



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

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

Stock Code 股份代號 : 822



ANNUAL  
REPORT  
年報  
2008

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# CORPORATE INFORMATION

## 公司資料

### DIRECTORS

#### Executive Directors

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

#### Independent Non-Executive Directors

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

### AUTHORISED REPRESENTATIVES

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

### COMPANY SECRETARY AND QUALIFIED ACCOUNTANT

Mr. Chan Tat Cheong, Alan

### AUDIT COMMITTEE

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

### NOMINATION COMMITTEE

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

### REMUNERATION COMMITTEE

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

### 董事

#### 執行董事

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

#### 獨立非執行董事

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

### 授權代表

姜永正博士  
陳達昌先生

### 公司秘書及合資格會計師

陳達昌先生

### 審核委員會

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

### 提名委員會

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

### 薪酬委員會

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

## REGISTERED OFFICE

Clifton House, 75 Fort Street  
P.O. Box 1350 GT, George Town  
Grand Cayman, Cayman Islands

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1210, Exchange Tower  
33 Wang Chiu Road, Kowloon Bay  
Kowloon, Hong Kong

## PRINCIPAL PLACE OF BUSINESS IN THE PEOPLE'S REPUBLIC OF CHINA (THE "PRC")

Fenghuang Road East Section  
Pinghu Town, Longgang District  
Shenzhen, the People's Republic of China (the "PRC")

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited  
Shops 1712-1716, 17th Floor  
Hopewell Centre, 183 Queen's Road East  
Hong Kong

## AUDITOR

RSM Nelson Wheeler

## COMPLIANCE ADVISOR

CIMB-GK Securities (HK) Limited

## PRINCIPAL BANKERS

Standard Chartered Bank (Hong Kong) Limited  
Hang Seng Bank Limited  
DBS Bank (Hong Kong) Limited  
Industrial and Commercial Bank of China (Asia) Limited

## Stock Code

822

## WEBSITE

[www.kashui.com](http://www.kashui.com)

## 註冊辦事處

Clifton House, 75 Fort Street  
P.O. Box 1350 GT, George Town  
Grand Cayman, Cayman Islands

## 香港主要營業地點

香港九龍  
九龍灣宏照道33號  
國際交易中心1210室

## 中國主要營業地點

中國深圳市  
龍崗區平湖鎮  
鳳凰路東段

## 香港股份過戶登記分處

香港中央證券登記有限公司  
香港皇后大道東183號  
合和中心17樓1712-1716室

## 核數師

中瑞岳華(香港)會計師事務所

## 合規顧問

聯昌國際證券(香港)有限公司

## 主要往來銀行

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

## 股份編號

822

## 網址

[www.kashui.com](http://www.kashui.com)

# CHAIRMAN'S STATEMENT

## 主席報告



Lee Yuen Fat  
Chairman  
李遠發  
主席

### Dear Shareholders,

On behalf of the Board of Directors of Ka Shui International Holdings Limited (the "Company"), I am pleased to present you the audited annual results of the Company and its subsidiaries (collectively "the Group") for the year ended 31 December 2008.

For the year of 2008, the global economy has undergone drastic changes and volatilities. The outbreak of the sub-prime mortgage crisis in the United States has triggered worldwide financial tsunami and credit crunch on the finance and banking industries and ultimately, leading to a plunge in consumer confidence and spending. Due to weakening market demand, the Group recorded an annual turnover of HK\$685,134,000, representing a decline of 9.0% as compared with that of last year. Profit attributable to the equity holders of the Company also dropped by 85.0% as compared with that of the previous year. Nevertheless, our magnesium and aluminium alloy die casting business continued to sustain a strong growth and their total contribution to the Group's turnover increased from 26.7% in the year before to 44.1%, which gradually meet our target for the total of magnesium and aluminium alloys business accounting for 50% of our turnover.

### 致各位股東：

本人謹代表嘉瑞國際控股有限公司（「本公司」）董事會，欣然向閣下提呈本公司及其附屬公司（統稱為「本集團」）截至二零零八年十二月三十一日止年度之經審核全年業績。

於二零零八年，全球經濟發生劇烈變化及動盪。美國次級按揭危機爆發引致全球金融海嘯及金融與銀行業信貸緊縮，最終導致消費者信心及消費極度疲弱。由於市場需求放緩，本集團之全年營業額為685,134,000港元，較去年下跌9.0%。本公司權益持有人應佔溢利較上年亦下跌了85.0%。儘管如此，本集團之鎂合金及鋁合金業務維持強勁之增長，兩者合計佔集團營業額之比例由去年之26.7%增加至44.1%，逐步趨向集團所定之目標：鎂及鋁合金業務的總和佔集團營業額50%。

Putting shareholders' interests and return as its top priority, the Group pursues a long-term, sustainable and stable dividend policy. The Board of Directors therefore recommended the payment of a final dividend of HK0.6 cents per share for the year ended 31 December 2008, which represents 61.1% of our net profit for the year.

In 2008, the Group was nominated by the Forbes China, an influential business magazine, as one of the "2008 China Best Small & Medium-Sized Enterprises" as well as by the Economic Digest, a leading financial magazine in Hong Kong, as one of the "2008 Hong Kong Outstanding Enterprises" respectively. These honours fully recognize the Group's unique position in the market and its potential of sustainable growth.

Looking forward, the rapid rising market trend of the notebook computers to substitute the desktop computers will favour the notebook computer component business of the Group. Besides, the Group will also place strong emphasis on design and development of new products and production technologies in order to expand its market coverage, enhance its production efficiency and lower its production costs. Furthermore, the Group will continue to explore and pursue suitable merger and acquisition opportunities so as to enhance its competitiveness by taking advantages of the benefits of resources and vertical integration. While the undertaking of these market opportunities may require new capital investment, we will maintain sound financial disciplines and adopt a prudent approach.

To cope with the financial tsunami, the Group has implemented more stringent cost control measures in order to improve operational efficiency as well as to reduce overall operating and administrative expenses. In view of this, the Group did not pay any bonus to members of the Board as well as the staff during the year under review.

The construction of the first phase of the industrial complex comprising gross floor area of approximately 43,000 sq.m. in Daya Bay, Huizhou, the PRC has been completed and the operation of the new production facilities has gradually commenced in April 2009. The production capabilities of the Group have further been expanded to cater for new needs of our major customers and support the long-term business strategies of the Group.

本集團十分重視股東的利益及回報，奉行長遠、持續及穩定的股息政策。因此董事會建議派付截至二零零八年十二月三十一日止年度每股0.6港仙之末期股息，佔集團全年純利之61.1%。

於二零零八年，本集團被財經權威雜誌《福布斯中國》選為「2008年中國潛力企業」，亦在同年被香港著名財經雜誌《經濟一週》選為「2008年香港傑出企業」。此等殊榮充份肯定本集團在市場上的獨特地位及具有持續增長之潛力。

展望未來，因應市場之大趨勢，筆記本電腦取代桌上電腦的速度正在加快，這有利於本集團在筆記本電腦配件之業務。此外，本集團將加強新產品及生產技術之研究及開發，藉以開拓新市場、提高生產效率及降低生產成本。再者，本集團將持續探索及尋求合適之收購及合作機遇，透過資源及垂直整合所帶來之優勢從而加強競爭力。此等市場機遇可能需要額外資本投資，但集團將維持穩健之財務守則，並採取審慎的策略。

為了應付金融海嘯，本集團將採取更嚴格的成本控制措施，以提高營運效率及減少整體營運及行政開支。為此，本集團於回顧年內並沒有向董事會成員及公司員工派發任何花紅。

本集團位於中國惠州大亞灣佔地43,000平方米之工業園第一期生產廠房的建築工程已經完成，並已於二零零九年四月逐步投產。本集團之產能因而進一步擴大，以迎合主要客戶之新需求及支援本集團長遠之業務策略。

## CHAIRMAN'S STATEMENT (CONTINUED)

### 主席報告(續)

The Group expects that it will take a considerable period of time to improve the current economic conditions and restore the market confidence, therefore the manufacturing industry in Hong Kong and the PRC will face many new challenges in the coming year. Given the difficult operating environment, our management will stay focused on our key business drivers and execute more stringent business measures to enable us to achieve our business objectives in the face of new challenges. With the combination of our people, research and development strength and leading market position, our operating units are well positioned to generate a quality revenue stream and sustain continuous growth in profitability for the Group.

Finally, I would like to express my sincere gratitude to our shareholders, customers, financial institutions and suppliers for their continuing support; our fellow board members for their sense of direction; and our management and employees for their dedicated contribution towards the continual progress of the Group.

**Lee Yuen Fat**  
*Chairman*

Hong Kong, 17 April 2009

本集團預期全球經濟環境的改善及市場信心的恢復需要一段相當漫長的時間，香港及中國之製造業因此將會在未來一年面臨多項新挑戰。儘管營商環境嚴峻，管理層將會堅守核心業務，並執行嚴厲的業務營運措施以助本集團在面對新挑戰下達致目標。憑藉本集團之人才、科研及開發實力和領先市場地位，本集團各營運部門已準備就緒，為集團帶來穩定收益及持續盈利增長。

最後，本集團之持續進步全靠股東、客戶、金融機構及供應商的不斷支持；我們董事會成員同仁的方向領導；及管理層與員工的全情貢獻。本人對以上人士表示萬分謝意。

**李遠發**  
*主席*

香港，二零零九年四月十七日

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

### (A) FINANCIAL REVIEW

During the year of 2008, due to a number of adverse factors affecting the manufacturing industries, which include appreciation of Renminbi against the US dollars, surge in the costs of raw materials and energy, rise in labour costs caused by the newly implemented Labour Contract Law in the PRC and the outbreak of financial tsunami leading to a plunge in consumer spending, the Group's turnover for the year ended 31 December 2008 amounted to approximately HK\$685,134,000, which was approximately 9.0% lower than that of the previous year. Gross profit recorded a 25.4% decrease to approximately HK\$104,680,000 when compared with last year and the gross profit margin was approximately 15.3%.

In addition, the Group acquired 60% equity interest in Wing Yu (Far East) Industries Company Limited ("Wing Yu"), which is engaged in surface finishing treatment, at the beginning of the year of 2008. Given that Wing Yu had been wholly owned and controlled by the Group upon completion of the acquisition, the production capacity of Wing Yu and the Group's capability in surface finishing treatment will be expanded to fit in with the business strategies of the Group. As Wing Yu was loss making before the Group's acquisition, the Group had to reorganize its management structure and carry out operational improvements to Wing Yu after its acquisition. In the second half of 2008, Wing Yu's operating results had been improved and started to break even. Since all the operating expenses of Wing Yu had to be fully accounted for during the year under review, the Group's general and administrative expenses were therefore increased by approximately 12.9% over the previous year.

Due to a decrease in gross profit, an increase in general and administrative expenses together with a one-off impairment loss provision required to be made for an investment in Magtech Company Limited (the Group held an equity interest of 16.5% and this company had ceased its production of magnesium alloy products during the year under review), the profit attributable to equity holders of the Company for the year dropped by 85.0% to approximately HK\$8,635,000 when compared with that of last year. Without having to take into account the one-off impairment loss provision and the inclusion of the attributable operating loss as a result of the acquisition of 60% equity interest in Wing Yu, amounting to HK\$12,289,000, the profit attributable to equity holders of the Company would be HK\$20,924,000, which demonstrates that the operating results of the Group's core business remained stable.

### (A) 財務回顧

在二零零八年，由於受到多項對製造業不利因素影響，其中包括人民幣兌美元匯率持續上升、原材料及能源成本上漲、國內新實施之勞動合同法導致勞動成本急劇增加及金融海嘯之爆發引致消費開支極度疲弱，本集團截至二零零八年十二月三十一日止年度錄得之營業額約為685,134,000港元，較年下跌約9.0%。毛利約為104,680,000港元，比對去年減少約25.4%，毛利率約為15.3%。

另外，本集團於二零零八年初收購從事表面處理業務之永裕（遠東）實業有限公司（「永裕」）60%股權。鑒於永裕將於收購事項完成後由本集團全資擁有及控制，永裕之生產能力及本集團於表面處理之能力將得以擴大以配合本集團之業務發展策略。由於永裕在本集團收購前錄得虧損，本集團於收購後須重組其架構及對其營運作出改革。於二零零八年下半年，永裕之營運業績已得到改善及開始達致收支平衡。由於永裕之所有營運支出在回顧年度內須要全部入賬，本集團之一般及行政費用因此較去年上升約12.9%。

由於毛利下跌以及一般及行政費用增加，加上需要為青島金谷鎂業股份有限公司之投資（本集團持有16.5%股權及此公司已於回顧年內停止生產鎂合金產品）作出一次性減值虧損撥備，最終令本公司權益持有人應佔溢利相比去年減少約85.0%至約8,635,000港元。若撇除合共12,289,000港元之一次性減值虧損撥備及由於收購永裕60%股權而應佔的營運虧損，本公司權益持有人應佔溢利將為20,924,000港元，反映本集團之核心業務維持穩健。



## (B) BUSINESS REVIEW

### Zinc alloy die casting business

For the year 2008, sales of zinc alloy die casting products amounted to HK\$382,797,000 (2007: HK\$551,812,000) representing 55.9% of the Group's turnover. Sales from this business segment decreased by 30.6% as compared with that of last year. This was mainly due to the decrease in demand for zinc alloy die casting products and the shift from using zinc alloy to aluminium alloy for the manufacture of some of the customers' die casting products given the persistent high price of zinc alloy in the first half of 2008. By leveraging on its strength of producing the three major non-ferrous die casting components (zinc, magnesium and aluminium alloys), the Group actively proposed to its customers on using magnesium alloy or aluminium alloy as a substitution for zinc alloy to lower the purchasing cost for its customers.

### Magnesium alloy die casting business

Magnesium alloy die casting business recorded a moderate growth with turnover increased from HK\$112,184,000 to HK\$128,489,000 or by approximately 14.5% as compared with that of the previous year. The proportion of which as represented in the Group's turnover also increased from approximately 14.9% in last year to 18.8%. The growth in turnover was mainly attributable to an increase in the sale of magnesium alloy notebook computer components. Seizing the growing demand for magnesium alloy die casting notebook computer components in the market, the Group had actively expanded its customer base and production capability so as to cater for the rapid development of magnesium alloy die casting business.

### Aluminium alloy die casting business

Aluminium alloy die casting business achieved a substantial growth of 95.9% or HK\$88,753,000 to HK\$173,848,000 as compared with the year of 2007 mainly due to the growing demand for products using aluminium alloy and a shift from using zinc alloy to aluminium alloy in the production of die casting components for some of the customers. Its contribution to the Group's turnover also increased from approximately 11.8% in last year to 25.3%. By leveraging on its strength of producing zinc, magnesium and aluminium die casting components, the Group can have more flexibility to cope with the price fluctuation of metal alloys, thus helping customers to save its purchasing costs.

## (B) 業務回顧

### 鋅合金壓鑄業務

於二零零八年，鋅合金壓鑄產品銷售額為382,797,000港元(二零零七年：551,812,000港元)，佔本集團營業額55.9%。此業務分部的銷售額較去年減少30.6%。其主要原因是由於鋅合金壓鑄件之需求下降及在二零零八年上半年鋅合金價格持續高企，遂改用鋁合金來取替鋅合金作為製造壓鑄產品予一些客戶。本集團把握擁有製造鋅、鎂及鋁合金三種主要有色金屬的壓鑄零部件之優勢，積極向客戶推介選用鎂合金或鋁合金以取代鋅合金來做部件之用，藉以減低客戶之採購成本。

### 鎂合金壓鑄業務

鎂合金壓鑄件的營業額由去年之112,184,000港元增加至128,489,000港元，比去年錄得約14.5%之溫和升幅，佔本集團營業額之比例亦由去年的14.9%增加至18.8%。營業額之增長主要由鎂合金筆記本電腦零件所帶動。本集團把握市場對鎂合金筆記本電腦壓鑄件不斷上升的需求，積極開拓新客戶及擴大產能，以配合鎂合金壓鑄業務之快速發展。

### 鋁合金壓鑄業務

鋁合金壓鑄業務錄得強勁增長，銷售額較去年同期上升95.9%或88,753,000港元至173,848,000港元，此乃由於鋁合金產品之需求上升及一些客戶轉用鋁合金來取代鋅合金來生產壓鑄零部件，其所佔本集團營業額之比例亦由去年的11.8%顯著增加至25.3%。本集團將繼續利用本身擁有鋅、鎂及鋁合金壓鑄零部件之優勢，可以靈活地面對合金價格之波動，協助客戶節省採購成本。

### (C) HONOUR ATTAINED

In 2008, the Group was nominated by the Forbes China, an influential business magazine, as one of the “2008 China Best Small & Medium-Sized Enterprises” as well as by the Economic Digest, a leading financial magazine in Hong Kong, as one of the “2008 Hong Kong Outstanding Enterprises” respectively. These honours fully recognize the Group’s unique position in the market and its potential of sustainable growth.



### (C) 所獲殊榮

於二零零八年，本集團被財經權威雜誌《福布斯中國》選為「2008年中國潛力企業」，亦在同年被香港著名財經雜誌《經濟一週》選為「2008年香港傑出企業」。此等殊榮充份肯定本集團在市場上的獨特地位及具有持續增長之潛力。

### (D) PROSPECTS

The outbreak of the sub-prime mortgage crisis in the United States has triggered worldwide financial tsunami and credit crunch, causing volatility in financial markets and drastic plunge in consumer spending and market demand. We expect that it will take a considerable period of time to improve current economic condition and restore market confidence, therefore the manufacturing industry in Hong Kong and the PRC will face many new challenges in the coming year.

### (D) 展望

美國次級按揭危機爆發引致全球金融海嘯及信貸緊縮，導致金融市場動盪及消費開支和市場需求急劇下滑。本集團預期全球經濟環境的改善及市場信心的恢復需要一段相當漫長的時間，香港及中國之製造業因此將會在未來一年面臨多項新挑戰。

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### 管理層討論及分析(續)

To cope with the financial tsunami, the Group has implemented more stringent cost control measures in particular on negotiating material price reduction and consolidating production facilities in order to improve operational efficiency as well as to reduce overall operating and administrative expenses. Conservative cash management including closely monitoring of inventory level of raw material and finished products and account receivables cycle is also in place so as to maintain a healthy cash position for the Group. Our cost control measures have proven to be effective in the fourth quarter of the year 2008. Meanwhile, some factors such as surging raw material prices and appreciation of Renminbi, which have adversely affected the Group's results in the year 2008, have been stabilized recently. In view of the above, we are confident that the gross profit margin of the Group can be improved in the coming year.

In future, the Group will focus its business direction on notebook computers as there is a rising market trend that desktop computers will be replaced by notebook computers at a much faster pace. Benefiting from the development of this new market trend, the Group will continue to undertake research and development on the application of magnesium alloy for notebook computers, devote more resources to improve material application and provide various surface finishing solutions. The Group will also actively search for new customers in order to further enhance its turnover and profitability.

為了應付金融海嘯，本集團將採取更嚴格的成本控制措施，特別是在原材料議價及生產設施整合等方面，以提高營運效率及減少整體營運及行政開支。本集團亦將採取保守的現金管理措施，包括密切監控生產物料及產品存貨水平及應收賬款週期，繼續維持穩健的現金狀況。集團之控制成本措施已在二零零八年第四季收到成效。與此同時，一些對集團本年度經營業績的不利因素如原材料價格上漲及人民幣升值等已於近期趨於穩定。基於上述原因，本集團有信心來年之毛利率能得以改善。

因應市場大趨勢，本集團未來將把業務方向專注在筆記本電腦之上，因為筆記本電腦取代桌上電腦的速度正在加快。為了把握此市場之新趨勢，本集團將繼續研究和開發鎂合金在筆記本電腦上的應用，投入更多資源改善材料應用和提供多樣化的表面處理技術方案，並積極開發新客戶，藉以進一步提高集團的銷售及盈利能力。

The Group will continuously focus on the research and development of new products and production technologies to open up new markets and lower its manufacturing cost. During the year under review, the development of horizontal dual controlled die casting machine, which is one of the sponsored projects under the “Eleventh Five-year Plan” of the PRC, was completed and successfully commissioned. This machine can be used to produce magnesium alloy notebook computer casings with thinner surface and better surface finishing quality. The production costs can be saved by less wastage of raw materials together with a higher yield rate. In addition, this machine has also been used to produce aluminium alloy die casting products for one of our major customers in order to improve their surface finishing quality.

The Group will also carry out research and development on the application of new metal alloys, metal forming and surface treatment technologies as well as production automation in order to enhance its competitive strengths. Since polishing is a labour-intensive production process, the Group will develop an automatic polishing machine jointly with a machine supplier in order to reduce our labour costs.

本集團將繼續專注新產品及生產技術之研究及開發，以開拓新市場及降低生產成本。於年內，國家「第十一個五年計劃」資助項目之一臥式鑄鍛雙控壓鑄機之開發已完成，並已成功投入生產。此機器可生產較薄及表面處理品質較好的鎂合金筆記本電腦外殼，同時可減少原材料損耗及提高成品率，從而節省生產成本。再者，此機器已為集團其中一個主要客戶生產鋁合金壓鑄產品，以改善表面處理之品質。

本集團同時亦進行新合金應用、成型工藝與表面處理技術及生產技術自動化之研發，藉以加強競爭力。由於打磨為勞工密集型之生產工序，本集團將會與一機械供應商共同研發自動打磨機，目的為減省集團的勞工成本。



The construction of the first phase of the industrial complex in Daya Bay, Huizhou, the PRC comprising gross floor area of approximately 43,000 sq.m. was commenced in April 2007 and has been completed in April 2009 and the operation of this new production facility has now gradually commenced. The production capabilities of the Group can be therefore expanded in order to cater for the needs of our major customers and support the long-term business strategies of the Group.

位於中國惠州大亞灣工業園區之第一期生產廠房工程(總建築面積約43,000平方米)已於二零零七年四月展開，並於二零零九年四月完成，此新廠房現時已逐步投產。本集團之產能因而進一步擴大，以迎合主要客戶之需求及支援本集團長遠之業務策略。

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### 管理層討論及分析(續)

The development of plastic division is part of the Group's plan to transform itself from a metal die casting component manufacturer into a vertically integrated one-stop service provider, while part of its finished products are not only made of metal parts but also with some plastics contents. The Group believes that the continuing development of plastic business will not only provide the momentum for the Group's future growth, but also enable the Group to provide a more comprehensive service to its customers and reduce the costs of its customers in logistic and quality control aspects that arise from their current practices to outsource the production of metal and plastic components to different suppliers. This will further strengthen the Group's market position to become a one-stop service provider for metal and plastics components.

Due to the outbreak of the financial tsunami, it is expected that the demand for raw materials will decrease drastically. In view of this, the Group's plan to establish a joint venture company to develop rare earth magnesium alloy had been temporarily put on hold as the profitability of this joint venture company might be undermined. However, the research and development of rare earth magnesium alloy will continue. Rare earth magnesium alloy is formed by adding rare earth elements into the magnesium alloy to strengthen the original physical properties of the magnesium alloy. Addition of appropriate rare earth elements can enhance metal flow by 10% to 20% and the salt spray test has also proved that the corrosion resistance of magnesium alloy can be remarkably improved. The application of rare earth magnesium alloy on notebook computer casings can also enhance yield rate and in turn lower our production costs.

Despite the upheaval in the global economy, the management believes that opportunities exist even in a crisis and stronger players can gain further market shares under the wave of industry consolidation. Backed by the Group's resilient business model, diversified customer base as well as prudent financial management, the Group remains confident in its prospects and its capabilities to overcome the challenges ahead.

發展塑膠製品業務是本集團從金屬部件製造商轉型為垂直整合一站式服務供應商計劃的其中一部份，此乃因為本集團之最終製成品除了包含金屬部件外，部份產品是與塑膠部件共同組成。本集團相信繼續發展塑膠業務除了能為本集團提供新的增長動力外，同時也能為客戶提供更全面的服務，使客戶能降低因外判其金屬及塑膠部件予不同供應商所產生之物流及品質管理成本。此有助本集團成為處理金屬及塑膠部件的一站式服務供應商，進一步鞏固其市場地位。

由於金融海嘯之爆發，預期原材料之需求將大幅減少。有鑑於此，本集團成立一間合營公司以發展稀土鎂合金之計劃已暫時擱置，理由為此合營公司之收益率可能受到影響。然而，稀土鎂合金的研究及開發將會繼續。稀土鎂合金是指在鎂合金中添加稀土元素，藉以加強鎂合金原有之物理性能。加入適量的稀土能提升金屬流動性百分之十至二十，鹽霧測試也證實鎂合金之耐腐蝕性得到顯著改善。把稀土鎂合金應用於筆記本電腦外殼上，將有助提高成品率從而降低集團之生產成本。

儘管全球經濟環境嚴峻，管理層相信危機亦可能為本集團帶來機遇。在行業整合的浪潮下，實力較強的企業可進一步擴大市場份額。憑藉靈活的業務模式、多元化的客戶基礎及審慎的財務管理，本集團對其前景仍充滿信心並有能力克服未來各種挑戰。

**(E) LIQUIDITY AND FINANCIAL RESOURCES**

As at 31 December 2008, the Group had bank and cash balances of approximately HK\$74,940,000 (31 December 2007: HK\$166,039,000), most of which were either denominated in US dollars, Renminbi or Hong Kong dollars.

Total interest-bearing borrowings of the Group as at 31 December 2008 were approximately HK\$81,714,000 (31 December 2007: HK\$94,207,000), comprising bank loans and overdrafts of approximately HK\$25,439,000 (31 December 2007: HK\$68,555,000) repayable within one year or on demand, term loans of HK\$24,346,000 (31 December 2007: HK\$14,526,000) with maturity of not more than four years and obligations under finance leases of approximately HK\$31,929,000 (31 December 2007: HK\$11,126,000). All of these borrowings were denominated in Hong Kong dollars to which the interest rates applied were primarily subject to floating interest rate.

As at 31 December 2008, the gearing ratio (a ratio of the sum of total interest-bearing borrowings and obligations under finance leases divided by total equity) of the Group was approximately 15.1% (31 December 2007: 18.1%).

**(E) 流動資金及財務資源**

於二零零八年十二月三十一日，本集團擁有銀行及現金結餘約74,940,000港元(二零零七年十二月三十一日：166,039,000港元)，當中大多數以美元、人民幣或港元計值。

本集團於二零零八年十二月三十一日的計息借款總額約為81,714,000港元(二零零七年十二月三十一日：94,207,000港元)，包括須於一年內或於要求時償還的銀行貸款及透支約25,439,000港元(二零零七年十二月三十一日：68,555,000港元)、到期期限不超過四年的定期貸款約24,346,000港元(二零零七年十二月三十一日：14,526,000港元)及融資租約承擔約31,929,000港元(二零零七年十二月三十一日：11,126,000港元)。該等借款全部以港元計值，所採用的利率主要為浮動利率。

於二零零八年十二月三十一日，本集團的資產負債比率(以計息借款及融資租約承擔的總和除以權益總額)約為15.1%(二零零七年：18.1%)。

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### 管理層討論及分析(續)

As at 31 December 2008, the net current assets of the Group were approximately HK\$177,824,000 (31 December 2007: HK\$251,227,000), which consisted of current assets of approximately HK\$313,056,000 (31 December 2007: HK\$435,432,000) and current liabilities of HK\$135,232,000 (31 December 2007: HK\$184,205,000), representing a current ratio of approximately 2.3 (31 December 2007: 2.4).

於二零零八年十二月三十一日，本集團流動資產淨值約為177,824,000港元(二零零七年十二月三十一日：251,227,000港元)，包括流動資產約313,056,000港元(二零零七年十二月三十一日：435,432,000港元)及流動負債約135,232,000港元(二零零七年十二月三十一日：184,205,000港元)，流動比率約為2.3(二零零七年十二月三十一日：2.4)。

### (F) EXPOSURE TO FOREIGN EXCHANGE RISK

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

### (F) 外匯風險承擔

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

### (G) CONTINGENT LIABILITIES

As at 31 December 2008, the Group had no material contingent liabilities.

### (G) 或然負債

於二零零八年十二月三十一日，本集團並無任何重大或然負債。

### (H) CHARGE ON ASSETS

As at 31 December 2008, the Group's banking facilities were secured by guarantees given by the following assets: (a) the Group's bank deposits; (b) lessors' title to the leased assets under finance leases; and (c) a property situated in Hong Kong owned by the Group.

### (H) 資產抵押

於二零零八年十二月三十一日，本集團抵押下列資產作為銀行借貸及信貸融資的擔保：(a)本集團之銀行存款；(b)出租人按融資租約出租的資產業權；及(c)本集團擁有的香港物業。

## (I) HUMAN RESOURCES

As at 31 December 2008, the Group had approximately 2,200 full-time employees (31 December 2007: 2,300). The Group attributes its success to the hard work and dedication of its staff as a whole, therefore, they are deemed to be the most valuable assets of the Group. In order to attract and retain high caliber staff, the Group provides competitive salary package, including retirement scheme, medical benefit and bonus. The Group's remuneration policy and structure is determined based on market trends, the performance of individual staff as well as the financial performance of the Group. The Group has also adopted a share option scheme as incentive and reward for those qualifying staff who have made contribution to the Group.

The emoluments of the directors of the Company are determined by reference to his duties and responsibilities with the Company and are subject to review by the Remuneration Committee of the Company from time to time.

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



## (I) 人力資源

於二零零八年十二月三十一日，本集團約有2,200名全職僱員(二零零七年十二月三十一日：2,300名)。本集團之成功有賴全體僱員的表現和責任承擔，故此本集團把僱員視作為我們的核心資產。為了吸引及保留優秀員工，本集團提供具競爭力的薪酬，包括退休金計劃、醫療福利和花紅獎賞。本集團之薪酬政策及結構乃根據市場趨勢、個人工作表現以及本集團的財務表現而釐定。本集團亦已採納認購股權計劃，旨在向合資格僱員提供作為彼等對本集團所作出貢獻之鼓勵及獎賞。

本公司董事之酬金乃參照彼於本公司職責而釐定且須由本公司薪酬委員會不時檢討。

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



## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### 管理層討論及分析(續)

#### (J) USE OF PROCEEDS

The Group was listed on the Main Board of the Stock Exchange on 27 June 2007. The net proceeds amounted to approximately HK\$274,400,000 would be applied for the purposes as set out in the Company's prospectus dated 12 June 2007. As at 31 December 2008, approximately HK\$103,173,000 was utilized for the expansion of production capacity, approximately HK\$80,921,000 was utilized for the first phase construction of a new industrial complex in Daya Bay, Huizhou, the PRC, approximately HK\$11,071,000 was utilized for research and development of production technologies, approximately HK\$18,380,000 for repayment of bank borrowings and the remaining balance of the net proceeds had been deposited with licensed banks in Hong Kong and the PRC.

#### (J) 所得款項用途

本集團於二零零七年六月二十七日在聯交所主板上市，共籌集淨資金約274,400,000港元，將撥作本公司於二零零七年六月十二日刊發的招股章程所述之用途。於二零零八年十二月三十一日，約103,173,000港元用作擴充產能，約80,921,000港元用作在中國惠州大亞灣興建新生產廠房第一期，約11,071,000港元用作研發生產技術，約18,380,000港元用作償還銀行借款，及集資所得款項淨額的剩餘部份已存入香港及中國之持牌銀行。

# DIRECTORS AND SENIOR MANAGEMENT

## 董事及高級管理人員

### EXECUTIVE DIRECTORS

**Mr. Lee Yuen Fat**, aged 53, is the Chairman of the Board, an Executive Director of the Company and a director of certain subsidiaries of the Company. Mr. Lee is responsible for the formulation of the overall business strategies of the Group. He has over 30 years of experience in the die casting industry. Mr. Lee holds a master degree in engineering from the Yanshan University. He was conferred an award of Honorary Fellowship by the Professional Validation Council of Hong Kong Industries. Mr. Lee was one of the founding members and was the Chairman of the Hong Kong Diecasting Association (now become the Hong Kong Diecasting and Foundry Association ("HKDFA")) in 1989. He was elected as the first Chairman of HKDFA in 2008. Mr. Lee is also the Vice-Director General of the Guangdong Mechanical Engineering Association Die Casting Branch, the Vice President of the Commerce Society of Pinghu, Shenzhen and General Chamber of Commerce of Longgang District, Shenzhen, the PRC. Mr. Lee is currently a member of Hunan Provincial Committee of the Chinese People's Political Consultative Conference, the Deputy Director of Sub-committee 4 on Die Casting of National Technical Committee 54 on Foundry of Standardization Administration of China, the Deputy Secretary General and member of Sub-committee 2 on Metal Hot-forming Branch of National Technical Committee 186 on Foundry Machinery of Standardization Administration of China and the Deputy Director of Die Casting Technical Committee, Foundry Institution, Chinese Mechanical Engineering Society.

**Dr. Keung Wing Ching**, aged 57, is the Vice Chairman and the Chief Executive Officer, an Executive Director and a director of certain subsidiaries of the Company. He is primarily responsible for the overall management, as well as supervision of the execution of the overall business strategies of the Group. Dr. Keung graduated from the National Taiwan University with a bachelor degree in mechanical engineering. He obtained his master degree and doctorate degree in mechanical engineering from the University of Birmingham, the United Kingdom. Dr. Keung has over 25 years of experience in the fields of metal forming, mechanical processing and information technology. He is a Chartered Engineer, a professional member of the Institute of Materials, Minerals & Mining (UK) and a fellow member of the Hong Kong Institution of Engineers (HKIE).

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

### 執行董事

**李遠發先生**，53歲，本公司董事會主席、執行董事兼本公司若干附屬公司之董事。李先生負責制定本集團整體業務策略。彼擁有逾30年壓鑄業經驗，持有燕山大學工程碩士學位。此外，李先生獲香港工業專業評審局頒授榮譽院士。李先生為香港壓鑄學會（現時為香港壓鑄及鑄造業總會）創辦人之一，及後於一九八九年出任該會會長。彼於二零零八年被選為香港壓鑄及鑄造業總會首任會長。李先生為廣東省機械工程學會壓鑄分會副理事長、中國深圳市平湖商會及龍崗區總商會副會長。李先生現擔任中國人民政治協商會議湖南省委員會成員、全國鑄造標準化技術委員會壓力鑄造分技術委員會(SAC/TC54/SC4)副主任委員、全國鑄造機械標準化技術委員會金屬熱成形分技術委員會(SAC/TC186/SC2)委員兼副秘書長及中國機械工程學會鑄造分會壓鑄技術委員會副主任委員。

**姜永正博士**，57歲，本公司副主席兼行政總裁、執行董事及本公司若干附屬公司之董事，主要負責本集團的整體管理及監督整體業務策略的執行。姜博士畢業於國立台灣大學，持有機械工程學士學位，並在英國伯明翰大學取得機械工程碩士及博士學位，擁有逾25年金屬成型、機械加工及資訊科技經驗。姜博士為特許工程師、英國材料、礦物及採礦學會專業會員以及香港工程師學會資深會員。

於二零零五年加入本集團前，姜博士曾在香港生產力促進局工作逾25年，離職前為該局副總裁，負責資訊科技及服務。

## DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

### 董事及高級管理人員(續)

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

**Mr. Wong Wing Chuen**, aged 47, is an Executive Director of the Company and a director of certain subsidiaries of the Company. Joined the Group in 1988, Mr. Wong is now responsible for the development of new products and production technologies. Mr. Wong has over 20 years' experience in die design and manufacturing and the die casting industry. He is an Associate of the Professional Validation Council of Hong Kong Industries.

**Mr. Chan Tat Cheong, Alan**, aged 48, is an Executive Director, Company Secretary and Qualified Accountant of the Company. He is primarily responsible for overseeing the Group's accounting and financial affairs. Prior to joining the Group in 2003, Mr. Chan held a senior financial position with a listed company in Hong Kong for over 8 years and has over 20 years' experience in accounting, auditing and financial management. Mr. Chan holds a bachelor degree in accounting and financial analysis from the University of Newcastle Upon Tyne, the United Kingdom. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and a member of the American Institute of Certified Public Accountants.

**Mr. Zhao Jian**, aged 40, is an Executive Director of the Company. Mr. Zhao joined the Group in 1996 and is now responsible for the overall management of the Group's production facilities in the PRC. He has over 10 years of experience in the die casting industry. Mr. Zhao holds a master degree in business administration from the National University of Singapore. Prior to joining the Group in 1996, he has worked in the manufacturing, banking and catering industry.

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

**黃永銓先生**，47歲，本公司執行董事及本公司若干附屬公司之董事。黃先生於一九八八年加入本集團，現負責本集團新產品及生產技術的開發。黃先生擁有逾20年模具設計與製造及壓鑄業經驗，為香港工業專業評審局的副院士。

**陳達昌先生**，48歲，本公司執行董事、公司秘書兼合資格會計師，主要負責監督本集團會計及財務事宜。於二零零三年加入本集團前，陳先生曾在一家香港上市公司擔任高級財務職位逾八年及擁有逾20年會計、審計及財務管理經驗。陳先生持有英國紐卡素大學會計及財務分析學士學位，現為香港會計師公會資深會員及美國執業會計師公會會員。

**趙健先生**，40歲，本公司執行董事。趙先生於一九九六年加入本集團，現負責本集團於中國生產設施的整體管理，彼擁有逾10年壓鑄業經驗。趙先生持有新加坡國立大學工商管理碩士學位。於一九九六年加入本集團前，彼曾從事製造業、銀行業及餐飲業。

## INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. Sun Kai Lit Cliff BBS, JP**, aged 55, was appointed as an Independent Non-executive Director of the Company on 2 June 2007. He is the chairman of the remuneration committee as well as the nomination committee of the Company. Mr. Sun is an associate of the Institute of Industrial Engineers of Ohio and has over 28 years of experience in the household products manufacturing industry. Mr. Sun was appointed the Justice of the Peace in 2003 and was awarded the Bronze Bauhinia Star by the Hong Kong Government in 2006. Mr. Sun currently serves on the board of directors as an independent non-executive director of Ming Fai International Holdings Limited, a company whose shares are listed on the Stock Exchange.

**Ir Dr. Lo Wai Kwok MH, JP**, aged 56, was appointed as an Independent Non-executive Director of the Company on 2 June 2007. Ir Dr. Lo holds a doctorate degree in engineering, master degrees in engineering and business administration respectively and a bachelor degree in engineering. He is a Chartered Mechanical Engineer and Fellow of the Hong Kong Institute of Engineers. Ir Dr. Lo was awarded with the "Young Industrial Awards of Hong Kong" and the "Ten Outstanding Young Persons Selection" in 1992, the "Medal of Honour" of the Hong Kong Government in July 2001, and was appointed "Justice of the Peace" of the Hong Kong Government in July 2004.

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

**Mr. Yeow Hoe Ann John**, aged 68, was appointed as an Independent Non-executive Director of the Company on 2 June 2007. He is the chairman of the audit committee of the Company. Mr. Yeow is a fellow member of both CPA Australia and the Hong Kong Institute of Company Secretaries, and a member of both the Institute of Chartered Accountants in Australia and the Hong Kong Institute of Certified Public Accountants.

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

## 獨立非執行董事

**孫啟烈先生 BBS, 太平紳士**, 55 歲, 於二零零七年六月二日獲委任為本公司獨立非執行董事。彼為本公司薪酬委員會及提名委員會主席。孫先生為美國俄亥俄州工業工程師學會會員, 於家居用品製造業擁有逾 28 年經驗。孫先生於二零零三年獲頒太平紳士榮譽, 並於二零零六年獲香港政府頒發銅紫荊星章。孫先生現為聯交所上市之明輝國際控股有限公司擔任獨立非執行董事。

**盧偉國博士 MH, 太平紳士**, 56 歲, 於二零零七年六月二日獲委任為本公司獨立非執行董事。盧博士持有工程學博士學位、工程及工商管理碩士學位與工程學士學位, 並為機械工程特許工程師及香港工程師學會資深會員。盧博士為一九九二年「香港青年工業家獎」及「十大傑出青年選舉」與二零零一年七月香港政府「榮譽勳章」的得獎者, 更於二零零四年七月獲香港政府委任為「太平紳士」。

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

**姚和安先生**, 68 歲, 於二零零七年六月二日獲委任為本公司獨立非執行董事。彼為本公司審核委員會主席。姚先生為澳洲會計師公會及香港公司秘書公會資深會員, 並為澳洲特許會計師公會及香港會計師公會會員。

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

## DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

### 董事及高級管理人員(續)

#### SENIOR MANAGEMENT

**Mr. Chan Sin Wing**, aged 36, joined the Group in 2004 and is the director of sales and marketing of the Group. He is primarily responsible for overseeing the sales and marketing activities of the Group. Mr. Chan holds a master degree in industrial engineering and industrial management and a bachelor degree in engineering from the University of Hong Kong. Prior to joining the Group, he worked as a consultant of the Hong Kong Productivity Council for over 9 years.

**Mr. Yoshihisa Suzuki**, aged 52, joined the Group in 2008 and is the director of manufacturing of the Group. He is primarily responsible for overseeing the manufacturing activities of the Group. Mr. Suzuki holds a bachelor degree in mechanical engineering from Chiba Institute of Technology, Japan. Prior to joining the Group, he worked in the personal computer division of a reputable global integrated information technology products and business solutions provider for over 20 years.

**Mr. Ng Mang Nga**, aged 43, joined the Group in 2003 and is the general manager of the Group's subsidiary, Wing Yu (Far East) Industries Company Limited. He is responsible for the overall supervision of the operation of the Processing Factory in the PRC and has over 15 years' experience in the field of manufacturing.

**Ms. Chan So Wah**, aged 50, joined the Group in 1999. She is the general manager of the Group's subsidiary, Ka Shui Manufactory Co., Limited and is responsible for its overall management. Ms. Chan has over 18 years' experience in sales and is the sister-in-law of Mr. Lee Yuen Fat.

**Mr. Li Yuen Wah**, aged 51, joined the Group in 2004 and is the manager in charge of information technology of the Group. Mr. Li is responsible for the administration and operation of the management information system of the Group. He is the younger brother of Mr. Lee Yuen Fat.

**Mr. Li Liang Jin**, aged 42, joined the Group in 1992 and is the sales engineering manager of the Group. Mr. Li holds a bachelor degree in mechanical engineering from the Guang Xi University and has over 15 years' experience in the field of engineering.

#### 高級管理人員

陳善榮先生，36歲，於二零零四年加入本集團，為本集團銷售及市場推廣總監，主要負責監督本集團的銷售及市場推廣工作。陳先生持有香港大學工業工程及工業管理碩士學位和工程學士學位。加入本集團前，陳先生曾任香港生產力促進局顧問逾九年。

鈴木良久先生，52歲，於二零零八年加入本集團，為本集團製作總監，主要負責監督本集團的製造業務。鈴木先生持有日本千葉工業大學工程學士學位。加入本集團前，彼曾於一間全球著名資訊科技產品及商業方案供應商之個人電腦部門任職逾20年。

吳萌芽先生，43歲，於二零零三年加入本集團，為本集團附屬公司永裕(遠東)實業有限公司總經理，負責監督位於國內加工廠的整體營運，彼擁有超過15年製造業經驗。

陳素華女士，50歲，於一九九九年加入本集團，為本集團附屬公司嘉瑞製品有限公司總經理，負責其整體管理，彼擁有逾18年銷售經驗，為李遠發先生的弟婦。

李遠華先生，51歲，於二零零四年加入本集團，為本集團資訊科技經理，負責本集團管理資訊系統的行政及運作，為李遠發先生的胞弟。

李良進先生，42歲，於一九九二年加入本集團，為本集團銷售工程經理。彼持有廣西大學機械工程學士學位，擁有逾15年工程方面的經驗。

# DIRECTORS' REPORT

## 董事會報告

The directors have pleasure in submitting their report together with the audited consolidated financial statements of Ka Shui International Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") for the year ended 31 December 2008.

### PRINCIPAL ACTIVITIES

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

### RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated income statement on page 42.

The board of directors (the "Board") of the Company recommends the payment of a final dividend of HK0.6 cents per share to the shareholders whose names appear on the register of members of the Company on 5 June 2009.

### RESERVES

Movements in reserves during the year are set out in the consolidated statement of changes in equity on page 45.

As at 31 December 2008, the Company's reserve available for distribution amounted to approximately HK\$226,112,000.

### PROPERTY, PLANT AND EQUIPMENT

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

董事會欣然提呈嘉瑞國際控股有限公司(「本公司」)及其附屬公司(統稱「本集團」)截至二零零八年十二月三十一日止年度之董事會報告及經審核綜合財務報表。

### 主要業務

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

### 業績及分派

本集團於年內之業績載於第42頁之綜合損益表內。

本公司董事會(「董事會」)建議派付末期股息每股0.6港仙予於二零零九年六月五日名列本公司股東名冊之股東。

### 儲備

本年度內，儲備之變動情況載於第45頁之綜合權益變動表。

於二零零八年十二月三十一日，本公司之可供分派儲備約為226,112,000港元。

### 物業、機器及設備

本集團物業、機器及設備於本年度內之變動詳情載於綜合財務報表附註14。

## DIRECTORS' REPORT (CONTINUED)

### 董事會報告(續)

#### MAJOR CUSTOMERS AND SUPPLIERS

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

Sales	
– the largest customer	31.7%
– five largest customers combined	64.0%
Purchases	
– the largest supplier	26.3%
– five largest suppliers combined	76.8%

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

#### FINANCIAL SUMMARY

A summary of the results of the Group for the past five financial years ended 31 December 2008 and assets and liabilities of the Group as at 31 December 2004, 2005, 2006, 2007 and 2008 are set out on page 124.

#### SHARE CAPITAL

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

#### PRE-EMPTIVE RIGHTS

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

#### 主要客戶及供應商

於本年度內，本集團之主要客戶及供應商應佔總營業額及總採購額之百分比如下：

銷售	
–最大客戶	31.7%
–五大客戶合計	64.0%
採購	
–最大供應商	26.3%
–五大供應商合計	76.8%

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

#### 財務概要

本集團於截至二零零八年十二月三十一日止過往五個財政年度之業績以及本集團於二零零四年、二零零五年、二零零六年、二零零七年及二零零八年十二月三十一日之資產及負債的概要載於第124頁。

#### 股本

本公司之股本於本年度內之變動詳載於綜合財務報表附註33。

#### 股份優先購買權

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

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

## THE BOARD

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

### Executive Directors

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

### Independent non-executive directors

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

The biographical details of the directors are set out on pages 17 to 19 of this annual report.

In accordance with Article 108 of the Company's Articles of Association, Dr. Keung Wing Ching, Mr. Chan Tat Cheong, Alan and Ir Dr. Lo Wai Kwok will retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

## 購買、出售或贖回本公司之上市證券

於本年度內，本公司及其任何附屬公司概無購買、出售或贖回本公司任何上市證券。

## 董事會

於本年度內及截至本報告日期止，本公司之董事為：

### 執行董事

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

### 獨立非執行董事

孫啟烈先生BBS，太平紳士  
盧偉國博士MH，太平紳士  
姚和安先生

董事之履歷詳情載列於本年報之第17至第19頁。

根據本公司組織章程細則第108條，姜永正博士、陳達昌先生及盧偉國博士於即將舉行之股東週年大會上退任，惟彼等均符合資格並願意膺選連任。



## DIRECTORS' REPORT (CONTINUED)

### 董事會報告(續)

#### DIRECTORS' SERVICE CONTRACTS

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

#### DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed under the section headed "Continuing Connected Transactions" in this report as set out on page 32 and 33, there was no contract of significance, to which the Company, its holding company, any of its subsidiaries or fellow subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted during or at the end of the year.

#### MANAGEMENT CONTRACTS

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

#### 董事之服務合約

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

#### 董事之合約權益

除列載於本報告第32及33頁之「持續關連交易」一節所披露者外，本公司、其控股公司、其任何附屬公司或同系附屬公司概無參與訂立本公司董事直接或間接擁有重大權益，而於年內或年終仍屬有效之重大合約。

#### 管理合約

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

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

As at 31 December 2008, the interests and short positions of the directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO); or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") in the Rules Governing the Listing on Securities on the Stock Exchange (the "Listing Rules") were as follows:

### Long Positions in the Shares

## 董事及主要行政人員於本公司及其相聯法團之股份、相關股份及債券的權益及短倉

於二零零八年十二月三十一日，本公司董事及主要行政人員，於本公司及其相聯法團（定義見證券及期貨條例（「證券及期貨條例」）第XV部）之股份、相關股份及債券中，擁有根據證券及期貨條例第XV部第7及8分部須知會本公司及香港聯合交易所有限公司（「聯交所」）之權益及短倉（包括根據證券及期貨條例該等條文被當作或被視為擁有之任何權益及短倉）；或根據證券及期貨條例第352條須記錄在該條所述登記冊之權益及短倉；或根據聯交所證券上市規則（「上市規則」）上市公司董事進行證券交易的標準守則（「標準守則」）須知會本公司及聯交所之權益及短倉如下：

### 股份之長倉

Name of Director	Capacity	Number of Shares	Approximate percentage of interest in the Company
董事姓名	身份	股份數目	佔本公司權益概約百分比
Mr. Lee Yuen Fat ("Mr. Lee") 李遠發先生（「李先生」）	Interest in controlled company <sup>(1)</sup> 受控制公司權益 <sup>(1)</sup>	607,200,000	69%
	Beneficial owner 實益擁有人	2,100,000 <sup>(2)</sup>	0.24%
Dr. Keung Wing Ching 姜永正博士	Beneficial owner 實益擁有人	20,262,000 <sup>(2)</sup> 1,460,000	2.30% 0.17%
Mr. Wong Wing Chuen 黃永銓先生	Beneficial owner 實益擁有人	18,480,000 1,450,000 <sup>(2)</sup>	2.10% 0.16%
Mr. Chan Tat Cheong, Alan 陳達昌先生	Beneficial owner 實益擁有人	7,029,000 1,270,000 <sup>(2)</sup>	0.80% 0.14%
Mr. Zhao Jian 趙健先生	Beneficial owner 實益擁有人	7,029,000 1,390,000 <sup>(2)</sup>	0.80% 0.16%

## DIRECTORS' REPORT (CONTINUED)

### 董事會報告(續)

#### Notes:

1. Mr. Lee holds the entire issued share capital of Precisefull Limited ("Precisefull"). As such, Mr. Lee is deemed to have a controlling interest in Precisefull and is therefore deemed to be interested in the interests of Precisefull in the Company.
2. Such interest in shares was held pursuant to options granted under the pre-IPO share option scheme and share option scheme, details of which are described in the section headed "Share Option Scheme" in this report as set out on pages 28 to 32.

Save as disclosed above, as at 31 December 2008, none of the directors and chief executives of the Company had any interests or short positions in shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO) or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or were required to be notified to the Company and the Stock Exchange, pursuant to the Model Code in the Listing Rules. In addition, save as disclosed above, at no time during the year ended 31 December 2008 was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company or any of their spouses or children under the age of 18 to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

#### 附註：

1. 李先生持有 Precisefull Limited (「Precisefull」) 全部已發行股本。因此，李先生被視為擁有 Precisefull 的控制性權益，並因此視為擁有 Precisefull 所持有的本公司權益。
2. 該等股份權益乃根據首次公開發售前購股權計劃及購股權計劃所授出購股權持有，有關詳情載於本報告第 28 至第 32 頁之「購股權計劃」一節。

除上文所披露者外，於二零零八年十二月三十一日，概無本公司董事及主要行政人員於本公司及其任何相聯法團(定義見證券及期貨條例第XV部)之股份、相關股份及債券中擁有任何根據證券及期貨條例第XV部第7及8分部須知會本公司及聯交所之權益或短倉(包括彼等根據證券及期貨條例該等條文被當作或視為擁有之權益及短倉)；或根據證券及期貨條例第352條須記錄於該條所述之登記冊之權益及短倉；或根據標準守則須知會本公司及聯交所之權益及短倉。此外，除上述披露外，本公司或其任何附屬公司於截至二零零八年十二月三十一日止整年內概無訂立任何安排，令本公司董事或彼等之配偶或未滿十八歲之子女可藉購入本公司或其他法團之股份或債權證而獲益。

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

As at 31 December 2008, the following persons, other than the directors or chief executives of the Company, who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, or which were required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein, were as follows:

### Long Positions in the Shares

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

Note:

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

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

## 主要股東於本公司及其相聯法團之股份、相關股份及債券的權益及短倉

於二零零八年十二月三十一日，下列人士（本公司董事或主要行政人員除外）於本公司股份或相關股份中，擁有根據證券及期貨條例第XV部第2及3分部須向本公司披露之權益或短倉，或直接或間接擁有可於任何情況下在本公司股東大會投票之任何類別股本面值5%或以上之權益或短倉，或擁有根據證券及期貨條例第336條須記錄在該條所述登記冊之權益或短倉：

### 股份之長倉

附註：

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

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

## DIRECTORS' REPORT (CONTINUED)

### 董事會報告(續)

## SHARE OPTION SCHEME

### 1. Pre-IPO Share Option Scheme

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

## 購股權計劃

### 1. 首次公開發售前購股權計劃

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

Category of Grantee/Name	Date of grant	Exercise Price (HK\$)	Exercise Period	Number of shares options 購股權數目			Outstanding as at 31/12/2008 於二零零八年十二月三十一日尚未行使
				As at 01/01/2008 於二零零八年一月一日	Exercised during the year 於年內行使	Lapsed/Cancelled during the year 於年內失效/註銷	
<b>Executive Directors</b> 執行董事							
Mr. Lee 李先生	01/06/2007	0.81	27/06/2008– 26/06/2011	1,320,000	–	–	1,320,000
Dr. Keung Wing Ching 姜永正博士	01/06/2007	0.81	27/06/2008– 26/06/2011	880,000	–	–	880,000
Mr. Wong Wing Chuen 黃永銓先生	01/06/2007	0.81	27/06/2008– 26/06/2011	880,000	–	–	880,000
Mr. Chan Tat Cheong, Alan 陳達昌先生	01/06/2007	0.81	27/06/2008– 26/06/2011	880,000	–	–	880,000
Mr. Zhao Jian 趙健先生	01/06/2007	0.81	27/06/2008– 26/06/2011	880,000	–	–	880,000
<b>Others</b> 其他							
Employees 僱員	01/06/2007	0.81	27/06/2008– 26/06/2011	16,280,000	–	1,210,000	15,070,000

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

所有首次公開發售前購股權之承授人僅可按以下方式行使首次公開發售前購股權：

Period 期間	Maximum aggregate percentage of shares that are issuable upon exercise of the pre-IPO share option granted to each grantee 各承授人行使獲授之首次公開發售前購股權而可予發行的股份總百分比上限
From 27 June 2007 (the "Listing Date") to the date immediately before the first anniversary (the "First Anniversary") of the Listing Date 二零零七年六月二十七日(「上市日期」)至上市日期起計滿一周年當日(「一周年當日」)的前一日	0%
From the First Anniversary to the date immediately before the second anniversary (the "Second Anniversary") of the Listing Date 一周年當日至上市日期起計滿兩周年當日(「兩周年當日」)的前一日	30%
From the Second Anniversary to the date immediately before the third anniversary (the "Third Anniversary") of the Listing Date 兩周年當日至上市日期起計滿三周年當日(「三周年當日」)的前一日	60%
From the Third Anniversary to the date immediately before the fourth anniversary of the Listing Date 三周年當日至上市日期起計滿四周年當日的前一日	100%

Save as disclosed above, no further options were granted under the pre-IPO share option scheme.

除上文披露者外，概無根據首次公開發售前購股權計劃進一步授出任何購股權。

## 2. Share Option Scheme

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

## 2. 購股權計劃

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

## DIRECTORS' REPORT (CONTINUED)

### 董事會報告(續)

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

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

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

The total number of shares in respect of which options may be granted under the Share Option Scheme shall be 45,898,000 shares, representing approximately 5.22% of the issued share capital of the Company as at the date of this annual report.

The period within which the options must be exercised will be specified by the Board at the time of the offer of grant, and must expire no later than 10 years from the effective date of the Share Option Scheme. There is no general requirement on the minimum period for which an option must be held or the performance targets which must be achieved before an option can be exercised under the terms of the Share Option Scheme.

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

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

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

根據購股權計劃可能授出的購股權所涉及的股份總數為45,898,000股，相當於本年報日期本公司已發行股本約5.22%。

董事會將於授出購股權要約時指明購股權須予行使的期限，必須不遲於購股權計劃生效日期起計十年內屆滿。購股權計劃之條款下並無有關必須持有購股權之最短期限或可行使購股權而必須達到之表現目標之一般規定。

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

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

On 13 March 2008, the Company granted 20,102,000 share options to the Group's employees under the Share Option Scheme at an exercise price of HK\$0.415 per share. A summary of movements of share options of the Company during the year is set out below:

購股權計劃項下股份的認購價將由董事會決定，惟該價格不得低於以下最高者：

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

於二零零八年三月十三日，本公司根據購股權計劃向本集團僱員授出20,102,000份購股權，行使價為每股0.415港元。於本年度內，本公司購股權之變動概述如下：

Category of Grantee/Name	Date of grant	Exercise Price (HK\$)	Exercise Period	Number of shares options 購股權數目				
				As at 01/01/08	Granted during the year	Exercised during the year	Lapsed/Cancelled during the year	Outstanding as at 31/12/08
承授人類別/姓名	授出日期	行使價(港元)	行使期	於二零零八年一月一日	於年內授出	於年內行使	於年內失效/註銷	於二零零八年十二月三十一日尚未行使
<b>Executive Directors</b> 執行董事								
Mr. Lee 李先生	13/03/2008	0.415	13/03/2009– 12/03/2018	–	780,000	–	–	780,000
Dr. Keung Wing Ching 姜永正博士	13/03/2008	0.415	13/03/2009– 12/03/2018	–	580,000	–	–	580,000
Mr. Wong Wing Chuen 黃永銓先生	13/03/2008	0.415	13/03/2009– 12/03/2018	–	570,000	–	–	570,000
Mr. Chan Tat Cheong, Alan 陳達昌先生	13/03/2008	0.415	13/03/2009– 12/03/2018	–	390,000	–	–	390,000
Mr. Zhao Jian 趙健先生	13/03/2008	0.415	13/03/2009– 12/03/2018	–	510,000	–	–	510,000
<b>Others</b> 其他								
Employees 僱員	13/03/2008	0.415	13/03/2009– 12/03/2018	–	17,272,000	–	3,312,000	13,960,000



## DIRECTORS' REPORT (CONTINUED)

### 董事會報告(續)

#### Notes:

1. The vesting period of the share options is from the date of grant until the commencement of the exercise period.
2. The closing price of the share immediately before the date of grant was HK\$0.415.
3. The fair values of options granted during the year and the respective accounting policy adopted are set out in note 35 to the consolidated financial statements.

#### 附註：

1. 購股權歸屬期間為自授出日期起至行使期開始日期止。
2. 在緊接購股權授出日期之前的收市價為0.415港元。
3. 於年內授出的購股權公平值及其採取之會計政策載於綜合財務報表附註35。

## COMPETING BUSINESS

Each of Mr. Lee Yuen Fat and Precisefull has provided a written confirmation, which has been reviewed and confirmed by the independent non-executive directors of the Company, confirming that they have complied with the terms of a Deed of Non-competition entered into between them and the Company for the year ended 31 December 2008.

## 競爭業務

李遠發先生及Precisefull各自已提供書面確認，並由本公司獨立非執行董事審閱及確認，彼等於截至二零零八年十二月三十一日止年度內已遵守本公司與彼等所訂立之不可競爭契據之條款。

## CONTINUING CONNECTED TRANSACTIONS

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

For the year ended 31 December 2008, Chit Shun Transactions totalled approximately HK\$6,708,000.

## 持續關連交易

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

截至二零零八年十二月三十一日止年度，捷迅交易之總額約為6,708,000港元。

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

1. have received the approval from the Board;
2. have been entered into in accordance with the relevant agreements governing the transactions; and
3. have not exceeded the caps as disclosed in the Company's prospectus dated 12 June 2007.

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

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

## PUBLIC FLOAT

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

## POST BALANCE SHEET EVENTS

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

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

1. 已取得董事會批准；
2. 已按照監管有關交易的相關協議訂立；及
3. 並無超逾本公司於二零零七年六月十二日所刊發之招股章程所披露的上限。

本公司獨立非執行董事已審核捷迅交易並確認該等交易：

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

## 公眾持股量

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

## 結算日後事項

結算日後事項詳情載於綜合財務報告附註41。

## DIRECTORS' REPORT (CONTINUED)

### 董事會報告(續)

#### AUDITOR

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

By order of the Board

**Lee Yuen Fat**

*Chairman*

Hong Kong, 17 April 2009

#### 核數師

中瑞岳華(香港)會計師事務所將退任，惟願意膺選連任，而重聘彼等之有關決議案於即將舉行之股東週年大會上提呈。

承董事會命

**李遠發**

*主席*

香港，二零零九年四月十七日

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

The board of directors (the “Board”) believes that good corporate governance practices are essential for promoting investors’ confidence and maximizing shareholders’ returns. The Board is committed to maintaining a high standard of corporate governance and reviews its corporate governance practices on a regular basis.

The Company’s corporate governance practices are based on the principles and code provisions as set out in the Code on Corporate Governance Practices (the “CG Code”) contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”). During 2008, the Company is in compliance with all the code provisions of the CG Code.

## THE BOARD

The Board is collectively responsible for formulating the Group’s overall business strategies, monitoring and evaluating its operating and financial performance and reviewing the corporate governance standard of the Company. The day-to-day management, administration and operation of the Company are led by the chief executive officer of the Company. The Board has also delegated a schedule of responsibilities to the senior management of the Company, which include the implementation of decisions of the Board, the co-ordination and direction of day-to-day operation and management of the Company in accordance with the management strategies and plans approved by the Board, formulating and monitoring the production and operating plans and budgets, and supervising and monitoring the control systems. The Board has the full support of the senior management to discharge its responsibilities.

The Board comprises eight directors, including five executive directors and three independent non-executive directors. Biographical details of the directors of the Company as at the date of this report are set out on pages 17 to 19 of this annual report.

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

本公司董事會（「董事會」）相信良好之企業管治守則對於提高投資者的信心和增加股東的回報至為重要。董事會一向致力維持高水平的企業管治及定期檢討本公司之企業管治守則。

本公司之企業管治守則乃以聯交所證券上市規則（「上市規則」）附錄十四《企業管治常規守則》（「企業管治守則」）之原則及守則條文為基礎。於二零零八年，本公司已遵守企業管治守則中的所有守則條文。

## 董事會

董事會共同負責制訂本集團之整體業務策略，及監管和評估本集團其營運與財務上之表現，並檢討本公司之企業管治水平。本公司的日常管理、行政及營運均由本公司行政總裁領導。董事會已將一系列職責轉授予本公司高級管理層，包括執行董事會的決策、依照董事會批准的管理策略及計劃對本公司日常運作及管理作出協調及指揮、制定及監察生產和營運計劃及預算，以及監督及監察監控制度。董事會亦獲高級管理層全力支持履行其職責。

董事會由八名董事組成，包括五名執行董事及三名獨立非執行董事。於本報告日，本公司董事之個人資料詳載於本年報第17至第19頁。

各董事會成員之間並沒有財務、業務、親屬或其他重大或相關之關係。

## CORPORATE GOVERNANCE REPORT (CONTINUED)

### 企業管治報告(續)

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

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

### CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

### AUDIT COMMITTEE

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

During 2008, the Audit Committee held two meetings to review the financial statements of the Group with the external auditor and discussed on the internal control matters.

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

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

### 主席及行政總裁

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

### 審核委員會

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

於二零零八年，審核委員會與外聘核數師舉行了二次會議，審閱本集團之財務報表及討論內部監控事項。

## NOMINATION COMMITTEE

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

During the year, the Nomination Committee held a meeting to review the structure, size and the composition of the Board.

## REMUNERATION COMMITTEE

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

During 2008, the Remuneration Committee held two meetings and reviewed the remuneration and bonus of directors and senior management.

## 提名委員會

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

於本年度，提名委員會舉行了一次會議，檢討董事會之架構、規模及組成。

## 薪酬委員會

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

於二零零八年，薪酬委員會舉行了二次會議，檢討了董事及高級管理人員之薪酬及花紅。

## CORPORATE GOVERNANCE REPORT (CONTINUED)

### 企業管治報告(續)

#### ATTENDANCE OF MEETINGS

#### 出席會議

A summary of attendance of Board and Committee meetings in 2008 are detailed in the following table:

下表載列於二零零八年董事會及委員會會議之出席率摘要：

	Board meeting 董事會會議	Audit Committee meeting 審核委員會會議	Nomination Committee meeting 提名委員會會議	Remuneration Committee meeting 薪酬委員會會議
<b>Executive Directors</b>				
<b>執行董事</b>				
Mr. Lee Yuen Fat 李遠發先生	4/4	-	-	-
Dr. Keung Wing Ching 姜永正博士	4/4	-	1/1	2/2
Mr. Wong Wing Chuen 黃永銓先生	4/4	-	-	-
Mr. Chan Tat Cheong, Alan 陳達昌先生	4/4	-	-	-
Mr. Zhao Jian 趙健先生	4/4	-	-	-
<b>Independent Non-Executive Directors</b>				
<b>非執行董事</b>				
Mr. Sun Kai Lit, Cliff BBS, JP 孫啟烈先生 BBS, 太平紳士	4/4	2/2	1/1	2/2
Ir Dr. Lo Wai Kwok MH, JP 盧偉國博士 MH, 太平紳士	4/4	2/2	1/1	2/2
Mr. Yeow Hoe Ann, John 姚和安先生	4/4	2/2	1/1	2/2

#### MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

#### 董事進行證券交易的標準守則

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

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

## DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors acknowledge their responsibility for the preparation of the financial statements of the Company for the year ended 31 December 2008. The statement of the external auditor of the Company in relation to their reporting responsibility on the financial statements of the Group is set out in the Independent Auditor's Report on page 40 and 41.

## INTERNAL CONTROL

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

## AUDITOR'S REMUNERATION

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

(In HK\$'000)	(以港幣千元為單位)	2008	2007
Statutory audit	法定審核	800	700
Non-audit services <sup>1</sup>	非審核服務 <sup>1</sup>	175	116
Total	總數	975	816

Note 1:

Non-audit services mainly include interim review and tax advisory service.

## 董事就財務報表所承擔之責任

董事確認其對編製本公司截止二零零八年十二月三十一日止年度財務報表之責任。本公司之外聘核數師就其對本集團財務報表之申報責任而發出之聲明，載於第40及41頁之獨立核數師報告內。

## 內部監控

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

## 核數師之酬金

本集團付予有關法定審核及非審核服務的核數師酬金如下：

附註 1：

非審核服務主要包括中期審閱及稅務諮詢服務。



# INDEPENDENT AUDITOR'S REPORT

## 獨立核數師報告

### RSM Nelson Wheeler

中瑞岳華(香港)會計師事務所

Certified Public Accountants

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

*(Incorporated in the Cayman Islands with limited liability)*

We have audited the consolidated financial statements of Ka Shui International Holdings Limited (the "Company") set out on pages 42 to 123, which comprise the consolidated balance sheet as at 31 December 2008, and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

#### DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

#### AUDITOR'S RESPONSIBILITY

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

#### 致嘉瑞國際控股有限公司 全體股東

*(於開曼群島註冊成立的有限公司)*

本核數師(以下簡稱「我們」)已審核列載於第42至第123頁的嘉瑞國際控股有限公司(「貴公司」)綜合財務報表,其中包括於二零零八年十二月三十一日的綜合資產負債表、截至該日止年度的綜合損益表、綜合權益變動表及綜合現金流量表以及主要會計政策概要及其他附註解釋。

#### 董事就財務報表須承擔的 責任

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

#### 核數師的責任

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

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

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

### OPINION

In our opinion the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2008 and of the Group's results and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

**RSM Nelson Wheeler**  
Certified Public Accountants  
Hong Kong

17 April 2009

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

我們相信，我們所獲得的審核憑證乃充足及適當，可為我們的審核意見提供基礎。

### 意見

我們認為，該等綜合財務報表已根據《香港財務報告準則》真實公平地反映貴集團於二零零八年十二月三十一日的財務狀況，及貴集團於截至該日止年度的業績及現金流量，並已按照《香港公司條例》的披露規定妥為編製。

**中瑞岳華(香港)會計師事務所**  
執業會計師  
香港

二零零九年四月十七日

# CONSOLIDATED INCOME STATEMENT

## 綜合損益表

For the year ended 31 December 2008  
截至二零零八年十二月三十一日止年度

		Note 附註	2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元
<b>Turnover</b>	<b>營業額</b>	6	<b>685,134</b>	752,749
Cost of sales	銷售成本		(580,454)	(612,517)
<b>Gross profit</b>	<b>毛利</b>		<b>104,680</b>	140,232
Other income	其他收入	7	4,710	11,205
Selling and distribution expenses	銷售及分銷開支		(9,654)	(7,440)
General and administrative expenses	一般及行政開支		(75,165)	(66,596)
<b>Profit from operations</b>	<b>經營溢利</b>		<b>24,571</b>	77,401
Finance costs	融資成本	8	(2,449)	(5,995)
Share of loss of an associate	分佔聯營公司虧損	16	–	(1,401)
Share of loss of a jointly controlled entity	分佔共同控制實體虧損	17	(1,292)	(281)
Impairment loss on available-for-sale financial assets	可供出售金融資產之減值虧損	18	(6,303)	(2,000)
<b>Profit before tax</b>	<b>除稅前溢利</b>		<b>14,527</b>	67,724
Income tax expense	所得稅開支	9	(5,892)	(10,179)
<b>Profit for the year</b>	<b>年內溢利</b>	10	<b>8,635</b>	57,545
<b>Attributable to:</b>	<b>以下人士應佔權益：</b>			
Equity holders of the Company	本公司權益持有人		8,635	57,492
Minority interests	少數權益持有人		–	53
			<b>8,635</b>	57,545
<b>Dividends</b>	<b>股息</b>	12		
Interim	中期		–	10,560
Proposed final	建議末期		5,280	7,920
			<b>5,280</b>	18,480
<b>Earnings per share</b>	<b>每股盈利</b>	13		
Basic	基本		0.98	7.42
Diluted	攤薄		N/A 不適用	N/A 不適用

# CONSOLIDATED BALANCE SHEET

## 綜合資產負債表

At 31 December 2008  
於二零零八年十二月三十一日

	Note 附註	2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元
<b>Non-current assets</b>			
<b>非流動資產</b>			
Property, plant and equipment	14	323,326	224,580
Prepaid land lease payments	15	35,625	33,893
Club membership		718	718
Investment in an associate	16	–	1,115
Investment in a jointly controlled entity	17	7,470	8,259
Available-for-sale financial assets	18	–	6,303
Deposits paid for acquisition of property, plant and equipment and prepaid land lease payments	19	30,090	8,096
		<b>397,229</b>	<b>282,964</b>
<b>Current assets</b>			
<b>流動資產</b>			
Inventories	20	125,116	118,344
Trade receivables	21	97,445	115,491
Financial assets at fair value through profit or loss	22	–	3,277
Prepayments, deposits and other receivables	23	10,155	11,613
Due from an associate	24	–	14,335
Current tax assets		1,118	–
Pledged bank deposits	25	4,282	6,333
Bank and cash balances	25	74,940	166,039
		<b>313,056</b>	<b>435,432</b>
<b>Current liabilities</b>			
<b>流動負債</b>			
Trade payables	26	53,306	61,381
Deposits received		2,578	3,054
Other payables and accruals		27,134	27,555
Due to a related company	27	792	806
Financial liabilities at fair value through profit or loss	22	3,047	–
Due to an associate	24	–	4,246
Short term borrowings	28	25,439	68,555
Current portion of long term borrowings	29	9,263	5,511
Current portion of obligations under finance leases	30	13,207	6,641
Current tax liabilities		466	6,456
		<b>135,232</b>	<b>184,205</b>
<b>Net current assets</b>		<b>177,824</b>	<b>251,227</b>
<b>流動資產淨值</b>			
<b>Total assets less current liabilities</b>		<b>575,053</b>	<b>534,191</b>
<b>資產總值減流動負債</b>			

## CONSOLIDATED BALANCE SHEET (CONTINUED)

### 綜合資產負債表(續)

At 31 December 2008

於二零零八年十二月三十一日

		Note	2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元
		附註		
<b>Non-current liabilities</b>	<b>非流動負債</b>			
Long term borrowings	長期借款	29	15,083	9,015
Obligations under finance leases	融資租約承擔	30	18,722	4,485
Deferred tax liabilities	遞延稅項負債	32	1,608	1,128
			<b>35,413</b>	14,628
<b>NET ASSETS</b>	<b>資產淨值</b>		<b>539,640</b>	519,563
<b>Capital and reserves</b>	<b>資本及儲備</b>			
Share capital	股本	33	88,000	88,000
Reserves	儲備	34	451,640	431,563
<b>TOTAL EQUITY</b>	<b>權益總額</b>		<b>539,640</b>	519,563

**Lee Yuen Fat**

李遠發

Director

董事

**Keung Wing Ching**

姜永正

Director

董事

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## 綜合權益變動表

For the year ended 31 December 2008  
截至二零零八年十二月三十一日止年度

		Attributable to equity holders of the Company 本公司權益持有人應佔權益										
		Share capital	Share premium	Retained earnings	Capital reserve	Merger reserve	Foreign currency translation reserve	Share option reserve	Statutory reserve	Total	Minority interests	Total equity
		股本	股份溢價	保留盈利	資本儲備	合併儲備	匯兌儲備	購股權儲備	法定儲備	總計	少數權益持有人權益	權益總額
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
At 1 January 2007	於二零零七年一月一日	30	-	204,731	3,084	(10)	2,826	-	2,810	213,471	4,899	218,370
Exchange difference on translation of foreign operations	換算海外業務時所產生的匯兌差額	-	-	-	-	-	6,243	-	-	6,243	-	6,243
Share issue expenses	股份發行開支	-	(20,411)	-	-	-	-	-	-	(20,411)	-	(20,411)
Net (expense)/income recognised directly in equity	直接在權益確認的(支出)/收入淨額	-	(20,411)	-	-	-	6,243	-	-	(14,168)	-	(14,168)
Profit for the year	年內溢利	-	-	57,492	-	-	-	-	-	57,492	53	57,545
Total recognised income and expense for the year	年內確認的收入及開支總額	-	(20,411)	57,492	-	-	6,243	-	-	43,324	53	43,377
Issue of shares of a subsidiary	一家附屬公司發行股份	49	-	-	-	-	-	-	-	49	-	49
Effect of group reorganisation	集團重組的影響	9,921	-	-	-	(9,921)	-	-	-	-	-	-
Issue of shares by way of placing and public offer	透過配售及公開發售發行股份	22,000	275,000	-	-	-	-	-	-	297,000	-	297,000
Issue of shares by way of capitalisation of share premium account	透過以股份溢價賬的資本化發行股份	56,000	(56,000)	-	-	-	-	-	-	-	-	-
Acquisition of minority interest	收購少數權益持有人權益	-	-	-	4,952	-	-	-	-	4,952	(4,952)	-
Recognition of share-based payments	確認以股權結算之款項	-	-	-	-	-	-	4,327	-	4,327	-	4,327
Transfer to statutory reserve	轉入法定儲備	-	-	(4,856)	-	-	-	-	4,856	-	-	-
Dividends paid by subsidiaries to their then shareholders	由附屬公司向當時股東派發之股息	-	-	(33,000)	-	-	-	-	-	(33,000)	-	(33,000)
Interim dividend paid	已付中期股息	-	-	(10,560)	-	-	-	-	-	(10,560)	-	(10,560)
At 31 December 2007 and 1 January 2008	於二零零七年十二月三十一日及二零零八年一月一日	88,000	198,589	213,807	8,036	(9,931)	9,069	4,327	7,666	519,563	-	519,563
Exchange difference on translation of foreign operations	換算海外業務時產生的匯兌差額	-	-	-	-	-	13,230	-	-	13,230	-	13,230
Net income recognised directly in equity	直接在權益確認的收入淨額	-	-	-	-	-	13,230	-	-	13,230	-	13,230
Profit for the year	年內溢利	-	-	8,635	-	-	-	-	-	8,635	-	8,635
Total recognised income and expense for the year	年內確認的收入及開支總額	-	-	8,635	-	-	13,230	-	-	21,865	-	21,865
Recognition of share-based payments	確認以股權結算之款項	-	-	-	-	-	-	6,132	-	6,132	-	6,132
Final dividend paid	已付末期股息	-	-	(7,920)	-	-	-	-	-	(7,920)	-	(7,920)
At 31 December 2008	於二零零八年十二月三十一日	88,000	198,589	214,522	8,036	(9,931)	22,299	10,459	7,666	539,640	-	539,640

# CONSOLIDATED CASH FLOW STATEMENT

## 綜合現金流量表

For the year ended 31 December 2008

截至二零零八年十二月三十一日止年度

	Note 附註	2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元	
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	經營業務所得 現金淨額	36(a)	53,883	49,104
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	投資活動之 現金流量			
Decrease/(increase) in pledged bank deposits	已抵押銀行存款減少 ／(增加)		3,120	(185)
Acquisition of a subsidiary	收購一附屬公司	36(b)	(1,551)	-
Interest received	已收利息		2,661	4,602
Proceeds from disposals of property, plant and equipment	出售物業、機器及設備 所得款項		37	103
Purchase of property, plant and equipment	購買物業、機器及 設備		(71,495)	(78,883)
Purchase of prepaid land lease payments	購買預付 土地租金款項		-	(7,525)
Deposits paid for the acquisition of property, plant and equipment	預付物業、機器及設備 之按金		(23,558)	(4,606)
Proceeds from gain on financial assets at fair value through profit or loss	按公平計入損益賬的 金融資產收益		4,837	1,735
Capital injection to a jointly controlled entity	向一間共同控制實體 注入資本		-	(8,120)
<b>Net cash used in investing activities</b>	投資活動所耗現金淨額		(85,949)	(92,879)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	融資活動之 現金流量			
Advance to a director	向董事墊款		-	(22,774)
Advance from a director	董事墊款		-	20,810
Advance to an associate	向聯營公司墊款		-	(6,600)
Proceeds from issue of new shares by way of placing and public offer	透過配售及公開發售 發行新股所得款項		-	297,000
Payment of share issue and listing expenses	支付股份發行及 上市費用		-	(22,572)
Dividends paid	已付股息		(7,920)	(43,560)
Repayment of short term bank loans	償還短期銀行貸款		(45,010)	(3,871)
Repayment of obligations under finance leases	償還融資 租約承擔		(14,107)	(9,335)
Repayment of long term borrowings	償還長期借款		(6,180)	(5,480)
Long term borrowings raised	新增長期借款		16,000	-
<b>Net cash (used in)/generated from financing activities</b>	融資活動(所耗)／所得 現金淨額		(57,217)	203,618
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	現金及等同現金項目 (減少)／增加淨額		(89,283)	159,843
<b>CASH AND CASH EQUIVALENTS AT 1 JANUARY</b>	於一月一日的現金及 等同現金項目		166,039	11,025
Effect of foreign exchange rate changes	匯率變動 影響		(2,255)	(4,829)
<b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER</b>	於十二月三十一日的 現金及等同現金項目		74,501	166,039
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS</b>	現金及等同現金 項目分析			
Bank and cash balances	銀行及現金結餘		74,940	166,039
Bank overdraft	銀行透支	28	(439)	-
			74,501	166,039

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

For the year ended 31 December 2008  
截至二零零八年十二月三十一日止年度

### 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is Clifton House, 75 Fort Street, P.O. Box 1350 GT, George Town, Grand Cayman, Cayman Islands. The address of its principal place of business is Room 1210, Exchange Tower, 33 Wang Chiu Road, Kowloon Bay, Kowloon, Hong Kong.

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

In the opinion of the directors of the Company, as at 31 December 2008, Precisefull Limited, a company incorporated in the British Virgin Islands, is the ultimate parent and Mr. Lee Yuen Fat ("Mr. Lee") is the ultimate controlling party of the Company.

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

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for its accounting year beginning on 1 January 2008. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; and Interpretations. The adoption of these new and revised HKFRSs did not result in substantial changes to the Group's accounting policies and amounts reported for the current year and prior years.

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

### 1. 一般資料

本公司根據開曼群島公司法在開曼群島註冊成立為受豁免有限公司。其註冊辦事處地點為Clifton House, 75 Fort Street, P.O. Box 1350 GT, George Town, Grand Cayman, Cayman Islands。其主要營業地點為香港九龍九龍灣宏照道33號國際交易中心1210室。

本公司為一家投資控股公司。其附屬公司的主要業務載於本綜合財務報表附註40。

本公司董事認為，於二零零八年十二月三十一日，Precisefull Limited（一間於英屬處女群島註冊成立的公司）為最終母公司，李遠發先生（「李先生」）為本公司的最終控股方。

### 2. 採納新訂及經修訂香港財務報告準則

於本年度，本集團已採納適用於本身營運，由香港會計師公會所頒佈及於其二零零八年一月一日開始的會計期間生效的所有新訂及經修訂香港財務報告準則（「香港財務報告準則」）。香港財務報告準則包括香港財務報告準則、香港會計準則及詮釋。採納該等新訂及經修訂的香港財務報告準則並未使本集團的會計政策及本年度與以往年度呈報的金額出現重大變動。

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



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 綜合財務報表附註(續)

For the year ended 31 December 2008  
截至二零零八年十二月三十一日止年度

### 3. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

#### (a) Consolidation

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

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

### 3. 主要會計政策

財務報表乃根據香港財務報告準則、香港普遍採納的會計原則及香港聯合交易所有限公司(「聯交所」)證券上市規則及香港公司條例所規定的適用披露事項編製。

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

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

編製該等財務報表所採用的主要會計政策載列如下：

#### (a) 綜合賬目

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

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

For the year ended 31 December 2008  
截至二零零八年十二月三十一日止年度

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (a) Consolidation (continued)

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

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

#### (b) Business combination and goodwill

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets, liabilities and contingent liabilities of the subsidiary in an acquisition are measured at their fair values at the acquisition date.

The excess of the cost of acquisition over the Group's share of the net fair value of the subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised in the consolidated income statement.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses of goodwill are recognised in the consolidated income statement and are not subsequently reversed. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

### 3. 主要會計政策(續)

#### (a) 綜合賬目(續)

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

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

#### (b) 業務合併及商譽

本集團收購附屬公司時採用購買會計處理法入賬。收購成本按交易當日所給予之資產、所發行之股本工具及所產生或承擔之負債，另加收購所引致的直接成本計量。所收購之附屬公司之可識別資產、負債及或然負債，均以收購日之公平值計量。

收購成本高於本集團應佔可識別資產、負債及或然負債之公平淨值之金額記錄為商譽。本集團應佔被收購公司之可識別資產、負債及或然負債之公平淨值高於收購成本之金額於綜合損益表內確認。

商譽每年進行減值測試，並按成本減累計減值虧損列賬。商譽之任何減值虧損乃於綜合損益表內確認，並於其後期間不予撥回。商譽就進行減值測試分配至現金產生單位。

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 綜合財務報表附註(續)

For the year ended 31 December 2008  
截至二零零八年十二月三十一日止年度

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (c) Associates

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

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

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

### 3. 主要會計政策(續)

#### (c) 聯營公司

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

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

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

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (c) Associates (continued)

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

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

#### (d) Joint venture

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

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

### 3. 主要會計政策(續)

#### (c) 聯營公司(續)

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

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

#### (d) 合營公司

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

共同控制實體為各合營伙伴另行成立並擁有權益的合營公司。

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 綜合財務報表附註(續)

For the year ended 31 December 2008  
截至二零零八年十二月三十一日止年度

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (d) Joint venture (continued)

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

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

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

### 3. 主要會計政策(續)

#### (d) 合營公司(續)

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

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

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

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (d) Joint venture (continued)

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

#### (e) Foreign currency translation

##### (i) Functional and presentation currency

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

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

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

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

### 3. 主要會計政策(續)

#### (d) 合營公司(續)

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

#### (e) 外幣換算

##### (i) 功能及呈列貨幣

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

##### (ii) 各實體財務報表內的交易及結餘

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

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 綜合財務報表附註(續)

For the year ended 31 December 2008

截至二零零八年十二月三十一日止年度

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (e) Foreign currency translation (continued)

##### (iii) Translation on consolidation

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

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

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

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

### 3. 主要會計政策(續)

#### (e) 外幣換算(續)

##### (iii) 綜合賬目時的換算

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

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

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

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

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (f) Property, plant and equipment

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

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

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

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

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

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

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

### 3. 主要會計政策(續)

#### (f) 物業、機器及設備

物業、機器及設備按成本減累計折舊及減值虧損列賬。

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

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

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

剩餘價值、可使用年期及折舊方法於各結算日進行檢討及作出調整(如適用)。

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

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



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 綜合財務報表附註(續)

For the year ended 31 December 2008  
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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (g) Leases

##### (i) Operating leases

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

##### (ii) Finance leases

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

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

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

#### (h) Club membership

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

### 3. 主要會計政策(續)

#### (g) 租約

##### (i) 經營租約

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

##### (ii) 融資租約

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

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

於融資租約下的資產與自置資產以同樣方法計算折舊。

#### (h) 會所會籍

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

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (i) Inventories

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

#### (j) Recognition and derecognition of financial instruments

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

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

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

### 3. 主要會計政策(續)

#### (i) 存貨

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

#### (j) 確認及終止確認金融工具

金融資產及金融負債於本集團成為工具合約條文的訂約方時，於資產負債表內確認。

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

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 綜合財務報表附註(續)

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (k) Investments

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

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

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

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

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

Available-for-sale financial assets are non-derivative financial assets not classified as trade and other receivables, held-to-maturity investments or financial assets at fair value through profit or loss. Available-for-sale financial assets are subsequently measured at fair value. Gains or losses arising from changes in fair value of these investments are recognised directly in equity, until the investments are disposed of or are determined to be impaired, at which time the cumulative gains or losses previously recognised in equity are recognised in the income statement.

### 3. 主要會計政策(續)

#### (k) 投資

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

投資分類為按公平值計入損益賬的金融資產或可供出售金融資產。

#### (i) 按公平值計入損益賬的金融資產

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

#### (ii) 可供出售金融資產

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

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (k) Investments (continued)

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

#### (l) Trade and other receivables

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

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

### 3. 主要會計政策(續)

#### (k) 投資(續)

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

#### (l) 貿易及其他應收款項

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

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 綜合財務報表附註(續)

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (m) Cash and cash equivalents

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

#### (n) Financial liabilities and equity instruments

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

#### (o) Borrowings

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

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

#### (p) Trade and other payables

Trade and other payables are stated initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

### 3. 主要會計政策(續)

#### (m) 現金及等同現金項目

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

#### (n) 金融負債及股本工具

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

#### (o) 借貸

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

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

#### (p) 貿易及其他應付款項

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

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (q) Equity instruments

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

#### (r) Revenue recognition

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

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

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

#### (s) Employee benefits

##### (i) Employee leave entitlements

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

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

##### (ii) Pension obligations

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

### 3. 主要會計政策(續)

#### (q) 股本工具

本公司發行的股本工具按已收的所得款項，扣除直接發行費用列賬。

#### (r) 收益確認

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

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

利息收入按時間比例用實際利息法確認。

#### (s) 僱員福利

##### (i) 僱員享有的假期

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

僱員病假及產假於放假時始確認。

##### (ii) 退休金承擔

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 綜合財務報表附註(續)

For the year ended 31 December 2008

截至二零零八年十二月三十一日止年度

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (s) Employee benefits (continued)

##### (iii) Termination benefits

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

#### (t) Share-based payments

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

#### (u) Borrowing costs

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

#### (v) Taxation

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

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

### 3. 主要會計政策(續)

#### (s) 僱員福利(續)

##### (iii) 離職福利

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

#### (t) 以股權結算之款項

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

#### (u) 借貸成本

所有借貸成本均於產生期間在損益表確認。

#### (v) 稅項

所得稅為即期稅項與遞延稅項的總和。

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

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (v) Taxation (continued)

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

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

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

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

### 3. 主要會計政策(續)

#### (v) 稅項(續)

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

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

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

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



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 綜合財務報表附註(續)

For the year ended 31 December 2008

截至二零零八年十二月三十一日止年度

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (v) Taxation (continued)

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

#### (w) Related parties

A party is related to the Group if:

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

### 3. 主要會計政策(續)

#### (v) 稅項(續)

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

#### (w) 關連人士

任何一方如屬以下情況，即視為本集團的關連人士：

- (i) 該方透過一家或多家中介公司，直接或間接控制本集團、受本集團控制或與本集團受同一方控制；於本集團擁有權益，並可藉著該權益對本集團行使重大影響力；或共同控制本集團；
- (ii) 該方為聯營公司；
- (iii) 該方為合營公司；
- (iv) 該方為本公司或其母公司的主要管理人員其中一名成員；
- (v) 該方為(i)或(iv)所述的任何人士的家族近親；
- (vi) 該方為一家實體，直接或間接受(iv)或(v)所述的任何人士控制或共同控制，或(iv)或(v)所述之任何人士直接或間接對該實體行使重大影響力或擁有重大投票權；或
- (vii) 該方為終止僱用後福利計劃，乃為本集團或屬於其關連人士的任何實體的僱員福利而設。

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (x) Segment reporting

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

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

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

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

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

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

### 3. 主要會計政策(續)

#### (x) 分部呈報

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

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

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

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

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

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 綜合財務報表附註(續)

For the year ended 31 December 2008

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (y) Impairment of assets

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

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

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

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

### 3. 主要會計政策(續)

#### (y) 資產減值

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

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

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

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

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (z) Provisions and contingent liabilities

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

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

#### (aa) Events after the balance sheet date

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

### 3. 主要會計政策(續)

#### (z) 撥備及或然負債

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

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

#### (aa) 結算日後事項

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

#### 4. CRITICAL JUDGEMENTS AND ESTIMATES

##### Critical judgements in applying accounting policies

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

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

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

(b) *Legal titles of certain land*

As stated in note 15 to the consolidated financial statements, the titles of two parcels of land were not transferred to the Group as at 31 December 2008. Despite the fact that the Group has not obtained the relevant legal titles, the directors determine to recognise those as prepaid land lease payments, on the grounds that they expect the transfer of legal titles in future should have no major difficulties and the Group has been in substance controlling those parcels of land as at 31 December 2008.

#### 4. 關鍵判斷及估計

##### 應用會計政策時的關鍵判斷

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

(a) *可供出售金融資產的其後計量*

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

(b) *若干土地的法定業權*

誠如綜合財務報表附註15所述，兩幅土地的業權於二零零八年十二月三十一日尚未轉讓予本集團。儘管本集團尚未獲得有關法定業權，但由於董事預期未來轉讓法定業權應無重大困難且本集團實質上控制該等土地，因此董事決定於二零零八年十二月三十一日將該等業權確認為預付土地租金。

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#### 4. CRITICAL JUDGEMENTS AND ESTIMATES (continued)

##### Key resources of estimation uncertainty

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

##### (a) Allowances for inventories

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

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

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

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

#### 4. 關鍵判斷及估計(續)

##### 估計不明朗因素的主要來源

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

##### (a) 存貨撥備

董事於各結算日識別一些不再適合生產的過時及滯銷存貨項目。董事主要根據最新售價及現時經營狀況下的預計完成成本及銷售開支估計該等存貨的可變現淨值。董事於結算日對存貨逐一進行檢查，並對過時項目作出撥備。

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

##### (b) 物業、機器及設備以及折舊

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

#### 4. CRITICAL JUDGEMENTS AND ESTIMATES (continued)

##### Key resources of estimation uncertainty (continued)

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

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

(d) *Share-based payment expenses*

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

#### 4. 關鍵判斷及估計(續)

##### 估計不明朗因素的主要來源(續)

(c) 呆壞賬的減值虧損

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

(d) 以股權結算之款項開支

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

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#### 4. CRITICAL JUDGEMENTS AND ESTIMATES (continued)

##### Key resources of estimation uncertainty (continued)

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

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

(f) *Income taxes*

The Group is subject to income taxes in several jurisdictions. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

#### 4. 關鍵判斷及估計(續)

##### 估計不明朗因素的主要來源 (續)

(e) 可供出售金融資產的減值虧損

本集團可供出售金融資產包括於一間非上市公司的股本權益。由於沒有活躍市場報價，且董事認為不能可靠地計量其公平值，故該投資按成本列賬。董事透過參考該項非上市投資的財務報表中的資產淨值估計減值虧損。該項投資的資產於日後的可收回金額與有關估計的任何差異均會對減值虧損造成影響。

(f) 所得稅

本集團於多個司法權區須繳納所得稅。於釐定所得稅撥備時需要作出重大估計。於日常業務過程中大量交易及計算之最終稅項均屬不確定。倘若該等事項之最終稅項結果與初步記錄之金額不同，該差異將影響該決定作出期間之所得稅及遞延稅項撥備。



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 綜合財務報表附註(續)

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## 5. FINANCIAL RISK MANAGEMENT

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

### (a) Foreign currency risk

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

At 31 December 2008, if the HK\$ had weakened 1 per cent against the USD with all other variables held constant, consolidated profit after tax for the year would have been approximately HK\$2,363,000 (2007: HK\$1,275,000) higher, arising mainly as a result of the foreign exchange gain on foreign currency forward contracts and trade receivables denominated in USD. If the HK\$ had strengthened 1 per cent against the USD with all other variables held constant, consolidated profit after tax for the year would have been approximately HK\$9,180,000 (2007: HK\$4,427,000) lower, arising mainly as a result of the foreign exchange loss on foreign currency forward contracts and trade receivables denominated in USD.

## 5. 財務風險管理

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

### (a) 外匯風險

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

於二零零八年十二月三十一日，倘港元兌美元貶值1%，而其他所有變數維持不變，則年內除稅後綜合溢利將增加約2,363,000港元(二零零七年：1,275,000港元)，主要由於以美元計值的外匯遠期合約及貿易應收款項產生外匯收益所致。倘港元兌美元升值1%，而其他所有變數維持不變，則年內除稅後綜合溢利將減少約9,180,000港元(二零零七年：4,427,000港元)，主要由於以美元計值的外匯遠期合約及貿易應收款項產生外匯虧損所致。

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## 5. FINANCIAL RISK MANAGEMENT (continued)

### (a) Foreign currency risk (continued)

At 31 December 2008, if the HK\$ had weakened 10 per cent against the RMB with all other variables held constant, consolidated profit after tax would have been approximately HK\$8,108,000 (2007: HK\$275,000) higher, arising mainly as a result of the foreign exchange gain on foreign currency forward contracts. If the HK\$ had strengthened 10 per cent against the RMB with all other variables held constant, consolidated profit after tax would have been approximately HK\$11,540,000 (2007: HK\$3,329,000) lower, arising mainly as a result of the foreign exchange loss on foreign currency forward contracts.

### (b) Credit risk

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

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

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

		2008 二零零八年 %	2007 二零零七年 %
		百分比	百分比
Due from the Group's largest customer	應收本集團最大客戶款項	18	25
Due from the Group's five largest customers	應收本集團五大客戶款項	52	72

## 5. 財務風險管理(續)

### (a) 外匯風險(續)

於二零零八年十二月三十一日，倘港元兌人民幣貶值10%，而其他所有變數維持不變，則年內除稅後綜合溢利將增加約8,108,000港元(二零零七年：275,000港元)，主要由於以人民幣計值的外匯遠期合約產生外匯收益所致。倘港元兌人民幣升值10%，而其他所有變數維持不變，則年內除稅後綜合溢利將減少約11,540,000港元(二零零七年：3,329,000港元)，主要由於外匯遠期合約產生的外匯虧損所致。

### (b) 信貸風險

本集團訂有政策，以確保只向信貸記錄良好的客戶銷售產品。

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

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 綜合財務報表附註(續)

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## 5. FINANCIAL RISK MANAGEMENT (continued)

### (b) Credit risk (continued)

The credit risk on pledged bank deposits, bank and cash balances and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

### (c) Liquidity risk

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

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

## 5. 財務風險管理(續)

### (b) 信貸風險(續)

由於交易對手方均為國際信貸評級機構評定具有高信貸評級的銀行，故已抵押銀行存款、銀行及現金結餘及衍生金融工具的信貸風險有限。

### (c) 流動資金風險

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

本集團金融負債的到期分析如下：

		Less than 1 year 少於一年 HK\$'000 千港元	Between 1 and 2 years 一至兩年 HK\$'000 千港元	Between 2 and 5 years 二至五年 HK\$'000 千港元	Over 5 years 超過五年 HK\$'000 千港元
<b>At 31 December 2008</b>	<b>於二零零八年 十二月三十一日</b>				
Long term borrowings	長期借款	9,877	8,093	7,553	—
Obligations under finance leases	融資租約 承擔	14,174	10,883	8,505	—
Short term borrowings	短期借款	25,514	—	—	—
Other payables and accruals	其他應付款項及 應計費用	27,134	—	—	—
Trade payables	貿易應付款項	53,306	—	—	—
Due to a related company	應付關連公司款項	792	—	—	—
Financial liabilities at fair value through profit or loss	按公平值計入 損益賬的 金融負債	3,047	—	—	—
<b>At 31 December 2007</b>	<b>於二零零七年 十二月三十一日</b>				
Long term borrowings	長期借款	6,180	5,630	3,837	—
Obligations under finance leases	融資租約 承擔	7,166	4,658	—	—
Short term borrowings	短期借款	68,932	—	—	—
Other payables and accruals	其他應付款項 及應計費用	27,555	—	—	—
Trade payables	貿易應付款項	61,381	—	—	—
Due to a related company	應付關連公司款項	806	—	—	—
Due to an associate	應付聯營公司款項	4,246	—	—	—

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## 5. FINANCIAL RISK MANAGEMENT (continued)

### (d) Interest rate risk

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

At 31 December 2008, if interest rates at that date had been 10 basis points lower with all other variables held constant, consolidated profit after tax for the year would have been approximately HK\$7,000 higher, arising mainly as a result of lower interest expenses on bank and other borrowings but partly offset by lower interest income on bank and cash balances. If interest rates had been 100 basis points higher, with all other variables held constant, consolidated profit after tax for the year would have been approximately HK\$68,000 lower, arising mainly as a result of higher interest expenses on bank and other borrowings but partly offset by higher interest income on bank and cash balances.

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

### (e) Fair values

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

## 5. 財務風險管理(續)

### (d) 利率風險

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

於二零零八年十二月三十一日，倘當日的利率下跌10個基點，而其他所有變數維持不變，則年內除稅後綜合溢利將增加約7,000港元，主要由於銀行及其他借款的利息開支減少所致，惟部份影響會由銀行及現金結餘的利息收入減少所抵銷。倘利率上升100個基點，而其他所有變數維持不變，則年內除稅後綜合溢利將減少約68,000港元，主要由於銀行及其他借款的利息開支增加所致，惟部份影響會由銀行及現金結餘的利息收入增加所抵銷。

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

### (e) 公平值

綜合資產負債表所列的本集團金融資產及金融負債的賬面值與其各自的公平值相若。

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 綜合財務報表附註(續)

For the year ended 31 December 2008  
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#### 6. TURNOVER AND SEGMENT INFORMATION

##### (a) Turnover

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

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

#### 6. 營業額及分部資料

##### (a) 營業額

本集團主要從事生產及銷售鋅、鎂及鋁合金壓鑄零部件業務。

營業額指於年內銷售貨品的已收及應收款項淨額(已扣除退貨及給予客戶的折扣)。

		2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元
Sales of goods	銷售貨品	685,134	752,749

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 綜合財務報表附註(續)

For the year ended 31 December 2008  
截至二零零八年十二月三十一日止年度

### 6. TURNOVER AND SEGMENT INFORMATION (continued)

#### (b) Business segments

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

### 6. 營業額及分部資料(續)

#### (b) 業務分部

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

		Zinc alloy die casting components 鋅合金 壓鑄件 HK\$'000 千港元	Magnesium alloy die casting components 鎂合金 壓鑄件 HK\$'000 千港元	Aluminium alloy die casting components 鋁合金 壓鑄件 HK\$'000 千港元	Consolidated 綜合 HK\$'000 千港元
<b>Income statement</b>	<b>損益表</b>				
Year ended 31 December 2008	截至二零零八年 十二月三十一日				
Turnover	營業額	382,797	128,489	173,848	685,134
Segment results	分部業績	22,841	15,343	4,171	42,355
Unallocated other income	不分類其他收入				2,687
Unallocated expenses	不分類其他開支				(20,471)
Profit from operations	經營溢利				24,571
Finance costs	融資成本				(2,449)
Share of loss of a jointly controlled entity	分佔共同控制實體 虧損				(1,292)
Impairment loss on available-for-sale financial assets	可供出售金融 資產之減值虧損				(6,303)
Profit before tax	除稅前溢利				14,527
<b>Balance sheet</b>	<b>資產負債表</b>				
At 31 December 2008	於二零零八年 十二月三十一日				
Segment assets	分部資產	213,629	155,075	120,440	489,144
Investment in a jointly controlled entity	對共同控制實體的 投資	-	7,470	-	7,470
Unallocated assets	不分類資產				213,671
Total assets	資產總額				710,285
Segment liabilities	分部負債	50,032	14,016	18,804	82,852
Unallocated liabilities	不分類負債				87,793
Total liabilities	負債總額				170,645
<b>Other segment information:</b>	<b>其他分部資料:</b>				
Capital expenditure	資本開支	18,466	21,446	12,194	52,106
Unallocated amounts	不分類數額				56,827
					108,933
Depreciation	折舊	11,933	9,439	9,684	31,056
Unallocated amounts	不分類數額				1,451
					32,507
Other non-cash expenses other than depreciation and amortisation	折舊及攤銷以外的 其他非現金 開支	769	1,215	215	2,199

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 綜合財務報表附註(續)

For the year ended 31 December 2008  
截至二零零八年十二月三十一日止年度

### 6. TURNOVER AND SEGMENT INFORMATION (continued)

### 6. 營業額及分部資料(續)

#### (b) Business segments (continued)

#### (b) 業務分部(續)

		Zinc alloy die casting components 鋅合金 壓鑄件 HK\$'000 千港元	Magnesium alloy die casting components 鎂合金 壓鑄件 HK\$'000 千港元	Aluminium alloy die casting components 鋁合金 壓鑄件 HK\$'000 千港元	Consolidated 綜合 HK\$'000 千港元
<b>Income statement</b>	<b>損益表</b>				
Year ended 31 December 2007	截止二零零七年 十二月三十一日止年度				
Turnover	營業額	551,812	112,184	88,753	752,749
Segment results	分部業績	64,298	19,395	1,335	85,028
Unallocated other income	不分類其他收入				8,769
Unallocated expenses	不分類開支				(16,396)
Profit from operations	經營溢利				77,401
Finance costs	融資成本				(5,995)
Share of loss of an associate	分佔聯營公司虧損	(1,401)	-	-	(1,401)
Share of loss of a jointly controlled entity	分佔共同控制 實體虧損	-	(281)	-	(281)
Impairment loss on available-for-sale financial assets	可供出售金融資產之 減值虧損				(2,000)
Profit before tax	除稅前溢利				67,724
<b>Balance sheet</b>	<b>資產負債表</b>				
At 31 December 2007	於二零零七年 十二月三十一日				
Segment assets	分部資產	258,767	107,337	96,398	462,502
Investment in an associate	對聯營公司的投資	1,115	-	-	1,115
Investment in a jointly controlled entity	對共同控制實體 的投資	-	8,259	-	8,259
Unallocated assets	不分類資產				246,520
Total assets	資產總額				718,396
Segment liabilities	分部負債	66,659	11,007	17,563	95,229
Unallocated liabilities	不分類負債				103,604
Total liabilities	負債總額				198,833
<b>Other segment information:</b>	<b>其他分部資料:</b>				
Capital expenditure	資本開支	19,640	21,265	23,616	64,521
Unallocated amounts	不分類數額				30,445
					94,966
Depreciation	折舊	11,574	6,433	3,705	21,712
Unallocated amounts	不分類數額				930
					22,642
Other non-cash expenses other than depreciation and amortisation	折舊及攤銷以外的 其他非現金 開支	442	872	23	1,337

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 綜合財務報表附註(續)

For the year ended 31 December 2008  
截至二零零八年十二月三十一日止年度

### 6. TURNOVER AND SEGMENT INFORMATION (continued)

#### (c) Geographical segments

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

		Revenue 收益		Total assets 總資產		Capital expenditure 資本開支	
		2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元
Hong Kong	香港	413,821	467,357	154,140	289,897	670	2,759
The PRC	中國	78,943	76,123	556,145	428,499	108,263	92,207
Japan	日本	90,934	93,394	-	-	-	-
Others	其他	101,436	115,875	-	-	-	-
		<b>685,134</b>	<b>752,749</b>	<b>710,285</b>	<b>718,396</b>	<b>108,933</b>	<b>94,966</b>

### 6. 營業額及分部資料(續)

#### (c) 地區分部

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

### 7. OTHER INCOME

### 7. 其他收入

		2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元
Interest income	利息收入	2,661	4,219
Interest income from subscription monies upon public offering	公開發售所得認購款項的利息收入	-	383
Rental income	租金收入	68	116
Sales of scrap materials	廢料銷售	1,272	1,970
Product development fee income	產品開發費用收入	24	102
Gain on financial assets at fair value through profit or loss	按公平值計入損益賬的金融資產收益	-	3,862
Gain on disposal of listed securities	出售上市證券收益	2	188
Management fee from an associate	來自聯營公司的管理費	-	156
Others	其他	683	209
		<b>4,710</b>	<b>11,205</b>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 綜合財務報表附註(續)

For the year ended 31 December 2008  
截至二零零八年十二月三十一日止年度

#### 8. FINANCE COSTS

#### 8. 融資成本

		2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元
Interest expenses on bank overdraft and loans	銀行透支及貸款 利息開支	1,333	4,875
Finance lease charges	融資租約支出	1,116	1,120
		<b>2,449</b>	<b>5,995</b>

#### 9. INCOME TAX EXPENSE

#### 9. 所得稅開支

		2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元
Current tax — Hong Kong Profits Tax Provision for the year	即期稅項 — 香港利得稅 本年度撥備	5,290	8,808
(Over)/under-provision in prior years	過往年度(超額撥備)/ 撥備不足	(69)	267
Current tax — PRC enterprise income tax Provision for the year	即期稅項 — 中國企業所得稅 本年度撥備	191	1,098
Under-provision in prior years	過往年度撥備不足	—	6
Deferred tax (note 32)	遞延稅項(附註32)	480	—
		<b>5,892</b>	<b>10,179</b>

Hong Kong Profits Tax has been provided at a rate of 16.5% (2007: 17.5%) on the estimated assessable profits of Hong Kong incorporated subsidiaries for the year ended 31 December 2008. Two of the Hong Kong incorporated subsidiaries, Ka Fung Metal Manufactory Company Limited ("Ka Fung Metal") and Wing Yu (Far East) Industries Company Limited ("Wing Yu"), are within the scope of the Departmental Interpretation Practice Note No. 21 issued by the Inland Revenue Department of Hong Kong, that they conducted their manufacturing operations by entering into processing arrangements with the processing factories in the PRC, and hence 50% of the adjusted profits were treated as offshore and not taxable in Hong Kong.

截至二零零八年十二月三十一日止年度之香港利得稅根據香港註冊附屬公司之估計應課稅溢利以稅率16.5%(二零零七年:17.5%)作出撥備。兩間香港註冊附屬公司嘉豐金屬製品廠有限公司(「嘉豐金屬」)及永裕(遠東)實業有限公司(「永裕」)乃藉與中國的加工廠訂立加工安排進行生產業務,生產模式屬香港稅務局頒佈的稅務局釋義及執行指引第21號界定的範圍,故其經調整溢利50%視為離岸溢利,毋須在香港納稅。

For the year ended 31 December 2008  
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## 9. INCOME TAX EXPENSE (continued)

In December 2006, one of the subsidiaries of the Group, MG Technology (Shenzhen) Company Limited (“MG Technology”) was recognised as a “New and High Technology Enterprise” by Shenzhen Municipal Technology and Information Bureau, and its 50% tax relief was extended for another three years commencing from January 2007. As a result, it was entitled to a 50% relief (should not be lower than 10%) from PRC enterprise income tax (“EIT”) for the year ended 31 December 2007. The tax rate applicable to this subsidiary in the PRC, after the 50% relief, was 10%.

The new PRC EIT Law passed by the Tenth National People’s Congress on 16 March 2007 introduces various changes which include the unification of the EIT rate for domestic and foreign enterprises at 25%. The new tax law was effective from 1 January 2008.

From 2008 onwards, the tax rate of MG Technology would be subject to the transitional arrangements under the new PRC EIT Law effective on 1 January 2008.

According to 國發[2007]第39號 (Guofa[2007]39) issued by the State Council dated 26 December 2007, regarding enterprises established and operating in Shenzhen Special Economic Zone, the applicable EIT rates are as follows:

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

Since MG Technology has not yet obtained the Technologically High and New Enterprises qualification under the new PRC EIT Law, it would therefore be subject to 18% EIT rate in 2008.

Ka Shui Technology (Huizhou) Company Limited (“Ka Shui Huizhou”) and Ka Yi Technology (Huizhou) Company Limited (“Ka Yi Huizhou”) have no assessable profits since their establishment and hence no provisions were made during the year.

## 9. 所得稅開支(續)

於二零零六年十二月，本集團附屬公司之一創金美科技(深圳)有限公司(「創金美科技」)獲深圳市科技和信息局確定為「高新技術企業」，其稅項減半優惠獲進一步延長三年，由二零零七年一月開始。因此，其截至二零零七年十二月三十一日止年度的中國企業所得稅(「企業所得稅」)獲減半(惟不得少於10%)。適用於該中國的附屬公司之稅率經減半後為10%。

於二零零七年三月十六日第十屆全國人民代表大會上通過之新中國企業所得稅法引進多項變動包括統一內外資企業之企業所得稅率為25%。新稅法於二零零八年一月一日起生效。

由二零零八年起，創金美科技之稅率將視乎於二零零八年一月一日起生效之新中國企業所得稅法之過渡性安排。

根據國務院於二零零七年十二月二十六日就於深圳經濟特區成立及經營之企業頒佈之國發[2007]第39號，適用之企業所得稅率如下：

由於創金美科技並未在新中國企業所得稅法下取得高新技術企業資格，因此它於二零零八年須按18%企業所得稅率繳稅。

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 綜合財務報表附註(續)

For the year ended 31 December 2008  
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#### 9. INCOME TAX EXPENSE (continued)

No provision for income tax in jurisdiction other than Hong Kong and the PRC has been made as the Group has no assessable profit subject to overseas income tax for the year ended 31 December 2008 (2007: Nil).

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

#### 9. 所得稅開支(續)

由於本集團於截至二零零八年十二月三十一日止年度並無海外所得稅規限之應課稅溢利(二零零七年：無)，故毋須於香港及中國以外地區之司法管轄區就所得稅作出撥備。

所得稅開支與除稅前溢利乘以香港利得稅稅率計算所得結果的對賬如下：

		2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元
Profit before tax	除稅前溢利	14,527	67,724
Tax at Hong Kong profits tax rate at 16.5% (2007: 17.5%)	按香港利得稅稅率16.5% (二零零七年：17.5%) 計算的稅項	2,397	11,852
Tax effect of expenses that are not deductible	不可扣稅開支的稅務影響	3,169	2,078
Tax effect of income that is not taxable	毋須課稅收入的稅務影響	(106)	(217)
Tax effect of temporary differences not recognised	未確認暫時差異的稅務影響	2,632	240
(Over)/under-provision in previous year	過往年度(超額撥備)/撥備不足	(69)	273
(Under)/over-provision for current year	本年度(撥備不足)/超額撥備	(574)	260
Tax effect of profit that is not taxable under tax holidays	稅務減免期毋須課稅溢利的稅務影響	-	(1,219)
Tax effect of change in tax rate	稅率變動的稅務影響	-	(259)
Effect of different tax rates of subsidiaries	附屬公司稅率不同的稅務影響	(1,557)	(2,829)
Income tax expense	所得稅開支	5,892	10,179

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 綜合財務報表附註(續)

For the year ended 31 December 2008  
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### 10. PROFIT FOR THE YEAR

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

### 10. 年內溢利

本集團年內之溢利已扣除／(計入)  
下列各項：

	2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元
Allowance for doubtful debt	224	803
Allowance for inventories (included in cost of inventories sold)	1,108	534
Auditor's remuneration	752	782
Bad debts written off	867	-
Cost of inventories sold	523,172	559,909
Depreciation of property, plant and equipment	32,507	22,642
Loss/(gain) on disposal of property, plant and equipment	74	(101)
Loss on financial liabilities at fair value through profit or loss	1,487	-
Impairment loss on available-for-sale financial assets	6,303	2,000
Listing expenses	-	2,161
Net exchange gain	(2,794)	(1,647)
Operating lease charges in respect of land and buildings	2,316	1,540
Research and development expenditure	6,717	4,354
Staff costs:		
Directors' emoluments (note 11(a))	9,594	8,939
Wages and salaries	124,007	89,610
Equity-settled share-based payments (excluding directors)	4,725	3,376
Others staff benefits	4,279	3,606
Retirement benefits scheme contributions (excluding directors)	5,689	7,536
	<b>148,294</b>	<b>113,067</b>

Cost of inventories sold includes staff costs, depreciation and operating lease charges of approximately HK\$128,230,000 (2007: HK\$90,726,000), which are included in the amounts disclosed separately.

Research and development expenditure includes staff costs of approximately HK\$2,580,000 (2007: HK\$1,290,000), which are included in the amounts disclosed separately.

已已售存貨成本包括員工成本、折舊及經營租約租金約128,230,000港元(二零零七年: 90,726,000港元)，彼等已各自分別披露。

研發支出中包括獨立披露的員工成本約2,580,000港元(二零零七年: 1,290,000港元)。

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 綜合財務報表附註(續)

For the year ended 31 December 2008  
截至二零零八年十二月三十一日止年度

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

### 11. 董事(主要管理人員)酬金及最高薪僱員

#### (a) Emoluments of directors (key management personnel)

#### (a) 董事(主要管理人員)酬金

The emoluments of each director were as follows:

各董事的酬金如下：

Name of director	董事姓名	Fees	Salaries and allowances	Discretionary bonus	Share-based payments	Retirement benefit scheme contributions	Total
		袍金 HK\$'000 千港元	薪金及津貼 HK\$'000 千港元	酌情花紅 HK\$'000 千港元	以股權結算之款項 HK\$'000 千港元	退休福利計劃供款 HK\$'000 千港元	總計 HK\$'000 千港元
<b>Year ended 31 December 2008</b>		<b>截至二零零八年十二月三十一日止年度</b>					
<b>Executive directors</b>		<b>執行董事</b>					
Mr. LEE Yuen Fat	李遠發先生	-	2,491	-	384	12	2,887
Dr. KEUNG Wing Ching	姜永正博士	-	1,988	-	260	12	2,260
Mr. WONG Wing Chuen	黃永銓先生	-	962	-	260	12	1,234
Mr. CHAN Tat Cheong, Alan	陳達昌先生	-	1,300	-	247	12	1,559
Mr. ZHAO Jian	趙健先生	-	939	-	256	9	1,204
<b>Independent non-executive directors</b>		<b>獨立非執行董事</b>					
Mr. SUN Kai Lit, Cliff	孫啟烈先生BBS, BBS, JP 太平紳士	150	-	-	-	-	150
Ir Dr. LO Wai Kwok	盧偉國博士MH, MH, JP 太平紳士	150	-	-	-	-	150
Mr. YEOW Hoe Ann, John	姚和安先生	150	-	-	-	-	150
Total for 2008	二零零八年總計	450	7,680	-	1,407	57	9,594
<b>Year ended 31 December 2007</b>		<b>截至二零零七年十二月三十一日止年度</b>					
<b>Executive directors</b>		<b>執行董事</b>					
Mr. LEE Yuen Fat	李遠發先生	-	2,091	310	259	12	2,672
Dr. KEUNG Wing Ching	姜永正博士	-	1,787	265	173	12	2,237
Mr. WONG Wing Chuen	黃永銓先生	-	759	145	173	12	1,089
Mr. CHAN Tat Cheong, Alan	陳達昌先生	-	1,182	180	173	12	1,547
Mr. ZHAO Jian	趙健先生	-	770	180	173	7	1,130
<b>Independent non-executive directors</b>		<b>獨立非執行董事</b>					
Mr. SUN Kai Lit, Cliff	孫啟烈先生BBS, BBS, JP 太平紳士	88	-	-	-	-	88
Ir Dr. LO Wai Kwok	盧偉國博士MH, MH, JP 太平紳士	88	-	-	-	-	88
Mr. YEOW Hoe Ann, John	姚和安先生	88	-	-	-	-	88
Total for 2007	二零零七年總計	264	6,589	1,080	951	55	8,939

For the year ended 31 December 2008  
截至二零零八年十二月三十一日止年度

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

### (a) Emoluments of directors (key management personnel) (continued)

There were no arrangements under which a director waived or agreed to waive any emoluments during the year (2007: Nil).

### (b) Five highest paid individuals

The five highest paid individuals in the Group during the year included 5 (2007: 4) directors whose emoluments are reflected in the analysis presented above. The emoluments of the remaining individual for the year ended 31 December 2007 are set out below:

		2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元
Basic salaries and allowances	基本薪金及津貼	–	845
Discretionary bonus	酌情花紅	–	160
Share-based payments	以股權結算之款項	–	259
Retirement benefit scheme contributions	退休福利計劃供款	–	12
		–	1,276

The emoluments fell within the following band:

		Number of individuals 人數	
		2008 二零零八年	2007 二零零七年
HK\$1,000,001 to HK\$1,500,000	1,000,001 港元至 1,500,000 港元	–	1

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

## 11. 董事(主要管理人員)酬金及最高薪僱員(續)

### (a) 董事(主要管理人員)酬金(續)

年內概無董事放棄或同意放棄任何酬金的安排(二零零七年:無)。

### (b) 五名最高薪人士

本集團的五名最高薪人士包括5名(二零零七年:4名)董事,有關酬金詳情載於上文的分析。於截至二零零七年十二月三十一日止年度餘下最高薪人士的酬金如下:

酬金介乎以下範圍:

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 綜合財務報表附註(續)

For the year ended 31 December 2008  
截至二零零八年十二月三十一日止年度

## 12. DIVIDENDS

		2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元
Interim of Nil (2007: HK\$0.012) per ordinary share paid	已付每股普通股零港元 (二零零七年: 0.012港元)之 中期股息	—	10,560
Proposed final of HK\$0.006 (2007: HK\$0.009) per ordinary share paid	每股普通股0.006港元 (二零零七年: 0.009港元) 之建議末期股息	5,280	7,920
		<b>5,280</b>	<b>18,480</b>

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

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

## 13. EARNINGS PER SHARE

### Basis earnings per share

The calculation of basic earnings per share for the year ended 31 December 2008 is based on the profit attributable to equity shareholders of the Company of approximately HK\$8,635,000 (2007: HK\$57,492,000) and the weighted average number of ordinary shares of 880,000,000 (2007: 774,520,548) in issue during the year.

### Diluted earnings per share

No diluted earnings per share are presented as the Company did not have any dilutive potential ordinary share during the two years ended 31 December 2008.

## 13. 每股盈利

### 每股基本盈利

本公司股權持有人應佔的每股基本盈利乃根據截至二零零八年十二月三十一日止年度本公司股權持有人應佔的溢利約8,635,000港元(二零零七年: 57,492,000港元)及年內已發行的加權平均普通股880,000,000股(二零零七年: 774,520,548股)計算。

### 每股攤薄盈利

由於本公司在截至二零零八年十二月三十一日止之兩個年度內並無潛在攤薄股份，故沒有呈列每股攤薄盈利。

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 綜合財務報表附註(續)

For the year ended 31 December 2008  
截至二零零八年十二月三十一日止年度

### 14. PROPERTY, PLANT AND EQUIPMENT

### 14. 物業、機器及設備

		Buildings	Leasehold improvements	Plant and machinery	Computer equipment	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress	Total
		樓宇	租賃物業裝修	廠房及機器	電腦設備	傢俬、固定裝置及辦公室設備	汽車	在建工程	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
<b>Cost</b>	<b>成本</b>								
At 1 January 2007	於二零零七年一月一日	53,776	3,891	134,648	4,025	7,358	6,264	-	209,962
Additions	添置	669	58	63,678	2,415	87	1,013	27,046	94,966
Disposal	出售	-	-	(351)	-	(9)	(310)	-	(670)
Exchange difference	匯兌差額	3,017	-	7,613	28	174	262	-	11,094
At 31 December 2007 and 1 January 2008	於二零零七年十二月三十一日及二零零八年一月一日	57,462	3,949	205,588	6,468	7,610	7,229	27,046	315,352
Acquisition of a subsidiary	購入一間附屬公司	2,825	1,138	5,686	118	71	38	-	9,876
Additions	添置	2,990	1,716	47,010	477	22	1,296	55,422	108,933
Disposal	出售	-	-	(4,106)	(1,169)	(3,599)	(350)	-	(9,224)
Exchange difference	匯兌差額	2,967	-	9,207	28	171	271	2,486	15,130
At 31 December 2008	於二零零八年十二月三十一日	66,244	6,803	263,385	5,922	4,275	8,484	84,954	440,067
<b>Accumulated depreciation</b>	<b>累計折舊</b>								
At 1 January 2007	於二零零七年一月一日	5,008	1,404	49,679	2,249	5,179	3,096	-	66,615
Charge for the year	年內扣除	2,617	757	16,808	686	970	804	-	22,642
Disposal	出售	-	-	(279)	-	(5)	(264)	-	(548)
Exchange difference	匯兌差額	414	-	1,455	18	97	79	-	2,063
At 31 December 2007 and 1 January 2008	於二零零七年十二月三十一日及二零零八年一月一日	8,039	2,161	67,663	2,953	6,241	3,715	-	90,772
Charge for the year	年內扣除	3,480	1,382	24,591	1,385	532	1,137	-	32,507
Disposal	出售	-	-	(4,106)	(1,169)	(3,560)	(278)	-	(9,113)
Exchange difference	匯兌差額	500	-	1,843	21	112	99	-	2,575
At 31 December 2008	於二零零八年十二月三十一日	12,019	3,543	89,991	3,190	3,325	4,673	-	116,741
<b>Carrying amount</b>	<b>賬面值</b>								
At 31 December 2008	於二零零八年十二月三十一日	54,225	3,260	173,394	2,732	950	3,811	84,954	323,326
At 31 December 2007	於二零零七年十二月三十一日	49,423	1,788	137,925	3,515	1,369	3,514	27,046	224,580

The carrying amount of property, plant and equipment pledged as security for the Group's banking facilities amounted to approximately HK\$2,527,000 (2007: HK\$2,592,000).

The Group leases plant and machinery and motor vehicles under finance leases expiring from 3 to 5 years. None of the leases include contingent rentals.

The net carrying amount of plant and machinery and motor vehicles held by the Group under finance leases amounted to approximately HK\$45,283,000 (2007: HK\$20,550,000).

賬面值約為2,527,000港元(二零零七年: 2,592,000港元)的物業、機器及設備已經抵押, 作為本集團的銀行信貸擔保。

本集團按融資租約租用機器及汽車, 為期三至五年。租約並不包括或然租金。

本集團按融資租約所持機器及汽車的賬面值約為45,283,000港元(二零零七年: 20,550,000港元)。



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 綜合財務報表附註(續)

For the year ended 31 December 2008  
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#### 15. PREPAID LAND LEASE PAYMENTS

#### 15. 預付土地租金

		2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元
At 1 January	於一月一日	33,893	10,544
Additions	添置	-	23,040
Amortisation of prepaid land lease payments	預付土地租金攤銷	(269)	(260)
Exchange difference	匯兌差額	2,001	569
At 31 December	於十二月三十一日	<b>35,625</b>	33,893

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

本集團預付土地租金分析如下：

		2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元
In Hong Kong: Medium-term leases	香港境內： 中期租賃	634	650
Outside Hong Kong: Medium-term leases	香港境外： 中期租賃	34,991	33,243
		<b>35,625</b>	33,893

The carrying amount of prepaid land lease payments pledged as security for the Group's banking facilities amounted to approximately HK\$634,000 (2007: HK\$650,000).

賬面值約為634,000港元(二零零七年：650,000港元)的預付土地租金已經抵押，作為本集團所獲銀行信貸的擔保。

Included in prepaid land lease payments are two parcels of land amounted to approximately HK\$24,493,000 (2007: HK\$23,040,000) of which the Group is in the process of applying for the land use rights certificates, which have not yet been issued by the relevant government authority.

預付土地租金包括兩幅金額合共為24,493,000港元(二零零七年：23,040,000港元)之土地，本集團正在為其申請土地使用權證書，惟該等證書尚未獲有關政府機關發出。

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 綜合財務報表附註(續)

For the year ended 31 December 2008  
截至二零零八年十二月三十一日止年度

### 16. INVESTMENT IN AN ASSOCIATE

### 16. 對聯營公司的投資

		2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元
Unlisted investment	非上市投資		
Share of net assets	應佔資產淨值	-	1,115

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

於二零零七年十二月三十一日本集團聯營公司詳情如下：

Name 公司	Place of incorporation 註冊成立地點	Issued and paid up capital 已發行及繳足股本	Percentage of ownership interest 應佔權益百分比	Principal activities 主要業務
Wing Yu	Hong Kong	100,000 ordinary shares of HK\$1 each	40%	Provision of surface finishing treatment services
永裕	香港	100,000股每股面值1港元的普通股	40%	提供表面處理服務

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

有關本集團聯營公司的財務資料概要如下：

		2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元
At 31 December	於十二月三十一日		
Total assets	資產總額	-	27,816
Total liabilities	負債總額	-	25,029
Net assets	資產淨值	-	2,787
Group's share of the associate's net assets	本集團應佔聯營公司之資產淨值	-	1,115

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 綜合財務報表附註(續)

For the year ended 31 December 2008  
截至二零零八年十二月三十一日止年度

#### 16. INVESTMENT IN AN ASSOCIATE (continued)

#### 16. 對聯營公司的投資(續)

		2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元
Year ended 31 December	截至十二月三十一日止年度		
Total revenue	收益總額	-	45,286
Total loss for the year	年內虧損總額	-	(3,502)
Group's share of the associate's loss for the year	本集團分佔聯營公司之 年內虧損	-	(1,401)

The Group acquired the remaining 60% equity interest of Wing Yu during the year. The acquisition was effective on 1 January 2008. After the acquisition, Wing Yu has become a wholly-owned subsidiary of the Group (note 36(b)).

本集團於年內收購永裕60%股權。收購已於二零零八年一月一日完成。於收購後，永裕已成為本集團全資擁有附屬公司(附註36(b))。

#### 17. INVESTMENT IN A JOINTLY CONTROLLED ENTITY

#### 17. 對共同控制實體的投資

		2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元
Unlisted investment	非上市投資		
Share of net assets	應佔資產淨值	7,470	8,259

Details of the jointly controlled entity at 31 December 2008 are as follows:

於二零零八年十二月三十一日本集團之共同控制實體詳情如下：

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 綜合財務報表附註(續)

For the year ended 31 December 2008  
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#### 17. INVESTMENT IN A JOINTLY CONTROLLED ENTITY (continued)

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

		2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元
<i>At 31 December</i>	<i>於十二月三十一日</i>		
Current assets	流動資產	2,798	3,754
Non-current assets	非流動資產	5,386	4,577
Current liabilities	流動負債	(714)	(72)
Net assets	資產淨值	7,470	8,259
<i>Year ended 31 December</i>	<i>截至十二月三十一日止年度</i>		
Turnover	營業額	2,818	838
Other income	其他收入	34	-
Expenses	開支	4,144	1,119
Group's share of loss of the jointly controlled entity for the year	本集團分佔共同控制實體之年內虧損	(1,292)	(281)

#### 17. 對共同控制實體的投資 (續)

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

#### 18. AVAILABLE-FOR-SALE FINANCIAL ASSETS

		2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元
Unlisted equity, at cost	非上市股本(按成本計算)	8,303	8,303
Impairment loss	減值虧損	(8,303)	(2,000)
		-	6,303

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

#### 18. 可供出售金融資產

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 綜合財務報表附註(續)

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

At 31 December 2008, included in deposits paid for acquisition of property, plant and equipment and prepaid land lease payments was a deposit of HK\$9.8 million (2007: HK\$6.5 million) paid to a related company, Chit Shun Machinery Limited, for the acquisition of machinery.

#### 19. 預付購買物業、機器及設備及預付土地租金之按金

於二零零八年十二月三十一日，就預付購買物業、機器及設備及預付土地租金之按金包括就購買機器而向一間關連公司捷迅機械設備有限公司支付之按金約9,800,000港元(二零零七年：6,500,000港元)。

#### 20. INVENTORIES

#### 20. 存貨

		2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元
Raw materials	原材料	62,831	52,708
Consumables supplies and spare parts	消耗品及備用零部件	6,070	4,324
Work in progress	在製品	26,719	34,997
Finished goods	製成品	30,604	26,849
		126,224	118,878
Less: Allowance for inventories	減：存貨撥備	(1,108)	(534)
		125,116	118,344

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## 21. TRADE RECEIVABLES

The Group's trading terms with customers are mainly on credit. The credit terms generally ranged from 30 to 90 days (2007: 30 to 75 days). Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors. The ageing analysis of trade receivables, based on the invoice date, and net of allowance, is stated as follows:

		2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元
0 to 30 days	零至30日	52,245	71,339
31 to 60 days	31日至60日	21,572	24,150
61 to 90 days	61日至90日	13,983	8,910
91 to 180 days	91日至180日	9,084	9,286
Over 180 days	180日以上	561	1,806
		<b>97,445</b>	<b>115,491</b>

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

		2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元
HK\$	港元	10,289	21,031
USD	美元	69,248	76,676
RMB	人民幣	16,194	16,141
Others	其他	1,714	1,643
		<b>97,445</b>	<b>115,491</b>

At 31 December 2008, an allowance was made for estimated irrecoverable trade receivables of approximately HK\$1,053,000 (2007: HK\$803,000).

## 21. 貿易應收款項

本集團與客戶之交易大部分以信貸方式進行。信貸期通常為30日至90日不等(二零零七年: 30日至75日)。各客戶均有最高信貸限額。本集團致力嚴格控制其未收取之應收款項。董事對逾期欠款進行定期檢查。基於發票日期之貿易應收款項(扣除折扣)之賬齡分析如下:

貿易應收款項賬面值乃以下列貨幣為單位:

於二零零八年十二月三十一日, 已就估計無法收回之貿易應收款項作出的撥備約1,053,000港元(二零零七年: 803,000港元)。

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 綜合財務報表附註(續)

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#### 21. TRADE RECEIVABLES (continued)

At 31 December 2008, trade receivables of approximately HK\$38,609,000 (2007: HK\$45,440,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables, based on the due date, is as follows:

		2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元
Up to 3 months	3個月以內	34,861	37,624
4 to 6 months	4至6個月	2,655	6,472
Over 6 months	6個月以上	1,093	1,344
		<b>38,609</b>	45,440

#### 21. 貿易應收款項(續)

於二零零八年十二月三十一日，約38,609,000港元(二零零七年：45,440,000港元)的貿易應收款項為逾期但無減值撥備。該等款項與眾多最近並無拖欠紀錄的獨立客戶有關。逾期貿易應收款項根據到期日的賬齡分析如下：

#### 22. FINANCIAL (LIABILITIES)/ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

		2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元
Foreign currency forward contracts	遠期外匯合約	(3,047)	3,277

#### 22. 按公平值計入損益賬之金融(負債)/資產

The carrying amounts of the above financial (liabilities)/assets are classified as held for trading.

上述金融(負債)/資產賬面值列為持作買賣類別。

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## 22. FINANCIAL (LIABILITIES)/ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

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

		2008 二零零八年		2007 二零零七年	
		Notional amount 名義金額	HK\$ equivalent 港元等值	Notional amount 名義金額	HK\$ equivalent 港元等值
Sales of HK\$ in exchange for USD	沽出港元 買入美元	USD18 million 18,000,000 美元	140.4 million 140,400,000 元	USD28 million 28,000,000 美元	218.4 million 218,400,000 元
Sales of USD in exchange for HK\$	沽出美元 買入港元	USD34 million 34,000,000 美元	265.2 million 265,200,000 元	USD22 million 22,000,000 美元	171.6 million 171,600,000 元
Sales of USD in exchange for RMB	沽出美元 買入人民幣	USD39 million 39,000,000 美元	304.2 million 304,200,000 元	USD6 million 6,000,000 美元	46.8 million 46,800,000 元
Sales of RMB in exchange for USD	沽出人民幣 買入美元	USD2 million 2,000,000 美元	15.6 million 15,600,000 元	-	-

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

## 23. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

At 31 December 2007, included in prepayments, deposits and other receivables was an amount due from a jointly controlled entity of approximately HK\$120,000. At 31 December 2008, there was no amount due from a jointly controlled entity that was included in prepayments, deposits and other receivables.

## 22. 按公平值計入損益賬之金融(負債)/資產(續)

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

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

## 23. 預付款項、按金及其他應收款項

於二零零七年十二月三十一日，預付款項、按金及其他應收款項包括應收共同控制實體的款項約120,000港元。於二零零八年十二月三十一日，預付款項、按金及其他應收款項沒有應收共同控制實體的款項。



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 綜合財務報表附註(續)

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#### 24. DUE FROM/(TO) AN ASSOCIATE

At 31 December 2007, the amounts due from/(to) an associate was unsecured, interest-free and had no fixed repayment terms, except for an advance to the associate of HK\$1,000,000 which bore interest at Hong Kong Interbank Offer Rate plus 2% per annum.

#### 25. PLEDGED BANK DEPOSITS AND BANK AND CASH BALANCES

The Group's pledged bank deposits represented deposits pledged to banks to secure banking facilities granted to the Group as set out in note 31 to the consolidated financial statements. The deposits were denominated in HK\$ and arranged at floating interest rates ranging from 2.0% to 2.8% per annum (2007: 2.8% to 3.1% per annum) and therefore are subject to cash flow interest rate risk.

Bank and cash balances amounted to approximately HK\$25,944,000 (2007: HK\$12,770,000) were denominated in RMB. Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations.

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

		2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元
HK\$	港元	34,570	131,926
USD	美元	13,618	19,838
RMB	人民幣	25,944	12,770
Others	其他	808	1,505
		<b>74,940</b>	<b>166,039</b>

The bank and cash balances earned interest at floating interest rates ranging from 0.01% to 2.8% per annum (2007: 0.3% to 3.4% per annum).

#### 24. 應收／應付聯營公司款項

於二零零七年十二月三十一日，應收／付聯營公司款項均為無抵押、免息且無固定還款期，惟向聯營公司提供的借款1,000,000港元則每年按香港銀行同業拆息另加2%計息。

#### 25. 已抵押銀行存款與銀行及現金結餘

本集團已抵押銀行存款指載於綜合財務報表附註31有關本集團為取得銀行信貸而抵押予銀行的存款。該等存款以港元為單位，以年利率2.0%至2.8%（二零零七年：2.8%至3.1%）的浮動利率計息，故須承受現金流量利率風險。

銀行及現金結餘約25,944,000港元（二零零七年：12,770,000港元）以人民幣為單位。人民幣兌換外幣受中國外匯管理條例及結匯、售匯及付匯管理規定所限制。

銀行及現金結餘之賬面值以下列貨幣為單位：

銀行及現金結餘以浮動利率由年利率0.01%至2.8%賺取利息（二零零七年：年利率0.3%至3.4%）。

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 綜合財務報表附註(續)

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#### 26. TRADE PAYABLES

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

		2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元
0 to 30 days	零至30日	26,826	29,807
31 to 60 days	31日至60日	16,343	26,299
61 to 90 days	61日至90日	7,180	2,597
91 to 180 days	91日至180日	1,306	1,249
Over 180 days	180日以上	1,651	1,429
		<b>53,306</b>	<b>61,381</b>

貿易應付款項按收貨日期計算的賬齡分析如下：

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

		2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元
HK\$	港元	6,206	15,668
USD	美元	6,483	5,159
RMB	人民幣	39,126	38,703
Others	其他	1,491	1,851
		<b>53,306</b>	<b>61,381</b>

貿易應付款項賬面值以下列貨幣為單位：

Included in trade payables is an amount of approximately HK\$804,000 (2007: Nil) due to a jointly controlled entity.

貿易應付款項包括應付共同控制實體約804,000港元(二零零七年：無)。

#### 27. DUE TO A RELATED COMPANY

Particulars of the amount due to a related company are as follows:

		2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元
Chit Shun Machinery Limited	捷迅機械設備有限公司	792	806

#### 27. 應付關連公司款項

應付關連公司款項詳情如下：

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 綜合財務報表附註(續)

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#### 27. DUE TO A RELATED COMPANY (continued)

The amount due to a related company is unsecured, interest free and repayable on demand. Mr. Lee has significant influence in the related company.

#### 27. 應付關連公司款項(續)

應付關連公司的款項為無抵押、免息及須在要求時即期償還。李先生在關連公司擁有重大影響力。

#### 28. SHORT TERM BORROWINGS

	2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元
Short term bank loans (note 31) 短期銀行貸款(附註31)	25,000	68,555
Bank overdraft (note 31) 銀行透支(附註31)	439	-
	<b>25,439</b>	<b>68,555</b>

#### 28. 短期借款

Short term bank loans were arranged at floating interest rates ranging from 1.9% to 2.3% per annum (2007: 4.8% to 5.4% per annum) and exposed the Group to cash flow interest rate risk. Short term bank loans were secured by the Group's fixed deposits, properties, corporate guarantees provided by the Company and certain subsidiaries of the Company (2007: the Group's fixed deposits, properties, corporate guarantees provided by the Company and certain subsidiaries of the Company, and personal guarantees provided by Mr. Lee).

The carrying amounts of the short term bank loans are denominated in HK\$.

短期銀行貸款的浮動年利率分別為1.9%至2.3%(二零零七年: 年利率為4.8%至5.4%), 故本集團須承擔現金流量利率風險。短期銀行貸款以本集團的定期存款、物業及本公司及其若干附屬公司提供的公司擔保作為抵押(二零零七年: 以本集團的定期存款、物業、本公司及其若干附屬公司提供的公司擔保及李先生提供的個人擔保作為抵押)。

短期銀行貸款賬面值以港元為單位。

#### 29. LONG TERM BORROWINGS

	2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元
Secured bank loans (note 31) 有抵押銀行貸款(附註31)	24,346	14,526
Current portion of long term borrowings 長期借款的即期部份	(9,263)	(5,511)
	<b>15,083</b>	<b>9,015</b>

#### 29. 長期借款

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## 29. LONG TERM BORROWINGS (continued)

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

The bank loans are repayable as follows:

		2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元
On demand or within one year	於要求時即時償還或一年內	9,263	5,511
In the second year	第二年	7,750	5,265
In the third to fifth year, inclusive	第三至第五年 (包括首尾兩年)	7,333	3,750
		<b>24,346</b>	<b>14,526</b>

At 31 December 2008, long term borrowings were arranged at floating interest rates ranging from 2.9% to 3.1% per annum (2007: 5.0% to 5.6% per annum) and exposed the Group to cash flow interest rate risk.

Long term bank loans were secured by the Group's fixed deposits, properties, corporate guarantees provided by the Company and certain subsidiaries of the Company (2007: the Group's fixed deposits, properties, corporate guarantees provided by the Company and certain subsidiaries of the Company and personal guarantees provided by Mr. Lee).

## 29. 長期借款(續)

本集團長期借款賬面值以港元為單位。

銀行貸款的還款期如下：

於二零零八年十二月三十一日，長期借款的浮動年利率為2.9%至3.1%（二零零七年：年利率為5.0%至5.6%），故本集團須承擔現金流量利率風險。

長期銀行貸款以本集團的定期存款、物業、本公司及其若干附屬公司提供的公司擔保作為抵押（二零零七年：以本集團的定期存款、物業、本公司若干附屬公司提供的公司擔保及李先生提供的個人擔保作為抵押）。

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 綜合財務報表附註(續)

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### 30. OBLIGATIONS UNDER FINANCE LEASES 30. 融資租約承擔

Obligations under finance leases are repayable as follows:

融資租約承擔的還款期如下：

		Minimum lease payments 最低租賃款		Present value of minimum lease payments 最低租賃款現值	
		2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元
Within one year	一年內	14,174	7,166	13,207	6,641
In the second to fifth year, inclusive	第二至第五年 (包括首尾兩年)	19,388	4,658	18,722	4,485
		33,562	11,824	31,929	11,126
Less: Future finance lease charges	減：未來融資租約支出	(1,633)	(698)	N/A	N/A
Present value of lease obligations	租約承擔現值	31,929	11,126	31,929	11,126
Less: Amount due for settlement within 12 months (shown under current liabilities)	減：12個月內到期結算款項 (列為流動負債)			(13,207)	(6,641)
Amount due for settlement after 12 months	12個月後到期結算款項			18,722	4,485

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

At 31 December 2008, leases of approximately HK\$575,000 (2007: HK\$133,000) were arranged at fixed interests rates and exposed the Group to fair value interest rate risk. The remaining borrowings were arranged at floating rates, thus exposing the Group to cash flow interest rate risk.

本集團的政策是以融資租約方式租賃其若干機器設備及汽車，平均租賃年期為3至5年。

於二零零八年十二月三十一日，約575,000港元(二零零七年：133,000港元)的租約按固定利率計息，故本集團須承擔公平值利率風險。其他借款按浮動利率計息，故本集團須承擔現金流量利率風險。

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### 30. OBLIGATIONS UNDER FINANCE LEASES (continued)

The interest rates are analysed as follows:

		2008 二零零八年	2007 二零零七年
Fixed rate leases	固定利率租約	4.8% to 9.9%	4.8% to 7.5%
Floating rate leases	浮動利率租約	2.8% to 7.0%	5.3% to 7.4%

All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

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

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

### 31. BANKING FACILITIES

As at 31 December 2008, the Group had available banking facilities of approximately HK\$269 million (2007: HK\$242 million), which were utilised to the extent of HK\$67 million (2007: HK\$87 million). These banking facilities were secured by the following:

- corporate guarantees provided by the Company and certain subsidiaries of the Company;
- the Group's bank deposits of approximately of HK\$4 million (2007: HK\$6 million);
- a property situated in Hong Kong owned by the Group; and
- lessors' title to the leased assets under finance leases.

At 31 December 2007, personal guarantees were provided by Mr. Lee to three banks and subsequently all the personal guarantees had been released as at 31 December 2008.

### 30. 融資租約承擔(續)

利率分析如下：

		2008 二零零八年	2007 二零零七年
Fixed rate leases	固定利率租約	4.8% to 9.9%	4.8% to 7.5%
Floating rate leases	浮動利率租約	2.8% to 7.0%	5.3% to 7.4%

全部租約均有固定還款期且並無訂立任何或然租金安排。

全部融資租約承擔均以港元計算。

本集團的融資租約承擔以出租人的租賃資產所有權作為擔保。

### 31. 銀行信貸

於二零零八年十二月三十一日，本集團可動用的銀行信貸約為269,000,000港元(二零零七年：242,000,000港元)，而已動用的數額約為67,000,000港元(二零零七年：87,000,000港元)。此等銀行信貸以下列項目作為抵押：

- 本公司及本公司某些附屬公司提供的公司擔保；
- 本集團的銀行存款約4,000,000港元(二零零七年：6,000,000港元)；
- 本集團擁有的一項香港物業；及
- 出租人擁有融資租約出租的資產所有權。

於二零零七年十二月三十一日，由李先生向三家銀行提供之個人擔保已於二零零八年十二月三十一日獲得解除。

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 綜合財務報表附註(續)

For the year ended 31 December 2008  
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### 32. DEFERRED TAX LIABILITIES

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

### 32. 遞延稅項負債

以下為本集團於年內已確認的主要遞延稅項負債及資產與相關變動：

		<b>Accelerated tax depreciation</b> 加速稅項折舊 HK\$'000 千港元
At 1 January 2007, 31 December 2007 and 1 January 2008	於二零零七年一月一日、二零零七年十二月三十一日及二零零八年一月一日	1,128
Charge to income statement for the year (note 9)	自年內損益表扣除 (附註9)	480
At 31 December 2008	於二零零八年十二月三十一日	1,608

At 31 December 2008, the Group has unused tax losses of approximately HK\$9,600,000 (2007: Nil) available for offset against future profits. No deferred tax asset has been recognised in respect of these tax losses (2007: Nil) due to the unpredictability of future profit streams. All tax losses may be carried forward indefinitely.

於二零零八年十二月三十一日，本集團之未動用稅項虧損約為9,600,000港元(二零零七年：無)可供抵銷未來之溢利。由於未能預測未來的溢利，故無(二零零七年：無)就此等稅項虧損確認遞延稅項資產，原因為不能預計未來溢利流量。所有稅項虧損可無限期結轉。

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 綜合財務報表附註(續)

For the year ended 31 December 2008  
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### 33. SHARE CAPITAL

### 33. 股本

		Number of shares 股份數目	Amount 金額 HK\$'000 千港元
	Note 附註		
Authorised:	法定：		
Ordinary shares of HK\$0.1 each	每股面值0.1港元的普通股		
At 1 January 2007	於二零零七年一月一日	1,000,000	100
Increased on 31 May 2007	於二零零七年 五月三十一日新增股本	(a)(i) 4,999,000,000	499,900
At 31 December 2007 and 31 December 2008	於二零零七年 十二月三十一日及 二零零八年十二月三十一日	5,000,000,000	500,000
Issued and fully paid:	已發行及繳足：		
Ordinary shares of HK\$0.1 each	每股面值0.1港元的普通股		
At 1 January 2007	於二零零七年一月一日	1	-
Issue of shares as consideration for the transfer of entire shareholdings of a subsidiary	發行股份作為轉讓 附屬公司全部股權 的代價	(a)(ii) 99,999,999	10,000
Issue of shares by way of capitalisation of share premium account	透過股份溢價賬 資本化 發行股份	(a)(iii) 560,000,000	56,000
Issue of shares by way of placing and public offer	透過配售及 公開發售發行股份	(b) 220,000,000	22,000
At 31 December 2007 and 31 December 2008	於二零零七年 十二月三十一日及 二零零八年十二月三十一日	880,000,000	88,000

Note:

(a) Pursuant to the written resolutions passed by the Company's shareholders on 31 May 2007:

(i) the authorised share capital of the Company was increased from HK\$100,000 to HK\$500,000,000 by the creation of additional 4,999,000,000 shares of HK\$0.1 each;

(ii) 99,999,999 shares of HK\$0.1 each was issued on 31 May 2007 in exchange for the entire shareholdings of Ka Shui (Holdings) Company Limited ("Ka Shui BVI"), a subsidiary of the Company, pursuant to a reorganisation scheme to rationalise the structure of the Group in preparation for the listing of the Company's shares on the Main Board of the Stock Exchange; and

附註：

(a) 根據本公司股東於二零零七年五月三十一日通過的書面決議案：

(i) 透過新增 4,999,000,000 股每股面值 0.1 港元股份，本公司法定股本由 100,000 港元增至 500,000,000 港元；

(ii) 根據重組計劃以優化本集團架構從而為本公司股份於聯交所主板上市作出準備，本公司於二零零七年五月三十一日發行 99,999,999 股每股面值 0.1 港元股份以換取本公司附屬公司嘉瑞集團（控股）有限公司的（「Ka Shui BVI」）全部股權；及



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 綜合財務報表附註(續)

For the year ended 31 December 2008  
截至二零零八年十二月三十一日止年度

### 33. SHARE CAPITAL (continued)

Note: (continued)

- (iii) a total of 560,000,000 shares of HK\$0.1 each were allotted and issued as fully paid at par to the shareholders of the Company whose names appeared on the register of members of the Company at the close of business on 12 June 2007, in proportion to their shareholdings, by way of capitalisation of the sum of HK\$56,000,000 standing to the credit of the share premium account of the Company, conditional on the share premium account being credited as a result of new shares issued by way of placing and public offer on 25 June 2007.
- (b) On 25 June 2007, 220,000,000 shares of HK\$0.1 each were issued at HK\$1.35 each to the public by way of placing and public offer for a total of cash consideration, before related expenses, of HK\$297,000,000. The excess over the par value of the shares issued was credited to the share premium account.

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

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

### 33. 股本(續)

附註：(續)

- (iii) 透過本公司股份溢價賬的進賬 56,000,000 港元撥充資本，按股東的持股量，以繳足股款形式按面值配發及發行 560,000,000 股每股面值 0.1 港元股份予二零零七年六月十二日營業日結束時名列本公司股東名冊的本公司股東，惟股份溢價賬須因二零零七年六月二十五日配售及公開發售發行的股份而獲入賬。
- (b) 於二零零七年六月二十五日，透過配售及公開發售，220,000,000 股每股面值 0.1 港元股份按每股 1.35 港元的價格發行予公眾，總現金代價為 297,000,000 港元（扣除相關開支前）。超出已發行股份面值部份計入股份溢價賬。

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

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 綜合財務報表附註(續)

For the year ended 31 December 2008  
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### 33. SHARE CAPITAL (continued)

The gearing ratio at the year end was as follows:

		2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元
Debt (a)	負債(a)	81,714	94,207
Less: Bank and cash balances	減：銀行及現金結餘	(74,940)	(94,207)
Net debt	負債淨額	6,774	-
Equity (b)	權益(b)	539,640	519,563
Net debt to equity ratio	債務淨額與權益比率	0.01	-

- (a) Debt is defined as short term and long term borrowings and obligations under finance leases, as detailed in notes 28, 29 and 30.
- (b) Equity includes all capital and reserves of the Group.

The only externally imposed capital requirement is that for the Group to maintain its listing on the Stock Exchange it has to have a public float of at least 25% of the shares.

### 34. RESERVES

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

#### (a) Share premium account

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

### 33. 股本 (續)

於年終的資本負債比率如下：

		2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元
Debt (a)	負債(a)	81,714	94,207
Less: Bank and cash balances	減：銀行及現金結餘	(74,940)	(94,207)
Net debt	負債淨額	6,774	-
Equity (b)	權益(b)	539,640	519,563
Net debt to equity ratio	債務淨額與權益比率	0.01	-

- (a) 債務乃界定為短期及長期借款及融資租約承擔，有關詳情載於附註28、29及30。
- (b) 權益包括本集團所有資本及儲備。

本集團為保持其於聯交所之上市地位唯一向外承擔之資本規定為具有公眾持股量相當於股份至少25%。

### 34. 儲備

本集團的儲備款項及相關變動均於綜合權益變動表呈列。

#### (a) 股份溢價賬

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 綜合財務報表附註(續)

For the year ended 31 December 2008  
截至二零零八年十二月三十一日止年度

#### 34. RESERVES (continued)

##### (b) Merger reserve

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

##### (c) Capital reserve

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

##### (d) Foreign currency translation reserve

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

##### (e) Share option reserve

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

##### (f) Statutory reserve

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

#### 34. 儲備(續)

##### (b) 合併儲備

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

##### (c) 資本儲備

資本儲備指本集團收購嘉豐金屬及嘉豐金屬製品廠少數股東權益的款額。

##### (d) 匯兌儲備

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

##### (e) 購股權儲備

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

##### (f) 法定儲備

法定儲備包括不可分派的中  
國法定儲備基金。

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### 34. RESERVES (continued)

#### (f) Statutory reserve (continued)

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

### 35. SHARE-BASED PAYMENTS

#### Equity-settled share option scheme

##### (a) Pre-IPO Share Option Scheme

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

### 34. 儲備 (續)

#### (f) 法定儲備 (續)

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

### 35. 以股權結算之款項

#### 以股份支付之購股權計劃

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 綜合財務報表附註(續)

For the year ended 31 December 2008  
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### 35. SHARE-BASED PAYMENTS (continued)

#### Equity-settled share option scheme (continued)

##### (a) Pre-IPO Share Option Scheme (continued)

Details of the specific categories of options are as follows:

### 35. 以股權結算之款項(續)

#### 以股份支付之購股權計劃(續)

##### (a) 首次公開售股前購股權計劃(續)

購股權的具體類別詳情如下：

Category of grantee 承授人類別	Date of grant 授出日期	Vesting date 歸屬日期	Exercise period 行使期	Exercise price 行使價 HK\$ 港元	Number of share options outstanding 尚餘購股權數目
Executive directors 執行董事	1 June 2007 二零零七年六月一日	27 June 2008 二零零八年六月二十七日	27 June 2008 to 26 June 2011 二零零八年六月二十七日至二零零一年六月二十六日	0.81	1,452,000
Executive directors 執行董事	1 June 2007 二零零七年六月一日	27 June 2009 二零零九年六月二十七日	27 June 2009 to 26 June 2011 二零零九年六月二十七日至二零零一年六月二十六日	0.81	1,452,000
Executive directors 執行董事	1 June 2007 二零零七年六月一日	27 June 2010 二零一零年六月二十七日	27 June 2010 to 26 June 2011 二零一零年六月二十七日至二零零一年六月二十六日	0.81	1,936,000
Employees 僱員	1 June 2007 二零零七年六月一日	27 June 2008 二零零八年六月二十七日	27 June 2008 to 26 June 2011 二零零八年六月二十七日至二零零一年六月二十六日	0.81	4,521,000
Employees 僱員	1 June 2007 二零零七年六月一日	27 June 2009 二零零九年六月二十七日	27 June 2009 to 26 June 2011 二零零九年六月二十七日至二零零一年六月二十六日	0.81	4,521,000
Employees 僱員	1 June 2007 二零零七年六月一日	27 June 2010 二零一零年六月二十七日	27 June 2010 to 26 June 2011 二零一零年六月二十七日至二零零一年六月二十六日	0.81	6,028,000

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## 35. SHARE-BASED PAYMENTS (continued)

## Equity-settled share option scheme (continued)

## (a) Pre-IPO Share Option Scheme (continued)

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

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

During the year, no share options were granted under the Pre-IPO Share Option Scheme.

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

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

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

## 35. 以股權結算之款項(續)

## 以股份支付之購股權計劃(續)

## (a) 首次公開售股前購股權計劃(續)

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

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

年內, 概無根據首次公開售股前購股權計劃授出任何其他購股權。

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

下列假設用於計算購股權公平值:

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

### 35. SHARE-BASED PAYMENTS (continued)

#### Equity-settled share option scheme (continued)

##### (b) Share Option Scheme

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

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

### 35. 以股權結算之款項(續)

#### 以股份支付之購股權計劃(續)

##### (b) 購股權計劃

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

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

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### 35. SHARE-BASED PAYMENTS (continued)

#### Equity-settled share option scheme (continued)

##### (b) Share Option Scheme (continued)

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

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

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

### 35. 以股權結算之款項(續)

#### 以股份支付之購股權計劃(續)

##### (b) 購股權計劃(續)

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

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

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



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 綜合財務報表附註(續)

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#### 35. SHARE-BASED PAYMENTS (continued)

##### Equity-settled share option scheme (continued)

###### (b) Share Option Scheme (continued)

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

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

Share options under the Share Option Scheme were granted to 212 grantees (2007: Nil) on 13 March 2008. The exercise of these share options would entitle these grantees to an aggregate of 20,102,000 shares (2007: Nil).

#### 35. 以股權結算之款項(續)

##### 以股份支付之購股權計劃(續)

###### (b) 購股權計劃(續)

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

購股權持有人無權獲派股息或於股東大會上投票。

購股權計劃下的購股權已於二零零八年三月十三日授予212位承授人。承授人行使此等購股權將可獲合共20,102,000股股份(二零零七年：無)。

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 綜合財務報表附註(續)

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### 35. SHARE-BASED PAYMENTS (continued)

#### Equity-settled share option scheme (continued)

##### (b) Share Option Scheme (continued)

Details of the specific categories of options are as follows:

### 35. 以股權結算之款項(續)

#### 以股份支付之購股權計劃(續)

##### (b) 購股權計劃(續)

購股權的具體類別詳情如下：

Category of grantee 承授人類別	Date of grant 授出日期	Vesting date 歸屬日期	Exercise period 行使期	Exercise price 行使價 HK\$ 港元	Number of share options outstanding 尚餘購股權數目
Executive directors 執行董事	13 March 2008 二零零八年 三月十三日	13 March 2009 二零零九年 三月十三日	13 March 2009 to 12 March 2018 二零零九年 三月十三日至 二零一八年 三月十二日	0.415	1,132,000
Executive directors 執行董事	13 March 2008 二零零八年 三月十三日	13 March 2010 二零一零年 三月十三日	13 March 2010 to 12 March 2018 二零一零年 三月十三日至 二零一八年 三月十二日	0.415	849,000
Executive directors 執行董事	13 March 2008 二零零八年 三月十三日	13 March 2011 二零一一年 三月十三日	13 March 2011 to 12 March 2018 二零一一年 三月十三日至 二零一八年 三月十二日	0.415	849,000
Employees 僱員	13 March 2008 二零零八年 三月十三日	13 March 2009 二零零九年 三月十三日	13 March 2009 to 12 March 2018 二零零九年 三月十三日至 二零一八年 三月十二日	0.415	5,584,000
Employees 僱員	13 March 2008 二零零八年 三月十三日	13 March 2010 二零一零年 三月十三日	13 March 2010 to 12 March 2018 二零一零年 三月十三日至 二零一八年 三月十二日	0.415	4,188,000
Employees 僱員	13 March 2008 二零零八年 三月十三日	13 March 2011 二零一一年 三月十三日	13 March 2011 to 12 March 2018 二零一一年 三月十三日至 二零一八年 三月十二日	0.415	4,188,000

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 綜合財務報表附註(續)

For the year ended 31 December 2008  
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### 35. SHARE-BASED PAYMENTS (continued)

#### Equity-settled share option scheme (continued)

##### (b) Share Option Scheme (continued)

The fair values of the options determined at the dates of grant using the Black-Scholes option pricing model were HK\$0.11, HK\$0.12 and HK\$0.13 respectively.

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

Exercise price	HK\$0.415
Expected life	3.5–6.5 years
Expected volatility	55.42%
Dividend yield	5.25%
Risk-free interest rate	2.005%–2.176%

Details of the share options outstanding under the Pre-IPO Share Option Scheme and Share Option Scheme during the year are as follows:

		2008 二零零八年		2007 二零零七年	
		Number of share options 購股權 數目	Weighted average exercise price 加權平均 行使價 HK\$ 港元	Number of share options 購股權 數目	Weighted average exercise price 加權平均 行使價 HK\$ 港元
Outstanding at the beginning of the year	年初未行使	21,120,000	0.81	–	N/A 不適用
Granted during the year	年內授出	20,102,000	0.415	22,000,000	0.81
Forfeited during the year	年內沒收	(4,522,000)	0.521	(880,000)	0.81
Outstanding at the end of the year	年終未行使	36,700,000	0.629	21,120,000	0.81
Exercisable at the end of the year	年終可行使	5,973,000	0.81	–	N/A 不適用

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

### 35. 以股權結算之款項(續)

#### 以股份支付之購股權計劃(續)

##### (b) 購股權計劃(續)

於授出日期使用柏力克－舒爾斯期權定價模式釐定的購股權公平值分別為0.11港元、0.12港元、0.13港元。

下列假設用於計算購股權公平值：

行使價	0.415港元
預計年期	3.5–6.5年
預計波幅	55.42%
股息回報率	5.25%
無風險利率	2.005%–2.176%

年內尚未行使的首次公開售股前購股權及購股權詳情如下：

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

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### 35. SHARE-BASED PAYMENTS (continued)

#### Equity-settled share option scheme (continued)

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

No share option had been exercised during the year (2007: Nil). The options outstanding at the end of the year have a weighted average remaining contractual life of 5.6 years (2007: 3.5 years).

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

### 35. 以股權結算之款項(續)

#### 以股份支付之購股權計劃(續)

購股權公平值將以直線方式於歸屬期內攤銷，並於損益表內列作支出。

年內概無購股權獲行使(二零零七年：無)。年終未行使購股權的加權平均剩餘合約年期為5.6年(二零零七年：3.5年)。

除上文所披露者外，概無根據首次公開售股前購股權計劃及購股權計劃授出任何其他購股權。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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36. NOTES TO CONSOLIDATED CASH FLOW STATEMENT 36. 綜合現金流量表附註

(a) Cash flow from operating activities

(a) 經營業務所得現金流量

		2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元
Profit from operations	經營溢利	24,571	77,401
Adjustments for:	已作出下列調整：		
Interest income	利息收入	(2,661)	(4,602)
Bad debts written off	壞賬撇銷	867	-
Allowance for doubtful debt	呆賬撥備	224	803
Allowance for inventories	存貨撥備	1,108	534
Loss/(gain) on financial assets at fair value through profit or loss	按公平值計入損益賬的金融資產虧損／(收益)	1,487	(3,862)
Equity-settled share-based payments	以股權結算以股份支付的款項	6,132	4,327
Listing expenses	上市開支	-	2,161
Loss/(gain) on disposal of property, plant and equipment	出售物業、機器及設備之虧損／(收益)	74	(101)
Depreciation on property, plant and equipment	物業、機器及設備折舊	32,507	22,642
Amortisation of prepaid land lease payments	預付土地租金攤銷	269	260
Operating profit before movements in working capital	未計營運資金變動前的經營溢利	64,578	99,563
Increase in inventories	存貨增加	(1,694)	(30,674)
Decrease/(increase) in trade receivables	貿易應收款項減少／(增加)	21,867	(3,856)
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)	2,136	(7,137)
(Decrease)/increase in trade payables	貿易應付款項(減少)／增加	(13,060)	6,543
(Decrease)/increase in deposits received, other payables and accruals	已收按金、其他應付款項及應計費用(減少)／增加	(4,961)	814
Decrease in due to an associate	應付聯營公司款項減少	-	(57)
(Decrease)/increase in due to related companies	應付關連公司款項(減少)／增加	(14)	537
Increase in due to a director	應付董事款項增加	-	904
Cash generated from operations	經營所得現金	68,852	66,637
Income tax paid	已付所得稅	(12,520)	(11,538)
Interest paid	已付利息	(1,333)	(4,875)
Finance lease charges paid	已付融資租約支出	(1,116)	(1,120)
Net cash generated from operating activities	經營業務所得現金淨額	53,883	49,104

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### 36. NOTES TO CONSOLIDATED CASH FLOW STATEMENT (continued)

#### (b) Acquisition of a subsidiary

During the year, one of the subsidiaries of the Company, Ka Shui BVI entered into a sales and purchase agreement with the remaining shareholders of Wing Yu, pursuant to which Ka Shui BVI agreed to acquire the remaining equity interest of 60% in Wing Yu for a cash consideration of approximately HK\$1,797,000. The acquisition was effective on 1 January 2008.

The fair value of the identifiable assets and liabilities of Wing Yu acquired as at its date of acquisition, which has no significant difference from its carrying amount, is as follows:

### 36. 綜合現金流量表附註(續)

#### (b) 收購附屬公司

年內，本公司之其中一間附屬公司Ka Shui BVI與永裕之餘下股東訂立買賣協議，據此Ka Shui BVI同意收購永裕餘下之60%股權，現金代價約1,797,000港元。收購於二零零八年一月一日起生效。

於收購日期已收購永裕可識別資產及負債之公平值與其賬面值並無重大差別，乃載列如下：

		HK\$'000 千港元
Net assets acquired:	已收購淨資產：	
Property, plant and equipment	物業、機器及設備	9,876
Inventories	存貨	6,186
Trade receivables	貿易應收款項	4,912
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項	1,326
Due from a shareholder	應收股東款項	4,246
Pledged bank deposits	已抵押銀行存款	1,069
Bank and cash balances	銀行及現金結餘	957
Trade payables	貿易應付款項	(4,985)
Deposits received	已收按金	(90)
Other payables and accruals	其他應付款項及應計費用	(3,974)
Due to a shareholder	應付股東款項	(14,335)
Short term borrowings	短期借款	(1,455)
Obligations under finance leases	融資租約承擔	(110)
Bank overdraft	銀行透支	(711)
		2,912
Share of net assets in previous year	應佔以往年度淨資產	(1,115)
Satisfied by:	以下列方式償付：	
Cash	現金	1,797
Net cash outflow arising on acquisition:	收購產生之現金流出淨額：	
Cash consideration paid	已付現金代價	1,797
Cash and cash equivalents acquired	已收購現金及等同現金項目	(246)
		1,551

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 綜合財務報表附註(續)

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### 36. NOTES TO CONSOLIDATED CASH FLOW STATEMENT (continued)

#### (b) Acquisition of a subsidiary (continued)

Wing Yu contributed approximately HK\$12,469,000 to the Group's turnover and decreased the Group's profit after tax by approximately HK\$9,976,000 for the period between the date of acquisition and the balance sheet date.

#### (c) Major non-cash transaction

- (i) During the year, the Group had entered into finance leases in respect of property, plant and equipment with total capital values at the inception of the leases of approximately HK\$35,448,000 (2007: HK\$9,143,000).
- (ii) Included in the addition of property, plant and equipment was an amount of approximately HK\$1,990,000 (2007: HK\$6,940,000) which was transferred from deposits paid for acquisition of property, plant and equipment and prepaid land lease payments.
- (iii) At 31 December 2007, included in the addition of prepaid land lease payments was an amount of approximately HK\$15,515,000 which was transferred from deposits paid for acquisition of property, plant and equipment and prepaid land lease payments.
- (iv) During the year, prepayments to financial institution of approximately HK\$648,000 were set off against the obligations under finance leases.
- (v) During the year ended 31 December 2007, the Group sold property, plant and equipment to a jointly controlled entity at a consideration of approximately HK\$120,000.

### 36. 綜合現金流量表附註(續)

#### (b) 收購附屬公司(續)

永裕由收購日期至年結日之期間對本集團之營業額貢獻約為12,469,000港元，並減少本集團除稅後溢利約9,976,000港元。

#### (C) 主要非現金交易

- (i) 年內，本集團就物業、機器及設備訂立融資租約，於訂立租約時之資本總值約為35,448,000港元(二零零七年：9,143,000港元)。
- (ii) 計入添置物業、機器及設備約為1,990,000港元(二零零七年：6,940,000港元)，乃由收購物業、機器及設備及預付土地租金之按金所轉入。
- (iii) 於二零零七年十二月三十一日，計入預付土地租金約為15,515,000港元，乃由預付購買物業、機器及設備及預付土地租金之按金所轉入。
- (iv) 年內，預付款項予金融機構約648,000港元已與融資租約承擔抵銷。
- (v) 截至二零零七年十二月三十一日止年度，本集團向共同控制實體出售物業、機器及設備，代價約120,000港元。

For the year ended 31 December 2008  
截至二零零八年十二月三十一日止年度

### 37. OPERATING LEASE COMMITMENTS

#### The Group as lessee

At 31 December 2008, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

		2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元
Within one year	一年內	2,014	883
In the second to fifth year, inclusive	第二至第五年(包括首尾兩年)	6,620	3,418
After five years	五年後	42,619	40,695
		<b>51,253</b>	44,996

Operating lease payments represent rentals payable by the Group for certain of its staff quarter, warehouse and leasehold land for factory. Leases for staff quarter and warehouse are negotiated, and rentals are fixed, for an average term of 1 to 2 years. Lease for leasehold land are fixed with a term of 40 years.

### 37. 經營租約承擔

#### 本集團作為承租人

於二零零八年十二月三十一日，本集團根據不可撤銷經營租約而於下列期間到期的未來最低租賃款總額如下：

經營租約付款指本集團須就若干員工宿舍、貨倉及工廠租賃土地支付的租金。員工宿舍及貨倉的租約經協商而訂立，租金為固定而租期平均為1至2年。租賃土地的租約協定的年期為40年。

### 38. CAPITAL COMMITMENTS

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

		2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元
Contracted but not provided for	已訂約但未撥備	19,653	29,827

### 38. 資本承擔

於年結日，本集團有關購買及建造物業、機器及設備的資本承擔詳情如下：



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 綜合財務報表附註(續)

For the year ended 31 December 2008

截至二零零八年十二月三十一日止年度

### 39. RELATED PARTY TRANSACTIONS

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

### 39. 關連人士交易

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

		2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元
Purchase of raw material from a jointly controlled entity	向共同控制實體購買原材料	1,805	-
Sale of property, plant and equipment to a jointly controlled entity	向共同控制實體出售物業、機器及設備	-	120
Purchase of machinery from an investee company (note (i))	向被投資公司購買機器(附註(i))	11,364	-
Purchase of machinery, machinery parts and maintenance cost from a related company, Chit Shun Machinery Limited (note (ii))	向關連公司捷訊機械設備有限公司購買機器、機器零部件及維修成本(附註(ii))	2,931	2,275
Deposits paid to a related company, Chit Shun Machinery Limited (note 19)	向關連公司捷訊機械設備有限公司支付按金(附註19)	3,777	3,556
Subcontracting charges paid to an associate	向聯營公司支付分包費	-	26,685
Advance from Mr. Lee	李先生提供墊款	-	21,810
Advance from a jointly controlled entity	共同控制實體提供墊款	-	9
Management fee income from an associate	向聯營公司收取管理費	-	156
Advance to Mr. Lee	向李先生墊款	-	22,870
Advance to an associate	向聯營公司墊款	-	6,600
Interest income from an associate	向聯營公司收取利息	-	89

Notes:

- (i) The investment in the investee company is classified as available-for-sale financial assets.
- (ii) Mr. Lee has significant influence in the related company.

附註：

- (i) 對被投資公司之投資被分類為可供出售金融資產。
- (ii) 李先生對此關連公司有重大影響力。

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截至二零零八年十二月三十一日止年度

### 39. RELATED PARTY TRANSACTIONS (continued)

- (b) The above transactions were entered into with the related parties on terms mutually agreed by individual parties. In the opinion of the directors of the Group, these related party transactions were conducted on normal commercial terms and in the ordinary and usual course of the Group's business.
- (c) During the year, the key management personnel compensation paid by the Group was disclosed in note 11 to the consolidated financial statements.

### 39. 關連人士交易 (續)

- (b) 上述交易均與關連人士按照各方互相協定的條款進行。本集團董事認為，該等關連交易乃根據一般商業條款於本集團日常業務過程中進行。
- (c) 年內，本集團已付主要管理人員酬金乃於綜合財務報表附註11披露。

### 40. PARTICULARS OF SUBSIDIARIES

Particulars of the subsidiaries as at 31 December 2008 are as follows:

### 40. 附屬公司詳情

於二零零八年十二月三十一日，附屬公司詳情如下：

Name 名稱	Place and date of incorporation 註冊成立地點及日期	Issued and fully paid up share capital/ registered capital 已發行及繳足股本／註冊資本	Percentage of ownership interest/ voting power/ profit sharing 應佔權益／投票權／溢利百分比		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Ka Shui BVI	British Virgin Islands ("BVI") 英屬處女群島 (「英屬處女群島」)	369,093 ordinary shares of USD0.1 each 369,093股每股面值0.1美元的普通股	100%	-	Investment holding 投資控股
Ka Fung Metal 嘉豐金屬	Hong Kong 香港	10,000 ordinary shares of HK\$1 each 10,000股每股面值1港元的普通股	-	100%	Manufacture of zinc alloy die casting products and components 生產鋅合金壓鑄產品及零部件
Ka Shui HK 嘉瑞香港	Hong Kong 香港	100 ordinary shares of HK\$100 each 100股每股面值100港元的普通股	-	100%	Sale of zinc, magnesium and aluminium alloy die casting products and components 銷售鋅、鎂及鋁合金壓鑄產品及零部件
MG Technology 創金美科技	The PRC 中國	Registered capital HK\$150,000,000* 註冊資本 150,000,000港元*	-	100%	Sale and manufacture of zinc, magnesium and aluminium alloy die casting products and components 生產及銷售鋅、鎂及鋁合金壓鑄產品及零部件

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 綜合財務報表附註(續)

For the year ended 31 December 2008  
截至二零零八年十二月三十一日止年度

#### 40. PARTICULARS OF SUBSIDIARIES (continued)

#### 40. 附屬公司詳情(續)

Name 名稱	Place and date of incorporation 註冊成立地點 及日期	Issued and fully paid up share capital/ registered capital 已發行及繳足 股本/註冊資本	Percentage of ownership interest/ voting power/profit sharing 應佔權益/ 投票權/溢利百分比		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Ka Shui (Huizhou) 嘉瑞(惠州)	The PRC 中國	Registered capital HK\$110,000,000** 註冊資本110,000,000港元**	-	100%	Not yet commenced business 尚未開始經營
Elegant Shine Investments Limited 雅輝投資有限公司	BVI 英屬處女群島	1 ordinary share of USD1 each 1股面值1美元的普通股	-	100%	Inactive 暫無業務
Ka Shui Technology Limited 嘉瑞科技有限公司	Hong Kong 香港	10,000 ordinary shares of HK\$1 each 10,000股每股面值1港元 的普通股	-	100%	Investment holding 投資控股
Wing Yu 永裕	Hong Kong 香港	100,000 ordinary shares of HK\$1 each 100,000股每股面值1港元 的普通股	-	100%	Provision of surface finishing treatment services 提供表面處理服務
Ka Yi (Huizhou) 嘉宜(惠州)	The PRC 中國	Registered capital HK\$20,000,000*** 註冊資本20,000,000港元***	-	100%	Not yet commenced business 尚未開始經營
Ka May Metal Manufactory Company Limited 嘉美金屬製品有限公司	Hong Kong 香港	1 ordinary share of HK\$1 each 1股每股面值1港元的普通股	-	100%	Inactive 暫無業務
*	As at 31 December 2008, only approximately HK\$112,120,000 had been paid up.		*	於二零零八年十二月三十一日，只有大約112,120,000港元已繳付。	
**	As at 31 December 2008, only HK\$100,000,000 had been paid up.		**	於二零零八年十二月三十一日，只有100,000,000港元已繳付。	
***	As at 31 December 2008, only HK\$4,000,000 had been paid up.		***	於二零零八年十二月三十一日，只有4,000,000港元已繳付。	

For the year ended 31 December 2008  
截至二零零八年十二月三十一日止年度

#### 40. PARTICULARS OF SUBSIDIARIES (continued)

MG Technology, Ka Shui (Huizhou) and Ka Yi (Huizhou) are wholly-foreign owned enterprises established in the PRC.

#### 41. SUBSEQUENT EVENTS

The following significant events have been taken place subsequent to 31 December 2008:

- (a) Subsequent to the balance sheet date, the Group sold leasehold land and buildings at a total consideration of HK\$4.9 million and the charge on the assets will be released.
- (b) On 17 April 2009, the Company proposed to declare a final dividend of HK\$0.006 per ordinary share to its shareholders, as further detailed in note 12 to the consolidated financial statements.

#### 42. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 17 April 2009.

#### 40. 附屬公司詳情(續)

創金美科技、嘉瑞(惠州)及嘉宜(惠州)均為在中國成立的外商獨資企業。

#### 41. 結算日後事項

於二零零八年十二月三十一日後所發生的重大事項如下：

- (a) 於年結日後，本集團以總代價4,900,000港元售出租賃土地及樓宇，有關之資產抵押將會解除。
- (b) 於二零零九年四月十七日，本公司建議宣派每股0.006港元之末期普通股股息，其詳情載於綜合財務報表附註12。

#### 42. 批准財務報表

本財務報表已於二零零九年四月十七日獲董事會批准並授權刊發。

# FINANCIAL SUMMARY

## 財務概要

### For the year ended 31 December

截至十二月三十一日止年度

		2004 二零零四年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
<b>RESULTS</b>	<b>業績</b>					
Turnover	營業額	375,691	348,377	645,588	752,749	685,134
Profit before tax	除稅前溢利	60,745	15,111	122,759	67,724	14,527
Income tax expense	所得稅開支	(6,135)	(2,001)	(11,339)	(10,179)	(5,892)
Profit for the year	年內溢利	54,610	13,110	111,420	57,545	8,635
Attributable to	以下人士應佔權益：					
- Equity holders of the Company	- 本公司權益持有人	53,662	13,031	109,562	57,492	8,635
- Minority interests	- 少數權益持有人	948	79	1,858	53	-
		54,610	13,110	111,420	57,545	8,635

### As at 31 December

於十二月三十一日

		2004 二零零四年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
<b>ASSETS AND LIABILITIES</b>	<b>資產及負債</b>					
Total assets	資產總額	225,961	296,948	422,109	718,396	710,285
Total liabilities	負債總額	(117,848)	(174,986)	(203,739)	(198,833)	(170,645)
Net assets	資產淨值	108,113	121,962	218,370	519,563	539,640

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

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



**Ka Shui International Holdings Limited**  
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