

Notes to Financial Statements

財務報表附註

31 December 2006
二零零六年十二月三十一日

1. CORPORATE INFORMATION AND GROUP REORGANISATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 29 August 2006 under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

Pursuant to a reorganisation scheme to rationalise the structure of the Group in preparation for the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Company became the holding company of the companies now comprising the Group on 25 November 2006 (the "Group Reorganisation"). Further details of the Group Reorganisation and the subsidiaries acquired pursuant thereto are set out in the prospectus of the Company dated 5 December 2006 (the "Prospectus") and in note 22 to the financial statements, respectively.

The Company's shares have been listed on the Stock Exchange since 18 December 2006.

The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, the Cayman Islands and the principal place of business of the Company is located at 7th Floor, Wyler Centre II, 200 Tai Lin Pai Road, Kwai Chung, Hong Kong. The principal activity of the Company is investment holding. Details of the principal activities of the subsidiaries are set out in note 22 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

The Company is a subsidiary of Harmonious World Limited ("Harmonious World"), a company incorporated in the British Virgin Islands (the "BVI"), and is considered by the directors as the Company's ultimate holding company.

1. 公司資料及集團重組

本公司於二零零六年八月二十九日根據開曼群島第22章公司法（一九六一年法例三·經綜合及修訂）註冊成立為獲豁免有限公司。

根據精簡本集團架構以準備本公司股份於香港聯合交易所有限公司（「聯交所」）主板上市的重組計劃，本公司於二零零六年十一月二十五日成為現組成本集團的公司的控股公司（「集團重組」）。有關集團重組及據此所收購附屬公司的其他詳情分別載於本公司日期為二零零六年十二月五日的招股章程（「招股章程」）及財務報表附註22。

本公司股份自二零零六年十二月十八日在聯交所上市。

本公司的註冊辦事處位於Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, the Cayman Islands。而本公司的主要營業地點為香港葵涌大連排道200號偉倫中心二期7樓。本公司的主要業務為投資控股，附屬公司主要業務的詳情載於財務報表附註22。本集團主要業務的性質於年內概無重大變動。

本公司為Harmonious World Limited（「Harmonious World」）的附屬公司，Harmonious World為於英屬處女群島註冊成立的公司，董事認為Harmonious World為本公司的最終控股公司。

Notes to Financial Statements (continued)

財務報表附註 (續)

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2.1 BASIS OF PRESENTATION AND CONSOLIDATION

The consolidated financial statements have been prepared in accordance with the principles of merger accounting as set out in Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), as a result of the Group Reorganisation. On this basis, the Company has been treated as the holding company of its subsidiaries for the financial years presented rather than from the date of their acquisition. Accordingly, the consolidated results of the Group for the years ended 31 December 2005 and 2006 include the results of the Company and its subsidiaries with effect from 1 January 2005 or since their respective dates of incorporation, where this is a shorter period. The comparative consolidated balance sheet as at 31 December 2005 has been prepared on the basis that the existing Group had been in place at that date.

In the opinion of the directors, the consolidated financial statements prepared on the above basis present more fairly the results and state of affairs of the Group as a whole.

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of Hong Kong Companies Ordinance. They have been prepared under the historical cost convention except for the investment property, which has been measured at fair value. All HKFRSs effective from the accounting periods commencing from 1 January 2005 and 2006, together with the relevant transitional provision, have been early adopted by the Group in the preparation of the financial statements throughout the years.

These financial statements are presented in Hong Kong dollars and all amounts are rounded to the nearest thousand (HK\$'000) except where otherwise indicated.

Comparative amounts have not been presented for the Company's balance sheet and the notes thereto because the Company was not in existence on 31 December 2005.

All significant intercompany transactions and balances within the Group are eliminated in the preparation of the consolidated financial statements.

Minority interests represent the interests of outside shareholders not held by the Group in the results and net assets of the Company's subsidiaries.

2.1 呈列及綜合基準

綜合財務報表按集團重組根據香港會計師公會頒佈的會計指引第五號「合併受共同控制公司的合併會計法」所載的合併會計原則而編製，按此基準，本公司被視為其附屬公司於所呈列財政年度而非自該等附屬公司收購日期起的控股公司。因此，本集團截至二零零五年及二零零六年十二月三十一日止年度的綜合業績包括本公司及其附屬公司自二零零五年一月一日或其各自註冊成立日期起（以較短期間為準）的業績。於二零零五年十二月三十一日的綜合資產負債表比較數字乃假設本集團現有架構於該日子已存在而編製。

董事認為，根據上述基準編製的綜合財務報表可較公平地呈列本集團的整體業績及財務狀況。

該等財務報表根據香港會計師公會頒佈的香港財務報告準則（「香港財務報告準則」）、香港公認會計原則及香港公司條例披露規定編製。該等財務報表根據歷史成本法編製，惟投資物業則按其公平值計量。本集團已提早採納所有自二零零五年及二零零六年一月一日開始的會計期間生效的香港財務報告準則，連同有關過渡性條文，以編製多年來的財務報表。

除另有指明外，該等財務報表以港元呈列，所有金額均調整至最接近千元（千港元）。

由於本公司於二零零五年十二月三十一日尚未存在，本公司的資產負債報表及其附註並無呈列比較數字。

本集團內所有重大公司間交易及結餘於編製綜合財務報表時對銷。

少數股東權益指外界股東於本公司附屬公司業績及資產淨值中持有而並非由本集團持有的權益。

Notes to Financial Statements (continued)

財務報表附註 (續)

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2.2 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements:

HKAS 1 Amendment	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HKFRS 8	Operating Segments
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29 <i>Financial Reporting in Hyperinflationary Economies</i>
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment
HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions
HK(IFRIC)-Int 12	Service Concession Arrangements

HKAS 1 Amendment shall be applied for accounting period beginning on 1 January 2007. The revised standard will affect the disclosures on qualitative information about the Group's objectives, policies and processes for managing capital; quantitative data about what the Company regards as capital; and compliance with any capital requirements and the consequences of any non-compliance.

HKFRS 7 shall be applied for accounting period beginning on 1 January 2007. The standard requires disclosures that enable users of the financial statements to evaluate the significance of the Group's financial instruments and the nature and extent of risks arising from those financial instruments.

2.2 已頒佈但仍未生效之香港財務報告準則之影響

本集團在該等財務報表並無採納下列已頒佈但仍未生效之新訂及經修訂香港財務報告準則：

香港會計準則第1號 (經修訂)	資本披露
香港財務報告準則 第7號	金融工具：披露
香港財務報告準則 第8號	經營分部
香港(國際財務報告 詮釋委員會) 詮釋第7號	採用根據香港會計 準則第29號 惡性通脹經濟 財務申報之 重列處理法
香港(國際財務報告 詮釋委員會) 詮釋第8號	香港財務報告準則 第2號之範圍
香港(國際財務報告 詮釋委員會) 詮釋第9號	重新評估嵌入式 衍生工具
香港(國際財務報告 詮釋委員會) 詮釋第10號	中期財務報告 及減值
香港(國際財務報告 詮釋委員會) 詮釋第11號	香港財務報告準則 第2號—集團及 庫存股份交易
香港(國際財務報告 詮釋委員會) 詮釋第12號	服務經營安排

香港會計準則第1號(經修訂)將於二零零七年一月一日或之後開始之年度期間應用。修訂後之準則將影響披露有關本集團管理資本之宗旨、政策及程序等描述性資料、本公司對資本之定量數據，以及任何資本規定之遵守情況及任何違規後果。

香港財務報告準則第7號須於二零零七年一月一日開始的會計期間應用，該準則要求作出披露，讓財務報告的使用人士能夠評估本集團所用金融工具之重大程度，及該等金融工具所產生風險性質和程度。

Notes to Financial Statements (continued)

財務報表附註 (續)

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2.2 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

HKFRS 8 shall be applied for accounting period beginning on 1 January 2009. The standard requires the disclosure of information about the operating segments of the Group, the products and services provided by the segments, the geographical areas in which the Group operates, and revenues from the Group's major customers. This standard will supersede HKAS 14 *Segment Reporting*.

HK(IFRIC)-Int 7, HK(IFRIC)-Int 8, HK(IFRIC)-Int 9 and HK(IFRIC)-Int 10 shall be applied for accounting period beginning on 1 January 2007; and HK(IFRIC)-Int 11 and HK(IFRIC)-Int 12 shall be applied for accounting period on 1 January 2008.

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, it has concluded that while the adoption of HKAS 1 Amendment, and HKFRS 7 and HKFRS 8 may result in new or amended disclosures, these new and revised HKFRSs will not have any significant impact on the Group's results of operations and financial position.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

The results of subsidiaries are included in the Company's income statement to the extent of dividends received and receivable. The Company's interests in subsidiaries are stated at cost less any impairment losses.

2.2 已頒佈但仍未生效之香港財務報告準則之影響 (續)

香港財務報告準則第8號須於二零零九年一月一日開始之會計期間應用。該準則要求對於本集團經營分部的資料、該等分部提供的產品及服務、本集團經營之地區、以及從本集團主要顧客獲得之收入作出披露。此項準則將取代香港會計準則第14號分部報告。

香港 (國際財務報告詮釋委員會) – 詮釋第7號、香港 (國際財務報告詮釋委員會) – 詮釋第8號、香港 (國際財務報告詮釋委員會) – 詮釋第9號及香港 (國際財務報告詮釋委員會) – 詮釋第10號須於二零零七年一月一日開始之會計期間應用，而香港 (國際財務報告詮釋委員會) – 詮釋第11號及香港 (國際財務報告詮釋委員會) – 詮釋第12號則於二零零八年一月一日開始之會計期間應用。

本集團現正評估首次應用此等新訂及經修訂香港財務報告準則的影響，直至目前為止，總括儘管採納香港會計準則第1號 (經修訂)、香港財務報告準則第7號及香港財務報告準則第8號或須作出新披露或經修訂披露事項，惟該等新訂及經修訂香港財務報告準則將不會對本集團的經營業績及財務狀況構成任何重大影響。

2.3 主要會計政策概要

附屬公司

附屬公司指本公司直接或間接控制其財務及營運政策，藉以從其業務獲益之實體。

附屬公司之業績按已收及應收股息計入本公司之收益表。本公司於附屬公司之權益按成本減任何減值虧損入賬。

Notes to Financial Statements (continued)

財務報表附註 (續)

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2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Goodwill

Goodwill arising on the acquisition of subsidiaries represents the excess of the cost of the business combination over the Group's interest in the net fair value of the acquirees' identifiable assets, and liabilities and contingent liabilities assumed as at the date of acquisition. Goodwill arising on the acquisition of subsidiaries is recognised in the consolidated balance sheet as an asset.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

As at the acquisition date, any goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies. Impairment is determined by assessing the recoverable amount of the cash-generating unit, to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised.

An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit are disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured on the basis of the relative value of the operation disposed of and the portion of the cash-generating unit retained.

2.3 主要會計政策概要 (續)

商譽

收購附屬公司而產生之商譽代表業務合併成本超出本集團於收購日期獲得之可識別資產、負債和或有負債之公平淨值中分佔之權益之部分。收購附屬公司產生之商譽於綜合資產負債表確認為資產。

商譽於首次確認後按照成本減去任何累計減值虧損進行計算。每年對商譽進行檢查以確定減值情況，如果有事件或情況變化顯示賬面值有可能發生減值，須進行更為頻繁之檢查。

於收購日，獲得之任何商譽被分配給每個預計將從合併所產生之協同效益中獲益之創現單位。減值通過評估與商譽相關之創現單位之可收回金額確定。如果創現單位之可收回金額低於賬面值，則會確認減值虧損。

商譽之已確認減值虧損不會於往後期間撥回。

如果商譽是某個創現單位之組成部分並且是被出售之創現單位內之業務之組成部分，則在確定出售該業務之收益或虧損時，與所出售之業務相關之商譽被包含於該業務之賬面值內。在此情況出售之商譽根據所出售之業務之相對價值和創現單位之保留部份進行計算。

Notes to Financial Statements (continued)

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2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Goodwill (continued)

Goodwill previously eliminated against the consolidated reserve

Goodwill arising on acquisitions before 1 January 2001 was eliminated against the consolidated goodwill reserve in the year of acquisition. The Group applied the transitional provisions of HKFRS 3 that permitted such goodwill to remain eliminated against the consolidated goodwill reserve and that required such goodwill not to be recognised in the consolidated income statement when the Group disposes of all or part of the business to which that goodwill relates or when a cash-generating unit to which the goodwill relates becomes impaired.

Related parties

A party is considered to be related to the Group if:

- (a) the party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, the Group; (ii) has an interest in the Group that gives it significant influence over the Group; or (iii) has joint control over the Group;
- (b) the party is an associate;
- (c) the party is a jointly-controlled entity;
- (d) the party is a member of the key management personnel of the Group or its holding company;
- (e) the party is a close member of the family of any individual referred to in (a) or (d);
- (f) 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 (d) or (e); or
- (g) the party is a post-employment benefit plan for the benefit of the employees of the Group, or of any entity that is a related party of the Group.

2.3 主要會計政策概要 (續)

商譽 (續)

先前與綜合儲備抵銷之商譽

二零零一年一月一日前因收購產生之商譽乃與收購年度之綜合商譽儲備抵銷。本集團採用香港財務報告準則第3號之過渡規定，該規定允許商譽繼續與綜合商譽儲備抵銷，而當本集團出售與上述商譽有關之全部或部份業務，又或與上述商譽有關之創現單位出現減值時，有關商譽將不會於綜合收益表確認。

關連人士

在下列情況下，關連人士將被視為與本集團有關連：

- (a) 有關人士直接或透過一名或多名中介人間接：(i)控制本集團或受本集團控制或與本集團受共同控制；(ii)擁有本公司之權益，並可對本集團發揮重大影響力；或(iii)與他人共同擁有本集團之控制權；
- (b) 有關人士是聯繫人；
- (c) 有關人士是共同控制實體；
- (d) 有關人士是本集團或其控股公司之主要管理人員；
- (e) 有關人士是(a)或(d)項所述任何人士之直系親屬；或
- (f) 有關人士是直接或間接受(d)或(e)項所述之任何人士所控制、共同控制或重大影響，或由其擁有重大投票權而受重大影響之實體；或
- (g) 有關人士是為本集團僱員或屬於本集團關連人士之實體之僱員福利而設之離職後福利計劃。

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2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets other than goodwill

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, financial assets, the investment property and goodwill), the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to the income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill and financial assets is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, however not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation), had no impairment loss been recognised for the asset in prior years. A reversal of such impairment loss is credited to the income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

2.3 主要會計政策概要 (續)

非金融資產 (商譽除外) 減值

倘有跡象顯示資產出現減值，或須對資產進行年度減值測試 (存貨、金融資產、投資物業及商譽除外)，則會估計該項資產之可收回金額。資產之可收回金額按資產或創現單位之使用價值或其公平值 (以較高者為準) 減出售成本計算，並就個別資產釐定，惟該項資產並無產生大部分獨立於其他資產或其他組別資產之現金流入則除外，在此情況，就該項資產所屬之創現單位釐定可收回金額。

減值虧損僅於資產賬面值超逾可收回金額時確認。於評估使用價值時，估計未來現金流量以反映當時市場對貨幣時間價值之估計及該項資產之特有風險之除稅前折現率折減至現值。減值虧損於產生期間自收益表扣除，惟倘該資產按重估金額列賬，則減值虧損會根據該重估資產之有關會計政策列賬。

於各報告日，均會評估是否有跡象顯示過往已確認之減值虧損不再存在或可能減少。倘出現該跡象，則會估計可收回金額。過往確認之資產減值虧損 (商譽除外) 僅於用於釐定該項資產之可收回金額所採用之估計出現變化時撥回，但有關金額不得超逾假設過往年度並無就該項資產確認減值虧損而應有之賬面值 (已扣除任何折舊/攤銷)。撥回減值虧損於產生期間計入收益表，惟倘該資產按重估金額列賬，則減值虧損撥回會根據該重估資產之有關會計政策列賬。

Notes to Financial Statements (continued)

財務報表附註 (續)

31 December 2006
二零零六年十二月三十一日

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation

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

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment and where the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

Changes in the values of property, plant and equipment are dealt with as movements in the asset revaluation reserve. If the total of the reserve is insufficient to cover a deficit, on an individual asset basis, the excess of the deficit is charged to the income statement. Any subsequent revaluation surplus is credited to the income statement to the extent of the deficit previously charged. On disposal of a revalued asset, the relevant portion of the asset revaluation reserve realised in respect of previous revaluations is transferred to retained profits as a movement in reserves.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold land and buildings	Over the lease terms
Leasehold improvements	4.5% to 20%
Plant and machinery	10% to 20%
Furniture, fixtures and office equipment	10% to 20%
Motor vehicles	20% to 25%

2.3 主要會計政策概要 (續)

物業、廠房及設備以及折舊

物業、廠房及設備按成本減累計折舊及任何減值虧損入賬。

一項物業、廠房及設備之成本包括購買價及任何將資產達致其運作狀況與地點作擬定用途之直接成本。各項物業、廠房及設備投入運作後產生之開支(如維修及保養)一般於產生期間自收益表扣除。倘可清楚顯示開支導致預期日後使用一項物業、廠房及設備所得之經濟利益增加,而有關項目之成本能可靠計量,則會將有關開支撥充資本,作為該資產之額外成本或作為重置資產。

物業、廠房及設備之價值變動作為資產重估儲備之變動處理。倘若按每項資產為基準,儲備總額不足以彌補虧絀時,則多出之虧絀於收益表扣除。其後之重估盈餘乃計入收益表,惟以先前扣除之虧絀為限。出售重估資產時,資產重估儲備中就以往重估實現之部份乃轉入保留溢利,作為儲備之變動。

折舊按各項物業、廠房及設備之估計可使用年期以直線法計算,以撇銷成本至其剩餘價值。就此而言,所採用之主要年率如下:

租賃土地及樓宇	按租期
租賃物業裝修	4.5% - 20%
機器及設備	10% - 20%
傢俬、裝置及辦公室設備	10% - 20%
汽車	20% - 25%

Notes to Financial Statements (continued)

財務報表附註 (續)

31 December 2006
二零零六年十二月三十一日

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation (continued)

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the income statement in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant assets.

Investment property

Investment property is interests in land and buildings held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under "Property, plant and equipment and depreciation" up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation in accordance with the policy stated under "Property, plant and equipment and depreciation" above.

Gains or losses arising from changes in the fair value of an investment property are included in the income statement in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of the retirement or disposal.

2.3 主要會計政策概要 (續)

物業、廠房及設備以及折舊 (續)

倘某項物業、廠房及設備項目各部分之使用年限各有不同，該項目之成本乃按合理基準在各部分之間進行分配，而每部分則各自計算折舊。

剩餘價值、使用年限及折舊方法會於各結算日進行檢討及調整（如適用）。

物業、廠房及設備項目於出售時或預期日後不會因使用或出售而帶來經濟利益時停止確認。在停止確認該項資產之同一年度於收益表確認之出售或報廢之任何盈虧，為有關資產出售所得款項淨額與其賬面值之差額。

投資物業

投資物業乃土地及樓宇之權益。持有投資物業是為賺取租金收入及／或資本增值，而非用以生產或提供貨物或服務或作行政用途又或於日常業務中出售。如本集團以業主佔用物業形式而佔用之物業轉變為投資物業，本集團對該物業入賬時須根據於「物業、廠房及設備以及折舊」所述之政策計至更改用途之日，而於當日有關該物業之賬面值及公平值之差額作為重估，須根據於上文「物業、廠房及設備以及折舊」所述之政策入賬。

投資物業公平值變更所帶來之溢利或虧損於產生年度計入收益表。

報廢或出售投資物業之任何溢利或虧損於報廢或出售之年度在收益表確認。

Notes to Financial Statements (continued)

財務報表附註 (續)

31 December 2006
二零零六年十二月三十一日

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets

Financial assets in the scope of HKAS 39 are classified as either financial assets at fair value through the income statement, loans and receivables and available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through the income statement, directly attributable transaction costs. The Group considers whether a contract contains an embedded derivative when the Group first becomes a party to it. The embedded derivatives are separated from the host contract which is not measured at fair value through profit or loss when the analysis shows that the economic characteristics and risks of embedded derivatives are not closely related to those of the host contract.

The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at the balance sheet date.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are subsequently carried at amortised cost using the effective interest method. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

2.3 主要會計政策概要 (續)

金融資產

屬香港會計準則第39號範圍之金融資產乃視情況分類為按公平值於收益表入賬之金融資產、貸款及應收款項及可供銷售金融資產。金融資產於首次確認時以公平值計算，而並非透過損益賬以公平值列賬之投資，則按直接應佔交易成本計算。本集團於首次訂立合約時會考慮其是否包括嵌入衍生工具。若分析結果顯示嵌入衍生工具的經濟特徵及風險並非與該主合約密切相關，則會將嵌入衍生工具與主合約（其並非按損益釐定公允價值計量）分開列示。

本集團於首次確認後釐定其金融資產分類，並在容許及適當之情況於結算日重新評估有關分類。

所有一般買賣之金融資產概於交易日（即本集團承諾購買該資產之日期）予以確認。一般買賣乃指按照一般市場規定或慣例在一定期間內交付資產之金融資產買賣。

貸款及應收款項

貸款及應收款項為具有固定或可確定付款，但在活躍市場中無報價之非衍生金融資產。該等資產其後用實際利率方法計算攤銷成本列賬。攤銷成本計及收購時之任何折讓或溢價計算，並包括屬實際利率及交易成本之組成部份之費用。該等貸款及應收款項遭終止確認、出現減值或進行攤銷時產生之盈虧計入收益表。

Notes to Financial Statements (continued)

財務報表附註 (續)

31 December 2006
二零零六年十二月三十一日

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

Assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through the use of an allowance account. The amount of the impairment loss is recognised in the income statement.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

2.3 主要會計政策概要 (續)

金融資產減值

本集團於各結算日評估是否有客觀跡象表明一項金融資產或一類金融資產出現減值。

以攤銷成本計價之資產

如果有客觀跡象顯示以攤銷成本計值之貸款及應收款項已產生減值虧損，資產之賬面值與估算未來之現金流量（不包括尚未產生之未來信貸損失）以該金融資產原來之實際利率（即首次確認時計算之實際利率）折現之現值之間差額計算減值虧損。有關資產之賬面值可通過直接沖減或通過備抵賬目作出抵減。有關減值虧損在收益表確認。

本集團首先對具個別重要性之金融資產進行評估，評估是否有客觀跡象顯示個別存有減值，並對非具個別重要性之金融資產進行評估，評估是否有客觀跡象顯示共同存有減值。倘若經個別評估之金融資產（無論具重要性與否）確定並無客觀跡象顯示存有減值，該項資產會歸入一組具有相類信貸風險特性之金融資產內，並對該組金融資產是否存有減值共同作出評估。倘資產經個別評估減值，其減值虧損會或將繼續確認入賬，有關資產則不會納入共同減值評估之內。

以後期間，倘若減值虧損之數額減少，而減少之原因客觀上與減值虧損確認後所發生之事件相關聯，則先前確認之減值虧損可予以回撥。任何減值虧損之其後回撥將於收益表內確認入賬，惟以回撥當日資產賬面值並無超出其攤銷成本為限。

Notes to Financial Statements (continued)

財務報表附註 (續)

31 December 2006
二零零六年十二月三十一日

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

Assets carried at amortised cost (continued)

In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all of the amounts due under the original terms of an invoice. The carrying amount of the receivables is reduced through the use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Group retains the rights to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2.3 主要會計政策概要 (續)

金融資產減值 (續)

以攤銷成本計價之資產 (續)

就應收貿易款項而言，倘有客觀證據（如債務人可能資不抵債或者出現嚴重財務困難）顯示本集團將無法按發票的原定條款收回所有到期款項，本集團會作出減值準備。應收貿易款項的賬面值會通過使用撥備賬扣除。減值債務一經評估為無法收回，即會終止確認。

撤銷確認金融資產

金融資產（或，如適用，一項金融資產之一部分或一組類似金融資產之一部分）在下列情況將被撤銷確認：

- 收取該項資產所得現金流量之權利經已屆滿；
- 本集團保留收取該項資產所得現金流量之權利，惟須根據一項「轉付」安排，在未有嚴重延緩第三者之情況下，已就有關權利全數承擔付款之責任；或
- 本集團已轉讓其收取該項資產所得現金流量之權利，並(a)已轉讓該項資產之絕大部分風險及回報；或(b)並無轉讓或保留該項資產絕大部分風險及回報，但已轉讓該項資產之控制權。

凡本集團轉讓其收取該項資產所得現金流量之權利，但並無轉讓或保留該項資產之絕大部分風險及回報，且並無轉讓該項資產之控制權，該項資產將按本集團於資產的持續參與而確認入賬。持續參與指就已轉讓資產作出之保證，並按該項資產之原賬面值及本集團或須償還之代價數額上限（以較低者為準）計算。

Notes to Financial Statements (continued)

財務報表附註 (續)

31 December 2006
二零零六年十二月三十一日

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities at amortised cost (including interest-bearing loans and borrowings)

Financial liabilities including trade payables, other payables and accruals and interest-bearing bank loans are initially stated at fair value less directly attributable transaction costs and are 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.

Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the amortisation process.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the income statement.

Inventories

Inventories are stated at the lower of cost and net realisable value after making due allowances for obsolete or slow moving items. Cost is determined on a weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on the estimated selling prices less any estimated costs to be incurred to completion and disposal.

Leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets and rentals receivable under the operating leases are credited to the income statement on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under the operating leases are charged to the income statement on the straight-line basis over the lease terms.

2.3 主要會計政策概要 (續)

按攤銷成本列示的金融負債 (包括計息貸款及借款)

金融負債包括應付貿易款項、其他應付款項及應計款項及計息銀行貸款，首次以公平值減直接應佔交易成本列示，其後則以實際利率法按攤銷成本計量，惟貼現的影響並不重大者除外，於此情況下，則按成本列示。

負債終止確認及按攤銷程序攤銷時，其損益於收益表內確認。

撤銷確認金融負債

當負債項下之責任被解除或取消或屆滿，金融負債將被撤銷確認。

如現有金融負債由同一放債人明顯不同的條款大致上相異之負債所取代，或現有負債之條款作出重大修訂，此類交換或修訂將被視為取消確認原負債及確認新負債處理，有關賬面值之差額於收益表確認。

存貨

存貨按成本與可變現淨值之較低者入賬，並就陳舊或滯銷項目作適當撥備。成本按加權平均法計算，如屬在製品及製成品，則包括直接物料、直接工資及適當比例之間接成本。可變現淨值按估計售價減任何估計完成及出售所需之成本計算。

租賃

凡資產擁有權之絕大部分回報及風險仍歸出租人所有之租約，均列作經營租約。倘本集團是出租人，則本集團根據經營租約出租之資產均計入非流動資產，而經營租約之應收租金則以直線法在租賃期內計入收益表。倘本集團是承租人，則經營租約之應付租金以直線法在租賃期內自收益表扣除。

Notes to Financial Statements (continued)

財務報表附註 (續)

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2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the income statement so as to provide a constant periodic rate of charge over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms. When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of the leasehold land and buildings as a finance lease in property, plant and equipment.

Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the balance sheets, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

2.3 主要會計政策概要 (續)

租賃 (續)

將資產所有權(法定業權除外)之大部份報酬與風險轉讓至本集團之租約列為融資租約處理,而自融資租約開始時,租賃資產之原值按最低租約費用之現值撥充資本,並連同債務(不計利息)列賬,以反映購入及融資情況。以撥作資本之融資租約持有之資產列為物業、廠房及設備,並按資產之租賃期及估計可用年期(以較短者為準)攤銷。該等租約之融資成本於收益表內扣除,以按租期計算固定費用。

經營租約之預付土地租約付款初步按成本列賬,其後於租賃期內以直線法確認。倘租賃付款無法可靠地在土地及樓宇之間進行分配,所有租賃付款會作為物業、廠房及設備之融資租賃列作租賃土地及樓宇之成本。

現金及現金等價物

就綜合現金流量表而言,現金及現金等價物包括手頭現金與活期存款,以及可隨時兌換為已知金額現金、所涉價值變動風險不高而一般自取得起計三個月內到期之短期高流通性投資,減須於要求時償還之銀行透支並構成於本集團現金管理下一部份。

就資產負債表而言,現金及現金等價物包括手頭現金及銀行存款,包括用途不受限制之定期存款。

Notes to Financial Statements (continued)

財務報表附註 (續)

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2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in net profit or loss when the liabilities are derecognised as well as through the amortisation process.

Borrowing costs

Borrowing costs are generally expensed as incurred.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the balance sheet date of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the income statement.

Income tax

Income tax comprises current and deferred tax. Income tax is recognised in the income statement or in equity if it relates to items that are recognised in the same or a different period directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

2.3 主要會計政策概要 (續)

計息貸款及借貸

所有貸款及借貸均初步以所收代價之公平值扣減直接應佔交易成本確認入賬。

在初步確認入賬以後，會採用實際利率法，按攤銷後成本計量計息貸款及借貸。

所得收益及虧損乃在取消確認負債及透過攤銷，在純利或虧損淨額中確認入賬。

借貸成本

借貸成本一般於產生時支銷。

撥備

當由於過往事件導致現時須承擔法律或推定責任而未來可能須流失資源以履行責任，且能可靠估計責任之數額，則會確認撥備。

倘若貼現影響重大，則所確認之撥備數額為預計履行責任所需之未來開支在結算日之現值。隨時間流逝使貼現值增加之款項計入收益表之融資成本。

所得稅

所得稅包括即期及遞延稅項，乃於收益表確認，或如所得稅關乎在同期或不同期間直接在權益確認之項目，則在權益確認入賬。

本期或過往期間之即期稅項資產及負債，乃按預期可自稅務機關收回或須支付予稅務機關之金額計算。

遞延稅項須按負債法就結算日資產及負債之計稅數額與財務申報之賬面值之間之所有暫時差額作出撥備。

Notes to Financial Statements (continued)

財務報表附註 (續)

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2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2.3 主要會計政策概要 (續)

所得稅 (續)

遞延稅項負債就所有應課稅暫時差額確認，惟下列情況除外：

- 因業務合併以外之交易（交易當時並無因而影響會計溢利或應課稅溢利或虧損者）下初步確認資產或負債所產生之遞延稅項負債；及
- 對附屬公司之投資相關之應課稅暫時差額而言，如暫時差額之撥回時間可予控制，且暫時差額不大可能在可預見將來撥回。

遞延稅項資產乃於可能取得應課稅溢利而可動用可扣稅暫時差額，以及未動用稅項抵免及未動用稅項虧損結轉可動用時，就所有可扣稅暫時差額、未動用稅項抵免及未動用稅項虧損結轉確認，惟下列情況除外：

- 遞延稅項資產涉及因負商譽或因業務合併以外之交易（交易當時並無因而影響會計溢利或應課稅溢利或虧損者）下初步確認資產或負債所產生之可扣稅暫時差額；及
- 對附屬公司之投資相關之可扣稅暫時差額而言，僅於暫時差額可能在可預見將來撥回及有可能取得應課稅溢利而可動用暫時差額扣稅之情況下，遞延稅項資產方予確認。

Notes to Financial Statements (continued)

財務報表附註 (續)

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2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Conversely, previously unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

- (a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;
- (b) rental income, on a time proportion basis over the lease terms;
- (c) interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset; and
- (d) dividend income, where the shareholder's right to receive payment has been established.

2.3 主要會計政策概要 (續)

所得稅 (續)

於各結算日會檢討遞延稅項資產之賬面值，倘不再可能取得足夠應課稅溢利以運用全部或部分遞延稅項資產扣稅，則會作出相應調減。相反，先前尚未確認之遞延稅項資產，則會於各結算日重新評估，並於有可能取得足夠應課稅溢利以運用全部或部分遞延稅項資產扣稅時確認。

遞延稅項資產及負債乃根據預期於變現資產或清償債務期間適用之稅率計算，而該稅率（及稅法）乃基於結算日正式實施或實質採用之稅率（及稅法）釐定。

當存在可依法執行之權利，可將即期稅項資產抵銷即期稅項負債，而遞延稅項涉及同一應課稅實體及同一稅務機關時，遞延稅項資產及遞延稅項負債方可互相抵銷。

收益確認

當經濟利益有可能流入本集團和當收入能可靠地計量時，收益會按下列基準確認：

- (a) 銷售貨品所得之收益，於所有權之重大風險和回報已轉移至買方時確認，惟本集團對所售貨品必須不再享有通常與所有權相關之管理權，亦不得再有實際控制權；
- (b) 租金收入在租賃期內按時間比例確認；
- (c) 利息收入按應計基準以實際利率法利用將金融工具在預計可用年期期間估計在日後收取之現金貼現至金融資產賬面淨值之利率確認；及
- (d) 股息收入於確立股東收款權利時確認。

Notes to Financial Statements (continued)

財務報表附註 (續)

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2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Dividends

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Final dividends proposed by the directors are classified as a separate allocation of retained profits within the equity section of the balance sheet, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Research and development costs

All research costs are charged to the income statement as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

2.3 主要會計政策概要 (續)

股息

由於本公司之組織章程大綱及細則授予董事宣派中期股息之權力，故中期股息乃同時建議及宣派。因此，中期股息於建議及宣派時即時確認為負債。

董事建議派付之末期股息分類為資產負債表內權益中保留溢利之獨立分配，直至末期股息於股東大會上獲股東批准為止。當該等股息獲股東批准及宣派，則確認為負債。

研究及開發成本

所有研究成本均於產生時自收益表扣除。

開發新產品之項目開支將撥充資本，並僅於以下情況延遲入賬：本集團能表現出完成該無形資產之技術可行性，以供使用或銷售；表現其有意完成該項資產及其使用或出售該項資產之能力；顯示該項資產如何產生日後經濟利益；顯示其能夠提供完成有關項目之資源；及顯示其有能力於開發期間可靠計量開支。不符合上述標準之產品開發開支於產生時支銷。

Notes to Financial Statements (continued)

財務報表附註 (續)

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2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government grants

Government grants, including subsidy for the expenditure incurred in construction cost of infrastructure project, are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is deducted from the carrying amount of the asset and released to the income statement by way of a reduced depreciation charge.

Employee benefits

Share-based payment transactions

The Company operates share option schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 32 to the financial statements. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company ("market conditions"), if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the "vesting date"). The cumulative expense recognised for equity-settled transactions at each balance sheet date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the consolidated income statement for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

2.3 主要會計政策概要 (續)

政府補助

政府補助(包括有關基建項目建築成本所招致開支之補助)於可合理地確定將會收取補助及將符合所有附帶條件時按公平值確認。倘補助涉及開支項目,則會於相關期間確認為收入,使該補助有系統地對應其擬補助之成本入賬。倘補助與資產有關,其公平值從資產之賬面值中扣減並透過扣減之折舊開支而轉撥至收益表。

僱員福利

以股份支付的交易

本公司訂立購股權計劃,以向為本集團成功營運作出貢獻的合資格參與者提供激勵及獎勵。本集團僱員(包括董事)以股份支付交易的形式收取酬金,據此僱員提供服務作為權益工具的代價(「以股份支付的交易」)。

僱員以股份支付交易的成本乃參照該權益工具於授予日期的公平值計量。公平值由外聘估值師採用二項式模型釐定,有關詳情載於財務報表附註32。在計算以權益支付交易的價值時,除與本公司股價有關的條件(「市場條件」,如適用)以外,概不會考慮任何表現條件。

權益支付交易的成本於表現及/或服務條件履行期間確認,同時相應增加權益,直至相關僱員完全可享有該權利當日(「歸屬日期」)為止。在歸屬日期之前每個結算日於權益支付交易所確認的累計開支反映歸屬期屆滿的程度及本集團認為對最終歸屬的權益工具數量的最佳估計。於期內綜合收益表扣除或計入的金額指於期初及期終確認的累計開支變動。

Notes to Financial Statements (continued)

財務報表附註 (續)

31 December 2006
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2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits (continued)

Share-based payment transactions (continued)

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as an additional share dilution in the computation of earnings per share.

Paid leave carried forward

The Group provides paid annual leave to its employees under their employment contracts on a calendar year basis. Under certain circumstances, such leave which remains untaken as at the balance sheet date is permitted to be carried forward and utilised by the respective employees in the following year. An accrual is made at the balance sheet date for the expected future cost of such paid leave earned during the year by the employees and carried forward.

2.3 主要會計政策概要 (續)

僱員福利 (續)

以股份支付的交易

除須視乎市場條件歸屬的回報外，對於最終未予歸屬的回報，則不確認任何開支。而對於須視乎市場條件歸屬的回報，在其他所有表現條件都符合情況下，不管市場條件是否達到要求，都視作已歸屬。

於修訂權益支付回報的條款時，將會至少確認開支，猶如有關條款並無作出修訂。此外，亦會就任何修訂確認開支，增加股份付款安排的總公平值，或於修訂當日計算時對僱員有利。

倘若註銷權益支付的回報，則會視作已於註銷當日歸屬，而任何未就回報確認的開支將立即確認。然而，倘以新回報取代所註銷的回報，並於授出當日列作取代回報，則所註銷及新授出的回報將視作原有回報的修訂，有關詳情載於上段。

尚未行使購股權的攤薄影響列作計算每股盈利的額外股份攤薄。

有薪假期結轉

本集團根據與僱員訂立之僱傭合約，按曆年基準向僱員提供有薪年假。在若干情況，於結算日仍未動用之該等假期可結轉並由各僱員於下年度動用。有關僱員於年內賺取及結轉之該等有薪年假之預期日後成本，於結算日列作應計項目。

Notes to Financial Statements (continued)

財務報表附註 (續)

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2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits (continued)

Retirement benefits schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in central pension schemes operated by the local municipal government. These subsidiaries are required to contribute certain percentages of its payroll costs to the central pension schemes. The contributions are charged to the income statement as they become payable in accordance with the rules of the central pension schemes.

2.3 主要會計政策概要 (續)

僱員福利 (續)

退休福利計劃

本集團根據香港強制性公積金計劃條例為合資格參與定額供款強制性公積金退休福利計劃(「強積金計劃」)之僱員設立強積金計劃。供款乃按僱員基本薪金之某百分比計算，並根據強積金計劃之規則於應付時在收益表扣除。強積金計劃資產與本集團資產分開存放，由獨立管理之基金持有。本集團一經向強積金計劃供款，有關僱主供款即全數歸僱員所有。

本集團於中國大陸經營之附屬公司之僱員須參與地方市政府管理之中央退休金計劃。該等附屬公司須按其薪酬成本之若干百分比向中央退休金計劃供款。供款於根據中央退休金計劃之規則應付時於收益表扣除。

Notes to Financial Statements (continued)

財務報表附註 (續)

31 December 2006
二零零六年十二月三十一日

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions are initially recorded using the functional currency rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the balance sheet date. All differences are taken to the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currencies of certain overseas subsidiaries are currencies other than Hong Kong dollars. As at the balance sheet date, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates ruling at the balance sheet date and, their income statements are translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are included in the exchange fluctuation reserve. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

For the purpose of the consolidated cash flow statement, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

2.3 主要會計政策概要 (續)

外幣

該等財務報表以港元(本公司之功能及呈列貨幣)呈列。本集團屬下各實體自行決定功能貨幣,而各實體財務報表內之項目均以該功能貨幣計算。外幣交易首先按交易日期適用之功能貨幣匯率入賬。於結算日以外幣為單位之貨幣資產與負債按該日適用之功能貨幣匯率重新換算。所有差額列入收益表。根據外幣歷史成本計算之非貨幣項目按首次交易日期之匯率換算。根據外幣公平值計算之非貨幣項目按釐定公平值當日之匯率換算。

若干海外附屬公司之功能貨幣並非港元。於結算日,該等實體之資產及負債均按結算日之匯率換算為本公司之呈列貨幣,而該等公司之收益表按年內之加權平均匯率換算為港元。因此而產生之匯兌差額計入權益中之獨立部分,即匯兌波動儲備。於出售海外實體時,就特定海外實體在權益確認之遞延累計數額將於收益表確認。

就編製綜合現金流量表而言,海外附屬公司之現金流量按現金流量日期適用之匯率換算為港元。海外附屬公司在年內產生之經常性現金流量會按該年度之加權平均匯率換算為港元。

Notes to Financial Statements (continued)

財務報表附註 (續)

31 December 2006
二零零六年十二月三十一日

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Classification between leasehold land element from leasehold land and buildings

The Group has determined the carrying value of the land element of the leasehold land and buildings held in Hong Kong in relation to the value of the entire lease is insignificant and cannot be reliably allocated.

Accordingly, the leasehold land and buildings held in Hong Kong has been treated as a single unit and accounted for under HKAS 16 "Property, plant and equipment".

Operating lease commitments – Group as lessor

The Group has entered into a commercial property lease on its investment property portfolio. The Group has determined that it retains all the significant risks and rewards of ownership of this property which is leased out on an operating lease.

Estimation uncertainty

Estimation of fair value of an investment property

As described in note 17 to the financial statements, the investment property was revalued at the balance sheet date on an open market value, existing state basis by independent professional valuers. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the judgement, the Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at each balance sheet date.

Valuation of share options

The fair value of options granted under share option scheme is determined using the binomial model. The significant inputs into the model were share price at the grant date, exercise price, risk-free interest rate, dividend yield, expected volatility and suboptimal exercise factor. When the actual results of the inputs differ from management's estimate, it will cause change in share options expense and related share options reserve of the Group.

3. 主要會計判斷及估計

判斷

管理層於應用本集團之會計政策時已作出以下判斷(不包括涉及估計者),對財務報表內確認之款項構成最重要影響者如下:

自租賃土地及樓宇重新分類租賃土地部分

本集團釐定於香港持有的租賃土地及樓宇內租賃土地部分的賬面值所佔整項租賃價值並不重大及不一定可靠地分配。因此,於香港持有的租賃土地及樓宇當作一個單位處理,並根據香港會計準則第16號「物業、廠房及設備」入賬。

經營租約承擔 – 本集團作為出租人

本集團已就旗下之投資物業組合訂立商業物業租約。本集團確定其保留營租約出租之物業之擁有權的所有重大風險及回報。

估計之不明朗因素

投資物業公平值估計

如附註17所述,投資物業已由獨立專業估值師於結算日按現況以公開市值基準重新估值。有關估值乃根據若干假設進行,故當中仍有不明確因素且或會與實際結果有重大差異。於作出判斷時,本集團已考慮活躍市場中類似物業之當前市價,並運用主要根據各結算日之市況作出之假設。

購股權的估值

根據購股權計劃授出的購股權計公平值採用二項式模型釐定,模型所採用的重大計算數據為授出日期的股價、行使價、無風險利率、派息率、預期波幅及預期行使值。倘計算數據的實際結果與管理層的估計不同,則會導致本集團的購股權開支及相關購股權儲備出現變動。

Notes to Financial Statements (continued)

財務報表附註 (續)

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4. SEGMENT INFORMATION

The Group's primary business segment is the manufacture and sale of ladies' brassieres, panties, swimwears and sleepwears. Since this is the only business segment of the Group, no further analysis thereof is presented.

Segment information is presented below in respect of the Group's geographical segment, which is regarded as the secondary segment. In determining the Group's geographical segments, revenue are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on location of assets.

4. 分部資料

本集團之主要業務分部是胸圍、內褲、泳衣及睡衣之製造及銷售。由於此為本集團之唯一業務分部，故並無呈列進一步之分析。

就本集團地區分部(即第二分部)資料呈列如下。決定本集團之地區分部時，收益乃按客戶所在地而歸入分部，資產按資產所在地歸入分部。

		Mainland China 中國大陸		Hong Kong 香港		Others 其他		Total 合併	
		2006	2005	2006	2005	2006	2005	2006	2005
		二零零六年	二零零五年	二零零六年	二零零五年	二零零六年	二零零五年	二零零六年	二零零五年
		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
Revenue from external customers	外界客戶之收益	513,207	444,554	81,083	74,179	30,034	31,281	624,324	550,014
Segment assets	分部資產	402,712	313,960	431,586	80,241	-	-	834,298	394,201
Capital expenditure incurred during the year	年內資本開支	6,359	6,270	1,516	152	-	-	7,875	6,422

5. REVENUE

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts.

5. 收益

收益，即本集團之營業額，指扣除退貨及交易折扣款額後售出貨品之發票淨值。

Notes to Financial Statements (continued)

財務報表附註 (續)

31 December 2006
二零零六年十二月三十一日

6. OTHER INCOME AND GAIN

6. 其他收入及收益

		Group 本集團	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Other income	其他收入		
Bank interest income	銀行利息收入	2,869	718
Gross rental income	租金收入總額	2,052	923
Subsidy incomes from the People's Republic of China (the "PRC") government:	來自中華人民共和國 (「中國」) 政府之津貼收入:		
Rewards as a superbrand in the PRC *	作為中國超級品牌之獎勵 *	292	1,923
Value-added tax refunded *	獲退回增值稅 *	-	405
Reinvestment tax refunds #	重新投資退稅 #	1,136	-
Others	其他	753	766
		7,102	4,735
Gain	收益		
Changes in fair value of an investment property (note 17)	投資物業公平值變動 (附註17)	2,200	600
		9,302	5,335
* There are no unfulfilled conditions or contingencies relating to these incomes.	* 此等收入並無涉及任何未達成之條件或或然事項。		
# According to the Income Tax Law of the PRC, the Group is entitled to refunds of corporate income tax, subject to the approval from the relevant offices of the Tax Bureau in the PRC. During the year, the Group reinvested the profit distributions received from its subsidiary in a new entity established in the PRC and received approvals from the Tax Bureau in relation to the reinvestment tax refunds. The refunds are determined based on certain percentages of the profit distribution reinvested.	# 根據中國所得稅法，本集團可於中國有關稅務局辦公室批准後獲得企業所得稅退稅。年內，本集團將自其附屬公司收取的溢利分派重新投資其於在中國新成立的附屬公司，並已獲稅務局批准重新投資退稅。退稅按重新投資的溢利分派的若干百分比釐定。		

7. FINANCE COSTS

7. 融資成本

		Group 本集團	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Interest on:	利息:		
Bank loans and overdrafts repayable within five years	須於五年內償還之銀行貸款及透支	30	33
Bank loans repayable over five years	須於五年後償還之銀行貸款	1,515	758
Total interest	總利息	1,545	791

Notes to Financial Statements (continued)

財務報表附註 (續)

31 December 2006
二零零六年十二月三十一日**8. PROFIT BEFORE TAX**The Group's profit before tax is arrived at after charging/
(crediting):**8. 除稅前溢利**

本集團之除稅前溢利已扣除／(計入):

		Group	
		本集團	
		2006	2005
		二零零六年	二零零五年
		HK\$'000	HK\$'000
		千港元	千港元
Cost of inventories sold	已售存貨成本	145,581	136,979
Depreciation	折舊	9,029	9,069
Amortisation of prepaid land lease payments	預付土地租賃款項之攤銷	59	58
Minimum lease payments under operating leases in respect of:	有關以下各項之經營租約之最低:		
Land and buildings	土地及樓宇	21,193	22,646
Contingent rents of retail outlets in department stores	百貨公司內的零售店的或然租金	157,264	135,602
Employee benefits expenses (excluding directors' remuneration – note 9):	僱員福利開支(不包括董事酬金—附註9):		
Wages and salaries	工資及薪金	116,213	108,930
Write-back of provision for long service payments	長期服務金撥回撥備	(854)	(735)
Retirement benefits scheme contributions	退休福利計劃供款	10,850	5,305
Equity-settled share option expenses	以股權支付購股權開支	344	—
		126,553	113,500
Auditors' remuneration	核數師酬金	1,980	1,200
Advertising and counter decoration expenses	廣告及櫃位裝飾開支	35,001	43,584
Impairment allowances for bad and doubtful debts	呆壞賬減值撥備	565	481
Research and development expenditure	研發開支	1,453	1,733
Loss on write-off of items of property, plant and equipment	撇銷物業、廠房及設備項目之虧損	101	938
Gain on disposal of items of property, plant and equipment	出售物業、廠房及設備項目之收益	(6)	(267)
Gross and net rental income	租金收入總額及淨額	(2,052)	(923)
Changes in fair value of an investment property	投資物業公平值變動	(2,200)	(600)
Foreign exchange differences, net	匯兌差異·淨額	(1,704)	(671)
Bank interest income	銀行利息收入	(2,869)	(718)

Notes to Financial Statements (continued)

財務報表附註 (續)

31 December 2006
二零零六年十二月三十一日**9. DIRECTORS' REMUNERATION**

Directors' remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and Section 161 of the Hong Kong Companies Ordinance is as follows:

9. 董事酬金

根據聯交所證券上市規則(「上市規則」)及香港公司條例第161節披露的年內董事酬金如下:

		Group 本集團	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Fees	袍金	60	-
Other emoluments:	其他酬金:		
Salaries, allowances and benefits in kind	薪金、津貼及實物福利	3,789	4,871
Equity-settled share option expenses	以股權支付之購股權開支	240	-
Retirement benefits scheme contributions	退休福利計劃供款	13	12
		4,102	4,883

During the year, certain directors were granted share options in respect of their services to the Group, under the share option scheme of the Company, further details of which are set out in note 32 to the financial statements. The fair value of such options, which has been recognised in the income statement over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above directors' remuneration disclosures.

年內，根據本公司的購股權計劃，若干董事就彼等向本集團提供的服務獲授購股權，有關詳情載於財務報表附註32。就於歸屬期內在收益表確認的購股權，其公平值於授出日期釐定，計入本年度財務報表的金額載入上述董事酬金披露事項內。

Notes to Financial Statements (continued)

財務報表附註 (續)

31 December 2006
二零零六年十二月三十一日9. DIRECTORS' REMUNERATION (continued)
20069. 董事酬金 (續)
二零零六年

		Fees	Salaries, allowances and benefits in kind	Equity-settled share option expenses	Retirement benefits scheme contributions	Total remuneration
	袍金	薪金、津貼及實物福利	以股權支付之購股權開支	退休福利計劃供款	總酬金	
	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	
<i>Executive directors:</i> 執行董事:						
Mr. Cheng Man Tai	鄭敏泰先生	–	1,072	78	–	1,150
Ms. Cheng Pik Ho Liza	鄭碧浩女士	–	955	45	12	1,012
Madam Ngok Ming Chu	岳明珠女士	–	1,664	69	–	1,733
Mr. Hung Hin Kit *	孔憲傑先生 *	–	98	30	1	129
		–	3,789	222	13	4,024
<i>Independent non-executive directors:</i> 獨立非執行董事:						
Mr. Lau Siu Ki	劉紹基先生	20	–	6	–	26
Mr. Lee Kwan Hung	李均雄先生	20	–	6	–	26
Prof. Lee T.S.	李天生教授	20	–	6	–	26
		60	–	18	–	78

Notes to Financial Statements (continued)

財務報表附註 (續)

31 December 2006
二零零六年十二月三十一日9. DIRECTORS' REMUNERATION (continued)
20059. 董事酬金 (續)
二零零五年

		Fees	Salaries, allowances and benefits in kind	Equity-settled share option expenses	Retirement benefits scheme contributions	Total remuneration
	袍金	薪金、津貼及實物福利	以股權支付之購股權開支	退休福利計劃供款	總酬金	
	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	
Executive directors: 執行董事:						
Mr. Cheng Man Tai	鄭敏泰先生	-	2,256	-	-	2,256
Ms. Cheng Pik Ho Liza	鄭碧浩女士	-	979	-	12	991
Madam Ngok Ming Chu	岳明珠女士	-	1,636	-	-	1,636
Mr. Hung Hin Kit *	孔憲傑先生 *	-	-	-	-	-
		-	4,871	-	12	4,883
Independent non-executive directors: 獨立非執行董事:						
Mr. Lau Siu Ki	劉紹基先生	-	-	-	-	-
Mr. Lee Kwan Hung	李均雄先生	-	-	-	-	-
Prof. Lee T.S.	李天生教授	-	-	-	-	-
		-	-	-	-	-

There were no arrangements under which a director waived or agreed to waive any remuneration during the year.

有關期間內並無董事免收或同意免收任何酬金之安排。

* Mr. Hung Hin Kit ("Mr. Hung") was appointed as an executive director of the Company in November 2006. Prior to his appointment, Mr. Hung was an employee of the Group during the years ended 31 December 2006 and 2005 and the respective remuneration received by Mr. Hung from the Group was not included as director's remuneration since the services provided by Mr. Hung to the Group were not in the capacity of a director of the Company.

* 孔憲傑先生(「孔先生」)於二零零六年十一月獲委任為本公司的執行董事，於彼獲委任前，孔先生於截至二零零六年及二零零五年十二月三十一日止年度為本集團的僱員，孔先生於有關年度收取本公司的酬金並無計入董事酬金內，此乃由於孔先生並非以本公司董事的身份向本集團提供服務。

During the year, share options were granted to directors in respect of their services to the Group, further details of which are included in the disclosures in note 32 to the financial statements. The fair value of such options, which has been recognised to the income statement over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above directors' remuneration disclosures.

年內，董事就彼等向本集團提供的服務獲授購股權，有關詳情載於財務報表附註32的披露事項內。就於歸屬期內在收益表確認的購股權，其公平值於授出日期釐定，計入本年度財務報表的金額載入上述董事酬金披露事項內。

Notes to Financial Statements (continued)

財務報表附註 (續)

31 December 2006
二零零六年十二月三十一日**10. FIVE HIGHEST PAID INDIVIDUALS**

The five highest paid employees during the year included three (2005: three) directors, details of whose remuneration are set out in note 9 to the financial statements above. Details of the remuneration of the remaining two (2005: two) non-director, highest paid employees for the year are as follows:

10. 五名最高薪人士

年內五名最高薪人士包括三名董事(二零零五年:三名),其酬金詳情已於上文財務報表附註9載述。年內其餘兩名非董事最高薪僱員(二零零五年:兩名)的薪酬詳情如下:

		Group 本集團	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Salaries, allowances and benefits in kind	薪金、津貼及實物利益	1,699	1,875
Equity-settled share option expenses	以股權支付購股權開支	42	-
Retirement benefits scheme contributions	退休福利計劃供款	23	24
		1,764	1,899

The number of non-director, highest paid employees whose remuneration fell within the designated bands is as follows:

薪酬屬於以下組別之非董事及最高薪僱員人數如下:

		Number of employees 僱員人數	
		2006 二零零六年	2005 二零零五年
Nil to HK\$1,000,000	零至1,000,000港元	1	1
HK\$1,000,001 to HK\$1,500,000	1,000,001港元至 1,500,000港元	1	1
		2	2

During the year, share options were granted to certain non-director, highest paid employee in respect of their services to the Group, further details of which are included in the disclosures in note 32 to the financial statements. The fair value of such options, which has been recognised in the income statement over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above non-director, highest paid employees' remuneration disclosures.

年內,若干最高薪非董事僱員就彼等向本集團提供的服務獲授購股權,有關詳情載於財務報表附註32的披露事項內。就於歸屬期內在收益表確認的購股權,其公平值於授出日期釐定,計入本年度財務報表的金額載入上述最高薪非董事僱員酬金披露事項內。

Notes to Financial Statements (continued)

財務報表附註 (續)

31 December 2006
二零零六年十二月三十一日**11. TAX**

Hong Kong profits tax has been provided at the rate of 17.5% (2005: 17.5%) on the estimated assessable profits arising in Hong Kong during the year. Pursuant to relevant laws and regulations in the PRC, the Company's subsidiaries, Embry (China) Garments Ltd. and Embry (Changzhou) Garments Ltd. are entitled to use of tax rates of 15% and 27%, being the applicable tax rates for foreign invested enterprises in the area of Shenzhen Special Economic Zone and Changzhou, respectively. In addition, taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

11. 稅項

香港利得稅乃根據年內估計在香港產生之應課稅溢利，按17.5%（二零零五年：17.5%）之稅率作出撥備。根據中國有關法規，本公司之附屬公司安莉芳（中國）服裝有限公司與安莉芳（常州）服裝有限公司可享有15%及27%之稅率（分別為深圳經濟特區與常州之外資企業適用稅率）。此外，其他地區之應課稅溢利之稅項乃根據本集團經營業務之國家的通行稅率，按有關地區之現行法例、詮釋及慣例計算。

		Group 本集團	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Group:	本集團:		
Current – Hong Kong	即期稅項 – 香港	420	324
Current – Mainland China	即期稅項 – 中國大陸		
Charge for the year	年內稅項	18,357	10,483
Overprovision in prior years	過往年度之超額撥備	(58)	(416)
Deferred (note 30)	遞延 (附註30)	1,255	326
Total tax charge for the year	年度之總稅項支出	19,974	10,717

Notes to Financial Statements (continued)

財務報表附註 (續)

31 December 2006
二零零六年十二月三十一日**11. TAX (continued)**

A reconciliation of the tax expense applicable to profit before tax using the statutory rates for the regions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates is as follows:

11. 稅項 (續)

以本公司及其附屬公司註冊地區之法定稅率及除稅前溢利計算之稅項開支，與使用實際稅率計算之稅項開支的對賬如下：

		Group	
		本集團	
		2006	2005
		二零零六年	二零零五年
		HK\$'000	HK\$'000
		千港元	千港元
Profit before tax	除稅前溢利	102,579	56,394
Tax at the applicable rates to profits in the countries concerned	按有關國家適用於溢利之稅率計算之稅項	31,698	19,324
Lower tax rate for specific provinces in Mainland China	中國大陸特定省份之較低稅率	(14,871)	(9,946)
Adjustments in respect of current tax of previous years	對以往年度之即期稅項的調整	(58)	(416)
Income not subject to tax	毋須課稅之收入	(360)	(491)
Expenses not deductible for tax	不可扣稅之開支	8,667	1,060
Tax losses utilised from previous years	動用來自以往年度之稅項虧損	(5,528)	-
Tax losses not recognised	未確認稅項虧損	426	1,186
Tax charge at the Group's effective rate	按本集團之實際稅率計算之稅項支出	19,974	10,717

Notes to Financial Statements (continued)

財務報表附註 (續)

31 December 2006
二零零六年十二月三十一日

12. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year:

12. 有關連人士交易

(a) 除該等財務報表其他部份所述之交易外，本集團於年內與有關連人士進行之重大交易如下：

			2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
	Notes 附註			
Purchases of furniture for counters and shops from related companies	(i)	向有關連公司購買櫃位及店舖之傢俬	13,516	13,786
Rental expenses for a warehouse paid to a director of the Company	(ii)	向本公司董事支付倉庫之租金開支	171	180
Rental income received from a related company	(iii)	向關連公司收取之租金收入	85	159
Rental expenses for a director's quarter paid to a director of the Company	(iv)	支付予本公司董事之董事宿舍租金開支	300	200
Rental expenses for a director's quarter paid to a related company	(v)	支付關連公司之董事宿舍租金開支	90	-

Notes to Financial Statements (continued)

財務報表附註 (續)

31 December 2006
二零零六年十二月三十一日

12. RELATED PARTY TRANSACTIONS (continued)

(a) (continued)

Notes:

- (i) The purchases of furniture for counters and shops from related companies controlled by a son of a director of the Company were made according to the terms similar to those offered to the Group's independent suppliers.
- (ii) The rental expenses were determined with reference to the then prevailing market conditions.
- (iii) The rental income was received from a related company controlled by a son of a director of the Company and was determined by the directors of the Company and the related company with reference to the then prevailing market conditions. The rental agreement was terminated on 30 June 2006.
- (iv) The rental expenses were determined with reference to the then prevailing market conditions. The rental agreement was terminated on 1 July 2006.
- (v) The rental expenses were paid to a related company controlled by the directors of the Company and were determined with reference to the then prevailing market conditions. The rental agreement was terminated on 1 July 2006.

(b) Other transaction with a related party

On 30 June 2006, the Group disposed of certain dormant subsidiaries (the "Disposed Subsidiaries") with an aggregate deficiency in assets of approximately HK\$108,000 to a director of the Company for a total cash consideration of approximately HK\$14,000. The considerations were determined by reference to the net asset values of the respective Disposed Subsidiaries and at nominal value for the respective Disposed Subsidiaries which record a deficiency in assets.

12. 有關連人士交易 (續)

(a) (續)

附註:

- (i) 向本公司董事兒子控制之關連公司購買櫃位及店舖之傢俬之條款與提供予本集團獨立供應商之條款相若。
- (ii) 租金開支乃參考當時之市況釐定。
- (iii) 向本公司董事兒子控制之關連公司收取之租金收入乃由本公司董事與該關連公司在參考當時市況後釐定。該租賃協議已於二零零六年六月三十日終止。
- (iv) 租金開支乃參考當時之市況釐定。該租賃協議已於二零零六年七月一日終止。
- (v) 有關租金開支乃支付本公司董事控制之關連公司，並參考當時之市況釐定。該租賃協議已於二零零六年七月一日終止。

(b) 與關連方進行的其他交易:

於二零零六年六月三十日，本集團已出售若干資產虧絀合共約108,000港元的不活躍附屬公司（「已出售附屬公司」）予本公司一名董事，總現金代價約14,000港元。代價乃參照各已出售附屬公司之資產及各錄得資產虧絀之已出售附屬公司之名義值釐定。

Notes to Financial Statements (continued)

財務報表附註 (續)

31 December 2006
二零零六年十二月三十一日**12. RELATED PARTY TRANSACTIONS (continued)****(c)** Compensation of key management personnel of the Group:

Short term employee benefits	短期僱員福利
Post-employment benefits	離職後福利
Equity-settled share option expenses	以股權支付之購股權開支
Total compensation paid to key management personnel	支付予主要管理人員之總酬金

Further details of directors' remuneration are included in note 9 to the financial statements.

The directors are of the opinion that the above transactions were conducted in the ordinary course of business of the Group.

The related party transactions in respect of items (a)(i) and (a)(ii) above also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.

13. PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The consolidated profit attributable to equity holders of the Company for the year ended 31 December 2006 includes a loss of HK\$77,000 which has been dealt with in the financial statements of the Company (note 33(b)).

12. 有關連人士交易 (續)**(c)** 本集團主要管理人員之薪酬:

2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
8,512	10,111
73	70
433	—
9,018	10,181

董事酬金的詳情載於財務資料附註9。

董事認為上述交易是於本集團之日常業務過程中內按一般商業條款進行。

根據上市規則第14A章·上文第(a)(i)及(a)(ii)項的有關連人士交易亦構成持續關連交易。

13. 本公司權益持有人應佔溢利

截至二零零六年十二月三十一日止年度本公司權益持有人應佔綜合溢利包括虧損77,000港元·該等虧損已於本公司財務報表內列賬(附註33(b))。

Notes to Financial Statements (continued)

財務報表附註 (續)

31 December 2006
二零零六年十二月三十一日

14. DIVIDENDS

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Proposed final – HK6.0 cents per ordinary share	擬派末期股息—每股普通股6.0港仙	24,000	—
Dividend declared and paid by the subsidiaries (Note)	附屬公司宣派及派付股息 (附註)	—	150,000
		24,000	150,000

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

Note: The amount represents dividend declared and paid by the Company's subsidiaries to their then shareholders during the year ended 31 December 2005. The rate of dividend and the number of shares ranking for dividend are not presented as such information is not meaningful for the purpose of these financial statements.

14. 股息

年內擬派末期股息須待本公司股東於應屆股東週年大會上批准。

附註：金額指由本公司附屬公司於截至二零零五年十二月三十一日止年度向其當時股東宣派及派付的股息。由於派息率及可收取股息的股份數目對財務報表的意義不大，故此並無呈列該等資料。

15. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share is based on the profit for the year attributable to ordinary equity holders of the Company of HK\$81,105,000 (2005: HK\$44,431,000) and the weighted average of 303,836,000 (2005: 300,000,000) ordinary shares deemed to have been in issue during the year.

The weighted average number of shares used to calculate the basic earnings per share for the year ended 31 December 2005 includes the pro forma issued share capital of the Company of 300,000,000 shares, comprising:

- (i) the 1 share and 9,999,999 shares of the Company allotted and issued at nil paid on 29 August 2006 and 25 November 2006, respectively (notes 31(c) and 31(d)(i));
- (ii) the 10,000,000 shares issued as consideration for the acquisition of Embry Group Limited on 25 November 2006 (note 31(d)(iii)); and

15. 本公司權益持有人應佔每股盈利

每股基本盈利按本公司普通權益持有人應佔年度溢利81,105,000港元(二零零五年:44,431,000港元)及年內被視為已發行股份的加權平均數303,836,000股(二零零五年:300,000,000股)計算。

用作計算截至二零零五年十二月三十一日止年度每股基本盈利的股份加權平均數包括本公司備考已發行股本300,000,000股股份，包括：

- (i) 於二零零六年八月二十九日及二零零六年十一月二十五日分別以零代價配發及發行1股及9,999,999股本公司股份(附註31(c)及31(d)(i))；
- (ii) 發行10,000,000股股份作為於二零零六年十一月二十五日收購Embry Group Limited的代價(附註31(d)(iii))；及

Notes to Financial Statements (continued)

財務報表附註 (續)

31 December 2006
二零零六年十二月三十一日

15. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (continued)

- (iii) the capitalisation issue of 280,000,000 shares (note 31(e)).

The weighted average number of shares used to calculate the basic earnings per share for the year ended 31 December 2006 includes the weighted average of 3,836,000 shares issued upon the listing of the Company's shares on the Stock Exchange on 18 December 2006 in addition to the aforementioned 300,000,000 ordinary shares.

The calculation of diluted earnings per share for the year ended 31 December 2006 is based on the profit attributable to equity holders of the Company for the year of HK\$81,105,000. The weighted average number of ordinary shares used in the calculation is the 303,836,000 ordinary shares deemed to have been in issue during the year as used in the basic earnings per share calculation, and the weighted average of 168,000 ordinary shares assumed to have been issued at no consideration on the deemed exercise of all share options outstanding during the year.

There was no potential dilutive ordinary share in existence for the year ended 31 December 2005 and, accordingly, no diluted earnings per share amount has been presented.

15. 本公司權益持有人應佔每股盈利 (續)

- (iii) 資本化發行280,000,000股股份 (附註31(e))。

用作計算截至二零零六年十二月三十一日止年度每股基本盈利的股份加權平均數除包括上述300,000,000股普通股外，亦包括本公司股份於二零零六年十二月十八日在聯交所上市時發行的股份加權平均數3,836,000股。

截至二零零六年十二月三十一日止年度每股攤薄盈利根據年內本公司權益持有人應佔溢利81,105,000港元計算，而計算所採用的普通股加權平均數為用於計算每股基本盈利的年內被視為已發行普通股303,836,000股，以及假設於年內被視為行使所有尚未行使購股權時以無代價發行的普通股加權平均數168,000股。

截至二零零五年十二月三十一日止年度並無具潛在攤薄效應的普通股，因此並無呈列每股攤薄盈利金額。

Notes to Financial Statements (continued)

財務報表附註 (續)

31 December 2006

二零零六年十二月三十一日

16. PROPERTY, PLANT AND EQUIPMENT
Group16. 物業、廠房及設備
本集團

		Leasehold land and buildings 租賃土地 及樓宇 HK\$'000 千港元	Leasehold improvements 租賃物業裝修 HK\$'000 千港元	Plant and machinery 廠房及機器 HK\$'000 千港元	Furniture, fixtures and office equipment 傢俬、裝置及 辦公室設備 HK\$'000 千港元	Motor vehicles 汽車 HK\$'000 千港元	Total 總計 HK\$'000 千港元
31 December 2006	二零零六年十二月三十一日						
Cost:	成本:						
At 1 January 2006	於二零零六年一月一日	69,694	3,690	33,925	48,469	11,345	167,123
Additions	添置	-	-	1,383	4,804	1,688	7,875
Disposals	出售	-	-	-	-	(774)	(774)
Write-off	撇銷	-	-	-	(373)	(219)	(592)
Exchange realignment	匯兌調整	1,525	-	1,323	1,548	283	4,679
At 31 December 2006	於二零零六年十二月三十一日	71,219	3,690	36,631	54,448	12,323	178,311
Accumulated depreciation:	累計折舊:						
At 1 January 2006	於二零零六年一月一日	18,884	3,690	24,101	32,848	8,803	88,326
Provided during the year	年內折舊開支	2,247	-	1,569	4,404	809	9,029
Disposals	出售	-	-	-	-	(774)	(774)
Write-off	撇銷	-	-	-	(294)	(197)	(491)
Exchange realignment	匯兌調整	574	-	964	968	197	2,703
At 31 December 2006	於二零零六年十二月三十一日	21,705	3,690	26,634	37,926	8,838	98,793
Net book value:	賬面淨值:						
At 31 December 2006	於二零零六年十二月三十一日	49,514	-	9,997	16,522	3,485	79,518
31 December 2005	二零零五年十二月三十一日						
Cost:	成本:						
At 1 January 2005	於二零零五年一月一日	94,958	7,183	33,687	45,699	10,375	191,902
Additions	添置	-	-	874	4,446	1,102	6,422
Transfer to an investment property (note 17)	轉入投資物業 (附註17)	(26,008)	-	-	-	-	(26,008)
Disposals	出售	(36)	-	-	-	(182)	(218)
Write-off	撇銷	-	(3,493)	(1,280)	(2,364)	(77)	(7,214)
Exchange realignment	匯兌調整	780	-	644	688	127	2,239
At 31 December 2005	於二零零五年十二月三十一日	69,694	3,690	33,925	48,469	11,345	167,123
Accumulated depreciation:	累計折舊:						
At 1 January 2005	於二零零五年一月一日	20,101	7,183	22,409	30,623	8,243	88,559
Provided during the year	年內折舊開支	2,573	-	1,860	3,973	663	9,069
Transfer to an investment property (note 17)	轉入投資物業 (附註17)	(4,007)	-	-	-	-	(4,007)
Disposals	出售	(25)	-	-	-	(165)	(190)
Write-off	撇銷	-	(3,493)	(607)	(2,148)	(28)	(6,276)
Exchange realignment	匯兌調整	242	-	439	400	90	1,171
At 31 December 2005	於二零零五年十二月三十一日	18,884	3,690	24,101	32,848	8,803	88,326
Net book value:	賬面淨值:						
At 31 December 2005	於二零零五年十二月三十一日	50,810	-	9,824	15,621	2,542	78,797

Notes to Financial Statements (continued)

財務報表附註 (續)

31 December 2006
二零零六年十二月三十一日**16. PROPERTY, PLANT AND EQUIPMENT (continued)**

The Group's leasehold land and buildings at cost included above are held under the following lease terms:

Medium term leases in Hong Kong 於香港之中期租約
Medium term leases outside Hong Kong 香港境外之中期租約
Long term leases outside Hong Kong 香港境外之長期租約

At the balance sheet date, the Group's leasehold land and buildings situated in Hong Kong with a net book value of HK\$23,409,000 (2005: HK\$23,981,000) were pledged to secure banking facilities granted to the Group (note 27).

During the year ended 31 December 2005, certain of the Group's leasehold land and buildings were transferred to investment property at a fair value of HK\$24,900,000 which was based on the valuation by LCH (Asia-Pacific) Surveyors Limited, an independent professionally qualified valuer, on an open market, existing state basis. Accordingly, an asset revaluation reserve of HK\$2,730,000 arose, after netting with the reserve attributable to minority interests of HK\$169,000.

16. 物業、廠房及設備 (續)

本集團根據以下租賃年期持有上述以成本列賬之租賃土地及樓宇:

		Group 本集團	
		2006	2005
		二零零六年	二零零五年
		HK\$'000	HK\$'000
		千港元	千港元
Medium term leases in Hong Kong	於香港之中期租約	28,605	28,605
Medium term leases outside Hong Kong	香港境外之中期租約	39,964	38,533
Long term leases outside Hong Kong	香港境外之長期租約	2,650	2,556
		71,219	69,694

於結算日，本集團位於香港而賬面淨值為23,409,000港元(二零零五年:23,981,000港元)之租賃土地及樓宇乃予以抵押，作為本集團獲授銀行融資之抵押品(附註27)。

截至二零零五年十二月三十一日止年度，本集團若干租賃土地及樓宇乃按24,900,000港元之公平值而轉入投資物業。該公平值乃根據獨立專業合資格估值師利駿行測量師有限公司按公開市場及現況基準進行之估值而得出。因此，與少數股東權益應佔之169,000港元儲備抵銷後產生2,730,000港元之資產重估儲備。

Notes to Financial Statements (continued)

財務報表附註 (續)

31 December 2006
二零零六年十二月三十一日

17. INVESTMENT PROPERTY

17. 投資物業

		Group 本集團	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Carrying amount at 1 January	於一月一日之賬面值	25,500	–
Transfer from owner-occupied property (note 16)	轉自業主自用物業 (附註16)	–	24,900
Changes in fair value (notes 6 and 8)	公平值變動 (附註6及8)	2,200	600
Carrying amount at 31 December	於十二月三十一日之賬面值	27,700	25,500

The Group's investment property situated in Hong Kong is held under the medium term lease and has been pledged as security against banking facilities granted to the Group (note 27).

本集團之投資物業位於香港並以中期租約持有。有關投資物業已用作本集團獲授之銀行融資之抵押 (附註27)。

The Group's investment property was revalued on 31 December 2006 by DTZ Debenham Tie Leung Limited, an independent professionally qualified valuer, at HK\$27,700,000 on an open market, existing state basis. The investment property is leased to a third party under an operating lease, further details of which are included in note 35(a) to the financial statements.

本集團之投資物業由獨立專業合資格估值師戴德梁行有限公司按公開市場及現況基準於二零零六年十二月三十一日估值為27,700,000港元。該投資物業乃根據經營租約出租予第三方，其詳情載於財務資料附註35(a)。

Notes to Financial Statements (continued)

財務報表附註 (續)

31 December 2006
二零零六年十二月三十一日

18. PREPAID LAND LEASE PAYMENTS

18. 預付土地租賃款項

		Group 本集團	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Cost:	成本:		
At 1 January	於一月一日	2,553	2,505
Additions	添置	3,515	-
Exchange realignment	匯兌調整	94	48
		<u>6,162</u>	<u>2,553</u>
As 31 December	於十二月三十一日		
Amortisation:	攤銷:		
At 1 January	於一月一日	290	228
Recognised during the year	年內確認	59	58
Exchange realignment	匯兌調整	12	4
		<u>361</u>	<u>290</u>
At 31 December	於十二月三十一日		
Carrying amount at 31 December	於十二月三十一日之賬面值	5,801	2,263
Current portion included in prepayments, deposits and other receivables (note 21)	計入預付款項、按金及其他應收款項之即期部份 (附註21)	(60)	(58)
		<u>5,741</u>	<u>2,205</u>
Non-current portion	非即期部份		
The leasehold lands are situated in Mainland China and the respective prepaid land lease payments are held under medium term leases.			有關租賃土地位於中國大陸，相關預付土地租賃款項乃根據中期租約持有。

19. INVENTORIES

19. 存貨

		Group 本集團	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Raw materials	原材料	17,932	30,800
Work in progress	在製品	19,252	15,832
Finished goods	製成品	190,785	158,436
		<u>227,969</u>	<u>205,068</u>

Notes to Financial Statements (continued)

財務報表附註 (續)

31 December 2006
二零零六年十二月三十一日**20. TRADE RECEIVABLES**

The Group's trading terms with its customers are mainly on credit, except for wholesalers, where payment in advance is normally required. The credit period is generally for a period of one month, extending up to three months for major customers. The Group seeks to maintain strict control over its outstanding receivables from the sales department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

An aged analysis of the Group's trade receivables as at the balance sheet date, based on the invoice date, is as follows:

20. 應收貿易賬款

本集團主要以信貸期形式與客戶進行買賣，惟一般會要求批發商預先付款。信貸期一般為一個月，主要客戶之信貸期則可延至三個月。本集團之銷售部嚴控未繳之應收款項，以減低信貸風險。逾期結餘由高級管理層定期檢討。鑑於上文所述及本集團之應收貿易賬款涉及多元化之客戶群且客戶人數眾多，故並無信貸過度集中之風險。應收貿易賬款並不計息。

本集團於結算日之應收貿易賬款根據發票日期之賬齡分析如下：

		Group 本集團	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Within 90 days	90日內	33,214	21,017
91 to 180 days	91至180日	1,765	1,408
181 to 360 days	181至360日	662	297
Over 360 days	360日後	1,320	862
		36,961	23,584
Less: Impairment allowance	減：減值撥備	(1,994)	(1,365)
		34,967	22,219

The carrying amounts of trade receivables approximate to their fair values.

應收貿易賬款之賬面值與其公平值相若。

Notes to Financial Statements (continued)

財務報表附註(續)

31 December 2006
二零零六年十二月三十一日

21. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

21. 預付款項、按金及其他應收款項

		Group 本集團		Company 本公司
		2006 二零零六年	2005 二零零五年	2006 二零零六年
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Prepaid land lease payments (note 18)	預付土地租賃款項 (附註18)	60	58	—
Prepayments	預付款項	2,845	2,559	—
Deposits and other receivables	按金及其他應收款項	11,141	8,285	590
		14,046	10,902	590

The carrying amounts of prepayments, deposits and other receivables approximate to their fair values.

預付款項、按金及其他應收款項之賬面值與其公平值相若。

22. INTERESTS IN SUBSIDIARIES
Company22. 於附屬公司的權益
本公司

		2006 二零零六年 HK\$'000 千港元
Unlisted investments, at cost	未上市投資·按成本	381,448
Due from a subsidiary	應收附屬公司款項	18,907
		400,355

The amount due from a subsidiary is unsecured, interest-free and not expected to be settled within the next twelve months from the balance sheet date. The carrying amount of the amount due from a subsidiary approximates its fair value.

應收附屬公司款項為無抵押、免息及預期毋須於結算日起計未來12個月內償付。應收附屬公司款項的賬面值與其公平值相若。

Notes to Financial Statements (continued)

財務報表附註 (續)

31 December 2006

二零零六年十二月三十一日

22. INTERESTS IN SUBSIDIARIES (continued)

Particulars of subsidiaries are as follows:

22. 於附屬公司的權益 (續)

附屬公司的詳情如下:

Name 名稱	Place of incorporation or registration 成立或 註冊地點	Issued and fully paid share/ registered capital 已發行及 繳足股份/ 註冊股本	Percentage of equity attributable to the Company 本公司 應佔權益 百分比	Principal activities 主要業務
Changzhou Embry Development Limited ("CZ Embry Development")** 常州安莉芳發展有限公司 (「常州安莉芳發展」)**	PRC 中國	RMB20,000,000 人民幣20,000,000元	100	Property investment 物業投資
Embry (Changzhou) Garments Ltd. ("Embry CZ")** 安莉芳(常州)服裝 有限公司 (「安莉芳常州」)**	PRC 中國	RMB11,600,000 人民幣11,600,000元	100	Manufacture and trading of ladies' brassieres, panties, swimwears and sleepwears 製造及買賣 女性胸圍、內褲 、泳衣及睡衣
Embry (China) Garments Ltd. ("Embry SZ")** 安莉芳(中國)服裝 有限公司 (「安莉芳深圳」)**	PRC 中國	HK\$11,000,000 11,000,000港元	100	Manufacture and trading of ladies' brassieres, panties, swimwears and sleepwears 製造及買賣 女性胸圍、內褲 、泳衣及睡衣
Embry (H.K.) Limited ("Embry HK") 安莉芳(香港)有限公司 (「安莉芳香港」)	Hong Kong 香港	Ordinary HK\$45,000 * Non-voting deferred HK\$4,500,000 普通股 45,000港元 *無投票權 遞延股 4,500,000港元	100	Trading of ladies' brassieres, panties, swimwears and sleepwears 買賣女性胸圍、 內褲、泳衣 及睡衣

Notes to Financial Statements (continued)

財務報表附註 (續)

31 December 2006

二零零六年十二月三十一日

22. INTERESTS IN SUBSIDIARIES (continued)

Particulars of subsidiaries are as follows:(continued)

22. 於附屬公司的權益 (續)

附屬公司的詳情如下:(續)

Name 名稱	Place of incorporation or registration 成立或 註冊地點	Issued and fully paid share/ registered capital 已發行及 繳足股份/ 註冊股本	Percentage of equity attributable to the Company 本公司 應佔權益 百分比	Principal activities 主要業務
Embry (Macau) Fashion Company Limited (Embry (Macau) Pronto A Vestir, Limitada)	Macau 澳門	MOP100,000 100,000澳門幣	100	Trading of ladies' brassieres, panties, swimwears and sleepwears 買賣女性胸圍、 內褲、泳衣 及睡衣
Embry (Shandong) Garments Limited ("Embry SD")** 安莉芳(山東)服裝 有限公司 (「安莉芳山東」)**	PRC 中國	US\$2,007,181 2,007,181美元	100	Manufacture and trading of ladies' brassieres, panties, swimwears, and sleepwears but not yet commenced business 製造及買賣女性 胸圍、內褲、 泳衣及睡衣、惟 尚未開展業務
Embry Development Limited	BVI 英屬處女群島	US\$1 1美元	100	Investment holding 投資控股
Embry Garments Limited	BVI 英屬處女群島	US\$1 1美元	100	Investment holding 投資控股
Embry Group Limited ("EGL")	BVI 英屬處女群島	US\$472 472美元	100	Investment holding 投資控股

Notes to Financial Statements (continued)

財務報表附註 (續)

31 December 2006
二零零六年十二月三十一日**22. INTERESTS IN SUBSIDIARIES (continued)**

Particulars of subsidiaries are as follows:(continued)

22. 於附屬公司的權益 (續)

附屬公司的詳情如下:(續)

Name 名稱	Place of incorporation or registration 成立或 註冊地點	Issued and fully paid share/ registered capital 已發行及 繳足股份/ 註冊股本	Percentage of equity attributable to the Company 本公司 應佔權益 百分比	Principal activities 主要業務
Gallin Investments Limited	Hong Kong 香港	HK\$2 2港元	100	Investment holding 投資控股
Prime Force Advertising Limited	Hong Kong 香港	HK\$20 20港元	100	Property investment 物業投資
Whistleblower Limited	BVI 英屬處女群島	US\$1 1美元	100	Holding of trademarks 持有商標

* The non-voting deferred shares carry no rights to dividends (other than for any financial year during which the net profit of Embry HK available for dividend exceeds HK\$1,000,000,000,000), no rights to vote at general meetings and no rights to receive any surplus in return of capital in a winding-up in respect of the first HK\$500,000,000,000,000.

** CZ Embry Development, Embry CZ, Embry SZ and Embry SD are registered as wholly-foreign owned enterprises under the PRC law.

Except for EGL, all of the above subsidiaries are indirectly held by the Company.

* 無投票權遞延股並無附帶權利收取股息 (於安莉芬香港可供派息的純利超過1,000,000,000,000港元的任何財政年度除外)、於股東大會上投票及於清盤時收取首500,000,000,000,000港元退回股本的任何盈餘。

** 常州安莉芬發展、安莉芬常州、安莉芬深圳及安莉芬山東均根據中國法例註冊為全外資企業。

除EGL外，上述所有附屬公司均由本公司間接持有。

Notes to Financial Statements (continued)

財務報表附註 (續)

31 December 2006
二零零六年十二月三十一日

23. CASH AND CASH EQUIVALENTS

23. 現金及現金等價物

		Group 本集團		Company 本公司
		2006 二零零六年	2005 二零零五年	2006 二零零六年
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Cash and bank balances	現金及銀行結餘	87,891	45,484	137
Time deposits	定期存款	343,334	4,026	316,308
		431,225	49,510	316,445

At the balance sheet date, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to HK\$79,422,000 (2005: HK\$40,389,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for approximately one week on average depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The carrying amounts of the cash and cash equivalents and the time deposits approximate to their fair values.

本集團於結算日以人民幣計值之現金及銀行結餘為79,422,000港元(二零零五年:40,389,000港元)。人民幣是不可自由兌換為其他貨幣,惟根據中華人民共和國外匯管理條例,以及結匯、售匯及付匯管理規定,本集團獲准透過獲授權進行外匯交易業務之銀行將人民幣兌換為其他貨幣。

銀行存款根據每日銀行存款利率釐定之浮動利率計息。短期定期存款通常為期約一星期,視乎本集團當時之現金需求而定,並按有關之短期定期存款利率計息。現金及現金等價物以及定期存款之賬面值與其公平值相若。

Notes to Financial Statements (continued)

財務報表附註 (續)

31 December 2006
二零零六年十二月三十一日**24. TRADE AND BILLS PAYABLES**

An aged analysis of the Group's trade and bills payables as at the balance sheet date, based on the invoice date, is as follows:

Within 90 days	90日內
91 to 180 days	91至180日
181 to 360 days	181至360日
Over 360 days	360日後

The trade payables are non-interest-bearing and are normally settled on 30 to 90 days terms. The carrying amounts of trade and bills payables approximate to their fair values.

25. OTHER PAYABLES AND ACCRUALS

Other payables	其他應付款項
Accruals	應計款項

24. 應付貿易賬款及應付票據

本集團於結算日之應付貿易賬款及應付票據根據發票日期之賬齡分析如下:

		Group 本集團	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
		21,040	36,933
		2,066	1,992
		826	575
		1,351	1,449
		25,283	40,949

應付貿易賬款並不計息，一般於30至90日內結清。應付貿易賬款及應付票據之賬面值與其公平值相若。

25. 其他應付款項及應計款項

		Group 本集團		Company 本公司
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
		33,100	12,496	-
		17,751	14,145	4,365
		50,851	26,641	4,365

Notes to Financial Statements (continued)

財務報表附註 (續)

31 December 2006
二零零六年十二月三十一日**25. OTHER PAYABLES AND ACCRUALS (continued)**

As at 31 December 2006, included in the other payables amounting to RMB16,631,000 (approximately HK\$16,581,000) (2005: Nil) was the subsidy received from the People's Government of Zhangqiu, Shandong Province, the PRC, for the construction cost of the basic infrastructure to be incurred by the Group in Shandong Province, the PRC.

Other payables are non-interest-bearing, and except for the government subsidy stated above have an average term of three months. The carrying amounts of other payables and accruals approximate to their fair values.

25. 其他應付款項及應計款項 (續)

截至二零零六年十二月三十一日，其他應付款項包括一筆人民幣16,631,000元（約16,581,000港元）（二零零五年：零）之已收款項，為中國山東省章丘市人民政府就本集團將於中國山東省之基礎設施所產生建築成本而提供之津貼。

其他應付款項為免息，除上文所列的政府津貼外，一般賬期為期三個月。其他應付款項及應計款項之賬面值與其公平值相若。

26. INTEREST-BEARING BANK LOANS, SECURED**26. 計息銀行貸款，有抵押**

		Group 本集團		
		Maturity 到期日	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Current	即期			
Trust receipt loan	信託收據貸款		-	332
Bank loan	銀行貸款	2007 二零零七年	<u>4,242</u>	<u>3,735</u>
			4,242	4,067
Non-current	非即期			
Bank loan	銀行貸款	2008 to 2012 二零零八年至 二零一二年	<u>20,228</u>	<u>24,108</u>
			24,470	28,175
Analysed into:	分析：			
Bank loans and trust receipt loan repayable:	應付銀行貸款及信託收據貸款：			
Within one year	一年內		4,242	4,067
In the second year	第二年		4,151	3,940
In the third to fifth years, inclusive	第三至第五年 (包括首尾兩年)		16,077	13,172
Beyond five years	五年後		-	6,996
			<u>24,470</u>	<u>28,175</u>

Notes to Financial Statements (continued)

財務報表附註 (續)

31 December 2006
二零零六年十二月三十一日

26. INTEREST-BEARING BANK LOANS, SECURED

(continued)

The effective interest rate of the Group's bank loan is Hong Kong Dollar Prime Lending Rate minus 2.125% and trust receipt loan bears interest at 0.25% above the Hong Kong Dollar Prime Lending Rate per annum are denominated in Hong Kong dollars.

The bank loans do not bear interest at fixed rate, so the fair value of non-current bank loan is not materially different from its book value.

27. BANKING FACILITIES

As at 31 December 2006, the Group's general banking facilities are secured by the first legal charges on certain medium term leasehold land and buildings and investment property owned by the Group (notes 16 and 17).

28. DUE TO A MINORITY SHAREHOLDER

As at 31 December 2005, the Group has not yet settled the dividend of HK\$3,810,000 declared to a minority shareholder of a subsidiary, who is also a director of the Company. The amount was unsecured, interest-free and was fully settled during the year ended 31 December 2006.

26. 計息銀行貸款，有抵押 (續)

本集團銀行貸款的實際利率為港元最優惠借貸年利率減2.125厘，信託收據貸款則按港元最優惠借貸年利率加0.25厘計息，並以港元列值。

銀行貸款並非以固定利率計息，故非即期銀行貸款之公平值與其賬面值並無重大差異。

27. 銀行融資

於二零零六年十二月三十一日，本集團之一般銀行融資之抵押品為本集團擁有之若干中期租賃土地及樓宇及投資物業之第一法定押記(附註16及17)。

28. 應付一名少數股東款項

於二零零五年十二月三十一日，本集團尚未清付已向附屬公司一名少數股東(彼亦為本公司之董事)宣派之股息3,810,000港元。有關款項為無抵押、免息並已於截至二零零六年十二月三十一日止年度內清償。

Notes to Financial Statements (continued)

財務報表附註 (續)

31 December 2006
二零零六年十二月三十一日**29. DEFERRED LIABILITIES**

Deferred liabilities represent the estimated provision in respect of long service payments which may become payable in the future under the Hong Kong Employment Ordinance to employees in proportion to their periods of services with the Group up to the balance sheet date.

29. 遞延負債

遞延負債指截至各結算日有關長期服務金之估計撥備。長期服務金可能須根據香港僱傭條例按僱員於本集團之年資而向僱員支付。

		Group 本集團	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
At 1 January	於一月一日	4,622	5,614
Write-back for the year (note 8)	年度之撥回 (附註8)	(854)	(735)
Payments during the year	年度之付款	(373)	(257)
At 31 December	於十二月三十一日	3,395	4,622

30. DEFERRED TAX LIABILITIES
Group**30. 遞延稅項負債**
本集團

		Revaluation of a property 物業重估 HK\$'000 千港元	Accelerated tax depreciation 加速稅項 折舊 HK\$'000 千港元	Total 總計 HK\$'000 千港元
At 1 January 2005	於二零零五年一月一日	-	66	66
Deferred tax charged to the asset revaluation reserve during the year	年內在資產重估儲備扣除之遞延稅項	203	-	203
Deferred tax charged to the income statement during the year (note 11)	年內在收益表扣除之遞延稅項 (附註11)	42	284	326
At 31 December 2005 and 1 January 2006	於二零零五年十二月三十一日及二零零六年一月一日	245	350	595
Deferred tax charged to the income statement during the year (note 11)	年內在收益表扣除之遞延稅項 (附註11)	752	503	1,255
At 31 December 2006	於二零零六年十二月三十一日	997	853	1,850

Notes to Financial Statements (continued)

財務報表附註 (續)

31 December 2006
二零零六年十二月三十一日**30. DEFERRED TAX LIABILITIES (continued)**

The Group has tax losses arising in Hong Kong of approximately HK\$14,035,000 (2005: HK\$45,809,000) that are available indefinitely for offsetting against future taxable profits of the company in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as the aforesaid company has not generated assessable profits for some time.

At 31 December 2006, there was no significant unrecognised deferred tax liability (2005: Nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries as the Group has no liability to additional tax should such amounts be remitted.

30. 遞延稅項負債 (續)

本集團於各結算日來自香港之稅項虧損14,035,000港元(二零零五年:45,809,000港元)可無限期用於抵銷錄得有關虧損之公司的未來應課稅溢利。由於上述公司已有一段時間未曾錄得應課稅溢利,故並無就有關虧損確認遞延稅項資產。

於二零零六年十二月三十一日,概無任何因本集團若干附屬公司之未匯出盈利產生之應付稅項而出現重大未確認遞延稅項負債(二零零五年:無),原因為即使該等款額匯出,本集團亦毋需承擔額外稅項之責任。

31. SHARE CAPITAL**31. 股本**

2006
二零零六年
HK\$'000
千港元

Authorised:	法定:	
1,000,000,000 ordinary shares of HK\$0.01 each	1,000,000,000股每股面值0.01港元 的普通股	10,000
Issued and fully paid:	已發行及繳足:	
400,000,000 ordinary shares of HK\$0.01 each	400,000,000股每股面值0.01港元 的普通股	4,000

Notes to Financial Statements (continued)

財務報表附註 (續)

31 December 2006
二零零六年十二月三十一日**31. SHARE CAPITAL (continued)**

The following changes in the Company's authorised and issued share capital took place during the period from 29 August 2006 (date of incorporation) to 31 December 2006:

31. 股本 (續)

本公司的法定及已發行股本於二零零六年八月二十九日(註冊成立日期)至二零零六年十二月三十一日止期間出現以下變動:

		Notes 附註	Number of ordinary shares of HK\$0.01 each 每股面值0.01 港元的普通股數目	Nominal value of ordinary share 普通股面值 HK\$'000 千港元
Authorised:	法定:			
Upon incorporation	於註冊成立時	(a)	10,000,000	100
Increase in authorised share capital	法定股本增加	(b)	990,000,000	9,900
As at 31 December 2006	於二零零六年十二月三十一日		<u>1,000,000,000</u>	<u>10,000</u>
Issued:	已發行:			
Allotted and issued at nil paid	按未繳股款方式配發及發行	(c)	1	–
On acquisition of EGL	於收購EGL時			
– allotted and issued at nil paid	– 按未繳股款方式配發及發行	(d)(i)	9,999,999	–
– nil paid shares credited as fully paid	– 未繳股份入賬列作繳足	(d)(ii)	–	100
– consideration shares issued	– 已發行代價股份	(d)(iii)	10,000,000	100
Capitalisation issue credited as fully paid conditional on the share premium account of the Company being credited as a result of the issue of the new shares to the public	在本公司股份溢價賬因向公眾人士發行新股份而出現進賬的情況下資本化發行入賬列作繳足	(e)	<u>280,000,000</u>	<u>–</u>
Pro forma share capital as at 31 December 2005	於二零零五年十二月三十一日的備考股本		300,000,000	200
Capitalisation of the share premium account as set out above	上述股份溢價賬撥充資本	(e)	–	2,800
New issue of shares	新發行股份	(f)	<u>100,000,000</u>	<u>1,000</u>
As at 31 December 2006	於二零零六年十二月三十一日		<u>400,000,000</u>	<u>4,000</u>

Notes to Financial Statements (continued)

財務報表附註 (續)

31 December 2006
二零零六年十二月三十一日

31. SHARE CAPITAL (continued)

Notes:

- (a) Upon incorporation of the Company, the authorised share capital of the Company was HK\$100,000 divided into 10,000,000 shares of HK\$0.01 each.
- (b) Pursuant to the resolutions passed on 25 November 2006, the authorised share capital of the Company was increased from HK\$100,000 to HK\$10,000,000 by the creation of additional 990,000,000 shares of HK\$0.01 each.
- (c) On 29 August 2006, 1 share of HK\$0.01 each was allotted and issued at nil paid. The share was subsequently credited as fully paid as described in (d)(ii) below.
- (d) Pursuant to the resolutions passed on 25 November 2006 and the Group Reorganisation,
- (i) 9,999,999 shares of HK\$0.01 each were allotted and issued at nil paid. The shares were subsequently credited as fully paid as described in (d)(ii) below;
- (ii) 1 share and 9,999,999 shares of HK\$0.01 each allotted and issued at nil paid on 29 August 2006 and 25 November 2006 as set out in (c) and (d)(i) above respectively, were credited as fully paid at par; and
- (iii) 10,000,000 new shares of HK\$0.01 each were further allotted and issued, credited as fully paid at par, in consideration of and in exchange for the acquisition of the entire issued share capital of EGL.
- (e) Pursuant to the resolutions passed on 14 December 2006, an aggregate of 280,000,000 shares of HK\$0.01 each in the Company were allotted and issued, credited as fully paid at par, by way of capitalisation of the sum of HK\$2,800,000 from the share premium account, to the then existing shareholders of the Company, whose names appeared in the register of the Company on 25 November 2006, in proportion to their respectively shareholdings, such allotment and capitalisation were conditional on the share premium account being credited as a result of the issue of new shares to the public in connection with the Company's initial public offering as detailed in (f) below.
- (f) In connection with the Company's initial public offering, 100,000,000 shares of HK\$0.01 each were issued at a price of HK\$3.62 per share for a total cash consideration, before expenses, of HK\$362,000,000. Dealings in these shares on the Stock Exchange commenced on 18 December 2006.

31. 股本 (續)

附註:

- (a) 於本公司註冊成立時，本公司法定股本為100,000港元，分為10,000,000股每股面值0.01港元的股份。
- (b) 根據二零零六年十一月二十五日通過的決議案，本公司藉新增990,000,000股每股面值0.01港元的股份，將法定股本由100,000港元增加至10,000,000港元。
- (c) 於二零零六年八月二十九日，1股面值0.01港元的股份按未繳股款方式予以配發及發行。股份其後如下文(d)(ii)所述入賬列作繳足。
- (d) 根據二零零六年十一月二十五日通過的決議以及集團重組，
- (i) 9,999,999股每股面值0.01港元的股份按未繳股款方式配發及發行。股份其後如下文(d)(ii)所述入賬列作繳足。
- (ii) 分別於二零零六年八月二十九日及二零零六年十一月二十五日按上文(c)及(d)(i)按未繳股款方式進一步配發及發行的1股及9,999,999股每股面值0.01港元的股份已按面值入賬列作繳足；及
- (iii) 10,000,000股每股面值0.01港元的新股份已按面值列作繳足，作為代價及交換收購EGL的全部已發行股本。
- (e) 根據二零零六年十二月十四日通過的決議案，透過將股份溢價賬內為數2,800,000港元的款項撥充資本，向二零零六年十一月二十五日名列本公司股東名冊的當時現有股東(按彼等各自的持股比例)配發及發行合共280,000,000股每股面值0.01港元按面值入賬列作繳足的公司股份。有關配發及資本化在下文(f)所詳述的公司首次全球發售就向公眾人士發行新股份而導致股份溢價賬有所進賬的情況下始能作實。
- (f) 就本公司首次全球發售而言，100,000,000股每股面值0.01港元的股份按每股3.62港元的價格予以發行，以換取總現金代價362,000,000港元(扣除開支前)。該等股份於二零零六年十二月十八日起於聯交所買賣。

Notes to Financial Statements (continued)

財務報表附註 (續)

31st December 2006
二零零六年十二月三十一日

32. SHARE OPTION SCHEMES

The Company has adopted a pre-initial public offering share option scheme on 25 November 2006 (the "Pre-IPO Scheme") and a share option scheme on 18 December 2006 (the "Share Option Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group.

Pre-IPO Scheme

Eligible participants of the Pre-IPO Scheme include (i) any employee (whether full time or part time, including directors) of the Company, its subsidiaries or invested entity; (ii) any directors or proposed directors (including independent non-executive directors) of the Company, its subsidiaries or invested entity; (iii) any advisor (professional or otherwise), consultant, individual or entity who is in the opinion of the directors of the Company has contributed or will contribute to the growth and development of the Group and the listing of the shares of the Company on the Stock Exchange; and (iv) any company wholly owned by one or more eligible participants as referred to in (i) to (iii) above.

The offer of a grant of share options under the Pre-IPO Scheme (the "Pre-IPO Share Options") may be accepted not later than the earlier of 21 days from the date of offer or 28 November 2006, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the Pre-IPO Share Options is determinable by the directors, which period may commence from the date of the offer of the Pre-IPO Share Options, and ends on a date which is not later than ten years from the date of the offer of the Pre-IPO Share Options or the expiry date of the Pre-IPO Scheme, if earlier.

The exercise price of the Pre-IPO Share Options is determinable by the directors, but shall not be less than the nominal value of the Company's shares.

There is no individual limit under the Pre-IPO Scheme. No further option can be granted under the Pre-IPO Scheme.

Pre-IPO Share Options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

32. 購股權計劃

本公司於二零零六年十一月二十五日採納首次公開發售前購股權計劃(「首次公開發售前購股權計劃」)及於二零零六年十二月十八日採納購股權計劃(「購股權計劃」)，為對本集團的成功作出貢獻的合資格參與者提供鼓勵及獎賞。

首次公開發售前購股權計劃

首次公開發售前購股權計劃的合資格參與者包括(i)本公司、其任何附屬公司或所投資公司的任何全職或兼職僱員；(ii)本公司、其任何附屬公司或所投資公司的任董事或建議董事(包括獨立非執行董事)；(iii)本公司董事認為曾經或將會對本集團增長及發展以及本公司股份於聯交所上市貢獻的任何諮詢人(專業或其他方面)、顧問、個人或公司；及(iv)由上述第(i)至(iii)項所述的一名或多名合資格參與者全資擁有的任何公司。

根據首次公開發售前購股權計劃授出的購股權(「首次公開發售前購股權」)建議可不遲於(以較早者為準)建議日期或二零零六年十一月二十八日起計21日內由承授人支付合共1港元的象徵式代價接納。首次公開發售前購股權的行使期由董事釐定，該期間或自首次公開發售前購股權建議授出日期起計直至首次公開發售前購股權建議授出當日起計不少於十年止或首次公開發售前購股權計劃屆滿之日止(以較早者為準)。

首次公開發售前購股權的行使價由董事釐定，但不得低於本公司股份面值。

首次公開發售前購股權計劃並無個別人士限額，再無購股權可根據首次公開發售前購股權計劃授出。

首次公開發售前購股權並不賦予持有人獲取股息或於股東大會上投票的權利。

Notes to Financial Statements (continued)

財務報表附註 (續)

31st December 2006
二零零六年十二月三十一日

32. SHARE OPTION SCHEMES (continued)

Share Option Scheme

Eligible participants of the Share Option Scheme include, (i) any employee (whether full time or part time, including directors but excluding any non-executive director) of the Company, its subsidiaries or invested entity; (ii) any non-executive directors (including independent non-executive directors) of the Company, its subsidiaries or invested entity; (iii) any supplier or customer of the Group or any invested entity; (iv) any person or entity that provides research, development or other technological support to the Group or any invested entity; (v) any shareholder of any member of the Group or any invested entity or any holder of any securities issued by any member of the Group or any invested entity; (vi) any advisor (professional or otherwise) or consultant to any area of business or business development of the Group or any invested entity; (vii) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group; and (viii) any company wholly owned by one or more eligible participants as referred to in (i) to (vii) above. The Share Option Scheme became effective on 18 December 2006 and, unless otherwise cancelled or amended, will remain in force for a period of ten years to 17 December 2016.

The maximum number of shares to be issued upon the exercise of all outstanding options granted and yet to be granted under the Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 30% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Share Option Scheme within any 12-month period, is limited to 1% of the shares of the Company in issue at any time. Any further grant of share 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 of the Company.

32. 購股權計劃 (續)

購股權計劃

購股權計劃的合資格參與者包括(i)本公司、其附屬公司或所投資公司的任何全職或兼職僱員(包括董事,但不包括任何非執行董事);(ii)本公司、其附屬公司或所投資公司的任何非執行董事(包括獨立非執行董事);(iii)本集團任何成員公司或所投資公司的任何供應商或客戶;(iv)任何為本集團或任何所投資公司提供研究、開發或其他技術支援的個人或公司;(v)本集團任何成員公司或所投資公司的任何股東或本集團任何成員公司或所投資公司所發行任何證券的持有人;(vi)本集團或任何所投資公司在任何業務範疇或業務發展的專業或其他諮詢人或顧問;(vii)曾經或可能藉合資經營、業務聯盟或其他業務安排而對本集團的發展及增長作出貢獻的任何其他類別參與者;及(viii)由上述第(i)至(vii)項所述的一名或多名合資格參與者全資擁有的任何公司。購股權計劃由二零零六年十二月十八日起生效,除非被註銷或修正,否則有效期將維持十年至二零一六年十二月十七日。

因行使根據購股權計劃本集團任何其他購股權計劃已授出但尚未行使的購股權而發行的股份總數,不得超過當時本公司已發行股本的30%。因行使向各名購股權計劃合資格參與者授出購股權可發行的股份總數於任何十二個月期間不得超過本公司何時間已發行股份的1%。凡超過此限制而授出購股權,必須獲股東於東大會上批准後方可作實。向本公司董事、行政總裁或主要股東或任何彼等聯繫人士授予購股權,必須獲本公司獨立非執行董事事先批准後,方可作實。

Notes to Financial Statements (continued)

財務報表附註 (續)

31st December 2006
二零零六年十二月三十一日

32. SHARE OPTION SCHEMES (continued)

Share Option Scheme (continued)

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

As at the balance sheet date and the date of the approval of these financial statements, the total number of shares which may be issued upon the exercise of the options which may be granted under the Share Option Scheme is 40,000,000, representing 10% of the shares of the Company in issue as at those dates.

The offer of a grant of share options may be accepted within 21 days from the date of offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, which period may commence from the date of the offer of the share options, and ends on a date which is not later than ten years from the date of the offer of the share options or the expiry date of the Share Option Scheme, if earlier.

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

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

32. 購股權計劃 (續)

購股權計劃 (續)

此外，倘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任何彼等之聯繫人士授出任何購股權，超過本公司任何時間已發行股份0.1%或(根據本公司股份於授出日期的收市價計算的)總值超過5,000,000港元，則須獲股東於股東大會作出事先批准，方可作實。

於結算日及批准該等財務報表之當日，因行使根據購股權計劃可能授出的購股權而可予發行股份總數最多為40,000,000股，佔本公司於該等日期已發行股份之10%。

承授人可於建議授出購股權日期起計21日內支付象徵式代價1港元以接納有關購股權。購股權行使期由董事釐定，該期間或自購股權建議授出日期起計直至購股權建議授出當日起計不少於十年止或購股權計劃屆滿之日止(以較早者為準)。

購股權行使價由董事釐定，惟不得低於下列最高者：(i)本公司股份於建議授出購股權當日在聯交所的每日報價表所報的收市價；(ii)本公司股份於截至建議授出當日止五個營業日聯交所每日報價表所報的平均收市價；或(iii)本公司股份的面值。

購股權並無賦予持有人權利收取股息或於股東大會上投票。

Notes to Financial Statements (continued)

財務報表附註 (續)

31st December 2006
二零零六年十二月三十一日**32. SHARE OPTION SCHEMES (continued)**

Set out below are the outstanding Pre-IPO Share Options as at 31 December 2006:

32. 購股權計劃 (續)

以下載列於二零零六年十二月三十一日尚未行使首次公開發售前購股權:

Name or category of participant 參與者姓名或類別	Number of share options 購股權數目				At 31 December 2006 於二零零六年十二月三十一日	Date of grant of share options 購股權授出日期	Exercise period of share options* 購股權行使期*	Exercise price of share options* 購股權行使價*
	Upon incorporation 於成立時	Granted during the period 授出	Cancelled or lapsed during the period 註銷或失效	Exercised during the period 已行使				
Executive directors 執行董事								
Mr. Cheng Man Tai 鄭敏泰先生	-	873,000	-	-	873,000	25 November 2006 二零零六年十一月二十五日	18 December 2007 to 17 December 2011 二零零七年十二月十八日至二零零一年十二月十七日	1.81
Ms. Cheng Pik Ho Liza 鄭碧浩女士	-	500,000	-	-	500,000	25 November 2006 二零零六年十一月二十五日	18 December 2007 to 17 December 2011 二零零七年十二月十八日至二零零一年十二月十七日	1.81
Madam Ngok Ming Chu 岳明珠女士	-	773,000	-	-	773,000	25 November 2006 二零零六年十一月二十五日	18 December 2007 to 17 December 2011 二零零七年十二月十八日至二零零一年十二月十七日	1.81
Mr. Hung Hin Kit 孔憲傑先生	-	332,000	-	-	332,000	25 November 2006 二零零六年十一月二十五日	18 December 2007 to 17 December 2011 二零零七年十二月十八日至二零零一年十二月十七日	1.81

Notes to Financial Statements (continued)

財務報表附註 (續)

31st December 2006
二零零六年十二月三十一日

32. SHARE OPTION SCHEMES (continued)

32. 購股權計劃 (續)

Name or category of participant 參與者 姓名或 類別	Number of share options 購股權數目				At 31 December 2006 於 二零零六年 十二月 三十一日	Date of grant of share options 購股權 授出日期	Exercise period of share options* 購股權 行使期*	Exercise price of share options# 購股權 行使價# HK\$ 港元
	Upon incorporation 於註冊 成立時	Granted during the period 期內 授出	Cancelled or lapsed during the period 期內註銷 或失效	Exercised during the period 期內 已行使				
Independent non-executive directors 獨立非執行董事								
Mr. Lau Siu Ki 劉紹基先生								
	-	68,000	-	-	68,000	25 November 2006 二零零六年 十一月二十五日	18 December 2007 to 17 December 2011 二零零七年 十二月十八日至 二零零一年 十二月十七日	1.81
Mr. Lee Kwan Hung 李均雄先生								
	-	68,000	-	-	68,000	25 November 2006 二零零六年 十一月二十五日	18 December 2007 to 17 December 2011 二零零七年 十二月十八日至 二零零一年 十二月十七日	1.81
Prof. Lee T.S. 李天生教授								
	-	68,000	-	-	68,000	25 November 2006 二零零六年 十一月二十五日	18 December 2007 to 17 December 2011 二零零七年 十二月十八日至 二零零一年 十二月十七日	1.81
Other employees 其他僱員								
In aggregate 總計								
	-	3,828,000	-	-	3,828,000	25 November 2006 二零零六年 十一月二十五日	18 December 2007 to 17 December 2011 二零零七年 十二月十八日至 二零零一年 十二月十七日	1.81
	-	6,510,000	-	-	6,510,000			

Notes to Financial Statements (continued)

財務報表附註 (續)

31st December 2006
二零零六年十二月三十一日

32. SHARE OPTION SCHEMES (continued)

As at 31 December 2006, no share options have been granted under the Share Option Scheme since its adoption.

Notes to the reconciliation of share options outstanding during the year:

* *The Pre-IPO Share Options are vested to the grantees in the following manner:*

- 25% of such options will be vested on 18 December 2007 with an exercise period from 18 December 2007 to 17 December 2011;
- 25% of such options will be vested on 18 December 2008 with an exercise period from 18 December 2008 to 17 December 2011;
- 25% of such options will be vested on 18 December 2009 with an exercise period from 18 December 2009 to 17 December 2011; and
- the remaining 25% of such options will be vested on 18 December 2010 with an exercise period from 18 December 2010 to 17 December 2011.

The exercise price of each of the Pre-IPO Share Options per share is 50% of the final offer price of HK\$3.62 and is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

The fair value of the Pre-IPO Share Options granted during the period was estimated at approximately HK\$13,525,000, of which the Company recognised a share option expense of HK\$584,000 during the period ended 31 December 2006.

32. 購股權計劃 (續)

於二零零六年十二月三十一日，自採納購股權計劃起概無據此授出任何購股權。

年內發行在外購股權的對賬附註：

* 首次公開發售前購股權按以下方式歸屬予承授人：

- 該等購股權的25%將於二零零七年十二月十八日歸屬，行使期為二零零七年十二月十八日至二零一一年十二月十七日；
- 該等購股權的25%將於二零零八年十二月十八日歸屬，行使期為二零零八年十二月十八日至二零一一年十二月十七日；
- 該等購股權的25%將於二零零九年十二月十八日歸屬，行使期為二零零九年十二月十八日至二零一一年十二月十七日；及
- 該等購股權餘下的25%將於二零一零年十二月十八日歸屬，行使期為二零一零年十二月十八日至二零一一年十二月十七日。

各份首次公開發售前購股權的行使價為最終發售價3.62港元的50%，惟受到供股或紅股，或本公司股本中其他類似變動所影響。

期內所授出首次公開發售前購股權的公平值估計為約13,525,000港元，其中本公司於截至二零零六年十二月三十一日止期間確認購股權開支584,000港元。

Notes to Financial Statements (continued)

財務報表附註 (續)

31st December 2006
二零零六年十二月三十一日

32. SHARE OPTION SCHEMES (continued)

The fair value of the Pre-IPO Share Options granted during the period was estimated as at the date of grant, using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used for the period ended 31 December 2006:

Dividend yield (%)	0
Expected volatility (%)	49
Risk-free interest rate (%)	3.8
Suboptimal exercise factor (times)	3

The suboptimal exercise factor is based on the directors' estimation and not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

At the balance sheet date, the Company had outstanding Pre-IPO Share Options for the subscription of 6,510,000 shares under the Pre-IPO Share Option Scheme. The exercise in full of the Pre-IPO Share Options would, under the present capital structure of the Company, result in the issue of 6,510,000 additional ordinary shares of the Company and additional share capital of HK\$65,100 and share premium account of HK\$11,718,000 (before issue expenses).

At the date of approval of these financial statements, the Company had 6,442,000 Pre-IPO Share Options outstanding under the Pre-IPO Share Option Scheme, which represented approximately 1.6% of the issued share capital of the Company as at that date.

32. 購股權計劃 (續)

期內所授出首次公開發售前購股權的公平值乃使用二項式模式於授出日期進行估計，並已計及該等購股權授出後的年期及條件。下表列載就截至二零零六年十二月三十一日止期間使用該模式的計入項目：

股息率(%)	0
預期波幅(%)	49
無風險利率(%)	3.8
提早行使購股權因素(倍)	3

提早行使購股權因素為根據董事估計釐定，並不一定能指示可能出現的行使規律。預期波幅反映假設歷史波幅具有未來趨勢的指示作用，亦可能與實際結果不符。

計算公平計時概無列入其他所授出購股權的特質。

於結算日，本公司根據首次公開發售前購股權計劃授出而尚未行使的首次公開發售前購股權可認購6,510,000股股份。根據首次公開發售前本公司現時的股本架構，全面行使該等首次公開發售前購股權將導致發行6,510,000股本公司額外普通股以及額外股本65,100港元及股份溢價賬11,718,000港元(扣除發行開支前)。

於該等財務報表獲批准日期，本公司根據首次公開發售前購股權計劃所發行但尚未行使的首次公開發售前購股權為6,442,000份，佔本公司於當日已發行股本約1.6%。

Notes to Financial Statements (continued)

財務報表附註 (續)

31st December 2006
二零零六年十二月三十一日

33. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity of the financial statements.

The contributed surplus of the Group represents (i) the difference between the nominal value of the shares of the subsidiaries acquired pursuant to the reorganisation of certain members of the Group which took place on 31 December 1992, over the nominal value of EGL's shares issued in exchange therefor; (ii) the premium arising from the issues by EGL for settlement of the amount due to the ultimate holding company of HK\$15,841,000; (iii) the premium arising from the acquisition of Embry HK from the minority shareholders of HK\$5,000,000; and (iv) the excess of the nominal value of the share capital of the subsidiaries acquired pursuant to the Group Reorganisation, over the nominal value of the share capital of the Company issued in exchange therefor and the then existing 10,000,000 shares of HK\$0.01 each credited as fully paid at par.

In accordance with the relevant regulations applicable in the PRC, subsidiaries of the Company established in the PRC are required to transfer a certain percentage of their profits after tax, if any, to the enterprise expansion and statutory reserve funds, which are non-distributable, before profit distributions to shareholders. The amounts of the transfers are subject to the approval of the board of directors of these subsidiaries.

The Group applied the transitional provision of HKFRS 3 which permits goodwill in respect of acquisitions which occurred prior to 1 January 2001, to remain eliminated against the consolidated reserves. The amount of goodwill remaining in consolidated reserves, arising from the acquisition of subsidiaries prior to 1 January 2001, was stated at cost, which is amounted to HK\$3,168,000 as at 31 December 2006 (2005: HK\$3,168,000).

33. 儲備

(a) 本集團

現時及過往年度本公司儲備金額以及其變動已於財務報表內綜合益變動表。

本集團實繳盈餘指(i)根據重組於一九九二年十二月三十一日收購本集團若干成員公司，該等成員公司股份的面值超出就此作為交換所發行EGL股份的面值差額；(ii)EGL就償還欠付最終控股公司款項15,841,000港元而進行發行產生的溢價；(iii)向少數股東收購安莉芳香港所產生溢價5,000,000港元；及(iv)根據集團重組收購附屬公司的股本的面值超出本公司當時發行以作為交換的股本面值的部份以及按面值入賬列作繳足的10,000,000股每股面值0.01港元的股份。

根據中國適用的相關規例，本公司於中國成立的附屬公司須將其若干百分比的除稅後溢利(如有)在向股東作出溢利分派前轉撥至企業擴展及法定儲備基金(均為不可分派)。轉撥的金額須待該等附屬公司的董事會批准方可作實。

本集團已採用香港財務報告準則第3號的過渡性條文，容許二零零一年一月一日前進行收購所產生的商譽維持與綜合儲備的對銷。保留於綜合儲備內因二零零一年一月一日前收購附屬公司產生的商譽金額按成本列值，於二零零六年十二月三十一日為3,168,000港元(二零零五年：3,168,000港元)。

Notes to Financial Statements (continued)

財務報表附註 (續)

31st December 2006
二零零六年十二月三十一日33. RESERVES (continued)
(b) Company33. 儲備 (續)
(b) 本公司

		Share premium account	Contributed surplus	Share option reserve	Accumulated losses	Total
	Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	附註	千港元	千港元	千港元	千港元	千港元
Upon incorporation	於註冊成立時	-	-	-	-	-
Loss for the period	期內虧損	-	-	-	(77)	(77)
Total income and expenses for the period	期內總收入及開支	-	-	-	(77)	(77)
Arising on the Group Reorganisation	集團重組產生	-	381,248	-	-	381,248
Capitalisation issue	資本化發行	31(e)	(2,800)	-	-	(2,800)
Issue of shares for cash consideration	發行股份以換取現金代價	31(f)	361,000	-	-	361,000
Share issue expenses	股份發行開支		(30,930)	-	-	(30,930)
Equity-settled share option arrangements	以購股權支付的安排	32	-	584	-	584
Proposed final dividend	擬派末期股息	14	-	-	(24,000)	(24,000)
At 31 December 2006	於二零零六年十二月三十一日		327,270	584	(24,077)	685,025

The contributed surplus of the Company represents the excess of the then net assets of the subsidiaries acquired by the Company pursuant to the Group Reorganisation, over the nominal value of the share capital of the Company issued in exchange therefor and the then existing 10,000,000 shares of HK\$0.01 each credited as fully paid at par.

本公司的實繳盈餘本公司根據集團重組收購附屬公司的當時資產淨值超出本公司就此發行作為交換的股本面值以及按面值入賬列作繳足的10,000,000股每股面值0.01港元的當時現有股份。

The share option reserve comprises the fair value of share options granted which are yet to be exercised, as further explained in the accounting policy for share-based payment transactions in note 2.3 to the financial statements. The amount will either be transferred to the share premium account when the related options are exercised, or be transferred to retained profits should the related options expired or be forfeited.

購股權儲備指已授出但當未行使的購股權的公平值，於財務報表附註2.3就以股份為期礎交易的會計政策中有所詳述。金額將於有關購股權獲行使或時轉撥至股份溢價賬，或於有關購股權屆滿或被沒收時轉撥至保留盈利。

Notes to Financial Statements (continued)

財務報表附註 (續)

31st December 2006
二零零六年十二月三十一日

34. NOTE TO THE CONSOLIDATED CASH FLOW STATEMENT

Major non-cash transactions

During the years ended 31 December 2006 and 2005, the Group had the following major non-cash transactions took place:

- (i) During the year ended 31 December 2006, the ultimate holding company of the Company advanced HK\$15,841,000 to the Group and full settlement for the advance has been made by the allotment and issue, credited as fully paid, of an aggregate of 365 shares of US\$1 each in the capital of a subsidiary, EGL, to the ultimate holding company of the Company.
- (ii) During the year ended 31 December 2006, the Group acquired the remaining 5.83% equity interest in Embry HK from the minority shareholders of Embry HK at a consideration of HK\$5,000,000. The consideration was settled by the allotment and issue, credited as fully paid, of an aggregate of seven shares of US\$1 each in the capital of EGL to such minority shareholders. Accordingly, the Group's equity interest in Embry HK increased to 100%.
- (iii) During the year ended 31 December 2005, dividend of HK\$3,810,000 declared to a minority shareholder of a subsidiary, Embry HK, who is also a director of the Company, has been reflected as "Due to a minority shareholder" (note 28).

35. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment property (note 17) under an operating lease arrangement, with a lease negotiated for term of four years.

34. 綜合現金流量表附註

主要非現金交易

於截至二零零六年及二零零五年十二月三十一日止年度，本集團進行以下主要非現金交易：

- (i) 於截至二零零六年十二月三十一日止年度，本公司的最終控股公司向本集團墊支15,841,000港元，本集團已透過向本公司最終控股公司配發及發行一間附屬公司EGL股本中365股每股面值1美元的列作繳足股份，全數償還該項墊款。
- (ii) 於截至二零零六年十二月三十一日止年度，本集團向安莉芬香港少數股東收購安莉芬香港其餘5.83%權益，代價為5,000,000港元，代價以向該等少數股東配發及發行EGL股本中合共7股每股面值1美元的列作繳足股份償付。因此，本集團於安莉芬香港的股權增加至100%。
- (iii) 於截至二零零五年十二月三十一日止年度，向附屬公司安莉芬香港一名少數股東（彼亦為本公司一名董事）宣派的股息3,810,000港元反映為「應付一名少數股東款項」（附註28）。

35. 經營租約安排

(a) 作為出租人

本集團根據經營租約安排租用投資物業（附註17），租約一般以四年期進行磋商。

Notes to Financial Statements (continued)

財務報表附註 (續)

31st December 2006
二零零六年十二月三十一日

35. OPERATING LEASE ARRANGEMENTS (continued)

(a) As lessor (continued)

At the balance sheet date, the Group had total future minimum lease receivables under a non-cancellable operating lease with its tenant falling due as follows:

Within one year	一年內
In the second to fifth years, inclusive	第二至第五年 (包括首尾兩年)

During the year, the Group recognised HK\$2,052,000 (2005: HK\$923,000) in respect of contingent rental receivable.

(b) As lessee

The Group leases certain of its shops, counters, warehouses, office properties and office equipments under operating lease arrangements with leases negotiated for terms ranging from one to five years.

At 31 December 2006, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

Within one year	一年內
In the second to fifth years, inclusive	第二至第五年 (包括首尾兩年)

35. 經營租約安排 (續)

(a) 作為出租人 (續)

於各結算日，根據本集團與租戶訂立之不可撤銷經營租約，本集團於以下日期之未來最低應收租金總額如下：

		Group 本集團	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Within one year	一年內	2,022	1,936
In the second to fifth years, inclusive	第二至第五年 (包括首尾兩年)	3,517	5,539
		<u>5,539</u>	<u>7,475</u>

年內，本集團就或然應收租賃確認2,052,000港元(二零零五年：923,000港元)。

(b) 作為承租人

本集團根據經營租約安排租用若干店舖、櫃位、倉庫、辦公室物業及辦公室設備，租約一般以一至五年期進行磋商。

於二零零六年十二月三十一日，本集團於以下日期根據不可撤銷經營租約應付之未來最低租金總額如下：

		Group 本集團	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Within one year	一年內	31,855	31,154
In the second to fifth years, inclusive	第二至第五年 (包括首尾兩年)	10,572	18,482
		<u>42,427</u>	<u>49,636</u>

Notes to Financial Statements (continued)

財務報表附註 (續)

31st December 2006
二零零六年十二月三十一日**35. OPERATING LEASE ARRANGEMENTS (continued)****(b) As lessee (continued)**

In addition, the Group has entered into agreements with department stores to enable the Group to set up its retail outlets therein. The operating lease rentals for the use of their floor areas in department stores are based on the higher of a fixed rental or contingent rent based on sales of the retail outlets pursuant to the terms and conditions as set out in respective agreements. As the future sales of these retail outlets could not be accurately determined, the relevant contingent rent has not been included above and only the minimum lease commitments have been included in the above table.

35. 經營租約安排 (續)**(b) 作為承租人 (續)**

此外，本集團與百貨公司訂立協議，以便本集團在百貨公司內開設零售店。使用百貨公司之樓面面積而應付之經營租約租金乃根據固定租金與或然租金兩者中之較高者釐定。或然租金乃根據有關協議所載之條款及條件按零售店之銷售額釐定。由於該等零售店之未來銷售額未能準確地釐定，故有關或然租金並未包括在上表。上表僅載列最低租賃承擔。

36. COMMITMENTS

At the balance sheet date, the Group had the following commitments:

36. 承擔

於各結算日，本集團之承擔如下：

	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Contracted for commitment in respect of its wholly-owned investment in the PRC	62,184	85,548
Contracted for commitments in respect of		
– the land lease payments in the PRC *	5,548	21,406
– the acquisition of property, plant and equipment	3,037	1,210
	70,769	108,164

* Pursuant to the agreement entered into between a subsidiary and the People's Government of Zhangqiu, Shandong Province, the PRC on 28 December 2005, the Group has agreed to acquire 50 years' land use right of a piece of land located in Shandong Province at a consideration of RMB22,262,000 (approximately HK\$22,195,000). During the year, the land lease payments of RMB16,697,000 (approximately HK\$16,647,000) were made by the Group. On 28 October 2006, the deposit of RMB3,525,000 (approximately HK\$3,515,000) has been utilised for the grant of 167,870 square metres of land use rights and its related certificate has been obtained from the government land bureau of Shandong Province, the PRC.

The Company had no significant commitment at the balance sheet date.

* 根據附屬公司與中國山東省章丘市人民政府於二零零五年十二月二十八日訂立之協議，本集團同意收購山東省內一幅土地之50年土地使用權，代價約為人民幣22,262,000元（約22,195,000港元）。年內，本集團就土地使用權已支付之按金為人民幣16,697,000元（約16,647,000港元）。於二零零六年十月二十八日，已動用其中之按金為人民幣3,525,000元（約3,515,000港元）以獲授出167,870平方米土地的使用權，而中國山東省政府土地局已授出有關證書。

本公司於結算日並無重大承擔。

Notes to Financial Statements (continued)

財務報表附註 (續)

31st December 2006
二零零六年十二月三十一日

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, comprise interest-bearing bank loans and cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

It is, and has been, throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are cash flow interest rate risk, foreign currency risk, credit risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's financial instruments are short-term in nature. Carrying amounts of these financial instruments reported on the balance sheet approximate to their fair values, hence there is no interest rate risk exposure in relation to these instruments.

Foreign currency risk

The Group carries on its sales and purchases transactions mainly in Hong Kong dollars and Renminbi. As the foreign currencies risks generated from the sales and purchases can be set off with each other, the foreign currency risk is minimal for the Group. It is the policy of the Group to continue maintaining the balance of its sales and purchases in the same currency. The Group does not use derivative financial instruments to protect against the volatility associated with foreign currency transactions and other financial assets and liabilities created in the ordinary course of the business.

37. 財務風險管理目標及政策

本集團之主要金融工具包括計息貸款，以及現金與短期存款。此等金融工具主要目的是為本集團提供經營業務所需資金。本集團有其他不同金融資產及負債，如應收貿易賬款及應付貿易賬款，乃直接透過經營業務產生。

本集團目前以及於回顧年度之政策為不會進行金融工具之買賣。

本集團金融工具之主要風險為現金流量利率風險、外匯風險、信貸風險及流動資金風險。董事審閱並協定管控以上各種風險之政策，有關資料概述如下：

利率風險

本集團之金融工具屬短期性質。該等金融工具於結算日所呈報之賬面值與其公平值相若，故此等金融工具並無利率風險。

外匯風險

本集團主要以港元及人民幣進行買賣交易。由於有關買賣產生之外匯風險可互相抵銷，故本集團之外匯風險甚低。本集團之政策為繼續維持以相同貨幣進行買賣之平衡。本集團並無以衍生金融工具來對沖日常業務過程之外匯交易及其他金融資產及負債所附帶之波動。

Notes to Financial Statements (continued)

財務報表附註 (續)

31st December 2006
二零零六年十二月三十一日

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk

The Group trades only with recognised and creditworthy customers. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and on an individual basis. Each of the customers has been attached with a trading limit and any excess to the limit must be approved by the general manager of the operation unit. Under the tight control of the credit term and detailed assessment to the creditworthiness of individual customers, the Group's exposure to bad debts is maintained as minimal.

There is no other credit risk of the Group under other financial assets such as cash and cash equivalents.

Liquidity risk

Liquidity risk is the risk of non-availability of funds to meet all contractual financial commitments as they fall due. The Group's objective is to maintain a prudent financial policy, to monitor liquidity ratios against risk limits and to maintain contingency plan for funding to ensure that the Group maintains sufficient cash to meet its liquidity requirement.

38. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 18 April 2007.

37. 財務風險管理目標及政策 (續)

信貸風險

本集團僅與知名及信譽良好的客戶進行交易。根據本集團的政策，任何有意以信貸形式進行交易的客戶均須經過信貸核實程序。此外，本集團亦持續監察各項應收款項結餘。本集團對各名客戶設立貿易限額，超出限額之數必須得到營運單位之總經理批准。由於本集團嚴控信貸期，並且對個別客戶之信譽作詳盡評估，故本集團之壞賬風險極低。

本集團於現金及現金等價物等其他金融資產方面並無其他信貸風險。

流動資金風險

流動資金風險指未能取得資金以應付所有到期之合約財務承擔。本集團之目標是保持穩健之金融政策，藉著風險限額來監察流動資金比率，並設有應急資金計劃，確保本集團具備足夠現金以應付其流動資金需求。

38. 批准財務報表

財務報表於二零零七年四月十八日獲董事會批准及授權刊發。