



CHINA TING GROUP

華鼎集團

Stock Code 股份代號 : 3398

Annual Report 2007 年報





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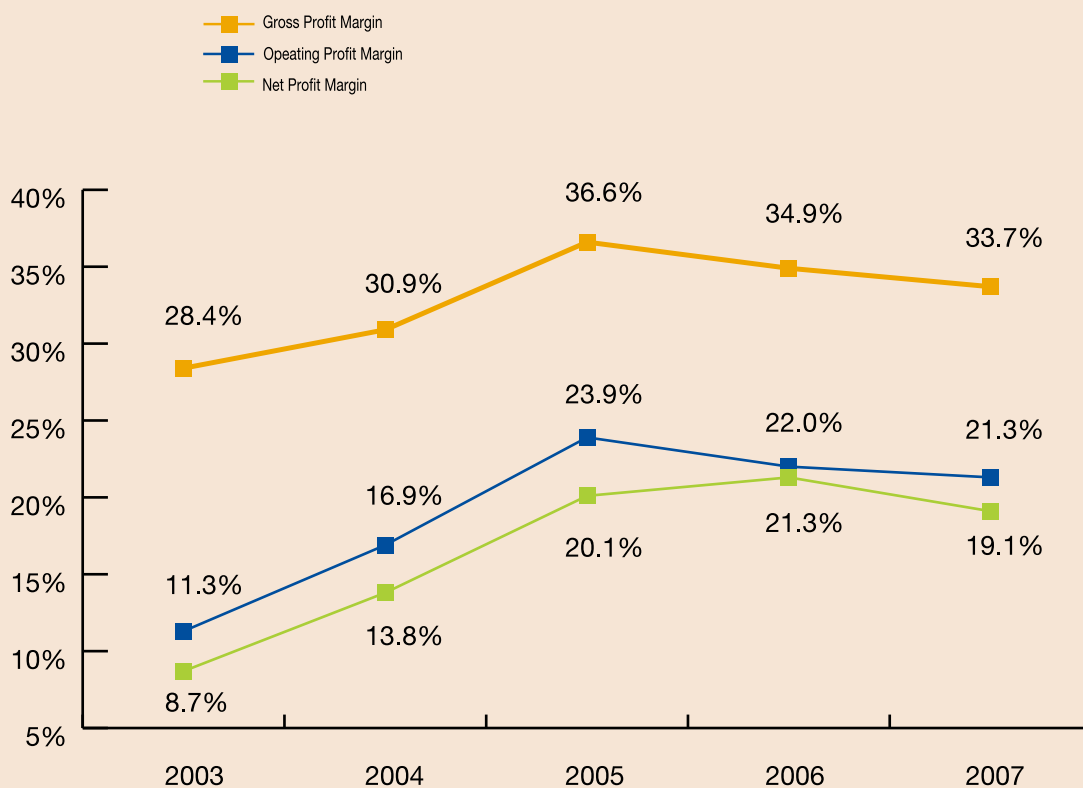
Financial Highlights



Financial Highlights



Margins



Financial Highlights

FINANCIAL PERFORMANCE

	2007	2006	Change
	(HK\$ million)	(HK\$ million)	(%)
Revenue	2,353.5	1,920.1	22.6
Gross profit	793.0	670.3	18.3
Gross profit margin (%)	33.7	34.9	
Operating profit	501.3	423.2	18.5
Operating profit margin (%)	21.3	22.0	
Net profit	449.5	408.5	10.0
Net profit margin (%)	19.1	21.3	
EPS (HK cents)			
– Basic	21.75	19.79	9.9
– Diluted	21.67	19.70	10.0

FINANCIAL POSITION

	2007	2006
	(HK\$ million)	(HK\$ million)
Non-current assets	807.8	652.1
Net current assets	1,322.2	1,210.4
Cash and bank balances	747.6	837.6
Total liabilities	362.6	379.0
Bank borrowings	13.2	2.2
Net assets	2,110.4	1,842.8



Corporate Information



Corporate Information

EXECUTIVE DIRECTORS

Mr. TING Man Yi (*Chairman*)
Mr. TING Hung Yi (*Chief Executive Officer*)
Mr. DING Jianer
Mr. WONG Sin Yung
Mr. CHEUNG Ting Yin, Peter

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. CHENG Chi Pang
Mr. WONG Chi Keung
Mr. LEUNG Man Kit

COMPANY SECRETARY

Mr. WONG Sin Yung *CPA*

QUALIFIED ACCOUNTANT

Mr. CHENG Ho Lung, Raymond
CPA, ACCA

AUTHORISED REPRESENTATIVES

Mr. TING Hung Yi
Mr. WONG Sin Yung

AUDIT COMMITTEE

Dr. CHENG Chi Pang (*Chairman*)
CPA (Practising), FCCA, ASA, ATiHK
Mr. WONG Chi Keung *FCCA, FCCA,*
FCCA (Australia), ACIS, ACMA
Mr. LEUNG Man Kit

NOMINATION COMMITTEE

Mr. TING Hung Yi (*Chairman*)
Dr. CHENG Chi Pang
Mr. LEUNG Man Kit

REMUNERATION COMMITTEE

Mr. TING Hung Yi (*Chairman*)
Dr. CHENG Chi Pang
Mr. WONG Chi Keung

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

28th Floor, Futura Plaza
111–113 How Ming Street
Kwun Tong
Kowloon
Hong Kong

PRINCIPAL BANKER

Nanyang Commercial Bank Limited
151 Des Voeux Road Central, Hong Kong

LEGAL ADVISERS

Squire, Sanders & Dempsey
40th Floor
Gloucester Tower, The Landmark
15 Queen's Road Central
Hong Kong

Corporate Information

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
22nd Floor, Prince's Building
Central
Hong Kong

PRINCIPAL SHARE REGISTRAR

Butterfield Fund Services (Cayman) Limited
Butterfield House, 68 Fort Street
George Town
Grand Cayman
KY1-1107
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

Computershare Hong Kong Investor
Services Limited
Shops 1712-16, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong



Chairman's Statement





Chairman's Statement

On behalf of the board (the “**Board**”) of directors (the “**Directors**”) of China Ting Group Holdings Limited (the “**Company**”), I am pleased to present you with the 2007 annual report of the Company and its subsidiaries (collectively, the “**Group**”).

For the financial year ended 31 December 2007, the Group's revenue reached approximately HK\$2,353.5 million, representing an increase of approximately HK\$433.4 million or approximately 22.6%, as compared to approximately HK\$1,920.1 million for the financial year ended 31 December 2006. Net profit attributable to shareholders of the Company recorded a new high of approximately HK\$449.5 million, representing an increase of approximately HK\$41.0 million or approximately 10.0%, as compared to approximately HK\$408.5 million for the financial year ended 31 December 2006.

Apart from the operating results as mentioned above, the Group was able to achieve encouraging development on both OEM and retail business in 2007. These included the favorable shift towards the product mix of silk and non-silk products whereby non-silk products exceeded 50% of the mix for the first time, and a significant growth in retail business was recorded. Going forward, the Group will adopt different strategies for its different business segments.

The downward pressure in the US consumer market may affect our OEM business. In the light of this, the Group will strive to further enhance the operational efficiency and productivity and to provide better service to our customers by shortening the production time, so as to sustain its growth in revenue and profit.

The economy in China is expected to remain strong in 2008 and the consumers in China are trying to look for mid-to high-end products which would provide excellent opportunities for the development of our retail branded fashions. The Group plans to invest heavily in its in-house branded fashion business with a view to accelerating the growth in this segment and to further expanding the business into the global market.

Leveraging the competitive advantages in the Group's retail shop network, expertise, and financial resources, the Directors have set a clear target to shift its business focus gradually from garment manufacturing to in-house branded fashion retailing. Eventually, China Ting would develop as one of the leading and competitive fashion retailers in China.

Finally, on behalf of the Board, I wish to take this opportunity to express our appreciation to the management and staff of the Group for their commitment, dedication and perseverance. I also wish to express my sincere gratitude to our shareholders, investors and business associates for their continued support of the Group.

TING Man Yi

Chairman

2 April 2008



Management Discussion and Analysis



Management Discussion and Analysis

(1) BUSINESS REVIEW

The Group is a vertically integrated and large-scale garment manufacturer, exporter and retailer in China. The Group is headquartered in Hong Kong with production facilities in Zhejiang, Jiangsu and Shenzhen and offices in Hong Kong, Hangzhou, Shenzhen, Shanghai, and New York.

Original Equipment Manufacturer (“OEM”) Business

The Group’s OEM business continued to develop steadily in 2007 and contributed a solid source of revenue to the Group. During the year ended 31 December 2007, OEM business contributed to the Group’s revenue of approximately HK\$2,092.2 million (2006: approximately HK\$1,723.4 million) representing approximately 88.9% of the Group’s total revenue.

The year of 2007 was a challenging one for manufacturing and exporting businesses in China with appreciation of Renminbi (“RMB”), increasing production costs (including labour costs and other overheads) and the shrinkage market conditions in the United States. All of these factors restricted the growth of the profit. The OEM business reported a decrease in gross profit margin from approximately 31.8% in 2006 to approximately 29.9% in 2007.

In view of the difficulties as mentioned above, the Group adopted the strategy to expand the product mix from silk-blended garment to non-silk garment. Such expansion enabled the Group to capture new business opportunities and maintained a growth of approximately 21.4%. Besides, the Group also benefited from its vertical integration, which enabled it to respond to the customers’ needs promptly with short delivery time to meet the customers’ requirements.

Brand Retail Business

The Group’s retail outlets were operated under four brands of “FINITY”, “DBNI”, “ELANIE”, and “RIVERSTONE”, and two licensed brands of “MAXSTUDIO” and “LEE COOPER”. As at 31 December 2007, the Group had a sales network of over 400 retail outlets comprising concessions, free-standing stores operated by the Group and retail outlets operated by franchisees, spanning over 26 provinces and municipalities in China. During the year under review, the Group was actively exploring additional opportunities to expand its retail business.

Despite the increasing costs such as production and rental, the Group is benefited from the continuous economic growth in China with increase in household income and consumption power in China. The Group also has its own teams of designer and engaged external designers to provide inspiration on the Group’s design and keep abreast of the latest international trends and development in fabric and styles with consideration of the China market. In 2007, the Group’s revenue contributed by the retail business increased by approximately 32.9% from HK\$196.6 million to HK\$261.3 million.

Management Discussion and Analysis

(2) FINANCIAL REVIEW

Results Performance

During the year ended 31 December 2007, the Group's revenue continued to be derived from the two core businesses: OEM and retail sales in China. The Group's total sales rose 22.6% to HK\$2,353.5 million (2006: HK\$1,920.1 million) but the gross profit margin was slightly reduced from 34.9% to 33.7%, which was principally due to the Group's strategy to enhance its product mix to non-silk apparel items which enjoy generally a lower gross profit margin than silk apparel items. The profit attributable to equity holders of the Company grew to approximately HK\$449.5 million (2006: HK\$408.5 million) and the basic earnings per Share were HK21.75 cents (2006: HK19.79 cents).

Review of operations

The segment revenue is as follows:

	2007		2006		% Change
	HK\$ million	%	HK\$ million	%	
By principal activity:					
OEM Business	2,092.2	88.9	1,723.5	89.8	21.4
Brand Retail Business	261.3	11.1	196.6	10.2	32.9
	2,353.5	100.0	1,920.1	100.0	22.6

Management Discussion and Analysis

OEM Business

During the year ended 31 December 2007, the OEM sales were approximately HK\$2,092.9 million which accounted for approximately 88.9% of the Group's total sales. The sales of silk and silk-blended apparel items were approximately HK\$915.8 million (2006: HK\$889.2 million) which contributed approximately 43.8% (2006: 51.6%) of the total Group's OEM revenue. The OEM revenue analysis by product is as follows:

	2007		2006		% Change
	HK\$ million	%	HK\$ million	%	
Silk and silk-blended apparel	915.8	43.8	889.2	51.6	3.0
Linen and linen-blended apparel	264.0	12.6	312.4	18.1	(15.5)
Cotton and cotton-blended apparel	395.5	18.9	202.8	11.8	95.0
Apparel in synthetic fabrics	300.3	14.4	132.8	7.7	126.0
Others	128.7	6.1	104.5	6.0	23.3
Home textile fabric and accessories	87.9	4.2	81.8	4.8	7.5
Total	2,092.2	100.0	1,723.5	100.0	21.4

In terms of markets, sales to the United States amounted to approximately HK\$1,780.7 million (2006: HK\$1,476.5 million), accounting for approximately 85.1% (2006: 85.7%) of the total OEM revenue. Sales to European and other markets were approximately HK\$111.3 million (2006: HK\$91.0 million) and HK\$200.2 million (2006: HK\$156.0 million) respectively.

The gross profit margin of the OEM business slightly decreased from 31.8% to 29.9%, which was principally due to diversification to non-silk garment business and the appreciation of the RMB against the US dollars.

Management Discussion and Analysis

A NATIONWIDE RETAIL NETWORK 全國性的零售網絡



No. of retail outlets:

In-house brands



Licensed brands



Management Discussion and Analysis

Brand Retail Business

During the year ended 31 December 2007, the retail sales increased by approximately 32.9% from approximately HK\$196.6 million to approximately HK\$261.3 million, which was mainly driven by the expansion of the Group's retail network and the improvement in store sales performance. Sales under the brand name, "FINITY", grew by approximately 31.2% to HK\$123.6 million (2006: HK\$94.2 million), accounting for 47.3% of the Group's retail sales. Sales under the brand names, "ELANIE" and "MAXSTUDIO", representing 14.5% and 19.6% of the Group's retail sales, and delivered sales growth of 40.3% and 36.2%, respectively.

The retail sales analysis by brand name is as follows:

	2007		2006		% Change
	HK\$ million	%	HK\$ million	%	
In-house brands					
Finity	123.6	47.3	94.2	47.9	31.2
Dbni	29.3	11.2	27.0	13.7	8.6
Elanie	38.0	14.5	27.1	13.8	40.3
Riverstone	18.5	7.1	10.3	5.3	79.4
Licensed brands					
Maxstudio	51.2	19.6	37.6	19.1	36.2
Burlington House (Note a)	0.7	0.3	0.4	0.2	75.0
Total retail sales	261.3	100.0	196.6	100.0	32.9

Note a The retail business of "Burlington House" commenced in July 2006.

Note b The business of "Lee Cooper" commenced in May 2007 and its results were included in the share of profits less losses of associates.

In terms of retail sales by channel, sales from concessions amounted to approximately HK\$175.5 million (2006: HK\$133.3 million), accounting for approximately 67.2% of total retail turnover. Sales from free-standing stores and franchisees amounted to approximately HK\$11.4 million (2006: HK\$6.5 million) and HK\$74.4 million (2006: HK\$56.8 million), respectively.

The gross profit margin of retail business increased from approximately 62.0% to 63.8%. The increase was mainly driven by the continuous economic growth in China and the improved performance of the retail network in China.

Liquidity and Financial Resources

The Group continues to be in a strong financial position, with cash and cash equivalents of approximately HK\$747.6 million and bank borrowings at a lower level of approximately HK\$13.2 million as at 31 December 2007.

Management Discussion and Analysis

Net cash inflow from operating activities amounted to approximately HK\$317.8 million (2006: HK\$221.5 million). The strong cash inflow was mainly due to an increase in operating profit in 2007 by approximately HK\$78.1 million. The net cash used in financing activities increased by approximately HK\$137.2 million. Excluding the effect of the proceed from the over-allotment arrangement of HK\$152.0 million, the net cash used in financing activities slightly decreased from approximately HK\$289.7 million to approximately HK\$274.9 million in 2007.

In 2007, the Group's average trade receivables turnover was 50 days (2006: 51 days). Average trade payables turnover was 45 days (2006: 59 days). Average inventory turnover was 87 days (2006: 88 days).

(3) OUTLOOK

OEM business

Despite the fact that the year of 2007 was a challenging one for manufacturing and exporting businesses in China, the Group's OEM business continued to develop steadily in 2007 and contributed to be a solid source of revenue of the Group.

During the year, the Group achieved a balanced product mix between silk and non-silk apparel items. With the successful diversification of product mix and the vertically integrated production facilities in Hangzhou, the Group captured new business opportunities and completed customers' orders in a short production time. This versatile business model helps the Group to sustain a steady growth in its OEM business.

The Group will continue to strengthen its competitive advantages in the following four areas:

- a. *Total solution approach*: The Group will further expand its scope of service from OEM to original design manufacturing businesses;
- b. *Speedy delivery*: The Group will shorten the production time through efficient and effective management of its supply chain;
- c. *Good quality*: The Group will strive to provide customers with good-quality products; and
- d. *Superior services*: The Group will provide professional services to its customers at all stages of the supply chain.

Leveraging the success in the business of silk garments, the Group will expand its product mix and develop new products with different fabrics.

While sustaining the garment manufacturing business in the US, the Group will continue its efforts to develop its export business in Europe and to explore the Japan market.

Management Discussion and Analysis

The wool fabric mill project is progressing well and the mill will commence operations in early 2009. The project will facilitate the Group in the following perspectives:

- a. Diversification of spring/summer products into fall/winter products that facilitates the Group to utilise its production capacity evenly throughout the year; and
- b. Expansion of the European market with the help of the Group's business partners.

Brand retail business

Although the retail business has recorded satisfactory growth over the past few years, the proportion of its revenue over the Group's revenue is significantly lower than that of the OEM business. The Group is committed to take some strategic initiatives to accelerate the growth in its retail business by cooperation with well-known branded fashion in China.

To cope with this growth strategy and enhance the competitiveness, the Group will make substantial investments in strengthening both the hardwares and the softwares of the operating platforms for its retail business, including:

- a. Recruitment of professionals for the operations;
- b. Recruitment and retention of professional designers from Europe to offer advice on design, styles, and collections;
- c. Opening of flagship shops to enhance brand image;
- d. Expansion of retail shop networks;
- e. Constant promotional work through nationwide fashion shows, advertisements and VIP programmes;
- f. Establishment of a highly dedicated sales team with the support of comprehensive training and development schemes; and
- g. Installation of ERP systems to facilitate logistic arrangements and sales analysis.

By the end of 2008, the Group expects the retail network will expand to approximately 550 retail shops.

Capital markets

In view of the stable financial position currently enjoyed by the Group and the availability of cooperation opportunities in the market, the Group will actively evaluate each opportunity for mergers and acquisition so as to increase its market capitalisation, optimise the utilisation of funds and maximise the shareholders' wealth.

Management Discussion and Analysis

(4) HUMAN RESOURCES

As at 31 December 2007, the Group had approximately 12,000 full-time employees. The staff costs for 2007 was HK\$373.1 million, representing an increase of approximately 22.2% over 2006.

The Group has established an incentive bonus scheme for its employees, in which the benefits are determined based on the performance of the Group and individual employees. The Directors believe that a competitive remuneration scheme, a safe and comfortable workplace and career development opportunities are incentives for employees to excel in their areas of responsibilities.

(5) USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING

During the period from 15 December 2005 to 31 December 2007, the Group has already used part of the net proceeds from initial public offering to invest in the following projects for business expansion:

- (a) approximately HK\$76.4 million to complete the construction of a new apparel plant and the design, development and exhibition centre;
- (b) approximately HK\$57.5 million for the expansion of retail shops and engaging in advertising and marketing campaigns;
- (c) approximately HK\$221.6 million on the acquisition of plant and machinery to enhance production capacity;
- (d) approximately HK\$116.3 million to repay the bank borrowings; and
- (e) approximately HK\$203.0 million as additional general working capital of the Group.

The net proceeds raised by the Group in its initial public offering in 2005 amounted to approximately HK\$1,099.9 million. As at 31 December 2007, approximately HK\$425.1 million of the net proceeds has not been used by the Group and were deposited with licensed banks in Hong Kong and China as short-term deposits. The Directors intend to apply such amount for expansion of the Group's retail business.

Directors and Senior Management





Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. TING Man Yi, aged 51, is the Chairman of the Group and an executive Director. Mr. TING started the business of the Group in December 1992. Mr. TING has considerable experience in silk fabric trading business and silk garment manufacturing business. Before establishing the business of the Group, Mr. TING worked for Hangzhou Silk Industrial Company (杭州市絲綢工業公司) during the period between 1981 and 1986. Mr. TING is currently responsible for overall strategic planning of the Group, overseeing the manufacturing business of the Group in Hangzhou and the planning and implementation of major new investments and projects of the Group. Mr. TING is the elder brother of Mr. TING Hung Yi and Mr. DING Jianer and the younger brother of Ms. DING Yinger.

Mr. TING Hung Yi, aged 47, is an executive Director and Chief Executive Officer of the Group. Mr. TING joined the Group in May 2002 and is principally responsible for the strategic development of the Group's OEM and retail business. Prior to joining the Group, Mr. TING was the general manager of a trading company in Hong Kong between 1991 and 2002. Mr. TING graduated from Zhejiang Sci-Tech University (浙江理工大學), formerly known as Zhejiang Institute of Silk Textiles (浙江絲綢工學院), in 1987 and had over 17 years of experience in the operation of garment exporting business. Mr. TING is the younger brother of Mr. TING Man Yi, Mr. DING Jianer and Ms. DING Yinger. Mr. TING is also the brother-in-law of Mr. CHEN Jun.

Mr. DING Jianer, aged 48, is an executive Director. Mr. DING joined the Group in October 1996 when he was first involved in the management and business operation of Shenzhen Fuhowe Fashion Company Limited. Mr. DING has considerable experience in the silk garment manufacturing business, with focus on different areas ranging from the operations of weaving plants, sales and marketing to printing and dyeing. Mr. DING is responsible for overseeing the manufacturing business of the Group in Shenzhen. Mr. DING is the younger brother of Mr. TING Man Yi and Ms. DING Yinger and the elder brother of Mr. TING Hung Yi.

Mr. WONG Sin Yung, aged 53, is an executive Director and the company secretary of the Company. Mr. WONG joined the Group in January 2004 and is responsible for the financial, accounting, company secretarial, investor relations, business development, and mergers and acquisitions matters of the Group. Mr. WONG is an associate member of the Hong Kong Institute of Certified Public Accountants. Mr. WONG obtained a Master's Degree in Business Administration from the University of Hong Kong in 1999 and a Master of Arts Degree in Human Resource Management from Macquarie University, Australia in 1996. Mr. WONG has over 26 years of working experience in a number of areas including corporate financial management, accounting, auditing, corporate administration, project consulting and civil aviation finance.

Mr. CHEUNG Ting Yin, Peter, aged 44, is an executive Director of the Company and the managing director of Concept Creator Fashion Limited. Mr. CHEUNG joined the Group in January 2000 and is experienced in the garment and textile industry, and oversees the Group's sales and marketing team. Mr. CHEUNG obtained a Bachelor of Arts (cum laude) Degree from the University of Washington in 1987, and a Master's Degree in Business Administration from Simon Fraser University in 1990. Mr. CHEUNG was made a member of the Golden Key National Honor Society and Phi Beta Kappa in 1986 and 1988, respectively.

Directors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. CHENG Chi Pang, aged 50, was appointed independent non-executive Director in November 2005. Dr. CHENG obtained a Bachelor's Degree in Business in 1992, a Master's Degree in Business Administration in 1998 and an Honorary Doctorate Degree of Philosophy in Business Management in 2003. Dr. CHENG is an associate member of the Hong Kong Institute of Certified Public Accountants, CPA Australia, the Taxation Institute of Hong Kong and a member of the Association of Chartered Accountants in England and Wales. Dr. CHENG is a Certified Public Accountant practising in Hong Kong and has over 25 years of experience in accounting and business advisory as well as financial management. Dr. CHENG joined the New World Group in 1992 and was chief executive and group financial controller of NWS Holdings Limited ("NWSH"), the shares of which are listed on the Stock Exchange. Dr. Cheng is now the chairman of the Supervisory Board of The Macao Water Supply Company Limited and Senior Partner of Leslie Cheng & Co. Dr. CHENG is also an independent non-executive director and chairman of audit committee of Nine Dragons Paper (Holdings) Limited, Tianjian Port Development Holdings Limited and Fortune Sun (China) Holdings Limited and Chief Executive Officer of L&E Consultants Limited. Prior to joining the New World Group, he was a senior manager of an international accounting firm. Dr. CHENG is currently a non-executive director of Wai Kee Holdings Limited and Build King Holdings Limited both of whose shares are listed on The Stock Exchange of Hong Kong Limited.

Mr. WONG Chi Keung, aged 53, was appointed independent non-executive Director in November 2005. Mr. WONG holds a master's degree in business administration from the University of Adelaide in Australia. He is a fellow member of Hong Kong Institute of Certified Public Accountants, The Association of Chartered Certified Accountants and CPA Australia; an associate member of The Institute of Chartered Secretaries and Administrators and The Chartered Institute of Management Accountants. Mr. Wong is also a responsible officer for asset management, advising on securities and advising on corporate finance for Legend Capital Partners, Inc. under the Securities and Futures Ordinance of Hong Kong.

Mr. WONG was as an executive director, the deputy general manager, group financial controller and company secretary of Guangzhou Investment Company Limited, a company listed on the Stock Exchange, for over ten years. He is also an independent non-executive director and a member of the audit committee of Asia Orient Holdings Limited, Asia Standard International Group Limited, Century City International Holdings Limited, China Nickel Resources Holdings Company Limited, First Natural Foods Holdings Limited, FU JI Food and Catering Services Holdings Limited, Golden Eagle Retail Group Limited, Great Wall Motor Company Limited, International Entertainment Corporation, PacMOS Technologies Holdings Limited, Paliburg Holdings Limited, Regal Hotels International Holdings Limited and TPV Technology Limited, all of these companies are listed on the Stock Exchange. Mr. WONG has over 30 years of experience in finance, accounting and management.

Directors and Senior Management

Mr. LEUNG Man Kit, aged 54, was appointed independent non-executive Director in November 2005. Mr. LEUNG obtained a Bachelor's Degree in Social Science from the University of Hong Kong in 1977. Mr. LEUNG has over 20 years of experience in project finance and corporate finance. Mr. LEUNG held senior positions with Peregrine Capital (China) Limited, Crosby Securities (HK) Limited and Swiss Bank Corporation, Hong Kong Branch. Mr. LEUNG was a director of Emerging Markets Partnership (Hong Kong) Limited which was the principal adviser to the AIG Infrastructure Fund L.P. Mr. LEUNG is an independent non-executive director and audit committee member of NetEase, a NASDAQ listed company. Mr. LEUNG is also an independent non-executive director and audit committee member of Junefield Department Store Group Limited and Anhui Expressway Company Limited. On 11 February 2008, Mr. LEUNG was appointed independent non-executive director and chairman of audit committee by Golden Harvest Entertainment (Holdings) Limited. Three of these companies are listed on the Stock Exchange.

CORPORATE MANAGEMENT TEAM

Export and OEM business

Ms. LI Yuet Mui, Xera, aged 48, is a vice president of the Group and the managing director of China Ting Garment Mfg (Group) Limited. Ms. LI joined China Ting Garment in May 2002 and is responsible for the strategic development of the Company, focusing on its sales, marketing and overall management. Ms. LI has over 23 years of experience in the garment industry. Prior to joining the Group, Ms. LI worked in a number of established companies in the garment industry.

Ms. LO Man Yi, aged 50, is the director of China Ting Garment Mfg (Group) Limited, responsible for the business development, sales and marketing. Ms. LO is the executive vice president of China Ting Fashion Group (USA) LLC, where she oversees the administration and operation. Ms. LO joined the Group in August 2004. Ms. LO obtained a Higher Diploma in Fashion and Clothing Technology from Hong Kong Polytechnic University in 1981. Ms. LO has over 25 years of experience in the apparel industry.

Mr. PAU Wai Keung, Simon, aged 48, is the managing director of Skylite Fashion (Hong Kong) Limited and the executive vice president of JV/China Ting LLC. Mr. PAU joined the Group in June 2002 and has since been responsible for the sales, marketing and overall management of Skylite Fashion (Hong Kong) Limited and JV/China Ting LLC. Mr. PAU started working in the garment industry in 1977 and has many years of experience in the garment exporting business. Prior to joining the Group, Mr. PAU had gained substantial experience in sales, marketing and management from a number of established garment trading companies and buying offices in Hong Kong.

Directors and Senior Management

Mr. LEUNG Che Hung, aged 42, is a director of Hangzhou China Ting Fashion Company Limited and the general manager of its Shanghai office. Mr. LEUNG joined the Group in May 2000, and has since then been responsible for the sales, marketing and overall management of the office. Mr. LEUNG has considerable experience in the garment and textile industry.

Mr. Paul Alan COHEN, aged 62, is a senior vice president for business development of China Ting Fashion Group (USA) LLC. Mr. COHEN is experienced in the garment trading industry. Mr. COHEN joined the Group in May 2002 and has since then been responsible for the day-to-day operations of China Ting Fashion Group (USA) LLC.

Weaving and apparel production management

Mr. YE Ai Min, aged 47, is a vice president of the Group and is responsible for overseeing the Group's production management. Mr. YE joined the Group in August 1993 and has taken up various positions including being the general manager of Shenzhen Fuhowe Fashion Company Limited and Hangzhou China Ting Fashion Company Limited, respectively, and is experienced in apparel production management and product quality control. Mr. YE graduated from Zhejiang Medical University (浙江醫科大學) in 1983 with a Bachelor's Degree in medicine. Mr. YE has more than ten years of experience in the management of garment manufacturing enterprises.

Mr. FU Xiao Bo, aged 45, is a vice president of the Group overseeing its export business and product development in Shanghai and Hangzhou. Mr. FU joined the Group in May 1997 and has taken up various responsibilities including product development and the post of the general manager of the Group's representative office in Shanghai. Mr. FU has considerable experience in business development, client management, fabrication and production techniques. Mr. FU graduated from Zhejiang Sci-Tech University (浙江理工大學), formerly known as Zhejiang Institute of Silk Textiles (浙江絲綢工學院), in 1984 with a Bachelor's Degree.

Ms. JIN Xiao Ying, aged 53, is a vice president of the Group and the managing director of Zhejiang Huali Fashion Company Limited, being in charge of the Group's product quality control operations. Ms. JIN joined the Group in May 1999, and has been the general manager of Zhejiang Huali Fashion Company Limited. Ms. JIN has considerable experience in the management of apparel manufacturing, production management and product quality control. Ms. JIN completed her tertiary education in 1988.

Directors and Senior Management

Mr. CHENG Si Min, aged 55, is a vice president of the Group and the general manager of Zhejiang China Ting Jincheng Silk Company Limited, overseeing the Group's weaving operation, new fabric product development and technique development. Mr. CHENG joined the Group in October 2003. Mr. CHENG has substantial experience in managing silk weaving, printing and dyeing enterprises. Mr. CHENG has taken up various management positions and is experienced in the management of woven fabric development, weaving enterprises, formulation of production techniques and product quality control. Mr. CHENG was the managing director and general manager of Hangzhou Jincheng. Mr. CHENG graduated from the Department of Electrical and Mechanical Engineering of Zhejiang University (浙江大學) in 1980, specialising in automation of industrial electrical equipment.

Retail and brand management

Mr. LIU Gang, aged 46, is the managing director of Zhejiang China Ting Brand Management Company Limited and the director for art and design of the Group. Mr. LIU joined the Group in August 1998. Mr. LIU is responsible for the design, promotion and management of the Group's various in-house brand names. Since joining the Group, Mr. LIU has assisted the Group in introducing the FINITY, Dbni, ELANIE, MAX STUDIO and RIVERSTONE brands to Mainland China market. Mr. LIU graduated from Zhejiang Sci-Tech University (浙江理工大學), formerly known as Zhejiang Institute of Silk Textiles (浙江絲綢工學院), in 1987.

Mr. CHEN Jun, aged 46, is the general manager of Finity International Fashion Company Limited and Diny (Hangzhou) Fashion Company Limited, in charge of the manufacturing, sales, promotion and marketing of the Group's branded apparel retail business in China. Mr. CHEN joined the Group in February 1999 and has been the general manager of Finity International Fashion Company Limited and Diny (Hangzhou) Fashion Company Limited since December 2001. Mr. CHEN has been involved in the market promotion and development for sale of branded apparel in the PRC, and has gained substantial work experience. Mr. CHEN graduated from Zhejiang Radio and Television University (浙江廣播電視大學) in 1983. Mr. CHEN is the brother-in-law of Mr. TING Hung Yi, an executive Director.

Mr. HE Yi Min, aged 41, is the general manager of Finity Fashion (Shenzhen) Company Limited. Mr. HE joined the Group in April 1998 and has been the general manager of Finity Fashion (Shenzhen) Company Limited since March 2003. Mr. HE is currently in charge of the retail operations of the ELANIE brand. Mr. HE has over seven years of experience in garment manufacturing and retail sales of fashion. Mr. HE obtained a Bachelor's Degree in education from Zhejiang Normal University (浙江師範大學) in 1990.

Investor relations and business development

Ms. WOOD Sharon, aged 59, originally a director of Concept Creator Limited with the responsibility for the Group's overall European operations and development, is now the vice president of the Group and is responsible for the Group's investor relations and business development. Ms. WOOD holds a Master's Degree in Business Consultation and Professional Coaching for Change Management from joint faculties HEC, France and Oxford University, UK. Ms. WOOD has over 20 years of experience in the textile and service sectors, specializing in market development, sales and corporate management. Ms. WOOD joined the Group in June 2002.

Directors and Senior Management

Accounting, finance and administration

Mr. FANG Long, aged 52, is a vice president of the Group, being responsible for the Group's administration and public relations. Mr. FANG joined the Group in August 2000 and had been the deputy general manager of Finity Fashion (Shenzhen) Company Limited until March 2003. Mr. FANG is currently in charge of administration and corporate management of the China Ting Industrial Complex, as well as the management of the offices, production facilities and properties within the China Ting Industrial Complex. Mr. FANG completed undergraduate studies at Jiangxi University (江西大學) in 1989.

Mr. MAO Jian Hua, aged 54, is the Financial Controller and Chief Accountant of the Group. Mr. MAO joined the Group in December 2003 and is responsible for the overall accounting and budgetary control for the Group's OEM production in China. Mr. MAO is a holder of the Certificate of Certified Public Valuer of the PRC (中華人民共和國註冊資產評估師證書) as well as a member of the Chinese Institute of Certified Public Accountants (中國註冊會計師協會). Mr. MAO is experienced in financial management and accounting. Mr. MAO has over 16 years of work experience in financial management and accounting.

Ms. DING Yinger, aged 58, is the General Manager (Finance) of the Group in China. Ms. DING joined the Group in March 2002 and is responsible for the management of funds for the Group and the financial management and control of the Group's retail business in China. Ms. DING has considerable experience in financial management. Ms. DING is the elder sister of Mr. TING Man Yi, Mr. TING Hung Yi and Mr. DING Jianer.

Mr. CHENG Ho Lung, Raymond, aged 30, is the finance and accounting manager of the Group, and the qualified accountant of the Group. Mr. CHENG joined the Group in May 2006. Mr. CHENG is responsible for the Group's overall matters in relation to financial and treasury management, financial accounting and reporting, budgetary control, taxation and statutory audit. In addition, he assists the Company Secretary and Authorized Representative of the Group to deal with the corporate administration and share registration matters, and to liaise with the officers of the Stock Exchange on the public announcements to be issued by the Group. Mr. CHENG graduated with a Bachelor's Degree in Business Administration (Accounting) from the Hong Kong University of Science of Technology in 1999. Mr. CHENG is an associate member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. Prior to joining the Group, Mr. CHENG worked for an international accounting firm in Hong Kong as an audit manager.





Corporate Governance Report

Corporate Governance Report

The Directors recognise the importance of incorporating elements of good corporate governance into the management structure of the Group and the internal control procedures, of the Group, so as to make sure that all business activities of the Group and the decision-making process are properly regulated. During the financial year ended 31 December 2007 (“**FY 2007**”), the Company complied with the applicable the code provisions set forth in The Code on Corporate Governance Practices (the “**Code**”) as set out in appendix 14 to The Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

BOARD OF DIRECTORS

The Board is responsible for preventing frauds and irregularities, safeguarding the assets of the Group and formulating business strategies for the Group. The Board currently comprises five executive Directors and three independent non-executive Directors. Details of the Directors are set forth on pages 37 to 48 of this report.

Five executive Directors include three brothers, namely Mr. TING Man Yi, Mr. TING Hung Yi and Mr. DING Jianer, and Mr. WONG Sin Yung, the company secretary, and Mr. CHEUNG Ting Yin, Peter. Both Mr. WONG Sin Yung and Mr. CHEUNG Ting Yin, Peter have no family relationship with any of the other executive and independent non-executive Directors.

The Chairman and the Chief Executive Officer of the Group are siblings. Mr. TING Man Yi is the Chairman of the Group and Mr. TING Hung Yi is the Chief Executive Officer of the Group. The Chairman is responsible for the overall strategic planning of the Group, overseeing the manufacturing business of the Group in Hangzhou and the planning and implementation of major new investments and projects of the Group. The Chairman will ensure that the Group maintains adequate and effective corporate governance practices and procedures. The Chief Executive Officer is responsible for the day-to-day management of the business of the Group and the strategic development of the Group’s OEM and retail business. With the assistance of other members of the Board and other senior management, the Chief Executive Officer closely monitors the operating and financial results of the Group, identifies weakness of the operation and takes all necessary and appropriate steps to remedy.

All three independent non-executive Directors have been appointed for three years, commenced from 18 November 2005. All of them have satisfied the independence criteria, and each of them has made such confirmation pursuant to rule 3.13 of the Listing Rules. The Directors are of the view that all independent non-executive Directors meet the independence guidelines set forth in rule 3.13 of the Listing Rules.

For FY 2007, the Board held four meetings and all Directors had attended these meetings.

The Board is responsible for the formulation of the overall business strategies and objectives, the monitoring and evaluation of the operating and financial performance, the review of the corporate governance standard and the supervision of the management of the Group. The management of the Group is responsible for the implementation of the business strategies and the day-to-day operations of the Group under the supervision of the Chief Executive Officer. The Directors have full access to information on the Group. All senior management of the Group also provide the Directors from time to time with information on the business of the Group.

Corporate Governance Report

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted The Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set forth in appendix 10 to the Listing Rules. The Company has made specific enquiries with the Directors, and all Directors have confirmed that they complied with the requirements under the Model Code throughout FY 2007.

REMUNERATION COMMITTEE

The remuneration committee of the Board has three members, namely Mr. TING Hung Yi, Dr. CHENG Chi Pang and Mr. WONG Chi Keung. The chairman of the remuneration committee is Mr. TING Hung Yi. The primary duties of the remuneration committee include reviewing the terms of remuneration packages and determining the award of bonuses. Its terms of reference are available on request, and are also be posted on the website of the Company. The remuneration committee was established on 18 November 2005. One remuneration committee meeting was held in FY2007 and all the committee members attended the meeting.

NOMINATION COMMITTEE

The nomination committee of the Board consists of Mr. TING Hung Yi, Dr. CHENG Chi Pang and Mr. LEUNG Man Kit. The chairman of the nomination committee is Mr. TING Hung Yi. The nomination committee selects and recommends appropriate candidates, based on his or her prior experience and qualifications, to the Board on the appointment of Directors and the senior management of the Group. Its terms of reference are available on request and are also posted on the website of the Company. The nomination committee was established on 18 November 2005. Two nomination committee meeting, discussing the nomination procedures, were held in FY2007 and all the committee members attended these meetings.

AUDIT COMMITTEE

The audit committee of the Board comprises three independent non-executive Directors, Dr. CHENG Chi Pang, Mr. LEUNG Man Kit and Mr. WONG Chi Keung. Dr. CHENG Chi Pang is the chairman of the audit committee. The audit committee assists the Board to review the financial reporting process, evaluate the effectiveness of the internal control systems of the Group and oversee the auditing processes. Its terms of reference are available on request and are also posted on the website of the Company. The audit committee was established on 18 November 2005. Two audit committee meetings were held in FY2007 and all the committee members attended these meetings.

Corporate Governance Report

DIRECTOR'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors acknowledge that it is their responsibility for overseeing the preparation of the financial statements of the Group with a view to ensuring such financial statements give a true and fair view of the state of affairs of the Group, selecting suitable accounting policies, applying the selected accounting policies consistently, and making prudent and reasonable judgments and estimates for the preparation of the financial statements of the Group.

The statement of the auditor of the Company about their reporting responsibilities on the financial statements of the Group is set forth in the auditor's report on page 49.

AUDITOR'S REMUNERATION

The professional fee charged by the Company's auditor in respect of the auditing services is disclosed in note 25 to the financial statements. The remuneration of the auditor of the Company, PricewaterhouseCoopers, for audit and non-audit services (namely taxation services and interim review) rendered during FY2007 was HK\$4.5 million and HK\$0.5 million, respectively.

INTERNAL CONTROL

The Board and the management of the Group maintain a sound and effective system of internal control of the Group so as to ensure the effectiveness and efficiency of operations of the Group in achieving the established corporate objectives, safeguarding assets of the Group, rendering reliable financial reporting and complying with the applicable laws and regulations.

The Board is also responsible for making appropriate assertions on the adequacy of internal controls over financial reporting and the effectiveness of disclosure controls and procedures. Through the audit committee of the Board, the Board reviews the effectiveness of these systems on a regular basis.

Report of the Directors

The Directors are pleased to present their report together with the audited financial statements for the financial year ended 31 December 2007.

PRINCIPAL BUSINESS ACTIVITIES

The principal business activity of the Company is investment holding. Details of the principal business activities of the subsidiaries of the Company are set forth in note 9 to the financial statements.

The Group's principal business activities during the financial year 2007 were garment manufacturing for export and retailing branded fashion apparel in China.

An analysis of the Group's performance for the financial year ended 31 December 2007 by business and geographical segments is set out in note 5 to the financial statements.

RESULTS AND APPROPRIATIONS

The Group's consolidated results for the financial year ended 31 December 2007 are set forth in the consolidated income statement on page 54 of this annual report.

An interim dividend of HK5.90 cents per Share and a special dividend of HK1.00 cents per Share were paid to the shareholders during the year. At a meeting held on 2 April 2008, the Directors proposed a special dividend of HK2.84 cents per Share in addition to a final dividend of HK4.98 cents per Share. Upon the approval to be obtained from the forthcoming Annual General Meeting to be held on 16 May 2008, the final dividend and the special dividend will be payable on or about 23 May 2008 to the shareholders whose name appear on the register of members of the Company at close of business on Thursday, 8 May 2008.

The register of members of the Company will be closed from Friday, 9 May 2008 to Friday, 16 May 2008, both days inclusive, during which no transfer of Shares will be effected. In order to qualify for the final dividend and the special dividend to be considered at the forthcoming Annual General Meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Thursday, 8 May 2008.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on pages 171 and 172 of this report.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group are set out in note 6 to the financial statements.

DONATIONS

During the financial year 2007, the Group made charitable donations of approximately HK\$0.4 million.

Report of the Directors

SHARE CAPITAL AND SHARE OPTIONS

Details of the movements in the share capital of and the share option granted by the Company are set forth in note 16 to the financial statements.

RESERVES

Details of movements in the reserves of the Company and the Group during the financial year 2007 are set forth in note 17 to the financial statements.

DISTRIBUTABLE RESERVES

As at 31 December 2007, the Company's reserves available for distributions amounted to HK\$1,546.5 million.

MAJOR CUSTOMERS AND SUPPLIERS

During the financial year 2007, sales made to the Group's top five customers and the largest customer accounted for approximately 53.6% and 21.6% of the total sales. The Group purchased less than 30% of its goods and services from its five largest suppliers.

None of the Directors, their associates or Shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued Shares) had any beneficial interest in the Group's five largest customers.

DIRECTORS

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

Executive Directors:

Mr. TING Man Yi (*Chairman*)

Mr. TING Hung Yi (*Chief Executive Officer*)

Mr. DING Jianer

Mr. WONG Sin Yung

Mr. CHEUNG Ting Yin, Peter

Independent non-executive Directors:

Dr. CHENG Chi Pang

Mr. WONG Chi Keung

Mr. LEUNG Man Kit

In accordance with article 87 of the Company's articles of association (the "**Articles**"), Dr. CHENG Chi Pang, Mr. WONG Chi Keung and Mr. LEUNG Man Kit will retire and being eligible, offer themselves for re-election at the forthcoming Annual General Meeting.

The Company received from each of Dr. CHENG Chi Pang, Mr. WONG Chi Keung and Mr. LEUNG Man Kit a confirmation of his independence and the Company still consider all of them to be independent.

Report of the Directors

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set forth on pages 24 to 31 of this report.

DIRECTORS' SERVICE CONTRACTS

Each of Mr. TING Man Yi, Mr. TING Hung Yi, Mr. DING Jianer and Mr. WONG Sin Yung entered into a service agreement on 18 November 2005 with the Company and Mr. CHEUNG Ting Yin, Peter entered into a service agreement on 3 August 2006 with the Company. Each of these agreements is for an initial term of three years and shall continue thereafter until terminated in accordance with the terms of the service agreement. Under the service agreement, either party may, after the expiry of the relevant first year of service of the relevant executive Director, terminate the service agreement by giving to the other not less than six month's prior written notice.

The annual salary and bonus of each of Mr. TING Man Yi, Mr. TING Hung Yi, Mr. DING Jianer, Mr. WONG Sin Yung and Mr. CHEUNG Ting Yin, Peter for the financial year ended 31 December 2007 was HK\$7.5 million, HK\$7.5 million, HK\$4.1 million, HK\$1.3 million and HK\$3.1 million, respectively. The annual salary and bonus of each executive Director shall be determined by the Board and subject to the annual review by the remuneration committee of the Company, provided that any increment of which shall not be more than 15% of the annual salary received by each executive Director for the immediate preceding year.

Each of the executive Directors is also entitled to a management bonus, the amount of which is determined with reference to the audited consolidated net profits of the Group after taxation and minority interests but before extraordinary items (the "Net Profits") as the Board may, in its absolute discretion, approve, provided that the aggregate amount of the management bonus payable to all executive Directors in respect of any financial year shall not exceed 4% of the Net Profits for the relevant financial year.

Each of the independent non-executive Directors has signed a letter of appointment dated 18 November 2005 with the Company under which each of them has agreed to act as an independent non-executive Director for a period of three years, commencing from 18 November 2005, unless terminated in accordance with the terms and conditions specified therein. The initial annual fee payable to Dr. CHENG Chi Pang, Mr. WONG Chi Keung and Mr. LEUNG Man Kit is HK\$300,000, HK\$200,000 and HK\$200,000, respectively.

Save for the annual remuneration mentioned above, none of the independent non-executive Directors is expected to receive any other remuneration for holding their office as an independent non-executive Director. Save as disclosed above, there is no service contract, which is not determinable by the Company or its subsidiaries within one year without payment of compensation (other than statutory compensation), entered into with any of the executive Director proposed for re-election at the forthcoming Annual General Meeting.

DIRECTORS' INTERESTS IN CONTRACTS

No Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, its holding company or any of its subsidiaries was a party during the financial year.

Report of the Directors

EMOLUMENT POLICY OF THE GROUP

The Company's policies concerning remuneration of the Directors are as follows:

- (i) the amount of remuneration is determined by the remuneration committee of the Board on the basis of the relevant executive Director's experience, responsibility, workload and the time devoted to the Group;
- (ii) non-cash benefits may be provided to the executive Directors under their remuneration package; and
- (iii) the Directors may be granted, at the discretion of the Board with the endorsement of the remuneration committee of the Board, options pursuant to the share option scheme adopted by the Company, as part of their remuneration package.

The emolument policy of the Group is aimed at attracting, retaining and motivating talented individuals. The principle is to have performance based remuneration which reflects market standards. The employee's remuneration packages are generally determined based on their job nature and position with reference to market standards. Employees also receive certain welfare benefits. The Group's emolument policy will be adjusted depending on a number of factors, including changes to the market practice and stages of the Group's business development, so as to achieve the Group's operational targets.

INTERESTS AND/OR SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2007, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have taken under such provisions), or were required, pursuant to section 352 of the Securities and Futures Ordinance ("SFO"), to be entered in the register required to be maintained, or were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange, were as follows:

(a) Beneficial interests in the Shares

Name of Directors	Capacity	Number of Shares (Note 1)	Approximate percentage of interest in the Company
Mr. TING Man Yi	Interest of controlled corporation	1,490,000,000 (L) (Note 2)	72.15%
Mr. TING Hung Yi	Interest of controlled corporation	1,490,000,000 (L) (Note 3)	72.15%
Mr. DING Jianer	Interest of controlled corporation	1,490,000,000 (L) (Note 4)	72.15%
Dr. CHENG Chi Pang	Directly beneficially owned	200,000 (L)	0.01%

Report of the Directors

Notes:

1. The letters "L" stand for the Director's long position in the Shares.
2. Longerview Investments Limited ("**Longerview**") is owned as to 41.5% by Firmsuccess Limited ("**Firmsuccess**") which is wholly-owned by Mr. TING Man Yi. Longerview is a controlled corporation (within the meaning of the SFO) of Mr. TING Man Yi. As such, under the SFO, Mr. TING Man Yi is deemed to be interested in the 1,490,000,000 Shares held by Longerview.
3. Longerview is owned as to 40.5% by In Holdings Limited ("**In Holdings**") which is wholly-owned by Mr. TING Hung Yi. Longerview is a controlled corporation (within the meaning of the SFO) of Mr. TING Hung Yi. As such, under the SFO, Mr. TING Hung Yi is deemed to be interested in the 1,490,000,000 Shares held by Longerview.
4. Pursuant to a shareholders' agreement dated 18 November 2005 entered into among Mr. TING Man Yi, Firmsuccess, Mr. TING Hung Yi, In Holdings, Mr. DING Jianer, Willport Investments Limited ("**Willport**") and Longerview (collectively the "**Controlling Shareholders**"), each of the Controlling Shareholders (other than Longerview) has agreed to enter into pre-emptive arrangements in respect of their shareholding in Longerview. For the purpose of Part XV of the SFO, each of Mr. TING Man Yi, Mr. TING Hung Yi and Mr. DING Jianer is therefore deemed to have effective voting power in respect of the 1,490,000,000 Shares held by Longerview. As such, under the SFO, Mr. DING Jianer is also deemed to be interested in the 1,490,000,000 Shares held by Longerview.

(b) Beneficial interests in the shares of associated corporations

Name of Directors	Name of associated corporation	Nature of interest	Total number of ordinary shares	Approximate percentage of interest in the associated corporation
Mr. TING Man Yi	Firmsuccess	Personal interest	1	100%
	Longerview	Corporate interest	415 (Note 1)	41.5%
Mr. TING Hung Yi	In Holdings	Personal interest	1	100%
	Longerview	Corporate interest	405 (Note 2)	40.5%
Mr. DING Jianer	Willport Longerview	Personal interest	1	100%
		Corporate interest	180 (Note 3)	18%

Notes:

1. The 415 shares in Longerview are held by Firmsuccess, which is wholly-owned by Mr. TING Man Yi.
2. The 405 shares in Longerview are held by In Holdings, which is wholly-owned by Mr. TING Hung Yi.
3. The 180 shares in Longerview are held by Willport, which is wholly-owned by Mr. DING Jianer.

Report of the Directors

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY

So far as the Directors are aware, as at 31 December 2007, the persons, other than Directors and chief executive of the Company, having interests or short positions in the Shares or underlying shares or debentures of the Company, which were required to be entered into the register kept by the Company pursuant to section 336 of the SFO, were as follows:

Name of substantial Shareholders	Capacity	Number of Shares (Note 1)	Approximate percentage of interest in the Company
Longerview	Beneficial owner	1,490,000,000 (L) (Note 2)	72.15%
Firmsuccess	Interest of controlled corporation	1,490,000,000 (L) (Note 2)	72.15%
In Holdings	Interest of controlled corporation	1,490,000,000 (L) (Note 3)	72.15%
Willport	Interest of controlled corporation	1,490,000,000 (L) (Note 4)	72.15%

Notes:

1. The letters "L" stands for the substantial Shareholders' long position in the Shares.
2. Longerview is owned as to 41.5% by Firmsuccess. As such, Longerview is a controlled corporation (within the meaning of the SFO) of Firmsuccess. Firmsuccess is therefore deemed to be interested in the 1,490,000,000 Shares held by Longerview.
3. Longerview is owned as to 40.5% by In Holdings. As such, Longerview is a controlled corporation (within the meaning of the SFO) of In Holdings. In Holdings is therefore deemed to be interested in the 1,490,000,000 Shares held by Longerview.
4. Pursuant to a shareholders' agreement dated 18 November 2005 and entered into between the Controlling Shareholders, each of the Controlling Shareholders (other than Longerview) has agreed to enter into pre-emptive arrangements in respect of their shareholding in Longerview. For the purpose of Part XV of the SFO, each of Firmsuccess, In Holdings and Willport is therefore deemed to have effective voting power in respect of the 1,490,000,000 Shares held by Longerview. As such, Willport is also deemed to be interested in the 1,490,000,000 Shares held by Longerview.

SHARE OPTION SCHEME AND PRE-IPO SHARE OPTION DEED

(a) Share Option Scheme

Pursuant to the written resolutions of the sole Shareholder passed on 18 November 2005, a share option scheme (the "**Share Option Scheme**") was approved and adopted by the Company.

The purpose of the Share Option Scheme is to allow the Company to grant options to subscribe for Shares (the "**Options**") to Participants (as defined below) as incentives or rewards for their contribution to the Group.

Report of the Directors

For the purpose of the Share Option Scheme, Participants include (i) employees of the Company (whether full time or part-time) or any of its subsidiaries; and (ii) Directors (whether executive Directors or non-executive Directors or independent non-executive Directors) or any director of its subsidiaries (together, the “**Participants**” and each a “**Participant**”).

The total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company shall not, in aggregate, exceed 199,000,000 Shares (the “**Scheme Mandate Limit**”), unless the Company obtains an approval from the Shareholders as set out below. Options lapsed shall not be counted for the purpose of calculating the Scheme Mandate Limit.

The Company may seek approval of the shareholders in general meeting to refresh the Scheme Mandate Limit such that the total number of Shares in respect of which options may be granted under the Share Option Scheme and any other share option schemes of the Company in issue shall not exceed 10% (the “**Refreshed Limit**”) of the issued share capital of the Company as at the date of approval to refresh such limit. Options previously granted under the Share Option Scheme and any other share option schemes (including those outstanding, cancelled, lapsed in accordance with the Share Option Scheme or any other share option schemes or exercised Options) shall not be counted for the purpose of calculating the Refreshed Limit.

Notwithstanding the above, the maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company shall not exceed 30% of the total number of Shares in issue from time to time. No option may be granted under the Share Option Scheme and any other share option schemes of the Company if this will result in the aforesaid 30% limit being exceeded.

The maximum number of Shares issued and to be issued upon exercise of the options granted to each participant (including both exercised and outstanding options) in any 12-month period up to and including the date of grant of the options shall not exceed 1% of the total number of Shares in issue. Any further grant of Options to a Participant which would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such Participant under the Share Option Scheme and any other share option schemes of the Company (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the Shares in issue shall be subject to the shareholders’ approval in general meeting with such Participant and his associates (as defined in the Listing Rules) abstaining from voting.

An Option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period of not more than 10 years to be notified by the Board to each grantee. Such period shall commence on the date on which an offer of the grant of an Option is accepted or deemed to be accepted in accordance with the terms of the Share Option Scheme and expire on the last day of such period as determined by the Board.

Report of the Directors

An amount of HK\$1.00 is payable by the Participant to the Company on acceptance of the option offer as consideration for the grant. Unless otherwise determined by the Board and specified in the offer letter to be given to the Participant at the time of the offer of the Option, there is neither any performance target that needs to be achieved by the grantee before an Option can be exercised nor any minimum period for which an Option must be held before it can be exercised.

The subscription price in respect of each Share issued under the Share Option Scheme will be a price determined by the Board and notified to a Participant and will be no less than the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of offer to the Participant, which must be a day on which licensed banks are open for business in Hong Kong and the Stock Exchange is open for business of dealing in securities (a "**Trading Day**"); (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five consecutive Trading Days immediately preceding the date of offer to the Participant; and (iii) the nominal value of a Share.

The Share Option Scheme will remain valid for a period of 10 years commencing on the date on which the Share Option Scheme is conditionally adopted by the written resolutions of the sole Shareholder, after which period no further Options will be granted but in respect of all Options which remain exercisable at the end of such period, the provisions of the Share Option Scheme shall remain in full force and effect.

As at the date of this report, no option has been granted or agreed to be granted by the Company under the Share Option Scheme.

(b) Pre-IPO Share Option Deed

A share option deed was entered into between the Company and Ms. LI Yuet Mui, Xera ("**Ms. LI**"), a senior management staff of the Group, on 18 November 2005 (the "**Pre-IPO Share Option Deed**"), whereby the Company has granted Ms. LI an option to subscribe for certain number of Shares upon and subject to the terms and conditions set forth in the Pre-IPO Share Option Deed.

The purpose of the Pre-IPO Share Option Deed is to provide incentive and reward to Ms. LI for her contribution to the management and business growth of the Group.

The principal terms of the Pre-IPO Share Option Deed, as approved by the written resolutions of the sole Shareholder passed on 18 November 2005, are substantially the same as the terms of the Share Option Scheme except that:

- (i) the subscription price for each Share subject to the option granted under the Pre-IPO Share Option Deed shall be the par value of each Share;
- (ii) the period within which Ms. LI may exercise the option under the Pre-IPO Share Option Deed is eight years from the Listing Date. During the exercise period, Ms. LI can exercise the option in each year no more than one-eighth of the total number of the Option Shares (as defined below) granted, provided that Ms. LI cannot exercise any option granted under the Pre-IPO Share Option Deed during the period of six months immediately after the Listing Date;
- (iii) the total number of the Shares subject to the Pre-IPO Share Option Deed shall be up to 10,000,000 Shares upon full exercise of the option under the Pre-IPO Share Option Deed; and

Report of the Directors

- (iv) save for the option which has been granted, no further options will be granted under the Pre-IPO Share Option Deed.

Details of the share option outstanding as at 31 December 2007 were as follows:

	Options held at 1 January 2007	Grant during the year	Options exercised during the year	Options lapsed during the year	Options held at 31 December 2007
Ms. LI Yuet Mei, Xera	8,750,000	–	1,250,000	–	7,500,000

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTEREST IN COMPETING BUSINESS

As at 31 December 2007, none of the Directors and their respective associates (as defined in the Listing Rules) or the controlling shareholders of the Company (as defined in the Listing Rules) had any interest in a business, which competes or may compete with the business of the Group.

PRE-EMPTIVE RIGHTS

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year, the Company repurchased a total of 2,246,000 (2006: Nil) ordinary shares of HK\$0.10 each of the Company on the Stock Exchange as follows:

Month	Number of shares	Price per share		Total paid HK\$
		Highest HK\$	Lowest HK\$	
August 2007	12,000	1.99	1.99	23,880
September 2007	412,000	1.99	1.99	819,880
October 2007	1,750,000	1.99	1.93	3,460,180
November 2007	<u>72,000</u>	1.96	1.96	<u>141,120</u>
	<u>2,246,000</u>			<u>4,445,060</u>

The above repurchased shares have been cancelled. The premium paid on the shares of HK\$4,220,460 (2006: Nil) has been charged to the share premium. An amount equivalent to the par value of the Shares cancelled has been transferred from the share capital of the Company to the capital redemption reserve.

The repurchase of the Shares during the year was effected by the Directors, pursuant to the mandate from Shareholders, with a view to benefiting Shareholders as a whole by enhancing the net asset value per share and earnings per Share.

Save as disclosed herein, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

Report of the Directors

CONTINUING CONNECTED TRANSACTIONS

During the financial year 2007, the Group entered into the following non-exempt continuing connected transactions:

- (a) A lease agreement dated 9 September 2005 was entered into between Hangzhou Yuhang Huaming Garment Manufacturing Company Limited (“**Yuhang Huaming**”) and Zhejiang Huali Fashion Company Limited (“**Zhejiang Huali**”), a member of the Group. Yuhang Huaming agreed to lease to Zhejiang Huali the relevant portion of the factory building and staff quarters in for a period from 1 October 2005 to 31 December 2007. The annual rental for the relevant portion of the factory building and staff quarters is fixed at RMB846,610 (equivalent to approximately HK\$814,048) during the term of the lease agreement. For the financial year ended 31 December 2007, the aggregate amount payable by Zhejiang Huali to Yuhang Huaming Group for the lease amounted to HK\$868,407 (Financial year ended 31 December 2006: HK\$824,917).
- (b) A lease agreement dated 9 September 2005 was entered into between Yuhang Huaming and Hangzhou Fuding. Yuhang Huaming has agreed to lease to Hangzhou Fuding the relevant portion of the other factory building and staff quarters for a period from 1 October 2005 to 31 December 2007. The annual rental for the relevant portion of the factory building and staff quarters is fixed at RMB613,020 (equivalent to approximately HK\$589,442) during the term of the lease agreement. For the financial year ended 31 December 2007, the aggregate amount payable by Hangzhou Fuding to Yuhang Huaming Group for the lease amounted to HK\$628,803 (Financial year ended 31 December 2006: HK\$597,311).
- (c) A supply contract dated 1 November 2005 was entered into between Hangzhou Fuze Textile Technology Company Limited (“**Hangzhou Fuze**”) and members of the Group for a period from 1 October 2005 to 31 December 2007, whereby Hangzhou Fuze has undertaken to supply to members of the Group the required silk fabric at such prices which are not higher than the prices offered to independent third parties after taking into consideration the prevailing market rates for providing similar products from time to time. Hangzhou Fuze is owned by two individuals, namely Mr. FEI Bin Song and Mr. Qui Jian Ping. Mr. FEI Bin Song has been nominated a director of Jiangsu Fuze Textile Company Limited (“**Jiangsu Fuze**”, a 52% owned subsidiary of the Company, by virtue of Hangzhou Fuze’s 26.2% equity interest in this joint venture. For the financial year ended 31 December 2007, the aggregate purchase of silk fabric by members of the Group from Hangzhou Fuze amounted to HK\$0.1 million (Financial year ended 31 December 2006: HK\$0.3 million), which was below the annual cap of HK\$7.0 million (Financial year ended 31 December 2006: HK\$5.8 million).
- (d) A supply contract dated 1 November 2005 was entered into between Hangzhou Huaze Textile Company Limited (“**Hangzhou Huaze**”) and members of the Group for a period from 1 October 2005 to 31 December 2007, whereby Hangzhou Huaze has undertaken to supply to members of the Group the required velour at such prices which are not higher than the prices offered to independent third parties after taking into consideration the prevailing market rates for providing similar products from time to time. Hangzhou Huaze is owned by two individuals, namely, Ms. QIU Li Juan and Mr. LU Yong Gen. Ms. Qui Li Juan has been nominated as a director of Jiangsu Fuze by virtue of Hangzhou Huaze’s 21.8% equity interest in this joint venture. For the financial year ended 31 December 2007, the aggregate purchase

Report of the Directors

of velour by members of the Group from Hangzhou Huaze amounted to HK\$2.3 million (Financial year ended 31 December 2006: HK\$2.0 million), which was below the annual cap of HK\$9.0 million (Financial year ended 31 December 2006: HK\$7.4 million).

- (e) A supply contract dated 1 November 2005 was entered into between Hangzhou Huasheng Accessories Company Limited (“**Huasheng Accessories**”) and members of the Group for a period from 1 October 2005 to 31 December 2007, whereby Huasheng Accessories, which is owned by Ms. ZHOU Shi Min (who is the spouse of Mr. DING Jianer, being an executive Director) as to 75%, has undertaken to supply to members of the Group the required plastic bags and hangers at such prices which are not higher than the prices offered to independent third parties after taking into consideration the prevailing market rates for providing similar products from time to time. For the financial year ended 31 December 2007, the aggregate purchase of plastic bags and hangers by the Group from Huasheng Accessories amounted to HK\$10.8 million (Financial year ended 31 December 2006: HK\$9.9 million), which was below the annual cap of HK\$12.9 million (Financial year ended 31 December 2006: HK\$10.6 million).
- (f) A supply contract dated 1 November 2005 was entered into between Zhejiang Huayue Silk Products Company Limited (“**Zhejiang Huayue**”) and members of the Group for a period from 1 October 2005 to 31 December 2007, whereby Zhejiang Huayue has undertaken to supply to members of the Group the required silk fabric at such prices which are not higher than the prices offered to independent third parties after taking into consideration the prevailing market rates for providing similar products from time to time. Zhejiang Huayue is owned by Haiyan Feixiang Handicraft and Embroidery Products Company Limited (“**Haiyan Feixiang**”) and Manfame Investments Limited (“**Manfame**”, a wholly owned subsidiary of the Company), as to 45% and 55% respectively. As Haiyan Feixiang is a substantial shareholder of Zhejiang Huayue which is a subsidiary of the Company, Haiyan Feixiang is a connected person of the Company under the Listing Rules. Haiyan Feixiang is owned by five individuals, namely, Ms. LIU Lian Ying, Ms. SUN Yun Zhen, Ms. YANG Shui Zhen, Mr. CHEN Ai Feng and Mr. SUN Xian Ming as to 1.33%, 0.93%, 10%, 47.27% and 40.47% respectively. Ms. LIU Lian Ying and Ms. SUN Yun Zhen have been nominated as directors of Zhejiang Huayue by virtue of the 45% equity interest held by Haiyan Feixiang in Zhejiang Huayue. As such, Zhejiang Huayue is also a connected person of the Company under the Listing Rules. For the financial year ended 31 December 2007, the aggregate purchase of silk fabric by members of the Group from Zhejiang Huayue amounted to HK\$44.9 million (Financial year ended 31 December 2006: HK\$55.2 million), which was below the annual cap of HK\$110.5 million (Financial year ended 31 December 2006: HK\$90.0 million).

The independent non-executive Directors have reviewed the above non-exempt continuing connected transactions of the Group and have confirmed that these transactions have been entered into:

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties;
- (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole; and
- (iv) have not exceeded the respective cap amounts set out in the relevant agreements referred to above.

Report of the Directors

In accordance with paragraph 14A.38 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Board of Directors engaged the auditors of the Company to perform certain factual finding procedures on the above continuing connected transaction on a sample basis in accordance with Hong Kong Standard on Related Services 4400 “Engagements to Perform Agreed-Upon Procedures Regarding Financial Information” issued by the Hong Kong Institute of Certified Public Accountants. The auditors have reported their factual findings on the selected samples based on the agreed procedures to the Board of Directors.

The purchases of accessories from Huasheng Accessories and silk fabric from Hangzhou Fuze and Hangzhou Huaze as set out in Note 32(a) to the financial statements, being the significant related party transactions of the Group, constitute continuing connected transactions of the Group. The disclosure requirements in respect of these continuing connected transactions have been complied with in accordance with the Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors as at the date of this report, at least 25% of the Company’s total issued share capital was held by the public.

SUBSEQUENT EVENTS

Details of the significant subsequent events of the Group are set out in note 33 to the financial statements.

AUDIT COMMITTEE

The Company has established an audit committee, comprising three independent non-executive Directors, with written terms of reference set out in “A Guide For The Formation Of An Audit Committee” published by the Hong Kong Institute of Certified Public Accountants adopted as the terms of reference of audit committee. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group and to provide comments and advice to the Board. The audit committee has reviewed the audited financial statements of the Company and audited consolidated financial statements of the Group for the financial year ended 31 December 2007.

AUDITOR

The financial statements have been audited by PricewaterhouseCoopers who will retire at the forthcoming Annual General Meeting of the Company and, being eligible, offer themselves for re-appointment.

On Behalf of the Board


TING Man Yi

Chairman

Hong Kong, 2 April 2008

Independent Auditor's Report

獨立核數師報告

PRICEWATERHOUSECOOPERS 

羅兵咸永道會計師事務所

PricewaterhouseCoopers
22/F, Prince's Building
Central, Hong Kong

TO THE SHAREHOLDERS OF CHINA TING GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of China Ting Group Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 51 to 170, which comprise the consolidated and company balance sheets as at 31 December 2007, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

致華鼎集團控股有限公司列位股東

(於開曼群島註冊成立的有限公司)

本核數師(以下簡稱「我們」)已審核列載於第51至170頁華鼎集團控股有限公司(「貴公司」)及其附屬公司(以下合稱「貴集團」)的綜合財務報表,此綜合財務報表包括於二零零七年十二月三十一日的綜合及公司資產負債表與截至該日止年度的綜合收益表、綜合權益變動表和綜合現金流量表,以及主要會計政策概要及其他附註解釋。

董事就財務報表須承擔的責任

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

核數師的責任

我們的責任是根據我們的審核對該等綜合財務報表作出意見,並僅向整體股東報告,除此之外本報告別無其他目的。我們不會就本報告的內容向任何其他人士負上或承擔任何責任。

Independent Auditor's Report

獨立核數師報告

AUDITOR'S RESPONSIBILITY (CONTINUED)

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 financial statements are free from material misstatement.

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2007 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 2 April 2008

核數師的責任(續)

我們已根據香港會計師公會頒佈的香港審計準則進行審核。這些準則要求我們遵守道德規範，並規劃及執行審核，以合理確定此等財務報表是否不存有任何重大錯誤陳述。

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

我們相信，我們所獲得的審核憑證是充足和適當地為我們的審核意見提供基礎。

意見

我們認為，該等綜合財務報表已根據香港財務報告準則真實而公平地反映 貴公司及 貴集團於二零零七年十二月三十一日的事務狀況及 貴集團截至該日止年度的利潤及現金流量，並已按照香港《公司條例》的披露規定妥為編製。

羅兵咸永道會計師事務所
執業會計師

香港，二零零八年四月二日

Consolidated Balance Sheet

綜合資產負債表

As at 31 December 2007

於二零零七年十二月三十一日

			2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
		Note 附註		
ASSETS	資產			
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	6	617,299	452,509
Investment properties	投資物業	7	7,000	4,940
Leasehold land and land use rights	批租土地及土地使用權	8	84,012	74,339
Interests in associates	於聯營公司的權益	10	39,170	72,250
Intangible assets	無形資產	11	51,729	43,903
Deferred income tax assets	遞延所得稅資產	19	8,596	4,153
			807,806	652,094
Current assets	流動資產			
Inventories	存貨	12	393,496	348,197
Trade and other receivables	應收貿易賬款及 其他應收款項	13	448,166	378,603
Tax recoverable	可退稅款		24,187	5,288
Financial assets at fair value through profit or loss	按公平值列賬在損益表中 處理的金融資產	14	51,819	—
Cash and bank balances	現金及銀行結餘	15	747,601	837,568
			1,665,269	1,569,656
Total assets	資產總值		2,473,075	2,221,750
EQUITY	權益			
Capital and reserves attributable to the Company's equity holders	本公司股權持有人應佔 股本及儲備			
Share capital	股本	16	206,525	206,625
Reserves	儲備	17	1,691,103	1,455,971
Proposed dividends	擬派股息	17	164,790	144,638
			2,062,418	1,807,234
Minority interests	少數股東權益		48,020	35,550
Total equity	權益總值		2,110,438	1,842,784

Consolidated Balance Sheet

綜合資產負債表

As at 31 December 2007

於二零零七年十二月三十一日

		Note	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
		附註		
LIABILITIES	負債			
Non-current liabilities	非流動負債			
Licence fees payable	應付專營權費	18	5,260	—
Deferred income tax liabilities	遞延所得稅負債	19	14,287	19,752
			19,547	19,752
Current liabilities	流動負債			
Trade and other payables	應付貿易賬款及 其他應付款項	20	301,079	343,725
Bank borrowings	銀行借貸	21	13,154	2,225
Derivative financial instruments	衍生金融工具	14	5,447	—
Current income tax liabilities	流動所得稅負債		23,410	13,264
			343,090	359,214
Total liabilities	負債總值		362,637	378,966
Total equity and liabilities	權益及負債總值		2,473,075	2,221,750
Net current assets	流動資產淨值		1,322,179	1,210,442
Total assets less current liabilities	資產總值減流動負債		2,129,985	1,862,536

Ting Man Yi
丁敏兒
Director
董事

Ting Hung Yi
丁雄尔
Director
董事

The notes on pages 59 to 170 are an integral part of these financial statements.

第59至170頁的附註為該等財務報表的組成部份。

Balance Sheet

資產負債表

As at 31 December 2007

於二零零七年十二月三十一日

	Note 附註	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
ASSETS			
Non-current assets			
Investments in subsidiaries	9	1,228,987	478,054
Current assets			
Amounts due from subsidiaries	32(c)	497,573	945,098
Other receivables, deposits and prepayments	13	92	7,840
Tax recoverable		635	—
Cash and bank balances	15	34,948	323,441
		533,248	1,276,379
Total assets		1,762,235	1,754,433
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	16	206,525	206,625
Reserves	17	1,383,802	1,400,819
Proposed dividends	17	164,790	144,638
Total equity		1,755,117	1,752,082
LIABILITIES			
Current liabilities			
Other payables and accruals	20	2,597	2,276
Derivative financial instruments	14	4,521	—
Current income tax liabilities		—	75
		7,118	2,351
Total equity and liabilities		1,762,235	1,754,433
Net current assets		526,130	1,274,028
Total assets less current liabilities		1,755,117	1,752,082

Ting Man Yi
丁敏兒
Director
董事

Ting Hung Yi
丁雄尔
Director
董事

The notes on pages 59 to 170 are an integral part of these financial statements. 第59至170頁的附註為該等財務報表的組成部份。

Consolidated Income Statement

綜合收益表

For the year ended 31 December 2007

截至二零零七年十二月三十一日止年度

		Note	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
		附註		
Revenue	營業額	5	2,353,507	1,920,068
Cost of sales	銷售成本	25	(1,560,468)	(1,249,738)
Gross profit	毛利		793,039	670,330
Other gains, net	其他收益淨值	22	50,455	23,797
Selling, marketing and distribution costs	銷售、營銷及 分銷成本	25	(152,736)	(117,960)
Administrative expenses	行政開支	25	(189,482)	(152,985)
Operating profit	經營溢利		501,276	423,182
Finance income, net	融資收入淨額	23	15,817	35,486
Share of profits less losses of associates	分佔聯營公司溢利 減虧損	10	11,776	6,823
Profit before income tax	除所得稅前溢利		528,869	465,491
Income tax expense	所得稅開支	24	(76,732)	(54,690)
Profit for the year	年度溢利		452,137	410,801
Attributable to:	由以下分佔：			
Equity holders of the Company	本公司股權持有人	27	449,517	408,539
Minority interests	少數股東權益		2,620	2,262
			452,137	410,801
Earnings per share for profit attributable to the equity holders of the Company during the year (expressed in HK cents per share)	年內本公司股權持有人 應佔溢利的每股盈利 (以每股股份港仙呈列)			
— basic	— 基本	28	21.75 cents 港仙	19.79 cents 港仙
— diluted	— 攤薄	28	21.67 cents 港仙	19.70 cents 港仙
Dividends	股息	29	307,418	276,798

The notes on pages 59 to 170 are an integral part of these financial statements.

第59至170頁的附註為該等財務報表的組成部份。

Consolidated Statement of Changes in Equity

綜合權益變動報表

For the year ended 31 December 2007

截至二零零七年十二月三十一日止年度

		Attributable to the equity holders of the Company						
		本公司股權持有人應佔					Minority	Total
		Share capital	Share premium	Other reserves	Retained earnings	Total	interests	equity
		股本	股份溢價	其他儲備	保留盈利	總值	股東權益	權益總值
Note		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
附註		千港元	千港元	千港元	千港元	千港元	千港元	千港元
At 1 January 2007	二零零七年一月一日	206,625	905,152	97,987	597,470	1,807,234	35,550	1,842,784
Currency translation differences	貨幣換算差額	17	—	95,352	—	95,352	3,523	98,875
Profit for the year	年度溢利	—	—	—	449,517	449,517	2,620	452,137
Total recognised income for the year	年度已確認收入總額	—	—	95,352	449,517	544,869	6,143	551,012
Contribution from a minority shareholder of a subsidiary	附屬公司少數股東出資	—	—	—	—	—	9,495	9,495
Repurchase of shares	購回股份	16, 17	(225)	(4,446)	225	(4,446)	—	(4,446)
Employee share option scheme:	僱員購股權計劃：							
— proceeds from share issues	— 股份發行所得款項	16	125	1,902	(1,902)	125	—	125
— value of employee services	— 僱員服務價值	17	—	—	1,902	1,902	—	1,902
Dividend/distribution to minority shareholders of subsidiaries	向附屬公司少數股東支付股息／作出分派	—	—	—	—	—	(3,168)	(3,168)
2006 final dividend paid	二零零六年已付終期股息	29	—	—	(144,638)	(144,638)	—	(144,638)
2007 interim dividend paid	二零零七年已付中期股息	29	—	—	(142,628)	(142,628)	—	(142,628)
Profit appropriation	溢利分配	17	—	24,082	(24,082)	—	—	—
		(100)	(2,544)	24,307	(311,348)	(289,685)	6,327	(283,358)
At 31 December 2007	二零零七年十二月三十一日	206,525	902,608	217,646	735,639	2,062,418	48,020	2,110,438

Consolidated Statement of Changes in Equity

綜合權益變動報表

For the year ended 31 December 2007

截至二零零七年十二月三十一日止年度

		Attributable to the equity holders of the Company							
		本公司股權持有人應佔					Minority	Total	
		Share capital	Share premium	Other reserves	Retained earnings	Total	interests	equity	
		股本	股份溢價	其他儲備	保留盈利	總值	股東權益	權益總值	
Note		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
附註		千港元	千港元	千港元	千港元	千港元	千港元	千港元	
At 1 January 2006	二零零六年一月一日	199,000	763,773	43,783	433,805	1,440,361	13,979	1,454,340	
Currency translation differences	貨幣換算差額	17	—	—	36,480	—	36,480	771	37,251
Profit for the year	年度溢利	—	—	—	408,539	408,539	2,262	410,801	
Total recognised income for the year	年度已確認收入總額	—	—	36,480	408,539	445,019	3,033	448,052	
Acquisition of subsidiaries	收購附屬公司	—	—	—	—	—	13,897	13,897	
Contribution from a minority shareholder of a subsidiary	附屬公司少數股東出資	—	—	—	—	—	4,641	4,641	
Issue of shares	發行股份	16, 17	7,500	144,375	—	—	151,875	—	151,875
Share issuance costs	股份發行成本	17	—	(4,898)	—	—	(4,898)	—	(4,898)
Employee share option scheme:	僱員購股權計劃:								
— value of employee services	— 僱員服務價值	17	—	—	1,902	—	1,902	—	1,902
— proceeds from share issues	— 發行股份所得款項	16	125	1,902	(1,902)	—	125	—	125
2005 final dividend paid	二零零五年已付終期股息		—	—	—	(94,990)	(94,990)	—	(94,990)
2006 interim dividend paid	二零零六年已付中期股息	29	—	—	—	(132,160)	(132,160)	—	(132,160)
Profit appropriation	溢利分配	17	—	—	17,724	(17,724)	—	—	—
			7,625	141,379	17,724	(244,874)	(78,146)	18,538	(59,608)
At 31 December 2006	二零零六年十二月三十一日		206,625	905,152	97,987	597,470	1,807,234	35,550	1,842,784

The notes on pages 59 to 170 are an integral part of these financial statements.

第59至170頁的附註為該等財務報表的組成部份。

Consolidated Cash Flow Statement

綜合現金流量報表

For the year ended 31 December 2007

截至二零零七年十二月三十一日止年度

		Note	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
		附註		
Cash flows from operating activities	營運活動現金流量			
Cash generated from operations	經營所得現金	30	415,939	312,839
Interest paid	已付利息		(1,420)	(423)
Income tax paid	已付所得稅		(96,766)	(90,910)
Net cash generated from operating activities	營運活動所得現金淨額		317,753	221,506
Cash flows from investing activities	投資活動現金流量			
Acquisition of subsidiaries, net of cash acquired	收購附屬公司， 扣除所收購現金		—	(167,826)
Incorporation of an associate	聯營公司註冊成立		—	(1,425)
Increase in loan to an associate	借予聯營公司的貸款增加		—	(3,325)
Dividend received from an associate	已收聯營公司股息		1,138	—
Proceeds on disposal of an associate	出售聯營公司 所得款項		2,565	—
Purchase of property, plant and equipment	購買物業、廠房及 設備		(167,474)	(86,592)
Proceeds on disposal of property, plant and equipment and leasehold land and land use rights	出售物業、廠房及 設備以及批租土地及 土地使用權 所得款項	30	542	21,988
Purchase of leasehold land and land use rights	收購批租土地及 土地使用權		(5,682)	(16,102)
Decrease/(increase) in term deposits with initial term of over three months	原期限超過三個月的 定期存款 減少／(增加)		327,829	(27,829)
Increase in pledged deposits	已抵押存款增加		(868)	(11,182)
Interest received	已收利息		17,237	29,526
Net cash generated from/(used in) investing activities	投資活動所得／(所用) 現金淨額		175,287	(262,767)

Consolidated Cash Flow Statement

綜合現金流量報表

For the year ended 31 December 2007

截至二零零七年十二月三十一日止年度

	Note	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
	附註		
Cash flows from financing activities	融資活動現金流量		
Proceeds from issuance of ordinary shares	發行普通股所得款項	125	152,000
Payment of shares issuance costs	支付股份發行成本	—	(4,898)
Repurchase of shares	購回股份	(4,446)	—
Proceeds from bank borrowings	銀行借貸所得款項	32,693	2,180
Repayment of bank borrowings	償還銀行借貸	(22,352)	(64,506)
Dividend paid to equity holders of the Company	已付本公司股權持有人股息	(287,266)	(227,150)
Capital contribution by a minority shareholder of a subsidiary	附屬公司一名少數股東出資	9,495	4,641
Dividend/distribution to minority shareholders of subsidiaries	向附屬公司少數股東支付股息作出分派	(3,168)	—
Net cash used in financing activities	融資活動所用現金淨額	(274,919)	(137,733)
Net increase/(decrease) in cash and cash equivalents	現金及現金等值項目增加／(減少)淨額	218,121	(178,994)
Cash and cash equivalents at 1 January	一月一日的現金及現金等值項目	497,429	669,542
Exchange gains on cash and cash equivalents	現金及現金等值項目匯兌收益	18,873	6,881
Cash and cash equivalents at 31 December	十二月三十一日的現金及現金等值項目	734,423	497,429

The notes on pages 59 to 170 are an integral part of these financial statements.

第59至170頁的附註為該等財務報表的組成部份。

Notes to the Financial Statements

財務報表附註

1 GENERAL INFORMATION

China Ting Group Holdings Limited (the “Company”) was incorporated in the Cayman Islands on 31 May 2005 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961, as combined and revised) of the Cayman Islands. The address of the Company’s registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company and its subsidiaries (together, the “Group”) are engaged in the manufacturing and sale of garments.

The Company’s shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 15 December 2005 (the “Listing”).

These consolidated financial statements are presented in thousand of units of Hong Kong dollars (“HK\$’000”), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 2 April 2008.

1 一般資料

華鼎集團控股有限公司（「本公司」）於二零零五年五月三十一日根據開曼群島公司法（第22章，一九六一年第三號法案，經綜合及修訂）在開曼群島註冊成立為獲豁免有限公司。本公司的註冊辦事處位於 Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands。

本公司及其附屬公司（統稱為「本集團」）的主要業務是製造及銷售成衣。

本公司股份已於二零零五年十二月十五日在香港聯合交易所有限公司（「聯交所」）主板上市（「上市」）。

除另有說明外，該等綜合財務報表乃以千港元為單位呈列。董事會已於二零零八年四月二日批准刊發該等綜合財務報表。

Notes to the Financial Statements

財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

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

The preparation of consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4 to the financial statements.

- (a) *Standard, amendment and interpretations to existing standards effective in 2007*

HKFRS 7, “Financial Instruments: Disclosures”, and the complementary amendment to HKAS 1, “Presentation of Financial Statements – Capital Disclosures”, introduce new disclosures relating to financial instruments and do not have any impact on the classification and valuation of the Group’s financial instruments. The new disclosures are set out in Notes 3 and 13 to the financial statements.

2 重大會計政策概要

編製該等綜合財務報表所用的主要會計政策載列如下。除另有說明外，該等政策已於所有呈列年度貫徹應用。

2.1 編製基準

本公司按照香港財務報告準則（「香港財務報告準則」）編製綜合財務報表。綜合財務報表乃按歷史成本法編製，並按透過損益以公平值重估財務資產及財務負債與重估以公平值列賬的投資物業作出修訂，詳見下文所闡述。

依據香港財務報告準則編製綜合財務報表須使用若干重要會計估計。管理層於應用本集團會計政策時亦需作出判斷。涉及大量判斷或複雜程度較高的範疇，或假設及估計對綜合財務報表具重大影響的範疇於財務報表附註4中披露。

- (a) 於二零零七年生效之現存準則的準則、修訂及詮釋

香港財務報告準則第7號，「金融工具：披露」，及香港會計準則第1號之補充修訂，「財務報表呈報－資本披露」引入有關金融工具的新披露規定，惟其對本集團金融工具的分類及估值並無任何影響。新披露已載於財務報表附註3及13。

Notes to the Financial Statements

財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

- (a) *Standard, amendment and interpretations to existing standards effective in 2007*
(Continued)

HK(IFRIC) — Int 8, “Scope of HKFRS 2”, requires consideration of transactions involving the issuance of equity instruments, where the identifiable consideration received is less than the fair value of the equity instruments issued in order to establish whether or not they fall within the scope of HKFRS 2. This standard does not have any impact on the Group’s financial statements.

HK(IFRIC) — Int 10, “Interim Financial Reporting and Impairment”, prohibits the impairment losses recognised in an interim period on goodwill and investments in equity instruments and in financial assets carried at cost to be reversed at a subsequent balance sheet date. This standard does not have any impact on the Group’s financial statements.

2 重大會計政策概要 (續)

2.1 編製基準 (續)

- (a) 於二零零七年生效之現存準則的準則、修訂及詮釋 (續)

香港 (國際財務報告解釋委員會) — 詮釋第8號, 「香港財務報告準則第2號的範圍」, 規定凡涉及發行權益工具的交易代價 — 當中所收取的可識別代價低於所發行權益工具的公平值 — 必須確定其是否屬於香港財務報告準則第2號的範圍內。此準則對本集團的財務報表並無何影響。

香港 (國際財務報告解釋委員會) — 詮釋第10號, 「中期財務報告及減值」, 禁止在中期期間確認按成本值列賬的商譽、權益工具投資和財務資產投資的減值虧損, 在其後的結算日撥回。此準則對本集團的財務報表並無何影響。

Notes to the Financial Statements

財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

- (b) *Interpretations to existing standards effective in 2007 but not relevant to the Group's operation*

The following interpretations to existing standards are mandatory for accounting periods beginning on or after 1 January 2007 but they are not relevant to the Group's operations:

- HK(IFRIC) – Int 7, “Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyper-Inflationary Economies”; and
- HK(IFRIC) – Int 9, “Reassessment of Embedded Derivatives”.

2 重大會計政策概要 (續)

2.1 編製基準 (續)

- (b) 於二零零七年生效惟對本集團的營運無關的詮釋

本集團必須於二零零七年一月一日或之後開始的會計期間採用以下已頒佈的現存準則詮釋，惟與本集團的營運無關：

- 香港(國際財務報告解釋委員會—詮釋第7號，「應用按香港會計準則第29號高通脹經濟中的財務報告的重列法」)；及
- 香港(國際財務報告解釋委員會—詮釋第9號，「重新評估嵌入式衍生工具」)。

Notes to the Financial Statements

財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

- (c) *Standard, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group*

The following standard, amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2008 or later periods, but the Group has not early adopted them:

HKAS 1 (Revised), "Presentation of Financial Statements", effective for annual periods beginning on or after 1 January 2009. It requires all owner changes in equity to be presented in a statement of changes in equity. All comprehensive income is presented in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). It requires presenting a statement of financial position as at the beginning of the earliest comparative period in a complete set of financial statements when there are retrospective adjustments or reclassification adjustments. However, it does not change the recognition, measurement or disclosure of specific transactions and other events required by other HKFRSs. The Group will apply HKAS 1 (Revised) from 1 January 2009.

2 重大會計政策概要 (續)

2.1 編製基準 (續)

- (c) *尚未生效及本集團並無提早採用的現存準則的準則、修訂及詮釋*

本集團必須於二零零八年一月一日或之後的會計期間或較後期間採用以下本集團並無提早採用以下已頒佈現存準則的準則、修訂及詮釋：

香港會計準則第1號(經修訂)「財務報表的呈報」(由二零零九年一月一日或之後開始的年度期間生效)。該準則要求全部所有者的權益變動在權益變動表呈報。全部綜合收入須在綜合收入表或以兩份報表(一份單獨收益表及一份綜合收入表)呈報。當有追溯的調整或重分類調整，須在一份於最早的比較期間開始的完整的財務報表呈報財務狀況報表。但該準則不會改變特定交易或其他事項按財務報告準則的確認、計量或披露。本集團將由二零零九年一月一日起應用香港會計準則第1號(經修訂)。

Notes to the Financial Statements

財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

- (c) *Standard, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group (Continued)*

HKAS 23 (Revised), "Borrowing Costs", effective for annual periods beginning on or after 1 January 2009. It requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. The Group will apply HKAS 23 (Revised) from 1 January 2009 but management believes that this standard should not have a significant impact to the Group as the Group has been capitalising borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, if any.

2 重大會計政策概要 (續)

2.1 編製基準 (續)

- (c) *尚未生效及本集團並無提早採用的現存準則的準則、修訂及詮釋 (續)*

香港會計準則第23號(經修訂) — 「借貸成本」(由二零零九年一月一日或之後開始的年度期間生效)。此項修訂要求實體將收購、興建或生產一項合資格資產(即需於頗長時間籌備作使用或出售的資產)直接應佔的借貸成本作資本化處理, 將其確認為此類資產的成本。借貸成本可以即時確認為費用的選項將會刪除。本集團將由二零零九年一月一日起應用香港會計準則第23號(經修訂), 惟管理層相信, 此準則不會對本集團造成重大影響, 原因是本集團一直將收購、興建或生產一項合資格資產的借貸成本作資本化處理(如有)。

Notes to the Financial Statements

財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

- (c) *Standard, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group (Continued)*

HKAS 27 (Revised), "Consolidated and Separate Financial Statements", effective from annual periods beginning on or after 1 July 2009. It requires non-controlling interests (i.e. minority interests) to be presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent. Total comprehensive income must be attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity. When control of a subsidiary is lost, the assets and liabilities and related equity components of the former subsidiary are derecognised. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at its fair value at the date when control is lost. The Group will apply HKAS 27 (Revised) from 1 January 2010.

2 重大會計政策概要(續)

2.1 編製基準(續)

- (c) *尚未生效及本集團並無提早採用的現存準則的準則、修訂及詮釋(續)*

香港會計準則第27號(經修訂) — 「綜合及個別財務報表」(由二零零九年七月一日或之後開始的年度期間生效)。該準則要求非控股股東權益(即少數股東權益)在綜合財務狀況報表中呈報為權益，獨立於母公司所有者的權益。綜合收入總額必須由母公司所有者及非控股股東權益分佔，即使由此引致非控股股東權益出現結餘赤字。不會引致失去控制權的母公司於附屬公司的所有權益之變動於權益內入賬。當失去附屬公司的控制權時，前附屬公司的資產及負債以及相關權益部分均終止確認。任何盈虧於損益表確認。任何保留在前附屬公司的投資按其於失去控制權當日的公平值計量。本集團將由二零一零年一月一日起應用香港會計準則第27號(經修訂)。

Notes to the Financial Statements

財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

- (c) *Standard, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group (Continued)*

HKFRS 2 (Revised), “Share-based Payment Vesting Conditions and Cancellations”, effective from annual periods beginning on or after 1 January 2009. It clarifies the definition of “vesting conditions” and specifies the accounting treatment of “cancellations” by the counterparty to a share-based payment arrangement. Vesting conditions are service conditions (which require a counterparty to complete a specified period of service) and performance conditions (which require a specified period of service and specified performance targets to be met) only. All “non-vesting conditions” and vesting conditions that are market conditions shall be taken into account when estimating the fair value of the equity instruments granted. All cancellations are accounted for as an acceleration of vesting and the amount that would otherwise have been recognised over the remainder of the vesting period is recognised immediately. The Group will apply HKFRS 2 (Revised) from 1 January 2009, but it is not expected to have any impact on the Group’s financial statements.

2 重大會計政策概要 (續)

2.1 編製基準 (續)

- (c) *尚未生效及本集團並無提早採用的現存準則的準則、修訂及詮釋 (續)*

香港財務報告準則第2號 (經修訂) – 「以股份為基礎之付款歸屬條件及註銷」(由二零零九年一月一日或之後開始的年度期間生效)。其澄清「歸屬條件」的定義及指明對手方就以股份為基礎之付款安排「註銷」的會計處理。歸屬條件僅為服務條件 (其須對手方完成特定服務期間) 及表現條件 (其須達成特定服務期間及特定表現目標)。於估算授出股本工具的公平值時，須考慮所有「非歸屬條件」及為市場條件之歸屬條件。所有註銷均以加速歸屬列賬，而原應於餘下歸屬期確認的金額會即時確認。本集團將由二零零九年一月一日起應用香港財務報告準則第2號 (經修訂)，惟預期將不會對本集團的財務報表構成任何影響。

Notes to the Financial Statements

財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

- (c) *Standard, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group (Continued)*

HKFRS 3 (Revised), “Business Combination”, effective for business combinations with acquisition date on or after 1 July 2009. It may bring more transactions into acquisition accounting as combinations by contract alone and combinations of mutual entities are brought into the scope of the standard and the definition of a business has been amended slightly. It now states that the elements are ‘capable of being conducted’ rather than ‘are conducted and managed’. It requires considerations (including contingent consideration), each identifiable asset and liability to be measured at its acquisition-date fair value, except leases and insurance contracts, reacquired right, indemnification assets as well as some assets and liabilities required to be measured in accordance with other HKFRSs. They are income taxes, employee benefits, share-based payment and non-current assets held for sale and discontinued operations. Any non-controlling interest in an acquiree is measured either at fair value or at the non-controlling interest’s proportionate share of the acquiree’s net identifiable assets. The Group will apply HKFRS 3 (Revised) from 1 January 2010.

2 重大會計政策概要 (續)

2.1 編製基準 (續)

- (c) *尚未生效及本集團並無提早採用的現存準則的準則、修訂及詮釋 (續)*

香港財務報告準則第3號(經修訂) — 「業務合併」(適用於收購日期為二零零九年七月一日或之後的業務合併)。由於純粹以合約進行的合併或互控實體的合併均屬本準則範圍，而業務的定義已略作修訂，該準則可能將更多交易納入收購會計範圍。該準則現指該等元素「可予進行」而非「予以進行及管理」。該準則規定代價(包括或然代價)、各項可予識別資產及負債須按其收購日期的公平值計量，惟租賃及保險合約、重新收購權利、彌償資產及須根據其它香港財務報告準則計量的若干資產及負債則除外，當中包括所得稅、僱員福利、股份支付及持作銷售的非流動資產及已終止業務。被收購公司的任何非控股股東權益按公平值或按該非控股股東權益佔被收購公司的可予識別資產淨值的比例計量。本集團將由二零一零年一月一日起應用香港財務報告準則第3號(經修訂)。

Notes to the Financial Statements

財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

- (c) *Standard, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group (Continued)*

HKFRS 8, "Operating Segments", effective for annual periods beginning on or after 1 January 2009. HKFRS 8 replaces HKAS 14 and aligns segment reporting with the requirements of the US standard SFAS 131, "Disclosures about segments of an enterprise and related information". The new standard requires a "management approach", under which segment information is presented on the same basis as that used for internal reporting purposes. The Group will apply HKFRS 8 from 1 January 2009. Management believes that this standard should not have a significant impact to the number of reportable segments, as well as the manner in which the segments are reported as the reportable segments is presented in a manner that is consistent with the internal reporting provided to the chief operating decision-maker. As goodwill is allocated to groups of cash generating units based on segment level, the change will also require management to reallocate goodwill to the newly identified operating segments. Management does not anticipate that this will result in any material impairment to the goodwill balance.

2 重大會計政策概要 (續)

2.1 編製基準 (續)

- (c) *尚未生效及本集團並無提早採用的現存準則的準則、修訂及詮釋 (續)*

香港財務報告準則第8號—「營運分部」(由二零零九年一月一日或之後開始的年度期間生效)。香港財務準則第8號取代了香港會計準則第14號，並將分部報告與美國財務會計準則 (US standard SFAS) 第131號「企業及相關資料的分部披露」的規定統一起來。新準則採用「管理方針」，據此，分部資料按內部報告所採用的相同基準呈列。本集團將由二零零九年一月一日起應用香港財務準則第8號。管理層相信，此準則不會對申報分部的數目及所申報分類的方法構成重大影響，乃由於所申報分部的呈列方式與提供予主要經營決策者的內部申報相符。由於商譽會按分部水平分配至現金產生單位的群組，有關變動亦將需要管理層重新分配商譽至新識別的營運分類。管理層預期，此舉將不會對商譽結餘構成重大減值。

Notes to the Financial Statements

財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

- (c) *Standard, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group (Continued)*

HK(IFRIC) – Int 13, “Customer Loyalty Programmes”, effective for annual periods beginning on or after 1 July 2008. It clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement using fair values. HK(IFRIC) – Int 13 is not relevant to the Group’s operation as none of the Group’s companies operate any loyalty programmes.

2 重大會計政策概要 (續)

2.1 編製基準 (續)

- (c) 尚未生效及本集團並無提早採用的現存準則的準則、修訂及詮釋 (續)

香港(國際財務報告解釋委員會) – 詮釋第13號 – 「客戶忠誠計劃」(由二零零八年七月一日或之後開始的年度期間生效)。此準則澄清了貨品及服務是跟隨一項客戶忠誠獎賞計劃(例如積分或贈品)而售出，此安排屬於多重銷售組合安排，應收客戶的代價須利用公平值在多重銷售組合安排部份中分攤。由於本集團各實體並無推行任何忠誠計劃，因此，香港(國際財務報告解釋委員會) – 詮釋第13號與本集團業務無關。

Notes to the Financial Statements

財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

- (d) *Interpretations to existing standards which are not yet effective and not relevant for the Group's operations*

The following interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2008 or later periods but are not relevant for the Group's operations:

- HK(IFRIC) — Int 11, “HKFRS 2 — Group and Treasury Share Transfer”, effective for annual periods beginning on or after 1 March 2007.
- HK(IFRIC) — Int 12, “Service Concession Arrangements”, effective for annual periods beginning on or after 1 January 2008.
- HK(IFRIC) — Int 14, “HKAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction”, effective for annual periods beginning on or after 1 January 2008.

2 重大會計政策概要 (續)

2.1 編製基準 (續)

- (d) *尚未生效及與本集團的營運無關的現存準則詮釋*

本集團必須於二零零八年一月一日或之後開始的會計期間或較後期間採用以下已頒佈的現存準則詮釋，惟與本集團的營運無關：

- 香港(國際財務報告解釋委員會) — 詮釋第11號 — 「香港財務報告準則第2號 — 集團及庫存股份交易」，於二零零七年三月一日或之後開始的年度期間生效；
- 香港(國際財務報告解釋委員會) — 詮釋第12號 — 「服務專營權安排」，於二零零八年一月一日或之後開始的年度期間生效；及
- 香港(國際財務報告解釋委員會) — 詮釋第14號 — 「香港會計準則第19號 — 界定利益資產之限制、最低資金需要及其相互關係」，於二零零八年一月一日或之後開始的年度期間生效。

Notes to the Financial Statements

財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Consolidation

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

(a) Subsidiaries

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

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

2 重大會計政策概要 (續)

2.2 綜合賬目

綜合財務報表包括本公司及其所有附屬公司以十二月三十一日為結算日的財務報表。

(a) 附屬公司

附屬公司指所有本集團有權管理其財務及經營政策，且一般而言擁有其過半數投票權的實體（包括特別用途實體）。在評估本集團是否控制另一實體時，將考慮目前可行使或可轉換的潛在投票權是否存在及其影響。

附屬公司由控制權轉讓予本集團當日起全面綜合賬目，並於控制權終止當日停止綜合賬目。

Notes to the Financial Statements

財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Consolidation (Continued)

(a) Subsidiaries (Continued)

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

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

2 重大會計政策概要 (續)

2.2 綜合賬目 (續)

(a) 附屬公司 (續)

本集團採用會計購入法把附屬公司的收購入賬。收購成本按交易日所獲資產、發行的股本工具及招致或承擔的負債的公平值，加與交易直接相關的成本計量。不論所佔任何少數股東權益，業務合併時所收購的可資識別資產及所承擔的負債及或然負債均初步以收購日期的公平值計量。收購成本超出本集團所佔所收購可資識別的資產淨值之公平值部分乃記錄為商譽。倘收購成本低於所購入附屬公司資產淨值的公平值，則差額直接於收益表中確認。

集團內各實體間的交易、結餘及交易的未變現收益均予以對銷。除非有證據證明交易所轉讓資產出現減值，否則未變現虧損亦予以對銷。附屬公司的會計政策已在需要時作出改動，以確保與本集團所採用的政策貫徹一致。

Notes to the Financial Statements

財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Consolidation (Continued)

(a) Subsidiaries (Continued)

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

(b) Transactions and minority interests

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recorded in the consolidated income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

(c) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

2 重大會計政策概要 (續)

2.2 綜合賬目 (續)

(a) 附屬公司 (續)

於附屬公司的投資乃按成本減去減值虧損準備，在本公司的資產負債表中列賬。本公司以已收及應收股息為基準為附屬公司的業績入賬。

(b) 交易及少數股東權益

本集團的政策是將其與少數股東權益之間的交易，當作本集團與外間人士之間的交易處理。向少數股東權益出售而為本集團帶來的損益乃記入綜合收益表。向少數股東權益採購產生商譽，有關商譽即任何已付代價與有關應佔所收購附屬公司資產淨值的賬面值兩者之差額。

(c) 聯營公司

聯營公司是指本集團對其有重大影響，但並不擁有控制權，且一般擁有其20%至50%投票權的所有實體。於聯營公司的投資乃以權益會計法處理，並初步按成本確認。本集團於聯營公司的投資包括收購時所認定的商譽(扣除任何累計減值虧損)。

Notes to the Financial Statements

財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Consolidation (Continued)

(c) Associates (Continued)

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

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

2 重大會計政策概要(續)

2.2 綜合賬目(續)

(c) 聯營公司(續)

本集團應佔其聯營公司收購後溢利或虧損於收益表中確認，而其應佔收購後儲備的變動則在儲備中確認。收購後累積變動乃按投資的賬面值作調整。當本集團應佔聯營公司虧損等於或大於其聯營公司的權益時(包括任何其他無抵押應收款項)，本集團不再確認進一步損失，惟本集團代表聯營公司產生責任或代墊款項則除外。

本集團與其聯營公司之間交易而產生之未變現收益按本集團於聯營公司的權益比例對銷。除非有證據證明該交易所轉讓資產出現減值，否則未變現虧損亦予以對銷。聯營公司的會計政策已在需要時作出改動，以確保與本集團所採納的政策貫徹一致。

Notes to the Financial Statements

財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Segment reporting

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

2.4 Foreign currency translation

(a) *Functional and presentation currency*

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

(b) *Transactions and balances*

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

2 重大會計政策概要 (續)

2.3 分部報告

業務分部指從事提供產品或服務的一組資產及業務，而該組資產及業務的風險及回報有別於其他業務分部。地區分部乃在某一特定經濟環境從事提供產品或服務，而該分部的風險及回報有別於在其他經濟環境經營的分部。

2.4 外幣換算

(a) *功能及呈報貨幣*

集團各實體的財務報表所包括項目，乃按該實體經營所在的主要經濟環境所用的貨幣（「功能貨幣」）計量。本公司的呈報貨幣為港元，綜合財務報表以港元呈列。本公司的功能貨幣為美元（「美元」）。

(b) *交易及結餘*

外幣交易均按交易日期之當時匯率換算為功能貨幣。因該等交易結算及按結算日之匯率換算外幣計值之貨幣資產及負債而產生之滙兌損益，均於收益表中確認。

Notes to the Financial Statements

財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Foreign currency translation (Continued)

(c) Group's entities

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

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

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings, are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

2 重大會計政策概要 (續)

2.4 外幣換算 (續)

(c) 集團各實體

本集團所有實體 (全部均非採用高通脹經濟體系的貨幣) 的功能貨幣倘有別於呈報貨幣, 其業績及財務狀況須按以下方式換算為呈報貨幣:

- (i) 各資產負債表所列的資產及負債按其結算日的收市匯率換算;
- (ii) 各收益表所列的收支按平均匯率換算, 除非此平均匯率不足以合理地概括反映交易日期當時匯率的累積影響, 在此情況下, 收支則按交易日期的匯率換算; 及
- (iii) 一切因此而產生的滙兌差額均確認為權益的一個獨立組成部分。

當綜合賬目時, 換算海外實體投資淨值所產生的滙兌差額, 將於股東權益中處理。部分出售或出售海外業務時, 該等滙兌差額以作為銷售收益或虧損部分於收益表中確認。

Notes to the Financial Statements

財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Foreign currency translation (Continued)

(c) Group's entities (Continued)

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

2.5 Property, plant and equipment

Property, plant and equipment, except for construction in progress, are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

2 重大會計政策概要 (續)

2.4 外幣換算 (續)

(c) 集團各實體 (續)

收購海外實體所產生的商譽及公平值調整列作有關海外實體的資產及負債，並按收市匯率換算。

2.5 物業、廠房及設備

物業、廠房及設備(在建工程除外)按歷史成本減累計折舊及累計減值虧損後列賬。歷史成本包括收購該等項目所佔直接開支。

只有在項目有關之未來經濟利益有可能流入本集團及項目成本能可靠計量時，其後成本才會加入資產賬面值或確認為另外一項資產(如適用)。替代部分的賬面值取消確認。所有其他維修及維護則於產生的財政期間內在收益表扣除。

Notes to the Financial Statements

財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Property, plant and equipment (Continued)

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

Buildings	20–40 years
Leasehold improvements	5 years
Plant and machinery	5–10 years
Vehicles	3–10 years
Furniture, fittings and equipment	5–10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in the income statement.

Construction in progress represents buildings, plant and machinery under construction or pending installation and is stated at cost less accumulated impairment losses. Cost includes the costs of construction of buildings, costs of plant and machinery, and borrowing costs arising from borrowings used to finance these assets during the year of construction or installation and testing. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and ready for intended use. When the assets concerned are brought into use, the costs are transferred to respective property, plant and equipment and depreciated in accordance with the policy as stated above.

2 重大會計政策概要 (續)

2.5 物業、廠房及設備 (續)

物業、廠房及設備折舊以直線法計算，按估計可使用年期內將其成本分配至其餘值，估計可使用年期如下：

樓宇	20–40年
租賃物業裝修	5年
廠房及機械	5–10年
汽車	3–10年
傢俬、裝置及設備	5–10年

資產餘值及可使用年期將於每個結算日審閱及調整(如適用)。倘資產賬面值大於其估計可收回金額，則該資產賬面值將即時撇減至其可收回金額。

出售所得損益乃按所得款項及賬面值的差額釐定，並包括在收益表內。

在建工程指在建或有待裝置的樓宇、廠房及機械，並按成本減去累計減值虧損後入賬。成本包括樓宇建築成本、廠房及機械成本以及就作為該等資產於興建或安裝及測試期內的融資的借貸產生的借貸成本開支。在建工程直至有關資產完成及可作擬定用途前不計提折舊撥備。當有關資產投入運作時，將成本轉撥至相關物業、廠房及設備，並按上文所述的政策計提折舊。

Notes to the Financial Statements

財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group's entities, is classified as investment property.

Investment property comprises land held under operating leases and buildings held under finance leases. Land held under operating leases are classified and accounted for as investment property when the rest of the definition of investment property is met. The operating lease is accounted for as if it were a finance lease.

Investment property is measured initially at its cost, including related transaction costs. After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions.

The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. Some of those outflows are recognised as a liability, including finance lease liabilities in respect of land classified as investment property; others, including contingent rent payments, are not recognised in the financial statements.

2 重大會計政策概要 (續)

2.6 投資物業

為長期租金收益或資本升值或上述兩者持有的物業，而並非由本集團內各實體佔用的物業，均列作投資物業。

投資物業包括以經營租賃持有的土地及以融資租賃持有的樓宇。根據經營租賃持有的土地如能符合投資物業所有餘下定義，均列作並入賬為投資物業。經營租賃會當作融資租賃入賬。

投資物業初步以成本(包括相關交易成本)計量。經初步確認後，投資物業按公平值列賬。公平值乃以活躍市價為基礎，於必要時就特定資產之性質、地點或狀況之任何差異作出調整。倘無法獲得此等資料，本集團可採用其他估值方法，例如活躍度較低市場的近期價格或現金流量折現規劃。

投資物業的公平值應反映(其中包括)當前租賃所得租金收入及根據當前市場環境對未來租賃所得租金收入的假設。

在類似基準下，公平值也反映關於該物業預計的任何現金流出額。部分現金流出額確認為負債，包括有關列作投資物業的土地的融資租賃負債。其他現金流出額(包括或然租金付款)則不會於財務報表中確認。

Notes to the Financial Statements

財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Investment properties (Continued)

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

Changes in fair values are recognised in the income statement, as part of the other gains, net.

2.7 Intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in interests in associates and is tested for impairment as part of the overall balance. Separately recognised goodwill is tested for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

2 重大會計政策概要 (續)

2.6 投資物業 (續)

如投資物業的相關未來經濟利益很可能流入本集團，且該項目的成本可以可靠地計量時，其後的開支方可於該項資產的賬面值中扣除。所有其他維修及維護成本則於產生的財政期間內在收益表列作開支。

公平值變動於收益表中確認為其他收益淨值的部分。

2.7 無形資產

(a) 商譽

商譽指收購成本超出本集團於收購日期應佔已收購附屬公司／聯營公司可資識別資產淨值的公平值。收購附屬公司所產生的商譽計入於無形資產中。收購聯營公司的商譽則計入於聯營公司的權益中，並為整體結餘的一部份測試減值。獨立確認的商譽會作出減值測試及以成本減累計減值虧損列賬。商譽的減值虧損並不會撥回。出售實體損益包括與已售實體有關的商譽賬面值。

Notes to the Financial Statements

財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Intangible assets (Continued)

(a) *Goodwill (Continued)*

Goodwill is allocated to cash-generating units (“CGUs”) for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose.

(b) *Trademarks*

Trademarks are shown at historical cost. Trademarks have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks over their estimated useful lives of 10 years.

(c) *Licence rights*

Licence rights are stated at historical cost less accumulated amortisation and accumulated impairment losses, if any. They are initially measured at the fair value of the consideration given to acquire the licence at the time of the acquisition, which represents the present values of expected fixed payments at the time of the acquisition.

Licence rights are amortised over the licence periods on a straight-line basis over 3 years.

2 重大會計政策概要 (續)

2.7 無形資產 (續)

(a) *商譽 (續)*

為測試減值，商譽被分配到現金產生單位。有關商譽會分配到預期會從產生有關商譽的業務合併中受惠的該等現金產生單位或現金產生單位組別。

(b) *商標*

商標以歷史成本列示。商標具指定可使用年期，並按成本減累計攤銷列賬。攤銷以直線法計算，將商標成本於其預計可使用年期10年內攤銷。

(c) *專營權*

專營權乃以成本減累計攤銷及累計減值虧損(如有)列賬。其初步以於收購時就取得專營權支付的代價的公平值計量，即於收購時的預期固定付款的現值。

專營權乃於三年期內以直線法攤銷。

Notes to the Financial Statements

財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Impairment of investments in subsidiaries and non-financial assets

Assets that have an indefinite useful life or have not yet available for use are not subject to amortisation and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.9 Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

2 重大會計政策概要 (續)

2.8 於附屬公司及非金融資產的投資減值

無既定可使用年期或尚未可供使用的資產毋須計提攤銷，並每年進行一次減值測試。當出現事件或情況改變顯示未必能收回資產的賬面值時，則會檢討該等資產的減值。減值虧損按資產賬面值超過可收回數額（即資產公平值減出售成本後金額與使用價值兩者之較高者）的差額確認。就評估減值而言，資產按可獨立分辨現金流量之最低水平分類。除商譽以外而出現減值的非金融資產可於各報告日期就可能撥回減值進行審閱。

2.9 按公平值列賬在損益表中處理的金融資產

按公平值列賬在損益表中處理的金融資產為持作買賣的金融資產。倘一項金融資產乃主要因於短期出售而購入，則會分類至本類別。除非衍生工具乃指定作對沖，否則會分類為持作買賣。於本類別的資產分類為流動資產。

Notes to the Financial Statements

財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Financial assets at fair value through profit or loss (Continued)

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group established fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

2.10 Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value.

The Group's derivative financial instruments do not qualify for hedge accounting and are accounted for at fair value through profit or loss. Changes in the fair value of these derivative instruments are recognised immediately in the income statement within "other gains, net".

2 重大會計政策概要 (續)

2.9 按公平值列賬在損益表中處理的金融資產 (續)

有價投資的公平值乃根據當前的叫價釐訂。倘金融資產所屬的市場並不活躍(及就非上市證券而言)，本集團使用估值技巧釐訂公平值。有關技巧包括使用近期進行的公平交易、參考其他大體上相同的工具、折算現金流分析及期權定價模式、盡量使用市場數據及盡可能不依靠特定實體的數據。

2.10 衍生金融工具及對沖活動

衍生工具初步以訂立衍生工具合約當日的公平值確認，其後則以其公平值重新計量。

本集團的衍生金融工具不符資格採用對沖會計法，並以成本值列賬在損益表內處理。該等衍生工具的公平值變動即時於收益表內確認的「其他收益淨值」中確認。

Notes to the Financial Statements

財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.12 Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtors will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in the income statement.

2 重大會計政策概要 (續)

2.11 存貨

按成本與可變現淨值兩者的較低者列賬。成本以加權平均法計算。製成品及在製品的成本包括原材料、直接工資、其他直接成本及相關生產間接開支(按一般營運產能計算)，惟不包括借貸成本。可變現淨值指在日常業務過程中的估計售價，減適用的變動銷售開支。

2.12 應收貿易賬款及其他應收款項

應收貿易賬款及其他應收款項初步按公平值確認，其後使用實際利率法按攤銷成本計量，並減去減值撥備。當有客觀證據顯示本集團未能根據應收款項之原訂條款收回所有到期款項，則會就應收貿易賬款及其他應收款項計提減值撥備。債務人遇上重大財政困難、債務人極可能破產或債務重組、欠繳或拖欠還款，均視作應收貿易賬款的減值指標。撥備金額為資產賬面值與按原本實際息率折現之預期未來現金流量現值兩者的差額。資產賬面值通過準備賬戶作減值，其虧損數額被確認於損益表內。當一項應收貿易賬款為不可收回時，則於應收貿易賬款的準備賬戶撇銷。其後收回先前已撇銷的金額則計入收益表。

Notes to the Financial Statements

財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

2.14 Share capital

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

2.15 Trade payables

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

2.16 Licence fees payable

Licence fees payable in respect of the acquisition of a licence right are initially recognised at fair value of the consideration given to acquire the licence at the time of the acquisition, which represent the present values of expected variable payments that can be reliably estimated at the time of the acquisition. Expected variable payments are based on pre-determined criteria on future revenue by reference to budgets and forecasts based on past performance of the business associated with the underlying licence and industry situation and trends, and after considering uncertainties and different chances of various outcomes. They are subsequently stated at amortised cost using the effective interest method.

Interest is accrued on licence fees payable and charged to interest expense.

2 重大會計政策概要 (續)

2.13 現金及現金等值項目

現金及現金等值項目包括手頭現金、隨時可提取的銀行存款及原期限不超過三個月的其他高流動性短期投資。

2.14 股本

普通股歸類為權益。與發行新股或購股權直接有關的增量成本，在權益中列為所得款項的減項（扣除稅項）。

2.15 應付貿易賬款

應付貿易賬款初步以公平值確認及其後使用實際利率法以攤銷成本計量。

2.16 應付專營權費

就取得專營權應付的專營權費初步以收購時就取得專營權所支付的代價的公平值確認，即預期可於收購時可靠地計算的浮動付款。預期浮動付款乃根據就參考預算就未來收益預先釐訂的基準，以及根據專營權相關業務的過往表現所作的預測，加上行業狀況及走勢，於考慮到不確定因素及不同結果的出現機會後釐訂。彼於其後則使用實際利息法以攤銷成本列賬。

利息乃就應付專營權費累計，並計入利息開支中。

Notes to the Financial Statements

財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

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

2.18 Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed.

2.19 Current and deferred income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the balance sheet date in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

2 重大會計政策概要(續)

2.17 借貸

借貸初步以公平值確認(扣除所產生的交易成本)。借貸其後以攤銷成本列賬。所得款項(扣除交易成本)及贖回價值之差額,以實際利率法於借貸期間在收益表予以確認。

除非本集團有無條件權利將償還負債的期限延至結算日起計最少12個月後,否則借貸均列作流動負債。

2.18 借貸成本

建設任何合資格資產所產生的借貸成本於完成建設及將資產達致擬定用途所需期間內資本化。其他借貸成本則列作開支。

2.19 即期及遞延所得稅

即期所得稅開支乃根據本公司及其附屬公司及聯營公司營運及產生應課稅收入的國定於結算日已頒行或大體上已頒行的稅法計算。管理層定期就有待詮釋的適用稅務條例評估退稅狀況,以及於適當時就預期將支付予稅務機關的款項釐訂撥備金額。

Notes to the Financial Statements

財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Current and deferred income tax (Continued)

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

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

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

2 重大會計政策概要 (續)

2.19 即期及遞延所得稅 (續)

遞延所得稅以負債法就資產及負債之稅基與在綜合財務報表所列賬面值間之暫時差額作出全數撥備。然而，如遞延所得稅項乃源自業務合併以外的交易中初步確認之資產或負債，而在交易時並不影響會計或應課稅溢利或虧損，則不會入賬處理。遞延所得稅以結算日已制定或大致上已制定之稅率（及稅法）計算，並預期在相關遞延所得稅項資產實現時或遞延所得稅項負債償還時動用。

倘日後應課稅溢利可能抵銷暫時差額，則會確認遞延所得稅項資產。

遞延所得稅按於附屬公司及聯營公司的投資所產生的暫時差額計提撥備，惟除了暫時差額的撥回時間由本集團控制外，暫時差額未必會於可見的將來撥回。

Notes to the Financial Statements

財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Employee benefits

(i) Pension obligations

The Group participates in a number of defined contribution plans in Hong Kong and the People's Republic of China ("PRC"), the assets of which are generally held in separate trustee-administered funds. The pension plans are generally funded by payments from employees and the relevant Group's entities. The Group pays contributions to the pension plans on a mandatory, contractual or voluntary basis which are calculated as a percentage of the employees' salaries.

The Group has no legal or constructive obligations to make further payments once the required contributions have been paid, even if the plans do not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior years.

The contributions are recognised as employee benefit expense when they are due and are not reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

2 重大會計政策概要(續)

2.20 僱員福利

(i) 退休金責任

本集團於香港及中華人民共和國(「中國」)參與多個定額供款計劃，其資產一般由信託管理基金分開持有。退休金計劃所需資金一般由僱員及相關的集團實體作出供款。本集團以強制、合約或自願基準向退休金計劃作出供款，款項按僱員薪金的百分比計算。

在作出規定供款後，即使計劃並無足夠資產向所有僱員支付僱員於當年度及過往年度所作服務有關的福利，本集團亦無任何法律或推定責任再支付其他款項。

該等供款於到期時確認為僱員福利開支，且不會以僱員在取得全數供款前退出計劃而被沒收之供款作扣減。預繳供款確認為資產，惟須以可獲現金退款或扣減日後供款為限。

Notes to the Financial Statements

財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Employee benefits (Continued)

(ii) *Employee leave entitlements*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date. Employee entitlements to sick and maternity leave are not recognised until the time of leave.

(iii) *Profit sharing and bonus plans*

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

2 重大會計政策概要 (續)

2.20 僱員福利 (續)

(ii) 僱員應有假期

僱員應有年假乃於累計予僱員時確認。本集團已就截至結算日僱員提供服務所產生年假的估計負債作出撥備。僱員應有病假及產假在僱員放假時方予確認。

(iii) 分享溢利及花紅計劃

本集團根據一條公式(考慮本公司股東應佔溢利並經若干調整後)，就花紅及分享溢利確認負債及開支。本集團於合約規定或過往慣例產生推定責任時確認撥備。

Notes to the Financial Statements

財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Employee benefits (Continued)

(iv) Share-based compensation

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

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

2 重大會計政策概要 (續)

2.20 僱員福利 (續)

(iv) 以股份支付的報酬

本集團推行一項按股本結算、以股份支付報酬的計劃。為換取授出購股權而獲得的僱員服務公平值乃確認為開支。將於歸屬期內支銷的總金額乃參照已授出購股權的公平值釐定，不包括任何非市場歸屬條件的影響（例如盈利能力及銷售量增長目標）。有關預期歸屬的購股權數目的假設，已包括非市場歸屬條件。於各結算日，有關實體會修訂其估計預期歸屬的購股權數目，並在收益表內確認修訂原來估計數字（如有）的影響，以及對股本作出相應調整。

在購股權行使時，已收取並經扣除任何直接應佔交易成本的所得款項均計入股本（面值）及股份溢價中。

Notes to the Financial Statements

財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

2.22 Provisions

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

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

2 重大會計政策概要 (續)

2.21 或然負債

或然負債乃因過去事件而可能出現的責任，而須視乎日後會否出現一項或多項本集團不可完全控制的事件方可確實。或然負債亦包括基於過去事件而產生的現有責任，但由於未必出現經濟資源流出或不能就該負債數額作可靠計量而未有確認。

或然負債不會確認入賬但會於財務資料附註中披露。倘經濟資源流出之可能性出現變化，而相當可能出現流出，則會確認為撥備。

2.22 撥備

本集團若因過往事件而有法定或推定責任，並可能須要資源流出以履行有關責任，而相關金額能作出可靠估計，則會確認撥備。本集團不會就日後經營虧損確認撥備。

倘出現多項類似責任，會考慮責任之整體類別後釐定清償責任會否導致資源流出。即使同類別責任中任何一項可能流出資源的機會不大，仍會確認撥備。

Notes to the Financial Statements

財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Provisions (Continued)

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.23 Revenue recognition

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

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

2 重大會計政策概要 (續)

2.22 撥備 (續)

撥備乃按照清償債務預計所需開支的現值，利用反映目前市場對貨幣時間值及有關債務的特有風險所作之評估的除稅前比率計量。因時間流逝而增加的撥備須確認為利息開支。

2.23 收入確認

收入乃本集團業務活動的正常過程銷售貨物及服務的已收或應收代價之公平值。收入乃扣除增值稅、退貨及折扣和本集團內銷售後列示。

本集團於收入數額能可靠地計量、未來經濟收入可能流入及符合下文所述的本集團各項業務活動的特定條件時，確認收入。待有關銷售的所有或然情況解決後收入的數額方會被視為能可靠地計量。本集團以過往業績為估計基準，並計入顧客種類、交易類型及各項安排的特定情況。

Notes to the Financial Statements

財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Revenue recognition (Continued)

(a) *Sales of goods — OEM garment sales*

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

(b) *Sales of goods — retailing of branded fashion apparel*

Sales of goods are recognised when a Group's entity sells a product to the customer. Retail sales are in cash or by credit cards or collected by department stores on behalf of the Group. The recorded revenue includes credit card fees payable for the transaction. Such credit card fees are included in selling, marketing and distribution costs. It is the Group's policy to sell its products to the end customer with a right of return. Accumulated experience is used to estimate and provide for such returns at the time of sale.

(c) *Interest income*

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

2 重大會計政策概要 (續)

2.23 收入確認 (續)

(a) *銷售貨物 — 銷售原設備製造成衣*

當集團屬下實體向客戶交付產品、客戶接收該等產品以及合理確保可收取相關應收款項時，將確認銷售貨物。

(b) *銷售貨物 — 品牌時裝零售*

銷售貨物於本集團屬下實體向客戶出售產品時確認。零售銷售乃以現金或信用卡支付，或由百貨公司代本集團收取。所記錄收入包括交易的應付信用卡費用。該等信用卡費用將列入銷售、營銷及分銷成本中。向最終客戶銷售產品附退貨權利乃本集團的政策。銷售時，乃依靠累積經驗就退貨作出估計及撥備。

(c) *利息收入*

利息收入利用實際利率法按時間比例基準確認。

Notes to the Financial Statements

財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Revenue recognition (Continued)

(d) *Dividend income*

Dividend income is recognised when the right to receive payment is established.

(e) *Rental income*

Rental income on assets leased out under operating leases is recognised on a straight-line basis over the lease term.

2.24 Government grants

Government grants are subsidies on export of textile and clothing and assistance on certain projects approved by local government. Government grants are recognised at their fair value where there is a reasonable assurance that the grants will be received and the Group will comply with all attached conditions.

Government grants are recognised when the right to receive payment is established.

2.25 Leases (as the lessee for operating leases)

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

2 重大會計政策概要 (續)

2.23 收入確認 (續)

(d) *股息收入*

股息收入於收取股息的權利獲確立時確認。

(e) *租金收入*

根據經營租賃租出資產的租金收入，於租賃期內以直線法確認。

2.24 政府補助金

政府補助金為地方政府批准對紡織品及衣物出口的補貼及若干項目的資助。當有合理保證會收到補助金，而本集團將遵照所有附帶的條件，政府補助金會以其公平值確認。

政府補助金乃於收款權利確立時確認。

2.25 租賃 (作為經營租賃的承租人)

凡資產擁有權的絕大部分風險及回報仍歸出租人所有的租賃，均歸類為經營租賃。根據經營租賃的付款 (扣除出租人給予的任何優惠) 在租期內以直線法在收益表中扣除。

Notes to the Financial Statements

財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.26 Dividend distribution

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

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

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

(a) Foreign exchange risk

The Group mainly operates in Hong Kong and Mainland China. Sales are made to overseas customers as well as customers in the PRC while purchases are mainly from suppliers in Hong Kong and the PRC. The functional currencies of the Group's entities in Hong Kong and Mainland China are US\$ and RMB respectively.

Foreign exchange risks arise on monetary assets and liabilities being denominated in a currency that is not the functional currency. The Group's entities in Mainland China have monetary assets and liabilities denominated in US\$, which is not their functional currencies. The management of the Group monitors the related foreign exchange risk exposure closely and has used forward contracts to reduce US\$ exchange exposure of the Group's entities in Mainland China.

2 重大會計政策概要(續)

2.26 股息分派

股息分派在本公司股東或董事(如適用)批准股息的期間於本集團財務報表中確認為負債。

3 財務風險管理

3.1 財務風險因素

本集團業務面對多種財務風險：市場風險(包括貨幣風險及現金流利率風險)、信貸風險及流動資金風險。

(a) 外匯風險

本集團主要於香港及中國內地經營業務，並向海外及中國的客戶銷售，及主要向香港及中國的供應商進行採購。本集團位於香港及中國內地的實體之功能貨幣分別為美元及人民幣。

以非功能貨幣計值之貨幣資產及負債引致外匯風險。本集團位於中國內地的實體擁有以美元計值的貨幣資產及負債，而美元並非彼等的功能貨幣。本集團管理層會密切監察相關外匯風險，並會使用遠期合約減低本集團於中國內地的實體所承受的美元匯風險。

Notes to the Financial Statements

財務報表附註

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(a) Foreign exchange risk (Continued)

At 31 December 2007, if RMB had strengthened/weakened by 10% (2006: 10%) against the US\$ with all other variables held constant, profit for the year and equity holders' equity would have been approximately HK\$6,018,000 (2006: HK\$18,708,000) lower/higher, mainly as a result of foreign exchange losses/gains on translation of US\$ denominated cash and bank balances held by the Group's entities in Mainland China. Profit is less sensitive to movement in US\$/RMB exchange rates in 2007 than 2006 because of the decreased amount of US\$ denominated cash and bank balances held by the Group's entities in Mainland China.

(b) Cash flow interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates as the Group has no significant interest-bearing assets except for bank deposits. The Group's exposure to changes in interest rates is mainly attributable to its bank deposits and borrowings. Bank deposits and borrowings at variable rates expose the Group to cash flow interest-rate risk. The interest rates of the Group's bank deposits and the rates and terms of the Group's borrowings are disclosed in Notes 15 and 21 to the financial statements respectively.

3 財務風險管理 (續)

3.1 財務風險因素 (續)

(a) 外匯風險 (續)

於二零零七年十二月三十一日，倘人民幣兌美元升值／貶值10%（二零零六年：10%），而其他變數維持不變，年度溢利及股權持有人的權益將減少／增加約6,018,000港元（二零零六年：18,708,000港元），主要因換算本集團於中國內地的實體所持有以美元計值的現金及銀行結餘所產生的滙兌虧損／收益。與二零零六年比較，二零零七年溢利對美元／人民幣滙率變動的敏感程度下降，原因為本集團於中國內地的實體所持有以美元計值的現金及銀行結餘金額下降所致。

(b) 現金流量利率風險

除銀行存款外，本集團並無重大附息資產，因此，本集團的收入及經營現金流量大致不受市場利率波動影響。本集團所面對的利率波動風險主要來自其銀行存款及借貸。以浮動利率計息的銀行存款及借貸導致本集團需面對現金流量利率風險。本集團的銀行存款利率及本集團借貸的利率及條款分別於財務報表附註15及21中披露。

Notes to the Financial Statements

財務報表附註

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) *Cash flow interest rate risk (Continued)*

The Group has not used any interest rate swaps to hedge its exposure to interest rate risk.

(c) *Credit risk*

The carrying amounts of cash and bank balances, derivative financial instruments, trade and other receivables, except for prepayments, represent the Group's maximum exposure to credit risk in relation to financial assets.

3 財務風險管理 (續)

3.1 財務風險因素 (續)

(b) *現金流量利率風險 (續)*

本集團並無使用任何利率掉期對沖其利率風險。

(c) *信貸風險*

現金及銀行結餘、衍生金融工具、應收貿易及其他應收款項(預付款項除外)的賬面值,乃本集團就金融資產所面對的最大信貸風險。

Notes to the Financial Statements

財務報表附註

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(c) Credit risk (Continued)

The Group also has policies in place to ensure that sales of products are made to customers with an appropriate credit history. OEM garment sales to large or long-established customers with good repayment history comprise a significant proportion of the total Group's OEM garment sales. The Group also has policies on granting different settlement methods to different customers to monitor the credit exposure. Letters of credit are normally required from new customers and existing customers with short trading history for settlement purposes. Sales to retail customers are made in cash or via credit cards or collected by department stores on behalf of the Group. The Group's historical experience in collection of trade and other receivables falls within the recorded allowances. At 31 December 2007, trade and bills receivables amounting to HK\$341,860,000 (2006: HK\$307,632,000) were due from multi-national companies operating under international well-known brand retailers.

The Group has policies to place its cash and cash equivalents only with major financial institutions and does not expect any losses from non-performance by these financial institutions.

3 財務風險管理 (續)

3.1 財務風險因素 (續)

(c) 信貸風險 (續)

本集團亦具政策以確保向具備合適信貸記錄的客戶銷售產品。向具備良好還款記錄的大型或長期客戶銷售原設備製成衣佔本集團全部原設備製成衣銷售額的重要部分。本集團的另一政策乃向不同客戶授出不同清償方式，以監管信貸風險。新客戶及交易記錄較短的現有客戶一般需以信用證付款。零售客戶的銷售乃以現金或信用卡進行，或由百貨公司代本集團收取款項。本集團過往未收回之應收貿易賬款及其他應收款項並無超出有關備抵額。於二零零七年十二月三十一日，應收貿易款項及票據341,860,000港元(二零零六年：307,632,000港元)為應收國際知名品牌零售商所經營的跨國公司的款項。

本集團亦有政策，將其現金及現金等值物僅存放於主要金融機構，且本集團並不預期會因該等金融機構違約而產生任何損失。

Notes to the Financial Statements

財務報表附註

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(d) *Concentration risk*

During the year ended 31 December 2007, the Group's sales to top 5 customers who are the international well-known brand retailers accounted for approximately 53.6% (2006: 49.8%) of the total revenue. The Group aims to maintain long-term relationship with reputable customers in the expansion of its business.

(e) *Liquidity risk*

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Group aims to maintain flexibility in funding by keeping committed credit lines available.

The Group's primary cash requirements have been for purchases of materials, machinery and equipment and payments of employee benefit expenses. The Group finances its working capital requirements through a combination of funds generated from operations and bank loans. The Group generally operates with a working capital surplus.

3 財務風險管理 (續)

3.1 財務風險因素 (續)

(d) *集中風險*

截至二零零七年十二月三十一日止年度，本集團向五大客戶（均為國際知名品牌零售商）的銷售額分別約佔收入總值的53.6%（二零零六年：49.8%）。本集團為擴張業務，致力維持與著名客戶的長遠關係。

(e) *流動資金風險*

審慎的流動資金風險管理令本集團可維持足夠現金及透過充足已承諾信貸額取得資金。本集團的目標乃通過保持取得已承諾信貸額，維持資金的靈活性。

本集團主要現金需求乃用於採購材料、機械及設備以及支付僱員福利開支。本集團以經營業務及銀行借貸所得資金應付其營運資金需求。本集團營運資金一般具備盈餘。

Notes to the Financial Statements

財務報表附註

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(e) Liquidity risk (Continued)

As at 31 December 2006 and 2007, the Group's and the Company's contractual obligations mature within 1 year except for non-current portion of licence fees payable which matures between 1 and 2 years.

The table below analyses the Group's derivative financial instruments that will be settled on a gross basis into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

		Group	
		本集團	
		2007	2006
		二零零七年	二零零六年
		HK\$'000	HK\$'000
		千港元	千港元
Foreign exchange forward contracts, expired less than 1 year	遠期外匯合約，於一年內屆滿		
— outflow	— 流出	167,864	—
— inflow	— 流入	176,062	—

3 財務風險管理 (續)

3.1 財務風險因素 (續)

(e) 流動資金風險 (續)

於二零零六年及二零零七年十二月三十一日，本集團及本公司的已訂約責任於一年內到期，惟應付專營權費的非即期部分除外，其介乎於一至二年間到期。

下表為根據結算日至合約到期日間的餘下期間，以相關到期組別劃分將以總額結算的本集團衍生金融工具分析。表內所披露的金額為已訂約的未折算現金流。由於折算影響並不重大，於十二個月內到期的結餘相當於賬面結餘。

Notes to the Financial Statements

財務報表附註

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or increase debt.

The Group monitors capital on the basis of the debt to equity ratio. This ratio is calculated as bank borrowings of HK\$13,154,000 (2006: HK\$2,225,000) divided by total equity of HK\$2,110,438,000 (2006: HK\$1,842,784,000). The ratio as at 31 December 2006 and 2007 were 0.1% and 0.6% respectively.

3.3 Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price.

The carrying amounts of the Group's financial assets including amounts due from associates, trade and other receivables, cash and bank balances, and financial liabilities including trade and other payables and bank borrowings are assumed to approximate their fair values due to their short maturities.

3 財務風險管理 (續)

3.2 資本風險管理

本集團管理資本的目標為保障本集團繼續以持續基準經營能力，藉以為股東帶來回報及其他股權持有人帶來利益，以及維持最合適的資本架構，從而降低資本成本。

為維持或調整資本架構，本集團可對支付予股東的股息作出調整、向股東退回資本、發行新股或增加債務。

本集團以負債對權益比率監察資本。是項比率乃以銀行借貸13,154,000港元(二零零六年：2,225,000港元)除以權益總額2,110,438,000港元(二零零六年：1,842,784,000港元)計算。於二零零六年及二零零七年十二月三十一日之比率分別為0.1%及0.6%。

3.3 公平值估計

於活躍市場買賣的金融工具的公平值乃根據於結算日所報的市價釐訂。本集團所持金融資產的所報市價為當前的買入價。

本集團的金融資產(包括應收聯營公司款項、應收貿易及其他應收賬款、現金及銀行結餘)及金融負債(包括應付貿易賬款及其他應付款項及銀行借貸)的賬面值由於到期日較短，故與其各自的公平值相約。

Notes to the Financial Statements

財務報表附註

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (Continued)

The fair value of foreign exchange forward contracts is determined using quoted forward exchange rates at the balance sheet date.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments. The fair values of non-current licence fees payable are disclosed in Note 18 to the financial statements.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

3 財務風險管理 (續)

3.3 公平值估計 (續)

遠期外匯合約的公平值乃使用於結算日所報的遠期匯率釐訂。

為作出披露，金融負債的公平值乃按本集團同類金融工具當時可得之市場利率折現日後合約現金流量而估計。非流動應付專利權費的公平值於財務報表附註18披露。

4 重要會計估計及判斷

本集團持續評審估計及判斷，且該等估計及判斷乃基於過往經驗及其他因素，包括按情況而言相信屬合理而對未來事項的預測。

本集團就未來事項作出估計及假設。該等因而產生的會計估計按定義甚少與相關實際結果相同。有很大機會對下一財政年度資產及負債的賬面值構成重大調整的估計及假設詳列如下。

Notes to the Financial Statements

財務報表附註

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(i) Useful lives and residual values of property, plant and equipment

The Group's management determines the estimated useful lives, residual values and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

(ii) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are based on the current market condition and the historical experience of manufacturing and selling products of similar nature. It could change significantly as a result of changes in customer taste and competitor actions in response to severe industry cycles. Management will reassess the estimations by the balance sheet date.

(iii) Trade and other receivables

The Group's management determines the provision for impairment of trade and other receivables. This estimate is based on the credit history of its customers and the current market condition. Management reassesses the provision by each balance sheet date.

4 重要會計估計及判斷 (續)

(i) 物業、廠房及設備可使用年期及剩餘價值

本集團管理層就其物業、廠房及設備釐定估計可使用年期、剩餘價值及相關折舊開支。此項估計乃基於具相類性質及功能的物業、廠房及設備的實際可使用年期，但可能會因為技術創新及競爭對手為回應嚴峻行業週期而採取的行動而出現重大改變。倘可使用年期少於先前估計的可使用年期，管理層將增加折舊開支，或將撇銷或撇減已棄用或出售的技術過時或非策略性資產。

(ii) 存貨可變現淨值

存貨的可變現淨值乃基於日常業務過程中的估計售價，減估計完成的成本及銷售開支。該等估計乃基於目前市況及製造及銷售同類產品的過往經驗，但可能會因為客戶喜好改變及競爭對手為回應嚴峻行業週期而採取的行動而出現重大改變。管理層將於結算日或之前重新評估該等估計。

(iii) 應收貿易賬款及其他應收款項

本集團管理層按客戶信貸往績及當其時市況釐定應收貿易賬款及其他應收款項的減值撥備。管理層將於每個結算日或之前重新評估撥備。

Notes to the Financial Statements

財務報表附註

5 REVENUE AND SEGMENT INFORMATION

(a) Turnover and revenue

The Group is principally engaged in the manufacturing and sale of garments. Revenue represents sales of goods.

(b) Primary reporting segment – business segments

The business segment reporting includes the following segments: (1) manufacturing and sale of garments on an OEM basis (“OEM”); and (2) manufacturing and retailing of branded fashion apparel (“Retail”).

Inter-segment transfers or transactions are entered into under the normal commercial terms and conditions that would also be available to unrelated third parties.

Segment assets consist primarily of property, plant and equipment, leasehold land and land use rights, intangible assets, inventories, receivables and operating cash. They exclude items such as corporate assets, deferred income tax assets and tax recoverable.

Segment liabilities comprise operating liabilities. They exclude items such as current income tax liabilities and deferred income tax liabilities.

Capital expenditure comprises additions to property, plant and equipment, leasehold land and land use rights and intangible assets, including additions resulting from acquisitions through business combinations.

5 營業額及分部資料

(a) 營業額及收入

本集團的主要業務是製造及銷售成衣。收入乃指貨品銷售。

(b) 主要呈報分部 — 業務分部

業務分部報告包括以下分部：
(1)按原設備製造（「原設備製造」）製造成衣銷售；及(2)品牌時裝製造及零售（「零售」）。

分部轉讓或交易乃按可由無關連第三方提供的正常商業條款及條件訂立。

分部資產主要包括物業、廠房及設備、批租土地及土地使用權、無形資產、存貨、應收款項及經營現金，但不包括企業資產、遞延所得稅資產及可收回稅項等項目。

分部負債包括經營負債，但不包括流動所得稅負債及遞延所得稅負債等項目。

資本開支包括添置物業、廠房及設備、批租土地及土地使用權及無形資產的添置，包括業務合併中所作收購產生的添置。

Notes to the Financial Statements

財務報表附註

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

(b) Primary reporting segment – business segments (Continued)

The segment revenue and results for the year ended 31 December 2007 are as follows:

		OEM 原設備製造 HK\$'000 千港元	Retail 零售 HK\$'000 千港元	Total 總值 HK\$'000 千港元
Gross segment sales	分部銷售總值	2,093,719	263,928	2,357,647
Elimination of inter-segment sales	分部銷售額對銷	(1,561)	(2,579)	(4,140)
Turnover and segment revenue	營業額及分部收入	2,092,158	261,349	2,353,507
Segment results	分部業績	433,715	53,333	487,048
Unallocated gains	未分配收益			14,228
Operating profit	經營溢利			501,276
Share of profits less losses of associates	分佔聯營公司溢利減虧損	12,156	(380)	11,776

5 營業額及分部資料 (續)

(b) 主要呈報分部 — 業務分部 (續)

截至二零零七年十二月三十一日止年度的分部收入及業績如下：

		OEM 原設備製造 HK\$'000 千港元	Retail 零售 HK\$'000 千港元	Total 總值 HK\$'000 千港元
Gross segment sales	分部銷售總值	2,093,719	263,928	2,357,647
Elimination of inter-segment sales	分部銷售額對銷	(1,561)	(2,579)	(4,140)
Turnover and segment revenue	營業額及分部收入	2,092,158	261,349	2,353,507
Segment results	分部業績	433,715	53,333	487,048
Unallocated gains	未分配收益			14,228
Operating profit	經營溢利			501,276
Share of profits less losses of associates	分佔聯營公司溢利減虧損	12,156	(380)	11,776

Notes to the Financial Statements

財務報表附註

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

(b) Primary reporting segment – business segments (Continued)

Other segment items included in the income statement are as follows:

		OEM	Retail	Total
		原設備製造	零售	總值
		HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元
Depreciation of property, plant and equipment	物業、廠房及設備折舊	37,455	2,561	40,016
Amortisation of leasehold land and land use rights	批租土地及土地使用權攤銷	1,640	42	1,682
Amortisation of intangible assets	無形資產攤銷	—	7,845	7,845

The segment assets and liabilities as at 31 December 2007 and capital expenditure for the year then ended are as follows:

(b) 主要呈報分部 — 業務分部 (續)

包括在收益表內的其他分部項目如下：

		OEM	Retail	Total
		原設備製造	零售	總值
		HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元
Depreciation of property, plant and equipment	物業、廠房及設備折舊	37,455	2,561	40,016
Amortisation of leasehold land and land use rights	批租土地及土地使用權攤銷	1,640	42	1,682
Amortisation of intangible assets	無形資產攤銷	—	7,845	7,845

於二零零七年十二月三十一日的分部資產及負債及截至該日止年度的資本開支如下：

		OEM	Retail	Corporate and others	Total
		原設備製造	零售	企業及其他	總值
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
Segment assets	分部資產	1,959,906	355,555	118,444	2,433,905
Interests in associates	於聯營公司之權益	34,505	4,665	—	39,170
Total assets	資產總值	1,994,411	360,220	118,444	2,473,075
Segment liabilities	分部負債	179,360	142,983	40,294	362,637
Capital expenditure	資本開支	171,830	15,495	—	187,325

Notes to the Financial Statements

財務報表附註

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

(b) Primary reporting segment – business segments (Continued)

The segment revenue and results for the year ended 31 December 2006 are as follows:

5 營業額及分部資料(續)

(b) 主要呈報分部 — 業務分部(續)

截至二零零六年十二月三十一日止年度的分部收入及業績如下：

		OEM 原設備製造 HK\$'000 千港元	Retail 零售 HK\$'000 千港元	Total 總值 HK\$'000 千港元
Gross segment sales	分部銷售總值	1,726,554	198,477	1,925,031
Elimination of inter-segment sales	分部銷售對銷	(3,113)	(1,850)	(4,963)
Turnover and segment revenue	營業額及分部收入	1,723,441	196,627	1,920,068
Segment results	分部業績	390,195	38,934	429,129
Unallocated losses	未分配虧損			(5,947)
Operating profit	經營溢利			423,182
Share of profits less losses of associates	分佔聯營公司溢利減虧損	6,831	(8)	6,823

Notes to the Financial Statements

財務報表附註

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

(b) Primary reporting segment – business segments (Continued)

Other segment items included in the income statement are as follows:

		OEM 原設備製造 HK\$'000 千港元	Retail 零售 HK\$'000 千港元	Total 總值 HK\$'000 千港元
Depreciation of property, plant and equipment	物業、廠房及設備折舊	26,024	2,136	28,160
Amortisation of leasehold land and land use rights	批租土地及土地使用權攤銷	970	31	1,001
Amortisation of intangible assets	無形資產攤銷	—	3,122	3,122

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

5 營業額及分部資料(續)

(b) 主要呈報分部 — 業務分部 (續)

包括在收益表內的其他分部項目如下：

		OEM 原設備製造 HK\$'000 千港元	Retail 零售 HK\$'000 千港元	Total 總值 HK\$'000 千港元
Depreciation of property, plant and equipment	物業、廠房及設備折舊	26,024	2,136	28,160
Amortisation of leasehold land and land use rights	批租土地及土地使用權攤銷	970	31	1,001
Amortisation of intangible assets	無形資產攤銷	—	3,122	3,122

於二零零六年十二月三十一日的分部資產及負債及截至該日止年度的資本開支如下：

		OEM 原設備製造 HK\$'000 千港元	Retail 零售 HK\$'000 千港元	Corporate and others 企業及其他 HK\$'000 千港元	Total 總值 HK\$'000 千港元
Segment assets	分部資產	1,545,919	257,919	345,662	2,149,500
Interests in associates	於聯營公司之權益	67,508	4,742	—	72,250
Total assets	資產總值	1,613,427	262,661	345,662	2,221,750
Segment liabilities	分部負債	225,665	118,009	35,292	378,966
Capital expenditure	資本開支	297,925	1,095	—	299,020

Notes to the Financial Statements

財務報表附註

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

(c) Secondary reporting segment – geographical segments

The Group primarily operates in Hong Kong and Mainland China. Sales are made to overseas customers as well as customers in Hong Kong and Mainland China.

The Group's sales are mainly made to the customers located in the following geographical areas:

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
North America	北美洲	1,780,656	1,476,517
European Union	歐盟	111,280	90,958
Mainland China	中國內地	411,042	331,603
Hong Kong	香港	14,021	8,834
Other countries	其他國家	36,508	12,156
		2,353,507	1,920,068

The Group's total assets are located in the following geographical areas:

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Mainland China	中國內地	1,856,815	1,434,788
Hong Kong	香港	600,805	777,640
North America	北美洲	15,455	9,322
		2,473,075	2,221,750

5 營業額及分部資料 (續)

(c) 次要呈報分部 — 地區分部

本集團主要於香港及中國內地經營業務，並向海外客戶及香港與中國內地客戶進行銷售。

本集團主要向位於以下地區的客戶進行銷售：

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
North America	北美洲	1,780,656	1,476,517
European Union	歐盟	111,280	90,958
Mainland China	中國內地	411,042	331,603
Hong Kong	香港	14,021	8,834
Other countries	其他國家	36,508	12,156
		2,353,507	1,920,068

本集團總資產位於以下地區：

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Mainland China	中國內地	1,856,815	1,434,788
Hong Kong	香港	600,805	777,640
North America	北美洲	15,455	9,322
		2,473,075	2,221,750

Notes to the Financial Statements

財務報表附註

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

(c) Secondary reporting segment – geographical segments (Continued)

The Group's capital expenditure, based on where the assets are located, are located in the following geographical areas:

5 營業額及分部資料(續)

(c) 次要呈報分部 — 地區分部(續)

本集團資本開支以資產所在地為基準，位於以下地區：

		2007	2006
		二零零七年	二零零六年
		HK\$'000	HK\$'000
		千港元	千港元
Mainland China	中國內地	186,617	297,266
Hong Kong	香港	595	405
North America	北美洲	113	1,349
		187,325	299,020

Notes to the Financial Statements

財務報表附註

6 PROPERTY, PLANT AND EQUIPMENT — 6 物業、廠房及設備 GROUP — 本集團

		Buildings	Leasehold improve- ments	Plant and machinery	Vehicles	Furniture, fittings and equipment	Construction in progress	Total
		樓宇	租賃 物業裝修	廠房 及機械	汽車	傢俬、裝置 及設備	在建工程	合計
		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 1 January 2006	於二零零六年 一月一日							
Cost	成本	108,939	6,118	108,763	20,479	24,341	22,890	291,530
Accumulated depreciation	累計折舊	(10,056)	(4,146)	(19,855)	(10,222)	(9,468)	—	(53,747)
Net book amount	賬面淨值	98,883	1,972	88,908	10,257	14,873	22,890	237,783
Year ended 31 December 2006	截至二零零六年 十二月三十一日 止年度							
Opening net book amount	年初賬面淨值	98,883	1,972	88,908	10,257	14,873	22,890	237,783
Exchange differences	滙兌差額	5,746	50	4,318	372	773	1,509	12,768
Additions	添置	12	2,353	16,893	1,366	10,038	55,930	86,592
Acquisition of subsidiaries	收購附屬公司	122,202	—	—	1,279	8,283	16,866	148,630
Transfers	轉撥	1,962	—	38,637	—	981	(41,580)	—
Disposals	出售	(3,676)	(606)	(607)	(18)	(197)	—	(5,104)
Depreciation	折舊	(7,312)	(832)	(11,643)	(2,826)	(5,547)	—	(28,160)
Closing net book amount	年末賬面淨值	217,817	2,937	136,506	10,430	29,204	55,615	452,509
At 31 December 2006	於二零零六年 十二月三十一日							
Cost	成本	239,383	8,175	168,577	23,598	44,209	55,615	539,557
Accumulated depreciation	累計折舊	(21,566)	(5,238)	(32,071)	(13,168)	(15,005)	—	(87,048)
Net book amount	賬面淨值	217,817	2,937	136,506	10,430	29,204	55,615	452,509

Notes to the Financial Statements

財務報表附註

6 PROPERTY, PLANT AND EQUIPMENT — 6 物業、廠房及設備 GROUP (CONTINUED) — 本集團 (續)

		Buildings	Leasehold improve- ments	Plant and machinery	Vehicles	Furniture, fittings and equipment	Construction in progress	Total
		樓宇	租賃 物業裝修	廠房 及機械	汽車	傢俬、裝置 及設備	在建工程	合計
		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
Year ended	截至二零零七年							
31 December 2007	十二月三十一日							
	止年度							
Opening net book amount	年初賬面淨值	217,817	2,937	136,506	10,430	29,204	55,615	452,509
Exchange differences	滙兌差額	17,052	270	10,132	782	1,966	7,721	37,923
Additions	添置	—	5,403	19,670	5,253	7,715	129,433	167,474
Transfers	轉撥	38,631	—	2,788	—	13	(41,432)	—
Disposals	出售	—	—	(206)	(101)	(284)	—	(591)
Depreciation	折舊	(8,922)	(2,282)	(16,256)	(4,172)	(8,384)	—	(40,016)
Closing net book amount	年末賬面淨值	264,578	6,328	152,634	12,192	30,230	151,337	617,299
At 31 December 2007	於二零零七年							
	十二月三十一日							
Cost	成本	296,574	13,010	203,961	28,951	54,485	151,337	748,318
Accumulated depreciation	累計折舊	(31,996)	(6,682)	(51,327)	(16,759)	(24,255)	—	(131,019)
Net book amount	賬面淨值	264,578	6,328	152,634	12,192	30,230	151,337	617,299

Notes to the Financial Statements

財務報表附註

6 PROPERTY, PLANT AND EQUIPMENT — GROUP (CONTINUED)

Depreciation expenses of HK\$26,061,000 (2006: HK\$18,940,000) and HK\$13,955,000 (2006: HK\$9,220,000) have been charged in cost of sales and administrative expenses respectively.

As at 31 December 2007, buildings with net book amount of HK\$9,696,000 (2006: Nil) were pledged as securities for the Group's bank borrowings (Note 21).

7 INVESTMENT PROPERTIES — GROUP

The investment properties were revalued at 31 December 2007 by the directors. Valuations were determined with reference to current prices in an active market of similar properties.

The Group's interest in investment properties are held in Hong Kong with lease periods between 10 to 50 years.

6 物業、廠房及設備 — 本集團 (續)

折舊開支26,061,000港元(二零零六年: 18,940,000港元)及13,955,000港元(二零零六年: 9,220,000港元)已分別計入銷售成本及行政開支。

於二零零七年十二月三十一日,若干銀行借貸乃以價值9,696,000港元(二零零六年: 無)的樓宇作為抵押(附註21)。

7 投資物業 — 本集團

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
At 1 January	於一月一日	4,940	4,940
Increase in fair value (Note 22)	公平值增加(附註22)	2,060	—
At 31 December	於十二月三十一日	7,000	4,940

投資物業已於二零零七年十二月三十一日由董事重估。估值乃參考類似物業之活躍市場當前價格。

本集團於香港持有的投資物業權益,租賃期由10至50年不等。

Notes to the Financial Statements

財務報表附註

8 LEASEHOLD LAND AND LAND USE RIGHTS – GROUP

8 批租土地及土地使用權 — 本集團

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
At 1 January	於一月一日	74,339	36,128
Exchange differences	滙兌差額	5,673	2,018
Additions	添置	5,682	16,102
Acquisition of subsidiaries	收購附屬公司	—	28,359
Disposals	出售	—	(7,267)
Amortisation	攤銷	(1,682)	(1,001)
At 31 December	於十二月三十一日	84,012	74,339

The Group's interests in leasehold land and land use rights represent prepaid operating lease payments and their net book values are analysed as follows:

本集團於批租土地及土地使用權的權益指預付經營租賃款項，其賬面淨值分析如下：

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
In Hong Kong, held on:	於香港持有：		
– Leases of between 10 to 50 years	– 介乎10至50年之租賃	2,127	2,200
Mainland China, held on:	於中國內地持有：		
– Leases of between 10 to 50 years	– 介乎10年至50年之租賃	81,885	72,139
		84,012	74,339

As at 31 December 2007, leasehold land and land use rights with net book amount of HK\$347,000 (2006: Nil) were pledged as securities for the Group's bank borrowings (Note 21).

於二零零七年十二月三十一日，若干銀行借貸以賬面值347,000港元（二零零六年：無）的批租土地及土地使用權為抵押。

Notes to the Financial Statements

財務報表附註

9 INVESTMENTS IN SUBSIDIARIES — COMPANY

9 於附屬公司的投資 — 本公司

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Unlisted shares, at cost	非上市股份，按成本	478,054	478,054
Amounts due from subsidiaries	應收附屬公司款項	750,933	—
		1,228,987	478,054

None of the subsidiaries had any loan capital in issue at anytime during the year ended 31 December 2007.

於截至二零零七年十二月三十一日止年度內任何時間，概無任何附屬公司有任何已發行貸款資本。

Amounts due from subsidiaries, under investments in subsidiaries, are unsecured, interest free and have no pre-determined repayment terms.

於附屬公司的投資項下，應收附屬公司款項為無抵押、免息及無預定還款期。

Notes to the Financial Statements

財務報表附註

9 INVESTMENTS IN SUBSIDIARIES — COMPANY (CONTINUED)

The particulars of the Group's principal subsidiaries as at 31 December 2007 are set out as follows:

9 於附屬公司的投資 — 本公司 (續)

於二零零七年十二月三十一日，本集團附屬公司的詳情如下：

Name	Country/place of incorporation/ establishment and type of legal entity 註冊成立/ 成立國家/地點及 法定實體類別	Principal activities and place of operations 主要業務及 經營地點	Particulars of issued/paid-in capital 已發行/ 實收股本詳情	Equity interest attributable to the Group 本集團 應佔股權
Directly held: 直接持有：				
Joyocean Investments Limited	British Virgin Islands, limited liability company 英屬處女群島，有限 公司	Investment holding 投資控股	1,000 shares of US\$1 each 1,000股每股面值 1美元之股份	100%
Manfame Investments Limited	British Virgin Islands, limited liability company 英屬處女群島，有限 公司	Investment holding 投資控股	1,000 shares of US\$1 each 1,000股每股面值 1美元之股份	100%
Oceanroc Investments Limited	British Virgin Islands, limited liability company 英屬處女群島，有限 公司	Investment holding 投資控股	1,000 shares of US\$1 each 1,000股每股面值 1美元之股份	100%

Notes to the Financial Statements

財務報表附註

9 INVESTMENTS IN SUBSIDIARIES — COMPANY (CONTINUED)

9 於附屬公司的投資 — 本公司 (續)

Name	Country/place of incorporation/ establishment and type of legal entity 註冊成立/ 成立國家/地點及 法定實體類別	Principal activities and place of operations 主要業務及 經營地點	Particulars of issued/paid-in capital 已發行/ 實收股本詳情	Equity interest attributable to the Group 本集團 應佔股權
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Directly held: (Continued)

直接持有：(續)

Skyyear Holdings Limited	British Virgin Islands, limited liability company 英屬處女群島，有限公司	Investment holding 投資控股	1,000 shares of US\$1 each 1,000股每股面值1美元之股份	100%
Witpower Investments Limited	British Virgin Islands, limited liability company 英屬處女群島，有限公司	Investment holding 投資控股	1,000 shares of US\$1 each 1,000股每股面值1美元之股份	100%

Indirectly held:

間接持有：

China Ting Garment Mfg (Group) Limited 華鼎製衣(集團)有限公司	Hong Kong, limited liability company 香港，有限公司	Garment trading in Hong Kong 成衣貿易(香港)	5,000,000 shares of HK\$1 each 5,000,000股每股面值1港元的股份	100%
China Ting Textile & Knitwear (H.K.) Limited 華鼎紡織•針織品(香港)有限公司	Hong Kong, limited liability company 香港，有限公司	Knitwear trading in Hong Kong 針織品貿易(香港)	10,000 shares of HK\$1 each 10,000股每股面值1港元的股份	100%

Notes to the Financial Statements

財務報表附註

9 INVESTMENTS IN SUBSIDIARIES — COMPANY (CONTINUED)

9 於附屬公司的投資 — 本公司 (續)

Name	Country/place of incorporation/ establishment and type of legal entity 註冊成立/ 成立國家/地點及 法定實體類別	Principal activities and place of operations 主要業務及 經營地點	Particulars of issued/paid-in capital 已發行/ 實收股本詳情	Equity interest attributable to the Group 本集團 應佔股權
Indirectly held: (Continued) 間接持有：(續)				
Concept Creator Fashion Limited 創越時裝有限公司	Hong Kong, limited liability company 香港·有限公司	Garment trading in Hong Kong 成衣貿易(香港)	200,000 shares of HK\$1 each 200,000股每股面值1港元的股份	100%
Diny (Hangzhou) Fashion Company Limited 迪妮(杭州)時裝有限公司	The PRC, wholly foreign owned enterprise 中國·外商獨資企業	Garment manufacturing and retailing and trademark holding in the PRC 成衣製造及零售及持有商標(中國)	US\$2,130,000 2,130,000美元	100%
Finity Fashion (Shenzhen) Company Limited 菲妮迪時裝(深圳)有限公司	The PRC, wholly foreign owned enterprise 中國·外商獨資企業	Garment manufacturing and retailing and trademark holding in the PRC 成衣製造及零售及持有商標(中國)	HK\$10,000,000 10,000,000港元	100%
Finity International Fashion Company Limited 菲妮迪國際時裝有限公司	The PRC, wholly foreign owned enterprise 中國·外商獨資企業	Garment manufacturing and retailing and trademark holding in the PRC 成衣製造及零售及持有商標(中國)	US\$10,900,000 10,900,000美元	100%
Hangzhou China Ting Fashion Company Limited 杭州華鼎時裝有限公司	The PRC, wholly foreign owned enterprise 中國·外商獨資企業	Garment manufacturing in the PRC 成衣製造(中國)	US\$4,180,000 4,180,000美元	100%

Notes to the Financial Statements

財務報表附註

9 INVESTMENTS IN SUBSIDIARIES — COMPANY (CONTINUED)

9 於附屬公司的投資 — 本公司 (續)

Name	Country/place of incorporation/ establishment and type of legal entity 註冊成立/ 成立國家/地點及 法定實體類別	Principal activities and place of operations 主要業務及 經營地點	Particulars of issued/paid-in capital 已發行/ 實收股本詳情	Equity interest attributable to the Group 本集團 應佔股權
Indirectly held: (Continued) 間接持有：(續)				
Hangzhou China Ting Tailored Fashion Company Limited 杭州華鼎西服時裝 有限公司	The PRC, wholly foreign owned enterprise 中國·外商獨資企業	Garment manufacturing in the PRC 成衣製造(中國)	US\$8,000,000 8,000,000美元	100%
Hangzhou Ding Jia Textile Company Limited 杭州鼎嘉紡織 有限公司	The PRC, wholly foreign owned enterprise 中國·外商獨資企業	Home textile and garment manufacturing in the PRC 家紡產品織造及成衣製 造(中國)	US\$7,010,000 7,010,000美元	100%
Hangzhou Fucheng Fashion Company Limited 杭州富成時裝 有限公司	The PRC, wholly foreign owned enterprise 中國·外商獨資企業	Garment manufacturing in the PRC 成衣製造(中國)	RMB13,000,000 人民幣13,000,000元	100%
Hangzhou Fuding Fashion Company Limited 杭州富鼎時裝 有限公司	The PRC, wholly foreign owned enterprise 中國·外商獨資企業	Garment manufacturing in the PRC 成衣製造(中國)	US\$2,000,000 2,000,000美元	100%
Hangzhou Fuxi Fashion Company Limited 杭州富茜時裝 有限公司	The PRC, wholly foreign owned enterprise 中國·外商獨資企業	Garment retailing in the PRC 成衣零售(中國)	US\$200,000 200,000美元	100%

Notes to the Financial Statements

財務報表附註

9 INVESTMENTS IN SUBSIDIARIES — COMPANY (CONTINUED)

9 於附屬公司的投資 — 本公司 (續)

Name	Country/place of incorporation/ establishment and type of legal entity 註冊成立/ 成立國家/地點及 法定實體類別	Principal activities and place of operations 主要業務及 經營地點	Particulars of issued/paid-in capital 已發行/ 實收股本詳情	Equity interest attributable to the Group 本集團 應佔股權
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Indirectly held: (Continued)

間接持有：(續)

Jiangsu Fuze Textile Company Limited 江蘇富澤紡織有限公司	The PRC, sino-foreign joint venture 中國，中外合資企業	Jacquard and velvet fabric weaving in the PRC 提花布及絲絨面料織造 (中國)	US\$2,625,000 2,625,000美元	52%
Shenzhen Fuhowe Fashion Company Limited 深圳富豪時裝有限公司	The PRC, wholly foreign owned enterprise 中國，外商獨資企業	Garment manufacturing in the PRC 成衣製造 (中國)	US\$560,000 560,000美元	100%
Skylite Fashion (Hong Kong) Limited 天宏時裝 (香港) 有限公司	Hong Kong, limited liability company 香港，有限公司	Garment trading in Hong Kong 成衣貿易 (香港)	10,000 shares of HK\$1 each 10,000股每股面值1港元的股份	100%
Zhejiang China Ting Brand Management Company Limited 浙江華鼎品牌管理有限公司	The PRC, wholly foreign owned enterprise 中國，外商獨資企業	Garment manufacturing and retailing and trademark holding in the PRC 成衣製造及零售及持有商標 (中國)	US\$1,200,000 1,200,000美元	100%
Zhejiang China Ting Jincheng Silk Company Limited 浙江華鼎金誠絲綢有限公司	The PRC, wholly foreign owned enterprise 中國，外商獨資企業	Silk fabric weaving in the PRC 絲綢面料織造 (中國)	US\$2,520,000 2,520,000美元	100%

Notes to the Financial Statements

財務報表附註

9 INVESTMENTS IN SUBSIDIARIES — COMPANY (CONTINUED)

9 於附屬公司的投資 — 本公司 (續)

Name	Country/place of incorporation/ establishment and type of legal entity 註冊成立/ 成立國家/地點及 法定實體類別	Principal activities and place of operations 主要業務及 經營地點	Particulars of issued/paid-in capital 已發行/ 實收股本詳情	Equity interest attributable to the Group 本集團 應佔股權
Indirectly held: (Continued) 間接持有：(續)				
Zhejiang China Ting Knitwear Company Limited 浙江華鼎針織品有限公司	The PRC, wholly foreign owned enterprise 中國，外商獨資企業	Knitwear manufacturing in the PRC 針織品製造(中國)	US\$3,500,000 3,500,000美元	100%
Zhejiang China Ting Textile Fashion Company Limited 浙江華鼎紡織時裝有限公司	The PRC, wholly foreign owned enterprise 中國，外商獨資企業	Textile fashion manufacturing and trading in the PRC 紡織時裝製造及貿易(中國)	US\$20,000,000 20,000,000美元	100%
Zhejiang China Ting Textile Technology Company Limited 浙江華鼎紡織科技有限公司	The PRC, wholly foreign owned enterprise 中國，外商獨資企業	Home textile weaving in the PRC 家紡產品織造(中國)	US\$11,200,000 11,200,000美元	100%
Zhejiang Concept Creator Fashion Company Limited 浙江創越時裝有限公司	The PRC, wholly foreign owned enterprise 中國，外商獨資企業	Garment manufacturing in the PRC 成衣製造(中國)	US\$5,000,000 5,000,000美元	100%
Zhejiang Fucheng Fashion Company Limited 浙江富成時裝有限公司	The PRC, wholly foreign owned enterprise 中國，外商獨資企業	Garment manufacturing in the PRC 成衣製造(中國)	US\$4,000,000 4,000,000美元	100%

Notes to the Financial Statements

財務報表附註

9 INVESTMENTS IN SUBSIDIARIES — COMPANY (CONTINUED)

9 於附屬公司的投資 — 本公司 (續)

Name	Country/place of incorporation/ establishment and type of legal entity 註冊成立／ 成立國家／地點及 法定實體類別	Principal activities and place of operations 主要業務及 經營地點	Particulars of issued/paid-in capital 已發行／ 實收股本詳情	Equity interest attributable to the Group 本集團 應佔股權
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Indirectly held: (Continued)

間接持有：(續)

Zhejiang Fuhowe Fashion Company Limited 浙江富豪時裝有限公司	The PRC, wholly foreign owned enterprise 中國，外商獨資企業	Garment manufacturing in the PRC 成衣製造(中國)	US\$4,200,000 4,200,000美元	100%
Zhejiang China Ting Group Company Limited 浙江華鼎集團有限責任公司	The PRC, wholly foreign owned enterprise 中國，外商獨資企業	Properties holding and garment trading 持有物業及成衣貿易(中國)	RMB50,000,000 人民幣50,000,000元	92%
Zhejiang Huali Fashion Company Limited 浙江華勵時裝有限公司	The PRC, wholly foreign owned enterprise 中國，外商獨資企業	Garment manufacturing in the PRC 成衣製造(中國)	US\$2,150,000 2,150,000美元	100%
Zhejiang Huayue Silk Products Company Limited 浙江華越絲綢製品有限公司	The PRC, sino-foreign joint venture 中國，中外合營企業	Spun silk fabric weaving in the PRC 絹絲面料織造(中國)	US\$2,500,000 2,500,000美元	55%
Zhejiang Xinan Fashion Company Limited 浙江信安時裝有限公司	The PRC, wholly foreign owned enterprise 中國，外商獨資企業	Garment manufacturing in the PRC 成衣製造(中國)	US\$3,580,000 3,580,000美元	100%

Notes to the Financial Statements

財務報表附註

9 INVESTMENTS IN SUBSIDIARIES — COMPANY (CONTINUED)

The English names of certain subsidiaries referred herein represent management's best effort in translating the Chinese names of these subsidiaries as no English names have been registered.

The above table includes the subsidiaries of the Group which, in the opinion of the directors, principally affected the results of the year or formed a substantial portion of the net assets of the Group. Giving details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

9 於附屬公司的投資 — 本公司 (續)

由於上述若干附屬公司並無登記英文名稱，故該等英文名稱乃管理層盡力翻譯其中文名稱所得。

上表包括董事認為主要影響年內業績或組成本集團大部份資產淨值之本集團附屬公司。董事認為，刊登其他附屬公司之資料會使篇幅過長。

10 INTERESTS IN ASSOCIATES — GROUP

10 於聯營公司的權益 — 本集團

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Share of net assets	分佔資產淨值	18,166	51,246
Loan to an associate (Note (a))	借予一間聯營公司的貸款 (附註(a))	3,325	3,325
Goodwill	商譽	17,679	17,679
		39,170	72,250

Notes:

(a) The loan to an associate is unsecured, interest-free and not repayable within one year from the balance sheet date.

附註：

(a) 借予一間聯營公司的貸款為無抵押、免息及毋須自結算日起於一年內償還。

Notes to the Financial Statements

財務報表附註

10 INTERESTS IN ASSOCIATES – GROUP (CONTINUED)

Notes: (Continued)

(b) Movements of interests in associates are as follows:

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
At 1 January	於一月一日	72,250	59,540
Exchange differences	滙兌差額	1,971	1,137
Incorporation of an associate	註冊成立一間聯營公司	—	1,425
Loan to an associate	借予一間聯營公司的貸款	—	3,325
Share of profits less losses	分佔溢利減虧損	11,776	6,823
Dividend received	已收股息	(1,138)	—
Dividend receivable	應收股息	(43,040)	—
Disposal of an associate	出售一間聯營公司	(2,649)	—
At 31 December	於十二月三十一日	39,170	72,250

(c) The summary of the financial information of the Group's associates in aggregate is as follows:

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Total assets	總資產	129,138	171,561
Total liabilities	總負債	80,509	35,371
Revenue	收入	106,846	112,722
Profit for the year	年內溢利	23,516	17,310

10 於聯營公司的權益 — 本集團 (續)

附註：(續)

(b) 於聯營公司的權益之變動分析如下：

(c) 本集團聯營公司的財務資料合計概要如下：

Notes to the Financial Statements

財務報表附註

10 INTERESTS IN ASSOCIATES — GROUP (CONTINUED)

Notes: (Continued)

(d) Impairment tests for goodwill

Goodwill is allocated to the CGU identified for Interfield Industrial Limited and its subsidiaries (“Interfield Group”), which are principally engaged in fabric printing and dyeing businesses.

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

Budgeted gross margin of 47% and pre-tax discount rate of 12.7% are the key assumptions used for value-in-use calculations and the weighted average rate used to extrapolate cash flows beyond the budget periods is 0.5% per annum. Management determined budgeted gross margin based on past performance and its expectations for the market development. The discount rate used is pre-tax and reflects specific risks relating to the CGU. The weighted average growth rate beyond the budget period is estimated based on current capacity of the Interfield Group.

10 於聯營公司的權益 — 本集團 (續)

附註：(續)

(d) 商譽減值測試

商譽分配予中都實業有限公司及其附屬公司(「中都集團」)之已識別之現金產生單位，中都集團主要從事面料印染業務。

現金產生單位的可收回金額乃根據使用價值計算方法釐定。該等計算乃根據經管理層批准覆蓋五年期間的財務預算，以除稅前現金流量預計作出。五年期限以外的現金流量乃按下文所述的估計增長率推斷。增長率並未超越現金產生單位經營的業務的長期平均增長率。

預算毛利率47%由及除稅前折現率12.7%由為使用價值計算方法所使用之假設，而用以推斷預算期後之現金流之加權平均利率為每年0.5%。管理層按過往表現及預期市場發展決定預算毛利率。所使用折讓率為除稅前，並反映有關現金產生單位之個別風險。於預算期後之加權平均增長利率乃根據中都集團之當時能力決定。

Notes to the Financial Statements

財務報表附註

10 INTERESTS IN ASSOCIATES — GROUP (CONTINUED)

Notes: (Continued)

(e) The particulars of the Group's associates as at 31 December 2007 are set out as follows:

10 於聯營公司的權益 — 本集團 (續)

附註：(續)

(e) 本集團於二零零七年十二月三十一日之聯營公司之詳情如下：

Name	Country/place of incorporation/establishment and type of legal entity 註冊成立/成立國家/地點 及法定實體類別	Particular of issued/paid-in capital 已發行/實收股本詳情	Equity interest attributable to the Group 本集團應佔股權	Principal activities 主要業務
Hangzhou Huasheng Accessories Company Limited 杭州華盛輔料有限公司	The PRC, wholly foreign owned enterprise 中國·外商獨資企業	US\$250,000 250,000美元	25%	Accessories and plastic bags manufacturing 製造輔料及塑膠袋
Interfield Industrial Limited 中都實業有限公司	Hong Kong, limited liability company 香港·有限公司	23,400,000 shares of HK\$1 each 23,400,000股每股面值1港元的股份	40%	Fabric printing and dyeing 面料印染
Lee Cooper China (Hong Kong) Limited	Hong Kong, limited liability company 香港·有限公司	300,000 shares of Euro 1 each 300,000股每股面值1歐元的股份	50%	Retailing 零售

Notes to the Financial Statements

財務報表附註

11 INTANGIBLE ASSETS – GROUP

11 無形資產 — 本集團

		Note (c) 附註(c)	Note (a) 附註(a)	Note (b) 附註(b)	
		Goodwill 商譽 HK\$'000 千港元	Trademark 商標 HK\$'000 千港元	Licence right 牌照權 HK\$'000 千港元	Total 合計 HK\$'000 千港元
At 1 January 2006	於二零零六年 一月一日				
Cost	成本	1,414	31,216	—	32,630
Accumulated amortisation	累計攤銷	—	(4,942)	—	(4,942)
Net book amount	賬面淨值	1,414	26,274	—	27,688
Year ended 31 December 2006	截至二零零六年 十二月三十一日 止年度				
Opening net book amount	期初賬面淨值	1,414	26,274	—	27,688
Acquisition of subsidiaries	收購附屬公司	19,337	—	—	19,337
Amortisation	攤銷	—	(3,122)	—	(3,122)
Closing net book amount	期末賬面淨值	20,751	23,152	—	43,903
At 31 December 2006	於二零零六年 十二月三十一日				
Cost	成本	20,751	31,216	—	51,967
Accumulated amortisation	累計攤銷	—	(8,064)	—	(8,064)
Net book amount	賬面淨值	20,751	23,152	—	43,903

Notes to the Financial Statements

財務報表附註

11 INTANGIBLE ASSETS – GROUP (CONTINUED)

11 無形資產 — 本集團 (續)

		Note (c) 附註(c)	Note (a) 附註(a)	Note (b) 附註(b)	
		Goodwill 商譽	Trademark 商標	Licence right 牌照權	Total 合計
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Year ended	截至二零零七年				
31 December 2007	十二月三十一日				
	止年度				
Opening net book amount	期初賬面淨值	20,751	23,152	—	43,903
Exchange differences	滙兌差異	1,502	—	—	1,502
Additions	添置	—	—	14,169	14,169
Amortisation	攤銷	—	(3,122)	(4,723)	(7,845)
Closing net book amount	期末賬面淨值	22,253	20,030	9,446	51,729
At 31 December 2007	於二零零七年				
	十二月三十一日				
Cost	成本	22,253	31,216	14,169	67,638
Accumulated amortisation	累計攤銷	—	(11,186)	(4,723)	(15,909)
Net book amount	賬面淨值	22,253	20,030	9,446	51,729

Notes:

附註：

- (a) The trademark represents the right to use the brand FINITY in the PRC and Hong Kong.
- (b) In January 2007, the Group entered into a licence agreement to acquire an exclusive right to retail and appoint franchisees to retail products bearing the Maxstudio trademark in the PRC and a non-exclusive right to produce such products in the PRC. The licence right represents capitalisation of the expected licence fees payable through 2009 (Note 18), based on a discount rate equal to the Group's weighted average borrowing rate of approximately 5.88% per annum at the date of the acquisition.

- (a) 商標代表在中國及香港使用FINITY(菲妮迪)品牌的權利。
- (b) 於二零零七年一月，本集團訂立專營權協議以取得獨家權利以零售及委任特許商以零售附有中國Maxstudio商標的產品，及取得非獨家權利以於中國生產該產品。專營權指根據相當於在收購日期本集團之加權平均借貸利率約每年5.88厘將二零零九年預期應付專營權費撥充資本(附註18)。

Notes to the Financial Statements

財務報表附註

11 INTANGIBLE ASSETS – GROUP (CONTINUED)

Notes: (Continued)

(c) Impairment tests for goodwill

Goodwill is allocated to the CGU identified according to geographical location and business segment. As at 31 December 2007, goodwill of HK\$22,253,000 (2006: HK\$20,751,000) is allocated to the OEM garment business in Mainland China, the identified groups of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

Budgeted gross margin of 30% and pre-tax discount rate of 12.6% are the key assumptions used for value-in-use calculations and the weighted average rate used to extrapolate cash flows beyond the budget periods is 2% per annum. Management determined budgeted gross margin based on past performance and its expectations for the market development. The discount rate used is pre-tax and reflects specific risks relating to the CGU. The weighted average growth rate beyond the budget period is estimated based on current capacity of the segment.

12 INVENTORIES – GROUP

Raw materials	原材料
Work in progress	在製品
Finished goods	製成品

The cost of inventories recognised as expense and included in cost of sales amounted to approximately HK\$1,560,468,000 (2006: HK\$1,249,738,000).

11 無形資產 — 本集團 (續)

附註：(續)

(c) 商譽減值測驗

商譽乃根據地區位置及業務分部分配至可識別現金產生單位。於二零零七年十二月三十一日，22,253,000港元之商譽(二零零六年：20,751,000港元)已分配至中國內地之原設備製造成衣業務，預期中國內地之原設備製造成衣業務為可於合併獲協同效益之可識別現金產生單位組別。

現金產生單位的可收回數額根據使用值計算釐訂。該等計算採用以管理層批核之五年期財務預算為基準之除稅前現金流預計。超過五年期之現金流以下文之估計增長率推斷。該增長率並不超越有關現金產生單位經營所在業務之長期平均增長率。

預算毛利率30%由及除稅前折現率12.6%由為使用值計算方法所使用的主要假設，而用以推斷預算期後之現金流之加權平均利率為每年2厘。管理層按過往表現及預期市場發展決定預算毛利率。所使用折現率為除稅前，並反映有關現金產生單位的特定風險。於預算期後之加權平均增長率乃根據分部的當前能力決定。

12 存貨 — 本集團

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Raw materials	原材料	128,396	103,589
Work in progress	在製品	86,593	112,598
Finished goods	製成品	178,507	132,010
		393,496	348,197

確認為開支並計入銷售成本的存貨成本約為1,560,468,000港元(二零零六年：1,249,738,000港元)。

Notes to the Financial Statements

財務報表附註

13 TRADE AND OTHER RECEIVABLES

13 應收貿易賬款及其他 應收款項

		Group 本集團		Company 本公司	
		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Trade and bills receivables	應收貿易賬款及應收票據	341,860	307,632	—	—
Less: Provision for impairment	減：減值撥備	(3,188)	(2,527)	—	—
Trade and bills receivables, net	應收貿易賬款及應收票據淨額	338,672	305,105	—	—
Amounts due from associates (Note 32(c))	應收聯營公司款項 (附註32(c))	63,509	3,107	—	—
Other receivables, deposits and prepayments	其他應收款項、按金及預付款	45,985	70,391	92	7,840
		448,166	378,603	92	7,840

The ageing analysis of gross trade and bills receivables is as follows:

應收貿易賬款及應收票據的賬齡分析如下：

		Group 本集團	
		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
0 to 30 days	0至30日	201,721	221,304
31 to 60 days	31至60日	102,425	62,059
61 to 90 days	61至90日	17,125	17,343
Over 90 days	超過90日	20,589	6,926
		341,860	307,632

Notes to the Financial Statements

財務報表附註

13 TRADE AND OTHER RECEIVABLES (CONTINUED)

The carrying amounts of the Group's gross trade and bills receivables are denominated in the following currencies:

		Group 本集團	
		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
HK\$	港元	10,229	1,995
RMB	人民幣	59,134	41,057
US\$	美元	259,524	240,027
Euro	歐元	12,973	24,553
		341,860	307,632

For OEM garment sales, the Group's trade receivables from its customers are generally settled by way of letters of credit or telegraphic transfer with credit periods of not more than 90 days. The grant of open account terms without security coverage is generally restricted to large or long-established customers with good repayment history. Sales to these customers comprise a significant proportion of the Group's OEM garment sales. On the other hand, for new and existing customers with short trading history, letters of credit issued by these customers are normally demanded for settlement purposes.

For sales of branded fashion apparel to franchisees, the Group normally requests payments in advance or deposits from such customers, with the remaining balances settled immediately upon delivery of goods. The Group also grants open account terms of 30 credit days to long-established customers with good repayment history.

13 應收貿易賬款及其他 應收款項(續)

本集團應收貿易賬款及應收票據之賬面值以下列貨幣計值：

就原設備製造成衣銷售而言，本集團來自客戶的應收貿易賬款一般以信用狀或電匯方式清償，信貸期不超過90日。毋須提供任何保證的記賬交易條款一般只會授予還款紀錄良好的大型或長期客戶。本集團向此等客戶進行的銷售，佔原設備製造成衣銷售額的重要部分。另一方面，本集團一般要求新客戶及交易紀錄尚短的現有客戶提供信用狀以作償款用途。

就對專營代理商進行的品牌時裝銷售而言，本集團一般要求該等客戶預付款項或按金，餘額則於貨品付運後即時清償。本集團亦會向還款紀錄良好的長期客戶授出長達30日的記賬交易條款。

Notes to the Financial Statements

財務報表附註

13 TRADE AND OTHER RECEIVABLES (CONTINUED)

Retail sales are settled in cash or by credit cards or collected by department stores on behalf of the Group. The department stores are normally required to settle the proceeds to the Group within 2 months from the date of sale.

Bills receivables are with average maturity dates of within 2 months.

The carrying amounts of trade and other receivables approximate their fair values.

Movements on the provision for impairment of receivables are as follows:

13 應收貿易賬款及其他 應收款項(續)

零售乃以現金或信用卡進行或由百貨公司代本集團收取。本集團一般要求百貨公司於銷售日起計兩個月內向本集團清償所得款項。

應收票據的平均到期日為兩個月內。

應收貿易賬款及其他應收款項的賬面值與其公平值相約。

應收賬款減值撥備變動如下：

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
At 1 January	於一月一日	2,527	4,555
Exchange differences	滙兌差異	89	79
Addition/(reversal)	增加/(撥回)	572	(1,167)
Written back	撥回	—	(940)
At 31 December	於十二月三十一日	3,188	2,527

Notes to the Financial Statements

財務報表附註

14 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

14.按公平值於損益入賬之金融資產

		Group		Company	
		本集團		本公司	
		2007	2006	2007	2006
		二零零七年	二零零六年	二零零七年	二零零六年
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
Assets	資產				
Market value of listed securities in the PRC (Note (a))	於中國之上市證券之市值 (附註(a))	43,621	—	—	—
Foreign exchange forward contracts, carried at fair value (Note (b))	遠期外匯合約，按公平值 (附註(b))	8,198	—	—	—
		51,819	—	—	—
Liabilities	負債				
Foreign exchange forward contracts, carried at fair value (Note (b))	遠期外匯合約，按公平值 (附註(b))	5,447	—	4,521	—

Notes:

(a) Financial assets at fair value through profit or loss are presented within "operating activities" as part of changes in working capital in the cash flow statement (Note 30).

Changes in fair values of financial assets at fair value through profit or loss are recorded in "other gains, net", in the income statement (Note 22).

The fair value of all equity securities is based on their current bid prices in an active market.

(b) The notional principal amount of the outstanding foreign exchange forward contracts as at 31 December 2007 was approximately HK\$368,948,000. Under the terms of the contracts, the Group will buy US\$23,800,000 at an average exchange rate of RMB6.8577:US\$1 and sell US\$23,800,000 at an average exchange rate of RMB6.8761:US\$1.

附註：

(a) 按公平值於損益入賬之金融資產乃於「營運活動」中呈列，作為現金流報表中營運資金之部份變動(附註30)。

按公平值於損益入賬之金融資產之公平值變動乃記錄於收益表中「其他收益淨值」(附註22)。

所有股本證券之公平值均按於活躍市場中之當前買入價釐定。

(b) 於二零零七年十二月三十一日，未到期外匯遠期合約之名義本金額約為368,948,000港元。根據合約之條款，本集團將以平均匯率人民幣6.8577：1美元買入23,800,000美元，並以平均匯率人民幣6.8761：1美元出售23,800,000美元。

Notes to the Financial Statements

財務報表附註

15 CASH AND BANK BALANCES

15 現金及銀行結餘

		Group 本集團		Company 本公司	
		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Cash at bank and in hand	銀行結餘及手頭現金	673,292	293,381	4,948	9,544
Short-term bank deposits (Note (a))	短期銀行存款 (附註(a))	61,131	204,048	30,000	—
Cash and cash equivalents	現金及現金等值項目	734,423	497,429	34,948	9,544
Term deposits with initial term of over three months (Note (a))	原期限超過三個月的定期存款 (附註(a))	—	327,829	—	313,897
Pledged bank deposits (Note (b))	已抵押銀行存款 (附註(b))	13,178	12,310	—	—
		747,601	837,568	34,948	323,441

Notes to the Financial Statements

財務報表附註

15 CASH AND BANK BALANCES (CONTINUED)

15 現金及銀行結餘(續)

		Group 本集團		Company 本公司	
		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Denominated in:	以下列貨幣計值：				
HK\$	港元	37,873	323,093	34,946	320,441
RMB (Note (c))	人民幣(附註(c))	534,450	260,824	—	—
US\$	美元	172,989	238,142	—	2,981
Euro	歐元	2,289	15,509	2	19
		747,601	837,568	34,948	323,441

Notes:

- (a) The effective interest rate on short-term bank deposits and term deposits was 3.75% (2006: 4.84%) per annum; these deposits have a maturity ranging from 7 to 180 days.
- (b) Bank deposits of HK\$11,981,000 (2006: HK\$12,310,000) have been pledged for trade finance facilities made available to the Group.
- The effective interest rate on pledged bank deposits was 3.23% (2006: 1.80%) per annum.
- (c) The Group's cash and bank balances denominated in RMB are deposited with banks in the PRC. The conversion of these RMB denominated balances into foreign currencies and the remittance of funds out of the PRC is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

附註：

- (a) 短期銀行存款及定期存款的實際年利率為3.75%(二零零六年：年利率4.84%)：該等存款的到期日由7至180日不等。
- (b) 11,981,000港元(二零零六年：12,310,000港元)之銀行存款已予抵押，以為本集團取得貿易融資信貸額。
- 已抵押銀行存款之實際年利率為3.23%(二零零六年：1.80%)。
- (c) 本集團以人民幣計值的現金及銀行結餘均存放於中國的銀行。該等以人民幣計值的結餘兌換外幣及將資金匯出中國，須受中國政府頒佈的外匯管制規則及法規所限制。

Notes to the Financial Statements

財務報表附註

16 SHARE CAPITAL AND SHARE OPTIONS

16 股本及購股權

(a) Share capital

(a) 股本

			Number of shares 股份數目 (in '000) (千股)	Total 合計 HK\$'000 千港元
		Note 附註		
Ordinary shares of HK\$0.10 each Authorised:	每股面值0.10港元 之普通股 法定：			
At 1 January 2006, 31 December 2006 and 31 December 2007	於二零零六年一月一日、 二零零六年十二月 三十一日及二零零七年 十二月三十一日		10,000,000	1,000,000
Issued and fully paid:	已發行及繳足：			
At 1 January 2006	於二零零六年一月一日		1,990,000	199,000
Issue of shares	發行股份	(i)	75,000	7,500
Exercise of share options	行使購股權		1,250	125
At 31 December 2006	於二零零六年 十二月三十一日		2,066,250	206,625
Repurchase of shares	購回股份	(ii)	(2,246)	(225)
Exercise of share options	行使購股權		1,250	125
At 31 December 2007	於二零零七年十二月 三十一日		2,065,254	206,525

Notes:

附註：

(i) On 4 January 2006, the Company issued 75,000,000 ordinary shares of HK\$0.10 each at HK\$2.025 per share under an over-allotment arrangement in connection with the Listing and raised gross proceeds of approximately HK\$151,875,000.

(i) 本公司於二零零六年一月四日就上市根據超額配股權，按發售價每股股份2.025港元發行75,000,000股每股面值0.10港元的普通股，所得款項總額約為151,875,000港元。

Notes to the Financial Statements

財務報表附註

16 SHARE CAPITAL AND SHARE OPTIONS (CONTINUED)

16 股本及購股權 (續)

(a) Share capital (Continued)

Notes: (Continued)

- (ii) During the year, the Company repurchased a total of 2,246,000 of its own shares on the Stock Exchange at a price ranging from HK\$1.93 to HK\$1.99 per share, for a total consideration, before expenses, of approximately HK\$4,446,000. The repurchased shares were cancelled and an amount equivalent to the nominal value of these shares of approximately HK\$225,000 was transferred from share capital to the capital redemption reserve. The premium paid on the repurchased shares was charged against the share premium.

(a) 股本 (續)

附註：(續)

- (ii) 年內，本公司於聯交所按介乎1.93港元至1.99港元之價格購回其股份總數2,246,000股，總代價（於扣除開支前）約4,446,000港元。購回之股份已註銷，且相當於該等股份之面值之金額約225,000港元已由股本轉撥至資本贖回儲備。於購回股份時已付溢價已計入股份溢價。

Month of repurchase	購回月份	Number of ordinary shares of HK\$0.10 each 每股0.10港元 之普通股數目	Price per share		Aggregate consideration paid 已付 代價總額 HK\$'000 千港元
			Highest 最高價 HK\$ 港元	Lowest 最低價 HK\$ 港元	
August 2007	二零零七年八月	12,000	1.99	1.99	24
September 2007	二零零七年九月	412,000	1.99	1.99	820
October 2007	二零零七年十月	1,750,000	1.99	1.93	3,461
November 2007	二零零七年十一月	72,000	1.96	1.96	141
		2,246,000			4,446

Notes to the Financial Statements

財務報表附註

16 SHARE CAPITAL AND SHARE OPTIONS (CONTINUED)

16 股本及購股權 (續)

(b) Share options

Pursuant to the Pre-IPO Share Option Deed (the "Pre-IPO Share Option Scheme") dated 18 November 2005, an employee has been conditionally granted options prior to 15 December 2005 to subscribe for up to 10,000,000 shares of HK\$0.10 each in the share capital of the Company. The option granted under the Pre-IPO Share Option Scheme may be exercised by the employee in part, during a period of eight years from 15 December 2005, representing no more than one-eighth of the total number of the option shares in each calendar year. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

(b) 購股權

根據於二零零五年十一月十八日的首次公開發售前購股權契據(「首次公開發售前購股權計劃」)，該僱員在二零零五年十二月十五日前有條件獲授予購股權，可以認購最多本公司股本中每股面值0.10港元之10,000,000股股份。該僱員可於二零零五年十二月十五日起計八年內，行使根據首次公開發售前購股權契據授出的部分購股權，而可行使的購股權數目不得超過每個曆年購股權股份總數八分之一。本集團並無法律或推定責任以現金購回或清償購股權。

尚未行使購股權的數目及其相關加權平均行使價的變動如下：

		2007 二零零七年		2006 二零零六年	
		Average exercise price in HK\$ per share 每股股份 平均行使價 (港元)	Options (thousands) 購股權 (千份)	Average exercise price in HK\$ per share 每股股份 平均行使價 (港元)	Options (thousands) 購股權 (千份)
At 1 January	於一月一日	0.10	8,750	0.10	10,000
Exercised	已行使	0.10	(1,250)	0.10	(1,250)
At 31 December	於十二月三十一日	0.10	7,500	0.10	8,750

Notes to the Financial Statements

財務報表附註

16 SHARE CAPITAL AND SHARE OPTIONS (CONTINUED)

(b) Share options (Continued)

7,500,000 outstanding options at 31 December 2007 (2006: 8,750,000) were not exercisable as at that date and will be exercisable at an exercise price of HK\$0.10 per share over the period up to 15 December 2013. They will be expired on 15 December 2013 at an exercise price of HK\$0.10 per share.

Options exercised in 2007 resulted in 1,250,000 shares being issued at HK\$0.10 each. The related weighted average share price at the time of exercise was HK\$2.65 per share.

16 股本及購股權 (續)

(b) 購股權 (續)

於二零零七年十二月三十一日尚未行使的7,500,000份購股權(二零零六年: 8,750,000股)於該日不可行使,並將可於截至二零一三年十二月十五日止期間以行使價每股0.10港元行使。該等購股權將於二零一三年十二月十五日屆滿,行使價為每股0.10港元。

於二零零七年獲行使之購股權導致以每股0.10港元發行1,250,000股股份。於行使時之相關加權平均股價為每股2.65港元。

Notes to the Financial Statements

財務報表附註

17 RESERVES

17 儲備

(a) Group		(a) 本集團								
		(Note (i)) (附註(i))	(Note (ii)) (附註(ii))	(Note (iii)) (附註(iii))	(Note (iv)) (附註(iv))	(Note (v)) (附註(v))				
		Share premium	Capital reserve	Contributed surplus	Statutory reserves	Share based compensation reserve	Capital redemption reserve	Exchange reserves	Retained earnings	Total
		股份溢價	資本儲備	撥入盈餘	法定儲備	以股份支付 報酬儲備	資本贖回儲備	外匯儲備	保留盈利	合計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
At 1 January 2007	二零零七年一月一日	905,152	7,746	(4,624)	42,695	1,902	—	50,268	597,470	1,600,609
Currency translation differences	貨幣換算 差額	—	—	—	—	—	—	95,352	—	95,352
Profit for the year	年度溢利	—	—	—	—	—	—	—	449,517	449,517
Repurchase of shares	購回股份	(4,446)	—	—	—	—	225	—	—	(4,221)
Employee share option scheme:	僱員購股權 計劃:									
— value of employee services	— 僱員服務價值	—	—	—	—	1,902	—	—	—	1,902
— proceeds from share issues	— 發行股份所得收益	1,902	—	—	—	(1,902)	—	—	—	—
2006 final dividend paid	二零零六年已派終期股息	—	—	—	—	—	—	—	(144,638)	(144,638)
2007 interim dividend paid	二零零七年已派中期股息	—	—	—	—	—	—	—	(142,628)	(142,628)
Profit appropriation	溢利分配	—	—	—	24,082	—	—	—	(24,082)	—
At 31 December 2007	二零零七年 十二月三十一日	902,608	7,746	(4,624)	66,777	1,902	225	145,620	735,639	1,855,893
Representing:	組成如下:									
2007 final dividend proposed	二零零七年擬派終期股息								104,943	
2007 special dividend proposed	二零零七年 擬派特別股息								59,847	
Others	其他								570,849	
									735,639	

Notes to the Financial Statements

財務報表附註

17 RESERVES (CONTINUED)

17 儲備 (續)

(a) Group (Continued)

(a) 本集團 (續)

		(Note (i)) (附註(i))	(Note (ii)) (附註(ii))	(Note (iii)) (附註(iii))	(Note (iv)) (附註(iv))				
		Share premium	Capital reserve	Contributed surplus	Statutory reserves	Share based compensation reserve	Exchange reserves	Retained earnings	Total
		股份溢價	資本儲備	繳入盈餘	法定儲備	以股份支付報酬儲備	外匯儲備	保留盈利	合計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
At 1 January 2006	二零零六年一月一日	763,773	7,746	(4,624)	24,971	1,902	13,788	433,805	1,241,361
Currency translation differences	貨幣換算差額	—	—	—	—	—	36,480	—	36,480
Issue of shares	發行股份	144,375	—	—	—	—	—	—	144,375
Profit for the year	年度溢利	—	—	—	—	—	—	408,539	408,539
Share issuance costs	發行股份成本	(4,898)	—	—	—	—	—	—	(4,898)
Employee share option scheme:	僱員購股權計劃:								
— value of employee services	— 僱員服務價值	—	—	—	—	1,902	—	—	1,902
— proceeds from share issues	— 發行股份所得收益	1,902	—	—	—	(1,902)	—	—	—
2005 final dividend paid	二零零五年已派終期股息	—	—	—	—	—	—	(94,990)	(94,990)
2006 interim dividend paid	二零零六年已派中期股息	—	—	—	—	—	—	(132,160)	(132,160)
Profit appropriation	溢利分配	—	—	—	17,724	—	—	(17,724)	—
At 31 December 2006	二零零六年十二月三十一日	905,152	7,746	(4,624)	42,695	1,902	50,268	597,470	1,600,609
Representing:	組成如下:								
2006 final dividend proposed	二零零六年擬派終期利息							90,915	
2006 special dividend proposed	二零零六年擬派特別股息							53,723	
Others	其他							452,832	
								597,470	

Notes to the Financial Statements

財務報表附註

17 RESERVES (CONTINUED)

17 儲備 (續)

(b) Company		(b) 本公司					
		(Note (ii)) (附註(ii))	(Note (iv)) (附註(iv))	(Note (v)) (附註(v))			
		Share premium	Contributed surplus	Share based compensation reserve	Capital redemption reserve	Retained earnings	Total
		股份溢價	繳入盈餘	以股份支付報酬儲備	資本贖回儲備	保留盈利	合計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元
At 1 January 2007	二零零七年一月一日	905,152	468,054	1,902	—	170,349	1,545,457
Profit for the year	年度溢利	—	—	—	—	292,720	292,720
Repurchase of shares	購回股份	(4,446)	—	—	225	—	(4,221)
Employee share option scheme:	僱員購股權計劃:						
— value of employee services	— 僱員服務價值	—	—	1,902	—	—	1,902
— proceeds from share issues	— 發行股份所得收益	1,902	—	(1,902)	—	—	—
2006 final dividend paid	二零零六年已派終期股息	—	—	—	—	(144,638)	(144,638)
2007 interim dividend paid	二零零七年已派中期股息	—	—	—	—	(142,628)	(142,628)
At 31 December 2007	二零零七年十二月三十一日	902,608	468,054	1,902	225	175,803	1,548,592
Representing:	組成如下:						
2007 final dividend proposed	二零零七年擬派終期股息					104,943	
2007 special dividend proposed	二零零七年擬派特別股息					59,847	
Others	其他					11,013	
						175,803	

Notes to the Financial Statements

財務報表附註

17 RESERVES (CONTINUED)

17 儲備 (續)

(b) Company (Continued)

(b) 本公司 (續)

		(Note (ii)) (附註(ii))	(Note (iv)) (附註(iv))			
		Share premium	Contributed surplus	Share based compensation reserve	Retained earnings	Total
		年度溢價	繳入盈餘	以股份支付 報酬儲備	保留盈利	合計
		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
At 1 January 2006	二零零六年一月一日	763,773	468,054	1,902	95,038	1,328,767
Profit for the year	年度溢利	—	—	—	302,461	302,461
Issues of shares	發行股份	144,375	—	—	—	144,375
Share issuance costs	股份發行成本	(4,898)	—	—	—	(4,898)
Employee share option scheme:	僱員購股權計劃:					
— value of employee services	— 僱員服務價值	—	—	1,902	—	1,902
— proceeds from share issues	— 發行股份所得收益	1,902	—	(1,902)	—	—
2005 final dividend paid	二零零五年已派終期股息	—	—	—	(94,990)	(94,990)
2006 interim dividend paid	二零零六年已派中期股息	—	—	—	(132,160)	(132,160)
At 31 December 2006	二零零六年十二月三十一日	905,152	468,054	1,902	170,349	1,545,457
Representing:	組成如下:					
2006 final dividend proposed	二零零六年擬派終期股息				90,915	
2006 special dividend proposed	二零零六年擬派特別股息				53,723	
Others	其他				25,711	
					170,349	

Note:

附註:

(i) Capital Reserve

Capital reserve represents capital contributions other than the paid up share capital of the subsidiaries now comprising the Group.

(i) 資本儲備

資本儲備為控股股東的注資，但不包括本集團現時旗下各附屬公司的實收股本。

Notes to the Financial Statements

財務報表附註

17 RESERVES (CONTINUED)

(b) Company (Continued)

Note: (Continued)

(ii) Contributed surplus

Contributed surplus of the Group represents the difference between the nominal value of the shares of subsidiaries acquired pursuant to the reorganisation of the Group took place in 2005 over the nominal value of the share capital of the Company issued in exchange.

Contributed surplus of the Company represents the difference between the costs of investments in subsidiaries acquired pursuant to the reorganisation of the Group took place in 2005 over the fair value of the subsidiaries in exchange.

(iii) Statutory reserves

Statutory reserves include statutory reserve fund and enterprise expansion fund. In accordance with relevant rules and regulations on foreign investment enterprises established in the PRC, the Company's PRC subsidiaries are required to transfer an amount of their profit for the year to the statutory reserve fund, until the accumulated total of the fund reaches 50% of their registered capital. The statutory reserve fund can only be used, upon approval by the relevant authority, to make good of previous years' losses or to increase the capital of these subsidiaries.

The appropriation to the enterprise expansion fund is solely determined by the board of directors of the subsidiaries in the PRC. The enterprise expansion fund can only be used to increase capital of the Group's entities or to expand their production operations upon approval by the relevant authority.

(iv) Share based compensation reserve

Share based compensation reserve represents value of employee services under the Group's Pre-IPO Share Option Scheme.

(v) Capital redemption reserve

Capital redemption reserve represents the nominal amount of the shares repurchased.

17 儲備 (續)

(b) 本公司 (續)

附註：(續)

(ii) 繳入盈餘

本集團的繳入盈餘為根據二零零五年進行重組所收購附屬公司的股份面值，與本集團為作交換而已發行的股本面值之款額。

本公司的繳入盈餘是在根據二零零五年重組所收購附屬公司的投資成本與作為交換之附屬公司公平值之間的差額。

(iii) 法定儲備

法定儲備包括法定公積金及企業發展基金。根據於中國設立外商投資企業的相關規則及規例，本公司的中國附屬公司須將其一部分年度溢利轉撥至法定公積金，直至累計公積金總額達其註冊資本50%。經相關機構批准後，法定公積金僅可用以彌補以往年度的虧損或增加該等附屬公司的資本。

企業發展基金的分配純粹由中國各附屬公司的董事會決定。企業發展基金經當局批准後只可用作增加集團屬下公司的資本，或用作擴充生產業務。

(iv) 以股份支付報酬儲備

僱員購股權儲備為本集團首次公開發售前購股權計劃的僱員服務價值。

(v) 資本贖回儲備

資本贖回儲備指購回股份之面值。

Notes to the Financial Statements

財務報表附註

18 LICENCE FEES PAYABLE — GROUP

18. 應付專營權費 — 本集團

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Within one year	於一年內	5,039	—
In the second year	於第二年	5,260	—
		10,299	—
Less: Current portion (Note 20)	減：即期部份(附註20)	(5,039)	—
Non-current portion	非即期部份	5,260	—
			—
Estimated fair value of:	以下各項之估計公平值：		
Current portion	即期部份	4,969	—
Non-current portion	非即期部份	5,115	—
		10,084	—

Details of licence fees payable are set out in Note 11(b) to the financial statements. Licence fees payable are denominated in US dollar.

應付專營權費之詳情已載於財務報表附註11(b)。應付專營權費乃以美元計值。

Estimated fair values at the balance sheet date were calculated based on a discount rate of 7.37% per annum, which approximates the external borrowing rate available to the Group as at 31 December 2007.

於結算日之估計公平值乃按年折讓率7.37%計算，其與本集團於二零零七年十二月三十一日之對外借貸率相若。

Notes to the Financial Statements

財務報表附註

19 DEFERRED INCOME TAX – GROUP

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The offset amounts are as follows:

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Deferred income tax assets	遞延所得稅資產	(8,596)	(4,153)
Deferred income tax liabilities	遞延所得稅負債	14,287	19,752
		5,691	15,599

Deferred income tax assets and deferred income tax liabilities are expected to be settled after more than 12 months.

The movements in net deferred income tax liabilities are as follows:

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
At 1 January	於一月一日	15,599	(3,542)
Exchange differences	滙兌差額	1,373	242
Acquisition of subsidiaries	收購附屬公司	—	18,924
Credited to the income statement (Note 24)	已於收益表確認(附註24)	(11,281)	(25)
At 31 December	於十二月三十一日	5,691	15,599

19 遞延所得稅 — 本集團

當出現可依法執行的權利以將現有稅資產與現有稅負債抵銷，而遞延所得稅與同一政府財務機關相關，即會抵銷遞延所得稅稅項資產及負債。抵銷數額如下：

遞延所得稅資產及遞延所得稅負債預期於超逾12個月後清償。

遞延所得稅負債淨額的變動數額如下：

Notes to the Financial Statements

財務報表附註

19 DEFERRED INCOME TAX – GROUP (CONTINUED)

The movements in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

19 遞延所得稅 — 本集團 (續)

遞延所得稅資產及負債於年內的變動(不計及於同一稅務司法權區抵銷之結餘)如下:

		Accelerated tax depreciation 加速稅項折舊	Provisions 撥備	Pre-operating expenses 經營前開支	Total 合計
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Deferred income tax assets		遞延所得稅資產			
At 1 January 2006	於二零零六年一月一日	94	3,888	339	4,321
Exchange differences	滙兌差額	—	114	8	122
Charged to the income statement	計入收益表	—	(76)	(214)	(290)
At 31 December 2006	於二零零六年十二月三十一日	94	3,926	133	4,153
Exchange differences	滙兌差額	—	91	12	103
Credited to the income statement	於收益表扣除	—	4,284	56	4,340
At 31 December 2007	於二零零七年十二月三十一日	94	8,301	201	8,596
				Revaluation of buildings and land use rights 重估樓宇及 土地使用權	Total 合計
		Accelerated tax depreciation 加速稅項折舊		HK\$'000 千港元	HK\$'000 千港元
Deferred income tax liabilities		遞延所得稅負債			
At 1 January 2006	於二零零六年一月一日	779	—	—	779
Exchange differences	滙兌差額	—	364	—	364
Acquisition of subsidiaries	收購附屬公司	—	18,924	—	18,924
Credited to the income statement	計入收益表	—	(315)	—	(315)
At 31 December 2006	於二零零六年十二月三十一日	779	18,973	—	19,752
Exchange differences	滙兌差額	—	1,476	—	1,476
Charged/(credited) to the income statement	扣除/(計入) 收益表確認	340	(7,281)	—	(6,941)
At 31 December 2007	於二零零七年十二月三十一日	1,119	13,168	—	14,287

Notes to the Financial Statements

財務報表附註

19 DEFERRED INCOME TAX — GROUP (CONTINUED)

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through the future taxable profits is probable. The Group did not recognise deferred income tax assets of HK\$5,387,000 (2006: HK\$3,014,000) in respect of losses amounting to HK\$20,445,000 (2006: HK\$11,785,000), that can be carried forward against future taxable income. The tax losses expire from 2009 to 2013 (2006: 2008 to 2012).

On 16 March 2007, the National People's Congress approved the Corporate Income Tax Law of the PRC (the "new CIT Law"), which is effective from 1 January 2008. Under the new CIT Law, the corporate income tax rate applicable to the Group starting from 1 January 2008 will be 25% for all the companies in the PRC. As a result of the new CIT Law, a deferred tax credit of approximately HK\$6,422,000 was taken to the income statement (Note 24).

19 遞延所得稅 — 本集團 (續)

遞延所得稅資產乃就結轉稅務虧損確認，以相關稅務利益可透過未來應課稅溢利變現為限。本集團並無就可結轉以抵銷未來應課稅收入之虧損20,445,000港元(二零零六年：11,785,000港元)而確認遞延所得稅資產5,387,000港元(二零零六年：3,014,000港元)。稅務虧損由二零零九年至二零一三年屆滿(二零零六年：二零零八年至二零一二年)。

於二零零七年三月十六日，全國人民代表大會通過中國企業所得稅法(「新中國企業所得稅法」)，自二零零八年一月一日起生效。在新中國企業所得稅法下，本集團適用之企業所得稅率自二零零八年一月一日起將與所有中國公司劃一為25%。因新中國企業所得稅法，一筆約6,422,000港元之遞延稅項抵免已計入收益表(附註24)。

Notes to the Financial Statements

財務報表附註

20 TRADE AND OTHER PAYABLES

20 應付貿易賬款及其他應付款項

		Group 本集團		Company 本公司	
		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Trade and bills payables	應付貿易賬款及 應付票據	195,555	223,976	—	—
Other payable and accruals	其他應付款項及 應計費用	98,218	113,827	2,597	2,276
Amounts due to associates (Note 32(c))	應付聯營公司款項 (附註32(c))	2,267	5,922	—	—
Licence fees payable (Note 18)	應付牌照費 (附註18)	5,039	—	—	—
		301,079	343,725	2,597	2,276

The ageing analysis of trade and bills payables is as follows:

應付貿易賬款及應付票據的賬齡分析如下：

		Group 本集團	
		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
0 to 30 days	0至30日	135,655	172,735
31 to 60 days	31至60日	38,029	31,367
61 to 90 days	61至90日	8,813	6,299
Over 90 days	超過90日	13,058	13,575
		195,555	223,976

Bills payables are with average maturity dates of within 2 months.

應付票據的平均到期日為兩個月內。

Notes to the Financial Statements

財務報表附註

20 TRADE AND OTHER PAYABLES (CONTINUED)

The carrying amounts of the Group's trade and bills payable are denominated in the following currencies:

		Group 本集團	
		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
HK\$	港元	4,838	6,239
RMB	人民幣	177,234	198,776
US\$	美元	13,423	14,903
Euro	歐元	60	4,058
		195,555	223,976

The carrying amounts of trade and other payables approximate their fair values.

21 BANK BORROWINGS — GROUP

		Group 本集團	
		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Bank borrowings	銀行借貸		
— secured	— 抵押	8,879	—
— unsecured	— 無抵押	4,275	2,225
		13,154	2,225

At 31 December 2007, the Group's bank borrowings were wholly repayable within one year.

20 應付貿易賬款及其他應付款項(續)

本集團的應付貿易賬款及應付票據的賬面值以下列貨幣計值：

		Group 本集團	
		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
HK\$	港元	4,838	6,239
RMB	人民幣	177,234	198,776
US\$	美元	13,423	14,903
Euro	歐元	60	4,058
		195,555	223,976

應付貿易賬款及其他應付款項的賬面值與其公平值相約。

21 銀行借貸 — 本集團

		Group 本集團	
		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Bank borrowings	銀行借貸		
— secured	— 抵押	8,879	—
— unsecured	— 無抵押	4,275	2,225
		13,154	2,225

於二零零七年十二月三十一日，本集團之銀行借貸須於一年內全數償還。

Notes to the Financial Statements

財務報表附註

21 BANK BORROWINGS — GROUP (CONTINUED)

At 31 December 2007, the secured bank borrowings were secured by certain buildings (Note 6) and leasehold land and land use rights (Note 8) with aggregated net book amount of HK\$10,043,000 (2006: Nil).

An analysis of the carrying amounts of the Group's bank borrowings by type and currency is as follows:

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
HK\$ at floating rates	港元，浮動利率	—	231
US\$ at floating rates	美元，浮動利率	8,879	—
RMB at fixed rates	人民幣，固定利率	4,275	1,994
		13,154	2,225

The effective interest rates per annum at the balance sheet date were as follows:

		2007 二零零七年	2006 二零零六年
HK\$	港元	—	7.75%
US\$	美元	5.57%	—
RMB	人民幣	7.37%	5.88%

The carrying amounts of bank borrowings approximate their fair values.

21 銀行借貸 — 本集團 (續)

於二零零七年十二月三十一日，有抵押銀行借貸以總賬面淨值為10,043,000港元(二零零六年：無)之本集團的若干樓宇(附註6)、批租土地及土地使用權(附註8)抵押。

本集團銀行借貸賬面值按種類及貨幣的分析如下：

於結算日的實際年利率如下：

銀行借貸的賬面值與其公平值相若。

Notes to the Financial Statements

財務報表附註

22 OTHER GAINS, NET

22 其他收益淨值

		2007	2006
		二零零七年	二零零六年
		HK\$'000	HK\$'000
		千港元	千港元
(Loss)/gain on disposal of property, plant and equipment and leasehold land and land use rights	出售物業、廠房及設備以及批租土地及土地使用權(虧損)/收益	(49)	9,617
Loss on disposal of an associate	出售聯營公司虧損	(84)	—
Increase in fair value of investment properties (Note 7)	投資物業 公平值收益(附註7)	2,060	—
Government grants	政府補助金	11,341	7,655
Net exchange (losses)/gains	滙兌(虧損)/收益淨額	(748)	527
Net fair value gains of financial assets at fair value through profit or loss	按公平值經損益入賬之 金融資產公平淨值	29,030	—
Net fair value gains of foreign exchange forward contracts	外滙遠期合約之 公平值收益淨額	2,751	—
Rental income	租賃收入	4,212	732
Others	其他	1,942	5,266
		50,455	23,797

Notes to the Financial Statements

財務報表附註

23 FINANCE INCOME, NET

23 融資收入淨額

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Finance income — interest income on	融資收入 — 利息收入		
— bank deposits	— 銀行存款	17,002	35,909
— amount due from an associate	— 應收聯營公司款項	235	—
Finance costs — interest expense on	融資成本 — 利息		
— bank loans	— 銀行貸款	(587)	(423)
— license fees payable	— 應付牌照費	(833)	—
		15,817	35,486

24 INCOME TAX EXPENSE

24 所得稅開支

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Current income tax	現有所得稅		
— Hong Kong profits tax (Note (a))	— 香港利得稅(附註(a))	34,799	28,803
— PRC enterprise income tax (Note (b))	— 中國企業所得稅(附註(b))	52,788	30,823
— Under/(over)-provision in prior years	— 於過往年度撥備不足/ (超額撥備)	426	(4,911)
Deferred income tax (Note 19)	遞延所得稅(附註19)	(11,281)	(25)
		76,732	54,690

Notes to the Financial Statements

財務報表附註

24 INCOME TAX EXPENSE (CONTINUED)

Notes:

(a) Hong Kong profits tax

Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profit for the year.

(b) PRC enterprise income tax

PRC enterprise income tax is provided on the basis of the profits of the PRC established and operating subsidiaries for statutory financial reporting purposes, adjusted for income and expense items which are not assessable or deductible for income tax purposes. The applicable enterprise income tax rate for these subsidiaries of the Group is 26.4%, which comprises 24% attributable to national enterprise income tax and 2.4% attributable to local municipal income tax, except that the applicable enterprise income tax rate for Zhejiang China Ting Group Company Limited and Hangzhou Fuxi Fashion Company Limited is 33%, which comprises 30% attributable to national enterprise income tax and 3% attributable to local municipal income tax, and that for Shenzhen Fuhowe Fashion Company Limited and Finity Fashion (Shenzhen) Company Limited is 15%.

In accordance with the relevant applicable tax regulations, for those subsidiaries established in the PRC as wholly foreign owned enterprises or sino-foreign joint ventures, they are entitled to full exemption from enterprise income tax for the first two years and 50% reduction in national enterprise income tax for the next three years, commencing from the first profitable year, after offsetting all unexpired tax losses carried forward from previous years.

24 所得稅開支(續)

附註：

(a) 香港利得稅

香港利得稅根據年內估計應課稅溢利按17.5%(二零零六年：17.5%)的稅率作出撥備。

(b) 中國企業所得稅

中國企業所得稅乃按於中國設立及經營的附屬公司於法定財政報告呈列之溢利作出撥備，並就毋須課稅或不獲扣減所得稅之收入及開支項目作出調整。本集團該等附屬公司的適用企業所得稅稅率為26.4%，其中包括國家企業所得稅24%及地方所得稅2.4%，惟浙江華鼎集團有限責任公司及杭州富茜時裝有限公司的適用企業所得稅稅率則為33%，其中包括國家企業所得稅30%及地方所得稅3%，而深圳富豪時裝有限公司及菲妮迪時裝(深圳)有限公司的適用所得稅率為15%。

根據相關的適用稅務規例，於中國設立作外商獨資企業或中外合營企業的附屬公司均有權自其首個獲利年度起(於抵銷過往年度結轉之所有未到期稅項虧損之後)首兩年可免繳企業所得稅，並於其後三年減半繳納國家企業所得稅。

Notes to the Financial Statements

財務報表附註

24 INCOME TAX EXPENSE (CONTINUED)

24 所得稅開支(續)

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

本集團就除所得稅前溢利的稅項與應用綜合實體之溢利適用之加權平均稅率計算的理論稅款差異如下：

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Profit before income tax	除所得稅前溢利	528,869	465,491
Tax calculated at domestic tax rates applicable to profits in the respective places/countries	按各地區／國家溢利適用之計算之本地稅率之稅項	128,849	102,963
Effects of tax concession	豁免課稅之影響	(37,360)	(36,832)
Income not subject to tax	毋須課稅的收入	(11,216)	(11,286)
Expenses not deductible for tax purposes	不可扣稅的開支	2,489	1,903
Utilisation of previously unrecognised tax losses	使用過往未確認的稅損	—	(275)
Under/(over)-provision in prior years	之前年度撥備不足／(過度撥備)	426	(4,911)
Tax losses not recognised	未確認之稅務虧損	85	2,479
Effect of change in tax rate (Note 19)	稅率變動之影響(附註19)	(6,422)	—
Others	其他	(119)	649
Income tax expense	所得稅開支	76,732	54,690

The weighted average applicable tax rate was 24% (2006: 22%). The increase is caused by a change in the profitability of the Group's subsidiaries in the respective places/countries.

適用之加權平均稅率為24%(二零零六年: 22%)。上升乃由於各地區／國家之本集團附屬公司之溢利變動所致。

Notes to the Financial Statements

財務報表附註

25 EXPENSES BY NATURE

25 按性質分類的開支

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Auditor's remuneration	核數師酬金	4,500	4,052
Amortisation of leasehold land and land use rights (Note 8)	批租土地及土地使用權攤銷(附註8)	1,682	1,001
Amortisation of intangible assets (Note 11)	無形資產攤銷(附註11)	7,845	3,122
Depreciation of property, plant and equipment (Note 6)	物業、廠房及設備折舊(附註6)	40,016	28,160
Employee benefit expenses (including directors' emolument) (Note 26)	僱員福利開支(包括董事酬金)(附註26)	373,105	304,122
Changes in inventories of finished goods and work in progress	製成品及在製品存貨變動	(30,061)	(109,758)
Raw materials and consumables used	已耗用原材料及消耗品	1,067,618	920,625
Direct operating expenses arising from investment properties that generate rental income	產生租金收入的投資物業所招致的直接經營開支	79	84
Operating lease rental in respect of property, plant and equipment	物業、廠房及設備的經營租賃租金	18,348	14,911
Processing and subcontracting charges	加工及分包費用	181,835	137,980
Duties and other taxes	稅務及其他稅項	64,566	58,764
Provision/(reversal of provision) for impairment of receivables (Note 13)	應收款項減值撥備/(撥回)(附註13)	572	(1,167)
Others	其他開支	172,581	158,787
Total cost of sales, selling, marketing and distribution costs and administrative expenses	銷售成本、銷售、營銷及分銷成本及行政開支總額	1,902,686	1,520,683

Notes to the Financial Statements

財務報表附註

26 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

26 僱員福利開支(包括董事 酬金)

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Salaries, wages and bonuses	薪金、工資及花紅	337,785	273,432
Pension costs — defined contribution plans (Note)	退休金成本 — 一定額 供款計劃(附註)	16,061	9,491
Staff welfare	員工福利	19,259	21,199
		373,105	304,122

Note:

Employees in the Group's PRC subsidiaries are required to participate in defined contribution retirement scheme administered and operated by the local municipal government. The Group's PRC subsidiaries contribute 19% of employees' basic salary to the scheme to fund the retirement benefits of the employees.

The Group has also established a mandatory provident fund scheme ("MPF scheme") in Hong Kong. The assets of the MPF scheme are held in separate trustee-administered funds. Both the Group and the employees are required to contribute 5% of the employee's relevant income up to a maximum of HK\$1,000 per employee per month.

附註：

本集團中國附屬公司的僱員須參與由當地市政府管理及營辦的定額供款退休計劃。本集團中國附屬公司按僱員基本薪金之19%向該計劃供款，為僱員的退休福利撥資。

本集團亦於香港設立強制性公積金計劃(「強積金計劃」)。強積金計劃之資產由獨立信託人監管。本集團及僱員均須每月按有關僱員之收入之5%作出供款，上限為1,000港元。

Notes to the Financial Statements

財務報表附註

26 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS) (CONTINUED)

26 僱員福利開支(包括董事 酬金)(續)

(a) Directors' and senior management's emoluments

The remuneration of each director of the Company for the year ended 31 December 2007 is set out below:

(a) 董事及高層管理人員的酬金

本公司截至二零零七年十二月三十一日止年度各董事的薪酬載列如下：

Name	姓名	Basic salaries, housing allowances, other allowances and benefits in kind				Contributions to pension plans	Discretionary bonus	Total
		Fees						
		袍金	基本薪金、 房屋津貼、 其他津貼及 實物利益	退休金 計劃之供款	酌情花紅	合計		
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
		千港元	千港元	千港元	千港元	千港元	千港元	
Ting Man Yi	丁敏兒	—	3,000	12	4,500	7,512		
Ding Jianer	丁建兒	—	2,130	12	2,000	4,142		
Ting Hung Yi	丁雄尔	—	3,000	12	4,500	7,512		
Wong Sin Yung	黃善榕	—	824	12	450	1,286		
Cheung Ting Yin, Peter	張定賢	—	1,235	12	1,900	3,147		
Cheng Chi Pang	鄭志鵬	300	—	—	—	300		
Wong Chi Keung	黃之強	200	—	—	—	200		
Leung Man Kit	梁民傑	200	—	—	—	200		
		700	10,189	60	13,350	24,299		

Notes to the Financial Statements

財務報表附註

26 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS) (CONTINUED)

26 僱員福利開支(包括董事 酬金)(續)

(a) Directors' and senior management's emoluments (Continued)

The remuneration of each director of the Company for the year ended 31 December 2006 is set out below:

(a) 董事及高層管理人員的酬金 (續)

本公司截至二零零六年十二月三十一日止年度各董事的薪酬載列如下：

Name	姓名	Fees	Basic salaries, housing allowances, other allowances and benefits	Contributions to pension plans	Discretionary bonus	Total
			in kind			
		袍金	基本薪金、 房屋津貼、 其他津貼及 實物利益	退休金 計劃之供款	酌情花紅	合計
		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
Ting Man Yi	丁敏兒	—	3,000	12	2,250	5,262
Ding Jianer	丁建兒	—	2,000	12	770	2,782
Ting Hung Yi	丁雄尔	—	3,000	12	2,250	5,262
Wong Sin Yung	黃善裕	—	800	12	400	1,212
Cheung Ting Yin, Peter (Note)	張定賢 (附註)	—	515	5	417	937
Cheng Chi Pang	鄭志鵬	300	—	—	—	300
Wong Chi Keung	黃之強	200	—	—	—	200
Leung Man Kit	梁民傑	200	—	—	—	200
		700	9,315	53	6,087	16,155

Note: Appointed on 3 August 2006

附註：於二零零六年八月三日獲委任

No directors of the Company waived any emoluments and no emoluments were paid by the Group to any of the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office.

本公司董事並無放棄任何酬金，而本集團亦無向本公司任何董事支付酬金作為誘使加入本集團或加入本集團，或作為失去職位的補償。

Notes to the Financial Statements

財務報表附註

26 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS) (CONTINUED)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include four (2006: four) directors of the Company whose emoluments are reflected in the analysis presented in Note (a) above. The emoluments payable to the remaining one (2006: one) individual during the year are as follows:

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Basic salaries, housing allowances, other allowances and benefits in kind (Note)	基本薪金、房屋津貼、其他津貼及實物利益(附註)	3,129	3,017
Contributions to pension plans	退休金計劃的供款	12	12
Discretionary bonuses	酌情花紅	1,500	1,300
		4,641	4,329

Note: Other benefits in kind include share option value.

附註：其他實物利益包括購股權價值。

The emoluments fell within the following bands:

屬下列酬金範圍之人數如下：

		2007 二零零七年	2006 二零零六年
HK\$4,000,001 – HK\$4,500,000	4,000,001港元至4,500,000港元	—	1
HK\$4,500,001 – HK\$5,000,000	4,500,001港元至5,000,000港元	1	—

None of the highest paid individuals of the Group waived any emoluments and no emoluments were paid by the Group to the individual as an inducement to join or upon joining the Group or as compensation for loss of office.

本集團最高薪酬人士概無放棄任何酬金，而本集團亦無向任何該等人士支付酬金作為誘使加入本集團或加入本集團，或作為失去職位的補償。

Notes to the Financial Statements

財務報表附註

27 PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The profit attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of HK\$292,720,000 (2006: HK\$302,461,000).

28 EARNINGS PER SHARE

(a) The calculation of basic earnings per share is based on the Group's profit attributable to equity holders of the Company of HK\$449,517,000 (2006: HK\$408,539,000) and weighted average number of ordinary shares in issue during the year of 2,066,311,096 (2006: 2,064,541,096).

(b) Diluted earnings per share is calculated based on the profit attributable to equity holders of the Company of HK\$449,517,000 (2006: HK\$408,539,000), and the weighted average number of ordinary shares of 2,074,141,213 (2006: 2,073,899,718) which is the weighted average number of ordinary shares in issue during the year plus the weighted average number of dilutive potential ordinary shares of 7,830,117 (2006: 9,358,622) deemed to be issued at no consideration if all outstanding share option granted under the Pre-IPO Share Option Scheme had been exercised.

27 本公司股權持有人應佔溢利

本公司股權持有人應佔溢利在本公司的財務報表入賬為292,720,000港元(二零零六年: 302,461,000港元)。

28 每股盈利

(a) 計算每股基本盈利，乃根據本集團股本持有人應佔溢利449,517,000港元(二零零六年: 408,539,000港元)及年內已發行普通股之加權平均數2,066,311,096股(二零零六年: 2,064,541,096股)計算。

(b) 計算每股攤薄盈利，乃根據本公司股本持有人應佔之溢利449,517,000港元(二零零六年: 408,539,000港元)及普通股加權平均數2,074,141,213股(二零零六年: 2,073,899,718股)計算。該普通股加權平均數乃年內已發行普通股加權平均數加上倘行使首次公開發售前購股權計劃下授出之購股權，則視為無償發行之攤薄潛在普通股7,830,117股(二零零六年: 9,358,622股)計算。

Notes to the Financial Statements

財務報表附註

29 DIVIDENDS

29 股息

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Interim	中期		
Interim dividend, paid, of HK5.90 cents (2006: HK5.40 cents) per ordinary share	已付中期股息，每股 普通股5.90港仙 (二零零六年：5.40港仙)	121,957	111,510
Special dividend, paid, of HK1.00 cent (2006: HK1.00 cent) per ordinary share	已付特別股息，每股 普通股1.00港仙 (二零零六年：1.00港仙)	20,671	20,650
Final (Note)	終期(附註)		
Proposed final dividend of HK4.98 cents (2006: HK4.40 cents) per ordinary share	擬派終期股息每股 普通股4.98港仙 (二零零六年：4.40港仙)	104,943	90,915
Proposed special dividend of HK2.84 cents (2006: HK2.60 cents) per ordinary share	擬派特別股息每股 普通股2.84港仙 (二零零六年：2.60港仙)	59,847	53,723
		307,418	276,798

Note:

The amount of 2007 proposed final and special dividends is based on 2,107,294,000 shares in issue as at 2 April 2008 (2006: 2,066,250,000 shares in issue as at 28 March 2007).

At a meeting held on 2 April 2008, the directors proposed a special dividend of HK2.84 cents per ordinary share in addition to a final dividend of HK4.98 cents per ordinary share. The proposed dividends are not reflected as a dividend payable in the financial statements, but will be reflected as an appropriation of retained earnings for the year ending 31 December 2008.

附註：

二零零七年擬派終期及特別股息之金額乃根據二零零八年四月二日已發行之2,107,294,000股股份(二零零六年：於二零零七年三月二十八日已發行之2,066,250,000股股份)計算。

於二零零八年四月二日舉行的會議上，董事建議除派付終期股息每股普通股4.98港仙外，亦派付特別股息每股普通股2.84港仙。擬派股息並未於財務報表中列作應付股息，但將於截至二零零八年十二月三十一日止年度列作保留盈利分派。

Notes to the Financial Statements

財務報表附註

30 CASH GENERATED FROM OPERATIONS 30 經營所得現金

(a) Reconciliation of operating profit to cash generated from operations is as follows:

(a) 經營溢利與經營所得現金的對賬如下：

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Operating profit	經營溢利	501,276	423,182
Adjustments for:	調整：		
— Depreciation of property, plant and equipment	— 物業、廠房及設備折舊	40,016	28,160
— Amortisation of leasehold land and land use rights	— 批租土地及土地使用權攤銷	1,682	1,001
— Amortisation of intangible assets	— 無形資產攤銷	7,845	3,122
— Loss/(gain) on disposal of property, plant and equipment and leasehold land and land use rights	— 出售物業、廠房及設備以及批租土地及土地使用權(虧損)/收益	49	(9,617)
— Net fair value gains of financial assets at fair value through profit or loss	— 按公平值經損益入賬之金融資產公平淨值收益	(29,030)	—
— Net fair value gains of foreign exchange forward contracts	— 外匯遠期合約之公平淨值收益	(2,751)	—
— Fair value gain on investment properties	— 投資物業的公平值收益	(2,060)	—
— Amortisation of share option scheme	— 購股權計劃攤銷	1,902	1,902
— Loss on disposal of an associate	— 出售聯營公司虧損	84	—
Changes in working capital:	營運資金的變動：		
— Inventories	— 存貨	(10,405)	(122,569)
— Trade and other receivables	— 應收貿易賬款及其他應收款項	(26,523)	(61,672)
— Change in financial assets at fair value through profit or loss	— 按公平值經損益入賬之金融資產變動	(14,591)	—
— Trade and other payables	— 應付貿易賬款及其他應付款項	(51,555)	49,330
Cash generated from operations	經營所得現金	415,939	312,839

Notes to the Financial Statements

財務報表附註

30 CASH GENERATED FROM OPERATIONS (CONTINUED)

30 經營所得現金 (續)

(b) In the cash flow statement, proceeds from disposal of property, plant and equipment and leasehold land and land use rights comprise:

(b) 於現金流量報表內，出售物業、廠房及設備以及批租土地及土地使用權的所得款項包括：

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Net book amount of:	以下各項賬面淨值：		
Property, plant and equipment (Note 6)	物業、廠房及設備 (附註6)	591	5,104
Leasehold land and land use rights (Note 8)	批租土地及土地使用權 (附註8)	—	7,267
		591	12,371
(Loss)/gain on disposal of property, plant and equipment and leasehold land and land use rights (Note 22)	出售物業、廠房及設備以及批租土地及土地使用權 (虧損)/收益 (附註22)	(49)	9,617
Proceeds from disposal of property, plant and equipment and leasehold land and land use rights	出售物業、廠房及設備以及批租土地及土地使用權所得款項	542	21,988

(c) Significant non-cash operating and investing activities

(c) 重大非現金經營及投資活動

The principal non-cash transaction during the year is the addition of a licence right and corresponding licence fees payable as set out in Notes 11(b) and 18 to the financial statements.

年內的主要非現金交易為財務報表附註11(b)及18所載的專營權及相應的應付專營權費。

Notes to the Financial Statements

財務報表附註

31 COMMITMENTS

(a) Capital commitments

Capital expenditure at the balance sheet date but not yet incurred is as follows:

31 承擔

(a) 資本承擔

於結算日但未招致的資本開支如下：

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Contracted but not provided for	已訂約但未作出撥備		
— Property, plant and equipment	— 物業、廠房及設備	56,334	2,183
— Investment in an associate, Lee Cooper China (Hong Kong) Limited	— 於聯營公司 Lee Cooper China (Hong Kong) Limited 之投資	11,400	10,220
— Investment in a jointly controlled entity, China Ting Pietraluna Limited	— 於共同控制實體 China Ting Pietraluna Limited之 投資	31,200	—
		98,934	12,403

Notes to the Financial Statements

財務報表附註

31 COMMITMENTS (CONTINUED)

(b) Operating lease commitments

The Group leases various retail outlets, offices, warehouses and plant and equipment under non-cancellable operating lease agreements. The leases have varying terms, escalation claims and renewal rights.

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

31 承擔 (續)

(b) 經營租賃承擔

本集團根據不可撤銷經營租賃協議租用多個零售店、辦公室、貨倉以及廠房及設備。該等租賃的年期、加租權及續約權各有不同。

本集團根據不可撤銷經營租賃日後支付的最低租金款項總額如下：

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Land and buildings	土地及樓宇		
— Not later than 1 year	— 不超過一年	11,908	3,259
— Later than 1 year and not later than 5 years	— 超過一年但不超過五年	8,509	—
		20,417	3,259
Plant and equipment	廠房及設備		
— Not later than 1 year	— 不超過一年	169	169
— Later than 1 year and not later than 5 years	— 超過一年但不超過五年	212	381
		381	550
		20,798	3,809

Notes to the Financial Statements

財務報表附註

32 SIGNIFICANT RELATED PARTY TRANSACTIONS

The Group is controlled by Longerview Investments Limited (incorporated in the British Virgin Islands), which owns 72% of the Company's shares. The remaining 28% of the shares are widely held.

The directors are of the view that the following companies are related parties of the Group:

Name 名稱	Relationship with the Group 與本集團的關係
Hangzhou Huasheng Accessories Company Limited ("Huasheng Accessories") 杭州華盛輔料有限公司 (「華盛輔料」)	An associate 聯營公司
Interfield Industrial Limited ("Interfield") 中都實業有限公司 (「中都」)	An associate 聯營公司

Names of the related parties referred to in the above represent management's best efforts at translating the Chinese names of these companies as no English names have been registered or available.

32 重大有關連人士交易

本集團為Longerview Investments Limited (於英屬處女群島註冊成立) 所控制，其持有本公司72%的股份。餘下的28%股份由公眾持有。

董事認為下列公司為本集團的有關連人士：

由於上述若干公司並無登記英文名稱，故該等英文名稱乃管理層盡力翻譯其中文名稱所得。

Notes to the Financial Statements

財務報表附註

32 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transactions with related parties

In the opinion of the directors, the transactions below were conducted in the ordinary and usual course of business and the pricing of these transactions was determined based on mutual negotiation and agreement between the Group and the related parties.

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Interest income from Huasheng Accessories	來自華盛輔料之利息收入	235	—
Purchases of accessories from Huasheng Accessories	向華盛輔料購置輔料	10,812	9,896
Subcontracting charges paid to Interfield	向中都支付分包費用	45,225	29,997

(b) Key management compensation

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Salaries and other short-term employee benefits	薪金及其他短期僱員福利	28,499	21,094
Post-employment benefits	退休福利	96	96
Share-based payments	股份報酬	1,902	1,902
		30,497	23,092

32 重大有關連人士交易 (續)

(a) 與有關連人士進行的交易：

董事認為，下文之交易乃於日常及正常業務過程中進行，而該等交易的定價則根據本集團與有關連人士互相磋商及協議而釐定。

(b) 主要管理層的報酬

Notes to the Financial Statements

財務報表附註

32 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

32 重大有關連人士交易 (續)

(c) Year-end balances with related parties

(c) 與關連人士之年度結算結餘

		Group 本集團		Company 本公司	
		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Receivables from related parties	應收關連人士款項				
— associates	— 聯營公司	63,509	3,107	—	—
— subsidiaries	— 附屬公司	—	—	497,573	945,098
Payables to related parties	應付關連人士款項				
— associates	— 聯營公司	2,267	5,922	—	—

All amounts are unsecured, interest-free and repayable on demand, except for the amount due from an associate of HK\$4,275,000 (2006: HK\$4,984,000) which bears interest at 4.8% (2006: 4.8%) per annum.

所有款額均為無抵押、免息及須按要求償還，惟應收一間聯營公司之款項4,275,000港元（二零零六年：4,984,000港元）除外，該款項按年利率4.8厘計息。

Included in amounts due from associates is dividend receivable of HK\$43,040,000 (2006: Nil).

計入應收聯營公司之款項為應收股息43,040,000港元（二零零六年：無）。

The carrying amounts of these balances approximate their fair values.

該等款項之賬面值與其公平值相若。

Notes to the Financial Statements

財務報表附註

33 EVENTS AFTER THE BALANCE SHEET DATE

On 11 December 2007, the Group entered into a sale and purchase agreement with an independent third party to acquire additional equity interest of 60% in Interfield, a 40% owned associate of the Group, by way of issuing 45,900,000 ordinary shares of the Company. After the transfer of the relevant shares to the Group from the independent third party on 3 January 2008, Interfield became a wholly owned subsidiary of the Group.

Set forth below is a preliminary calculation of goodwill:

		HK\$'000
		千港元
Purchase consideration	購買代價	
– Fair value of shares issued on 18 January 2008	– 於二零零八年一月十八日已發行股份之公平值	74,817
– Direct cost relating to the acquisition	– 有關收購之直接成本	421
60% share of fair value of net assets acquired	分佔已收購淨資產之公平值60%	(32,326)
Goodwill	商譽	42,912

As of the date of this report, the directors are still in the process of identifying and determining the fair value to be assigned to Interfield's identifiable assets and liabilities, but estimates have been recorded as part of the purchase price allocation, as indicated above. This process is expected to be finalised in the financial year ending 31 December 2008.

33. 結算日後事項

於二零零七年十二月十一日，本集團與一名獨立第三方訂立買賣協議，以發行本公司45,900,000股普通股收購中都（本集團一間持有40%之聯營公司）額外60%股本權益。於二零零八年一月三日獨立第三方向本集團轉讓相關股份後，中都成為本集團之全資附屬公司。

下表顯示商譽之初步計量：

於本報告日期，董事乃在判別及決定應撥予中都可識別資產及負債之公平值，但估計如上文已記錄作購買價分配之一部份。該過程預期可於截至二零零八年十二月三十一日止財政年度完結。

Five-year Financial Summary

五年財務概要

A summary of the published results and assets, liabilities and minority interests of the Group for the last five financial years is set out below.

本集團過去五個財政年度經登載的業績及資產、負債及少數股東權益概要列載如下。

		For the financial years ended 31 December				
		截至十二月三十一日止財政年度				
		(Amounts expressed in HK\$'000, unless specified)				
		(除另有指明外，全以千港元呈列)				
		2003	2004	2005	2006	2007
		二零零三年	二零零四年	二零零五年	二零零六年	二零零七年
Turnover	營業額	980,015	1,401,465	1,894,835	1,920,068	2,353,507
Cost of sales	銷售成本	(702,082)	(967,807)	(1,202,126)	(1,249,738)	(1,560,468)
Gross profit	毛利	277,933	433,658	692,709	670,330	793,039
Other gains, net	其他收益淨值	20,428	27,300	22,546	23,797	50,455
Selling, marketing and distribution costs	銷售、營銷及分銷成本	(80,600)	(108,716)	(102,667)	(117,960)	(152,736)
Administrative expenses	行政開支	(107,018)	(114,930)	(160,089)	(152,985)	(189,482)
Operating profit	經營溢利	110,743	237,312	452,499	423,182	501,276
Finance income, net	融資收入淨額	(6,582)	(4,349)	1,298	35,486	15,817
Share of profit of associates	分佔聯營公司溢利	3,669	10,391	9,023	6,823	11,776
Profit before income tax	除所得稅前溢利	107,830	243,354	462,820	465,491	528,869
Income tax expense	所得稅開支	(12,799)	(30,186)	(72,715)	(54,690)	(76,732)
Profit before minority interests	除少數股東權益前溢利	95,031	213,168	390,105	410,801	452,137
Minority interests	少數股東權益	(9,759)	(20,365)	(9,108)	(2,262)	(2,620)
Profit attributable to shareholders	股東應佔溢利	85,272	192,803	380,997	408,539	449,517

Five-year Financial Summary

五年財務概要

As at 31 December

於十二月三十一日

(Amounts expressed in HK\$'000, unless specified)

(除另有指明外，全以千港元呈列)

		2003	2004	2005	2006	2007
		二零零三年	二零零四年	二零零五年	二零零六年	二零零七年
Non-current Assets	非流動資產	362,499	398,591	370,400	652,094	807,806
Current Assets	流動資產	671,772	780,258	1,485,578	1,569,656	1,665,269
Total Assets	資產總值	1,034,271	1,178,849	1,855,978	2,221,750	2,473,075
Non-current Liabilities	非流動負債	9,585	13,339	5,147	19,752	19,547
Current Liabilities	流動負債	687,965	629,347	396,491	359,214	343,090
Total Liabilities	負債總值	697,550	642,686	401,638	378,966	362,637
Total Equity	權益總值	336,721	536,163	1,454,340	1,842,784	2,110,438
Net Current Assets/ (Liabilities)	流動資產/ (負債)淨值	(16,193)	150,911	1,089,087	1,210,442	1,322,179
Total Assets Less Current Liabilities	資產總值減 流動負債	346,306	549,502	1,459,487	1,862,536	2,129,985

Note: The results of the Group for the two financial years ended 31 December 2003 and 2004 and its assets and liabilities were extracted from the Prospectus, which also set forth the details of the basis of presentation of the combined accounts. The result of the Group for the financial year ended 31 December 2006 and 2007 and its assets and liabilities as at 31 December 2006 and 2007 are set forth on pages 54 and 51 to 52, respectively, and are presented on the basis set out in note 2.1 to the financial statements.

附註：本集團截至二零零三年及二零零四年十二月三十一日止兩個財政年度的業績及其資產及負債，乃摘錄自售股章程，售股章程亦載有合併賬目呈列基準詳情。本集團截至二零零六年及二零零七年十二月三十一日止財政年度的業績及於二零零六年及二零零七年十二月三十一日的資產及負債分別載列於第54及51至52頁，並按財務報表附註2.1所載基準呈列。

CHINA TING GROUP HOLDINGS LIMITED
華鼎集團控股有限公司

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