



高陽科技(中國)有限公司*

HI SUN TECHNOLOGY (CHINA) LIMITED

(於百慕達註冊成立之有限公司) (Incorporated in Bermuda with limited liability)

(股份代號 Stock code: 0818)

年報 2006

HI SUN ANNUAL REPORT
technology

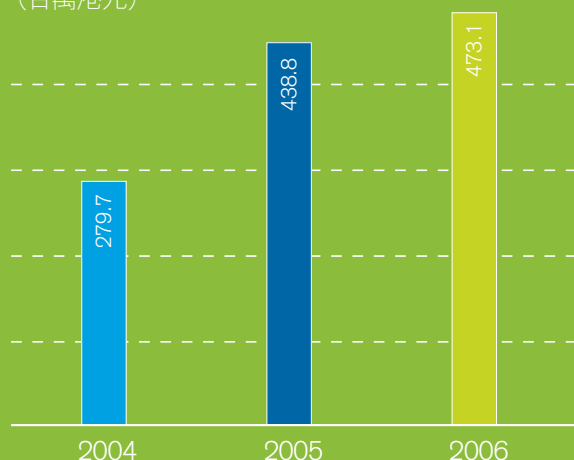
* For Identification Purpose Only
僅供識別

Turnover

營業額

(HK\$ million)

(百萬港元)



Total assets

資產總額

(HK\$ million)

(百萬港元)



(Loss)/Profit attributable to the equity holders of the Company

本公司權益持有人應佔（虧損）/ 溢利

(HK\$ million)

(百萬港元)



Total equity (net assets)

權益總額（資產淨值）

Net current assets

流動資產淨值

(HK\$ million)

(百萬港元)

Total equity (net assets)

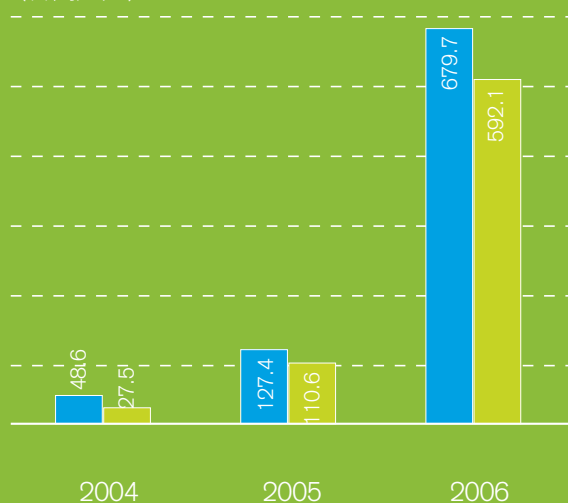
權益總額

(資產淨值)

Net current assets

assets

流動資產淨值



Basic earnings per share*

每股基本盈利*

(HK\$)

(港元)

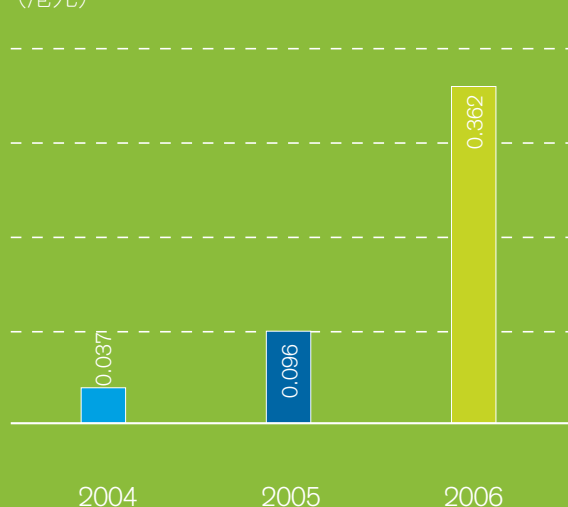


Net assets per share*

每股資產淨值*

(HK\$)

(港元)



* Adjusted for the effect of share subdivision of 1 into 4 on 29 June 2006

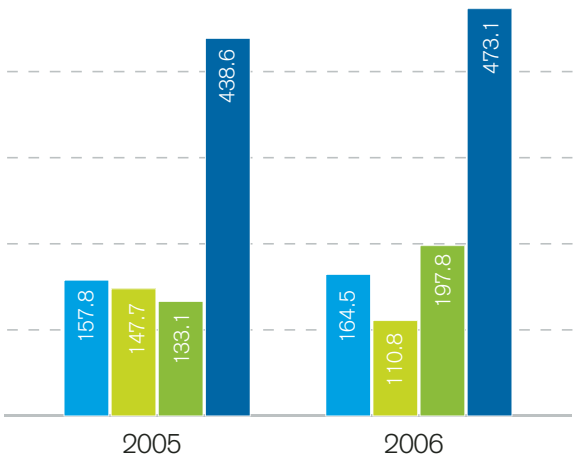
* 已就於二零零六年六月二十九日進行每1股股份分拆為4股股份之股份分拆影響作調整。

Financial Highlights

財務概覽

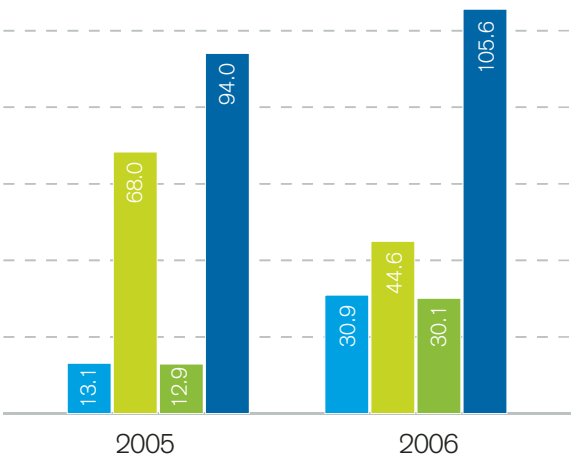
Segmental turnover

營業額分類
(HK\$ million)
(百萬港元)



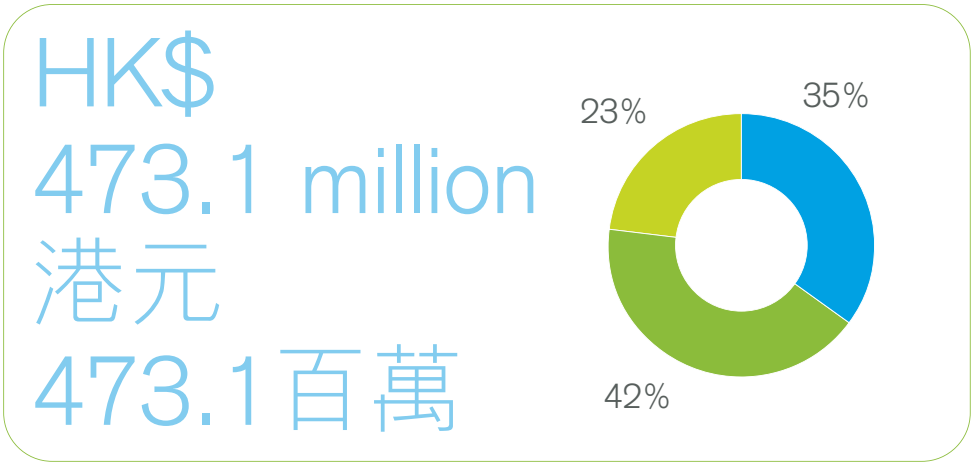
Segmental result

業績分類
(HK\$ million)
(百萬港元)



2006 Sales by segments

2006銷售額分類



- Financial solutions services and information technology products
金融解決方案、服務及資訊科技產品
- Telecommunication solutions and value-added services
電訊解決方案及增值服務
- Electronic payment products and services
電子支付產品及服務
- Total
總數

Financial Highlights

財務概覽

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	Change 變動 + / (-) %
RESULTS業績				
Turnover	營業額	473,122	438,763	7.8
Profit before income tax	除所得稅前溢利	145,242	66,942	117.0
Profit attributable to the equity holders of the Company	本公司權益持有人應佔溢利	133,600	62,304	114.4
		HK\$ 港元	HK\$ 港元	
Basic earnings per share*	每股基本盈利*	0.083	0.047	76.6
Diluted earnings per share*	每股攤薄盈利*	0.070	0.043	62.8
		HK\$'000 千港元	HK\$'000 千港元	
KEY BALANCE SHEET ITEMS主要資產負債表項目				
Total equity	權益總額	679,672	127,434	433.4
Net current assets	流動資產淨值	592,099	110,639	435.2
Total assets	資產總值	847,110	313,741	170.0
		HK\$ 港元	HK\$ 港元	
Net assets per share*	每股資產淨值*	0.362	0.096	277.1

* Adjusted for the effect of share subdivision of 1 into 4 on 29 June 2006.

* 已就於二零零六年六月二十九日進行每1股股份分拆為4股股份之股份分拆影響作調整。

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Corporate Information

公司資料

BOARD OF DIRECTORS

Executive Directors

CHEUNG Yuk Fung (*Chairman*)
KUI Man Chun
XU Wensheng
LI Wenjin
CHAN Yiu Kwong
XU Chang Jun
LO Siu Yu (*resigned on 18 October 2006*)
ZHOU Jian (*resigned on 20 November 2006*)

Non-Executive Director

LIU Yangsheng, Charles (*resigned on 17 April 2006*)

Independent Non-Executive Directors

TAM Chun Fai
LEUNG Wai Man, Roger
XU Sitao

COMPANY SECRETARY

Chan Yiu Kwong

BERMUDA RESIDENT REPRESENTATIVE

John Charles Ross Collis

AUDITORS

PricewaterhouseCoopers

LEGAL ADVISERS

As to Hong Kong Law

Woo, Kwan, Lee & Lo
Richards Butler

As to Bermuda Law

Conyers Dill & Pearman

PRINCIPAL BANKERS

DBS Bank (Hong Kong) Limited
Hang Seng Bank Limited
The Hongkong and Shanghai
Banking Corporation Limited

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 2416, 24th Floor
Sun Hung Kai Centre
30 Harbour Road
Wanchai
Hong Kong

SHARE REGISTRAR IN BERMUDA

Butterfield Fund Services (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke
Bermuda

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tengis Limited
Level 28
Three Pacific Place
No.1 Queen's Road East
Hong Kong

董事會

執行董事

張玉峰（主席）

渠萬春

徐文生

李文晉

陳耀光

徐昌軍

羅韶宇（於二零零六年十月十八日辭任）

周健（於二零零六年十一月二十日辭任）

非執行董事

劉揚聲（於二零零六年四月十七日辭任）

獨立非執行董事

譚振輝

梁偉民

許思濤

公司秘書

陳耀光

百慕達註冊處代表

John Charles Ross Collis

核數師

羅兵咸永道會計師事務所

法律顧問

香港法律

胡關李羅律師事務所

齊伯禮律師行

百慕達法律

Conyers Dill & Pearman

主要往來銀行

星展銀行（香港）有限公司

恒生銀行有限公司

香港上海滙豐銀行有限公司

註冊辦事處

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

香港主要營業地點

香港

灣仔

港灣道30號

新鴻基中心

24樓2416室

百慕達股份過戶登記處

Butterfield Fund Services (Bermuda) Limited

Rosebank Centre

11 Bermudiana Road

Pembroke

Bermuda

股份過戶登記處香港分處

登捷時有限公司

香港

皇后大道東1號

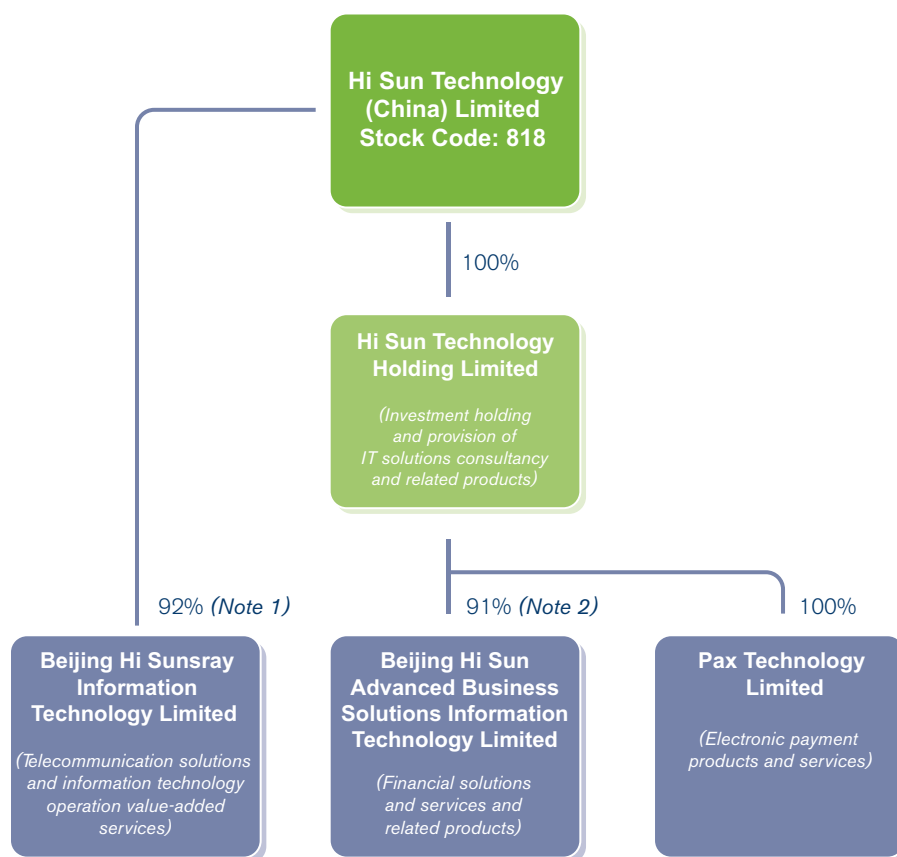
太古廣場三座

28樓

Simplified Corporate Chart

公司架構簡表

The following is a simplified corporate chart of the Group's principal operating subsidiaries up to the date of this report.



Notes:

- (1) Pursuant to the Subscription Agreement entered into between Turbo Speed Technology Limited ("Turbo Speed"), the investment holding company of Beijing Hi Sunsray Information Technology Limited and the wholly-owned subsidiary of the Company, and the independent third parties dated 9 November 2004, Turbo Speed has on 29 April 2005 issued 6,837,608 convertible preference shares of US\$0.1 each of Turbo Speed at a total subscription price of US\$4 million (approximately HK\$31.2 million).

On 18 January 2007, 3,418,804 convertible preference shares in Turbo Speed were converted into 51,866,667 new ordinary shares of the Company at a conversion price of HK\$0.3 per share.

As at the date of this report, the Company holds 100% shareholdings in the entire issued ordinary share capital of Turbo Speed. Given the completion of conversion of the remaining convertible preference shares in Turbo Speed into ordinary shares of Turbo Speed, the Company's equity interest in Turbo Speed will be reduced to 92%.

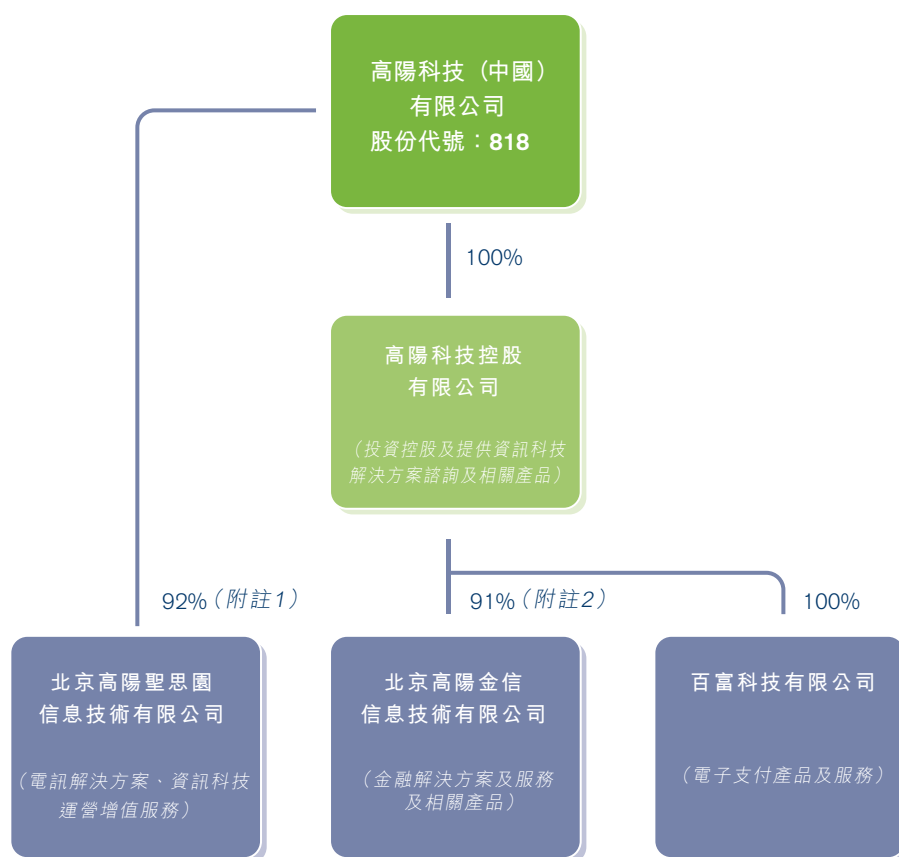
- (2) Pursuant to the Subscription Agreement entered into between Emerging Technology Limited ("Emerging Technology"), the investment holding company of Beijing Hi Sun Advanced Business Solutions Information Technology Limited and the wholly-owned subsidiary of the Company, and the independent third parties dated 21 August 2006, Emerging Technology has issued 760,778 convertible preference shares of US\$1.0 each of Emerging Technology at a total subscription price of US\$18 million (approximately HK\$140 million) on 12 October 2006.

As at the date of this report, the Company holds 100% shareholdings in the entire issued ordinary share capital of Emerging Technology. Given the completion of conversion of the convertible preference shares in Emerging Technology into ordinary shares of Emerging Technology, the Company's equity interest in Emerging Technology will be reduced to 91%.

Simplified Corporate Chart

公司架構簡表

下表為截至本報告日期本集團主要營運附屬公司之公司架構簡表：



附註：

- (1) 根據北京高陽聖思園信息技術有限公司之投資控股公司及本公司之全資附屬公司Turbo Speed Technology Limited (「Turbo Speed」) 與獨立第三方所訂立日期為二零零四年十一月九日之認購協議，Turbo Speed於二零零五年四月二十九日發行6,837,608股每股面值0.1美元之Turbo Speed可換股優先股，總認購價為4,000,000美元（約31,200,000港元）。

於二零零七年一月十八日，3,418,804股Turbo Speed可換股優先股按轉換價每股0.3港元，兌換為51,866,667股本公司之新普通股。

於本報告日期，本公司持有100% Turbo Speed全部已發行普通股股本。倘若餘下之Turbo Speed可換股優先股兌換為Turbo Speed普通股完成後，本公司於Turbo Speed的股權將減至92%。

- (2) 根據北京高陽金信信息技術有限公司之投資控股公司及本公司之全資附屬公司Emerging Technology Limited (「Emerging Technology」) 與獨立第三方所訂立日期為二零零六年八月二十一日之認購協議，Emerging Technology於二零零六年十月十二日發行760,778股每股面值1.0美元之Emerging Technology可換股優先股，總認購價為18,000,000美元（約140,000,000港元）。

於本報告日期，本公司持有100% Emerging Technology全部已發行普通股股本。倘若Emerging Technology可換股優先股兌換為Emerging Technology普通股完成後，本公司於Emerging Technology的股權將減至91%。

Notice of Annual General Meeting

股東週年大會通告

NOTICE IS HEREBY GIVEN that an annual general meeting (the “Annual General Meeting”) of Hi Sun Technology (China) Limited (the “Company”) will be held at Room 2416, 24th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong on Wednesday, 30 May 2007 at 10:00 a.m. for the following purposes:

1. To receive and adopt the audited consolidated financial statements and the reports of the directors of the Company (the “Directors”) and of the independent auditors for the year ended 31 December 2006;
2. To re-elect retiring Directors and to authorise the Board of Directors to fix their remuneration;
3. To re-appoint auditors and to authorise the Board of Directors to fix their remuneration;

As special business, to consider and, if thought fit, pass the following resolutions, with or without modifications, as Ordinary Resolutions:

4. **“THAT:**

- (a) subject to paragraph (c) of this resolution, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares of HK\$0.0025 each in the share capital of the Company and to make or grant offers, agreements and options (including warrants, bonds, notes and other securities which carry rights to subscribe for or are convertible into shares of the Company) which would or might require the exercise of such powers be and is hereby generally and unconditionally approved;

茲通告高陽科技(中國)有限公司(「本公司」)謹定於二零零七年五月三十日星期三上午十時正假座香港灣仔港灣道30號新鴻基中心24樓2416室舉行股東週年大會(「股東週年大會」)，以處理下列事項：

1. 省覽及採納截至二零零六年十二月三十一日止年度之經審核綜合財務報表及本公司董事(「董事」)與獨立核數師之報告；
2. 重選退任董事，並授權董事會釐定董事酬金；
3. 續聘核數師，並授權董事會釐定其酬金；

作為特別事項，考慮並酌情通過(不論有否修訂)下列決議案為普通決議案：

4. **「動議：**

- (a) 在本決議案(c)段之規限下，一般及無條件批准董事於有關期間(按下文之定義)內行使本公司之一切權力以配發、發行及處理本公司股本中每股面值0.0025港元之額外股份以及作出或授予將須或可能須行使此等權力方可作出或授予之售股建議、協議及購股權(包括認股權證、債券、票據及附有權利認購或轉換為本公司股份之其他證券)；

Notice of Annual General Meeting

股東週年大會通告

- (b) the approval in paragraph (a) of this resolution shall authorise the Directors during the Relevant Period (as hereinafter defined) to allot, issue and deal with additional shares of HK\$0.0025 each in the capital of the Company and to make or grant offers, agreements and options (including bonds, warrants, debentures, notes and any securities which carry rights to subscribe for or are convertible into shares of the Company) which would or might require the exercise of such powers after the end of the Relevant Period (as defined below);
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to options or otherwise) by the Directors pursuant to the approval in paragraph (a) of this resolution, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); or (ii) the exercise of any option granted under the share option scheme of the Company or any other option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company; or (iii) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the bye-laws of the Company in force from time to time; or (iv) an issue of shares in the Company upon the exercise of rights of subscription or conversion under the terms of any existing warrants of the Company or any existing securities of the Company which carry rights to subscribe for or are convertible into shares of the Company, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this resolution and the said approval shall be limited accordingly; and

- (b) 本決議案(a)段之批准乃授權董事於有關期間(按下文之定義)內配發、發行及處理本公司股本中每股面值0.0025港元之額外股份以及作出或授予將須或可能須於有關期間結束後行使此等權力方可作出或授予之售股建議、協議及購股權(包括債券、認股權證、公司債券、票據及附有權利認購或轉換為本公司股份之任何證券);
- (c) 董事依據本決議案(a)段之批准而配發或有條件或無條件同意配發(不論是否依據購股權)之股本面值總額不得超過於本決議案獲通過當日本公司已發行股本面值總額之20%，惟依據(i)供股(按下文之定義);或(ii)行使根據本公司購股權計劃或當時採納以向本公司及／或其任何附屬公司之高級職員及／或僱員發行股份或授出認購本公司股份之權利之任何其他購股權計劃或類似安排已授出購股權;或(iii)任何根據本公司不時有效之公司細則配發股份以代替本公司股份之全部或部分股息而設之以股代息或類似安排;或(iv)根據本公司現有任何認股權證或本公司現有附有權利認購或轉換為本公司股份之任何證券之條款，因行使認購權或轉換權而發行本公司股份而配發者除外，而上述批准亦須受此數額限制;及

Notice of Annual General Meeting

股東週年大會通告

(d) for the purpose of this resolution, "Relevant Period" means the period from the date of the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company, or any applicable law of Bermuda to be held; and
- (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this resolution.

"Rights Issue" means an offer of shares of the Company or issue of option, warrants or other securities giving the right to subscribe for shares of the Company, open for a period fixed by the Directors to the holders of shares of the Company, or any class thereof, whose name appear on the register of members of the Company (and, where appropriate, to holders of other securities of the Company entitled to the offer) on a fixed record date in proportion to their holdings of such shares (or, where appropriate, such other securities) as at that date (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong applicable to the Company).

(d) 就本決議案而言，「有關期間」指由本決議案獲通過之日起至下列最早日期止期間：

- (i) 本公司下屆股東週年大會結束時；
- (ii) 本公司之公司細則或百慕達任何適用法例規定本公司下屆股東週年大會須予舉行期限屆滿；及
- (iii) 本公司股東在股東大會通過普通決議案撤銷或修訂本決議案所授予董事會授權。

「供股」乃指於董事指定期間內，向於指定記錄日期名列本公司股東名冊內持有本公司股份或本公司任何類別股份之人士（及倘合適，向有權獲得該建議之本公司其他證券持有人），按彼等當日持有股份（或倘合適，該等其他證券）之比例，提呈發售本公司股份或提呈發行購股權、認股權證或其他有權認購本公司股份之證券之建議，惟董事可就零碎股權，經考慮本公司適用之香港以外任何地區之任何法律限制或責任或本公司適用之香港以外任何地區內任何認可監管機構或任何證券交易所之規定後認為必要或權宜之情況下，取消有關權利或作出其他安排。」

Notice of Annual General Meeting

股東週年大會通告

5. “THAT:

- (a) subject to paragraph (b) of this resolution, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all powers of the Company to repurchase shares of HK\$0.0025 each in the capital of the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or on any other stock exchange on which the shares of the Company may be listed and recognised by The Securities and Futures Commission of Hong Kong (“Securities and Futures Commission”) and the Stock Exchange for such purpose, subject to and in accordance with the rules and regulations of the Securities and Futures Commission, the Stock Exchange or of any other stock exchange as amended from time to time and all applicable laws in this regard, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of shares of the Company authorised to be repurchased by the Company pursuant to the approval in paragraph (a) of this resolution during the Relevant Period shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of this resolution, and the said approval shall be limited accordingly; and
- (c) for the purpose of this resolution, “Relevant Period” means the period from the date of the passing of this resolution until whichever is the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company, or any applicable law of the Bermuda to be held; and
 - (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this resolution.”

5. 「動議:

- (a) 在本決議案(b)段之規限下，一般及無條件批准董事於有關期間（按下文之定義）內行使本公司一切權力，於香港聯合交易所有限公司（「聯交所」）或本公司股份可能上市並經由香港證券及期貨事務監察委員會（「證券及期貨事務監察委員會」）及聯交所就此認可之任何其他證券交易所，按照證券及期貨事務監察委員會、聯交所或任何其他證券交易所不時修訂之規則及規例及就此而言之所有適用法例，購回本公司股本中每股面值0.0025港元之股份；
- (b) 本公司獲授權根據本決議案(a)段之批准於有關期間購回之股份面值總額不得超過於本決議案獲通過之日，本公司已發行股本面值總額之10%，而上述批准亦須受此數額限制；及
- (c) 就本決議案而言，「有關期間」指由本決議案獲通過之日起至下列最早日期止期間：
 - (i) 本公司下屆股東週年大會結束時；
 - (ii) 本公司之公司細則或百慕達任何適用法例規定本公司下屆股東週年大會須予舉行期限屆滿；及
 - (iii) 本公司股東在股東大會通過普通決議案撤銷或修訂本決議案所授予董事授權。」

Notice of Annual General Meeting

股東週年大會通告

6. “**THAT** subject to the passing of Resolutions No.4 and No.5 set out in this notice convening this meeting, the general mandate granted to the Directors to allot, issue and deal with additional shares pursuant to Resolution No.4 set out in the notice convening this meeting be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of shares in the capital of the Company repurchased by the Company under the authority granted pursuant to Resolution No.5 set out in the notice convening this meeting, provided that such amount of shares so repurchased shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing this resolution.”

By Order of the Board
Chan Yiu Kwong
*Executive Director
and Company Secretary*

Hong Kong, 27 April 2007

Notes:

- (1) A member entitled to attend and vote at the meeting convened by this notice is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company.
- (2) A form of proxy for use at the meeting is enclosed.
- (3) Completion and delivery of the form of proxy will not preclude a member from attending and voting in person at the meeting or any adjourned meeting if the member so desires.
- (4) To be valid, a form of proxy must be duly completed and signed in accordance with the instructions printed thereon and lodged, together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, at the principal place of the business of the Company at Room 2416, 24th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjourned meeting (as the case may be).
- (5) With regard to resolution no.2 in this notice, the Board of Directors proposes that the retiring Directors, namely, Mr. Xu Wensheng, Mr. Li Wenjin and Mr. Xu Sitao be re-elected as Directors. The biographies of these Directors are also set out in Appendix II to the circular of the Company to be despatched to the shareholders accompanying with this annual report.

6. 「**動議**須待召開大會通告所載第4及5項決議案獲通過後，擴大根據召開本大會通告所載第4項決議案授予董事以配發、發行及處理額外股份之一般授權，加入本公司根據召開本大會通告所載第5項決議案所授出之權力購回本公司股本中之股份面值總額，惟購回股份之數額不得超過本決議案獲通過之日，本公司已發行股本之面值總額之10%。」

承董事會命
陳耀光
*執行董事
兼公司秘書*

香港，二零零七年四月二十七日

附註：

- (1) 凡有權出席本通告召開之大會並於會上投票之股東，均可委派一名或以上受委代表出席及代其投票。委任代表毋須為本公司股東。
- (2) 大會適用之代表委任表格隨函附上。
- (3) 填妥及交回代表委任表格後，股東屆時仍可依願親身出席大會或其任何續會，並於會上投票。
- (4) 代表委任表格必須根據其上所印列指示填妥及簽署，連同簽署表格之授權書或其他授權文件（如有），或經證明之授權書或授權文件副本，最遲須於大會或任何續會（視適用情況而定）指定舉行時間四十八小時前送達本公司之主要營業地點，地址為香港灣仔港灣道30號新鴻基中心24樓2416室，方為有效。
- (5) 就通告中第2項決議案而言，董事會建議退任董事徐文生先生、李文晉先生及許思濤先生獲重選為董事。該等董事之簡歷亦載於本公司隨附本年報寄交股東之本公司通函附錄二內。

Chairman's Statement

主席報告

Dear Shareholders,

I am pleased to present the Group results for the year ended 31 December 2006, its major achievements, developments and prospects.

Performance for the year

During the year, it is encouraging that all the business segments recorded positive contributions to the Group. Turnover increased by 7.8% to a new record of HK\$473.1 million. The net profit attributable to the shareholders amounted to HK\$133.6 million as compared with net profit of HK\$62.3 million in 2005, representing 114.4% increase. Total equity increased by more than 4.3 times and reached HK\$679.7 million.

Major Achievements and Developments

During year 2006 and up to the date of this report, the Group have achieved the followings:

- Launched the important phase of Integrated Banking System for the Industrial and Commercial Bank of China (Asia) Limited, People's Bank of China, Bank of Communications and Bank of China
- Commenced the installation and operation of ATM machines in China
- Expansion of the exclusive IVR platform for China Mobile

各位股東：

本人欣然呈列本集團截至二零零六年十二月三十一日止年度的業績，其主要成就、發展及展望。

本年度表現

於本年度內，所有業務分類均對本集團帶來正面貢獻，成績令人鼓舞。營業額增加至473,100,000港元的新記錄，增幅為7.8%。與二零零五年62,300,000港元純利相比，股東應佔純利達133,600,000港元，增長為114.4%。權益總額增長逾4.3倍，達679,700,000港元。

主要成就及發展

於二零零六年度及直至本報告日期，本集團已取得以下成就：

- 就中國工商銀行(亞洲)有限公司、中國人民銀行、交通銀行及中國銀行的綜合業務銀行系統落實重要階段
- 展開在中國自動櫃員機的安裝及運作
- 進一步為中國移動獨家語音互動(IVR)平台拓展

Chairman's Statement

主席報告

- Became the market leading supplier of EFT-POS terminals in China
- Attracted new investments of HK\$246.4 million from professional investors subscribing ordinary shares of the Company
- Attracted new investment of US\$18 million (approximately HK\$140 million) from professional investors subscribing approximately 9% interests in Emerging Technology, the holding company of our financial solutions arm
- Acquired property from Beijing Hi Sun Electric Power, a connected person of the Company, for a consideration of RMB34.5 million
- Proposed new investment of US\$10 million (approximately HK\$78 million) from professional investors subscribing approximately 20% interests in Pax Technology, the holding company of our electronic payment arm
- Proposed acquisition of the 95% effective interest in Hualong Group
- 成為中國電子轉賬售點終端機 (EFT-POS terminals) 之市場領先供應商
- 吸引專業投資者認購本公司之普通股，此等新投資總額達246,400,000港元
- 吸引專業投資者認購本公司金融解決方案業務之控股公司Emerging Technology約9%權益，新投資額達18,000,000美元（約140,000,000港元）
- 以人民幣34,500,000元代價向本公司關連人士北京高陽萬為電力收購物業
- 建議吸引專業投資者認購本公司電子付款業務之控股公司百富科技約20%權益，新投資額達10,000,000美元（約78,000,000港元）
- 建議收購華隆集團95%實際權益

Chairman's Statement

主席報告

Moving ahead

Looking forward, we are confident in the prospect of the Group. The booming Chinese economy and the mounting consumption power of Chinese residents have resulted in significant growth in the telecommunication and banking industries. The industry reforms in these business sectors have further accelerated the demand in financial and telecommunication solutions, services and information technology products. Besides, the growth of wireless communication, the Beijing Olympic Game 2008 and development of China's rural economy has brought into new excitements for the Group's market expansion.

In addition, with the proposed acquisition of Hualong Group, we intend to further strengthen the Group's revenue and profit base through diversifying business into the electronic power meters and solutions industry. We expect the electronic power meters and solutions industry in China will experience significant growth given strong driving force to replace the traditional mechanical meters with the more technologically advanced and automated electronic meters for better energy control and management.

With these exciting opportunities as well as challenges, we are focused to strengthen our market position and adapt to the ever-changing market environment with our technical expertise and emerging innovations. We will continue to provide first class solutions, services and products for our partners and increase values for shareholders.

On behalf of the board of Directors, I would like to express my sincere appreciation to the management of our staff for their diligence, loyalty and continuing support. Particularly, I would like to thank Mr. LO Siu Yu, Mr. ZHOU Jian and Mr. LIU Yangsheng, Charles, who have resigned as directors of the Company during 2006, for their dedication and commitment through these years.

展望

展望未來，本集團對前景滿懷信心。中國經濟繁榮發展，加上中國人民消費能力不斷攀升，帶動電訊及銀行業顯著上揚。該等行業改革已進一步增加金融及電訊解決方案、服務及資訊科技產品之需求。此外，無線通訊的發展、北京二零零八年奧運會及中國農村經濟起飛，對本集團市場拓展帶來新的動力。

此外，透過建議收購華隆集團，本集團銳意進一步藉多元化擴展業務至電子式電能表及解決方案行業，以加強本集團收入及溢利的基礎。鑑於先進自動電子式電能表可達致更佳能源控制及管理，將逐步取代傳統機械電能表，基於此巨大驅動力下，我們相信，電子式電能表及解決方案行業將於中國出現龐大增長。

面對這等令人鼓舞的機遇及挑戰，本集團將憑藉其技術專業知識及新興創意，專注強化其市場地位及適應瞬息萬變的市場環境。本集團將繼往開來為其夥伴提供一等解決方案、服務及產品，並提升股東價值。

本人代表董事會謹此對管理層及各職員的勤奮、忠誠及持續支持深表感激。尤其，本人謹此對於二零零六年辭任本公司董事職務的羅韶宇先生、周健先生及劉揚聲先生多年來對本公司付出的熱誠及努力致以衷心謝意。

Chairman's Statement

主席報告

I wish to extend my utmost gratitude to our customers, bankers, suppliers, business associates and most valued shareholders for their continuous trust and support to the Group.

Cheung Yuk Fung
Chairman

Hong Kong, 17 April 2007

此外，本人藉此機會向各客戶、銀行、供應商、業務夥伴及最重視的股東對本集團的持續信賴及支持致以由衷感謝。

主席
張玉峰

香港，二零零七年四月十七日

Directors and Senior Management

董事及高層管理人員

As at 17 April 2007, the date of the Report of the Directors, the biographical details of the directors and senior management of the Company are as follows:—

BOARD OF DIRECTORS

Executive Directors

CHEUNG YUK FUNG *Chairman*

Mr. Cheung, aged 60, has been the Chairman and Director of the Company since November 2001. He graduated from the Faculty of Radio Electronics at Peking University in the People's Republic of China (the "PRC") and worked as a professor at Peking University thereafter. Prior to joining the Group, Mr. Cheung was a chairman of a company listed in the PRC and a director of a company listed on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") and has working experience in international trade, finance, asset management and strategic planning. Mr. Cheung was honoured many awards, including being selected as the young entrepreneur with outstanding contribution to China, and won the first prize of national golden award for enterprise initiators in the 4th National Technology Industrialist Award and many other awards.

KUI MAN CHUN

Mr. Kui, aged 41, has been the Director of the Company since June 2001. He graduated from Peking University in the PRC with a master's degree in international relations and has over 15 years of experience in the information technology industry and investment activities. Mr. Kui is also the chairman and chief executive officer of Hi Sun Limited ("HSL"), the Company's controlling shareholder. Prior to joining HSL in 2000, Mr. Kui was the president of an enterprise in the PRC.

XU WENSHENG

Mr. Xu, aged 38, has been the Director of the Company since February 2003. He graduated from the Dalian University of Technology with a bachelor's degree in computer science and engineering. Mr. Xu is also the director of HSL. Prior to joining the Company, Mr. Xu was the president of a system integration company and has an extensive experience in computer systems integration of the financial industry.

於二零零七年四月十七日（即董事會報告日期），本公司董事及高層管理人員之履歷詳情如下：

董事會

執行董事

張玉峰 主席

張先生，60歲，自二零零一年十一月起出任本公司主席兼董事。彼畢業於中華人民共和國（「中國」）北京大學之無線電系，並於其後出任北京大學之教授。在加入本集團前，張先生分別為一間於國內上市公司之董事長及一間於香港聯合交易所有限公司（「香港聯交所」）上市公司之董事，擁有國際貿易、金融、資產管理及策劃籌謀之經驗。張先生曾獲選為對中國具傑出貢獻之中青年企業家，並於第四屆國家科技企業家大獎榮獲企業創辦人金獎及其他多項殊榮。

渠萬春

渠先生，41歲，自二零零一年六月起出任本公司董事。彼畢業於中國北京大學，持有國際關係學碩士學位，在資訊科技業及投資業務方面積逾十五年豐富經驗。渠先生亦為本公司之控股股東Hi Sun Limited（「HSL」）之主席兼行政總裁。在二零零零年加入HSL前，渠先生乃國內一家企業之董事長。

徐文生

徐先生，38歲，自二零零三年二月起出任本公司董事。彼畢業於大連理工大學，持有電腦科學及工程學士學位。徐先生亦為HSL的董事。加入本公司前，徐先生為一間系統集成公司之總裁，於金融業之電腦系統集成方面擁有豐富經驗。

Directors and Senior Management

董事及高層管理人員

LI WENJIN

Mr. Li, aged 43, has been the Director of the Company since June 2001. He graduated from Peking University in the PRC with a master's degree in law. He has over 15 years of experience in investment and administrative affairs. Mr. Li is also the managing director of HSL. Prior to joining HSL in 1999, he had worked for several companies in the PRC and Hong Kong.

CHAN YIU KWONG

Mr. Chan, aged 42, has been the Director of the Company since July 2001. He graduated from the University of Hong Kong with a bachelor's degree in social sciences. Mr. Chan is currently a fellow member of the Hong Kong Institute of Certified Public Accountants and is a fellow member of the Chartered Association of Certified Accountants in the United Kingdom. Mr. Chan is also the director of HSL. Prior to joining the Company, he was the financial controller and company secretary of a listed company on the Hong Kong Stock Exchange and was a manager of an international public accountancy firm. Mr. Chan is currently an independent non-executive director of a company listed on the Hong Kong Stock Exchange. He has over 15 years of experience in auditing, business advisory and corporate management.

XU CHANG JUN

Mr. Xu, aged 40, has been the Director of the Company since July 2001. He graduated from Peking University in the PRC with a master's degree in international economics. Prior to joining the Company, Mr. Xu had worked for several companies in the PRC and Hong Kong. He has over 15 years of experience in corporate management of enterprise in Hong Kong and the PRC.

李文晉

李先生，43歲，自二零零一年六月起出任本公司董事。彼畢業於中國北京大學，持有法律碩士學位，於投資及行政事務方面積逾十五年豐富經驗。李先生亦為HSL董事總經理。在一九九九年加入HSL前，彼曾任職中港兩地多家公司。

陳耀光

陳先生，42歲，自二零零一年七月起出任本公司董事。彼畢業於香港大學，持有社會科學學士學位。彼現時為香港會計師公會及英國公認會計師公會資深會員。陳先生亦為HSL的董事。加入本公司前，彼乃香港聯交所一間上市公司之財務總監兼公司秘書，亦曾任一家國際執業會計師行之經理。陳先生現為一家香港聯交所上市公司的獨立非執行董事，彼於核數、商務諮詢及企業管理方面積逾十五年豐富經驗。

徐昌軍

徐先生，40歲，自二零零一年七月起出任本公司董事。彼畢業於中國北京大學，持有國際經濟學碩士學位。加入本公司前，彼曾任職中、港兩地多家公司。徐先生於中、港兩地企業管理方面積逾十五年豐富經驗。

Directors and Senior Management

董事及高層管理人員

Independent Non-executive Directors

TAM CHUN FAI

Mr. Tam, aged 45, has been an independent non-executive Director of the Company since May 2004. He graduated from the Hong Kong Polytechnic University with a bachelor of arts degree in accountancy. Mr. Tam is a member of Hong Kong Institute of Certified Public Accountants and is a member of Chartered Financial Analyst and has over 20 years' experience in auditing, corporate advisory services as well as financial management and compliance work. Mr. Tam is currently the financial controller and company secretary of Beijing Enterprises Holdings Limited, a major red chip company listed on the Main Board of the Hong Kong Stock Exchange.

LEUNG WAI MAN, ROGER

Mr. Leung, aged 50, has been an independent non-executive Director since September 2004. He graduated with a Bachelor's degree in Law and a Postgraduate Certificate in Laws from The University of Hong Kong. He also graduated with a bachelor's degree in Law from the University of Western Ontario, Canada. Mr. Leung has been a practicing solicitor in Hong Kong since 1984 and is now a partner of the law firm, Messrs Foo, Leung & Yeung. He is also admitted as a solicitor in England and Wales and as a barrister, solicitor and notary public in Ontario, Canada. Mr. Leung has extensive working experience in law both in Hong Kong and in Canada. He served as a member of the Inland Revenue Board of Review from 1997 to 2005 and is appointed as a China-appointed Attesting Officer since January 2003. Mr. Leung is currently an independent non-executive director of a company listed on the Hong Kong Stock Exchange.

獨立非執行董事

譚振輝

譚先生，45歲，自二零零四年五月起出任本公司獨立非執行董事。彼畢業於香港理工大學，持有會計文學士學位。譚先生為香港會計師公會會員及特許金融分析師成員。彼於核數、公司顧問服務以及財務管理及守章方面積逾二十年經驗。彼現為北京控股有限公司之財務總監兼公司秘書，該公司為一家於香港聯交所主板上市之大紅籌公司。

梁偉民

梁先生，50歲，自二零零四年九月起出任獨立非執行董事。彼畢業於香港大學，持有法律學士學位及法學專業證書。彼亦畢業於加拿大University of Western Ontario，持有法律學士學位。自一九八四年開始，梁先生為香港執業律師，現為傅梁楊律師行之合夥人。彼亦為英國及威爾斯認可律師及加拿大安大略省之律師、大律師及公證人。梁先生分別在香港和加拿大擁有豐富之法律經驗。一九九七年至二零零五年間，彼為稅務上訴委員會會員。自二零零三年一月起獲委任為中國委託公證人。梁先生現為香港聯交所一家上市公司的獨立非執行董事。

Directors and Senior Management

董事及高層管理人員

XU SITAO

Mr. Xu, aged 43, has been an independent non-executive Director of the Company since July 2001. He graduated from Peking University in the PRC with a bachelor of arts degree in economics and from the University of Connecticut with a master of arts degree in economics. He also holds a master of science degree in Finance from Boston College. Mr. Xu is currently the Chief Representative China of the Economist Group and a director of Advisory Services (China) of Economist Intelligence Unit. Prior to the Economist Group, he was a senior economist at Industrial and Commercial Bank of China (Asia) Limited in Hong Kong from May 2003 to May 2004 and was the Chief Asian Economist of Societe Generale from September 2000 to November 2002. Between 1996 and 2000, he was a Regional Treasury Economist at Standard Chartered Bank. Prior to that, he was an Emerging Asia Economist of Standard & Poor's MMS International in Singapore.

SENIOR MANAGEMENT

As at 17 April 2007, the date of the Report of the Directors, Messrs Kui Man Chun, Xu Wensheng, Li Wenjin, Chan Yiu Kwong and Xu Chang Jun were members of the Company's senior management.

許思濤

許先生，43歲，自二零零一年七月起出任本公司獨立非執行董事。彼畢業於中國北京大學，持有經濟學文學學士學位，並持有University of Connecticut頒發之經濟學文學碩士學位。彼亦持有Boston College頒發之金融理學碩士學位。許先生現為經濟學人集團之中國首席代表兼中國經濟學人企業組織之中國諮詢服務總監。在經濟學人集團之前，彼於二零零三年五月至二零零四年五月曾為香港中國工商銀行（亞洲）有限公司高級經濟師，並於二零零零年九月至二零零二年十一月出任法國興業銀行之首席亞洲經濟師。一九九六年至二零零零年間，他曾出任渣打銀行之地區庫務經濟師，之前則擔任新加坡之標準普爾博訊國際之新興亞洲市場經濟師。

高層管理人員

於二零零七年四月十七日（即董事會報告日期），渠萬春先生、徐文生先生、李文晉先生、陳耀光先生及徐昌軍先生均為本公司高層管理人員。

Corporate Governance Report

企業管治報告

The Board is pleased to present this Corporate Governance Report in the Group's annual report for the year ended 31 December 2006.

The Company wishes to highlight the importance of its Board of Directors ("Board") in ensuring effective leadership and control of the Company and transparency and accountability of all operations.

The Company recognises the importance of good corporate governance to the Company's healthy growth and has devoted considerable efforts to identifying and formulating corporate governance practices appropriate to the Company's needs.

The Company's corporate governance practices are based on the principles ("Principles"), code provisions ("Code Provisions") as set out in the Code on Corporate Governance Practices ("CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Stock Exchange") ("Listing Rules").

Throughout the year, the Company has complied with most of the Code Provisions save for certain deviations from the Code Provisions in respect of Code Provisions A.1.1, A.2.1, A.4.1 and E.1.2, details of which will be explained below.

The Company periodically reviews its organisational structure to ensure that operations are conducted in accordance with the standards of the CG Code.

董事會欣然於本集團截至二零零六年十二月三十一日止年度之年報提呈其企業管治報告。

本公司謹此表明，董事會（「董事會」）確保本公司有效領導及監控以及所有營運之透明度及問責性之重要性。

本公司明瞭良好企業管治對本公司穩健發展之重要性，已努力確立及制定符合本公司需要之企業管治常規。

本公司之企業管治常規乃以香港聯合交易所有限公司（「聯交所」）證券上市規則（「上市規則」）附錄14所載企業管治常規守則（「企業管治常規守則」）當中原則（「原則」）、守則條文（「守則條文」）為基礎。

除若干事宜偏離守則條文第A.1.1、A.2.1、A.4.1及E.1.2條外，於本年度內，本公司一直遵守大部分守則條文，詳情於下文闡釋。

本公司定期檢討其組織架構，確保業務運作符合企業管治常規守則之準則。

Corporate Governance Report

企業管治報告

The key corporate governance principles and practices of the Company are summarised as follows:

THE BOARD Responsibilities

The overall management of the Company's business is vested in the Board, which assumes the responsibility for leadership and control of the Company and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. All directors should take decisions objectively in the interests of the Company.

The Board reserves for its decisions all major matters of the Company which include the approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those may involve conflict of interests), financial information, appointment of directors and other significant financial and operational matters.

All directors have full and timely access to all relevant information as well as the advice and services of the Company Secretary, with a view to ensuring that Board procedures and all applicable rules and regulations are followed.

Each director is normally able to seek independent professional advice in appropriate circumstances at the Company's expense, upon making request to the Board.

The day-to-day management, administration and operation of the Company are delegated to the senior management. The delegated functions and work tasks are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by the abovementioned officers.

The Board has the full support of the senior management to discharge its responsibilities.

本公司主要企業管治原則及常規概述如下：

董事會 職責

本公司業務整體管理賦予董事會負責，董事會承擔領導及監控本公司之責任，並透過指導及監管事務，集體負責促進本公司之成就。全體董事均客觀就本公司利益作出決定。

董事會保留就本公司所有重要事項作出決策之權力，包括批准及監控所有政策、整體策略及預算、內部監控及風險管理制度、重大交易（特別是或涉及利益衝突者）、財務資料、委任董事及其他重大財務與營運事宜。

全體董事可全面及時取得所有相關資料以及獲取公司秘書之意見及服務，以確保董事會會議程序及所有適用規則及規例獲得遵守。

各董事一般可於合適情況下，經向董事會提出要求，徵求獨立專業意見，而費用由本公司承擔。

本公司日常管理、行政及營運授權予高級管理層負責。獲指派之職能及工作會定期檢討。上述任何高級職員訂立任何重大交易前，須獲得董事會批准。

董事會履行職責時可獲得高級管理層全面支援。

Corporate Governance Report

企業管治報告

Composition

The composition of the Board ensures a balance of skills and experience appropriate to the requirements of the business of the Company and to the exercising of independent judgement.

The Board currently comprises nine members, consisting of six executive directors and three independent non-executive directors.

The Board of the Company comprises the following directors:

Executive directors:

Cheung Yuk Fung (*Chairman*)

Kui Man Chun

Xu Wensheng

Li Wenjin

Chan Yiu Kwong

Xu Chang Jun

Independent non-executive directors:

Tam Chun Fai (*Chairman of Audit Committee*)

Leung Wai Man, Roger (*Member of Audit Committee*)

Xu Sitao (*Member of Audit Committee*)

The list of directors (by category) is also disclosed in all corporate communications issued by the Company pursuant to the Listing Rules from time to time.

None of the directors of the Company had any relationship among the members of the Board of the Company.

During the year ended 31 December 2006, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications, or accounting or related financial management expertise.

組成

董事會之組成確保在技巧和經驗方面取得平衡，適合本公司業務所需及行使獨立判斷。

董事會現由9名成員組成，包括6名執行董事及3名獨立非執行董事。

本公司董事會由以下董事組成：

執行董事：

張玉峰（主席）

渠萬春

徐文生

李文晉

陳耀光

徐昌軍

獨立非執行董事：

譚振輝（審核委員會主席）

梁偉民（審核委員會成員）

許思濤（審核委員會成員）

上列董事（按類別計）亦於本公司根據上市規則不時發出之所有企業通訊披露。

概無本公司董事與本公司董事會成員有任何關連。

截至二零零六年十二月三十一日止年度，董事會一直遵守上市規則有關委任最少三名獨立非執行董事而其中最少一名獨立非執行董事須具備合適專業資歷或會計或相關財務管理專業知識之規定。

Corporate Governance Report

企業管治報告

The Company has received written annual confirmation from each independent non-executive director of his independence pursuant to the requirements of the Listing Rules. The Company considers all independent non-executive directors to be independent in accordance with the independence guidelines set out in the Listing Rules.

The independent non-executive directors bring a wide range of business and financial expertise, experiences and independent judgement to the Board. By taking the lead in managing issues involving potential conflict of interests and serving on Board committees, all independent non-executive directors make various contributions to the effective direction of the Company.

Appointment and Succession Planning of Directors

The Company has established formal, considered and transparent procedures for the appointment and succession planning of directors.

Each of the non-executive director of the Company is subject to retirement by rotation once every three years.

Deviation from Code Provision A.4.1 (& reasons):

Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election.

Although the independent non-executive directors are not appointed for a specific term, all directors of the Company are subject to retirement by rotation once every three years and any new director appointed to fill a causal vacancy shall submit himself/herself for re-election by shareholders at the first general meeting after appointment pursuant to the Company's Bye-laws.

本公司已接獲各獨立非執行董事根據上市規則規定所作出有關其獨立身分之年度確認書。本公司認為，根據上市規則所載獨立身分指引，全體獨立非執行董事均屬獨立人士。

獨立非執行董事為董事會帶來廣泛商業及財務專業知識、經驗及獨立判斷。全體獨立非執行董事透過主導處理涉及潛在利益衝突事宜及參與董事會委員會，對本公司有效方針作出各方面貢獻。

董事委任及繼任規劃

本公司已訂立正式經考慮且具透明度之董事委任及繼任規劃程序。

本公司各非執行董事須最少三年輪值告退一次。

偏離守則條文第A.4.1條（及原因）：

守則條文第A.4.1條訂明非執行董事須按特定任期委任，並膺選連任。

儘管獨立非執行董事並非按特定任期委任，本公司全體董事均須每三年輪值告退一次，而任何就填補臨時空缺委任之新任董事，須根據本公司之公司細則，於獲委任後首個股東大會由股東重選。

Corporate Governance Report

企業管治報告

Training for Directors

Each newly appointed director receives induction on the first occasion of his/her appointment, so as to ensure that he/she has appropriate understanding of the business and operations of the Company. Besides, the Company shall consider to engage external legal and other professional advisors for providing professional development and training programmes to directors on an occasional basis.

Board Meetings

Deviation from Code Provision A.1.1 (& reason):

Code Provision A.1.1 stipulates that the Company should hold at least four regular Board meetings a year at approximately quarterly intervals with active participation of majority of directors, either in person or through other electronic means of communication.

Regular Board meetings were held twice during the year for reviewing and approving the financial and operating performance, and considering and approving the overall strategies and policies of the Company. The Company does not announce its quarterly results and hence not consider the holding of quarterly meeting as necessary.

Number of Meetings and Directors' Attendance

The Board met twice during the year ended 31 December 2006 for approving the final results for the year ended 31 December 2005 and interim results for the six months ended 30 June 2006. Besides, the Board held one special meeting and nineteen non-regular meetings during the year ended 31 December 2006.

董事培訓

各新委任董事於最初獲委任時獲得就職介紹，確保彼恰當瞭解本公司業務及運作。此外，本公司將考慮委聘外聘法律及其他專業顧問，以按非經常性質，向董事提供專業發展及培訓計劃。

董事會會議

偏離守則條文第A.1.1條（及原因）：

守則條文第A.1.1條訂明本公司須每年最少舉行四次常規董事會會議，約為每季舉行一次，而大部分董事均應積極參與，包括親身出席或透過電子通訊方式參與。

年內曾舉行兩次常規董事會會議，審閱及批准財務及營運表現，並考慮及批准本公司整體策略及政策。本公司並無公布季度業績，故認為毋須舉行季度會議。

會議次數及董事出席情況

董事會於截至二零零六年十二月三十一日止年度曾舉行兩次會議，批准截至二零零五年十二月三十一日止年度全年業績及截至二零零六年六月三十日止六個月中期業績。此外，董事會於截至二零零六年十二月三十一日止年度曾舉行一次特別會議及十九次非常規會議。

Corporate Governance Report

企業管治報告

The individual attendance record of each director at the meetings of the Board and Audit Committee during the year ended 31 December 2006 is set out below:

各董事於截至二零零六年十二月三十一日止年度出席董事會會議及審核委員會會議之個別記錄載列如下：

Name of Directors	董事姓名	Attendance/ Number of Audit Committee Meetings 審核委員會會議 出席／舉行 次數	Attendance/ Number of Regular Meeting 常規會議 出席／舉行 次數	Attendance/ Number of Special Meeting* 特別會議 出席／舉行 次數*	Attendance/ Number of Non-regular Meetings 非常規會議 出席／舉行 次數
Cheung Yuk Fung	張玉峰	N/A 不適用	1/2	0/1	Note 2 附註2
Kui Man Chun	渠萬春	N/A 不適用	1/2	0/1	13/19
Xu Wensheng	徐文生	N/A 不適用	1/2	1/1	14/19
Li Wenjin	李文晉	N/A 不適用	2/2	1/1	19/19
Chan Yiu Kwong	陳耀光	N/A 不適用	2/2	1/1	19/19
Xu Chang Jun	徐昌軍	N/A 不適用	1/2	1/1	14/19
Tam Chun Fai	譚振輝	2/2	2/2	1/1	Note 2 附註2
Leung Wai Man, Roger	梁偉民	2/2	2/2	1/1	Note 2 附註2
Xu Sitao	許思濤	2/2	2/2	1/1	Note 2 附註2
Lo Siu Yu (Note 1)	羅韶宇 (附註1)	N/A 不適用	2/2	0/1	8/19
Zhou Jian (Note 1)	周健 (附註1)	N/A 不適用	0/2	0/1	Note 2 附註2
Liu Yangsheng, Charles (Note 1)	劉揚聲 (附註1)	N/A 不適用	Note 1 附註1	Note 1 附註1	Note 2 附註2

* During the year, a special meeting was held to approve a discloseable and connected transaction, for which an independent board committee was established for this meeting.

* 年內之特別會議乃旨在批准一項須予披露及關連交易而召開，故就此會議成立獨立董事委員會。

Notes:

附註：

- Mr. Lo Siu Yu, Mr. Zhou Jian and Mr. Liu Yangsheng, Charles have resigned as directors of the Company on 18 October 2006, 20 November 2006 and 17 April 2006, respectively.
- The Directors have not attended the non-regular meetings, the purpose of which were mainly to deal with implementation of policies and administrative routine.

- 羅韶宇先生、周健先生及劉揚聲先生分別於二零零六年十月十八日、二零零六年十一月二十日及二零零六年四月十七日辭任本公司董事。
- 該等董事並無出席非常規會議，非常規會議主要處理政策推行及日常行政。

Corporate Governance Report

企業管治報告

Practices and Conduct of Meetings

Annual meeting schedules and draft agenda of each meeting are normally made available to directors in advance.

Notices of regular Board meetings are served to all directors at least 14 days before the meetings. For other Board and committee meetings, reasonable notice is generally given.

Board papers together with all appropriate, complete and reliable information are sent to all directors at least 3 days before each Board meeting or committee meeting to keep the directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions. The Board and each director also have separate and independent access to the senior management whenever necessary.

The Qualified Accountant and Company Secretary attend all regular Board meetings and when necessary, other Board and committee meetings to advise on business developments, financial and accounting matters, statutory compliance, corporate governance and other major aspects of the Company.

The Company Secretary is responsible to take and keep minutes of all Board meetings and committee meetings. Draft minutes are normally circulated to directors for comment within a reasonable time after each meeting and the final version is open for directors' inspection.

According to current Board practice, any material transaction, which involves a conflict of interests for a substantial shareholder or a director, will be considered and dealt with by the Board at a duly convened Board meeting. The Company's Bye-laws also contain provisions requiring directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such directors or any of their associates have a material interest.

會議常規及程序

週年會議時間表及每次會議議程草擬本一般預先發給董事。

常規董事會會議通告最少於會議日期前十四天發給全體董事。其他董事會及委員會會議，則一般給予合理通知。

董事會文件連同所有合適、完整及可靠資料，最少於各董事會會議及委員會會議前三天交全體董事，致令董事知悉本公司最新發展及財務狀況，以便作出知情決定。董事會及各董事亦可於有需要時個別及獨立接觸高級管理人員。

合資格會計師及公司秘書出席所有常規董事會會議及於有需要時出席其他董事會會議及委員會會議，就業務發展、財務及會計事宜、法定守章、企業管治及本公司其他重大事宜提供意見。

公司秘書負責於所有董事會會議及委員會會議作出會議記錄並加以存管。會議記錄草擬本一般於各會議後合理時間內，交董事傳閱，作出意見，而最終會議記錄可供董事查閱。

根據現行董事會常規，任何涉及主要股東或董事利益衝突之重大交易，須經由董事會於正式召開之董事會會議考慮及處理。本公司之公司細則亦載有要求董事就批准該董事或彼任何聯繫人士擁有重大權益之交易之會議放棄表決及不計入法定人數內。

Corporate Governance Report

企業管治報告

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Deviation from Code Provision A.2.1 (& reason):

Code Provision A.2.1 stipulates that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual.

Mr. Cheung Yuk Fung is the Chairman and five of the other executive directors who are also members of the senior management share the role of the Chief Executive Officer.

The Chairman provides leadership and is responsible for the effective functioning of the Board in accordance with good corporate governance practice. With the support of the Company Secretary and the senior management, the Chairman is also responsible for ensuring that the directors receive adequate, complete and reliable information in a timely manner and appropriate briefing on issues arising at Board meetings, and that all key and appropriate issues are discussed by the Board in a timely manner.

The role of the Chief Executive Officer focuses on implementing objectives, policies and strategies approved and delegated by the Board. He/She is in charge of the Company's day-to-day management and operations. The Chief Executive Officer is also responsible for developing strategic plans and formulating the organisational structure, control systems and internal procedures and processes for the Board's approval.

The Board considers that due to the scale of operations of the Group and the daily operations of the Group's business are delegated to the senior management and department heads, the appointment of a Chief Executive Officer is not necessary.

BOARD COMMITTEES

The Board has established three committees, namely, the Nomination Committee, Remuneration Committee and Audit Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference. The terms of reference of the Board committees are posted on the Company's website and are available to shareholders upon request.

主席及行政總裁

偏離守則條文第A.2.1條(及原因):

守則條文第A.2.1條訂明主席及行政總裁之角色應加以劃分,不應由同一人擔任。

張玉峰先生為主席,而行政總裁之職務由五名亦為高級管理人員之其他執行董事分擔。

主席領導及對董事會根據良好企業管治常規有效運作負責。在公司秘書及高級管理人員之支援下,主席亦負責確保董事適時獲得充份、完整及可靠資料,並獲適當簡介董事會會議事宜,而所有主要及合適事務均由董事會適時討論。

行政總裁之職務集中於推行董事會批准及授權之目標、政策及策略。彼負責本公司日常管理及營運。行政總裁亦負責拓展策略計劃以及制定組織架構、監控制度及內部監控程序及董事會審批程序。

董事會認為,鑑於集團業務規模及日常營運授權予高級管理人員及部門主管負責,故無需要委任行政總裁。

董事會委員會

董事會下設三個委員會:提名委員會、薪酬委員會及審核委員會,以掌管本公司特定事務。本公司所有董事會委員會均設有明確職權範圍,於本公司網站刊載,亦可供股東索閱。

Corporate Governance Report

企業管治報告

The majority of the members of each Board committees are independent non-executive directors and the list of the chairman and members of each Board committee as at the date of this report is set out below:

Audit Committee

Tam Chun Fai (*Chairman*)
Leung Wai Man, Roger
Xu Sitao

Nomination Committee

Leung Wai Man, Roger (*Chairman*)
Tam Chun Fai
Chan Yiu Kwong

Remuneration Committee

Tam Chun Fai (*Chairman*)
Leung Wai Man, Roger
Li Wenjin

The Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses.

Nomination Committee

The principal duties of the Nomination Committee include reviewing the Board composition, developing and formulating relevant procedures for nomination and appointment of directors, making recommendations to the Board on the appointment and succession planning of directors, and assessment of the independence of the independent non-executive directors.

The Nomination Committee carries out the process of selecting and recommending candidates for directorships by making reference to the skills, experience, professional knowledge, personal integrity and time commitments of such individuals, the Company's needs and other relevant statutory requirements and regulations. An external recruitment agency may be engaged to carry out the recruitment and selection process when necessary.

各董事會委員會大部分成員均為獨立非執行董事，而於本報告日期，各董事會委員會主席及成員名單如下：

審核委員會

譚振輝 (主席)
梁偉民
許思濤

提名委員會

梁偉民 (主席)
譚振輝
陳耀光

薪酬委員會

譚振輝 (主席)
梁偉民
李文晉

董事會委員會獲提供充足資源履行職責及可於適當情況下，合理要求徵求獨立專業意見，費用由本公司承擔。

提名委員會

提名委員會之主要職責包括審閱董事會組成、制定有關董事提名及委任程序以及就董事委任及繼任規劃向董事會作出意見，並評估獨立非執行董事之獨立身分。

提名委員會負責就技能、經驗、專業知識、個人誠信及投入時間以及本公司需要及其他相關法定規則及規例，甄選及推薦候任董事人選。有需要時或會委任外界招聘代理進行招聘及甄選程序。

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The Nomination Committee is also responsible for reviewing the structure, size and composition of the Board to ensure that it had a balance of expertise, skills and experience appropriate to the requirements of the business of the Group for the year under review.

In accordance with the Company's Bye-laws 87(1) and 87(2), Mr. Xu Wensheng and Mr. Li Wenjin, executive directors of the Company, and Mr. Xu Sitao, independent non-executive director of the Company, shall retire by rotation and being eligible, offer themselves for re-election at the 2007 annual general meeting.

The Board recommended the re-appointment of the directors standing for re-election at the 2007 annual general meeting of the Company.

The Company's circular dated 27 April 2007 contains detailed information of the directors standing for re-election.

Remuneration Committee

The primary objectives of the Remuneration Committee include making recommendations on and approving the remuneration policy and structure and remuneration packages of the directors and the senior management. The Remuneration Committee is also responsible for establishing transparent procedures for developing such remuneration policy and structure to ensure that no director or any of his/her associates will participate in deciding his/her own remuneration, which remuneration will be determined by reference to the performance of the individual and the Company as well as market practice and conditions.

The Remuneration Committee normally meets for reviewing the remuneration policy and structure and determination of the annual remuneration packages of the directors and the senior management and other related matters. The Human Resources Department is responsible for collection and administration of the human resources data and making recommendations to the Remuneration Committee for consideration. The Remuneration Committee shall consult the Chairman and/or the Board of the Company about these recommendations on remuneration policy and structure and remuneration packages.

提名委員會亦須負責審閱董事會之架構、規模及組成，以確保具備就本集團回顧年內業務需要而言屬恰當之均衡專業知識、技能及經驗。

根據本公司之公司細則第87(1)及87(2)條，本公司執行董事徐文生先生及李文晉先生以及本公司獨立非執行董事許思濤先生將輪值告退，惟符合資格並願意於二零零七年股東週年大會膺選連任。

董事會推薦重選於本公司二零零七年股東週年大會膺選連任之董事。

本公司日期為二零零七年四月二十七日之通函載有膺選連任董事詳細資料。

薪酬委員會

薪酬委員會主要職責包括就董事及高級管理人員薪酬政策及結構與薪酬待遇作出推薦意見及加以批准。薪酬委員會亦負責制定該等薪酬政策及結構之具透明度程序，確保並無董事或彼任何聯繫人士參與釐定本身薪酬，而薪酬將參考個人及公司表現以及市場常規及情況後釐定。

薪酬委員會一般就審閱薪酬政策及結構以及釐定董事及高級管理人員年度薪酬待遇與其他相關事務舉行會議。人力資源部門負責收集及管理人力資源數據，並向薪酬委員會作出意見，以供其考慮。薪酬委員會須就該等薪酬政策及結構與薪酬待遇意見諮詢主席及／或本公司董事會。

Corporate Governance Report

企業管治報告

Audit Committee

The Audit Committee comprises three independent non-executive directors (including one independent non-executive director who possesses the appropriate professional qualifications or accounting or related financial management expertise). None of the members of the Audit Committee is a former partner of the Company's existing independent auditors.

The main duties of the Audit Committee include the following:

- (a) To review the financial statements and reports and consider any significant or unusual items raised by the qualified accountant or independent auditors before submission to the Board.
- (b) To review the relationship with the independent auditors by reference to the work performed by the independent auditors, their fees and terms of engagement, and make recommendation to the Board on the appointment, re-appointment and removal of independent auditors.
- (c) To review the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system and associated procedures.

The Audit Committee held two meetings during the year ended 31 December 2006 to review the financial results and reports, financial reporting and compliance procedures, internal control system and risk management review and processes and the re-appointment of the independent auditors.

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

There is no different view taken by the Audit Committee from the Board regarding the selection, appointment, resignation or dismissal of independent auditors.

The Company's annual results for the year ended 31 December 2006 has been reviewed by the Audit Committee.

審核委員會

審核委員會由三名獨立非執行董事組成，當中包括一名具備合適專業資歷或會計或相關財務管理專業知識之獨立非執行董事。審核委員會全體成員均非本公司現任獨立核數師之前合夥人。

審核委員會之主要職責包括：

- (a) 審閱財務報表及報告，並於提交董事會前，考慮合資格會計師及獨立核數師提出之任何重大或不尋常項目。
- (b) 參考獨立核數師所進行工作、費用及聘用條款，檢討與獨立核數師之關係，並就委任、續聘及罷免獨立核數師向董事會提出意見。
- (c) 審閱本公司財務報告制度、內部監控制度、風險管理制度及相關程序是否充份及具備效益。

審核委員會於截至二零零六年十二月三十一日止年度曾舉行兩次會議，審閱財務業績及報告、財務報告及守章程序、內部監控制度及風險管理審閱與程序以及續聘獨立核數師。

並無有關或會對本公司按持續基準經營之能力產生重大疑問之事件或情況。

審核委員會就獨立核數師甄選、委任、辭任或罷免所持意見與董事會無異。

本公司截至二零零六年十二月三十一日止年度業績已經由審核委員會審閱。

Corporate Governance Report

企業管治報告

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules.

Specific enquiry had been made to all the directors and the directors have confirmed that they have complied with the Model Code throughout the year ended 31 December 2006.

The Company has also established written guidelines with exact terms as set out in Appendix 10 to the Listing Rules for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company.

RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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

The directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2006.

The statement of the independent auditor of the Company about their reporting responsibilities on the financial statements is set out in the "Independent Auditor's Report" on page 61.

INTERNAL CONTROL

For the internal control system of the Company, the Board has developed the Group's systems of internal control and risk assessment and management. The Board has overall responsibility for reviewing and maintaining an adequate and effective internal control system to safeguard the interests of the shareholders and the assets of the Group. During the year, the Board has conducted reviews of the internal control system and considered the internal control system of the Group has been implemented effectively.

證券交易的標準守則

本公司已採納上市規則附錄10所載上市發行人董事進行證券交易的標準守則（「標準守則」）。

經向全體董事作出具體查詢後，董事已確認彼等於截至二零零六年十二月三十一日止年度一直符合標準守則。

本公司已制定可能取得本公司未公佈股價敏感資料之僱員進行證券交易之書面指引，該等指引與上市規則附錄10所載條款相同。

有關財務報表之責任

董事會須負責提呈年報及中期報告的均衡、清晰及易於理解評估、上市規則與其他監管規則所規定的股價敏感公佈及其他披露資料。

董事明瞭彼等編製本公司截至二零零六年十二月三十一日止年度財務報表之責任。

本公司獨立核數師有關彼等申報財務報表責任之聲明載於第61頁「獨立核數師報告」。

內部監控

董事會就本公司內部監控制度制定本集團的內部監控及風險評估及管理制度，董事會對檢討及維持足夠及有效的內部監控措施負有全面責任，以保障股東利益及本集團資產。年內，董事會曾檢討其內部監控制度，並認為本集團之內部監控制度一直行之有效。

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AUDITOR'S REMUNERATION

The independent auditor has rendered certain non-audit services to the Company for the year ended 31 December 2006. The remuneration paid to the independent auditor of the Company in respect of audit services and non-audit services for the year ended 31 December 2006 amounted to approximately of HK\$1.8 million and HK\$0.1 million, respectively.

SHAREHOLDER RIGHTS AND INVESTOR RELATIONS

The rights of shareholders and the procedures for demanding a poll on resolutions at shareholders' meetings are contained in the Company's Bye-laws. Details of such rights to demand a poll and the poll procedures are included in all circulars to shareholders and will be explained during the proceedings of meetings.

Poll results will be published in newspapers on the business day following the shareholders' meeting and posted on the website of the Stock Exchange.

Deviation from Code Provision E.1.2 (& reason):

Code provision E.1.2 stipulates that the Chairman of the Board should attend the annual general meeting. The Chairman did not attend the annual general meeting held on 23 May 2006, however, Mr. Li Wenjin, as an executive director of the Company, took the chair pursuant to the Bye-laws of the Company.

The Board recognises that the general meetings of the Company provide a forum for communication between the shareholders and the Board. The Chairman of the Board, or at his absence, an executive director of the Company, as well as chairmen of the Nomination Committee, Remuneration Committee and Audit Committee, or in their absence, other members of the respective committees, and where applicable, the independent Board committee, will be available to answer questions at the shareholders' meetings.

Separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual directors.

核數師酬金

獨立核數師曾於截至二零零六年十二月三十一日止年度向本公司提供若干非核數服務。就截至二零零六年十二月三十一日止年度之核數及非核數服務，本公司向獨立核數師支付之酬金分別約1,800,000港元及100,000港元。

股東權利及投資者關係

股東權利及在股東大會要求按股數投票表決之程序，載於本公司之公司細則。要求按股數投票表決權利及程序詳情，載於致各股東之所有通函，並將於會上講解。

按股數投票表決結果將於股東大會後之營業日，在報章及聯交所網站刊載。

偏離守則條文第E.1.2條（及原因）：

守則條文第E.1.2條訂明董事會主席須出席股東週年大會，而主席並未出席於二零零六年五月二十三日舉行之股東週年大會，然而，本公司執行董事李文晉先生則根據本公司之公司細則出席會議並擔任主席。

董事會確認，本公司股東大會提供股東與董事會溝通之平台。董事會主席或（倘彼未能出席）本公司執行董事以及提名委員會、薪酬委員會及審核委員會與（如適用）獨立董事委員會主席或（倘彼等未能出席）各委員會成員，將出席日後股東會議，回答提問。

須於股東大會就各重大事項提呈獨立決議案，包括選舉個別董事。

Corporate Governance Report

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The Company continues to enhance communications and relationships with its investors. Designated senior management maintains regular dialogue with institutional investors and analysts to keep them abreast of the Company's developments. Enquiries from investors are dealt with in an informative and timely manner.

To promote effective communication, the Company maintains a website at www.hisun.com.hk, where extensive information and updates on the Company's business developments and operations, financial information, corporate governance practices and other information are posted.

On behalf of the Board

Cheung Yuk Fung
Chairman

Hong Kong, 17 April 2007

本公司繼續加強與投資者之溝通及關係。指定高級管理人員與機構投資者及分析員經常聯繫，以簡報本公司發展。投資者查詢均盡快處理以提供有用資料。

為促進有效溝通，本公司設有網站 www.hisun.com.hk，刊載本公司業務發展及營運、財務資料、企業管治常規之廣泛及最新資料與其他資料。

代表董事會

主席
張玉峰

香港，二零零七年四月十七日

Report of the Directors

董事會報告

The Directors submit their report together with the audited financial statements for the year ended 31 December 2006.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding. The principal activities of the Group during the year were sales of information technology products, provision of information system consultancy and integration services, and information technology operation value-added services.

An analysis of the Group's performance for the year by business and geographical segments is set out in note 5 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2006 are set out in the consolidated income statement on page 63.

The Directors do not recommend the payment of a dividend (2005: Nil).

RESERVES

Movements in the reserves of the Group and the Company during the year are set out in note 23 to the financial statements.

DONATIONS

Charitable and other donations made by the Group during the year amounted to HK\$490,000 (2005: HK\$1,923,000).

PROPERTY, PLANT AND EQUIPMENT

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

INVESTMENT PROPERTY

Details of the movements in investment property of the Group are set out in note 16 to the financial statements.

董事會謹此提呈彼等之報告及截至二零零六年十二月三十一日止年度之經審核財務報表。

主要業務及地區業務分析

本公司之主要業務為投資控股。年內，本集團之主要業務為銷售資訊科技產品及提供定製資訊系統諮詢及集成服務，以及資訊科技運營增值服務。

本集團於本年度之表現按業務及地區劃分之分析載於財務報表附註5。

業績及分配

本集團截至二零零六年十二月三十一日止年度之業績載於第63頁之綜合收益表。

董事並不建議派付任何股息（二零零五年：無）。

儲備

年內本集團及本公司之儲備變動詳情載於財務報表附註23。

捐獻

本集團於本年度作出的慈善及其它捐獻金為490,000港元（二零零五年：1,923,000港元）。

物業、廠房及設備

本集團物業、廠房及設備之變動詳情載於財務報表附註15。

投資物業

本集團投資物業之變動詳情載於財務報表附註16。

Report of the Directors

董事會報告

SHARE CAPITAL AND SHARE OPTIONS

Details of the movements in the Company's share capital and share options are set out in note 22 to the financial statements.

DISTRIBUTABLE RESERVES

As at 31 December 2006, the Company had the aggregate amount of reserves including contributed surplus, other reserves and retained earnings of HK\$108,089,000 available for distribution as calculated under the Companies Act 1981 of Bermuda (as amended) (2005: Nil). In addition, the Company's share premium account, amounted to HK\$269,586,000 (2005: HK\$100,556,000) may be distributed in the form of fully paid bonus shares.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Bye-laws and there was no restriction against such rights under the laws of Bermuda.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 148.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

股本及購股權

本公司股本及購股權之變動詳情載於財務報表附註22。

可供分派儲備

根據百慕達一九八一年公司法（經修訂）計算，本公司於二零零六年十二月三十一日有儲備（包括實繳盈餘、其他儲備及保留盈利）合共108,089,000港元可供分派（二零零五年：無）。此外，本公司可以繳足紅股方式分派股份溢價賬中為數269,586,000港元（二零零五年：100,556,000港元）之款項。

優先認股權

本公司之公司細則並無有關優先認股權之條文規定，而百慕達法例亦無有關該等權利之限制。

五年財務概要

本集團於過去五個財政年度之業績及資產與負債概要載於第148頁。

購買、出售或贖回證券

本公司於年內並無贖回其任何股份。年內，本公司或其任何附屬公司概無購買或出售本公司任何股份。

Report of the Directors

董事會報告

DIRECTORS

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

Executive Directors:

CHEUNG Yuk Fung
KUI Man Chun
XU Wensheng
LI Wenjin
CHAN Yiu Kwong
XU Chang Jun
LO Siu Yu (resigned on 18 October 2006)
ZHOU Jian (resigned on 20 November 2006)

Non-executive Director:

LIU Yangsheng, Charles (resigned on 17 April 2006)

Independent non-executive Directors:

TAM Chun Fai
LEUNG Wai Man, Roger
XU Sitao

In accordance with the Company's Bye-laws 87(1) and 87(2), one-third of the Directors of the Company are subject to retirement by rotation and re-election at the annual general meeting of the Company.

Messrs. Xu Wensheng, Li Wenjin and Xu Sitao will retire and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

董事

年內及直至本報告日期之董事為：

執行董事：

張玉峰
渠萬春
徐文生
李文晉
陳耀光
徐昌軍
羅韶宇 (於二零零六年十月十八日辭任)
周健 (於二零零六年十一月二十日辭任)

非執行董事：

劉揚聲 (於二零零六年四月十七日辭任)

獨立非執行董事：

譚振輝
梁偉民
許思濤

根據本公司之公司細則第87(1)及第87(2)條，本公司三分之一董事須於本公司股東週年大會上輪值告退並可膺選連任。

徐文生先生、李文晉先生及許思濤先生將退任，而彼等符合資格並願意於應屆股東週年大會膺選連任。

Report of the Directors

董事會報告

DIRECTORS' SERVICE CONTRACTS

As at the date of this report, each of Mr. KUI Man Chun, Mr. LI Wenjin, Mr. XU Wensheng, Mr. XU Chang Jun and Mr. CHAN Yiu Kwong has entered into a service contract with the Company for a term of one year from 1 January 2004 and shall continue thereafter unless and until terminated by either the Company or the Directors giving to the other not less than a notice of three months. Save as disclosed herein, none of the Directors had any existing or proposed service contracts with the Company or any member of the Group (excluding contracts expiring or determinable within one year without payment of compensation, other than statutory compensation).

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance in relation to the Group's business to which the Company, its fellow subsidiaries or its holding company was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of Directors and senior management are set out on page 15 to 18.

董事之服務合約

於本報告日期，渠萬春先生、李文晉先生、徐文生先生、徐昌軍先生及陳耀光先生已各自與本公司訂立服務合約，任期自二零零四年一月一日起計，為期一年，並於其後繼續有效，除非及直至本公司或董事向對方發出不少於三個月之通知而終止。除本報告披露者外，各董事概無與本公司或本集團任何成員公司訂有或擬訂立任何服務合約，不包括於一年內屆滿或可遭本公司終止而毋須賠償（法定賠償除外）之服務合約。

董事於合約之權益

本公司、其同系附屬公司或其控股公司概無於本年度終結時或年內任何時間訂有任何本公司董事於當中直接或間接擁有任何重大權益，且與本集團業務有關之重大合約。

董事及高級管理人員之履歷詳情

董事及高級管理人員之履歷詳情概要載於第15至18頁。

Report of the Directors

董事會報告

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2006, the interests and short positions of each Director and chief executive in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of the Securities and Futures Ordinance ("SFO")), as recorded in the register maintained by the Company under Section 352 of the SFO or as notified to the Company were as follows:

(a) Ordinary shares of HK\$0.0025 each in the Company

Name of Director	董事姓名	Number of shares held 所持股份數目		
		Personal interest 個人權益	Corporate interest 公司權益	Total 總數
Kui Man Chun (Note)	渠萬春 (附註)	–	757,083,636	757,083,636
Xu Wensheng	徐文生	13,200,000	–	13,200,000
Li Wenjin	李文晉	13,200,000	–	13,200,000
Chan Yiu Kwong	陳耀光	5,328,000	–	5,328,000
Xu Chang Jun	徐昌軍	13,200,000	–	13,200,000
Xu Sitao	許思濤	600,000	–	600,000

Note:

These shares are held by Kui Man Chun through Hi Sun Limited, a company which Kui Man Chun holds a 99.16% interest, and Rich Global Limited, a wholly-owned subsidiary of Hi Sun Limited.

董事及行政總裁於股份、相關股份及債券之權益及淡倉

於二零零六年十二月三十一日，各董事及行政總裁於本公司及其相聯法團（定義見證券及期貨條例（「證券及期貨條例」））之股份、相關股份及債券中擁有，已記入本公司根據證券及期貨條例第352條存置之登記冊或已知會本公司之權益及淡倉如下：

(a) 本公司每股面值0.0025港元之普通股

附註：

該等股份由渠萬春透過Hi Sun Limited（渠萬春持有99.16%權益之公司）及Hi Sun Limited之全資附屬公司Rich Global Limited持有。

Report of the Directors

董事會報告

(b) Ordinary shares in associated corporations

Name of Director 董事姓名	Name of associated corporation 相聯法團名稱
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Kui Man Chun 渠萬春	Rich Global Limited
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Kui Man Chun 渠萬春	Hi Sun Limited
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Li Wenjin 李文晉	Hi Sun Limited
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Save as disclosed above, none of the Directors or chief executive had any interests or short positions in the shares, or underlying shares in, or debentures, of the Company or any of its associated corporations.

Save as disclosed under the heading "Share option scheme" below, at no time during the year was the Company, its holding company or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors and chief executive of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or other body corporate.

(b) 相聯法團之普通股

Number of shares held 所持股份數目	Category of interest 權益類別
---------------------------------	------------------------------

2 ordinary shares 2股普通股	Corporate 公司
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30,245,000 ordinary shares 30,245,000股普通股	Personal 個人
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255,000 ordinary shares 255,000股普通股	Personal 個人
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除上文披露者外，董事或行政總裁概無於本公司或其任何相聯法團之股份、相關股份或債券中擁有任何權益或淡倉。

除下文「購股權計劃」披露者外，於年內任何時間，本公司、其控股公司或其任何附屬公司或同系附屬公司概無訂有任何安排，致使董事及本公司行政總裁可藉購買本公司或其他法人團體之股份或債券而獲益。

SHARE OPTION SCHEME

(a) The Company

The Company operates a share option scheme (the "Scheme") for the purpose of attracting, retaining and motivating talented employees in order to strive for future developments and expansion of the Group. Eligible participants of the Scheme include the Group's full-time employees, and executive and non-executive Directors. The Scheme became effective on 29 November 2001 and unless otherwise cancelled or amended, will remain valid and effective for a period of 10 years from that date.

The total number of shares in respect of which options may be granted shall not (together with all the other Schemes, if any) exceed 10% of the total issued capital of the Company as at date of approval of the Scheme unless the Company obtains a fresh approval from shareholders to renew the 10% limit.

The maximum number of shares in respect of which options may be granted under the Scheme, together with any unexercised share options granted under the Scheme and any other share option schemes of the Company in issue, may not exceed 30% of the relevant class of securities of the Company in issue at any time. On 18 March 2004, 33,000,000 share options were granted to certain directors and employees at an exercise price of HK\$0.374 per share (the average closing price of the shares as quoted in the daily quotations sheets issued by the Stock Exchange of Hong Kong Limited for the five business days immediately preceding 18 March 2004) with an expiry date of 17 March 2014.

Pursuant to an ordinary resolution passed on 17 August 2005, a refreshment of the limit on grant of options under the Scheme was approved by the shareholders. Upon refreshing the 10% limit on grant of options under the Scheme, 33,305,403 shares may be issued pursuant to the grant of further options under the Scheme.

購股權計劃

(a) 本公司

本公司之購股權計劃（「該計劃」）乃就吸引、留聘及鼓勵具實力員工為本集團之未來發展及拓展努力工作而設。該計劃之合資格參與者包括本集團全職僱員、執行董事及非執行董事。該計劃已於二零零一年十一月二十九日生效，除非另行撤銷或修訂，否則該計劃將自生效當日起十年期間一直有效。

除非本公司就更新10%限額取得股東之新批准，否則可予授出之購股權（連同其他所有計劃，如有）所涉及之股份總數，不得超過本公司於該計劃批准日期之全部已發行股本10%。

就該計劃可授出之購股權，連同根據該計劃或本公司任何其他購股權計劃已授出惟尚未行使之任何購股權涉及之股份數目，最多不得超過本公司於任何時間已發行之有關類別證券之30%。於二零零四年三月十八日，33,000,000份購股權按行使價每股0.374港元（香港聯合交易所有限公司緊接二零零四年三月十八日前五個營業日發出的每日報價單所報股份平均收市價）授予若干董事及僱員，到期日為二零一四年三月十七日。

根據二零零五年八月十七日通過的普通決議案，股東批准更新根據該計劃授出的購股權限額。該計劃項下授出購股權限額10%經更新後，33,305,403股股份可根據該計劃項下進一步授出的購股權發行。

Report of the Directors

董事會報告

On 26 September 2005, 33,300,000 share options were granted to certain directors and employees at an exercise price of HK\$0.768 per share (the average closing price of the shares as quoted in the daily quotations sheets issued by the Stock Exchange of Hong Kong Limited for the five business days immediately preceding 26 September 2005) with an expiry date of 25 September 2015.

Pursuant to an ordinary resolution passed on 28 June 2006, each of the existing issued and unissued ordinary shares of HK\$0.01 each in the share capital of the Company was subdivided into four ordinary shares of HK\$0.0025 each (the "Share Subdivision"), which was approved by the shareholders of the Company and became effective on 29 June 2006.

The Share Subdivision has led to an adjustment to the exercise prices of the outstanding options and the number of shares to be issued by the Company upon exercise of the outstanding options. For share options with exercise period from 18 March 2004 to 17 March 2014, the number of shares to be issued by the Company upon full exercise of such outstanding options immediately before the Share Subdivision has been increased from 23,000,000 shares to 92,000,000 shares and the exercise price has been adjusted from HK\$0.374 to HK\$0.0935 per share. For share options with exercise period from 26 September 2005 to 25 September 2015, the number of shares to be issued by the Company upon full exercise of such outstanding options immediately before the Share Subdivision has been increased from 33,300,000 shares to 133,200,000 shares and the exercise price has been adjusted from HK\$0.768 to HK\$0.192 per share.

Pursuant to an ordinary resolution passed on 11 December 2006, a refreshment of the limit on grant of options under the Scheme was approved by the shareholders. Upon the refreshment of the limit on grant of options under the Scheme, an additional 43,000,000 shares may be issued pursuant to the grant of further options under the Scheme.

於二零零五年九月二十六日，33,300,000份購股權按行使價每股0.768港元（香港聯合交易所有限公司緊接二零零五年九月二十六日前五個營業日發出的每日報價單所報股份平均收市價）之行使價授出予若干董事及僱員，到期日為二零一五年九月二十五日。

根據於二零零六年六月二十八日通過之普通決議案，本公司股本中每股面值0.01港元之現有已發行及未發行普通股已分拆成為四股每股面值0.0025港元之普通股（「股份分拆」）。本公司股東已批准股份分拆，並於二零零六年六月二十九日生效。

股份分拆導致須調整未行使購股權之行使價及本公司於未行使購股權獲行使時將予發行之股份數目。就行使期由二零零四年三月十八日至二零一四年三月十七日之購股權而言，本公司於緊接股份分拆前，在有關尚未行使購股權獲悉數行使時將予發行之股份數目，由23,000,000股增至92,000,000股，而行使價則由每股股份0.374港元調整至每股股份0.0935港元。就行使期由二零零五年九月二十六日至二零一五年九月二十五日之購股權而言，本公司於緊接股份分拆前，在有關尚未行使購股權獲悉數行使時將予發行之股份數目，由33,300,000股增至133,200,000股，而行使價則由每股股份0.768港元調整至每股股份0.192港元。

根據於二零零六年十二月十一日通過之普通決議案，股東批准更新該計劃項下可授出購股權之限額。更新該計劃項下可授出購股權之限額後，可根據該計劃項下進一步授出之購股權發行額外43,000,000股股份。

Report of the Directors

董事會報告

On 2 January 2007, 43,000,000 share options were granted to certain employees at an exercise price of HK\$2.00 per share (the average closing price of the shares as quoted in the daily quotations sheets issued by Stock Exchange of Hong Kong Limited for the five business days immediately preceding 2 January 2007) with an expiry date of 1 January 2010.

Share options granted to a Director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive Directors. In addition, any share options granted to a substantial shareholder or an independent non-executive Director of the Company or to any of their associates, in excess of 1% of the shares of the Company in issue at any time or with an aggregate value (based on the 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.

The offer of a grant of share options may be accepted within 21 days from the date of the 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, and commences either immediately or after a certain vesting period and ends on a date which is not later than 10 years from the date of the offer of the share options or the expiry date of the Scheme, if earlier.

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

於二零零七年一月二日，本公司向若干僱員授出43,000,000份購股權，行使價為每股2.00港元（香港聯合交易所有限公司緊接二零零七年一月二日前五個營業日發出之每日報價單所報股份平均收市價），到期日為二零一零年一月一日。

授出購股權予董事、本公司行政總裁或主要股東或彼等之任何聯繫人士須得到獨立非執行董事之事先批准。此外，授出任何購股權予本公司之主要股東或獨立非執行董事或彼等之任何聯繫人士，以致彼等可藉此獲得之股份於任何十二個月期間超過本公司於任何時間之已發行股份1%或其總值（根據本公司股份於授出當日之價格計算）超過5,000,000港元，均須於股東大會上取得股東事先批准。

建議授出之購股權可於建議授出當日起計21日內接納，而承授人須於接納建議時支付合共1港元作為象徵式代價。已授出購股權之行使期乃由董事釐定，於即時或若干歸屬期後開始，惟最遲不得於授出購股權當日起十年或該計劃屆滿日期（以較早之日期為準）後終止。

購股權之行使價由董事釐定，惟不得低於以下之較高者：(i)本公司股份在建議授出購股權當日於香港聯交所之收市價；(ii)本公司股份於緊接建議授出日期前五個交易日於香港聯交所之平均收市價；及(iii)本公司股份面值。

Report of the Directors

董事會報告

As at 31 December 2006, the particulars of the share options granted to each of the Directors and employees of the Company under the Scheme are as follows: –

於二零零六年十二月三十一日，根據該計劃授予各董事及本公司僱員之購股權詳情如下：

Movements in the Share Options:

購股權變動：

Name 姓名	Date of grant 授出日期	Exercise Price before/after Share Subdivision 股份分拆前 ／後之行使價 (HK\$) (港元)	Number of options held at 1 January 2006 於二零零六年 一月一日 所持之 購股權數目	Exercised before Share Subdivision 股份分拆前 行使	Number of options held immediately before Share Subdivision 緊接股份 分拆前所持之 購股權數目	Adjustment for Share Subdivision 就股份分拆 調整	Number of options held after Share Subdivision 股份分拆後 所持之 購股權數目	Exercised after Share Subdivision 股份分拆後 行使	Number of options held at 31 December 2006 於二零零六年 十二月 三十一日 所持之 購股權數目
Directors 董事									
Mr. Kui Man Chun 渠萬春先生	18 March 2004* 二零零四年三月十八日*	0.374/0.0935	3,000,000	–	3,000,000	9,000,000	12,000,000	–	12,000,000
	26 September 2005** 二零零五年九月二十六日**	0.768/0.192	3,300,000	–	3,300,000	9,900,000	13,200,000	–	13,200,000
Mr. Xu Wensheng 徐文生先生	18 March 2004* 二零零四年三月十八日*	0.374/0.0935	3,300,000	–	3,300,000	9,900,000	13,200,000	(13,200,000)	–
	26 September 2005** 二零零五年九月二十六日**	0.768/0.192	3,300,000	–	3,300,000	9,900,000	13,200,000	–	13,200,000
Mr. Li Wenjin 李文晉先生	18 March 2004* 二零零四年三月十八日*	0.374/0.0935	3,300,000	–	3,300,000	9,900,000	13,200,000	(13,200,000)	–
	26 September 2005** 二零零五年九月二十六日**	0.768/0.192	3,300,000	–	3,300,000	9,900,000	13,200,000	–	13,200,000
Mr. Chan Yiu Kwong 陳耀光先生	18 March 2004* 二零零四年三月十八日*	0.374/0.0935	1,500,000	–	1,500,000	4,500,000	6,000,000	(6,000,000)	–
	26 September 2005** 二零零五年九月二十六日**	0.768/0.192	1,000,000	–	1,000,000	3,000,000	4,000,000	–	4,000,000
Mr. Xu Chang Jun 徐昌軍先生	18 March 2004* 二零零四年三月十八日*	0.374/0.0935	3,300,000	–	3,300,000	9,900,000	13,200,000	(13,200,000)	–
	26 September 2005** 二零零五年九月二十六日**	0.768/0.192	3,300,000	–	3,300,000	9,900,000	13,200,000	–	13,200,000
Mr. Lo Siu Yu (Note 1) 羅韶宇先生 (附註1)	18 March 2004* 二零零四年三月十八日*	0.374/0.0935	3,300,000	–	3,300,000	9,900,000	13,200,000	(13,200,000)	–
	26 September 2005** 二零零五年九月二十六日**	0.768/0.192	3,300,000	–	3,300,000	9,900,000	13,200,000	(13,200,000)	–
			35,200,000	–	35,200,000	105,600,000	140,800,000	(72,000,000)	68,800,000
Employees 僱員									
(In aggregate) (總計)	18 March 2004* 二零零四年三月十八日*	0.374/0.0935	15,300,000	(10,000,000)	5,300,000	15,900,000	21,200,000	(8,000,000)	13,200,000
	26 September 2005** 二零零五年九月二十六日**	0.768/0.192	15,800,000	–	15,800,000	47,400,000	63,200,000	(63,200,000)	–
			66,300,000	(10,000,000)	56,300,000	168,900,000	225,200,000	(143,200,000)	82,000,000

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董事會報告

* The exercisable period of the above share options is from 18 March 2004 to 17 March 2014 (both dates inclusive).

** The option period commences on 26 September 2005 and expires 10 years thereafter. Options granted are vested as follows:

On 26 September 2005	Up to 50%
On 26 September 2006	Up to 100%

Note 1: On 18 October 2006, Mr. Lo has resigned as Executive Director of the Company.

During the year, the weighted average closing price immediately before the dates on which the options were exercised was HK\$1.257 per share (being adjusted for effect of the Company's share subdivision in June 2006).

As at the date of this report, the Company has 98,115,000 share options outstanding.

(b) Employee incentive scheme of a subsidiary

On 4 April 2005, the Company approved its wholly-owned subsidiary, Turbo Speed Technology Limited ("Turbo Speed"), to adopt an employee incentive scheme (the "Employee Incentive Scheme") to motivate the employees of Turbo Speed and its subsidiary (the "Turbo Speed Group"). Eligible participants of the Employee Incentive Scheme include the full-time employees of Turbo Speed or any of its subsidiaries, including any directors of Turbo Speed or any of its subsidiaries (but excluding any person who is a Director of the Company) provided always that such term shall exclude any person who has tendered his resignation or who at the relevant time is working out his period of notice pursuant to his employment contract or otherwise. The Employee Incentive Scheme became effective from 4 April 2005 to 31 December 2008, unless terminated by resolution of a remuneration committee formed by the Board to administer the Employee Incentive Scheme (the "Committee").

* 上述購股權之行使期由二零零四年三月十八日至二零一四年三月十七日(首尾兩日包括在內)。

** 購股權期間由二零零五年九月二十六日開始及於其後十年屆滿。授出購股權歸屬情況如下：

二零零五年九月二十六日	最多50%
二零零六年九月二十六日	最多100%

附註1：於二零零六年十月十八日，羅先生辭任本公司執行董事。

年內，緊接購股權行使日期前之加權平均收市價為每股1.257港元(已就二零零六年六月本公司進行股份分拆的影響作出調整)。

於本報告日期，本公司有98,115,000份購股權尚未行使。

(b) 一家附屬公司之僱員獎勵計劃

於二零零五年四月四日，本公司批准其全資附屬公司Turbo Speed Technology Limited ("Turbo Speed")採納其僱員獎勵計劃("僱員獎勵計劃")，以鼓勵Turbo Speed及其附屬公司("Turbo Speed集團")之僱員。僱員獎勵計劃的合資格參與者包括Turbo Speed或其任何附屬公司的全職僱員，包括Turbo Speed或其任何附屬公司的任何董事(但不包括為本公司董事的任何人士)，惟上述計劃不適用於已遞交辭呈或根據彼之僱傭合約或以其他形式的僱用條款，已於有關時間發出離職通知的人士。除非董事會就執行僱員獎勵計劃而成立的薪酬委員會("委員會")以決議案終止該計劃外，僱員獎勵計劃於二零零五年四月四日起生效，直至二零零八年十二月三十一日止。

Report of the Directors

董事會報告

The total number of shares in respect of which options may be granted shall not exceed 4,682,275 ordinary shares of Turbo Speed ("Turbo Speed Shares"), representing approximately 13.0% of the existing issued share capital of Turbo Speed, currently held by a wholly-owned subsidiary of the Company. Share options may be offered to any employee determined by the Committee in its absolute discretion from time to time by reference to: (i) the performance of that employee; and (ii) the financial performance of the Turbo Speed Group and the extent to which the Turbo Speed Group has achieved its intended business plans. The maximum number of the Turbo Speed Shares which may be offered to an employee who is also a director of companies within the Turbo Speed Group in any 12-month period may not exceed 1% of the entire issued share capital of Turbo Speed.

On 8 July 2005, 1,425,000 share options had been granted to certain directors and employees of a subsidiary of Turbo Speed to subscribe ordinary shares of Turbo Speed at an exercise price of HK\$1.922 per share. The exercisable period of the above share options is from 8 July 2005 to 31 December 2008 (both dates inclusive). During the year ended 31 December 2006 and up to the date of this report, 1,245,000 share options have been lapsed and no share options have been exercised. As at the date of this report, Turbo Speed has 180,000 share options outstanding.

有關授出購股權所涉及的股份總數不得超過Turbo Speed的4,682,275股普通股（「Turbo Speed股份」），相當於Turbo Speed現時由本公司一家全資附屬公司持有之已發行股本約13.0%。購股權可由委員會不時參考下列各項後全權酌情決定向任何僱員提呈：(i)該名僱員的表現；及(ii)Turbo Speed集團的財務表現及其可達致其擬定業務計劃的程度。於任何十二個月期間，可向同時為Turbo Speed集團內公司董事之僱員提呈的Turbo Speed股份，最多不得超過Turbo Speed全部已發行股本的1%。

於二零零五年七月八日，已向Turbo Speed一家附屬公司若干董事及僱員授出1,425,000份購股權，可按每股1.922港元的行使價認購Turbo Speed普通股。上述購股權的行使期為二零零五年七月八日至二零零八年十二月三十一日（包括首尾兩天在內）。截至二零零六年十二月三十一日止年度及直至本報告日期，已有1,245,000份購股權失效，且並無任何購股權獲行使。於本報告日期，Turbo Speed有180,000份購股權尚未行使。

Report of the Directors

董事會報告

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

The register of substantial shareholders maintained under Section 336 of the SFO shows that as at 31 December 2006, the Company had been notified of the following substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the Directors and chief executive.

Name of shareholder 股東名稱	Number of ordinary shares 普通股數目
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Rich Global Limited ("RGL") *	757,083,636(L)
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Hi Sun Limited ("HSL") *	757,083,636 (L)(Note 2)
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Note: 1. The Letter "L" denotes a long position in shares.

2. HSL is interested in the Company's share capital by virtue of its 100% shareholding in RGL.

- * Mr. Kui Man Chun and Mr. Li Wenjin are directors of RGL and Mr. Kui Man Chun, Mr. Li Wenjin, Mr. Xu Wensheng and Mr. Chan Yiu Kwong are directors of HSL which were deemed or taken to have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance.

主要股東於股份及相關股份之權益及淡倉

按本公司根據證券及期貨條例第336條存置之主要股東登記冊所顯示，於二零零六年十二月三十一日，本公司獲知會下列主要股東擁有本公司已發行股本5%或以上之權益及淡倉。該等權益不包括上文就董事及行政總裁所披露之權益。

附註：1. 「L」表示股份之好倉。

2. HSL因持有RGL100%股權而於本公司股本擁有權益。

- * 渠萬春先生及李文晉先生為RGL董事及渠萬春先生、李文晉先生、徐文生先生及陳耀光先生為HSL董事，而其於本公司股份或相關股份中，擁有或被視作或當作擁有須根據證券及期貨條例第XV部第2及3分部規定披露之權益或淡倉。

CONNECTED TRANSACTIONS

Other significant related party transactions entered by the Group during the year ended 31 December 2006, which also constitute connected transactions under the Listing Rules, are disclosed in note 32, to the financial statements.

關連交易

本集團於截至二零零六年十二月三十一日止年度內訂立之若干重大有關連人士交易構成上市規則項下關連交易，於財務報表附註32披露。

MANAGEMENT CONTRACTS

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

管理合約

年內，概無訂立或存在任何與本公司全部或任何重大業務部分相關之管理及行政合約。

Report of the Directors

董事會報告

MAJOR CUSTOMERS AND SUPPLIERS

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

Purchases

– the largest supplier	11%
– five largest suppliers combined	37%

Sales

– the largest customer	22%
– five largest customers combined	64%

None of the Directors, their associates or any shareholder (which to the knowledge of the Directors own more than 5% of the Company's share capital) had an interest in the major customers or suppliers noted above.

CONVERTIBLE PREFERENCE SHARES ISSUED BY SUBSIDIARIES

(a) Convertible preference shares issued by Turbo Speed Technology Limited ("Turbo Speed")

On 9 November 2004, Turbo Speed subsidiary of the Company, entered into a subscription agreement with independent third parties in relation to the subscription of 6,837,608 convertible preference shares of US\$0.10 each of Turbo Speed for a total subscription price of US\$4 million (approximately HK\$31.2 million) (the "TS Subscription").

Pursuant to an ordinary resolution passed on 4 April 2005, the Company approved the TS Subscription and the TS Subscription was completed on 29 April 2005. During the year, no convertible preference shares had been converted into new ordinary share of either Turbo Speed or the Company.

On 18 January 2007, 3,418,804 convertible preference shares in Turbo Speed were converted into 51,866,667 new ordinary shares of the Company of HK\$0.0025 each at a conversion price of HK\$0.3 per share.

主要客戶及供應商

本集團主要供應商和客戶的應佔採購和銷售百分比如下：

採購

– 最大供應商	11%
– 五大供應商合計	37%

銷售

– 最大客戶	22%
– 五大客戶合計	64%

董事、彼等之聯繫人士或據董事所知擁有本公司股本超過5%之股東，概無於上述主要客戶或供應商中擁有任何權益。

附屬公司發行可換股優先股

(a) Turbo Speed Technology Limited (「Turbo Speed」) 發行之可換股優先股

於二零零四年十一月九日，本公司附屬公司 Turbo Speed 與獨立第三方就認購 6,837,608 股每股面值 0.10 美元之 Turbo Speed 可換股優先股訂立認購協議，總認購價為 4,000,000 美元（約 31,200,000 港元）（「該 TS 認購」）。

根據於二零零五年四月四日通過之普通決議案，本公司批准該 TS 認購，而該 TS 認購已於二零零五年四月二十九日完成。年內，並無可換股優先股轉換為 Turbo Speed 或本公司新普通股。

於二零零七年一月十八日，3,418,804 股 Turbo Speed 可換股優先股按轉換價每股 0.3 港元轉換為 51,866,667 股每股面值 0.0025 港元之本公司新普通股。

(b) Convertible preference shares issued by Emerging Technology Limited (“Emerging Technology”)

On 21 August 2006, Emerging Technology, a subsidiary of the Company, entered into a subscription agreement with independent third parties in relation to the subscription of 760,778 convertible preference shares of US\$1.00 each of Emerging Technology for a total subscription price of US\$18 million (approximately HK\$140 million) (the “ET Subscription”).

Pursuant to an ordinary resolution passed on 25 September 2006, the Company approved the ET Subscription and the ET Subscription was completed on 12 October 2006. Details of which are set out in note 25(b) to the financial statements. During the year and up to the date of this report, no convertible preference shares had been converted into new ordinary shares of either Emerging Technology or the Company.

SUBSEQUENT EVENTS

(i) Termination of disposal and issue of preference shares by Pax Technology Limited (“PAX”)

On 6 November 2006, the Company entered into a sale and purchase agreement (“the PAX Disposal Agreement”) with Keen Ambition Enterprise Limited (the “Purchaser”), a company incorporated in the British Virgin Islands and Mr. Mo Ying San (the “Guarantor”), who owns the entire issued share capital of the Purchaser, in relation to the disposal of the entire issued share capital of an aggregate of 35,000,000 ordinary shares of HK\$1.00 of PAX, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company, for a consideration of HK\$200 million, which is to be satisfied by cash. The Purchaser and the Guarantor are both third parties independent of the Group.

(b) Emerging Technology Limited (「Emerging Technology」) 發行之可換股優先股

於二零零六年八月二十一日，本公司附屬公司 Emerging Technology 與獨立第三方就認購 Emerging Technology 760,778 股每股面值 1.00 美元之可換股優先股（「該 ET 認購」）訂立認購協議，總認購價為 18,000,000 美元（約 140,000,000 港元）。

根據於二零零六年九月二十五日通過之普通決議案，本公司批准該 ET 認購，而該 ET 認購已於二零零六年十月十二日完成。認購之詳情載於財務報表附註 25(b)。年內及截至本報告日期，並無可換股優先股轉換為 Emerging Technology 或本公司新普通股。

結算日後事項

(i) 終止出售百富科技有限公司（「百富」）及發行優先股

於二零零六年十一月六日，本公司與一家於英屬處女群島註冊成立之公司 Keen Ambition Enterprise Limited（「買方」）及擁有買方全部已發行股本之武迎新先生（「擔保人」）訂立買賣協議（「百富出售協議」），出售本公司於香港註冊成立之間接全資附屬公司百富全部已發行股本合共 35,000,000 股每股面值 1.00 港元之普通股，代價為 200,000,000 港元，將以現金支付。買方及擔保人均為本集團獨立第三方。

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On 4 April 2007, the Company, the Purchaser and the Guarantor entered into a termination agreement to terminate the PAX Disposal Agreement in consideration of the return of the deposit of HK\$5 million by the Company to the Purchaser.

On 4 April 2007, PAX and the Company entered into a subscription agreement (the "PAX Subscription Agreement") with Digital Investment Limited (the "PAX Subscriber") in relation to the subscription by the PAX Subscriber of 8,750,000 preference shares of PAX of HK\$1.00 each (the "PAX Preference Shares") at a total subscription price of US\$10 million (equivalent to approximately HK\$78.1 million) (the "PAX Subscription"). The PAX Preference Shares represent 25% of the existing issued share capital of PAX and 20% of the issued share capital of PAX as enlarged by the PAX Subscription. The Subscriber is a third party independent of the Group.

The Completion of the PAX Subscription is subject to the approval by the shareholders of the Company.

(ii) Grant of options

On 2 January 2007, 43,000,000 share options had been granted to certain employees of the Company pursuant to the Share Option Scheme of the Company to subscribe ordinary shares of the Company at an exercise price of HK\$2.00 per share. The exercisable period of these share options is from 2 January 2007 to 1 January 2010 (both dates inclusive).

於二零零七年四月四日，本公司、買方與擔保人訂立終止協議，按本公司向買方退回訂金5,000,000港元之代價，終止百富出售協議。

於二零零七年四月四日，百富及本公司與Digital Investment Limited（「百富認購人」）就百富認購人按總認購價10,000,000美元（約相等於78,100,000港元）認購8,750,000股每股1.00港元之百富優先股（「百富優先股」）（「百富認購」）訂立認購協議（「百富認購協議」）。百富優先股相當於百富現有已發行股本25%及百富經百富認購擴大之已發行股本20%。認購人為本集團之獨立第三方。

百富認購須待本公司股東批准，方告作實。

(ii) 授出購股權

於二零零七年一月二日，本公司根據本公司購股權計劃向本公司若干僱員授出43,000,000份購股權，可按行使價每股2.00港元認購本公司普通股。有關購股權行使期由二零零七年一月二日至二零一零年一月一日（包括首尾兩天）。

(iii) Conversion of convertible preference shares in a subsidiary of the Company

On 12 January 2007, the Company received a notice from a holder of the convertible preference shares issued by Turbo Speed for the conversion of all of its 3,418,804 convertible preference shares into the ordinary shares of the Company pursuant to the terms of the subscription agreement dated 9 November 2004.

As a result of the above conversion, 51,866,667 new ordinary shares of the Company were issued and allotted to the convertible preference shares holder at a conversion price of HK\$0.3 per share on 18 January 2007.

(iii) 兌換本公司一家附屬公司之可換股優先股

於二零零七年一月十二日，本公司接獲一名持有由Turbo Speed發行的可換股優先股持有人通知，並根據日期為二零零四年十一月九日認購協議之條款，將其所持3,418,804股可換股優先股悉數轉換為本公司普通股。

基於上述轉換，本公司於二零零七年一月十八日按每股股份0.3港元之轉換價，向可換股優先股持有人發行及配發51,866,667股本公司新普通股。

Report of the Directors

董事會報告

(iv) Proposed acquisition of the entire interest in Baifu Hualong and Pacific Sheen and disposal of 5% interest in Hualong Holding

On 10 February 2007, the Company entered into a sale and purchase agreement (the “Hualong Agreement”) with 王秉人 (Wang Bing Ren), 王中方 (Wang Zhong Fang), 蔣杰忠 (Jiang Jie Zhong), 趙樹勳 (Zhao Shu Xun) (also known as 趙力斌 (Zhao Li Bin)), 李寧川 (Li Ning Chuan) and Everon Group Holdings Limited (a company incorporated in Hong Kong) (collectively the “Vendors”), who are parties independent of the Group, pursuant to which the Company conditionally agreed to procure the acquisition of the entire registered capital of Hangzhou Baifu Holding Company Limited (“Baifu Hualong”), a company to be incorporated in the PRC which will hold the entire interest in 杭州華隆電子技術有限公司 (Hangzhou Hualong Electronic Technology Company Limited), a company established in the PRC (“Hualong Electronic”) and 杭州華隆信息技術有限公司 (Hangzhou Hualong Information Technology Company Limited), a company established in the PRC (“Hualong Information”) prior to completion of the Hualong Agreement, the entire issued share capital of Pacific Sheen International Limited (富順國際有限公司), a company incorporated in Hong Kong (“Pacific Sheen”) and its subsidiary (collectively referred to as the “Hualong Group”) and the shareholders’ loans of HK\$24.0 million (the “Shareholders’ Loans”) for a total consideration of RMB300.7 million (equivalent to approximately HK\$302.9 million) (the “Hualong Acquisition”). The consideration for the Hualong Acquisition will be satisfied as to RMB200.7 million (equivalent to approximately HK\$202.1 million) in cash and as to the remaining balance of RMB100.0 million (equivalent to approximately HK\$100.7 million) by way of the 36,900,146 new shares of the Company (the “Consideration Shares”) at a consideration of HK\$2.73 per share.

(iv) 建議收購百富華隆及富順國際全部權益及出售Hualong Holding 5%權益

於二零零七年二月十日，本公司與獨立於本集團之人士王秉人、王中方、蔣杰忠、趙樹勳（又名趙力斌）、李寧川及信安控股有限公司（於香港註冊成立之公司）（統稱「賣方」）訂立買賣協議（「華隆協議」）。據此，本公司有條件同意促使收購將於中國註冊成立之杭州百富控股有限公司（「百富控股」）全部註冊股本、於香港註冊成立之富順國際有限公司（「富順國際」）及其附屬公司（統稱「華隆集團」）全部已發行股本以及股東貸款24,000,000港元（「股東貸款」），總代價為人民幣300,700,000元（約相當於302,900,000港元）（「華隆收購」）。百富控股將持有於中國成立之杭州華隆電子技術有限公司（「華隆電子」）及於華隆協議完成前於中國成立之杭州華隆信息技術有限公司（「華隆信息技術」）全部權益。華隆收購代價中，人民幣200,700,000元（約相當於202,100,000港元）將以現金支付，餘額人民幣100,000,000元（約相當於100,700,000港元）則以本公司36,900,146股每股作價2.73港元之新股份（「代價股份」）支付。

Report of the Directors

董事會報告

As part of the transactions in relation to the Hualong Acquisition, the Company and the Vendors will execute all relevant documents for the disposal of 5% of the issued share capital of Hualong Holding, a subsidiary of the Company which will become the immediate holding company of Baifu Hualong and Pacific Sheen upon completion of the Hualong Agreement, to the Vendors for a total consideration of RMB15.0 million (equivalent to approximately HK\$15.1 million), which is equal to 5% of the total consideration to be paid by the Group for the Hualong Acquisition (the "Hualong Disposal").

The Hualong Acquisition and the Hualong Disposal and the transactions contemplated herein above have not been completed up to the date of this report.

As at 31 December 2006, the aggregate audited carrying value of the total net assets of the Hualong Group amounted to approximately HK\$169.8 million. Goodwill arising from the Hualong Acquisition and Hualong Disposal will be finalised upon completion of management's assessment of the fair value of identifiable assets and liabilities of the Hualong Group.

(v) Effect of the Corporate Income Tax Law of the People's Republic of China (the "new CIT Law")

On 16 March 2007, the National People's Congress approved the new CIT Law. The new CIT Law changes the corporate income tax rate to 25% with effect from 1 January 2008. The new CIT Law also provides for preferential tax rates, tax incentives for prescribed industries and activities, grandfathering provisions as well as determination of taxable profit. As at the date that this announcement are approved for issue, detailed measures concerning these items has yet to be issued by the State Council. Consequently, the Group is not in a position to assess the impact, if any, to the carrying value of deferred tax assets and liabilities as at 31 December 2006. The Group will continue to evaluate the impact as more detailed regulations are announced.

作為有關華隆收購交易之其中一環，本公司與賣方將就以總代價人民幣15,000,000元（約相當於15,100,000港元，相當於本集團就華隆出售將支付總代價5%）向賣方出售本公司附屬公司Hualong Holding已發行股本5%（「華隆出售」）簽署所有有關文件，Hualong Holding將於華隆協議完成後成為百富華隆及富順國際之直接控股公司。

直至本報告日期，上述華隆收購及華隆出售以及據此擬進行之交易尚未完成。

於二零零六年十二月三十一日，華隆集團資產淨值總額經審核賬面值總額約為169,800,000港元。華隆收購及華隆出售所產生商譽將於管理層完成評估華隆集團可識別資產及負債公平值後落實。

(v) 中華人民共和國企業所得稅法（「新企業所得稅法」）之影響

於二零零七年三月十六日，全國人民大會批准新企業所得稅法。自二零零八年一月一日起，新企業所得稅法之企業所得稅率將改為25%。新企業所得稅法亦提供優惠稅率、就指定行業及活動提供稅務優惠、不追溯條款以及釐定應課稅溢利。截至本公佈批准刊發日期，國務院尚未就有關項目頒佈詳細措施。因此，本集團未能就二零零六年十二月三十一日之遞延稅項資產及負債賬面值評估有關影響（如有）。本集團將就頒佈之更多詳細規例繼續評估其影響。

Report of the Directors

董事會報告

(vi) Exercise of share options

Subsequent to the year end and up to the date of this report, total aggregate number of 26,885,000 share options have been exercised, which result in the issue of 26,885,000 additional ordinary shares of the Company. As at the date of this report, the Company has 98,115,000 share options outstanding.

PENSION SCHEME

The subsidiaries operating in Hong Kong are required to participate in a defined contribution retirement scheme or the Group or Company set up in accordance with the Hong Kong Mandatory Provident Fund Ordinance. Under the scheme, the employees are required to contribute 5% of their monthly salaries up to a maximum of HK\$1,000 and they can choose to make additional contributions. The employer's monthly contributions are calculated at 5% of the employee's monthly salaries up to a maximum of HK\$1,000 (the "mandatory contributions"). The employees are entitled to 100% of the employer's mandatory contributions upon their retirement at the age of 65 years old, death or total incapacity.

In addition, pursuant to the government regulations in the People's Republic of China (the "PRC"), the Group is required to contribute an amount to certain retirement benefit schemes based on approximately 7% to 20% of the wages for the year of those workers in the PRC. The local municipal government undertakes to assume the retirement benefits obligations of those workers of the Group.

DIRECTORS' INTEREST IN COMPETING BUSINESS

None of the Directors have an interest in any business constituting a competing business to the Group.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of its directors, the Directors confirm that the Company has maintained during the year the amount of public float as required under the Listing Rules.

(vi) 行使購股權

於年結日後及截至本報告日期止，總共 26,885,000 份購股權獲行使，導致發行額外 26,885,000 股本公司普通股。於本報告日期，本公司有 98,115,000 份尚未行使購股權。

退休金計劃

於香港營運之附屬公司須參加本集團或本公司根據香港強制性公積金條例成立之定額供款退休計劃。根據計劃，僱員須按月薪 5% 作出供款，上限為 1,000 港元，而彼等可選擇作出額外供款。僱主每月供款按僱員月薪 5% 計算，上限為 1,000 港元（「強制性供款」）。僱員年屆 65 歲退休、身故或喪失工作能力時，享有全部僱主供款。

此外，根據中華人民共和國（「中國」）政府法規規定，本集團須按中國僱員該年薪金約 7% 至 20%，向若干退休福利計劃作出供款。當地省政府對本集團的該類僱員作出退休福利責任保證。

董事於競爭業務的權益

概無任何董事於任何與本集團構成競爭的業務中擁有任何權益。

足夠公眾持股量

根據本公司現有公開資料及就董事所知，董事確認，本公司於年內維持上市規則規定的公眾持股量。

Report of the Directors

董事會報告

AUDITORS

The financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

Cheung Yuk Fung

Chairman

Hong Kong, 17 April 2007

核數師

羅兵咸永道會計師事務所已審核財務報表，而羅兵咸永道會計師事務所即將任滿告退，惟符合資格獲重新委任。

代表董事會

主席

張玉峰

香港，二零零七年四月十七日

Management Discussion and Analysis

管理層之討論與分析

Our results for the year ended 31 December 2006 reflected increases in turnover, gross profit and net profit from that of the year ended 31 December 2005. Turnover was HK\$473.12 million, compared with HK\$438.76 million in 2005. Gross profit was HK\$208.25 million, compared with HK\$191.56 million in 2005. Net profit was HK\$133.60 million, compared with HK\$62.30 million in 2005. Earnings per share was HK\$0.083, compared with earnings per share of HK\$0.047 in 2005 (after the adjustment for the effect of share subdivision on 29 June 2006).

We have achieved a good balance in revenue growth from our four business segments as reflected by the revenue and contribution recorded for each segment.

Cash flows from operations were HK\$84.37 million, compared with HK\$74.60 million for 2005. With regard to our balance sheet, at the end of 2006, total assets as at 31 December 2006 amounted to HK\$847.11 million, compared with HK\$313.74 million as at 31 December 2005. Current assets as at 31 December 2006 was HK\$737.05 million, compared with HK\$275.77 million as at 31 December 2005.

Financial solutions, services and related products

During the year, the business segment recorded a turnover of HK\$164.47 million (2005: HK\$157.78 million) and profit of HK\$30.91 million (2005: HK\$13.10 million). The segmental profit has increased by 136% as compared to last year.

During the first half of this year, the Group increased expenses in new business lines, which brought in distinguished opportunities and remarkable benefits in the second half of the year. During the year, the financial solutions and consultancy services for ICBC (Asia), as well as, People's Bank of China, Bank of Communications and Bank of China were implemented smoothly.

本集團截至二零零六年十二月三十一日止年度的業績反映營業額、毛利及純利較截至二零零五年十二月三十一日止年度均有上升。營業額為473,120,000港元，相較二零零五年則為438,760,000港元。毛利為208,250,000港元，相較二零零五年則為191,560,000港元。純利為133,600,000港元，相較二零零五年則為62,300,000港元。每股盈利為0.083港元，相對二零零五年每股盈利則為0.047港元（經二零零六年六月二十九日股份分拆之影響作出調整）。

本集團在其四大業務分類收入增長中取得良好平衡，自每項分類均錄得盈利及貢獻可見。

來自業務之現金流量為84,370,000港元，相較二零零五年則為74,600,000港元。至於資產負債表方面，於二零零六年底，總資產於二零零六年十二月三十一日為847,110,000港元，較於二零零五年十二月三十一日則為313,740,000港元。流動資產於二零零六年十二月三十一日為737,050,000港元，較於二零零五年十二月三十一日則為275,770,000港元。

金融解決方案、服務及相關產品

年內，此業務分類錄得營業額164,470,000港元（二零零五年：157,780,000港元）及溢利30,910,000港元（二零零五年：13,100,000港元）。分類溢利較去年增加136%。

於本年度上半年，本集團所增加新業務之開支，為下半年帶來難得機遇及可觀利益。年內，本集團為中國工商（亞洲）銀行以及中國人民銀行、交通銀行及中國銀行提供之金融解決方案及顧問服務均順利實行。

Management Discussion and Analysis

管理層之討論與分析

The Group was actively expanding into new business opportunities in the financial sector, achieving significant progress in signing cooperation agreement with bank. In certain cities, we have begun the installation and operation of ATM machines and have accomplished what we expected. We experienced short term negative contribution from the new division and will endeavour to strive for growing the division. We believe upon reaching a critical mass, the division will make significant contribution to the Group in the long run.

Given the astonishing growth and development of the banking sector in China, management believes that the Group has various business opportunities for the provision of system integration services, financial solutions and consultancy services, as well as the establishment and expansion of ATM networks in the coming years.

Electronic payment solutions and products

Turnover and profit recorded during the year were HK\$197.84 million (2005: HK\$133.07 million) and HK\$30.08 million (2005: HK\$12.91 million) respectively. Total shipment increased by 72% on a year-on-year basis.

Management is pleased to note the remarkable performance in the turnover and profit which demonstrated a development trend of advancing in unison. The rapid growth of electronic payment products and services was benefited from the positive exploration of both the Mainland China market and the international market. During the current year, the shipment for Mainland China market accounted for 85% of the total shipment, while that of international market was 15% of the total shipment.

It is a major global trend to move towards electronic payment methods and away from the traditional cash and checks transactions. The accelerating usage of credit and debit card based payments is the key driver to the growth of electronic payment solutions and products. Therefore, management believes that the potential growth is significant.

本集團積極在金融界開拓嶄新商機，與銀行簽訂合作協議方面亦取得重大進展。本集團已在若干城市開始安裝及操作自動櫃員機，並取得預期成果。本集團在此項新業務錄得短期虧損，儘管如此，本集團將致力令此業務達致增長。本集團深信，在達致一定規模後，此業務定能為本集團帶來重大貢獻。

鑑於中國銀行業增長及發展速度一日千里，管理層相信，本集團能掌握無數商機，得以於未來數年提供系統集成服務、金融解決方案與顧問服務，以及設立及擴充自動櫃員機網絡。

電子付款解決方案及產品

年內錄得之營業額及溢利分別為197,840,000港元（二零零五年：133,070,000港元）及30,080,000港元（二零零五年：12,910,000港元）。總出貨量按年上升72%。

營業額及溢利均表現卓越，彰顯同步躍升之發展趨勢，管理層對此深感欣喜。本集團於中國內地及國際市場開拓業務，成績理想，帶動電子付款產品及服務急速增長。於本年度，中國內地出貨量佔總出貨量85%，而國際市場則佔總出貨量15%。

逐步以電子付款方式取代傳統現金及支票交易，乃全球主要趨勢。日趨普及的信用卡及借記卡付款模式，乃電子付款解決方案及產品增長之主要推動力。因此，管理層相信，此項業務具龐大增長潛力。

Management Discussion and Analysis

管理層之討論與分析

Following the positive progress of the strategy of China market, Olympic Game, management considers that the volume of credit card issuance in Mainland China will be growing rapidly. The environment/infrastructure of credit card usage will also be further improved.

These factors will sustain to drive the market demand for electronic payment solutions and products. In the coming future, it is envisaged the electronic payment products and services will attain a more considerable development.

Telecommunication solutions, services and related products, information technology operation value-added services and related products

During the year 2006, the turnover and profit recorded were HK\$110.81 million (2005: HK\$147.76 million) and HK\$44.60 million (2005: HK\$68.02 million) respectively. The main reasons for the drop in turnover and profit was the change in the revenue sharing scheme and certain policy changes implemented by China Mobile under the directives of China's Ministry of Information Industry (the "MII") that negatively impacted our IVR business.

During the year, China Mobile have implemented certain policy changes under the directives of the MII. These policy changes aim to address a number of issues, including reducing customer complaints, increasing customer satisfaction and promoting the healthy development of the IVR platform. Coupled with the works in migrating of platforms of all Service Providers to our platform, these policies had led to short term negative impact to our IVR business in the second half of 2006.

Despite these negative impacts, the market size of the IVR business continued to expand further. Taking out the effect of the decrease in revenue sharing percentage, the Group's IVR platform maintained its business volume as compared to last year. Management considers that following the continuous expansion of the business scale and the migration of the IVR platform, the IVR business will be able to achieve outstanding performance in the long run.

隨著中國市場策略及籌辦奧運之工作順利進行，管理層認為，中國內地信用卡發卡量將迅速攀升，而使用信用卡之環境／基建亦將進一步改善。

此等因素亦將持續帶動電子付款解決方案及產品之市場需求上升。展望未來，預計電子付款產品及服務將取得更理想發展。

電訊解決方案、服務及相關產品、資訊科技運營增值服務及相關產品

於二零零六年度錄得之營業額及溢利分別為110,810,000港元（二零零五年：147,760,000港元）及44,600,000港元（二零零五年：68,020,000港元）。營業額及溢利下降，主要原因為收入分成比例有變及中國移動按中國信息產業部（「信息產業部」）之指示推行若干政策變動，對本集團語音互動業務造成負面影響。

年內，中國移動在信息產業部之指示下作出若干政策變動。此等政策變動旨在針對多個問題，包括減少顧客投訴、提高顧客滿意度及令語音互動平台穩健發展。加上所有服務供應商割接至本集團平台，此等政策於二零零六年下半年對語音互動業務造成短期不利影響。

儘管面對此等負面影響，語音互動業務之市場規模仍不斷擴大。撇除收入分成比例下調之影響，本集團語音互動平台之業務流量跟去年保持平穩。管理層認為，不斷擴充業務規模及割接語音互動平台後，長遠而言，語音互動業務將達致突出表現。

Management Discussion and Analysis

管理層之討論與分析

PROSPECT

In 2007, following the completion of the construction of several commercial core banking systems in China and Hong Kong, our level of expertise and market position in this niche market has been greatly enhanced. We will continue to strengthen our market position and technical expertise in the banking solution. Based on the established market position and experience, we have been engaged in the initial preparation for the ATM and electronic fund transfer POS operation services as well as outsourcing for the financial institutions.

In the telecommunication front, we will keep innovating to adapt to the ever-changing environment in order to provide first class value-added platform operation for our partners. New technology based on 3G communication are well prepared and several new products and services for mobile service delivery are also under development. Further resources in these areas will be invested in the coming years.

展望

於二零零七年，隨著本集團於中國及香港完成多項核心銀行系統之建設後，本集團於此專門市場上之技能和市場地位均大大提升。本集團將繼續鞏固其市場地位，並增強銀行解決方案之專業知識。建基於固有之市場地位及經驗，本集團著手籌辦專為金融機構而設之自動櫃員機及電子支付運營服務與外包項目。

於電訊業務方面，本集團將不斷創新，配合瞬息萬變之環境，務求為合作夥伴提供頂級增值平台運營服務。以3G通信為基礎之新技術已準備就緒，另就提供移動通訊服務研發之多項新產品及服務亦正在開發中。本集團將於未來數年在此等範疇投放更多資源。

Management Discussion and Analysis

管理層之討論與分析

In addition, the Group also actively seeks opportunities for expansion. On 10 February 2007, the Company entered into a sale and purchase agreement pursuant to which the Company conditionally agreed to procure the acquisition of the entire registered capital of the Hualong Group, which represents a group of companies comprising Baifu Hualong which holds Hualong Electronic and Hualong Information, and Pacific Sheen and their respective subsidiaries, for a total consideration of RMB300.7 million (equivalent to approximately HK\$302.9 million) (the "Hualong Acquisition"). The Directors are of the view that the entering into of the Hualong Agreement allows the Group to diversify its business to the electronic power meters and solutions industry. The Directors believe that demand for power meters and solutions will experience significant growth given the booming PRC economy which in turn drives the need to replace the traditional mechanical meters with more technologically advanced and automated electronic meters. Given the profitable track record of the Hualong Group, the Directors consider that the Hualong Acquisition will strengthen the Group's revenue and profit base. The Directors further believe that the Hualong Acquisition will allow the Hualong Group to leverage on the Group's management, sales and solution implementation experience, particularly in high end solution execution and cooperation and developing the overseas market.

With these exciting opportunities as well as challenges, the Group will maintain its top quality services and products and encourage innovations in order to maintain sustainable development.

此外，本集團亦正積極尋求擴充業務的機會。於二零零七年二月十日，本公司訂立買賣協議，據此，本公司有條件地同意促使收購華隆集團全部註冊股本，華隆集團由多家公司組成，包括持有華隆電子及華隆信息技術之百富華隆、富順國際及彼等各自之附屬公司，總代價為人民幣300,700,000元（約相當於302,900,000港元）（「華隆收購」）。董事認為，訂立華隆協議致令本集團業務多元化擴展至電子式電能表及解決方案行業。中國經濟蓬勃發展，先進自動電子式電能表將逐步取代傳統機械電能表，有見及此，董事相信，電能表及解決方案之需求將大幅增長。鑑於華隆集團往績均錄得盈利，董事認為，華隆收購將加強本集團之收益及盈利基礎。董事進一步相信，華隆收購有助華隆集團善用本集團之管理、銷售及解決方案實施經驗，特別是執行及合作製作高科技解決方案，以及開發海外市場方面。

面對此等令人振奮之機遇及挑戰，本集團將繼續提供高優質服務及產品，並鼓勵創新，以維持業務持續發展。

Management Discussion and Analysis

管理層之討論與分析

Liquidity and Financial Resources

As at 31 December 2006, the Group reported total assets of HK\$847.11 million (2005: HK\$313.74 million), which were financed by total liabilities of HK\$167.44 million (2005: HK\$186.31 million) and equity of HK\$679.67 million (2005: HK\$127.43 million). The net asset value was HK\$679.67 million (2005: HK\$127.43 million). It amounted to HK\$0.36 per share as compared to HK\$0.10 per share as at 31 December 2005 (adjusted for the effect of share subdivision on 29 June 2006).

As at 31 December 2006, the Group had cash of HK\$528.08 million (2005: HK\$156.58 million) and short term borrowings of HK\$7 million (2005: HK\$48.08 million). The net cash position as at that date was HK\$521.08 million as compared to HK\$108.50 million as at 31 December 2005. The short term borrowings included short term bank loan to fund the Group's working capital requirements. As at 31 December 2006, the Group had financial liability portion of convertible preference shares issued by a subsidiary of HK\$22.49 million (2005: HK\$21.17 million). The gearing ratio (defined as total borrowings divided by shareholders' equity) was 0.04 compared to 0.54 as at 31 December 2005. The gearing ratio is considered healthy and suitable for the continued growth of the Group's business.

Capital Structure and Details of Charges

As at 31 December 2006, the Group's short term borrowings included short term bank loan which was denominated in Renminbi, amounting to RMB7 million. The short term bank loan was charged at interest of 6.8% per annum.

As at 31 December 2006, the financial liability portion of convertible preference shares issued by a subsidiary was HK\$22.49 million (2005: HK\$21.17 million) which was denominated in Hong Kong dollars and the effective interest rate was 8.27% per annum.

流動資金及財務資源

於二零零六年十二月三十一日，本集團錄得資產總額為847,110,000港元（二零零五年：313,740,000港元），相應負債總額為167,440,000港元（二零零五年：186,310,000港元）及權益總額679,670,000港元（二零零五年：127,430,000港元）。資產淨值則為679,670,000港元（二零零五年：127,430,000港元）。每股資產淨值為0.36港元，相對於二零零五年十二月三十一日則為每股0.10港元（經就二零零六年六月二十九日進行股份分拆之影響作出調整）。

於二零零六年十二月三十一日，本集團有現金528,080,000港元（二零零五年：156,580,000港元）及短期借貸7,000,000港元（二零零五年：48,080,000港元）。於該日之現金淨額狀況為521,080,000港元，相對二零零五年十二月三十一日則為108,500,000港元。短期借貸包括短期銀行貸款，乃撥作應付本集團營運資金需求。於二零零六年十二月三十一日，本集團擁有由一家附屬公司發行的可換股優先股財務負債部分22,490,000港元（二零零五年：21,170,000港元）。資本負債比率（界定為借貸總額除股東資金）為0.04，相對二零零五年十二月三十一日則為0.54。此資本負債比率屬穩健，且符合本集團業務持續增長之需要。

資本架構及抵押詳情

於二零零六年十二月三十一日，本集團之短期借貸包括以人民幣列值之短期銀行貸款人民幣7,000,000元。短期銀行貸款按年利率6.8厘計息。

於二零零六年十二月三十一日，本公司以港元列值之一家附屬公司發行的可換股優先股的金融負債部分為22,490,000港元（二零零五年：21,170,000港元），實際利率為每年8.27厘。

Management Discussion and Analysis

管理層之討論與分析

Approximately HK\$76.04 million, HK\$342.28 million and HK\$109.76 million of the Group's cash balances were denominated in Renminbi, Hong Kong dollar and US dollar respectively as at 31 December 2006.

As at 31 December 2006, short term bank loans of RMB7 million were secured by the leasehold land and building of a subsidiary of the Company and the corporate guarantee from an independent third party, 深圳市高新技術投資擔保有限公司 (Shenzhen High and New Technology Investment Guarantee Company Limited).

Exchange Rates Exposure

The Group derives its revenue, makes purchases and incurs expenses denominated mainly in US dollars, Renminbi and Hong Kong dollars. Currently, the Group has not entered into agreements or purchased instruments to hedge the Group's exchange rate risks. Any material fluctuation in the exchange rates of Hong Kong dollar or Renminbi may have impact on the operating results of the Group.

Contingent Liabilities

The Group had no contingent liability as at 31 December 2006.

Employees

The total number of employees of the Group as at 31 December 2006 was 799. The breakdown of employees by division is as follows:

Financial solutions, services and related products
Electronic payment solutions and products
Telecommunications solutions, services and related products
and information technology operation value-added services
Corporate office

於二零零六年十二月三十一日，本集團之現金結餘分別約76,040,000港元、342,280,000港元及109,760,000港元乃分別以人民幣、港元及美元列值。

於二零零六年十二月三十一日，為數人民幣7,000,000元之短期銀行貸款乃以本公司之一家附屬公司之租賃土地及樓宇，以及獨立第三方深圳市高新技術投資擔保有限公司之公司擔保作抵押。

匯率風險

本集團產生之收益、進行採購或支付之費用主要以美元、人民幣及港元列值。目前，本集團並無訂有任何協議或購買任何工具對沖本集團之匯率風險。倘港元或人民幣之匯率出現任何重大波動，均可能對本集團之經營業績造成影響。

或然負債

於二零零六年十二月三十一日，本集團並無任何或然負債。

僱員

本集團於二零零六年十二月三十一日之僱員總數為799人。僱員按部門細分如下：

金融解決方案、服務及相關產品	356
電子支付解決方案及產品	147
電訊解決方案、服務及相關產品及 資訊科技運營增值服務	280
企業辦公室	16
	799

The Group ensures that its remuneration packages are comprehensive and competitive. Employees are remunerated with a fixed monthly income plus annual performance related bonuses. The Group also sponsors selected employees to attend external training courses that suit the needs of the Group's businesses.

本集團確保其薪酬待遇全面且具有競爭性，而僱員之薪酬包括每月固定薪金，另加與表現有關之年度花紅。本集團亦資助獲挑選之僱員參與符合本集團業務所需之外界培訓課程。



羅兵咸永道會計師事務所

PricewaterhouseCoopers
22nd Floor
Prince's Building
Central
Hong Kong

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF HI SUN TECHNOLOGY (CHINA) LIMITED

(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Hi Sun Technology (China) Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 63 to 147, which comprise the consolidated and Company balance sheets as at 31 December 2006, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the financial statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Acts 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute

of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the accounts are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2006 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 17 April 2007

Independent Auditor's Report

獨立核數師報告



羅兵咸永道會計師事務所

羅兵咸永道會計師事務所

香港
中環
太子大廈
22樓

獨立核數師報告

致高陽科技(中國)有限公司股東

(於百慕達註冊成立的有限公司)

本核數師(以下簡稱「我們」)已審核列載於第63至147頁高陽科技(中國)有限公司(「貴公司」)及其附屬公司(以下合稱「貴集團」)的綜合財務報表,此綜合財務報表包括於二零零六年十二月三十一日的綜合及公司資產負債表與截至該日止年度的綜合收益表、綜合權益變動表和綜合現金流量表,以及主要會計政策概要及其他解釋附註。

董事就財務報表須承擔的責任

貴公司董事須負責根據香港會計師公會頒佈的香港財務報告準則及按照香港《公司條例》的披露規定編製及真實而公平地列報該等綜合財務報表。這責任包括設計、實施及維護與編製及真實而公平地列報財務報表相關的內部監控制,以使財務報表不存在由於欺詐或錯誤而導致的重大錯誤陳述;選擇和應用適當的會計政策;及按情況下作出合理的會計估計。

核數師的責任

我們的責任是根據我們的審核對該等綜合財務報表作出意見,並按照百慕達一九八一年《公司法》第90條僅向整體股東報告,除此之外本報告別無其他目的,我們不會就本報告的內容向任何其他人士負上或承擔任何責任。

我們已根據香港會計師公會頒佈的香港審計準則進行審核。這些準則要求我們遵守道德規範,並規

劃及執行審核,以合理確定此等財務報表是否不存有任何重大錯誤陳述。

審核涉及執程序以獲取有關財務報表所載金額及披露資料的審核憑證。所選定的程序取決於核數師的判斷,包括評估由於欺詐或錯誤而導致財務報表存有重大錯誤陳述的風險。在評估該等風險時,核數師考慮與該公司編製及真實而公平地列報財務報表相關的內部監控,以設計適當的審核程序,但並非為對公司內部控制的效能發表意見。審核亦包括評價董事所採用會計政策的合適性及所作出的會計估計的合理性,以及評價財務報表的整體列報方式。

我們相信,我們所獲得的審核憑證是充足和適當地為我們的審核意見提供基礎。

意見

我們認為,該等綜合財務報表已根據香港財務報告準則真實而公平地反映貴公司及貴集團於二零零六年十二月三十一日的事務狀況及貴集團截至該日止年度的利潤及現金流量,並已按照香港《公司條例》的披露規定妥為編製。

羅兵咸永道會計師事務所

執業會計師

香港,二零零七年四月十七日

Consolidated Income Statement

綜合收益表

			Year ended 31 December 截至十二月三十一日止年度	
			2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
		Note 附註		
Turnover	營業額	5	473,122	438,763
Cost of sales	銷售成本	6	(264,870)	(247,208)
Gross profit	毛利		208,252	191,555
Other gains	其他收入	5	68,359	2,587
Selling expenses	銷售開支	6	(28,899)	(40,119)
Administrative expenses	行政開支	6	(98,667)	(83,083)
Operating profit	經營溢利		149,045	70,940
Finance costs	融資成本	9	(3,803)	(3,998)
Profit before income tax	除所得稅前溢利		145,242	66,942
Income tax expense	所得稅開支	10	(11,642)	(4,638)
Profit attributable to the equity holders of the Company	本公司權益持有人應佔溢利		133,600	62,304
Earnings per share for profit attributable to the equity holders of the Company:	本公司權益持有人應佔溢利之每股盈利：			
– Basic	– 基本	13	HK\$0.083	HK\$0.047
– Diluted	– 攤薄	13	HK\$0.070	HK\$0.043

The notes on pages 69 to 147 are an integral part of these financial statements.

第69至147頁的附註乃財務報表之其中部分。

Consolidated Balance Sheet

綜合資產負債表

		As at 31 December 於十二月三十一日	
	Note 附註	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
ASSETS	資產		
Non-current assets	非流動資產		
Investment property	投資物業	16	3,540
Property, plant and equipment	物業、廠房及設備	15	75,959
Leasehold land	租賃土地	14	30,559
		110,058	37,968
Current assets	流動資產		
Inventories	存貨	19	28,552
Trade and other receivables, prepayments and deposits	應收賬款及其他應收款項、 預付款項及按金	18	139,076
Due from a related company	應收一家關連公司款項	26,32(b)	67
Financial assets at fair value through profit or loss	按公平值計入溢利或虧損 之金融資產	20	41,281
Cash and cash equivalents	現金及現金等價物	21	528,076
		737,052	275,773
Total assets	資產總額	847,110	313,741
EQUITY	權益		
Capital and reserves attributable to the Company's equity holders	本公司權益持有人 應佔股本及儲備		
Share capital	股本	22	4,699
Other reserves	其他儲備	23	674,973
Total equity	權益總額	679,672	127,434

The notes on pages 69 to 147 are an integral part of these financial statements.

第69至147頁的附註乃財務報表之其中部分。

Consolidated Balance Sheet

綜合資產負債表

		As at 31 December 於十二月三十一日	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
	Note 附註		
LIABILITIES	負債		
Non-current liabilities	非流動負債		
Financial liability portion of convertible preference shares issued by a subsidiary	一家附屬公司發行之可換股優先股金融負債部分	25,27	22,485
			21,173
Current liabilities	流動負債		
Trade and other payables	應付賬款及其他應付款項	24	117,282
Due to a fellow subsidiary	應付一家同系附屬公司款項	26,32(b)	13,497
			390
Taxation payable	應付稅項		7,174
			715
Short term borrowings	短期借款	27	7,000
			48,077
		144,953	165,134
Total liabilities	負債總額	167,438	186,307
Total equity and liabilities	權益及負債總額	847,110	313,741
Net current assets	流動資產淨值	592,099	110,639
Total assets less current liabilities	資產總額減流動負債	702,157	148,607

On behalf of the Board
代表董事會

XU WENSHENG

徐文生
Director
董事

LI WENJIN

李文晉
Director
董事

The notes on pages 69 to 147 are an integral part of these financial statements.

第69至147頁的附註乃財務報表之其中部分。

Balance Sheet

資產負債表

		As at 31 December 於十二月三十一日	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
	Note 附註		
ASSETS	資產		
Non-current assets	非流動資產		
Investment property	投資物業	16	5,146
Property, plant and equipment	物業、廠房及設備	15	1
Leasehold land	租賃土地	14	30,347
Investments in subsidiaries	於附屬公司之投資	17	4,136
		39,630	4,140
Current assets	流動資產		
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項	18	382
Due from subsidiaries	應收附屬公司款項	17	100,822
Financial assets at fair value through profit or loss	按公平值計入溢利或虧損之金融資產	20	41,281
Cash and cash equivalents	現金及現金等價物	21	247,802
		390,287	60,059
Total assets	資產總額	429,917	64,199
EQUITY	權益		
Capital and reserves attributable to the Company's equity holders	本公司權益持有人應佔股本及儲備		
Share capital	股本	22	4,699
Other reserves	其他儲備	23	377,675
Total equity	權益總額	382,374	53,968
LIABILITIES	負債		
Current liabilities	流動負債		
Other payables	其他應付款項	24	8,908
Due to subsidiaries	應付附屬公司款項	17	21,035
Due to a fellow subsidiary	應付一家同系附屬公司款項	26	14,500
Taxation payable	應付稅項		3,100
		47,543	10,231
Total equity and liabilities	權益及負債總額	429,917	64,199
Net current assets	流動資產淨值	342,744	49,828
Total assets less current liabilities	資產總額減流動負債	382,374	53,968

On behalf of the Board
代表董事會

XU WENSHENG

徐文生
Director
董事

LI WENJIN

李文晉
Director
董事

The notes on pages 69 to 147 are an integral part of these financial statements.

第69至147頁的附註乃財務報表之其中部分。

Consolidated Statement of Changes in Equity

綜合權益變動表

For the year ended 31 December 2006
截至二零零六年十二月三十一日止年度

Attributable to the equity holders of the Company
本公司權益持有人應佔

		Share capital 股本 HK\$'000 千港元	Share premium 股份溢價 HK\$'000 千港元	Contributed surplus 實繳盈餘 HK\$'000 千港元	Other reserves 其他儲備 HK\$'000 千港元	Exchange reserve 外匯儲備 HK\$'000 千港元	(Accumulated losses)/ retained earnings (累計虧損)/ 保留盈利 HK\$'000 千港元	Total 合計 HK\$'000 千港元
Balance at 1 January 2005	於二零零五年一月一日之結餘	3,330	100,556	125,310	-	-	(180,565)	48,631
Profit for the year	年內溢利	-	-	-	-	-	62,304	62,304
Issue of convertible preference shares by a subsidiary (Note 25(a))	一家附屬公司發行可換股優先股 (附註25(a))	-	-	-	11,134	-	-	11,134
Employee share option scheme – value of employee services (Note 22(c))	僱員購股權計劃 – 僱員服務價值 (附註22(c))	-	-	-	4,220	-	-	4,220
Employee share option scheme of a subsidiary – value of employee services (Note 22(d))	一家附屬公司之僱員購股權計劃 – 僱員服務價值 (附註22(d))	-	-	-	273	-	-	273
Exchange differences arising on translation of the financial statements of foreign subsidiaries	換算海外附屬公司財務報表之匯兌差額	-	-	-	-	872	-	872
Balance at 31 December 2005	於二零零五年十二月三十一日之結餘	3,330	100,556	125,310	15,627	872	(118,261)	127,434
Balance at 1 January 2006	於二零零六年一月一日之結餘	3,330	100,556	125,310	15,627	872	(118,261)	127,434
Profit for the year	年內溢利	-	-	-	-	-	133,600	133,600
Issue of convertible preference shares by a subsidiary (Note 25(b))	一家附屬公司發行可換股優先股 (附註25(b))	-	-	-	138,480	-	-	138,480
Shares issued under share options scheme of the Company (Note 22(c))	根據本公司購股權計劃發行股份 (附註22(c))	459	24,196	-	-	-	-	24,655
Issue of new shares (Note 22(a))	發行新股份 (附註22(a))	910	245,450	-	-	-	-	246,360
Share issuance expenses	股份發行開支	-	(60)	-	-	-	-	(60)
Share premium reduction (Note 23(b)(iii))	削減股份溢價 (附註23(b)(iii))	-	(100,556)	43,124	-	-	57,432	-
Employee share option scheme – value of employee services (Note 22(c))	僱員購股權計劃 – 僱員服務價值 (附註22(c))	-	-	-	2,387	-	-	2,387
Exchange differences arising on translation of the financial statements of foreign subsidiaries	換算海外附屬公司財務報表之匯兌差額	-	-	-	-	6,816	-	6,816
Balance at 31 December 2006	於二零零六年十二月三十一日之結餘	4,699	269,586	168,434	156,494	7,688	72,771	679,672

The notes on pages 69 to 147 are an integral part of these financial statements.

第69至147頁的附註乃財務報表之其中部分。

Consolidated Cash Flow Statement

綜合現金流量表

		Year ended 31 December 截至十二月三十一日止年度	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
	Note 附註		
Cash flows from operating activities	經營業務的現金流量		
Cash generated from operations	經營所得現金 29(a)	84,370	74,601
Interest paid	已付利息	(2,069)	(2,891)
Preferred dividend paid by a Subsidiary	一家附屬公司已付優先股股息	(422)	—
Overseas income tax paid	已付海外利得稅	(5,183)	(3,923)
Net cash generated from operating activities	經營業務所得現金淨額	76,696	67,787
Cash flows from investing activities	投資活動的現金流量		
Purchase of investment property	購置投資物業 16	(3,548)	—
Purchase of property, plant and equipment	購置物業、廠房及設備 15	(49,140)	(26,380)
Purchase of leasehold land	購置租賃土地 14	(30,378)	(208)
Sale of property, plant and equipment	出售物業、廠房及設備 29(b)	39	157
Interest received	已收利息	4,831	1,403
Net cash used in investing activities	投資活動現金流出淨額	(78,196)	(25,028)
Cash flows from financing activities	融資活動的現金流量		
Proceeds from inception of short term bank loans	訂立短期銀行貸款所得款項	7,000	48,077
Repayment of other loans	償還其他貸款	—	(935)
Repayment of short term bank loans	償還短期銀行貸款	(48,077)	(13,364)
Proceeds from issuance of convertible preference shares by subsidiaries	附屬公司發行可換股優先股所得款項 25(b)	138,480	31,200
Issue of new ordinary shares	發行新普通股	271,015	—
Payment of share issuance expense	支付發行股份費用	(60)	—
Subsidy income from government grant	政府資助收入	—	926
Net cash generated from financing activities	融資活動所得現金淨額	368,358	65,904
Net increase in cash and cash equivalents	現金及現金等價物之增加淨額	366,858	108,663
Exchange gains on cash and cash equivalents	現金及現金等價物的匯兌收益	4,639	267
Cash and cash equivalents at beginning of the year	年初現金及現金等價物	156,579	47,649
Cash and cash equivalents at the end of the year	年終現金及現金等價物 21	528,076	156,579

The notes on pages 69 to 147 are an integral part of these financial statements.

第69至147頁的附註乃財務報表之其中部分。

1. GENERAL INFORMATION

The principal activity of Hi Sun Technology (China) Limited (the “Company”) is investment holding.

The Company and its subsidiaries (collectively referred to as the “Group”), are principally engaged in the sales of information technology products, provision of information system consultancy and integration services, and information technology operation valued-added services.

The Company is a limited liability company incorporated in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

The Company is listed on the Stock Exchange of Hong Kong Limited.

These consolidated financial statements are presented in thousands of units of HK dollars (HK\$'000), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 17 April 2007.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, which are carried at fair value.

1. 一般資料

高陽科技(中國)有限公司(「本公司」)之主要業務為投資控股。

本公司及其附屬公司(合稱為「本集團」)主要從事銷售資訊科技產品、提供資訊系統諮詢及集成服務以及資訊科技運營增值服務。

本公司為於百慕達註冊成立的有限公司，其註冊辦事處地址為Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda。

本公司於香港聯合交易所有限公司上市。

除另有所指外，綜合財務報表以千港元(千港元)為單位呈列。此等綜合財務報表於二零零七年四月十七日獲董事會批准刊發。

2. 重大會計政策概要

編製此等綜合財務報表時採用的主要會計政策載列如下。除另有所指外，該等政策於呈報的所有年度貫徹採用。

2.1 編製基準

本公司的綜合財務報表乃根據香港財務報告準則(「香港財務報告準則」)，按歷史成本法編製，並就按公平值列賬之按公平值計入溢利或虧損之金融資產重估作修訂。

Notes to the Consolidated Financial Statements

綜合財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

The areas involving a higher degree of judgement or complexity, or area where assumptions and estimates are significant to the financial statements are disclosed in note 4.

In 2006, the Group adopted the following new amendments and interpretations of HKFRS and Hong Kong Accounting Standards ("HKAS"), which are relevant to its operations:

- HKAS 19 (Amendment) Actuarial Gains and Losses, Group Plans and Disclosures
- HKAS 21 (Amendment) Net Investment in a Foreign Operation
- HKAS 39 (Amendment) Cash Flow Hedge Accounting of Forecast Intragroup Transactions
- HKAS 39 (Amendment) The Fair Value Option
- HKAS 39 (Amendment) and HKFRS 4 (Amendment) Financial Guarantee Contracts
- HKFRS-Int 4 Determining whether an Arrangement contains a Lease

The adoptions of new/revised HKAS 19 (Amendment), 21 (Amendment), 39 (Amendment), HKFRS 4 (Amendment) and HKFRS-Int 4 did not result in substantial changes to the accounting policies of the Group.

2. 重大會計政策概要 (續)

2.1 編製基準 (續)

為與香港財務報告準則相符，編製財務報表時須作出若干重要的會計估計，管理層亦須在應用本公司會計政策之過程中作出判斷。

涉及高度判斷性或複雜性，或對財務報表而言有重大影響之假設和估計等範圍於附註4披露。

於二零零六年，本集團採納下文對營運有關之香港財務報告準則及香港會計準則（「香港會計準則」）之新修訂及詮釋：

- 香港會計準則第19號（修訂本）精算損益、集團計劃及披露
- 香港會計準則第21號（修訂本）於海外業務之投資淨額
- 香港會計準則第39號（修訂本）預測集團內交易之現金流量對沖會計法
- 香港會計準則第39號（修訂本）公平價值選擇權
- 香港會計準則第39號（修訂本）及香港財務報告準則第4號（修訂本）財務擔保合約
- 香港財務報告準則－詮釋第4號釐定安排是否包括租賃

採納新訂／經修訂香港會計準則第19號（修訂本）、21號（修訂本）、39號（修訂本）、香港財務報告準則第4號（修訂本）及香港財務報告準則詮釋第4號不會對本集團會計政策造成重大變動。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

The following standards, amendments or interpretations to existing standards have been published but are not effective for 2006 and have not been early adopted:

- HKAS 1 (Amendment) Presentation of Financial Statements: Capital Disclosures
- HKFRS 7 Financial Instruments: Disclosures
- HKFRS 8 Operating Segments
- HK(IFRIC)-Int 7 Applying the Restatement Approach under HKAS 29, Financial Reporting in Hyperinflationary Economies
- 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

The Group has already commenced an assessment of the impact of the new standards, amendments or interpretations to existing standards but is not yet in a position to state whether these new standards, amendments or interpretations to existing standards would have a significant impact to its results of operations and financial position.

2. 重大會計政策概要 (續)

2.1 編製基準 (續)

以下準則、現行準則之修訂或詮釋頒佈，惟於二零零六年尚未生效，故並無提早採納：

- 香港會計準則第1號（修訂本）財務報告之呈列：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號根據香港會計準則第29號：財務報告於嚴重通脹經濟上應用重列法
- 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號重估內含衍生工具
- 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號服務特許權安排

本集團已著手評估此等新訂準則、現行準則修訂或詮釋之影響，惟尚未能指出此等新訂準則、現行準則修訂或詮釋會否對其經營業績及財務狀況造成重大影響。

Notes to the Consolidated Financial Statements

綜合財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to 31 December.

Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

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

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

2. 重大會計政策概要 (續)

2.2 綜合賬目

綜合財務報表包括本公司及其所有附屬公司截至十二月三十一日止之財務報表。

附屬公司

附屬公司乃指本集團控制其半數以上投票權，並有權監管其財務及營運政策之所有實體（包括特定用途實體）。於評估本集團是否控制另一實體時，已考慮現時可予行使或轉換之潛在投票權之存在及影響。

附屬公司之賬目自控制權轉讓予本集團之日起綜合計入，而有關賬目將於該控制權終止之日剔除綜合計入賬目。

收購會計法用於計算本集團收購附屬公司。收購成本按於所給予資產、所發行股本工具及所產生或承擔負債於交換日期之公平值計量，另加收購之直接應佔成本。於業務合併取得之可識別資產以及承擔之負債及或然負債，初步按收購日期之公平值計量，而不論任何少數股東權益的數額。收購成本超出本集團所佔可識別資產淨值公平值之差額乃記錄為商譽。倘收購成本少於所收購附屬公司資產淨值之公平值，則有關差額直接於收益表確認。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Consolidation (continued)

Subsidiaries (continued)

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

In the Company's balance sheet, the investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted by the Company on the basis of dividend received and receivable.

2.3 Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

2.4 Foreign currency translation

(a) *Functional and presentation currency*

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

2. 重大會計政策概要 (續)

2.2 綜合賬目 (續)

附屬公司 (續)

集團內公司間之交易、集團內公司間交易之結餘及未變現收益均予以對銷。未變現虧損亦會對銷，惟有證據顯示所轉讓資產出現減值之交易除外。附屬公司之會計政策於有需要時已作出更改，以確保本集團採納之政策貫徹一致。

在本公司之資產負債表內，附屬公司之投資以成本值減去減值虧損準備入賬。附屬公司之業績由本公司按已收及應收股息為基準入賬。

2.3 分類報告

業務分類指從事提供產品或服務之一組資產及業務，而該組資產及業務之風險及回報與其他業務分類有別。地區分類乃在特定經濟環境下從事提供產品或服務，而該分類之風險及回報與在其他經濟環境經營之分類有別。

2.4 外幣換算

(a) *功能和呈報貨幣*

本集團旗下各實體的財務報表所列項目均採用有關實體營業所在的主要經濟環境通用的貨幣（「功能貨幣」）為計算單位。綜合財務報表以港幣呈報，而港幣為本公司的功能貨幣及呈報貨幣。

Notes to the Consolidated Financial Statements

綜合財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Foreign currency translation (continued)

(b) Transactions and balances

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

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

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- (iii) all resulting exchange differences are recognised as a separate component of equity.

2. 重大會計政策概要 (續)

2.4 外幣換算 (續)

(b) 交易及結餘

外幣交易按交易當日適用的匯率兌換為功能貨幣。因結算交易及按結算日匯率換算貨幣資產和負債產生的外匯損益均於收益表確認。

非貨幣項目（例如按公平值計入溢利或虧損之股本工具）之換算差額乃呈報為公平值損益之部分。非貨幣項目（例如分類為可供出售金融資產之股本）之換算差額則計入權益項下公平值儲備。

(c) 集團旗下公司

集團旗下所有功能貨幣與呈報貨幣不同之實體（全部均非高通脹經濟之貨幣）之業績及財務狀況，按以下方式換算為呈報貨幣：

- (i) 各資產負債表所呈列資產及負債，按結算日之收市匯率換算；
- (ii) 各收益表之收入及支出，按平均匯率換算，惟此平均值並非該等交易日期通行匯率具累積效果之合理約數除外。在此情況下，收入及支出將於交易日期換算；及
- (iii) 所有匯兌差額將確認為個別權益項目。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.4 Foreign currency translation** (continued)*(c) Group companies* (continued)

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

2.5 Property, plant and equipment

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

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

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate cost to their residual values over their estimated useful lives, as follows:

Buildings	5 – 10%
Leasehold improvements	20%
Office furniture and equipment	18% – 25%
Plant and equipment	9% – 25%
Motor vehicles	18% – 25%

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.7).

Gains and losses on disposal are determined by comparing the proceeds, with the carrying amount and are recognized within other gains/(losses) – net, in the income statement.

2. 重大會計政策概要 (續)**2.4 外幣換算 (續)***(c) 集團旗下公司 (續)*

綜合賬目時，換算於海外實體之淨投資所產生匯兌差額及指定用作對沖該等投資之借款及其他貨幣工具之匯兌差額均計入股東權益。出售海外業務時，匯兌差額於收益表確認為出售收益或虧損之一部分。

2.5 物業、廠房及設備

所有物業、廠房及設備按歷史成本減折舊及減值虧損入賬。歷史成本包括收購此等項目直接應佔開支。

當與項目有關之未來經濟利益可能流入本集團，以及項目成本能可靠計算時，其後成本才會計入資產之賬面值或確認為獨立資產（視適用情況而定）。所有其他維修及保養費於產生財政期間於收益表支銷。

物業、廠房及設備之折舊以直線法於其估計可用年期內分配其成本至剩餘價值。所採用年率如下：

樓宇	5 – 10%
租約物業裝修	20%
辦公室傢俬及設備	18% – 25%
廠房及設備	9% – 25%
汽車	18% – 25%

資產之剩餘價值及可用年期會於各結算日審閱及調整（如適用）。

倘資產之賬面值超過其估計可收回金額，則其賬面值將即時撇減至其可收回金額（附註2.7）。

出售資產之收益或虧損指出售所得款項與有關資產賬面值之間差額，並於收益表之其他收益／（虧損）淨額確認。

Notes to the Consolidated Financial Statements

綜合財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Investment properties

Property that is held for long-term yields or for capital appreciation or both, and that is not occupied by the companies in the consolidated Group, is classified as investment property.

The cost of an investment property comprises its purchase price and any costs directly attributable to bringing the property to its intended use.

After initial recognition, investment property is stated at cost less accumulated depreciation and impairment losses.

Depreciation is calculated using the straight-line method to allocate cost of the investment property over its estimated useful lives, as follows:

Buildings	5%
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Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the income statement during the financial period in which they are incurred.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment.

2.7 Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation, which are at least tested annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

2. 重大會計政策概要 (續)

2.6 投資物業

持作取得長期收益或資本升值或兩者之物業，及並非由綜合本集團旗下成員本公司佔用之物業，均分類為投資物業。

投資物業成本包括其買入價及與令物業達致其擬定用途直接有關之成本。

初步確認後，投資物業按成本減累計折舊及減值虧損列賬。

投資物業乃按以下比率，就其估計可用年期，以直線法分配成本計算折舊：

樓宇	5%
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其後開支僅於與該項目相關之日後經濟利益將流入本集團，及該項目成本能可靠計量時，自資產賬面值扣除。所有其他維修及保養成本於產生之財政期間在收益表支銷。

倘投資物業成為業主自用，則重新分類為物業、廠房及設備。

2.7 資產減值

並無可用期限的資產毋須攤銷，但此等資產每年均作出至少一次減值評估。如發生任何可能導致未能收回資產賬面值的事項或情況變化，本集團亦會檢討該資產的減值情況。就須攤銷資產而言，倘發生任何可能導致未能收回資產賬面值之事項或情況變化，本集團將檢討該資產的減值情況。減值虧損為資產賬面值超越其可收回價值之數額。可收回金額為資產公平值減出售成本後之價值，與其使用價值之間的較高者。就評估資產減值而言，本集團按可個別可識別其現金流量（現金產生單位）的最低水平劃分資產類別。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Financial assets

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

- (a) *Financial assets at fair value through profit or loss*
Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

- (b) *Loans and receivables*
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balance sheet (Note 2.10).

2. 重大會計政策概要 (續)

2.8 金融資產

本集團將其金融資產分類為：按公平值計入溢利或虧損之金融資產與貸款及應收款項。分類取決於收購金融資產之目的。管理層於初步確認時釐定其金融資產之分類，並於每個申報日期重新評估有關決定。

- (a) 按公平值計入溢利或虧損之金融資產
按公平值計入溢利或虧損之金融資產乃持作買賣的金融資產。倘收購旨在於短期內售出或倘管理層有所指定，則於此類別分類。除非衍生工具設定作對沖用途，否則，衍生工具亦分類為持作買賣。倘資產乃持作買賣或預期於結算日起計12個月內變現，則分類為流動資產。

- (b) 貸款及應收款項
貸款及應收款項為並無於活躍市場掛牌而有固定待付付款的非衍生金融資產。貸款及應收款項於本集團直接向無意買賣應收款項之借方提供金錢、貨品或服務時產生。貸款及應收款項計入流動資產，惟到期日為結算日起計12個月以上者除外。此等貸款及應收款項分類為非流動資產。貸款及應收款項於資產負債表計入應收賬款及其他應收款項（附註2.10）。

Notes to the Consolidated Financial Statements

綜合財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Financial assets (continued)

Purchases and sales of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus transaction costs. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Realised and unrealised gains and losses arising from changes in the fair value of the “financial assets at fair value through profit or loss” category are included in the income statement in the period in which they arise.

If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

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

2.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises raw materials and direct labour. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2. 重大會計政策概要 (續)

2.8 金融資產 (續)

買賣金融資產於成交日期確認，即本集團承諾買賣資產之日期。金融資產初步按公平值加所有金融資產之交易成本確認。金融資產於其收取現金流量之權利屆滿或轉讓後，本集團亦已轉讓後其所有的絕大部分風險及回報時，將會被剔除。

按公平值計入溢利或虧損之金融資產其後按公平值列賬。貸款及應收款項以實際利率法按攤銷成本列賬。

「按公平值計入溢利或虧損之金融資產」之公平值變動產生之已變現與未變現收益及虧損，於產生期間計入收益表。

倘金融資產（及非上市證券）之市場並不活躍。本集團使用估值技巧釐定公平值，該等技巧包括使用近期公平磋商交易。參考大致相同之其他工具、折讓現金流量分析，並調整購股權訂價模式，以反映發行人之特定情況。

本集團於每個結算日評估是否有客觀證據顯示金融資產或一組金融資產已出現減值。

2.9 存貨

存貨乃以成本值及可變現淨值兩者中較低者列賬。成本以先入先出方法釐定。製成品及在建工程之成本包括原材料及直接工資。變現淨值為正常業務過程中之估計售價扣除適用之可變銷售開支。

Notes to the Consolidated Financial Statements

綜合財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision and reversal of such provision is recognised in the income statement within administrative expenses.

2.11 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown as borrowings under current liabilities on the balance sheet.

2.12 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.13 Trade payables

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

2. 重大會計政策概要 (續)

2.10 應收賬款及其他應收款項

應收賬款及其他應收款項初步按公平值確認，其後使用實際利率法計量攤銷成本，並扣除減值撥備。當有客觀證據顯示本集團未能根據應收款項之原訂條款收回所有到期款項，則會作出應收賬款及其他應收款項之減值撥備。撥備金額為資產賬面值與預期日後現金流量之現值間之差額，按實際息率貼現。撥備金額及撥備撥回在收益表中行政費用內確認。

2.11 現金及現金等價物

現金及現金等價物按成本值於資產負債表列賬。現金及現金等價物包括手頭現金、銀行活期存款、原定到期日為三個月或以下之其他短期高流通量投資及銀行透支。銀行透支於資產負債表流動負債下列作借款。

2.12 股本

普通股分類列為權益。發行新股份或購股權直接有關的增量成本於權益列示為自所得款項扣除稅項之扣減。

2.13 應付賬款

應付賬款初步按公平值確認，其後使用實際利率法按攤銷成本計算。

Notes to the Consolidated Financial Statements

綜合財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Transaction costs are incremental costs that are directly attributable to the acquisition and issue of borrowings including fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

The fair value of the liability portion of convertible preference shares issued by a subsidiary is determined using a market interest rate for an equivalent non-convertible preference shares. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or on maturity. The remainder of the proceeds is allocated to the equity component and is included in shareholders' equity, net of income tax effects.

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

2. 重大會計政策概要 (續)

2.14 借款

借款初步以公平值確認(減去所產生之交易成本)。交易成本為收購及發行一項負債的遞增直接成本,包括支付予代理人、顧問、經紀及經銷商之費用及佣金,以及支付予監管機構及證券交易所之徵費,以及轉讓稅項及徵稅。借款其後以攤銷成本列賬。所得款項(扣除交易成本)與贖回價值間之差額,乃以實際利率法於借款期間在收益表確認。

由一家附屬公司發行之可換股優先股之負債部分之公平值以等額非可換股優先股市場利率釐定。有關款項按攤銷成本基準記錄為負債,直至獲轉換或到期為止。所得款項之餘下部分分配至權益部分,並於扣除所得稅影響後計入股東權益。

借款歸類為流動負債,除非本集團有權無條件將債項延長至結算日後最少12個月後清償則作別論。

Notes to the Consolidated Financial Statements

綜合財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.15 Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

2.16 Employee benefits

(a) Employee leave entitlements

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

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

2. 重大會計政策概要 (續)

2.15 遞延所得稅

遞延所得稅乃就資產與負債的稅基及有關資產與負債於綜合財務報表中的賬面值兩者的暫時差額，以負債法作出全數撥備。然而，倘遞延所得稅乃產生自於交易（業務合併除外）初步確認資產或負債，而當時之交易並無影響會計或應課稅溢利或虧損，則不會列賬。遞延所得稅乃以於結算日訂明或實際訂明之稅率（及法例）釐定，並預期於變現相關遞延所得稅資產或償還遞延所得稅負債時適用。

遞延所得稅資產之確認以預期日後可能出現應課稅溢利用作抵銷暫時差額為限。

本集團就附屬公司投資產生之暫時差額作出遞延所得稅撥備，除非本集團可控制撥回該暫時差額之時間，且該暫時差額符合負債作出可能不會於可預見將來撥回則屬例外。

2.16 僱員福利

(a) 僱員有薪假期

僱員獲享之年度休假在僱員可享有時確認。本集團會對僱員服務至結算日所累積之年度休假估算負債作出撥備（倘適用）。

僱員獲享之病假及產假不會確認，直至僱員休假之時。

Notes to the Consolidated Financial Statements

綜合財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.16 Employee benefits (continued)

(b) Pension obligations

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "Pension Scheme") set up pursuant to the Mandatory Provident Fund Schemes Ordinance, for all of its employees in Hong Kong. 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 Pension Scheme. The assets of the Pension Scheme are held separately from those of the Group in an independently administrated fund. The Group's employer contributions vest fully with the employees when contributed to the Pension Scheme, except for the Group's employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to vesting fully in the contributions, in accordance with the rules of the Pension Scheme.

The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due and are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

In addition, pursuant to the government regulations in the People's Republic of China (the "PRC"), the Group is required to contribute an amount to certain retirement benefit schemes based on approximately 7% to 20% of the wages for the year of those employees in the PRC. The local municipal government undertakes to assume the retirement benefits obligations of those employees of the Group. Contributions to these retirement benefits schemes are charged to the income statement as incurred.

2. 重大會計政策概要 (續)

2.16 僱員福利 (續)

(b) 退休金責任

本集團為其所有香港僱員運作一個根據強制性公積金計劃條例設立之定額供款強制性公積金退休計劃(「退休計劃」)。退休計劃之供款按僱員基本薪金之某個百分比計算，並於根據退休計劃規定應支付供款時在收益表扣除。退休計劃之資產與本集團之資產分開持有，並由獨立管理基金保管。本集團之僱主供款在向退休計劃作出供款時悉數歸屬僱員，惟本集團作出之僱主自願供款，會按照退休計劃之規則在僱員於有關供款全數歸屬前而離職時退回予本集團。

本集團於支付供款後即無其他付款責任。供款於到期應付及被僱員於供款全數歸屬前離職所沒收供款抵銷時確認。預付供款於退回現金或可對銷未來供款時確認為資產。

此外，根據中華人民共和國(「中國」)政府之規例，本集團須按中國員工該年度之工資約7%至20%就若干退休福利計劃作出供款，由當地市政府承擔該等本集團員工之退休福利責任。就該等退休福利計劃作出之供款於產生時在收益表中扣除。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.16 Employee benefits (continued)

(c) Share-based compensation

The Group operates two equity-settled, share-based compensation plans. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

(d) Profit sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2. 重大會計政策概要 (續)

2.16 僱員福利 (續)

(c) 股本酬金

本集團設有以股本結算並以股份支付之酬金計劃。就僱員所提供服務授出之購股權之公平值確認為開支。歸屬期內支銷總額參考所授出購股權之公平值釐定，不包括任何非市場性質歸屬條件（例如盈利能力及銷售額增長指標）所產生影響。於各結算日，實體檢討預期可予行使購股權數目之估計。倘需修訂原有估計，則於收益表確認有關影響（如有），並就餘下歸屬期間對權益作出相應調整。

當購股權獲行使時，已收所得款項扣除任何直接應計交易成本計入股本（面值）及股份溢價。

(d) 溢利分享及花紅計劃

本集團按照特定計算方法就花紅及溢利分享確認負債及開支，該計算方法已計入本公司股東應佔溢利並作出若干調整。當出現合約責任或過往慣例引致推定責任時，本集團即確認撥備。

Notes to the Consolidated Financial Statements

綜合財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.17 Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

2.18 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group. Revenue is recognised as follows:

(a) *Sales of goods*

Sales of goods are recognised when a Group entity has delivered products to the customer, the customer has accepted the products and collectibility of the related receivables is reasonably assured.

(b) *Sales of services*

Sales of services are recognised when the services are rendered.

(c) *Interest income*

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

2. 重大會計政策概要 (續)

2.17 撥備

當本集團因過往事件承擔現有法律或推定責任，而解除責任很有可能導致資源流出，且金額能夠可靠計算之情況下，便會確認撥備。

倘承擔若干類似責任，於釐定解除責任是否需要流出資源時，將以整類責任類別為考慮。即使同類責任當中任何一項導致資源流出可能性甚低，亦會確認撥備。

2.18 收入確認

收入包括本集團於日常業務中銷售貨品及提供服務收回或應收之代價的公平值。所示收入已扣除增值稅、退貨、回扣及折扣，並沖銷集團內公司間之銷售。收入按以下方式確認：

(a) *銷售貨品*

當集團旗下實體交付產品予客戶及客戶接納產品時，且合理確定可以收回相關應收款項，即確認銷售貨品收入。

(b) *提供服務*

服務收入於提供服務時確認。

(c) *利息收入*

利息收入以實際利率法按時間比例確認。

Notes to the Consolidated Financial Statements

綜合財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.18 Revenue recognition (continued)

(d) Lease income – finance lease

Lease income under finance lease is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return. When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income.

(e) Lease income – operating lease

Lease income under operating lease is recognised over the term of the lease in a straight line basis.

2.19 Leases

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

2.20 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

2. 重大會計政策概要 (續)

2.18 收入確認 (續)

(d) 租金收入－融資租約

融資租約項下租金收入以淨投資法於租約年期確認，以反映各期間之穩定回報。當根據融資租約出租資產時，租金現值確認為應收款項。應收款項總額與應收款項現值間之差額確認為未賺取融資收入。

(e) 租金收入－經營租約

經營租約項下租金收入按直線法於租期內確認。

2.19 租約

凡擁有權所涉及大部分風險及回報由出租人保留之租約，均列作經營租約。根據經營租約所付租金在扣除來自出租人之任何優惠後，在租約年期內以直線法在收益表支銷。

2.20 政府資助

倘存合理保證可收到政府資助而本集團亦將會遵行有關條款時，該資助將會以公平值確認為收入。

Notes to the Consolidated Financial Statements

綜合財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.20 Government grants (continued)

Government grants relating to the purchase of property, plant and equipment are deducted from the carrying amount of the asset. The grant is recognised as income over the life of a depreciable asset by way of a reduced depreciation charge.

2.21 Research and development

Research expenditure is expensed as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will be a success considering its commercial and technological feasibility, and costs can be measured reliably. Other development expenditures are expensed as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

2.22 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

2.23 Comparatives

Where necessary, comparative figures have been reclassified to conform with changes in presentation in current year.

2. 重大會計政策概要 (續)

2.20 政府資助 (續)

與收購物業、廠房及設備有關的政府資助會於資產賬面值扣除。有關資助會以扣減折舊法，按該須予折舊資產可用年期確認為收益。

2.21 研發

研究開支於產生時支銷。考慮其商業及技術可行性而認為該項目將成功且成本能可靠地作出計量時，於發展項目產生的成本（有關設計及測試新或改良產品）確認為無形資產。其他發展開支於產生時支銷。過往確認為開支的發展成本不會於其後期間確認為資產。

2.22 股息分派

向本公司股東分派的股息於本集團的財務報表內於本公司股東批准股息期內，確認為負債。

2.23 比較數字

倘需要，比較數字已重新分類，以符合本年度之呈列方式變動。

Notes to the Consolidated Financial Statements

綜合財務報表附註

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and price risk), credit risk, liquidity risk and cash flow and fair value interest-rate risk.

Risk management is carried out by the executive Directors. The executive Directors identify, evaluate and hedge financial risks in close co-operation within the operating units of the Group.

(a) Market risk

(i) Foreign exchange risk

The Group operates mainly in the PRC and Hong Kong. The exchange rate of Renminbi to HK dollars is subject to the rules and regulations of foreign exchange control promulgated by the PRC government. At present, the Group does not have any financial instruments for hedging purposes.

Foreign exchange risk arises when future commercial transactions, recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The executive Directors are responsible for managing the net position in each foreign currency.

(ii) Price risk

The Group is exposed to equity securities' price risk because the Group has publicly traded equity investments classified as financial assets at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the investment portfolio is continuously reviewed and carefully monitored in accordance with the limits set by the executive Directors.

3. 財務風險管理

3.1 財務風險因素

集團的經營存在多種財務風險：市場風險（包括外匯風險及價格風險）、信用風險、流動性風險，及現金流量公平值利率風險。

風險管理由執行董事進行，執行董事會與本集團營運單位緊密合作以識別、評估及對沖財務風險。

(a) 市場風險

(i) 外匯風險

本集團主要於中國及香港經營業務。人民幣兌港元的匯率須受中國政府頒布的外匯管制規則及法規所規限。目前，本集團並無任何作對沖用途的金融工具。

倘未來有商業交易，則會產生外匯風險，已確認資產及負責以實體功能貨幣以外的貨幣兌換。執行董事負責監管各外幣的淨狀況。

(ii) 價格風險

由於本集團公開買賣分類為按公平值計入溢利或虧損之金融資產之股本投資，故本集團面對股本證券價格風險。為管理股本證券投資產生之價格風險，本集團按照執行董事制定之限制，持續審閱及審慎監控投資組合。

Notes to the Consolidated Financial Statements

綜合財務報表附註

3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(b) Credit risk

The Group has concentration of credit risk. Sales of goods and services to the top five customers constituted 64% of the Group's turnover for the year ended 31 December 2006.

The executive Directors considers that the Group's exposure to bad debts is not significant since the Group primarily trades with reputable and creditworthy customers. In addition, the Group has credit policies in place to ensure that sales of products and services are made to customers with appropriate credit history. Collection of outstanding receivable balances and authorisation of credit limits to individual customers are closely monitored on an ongoing basis.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the ability to apply for bank loan facilities if necessary.

(d) Cash flow and fair value interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group has no significant interest-bearing assets, except for the cash placed with banks.

The interest rate risk of the Group arises from borrowings. Borrowings issued at variable rates expose the Group to cash flow interest-rate risk. Borrowings issued at fixed rates expose the Group to fair value interest-rate risk. At the year end, all borrowings were at a fixed rate.

3. 財務風險管理 (續)

3.1 財務風險因素 (續)

(b) 信貸風險

本集團信貸風險集中。向五大客戶銷售的貨物及服務構成本集團截至二零零六年十二月三十一日止年度營業額的64%。

執行董事認為，本集團的壞賬風險並不高，因為本集團主要與信譽良好及可信賴的客戶交易。此外，本集團現時有信貸政策確保產品及服務的銷售是向具有正常信貸記錄的客戶作出。本集團會持續對收回應收款餘額及向個別客戶授出的信貸限額作出嚴密監控。

(c) 流動資金風險

謹慎的流動資金風險管理指有需要時維持足夠現金及申請銀行信貸的能力。

(d) 現金流量及公平值利率風險

本集團的收入及經營現金流量非常獨立於市場利率變動。除存於銀行的現金外，本集團並無任何重大付息資產。

本集團的利率風險來自借貸。浮息借貸令本集團面對現金流量利率風險。定息借貸令本集團面對公平值利率風險。於年結日，所有借貸均為定息借貸。

3. FINANCIAL RISK MANAGEMENT (continued)

3.2 Fair value estimation

The nominal value less impairment provision of trade receivable and payables approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

The fair value of financial assets at fair value through profit or loss of the Group is based on quoted market prices at the balance sheet date without any deduction for transaction costs.

Details of the fair value estimation of convertible preference shares issued by a subsidiary are set out in note 4(b).

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Income taxes

The Group is subject to income taxes in various jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

3. 財務風險管理 (續)

3.2 公平值估計

貿易應收款項及應收款項之面值減減值撥備與其公平值相若。就披露資料而言，金融負債的公平值按本集團就類似金融工具所得現行市場利率折算日後合約現金流量估計。

本集團按公平值計入溢利或虧損之金融資產公平值，乃按於結算日所報市價釐定，而不會扣除任何交易成本。

一家附屬公司所發行可換股優先股的估計公平值詳情載於附註4(b)。

4. 關鍵會計估計及判斷

估計及判斷持續根據過往經驗及其他因素評估，包括在現行情況下相信屬合理的未來事件預測。

本集團就未來作出估計及假設。所得會計估計顧名思義絕少與實際結果相同。有重大風險導致下個財政年度的資產與負債賬面值需作出重大調整的估計及假設討論如下。

(a) 所得稅

本集團須繳納多個司法權區的所得稅。就各地所得稅釐定撥備時，須作出重大判斷。於進行日常業務時涉及大量未能確定最終稅項的交易及計算。

Notes to the Consolidated Financial Statements

綜合財務報表附註

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(a) Income taxes (continued)

Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(b) Estimated fair value of the liability component of the convertible preference shares issued by Turbo Speed Technology Limited ("Turbo Speed"), a wholly-owned subsidiary of the Company

The fair value of the liability component is estimated by applying the discounted cash flows method. The Group makes significant assumptions of the future dividend payments to convertible preference shareholders of Turbo Speed based on available latest financial information, business potential and plans, and recent market information of industry and sector performance.

According to the subscription agreement entered into by Turbo Speed, the holders of the convertible preference shares will be entitled to a fixed cumulative preferred dividend equal to HK\$624,000 (the "Preferred Dividend"). The holders of the convertible preference shares will also be entitled to participate in part of dividends (the "Ordinary Dividend") declared and payable by Turbo Speed (after the Preferred Dividend), calculated by applying an agreed formula so that the aggregate of the Preferred Dividend and Ordinary Dividend to the holders of convertible preference shares will be equal initially to 16% (on an annual basis) of the total dividend payable by Turbo Speed.

4. 關鍵會計估計及判斷 (續)

(a) 所得稅 (續)

倘該等事宜的最終稅務結果與初次記錄金額有別，有關差額將影響作出決定期間的所得稅及遞延稅項撥備。

(b) 本公司全資附屬公司 Turbo Speed Technology Limited (「Turbo Speed」) 所發行可換股優先股負債部分的估計公平值

負債部分的公平值乃以貼現現金流量法估計。本集團根據現有最新資料、業務潛力及計劃以及行業和界別近期市場資訊，就付予 Turbo Speed 之可換股優先股股東的日後股息作出重大假設。

根據 Turbo Speed 所訂立認購協議，可換股優先股持有人有權獲派相當於 624,000 港元的定額累計優先股股息（「優先股股息」）。可換股優先股持有人亦有權獲派派付優先股股息後，按協定方式計算的 Turbo Speed 宣派及應付部分股息（「普通股股息」），致使可換股優先股持有人獲派優先股息及普通股股息總額初步相當於 Turbo Speed 應付股息總額的 16%（按年計算）。

Notes to the Consolidated Financial Statements

綜合財務報表附註

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(c) Impairment of receivables

The executive Directors determine the provision for impairment of trade and other receivables based on the credit history of its customers and the current market condition. The executive Directors reassess the provision on each of the balance sheet date.

4. 關鍵會計估計及判斷 (續)

(c) 應收款項減值

執行董事基於其客戶的信貸記錄及現行市況，釐定應收賬款及其他應收款項的減值撥備。執行董事於各結算日重新評估撥備。

5. TURNOVER, OTHER GAINS AND SEGMENT INFORMATION

The Group is principally engaged in the sales of information technology products, provision of information system consultancy and integration services, and information technology operation value-added services. Turnover and other gains recognised during the year are as follows:

5. 營業額、其他收入及分類資料

本集團的主要業務為銷售資訊科技產品、提供資訊系統諮詢及集成服務，以及資訊科技運營增值服務。於年內已確認的營業額及其他收入如下：

		For the year ended 截至年度止	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Turnover	營業額		
Sales of goods	銷售貨品	197,843	200,261
Provision of information system consultancy and integration services	提供資訊系統諮詢及集成服務	169,695	102,111
Information technology operation value-added services	資訊科技運營增值服務	105,584	136,241
Management fees received from a related company (Note 32)	向一家關連公司收取管理費用 (附註32)	-	150
		473,122	438,763
Other gains	其他收入		
Interest income	利息收入	4,831	1,403
Subsidy income from government grant (Note below)	從政府補助所得資助收入 (見下文附註)	-	926
Gain on disposal of financial assets at fair value through profit or loss	出售按公平值計入溢利或虧損之金融資產的收益	59,727	-
Fair value gain on financial assets at fair value through profit or loss	按公平值計入溢利或虧損之金融資產公平值收益	2,699	-
Finance lease income	融資租賃收入	111	41
Other income	其他收入	991	217
		68,359	2,587
Turnover and other gains	營業額及其他收入	541,481	441,350

Notes to the Consolidated Financial Statements

綜合財務報表附註

5. TURNOVER, OTHER GAINS AND SEGMENT INFORMATION (continued)

Primary reporting format – business segments

As at 31 December 2006, the Group is organised into four main business segments:

- (a) Financial solutions, services and related products – provision of information system consultancy and integration services and sales of information technology products to financial institutions and banks;
- (b) Telecommunication solutions, services and related products – provision of information system consultancy and integration services and sales of information technology products to the telecommunication industries;
- (c) Electronic payment products and services – sales of electronic fund transfer point-of-sale (“EFT-POS”) terminals; and
- (d) Information technology operation value-added services – provision of Interactive Voice Response (“IVR”) platform operation services.

There are no sales or other transactions between the business segments.

Turnover consists of sales from financial solutions, services and related products, telecommunication solutions, services and related products, electronic payment products and services and information technology operation value-added services, which are HK\$473,122,000 and HK\$438,613,000 for the years ended 31 December 2006 and 2005 respectively.

Other Group operations during the year ended 31 December 2005 mainly comprised of management fees received from a related company of HK\$150,000 (Note 32). No such management fee was received during the current year.

5. 營業額、其他收入及分類資料 (續)

主要呈報方式 – 業務分類

於二零零六年十二月三十一日，本集團共分為四大業務分類：

- (a) 金融解決方案、服務及相關產品一向財務機構及銀行提供資訊系統諮詢及集成服務以及銷售資訊科技產品；
- (b) 電訊解決方案、服務及相關產品一向電訊行業提供資訊系統諮詢及集成服務以及銷售資訊科技產品；
- (c) 電子支付產品及服務 – 銷售電子支付（「EFT-POS」）終端機；及
- (d) 資訊科技運營增值服務 – 提供語音互動（「IVR」）平台作業服務。

各項分類業務之間並無銷售或其他交易。

營業額包括金融解決方案、服務及相關產品、電訊解決方案、服務及相關產品、電子支付產品和服務及資訊科技運營增值服務之銷售，截至二零零六年及二零零五年十二月三十一日止年度，營業額分別為473,122,000港元及438,613,000港元。

截至二零零五年十二月三十一日止年度，其他集團業務主要包括向一家關連公司收取管理費用150,000港元（附註32）。本年內並無收取此等管理費用。

Notes to the Consolidated Financial Statements

綜合財務報表附註

5. TURNOVER, OTHER GAINS AND SEGMENT INFORMATION (continued)

Primary reporting format – business segments (continued)

The segment results for the year ended 31 December 2006 and segment assets and liabilities at 31 December 2006 and capital expenditure for the year then ended are as follows:

5. 營業額、其他收入及分類資料 (續)

主要呈報方式 – 業務分類 (續)

截至二零零六年十二月三十一日止年度之分類業績，及於二零零六年十二月三十一日之分類資產與負債及截至該年度之資本開支如下：

		Financial solutions, services and related products 金融解決方案、服務及相關產品 HK\$'000 千港元	Telecom-munication solutions, services and related products 電訊解決方案、服務及相關產品 HK\$'000 千港元	Electronic payment products and services 電子支付產品及服務 HK\$'000 千港元	Information technology operation value-added services 資訊科技增值運營服務 HK\$'000 千港元	Unallocated 未分配 HK\$'000 千港元	Group 本集團 HK\$'000 千港元
Turnover	營業額	164,474	5,221	197,843	105,584	-	473,122
Other gains	其他收入	-	-	-	-	68,359	68,359
Segment results	分類業績	30,911	2,649	30,081	41,950	43,454	149,045
Finance costs	融資成本					(3,803)	(3,803)
Profit before income tax	除所得稅前溢利						145,242
Income tax expense	所得稅開支					(11,642)	(11,642)
Profit attributable to equity holders of the Company	本公司權益持有人應佔溢利						133,600
Segment assets	分類資產	240,561	1,398	151,158	127,136	326,857	847,110
Segment liabilities	分類負債	(37,142)	(3,828)	(68,422)	(27,026)	(31,020)	(167,438)
Other segment information:	其他分類資料：						
Depreciation of property, plant and equipment	物業、廠房及設備折舊	3,765	-	1,413	7,739	172	13,089
Depreciation of investment property	投資物業折舊	-	-	-	-	8	8
Amortisation of leasehold land	租賃土地攤銷	-	-	5	-	31	36
Write back of provision for impairment of trade receivables	應收賬款減值撥備撥回	-	(1,523)	-	-	-	(1,523)
Provision for impairment of trade receivables	應收賬款減值撥備	369	-	897	-	-	1,266
Write-off of inventories	存貨撇銷	-	-	1,504	-	-	1,504
(Gain)/loss on disposal of property, plant and equipment	出售物業、廠房及設備(收益)/虧損	(18)	-	(1)	(10)	11	(18)
Capital expenditure	資本開支	34,313	-	1,502	11,165	36,086	83,066

Notes to the Consolidated Financial Statements

綜合財務報表附註

5. TURNOVER, OTHER GAINS AND SEGMENT INFORMATION (continued)

Primary reporting format – business segments (continued)

The segment results for the year ended 31 December 2005 and segment assets and liabilities at 31 December 2005 and capital expenditure for the year then ended are as follows:

5. 營業額、其他收入及分類資料 (續)

主要呈報方式－業務分類 (續)

截至二零零五年十二月三十一日止年度的分類業績，於二零零五年十二月三十一日的分類資產與負債及截至該年度的資本開支如下：

		Financial solutions, services and related products 金融解決方案、服務及相關產品	Telecom- munication solutions, services and related products 電訊解決方案、服務及相關產品	Electronic payment products and services 電子支付產品及服務	Information technology operation value-added services 資訊科技增值運營服務	Other Group operations 其他集團業務	Unallocated 未分配	Group 本集團
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Turnover	營業額	157,784	11,515	133,073	136,241	150	-	438,763
Other gains	其他收入	-	-	-	-	-	2,587	2,587
Segment results	分類業績	13,103	(3,438)	12,912	71,462	150	(23,249)	70,940
Finance costs	融資成本						(3,998)	(3,998)
Profit before income tax	除所得稅前溢利							66,942
Income tax expenses	所得稅開支						(4,638)	(4,638)
Profit attributable to equity holders of the Company	本公司權益持有人應佔溢利							62,304
Segment assets	分類資產	87,625	2,178	104,535	116,030	-	3,373	313,741
Segment liabilities	分類負債	(76,338)	(19,957)	(48,903)	(30,695)	-	(10,414)	(186,307)
Other segment information:	其他分類資料：							
Depreciation of property, plant and equipment	物業、廠房及設備折舊	4,160	-	673	4,989	-	62	9,884
Provision for impairment of trade receivables	應收賬款減值撥備	1,586	3,477	1,911	-	-	-	6,974
Write-off of inventories	存貨撇銷	-	-	1,008	-	-	-	1,008
Loss on disposal of property, plant and equipment	出售物業、廠房及設備虧損	188	-	5	126	-	-	319
Capital expenditure	資本開支	418	-	6,816	18,619	-	527	26,380

Notes to the Consolidated Financial Statements

綜合財務報表附註

5. TURNOVER, OTHER GAINS AND SEGMENT INFORMATION (continued)

Secondary reporting format – Geographical segments

The Group's four business segments operate in two main geographical areas:

Hong Kong and South East Asia	–	financial solutions, services and related products, electronic payment products and services, and other Group operations
Mainland China	–	financial solutions, services and related products, telecommunication solutions, services and related products, electronic payment products and services, and information technology operation value-added services

There are no sales or other transactions between the geographical segments.

5. 營業額、其他收入及分類資料 (續)

次要呈報方式 – 地區分類

本集團之四大業務分類在兩個主要地區經營：

香港及東南亞	–	金融解決方案、服務及相關產品、電子支付產品及服務及其他集團業務
中國大陸	–	金融解決方案、服務及相關產品、電訊解決方案、服務及相關產品、電子支付產品及服務，以及資訊科技運營增值服務

各地區分類業務之間並無銷售或其他交易。

		Turnover 營業額 2006 二零零六年 HK\$'000 千港元	Segment results 分類業績 2006 二零零六年 HK\$'000 千港元	Total assets 總資產 2006 二零零六年 HK\$'000 千港元	Capital expenditure 資本開支 2006 二零零六年 HK\$'000 千港元
Hong Kong and South East Asia	香港及東南亞	110,040	5,942	257,420	14
Mainland China	中國大陸	363,082	99,649	262,833	46,966
		473,122	105,591	520,253	46,980
Other gains, unallocated	其他收入，未分配		68,359		
Unallocated expenses	未分配開支		(24,905)		
Operating profit	經營溢利		149,045		
Unallocated assets	未分配資產			326,857	
Total assets	資產總值			847,110	
Unallocated capital expenditure	未分配資本開支				36,086
Total capital expenditure	資本開支總額				83,066

Notes to the Consolidated Financial Statements

綜合財務報表附註

5. TURNOVER, OTHER GAINS AND SEGMENT INFORMATION (continued)

Secondary reporting format – Geographical segments (continued)

5. 營業額、其他收入及分類資料 (續)

次要呈報方式－地區分類 (續)

		Turnover 營業額 2005 二零零五年 HK\$'000 千港元	Segment results 分類業績 2005 二零零五年 HK\$'000 千港元	Total assets 總資產 2005 二零零五年 HK\$'000 千港元	Capital Expenditure 資本開支 2005 二零零五年 HK\$'000 千港元
Hong Kong and South East Asia	香港及東南亞	71,100	(1,740)	35,821	123
Mainland China	中國大陸	367,663	95,929	274,547	25,730
		438,763	94,189	310,368	25,853
Other gains, unallocated	其他收入·未分配		2,587		
Unallocated expenses	未分配開支		(25,836)		
Operating profit	經營溢利		70,940		
Unallocated assets	未分配資產			3,373	
Total assets	資產總值			313,741	
Unallocated capital expenditure	未分配資本開支				527
Total capital expenditure	資本開支總額				26,380

Notes to the Consolidated Financial Statements

綜合財務報表附註

6. EXPENSES BY NATURE

Expenses included in cost of sales, selling expenses and administrative expenses are analysed as follows:

6. 以性質區分的開支

於銷售成本、銷售開支及行政開支計入的開支，分析如下：

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Auditor's remuneration	核數師酬金	1,894	1,620
Depreciation of property, plant and equipment	物業、廠房及設備折舊	13,089	9,884
Depreciation of investment property	投資物業折舊	8	—
Amortisation of leasehold land	租賃土地攤銷	36	—
Employee benefit expense (including Directors' emoluments) (Note 8)	僱員福利開支（包括董事酬金）（附註8）	100,641	101,092
Costs of inventories sold	售出存貨成本	147,246	185,572
Operating lease rentals for land and buildings	土地及樓宇之營業租賃租金	9,379	10,254
Operating lease rentals for equipment	設備之營業租賃租金	9,348	7,212
Research and development costs	研究及開發成本	2,598	2,204
(Gain)/loss on disposal of property, plant and equipment	出售物業、廠房及設備（收益）／虧損	(18)	319
Provision for impairment of trade receivables	應收賬款減值撥備	1,266	6,974
Write-back of provision for impairment of trade receivables	應收賬款減值撥備撥回	(1,523)	—
Write-off of inventories	存貨撇銷	1,504	1,008
Refund of value-added tax	增值稅退款	(1,097)	(4,816)

7. NET FOREIGN EXCHANGE (LOSSES)/GAINS

The net foreign exchange losses recognised in the consolidated income statement included as administrative expenses for the year ended 31 December 2006 amounted to HK\$1,736,000 (2005: net foreign exchange gains of HK\$500,000).

7. 外匯淨（虧損）／收益

於綜合收益表中確認的外匯淨虧損計入於截至二零零六年十二月三十一日止年度的行政開支，達1,736,000港元（二零零五年：外匯淨收益500,000港元）。

Notes to the Consolidated Financial Statements

綜合財務報表附註

8. EMPLOYEE BENEFIT EXPENSE (INCLUDING DIRECTORS' EMOLUMENTS)

8. 僱員福利開支（包括董事酬金）

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Wages and salaries	工資及薪金	87,455	86,920
Social security costs	社會保障成本	5,987	6,574
Employee share option schemes – value of employee services for share options granted (Note 22)	僱員購股權計劃 – 已授出購股權的僱員服務價值（附註22）	2,387	4,493
Pension costs – defined contribution plans (Note (a))	退休金成本 – 界定供款計劃（附註(a)）	4,812	3,105
		100,641	101,092

Note:

附註：

(a) Pensions – defined contribution plans

Contributions totalling HK\$8,696,000 (2005: HK\$4,284,000) were payable to the fund at the year end.

No contribution was forfeited during the year (2005: Nil).

(a) 退休金 – 界定供款計劃

合共8,696,000港元的供款（二零零五年：4,284,000港元）須於年終付予基金。

年內並無供款被沒收（二零零五年：無）。

(b) Directors' emoluments

There was no arrangement under which a Director waived or agreed to waive any emolument during the year (2005: Nil).

(b) 董事酬金

年內並無董事放棄或同意放棄任何酬金安排（二零零五年：零）。

Notes to the Consolidated Financial Statements

綜合財務報表附註

8. EMPLOYEE BENEFIT EXPENSE (INCLUDING DIRECTORS' EMOLUMENTS) (continued)

(b) Directors' emoluments (continued)

The directors' emoluments for the year are equivalent to key management compensation. The remuneration of every Director for the year ended 31 December 2006, is set out below:

8. 僱員福利開支（包括董事酬金）（續）

(b) 董事酬金（續）

年內董事酬金相當於主要管理層的補償。截至二零零六年十二月三十一日止年度，每名董事的酬金如下：

Name of Director	董事姓名	Fees 袍金 HK\$'000 千港元	Salary 薪金 HK\$'000 千港元	Discretionary bonus 酌情花紅 HK\$'000 千港元	Other benefits- Share options (Note (i)) 其他福利－購股權（附註(i)）		Total 合共 HK\$'000 千港元
					Employer's contribution to pension scheme 僱主的退休金 計劃供款 HK\$'000 千港元	Value of services for share options granted 年內 服務價值 HK\$'000 千港元	
Executive Directors	執行董事						
Cheung Yuk Fung	張玉峰	360	-	-	12	-	372
Kui Man Chun	渠萬春	-	808	-	12	237	1,057
Lo Siu Yu (Note (ii))	羅韶宇（附註(ii)）	-	441	-	10	237	688
Xu Wensheng	徐文生	-	603	-	12	237	852
Li Wenjin	李文晉	-	608	800	12	237	1,657
Chan Yiu Kwong	陳耀光	-	888	600	12	72	1,572
Xu Chung Jun	徐昌軍	-	505	-	12	237	754
Zhou Jian (Note (ii))	周健（附註(ii)）	-	-	-	-	-	-
		360	3,853	1,400	82	1,257	6,952
Non-Executive Director	非執行董事						
Liu Yangsheng, Charles (Note (iii))	劉揚聲（附註(iii)）	35	-	-	-	-	35
Independent Non-Executive Directors	獨立非執行董事						
Tam Chun Fai	譚振輝	60	-	-	-	-	60
Leung Wai Man, Roger	梁偉民	60	-	-	-	-	60
Xu Sitao	許思濤	60	-	-	-	-	60
		180	-	-	-	-	180
		575	3,853	1,400	82	1,257	7,167

Notes to the Consolidated Financial Statements

綜合財務報表附註

8. EMPLOYEE BENEFIT EXPENSE (INCLUDING DIRECTORS' EMOLUMENTS) (continued)

(b) Directors' emoluments (continued)

The remuneration of every Director for the year ended 31 December 2005 is set out below:

8. 僱員福利開支（包括董事酬金）（續）

(b) 董事酬金（續）

截至二零零五年十二月三十一日止年度，每名董事的酬金如下：

Name of Director	董事姓名	Fees 袍金 HK'000 千港元	Salary 薪金 HK'000 千港元	Discretionary bonus 酌情花紅 HK'000 千港元	Other benefits— Share options (Note (i)) 其他福利—購股權（附註(i)） Employer's contribution to pension scheme 僱主的退休金計劃供款 HK'000 千港元	Value of services for share options granted 年內服務價值 HK'000 千港元	Total 合共 HK\$'000 千港元
Executive Directors							
Cheung Yuk Fung	張玉峰	220	—	150	9	—	379
Kui Man Chun	渠萬春	—	612	2,000	12	418	3,042
Lo Siu Yu	羅韶宇	—	425	1,200	12	418	2,055
Xu Wensheng	徐文生	—	425	1,000	12	418	1,855
Li Wenjin	李文晉	—	477	2,000	12	418	2,907
Chan Yiu Kwong	陳耀光	—	852	450	12	127	1,441
Xu Chung Jun	徐昌軍	—	399	500	12	418	1,329
Zhou Jian	周健	—	—	—	—	—	—
Su Terry Lumin (Note (iv))	蘇魯閩（附註(iv)）	—	—	—	—	—	—
		220	3,190	7,300	81	2,217	13,008
Non-Executive Director							
Liu Yangsheng, Charles (Note (iii))	劉揚聲（附註(iii)）	75	—	300	—	—	375
Independent Non-Executive Directors							
Tam Chun Fai	譚振輝	60	—	—	—	—	60
Leung Wai Man, Roger	梁偉民	60	—	—	—	—	60
Xu Sitao	許思濤	60	—	—	—	—	60
		180	—	—	—	—	180
		475	3,190	7,600	81	2,217	13,563

8. EMPLOYEE BENEFIT EXPENSE (INCLUDING DIRECTORS' EMOLUMENTS) (continued)**(b) Directors' emoluments (continued)***Note:*

- (i) On 26 September 2005, 17,500,000 share options were granted to certain Directors at an exercise price of HK\$0.768 per share (the average closing price of the shares as quoted in the daily quotations sheets issued by The Stock Exchange of Hong Kong Limited for the five business days immediately preceding 26 September 2005) with an expiry date of 25 September 2015. The exercisable period of the options commenced on 26 September 2005 and expires 10 years thereafter. Options granted are vested as follows:

On 26 September 2005	Up to 50%
On 26 September 2006	Up to 100%

Pursuant to an ordinary resolution passed on 28 June 2006, each of the existing issued and unissued ordinary shares of HK\$0.01 each in the share capital of the Company was subdivided into four ordinary shares of HK\$0.0025 each (the "Share Subdivision"), which was approved by the shareholders of the Company and became effective on 29 June 2006.

The Share Subdivision has led to an adjustment to the exercise price of the outstanding options and the number of shares to be issued by the Company upon exercise of the outstanding options. For share options granted to Directors with exercise period from 26 September 2005 to 25 September 2015, the number of shares to be issued by the Company upon full exercise of such options has been increased from 17,500,000 shares to 70,000,000 shares and the exercise price has been adjusted from HK\$0.768 to HK\$0.192 per share.

- (ii) Mr. Lo Siu Yu and Mr. Zhou Jian have resigned as directors of the Company on 18 October 2006 and 20 November 2006, respectively.
- (iii) Mr. Liu Yangsheng, Charles was appointed as a non-executive director of the Company on 17 May 2005 and resigned on 17 April 2006.
- (iv) Mr. Su Terry Lumin has resigned as Director of the Company on 2 February 2005.

8. 僱員福利開支 (包括董事酬金) (續)**(b) 董事酬金 (續)***附註:*

- (i) 於二零零五年九月二十六日，17,500,000份購股權以每股行使價0.768港元（由香港聯合交易所有限公司於緊接二零零五年九月二十六日前五個營業日的每日報價單的股份平均收市價）授予若干董事，有效期至二零一五年九月二十五日。購股權行使期間於二零零五年九月二十六日開始，並於其後十年屆滿。授出的股權歸屬如下：

於二零零五年九月二十六日	最多50%
於二零零六年九月二十六日	最多100%

根據於二零零六年六月二十八日通過之普通決議案，本公司股本中每股面值0.01港元之已發行及未發行普通股，已分拆為四股每股面值0.0025港元之普通股（「股份分拆」），股份分拆已獲本公司股東批准，於二零零六年六月二十九日生效。

股份分拆導致須對未行使購股權及本公司於未行使購股權獲行使時將予發行之股份數目作出調整。就董事所獲授且行使期由二零零五年九月二十六日至二零一五年九月二十五日之購股權而言，本公司於有關購股權獲行使時將予發行之股份數目，已由17,500,000股增至70,000,000股，而行使價由每股0.768港元調整至每股0.192港元。

- (ii) 羅韶宇先生及周健先生分別於二零零六年十月十八日及二零零六年十一月二十日辭任本公司董事。
- (iii) 劉揚聲先生於二零零五年五月十七日獲委任為本公司非執行董事，後於二零零六年四月十七日辭任。
- (iv) 蘇魯閏先生於二零零五年二月二日已辭任本公司董事一職。

Notes to the Consolidated Financial Statements

綜合財務報表附註

8. EMPLOYEE BENEFIT EXPENSE (INCLUDING DIRECTORS' EMOLUMENTS) (continued)

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year included four Directors (2005: four). The emoluments payable to the remaining one (2005: one) individual during the year are as follows:

		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	2,020	2,420
Pension cost	退休金成本		
– defined contribution plan	– 界定供款計劃	12	12
		2,032	2,432

The emoluments fell within the following band:

8. 僱員福利開支（包括董事酬金）（續）

(c) 五名最高薪人士

本集團本年度五名最高薪人士包括四名董事（二零零五年：四名）。本年度應付餘下一名（二零零五年：一名）人士之酬金載列如下：

酬金介乎下列組別：

Emolument band	酬金組別	Number of individuals 人數	
		2006 二零零六年	2005 二零零五年
HK\$2,000,001 – HK\$2,500,000	2,000,001港元 – 2,500,000港元	1	1

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綜合財務報表附註

9. FINANCE COSTS

9. 融資成本

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Interest on bank loans and overdrafts	銀行貸款及透支利息	2,069	2,891
Interest on financial liability portion of convertible preference shares issued by a subsidiary (Note 25(a))	一家附屬公司發行可換股優先股財務負債部分之利息 (附註25(a))	1,734	1,107
		3,803	3,998

10. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 17.5% (2005: 17.5%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

10. 所得稅開支

香港利得稅項為以年內估計應課稅溢利按稅率17.5% (二零零五年: 17.5%) 計算。海外溢利稅項則以年內估計應課稅溢利, 按本集團營運所在國家當時的稅率計算。

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Current income tax	現時所得稅項		
– Hong Kong profits tax	– 香港利得稅項	3,100	–
– Overseas taxation	– 海外稅項	8,542	4,638
Income tax expense	所得稅開支	11,642	4,638

PRC taxation has been provided on the profits of the Group's subsidiaries operating in the PRC and calculated at the applicable rates for both years ended 31 December 2006 and 2005.

截至二零零六年及二零零五年十二月三十一日止年度, 本集團已就其附屬公司於中國營運所得稅溢利之中國稅項作出撥備並按適用稅率計算。

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綜合財務報表附註

10. INCOME TAX EXPENSE (continued)

The subsidiaries in the PRC enjoy tax concessions made available to Foreign Investment Enterprises and Foreign Enterprises. Pursuant to the Income Tax Law of the PRC concerning Foreign Investment Enterprises and Foreign Enterprises, the subsidiaries in the PRC are subject to tax rate and tax concessions as follows:

Name of subsidiaries 附屬公司名稱	Applicable tax rate 適用稅率	Year of tax exemption/relief 年內稅務豁免／減免
Pax Technology (Shenzhen) Limited 百富計算機技術(深圳)有限公司	15%	2004 to 2008 二零零四年至二零零八年
Beijing Hi Sun Advanced Business Solutions Information Technology Limited 北京高陽金信信息技術有限公司	15%	2000 to 2005 二零零零年至二零零五年
Beijing Hi Sunray Information Technology Limited 北京高陽聖思園信息技術有限公司	15%	2000 to 2005 二零零零年至二零零五年

The taxation on the Group's profit before income tax differs from the theoretical amount that would arise using the applicable tax rate in Hong Kong of 17.5% (2005: 17.5%) as follows:

10. 所得稅開支(續)

中國之附屬公司享有外資企業及外國企業稅務優惠。根據有關外資企業及外國企業之中國所得稅法，在中國之附屬公司享有稅率及稅務優惠如下：

本集團除所得稅前溢利之稅項與採用17.5%之香港適用稅率(二零零五年：17.5%)計算之理論金額差別如下：

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Profit before income tax	除所得稅前溢利	145,242	66,942
Calculated at a taxation rate of 17.5% (2005: 17.5%)	按稅率17.5%(二零零五年： 17.5%)計算之稅項	25,417	11,715
Effect of different taxation rates in other countries	其他國家不同稅率的影響	(2,477)	(2,357)
Effect of tax holiday	稅務優惠期之影響	(2,284)	(8,207)
Income not subject to taxation	毋須課稅收入	(4,513)	(18)
Expenses not deductible for taxation purposes	就課稅而言不可扣稅之 開支	3,270	2,862
Utilisation of previously unrecognised tax losses	動用過往未確認之 稅項虧損	(7,870)	(2,560)
Unrecognised tax losses	未確認稅項虧損	99	3,203
Income tax expense	所得稅開支	11,642	4,638

Notes to the Consolidated Financial Statements

綜合財務報表附註

11. PROFIT/(LOSS) ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY

The profit attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of HK\$55,064,000 (2005: loss of HK\$21,698,000).

12. DIVIDENDS

No dividend has been paid or declared by the Company during the year (2005: Nil).

13. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

11. 本公司權益持有人應佔溢利／（虧損）

本公司權益持有人應佔溢利55,064,000港元（二零零五年：虧損21,698,000港元）於本公司財務報表處理。

12. 股息

年內，本公司並無派付或宣派任何股息（二零零五年：無）。

13. 每股盈利

(a) 基本

每股基本盈利乃按本公司權益持有人應佔溢利除年內已發行普通股加權平均數計算。

		For the year ended 31 December 截至十二月三十一日止年度	
		2006 二零零六年	2005 二零零五年
Profit attributable to equity holders of the Company (HK\$'000)	本公司權益持有人應佔溢利（千港元）	133,600	62,304
Weighted average number of ordinary shares in issue (thousands) (Note)	已發行普通股加權平均數（千股）（附註）	1,606,721	1,332,216
Basic earnings per share (HK\$ per share)	每股基本盈利（每股港元）	0.083	0.047

Notes to the Consolidated Financial Statements

綜合財務報表附註

13. EARNINGS PER SHARE (continued)

(b) Diluted

Diluted earnings per share is calculated by adjusting the number of ordinary shares outstanding to assume conversion of all potentially dilutive shares. The Company has two categories of potentially dilutive shares: convertible preference shares issued by subsidiaries and share options. The convertible preference shares issued by subsidiaries are assumed to be converted into ordinary shares of the Company and the net profit is adjusted to eliminate the interest expense less the tax effect. For the share options, a calculation is done to determine the number of shares that would have been acquired at fair value (determined as the average market share price of the Company's shares during the current year) based on the monetary value of the subscription rights attached to these outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

13. 每股盈利 (續)

(b) 攤薄

每股攤薄盈利乃按兌換所有潛在攤薄股份之假設而調整已發行普通股數目計算。本公司之潛在攤薄股份分為兩類：附屬公司發行之可換股優先股及購股權。附屬公司發行之可換股優先股假設已轉換為本公司普通股，並已調整純利以對銷利息開支扣除稅務影響。購股權方面，按尚未行使購股權所附認購權之貨幣價值計算，以釐定可按公平值（定為本公司股份本年內之平均市價）購買之股份數目。按上述方式計算之股份數目乃與假設購股權獲行使時應已發行之股份數目作比較。

Notes to the Consolidated Financial Statements

綜合財務報表附註

13. EARNINGS PER SHARE (continued) (b) Diluted (continued)

13. 每股盈利 (續) (b) 攤薄 (續)

		For the year ended 31 December 截至十二月三十一日止年度	
		2006 二零零六年	2005 二零零五年
Profit attributable to equity holders of the Company (HK\$'000)	本公司權益持有人應佔溢利 (千港元)	133,600	62,304
Interest expense on convertible preference shares issued by a subsidiary (Note 9) (HK\$'000)	一家附屬公司發行之可換股優先股利息開支 (附註9) (千港元)	1,734	1,107
Profit used to determine diluted earnings per share (HK\$'000)	用作釐定每股攤薄盈利之溢利 (千港元)	135,334	63,411
Weighted average number of ordinary shares in issue (thousands)	已發行普通股加權平均數 (千股)	1,606,721	1,332,216
Adjustments for	就下列各項作出調整		
– assumed conversion of convertible preference shares issued by subsidiaries (thousands)	– 假設轉換附屬公司發行之可換股優先股 (千股)	138,206	69,808
– share options (thousands)	– 購股權 (千份)	178,314	75,704
Weighted average number of ordinary shares for diluted earnings per share (thousands)	計算每股攤薄盈利之普通股加權平均數 (千股)	1,923,241	1,477,728
Diluted earnings per share (HK\$ per share)	每股攤薄盈利 (每股港元)	0.070	0.043

Note:

The weighted average number of ordinary shares for the purpose of basic and diluted earnings per share for the year ended 31 December 2005 have been adjusted for the Company's share subdivision in June 2006 (Note 22(b)).

附註:

就截至二零零五年十二月三十一日止年度每股基本及攤薄盈利而言之普通股加權平均數已就本公司於二零零六年六月進行股份分拆作出調整 (附註22(b))。

Notes to the Consolidated Financial Statements

綜合財務報表附註

14. LEASEHOLD LAND

The Group's interests in leasehold land represent operating lease prepayments and their net book amounts are analysed as follows:

		Group 本集團		Company 本公司	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Outside Hong Kong, held on:	香港境外：				
Leases of between 10 to 50 years	按10至50年之租約持有	30,595	208	30,378	—
Amortisation	攤銷開支	(36)	—	(31)	—
Net book amount	賬面淨值	30,559	208	30,347	—

The movement of the net book amount for leasehold land is as follows:

14. 租賃土地

本集團於租賃土地的權益相當於預繳經營租約款項，其賬面淨值分析如下：

租賃土地之賬面淨值變動如下：

		Group 本集團		Company 本公司	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Net book amount at beginning of year	年初賬面淨值	208	—	—	—
Additions (Notes (a) and (b))	添置(附註(a)及(b))	30,378	208	30,378	—
Amortisation	攤銷	(36)	—	(31)	—
Exchange difference	匯兌差額	9	—	—	—
Net book amount at end of year	年底賬面淨值	30,559	208	30,347	—

14. LEASEHOLD LAND (continued)

- (a) During the year, the Company has acquired the property located at 北京市海澱區阜成路67號銀都大廈15-17樓 from a related company and a connected person of the Company, Beijing Hi Sun Electric Power Information Technology Limited, at a total consideration of RMB34,500,000 (Note 32).

Acquisition costs including the consideration of the property of HK\$34,500,000 and direct costs of HK\$1,035,000 are as follows:

		Group 本集團 2006 二零零六年 HK\$'000 千港元	Company 本公司 2006 二零零六年 HK\$'000 千港元
Leasehold land	租賃土地	30,378	30,378
Property, plant and equipment – building (Note 15)	物業、廠房及設備 – 樓宇 (附註15)	1,609	-
Investment property (Note 16)	投資物業 (附註16)	3,548	5,157
		35,535	35,535

- (b) During year ended 31 December 2005, Pax Technology (Shenzhen) Limited ("PAX SZ"), a subsidiary of the Company, has acquired leasehold land and building at a total consideration of HK\$5,714,000 from the PRC government as an incentive to PAX SZ for the development of new technology and new products.

The property acquired by PAX SZ is limited to self-use on specific projects approved by the PRC government. The property cannot be used for property trading or sub-leasing purposes. Any transfer of ownership of the property is subject to approval from the PRC government, ruled by applicable laws and regulations.

14. 租賃土地 (續)

- (a) 年內，本公司向本公司之一家關連方兼關連公司北京高陽萬為電力信息技術有限公司收購位於北京市海澱區阜成路67號銀都大廈15-17樓之物業，總代價人民幣34,500,000元（附註32）。

收購成本包括物業代價34,500,000港元及直接成本1,035,000港元如下：

- (b) 截止二零零五年十二月三十一日止年度，本公司附屬公司百富計算機技術（深圳）有限公司（「深圳百富」）自中國政府購入租賃土地及樓宇，總代價為5,714,000港元，作為深圳百富開發新技術及新產品的獎勵。

深圳百富購入的物業只限於就獲中國政府所批准特定項目作自用。該物業不可作物業買賣或分租用途。該物業所有權的任何轉讓須獲中國政府批准，並受適用法律及規例監管。

		Group 本集團 2005 二零零五年 HK\$'000 千港元
Acquisition cost of leasehold land	租賃土地收購成本	208
Acquisition cost of building	樓宇收購成本	5,506
		5,714

Notes to the Consolidated Financial Statements

綜合財務報表附註

15. PROPERTY, PLANT AND EQUIPMENT

15. 物業、廠房及設備

		Group 本集團					
		Office furniture and					
		Buildings	Leasehold improvements	equipment 辦公室 家具及設備	Plant and equipment 廠房及設備	Motor vehicles 汽車	Total 合計
		樓宇	租賃改善	家具及設備	廠房及設備	汽車	合計
		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
At 1 January 2005	於二零零五年一月一日						
Cost	成本	–	6,503	26,786	586	3,839	37,714
Accumulated depreciation	累計折舊	–	(5,368)	(8,382)	(239)	(2,590)	(16,579)
Net book amount	賬面淨值	–	1,135	18,404	347	1,249	21,135
Year ended 31 December 2005	截至二零零五年十二月三十一日止年度						
Opening net book amount	期初賬面淨值	–	1,135	18,404	347	1,249	21,135
Exchange differences	匯兌差額	–	32	527	11	35	605
Additions	添置	5,786	–	18,515	135	1,944	26,380
Disposals (Note 29(b))	出售 (附註29(b))	–	–	(440)	–	(36)	(476)
Depreciation	折舊	–	(961)	(7,784)	(134)	(1,005)	(9,884)
Closing net book amount	期末賬面淨值	5,786	206	29,222	359	2,187	37,760
At 31 December 2005	於二零零五年十二月三十一日						
Cost	成本	5,786	6,698	42,043	740	5,695	60,962
Accumulated depreciation	累計折舊	–	(6,492)	(12,821)	(381)	(3,508)	(23,202)
Net book amount	賬面淨值	5,786	206	29,222	359	2,187	37,760
Year ended 31 December 2006	截至二零零六年十二月三十一日止年度						
Opening net book amount	期初賬面淨值	5,786	206	29,222	359	2,187	37,760
Exchange differences	匯兌差額	233	7	1,839	17	73	2,169
Additions	添置	1,609	1,080	45,476	231	744	49,140
Disposals (Note 29(b))	出售 (附註29(b))	–	–	24	(45)	–	(21)
Depreciation	折舊	(668)	(370)	(11,183)	(162)	(706)	(13,089)
Closing net book amount	期末賬面淨值	6,960	923	65,378	400	2,298	75,959
At 31 December 2006	於二零零六年十二月三十一日						
Cost	成本	7,643	5,383	88,712	998	6,438	109,174
Accumulated depreciation	累計折舊	(683)	(4,460)	(23,334)	(598)	(4,140)	(33,215)
Net book amount	賬面淨值	6,960	923	65,378	400	2,298	75,959

15. PROPERTY, PLANT AND EQUIPMENT (continued)

Depreciation expense of HK\$6,072,000 (2005: HK\$5,394,000) has been expensed in cost of sales, nil (2005: HK\$148,000) in selling expenses and HK\$7,017,000 (2005: HK\$4,342,000) in administrative expenses.

During the year, the Company has acquired leasehold land, building and investment property from Beijing Hi Sun Electric Power Information Technology Limited, a connected person and a related company of the Company, at a total consideration of RMB34,500,000 (Notes 14 and 32).

As at 31 December 2006, bank borrowings are secured on buildings with a total net book amount of HK\$5,354,000 (2005: Nil) (Note 27).

15. 物業、廠房及設備 (續)

折舊開支中6,072,000港元(二零零五年: 5,394,000港元)已於銷售成本內支銷; 零港元(二零零五年: 148,000港元)於銷售開支內支銷及7,017,000港元(二零零五年: 4,342,000港元)於行政開支支銷。

年內,本公司向本公司之一家關連公司兼關連方北京高陽萬為電力信息技術有限公司收購租賃土地、樓宇及投資物業,總代價為人民幣34,500,000元(附註14及32)。

於二零零六年十二月三十一日,銀行借款乃以賬面總淨值為5,354,000港元之樓宇作抵押(二零零五年: 無)(附註27)。

Company
本公司
Office furniture and equipment
辦公室家具及設備
HK\$'000
千港元

At 1 January 2005	於二零零五年一月一日	
Cost or valuation	成本或估值	12
Accumulated depreciation	累計折舊	(6)
Net book amount	賬面淨值	6
Year ended 31 December 2005	截至二零零五年十二月三十一日止年度	
Opening net book amount	期初賬面淨值	6
Depreciation	折舊	(2)
Closing net book amount	期末賬面淨值	4
At 31 December 2005	於二零零五年十二月三十一日	
Cost or valuation	成本或估值	12
Accumulated depreciation	累計折舊	(8)
Net book amount	賬面淨值	4
Year ended 31 December 2006	截至二零零六年十二月三十一日止年度	
Opening net book amount	期初賬面淨值	4
Depreciation	折舊	(3)
Closing net book amount	期末賬面淨值	1
At 31 December 2006	於二零零六年十二月三十一日	
Cost or valuation	成本或估值	12
Accumulated depreciation	累計折舊	(11)
Net book amount	賬面淨值	1

Notes to the Consolidated Financial Statements

綜合財務報表附註

16. INVESTMENT PROPERTIES

16. 投資物業

		Group 本集團 Buildings 樓宇 HK\$'000 千港元	Company 本公司 Buildings 樓宇 HK\$'000 千港元
At 1 January 2006	於二零零六年一月一日		
Cost	成本	-	-
Accumulated depreciation	累計折舊	-	-
Net book amount	賬面淨值	-	-
Year ended 31 December 2006	截至二零零六年十二月三十一日止年度		
Opening net book amount	期初賬面淨值	-	-
Additions	添置	3,548	5,157
Depreciation	折舊	(8)	(11)
Closing net book amount	期終賬面淨值	3,540	5,146
At 31 December 2006	於二零零六年十二月三十一日		
Cost	成本	3,548	5,157
Accumulated depreciation	累計折舊	(8)	(11)
Net book amount	賬面淨值	3,540	5,146
Fair value (Note below)	公平價值 (見下文附註)	3,548	5,157

Note:

The fair value of the investment property located at 北京市海澱區阜成路67號銀都大廈15-17樓 as at 31 December 2006 was assessed by the independent and professionally qualified valuer, Vigers Appraisal & Consulting Limited based on current prices in an active market.

附註：

截至二零零六年十二月三十一日，位於北京市海澱區阜成路67號銀都大廈15-17樓之投資物業之公平價值，由獨立專業合資格估值師威格斯資產評估顧問有限公司，按於活躍市場之現行價格估值。

Notes to the Consolidated Financial Statements

綜合財務報表附註

16. INVESTMENT PROPERTIES (continued)

Interests in investment properties at their net book values are analysed as follows:

		Group 本集團 2006 二零零六年 HK\$'000 千港元	Company 本公司 2006 二零零六年 HK\$'000 千港元
Outside Hong Kong, held on:	香港境外：		
Leases of between 10 to 50 years	按10至50年租約持有	3,540	5,146

The following amounts have been recognised in the consolidated income statement:

16. 投資物業 (續)

投資物業權益按賬面淨值分析如下：

於綜合收益表確認之金額如下：

		Group 本集團 For the year ended 31 December 截至 十二月三十一日 止年度 2006 二零零六年 HK\$'000 千港元	Company 本公司 For the year ended 31 December 截至 十二月三十一日 止年度 2006 二零零六年 HK\$'000 千港元
Rental income	租金收入	55	-
Direct operating expenses arising from investment property that generated rental income	帶來租金收入之投資物業所產生直接經營開支	(42)	-

There were no direct operating expenses arising from investment property that did not generate rental income during the year.

年內，帶來租金收入之投資物業並無產生任何直接經營開支。

The period of leases whereby the Group or the Company leases out its investment property under operating leases ranged from 1 to 2 years.

本集團或本公司根據經營租約租出其投資物業之租期介乎1年至2年。

Notes to the Consolidated Financial Statements

綜合財務報表附註

16. INVESTMENT PROPERTIES (continued)

At 31 December 2006, the future aggregate minimum rentals receivables under non-cancellable operating leases are as follows:

		Group 2006 二零零六年 HK\$'000 千港元	Company 2006 二零零六年 HK\$'000 千港元
Not later than 1 year	一年內	1,518	2,171
Later than 1 year and no later than 5 years	一年以上但五年內	302	302
		1,820	2,473

16. 投資物業 (續)

於二零零六年十二月三十一日，根據不可撤銷經營租約之未來最低應收租金總額如下：

17. INVESTMENTS IN SUBSIDIARIES AND DUE FROM/(TO) SUBSIDIARIES

17. 於附屬公司之投資及應收／(應付)附屬公司款項

		Company 本公司 2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Unlisted investments, at cost	非上市投資，按成本	4,136	4,136
Due from subsidiaries (Note below)	應收附屬公司款項 (見下文附註)	100,822	78,214
Less: Provision for diminution in value	減：減值撥備	-	(20,000)
		100,822	58,214
Due to a subsidiary (Note below)	應付一家附屬公司款項 (見下文附註)	(21,035)	-
		83,923	62,350

Note: The balances with subsidiaries are unsecured, interest free, and repayable on demand.

附註：與附屬公司之往來結餘為無抵押、免息及索還時償付。

Notes to the Consolidated Financial Statements

綜合財務報表附註

17. INVESTMENTS IN SUBSIDIARIES AND DUE FROM/(TO) SUBSIDIARIES (continued)

The following is a full list of the subsidiaries at 31 December 2006:

17. 於附屬公司之投資及應收／（應付）附屬公司款項（續）

於二零零六年十二月三十一日，所有附屬公司之名單如下：

Name 名稱	Place of incorporation and type of legal entity 註冊成立地點及法定實體類別	Principal activities and place of operation 主要業務及營業地點	Particulars of issued share capital/ registered capital 已發行股本／註冊資本詳情	Interest held 所持權益
北京高陽金信信息技術有限公司 (Beijing Hi Sun Advanced Business Solutions Information Technology Limited)	PRC, limited liability company 中國，有限公司	Provision of financial and banking solutions and services in the PRC 在中國提供金融及銀行解決方案及服務	HK\$60,000,000 60,000,000港元	100%
北京高陽聖思園信息技術有限公司 (Beijing Hi Sunray Information Technology Limited)	PRC, limited liability company 中國，有限公司	Provision of telecommunication solutions, services, related products and information technology operation value-added services in the PRC 在中國提供電訊解決方案、服務及相關產品以及資訊科技運營增值服務	HK\$27,000,000 27,000,000港元	100%
Emerging Technology Limited ("Emerging Technology")	The British Virgin Islands ("BVI"), limited liability company 英屬處女群島，有限公司	Investment holding in PRC 在中國從事投資控股	7,692,308 ordinary shares of US\$1 each 760,778 convertible preference shares of US\$1 each 7,692,308股每股面值1美元之普通股 760,778股每股面值1美元之可換股優先股	100%
Hi Sun (BVI) Limited	BVI, limited liability company 英屬處女群島，有限公司	Investment holding in Hong Kong and PRC 在香港及中國從事投資控股	2 ordinary shares of US\$1 each 2股每股面值1美元之普通股	100% ¹
Hi Sun Development Management Limited 高陽拓業管理有限公司	Hong Kong, limited liability company 香港，有限公司	Provision of management services in Hong Kong 在香港提供管理服務	2 ordinary shares of HK\$1 each 2股每股面值1港元之普通股	100%

Notes to the Consolidated Financial Statements

綜合財務報表附註

17. INVESTMENTS IN SUBSIDIARIES AND DUE FROM/(TO) SUBSIDIARIES (continued)

17. 於附屬公司之投資及應收／（應付）附屬公司款項（續）

Name 名稱	Place of incorporation and type of legal entity 註冊成立地點及法定實體類別	Principal activities and place of operation 主要業務及營業地點	Particulars of issued share capital/ registered capital 已發行股本／註冊資本詳情	Interest held 所持權益
Hi Sun Technology Holding Limited 高陽科技控股有限公司	Bermuda, limited liability company 百慕達·有限公司	Provision of financial services and related products in Hong Kong 在香港提供金融解決方案及服務及相關產品	168,070,000 ordinary shares of HK\$0.1 each 168,070,000股每股面值0.1港元之普通股	100%
Pax Technology Limited 百富科技有限公司	Hong Kong, limited liability company 香港·有限公司	Sale of electronic payment products and services in Hong Kong 在香港銷售電子支付產品及服務	35,000,000 ordinary shares of HK\$1 each 35,000,000股每股面值1港元之普通股	100%
Turbo Speed Technology Limited ("Turbo Speed")	BVI, limited liability company 英屬處女群島·有限公司	Investment holding in PRC 在中國從事投資控股	35,897,440 ordinary shares of US\$0.1 each 6,837,608 convertible preference shares of US\$0.1 each 35,897,440股每股面值0.1美元之普通股 6,837,608股每股面值0.1美元之可換股優先股	100%
百富計算機技術（深圳）有限公司 (Pax Technology (Shenzhen) Limited)	PRC, limited liability company 中國·有限公司	Sale of electronic payment products and services in the PRC 在中國銷售電子支付產品及服務	HK\$10,000,000 10,000,000港元	100%
Max Hero Group Limited	BVI, limited liability company 英屬處女群島·有限公司	Dormant 暫無業務	1 ordinary share of US\$1 1股面值1美元之普通股	100% ¹
New Concept Services Limited	BVI, limited liability company 英屬處女群島·有限公司	Dormant 暫無業務	1 ordinary share of US\$1 1股面值1美元之普通股	100% ¹

¹ Shares held directly by the Company.

¹ 本公司直接持有之股份。

Notes to the Consolidated Financial Statements

綜合財務報表附註

18. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

18. 應收賬款及其他應收款項、預付款項及按金

		Group 本集團		Company 本公司	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Trade receivables (Note (a))	應收賬款 (附註(a))	130,220	86,624	-	-
Finance leases receivables (Note (b))	融資租約應收賬款 (附註(b))	720	2,498	-	-
Less: provision for impairment of receivables	減：應收賬款減值撥備	(4,318)	(10,831)	-	-
Trade receivables – net	應收賬款 – 淨值	126,622	78,291	-	-
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項	12,454	19,146	382	997
		139,076	97,437	382	997

Note (a): Trade receivables

The Group's credit terms to trade debtors range from 0 to 180 days. At 31 December 2006 and 2005, the ageing analysis of the trade receivables was as follows:

附註(a): 應收賬款

本集團給予貿易債務人的信貸期由零至180日不等。於二零零六年及二零零五年十二月三十一日，應收賬款之賬齡分析如下：

		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
Current to 90 days	即期至90日	117,451	66,594
91 to 180 days	91日至180日	6,774	6,700
181 to 365 days	181至365日	3,519	3,200
Over 365 days	365日以上	2,476	10,130
		130,220	86,624

The Group's sales are made to several major customers and there is concentration of credit risks. Collections of outstanding receivable balances are closely monitored on an ongoing basis to minimise such credit risk.

本集團之銷售乃向數名主要客戶作出且有信貸集中風險。本集團不斷密切監察尚未償還應收款項之收回情況，以減少此等信貸風險。

During the year ended 31 December 2006, the Group has recognised a provision of HK\$1,266,000 for the impairment of its trade receivables (2005: HK\$6,974,000) and a write back of provision of HK\$1,523,000 (2005: Nil) upon the settlement of trade receivables previously provided for. These amounts have been included in administrative expenses in the consolidated income statement.

本集團於截至二零零六年十二月三十一日止年度確認其應收賬款減值撥備為1,266,000港元（二零零五年：6,974,000港元）及於結清以往已作撥備之應收賬款後撥回撥備1,523,000港元（二零零五年：無）。此等金額已在綜合收益表列入行政開支。

Notes to the Consolidated Financial Statements

綜合財務報表附註

18. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS (continued)

Note (b): Finance leases receivables

18. 應收賬款及其他應收款項、預付款項及按金 (續)

附註(b): 融資租約應收賬款

		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
Current receivables	現時的應收款項		
Gross receivables from finance leases:	融資租約應收賬款總數:		
Not later than 1 year	不遲於一年	729	2,576
Unearned future finance income on finance leases	於融資租約未賺取的未來融資收入	(9)	(78)
Net investment in finance leases	融資租約投資淨額	720	2,498
The net investment in finance leases is analysed as follows:	融資租約投資淨額分析如下:		
Not later than 1 year	不遲於一年	720	2,498

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	7,339	5,780
Work in progress	在製品	5,589	7,586
Finished goods	製成品	15,624	8,241
		28,552	21,607

The cost of inventories recognised as expense and included in cost of sales amounted to HK\$147,246,000 (2005: HK\$185,572,000).

確認為開支及計入銷售成本的存貨成本達147,246,000港元(二零零五年: 185,572,000港元)。

Notes to the Consolidated Financial Statements

綜合財務報表附註

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS – GROUP AND COMPANY

20. 按公平值計入溢利或虧損之金融資產 - 本集團及本公司

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Listed securities:	上市證券：		
– Equity securities – PRC	– 股本證券 - 中國	41,281	–

Financial assets at fair value through profit or loss are presented in operating activities as part of changes in working capital in the consolidated cash flow statement (Note 29).

按公平值計入溢利或虧損之金融資產乃於綜合現金流量表呈列為經營業務，作為營運資金部分變動（附註29）。

Changes in fair values of financial assets at fair value through profit or loss are recorded as other gains – net in the consolidated income statement (Note 5).

按公平值計入溢利或虧損之金融資產於綜合收益表記錄為其他收益淨額（附註5）。

The fair value of all equity securities is based on their current bid prices in an active market.

所有股本證券之公平值乃按於活躍市場之現行買入價計算。

21. CASH AND CASH EQUIVALENTS

21. 現金及現金等價物

		Group 本集團		Company 本公司	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Cash at bank and in hand	銀行及手上現金	528,076	156,579	247,802	848

Funds of the Group amounting to HK\$76,129,000 (2005: HK\$114,630,000) are kept in the bank accounts opened with banks in the PRC where the remittance funds is subject to foreign exchange control.

本集團之資金中76,129,000港元（二零零五年：114,630,000港元），乃存放於在中國的銀行開立的賬戶內，其中匯款須受外匯監管規限。

Notes to the Consolidated Financial Statements

綜合財務報表附註

22. SHARE CAPITAL

22. 股本

		Ordinary shares of HK\$0.01 each 每股面值0.01港元 之普通股		Ordinary shares of HK\$0.0025 each 每股面值0.0025港元 之普通股	
		No. of shares 股數	HK\$'000 千港元	No. of shares 股數	HK\$'000 千港元
Authorised:	法定:				
At 1 January 2005, 31 December 2005 and 1 January 2006	於二零零五年一月一日、 二零零五年十二月三十一日 及二零零六年一月一日	1,000,000,000	10,000	-	-
Share subdivision (Note (b))	股份分拆 (附註(b))	(1,000,000,000)	(10,000)	4,000,000,000	10,000
At 31 December 2006	於二零零六年十二月三十一日	-	-	4,000,000,000	10,000
Issued and fully paid:	已發行及繳足:				
At 1 January 2005, 31 December 2005 and 1 January 2006	於二零零五年一月一日、 二零零五年十二月三十一日 及二零零六年一月一日	333,054,030	3,330	-	-
Issue of new ordinary shares (Note (a)(i))	發行新普通股 (附註(a)(i))	66,000,000	660	-	-
Shares issued under share option scheme of the Company (Note (c))	根據本公司購股權計劃 發行股份 (附註(c))	10,000,000	100	-	-
Reduction of par value of ordinary shares due to share subdivision (Note (b))	因股份分拆而削減普通股 面值 (附註(b))	(409,054,030)	(4,090)	1,636,216,120	4,090
Issue of new ordinary shares (Note (a)(ii))	根據本公司購股權計劃發行 新普通股 (附註(a)(ii))	-	-	100,000,000	250
Shares issued under share option scheme of the Company (Note(c))	根據本公司購股權計劃 發行股份 (附註(c))	-	-	143,200,000	359
At 31 December 2006	於二零零六年十二月三十一日	-	-	1,879,416,120	4,699

Note:

附註:

(a) Issue of new ordinary shares

- (i) On 21 March 2006, the Company entered into a subscription agreement with a subscriber in relation to the subscription by the subscriber at a price of HK\$1.46 per share of an aggregate of 66,000,000 new ordinary shares of HK\$0.01 each to be issued by the Company pursuant to the subscription agreement. The subscription consideration of HK\$96,360,000 was settled by the subscriber in cash and the subscription was completed on 31 March 2006. The net proceeds from the subscription of approximately HK\$96 million will be utilised for future investments or developments in outsourcing services, research and development of electronic payment products and general working capital of the Group.

(a) 發行新普通股

- (i) 於二零零六年三月二十一日，本公司與一名認購方訂立認購協議，乃關於認購方根據認購協議以每股1.46港元的價格認購本公司將予發行合共66,000,000股每股面值0.01港元新普通股。96,360,000港元之認購將由認購方以現金支付，已於二零零六年三月三十一日完成。認購之所得款項淨額約為96,000,000港元，將用作日後投資或發展外判服務、研究與開發電子支付產品，並撥作本集團之一般營運資金。

22. SHARE CAPITAL (continued)

Note: (continued)

(a) Issue of new ordinary shares (continued)

- (ii) On 27 September 2006, the Company entered into six subscription agreements with certain subscribers, in relation to the subscription by these subscribers at a price of HK\$1.50 per share of an aggregate of 100,000,000 new ordinary shares of HK\$0.0025 each to be issued by the Company pursuant to the subscription agreements. The total subscription consideration of HK\$150,000,000 was settled by the subscribers in cash and the subscription was completed on 11 October 2006. The net proceeds from the subscription of approximately HK\$149 million will be utilised for expansion of the ATM operation services business and for general working capital of the Group.

(b) Share subdivision

Pursuant to an ordinary resolution passed on 28 June 2006, each of the existing issued and unissued ordinary shares of HK\$0.01 each in the share capital of the Company was subdivided into four ordinary shares of HK\$0.0025 each (the "Share Subdivision"), which was approved by the shareholders of the Company and became effective on 29 June 2006.

(c) Share options of the Company

The Company operates a share option scheme (the "Scheme") for the purpose of attracting, retaining and motivating talented employees in order to strive for future developments and expansion of the Group. Eligible participants of the Scheme include the Group's full-time employees, and executive and non-executive Directors. The Scheme became effective on 29 November 2001 and unless otherwise cancelled or amended, will remain valid and effective for a period of 10 years from that date.

The total number of shares in respect of which options may be granted shall not (together with all the other Schemes, if any) exceed 10% of the total issued capital of the Company as at date of approval of the Scheme unless the Company obtains a fresh approval from shareholders to renew the 10% limit.

The maximum number of shares in respect of which options may be granted under the Scheme, together with any unexercised share options granted under the Scheme and any other share option schemes of the Company in issue, may not exceed 30% of the relevant class of securities of the Company in issue at any time. On 18 March 2004, 33,000,000 share options were granted to certain directors and employees at an exercise price of HK\$0.374 per share (the average closing price of the shares as quoted in the daily quotations sheets issued by The Stock Exchange of Hong Kong Limited for the five business days immediately preceding 18 March 2004) with an expiry date of 17 March 2014.

22. 股本 (續)

附註：(續)

(a) 發行新普通股 (續)

- (ii) 於二零零六年九月二十七日，本公司與若干認購方訂立六份認購協議，乃關於此等認購方根據該等認購協議按每股1.50港元之價格，認購本公司將予發行合共100,000,000股每股面值0.0025港元之新普通股。總認購價為150,000,000港元，並已由該等認購方以現金支付，而認購已於二零零六年十月十一日完成。認購事項之所得款項淨額約為149,000,000港元，並將用作擴展銀行自動櫃員機運營服務業務，並撥作集團之一般營運資金。

(b) 股份分拆

根據於二零零六年六月二十八日通過之普通決議案，本公司股本中每股面值0.01港元之現有已發行及未發行普通股，已分拆為四股每股面值0.0025港元之普通股（「股份分拆」），股份分拆已獲本公司股東批准，並已於二零零六年六月二十九日生效。

(c) 本公司之購股權

本公司運作一項購股權計劃（「該計劃」），旨在吸引、挽留及激勵有才幹之僱員，以助本集團日後發展及擴充業務。該計劃的合資格參與者包括本集團的全職僱員以及執行及非執行董事。該計劃於二零零一年十一月二十九日生效，除非該計劃取消或修訂，否則將由該日起計10年仍然有效及生效。

連同所有其他購股權計劃（如有）可能授出之購股權涉及之股份總數，不得超過本公司於批准該計劃當日已發行股本總額之10%，惟本公司取得股東另外特准更新該10%的限額除外。

該計劃項下可能授出之購股權連同該計劃及本公司任何其他購股權計劃項下已授出而尚未行使之任何購股權所涉及之股份數目，最多不得超過任何時候本公司已發行相關類別證券之30%。於二零零四年三月十八日，本公司向若干董事及僱員授出33,000,000份購股權，行使價為每股0.374港元（即緊接二零零四年三月十八日前五個營業日香港聯合交易所有限公司發佈之每日報價表所報股份之平均收市價）到期日為二零一四年三月十七日。

Notes to the Consolidated Financial Statements

綜合財務報表附註

22. SHARE CAPITAL (continued)

Note: (continued)

(c) Share options of the Company (continued)

Pursuant to an ordinary resolution passed on 17 August 2005, a refreshment of the limit on grant of options under the Scheme was approved by the Company's shareholders. Upon refreshing the 10% limit on grant of options under the Scheme, 33,305,403 shares may be issued pursuant to the grant of further options under the Scheme.

On 26 September 2005, 33,300,000 share options were granted to certain directors and employees at an exercise price of HK\$0.768 per share (the average closing price of the shares as quoted in the daily quotations sheets issued by the Stock Exchange of Hong Kong Limited for the five business days immediately preceding 26 September 2005) with an expiry date of 25 September 2015. The option period commences on 26 September 2005 and expires 10 years thereafter.

Options granted are vested as follows:

On 26 September 2005	Up to 50%
On 26 September 2006	Up to 100%

The Share Subdivision has led to an adjustment to the exercise price of the outstanding options and the number of shares to be issued by the Company upon exercise of the outstanding options. For share options with exercise period from 18 March 2004 to 17 March 2014, the number of shares to be issued by the Company upon full exercise of such outstanding options immediately before the Share Subdivision has been increased from 23,000,000 shares to 92,000,000 shares and the exercise price has been adjusted from HK\$0.374 to HK\$0.0935 per share. For share options with exercise period from 26 September 2005 to 25 September 2015, the number of shares to be issued by the Company upon full exercise of such outstanding options immediately before the Share Subdivision has been increased from 33,300,000 shares to 133,200,000 shares and the exercise price has been adjusted from HK\$0.768 to HK\$0.192 per share.

Share options outstanding (in thousands) at the end of the year have the following expiry date and exercise prices:

Expiry date 到期日		Exercise price before share subdivision 股份分拆前行使價 HK\$ per share 每股港元	Exercise price after share subdivision 股份分拆後行使價 HK\$ per share 每股港元	Share options 購股權	
				2006 二零零六年	2005 二零零五年
17 March 2014	二零一四年三月十七日	0.374	0.0935	-	33,000
				25,200	-
25 September 2015	二零一五年九月二十五日	0.768	0.192	-	33,300
				56,800	-
				82,000	66,300

22. 股本 (續)

附註: (續)

(c) 本公司之購股權 (續)

根據於二零零五年八月十七日通過的普通決議案，根據該計劃可授出的購股權限額獲本公司股東批准更新。該計劃項下授出購股權之10%原有限額更新後，可根據該計劃授出額外購股權發行33,305,403股股份。

於二零零五年九月二十六日，本公司向若干董事及僱員授出33,300,000份購股權，每股行使價0.768港元（即緊接二零零五年九月二十六日前五個營業日香港聯合交易所有限公司發佈之每日報價表所報股份之平均收市價）到期日為二零一五年九月二十五日。購股權期間由二零零五年九月二十六日開始，10年後到期。

授出的購股權歸屬如下：

於二零零五年九月二十六日	最多50%
於二零零六年九月二十六日	最多100%

股份分拆導致須對未行使購股權及本公司於未行使購股權獲行使時將予發行之股份數目作出調整。就行使期由二零零四年三月十八日至二零一四年三月十七日之購股權而言，本公司於有關購股權獲悉數行使時將予發行之股份數目，已由23,000,000股增至92,000,000股，而行使價由每股0.374港元調整至每股0.0935港元。就行使期由二零零五年九月二十六日至二零一五年九月二十五日之購股權而言，本公司於有關購股權獲行使時將予發行之股份數目，已由33,300,000股增至133,200,000股，而行使價由每股0.768港元調整至每股0.192港元。

截至本年度結算日止尚未行使的購股權（以千計）之到期日及行使價如下：

Notes to the Consolidated Financial Statements

綜合財務報表附註

22. SHARE CAPITAL (continued)

Note: (continued)

(c) Share options of the Company (continued)

As at 31 December 2006, the particulars of the options granted to each of the Directors and employees of the Company under the Scheme are as follows: –

22. 股本 (續)

附註: (續)

(c) 本公司之購股權 (續)

於二零零六年十二月三十一日，根據該計劃向董事及本公司僱員各自授出之購股權詳情如下：

Name 姓名	Date of grant 授出日期	Exercise Price before/after Share Subdivision 股份分拆前/ 後之行使價 (HK\$) (港元)	Number of options held at 1 January 2006 於二零零六年 一月一日 所持之 購股權數目	Exercised before Share Subdivision 股份分拆前 行使	Number of options held immediately before Share Subdivision 緊接股份 分拆前所持之 購股權數目	Adjustment for Share Subdivision 就股份分拆 調整	Number of options held after Share Subdivision 股份分拆後 所持之 購股權數目	Exercised after Share Subdivision 股份分拆後 行使	Number of options held at 31 December 2006 於二零零六年 十二月 三十一日 所持之 購股權數目
Directors 董事									
Mr. Kui Man Chun 渠萬春先生	18 March 2004*	0.374/0.0935	3,000,000	–	3,000,000	9,000,000	12,000,000	–	12,000,000
	26 September 2005**	0.768/0.192	3,300,000	–	3,300,000	9,900,000	13,200,000	–	13,200,000
Mr. Xu Wensheng 徐文生先生	18 March 2004*	0.374/0.0935	3,300,000	–	3,300,000	9,900,000	13,200,000	(13,200,000)	–
	26 September 2005**	0.768/0.192	3,300,000	–	3,300,000	9,900,000	13,200,000	–	13,200,000
Mr. Li Wenjin 李文晉先生	18 March 2004*	0.374/0.0935	3,300,000	–	3,300,000	9,900,000	13,200,000	(13,200,000)	–
	26 September 2005**	0.768/0.192	3,300,000	–	3,300,000	9,900,000	13,200,000	–	13,200,000
Mr. Chan Yiu Kwong 陳耀光先生	18 March 2004*	0.374/0.0935	1,500,000	–	1,500,000	4,500,000	6,000,000	(6,000,000)	–
	26 September 2005**	0.768/0.192	1,000,000	–	1,000,000	3,000,000	4,000,000	–	4,000,000
Mr. Xu Chang Jun 徐昌軍先生	18 March 2004*	0.374/0.0935	3,300,000	–	3,300,000	9,900,000	13,200,000	(13,200,000)	–
	26 September 2005**	0.768/0.192	3,300,000	–	3,300,000	9,900,000	13,200,000	–	13,200,000
Mr. Lo Siu Yu (Note 1) 羅韶宇先生 (附註1)	18 March 2004*	0.374/0.0935	3,300,000	–	3,300,000	9,900,000	13,200,000	(13,200,000)	–
	26 September 2005**	0.768/0.192	3,300,000	–	3,300,000	9,900,000	13,200,000	(13,200,000)	–
			35,200,000	–	35,200,000	105,600,000	140,800,000	(72,000,000)	68,800,000
Employees 僱員									
(In aggregate) (總計)	18 March 2004*	0.374/0.0935	15,300,000	(10,000,000)	5,300,000	15,900,000	21,200,000	(8,000,000)	13,200,000
	26 September 2005**	0.768/0.192	15,800,000	–	15,800,000	47,400,000	63,200,000	(63,200,000)	–
			66,300,000	(10,000,000)	56,300,000	168,900,000	225,200,000	(143,200,000)	82,000,000

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綜合財務報表附註

22. SHARE CAPITAL (continued)

Note: (continued)

(c) Share options (continued)

* The exercisable period of the above share options is from 18 March 2004 to 17 March 2014 (both dates inclusive).

** The option period commences on 26 September 2005 and expires 10 years thereafter. Options granted are vested as follows:

On 26 September 2005	Up to 50%
On 26 September 2006	Up to 100%

Note 1: On 18 October 2006, Mr Lo has resigned as Executive Director of the Company.

During the year, the weighted average closing price immediately before the dates on which the options were exercised was HK\$1.257 per share (being adjusted for effect of the Company's share subdivision in June 2006).

During the year ended 31 December 2006, no share options were granted. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

On 2 January 2007, 43,000,000 share options had been granted to certain employees of the Company pursuant to the Share Option Scheme of the Company to subscribe ordinary shares of the Company at an exercise price of HK\$2.00 per share. The exercisable period of these share options is from 2 January 2007 to 1 January 2010 (both dates inclusive).

As at the date of this report, the Company has 98,115,000 share options outstanding.

(d) Employee incentive scheme of a subsidiary

On 4 April 2005, the Company approved its wholly-owned subsidiary, Turbo Speed Technology Limited ("Turbo Speed"), to adopt an employee incentive scheme (the "Employee Incentive Scheme") to motivate the employees of Turbo Speed and its subsidiary (the "Turbo Speed Group"). Eligible participants of the Employee Incentive Scheme include the full-time employees of Turbo Speed or any of its subsidiaries, including any Directors of Turbo Speed or any of its subsidiaries (but excluding any person who is a Director of the Company) provided always that such term shall exclude any person who has tendered his resignation or who at the relevant time is working out his period of notice pursuant to his employment contract or otherwise. The Employee Incentive Scheme is effective from 4 April 2005, and expires on 31 December 2008, unless terminated by resolution of a remuneration committee formed by the Board to administer the Employee Incentive Scheme (the "Committee").

22. 股本 (續)

附註: (續)

(c) 購股權 (續)

* 上述購股權之行使期由二零零四年三月十八日至二零一四年三月十七日(首尾兩日包括在內)。

** 購股權期間由二零零五年九月二十六日開始及於其後十年屆滿。授出購股權歸屬情況如下:

二零零五年九月二十六日	最多50%
二零零六年九月二十六日	最多100%

附註1: 於二零零六年十月十八日, 羅先生辭任本公司執行董事。

年內, 緊接購股權行使日期前之加權平均收市價為每股1.257港元(已就二零零六年六月本公司進行之股份分拆的影響作出調整)。

截至二零零六年十二月三十一日止年度, 並無授出購股權。本集團並無法律或推定責任以現金購回或清償購股權。

於二零零七年一月二日, 本公司根據本公司購股權計劃向本公司若干僱員授出43,000,000份購股權, 可按行使價每股2.00港元認購本公司普通股。有關購股權行使期由二零零七年一月二日至二零一零年一月一日(包括首尾兩天)。

於本報告日期, 本公司有98,115,000份購股權尚未行使。

(d) 一家附屬公司之僱員獎勵計劃

於二零零五年四月四日, 本公司批准其全資附屬公司Turbo Speed Technology Limited ("Turbo Speed") 採納其僱員獎勵計劃("僱員獎勵計劃"), 以鼓勵Turbo Speed及其附屬公司("Turbo Speed集團")之僱員。僱員獎勵計劃的合資格參與者包括Turbo Speed或其任何附屬公司的全職僱員, 包括Turbo Speed或其任何附屬公司的任何董事(但不包括為本公司董事的任何人士), 惟上述計劃不適用於已遞交辭呈或根據彼之僱傭合約或以其他形式的僱用條款, 已於有關時間發出離職通知的人士。除非董事會就執行僱員獎勵計劃而成立的薪酬委員會("委員會")以決議案終止該計劃外, 該計劃於二零零五年四月四日起生效, 直至二零零八年十二月三十一日到期。

22. SHARE CAPITAL (continued)

Note: (continued)

(d) Employee incentive scheme of a subsidiary (continued)

The total number of shares in respect of which options may be granted shall not exceed 4,682,275 ordinary shares of Turbo Speed ("Turbo Speed Shares"), representing approximately 13.0% of the existing issued share capital of Turbo Speed, currently held by a wholly-owned subsidiary of the Company. Share options may be offered to any employee determined by the Committee in its absolute discretion from time to time by reference to: (i) the performance of that employee; and (ii) the financial performance of the Turbo Speed Group and the extent to which the Turbo Speed Group has achieved its intended business plans. The maximum number of the Turbo Speed Shares which may be offered to an employee who is also a Director of companies within the Turbo Speed Group in any 12-month period may not exceed 1% of the entire issued share capital of Turbo Speed.

On 8 July 2005, 1,425,000 share options had been granted to certain Directors and employees of a subsidiary of Turbo Speed to subscribe for ordinary shares of Turbo Speed at an exercise price of HK\$1.922 per share. The exercisable period of the above share options is from 8 July 2005 to 31 December 2008 (both dates inclusive). During the year ended 31 December 2006 and up to the date of this report, 1,245,000 share options have been lapsed and no share options have been exercised. As at the date of this report, Turbo Speed has 180,000 share options outstanding.

Share options outstanding (in thousands) at the end of the year have the following expiry date and exercise price:

Expiry date 到期日	Exercise price 行使價 HK\$ per share 每股港元	Share options 購股權	
		2006 二零零六年	2005 二零零五年
31 December 2008 二零零八年十二月三十一日	1.922	180	1,425

During the year ended 31 December 2006, no share options have been exercised and 1,245,000 share options have been lapsed (2005: Nil). The Group has no legal or constructive obligation to repurchase or settle the options in cash.

22. 股本 (續)

附註: (續)

(d) 一家附屬公司之僱員獎勵計劃 (續)

有關授出購股權所涉及的股份總數不得超過 Turbo Speed 的 4,682,275 股普通股 (「Turbo Speed 股份」)，相當於 Turbo Speed 現時由本公司一家全資附屬公司持有之已發行股本約 13.0%。購股權可由委員會不時參考下列各項後全權酌情決定向任何僱員提呈：(i) 該名僱員的表現；及 (ii) Turbo Speed 集團的財務表現及其可達致其擬定業務計劃的程度。於任何十二個月期間，可向同時為 Turbo Speed 集團內公司董事之僱員提呈的 Turbo Speed 股份，最多不得超過 Turbo Speed 全部已發行股本的 1%。

於二零零五年七月八日，已向 Turbo Speed 一家附屬公司若干董事及僱員授出 1,425,000 份購股權，可按每股 1.922 港元的行使價認購 Turbo Speed 普通股。上述購股權的行使期為二零零五年七月八日至二零零八年十二月三十一日 (包括首尾兩天在內)。截至二零零六年十二月三十一日止年度及直至本報告日期，已有 1,245,000 份購股權失效，且並無任何購股權獲行使。於本報告日期，Turbo Speed 有 180,000 份購股權尚未行使。

截至本年度止尚未行使的購股權 (以千計) 到期日及行使價如下：

截至二零零六年十二月三十一日止年度，並無任何購股權獲行使，另 1,245,000 份購股權已失效 (二零零五年：零)。本集團並無法律或推定責任以現金購回或結算購股權。

Notes to the Consolidated Financial Statements

綜合財務報表附註

23. OTHER RESERVES

(a) Group

23. 其他儲備

(a) 本集團

		Share premium 股份溢價 HK\$'000 千港元	Contributed surplus (Note (i)) 實繳盈餘 (附註(i)) HK\$'000 千港元	Other reserves 其他儲備 HK\$'000 千港元	Exchange reserve 匯兌儲備 HK\$'000 千港元	(Accumulated losses)/ retained earnings (累計虧損)/ 保留盈利 HK\$'000 千港元	Total 合計 HK\$'000 千港元
At 1 January 2005	於二零零五年一月一日	100,556	125,310	-	-	(180,565)	45,301
Profit for the year	年度溢利	-	-	-	-	62,304	62,304
Issue of convertible preference shares by a subsidiary (Note 25(a))	一家附屬公司發行 可換股優先股 (附註25(a))	-	-	11,134	-	-	11,134
Employee share option scheme - value of employee services (Note 22(c))	僱員購股權計劃 - 僱員服務價值 (附註22(c))	-	-	4,220	-	-	4,220
Employee share option scheme of a subsidiary - value of employee services (Note 22(d))	一家附屬公司之僱員 購股權計劃 - 僱員服務價值 (附註22(d))	-	-	273	-	-	273
Exchange differences arising on translation of the financial statements of foreign subsidiaries	換算海外附屬公司 財務報表之 匯兌差額	-	-	-	872	-	872
At 31 December 2005	於二零零五年十二月三十一日	100,556	125,310	15,627	872	(118,261)	124,104
At 1 January 2006	於二零零六年一月一日	100,556	125,310	15,627	872	(118,261)	124,104
Profit for the year	年度溢利	-	-	-	-	133,600	133,600
Shares issued under share option scheme of the Company (Note 22(c))	根據本公司購股權 計劃發行股份 (附註22(c))	24,196	-	-	-	-	24,196
Issue of new shares (Note 22(a))	發行新股份 (附註22(a))	245,450	-	-	-	-	245,450
Share issuance expenses	股份發行開支	(60)	-	-	-	-	(60)
Share premium reduction (Note (b)(ii))	削減股份溢價 (附註(b)(ii))	(100,556)	43,124	-	-	57,432	-
Issue of convertible preference shares by a subsidiary (Note 25(b))	一家附屬公司發行 可換股優先股 (附註25(b))	-	-	138,480	-	-	138,480
Employee share option scheme - value of employee services (Note 22(c))	僱員購股權計劃 - 僱員服務價值 (附註22(c))	-	-	2,387	-	-	2,387
Exchange differences arising on translation of the financial statements of foreign subsidiaries	換算海外附屬公司 財務報表之 匯兌差額	-	-	-	6,816	-	6,816
At 31 December 2006	於二零零六年十二月三十一日	269,586	168,434	156,494	7,688	72,771	674,973

Notes to the Consolidated Financial Statements

綜合財務報表附註

23. OTHER RESERVES (continued)

(a) Group (continued)

Note:

- (i) The contributed surplus of the Group represents the difference between the nominal value of the ordinary shares and share premium account of Hi Sun Holdings Limited ("HSHL") acquired pursuant to the group reorganisation (the "Reorganisation") on 17 October 2001 as set out in the circular to the shareholders of HSHL dated 9 August 2001, over the nominal value of the Company's shares issued in exchange thereof.

(b) Company

23. 其他儲備 (續)

(a) 本集團 (續)

附註：

- (i) 本集團之實繳盈餘指向高陽控股有限公司 (「高陽控股」) 股東寄發日期為二零零一年八月九日之通函所載，根據於二零零一年十月十七日進行之集團重組 (「重組」) 所收購之高陽控股之普通股面值及股份溢價賬，與本公司就此交換之已發行股份面值之差額。

(b) 本公司

		Share premium 股份溢價 HK\$'000 千港元	Contributed surplus (Note) 實繳盈餘 (附註) HK\$'000 千港元	Other reserves 其他儲備 HK\$'000 千港元	(Accumulated losses)/ retained earnings (累計虧損)/ 保留盈利 HK\$'000 千港元	Total 合計 HK\$'000 千港元
At 1 January 2005	於二零零五年一月一日	100,556	3,293	-	(35,733)	68,116
Employee share option scheme - value of employee services (Note 22(c))	僱員購股權計劃 - 僱員服務價值 (附註22(c))	-	-	4,220	-	4,220
Loss for the year	年度虧損	-	-	-	(21,698)	(21,698)
At 31 December 2005	於二零零五年十二月三十一日	100,556	3,293	4,220	(57,431)	50,638
At 1 January 2006	於二零零六年一月一日	100,556	3,293	4,220	(57,431)	50,638
Profit for the year	年度溢利	-	-	-	55,064	55,064
Shares issued under share option scheme of the Company (Note 22(c))	根據本公司購股權 計劃發行股份 (附註22(c))	24,196	-	-	-	24,196
Issue of new shares (Note 22(a))	發行新股份 (附註22(a))	245,450	-	-	-	245,450
Share issuance expenses	股份發行開支	(60)	-	-	-	(60)
Share premium reduction (Note (ii))	削減股份溢價 (附註(ii))	(100,556)	43,124	-	57,432	-
Employee share option scheme - value of employee services (Note 22(c))	僱員購股權計劃 - 僱員服務價值 (附註22(c))	-	-	2,387	-	2,387
At 31 December 2006	於二零零六年十二月三十一日	269,586	46,417	6,607	55,065	377,675

Notes to the Consolidated Financial Statements

綜合財務報表附註

23. OTHER RESERVES (continued)

(b) Company (continued)

Note:

- (i) The contributed surplus of the Company represents the excess of the fair value of the shares of the subsidiaries acquired pursuant to the Reorganisation over the nominal value of the Company's shares issued in exchange thereof. Under the Companies Act 1981 of Bermuda, a company may make distributions to its members out of the contributed surplus under certain circumstances.
- (ii) In compliance with section 46 of the Companies Act 1981 of Bermuda and with effect from 28 June 2006 (the date of the passing of the special resolution), the entire amount standing to the credit of the share premium account of the Company as at 31 December 2005 of HK\$100,556,000 was cancelled and the directors of the Company was authorised to apply part of the credit arising from the aforesaid reduction of the share premium account of the Company in the sum of HK\$57,432,000 to offset the accumulated losses of the Company in full and the remaining balance of the credit arising therefrom in the sum of HK\$43,124,000 was transferred to the contributed surplus account of the Company in accordance with the Bye-laws of the Company and all applicable laws.
- (iii) As at 31 December 2006, the aggregate amount of reserves available for distribution to the equity holders of the Company, including contributed surplus, other reserves and retained earnings, was HK\$108,089,000 (2005: nil).

23. 其他儲備 (續)

(b) 本公司 (續)

附註:

- (i) 本公司之實繳盈餘指根據重組所收購之附屬公司股份公平值與本公司就此交換之已發行股份面值之差額。根據百慕達一九八一年公司法，公司可在若干情況下從實繳盈餘中撥出款額以向其股東作出分派。
- (ii) 根據百慕達一九八一年公司法第46條，自通過特別決議案日期二零零六年六月二十八日起，削減本公司於二零零五年十二月三十一日共100,556,000港元之股份溢價賬全數進賬均遭註銷，而本公司董事獲授權動用上述本公司股份溢價賬削減所產生部分進賬57,432,000港元，以抵銷本公司全數累計虧損。該進賬餘額43,124,000將根據本公司之公司細則及所有適用法例轉撥至本公司實繳盈餘賬。
- (iii) 於二零零六年十二月三十一日，本公司可供分派予權益持有人之儲備（包括實繳盈餘、其他儲備及保留盈利）合共108,089,000港元（二零零五年：無）。

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綜合財務報表附註

24. TRADE AND OTHER PAYABLES

24. 應付賬款及其他應付款項

		Group 本集團		Company 本公司	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Trade payables	應付賬款	54,611	40,305	-	-
Other payables and accruals	其他應付款項及應計款項	44,399	67,671	8,908	10,231
Pension obligations	退休金供款	8,696	4,284	-	-
Social security and other taxes	社會保障及其他稅項	9,576	3,692	-	-
		117,282	115,952	8,908	10,231

At 31 December 2006 and 2005, the ageing analysis of the trade payables was as follows:

於二零零六年及二零零五年十二月三十一日，應付賬款的賬齡分析如下：

		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
Current to 90 days	現時至90日	44,888	32,373
91 to 180 days	91至180日	4,923	2,463
181 to 365 days	181至365日	2,987	3,704
Over 365 days	超過365日	1,813	1,765
		54,611	40,305

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綜合財務報表附註

25. CONVERTIBLE PREFERENCE SHARES ISSUED BY SUBSIDIARIES – GROUP

(a) Convertible preference shares issued by Turbo Speed

On 9 November 2004, Turbo Speed, a wholly-owned subsidiary of the Company, entered into a subscription agreement with independent third parties in relation to the subscription of 6,837,608 convertible preference shares of US\$0.10 each of Turbo Speed for a total subscription price of US\$4 million (approximately HK\$31.2 million) (the "TS Subscription"). The subscription price had been received by Turbo Speed shortly after signing of the said subscription agreement and was held in a jointly controlled bank account and would be released on completion of the Subscription.

Pursuant to an ordinary resolution passed on 4 April 2005, the Company approved the TS Subscription and the TS Subscription was completed on 29 April 2005.

According to the said subscription agreement, the rights attached to holders of convertible preference shares of Turbo Speed are summarised as follows:

- (a) Income (assuming no conversion of convertible preference shares)
 - (i) A fixed cumulative preferred dividend equal to HK\$624,000 for each financial year of Turbo Speed; and
 - (ii) Participation in part of dividends declared and payable by Turbo Speed (after the preferred dividend), calculated by applying an agreed formula so that the aggregate of the preferred dividend and ordinary dividend to the holders of the convertible preference shares would be equal to 16% (on an annual basis) of the total dividends payable by Turbo Speed.

25. 附屬公司發行可換股優先股－本集團

(a) Turbo Speed發行之可換股優先股

於二零零四年十一月九日，本公司全資附屬公司Turbo Speed與獨立第三方就認購6,837,608股每股面值0.10美元之Turbo Speed可換股優先股訂立認購協議，總認購價為4,000,000美元（約31,200,000港元）（「該TS認購」）。在簽訂上述認購協議後不久，Turbo Speed隨即收取認購價，並存放於共同控制的銀行戶口，將待認購事項完成後解除。

根據二零零五年四月四日通過的普通決議案，本公司批准該TS認購，而該TS認購於二零零五年四月二十九日完成。

根據上述認購協議，Turbo Speed可換股優先股的持有人權利概述如下：

- (a) 收入（假設並無兌換可換股優先股）
 - (i) 相等於Turbo Speed各財政年度固定累計優先股股息624,000港元；及
 - (ii) 於獲派優先股股息後，獲派部分Turbo Speed已宣派及應派的股息，金額透過使用協定方程式計算，致使可換股優先股持有人的優先股股息及普通股股息合共相等於Turbo Speed應付股息總額（按年計）之16%。

Notes to the Consolidated Financial Statements

綜合財務報表附註

25. CONVERTIBLE PREFERENCE SHARES ISSUED BY SUBSIDIARIES – GROUP (continued)

(a) Convertible preference shares issued by Turbo Speed (continued)

(b) Conversion options

- (i) Convertible at any time from the date of completion of the TS Subscription for a period of 24 months into new shares of the Company at a conversion price of HK\$1.2 per share, subject to adjustment set out in the subscription agreement (the “Conversion”). The amount for the Conversion shall be US\$4 million; and
- (ii) Automatic conversion into ordinary shares of Turbo Speed at a ratio of 1:1 on the business day after Turbo Speed has paid total dividends on each convertible preference share which exceed its original issue price of US\$4 million.

According to a shareholders' agreement entered into by the Company and the convertible preference shareholders of Turbo Speed on 29 April 2005, under certain specified conditions, the Company shall transfer an agreed percentage of shares in Turbo Speed to the then convertible preference shareholders of Turbo Speed for a consideration of HK\$1.

The fair values of the liability component and the equity conversion component were determined at issuance of the convertible preference shares.

The fair value of the liability component, included in long-term borrowings, was calculated using a market interest rate for an equivalent non-convertible preference share. The residual amount, representing the value of the equity conversion component, is included in shareholders' equity in other reserves.

25. 附屬公司發行可換股優先股－本集團（續）

(a) Turbo Speed發行之可換股優先股（續）

(b) 轉換選擇權

- (i) 可於該TS認購完成日期起二十四個月期間隨時兌換為本公司新股份，轉換價為每股1.2港元，可按認購協議所載者調整（「該轉換」）而定。該轉換的金額將為4,000,000美元；及
- (ii) 在Turbo Speed就每股可換股優先股派付超逾原有發行價4,000,000美元的總股息後的營業日，自動以1:1的比率兌換為Turbo Speed普通股。

根據本公司與Turbo Speed可換股優先股股東於二零零五年四月二十九日訂立的股東協議，在某些特定條件下，本公司應按協定百分比轉讓Turbo Speed股份予當時的Turbo Speed可換股優先股股東，代價為1港元。

負債部分及權益轉換部分的公平值於發行可換股優先股時釐定。

負債部分（包括長期借款）的公平值以同等不可換股優先股的市場利率計算。相當於股權轉換部分價值的餘款計入其他儲備的股東權益內。

Notes to the Consolidated Financial Statements

綜合財務報表附註

25. CONVERTIBLE PREFERENCE SHARES ISSUED BY SUBSIDIARIES – GROUP (continued)

(a) Convertible preference shares issued by Turbo Speed (continued)

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
At beginning of the year	年初	21,173	–
Addition	添置	–	20,066
Interest expense for the year (Note 9)	年內利息開支 (附註9)	1,734	1,107
Preferred dividend paid for the year ended 31 December 2006	就截至二零零六年十二月三十一日止年度派付優先股股息	(422)	–
Liability component at 31 December 2006 (Note 27)	於二零零六年十二月三十一日之負債部分 (附註27)	22,485	21,173

Note: The convertible preference shares issued and initially recognised in the consolidated balance sheet is calculated as follows:

附註：初步於綜合資產負債表確認之已發行可換股優先股計算如下：

		2005 二零零五年 HK\$'000 千港元
Face value of convertible preference shares issued on 29 April 2005	於二零零五年四月二十九日發行可換股優先股之面值	31,200
Equity component (Note 23)	權益部分 (附註23)	(11,134)
Liability component on initial recognition on 29 April 2005	於二零零五年四月二十九日初步確認之負債部分	20,066

The fair value of the liability component of convertible preference shares at 31 December 2006 amounted to HK\$21,525,000 (2005: HK\$21,023,000). The fair value is calculated using cash flows discounted at a rate based on the borrowings rate of 6.59% (2005: 7.32%) per annum.

於二零零六年十二月三十一日，可換股優先股負債部分的公平值為21,525,000港元（二零零五年：21,023,000港元）。該公平值乃採用借貸利率年息6.59厘（二零零五年：7.32厘）折算現金流量計算。

Notes to the Consolidated Financial Statements

綜合財務報表附註

25. CONVERTIBLE PREFERENCE SHARES ISSUED BY SUBSIDIARIES – GROUP (continued)

(a) Convertible preference shares issued by Turbo Speed (continued)

Interest expense on the convertible preference shares is calculated using the effective interest method by applying the effective interest rate of 8.27% (2005: 8.27%) per annum to the liability component.

(b) Convertible preference shares issued by Emerging Technology

On 21 August 2006, Emerging Technology, a wholly-owned subsidiary of the Company, entered into a subscription agreement with independent third parties in relation to the subscription of 760,778 convertible preference shares of US\$1.00 each of Emerging Technology at a total subscription price of US\$18 million (approximately HK\$140 million) (the “ET Subscription”).

Pursuant to an ordinary resolution passed on 25 September 2006, the Company approved the ET Subscription and the ET Subscription was completed on 12 October 2006.

25. 附屬公司發行可換股優先股－本集團（續）

(a) Turbo Speed發行之可換股優先股（續）

可換股優先股利息開支乃於負債部分採用實際利率以年息8.27厘（二零零五年：8.27厘）實際利率法計算。

(b) 由Emerging Technology發行之可換股優先股

於二零零六年八月二十一日，本公司全資附屬公司Emerging Technology與獨立第三方就認購760,778股每股面值1.00美元的Emerging Technology可換股優先股訂立認購協議，總認購價18,000,000美元（約140,000,000港元）（「該ET認購」）。

根據於二零零六年九月二十五日通過的普通決議案，本公司批准該ET認購，而該ET認購於二零零六年十月十二日完成。

Notes to the Consolidated Financial Statements

綜合財務報表附註

25. CONVERTIBLE PREFERENCE SHARES ISSUED BY SUBSIDIARIES – GROUP (continued)

(b) Convertible preference shares issued by Emerging Technology (continued)

According to the said subscription agreement, the rights attached to holders of convertible preference shares of Emerging Technology are summarised as follows:

- (a) *Income (assuming no conversion of convertible preference shares)*
 - (i) Participation in dividends declared and payable by Emerging Technology so that the aggregate of the preferred dividend to the holders of the convertible preference shares would be equal to 9% (on an annual basis) of the total dividends payable by Emerging Technology.
- (b) *Conversion options*
 - (i) Convertible at any time from the date of completion of the ET Subscription for a period of 24 months into new shares of the Company at a conversion price of HK\$1.088 per share, subject to adjustment set out in the subscription agreement (the “HS Conversion”). The amount for the HS Conversion shall be US\$18 million;
 - (ii) Convertible at any time from the date of completion of the ET Subscription for a period of 24 months into ordinary share of Emerging Technology at a ratio of 1:1; and
 - (iii) Automatic conversion into ordinary shares of Emerging Technology at a ratio of 1:1 on the business day after Emerging Technology has paid total dividends on each convertible preference share which exceed its original issue price.

25. 附屬公司發行可換股優先股－本集團（續）

(b) 由Emerging Technology發行之可換股優先股（續）

根據上述認購協議，Emerging Technology可換股優先股的持有人的權利概述如下：

- (a) 收入（假設並無轉換可換股優先股）
 - (i) 獲發Emerging Technology已宣派及應派股息致使可換股優先股持有人的優先股股息合共相等於Emerging Technology應派股息總額之（按年計）9%。
- (b) 轉換選擇權
 - (i) 可於該ET認購完成日期起二十四個月期間隨時兌換為本公司新股份，轉換價為每股1.088港元，可按認購協議所載者調整（「HS轉換」）而定。HS轉換的金額將為18,000,000美元；
 - (ii) 於該ET認購完成日期起計二十四個月期間內，按1:1比例兌換為Emerging Technology普通股；及
 - (iii) 在Emerging Technology就每股可換股優先股派付超逾原有發行價的總股息後的營業日，自動以1:1比率兌換為Emerging Technology的普通股。

25. CONVERTIBLE PREFERENCE SHARES ISSUED BY SUBSIDIARIES – GROUP (continued)**(b) Convertible preference shares issued by Emerging Technology** (continued)

The convertible preference shares issued are initially recognised in the consolidated balance sheet is calculated as follows:

		31 December 2006 二零零六年 十二月三十一日 HK\$'000 千港元
Face value of convertible preference shares issued on 12 October 2006	於二零零六年十月十二日發行的可換股優先股面值	140,040
Legal and professional fees directly attributable to the ET Subscription	與ET認購直接有關之法律及專業費用	(1,560)
Equity component (Note 23)	權益部分 (附註23)	(138,480)
Liability component on initial recognition and as at 31 December 2006	於初步確認時及於二零零六年十二月三十一日的負債部分	-

26. DUE FROM/TO A RELATED COMPANY AND A FELLOW SUBSIDIARY

The amounts due from/to a related company and a fellow subsidiary are interest free, unsecured, and repayable on demand.

25. 附屬公司發行可換股優先股 – 本集團 (續)**(b) 由Emerging Technology發行之可換股優先股 (續)**

於綜合資產負債表中初步確認的可換股優先股計算如下：

26. 應收／應付一家關連公司及一家同系附屬公司款項

應收／應付一家關連公司及一家同系附屬公司款項為免息、無抵押及於索還時償付。

Notes to the Consolidated Financial Statements

綜合財務報表附註

27. BORROWINGS

27. 借款

		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
Non-current	非即期		
Financial liability portion of convertible preference shares issued by a subsidiary (Note 25(a))	一家附屬公司發行可換股優先股的財務負債部分 (附註25(a))	22,485	21,173
Current	即期		
Short term bank loans – PRC, secured (Note)	短期銀行貸款－中國，有抵押 (附註)	7,000	48,077
Total borrowings	借款總額	29,485	69,250

Note:

As at 31 December 2006, short term bank loans of RMB7 million (HK\$7 million) were secured by the leasehold land and building of a subsidiary of the Company (Note 15) and the corporate guarantee from an independent third party, 深圳市高新技術投資擔保有限公司 (Shenzhen High and New Technology Investment Guarantee Company Limited).

As at 31 December 2005, short term bank loans of HK\$48,077,000 were secured by corporate guarantee of HK\$48,077,000 from the Company.

The carrying amounts of financial liability portion of convertible preference shares issued by a subsidiary and short-term borrowings approximate their fair values.

附註：

於二零零六年十二月三十一日，人民幣7,000,000元（7,000,000港元）的短期銀行貸款由本公司一家附屬公司之租賃土地及樓宇（附註15）以及一名獨立第三方深圳市高新技術投資擔保有限公司之公司擔保作抵押。

於二零零五年十二月三十一日，48,077,000港元的短期銀行貸款由本公司48,077,000港元的企業擔保作抵押。

由一家附屬公司發行可換股優先股之財務負債部分及短期借款之賬面值與其公平值相約。

Notes to the Consolidated Financial Statements

綜合財務報表附註

27. BORROWINGS (continued)

The maturity of borrowings is as follows:

27. 借款 (續)

本集團借款之到期日如下：

		Group 本集團		Financial liability portion of convertible preference shares issued by a subsidiary 一家附屬公司發行可換股優先股的財務負債部分	
		Bank borrowings 銀行借款			
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Within 1 year	一年內	7,000	48,077	-	-
Over 5 years	逾五年	-	-	22,485	21,173
		7,000	48,077	22,485	21,173

The effective interest rates at the balance sheet date were as follows:

於結算日的實際利率如下：

		2006 二零零六年 Hong Kong dollar 港元 per annum 每年		2005 二零零五年 Hong Kong dollar 港元 per annum 每年		Renminbi 人民幣 per annum 每年	
			Renminbi 人民幣 per annum 每年				
Financial liability portion of convertible preference shares issued by a subsidiary	一家附屬公司發行可換股優先股的財務負債部分	8.27%	-	8.27%	-	-	-
Short term bank borrowings	短期銀行借貸	-	6.80%	-	5.58%	-	-

Notes to the Consolidated Financial Statements

綜合財務報表附註

27. BORROWINGS (continued)

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

27. 借款 (續)

借款賬面值以下列貨幣列值：

		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
Hong Kong dollar	港元	22,485	21,173
Renminbi	人民幣	7,000	48,077
		29,465	69,250

During the year ended 31 December 2005, all the bank facilities have been terminated. There is no undrawn bank facility as at 31 December 2006.

於截至二零零五年十二月三十一日止年度，所有銀行信貸均終止。於二零零六年十二月三十一日並無尚未提取之銀行信貸。

28. DEFERRED INCOME TAX – GROUP

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The offset amounts are as follows:

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Deferred tax assets to be recovered within 12 months	十二個月內將予撥回的遞延稅項資產	(6)	(56)
Deferred tax liabilities to be recovered within 12 months	十二個月內將予撥回的遞延稅項負債	6	56
		-	-

The movement in deferred tax assets and liabilities (prior to offsetting of balances within the same taxation jurisdiction) during the year is as follows:

28. 遞延所得稅 – 本集團

當有法定權利可將現有稅項資產與現有稅項負債抵銷，且遞延所得稅涉及同一財政機關，則可將遞延所得稅資產與負債互相抵銷。抵銷金額如下：

年內，將相同稅項司法權區之結餘互相抵銷前，遞延稅項資產與負債之變動如下：

		Accelerated tax depreciation 加速稅項折舊	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Deferred tax liabilities	遞延稅項負債		
At 1 January	於一月一日	56	28
(Credited)/charged to consolidated income statement	自綜合損益賬(扣除)/開支	(50)	28
At 31 December	於十二月三十一日	6	56

Notes to the Consolidated Financial Statements

綜合財務報表附註

28. DEFERRED INCOME TAX – GROUP (continued)

28. 遞延所得稅－本集團（續）

		Tax losses 稅損	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Deferred tax assets	遞延稅項資產		
At 1 January	於一月一日	(56)	(28)
Charged/(credited) to consolidated income statement	自綜合收益表 扣除／（計入）	50	(28)
At 31 December	於十二月三十一日	(6)	(56)

Deferred taxation is calculated in full on temporary differences under the liability method using a principal taxation rate of 17.5% (2005: 17.5%).

遞延稅項以負債法按17.5%（二零零五年：17.5%）的主要稅率就暫時差額全數撥備。

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related benefits through the future taxable profits is probable. As at 31 December 2006, the Group has unrecognised tax losses HK\$13,117,000 (2005: HK\$36,731,000) to carry forward against future taxable income. These tax losses have not been recognised due to uncertainty of their future recoverability. The tax losses will expire according to the prevailing tax laws and regulations in the countries in which the Group operates.

遞延所得稅資產乃因應相關利益有可能透過日後應課稅溢利變現而就所結轉之稅項虧損作確認。截至二零零六年十二月三十一日，本集團之未確認稅項虧損為13,117,000港元（二零零五年：36,731,000港元），可結轉以抵銷日後應課稅收入。由於未能確定上述稅項虧損能否於將來撥回，故並無確認上述稅項虧損。此等稅項虧損之到期日根據本集團經營國家之適用稅法及規例而定。

Notes to the Consolidated Financial Statements

綜合財務報表附註

29. NOTES TO CONSOLIDATED CASH FLOW STATEMENT

29. 綜合現金流量表附註

(a) Reconciliation of profit before income tax to cash generated from operating activities

(a) 除所得稅前溢利與經營業務產生的現金對賬

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Profit before income tax	除所得稅前溢利	145,242	66,942
Interest income	利息收入	(4,831)	(1,403)
Subsidy income from Government	政府的資助收入	-	(926)
Employee share option scheme	僱員購股權計劃		
– value of employee services	– 僱員服務價值	2,387	4,220
Employee share option scheme of a subsidiary	一家附屬公司之僱員購股權計劃		
– value of employee services	– 僱員服務價值	-	273
Depreciation of property, plant and equipment	物業、廠房及設備折舊	13,089	9,884
Depreciation of investment property	投資物業折舊	8	-
Amortisation of lossehold land	租賃土地攤銷	36	-
(Gain)/loss on disposal of property, plant and equipment	出售物業、廠房及設備(收益)/虧損	(18)	319
(Write-back)/provision for impairment of trade receivable, net	應收賬款減值(撥回)/撥備·淨額	(257)	6,974
Write-off of inventories	撇銷存貨	1,504	1,008
Finance costs	融資成本	3,803	3,998
Operating profit before working capital changes	營運資金變動前的經營溢利	160,963	91,289
(Increase)/decrease in trade and other receivables	應收賬款及其他應收款項(增加)/減少	(41,300)	6,275
(Increase)/decrease in inventories	存貨(增加)/減少	(8,448)	7,236
Increase in financial assets at fair value through profit or loss	按公平值計入溢利或虧損之金融資產增加	(41,281)	-
Increase/(decrease) in trade and other payables	應付賬款及其他應付款項增加/(減少)	1,329	(5,328)
Decrease in amount due to ultimate holding company	應付最終控股公司款項減少	-	(24,638)
Increase/(decrease) in amounts due to fellow subsidiaries	應付同系附屬公司款項增加/(減少)	13,107	(233)
Cash generated from operating activities	經營業務產生的現金	84,370	74,601

Notes to the Consolidated Financial Statements

綜合財務報表附註

29. NOTES TO CONSOLIDATED CASH FLOW STATEMENT (continued)

(b) In the cash flow statement, proceeds from sale of property, plant and equipment comprise:

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Net book amount (Note 15)	賬面淨額值 (附註15)	21	476
Gain/(loss) on sale of property, plant and equipment	出售物業、廠房及設備之收益／ (虧損)	18	(319)
Proceeds from sale of property, plant and equipment	出售物業、廠房及設備 所得款項	39	157

29. 綜合現金流量表附註 (續)

(b) 於現金流量表內，出售物業、廠房及設備所得款項如下：

30. CONTINGENT LIABILITIES

As at 31 December 2006, the Group and the Company had no contingent liabilities (2005: Nil).

30. 或然負債

於二零零六年十二月三十一日，本集團及本公司並無其他或然負債（二零零五年：無）。

31. OPERATING LEASE COMMITMENTS

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

31. 經營租約承擔

於二零零六年十二月三十一日，本集團於不可撤銷經營租約項下的未來最低租賃付款總額如下：

		Land and buildings 土地及樓宇		Equipment 設備	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Not later than one year	不遲於一年	5,705	5,079	8,102	6,243
Later than one year and not later than five years	遲於一年，但不遲 於五年	5,428	6,085	-	-
		11,133	11,164	8,102	6,243

32. RELATED PARTY TRANSACTIONS

The Group is controlled by Rich Global Limited (incorporated in British Virgin Islands), which owns 40.28% of the Company's shares. The remaining 59.72% of the shares are widely held. In the opinion of the Directors, the ultimate holding company of the Company is Hi Sun Limited (incorporated in British Virgin Islands).

(a) The following transactions were carried out with the related parties:

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Management fees received from a related company (Note (i))	來自關連公司的管理費用 (附註(i))	-	150
Rental fees paid to a related company (Note (ii))	支付予關連公司的租金費用 (附註(ii))	797	827
Acquisition of property from a related company (Note (iii) and 14(a))	收購關連公司物業 (附註(iii)及 14(a))	34,500	-

Note:

- (i) For the year ended 31 December 2005, a subsidiary, Hi Sun Development Management Limited, provided management services to Panorama Stock Limited, a company owned by a Director of the Company.
- (ii) The subsidiaries, Beijing Hi Sun Advanced Business Solutions Information Technology Limited and Pax Technology (Shenzhen) Limited, paid rental fees to Beijing Hi Sun Electric Power Information Technology Limited, a fellow subsidiary company owned by a Director and a substantial shareholder, of the Company.
- (iii) On 2 November 2006, the Company entered into acquisition agreement with Beijing Hi Sun Electric Power Information Technology Limited in relation to the acquisition of property located at 北京市海澱區阜成路67號銀都大廈15-17樓 for a consideration of RMB34,500,000 (approximately equal to HK\$34,500,000).

32. 關連方交易

本集團由於英屬處女群島註冊成立的Rich Global Limited控制，該公司擁有本公司40.28%股份。餘下59.72%股份由公眾人士持有。董事認為，本集團最終控股公司為於英屬處女群島註冊成立的Hi Sun Limited。

(a) 與關連方進行的交易如下：**附註：**

- (i) 截至二零零五年十二月三十一日止年度，附屬公司高陽拓業管理有限公司向本公司一名董事擁有之公司全景傳媒有限公司提供管理服務。
- (ii) 附屬公司北京高陽金信信息技術有限公司及百富計算機技術(深圳)有限公司向北京高陽萬為電力信息技術有限公司(由本公司一名董事兼主要股東擁有之同系附屬公司)支付租金。
- (iii) 於二零零六年十一月二日，本公司與北京高陽萬為電力信息技術有限公司訂立收購協議，以按代價人民幣34,500,000元(約34,500,000港元)收購位於北京市海澱區阜成路67號銀都大廈15-17樓之物業。

Notes to the Consolidated Financial Statements

綜合財務報表附註

32. RELATED PARTY TRANSACTIONS (continued)

(a) The following transactions were carried out with the related parties: (continued)

Note: (continued)

The consideration of the acquisition of the property from Beijing Hi Sun Electric Power Information Technology Limited (as disclosed in note (iii)) was determined by reference to the fair market value at the date of acquisition as assessed by an independent valuer. Other transactions were conducted in the normal course of business and charged at terms mutually agreed or in accordance with the terms of the underlying agreements, where appropriate.

(b) Year end balances with related parties are as follows:

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Receivable from a related company Panorama Stock Limited	應收一家關連公司款項 全景傳媒有限公司	67	150
Payable to a fellow subsidiary Beijing Hi Sun Electric Power Information Technology Limited	應付一家同系附屬公司款項 北京高陽萬為 電力信息技術有限公司	13,497	390

The balances with related parties were unsecured, interest free and repayable on demand.

(c) Key management compensation

During the years ended 31 December 2005 and 2006 key management compensation is equivalent to the Directors' emolument as disclosed in note 8(b).

32. 關連方交易 (續)

(a) 與關連方進行的交易如下：(續)

附註：(續)

向北京高陽萬為電力所購入物業之代價(如附註(iii)所披露)乃參考於收購日期之公平市場價格而決定，並由獨立估值師作評估。其他交易均於日常業務中進行，並以雙方協定的條款或根據有關協議的條款(視適用情況而定)而訂立。

(b) 與關連方有關的年底結餘如下：

與關連方之往來結餘為無抵押，免息及於索償時付還。

(c) 主要管理人員補償

截至二零零五年及二零零六年十二月三十一日止年度，主要管理人員補償相等於附註8(b)所披露之董事酬金。

33. SUBSEQUENT EVENTS**(i) Termination of disposal and issue of preference shares by Pax Technology Limited ("PAX")**

On 6 November 2006, the Company entered into a sale and purchase agreement ("the PAX Disposal Agreement") with Keen Ambition Enterprise Limited (the "Purchaser"), a company incorporated in the British Virgin Islands and Mr. Mo Ying San (the "Guarantor"), who owns the entire issued share capital of the Purchaser, in relation to the disposal of the entire issued share capital of an aggregate of 35,000,000 ordinary shares of HK\$1.00 of PAX, a company incorporated in Hong Kong and an indirect wholly owned subsidiary of the Company, for a consideration of HK\$200 million, which is to be satisfied by cash. The Purchaser and the Guarantor are both third parties independent of the Group.

On 4 April 2007, the Company, the Purchaser and the Guarantor entered into a termination agreement to terminate the PAX Disposal Agreement in consideration of the return of the deposit of HK\$5 million by the Company to the Purchaser.

On 4 April 2007, PAX and the Company entered into a subscription agreement (the "PAX Subscription Agreement") with Digital Investment Limited (the "PAX Subscriber") in relation to the subscription by the PAX Subscriber of 8,750,000 preference shares of PAX of HK\$1.00 each (the "PAX Preference Shares") at a total subscription price of US\$10 million (equivalent to approximately HK\$78.1 million) (the "PAX Subscription"). The PAX Preference Shares represent 25% of the existing issued share capital of PAX and 20% of the issued share capital of PAX as enlarged by the PAX Subscription. The Subscriber is a third party independent of the Group.

The Completion of the PAX Subscription is subject to the approval by the shareholders of the Company.

(ii) Grant of options

On 2 January 2007, 43,000,000 share options had been granted to certain employees of the Company pursuant to the Share Option Scheme of the Company to subscribe ordinary shares of the Company at an exercise price of HK\$2.00 per share. The exercisable period of these share options is from 2 January 2007 to 1 January 2010 (both dates inclusive).

33. 結算日後事項**(i) 百富科技有限公司(「百富」)終止出售及發行優先股**

於二零零六年十一月六日，本公司與一家於英屬處女群島註冊成立之公司 Keen Ambition Enterprise Limited (「買方」) 及擁有買方全部已發行股本之武迎新先生 (「擔保人」) 訂立買賣協議 (「百富出售協議」)，出售本公司於香港註冊成立之間接全資附屬公司百富全部已發行股本合共 35,000,000 股每股面值 1.00 港元之普通股，代價為 200,000,000 港元，將以現金支付。買方及擔保人均為本集團獨立第三方。

於二零零七年四月四日，本公司、買方與擔保人訂立終止協議，按本公司向買方退回訂金 5,000,000 港元之代價，終止百富出售協議。

於二零零七年四月四日，百富及本公司與 Digital Investment Limited (「百富認購人」) 就百富認購人按總認購價 10,000,000 美元 (約相等於 78,100,000 港元) 認購 8,750,000 股每股 1.00 港元之百富優先股 (「百富優先股」) (「百富認購」) 訂立認購協議 (「百富認購協議」)。百富優先股相當於百富現有已發行股本 25% 及百富經百富認購擴大之已發行股本 20%。認購人為本集團之獨立第三方。

百富認購須待本公司股東批准，方告作實。

(ii) 授出購股權

於二零零七年一月二日，本公司根據本公司購股權計劃向本公司若干僱員授出 43,000,000 份購股權，可按行使價每股 2.00 港元認購本公司普通股。有關購股權行使期由二零零七年一月二日至二零一零年一月一日 (包括首尾兩天)。

Notes to the Consolidated Financial Statements

綜合財務報表附註

33. SUBSEQUENT EVENTS (continued)

(iii) Conversion of convertible preference shares in a subsidiary of the Company

On 12 January 2007, the Company received a notice from a holder of the convertible preference shares issued by Turbo Speed for the conversion of all of its 3,418,804 convertible preference shares into the ordinary shares of the Company pursuant to the terms of the subscription agreement dated 9 November 2004.

As a result of the above conversion, 51,866,667 new ordinary shares of the Company were issued and allotted to the convertible preference shares holder at a conversion price of HK\$0.3 per share on 18 January 2007.

(iv) Proposed acquisition of the entire interest in Baifu Hualong and Pacific Sheen and disposal of 5% interest in Hualong Holding

On 10 February 2007, the Company entered into a sale and purchase agreement (the "Hualong Agreement") with 王秉人 (Wang Bing Ren), 王中方 (Wang Zhong Fang), 蔣杰忠 (Jiang Jie Zhong), 趙樹勳 (Zhao Shu Xun (also known as 趙力斌 (Zhao Li Bin)), 李寧川 (Li Ning Chuan) and Everon Group Holdings Limited (a company incorporated in Hong Kong) (collectively the "Vendors"), who are parties independent of the Group, pursuant to which the Company conditionally agreed to procure the acquisition of the entire registered capital of Hangzhou Baifu Holding Company Limited ("Baifu Hualong"), a company to be incorporated in the PRC which will hold the entire interest in 杭州華隆電子技術有限公司 (Hangzhou Hualong Electronic Technology Company Limited), a company established in the PRC ("Hualong Electronic") and 杭州華隆信息技術有限公司 (Hangzhou Hualong Information Technology Company Limited), a company established in the PRC ("Hualong Information") prior to completion of the Hualong Agreement, the entire issued share capital of Pacific Sheen International Limited (富順國際有限公司), a company incorporated in Hong Kong ("Pacific Sheen") and its subsidiary (collectively referred to as the "Hualong Group") and the shareholders' loans of HK\$24.0 million (the "Shareholders' Loans") for a total consideration of RMB300.7 million (equivalent to approximately HK\$302.9 million) (the "Hualong Acquisition"). The consideration for the Hualong Acquisition will be satisfied as to RMB200.7 million (equivalent to approximately HK\$202.1 million) in cash and as to the remaining balance of RMB100.0 million (equivalent to approximately HK\$100.7 million) by way of the 36,900,146 new shares of the Company (the "Consideration Shares") at a consideration of HK\$2.73 per share.

33. 結算日後事項 (續)

(iii) 兌換本公司一家附屬公司之可換股優先股

於二零零七年一月十二日，本公司接獲一名持有由 Turbo Speed 發行的可換股優先股持有人通知，並根據日期為二零零四年十一月九日認購協議之條款，將其所持 3,418,804 股可換股優先股悉數轉換為本公司普通股。

基於上述轉換，本公司於二零零七年一月十八日按每股股份 0.3 港元之兌換價，向可換股優先股持有人發行及配發 51,866,667 股本公司新普通股。

(iv) 建議收購百富華隆及富順國際全部權益及出售 Hualong Holding 5% 權益

於二零零七年二月十日，本公司與獨立於本集團之人士王秉人、王中方、蔣杰忠、趙樹勳（又名趙力斌）、李寧川及信安控股有限公司（於香港註冊成立之公司）（統稱「賣方」）訂立買賣協議（「華隆協議」）。據此，本公司有條件同意促使收購將於中國註冊成立之杭州百富控股有限公司（「百富控股」）全部註冊股本、於香港註冊成立之富順國際有限公司（「富順國際」）及其附屬公司（統稱「華隆集團」）全部已發行股本以及股東貸款 24,000,000 港元（「股東貸款」），總代價為人民幣 300,700,000 元（約相當於 302,900,000 港元）（「華隆收購」）。百富控股將持有於中國成立之杭州華隆電子技術有限公司（「華隆電子」）及於華隆協議完成前於中國成立之杭州華隆信息技術有限公司（「華隆信息技術」）全部權益。華隆收購代價中，人民幣 200,700,000 元（約相當於 202,100,000 港元）將以現金支付，餘額人民幣 100,000,000 元（約相當於 100,700,000 港元）則以本公司 36,900,146 股每股作價 2.73 港元之新股份（「代價股份」）支付。

33. SUBSEQUENT EVENTS (continued)**(iv) Proposed acquisition of the entire interest in Baifu Hualong and Pacific Sheen and disposal of 5% interest in Hualong Holding** (continued)

As part of the transactions in relation to the Hualong Acquisition, the Company and the Vendors will execute all relevant documents for the disposal of 5% of the issued share capital of Hualong Holding, a subsidiary of the Company which will become the immediate holding company of Baifu Hualong and Pacific Sheen upon completion of the Hualong Agreement, to the Vendors for a total consideration of RMB15.0 million (equivalent to approximately HK\$15.1 million), which is equal to 5% of the total consideration to be paid by the Group for the Hualong Acquisition (the "Hualong Disposal").

The Hualong Acquisition and the Hualong Disposal and the transactions contemplated herein above have not been completed up to the date of this report.

As at 31 December 2006, the aggregate audited carrying value of the total net assets of the Hualong Group amounted to approximately HK\$169.8 million. Goodwill arising from the Hualong Acquisition and Hualong Disposal will be finalised upon completion of management's assessment of the fair value of identifiable assets and liabilities of the Hualong Group.

(v) Effect of the Corporate Income Tax Law of the People's Republic of China (the "new CIT Law")

On 16 March 2007, the National People's Congress approved the new CIT Law. The new CIT Law changes the corporate income tax rate to 25% with effect from 1 January 2008. The new CIT Law also provides for preferential tax rates, tax incentives for prescribed industries and activities, grandfathering provisions as well as determination of taxable profit. As at the date that this report are approved for issue, detailed measures concerning these items has yet to be issued by the State Council. Consequently, the Group is not in a position to assess the impact, if any, to the carrying value of deferred tax assets and liabilities as at 31 December 2006. The Group will continue to evaluate the impact as more detailed regulations are announced.

(vi) Exercise of share options

Subsequent to the year end and up to the date of this report, total aggregate number of 26,885,000 share options have been exercised, which result in the issue of 26,885,000 additional ordinary shares of the Company. As at the date of this report, the Company has 98,115,000 share options outstanding.

33. 結算日後事項 (續)**(iv) 建議收購百富華隆及富順國際全部權益及出售 Hualong Holding 5% 權益 (續)**

作為有關華隆收購交易之其中一環，本公司與賣方將就以總代價人民幣15,000,000元（約相當於15,100,000港元，相當於本集團收購總代價5%）向賣方出售本公司附屬公司Hualong Holding已發行股本5%（「華隆出售」）簽署所有有關文件，Hualong Holding將於華隆協議完成後成為百富華隆及富順國際之直接控股公司。

直至本報告日期，上述華隆收購及華隆出售以及據此擬進行之交易尚未完成。

於二零零六年十二月三十一日，華隆集團資產淨值總額經審核賬面值總額約為169,800,000港元。華隆收購及華隆出售所產生商譽將於管理層完成評估華隆集團可識別資產及負債公平值後落實。

(v) 中華人民共和國企業所得稅法（「新企業所得稅法」）之影響

於二零零七年三月十六日，全國人民大會批准新企業所得稅法。自二零零八年一月一日起，新企業所得稅法之企業所得稅率將改為25%。新企業所得稅法亦提供優惠稅率，就指定行業及活動提供稅務優惠、不追溯條款以及釐定應課稅溢利。截至本報告批准刊發日期，國務院尚未就有關項目頒佈詳細措施。因此，本集團未能就二零零六年十二月三十一日之遞延稅項資產及負債賬面值評估有關影響（如有）。本集團將就頒佈之更多詳細規例繼續評估其影響。

(vi) 行使購股權計劃

於年結日後及截至本報告日期止，總共26,885,000份購股權獲行使，導致發行額外26,885,000股本公司普通股。於本報告日期，本公司有98,115,000份尚未行使購股權。

Summary Financial Information

財務資料摘要

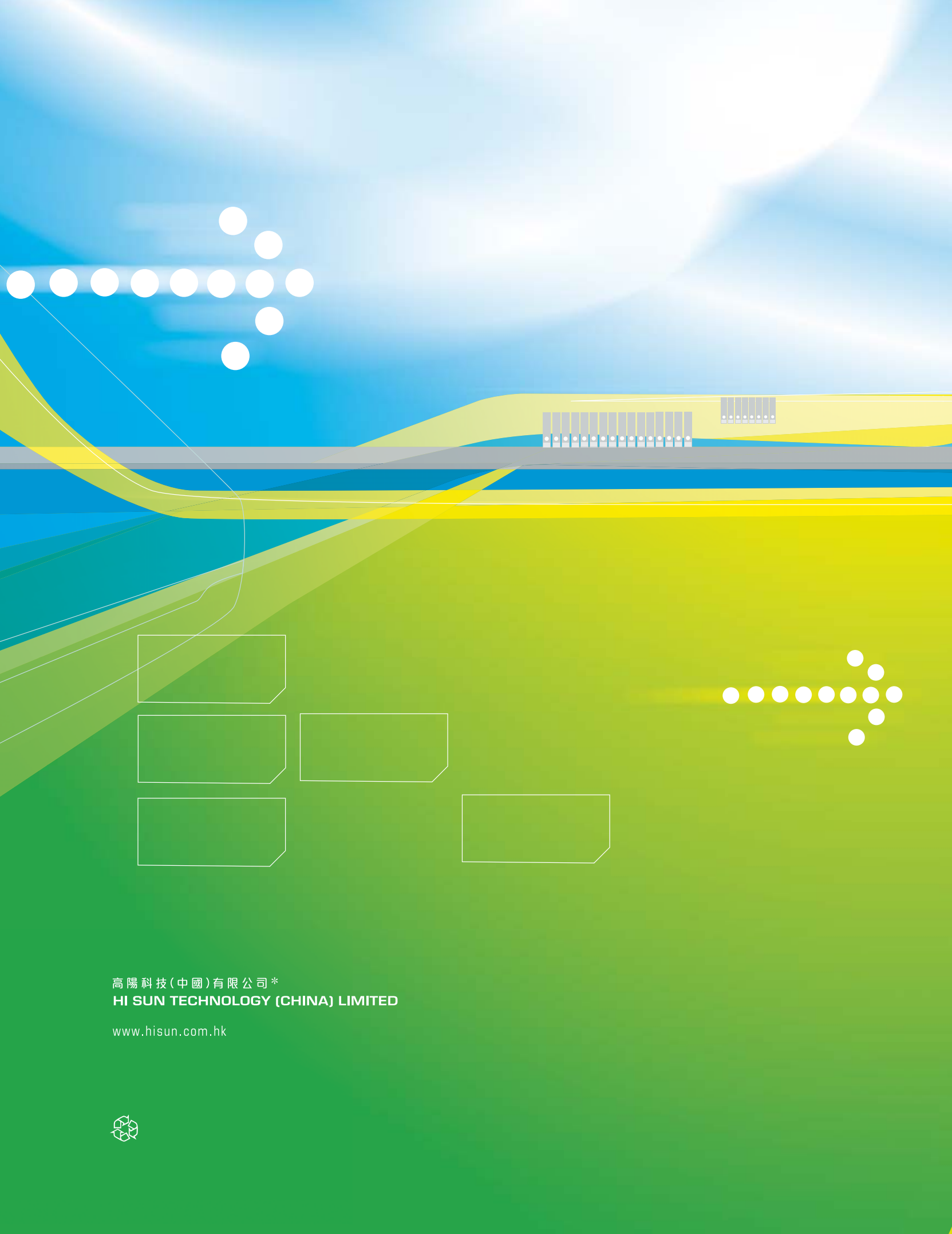
A summary of the published consolidated results and of the consolidated assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements and reclassified as appropriate, is set as below:

摘錄自經審核財務報表及按適用情況重新分類的本集團過去五個財政年度已公佈綜合業績及綜合資產與負債概要如下：

		Year ended 31 December 截至十二月三十一日止					
		2006 二零零六年 HK\$'000 千港元 Continuing operations 持續經營	2005 二零零五年 HK\$'000 千港元 Continuing operations 持續經營	2004 二零零四年 HK\$'000 千港元 Continuing operations 持續經營	2003 二零零三年 HK\$'000 千港元 Continuing Operations 持續經營	2002 二零零二年 HK\$'000 千港元 Continuing operations 持續經營	Discontinuing operations 非持續經營
Results	業績						
Profit/(Loss) attributable to equity holders	權益持有人應佔溢利／(虧損)	133,600	62,304	(12,127)	(3,454)	(37,399)	(3,429)
Assets and liabilities	資產及負債						
Total assets	總資產	847,110	313,741	240,721	163,676	312,312	-
Total liabilities	總負債	(167,438)	(186,307)	(192,090)	(102,918)	(248,100)	-
Capital and reserves attributable to the Company's equity holders	本公司權益持有人應佔股本及儲備	679,672	127,434	48,631	60,758	64,212	-

Note: The construction and installation of curtain wall system segment and the sales and distribution of sanitary-ware and kitchen cabinets segment commenced operations since incorporation were disposed of on 30 September 2002.

附註：自註冊成立以來已從事的建造及安裝玻璃幕牆系統業務以及銷售及分銷潔具及廚櫃業務於二零零二年九月三十日已出售。



高陽科技(中國)有限公司*

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