



AMVIG HOLDINGS LIMITED

澳 科 控 股 有 限 公 司

Stock Code 股份代號 : 2300

[Dynamic
Leadership]
Annual Report 2009 年報



AMVIG

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Corporate Information and Shareholders' Calendar

Corporate Information

Non-Executive Chairman

Mr. Chan Chew Keak, Billy

Executive Directors

Mr. Chan Sai Wai (*Vice Chairman*)

Mr. Ge Su (*Chief Executive Officer*)

Mr. Ng Sai Kit

Non-Executive Directors

Mr. David John Cleveland Hodge

Mr. Jerzy Czubak

Independent Non-Executive Directors

Mr. Tay Ah Kee, Keith

Mr. Au Yeung Tin Wah, Ellis

Mr. Oh Choon Gan, Eric

Audit Committee

Mr. Tay Ah Kee, Keith (*Chairman*)

Mr. Au Yeung Tin Wah, Ellis

Mr. Oh Choon Gan, Eric

Remuneration Committee

Mr. Au Yeung Tin Wah, Ellis (*Chairman*)

Mr. Tay Ah Kee, Keith

Mr. Oh Choon Gan, Eric

Nomination Committee

Mr. Chan Chew Keak, Billy (*Chairman*)

Mr. Tay Ah Kee, Keith

Mr. Au Yeung Tin Wah, Ellis

Mr. Oh Choon Gan, Eric

Risk Management Committee

Mr. David John Cleveland Hodge (*Chairman*)

Mr. Chan Sai Wai

Mr. Liu Shun Fai

Investment Committee

Mr. Oh Choon Gan, Eric (*Chairman*)

Mr. David John Cleveland Hodge

Mr. Ge Su

Company Secretary

Mr. Liu Shun Fai, CPA

Auditors

RSM Nelson Wheeler

Certified Public Accountants

Principal Bankers

China Construction Bank Corporation

Citic Ka Wah Bank Limited

Commonwealth Bank of Australia

DBS Bank (Hong Kong) Limited

Fubon Bank (Hong Kong) Limited

Hang Seng Bank Limited

Industrial and Commercial Bank of China (Asia) Limited

KBC Bank N.V.

The Royal Bank of Scotland

Shenzhen Development Bank Co., Ltd.

Principal Share Registrar and Transfer Office in Cayman Islands

Bank of Butterfield International (Cayman) Ltd.

Butterfield House

68 Fort Street

P. O. Box 705

George Town

Grand Cayman

Cayman Islands

British West Indies

Corporate Information and Shareholders' Calendar

Shareholders' Calendar

Branch Share Registrar and Transfer Office in Hong Kong

Tricor Investor Services Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Wanchai Hong Kong

Registered Office

Century Yard
Cricket Square
Hutchins Drive
P. O. Box 2681 GT
George Town
Grand Cayman
Cayman Islands
British West Indies

Head Office and Principal Place of Business in Hong Kong

Room 1803-04, 18/F,
Li Po Chun Chambers,
No.189 Des Voeux Road Central,
Hong Kong

Stock Code

2300

Register of Shareholders

Close of Register

2 June 2010 to 9 June 2010 (both days inclusive)

Annual General Meeting

10:00 a.m. on 9 June 2010 at Room 1803,
18/F Li Po Chun Chambers,
No.189 Des Voeux Road Central,
Hong Kong

Dividends

Proposed final dividend: HK15.8 cents per share
Payable on or about 15 July 2010

Mission and Vision

Maximize shareholders' value

Strengthen corporate governance and
achieve international environmental standards

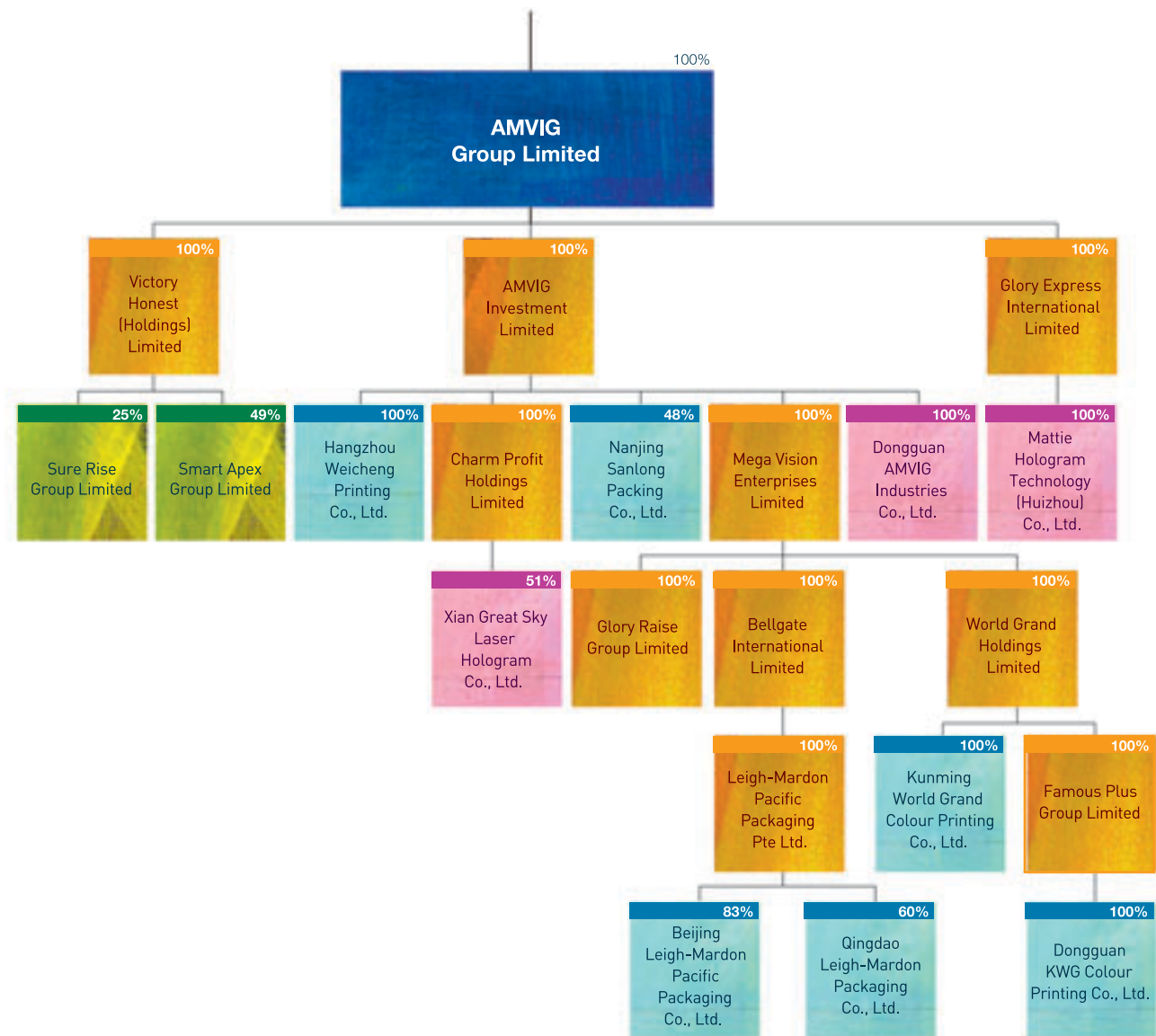
Maintain as the market leader in the cigarette packaging
printing industry in the People's Republic of China

Commitment to innovation to develop higher end
products and value added services

Corporate Structure

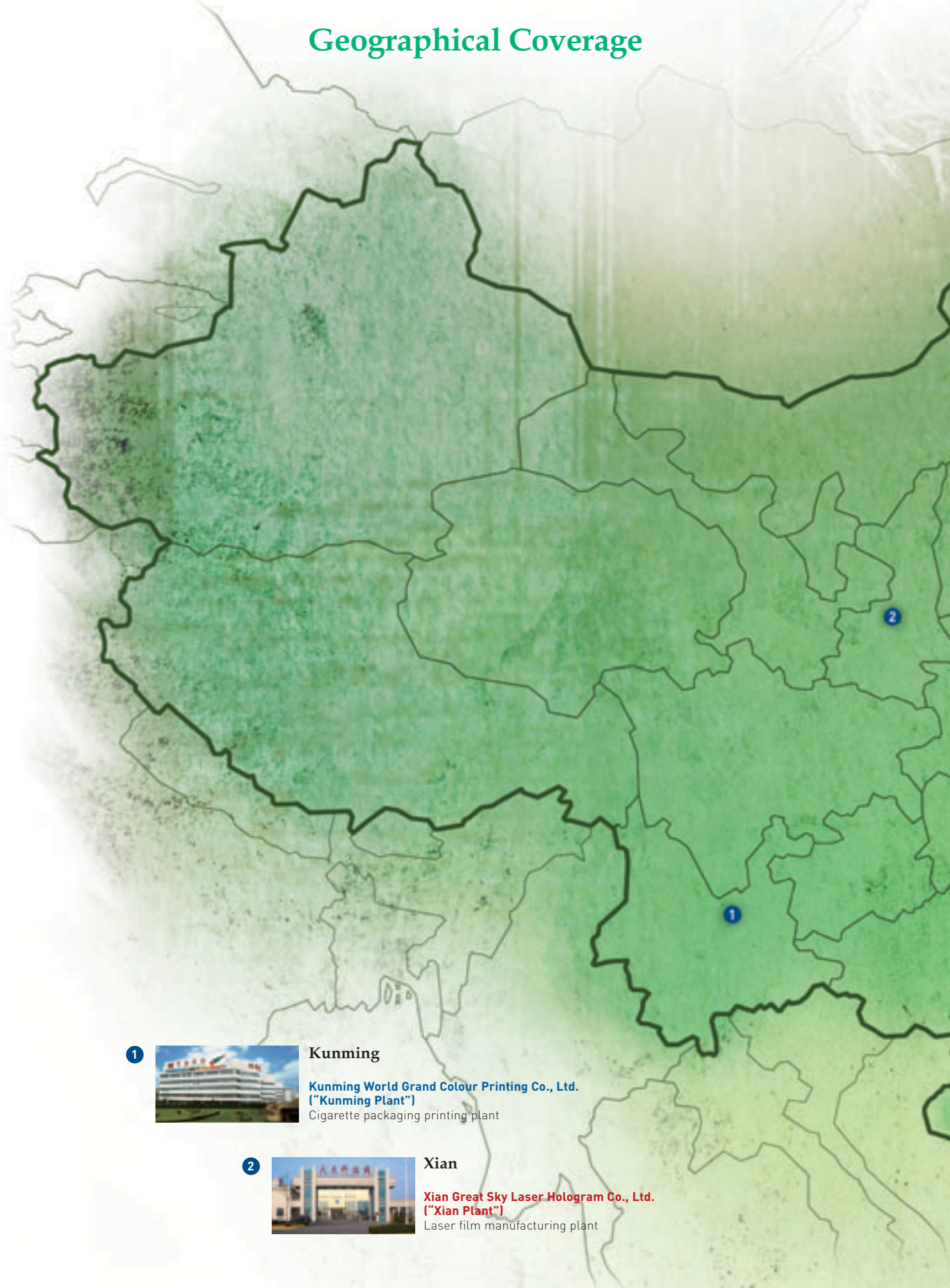


AMVIG HOLDINGS LIMITED



- Cigarette packaging printing plant
- Transfer paper and laser film manufacturing plant
- Investment holding company
- Material sourcing / research and development company

Geographical Coverage



1



Kunming

Kunming World Grand Colour Printing Co., Ltd.
("Kunming Plant")
Cigarette packaging printing plant

2



Xian

Xian Great Sky Laser Hologram Co., Ltd.
("Xian Plant")
Laser film manufacturing plant



Beijing

Beijing Leigh-Mardon Pacific Packaging Co., Ltd.
("Beijing Plant")

Cigarette packaging printing plant



Qingdao

Qingdao Leigh-Mardon Packaging Co., Ltd.
("Qingdao Plant")

Cigarette packaging printing plant



Nanjing

Nanjing Sanlong Packing Co., Ltd.
("Nanjing Plant")

Cigarette packaging printing plant



Hangzhou

Hangzhou Weicheng Printing Co., Ltd.
("Hangzhou Weicheng")

Cigarette packaging printing plant



Dongguan

Dongguan KWG Colour Printing Co., Ltd.
("Dongguan KWG")

Cigarette packaging printing plant



Dongguan AMVIG Industries Co., Ltd.
("Dongguan AMVIG Plant")

Transfer paper manufacturing plant



Mattie Hologram Technology (Huizhou) Co., Ltd.
("Mattie Plant")

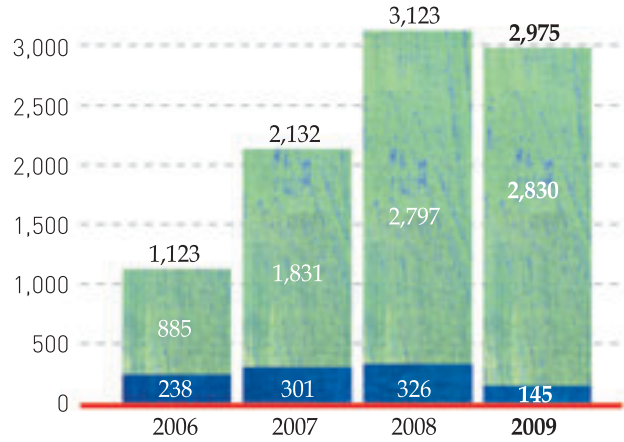
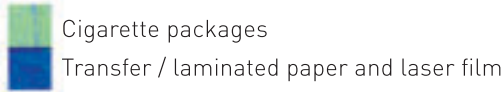
Laser film manufacturing plant

Cigarette packaging printing plant
Transfer paper and laser film manufacturing plant

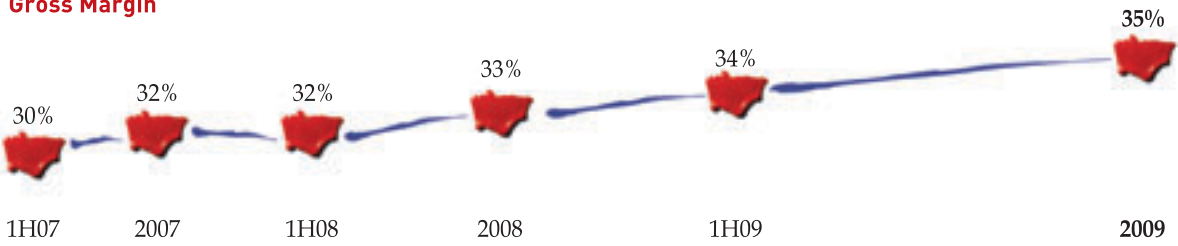
Financial Highlights

Turnover

HK\$ million

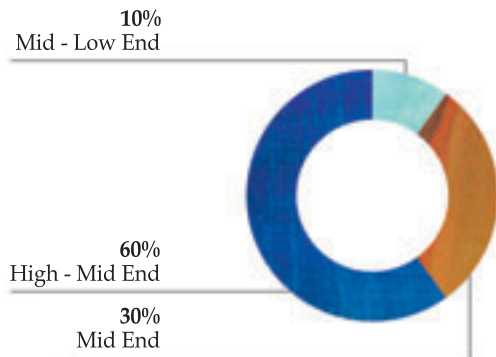


Gross Margin



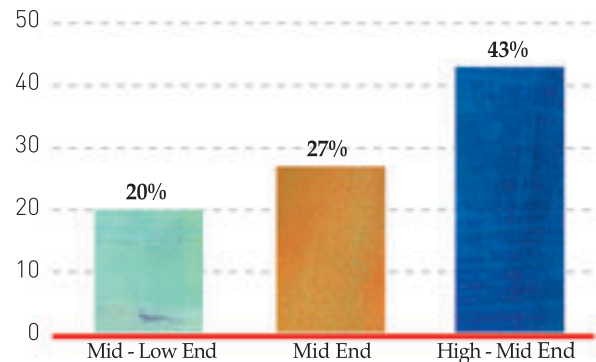
Product Mix - Turnover for 2009

Cigarette Packages



Product Mix - Gross Margin for 2009

Cigarette Packages



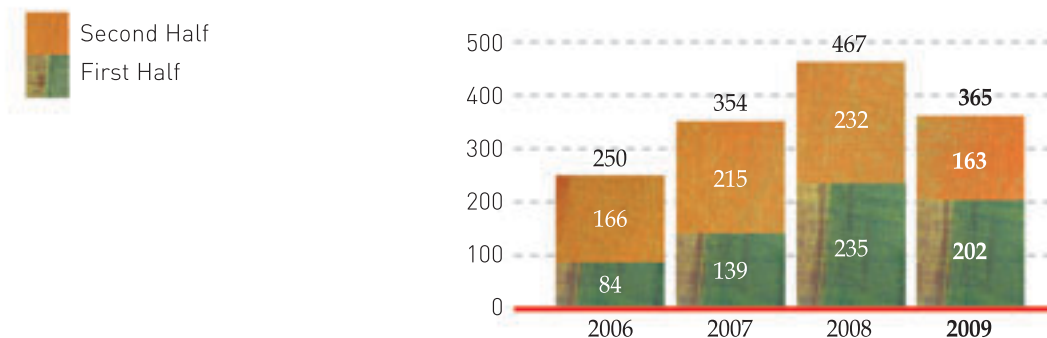
Financial Highlights

	2009	2008	Change
	HK\$ million	HK\$ million	%
Turnover	2,975	3,123	↓ 5%
Gross profit	1,038	1,031	↑ 1%
Profit attributable to owners of the Company	365	467	↓ 22%
Net asset value*	5,623	5,275	↑ 7%
Net debt	45	775	↓ 94%
Earnings per share (HK cents)	33.5	46.0	↓ 27%
Total dividend per share (HK cents)	15.8	13.2	↑ 20%
Net asset value* per share (HK cents)	515.9	484.0	↑ 7%

* attributable to owners of the Company

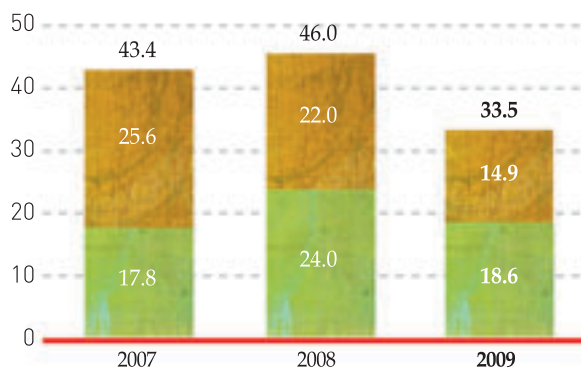
Profit attributable to owners of the Company

HK\$ million



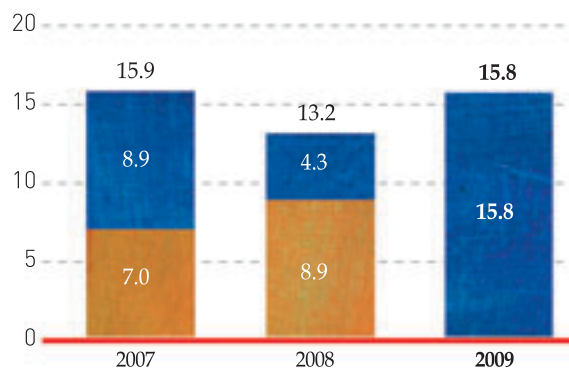
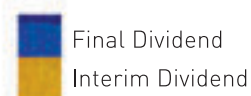
Earnings per share

HK cents



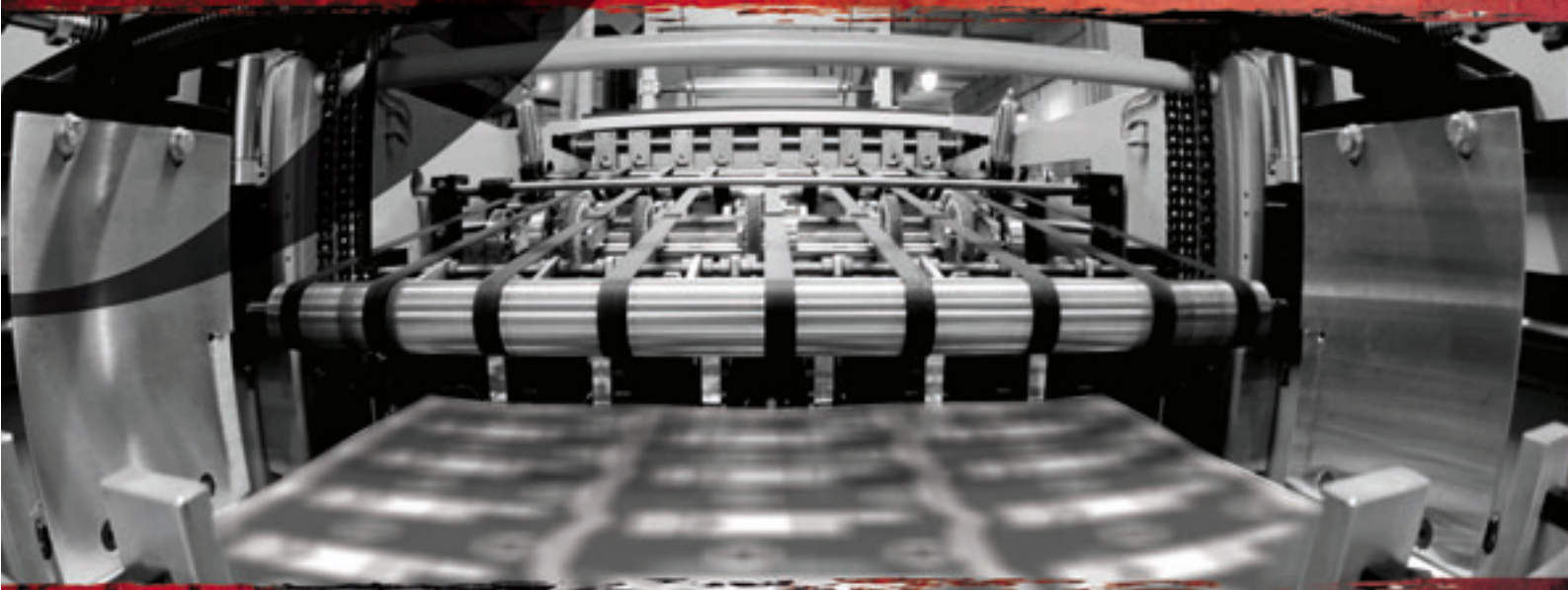
Total dividend per share

HK cents



Aspiration

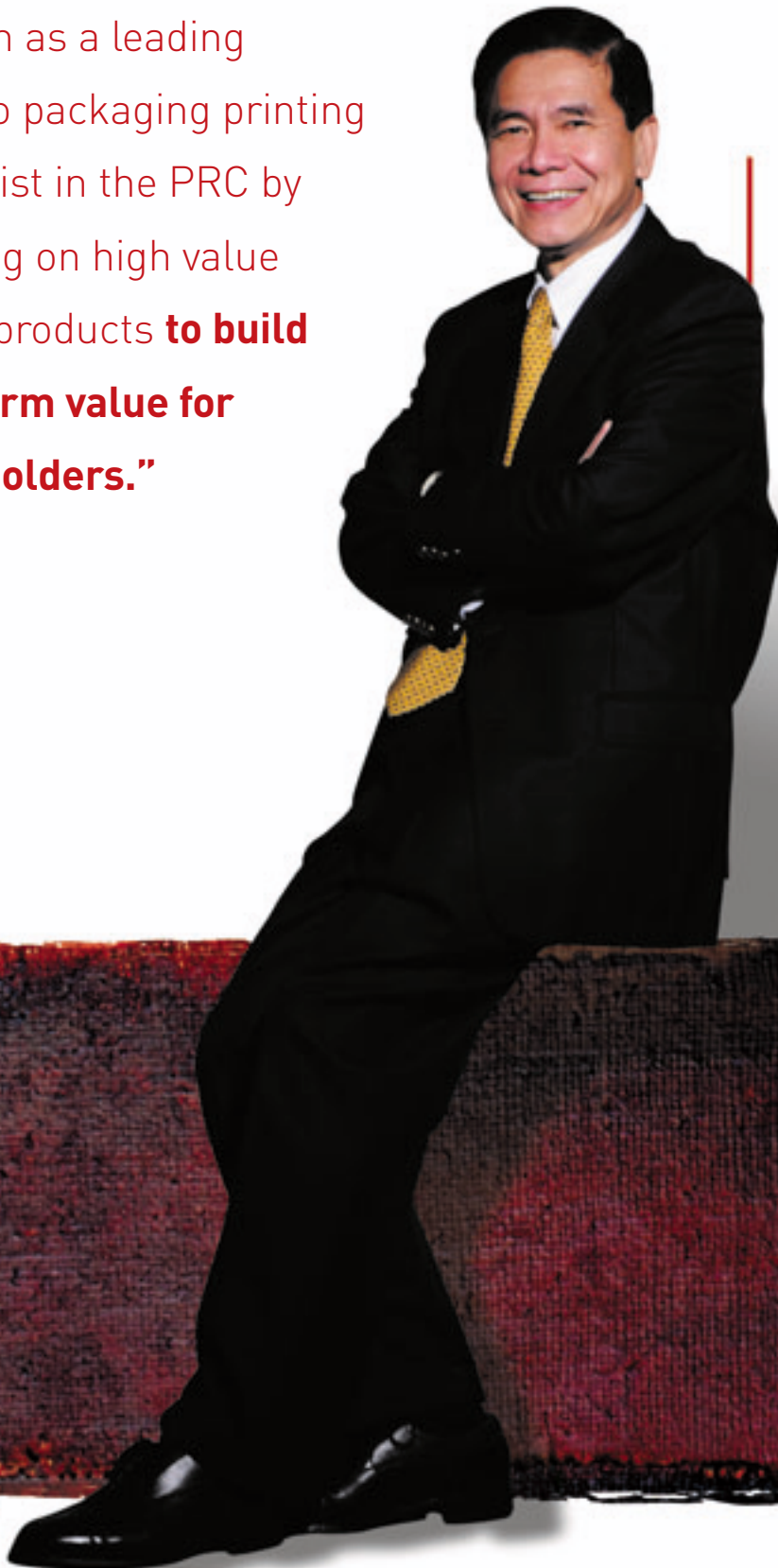
Striving to deliver the best
for customers and
shareholders in a competitive
business environment.



Chairman's Statement

“To further secure AMVIG’s position as a leading tobacco packaging printing specialist in the PRC by focusing on high value added products **to build long term value for shareholders.**”

Chan Chew Keak, Billy
Chairman



Chairman's Statement



It is my pleasure to report on behalf of the board of directors (the "Board") of AMVIG Holdings Limited (the "Company" or "AMVIG", together with its subsidiaries, the "Group") on AMVIG's 2009 annual results.

In 2009, the Group generated sales of HK\$2.98 billion and another solid profit result, consistent with its position as a leader in the tobacco packaging industry in the People's Republic of China (the "PRC"). This was a particularly pleasing result given that it included no contribution from the Brilliant Circle International Holdings Limited and its subsidiaries (together known as "Brilliant Circle Group") operations for the six month period from 1 July until 31 December 2009.

The continuing operations within the Group performed strongly with double digit sales growth for the year ended 31 December 2009 ("Reporting Period") and a solid increase in profit margins, reinforcing the Group's strategy of focusing on high value added products. As a market leader, the Group benefited from the continuous growth in the tobacco industry in China, and the impressive growth of the high end brands. According to the State Tobacco Monopoly Administration's annual conference report, the tobacco industry achieved steady growth of 3.2% in terms of volume as compared to 2008. However, the top 30 key high-end brands recorded a more impressive growth rate of 15.7% in terms of volume as compared to 2008.

The on-going consolidation and concentration on high-end brand of the tobacco industry in the PRC, that favors quality market players such as AMVIG, is expected to continue. Given AMVIG's technological know-how, strong manufacturing network, quality relationships with key customers and commitment to corporate governance practice, the Board is confident of continuing to maximise returns for shareholders.

Chairman's Statement

I want to express my appreciation on behalf of the Board to our customers for their continuing support and faithfulness, which is a great driving force for us to deliver the best products and services.

I would also like to take this opportunity to thank my fellow Board members, for pulling together their talents in coordination with the senior management and all employees for their skills and knowledge to produce another solid result for the year.

Earnings and Dividends

For the Reporting Period, the Group's revenue was HK\$2,975 million, a slight decrease of less than 5% as compared to last year. Profit attributable to owners of the Company was HK\$365 million. Basic earnings per share were HK33.5 cent representing a decrease of 27%. The reduction in sales, profits and earnings per share compared to the previous period was due to the declining profits of Brilliant Circle Group, and the exclusion of profits from Brilliant Circle Group in the second half of 2009 due to the imminent sale back to Mr. Tsoi Tak ("Mr. Tsoi", the director and original owner of the Brilliant Circle Group). As mentioned above, the results of the continuing operations were particularly strong and further detail is contained in the Management Discussion and Analysis section of this report.

The cash flows generated from operating activities for the Reporting Period was approximately HK\$410 million and after the payment of approximately HK\$146 million final dividends to shareholders, the free cash flow was approximately HK\$264 million.

Major Developments

On 22 May 2009, the Company obtained a term loan facility from various financial institutions amounting to HK\$700 million. The loan facility was solely used to finance the repayment of the syndicated loan drawn in 2007. The loan facility will be repaid according to an amortization schedule and its last installment will be due in May 2012.

As noted in the Interim Report 2009, given the deteriorating margins of the Brilliant Circle Group, and in particular the substantially lower contribution from its major profit generator, the associate interest in Changde Goldroc Rotogravure Printing Co., Ltd. ("Goldroc Plant"), the management of AMVIG was examining alternatives to address these issues to ensure AMVIG continues to maximize value for shareholders.

On 9 September 2009, AMVIG entered into the agreement to dispose of the Brilliant Circle Group to Mr. Tsoi but the proposal failed narrowly to attract sufficient shareholders support in the extraordinary general meeting in November 2009. Subsequently, the Company identified an opportunity to finance an acquisition of the remaining 45% equity interests in Famous Plus Group Limited ("Famous Plus") in conjunction with the disposal of the Brilliant Circle Group. This proposal was approved by shareholders in February 2010, allowing AMVIG to report a healthy profit on the sale of the Brilliant Circle Group and utilize part of the cash proceeds for investment in Famous Plus.

Chairman's Statement

The principal asset of Famous Plus is its investment in Dongguan KWG Colour Printing Co., Ltd. ("Dongguan KWG") which has recorded very strong results since the commencement of its cigarette packaging printing operation in Dongguan in early 2008. Having considered Dongguan KWG's focus on high-end packaging products, the Board is confident that the prospects of Famous Plus is promising and the acquisition will enhance the earnings of the Group.

Despite the reduction in market share to an estimated 12% as a result of the disposal, the Group remains the leader in the tobacco packaging industry in the PRC.

Following the continuous consolidation of the tobacco industry and brand concentration strategy by tobacco groups, a product design centre was established so as to support the Group in developing and creating new designs in catering for customers' needs. It is anticipated that this will allow the Group to further develop higher end products and provide the tobacco groups with a wider range of value added services through innovative and creative designs.

The Board believes these initiatives reinforce our ability to prosper in a competitive business environment and help to drive further growth.



Chairman's Statement

Corporate Governance

The Board and management of AMVIG firmly believe that corporate governance is vital and are committed to maintaining and fostering strong corporate governance practices, by conducting business in a responsible manner at all times. Internal control and managing operation risks procedures are constantly being improved across the plants in order to help the Group continue to prosper and benefit from the reputation and trust we have obtained from investors, employees and customers.

Safety and Environmental Policy

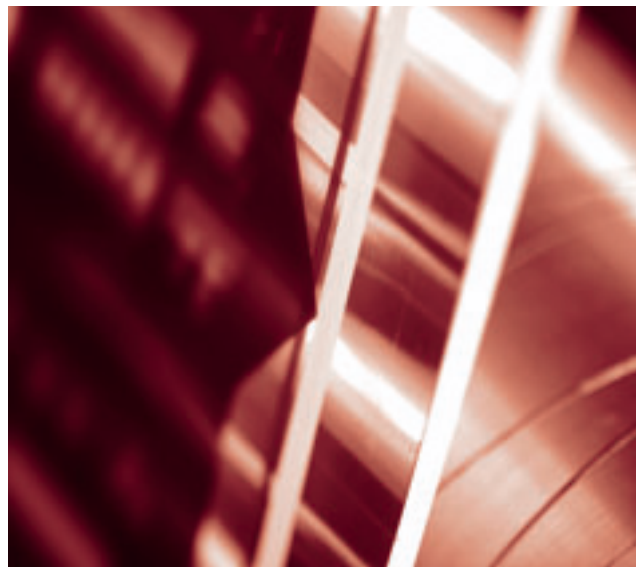
AMVIG is proud of being among the first batch of companies in the PRC that have complied with the Volatile Organic Compounds emission standard set by the PRC government. Being the leading cigarette packaging printing specialist, we recognize that the protection of the health and safety of our employees, and the quality of the environment, is always the prime responsibility of management at every level. Our research and development centers had been putting effort for achieving these commitments during the year, which developed and improved our production operations' safety and environmental-friendly technologies. We will provide our employees with appropriate training and adequate supervision to ensure they complete their tasks safely, responsibly and in a manner that protects the environment which meet the international standards.

Board and Management Changes

Mr. Lee Cheuk Yin, Dannis has resigned his position of Director of Operations and Company Secretary of the Company on 1 March 2010. He was also a member of the Investment Committee and the Risk Management Committee of the Company. Mr. Lee's outstanding performance and his professionalism were much appreciated. I would like to express our sincere thanks for his invaluable contribution to the Group during his period of service. With effect from 1 March 2010, Mr. Liu Shun Fai has been appointed as Company Secretary of the Company and he is also the Chief Financial Officer of the Group.

Mr. Saw Kee Team, Alan ceased to be a Non-Executive Director and the Chairman of the Risk Management Committee of the Company after his two-year term of appointment expired on 12 June 2009. I thank Mr. Saw for his contribution as a Non-Executive Director during his period of service. Mr. David John Cleveland Hodge was appointed as Chairman of the Risk Management Committee of the Company.

With effect from 3 July 2009, Mr. Ge Su joined the board of Directors as an Executive Director. Mr. Ge, aged 53, has more than 17 years of experience in the Chinese tobacco industry. He has a deep understanding of the Chinese tobacco system and has been exposed to a wide range of its subsectors. Mr. Ge has participated in various consultation and investment projects and established a good working relationship with the tobacco monopoly authorities over the years. I congratulate Mr. Ge on his appointment.



Chairman's Statement

After presiding over the growth of AMVIG since April 2006, I have decided it is time to step down as Executive Chairman. With the support of the Board, we have put in place a new management team to lead the Company in the next phase of its development and growth. Accordingly, I am delighted to announce that with effect from 19 November 2009, Mr. Ge has been appointed as Chief Executive Officer and I will continue to serve AMVIG as Non-Executive Chairman starting 20 April 2010. The Board is fully supportive of the transition to a new leadership team that also has resulted in the Company expanding its senior management ranks with several new appointments.



As the Chinese tobacco industry continues to drive rationalization and consolidation, Mr. Ge's deep experience and relationships with key stakeholders in the Chinese tobacco industry will serve the Company well as it expands from this solid platform.

Mr. Ge brought with him the past years of experience in the Chinese tobacco industry. Together with the new management team, AMVIG will grow this business going forward, leveraging from its position as a market leader.

Chairman's Statement

Outlook

Looking forward in the year of 2010, the management of AMVIG will continue to follow our well established consolidation and integration strategy and maintain appropriate risk assessment processes. Following the disposal of the Brilliant Circle Group and the acquisition of the remaining equity interests in Famous Plus in February 2010, AMVIG will improve its product mix by focusing on high-end cigarette brands and the management is confident that the earnings ability will be enhanced.

While we are expecting economic conditions to improve in 2010, AMVIG remains prepared to meet any challenges that may occur. AMVIG will make best use of the capacity of every plant by controlling production costs, benchmarking to reduce wastage, improve product mix, and in all possibilities aiming to lower the overall manufacturing overhead, transportation and administration costs.

The Board remains optimistic about our future prospects. The acquisition of the remaining equity interests in Famous Plus has greatly strengthened our competitiveness, and is expected to help AMVIG deliver increased sales and profits in the current year.

With our world class people, technology and facilities, we aim to further secure AMVIG's leading position in the tobacco packaging printing industry in a dynamic business environment. We believe AMVIG is well positioned to achieve further growth and deliver shareholder value enhancement in the long term.

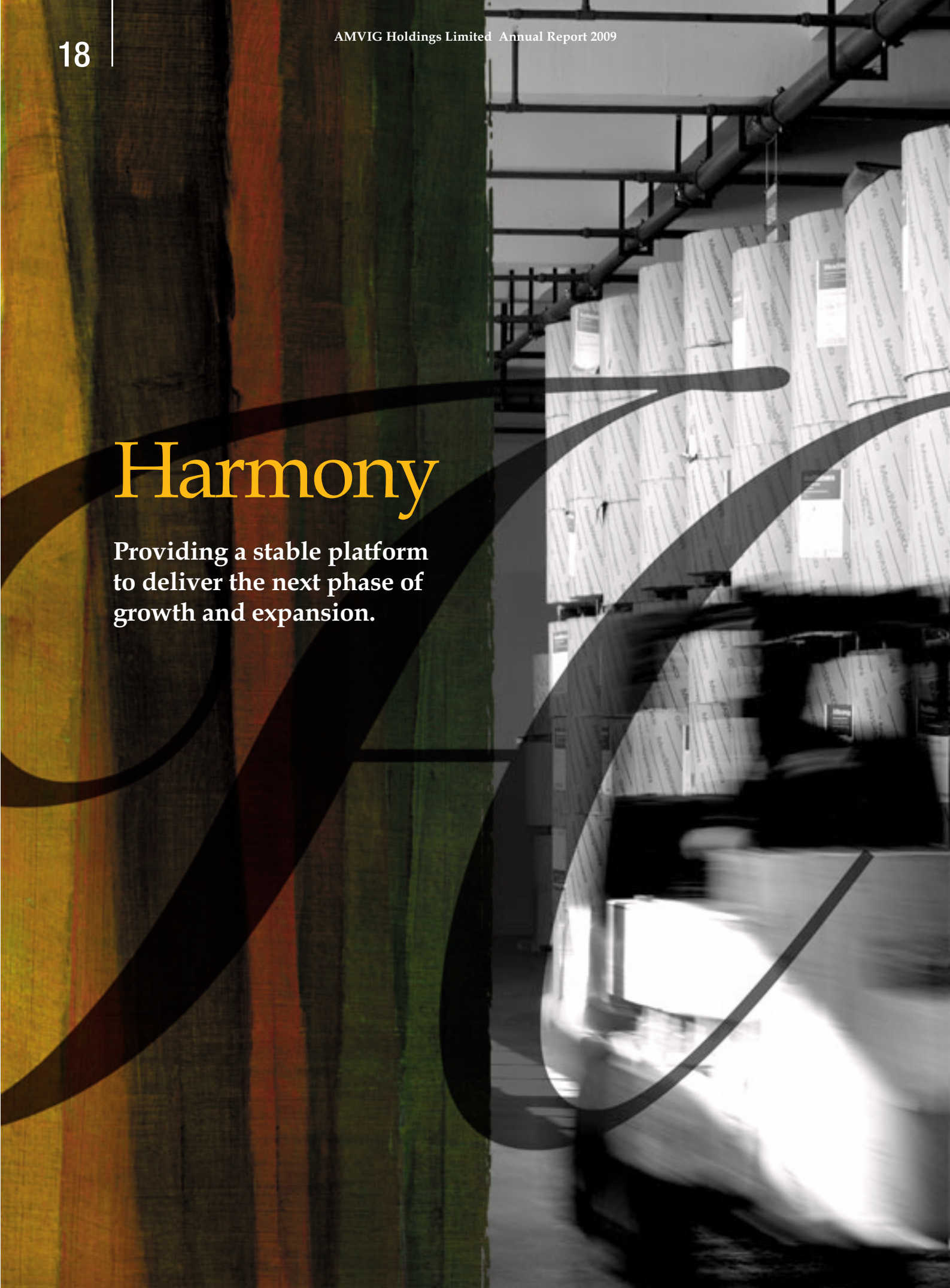
Chan Chew Keak, Billy

Chairman

Hong Kong, 20 April 2010

Harmony

Providing a stable platform
to deliver the next phase of
growth and expansion.



Management Discussion and Analysis 2009

Business Review

The management of AMVIG is pleased to report the final results of 2009. With the improvement of economic environment in 2009, the Company's business picked up momentum satisfactorily. However, this was not without challenges as the Brilliant Circle Group experienced severe margin squeezes as tobacco groups reshuffled their product mix.

Apart from the disappointing results from the Brilliant Circle Group, the Group enjoyed a strong performance in the continuing operations in 2009, reinforcing the Group's operating strategy that resulted in significant organic growth in most of the plants. Even after the disposal of the Brilliant Circle Group, AMVIG has successfully maintained its leading position as the largest tobacco packaging printing specialist in the PRC.

Pleasingly, the global economic environment has gradually recovered in 2009, particularly in the second half of the year. The Chinese consumer goods market continues to improve and the tobacco industry is benefiting from further industry rationalization and consolidation allowing AMVIG to continue to prosper in a competitive business environment.

Management Discussion and Analysis 2009



In order to contain the business risks in operating the Brilliant Circle Group, and maximize value for shareholders, the Board decided to dispose of the Brilliant Circle Group during the Reporting Period. In September and December 2009, the Group entered into agreements with Mr. Tsoi for the disposal of the Brilliant Circle Group at a total consideration of HK\$2,048,000,000 in which HK\$880,302,000 would be satisfied in cash and HK\$1,167,698,000 would be satisfied by Mr. Tsoi transferring 166,814,000 shares to the Company for cancellation. Such disposal was eventually completed in February 2010. We expect this will help to maintain the Group's strong statement of financial position for long term development and meeting operation needs and challenges. As a consequence, it allows the Group to reserve sufficient working capital to sustain a healthy financial position in seeking for potential acquisitions and foster the organic growth to our plants in different locations.

Management Discussion and Analysis 2009

Acquisition

On 22 December 2009, the Group entered into agreement with Dragon Hill Group Limited for the acquisition of the remaining 45% equity interests in Famous Plus Group Limited, which was a non-wholly owned subsidiary of the Company, at a total cash consideration of RMB670 million with a view to further increasing sales in the high-end packaging products market. Such acquisition was completed in February 2010.

Management Changes

During the Reporting Period, Mr. Ge Su was appointed as an Executive Director on 3 July 2009 and he subsequently assumed the position as Chief Executive Officer of the Company. Mr. Saw Kee Team, Alan had ceased to be Non-Executive Director on 12 June 2009. Mr. Lee Cheuk Yin, Dannis has resigned as Executive Director on 1 March 2010 and Mr. Chan Chew Keak, Billy was re-designated as Non-Executive Chairman on 20 April 2010.

Financial Review

Turnover

During the Reporting Period, with the exclusion of second half results of the Brilliant Circle Group, turnover dropped slightly by 4.7% from HK\$3.12 billion in 2008 to HK\$2.98 billion. Excluding the results of the Brilliant Circle Group, other operations within the Group recorded significant growth in turnover. This was due primarily to the inclusion of the full year results of Hangzhou Weicheng, and also due to organic growth of the other operations resulting from the continuous consolidation and growth of the tobacco industry in China.

Gross Profit

During the Reporting Period, the overall gross profit rate was 34.9%, an improvement of 1.9 percentage points when compared to last year. The improvement of gross profit rate was due to the exclusion of second half results of the Brilliant Circle Group, which mainly focused on producing mid to low end products, and a general improvement in product mix of our continuing operations. Gross profit was HK\$1,038 million in 2009, increased by HK\$7 million or 0.7% as compared to last year.

Other Income

Other income mainly represents interest income, sales of paper and exchange difference. There was a decrease in interest income due to a general fall in deposit interest rates. Gain on sales of paper also dropped since the Brilliant Circle Group ceased to conduct paper sales in 2009.

Operating Costs

The exclusion of the operating results of the Brilliant Circle Group for the second half of 2009 led to a reduction in operating costs (including administrative expenses, selling and distribution costs and other operating expenses) from HK\$427 million in 2008 to HK\$411 million in 2009. Operating costs expressed as a percentage of turnover remained stable at 13.8%, compared to 13.7% in 2008, underscoring management's continuous commitment to contain operating costs.

Management Discussion and Analysis 2009

Non-operating Expenses

Included in non-operating expenses in 2008 were (1) loss of HK\$17 million incurred upon the de-recognition of shares purchased for the benefits of employees pursuant to an Employees' Share Award Scheme adopted on 13 June 2007 as financial assets at fair value through profit or loss and the recognition of loan receivables; and (2) loss upon de-registration of Changde Jinfurong Aluminium Foil Packing Materials Company Limited, a subsidiary acquired through the acquisition of Brilliant Circle Group in 2007 amounted to HK\$13 million. There were no such non-operating expenses in 2009.

Finance Costs

Finance costs decreased from HK\$63 million in 2008 to HK\$53 million in 2009. The decrease was mainly due to the repayment of a portion of the syndicated loans borrowed, and the general decrease in borrowing interest rates that resulted in a reduction in finance costs on certain bank borrowings with variable interest rates.

Share of Profit of Associates

Share of profit of associates comprised share of net profit of Nanjing Sanlong Packing Co., Ltd. ("Nanjing Plant") and Goldroc Plant, which is and was 48% and 48.85% owned by the Group, respectively. The amount decreased significantly as only the first half results of Goldroc Plant for 2009 was included due to the deconsolidated of the Brilliant Circle Group from the Group's consolidated financial statements. Share of profit of associates amounted to HK\$81 million in 2009, decreased by HK\$92 million, or 53% when compared to last year.

Taxation

The effective tax rate of the Group was 19.3% in 2009, compared to 19.1% 2008.

Net Profit and Profit Attributable to owners of the Company

The Group's profit attributable to owners of the Company decreased by 21.9% to HK\$365 million in 2009 from HK\$467 million in 2008. The decrease was mainly due to the exclusion of the second half results of the Brilliant Circle Group in 2009. Such decrease was, to a certain extent, offset by the organic growth of our continuing operations and the inclusion of the full year results of Hangzhou Weicheng, whereas in 2008, only three months' post-acquisition results of Hangzhou Weicheng were included.

Segmental Information

During 2009, turnover from cigarette packaging printing amounted to HK\$2,830 million, a year-on-year increase of HK\$33 million and accounted for 95% of the Group's turnover. The increase was mainly due to the inclusion of full year results of Hangzhou Weicheng.

Going forward, the percentage of cigarette packaging printing will continue to increase as the Group's transfer paper and laser film sales will be mainly for internal use and will be eliminated on consolidation.

Management Discussion and Analysis 2009

Dividends

The Board recommended a final dividend of HK15.8 cents per share, representing a payout ratio of 40%, for the year ended 31 December 2009 (2008: HK4.3 cents) to be payable to the shareholders of the Company whose names appear on the register of members of the Company as at 9 June 2010. Subject to the approval by the Company's shareholders at the forthcoming Annual General Meeting to be held on 9 June 2010, the said final dividend will be paid to the Company's shareholders on or about 15 July 2010.

Financial Position

As at 31 December 2009, total assets of the Group amounted to HK\$7,964 million and its total liabilities amounted to HK\$2,179 million, representing a decrease of HK\$393 million and HK\$604 million, respectively as compared to 2008. The decrease in total assets was mainly attributable to the liabilities of Brilliant Circle Group being grouped under a one-line item called "Available-for-sale financial assets" due to its deconsolidation from the Group's consolidated financial statements, hence reducing total assets as presented on the consolidated statement of financial position. On the other hand, such exclusion of liabilities of Brilliant Circle Group also caused a corresponding decrease in total liabilities of the Group.

Borrowings and Banking Facilities

As at 31 December 2009, the Group has gross interest-bearing borrowings of approximately HK\$1,104 million (2008: HK\$1,674 million), representing a decrease of HK\$570 million over the previous year. The decrease was mainly due to the repayment of a portion of the syndicated loan borrowed and the exclusion of bank borrowings of Brilliant Circle Group as presented on the consolidated statement of financial position due to its deconsolidation from the Group's consolidated financial statements.

76.7% of the interest-bearing borrowings as at 31 December 2009 are secured by corporate guarantees of certain subsidiaries of the Company. 1.0%, 76.7% and 22.3% of the interest-bearing borrowings are denominated in Renminbi, Hong Kong dollars and United States dollars, respectively. Substantially interest-bearing borrowings are at floating interest rates. However, taking into account the cross currency swaps entered into with a view to hedge both the interest rate risks and currency risks of certain interest-bearing borrowings, 23.3% of the interest-bearing borrowings are denominated in Renminbi and 76.7% of the interest-bearing borrowings are at floating interest rate. The maturity profile of the Group's gross interest-bearing borrowings is as follows:

	2009 HK\$'000	2008 HK\$'000
On demand or within one year	408,298	858,594
In the second year	377,238	718,235
In the third to fifth years, inclusive	318,269	97,281
	1,103,805	1,674,110
Less: Amount due for settlement within 12 months (shown under current liabilities)	(408,298)	(858,594)
Amount due for settlement after 12 months	695,507	815,516

Management Discussion and Analysis 2009

Capital Structure

As at 31 December 2009, the Group had net assets of HK\$5,786 million comprising non-current assets of HK\$3,703 million (including property, plant and equipment of HK\$758 million, prepaid land lease payments of HK\$23 million, goodwill of HK\$2,445 million, interests in associates of HK\$73 million, loan receivables of HK\$316 million, available-for-sale financial assets of HK\$2 million, other assets of HK\$86 million), net current assets of HK\$2,844 million and non-current liabilities of HK\$761 million.

Gearing ratio, measured by total interest-bearing borrowings less cash and cash equivalent as a percentage of equity, decreased from 13.8% in 2008 to 0.8% in 2009. Such decrease was primarily due to deconsolidated of Brilliant Circle Group and the expansion in equity base due to continuous growth of operating results.

Charges on the Group's Assets

As at 31 December 2009, assets with carrying amounts of approximately HK\$13 million (2008: HK\$603 million) were pledged to banks in respect of banking facilities granted to the Group.

Contingent Liabilities

As at 31 December 2009, the Group did not have any significant contingent liabilities (2008: Nil).

Capital Commitments

As at 31 December 2009, the Group had capital commitments contracted but not provided for in respect of acquisition of property, plant and equipment of HK\$30 million (2008 HK\$71 million).

Working Capital

The current ratio increased significantly from 123% at last year end to 301% at 31 December 2009 due to the net assets of Brilliant Circle Group being presented as available-for-sale financial assets, due to its deconsolidation from the Group's consolidated financial statements.

Foreign Currency Exposure

During 2009, the Group's business transactions were mainly denominated in Renminbi, Hong Kong dollars and United States dollars.

The Group entered into cross currency swap contracts with a view to hedge both the interest rate and currency risks of certain long-term interest-bearing borrowings drawn as discussed under the paragraph "Borrowings and banking facilities" above. Save as aforementioned, the Group does not have any other hedging activities against its foreign exchange exposure.

Management Discussion and Analysis 2009

Treasury Policies

The Group adopts a prudent approach with respect to treasury and funding policies, with a focus on risk management and transactions that are directly related to the underlying business of the Group.

Remuneration Policies and Employee Information

As at 31 December 2009, the Group had 4,946 full time employees in Hong Kong and the PRC. Total staff costs (including directors' emoluments) amounted to approximately HK\$245 million (2008: HK\$252 million) for the year. All full time salaried employees, except for factory workers and contract employees, are being paid on a monthly basis, plus a discretionary performance bonus. Factory workers are being remunerated based on a basic wage plus production incentive. The Group ensures that the pay levels of its employees are competitive and employees are rewarded on a performance related basis within the general framework of the Group's salary and bonus system. In addition to salaries, the Group provides staff benefits including medical insurance and contributions to staff's provident fund. Share options, awards and bonuses are also available to employees of the Group at the discretion of the Directors and depending upon the financial performance of the Group. The remuneration policy for the Directors of the Company is set out in the Remuneration Report on pages 47 to 53 of this report and further information on the employees is set out in the Human Resource Report on pages 55 to 57 of this report.

Outlook

The global economy has exhibited signs of recovery especially in second half year in 2009. Looking ahead, the Group is optimistic about the operating environment and expects to achieve another good financial result in 2010.

The Group will continue to seize possible business opportunities consistent with the priority placed on integration and consolidation of existing business so as to maintain the position as the market leader and the major supplier of the tobacco groups.

As the market leader, with a committed group of employees, focused on research and development and advanced technologies, AMVIG expects to generate superior return to our shareholders through creativity and state-of-the-art facilities. Special emphasis will be placed on exploring ways to better cater to the needs of our customers, and to expand our brand portfolio and profitability.

The long term development strategy in the existing plants will remain unchanged. Nevertheless, the Group will proactively improve the internal communication, plant integration and, centralization of resources so as to strive for increased returns for our shareholders.

Profile of Directors and Management



Non-Executive Chairman

1. Mr. Chan Chew Keak, Billy

Board of Directors

2. Mr. Chan Sai Wai
3. Mr. Ge Su
4. Mr. Ng Sai Kit
5. Mr. David John Cleveland Hodge
6. Mr. Jerzy Czubak
7. Mr. Tay Ah Kee, Keith
8. Mr. Au Yeung Tin Wah, Ellis
9. Mr. Oh Choon Gan, Eric



Profile of Directors and Management

Non-Executive Chairman

Mr. Chan Chew Keak, Billy

aged 59, was appointed as Executive Director in January 2005 and was appointed as the Executive Chairman of the Group in April 2006. He had also been the Chief Executive Officer overseeing the overall management of the Group and development of corporate policies and strategies for development of the business until 19 November 2009. With effect from 20 April 2010, Mr. Chan was re-designated as Non-Executive Chairman of the Board. Mr. Chan has been the Managing Director of Amcor Asia, part of Amcor Limited which is a substantial shareholder of the Company, since 1995. Mr. Chan is a Chartered Engineer (UK) with a Master of Business Administration degree from University of Strathclyde in United Kingdom. He is a member of the Chartered Engineer Institution (UK) and also a member of the Royal Institution of Naval Architect. Mr. Chan is also the Chairman of the Nomination Committee of the Company.

Executive Directors

Mr. Chan Sai Wai

aged 52, was appointed as Executive Director in June 2006 and became the Vice Chairman of the Group in June 2007. Mr. Chan is the Director of several subsidiaries of the Company. He has been primarily responsible for overall management and operation of World Grand Holdings Limited and its subsidiaries. Mr. Chan has been engaging in the trading of cigarette packaging business since 1982. He had been the Assistant Managing Director of Yunnan Nine-Nine Colour Printing Co., Ltd. since 1996 until he set up Kunming World Grand Colour Printing Co., Ltd. in 2002. Mr. Chan is the brother of Mr. Ng Sai Kit. Mr. Chan is also a member of Risk Management Committee of the Company.

Mr. Ge Su

aged 53, was appointed as Executive Director in July 2009 and assumed the position as Chief Executive Officer of the Company with effect from 19 November 2009. Mr. Ge is currently the Director of certain subsidiaries of the Company. Mr. Ge has more than 17 years of experience in the Chinese tobacco industry. He has a deep understanding and exposure to the industry, and has developed a good working relationship with tobacco monopoly authorities both at central and provincial levels. Mr. Ge assisted in negotiation of three Leigh Mardon tobacco joint ventures in Qingdao, Beijing and Kunming and sits on the respective boards in Qingdao and Beijing. He has participated in many tobacco related projects including assisting a multinational tobacco group in setting up a cigarette making joint venture and developing a cigar cooperative project in China. Mr. Ge holds a degree of Bachelor of Arts from Beijing Language Institute and a degree of Master of Business Administration from China Europe Management Institute (currently China Europe International Business School in Shanghai).

Mr. Ng Sai Kit

aged 47, was appointed as Executive Director in June 2006 and is the Director of World Grand Holdings Limited and Kunming World Grand Colour Printing Co., Ltd., Mr. Ng has been primarily responsible for sales and marketing of World Grand Holdings Limited and its subsidiaries. Mr. Ng has been engaging in the trading of cigarette packaging business since 1982. Mr. Ng had been the Director of Yunnan Nine-Nine Colour Printing Co., Ltd. since 1996 until he set up Kunming World Grand Colour Printing Co., Ltd. in 2002. Mr. Ng is the brother of Mr. Chan Sai Wai.

Profile of Directors and Management

Non-Executive Directors

Mr. David John Cleveland Hodge

aged 50, has been working for Amcor Limited, the major shareholder, for more than 14 years responsible for various corporate and business developments in Asian, Australian, and global business. Prior to joining Amcor Limited, Mr. Hodge had been a merchant banker for 13 years. He is a director of Bellgate International Limited and Beijing Leigh-Mardon Pacific Packaging Company Limited. Mr. Hodge holds a Bachelor of Economics and a Bachelor of Laws from Monash University in Melbourne, Australia. He was appointed as a Non-Executive Director in May 2006 and is also Chairman of the Risk Management Committee of the Company and a member of the Investment Committee of the Company.

Mr. Jerzy Czubak

aged 51, has more than 24 years of operations experience, of which more than 14 years have been working with Amcor Rentsch Europe. Mr. Czubak has assisted Amcor group of companies in the setting up and management of production plants in Poland, Ukraine, Russia and various investment projects in Europe. Mr. Czubak holds a Master of Art degree from University of Lodz in Poland and a Master of Business Administration degree from University of Bristol in United Kingdom. Mr. Czubak is the Global Chief Operation Officer in Amcor Tobacco Packaging Group. During the period from January 2003 to December 2007, He had been a member of the Board of directors of PCW SA (Poland) - Sigma Kalon Group. Mr. Czubak was appointed as a Non-Executive Director in October 2008.

Profile of Directors and Management

Independent Non-Executive Directors

Mr. Tay Ah Kee, Keith

aged 65, is the Chairman of Stirling Coleman Capital Limited and Chairman of Aviva Ltd, Singapore. He was the Chairman and a managing partner of KPMG Peat Marwick Singapore from 1984 to 1993 and concurrently the Chairman of KPMG ASEAN and a member of KPMG International Board and its Executive Committee. He served as the President of the Institute of Certified Public Accountants of Singapore from 1982 to 1992. He was the Chairman of the Singapore International Chamber of Commerce from 1995 to 1997 and he continues to serve as a Board member. He is a founding member and a member of the governing council of the Singapore Institute of Directors. He has also served as an Adjunct Professor in the School of Accountancy and Business of The Nanyang Technological University. Mr. Tay is a Fellow of the Institute of Chartered Accountants in England & Wales and he was awarded the First International Award by the Institute in 1988 for his contribution to the profession. He was conferred the Bintang Bakti Masyarakat (Public Service Star) by the President of the Republic of Singapore in 1990. Mr. Tay also serves on the boards of several public companies in Singapore; Mr. Tay was appointed as an Independent Non-Executive Director in April 2006 and he is also the Chairman of the Audit Committee and a member of the Remuneration Committee and Nomination Committee of the Company.

Mr. Au Yeung Tin Wah, Ellis

aged 47, is the Director of Lau & Au Yeung CPA Limited. Before starting his CPA practice in mid 1992, he worked in an international accountancy firm responsible for auditing of a number of renowned listed companies in Hong Kong. He also acted as a Finance Manager of Paramount Printing Group Limited (currently known as Next Media Limited), a listed company in Hong Kong and a sizeable private limited company in Hong Kong. Mr. Au Yeung is a fellow member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Association of Chartered Certified Accountants and a fellow member of the Society of Registered Financial Planners. Mr. Au Yeung was appointed as an Independent Non-Executive Director in May 2006 and he is the Chairman of the Remuneration Committee and a member of the Audit Committee and Nomination Committee of the Company.

Mr. Oh Choon Gan, Eric

aged 48, is currently the Chief Executive Officer of a financial consultancy and an advisory company specialising in initial public offering, fund raising and private equity investment. Mr. Oh was appointed as an Independent Non-Executive Director on 1 September 2009 of C20 Holdings Limited; a company listed in Singapore Stock Exchange, and is currently holding the positions of chairman and member of the Audit Committee and member of the Remuneration Committee. Mr. Oh has more than 15 years of commercial experience in financial management, business development, corporate finance and restructuring areas. Mr. Oh is a fellow member of the Chartered Association of Certified Accountants and a non-practising member of the Institute of Certified Public Accountants of Singapore. He also holds a diploma in business studies from Ngee Ann Polytechnic majoring in accountancy.

Mr. Oh was appointed as an Independent Non-Executive Director in May 2006 and he is the Chairman of the Investment Committee and a member of the Audit Committee, Remuneration Committee and Nomination Committee of the Company.

Profile of Directors and Management

Senior Management

Mr. Liu Shun Fai

aged 39, is currently the Chief Financial Officer and the Company Secretary of the Group. He is responsible for the accounting, finance and treasury function of the Group. He graduated from the Chinese University of Hong Kong in 1992 and is an associate member of the Hong Kong Institute of Certified Public Accountants. Mr. Liu has more than 16 years of auditing and accounting experience. Before joining the Company in August 2007, Mr. Liu had been the Financial Controller and the qualified accountant of two listed companies in Hong Kong for 8 years and had also worked in an international accounting firm for 7 years.

Mr. Guo Shu Guang

aged 42, is currently the General Manager of Beijing Leigh-Mardon Pacific Packaging Co., Ltd. and the Director of regional business (China) of the Group as well as China Chief Operation Officer of the Group. He holds a Degree in Accounting from Renmin University of China in 1997. He also holds a degree in Business Administration of Industry from Beijing Institute of Petrochemical Technology in 1990. He joined Beijing Leigh-Mardon Pacific Packaging Co., Ltd. in 1998 and was promoted to General Manager in May 2006.

Ms. Chen Ying

aged 40, is currently the Chief Financial Officer, China operation of AMVIG. She obtained a Bachelor degree in Economics from Beijing Material Institute in 1991 and subsequently Master Degree in Financial Accounting from Capital University of Economics and Business in 2001. She served for Beijing Leigh-Mardon Pacific Packaging Co., Ltd as Financial Controller between 1995 to 1999. Then she worked as Financial Manager for Amcor Flexibles (Beijing) Co., Ltd before she joined AMVIG in mid 2009.

Mr. Liu Gui Ru

aged 56, is currently Human Resources Director of AMVIG. He holds a degree in language and literature from Wuhan University in 1976. He also holds a MBA degree from China-Europe International Business School in 1991. Before joining AMVIG in 2009, Mr. Liu was Managing Director of a wholly foreign owned company in China for the previous 9 years.

Profile of Directors and Management

Ms. Lui Yuen Ming, Bella

aged 37, is currently the Head of Internal Audit of the Group. She obtained a Bachelor Degree in Accountancy from the City University of Hong Kong in 1995 and a Degree in Law from the China University of Political Science and Law in 2005. She is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. She has more than 14 years of external and internal auditing experience in an international accounting firm, a multi-national corporation and listed companies in Hong Kong. She joined the Group in September 2007.

Mr. Cheung Chun Ming

aged 44, is currently the Human Resources and Administration Manager of the Group. He is also director of 3 subsidiaries of AMVIG. Mr. Cheung graduated from Kiangsu Chekiang College and has over 20 years of working experience in international trading, sales and marketing. He joined the Group in October 1997.

Profile of Directors and Management

Subsidiary Management

Ms. Ge Ping Lan

aged 55, is currently the Financial Controller of Hangzhou Weicheng Printing Co., Ltd. Ms. Ge graduated from Li Shui Industrial College (麗水工業學院) in mechanism. Ms. Ge also obtained a diploma in Statistics in 1988 and qualified as Accountant, Economist and Statistician. Ms. Ge joined Hangzhou Weicheng Printing Co., Ltd. as Administration Manager in 1997 and was promoted to Financial Controller in 1999.

Mr. Li Ru He

aged 42, is currently the Executive General Manager of Hangzhou Weicheng Printing Co., Ltd. He graduated from Xiamen University, Fujian and obtained a bachelor degree in Biology, and qualified as Economist and Engineer. He joined Hangzhou Weicheng Printing Co., Ltd. in 1997 and was promoted to Executive General Manager in 2010.

Mr. Qi Ming

aged 51, is currently the General Manager of Kunming World Grand Colour Printing Co., Ltd. Mr. Qi graduated from University of Kunming in Economic and Management and has over 30 years' experience in the printing industry. Between 2002 and March 2007, Mr. Qi had been working as General Manager of Kunming World Grand Colour Printing Co., Ltd. He joined Kunming World Grand Colour Printing Co., Ltd. in April 2007 and was appointed as General Manager in January 2010.

Mr. Song Wei Dong

aged 55, is the Assistant General Manager of Nanjing Sanlong Packing Co., Ltd.. Mr. Song joined Nanjing Sanlong Packing Co., Ltd. when it was incorporated in April 1998 and is primarily responsible for overall management, administration and corporate affairs of Nanjing Sanlong Packing Co., Ltd.. Mr. Song holds a degree in Management from the Jiangsu Radio and Television University.

Mr. Wang Shen

aged 49, is currently the General Manager of Qingdao Leigh-Mardon Packaging Co., Ltd.. He majored in Management and graduated from Shandong Normal University in 1985, he majored in Management and graduated from Shandong Provincial Party School in 1995, and he also holds a Master Degree in Management from the University of Northern Virginia, USA. During the period between 2000 to 2004, he held the position as Deputy General Manager of Qingdao Leigh-Mardon Packaging Co., Ltd.. During the period between 2004 to 2010, he held the positions as Director of Estate Business Division, General Manager of Qingdao Etsong Xing Ri Investment Limited Company, General Manager, Vice Chairman and Chairman of Qingdao Etsong Xing Ri Estate Development Limited Company. In March 2010, he was appointed as General Manager of Qingdao Leigh-Mardon Packaging Co., Ltd.

Profile of Directors and Management

Mr. Xu Guo Min

aged 40, is currently the General Manager of Dongguan KWG Colour Printing Co., Ltd. Mr. Xu obtained his Master Degree in Business Administration from Kunming University of Science and Technology and has over 15 years' experience in the printing industry. Between 1995 and August 2007, Mr. Xu had been working as Chief Controller of Production Department of Yunnan Nine-Nine Color Printing Co., Ltd. He joined Dongguan KWG Colour Printing Co., Ltd. since November 2007 and was appointed as General Manager in January 2010.

Mr. Zhu Cheng Jian

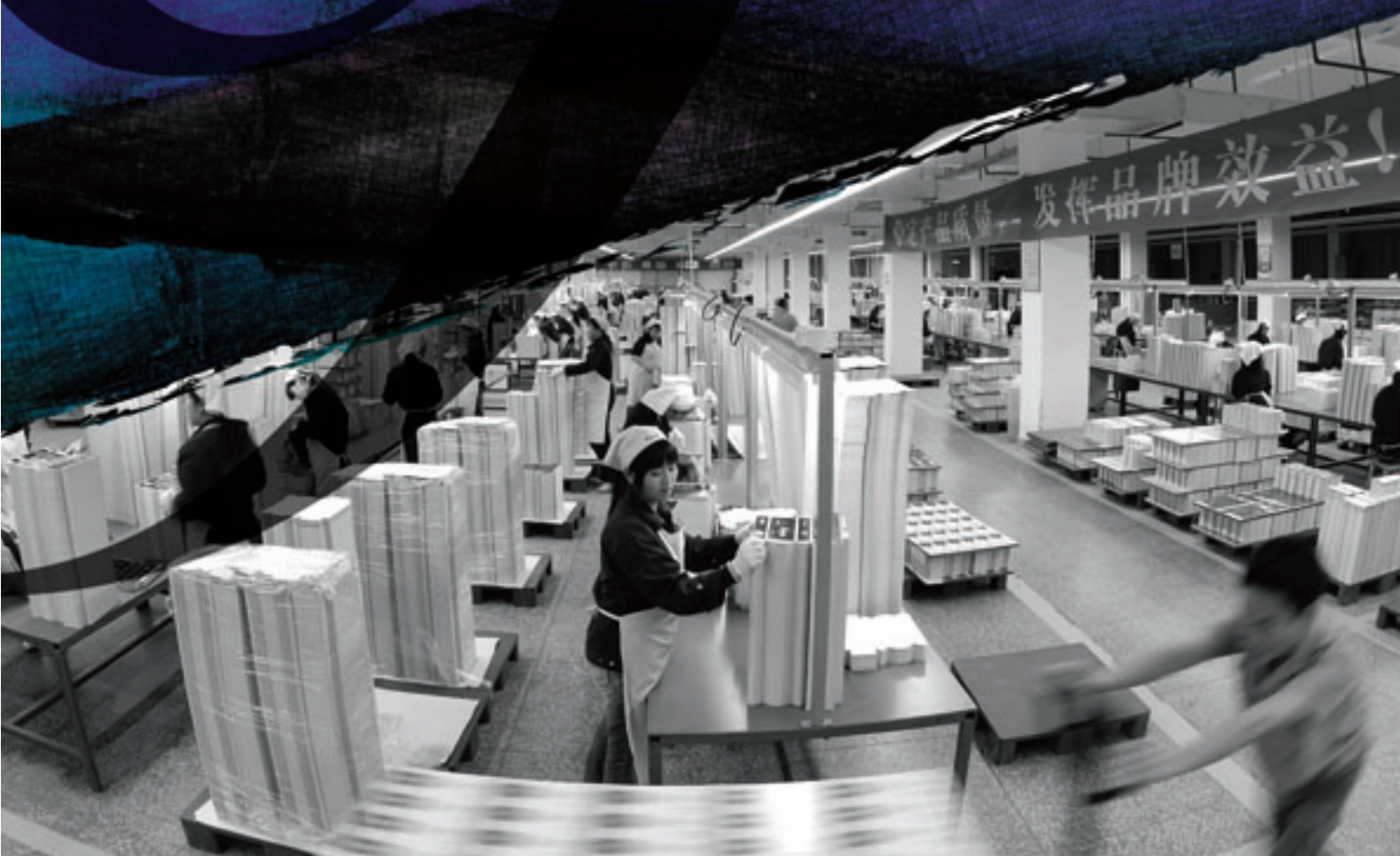
aged 46, is currently the General Manager and Director of Nanjing Sanlong Packing Co., Ltd.. Mr. Zhu joined Nanjing Sanlong Packing Co., Ltd. when it was incorporated in April 1998 and he is primarily responsible for the overall production and technical affairs of Nanjing Sanlong Packing Co., Ltd. He was appointed General Manager of Nanjing Sanlong Packing Co., Ltd. in 2010.

Mr. Zhu Tian Shou

aged 49, is currently the General Manager of Xian Great Sky Laser Hologram Co., Ltd. He holds a Textile Engineer diploma from Xian Polytechnic University and attended MBA course in 2003-2004. Before joining the Group, he was a senior engineer and a member of assessment committee in People's Liberation Army's ("PLA") General Logistics Department. He was also the Head of a PLA Factory and General Manager of Xian Great Sky Science & Technology Co., Ltd.

Inspiration

Promoting the highest standards of corporate behaviour to underpin sustainable growth.



Corporate Governance Report

Introduction

AMVIG is committed to conducting the Group's business in accordance with the principles of best practice in corporate governance. With the legal and regulatory requirements, AMVIG will continue to allocate sufficient resources to improve the internal control system and monitor its operating risks. We will also continue to coach our employees to adopt international management practices and maintain smooth, effective and transparent day to day operations to achieve our long term strategic goals to satisfy shareholders, employees and customers.

Code on Corporate Governance Practices

During the Reporting Period, the Company has complied in general with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

This report summarises the Company's corporate governance practices and structures that were in place during the financial year.

Board Matters

Board's Conduct of its Affairs

The Board directs and supervises the Company's affairs in a responsible and effective manner. Each Director has a duty to execute his actions in the best interests of the Company. The Board is responsible for the Company's overall strategic direction, key operational initiatives, major funding and investment proposals. It is also charged with monitoring the operational and financial position and performance, as well as corporate governance practices. Where appropriate, the Board is obliged to approve any key executive appointments and succession planning. The Board also provides leadership and guidance to management. The Company has in place financial authorisation and approval limits for capital expenditures as well as acquisitions and disposal of investments. Within these guidelines, the Board approves transactions above certain thresholds. The Board also approves the annual budget and the financial results of the Group.

Various Board committees were formed to assist in the execution of the Board's responsibilities.

Corporate Governance Report

The Board is supported by:

- The Audit Committee
- The Nomination Committee
- The Remuneration Committee
- The Investment Committee and
- The Risk Management Committee

The Board meets periodically at least four times a year and also meets as warranted by particular circumstances outside the scheduled meetings. In the financial year ended 31 December 2009, a total of seven Board meetings were held. The attendance of the Directors at Board meetings and Board committee meetings, as well as the frequency of such meetings, are disclosed in this report.

Board Composition and Guidance

The Nomination Committee's main function is to ensure that the size of the Board is adequate for effective discussions and decision-making. It also has the responsibility that the Board has an appropriate balance of independent Directors, with a mix of business experience in relevant disciplines.

There have been certain changes of directorship during the year and since the end of the Reporting Period. Mr. Saw Kee Team, Alan has ceased to be a Non-Executive Director on 12 June 2009 due to expiry of his term of appointment and Mr. Ge Su has been appointed as an Executive Director since 3 July 2009. Mr. Ge Su has subsequently assumed the position as Chief Executive Officer of the Company with effect from 19 November 2009. Mr. Lee Cheuk Yin, Dannis resigned as Executive Director with effect from 1 March 2010. Mr. Chan Chew Keak, Billy was re-designated as Non-Executive Chairman with effect from 20 April 2010.

The Board now comprises nine Directors including a Non-Executive Chairman, three Executive Directors, two Non-Executive Directors ("NEDs"), and three Independent Non-Executive Directors ("INEDs"). The composition of the Board and representation on Board committees are set out below:

Non-Executive Chairman:

Mr. Chan Chew Keak, Billy (*Chairman of the Board and Chairman of Nomination Committee*)

Executive Directors:

Mr. Chan Sai Wai (*Vice-Chairman*)

Mr. Ge Su (*Chief Executive Officer*)

Mr. Ng Sai Kit

Non-Executive Directors:

Mr. David John Cleveland Hodge (*Chairman of Risk Management Committee*)

Mr. Jerzy Czubak

Corporate Governance Report

Independent Non-Executive Directors:

Mr. Tay Ah Kee, Keith (*Chairman of Audit Committee*)

Mr. Au Yeung Tin Wah, Ellis (*Chairman of Remuneration Committee*)

Mr. Oh Choon Gan, Eric (*Chairman of Investment Committee*)

Our Directors are experienced in a range of corporate and industry expertise such as accounting, finance and business and operation management. The diversity of the Directors' experience provides useful exchange of ideas and views to ensure that decisions are made with a balanced judgement.

All NEDs (including INEDs) of the Company are appointed for a term of two years from the date of their appointments/renewal. They are subject to re-election on retirement by rotation in accordance with the Articles of Association of the Company but eligible for re-election for re-appointment.

The Nomination Committee reviews the independence of each Director. It considers a Director as independent if he has no relationship with the Group or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment in the best interests of the Company.

Other than (i) Mr. Chan Chew Keak, Billy, Mr. David John Cleveland Hodge and Mr. Jerzy Czubak, who are senior management of Amcor group of companies, and (ii) Mr. Chan Sai Wai who is the brother of Mr. Ng Sai Kit, there is no financial, business, family or other material or relevant relationship among the other Directors which would affect their independence.

The Company confirms that it has received from each of its INEDs an annual confirmation of his independence pursuant to rule 3.13 of the Listing Rules and the Company consider the Independent Non-Executive Director to be independent.

The biographical details of the Directors are set out on pages 26 to 29 of this annual report.

Chairman and Chief Executive Officer

The Company did not have a separate Chairman and Chief Executive Officer in the past. Since the appointment of Mr. Ge Su as an Executive Director, Mr. Ge Su has subsequently assumed the position as Chief Executive Officer of the Company with effect from 19 November 2009. Mr. Chan Chew Keak, Billy has been re-designated as Non-Executive Chairman with effect from 20 April 2010.

Board Membership

The Nomination Committee reviews and assesses candidates for directorships (including executive directorships) before making recommendations to the Board. The Nomination Committee normally considers the current composition of the Board, the skills and experiences required, and ensures that the Board has an appropriate balance of independent Directors as well as Directors with the right profile of expertise, skills, attributes and ability.

Corporate Governance Report

Board Committees

The Board has established various Board committees, namely the Audit Committee, the Nomination Committee, the Remuneration Committee, the Investment Committee and the Risk Management Committee to assist itself in the execution of its duties. In considering the composition of the membership in different committees, several key factors are taken into account, such as equitable distribution of responsibilities among Board members, promotion of active participation and maximization of the effectiveness of different committees.

Nomination Committee

The Nomination Committee comprised Mr. Chan Chew Keak, Billy (Chairman), Mr. Au Yeung Tin Wah, Ellis, Mr. Tay Ah Kee, Keith and Mr. Oh Choon Gan, Eric.

The responsibilities of the Nomination Committee include the following:

- reviews and assesses candidates for directorships (including executive directorships) before making recommendations to the Board for appointment of Directors;
- reviews and recommends to the Board the retirement and re-election of Directors in accordance with the Company's Articles of Association;
- reviews the composition of the Board to ensure that the Board has an appropriate balance of independent Directors and to ensure an appropriate balance of expertise, skills, attributes and ability among the Directors;
- reviews the independence of Directors;
- reviews the composition of the boards of subsidiary and associated companies and where appropriate, provides guidance on the appointment of suitable Directors to those companies; and
- oversees the selection, appointment and succession planning processes for the Company's Chief Executive Officer and senior executives.

During the year, the Nomination Committee had recommended Mr. Ge Su as an Executive Director and the Chief Executive Officer of the Company.

The Nomination Committee held one meeting during the financial year.

Corporate Governance Report

Remuneration Committee

The Remuneration Committee comprised Mr. Au Yeung Tin Wah, Ellis (Chairman), Mr. Tay Ah Kee, Keith and Mr. Oh Choon Gan, Eric.

The Remuneration Committee held two meetings during the financial year.

The key responsibilities of the Remuneration Committee are stated in the Remuneration Report set out in this report on pages 47 to 53.

Audit Committee

The Audit Committee comprised the three INEDs: Mr. Tay Ah Kee, Keith (Chairman), Mr. Au Yeung Tin Wah, Ellis and Mr. Oh Choon Gan, Eric.

The main responsibilities of the Audit Committee include the following:

- assists the Board in discharging its statutory responsibilities on financial and accounting matters;
- reviews the audit plans and reports of the external auditors and internal auditors and considers the effectiveness of the actions taken by management on the auditors' recommendations;
- appraises and reports to the Board on the audits undertaken by the external auditors and the adequacy of disclosure of information;
- reviews the cost effectiveness of the audit and the independence and objectivity of the external auditors; and
- reviews connected transactions and continuing connected transactions, as defined under the Listing Rules.

The Audit Committee held five meetings during the financial year. It met with the Company's internal and external auditors to discuss the results of their respective examinations and their evaluation of the Company's system of internal controls. It has authority to investigate any matters within its terms of reference and has full access to and cooperation from management, in addition to its direct access to the external auditors. The external auditors, in the course of conducting their normal audit procedures on the statutory financial statements of the Company, also considered the Company's internal control relevant to the Company's preparation and true and fair presentation of the financial statements in order to design their audit procedures. If required, the Audit Committee has authority to seek external resources to enable it to discharge its functions properly.

Corporate Governance Report

The Audit Committee has also reviewed the interim financial statements and the annual financial statements of the Group for the financial year ended 31 December 2009 as well as the auditors' reports thereon. Connected transactions and continuing connected transactions of the Group in the financial year have been reviewed by the Audit Committee; in cases of practical difficulties, the Audit Committee provides guidance to management to assist in their resolution. Appropriate disclosure is made in the annual report.

The Audit Committee has not taken a different view from the Board regarding the selection, appointment, resignation or dismissal of the external auditors.

Investment Committee

The Investment Committee comprised Mr. Oh Choon Gan, Eric (Chairman), Mr. David John Cleveland Hodge and Mr. Ge Su.

The main responsibilities of the Investment Committee include the following:

- considers and approves strategic and portfolio investments and divestments within certain prescribed thresholds;
- reviews the Company's investment and treasury policies; and
- manages the Company's Group's assets and liabilities in accordance with the policies and directives of the Board.

The Investment Committee held one meeting during the financial year.

Risk Management Committee

The Risk Management Committee comprised Mr. David John Cleveland Hodge (Chairman), Mr. Chan Sai Wai and Mr. Liu Shun Fai.

The main responsibilities of the Risk Management Committee include the following:

- oversees the establishment, implementation, and ongoing review of the Company's risk management;
- reviews the overall risk management system and process and makes recommendations on changes as and when considered appropriate, having regard to costs and benefits; and
- reviews the Company's material risk exposures and evaluates the adequacy and effectiveness of the mitigating measures implemented by management.

Corporate Governance Report

The Risk Management Committee held one meeting during the financial year.

The Risk Management Report is set out in this report on pages 59 to 63.

Attendance at Board and Board Committee Meetings

The attendance of each Director at the meetings of the Board and the Board committees during the financial year ended 31 December 2009 was as follows:

	Board	Audit Committee	Nomination Committee	Remuneration Committee	Investment Committee	Risk management Committee
Number of Meetings Held	7	5	1	2	1	1
<i>Name of Directors</i>						
<i>Executive Directors</i>						
Mr. Chan Chew Keak, Billy ⁽¹⁾	7/7	-	1/1	-	-	-
Mr. Chan Sai Wai	6/7	-	-	-	-	1/1
Mr. Ng Sai Kit	6/7	-	-	-	-	-
Mr. Lee Cheuk Yin, Dannis ⁽²⁾	7/7	-	-	-	1/1	1/1
Mr. Ge Su ⁽³⁾	3/3	-	-	-	1/1	-
<i>Non-Executive Directors</i>						
Mr. David John Cleveland Hodge	7/7	-	-	-	1/1	1/1
Mr. Saw Kee Team, Alan ⁽⁴⁾	4/4	-	-	-	-	-
Mr. Jerzy Czubak	7/7	-	-	-	-	-
<i>Independent Non-Executive Directors</i>						
Mr. Tay Ah Kee, Keith	7/7	5/5	1/1	2/2	-	-
Mr. Au Yeung Tin Wah, Ellis	7/7	5/5	1/1	2/2	-	-
Mr. Oh Choon Gan, Eric	7/7	5/5	1/1	2/2	1/1	-

Notes:

- (1) Mr. Chan Chew Keak, Billy was re-designated as Non-Executive Chairman with effect from 20 April 2010.
- (2) Mr. Lee Cheuk Yin, Dannis resigned as Executive Director with effect from 1 March 2010.
- (3) Mr. Ge Su was appointed as Executive Director with effect from 3 July 2009.
- (4) Mr. Saw Kee Team, Alan ceased to be a Non-Executive Director with effect from 12 June 2009.

Corporate Governance Report



Internal Controls

The Board recognises the importance of the establishment and maintenance of a system of internal control and the review of its effectiveness in order to safeguard the shareholders' investment and the Group's assets. The Board is reasonably satisfied that there are sufficient resources of staff with appropriate qualifications and experience in its accounting and financial reporting team and that sufficient training and budget have been provided.

(a) Review on Internal Control System

The Group's internal control system consists of various policies, procedures and control activities to provide reasonable assurance against material misstatement or loss, and to manage risks of failure in the Group's operational systems. The system of internal control is intended to safeguard the Group's assets and resources against unauthorised use or disposition, ensure compliance with applicable laws and regulations, ensure transactions are executed in accordance with management's authorization and ensure accounting records are reliable for preparing financial information internally and publicly.

Corporate Governance Report

The Audit Committee has reviewed, with the assistance of the internal and external auditors, the effectiveness of the system of internal control of the Group. Management has used its best endeavors to ensure that there were no material internal control deficiencies, weaknesses or areas of concern identified which might affect shareholders.

(b) Management of Internal Audit Function

The Group has utilized its Internal Audit Department to assist the Board to independently review the Group's internal controls throughout the year ended 31 December 2009.

Internal Audit Charter

The mission, objectives, accountability, responsibility, independence and authority of the Internal Audit Department are clearly stated in a written Internal Audit Charter, which is approved and periodically reviewed by the Audit Committee.

Reporting Structure

The Internal Audit Department reports directly to the Chairman of the Audit Committee, although it also reports administratively to the Chief Executive Officer. The Internal Audit Department brings appropriate matters identified during the course of audits to the Audit Committee's attention and also has the right to consult the Audit Committee without reference to the management. This reporting structure allows the Internal Audit Department to maintain its independence.

Internal Audit Plan

An annual internal audit plan for the Group, which is reviewed by the Audit Committee, is formulated based on the results of the annual assessment of risks and review of internal control. The Internal Audit Department also conducts other projects and investigations as may be required.

Ongoing Internal Control Review

The Internal Audit Department adopts a risk and control based audit approach in assessing the adequacy and effectiveness of the Group's internal control system on an on-going basis.

Corporate Governance Report

(c) Controls on Price-sensitive Information

In respect of procedures and internal controls for the handling and dissemination of price-sensitive information, a mechanism has been established to identify, analyse and disclose any material price-sensitive information with reference to the "Guide on disclosure of price-sensitive information" issued by the Hong Kong Exchanges and Clearing Limited. Besides, the Group's employee handbook contains the general prohibition from disclosing such information to persons who do not have a demonstrable need to know the information. Group staff are required to acknowledge the receipt and comply with all the contents contained in the employee handbook.

Responsibilities in Respect of Financial Statements

The Directors are responsible for overseeing the preparation of financial statements for each financial period to ensure such financial statements give a true and fair view of the state of affairs of the Group and of the results and cash flow for that period. The Company's financial statements are prepared in accordance with all relevant statutory requirements and applicable accounting standards. The Directors are responsible for ensuring that appropriate accounting policies are selected and applied consistently; and that judgment and estimates made are prudent and reasonable.

There are no material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

The statement of the external auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 79 to 80 of the annual report.

Auditors' Remuneration

RSM Nelson Wheeler has been re-appointed as the Company's external auditor by shareholders at the 2009 Annual General Meeting until the conclusion of the forthcoming Annual General Meeting. They are primarily responsible for providing audit services in connection with the annual consolidated financial statements. During the year, the total remuneration payable to the Company's external auditor amounted to approximately HK\$6 million of which approximately HK\$4 million was incurred for statutory audit and approximately HK\$2 million was incurred for non-audit services.

Corporate Governance Report

Communication with Shareholders

The Company believes in engaging in regular, effective and fair communication with shareholders and is committed to conveying important and relevant information to shareholders on a timely basis.

The Company takes care to ensure that information is made publicly available on a timely basis. Disclosure of information is made through announcements to the Stock Exchange, the Company's annual and interim reports, press releases, as well as the corporate website (www.amvig.com) which has a dedicated investor relations section.

Greater Shareholders' Participation

The Company believes in encouraging shareholders' participation at general meetings. The Company's Articles of Association allows a shareholder entitled to attend and vote to appoint a proxy who need not be a shareholder of the Company to attend and vote at general meetings.

In compliance with the Listing Rules, all general meetings of the Company have been conducted by way of poll. Detailed procedures for conducting a poll were explained at the commencement of the meeting.

Results on any voting conducted by poll will be published in an announcement to be issued on the business day following the general meeting.

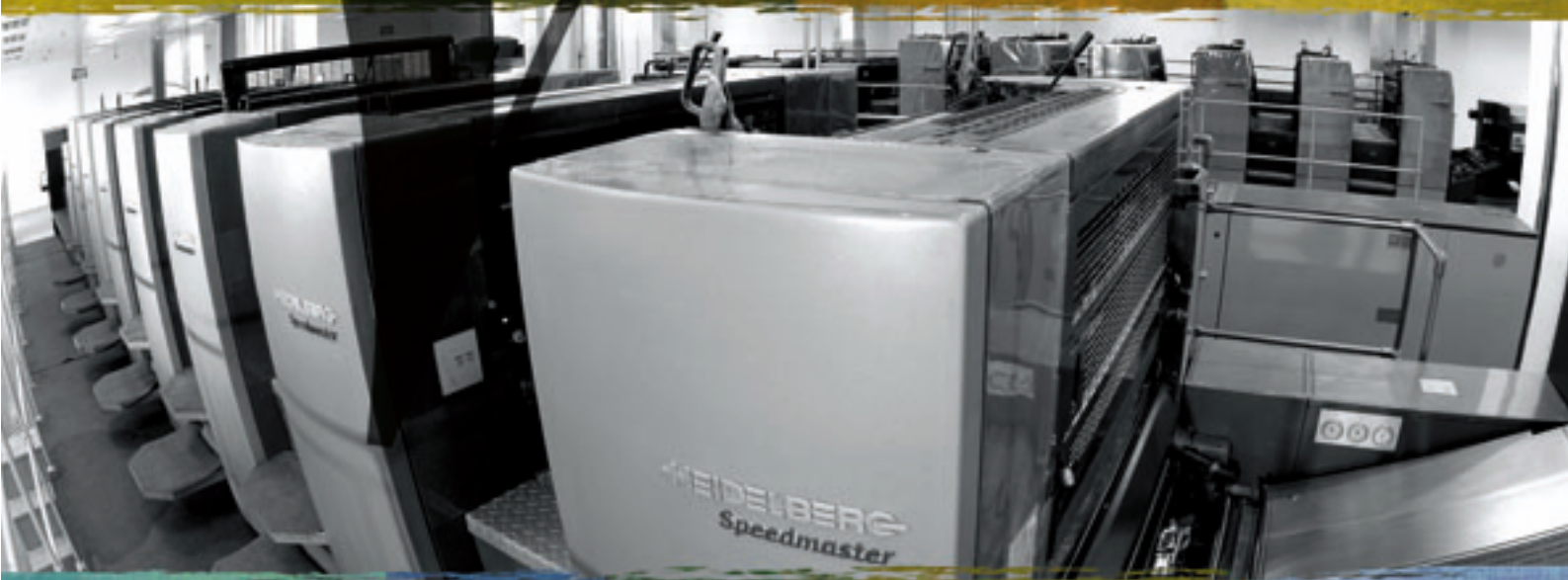
Dealings in Securities

The Company has adopted a code of conduct governing securities transactions by Directors on terms no less exacting than that required under the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as contained in Appendix 10 of the Listing Rules. Having made specific enquiry with all Directors, each of them confirms that he has complied in full with the Model Code regarding Directors' securities transactions for the year ended 31 December 2009.



Alignment

Ensuring the remuneration policy can attract, motivate and retain quality employees to foster the Company's competitive advantages.



Remuneration Report

In 2009 it has been a very challenging year with both external trade and domestic demand expected to remain subdued after the financial crisis in 2008. Given the fluid economic situation and the varying effects of stimulus measures being taken around the world, the global economy is returning to normal. However, cautious steps to reinforce the foundation for a sustainable economic recovery that will spur global growth should be taken to ensure a healthy recovery of economy in the future.

Under such challenging times, the Committee considers that an effective remuneration policy, aligned to the Company's business needs, is important to the continued growth of the Company. It directly impacts the Company's ability to recruit, retain and motivate executives of the highest calibre who will be able to deliver sustained value to shareholders. The Committee also recognizes shareholders' focus on the delivery of results and the creation of long-term value and, as such, the remuneration policy reflects a pay-for-performance philosophy and alignment to shareholder interests.

This remuneration report sets out the Company's policy on the remuneration of Chairman, Executive Directors and NEDs, together with details of Directors' remuneration packages for the financial year 2009. This Remuneration Report has been reviewed and approved by the Remuneration Committee of the Company and the detail is set out on pages 47 to 53.

1. Introduction

To ensure the appropriateness of reward in the current challenging business environment, the Committee recommended, and it was agreed, that there would be no increase in the base salaries for the current Executive Directors in 2009. However, bonuses would still be paid according to policies set at the beginning of the year. NED's fees will also remain unchanged. Full details of the Chairman's, Executive Directors' and NEDs' remuneration are set out in the report that follows.

2. Remuneration Committee

The Remuneration Committee has been set up since 2006 to review both the remuneration structure and package of the senior management and NEDs.

Tasks

The committee's tasks are:

- to review and determine, on behalf of the Board of Directors, the Board policies for executive remuneration and to report on those to the shareholders;
- to revise and recommend to the Board, the remuneration system for the NEDs; and
- to monitor the implementation of remuneration policies being applied by the Company.

Remuneration Report

The present remuneration package of AMVIG has been compared with the prevailing market practice in Hong Kong and corresponding recommendations were proposed to the Board of Directors for their consideration and approval.

Constitution and operation

The committee comprises solely INEDs and is chaired by Mr. Au Yeung Tin Wah, Ellis. The other members are Mr. Tay Ah Kee, Keith and Mr. Oh Choon Gan, Eric.

The committee held two meetings in the period under review. There was a full attendance record of all members. The Terms of Reference of the Committee is available at Room 1803-04, 18/F, Li Po Chun Chambers, No. 189 Des Voeux Road Central, Hong Kong.

The committee is accountable to the shareholders through its annual report on Executive Directors' remuneration and the opinions of shareholders are taken into account when making decisions.

3. Remuneration Policy

The main elements of the Company's remuneration policies are:

- no individual should determine his or her own remuneration.
- remuneration should be broadly aligned with companies with whom the Company competes for human resources.
- remuneration should reflect performance, complexity and responsibility so as to attract and retain high calibre individuals.
- motivate Directors to achieve challenging performance levels.
- align executive rewards with shareholders' value.
- recognise both individual and corporate achievement.

Remuneration Report

4. Remuneration Principles for Executive Directors in 2009

The committee has followed the remuneration policy and system adopted in 2007 on proposing remuneration packages of Executive Directors for the Board's consideration and approval.

The committee seeks to ensure linking the remuneration for top management with their performance and the Company's operating results by structuring remuneration packages to include both fixed and variable components.

The following key principles guide its policy:

- policy for the remuneration of Executive Directors will be determined and regularly reviewed by the Remuneration Committee which will set the tone for the remuneration of other senior executives.
- the remuneration structure will support and reflect AMVIG's stated purpose to maximise long-term shareholders' value.
- the remuneration structure will reflect a fair system of rewards for the participants.
- the remuneration will be based on the fixed compensation, performance bonus and pension arrangement. The performance bonus will be linked to the achievement of demanding performance targets that are independently set and reflect the creation of long-term shareholders' value.
- a performance share scheme will be developed in order to align executive and shareholders' interests.
- certain key performance indicators ("KPIs"), which can be quantitative and qualitative, will be set objectively by the management within a framework that is approved by the Remuneration Committee to evaluate the performance of Directors.
- remuneration policy and practices will be as transparent as possible, both for participants and shareholders.

The remuneration package consists of fixed compensation, performance bonus and pension arrangement in which the performance bonus is suggested to play a more significant part in individual rewards as part of the policy to attract, motivate and retain high performing individuals. The three components of Executive Directors' remuneration are as follows:

Remuneration Report

I. Fixed Compensation

Fixed compensation includes base salary, allowances and benefits-in-kind. Base salary and allowances are set and reviewed annually for each Director taking into consideration the competitive market position, market practice, and the Company's and individual's performance.

II. Annual Incentive Program

The levels of performance bonus are set by the Remuneration Committee. No Executive Directors serve on the committee. The annual incentive can be paid in form of performance bonus as determined by the Board.

III. Long-term Incentive

The Executive Directors are recommended to take part in the long-term Incentive Plan ("LTIP"). The LTIP will be designed to align the interests of the Executive Directors with those of the shareholders by an award in the form of performance shares that is linked with shareholders' value.

5. Remuneration for Executive Directors

The remuneration paid to the Executive Directors of the Company was shown below:

For the year ended	Fees	Salaries and other benefits	Discretionary bonus	Retirement benefits scheme contributions	Total
31 December 2009	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<i>Executive Directors</i>					
Mr. Chan Chew Keak, Billy ⁽¹⁾	491	-	-	-	491
Mr. Chan Sai Wai	-	2,000	2,600	12	4,612
Mr. Ge Su ⁽²⁾	-	452	187	-	639
Mr. Ng Sai Kit	-	1,500	2,000	12	3,512
Mr. Lee Cheuk Yin, Dannis ⁽³⁾	-	1,710	800	12	2,522
	491	5,662	5,587	36	11,776

Notes:

- (1) Mr. Chan Chew Keak, Billy was re-designated as the Non-Executive Chairman of the Board on 20 April 2010.
- (2) Mr. Ge Su was appointed as Executive Director on 3 July 2009.
- (3) Mr. Lee Cheuk Yin, Dannis resigned as Executive Director on 1 March 2010.

Remuneration Report

For the year ended 31 December 2008	Fees HK\$'000	Salaries and other benefits HK\$'000	Discretionary bonus HK\$'000	Retirement benefits scheme contributions HK\$'000	Total HK\$'000
<i>Executive Directors</i>					
Mr. Chan Chew Keak, Billy <i>(The Chairman)</i>	491	-	-	-	491
Mr. Chan Sai Wai	-	2,000	1,200	12	3,212
Mr. Ng Sai Kit	-	1,500	900	12	2,412
Mr. Lee Cheuk Yin, Dannis ⁽¹⁾	-	1,650	900	12	2,562
	491	5,150	3,000	36	8,677

Note:

(1) Mr. Lee Cheuk Yin, Dannis resigned as Executive Director on 1 March 2010.

6. Remuneration Principles for Non-Executive Directors in 2009

The existing remuneration packages and policies which based on the qualification, professional experiences, time spent and work load of individual INED was proved to be fair, attractive and effective since its first adoption in 2007 and therefore, the same policies and principles were adopted continually in 2009.



Remuneration Report

7. Remuneration for Non-Executive Directors

The fees paid to each of our NEDs for their services to the Group and, as applicable, on its Board committees are set out below. The fees were formulated by Remuneration Committee and reviewed by the Board of Directors.

For the year ended 31 December 2009	Fees HK\$'000	Salaries	Discretionary bonus HK\$'000	Retirement	Total HK\$'000
		and other benefits HK\$'000		benefits scheme contributions HK\$'000	
Non-Executive Directors					
Mr. David John Cleveland Hodge	437	-	-	-	437
Mr. Saw Kee Team, Alan ⁽¹⁾	168	-	-	-	168
Mr. Tay Ah Kee, Keith	754	-	-	-	754
Mr. Au Yeung Tin Wah, Ellis	729	-	-	-	729
Mr. Oh Choon Gan, Eric	727	-	-	-	727
Mr. Jerzy Czubak	376	-	-	-	376
	3,191	-	-	-	3,191

Note:

(1) Mr. Saw Kee Team, Alan ceased to be a NED on 12 June 2009.

Remuneration Report

For the year ended 31 December 2008	Fees HK\$'000	Salaries and other benefits HK\$'000	Discretionary bonus HK\$'000	Retirement benefits scheme contributions HK\$'000	Total HK\$'000
Non-Executive Directors					
Mr. David John					
Cleveland Hodge	437	-	-	-	437
Mr. Saw Kee Team, Alan	376	-	-	-	376
Mr. Tay Ah Kee, Keith	754	-	-	-	754
Mr. Au Yeung Tin Wah, Ellis	729	-	-	-	729
Mr. Oh Choon Gan, Eric	727	-	-	-	727
Mr. Jerzy Czubak ⁽¹⁾	79	-	-	-	79
	3,102	-	-	-	3,102

Note:

(1) Mr. Jerzy Czubak was appointed as a NED on 16 October 2008.

8. Continued Scrutiny and Disclosure

The Remuneration Committee remains committed to continued scrutiny of remuneration levels, and to high standards of disclosure and transparency to shareholders on such matters.





Cooperation

Encouraging a culture of cooperation to help employees and the Company realise their full potential.

Human Resource Report

Introduction

People are AMVIG's most valuable asset and accordingly AMVIG places a high priority on identifying, retaining and developing talented people across all of its operations. In 2009, AMVIG continued to implement its talent management policies and programs to ensure it retains a high level of competent people to help the Group to continue to grow. Apart from career development and business-oriented training programs, the Group also encouraged its staff to develop their talents in order to contribute to each business unit. In addition, conferences and discussions are being held in all plants on a regular basis which offered senior management the opportunities to exchange and share knowledge, experience and expertise, to ensure the alignment of human resources policies and harmonise culture among different plants.

Staff

The number of employees had decreased slightly from 5,029 at the end of the previous Reporting Period to 4,946 at the end of the Reporting Period. Such decrease was mainly attributable to streamlining of operations and cost-cutting measures applied throughout the Group. At the same time, the Group was able to reinforce its commitment to research and development by increasing resources in this important functional area by more than 20% compared to the previous Reporting Period. The following table and charts summarise the employee profile of the Group.

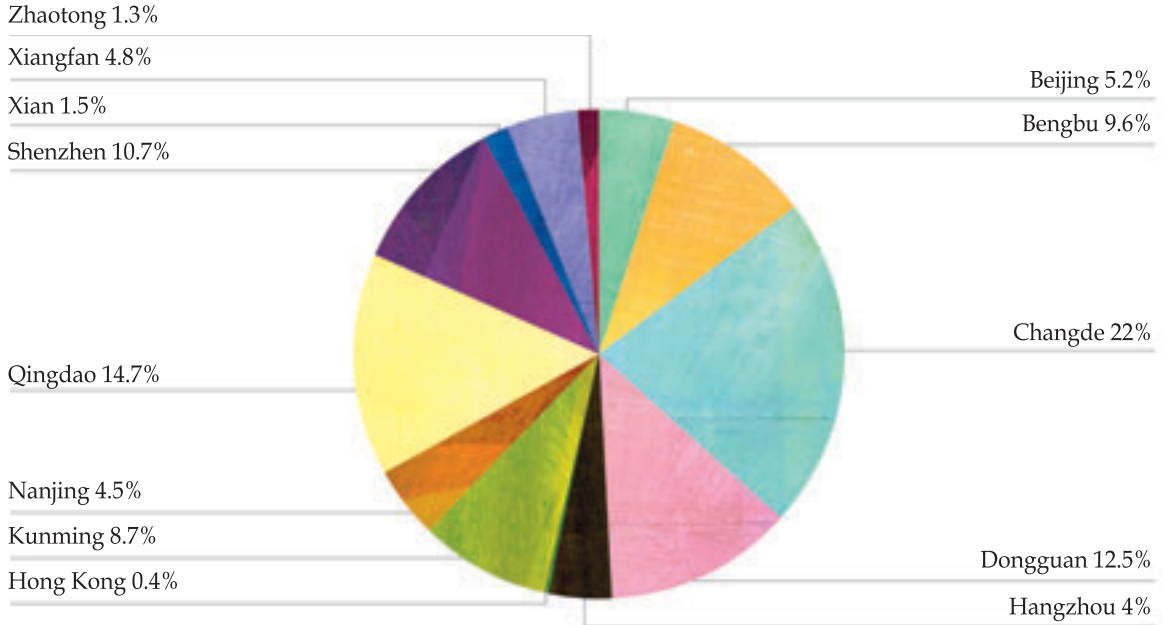
Employees by Profile

	2007	2008	2009*
Total at Year End	4,928	5,029	4,946

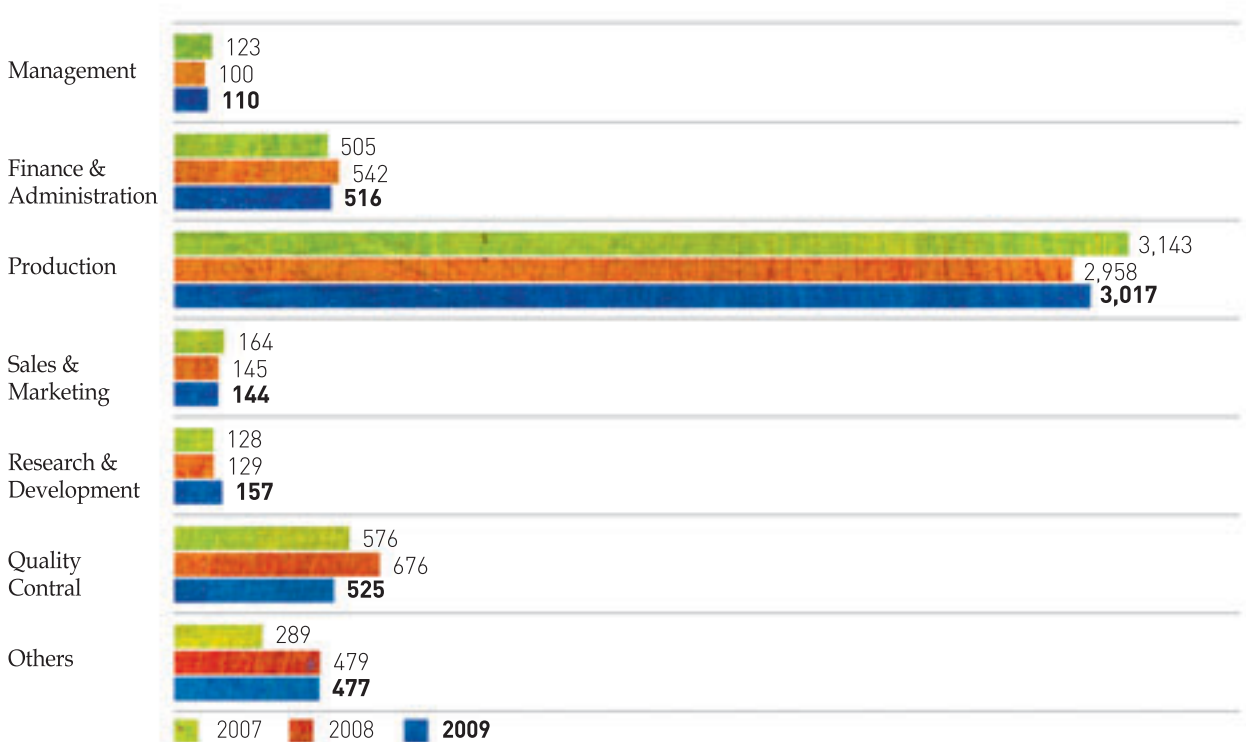
* Including employees of the Brilliant Circle Group

Human Resource Report

Total Number of Employees (By Location) *



Total Number of Employees (By Function) *



* Including employees of the Brilliant Circle Group

Human Resource Report

People Development

There is no doubt that human capital is the cornerstone of the Group's business development. The growth of AMVIG is driven by our ability to attract, develop and retain quality people. The Group recognizes that the on-going business-oriented programs contributing to the personal growth of individuals broadened the knowledge and skills in advanced technologies which further help to build the business.

AMVIG strives to harmonise its culture by fostering increased communication across its operating network in the PRC. General manager conferences were organized regularly involving Directors, general managers and senior management from all plants. Such conferences create an effective platform for management from different plants to share knowledge, resources know-how and experiences, which enables employees to share a common goal and understand the Group's vision and culture. With a common vision, senior management of every plant propagates our ideas and strategies to the middle and lower management, and in such a way, seamless succession can be achieved.

Looking ahead in 2010

AMVIG is well prepared and committed to continuing its focus on people development throughout the Group, which help the employees continue to prosper together with the Group.

In order to maintain its international operating standard, the Group is committed to organize training on safety and business ethics on a regular basis. With the aim to remain a well managed company with an established organizational structure, induction and management training programs for newly hired staff and other management trainees will be rolled out in 2010. These initiatives enable the Company to better meet the needs of its customers and continue to expand.

With AMVIG's extensive network throughout the PRC, a well run communication system is essential. The Group encourages its staff to work and co-operate closely with one and other by taking initiatives to join various conferences and programs as well as visiting other plants and offices of the Group so as to establish mutual understanding. With a strong team of management and employees, the Group is well positioned to extend our market leadership in the PRC.

Opportunity

Risk and opportunity management is essential for corporate stability, sustaining the Company's market leadership position and long term performance.



Risk Management Report

It is essential for a successful company to manage risks effectively and efficiently in an everchanging business environment. Although the Chinese tobacco industry was relatively unaffected by the volatility in the world economy, which experienced both sharp decline and spectacular rebound over the past year, AMVIG was not immune from the challenges posed by the changing landscape of the industry. This includes a continuous consolidation of our customers and a benchmarking system being applied by the tobacco groups. With a culture of adopting strong corporate governance practices and sound risk management framework, the Company is in a strong position to manage risks effectively and efficiently.

1. Market risk

Market risk is the risk of losing sales orders and hence customers or even market share through normal competitive dynamics associated with customer relationship management.

As a market leader in the industry, AMVIG has been providing its customers with premium products and innovative designs. In anticipation of increasing demands from tobacco groups, AMVIG established a centralized product development and design centre so as to maintain an effective communication channel with our customers. Through capturing the latest market trend and at the same time, portraying new designs, AMVIG aims to maintain a competitive advantage over its competitors by constantly producing value-added products to its customers.

Management is adamant that the continuous consolidation of the Chinese tobacco industry will be an advantage to the Group due to our excellent track record and the possession of technological know-how. At the same time, the Company is also well aware of the importance of fostering a strong relationship with tobacco groups on an ongoing basis. Additional resources including experienced management with wide marketing network within the tobacco market were deployed to achieve such ends.

It is believed that the market risk of the Group is reasonably contained through the application of the abovementioned measures.

Risk Management Report

2. Operational risk

Operational risk is the risk of potential financial loss resulting from disruption of operations. Such risks are mitigated through the following measures:

- (1) Regular external and internal audits are performed throughout the year so as to assess whether the control processes are functioning effectively; additional control processes will be implemented whenever additional operational risks are identified;
- (2) A centralized procurement system, which aims at reaping benefits from bulk purchase discounts from suppliers, enables the Group to enjoy a relatively stable production costs, and as a result a stable operating margin. Such system can also enhance stable and predictable supply of raw materials so that the risk of shortage in raw materials will be kept to a minimum.
- (3) The Group has also invested a lot in human capital. Key performance indicators are set for key management so as to align their interests with the Group and hence, the shareholders. Incentive schemes are also in place so as to retain the best and most talented people. Such schemes will be constantly reviewed and revised, if necessary, to motivate the employees in the most effective way.
- (4) Additional resources were deployed to strengthen the management team in order to improve the co-ordination of the Group's marketing efforts and utilization of production resources. Meetings and telephone conferences among general managers of different plants were held frequently in order to avoid duplication and to serve customers' needs on a more proactive basis.
- (5) It is also essential for the Group to monitor policy and regulation changes in the China tobacco industry, which includes placing more stringent requirements on environmental improvement and pollution prevention. We have invested substantially in complying with the volatile organic compound emission standard set by the PRC government. In addition, our technological know-how also enables us to provide innovative anti-counterfeiting features on new products to tobacco groups.

Risk Management Report



3. Financial Risk

The Company is exposed to various types of financial risks, including foreign currency risk, credit risk, liquidity risk, interest rate risk and fair value risk. Details of the Group's financial risk and the management of such risks are outlined in Note 5 of the Financial Statements.

(1) Foreign currency risk

The Group has limited exposure to foreign currency risk as only a small amount of business transactions are denominated in currencies other than Renminbi, the functional currency of the Company, and the respective group entities.

On the other hand, the Company has borrowings denominated in foreign currencies, namely United States dollars ("USD") and Hong Kong dollars ("HKD"). AMVIG considers the foreign currency risks related to such borrowings were contained as:

- we have entered into cross currency swaps in order to hedge the foreign currency risks for a certain portion of such borrowings; and
- the Company holds certain USD and HKD assets which will form a natural hedge against such borrowings.

Risk Management Report

(2) Credit risk

The Group has no significant credit risk, which is primarily attributable to its trade receivables. In addition to regular reviews of the recoverable amount of trade receivables, the management has also placed stringent controls over working capital management of each operation. Such measures enable the Group to shorten its working capital cycle and enhance cash flows.

The counterparty risk is small as the Group's customers are mainly state-owned tobacco groups, which according to the assessment of the management are financially healthy.

The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

(3) Liquidity risk

The worldwide capital market has recovered significantly from the 2008 financial crisis. New facilities were obtained so as to meet the current and expected liquidity requirements. With the disposal of Brilliant Circle Group, and the proceeds from disposal fully received, the liquidity risk of the Group reduced significantly. The Group will continue its policy to monitor the cash flows of the Group closely so that it maintains sufficient reserves of cash in the short and longer term to repay bank loans when they fall due.



Risk Management Report

(4) Interest rate risk

The Group's bank deposits bear interest at fixed interest rates and therefore are subject to fair value interest rate risks.

The Group's cash flow interest rate risk primarily relates to variable-rate bank borrowings. AMVIG considers that such risks are contained as:

- The Group has entered into interest rate swaps in order to mitigate its exposure associated with fluctuations relating to interest cash flows of certain bank borrowings. The critical terms of these interest rate swaps are similar to those of hedged bank borrowings. These interest rate swaps are designated as effective cash flow hedges of interest rate risk.
- With a stable outlook for interest rates, the Group prefers to keep certain borrowings with variable rates, rather than to enter into interest rate swaps, which fix the interests at substantially higher rates.

(5) Fair values

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

Involvement

Applying the broad experience of Directors to oversee the Company's strategy and achieve its growth potential.



Directors' Report

The Directors have pleasure in submitting their annual report together with the audited financial statements of the Company for the year ended 31 December 2009.

Principal Activities and Geographical Analysis of Operations

The principal activity of the Company is investment holding. Details of the principal activities of the subsidiaries are set out in note 38 to the financial statements.

The Group's turnover and contribution to operating result for the year is attributable to printing of cigarette packages and manufacturing of transfer paper and laser film. The analysis of the principal activities and geographical location of the operations of the Group are set out in note 36 to the financial statements,

Results and Appropriations

The profit of the Group for the year ended 31 December 2009 and the state of the Company's and the Group's affairs as at that date are set out in the financial statements on pages 79 to 172.

The Board did not declare an interim dividend for the six months ended 30 June 2009 (2008: HK8.9 cents per share). The Board now recommended the payment of a final dividend of HK15.8 cents per share to the members of the Company whose names appear on the register of members of the Company on 9 June 2010 in respect of the year ended 31 December 2009 (2008: HK4.3 cents per share).

Reserves

Movements in the reserves of the Company and the Group during the year are set out in note 30 to the financial statements and the statements of changes in equity on page 85 respectively.

Distributable Reserves

At 31 December 2009, the Company's reserves available for cash distribution and/or distribution in specie amounted to approximately HK\$4,030 million. Under the Companies Law of the Cayman Islands, the share premium of the Company is distributable to the shareholders of the Company provided that immediately following the date on which the distribution or 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. The share premium may also be distributed in the form of fully bonus shares.

Subsidiaries

Particulars of the Company's subsidiaries as at 31 December 2009 are set out in note 38 to the financial statements,

Directors' Report



Property, Plant and Equipment

Details of the movements in property, plant and equipment of the Group during the year are set out in note 15 to the financial statements.

Borrowings

Details of the Group's borrowings as at 31 December 2009 are set out in note 25 to the financial statements.

Share Capital

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

Details of the Company's share option scheme and the Company's share award scheme are set out in the paragraph headed "Share option scheme and Share award scheme" of this report.

Directors' Report

Summary Financial Information

A summary of the results and of the assets and liabilities of the Group is set out on pages 173 to 174.

Directors

The Directors who held office during the year and up to the date of this report were as follows:

Executive Directors

Mr. Chan Chew Keak, Billy (<i>Chairman</i>)	(re-designated as Non-Executive Director on 20 April 2010)
Mr. Chan Sai Wai (<i>Vice-Chairman</i>)	
Mr. Ge Su (<i>Chief Executive Officer</i>)	(appointed on 3 July 2009)
Mr. Ng Sai Kit	
Mr. Lee Cheuk Yin, Dannis	(resigned on 1 March 2010)

Non-Executive Directors

Mr. Chan Chew Keak, Billy (<i>Chairman</i>)	(re-designated as Non-Executive Director on 20 April 2010)
Mr. David John Cleveland Hodge	
Mr. Jerzy Czubak	
Mr. Saw Kee Team, Alan	(term expired on 12 June 2009)

Independent Non-Executive Directors

Mr. Tay Ah Kee, Keith
Mr. Au Yeung Tin Wah, Ellis
Mr. Oh Choon Gan, Eric

In accordance with article 87 of the articles of association of the Company, one-third of the Directors shall retire but, being eligible, offer themselves for re-election at the forthcoming Annual General Meeting of the Company. Any new Director appointed as an addition to the Board shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election pursuant to article 86 of the articles of association of the Company. Details of the Directors subject to re-election at the forthcoming Annual General Meeting of the Company are contained in the circular despatched together with this annual report.

Directors' Report

Emoluments of Directors and the Five Highest Paid Individuals

Details of the emoluments of the Directors and the five highest paid individuals of the Group are set out in note 9 to the financial statements.

Retirement Benefit Scheme

Details of the retirement benefit schemes of the Group and the employer's costs charged to the consolidated income statement for the year are set out in notes 8 and 10 to the financial statements.

Biographical Details of the Directors and Senior Management

Biographical details of the Directors and senior management of the Group are set out on pages 26 to 33 of the annual report.

Related Party Transactions

Significant related party transactions entered into by the Group during the year ended 31 December 2009 are set out in note 32 to the financial statements.

Connected Transaction

On 10 September 2009, AMVIG Group Limited, a wholly owned subsidiary of the Company, entered into a sale and purchase agreement with Mr. Tsoi pursuant to which AMVIG Group Limited shall dispose of the entire issued share capital of, and all debts owing or incurred by Brilliant Circle Holdings International Limited to Mr. Tsoi at a total consideration of HK\$2,048 million (the "First Disposal"). At the date of the agreement for the First Disposal, Mr. Tsoi was a substantial shareholder of the Company interested in approximately 15.3% of the then entire issued share capital of the Company and thus a connected person to the Company within the meaning of the Listing Rules. Since the voting at the extraordinary general meeting of the Company held on 19 November 2009 was slightly below the requisite 75% of the total number of votes cast, the First Disposal was not able to proceed. Details of the First Disposal are set out in the announcements of the Company dated 17 September 2009, 28 September 2009, 7 October 2009, 20 October 2009 and 19 November 2009 and the circular of the Company dated 21 October 2009.

Directors' Report

On 22 December 2009, AMVIG Group Limited entered into another sale and purchase agreement with Mr. Tsoi, with terms principally the same with the First Disposal, pursuant to which AMVIG Group Limited shall dispose of the entire issued share capital of, and all debts owing or incurred by Brilliant Circle Holdings International Limited to Mr. Tsoi at a total consideration of HK\$2,048,000,000 (the "Second Disposal"). The consideration shall be satisfied as to HK\$155,500,000 to be paid by Mr. Tsoi in cash upon signing of the agreement for the Second Disposal, as to HK\$1,167,698,000 to be settled by transferring to the Company the 166,814,000 Shares held by Mr. Tsoi for repurchase and cancellation at a repurchase price of HK\$7.00 each, and as to the remaining HK\$724,802,000 to be paid by Mr. Tsoi in cash upon completion of the Second Disposal. On 22 December 2009, in connection with the Second Disposal, World Grand Holdings Limited, a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Dragon Hill Group Limited ("Dragon Hill") pursuant to which World Grand Holdings Limited shall acquire the remaining 45% equity interests in Famous Plus Group Limited, which was then a non-wholly owned subsidiary of the Company, from Dragon Hill at a total cash consideration of RMB670 million (the "FP Acquisition"). As Dragon Hill was then a substantial shareholder of Famous Plus Group Limited interested in 45% of its share capital it was a connected person to the Company within the meaning of the Listing Rules. The Second Disposal and the FP Acquisition were both completed on 25 February 2010. Details of the Second Disposal and the FP Acquisition were set out in the announcements of the Company dated 30 December 2009, 12 February 2010 and 25 February 2010 and the circular of the Company dated 20 January 2010.

Continuing Connected Transactions

On 23 November 2007 (as supplemented on 10 October 2008), the Group entered into two master sales agreements (together the "Master Sales Agreements") with each of Wuhan Tobacco (Group) Company Limited and Xiangfan Cigarette Factory pursuant to which the Group shall sell cigarette packages and/or paper to them. Wuhan Tobacco (Group) Company Limited and Xiangfan Cigarette Factory were part of the Wuhan Tobacco Group interested in approximately 20.4% of Xiangfan Jinfeihuan Colour Packing Co., Ltd. which was then a subsidiary of the Company. As such, Wuhan Tobacco Group was substantial shareholder of the Group and therefore connected person of the Company within the meaning of the Listing Rules.

Under the master sales agreement with Wuhan Tobacco (Group) Company Limited (as supplemented), the maximum annual amount of sales of cigarette packages by the Group to Wuhan Tobacco Group for each of the three years ending 31 December 2008, 2009 and 2010 is RMB56 million, RMB77 million and RMB87 million respectively. Under the master sales agreement with Xiangfan Cigarette Factory (as supplemented), the maximum annual amount of sales of cigarette packages by the Group to Wuhan Tobacco Group for each of the three years ending 31 December 2008, 2009 and 2010 is RMB133 million, RMB154 million and RMB166 million respectively. The term of the Master Sales Agreements is three years commencing from 4 February 2008 and the selling price of the cigarette packages and/or paper under the Master Sales Agreements shall be agreed upon between the parties and shall be determined based on normal commercial terms through arm's length negotiation or on terms no more favourable than the terms available to independent third parties by reference to various factors including the costs of production, prevailing market price, the time of delivery, the quantity required.

Details of the Master Sales Agreements are set out in the announcements of the Company dated 6 December 2007 and 13 October 2008 and the circulars of the Company dated 17 January 2008 and 3 November 2008.

Directors' Report

For the year ended 31 December 2009, Xian Great Sky Laser Hologram Co., Ltd. (西安大天激光圖像有限公司) ("Xian Hologram"), a sino-foreign co-operative joint venture established in the PRC and a subsidiary of the Company, has conducted the following recurring transactions with Xian Great Sky Science & Technology Co., Ltd. (西安大天科技股份有限公司) ("Xian ST"), namely, lease the production plant (including office and dormitory) (the "Lease Transaction"), purchases of printing solvent and related products (the "Purchase Transaction") and sales of laser film and related products (the "Sale Transaction", together with the Lease Transaction and the Purchase Transaction, the "Xian CCT"). As Xian ST is the substantial shareholder of Xian Hologram interested in about 37% of its registered capital and sharing 49% of its profit and loss, it is a connected person of the Company within the meaning of the Listing Rules and the Xian CCT constituted continuing connected transactions of the Company. The terms of the Xian CT were determined based on normal commercial terms through arm's length negotiation. Payment would be made in cash but normal credit period was usually given or allowed. In particular, the rental under the Lease Transaction was payable monthly in arrears, credit period of 60 days was allowed to the Group under the Purchase Transaction, and credit period of 60 days was given by the Group under the Sale Transaction. For the year ended 31 December 2009, the amounts involved for each of the Lease Transaction, the Purchase Transaction and the Sale Transaction were RMB648,000, RMB4.9 million and RMB5.6 million respectively.

The INEDs have reviewed and confirmed that the above continuing connected transactions have been entered into:

- (i) in the ordinary and usual course of business of the Company;
- (ii) either on normal commercial terms or, if there are no sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties; and
- (iii) in accordance with the Master Sales Agreements, or in respect of the Xian CCT, 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.

The auditors of the Company have also reviewed and confirmed that the above continuing connected transactions:

- (i) have received the approval of the Board;
- (ii) are in accordance with the pricing policies of the Group;
- (iii) have been entered into in accordance with the Master Sales Agreements, or in respect of the Xian CCT, the relevant agreements governing the transactions; and
- (iv) have not exceeded the relevant annual caps under the Master Sales Agreements, or in respect of the Xian CCT, exceeded 25% of the relevant percentage ratios (other than the profits ratio) and HK\$10,000,000 per annum.

Directors' Report

Disclosure Under Rule 13.21 of the Listing Rules

On 18 May 2007, a term loan facility agreement (the "First Loan Facility Agreement") was entered into by the Company as borrower pursuant to which a term loan facility (the "First Loan Facility") in the sum of US\$80,000,000 is made available to the Company repayable as to 20%, 40% and 40% on the days which are 24 months, 30 months and 36 months respectively from the date of the First Loan Facility Agreement. It is one of the conditions of the First Loan Facility that Amcor Limited, the single largest shareholder of the Company, must maintain its legal and beneficial ownership of at least 30 percent of the issued share capital of the Company throughout the life of the First Loan Facility. A breach of the aforesaid condition will constitute an event of default under the First Loan Facility and cancel all or any part of the commitments under the First Loan Facility and all amounts outstanding under the First Loan Facility will immediately become due and payable.

On 22 May 2009, the Company entered into another term loan facility agreement (the "Second Loan Facility Agreement") as borrower pursuant to which a term loan facility (the "Second Loan Facility") in the sum of HK\$700,000,000 is made available to the Company repayable as to 5%, 5%, 10%, 10%, 10%, 15%, 15% and 30% on the days which are 15 months, 18 months, 21 months, 24 months, 27 months, 30 months, 33 months and 36 months respectively from the date of the Second Loan Facility Agreement. This Second Loan Facility is used to finance and repay certain loan facilities granted to the Company in 2007 (including the First Loan Facility). It is provided in the Second Loan Facility Agreement that if Amcor Limited fails to maintain its beneficial ownership of not less than 30 percent of the shareholding of the Company or if at any time any person or group of persons acting in concert hold more voting share capital of the Company than Amcor Limited does, it will constitute an event of default as a result of which all or any part of the commitments under the Second Loan Facility may be cancelled and all amounts outstanding under the Second Loan Facility may immediately become due and payable.

Management Contracts

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

Major Customers and Suppliers

During the year, the aggregate sales attributable to the Group's five largest customers accounted for approximately 65% of the total sales for the year and the sales attributable to the largest customer included therein accounted for approximately 21%.

The aggregate purchases attributable to the Group's five largest suppliers accounted for approximately 39% of the total purchases for the year and the purchase attributable to the largest supplier included therein accounted for approximately 14%.

Save as disclosed above, none of the Directors, any of their associates or shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's Shares) had any beneficial interest in the Group's five largest customers or suppliers.

Directors' Report

Directors' Interest in Competing Business

None of the Directors or any of their respective associates had any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

Disclosure of Interests

(a) Director's Interests and Short Positions in the Securities of the Company and its Associated Corporations

As at 31 December 2009, the following Directors or the chief executive of the Company had or were deemed to have interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong ("SFO")) (i) 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 or short positions which they were taken or deemed to have under such provision of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which 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 contained in the Listing Rules:

Name of Director	Nature of interest	No. of Shares held	Position	Approximate percentage of issued share capital
Mr. Chan Sai Wai (Note 1)	Interest of controlled corporation	32,928,000	Long	3.02%
Mr. Ng Sai Kit (Note 2)	Interest of controlled corporation	24,696,000	Long	2.27%
Mr. Lee Cheuk Yin, Dannis (Note 3)	Beneficial owner	3,272,000	Long	0.30%

Notes:

- These Shares are held by Oriental Honour Limited, the entire issued share capital of which is beneficially owned by Mr. Chan Sai Wai.
- These Shares are held by Joy Benefit Limited, the entire issued share capital of which is beneficially owned by Mr. Ng Sai Kit.
- Mr. Lee Cheuk Yin, Dannis resigned as Executive Director on 1 March 2010.

Directors' Report

Save as disclosed above, as at 31 December 2009, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) 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 or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which 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 contained in the Listing Rules.

(b) Persons who have an Interest or Short Position which is Discloseable Under Divisions 2 and 3 Of Part XV of the SFO

So far as is known to the Directors and the chief executive of the Company, as at 31 December 2009, the following persons (not being Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Shareholder	Note	Capacity	Number of Shares held	Position	Approximate percentage of issued share capital
Ancor Limited	1	Interest of controlled corporation	424,520,000 Shares	Long	45.99%
Ancor Packaging (Asia) Pty Limited	1	Interest of controlled corporation	424,520,000 Shares	Long	45.99%
Ancor Fibre Packaging-Asia Pte Limited	1	Beneficial owner	424,520,000 Shares	Long	45.99%
Mr. Tsoi		Beneficial owner	166,814,000 Shares	Long	15.30%
JP Morgan Chase & Co.		Investment manager	63,466,000 Shares	Long	5.83%
		Custodian corporation/ approved lending agent	23,579,816 Shares	Long/ Lending pool	2.16%
Mondrian Investment Partners Ltd.		Investment manager	54,654,000 Shares	Long	5.01%

Directors' Report

Note:

1. The issued shares of Amcor Limited are listed on the Australian Stock Exchange Limited. Amcor Packaging (Asia) Pty Limited and Amcor Fibre Packaging-Asia Pte Limited are wholly owned subsidiaries of Amcor Limited.

Save as disclosed above, as at 31 December 2009, the Directors were not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2009.

Directors' Service Contracts

All NEDs subject to re-election at the forthcoming Annual General Meeting have fixed term of appointment of two years. In particular, Mr. Chan Chew Keak, Billy was re-designated as Non-Executive Director for a term of two years on 20 April 2010. The appointment of Mr. Tay Ah Kee, Keith was renewed for a further term of two years commencing from 27 April 2010 and the appointment of Mr. Au Yeung Tin Wah, Ellis is expected to be renewed on 26 May 2010 for a further term of two years.

Save as disclosed above, no Director proposed for re-election at the forthcoming Annual General Meeting has a service contract with the Company which is not terminable by the Company within one year without payment of compensation, other than statutory compensation.

Directors' Interest in Contracts

Save and except for those disclosed under the paragraph headed "Related party transactions" above, no contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Directors' Rights to Acquire Shares

At no time during the year were rights to acquire benefits by means of the acquisition of shares in the Company granted to any Director, or their respective spouse or minor children, or were any such rights exercised by them, or was the Company, its holding company, or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

Directors' Report

Share Option Scheme and Share Award Scheme

The Company operates a share option scheme (the "Share Option Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group. Eligible participants of the Share Option Scheme include any employees, directors, substantial shareholders of each member of the Group or associated company or any of their respective associates. The Share Option Scheme has become effective for a period of 10 years commencing on 10 March 2004 and up to 40,000,000 options entitling the holders thereof to subscribe for up to 40,000,000 Shares may be granted under the Share Option Scheme.

The maximum number of Shares issued and to be issued upon exercise of the options granted and to be granted pursuant to the Share Option Scheme and any other share option schemes of the Group to each participant (including both exercised and outstanding options) in any 12-month period up to and including the date of grant of the options must not exceed 1% of the total number of Shares in issue.

An option may be exercised in whole or in part in accordance with the terms of the Share Option Scheme at any time during a period to be notified by the Board to each grantee provided that the period within which the Shares may be taken up under the option must not be more than 10 years from the date of grant of the option. There is no minimum period for which an option must be held or the performance targets which must be achieved before an option can be exercised.

The subscription price for the Shares under the Share Option Scheme shall be determined by the Board in its absolute discretion provided that such price shall not be less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of the grant of an option, (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheet for the five consecutive business days immediately preceding the date of the grant, and (iii) the nominal value of a Share. A nominal consideration of HK\$1.00 is payable on acceptance of the grant of an option.

Since the effective date of the Share Option Scheme and up to 31 December 2009, no option has been granted or agreed to be granted to any person under the Share Option Scheme. As at 1 January 2009 and 31 December 2009, there was no outstanding share option granted under the Share Option Scheme.

Directors' Report

The Company also adopted an employees' share award scheme (the "Employees' Share Award Scheme") in June 2007 for the purposes of recognising the contributions by certain employees, providing them with incentives in order to retain them for the continual operation and development of the Group and attracting suitable personnel for further development of the Group. Under the Employees' Share Award Scheme, the Company may make advance to purchase the shares (the "Awarded Shares") of the Company to be awarded to certain employees of the Group in accordance with the terms and conditions imposed by the Board. The Employees' Share Award Scheme shall be valid and effective for a term of 10 years. Pursuant to the Employees' Share Award Scheme, an administrator has been appointed to administer the scheme and hold the Awarded Shares. On or after the vesting date, the participant employees shall be entitled to sell in whole or in part of his/her Awarded Shares through the administrator and receive the gain or bear the loss on the disposal of the Awarded Shares, being the excess of sales proceeds over the acquisition costs of the Awarded Shares purchased by the Company, the loan interests and the related income attributable to the Awarded Shares disposed.

Up to 31 December 2009, an aggregate of 28,484,000 Awarded Shares were acquired by the Company by way of advances for the benefits of the employees under the Employees' Share Award Scheme.

Final Dividend

The Board recommended the payment of a final dividend of HK15.8 cents per share for the year ended 31 December 2009 (2008: HK4.3 cents) to be payable to the shareholders of the Company whose names appear on the register of members of the Company as at Wednesday, 9 June 2010. Subject to the approval of the Company's shareholders at the forthcoming Annual General Meeting of the Company to be held on Wednesday, 9 June 2010, the said final dividend will be paid to the Company's shareholders around Thursday, 15 July 2010.

Closure of Register of Members

The register of members of the Company will be closed from Wednesday, 2 June 2010 to Wednesday, 9 June 2010 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to qualify for entitlement to the proposed final dividend for the year ended 31 December 2009 and for attending the Annual General Meeting of the Company to be held on Wednesday, 9 June 2010, all transfers of shares of the Company accompanied by the relevant share certificates and the appropriate transfer forms must be lodged with the Company's Share Registrar in Hong Kong, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:00 p.m. on Tuesday, 1 June 2010.

Directors' Report

Pre-emptive Rights

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

Sufficiency of Public Float

Based on the information available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public as at 31 December 2009.

Corporate Governance

Details of the corporate governance are set out in the section headed "Corporate Governance Report" in this annual report.

Events after the Reporting Period

Details of the significant events after the Reporting Period are set out in note 37 to the financial statement.

Audit Committee

The Company set up an audit committee (the "Committee") on 10 March 2004 for the purpose of reviewing and providing supervision on the financial reporting process and internal control system of the Group.

The Committee comprises the three INEDs with Mr. Tay Ah Kee, Keith acting as Chairman.

The financial statements of the Group and of the Company for the year ended 31 December 2009 together with the notes attached thereto have been reviewed by the Committee, which was of the opinion that such statements complied with the applicable accounting standards, the Listing Rules and legal requirements, and that adequate disclosures have been made.

Directors' Report

Auditors

RSM Nelson Wheeler will retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of RSM Nelson Wheeler as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

There is no change in auditors of the Company since the first appointment on 1 December 2003.

On behalf of the Board

Chan Chew Keak, Billy

Chairman

Hong Kong, 20 April 2010

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 AMVIG HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of AMVIG Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 81 to 172, which comprise the consolidated statement of financial position as at 31 December 2009, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows 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.

致澳科控股有限公司

(於開曼群島註冊成立之有限公司)

全體股東

本核數師已審核第81至172頁所載澳科控股有限公司(「貴公司」)及其附屬公司(統稱「貴集團」)之綜合財務報表，此綜合財務報表包括於二零零九年十二月三十一日的綜合財務狀況報表與截至該日止年度的綜合收益表、綜合全面收益表、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。

董事於財務報表之責任

貴公司董事須按照香港會計師公會所頒佈之香港財務報告準則以及香港公司條例之披露規定，編製及真實兼公平地呈報此等財務報表。此責任包括設計、實施及維護與編製及真實兼公平地呈報綜合財務報表相關之內部控制，以使財務報表不存在由於欺詐或錯誤而導致之重大錯誤陳述；選擇和應用適當之會計政策；及按情況作出合理之會計估計。

Independent Auditor's Report

獨立核數師報告

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.

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 2009 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

20 April 2010

核數師之責任

本核數師之責任是根據審核之結果，對財務報表作出意見，並向閣下(作為整體)報告。除此之外，本報告概不可用作其他用途。本核數師概不就本報告之內容對任何其他人士負責或承擔任何法律責任。本核數師已按照香港會計師公會所頒佈之香港核數準則進行審核工作。該等準則要求本核數師遵守道德規範，並規劃及執行審核，以合理確定財務報表是否不存有任何重大錯誤陳述。

審核涉及執行程序以獲取有關財務報表所載金額及披露資料之審核憑證。所選定之程序取決於核數師之判斷，包括評估由於欺詐或錯誤而導致財務報表存有重大錯誤陳述之風險。在評估該等風險時，核數師考慮與該公司編製及真實兼公平地呈報財務報表相關之內部控制，以設計適當之審核程序，但並非為對該公司之內部控制的效能發表意見。審核亦包括評價董事所採用之會計政策之合適性及所作出之會計估計之合理性，以及評價財務報表之整體呈報方式。

本核數師相信所取得之審核憑證已為下列審核意見提供充分且適當之基礎。

意見

本核數師認為綜合財務報表已按照香港財務報告準則真實公平地反映貴集團於二零零九年十二月三十一日之財務狀況及貴集團截至該日止年度之業績及現金流量，並已按照香港公司條例之披露規定妥為編製。

中瑞岳華(香港)會計師事務所

執業會計師

香港

二零一零年四月二十日

Consolidated Income Statement 綜合收益表

For the year ended 31 December 2009

截至二零零九年十二月三十一日止年度

		Note 附註	2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
Turnover	營業額	6	2,975,185	3,122,884
Cost of goods sold	銷售成本		(1,936,916)	(2,091,393)
Gross profit	毛利		1,038,269	1,031,491
Other income	其他收入	6	32,950	85,816
Selling and distribution costs	銷售及分銷成本		(145,128)	(206,940)
Administrative expenses	行政開支		(250,608)	(198,165)
Other operating expenses	其他經營開支		(15,335)	(22,248)
Non-operating expenses	非經營開支		-	(29,747)
Finance costs	融資成本	7	(52,909)	(62,855)
Share of profit of associates	應佔聯營公司溢利		80,608	172,878
Profit before tax	稅前溢利	8	687,847	770,230
Income tax expenses	所得稅開支	11	(133,010)	(147,160)
Profit for the year	本年度溢利		554,837	623,070
Attributable to:	以下各方應佔：			
Owners of the Company	本公司擁有人		365,119	467,303
Minority interests	少數股東權益		189,718	155,767
			554,837	623,070
Earnings per share	每股盈利			
- basic (HK cents)	- 基本 (港仙)	12(a)	33.5	46.0
- diluted (HK cents)	- 攤薄 (港仙)	12(b)	N/A 不適用	N/A 不適用

Consolidated Statement of Comprehensive Income 綜合全面收益表

For the year ended 31 December 2009

截至二零零九年十二月三十一日止年度

		Note 附註	2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
Profit for the year	本年度溢利		554,837	623,070
Other comprehensive income:	其他全面收益：			
Exchange differences on translating foreign operations	換算外地業務之匯兌差額		(26,118)	179,510
Cash flow hedges	現金流對沖		57,741	90,275
Other comprehensive income for the year, net of tax	本年度其他全面收益 (已扣除稅項)	14	31,623	269,785
Total comprehensive income for the year	本年度全面 收益總額		586,460	892,855
Attributable to:	以下各方應佔：			
Owners of the Company	本公司擁有人		394,955	723,716
Minority interests	少數股東權益		191,505	169,139
			586,460	892,855

Consolidated Statement of Financial Position

綜合財務狀況報表

At 31 December 2009

於二零零九年十二月三十一日

		Note 附註	2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
ASSETS	資產			
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	15	758,194	1,306,618
Prepaid land lease payments	預付租賃土地款項	16	22,416	51,685
Goodwill	商譽	17	2,445,025	3,955,617
Interests in associates	於聯營公司之權益	18	73,244	373,350
Financial assets at fair value through profit or loss	按公平值計入損益 之金融資產		-	5,658
Loan receivables	應收貸款	19	316,137	305,211
Available-for-sale financial assets	可供銷售金融資產	20	1,571	1,557
Other financial assets	其他金融資產	26	-	655
Other assets	其他資產		86,099	48,487
			3,702,686	6,048,838
Current assets	流動資產			
Inventories	存貨	21	289,293	378,693
Trade and other receivables	貿易及其他應收款項	22	563,593	873,050
Prepaid land lease payments	預付租賃土地款項	16	672	1,345
Prepayments and deposits	預付款項及按金		57,404	54,357
Available-for-sale financial assets	可供銷售金融資產	20	2,278,696	-
Other financial assets	其他金融資產	26	-	4,511
Pledged bank deposits	已抵押銀行存款	23	12,769	98,047
Bank and cash balances	銀行及現金結餘	23	1,059,210	898,899
			4,261,637	2,308,902
Total assets	資產總額		7,964,323	8,357,740
EQUITY	權益			
Capital and reserves	股本及儲備			
Share capital	股本	28	10,900	10,900
Reserves	儲備	30	5,612,599	5,264,512
Equity attributable to owners of the Company	本公司擁有人 應佔權益		5,623,499	5,275,412
Minority interests	少數股東權益		162,163	299,802
Total equity	權益總額		5,785,662	5,575,214

Consolidated Statement of Financial Position

綜合財務狀況報表

		Note	2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
		附註		
LIABILITIES	負債			
Non-current liabilities	非流動負債			
Bank borrowings	銀行借款	25	695,507	796,883
Obligations under finance leases	融資租賃承擔		-	18,633
Other financial liabilities	其他金融負債	26	-	27,290
Deferred tax liabilities	遞延稅項負債	27	65,308	68,262
			760,815	911,068
Current liabilities	流動負債			
Trade and other payables	貿易及其他應付款項	24	958,501	923,479
Current tax liabilities	即期稅項負債		18,038	35,989
Current portion of bank borrowings	銀行借款之流動部份	25	408,298	842,491
Current portion of obligations under finance leases	融資租賃承擔之流動部份		-	16,103
Other financial liabilities	其他金融負債	26	33,009	53,396
			1,417,846	1,871,458
Total liabilities	負債總額		2,178,661	2,782,526
Total equity and liabilities	權益及負債總額		7,964,323	8,357,740
Net current assets	流動資產淨值		2,843,791	437,444
Total assets less current liabilities	資產總額減流動負債		6,546,477	6,486,282

Approved by the Board of Directors on 20 April 2010

於二零一零年四月二十日獲董事會批准

Chan Chew Keak, Billy

曾照傑

Chairman

主席

Ge Su

葛蘇

Executive Director

執行董事

Consolidated Statement of Changes in Equity

綜合權益變動表

For the year ended 31 December 2009

截至二零零九年十二月三十一日止年度

		Attributable to owners of the Company								Minority interests	Total equity	
		本公司擁有人應佔										
		Share capital	Share premium	Special reserve	Exchange reserve	Revaluation reserve	Hedging reserve	Statutory reserves	Retained profits			
		股本	股份溢價	特別儲備	匯兌儲備	重估儲備	對沖儲備	法定儲備	保留溢利			
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 2008	於二零零八年一月一日	9,775	2,984,432	6,060	316,360	8,010	(152,335)	100,696	562,418	3,835,416	257,190	4,092,606
Total comprehensive income for the year	本年度全面收益總額	-	-	-	166,138	-	90,275	-	467,303	723,716	169,139	892,855
Share issue expenses (Note 28(b))	發行股份開支(附註 28(b))	-	(1,438)	-	-	-	-	-	-	(1,438)	-	(1,438)
Transfer from retained profits	轉撥自保留溢利											
- Group	- 本集團	-	-	-	-	-	-	38,398	(38,398)	-	-	-
- Associates	- 聯營公司	-	-	-	-	-	-	13,793	(13,793)	-	-	-
Dividend paid for 2007 (Note 13)	支付二零零七年股息(附註 13)	-	-	-	-	-	-	-	(86,995)	(86,995)	-	(86,995)
Dividend paid for 2008 (Note 13)	支付二零零八年股息(附註 13)	-	-	-	-	-	-	-	(93,964)	(93,964)	-	(93,964)
Dividend paid to minority interests	支付少數股東權益股息	-	-	-	-	-	-	-	-	-	(116,311)	(116,311)
De-registration of a subsidiary	取消註冊一間附屬公司	-	-	-	(1,331)	-	-	-	-	(1,331)	(10,216)	(11,547)
Issue of new shares (Note 28(b)&(c))	發行新股(附註 28(b)及(c))	1,125	898,883	-	-	-	-	-	-	900,008	-	900,008
Changes in equity for the year	本年度權益變動	1,125	897,445	-	164,807	-	90,275	52,191	234,153	1,439,996	42,612	1,482,608
At 31 December 2008	於二零零八年十二月三十一日	10,900	3,881,877	6,060	481,167	8,010	(62,060)	152,887	796,571	5,275,412	299,802	5,575,214
Total comprehensive income for the year	本年度全面收益總額	-	-	-	(27,905)	-	57,741	-	365,119	394,955	191,505	586,460
Transfer from retained profits	轉撥自保留溢利											
- Group	- 本集團	-	-	-	-	-	-	9,252	(9,252)	-	-	-
- Associates	- 聯營公司	-	-	-	-	-	-	(3)	3	-	-	-
Dividend paid for 2008 (Note 13)	支付二零零八年股息(附註 13)	-	-	-	-	-	-	-	(46,868)	(46,868)	-	(46,868)
Dividend paid to minority interests	支付少數股東權益股息	-	-	-	-	-	-	-	-	-	(245,582)	(245,582)
Deconsolidation of subsidiaries	剔除附屬公司綜合入帳	-	-	-	-	-	-	-	-	-	(83,562)	(83,562)
Changes in equity for the year	本年度權益變動	-	-	-	(27,905)	-	57,741	9,249	309,002	348,087	(137,639)	210,448
At 31 December 2009	於二零零九年十二月三十一日	10,900	3,881,877	6,060	453,262	8,010	(4,319)	162,136	1,105,573	5,623,499	162,163	5,785,662

Consolidated Statement of Cash Flows

綜合現金流量表

For the year ended 31 December 2009

截至二零零九年十二月三十一日止年度

		2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
CASH FLOWS FROM OPERATING ACTIVITIES	經營業務之現金流量		
Profit before tax	稅前溢利	687,847	770,230
Adjustments for:	就以下項目作出調整：		
Share of profit of associates	應佔聯營公司溢利	(80,608)	(172,878)
Finance costs	融資成本	52,909	62,855
Impairment loss on receivables	應收款項之減值虧損	11,914	14,686
Write down of inventories	撇減存貨	8,151	14,633
Depreciation	折舊	120,484	135,437
Loss on disposals of property, plant and equipment	出售物業、廠房及設備之虧損	1,002	5,528
Interest income	利息收入	(13,641)	(20,623)
Amortisation of prepaid land lease payments	預付租賃土地款項之攤銷	1,099	1,185
Fair value loss on financial assets at fair value through profit or loss	按公平值計入損益之金融資產之公平值虧損	-	1,067
Gain on disposals of financial assets at fair value through profit or loss	出售按公平值計入損益之金融資產之收益	(251)	-
Loss on de-recognition of financial assets at fair value through profit or loss	取消確認按公平值計入損益之金融資產之虧損	-	16,531
Loss on de-registration of a subsidiary	取消註冊一間附屬公司之虧損	-	13,216
Unrealised profit on closing inventories sold to associates, net	完成向聯營公司出售存貨之未變現溢利	1,405	(1,203)
Operating profit before working capital changes	未計營運資金變動前之經營溢利	790,311	840,664
Increase in inventories	存貨增加	(19,670)	(53,857)
(Increase)/decrease in trade and other receivables	貿易及其他應收款項(增加)/減少	(31,459)	51,786
Increase in prepayments and deposits	預付款項及按金增加	(104,425)	(25,846)
Decrease in trade and other payables	貿易及其他應付款項減少	(92,494)	(265,331)
Cash generated from operations	來自經營活動的現金	542,263	547,416
Income taxes paid	支付所得稅	(106,431)	(112,580)
Withholding taxes paid	支付預扣稅	(25,808)	-
Net cash generated from operating activities	來自經營業務的現金淨額	410,024	434,836

Consolidated Statement of Cash Flows

綜合現金流量表

		2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
CASH FLOWS FROM	投資活動的現金流量		
INVESTING ACTIVITIES			
Decrease/(increase) in pledged bank deposits	已抵押銀行存款減少/(增加)	31,735	(24,134)
Purchases of property, plant and equipment and prepaid land lease payments	購置物業、廠房及設備及預付租賃土地款項	(60,845)	(125,367)
Payments of deposits for other assets	其他資產之訂金付款	(2,364)	(12,473)
Dividend received from associates	已收聯營公司股息	154,546	131,440
Proceeds from disposals of property, plant and equipment and prepaid land lease payments	出售物業、廠房及設備所得款項及預付租賃土地款項	3,128	8,391
Proceeds from disposals of financial asset at fair value through profit or loss	出售按公平值計入損益之金融資產所得款項	5,909	-
Payment to minority interests on de-registration of a subsidiary	因取消註冊一間附屬公司向少數股東權益付款	-	(10,216)
Interest received	已收利息	13,641	20,623
Acquisition of subsidiaries	收購附屬公司	-	(698,007)
Acquisition of subsidiaries in prior year	上年度收購附屬公司	-	(149,061)
Deposit received for disposal of subsidiaries	出售附屬公司所收按金	157,113	-
Deconsolidation of subsidiaries	剔除附屬公司綜合入帳	(101,617)	-
Net cash generated from/(used in) investing activities	投資活動所產生/(使用)之現金淨額	201,246	(858,804)

Consolidated Statement of Cash Flows

綜合現金流量表

		2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
CASH FLOWS FROM FINANCING ACTIVITIES	融資活動之現金流量		
Proceeds from issue of shares	發行股份所得款項	-	700,002
Share issue expenses paid	已付發行股份開支	-	(1,438)
Bank borrowings repaid	償還銀行借款	(564,221)	(427,191)
Bank borrowings raised	籌得銀行借款	381,773	618,643
Payment of obligations under finance leases	融資租賃承擔之付款	(30,970)	(18,559)
Other financial liabilities paid	支付其他金融負債	(46,000)	-
Interest paid	支付利息	(60,620)	(66,328)
Finance leases charges paid	支付融資租賃費用	(449)	(1,921)
Dividend paid to owners of the Company	支付本公司擁有人股息	(46,868)	(180,959)
Dividend paid to minority shareholders	支付少數股東權益股息	(65,072)	(116,311)
Net cash (used in)/generated from financing activities	融資活動(使用)/產生的現金淨額	(432,427)	505,938
NET INCREASE IN CASH AND CASH EQUIVALENTS	現金及現金等價物的增加淨額	178,843	81,970
Effect of foreign exchange rate changes	匯率變動之影響	(18,532)	5,891
CASH AND CASH EQUIVALENTS AT 1 JANUARY	於一月一日的現金及現金等價物	898,899	811,038
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	於十二月三十一日的現金及現金等價物	1,059,210	898,899
ANALYSIS OF CASH AND CASH EQUIVALENTS	現金及現金等價物的分析		
Bank and cash balances	銀行及現金結餘	1,059,210	898,899

Notes to the Financial Statements

財務報表附註

1. General Information

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 27 November 2003 under the Companies Law of Cayman Islands. The address of its registered office is Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681 GT, George Town, Grand Cayman, Cayman Islands, British West Indies. The address of its principal place of business is Room 1803-04, 18/F, Li Po Chun Chambers, No. 189 Des Voeux Road Central, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The principal activities of its subsidiaries are set out in Note 38 to the financial statements.

2. Adoption of New and Revised Hong Kong Financial Reporting Standards

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for its accounting year beginning on 1 January 2009. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. The adoption of these new and revised HKFRSs did not result in substantial changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current year and prior years except as stated below.

1. 一般資料

本公司於二零零三年十一月二十七日根據開曼群島公司法在開曼群島註冊成立為獲豁免有限公司。其註冊地址為Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681 GT, George Town, Grand Cayman, Cayman Islands, British West Indies。主要營業地點地址為香港德輔道中189號李寶椿大廈18樓1803-04室。本公司股份於香港聯合交易所有限公司(「聯交所」)主板上市。

本公司為一間投資控股公司，其附屬公司之主要業務載於財務報表附註38。

2. 採納新訂及經修訂香港財務報告準則

於本年度，本集團採納香港會計師公會所頒佈之所有新訂及經修訂之香港財務報告準則(「香港財務報告準則」)，該等準則適用於本集團之業務營運，於二零零九年一月一日或以後開始之會計年度生效。香港財務報告準則包括香港財報告準則(「香港財務報告準則」)、香港會計準則(「香港會計準則」)及詮釋。採納該等新訂及經修訂之香港財務報告準則並無導致本集團本年度及過往年度之會計政策、本集團財務報表之呈報方式及申報金額出現重大變動。

Notes to the Financial Statements 財務報表附註

2. Adoption of New and Revised Hong Kong Financial Reporting Standards (continued)

a. Presentation of Financial Statements

HKAS 1 (Revised) "Presentation of Financial Statements" affects certain disclosures and presentation of the financial statements. The balance sheet is renamed as the statement of financial position and the cash flow statement is renamed as the statement of cash flows. All income and expenses arising from transactions with non-owners are presented in the income statement and statement of comprehensive income, and the total carried to the statement of changes in equity. The owner changes in equity are presented in the statement of changes in equity. HKAS 1 (Revised) also requires disclosures of the reclassification adjustments and tax effects relating to each component of other comprehensive income for the year. HKAS 1 (Revised) has been applied retrospectively.

b. Financial instruments: Disclosures

As a result of the adoption of the amendments to HKFRS 7 "Financial instruments: Disclosures", the financial statements include expanded disclosures in Note 5(f) about the fair value measurement of the Group's financial instruments, categorising these fair value measurements into a three-level fair value hierarchy according to the extent to which they are based on observable market data. The Group has taken advantage of the transitional provisions set out in the amendments to HKFRS 7, under which comparative information for the newly required disclosures about the fair value measurements of financial instruments has not been provided.

2. 採納新訂及經修訂香港財務報告準則 (續)

a. 財務報表之呈列

香港會計準則第1號(經修訂)「財務報表之呈列」影響財務報表之若干披露及呈列。資產負債表改稱為財務狀況報表，而現金流量表之英文名稱則由「the cash flow statement」改為「the statement of cash flows」。所有與非擁有人進行交易而產生之收入及開支均於收益表及全面收益表呈列，而總額則轉入權益變動表。擁有人之權益變動於權益變動表呈列。香港會計準則第1號(經修訂)亦規定披露與本年度其他全面收益各組成部分有關之重新分類調整及稅務影響。香港會計準則第1號(經修訂)已追溯應用。

b. 金融工具：披露

由於採納香港財務報告準則第7號「金融工具：披露」之修訂，財務報表載入附註5(f)所載有關本集團金融工具公平值計量之額外披露資料，以及按可觀察之市場數據將公平值計量以公平值等級制度分類成三個等級。本集團根據香港財務報告準則第7號之修訂之過渡條文規定，並無就金融工具公平值計量之新披露要求提供比較資料。

Notes to the Financial Statements

財務報表附註

2. Adoption of New and Revised Hong Kong Financial Reporting Standards (continued)

c. Operating Segments

HKFRS 8 "Operating Segments" requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. Previously, HKAS 14 "Segment Reporting" required an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity's system of internal financial reporting to key management personnel serving as the starting point for the identification of such segments. The primary segments reported under HKAS 14 are the same as the segments reported under HKFRS 8. HKFRS 8 has been applied retrospectively.

The segment accounting policies under HKFRS 8 are stated in note 36 to the financial statements.

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.

2. 採納新訂及經修訂香港財務報告準則 (續)

c. 經營分部

香港財務報告準則第8號「經營分部」要求按由主要營運決策人定期檢討之內部呈報本集團之組成部分為基準識別經營分部，以向分部調撥資源及評估其表現。過往香港會計準則第14號「分部呈報」要求實體須利用風險及回報法識別兩套分部（業務及地區分部），而該實體以向主要管理人員作出之內部財務呈報制度作為識別有關分部之起始點。根據香港會計準則第14號所呈報之主要分部與根據香港財務報告準則第8號所呈報之分部相同。香港財務報告準則第8號已追溯應用。

根據香港財務報告準則第8號之分部會計政策載於財務報表附註36。

本集團並無應用已頒佈但尚未生效之新訂香港財務報告準則。本集團已開始評估此等新訂香港財務報告準則之影響，惟現未能確定此等新訂香港財務報告準則會否對本集團之經營業績及財務狀況構成重大影響。

Notes to the Financial Statements

財務報表附註

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 "Listing Rules") 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 financial instruments, which are revalued at fair value as explained in the accounting policies set out below.

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 their judgements in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to these financial statements, are disclosed in Note 4 to the financial statements.

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

(a) Consolidation

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

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

3. 主要會計政策

此等財務報表已根據香港財務報告準則、香港公認會計原則及香港聯合交易所有限公司證券上市規則（「上市規則」）及香港公司條例所規定之適用披露編製。

此等財務報表已根據歷史成本慣例編製，惟若干金融工具以公平值重估作出修訂，有關會計政策載於下文。

在按照香港財務報告準則編製財務報表時，需作出若干主要估計及假設，並須要董事在應用會計政策時作出判斷。涉及重大判斷之範疇及對此等財務報表影響重大之假設及估計之範疇，於財務報表附註4披露。

於編製該等務報表所使用之主要會計政策列載於下文。

(a) 綜合帳目

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之財務報表。附屬公司指本集團擁有控制權的實體。控制權指監管一間實體的財務及營運政策以自其活動獲利之權力。在評估本集團是否控制另一實體時，會考慮目前可行使或可兌換的潛在投票權的存在及影響。

附屬公司在控制權轉移至本集團之日起綜合入帳。附屬公司在控制權終止之日起停止綜合入帳。

Notes to the Financial Statements 財務報表附註

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 carrying amount together with any remaining goodwill relating to the subsidiary and also any related accumulated exchange reserve.

Inter-company transactions, balances and unrealised profits 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.

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

3. 主要會計政策 (續)

(a) 綜合帳目 (續)

出售一間附屬公司之損益指銷售所得款項與本集團應佔該附屬公司帳面值，連同任何有關該附屬公司之餘下商譽以及任何有關累計匯兌儲備之差額。

集團內公司之間的交易、交易結餘及未變現溢利已對銷。未變現虧損亦會對銷，除非該交易有證據顯示所轉讓資產出現減值則作別論。附屬公司之會計政策已按需要變更，以確保與本集團所採納之政策貫徹一致。

少數股東權益指少數股東於附屬公司經營業績及資產淨值之權益。少數股東權益於綜合財務狀況報表及綜合權益變動表之權益內呈列。少數股東權益於綜合收益表及綜合全面收益表內呈列為本公司少數股東與本公司擁有人(大多數股東權益)應佔年內溢利或虧損間及全面收入總額之分配。少數股東應佔虧損超逾於有關附屬公司權益中之大多數股東權益之差額，分配為少數股東權益，惟少數股東具有約束力責任，且能作出額外投資以彌補虧損之情況除外。倘附屬公司其後錄得溢利，該等溢利分配至大多數股東權益，直至收回大多數股東過往所承受少數股東應佔虧損為止。

Notes to the Financial Statements

財務報表附註

3. Significant Accounting Policies (continued)

(b) Business combination and goodwill

The purchase method 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 or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is measured at cost less accumulated impairment losses. The method of measuring impairment losses of goodwill is the same as that of other assets as stated in the accounting policy (e) below. Impairment losses of goodwill are recognised in consolidated income statement and are not subsequently reversed. Goodwill is allocated to cash-generating units that are expected to benefit from the synergies of the acquisition for the purpose of impairment testing.

3. 主要會計政策 (續)

(b) 業務合併及商譽

本集團採用收購會計處理法就收購附屬公司入帳。收購成本按交易日期所給予資產、所發行股本工具及所產生或承擔負債之公平值，加收購直接產生之成本計算。收購時有關附屬公司之可識別資產、負債及或然負債，初步按收購日期之公平值計算。

收購成本超出本集團應佔有關附屬公司可識別資產、負債及或然負債公平淨值之差額乃記錄為商譽。本集團應佔可識別資產、負債及或然負債公平淨值超出收購成本之差額，於綜合收益表確認。

倘有任何事件或情況顯示商譽可能會減值，則商譽會每年或更頻密進行減值測試。商譽按成本減累計減值虧損計量。計量商譽減值虧損的方法與下文會計政策(e)所列明計量其他資產的方法相同。商譽減值虧損於綜合收益表確認，其後不會撥回。商譽會分配至就減值測試而言預期自收購的協同效應中獲益的現金產生單位。

Notes to the Financial Statements 財務報表附註

3. Significant Accounting Policies (continued)

(b) Business combination and goodwill (continued)

The interests of minority shareholders in the subsidiary are initially measured at the minority's proportion of the net fair value of the subsidiary's identifiable assets, liabilities and contingent liabilities at the acquisition date.

(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 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 tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. 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.

3. 主要會計政策 (續)

(b) 業務合併及商譽 (續)

附屬公司之少數股東權益初步按有關少數股東佔該附屬公司於收購日期可識別資產、負債及或然負債公平淨值之比例計量。

(c) 聯營公司

聯營公司指本集團對其有重大影響力之實體。重大影響力乃於一間實體之財務及營運政策擁有參與權但非控制或共同控制權。現時可行使或可兌換之潛在投票權之存在及影響將於評估本集團是否有重大影響力時予以考慮。

於聯營公司之投資乃採用權益會計法於綜合財務報表列帳，並按成本作出初步確認。所收購聯營公司之可識別資產、負債及或然負債乃按其於收購當日之公平值計算。倘收購成本超出本集團應佔聯營公司可識別資產、負債及或然負債之公平淨值，則差額以商譽列帳，而該商譽將列入投資之帳面值，並於出現投資減值之客觀證據時於每個報告期間結束時與該投資共同進行減值測試。倘本集團應佔可識別資產、負債及或然負債之公平淨值高於收購成本，則有關差額於綜合收益表內確認。

Notes to the Financial Statements 財務報表附註

3. Significant Accounting Policies (continued)

(c) Associates (continued)

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

The gain or loss on the disposal of an associate represents the difference between the proceeds of the sale and the Group's share of its carrying amount together with any remaining goodwill relating to the associate and also any related accumulated exchange 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 transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

3. 主要會計政策 (續)

(c) 聯營公司 (續)

本集團應佔聯營公司收購後溢利或虧損於綜合收益表內確認，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帳面值作出調整。倘本集團應佔聯營公司虧損等於或多於其於聯營公司之權益(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。倘聯營公司其後錄得溢利，則本集團僅於其應佔溢利等於其應佔未確認之虧損後才恢復確認其應佔之該等溢利。

出售一間聯營公司之收益或虧損指出售所得款項與本集團應佔其帳面值，連同任何有關該聯營公司之餘下商譽及任何相關累計匯兌儲備間之差額。

對銷本集團與其聯營公司間交易之未變現溢利乃以本集團於聯營公司之權益為限；而未變現虧損則僅會於交易有證據顯示所轉讓之資產出現減值時方予以對銷。聯營公司之會計政策已於必要時作出變動，以確保與本集團所採納之政策貫徹一致。

Notes to the Financial Statements

財務報表附註

3. Significant Accounting Policies (continued)

(d) 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 HK\$, which is the Company's presentation currency. The functional currency of the Company is Renminbi ("RMB"). The Directors consider that choosing HK\$ as the presentation currency best suits the needs of the shareholders and investors.

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

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in the income statement.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

3. 主要會計政策 (續)

(d) 外幣兌換

(i) 功能及呈列貨幣

本集團各實體的財務報表所含項目乃按實體經營的基本經濟環境的貨幣(「功能貨幣」)計量。綜合財務報表乃以港元(本公司之呈列貨幣)呈列。本公司的功能貨幣為人民幣(「人民幣」)。董事認為，選擇港元為呈列貨幣最能符合股東及投資者的需要。

(ii) 於各實體財務報表之交易及結餘

外幣交易於首次確認時以交易日期時的匯率兌換為功能貨幣。以外幣計帳之貨幣資產及負債按各報告日期結束時的匯率兌換。因兌換政策產生的收益及虧損於收益表確認。

以外幣公平值計量的非貨幣項目使用決定該公平值日期的匯率換算。

Notes to the Financial Statements 財務報表附註

3. Significant Accounting Policies (continued)

(d) Foreign currency translation (continued)

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

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in income statement, any exchange component of that gain or loss is recognised in income statement.

(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 statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- 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

3. 主要會計政策 (續)

(d) 外幣兌換 (續)

(ii) 於各實體財務報表之交易及結餘 (續)

倘非貨幣項目的收益或虧損於其他全面收益確認，該收益或虧損的任何匯率部份於其他全面收益確認。倘非貨幣項目的收益或虧損於收益表確認，該收益或虧損的任何匯率部份於收益表確認。

(iii) 於綜合帳目時的換算

所有以本公司之呈列貨幣以外的貨幣作為功能貨幣的集團內實體，其業績和財務狀況按以下基準換算為本公司之呈列貨幣：

- 呈列財務狀況報表中的資產及負債以財務狀況報表日期的收市匯率換算；
- 收益表呈列的收入和支出以平均匯率換算（除非此一平均匯率並非交易日當時適用之匯率之累積影響之合理概約數，在此情況下收入及開支按交易日匯率進行換算）；及

Notes to the Financial Statements

財務報表附註

3. Significant Accounting Policies (continued)

(d) Foreign currency translation (continued)

(iii) Translation on consolidation (continued)

- All resulting exchange differences are recognised in the exchange reserve.

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

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

(e) Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets except goodwill, inventories, financial assets at fair value through profit or loss and other financial assets 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.

3. 主要會計政策 (續)

(d) 外幣兌換 (續)

(iii) 於綜合帳目時的換算 (續)

- 所有匯兌差額於匯兌儲備確認。

於綜合帳目時，換算外國實體之淨投資及借款之匯兌差額，均於匯兌儲備確認。當出售外國業務時，該等匯兌差額在綜合收益表內確認為出售盈虧之一部份。

收購外國實體產生之商譽及公平值調整，乃被當作外國實體之資產及負債，並按收市匯率換算。

(e) 資產減值

於各報告期間結束時，本集團均會檢討其有形及無形資產（商譽、存貨、按公平值計入損益之金融資產及其他金融資產除外）之帳面值，以釐定是否有任何跡象顯示該等資產已出現減值虧損。如有任何減值情況，則會估計資產之可收回金額，以釐定減值虧損之程度。如不可能估計個別資產之可收回金額，則本集團會估計資產所屬現金產生單位之可收回金額。

Notes to the Financial Statements

財務報表附註

3. Significant Accounting Policies (continued)

(e) Impairment of assets (continued)

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 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)

(e) 資產減值 (續)

可收回金額為公平值減去出售成本及使用價值兩者中之較高者。於評估使用價值時，估計未來現金流量乃以反映市場現時所評估之金錢時值及資產特定風險之稅前折現率折現至其現值。

倘資產或現金產生單位之可收回金額估計將少於帳面值，則資產或現金產生單位之帳面值會減少至其可收回金額。減值虧損會即時於收益表確認，除非有關資產乃按重估金額列帳則除外，在該情況下，減值虧損會被視為重估減值。

倘減值虧損其後撥回，則資產或現金產生單位之帳面值會增加至所估算之經修訂可收回金額，惟按此所增加之帳面值不得高於假設過往年度並無就資產或現金產生單位確認減值虧損而原應已釐定之帳面值（扣除攤銷或折舊）。所撥回之減值虧損會即時於收益表確認，除非有關資產乃按重估金額列帳則除外，在該情況下，所撥回之減值虧損會被視為重估增值。

Notes to the Financial Statements 財務報表附註

3. Significant Accounting Policies (continued)

(f) 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.

Revenue from the sales of manufactured goods is 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.

(g) Government grants

A government grant is recognised when there is reasonable assurance that the Group will comply with the conditions attaching to it and that the grant will be received.

Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in income statement in the period in which they become receivable.

3. 主要會計政策 (續)

(f) 收益確認

收益按已收或應收代價之公平值計量，並於本集團有可能取得有關經濟利益且能可靠計算該收益金額之情況下確認。

貨物之銷售收益於擁有權之重大風險和回報轉移時確認，一般與貨品付運及擁有權移交客戶之時間相符。

利息收入按時間比例基準，以實際利息法確認。

(g) 政府津貼

政府津貼於合理確定本集團將會遵守其附帶條件及本集團將可收取津貼時確認。

提供予本集團作為已產生開支或虧損的補償或給予即時財務援助而日後不再有相關成本的政府津貼，乃在其可收取期間於收益表中予以確認。

Notes to the Financial Statements

財務報表附註

3. Significant Accounting Policies (continued)

(h) Borrowing costs

Borrowing costs direct attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing cost eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

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

(i) Research and development expenditure

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

3. 主要會計政策 (續)

(h) 借貸成本

與收購、建造或生產需要長時間方能達致擬定用途或推出銷售的合資格資產直接有關之借貸成本，均撥充該等資產之部分成本，直至該等資產可作擬定用途或銷售為止。特定借款用以支付合資格資產之經費前作出之短暫投資所賺取投資收入，從合資格撥充資本之借貸成本中扣除。

倘所借取資金乃一般用作取得合資格資產，則合資格撥充資本之借貸成本款額乃應用該項資產開支之撥充資本比率釐定。撥充資本比率為適用於期內尚未償還之本集團借貸之加權平均借貸成本，惟指定用作獲取合資格資產之借貸除外。

所有其他借貸成本在其產生期間於收益表中予以確認。

(i) 研究及開發成本

研究工作之開支於產生期間確認為開支。

Notes to the Financial Statements

財務報表附註

3. Significant Accounting Policies (continued)

(j) 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 end of the reporting period.

Employee entitlements to sick leave and maternity or paternity 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 income statement represents contributions payable by the Group to the funds.

(iii) Termination Benefits

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

3. 主要會計政策 (續)

(j) 僱員福利

(i) 僱員應享假期

僱員之年假及長期服務假期於僱員應得時予以確認。截至報告期間結束時僱員所提供之服務而產生之年假及長期服務假期之估計負債已計提撥備。

僱員之病假及產假或分娩假期於僱員休假時方會確認。

(ii) 退休金承擔

本集團向定額供款退休計劃作出供款，全體僱員均可參與該計劃。計劃供款由本集團及僱員按僱員基本薪金之某個百分比作出。自收益表扣除之退休福利計劃成本指本集團應向該基金支付之供款。

(iii) 離職福利

倘本集團明確就終止僱用作出承擔或因在一項實際上不可能退出之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。

Notes to the Financial Statements 財務報表附註

3. Significant Accounting Policies (continued)

(k) Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in 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 end of the reporting period.

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. 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.

3. 主要會計政策 (續)

(k) 稅項

所得稅為即期稅項及遞延稅項之總額。

現時應付稅項乃以年內應課稅溢利為基準。應課稅溢利有別於收益表內確認之溢利，因應課稅溢利不包括於其他年度應課稅或可扣除之收益或開支項目及其進一步排除毋須課稅或不可扣除之收益或開支項目。本集團即期稅項之負債乃採用於報告期間結束時已實施或基本實施之稅率計算。

遞延稅項乃按財務報表中資產及負債之帳面值與用於計算應課稅溢利之相應稅基之差額確認。所有應課稅暫時性差額引致的遞延稅項負債一般都會予以確認，而如應課稅溢利將可能抵銷暫時性差額、未動用稅務虧損或未動用稅務抵免，則遞延稅項資產亦會予以確認。倘暫時性差額來自於概不影響應課稅溢利及會計溢利之交易中其他資產及負債之商譽或初步確認（而不是於業務合併中），則該等資產及負債不被確認。

對於於附屬公司及聯營公司之投資產生應課稅暫時性差額，遞延稅項負債被確認，惟倘本集團能控制撥回暫時差額及暫時差額於可見將來不可能撥回者除外。

Notes to the Financial Statements 財務報表附註

3. Significant Accounting Policies (continued)

(k) Taxation (continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period 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 end of each reporting period. Deferred tax is recognised in income statement, except when it relates to items recognised in other comprehensive income or directly to equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

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

(l) Property, plant and equipment

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

3. 主要會計政策 (續)

(k) 稅項 (續)

遞延稅項資產之帳面值於各報告期間結束時檢討，並於不再可能有足夠應課稅溢利抵銷將收回之全部或部份資產時被調低。

遞延稅項按償還負債或變現資產之期間預期按報告期間結束時已生效或實際上已生效之適用稅率計算。遞延稅項於收益表確認，惟倘與直接於權益確認為其他全面收益之項目有關，則亦於其他全面收益或直接於權益列帳。

當存在法律上可強制執行之權利可在即期稅項負債中抵銷現行稅項資產，以及當其與同一稅務機關所徵收之所得稅有關並且本集團擬按淨額基準償還即期稅項資產及負債時，遞延稅項資產及負債將予抵銷。

(l) 物業、廠房及設備

物業、廠房及設備以成本減累計折舊及減值虧損列帳。

Notes to the Financial Statements 財務報表附註

3. Significant Accounting Policies (continued)

(1) Property, plant and equipment (continued)

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 recognised in 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 cost less their residual values over the estimated useful lives on a straight-line basis. The principal useful lives are as follows:

Buildings	20 years
Leasehold improvements	2 – 20 years
Plant and machinery	5 – 15 years
Office equipment	5 years
Motor vehicles	5 years

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

Construction in progress represents 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 assets, and is recognised in the income statement.

3. 主要會計政策 (續)

(1) 物業、廠房及設備 (續)

其後之成本只會於當可能有與該項目有關之未來經濟利益將流入本集團及該項目之成本可以可靠地計量時列入該項資產之帳面值或確認為分開之資產(視乎適用而定)。所有其他維修及保養在其產生期間於收益表內確認。

物業、廠房及設備之折舊，按足以撇銷其成本減剩餘價值之比率，於估計可使用年內使用直線法計算，主要可使用年期如下：

樓宇	20年
租賃物業裝修	2至20年
廠房及機器	5至15年
辦公室設備	5年
車輛	5年

剩餘價值、可使用年期及折舊方式於各報告期間結束時檢討並作出適當調整(如合適)。

在建物業指在建樓宇及待安裝之廠房及機器，並按成本扣除減值虧損列帳。折舊於相關資產可動用時開始。

出售物業、廠房及設備之收益或虧損乃指出售所得款項淨額與相關資產帳面值兩者之差額，並於收益表內確認。

Notes to the Financial Statements 財務報表附註

3. Significant Accounting Policies (continued)

(m) Inventories

Inventories are stated at the lower of cost and net realised 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 realised 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.

(n) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position 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 the cumulative gain or loss that had been recognised in other comprehensive income is recognised in the income statement.

3. 主要會計政策 (續)

(m) 存貨

存貨按成本及可變現淨值兩者中較低者入帳。成本乃按加權平均法釐定，而製成品及在製品之成本包括原材料、直接工資以及所有按適當比例計算之間接費用及(如適用)承包費。可變現淨值按於正常業務範圍之估計售價減估計完工成本及預計出售時需要產生之成本計算。

(n) 確認及取消確認金融工具

金融資產及金融負債於本集團成為工具之合約條款之訂約方時於財務狀況報表確認。

倘從資產收取現金之合約權利已到期；本集團轉讓資產擁有權之絕大部份風險及回報；或本集團並未轉讓或保留資產擁有權之絕大部份風險及回報，惟已不再擁有資產之控制權，則金融資產將被取消確認。於取消確認金融資產時，資產帳面值與已收代價之差額及於權益確認之累計損益將於收益表中確認為其他全面收益。

Notes to the Financial Statements 財務報表附註

3. Significant Accounting Policies (continued)

(n) Recognition and derecognition of financial instruments (continued)

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.

(o) 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.

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

Financial assets at fair value through profit or loss are either investments classified as 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.

3. 主要會計政策 (續)

(n) 確認及取消確認金融工 具 (續)

當有關合約所訂明責任獲解除、註銷或屆滿時，金融負債將被解除確認。解除確認之金融負債帳面值與已付代價間之差額於收益表中確認。

(o) 投資

倘根據合約買賣投資，而合約條款規定該投資須於有關市場所定時限內交付投資，則該投資將按交易日基準確認及取消確認。該投資初步按公平值加直接應佔交易成本計算，惟按公平值計入損益之金融資產則除外。

(i) 按公平值計入損益之金 融資產

按公平值計入損益之金融資產指分類為持作買賣投資或於初步確認時獲指定為按公平值計入損益之投資。該等投資其後乃按公平值計量。因該等投資公平值變動所產生的損益於收益表確認。

Notes to the Financial Statements

財務報表附註

3. Significant Accounting Policies (continued)

(o) Investments (continued)

(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 other comprehensive income, until the investments are disposed of or there is objective evidence that the investments are impaired, at which time the cumulative gains or losses previously recognised in other comprehensive income are recognised in the income statement. Interest calculated using the effective interest method is recognised in income statement.

Impairment losses recognised in income statement for equity investments classified as available-for-sale financial assets are not subsequently reversed through 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 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.

3. 主要會計政策 (續)

(o) 投資 (續)

(ii) 可供銷售金融資產

可供銷售金融資產指並未分類為貿易及其他應收款項、持至到期投資或按公平值計入損益之金融資產的非衍生金融資產。可供銷售金融資產其後按公平值計量。因該等投資公平值變動產生的損益直接於其他全面收益確認，直至出現客觀證據顯示投資已減值後，以往於其他全面收益確認之累計損益計入收益表。使用實際利息法計算之利息乃於收益表內確認。

分類為可供銷售金融資產之股本投資，於收益表確認減值虧損，有關減值虧損其後不能自收益表撥回。倘分類為可供銷售金融資產之債務工具之公平值增加與確認減值虧損後發生事件客觀相關，則該等債務工具已在收益表確認之減值虧損，其後撥回並於收益表中確認。

Notes to the Financial Statements 財務報表附註

3. Significant Accounting Policies (continued)

(o) Investments (continued)

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

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

(p) 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 income statement.

3. 主要會計政策 (續)

(o) 投資 (續)

(ii) 可供銷售金融資產 (續)

在活躍市場上並無報價而其公平值不能可靠計量之可供銷售股本投資，以及與該等無報價股本工具有關並須以交付該等工具作結算之衍生工具，則於首次確認後之各報告期間結束時，按成本減任何已識別減值虧損計算。

(p) 貿易及其他應收款項

貿易及其他應收款項指附有固定或待定款額惟並無於活躍市場報價之非衍生金融資產，初步以公平值確認，隨後使用實際利息法按攤銷成本扣除減值撥備計算。當有客觀證據證明本集團將無法按應收款項原有的條款收回所有款項時，即就貿易及其他應收款項提取減值撥備。撥備金額為應收款項帳面值與於初步確認時按實際利率折現的估計未來現金流量的現值兩者的差額。撥備金額在收益表內確認。

Notes to the Financial Statements 財務報表附註

3. Significant Accounting Policies (continued)

(p) Trade and other receivables (continued)

Impairment losses are reversed in subsequent periods and recognised in 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.

(q) Cash and cash equivalents

For the purpose of the statement of cash flows, 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.

(r) 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 in (s) to (u) below.

3. 主要會計政策 (續)

(p) 貿易及其他應收款項 (續)

於往後期間，倘應收款項之可收回金額增加與確認減值後所發生之事件客觀相關，則可撥回減值虧損並於收益表內確認，惟於撥回減值當日之應收款項帳面值不得高於倘並無確認減值之攤銷成本。

(q) 現金及現金等價物

就現金流量表而言，現金及現金等價物指存放於銀行及手頭上的現金、存放於銀行及其他金融機構之活期存款，及短期而高流動性的投資，可隨時轉換為已知金額現金，此等投資承受之價值變動風險低微。銀行透支按要求償還，並組成本集團現金管理其中部份，亦被計入現金及現金等價物一部份。

(r) 金融負債及股本工具

金融負債及股本工具乃根據所訂立合約安排之內容及香港財務報告準則對金融負債和股本工具之定義分類。股本工具乃證明於本集團經扣除所有負債後之資產中擁有剩餘權益之任何合約。下文第(s)至(u)段載列就特定金融負債及股本工具採納之會計政策。

Notes to the Financial Statements 財務報表附註

3. Significant Accounting Policies (continued)

(s) 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.

(t) 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 reporting period.

(u) Equity instruments

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

(v) Derivative financial instruments and hedge accounting

Derivatives are initially recognised at fair value on the contract date and are subsequently measured at fair value.

The Group designates the derivatives as hedges of a particular risk associated with a recognised liability or a highly probable forecast transaction.

3. 主要會計政策 (續)

(s) 貿易及其他應付款項

貿易及其他應付款項初步按其公平值列帳，其後採用實際利息法按其攤銷成本計量，除非折現之影響微乎其微，在該種情況下，貿易及其他應付款項以成本列帳。

(t) 借款

借款最初乃按公平值(扣除已產生之交易成本)確認，其後以實際利息法按攤銷成本列帳。

除非本集團有權無條件將債務結算日期遞延至報告期間結束後至少十二個月，否則借款將被劃分為流動負債。

(u) 股本工具

本公司發行之股本工具乃按已收所得款項(扣除直接發行成本)入帳。

(v) 衍生金融工具及對沖會計處理

衍生工具於合約日期以公平值初步確認，其後以公平值計量。

本集團指定衍生工具作為對沖已確認負債或非常可能預測之交易而產生之特定風險。

Notes to the Financial Statements

財務報表附註

3. Significant Accounting Policies (continued)

(v) Derivative financial instruments and hedge accounting (continued)

Changes in the fair value of derivatives that are designated and effective as cash flow hedges are recognised directly in other comprehensive income. Any ineffective portion is recognised immediately in income statement. The Group's policy with respect to hedging the foreign currency risk of a firm commitment is to designate the hedging relationship as a cash flow hedge.

If the cash flow hedge of a firm commitment or forecasted transaction results in the recognition of a non-financial asset or liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in other comprehensive income are included in the initial measurement of the asset or liability.

For hedges that do not result in the recognition of a non-financial asset or a liability, amounts deferred in other comprehensive income are recognised in income statement in the same period in which the hedged item affects income statement.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or the hedge no longer qualifies for hedge accounting. At that time, for forecast transactions, any cumulative gain or loss on the hedging instrument recognised in other comprehensive income is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in other comprehensive income is recognised to income statement for the period.

3. 主要會計政策 (續)

(v) 衍生金融工具及對沖會計處理 (續)

被指定並有效作為現金流對沖之衍生工具之公平值變動直接於其他全面收益確認。任何無效之部份即時於收益表中確認。本集團為對沖堅定承擔之外幣風險而採取之政策乃指定對沖關係為現金流對沖。

倘堅定承擔或預測交易的現金流對沖導致確認非金融資產或負債，則於確認資產或負債時，之前已於其他全面收益確認的衍生工具的有關盈虧，計入資產或負債的初次計量。

就並無導致確認非金融資產或負債的對沖而言，在其他全面收益遞延的款額於對沖項目影響收益表的同期在收益表確認。

對沖會計處理於對沖工具到期或出售、終止或被行使，或不再合資格應用對沖會計處理時予以終止。屆時，就可預測交易來說，已於其他全面收益確認的對沖工具任何累計盈虧被保留於權益，直至出現預測交易為止。倘對沖交易預期不再發生，則已於其他全面收益確認的累計盈虧淨額會於期內的收益表中確認。

Notes to the Financial Statements 財務報表附註

3. Significant Accounting Policies (continued)

(w) Leases

(i) Operating leases

Leases that do not substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as operating leases. Lease payments (net of any incentives received from the lessor) are recognised as an expense 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 statement of financial position as obligation under finance leases. 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 over their estimated useful lives.

3. 主要會計政策 (續)

(w) 租賃

(i) 經營租賃

經營租賃是指資產擁有權之絕大部份風險及回報並無轉讓予本集團之租賃。租金在扣除自出租人收取之任何獎勵金後，於租約期內以直線法確認為開支。

(ii) 融資租賃

融資租賃是指資產擁有權所有風險及回報實質上轉讓予本集團之租賃。融資租賃在開始時按租賃資產之公平值及最低租賃款項現值(兩者均於租賃開始時釐定)之較低者入帳資本化。

出租人之相應債務於財務狀況報表中列作融資租賃承擔。租賃款項按比例分配為融資支出及削減未付承擔。有關租賃之融資費用於租約期內各期間分期支銷以得出固定之承擔餘款定期支出率。

以融資租賃下之資產與自置資產同樣按其估計可使用年期計算折舊。

Notes to the Financial Statements 財務報表附註

3. Significant Accounting Policies (continued)

(x) 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 nonoccurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

(y) 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;

3. 主要會計政策 (續)

(x) 撥備及或然負債

倘過去事項導致本集團須承擔現有法定或既定責任，而履行有關責任可能須撥付經濟利益，並能可靠地作出估計，則就不確定時限或金額之負債確認撥備。倘金錢時間值屬重大，撥備乃按預期解決責任之支出之現值呈列。

倘撥付經濟利益之可能性不大，或無法可靠地估計其金額時，債務將作為或然負債予以披露，除非撥付經濟利益之可能性極微。只可以某一件或以上之未來事件之發生或不發生確定是否存在之可能責任亦披露為或然負債，除非導致經濟流出之可能性很低。

(y) 關連人士

任何一方如屬以下情況，即視為本集團之關連人士：

- (i) 該方透過一間或多間中介公司，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；

Notes to the Financial Statements 財務報表附註

3. Significant Accounting Policies (continued)

(y) Related parties (continued)

- (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.

(z) Events after the reporting period

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

3. 主要會計政策 (續)

(y) 關連人士 (續)

- (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之主要管理人員其中一名成員；
- (v) 該方為(i)或(iv)所述之任何人士之家族之近親；
- (vi) 該方為一間實體，直接或間接受(iv)或(v)所述之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之任何實體之僱員福利而設。

(z) 報告期間後事項

提供有關本集團於報告期間結束後財務狀況之額外資料或可顯示持續經營基準之假設並不恰當之報告期間後事項屬調整事項，並在財務報表中反映。並不屬於調整事項之報告期間後事項如屬重大，則會在財務報表附註中披露。

Notes to the Financial Statements

財務報表附註

4. Critical Judgements and Key Estimates

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, 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) Property, plant and equipment and depreciation

The Group determines the estimated useful lives and residual values, 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 and residual values of property, plant and equipment of similar nature and functions. Management will revise the depreciation charge where useful lives or residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or nonstrategic assets that have been abandoned or sold.

(b) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying amount of goodwill at the end of the reporting period was approximately HK\$2,445,025,000. Details of the Group's goodwill are stated in Note 17 to the financial statements.

4. 重要判斷及主要估計

不確定估計之主要來源

下文討論有關未來之主要假設及於報告期間結束時其他主要不確定估計來源，而該等假設及不確定估計存在導致下一財政年度之資產及負債帳面值須作出重大調整之重大風險。

(a) 物業、廠房及設備與折舊

本集團釐定其物業、廠房及設備之估計可使用年期、剩餘價值及相關折舊開支。是項估計乃根據類似性質及功能之物業、廠房及設備之實際可使用年期及剩餘價值之過往經驗作出。當可使用年期或剩餘價值與先前估算者不同時，管理人員將修訂折舊開支或將已棄用或出售在技術上過時或屬非戰略性之資產作撇銷或撇減。

(b) 商譽減值

釐定商譽有否減值需估計獲分配商譽之現金產生單位之使用價值，在計算使用價值時，本集團需估計該現金產生單位產生之未來現金流量，並以適當之折現率計算其現值。於報告期間結束時，商譽之帳面值約為2,445,025,000港元。本集團之商譽詳情列載於財務報表附註17。

Notes to the Financial Statements 財務報表附註

4. Critical Judgements and Key Estimates (continued)

Key sources of estimation uncertainty (continued)

(c) Impairment loss on trade and other receivables and loan receivables

The Group makes impairment loss on receivables based on assessments of the recoverability of the trade and other receivables and loan receivables, including the current creditworthiness, the past collection history and securities (if any) of each debtor. Impairments arise where events or changes in circumstances indicate that the balances may not be collectible. The identification of impairment loss on receivables 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 loan receivables and impairment loss on receivables in the year in which such estimate has been changed.

(d) Allowance for inventories and net realisable value of inventories

Allowance for inventories is made based on the aging and estimated net realised value of inventories. The assessment of the allowance amount involves judgement and estimates. Where the actual outcome in future is different from the original estimate, such difference will impact the carrying value of inventories and write-down/write-back in the year in which such estimate has been changed.

4. 重要判斷及主要估計 (續)

不確定估計之主要來源 (續)

(c) 貿易及其他應收款項及應收貸款之減值虧損

本集團根據貿易及其他應收款項及應收貸款的可收回性評估，包括每一債務人之現時信譽及過往收款歷史記錄及抵押品(如有)作出應收款項之減值虧損。若事件或情況變化顯示無法收回結餘則產生減值。識別應收款項之減值虧損需要作出判斷及估計。倘若實際結果有別於最初估計，則有關差額將影響於該估計改變之年度內貿易及其他應收款項及應收貸款之帳面值以及應收款項之減值虧損。

(d) 存貨撥備及存貨可變現淨值

存貨撥備乃按存貨之帳齡及估計可變現淨值計提。撥備金額的評估需要作出判斷及估計。若實際結果有別於最初估計，則有關差額將影響於該估計改變之年度內存貨的帳面值及撇減/撥回。

Notes to the Financial Statements 財務報表附註

4. Critical Judgements and Key Estimates (continued)

Key sources of estimation uncertainty (continued)

(d) Allowance for inventories and net realisable value of inventories (continued)

Net realised value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expense. These estimates are based on the current market condition and the historical experience of manufacturing and selling products of similar nature. It could change significantly as a result of changes in customer taste and competitor actions in response to the severe market environment. The Group will reassess the estimates by each the end of each reporting period.

(e) Fair value of derivatives

As disclosed in Note 26 to the financial statements, the assumptions for determining the fair value of derivatives are made based on quoted market rates adjusted for specific features of the instrument.

(f) Income taxes

Significant estimates are required in determining the provisions for income taxes and deferred tax. 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. 重要判斷及主要估計 (續)

不確定估計之主要來源 (續)

(d) 存貨撥備及存貨可變現淨值 (續)

存貨之可變現淨值指日常業務過程中之估計售價減估計完成之成本及銷售開支。該等估計根據當時市況及生產及銷售同類產品之過往經驗而定，或會因客戶品味轉變及競爭對手因應嚴峻市況作出之行動而有重大轉變。本集團將於各報告期間結束前重新檢討該等估計。

(e) 衍生工具之公平值

誠如財務報表附註26所披露，衍生工具公平值之估計乃根據市場所報利率為假設基準，並就工具之特定功能作調整。

(f) 所得稅

在作出所得稅及遞延稅項撥備時本集團需進行大量的估計工作。在日常業務過程中有很多交易及計算，其最終的稅務決定存在不確定性。倘若這些稅務事項的最終結果和最初記錄的金額存在差異，則該差異將對其確定期間的所得稅和遞延稅項撥備產生影響。

Notes to the Financial Statements

財務報表附註

5. Financial Risk Management

The Group's activities expose it to a variety of financial risks, including 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 the potential adverse effects on the Group's financial performance. The Directors have established management policies, guidelines and control procedures to manage the Group's exposure to such risks.

(a) Foreign currency risk

The Group has certain exposure to foreign currency risk as some of its business transactions, assets and liabilities are denominated in currencies other than the functional currency of respective Group entities, such as HK\$ and USD. The Group had entered into currency swaps to hedge its exposure to foreign currency risk arising from certain of its HK\$ and USD bank borrowings (Notes 25 and 26). 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 other significant foreign currency exposure should the need arise.

5. 財務風險管理

本集團之活動使其面對各種財務風險，包括外幣風險、信貸風險、流動資金風險及利率風險。本集團之整體風險管理計劃專注於金融市場未能預見之因素及尋求盡量降低對本集團財務表現之潛在不利影響。董事已採取管理政策、指引及控制程序以管理本集團面對的該等風險。

(a) 外幣風險

由於本集團若干業務交易、資產及負債以相應集團實體功能貨幣以外之貨幣（如港元及美元）計值，故本集團面對若干外幣風險。本集團已訂立外幣掉期以對沖其因若干港元及美元銀行借款（附註25及26）而產生之外幣風險。本集團目前並無針對其他外幣交易、資產及負債的外幣對沖政策。本集團將密切監察其外幣風險水平，並將於有需要時考慮對沖其他重大外幣風險。

Notes to the Financial Statements 財務報表附註

5. Financial Risk Management (continued)

(a) Foreign currency risk (continued)

At 31 December 2009, if the RMB had weakened 7% (2008: 7%) against HK\$ and USD with all other variables held constant, the impact on profit after tax and other component of the equity are summarised in the following table. The sensitivity analysis includes outstanding foreign currency denominated monetary items and currency swaps designated as cash flow hedges and adjusts their translation at the year end for a 7% (2008: 7%) change in foreign currency rates. A positive number indicates an increase in profit and other equity. If the RMB had strengthened 7% (2008: 7%) against HK\$ and USD with all other variables held constant, there would be an equal and opposite impact on profit after tax and other component of the equity, and the balances below would be negative.

5. 財務風險管理 (續)

(a) 外幣風險 (續)

於二零零九年十二月三十一日，倘人民幣兌港元及美元貶值7%（二零零八年：7%），假設其他可變因素保持不變，對稅後溢利及其他權益部份之影響於下表概述。此敏感度分析包括未償還外幣計值貨幣項目及指定為現金流對沖之外幣掉期，並於年末就7%（二零零八年：7%）之外幣匯率變動調整其換算。正數顯示溢利及其他權益增加。倘人民幣兌港元及美元升值7%（二零零八年：7%），假設其他可變因素保持不變，將對稅後溢利及其他權益部份產生相應反面影響，而下列結餘將為負數。

	Impact of HK\$ 港元影響		Impact of USD 美元影響	
	2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
Profit after tax 稅後溢利	(32,410) ⁽ⁱ⁾	22,038 ⁽ⁱⁱⁱ⁾	106 ⁽ⁱⁱⁱ⁾	6,667 ⁽ⁱⁱⁱ⁾
Other equity 其他權益	-	31,258 ^(iv)	19,492 ^(iv)	46,485 ^(iv)

(i) This is mainly a result of foreign exchange loss on loan receivables, bank and cash balances, other payables and bank borrowings denominated in HK\$ not subject to cash flow hedge at year end.

(i) 此影響主要為年末時並無作出現金流對沖且以港元計值之應收貸款、銀行及現金結餘、其他應付款項及銀行借款之匯兌虧損所致。

Notes to the Financial Statements 財務報表附註

5. Financial Risk Management (continued)

(a) Foreign currency risk (continued)

- (ii) This is mainly a result of the foreign exchange gain on bank and cash balances denominated in USD not subject to cash flow hedge at year end.
- (iii) This is mainly a result of the foreign exchange gain on financial assets at fair value through profit or loss, loan receivables, bank and cash balances, trade and other payables, bank borrowings and obligations under finance leases denominated in HK\$ and USD not subject to cash flow hedges at year end.
- (iv) This mainly arises from the changes in fair value of derivative instruments designated as cash flow hedges in relation to the Group's bank borrowings.

(b) Credit risk

The carrying amount of the bank and cash balances including pledged bank deposits, trade and other receivables, deposits, investments and loan receivables included in the consolidated statement of financial position represents the Group's maximum exposure to credit risk in relation to the Group's financial assets.

The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

The Group's credit risk is primarily attributable to its trade receivables. The Group has policies in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring process. The Group's senior management performs on-going credit evaluation and regularly reviews the recoverable amount of each individual trade debt regularly to ensure that adequate impairment losses are recognised for irrecoverable debts.

The credit risk on bank and cash balances is limited because the counterparties are mainly banks with high credit-ratings assigned by international credit-rating agencies.

5. 財務風險管理 (續)

(a) 外幣風險 (續)

- (ii) 此影響主要由年末時並無作出現金流對沖且以美元計值之銀行及現金結餘之匯兌收益所致。
- (iii) 此影響主要由年末時並無作出現金流對沖，且以港元及美元計值之按公平值計入損益之金融資產、應收貸款、銀行及現金結餘、貿易及其他應付款項、銀行借款及融資租賃承擔之匯兌收益所致。
- (iv) 此影響主要由指定為本集團銀行借款之現金流對沖之衍生工具公平值變動所致。

(b) 信貸風險

綜合財務狀況報表內包括已抵押銀行存款之現金及銀行結餘、貿易及其他應收款項、按金、投資及應收貸款之帳面值，即本集團就其金融資產面對之最高信貸風險。

本集團並無重大集中信貸風險，有關風險已分散至眾多對手方及客戶。

本集團的信貸風險主要涉及其貿易應收款項。本集團訂有政策，並透過批核信貸、釐訂信貸限額監察程序管理信貸風險。本公司高級管理層持續進行信貸評估，定期審閱每項個別貿易債項之可收回金額，以確保就不可收回之債務確認適當的減值虧損。

銀行及現金結餘之信貸風險有限，因為對手方主要為獲國際評級機構給予高度評級之銀行。

Notes to the Financial Statements 財務報表附註

5. Financial Risk Management (continued)

(b) Credit risk (continued)

Loan receivables from employees as disclosed in Note 19 to the financial statements will be repaid when the shares awarded to the employees, which are held by an administrator appointed by the Company, are disposed of. The Group's senior management performed regular review on the recoverable amount of loan receivables to ensure that adequate impairment losses are recognised.

(c) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserve 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)

財務報表附註19所披露之應收僱員貸款，將於授予僱員(由本公司委聘之管理人持有)之股份出售後獲償還。本集團之高級管理層定期檢討應收貸款之可收回金額，以確保確認足夠減值虧損。

(c) 流動資金風險

本集團之政策為定期監察現有及預期之流動資金需要，以確保其維持足以應付短期及較長遠流動資金需要之現金儲備。

本集團金融負債之到期日分析如下：

		Less than 1 year 一年內 HK\$'000 千港元	Between 1 and 2 years 一至二年 HK\$'000 千港元	Between 2 and 5 years 二至五年 HK\$'000 千港元
At 31 December 2009	於二零零九年 十二月三十一日			
Bank borrowings	銀行借款	436,922	395,015	322,601
Trade and other payables	貿易及其他應付款項	958,501	-	-
Other financial liabilities	其他金融負債	33,009	-	-
At 31 December 2008	於二零零八年 十二月三十一日			
Bank borrowings	銀行借款	896,250	725,092	93,177
Obligations under finance leases	融資租賃承擔	17,151	11,964	7,289
Trade and other payables	貿易及其他應付款項	923,479	-	-
Other financial liabilities	其他金融負債	53,396	27,290	-

Notes to the Financial Statements 財務報表附註

5. Financial Risk Management (continued)

(d) Interest rate risk

The Group's exposure to interest-rate risk arises from its bank deposits, bank borrowings and obligations under finance leases. The Group's bank deposits and bank borrowings of approximately HK\$383,463,000 (2008: HK\$494,952,000) and of approximately HK\$11,385,000 (2008: HK\$22,565,000) respectively bear interests at fixed interest rates and therefore are subject to fair value interest rate risks. The Directors consider the Group's exposure to interest rate risk on these bank deposits and bank borrowings is not significant as interest bearing bank balances and bank borrowings are within short maturity period.

The Group's cash flow interest rate risk primarily relates to variable-rate bank borrowings and obligations under finance leases. The Group had entered into interest rate swaps to hedge against cash flow interest rate risk of certain bank borrowings (Notes 25 and 26). The critical terms of these interest rate swaps are similar to those of hedged bank borrowings. These interest rate swaps are designated as effective cash flow hedges of interest rate risk.

5. 財務風險管理 (續)

(d) 利率風險

本集團因銀行存款、銀行借款及融資租賃承擔而面對利率風險。本集團之銀行存款及銀行借款分別約為383,463,000港元(二零零八年：494,952,000港元)及約為11,385,000港元(二零零八年：22,565,000港元)，按固定利率計息，故面對公平值利率風險。由於計息銀行結餘及銀行借款到期期限短，故董事認為本集團因銀行存款及銀行借款而面對之利率風險水平並不重大。

本集團之現金流利率風險主要與浮息銀行借款及融資租賃承擔有關。本集團已訂立利率掉期以對沖若干銀行借款(附註25及26)之現金流利率風險。該等利率掉期之主要條款與所對沖之銀行借款者類似。此等利率掉期指定為利率風險之有效現金流對沖工具。

Notes to the Financial Statements 財務報表附註

5. Financial Risk Management (continued)

(d) Interest rate risk (continued)

At 31 December 2009, if the interest rate had been 100 basis point (2008: 100 basis point) lower, with all other variables held constant, the impact on profit after tax and other component of the equity are summarised in the following table. The sensitivity analysis includes outstanding bank borrowings, obligations under finance leases and interest rate swaps designated as cash flow hedges and adjusts the respective interest rates at the year end of 100 basis point (2008: 100 basis point). A positive number indicates an increase in profit and other equity. If the interest rate had been 100 basis point (2008: 100 basis point) higher, with all other variables held constant, there would be an equal and opposite impact on profit after tax and other component of the equity, and the balances below would be negative.

		2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
Profit after tax	稅後溢利	7,069 ⁽ⁱ⁾	5,114 ⁽ⁱⁱⁱ⁾
Other equity	其他權益	(1,247) ⁽ⁱⁱ⁾	(13,806) ⁽ⁱⁱⁱ⁾

(i) This is mainly a result of the decrease in interest expenses on bank borrowings not subject to cash flow hedges at year end.

(ii) This mainly arises from the changes in fair value of derivative instruments designated as cash flow hedges in relation to the Group's bank borrowings.

(iii) This is mainly a result of the decrease in interest expenses on bank borrowings and obligations under finance leases not subject to cash flow hedges at year end.

5. 財務風險管理 (續)

(d) 利率風險 (續)

於二零零九年十二月三十一日，倘利率下跌100基點（二零零八年：100基點），假設其他可變因素保持不變，對稅後溢利及其他權益部份之影響於下表概述。此敏感度分析包括未償還銀行借款、融資租賃承擔及指定為現金流對沖之利率掉期，並於年末調整相應利率100基點（二零零八年：100基點）。正數顯示溢利及其他權益增加。倘利率上升100基點（二零零八年：100基點），假設其他可變因素保持不變，將對稅後溢利及其他權益部份產生相應反面影響，而下列結餘將為負數。

(i) 此影響主要由年末時並無作出現金流對沖之銀行借款之利息開支下降所致。

(ii) 此影響主要由指定為本集團銀行借款之現金流對沖之衍生工具公平值變動所致。

(iii) 此影響主要由年末時並無作出現金流對沖之銀行借款之利息開支及融資租賃承擔下降所致。

Notes to the Financial Statements 財務報表附註

5. Financial Risk Management (continued)

5. 財務風險管理 (續)

(e) Categorises of financial instrument as at 31 December

(e) 於十二月三十一日金融工具之類別

		2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
Financial assets:	金融資產：		
Financial assets at fair value through profit or loss: Designated as such upon initial recognition	按公平值計入損益之金融資產：於首次確認時指定	-	5,658
Financial assets at fair value through comprehensive income	按公平值計入全面收益之金融資產	-	5,166
Available-for-sale financial assets	可供出售金融資產	2,280,267	1,557
Loans and receivables (including cash and cash equivalents)	貸款及應收款項 (包括現金及現金等價物)	1,951,709	2,175,207
Financial liabilities:	金融負債：		
Financial liabilities at fair value through comprehensive income	按公平值計入全面收益之金融負債	33,009	80,686
Financial liabilities measured at amortised cost	按攤銷值計量之金融負債	2,062,306	2,597,589

(f) Fair values

The following disclosures of fair value measurements use a fair value hierarchy which has 3 levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

(f) 公平值

以下為有關使用分為三級之公平值等級計量公平值之披露：

- 第一級：相同資產或負債於活躍市場之報價 (未經調整)。
- 第二級：可直接 (即價格) 或間接 (即從價格衍生) 觀察之資產或負債輸入值 (不包括第一級內之報價)。
- 第三級：並非根據可觀察市場數據之資產或負債輸入值 (不可觀察輸入值)。

Notes to the Financial Statements 財務報表附註

5. Financial Risk Management (continued)

(f) Fair values (continued)

Disclosures of level in fair value hierarchy at
31 December 2009:

Description	詳情	Fair value measurement using: Level 2 使用以下等級計量 公平值： 第二級 HK\$'000 千港元
Other financial liabilities	其他金融負債	33,009

5. 財務風險管理 (續)

(f) 公平值 (續)

於二零零九年十二月三十一日
公平值等級之等級披露：

6. Turnover and Other Income

The Group is principally engaged in the printing of cigarette packages and manufacturing of transfer paper and laser film. An analysis of the Group's turnover and other income is as follows:

6. 營業額及其他收入

本集團主要從事卷煙包裝印刷及轉移紙及鐳射膜之製造。本集團之營業額及其他收入分析如下：

	2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
Turnover	營業額	
Cigarette packages	2,830,383	2,796,994
Transfer paper and laser film	144,802	325,890
	2,975,185	3,122,884
Other income	其他收入	
Gain on sales of paper	-	14,148
Gain on sales of scrapped materials	7,215	15,951
Gain on disposals of financial assets at fair value through profit or loss	251	-
Interest income	13,641	20,623
Compensation received	282	1,804
Government grants received	4,900	4,373
Exchange gain, net	-	23,230
Sundry income	6,661	5,687
	32,950	85,816

Notes to the Financial Statements 財務報表附註

7. Finance Costs

7. 融資成本

		2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
Interest on bank borrowings	銀行借款之利息	54,972	74,672
Finance lease charges	融資租賃支出	449	1,921
		55,421	76,593
Fair value gain on interest-rate swaps:	利率掉期之公平值收益：		
Cash flow hedge (transfer from equity) (Note 26)	現金流對沖(轉撥自權益)(附註26)	(2,512)	(13,738)
		52,909	62,855

8. Profit before Tax

8. 稅前溢利

The Group's profit before tax is stated after charging/
(crediting) the followings:

本集團之稅前溢利已扣除/(計入)
以下項目：

		2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
Auditors' remuneration	核數師酬金	4,000	3,700
Cost of inventories sold (Note a)	銷售存貨成本(附註a)	1,936,916	2,091,393
Depreciation	折舊	120,484	135,437
Exchange loss, net	匯兌虧損，淨額	7,161	-
Fair value loss on financial assets at fair value through profit or loss	按公平值計入損益之金融資產之公平值虧損	-	1,067
(Reversal of)/Impairment losses on receivables	應收款項之(減值虧損撥回)/減值虧損		
- trade receivables	- 貿易應收款項	(511)	1,764
- other receivables	- 其他應收款項	12,425	12,922
		11,914	14,686
Loss on de-recognition of financial assets at fair value through profit or loss	取消確認按公平值計入損益之金融資產之虧損	-	16,531
Loss on de-registration of a subsidiary	取消註冊一間附屬公司之虧損	-	13,216
Loss on disposals of property, plant and equipment	出售物業、廠房及設備之虧損	1,002	5,528
Operating lease rentals in respect of land, buildings and equipment	有關土地、樓宇及設備之經營租賃租金	32,590	27,229
Research and development costs	研究及開發成本	2,589	6,789
Staff costs including directors' emoluments	員工成本(包括董事酬金)		
- Salaries, bonuses and allowances	- 薪金、花紅及津貼	234,868	247,553
- Retirement benefits scheme contributions	- 退休福利計劃供款	10,133	11,099
- Reversal of cash-settled share-based payments	- 現金結算以股份為基礎之付款撥回	-	(7,258)
		245,001	251,394
Write down of inventories	撇減存貨	8,151	14,633

Notes to the Financial Statements 財務報表附註

8. Profit before Tax (continued)

Notes:

- (a) Cost of inventories sold includes the following which are included in the respective amounts disclosed separately above for the year:

8. 稅前溢利 (續)

附註：

- (a) 銷售存貨成本包括下列款額，均包括在本年度在上文另行披露之數額中：

		2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
Depreciation	折舊	96,316	116,256
Operating lease rentals in respect of land, buildings and equipment	有關土地、樓宇及設備之經營租賃租金	21,885	17,833
Research and development costs	研究及開發成本	332	5,065
Staff costs	員工成本	130,742	156,064
Write down of inventories	撇減存貨	5,724	14,633

9. Directors' and Senior Executives' Emoluments

Directors' emoluments disclosed pursuant to the Listing Rules and Section 161 of the Hong Kong Companies Ordinance are as follows:

9. 董事及高級行政人員酬金

以下為根據上市規則及香港公司條例第161條披露之董事酬金：

		2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
Fees	袍金		
Executive directors	執行董事	491	491
Non-executive directors	非執行董事	981	892
Independent non-executive directors	獨立非執行董事	2,210	2,210
Other emoluments	其他酬金		
Executive directors	執行董事		
- Basic salaries, allowances and benefits in kind	- 基本薪金、津貼及實物福利	11,249	8,150
- Retirement benefits scheme contributions	- 退休福利計劃供款	36	36
		14,967	11,779

Notes to the Financial Statements 財務報表附註

9. Directors' and Senior Executives' Emoluments (continued)

The emoluments of each director for the years ended 31 December 2009 and 2008 are set out below:

9. 董事及高級行政人員 酬金 (續)

每名董事於截至二零零九年及二零零八年十二月三十一日止年度之酬金載列如下：

Name of Director 董事姓名	Fees 袍金 HK\$'000 千港元	Salaries and other benefits 薪金及其他福利 HK\$'000 千港元	Discretionary bonus 酌情花紅 HK\$'000 千港元	Retirement benefits scheme contributions 退休福利計劃供款 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Mr. Chan Chew Keak, Billy 曾照傑先生	491	-	-	-	491
Mr. Chan Sai Wai 陳世偉先生	-	2,000	2,600	12	4,612
Mr. Ng Sai Kit 吳世杰先生	-	1,500	2,000	12	3,512
Mr. Ge Su (Note a) 葛蘇先生(附註a)	-	452	187	-	639
Mr. Lee Cheuk Yin, Dannis (Note b) 李卓然先生(附註b)	-	1,710	800	12	2,522
Mr. David John Cleveland Hodge David John Cleveland Hodge先生	437	-	-	-	437
Mr. Saw Kee Team, Alan (Note c) 蘇旗添先生(附註c)	168	-	-	-	168
Mr. Jerzy Czubak Jerzy Czubak先生	376	-	-	-	376
Mr. Tay Ah Kee, Keith 鄭基先生	754	-	-	-	754
Mr. Au Yeung Tin Wah, Ellis 歐陽天華先生	729	-	-	-	729
Mr. Oh Choon Gan, Eric 胡俊彥先生	727	-	-	-	727
Total for 2009 二零零九年總額	3,682	5,662	5,587	36	14,967

Name of Director 董事姓名	Fees 袍金 HK\$'000 千港元	Salaries and other benefits 薪金及其他福利 HK\$'000 千港元	Discretionary bonus 酌情花紅 HK\$'000 千港元	Retirement benefits scheme contributions 退休福利計劃供款 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Mr. Chan Chew Keak, Billy 曾照傑先生	491	-	-	-	491
Mr. Chan Sai Wai 陳世偉先生	-	2,000	1,200	12	3,212
Mr. Ng Sai Kit 吳世杰先生	-	1,500	900	12	2,412
Mr. Lee Cheuk Yin, Dannis 李卓然先生	-	1,650	900	12	2,562
Mr. David John Cleveland Hodge David John Cleveland Hodge先生	437	-	-	-	437
Mr. Saw Kee Team, Alan 蘇旗添先生	376	-	-	-	376
Mr. Jerzy Czubak (Note d) Jerzy Czubak先生(附註d)	79	-	-	-	79
Mr. Tay Ah Kee, Keith 鄭基先生	754	-	-	-	754
Mr. Au Yeung Tin Wah, Ellis 歐陽天華先生	729	-	-	-	729
Mr. Oh Choon Gan, Eric 胡俊彥先生	727	-	-	-	727
Total for 2008 二零零八年總額	3,593	5,150	3,000	36	11,779

Notes: (a) Appointed on 3 July 2009
(b) Resigned on 1 March 2010
(c) Term expired on 12 June 2009
(d) Appointed on 16 October 2008

附註：(a) 於二零零九年七月三日獲委任
(b) 於二零一零年三月一日辭任
(c) 任期於二零零九年六月十二日屆滿
(d) 於二零零八年十月十六日獲委任

Notes to the Financial Statements 財務報表附註

9. Directors' and Senior Executives' Emoluments (continued)

The five highest paid individuals in the Group during the year include three (2008: three) directors whose emoluments are reflected in the analysis presented above. The emoluments of the remaining two (2008: two) individuals are set out below:

		2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
Basic salaries and other benefits	基本薪金及其他福利	2,782	2,649
Discretionary bonus	酌情花紅	2,190	950
Retirement benefits scheme contributions	退休福利計劃供款	24	24
		4,996	3,623

The emoluments fell within the following bands:

酬金介乎下列範圍：

		Number of individuals 個人人數	
		2009 二零零九年	2008 二零零八年
HK\$1,000,001 to HK\$1,500,000	1,000,001港元 至1,500,000港元	1	1
HK\$2,000,001 to HK\$2,500,000	2,000,001港元 至2,500,000港元	-	1
HK\$3,000,001 to HK\$3,500,000	3,000,001港元 至3,500,000港元	1	-

There was no arrangement under which a director waived or agreed to waive any emoluments during the year. In addition, 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.

年內並無董事放棄或同意放棄任何酬金之安排。此外，本集團並無支付酬金予任何董事或最高薪人士，作為其加入本集團或加入後之獎勵或離職之補償。

9. 董事及高級行政人員酬金 (續)

年內本集團之五名最高薪人士當中有三名(二零零八年：三名)為董事，彼等之酬金反映在上文所示之分析內。其餘兩名(二零零八年：兩名)人士之酬金載列如下：

Notes to the Financial Statements 財務報表附註

10. Retirement Benefits Schemes

The Group operates a mandatory provident fund scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all qualifying employees in Hong Kong. The Group's contributions to the MPF Scheme are calculated at 5% of the salaries and wages subject to a monthly maximum amount of HK\$1,000 per employee and vest fully with employees when contributed into MPF Scheme.

The employees of the Group's subsidiaries established in the People's Republic of China ("PRC") are members of a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute certain percentage of the employees' basic salaries and wages to the central pension scheme to fund the retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of these subsidiaries. The only obligation of these subsidiaries with respect to the central pension scheme is to meet the required contributions under the scheme.

10. 退休福利計劃

本集團根據香港強制性公積金計劃條例為香港所有合資格僱員設立強制性公積金計劃(「強積金計劃」)。本集團於強積金計劃之供款乃根據僱員薪金及工資之5%計算，每名僱員每月上限為1,000港元，作出強積金計劃供款後，供款即盡歸僱員所有。

本集團於中華人民共和國(「中國」)成立之附屬公司之僱員為地方市政府管理之中央退休金計劃成員。此等附屬公司須就僱員基本薪金及工資之若干百分比向中央退休金計劃供款作為退休福利基金。地方市政府承諾承擔該等附屬公司所有現有及未來退休僱員之退休福利義務。此等附屬公司就中央退休金計劃之唯一責任是根據計劃作出所需供款。

11. Income Tax Expenses

11. 所得稅開支

		2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
Hong Kong Profits Tax	香港利得稅	-	1,019
PRC corporate income tax	中國企業所得稅		
- Current	- 即期	95,734	116,746
- Under/(over) provision in prior year	- 上年度撥備不足/ (超額撥備)	2,539	(981)
Withholding tax (Note 27)	預扣稅項(附註27)	36,859	33,406
Other deferred tax (Note 27)	其他遞延稅項(附註27)	(2,122)	(3,030)
		133,010	147,160

Notes to the Financial Statements

財務報表附註

11. Income Tax Expenses (continued)

Hong Kong Profits Tax is provided at 16.5% (2008: 16.5%) based on the estimated assessable profit for the year ended 31 December 2009.

On 16 March 2007, the National People's Congress approved the Corporate Income Tax Law of the PRC ("New CIT Law"), which became effective from 1 January 2008. Under the New CIT Law, the standard corporate income tax rate is 25%, replacing the previous applicable rate of 33%.

On 26 December 2007, the State of Council of the PRC passed an "Notice on the Implementation of Corporation Income Tax Transition Preferential Treatment" ("Notice on Transition Period") Guofa (2007) No. 39 ["Circular 39"] which sets out details of how existing preferential income tax rates will be adjusted to the 25% standard rate under the New CIT Law. According to the Notice on Transition Period, certain PRC enterprises of the Group with tax holiday not fully utilised will be allowed to continue to receive benefits of the full exemption from a reduction in income tax rate until expiry of the tax holiday, after which, the 25% standard rate under the New CIT Law will apply.

Circular 39 also states that the existing preferential income tax rate of 18% in 2008 pertaining to certain subsidiaries will be adjusted to the standard rate of 25% in 2012 progressively.

The relevant tax rates for the Group's PRC subsidiaries before the tax holiday range from 15% to 25% (2008: 15% to 25%).

11. 所得稅開支 (續)

截至二零零九年十二月三十一日止年度乃就估計應課稅溢利按16.5% (二零零八年：16.5%) 稅率就香港利得稅作出撥備。

於二零零七年三月十六日，全國人民代表大會批准中國企業所得稅法（「新企業所得稅法」），並已自二零零八年一月一日起生效。根據新企業所得稅法，標準企業所得稅率為25%，取代先前之適用稅率33%。

於二零零七年十二月二十六日，中國國務院通過《關於實施企業所得稅過渡優惠政策的通知》（「過渡期通知」）國發（2007）39號（「通函39」），當中詳述如何根據新企業所得稅法將現行優惠所得稅率調整至25%標準稅率。根據過渡期通知，本集團若干中國企業之稅務優惠期尚未完結，將可繼續享受所得稅減免之全額豁免優惠，直至優惠期結束止，其後將應用新企業所得稅法之25%標準稅率。

通函39亦訂明與若干附屬公司相關之二零零八年現有18%優惠所得稅率將逐步調整至二零一二年之25%標準稅率。

本集團中國附屬公司於享有稅務優惠前之有關稅率介乎15%至25%（二零零八年：15%至25%）。

Notes to the Financial Statements

財務報表附註

11. Income Tax Expenses (continued)

Further under the New CIT Law, from 1 January 2008, non-resident enterprises without an establishment or place of business in the PRC or which have an establishment or place of business in the PRC but whose relevant income is not effectively connected with the establishment or a place of business in the PRC, will be subject to withholding tax at the rate of 10% (unless reduced by treaty) on various types of passive income such as dividend derived from sources within the PRC. As the entire Group's foreign-invested enterprises are directly or indirectly wholly or partial owned by a Hong Kong incorporated subsidiary, a rate of 5% is applicable to the calculation of this withholding tax on dividend according to Comprehensive Arrangement for the Avoidance of Double Taxation on Income and Prevention of Fiscal Evasion between PRC and Hong Kong, and Guoshihan [2009] No.81.

According to the notice Cai Shui {2008} No.1 released by the Ministry of Finance and the State Administration of Taxation, distributions of the pre-2008 retained profits of a foreign-invested enterprise to a foreign investor in 2008 or after are exempt from withholding tax. Accordingly, the retained profits at 31 December 2007 in the Group's foreign-invested enterprises' books and accounts will not be subject to withholding tax on dividend at 5% on future distribution.

11. 所得稅開支 (續)

此外，根據新企業所得稅法，由二零零八年一月一日起，在中國境內未設立機構、場所，或雖在中國境內設立機構、場所但取得之所得收入與其在中國境內所設機構、場所沒有實際聯繫之非居民企業，將須就多種被動收入(如源於中國境內之股息)按10%(除非按稅收協定減免)繳納預扣稅項。由於本集團所有外商投資企業乃由一間香港註冊成立之附屬公司直接或間接全資或部份擁有，故根據《內地和香港關於對所得稅避免雙重徵稅和防止偷漏稅的安排》及國稅函(2009)81號，就股份計算此項預扣稅項適用之稅率為5%。

根據財政部及國家稅務總局發行之財稅[2008]1號通知，外商投資企業於二零零八年或之後向外國投資者分派二零零八年前之保留溢利獲豁免繳納預扣稅項。因此，本集團之外商投資企業之帳冊及帳目所列於二零零七年十二月三十一日之保留溢利毋須就未來分派股息繳納5%之預扣稅項。

Notes to the Financial Statements 財務報表附註

11. Income Tax Expenses (continued)

A reconciliation between the income tax expenses and the product of profit before tax multiplied by the applicable tax rate is as follows:

11. 所得稅開支 (續)

所得稅開支與稅前溢利乘以適用稅率之積之對帳如下：

		2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
Profit before tax	稅前溢利	687,847	770,230
Tax at applicable tax rate of 25% (2008: 25%)	按適用稅率25% (二零零八年：25%) 之稅款	171,961	192,558
Tax effect of share of profit of associates	應佔聯營公司溢利 之稅務影響	(20,152)	(43,220)
Tax effect of non-taxable income	毋須課稅收入 之稅務影響	(1,709)	(8,783)
Tax effect of non-deductible expenses	不可扣除開支 之稅務影響	64,835	65,602
Tax effect of unrecognised temporary differences	未確認暫時性差額 之稅務影響	(1,135)	1,227
Tax effect of unused tax loss not recognised	不確認未動用稅項虧損 之稅務影響	8,548	5,159
Tax effect of tax concession and tax refund	稅項寬減及稅款退回 之稅務影響	(126,272)	(90,419)
Tax effect of utilisation of tax loss not previously recognised	動用過往未確認 稅項虧損之稅務影響	(896)	-
Under/(over) provision in prior year	上年度撥備不足/ (超額撥備)	2,539	(981)
Withholding tax	預扣稅項	36,859	33,406
Effect of different tax rates of subsidiaries operating in other jurisdiction	在其他司法權區經營 之附屬公司所適用 不同稅率之影響	(1,568)	(7,389)
Income tax expenses	所得稅開支	133,010	147,160

Notes to the Financial Statements

財務報表附註

12. Earnings per Share

- (a) Basic earnings per share is calculated based on the Group's profit attributable to owners of the Company for the year of approximately HK\$365,119,000 (2008: HK\$467,303,000) and the weighted average number of shares of approximately 1,089,961,000 ordinary shares in issue during the year (2008: 1,015,902,000 shares).
- (b) No diluted earnings per share are presented as the Company did not have any potentially diluted ordinary shares for the years ended 31 December 2009 and 2008.

13. Dividends

The dividends paid during the year ended 31 December 2009 were HK\$46,868,000 being final dividend of HK4.3 cents per share for year 2008. The dividends paid during the year ended 31 December 2008 were HK\$86,995,000, being final dividend of HK8.9 cents per share for year 2007 and HK\$93,964,000, being interim dividend of HK8.9 cents per share for year 2008. A final dividend of HK15.8 cents per share in respect of 2009, amounted to approximately HK\$145,857,000 is proposed by the Board subject to approval by the shareholders at the forthcoming Annual General Meeting. The proposed final dividends are not recognised as liabilities at 31 December 2009.

12. 每股盈利

- (a) 每股基本盈利乃按本年度本公司擁有人應佔本集團之溢利約365,119,000港元(二零零八年: 467,303,000港元)及年內已發行普通股之加權平均股數約1,089,961,000股(二零零八年: 1,015,902,000股)計算。
- (b) 由於本公司截至二零零九年及二零零八年十二月三十一日止年度內並無潛在攤薄普通股,故並無呈列每股攤薄盈利。

13. 股息

截至二零零九年十二月三十一日止年度內支付之股息為46,868,000港元(即二零零八年之末期股息為每股4.3港仙)。截至二零零八年十二月三十一日止年度內支付之股息為86,995,000港元(即二零零七年之末期為每股8.9港仙)及93,964,000港元(即二零零八年之中期股息為每股8.9港仙)。董事會建議派發二零零九年度末期股息每股15.8港仙,總股息金額約為145,857,000港元,惟須待股東於應屆股東週年大會上批准,方可作實。擬派末期股息並無確認為於二零零九年十二月三十一日之負債。

Notes to the Financial Statements 財務報表附註

13. Dividends (continued)

13. 股息 (續)

	2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
Interim dividend paid of HK Nil cents (2008: HK8.9 cents) per share 已派中期股息 每股零港仙 (二零零八年： 8.9港仙)	-	93,964
Proposed final dividend of HK15.8 cents (2008: HK4.3 cents) per share 擬派末期股息 每股15.8港仙 (二零零八年： 4.3港仙)	145,857	46,868
	145,857	140,832

14. Other Comprehensive Income

14. 其他全面收益

Components of other comprehensive income for the year:

本年度其他全面收益組成部分：

	2009 二零零九年		2008 二零零八年	
	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Exchange differences on translating foreign operations 換算外地業務之匯兌差額		(26,118)		179,510
Cash flow hedges: Gain arising during the year Add: Reclassification adjustments for losses included in profit or loss 現金流對沖： 年內產生之收益 加：計入損益之虧損之重新分類調整	47,789		72,502	
	9,952	57,741	17,773	90,275
Other comprehensive income for the year 本年度其他全面收益		31,623		269,785

Notes to the Financial Statements 財務報表附註

15. Property, Plant and Equipment

15. 物業、廠房及設備

		Buildings 樓宇 HK\$'000 千港元	Leasehold improvements 租賃物業裝修 HK\$'000 千港元	Plant and machinery 廠房及機器 HK\$'000 千港元	Office equipment 辦公室設備 HK\$'000 千港元	Motor vehicles 車輛 HK\$'000 千港元	Construction in progress 在建工程 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Cost	成本							
At 1 January 2008	於二零零八年一月一日	132,355	10,104	1,006,328	34,063	20,063	105,862	1,308,775
Acquisition of subsidiaries	收購附屬公司	12,780	-	51,759	896	2,486	1,023	68,944
Additions	添置	357	33,565	35,915	4,584	6,525	95,244	176,190
Transfer	轉撥	59,254	3,250	98,936	6,520	-	(167,960)	-
Disposals/write off	出售/撇銷	-	(6,444)	(11,393)	(1,653)	(2,407)	-	(21,897)
Exchange differences	匯兌差額	6,909	583	49,985	1,519	935	5,067	64,998
At 31 December 2008	於二零零八年 十二月三十一日	211,655	41,058	1,231,530	45,929	27,602	39,236	1,597,010
Additions	添置	515	2,050	12,232	2,081	2,494	53,946	73,318
Transfer	轉撥	-	121	30,148	2,123	-	(32,392)	-
Deconsolidation of subsidiaries	剔除附屬公司綜合入帳	(116,621)	-	(423,440)	(21,247)	(7,722)	(41,142)	(610,172)
Disposals/write off	出售/撇銷	-	(23)	(4,606)	(757)	(1,741)	(5)	(7,132)
Exchange differences	匯兌差額	1,760	389	10,738	268	222	380	13,757
At 31 December 2009	於二零零九年 十二月三十一日	97,309	43,595	856,602	28,397	20,855	20,023	1,066,781
Accumulated depreciation	累計折舊							
At 1 January 2008	於二零零八年一月一日	3,500	4,373	131,481	10,098	5,451	-	154,903
Charge for the year	本年度折舊	8,900	2,933	111,623	7,205	4,776	-	135,437
Disposals/write off	出售/撇銷	(99)	(3,692)	(2,761)	(876)	(550)	-	(7,978)
Exchange differences	匯兌差額	215	184	6,923	431	277	-	8,030
At 31 December 2008	於二零零八年 十二月三十一日	12,516	3,798	247,266	16,858	9,954	-	290,392
Charge for the year	本年度折舊	8,338	4,228	97,946	5,834	4,138	-	120,484
Deconsolidation of subsidiaries	剔除附屬公司綜合入帳	(10,923)	-	(81,968)	(6,811)	(2,756)	-	(102,458)
Disposals/write off	出售/撇銷	-	-	(1,203)	(611)	(1,188)	-	(3,002)
Exchange differences	匯兌差額	138	40	2,771	129	93	-	3,171
At 31 December 2009	於二零零九年 十二月三十一日	10,069	8,066	264,812	15,399	10,241	-	308,587
Carrying amount	帳面值							
At 31 December 2009	於二零零九年 十二月三十一日	87,240	35,529	591,790	12,998	10,614	20,023	758,194
At 31 December 2008	於二零零八年 十二月三十一日	199,139	37,260	984,264	29,071	17,648	39,236	1,306,618

The Group's buildings are situated in the PRC.

本集團之樓宇乃位於中國。

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15. Property, Plant and Equipment (continued)

At 31 December 2008, the carrying amounts of property, plant and equipment held by the Group under finance leases were approximately HK\$128,069,000.

At 31 December 2008, the Group's property, plant and equipment with carrying amount of approximately HK\$328,886,000 were pledged as security for the Group's banking facilities (Note 33).

15. 物業、廠房及設備 (續)

於二零零八年十二月三十一日，本集團根據融資租賃持有之物業、廠房及設備之帳面值約為128,069,000港元。

於二零零八年十二月三十一日，本集團帳面值約為328,886,000港元之物業、廠房及設備已抵押作為本集團之銀行信貸(附註33)之抵押品。

16. Prepaid Land Lease Payments

16. 預付租賃土地款項

		2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
At 1 January	於一月一日	53,030	42,402
Acquisition of subsidiaries	收購附屬公司	-	9,704
Deconsolidation of subsidiaries	剔除附屬公司綜合入帳	(29,143)	-
Amortisation of prepaid land lease payments	預付租賃土地款項之攤銷	(1,099)	(1,185)
Exchange differences	匯兌差額	300	2,109
At 31 December	於十二月三十一日	23,088	53,030
Current portion	流動部份	(672)	(1,345)
Non-current portion	非流動部份	22,416	51,685

The Group's prepaid land lease payments represent payments for land use rights in the PRC under medium term leases.

At 31 December 2008, the Group's prepaid land lease payments with carrying amount of approximately HK\$29,486,000 were pledged as security for the Group's banking facilities (Note 33).

本集團之預付租賃土地款項指按中期租賃持有之中國土地使用權之付款。

於二零零八年十二月三十一日，本集團帳面值約為29,486,000港元之預付租賃土地款項已抵押作為本集團之銀行信貸(附註33)之抵押品。

Notes to the Financial Statements 財務報表附註

17. Goodwill

17. 商譽

		HK\$'000 千港元
At 1 January 2008	於二零零八年一月一日	2,751,773
Adjustment to fair value of net assets of subsidiaries acquired in prior year	上年度所收購附屬公司之資產淨值公平值調整	149,061
Acquisition of subsidiaries	收購附屬公司	938,670
Release on de-registration of a subsidiary	取消註冊一間附屬公司時撥回	(21,500)
Exchange differences	匯兌差額	137,613
At 31 December 2008	於二零零八年十二月三十一日	3,955,617
Deconsolidation of subsidiaries	剔除附屬公司綜合入帳	(1,556,309)
Exchange differences	匯兌差額	45,717
At 31 December 2009	於二零零九年十二月三十一日	2,445,025

During 2008 the Group acquired the entire issued share capital of Purple Art Limited ("Purple Art"), which directly owned 100% equity interest in Hangzhou Weicheng Printing Co. Limited ("HZ Weicheng") at a total consideration of RMB350,000,000 (equivalent to approximately HK\$400,006,000) which was satisfied as to approximately HK\$200,006,000 by the allotment and issue of 34,189,000 new shares of HK\$0.01 each of the Company at an issue price of HK\$5.85 per share (Note 28(c)) and as to the balance by cash. The adoption of HK\$5.85 per share as the fair value of shares issued by the Company at the date of exchange was based on a fair value assessment made by the Board of Directors, taking into consideration all aspects of the acquisition and significant factors influencing the negotiations. The Board of Directors considered the published price of the Company's shares at the date of exchange is not a suitable indicator of fair value of the shares issued for the acquisition due to the thinness of the market of the Company's issued shares.

The Group also acquired a 25% equity interest in Sure Rise Group Limited ("Sure Rise"), and a 49% equity interest in Smart Apex Group Limited ("Smart Apex") at a consideration of RMB290,000,000 (equivalent to approximately HK\$330,632,000) and approximately HK\$311,321,000 respectively.

於二零零八年，本集團收購Purple Art Limited ("Purple Art")之全部已發行股本，其直接擁有杭州偉成印刷有限公司("杭州偉成")100%股權，總代價為人民幣350,000,000元(相等於約400,006,000港元)，透過以每股5.85港元之發行價配發及發行本公司34,189,000股每股面值0.01港元之新股份(附註28(c))支付約200,006,000港元，而餘額則以現金支付。採用每股5.85港元為本公司於交易日期所發行股份之公平值，乃基於董事會經考慮收購各方面及影響磋商之重大因素後，所作出之公平值評估。由於本公司已發行股份市場交投量低，故董事會認為交易日期本公司股份之報價並非就收購所發行股份之公平值之適當指標。

本集團亦收購了必昇集團有限公司("必昇")之25%股權及俊峰集團有限公司("俊峰")之49%股權，代價分別為人民幣290,000,000元(相等於約330,632,000港元)及約311,321,000港元。

Notes to the Financial Statements 財務報表附註

17. Goodwill (continued)

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units ("CGUs") that are expected to benefit from that business combination. Before recognition of impairment losses, the carrying amount of goodwill had been allocated as follows:

17. 商譽 (續)

由於業務合併所取得的商譽會於收購時分配到預期其將受惠於該業務合併的各現金產生單位（「現金產生單位」）。在確認減值虧損前，商譽帳面值分配如下：

		2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
Printing of cigarette packages	卷煙包裝印刷		
Qingdao Leigh-Mardon Packaging Co., Ltd. ("Qingdao LMPP")	青島黎馬敦包裝有限公司 (「青島黎馬敦」)	204,663	202,812
Beijing Leigh-Mardon Pacific Packaging Co., Ltd. ("Beijing LMPP")	北京黎馬敦太平洋包裝有限公司 (「北京黎馬敦」)	50,689	50,230
World Grand Holdings Limited ("World Grand") and Kunming World Grand Colour Printing Co., Ltd. ("Kunming World Grand")	偉建集團有限公司 (「偉建」)及昆明偉建彩印有限公司 (「昆明偉建」)	1,246,948	1,235,667
Xiangfan Jinfeihuan Colour Packing Co., Ltd.	襄樊金飛環彩色包裝有限公司	-	68,923
Shenzhen Guilian Printing Limited and Shenzhen Kecai Printing Co., Ltd.	深圳貴聯印刷有限公司及深圳市科彩印務有限公司	-	615,193
Bengbu Jinhuangshan Rotogravure Printing Co., Ltd.	蚌埠金黃山凹版印刷有限公司	-	204,085
Changde Goldroc Rotogravure Printing Co., Ltd.	常德金鵬凹版印刷有限公司	-	630,142
HZ Weicheng, Sure Rise and Smart Apex	杭州偉成、必昇及俊峰	941,565	936,085
		2,443,865	3,943,137
Manufacturing of transfer paper and laser film	轉移紙及鐳射膜製造		
Xian Great Sky Laser Hologram Co., Ltd. ("Xian Hologram")	西安大天激光圖像有限公司 (「西安大天」)	1,160	1,150
Zhaotong Antong Package Material Co., Ltd.	昭通安通包裝材料有限公司	-	11,330
		1,160	12,480
		2,445,025	3,955,617

Notes to the Financial Statements

財務報表附註

17. Goodwill (continued)

The recoverable amounts of the CGUs are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and budgeted gross margin and turnover during the period. The Group estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. Budgeted gross margin and turnover are based on past practices and expectations on market development.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by the Directors for the next five years with the residual period using the growth rate of range from 3% to 5% (2008: 2% to 5%).

The rates used to discount the forecast cash flows are as follows:

17. 商譽 (續)

現金產生單位的可收回金額乃按使用價值計算而釐定。使用價值計算之主要假設乃關於折現率、增長率及期內之預算毛利率及營業額。本集團採用反映現時市場對貨幣時間價值及現金產生單位之特定風險之評估的稅前折現率以估計折現率。預算毛利率及營業額則根據過往常規及預期市場發展釐定。

本集團編製之現金流量預測摘錄自經董事批准對未來五年之最近期財政預算，而餘下期間則根據增長率介乎3%至5% (二零零八年：2%至5%) 推算。

用作折現預測現金流量之比率如下：

		2009 二零零九年	2008 二零零八年
Printing of cigarette packages	卷煙包裝印刷	12.7%	13.4%
Manufacturing of transfer paper and laser film	轉移紙及鐳射膜製造	12.7%	13.4%

18. Interests in Associates

		2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
Unlisted investments in the PRC: Share of net assets	於中國之非上市投資： 應佔資產淨值	73,244	373,350

18. 於聯營公司之權益

Notes to the Financial Statements 財務報表附註

18. Interests in Associates (continued)

Details of the Group's associates at 31 December 2009 are as follows:

18. 於聯營公司之權益 (續)

於二零零九年十二月三十一日，本集團聯營公司之詳情如下：

Name 名稱	Place of incorporation/ operation 註冊成立/ 營業地點	Particulars of registered capital 註冊資本詳情	Percentage of interest held/profit sharing 所持權益/ 溢利攤分 百分比	Principal activities 主要業務
Nanjing Sanlong Packing Co., Ltd	PRC	US\$2,100,000	48%/48%	Printing of cigarette packages
南京三隆包裝有限公司	中國	2,100,000美元	48%/48%	卷煙包裝印刷
Sure Rise	British Virgin Islands ("BVI")	US\$100	25%/25%	Investment holding
必昇	英屬處女群島	100美元	25%/25%	投資控股
Smart Apex	BVI	US\$100	49%/49%	Technology supporting
俊峰	英屬處女群島	100美元	49%/49%	技術支援

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

本集團聯營公司之財務資料概要如下：

		Assets 資產	Liabilities 負債	Equity 權益	Revenue 收益	Profit 溢利
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
2009	二零零九年					
100 per cent	百分之一百	496,571	(322,085)	174,486	988,628	169,333
Group's effective interest	本集團之實際權益	184,462	(111,218)	73,244	425,561	80,608
2008	二零零八年					
100 per cent	百分之一百	1,301,696	(480,865)	820,831	1,708,676	373,426
Group's effective interest	本集團之實際權益	574,216	(200,866)	373,350	776,148	172,878

Notes to the Financial Statements

財務報表附註

19. Loan Receivables

On 13 June 2007, the Company adopted an employees' share award scheme (the "Scheme") under which shares (the "Awarded Shares") of the Company may be awarded to certain employees of the Group (the "Selected Employees") in accordance with the terms and conditions imposed by the Board of the Company. The Scheme is valid and effective for a term of 10 years commencing on 13 June 2007. Pursuant to the rules of the Scheme, an administrator has been appointed to administer the Scheme and hold the Awarded Shares. On or after the vesting date, the Selected Employees shall be entitled to sell in whole or in part of his/her Awarded Shares through the administrator and receive the gain on the disposal of his/her Awarded Shares, being the excess of sales proceeds over the acquisition costs of the Awarded Shares purchased by the Company, together with the related income attributable to the Awarded Shares disposed. Accordingly, fair value of the Awarded Shares of approximately HK\$313,324,000 was recognised as financial assets at fair value through profit or loss by the Group as at 31 December 2007.

In June 2008, the Company made clarifications with the Selected Employees on certain terms and operation mechanism of the Scheme. In summary:

- (a) Neither the Company, the administrator nor the Selected Employees shall have any voting rights to the Company's shares purchased by the administrator to the Scheme.
- (b) All the beneficial interests and risks of the shares purchased under the Scheme are designated to the Selected Employees upon the purchase of the Company's shares.
- (c) The funds made available by the Company to the administrator (the "Fund") for purchases of Company's shares in accordance with the Scheme are advances made by the Company to the Selected Employees.

19. 應收貸款

於二零零七年六月十三日，本公司採納一項僱員股份獎勵計劃（「計劃」）；據此，本公司可根據本公司董事會制訂之條款及條件向本集團若干僱員（「獲選僱員」）授予股份（「獎勵股份」）。計劃自二零零七年六月十三日開始有效及生效，為期十年。根據計劃規則，管理人已獲委任管理計劃及持有獎勵股份。於歸屬日期或之後，獲選僱員可透過管理人出售其全部或部份獎勵股份，並收取出售其獎勵股份之收益，即出售所得款項超過本公司購買獎勵股份之購買成本之金額，連同所出售獎勵股份應佔之相關收入。因此，本集團於二零零七年十二月三十一日確認獎勵股份之公平值約313,324,000港元為按公平值計入損益之金融資產。

於二零零八年六月，本公司向獲選僱員釐清計劃若干條款及運作機制。概括而言：

- (a) 本公司、管理人及獲選僱員概不擁有計劃管理人所購買之本公司股份之任何投票權。
- (b) 於購買本公司股份後，根據計劃所購買之股份之一切實益權益及風險歸屬獲選僱員。
- (c) 本公司就根據計劃購買本公司股份而向管理人提供之資金（「資金」），為本公司向獲選僱員提供之墊款。

Notes to the Financial Statements 財務報表附註

19. Loan Receivables (continued)

After the aforementioned clarifications, the Company considered that the Fund made by the Company to assist the Selected Employees to purchase the Awarded Shares should be accounted for as loan receivables from the Selected Employees. The loan receivables, bear interest at average fixed rates of approximately 3.5% per annum and will be repaid when the Awarded Shares are disposed of. Any gain or loss on disposal of the Awarded Shares shall be accounted to or borne by the Selected Employees. Accordingly, the Fund was de-recognised as financial assets at fair value through profit or loss and loan receivables are recognised when the clarified Scheme became effective and as a result a net loss of approximately HK\$16,531,000 was recognised in 2008.

19. 應收貸款 (續)

於釐清上述事宜後，本公司認為，本公司提供以助獲選僱員購買獎勵股份之資金應列作應收獲選僱員貸款。應收貸款按平均固定年利率約3.5%計息，及將於獎勵股份售出時償還。出售獎勵股份之任何收益或虧損將撥歸獲選僱員所有或由獲選僱員承擔。因此，資金已取消確認為按公平值計入損益之金融資產，並於經釐清計劃生效時確認應收貸款，因而於二零零八年確認虧損淨額約16,531,000港元。

20. Available-for-sale Financial Assets

20. 可供銷售金融資產

		2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
Unlisted equity securities, at cost (Note a)	非上市股本證券， 按成本(附註a)	2,278,696	-
Others, at cost (Note b)	其他，按成本(附註b)	1,571	1,557
		2,280,267	1,557
Analysed as:	分類為：		
Current assets	流動資產	2,278,696	-
Non-current assets	非流動資產	1,571	1,557
		2,280,267	1,557

Notes to the Financial Statements 財務報表附註

20. Available-for-sale Financial Assets (continued)

Notes:

- (a) The unlisted equity securities represent the net assets of Brilliant Circle International Holdings Limited ("Brilliant Circle") and its subsidiaries (together the "Brilliant Circle Group") at the date of deconsolidation.

On 10 September 2009, AMVIG Group Limited, a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement (the "Sale and Purchase Agreement") with Mr. Tsoi Tak ("Mr. Tsoi", the director and original owner of the Brilliant Circle Group) to dispose of the entire interest of Brilliant Circle. It has been agreed in the Sale and Purchase Agreement that Mr. Tsoi shall commence to bear "all profits and losses and be responsible for all assets and liabilities of the Brilliant Circle Group, and be responsible for all transactions entered into by the Brilliant Circle Group, with effect from and including 1 July 2009". The results of the Brilliant Circle Group after 10 September 2009 were deconsolidated and the net assets of the Brilliant Circle Group have been presented as "available-for-sale financial assets". The Directors consider this treatment is in accordance with HKAS 27 since the Group has reached an agreement with Mr. Tsoi on 10 September 2009 to sell Brilliant Circle and not be involved in the financial and operational policies of the Brilliant Circle Group with effect from that date. The disposal of Brilliant Circle was completed on 25 February 2010.

Unlisted equity securities with carrying amount of HK\$2,278,696,000 were carried at cost as they do not have a quoted market price in an active market and whose fair value cannot be reliably measured.

- (b) It represents a club membership in the PRC. As no quoted market price in an active market is available, this available-for-sale financial asset is carried at cost less any identified impairment.

20. 可供銷售金融資產 (續)

附註：

- (a) 非上市股本證券指貴聯國際控股有限公司(「貴聯控股」)及其附屬公司(統稱「貴聯控股集團」)於不再綜合入帳當日之資產淨值。

於二零零九年九月十日，本公司之全資附屬公司澳科集團有限公司與蔡得先生(「蔡先生」，為貴聯控股集團之董事兼原擁有人)訂立買賣協議(「買賣協議」)，以出售貴聯控股全部權益。買賣協議協定蔡先生將開始承擔「貴聯控股集團之全部溢利及虧損、負責其所有資產及負債，以及負責貴聯控股集團訂立之所有交易，由二零零九年七月一日(包括該日)起生效」。貴聯控股集團之業績於二零零九年九月十日後不再綜合入帳，而貴聯控股集團之資產淨值以「可供銷售金融資產」列示。董事認為，由於本集團在二零零九年九月十日就出售貴聯控股與蔡先生達成協議，且自該日起不涉及貴聯控股集團之財務及營運政策，故該處理方法符合香港會計準則第27號。出售貴聯控股已於二零一零年二月二十五日完成。

帳面值為2,278,696,000港元之非上市股本證券按成本計值，原因為該等非上市股本證券並無活躍市場報價且其公平值未能可靠計量。

- (b) 於中國之會所會籍。由於並無活躍市場報價，故該可供銷售金融資產按成本減任何可識別減值入帳。

Notes to the Financial Statements 財務報表附註

21. Inventories

21. 存貨

		2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
Raw materials	原材料	118,873	196,788
Work in progress	在製品	51,014	74,209
Finished goods	製成品	119,406	107,696
		289,293	378,693

22. Trade and Other Receivables

22. 貿易及其他應收款項

The general credit terms of the Group granted to its trade customers range from one month to three months. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the senior management. An aging analysis of trade receivables, based on the invoice date, net of allowances, is as follows:

本集團給予貿易客戶之賒帳期一般介乎一至三個月。本集團致力持續嚴格控制未償還應收款項。高級管理層定期審查過期結餘。貿易應收款項(按發票日期及扣除撥備)之帳齡分析如下：

		2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
Current to 30 days	即期至30日	226,891	427,489
31 to 90 days	31至90日	99,165	133,908
Over 90 days	超過90日	33,856	40,702
Trade receivables	貿易應收款項	359,912	602,099
Bills receivables	應收票據	44,491	152,066
Other receivables	其他應收款項	159,190	118,885
		563,593	873,050

Notes to the Financial Statements 財務報表附註

22. Trade and Other Receivables (continued)

An analysis of allowance for estimated irrecoverable trade receivables is as follows:-

22. 貿易及其他應收款項 (續)

估計不可收回貿易應收款項之撥備分析如下：-

		HK\$'000 千港元
At 1 January 2008	於二零零八年一月一日	909
Allowance for the year	年度撥備	1,764
Write off	撇銷	(1,860)
Exchange differences	匯兌差額	73
At 31 December 2008	於二零零八年十二月三十一日	886
Reversal for the year	年度撥回	(511)
Exchange differences	匯兌差額	16
At 31 December 2009	於二零零九年十二月三十一日	391

As of 31 December 2009, trade receivables of HK\$33,856,000 (2008: HK\$40,702,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. An aging analysis of these trade receivables is as follows:

於二零零九年十二月三十一日，33,856,000港元（二零零八年：40,702,000港元）之貿易應收款項已過期但未減值。該等款項與若干最近並無拖欠記錄之獨立客戶有關。該等貿易應收款項之帳齡分析如下：

		2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
Up to 6 months	最多六個月	33,666	31,428
Over 6 months	超過六個月	190	9,274
		33,856	40,702

At 31 December 2008, bill receivables of approximately HK\$18,502,000 were pledged to banks to secure banking facilities granted to the Group (Note 33).

於二零零八年十二月三十一日，約18,502,000港元之應收票據已抵押予銀行，作為授予本集團銀行信貸之抵押品（附註33）。

Notes to the Financial Statements

財務報表附註

23. Pledged Bank Deposits and Bank and Cash Balances

The bank deposits of approximately HK\$383,463,000 (2008: HK\$494,952,000) carry fixed interest rates ranged from 0.1% to 2.3% (2008: 0.1% to 4.1%) thus exposing the Group to fair value interest rate risk. The bank deposits of approximately HK\$688,206,000 (2008: HK\$ 501,503,000) carry floating interest rates thus exposing the Group to cash flow interest rate risk. The Group's pledged bank deposits represented deposits pledged to banks to secure banking facilities granted to the Group (Note 33).

Included in the pledged bank deposits and bank and cash balances is an amount of approximately HK\$900,716,000 as at 31 December 2009 (2008: HK\$553,386,000) denominated in RMB. Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

24. Trade and Other Payables

An aging analysis of trade payables, based on the date of invoices, is as follows:

23. 已抵押銀行存款及銀行及現金結餘

約383,463,000港元(二零零八年：494,952,000港元)之銀行存款按介乎0.1%至2.3%(二零零八年：0.1%至4.1%)之固定利率計息，故本集團面對公平值利率風險。約688,206,000港元(二零零八年：501,503,000港元)之銀行存款按浮動利率計息，故本集團面對現金流利率風險。本集團之已抵押銀行存款為已抵押予銀行之存款，以作為授予本集團銀行信貸之抵押(附註33)。

列入已抵押銀行存款及銀行及現金結餘之款項包括一項於二零零九年十二月三十一日約900,716,000港元(二零零八年：553,386,000港元)之人民幣款項。人民幣兌換為外幣須受中國外匯管制規則及結匯、售匯及付匯管理規定所規限。

24. 貿易及其他應付款項

貿易應付款項(按發票日期)之帳齡分析如下：

		2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
Current to 30 days	即期至30日	165,885	296,765
31 to 90 days	31至90日	111,221	157,563
Over 90 days	超過90日	34,044	13,445
Trade payables	貿易應付款項	311,150	467,773
Bills payables – secured	應付票據 – 有抵押	17,035	118,576
Other payables	其他應付款項	630,316	337,130
		958,501	923,479

Notes to the Financial Statements 財務報表附註

25. Bank Borrowings

25. 銀行借款

		2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
Bank loans	銀行貸款		
- secured	- 有抵押	-	513,180
- unsecured	- 無抵押	1,103,805	1,126,194
		1,103,805	1,639,374
The borrowings are repayable as follows:-	借款到期日如下:-		
On demand or within one year	按要求或於一年內	408,298	842,491
In the second year	第二年	377,238	706,774
In the third to fifth years, inclusive	第三至第五年 (包括首尾兩年)	318,269	90,109
		1,103,805	1,639,374
Less: Amount due for settlement within 12 months (shown under current liabilities)	減: 十二個月內到期償還款項 (於流動負債項下列示)	(408,298)	(842,491)
Amount due for settlement after 12 months	十二個月後到期償還款項	695,507	796,883

The carrying amounts of the Group's borrowings are denominated in the following currencies:

本集團借款以下列貨幣計值之帳面額如下:

		HK\$ 港元 HK\$'000 千港元	RMB 人民幣 HK\$'000 千港元	USD 美元 HK\$'000 千港元	EURO 歐元 HK\$'000 千港元	Total 總計 HK\$'000 千港元
2009	二零零九年					
Bank loans	銀行貸款	846,615	11,385	245,805	-	1,103,805
2008	二零零八年					
Bank loans	銀行貸款	629,435	377,786	621,732	10,421	1,639,374

Notes to the Financial Statements 財務報表附註

25. Bank Borrowings (continued)

The range of effective interest rates at 31 December was as follows:

25. 銀行借款 (續)

於十二月三十一日之實際利率範圍如下：

		2009 二零零九年	2008 二零零八年
Bank loans	銀行貸款	2.10% to 5.01%	2.75% to 8.32%

Bank borrowings of approximately HK\$11,385,000 (2008: HK\$22,565,000) are arranged at fixed interest rate thus exposing the Group to fair value interest rate risk. Remaining bank borrowings of approximately HK\$1,092,420,000 (2008: HK\$1,616,809,000) are arranged at floating rates thus exposing the Group to cash flow interest rate risk. The Group has entered into currency and interest rate swaps in 2007 to exchange USD loans of approximately HK\$245,805,000 (2008: HK\$621,732,000) and HK\$ loans of HK\$Nil (2008: HK\$430,000,000) to RMB loans and to exchange variable rate interest of these loans to fixed rate interest in order to hedge against the cash flow currency and interest rate risks (Note 26).

約11,385,000港元(二零零八年：22,565,000港元)之銀行借款按固定利率籌措，使本集團承受公平值利率風險。餘下約1,092,420,000港元(二零零八年：1,616,809,000港元)之銀行借款按浮動利率籌措，故本集團面對現金流利率風險。本集團於二零零七年已分別就掉換美元及港元貸款為人民幣貸款訂立約245,805,000港元(二零零八年：621,732,000港元)及零港元(二零零八年：430,000,000港元)之貨幣及利率掉期，以將該等貸款之浮動利率掉換為固定利率，從而對沖現金流外幣及利率風險(附註26)。

26. Other Financial Assets/ (Liabilities)

26. 其他金融資產／(負債)

		Current 流動		Non-current 非流動	
		2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
Derivatives under hedge accounting	對沖會計法下 之衍生工具				
Cash flow hedges - Interest rate swaps	現金流對沖 - 利率掉期	(2,430)	4,511	-	655
Cash flow hedges - Foreign currency swaps	現金流對沖 - 外幣掉期	(30,579)	(53,396)	-	(27,290)

Notes to the Financial Statements 財務報表附註

26. Other Financial Assets/ (Liabilities) (continued)

Interest rate swaps:

The Group used interest rate swaps to minimise its exposure to cash flow risk of certain of its variable rate HK\$ and USD bank borrowings by swapping the borrowings from variable rates to fixed rates. During current year the Group had settled the hedged HK\$ borrowings and certain hedged USD borrowings before its maturity date, together with the related interest rate swaps. The interest rate swaps and the corresponding borrowings have the same terms and the Directors consider that the interest rate swaps are highly effective hedging instruments. Major terms of the interest rate swaps in relation to the USD borrowings at 31 December 2009 are set out below:

26. 其他金融資產／(負債) (續)

利率掉期：

本集團使用利率掉期，透過將其若干浮動利率港元及美元銀行借款由浮動利率掉為固定利率，以減輕該等借款之現金流風險。於本年度，本集團已於到期日前清償港元對沖借款及若干美元對沖借款連同相關利率掉期。利率掉期與相應借款具相同條款，董事認為利率掉期乃高度有效之對沖工具。於二零零九年十二月三十一日有關美元借款之利率掉期主要條款載列如下：

Notional amount 面額	Maturity 到期	Swaps 掉期
USD8,000,000 8,000,000美元	semi-annually from May 2008 to May 2010 由二零零八年五月至二零一零年五月每半年	USD 6 months Libor + 0.93% for 2.75% 2.75%與美元六個月倫敦銀行同業拆息 +0.93%互換
USD6,800,000 6,800,000美元	semi-annually from May 2008 to May 2010 由二零零八年五月至二零一零年五月每半年	USD 6 months Libor + 0.93% for 2.85% 2.85%與美元六個月倫敦銀行同業拆息 +0.93%互換
USD16,000,000 16,000,000美元	semi-annually from May 2008 to May 2010 由二零零八年五月至二零一零年五月每半年	USD 6 months Libor + 0.93% for 3.25% 3.25%與美元六個月倫敦銀行同業拆息 +0.93%互換
USD1,200,000 1,200,000美元	semi-annually from May 2008 to May 2010 由二零零八年五月至二零一零年五月每半年	USD 6 months Libor + 0.93% for 2.85% 2.85%與美元六個月倫敦銀行同業拆息 +0.93%互換

At the end of the reporting period, fair value loss of approximately HK\$1,756,000 (2008: gain of HK\$3,073,000) have been deferred in equity and are expected to release to the consolidated income statement in May 2010, the date in which the repayment of bank interests are expected to occur.

The fair values of interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

於報告期間結束時，約1,756,000港元(二零零八年：收益3,073,000港元)公平值虧損已於權益內遞延，並預計將於二零一零年五月(即預計銀行利率償還日期)撥入綜合收益表內。

利率掉期公平值按以利率報價得出之適用收益曲線估計及折現之未來現金流量之現值計量。

Notes to the Financial Statements 財務報表附註

26. Other Financial Assets/ (Liabilities) (continued)

Foreign currency swaps:

At the end of the reporting period, the Group had the following foreign exchanges swaps designated as highly effective hedging instruments in order to manage the Group's foreign currency exposure in relation to certain foreign currency bank borrowings.

The terms of the foreign exchange swaps have been negotiated to match the terms of the respective designated hedged items.

Major terms of these contracts are as follows:

Notional amount 面額	Maturity 到期	Swaps 掉期
USD8,000,000 8,000,000美元	2010 二零一零年	USD1/RMB7.6589 1美元/人民幣7.6589
USD6,800,000 6,800,000美元	2010 二零一零年	USD1/RMB7.6602 1美元/人民幣7.6602
USD16,000,000 16,000,000美元	2010 二零一零年	USD1/RMB7.6284 1美元/人民幣7.6284
USD1,200,000 1,200,000美元	2010 二零一零年	USD1/RMB7.6070 1美元/人民幣7.6070

At the end of the reporting period, fair value loss of approximately HK\$2,563,000 (2008: HK\$65,133,000) have been deferred in equity and are expected to be released to the consolidated income statement in May 2010, the date in which the repayment of bank borrowings are expected to occur.

The fair values of foreign currency swaps are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

26. 其他金融資產／(負債) (續)

外幣掉期：

於報告期間結束時，本集團有下列外幣掉期指定為高度有效對沖工具，以管理本集團與若干外幣銀行借款之外幣風險。

外幣掉期之條款以配合相應指定對沖項目之條款為依歸磋商。

該等合約主要條款如下：

於報告期間結束時，約2,563,000港元(二零零八年：65,133,000港元)公平值虧損已於權益內遞延，並預計將於二零一零年五月(即預計銀行借款償還日期)撥入綜合收益表內。

外幣掉期公平值採用遠期匯率報價及以配合合約到期日之利率報價得出之收益曲線計量。

Notes to the Financial Statements 財務報表附註

26. Other Financial Assets/ (Liabilities) (continued)

During the year, gains and losses transferred from equity to profit or loss are included in the following line items in the consolidated income statement:

26. 其他金融資產／(負債) (續)

於年內，由權益轉撥至損益之收益及虧損已計入綜合收益表內下列項目：

		2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
Other income	其他收入	(12,464)	(31,511)
Finance costs	融資成本	2,512	13,738
		(9,952)	(17,773)

27. Deferred Tax Liabilities

The following are the significant deferred tax liabilities recognised by the Group.

27. 遞延稅項負債

下表為本集團所確認之主要遞延稅項負債。

		Accelerated tax depreciation 加速稅項折舊 HK\$'000 千港元	Revaluation of property plant and equipment 重估物業、 廠房及設備 HK\$'000 千港元	Withholding tax 預扣稅項 HK\$'000 千港元	Total 總計 HK\$'000 千港元
At 1 January 2008	於二零零八年 一月一日	132	25,033	6,672	31,837
Acquisition of subsidiaries	收購附屬公司	-	5,600	-	5,600
Charge/(credit) to income statement	扣除/(計入)收益表	15	(3,045)	33,406	30,376
Exchange differences	匯兌差額	-	449	-	449
At 31 December 2008	於二零零八年 十二月三十一日	147	28,037	40,078	68,262
Deconsolidation of subsidiaries	剔除附屬公司 綜合入帳	(147)	(9,105)	(5,688)	(14,940)
Payment	付款	-	-	(25,808)	(25,808)
(Credit)/charge to income statement	(計入)/扣除自 收益表	-	(2,122)	36,859	34,737
Exchange differences	匯兌差額	-	3,057	-	3,057
At 31 December 2009	於二零零九年 十二月三十一日	-	19,867	45,441	65,308

Notes to the Financial Statements 財務報表附註

28. Share Capital

28. 股本

	Note 附註	Number of Shares 股份數目 '000 千股	Amount 金額 HK\$'000 千港元
<i>Authorised:</i>			
Ordinary shares of HK\$0.01 each			
At 1 January 2008		1,000,000	10,000
Increase in authorised share capital	(a)	1,000,000	10,000
At 31 December 2008 and 2009		2,000,000	20,000
<i>Issued and fully paid:</i>			
Ordinary shares of HK\$0.01 each			
At 1 January 2008		977,472	9,775
Issue of new shares	(b) (c)	78,300 34,189	783 342
At 31 December 2008 and 2009		1,089,961	10,900

Notes:

附註：

- (a) On 15 May 2008, the authorised share capital of the Company was increased from HK\$10,000,000 to HK\$20,000,000 by the creation of additional 1,000,000,000 new shares of HK\$0.01 each.
- (b) Pursuant to a shares subscription agreement dated 20 June 2008, the subscriber, Amcor Fibre Packaging-Asia Pte Limited, subscribed for 78,300,000 new shares of HK\$0.01 each at a subscription price of HK\$8.94 per share on 31 July 2008. The premium on the issue of shares of approximately HK\$699,219,000 was credited to the Company's share premium account, net of share issue expenses of HK\$1,438,000.

- (a) 於二零零八年五月十五日，本公司法定股本藉增設1,000,000,000股每股面值0.01港元之股份由10,000,000港元增加至20,000,000港元。
- (b) 根據日期為二零零八年六月二十日之股份認購協議，認購人Amcor Fibre Packaging-Asia Pte Limited於二零零八年七月三十一日按認購價每股8.94港元認購78,300,000股每股面值0.01港元之新股份。發行股份之溢價約699,219,000港元已計入本公司之股份溢價帳(已扣除發行股份開支1,438,000港元)。

Notes to the Financial Statements 財務報表附註

28. Share Capital (continued)

Notes: (continued)

- (c) On 31 October 2008, 34,189,000 new ordinary shares of HK\$0.01 each were issued at HK\$5.85 per share as part of the consideration for the acquisition of 100% shareholding of Purple Art (Note 17). The premium on the issue of shares of approximately HK\$199,664,000 was credited to the Company's share premium account.
- (d) All shares, both issued and unissued, rank pari passu in all respects at 31 December 2009.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the payment of dividends, issue new shares, buy-back shares, raise new debts, redeem existing debts or sell assets to reduce debts.

The Group monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total borrowings less cash and cash equivalents. Adjusted capital comprises all components of equity (i.e. share capital, share premium, minority interests, retained earnings and other reserves) other than debit amounts recognised in equity relating to cash flow hedges.

During 2009, the Group's strategy, which was unchanged since 2007, was to maintain a capital structure with a lowest weighted average cost of capital. The debt-to-adjusted capital at 31 December 2009 and at 31 December 2008 were 0.8% and 13.8%, respectively.

28. 股本 (續)

附註：(續)

- (c) 於二零零八年十月三十一日，34,189,000股每股面值0.01港元之新普通股按每股5.85港元發行，作為收購Purple Art全部股權之部份代價(附註17)。發行股份之溢價199,664,000港元已計入本公司之股份溢價帳。
- (d) 於二零零九年十二月三十一日，所有已發行及未發行股份在各方面均享有同等地位。

本集團管理資金之目標為保障本集團按持續經營基準經營之能力，並透過優化債務與權益比例盡量增加股東回報。

本集團視乎風險按比例設定股本金額。本集團視乎經濟狀況轉變及相關資產之風險特徵管理其資本架構及作出調整。為維持或調整資本架構，本集團可能調整向股東派付之股息、發行新股、購回股份、籌集新債、贖回現有債務或出售資產以削減債務。

本集團根據債務與經調整資本比率監察資本，有關比率乃以債務淨額除以經調整資本計算。債務淨額為總借款減現金及現金等價物計算。經調整資本包括權益所有部份(如股本、股份溢價、少數股東權益、保留盈利及其他儲備)，惟有關現金流對沖而於權益確認之扣除金額除外。

於二零零九年，本集團之策略與二零零七年一致，乃維持一個資本加權平均成本處於最低水平之資本結構。於二零零九年十二月三十一日及二零零八年十二月三十一日之債務與經調整資本比率分別為0.8%及13.8%。

Notes to the Financial Statements 財務報表附註

28. Share Capital (continued)

28. 股本 (續)

		2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
Total borrowings	總借款	1,103,805	1,674,110
Less: cash and cash equivalents	減：現金及現金等價物	(1,059,210)	(898,899)
Net debt	債務淨額	44,595	775,211
Total equity	總權益	5,785,662	5,575,214
Add: debit amounts recognised in equity relating to cash flow hedges	加：有關現金流對沖而於權益確認之扣除金額	4,319	62,060
Adjusted capital	經調整資本	5,789,981	5,637,274
Debt-to-adjusted capital	債務與經調整資本比率	0.8%	13.8%

The decrease in debt-to-adjusted capital was primarily due to deconsolidation of Brilliant Circle Group as discussed in Note 20(a) and the expansion in equity base due to continuous growth of operating results.

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. The Group receives a report from the share registrars weekly on substantial share interests showing the non-public float and it demonstrates continuing compliance with the 25% limit throughout the year. As at 31 December 2009, 40.2% (2008: 38.8%) of the shares were in public hands.

債務與經調整資本比率下降主要由於如附註20(a)所載剔除貴聯控股集團綜合入帳及經營業績持續增長令權益基礎擴大所致。

外部施加之唯一資金要求為本集團股份之公眾持股量最少須達25%，以維持其於聯交所之上市地位。本集團每星期均接獲股份過戶登記處顯示非公眾持股量之重大股份權益報告，有關報告顯示本集團於整個年度均持續遵守25%限制之規定。於二零零九年十二月三十一日，40.2% (二零零八年：38.8%) 股份由公眾人士持有。

Notes to the Financial Statements 財務報表附註

29. Statement of Financial Position of the Company

29. 本公司之財務狀況報 表

		2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
Property, plant and equipment	物業、廠房及設備	313	773
Investments in subsidiaries	於附屬公司之投資	1	1
Loan receivables	應收貸款	316,137	305,211
Other financial assets	其他金融資產	-	5,166
Due from subsidiaries	應收附屬公司款項	4,618,397	4,592,171
Other receivables	其他應收款項	90,905	23,691
Bank and cash balances	銀行及現金結餘	48,145	173,349
Other current assets	其他流動資產	17,320	99,378
Bank borrowings	銀行借款	(1,092,419)	(1,251,167)
Other financial liabilities	其他金融負債	(33,009)	(80,686)
Other current liabilities	其他流動負債	(11,766)	(13,660)
NET ASSETS	資產淨值	3,954,024	3,854,227
Share capital	股本	10,900	10,900
Reserves	儲備	3,943,124	3,843,327
TOTAL EQUITY	權益總額	3,954,024	3,854,227

Notes to the Financial Statements

財務報表附註

30. Reserves

(a) Group

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

(b) Company

30. 儲備

(a) 本集團

本集團之儲備金額及有關變動載於綜合全面收益表及綜合權益變動表。

(b) 本公司

		Share premium 股份溢價 HK\$'000 千港元	Other reserves 其他儲備 HK\$'000 千港元	[Accumulated losses]/ retained profits (累計虧損)/ 保留溢利 HK\$'000 千港元	Total 總計 HK\$'000 千港元
At 1 January 2008	於二零零八年 一月一日	2,984,432	(151,674)	(353,416)	2,479,342
Total comprehensive income for the year	本年度全面收益 總額	-	97,638	549,861	647,499
Share issue expenses (Note 28(b))	發行股份開支 (附註28(b))	(1,438)	-	-	(1,438)
Dividend paid for 2007 (Note 13)	支付二零零七年股息 (附註13)	-	-	(86,995)	(86,995)
Dividend paid for 2008 (Note 13)	支付二零零八年股息 (附註13)	-	-	(93,964)	(93,964)
Issue of new shares (Note 28(b) & (c))	發行新股 (附註28(b)及(c))	898,883	-	-	898,883
Changes in equity for the year	本年度權益變動	897,445	97,638	368,902	1,363,985
At 31 December 2008	於二零零八年 十二月三十一日	3,881,877	(54,036)	15,486	3,843,327
Total comprehensive income for the year	本年度全面收益總額	-	(32,669)	179,334	146,665
Dividend paid for 2008 (Note 13)	支付二零零八年股息 (附註13)	-	-	(46,868)	(46,868)
Changes in equity for the year	本年度權益變動	-	(32,669)	132,466	99,797
At 31 December 2009	於二零零九年 十二月三十一日	3,881,877	(86,705)	147,952	3,943,124

Notes to the Financial Statements 財務報表附註

30. Reserves (continued)

(c) Nature and Purpose of Reserves

(i) Share Premium Account

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.

(ii) Exchange Reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in Note 3(d) (iii) to the financial statements.

(iii) Revaluation Reserve

The revaluation reserve comprises the Group's share of associate's post-acquisition movements in reserve and is dealt in accordance with accounting policy in Note 3(c) to the financial statements.

30. 儲備 (續)

(c) 儲備之性質及目的

(i) 股份溢價帳

根據開曼群島公司法，本公司股份溢價帳之資金可供分派予本公司股東，惟緊隨建議分派股息日期後，本公司須有能力償還其於日常業務過程中已到期之債務。

(ii) 匯兌儲備

匯兌儲備包括所有換算外國業務之財務報表而產生之匯兌差額。該儲備乃根據財務報表附註3(d)(iii)所載列之會計政策處理。

(iii) 重估儲備

重估儲備包括本集團應佔聯營公司收購後之儲備變動，並按財務報表附註3(c)所載會計政策處理。

Notes to the Financial Statements 財務報表附註

30. Reserves (continued)

(c) Nature and Purpose of Reserves (continued)

(iv) Hedging Reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition of the hedged cash flows in accordance with the accounting policy adopted for cash flow hedges in Note 3(v) to the financial statements.

(v) Statutory Reserves

The statutory reserves, which are non-distributable, are appropriated from the profit after taxation of the Group's PRC subsidiaries under the applicable laws and regulations in the PRC.

31. Non Cash Transactions

During the year ended 31 December 2009, dividend of approximately HK\$245,582,000 was declared to minority interests of which approximately HK\$180,510,000 was not paid as at 31 December 2009.

30. 儲備 (續)

(c) 儲備之性質及目的 (續)

(iv) 對沖儲備

對沖儲備是用於現金流量對沖之對沖工具公平值累積變動淨額之有效部份，以待隨後確認已對沖之現金流量，對沖儲備乃根據財務報表附註3(v)所載列之現金流量對沖會計政策處理。

(v) 法定儲備

不可分派之法定儲備乃於本集團之中國附屬公司根據中國適用法律及法規繳稅後從溢利撥款。

31. 非現金交易

截至二零零九年十二月三十一日止年度，已向少數股東宣派約245,582,000港元之股息，當中約180,510,000港元尚未於二零零九年十二月三十一日支付。

Notes to the Financial Statements 財務報表附註

32. Related Party Transactions

Save as disclosed elsewhere in these financial statements, the Group had the following material related party transactions during the year:

32. 關連人士交易

除此等財務報表其他部份所披露者外，本集團於本年度曾進行以下重大關連人士交易：

		2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
Sales to associates	銷售予聯營公司	87,950	369,135
Purchases from an associate	向一間聯營公司採購	161,553	47,648
Purchases from related companies	向關連公司採購	-	89,043
Rental income received from a related company	收取一間關連公司之租金收入	1,031	2,697
Consultancy fee income received from an associate	收取一間聯營公司之顧問費收入	70,037	17,342

Notes:

- (a) The sales to associates and purchases from an associate and related companies were made under normal commercial terms.
- (b) Rental income received is determined by mutually agreed term between the related company and the Group.
- (c) Consultancy fee income received is determined by mutually agreed term between the associate and the Group.
- (d) An office premises occupied by the Group was provided by a related company at no cost.
- (e) A substantial shareholder and/or his family member has beneficial interests in the abovesaid related companies.

附註：

- (a) 銷售予聯營公司及向一間聯營公司及關連公司採購乃根據一般商業條款進行。
- (b) 已收取租金收入乃按該關連公司與本集團共同協定之條款釐定。
- (c) 已收取顧問費收入乃按該聯營公司與本集團共同協定之條款釐定。
- (d) 本集團佔用的辦公室乃由一間關連公司無償提供。
- (e) 一名主要股東及／或其家庭成員於上述關連公司擁有實益權益。

Notes to the Financial Statements 財務報表附註

32. Related Party Transactions (continued)

At the end of the reporting period, the following balances with related parties were included in:

		2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
Trade and other receivables: Associates	貿易及其他應收款項： 聯營公司	128,708	63,236
Trade and other payables: Associates A substantial shareholder	貿易及其他應付款項： 聯營公司 一名主要股東	66,152 -	83,591 5,990

The amounts due from associates are unsecured, interest free and repayable within 90 days.

The amounts due to associates and a substantial shareholder are unsecured, interest free and have no fixed term of repayment.

33. Banking Facilities

As at 31 December 2009, banking facilities of the Group are mainly secured by the charge over certain bank deposits (Note 23) and corporate guarantees given by the Company and certain subsidiaries.

As at 31 December 2008, banking facilities of the Group are mainly secured by the charge over certain property, plant and equipment (Note 15); prepaid land lease payments (Note 16), bills receivable (Note 22); bank deposits (Note 23); corporate guarantees given by the Company, certain subsidiaries, an associate and a company beneficially owned by a substantial shareholder; personal guarantees executed by a substantial shareholder and his family member and a property held by a substantial shareholder of the Company.

32. 關連人士交易 (續)

於報告期間結束時，下列關連人士之結餘列入：

應收聯營公司款項為貿易性質、無抵押、免息及須於90日內償還。

應付聯營公司及一名主要股東款項為貿易性質、無抵押、免息及並無固定還款期。

33. 銀行信貸

於二零零九年十二月三十一日，本集團之銀行信貸主要以若干銀行存款之質押(附註23)以及本公司及若干附屬公司提供之公司擔保作抵押。

於二零零八年十二月三十一日，本集團之銀行信貸主要以本集團若干物業、廠房及設備(附註15)、預付租賃土地款項(附註16)、應收票據(附註22)、銀行存款(附註23)、本公司、若干附屬公司、一間聯營公司及由一名主要股東實益擁有之一間公司提供之公司擔保、由一名主要股東及其家族成員作出之個人擔保及本公司一名主要股東持有之物業作抵押。

Notes to the Financial Statements 財務報表附註

34. Commitments

As at 31 December 2009, the Group had the following commitments:

a. Operating Lease Commitments

The Group leases certain of its office and factory premises under operating lease arrangements. The original lease terms for the office and factory premises range from one year to fifteen years.

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
Within one year 一年內	21,528	21,319
In the second to fifth years, inclusive 第二至第五年 (包括首尾兩年)	76,705	70,374
After five years 五年後	87,560	105,488
	185,793	197,181

b. Capital Commitments

	2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
Contracted but not provided for: Acquisition of property, plant and equipment 已訂約但未撥備： 購置物業、 廠房及設備	29,754	70,790

34. 承擔

於二零零九年十二月三十一日，本集團之承擔如下：

a. 經營租賃承擔

本集團根據經營租賃安排租用若干辦公室及廠房物業。有關辦公室及廠房物業之原訂租期介乎一至十五年。

根據不可撤銷經營租賃須支付之未來最低租金總額如下：

Notes to the Financial Statements

財務報表附註

35. Contingent Liabilities

At 31 December 2009, the Group did not have any significant contingent liabilities (2008: Nil).

36. Segment Information

The Group has two reportable segments under HKFRS 8 as follows:

- Printing of cigarette packages
- Manufacturing of transfer paper and laser film

The Group's reportable segments are strategic business units that offer different products. They are managed separately because each business requires different technology and marketing strategies.

Segment profits or losses do not include corporate administrative expenses. Segment assets do not include goodwill, financial assets at fair value through profit or loss, loan receivables, available-for-sale financial assets, other financial assets, prepayments and deposits and other receivables for general administrative use. Segment liabilities do not include other financial liabilities, other payables and accruals for general administrative use.

The Group accounts for inter-segment sales and transfers as if the sales or transfers were to third parties, i.e. at current market prices.

35. 或然負債

於二零零九年十二月三十一日，本集團並無任何重大或然負債（二零零八年：無）。

36. 分部資料

本集團按香港財務報告準則第8號分類有下列兩個呈報分部：

- 卷煙包裝印刷
- 轉移紙及鐳射膜製造

本集團之可呈報分部為提供不同產品之策略業務單位。由於各業務需要點不同之技術及市場推廣策略，故該等業務乃獨立管理。

分部損益不包括企業行政開支。分部資產不包括商譽、按公平值計入損益之金融資產、應收貸款、可供銷售金融資產、其他金融資產、預付款項及按金及一般行政用途之其他應收款項。分部負債不包括其他金融負債、其他應付款項及一般行政用途之應計費用。

本集團將分部間之銷售及轉讓入帳，乃假設該等銷售或轉讓向第三方作出（即按現行市價作出）。

Notes to the Financial Statements 財務報表附註

36. Segment Information (continued)

Information about reportable segment profit, assets and liabilities:

36. 分部資料 (續)

有關可呈報分部之溢利、資產及負債之資料：

		Printing of cigarette packages 卷煙包裝印刷		Manufacturing of transfer paper and laser film 轉移紙及鐳射膜製造		Total 綜合	
		2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
Year ended 31 December	截至十二月三十一日 止年度						
Revenue from external customers	來自外部客戶之收益	2,830,383	2,796,994	144,802	325,890	2,975,185	3,122,884
Inter-segment revenue	分部間收益	239,560	99,437	118,532	134,018	358,092	233,455
Segment profit	分部溢利	664,609	710,645	13,499	22,732	678,108	733,377
Interest income	利息收入	10,668	10,689	867	341	11,535	11,030
Interest expenses	利息開支	(12,904)	(29,058)	(274)	(603)	(13,178)	(29,661)
Depreciation and amortisation	折舊及攤銷	(96,127)	(112,197)	(19,743)	(18,715)	(115,870)	(130,912)
Share of profit of associates	應佔聯營公司溢利	80,608	172,229	-	-	80,608	172,229
Income tax expenses	所得稅開支	(92,915)	(110,996)	(1,794)	(890)	(94,709)	(111,886)
Additions to segment non-current assets	添置分部非流動資產	67,697	115,123	4,837	57,186	72,534	172,309
As at 31 December	於十二月三十一日						
Segment assets	分部資產	2,038,076	2,979,586	498,573	450,755	2,536,649	3,430,341
Segment liabilities	分部負債	(533,062)	(1,243,254)	(51,082)	(90,274)	(584,144)	(1,333,528)
Interests in associates	於聯營公司之權益	73,244	372,555	-	-	73,244	372,555

Notes to the Financial Statements 財務報表附註

36. Segment Information (continued)

36. 分部資料 (續)

Reconciliation of reportable segment revenue, profit or loss, assets and liabilities:

有關可呈報分部之收益、損益、資產及負債之對帳：

		2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
Revenue	收益		
Total revenue of reportable segments	可呈報分部總收益	3,333,277	3,356,339
Elimination of inter-segment revenue	對銷分部間收益	(358,092)	(233,455)
Consolidated revenue	綜合收益	2,975,185	3,122,884
Profit or loss	損益		
Total profit or loss of reportable segments	可呈報分部損益總額	678,108	733,377
Other profit or loss	其他損益	(123,271)	(110,307)
Consolidated profit for the year	本年度綜合溢利	554,837	623,070
Assets	資產		
Total assets of reportable segments	可呈報分部總資產	2,536,649	3,430,341
Goodwill	商譽	2,445,025	3,955,617
Financial assets at fair value through profit or loss	按公平值計入損益之金融資產	-	5,658
Loan receivables	應收貸款	316,137	305,211
Available-for-sale financial assets	可供銷售金融資產	2,280,267	1,557
Other financial assets	其他金融資產	-	5,166
Other assets	其他資產	386,245	654,190
Consolidated total assets	綜合總資產	7,964,323	8,357,740
Liabilities	負債		
Total liabilities of reportable segments	可呈報分部總負債	(584,144)	(1,333,528)
Other financial liabilities	其他金融負債	(33,009)	(80,686)
Other liabilities	其他負債	(1,561,508)	(1,368,312)
Consolidated total liabilities	綜合總負債	(2,178,661)	(2,782,526)

Notes to the Financial Statements 財務報表附註

36. Segment Information (continued)

Geographical Information:

Over 90% of the Group's revenue and assets are derived from customers and operations based in the PRC and accordingly, no further analysis of the Group's geographical information is disclosed.

Revenue from major customers:

36. 分部資料 (續)

地區資料：

本集團逾90%收益及資產來自位於中國之客戶及業務，因此並無進一步披露本集團之地區資料分析。

來自主要客戶之收益：

		2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
Printing of cigarette packages	卷煙包裝印刷		
Customer A	客戶甲	878,960	688,416
Customer B	客戶乙	448,316	537,640
Customer C	客戶丙	431,837	467,273
Customer D	客戶丁	270,209	402,864

Notes to the Financial Statements

財務報表附註

37. Events after the Reporting Period

As disclosed in Note 20, AMVIG Group Limited, a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Mr. Tsoi on 10 September 2009 for the disposal of the entire equity interest of Brilliant Circle at a consideration of approximately HK\$2,048 million. The consideration will be satisfied by cash of approximately HK\$880 million and as to the balance of approximately HK\$1,168 million by transferring 166,814,000 of the Company's share at a repurchase price of approximately HK\$7 per share which held by Mr. Tsoi. It is anticipated that the disposal of Brilliant Circle will give rise to a gain of approximately HK\$118 million.

On 22 December 2009, World Grand, a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Dragon Hill Limited for the acquisition of the remaining 45% equity interest in Famous Plus Group Limited ("Famous Plus"), a subsidiary of the Company, at a consideration of RMB 670 million. The consideration will be satisfied by cash on instalment basis up until 31 December 2012. Subsequent to the acquisition, Famous Plus became a wholly-owned subsidiary of the Group.

Both of the abovesaid transactions were approved by the shareholders on 12 February 2010 and were completed on 25 February 2010.

37. 報告期間後事項

如附註20所披露，本公司之全資附屬公司澳科集團有限公司與蔡先生於二零零九年九月十日訂立買賣協議，以出售貴聯控股全部權益，代價約為2,048,000,000港元。代價中約880,000,000港元將以現金支付，而餘額約1,168,000,000港元則透過按購回價每股約7港元轉讓蔡先生持有之166,814,000股本公司股份支付。預期出售貴聯控股將產生約118,000,000港元之收益。

於二零零九年十二月二十二日，本公司之全資附屬公司偉建與鵬巒集團有限公司訂立買賣協議，以收購本公司之附屬公司祺耀集團有限公司（「祺耀」）餘下45%股本權益，代價為人民幣670,000,000元。代價將分期以現金償付，直至二零一二年十二月三十一日為止。於收購後，祺耀成為本集團之全資附屬公司。

上述兩項交易均於二零一零年二月十二日獲股東批准，並於二零一零年二月二十五日完成。

Notes to the Financial Statements 財務報表附註

38. Principal Subsidiaries

Particulars of the principal subsidiaries as at 31 December 2009 are as follows:

38. 主要附屬公司

於二零零九年十二月三十一日主要附屬公司詳情如下：

Name 名稱	Place of incorporation/ registration and operation 註冊成立/ 註冊及營業地點	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/profit sharing 應佔擁有權益/ 溢利攤分百分比		Principal activities 主要業務
			Direct 直接	Indirect 間接	
AMVIG Group Limited 澳科集團有限公司	BVI 英屬處女群島	Ordinary HK\$1,000 普通股1,000港元	100%	-	Investment holding 投資控股
AMVIG Investment Limited 澳科投資有限公司	Hong Kong 香港	Ordinary HK\$6,060,100 普通股6,060,100港元	-	100%	Investment holding 投資控股
Beijing LMPP (Note a) 北京黎馬敦(附註a)	PRC 中國	Registered capital USD13,000,000 註冊資本 13,000,000美元	-	83%	Printing of cigarette packages 卷煙包裝印刷
Bellgate International Limited	BVI 英屬處女群島	Ordinary HK\$509,040,001 普通股509,040,001港元	-	100%	Investment holding 投資控股
Charm Profit Holdings Limited 盈健集團有限公司	Hong Kong 香港	Ordinary HK\$1 普通股1港元	-	100%	Investment holding 投資控股
Dongguan AMVIG Industrial Co., Ltd. ("Dongguan AMVIG") (Note b) 東莞澳科實業有限公司 (「東莞澳科」)(附註b)	PRC 中國	Registered capital USD15,000,000 註冊資本 15,000,000美元	-	100%	Printing of cigarette packages and manufacturing of transfer paper 卷煙包裝印刷 及轉移紙製造
Dongguan KWG Colour Printing Co., Ltd ("DG KWG") (Note c) 東莞智源彩印有限公司 (「東莞智源」)(附註c)	PRC 中國	Registered capital HK\$40,000,000 註冊資本 40,000,000港元	-	55%	Printing of cigarette packages 卷煙包裝印刷
Famous Plus 祺耀	Hong Kong 香港	Ordinary HK\$100 普通股100港元	-	55%	Investment holding 投資控股
Glory Express International Limited 世陸國際有限公司	Hong Kong 香港	Ordinary HK\$2 普通股2港元	-	100%	Investment holding 投資控股

Notes to the Financial Statements

財務報表附註

38. Principal Subsidiaries (continued)

38. 主要附屬公司 (續)

Name 名稱	Place of incorporation/ registration and operation 註冊成立/ 註冊及營業地點	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/profit sharing 應佔擁有權益/ 溢利攤分百分比		Principal activities 主要業務
			Direct 直接	Indirect 間接	
HZ Weicheng (Note d) 杭州偉成(附註d)	PRC 中國	Registered Capital USD10,000,000 註冊資本 10,000,000美元	-	100%	Printing of cigarette packages 卷煙包裝印刷
Kunming World Grand (Note e) 昆明偉建(附註e)	PRC 中國	Registered capital USD7,500,000 註冊資本 7,500,000美元	-	100%	Printing of cigarette packages 卷煙包裝印刷
Leigh-Mardon Pacific Packaging Pte Ltd.	Singapore 新加坡	Ordinary SG\$85,495,870 普通股 85,495,870新加坡元	-	100%	Investment holding 投資控股
Mattie Hologram Technology (Huizhou) Co., Ltd. ("Mattie Hologram") (Note f) 萬迪全息科技(惠州) 有限公司(「萬迪全息」) (附註f)	PRC 中國	Registered capital EUR03,000,000 註冊資本 3,000,000歐元	-	100%	Manufacturing of laser film 鐳射膜製造
Mega Vision Enterprises Limited	BVI 英屬處女群島	Ordinary USD1 普通股1美元	-	100%	Investment holding 投資控股
Qingdao LMPP (Note g) 青島黎馬敦(附註g)	PRC 中國	Registered capital USD15,515,000 註冊資本 15,515,000美元	-	60%	Printing of cigarette packages 卷煙包裝印刷
Victory Honest (Holdings) Limited 偉成(控股)有限公司	Hong Kong 香港	Ordinary HK\$1 普通股1港元	-	100%	Investment holding 投資控股
World Grand 偉建	Hong Kong 香港	Ordinary HK\$13,333,333 普通股13,333,333港元	-	100%	Investment holding 投資控股
Xian Hologram # (Note h) 西安大天#(附註h)	PRC 中國	Registered capital RMB7,140,000 註冊資本 人民幣7,140,000元	-	63%/51%	Manufacturing of laser film 鐳射膜製造

Notes to the Financial Statements 財務報表附註

38. Principal Subsidiaries (continued)

Notes:

- (a) Beijing LMPP is a sino-foreign equity joint venture enterprise with an operating period of 50 years commencing from 12 May 1995.
- (b) Dongguan AMVIG is a wholly foreign-owned enterprise with an operating period of 50 years commencing from 23 February 1993.
- (c) DG KWG is a wholly foreign-owned enterprise with an operating period of 25 years commencing from 15 February 2007.
- (d) HZ Weicheng is a wholly foreign-owned enterprise with an operating period of 30 years commencing from 30 March 1996.
- (e) Kunming World Grand is a wholly foreign-owned enterprise with an operating period of 20 years commencing from 7 March 2002.
- (f) Mattie Hologram is a wholly foreign-owned enterprise with an operating period of 50 years commencing from 21 June 2004.
- (g) Qingdao LMPP is a sino-foreign equity joint venture enterprise with an operating period of 30 years commencing from 19 May 1993.
- (h) Xian Hologram is a sino-foreign cooperative joint venture enterprise with an operating period of 10 years commencing from 11 November 2004.
- # The English names of this company represents management's best efforts at translating the Chinese names of these companies as no English names have been registered.

38. 主要附屬公司 (續)

附註：

- (a) 北京黎馬敦為中外合資經營企業，經營期由一九九五年五月十二日起計為期50年。
- (b) 東莞澳科為外商獨資企業，經營期由一九九三年二月二十三日起計為期50年。
- (c) 東莞智源為外商獨資企業，經營期由二零零七年二月十五日起計為期25年。
- (d) 杭州偉成為外商獨資企業，經營期由一九九六年三月三十日起計為期30年。
- (e) 昆明偉建為外商獨資企業，經營期由二零零二年三月七日起計為期20年。
- (f) 萬迪全息為外商獨資企業，經營期由二零零四年六月二十一日起計為期50年。
- (g) 青島黎馬敦為中外合資經營企業，經營期由一九九三年五月十九日起計為期30年。
- (h) 西安大天為中外合作經營企業，經營期由二零零四年十一月十一日起計為期10年。
- # 該等公司並無英文註冊名稱，其英文名稱乃由管理層根據其中文名稱盡力翻譯而成。

39. Approval of Financial Statements

The financial statements were approved and authorised for issue by the Board of Directors on 20 April 2010.

39. 通過財務報表

財務報表於二零一零年四月二十日獲董事會通過及批准刊發。

Summary of Financial Information 財務資料概要

The following is a summary of the results and of the assets and liabilities of the Group prepared on the bases set out in Notes below:

以下為本集團之業績及資產與負債概要，
乃按下文附註所述基準編製：

		Year ended 31 December 截至十二月三十一日止年度				
		2009 二零零九年 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	2006 二零零六年 HK\$'000 千港元 (Restated) (重列)	2005 二零零五年 HK\$'000 千港元
RESULTS	業績					
Turnover	營業額					
Cigarette packages	卷煙包裝	2,830,383	2,796,994	1,830,536	885,339	132,302
Transfer paper and laser film	轉移紙及鐳射膜	144,802	325,890	301,785	237,235	251,211
		2,975,185	3,122,884	2,132,321	1,122,574	383,513
Profit before share of profits of associates	未計應佔聯營公司溢利前之溢利	607,239	597,352	396,795	228,154	110,956
Share of profit of associates	應佔聯營公司溢利	80,608	172,878	71,152	69,608	76,018
Profit before tax	稅前溢利	687,847	770,230	467,947	297,762	186,974
Income tax expenses	所得稅開支	(133,010)	(147,160)	(68,044)	(30,423)	(2,135)
Profit for the year	本年度溢利	554,837	623,070	399,903	267,339	184,839
Attributable to:	以下各方應佔：					
Owners of the Company	本公司擁有人	365,119	467,303	353,837	250,347	181,353
Minority interests	少數股東權益	189,718	155,767	46,066	16,992	3,486
		554,837	623,070	399,903	267,339	184,839

Summary of Financial Information 財務資料概要

		As at 31 December 於十二月三十一日				
		2009 二零零九年 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	2006 二零零六年 HK\$'000 千港元 (Restated) (重列)	2005 二零零五年 HK\$'000 千港元
ASSETS AND LIABILITIES	資產及負債					
Non-current assets	非流動資產	3,702,686	6,048,838	4,660,299	1,833,858	458,644
Current assets	流動資產	4,261,637	2,308,902	2,123,536	989,979	480,072
Current liabilities	流動負債	(1,417,846)	(1,871,458)	(1,350,697)	(495,503)	(255,370)
Non-current liabilities	非流動負債	(760,815)	(911,068)	(1,340,532)	(31,087)	(28,780)
Total equity	權益總額	5,785,662	5,575,214	4,092,606	2,297,247	654,566
Attributable to:	以下各方應佔：					
Owners of the Company	本公司擁有人	5,623,499	5,275,412	3,835,416	2,174,756	647,906
Minority interests	少數股東權益	162,163	299,802	257,190	122,491	6,660
		5,785,662	5,575,214	4,092,606	2,297,247	654,566

Notes: Amounts disclosed in the summary financial information for prior years were extracted from the annual report for the year ended 31 December 2008.

附註：財務資料概要內披露之過往年度金額乃摘錄自截至二零零八年十二月三十一日止年度之年報。

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