was paid or payable to any director or senior management during the year.

Analysis of emoluments of the five highest paid individuals (including directors and other employees) by emolument range is as follows:

Nil to HK\$1,000,000	零至1,000,000港元
HK\$1,000,001 to HK\$1,500,000	1,000,001港元至1,500,000港元
HK\$1,500,001 to HK\$2,000,000	1,500,001港元至2,000,000港元
HK\$2,000,001 to HK\$3,000,000	2,000,001港元至3,000,000港元

17. 董事及高級行政人員之酬金 (續)

(b) 五位最高薪人士(包括董事及其他僱員)之酬金詳情

	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Basic salaries, allowances and benefits in kind	7,589	7,880
Contributions to pension scheme	12	12
	7,601	7,892

五位最高薪人士包括四位(二零零五年:四位)本公司執行董事,彼等之酬金詳情載於上文附註17(a)。

並無董事或高級管理人員放棄或同意放棄任何酬金之安排,年內概無向任何董事或高級管理人員支付或須支付任何獎金或離職補償。

五位最高薪人士(包括董事及其他僱員)之酬金按酬金範圍分析如下:

	2006 二零零六年 Number 人數	2005 二零零五年 Number 人數
Nil to HK\$1,000,000	2	2
HK\$1,000,001 to HK\$1,500,000	-	-
HK\$1,500,001 to HK\$2,000,000	2	2
HK\$2,000,001 to HK\$3,000,000	1	1
	5	5

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 30 June 2006 截至二零零六年六月三十日止年度

18. PROPERTY, PLANT AND EQUIPMENT

The Group

		Leasehold improvements	Furniture and fixture	Machinery and equipment	Motor vehicles	Total
		租賃物業裝修	傢俬及裝置	機械及設備	汽車	合計
		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
Cost	成本					
At 1 July 2004	於二零零四年七月一日	155	335	508	142	1,140
Additions	添置	-	134	44	-	178
At 30 June 2005	於二零零五年六月三十日	155	469	552	142	1,318
At 1 July 2005	於二零零五年七月一日	155	469	552	142	1,318
Additions	添置	447	175	100	-	722
At 30 June 2006	於二零零六年六月三十日	602	644	652	142	2,040
Accumulated depreciation	累積折舊					
At 1 July 2004	於二零零四年七月一日	49	208	432	7	696
Charge for the year	本年度支出	28	47	30	29	134
At 30 June 2005	於二零零五年六月三十日	77	255	462	36	830
At 1 July 2005	於二零零五年七月一日	77	255	462	36	830
Charge for the year	本年度支出	101	75	36	28	240
At 30 June 2006	於二零零六年六月三十日	178	330	498	64	1,070
Net book value	賬面淨值					
At 30 June 2006	於二零零六年六月三十日	424	314	154	78	970
At 30 June 2005	於二零零五年六月三十日	78	214	90	106	488

At 30 June 2006 and 2005, the Company had no property, plant and equipment.

18. 物業、機器及設備

本集團

		Leasehold improvements	Furniture and fixture	Machinery and equipment	Motor vehicles	Total
		租賃物業裝修	傢俬及裝置	機械及設備	汽車	合計
		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
Cost	成本					
At 1 July 2004	於二零零四年七月一日	155	335	508	142	1,140
Additions	添置	-	134	44	-	178
At 30 June 2005	於二零零五年六月三十日	155	469	552	142	1,318
At 1 July 2005	於二零零五年七月一日	155	469	552	142	1,318
Additions	添置	447	175	100	-	722
At 30 June 2006	於二零零六年六月三十日	602	644	652	142	2,040
Accumulated depreciation	累積折舊					
At 1 July 2004	於二零零四年七月一日	49	208	432	7	696
Charge for the year	本年度支出	28	47	30	29	134
At 30 June 2005	於二零零五年六月三十日	77	255	462	36	830
At 1 July 2005	於二零零五年七月一日	77	255	462	36	830
Charge for the year	本年度支出	101	75	36	28	240
At 30 June 2006	於二零零六年六月三十日	178	330	498	64	1,070
Net book value	賬面淨值					
At 30 June 2006	於二零零六年六月三十日	424	314	154	78	970
At 30 June 2005	於二零零五年六月三十日	78	214	90	106	488

於二零零六年及二零零五年六月三十日，本公司並無物業、機器及設備。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 30 June 2006 截至二零零六年六月三十日止年度

19. INVESTMENT IN SUBSIDIARIES

19. 於附屬公司之投資

		Company 本公司	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Unlisted shares, at cost	非上市股份，按成本	-	-
Due from subsidiaries	應收附屬公司之款項	75,210	440,528
		75,210	440,528
Less : Impairment loss	減：減值虧損	(75,210)	(440,528)
		-	-
Due to subsidiaries	應付附屬公司之款項	(489)	(489)

(a) The balances with subsidiaries are unsecured, non-interest bearing and have no fixed term of repayment.

(a) 與附屬公司之結餘為無抵押、免息及無固定還款期。

(b) Details of the Company's principal subsidiaries at 30 June 2006 are set out in note 33.

(b) 本公司於二零零六年六月三十日之主要附屬公司詳情載列於附註33。

(c) Additional information on material subsidiaries:

(c) 主要附屬公司之其他資料：

The following information are extracted from the audited financial statements of Flaconwood Limited and AVT Electronics Limited.

以下資料摘錄自Flaconwood Limited及AVT Electronics Limited之經審核財務報表。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 30 June 2006 截至二零零六年六月三十日止年度

19. INVESTMENT IN SUBSIDIARIES (Continued)

(c) Additional information on material subsidiaries
(continued)

19. 於附屬公司之投資(續)

(c) 主要附屬公司之其他資料(續)

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Combined income statements	合併收益表		
Turnover	營業額	210,161	121,287
Cost of sales	銷售成本	(201,095)	(117,448)
Gross profit	毛利	9,066	3,839
Other revenue	其他收入	3,759	4,112
Impairment loss recognised in respect of prepaid consideration for acquisition of further interest in a subsidiary	投資於附屬公司之減值虧損撥備	-	(14,200)
Administrative expenses	行政開支	(10,597)	(10,978)
Finance costs	財務費用	(1,649)	(1,145)
Profit/(loss) before taxation	除稅前溢利/(虧損)	579	(18,372)
Taxation	稅項	(35)	(44)
Profit/(loss) after taxation	除稅後溢利/(虧損)	544	(18,416)

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 30 June 2006 截至二零零六年六月三十日止年度

19. INVESTMENT IN SUBSIDIARIES (Continued)

(c) Additional information on material subsidiaries
(continued)

19. 於附屬公司之投資(續)

(c) 主要附屬公司之其他資料(續)

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Combined balance sheets	合併資產負債表		
Non-current assets	非流動資產		
Property, plant and equipment	物業、機器及設備	970	488
Current assets	流動資產		
Inventories	存貨	15,872	9,341
Accounts receivable	應收賬款	4,869	6,789
Prepayment, deposits and other receivables	預付款項、按金及其他 應收款項	105	70
Due from parent	應收母公司款項	182	182
Due from a director	應收董事款項	1,115	-
Bank balances and cash	銀行結存及現金	3,647	1,022
		25,790	17,404
Current liabilities	流動負債		
Bank overdraft	銀行透支	199	173
Bill payable, secured	應付票據，有抵押	11,925	13,421
Accounts payable	應付賬款	16,429	7,241
Accruals, other payable and deposits received	應計費用、其他應付 款項及已收按金	9,571	4,135
Interest-bearing borrowings	計息借貸	-	4,830
		38,124	29,800
Net current liabilities	流動負債淨額	(12,334)	(12,396)
Net liabilities	負債淨額	(11,364)	(11,908)

Note: The financial statements of AVT Electronics Limited were not audited by Graham H. Y. Chan & Co.

附註：AVT Electronics Limited之財務報表並非由陳浩賢會計師事務所審核。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 30 June 2006 截至二零零六年六月三十日止年度

20. INVESTMENT IN ASSOCIATES

20. 於聯營公司之投資

	Group 本集團		Company 本公司	
	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Unlisted investments, at cost Due to associates	-	77,000	-	77,000
	-	-	-	-
Less : Impairment loss	-	77,000 (77,000)	-	77,000 (77,000)
Share of net assets	-	-	-	-
	-	-	-	-
	-	-	-	-

All of the associates have been dissolved or struck off.

所有聯營公司已經解散或除名。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 30 June 2006 截至二零零六年六月三十日止年度

21. AVAILABLE-FOR-SALE INVESTMENT/ INVESTMENT IN SECURITIES

21. 可供出售投資／證券投資

		Group 本集團		Company 本公司	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Equity securities	股本證券				
Unlisted, at cost	非上市，按成本	14,204	14,204	8,000	8,000
Less : Impairment	減：減值	(6,204)	(6,204)	-	-
		8,000	8,000	8,000	8,000

The directors are of the view that there is no further diminution in value of the unlisted investment and therefore, no additional provision has been made in the financial statements.

董事認為，非上市投資未有進一步減值，故並無於財務報表作出額外撥備。

22. INVENTORIES

22. 存貨

		Group 本集團	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Finished goods	製成品	15,872	9,341

The above inventories are stated at cost.

上述存貨乃按成本值列賬。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 30 June 2006 截至二零零六年六月三十日止年度

23. ACCOUNTS RECEIVABLE

All of the accounts receivable are stated net of provision of bad and doubtful debts and are expected to be recovered within one year. The Group allows an average credit period of 30 days to its trade customers. The aging analysis is as follows:

0-90 days	0至90天
91-180 days	91至180天
Over 180 days	180天以上

Included in accounts receivables are the following amounts denominated in a currency other than the functional currency of the Group entities to which they relate:

In USD	以美元計值
--------	-------

23. 應收賬款

所有應收賬款扣除呆壞賬撥備後列賬，並預期可於一年內收回。本集團給予貿易客戶平均為30日之信貸期。賬齡分析如下：

Group 本集團		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
		7,513	6,762
		1	-
		13	27
		7,527	6,789

應收賬款中包括以下並非以相關本集團實體之功能貨幣計值之款項：

Group 本集團		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
		7,512	6,789

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 30 June 2006 截至二零零六年六月三十日止年度

24. ACCOUNTS AND BILLS PAYABLE

24. 應付賬款及票據

		Group 本集團	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Accounts payable	應付賬款	16,429	7,241
Bills payable, secured	應付票據，有抵押	11,925	13,421
		28,354	20,662

All of the accounts payable are expected to be settled within one year. The aging analysis is as follows:

所有應付賬款預期於一年內償還。賬齡分析如下：

		Group 本集團	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
0-90 days	0至90天	16,258	7,101
91-180 days	91天至180天	2	-
Over 180 days	180天以上	169	140
		16,429	7,241

Accounts and bill payables at the balance sheet dates are all denominated in USD.

於結算日，應付賬款及票據均以美元計值。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 30 June 2006 截至二零零六年六月三十日止年度

25. INTEREST-BEARING BORROWING

25. 計息借貸

		Group 本集團		Company 本公司	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Bank overdrafts-secured	銀行透支－有抵押	199	173	-	-
Other loans-unsecured	其他貸款－無抵押	23,708	28,958	23,708	23,708
		23,907	29,131	23,708	23,708

At 30 June 2006, the banking facilities of the Group were secured by the legal charge over properties owned by a company controlled by the minority shareholders of a subsidiary and personal guarantees executed by them.

於二零零六年六月三十日，本集團之銀行融通額由一家附屬公司之少數股東控制之公司所擁有之物業的法定押記以及彼等簽立之個人擔保作為抵押。

The carrying amounts of interest-bearing borrowing approximate to their fair value.

計息借貸之賬面值與其公平值相若。

26. DUE TO DIRECTORS

26. 應付董事款項

		Group 本集團		Company 本公司	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Ke Jun Xiang	柯俊翔	7,375	5,134	7,375	5,134
Ho Pui Tsun, Peter	何佩川	10,089	7,989	9,827	7,728
Hu Yeshan	胡葉山	1,175	695	1,175	695
Shao Wei Hong	邵偉宏	1,975	1,015	1,975	1,015
Directors' of subsidiaries	附屬公司之董事	-	194	-	-
		20,614	15,027	20,352	14,572

The amounts due to directors are unsecured, interest free and have no fixed repayable terms.

應付董事款項為無抵押、免息及無固定還款期。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 30 June 2006 截至二零零六年六月三十日止年度

27. DEFERRED TAXATION

As at 30 June 2006 and 2005, the Group had no material unprovided deferred tax liability. The potential deferred tax asset not provided for at the balance sheet date are as follow:

27. 遞延稅項

於二零零六年及二零零五年六月三十日，本集團並無重大未提撥遞延稅項負債。於結算日未提撥之潛在遞延稅項資產如下：

		Group 本集團		Company 本公司	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Accelerated capital allowances	提前轉歸資本之免稅額	7	(19)	-	-
Tax losses available for future relief	可於未來獲豁免之稅務虧損	(65,419)	(65,449)	(58,931)	(58,931)
		(65,412)	(65,468)	(58,931)	(58,931)

No deferred tax asset has been recognised in respect of tax losses as the crystallization of the tax benefits is uncertain. The tax losses may be carried forward indefinitely.

由於能否實現稅務利益並不明確，故不就稅務虧損確認遞延稅項資產。稅務虧損並無到期日。

28. SHARE CAPITAL

Company

28. 股本

本公司

		2006 二零零六年		2005 二零零五年	
		No. of shares 股份數目 ('000) (千股)	HK\$'000 千港元	No. of shares 股份數目 ('000) (千股)	HK\$'000 千港元
Ordinary shares of HK\$0.01 each	普通股每股 面值0.01港元				
Authorised:	法定：	60,000,000	600,000	60,000,000	600,000
Issued and fully paid:	已發行及繳足：	6,174,917	61,749	6,174,917	61,749

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 30 June 2006 截至二零零六年六月三十日止年度

29. CASH AND CASH EQUIVALENTS

29. 現金及現金等值項目

		Group 本集團	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Bank balances and cash	銀行結存及現金	24,089	1,023
Bank overdrafts	銀行透支	(199)	(173)
		23,890	850

Included in cash and cash equivalents are the following amounts denominated in a currency other than the functional currency of the Group entities of which they related:

現金及現金等值項目中包括以下並非以相關本集團實體之功能貨幣計值之款項：

		Group 本集團	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
In RMB	以人民幣計值	20,481	-
In USD	以美元計值	899	-

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 30 June 2006 截至二零零六年六月三十日止年度

30. RELATED PARTY TRANSACTIONS

During the year, the Group entered into the following material related party transactions.

(a) Key management personnel remuneration

Remuneration for key management personnel, including amounts paid to the Company's directors and certain of the highest paid employees as disclosed in note 17 as follows:

Short term employee benefits	短期僱員福利
Post-employment benefits	離職後福利

(b) Included in prepayments, deposits and other receivable in the consolidated balance sheet as at 30 June 2006, was an amount of approximately HK\$915,000 due from a director of AVT Electronics Limited. The amount is unsecured, interest free and has no fixed term of repayment.

30. 關聯方交易

年內，本集團訂立以下重大關聯方交易。

(a) 管理要員薪酬

管理要員薪酬(包括附註17中披露向本公司董事及若干最高薪僱員支付之款項)如下：

2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
7,589	7,880
12	12
7,601	7,892

(b) 二零零六年六月三十日之綜合資產負債表內，預付款項、按金及其他應收款項包括應收AVT Electronics Limited之董事之款項約915,000港元。該款項為無抵押、免息及無固定還款期。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 30 June 2006 截至二零零六年六月三十日止年度

30. RELATED PARTY TRANSACTIONS (Continued)

(c) During the year, the Group entered into the following material related party transactions.

Related party 關聯方	Transaction 交易	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
AVT International Limited (note a) AVT International Limited (附註a)	Purchases 採購	21,928	-
	Sales 銷售	74,375	-
Nicegoal Limited (note b) Nicegoal Limited (附註b)	Rent paid 已付租金	468	132

Notes:

- a) AVT International Limited is controlled by a minority shareholder and director of AVT Electronic Limited which is a subsidiary of the Company. The above transactions were carried out at terms determined and agreed with both parties.
- b) Nicegoal Limited is controlled by the minority shareholders of AVT Electronic Limited. The rental expenses were based on the tenancy agreement signed by the Group and Nicegoal Limited.

30. 關聯方交易(續)

年內，本集團訂立以下重大關聯方交易。

附註：

- a) AVT International Limited由本公司附屬公司AVT Electronic Limited之少數股東及董事所控制。上述交易乃按雙方釐定及同意之條款進行。
- b) Nicegoal Limited由AVT Electronic Limited之少數股東所控制。租金開支乃根據本集團與Nicegoal Limited簽訂之租賃協議而釐定。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 30 June 2006 截至二零零六年六月三十日止年度

31. OPERATING LEASE COMMITMENTS

At 30 June 2006, the Group had commitments for future minimum lease under non-cancellable operating leases in respect of land and buildings which fall due as follows:

31. 經營租約承擔

於二零零六年六月三十日，本集團根據不可撤銷之經營租約就有關土地及樓宇到期應付之未來最低租約承擔如下：

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Not later than one year	不超過一年	746	150
Later than one year and not later than five years	一年後但不超過五年	103	23
		849	173

32. SUBSEQUENT EVENTS

Subsequent to balance sheet dates, the Company has entered into loan agreements with third parties subsequent to balance sheet date. Proceeds of approximately of HK\$8 million has been received and amount of HK\$2 million has been repaid subsequently.

32. 結算日後事項

結算日後，本公司與第三方訂立貸款協議。已收取約8,000,000港元之所得款項並已於其後償還2,000,000港元。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 30 June 2006 截至二零零六年六月三十日止年度

33. PARTICULARS OF PRINCIPAL SUBSIDIARIES

33. 主要附屬公司詳情

Name 公司名稱	Place of incorporation/ operation 註冊成立/ 營業地點	Issued and fully paid share/ registered capital 已發行及繳足 股份/註冊股本	Percentage of equity interest attributable to the Group 本集團應佔 股本權益百分比	Principal activities 主要業務
AVT Electronics Limited (Note a) (附註a)	Hong Kong 香港	HK\$4,500,100 4,500,100港元	65%	Manufacturing of multi-media products 製造多媒體產品
Best Materials Supply Limited	Hong Kong 香港	HK\$2 2港元	100%	Dormant 暫無營業
CIL Limited	Hong Kong 香港	HK\$2,480,000 2,480,000港元	100%	Dormant 暫無營業
Finemost Investments Limited 銳賢投資有限公司	Hong Kong 香港	HK\$2 2港元	100%	Dormant 暫無營業
Flaconwood Ltd. (Note b) (附註b)	British Virgin Islands 英屬處女群島	US\$1 1美元	100%	Investment holding 投資控股
Grace Decorative Materials Limited	Hong Kong 香港	HK\$2 2港元	100%	Dormant 暫無營業
I.D.C. Group and Co., Limited	Hong Kong 香港	HK\$100,000 100,000港元	100%	Dormant 暫無營業
Leadway Contracting Co., Limited	Hong Kong 香港	HK\$2 2港元	100%	Dormant 暫無營業
Top Grand Investments Limited	Hong Kong 香港	HK\$2 2港元	100%	Dormant 暫無營業

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 30 June 2006 截至二零零六年六月三十日止年度

33. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Notes :

- (a) This subsidiary is not audited by Graham H. Y. Chan & Co.
- (b) These subsidiaries are directly held by the Company.

The above list summarises the principal subsidiaries of the Company which, in the opinion of the directors, principally affected the results of the Group or formed a substantial portion of net assets of the Group as at 30 June 2006. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

33. 主要附屬公司詳情(續)

附註：

- (a) 該附屬公司並非由陳浩賢會計師事務所審核。
- (b) 該等附屬公司由本公司直接持有。

董事會認為以上列出之主要附屬公司，對本集團於二零零六年六月三十日之業績影響重大或構成本集團資產淨值之主要部份。董事會認為詳述其他附屬公司將令篇幅過於冗長。

FINANCIAL SUMMARY 財務概要

RESULTS

業績

Year Ended 30 June
截至六月三十日止年度

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元	2003 二零零三年 HK\$'000 千港元	2002 二零零二年 HK\$'000 千港元
TURNOVER	營業額	210,161	121,287	73,411	45,705	56,635
PROFIT/(LOSS) BEFORE TAXATION	除稅前溢利/ (虧損)	(122,448)	(7,436)	(53,074)	71,565	(144,740)
TAXATION	稅項	-	-	-	-	-
PROFIT/(LOSS) BEFORE MINORITY INTERESTS	未計少數股東 權益前溢利/ (虧損)	(122,448)	(7,436)	(53,074)	71,565	(144,740)
MINORITY INTERESTS	少數股東權益	-	-	-	-	-
PROFIT/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS	股東應佔溢利/ (虧損)	(122,448)	(7,436)	(53,074)	71,565	(144,740)

ASSETS AND LIABILITIES

資產與負債

At 30 June
於六月三十日

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元	2003 二零零三年 HK\$'000 千港元	2002 二零零二年 HK\$'000 千港元
TOTAL ASSETS	資產總值	57,486	168,123	147,285	254,568	257,369
TOTAL LIABILITIES	負債總額	(183,705)	(171,894)	(143,620)	(197,829)	(321,673)
MINORITY INTERESTS	少數股東權益	-	-	-	-	-
NET ASSETS/(LIABILITIES) EMPLOYED	應用資產/ (負債) 淨值	(126,219)	(3,771)	3,665	56,739	(64,304)



CIL HOLDINGS LIMITED

華建控股有限公司