

Ka Shui¹⁹⁸⁰

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

2010

ANNUAL REPORT | 年報

Incorporated in the Cayman Islands with Limited Liability
於開曼群島註冊成立的有限公司

Stock Code 股份代號：822

CONTENTS 目錄

2	Corporate Information 公司資料
4	Chairman's Statement 主席報告
7	Management Discussion and Analysis 管理層討論及分析
14	Directors and Senior Management 董事及高級管理人員
19	Directors' Report 董事會報告
32	Corporate Governance Report 企業管治報告
36	Independent Auditor's Report 獨立核數師報告
	Consolidated Financial Statements 綜合財務報表
38	<i>Consolidated Income Statement</i> 綜合損益表
39	<i>Consolidated Statement of Comprehensive Income</i> 綜合全面收益表
40	<i>Consolidated Statement of Financial Position</i> 綜合財務狀況表
42	<i>Statement of Financial Position</i> 財務狀況表
43	<i>Consolidated Statement of Changes in Equity</i> 綜合權益變動表
44	<i>Consolidated Statement of Cash Flows</i> 綜合現金流量表
46	<i>Notes to Consolidated Financial Statements</i> 綜合財務報表附註
124	Financial Summary 財務概要

Corporate Information

公司資料

DIRECTORS

Executive Directors

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

Independent Non-Executive Directors

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

AUTHORISED REPRESENTATIVES

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

COMPANY SECRETARY AND QUALIFIED ACCOUNTANT

Mr. Chan Tat Cheong, Alan

AUDIT COMMITTEE

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

NOMINATION COMMITTEE

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

REMUNERATION COMMITTEE

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

董事

執行董事

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

獨立非執行董事

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

授權代表

姜永正博士
陳達昌先生

公司秘書及合資格會計師

陳達昌先生

審核委員會

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

提名委員會

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

薪酬委員會

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

Corporate Information (Continued)

公司資料 (續)

REGISTERED OFFICE

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

註冊辦事處

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

香港主要營業地點

香港九龍
九龍灣宏照道33號
國際交易中心1210室

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

Fenghuang Road East Section
Pinghu Town, Longgang District
Shenzhen, the PRC

中華人民共和國(「中國」)主要營業地點

中國深圳市
龍崗區平湖鎮
鳳凰路東段

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

香港股份過戶登記分處

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

AUDITOR

RSM Nelson Wheeler

核數師

中瑞岳華(香港)會計師事務所

PRINCIPAL BANKERS

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

主要往來銀行

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

STOCK CODE

822

股份編號

822

WEBSITE

www.kashui.com

網址

www.kashui.com

Chairman's 主席 Statement 報告書



Lee Yuen Fat 李遠發
Chairman 主席

Dear Shareholders,

On behalf of the Board of Directors of Ka Shui International Holdings Limited (the "Company"), I am pleased to present you the audited annual results of the Company and its subsidiaries (collectively "the Group") for the year ended 31 December 2010.

Looking back on the market environment in 2010, the global economy has gradually recovered after the financial crisis. The Board is delighted to report an encouraging business result for the year of 2010 with a significant increase both in turnover and net profit. Turnover for the year had recorded a substantial increase of 44.1% to HK\$913,344,000 (2009: HK\$633,832,000). This rise in turnover had reflected the Group's success in gaining further market share as well as exploring into new lines of business. Meanwhile, profit attributable to owners of the Company also grew by 48.5% to HK\$56,133,000 (2009: HK\$37,800,000). Comparing with last year, the overall gross profit margin dropped from 22.4% to 19.7% mainly due to change in product mix, surge in raw material prices and labour costs as well as appreciation of Renminbi. Nevertheless, the gross profit margin in the second half of 2010 had actually improved from the first half of 18.3% to 20.6%, primarily benefitting from the remarkable increase in sales and economies of scale in production during the second half of 2010.

致各位股東：

本人謹代表嘉瑞國際控股有限公司(「本公司」)董事會，欣然向閣下提呈本公司及其附屬公司(統稱為「本集團」)截至二零一零年十二月三十一日止年度之經審核全年業績。

回顧二零一零年之市場環境，全球經濟已逐漸從金融海嘯中恢復過來。董事會欣然報告二零一零年之業績令人鼓舞，營業額及純利皆大幅增長。年度營業額錄得44.1%之增加至913,344,000港元(二零零九年：633,832,000港元)。此營業額上升反映本集團成功取得額外之市場份額及開拓新業務。與此同時，本公司權益持有人應佔溢利也增加48.5%至56,133,000港元(二零零九年：37,800,000港元)。與去年比較，整體毛利率由22.4%下跌至19.7%，主要是由於產品組合改變、原材料價格及勞工成本上升，以及人民幣升值所致。儘管如此，受惠於營業額及生產效益於下半年度之大幅上升，二零一零年下半年之毛利率實際由上半年之18.3%改善至20.6%。

Chairman's Statement (Continued)

主席報告 (續)

In the year of 2010, the Group has achieved major breakthrough in its plastic injection business. During the second half of the year, the Group had gained huge sales orders from a new customer in the United States for the manufacture of protective cases for 3C (communication, computer and consumer electronics) products. As a result, the turnover of plastic injection moulding business had increased significantly by 264.5% during the year under review. This business has then become the Group's another driving force for sales and it is expected that this business segment will achieve satisfactory growth in the coming years.

Since energy and environmental concerns have become hot topics worldwide, many countries are strongly promoting and encouraging the use of high efficiency and low energy consumption products. Against this backdrop, the Group has entered into a memorandum of understanding with a diversified lighting component manufacturer based in the United States in the beginning of 2011 for the development of products using our partner's light emitting plasma ("LEP") and other related technology. LEP is used in high output applications such as street, architectural and area lighting. Using LEP lighting can cut energy consumption in half while providing superior light quality. The Group will apply its expertise in magnesium alloy die casting technology to produce world leading energy efficient and cost competitive LEP lighting products. It is expected that the first series of LEP product – street lamp and parking light will be launched in the second quarter of 2011 with an aim to, in advance, capture the huge business opportunities arising from this market.

The growing popularity of notebook computers seems to ensure its replacement of desktop computers in the long run. Hence, the notebook computer market has immense growth potential. Employing its competitive edge in magnesium alloy die casting and surface finishing technology, the Group will broaden its business horizon with an aim to secure orders from new customers engaged in the digital consumer electronics products.

於二零一零年，本集團在塑膠注塑業務方面取得重大突破。在下半年，本集團贏取一位新的美國客戶之巨額銷售訂單訂購3C(通訊、電腦及消費者電子)產品之保護外殼。因此，塑膠注塑業務之營業額於回顧年內顯著上升264.5%。此業務已經成為本集團另外一個主要之銷售增長動力，預期此業務於未來數年將取得令人滿意的增長。

由於能源及環保問題已經成為世界各國之討論熱點，很多國家正在大力推動及鼓勵使用高效能及消耗較少能源之產品。在此前題下，本集團於二零一一年初與一間位於美國之多元化照明部件製造商簽訂諒解備忘錄，利用此夥伴之light emitting plasma(「LEP」)及其他有關技術去開發產品。LEP應用於高輸出照明如路燈、建築及地區照明。LEP照明可節省一半之能源消耗量，同時提供高品質之光源。本集團將用其優勢之鎂合金壓鑄技術去生產世界領先能源效益及具成本優勢之LEP照明產品。預期第一系列LEP產品 – 路燈及泊車燈將於二零一一年第二季度推出市場，務求率先捕捉此市場湧現之巨大商機。

筆記本電腦越趨普及，長遠來說差不多肯定會取代桌上電腦。因此，筆記本電腦市場擁有巨大之增長潛力。本集團利用其鎂合金壓鑄及表面處理技術方面的競爭優勢，擴展其業務範圍，務求爭取數碼消費者電子產品之新客戶訂單。

Chairman's Statement (Continued)

主席報告 (續)

As always, the Group is committed to maximizing shareholder's value. In view of the Group's liquidity, the Board of Directors therefore recommended the payment of a final dividend of HK3.2 cents (2009: HK1.1 cents) per share for the year ended 31 December 2010. Together with the interim dividend of HK1.3 cents (2009: 2.1 cents) per share paid in October 2010, the total dividend for the year will be HK4.5 cents (2009: HK3.2 cents) per share, which represents an increase of approximately 40.6% over the previous year. In the forthcoming future, the Group will adhere to our philosophy of continuous operational improvement and sound financial management, whilst maximizing returns to our shareholders.

The first phase of the new production facility in Daya Bay is currently in full operation and it mainly produces aluminium alloy and zinc alloy die casting components together with plastic components. The Group is now planning the development of the second phase of production facility to cater for market opportunities and support the development of new business development.

Year 2010 is a special year for the Group as this marked its 30th year of history in operation. It is not easy for an enterprise to develop continuously for 30 years even facing various difficulties and challenges. The sustainable development of the Group relies heavily on the efforts from all our staffs, the long-term growth strategy from our management as well as support and encouragement from all parties, including shareholders, suppliers, customers and bankers. Finally, I would like to take this opportunity to express my sincere gratitude to all these parties concerned for their dedicated contribution towards the continual progress of the Group.

Lee Yuen Fat
Chairman

Hong Kong, 21 March 2011

一如既往，本集團承諾盡力提升股東之價值。鑑於本集團之財務狀況，董事會建議派發截至二零一零年十二月三十一日止年度每股3.2港仙(二零零九年：1.1港仙)之末期股息。連同於二零一零年十月已派發之中期股息每股1.3港仙(二零零九年：2.1港仙)，全年股息總數為每股4.5港仙(二零零九年：3.2港仙)，對比去年增加約40.6%。本集團於未來將會堅持持續改善營運及健全之財務管理原則，把股東之回報推至最高。

位於大亞灣之第一期生產廠房目前已經全面投產，主要生產鋁合金、鋅合金壓鑄件及塑膠部件。本集團現正開始籌劃興建第二期廠房去迎接市場機遇及支援新業務之發展。

二零一零年適逢本集團開業三十週年誌慶，對本集團來說別具意義。一個企業能夠持續發展三十年，並非易事，其間面對不同挑戰，仍能屹立不倒。本集團得以不斷發展主要有賴全體員工之努力，管理層的長遠持續增長策略，並有來自各方的支持及鼓勵，其中包括股東、供應商、客戶及銀行。最後，本人藉此機會對上述有關人士為本集團之持續進步所作出的全情貢獻表示萬分謝意。

李遠發
主席

香港，二零一一年三月二十一日

Management Discussion and Analysis

管理層討論及分析

(A) FINANCIAL REVIEW

During the second half of 2010, the Group has continued the growth momentum in the first half of 2010 and attained a breakthrough in its plastic injection moulding business. Turnover for the year recorded a significant increase of 44.1% to HK\$913,344,000 (2009: HK\$633,832,000). Profit attributable to owners of the Company also increased remarkably by 48.5% to HK\$56,133,000 (2009: HK\$37,800,000). Resulting from change in product mix, surge in raw material prices and labour costs as well as appreciation of Renminbi, the overall gross profit margin dropped from last year's 22.4% to 19.7%. Nevertheless, due to a remarkable increase in sales and economies of scale in production, the gross profit margin for the second half of 2010 had actually improved from the first half of 18.3% to 20.6%.

Selling and distribution expenses for the year were HK\$13,831,000 (2009: HK\$7,577,000), up 82.5% when compared with last year. This was primarily caused by commission paid to a sales agent for the introduction of new plastic injection moulding business as well as an increase in distribution costs resulting from rise in turnover.

General and administrative expenses had increased by approximately HK\$15,740,000 or 18.2% as compared with that of last year. This was mainly attributable to an increase in the number of management and supporting personnel as well as related staff costs to cope with the robust growth in plastic injection moulding business together with development of new business. In addition, the Group had increased its research and development expenditure on new products and production technologies during the year under review with an aim to open up new markets and lower its manufacturing cost.

(A) 財務回顧

於二零一零年下半年，本集團延續上半年之增長勢頭及在塑膠注塑業務方面取得重大突破。年內，營業額錄得44.1%之顯著上升至913,344,000港元（二零零九年：633,832,000港元）。本公司權益持有人應佔溢利也大幅增加48.5%至56,133,000港元（二零零九年：37,800,000港元）。由於產品組合改變、原材料價格及勞工成本上升，以及人民幣升值，整體毛利率由去年之22.4%下跌至19.7%。儘管如此，由於營業額及生產效益大幅上升，二零一零年下半年之毛利率實際由上半年之18.3%改善至20.6%。

年內，銷售及分銷費用為13,831,000港元（二零零九年：7,577,000港元），較去年上升82.5%，主要是由於支付銷售代理引入新塑膠注塑業務之佣金及營業額增加導致分銷費用上升。

一般及行政費用較去年上升15,740,000港元或18.2%。主要由於應付塑膠注塑業務之強勁增長及新業務發展，導致管理與支援員工數目及相關薪金有所增加。再者，本集團於回顧年內增加新產品及生產技術之研究及開發支出，藉以開拓新市場及降低其生產成本。

(B) BUSINESS REVIEW

Zinc alloy die casting business

Sale of zinc alloy die casting products amounted to HK\$356,098,000 (2009: HK\$275,482,000 (restated)) for the year, accounting for approximately 39.0% (2009: 43.5% (restated)) of the Group's total turnover. The contribution of this business segment to the overall turnover dropped as the turnover derived from plastic injection moulding business (which used to be included in the turnover of zinc alloy die casting business segment in the past as those plastic injection moulding products only made little contribution to turnover and were attached to the zinc alloy die casting products) had been separated from that of zinc alloy die casting business starting from the year of 2010 following the significant contribution of the plastic injection moulding business relative to the overall turnover.

Magnesium alloy die casting business

Given the prevailing market trend of notebook computers, the turnover of magnesium alloy die casting business increased persistently and achieved a satisfactory growth of 18.4% to HK\$165,752,000 (2009: HK\$139,997,000), representing approximately 18.1% (2009: 22.1%) of the Group's turnover. During the year, the Group had successfully received orders for components of 3C (communication, computer and consumer electronics) products from new customers and the Group will continue to expand its customer base.

Aluminium alloy die casting business

Aluminium alloy die casting business had delivered a moderate growth in turnover by an increase of 19.2% to HK\$196,453,000 (2009: HK\$164,846,000). Nevertheless, the contribution of this business segment to the Group's turnover decreased from last year's 26.0% to 21.5% proportionately as a result of the growth of plastic injection moulding business. Following the global economic recovery, the market demand for 3C and household products will continue to increase and the Group will focus on its research and development efforts in order to further increase its market share.

(B) 業務回顧

鋅合金壓鑄業務

年內，鋅合金壓鑄產品之營業額為356,098,000港元(二零零九年：275,482,000港元(重列))，佔本集團總營業額約39.0%(二零零九年：43.5%(重列))。此業務對總營業額之貢獻減少是因為隨著塑膠注塑業務對總營業額有顯著的貢獻，塑膠注塑業務於二零一零年開始從鋅合金壓鑄業務中分拆出來所致(由於塑膠注塑產品在過去只佔極少份額並且裝配於鋅合金壓鑄產品上，故此塑膠注塑業務之營業額過往只包括在鋅合金壓鑄業務分部內)。

鎂合金壓鑄業務

由於筆記本電腦已經成為市場主流，鎂合金壓鑄業務之營業額持續增加並取得令人滿意的增長至165,752,000港元(二零零九年：139,997,000港元)，增加了18.4%，佔本集團總營業額18.1%(二零零九年：22.1%)。年內，本集團成功獲得3C(通訊、電腦及消費者電子)產品零部件之新客戶訂單，而本集團亦將會繼續擴展其客戶基礎。

鋁合金壓鑄業務

鋁合金壓鑄業務取得溫和增長，營業額上升19.2%至196,453,000港元(二零零九年：164,846,000港元)。但是，由於塑膠注塑業務之增長，此業務對本集團總營業額之貢獻在比例上由去年之26.0%下降至21.5%。隨著全球經濟復甦，3C及家居產品之市場需求將會不斷上升。本集團將專注於研究及開發以擴大其市場份額。

Management Discussion and Analysis (Continued)

管理層討論及分析（續）

Plastic injection moulding business

During the year under review, this new business segment had recorded a robust growth of 264.5% with a turnover of HK\$195,041,000 (2009: HK\$53,507,000 (restated)) since the Group had secured continuous orders from a new customer in the United States last year in respect of protective cases for 3C products. This new customer is a renowned innovator of protective solutions for leading global handheld devices manufacturers, wireless carriers and distributors. The Management believes that the Group's plastic injection moulding business is in a strong position to deliver continuing business growth in the forthcoming future.



塑膠注塑業務

於回顧年內，此新業務分部錄得264.5%之強勁增長，營業額增加至195,041,000港元（二零零九年：53,507,000港元（重列））。在去年，本集團獲得一位新的美國客戶之連續訂單，訂購3C產品之保護外殼。此新客戶專為全球領先手提設備生產商、無線設備及裝置者提供保護方案的知名創新者。管理層相信本集團之塑膠注塑業務正處於強勢，為本集團於未來帶來持續之業務增長。



(C) PROSPECTS

Looking ahead, the operating environment faced by the manufacturers located in the PRC remains challenging. Appreciation of Renminbi, rise in minimum wages, increase in crude oil prices and other costs will continue to exert pressure on the profit margin of manufacturers operating in the PRC. In view of this, the Group will put more effort on enhancing automation in order to streamline workforce and manufacturing processes with an ultimate goal to improve its overall operational efficiency.

(C) 展望

展望未來，位於國內之製造商仍然面對充滿挑戰之經營環境。人民幣升值、最低工資上漲、原油價格及其他成本上升對國內經營的製造商之盈利率構成壓力。因此，本集團將會加強提升自動化，務求精簡人手及生產程序，以改善其整體營運效率為最終目標。

Management Discussion and Analysis (Continued)

管理層討論及分析 (續)

The Group has expanded into plastics injection moulding business since the inception of its new plant in Daya Bay Huizhou, the PRC in 2009 with a view to provide a customized and comprehensive one-stop service to our customers. This business strategy has successfully opened up a new revenue stream for the Group. As more new models of electronic handheld device will be launched in the market and product life cycle is becoming shorter, the demand for protective cases are expected to increase remarkably. Seizing this golden opportunity, the Group will continuously expand its distribution network for plastic injection moulding products with an aim to capture additional market shares. In addition, the Group will actively seek opportunities to collaborate with its customers in the design and development of new products with a view to generate synergy effects.



Riding on the growing importance in energy saving and environmental protection, the Group has stepped into the green lighting arena by initiating the research and development on using magnesium alloy to manufacture light emitting plasma (“LEP”) lighting products in the second half of 2010. In the beginning of 2011, the Group has entered into a memorandum of understanding with a diversified lighting component manufacturer based in the United States to develop products using our partner’s LEP and other related technology. The Group has planned to launch its first series of LEP product – street lamp and parking light in the second quarter of 2011 and will continue to develop other applications of magnesium alloy on LEP lighting products in order to replace traditional light source. By collaboration with our partner, the Management expects that these market leading energy efficient and cost competitive lighting products would capture huge business opportunities for the Group and create better value to our shareholders in the years to come.

二零零九年，本集團位於中國惠州大亞灣之新廠房開幕，並開展塑膠注塑業務，為客戶提供度身訂造及全面之一站式服務。此業務策略已經成功為本集團開拓新的收入來源。由於更多新型號之手提電子設備推出市場，產品週期越來越短，保護外殼之需求預期將會大幅上升。為了把握此黃金機會，本集團將會持續擴展其塑膠注塑產品之銷售網絡，以獲得額外市場份額。此外，本集團將會積極探索與客戶共同設計及開發新產品之機會，藉以產生協同作用。



隨著節能及環保問題日益受到重視，本集團於二零一零年下半年發展綠色照明業務，研究及開發利用鎂合金壓鑄技術生產light emitting plasma (「LEP」)照明產品。本集團於二零一一年初與一間位於美國之多元化照明部件製造商簽訂諒解備忘錄，利用夥伴之LEP及其他有關技術去開發產品。本集團計劃於二零一一年第二季度推出第一系列之LEP產品—路燈及泊車燈，並繼續開發鎂合金在LEP照明產品上之應用，以取代傳統燈源。管理層相信與此夥伴合作，此具備市場領先能源效益及成本優勢之照明產品可為本集團帶來巨大商機，並為股東於未來創造更佳價值。

Management Discussion and Analysis (Continued)

管理層討論及分析（續）

Notebook computers have become a major driving force for the growth of both personal and commercial computer market and therefore, the market demand for notebook computers will continue to rise. Hence, the growth momentum for notebook computers is expected to outrun that of the traditional desktop computers. The Group will capitalize on the growth of this industry by enhancing its production efficiency which will ultimately improve its profit margin.

The first phase of our new production facility in Daya Bay is currently in full operation and it mainly produces aluminium alloy and zinc alloy die casting components together with plastic injection components. With this new production site which can provide one-stop service to customers, the Group is able to better serve the varied requirements of clients across the world and support the development of its plastic injection components in order to gain more market shares.

筆記本電腦已經成為個人及商用電腦市場之主要增長動力。因此，筆記本電腦之市場需求將會持續上升。筆記本電腦之增長勢頭預期會超越傳統桌上電腦。本集團會利用此行業之增長，提升生產效率，最終增加其利潤率。

位於大亞灣之第一期生產廠房目前已經全面投產，主要生產鋁合金、鋅合金壓鑄件及塑膠注塑部件。本集團利用這一個能夠為客戶提供一站式服務之新廠房，滿足來自世界各地客戶之不同要求，並提供更佳之服務。



In 2010, the Group had undertaken an “intellectual capital business model” enhancement program to further improve its competitiveness. This new business model focuses on the Group’s value capitalization covering human capital, corporate structural capital and relational capital. The initial results of this enhancement program were satisfactory and the Group’s production efficiency had been enhanced. The Group will continue to implement this new business model to ensure the sustainable development of the Group.

The Group’s established businesses are expected to continue to perform satisfactorily and the introduction of plastic injection moulding and LEP lighting products business would become new business arena for the Group in the coming year. In view of this, the Group is well positioned to grasp the upcoming market opportunities and seek for continuous business development and growth. The Management has full confidence in the future prospects of the Group in the long run.

本集團於二零一零年進行「智力資本商業模式」價值提升計劃，以進一步加強其競爭力。此新商業模式將專注本集團之資本化價值，其中包括人力資源、企業結構資本及關係資本的價值提升。此價值提升計劃的初步效果令人滿意，本集團之生產效益得以提升。本集團將會繼續推行此新商業模式，以確保集團之持續發展。

預期集團已發展之業務繼續會有良好的表現，而開展塑膠注塑及LEP照明產品業務將會成為本集團於新一年之新業務亮點。因此，本集團已作好準備把握市場湧現之機會，尋求持續之業務發展和成長。管理層對本集團之前景充滿信心。

(D) LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2010, the Group had pledged bank deposits as well as bank and cash balances of approximately HK\$124,764,000 (2009: HK\$80,401,000), most of which were either denominated in U.S. dollars, Renminbi or Hong Kong dollars.

Total interest-bearing borrowings of the Group as at 31 December 2010 were approximately HK\$136,804,000 (2009: HK\$99,416,000), comprising bank loans and overdrafts of approximately HK\$124,851,000 (2009: HK\$75,225,000) and obligations under finance leases of approximately HK\$11,953,000 (2009: HK\$24,191,000). All of these borrowings were denominated in Hong Kong dollars to which the interest rates applied were primarily subject to floating interest rate.

As at 31 December 2010, the gearing ratio (a ratio of the sum of total interest-bearing borrowings and obligations under finance leases divided by total equity) of the Group was approximately 22.7% (2009: 17.9%)

As at 31 December 2010, the net current assets of the Group were approximately HK\$161,072,000 (2009: HK\$135,780,000), which consisted of current assets of approximately HK\$487,294,000 (2009: HK\$339,951,000) and current liabilities of approximately HK\$326,222,000 (2009: HK\$204,171,000), representing a current ratio of approximately 1.5 (2009: 1.7).

(E) EXPOSURE TO FOREIGN EXCHANGE RISK

Most of the Group's transactions were conducted in US dollars, Hong Kong dollars or Renminbi. As such, the Group is aware of the potential foreign currency risk that may arise from the fluctuation of exchange rates between US dollars, Hong Kong dollars and Renminbi. During the year under review, the exchange rates between US dollars, Hong Kong dollars and Renminbi were relatively stable. The Group will closely evaluate the Group's foreign currency exposure on a continuing basis and take further actions to minimize its exposure whenever necessary.

(D) 流動資金及財務資源

於二零一零年十二月三十一日，本集團擁有已抵押銀行存款和銀行及現金結餘約124,764,000港元(二零零九年：80,401,000港元)，當中大多數以美元、人民幣或港元計值。

本集團於二零一零年十二月三十一日的計息借款總額約為136,804,000港元(二零零九年：99,416,000港元)，包括銀行貸款及透支約124,851,000港元(二零零九年：75,225,000港元)及融資租約承擔約11,953,000港元(二零零九年：24,191,000港元)。該等借款全部以港元計值，所採用的利率主要為浮動利率。

於二零一零年十二月三十一日，本集團的資產負債比率(以計息借款及融資租約承擔的總和除以權益總額)約為22.7%(二零零九年：17.9%)。

於二零一零年十二月三十一日，本集團流動資產淨值約為161,072,000港元(二零零九年：135,780,000港元)，包括流動資產約487,294,000港元(二零零九年：339,951,000港元)及流動負債約326,222,000港元(二零零九年：204,171,000港元)，流動比率約為1.5(二零零九年：1.7)。

(E) 外匯風險承擔

本集團的大部分交易均以美元、港元或人民幣進行。因此，本集團已注意到美元、港元及人民幣匯率的波動可能引起的潛在外匯風險。於回顧年內，美元、港元及人民幣匯率相對穩定。本集團將繼續密切評估本集團之外匯風險，並於有需要時採取進一步措施以減低本集團之風險。

Management Discussion and Analysis (Continued)

管理層討論及分析 (續)

(F) CONTINGENT LIABILITIES

As at 31 December 2010, the Group had no material contingent liabilities.

(G) CHARGE ON ASSETS

As at 31 December 2010, the Group's banking facilities were secured by guarantees given by the following assets: (a) the Group's bank deposits; (b) lessors' title to the leased assets under finance leases; and (c) a property situated in Hong Kong owned by the Group.

(H) HUMAN RESOURCES

As at 31 December 2010, the Group had approximately 4,700 full-time employees (2009: 3,400). The Group attributes its success to the hard work and dedication of its staff as a whole, therefore, they are deemed to be the most valuable assets of the Group. In order to attract and retain high caliber staff, the Group provides competitive salary package, including retirement scheme, medical benefit and bonus. The Group's remuneration policy and structure is determined based on market trends, the performance of individual staff as well as the financial performance of the Group. The Group has also adopted a share option scheme as incentive and reward for those qualifying staff who have made contribution to the Group.

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

(F) 或然負債

於二零一零年十二月三十一日，本集團並無任何重大或然負債。

(G) 資產抵押

於二零一零年十二月三十一日，本集團抵押下列資產作為銀行借貸及信貸融資的擔保：(a)本集團之銀行存款；(b)出租人按融資租約出租的資產業權；及(c)本集團擁有的香港物業。

(H) 人力資源

於二零一零年十二月三十一日，本集團約有4,700名全職僱員(二零零九年：3,400名)。本集團之成功有賴全體僱員的表現和責任承擔，故此本集團把僱員視作為我們的核心資產。為了吸引及保留優秀員工，本集團提供具競爭力的薪酬，包括退休金計劃、醫療福利和花紅獎賞。本集團之薪酬政策及結構乃根據市場趨勢、個人工作表現以及本集團的財務表現而釐定。本集團亦已採納認購股權計劃，旨在向合資格僱員提供作為彼等對本集團所作出貢獻之鼓勵及獎賞。

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

Directors and Senior Management

董事及高級管理人員

EXECUTIVE DIRECTORS

Mr. Lee Yuen Fat, aged 55, is the Chairman of the Board, an Executive Director of the Company and a director of certain subsidiaries of the Company. Mr. Lee is responsible for the formulation of the overall business strategies of the Group. He has over 30 years of experience in the die casting industry. Mr. Lee holds a master degree in engineering from the Yanshan University. He was conferred an award of Honorary Fellowship by the Professional Validation Council of Hong Kong Industries.

Mr. Lee was one of the founding members and was the Chairman of the Hong Kong Diecasting Association (now become the Hong Kong Diecasting and Foundry Association (the "HKDFA")) in 1989. He was elected as the first Chairman of the HKDFA in 2008. Mr. Lee is also the Honorary Chairman and Executive Vice Chairman of Federation of Hong Kong Machinery and Metal Industries, Director of the China Foundry Association, the Deputy Director of the Plasticity Engineering Branch of China Machinery Engineering Association, Director of the Guangdong Foundry Industry Association, the Vice-Director General of the Guangdong Mechanical Engineering Association Die Casting Branch, Councilor of the Hong Kong Hunan Chamber of Commerce, the Vice President of the Commerce Society of Pinghu, Shenzhen and General Chamber of Commerce of Longgang District, Shenzhen, the PRC. Mr. Lee is currently a member of Hunan Provincial Committee of the Chinese People's Political Consultative Conference, the Deputy Director of Sub-committee 4 on Die Casting of National Technical Committee 54 on Foundry of Standardization Administration of China, the Deputy Secretary General and member of Sub-committee 2 on Metal Hot-forming Branch of National Technical Committee 186 on Foundry Machinery of Standardization Administration of China and the Deputy Director of the Fourth Die Casting Technical Committee, Foundry Institution, Chinese Mechanical Engineering Society.

Dr. Keung Wing Ching, aged 59, is the Vice Chairman and the Chief Executive Officer, an Executive Director and a director of certain subsidiaries of the Company. He is primarily responsible for the overall management, as well as supervision of the execution of the overall business strategies of the Group. Dr. Keung graduated from the National Taiwan University with a bachelor degree in mechanical engineering. He obtained his master degree and doctorate degree in mechanical engineering from the University of Birmingham, the United Kingdom. Dr. Keung has over 25 years of experience in the fields of metal forming, mechanical processing and information technology. He is a Chartered Engineer, a professional member of the Institute of Materials, Minerals & Mining (UK) and a fellow member of the Hong Kong Institution of Engineers.

執行董事

李遠發先生，55歲，本公司董事會主席、執行董事兼本公司若干附屬公司之董事。李先生負責制定本集團整體業務策略。彼擁有逾30年壓鑄業經驗，持有燕山大學工程碩士學位。此外，李先生獲香港工業專業評審局頒授榮譽院士。

李先生為香港壓鑄學會（現時為香港壓鑄及鑄造業總會）創辦人之一，及後於一九八九年出任該會會長。彼於二零零八年被選為香港壓鑄及鑄造業總會首任會長。李先生現為香港機械金屬業聯合總會榮譽會長及常務副主席、中國鑄造協會理事、中國機械工程學會塑性工程分會副主任、廣東省鑄造行業協會理事、廣東省機械工程學會壓鑄分會副理事長、香港湖南商會董事、中國深圳市平湖商會及龍崗區總商會副會長。李先生現擔任中國人民政治協商會議湖南省委員會委員、全國鑄造標準化技術委員會壓力鑄造分技術委員會（SAC/TC54/SC4）副主任委員、全國鑄造機械標準化技術委員會金屬熱成形分技術委員會（SAC/TC186/SC2）委員兼副秘書長及中國機械工程學會鑄造分會第四屆壓鑄技術委員會副主任委員。

姜永正博士，59歲，本公司副主席兼行政總裁、執行董事及本公司若干附屬公司之董事，主要負責本集團的整體管理及監督整體業務策略的執行。姜博士畢業於國立台灣大學，持有機械工程學士學位，並在英國伯明翰大學取得機械工程碩士及博士學位，擁有逾25年金屬成型、機械加工及資訊科技經驗。姜博士為特許工程師、英國材料、礦物及採礦學會專業會員以及香港工程師學會資深會員。

Directors and Senior Management (Continued)

董事及高級管理人員（續）

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

Dr. Keung is also the Permanent Honorary Chairman of the HKDFA, the Honorary Chairman of the board of directors of Hong Kong Critical Components Manufacturers Association, a committee member of the Hong Kong Q Mark Council of the Federation of Hong Kong Industries, Director of China Foundry Association and Standing Committee Member of the Foundry Institution of Chinese Mechanical Engineering Society. Dr. Keung is currently an advisor of the Guangzhou Science & Technology Association and a member of Shandong Provincial Committee of the Chinese People's Political Consultative Conference. Dr. Keung is also currently an independent non-executive director of Fong's Industries Company Limited, a company whose shares are listed on the Hong Kong Stock Exchange.

Mr. Wong Wing Chuen, aged 49, is an Executive Director of the Company and a director of certain subsidiaries of the Company. Joined the Group in 1988, Mr. Wong is now responsible for the Group's operations, development of new products and production technologies and manufacturing activities. Mr. Wong has over 20 years' experience in die design and manufacturing and the die casting industry. He is an Associate of the Professional Validation Council of Hong Kong Industries.

Mr. Chan Tat Cheong, Alan, aged 50, is an Executive Director, Company Secretary and Qualified Accountant of the Company. He is primarily responsible for overseeing the Group's accounting and financial affairs. Prior to joining the Group in 2003, Mr. Chan held a senior financial position with a listed company in Hong Kong for over 8 years and has over 20 years' experience in accounting, auditing and financial management. Mr. Chan holds a bachelor degree in accounting and financial analysis from the University of Newcastle Upon Tyne, the United Kingdom. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and a member of the American Institute of Certified Public Accountants.

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

姜博士亦為香港壓鑄及鑄造業總會永遠名譽主席、香港關鍵性零部件製造業協會理事會榮譽主席、香港工業總會優質產品標誌局委員會成員、中國鑄造協會理事及中國機械工程學會鑄造分會常務委員。姜博士現時亦為廣州市科學技術協會顧問及中國人民政治協商會議山東省委員會成員。姜博士現為香港聯交所上市公司立信工業有限公司的獨立非執行董事。

黃永銓先生，49歲，本公司執行董事及本公司若干附屬公司之董事。黃先生於一九八八年加入本集團，現負責本集團之營運、新產品及生產技術的開發以及製造業務。黃先生擁有逾20年模具設計與製造及壓鑄業經驗，為香港工業專業評審局的副院士。

陳達昌先生，50歲，本公司執行董事、公司秘書兼合資格會計師，主要負責監督本集團會計及財務事宜。於二零零三年加入本集團前，陳先生曾在一家香港上市公司擔任高級財務職位逾八年及擁有逾20年會計、審計及財務管理經驗。陳先生持有英國紐卡素大學會計及財務分析學士學位，現為香港會計師公會資深會員及美國執業會計師公會會員。

Directors and Senior Management (Continued)

董事及高級管理人員（續）

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Sun Kai Lit Cliff BBS, JP, aged 57, was appointed as an Independent Non-executive Director of the Company on 2 June 2007. He is the chairman of the remuneration committee as well as the nomination committee of the Company. Mr. Sun is an associate of the Institute of Industrial Engineers of Ohio and has over 30 years of experience in the household products manufacturing industry. Mr. Sun was appointed the Justice of the Peace in July 2003 and was awarded the Bronze Bauhinia Star by the Hong Kong Government in July 2006. He is a member of the 10th Zhejiang Committee of Chinese People's Political Consultative Conference and a member of the Standing Committee of the 13th Ningbo Committee of Chinese People's Political Consultative Conference. He is currently the Chairman of the Federation of Hong Kong Industries, Honorary Chairman of The Hong Kong Exporters' Association, Honorary Chairman of the Hong Kong Q Mark Council and the President of the Hong Kong Plastics Manufacturers Association. Mr. Sun is currently an independent non-executive director of Ming Fai International Holdings Limited and a non-executive director of China South City Holdings Limited, all of which are listed on the Hong Kong Stock Exchange.

Ir Dr. Lo Wai Kwok BBS, MH, JP, aged 58, was appointed as an Independent Non-executive Director of the Company on 2 June 2007. Ir Dr. Lo holds a doctorate degree in engineering, master degrees in engineering and business administration respectively and a bachelor degree in engineering. He is a Chartered Engineer and Fellow of the Hong Kong Institute of Engineers. Ir Dr. Lo was awarded with the "Young Industrial Awards of Hong Kong" and the "Ten Outstanding Young Persons Selection" in 1992, the "Medal of Honour" of the Hong Kong Government in July 2001, and was appointed "Justice of the Peace" of the Hong Kong Government in July 2004. Ir Dr. Lo was awarded the Bronze Bauhinia Star by the Hong Kong Government in July 2009.

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

獨立非執行董事

孫啟烈先生 BBS, 太平紳士, 57歲, 於二零零七年六月二日獲委任為本公司獨立非執行董事。彼為本公司薪酬委員會及提名委員會主席。孫先生為美國俄亥俄州工業工程師學會會員, 於家居用品製造業擁有逾30年經驗。孫先生於二零零三年七月獲頒太平紳士榮譽, 並於二零零六年七月獲香港政府頒發銅紫荊星章。彼為中國人民政治協商會議第十屆浙江省委員會委員及中國人民政治協商會議第十三屆寧波市委員會常務委員。彼現時為香港工業總會主席、香港出口商會名譽主席、香港優質產品標誌局名譽主席及香港塑膠業廠商會會長。孫先生現為香港聯交所上市之明輝國際控股有限公司的獨立非執行董事及華南城控股有限公司的非執行董事。

盧偉國博士 BBS, MH, 太平紳士, 58歲, 於二零零七年六月二日獲委任為本公司獨立非執行董事。盧博士持有工程學博士學位、工程及工商管理碩士學位與工程學士學位, 並為特許工程師及香港工程師學會資深會員。盧博士為一九九二年「香港青年工業家獎」及「十大傑出青年選舉」與二零零一年七月香港政府「榮譽勳章」的得獎者, 更於二零零四年七月獲香港政府委任為「太平紳士」。盧博士於二零零九年七月獲香港政府頒發銅紫荊星章。

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

Directors and Senior Management (Continued)

董事及高級管理人員 (續)

Mr. Yeow Hoe Ann John, aged 70, was appointed as an Independent Non-executive Director of the Company on 2 June 2007. He is the chairman of the audit committee of the Company. Mr. Yeow is a fellow member of both CPA Australia and the Hong Kong Institute of Company Secretaries, and a member of both the Institute of Chartered Accountants in Australia and the Hong Kong Institute of Certified Public Accountants.

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

Mr. Andrew Look, aged 46, was appointed as an Independent Non-executive Director of the Company on 16 December 2009. Mr. Look holds a bachelor of commerce degree from the University of Toronto and has over 20 years' experience in the equity investment analysis of Hong Kong and China stock markets. From 2000 to 2008, Mr. Look served in Union Bank of Switzerland ("UBS") as the head of Hong Kong research, strategy and product and he is now an external consultant to UBS. He was rated as the best Hong Kong strategist and best analyst by the Asiamoney magazine, a leading monthly financial and capital markets publication for corporate and finance readers and investors, in 2001, 2002, 2003, 2005, 2006 and 2007. Mr. Look is currently the managing director and chief investment officer of Look's Asset Management Limited, a fund management company founded by him in April 2009. Mr. Look is also currently an independent non-executive director of TCL Communication Technology Holdings Limited, a company whose shares are listed on the Hong Kong Stock Exchange.

SENIOR MANAGEMENT

Mr. Chan Sin Wing, aged 38, joined the Group in 2004 and is the director of sales and marketing of the Group. He is primarily responsible for overseeing the sales and marketing activities of the Group. Mr. Chan holds a master degree in industrial engineering and industrial management and a bachelor degree in engineering from the University of Hong Kong. Prior to joining the Group, he worked as a consultant of the Hong Kong Productivity Council for over 9 years.

Mr. Yoshihisa Suzuki, aged 54, joined the Group in 2008 and is the director of project development of the Group. He is primarily responsible for the new product business development of the Group. Mr. Suzuki holds a bachelor degree in mechanical engineering from Chiba Institute of Technology, Japan. Prior to joining the Group, he worked in the personal computer division of a reputable global integrated information technology products and business solutions provider for over 20 years.

姚和安先生，70歲，於二零零七年六月二日獲委任為本公司獨立非執行董事。彼為本公司審核委員會主席。姚先生為澳洲會計師公會及香港公司秘書公會資深會員，並為澳洲特許會計師公會及香港會計師公會會員。

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

陸東先生，46歲，於二零零九年十二月十六日獲委任為本公司獨立非執行董事。陸先生持有加拿大多倫多大學商科學士學位，於香港及中國股票市場資產投資分析累積逾二十年經驗。由二零零零至二零零八，陸先生於瑞士銀行（「瑞士銀行」）出任香港研究、策略及產品部主管，現時為瑞士銀行外部顧問。陸先生曾於二零零一、二零零二、二零零三、二零零五、二零零六及二零零七年獲得《亞洲貨幣》雜誌（一本以企業及財經讀者及投資者為對象之著名財經及資本市場月刊）頒發「最佳策略員」及「最佳分析師」殊榮。陸先生現為 Look's Asset Management Limited（一間由彼於二零零九年四月創立的基金管理公司）之總經理及投資總監。陸先生現時亦為香港聯交所上市公司 TCL 通訊科技控股有限公司的獨立非執行董事。

高級管理人員

陳善榮先生，38歲，於二零零四年加入本集團，為本集團銷售及市場推廣總監，主要負責監督本集團的銷售及市場推廣工作。陳先生持有香港大學工業工程及工業管理碩士學位和工程學士學位。加入本集團前，陳先生曾任香港生產力促進局顧問逾九年。

鈴木良久先生，54歲，於二零零八年加入本集團，為本集團項目總監，主要負責本集團的新產品業務開發。鈴木先生持有日本千葉工業大學工程學士學位。加入本集團前，他曾於一間全球著名資訊科技產品及商業方案供應商之個人電腦部門任職逾20年。

Directors and Senior Management (Continued)

董事及高級管理人員（續）

Mr. Ng Mang Nga, aged 45, joined the Group in 2003 and is the general manager of the Group's subsidiary, Wing Yu (Far East) Industries Company Limited. He is responsible for the overall supervision of the operation of the processing factory in the PRC and has over 15 years' experience in the field of manufacturing.

Ms. Chan So Wah, aged 52, joined the Group in 1999. She is the general manager of the Group's subsidiary, Ka Shui Manufactory Co., Limited and is responsible for its overall management. Ms. Chan has over 20 years' experience in sales and is the sister-in-law of Mr. Lee Yuen Fat.

Mr. Li Yuen Wah, aged 53, joined the Group in 2004 and is the manager in charge of information technology of the Group. Mr. Li is responsible for the administration and operation of the management information system of the Group. He is the younger brother of Mr. Lee Yuen Fat.

Mr. Li Liang Jin, aged 44, joined the Group in 1992 and is the sales engineering manager of the Group. Mr. Li holds a bachelor degree in mechanical engineering from the Guang Xi University and has over 15 years' experience in the field of engineering.

吳萌芽先生，45歲，於二零零三年加入本集團，為本集團附屬公司永裕（遠東）實業有限公司總經理，負責監督位於國內加工廠的整體營運，彼擁有超過15年製造業經驗。

陳素華女士，52歲，於一九九九年加入本集團，為本集團附屬公司嘉瑞製品有限公司總經理，負責其整體管理，彼擁有逾20年銷售經驗，為李遠發先生的弟婦。

李遠華先生，53歲，於二零零四年加入本集團，為本集團資訊科技經理，負責本集團管理資訊系統的行政及運作，為李遠發先生的胞弟。

李良進先生，44歲，於一九九二年加入本集團，為本集團銷售工程經理。彼持有廣西大學機械工程學士學位，擁有逾15年工程方面的經驗。

Directors' Report

董事會報告

The directors have pleasure in submitting their report together with the audited consolidated financial statements of Ka Shui International Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") for the year ended 31 December 2010.

PRINCIPAL ACTIVITIES

The Group is principally engaged in the manufacture of zinc, magnesium and aluminium alloy die casting and plastic injection products and components which are mainly sold to customers engaging in the household products, 3C (communication, computer and consumer electronics) products and automotive parts industries. The activities of the subsidiaries are set out in note 16 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated income statement on page 38.

The board of directors (the "Board") of the Company recommends the payment of a final dividend of HK3.2 cents per share to the shareholders whose names appear on the register of members of the Company on 16 May 2011.

The register of members of the Company will be closed from Thursday, 12 May 2011 to Monday, 16 May 2011, both days inclusive, during which no transfer of shares will be registered. In order to qualify for the final dividend, all share transfer documents accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 11 May 2011.

董事會欣然提呈嘉瑞國際控股有限公司(「本公司」)及其附屬公司(統稱「本集團」)截至二零一零年十二月三十一日止年度之董事會報告及經審核綜合財務報表。

主要業務

本集團以生產鋅、鎂及鋁合金壓鑄及塑膠注塑產品及部件為主，主要售予從事家居用品、3C(通訊、電腦及消費者電子)產品及汽車零部件業的客戶。附屬公司之主要業務載於綜合財務報表附註16。

業績及分派

本集團於年內之業績載於第38頁之綜合損益表內。

本公司董事會(「董事會」)建議派付末期股息每股3.2港仙予於二零一一年五月十六日名列本公司股東名冊之股東。

本公司將於二零一一年五月十二日(星期四)至二零一一年五月十六日(星期一)(包括首尾兩日)暫停辦理股份過戶登記手續，於此期間將不會辦理股份過戶登記。為符合資格獲派末期股息，所有股份過戶文件連同有關股票及過戶表格須於二零一一年五月十一日(星期三)下午四時三十分前送交本公司之香港股份過戶登記分處香港中央證券登記有限公司辦理登記手續，地址為香港皇后大道東183號合和中心17樓1712至1716室。

Directors' Report (Continued)

董事會報告 (續)

RESERVES

Movements in reserves during the year are set out in the consolidated statement of changes in equity on page 43.

As at 31 December 2010, the Company's reserve available for distribution amounted to approximately HK\$201,901,000.

PROPERTY, PLANT AND EQUIPMENT

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

MAJOR CUSTOMERS AND SUPPLIERS

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

Sales	
– the largest customer	26.20%
– five largest customers combined	75.10%
Purchases	
– the largest supplier	17.02%
– five largest suppliers combined	39.06%

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

FINANCIAL SUMMARY

A summary of the results of the Group for the past five financial years ended 31 December 2010 and assets and liabilities of the Group as at 31 December 2006, 2007, 2008, 2009 and 2010 are set out on page 124.

儲備

本年度內，儲備之變動情況載於第43頁之綜合權益變動表。

於二零一零年十二月三十一日，本公司之可供分派儲備約為201,901,000港元。

物業、機器及設備

本集團物業、機器及設備於本年度內之變動詳情載於綜合財務報表附註15。

主要客戶及供應商

於本年度內，本集團之主要客戶及供應商應佔總營業額及總採購額之百分比如下：

銷售	
– 最大客戶	26.20%
– 五大客戶合計	75.10%
採購	
– 最大供應商	17.02%
– 五大供應商合計	39.06%

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

財務概要

本集團於截至二零一零年十二月三十一日止過往五個財政年度之業績以及本集團於二零零六年、二零零七年、二零零八年、二零零九及二零一零年十二月三十一日之資產及負債的概要載於第124頁。

Directors' Report (Continued)

董事會報告 (續)

SHARE CAPITAL

Details of the movements in share capital of the Company during the year are shown in note 29 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

THE BOARD

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

Executive Directors

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

Independent non-executive directors

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

The biographical details of the directors are set out on pages 14 to 17 of this annual report.

In accordance with the Company's Articles of Association, Dr. Keung Wing Ching, Mr. Chan Tat Cheong, Alan and Mr. Yeow Hoe Ann, John will retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

股本

本公司之股本於本年度內之變動詳載於綜合財務報表附註29。

股份優先購買權

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

購買、出售或贖回本公司之上市證券

於本年度內，本公司及其任何附屬公司概無購買、出售或贖回本公司任何上市證券。

董事會

於本年度內及截至本報告日期止，本公司之董事為：

執行董事

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

獨立非執行董事

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

董事之履歷詳情載列於本年報之第14至第17頁。

根據本公司組織章程細則，姜永正博士、陳達昌先生及姚和安先生於即將舉行之股東週年大會上退任，惟彼等均符合資格並願意膺選連任。

DIRECTORS' SERVICE CONTRACTS

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

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed under the section headed "Continuing Connected Transactions" set out on page 30 and 31, there was no contract of significance, to which the Company, its holding company, any of its subsidiaries or fellow subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted during or at the end of the year.

MANAGEMENT CONTRACTS

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

董事之服務合約

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

董事之合約權益

除列載於第30及第31頁之「持續關連交易」一節所披露者外，本公司、其控股公司、其任何附屬公司或同系附屬公司概無參與訂立本公司董事直接或間接擁有重大權益，而於年內或年終仍屬有效之重大合約。

管理合約

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

Directors' Report (Continued)

董事會報告 (續)

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

As at 31 December 2010, the interests and short positions of the directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO); or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") in the Rules Governing the Listing on Securities on the Stock Exchange (the "Listing Rules") were as follows:

Long Positions in the Shares

董事及主要行政人員於本公司及其相聯法團之股份、相關股份及債券的權益及短倉

於二零一零年十二月三十一日，本公司董事及主要行政人員，於本公司及其相聯法團(定義見證券及期貨條例(「證券及期貨條例」)第XV部)之股份、相關股份及債券中，擁有根據證券及期貨條例第XV部第7及第8分部須知會本公司及香港聯合交易所有限公司(「聯交所」)之權益及短倉(包括根據證券及期貨條例該等條文被當作或被視為擁有之任何權益及短倉)；或根據證券及期貨條例第352條須記錄在該條所述登記冊之權益及短倉；或根據聯交所證券上市規則(「上市規則」)上市公司董事進行證券交易的標準守則(「標準守則」)須知會本公司及聯交所之權益及短倉如下：

股份之長倉

Name of Director	Capacity	Number of Shares	Approximate percentage of interest in the Company 佔本公司權益 概約百分比
董事姓名	身份	股份數目	
Executive Directors 執行董事			
Mr. Lee Yuen Fat ("Mr. Lee") 李遠發先生 (「李先生」)	Interest in controlled company ⁽¹⁾ 受控制公司權益 ⁽¹⁾	607,200,000	68.79%
	Beneficial owner 實益擁有人	2,100,000 ⁽²⁾	0.24%
Dr. Keung Wing Ching 姜永正博士	Beneficial owner 實益擁有人	20,668,000 1,054,000 ⁽²⁾	2.34% 0.12%
Mr. Wong Wing Chuen 黃永銓先生	Beneficial owner 實益擁有人	18,480,000 1,450,000 ⁽²⁾	2.09% 0.16%
Mr. Chan Tat Cheong, Alan 陳達昌先生	Beneficial owner 實益擁有人	7,029,000 998,000 ⁽²⁾	0.80% 0.11%
Independent Non-Executive Directors 獨立非執行董事			
Mr. Andrew Look 陸東先生	Beneficial owner 實益擁有人	7,000,000	0.79%

Directors' Report (Continued)

董事會報告 (續)

Notes:

1. Mr. Lee holds the entire issued share capital of Precisefull Limited ("Precisefull"). As such, Mr. Lee is deemed to have a controlling interest in Precisefull and is therefore deemed to be interested in the interests of Precisefull in the Company.
2. Such interest in shares was held pursuant to options granted under the pre-IPO share option scheme and share option scheme, details of which are described in the section headed "Share Option Scheme" in this report set out on page 26 to 30.

Save as disclosed above, as at 31 December 2010, none of the directors and chief executives of the Company had any interests or short positions in shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO); or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or were required to be notified to the Company and the Stock Exchange, pursuant to the Model Code in the Listing Rules. In addition, save as disclosed above, at no time during the year ended 31 December 2010 was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company or any of their spouses or children under the age of 18 to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

附註：

1. 李先生持有Precisefull Limited(「Precisefull」)全部已發行股本。因此，李先生被視為擁有Precisefull的控制性權益，並因此視為擁有Precisefull所持有的本公司權益。
2. 該等股份權益乃根據首次公開發售前購股權計劃及購股權計劃所授出購股權持有，有關詳情載於本報告第26至第30頁之「購股權計劃」一節。

除上文所披露者外，於二零一零年十二月三十一日，概無本公司董事及主要行政人員於本公司及其任何相聯法團(定義見證券及期貨條例第XV部)之股份、相關股份及債券中擁有任何根據證券及期貨條例第XV部第7及第8分部須知會本公司及聯交所之權益或短倉(包括彼等根據證券及期貨條例該等條文被當作或視為擁有之權益及短倉)；或根據證券及期貨條例第352條須記錄於該條所述之登記冊之權益及短倉；或根據標準守則須知會本公司及聯交所之權益及短倉。此外，除上述披露外，本公司或其任何附屬公司於截至二零一零年十二月三十一日止整年內概無訂立任何安排，令本公司董事或彼等之配偶或未滿十八歲之子女可藉購入本公司或其他法團之股份或債權證而獲益。

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

As at 31 December 2010, the following persons, other than the directors or chief executives of the Company, who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, or which were required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein, were as follows:

Long Positions in the Shares

Name	Capacity	Number of Shares	Approximate percentage of interest in the Company
名稱	身份	股份數目	佔本公司權益概約百分比
Precisefull	Beneficial owner 實益擁有人	607,200,000 ⁽¹⁾	68.79%

Note:

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

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

主要股東於本公司及其相聯法團之股份、相關股份及債券的權益及短倉

於二零一零年十二月三十一日，下列人士(本公司董事或主要行政人員除外)於本公司股份或相關股份中，擁有根據證券及期貨條例第XV部第2及3分部須向本公司披露之權益或短倉，或直接或間接擁有可於任何情況下在本公司股東大會投票之任何類別股本面值5%或以上之權益或短倉，或擁有根據證券及期貨條例第336條須記錄在該條所述登記冊之權益或短倉：

股份之長倉

附註：

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

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

Directors' Report (Continued)

董事會報告 (續)

SHARE OPTION SCHEME

1. Pre-IPO Share Option Scheme

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

購股權計劃

1. 首次公開發售前購股權計劃

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

Category of Grantee/Name	Date of grant	Exercise Price (HK\$)	Exercise Period	Number of shares options 購股權數目			Outstanding as at 31/12/2010 於二零一零年 十二月三十一日 尚未行使
				As at 01/01/2010	Exercised during the year	Lapsed/ Cancelled during the year	
Executive Directors 執行董事							
Mr. Lee 李先生	01/06/2007	0.81	27/06/2008 – 26/06/2011	1,320,000	–	–	1,320,000
Dr. Keung Wing Ching 姜永正博士	01/06/2007	0.81	27/06/2008 – 26/06/2011	880,000	–	–	880,000
Mr. Wong Wing Chuen 黃永銓先生	01/06/2007	0.81	27/06/2008 – 26/06/2011	880,000	–	–	880,000
Mr. Chan Tat Cheong, Alan 陳達昌先生	01/06/2007	0.81	27/06/2008 – 26/06/2011	880,000	–	–	880,000
Others 其他							
Employees 僱員	01/06/2007	0.81	27/06/2008 – 26/06/2011	13,442,000	–	220,000	13,222,000
Total 總數				17,402,000	–	220,000	17,182,000

Directors' Report (Continued)

董事會報告 (續)

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

所有首次公開發售前購股權之承授人僅可按以下方式行使首次公開發售前購股權：

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

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

除上文披露者外，概無根據首次公開發售前購股權計劃進一步授出任何購股權。

2. Share Option Scheme

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

2. 購股權計劃

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

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

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

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

The total number of shares in respect of which options may be granted under the Share Option Scheme shall be 28,262,000 shares, representing approximately 3.2% of the issued share capital of the Company as at the date of this annual report.

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

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

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

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

根據購股權計劃可能授出的購股權所涉及的股份總數為28,262,000股，相當於本年報日期本公司已發行股本約3.2%。

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

Directors' Report (Continued)

董事會報告 (續)

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

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

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

購股權計劃項下股份的認購價將由董事會決定，惟該價格不得低於以下最高者：

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

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

Category of Grantee/ Name	Date of grant	Exercise Price (HK\$)	Exercise Period	Number of shares options 購股權數目				
				As at 01/01/2010	Granted during the year	Exercised during the year	Lapsed/ Cancelled during the year	Outstanding as at 31/12/2010
承授人 類別/姓名	授出日期	行使價 (港元)	行使期	於二零一零年 一月一日	於年內授出	於年內行使	於年內 失效/註銷	於二零一零年 十二月三十一日 尚未行使
Executive Directors								
執行董事								
Mr. Lee 李先生	13/03/2008	0.415	13/03/2009 – 12/03/2018	780,000	–	–	–	780,000
Dr. Keung Wing Ching 姜永正博士	13/03/2008	0.415	13/03/2009 – 12/03/2018	580,000	–	406,000	–	174,000
Mr. Wong Wing Chuen 黃永銓先生	13/03/2008	0.415	13/03/2009 – 12/03/2018	570,000	–	–	–	570,000
Mr. Chan Tat Cheong, Alan 陳達昌先生	13/03/2008	0.415	13/03/2009 – 12/03/2018	390,000	–	272,000	–	118,000
Others								
其他								
Employees 僱員	13/03/2008	0.415	13/03/2009 – 12/03/2018	12,358,000	–	1,951,400	806,600	9,600,000
Total 總數				14,678,000	–	2,629,400	806,600	11,242,000

Notes:

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

附註：

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

COMPETING BUSINESS

Each of Mr. Lee Yuen Fat and Precisefull has provided a written confirmation, which has been reviewed and confirmed by the independent non-executive directors of the Company, confirming that they have complied with the terms of a Deed of Non-competition entered into between them and the Company for the year ended 31 December 2010.

競爭業務

李遠發先生及Precisefull各自已提供書面確認，並由本公司獨立非執行董事審閱及確認，彼等於截至二零一零年十二月三十一日止年度內已遵守本公司與彼等所訂立之不可競爭契據之條款。

CONTINUING CONNECTED TRANSACTIONS

On 3 November 2009, the Group entered into a master agreement (the "Master Agreement") with Chit Shun Machinery Limited ("Chit Shun") for a term of three years commencing from 1 January 2010 to 31 December 2012, in relation to the purchase of certain die casting machines and parts (together with the maintenance services). Chit Shun is a limited liability company incorporated in Hong Kong and beneficially owned by Mr. Lee and an independent third party, in equal share. Mr. Lee has nominated a director to the board of Chit Shun. Besides, Mr. Chan Tat Cheong, Alan (as a representative of Mr. Lee) sits on the board of a wholly-owned subsidiary of Chit Shun established in the PRC. Since Mr. Lee is a director and controlling shareholder of Chit Shun, Chit Shun is a connected person of the Company (as defined in the Listing Rules). Accordingly, the transactions between the Group and Chit Shun constitute continuing connected transactions (the "Chit Shun Transactions") of the Group. At the extraordinary general meeting held on 11 December 2009, the independent shareholders of the Company had approved (i) the Master Agreement and the transactions contemplated thereunder; and (ii) the proposed annual caps for each of the three years ending 31 December 2012.

持續關連交易

於二零零九年十一月三日，本集團與捷迅機械設備有限公司(「捷迅」)就採購若干壓鑄機器與零部件(連同維修服務)訂立總協議(「總協議」)，年期由二零一零年一月一日起至二零一二年十二月三十一日止，為期三年。捷迅為香港註冊成立的有限公司，由李先生及一名獨立第三方按等額權益實益擁有。李先生曾向捷迅董事會提名董事人選。另外，陳達昌先生(李先生的代表)為捷迅於中國成立的全資附屬公司之董事。因李先生為捷迅之董事兼控權股東，故捷迅為本公司的關連人士(定義見上市規則)。故此，本集團與捷迅之交易構成本集團之持續關連交易(「捷迅交易」)。於二零零九年十二月十一日舉行之股東特別大會上，本公司之獨立股東已批准(i)總協議及其項下擬進行之交易；及(ii)截至二零一二年十二月三十一日止三個年度各年之建議年度上限。

For the year ended 31 December 2010, Chit Shun Transactions totalled approximately HK\$3,337,000 (2009: HK\$8,021,000).

截至二零一零年十二月三十一日止年度，捷迅交易之總額約為3,337,000港元(二零零九年：8,021,000港元)。

Directors' Report (Continued)

董事會報告 (續)

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

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

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with the Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the continuing connected transactions disclosed by the Group on page 122 and 123 of the Annual Report in accordance with the Main Board Listing Rule 14A.38. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

PUBLIC FLOAT

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

SUBSEQUENT EVENTS

Details of post balance sheet events are set out in note 36 to the consolidated financial statements.

AUDITOR

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

By order of the Board

Lee Yuen Fat
Chairman

Hong Kong, 21 March 2011

本公司獨立非執行董事已審核捷迅交易並確認該等交易：

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

本公司核數師已獲聘根據香港會計師公會頒佈的《香港核證工作準則》第3000號「審核或審閱歷史財務資料以外的核證工作」及參照實務說明第740號「關於香港《上市規則》所述持續關連交易的核數師函件」報告本集團的持續關連交易。核數師已根據上市規則第14A.38條發出函件，而該函件載有核數師對有關本集團在年報第122及123頁披露的持續關連交易的發現及結論。本公司已將核數師函件副本送呈聯交所。

公眾持股量

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

結算日後事項

結算日後事項詳情載於綜合財務報告附註36。

核數師

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

承董事會命

李遠發
主席

香港，二零一一年三月二十一日

Corporate Governance Report

企業管治報告

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

The Company’s corporate governance practices are based on the principles and code provisions as set out in the Code on Corporate Governance Practices (the “CG Code”) contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”). During 2010, the Company is in compliance with all the code provisions of the CG Code.

THE BOARD

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

The Board comprises eight directors, including four executive directors and four independent non-executive directors. Biographical details of the directors of the Company as at the date of this report are set out on pages 14 to 17 of this annual report.

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

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

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

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

本公司之企業管治守則乃以聯交所證券上市規則(「上市規則」)附錄十四《企業管治常規守則》(「企業管治守則」)之原則及守則條文為基礎。於二零一零年，本公司已遵守企業管治守則中的所有守則條文。

董事會

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

董事會由八名董事組成，包括四名執行董事及四名獨立非執行董事。於本報告日，本公司董事之個人資料詳載於本年報第14至第17頁。

各董事會成員之間並沒有財務、業務、親屬或其他重大或相關之關係。

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

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

Corporate Governance Report (Continued)

企業管治報告 (續)

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

AUDIT COMMITTEE

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

During 2010, the Audit Committee held two meetings to review the financial statements of the Group with the external auditor and discussed on the internal control matters.

NOMINATION COMMITTEE

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

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

REMUNERATION COMMITTEE

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

During 2010, the Remuneration Committee held two meetings and approved the remuneration adjustment of executive directors.

主席及行政總裁

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

審核委員會

本公司於二零零七年六月成立審核委員會。審核委員會之主要職責為審閱及批准本集團之財務報告程序及內部監控系統，並向董事會提供建議及意見。審核委員會由四名獨立非執行董事組成，分別為姚和安先生、孫啟烈先生BBS, 太平紳士、盧偉國博士BBS, MH, 太平紳士及陸東先生，而姚和安先生為審核委員會之主席，彼為合資格會計師，於財務報告及控制擁有豐富經驗。

於二零一零年，審核委員會與外聘核數師舉行了兩次會議，審閱本集團之財務報表及討論內部監控事項。

提名委員會

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

於本年度，提名委員會舉行了一次會議，檢討董事會之架構、規模及組成。

薪酬委員會

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

於二零一零年，薪酬委員會舉行了兩次會議，批准執行董事之薪酬調整。

Corporate Governance Report (Continued)

企業管治報告 (續)

ATTENDANCE OF MEETINGS

A summary of attendance of Board and Committee meetings in 2010 are detailed in the following table:

出席會議

下表載列於二零一零年董事會及委員會會議之出席率摘要：

	Board meeting 董事會會議	Audit Committee meeting 審核委員會會議	Nomination Committee meeting 提名委員會會議	Remuneration Committee meeting 薪酬委員會會議
Executive Directors				
執行董事				
Mr. Lee Yuen Fat 李遠發先生	5/5	–	–	–
Dr. Keung Wing Ching 姜永正博士	5/5	–	1/1	2/2
Mr. Wong Wing Chuen 黃永銓先生	3/5	–	–	–
Mr. Chan Tat Cheong, Alan 陳達昌先生	5/5	–	–	–
Independent Non-Executive Directors				
非執行董事				
Mr. Sun Kai Lit, Cliff <small>BBS, JP</small> 孫啟烈先生 <small>BBS, 太平紳士</small>	4/5	2/2	1/1	2/2
Ir Dr. Lo Wai Kwok <small>BBS, MH, JP</small> 盧偉國博士 <small>BBS, MH, 太平紳士</small>	5/5	2/2	1/1	2/2
Mr. Yeow Hoe Ann, John 姚和安先生	5/5	2/2	1/1	2/2
Mr. Andrew Look 陸東先生	5/5	2/2	1/1	2/2

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

董事進行證券交易的標準守則

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

Corporate Governance Report (Continued)

企業管治報告 (續)

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors acknowledge their responsibility for the preparation of the financial statements of the Company for the year ended 31 December 2010. The statement of the external auditor of the Company in relation to their reporting responsibility on the financial statements of the Group is set out in the Independent Auditor's Report on page 36 and 37.

INTERNAL CONTROL

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

AUDITOR'S REMUNERATION

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

(In HK\$'000)	(以港幣千元為單位)	2010	2009
Statutory audit	法定審核	930	880
Non-audit services ⁽¹⁾	非審核服務 ⁽¹⁾	215	366
Total	總數	1,145	1,246

Note:

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

董事就財務報表所承擔之責任

董事確認其對編制本公司截至二零一零年十二月三十一日止年度財務報表之責任。本公司之外聘核數師就其對本集團財務報表之申報責任而發出之聲明，載於第36及第37頁之獨立核數師報告內。

內部監控

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

核數師之酬金

本集團付予有關法定審核及非審核服務的核數師酬金如下：

附註：

1. 非審核服務主要包括中期審閱及稅務諮詢服務。

RSM Nelson Wheeler

中瑞岳華(香港)會計師事務所
Certified Public Accountants

**TO THE SHAREHOLDERS OF
KA SHUI INTERNATIONAL HOLDINGS LIMITED**
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Ka Shui International Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 38 to 123, which comprise the consolidated and Company statements of financial position as at 31 December 2010, 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 information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

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

致嘉瑞國際控股有限公司
全體股東
(於開曼群島註冊成立的有限公司)

本核數師(以下簡稱「我們」)已審核列載於第38至第123頁的嘉瑞國際控股有限公司(「貴公司」)及其附屬公司(統稱「貴集團」)綜合財務報表，其中包括於二零一零年十二月三十一日的綜合及貴公司財務狀況表、截至該日止年度的綜合損益表、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解釋資料。

董事就綜合財務報表須承擔的責任

貴公司董事須負責根據香港會計師公會頒佈的《香港財務報告準則》及《香港公司條例》披露規定，編製及真實公平地列報該等綜合財務報表，以及董事認為以使綜合財務報表的編制不存在因欺詐或錯誤而導致的重大錯誤陳述而需要的內部控制。

核數師的責任

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

Independent Auditor's Report

獨立核數師報告(續)

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 consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view 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 consolidated 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 Company and of the Group as at 31 December 2010, 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

21 March 2011

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

我們相信，我們所獲得的審核憑證乃充足及適當，可為我們的審核意見提供基礎。

意見

我們認為，該等綜合財務報表已根據《香港財務報告準則》真實公平地反映貴公司及貴集團於二零一零年十二月三十一日的財務狀況，及貴集團於截至該日止年度的業績及現金流量，並已按照《香港公司條例》的披露規定妥為編製。

中瑞岳華(香港)會計師事務所
執業會計師
香港

二零一一年三月二十一日

Consolidated Income Statement

綜合損益表

For the year ended 31 December 2010 截至二零一零年十二月三十一日

		Note	2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
		附註		
Turnover	營業額	6	913,344	633,832
Cost of sales	銷售成本		(733,722)	(491,578)
Gross profit	毛利		179,622	142,254
Other income	其他收入	7	12,332	3,742
Selling and distribution expenses	銷售及分銷開支		(13,831)	(7,577)
General and administrative expenses	一般及行政開支		(102,212)	(86,472)
Profit from operations	經營溢利		75,911	51,947
Finance costs	融資成本	9	(2,139)	(1,610)
Loss on disposal of a jointly controlled entity	出售共同控制實體虧損		-	(298)
Profit before tax	除稅前溢利		73,772	50,039
Income tax expense	所得稅開支	10	(17,639)	(12,239)
Profit for the year attributable to owners of the Company	本公司權益持有人應佔年內溢利	11	56,133	37,800
			HK Cents	HK Cents
			港仙	港仙
Earnings per share	每股盈利	14		
Basic	基本		6.37	4.30
Diluted	攤薄		6.30	N/A

Consolidated Statement of Comprehensive Income

綜合全面收益表

For the year ended 31 December 2010 截至二零一零年十二月三十一日

		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Profit for the year	年內溢利	56,133	37,800
Other comprehensive income, net of tax:	除稅後其他全面收益：		
Exchange differences on translating foreign operations	換算海外業務產生之匯兌差額	10,809	33
Less: Reclassification adjustments for exchange differences to profit or loss upon disposal of a jointly controlled entity	扣除：於出售共同控制實體時計入損益賬的匯兌差額再分類調整	-	(922)
		10,809	(889)
Total comprehensive income for the year attributable to owners of the Company	本公司權益持有人應佔年內全面收益總額	66,942	36,911

Consolidated Statement of Financial Position

綜合財務狀況表

At 31 December 2010 於二零一零年十二月三十一日

		At 31 December		At
		於十二月三十一日		1 January
		2010	2009	2009
		二零一零年	二零零九年	二零零九年
	Note	HK\$'000	HK\$'000	HK\$'000
	附註	千港元	千港元	千港元
			(restated)	(restated)
			(重列)	(重列)
Non-current assets	非流動資產			
Property, plant and equipment	物業、機器及設備	15	436,939	404,061
Investment in a jointly controlled entity	對共同控制實體的投資		-	-
				7,470
Club membership	會所會籍		718	718
Available-for-sale financial assets	可供出售金融資產	17	-	-
Deposits paid for acquisition of property, plant and equipment	預付購買物業、機器及設備之按金	18	7,097	18,484
			444,754	423,263
				397,229
Current assets	流動資產			
Inventories	存貨	19	182,757	130,533
Trade receivables	貿易應收款項	20	154,333	111,755
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項		17,148	15,662
Current tax assets	即期稅項資產		-	1,600
Financial assets at fair value through profit or loss	按公平值計入損益賬的金融資產	21	8,292	-
Pledged bank deposits	已抵押銀行存款	22	2,232	2,230
Bank and cash balances	銀行及現金結餘	22	122,532	78,171
			487,294	339,951
				313,056
Current liabilities	流動負債			
Trade payables	貿易應付款項	23	126,229	59,260
Deposits received	已收按金		3,702	1,012
Other payables and accruals	其他應付款項及應計費用		48,416	36,880
Due to a related company	應付關連公司款項	24	1,456	2,422
Financial liabilities at fair value through profit or loss	按公平值計入損益賬的金融負債		-	-
				3,047
Bank borrowings	銀行借款	25	124,851	75,225
Current portion of obligations under finance leases	融資租約承擔的即期部分	26	11,953	22,440
Current tax liabilities	即期稅項負債		9,615	6,932
			326,222	204,171
				163,536
Net current assets	流動資產淨值		161,072	135,780
				149,520
Total assets less current liabilities	資產總值減流動負債		605,826	559,043
				546,749

Consolidated Statement of Financial Position (Continued)

綜合財務狀況表(續)

At 31 December 2010 於二零一零年十二月三十一日

			At 31 December		At
			於十二月三十一日		1 January
			2010	2009	2009
			二零一零年	二零零九年	二零零九年
	Note	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	附註	千港元	千港元	(restated)	(restated)
				(重列)	(重列)
Non-current liabilities					
		非流動負債			
Obligations under finance leases	26	融資租約承擔	-	1,751	5,501
Deferred tax liabilities	28	遞延稅項負債	2,388	1,608	1,608
			2,388	3,359	7,109
NET ASSETS		資產淨值	603,438	555,684	539,640
Capital and reserves		資本及儲備			
Share capital	29	股本	88,263	88,000	88,000
Reserves	30	儲備	515,175	467,684	451,640
TOTAL EQUITY		權益總額	603,438	555,684	539,640

Approved by the Board of Directors on 21 March 2011

董事會於二零一一年三月二十一日批准

Lee Yuen Fat

李遠發

Director

董事

Keung Wing Ching

姜永正

Director

董事

Statement of Financial Position

財務狀況表

At 31 December 2010 於二零一零年十二月三十一日

		Note	2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
		附註		
Non-current assets	非流動資產			
Investments in subsidiaries	於附屬公司的投資	16	10,000	10,000
Current assets	流動資產			
Prepayments, deposits and other receivables	預付款項、按金及其他 應收款項		284	229
Due from subsidiaries	應收附屬公司款項	16	337,657	315,157
Bank and cash balances	銀行及現金結餘	22	387	75
			338,328	315,461
Current liabilities	流動負債			
Other payables and accruals	其他應付款項及應計費用		6	18
Due to subsidiaries	應付附屬公司款項	16	46,379	24,753
			46,385	24,771
Net current assets	流動資產淨值		291,943	290,690
NET ASSETS	資產淨值		301,943	300,690
Capital and reserves	資本及儲備			
Share capital	股本	29	88,263	88,000
Reserves	儲備	30	213,680	212,690
TOTAL EQUITY	權益總額		301,943	300,690

Approved by the Board of Directors on 21 March 2011

董事會於二零一一年三月二十一日批准

Lee Yuen Fat

李遠發

Director

董事

Keung Wing Ching

姜永正

Director

董事

Consolidated Statement of Changes in Equity

綜合權益變動表

For the Year Ended 31 December 2010 截至二零一零年十二月三十一日止年度

		Attributable to owners of the Company 本公司權益持有人應佔權益								
		Share capital	Share premium	Retained earnings	Capital reserve	Merger reserve	Foreign currency translation reserve	Share option reserve	Statutory reserve	Total equity
		股本	股份溢價	保留盈利	資本儲備	合併儲備	匯兌儲備	購股權儲備	法定儲備	權益總額
		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
At 1 January 2009	於二零零九年一月一日	88,000	198,589	214,522	8,036	(9,931)	22,299	10,459	7,666	539,640
Total comprehensive income for the year	年內全面收益	-	-	37,800	-	-	(889)	-	-	36,911
Recognition of share-based payments	確認以股權結算之款項	-	-	-	-	-	-	2,893	-	2,893
Dividend paid	已付股息	-	-	(23,760)	-	-	-	-	-	(23,760)
Changes in equity for the year	年內權益變動	-	-	14,040	-	-	(889)	2,893	-	16,044
At 31 December 2009 and 1 January 2010	於二零零九年十二月三十一日及二零一零年一月一日	88,000	198,589	228,562	8,036	(9,931)	21,410	13,352	7,666	555,684
Total comprehensive income for the year	年內全面收益	-	-	56,133	-	-	10,809	-	-	66,942
Issue of ordinary shares upon the exercise of share options	因行使購股權而發行之普通股	263	828	-	-	-	-	-	-	1,091
Forfeiture of share options	沒收之購股權	-	-	2,111	-	-	-	(2,111)	-	-
Exercise of share options	行使之購股權	-	334	-	-	-	-	(334)	-	-
Recognition of share-based payments	確認以股權結算之款項	-	-	-	-	-	-	872	-	872
Dividends paid	已付股息	-	-	(21,151)	-	-	-	-	-	(21,151)
Changes in equity for the year	年內權益變動	263	1,162	37,093	-	-	10,809	(1,573)	-	47,754
At 31 December 2010	於二零一零年十二月三十一日	88,263	199,751	265,655	8,036	(9,931)	32,219	11,779	7,666	603,438

Consolidated Statement of Cash Flows

綜合現金流量表

For the year ended 31 December 2010 截至二零一零年十二月三十一日

	Note	2010	2009
	附註	二零一零年 HK\$'000 千港元	二零零九年 HK\$'000 千港元 (restated) (重列)
NET CASH GENERATED FROM OPERATING ACTIVITIES	經營業務所得現金淨額		
	32(a)	92,198	72,527
CASH FLOWS FROM INVESTING ACTIVITIES	投資活動之現金流量		
(Increase)/decrease in pledged bank deposits	已抵押銀行存款(增加) / 減少	(2)	2,052
Acquisition of a subsidiary	收購一附屬公司	-	72
Interest received	已收利息	569	178
Proceeds from disposals of property, plant and equipment	出售物業、機器及設備	1,878	5,709
Purchase of property, plant and equipment	購買物業、機器及設備	(64,142)	(67,933)
Deposit paid for the acquisition of property, plant and equipment	預付物業、機器及設備之按金	(4,358)	(3,511)
Proceeds from disposal of a jointly controlled entity	出售共同控制實體款項	-	6,250
Net cash used in investing activities	投資活動所耗現金淨額	(66,055)	(57,183)
CASH FLOWS FROM FINANCING ACTIVITIES	融資活動之現金流量		
Issue of ordinary shares upon the exercise of share options	因行使購股權而發行之普通股	1,091	-
Dividends paid	已付股息	(21,151)	(23,760)
Net bank loans due for repayment within one year raised	新增於一年內償還之銀行貸款淨額	39,372	15,000
Repayment of obligations under finance leases	償還融資租約承擔	(12,238)	(13,826)
Repayment of term loans due for repayment after one year which contain a repayment on demand clause	償還於一年後到期償還之貸款(包含於要求時償還的條款)	(13,700)	(11,167)
Term loans due for repayment after one year which contain a repayment on demand clause raised	新增於一年後到期償還之貸款(包含於要求時償還的條款)	24,000	22,000
Net cash generated from/(used in) financing activities	融資活動所產生/(所耗)現金淨額	17,374	(11,753)

Consolidated Statement of Cash Flows (Continued)

綜合現金流量表(續)

For the year ended 31 December 2010 截至二零一零年十二月三十一日

		Note	2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元 (restated) (重列)
		附註		
NET INCREASE IN CASH AND CASH EQUIVALENTS	現金及等同現金項目 增加淨額		43,517	3,591
CASH AND CASH EQUIVALENTS AT 1 JANUARY	於一月一日的現金及等同 現金項目		78,125	74,501
Effect of foreign exchange rate changes	匯率變動影響		890	33
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	於十二月三十一日的現金及 等同現金項目		122,532	78,125
ANALYSIS OF CASH AND CASH EQUIVALENTS	現金及等同現金項目分析			
Bank and cash balances	銀行及現金結餘	22	122,532	78,171
Bank overdraft	銀行透支	25	-	(46)
			122,532	78,125

Notes to the Financial Statements

綜合財務報表附註

For the year ended 31 December 2010 截至二零一零年十二月三十一日

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is Clifton House, 75 Fort Street, P.O. Box 1350 GT, George Town, Grand Cayman, Cayman Islands. The address of its principal place of business is Room 1210, Exchange Tower, 33 Wang Chiu Road, Kowloon Bay, Kowloon, Hong Kong. The Company'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 16 to the financial statements.

In the opinion of the directors of the Company, as at 31 December 2010, Precisefull Limited, a company incorporated in the British Virgin Islands, is the ultimate parent and Mr. Lee Yuen Fat ("Mr. Lee") is the ultimate controlling party of the Company.

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

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are relevant to its operations and effective for its accounting year beginning on 1 January 2010. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards ("HKAS"); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant 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. 公司資料

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

本公司為一家投資控股公司。其附屬公司的主要業務載於本財務報表附註16。

本公司董事認為，於二零一零年十二月三十一日，Precisefull Limited(一間於英屬處女群島註冊成立之公司)為最終母公司，李遠發先生(「李先生」)為本公司之最終控股方。

2. 採納新訂及經修訂香港財務報告準則

於本年度，本集團已採納適用於本身營運，由香港會計師公會(「香港會計師公會」)所頒佈並自二零一零年一月一日開始的會計年度生效的所有新訂及經修訂香港財務報告準則(「香港財務報告準則」)。香港財務報告準則包括香港財務報告準則、香港會計準則(「香港會計準則」)及詮釋。除下列註明外，採納該等新訂及經修訂的香港財務報告準則並未使本集團的會計政策、本集團財務報表的呈報方式及本年度與以往年度呈報的金額出現重大變動。

Notes to the Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2010 截至二零一零年十二月三十一日

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

(a) Classification of Land Leases

Amendments to HKAS 17 "Leases" deleted the guidance in HKAS 17 that when the land has an indefinite economic life, the land element is normally classified as an operating lease unless title is expected to pass to the lessee by the end of the lease term.

The Group reclassifies a land lease as a finance lease if the lease transfers substantially all the risks and rewards incidental to ownership to the Group e.g. at the inception of the lease the present value of the minimum lease payments amounts to at least substantially all of the fair value of the land.

Amendments to HKAS 17 has been applied retrospectively and resulted in changes in the consolidated amounts reported in the financial statements as follows:

	At 31 December		At 1 January
	於十二月三十一日		於一月一日
	2010	2009	2009
	二零一零年	二零零九年	二零零九年
	HK\$'000	HK\$'000	HK\$'000
	千港元	千港元	千港元

Increase in property, plant and equipment	物業、機器及設備增加	48,444	48,435	35,625
Decrease in prepaid land lease payments	預付土地租金減少	(48,444)	(48,435)	(35,625)

2. 採納新訂及經修訂香港財務報告準則(續)

(a) 土地租賃分類

香港會計準則第17號「租賃」之修訂刪除香港會計準則第17號之指引，該指引指出除非所有權預期於租期結束前轉讓至承租人，否則於土地之經濟年期為無限時，土地部分一般分類為經營租賃。

倘租賃將擁有權附帶之絕大部分風險及回報轉讓予本集團(即於租賃開始時，最低租賃款項現值最少為土地公平值之絕大部分)，則本集團將土地租賃重新分類為融資租賃。

香港會計準則第17號之修訂已追溯應用，並導致財務報表呈報之綜合金額出現下列變動：

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

(b) Reclassification of borrowings

In November 2010, the HKICPA issued Hong Kong Interpretation 5 “Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause”. The Interpretation is effective immediately and is a clarification of an existing standard, HKAS 1 “Presentation of Financial Statements”. It sets out the conclusion reached by the HKICPA that a term loan which contains a clause which gives the lender the unconditional right to demand repayment at any time shall be classified as a current liability in accordance with paragraph 69(d) of HKAS 1 irrespective of the probability that the lender will invoke the clause without cause.

In order to comply with the requirements of Hong Kong Interpretation 5, the Company has changed its accounting policy on the classification of term loans that contain a repayment on demand clause. Under the new policy, term loans with clauses which give the lender the unconditional right to call the loan at any time are classified as current liabilities in the statement of financial position. Previously such term loans were classified in accordance with the agreed repayment schedule unless the Company had breached any of the loan covenants set out in the agreement as of the reporting date or otherwise had reason to believe that the lender would invoke its rights under the immediate repayment clause within the foreseeable future.

The new accounting policy has been applied retrospectively by re-presenting the opening balances at 1 January 2009, with consequential reclassification adjustments to comparatives for the year ended 31 December 2009. The reclassification has had no effect on reported profit or loss, total comprehensive income or equity for any period presented.

2. 採納新訂及經修訂香港財務報告準則(續)

(b) 借款重新分類

於二零一零年十一月，香港會計師公會頒佈香港詮釋第5號「財務報表的呈列－借款人對包含按要求償還條款的定期貸款的分類」。該詮釋即時生效，並用以澄清現有準則香港會計準則第1號「財務報表的呈列」。當中載列香港會計師公會作出的結論：定期貸款如包含貸款人擁有無附帶條件的權利可隨時要求償還貸款的條款，則不論貸款人是否可能會無故引用有關條款，均須根據香港會計準則第1號第69(d)段分類為流動負債。

為遵守香港詮釋第5號的規定，本公司已更改與包含按要求償還條款的定期貸款分類有關的會計政策。根據新政策，貸款人擁有無附帶條件的權利可隨時要求償還的定期貸款於綜合財務狀況報表中分類為流動負債。以往該等定期貸款乃根據協定還款期進行分類，惟本公司於報告日期違反協議所載的任何貸款契諾或有理由相信貸款人會於可見將來援引即時還款條款下的權利則除外。

透過重新呈列於二零零九年一月一日的年初結餘，並隨後對截至二零零九年十二月三十一日止年度的比較數字作重新分類調整，本公司已追溯應用新會計政策。重新分類對任何已呈列期間的可呈報損益、全面收入總額或權益並無影響。

Notes to the Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2010 截至二零一零年十二月三十一日

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

(b) Reclassification of borrowings (Continued)

Effect of adoption of Hong Kong Interpretation 5 on the consolidated statement of financial position is set out below:

		At 31 December 於十二月三十一日		At 1 January 於一月一日
		2010 二零一零年	2009 二零零九年	2009 二零零九年
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Increase/(decrease) in	增加/(減少)			
Current liabilities	流動負債			
Bank borrowings	銀行借款	33,129	23,879	15,083
Current portion of obligations under finance leases	融資租約承擔的 即期部份	3,021	10,165	13,221
Non-current liabilities	非流動負債			
Long term borrowings	長期借款	(33,129)	(23,879)	(15,083)
Obligations under finance leases	融資租約承擔	(3,021)	(10,165)	(13,221)

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)

(b) 借款重新分類(續)

採納香港詮釋第5號對綜合財務狀況報表的影響載列如下：

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

3. 主要會計政策

財務報表乃根據香港財務報告準則、香港普遍採納之會計原則及香港聯合交易所有限公司證券上市規則及香港公司條例所規定之適用披露事項編製。

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

Notes to the Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2010 截至二零一零年十二月三十一日

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

(a) Consolidation

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

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

Intragroup 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.

In the Company's statement of financial position the investments in subsidiaries are stated at cost less allowance for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

3. 主要會計政策(續)

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

編製該等財務報表所採用的主要會計政策載列如下：

(a) 綜合賬目

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

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

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

在本公司之財務狀況表中，於附屬公司之投資以成本減除減值虧損撥備入賬。本公司按已收及應收的股息作為基準把附屬公司之業績列賬。

Notes to the Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2010 截至二零一零年十二月三十一日

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Business combination and goodwill

The acquisition method is used to account for the acquisition of a subsidiary in a business combination. The cost of acquisition is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred and contingent consideration. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Identifiable assets and liabilities of the subsidiary in the acquisition are measured at their acquisition-date fair values.

The excess of the cost of acquisition over the Company's share of the net fair value of the subsidiary's identifiable assets and liabilities is recorded as goodwill. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss as a gain on bargain purchase which is attributed to the Company.

In a business combination achieved in stages, the previously held equity interest in the subsidiary is remeasured at its acquisition-date fair value and the resulting gain or loss is recognised in consolidated profit or loss. The fair value is added to the cost of acquisition to calculate the goodwill.

If the changes in the value of the previously held equity interest in the subsidiary were recognised in other comprehensive income (for example, available-for-sale investment), the amount that was recognised in other comprehensive income is recognised on the same basis as would be required if the previously held equity interest were disposed of.

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 (s) below. Impairment losses of goodwill are recognised in consolidated profit or loss 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

於業務合併中收購附屬公司乃按收購會計法處理。收購成本按於交易日所交付資產、所發行股本工具、所產生或承擔之負債及或然代價之公平值計算。與收購有關之成本於產生成本及獲得服務之期間確認為開支。所收購附屬公司之可識別資產及負債按收購當日之公平值計算。

收購成本超出本公司攤分附屬公司可識別資產及負債之公平淨值之差額將以商譽列賬。本公司攤分可識別資產及負債之公平淨值高於收購成本之差額將於綜合收益表內確認為本公司應佔之購買折讓收益。

分階段進行業務合併時，過往持有之附屬公司股本權益按收購日期之公平值重新計算，據此產生之損益則於綜合損益確認。公平值將計入收購成本，以計算商譽。

倘過往持有之附屬公司股本權益價值變動於其他全面收入(如可供出售之投資)確認，則於其他全面收入確認之款項按過往持有之股本權益已售出之情況下所規定相同基準確認。

商譽每年一次或(如有任何事宜或情況變動顯示可能出現減值)多次進行減值測試。商譽按成本減累計減值虧損列賬。計算商譽減值虧損之方法與下文會計政策(s)所載其他資產之減值虧損計算方法相同。商譽之減值虧損於綜合損益內確認，其後不得撥回。為進行減值測試，商譽乃分配至預期受惠於收購協同效應之現金產生單位。

**3. SIGNIFICANT ACCOUNTING POLICIES
(Continued)**

(c) Foreign currency translation

(i) Functional and presentation currency

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

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

Transactions in foreign currencies are translated into the functional currency 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 profit or loss.

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.

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 profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

3. 主要會計政策(續)

(c) 外幣換算

(i) 功能及呈列貨幣

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

(ii) 各實體財務報表內之交易及結餘

外幣交易以交易日期適用的匯率換算為基本確認之功能貨幣。以外幣計值的貨幣資產及負債按每個報告期間完結時適用的匯率換算。該換算政策所產生的溢利及虧損列入損益內。

按公平值以外幣計算的非貨幣項目以決定公平值當天之匯率換算。

當非貨幣項目的收益或虧損於全面收益中確認，任何該收益或虧損之匯兌部份於其他全面收益中確認。當非貨幣項目的收益或虧損於損益中確認，任何該收益或虧損之匯兌部份於損益中確認。

Notes to the Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2010 截至二零一零年十二月三十一日

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Foreign currency translation (Continued)

(iii) Translation on consolidation

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

- Assets and liabilities for each 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
- All resulting exchange differences are recognised in the foreign currency translation reserve.

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

3. 主要會計政策(續)

(c) 外幣換算(續)

(iii) 綜合賬目時的換算

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

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

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

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

Notes to the Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2010 截至二零一零年十二月三十一日

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Property, plant and equipment

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

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

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

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at 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 asset, and is recognised in profit or loss.

3. 主要會計政策(續)

(d) 物業、機器及設備

所有物業、機器及設備按成本減累計折舊及減值虧損列賬。

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

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

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

剩餘價值、可使用年期及折舊方法於每個報告期間完結時進行檢討及作出調整(如適用)。

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

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

Notes to the Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2010 截至二零一零年十二月三十一日

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

(f) Club membership

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

3. 主要會計政策(續)

(e) 租約

(i) 經營租約

將資產擁有權的所有風險及回報不會大部份轉移至本集團的租約，分類為經營租約。租約款項在扣除自出租人收取的任何獎勵金後，於租約期內以直線法確認費用。

(ii) 融資租約

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

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

於融資租約下的資產與自置資產以同樣方法計算折舊。

(f) 會所會籍

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Inventories

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

(h) 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 profit or loss.

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 profit or loss.

3. 主要會計政策(續)

(g) 存貨

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

(h) 確認及終止確認金融工具

金融資產及金融負債於本集團成為工具合約條文的訂約方時，於財務狀況表內確認。

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

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

Notes to the Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2010 截至二零一零年十二月三十一日

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Investments

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

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

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

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

(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 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 profit or loss. Interest calculated using the effective interest method is recognised in profit or loss.

3. 主要會計政策(續)

(i) 投資

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

投資分類為按公平值計入損益賬的金融資產或可供出售金融資產。

(i) 按公平值計入損益賬的金融資產

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

(ii) 可供出售金融資產

可供出售金融資產指並非歸類為貿易及其他應收款項、持至到期日投資或按公平值計入損益賬的金融資產的非衍生金融資產。可供出售金融資產其後按公平值計量。該等投資公平值變動產生的盈虧，在其他全面收益確認，直至該等投資被出售或確定已減值為止。屆時，先前在其他全面收益中確認的累計盈虧會在損益中確認。按實際利率法計算的利息在損益確認。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Investments (Continued)

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

Impairment losses recognised in profit or loss for equity investments classified as available-for-sale financial assets are not subsequently reversed through profit or loss. Impairment losses recognised in profit or loss for debt instruments classified as available-for-sale financial assets are subsequently reversed and recognised in profit or loss 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.

(j) 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 profit or loss.

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

3. 主要會計政策(續)

(i) 投資(續)

(ii) 可供出售金融資產(續)

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

(j) 貿易及其他應收款項

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

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

Notes to the Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2010 截至二零一零年十二月三十一日

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) 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.

(l) Financial liabilities and equity instruments

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

(i) 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.

(ii) 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.

(iii) Equity instruments

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

3. 主要會計政策(續)

(k) 現金及等同現金項目

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

(l) 金融負債及股本工具

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

(i) 借貸

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

除非本集團擁有無條件權利，可將負債的償還日期遞延至報告期間完結後至少十二個月，否則借貸被分類為流動負債。

(ii) 貿易及其他應付款項

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

(iii) 股本工具

本公司發行的股本工具按已收的所得款項，扣除直接發行費用列賬。

Notes to the Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2010 截至二零一零年十二月三十一日

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Revenue recognition

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

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

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

Dividend income is recognised when the shareholders' rights to receive payment are established.

Rental income is recognised on a straight-line basis over the lease term.

(n) 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 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 profit or loss represents contributions payable by the Group to the funds.

3. 主要會計政策(續)

(m) 收益確認

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

銷售生產的貨品及原材料貿易的收益於擁有權的大部分風險及回報轉讓時確認。所有權轉讓通常與貨品交付及業權轉讓予客戶的時間相同。

利息收入按時間比例用實際利息法確認。

股息收入於股東收取款項之權利成立時確認。

租金收入按租賃期內以直線法確認。

(n) 僱員福利

(i) 僱員享有的假期

僱員年假及長期服務假於僱員享用時確認。已就僱員因截至報告期間完結時止所提供服務享有的年假及長期服務假的估計負債作出撥備。

僱員病假及產假於放假時始確認。

(ii) 退休金承擔

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

Notes to the Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2010 截至二零一零年十二月三十一日

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Employee benefits (Continued)

(iii) Termination benefits

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

(o) Share-based payments

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

(p) Borrowing costs

Borrowing costs directly 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 costs 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 profit or loss in the period in which they are incurred.

3. 主要會計政策(續)

(n) 僱員福利(續)

(iii) 離職福利

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

(o) 以股權結算之款項

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

(p) 借貸成本

直接源自收購、建造或生產合資格資產,而有關資產需要一段長時間方可供作擬定用途或出售的借貸成本會撥充該等資產成本部分,直至該資產大致上可供作擬定用途或出售為止。尚未用於合資格資產的特定借貸作短期投資賺取的投資收入,於合資格資本化的借貸成本中扣除。

對於一般性借入資金用於獲取一項合資格的資產,可予資本化的借貸成本乃以在該資產的支出應用一個資本化比率釐定。資本化比率為期內適用於本集團尚未償還借款(用於獲取一項合資格的資產的借貸除外)的借貸成本的加權平均值。

所有借貸成本乃於其產生期間在損益中確認。

Notes to the Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2010 截至二零一零年十二月三十一日

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss 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, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at 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.

3. 主要會計政策(續)

(q) 稅項

所得稅為即期稅項與遞延稅項的總和。

即期稅項乃按本年度應課稅溢利計算。應課稅溢利與損益中所確認的溢利不同，因應課稅溢利不包括在其他年度應課稅收入或可扣減開支項目，而且不包括永遠毋須課稅及不可扣稅項目。本集團的即期稅項負債乃按報告期間完結前已頒佈或實質頒佈的稅率計算。

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

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

遞延稅項資產的賬面值於各報告期間完結時均會作出檢討，並在預期不再有足夠應課稅溢利可令全部或部份資產變現時作出相應減值。

Notes to the Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2010 截至二零一零年十二月三十一日

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Taxation (Continued)

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 the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in 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.

(r) Related parties

A party is related to the Group if:

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

3. 主要會計政策(續)

(q) 稅項(續)

遞延稅項乃以預期於償還負債或變現資產即期應用的稅率並基於報告期間完結前頒佈或實質頒佈的稅率計算。遞延稅項會於損益中確認，惟遞延稅項與已於其他全面收益中或直接於權益中確認的相關聯者則除外，在此情況下，遞延稅項亦會於其他全面收益中或直接於權益中確認。

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

(r) 關連人士

任何一方如屬以下情況，即視為本集團的關連人士：

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Impairment of assets

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

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

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, 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 profit or loss, 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)

(s) 資產減值

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

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

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

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

Notes to the Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2010 截至二零一零年十二月三十一日

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Provisions and contingent liabilities

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

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

(u) 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.

4. CRITICAL JUDGEMENTS AND ESTIMATES

(a) Critical judgements in applying accounting policies

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

3. 主要會計政策(續)

(t) 撥備及或然負債

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

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

(u) 報告期間完結後事項

提供本集團於報告期間完結時狀況的額外資料或顯示持續經營假設並不適當的報告期間完結後事項為調整事項，並反映於財務報表。非調整事項的報告期間完結後事項，倘屬重大時，則於財務報表附註內披露。

4. 關鍵判斷及估計

(a) 應用會計政策時的關鍵判斷

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

4. CRITICAL JUDGEMENTS AND ESTIMATES (Continued)

(a) Critical judgements in applying accounting policies (Continued)

Legal titles of certain land and buildings

As stated in note 15 to the consolidated financial statements, the title of one parcel of land had not been transferred to the Group as at 31 December 2010. Despite the fact that the Group has not obtained the relevant legal title, the directors have determined to recognise its cost as property, plant and equipment, on the ground that they expect the transfer of legal title in future should have no major difficulties and the Group is in substance controlling those land and buildings.

(b) 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.

(i) Allowances for inventories

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

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

(ii) Property, plant and equipment and depreciation

The Group determines the estimated useful lives, 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. The Group will revise the depreciation charge where useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

4. 關鍵判斷及估計(續)

(a) 應用會計政策時的關鍵判斷(續)

若干土地及樓宇的法定業權

誠如綜合財務報表附註15所述，一幅土地的業權於二零一零年十二月三十一日尚未轉讓予本集團。儘管本集團尚未獲得有關法定業權，但由於董事預期未來轉讓法定業權應無重大困難且本集團實質上控制該等土地及該物業，因此董事決定將該土地之成本確認為物業、機器及設備。

(b) 估計不明朗因素的主要來源

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

(i) 存貨撥備

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

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

(ii) 物業、機器及設備以及折舊

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

Notes to the Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2010 截至二零一零年十二月三十一日

4. CRITICAL JUDGEMENTS AND ESTIMATES (Continued)

(b) Key sources of estimation uncertainty (Continued)

(iii) Impairment loss for bad and doubtful debts

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

(iv) Share-based payment expenses

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

(v) Income taxes

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

4. 關鍵判斷及估計(續)

(b) 估計不明朗因素的主要來源(續)

(iii) 呆壞賬的減值虧損

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

(iv) 以股權結算之款項開支

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

(v) 所得稅

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

5. FINANCIAL RISK MANAGEMENT

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

(a) Foreign currency risk

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

At 31 December 2010, if the HK\$ had weakened 1 per cent against the USD with all other variables held constant, consolidated profit after tax for the year would have been approximately HK\$11,000 lower (2009: HK\$1,091,000 higher), arising mainly as a result of the foreign exchange loss on trade payables denominated in USD (2009: foreign exchange gain on trade receivables denominated in USD). If the HK\$ had strengthened 1 per cent against the USD with all other variables held constant, consolidated profit after tax for the year would have been approximately HK\$11,000 higher (2009: HK\$1,091,000 lower), arising mainly as a result of the foreign exchange gain on trade payables denominated in USD (2009: foreign exchange loss on trade receivables denominated in USD).

5. 財務風險管理

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

(a) 外匯風險

由於本集團大部分商務交易、資產及負債主要以港元、美元(「美元」)及人民幣(「人民幣」)列值，故本集團面對若干外匯風險。本集團現時並無就外匯交易、資產及負債採取外匯對沖政策。本集團將密切監察其外匯風險，並將考慮於需要時對沖重大外匯風險。

於二零一零年十二月三十一日，倘港元兌美元貶值1%，而其他所有變數維持不變，則年內除稅後綜合溢利將減少約11,000港元(二零零九年：增加1,091,000港元)，主要由於以美元計值的貿易應付款項產生外匯虧損所致(二零零九年：以美元計值的貿易應收款項之外匯收益)。倘港元兌美元升值1%，而其他所有變數維持不變，則年內除稅後綜合溢利將增加約11,000港元(二零零九年：減少1,091,000港元)，主要由於以美元計值的貿易應付款項產生外匯收益所致(二零零九年：以美元計值的貿易應收款項之外匯虧損)。

Notes to the Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2010 截至二零一零年十二月三十一日

5. FINANCIAL RISK MANAGEMENT (Continued)

(a) Foreign currency risk (Continued)

At 31 December 2010, if the HK\$ had weakened 1 per cent (2009: 3 per cent) against the RMB with all other variables held constant, consolidated profit after tax for the year would have been approximately HK\$106,000 lower (2009: HK\$2,003,000 higher), arising mainly as a result of the foreign exchange loss on trade payables of Hong Kong subsidiaries denominated in RMB (2009: foreign exchange gain on trade payables of subsidiaries in the People's Republic of China (the "PRC") denominated in HK\$). If the HK\$ had strengthened 1 per cent (2009: 3 per cent) against the RMB with all other variables held constant, consolidated profit after tax for the year would have been approximately HK\$106,000 higher (2009: HK\$2,003,000 lower), arising mainly as a result of the foreign exchange gain on trade payables of Hong Kong subsidiaries denominated in RMB (2009: foreign exchange loss on trade payables of subsidiaries in PRC denominated in HK\$).

At 31 December 2010, if the RMB had weakened 1 per cent against the USD with all other variables held constant, consolidated profit after tax for the year would have been approximately HK\$711,000 (2009: HK\$633,000) higher, arising mainly as a result of the foreign exchange gain on trade receivables denominated in USD. If the RMB had strengthened 1 per cent against the USD with all other variables held constant, consolidated profit after tax for the year would have been approximately HK\$711,000 (2009: HK\$633,000) lower, arising mainly as a result of the foreign exchange loss on trade receivables denominated in USD.

5. 財務風險管理(續)

(a) 外匯風險(續)

於二零一零年十二月三十一日，倘港元兌人民幣貶值1%(二零零九年：3%)，而其他所有變數維持不變，則年內除稅後綜合溢利將減少約106,000港元(二零零九年：增加2,003,000港元)，主要由於於香港之附屬公司以人民幣計值之貿易應付款項產生之外匯虧損所致(二零零九年：於中華人民共和國(「中國」)之附屬公司以港元計值之貿易應付款項產生之外匯收益)。倘港元兌人民幣升值1%(二零零九年：3%)，而其他所有變數維持不變，則年內除稅後綜合溢利將增加約106,000港元(二零零九年：減少2,003,000港元)，主要由於於香港之附屬公司以人民幣計值之貿易應付款項產生之外匯虧損所致(二零零九年：於中國之附屬公司以港元計值之貿易應付款項產生之外匯虧損)。

於二零一零年十二月三十一日，倘人民幣兌美元貶值1%，而其他所有變數維持不變，則年內除稅後綜合溢利將增加約711,000港元(二零零九年：633,000港元)，主要由於以美元計值之貿易應收款項產生之外匯收益所致。倘人民幣兌美元升值1%，而其他所有變數維持不變，則年內除稅後綜合溢利將減少約711,000港元(二零零九年：633,000港元)，主要由於以美元計值之貿易應收款項產生之外匯虧損所致。

5. FINANCIAL RISK MANAGEMENT (Continued)

(b) Price risk

The Group's financial assets at fair value through profit or loss are measured at fair value at the end of each reporting period. Therefore, the Group is exposed to commodity price risk. The directors manage this exposure by closely monitoring the price of the commodity and adopting measures to reduce the risk, if necessary.

At 31 December 2010, if the zinc price has increased 5 per cent with all other variables held constant, consolidated profit after tax for the year would have been approximately HK\$346,000 (2009: Nil) higher, arising mainly as a result of the gain on the zinc forward contract included in the financial assets at fair value through profit or loss. If the zinc had decreased 5 per cent with all other variables held constant, consolidated profit after tax for the year would have been approximately HK\$346,000 (2009: Nil) lower, arising mainly as a result of the loss on zinc forward contract included in the financial assets at fair value through profit or loss.

(c) Credit risk

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

The carrying amount of the trade and other receivables, financial assets at fair value through profit or loss, pledged bank deposits and bank and cash balances 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.

5. 財務風險管理(續)

(b) 價格風險

本集團於按公平值計入損益賬的金融資產於報告期末按公平值計算。因此，本集團承擔商品價格風險。董事密切監察商品的價格，如有需要，採取措施降低風險，控制這方面的承擔。

於二零一零年十二月三十一日，如鋅價格上升5%，而所有其他變素維持不變，則年內除稅後綜合溢利將為增加約346,000港元(二零零九年：無)，主要原因是按公平值計入損益賬的金融資產已計入鋅遠期合約的收益。如鋅價格下跌5%，而所有其他變素保持不變，則年內除稅後綜合溢利將減少約346,000港元(二零零九年：無)，主要原因是按公平值計入損益賬的金融資產已計入鋅遠期合約的虧損。

(c) 信貸風險

本集團訂有政策，以確保只向信貸記錄良好的客戶銷售產品。

本集團就其金融資產所承受最高信貸風險乃為計入綜合財務狀況表的貿易及其他應收款項、按公平值計入損益賬之金融資產、已抵押之銀行存款以及銀行及現金結餘之賬面值。

Notes to the Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2010 截至二零一零年十二月三十一日

5. FINANCIAL RISK MANAGEMENT (Continued)

(c) Credit risk (Continued)

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

		2010 二零一零年 %	2009 二零零九年 %
		百分比	百分比
Due from the Group's largest customer	應收本集團最大客戶款項	16	18
Due from the Group's five largest customers	應收本集團五大客戶款項	73	73

The credit risk on pledged bank deposits, bank and cash balances and financial assets at fair value through profit or loss is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

(d) Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements, its compliance with lending covenants and its relationship with its bankers to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's bank borrowings and other financial liabilities, based on undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay.

5. 財務風險管理(續)

(c) 信貸風險(續)

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

由於交易對手方均為國際信貸評級機構評定具有高信貸評級的銀行，故已抵押銀行存款、銀行及現金結餘及按公平值計入損益賬之金融資產的信貸風險有限。

(d) 流動資金風險

本集團之政策為定期監察其流動資金需要、其遵守借款契諾及其與銀行之關係，以確保其維持足以應付短期及較長遠之重要融資需要之現金儲備及可隨時變現有價證券以及資金之已承諾額度。

下表列示按未折現現金流量(包括按合約利率或(如為浮息)按報告期末的現行利率計算的利息金額)及本集團可能須還款的最早日期呈列的本集團於報告期末的銀行借款及其他金融負債的餘下合約期限。

Notes to the Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2010 截至二零一零年十二月三十一日

5. FINANCIAL RISK MANAGEMENT (Continued)

(d) Liquidity risk (Continued)

Specifically, for term loans which contain a repayment on demand clause which can be exercised at the bank's sole discretion, the analysis shows the cash outflow based on the earliest period in which the entity can be required to pay, that is if the lenders were to invoke their unconditional rights to call the loans with immediate effect. The maturity analysis for other financial liabilities is prepared based on the scheduled repayment dates.

5. 財務風險管理(續)

(d) 流動資金風險(續)

具體而言，對於銀行可全權酌情行使的按要求償還條款的定期貸款，有關分析按可能須還款的最早期間(即倘貸款人擬行使其無條件權利要求即時償還貸款)呈列現金流量，其他金融負債的到期日分析則按預定還款期編製。

		2010 二零一零年					
		Maturity Analysis – Undiscounted cash outflows 到期日分析 – 未折現現金流出					
		On demand	Within 1 year	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total undiscounted cash outflows
		按要求	一年內	一年以上 但少於兩年	兩年以上 但少於五年	五年以上	未折現現金 流出總額
		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
Obligations under finance leases	融資租約承擔	10,200	1,807	-	-	-	12,007
Bank loans and overdraft subject to a repayment on demand clause	受按要求償還之條款限制之 銀行貸款及透支	124,851	-	-	-	-	124,851
Other payables and accruals	其他應付款項及應計費用	48,416	-	-	-	-	48,416
Trade payables	應付貿易款項	126,229	-	-	-	-	126,229
Due to a related company	應付關連公司款項	1,456	-	-	-	-	1,456
		311,152	1,807	-	-	-	312,959

		2009 (restated) 二零零九年(重列)					
		Maturity Analysis – Undiscounted cash outflows 到期日分析 – 未折現現金流出					
		On demand	Within 1 year	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total undiscounted cash outflows
		按要求	一年內	一年以上 但少於兩年	兩年以上 但少於五年	五年以上	未折現現金 流出總額
		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
Obligations under finance leases	融資租約承擔	17,214	5,356	1,778	-	-	24,348
Bank loans and overdraft subject to a repayment on demand clause	受按要求償還之條款限制之 銀行貸款及透支	75,225	-	-	-	-	75,225
Other payables and accruals	其他應付款項及應計費用	36,880	-	-	-	-	36,880
Trade payables	應付貿易款項	59,260	-	-	-	-	59,260
Due to a related company	應付關連公司款項	2,422	-	-	-	-	2,422
		191,001	5,356	1,778	-	-	198,135

Notes to the Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2010 截至二零一零年十二月三十一日

5. FINANCIAL RISK MANAGEMENT (Continued)

(d) Liquidity risk (Continued)

The following table summarises the maturity analysis of term loans and obligations under finance leases with a repayment on demand clause based on agreed scheduled repayments set out in the loan agreements. The amounts include interest payments computed using contractual rates. As a result, these amounts were greater than the amounts disclosed in the “on demand” time band in the maturity analysis contained above. Taking into account the Company’s financial position, the directors do not consider that it is probable that the bank will exercise its discretion to demand immediate repayment. The directors believe that such term loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

5. 財務風險管理(續)

(d) 流動資金風險(續)

下表概述根據附有按要求償還條款的定期貸款及融資租約承擔按貸款協議載列的議定還款日期的到期日分析。該等金額包括按合約利率計算的利息款項。因此，該等金額較上文所載到期日分析中「按要求」時間範圍內披露的金額為高。鑒於本公司的財務狀況，董事認為銀行不大可能行使其酌情權要求即時還款。董事相信該等定期貸款將按貸款協議所載的預定還款期償還。

		Maturity Analysis – Term loans subject to a repayment on demand clause based on schedule repayments 到期日分析 – 附有按要求償還條款的定期貸款按預定還款期					
		On demand	Within 1 year	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total undiscounted cash outflows
		按 要 求	一 年 內	但 少 於 兩 年 一 年 以 上	但 少 於 五 年 兩 年 以 上	五 年 以 上	未 折 現 金 流 出 總 額
		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
31 December 2010	二零一零年十二月三十一日						
Bank loans and overdraft	銀行貸款及透支	66,139	26,559	12,202	17,113	5,165	127,178
Obligations under finance leases	融資租約承擔	-	9,117	3,040	-	-	12,157
31 December 2009	二零零九年十二月三十一日						
Bank loans and overdraft	銀行貸款及透支	29,092	23,065	8,049	10,624	6,577	77,407
Obligations under finance leases	融資租約承擔	-	12,661	9,069	3,018	-	24,748

Notes to the Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2010 截至二零一零年十二月三十一日

5. FINANCIAL RISK MANAGEMENT (Continued)

(e) Interest rate risk

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

At 31 December 2010, if interest rates at that date had been 10 basis points lower with all other variables held constant, consolidated profit after tax for the year would have been approximately HK\$34,000 (2009: HK\$17,000) higher, arising mainly as a result of lower interest expenses on bank and other borrowings but partly offset by lower interest income on bank and cash balances. If interest rates had been 100 basis points higher, with all other variables held constant, consolidated profit after tax for the year would have been approximately HK\$339,000 (2009: HK\$168,000) lower, arising mainly as a result of higher interest expenses on bank and other borrowings but partly offset by higher interest income on bank and cash balances.

(f) Categories of financial instruments at 31 December 2010

5. 財務風險管理(續)

(e) 利率風險

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

於二零一零年十二月三十一日，倘當日的利率下跌10個基點，而其他所有變數維持不變，則年內除稅後綜合溢利將增加約34,000港元(二零零九年：17,000港元)，主要由於銀行及其他借款的利息開支減少所致，惟部份影響會由銀行及現金結餘的利息收入減少所抵銷。倘利率上升100個基點，而其他所有變數維持不變，則年內除稅後綜合溢利將減少約339,000港元(二零零九年：168,000港元)，主要由於銀行及其他借款的利息開支增加所致，惟部份影響會由銀行及現金結餘的利息收入增加所抵銷。

(f) 於二零一零年十二月三十一日金融工具之分類

		2010	2009
		二零一零年	二零零九年
		HK\$'000	HK\$'000
		千港元	千港元
Financial assets:	金融資產：		
Loans and receivables (including cash and cash equivalents)	貸款及應收款項(包括現金及等同現金項目)	288,541	200,940
Financial assets at fair value through profit or loss:	按公平值計入損益賬的金融資產：		
Held for trading	持作買賣	8,292	-
Financial liabilities:	金融負債：		
Financial liabilities at amortised cost	按攤銷成本計算之金融負債	300,952	173,787

Notes to the Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2010 截至二零一零年十二月三十一日

5. FINANCIAL RISK MANAGEMENT (Continued)

(g) 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.

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 asset or liability that are not based on observable market data (unobservable inputs).

Disclosures of level in fair value hierarchy at 31 December 2010:

Description	項目	Level 1 第1層 HK\$'000 千港元	Level 2 第2層 HK\$'000 千港元	Level 3 第3層 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
Financial assets at fair value through profit or loss	按公平值計入損益賬的 金融資產				
Derivatives	衍生工具	-	8,292	-	8,292

The total gains or losses recognised in profit or loss including those for assets held at end of reporting period have been presented in the consolidated income statement.

5. 財務風險管理(續)

(g) 公平值

本集團之金融資產及金融負債於綜合財務狀況表反映之賬面值概若相等於各自之公平值。

本集團採用以下公平值等級架構披露公平值計量，當中包括三層：

- 第1層：相同資產及負債之活躍市場報價(未經調整)。
- 第2層：第一層所包括之報價以外，資產及負債直接(即價格)或間接(即從價格推算)觀察得出之輸入資料。
- 第3層：並非根據可觀察市場數據而得出之資產或負債輸入資料(無法觀察輸入)。

公平值等級架構於二零一零年十二月三十一日之各層披露如下：

於損益內確認之收益或虧損包括於報告期末已在綜合收益表呈列之所持資產。

Notes to the Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2010 截至二零一零年十二月三十一日

6. TURNOVER

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

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

6. 營業額

本集團主要從事生產及銷售鋅、鎂及鋁合金壓鑄和塑膠注塑產品及零部件業務。

營業額指於年內銷售貨品的已收及應收款項淨額(已扣除退貨及給予客戶的折扣)。

	2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Sale of goods 銷售貨品	913,344	633,832

7. OTHER INCOME

	2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Interest income 利息收入	569	178
Rental income 租金收入	26	171
Sale of scrap materials 廢料銷售	1,369	641
Compensation from insurance 保險賠償	-	180
Unrealised gain on financial assets at fair value through profit or loss 按公平值計入損益賬的金融資產未變現收益	8,292	-
Realised gain on financial assets at fair value through profit or loss 按公平值計入損益賬的金融資產變現收益	1,320	-
Gain on disposal of property, plant and equipment 出售物業、機器及設備之收益	214	1,665
Others 其他	542	907
	12,332	3,742

7. 其他收入

Notes to the Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2010 截至二零一零年十二月三十一日

8. SEGMENT INFORMATION

For management purposes, the Group's operation is currently categorised into four operating divisions – zinc, magnesium and aluminium alloy die casting and plastic injection products and components. These divisions are the basis of the Group's four reportable segments. The Group's reportable segments are strategic business units that offer different products. They are managed separately because each business requires different technology and different cost measurement.

The accounting policies of the operating segments are the same as those described in note 3 to the consolidated financial statements. Segment profits or losses do not include interest income, corporate income, gain or loss from derivative instruments, corporate expenses, finance costs and income tax expense. Segment assets do not include current tax assets, corporate assets, club membership and derivative instruments. Segment liabilities do not include corporate liabilities, derivative instruments, borrowings, obligations under finance leases, dividend payables, current tax liabilities and deferred tax liabilities.

Information about reportable segment profit or loss, assets and liabilities:

8. 分部資料

為方便管理，本集團現時業務分為四個營運部門—鋅、鎂及鋁合金壓鑄及塑膠注塑產品及部件。該等部門是本集團呈報主要分部資料的基準。本集團之呈報分部為提供不同產品之的策略業務單位。由於有關業務需要不同技術及有不同成本計量方式，故該等分部乃獨立管理。

經營分部之會計政策與綜合財務報表附註3所載的相同。分部溢利或虧損不包括利息收入、企業收益、來自衍生工具之損益、企業開支、融資成本及所得稅開支。分部資產不包括即期稅項資產、企業資產、會所會籍及衍生工具。分部負債不包括企業負債、衍生工具、借款、融資租約承擔、應付股息、即期稅項負債及遞延稅項負債。

呈報分部溢利或虧損、資產及負債之資料如下：

		Zinc alloy die casting 鋅合金壓鑄 HK\$'000 千港元	Magnesium alloy die casting 鎂合金壓鑄 HK\$'000 千港元	Aluminium alloy die casting 鋁合金壓鑄 HK\$'000 千港元	Plastic injection 塑膠注塑 HK\$'000 千港元	Total 總數 HK\$'000 千港元
Year ended 31 December 2010	截至二零一零年十二月三十一日止年度					
Revenue from external customers	來自外來客戶的收益	356,098	165,752	196,453	195,041	913,344
Segment profit	分部溢利	46,803	9,417	30,378	9,564	96,162
Depreciation	折舊	11,987	13,004	13,087	9,671	47,749
Additions to segment non-current assets	分部非流動資產之增加	23,822	1,654	12,534	28,033	66,043
As at 31 December 2010	於二零一零年十二月三十一日					
Segment assets	分部資產	166,272	196,916	157,348	183,423	703,959
Segment liabilities	分部負債	41,488	39,337	36,385	62,077	179,287

Notes to the Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2010 截至二零一零年十二月三十一日

8. SEGMENT INFORMATION (Continued)

Information about reportable segment profit or loss, assets and liabilities (Continued):

8. 分部資料(續)

呈報分部溢利或虧損、資產及負債之資料如下(續)：

		Zinc alloy die casting 鋅合金壓鑄 HK\$'000 千港元 (restated) (重列)	Magnesium alloy die casting 鎂合金壓鑄 HK\$'000 千港元	Aluminium alloy die casting 鋁合金壓鑄 HK\$'000 千港元	Plastic injection 塑膠注塑 HK\$'000 千港元 (restated) (重列)	Total 總數 HK\$'000 千港元
Year ended 31 December 2009	截至二零零九年十二月三十一日止年度					
Revenue from external customers	來自外來客戶的收益	275,482	139,997	164,846	53,507	633,832
Segment profit/(loss)	分部溢利/(虧損)	31,639	36,877	9,150	(7,752)	69,914
Depreciation (restated)	折舊(重列)	9,235	12,854	10,792	4,502	37,383
Additions to segment non-current assets	分部非流動資產之增加	13,284	4,943	7,302	16,727	42,256
As at 31 December 2009	於二零零九年十二月三十一日					
Segment assets	分部資產	165,206	179,601	130,132	85,076	560,015
Segment liabilities	分部負債	39,004	22,871	24,645	11,178	97,698

Notes to the Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2010 截至二零一零年十二月三十一日

8. SEGMENT INFORMATION (Continued)

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

8. 分部資料(續)

呈報分部收益、溢利或虧損、資產及負債之對賬：

		2010	2009
		二零一零年	二零零九年
		HK\$'000	HK\$'000
		千港元	千港元
Revenue	收益		
Total revenue of reportable segments	呈報分部之總收益	913,344	633,832
Unallocated amounts	不分類數目	-	-
Consolidated revenue	綜合收益	913,344	633,832
Profit or loss	溢利或虧損		
Total profit or loss of reportable segments	呈報分部總溢利或虧損	96,162	69,914
Unallocated amounts:	不分類數目：		
Interest income	利息收入	569	178
Corporate income	企業收益	488	2,073
Gain/(loss) on financial assets/liabilities at fair value through profit or loss	按公平值計入損益賬的金融資產／負債溢利／(虧損)	9,612	(761)
Corporate expenses	企業開支	(30,920)	(19,755)
Finance costs	融資成本	(2,139)	(1,610)
Income tax expense	所得稅開支	(17,639)	(12,239)
Consolidated profit for the year	年內綜合溢利	56,133	37,800

Notes to the Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2010 截至二零一零年十二月三十一日

8. SEGMENT INFORMATION (Continued)

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

8. 分部資料(續)

呈報分部收益、溢利或虧損、資產及負債之對賬(續)：

		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元 (restated) (重列)
Assets			
Total assets of reportable segments	資產 呈報分部總資產	703,959	560,015
Unallocated amounts:	不分類數目：		
Current tax assets	即期稅項資產	-	1,600
Corporate assets	企業資產	219,079	200,881
Financial assets at fair value through profit or loss	按公平值計入損益賬的 金融資產	8,292	-
Club membership	會所會籍	718	718
Consolidated total assets	綜合總資產	932,048	763,214
Liabilities			
Total liabilities of reportable segments	負債 呈報分部總負債	179,287	97,698
Unallocated amounts:	不分類數目：		
Corporate liabilities	企業負債	516	1,876
Bank borrowings	銀行借款	124,851	75,225
Obligations under finance leases	融資租約承擔	11,953	24,191
Current tax liabilities	即期稅項負債	9,615	6,932
Deferred tax liabilities	遞延稅項負債	2,388	1,608
Consolidated total liabilities	綜合總負債	328,610	207,530
Other material items – depreciation			
Total depreciation and amortisation of reportable segments	其他重大項目 – 折舊 呈報分部總折舊及攤銷	47,749	37,383
Unallocated amounts:	不分類數目：		
Depreciation of property, plant and equipment for corporate use	企業用物業、機器及設備折舊	7,555	2,769
Consolidated depreciation	綜合折舊	55,304	40,152
Other material items – additions to non-current assets			
Total additions to non-current assets of reportable segments	其他重大項目 – 非流動資產增加 呈報分部總非流動資產增加	66,043	42,256
Unallocated amounts:	不分類數目：		
Additions to non-current assets for corporate use	企業用非流動資產增加	2,457	35,276
Consolidated additions to non-current assets	綜合非流動資產增加	68,500	77,532

Apart from the above, the totals of other material items disclosed in the segment information are the same as the consolidated totals.

除上述外，於分部資料披露的其他重大項目的總數與綜合總數相同。

Notes to the Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2010 截至二零一零年十二月三十一日

8. SEGMENT INFORMATION (Continued)

Geographical information:

		Revenue		Non-current assets	
		收益		非流動資產	
		2010	2009	2010	2009
		二零一零年	二零零九年	二零一零年	二零零九年
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
Hong Kong	香港	597,362	344,842	21,335	22,790
PRC except Hong Kong	中國(香港除外)	90,517	59,625	423,419	400,473
Japan	日本	42,143	113,226	-	-
North America	北美洲	133,490	37,972	-	-
Others	其他	49,832	78,167	-	-
Consolidated total	綜合總數	913,344	633,832	444,754	423,263

In presenting the geographical information, revenue is based on the locations of the customers.

呈列地區資料時，收益是以客戶的地區為基準。

Revenue from major customers:

來自主要客戶之收益：

		2010	2009
		二零一零年	二零零九年
		HK\$'000	HK\$'000
		千港元	千港元
			(restated)
			(重列)
Zinc alloy die casting segment	鋅合金壓鑄分部		
Customer a	客戶a	132,268	121,024
Customer b	客戶b	123,292	74,062
Magnesium alloy die casting segment	鎂合金壓鑄分部		
Customer a	客戶a	5,403	5,946
Customer c	客戶c	41,269	112,483
Aluminium alloy die casting segment	鋁合金壓鑄分部		
Customer a	客戶a	101,634	103,200
Plastic injection segment	塑膠注塑分部		
Customer b	客戶b	101,519	52,820

Notes to the Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2010 截至二零一零年十二月三十一日

9. FINANCE COSTS

9. 融資成本

		2010	2009
		二零一零年	二零零九年
		HK\$'000	HK\$'000
		千港元	千港元
Interest expenses on bank loans and overdraft	銀行貸款及透支利息開支	1,722	942
Finance lease charges	融資租約支出	417	668
		2,139	1,610

		2010	2009
		二零一零年	二零零九年
		HK\$'000	HK\$'000
		千港元	千港元
Interest on borrowings	以下借款之利息		
– Wholly repayable within five years	– 全數須於五年內償還	1,897	1,571
– Not wholly repayable within five years	– 全數毋須於五年內償還	242	39
Total finance costs	融資成本總額	2,139	1,610

The analysis shows the finance costs of bank borrowings and obligation under finance leases including term loans and finance leases which contain a repayment on demand clause, in accordance with the agreed scheduled repayments dates set out in the loan agreements. For the years ended 31 December 2010 and 2009, the interest on bank borrowings and obligation under finance leases which contain a repayment on demand clause amounted to approximately HK\$2,004,000 and HK\$1,276,000 respectively.

有關分析列示銀行貸款及融資租約承擔的融資成本，包括根據貸款協議所載的議定預定還款期之附有按要求償還條款的定期貸款及融資租約。截至二零一零年及二零零九年十二月三十一日止年度，附有按要求償還條款的銀行貸款及融資租約承擔的利息分別約為2,004,000港元及1,276,000港元。

Notes to the Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2010 截至二零一零年十二月三十一日

10. INCOME TAX EXPENSE

10. 所得稅開支

		2010	2009
		二零一零年	二零零九年
		HK\$'000	HK\$'000
		千港元	千港元
Current tax – Hong Kong Profits Tax	即期稅項－香港利得稅		
Provision for the year	本年度撥備	8,703	1,752
Over-provision in prior years	往年度超額撥備	(515)	(49)
Current tax – PRC enterprise income tax	即期稅項－中國企業所得稅		
Provision for the year	本年度撥備	8,480	10,536
Under-provision in prior years	往年度撥備不足	191	–
Deferred tax (note 28)	遞延稅項(附註28)	780	–
Income tax expense	所得稅開支	17,639	12,239

Hong Kong Profits Tax has been provided at a rate of 16.5% (2009: 16.5%) on the estimated assessable profits of Hong Kong incorporated subsidiaries for the year ended 31 December 2010, subject to the application of the Departmental Interpretation Practice Note No. 21 (“DIPN 21”) issued by the Inland Revenue Department of Hong Kong for certain Hong Kong incorporated subsidiaries which have conducted their manufacturing operations by entering into processing arrangements with the processing factories in the PRC. Pursuant to the DIPN 21, 50% of the adjusted profits of these subsidiaries were treated as offshore and not taxable in Hong Kong. No provision for Hong Kong Profits Tax is required for Cheong Fai (International) Steel Company Limited, Alphalite Company Limited and Ka Shui Technology Limited since they have no assessable profit for the year.

The new PRC Enterprise Income Tax (“EIT”) law passed by the Tenth National People’s Congress on 16 March 2007 introduces various changes which include the unification of the EIT rate for domestic and foreign enterprises at 25%. The new tax law was effective from 1 January 2008. This tax rate is applicable to Ka Yi Technology (Huizhou) Company Limited.

截至二零一零年十二月三十一日止年度之香港利得稅根據香港註冊附屬公司之估計應課稅溢利以稅率16.5%(二零零九年: 16.5%)作出撥備(須視乎香港稅務局頒佈的稅務局釋義及執行指引第21號(「釋義及執行指引第21號」)指定於香港註冊之某些附屬公司藉著與中國的加工廠訂立加工安排進行生產業務是否適用)。根據釋義及執行指引第21號, 此等附屬公司之經調整溢利50%視為離岸溢利, 毋須在香港納稅。由於昌輝(國際)鋼材有限公司、嘉能照明有限公司及嘉瑞科技有限公司於本年度並無應課稅溢利, 因此無需要為香港利得稅作出撥備。

於二零零七年三月十六日第十屆全國人民代表大會上通過之新中國企業所得稅法引進多項變動包括統一內外資企業之企業所得稅率為25%。新稅法於二零零八年一月一日生效。此稅率適用於嘉宜科技(惠州)有限公司。

Notes to the Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2010 截至二零一零年十二月三十一日

10. INCOME TAX EXPENSE (Continued)

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

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

MG Technology (Shenzhen) Company Limited is an enterprise established and operating in Shenzhen Special Economic Zone, and hence, it would have to file its quarterly EIT returns at 22% EIT rate in 2010.

Ka Shui Technology (Huizhou) Company Limited, Ka Fung Industrial Technology (Huizhou) Company Limited and Ample Wealth Property Developments (Huizhou) Limited have no assessable profits since their establishment and hence no provisions were made during the year.

No provision for income tax in jurisdiction other than Hong Kong and the PRC has been made as the Group has no assessable profit subject to overseas income tax for the year ended 31 December 2010 (2009: Nil).

10. 所得稅開支(續)

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

創金美科技(深圳)有限公司為一間於深圳經濟特區成立及營運之企業，因此它於二零一零年須按22%企業所得稅率申報其季度企業所得稅。

嘉瑞科技(惠州)有限公司、嘉豐工業科技(惠州)有限公司及富豐物業發展(惠州)有限公司自成立以來並無應課稅溢利，故於本年度並無相關稅務撥備。

由於本集團於截至二零一零年十二月三十一日止年度並無海外所得稅規限之應課稅溢利(二零零九年：無)，故毋須於香港及中國以外地區之司法管轄區就所得稅作出撥備。

Notes to the Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2010 截至二零一零年十二月三十一日

10. INCOME TAX EXPENSE (Continued)

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

10. 所得稅開支(續)

所得稅開支與除稅前溢利乘以香港利得稅稅率計算所得結果的對賬如下：

		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Profit before tax	除稅前溢利	73,772	50,039
Tax at Hong Kong profits tax rate at 16.5% (2009: 16.5%)	按香港利得稅稅率16.5% (二零零九年：16.5%) 計算的稅項	12,172	8,256
Tax effect of expenses that are not deductible	不可扣稅開支的 稅務影響	2,492	2,682
Tax effect of income that is not taxable	毋須課稅收入的稅務影響	(292)	(830)
Tax effect of temporary differences not recognised	未確認暫時差異的 稅務影響	2,604	3,946
Tax effect of utilisation of tax losses not previously recognised	過往未確認利用稅項虧損之 稅務影響	(350)	(748)
Over-provision in previous year	過往年度超額撥備	(429)	(49)
Over-provision for current year	本年度超額撥備	156	183
Effect of different tax rates of subsidiaries	附屬公司稅率不同的稅務影響	1,286	(1,201)
Income tax expense	所得稅開支	17,639	12,239

Notes to the Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2010 截至二零一零年十二月三十一日

11. PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY

The Group's profit for the year attributable to owners of the Company is stated after charging/(crediting) the following:

11. 本公司權益持有人應佔年內溢利

本集團年內之溢利已扣除/(計入)下列各項：

		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元 (restated) (重列)
Allowance for doubtful debts	呆賬撥備	-	2,715
Allowance for inventories (included in cost of inventories sold)	存貨撥備(包含在已售存貨成本中)	2,565	4,732
Auditors' remuneration	核數師酬金		
Provision for the year	本年度撥備	930	880
Under/(over)-provision in prior year	過往年度撥備不足/(超額撥備)	44	(25)
Charge by auditors of the subsidiaries	附屬公司核數師費用	111	16
		1,085	871
Reversal of allowance for doubtful debts	呆賬撥備回撥	(897)	(628)
Cost of inventories sold	已售存貨成本	628,677	451,768
Depreciation of property, plant and equipment	物業、機器及設備折舊	55,304	40,152
Gain on disposal of property, plant and equipment	出售物業、機器及設備收益	(214)	(1,665)
Property, plant and equipment written off	物業、機器及設備撇銷	69	-
(Gain)/loss on financial assets/liabilities at fair value through profit or loss	按公平值計入損益賬之金融資產/負債之(收益)/虧損	(9,612)	761
Net exchange loss	匯兌虧損	3,104	550
Operating lease charges in respect of land and buildings	土地及樓宇經營租約租金	3,464	2,725
Research and development expenditure	研發開支	3,821	2,517
Staff costs:	員工成本：		
Directors' emoluments (note 12(a))	董事酬金(附註12(a))	8,406	8,742
Wages and salaries	工資及薪金	171,142	130,242
Equity-settled share based payments (excluding directors)	以股權結算以股份支付的款項(不包括董事)	675	2,213
Other staff benefits	其他員工福利	11,402	8,578
Retirement benefits scheme contributions (excluding directors)	退休福利計劃供款(不包括董事)	4,878	2,920
		196,503	152,695

Cost of inventories sold includes staff costs, depreciation and operating lease charges of approximately HK\$140,136,000 (2009: HK\$138,776,000), which are included in the amounts disclosed separately.

已售存貨成本包括員工成本、折舊及經營租約租金約140,136,000港元(二零零九年：138,776,000港元)，彼等已各自分別披露。

Research and development expenditure includes staff costs of approximately HK\$1,993,000 (2009: HK\$1,471,000), which are included in the amounts disclosed separately.

研發開支中包括獨立披露的員工成本約1,993,000港元(二零零九年：1,471,000港元)。

Notes to the Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2010 截至二零一零年十二月三十一日

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

(a) Emoluments of directors (key management personnel)

The emoluments of each director were as follows:

Name of director	董事姓名	Fees 袍金 HK\$'000 千港元	Salaries and allowances 薪金及津貼 HK\$'000 千港元	Discretionary bonus 酬情花紅 HK\$'000 千港元	Share-based payments 以股權結算之款項 HK\$'000 千港元	Retirement benefit contributions 退休福利計劃供款 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Year ended 31 December 2010		截至二零一零年十二月三十一日					
Executive directors		執行董事					
Mr. LEE Yuen Fat	李遠發先生	-	2,278	342	65	12	2,697
Dr. KEUNG Wing Ching	姜永正博士	-	1,908	285	45	12	2,250
Mr. WONG Wing Chuen	黃永銓先生	-	1,139	190	45	12	1,386
Mr. CHAN Tat Cheong, Alan	陳達昌先生	-	1,235	190	42	12	1,479
Independent non-executive directors		獨立非執行董事					
Mr. SUN Kai Lit, Cliff BBS, JP	孫啟烈先生BBS, 太平紳士	150	-	-	-	-	150
Ir Dr. LO Wai Kwok BBS, MH, JP	盧偉國博士BBS, MH, 太平紳士	150	-	-	-	-	150
Mr. YEOW Hoe Ann, John	姚和安先生	150	-	-	-	-	150
Mr. Andrew LOOK	陸東先生	144	-	-	-	-	144
Total for 2010	二零一零年總計	594	6,560	1,007	197	48	8,406
Year ended 31 December 2009		截至二零零九年十二月三十一日					
Executive directors		執行董事					
Mr. LEE Yuen Fat	李遠發先生	-	2,313	171	198	12	2,694
Dr. KEUNG Wing Ching	姜永正博士	-	1,893	143	135	12	2,183
Mr. WONG Wing Chuen	黃永銓先生	-	1,022	76	134	12	1,244
Mr. CHAN Tat Cheong, Alan	陳達昌先生	-	1,262	95	126	12	1,495
Mr. ZHAO Jian	趙健先生	-	570	-	87	7	664
Independent non-executive directors		獨立非執行董事					
Mr. SUN Kai Lit, Cliff BBS, JP	孫啟烈先生BBS, 太平紳士	150	-	-	-	-	150
Ir Dr. LO Wai Kwok BBS, MH, JP	盧偉國博士BBS, MH, 太平紳士	150	-	-	-	-	150
Mr. YEOW Hoe Ann, John	姚和安先生	150	-	-	-	-	150
Mr. Andrew LOOK	陸東先生	12	-	-	-	-	12
Total for 2009	二零零九年總計	462	7,060	485	680	55	8,742

There were no arrangements under which a director waived or agreed to waive any emoluments during the year (2009: Nil).

12. 董事(主要管理人員)酬金及最高薪僱員

(a) 董事(主要管理人員)酬金

各董事的酬金如下：

年內概無董事放棄或同意放棄任何酬金的安排(二零零九年：無)。

Notes to the Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2010 截至二零一零年十二月三十一日

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

(b) Five highest paid individuals

The five highest paid individuals in the Group during the year included 4 (2009: 4) directors whose emoluments are reflected in the analysis presented above. The emoluments of the remaining individual for the year ended 31 December 2010 are set out below:

		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Basic salaries and allowances	基本薪酬及津貼	917	912
Discretionary bonus	酬情花紅	105	68
Share-based payments	以股權結算之款項	57	178
Retirement benefit scheme contributions	退休福利計劃供款	12	12
		1,091	1,170

The emoluments fell within the following band:

酬金介乎以下範圍：

		Number of individuals	
		2010	2009
HK\$1,000,001 to HK\$1,500,000	1,000,001港元至1,500,000港元	1	1

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

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

13. DIVIDENDS

13. 股息

		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Interim of HK1.3 cents (2009: HK2.1 cents) per ordinary share paid	已付每股普通股1.3港仙 (二零零九年：2.1港仙)之 中期股息	11,457	18,480
Proposed final of HK3.2 cents (2009: final dividend payment of HK1.1 cents) per ordinary share	每股普通股3.2港仙 (二零零九年：已付1.1港仙之 末期股息)之建議末期股息	28,248	9,694
		39,705	28,174

Notes to the Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2010 截至二零一零年十二月三十一日

14. EARNINGS PER SHARE

Basis earnings per share

The calculation of basic earnings per share attributable to owners of the Company is based on the profit for the year attributable to owners of the Company of approximately HK\$56,133,000 (2009: HK\$37,800,000) and the weighted average number of ordinary shares of 881,077,936 (2009: 880,000,000) in issue during the year.

Diluted earnings per share

The calculation of diluted earnings per share attributable to owners of the Company is based on the profit for the year attributable to owners of the Company of approximately HK\$56,133,000 and the weighted average number of ordinary shares of 891,312,929, being the weighted average number of ordinary shares of 881,077,936 in issue during the year used in the basic earnings per share calculation plus the weighted average number of ordinary shares of 10,234,993 assumed to have been issued at no consideration on the deemed exercise of the share options outstanding at the end of the reporting period.

No diluted earnings per share are presented for the year ended 31 December 2009 as the Company did not have any dilutive potential ordinary share during that year.

14. 每股盈利

每股基本盈利

本公司權益持有人應佔的每股基本盈利乃根據截至二零一零年十二月三十一日止年度本公司權益持有人應佔的溢利約56,133,000港元(二零零九年: 37,800,000港元)及年內已發行的加權平均普通股881,077,936股(二零零九年: 880,000,000股)計算。

每股攤薄盈利

本公司權益持有人應佔的每股攤薄盈利乃根據截至二零一零年十二月三十一日止年度本公司權益持有人應佔的溢利約56,133,000港元及加權平均普通股891,312,929股(用於計算每股基本盈利之年內已發行的加權平均普通股881,077,936股加上於報告期末未獲行使之購股權視作已行使而假設以沒有代價發行的加權平均普通股10,234,993股)計算。

由於本公司在截至二零零九年十二月三十一日止之年度內並無潛在攤薄股份，故沒有呈列每股攤薄盈利。

Notes to the Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2010 截至二零一零年十二月三十一日

15. PROPERTY, PLANT AND EQUIPMENT

15. 物業、機器及設備

		Group 本集團								
		Leasehold land	Buildings	Leasehold improvements	Plant and machinery	Computer equipment	Furniture, fixtures and office equipment 傢俬、固定裝置 及辦公室設備	Motor vehicles	Construction in progress	Total
		租賃土地	樓宇	租賃物業裝修	機器及設備	電腦設備	傢俬、固定裝置 及辦公室設備	汽車	在建工程	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	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
Cost	成本									
At 1 January 2009	於二零零九年一月一日									
- as previously reported	- 於以前匯報	-	66,244	6,803	263,385	5,922	4,275	8,484	84,954	440,067
- effect of changes in accounting policies	- 會計政策改變之影響	36,731	-	-	-	-	-	-	-	36,731
- as restated	- 重列	36,731	66,244	6,803	263,385	5,922	4,275	8,484	84,954	476,798
Acquisition of a subsidiary (note 32(b))	購入一間附屬公司 (附註32(b))	-	-	-	-	-	-	168	-	168
Transfer	轉移	-	75,044	7,994	957	-	-	-	(83,995)	-
Additions	添置	14,119	6,655	16,454	42,652	287	1,552	2,066	5,353	89,138
Disposal	出售	(710)	(2,828)	(287)	(1,388)	(34)	(808)	(907)	-	(6,962)
At 31 December 2009, as restated and 1 January 2010	於二零零九年十二月 三十一日(重列)· 於二零一零年一月一日	50,140	145,115	30,964	305,606	6,175	5,019	9,811	6,312	559,142
Transfer	轉移	-	1,217	2,820	81	-	-	-	(4,118)	-
Additions	添置	331	661	10,775	43,380	415	597	1,647	22,272	80,078
Disposal	出售	-	-	-	(6,297)	(41)	(58)	(682)	-	(7,078)
Exchange difference	匯兌差額	1,013	3,670	683	6,759	27	110	154	528	12,954
At 31 December 2010	於二零一零年十二月三十一日	51,484	150,663	45,252	349,529	6,576	5,668	10,930	24,994	645,096
Accumulated depreciation	累計折舊									
At 1 January 2009	於二零零九年一月一日									
- as previously reported	- 於以前匯報	-	12,019	3,543	89,991	3,190	3,325	4,673	-	116,741
- effect of changes in accounting policies	- 會計政策改變之影響	1,106	-	-	-	-	-	-	-	1,106
- as restated	- 重列	1,106	12,019	3,543	89,991	3,190	3,325	4,673	-	117,847
Charge for the year	年內扣除	679	4,768	2,782	29,030	1,301	489	1,123	-	40,152
Disposal	出售	(80)	(318)	(255)	(1,193)	(9)	(603)	(460)	-	(2,918)
At 31 December 2009, as restated and 1 January 2010	於二零零九年十二月 三十一日(重列)· 於二零一零年一月一日	1,705	16,469	6,050	117,828	4,482	3,211	5,336	-	155,081
Charge for the year	年內扣除	1,276	7,086	7,426	36,269	1,079	642	1,526	-	55,304
Disposal	出售	-	-	-	(4,880)	(32)	(53)	(380)	-	(5,345)
Exchange difference	匯兌差額	59	514	117	2,252	24	67	84	-	3,117
At 31 December 2010	於二零一零年十二月三十一日	3,040	24,069	13,593	151,469	5,553	3,867	6,566	-	208,157
Carrying amount	賬面值									
At 31 December 2010	於二零一零年十二月三十一日	48,444	126,594	31,659	198,060	1,023	1,801	4,364	24,994	436,939
At 31 December 2009 as restated	於二零零九年十二月三十一日 (重列)	48,435	128,646	24,914	187,778	1,693	1,808	4,475	6,312	404,061

Notes to the Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2010 截至二零一零年十二月三十一日

15. PROPERTY, PLANT AND EQUIPMENT (Continued)

The carrying amount of property, plant and equipment pledged as security for the Group's banking facilities amounted to approximately HK\$19,108,000 (2009: HK\$19,632,000 (restated)).

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

The net carrying amount of plant and machinery and motor vehicles held by the Group under finance leases amounted to approximately HK\$32,372,000 (2009: HK\$37,201,000).

As at 31 December 2009, included in leasehold land and buildings was a property of approximately HK\$14,044,000 (land cost) and HK\$5,588,000 (building cost) respectively of which the title has not been transferred to the Group as certain legal processes necessary for the acquisition have not been completed.

Included in leasehold land is one (2009: one) parcel of land amounted to approximately HK\$7,548,000 (2009: HK\$7,286,000) of which the Group is in the process of applying for the land use right certificate, which has not yet been issued by the relevant government authority in the PRC.

The Group's leasehold land is analysed as follows:

		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
In Hong Kong:	於香港		
Medium-term leases	中期租賃	13,669	14,044
Outside Hong Kong:	於香港境外		
Medium-term leases	中期租賃	34,775	34,391
		48,444	48,435

15. 物業、機器及設備(續)

賬面值約為19,108,000港元(二零零九年：19,632,000港元(重列))的物業、機器及設備已經抵押，作為本集團的銀行信貸擔保。

本集團按融資租約租用機器及汽車，為期三至五年。租約並不包括或然租金。

本集團按融資租約所持機器及汽車的賬面值約為32,372,000港元(二零零九年：37,201,000港元)。

於二零零九年十二月三十一日，租賃土地及樓宇分別包括一個約值14,044,000港元(土地成本)及5,588,000港元(樓宇成本)之物業，由於在購買時所需要的法律程序未完成，所以其擁有權尚未轉移至本集團。

租賃土地包括一幅(二零零九年：一幅)約值7,548,000港元(二零零九年：7,286,000港元)之土地，本集團正在申請土地使用權證而中國相關政府機關並未發出此證。

本集團之租賃土地載列如下：

Notes to the Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2010 截至二零一零年十二月三十一日

16. INVESTMENTS IN SUBSIDIARIES

16. 對附屬公司的投資

		Company	
		本公司	
		2010	2009
		二零一零年	二零零九年
		HK\$'000	HK\$'000
		千港元	千港元
Unlisted investment, at cost	非上市投資(按成本計算)	10,000	10,000

The amounts due from/to subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

應收／應付附屬公司款項為無抵押、免息及並無固定還款期。

Particulars of the subsidiaries as at 31 December 2010 are as follows:

於二零一零年十二月三十一日，附屬公司詳情如下：

Name	Place and date of incorporation	Issued and fully paid up share capital/ registered capital	Percentage of ownership interest/voting power/profit sharing		Principal activities	
			Direct	Indirect		
名稱	註冊成立地點及日期	已發行及繳足股本／註冊資本	應佔權益／投票權／溢利百分比	直接	間接	主要業務
Ka Shui (Holdings) Company Limited 嘉瑞集團(控股)有限公司	British Virgin Islands ("BVI") 英屬處女群島 (「英屬處女群島」)	369,093 ordinary shares of US\$0.1 each 369,093每股面值0.1美元之普通股	100%	-	-	Investment holding 投資控股
Ample Wealth Developments Limited 富豐發展有限公司	BVI 英屬處女群島	1 ordinary share of US\$1 each 1股每股面值1美元之普通股	-	100%	-	Investment holding 投資控股
Ka Fung Metal Manufactory Company Limited 嘉豐金屬製品廠有限公司	Hong Kong 香港	10,000 ordinary shares of HK\$1 each 10,000股每股面值1港元之普通股	-	100%	-	Manufacture of zinc alloy die casting and plastic injection products and components 生產鋅合金壓鑄和塑膠注塑產品及零部件
Ka Shui Manufactory Co., Limited 嘉瑞製品有限公司	Hong Kong 香港	100 ordinary shares of HK\$100 each 100股每股面值100港元之普通股	-	100%	-	Sale of zinc, magnesium and aluminium alloy die casting and plastic injection products and components 銷售鋅、鎂及鋁合金壓鑄和塑膠注塑產品及零部件

Notes to the Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2010 截至二零一零年十二月三十一日

16. INVESTMENTS IN SUBSIDIARIES (Continued)

16. 對附屬公司的投資(續)

Name 名稱	Place and date of incorporation 註冊成立地點及日期	Issued and fully paid up share capital/ registered capital 已發行及繳足股本/註冊資本	Percentage of ownership interest/voting power/profit sharing 應佔權益/投票權/ 溢利百分比		Principal activities 主要業務
			Direct 直接	Indirect 間接	
MG Technology (Shenzhen) Company Limited 創金美科技(深圳)有限公司	The PRC 中國	Registered capital HK\$150,000,000 註冊資本150,000,000港元	-	100%	Sale and manufacture of magnesium and aluminium alloy die casting products and components 銷售及生產鎂及鋁合金壓鑄 產品及零部件
Ka Shui Technology (Huizhou) Company Limited 嘉瑞科技(惠州)有限公司	The PRC 中國	Registered capital HK\$110,000,000 註冊資本110,000,000港元	-	100%	Inactive 暫無業務
Elegant Shine Investments Limited 雅輝投資有限公司	BVI 英屬處女群島	1 ordinary share of US\$1 each 1股每股面值1美元之普通股	-	100%	Inactive 暫無業務
Ample Wealth Property Developments (Huizhou) Limited 富豐物業開發(惠州)有限公司	The PRC 中國	Registered capital HK\$6,800,000 註冊資本6,800,000港元	-	100%	Inactive 暫無業務
Ka Shui Technology Limited 嘉瑞科技有限公司	Hong Kong 香港	10,000 ordinary shares of HK\$1 each 10,000股每股面值1港元之 普通股	-	100%	Investment holding 投資控股
Wing Yu (Far East) Industries Company Limited 永裕(遠東)實業有限公司	Hong Kong 香港	100,000 ordinary shares of HK\$1 each 10,000股每股面值1港元之 普通股	-	100%	Provision of surface finishing treatment services 提供表面處理服務

Notes to the Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2010 截至二零一零年十二月三十一日

16. INVESTMENTS IN SUBSIDIARIES (Continued)

16. 對附屬公司的投資(續)

Name 名稱	Place and date of incorporation 註冊成立地點及日期	Issued and fully paid up share capital/ registered capital 已發行及繳足股本/註冊資本	Percentage of ownership interest/voting power/profit sharing 應佔權益/投票權/ 溢利百分比		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Ka Yi Technology (Huizhou) Company Limited 嘉宜科技(惠州)有限公司	The PRC 中國	Registered capital HK\$20,000,000 註冊資本20,000,000港元	-	100%	Sale and manufacture of zinc and aluminium alloy die casting products and components 銷售及生產鋅及鋁合金 壓鑄產品及零部件
Cheong Fai (International) Steel Company Limited (formerly known as Ka May Metal Manufactory Company Limited) 昌輝(國際)鋼材有限公司(前稱 嘉美金屬製品有限公司)	Hong Kong 香港	1 ordinary share of HK\$1 each 1股每股面值1港元之普通股	-	100%	Inactive 暫無業務
Ka Fung Industrial Technology (Huizhou) Company Limited 嘉豐工業科技(惠州)有限公司	The PRC 中國	Registered capital HK\$2,000,000 註冊資本2,000,000港元	-	100%	Sale and manufacture of products and components with plastic contents 銷售及生產含塑膠部件之 產品及零部件
Alphalite Company Limited (formerly known as Lightxim Company Limited) 嘉能照明有限公司 (前稱嘉能照明有限公司)	Hong Kong 香港	1 ordinary share of HK\$1 each 1股每股面值1港元之普通股	-	100%	Trading and marketing of light emitting plasma lighting products 從事light emitting plasma照 明產品之貿易及市場推廣

MG Technology (Shenzhen) Company Limited, Ka Shui Technology (Huizhou) Company Limited, Ample Wealth Property Developments (Huizhou) Limited, Ka Yi Technology (Huizhou) Company Limited and Ka Fung Industrial Technology (Huizhou) Company Limited are wholly-foreign owned enterprises established in the PRC.

創金美科技(深圳)有限公司、嘉瑞科技(惠州)有限公司、富豐物業開發(惠州)有限公司、嘉宜科技(惠州)有限公司及嘉豐工業科技(惠州)有限公司為於中國成立之外商獨資企業。

Notes to the Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2010 截至二零一零年十二月三十一日

17. AVAILABLE-FOR-SALE FINANCIAL ASSETS

17. 可供出售金融資產

		Group 本集團	
		2010	2009
		二零一零年	二零零九年
		HK\$'000	HK\$'000
		千港元	千港元
Unlisted equity, at cost	非上市股本(按成本計算)	8,303	8,303
Impairment loss	減值虧損	(8,303)	(8,303)
		-	-

Unlisted equity is carried at cost as it does not have a quoted market price in an active market and the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that its fair value cannot be reliably measured.

由於非上市股本並無活躍市場報價，而合理公平值估計的範圍又太大，本公司董事認為其公平值不能準確計算，故非上市股本投資乃按成本入賬。

18. DEPOSITS PAID FOR ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

At 31 December 2010, included in deposits paid for acquisition of property, plant and equipment was a deposit of approximately HK\$5.5 million (2009: HK\$9.7 million) paid to a related company, Chit Shun Machinery Limited, for the acquisition of machinery.

18. 預付購買物業、機器及設備之按金

於二零一零年十二月三十一日，就預付購買物業、機器及設備之按金包括就購買機器而向一間關連公司捷迅機械設備有限公司支付之按金約5,500,000港元(二零零九年：9,700,000港元)。

19. INVENTORIES

19. 存貨

		Group 本集團	
		2010	2009
		二零一零年	二零零九年
		HK\$'000	HK\$'000
		千港元	千港元
Raw materials	原材料	86,986	64,435
Consumables supplies and spare parts	消耗品及備用零部件	8,817	8,554
Work in progress	在製品	46,607	34,714
Finished goods	製成品	42,912	27,562
		185,322	135,265
Less: Allowance for inventories	減：存貨撥備	(2,565)	(4,732)
		182,757	130,533

Notes to the Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2010 截至二零一零年十二月三十一日

20. TRADE RECEIVABLES

The Group's trading terms with customers are mainly on credit. The credit terms generally ranged from 7 to 90 days (2009: 30 to 90 days). Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors. The ageing analysis of trade receivables, based on the invoice date, and net of allowance, is stated as follows:

		Group 本集團	
		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
0 to 30 days	零至30日	96,799	69,725
31 to 60 days	31至60日	25,334	24,522
61 to 90 days	61至90日	16,830	13,454
91 to 180 days	91至180日	14,756	3,376
Over 180 days	180日以上	614	678
		154,333	111,755

At 31 December 2010, an allowance was made for estimated irrecoverable trade receivables of approximately HK\$2,322,000 (2009: HK\$3,204,000).

Reconciliation of allowance for trade receivables:

		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
At 1 January	於一月一日	3,204	1,053
Allowance for the year	本年度撥備	-	2,715
Reversal	回撥	(897)	(628)
Exchange differences	匯兌差額	15	64
At 31 December	於十二月三十一日	2,322	3,204

20. 貿易應收款項

本集團與客戶之交易條款大部分以信貸方式進行。信貸期通常為7至90日不等(二零零九年：30至90日)。各客戶均有最高信貸限額。本集團致力嚴格控制其未收取之應收款項。董事對逾期欠款進行定期檢查。基於發票日期之貿易應收款項(扣除折扣)之賬齡分析如下：

於二零一零年十二月三十一日，已就估計無法收回之貿易應收款項作出的撥備約2,322,000港元(二零零九年：3,204,000港元)。

貿易應收款項撥備之對賬：

Notes to the Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2010 截至二零一零年十二月三十一日

20. TRADE RECEIVABLES (Continued)

At 31 December 2010, trade receivables of approximately HK\$29,860,000 (2009: HK\$13,241,000) were past due but not impaired. These relate to a number of independent customers for whom there are no recent history of default. The ageing analysis of these trade receivables, based on the due date, is as follows:

		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Up to 3 months	3個月以內	29,302	12,532
4 to 6 months	4至6個月	196	709
Over 6 months	6個月以上	362	-
		29,860	13,241

The carrying amount of the Group's trade receivables is denominated in the following currencies:

		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
HK\$	港元	30,839	29,565
USD	美元	104,704	73,788
RMB	人民幣	17,779	7,599
Others	其他	1,011	803
		154,333	111,755

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

		Group 本集團 2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Zinc forward contract	鋅遠期合約	8,292	-

The carrying amount of the above financial assets is classified as held for trading.

20. 貿易應收款項(續)

於二零一零年十二月三十一日，約29,860,000港元(二零零九年：13,241,000港元)的貿易應收款項為逾期但無減值撥備。該等款項與眾多最近並無拖欠紀錄的獨立客戶有關。逾期貿易應收款項根據到期日的賬齡分析如下：

貿易應收款項賬面值乃以下列貨幣為單位：

21. 按公平值計入損益賬的金融資產

上述金融資產之賬面值分類為持作買賣。

Notes to the Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2010 截至二零一零年十二月三十一日

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

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

		2010 二零一零年		2009 二零零九年	
		Notional amount	HK\$ equivalent	Notional amount	HK\$ equivalent
		US\$	equivalent	US\$	equivalent
		名義金額	港元等值	名義金額	港元等值
Zinc forward contract	鋅遠期合約	3,534,000	27,565,000	-	-

The zinc forward contract has a maturity of approximately two years. The fair values of the derivatives are determined by reference to the forward market price of zinc at year end and the fixed price of zinc stated in the contract.

22. PLEDGED BANK DEPOSITS AND BANK AND CASH BALANCES

The Group's pledged bank deposits represented deposits pledged to banks to secure banking facilities granted to the Group as set out in note 27 to the consolidated financial statements. The deposits were denominated in HK\$ and arranged at floating interest rate ranging from 0.17% to 0.18% per annum (2009: 0.1% to 1.0% per annum) and therefore are subject to cash flow interest rate risk.

The Group's bank and cash balances of approximately HK\$77,099,000 (2009: HK\$62,948,000) were denominated in RMB. Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations.

21. 按公平值計入損益賬的金融資產(續)

上述投資代表衍生工具投資而提供本集團取得公平值升值回報之機會。相關商品為鋅。根據合約將收購或出售之鋅名義金額載列如下：

鋅遠期合約約於兩年到期。衍生工具之公平值以年終鋅的遠期市價及合約訂明的鋅固定價格釐定。

22. 已抵押銀行存款與銀行及現金結餘

本集團已抵押銀行存款指載於綜合財務報表附註27有關本集團為取得銀行信貸而抵押予銀行的存款。該等存款以港元為單位，以年利率0.17%至0.18%(二零零九年：0.1%至1.0%)的浮動利率計息，故須承受現金流量利率風險。

銀行及現金結餘約77,099,000港元(二零零九年：62,948,000港元)以人民幣為單位。人民幣兌換外幣受中國外匯管理條例及結匯、售匯及付匯管理規定所限制。

Notes to the Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2010 截至二零一零年十二月三十一日

22. PLEDGED BANK DEPOSITS AND BANK AND CASH BALANCES (Continued)

The carrying amount of bank and cash balances is denominated in the following currencies:

		Group 本集團		Company 本公司	
		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
HK\$	港元	10,417	2,637	387	75
USD	美元	33,479	12,301	-	-
RMB	人民幣	77,099	62,948	-	-
Others	其他	1,537	285	-	-
		122,532	78,171	387	75

The bank and cash balances earned interest at floating interest rates ranging from 0.01% to 1.98% per annum (2009: 0.01% to 0.4% per annum).

22. 已抵押銀行存款與銀行及現金結餘(續)

銀行及現金結餘之賬面值以下列貨幣為單位：

銀行及現金結餘以浮動利率由年利率0.01%至1.98%賺取利息(二零零九年：年利率0.01%至0.4%)。

23. TRADE PAYABLES

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

		Group 本集團	
		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
0 to 30 days	零至30日	85,929	32,061
31 to 60 days	31至60日	33,769	19,569
61 to 90 days	61至90日	5,682	2,037
91 to 180 days	91至180日	169	2,994
Over 180 days	180日以上	680	2,599
		126,229	59,260

23. 貿易應付款項

貿易應付款項按收貨日期計算的賬齡分析如下：

Notes to the Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2010 截至二零一零年十二月三十一日

23. TRADE PAYABLES (Continued)

The carrying amount of the Group's trade payables is denominated in the following currencies:

		2010	2009
		二零一零年	二零零九年
		HK\$'000	HK\$'000
		千港元	千港元
HK\$	港元	23,952	13,819
USD	美元	39,045	2,946
RMB	人民幣	59,644	40,745
Others	其他	3,588	1,750
		126,229	59,260

23. 貿易應付款項(續)

貿易應付款項賬面值以下列貨幣為單位：

24. DUE TO A RELATED COMPANY

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

		Group	
		本集團	
		2010	2009
		二零一零年	二零零九年
		HK\$'000	HK\$'000
		千港元	千港元
Chit Shun Machinery Limited	捷迅機械設備有限公司	1,456	2,422

24. 應付關連公司款項

應付關連公司款項詳情如下：

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

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

Notes to the Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2010 截至二零一零年十二月三十一日

25. BANK BORROWINGS

The analysis of the carrying amount of bank borrowings is as follows:

25. 銀行借款

銀行借款的賬面值分析如下：

		Group 本集團	
		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Current liabilities	流動負債		
Factoring loan due for repayment within one year	須於一年內償還之應收 賬款貸款	-	5,000
Overdraft	透支	-	46
Portion of term loans due for repayment within one year	須於一年內到期償還的定期 貸款部分	91,722	46,300
Portion of term loans due for repayment after one year which contain a repayment on demand clause	須於一年後到期償還的包含按 要求償還條款的定期銀行 貸款部分	33,129	23,879
		124,851	75,225

The interest-bearing bank borrowings, including the term loans repayable on demand, are carried at amortised cost. None of the portion of term loans due for repayment after one year which contain a repayment on demand clause that is classified as a current liability is expected to be settled within one year.

計息銀行貸款(包括須按要求償還的定期貸款)乃按攤銷成本列賬。須於一年後到期償還的包含按要求償還條款且分類為流動負債的定期貸款部分預期毋須於一年內清償。

Notes to the Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2010 截至二零一零年十二月三十一日

25. BANK BORROWINGS (Continued)

At 31 December 2010, interest-bearing bank loans and overdraft due for repayment were as follows:

25. 銀行借款(續)

於二零一零年十二月三十一日，到期償還的計息銀行貸款及透支如下：

		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Factoring loan repayable on demand	須按要求償還之應收賬款貸款	-	5,000
Portion of term loans due for repayment within one year	須於一年內到期償還的定期貸款部分	79,372	35,000
Overdraft repayable on demand	須按要求償還之透支	-	46
Portion of term loans due for repayment on demand or within one year	須按要求或於一年內到期償還的定期貸款部分	12,350	11,300
		91,722	51,346
Portion of term loans due for repayment after one year which contain a repayment on demand clause (note a)	須按要求或於一年內到期償還的包含按要求償還條款的定期貸款部分(附註a)		
After 1 year but within 2 years	一年之後但兩年之內	11,683	7,550
After 2 years but within 5 years	兩年之後但五年之內	16,463	10,046
After 5 years	五年之後	4,983	6,283
		33,129	23,879
		124,851	75,225

Note a:

The amounts due are based on the scheduled repayment dates set out in the loan agreements and ignore the effect of any repayment on demand clause.

One of the bank facilities are subject to the fulfilment of covenants relating to certain of the Group's financial ratios, as are commonly found in lending arrangements with financial institutions. Should the Group breach the covenants, the drawn down facilities would become repayable on demand. In addition, certain of the Group's term loan agreements contain clauses which give the lender the right at its sole discretion to demand immediate repayment at any time irrespective of whether the Group has complied with the covenants and met the scheduled repayment obligations.

附註 a:

結欠款項乃按貸款協議所載的預定還款期為基準，並無計及任何按要求償還條款的影響。

部分銀行融資額度需符合有關本集團若干財務比率之契諾，該等契諾通常於與金融機構訂立之貸款安排中出現。倘本集團違反有關契諾，則已動用之融資額度須按要求償還。此外，本集團若干定期貸款協議之條款中給予貸款人全權酌情決定隨時要求即時償還貸款的權利，而無論本集團是否遵守契諾及符合預定償還職責。

Notes to the Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2010 截至二零一零年十二月三十一日

25. BANK BORROWINGS (Continued)

The Group regularly monitors its compliance with these covenants and meets the scheduled repayments of the term loans. The Group does not consider it probable that the bank will exercise its discretion to demand repayment as long as it continues to meet these requirements. Further details of the Group's management of liquidity risk are set out in note 5(d). As at 31 December 2010, none of the covenants relating to drawn down facilities had been breached (2009: Nil).

Bank borrowings were arranged at floating interest rate. The range of the interest rates at 31 December was as follows:

		2010 二零一零年 %	2009 二零零九年 %
		百分比	百分比
		per annum 年利率	per annum 年利率
Portion of term loans due for repayment within one year	須於一年內到期償還的定期貸款部分	1.7% to 2.1% 1.7%至2.1%	1.6% to 2.3% 1.6%至2.3%
		per annum 年利率	per annum 年利率
Portion of term loans due for repayment after one year which contain a repayment on demand clause	須於一年後償還的包含按要求償還條款的定期貸款部分	1.7% to 2.9% 1.7%至2.9%	1.9% to 3.1% 1.9%至3.1%

Bank borrowings were secured by the Group's fixed deposits, properties, corporate guarantees provided by the Company and certain subsidiaries of the Company (note 27).

The carrying amount of the bank loans and overdraft is denominated in HK\$.

25. 銀行借款(續)

本集團定期監控此等契諾之遵守，並根據銀行貸款的預定還款期作出償還。在繼續符合此等規定的情況下，本集團並不認為銀行會行使其要求償還的權利。本集團控制流動資金風險的其他詳情載於附註5(d)。於二零一零年十二月三十一日，概無有關動用融資額度之契諾已被違反(二零零九年：無)。

銀行借款乃按浮動利率計息。於十二月三十一日的利率範圍如下：

銀行借款乃以本集團的定期存款、物業、本公司及若干附屬公司提供的公司擔保作抵押(附註27)。

銀行貸款及透支賬面值乃以港元為計值單位。

Notes to the Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2010 截至二零一零年十二月三十一日

26. OBLIGATIONS UNDER FINANCE LEASES

Obligations under finance leases are repayable as follows:

26. 融資租約承擔

融資租約承擔的還款期如下：

		Group 本集團			
		Minimum lease payments 最低租賃款		Present value of minimum lease payments 最低租賃款現值	
		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元 (restated) (重列)	2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元 (restated) (重列)
Within one year or containing a repayment on demand clause	一年內或包含按要 求償還之條款	12,007	22,570	11,953	22,440
In the second to fifth years, inclusive	第二年至第五年 (包括首尾兩年)	-	1,778	-	1,751
		12,007	24,348	11,953	24,191
Less: Future finance lease charges	減：未來融資租約支出	(54)	(157)	N/A	N/A
Present value of lease obligations	租約承擔現值	11,953	24,191	11,953	24,191
Less: Amount due for settlement within 12 months or containing a repayment on demand clause (shown under current liabilities)	減：12個月內到期結 算款項或包含按 要求償還之條款 (列為流動負債)			(11,953)	(22,440)
Amount due for settlement after 12 months	12個月後到期結 算款項			-	1,751

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

At 31 December 2010, leases of approximately HK\$67,000 (2009: HK\$161,000) were arranged at fixed interests rates and exposed the Group to fair value interest rate risk. The remaining borrowings were arranged at floating rates, thus exposing the Group to cash flow interest rate risk.

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

於二零一零年十二月三十一日，約67,000港元(二零零九年：161,000港元)的租約按固定利率計息，故本集團須承擔公平值利率風險。其他借款按浮動利率計息，故本集團須承擔現金流量利率風險。

Notes to the Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2010 截至二零一零年十二月三十一日

26. OBLIGATIONS UNDER FINANCE LEASES (Continued)

The interest rates per annum are analysed as follows:

		2010 二零一零年	2009 二零零九年
Fixed rate leases	固定利率租約	7.0%	7.0%
Floating rate leases	浮動利率租約	1.9% to 2.3%	1.8% to 5.7%

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

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

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

26. 融資租約承擔(續)

利率分析如下：

全部租約均有固定還款期且並無訂立任何或然租金安排。

全部融資租約承擔均以港元計算。

本集團的融資租約承擔以出租人的租賃資產所有權作為擔保。

27. BANKING FACILITIES

As at 31 December 2010, the Group had available banking facilities of approximately HK\$419 million (2009: HK\$250 million), which were utilised to the extent of approximately HK\$135 million (2009: HK\$93 million). These banking facilities were secured by the following:

- corporate guarantees provided by the Company and certain subsidiaries of the Company;
- the Group's bank deposits of approximately HK\$2 million (2009: HK\$2 million);
- a property situated in Hong Kong owned by the Group; and
- lessors' title to the leased assets under finance leases.

27. 銀行信貸

於二零一零年十二月三十一日，本集團可動用的銀行信貸約為419,000,000港元(二零零九年：250,000,000港元)，而已動用的數額約為135,000,000港元(二零零九年：93,000,000港元)。此等銀行信貸以下列項目作為抵押：

- 本公司及本公司某些附屬公司提供的公司擔保；
- 本集團的銀行存款約2,000,000港元(二零零九年：2,000,000港元)；
- 本集團擁有的一項香港物業；及
- 出租人擁有融資租約出租的資產所有權。

Notes to the Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2010 截至二零一零年十二月三十一日

28. DEFERRED TAX LIABILITIES

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

		Accelerated tax depreciation 加速稅項折舊 HK\$'000 千港元
At 1 January 2009 and 31 December 2009	於二零零九年一月一日及十二月三十一日	1,608
Charge to profit or loss for the year (note 10)	自年內損益扣除(附註10)	780
At 31 December 2010	於二零一零年十二月三十一日	2,388

At the end of the reporting period, the Group has unused tax losses and deductible temporary differences in respect of the pre-operating expenses of the PRC subsidiaries of approximately HK\$1,962,000 (2009: HK\$7,592,000) and HK\$21,683,000 (2009: HK\$11,025,000) available for offset against future profits respectively. No deferred tax asset has been recognised in respect of these tax losses and deductible temporary differences (2009: Nil) due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of approximately HK\$1,962,000 (2009: HK\$2,452,000) that will expire in 2014. Other tax losses may be carried forward indefinitely. The unrecognised deductible temporary differences can be carried forward for five years since the commencement date of the operation of these PRC subsidiaries.

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised is approximately HK\$53,821,000 (2009: HK\$36,204,000). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of reversal of the temporary differences and it is probable that such differences will not be reversed in the foreseeable future.

28. 遞延稅項負債

以下為本集團於年內已確認的主要遞延稅項負債及資產與相關變動：

於報告期間完結時，本集團有未動用稅項虧損及就中國附屬公司之開業前費用有可扣除臨時差額分別約1,962,000港元(二零零九年：7,592,000港元)及21,683,000港元(二零零九年：11,025,000港元)可供抵銷未來溢利。並無就該等稅項虧損及可扣除臨時差額確認遞延稅項資產(二零零九年：無)，原因為未能確定未來溢利流入。未確認稅項虧損包含虧損約1,962,000港元(二零零九年：2,452,000港元)將於二零一四年到期。其他稅項虧損可無限期結轉。未確認可扣除臨時差額可由此等中國附屬公司開業日期起結轉五年。

於報告期間完結時，與附屬公司未分派盈利有關而未確認遞延稅項負債之臨時差額合共約53,821,000港元(二零零九年：36,204,000港元)。並無就此等差額確認負債，原因為本集團能控制臨時差額的回撥，而該差額將不可能於可見未來回撥。

Notes to the Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2010 截至二零一零年十二月三十一日

29. SHARE CAPITAL

29. 股本

		Number of shares 股份數目	Amount 金額 HK\$'000 千港元
	Note 附註		
Authorised: Ordinary shares of HK\$0.1 each At 1 January 2009, 31 December 2009 and 31 December 2010	法定： 每股面值0.1港元的普通股 於二零零九年一月一日、 二零零九年十二月 三十一日及二零一零年 十二月三十一日	5,000,000,000	500,000
Issued and fully paid: Ordinary shares of HK\$0.1 each At 1 January 2009 and 31 December 2009	已發行及繳足： 每股面值0.1港元的普通股 於二零零九年一月一日及 二零零九年十二月三十一日	880,000,000	88,000
Issue of ordinary shares upon the exercise of share options	於行使購股權而發行之 普通股	(a) 2,629,400	263
At 31 December 2010	於二零一零年十二月三十一日	882,629,400	88,263

(a) Issue of ordinary shares upon the exercise of share options

The Group operates a share option scheme which is detailed in note 31(b) to the consolidated financial statements. During the year ended 31 December 2010, 2,629,400 (2009: Nil) ordinary shares were issued pursuant to the exercise of share options.

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

(a) 於行使購股權而發行之普通股

本集團設立一購股權計劃，有關詳情載於綜合財務報表附註31(b)。於截至二零一零年十二月三十一日止年度，按行使購股權而發行之普通股為2,629,400股(二零零九年：無)。

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

Notes to the Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2010 截至二零一零年十二月三十一日

29. SHARE CAPITAL (Continued)

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

The net gearing ratio at the year end was as follows:

		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Debt (a)	負債(a)	136,804	99,416
Less: Bank and cash balances	減：銀行及現金結餘	(122,532)	(78,171)
Net debt	負債淨額	14,272	21,245
Equity (b)	權益(b)	603,438	555,684
Net debt to equity ratio	債務淨額與權益比率	2.4%	3.8%

(a) Debt is defined as bank borrowings and obligations under finance leases, as detailed in notes 25 to 26 to the consolidated financial statements.

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

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

30. RESERVES

(a) Group

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

29. 股本(續)

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

於年終的淨借貸比率如下：

(a) 債務乃界定為短期及長期借款及融資租約承擔，有關詳情載於綜合財務報表附註25至26。

(b) 權益包括本集團所有資本及儲備。

本集團唯一向外承擔之資本規定為保持其於聯交所之上市地位及具有不少於25%之公眾持股量。

30. 儲備

(a) 本集團

本集團的儲備款項及相關變動均於綜合權益變動表呈列。

Notes to the Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2010 截至二零一零年十二月三十一日

30. RESERVES (Continued) (b) Company

30. 儲備(續) (b) 本公司

		Share premium 股份溢價 HK\$'000 千港元	Share option reserve 購股權儲備 HK\$'000 千港元	Retained profits 保留溢利 HK\$'000 千港元	Total 總數 HK\$'000 千港元
At 1 January 2009	於二零零九年一月一日	198,589	10,459	27,523	236,571
Recognition of share-based payments	確認以股權結算之款項	-	2,893	-	2,893
Loss for the year	年內虧損	-	-	(3,014)	(3,014)
Dividend paid	已付股息	-	-	(23,760)	(23,760)
At 31 December 2009	於二零零九年十二月三十一日	198,589	13,352	749	212,690
At 1 January 2010	於二零一零年一月一日	198,589	13,352	749	212,690
Issue of ordinary shares upon the exercise of share options	於行使購股權而發行之普通股	828	-	-	828
Recognition of share-based payments	確認以股權結算之款項	-	872	-	872
Forfeiture of share options	沒收之購股權	-	(2,111)	2,111	-
Exercise of share options	行使之購股權	334	(334)	-	-
Profit for the year	年內溢利	-	-	20,441	20,441
Dividends paid	已付股息	-	-	(21,151)	(21,151)
At 31 December 2010	於二零一零年十二月三十一日	199,751	11,779	2,150	213,680

(c) Nature and purpose of reserves

(i) Share premium account

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

(c) 儲備之性質及目的

(i) 股份溢價賬

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

30. RESERVES (Continued)

(c) Nature and purpose of reserves (Continued)

(ii) Merger reserve

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

(iii) Capital reserve

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

(iv) Foreign currency translation reserve

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

(v) Share option reserve

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

30. 儲備(續)

(c) 儲備之性質及目的(續)

(ii) 合併儲備

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

(iii) 資本儲備

資本儲備指本集團收購嘉豐金屬製品廠有限公司及嘉豐金屬製品廠少數股東權益的款額。

(iv) 匯兌儲備

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

(v) 購股權儲備

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

Notes to the Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2010 截至二零一零年十二月三十一日

30. RESERVES (Continued)

(c) Nature and purpose of reserves (Continued)

(vi) Statutory reserve

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

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

31. SHARE-BASED PAYMENTS

Equity-settled share option scheme

(a) Pre-IPO Share Option Scheme

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

30. 儲備(續)

(c) 儲備之性質及目的(續)

(vi) 法定儲備

法定儲備包括不可分派的中國法定儲備基金。

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

31. 以股權結算之款項

以股份支付之購股權計劃

(a) 首次公開售股前購股權計劃

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

Notes to the Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2010 截至二零一零年十二月三十一日

31. SHARE-BASED PAYMENTS (Continued) Equity-settled share option scheme (Continued)

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

Details of the specific categories of options are as follows:

31. 以股權結算之款項(續) 以股份支付之購股權計劃(續)

(a) 首次公開售股前購股權計劃(續)

購股權的具體類別詳情如下：

Category of grantee	Date of grant	Vesting date	Exercise period	Fair value at grant date	Exercise price	Number of share options outstanding
承授人類別	授出日期	歸屬日期	行使期	於授出日期之公平值 HK\$ 港元	行使價 HK\$ 港元	尚餘購股權數目
Executive directors 執行董事	1 June 2007 二零零七年六月一日	27 June 2008 二零零八年六月二十七日	27 June 2008 to 26 June 2011 二零零八年六月二十七日至 二零一一年六月二十六日	0.59	0.81	1,188,000
Executive directors 執行董事	1 June 2007 二零零七年六月一日	27 June 2009 二零零九年六月二十七日	27 June 2009 to 26 June 2011 二零零九年六月二十七日至 二零一一年六月二十六日	0.61	0.81	1,188,000
Executive directors 執行董事	1 June 2007 二零零七年六月一日	27 June 2010 二零一零年六月二十七日	27 June 2010 to 26 June 2011 二零一零年六月二十七日至 二零一一年六月二十六日	0.63	0.81	1,584,000
Senior staff 高級職員	1 June 2007 二零零七年六月一日	27 June 2008 二零零八年六月二十七日	27 June 2008 to 26 June 2011 二零零八年六月二十七日至 二零一一年六月二十六日	0.59	0.81	3,656,400
Senior staff 高級職員	1 June 2007 二零零七年六月一日	27 June 2009 二零零九年六月二十七日	27 June 2009 to 26 June 2011 二零零九年六月二十七日至 二零一一年六月二十六日	0.61	0.81	3,656,400
Senior staff 高級職員	1 June 2007 二零零七年六月一日	27 June 2010 二零一零年六月二十七日	27 June 2010 to 26 June 2011 二零一零年六月二十七日至 二零一一年六月二十六日	0.63	0.81	4,875,200
Junior staff 初級職員	1 June 2007 二零零七年六月一日	27 June 2008 二零零八年六月二十七日	27 June 2008 to 26 June 2011 二零零八年六月二十七日至 二零一一年六月二十六日	0.55	0.81	310,200
Junior staff 初級職員	1 June 2007 二零零七年六月一日	27 June 2009 二零零九年六月二十七日	27 June 2009 to 26 June 2011 二零零九年六月二十七日至 二零一一年六月二十六日	0.59	0.81	310,200
Junior staff 初級職員	1 June 2007 二零零七年六月一日	27 June 2010 二零一零年六月二十七日	27 June 2010 to 26 June 2011 二零一零年六月二十七日至 二零一一年六月二十六日	0.63	0.81	413,600

31. SHARE-BASED PAYMENTS (Continued)

Equity-settled share option scheme (Continued)

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

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

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

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

The fair values of the options were determined at the dates of grant using the Black-Scholes option pricing model.

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

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

31. 以股權結算之款項(續)

以股份支付之購股權計劃(續)

(a) 首次公開售股前購股權計劃(續)

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

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

年內, 概無根據首次公開售股前購股權計劃授出任何其他購股權。

購股權的公平值於授出日期使用柏力克-舒爾斯期權定價模式釐定。

下列假設用於計算購股權公平值:

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

31. SHARE-BASED PAYMENTS (Continued)
Equity-settled share option scheme (Continued)

(b) Share Option Scheme

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

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

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

31. 以股權結算之款項(續)
以股份支付之購股權計劃(續)

(b) 購股權計劃

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

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

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

31. SHARE-BASED PAYMENTS (Continued)
Equity-settled share option scheme (Continued)

(b) Share Option Scheme (Continued)

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

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

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

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

Share options under the Share Option Scheme were granted to 212 grantees on 13 March 2008. The exercise of these share options would entitle these grantees to an aggregate of 20,102,000 shares.

31. 以股權結算之款項(續)
以股份支付之購股權計劃(續)

(b) 購股權計劃(續)

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

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

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

購股權持有人無權獲派股息或於股東大會上投票。

購股權計劃下的購股權已於二零零八年三月十三日授予212位承授人。承授人行使此等購股權將可獲合共20,102,000股股份。

Notes to the Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2010 截至二零一零年十二月三十一日

31. SHARE-BASED PAYMENTS (Continued) Equity-settled share option scheme (Continued)

(b) Share Option Scheme (Continued)

Details of the specific categories of options are as follows:

31. 以股權結算之款項(續) 以股份支付之購股權計劃(續)

(b) 購股權計劃(續)

購股權的具體類別詳情如下：

Category of grantee	Date of grant	Vesting date	Exercise period	Fair value at grant date	Exercise price	Number of share options outstanding
承授人類別	授出日期	歸屬日期	行使期	於授出日期之公平值	行使價	尚餘購股權數目
				HK\$ 港元	HK\$ 港元	
Executive directors 執行董事	13 March 2008 二零零八年三月十三日	13 March 2009 二零零九年三月十三日	13 March 2009 to 12 March 2018 二零零九年三月十三日至 二零一八年三月十二日	0.13	0.415	540,000
Executive directors 執行董事	13 March 2008 二零零八年三月十三日	13 March 2010 二零一零年三月十三日	13 March 2010 to 12 March 2018 二零一零年三月十三日至 二零一八年三月十二日	0.13	0.415	406,000
Executive directors 執行董事	13 March 2008 二零零八年三月十三日	13 March 2011 二零一一年三月十三日	13 March 2011 to 12 March 2018 二零一一年三月十三日至 二零一八年三月十二日	0.13	0.415	696,000
Senior staff 高級職員	13 March 2008 二零零八年三月十三日	13 March 2009 二零零九年三月十三日	13 March 2009 to 12 March 2018 二零零九年三月十三日至 二零一八年三月十二日	0.13	0.415	2,022,800
Senior staff 高級職員	13 March 2008 二零零八年三月十三日	13 March 2010 二零一零年三月十三日	13 March 2010 to 12 March 2018 二零一零年三月十三日至 二零一八年三月十二日	0.13	0.415	1,564,900
Senior staff 高級職員	13 March 2008 二零零八年三月十三日	13 March 2011 二零一一年三月十三日	13 March 2011 to 12 March 2018 二零一一年三月十三日至 二零一八年三月十二日	0.13	0.415	2,181,300
Junior staff 初級職員	13 March 2008 二零零八年三月十三日	13 March 2009 二零零九年三月十三日	13 March 2009 to 12 March 2018 二零零九年三月十三日至 二零一八年三月十二日	0.11	0.415	1,480,400
Junior staff 初級職員	13 March 2008 二零零八年三月十三日	13 March 2010 二零一零年三月十三日	13 March 2010 to 12 March 2018 二零一零年三月十三日至 二零一八年三月十二日	0.12	0.415	1,113,100
Junior staff 初級職員	13 March 2008 二零零八年三月十三日	13 March 2011 二零一一年三月十三日	13 March 2011 to 12 March 2018 二零一一年三月十三日至 二零一八年三月十二日	0.12	0.415	1,237,500

The fair values of the options were determined at the dates of grant using the Black-Scholes option pricing model.

購股權的公平值於授出日期使用柏力克－舒爾斯期權定價模式釐定。

Notes to the Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2010 截至二零一零年十二月三十一日

31. SHARE-BASED PAYMENTS (Continued)

Equity-settled share option scheme (Continued)

(b) Share Option Scheme (Continued)

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

Exercise price	HK\$0.415
Expected life	3.5 – 6.5 years
Expected volatility	55.42%
Dividend yield	5.25%
Risk-free interest rate	2.005% – 2.176%

Details of the share options outstanding under the Pre-IPO Share Option Scheme and Share Option Scheme during the year are as follows:

31. 以股權結算之款項(續)

以股份支付之購股權計劃(續)

(b) 購股權計劃(續)

下列假設用於計算購股權公平值：

行使價	0.415港元
預計年期	3.5–6.5年
預計波幅	55.42%
股息回報率	5.25%
無風險利率	2.005% – 2.176%

年內於首次公開售股前購股權計劃及購股權計劃下之尚未行使購股權詳情如下：

		2010 二零一零年		2009 二零零九年	
		Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
		購股權數目	加權平均 行使價 HK\$ 港元	購股權數目	加權平均 行使價 HK\$ 港元
Outstanding at the beginning of the year	年初未行使	32,080,000	0.629	36,700,000	0.629
Forfeited during the year	年內沒收	(1,026,600)	0.500	(4,620,000)	0.629
Exercised during the year	年內行使	(2,629,400)	0.415	–	–
Outstanding at the end of the year	年終未行使	28,424,000	0.654	32,080,000	0.629
Exercisable at the end of the year	年終可行使	24,309,200	0.694	16,312,400	0.668

31. SHARE-BASED PAYMENTS (Continued)
Equity-settled share option scheme (Continued)

(b) Share Option Scheme (Continued)

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

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

Number of share options exercised during the year was 2,629,400 (2009: Nil). The options outstanding at the end of the year have a weighted average remaining contractual life of 3.2 years (2009: 4.9 years).

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

31. 以股權結算之款項(續)
以股份支付之購股權計劃(續)

(b) 購股權計劃(續)

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

購股權公平值將以直線方式於歸屬期內攤銷，並於損益內列作支出。

年內有2,629,400購股權獲行使(二零零九年：無)。年終未行使購股權的加權平均剩餘合約年期為3.2年(二零零九年：4.9年)。

除上文所披露者外，概無根據首次公開售股前購股權計劃及購股權計劃授出任何其他購股權。

Notes to the Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2010 截至二零一零年十二月三十一日

32. NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Cash flows from operating activities

32. 綜合現金流量表

(a) 經營業務所得現金流量

		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元 (restated) (重列)
Profit from operations	經營溢利	75,911	51,947
Adjustments for:	已作出下列調整：		
Interest income	利息收入	(569)	(178)
Reversal of allowance for doubtful debts	呆賬撥備回撥	(897)	(628)
Allowance for doubtful debts	呆賬撥備	-	2,715
Allowance for inventories	存貨撥備	2,565	4,732
Equity-settled share-based payments	以股權結算以股份支付的款項	872	2,893
Gain on disposal of property, plant and equipment	出售物業、機器及設備之收益	(214)	(1,665)
Property, plant and equipment written off	物業、機器及設備撇銷	69	-
Depreciation on property, plant and equipment	物業、機器及設備折舊	55,304	40,152
Operating profit before movements in working capital	未計營運資金變動前的經營溢利	133,041	99,968
Increase in inventories	存貨增加	(54,789)	(10,149)
Increase in trade receivables	貿易應收款項增加	(41,696)	(16,397)
Increase in prepayments, deposits and other receivables	預付款項、按金及其他應收款項增加	(1,486)	(5,507)
Increase in financial assets at fair value through profit or loss	按公平值計入損益賬的金融資產增加	(8,292)	-
Decrease in financial liabilities at fair value through profit or loss	按公平值計入損益賬的金融負債減少	-	(3,047)
Increase in trade payables	貿易應付款項增加	66,969	5,954
Increase in deposits received, other payables and accruals	已收按金、其他應付款項及應計費用增加	14,226	7,940
(Decrease)/increase in due to a related company	應付關連公司款項(減少)/增加	(966)	1,630
Cash generated from operations	經營所得現金	107,007	80,392
Income tax paid	已付所得稅	(12,670)	(6,255)
Interest paid	已付利息	(1,722)	(942)
Finance lease charges paid	已付融資租約支出	(417)	(668)
Net cash generated from operating activities	經營業務所得現金淨額	92,198	72,527

Notes to the Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2010 截至二零一零年十二月三十一日

32. NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(b) Acquisition of a subsidiary

On 1 April 2009, the Group acquired 100% of the issued share capital of Ample Wealth Developments Limited which was wholly owned by Mr. Lee for a cash consideration of approximately HK\$169,000. Ample Wealth Developments Limited was inactive during the year.

The fair value of the identifiable assets and liabilities of Ample Wealth Developments Limited acquired as at its date of acquisition, which has no significant difference from its carrying amount, is as follows:

		HK\$'000 千港元
Net assets acquired:		
Property, plant and equipment	物業、機器及設備	168
Bank and cash balances	銀行及現金結餘	241
Other payables and accruals	其他應付款項及應計費用	(240)
Satisfied by:		
以下列方式支付：		
Cash	現金	169
Net cash inflow arising on acquisition:		
Cash consideration paid	收購產生之現金流出淨額：	
	已付現金代價	(169)
Cash and cash equivalents acquired	已收購現金及等同現金項目	241
		72

Ample Wealth Developments Limited did not contribute any turnover to the Group but increased the Group's profit for the year by approximately HK\$88,000 for the period between the date of acquisition and 31 December 2009.

If the acquisition had been completed on 1 January 2009, the total Group's turnover would remain unchanged, and profit for the year would have been approximately HK\$37,060,000. The proforma information is for illustrative purposes only and is not necessarily an indication of the turnover and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2009, nor is intended to be a projection of future results.

32. 綜合現金流量表(續)

(b) 收購附屬公司

於二零零九年四月一日，本集團收購由李先生全資擁有之富豐發展有限公司全部已發行股本，現金代價約169,000港元。富豐發展有限公司於年內暫無業務。

於收購日，富豐發展有限公司之可識別資產及負債之公平值與賬面值無重大差別，乃載列如下：

富豐發展有限公司並無對本集團之營業額作出任何貢獻，但增加由收購日期至二零零九年十二月三十一日期間本集團年內之溢利約88,000港元。

倘收購於二零零九年一月一日完成，本集團總營業額將維持不變，而年內之溢利將為約37,060,000港元。備考資料僅供說明之用，並不代表倘若本集團於二零零九年一月一日完成收購實際可取得之營業額及經營業績，亦並非旨在作為未來業績之預測。

Notes to the Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2010 截至二零一零年十二月三十一日

32. NOTES TO CONSOLIDATED STATEMENT OF CASH FLOW (Continued)

(c) Major non-cash transactions

- (i) During the year, the Group had entered into finance leases in respect of property, plant and equipment with total capital values at the inception of the leases of approximately HK\$Nil (2009: HK\$6,088,000).
- (ii) Included in the addition of property, plant and equipment was an amount of approximately HK\$15,936,000 (2009: HK\$15,117,000) which was transferred from deposits paid for acquisition of property, plant and equipment.
- (iii) During the year ended 31 December 2009, prepayments to financial institutions of approximately HK\$648,000 were set off against the obligations under finance leases.

33. OPERATING LEASE COMMITMENTS

The Group as lessee

At 31 December 2010, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

		Group 本集團	
		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Within one year	一年內	2,634	3,602
In the second to fifth year, inclusive	第二至第二年(包括首尾兩年)	5,617	6,404
After five years	五年後	43,904	41,318
		52,155	51,324

Operating lease payments represent rentals payable by the Group for certain of its staff quarters, warehouse and leasehold land for factory. Leases for staff quarters and warehouse are negotiated, and rentals are fixed, for an average term of 1 to 2 years. Lease for leasehold land are fixed with a term of 40 years.

32. 綜合現金流量表(續)

(c) 主要非現金交易

- (i) 年內，本集團就物業、機器及設備訂立融資租約，於訂立租約時之資本總值約為0港元(二零零九年：6,088,000港元)。
- (ii) 計入添置物業、機器及設備約為15,936,000港元(二零零九年：15,117,000港元)，乃由收購物業、機器及設備之按金所轉入。
- (iii) 於截至二零零九年十二月三十一日止年度內，預付款項予金融機構約648,000港元已與融資租約承擔抵銷。

33. 經營租約承擔

本集團作為承租人

於二零一零年十二月三十一日，本集團根據不可撤銷經營租約而於下列期間到期的未來最低租賃款總額如下：

經營租約付款指本集團須就若干員工宿舍、貨倉及工廠租賃土地支付的租金。員工宿舍及貨倉的租約經協商而訂立，租金為固定而租期平均為1至2年。租賃土地的租約協定的年期為40年。

Notes to the Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2010 截至二零一零年十二月三十一日

34. CAPITAL COMMITMENTS

The Group's capital commitments in respect of purchase and construction of property, plant and equipment at the end of the reporting period are as follows:

		Group 本集團	
		2010 二零一零年	2009 二零零九年
		HK\$'000 千港元	HK\$'000 千港元
Contracted but not provided for	已訂約但未撥備	47,793	9,098

34. 資本承擔

於報告期間完結日，本集團有關購買及建造物業、機器及設備的資本承擔詳情如下：

35. RELATED PARTY TRANSACTIONS

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

		2010 二零一零年	2009 二零零九年
		HK\$'000 千港元	HK\$'000 千港元
Return of machinery to a related company, Chit Shun Machinery Limited (note (i))	向關連公司捷訊機械設備有限公司退回機器 (附註(i))	917	—
Purchase of machinery, machinery parts and maintenance cost from a related company, Chit Shun Machinery Limited (note (i))	向關連公司捷訊機械設備有限公司購買機器、機器零部件及維修成本 (附註(i))	3,536	6,766
Deposit paid to a related company, Chit Shun Machinery Limited (note 18)	向關連公司捷訊機械設備有限公司支付按金 (附註18)	717	1,255

Note:

(i) Mr. Lee has significant influence in the related company.

附註：

(i) 李先生對此關連公司有重大影響力。

Notes to the Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2010 截至二零一零年十二月三十一日

35. RELATED PARTY TRANSACTIONS (Continued)

- (b) The above transactions were entered with the related parties on terms mutually agreed by individual parties. In the opinion of the directors of the Group, these related party transactions were conducted on normal commercial terms and in the ordinary and usual course of the Group's business.
- (c) During the year, the key management personnel compensation paid by the Group was disclosed in note 12 to the financial statements.

36. SUBSEQUENT EVENTS

The following significant event has been taken place subsequent to 31 December 2010:

- (a) On 21 March 2011, the Company proposed to declare a final dividend of HK3.2 cents (2009: HK1.1 cents) per ordinary share to its shareholders, as further detailed in note 13 to the financial statements.
- (b) The pledged bank deposits had been released after the end of the reporting period.

37. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 21 March 2011.

35. 關連人士交易(續)

- (b) 上述交易均與關連人士按照各方互相協定的條款進行。本集團董事認為，該等關連交易乃根據一般商業條款於本集團日常業務過程中進行。
- (c) 年內，本集團已付主要管理人員酬金乃於綜合財務報表附註12披露。

36. 結算日後事項

於二零一零年十二月三十一日後發生的重要事項載列如下：

- (a) 於二零一一年三月二十一日，本公司建議宣派每股3.2港仙(二零零九年：每股1.1港仙)之末期普通股股息，其詳情載於財務報表附註13。
- (b) 已抵押之銀行存款於報告期間完結後解除。

37. 批准財務報表

本財務報表已於二零一一年三月二十一日獲董事會批准並授權刊發。

Financial Summary

財務概要

Year ended 31 December

截至十二月三十一日止年度

		2006 二零零六年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
RESULTS	業績					
Turnover	營業額	645,588	752,749	685,134	633,832	913,344
Profit before tax	除稅前溢利	122,759	67,724	14,527	50,039	73,772
Income tax expense	所得稅開支	(11,339)	(10,179)	(5,892)	(12,239)	(17,639)
Profit for the year	年內溢利	111,420	57,545	8,635	37,800	56,133
Attributable to	以下人士應佔權益：					
- Equity holders	- 本公司權益	109,562	57,492	8,635	37,800	56,133
of the Company	持有人					
- Minority interests	- 少數權益持有人	1,858	53	-	-	-
		111,420	57,545	8,635	37,800	56,133

As at 31 December

於十二月三十一日

		2006 二零零六年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
ASSETS AND LIABILITIES	資產及負債					
Total assets	總資產	422,109	718,396	710,285	763,214	932,048
Total liabilities	總負債	(203,739)	(198,833)	(170,645)	(207,530)	(328,610)
Net assets	淨資產	218,370	519,563	539,640	555,684	603,438

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

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

Ka Shui¹⁹⁸⁰

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

Room 1210, Exchange Tower, 33 Wang Chiu Road, Kowloon Bay, Kowloon, Hong Kong
香港九龍九龍灣宏照道33號國際交易中心1210室

Tel 電話: (852) 2414 0456

Fax 傳真: (852) 2412 1743

website 網址: www.kashui.com