



**HOP FUNG GROUP**

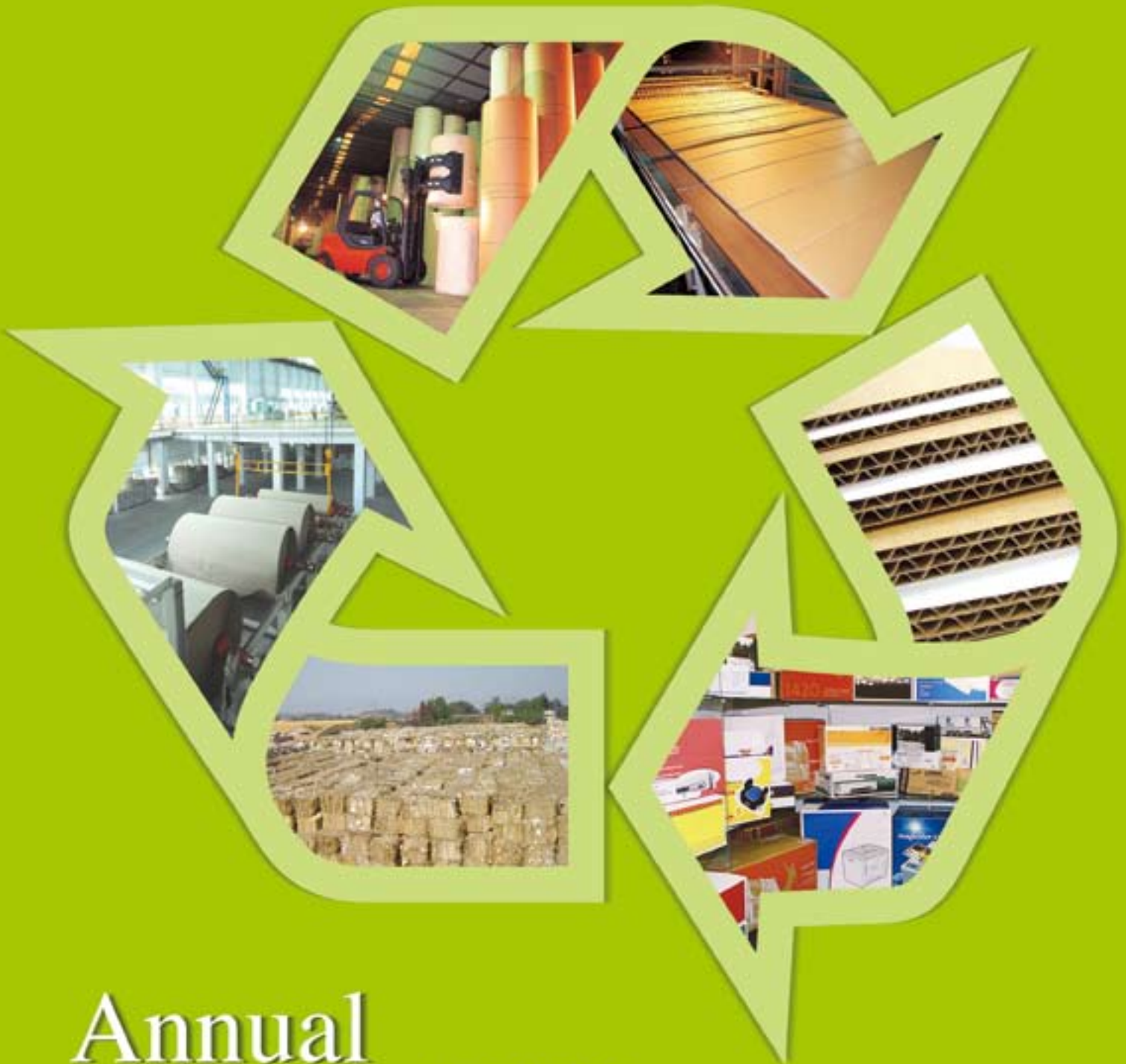
合豐集團控股有限公司

**HOP FUNG GROUP HOLDINGS LIMITED**

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立之有限公司)

Stock Code 股份代號: 2320



# Annual Report 2006

二零零六年年報

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## CORPORATE INFORMATION

### 公司資料

#### BOARD OF DIRECTORS

##### *Executive Directors*

Mr. Hui Sum Kwok (*Chairman*)  
Mr. Hui Sum Ping (*Vice Chairman*)  
Mr. Hui Sum Tai (*Chief Executive Officer*)  
Mr. Wong Wing Por  
Ms. Hui Yuen Li

##### *Independent Non-Executive Directors*

Mr. Liu Kwok Fai, Alvan  
Mr. Chee Man Sang, Eric  
Mr. Wong Chu Leung

#### AUDIT COMMITTEE

Mr. Liu Kwok Fai, Alvan (*Chairman*)  
Mr. Chee Man Sang, Eric  
Mr. Wong Chu Leung

#### REMUNERATION COMMITTEE

Mr. Chee Man Sang, Eric (*Chairman*)  
Mr. Wong Chu Leung  
Ms. Hui Yuen Li

#### AUTHORISED REPRESENTATIVES

Mr. Hui Sum Kwok  
Ms. Hui Yuen Li

#### COMPANY SECRETARY

Ms. Hui Yuen Li

#### 董事會

##### *執行董事*

許森國先生 (*主席*)  
許森平先生 (*副主席*)  
許森泰先生 (*行政總裁*)  
王榮波先生  
許婉莉女士

##### *獨立非執行董事*

廖國輝先生  
池民生先生  
黃珠亮先生

#### 審核委員會

廖國輝先生 (*主席*)  
池民生先生  
黃珠亮先生

#### 薪酬委員會

池民生先生 (*主席*)  
黃珠亮先生  
許婉莉女士

#### 授權代表

許森國先生  
許婉莉女士

#### 公司秘書

許婉莉女士

## AUDITORS

Deloitte Touche Tohmatsu  
Certified Public Accountants

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Workshops E, F and H, on 22nd Floor  
Superluck Industrial Centre (Phase 2)  
No. 57 Sha Tsui Road and  
Nos. 30–38 Tai Chung Road, Tsuen Wan  
New Territories  
Hong Kong

## REGISTERED OFFICE

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KYI-1111  
Cayman Islands

## SHARE REGISTRARS AND TRANSFER AGENTS

### *Principal share registrar and transfer agent in the Cayman Islands*

Butterfield Fund Services (Cayman) Limited  
Butterfield House  
68 Fort Street  
P.O. Box 705  
George Town  
Grand Cayman  
British West Indies

## 核數師

德勤•關黃陳方會計師行  
執業會計師

## 香港總辦事處及主要營業 地點

香港  
新界  
荃灣沙咀道57號及  
大涌道30-38號  
荃運工業中心(第二期)  
22樓E、F及H座

## 註冊辦事處

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KYI-1111  
Cayman Islands

## 股份過戶登記處

### *開曼群島主要股份過戶登記處*

Butterfield Fund Services (Cayman) Limited  
Butterfield House  
68 Fort Street  
P.O. Box 705  
George Town  
Grand Cayman  
British West Indies

## CORPORATE INFORMATION

### 公司資料

#### **Branch share registrar and transfer agent in Hong Kong**

Abacus Share Registrars Limited  
26th Floor  
Tesbury Centre  
No. 28 Queen's Road East  
Hong Kong

#### **PRINCIPAL BANKERS**

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

#### **STOCK CODE**

2320

#### **股份過戶登記處香港分處**

雅柏勤證券登記有限公司  
香港  
皇后大道東 28 號  
金鐘匯中心  
26 樓

#### **主要往來銀行**

渣打銀行(香港)有限公司  
恆生銀行有限公司  
香港上海滙豐銀行有限公司  
星展銀行(香港)有限公司

#### **股份代號**

2320

## CHAIRMAN'S STATEMENT 主席報告

On behalf of the board of directors (the "Directors"), I am pleased to present the annual results of Hop Fung Group Holdings Limited ("the Company", and together with its subsidiaries, collectively referred to as "the Group" or "we") for the year 2006 to the Group's ("our") shareholders.

Our corrugated medium operations, which started production in March 2006, opened a new chapter in our history. Production at our Green Forest (QingXin) Paper Industrial Limited ("Green Forest") site, located in Qingyuan, Guangdong Province, supplied around 30% of the raw materials needed by our three corrugator plants in Dongguan and Shenzhen, both within Guangdong Province. Via such vertical integration, we can now not only secure our supply of raw materials and offset the impact from rising prices, but we can also custom-make our raw materials for our customers. This resulted in gross margin gains of more than 2 percentage points in the year.

Competition in the downstream business in Guangdong Province remains intense. We strived to control costs, improve our marketing and sales strategies and optimize product quality. We bought advanced production equipment, strengthened our computerized production processes and effectively distributed workload across our production lines, fully optimizing our production lines and maximizing utilization. Combined with steady supply of corrugated medium, we were able to raise our operating profits by 24% year on year.

Our products are currently mostly heading into export markets, with the domestic market accounting for only around 10% of sales. We will continue to develop the domestic market. Corrugated cardboard is now not used for packaging, but it is also an environmentally friendly raw material replacing other materials such as wood, plastics and polyfoam; for example, corrugated cardboard is now being used to make product display cases. Thus, we see great potential for corrugated cardboard products. We will continue to produce more high value-added products that are environmentally friendly, embrace the solid growth expected in the Chinese and global high-end cardboard products market, exploit any opportunities in the market, further develop our downstream business and expand our market share.

本人謹代表董事會(「董事」)欣然向各位股東提呈合豐集團控股有限公司(「本公司」, 連同其附屬公司, 統稱「本集團」或「我們」)的二零零六年度全年業績報告。

我們於二零零六年三月開始正式投產的瓦楞芯紙業務為本集團寫下了歷史性的新一頁, 位於廣東省清遠市的森葉(清新)紙業有限公司(「森葉紙業」)提供了約三成的原材料予我們三家分別位於廣東省東莞市及深圳市的下游瓦楞紙板紙箱廠房, 此縱向整合的營運模式不但可穩定原材料供應及抵銷價格上揚的影響, 更可按客戶需求生產最合適的原材料以減少損耗, 使毛利率上升了超過兩個百分點。

由於下游業務在廣東省的競爭非常劇烈, 我們積極監控成本、改善營銷策略及優化產品質素, 於下游廠房添置了先進高效之生產設施、強化電腦化生產程序及將生產線有效地分流, 使不同類型之生產線及設施發揮其最佳效能, 加上有穩定的芯紙供應, 最終使本集團之營運利潤增長高達百分之二十四。

現時本集團的銷售主要以出口為主, 內銷市場只佔銷售比例約一成, 我們將繼續擴展內銷市場。瓦楞紙品除了是一種包裝品外, 亦漸漸代替多種物料如木、塑膠、及發泡膠等, 成為最佳的環保代替物料之一, 例如以瓦楞紙架來展示產品, 所以瓦楞紙品有很大的發展空間。我們將會繼續朝著環保概念, 製造更多高增值產品, 並為迎接中國以至全球的優質瓦楞紙品市場增長作好準備, 抓緊市場機遇, 繼續開拓下游業務去擴大本集團的市場份額。



## CHAIRMAN'S STATEMENT

### 主席報告

We are currently planning the construction or acquisition of our fourth corrugator plant, which will also be located within Guangdong Province. We expect this new plant to start production by the end of 2007 or early 2008. Foundation work for the Group's kraft linerboard production line, located at Phase 2 of Green Forest, was completed in March 2007. Relying on our experience in building our corrugated medium plant, we expect our kraft linerboard line to start production on time in early 2008, raising our total upstream capacity to 300,000 tonnes per year. This will fully satisfy the key raw materials requirement of our downstream business. We are convinced that the synergies from fully meeting our internal needs will lift our margins and competitiveness.

Green Forest has a 1,000 Chinese mu site which can accommodate upstream production of up to 1,000,000 tonnes in capacity. We expect to start production of Phase 3 of Green Forest, with production due to start at the end of 2009, raising capacity to no less than 500,000 tonnes. At the same time, we will build our fifth corrugator plant within Green Forest, to allow our downstream and upstream businesses to grow together and achieve greater economies of scale.

Last but not least, I would like to express my sincere thanks to our management team and staff for their dedicated work, and to our customers, suppliers and investors for their continued support. We will continue to strive to bring to the Group and our shareholders long-term and satisfactory returns.

**Hui Sum Kwok**  
*Chairman*

18th April, 2007

我們現正籌劃興建或收購本集團之第四家瓦楞紙板紙箱廠，選址仍在廣東省內，預期於二零零七年底或二零零八年初投產。而在二零零六年底已開始興建位於森葉紙業第二期工地的另一主要原材料—牛咭之生產廠房，鞏固地基工程剛完成。憑藉興建紙廠房之經驗，我們預期牛咭生產線將順利如期於二零零八年初投產，使本集團之上游產能提高至每年三十萬噸，完全滿足下游業務對主要原材料的需求，屆時本集團便可自給自足，我們深信此舉所產生的協同效應，必定使邊際利潤及競爭力大幅提升。

森葉紙業擁有約一千畝土地，大概可容納一百萬噸的上游生產線。我們預期在二零零八年中開始森葉紙業的第三期工程，預計於二零零九年底投產，將產能增至每年不少於五十萬噸。與此同時，本集團將於森葉紙業內興建第五家紙板紙箱廠，使下游業務與上游業務得以互相配合發展，並進一步達致更大的規模效益。

最後，本人希望藉此機會就我們管理團隊及員工的不斷努力，以及客戶、供應商和投資者一直以來的支持致以衷心謝意。我們將繼續積極致力為本集團及股東帶來長遠及豐厚的回報。

主席  
**許森國**

二零零七年四月十八日

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### 管理層討論及分析

#### BUSINESS REVIEW

The corrugated cardboard packaging industry saw robust demand growth in the preceding year on the back of a healthy global economy and rising exports and consumption power in China. The Group (“we”) had also been aggressively expanding production facilities for corrugated paper-ware and its raw materials, in order to achieve vertical integration, and allow the Group to successfully control production costs and improve product quality even in an environment of rising raw materials prices and appreciation of the Renminbi. As a result, the Group achieved solid growth in turnover and operating margin in the year under review.

Faced with intensifying competition in the downstream packaging industry, the Group started to expand upstream in 2005, to create a vertically integrated model, improve operating efficiency and enhance margins. The Group’s (“our”) first upstream production line at Green Forest (QingXin) Paper Industrial Limited (“Green Forest”) in Qingxin County, Qingyuan City, Guangdong Province officially started operations in March 2006. This production line, capable of producing 100,000 tonnes of high performance corrugated medium, can meet around 30-40% of the Group’s raw materials requirements. Green Forest’s medium production facilities have been nearly 100% utilized since July 2006, significantly offsetting the impact of volatile raw materials prices and fluctuations in supply on the Group’s operations, whilst lifting overall gross margins at the same time.

We make every effort to improve its production and shipping process, in order to raise our operating efficiency, and bring to customers high value-added quality products and outstanding and timely service. Through buying state of the art production equipment, strengthening our computerized production processes and fine-tuning the distribution of orders, we have been able to optimize our production lines and equipment. As a result, we can leverage this enhanced platform to achieve full vertical integration and capture the enormous growth potential of the Chinese corrugated cardboard packaging industry.

#### 業務回顧

環球經濟持續向上，中國之出口量及消費力不斷上升，使瓦楞包裝紙品需求於回顧年內穩健增長。另一方面，集團積極添置瓦楞紙板及其原材料的生產線，建立縱向整合的營運模式。集團在原材料價格持續上揚及人民幣升值的影響下，仍能成功控制生產成本及提升產品質素。因此，集團於回顧年內的營業額和營運利潤均錄得理想增長。

鑑於下游業務競爭日趨激烈，集團於二零零五年開始拓展上游業務，建立縱向整合的營運模式，力求改善營運效益，提升整體利潤水平。於二零零六年三月，集團於廣東省清遠市清新縣之森葉(清新)紙業有限公司(「森葉紙業」)的第一條上游生產線正式投產。該廠房每年產能達十萬噸優質高強度瓦楞芯紙，可滿足集團約三至四成的原材料需求。於二零零六年七月，森葉紙業之瓦楞芯紙生產設備使用率已近100%，大大抵銷原材料價格及供應不穩對集團的影響，並且令整體毛利大幅上升。

集團積極優化生產程序及運輸流程，以提高營運效率，讓客戶享受高質量、高增值之產品及優質準時的服務。同時，集團透過添置先進高效之生產設施、強化電腦化生產程序及將生產線有效地分流，使不同類型之生產線及設施發揮其最佳效能，使集團可邁向全面的縱向整合，全面掌握中國瓦楞包裝紙品行業的龐大商機。



## MANAGEMENT'S DISCUSSION AND ANALYSIS

### 管理層討論及分析

#### FINANCIAL REVIEW

##### *Performance*

Turnover of the Group in 2006 recorded an increase of 4% to HK\$820.1 million (2005: HK\$788.6 million). It was mainly attributable to the sales of corrugating medium in the second half of 2006 after commencing the upstream business in March 2006. The success in producing corrugating medium for own use led to significant cost saving which, in turn, led to a surge in gross profit by 18.2% and an improvement in gross profit margin from 19.5% to 22.2%.

With cash inflow from the upstream operation and the placing of shares, the rise in bank interest income from fixed deposits mainly accounted for the increase in other operating income.

The 7.2% increase in distribution costs was chiefly the transportation cost for delivering the corrugating medium from Green Forest in Qingyuan City to the three plants in Dongguan City and Shenzhen City for producing corrugated paper boards and carton boxes.

The increase in administrative expenses by 13% to HK\$42.6 million (2005: HK\$37.7 million) was primarily attributable to the increase in staff cost. In addition to increasing number of staff for operating the new corrugating medium plant, an average rise of 8% in salaries was resulted from attracting staff in view of labour shortage in the Guangdong Province.

Depreciation charges for the factory premises and dormitories of the corrugating medium plant mainly brought to an increase in other operating expenses by 18.8% to HK\$22.1 million (2005: HK\$18.6 million).

The significant contribution from the new corrugating medium plant in supplying raw materials to the downstream plants can be measured by a surge of 26% in the earnings before interest and tax ("EBIT") to HK\$96.1 million (2005: HK\$76.3 million). The EBIT margin increased from 9.7% to 11.7%.

#### 財務回顧

##### *表現*

二零零六年，集團之營業額增長4%至820,100,000港元(二零零五年：788,600,000港元)。此增長主要歸功於上游生產業務於二零零六年三月投產後而帶來下半年之瓦楞芯紙銷售額所致。生產供集團本身使用之瓦楞芯紙，成功節省大量成本，提升毛利18.2%，而毛利率由19.5%升至22.2%。

其他經營收入上升，是由於上游生產業務之現金流入及配售股份，定期存款所得銀行利息收入上升。

分銷成本增加了7.2%，主要為從森葉紙業於清遠之廠房交付瓦楞芯紙至東莞市及深圳市之三間廠房來生產瓦楞紙板及瓦楞紙箱之運輸成本。

行政開支增加13%至42,600,000港元(二零零五年：37,700,000港元)，主要歸因於員工成本上升。除了為經營新瓦楞芯紙廠而增加員工數目外，也因廣東省勞工短缺而將薪金平均增加8%來吸引員工。

其他經營開支增加了18.8%至22,100,000港元(二零零五年：18,600,000港元)，其主要成因是瓦楞芯紙廠廠房場地及宿舍之折舊費用。

新瓦楞芯紙廠於向下游廠房供應原材料作出重大貢獻，未計息稅前利潤上升26%至96,100,000港元(二零零五年：76,300,000港元)。未計息稅前利潤率由9.7%上升至11.7%。

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### 管理層討論及分析

#### FINANCIAL REVIEW (Continued)

##### Performance (Continued)

Bank interests for loans raised in mid 2005 for financing the corrugating medium plant in machinery acquisition and factory construction were capitalized in 2005. With operation commenced in March 2006, bank interests were charged to the income statement leading to increase in finance costs by HK\$2.7 million.

Changes in fair values of derivative financial instruments and structured borrowing were recognized in the income statement for accounting purpose only. They were non-cash in nature and will be reversed to zero at maturity date.

During 2006, the Group had entered into certain forward exchange contracts with banks for periods ranging from 1 to 1.5 years to minimize the exposure to foreign exchange rate risk (1) in acquiring the kraft linerboard production line in RMB, and (2) in purchasing raw materials in USD. The adverse effect of the appreciation of both currencies to the Group was proved to be eliminated in 2006 as lower exchange rates were eventually paid. HK\$5.1 million was recognized in the income statement as change in fair value of derivative financial instruments for accounting purpose.

In the second half of 2006, the Group entered into a contract of structured borrowing with a bank for a period of five years to finance its kraft linerboard plant at a cheaper borrowing cost. The contract was proved to be effective as no interest had been incurred during the year ended 31st December, 2006. HK\$12.4 million was recognized in the income statement as change in fair value of structured borrowing for accounting purpose.

Net profit from operation (net profit for the year before changes in fair value of derivative financial instruments and structured borrowing) was increased by 24% to HK\$85.8 million (2005: HK\$69.2 million). The slight decrease in net profit for the year by 2% to HK\$68.3 million (2005: HK\$69.7 million) was due to the changes in fair values of derivative financial instruments and structured borrowing for accounting purpose.

Net profit margin for the year ended 31st December, 2006 was 8.3%. Basic earnings per share were 17.84 HK cents (2005: 18.95 HK cents). The Directors proposed a final dividend of 4.64 HK cents per share (2005: 4.17 HK cents).

#### 財務回顧(續)

##### 表現(續)

集團於二零零五年中為瓦楞芯紙廠購買機器及興建廠房，融資貸款之銀行利息已於二零零五年撥充資本。自二零零六年三月投產後，融資貸款之銀行利息於收益表扣除，導致財務成本增加2,700,000港元。

衍生金融工具及結構借貸公平值之變動已於收益表確認。該等項目為非現金性質，僅供會計處理之用，及於到期日將回撥為零。

於二零零六年，本集團與銀行訂立由1年至1.5年不等之遠期外匯合約，來避免及減低以下兩項之匯率風險：(1)以人民幣收購牛咭生產線，及(2)以美元購買原材料。該兩種貨幣升值對本集團之不利影響於二零零六年證實可以抵銷，原因為集團以較低之合約匯率來支付以上所涉及的款項。5,100,000港元於收益表確認為衍生金融工具公平值之變動，作會計處理之用。

於二零零六年下半年，集團與銀行訂立結構借貸合約，為期五年，以較低之借貸成本為牛咭生產廠房融資。該合約證實為有效，截至二零零六年十二月三十一日止年度並無利息支出。12,400,000港元於收益表確認為結構借貸公平值之變動，作會計處理之用。

經營純利(以本年度未計衍生金融工具及結構借貸公平值之變動前純利計算)增加24%至85,800,000港元(二零零五年：69,200,000港元)。本年度純利輕微減少2%至68,300,000港元(二零零五年：69,700,000港元)，原因為作會計處理之用之衍生金融工具及結構借貸公平值之變動。

截至二零零六年十二月三十一日止年度之純利率為8.3%。每股基本盈利為17.84港仙(二零零五年：18.95港仙)。董事建議派付末期股息每股4.64港仙(二零零五年：4.17港仙)。

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### 管理層討論及分析

#### FINANCIAL REVIEW (Continued)

##### *Liquidity, financial and capital resources*

The Group received net proceeds of HK\$77.7 million from the placing of shares in November 2006, resulting in an increment of bank balances and cash to HK\$231.6 million (2005: HK\$156 million). At 31st December, 2006, net current assets and current ratio (current assets divided by current liabilities) of the Group were HK\$257.7 million (2005: HK\$135.5 million) and 2.42 (2005: 1.66) respectively.

In 2006, the Group had capital expenditures amounting to HK\$47.8 million which were mainly the remaining construction cost for the corrugating medium plant incurred in the first quarter of 2006. In addition, the Group paid deposits of HK\$35.1 million for acquisition of machinery and land for kraft linerboard plant. The Group further spent HK\$15.9 million for improving production facilities in existing factories.

With cash inflow from the operation of corrugating medium plant, less working capital in the form of trust receipt loans was required leading to reduction in trust receipt loans by HK\$43.8 million. Increase in the Group's total bank borrowings (including bank borrowings and structured borrowings) by HK\$72.2 million comprised short term and long term bank borrowings' increases by HK\$13.6 million and HK\$58.6 million respectively. New bank borrowings were mainly raised for financing the investment in kraft linerboard plant. A lower net gearing ratio (measured by total bank borrowings net of cash to equity attributable to shareholders) of 4% (2005: 19%) was achieved in 2006 as the placing of shares improved the cash level of the group. The Group's financial position was strong and distinctive as compared to last year.

##### *Contingent liabilities*

A tax audit had been conducted by the Inland Revenue Department in December 2004. The Inland Revenue Department issued protective assessments for the years of assessment 1998/1999 to 2003/2004 to certain subsidiaries of the Group. As the tax audit was still in progress, in the opinion of the Directors, the outcome and impact of this matter could not be determined with reasonable certainty at this stage.

#### 財務回顧(續)

##### *流動資金、財務及資本資源*

集團於二零零六年十一月配售股份，所得款項淨額為77,700,000港元，令銀行結餘及現金增加至231,600,000港元(二零零五年：156,000,000港元)。於二零零六年十二月三十一日，集團之流動資產淨值及流動比率(流動資產除以流動負債)分別為257,700,000港元(二零零五年：135,500,000港元)及2.42(二零零五年：1.66)。

於二零零六年，集團之資本開支為47,800,000港元，主要為二零零六年第一季瓦楞紙廠房餘下之建築成本。此外，集團就收購牛咭生產廠房之機器及土地已支付按金為35,100,000港元。集團進一步支付15,900,000港元以改善現有廠房之生產設施。

由於瓦楞紙廠房投產所得之現金流入，減低以信託收據貸款之需要，導致信託收據貸款減少43,800,000港元。集團之總銀行借貸(包括銀行借貸及結構借貸)增加72,200,000港元，包括短期及長期銀行借貸分別增加13,600,000港元及58,600,000港元。新做銀行借貸，主要為投資於牛咭生產廠房融資。二零零六年淨資本負債比率(按總銀行借貸減現金除以股東應佔權益計算)降低至4%(二零零五年：19%)，原因為配售股份改善集團之現金水平。集團之財務狀況較去年穩健及明確。

##### *或然負債*

稅務局於二零零四年十二月進行了稅務稽查。稅務局就截至一九九八年/一九九九年至二零零三年/二零零四年之課稅年度向集團若干附屬公司發出保障性評稅。由於仍在進行稅務稽查程序，董事認為現階段未能合理確定此事宜之結果及影響。

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### 管理層討論及分析

#### PROSPECTS

The corrugated cardboard packaging industry continues to expand on the back of China's emergence as the world's manufacturing centre. To tap into the attractive growth opportunities available, the Group is aiming to expand market share through further integration and improvements in marketing and sales, in order to enhance our execution capabilities and deliver solid growth in our business.

Given that the Group's expansion from downstream box manufacturing to upstream paper manufacturing has been satisfactory even in its first year of operation in 2006, we are fully confident that we can continue to expand our operations. We focus on the second phase of the development of Green Forest, namely construction of a new kraft linerboard plant with 200,000 tonnes of annual capacity. The Group formally signed agreements to acquire the key manufacturing components for the kraft linerboard production line at the end of May 2006, and foundation work for the plant was completed in March 2007. We expect to start installation of the production line in June and formally begin operations in early 2008. By that time, the Group's total capacity in cardboard will rise to 300,000 tonnes. This new line will not only reduce the Group's dependence on external raw materials and hence lower our costs, but will also allow the Group to customize raw materials for different customers, reduce wastage and enhance product quality.

The Group will continue to optimize its production equipment, enhance capacity and produce a more diversified range of cardboard products. We also plan to expand downstream to complement the development of our upstream business and move towards a fully integrated business model. In addition, the Group will further enhance our enterprise resource planning system in order to improve operating efficiency, enhance margins and competitiveness, and deliver satisfactory returns to our shareholders.

#### 展望

中國逐步成為世界工業生產中心，擴展了瓦楞包裝紙品市場的發展空間。為配合龐大的市場增長潛力，集團將以擴大市場份額為目標，整合業務及改進營銷政策，務求鞏固集團的營運實力，以達致業務持續穩步增長。

於二零零六年，集團初次從下游的瓦楞紙板紙箱生產業務發展至上游的瓦楞芯紙生產業務，就已取得理想成績。故此，集團具有十足的信心繼續擴充業務，重點興建產能二十萬噸牛咭生產廠房位於森葉紙業。集團於二零零六年五月底正式簽訂購入牛咭生產線的主要組件，剛於二零零七年三月完成鞏固地基工程，於六月便開始安裝生產線的組件，預期於二零零八年初投產，使集團每年的紙張產能提高至三十萬噸。此計劃完成後，將進一步減低集團對外採購原材料的依賴，有效降低生產成本，此外，集團更可按客戶需求生產最合適的原材料，減少損耗和提升產品質素。

集團將繼續透過優化先進的生產設備，提高產能及生產更多元化的瓦楞紙產品，並持續拓展下游業務以配合上游業務發展，全面邁向縱向整合的營運模式。此外，集團將繼續改善企業資源規劃之管理系統，務求使集團的營運效益提升，改善邊際利潤及競爭力，為集團股東帶來更豐厚的回報。



## MANAGEMENT PROFILE

### 管理層履歷

#### BOARD OF DIRECTORS

##### *Executive Directors*

**Mr. Hui Sum Kwok**, aged 47, is the chairman of the Board and a co-founder of the Group. He is responsible for the overall corporate planning, business development and management of the Group. He has over 22 years of experience in the corrugated paper-ware industry in Hong Kong and the PRC. He is a brother of Mr. Hui Sum Ping, Mr. Hui Sum Tai and Mr. Hui Sum Wah, and the spouse of Ms. Wong Mui.

**Mr. Hui Sum Ping**, aged 45, is the vice chairman of the Board, an executive Director and a co-founder of the Group. He is responsible for the business development of the Group. He has over 22 years of experience in the corrugated paper-ware industry in Hong Kong and the PRC. He is a brother of Mr. Hui Sum Kwok, Mr. Hui Sum Tai and Mr. Hui Sum Wah.

**Mr. Hui Sum Tai**, aged 40, is the chief executive officer of the Company and an executive Director. He has joined the Group since its establishment and is responsible for the strategic planning and day-to-day management of the Group. He has over 20 years of experience in the corrugated paper-ware industry in Hong Kong and the PRC. He is a brother of Mr. Hui Sum Kwok, Mr. Hui Sum Ping and Mr. Hui Sum Wah.

**Mr. Wong Wing Por**, aged 45, is an executive Director. He has joined the Group since its establishment and is responsible for the sales, marketing and production management of the Group. Mr. Wong has over 20 years of experience in the corrugated paper-ware industry in Hong Kong and the PRC.

**Ms. Hui Yuen Li**, aged 36, is an executive Director and the company secretary of the Company. Ms. Hui is responsible for the financial management of the Group. She is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. Ms. Hui obtained a degree of Bachelor of Arts with Honours in Accountancy from the City University of Hong Kong in 1992. Prior to joining the Group in May 1997, she had worked in the auditing field for around 5 years which included working for an international accounting firm.

#### 董事會

##### *執行董事*

**許森國先生**，47歲，為董事會主席，並為本集團聯合創辦人。彼負責本集團整體企業規劃、業務發展及管理。彼於香港及中國之瓦楞紙品行業積逾二十二年經驗。彼為許森平先生、許森泰先生及許森華先生之兄弟，並為黃梅女士之配偶。

**許森平先生**，45歲，為董事會副主席兼執行董事，並為本集團聯合創辦人。彼負責本集團之業務發展。彼於香港及中國之瓦楞紙品行業積逾二十二年經驗。彼為許森國先生、許森泰先生及許森華先生之兄弟。

**許森泰先生**，40歲，為行政總裁兼執行董事。彼自集團成立起已加入本集團，負責本集團策略規劃及日常管理。彼於香港及中國之瓦楞紙品行業積逾二十年經驗。彼為許森國先生、許森平先生及許森華先生之兄弟。

**王榮波先生**，45歲，執行董事。彼自集團成立起已加入本集團，負責本集團銷售、市場推廣及生產管理。彼於香港及中國之瓦楞紙品行業積逾二十年經驗。

**許婉莉女士**，36歲，為執行董事兼公司秘書。許女士負責本集團財務管理。彼為英國特許公認會計師公會資深會員及香港會計師公會會員。許女士於一九九二年畢業於香港城市大學，持有會計學榮譽文學士學位。彼於一九九七年五月加盟本集團前，於核數方面積近五年經驗，曾於一間國際會計師行工作。



## BOARD OF DIRECTORS (Continued)

### Independent Non-executive Directors

**Mr. Liu Kwok Fai, Alvan**, aged 44, graduated from the University of Manitoba in Canada with a bachelor's degree of arts in 1985. He thereafter continued to pursue his legal qualification and completed the law society's final examination at Bristol Polytechnic in the United Kingdom in 1989. Mr. Liu was appointed as an independent non-executive Director of the Company on 4th September, 2003. He is currently the senior partner of a law firm, Messrs. Alvan Liu & Partners, and a China-appointed attesting officer appointed by the Ministry of Justice of the PRC. He has been appointed as the legal adviser of a number of organisations and associations in Hong Kong, including the Hong Kong Small and Medium Business Association, Wong Tai Sin District Affairs Advisors Committee and Junior Police Officers Association H.K.P.. He was an independent non-executive director of a company listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

**Mr. Chee Man Sang, Eric**, aged 45, is a practising Certified Public Accountant in Hong Kong. He graduated from Birmingham University in 1984 with a Bachelor's Degree of Commerce (majoring in Accounting). Mr. Chee was appointed as an independent non-executive Director of the Company on 4th September, 2003. He is currently a senior partner of Chan Chee Cheng & Co, a firm of Certified Public Accountants. He had worked in two international accounting firms in Canada and Hong Kong. Mr. Chee is an associate member of the Hong Kong Institute of Certified Public Accountants and a member of the Institute of Chartered Accountants of Ontario, Canada. In addition to his appointment to the Company, he is also an independent non-executive director of Apex Capital Limited, a company listed on the Stock Exchange.

**Mr. Wong Chu Leung**, aged 59, has over 22 years of experience in enterprise management and manufacturing operation management. Mr. Wong was appointed as an independent non-executive Director of the Company on 15th September, 2004. Mr. Wong is currently shareholder and director of certain metal ware and plastic ware manufacturing companies/corporations with manufacturing plants located in the PRC.

## 董事會(續)

### 獨立非執行董事

**廖國輝先生**，44歲，於一九八五年在加拿大 University of Manitoba 畢業，持有文學士學位。其後繼續考取法律資格，於一九八九年完成英國 Bristol Polytechnic 之法律學會期終試。廖先生於二零零三年九月四日獲委任為本公司之獨立非執行董事。彼現為廖國輝律師事務所之高級合夥人，並為中國司法部委任之中國委任見證人員。廖國輝先生獲委任為香港多個組織及聯會(包括香港中小型業務聯會、黃大仙區政務顧問委員會及香港警察隊員佐級協會)之法律顧問。彼曾為一家於香港聯合交易所有限公司(「聯交所」)上市之公司之獨立非執行董事。

**池民生先生**，45歲，香港執業會計師。於一九八四年在伯明翰大學畢業，持有商業學士學位(主修會計)。池先生於二零零三年九月四日獲委任為本公司之獨立非執行董事。彼現為執業會計師行陳池鄭會計師事務所之高級合夥人。彼曾任職加拿大及香港兩間國際會計師行。池先生乃香港會計師公會及加拿大安大略省特許會計師公會(Institute of Chartered Accountants of Ontario)會員。除獲委任為本公司獨立非執行董事外，彼亦為鼎洋投資有限公司(於聯交所上市之公司)之獨立非執行董事。

**黃珠亮先生**，59歲，於企業管理及製造業務管理方面積逾二十二年經驗。黃先生於二零零四年九月十五日獲委任為本公司之獨立非執行董事。黃先生現為若干於中國設有生產廠房之金屬製品及塑膠製品公司／企業之股東及董事。

## MANAGEMENT PROFILE

### 管理層履歷

#### SENIOR MANAGEMENT

**Ms. Wong Mui**, aged 41, is the deputy general manager of the Group. She has worked for the Group since its establishment and is responsible for the general administration of the Group. Ms. Wong is the spouse of Mr. Hui Sum Kwok.

**Mr. Hui Sum Wah**, aged 50, is the project manager of the Group. He has worked for the Group since its establishment and is responsible for the project implementation of the Group. He is a brother of Mr. Hui Sum Kwok, Mr. Hui Sum Ping and Mr. Hui Sum Tai.

**Mr. Yuen Fu Keung**, aged 44, is the project manager of the Group. He is responsible for project development and implementation of the Group. Mr. Yuen graduated from the University of Bath in the United Kingdom in 1986 where he obtained a Bachelor of Science Degree in Electrical and Electronic Engineering with first class honours. Prior to joining the Group in November 2003, he had over 8 years of working experience in corrugating machinery and control systems.

**Ms. Wong Yuk Kwan**, aged 35, is the accounting manager of the Group. She is responsible for the daily accounting operations of the Group. Ms. Wong graduated from the University of Houston – Downtown in the US with a bachelor degree of business administration majoring in accounting in 1994. Prior to joining the Group in May 2002, she had worked in the auditing field for around 7 years which included working for an international accounting firm.

#### 高級管理層

**黃梅女士**，41歲，本集團副總經理。彼自本集團成立以來一直任職於本集團，負責本集團之一般行政事務。黃女士為許森國先生之配偶。

**許森華先生**，50歲，本集團項目經理。彼自本集團成立以來一直任職於本集團，負責本集團之項目施行。彼為許森國先生、許森平先生及許森泰先生之兄弟。

**袁富強先生**，44歲，本集團項目經理。彼負責本集團之項目發展及施行。袁先生於一九八六年畢業於英國巴斯大學，持有電子及電機工程學一級榮譽理學士學位。彼於二零零三年十一月加盟本集團前，於瓦楞紙品之生產機械及控制系統方面積逾八年工作經驗。

**黃玉君女士**，35歲，本集團會計經理。彼負責本集團日常會計職務。黃女士於一九九四年畢業於美國University of Houston – Downtown，持有工商管理學士學位，主修會計。彼於二零零二年五月加盟本集團之前，在核數方面積近七年經驗，曾於一間國際會計師行工作。

## CORPORATE GOVERNANCE REPORT 企業管治報告

The board of directors (“Board”) of the Company is pleased to present this Corporate Governance Report in the Group’s annual report for the year ended 31st December, 2006.

The manner in which the principles and code provisions in the Code on Corporate Governance Practices (“CG Code”) contained in Appendix 14 of the Listing Rules are applied and implemented is explained in the following parts of this Corporate Governance Report:

### CORPORATE GOVERNANCE PRACTICES OF THE COMPANY

The Group is committed to achieving high standards of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability.

Good corporate governance has always been recognised as vital to the Group’s success and to sustaining development of the Group. We are committed to a high standard of corporate governance as an essential component of quality and have introduced corporate governance practices appropriate to the conduct and growth of our business.

The Company has applied the principles as set out in the CG Code contained in Appendix 14 of the Listing Rules.

Throughout the year under review ended 31st December, 2006, the Company has complied with the code provisions as set out in the CG Code, save for certain deviations from Code Provisions A.2.1, A.4.2 and B.1.3 which are explained in the relevant paragraphs in this Report.

The Company regularly reviews its corporate governance practices to ensure compliance with the CG Code.

本公司董事會（「董事會」）欣然提交載於本集團截至二零零六年十二月三十一日止年度報告之企業管治報告。

本企業管治報告以下各部份說明上市規則附錄十四所載之企業管治常規守則（「企業管治守則」）之原則及守則條文之應用及實行：

### 本公司之企業管治常規

本集團一向承諾恪守奉行高水平之企業管治，以保障全體股東權益及提升企業價值和問責性。

良好之企業管治一貫被視作為本集團成功及持續發展之關鍵。董事會將高標準之企業管治當作為企業質素之基本組成部分並採納適合於其業務經營及增長之企業管治常規。

本公司已應用上市規則附錄十四所載之企業管治守則所規定之原則。

於截至二零零六年十二月三十一日止之回顧年度內，本公司已遵守企業管治守則內所載之守則條文，惟守則條文A.2.1、A.4.2及B.1.3有所偏離除外，該等偏離情況之說明載於本報告各有關部份。

本公司定期檢討其企業管治常規，確保符合企業管治守則之規定。

## CORPORATE GOVERNANCE REPORT 企業管治報告

### THE BOARD/BOARD OF DIRECTORS

#### *Responsibilities*

The Board is responsible for the leadership and control of the Company and oversees the Group's businesses, strategic decisions and performance. The Board has delegated to the senior management the authority and responsibilities for the day-to-day management and operations of the Group. In addition, the Board has established Board committees and has delegated to these Board committees various responsibilities as set out in their respective terms of reference.

The Board provides leadership, approves policies, strategies and plans, and oversees their implementation to further the healthy growth of the Company, in the interests of shareholders.

Every director shall ensure that he carries out his duty in good faith and in compliance with the standards of applicable laws and regulations, and has acted in the interests of the Company and its shareholders at all times.

#### *Board Composition*

The Board currently comprises 8 members, consisting of 5 executive directors and 3 independent non-executive directors.

The Company has met the recommended best practice under the CG Code for the Board to have at least one-third of its members comprising independent non-executive directors.

### 董事會

#### 責任

董事會負責領導及統管本公司並監察本集團業務、策略性決定及表現。董事會向高級管理人員轉授本集團日常管理及經營之權力及責任。此外，董事會轄下亦已設立委員會，並向該等委員會轉授其各自職權範圍載列之各項責任。

董事會負責領導、批准政策、策略及計劃，並監控其實行情況，確保本公司在符合股東利益之情況下進一步健康發展。

每位董事均須確保其本著真誠履行職責，符合適用法律及規例的標準，並時刻為本公司及其股東之利益行事。

#### 董事會組成

董事會目前由八位成員組成，包括五位執行董事及三位獨立非執行董事。

本公司已奉行企業管治守則建議之最佳常規，董事會成員之中至少三分之一為獨立非執行董事。

## THE BOARD/BOARD OF DIRECTORS (Continued)

### Board Composition (Continued)

The Board of the Company comprises the following directors:

#### Executive Directors:

Hui Sum Kwok – Chairman  
Hui Sum Ping – Vice Chairman  
Hui Sum Tai – Chief Executive Officer  
Wong Wing Por  
Hui Yuen Li – Company Secretary and Member of Remuneration Committee

#### Independent Non-Executive Directors:

Liu Kwok Fai, Alvan – Chairman of Audit Committee  
Chee Man Sang, Eric – Member of Audit Committee and Chairman of Remuneration Committee  
Wong Chu Leung – Member of Audit Committee and Remuneration Committee

The list of directors (by category) is also disclosed in all corporate communications issued by the Company from time to time pursuant to the Listing Rules. The independent non-executive directors are expressly identified in all corporate communications pursuant to the Listing Rules.

The relationships among the members of the Board are disclosed under Management Profile on pages 12 and 13.

During the year ended 31st 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.

## 董事會(續)

### 董事會組成(續)

本公司董事會由以下董事組成：

#### 執行董事：

許森國 – 主席  
許森平 – 副主席  
許森泰 – 行政總裁  
王榮波  
許婉莉 – 公司秘書兼薪酬委員會成員

#### 獨立非執行董事：

廖國輝 – 審核委員會主席  
池民生 – 審核委員會成員兼薪酬委員會主席  
黃珠亮 – 審核委員會及薪酬委員會成員

董事名單(分類)亦根據上市規則於本公司不時公佈之所有公司通函中予以披露。本公司亦根據上市規則於所有通函中列明各獨立非執行董事。

董事會成員之間之關係已於第12及13頁管理層履歷披露。

於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，其中最少一名獨立非執行董事擁有適當專業資格，或會計或相關財務管理專長之規定。



## CORPORATE GOVERNANCE REPORT 企業管治報告

### THE BOARD/BOARD OF DIRECTORS *(Continued)*

#### **Board Composition** *(Continued)*

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 non-executive directors bring a wide range of business and financial expertise, experience and independent judgement to the Board. Through active participation in Board meetings, taking the lead in managing issues involving potential conflicts of interest and serving on Board committees, all non-executive directors have made various contributions to the effective direction of the Company.

All directors have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

#### **Chairman and Chief Executive Officer**

The Chairman of the Board is Mr. Hui Sum Kwok, and the Chief Executive Officer is Mr. Hui Sum Tai. The positions of the Chairman and Chief Executive Officer are held by separate persons in order to preserve independence and a balanced judgement of views. The Chairman provides leadership for the Board and is responsible for chairing meetings, the effective functioning of the Board in accordance with good corporate governance practice. The Chief Executive Officer focuses on running of the Company's businesses, implementing objectives, policies and strategies approved and delegated by the Board and the Company's day-to-day management and operations.

### 董事會 (續)

#### 董事會組成 (續)

本公司已收到每位獨立非執行董事根據上市規則須保持獨立性之年度書面確認函。本公司認為，根據上市規則載列之獨立性指引，所有獨立非執行董事均為獨立。

非執行董事以廣泛之商業及財務專長、經驗及獨立判斷為董事會作出貢獻。所有非執行董事透過積極參加董事會會議，於涉及潛在利益衝突之管理問題上發揮領導作用並服務於董事會轄下之委員會，為有效管治本公司作出各種貢獻。

所有董事均為董事會帶來各種不同的寶貴營商經驗、知識及專業，使其有效率及有效地運作。

#### 主席及行政總裁

董事會主席為許森國先生，而行政總裁為許森泰先生。主席及行政總裁之職位分別由不同人士擔任，以便保持獨立性及作出判斷時有平衡意見。主席根據良好企業管治慣例發揮領導董事會之作用，主持董事會議，並確保董事會之有效運作。行政總裁主要負責管理本公司之業務，執行董事會已批准及轉授之目標、政策及策略，並負責本公司日常管理及營運之行政工作。

## THE BOARD/BOARD OF DIRECTORS (Continued)

### Chairman and Chief Executive Officer (Continued)

The Company fully supports the division of responsibility between the Chairman of the Board and the Chief Executive Officer to ensure balance of powers and effective segregation of duties. The Board of Directors considers that the responsibilities of the Chairman and Chief Executive Officer respectively are clear and distinctive and no written terms on division of responsibilities between Chairman and the Chief Executive Officer are necessary. This deviates from the Code Provision A.2.1 of the CG Code which stipulates that the division of responsibilities between chairman and chief executive officer should be established and set out in writing.

### Appointment, Re-Election and Removal of Directors

The procedures and process of appointment, re-election and removal of directors are laid down in the Company's Articles of Association. The Board as a whole is responsible for reviewing the Board composition, developing and formulating the relevant procedures for nomination and appointment of directors, monitoring the appointment and succession planning of directors and assessing the independence of independent non-executive directors.

In accordance with the Company's Articles of Association, all directors of the Company are subject to retirement by rotation at least once every three years.

Each of the independent non-executive directors of the Company is appointed for a specific term and shall be subject to retirement by rotation once every three years.

Code Provision A.4.2 stipulates that all directors appointed to fill casual vacancy should be subject to election by shareholders at the first general meeting after their appointment. The Company's Articles of Association deviate from Code Provision A.4.2 of the CG Code which provides that any new director appointed by the Board during the year shall hold office until the next following annual general meeting after appointment, and he/she shall be eligible for re-election.

## 董事會 (續)

### 主席及行政總裁 (續)

本公司全力支持董事局主席及行政總裁職權之劃分，以確保權力及授權之平衡。董事會認為，主席與行政總裁各自之職責均有清楚及明確界定，故毋須以書面劃分兩者之職權範圍。此舉偏離企業管治守則之守則條文A.2.1條，該條文規定清楚地制定主席與行政總裁之職責範圍，並以書面列出。

### 董事之委任，重選及免任

董事委任、重選及免任之程序及過程已於本公司組織章程細則內作出規定。董事會作為一個整體負責審議董事會組成、制定並編製董事提名及委任之相關程序、監察董事之委任及接任計劃，並評核獨立非執行董事之獨立性。

按照本公司組織章程細則之規定，本公司所有董事須每三年輪席退任一次。

本公司每位非執行董事之委任均有特定任期，並須每三年輪席退任一次。

守則條文A.4.2條規定所有獲委任填補臨時空缺之董事須於其獲委任後下次股東週年大會上接受股東選舉。本公司組織章程細則偏離企業管治守則之守則條文A.4.2條之規定，即年內獲董事會委任之任何新董事須任職至其獲委任後舉行之股東週年大會時為止，且彼有資格接受重選。

## CORPORATE GOVERNANCE REPORT 企業管治報告

### THE BOARD/BOARD OF DIRECTORS *(Continued)*

#### ***Appointment, Re-Election and Removal of Directors (Continued)***

The Board reviews its own structure, size and composition regularly to ensure that it has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company.

Where vacancies on the Board exist, the Board will carry out the selection process by making reference to the skills, experience, professional knowledge, personal integrity and time commitments of the proposed candidates, 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 where necessary.

Pursuant to the Company's Articles of Association, Mr. Hui Sum Tai, Ms. Hui Yuen Li and Mr. Wong Chu Leung shall retire by rotation and being eligible, offer themselves for re-election at the next forthcoming annual general meeting.

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

The Company's circular dated 30th April, 2007 contains detailed information of the directors standing for re-election.

### 董事會 (續)

#### 董事之委任，重選及免任 (續)

董事會定期檢討其本身架構、規模及組成，以確保適合於本公司業務需要之專長、技能及經驗之平衡。

倘若董事會出現空缺，董事會經考慮候選人之技能、經驗、專業知識、個人品格及可付出時間、本公司之需要及其他相關法例要求及規定後進行甄選。有需要時可透過外部招聘代理機構進行招聘及甄選程序。

根據本公司組織章程細則之規定，許森泰先生、許婉莉女士及黃珠亮先生須於下屆股東週年大會上輪席退任並有資格接受重選。

董事會建議再次被委任之董事須於下屆股東週年大會上接受重選。

本公司於二零零七年四月三十日發出之通函已載列接受重選之董事之詳細資料。

## THE BOARD/BOARD OF DIRECTORS (Continued)

### Training for Directors

Each newly appointed director receives formal, tailored and comprehensive 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 and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

The directors are continually updated with developments in the legal and regulatory regime and the business and market environment to facilitate the discharge of their responsibilities. Continuing briefing and professional development for directors will be arranged whenever necessary.

### Board Meetings

- **Board 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.

## 董事會 (續)

### 董事之培訓

新獲委任之董事均於其首次獲委任時接受正式及因應個別董事而設計之全面入職培訓，以確保彼適當瞭解本公司業務及經營及充分明白上市規則規定其須承擔之責任及義務及相關監管規定。

董事會持續獲提供有關法律及監管發展以及業務及市場改變之最新資料，以協助彼等履行職責。本公司將於有需要時向董事持續提供資訊及專業發展。

### 董事會會議

- **董事會常規及會議之進行**

全年會議時間表及每次會議草擬議程一般會事先向董事提供。

舉行會議前至少14日向所有董事送呈董事會定期會議通知。至於其他董事會及委員會會議，在一般情況下亦給予合理通知。

每次董事會會議或委員會會議前至少3日向所有董事寄發董事會文件連同所有適當、完整及可靠資料，以便董事瞭解本公司最新發展及財政狀況及使董事在知情情況下作出決定。於需要時，董事會及每位董事亦可單獨及獨立地聯絡高級管理層。

## CORPORATE GOVERNANCE REPORT 企業管治報告

### THE BOARD/BOARD OF DIRECTORS (Continued)

#### Board Meetings (Continued)

- **Board Practices and Conduct of Meetings (Continued)**

The Chief Executive Officer, 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 interest 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 Articles of Association 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.

### 董事會(續)

#### 董事會會議(續)

- **董事會常規及會議之進行(續)**

行政總裁、合資格會計師及公司秘書出席所有定期董事會會議，且於需要時出席其他董事會及委員會會議，就本公司業務發展、財務及會計事項、遵守法規事宜、企業管治及其他重大事項提供意見。

公司秘書負責所有董事會會議及委員會會議記錄並保存有關記錄。每次會議後通常於合理時間內交由董事傳閱記錄草稿並發表意見，其定稿可供董事查閱。

根據目前董事會之慣例，涉及主要股東或董事利益衝突之任何重大交易將由董事會於正式召開之董事會會議上審議及處理。本公司組織章程細則亦載有有關規定，要求有關董事於批准彼等或其任何聯繫人士擁有重大利益之交易時放棄投票並不計入會議法定人數。



**THE BOARD/BOARD OF DIRECTORS** (Continued)

**Board Meetings** (Continued)

• **Directors' Attendance Records**

During the year ended 31st December, 2006, five regular Board meetings were held at approximately quarterly intervals for reviewing and approving the financial and operating performance, and considering and approving the overall strategies and policies of the Company. The attendance rate was 100%.

The attendance records of each director at the meetings of the Board, Remuneration Committee and Audit Committee during the year ended 31st December, 2006 are set out below:

**董事會** (續)

**董事會會議** (續)

• **董事出席記錄**

於截至二零零六年十二月三十一日止年度，董事會已舉行五次定期會議，大約每季度一次，以檢討及批准財務及經營業績並審議及批准本公司整體策略及政策。董事之出席率為100%。

截至二零零六年十二月三十一日止年度董事會、薪酬委員會及審核委員會會議每位董事之出席記錄載列如下：

**Attendance/Number of Meetings**  
會議出席率及次數

Name of Directors 董事姓名		Board 董事會	Remuneration Committee 薪酬委員會	Audit Committee 審核委員會
Hui Sum Kwok	許森國	5	N/A 不適用	2
Hui Sum Ping	許森平	5	N/A 不適用	2
Hui Sum Tai	許森泰	5	N/A 不適用	2
Wong Wing Por	王榮波	5	N/A 不適用	2
Hui Yuen Li	許婉莉	5	1	2
Liu Kwok Fai, Alvan	廖國輝	5	N/A 不適用	2
Chee Man Sang, Eric	池民生	5	1	2
Wong Chu Leung	黃珠亮	5	1	2

## CORPORATE GOVERNANCE REPORT 企業管治報告

### THE BOARD/BOARD OF DIRECTORS (Continued)

#### Model Code For Securities Transactions

The Company has adopted its own code of conduct regarding directors' dealings in the Company's securities (its "Own Code") on terms no less exacting than 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 has been made of all the directors and the directors have confirmed that they have complied with its Own Code throughout the year ended 31st December, 2006.

The Company has also established written guidelines on no less exacting terms than the Model Code (the "Employees Written Guidelines") for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company.

No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

#### DELEGATION OF MANAGEMENT FUNCTIONS

The Board reserves for its decisions all major matters of the Company, including the approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflicts of interest), 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.

### 董事會 (續)

#### 證券交易標準守則

本公司已採納有關董事進行本公司證券交易之守則(「本公司守則」)，其條款嚴謹程度不低於上市規則附錄十載列之上市發行人董事進行證券交易標準守則(「標準守則」)之規定。

已向所有董事作出具體查詢並獲其確認，彼等已於截至二零零六年十二月三十一日止年度遵守本公司守則。

本公司亦就可能獲得本公司未經公布股價敏感資料之僱員進行證券交易訂立其條款嚴謹程度不低於標準守則之書面指引(「僱員書面指引」)。

就本公司所知，並無僱員未遵守僱員書面指引之事件。

#### 轉授管理職能

董事會保留為本公司所有重大事項作出決策之權力，包括批准及監察所有政策事項、整體策略及預算、內部監控及風險管理制度、重大交易(尤其是可能涉及利益衝突之交易)、財務事項、董事之委任以及其他重大財務及經營事項。

所有董事均可充分和準時獲取所有相關資料及公司秘書之建議及服務，以確保遵守董事會處事程序及所有適用之規則及規例。每位董事一般可於適當情況下向董事會提出尋求獨立專業人士意見並由本公司支付開支之要求。

## DELEGATION OF MANAGEMENT FUNCTIONS (Continued)

The day-to-day management, administration and operation of the Company are delegated to the Chief Executive Officer and 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 established two committees namely the Remuneration Committee and Audit Committee for overseeing particular aspects of the Company's affairs. The Board has the full support of the Chief Executive Officer and the senior management to discharge its responsibilities.

## REMUNERATION OF DIRECTORS

The Company has established a formal and transparent procedure for formulating policies on remuneration of the Group. Details of the remuneration of each of the directors of the Company for the year ended 31st December, 2006 are set out on page 80 in note 11 to the financial statements.

### *Remuneration Committee*

The Remuneration Committee comprises 3 members, namely Mr. Chee Man Sang, Eric (Chairman), Ms. Hui Yuen Li and Mr. Wong Chu Leung, and the majority of them are independent non-executive directors.

The primary functions of the Remuneration Committee include making recommendations on and approving the remuneration policy and structure and remuneration packages of the executive directors. 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.

## 轉授管理職能 (續)

本公司之日常管理、行政管理及營運均轉授予行政總裁及高級管理層。董事會定期檢討有關職能及工作任務。上述高級職員進行任何重大交易前須獲取董事會之批准。

董事會已設立兩個委員會，即薪酬委員會及審核委員會，以監察本公司特定事務。董事會在履行其責任時，獲得行政總裁及高級管理層之全力支持。

## 董事酬金

本公司已就制定本集團薪酬之政策而設立正式及具透明度之程序。有關本公司各董事於截至二零零六年十二月三十一日止年度之薪酬詳情，載於第80頁財務報告附註11。

### 薪酬委員會

薪酬委員會包括三名成員，即池民生先生(主席)、許婉莉女士及黃珠亮先生，彼等大部分均為獨立非執行董事。

薪酬委員會之主要目標包括就本公司之薪酬政策、架構及執行董事之薪酬提出建議並批准。薪酬委員會亦負責建立制定該等薪酬政策及架構之透明程序，以確保董事或其任何聯繫人士不會參加根據個人及本公司表現以及市場慣例及條件而釐定其本身薪酬之決定。

**REMUNERATION OF DIRECTORS** *(Continued)*

**Remuneration Committee** *(Continued)*

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 consults with the Chairman and/or the Chief Executive Officer of the Company about these recommendations on remuneration policy and structure and remuneration packages.

The Remuneration Committee met once during the year ended 31st December, 2006 and reviewed the remuneration policy and structure of the Company, and the remuneration packages of the executive directors for the year under review and the attendance rate of the Remuneration Committee Meeting was 100%.

Under the written terms of reference of the Remuneration Committee of the Company, the remuneration of the senior management of the Company is not considered by the Remuneration Committee and this deviates from the Code Provision B.1.3 of the CG Code. Currently, the remuneration of the senior management is attended by the Chairman and/or Chief Executive Officer of the Company.

**董事酬金** *(續)*

**薪酬委員會** *(續)*

人力資源部負責收集及管理人力資源資料並向薪酬委員會提出建議，以供其審議。薪酬委員會亦就有關薪酬政策及架構及薪酬之建議徵求本公司主席及／或行政總裁意見。

薪酬委員會於截至二零零六年十二月三十一日止年度舉行一次會議，審議回顧年度本公司薪酬政策及架構以及執行董事之薪酬，薪酬委員會會議之出席率為100%。

根據本公司薪酬委員會之書面職權範圍，薪酬委員會不會審議本公司高級管理層之薪酬，而此舉偏離企業管治守則之守則條文B.1.3條之規定。目前，高級管理層薪酬由主席及／或行政總裁負責釐定。

## ACCOUNTABILITY AND AUDIT

### *Directors' Responsibilities in Respect of the Financial Statements*

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

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 are responsible for overseeing the preparation of financial statements of the Company with a view to ensuring that such financial statements give a true and fair view of the state of affairs of the Group and that relevant statutory requirements and applicable accounting standards are complied with.

The Management has provided such explanation and information to the Board as necessary to enable the Board to carry out an informed assessment of the financial information and position of the Company put to the Board for approval. The Board has received from the senior management the management accounts, and such explanation and relevant information as necessary to enable the Board to make an informed assessment for approving the financial statements.

### *Internal Controls*

The Board has conducted a review of the effectiveness of the internal control system of the Group for the year ended 31st December, 2006. The review has covered the financial, operational, compliance and risk management aspects of the Group.

The Board is responsible for maintaining an adequate internal control system to safeguard shareholder investments and Company assets, and with the support of Audit Committee reviewing the effectiveness of such on an annual basis.

## 問責及審核

### *董事有關財務報表之責任*

董事確認其編製截至二零零六年十二月三十一日止年度本公司財務報表之責任。

董事會負責對上市規則及其他監管規定下所規定之年報及中期報告、股價敏感公告及其他披露資料作出平衡、清晰及易於理解之評估。董事負責監察本公司財務報表之編製，確保財務報表公平真實反映本集團之事務狀況，以及該等財務報表符合法定規定及適用之會計準則。

管理層向董事會提供所需解釋及資料，讓董事會可就提交給董事會批准的本公司財務資料及狀況，作出知情評審。董事會已收到高級管理層提供管理賬目、所需之解釋及有關資料，以便就批准財務報表作出知情評審。

### *內部監控*

於截至二零零六年十二月三十一日止年度，董事會已檢討本集團內部監控制度之效能。該檢討涵蓋本集團之財務、營運及風險管理。

董事會負責維持足夠之內部監控制度，以保障股東之投資及本公司之資產，並在審核委員會支援下每年檢討該制度之效能。

## ACCOUNTABILITY AND AUDIT (Continued)

### Internal Controls (Continued)

The internal control system of the Group is designed to facilitate effective and efficient operations, to ensure reliability of financial reporting and compliance with applicable laws and regulations, to identify and manage potential risks and to safeguard assets of the Group. The internal auditor shall review and evaluate the control process and monitor any risk factors on a regular basis and report to the Audit Committee on any findings and measures to address the variances and identified risks.

### Audit Committee

The Audit Committee comprises three independent non-executive directors, namely Mr. Liu Kwok Fai, Alvan (Chairman), Mr. Chee Man Sang, Eric and Mr. Wong Chu Leung (including one independent non-executive director with 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 external auditors.

The main duties of the Audit Committee include the following:

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

## 問責及審核 (續)

### 內部監控 (續)

本集團之內部監控制度之設計乃為協助有效及有效率之運作，確保財務報告之可靠度及遵守適用法律及規例，識別及管理潛在風險，以及保障本集團之資產。內部核數師須定期檢討及評估監控程序，並監察任何風險因素，以及就任何調查結果，應付變動及已識別風險之措施向審核委員會報告。

### 審核委員會

審核委員會由三名獨立非執行董事組成(包括一名擁有適當專業資格或會計或相關財務管理技巧之獨立非執行董事)，即廖國輝先生(主席)、池民生先生及黃珠亮先生。概無審核委員會成員曾為本公司現有外聘核數師之前任合夥人。

審核委員會之主要職責包括以下各項：

- 向董事會提交由合資格會計師、監察主任(如有)、內部核數師或外聘核數師提交之財務報表及報告前，審閱該等財務報表及報告以及審議彼等所提出任何重大或不尋常事項。
- 根據外聘核數師之工作檢討與外聘核數師之關係、其費用及聘用條款並就外聘核數師之委任、重新委任及免職向董事會提出建議。
- 檢討本公司財務申報制度、內部監控制度、風險管理制度及相關之程序是否充分及有效。



## ACCOUNTABILITY AND AUDIT (Continued)

### Audit Committee (Continued)

The Audit Committee provides supervision on internal control system of the Group and reported to the Board on any material issues and make recommendation to the Board.

The Audit Committee held two meetings during the year ended 31st December, 2006 to review the financial results and reports, financial reporting and compliance procedures, the report of the internal auditor on the Company's internal control and risk management review and processes, and the re-appointment of the external auditors and the attendance rate of these Audit Committee Meetings was 100%.

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

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

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

### External Auditors and Auditors' Remuneration

The statement of the external auditors of the Company about their reporting responsibilities for the financial statements is set out in the Independent Auditor's Report on pages 52 and 53.

The remuneration payable to the Company's external auditors Deloitte Touche Tohmatsu in respect of audit and non-audit services for the year ended 31st December, 2006 amounted to HK\$1,000,000 and HK\$15,000 respectively.

## 問責及審核 (續)

### 審核委員會 (續)

審核委員會監督本集團之內部監控制度，就任何重大課題向董事會報告，並向董事會提供建議。

審核委員會於截至二零零六年十二月三十一日止年度舉行兩次會議，審議財務業績及報告、財務申報及合規程序、內部核數師有關本公司內部監控及風險管理之審核及程序之報告以及重新委任外聘核數師事宜，審核委員會會議之出席率為100%。

本公司概無涉及可能對本公司持續經營能力產生重大疑問之事項或條件之重大不明朗因素。

就外聘核數師之挑選、委任、辭任或解聘而言，審核委員會與董事會並無意見分歧。

審核委員會已檢討本公司截至二零零六年十二月三十一日止年度業績。

### 外聘核數師及核數師之酬金

本公司外聘核數師有關其申報財務報表之責任之聲明載於第52及第53頁「獨立核數師報告」內。

截至二零零六年十二月三十一日止年度，本公司就核數及非核數服務而應付予外聘核數師德勤•關黃陳方會計師行之酬金分別為1,000,000港元及15,000港元。

## CORPORATE GOVERNANCE REPORT 企業管治報告

### COMMUNICATIONS WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company also recognises the importance of transparency and timely disclosure of corporate information, which will enable shareholders and investors to make the best investment decisions.

The general meetings of the Company provide a forum for communication between the Board and the shareholders. The Chairman of the Board as well as chairmen of the Remuneration Committee and Audit Committee and, in their absence, other members of the respective committees and, where applicable, the chairman of the independent Board committee, are available to answer questions at shareholder meetings.

To promote effective communication, the Company maintains a website at [www.hopfunggroup.com](http://www.hopfunggroup.com), where extensive up-to-date information and updates on the Company's business developments and operations, financial information, corporate governance practices and other information are posted available for public access.

### SHAREHOLDER RIGHTS

To safeguard shareholders' interests and rights, separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual directors.

The rights of shareholders and the procedures for demanding a poll on resolutions at shareholders' meetings are contained in the Company's Articles of Association. Details of rights to demand a poll are included in all circulars to shareholders and explained in the proceedings of meetings.

Poll results will be published in newspapers and posted on the website of the Stock Exchange on the business day following the shareholders' meeting at which voting is taken on a poll.

### 與股東溝通及投資者關係

本公司深信，與股東保持有效溝通，對促進投資者關係及加深投資者對本集團業務表現及策略了解至為重要。本公司亦明白保持透明度和及時披露公司資料的重要性，因其有利於股東及投資者作出最佳投資決策。

本公司之股東大會為董事會與股東提供溝通之場合。董事會主席以及薪酬委員會及審核委員會之主席（或（如彼等缺席）各委員會之其他成員及（如適用）獨立董事委員會之主席）會於股東大會上解答問題。

為促進有效之溝通，本公司亦設有網站([www.hopfunggroup.com](http://www.hopfunggroup.com))，刊登有關其業務發展及營運之豐富及最新資料、財務資料、企業管治常規及其他資料，以供公眾人士閱覽。

### 股東之權利

為保障股東之利益及權利，本公司會於股東大會上就各項重大問題（包括選舉個別董事）提呈獨立決議案。

本公司組織章程細則已載列股東於股東大會上要求以投票方式表決決議案之權利及程序。要求以投票方式表決之該等權利之詳情會納入交予股東之所有通函，並將於大會進行時加以解釋。

以投票方式表決之投票結果將於股東大會舉行後之下一個營業日在報章發表，並於聯交所之網站上刊登。

The Directors have pleasure in presenting their annual report and the audited consolidated financial statements of the Group for the year ended 31st December, 2006.

## **PRINCIPAL ACTIVITIES**

The Company acts as an investment holding company. The principal activities of its principal subsidiaries are set out in note 32 to the consolidated financial statements.

## **RESULTS AND APPROPRIATIONS**

The results of the Group for the year ended 31st December, 2006 are set out in the consolidated income statement on page 54.

On 15th June, 2006 and 4th July, 2006, a dividend of 4.17 HK cents per share, amounting to approximately HK\$15,857,000, was paid to the shareholders of the Company as final dividend for 2005.

An interim dividend of 1.58 HK cents per share, amounting to approximately HK\$6,060,000 in respect of 2006 was calculated by reference to 383,552,000 shares in issue on 6th October, 2006 and was paid to the shareholders of the Company on 13th October, 2006.

The Directors now recommend the payment of a final dividend of 4.64 HK cents per share to the shareholders of the Company whose names appear on the register of members on 28th May, 2007.

## **FINANCIAL SUMMARY**

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on pages 111 to 112.

## **PROPERTY, PLANT AND EQUIPMENT**

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

董事欣然提呈彼等就本集團截至二零零六年十二月三十一日止年度之年度報告及經審核綜合財務報表。

## **主要業務**

本公司為一間投資控股公司，其主要附屬公司之主要業務刊載於綜合財務報表附註32。

## **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54頁之綜合收益表內。

於二零零六年六月十五日及二零零六年七月四日，本公司股東獲派股息每股4.17港仙，合共約15,857,000港元，作為二零零五年度末期股息。

二零零六年度中期股息為每股1.58港仙，共約6,060,000港元，乃參考於二零零六年十月六日已發行383,552,000股股份計算，並已於二零零六年十月十三日派付予本公司股東。

董事現建議向於二零零七年五月二十八日名列股東名冊之本公司股東派發末期股息每股4.64港仙。

## **財務概要**

本集團過去五年之業績及資產與負債概要載於第111至112頁。

## **物業、廠房及設備**

有關本集團物業、廠房及設備於年內之變動詳情，載於綜合財務報表附註14。

## DIRECTORS' REPORT

### 董事會報告

#### SHARE CAPITAL

Details of the movements in the share capital of the Company during the year are set out in note 23 to the consolidated financial statements.

#### SHARE PREMIUM AND RESERVES

Movements in the share premium and reserves of the Group for the year ended 31st December, 2006 are set out in the consolidated statement of changes in equity on pages 57 and 58.

#### DIRECTORS

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

##### *Executive Directors*

Mr. Hui Sum Kwok, *Chairman*  
Mr. Hui Sum Ping, *Vice Chairman*  
Mr. Hui Sum Tai, *Chief Executive Officer*  
Mr. Wong Wing Por  
Ms. Hui Yuen Li

##### *Independent Non-executive Directors*

Mr. Liu Kwok Fai, Alvan  
Mr. Chee Man Sang, Eric  
Mr. Wong Chu Leung

#### 股本

本公司股本於年內之變動詳情載於綜合財務報表附註23。

#### 股份溢價及儲備

本集團股份溢價及儲備於截至二零零六年十二月三十一日止年度之變動詳情載於第57及第58頁之綜合權益變動表內。

#### 董事

年內及截至本報告日期止，本公司之在任董事如下：

##### *執行董事*

許森國先生，*主席*  
許森平先生，*副主席*  
許森泰先生，*行政總裁*  
王榮波先生  
許婉莉女士

##### *獨立非執行董事*

廖國輝先生  
池民生先生  
黃珠亮先生

## **DIRECTORS** *(Continued)*

In accordance with Article 87(1) of the Company's Articles of Association, Mr. Hui Sum Tai, Ms. Hui Yuen Li and Mr. Wong Chu Leung shall retire from office by rotation in the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

Each of the executive Directors has entered into a service agreement with the Company for a term of one year commencing 15th September, 2006, which may be terminated by not less than three months' notice in writing served by either party.

Save as disclosed above, no Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to the Listing Rules. The Company considers all the independent non-executive Directors are independent.

The biographical details of the directors and senior management of the Company are set out in Management Profile on pages 12 to 14 of this report.

## **董事** (續)

根據本公司之細則第87(1)條，許森泰先生、許婉莉女士及黃珠亮先生將於應屆股東週年大會輪席告退，惟彼等符合資格並願膺選連任。

各執行董事已經與本公司訂立服務協議，由二零零六年九月十五日起為期一年，可於任何一方發出不少於三個月書面通知後終止。

除上文披露者外，擬於應屆股東週年大會重選連任之董事概無與本公司或其任何附屬公司訂立本集團如不作出賠償(法定賠償除外)則不能在一年內終止之服務合約。

本公司已接獲各獨立非執行董事根據上市規則就彼之獨立性作出之年度確認書。本公司認為，全體獨立非執行董事均為獨立人士。

本公司董事及高級管理層履歷簡介載於本年報第12至第14頁管理層履歷。



## DIRECTORS' REPORT

### 董事會報告

#### SHARE OPTIONS

Particulars of the Company's share option scheme are set out in note 24 to the consolidated financial statements.

The following table discloses movements in the Company's share options during the year:

Category	Option type	Date of grant	Exercisable price	Outstanding at beginning of the year	Granted during the year	Exercised during the year	Cancelled during the year	Outstanding at end of the year
類別	購股權種類 (Note 1) (附註1)	授出日期	行使價 HK\$ 港元	年初 尚未行使	年內授出	年內行使	年內註銷	年終 尚未行使
<b>Directors</b>								
<b>董事</b>								
Mr. Hui Sum Kwok (Note 2)	A	3.11.2003	1.130	1,614,000	-	(1,614,000)	-	-
許森國先生(附註2)	B	29.7.2004	1.330	450,000	-	-	-	450,000
	C	4.11.2004	1.104	2,250,000	-	-	-	2,250,000
Mr. Hui Sum Ping	A	3.11.2003	1.130	2,726,000	-	(2,726,000)	-	-
許森平先生	B	29.7.2004	1.330	950,000	-	-	-	950,000
	C	4.11.2004	1.104	2,250,000	-	-	-	2,250,000
Mr. Hui Sum Tai	A	3.11.2003	1.130	3,600,000	-	(3,600,000)	-	-
許森泰先生	B	29.7.2004	1.330	70,000	-	-	-	70,000
	C	4.11.2004	1.104	2,250,000	-	-	-	2,250,000

#### 購股權

本公司購股權計劃之詳情載於綜合財務報表附註24。

下表披露本公司購股權於年內之變動：

**SHARE OPTIONS (Continued)**

**購股權(續)**

Category	Option type	Date of grant	Exercisable price	Outstanding at beginning of the year	Granted during the year	Exercised during the year	Cancelled during the year	Outstanding at end of the year
類別	購股權種類 (Note 1) (附註1)	授出日期	行使價 HK\$ 港元	年初 尚未行使	年內授出	年內行使	年內註銷	年終 尚未行使
<b>Directors (Continued)</b>								
<b>董事(續)</b>								
Mr. Wong Wing Por	A	3.11.2003	1.130	2,100,000	-	(2,100,000)	-	-
王榮波先生	B	29.7.2004	1.330	970,000	-	-	-	970,000
	C	4.11.2004	1.104	2,250,000	-	-	-	2,250,000
Ms. Hui Yuen Li	A	3.11.2003	1.130	250,000	-	(250,000)	-	-
許婉莉女士	B	29.7.2004	1.330	3,170,000	-	-	-	3,170,000
Mr. Liu Kwok Fai, Alvan	A	3.11.2003	1.130	250,000	-	(250,000)	-	-
廖國輝先生								
Mr. Chee Man Sang, Eric	A	3.11.2003	1.130	250,000	-	(250,000)	-	-
池民生先生								
				25,400,000	-	(10,790,000)	-	14,610,000
Other employees	A	3.11.2003	1.130	1,868,000	-	(1,868,000)	-	-
其他僱員	B	29.7.2004	1.330	5,330,000	-	(3,314,000)	-	2,016,000
				7,198,000	-	(5,182,000)	-	2,016,000
Total all categories				32,598,000	-	(15,972,000)	-	16,626,000
全部類別總計								

## DIRECTORS' REPORT

### 董事會報告

#### SHARE OPTIONS (Continued)

Notes:

- The vesting period of the share options granted is determined by Directors at each time when the options are granted. Holders of share options granted under the Company's share option scheme may only exercise their options during the exercisable periods as follows:

Option type A A類購股權	Option type B B類購股權	Option type C C類購股權	Maximum % of share options exercisable 可行使購股權之最高百分比
3.5.2004 – 3.11.2004	1.1.2005 – 31.12.2005	1.3.2005 – 28.2.2006	up to 50% 最高可達 50%
4.11.2004 – 3.11.2005	1.1.2006 – 31.12.2006	1.3.2006 – 28.2.2007	up to 75% (to the extent not already exercised) 最高可達 75% (以尚未行使者為限)
4.11.2005 – 3.11.2006	1.1.2007 – 31.12.2007	1.3.2007 – 29.2.2008	up to 100% (to the extent not already exercised) 最高可達 100% (以尚未行使者為限)

- Out of the 1,614,000 share options exercised, Mr. Hui Sum Kwok was directly interested in 1,364,000 shares and was deemed to be interested in 250,000 shares owned by Ms. Wong Mui, who is the spouse of Mr. Hui Sum Kwok and a member of the senior management of the Group.

The weighted average closing price of the Company's shares on the five trading days immediately before the dates on which the options were exercised was HK\$1.867 per share.

At 31st December, 2006, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 16,626,000, representing approximately 3.9% of the shares of the Company in issue at that date.

#### 購股權(續)

附註：

- 授出購股權之歸屬期由董事於每次授出購股權時釐定。本公司購股權計劃項下購股權持有人僅可於以下行使期行使彼等之購股權：

- 於已行使之1,614,000份購股權中，許森國先生於1,364,000股股份中持有直接權益，並被視為於黃梅女士（許森國先生之配偶及本集團高級管理層成員）擁有之250,000股股份中持有權益。

本公司股份於緊接行使購股權日期前五個交易日之加權平均收市價為每股1.867港元。

於二零零六年十二月三十一日，根據該計劃授出而尚未行使購股權涉及之股份數目為16,626,000股，約佔本公司當日已發行股份3.9%。

## DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

Save as disclosed above, at 31st December, 2006, the interests and/or short positions of the Directors and their associates 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 pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

### (a) Shares

Name of director 董事姓名	Company/Name of associated corporation 本公司/相聯法團名稱	Capacity 身分	Number and class of securities 證券數目及類別	Approximate percentage of issued share capital 佔已發行股本 概約百分比
Mr. Hui Sum Kwok 許森國先生	Company 本公司	Founder of a discretionary trust/interest of controlled corporations 全權信託創立人/ 受控法團權益	252,000,000 shares Long position (Note 1) 252,000,000 股股份 好倉 (附註1)	59.45%
Mr. Hui Sum Kwok 許森國先生	Company 本公司	Beneficial owner 實益擁有人	3,886,000 shares Long position 3,886,000 股股份 好倉	0.92%
Mr. Hui Sum Kwok 許森國先生	Company 本公司	Interest of spouse 配偶之權益	500,000 shares Long position 500,000 股股份 好倉	0.12%
Mr. Hui Sum Ping 許森平先生	Company 本公司	Founder of a discretionary trust/interest of controlled corporations 全權信託創立人/ 受控法團權益	252,000,000 shares Long position (Note 1) 252,000,000 股股份 好倉 (附註1)	59.45%

## 董事於股份、相關股份及債券之權益

除上文披露者外，於二零零六年十二月三十一日，按照本公司根據證券及期貨條例（「證券及期貨條例」）第352條之規定置存之登記冊所記錄，或根據上市公司董事進行證券交易的標準守則已知會本公司及香港聯合交易所有限公司（「聯交所」）者，董事及彼等之聯繫人士於本公司及其相聯法團（定義見證券及期貨條例）之股份、相關股份及債券中擁有之權益及／或淡倉如下：

### (a) 股份

## DIRECTORS' REPORT 董事會報告

### DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES (Continued)

### 董事於股份、相關股份及債券之權益(續)

#### (a) Shares (Continued)

#### (a) 股份(續)

Name of director 董事姓名	Company/Name of associated corporation 本公司/相聯法團名稱	Capacity 身分	Number and class of securities 證券數目及類別	Approximate percentage of issued share capital 佔已發行股本概約百分比
Mr. Hui Sum Ping 許森平先生	Company 本公司	Beneficial owner 實益擁有人	3,236,000 shares Long position 3,236,000 股股份 好倉	0.76%
Mr. Hui Sum Tai 許森泰先生	Company 本公司	Beneficial owner 實益擁有人	3,800,000 shares Long position 3,800,000 股股份 好倉	0.90%
Mr. Wong Wing Por 王榮波先生	Company 本公司	Founder of a discretionary trust/interest of controlled corporations 全權信託創立人/ 受控法團權益	Nil (Note 1) 無(附註1)	-
Mr. Wong Wing Por 王榮波先生	Company 本公司	Beneficial owner 實益擁有人	2,700,000 shares Long position 2,700,000 股股份 好倉	0.64%
Ms. Hui Yuen Li 許婉莉女士	Company 本公司	Beneficial owner 實益擁有人	500,000 shares Long position 500,000 股股份 好倉	0.12%
Mr. Liu Kwok Fai, Alvan 廖國輝先生	Company 本公司	Beneficial owner 實益擁有人	250,000 shares Long position 250,000 股股份 好倉	0.06%
Mr. Chee Man Sang, Eric 池民生先生	Company 本公司	Beneficial owner 實益擁有人	250,000 shares Long position 250,000 股股份 好倉	0.06%



**DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES** (Continued)

**董事於股份、相關股份及債券之權益** (續)

(a) Shares (Continued)

(a) 股份 (續)

Name of director 董事姓名	Company/Name of associated corporation 本公司/相聯法團名稱	Capacity 身分	Number and class of securities 證券數目及類別	Approximate percentage of issued share capital 佔已發行股本 概約百分比
Mr. Hui Sum Kwok 許森國先生	Hop Fung Industries Limited ("Hop Fung Industries")	Founder of a discretionary trust/interest of controlled corporations 全權信託創立人/ 受控法團權益	7,886 shares of US\$0.01 each Long position (Notes 1 and 2) 7,886 股每股面值 0.01 美元之股份 好倉 (附註 1 及 2)	78.86%
Mr. Hui Sum Ping 許森平先生	Hop Fung Industries	Founder of a discretionary trust/interest of controlled corporations 全權信託創立人/ 受控法團權益	7,886 shares of US\$0.01 each Long position (Notes 1 and 2) 7,886 股每股面值 0.01 美元之股份 好倉 (附註 1 及 2)	78.86%
Mr. Wong Wing Por 王榮波先生	Hop Fung Industries	Founder of a discretionary trust/interest of a controlled corporation 全權信託創立人/ 受控法團權益	1,257 shares of US\$0.01 each Long position (Notes 1 and 2) 1,257 股每股面值 0.01 美元之股份 好倉 (附註 1 及 2)	12.57%
Mr. Hui Sum Kwok 許森國先生	Hop Fung Industries (Holdings) Limited ("Hop Fung Industries BVI")	Beneficial owner/founder of a discretionary trust/ interest of a controlled corporation 實益擁有人/ 全權信託創立人/ 受控法團權益	5,000 shares of US\$0.01 each Long position (Notes 1 and 3) 5,000 股每股面值 0.01 美元之股份 好倉 (附註 1 及 3)	50%
Mr. Hui Sum Ping 許森平先生	Hop Fung Industries BVI	Beneficial owner/founder of a discretionary trust/ interest of a controlled corporation 實益擁有人/ 全權信託創立人/ 受控法團權益	5,000 shares of US\$0.01 each Long position (Notes 1 and 3) 5,000 股每股面值 0.01 美元之股份 好倉 (附註 1 及 3)	50%

## DIRECTORS' REPORT

### 董事會報告

#### DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES (Continued)

##### (a) Shares (Continued)

Name of director 董事姓名	Company/Name of associated corporation 本公司/相聯法團名稱	Capacity 身分	Number and class of securities 證券數目及類別	Approximate percentage of issued share capital 佔已發行股本 概約百分比
Mr. Hui Sum Kwok 許森國先生	Gong Ming Hop Fung Paper Ware Factory Limited ("Hop Fung GM") 公明合豐紙品廠 有限公司 (「合豐公明」)	Interest of controlled corporations/short position of controlled corporations 受控法團權益/ 受控法團淡倉	3,000,000 non-voting deferred shares of HK\$1 each Long and short positions (Notes 1 and 4) 3,000,000股每股面值 1港元之無投票權 遞延股 好倉及淡倉(附註1及4)	100%
Mr. Hui Sum Ping 許森平先生	Hop Fung GM 合豐公明	Founder of a discretionary trust/interest of controlled corporations/short position of controlled corporations 全權信託創立人/ 受控法團權益/ 受控法團淡倉	3,000,000 non-voting deferred shares of HK\$1 each Long and short positions (Notes 1 and 4) 3,000,000股每股面值 1港元之無投票權 遞延股 好倉及淡倉(附註1及4)	100%
Mr. Wong Wing Por 王榮波先生	Hop Fung GM 合豐公明	Interest of controlled corporations/short position of a controlled corporation 受控法團權益/ 受控法團淡倉	Nil (Notes 1 and 4) 無(附註1及4)	-

#### 董事於股份、相關股份及債券之 權益(續)

##### (a) 股份(續)

**DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES** (Continued)

**董事於股份、相關股份及債券之權益** (續)

(a) Shares (Continued)

(a) 股份 (續)

Name of director 董事姓名	Company/Name of associated corporation 本公司/相聯法團名稱	Capacity 身分	Number and class of securities 證券數目及類別	Approximate percentage of issued share capital 佔已發行股本 概約百分比
Mr. Hui Sum Kwok 許森國先生	Fung Kong Hop Fung Paper Ware Factory Limited ("Hop Fung FG") 鳳崗合豐紙品廠 有限公司 (「合豐鳳崗」)	Interest of controlled corporations/short position of controlled corporations 受控法團權益/ 受控法團淡倉	3,000,000 non-voting deferred shares of HK\$1 each Long and short positions (Notes 1, 4 and 5) 3,000,000股每股面值 1港元之無投票權 遞延股 好倉及淡倉 (附註1·4及5)	100%
Mr. Hui Sum Ping 許森平先生	Hop Fung FG 合豐鳳崗	Founder of a discretionary trust/interest of controlled corporations/short position of controlled corporations 全權信託創立人/ 受控法團權益/ 受控法團淡倉	3,000,000 non-voting deferred shares of HK\$1 each Long and short positions (Notes 1, 4 and 5) 3,000,000股每股面值 1港元之無投票權 遞延股 好倉及淡倉 (附註1·4及5)	100%

## DIRECTORS' REPORT

### 董事會報告

#### DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES (Continued)

##### (a) Shares (Continued)

Name of director 董事姓名	Company/Name of associated corporation 本公司/相聯法團名稱	Capacity 身分	Number and class of securities 證券數目及類別	Approximate percentage of issued share capital 佔已發行股本 概約百分比
Mr. Wong Wing Por 王榮波先生	Hop Fung FG 合豐鳳崗	Interest of a controlled corporation/short position of a controlled corporation 受控法團權益/ 受控法團淡倉	Nil (Notes 1, 4 and 5) 無(附註1、4及5)	-
Mr. Hui Sum Kwok 許森國先生	Applewood Forest Limited	Founder of a discretionary trust 全權信託創立人	1 share of US\$1 Long position (Notes 1 and 6) 1股面值1美元之股份 好倉(附註1及6)	100%
Mr. Hui Sum Kwok 許森國先生	Profit Luck Limited 利萊有限公司	Founder of a discretionary trust 全權信託創立人	100 shares of HK\$1 Long position (Notes 1, 6 and 7) 100股每股面值1港元 之股份 好倉(附註1、6及7)	100%

Notes:

- The 252,000,000 shares are owned by Hop Fung Industries. The issued share capital of Hop Fung Industries is owned as to 78.86%, 12.57% and 8.57% by Hop Fung Industries BVI, Delight Ocean Limited ("Delight") and Mr. Shum Lit Ki respectively.

#### 董事於股份、相關股份及債券之權益(續)

##### (a) 股份(續)

Name of director 董事姓名	Company/Name of associated corporation 本公司/相聯法團名稱	Capacity 身分	Number and class of securities 證券數目及類別	Approximate percentage of issued share capital 佔已發行股本 概約百分比
Mr. Wong Wing Por 王榮波先生	Hop Fung FG 合豐鳳崗	Interest of a controlled corporation/short position of a controlled corporation 受控法團權益/ 受控法團淡倉	Nil (Notes 1, 4 and 5) 無(附註1、4及5)	-
Mr. Hui Sum Kwok 許森國先生	Applewood Forest Limited	Founder of a discretionary trust 全權信託創立人	1 share of US\$1 Long position (Notes 1 and 6) 1股面值1美元之股份 好倉(附註1及6)	100%
Mr. Hui Sum Kwok 許森國先生	Profit Luck Limited 利萊有限公司	Founder of a discretionary trust 全權信託創立人	100 shares of HK\$1 Long position (Notes 1, 6 and 7) 100股每股面值1港元 之股份 好倉(附註1、6及7)	100%

附註：

- 該252,000,000股股份由Hop Fung Industries擁有。Hop Fung Industries已發行股本分別由Hop Fung Industries BVI、Delight Ocean Limited(「Delight」)及沈烈基先生擁有78.86%、12.57%及8.57%。

**DIRECTORS' INTERESTS IN SHARES,  
UNDERLYING SHARES AND DEBENTURES**  
(Continued)

**(a) Shares (Continued)**

Notes: (Continued)

The issued share capital of Hop Fung Industries BVI is owned as to 11.81%, 11.81%, 38.19% and 38.19% by Mr. Hui Sum Kwok, Mr. Hui Sum Ping, Fullwood Holdings Limited ("Fullwood") and Goldspeed Holdings Limited ("Goldspeed") respectively. Fullwood is wholly owned by Pinicity Investments Limited ("Pinicity") and Pinicity is wholly owned by HSBC International Trustee Limited ("HSBC") in its capacity as the trustee of Hui & Wong 2004 Family Trust, a discretionary trust the founder of which is Mr. Hui Sum Kwok and the discretionary objects of which include family members of Mr. Hui Sum Kwok. Goldspeed is wholly owned by Goldkeen Assets Management Limited ("Goldkeen") and Goldkeen is wholly owned by HSBC in its capacity as the trustee of HSP 2004 Family Trust, a discretionary trust the founder of which is Mr. Hui Sum Ping and the discretionary objects of which include family members of Mr. Hui Sum Ping. Accordingly, each of Mr. Hui Sum Kwok and Mr. Hui Sum Ping will be deemed to be interested in the 252,000,000 shares under the SFO.

Delight is wholly owned by Richfaith Assets Management Limited ("Richfaith") and Richfaith is wholly owned by HSBC in its capacity as the trustee of Wong's 2004 Family Trust, a discretionary trust the founder of which is Mr. Wong Wing Por and the discretionary objects of which include family members of Mr. Wong Wing Por.

- Hop Fung Industries is a holding company of the Company and therefore an associated corporation of the Company under the SFO. The entire issued share capital of Hop Fung Industries is US\$100 divided into 10,000 shares of US\$0.01 each which is owned as to 7,886, 1,257 and 857 shares by Hop Fung Industries BVI, Delight and Mr. Shum Lit Ki respectively. Under the SFO, each of Mr. Hui Sum Kwok and Mr. Hui Sum Ping is deemed to be interested in the 7,886 shares of US\$0.01 each and Mr. Wong Wing Por is deemed to be interested in the 1,257 shares of US\$0.01 each in Hop Fung Industries.

**董事於股份、相關股份及債券之  
權益(續)**

**(a) 股份(續)**

附註：(續)

Hop Fung Industries BVI之已發行股本分別由許森國先生、許森平先生、Fullwood Holdings Limited(「Fullwood」)及Goldspeed Holdings Limited(「Goldspeed」)擁有11.81%、11.81%、38.19%及38.19%。Fullwood由Pinicity Investments Limited(「Pinicity」)全資擁有，而Pinicity由HSBC International Trustee Limited(「HSBC」)以Hui & Wong 2004 Family Trust受託人之身分全資擁有。該信託為一項全權信託，其創立人為許森國先生，全權信託對象包括許森國先生之家族成員。Goldspeed由Goldkeen Assets Management Limited(「Goldkeen」)全資擁有，而Goldkeen由HSBC以HSP 2004 Family Trust受託人之身分全資擁有。該信託為一項全權信託，其創立人為許森平先生，全權信託對象包括許森平先生之家族成員。因此，根據證券及期貨條例，許森國先生及許森平先生各自被視為擁有該252,000,000股股份之權益。

Delight由Richfaith Assets Management Limited(「Richfaith」)全資擁有，而Richfaith由HSBC以Wong's 2004 Family Trust受託人之身分全資擁有。該信託為一項全權信託，其創立人為王榮波先生，全權信託對象包括王榮波先生之家族成員。

- Hop Fung Industries乃本公司之控股公司，因此根據證券及期貨條例，屬本公司之相聯法團。Hop Fung Industries之全部已發行股本為100美元，分為10,000股每股面值0.01美元之股份，分別由Hop Fung Industries BVI、Delight及沈烈基先生擁有7,886、1,257及857股。根據證券及期貨條例，許森國先生及許森平先生均被視為擁有Hop Fung Industries 7,886股每股面值0.01美元股份之權益，而王榮波先生則被視為擁有Hop Fung Industries 1,257股每股面值0.01美元股份之權益。



## DIRECTORS' REPORT

### 董事會報告

#### DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES (Continued)

##### (a) Shares (Continued)

Notes: (Continued)

- Hop Fung Industries BVI is a holding company of the Company and therefore an associated corporation of the Company under the SFO. The entire issued share capital of Hop Fung Industries BVI is US\$100 divided into 10,000 shares of US\$0.01 each which is owned as to 1,181, 1,181, 3,819 and 3,819 shares by Mr. Hui Sum Kwok, Mr. Hui Sum Ping, Fullwood and Goldspeed respectively. Under the SFO, each of Mr. Hui Sum Kwok and Mr. Hui Sum Ping is interested and/or deemed to be interested in an aggregate of 5,000 shares of US\$0.01 each in Hop Fung Industries BVI.
- Hop Fung GM is a subsidiary of the Company and therefore an associated corporation of the Company under the SFO. The entire issued share capital of Hop Fung GM is HK\$3,000,100 divided into 100 ordinary shares of HK\$1 each and 3,000,000 non-voting deferred shares of HK\$1 each. The 3,000,000 non-voting deferred shares of HK\$1 each in Hop Fung GM are beneficially owned by Hop Fung Group (HK) Limited ("Hop Fung Group HK") which is owned as to 78.86%, 12.57% and 8.57% by Hop Fung Holdings Limited ("Hop Fung Holdings (BVI)"), Mr. Wong Wing Por and Mr. Shum Lit Ki respectively.

The issued share capital of Hop Fung Holdings (BVI) is owned as to 50%, 11.81% and 38.19% by Mr. Hui Sum Kwok, Mr. Hui Sum Ping and Goldspeed respectively. Under the SFO, each of Mr. Hui Sum Kwok and Mr. Hui Sum Ping is deemed to be interested in the 3,000,000 non-voting deferred shares of HK\$1 each in Hop Fung GM.

Pursuant to an option deed dated 19th August, 2003, Hop Fung Group HK and its nominee granted to Hop Fung Group Company Limited ("Hop Fung Group (BVI)"), a wholly owned subsidiary of the Company, an option to purchase from them such 3,000,000 non-voting deferred shares of HK\$1 each in Hop Fung GM. Accordingly, each of Mr. Hui Sum Kwok and Mr. Hui Sum Ping is deemed to have a short position in the underlying shares of the option granted under the option deed pursuant to the SFO.

#### 董事於股份、相關股份及債券之 權益(續)

##### (a) 股份(續)

附註：(續)

- Hop Fung Industries BVI乃本公司之控股公司，因此根據證券及期貨條例，屬本公司之相聯法團。Hop Fung Industries BVI之全部已發行股本為100美元，分為10,000股每股面值0.01美元之股份，分別由許森國先生、許森平先生、Fullwood及Goldspeed擁有1,181、1,181、3,819及3,819股。根據證券及期貨條例，許森國先生及許森平先生擁有及／或被視為擁有Hop Fung Industries BVI合共5,000股每股面值0.01美元股份之權益。
- 合豐公明乃本公司之附屬公司，因此根據證券及期貨條例，屬本公司之相聯法團。合豐公明之全部已發行股本為3,000,100港元，分為100股每股面值1港元之普通股及3,000,000股每股面值1港元之無投票權遞延股。該3,000,000股每股面值1港元之合豐公明無投票權遞延股由合豐集團(香港)有限公司(「合豐集團香港」)實益擁有，而合豐集團香港則分別由Hop Fung Holdings Limited(「Hop Fung Holdings (BVI)」)、王榮波先生及沈烈基先生擁有78.86%、12.57%及8.57%。

Hop Fung Holdings (BVI)之已發行股本分別由許森國先生、許森平先生及Goldspeed擁有50%、11.81%及38.19%。根據證券及期貨條例，許森國先生及許森平先生被視為擁有合豐公明3,000,000股每股面值1港元無投票權遞延股之權益。

根據日期為二零零三年八月十九日之購股權契據，合豐集團香港及其代名人向本公司之全資附屬公司Hop Fung Group Company Limited(「Hop Fung Group (BVI)」)授出購股權，以自彼等購買3,000,000股每股面值1港元之合豐公明無投票權遞延股。因此，根據證券及期貨條例，許森國先生及許森平先生均被視為擁有根據購股權契據所授出購股權涉及之相關股份之淡倉。

**DIRECTORS' INTERESTS IN SHARES,  
UNDERLYING SHARES AND DEBENTURES**  
(Continued)

**(a) Shares (Continued)**

Notes: (Continued)

5. Hop Fung FG is a subsidiary of the Company and therefore an associated corporation of the Company under the SFO. The entire issued share capital of Hop Fung FG is HK\$3,000,100 divided into 100 ordinary shares of HK\$1 each and 3,000,000 non-voting deferred shares of HK\$1 each. The 3,000,000 non-voting deferred shares of HK\$1 each in Hop Fung FG are beneficially owned by Hop Fung Group HK. Under the SFO, each of Mr. Hui Sum Kwok and Mr. Hui Sum Ping is deemed to be interested in the 3,000,000 non-voting deferred shares of HK\$1 each in Hop Fung FG.

Pursuant to an option deed dated 19th August, 2003, Hop Fung Group HK and its nominee granted to Hop Fung Group (BVI) an option to purchase from them such 3,000,000 non-voting deferred shares of HK\$1 each in Hop Fung FG. Accordingly, each of Mr. Hui Sum Kwok and Mr. Hui Sum Ping is deemed to have a short position in the underlying shares of the option granted under the option deed pursuant to the SFO.

6. Applewood Forest Limited ("Applewood") is a company incorporated in the British Virgin Islands. The entire issued share capital of Applewood is US\$1 comprises 1 share of US\$1 which is owned by HSBC in its capacity as the trustee of Hui & Wong 2004 Family Trust. Applewood is an associated corporation of the Company under the SFO. Under the SFO, Mr. Hui Sum Kwok is deemed to be interested in the 1 share of US\$1 in Applewood owned by HSBC in its capacity as the trustee of Hui & Wong 2004 Family Trust.
7. Profit Luck Limited ("Profit") is a company incorporated in Hong Kong. The entire issued share capital of Profit is HK\$100 comprises 100 shares of HK\$1 each which is indirectly owned by HSBC through its wholly owned subsidiary, Applewood. Details of Applewood are set out in note 6 above.

**董事於股份、相關股份及債券之  
權益(續)**

**(a) 股份(續)**

附註：(續)

5. 合豐鳳崗乃本公司之附屬公司，因此根據證券及期貨條例，屬本公司之相聯法團。合豐鳳崗之全部已發行股本為3,000,100港元，分為100股每股面值1港元之普通股及3,000,000股每股面值1港元之無投票權遞延股。該3,000,000股每股面值1港元之合豐鳳崗無投票權遞延股由合豐集團香港實益擁有。根據證券及期貨條例，許森國先生及許森平先生均被視為擁有3,000,000股每股面值1港元之合豐鳳崗無投票權遞延股之權益。

根據日期為二零零三年八月十九日之購股權契據，合豐集團香港及其代名人向Hop Fung Group (BVI) 授出購股權，以自彼等購買3,000,000股每股面值1港元之合豐鳳崗無投票權遞延股。因此，根據證券及期貨條例，許森國先生及許森平先生均被視為擁有根據購股權契據所授出購股權涉及之相關股份之淡倉。

6. Applewood Forest Limited (「Applewood」) 乃於英屬處女群島註冊成立之公司。Applewood之全部已發行股本為1美元，包括1股面值1美元之股份。該股股份由HSBC以Hui & Wong 2004 Family Trust受託人之身分擁有。根據證券及期貨條例，Applewood屬本公司之相聯法團。根據證券及期貨條例，許森國先生被視為擁有由HSBC以Hui & Wong 2004 Family Trust 受託人身分擁有之Applewood 1股面值1美元股份之權益。
7. 利萊有限公司(「利萊」) 乃於香港註冊成立之公司。利萊之全部已發行股本為100港元，分為100股每股面值1港元之股份，由HSBC透過其全資附屬公司Applewood間接擁有。Applewood之詳情載於上文附註6。

## DIRECTORS' REPORT

### 董事會報告

#### DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES (Continued)

##### (b) Share options

Details of the Directors' and their associates' interests in share options of the Company are set out in the Section headed "Share Options" in this report.

Other than as disclosed above, none of the Directors nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as at 31st December, 2006.

#### SUBSTANTIAL SHAREHOLDERS

As at 31st December, 2006, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that the following shareholders had notified the Company of relevant interests and short positions in the issued share capital of the Company:

Name of shareholder 股東名稱／姓名	Capacity 身分	Number of issued shares held 持有已發行 股份數目	Note(s) 附註	Approximate percentage of issued share capital 佔已發行股份 概約百分比
Hop Fung Industries	Beneficial owner 實益擁有人	252,000,000	1	59.45%
Hop Fung Industries BVI	Interest of a controlled corporation 受控法團權益	252,000,000	1, 2	59.45%
Fullwood	Interest of controlled corporations 受控法團權益	252,000,000	1, 2, 3, 4	59.45%
Pinecity	Interest of controlled corporations 受控法團權益	252,000,000	1, 2, 3, 4	59.45%
Goldspeed	Interest of controlled corporations 受控法團權益	252,000,000	1, 2, 3, 5	59.45%

#### 董事於股份、相關股份及債券之 權益(續)

##### (b) 購股權

董事及彼等之聯繫人士於本公司購股權之權益詳情載於上文「購股權」一節。

除上文披露者外，於二零零六年十二月三十一日，董事及彼等之聯繫人士概無於本公司或其任何相聯法團之任何股份、相關股份或債券中擁有任何權益或淡倉。

#### 主要股東

於二零零六年十二月三十一日，本公司根據證券及期貨條例第336條置存之主要股東名冊顯示，以下股東已知會本公司彼等持有本公司已發行股本之相關權益及淡倉：

**SUBSTANTIAL SHAREHOLDERS** (Continued)

**主要股東 (續)**

<b>Name of shareholder</b> 股東名稱／姓名	<b>Capacity</b> 身分	<b>Number of issued shares held</b> 持有已發行股份數目	<b>Note(s)</b> 附註	<b>Approximate percentage of issued share capital</b> 佔已發行股份概約百分比
Goldkeen	Interest of controlled corporations 受控法團權益	252,000,000	1, 2, 3, 5	59.45%
HSBC	Trustee of discretionary trust/interest of controlled corporations 全權信託受託人／受控法團權益	252,000,000	1, 2, 3, 4, 5	59.45%
Mr. Hui Sum Kwok 許森國先生	Beneficial owner/founder of a discretionary trust/interest of controlled corporations/interest of spouse 實益擁有人／全權信託創立人／受控法團權益／配偶之權益	256,386,000	1, 2, 3, 4, 6	60.48%
Mr. Hui Sum Ping 許森平先生	Beneficial owner/founder of a discretionary trust/interest of controlled corporations 實益擁有人／全權信託創立人／受控法團權益	255,236,000	1, 2, 3, 5, 7	60.21%
Value Partners Ltd. 惠理基金管理公司	Investment manager 投資經理	29,650,000	8	6.99%

Notes:

- The 252,000,000 shares are owned by Hop Fung Industries.
- The issued share capital of Hop Fung Industries is owned as to 78.86%, 12.57% and 8.57% by Hop Fung Industries BVI, Delight and Mr. Shum Lit Ki respectively and Hop Fung Industries BVI is deemed to be interested in the 252,000,000 shares under the SFO.

附註：

- 該252,000,000股股份由Hop Fung Industries擁有。
- Hop Fung Industries之已發行股本由Hop Fung Industries BVI、Delight及沈烈基先生分別擁有78.86%、12.57%及8.57%，而根據證券及期貨條例，Hop Fung Industries BVI被視為擁有該252,000,000股股份之權益。

## DIRECTORS' REPORT

### 董事會報告

#### SUBSTANTIAL SHAREHOLDERS (Continued)

Notes: (Continued)

3. The issued share capital of Hop Fung Industries BVI is owned as to 11.81%, 11.81%, 38.19% and 38.19% by Mr. Hui Sum Kwok, Mr. Hui Sum Ping, Fullwood and Goldspeed respectively.
4. The entire issued share capital of Fullwood is indirectly held by HSBC through its 100% controlled corporation, Pinacity in its capacity as the trustee of Hui & Wong 2004 Family Trust, a discretionary trust the founder of which is Mr. Hui Sum Kwok and the discretionary objects of which include family members of Mr. Hui Sum Kwok. Accordingly, each of Fullwood, Pinacity, HSBC and Mr. Hui Sum Kwok is deemed to be interested in the 252,000,000 shares under the SFO.
5. The entire issued share capital of Goldspeed is indirectly held by HSBC through its 100% controlled corporation, Goldkeen in its capacity as the trustee of HSP 2004 Family Trust, a discretionary trust the founder of which is Mr. Hui Sum Ping and the discretionary objects of which include family members of Mr. Hui Sum Ping. Accordingly, each of Goldspeed, Goldkeen, HSBC and Mr. Hui Sum Ping is deemed to be interested in the 252,000,000 shares under the SFO.
6. Of 256,386,000 shares, Ms. Wong Mui is directly interested in 500,000 shares in the Company and is deemed to be interested in 255,886,000 shares under the SFO as she is the spouse of Mr. Hui Sum Kwok, a director of the Company.
7. Ms. Jian Jian Yi is deemed to be interested in 255,236,000 shares under the SFO as she is the spouse of Mr. Hui Sum Ping, a director of the Company.
8. Mr. Cheah Cheng Hye is deemed to be interested in 29,650,000 shares in the Company as he beneficially owns 32.77% of Value Partners Ltd.

Other than as disclosed above, the Company had not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 31st December, 2006.

#### 主要股東 (續)

附註：(續)

3. Hop Fung Industries BVI之已發行股本分別由許森國先生、許森平先生、Fullwood及Goldspeed 擁有 11.81%、11.81%、38.19% 及 38.19%。
4. Fullwood之全部已發行股本由HSBC透過其100%受控法團Pinacity以Hui & Wong 2004 Family Trust 受託人之身分間接持有。Hui & Wong 2004 Family Trust 乃一項全權信託，其創立人為許森國先生；而全權信託對象包括許森國先生之家族成員。因此，根據證券及期貨條例，Fullwood、Pinacity、HSBC及許森國先生各自被視為擁有該252,000,000 股股份之權益。
5. Goldspeed之全部已發行股本由HSBC透過其100%受控法團Goldkeen以HSP 2004 Family Trust之受託人身分間接持有。HSP 2004 Family Trust乃一項全權信託，其創立人為許森平先生；而全權信託對象包括許森平先生之家族成員。因此，根據證券及期貨條例，Goldspeed、Goldkeen、HSBC及許森平先生各自被視為擁有該252,000,000 股股份之權益。
6. 於256,386,000股股份中，黃梅女士直接持有本公司500,000股股份權益，以及由於彼為本公司董事許森國先生之配偶，根據證券及期貨條例，黃梅女士被視為擁有該255,886,000股股份之權益。
7. 根據證券及期貨條例，由於簡健儀女士為本公司董事許森平先生之配偶，簡健儀女士被視為擁有該255,236,000股股份之權益。
8. 謝清海先生由於彼實益擁有惠理基金管理公司之32.77%權益被視為擁有本公司29,650,000股股份之權益。

除上文披露者外，於二零零六年十二月三十一日，本公司並無獲悉任何其他人士於本公司已發行股本中擁有相關權益或淡倉。



## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES**

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed shares during the year.

## **ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES**

Save as disclosed under the heading "Share Options" above, at no time during the year was the Company, any of its holding companies, fellow subsidiaries or subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate. In addition, save as disclosed above, none of the Directors, their spouse or children under the age of 18 were granted any right to subscribe for the securities of the Company or had exercised any such right during the year.

## **DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE**

Other than the transactions set out in note 30 to the consolidated financial statements, no other contracts of significance to which the Company or any of its subsidiaries 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.

## **MAJOR CUSTOMERS AND SUPPLIERS**

For the year ended 31st December, 2006, the aggregate amount of turnover attributable to the Group's five largest customers accounted for less than 16% of the Group's total turnover.

The aggregate amount of purchases attributable to the Group's five largest suppliers accounted for approximately 59% of the Group's total purchases and the purchase attributable to the Group's largest supplier accounted for approximately 15% of the Group's total purchases.

None of the Directors, their associates or any shareholders (which to the knowledge of the Directors own more than 5% of the Company's share capital) has any interest in the Group's five largest suppliers.

## **購買、出售或贖回本公司上市股份**

本公司及其任何附屬公司並無於年內購買、贖回或出售本公司任何上市股份。

## **購買股份或債券之安排**

除上文「購股權」一節披露者外，本公司、其任何控股公司、同系附屬公司或附屬公司並無於年內任何時間參與訂立任何安排，致使本公司董事可透過收購本公司或任何其他法人團體之股份或債券而獲益。此外，除上文披露者外，董事、彼等各自之配偶或十八歲以下子女亦無獲授或於年內行使任何可認購本公司證券之權利。

## **董事於重要合約之權益**

除綜合財務報表附註30所載之交易外，本公司或其任何附屬公司概無訂立任何於本年度完結時或年內任何時間仍然生效而本公司董事於當中直接或間接擁有重大權益之重大合約。

## **主要客戶及供應商**

於截至二零零六年十二月三十一日止年度，本集團五大客戶之營業額合共佔本集團總營業額少於16%。

本集團五大供應商之購貨額合共佔本集團購貨總額約59%，而本集團最大供應商之購貨額則佔本集團購貨總額約15%。

各董事、其聯繫人士或就董事所知擁有本公司股本5%以上之股東概無在本集團五大供應商中擁有任何權益。



## DIRECTORS' REPORT

### 董事會報告

#### CONNECTED TRANSACTIONS

During the year, the Group did not enter into any transactions with any connected persons.

#### PRE-EMPTIVE RIGHTS

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

#### DONATIONS

During the year, the Group made charitable donations amounting to approximately HK\$279,000.

#### CORPORATE GOVERNANCE

The Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Listing Rules, during the year ended 31st December, 2006, except with the following deviations:

##### **Code Provision A.2.1**

- Code Provision A.2.1 stipulates that the division of responsibilities between the chairman and the chief executive officer should be clearly established and set out in writing.
- There is no written terms on division of responsibilities between the Chairman and the Chief Executive Officer. The Directors consider that the responsibilities of the Chairman and Chief Executive Officer respectively are clear and distinctive and hence written terms thereof are not necessary.

#### 關連交易

年內，本集團沒有與任何關連人士訂立任何交易。

#### 優先購買權

本公司之組織章程細則或開曼群島法例並無有關優先購買權之條文，規定本公司須按比例向現有股東提呈發售新股。

#### 捐款

年內，本集團作出慈善捐款約279,000港元。

#### 公司管治

於截至二零零六年十二月三十一日止年度，本公司已遵守上市規則附錄14企業管治常規守則(「企業管治守則」)所載之守則條文，惟以下之偏離除外：

##### **守則條文A.2.1條**

- 守則條文A.2.1條規定清楚地制定主席與行政總裁之職責範圍，並以書面列出。
- 本公司並無書面列出主席與行政總裁之職責範圍。董事會認為，主席與行政總裁各自之職責均有明確界定，故毋須編製彼等之書面職權範圍。

## CORPORATE GOVERNANCE (Continued)

### Code Provision A.4.2

- Code Provision A.4.2 stipulates that all Directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment.
- In accordance with the Company's Articles of Association, Directors appointed to fill a casual vacancy are subject to re-election at next annual general meeting.

### Code Provisions B.1.3

- A major deviation from the code provision B.1.3 is that the Remuneration Committee of the Company reviews and makes recommendations to the Directors on the remuneration packages of the executive directors only but not the senior management.
- Currently, the remuneration of the senior management is attended by the Chairman and/or Chief Executive Officer of the Company.

## AUDITORS

Messrs. Deloitte Touche Tohmatsu have acted as auditors of the Company since its incorporation.

A resolution will be submitted to the forthcoming annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company.

On behalf of the Board

**Hui Sum Kwok**

Chairman

18th April, 2007

## 公司管治(續)

### 守則條文A.4.2條

- 守則條文A.4.2條規定所有填補臨時空缺而獲委任之董事須於委任後之首次股東大會上接受股東選舉。
- 根據本公司組織章程之有關規定，填補臨時空缺而獲委任之董事須於下屆股東週年大會上重選。

### 守則條文B.1.3條

- 對於守則條文B.1.3的主要偏差乃薪酬委員會僅就執行董事(而非就高級管理層)之薪酬進行檢討及向董事會作出建議。
- 目前，高級管理層之薪酬由本公司主席及／或行政總裁處理。

## 核數師

德勤•關黃陳方會計師行自本公司註冊成立以來，一直擔任本公司核數師。

本公司將於應屆股東週年大會提呈續委聘德勤•關黃陳方會計師行為本公司核數師之決議案。

代表董事會

主席

許森國

二零零七年四月十八日

## INDEPENDENT AUDITOR'S REPORT

### 獨立核數師報告

#### TO THE SHAREHOLDERS OF HOP FUNG GROUP HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Hop Fung Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 54 to 110, which comprise the consolidated balance sheet as at 31st 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 CONSOLIDATED 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 the consolidated 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, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

#### 致合豐集團控股有限公司全體股東

(於開曼群島註冊成立之有限公司)

本核數師行已完成審核列載於第54至110頁合豐集團控股有限公司(「貴公司」)及其附屬公司(統稱為「貴集團」)之綜合財務報表，此綜合財務報表包括於二零零六年十二月三十一日之綜合資產負債表與截至該日止年度之綜合收益表，綜合權益變動表及綜合現金流量表，以及主要會計政策概要及其他附註解釋。

#### 董事就綜合財務報表須承擔之責任

貴公司董事須負責根據香港會計師公會頒佈之香港財務報告準則及香港公司條例之披露要求編製及真實而公平地呈列該等綜合財務報表。該責任包括設計、實行及維護與編製及真實而公平地呈列綜合財務報表相關之內部監控，以使該等綜合財務報表不存在由於欺詐或錯誤而導致之重大錯誤陳述；選擇及應用適當之會計政策；及按情況作出合理之會計估計。

#### 核數師之責任

本核數師之責任是根據吾等之審核，對該等綜合財務報表作出意見，除此之外本報告別無其他目的。本核數師不會就本報告之內容向任何人士負上或承擔任何責任。本核數師已根據香港會計師公會頒佈之香港審核準則進行審核。該等準則要求我們遵守道德規範，並規劃及執行審核，合理地確定此等綜合財務報表是否不存有任何重大錯誤陳述。

## INDEPENDENT AUDITOR'S REPORT 獨立核數師報告

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the consolidated 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 consolidated financial statements.

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

### OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31st 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.

**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*  
Hong Kong  
18th April, 2007

審核涉及執行情序以獲取有關綜合財務報表所載數額及披露資料所需之審核憑證。所選定之程序取決於核數師之判斷，包括評估由於欺詐或錯誤而導致綜合財務報表存有重大錯誤陳述之風險。在評估該等風險時，核數師考慮與該公司編製及真實而公平地呈列綜合財務報表相關的內部監控，以設計適當的審核程序，但並非為對公司的內部監控的效能發表意見。審核亦包括評價董事所採用之會計政策之合適性及所作出之會計估計之合理性，以及評價綜合財務報表之整體呈列方式。

本核數師相信，吾等所獲取之審核憑證是充足及適當地為我們的審核意見建立基礎。

### 意見

本核數師認為，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 貴集團於二零零六年十二月三十一日之財務狀況及 貴集團截至該日止年度之利潤及現金流量，並已按照香港公司條例之披露規定妥為編製。

**德勤•關黃陳方會計師行**  
*執業會計師*  
香港  
二零零七年四月十八日

## CONSOLIDATED INCOME STATEMENT

### 綜合收益表

FOR THE YEAR ENDED 31ST DECEMBER, 2006  
截至二零零六年十二月三十一日止年度

		NOTES 附註	2006 HK\$'000 千港元	2005 HK\$'000 千港元
Turnover	營業額	6	<b>820,063</b>	788,555
Cost of sales	銷售成本		<b>(637,862)</b>	(634,422)
Gross profit	毛利		<b>182,201</b>	154,133
Other income	其他收入	7	<b>18,569</b>	15,728
Distribution costs	分銷成本		<b>(39,946)</b>	(37,277)
Administrative expenses	行政開支		<b>(42,614)</b>	(37,724)
Other expenses	其他開支		<b>(22,081)</b>	(18,601)
Finance costs	財務成本	8	<b>(8,644)</b>	(5,924)
Change in fair value of structured borrowing	結構借貸公平值之變動	22	<b>(12,366)</b>	-
Changes in fair value of derivative financial instruments	衍生金融工具 公平值之變動		<b>(5,105)</b>	474
Profit before taxation	稅前利潤		<b>70,014</b>	70,809
Taxation	稅項	9	<b>(1,716)</b>	(1,096)
Profit for the year	年度利潤	10	<b>68,298</b>	69,713
Dividends	股息	12	<b>21,917</b>	21,115
Earnings per share	每股盈利	13		
– basic (HK cents)	– 基本(港仙)		<b>17.84</b>	18.95
– diluted (HK cents)	– 攤薄(港仙)		<b>17.43</b>	18.69

## CONSOLIDATED BALANCE SHEET 綜合資產負債表

AT 31ST DECEMBER, 2006  
於二零零六年十二月三十一日

		NOTES 附註	2006 HK\$'000 千港元	2005 HK\$'000 千港元
<b>Non-current assets</b>				
	<b>非流動資產</b>			
Property, plant and equipment	物業、廠房及設備	14	348,596	290,925
Prepaid lease payments on land use rights	土地使用權預付租賃款項	15	20,537	18,652
Prepayments under processing arrangement	根據加工安排之預付款項	16	2,118	2,179
Deposits paid for the acquisition of property, plant and equipment	購置物業、廠房及設備所付訂金		32,805	10,088
			<b>404,056</b>	321,844
<b>Current assets</b>				
	<b>流動資產</b>			
Inventories	存貨	17	79,450	74,737
Trade and other receivables	貿易及其他應收款項	18	119,035	102,986
Deposits and prepayments	按金及預付款		8,333	6,767
Prepaid lease payments on land use rights	土地使用權預付租賃款項	15	439	432
Prepayments under processing arrangement	根據加工安排之預付款項	16	61	61
Taxation recoverable	可退回稅項		42	-
Derivative financial instruments	衍生金融工具	19	9	862
Bank balances and cash	銀行結餘及現金	18	231,605	156,037
			<b>438,974</b>	341,882
<b>Current liabilities</b>				
	<b>流動負債</b>			
Trade and other payables	貿易及其他應付款項	20	84,824	81,696
Taxation payable	應付稅項		18,475	20,767
Derivative financial instruments	衍生金融工具	19	4,640	388
Bank borrowings	銀行借貸	21	65,611	103,515
Structured borrowing	結構借貸	22	7,765	-
			<b>181,315</b>	206,366
<b>Net current assets</b>			<b>257,659</b>	135,516
<b>Total assets less current liabilities</b>			<b>661,715</b>	457,360



## CONSOLIDATED BALANCE SHEET

### 綜合資產負債表

AT 31ST DECEMBER, 2006  
於二零零六年十二月三十一日

		NOTES 附註	2006 HK\$'000 千港元	2005 HK\$'000 千港元
<b>Capital and reserves</b>	<b>股本及儲備</b>			
Share capital	股本	23	42,390	36,792
Share premium and reserves	股份溢價及儲備		441,706	301,533
			<b>484,096</b>	338,325
<b>Non-current liabilities</b>	<b>非流動負債</b>			
Bank borrowings	銀行借貸	21	133,527	118,369
Structured borrowing	結構借貸	22	43,426	–
Deferred taxation	遞延稅項	25	666	666
			<b>177,619</b>	119,035
			<b>661,715</b>	457,360

The consolidated financial statements on pages 54 to 110 were approved and authorised for issue by the Board of Directors on 18th April, 2007 and are signed on its behalf by:

於第54至110頁之綜合財務報表已於二零零七年四月十八日經董事會批准及授權發表，並由下列董事代表簽署：

DIRECTOR 董事  
HUI SUM KWOK 許森國

DIRECTOR 董事  
HUI SUM PING 許森平

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

### 綜合權益變動表

FOR THE YEAR ENDED 31ST DECEMBER, 2006  
截至二零零六年十二月三十一日止年度

		Share capital	Share premium	Special reserve	Translation reserve	Share options reserve	Retained profits	Total
		股本	股份溢價	特別儲備	匯兌儲備	購股權儲備	保留利潤	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元
At 1st January, 2005	於二零零五年 一月一日	36,783	171,346	(107,444)	-	221	185,116	286,022
Exchange differences arising on translation of foreign operations recognised directly in equity	於權益直接確認 換算海外業務 之匯兌差額	-	-	-	1,673	-	-	1,673
Profit for the year	年度利潤	-	-	-	-	-	69,713	69,713
Total recognised income for the year	年度確認收入總額	-	-	-	1,673	-	69,713	71,386
Recognition of equity-settled share-based payments	確認以股權結算之 以股份支付之支出	-	-	-	-	1,923	-	1,923
Exercise of share options	行使購股權	9	100	-	-	-	-	109
Final dividend paid in respect of 2004	已派二零零四年 末期股息	-	-	-	-	-	(15,523)	(15,523)
Interim dividend paid in respect of 2005	已派二零零五年 中期股息	-	-	-	-	-	(5,592)	(5,592)
At 31st December, 2005	於二零零五年 十二月三十一日	36,792	171,446	(107,444)	1,673	2,144	233,714	338,325
Exchange differences arising on translation of foreign operations recognised directly in equity	於權益直接確認 換算海外業務 之匯兌差額	-	-	-	2,524	-	-	2,524
Profit for the year	年度利潤	-	-	-	-	-	68,298	68,298

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

### 綜合權益變動表

FOR THE YEAR ENDED 31ST DECEMBER, 2006  
截至二零零六年十二月三十一日止年度

		Share capital	Share premium	Special reserve	Translation reserve	Share options reserve	Retained profits	Total
		股本	股份溢價	特別儲備	滙兌儲備	購股權儲備	保留利潤	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元
Total recognised income for the year	年度確認收入總額	-	-	-	2,524	-	68,298	70,822
Recognition of equity-settled share-based payments	確認以股權結算之 以股份支付之支出	-	-	-	-	411	-	411
Exercise of share options	行使購股權	1,598	17,114	-	-	-	-	18,712
Proceeds on placing of new shares	配售新股份所得款項	4,000	76,000	-	-	-	-	80,000
Share issue expenses on placing of new shares	配售新股份之股 份發行支出	-	(2,257)	-	-	-	-	(2,257)
Final dividend paid in respect of 2005	已派二零零五年 末期股息	-	-	-	-	-	(15,857)	(15,857)
Interim dividend paid in respect of 2006	已派二零零六年 中期股息	-	-	-	-	-	(6,060)	(6,060)
At 31st December, 2006	於二零零六年 十二月三十一日	42,390	262,303	(107,444)	4,197	2,555	280,095	484,096

Note:

附註：

Special reserve represents the difference between the costs of investments in subsidiaries of the Company and the aggregate amount of the non-voting deferred share capital of Fung Kong Hop Fung Paper Ware Factory Limited and Gong Ming Hop Fung Paper Ware Factory Limited and the nominal value of the share capital of the subsidiaries acquired as a result of the group reorganisation in 2003.

特別儲備指本公司於附屬公司之投資成本與鳳崗合豐紙品廠有限公司及公明合豐紙品廠有限公司無投票權遞延股本總額及因二零零三年集團重組而收購之附屬公司之股本面值之差額。

## CONSOLIDATED CASH FLOW STATEMENT 綜合現金流量表

FOR THE YEAR ENDED 31ST DECEMBER, 2006  
截至二零零六年十二月三十一日止年度

		2006 HK\$'000 千港元	2005 HK\$'000 千港元
<b>Operating activities</b>	<b>經營活動</b>		
Profit before taxation	稅前利潤	70,014	70,809
Adjustments for:	經作出以下調整：		
Finance costs	財務成本	8,644	5,924
Allowance for doubtful debts	呆賬撥備	-	845
Depreciation	折舊	31,098	22,699
Release of prepaid lease payments on land use rights	撥回土地使用權預付租賃款項	393	200
Interest income	利息收入	(2,643)	(1,618)
Loss (gain) on disposal of property, plant and equipment	出售物業、廠房及設備虧損(收益)	55	(155)
Share-based payment expense	以股份支付之支出	411	1,923
Changes in fair value of derivative financial instruments	衍生金融工具公平值之變動	5,105	(474)
Change in fair value of structured borrowing	結構借貸公平值之變動	12,366	-
Operating cash flows before movements in working capital	流動資金變動前營運現金流量	125,443	100,153
Increase in inventories	存貨增加	(4,713)	(15,704)
Increase in trade and other receivables	貿易及其他應收款項增加	(16,049)	(15,296)
(Increase) decrease in deposits and prepayments	按金及預付款(增加)減少	(1,566)	997
Increase (decrease) in trade and other payables	貿易及其他應付款項增加(減少)	3,128	(6,711)
Cash generated from operations	營運產生之現金	106,243	63,439
Income tax paid	已繳付所得稅	(4,900)	(649)
Income tax refunded	已退還所得稅	850	-
<b>Net cash from operating activities</b>	<b>經營活動產生之現金淨額</b>	<b>102,193</b>	62,790

## CONSOLIDATED CASH FLOW STATEMENT

### 綜合現金流量表

FOR THE YEAR ENDED 31ST DECEMBER, 2006  
截至二零零六年十二月三十一日止年度

		2006 HK\$'000 千港元	2005 HK\$'000 千港元
<b>Investing activities</b>	<b>投資活動</b>		
Purchases of property, plant and equipment	收購物業、廠房及設備	(76,863)	(141,259)
Increase in deposits paid for the acquisition of property, plant and equipment	購置物業、廠房及設備所付訂金增加	(32,805)	(10,088)
Increase in prepaid lease payments on land use rights	土地使用權預付租賃款項增加	(2,285)	(1,699)
Proceeds from sale of equity-linked deposits	出售股本聯繫存款所得款項	-	2,002
Interest received	已收利息	2,643	1,618
Proceeds on disposal of property, plant and equipment	出售物業、廠房及設備所得款項	638	1,353
Decrease in prepayments under processing arrangement	根據加工安排之預付款項減少	61	61
<b>Net cash used in investing activities</b>	<b>投資活動使用之現金淨額</b>	<b>(108,611)</b>	<b>(148,012)</b>
<b>Financing activities</b>	<b>融資活動</b>		
New bank loans raised	新增銀行貸款	70,000	130,000
Structured borrowing raised	新增結構借貸	38,825	-
(Decrease) increase in trust receipt loans	信託收據貸款(減少)增加	(43,759)	31,118
Net proceeds on issue of new shares	發行新股份所得款項淨額	96,455	109
Repayment of bank loans	償還銀行貸款	(48,987)	(25,065)
Dividends paid	已派股息	(21,917)	(21,115)
Interest paid	已付利息	(11,155)	(8,579)
<b>Net cash from financing activities</b>	<b>融資活動產生之現金淨額</b>	<b>79,462</b>	<b>106,468</b>
<b>Net increase in cash and cash equivalents</b>	<b>現金及現金等值增加淨額</b>	<b>73,044</b>	<b>21,246</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>年初現金及現金等值</b>	<b>156,037</b>	<b>133,118</b>
<b>Effect of foreign exchange rate changes</b>	<b>匯率變動之影響</b>	<b>2,524</b>	<b>1,673</b>
<b>Cash and cash equivalents at end of the year</b>	<b>年末現金及現金等值</b>	<b>231,605</b>	<b>156,037</b>
<b>Analysis of the balances of cash and cash equivalents</b>	<b>現金及現金等值結餘分析</b>		
Bank balances and cash	銀行結餘及現金	231,605	156,037

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2006  
截至二零零六年十二月三十一日止年度

### 1. GENERAL

The Company is an exempted company with limited liability incorporated in the Cayman Islands under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its parent is Hop Fung Industries Limited, a company incorporated in the British Virgin Islands and its ultimate holding company is Hop Fung Industries (Holdings) Limited, a company also incorporated in the British Virgin Islands. The addresses of the registered office and principal place of business of the Company are disclosed under Corporate Information section of the annual report.

The consolidated financial statements are presented in Hong Kong dollars, which is the functional currency of the Company.

The Company acts as an investment holding company. The principal activities of its principal subsidiaries are set out in note 32.

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

In the current year, the Group has applied, for the first time, a number of new standard, amendments and interpretations ("new HKFRSs"), issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") which are either effective for accounting periods beginning on or after 1st December, 2005 or 1st January, 2006. The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

### 1. 一般資料

本公司根據開曼群島法例第22章公司法(一九六一年第3條法例, 經綜合及修訂)於開曼群島註冊成立為獲豁免有限公司, 其股份於香港聯合交易所有限公司(「聯交所」)上市。本公司之母公司為於英屬處女群島註冊成立之Hop Fung Industries Limited, 而最終控股公司則為於英屬處女群島註冊成立之Hop Fung Industries (Holdings) Limited。本公司之註冊辦事處及主要營業地點之地址載於本年報公司資料部份內。

綜合財務報表均以港元呈列, 港元為本公司之功能貨幣。

本公司為投資控股公司, 其附屬公司之主要業務載於附註32。

### 2. 新訂及經修訂之香港財務報告準則之應用

在本年度, 本集團首次採用多項由香港會計師公會發出之新準則、修訂及詮釋(「新香港財務報告準則」), 此等準則於二零零五年十二月一日或二零零六年一月一日或之後開始之會計期間生效。採用新香港財務報告準則並無對如何編製及呈列本集團本會計期間或以往會計期間之業績及財政狀況造成重大影響。故此毋須對以往期間作出調整。



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2006  
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#### 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

The Group has not early applied the following new standards, amendment or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these standards, amendment or interpretations will have no material impact on how the results and the financial position of the Group are prepared and presented except for HKFRS 8. They have commenced considering the potential impact of HKFRS 8 but are not yet in a position to determine whether HKFRS 8 would have a significant impact on how its results and operations and financial position are prepared and presented.

HKAS 1 (Amendment)  
香港會計準則第1號(修訂本)

Capital disclosures<sup>1</sup>  
資本披露<sup>1</sup>

HKFRS 7  
香港財務報告準則第7號

Financial instruments: Disclosures<sup>1</sup>  
金融工具：披露事項<sup>1</sup>

HKFRS 8  
香港財務報告準則第8號

Operating segments<sup>2</sup>  
經營分部<sup>2</sup>

HK(IFRIC)-INT 7  
香港(國際財務報告準則詮釋委員會)  
— 詮釋第7號

Applying the restatement approach under HKAS 29 Financial Reporting in Hyperinflationary Economies<sup>3</sup>  
根據香港會計準則第29號於惡性通貨膨脹經濟中之財務報告重列方法<sup>3</sup>

HK(IFRIC)-INT 8  
香港(國際財務報告準則詮釋委員會)  
— 詮釋第8號

Scope of HKFRS 2<sup>4</sup>  
香港財務報告準則第2號之範疇<sup>4</sup>

HK(IFRIC)-INT 9  
香港(國際財務報告準則詮釋委員會)  
— 詮釋第9號

Reassessment of embedded derivatives<sup>5</sup>  
附帶內在衍生工具之重新評估<sup>5</sup>

HK(IFRIC)-INT 10  
香港(國際財務報告準則詮釋委員會)  
— 詮釋第10號

Interim financial reporting and impairment<sup>6</sup>  
中期財務報告及減值<sup>6</sup>

HK(IFRIC)-INT 11  
香港(國際財務報告準則詮釋委員會)  
— 詮釋第11號

HKFRS 2-Group and treasury share transactions<sup>7</sup>  
香港財務報告準則第2號  
— 集團及庫存股份交易<sup>7</sup>

HK(IFRIC)-INT 12  
香港(國際財務報告準則詮釋委員會)  
— 詮釋第12號

Service concession arrangements<sup>8</sup>  
服務經營權安排<sup>8</sup>

#### 2. 新訂及經修訂之香港財務報告準則之應用(續)

本集團並未提早應用已公佈但尚未生效之下列新準則、修訂或詮釋。除香港財務報告準則第8號外，本公司董事預期應用該等準則、修訂或詮釋將不會對如何編製及呈列本集團之業績及財務狀況產生重大影響。彼等已開始考慮香港財務報告準則第8號之潛在影響，但尚未能釐定香港財務報告準則第8號是否對如何編製及呈列其業績及財務狀況產生重大影響。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2006  
截至二零零六年十二月三十一日止年度

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

- <sup>1</sup> Effective for annual periods beginning on or after 1st January, 2007
- <sup>2</sup> Effective for annual periods beginning on or after 1st January, 2009
- <sup>3</sup> Effective for annual periods beginning on or after 1st March, 2006
- <sup>4</sup> Effective for annual periods beginning on or after 1st May, 2006
- <sup>5</sup> Effective for annual periods beginning on or after 1st June, 2006
- <sup>6</sup> Effective for annual periods beginning on or after 1st November, 2006
- <sup>7</sup> Effective for annual periods beginning on or after 1st March, 2007
- <sup>8</sup> Effective for annual periods beginning on or after 1st January, 2008

### 3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments, which are measured at fair values, and in accordance with HKFRSs.

The consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance. The principal accounting policies adopted are as follows:

#### ***Basis of consolidation***

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

### 2. 新訂及經修訂之香港財務報告準則之應用(續)

- <sup>1</sup> 於二零零七年一月一日或其後開始之年度期間生效。
- <sup>2</sup> 於二零零九年一月一日或其後開始之年度期間生效。
- <sup>3</sup> 於二零零六年三月一日或其後開始之年度期間生效。
- <sup>4</sup> 於二零零六年五月一日或其後開始之年度期間生效。
- <sup>5</sup> 於二零零六年六月一日或其後開始之年度期間生效。
- <sup>6</sup> 於二零零六年十一月一日或其後開始之年度期間生效。
- <sup>7</sup> 於二零零七年三月一日或其後開始之年度期間生效。
- <sup>8</sup> 於二零零八年一月一日或其後開始之年度期間生效。

### 3. 主要會計政策

綜合財務報表根據歷史成本基準及新香港財務報告準則編製，惟若干金融工具按公平值計算者除外。

綜合財務報表載列香港聯合交易所有限公司證券上市規則及香港公司條例規定之適用披露，所採納之主要會計政策如下：

#### ***綜合基準***

綜合財務報表包括本公司及受本公司(其附屬公司)控制之個體(包括特殊用途個體)之財務報表。控制權指本公司對有關個體之財務及營運政策有決定權以從其活動中取得利益。

於年內所收購或出售附屬公司之業績由收購生效日起計入綜合收益表或結算至出售生效日止(視適用情況而定)。

如有需要，本集團會對附屬公司之財務報表作出調整，使其會計政策與本集團其他成員公司所採用者保持一致。

所有集團內交易、結餘、收入及開支均於綜合賬目時對銷。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2006  
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### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts.

Sales of goods are recognised when the goods are delivered and title has passed.

Service income is recognised when services are rendered.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

#### **Property, plant and equipment**

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

Depreciation and amortisation are provided to write off the cost of items of property, plant and equipment, other than construction in progress, over their estimated useful lives, using the straight line method.

No depreciation is provided on construction in progress until such time when construction work is completed and the costs of construction are transferred to the appropriate category of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated income statement in the year in which the item is derecognised.

### 3. 主要會計政策(續)

#### **收入確認**

收入按已收或應收代價之公平值計算，即日常業務中所提供貨品及服務之應收款項扣減折扣的數額。

貨品銷售於貨品交付客戶並轉移所有權時確認。

服務收入於提供服務時確認。

財務資產之利息收入乃按時間基準，並參照尚未償還本金及按所適用之實際利率孳生，而實際利率為透過財務資產之預期可用年期將估計日後所收現金折讓至該資產之賬面淨值之利率。

#### **物業、廠房及設備**

物業、廠房及設備按成本減累計折舊及攤銷以及累計減值虧損(如有)呈列。

物業、廠房及設備項目(在建工程除外)於其估計可使用年期以直線法就沖銷其成本作出折舊及攤銷撥備。

於在建工程完工時，並將建設成本轉撥至適當類別之物業、廠房及設備後，方就在建工程作出折舊撥備。

物業、廠房及設備項目於出售時或當繼續使用該資產預期不會產生任何日後經濟利益時不再確認。不再確認資產產生之任何收益或虧損(按該項目之出售所得款項淨額及賬面值間之差額計算)於該項目不再確認之年度計入綜合收益表。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2006  
截至二零零六年十二月三十一日止年度

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### ***Impairment***

At each balance sheet date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

#### ***Inventories***

Inventories are stated at the lower of cost and net realisable value and are calculated using the first-in, first-out method.

#### ***Financial instruments***

Financial assets and financial liabilities are recognised on the balance sheet when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

### 3. 主要會計政策(續)

#### ***減值***

於各結算日，本集團會審閱其有形資產賬面值，以確定有否任何跡象顯示該等資產出現減值虧損。倘資產之可收回金額估計低於其賬面值，則將該資產賬面值減至其可收回金額。減值虧損即時確認為開支。

倘其後撥回減值虧損，則將該資產之賬面值增至經修訂之估計可收回金額，惟增加的賬面值不得超過假如該資產於過往年度未有確認減值虧損而原應釐定之賬面值。減值虧損之撥回即時確認為收入。

#### ***存貨***

存貨以成本及可變現淨值之較低者列賬，且採用先進先出法計算。

#### ***金融工具***

財務資產及財務負債乃當某集團個體成為工具合同條文之訂約方時在資產負債表上確認。財務資產及財務負債按公平值初步確認。首次確認時，收購或發行財務資產及財務負債產生之直接交易成本(以公平值計入損益表之財務資產及財務負債除外)將視乎情況加入或扣除財務資產或財務負債之公平值。收購以公平值計入損益之財務資產或財務負債產生之直接交易成本即時在損益表確認。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2006

截至二零零六年十二月三十一日止年度

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *Financial instruments (Continued)*

##### *Financial assets*

The Group's financial assets comprise financial assets at fair value through profit or loss and loans and receivables.

##### *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss comprise derivative financial instruments that are not designated as effective hedging instruments and are classified as held for trading.

At each balance sheet date subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognised in profit or loss in the period in which they arise.

##### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including trade and other receivables and bank balances) are carried at amortised cost using the effective interest method, less any identified impairment losses. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

### 3. 主要會計政策(續)

#### *金融工具(續)*

##### *財務資產*

本集團之財務資產包括以公平值計入損益表之財務資產及貸款及應收款項。

##### *以公平值計入損益表之財務資產*

以公平值計入損益表之財務資產包括並非指定用作有效對沖工具及分類為持作交易之衍生金融工具。

於首次確認後之各結算日，以公平值計入損益表之財務資產按公平值計算，有關公平值之變動於產生期間於損益表確認。

##### *貸款及應收款項*

貸款及應收款項乃於現行市場所報之固定或可釐定付款之非衍生財務資產。於初步確認後各結算日，貸款及應收款項(包括貿易及其他應收款項及銀行結餘)均按採用實際利率法計算之已攤銷成本減任何已識別減值虧損入賬。減值虧損乃當可實質證明資產減值時於損益中確認，並按該資產之賬面值與按原先實際利率折讓之估計未來現金流量之現值間的差額計量。當資產之可收回數額增加乃確實與於確認減值後所引致之事件有關時，則減值虧損會於隨後會計期間予以回撥，惟該資產於減值被回撥之日之賬面值不得超過未確認減值時之已攤銷成本。



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

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### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *Financial instruments (Continued)*

##### *Financial liabilities and equity*

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

##### *Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

##### *Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss has two subcategories, including financial liabilities held for trading and those designated at fair value through profit or loss on initial recognition.

A financial liability other than a financial liability held for trading may be designated as at fair value through profit or loss upon initial recognition if it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss. Accordingly, the Group has designated its structured borrowing as a financial liability at fair value through profit or loss.

At each balance sheet date subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise.

### 3. 主要會計政策(續)

#### *金融工具(續)*

##### *財務負債及股本*

集團個體發行之財務負債及股本投資工具乃根據合同安排之性質與財務負債及股本投資工具之定義分類。

##### *股本投資工具*

股本投資工具乃證明集團於扣減所有負債後之資產中擁有剩餘權益之任何合同。本公司發行之股本工具乃按已收所得款項(扣除直接發行成本)記賬。

##### *以公平值計入損益表之財務負債*

以公平值計入損益表之財務負債分為兩類，包括持作交易之財務負債，及該等指定於首次確認時以公平值計入損益表之財務負債。

倘財務負債構成含有一項或多項內在衍生工具之合約的一部份，而香港會計準則第39號准許全部合併合約(資產或負債)指定為以公平值計入損益表，則持作交易之財務負債以外之財務負債可指定為於首次確認時以公平值計入損益表。因此，本集團已指定其結構借貸為以公平值計入損益表之財務負債。

於首次確認後之各結算日，以公平值計入損益表之財務負債按公平值計算，有關公平值之變動於產生期間直接於損益表確認。



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### 綜合財務報表附註

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### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *Financial instruments (Continued)*

#### *Financial liabilities and equity (Continued)*

#### *Other financial liabilities*

The Group's other financial liabilities (including trade and other payables and bank borrowings) are subsequently measured at amortised cost, using the effective interest method after initial recognition.

#### *Derivative financial instruments*

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately. Derivative financial instruments that are not designated as effective hedging instruments are classified as held for trading.

#### *Derecognition*

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

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

### 3. 主要會計政策(續)

#### *金融工具(續)*

#### *財務負債及股本(續)*

#### *其他財務負債*

本集團之其他財務負債(包括貿易及其他應付款項及銀行借貸)乃隨首次確認後採用實際利率法按已攤銷成本計量。

#### *衍生金融工具*

衍生工具首次按於衍生工具合約訂立日之公平值確認，其後於各結算日以其公平值重新計量。所得收益或虧損即時於損益表確認。並非指定為有效對沖工具之衍生金融工具乃分類為持作交易。

#### *取消確認*

若從資產收取現金流量之權利已到期，或財務資產已轉讓及本集團已將其於財務資產擁有權之絕大部份風險及回報轉移，則財務資產將被取消確認。於取消確認財務資產時，資產賬面值與已收代價及已直接於股本權益確認之累計損益之總和之差額，將於損益中確認。

倘於有關合約之特定責任獲解除、取消或到期，財務負債乃予以取消確認。取消確認之財務負債賬面值與已付或應付代價之差額乃於損益中確認。

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### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **Share-based payment transactions**

##### **Share options granted to employees of the Company**

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve).

At each balance sheet date, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates, if any, is recognised in profit or loss, with a corresponding adjustment to share options reserve.

At the time when the share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited or are still not exercised at the expiry date, the amount previously recognised in share options reserve will continue to be held in share options reserve.

#### **Leases**

Leases are classified as finance leases whenever the terms of the leases transfer substantially all the risks and rewards of ownership of the assets concerned to the Group. All other leases are classified as operating leases.

##### **The Group as lessee**

The rentals payable under operating leases are charged to the consolidated income statement on a straight line basis over the lease terms. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight line basis.

### 3. 主要會計政策(續)

#### **以股份支付之支出交易**

##### **本公司僱員獲授之購股權**

所獲服務按購股權授出日公平值釐定之公平值，在歸屬期間隨股權有相應增加以直線法列作開支(購股權儲備)。

於各結算日，本集團修訂其最終預算歸屬購股權數量之估計。損益表確認修訂估計之影響(如有)並於購股權儲備中作相對應之調整。

購股權獲行使時，先前於購股權儲備中確認之數額將轉移至股份溢價。當購股權被收回或於屆滿日仍未獲行使，先前於購股權儲備中確認之數額將繼續留存於購股權儲備。

#### **租賃**

當租賃條款將有關資產擁有權之絕大部分風險及收益轉移給本集團，租賃便列為融資租賃。所有其他租賃列為經營租賃。

##### **本集團作為承租人**

根據經營租賃之應付租金採用直線法按租賃期間於綜合收益表支銷。作為促使訂立經營租約之已收及應收利益，於租約期以直線法確認為租金支出扣減。

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### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *Leases (Continued)*

##### ***Leasehold land and building***

The land and building elements of a lease of land and building are considered separately for the purpose of lease classification, leasehold land which title is not expected to pass to the lessee by the end of the lease term is classified as an operating lease unless the lease payments cannot be allocated reliably between the land and building elements, in which case, the entire lease is classified as a finance lease.

##### ***Taxation***

Income tax expense represents the sum of the tax currently payable and deferred tax.

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

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

### 3. 主要會計政策(續)

#### *租賃(續)*

##### ***租賃土地及樓宇***

租賃土地及樓宇之土地及樓宇部分應視乎租賃類別獨立入賬，所有權預期不會於租約期完結時轉讓予承租人之租賃土地乃分類為經營租賃。除非租賃付款不能可靠地劃分為土地及樓宇部分，在此情況下，整項租賃乃分類為融資租賃。

##### ***稅項***

所得稅開支為即期應付稅項及遞延稅項之總和。

即期應付稅項乃按本年度應課稅溢利計算。應課稅溢利不包括已撥往其他年度的應課稅或可扣減之收入及開支項目，亦不包括綜合收益表內可免稅或不可扣稅之項目，故與綜合收益表所列純利不同。本集團之即期稅項負債乃按結算日已實行或大致上已實行之稅率計算。

遞延稅項指就綜合財務報表資產及負債賬面值與計算應課稅溢利所用相應稅基間之差額而確認，並以資產負債表負債法列賬。遞延稅項負債一般就所有應課稅暫時差額確認，遞延稅項資產則於很可能以可扣減暫時差額對銷應課稅溢利時確認。如暫時差額由商譽或由初次確認一項不影響應課稅溢利或會計溢利之交易之其他資產及負債(業務合併除外)所產生，有關資產及負債則不予確認。

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### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *Taxation (Continued)*

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the consolidated income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

#### *Foreign currencies*

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in its respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

### 3. 主要會計政策(續)

#### *稅項(續)*

遞延稅項資產之賬面值於各個結算日檢討，並予以相應扣減，直至並無足夠應課稅溢利以收回全部或部分遞延稅項資產為止。

遞延稅項按預期適用於清償負債或變現資產期間之稅率計算。遞延稅項從綜合收益表扣除或計入綜合收益表，除非遞延稅項關乎從股本權益直接扣除或直接計入股本權益之項目，在該情況下，遞延稅項亦於股本權益處理。

#### *外幣*

於編製各個別集團個體之財務報表時，以該個體功能貨幣以外之貨幣(外幣)進行之交易均按交易日期之適用匯率換算為功能貨幣(即該個體經營所在主要經濟地區之貨幣)記賬。於各結算日，以外幣為定值之貨幣項目均按結算日之適用匯率重新換算。按外幣過往成本計量之非貨幣項目毋須重新換算。

於結算及換算貨幣項目時產生之匯兌差額均於彼等產生期間內於損益賬中確認。

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### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *Foreign currencies (Continued)*

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Company (i.e. Hong Kong dollars) at the rate of exchange prevailing at the balance sheet date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the translation reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

#### *Borrowing costs*

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

#### *Retirement benefit costs*

Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered service entitling them to the contributions.

### 3. 主要會計政策(續)

#### *外幣(續)*

就呈列綜合財務報表而言，本集團海外經營業務之資產及負債乃按於結算日之適用匯率換算為本公司之列賬貨幣(即港元)，而其收入及支出乃按該年度之平均匯率進行換算，除非匯率於該期間內出現大幅波動則作別論，於此情況下，則採用於交易當日之適用匯率。所產生之匯兌差額(如有)乃確認作股本之獨立部分(匯兌儲備)。該等匯兌差額乃於海外業務被出售之期間內於損益賬內確認。

#### *借貸成本*

收購、建造或生產未完成資產之直接應佔借貸成本撥充資本作為該等資產之部份成本。有關借貸成本在資產大致可作擬定用途或銷售時不再撥充資本。特定借貸有待用於未完成資產時作臨時投資所賺取之投資收入，於可撥充資本之借貸成本扣除。

所有其他借貸成本乃於產生之期間於損益賬內確認。

#### *退休福利成本*

向定額供款退休福利計劃支付之供款指僱員已提供服務而獲得供款之權利時列作開支支銷。



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### 4. KEY SOURCES OF ESTIMATION UNCERTAINTY

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are set out in note 29.

### 5. FINANCIAL INSTRUMENTS

#### 5A. *Financial risk management objectives and policies*

The Group's major financial instruments include trade and other receivables, bank balances and cash, trade and other payables and bank borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

#### *Cash flow interest rate risk*

The Group's cash flow interest rate risk relates primarily to variable-rate bank borrowings (see note 21 for details of these borrowings). The management monitors the interest rate exposure and manages it by entering into certain interest rate swaps contracts (details disclosed in note 19).

In respect of the structured borrowing, the repayment amounts are based on the spread rates between 10 years US\$-International Swaps and Derivatives Association ("ISDA")-Swap Rate and 2 years US\$-ISDA-Swap Rate, the entire borrowing is designated as fair value through profit or loss as disclosed in note 22. The management closely monitors the potential interest risk related to the structured borrowing on a continuing basis. Based on the historical data of the spread rates, the level of interest rate exposure so far is acceptable to the Group.

### 4. 不明朗因素之主要來源

涉及日後之主要假設及於結算日估計不明朗因素之其他主要來源(彼等均擁有導致下個財政年度之資產及負債之賬面值出現大幅調整之重大風險)載於附註29。

### 5. 金融工具

#### 5A. 財務風險管理目標及政策

本集團之主要金融工具包括貿易及其他應收款項、銀行結餘及現金、貿易及其他應付款項及銀行借貸。該等金融工具之詳情載於各附註內。下文載列與該等金融工具有關之風險及如何降低該等風險之政策。管理層管理及監控該等風險，確保及時採取有效適當措施。

#### *現金流量利率風險*

本集團之現金流量利率風險主要來自銀行浮息借貸(該等借貸詳情見附註21)。管理層監控利率風險，並會透過訂立若干利率掉期合約管理(詳情於附註19披露)。

就結構借貸而言，償還金額乃根據介乎10年美元－國際掉期業務及衍生投資工具協會(「ISDA」)－掉期利率及2年美元－ISDA－掉期利率之息差計算，整項借貸指定為以公平值計入損益表，詳情於附註22披露。管理層持續緊密監控有關結構借貸之潛在利率風險。根據息差之歷史數據，利率風險水平至今對本集團而言為可接受。



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#### 5. FINANCIAL INSTRUMENTS (Continued)

##### 5A. Financial risk management objectives and policies (Continued)

###### Foreign currency risk

Certain trade payables of the Group are denominated in foreign currencies (details disclosed in note 20). The Group currently does not have a formal currency hedging policy. However, the management monitors foreign exchange exposure and manages it by entering into certain forward foreign exchange contracts.

###### Credit risk

As at 31st December, 2006, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated balance sheet.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

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

#### 5. 金融工具(續)

##### 5A. 財務風險管理目標及政策(續)

###### 外幣風險

本集團若干貿易應付款項乃以外幣列值(詳情於附註20披露)。本集團現時尚無正式貨幣對沖政策。然而，管理層監控外匯風險，並會透過訂立若干遠期外匯合約管理外幣風險。

###### 信貸風險

於二零零六年十二月三十一日，本集團因對方未能履行責任造成本集團財務損失而面對之最高信貸風險，乃源自於綜合資產負債表所示相關已確認財務資產之賬面值。

為盡量降低信貸風險，本集團管理層已委派一組人員負責制訂信貸限額、信貸審批及其他監控措施，以確保採取跟進措施收回逾期末付之債項。此外，於各結算日，本集團會評估每項個別貿易債項之可收回金額，以確保就不可收回金額所作出之減值虧損已足夠。就此而言，本公司董事認為本集團之信貸風險已大幅降低。

由於交易夥伴為獲國際信貸評級機構評為高信貸評級之銀行，故流動資金之信貸風險有限。

本集團之信貸風險承擔分散於數目眾多之交易夥伴及客戶，故本集團並無重大集中之信貸風險。

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### 5. FINANCIAL INSTRUMENTS (Continued)

#### 5A. Financial risk management objectives and policies (Continued)

##### Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

#### 5B. Fair value

The fair value of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions; and
- the fair value of derivative instruments, are calculated using quoted prices. Where such prices are not available, the fair value of a non-option derivative is estimated using discounted cash flow analysis and the applicable yield curve.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

### 5. 金融工具(續)

#### 5A. 財務風險管理目標及政策(續)

##### 流動資金風險

在流動資金風險管理方面，本集團監控及維持管理層認為充足之現金及現金等值水平，從而為本集團營運提供資金及減低現金流量波動之影響。管理層監控銀行借貸之動用情況，並確保符合貸款契約之規定。

#### 5B. 公平值

財務資產及財務負債之公平值釐定如下：

- 財務資產及財務負債(不包括衍生工具)之公平值乃按貼現現金流量分析之一般接納定價模式或使用現行市場交易之價格釐定；及
- 衍生工具之公平值使用報價計算。倘無上述價格，則非期權衍生工具之公平值乃使用貼現現金流量分析及適用之收益線估計。

董事認為在綜合財務報表以攤銷成本入賬之財務資產及財務負債賬面值與其公平值相若。

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#### 6. TURNOVER AND SEGMENT INFORMATION

##### *Turnover*

Turnover represents the net amount received and receivable for goods sold during the year.

##### *Segment information*

All of the Group's turnover and contribution to profit are attributable to the manufacturing and sales of paper ware products and over 90% of the Group's turnover and contribution to operating profit is attributable to customers who have their manufacturing base in the People's Republic of China (the "PRC"). Accordingly, no analysis of segment is presented.

As at 31st December, 2005 and 31st December, 2006, all the Group's assets and liabilities are located in the PRC, including Hong Kong and Macau.

#### 7. OTHER INCOME

#### 6. 營業額及分部資料

##### *營業額*

營業額指年內銷售貨品之已收及應收款淨額。

##### *分部資料*

本集團所有營業額及溢利貢獻均來自紙品生產與銷售，而本集團超過90%之營業額及經營溢利貢獻來自在中華人民共和國(「中國」)設有生產基地之客戶。因此，並無呈列分部分析。

於二零零五年十二月三十一日及於二零零六年十二月三十一日，本集團之所有資產及負債均位於中國，包括香港及澳門。

#### 7. 其他收入

		2006 HK\$'000 千港元	2005 HK\$'000 千港元
Claims received from suppliers	自供應商索償所得	555	477
Exchange gain, net	貨幣兌換收益淨值	1,511	1,807
Gain on disposal of property, plant and equipment	出售物業、廠房及設備收益	-	155
Interest income	利息收入	2,643	1,618
Scrap sales	廢料銷售	4,287	4,337
Service income from customers	自顧客收取服務收入	2,303	2,232
Sundry income	雜項收入	7,270	5,102
		<b>18,569</b>	15,728

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### 8. FINANCE COSTS

### 8. 財務成本

		2006 HK\$'000 千港元	2005 HK\$'000 千港元
Interest on bank borrowings wholly repayable within five years	須於五年內清付之 銀行借貸之利息	10,730	8,121
Interest on discounted bills	貼現票據利息	425	458
Total borrowing costs	借貸成本總額	11,155	8,579
Less: amount capitalised to property, plant and equipment	減：撥充物業、廠房及 設備之資本金額	(2,511)	(2,655)
		<b>8,644</b>	5,924

Borrowing costs capitalised during the year ended 31st December, 2006 arising on the general borrowing pool of the Group were calculated by applying a capitalisation rate of approximately 4.7% (2005: 2.3%) to expenditure on the qualifying assets.

於截至二零零六年十二月三十一日止年度內由本集團一般借貸金撥充資本之借貸成本將發展中物業開支按資本化比率約4.7% (二零零五年：2.3%) 計算而得出。

### 9. TAXATION

### 9. 稅項

		2006 HK\$'000 千港元	2005 HK\$'000 千港元
The charge comprises:	稅項包括：		
Current taxation	即期稅項		
– Hong Kong Profits Tax	– 香港利得稅	1,646	8,921
– Other region in the PRC	– 中國其他地區	70	–
		1,716	8,921
Deferred taxation (note 25)	遞延稅項(附註25)	–	(7,825)
		<b>1,716</b>	1,096

Hong Kong Profits Tax is calculated at 17.5% (2005: 17.5%) on the estimated assessable profit for the year.

香港利得稅以年內估計應課稅溢利按17.5%(二零零五年：17.5%)稅率計算。

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#### 9. TAXATION (Continued)

A portion of the Group's profits are earned by the Macau subsidiaries of the Group incorporated under the Macau SAR's Offshore Law. Pursuant to the Macau SAR's Offshore Law, such portion of profits are exempted from Macau complimentary tax, which is currently at 12% of the profits. Further, in the opinion of the directors, that portion of the Group's profit is not at present subject to taxation in any other jurisdiction in which the Group operates.

Pursuant to the relevant laws and regulations in the PRC, the major operating PRC subsidiaries of the Group are exempted from PRC income tax for two years starting from the first profit-making year, followed by a 50% reduction in the income tax rate in the following three years.

The tax charge for the year can be reconciled to the profit before taxation per the consolidated income statement as follows:

		2006 HK\$'000 千港元	2005 HK\$'000 千港元
Profit before taxation	稅前利潤	70,014	70,809
Tax at Hong Kong Profits Tax rate of 17.5%	按香港利得稅率 17.5% 計算 之稅項	12,252	12,392
Tax effect of income not taxable for tax purpose	毋須課稅收入之稅務影響	(13,751)	(12,131)
Tax effect of expenses not deductible for tax purpose	不可扣稅開支之稅務影響	1,258	457
Tax effect of tax losses not recognised	未確認稅項虧損之稅務影響	890	63
Utilisation of tax loss previously not recognised	使用先前未確認之稅項虧損	(63)	(50)
Tax effect of deferred tax assets previously not recognised	先前未確認遞延稅項 資產之稅務影響	(75)	(419)
Effect of tax exemption/different tax rate of PRC subsidiaries	中國附屬公司獲豁免稅項/ 稅率不同之影響	(88)	(91)
Others	其他	1,293	875
Tax charge for the year	年度稅項開支	1,716	1,096

Details of the deferred taxation are set out in note 25.

Contingent liabilities relating to taxation of the Group are set out in note 29.

#### 9. 稅項(續)

本集團部分利潤乃由本集團根據澳門特別行政區離岸法律註冊成立之澳門附屬公司所賺取。根據澳門特別行政區離岸法律，該部分利潤毋須繳付澳門優惠稅（目前按利潤之12%徵收）。此外，董事認為，目前本集團該部分利潤亦毋須於本集團經營所在之任何其他司法權區內繳納稅項。

根據中國有關法例及法規，本集團旗下之主要中國附屬公司自首個獲利年度起計兩年獲豁免繳交中國所得稅，其後三年獲減免50%所得稅。

年內稅項支出與綜合收益表所示稅前利潤之對賬如下：

遞延稅項之詳情載於附註25。

有關本集團稅項之或然負債載於附註29。

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#### 10. PROFIT FOR THE YEAR

#### 10. 年度利潤

		2006 HK\$'000 千港元	2005 HK\$'000 千港元
Profit for the year has been arrived at after charging:	年度利潤已扣除 下列各項：		
Allowance for doubtful debts	呆賬撥備	–	845
Auditors' remuneration	核數師酬金	1,000	830
Cost of inventories recognised as expenses	確認為開支之存貨成本	637,862	634,422
Depreciation	折舊	31,098	22,699
Release of prepaid lease payments on land use rights	撥回土地使用權預付 租賃款項	393	200
Loss on disposal of property, plant and equipment	出售物業、廠房及 設備虧損	55	–
Operating lease rental for warehouse and office premises	倉庫及辦公室經營 租賃租金	50	464
Staff costs	員工成本		
Directors' emoluments (note 11)	董事酬金(附註11)	9,207	9,871
Other staff	其他員工		
– salaries and other allowances	– 薪金及其他津貼	18,493	11,458
– retirement benefit scheme contribution	– 退休福利計劃供款	448	307
– share-based payments	– 以股份支付之支出	55	423
		<b>28,203</b>	22,059



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#### 11. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES

##### Directors

		Other emoluments 其他酬金					
		Fees 袍金	Salaries and other benefits 薪金及 其他福利	Bonus 花紅	Retirement benefit scheme contribution 退休福利 計劃供款	Share- based payments 以股份 支付之支出	Total 酬金總額
2006		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
二零零六年		千港元	千港元	千港元	千港元	千港元	千港元
Mr. Hui Sum Kwok	許森國先生	-	1,667	400	12	63	2,142
Mr. Hui Sum Ping	許森平先生	-	1,667	400	12	77	2,156
Mr. Hui Sum Tai	許森泰先生	-	1,442	400	12	53	1,907
Mr. Wong Wing Por	王榮波先生	-	1,517	400	12	77	2,006
Ms. Hui Yuen Li	許婉莉女士	-	511	105	12	86	714
Mr. Liu Kwok Fai, Alvan	廖國輝先生	98	-	-	-	-	98
Mr. Chee Man Sang, Eric	池民生先生	98	-	-	-	-	98
Mr. Wong Chu Leung	黃珠亮先生	86	-	-	-	-	86
		282	6,804	1,705	60	356	9,207

#### 11. 董事酬金及五名最高薪酬僱員

##### 董事

##### Other emoluments 其他酬金

		Fees 袍金	Salaries and other benefits 薪金及 其他福利	Bonus 花紅	Retirement benefit scheme contribution 退休福利 計劃供款	Share- based payments 以股份 支付之支出	Total 酬金總額
2006		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
二零零六年		千港元	千港元	千港元	千港元	千港元	千港元
Mr. Hui Sum Kwok	許森國先生	-	1,667	400	12	63	2,142
Mr. Hui Sum Ping	許森平先生	-	1,667	400	12	77	2,156
Mr. Hui Sum Tai	許森泰先生	-	1,442	400	12	53	1,907
Mr. Wong Wing Por	王榮波先生	-	1,517	400	12	77	2,006
Ms. Hui Yuen Li	許婉莉女士	-	511	105	12	86	714
Mr. Liu Kwok Fai, Alvan	廖國輝先生	98	-	-	-	-	98
Mr. Chee Man Sang, Eric	池民生先生	98	-	-	-	-	98
Mr. Wong Chu Leung	黃珠亮先生	86	-	-	-	-	86
		282	6,804	1,705	60	356	9,207

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### 11. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES (Continued)

### 11. 董事酬金及五名最高薪酬僱員(續)

#### Directors (Continued)

#### 董事(續)

			Other emoluments 其他酬金				Total 酬金總額
	Fees 袍金	Salaries and other benefits 薪金及 其他福利	Bonus 花紅	Retirement benefit scheme contribution 退休福利 計劃供款	Share- based payments 以股份 支付之支出	HK\$'000 千港元	
2005 二零零五年	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	
Mr. Hui Sum Kwok	–	702	1,250	12	275	2,239	
Mr. Hui Sum Ping	–	702	1,250	12	345	2,309	
Mr. Hui Sum Tai	–	515	1,250	12	313	2,090	
Mr. Wong Wing Por	–	574	1,250	12	326	2,162	
Ms. Hui Yuen Li	–	467	105	12	225	809	
Mr. Liu Kwok Fai, Alvan	98	–	–	–	8	106	
Mr. Chee Man Sang, Eric	98	–	–	–	8	106	
Mr. Wong Chu Leung	50	–	–	–	–	50	
	246	2,960	5,105	60	1,500	9,871	

Bonuses to directors are determined as a percentage of the profit before taxation of the Group for the two years ended 31st December, 2006.

董事之花紅乃參考截至二零零六年十二月三十一日止兩年度本集團稅前利潤百分比。

During the year, no emoluments were paid by the Group to these directors as an inducement to join or upon joining the Group or as compensation for loss of office and no director had waived any emoluments.

於年內，本集團概無支付任何酬金予此等董事作為招攬其加入或作為加入本集團之獎勵金或離職補償金，亦無董事放棄任何酬金。

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#### 11. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES (Continued)

##### Employees

Of the five highest paid individuals of the Group, four (2005: four) were directors of the Company whose emoluments are set out above. The emoluments of the remaining one (2005: one) individual were as follows:

		2006 HK\$'000 千港元	2005 HK\$'000 千港元
Salaries and other benefits	薪金及其他福利	807	765
Retirement benefit scheme contribution	退休福利計劃供款	12	12
Share-based payments	以股份支付之支出	-	111
		<b>819</b>	<b>888</b>

#### 11. 董事酬金及五名最高薪酬僱員(續)

##### 僱員

五位最高薪酬人士中四位為本公司董事(二零零五年:四位),有關彼等薪酬已於上文載列。餘下一位(二零零五年:一位)人士之酬金如下:

#### 12. DIVIDENDS

		2006 HK\$'000 千港元	2005 HK\$'000 千港元
Final dividend paid in respect of 2005 of 4.17 HK cents (2004: 4.22 HK cents) per share	已派二零零五年末期股息 每股4.17港仙(二零零四年: 每股4.22港仙)	15,857	15,523
Interim dividend paid in respect of 2006 of 1.58 HK cents (2005: 1.52 HK cents) per share	已派二零零六年中期股息 每股1.58港仙(二零零五年: 每股1.52港仙)	6,060	5,592
		<b>21,917</b>	<b>21,115</b>

The final dividend in respect of 2006 of 4.64 HK cents (2005: 4.17 HK cents) per share amounting to HK\$19,669,000 (2005: HK\$15,857,000) has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

#### 12. 股息

董事建議派付二零零六年末期股息每股4.64港仙(二零零五年:4.17港仙),為19,669,000港元(二零零五年:15,857,000港元),惟有待股東於應屆股東週年大會批准,方告落實。

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### 13. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

### 13. 每股盈利

每股基本及攤薄盈利乃按以下數據計算：

		2006 HK\$'000 千港元	2005 HK\$'000 千港元
<b>Earnings</b>	<b>盈利</b>		
Earnings for the purposes of basic and diluted earnings per share – Profit for the year	計算每股基本及攤薄盈利之盈利—年度利潤	<b>68,298</b>	69,713
		2006	2005
<b>Number of shares</b>	<b>股份數目</b>		
Weighted average number of shares for the purpose of basic earnings per share	計算每股基本盈利之加權平均股數	<b>382,774,110</b>	367,886,794
Effect of dilutive potential shares in respect of share options	購股權有關潛在攤薄股份之影響	<b>9,161,166</b>	5,202,216
Weighted average number of shares for the purpose of diluted earnings per share	計算每股攤薄盈利之加權平均股數	<b>391,935,276</b>	373,089,010

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#### 14. PROPERTY, PLANT AND EQUIPMENT

#### 14. 物業、廠房及設備

		Construction in progress 在建工程 HK\$'000 千港元	Factory premises in the PRC 中國廠房 HK\$'000 千港元	Leasehold land and buildings 租賃土地 及樓宇 HK\$'000 千港元	Leasehold improvements 租賃 物業裝修 HK\$'000 千港元	Furniture, fixtures and office equipment 傢俬、裝置 及辦公室 設備 HK\$'000 千港元	Plant, machinery and equipment 廠房、 機器及 設備 HK\$'000 千港元	Motor vehicles 汽車 HK\$'000 千港元	Total 總計 HK\$'000 千港元
<b>COST</b>	<b>成本</b>								
At 1st January, 2005	二零零五年 一月一日	28,523	41,401	1,888	9,144	5,805	124,918	5,818	217,497
Additions	增添	45,242	-	-	6,524	1,645	110,174	2,757	166,342
Disposals	出售	-	-	-	(3)	(8)	(1,179)	(716)	(1,906)
Transfer	轉撥	(8,945)	-	-	8,945	-	-	-	-
At 31st December, 2005	二零零五年 十二月三十一日	64,820	41,401	1,888	24,610	7,442	233,913	7,859	381,933
Additions	增添	25,742	33,761	2,403	3,255	842	19,939	3,520	89,462
Disposals	出售	-	-	-	-	(7)	(629)	(2,437)	(3,073)
Transfer	轉撥	(64,820)	64,820	-	-	-	-	-	-
At 31st December, 2006	二零零六年 十二月三十一日	25,742	139,982	4,291	27,865	8,277	253,223	8,942	468,322

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#### 14. PROPERTY, PLANT AND EQUIPMENT (Continued)

#### 14. 物業、廠房及設備(續)

		Construction in progress 在建工程 HK\$'000 千港元	Factory premises in the PRC 中國廠房 HK\$'000 千港元	Leasehold land and buildings 租賃土地 及樓宇 HK\$'000 千港元	Leasehold improvements 租賃 物業裝修 HK\$'000 千港元	Furniture, fixtures and office equipment 傢俬、裝置 及辦公室 設備 HK\$'000 千港元	Plant, machinery and equipment 廠房、 機器及 設備 HK\$'000 千港元	Motor vehicles 汽車 HK\$'000 千港元	Total 總計 HK\$'000 千港元
<b>DEPRECIATION AND AMORTISATION</b>	<b>折舊及攤銷</b>								
At 1st January, 2005	二零零五年 一月一日	-	10,506	121	3,303	1,560	49,406	4,121	69,017
Provided for the year	年度撥備	-	1,680	76	4,280	651	15,105	907	22,699
Eliminated on disposals	出售時註銷	-	-	-	-	(2)	(83)	(623)	(708)
At 31st December, 2005	二零零五年 十二月三十一日	-	12,186	197	7,583	2,209	64,428	4,405	91,008
Provided for the year	年度撥備	-	4,770	115	5,084	768	19,216	1,145	31,098
Eliminated on disposals	出售時註銷	-	-	-	-	(1)	(90)	(2,289)	(2,380)
At 31st December, 2006	二零零六年 十二月三十一日	-	16,956	312	12,667	2,976	83,554	3,261	119,726
<b>CARRYING VALUE</b>	<b>賬面值</b>								
At 31st December, 2006	二零零六年 十二月三十一日	25,742	123,026	3,979	15,198	5,301	169,669	5,681	348,596
At 31st December, 2005	二零零五年 十二月三十一日	64,820	29,215	1,691	17,027	5,233	169,485	3,454	290,925



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#### 14. PROPERTY, PLANT AND EQUIPMENT (Continued)

The above items of property, plant and equipment are depreciated on a straight line method at the following rates per annum:

Factory premises in the PRC	4%
Leasehold land and buildings	4%
Leasehold improvements	20%
Furniture, fixtures and office equipment	10%
Plant, machinery and equipment	3 $\frac{1}{3}$ %-33 $\frac{1}{3}$ %
Motor vehicles	20%

The leasehold land and buildings are situated in Hong Kong and Macau and are held under medium term leases.

#### 14. 物業、廠房及設備(續)

上述物業、廠房及設備以直線法按以下年率折舊：

中國廠房	4%
租賃土地及樓宇	4%
租賃物業裝修	20%
傢俬、裝置及辦公室設備	10%
廠房、機器及設備	3 $\frac{1}{3}$ %-33 $\frac{1}{3}$ %
汽車	20%

租賃土地及樓宇位於香港及澳門並按照中期租約持有。

#### 15. PREPAID LEASE PAYMENTS ON LAND USE RIGHTS

#### 15. 土地使用權預付租賃款項

		2006 HK\$'000 千港元	2005 HK\$'000 千港元
The Group's prepaid lease payments on land use rights comprise:	本集團土地使用權預付租賃款項包括：		
Land use rights in the PRC	位於中國之土地使用權		
Medium-term leases	中期租約	<b>20,976</b>	19,084
Analysed for reporting purpose as:	就呈報而作分析：		
Non-current asset	非流動資產	<b>20,537</b>	18,652
Current asset	流動資產	<b>439</b>	432
		<b>20,976</b>	19,084

#### 16. PREPAYMENTS UNDER PROCESSING ARRANGEMENT

The amount represents the prepaid amount under an operating lease for land use rights.

#### 16. 根據加工安排之預付款項

款項相等於在土地使用權經營租賃下之預付款項。

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### 17. INVENTORIES

		2006 HK\$'000 千港元	2005 HK\$'000 千港元
Raw materials	原材料	71,919	72,634
Work in progress	在製品	497	734
Finished goods	製成品	7,034	1,369
		<b>79,450</b>	74,737

### 17. 存貨

### 18. OTHER FINANCIAL ASSETS

#### *Trade and other receivables*

The Group has a policy of allowing a credit period of 5-150 days which may be extended to selected trade customers depending on their trade volume and history of settlement with the Group.

An aged analysis of trade receivables is as follows:

		2006 HK\$'000 千港元	2005 HK\$'000 千港元
Current	即期	104,034	93,252
Overdue 1 to 30 days	逾期 1 至 30 日	14,843	9,221
		<b>118,877</b>	102,473
Other receivables	其他應收款項	158	513
		<b>119,035</b>	102,986

Included in the carrying amount of the Group's trade receivables are HK\$38,377,000 (2005: HK\$28,080,000) and HK\$13,542,000 (2005: HK\$17,195,000) denominated in Renminbi and US dollars.

### 18. 其他財務資產

#### *貿易及其他應收款項*

本集團之政策為選擇性給予客戶5-150日之信貸期。且可以根據特定客戶與本集團之貿易量及付款歷史延長該信貸期。

貿易應收款項之賬齡分析如下：

本集團以人民幣及美元列值之貿易應收款項之賬面值為38,377,000港元(二零零五年：28,080,000港元)及13,542,000港元(二零零五年：17,195,000港元)。

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#### 18. OTHER FINANCIAL ASSETS (Continued)

##### *Bank balances and cash*

Bank balances and cash comprise cash held by the Group and bank balances at prevailing market rate from 0.7% to 4.4% and short-term bank deposits of fixed interest rates ranging from 1.8% to 4.3% with an original maturity of three months or less.

Included in the carrying amount of the Group's bank balances are HK\$71,888,000 (2005: HK\$56,474,000) and HK\$37,664,000 (2005: HK\$8,932,000) denominated in Renminbi and US dollars.

#### 18. 其他財務資產(續)

##### *銀行結餘及現金*

銀行結餘及現金包括本集團持有之現金及現行市場利率為0.7%至4.4%之銀行結餘，及定期利率為1.8%至4.3%之短期銀行存款，其原本償還期為三個月或以下。

本集團以人民幣及美元列值之銀行結餘之賬面值為71,888,000港元(二零零五年：56,474,000)港元；及37,664,000港元(二零零五年：8,932,000)港元。

#### 19. DERIVATIVE FINANCIAL INSTRUMENTS

#### 19. 衍生金融工具

		2006		2005	
		Assets 資產 HK\$'000 千港元	Liabilities 負債 HK\$'000 千港元	Assets 資產 HK\$'000 千港元	Liabilities 負債 HK\$'000 千港元
Forward foreign exchange contracts	遠期外匯合約	9	(4,590)	-	(388)
Interest rate swaps	利率掉期	-	(50)	862	-
		9	(4,640)	862	(388)

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### 19. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Major terms of the derivative financial instruments are as follows:

#### (i) Forward foreign exchange contracts

Notional amount 名義金額		Outstanding contract date/period * 尚餘合約日期／期間 *	Contracted exchange rates 合約匯率
Purchase US\$300,000 or US\$600,000 per contract (note)	每份合約購買價格 為 300,000 美元或 600,000 美元 (附註)	8.1.2007 - 7.7.2007	HK\$7.7300/US\$1 / HK\$7.7395/US\$1
Purchase US\$200,000 or US\$400,000 per contract (note)	每份合約購買價格 為 200,000 美元或 400,000 美元 (附註)	15.1.2007	HK\$7.7300/US\$1
Purchase US\$300,000 or US\$600,000 per contract (note)	每份合約購買價格 為 300,000 美元或 600,000 美元 (附註)	24.1.2007 - 22.11.2007	HK\$7.7250/US\$1
Purchase US\$500,000 or US\$1,000,000 per contract (note)	每份合約購買價格 為 500,000 美元或 1,000,000 美元 (附註)	26.2.2007 - 29.7.2008	HK\$7.7250/US\$1
Purchase US\$500,000 or US\$1,000,000 per contract (note)	每份合約購買價格 為 500,000 美元或 1,000,000 美元 (附註)	31.1.2007 - 27.6.2008	HK\$7.6990/US\$1
* The contracts will be settled on the outstanding contract dates or settled monthly during the outstanding contract period.		* 該等合約將於尚餘合約日期交收或於尚餘合約期內每月交收。	

Note:

The amount of United States dollars to be purchased by the Group will be determined based on the market exchange rate at each maturity date as compared with the contracted exchange rates.

附註：

本集團所購買之美元金額將視乎各到期日市場匯率與合約匯率之相對數值而定。

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#### 19. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

##### (ii) CMS range accrual premium forward contracts

Notional amount 名義金額	Contract period * 合約期 *	Settlement amount (note) 交收金額 (附註)	
		By Group 本集團	By bank 銀行
US\$1,000,000 1,000,000 美元	6.7.2006 - 6.7.2007	Notional amount x (1+ N1/M) 名義金額 x (1+N1/M)	Notional amount x 8.1/market rate 名義金額 x 8.1/市價
US\$1,000,000 1,000,000 美元	19.7.2006 - 19.7.2007	Notional amount x (1+ N2/M) 名義金額 x (1+N2/M)	Notional amount x 8.1/market rate 名義金額 x 8.1/市價

Where:

N1 = number of business days in the period for which  
Spread Rate <-0.05%  
N2 = number of business days in the period for which  
Spread Rate <-0.07%  
M = actual number of business days in the period

“Spread Rate” means 10 years US\$-ISDA-Swap Rate minus  
2 years US\$-ISDA-Swap Rate

“10 years US\$-ISDA-Swap Rate” means the rate for a reset  
date will be the rate for U.S. Dollar swaps with a maturity  
of the designated maturity of 10 years, expressed as a  
percentage which appears on the Reuters Screen ISDAFIX1  
Page as of 11:00 a.m. New York time on each business day.

其中：

N1 = 息差 <-0.05% 期間之營業日  
日數  
N2 = 息差 <-0.07% 期間之營業日  
日數  
M = 期間之實際營業日日數

「息差」指 10 年美元-ISDA-掉期利率  
減 2 年美元-ISDA-掉期利率

「10 年美元-ISDA-掉期利率」指重  
訂利率日期之利率將為其屆滿期為  
指定十年到期之美元掉期利率，以  
百分比表示，並於每個營業日上午  
11 時正 (紐約時間) 在路透社屏幕  
ISDAFIX1 頁顯示。

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### 19. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

#### (ii) CMS range accrual premium forward contracts (Continued)

“2 years US\$-ISDA-Swap Rate” means the rate for a reset date will be the rate for U.S. Dollar swaps with a maturity of the designated maturity of 2 years, expressed as a percentage which appears on the Reuters Screen ISDAFIX1 Page as of 11:00 a.m. New York time on each business day.

\* The contracts will be settled quarterly during the contract period.

Note:

The net amount receivable/payable in US\$ will be determined by the difference between the settlement amounts by the Group and the bank with reference to the above formulas.

#### (iii) Interest rate swaps contracts

Notional amount 名義金額	Maturity date 到期日	Swaps 掉期
HK\$50,000,000 50,000,000 港元	17.5.2010	From HIBOR floating rate to HIBOR floating rate with maximum interest rate of 4.95% 由香港銀行同業拆息浮息至香港銀行同業拆息浮息，最高利率為4.95%
HK\$50,000,000 50,000,000 港元	25.5.2010	From HIBOR floating rate to HIBOR floating rate with maximum interest rate of 5.00% 由香港銀行同業拆息浮息至香港銀行同業拆息浮息，最高利率為5.00%

The above derivatives are measured at fair values at each balance sheet date. Their fair values are determined based on the market prices for equivalent instruments provided by the banks at the balance sheet date.

### 19. 衍生金融工具(續)

#### (ii) CMS 波幅累計溢價遠期合約 (續)

「2年美元-ISDA-掉期利率」指重訂利率日期之利率將為其屆滿期為指定兩年到期之美元掉期利率，以百分比表示，並於每個營業日上午11時正(紐約時間)在路透社屏幕ISDAFIX1頁顯示。

\* 該等合約於合約期內每季交收。

附註：

應付／應收之美元淨額將參照上述公式按本集團及銀行交收金額之差額釐定。

#### (iii) 利率掉期合約

上述衍生工具於各結算日按公平值計算。其公平值乃按同等工具於結算日由銀行所報之市價釐定。



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#### 20. TRADE AND OTHER PAYABLES

An aged analysis of the trade payables is as follows:

		2006 HK\$'000 千港元	2005 HK\$'000 千港元
Current	即期	46,369	36,006
Overdue 1 to 30 days	逾期1至30日	6,251	4,270
Overdue 31 to 60 days	逾期31至60日	107	56
Overdue for more than 60 days	逾期60日以上	244	507
		<b>52,971</b>	40,839
Other payables and accrued charges	其他應付款項及應計支出	<b>31,853</b>	40,857
		<b>84,824</b>	81,696

Included in the carrying amount of the Group's trade payables are HK\$27,310,000 (2005: HK\$19,491,000) and HK\$18,284,000 (2005: HK\$14,422,000) denominated in Renminbi and US dollars.

貿易應付款項之賬齡分析如下：

本集團貿易應付款項內分別以人民幣及美元列值之賬面值為27,310,000港元(二零零五年：19,491,000港元)及18,284,000港元(二零零五年：14,422,000港元)。

#### 21. BANK BORROWINGS

		2006 HK\$'000 千港元	2005 HK\$'000 千港元
Unsecured bank borrowings comprise: 無抵押銀行借貸包括：			
Trust receipt loans	信託收據貸款	11,695	55,454
Bank loans	銀行貸款	187,443	166,430
		<b>199,138</b>	221,884

#### 21. 銀行借貸

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### 21. BANK BORROWINGS (Continued)

The maturity profile of the above loans is as follows:

		2006 HK\$'000 千港元	2005 HK\$'000 千港元
On demand or within one year	按要求或一年內	65,611	103,515
More than one year, but not exceeding two years	一年後但兩年內	49,435	38,739
More than two years, but not exceeding five years	兩年後但五年內	84,092	79,630
		<b>199,138</b>	221,884
Less: Amount due within one year shown under current liabilities	減：流動負債下 一年內到期金額	<b>(65,611)</b>	(103,515)
Amount due after one year	一年後到期金額	<b>133,527</b>	118,369

### 21. 銀行借貸(續)

上述貸款還款期限如下：

Bank loans and trust receipt loans comprise the following borrowings:

銀行貸款及信託收據貸款包括以下借貸：

		Effective interest rate 實際利率	2006 HK\$'000 千港元	2005 HK\$'000 千港元
Bank loans at Hong Kong	按香港銀行同業拆息			
Interbank Offer rate ("HIBOR") + 0.7% to HIBOR + 1.95%	(「香港銀行同業拆息」)之 銀行貸款加0.7厘 至1.95厘	4.914% - 6.184% (2005: 3.838% - 4.919%)	<b>185,595</b>	160,085
Other bank loans at	按最優惠利率之其他			
Prime rate - 1% to Prime rate - 1.25%	銀行貸款減1厘 至1.25厘	6.723% - 7.139% (2005: 4.698% - 5.085%)	<b>1,848</b>	6,345
Trust receipt loans	信託收據貸款	4.800% - 6.370% (2005: 5.310% - 5.680%)	<b>11,695</b>	55,454
			<b>199,138</b>	221,884

All the bank loans are arranged at floating rates, thus exposing the Group to cash flow interest rate risk. All the bank loans and trust receipt loans are denominated in Hong Kong dollars except for HK\$5,589,000 (2005: HK\$22,543,000) trust receipt loans denominated in US dollars.

所有銀行貸款以浮動利率安排，使本集團面對流動現金利率風險。所有銀行貸款及信託收據貸款以港元為單位，惟5,589,000港元(二零零五年：22,543,000港元)信託收據貸款以美元為單位。

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#### 22. STRUCTURED BORROWING

During the year, the Group entered into a contract of structured borrowing with a bank for a period of five years. The entire contract was designated as financial liabilities at fair value through profit or loss.

		2006 HK\$'000 千港元	2005 HK\$'000 千港元
Structured borrowing, classified as:	結構借貸，分類為：		
Current (note)	即期(附註)	7,765	-
Non-current	非即期	43,426	-
		<b>51,191</b>	<b>-</b>

The structured borrowing containing embedded derivatives which are not closely related to the host contract, hence the entire combined contract was designated as at fair value through profit or loss upon initial recognition.

Note: The current portion represents the minimum amount repayable to the bank within one year.

Major terms of the structured borrowing are set out below:

Borrowing 借貸	Maturity date 到期日	Repayment amount 償還金額
US\$5,000,000 5,000,000 美元	25.9.2011	First half year: 2% per annum on notional amount Remaining 4 and half years: 8% minus (6% x N/M) per annum on notional amount 首半年：每年計名義金額之2% 餘下四年半： 每年計名義金額之8% 減(6% x N/M)

#### 22. 結構借貸

年內，本集團與銀行訂立一項五年期之結構借貸合約。該合約全數指定為以公平值計入損益表之財務負債。

結構借貸包含與主合約並無密切關係之附屬衍生工具，因此，於首次確認時該合併合約全數指定為以公平值計入損益表。

附註：即期部份即須於一年內向銀行償還之最低金額。

結構借貸之主要條款如下：

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### 22. STRUCTURED BORROWING (Continued)

Where:

N = number of business days in the period for which Spread Rate  
>-0.05%

M = actual number of business days in the period

Notional amount = US\$50,000,000

“Spread Rate” means 10 years US\$-ISDA-Swap Rate minus 2  
years US\$-ISDA-Swap Rate

“10 years US\$-ISDA-Swap Rate” means the rate for a reset  
date will be the rate for U.S. Dollar swaps with a maturity of the  
designated maturity of 10 years, expressed as a percentage which  
appears on the Reuters Screen ISDAFIX1 Page as of 11:00 a.m.  
New York time on each business day.

“2 years US\$-ISDA-Swap Rate” means the rate for a reset date will  
be the rate for U.S. Dollar swaps with a maturity of the designated  
maturity of 2 years, expressed as a percentage which appears on  
the Reuters Screen ISDAFIX1 Page as of 11:00 a.m. New York  
time on each business day.

The entire combined contract is measured at fair value as  
estimated using discounted cash flow analysis and the applicable  
yield curve at 31st December, 2006 and change in its fair value  
by HK\$12,366,000 as compared with the borrowing received has  
been charged to the consolidated income statement.

### 22. 結構借貸(續)

其中：

N = 息差 >-0.05% 期間之營業日日數

M = 期間之實際營業日日數

名義金額 = 50,000,000 美元

「息差」指 10 年美元-ISDA-掉期利率減 2  
年美元-ISDA-掉期利率

「10 年美元-ISDA-掉期利率」指重訂利率  
日期之利率將為其屆滿期為指定十年到  
期之美元掉期利率，以百分比表示，並  
於每個營業日上午 11 時正(紐約時間)在  
路透社屏幕 ISDAFIX1 頁顯示。

「2 年美元-ISDA-掉期利率」指重訂利率日  
期之利率將為其屆滿期為指定兩年到期  
之美元掉期利率，以百分比表示，並於  
每個營業日上午 11 時正(紐約時間)在路  
透社屏幕 ISDAFIX1 頁顯示。

該合併合約全數以貼現現金流量分析及  
於二零零六年十二月三十一日之適用孳  
息曲線估計其公平值，而與借貸比較之  
公平值變動 12,366,000 港元已於綜合收  
益表扣除。

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#### 23. SHARE CAPITAL

#### 23. 股本

		Number of shares 股份數目		Nominal value 面值	
		2006	2005	2006 HK\$'000 千港元	2005 HK\$'000 千港元
Shares of HK\$0.10 each	每股面值0.10港元之股份				
Authorised:	法定股本：				
At the beginning and the end of the year	於年初及年終	1,000,000,000	1,000,000,000	100,000	100,000
Issue and fully paid:	已發行及繳足股本：				
At the beginning of the year	於年初	367,926,000	367,836,000	36,792	36,783
Exercise of share options (Note 24)	行使購股權 (附註24)	15,972,000	90,000	1,598	9
Placing of new shares	配售新股	40,000,000	-	4,000	-
At the end of the year	於年終	423,898,000	367,926,000	42,390	36,792

On 14th November, 2006, arrangements were made for a private placement to independent investors of 40,000,000 shares of HK\$0.10 each in the Company held by Hop Fung Industries Limited, the controlling shareholder of the Company, at a price of HK\$2 per share, representing a discount of approximately 7.41% to the closing market price of the Company's shares on 14th November, 2006.

Pursuant to a subscription agreement of the same date, Hop Fung Industries Limited subscribed for 40,000,000 new shares of HK\$0.10 each in the Company at a price of HK\$2 per share. The proceeds were used to finance the construction of a new factory and to provide additional working capital for the Company. These new shares were issued under the general mandate granted to the directors at the annual general meeting of the Company held on 29th May, 2006 and rank pari passu with other shares in issue in all respects.

於二零零六年十一月十四日，本公司控股股東 Hop Fung Industries Limited 作出安排，按每股2港元之價格向獨立投資者私人配售其持有之本公司每股面值0.10港元之股份40,000,000股，該配股價較本公司股份於二零零六年十一月十四日之收市市價折讓約7.41%。

根據同日之認購協議，Hop Fung Industries Limited 按每股2港元之價格認購本公司每股面值0.10港元之新股份40,000,000股。所得款項用於為興建新廠房提供資金，並為本公司提供額外營運資金。該等新股份乃根據本公司於二零零六年五月二十九日舉行之股東週年大會向董事授出之一般授權而發行，並與其他已發行股份在各方面均享有同等地位。

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### 24. SHARE-BASED PAYMENTS

#### *Equity-settled share option scheme*

The Company's share option scheme (the "Scheme") was adopted pursuant to a resolution passed on 4th September, 2003 for the primary purpose of providing incentives or rewards to selected participants for their contribution to the Group. The Scheme will expire on 3rd September, 2013.

Under the Scheme, the Board of Directors of the Company may grant options to eligible employees, including executive or non-executive directors (including independent non-executive directors), of the Company, its subsidiaries, or any entity ("Invested Entity") in which any member of the Group holds any equity interest, to subscribe for shares in the Company. Additionally, the Company may, from time to time, grant share options to any supplier of goods or services to any member of the Group or any Invested Entity, any customer of the Group or any Invested Entity, and any consultants, advisers, managers, officers or entities that provides research, development or other technological support to the Group or any Invested Entity.

The total number of shares which may be issued upon exercise of all options to be granted under the Scheme is not permitted to exceed 36,000,000 shares, being 10% of the shares of the Company in issue as at the date on which the shares of the Company are listed on the Stock Exchange, which can be refreshed according to the Scheme. The number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised at any time under the Scheme shall not exceed 30% of the issued share capital of the Company from time to time.

### 24. 以股份支付之支出

#### *股權支付交易購股權計劃*

根據於二零零三年九月四日通過之決議案，本公司已採納購股權計劃（「該計劃」），主要目的為向指定參與者授予購股權，以鼓勵或獎賞彼等對本集團作出之貢獻。該計劃將於二零一三年九月三日屆滿。

根據該計劃，本公司董事會可向本公司、其附屬公司或本集團任何成員公司持有任何股權之任何機構（「所投資機構」）之合資格僱員（包括執行董事或非執行董事或獨立非執行董事）授出購股權，以認購本公司股份。另外，本公司有權不時授出購股權予任何向本集團之成員公司或任何所投資機構提供貨物或服務之任何供應商、本集團或任何所投資機構之任何客戶，以及向本集團或任何所投資機構提供研究、開發或其他技術支援服務之任何諮詢人、顧問、經理、高層人員或機構。

根據該計劃授出之購股權獲全數行使時可予發行之股份總數，不得超逾36,000,000股股份，即本公司股份於聯交所上市當日已發行股份之10%，而此限額可根據該計劃更新。於任何時間因隨時行使根據該計劃授出而未行使之全部購股權而可予發行股份數目，不得超過本公司不時之已發行股本之30%。



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#### 24. SHARE-BASED PAYMENTS (Continued)

The number of shares in respect of which options may be granted to any individual in any 12-month period is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders in accordance with the Scheme. Where any grant of options to a substantial shareholder or an independent non-executive director or any of their respective associates would result in the shares in the Company issued and to be issued upon exercise of all options to such person in the 12-month period up to and including the date of grant in excess of 0.1% of the shares of the Company in issue and with a value (based on the closing price of the shares of the Company at the offer date of each offer) in excess of HK\$5,000,000, such grant of options must be approved in advance by the Company's shareholders in accordance with the Scheme.

An option may be exercised at any time during the period to be determined and notified by the Directors to the grantee and in the absence of such determination, from the date of acceptance of an offer of the grant of such option to the earlier of the date on which such option lapses and ten years from the date of offer of that option. A consideration of HK\$1 is payable upon acceptance of the offer.

The exercise price is determined by the directors of the Company, and will not be less than the higher of the nominal value of the share; the closing price of the Company's shares on the date of offer; and the average closing price of the shares for the five business days immediately preceding the date of offer.

#### 24. 以股份支付之支出(續)

未經本公司股東根據該計劃事先批准，向任何個人授出之購股權可能涉及之股份數目，於任何十二個月期間，均不得超過本公司於任何時間已發行股份之1%。倘向一名主要股東、獨立非執行董事或彼等之任何聯繫人士授出任何購股權，會導致因授予該人士之所有購股權獲行使而於截至授出當日止十二個月期間，已經及將予發行之本公司股份，合共佔本公司已發行股份超過0.1%，且價值（根據本公司股份於每次授出購股權日期之收市價計算）超過5,000,000港元，則該項授出購股權須事先得到本公司股東根據該計劃批准。

購股權可於董事釐定及知會承授人之期間內隨時行使，倘未有釐定，則由接納授出購股權日期起至該購股權根據該計劃失效之日及授出該購股權日期起計十年之較早日期。於接納購股權時須付1港元代價。

行使價乃由本公司董事釐定，惟不得低於股份面值、本公司股份於授出日期之收市價及股份緊接於授出日期前五個營業日之平均收市價之較高者。

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### 24. SHARE-BASED PAYMENTS (Continued)

The following table discloses details of the Company's share options held by the employees and movements in such holdings during the year:

2006			二零零六年				Outstanding
Option type	Date of grant	Exercisable price	Outstanding at 1.1.2006	Granted during 2006	Exercised during 2006	Cancelled during 2006	Outstanding at 31.12.2006
購股權類別	授出日期	行使價 HK\$ 港元	於二零零六年一月一日尚未行使	二零零六年內授出	二零零六年內行使	二零零六年內註銷	於二零零六年十二月三十一日尚未行使
A	3.11.2003	1.130	12,658,000	-	(12,658,000)	-	-
B	29.7.2004	1.330	10,940,000	-	(3,314,000)	-	7,626,000
C	4.11.2004	1.104	9,000,000	-	-	-	9,000,000
			32,598,000	-	(15,972,000)	-	16,626,000
Exercisable at the end of the year	於年終可行使						11,641,000
Weighted average exercise price	加權平均行使價		1.190	-	1.171	-	1.208

### 24. 以股份支付之支出(續)

下表披露由僱員持有之本公司購股權以及該等購股權於年內之變動詳情：

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#### 24. SHARE-BASED PAYMENTS (Continued)

#### 24. 以股份支付之支出(續)

2005		二零零五年					Outstanding
Option type	Date of grant	Exercisable price	Outstanding at 1.1.2005	Granted during 2005	Exercised during 2005	Cancelled during 2005	at 31.12.2005
購股權類別	授出日期	行使價 HK\$ 港元	於二零零五年 一月一日 尚未行使	二零零五年 內授出	二零零五年 內行使	二零零五年 內註銷	於二零零五年 十二月 三十一日 尚未行使
A	3.11.2003	1.130	12,722,000	-	(50,000)	(14,000)	12,658,000
B	29.7.2004	1.330	11,000,000	-	(40,000)	(20,000)	10,940,000
C	4.11.2004	1.104	9,000,000	-	-	-	9,000,000
			32,722,000	-	(90,000)	(34,000)	32,598,000
Exercisable at the end of the year	於年終可行使						22,598,000
Weighted average exercise price	加權平均行使價						1.190
			1.190	-	1.219	1.248	1.190

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### 24. SHARE-BASED PAYMENTS (Continued)

Note:

The vesting period, which is the period from the date of grant to the exercisable date, of the share options granted is determined by directors at each time when the options are granted. Holders of share options granted under the Scheme may only exercise their options during the exercisable periods as follows:

Option type A A類購股權	Option type B B類購股權	Option type C C類購股權	Maximum % of share options exercisable 可行使購股權最高百分比
3.5.2004 – 3.11.2004	1.1.2005 – 31.12.2005	1.3.2005 – 28.2.2006	up to 50% 最高可達50%
4.11.2004 – 3.11.2005	1.1.2006 – 31.12.2006	1.3.2006 – 28.2.2007	up to 75% (to the extent not already exercised) 最高可達75% (以尚未行使者為限)
4.11.2005 – 3.11.2006	1.1.2007 – 31.12.2007	1.3.2007 – 29.2.2008	up to 100% (to the extent not already exercised) 最高可達100% (以尚未行使者為限)

The weighted average share price at the dates of exercise for those share options exercised during the year was HK\$1.91 (2005: HK\$1.32). The options outstanding at the end of the year have a weighted average remaining contractual life of 1.1 years (2005: 1.6 years).

The Group recognised the total expense of HK\$411,000 for the year ended 31st December, 2006 (2005: HK\$1,923,000) in relation to share options granted by the Company.

### 24. 以股份支付之支出(續)

附註：

授出購股權之歸屬期為行使授權日期期間由董事於每次授出購股權時釐定。根據該計劃授出之購股權持有人僅可於以下行使期間行使其購股權：

就年內行使之購股權而言，其行使日之加權平均股價為1.91港元(二零零五年：1.32 港元)。於年終尚未行使之購股權之加權平均剩餘合約期為1.1年(二零零五年：1.6年)。

本集團確認截至二零零六年十二月三十一日止年度與本公司所授出之購股權有關之總支出為411,000港元(二零零五年：1,923,000港元)。

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#### 25. DEFERRED TAXATION

The following are the deferred tax liabilities recognised by the Group and movements thereon during the current and prior reporting period:

		<b>Accelerated tax depreciation 加速稅項折舊</b>
		HK\$'000 千港元
At 1st January, 2005	於二零零五年一月一日	8,491
Credit to income for the year	計入本年度收入	(7,825)
At 31st December, 2005	於二零零五年十二月三十一日	666
Credit to income for the year	計入本年度收入	-
At 31st December, 2006	於二零零六年十二月三十一日	666

At 31st December, 2006, the Group had unused tax losses of HK\$5,087,000 (2005: HK\$359,000) available to offset against future profits. No deferred tax asset has been recognised in respect of such tax losses due to the unpredictability of future profit streams. The losses may be carried forward indefinitely.

At 31st December, 2006, the Group also has other deductible temporary differences of HK\$1,482,000 (2005: HK\$1,911,000). No deferred tax asset has been recognised in relation to such deductible temporary differences as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

#### 25. 遞延稅項

以下為本集團確認之遞延稅項負債及於本報告期間及以往報告期間之變動：

於二零零六年十二月三十一日，本集團可用以抵銷日後利潤之未使用稅項虧損為5,087,000港元(二零零五年：359,000港元)。由於無法預計未來利潤來源，故並無就該等稅項虧損確認遞延稅項資產。虧損可無限期結轉。

於二零零六年十二月三十一日，本集團亦有其他可扣稅暫時差額1,482,000港元(二零零五年：1,911,000港元)。由於可能沒有應課稅利潤可用以抵銷該等可扣稅暫時差額，故並無就該等可扣稅暫時差額確認遞延稅項資產。

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### 26. OPERATING LEASE COMMITMENTS

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating lease which fall due as follows:

		2006 HK\$'000 千港元	2005 HK\$'000 千港元
Within one year	一年內	26	484
In the second to fifth years inclusive	第二年至第五年(包括首尾兩年)	-	672
		<b>26</b>	1,156

Operating lease payments represent rentals payable by the Group for certain of its warehouse, ancillary office properties and car parks.

Lease is negotiated for a term of one year (2005: two years) with fixed monthly rentals over the term of the lease.

### 26. 經營租賃承擔

於結算日，本集團根據不可取消經營租賃而有未實現未來最低租賃付款承擔，且於下列期間到期：

經營租賃付款指本集團用作倉庫、輔助辦公物業及停車位之應付租金。

租賃議定為一年期(二零零五年：兩年期)，並於租約期間支付固額月租。

### 27. CAPITAL COMMITMENTS

		2006 HK\$'000 千港元	2005 HK\$'000 千港元
Capital expenditure in respect of the acquisition of plant and equipment contracted for but not provided in the consolidated financial statements	已訂約但未於綜合財務報表提撥之廠房及設備收購資本開支	<b>232,340</b>	1,917

### 27. 資本承擔



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#### 28. RETIREMENT BENEFIT SCHEME

##### *Hong Kong*

The Group has joined a Mandatory Provident Fund Scheme (the "MPF Scheme") for its employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Scheme Authority under the Mandatory Provident Fund Scheme Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rule of the MPF Scheme, the employer and its employees are each required to make contributions to the MPF Scheme at rates specified in the rules. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the MPF Scheme.

The retirement benefit scheme contributions arising from the MPF Scheme charged to the consolidated income statement represent contributions payable to the funds by the Group at rates specified in the rules of the scheme.

##### *PRC*

The employees of the Group's subsidiaries in the PRC are members of a state-managed retirement benefit scheme operated by the government of the PRC. The subsidiaries are required to contribute 10% of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

During the year, the retirement benefit scheme contributions amounted to approximately HK\$508,000 (2005: HK\$367,000).

#### 28. 退休福利計劃

##### *香港*

本集團為其香港僱員加入強制性公積金計劃(「強積金計劃」)。強積金計劃根據強制性公積金計劃條例於強制性公積金計劃管理局註冊。強積金計劃之資產與本集團資產分開，由獨立受託人控制之基金託管。根據強積金計劃規則，僱主及其僱員各自須按規則指定的比率向強積金計劃繳付供款。本集團對有關強積金計劃之唯一責任是向強積金計劃繳付規定的供款。

於綜合收益表支銷之強積金計劃退休福利計劃供款為本集團按計劃規定之比率應向基金作出之供款。

##### *中國*

本集團之中國附屬公司僱員為中國政府管理之國家管理退休福利計劃成員。附屬公司須按其薪金成本10%向退休福利計劃供款，以撥資福利。本集團對退休福利計劃之唯一責任為作出指定供款。

年內，退休福利計劃供款約為508,000港元(二零零五年：367,000港元)。

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#### 29. CONTINGENT LIABILITIES

On 9th December, 2004, a tax audit was commenced by the Hong Kong Inland Revenue Department (the "IRD") on certain subsidiaries of the Company, namely, Gong Ming Hop Fung Paper Ware Factory Limited ("GMHF"), Fung Kong Hop Fung Paper Ware Factory Limited and Hop Fung (Overseas) Trading Limited (the "Subsidiaries"), in respect of the years of assessment 1998/1999 to 2003/2004. On 26th January, 2005, 5th January, 2006 and 2nd June, 2006, whilst these cases are still under investigation, the IRD issued protective assessments for the years of assessment 1998/1999, 1999/2000 and 2000/2001 to 2003/2004 respectively to the above-mentioned subsidiaries in order not to jeopardise the assessment powers of the IRD which will be time-barred after 6 years of assessment. In addition, the IRD issued an additional assessment to GMHF for the year of assessment 2004/2005 on 2nd June, 2006. Objections have been filed against all these assessments and, accordingly, no provision has been made in the consolidated financial statements in respect of any potential tax liabilities.

Up to date, the taxes demanded under the protective assessments amounted to HK\$75,663,980 in aggregate. Subsequent to the lodgement of objections by the Subsidiaries, tax reserve certificates of HK\$480,000 and HK\$1,400,000 in respect of the assessments for Gong Ming Hop Fung Paper Ware Factory Limited and Fung Kong Hop Fung Paper Ware Factory Limited, pending the outcome of the tax audits and the objections, were purchased in March 2005 and March 2006 respectively. Also, banker's undertakings of HK\$13,197,475 were arranged by the Group and had been accepted by the IRD as security for payment of the mentioned tax. The remaining amounts of tax of HK\$60,586,505 demanded by the IRD have been held over unconditionally.

In the opinion of the Company's directors, the potential tax liabilities that may arise as a result of the tax audits, if any, would not have any significant effects on the consolidated financial statements of the Group.

#### 29. 或然負債

於二零零四年十二月九日，香港稅務局（「稅務局」）就本公司若干附屬公司公明合豐紙品廠有限公司（「公明合豐」）、鳳崗合豐紙品廠有限公司及Hop Fung (Overseas) Trading Limited（附屬公司）於一九九八年／一九九九年至二零零三年／二零零四年評稅年度展開稅務審核。有關審核尚在進行期間，於二零零五年一月二十六日、二零零六年一月五日及二零零六年六月二日，稅務局分別就上述附屬公司之一九九八年／一九九九年、一九九九年／二零零零年及二零零零年／二零零一年至二零零三年／二零零四年評稅年度發出保障性評稅單，以免影響稅務局須於有關評稅年度後六年內行使之評稅權力。此外，稅務局於二零零六年六月二日就公明合豐另發出二零零四年／二零零五年評稅年度之評稅單。本集團已就所有該等評稅提出反對，因此，並無就任何潛在稅務負債於綜合財務報表作出撥備。

直至該日期，在保障性評稅要求之稅款總額為75,663,980港元。分別於二零零五年三月及二零零六年三月就公明合豐紙品廠有限公司及鳳崗合豐紙品廠有限公司之評稅購買480,000港元及1,400,000港元儲稅券，以待稅務審核及提出反對之結果。此外，本集團已安排銀行承擔13,197,475港元，作為支付上述稅款之抵押，而稅務局已接受該抵押。其餘稅務局要求之稅項60,586,505港元已獲無條件暫緩。

本公司董事認為，有關稅務審核可能產生潛在稅務負債，惟即使產生有關負債，亦不會對本集團綜合財務報表構成任何重大影響。

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#### 30. RELATED PARTY TRANSACTIONS

- a) During the year, the Group has engaged Hop Fung (Australia) Pty Ltd as the Group's purchase agent in Australia at an annual fee of HK\$1 for the agency services rendered to the Group. The total value of goods purchased under this arrangement from the suppliers amounted to HK\$22,473,000 (2005: HK\$46,679,000). Hop Fung (Australia) Pty Ltd is a company in which Mr. Hui Sum Kwok, executive director of the Company, has beneficial interest.
- b) The remuneration of directors, who are key management of the Group, during the year are disclosed in note 11. The remuneration of executive directors, who are also the key executives of the Group, is determined by the remuneration committee having regard to the performance of individuals and market trends.

#### 30. 關連人士交易

- a) 年內，本集團聘用Hop Fung (Australia) Pty Ltd為本集團於澳洲之採購代理人，並就其向本集團提供之代理服務支付年費1港元。根據此項安排自供應商採購之貨品總值為22,473,000港元(二零零五年：46,679,000港元)。本公司執行董事許森國先生於Hop Fung (Australia) Pty Ltd中擁有實益權益。
- b) 董事，為本集團之主要管理人員，年內之酬金於附註11披露。執行董事身兼本集團主要高級行政人員之酬金由薪酬委員會參考個人表現及市場趨勢釐定。

#### 31. SUMMARISED BALANCE SHEET OF THE COMPANY

#### 31. 本公司資產負債表概要

		2006 HK\$'000 千港元	2005 HK\$'000 千港元
Investment in subsidiaries	於附屬公司之投資	113,455	113,455
Amounts due from subsidiaries	應收附屬公司款項	464,783	379,199
Deposits and prepayments	按金及預付款	285	237
Bank balances and cash	銀行結餘及現金	62,132	8,743
Amounts due to subsidiaries	應付附屬公司款項	(282,991)	(219,267)
Other payables and accrued charges	其他應付款項及應計支出	(5,761)	(7,643)
Taxation	稅項	(853)	(166)
		<b>351,050</b>	274,558
Share capital	股本	42,390	36,792
Share premium and reserves	股份溢價及儲備	308,660	237,766
		<b>351,050</b>	274,558

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2006  
截至二零零六年十二月三十一日止年度

### 32. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the subsidiaries, all of which are wholly-owned by the Company, as at 31st December, 2006 are as follows:

### 32. 主要附屬公司資料

於二零零六年十二月三十一日，本公司旗下全資擁有之附屬公司詳情如下：

Name of subsidiary 附屬公司名稱	Place of incorporation or registration/ operation 註冊成立／營業地點	Issued and fully paid share capital/ contributed capital 已發行及繳足股本／實繳股本	Principal activities 主要業務
Chun Yik (Macao Commercial Offshore) Limited 進益(澳門離岸商業服務)有限公司	Macau 澳門	Ordinary shares MOP100,000 普通股 100,000 澳門幣	Trading of paper ware products 紙品貿易
Fung Kong Hop Fung Paper Ware Factory Limited 鳳崗合豐紙品廠有限公司	Hong Kong 香港	Ordinary shares HK\$100 普通股 100 港元 Non-voting deferred shares HK\$3,000,000 (Note) 無投票權遞延股 3,000,000 港元 (附註)	Provision of management service 提供管理服務
Fung Kong Shing Fung Paper Ware Factory Limited 鳳崗誠豐紙品廠有限公司	Hong Kong 香港	Ordinary shares HK\$2 普通股 2 港元	Investment holding 投資控股

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2006  
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#### 32. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

#### 32. 主要附屬公司資料(續)

Name of subsidiary 附屬公司名稱	Place of incorporation or registration/ operation 註冊成立/ 營業地點	Issued and fully paid share capital/ contributed capital 已發行及繳足 股本/實繳股本	Principal activities 主要業務
Gong Ming Hop Fung Paper Ware Factory Limited 公明合豐紙品廠有限公司	Hong Kong 香港	Ordinary shares HK\$100 普通股 100 港元 Non-voting deferred shares HK\$3,000,000 (Note) 無投票權遞延股 3,000,000 港元 (附註)	Provision of management service 提供管理服務
Green Forest (QingXin) Paper Industrial Limited *	PRC 中國	Contributed capital HK\$276,094,899 實繳股本 276,094,899 港元	Manufacturing and trading of paper 紙張之製造及貿易
Hop Fung Consultants Limited 合豐顧問有限公司	Hong Kong 香港	Ordinary shares HK\$2 普通股 2 港元	Provision of management service 提供管理服務
Hop Fung Group Company Limited	British Virgin Islands/ Hong Kong 英屬處女群島/香港	Ordinary shares US\$600 普通股 600 美元	Investment holding 投資控股

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2006  
截至二零零六年十二月三十一日止年度

#### 32. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

#### 32. 主要附屬公司資料(續)

Name of subsidiary 附屬公司名稱	Place of incorporation or registration/ operation 註冊成立/ 營業地點	Issued and fully paid share capital/ contributed capital 已發行及繳足股本/ 實繳股本	Principal activities 主要業務
Hop Fung International Enterprise Limited 合豐國際企業有限公司	Hong Kong 香港	Ordinary shares HK\$2 普通股 2 港元	Provision of accounting service 提供會計服務
Man Shung (Macao Commercial Offshore) Limited 萬順(澳門離岸商業服務)有限公司	Macau 澳門	Ordinary shares MOP100,000 普通股 100,000 澳門幣	Manufacturing and trading of paper ware products 製造紙品及紙品貿易
Top Develop Limited 拓展有限公司	British Virgin Islands 英屬處女群島	Ordinary shares US\$1 普通股 1 美元	Investment holding and trading of paper 投資控股及紙張貿易
東莞進益紙品有限公司 *	PRC 中國	Contributed capital HK\$20,000,000 實繳股本 20,000,000 港元	Manufacturing and sales of paper ware products 製造及銷售紙品



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2006  
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#### 32. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Note: The non-voting deferred shares, which are not held by the Group, practically carry no right to dividends or to receive notice of or to attend or vote at any annual general meeting of the companies. On winding up, the holders of the deferred shares are entitled to the distribution after the distribution of HK\$100,000,000 million to holders of ordinary shares, as specified in the articles of association.

Other than Hop Fung Group Company Limited, all subsidiaries are indirectly held by the Company.

None of the subsidiaries had any debt securities subsisting at 31st December, 2006 or at any time during the year.

\* Green Forest (QingXin) Paper Industrial Limited and 東莞進益紙品有限公司 are wholly foreign owned enterprise.

#### 32. 主要附屬公司資料(續)

附註：無投票權遞延股並非由本集團持有，且實際上並無附帶獲派股息、收取相關公司任何股東週年大會通知、出席或於會上投票之權利。於清盤時，根據公司組織章程細則規定，遞延股份持有人於向普通股持有人分派100,000,000,000,000港元後可參與分派。

除 Hop Fung Group Company Limited 外，其他所有附屬公司均由本公司間接持有。

於二零零六年十二月三十一日或年內任何時間，各附屬公司均無債務證券。

\* 森葉(清新)紙業有限公司及東莞進益紙品有限公司為全資外資企業。

## FINANCIAL SUMMARY 財務概要

		Year ended 31st December, 截至十二月三十一日止年度				2006 HK\$'000 千港元
		2002 HK\$'000 千港元	2003 HK\$'000 千港元	2004 HK\$'000 千港元 (Restated) (經重列)	2005 HK\$'000 千港元	
<b>RESULTS</b>	<b>業績</b>					
Turnover	營業額	393,574	592,554	760,981	788,555	<b>820,063</b>
Cost of sales	銷售成本	(303,593)	(467,243)	(610,163)	(634,422)	<b>(637,862)</b>
Gross profit	毛利	89,981	125,311	150,818	154,133	<b>182,201</b>
Other income	其他收入	6,608	10,113	11,554	15,728	<b>18,569</b>
Distribution costs	分銷成本	(20,433)	(29,849)	(38,069)	(37,277)	<b>(39,946)</b>
Administrative expenses	行政開支	(22,253)	(30,343)	(35,200)	(37,724)	<b>(42,614)</b>
Other expenses	其他開支	(7,666)	(9,609)	(12,582)	(18,601)	<b>(22,081)</b>
Finance costs	財務成本	(5,361)	(4,173)	(1,871)	(5,924)	<b>(8,644)</b>
Change in fair value of structured borrowing	結構借貸公平值之變動	-	-	-	-	<b>(12,366)</b>
Changes in fair value of derivative financial instruments	衍生金融工具公平值之變動	-	-	-	474	<b>(5,105)</b>
Profit before taxation	稅前利潤	40,876	61,450	74,650	70,809	<b>70,014</b>
Taxation	稅項	(3,416)	(5,763)	(7,719)	(1,096)	<b>(1,716)</b>
Profit for the year	年度利潤	37,460	55,687	66,931	69,713	<b>68,298</b>

		At 31st December, 於十二月三十一日				2006 HK\$'000 千港元
		2002 HK\$'000 千港元	2003 HK\$'000 千港元	2004 HK\$'000 千港元	2005 HK\$'000 千港元	
<b>ASSETS AND LIABILITIES</b>	<b>資產及負債</b>					
Total assets	總資產	248,617	370,590	481,574	663,726	<b>843,030</b>
Total liabilities	總負債	140,874	145,642	195,552	325,401	<b>358,934</b>
Equity	股本	107,743	224,948	286,022	338,325	<b>484,096</b>

## FINANCIAL SUMMARY

### 財務概要

#### Notes:

1. The Company was incorporated in the Cayman Islands on 28th March, 2003 and became the holding company of the Group with effect from 25th August, 2003 upon the completion of the Group Reorganisation as set out in the Company's prospectus dated 15th September, 2003.
2. The results of the Group for the year ended 31st December, 2002 and the balance sheet of the Group at 31st December, 2002 have been prepared on a merger basis and are extracted from the Company's prospectus dated 15th September, 2003.
3. The results of the Group for the two years ended 31st December, 2003 and 31st December, 2004 and the balance sheets of the Group at 31st December, 2003 and 31st December, 2004 have been extracted from the audited consolidated financial statements of the Group as set out in the annual reports for the years 2003 and 2004.
4. The results of the Group for the two years ended 31st December, 2005 and 31st December, 2006 and the balance sheets of the Group at 31st December, 2005 and 31st December, 2006 have been extracted from the audited consolidated financial statements of the Group as set out on pages 54 to 56 respectively.

#### 附註：

1. 本公司於二零零三年三月二十八日於開曼群島註冊成立，並於本公司日期為二零零三年九月十五日之招股章程所載之集團重組完成後，自二零零三年八月二十五日起成為本集團之控股公司。
2. 本集團截至二零零二年十二月三十一日止年度之業績及本集團於二零零二年十二月三十一日之資產負債表均以合併形式編製，並摘錄自本公司日期為二零零三年九月十五日之招股章程。
3. 本集團截至二零零三年十二月三十一日及二零零四年十二月三十一日止兩個年度之業績及本集團於二零零三年十二月三十一日及二零零四年十二月三十一日之資產負債表分別摘錄自二零零三年及二零零四年年報所載本集團經審核綜合財務報表。
4. 本集團截至二零零五年十二月三十一日及二零零六年十二月三十一日止兩個年度之業績及本集團於二零零五年十二月三十一日及二零零六年十二月三十一日之資產負債表分別摘錄自本集團經審核綜合財務報表第54至56頁。