



EMBRY HOLDINGS LIMITED
安莉芳控股有限公司

2010年報
ANNUAL REPORT

35th

ANNIVERSARY

STRIVING FOR EXCELLENCE
追求卓越



Embryo Form
安莉芳

安

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芳

大

厦



安利芳

Embry Form

Embry Form



安利芳大厦



Continental

Continental

31300000
北美

Continental

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Corporate Information

DIRECTORS AND BOARD COMMITTEES

Directors

Executive Directors

CHENG Man Tai (*Chairman*)
 CHENG Pik Ho Liza (*Chief Executive Officer*)
 NGOK Ming Chu
 HUNG Hin Kit

Independent Non-executive Directors

LAU Siu Ki (alias, Kevin Lau)
 LEE Kwan Hung
 LEE T. S. (alias, Lee Tien-sheng)

Board Committees

Audit Committee

LAU Siu Ki (alias, Kevin Lau) (*Chairman*)
 LEE Kwan Hung
 LEE T. S. (alias, Lee Tien-sheng)

Remuneration Committee

CHENG Pik Ho Liza (*Chairman*)
 LAU Siu Ki (alias, Kevin Lau)
 LEE Kwan Hung
 LEE T. S. (alias, Lee Tien-sheng)

Nomination Committee

CHENG Pik Ho Liza (*Chairman*)
 LAU Siu Ki (alias, Kevin Lau)
 LEE Kwan Hung
 LEE T. S. (alias, Lee Tien-sheng)

COMPLIANCE OFFICER

CHENG Pik Ho Liza

COMPANY SECRETARY

CHAU Kwok Ming

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

7th Floor, Wyler Centre II
 200 Tai Lin Pai Road
 Kwai Chung, New Territories
 Hong Kong

PRINCIPAL BANKERS

Hang Seng Bank Limited
 The Hongkong and Shanghai Banking Corporation Limited
 Nanyang Commercial Bank, Limited
 Bank of China – Shenzhen Shangbu Branch
 China Construction Bank – Shenzhen Tianbei Branch
 China Merchants Bank – Shenzhen Dongmen Branch
 China Merchants Bank – Shenzhen Shekou Branch
 China Construction Bank – Shenzhen Buxin Branch

LEGAL ADVISERS

As to PRC law:

GFE Law Office
 All Bright Law Offices

AUDITORS

Ernst & Young
 18th Floor
 Two International Finance Centre
 8 Finance Street, Central
 Hong Kong

SHARE REGISTRARS

Principal Share Registrar and Transfer Office in the Cayman Islands

Butterfield Fulcrum Group (Cayman) Limited
 Butterfield House
 68 Fot Street
 P. O. Box 705
 George Town
 Grand Cayman
 Cayman Islands

Branch Share Registrar and Transfer Office in Hong Kong

Tricor Investor Services Limited
 26th Floor, Tesbury Centre
 28 Queen's Road East
 Wanchai, Hong Kong

INVESTOR RELATIONS

iPR Ogilvy Limited

WEBSITE

www.embryform.com

STOCK CODE

1388

Corporate Milestones

1975

Embry Manufacturing Co. was established by Mr. Cheng Man Tai as a sole proprietorship in Hong Kong to engage in the business of garment manufacturing.

1977

The brand, **EMBRY FORM**, was created in 1977 and the Group launched **EMBRY FORM** products in Hong Kong through wholesale channels.

1980

Embry (H.K.) Limited was incorporated in Hong Kong in March 1980.

The first **EMBRY FORM** concessionary counter was opened in Hong Kong in September 1980.

1987

Embry (China) Garments Ltd. was established in 1987, and the Group moved its production base to Shenzhen in 1989.



1977

1987

1993

1999

2006

1989

The first **EMBRY FORM** concessionary counter was opened in Macau in 1989.

1993

Embry (Changzhou) Garments Ltd. was established in 1993 and it commenced production in Changzhou in 1996.

1996

The Group obtained ISO 9001:1994 certification in 1996.

1999

The Group launched a new product series under the brand **FANDECIE** in 1999, targeting at the younger generation.

2002

The Group upgraded its ISO certification from ISO9001:1994 to ISO9001: 2000 standard in 2002.

2003

The Group initially launched enterprise resources planning system in June 2003 to strengthen its inventory replenishment system.

2006

The Group launched a new product series under the brand **COMFIT** in January 2006, featuring the functional brassieres, corsets and panties.

Embry (Shandong) Garments Limited was established in January 2006 in preparation for the Group's expansion of production capacity in the PRC.

The Group soft launched a new product series under the brand **LIZA CHENG** or **LC** in June 2006, targeting at the premium luxury lingerie market.

Embry Holdings Limited was successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited on 18 December 2006.

Embry (Shandong) Garments Industrial Park Foundation Laying Ceremony was held on 28 December 2006.

2007

Phase I of Embry (Shandong) Garments Industrial Park was completed and a grand opening ceremony was held on 28 December 2007.



2006

2006

2007

2009

2010

2009

Embry (Shanghai) Company Limited was established in October 2009. It acquired a 14-floor commercial building under construction located in Yangpu District, Shanghai City, at a consideration of approximately RMB380,638,000. The building has a construction area of approximately 11,430 sq. m.

In December 2009, Mr. Cheng Man Tai, Chairman of the Embry Group, made a donation of RMB10,000,000 to the Textile Vision Science & Education Fund in China to set up the "Cheng Man Tai China Knitwear (Underwear) Fund".

2010

The fifth brand, **E-BRA**, was launched in the fourth quarter of 2010. It is positioned as a mass-market brand with affordable prices so as to attract customers with relatively basic consumption needs.

The construction work of Embry Tower in Shanghai was successfully completed by the end of 2010, which laid a foundation for the Group to establish the significant strategic layout of further expanding the domestic market, and signified an important milestone for the Group's development.

Sales Network 銷售網絡

OVER
超過

1,800

RETAIL OUTLETS
零售點



An Extensive Network Capturing Growing Opportunities in China

The Group's sales points span the whole nation, with footprints in all major cities such as Beijing, Shanghai, Chongqing, Tianjin, Guangzhou, Hong Kong and Macau. Such an extensive network enables the Group to efficiently respond to customer needs and deepen its market penetration in China.

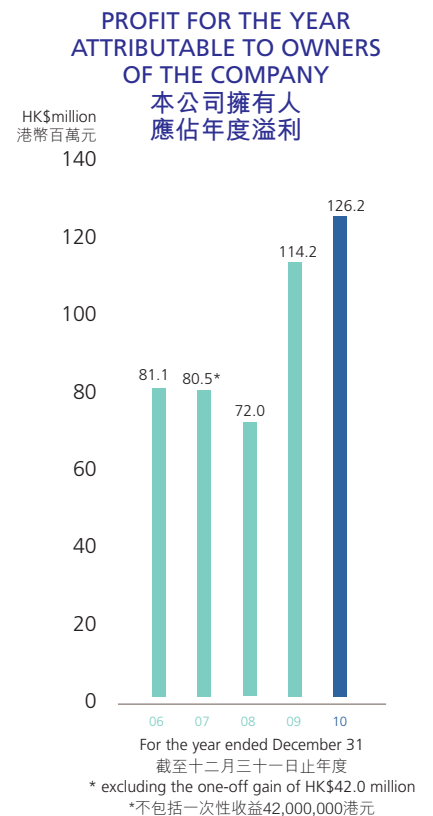
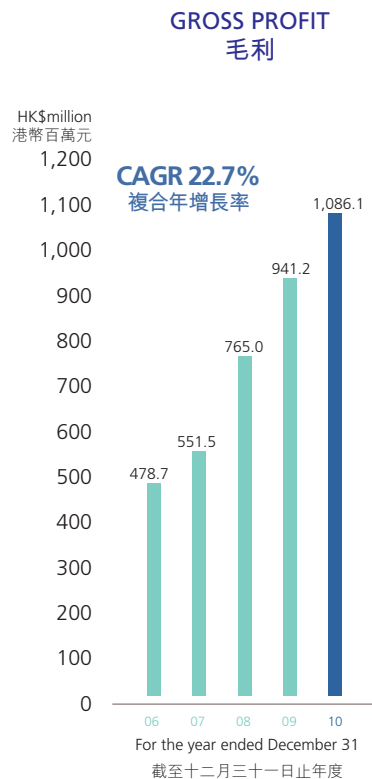
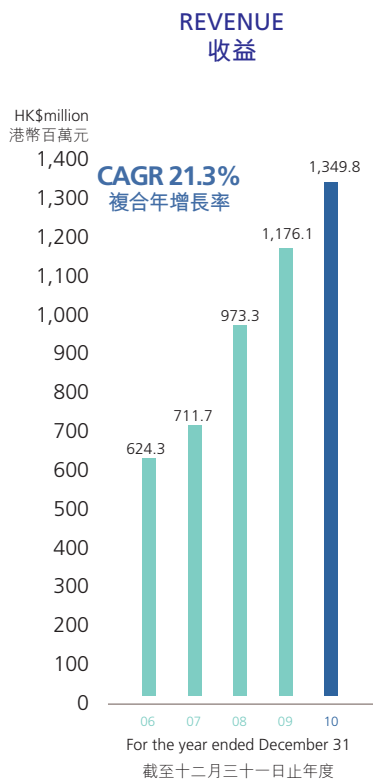
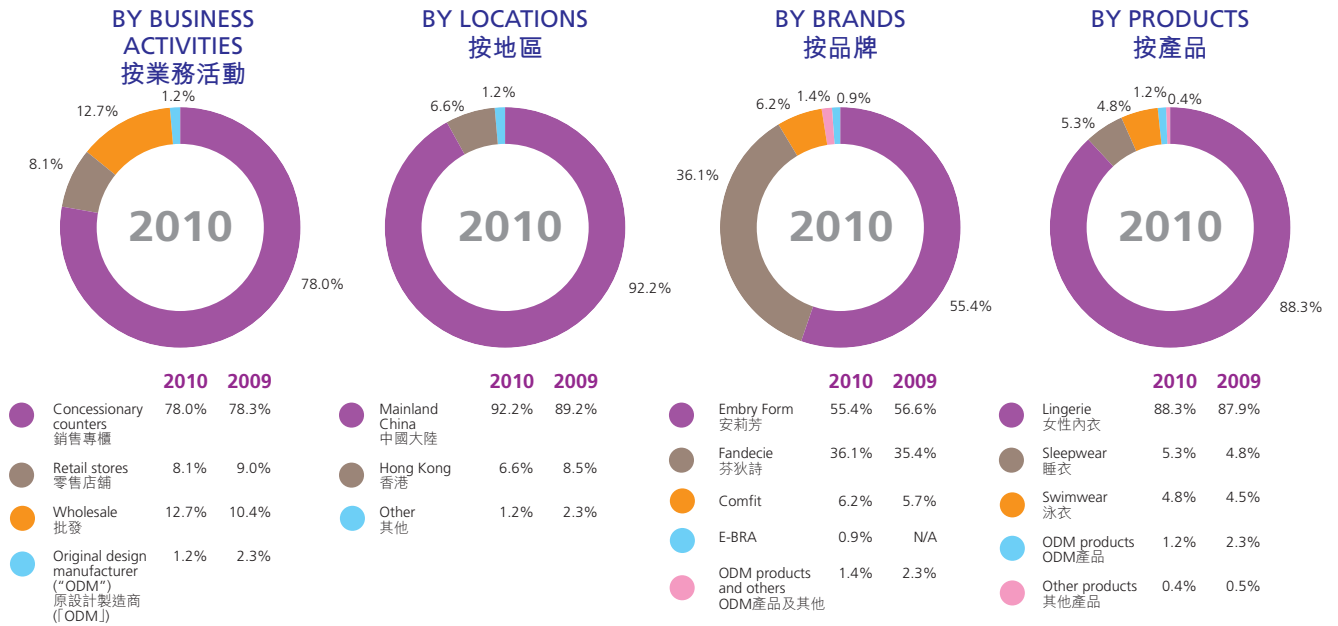
As at 31 December 2010, the Group had a total of 1,881 retail outlets, comprising 1,719 concessionary counters and 162 retail shops in Mainland China, Hong Kong and Macau.

龐大網絡 中國市場潛力無限

本集團的銷售點遍佈全國各地，覆蓋所有主要城市，如北京、上海、重慶、天津、廣州、香港及澳門。透過這個龐大的銷售網絡，本集團能迅速有效地回應消費者需要，進一步滲透中國市場。

截至二零一零年十二月三十一日止，本集團共有1,881個零售點，包括在中國大陸、香港及澳門1,719個百貨公司專櫃及162個零售商舖。

Financial Highlights 財務摘要



Chairman's Statement



Mr. Cheng Man Tai,
Chairman of the Group

Dear shareholders,

2010 is an extremely meaningful year for Embry. Not only has it witnessed the remarkable growth of the Group over the last 35 years, but also is the year in which a historic moment for another stage of development is highlighted. During the year, opportunities arose from the crisis under the macro economy. Notwithstanding the gradual recovery of the global economy, the European Debt Crisis threatened the pace of global economic recovery, and the loose monetary environment increased the risk of the price inflation of assets, so uncertainties were still prevailing in the economic environment. In face of the complex and severe domestic and international economic environment and various challenges, the Chinese government took timely measures and followed its consistent policy of promoting the economy by domestic demand, allowing the domestic economy to maintain a growth momentum.

As a leading lingerie enterprise in China and by leveraging on its flexible and rich product portfolio, excellent brand reputation and nationwide sales network, Embry, in response to the market conditions and demand, launched a new brand to accelerate the market penetration, enlarge its market share and further consolidate its leading position in the market during the year. On behalf of the Board, I am pleased to announce that, for the year ended 31 December 2010, the net profit of the Group increased by 10.51% from HK\$114,188,000 in the last year to HK\$126,189,000, scaling another new height for the second consecutive year. The Board has recommended the payment of a final dividend of HK5.00 cents per share and a special dividend of HK3.00 cents per share.

In China, the domestic income and the consumption level of citizens have kept rising, and the consumption pattern has also been changing. Nowadays, lingerie is not only a necessity for women in daily life, but also a kind of consumer products for consumers to pursue fashion and show personalities. The persistent inflation pressure in China has undoubtedly reduced the purchasing power of consumers. However, with the increase of income and the pace of urbanisation, the spending power of citizens in second- and third-tier cities is gradually released. Accordingly, citizens are becoming more eager to pursue a higher living standard, which generates an enormous demand for quality consumer goods. Therefore, it is expected that the underwear industry will still continue to record a double-digit growth.

Embry has been adhering to the corporate mission of "Striving for Excellence For Ever" in order to satisfy women's desire for a perfect body shape and sense of comfort and it is also determined to become an enterprise that establishes the beauty business. Over the years, the Group has been making unremitting efforts in product research and development to add value to its patented products. Our products are well-received in the market and the Group has won numerous awards in brand development. During the year, **EMBRY FORM** was re-accredited the "Superbrands" and "Hong Kong Top Brand" in Hong Kong. Moreover, **EMBRY FORM**, the signature brand of the Group, was named "The Best-Selling Lingerie Products in the Industry in China in terms of Volume, Sales, Market Share" for the fifteenth year in a row.



Shanghai flagship store

Chairman's Statement (Continued)



Embry Tower in Shanghai

FANDECIE, the Group's brand targeted at the younger generation, was named "Top 10 Best Sellers in the Industry in China" for the fifth consecutive year. *FANDECIE* is one of the brands of the Group which delivered remarkable growth last year and won full affirmation and recognition from the market.

The construction work of Embry Tower in Shanghai was successfully completed by the end of 2010, which laid a foundation for the Group to establish the significant strategic layout of further expanding the domestic market, and signified an important milestone for the Group's development. The Group expects to take full advantage of the competitiveness of the region and edges in human resources in Shanghai to support greater development in the future. Through the effective interactions of Embry Tower which offers the functions of sales as well as research and development, with the other functions of Embry in Hong Kong, Shenzhen, Changzhou and Jinan, the Group has secured a stronger backing to the business expansion and is capable of achieving greater economy of scale by addressing the demand of female consumers in China in a timely and effective manner.

During the year, with the 35th anniversary and the inauguration of Embry Tower in Shanghai as the theme, the Group carried out a series of promotional and marketing activities with the opening of a flagship store at Embry Tower to improve its brand image and reputation to stimulate sales. The Group also spared no effort in strengthening the brand equity and launched during the year its fifth brand *E-BRA* which targets at the mass market in order to capture the huge market potential in second- and third-tier cities as soon as possible. Such an initiative will expand the Group's customer base and enrich its product lines, further optimise its multi-brand strategy, enhance the overall competitiveness of the brand and serve as a new driving force for the growth of the Group.

The Group's sales network was further expanded and optimised during the year, with the number of retail outlets increased from 1,680 to 1,881. The Group will adhere to its pragmatic approach in acquiring wider market coverage by strategically adding more retail outlets to its sales network. In addition, the Group will focus on expanding the market in second- and third-tier cities, with the aim of tapping the enormous potential demand and driving up the market penetration rate. We will also assess the efficiency of different retail outlets on a regular basis, with a view to enhancing operation efficiency to a higher level.

Looking ahead, the uneven pace of economic development in the PRC and abroad has posed uncertainties to the economic environment. However, in the first year of the 12th Five-Year Plan, we are confident that the economy in China will still maintain a steady growth. The Chinese government will continue to boost domestic demand to support the rapid economic growth. With the accelerated pace of urbanisation, the annual growth of income per capita and consumption level will continuously drive up the demand for high-quality lingerie. The Group will remain cautiously optimistic and continue to adhere to its business development strategy for sustainable growth. The Group will also grasp the business



fandecie

Chairman's Statement (Continued)

opportunities afforded by China's steady economic growth and take a gradual approach in implementing its development strategy.

In 2011, the Group plans to open about 150 retail outlets across China and dedicates efforts to explore the markets in peripheral areas of first-tier cities as well as second- and third-tier cities with high growth potential, in order to deepen the penetration rate of the sales network across the country. The Group will also exert more efforts on its multi-brand strategy, carry out market promotion actively, and respond to the unpredictable market environment in a timely manner. Meanwhile, in terms of product research and development, the Group will persistently strive for a new breakthrough in developing new technologies and endeavour to develop more patented products with its variety of exclusive patented technologies, refine its product portfolio and promote healthy business growth.

I would like to express my heartfelt gratitude to all employees for their contributions towards Embry's steady growth during the past year. I would also like to take this opportunity to thank all shareholders for their long-standing support and their recognition of the Group's aspirations and strategies for the future. To show our gratitude to our shareholders for their faith in us, all of us at Embry will continue to strive for greater success and higher returns, and will work hand in hand with our shareholders, business partners and customers to create a brighter future.

Cheng Man Tai
Chairman

Hong Kong, 31 March 2011



Shenzhen flagship store

Awards in 2010

- *EMBRY FORM* was accredited as **The 2010 Best-selling Lingerie Products in the Industry in China** by the China Industrial Information Issuing Centre. It has been the fifteenth consecutive year for *EMBRY FORM* to rank the first in volume, sales and market share
- *FANDECIE* was accredited as the **Top 10 Best Sellers in the Industry in China** from 2006 to 2010 by the China Industrial Information Issuing Centre
- *EMBRY FORM* received the **Hong Kong Top Brand (2007-2010)** award from the Hong Kong Brand Development Council and The Chinese Manufacturers' Association of Hong Kong



- *EMBRY FORM* achieved the **Superbrands** status (2005–2010) in Hong Kong which was accredited by Superbrands Hong Kong
- *EMBRY FORM* was awarded the **Quality Tourism Services Scheme Certification Mark (2010)** by the Hong Kong Tourism Board
- Embry (Shandong) Garments Limited was awarded a certificate of **Advanced Enterprise in Production Safety for Year 2010** by the Jinan Municipal People's Government
- Embry (China) Garments Ltd. received the **Award of Charity Pioneer in Supporting the Welfare of Chinese Women** and a certificate of **Exemplary Enterprise in Community Services for Women in China** from the China Women's Development Foundation
- Embry (China) Garments Ltd. also received the **Chinese Women Charity Award** from the All-China Women's Federation and the China Women's Development Foundation



EMBRY FORM product

Management Discussion And Analysis



EMBRY FORM product



Shop image of **EMBRY FORM**

BUSINESS AND OPERATION REVIEW

The world economy exhibited further complications in 2010, resulting in the different speed of recovery between the domestic and overseas economies. Due to the quantitative easing monetary policy implemented by the United States of America, liquidity in the capital market has increased. The Chinese government has taken flexible measures to prevent the possible overheating of the national economy while maintaining the recovery momentum with a view to steering the economy towards stable growth. According to the statistics from the National Bureau of Statistics of China, the gross domestic product for the year amounted to RMB39,798.3 billion, or 10.3% higher than last year, representing an accelerated growth. The prosperous economic development coupled with the increase in per-capita income and ever-rising spending power has stimulated domestic retail consumption. Although the growth in consumption slowed down slightly in the second half of the year, the growth trend was maintained with annual total retail sales of consumer products of RMB15,455.4 billion, representing a year-on-year growth of 18.4%.

Benefiting from the improved consumption environment, the Group achieved a satisfactory performance in 2010. For the year ended 31 December 2010 (the "Current Year"), the Group's revenue increased by 14.77% to HK\$1,349,846,000 as compared to the year ended 31 December 2009 (the "Prior Year"). Profit attributable to owners of the Company increased by 10.51% to HK\$126,189,000 as compared to the Prior Year. Earnings per share grew by 9.74% to HK\$31.21 cents (2009: HK\$28.44 cents). The Board of Directors of the Company has resolved to declare a final dividend of HK\$5.00 cents (2009: HK\$5.00 cents) and a special dividend of HK\$3.00 cents (2009: HK\$2.00 cents) per share for the Current Year. Together with the distributed interim dividend of HK\$3.00 cents, total dividend for the year amounted to HK\$11.00 cents per share, representing a 10.00% increase over the Prior Year.

Consumption pattern is evolving in tandem with the rapidly improving economic environment. In the Current Year, the Group continued to take advantages of its multi-brand strategy, differentiated positioning and pricing of each brand in order to cater for the demand and tastes of different consumers, thereby expanding its market share. With the 35th anniversary of the Group and the inauguration of the Embry Tower in Shanghai as the theme, the Group has organised a series of activities which enhanced its brand equity, and strengthened the Group's leading position in the domestic lingerie market.



EMBRY FORM product

Management Discussion And Analysis (Continued)

Brand management

As a professional brand operator, the Group continued its diversified promotion plans by taking into account market conditions and customer needs in order to enhance equity, awareness and reputation of its brands. Following the introduction of a new brand, **E-BRA**, in the fourth quarter of 2010, the number of brands operated by the Group has increased to five: **EMBRY FORM**, **FANDECIE**, **COMFIT**, **LC** and **E-BRA**, thus making the Group's brand strategy increasingly all-rounded which could better serve the needs of different customers.



EMBRY FORM product

The fifth brand, **E-BRA**, is positioned as a brand catering to the mass market with affordable prices so as to attract customers with relatively basic consumption needs. The initial sales performance of **E-BRA** showed encouraging results. Based on these, the Group has adjusted its brand development plan. It aimed to achieve better marketing effectiveness at an early stage of development through cultivating and promoting the image of the brand.

In order to enhance the new image of **FANDECIE**, during the Current Year, the Group has increased its investment in the renovation of the **FANDECIE** stores. The stores portrayed an innovative and unique image of the young and energetic **FANDECIE**. These initiatives have been well received by the market.



Shenzhen flagship store

The Group has also launched a series of promotional activities in 2010 with themes, such as the "**EMBRY FORM SHARE THE MOMENT Photo Shoot Exhibition**" ("安莉芳**SHARE THE MOMENT**沙龍展"), the "**FANDECIE Dazzling Tour**" ("芬狄詩炫秀巡禮活動"), the "**EMBRY FORM & FANDECIE GREEN BRA GREEN LIFE Green Trendy Lingerie and Green Healthy Lifestyle**" ("安莉芳與芬狄詩**GREEN BRA GREEN LIFE**綠色時尚內衣綠色健康生活"), the "**EMBRY SHOW TIME**" tour as well as the prominent lingerie show "**MAGIC OF BODY Lingerie Show**" ("穿越時空·華麗綻放 **MAGIC OF BODY**") with the Group's 35th anniversary as the theme, all of which achieved a great success. These activities were organised in various cities in China and encouraging response was received from the market. These activities successfully strengthened the Group's relationship with customers and distributors in different regions.

In respect of the Hong Kong market, the Group invited renowned fashion model and artists to feature in a series of print advertisements, promotional videos for the brand **EMBRY FORM** and new store opening. The model also featured a series of patented products for the brand, including those utilising the 3D Contour Support and Intelligent Straps patents which received positive market response.

Sales network

In the Current Year, the Group continued to optimise and expand its retail network. Due to urbanisation, incomes of both urban and rural residents have increased steadily and the consumers' purchasing power is gradually increased. The Group continued to open retail outlets in various cities and regions across China according to the purchasing power of the residents, and allocated resources to reach a broader range of customers. It has gradually shifted the focus of store expansion from prime locations in traditional major cities to peripheral areas of first-tier cities as well as to second- and third-tier cities in order to acquire opportunities brought about by changes in the economic environment.

Furthermore, the Group's flagship store in Shanghai was opened in December 2010 and contributed significantly to the enhancement of its brand image.

The Group had a net increase of 201 retail outlets nationwide during the Current Year. As at 31 December 2010, the Group operated a total number of 1,881 retail outlets, which comprised 1,719 concessionary counters and 162 retail shops.

Product design, research and development

As the living standard in China rises persistently, women have increased their attention to the characteristics of different brands and the uniqueness of their products. Following market trends and fads closely, the Group continued to allocate resources to design, research and development of new products to satisfy customer needs and attract consumption at the same time. In the Current Year, the Group launched a series of new collections. Many of these collections, such as the "Riverside Roses", the "Charismatic Collection", the "Sexy Collection" and the "Classic Lace" of **EMBRY FORM**; the "Caramel Macchiato", the "Country Sweetie" and the "Sea Blue Sweetheart" of **FANDECIE**; as well as a number of collections of the newly launched **E-BRA**, have been well received by the customers.



EMBRY FORM product



A snapshot inside the Shenzhen flagship store



FANDECIE product



New image of FANDECIE Shop

Management Discussion And Analysis (Continued)

Meanwhile, the Group also continued to input resources to develop patented products and extensive patent applications. As at 31 December 2010, the Group had 26 applications patents and 13 appearance design patents registered in China and /or other parts of the world.

Production capacity

The Group currently has three production bases located in Shenzhen, Changzhou and Jinan respectively. As at 31 December 2010, the Group's aggregate annual production capacity amounted to 21,200,000 standard product units. In order to satisfy the increasing market demand, the Group aimed to increase its capacity of production plants and to achieve better economy of scale by recruiting additional labour and providing better staff training to its workers in the Current Year.

Awards

For the Current Year, **EMBRY FORM** was named "The Best-Selling Lingerie Products in the Industry in China in terms of Volume, Sales, Market Share" for fifteen consecutive years by the China Industrial Information Issuing Centre (中國行業企業信息發佈中心) (the "Issuing Centre") in China. The Group's younger brand **FANDECIE** was also accredited with the "Top 10 Best Sellers in the Industry in China" award for five consecutive years by the Issuing Centre. In addition, **EMBRY FORM** was granted the "Superbrands" honour by Superbrands Hong Kong from 2005–2010 and was accredited as the "Hong Kong Top Brand" by the Hong Kong Brand Development Council and The Chinese Manufacturers' Association of Hong Kong for four consecutive years. Furthermore, in recognition of the Group's management standard in terms of production safety, Embry (Shandong) Garments Limited was awarded the "Advanced Enterprise in Production Safety for Year 2010 (二零一零年度安全生產先進單位)" by Jinan Municipal People's Government in the Current Year. All these accolades speak volumes for the Group's reputation and leading market position.

Human resources

The robust labour market in China had led to an increase in wages and turnover of workers. In the Current Year, the Group took multiple measures to retain talents and enhance staff loyalty through providing professional training courses and generous discretionary bonuses.



Management Discussion And Analysis (Continued)



COMFIT product



Display of COMFIT products

Following the increase in the number of retail outlets and the expansion of production bases, the Group's number of employees increased during the Current Year. As at 31 December 2010, the Group had approximately 8,600 employees (2009: 6,900). The Group's total staff costs (including wages and basic salaries, commissions, bonuses and retirement benefits scheme contributions) amounted to approximately HK\$347,015,000 in the Current Year (2009: HK\$285,177,000).

FINANCIAL REVIEW

Revenue

By sales channel and location

In the Current Year, the Group's revenue was HK\$1,349,846,000, representing a growth of 14.77% as compared to the Prior Year. The growth was mainly attributable to the Group's well defined brand positioning strategy, expanded sales network and positive feedbacks from promotional activities. Enhanced awareness of the Group's brands and the rise in average selling prices as a result of more diversified application of patents also contributed to the growth in revenue.

Retail sales amounted to HK\$1,162,365,000 in the Current Year, accounting for 86.11% of the Group's revenue and representing an increase of 13.19% from the Prior Year. Sales of the wholesale business increased by 40.76% from HK\$122,038,000 to HK\$171,776,000 in the Current Year. On the other hand, revenue from the ODM business dropped as the Group had focused on the production of its own branded products during the Current Year.

Mainland China remained as the Group's core market. In the Current Year, the revenue from the Mainland China market was HK\$1,244,878,000, accounting for 92.22% of the Group's revenue and representing an increase of 18.62% over the Prior Year.

By brand and product line

Currently, the Group operates the following brands: **EMBRY FORM**, **FANDECIE**, **COMFIT**, **LC** and **E-BRA**, which target at customers of different age groups and purchasing power. In the Current Year, the Group recorded revenue growth across all the five brands. The Group's signature brand **EMBRY FORM**, continued its upward trend in sales and increased by 12.48% to HK\$748,456,000. Revenue from **FANDECIE**

increased by 17.16% to HK\$487,680,000. **COMFIT**, which emphasises functionality and quality, gradually gained recognition and enjoyed remarkable growth, increased by 24.05% to HK\$83,115,000 as compared with the Prior Year. **E-BRA**, which was launched in the fourth quarter, expanded the channels of revenue for the Group and recorded a revenue of HK\$11,800,000. In respect of **LC**, which is positioned as a luxurious brand, revenue increased by 8.97 times to HK\$3,090,000, primarily attributable to the introduction of new products during the Current Year.

Lingerie has always been the Group's core product line. It reflects the core competencies of the Group's research and development, and production technology of the products. During the Current Year, the sales of lingerie were HK\$1,192,527,000, accounting for 88.35% of the Group's revenue and representing an increase of 15.38% over the Prior Year. Swimwear delivered a stable growth of 23.32% while sleepwear recorded an increase of 26.86%. Sales of swimwear and sleepwear were HK\$65,315,000 and HK\$71,047,000 respectively, accounting for 4.84% and 5.26% respectively of the Group's revenue in the Current Year. These two product lines help complement the product range that the Group offers to consumers.

Gross profit

The Group's gross profit was approximately HK\$1,086,116,000 in the Current Year, representing a growth of approximately 15.40% over the Prior Year. The overall gross profit margin was approximately 80.46%, which remained stable as compared to the Prior Year. Raw material price and wage hike together with intensified pressure of inflation have exerted increasing pressure on costs. However, the Group was still able to maintain a stable gross profit margin by achieving economy of scale through business expansion, effectively controlling costs, enhancing its brand equity and increasing sales of patented products.

Other income and gains

Other income increased by 1.99 times to HK\$27,708,000 in the Current Year. During the Current Year, there was an exchange gain of HK\$17,999,000 resulting from the appreciation of Renminbi derived from the business operations in Mainland China. As the exchange rate in Renminbi remained at approximately the same level in the Prior Year,



COMFIT product



COMFIT product

Management Discussion And Analysis (Continued)



LC product

the Group did not have a significant exchange gain. In addition, the surge in property prices in Hong Kong brought a gain of HK\$4,125,000 from the appreciation of investment property, representing an increase of HK\$2,125,000 from the Prior Year. Furthermore, the Group's interest income has decreased by 9.34% to HK\$2,389,000 due to continuously low interest rates both in China and Hong Kong and the application of part of the cash in payment of the consideration for the acquisition of Embry Tower in Shanghai.

Selling and distribution expenses

Selling and distribution expenses increased by 20.63% to HK\$789,679,000 (2009: HK\$654,627,000) in the Current Year, and their share in the Group's revenue increased to 58.50% (2009: 55.66%).

The increase in the above expenses was partially attributable to the net increase of 201 retail outlets of both concessionary counters and retail stores, including the flagship store in Shanghai, in 2010. It was also attributable to the brand promotional activities with the Group's 35th anniversary as a theme. As a result, advertising and retail outlet decoration expenses increased by 57.48% to HK\$105,371,000, accounting for 7.81% (2009: 5.69%) of the Group's revenue.



Display of LC products

Administrative expenses increased by 7.16% to HK\$134,034,000, accounting for 9.93% (2009: 10.64%) of the Group's revenue. The decrease in the share of administrative expenses in the Group's revenue was mainly due to the economy of scale achieved by the Group.

Tax

The Group's effective tax rate was 32.04% in the Current Year, compared to 31.91% in the Prior Year. The increase in effective tax rate was mainly due to an increase in effective tax rate brought by the change in taxation laws in China. For instance, since 2008, the corporate income tax rate of the subsidiaries in China will be gradually increased to 25% within five years.



LC product

Management Discussion And Analysis (Continued)



EMBRY FORM product



A snapshot inside the Shanghai flagship store

Net profit

Profit attributable to owners of the Company was HK\$126,189,000 in the Current Year, representing an increase of 10.51% over the Prior Year. The increase in profit attributable to owners of the Company was mainly attributable to a constant growth in revenue and other income, as well as operation efficiency. The net profit margin decreased slightly from 9.71% in the Prior Year to 9.35% in the Current Year.

Liquidity and financial resources

The Group generally finances its operations with internally generated cash flows. The financial position of the Group remained sound and healthy during the Current Year. As at 31 December 2010, the Group had cash and cash equivalents of HK\$195,090,000 (2009: HK\$288,957,000). As at 31 December 2010, the Group's borrowings amounted to HK\$85,000,000 (2009: Nil). During the Current Year, the Group did not pledge any assets to secure bank loans. Gearing ratio was approximately 7.66% as at 31 December 2010 (2009: Nil).

Capital structure

As at 31 December 2010, the total issued share capital of the Company was HK\$4,067,000 (2009: HK\$4,021,000), comprising 406,698,500 ordinary shares (2009: 402,148,000) of HK\$0.01 each. The increase in the number of issued shares resulted from the exercise of share options granted under the pre-initial public offering share option scheme and the share option scheme by certain Directors and employees of the Group, details of which are set out in note 31 to the financial statements.

Significant investment held, material acquisitions and disposals of subsidiaries and associated companies

During the Current Year, the Group was neither involved in any significant investment, nor any material acquisitions or disposals of any subsidiaries or associated companies.

Capital expenditure

The capital expenditure of the Group during the Current Year amounted to HK\$505,769,000 (2009: HK\$21,163,000).

Charges on the Group's assets

As at 31 December 2010, the Group did not have any assets pledged.

Foreign currency exposure

The Group carries on its trading transactions mainly in Hong Kong dollars and Renminbi. As the Group's foreign currency risks generated from sales and purchases can be largely offset by one another, the foreign currency risk is considered minimal to the Group. It is the policy of the Group to continue maintaining the balance of its sales and purchases in the same currency. The Group does not use derivative financial instruments to hedge against the volatility associated with foreign currency transactions and other financial assets and liabilities created in the ordinary course of business.

Contingent liabilities

As at 31 December 2010, the Group had no significant contingent liabilities or any litigation or arbitration of material importance.

PROSPECT

The year of 2011 marks the first year of the "Twelfth Five-Year" Plan of China. The slow economic recovery abroad and increasing upward pressure on consumer prices in China add complications to its economic development. Being the leading lingerie enterprise in China, the Group aims to strengthen its competitive edges in terms of multi-brand operation and sales network, and capture development opportunities in the changing market. The Group will continue to monitor the domestic economic environment and consumption market closely, and formulate development plans more prudently.

With respect to brand development, the Group will capitalise on the rapid growth of **FANDECIE** and promote its new brand image launched in 2010 across the country to enhance market penetration of **FANDECIE** and its brand development. Meanwhile, the Group will also actively utilise its strength in its sales network to nurture **E-BRA**, and refine the image and brand strategy of **E-BRA** in order to build a solid foundation for its future growth.



EMBRY FORM product



Shop image of **EMBRY FORM**

Management Discussion And Analysis (Continued)



E-BRA product

In the coming year, the Group will continue to develop its sales network in the peripheral areas of major cities and in the second- and third-tier cities in China with the goal to launch approximately 150 additional retail outlets across the country.

On the other hand, following the inauguration of the Embry Tower in Shanghai, the Groups' sales, research and development functions in Shanghai will work in collaboration with other parts of the Group in Hong Kong, Shenzhen, Changzhou and Jinan to better position itself to respond to consumers' demands more efficiently and effectively. The Group will continue to offer quality lingerie products and services and to disseminate the lingerie culture in "comfort, style, technology and environmental-protection".

In the aspect of production, the Group will enlarge its production capacity and efficiency in order to satisfy increasing market demand through measures such as adding new production lines and enhancing the skills and efficiency of its workforce.



Shop image of **E-BRA**

In view of the optimisation of the economic structure and the rapid income growth among urban and rural residents in China, the Group is confident that its multi-brand strategy will continue to work to its advantage in terms of quick adaptation to market changes and satisfying needs at different levels, thereby helping the Group to capture a wider range of customers, be more profitable and continue to bring satisfactory return to the shareholders in 2011.





Embry made a donation to All-China Women's Federation

Corporate Social Responsibilities

The year 2010 is the 35th anniversary of Embry. During the year, with "Love and Care" as our core value, we continued our efforts in caring for women, the society and the environment, and persistently strived to fulfil its social responsibilities as a corporate citizen with a view to contributing to the community.

CARE FOR WOMEN

In 2010, the Group joined hands with the Hong Kong Breast Cancer Foundation to hold a charity sale event, aiming to raise public awareness of breast healthcare. From 8 December 2010 until 30 June 2011, for any purchase of selected party products by customers at Embry's outlets in Hong Kong, Embry will donate the sales proceeds, after deducting the costs, to the Hong Kong Breast Cancer Foundation. Embry also invited Ms. Bernice Liu, a renowned artist in Hong Kong, to design with her own hands a special edition brassiere to be featured in the charity sale in December 2010. This fundraising event received widespread public attention, showing Embry's love and care for women.

On 30 December 2010, Embry joined efforts with the All-China Women's Federation (ACWF) and the China Women's Development Foundation to organise a charity donation campaign with the theme of "Building Dreams, Conveying Love". Embry made a contribution in kind of RMB3.5 million to ACWF to help more than 23,000 disaster-affected mothers and impoverished women in Sichuan, Qinghai, Hainan, Jiangxi, Jilin, Shanghai, etc. to restore their life. It was the third consecutive year that Embry joined hands with ACWF to give effective support and send love to the underprivileged women in China.

In recognition of Embry's dedication to participating in the charity events organised by ACWF for years, Embry was granted the "Award of Charity Pioneer in Supporting the Welfare of Chinese Women" (「支持中國婦女公益事業慈善先鋒獎」) by the China Women's Development Foundation. Besides, Embry also won the honourable title of "Exemplary Enterprise in Community Services for Women in China" (「中國婦女公益事業模範企業」).

Corporate Social Responsibilities (Continued)

In support of the western development strategy promoted by the central government in order to improve the living environment in the western arid region, Embry has been giving strong support to “Water Cellar for Mothers” (「母親水窖」), a charity project jointly initiated by the China Women’s Development Foundation, the Beijing Municipal Government and the China Central Television since 2000, in a bid to make contributions in solving the problem of lack of safe drinking water for the people in the region. This brought the Group the honour of “Chinese Women Charity Award” (「中國婦女慈善獎」) granted by ACWF and the China Women’s Development Foundation in 2010.

CONCERN FOR ENVIRONMENTAL PROTECTION

Embry attaches great importance to environmental protection. Both our products and production processes meet the highest national specifications for environmental protection. In as early as 2002, Embry was the first underwear enterprise in the industry which obtained the “Ten-Ring Certification” (「十環標誌」). Ecologically authenticated textile products were used as the raw materials in our products. Leveraging on its own patented technologies, Embry brings intimate comfort and health protection for women.

In addition, Embry has also established an industry chain of ecological underwear by applying ecological production processes, and committed itself to the highest standards of ecological underwear. The Group’s “Beauty Project” (「美麗工程」) is undertaken by the eco-industrial park in Jinan, Shandong, where environment-friendly facilities including energy-saving insulation walls, the renewable energy technology of geothermal heat pump, and naturally lighted production areas, etc. are constructed. These can save more than 70% of the energy consumption and help reduce carbon emission, thus realising the sustainable development of the industry and nature.



Day view of Embry (Shandong)
Garments Industrial Park



Sunset view of Embry (Shandong)
Garments Industrial Park

Directors And Senior Management

EXECUTIVE DIRECTORS

Mr. Cheng Man Tai, aged 81, is the Chairman and founder of the Group, and an Executive Director of the Company. Mr. Cheng is in charge of the Group's corporate strategy. He has over 35 years of experience in the lingerie industry. Mr. Cheng graduated from Beijing Agricultural Engineering University (now known as China Agricultural University) with a Bachelor's degree. He is an Honorary Professor of China Agricultural University. Mr. Cheng obtained the World Outstanding Chinese Award and Honorary Doctorate of Business Management from Armstrong University in July 2006. He was elected Fellow of the Asian Knowledge Management Association in December 2008, and was awarded Honorary Fellowship and admitted as Honorary Professor by Canadian Chartered Institute of Business Administration and Lincoln University respectively in September 2009. Mr. Cheng is the spouse of Madam Ngok Ming Chu and the father of Ms. Cheng Pik Ho Liza.

Madam Ngok Ming Chu, aged 74, is an Executive Director of the Company. Madam Ngok is in charge of the Group's business planning. She joined the Group in 1980 and has over 30 years of experience in the lingerie industry. Madam Ngok graduated from and is currently an Honorary Professor of Beijing Agricultural Engineering University (now known as China Agricultural University). She is the spouse of Mr. Cheng Man Tai and the mother of Ms. Cheng Pik Ho Liza.

Ms. Cheng Pik Ho Liza, aged 48, is the Chief Executive Officer of the Group and an Executive Director of the Company. Ms. Cheng is also the Chairman of the Remuneration Committee and Nomination Committee of the Company. She is responsible for overseeing the marketing and product development functions of the Group. Ms. Cheng joined the Group in 1993 and has over 18 years of experience in the lingerie industry. She obtained a Bachelor's degree in Business Administration from the University of Southern California and a Master of Business Administration (Executive) degree from the City University of Hong Kong. Ms. Cheng was awarded the prize for Young Industrialist in Hong Kong in 1999 and was appointed as Vice Chairman of Shanghai Garment Trade Association in 2008. She obtained the World Outstanding Chinese Award and Honorary Doctorate of Business Administration from International American University in March 2009, and was awarded Fellowship and admitted as Visiting Professor by Canadian Chartered Institute of Business Administration and Lincoln University respectively in September 2009. Furthermore, Ms. Cheng was elected Vice Chairman of the Shenzhen Enterprise Confederation and Shenzhen Entrepreneur Association, and a committee member of the Underwear Commission of the China National Garment Association in December 2009. She is currently a member of the Jinan Committee of the Chinese People's Political Consultative Conference in Shandong and a member of the China Trade Advisory Committee of Hong Kong Trade Development Council. Ms. Cheng is the daughter of Mr. Cheng Man Tai and Madam Ngok Ming Chu.

Directors And Senior Management (Continued)

EXECUTIVE DIRECTORS *(continued)*

Mr. Hung Hin Kit, aged 55, is an Executive Director of the Company and the Manufacturing Director of the Group. Mr. Hung is responsible for the overall supervision of the purchasing, production and quality control functions of the Group. He holds a Master's degree in Procurement Management from the University of Strathclyde, Glasgow in Scotland. Mr. Hung has over 25 years of experience in production and procurement management in Mainland China and Hong Kong. He joined the Group in 1990.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lau Siu Ki, alias, Kevin Lau, aged 52, is an Independent Non-executive Director and the Chairman of the Audit Committee of the Company. Mr. Lau is currently running his own management consultancy firm, Hin Yan Consultants Limited. Mr. Lau has previously worked at an international accounting firm for over 15 years. He graduated from the Hong Kong Polytechnic in 1981. Mr. Lau is a member of both the Association of Chartered Certified Accountants ("ACCA") and the Hong Kong Institute of Certified Public Accountants. He is also a member of the Council of ACCA. Mr. Lau is currently the company secretary of Yeebo (International Holdings) Limited and an independent non-executive director of Binhai Investment Company Limited, Carry Wealth Holdings Limited, COL Capital Limited, Comba Telecom Systems Holdings Limited, Foxconn International Holdings Limited, Samson Holding Ltd. and TCL Communication Technology Holdings Limited, the shares of which are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). He had been an independent non-executive director of Greenfield Chemical Holdings Limited and Proview International Holdings Limited, the shares of which are listed on the Stock Exchange, until his resignation on 11 June 2010 and 24 August 2010 respectively. In addition, he had been the Company Secretary of Times Ltd., the shares of which were formerly listed on the Stock Exchange. Mr. Lau joined the Company in November 2006.

Mr. Lee Kwan Hung, aged 45, is an Independent Non-executive Director of the Company. Mr. Lee received his LL.B (Honours) degree and Postgraduate Certificate in Laws from the University of Hong Kong in 1988 and 1989 respectively. He was then admitted as a solicitor in Hong Kong in 1991 and the United Kingdom in 1997 and is a practising lawyer. Mr. Lee is currently an independent non-executive director of GZI REIT Asset Management Limited (the manager of GZI Real Estate Investment Trust), NetDragon Websoft Inc., Asia Cassava Resources Holdings Limited, Futong Technology Development Holdings Limited, New Universe International Group Limited and Walker Group Holdings Limited, the shares of these companies and the units of the said trust are listed on the Stock Exchange. He was also a non-executive director of Mirabell International Holdings Limited and GST Holdings Limited, the shares of which were formerly listed on the Stock Exchange. Mr. Lee joined the Company in November 2006.

Directors And Senior Management (Continued)

INDEPENDENT NON-EXECUTIVE DIRECTORS *(continued)*

Prof. Lee T. S., alias, Lee Tien-sheng, aged 62, is an Independent Non-executive Director of the Company. Prof. Lee is currently a Professor and the Vice-President (Academic and Research) of Hang Seng Management College. He was the Dean of the Faculty of Business Administration of The Chinese University of Hong Kong from 2002 to 2008. Prof. Lee obtained his PhD in Business Administration and Master's degree in Business Administration from the University of Missouri-Columbia, the US in 1982 and 1978 respectively. He also holds a Master's degree in Management Science and a Bachelor's degree in Electronic Engineering from the National Chiao Tung University of Taiwan. Prof. Lee's research and teaching interests include supply chain management, quality management and business process reengineering. He has published his research in many academic journals. Prof. Lee joined the Company in November 2006.

SENIOR MANAGEMENT

Ms. Fung Kam Lai Katie, aged 44, is the Group's Chief Financial Officer. Ms. Fung is responsible for the supervision and management of the Group's overall financial matters and investor relations. She joined the Group in March 2007 as the Internal Audit Director and was appointed to the present position in July 2010. Ms. Fung obtained a Master's degree in Business Administration (Executive) from the City University of Hong Kong. She is a member of Hong Kong Institute of Certified Public Accountants and the American Institute of Certified Public Accountants. Ms. Fung has over 21 years of experience in auditing, financial accounting, corporate investment and financing, as well as management.

Ms. Lu Qun, aged 57, is the Assistant General Manager (Strategic Management) of Embry (China) Garments Ltd. She is responsible for the functions of strategic management, project management and information management in Mainland China. Ms. Lu obtained a Master's degree in Business Administration from Beijing University of Aeronautics and Astronautics in 2001. She also obtained an undergraduate diploma in international trade from University of International Business and Economics in 1992. Ms. Lu obtained the International Project Management Professional Certification in 2002 and has over 31 years of experience in management and administration. She joined the Group in April 2003.

Mr. Ma Rui, aged 40, is the Assistant General Manager (Marketing) of Embry (China) Garments Ltd. He is responsible for the functions of sales planning and marketing management in Mainland China. Mr. Ma graduated from Changsha University with a diploma in applied computer science in 1992, and is at present studying a master of business administration programme offered by the Shanghai University of Finance and Economics. Mr. Ma has been engaged in various posts in sales and marketing since joining the Group in October 1998. He possesses over 17 years of practical experience in sales and marketing management.

Corporate Governance Report

The Board and the management of the Company are committed to the maintenance of good corporate governance practices and procedures. The Company believes that good corporate governance provides a framework that is essential for effective management, a healthy corporate culture, successful business growth and enhancing shareholders' value.

On 25 November 2006, the Company adopted the Code on Corporate Governance Practices (the "CG Code") as contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") as its own code of corporate governance practices.

The Company complied with the code provisions under the CG Code so far as they are applicable and a majority of the recommended best practices under the CG Code throughout the year ended 31 December 2010 (the "Review Period").

GOVERNANCE STRUCTURE



Corporate Governance Report (Continued)

DIRECTORS

Board Composition

The Directors place great emphasis on the fiduciary nature of the Board's responsibilities and strive to be answerable to the shareholders of the Company as a whole.

The Board currently comprises four Executive Directors and three Independent Non-executive Directors. The number of Independent Non-executive Directors represents more than one third of the Board. The biographical details of and relationships among the members of the Board are disclosed under the section headed "Directors and Senior Management" on pages 30 to 32 of this annual report.

The Directors believe that the composition of the Board reflects the necessary balance of skills and experience appropriate for the requirements of the business development of the Group and for effective leadership as all the Executive Directors possess extensive experience in management and the design, production and marketing of lingerie products. Among the Independent Non-executive Directors, one possesses financial expertise and the other two possess substantial knowledge and experience in legal and management aspects respectively. The Directors are of the opinion that the present structure of the Board can ensure the independence and objectivity of the Board and provide a system of checks and balances to safeguard the interests of the shareholders and the Company.

Appointment, Re-election and Removal of Directors

Article 108 (A) of the articles of association of the Company provides that all the Directors, including the Chairman and the Chief Executive Officer, are subject to retirement from office by rotation at least once every three years at each annual general meeting and shall be eligible for re-election. Under Article 105, the office of a Director of the Company is liable to be vacated in certain circumstances and the Company may remove any Director of the Company by an ordinary resolution at a general meeting as prescribed in Article 114.

The appointment of new Directors and nomination of Directors for re-election at annual general meetings are first considered by the Nomination Committee. The recommendations of the Nomination Committee will then be put to the Board for decision. New Directors appointed by the Board are subject to re-election by shareholders at the next following annual general meeting pursuant to the articles of association of the Company. In considering the appointment of new Directors, the Nomination Committee will assess the candidate according to the criteria set out in Rules 3.08 and 3.09 of the Listing Rules. In the case of a candidate for an Independent Non-executive Director, he/she should also meet the independence criteria set out in Rule 3.13 of the Listing Rules.

Corporate Governance Report (Continued)

Executive Directors

Each of the Executive Directors has respectively entered into a service agreement with the Company for a fixed term of three years with effect from 1 December 2009. Each Executive Director is entitled to a basic salary plus a guaranteed year-end bonus equivalent to the amount of the then monthly salary of the Executive Director at the time of payment of such bonus. In addition, each Executive Director is entitled to a discretionary management bonus provided that the aggregate amount of the bonuses payable to all the Executive Directors for any financial year of the Company shall not exceed 8% of the audited combined or consolidated audited net profit of the Group (after taxation and minority interests and payment of such bonuses but before extraordinary or exceptional items) for that financial year of the Company. An Executive Director shall not vote on any resolution of the Directors regarding the amount of the management bonus payable to him/her.

Independent Non-executive Directors

Each of the Independent Non-executive Directors was appointed for an initial term of two years commencing from 25 November 2006 with a formal letter of appointment setting out the key terms and conditions of his appointment. On the expiry of the initial term, they were re-appointed for a second term of two years which ended on 24 November 2010. During the Review Period, all of them were re-appointed for a further term of two years commencing from 25 November 2010 after the expiry of the second term.

Save for the directors' fees and the share options granted under the Pre-IPO Share Option Scheme and Share Option Scheme (as defined on page 51 of this annual report) to each of them, none of the Independent Non-executive Directors is expected to receive any other remuneration for holding his office as an Independent Non-executive Director.

The Company annually assesses the independence of each Independent Non-executive Director during his term of appointment. In January and February 2011, the Company received from each of the Independent Non-executive Directors a written confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. Based on such confirmations, the Company considers all the Independent Non-executive Directors to be independent.

Proceedings of Board Meetings and Board Committee Meetings

The Board considers that all meetings should be legally and properly convened. With the assistance of the Company Secretary, the Chairman of the Board takes the lead to ensure that Board meetings and Board committee meetings are convened in accordance with the requirements set out in the articles of association of the Company, the terms of reference of the respective Board committees and the Listing Rules.

Corporate Governance Report (Continued)

In convening Board meetings, the Chairman is responsible for drawing up and approving the agenda for each meeting after consultation with all the Directors and the Company Secretary. Prior notice of each regular Board meeting is given to all the Directors at least 14 days in advance and the Directors are invited to include matters for discussion in the agenda. Agenda and accompanying Board papers are sent to all the Directors at least 3 days (or such other period as agreed) prior to meetings.

Board meetings are held at least four times a year. In addition, special Board meetings are held when necessary. Such Board meetings involve the active participation, either in person or through other electronic means of communication, of all the Directors.

Dates of regular Board meetings are scheduled in the prior year to provide sufficient notice to give all the Directors an opportunity to attend. For special Board meetings, reasonable notice is given.

The Directors have access to the advice and services of the Company Secretary to ensure that Board procedures and all applicable rules and regulations are followed.

The minutes of Board meetings record in sufficient detail the matters considered by the Board, including all concerns raised by the Directors and dissenting views expressed. The minutes of all Board meetings and Board committee meetings are kept by the Company Secretary and are available for inspection by any Director, auditors or any relevant eligible parties who can have access to such minutes.

Directors' Attendance Records

The record of attendance of individual Directors at the Board and Board committee meetings held during 2010 is set out in the following table:

Directors	Number of Meetings Attended/Held			Remuneration Committee
	Board	Audit Committee	Nomination Committee	
Executive Directors				
Cheng Man Tai (<i>Chairman</i>)	7/7	N/A	N/A	N/A
Cheng Pik Ho Liza (<i>Chief Executive Officer</i>)	7/7	N/A	1/1	3/3
Ngok Ming Chu	7/7	N/A	N/A	N/A
Hung Hin Kit	7/7	N/A	N/A	N/A
Independent Non-executive Directors				
Lau Siu Ki	7/7	3/3	1/1	3/3
Lee Kwan Hung	7/7	3/3	1/1	3/3
Lee T. S.	7/7	3/3	1/1	3/3
Average Attendance Rate	100%	100%	100%	100%

Corporate Governance Report (Continued)

Directors' and Officers' Liability Insurance

The Company has subscribed an insurance policy since December 2006 with an aim to indemnify its Directors and senior executives from any losses, claims, damages, liabilities and expenses arising from, including but not limited to, any proceedings brought against them during the performance of their duties pursuant to their respective service agreements entered into with the Company.

Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") (with certain modifications but on terms no less exacting than the standard set out in the Model Code) as set out in Appendix 10 to the Listing Rules as its own code ("Securities Dealing Code") to regulate the securities dealings by all the Directors and relevant employees of the Group.

The Company made specific enquiry of all the Directors who confirmed that they complied with the required standard set out in the Securities Dealing Code during the Review Period.

Procedure for Seeking Independent Professional Advice by Directors

There is a written procedure agreed by the Board to enable Directors, upon reasonable request, to seek and be provided with independent professional advice in appropriate circumstances, at the Company's expense in order to assist them to discharge their duties to the Company.

FUNCTIONS OF THE BOARD

Distinctive Roles of the Chairman and the Chief Executive Officer

To avoid concentration of power in any one individual, a clear division of responsibilities between the Chairman and the Chief Executive Officer is crucial to the effective running of the Board and the day-to-day management of the Group's businesses. The positions of the Chairman and the Chief Executive Officer of the Company are held by two different Executive Directors namely, Mr. Cheng Man Tai and Ms. Cheng Pik Ho Liza respectively. Their roles and duties are segregated, with a clear division of responsibilities. Mr. Cheng Man Tai, the Chairman, is to provide leadership for the Board and ensure that the Board works effectively while Ms. Cheng Pik Ho Liza, the Chief Executive Officer, is answerable to the Board for the operations of the Group. Mr. Cheng is the father of Ms. Cheng.

Corporate Governance Report (Continued)

Distinctive Roles of the Board and the Management

While at all times the Board retains full responsibility for guiding and monitoring the operations of the Group, in discharging its duties, certain responsibilities are delegated to:

- the standing Board committees of the Company namely: the Audit Committee, the Nomination Committee and the Remuneration Committee. Each committee's constitution, powers and duties are clearly defined by its terms of reference, and the committees are accountable to the Board. Ad hoc Board committees may also be established as required from time to time by the Board;
- the Chief Executive Officer, being delegated with the day-to-day management of the businesses of the Group, is accountable to the Board; and
- the senior management team of the Group, being delegated with the responsibilities to deal with daily operational functions, is answerable to the Executive Directors.

The Board believes that effective delegation of authority can ensure that the Board is provided with sufficient and timely information of the Group's businesses which is, in particular, relevant to the Group's performance, financial position and operating results, in order that the Board is able to make an informed assessment of matters put before the Board for approval. During the Review Period, each Executive Director had frequent meetings with operational managers in order to maintain an effective feedback system and enable the Company to react to changes or problems quickly and effectively.

The functions reserved to the Board are formalised in writing and include:

- any matters relating to the formulation of the Company's strategy and direction;
- any matters relating to financial controls, compliance and risk management;
- any changes in corporate structure such as the changes relating to the Company's capital structure, including reduction of share capital, share buy-back or issue of new securities;
- major appointments such as appointments to the Board, after taking into account the recommendations of the Nomination Committee; the appointment of the Chairman and the Chief Executive Officer; recommendations to the shareholders on the appointment or removal of external auditors after taking into consideration the recommendations of the Audit Committee; and the appointment or removal of the Chief Financial Officer and the Company Secretary; and

Corporate Governance Report (Continued)

- any matters determined by the Board to be material, including dividend policy, significant changes in accounting policies, material contracts, major financing arrangements and major investments.

The Board regularly reviews its arrangement for delegation of authority to ensure that such delegation is appropriate in view of the Company's prevailing circumstances and that appropriate reporting systems are in place.

AUDIT COMMITTEE

At present, the Audit Committee consists of three Independent Non-executive Directors namely:

Mr. Lau Siu Ki (*Chairman*)

Mr. Lee Kwan Hung

Prof. Lee T. S.

Members of the Audit Committee are appointed by the Board amongst the Independent Non-executive Directors only and the committee consists of not less than three members. The Board considers that each Audit Committee member has broad commercial experience and together form a suitable mix of expertise in the legal and accounting fields and that the composition and members of the Audit Committee comply with the requirements under Rule 3.21 of the Listing Rules. The Board, after consultation with the chairman of the Audit Committee, provides sufficient resources to the Audit Committee to enable it to discharge its duties.

The Audit Committee has the responsibilities and powers set forth in its terms of reference. To maintain its independence, the Audit Committee is required to have at least one meeting with the external auditors without the Executive Directors present within a financial year. The function of the committee is to provide assistance to the Board in fulfilling its oversight responsibilities to shareholders, potential shareholders, the investment community and other stakeholders relating to:

- the integrity of accounts and financial reporting process of the Company;
- the assessment of the external auditors' qualifications and independence; and
- the performance of the Company's internal audit function and the performance of the external auditors.

The terms of reference of the Audit Committee are available for inspection on the Company's website at www.embryform.com.

Corporate Governance Report (Continued)

During 2010, the Audit Committee held three meetings including one meeting with the external auditors without the Executive Directors and the management present. The record of attendance of individual Directors at the committee meetings is set out on page 36 of this annual report.

The following is a summary of the work performed by the Audit Committee during the Review Period:

- (i) review of the annual report and results announcement of the Company for the year ended 31 December 2009, with a recommendation to the Board for approval;
- (ii) review of the external auditors' independence and their report, with a recommendation to the Board for the re-appointment of the external auditors by the shareholders of the Company at its 2010 annual general meeting;
- (iii) review of continuing connected transactions;
- (iv) review of the interim report and results announcement of the Company for the six months ended 30 June 2010, with a recommendation to the Board for approval;
- (v) review of quarterly financial reports of the Company prepared by the Finance and Accounts Department;
- (vi) consideration of audit and non-audit services provided by the external auditors;
- (vii) review of the effectiveness of the system of internal control of the Company and its subsidiaries;
- (viii) review of periodic reports prepared by the Internal Audit Department;
- (ix) review of the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget;
- (x) review of the report prepared by an independent accounting firm on an application controls review over the Group's ERP system in respect of the revenue, expenditures, inventory and information technology cycles; and
- (xi) review of the audit fees payable to the external auditors for the year ended 31 December 2010, with a recommendation to the Board for approval.

Corporate Governance Report (Continued)

AUDITORS' REMUNERATION

The Audit Committee has reviewed the remuneration paid/payable to Messrs. Ernst & Young, the external auditors of the Company, for the following services provided during the Review Period:

Services Rendered	Remuneration Paid/Payable
Audit services	HK\$2,350,000
Non-audit services	<u>HK\$569,000</u>
Total:	<u>HK\$2,919,000</u>

The Audit Committee has expressed its views to the Board that the level of fees paid/payable to the Company's external auditors is reasonable. There has been no major disagreement between the auditors and the management of the Company during the Review Period.

NOMINATION COMMITTEE

The Company has established a Nomination Committee with written terms of reference. At present, the Nomination Committee has four members comprising one Executive Director and three Independent Non-executive Directors:

Ms. Cheng Pik Ho Liza (*Chairman*)

Mr. Lau Siu Ki

Mr. Lee Kwan Hung

Prof. Lee T. S.

Members of the Nomination Committee are appointed by the Board and the committee consists of a majority of Independent Non-executive Directors. The main functions of the Nomination Committee are to review the structure, size and composition of the Board, to identify individuals who are suitably qualified to become Directors, and to assess the independence of the Independent Non-executive Directors. After considering the independence and qualifications of nominees, the Nomination Committee makes recommendations to the Board so as to ensure that all nominations are fair and transparent. The Nomination Committee is also responsible for reviewing the succession planning of Directors, in particular the Chairman and the Chief Executive Officer. The Board, after consultation with the chairman of the Nomination Committee, provides sufficient resources to the Nomination Committee to enable it to discharge its duties.

Corporate Governance Report (Continued)

The Nomination Committee met once in 2010 to assess the independence of the Independent Non-executive Directors and to make recommendations to the Board on the re-election of Directors. The record of attendance of individual Directors at the committee meeting is set out on page 36 of this annual report.

The terms of reference of the Nomination Committee are available for inspection on the Company's website at www.embryform.com.

REMUNERATION COMMITTEE

The Company has established a Remuneration Committee with written terms of reference. The Board has delegated authority to the Remuneration Committee to review and recommend to the Board the compensation scheme of the Company's Directors and senior management.

The Remuneration Committee at present has four members comprising one Executive Director and three Independent Non-executive Directors, namely:

Ms. Cheng Pik Ho Liza (*Chairman*)

Mr. Lau Siu Ki

Mr. Lee Kwan Hung

Prof. Lee T. S.

The main function of the Remuneration Committee is to assist the Board in establishing a formal and transparent procedure for setting policy on Executive Directors' remuneration and for fixing the remuneration packages for all Directors. The Board, after consultation with the chairman of the Remuneration Committee, provides sufficient resources to the Remuneration Committee to enable it to discharge its duties.

In recommending the remuneration of the Directors, the Remuneration Committee makes reference to companies of comparable business or scale, and the nature and volume of work in order to compensate the Directors reasonably for their time and efforts spent. The Remuneration Committee regularly reviews and makes recommendations to the Board on the remuneration of Directors and senior management.

The Remuneration Committee held three meetings in 2010. The record of attendance of individual Directors at the committee meetings is set out on page 36 of this annual report.

Corporate Governance Report (Continued)

The following is a summary of the work performed by the Remuneration Committee during the Review Period:

- (i) review of the salaries of Executive Directors and staff in Hong Kong, with a recommendation to the Board for approval;
- (ii) consideration of the payment of quarterly bonuses to the senior management staff in China, with a recommendation to the Board for approval;
- (iii) review of the letters of re-appointment of the Independent Non-executive Directors, with a recommendation to the Board for approval;
- (iv) consideration of the appointment and review of the remuneration package of the Group's new Chief Financial Officer, with a recommendation to the Board for approval; and
- (v) consideration of the payment of discretionary bonuses to Executive Directors and the senior management in respect of the final results of the Company for the year ended 31 December 2009 and the interim results of the Company for the six months ended 30 June 2010, with a recommendation to the Board for approval.

The terms of reference of the Remuneration Committee are available for inspection on the Company's website at www.embryform.com.

FINANCIAL REPORTING

The Board acknowledges its responsibility for the preparation of the financial statements for each financial period, which shall give a true and fair view of the state of affairs of the Company. During the Review Period, the Board was not aware of any material uncertainties relating to events or conditions that might cast significant doubt upon the Company's ability to continue in business. Accordingly, the Board has prepared the financial statements of the Company on a going concern basis.

All the Directors acknowledged their responsibility for preparing the financial statements of the Company for the year ended 31 December 2010.

The statement of the auditors of the Company about their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditors' Report on pages 105 to 106.

Corporate Governance Report (Continued)

The Company announces its interim and annual results as soon as reasonably practicable after the end of the relevant financial period and the financial year respectively pursuant to the requirements of the Listing Rules, disclosing all such information as would enable the Company's shareholders to assess the performance, financial position and prospects of the Company.

INTERNAL CONTROL

The Board is responsible for the internal controls of the Group and reviewing their effectiveness. The Board acknowledges that the objectives of internal control are to safeguard the Company's assets against unauthorised use or disposition and to ensure that the Company's accounting records are properly maintained and all the financial information is accurate and reliable.

The Internal Audit Department of the Group conducts reviews of the effectiveness of the Group's internal control system. The department carries out the financial and operational controls reviews according to the yearly plan reviewed and endorsed by the Audit Committee. In addition to the agreed schedule of work, the department conducts other reviews and work as and when required. The reviews also cover the reviews on project management of important system implementations, IT equipment and software maintenance, and the ERP system application controls. The findings and recommendations have been reviewed by the members of the Audit Committee and the Board who are of the view that the internal control system of the Group has been effective without the occurrence of any significant failure.

The Internal Audit Department of the Group continued to provide independent assurance to the Board and management on the adequacy and effectiveness of internal controls for the Group during the Review Period. The Assistant Internal Audit Director reports functionally to the Audit Committee and administratively to the Chief Executive Officer.

The Board undertakes to periodically review the internal control and risk management systems of the Group to ensure their effectiveness and efficiency.

The Board reviewed the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget during the Review Period and considered that the Group had adequate staff resources with the competence, qualifications and experience necessary for the effective performance of its accounting and financial reporting function.

Corporate Governance Report (Continued)

INVESTOR RELATIONS AND COMMUNICATION WITH SHAREHOLDERS

Since 2006, the Company has engaged a professional public relations consultancy firm to organise various investor relations programs (including regular briefing meetings with analysts) aiming at increasing the transparency of the Company, enhancing communication with shareholders and investors, increasing their understanding of and confidence in the Group's businesses. It also aims at promoting market recognition of and support to the Company.

The Company recognises the importance of maintaining on-going communications with its shareholders and encourages them to attend shareholders' meetings to stay informed of the Group's businesses and convey any concerns they may have to the Directors and senior management.

Report of the Directors

The directors present their report and the audited financial statements of the Company and of the Group for the year ended 31 December 2010.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the subsidiaries are set out in note 23 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

RESULTS AND DIVIDENDS

The Group's profit for the year ended 31 December 2010 and the state of affairs of the Company and of the Group at that date are set out in the financial statements on pages 107 to 202.

An interim dividend of HK3 cents per ordinary share was paid on 30 September 2010. The directors recommend the payment of a final dividend of HK5 cents and a special dividend of HK3 cents per ordinary share in respect of the year, to shareholders on the register of members on 24 May 2011. Details are set out in note 15 to the financial statements.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets, liabilities and non-controlling interests of the Group for the last five financial years, prepared on the basis as set out herein, is set out below.

Results

	Year ended 31 December				
	2010 HK\$'000	2009 HK\$'000	2008 HK\$'000	2007 HK\$'000	2006 HK\$'000
REVENUE	1,349,846	1,176,089	973,342	711,668	624,324
PROFIT BEFORE TAX	185,684	167,709	95,103	143,239	102,579
INCOME TAX EXPENSE	(59,495)	(53,521)	(23,120)	(20,723)	(19,974)
PROFIT FOR THE YEAR	126,189	114,188	71,983	122,516	82,605
Attributable to:					
Owners of the Company	126,189	114,188	71,983	122,516	81,105
Non-controlling interests	–	–	–	–	1,500
	126,189	114,188	71,983	122,516	82,605

Report of the Directors (Continued)

SUMMARY FINANCIAL INFORMATION *(continued)*

Assets and Liabilities

	As at 31 December				
	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
TOTAL ASSETS	1,539,245	1,186,274	1,029,173	934,478	834,298
TOTAL LIABILITIES	(429,573)	(192,037)	(120,743)	(95,018)	(110,061)
	<u>1,109,672</u>	<u>994,237</u>	<u>908,430</u>	<u>839,460</u>	<u>724,237</u>

The above summary does not form a part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in the property, plant and equipment, and the investment properties of the Group during the year are set out in notes 17 and 18 to the financial statements, respectively.

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the Company's share capital and share options during the year are set out in notes 30 and 31 to the financial statements, respectively.

PRE-EMPTIVE RIGHTS

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

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

RESERVES

Details of movements in the reserves of the Company and of the Group during the year are set out in note 32(b) to the financial statements and in the consolidated statement of changes in equity, respectively.

Report of the Directors (Continued)

DISTRIBUTABLE RESERVES

At 31 December 2010, the Company's reserves available for distribution, calculated in accordance with the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to HK\$760,045,000, of which HK\$32,602,000 has been proposed as final and special dividends for the year after the reporting period. The amount of HK\$760,045,000 includes the Company's share premium account and contributed surplus of HK\$727,961,000 in aggregate at 31 December 2010, which may be distributed provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

CHARITABLE CONTRIBUTIONS

During the year, the Group made charitable contributions totalling HK\$4,023,000.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers and purchases from the five largest suppliers accounted for less than 30% of the total sales and purchases for the year, respectively.

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

DIRECTORS

The directors of the Company during the year were:

Executive directors

Mr. Cheng Man Tai (*Chairman*)

Ms. Cheng Pik Ho Liza (*Chief Executive Officer*)

Madam Ngok Ming Chu

Mr. Hung Hin Kit

Independent non-executive directors

Mr. Lau Siu Ki

Mr. Lee Kwan Hung

Prof. Lee T. S.

In accordance with article 108(A) of the Company's articles of association, Ms. Cheng Pik Ho Liza, Mr. Lau Siu Ki and Prof. Lee T. S. will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

Report of the Directors (Continued)

DIRECTORS *(continued)*

The Company has received annual confirmations of independence from Mr. Lau Siu Ki, Mr. Lee Kwan Hung and Prof. Lee T. S. pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules"), and as at the date of this report, still considers them to be independent.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the directors of the Company and the senior management of the Group are set out on pages 30 to 32 of the annual report.

DIRECTORS' SERVICE CONTRACTS

Each of the executive directors has entered into a service agreement with the Company for a term of three years commencing on 1 December 2006 and the service agreements have been renewed for a further term of three years commencing on 1 December 2009. Each of the independent non-executive directors has been re-appointed for a term of two years commencing on 25 November 2008 after the expiry of the first term, and they have been re-appointed again for a further term of two years commencing on 25 November 2010.

Under the service agreement, after each complete year of service, the remuneration payable to each of the executive directors may, subject to the discretion of the Company's board of directors, be increased by not more than 10% and the executive directors are entitled to a discretionary management bonus provided that the total amount of bonuses payable to all the directors for that year shall not exceed 8% of the audited consolidated profit after tax of the Group.

Apart from the foregoing, no director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

EMOLUMENT POLICY AND DIRECTORS' REMUNERATION

The Group's emolument policy is formulated based on the performance of individual employees and is reviewed regularly. Subject to the Group's profitability, the Group may also provide discretionary bonuses to its employees as an incentive for their contribution to the Group. The primary goal of the emolument policy with regard to the remuneration packages of the Group's executive directors is to enable the Group to retain and motivate executive directors by linking their compensation with performance as measured against corporate objectives achieved.

The principal elements of the Group's remuneration packages include basic salaries, discretionary bonuses and housing benefits.

The directors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the Company's board of directors with reference to directors' duties, responsibilities and performance and the results of the Group.

Report of the Directors (Continued)

DIRECTORS' INTERESTS IN CONTRACTS

Save for transactions as disclosed in note 13 to the financial statements, 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 and fellow subsidiaries was a party during the year.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 31 December 2010, the interests and short positions of the directors in the share capital and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

Long positions in ordinary shares of the Company:

Name	Capacity and nature of interest	Shares/equity derivatives	Number of shares/equity derivatives held	Percentage of the Company's issued share capital
Mr. Cheng Man Tai	Interest of controlled corporations	Ordinary shares (Note 1)	276,679,557	68.03
	Beneficial owner	Ordinary shares	2,954,750	0.73
	Beneficial owner	Share options (Note 2)	918,250	0.23
Ms. Cheng Pik Ho Liza	Beneficial owner	Ordinary shares	19,359,848	4.76
	Beneficial owner	Share options (Note 2)	825,000	0.20
Madam Ngok Ming Chu	Interest of controlled corporations	Ordinary shares (Note 1)	276,679,557	68.03
	Beneficial owner	Ordinary shares	1,029,750	0.25
	Beneficial owner	Share options (Note 2)	893,250	0.22
Mr. Hung Hin Kit	Beneficial owner	Ordinary shares	233,000	0.06
	Beneficial owner	Share options (Note 2)	733,000	0.18
Mr. Lau Siu Ki	Beneficial owner	Share options (Note 2)	768,000	0.19
Mr. Lee Kwan Hung	Beneficial owner	Ordinary shares	10,000	0.002
	Beneficial owner	Share options (Note 2)	718,000	0.18
Prof. Lee T. S.	Beneficial owner	Share options (Note 2)	648,000	0.16

Report of the Directors (Continued)

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES (continued)

Long positions in shares of an associated corporation:

Name	Name of associated corporation	Relationship with the Company	Shares/ equity derivatives	Number of shares	Capacity and nature of interest	Percentage of the associated corporation's issued share capital
Mr. Cheng Man Tai	Harmonious World Limited ("Harmonious World")	Ultimate holding company	Ordinary shares	57.91 shares of US\$1 each	Directly beneficially owned	59.09
Madam Ngok Ming Chu	Harmonious World	Ultimate holding company	Ordinary shares	40.09 shares of US\$1 each	Directly beneficially owned	40.91

Notes:

- These shares are held as to 275,408,367 shares by Harmonious World and as to 1,271,190 shares by Fairmout Investments Limited ("Fairmout Investments"). Harmonious World is owned as to 59.09% by Mr. Cheng Man Tai and as to 40.91% by Madam Ngok Ming Chu. Fairmout Investments is owned as to 50% by Mr. Cheng Man Tai and as to 50% by Madam Ngok Ming Chu.
- These represent the number of shares which will be allotted and issued to the respective directors upon the exercise of the share options granted to each of them under a pre-initial public offering share option scheme adopted on 25 November 2006 (the "Pre-IPO Share Option Scheme") and a share option scheme adopted on 18 December 2006 (the "Share Option Scheme").

Save as disclosed above, as at 31 December 2010, none of the directors had registered an interest or short position in the shares, underlying shares of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section "Directors' interests and short positions in shares and underlying shares" above and in the section "Share option schemes" below, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouses or minor children, or were any such rights exercised by them; or was the Company, its holding company or any of its subsidiaries and fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

Report of the Directors (Continued)

SHARE OPTION SCHEMES

The Company adopted the Pre-IPO Share Option Scheme and the Share Option Scheme. Details of these schemes are set out in note 31 to the financial statements.

Details of the share option movements during the year are separately disclosed in note 31 to the financial statements.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

At 31 December 2010, the following interests of 5% or more of the issued share capital of the Company (other than the interests of the directors of the Company as disclosed above) were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions:

Name	Capacity and nature of interest (Note)	Number of ordinary shares held	Percentage of the Company's issued share capital
Harmonious World	Directly beneficially owned	275,408,367	67.72
FIL Limited (formerly known as "Fidelity International Limited")	Investment manager	23,298,000	5.73

Note: The relationship between Harmonious World and Mr. Cheng Man Tai and Madam Ngok Ming Chu is disclosed under the heading "Directors' interests and short positions in shares and underlying shares" above.

Save as disclosed above, as at 31 December 2010, no person, other than the directors of the Company, whose interests are set out in the section "Directors' interests and short positions in shares and underlying shares" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

SUFFICIENCY OF PUBLIC FLOAT

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

Report of the Directors (Continued)

CONTINUING CONNECTED TRANSACTIONS

During the year, the Group had the following continuing connected transactions, details of which are disclosed in compliance with the requirements of Chapter 14A of the Listing Rules.

(1) Purchase of furniture

Certain subsidiaries of the Group had entered into services agreements with related companies controlled by a son of a director of the Company, pursuant to which these subsidiaries of the Group agreed to purchase furniture for their counters and shops from the related companies. These services agreements expired on 31 December 2008 and the Company therefore entered into a new services agreement (the "2009 Agreement") with the related companies in 2008. Under the 2009 Agreement, the Group agreed to purchase furniture from the related companies for a period of three years starting from 1 January 2009. The Company sought the approval of its independent shareholders to approve the continuing connected transactions to be carried out by the Group under the 2009 Agreement subject to the annual cap amounts as set out in the announcement of the Company dated 6 November 2008. Such approval was granted by the independent shareholders at the extraordinary general meeting on 19 December 2008.

(2) Lease of industrial complex

On 27 November 2007, a subsidiary of the Company had entered into a tenancy agreement with the related company controlled by a director of the Company and two sons of a director of the Company in relation to the lease of an industrial complex in Changzhou for a period of three years starting from 1 January 2008. The tenancy agreement has been renewed for a term of three years commencing on 1 January 2011. The continuing connected transaction would only be subject to the reporting and announcement requirements and is exempt from the independent shareholders' approval requirement under the Listing Rules.

(3) Lease of warehouse

A subsidiary of the Company has been leasing a warehouse in Hong Kong from a director of the Company. The continuing connected transaction would only be subject to the disclosure requirements of the Listing Rules.

Details of these continuing connected transactions of the Group are set out in notes 13(a)(i), (ii) and (iii) to the financial statements.

Report of the Directors (Continued)

CONTINUING CONNECTED TRANSACTIONS *(continued)*

Pursuant to Rule 14A.37 of the Listing Rules, the independent non-executive directors have reviewed these continuing connected transactions and confirmed that these continuing connected transactions have been entered into:

- (1) in the ordinary and usual course of business of the Group;
- (2) on normal commercial terms or terms no less favourable to the Group than terms available to or from independent third parties; and
- (3) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The amounts in respect of the continuing connected transactions mentioned above during the year under review have not exceeded the annual cap, where appropriate, for the transactions.

In respect of the continuing connected transactions mentioned above, the directors confirm that the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules during the year under review.

The Company has also received a letter from Ernst & Young, the Company's auditors, to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and with reference to Practice Note 740 *Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules* issued by the Hong Kong Institute of Certified Public Accountants. Ernst & Young have issued the letter containing their findings and conclusions in respect of the continuing connected transactions disclosed above by the Group in accordance with Rule 14A.38 of the Listing Rules and stating that:

- (1) the transactions have received the approval of the Company's board of directors;
- (2) the transactions have been entered into and conducted in accordance with the relevant agreements governing the transactions; and
- (3) the annual amounts of the transactions have not exceeded the cap, where appropriate, disclosed in the announcements of the Company dated 6 November 2008 and 27 November 2007.

Report of the Directors (Continued)

AUDITORS

Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board

Cheng Man Tai
Chairman

Hong Kong, 31 March 2011

INDEPENDENT AUDITORS' REPORT

獨立核數師報告



To the shareholders of Embry Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Embry Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 107 to 202, which comprise the consolidated and company statements of financial position as at 31 December 2010, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

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

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

致：安莉芳控股有限公司全體股東

(於開曼群島註冊成立的有限公司)

本核數師已審核載列於第107頁至第202頁安莉芳控股有限公司及其附屬公司(統稱「貴集團」)的綜合財務報表，此綜合財務報表包括於二零一零年十二月三十一日的綜合及公司財務狀況表與截至該日止年度的綜合收益表、綜合全面收益表、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資料。

董事就綜合財務報表須承擔的責任

貴公司董事須負責根據香港會計師公會所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真實而公平的綜合財務報表，以及實行按董事認為編製綜合財務報表必須的相關內部控制，以避免因欺詐或錯誤而導致的重大錯誤陳述。

核數師的責任

本核數師的責任是根據本核數師審核工作的結果對該等綜合財務報表作出意見，並僅向全體股東報告，除此之外本報告別無其他目的。本核數師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。

本核數師已根據香港會計師公會頒佈的香港審計準則進行審核工作。這些準則要求本核數師遵守道德規範，並規劃及執行審核工作，以合理確定該等綜合財務報表是否不存有任何重大錯誤陳述。

INDEPENDENT AUDITORS' REPORT (CONTINUED)

獨立核數師報告(續)

AUDITORS' RESPONSIBILITY (continued)

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2010, and of the Group's 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.

Ernst & Young

Certified Public Accountants
18th Floor
Two International Finance Centre
8 Finance Street, Central
Hong Kong

31 March 2011

核數師的責任(續)

審核工作包括進行若干程序以獲取有關綜合財務報表所載金額及披露資料的審核憑證。所採用的程序取決於核數師的判斷，包括評估由於欺詐或錯誤而導致綜合財務報表存有重大錯誤陳述的風險。本核數師在評估該等風險時，會考慮與該公司編製真實而公平的綜合財務報表的相關內部控制，以設計合適的審核程序，而並非為對公司的內部控制的效能發表意見。審核工作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，以及評價綜合財務報表的整體列報方式。

本核數師相信，本核數師所獲得的審核憑證是充足和適當地為本核數師的審核意見提供基礎。

意見

本核數師認為，該等綜合財務報表已根據香港財務報告準則真實而公平地反映貴公司及貴集團於二零一零年十二月三十一日的財務狀況及貴集團截至該日止年度的溢利及現金流量，並已按照香港公司條例的披露規定妥為編製。

安永會計師事務所

執業會計師
香港
中環金融街8號
國際金融中心2期
18樓

二零一一年三月三十一日

CONSOLIDATED INCOME STATEMENT

綜合收益表

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

		Notes 附註	2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
REVENUE	收益	5	1,349,846	1,176,089
Cost of sales	銷售成本		(263,730)	(234,900)
Gross profit	毛利		1,086,116	941,189
Other income and gains	其他收入及收益	6	27,708	9,277
Selling and distribution expenses	銷售及分銷開支		(789,679)	(654,627)
Administrative expenses	行政開支		(134,034)	(125,084)
Other expenses	其他開支	7	(4,330)	(3,046)
Finance costs	融資成本	8	(97)	–
PROFIT BEFORE TAX	除稅前溢利	9	185,684	167,709
Income tax expense	所得稅開支	12	(59,495)	(53,521)
PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY	本公司擁有人應佔 年度溢利	14	126,189	114,188
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	本公司擁有人 應佔每股盈利	16		
– Basic (HK cents)	– 基本(港仙)		31.21	28.44
– Diluted (HK cents)	– 攤薄(港仙)		30.52	27.94

Details of the dividends are disclosed in note 15 to the financial statements.

股息的詳情載於財務報表附註15。

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

綜合全面收益表

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

		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Profit for the year	年度溢利	126,189	114,188
Other comprehensive income:	其他全面收入：		
Exchange differences arising on translation of foreign operations	折算境外營運所產生之匯兌差額	20,207	1,060
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY	本公司擁有人應佔年度全面收入總額	146,396	115,248

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況表

31 December 2010 二零一零年十二月三十一日

		Notes 附註	2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
NON-CURRENT ASSETS	非流動資產			
Property, plant and equipment	物業、廠房及設備	17	518,923	203,519
Investment properties	投資物業	18	217,224	32,000
Prepaid land lease payments	預付土地租賃款項	19	35,020	3,781
Deferred tax assets	遞延稅項資產	29	11,197	2,609
Deposits	按金	22	5,497	238,078
Total non-current assets	非流動資產總值		787,861	479,987
CURRENT ASSETS	流動資產			
Inventories	存貨	20	441,617	345,556
Trade receivables	應收貿易賬款	21	64,838	48,228
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項	22	49,839	23,546
Cash and cash equivalents	現金及現金等價物	24	195,090	288,957
Total current assets	流動資產總值		751,384	706,287
CURRENT LIABILITIES	流動負債			
Trade and bills payables	應付貿易賬款及應付票據	25	63,955	36,823
Interest-bearing bank borrowings	計息銀行借款	26	20,000	-
Tax payable	應付稅項		11,105	17,996
Other payables and accruals	其他應付款項及應計款項	27	223,306	97,126
Total current liabilities	流動負債總值		318,366	151,945
NET CURRENT ASSETS	流動資產淨值		433,018	554,342
TOTAL ASSETS LESS CURRENT LIABILITIES	總資產減流動負債		1,220,879	1,034,329
NON-CURRENT LIABILITIES	非流動負債			
Interest-bearing bank borrowings	計息銀行借款	26	65,000	-
Deferred liabilities	遞延負債	28	3,471	4,155
Deferred tax liabilities	遞延稅項負債	29	20,854	14,801
Other payables	其他應付款項	27	21,882	21,136
Total non-current liabilities	非流動負債總值		111,207	40,092
Net assets	資產淨值		1,109,672	994,237

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

綜合財務狀況表(續)

31 December 2010 二零一零年十二月三十一日

		Notes 附註	2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
EQUITY	權益			
Equity attributable to owners of the Company	本公司擁有人 應佔權益			
Issued capital	已發行股本	30	4,067	4,021
Reserves	儲備	32(a)	1,105,605	990,216
Total equity	總權益		1,109,672	994,237

Cheng Man Tai

鄭敏泰

Director

董事

Cheng Pik Ho Liza

鄭碧浩

Director

董事

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

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

		Attributable to owners of the Company 本公司擁有人應佔										
		Reserves 儲備										Total equity
		Issued capital	Share premium account	Contributed surplus	Asset revaluation reserve	Enterprise statutory reserve funds	Exchange fluctuation reserve	Goodwill reserve	Share option reserve	Retained profits	Total reserves	Total equity
		已發行股本	股份溢價賬	實繳盈餘	資產重估儲備	企業發展及法定儲備金	匯兌波動儲備	商譽儲備	購股權儲備	保留溢利	總儲備	總權益
Notes		HK\$'000	HK\$'000	HK\$'000	HK\$'000	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	千港元	千港元	千港元	千港元
						(note 32(a))	(note 32(a))	(note 32(a))				
At 1 January 2010	於二零一零年一月一日	4,021	334,714	122,610	2,539	15,177	51,838	(3,168)	10,204	456,302	990,216	994,237
Profit for the year	年度溢利	-	-	-	-	-	-	-	-	126,189	126,189	126,189
Exchange differences arising on translation of foreign operations	折算境外營運所產生之匯兌差額	-	-	-	-	-	20,207	-	-	-	20,207	20,207
Total comprehensive income for the year	年內全面收入總額	-	-	-	-	-	20,207	-	-	126,189	146,396	146,396
Issue of shares	發行股份	30(b)	46	11,999	-	-	-	-	(4,873)	-	7,126	7,172
Equity-settled share option arrangements	以權益支付之購股權安排	31	-	-	-	-	-	-	2,337	-	2,337	2,337
Share options lapsed	購股權失效	-	-	-	-	-	-	-	(112)	112	-	-
2009 final and special dividends declared and paid	宣派及支付二零零九年末期及特別股息	15	-	-	-	-	-	-	-	(28,300)	(28,300)	(28,300)
2010 interim dividend	二零一零年中期股息	15	-	-	-	-	-	-	-	(12,170)	(12,170)	(12,170)
Transfer from retained profits	轉自保留溢利	-	-	-	-	5,429	-	-	-	(5,429)	-	-
At 31 December 2010	於二零一零年十二月三十一日	4,067	346,713	122,610	2,539	20,606	72,045	(3,168)	7,556	536,704	1,105,605	1,109,672

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

綜合權益變動表(續)

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

		Attributable to owners of the Company 本公司擁有人應佔										
		Reserves 儲備										Total equity
		Issued capital	Share premium account	Contributed surplus	Asset revaluation reserve	statutory reserve funds	Exchange fluctuation reserve	Goodwill reserve	Share option reserve	Retained profits	Total reserves	Total equity
		已發行股本	股份溢價賬	實繳盈餘	資產重估儲備	企業發展及法定儲備金	匯兌波動儲備	商譽儲備	購股權儲備	保留溢利	總儲備	總權益
Notes		HK\$'000	HK\$'000	HK\$'000	HK\$'000	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	千港元	千港元	千港元	千港元
				(note 32(a)) (附註32(a))		(note 32(a)) (附註32(a))		(note 32(a)) (附註32(a))				
At 1 January 2009	於二零零九年一月一日	4,011	331,577	122,610	2,539	11,768	50,778	(3,168)	6,696	381,619	904,419	908,430
Profit for the year	年度溢利	-	-	-	-	-	-	-	-	114,188	114,188	114,188
Exchange differences arising on translation of foreign operations	折算境外營運所產生之匯兌差額	-	-	-	-	-	1,060	-	-	-	1,060	1,060
Total comprehensive income for the year	年內全面收入總額	-	-	-	-	-	1,060	-	-	114,188	115,248	115,248
Issue of shares	發行股份	30(a)	10	3,137	-	-	-	-	(1,456)	-	1,681	1,681
Equity-settled share option arrangements	以權益支付之購股權安排	31	-	-	-	-	-	-	4,987	-	4,987	4,987
Share options lapsed	購股權失效	-	-	-	-	-	-	-	(23)	23	-	-
2008 final and special dividends declared and paid	宣派及支付二零零八年末期及特別股息	15	-	-	-	-	-	-	-	(24,068)	(24,068)	(24,068)
2009 interim dividend	二零零九年中期股息	15	-	-	-	-	-	-	-	(12,051)	(12,051)	(12,051)
Transfer from retained profits	轉自保留溢利	-	-	-	-	3,409	-	-	-	(3,409)	-	-
At 31 December 2009	於二零零九年十二月三十一日	4,021	334,714	122,610	2,539	15,177	51,838	(3,168)	10,204	456,302	990,216	994,237

CONSOLIDATED STATEMENT OF CASH FLOWS

綜合現金流量表

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

	Notes 附註	2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		185,684	167,709
Adjustments for:			
Finance costs	8	97	–
Bank interest income	6	(2,389)	(2,635)
Depreciation	9	24,152	21,939
Amortisation of prepaid land lease payments	9	257	82
Loss on disposal/write-off of items of property, plant and equipment	9	307	710
Impairment/(write-back of impairment allowance) of trade receivables	9	137	(228)
Write-off of trade receivables	9	23	88
Provision for obsolete inventories, net	9	18,639	18,817
Fair value gains on financial assets at fair value through profit or loss	9	–	(135)
Changes in fair value of an investment property	9	(4,125)	(2,000)
Equity-settled share option expenses	31	2,337	4,987
		225,119	209,334
Increase in inventories		(114,700)	(4,031)
Increase in trade receivables		(16,770)	(6,385)
(Increase)/decrease in prepayments, deposits and other receivables		(31,139)	782
Decrease in financial assets at fair value through profit or loss		–	23,149
Increase in trade and bills payables		27,132	3,802
Increase in other payables and accruals		24,629	53,325
Decrease in deferred liabilities		(684)	(683)
Cash generated from operations		113,587	279,293
Hong Kong profits tax (paid)/refunded		(1,201)	1,218
Overseas tax paid		(67,720)	(39,137)
Net cash flows from operating activities		44,666	241,374

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

綜合現金流量表(續)

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

	Notes 附註	2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		2,389	2,758
Purchases of items of property, plant and equipment other than a property in Shanghai	17	(47,441)	(21,163)
Payment for acquisition of a property in Shanghai	17, 22, 33	(137,274)	–
Additions to prepaid land lease payments – land use rights in Shandong and Changzhou		(11,959)	–
Deposit paid for acquisition of a property in Shanghai	22	–	(216,271)
Deposit paid for the land use rights in Shandong	22	–	(21,068)
Proceeds from disposal of items of property, plant and equipment		94	195
Decrease in non-pledged time deposits with original maturity of more than three months when acquired		–	11,364
Net cash flows used in investing activities		(194,191)	(244,185)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	30(b)	7,172	1,691
New bank borrowings	26	100,000	–
Repayment of bank borrowings	26	(15,000)	–
Dividends paid	15	(40,470)	(36,119)
Interest paid		(97)	–
Net cash flows from/(used in) financing activities		51,605	(34,428)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(97,920)	(37,239)
Cash and cash equivalents at beginning of year		288,957	325,136
Effect of foreign exchange rate changes, net		4,053	1,060
CASH AND CASH EQUIVALENTS AT END OF YEAR		195,090	288,957
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	24	195,090	288,957

STATEMENT OF FINANCIAL POSITION

財務狀況表

31 December 2010 二零一零年十二月三十一日

		Notes 附註	2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
NON-CURRENT ASSETS	非流動資產			
Investments in subsidiaries	於附屬公司之權益	23	775,331	669,284
CURRENT ASSETS	流動資產			
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項	22	242	152
Cash and cash equivalents	現金及現金等價物	24	2,499	105,848
Total current assets	流動資產總值		2,741	106,000
CURRENT LIABILITIES	流動負債			
Other payables and accruals	其他應付款項及應計款項	27	6,404	7,084
NET CURRENT ASSETS/ (LIABILITIES)	流動資產/(負債)淨值		(3,663)	98,916
Net assets	資產淨值		771,668	768,200
EQUITY	權益			
Issued capital	已發行股本	30	4,067	4,021
Reserves	儲備	32(b)	767,601	764,179
Total equity	總權益		771,668	768,200

Cheng Man Tai
鄭敏泰
Director
董事

Cheng Pik Ho Liza
鄭碧浩
Director
董事

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2010 二零一零年十二月三十一日

1. CORPORATE INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 29 August 2006 under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The registered office address of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, the Cayman Islands and the principal place of business of the Company is located at 7th Floor, Wyler Centre II, 200 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong.

The principal activity of the Company is investment holding. Details of the principal activities of the subsidiaries are set out in note 23 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

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

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for the investment properties, which have been measured at fair value. These financial statements are presented in Hong Kong dollars and all amounts are rounded to the nearest thousand (HK\$'000) except where otherwise indicated.

1. 公司資料

本公司於二零零六年八月二十九日根據開曼群島第22章公司法(一九六一年法例三·經綜合及修訂)於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地址為Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, the Cayman Islands。而本公司的主要營業地點為香港新界葵涌大連排道200號偉倫中心二期7樓。

本公司的主要業務為投資控股。有關附屬公司的主要業務詳情載於財務報表附註23。年內本集團的主要業務性質並無重大變動。

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

2.1 呈列基準

該等財務報表根據香港會計師公會(「香港會計師公會」)頒佈的香港財務報告準則(「香港財務報告準則」)(包括所有香港財務報告準則、香港會計準則(「香港會計準則」)及詮釋)、香港公認會計原則及香港公司條例披露規定編製。該等財務報表根據歷史成本法編製，惟投資物業按其公平值計量。除另有指明外，該等財務報表以港元呈列，所有金額均調整至最接近千元(千港元)。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2010 二零一零年十二月三十一日

2.1 BASIS OF PREPARATION (continued)

Basis of consolidation

Basis of consolidation from 1 January 2010

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2010. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

Adjustments are made to bring into any dissimilar accounting policies that may exist.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in consolidated income statement. The Group's share of components previously recognised in other comprehensive income is reclassified to consolidated income statement or retained profits, as appropriate.

2.1 呈列基準(續)

綜合基準

由二零一零年一月一日起的綜合基準

綜合財務報表包括本公司及其附屬公司(統稱「本集團」)截至二零一零年十二月三十一日止年度的財務報表。附屬公司於相同申報期間的財務報表採用與本公司一致的會計政策編製。附屬公司的業績自收購日期(即本集團取得控制權當日)起綜合計算,直至該等控制權失效為止。集團內公司間交易產生的一切集團內公司間結餘、交易、未實現盈虧及股息,於綜合賬目時全數對銷。

對任何可能存在的不同會計政策,均會作出調整。

即使將招致虧絀結餘,附屬公司內部虧損仍歸於非控股權益。

於附屬公司擁有權益之變動(並無失去控制權)於入賬時列作權益交易。

倘本集團失去附屬公司的控制權,會於綜合收益表終止確認(i)附屬公司的資產(包括商譽)及負債、(ii)任何非控股權益的賬面值及(iii)計入權益的累計匯兌差額;並確認(i)收取代價的公平價值、(ii)任何保留投資的公平價值及(iii)任何由此產生的盈餘或虧損。本集團早前於其他綜合收入確認的應佔部份會適當地重新歸類於綜合收益表或保留溢利。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2010 二零一零年十二月三十一日

2.1 BASIS OF PREPARATION (continued)

Basis of consolidation (continued)

Basis of consolidation prior to 1 January 2010

Certain of the above-mentioned requirements for consolidation from 1 January 2010 have been applied on a prospective basis. The following differences, however, are carried forward in certain instances from the previous basis of consolidation:

- Acquisition of non-controlling interests (formerly known as minority interests), prior to 1 January 2010, were accounted for using the parent entity extension method, whereby the difference between the consideration and the book value of the share of the net assets acquired recognised in goodwill.
- Losses incurred by the Group were attributed to the non-controlling interests until the balance was reduced to nil. Any further excess losses were attributable to the Company, unless the non-controlling interest had a binding obligation to cover these. Losses prior to 1 January 2010 were not reallocated between non-controlling interests and the Company's shareholders.
- Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost. The carrying amount of such investment at 1 January 2010 has not been restated.

2.1 呈列基準(續)

綜合基準(續)

二零一零年一月一日前的綜合基準

上述由二零一零年一月一日起進行綜合的若干規定已按無追溯基準應用。然而，以下差異於若干情況下承前結轉自先前的綜合基準：

- 於二零一零年一月一日前所收購非控股權益(前稱少數股東權益)按母公司實體延伸法進行會計處理，據此，代價與應佔所收購淨資產的賬面值間的差額，於商譽中確認。
- 本集團所產生之虧損歸屬非控股權益，直至結餘被削減至零為止。任何進一步超出虧損歸屬本公司，除非非控股權益有約束責任，而須承擔上述虧損。於二零一零年一月一日前之虧損不會於非控股權益與本公司股東之間重新分配。
- 倘喪失控制權，則本集團按於喪失控制權當日應佔資產淨值比例，就保留的投資進行會計處理。該等投資於二零一零年一月一日的賬面值並無重列。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2010 二零一零年十二月三十一日

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 1 (Revised)	<i>First-time Adoption of Hong Kong Financial Reporting Standards</i>
HKFRS 1 Amendments	<i>Amendments to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards- Additional Exemptions for First-time Adopters</i>
HKFRS 2 Amendments	<i>Amendments to HKFRS 2 Share-based Payment – Group Cash-settled Share-based Payment Transactions</i>
HKFRS 3 (Revised)	<i>Business Combinations</i>
HKAS 27 (Revised)	<i>Consolidated and Separate Financial Statements</i>
HKAS 39 Amendment	<i>Amendment to HKAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items</i>
HK(IFRIC) – Int 17	<i>Distributions of Non-cash Assets to Owners</i>
HKFRS 5 Amendments included in <i>Improvements to HKFRSs</i> issued in October 2008	<i>Amendments to HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations – Plan to sell the controlling interest in a subsidiary</i>
<i>Improvements to HKFRSs 2009</i>	<i>Amendments to a number of HKFRSs issued in May 2009</i>
HK Interpretation 4 Amendment	<i>Amendment to HK Interpretation 4 Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases</i>
HK Interpretation 5	<i>Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause</i>

2.2 會計政策變動及披露

本集團於本年度財務報表首次採納以下新訂及經修訂之香港財務報告準則。

香港財務報告準則第1號(修訂)	首次採納香港財務報告準則
香港財務報告準則第1號修訂	香港財務報告準則第1號修訂 首次採納香港財務報告準則—首次採納者的額外豁免
香港財務報告準則第2號修訂	香港財務報告準則第2號修訂 以股份支付—集團以現金結算以股份為基礎支付之交易
香港財務報告準則第3號(修訂)	業務合併
香港會計準則第27號(修訂)	綜合及獨立財務報表
香港會計準則第39號修訂	香港會計準則第39號修訂 金融工具：確認及計量—合資格對沖項目
香港(國際財務報告詮釋委員會)—詮釋第17號	向擁有人分派非現金資產
二零零八年十月頒佈對香港財務報告準則的改進所包含的香港財務報告準則第5號修訂	香港財務報告準則第5號修訂持有作出售的非流動資產及已終止業務—計劃出售所佔一間附屬公司的控股權益
二零零九年香港財務報告準則改進	修訂多項於二零零九年五月頒佈的香港財務報告準則
香港詮釋第4號修訂	香港詮釋第4號修訂租賃—釐定香港土地租賃期限
香港詮釋第5號	財務報表的呈列—借貸人對包含可隨時要求償還條款的定期貸款的分類

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2010 二零一零年十二月三十一日

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (continued)

Other than as further explained below regarding the impact of HKFRS 3 (Revised), HKAS 27 (Revised), amendments to HKAS 7 and HKAS 17 included in Improvements to HKFRSs 2009, HK Interpretation 4 (Revised in December 2009) and HK Interpretation 5, the adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

The principal effects of adoption these new and revised HKFRSs are as follows:

(a) HKFRS 3 (Revised) *Business Combinations* and HKAS 27 (Revised) *Consolidated and Separate Financial Statements*

HKFRS 3 (Revised) introduces a number of changes in the accounting for business combinations that affect the initial measurement of non-controlling interests, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results.

HKAS 27 (Revised) requires that a change in the ownership interest of a subsidiary without loss of control is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore, the revised standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Consequential amendments were made to various standards, including, but not limited to HKAS 7 *Statement of Cash Flows*, HKAS 12 *Income Taxes*, HKAS 21 *The Effects of Changes in Foreign Exchange Rates*, HKAS 28 *Investments in Associates* and HKAS 31 *Interests in Joint Ventures*.

The changes introduced by these revised standards are applied prospectively and affect the accounting of acquisitions, loss of control and transactions with non-controlling interests after 1 January 2010.

2.2 會計政策變動及披露(續)

除下文進一步說明有關香港財務報告準則第3號(修訂)、香港會計準則第27號(修訂)、二零零九年香港財務報告準則改進所包括的香港會計準則第7號修訂及香港會計準則第17號、香港詮釋第4號(於二零零九年十二月修訂)及香港詮釋第5號外，採用此等新訂及經修訂香港財務報告準則對財務報表並無產生重大財務影響。

採用此等新訂及經修訂香港財務報告準則主要影響如下：

(a) 香港財務報告準則第3號(修訂) *業務合併*及香港會計準則第27號(修訂) *綜合及獨立財務報表*

香港財務報告準則第3號(修訂)引入多項有關業務合併會計處理的變動，該等變動將對非控股權益的初步計量、交易成本的會計處理、初步確認及其後計量或然代價及分段進行的業務合併造成影響。該等變動將影響已確認商譽金額、收購期內的申報業績及未來申報業績。

香港會計準則第27號(修訂)規定將一家附屬公司所有權權益的變動(並未失去控制權)作為一項權益交易入賬。因此，該變動將對商譽並無影響，亦將不會產生收益或虧損。此外，經修訂準則改變附屬公司所產生虧損以及失去附屬公司控制權的會計處理，而多項準則(包括但不限於香港會計準則第7號 *現金流量表*、香港會計準則第12號 *所得稅*、香港會計準則第21號 *匯率變動之影響*、香港會計準則第28號 *於聯營公司之投資*及香港會計準則第31號 *於合營公司之權益*)已作出後續修訂。

此等經修訂準則引入之變動可於未來應用，並影響二零一零年一月一日後的收購、喪失控制權及與非控股權益交易的會計處理方法。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2010 二零一零年十二月三十一日

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (continued)

(b) *Improvements to HKFRSs 2009* issued in May 2009 sets out amendments to a number of HKFRSs. There are separate transitional provisions for each standard. While the adoption of some of the amendments results in changes in accounting policies, none of these amendments has had a significant financial impact on the Group. Details of the key amendments most applicable to the Group are as follows:

- HKAS 7 *Statement of Cash Flows*: Requires that only expenditures that result in a recognised asset in the statement of financial position can be classified as a cash flow from investing activities.
- Amendment to HK Interpretation 4 *Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases* is revised as a consequence of the amendments to HKAS 17 *Leases* included in *Improvements to HKFRSs 2009*. Following this amendment, the scope of HK Interpretation 4 has been expanded to cover all land leases, including those classified as finance leases. As a result, this Interpretation is applicable to all leases of property accounted for in accordance with HKAS 16, HKAS 17 and HKAS 40.

Upon the adoption of the amendments, the classification of leases in Mainland China remained as operating leases. As the lease in Hong Kong cannot be allocated reliably between land and building elements before the adoption of the amendments, in which case, the entire lease was generally treated as finance lease and accounted for as property, plant and equipment.

(c) **HK Interpretation 5: Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause**

HK Interpretation 5 requires that a loan that contains a clause that gives the lender the unconditional right to call the loan at any time shall be classified in total by the borrower as current in the statement of financial position. This is irrespective of whether a default event has occurred and notwithstanding any other terms and maturity stated in the loan agreement. This Interpretation does not have a material impact on the Group's financial statements.

2.2 會計政策變動及披露(續)

(b) 二零零九年五月頒佈的二零零九年香港財務報告準則改進載列多項香港財務報告準則修訂。各準則均有獨立過渡條文。採納若干修訂導致會計政策有變，惟此等修訂對本集團並無重大財務影響。最適用於本集團的主要修訂詳情如下：

- 香港會計準則第7號現金流量表：規定唯有導致在財務狀況表內確認資產之支出方可分類為投資活動現金流量。
- 香港詮釋第4號修訂租賃—釐定香港土地租賃期限，乃由於對載於二零零九年香港財務報告準則改進的香港會計準則第17號租賃作出修訂而予以修訂。於該修訂後，香港詮釋第4號的範圍被擴大至涵蓋所有土地租賃，包括該等分類為融資租賃的土地租賃。故此，該詮釋適用於所有按香港會計準則第16號、香港會計準則第17號及香港會計準則第40號列賬的物業租賃。

採用該等修訂後，中國內地租賃仍屬經營租賃的類別。倘香港的租賃在土地及建築物之間不能穩妥地分配，在此情況下，整項租賃一般視為融資租賃並計入物業、廠房及設備。

(c) **香港詮釋第5號：財務報表的呈列—借貸人對包含可隨時要求償還條款的定期貸款的分類**

香港詮釋第5號規定，借貸人須在財務狀況表內將載有給予貸款人無條件權利可隨時要求償還貸款條款的定期貸款合共分類為流動負債。這不論有否發生失責事件，亦不論貸款協議所載任何其他條款及到期日。此詮釋對本集團的財務報表不會構成重大影響。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2010 二零一零年十二月三十一日

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

HKFRS 1 Amendment	Amendment to HKFRS 1 <i>First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters</i> ²
HKFRS 1 Amendments	Amendments to HKFRS 1 <i>First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopter</i> ⁴
HKFRS 7 Amendments	Amendments to HKFRS 7 <i>Financial Instruments: Disclosures – Transfers of Financial Assets</i> ⁴
HKFRS 9	<i>Financial Instruments</i> ⁶
HKAS 24 (Revised)	<i>Related Party Disclosures</i> ³
HKAS 12 Amendments	Amendments to HKAS 12 <i>Income Taxes – Deferred Tax Recovery of Underlying Assets</i> ⁵
HKAS 32 Amendment	Amendment to HKAS 32 <i>Financial Instruments: Presentation – Classification of Right Issues</i> ¹
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 <i>Prepayments of a Minimum Funding Requirement</i> ³
HK(IFRIC)-Int 19	<i>Extinguishing Financial Liabilities with Equity Instruments</i> ²

Apart from the above, the HKICPA has issued *Improvements to HKFRSs 2010* which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. The amendments to HKFRS 3 and HKAS 27 are effective for annual periods beginning on or after 1 July 2010, whereas the amendments to HKFRS 1, HKFRS 7, HKAS 1, HKAS 34 and HK(IFRIC)-Int 13 are effective for annual periods beginning on or after 1 January 2011 although there are separate transitional provisions for each standard.

2.3 已頒佈但尚未生效的香港財務報告準則

本集團並未在財務報表應用下列已頒佈但尚未生效的新訂及經修訂香港財務報告準則。

香港財務報告準則第1號修訂	香港財務報告準則第1號修訂首次採納香港財務報告準則 – 首次採納者有關香港財務報告準則第7號比較披露資料的有限豁免 ²
香港財務報告準則第1號修訂	香港財務報告準則第1號修訂首次採納香港財務報告準則 – 嚴重高通脹及剔除首次採納者的固定日期 ⁴
香港財務報告準則第7號修訂	香港財務報告準則第7號修訂金融工具：披露 – 轉讓金融資產 ⁴
香港財務報告準則第9號	金融工具 ⁶
香港會計準則第24號(修訂)	關連人士披露 ³
香港會計準則第12號修訂	香港會計準則第12號修訂所得稅 – 遞延稅項：相關資產的收回 ⁵
香港會計準則第32號修訂	香港會計準則第32號修訂金融工具：呈列 – 供股之分類 ¹
香港(國際財務報告詮釋委員會) – 詮釋第14號修訂	香港(國際財務報告詮釋委員會)詮釋第14號的修訂預付最低資金要求 ³
香港(國際財務報告詮釋委員會) – 詮釋第19號	以權益工具註銷金融負債 ²

除上述者外，香港會計師公會已頒佈二零一零年香港財務報告準則的修改，列載多項香港財務報告準則修訂，主要旨在刪除不一致內容及澄清字句。香港財務報告準則第3號和香港會計準則第27號修訂於二零一零年七月一日或之後開始的年度期間有效，而香港財務報告準則第1號、香港財務報告準則第7號、香港會計準則第1號、香港會計準則第34號及香港(國際財務報告詮釋委員會) – 詮釋第13號修訂於二零一一年一月一日或之後開始的年度期間生效，惟各項準則均有不同的過渡條文。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2010 二零一零年十二月三十一日

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

- 1 Effective for annual periods beginning on or after 1 February 2010
- 2 Effective for annual periods beginning on or after 1 July 2010
- 3 Effective for annual periods beginning on or after 1 January 2011
- 4 Effective for annual periods beginning on or after 1 July 2011
- 5 Effective for annual periods beginning on or after 1 January 2012
- 6 Effective for annual periods beginning on or after 1 January 2013

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Group considers that these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Subsidiaries

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

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

Business combinations and goodwill

Business combinations from 1 January 2010

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

2.3 已頒佈但尚未生效的香港財務報告準則 (續)

- 1 於二零一零年二月一日或以後開始的年度期間生效
- 2 於二零一零年七月一日或以後開始的年度期間生效
- 3 於二零一一年一月一日或以後開始的年度期間生效
- 4 於二零一一年七月一日或以後開始的年度期間生效
- 5 於二零一二年一月一日或以後開始的年度期間生效
- 6 於二零一三年一月一日或以後開始的年度期間生效

本集團對有關首次應用新訂及經修訂香港財務報告準則的影響進行評估。到目前為止，本集團認為，有關新訂及經修訂香港財務報告準則對本集團的經營業績及財務狀況應不會構成重大影響。

2.4 主要會計政策概要 附屬公司

附屬公司指本公司直接或間接控制其財務及營運政策，藉以從其業務獲益之實體。

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

業務合併及商譽

由二零一零年一月一日起的業務合併

業務合併乃以購買法入賬。轉讓之代價乃以收購日期的公平價值計算，該公平價值為本集團轉讓的資產於收購日期的公平價值、本集團自被收購方之前度擁有人承擔的負債，及本集團發行以換取被收購方控制權的股本權益的總和。於各業務合併中，收購方以公平價值或被收購方可識別資產淨值的應佔比例，計算於被收購方的非控股權益。收購成本於產生時列為開支。

當本集團收購一項業務時，會根據合約條款、於收購日期的經濟環境及相關條件，評估將承接的金融資產及負債，以作出適合的分類及標示，其中包括將被收購方主合約中的嵌入式衍生工具進行分離。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2010 二零一零年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

Business combinations and goodwill (continued)

Business combinations from 1 January 2010 (continued)

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability is recognised in accordance with HKAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the net identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets of the subsidiary acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

2.4 主要會計政策概要(續)

業務合併及商譽(續)

由二零一零年一月一日起的業務合併(續)

倘企業合併分階段進行，收購方先前持有的被收購方股權於收購日期的公平價值應按收購日期的公平價值透過收益表重新計量。

由收購方將予轉讓的任何或然代價將於收購日期按公平價值確認。或然代價(被視為一項資產或負債)公平價值的其後變動按香港會計準則第39號要求，確認為損益或其他綜合收入的變動。倘將或然代價分類為權益，則其最終於權益中結算前毋須重新計量。

商譽起初按成本計量，即已轉讓總代價、已確認非控股權益及本集團先前由持有的被收購方股權的公平價值總額，超逾與所收購可識別資產淨值及所承擔負債的差額。如總代價及其他項目低於所收購附屬公司資產淨值的公平價值，於評估後其差額將於收益表內確認為議價收購收益。

於初始確認後，商譽按成本減任何累計減值虧損計量。商譽須每年作減值測試，若有事件發生或情況改變顯示賬面值有可能減值時，則會更頻密地進行檢討。本集團於十二月三十一日進行商譽之年度減值測試。為進行減值測試，因業務合併而購入的商譽自購入之日被分配至預期可從合併產生的協同效益中獲益的本集團各個現金產生單位或現金產生單位組別，而無論本集團其他資產或負債是否已分配予該等單位或單位組別。

減值乃通過評估與商譽有關的現金產生單位(或現金產生單位組別)的可收回金額釐定。當現金產生單位(或現金產生單位組別)的可收回金額低於賬面金額時，減值虧損便予以確認。已就商譽確認的減值虧損不得於未來期間撥回。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2010 二零一零年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

*(continued)***Business combinations and goodwill** *(continued)**Business combinations from 1 January 2010 (continued)*

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

Business combinations prior to 1 January 2010 but after 1 January 2005

In comparison to the above-mentioned requirements which were applied on a prospective basis, the following differences applied to business combinations prior to 1 January 2010:

Business combinations were accounted for using the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Any additional acquired share of interest did not affect previously recognised goodwill.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree were not reassessed on acquisition unless the business combination resulted in a change in the terms of the contract that significantly modified the cash flows that otherwise would have been required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration were recognised as part of goodwill.

2.4 主要會計政策概要(續)

業務合併及商譽 *(續)**由二零一零年一月一日起的業務合併(續)*

倘商譽構成現金產生單位(或現金產生單位組別)的部份而該單位的部份業務已出售,則在釐定所出售業務的收益或虧損時,與所出售業務相關的商譽會計入該業務的賬面值。在該情況下出售的商譽,乃根據所出售業務的相對價值及現金產生單位的保留份額進行計量。

於二零一零年一月一日前,但自二零零五年一月一日起的業務合併

與上述以預期基準應用的規定相比,於二零一零年一月一日前進行的業務合併有以下分別:

業務合併採用購買法入賬。直接歸屬於收購的交易成本,構成收購成本的一部分。非控制性權益乃按被收購方可識別資產淨值應佔比例計量。

分階段進行的業務合併乃分步入賬。任何新增的所收購應佔權益並不會影響先前已確認的商譽。

當本集團收購一項業務時,於收購時與被收購方主合約分開的嵌入式衍生工具不會被重新評估。除非業務合併導致合約條款發生變動,從而導致該合約原本規定的現金流量出現大幅變動則另作別論。

當(且僅當)本集團目前負有責任、經濟利益較可能流出,並且能夠確定可靠的估計時,方會確認或然代價。對或然代價作出的後續調整乃確認為商譽一部分。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2010 二零一零年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

Related parties

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

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

2.4 主要會計政策概要(續)

關連人士

在下列情況下，關連人士將被視為與本集團有關連：

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2010 二零一零年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

Impairment of non-financial assets

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

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

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

2.4 主要會計政策概要(續)

非金融資產減值

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2010 二零一零年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses.

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation.

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

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

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

2.4 主要會計政策概要(續)

物業、廠房及設備以及折舊

除在建工程外，物業、廠房及設備按成本減累計折舊及任何減值虧損入賬。

一項物業、廠房及設備之成本包括購買價及任何將資產達致其運作狀況與地點作擬定用途之直接成本。各項物業、廠房及設備投入運作後產生之開支(如維修及保養)一般於產生期間自收益表扣除。倘符合確認標準，一項主要視察之開支以替代方式於資產帳面值中資本化列賬。倘物業、廠房及設備之重要部分須不時替代，本集團確認該等部分為個別資產，具特別使用年限及折舊。

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2010 二零一零年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

Property, plant and equipment and depreciation

(continued)

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

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

Construction in progress represents a building and equipment under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Investment properties

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

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

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

2.4 主要會計政策概要(續)

物業、廠房及設備以及折舊(續)

倘某項物業、廠房及設備項目各部分之使用年限各有不同，該項目之成本乃按合理基準在各部分之間進行分配，而每部分則各自計算折舊。剩餘價值、使用年限及折舊方法至少會於各財政年度年末進行檢討及調整(如適用)。

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

在建工程指興建中之樓宇及設備，並以成本值減任何減值虧損列帳，且不予折舊。成本值包括建築期間之直接建築成本。在建工程於完成及投入服務時重新分類為合適類別之物業、廠房及設備。

投資物業

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

投資物業公平值變更所帶來之溢利或虧損於產生年度計入收益表。

報廢或出售投資物業之任何溢利或虧損於報廢或出售之年度在收益表確認。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2010 二零一零年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

Investments and other financial assets

Initial recognition and measurement

Financial assets within the scope of HKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial investments, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

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

The Group's financial assets include cash and bank balances, trade and other receivables.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKAS 39. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value, recognised in the income statement. These net fair value changes do not include any dividends on these financial assets, which are recognised in accordance with the policy set out for "Revenue recognition" below.

2.4 主要會計政策概要(續)

投資及其他金融資產

初步確認及計量

根據香港會計準則第39號所界定的金融資產分類為以公平值按損益列賬的金融資產、貸款及應收款項及可供出售金融投資，或分類為指定為有效對沖之對沖工具之衍生工具(視情況而定)。本集團將在初步認定後決定金融資產的分類。對於並非屬於以公平值按損益列賬的金融資產，在初始確認時以公平值加上交易的直接成本計量。

以正常方式購買及銷售金融資產均在交易日(即本集團承諾購買或出售資產當日)確認。以正常方式購買或銷售資產是指須按照市場規定或慣例通常訂立的期限內交付資產。

本集團之金融資產包括現金及銀行結餘、應收貿易賬款及其他應收賬款。

後續計量

金融資產的後續計量取決於其分類，如下：

透過損益賬以公平值列賬之金融資產

透過損益賬以公平值列賬之金融資產包括以交易為目的而持有金融資產及於首次確認時指定為透過損益賬以公平值列賬之金融資產。金融資產如以短期賣出為目的而購買，則分類為以交易為目的而持有的投資。該類別包括本集團訂立而未按香港會計準則第39號定義指定為對沖關係中之對沖工具之金融衍生工具。衍生工具(包括獨立嵌入式衍生工具)亦分類為持作交易金融資產，惟獲指定為實際對沖工具則除外。透過損益賬以公平值列賬之金融資產按公平值及其變動於財務狀況表內入賬，其損益淨額於收益表內確認。該等公平值盈虧淨額並不包括該等金融資產所產生的任何股息，有關股息乃根據下文「收益確認」所載的政策予以確認。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2010 二零一零年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

Investments and other financial assets (continued)

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

The Group evaluates its financial assets at fair value through profit or loss (held for trading) to assess whether the intent to sell them in the near term is still appropriate. When the Group is unable to trade these financial assets due to inactive markets and management's intent to sell them in the foreseeable future significantly changes, the Group may elect to reclassify these financial assets in rare circumstances. The reclassification from financial assets at fair value through profit or loss to loans and receivables, available-for-sale financial assets or held-to-maturity investments depends on the nature of the assets. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance income in the income statement. The loss arising from impairment is recognised in the income statement in finance costs.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments where there is no active market, the fair value is determined using appropriate valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; a discounted cash flow analysis; and option pricing models or other valuation models.

2.4 主要會計政策概要(續)

投資及其他金融資產(續)

透過損益賬以公平值列賬之金融資產(續)

本集團透過損益賬按公平值評估其金融資產(持有作買賣)以確定於近期銷售彼等之目的是否仍合適。倘由於不活躍市場本集團未能買賣該等金融資產及管理層於可預見未來銷售彼等之意向發生重大變動,本集團會選擇於罕有之情況下重新分類該等金融資產。透過損益賬以公平值列賬之金融資產重新分類為貸款及應收款項,可供銷售金融資產或持至到期之投資取決於資產性質。該評估不會影響於指定時按公平值選擇指定為透過損益賬以公平值列賬之任何金融資產。

貸款及應收款項

貸款及應收款項指具有固定或可釐定付款額且非於活躍市場報價之非衍生金融資產。於首次計量後,該等資產採用實際利息法按攤銷成本計量,並扣除任何減值撥備。計算攤銷成本時亦會計及收購所產生之任何折讓或溢價,並包括作為實際利率之不可或缺之費用或成本。實際利率攤銷包含於收益表之財務收入。因減值而產生之虧損於收益表內確認為融資成本。

金融工具之公平值

於活躍市場進行買賣之金融工具於結算日營業時間結束時之公平值,乃經參考所報市場價格或交易商報價(好倉之出價及淡倉之賣價)釐定,且未就交易成本作任何扣減。至於並無活躍市場之金融工具,其公平值則會使用適當之估值方法釐定。該等方法包括使用近期經公平磋商之交易;參考另一項大致相同之工具之目前市價;貼現現金流量分析;及期權定價模式或其他估值模式。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2010 二零一零年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

Derecognition of financial assets

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

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group’s continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2.4 主要會計政策概要(續)

解除確認金融資產

於下列情況時，金融資產(或(如適用)金融資產之一部分或一組類似金融資產之一部分)將解除確認：

- 自資產收取現金流量之權利已屆滿；或
- 本集團已轉讓自資產取得現金流量之權利或已根據「轉付」安排承擔於無重大延誤之情況下向第三方全額支付已收取現金流量之責任；且(a)本集團已轉讓該資產之大部分風險及回報，或(b)本集團並無轉讓或保留該等資產之大部分風險及回報，惟已轉讓該資產之控制權。

當本集團已轉讓自一項資產收取現金流量的權利或已訂立「轉付」安排，並無轉讓或保留該資產之大部分風險及回報，亦無轉讓該資產之控制權，則該資產將按本集團繼續參與有關資產之程度確認。於此情況下，本集團亦確認相關負債。已轉讓資產及相關負債按反應本集團已保留權利及責任之基準計量。

形式為就已轉讓資產作出之繼續參與，乃按該資產之原賬面值及本集團或須償還之代價金額上限(以較低者為準)計量。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2010 二零一零年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

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

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

2.4 主要會計政策概要(續)

金融資產之減值

本集團於各報告期間結算日評估是否有任何客觀證據顯示一項金融資產或一組金融資產出現減值。倘，且僅倘，有客觀證據顯示由於資產首次確認之後發生之一件或多件事項(已發生之「虧損事項」)而出現減值，且虧損事項已對金融資產或一組金融資產的估計未來現金流造成可合理估計之影響，則金融資產或一組金融資產被視為減值。減值跡象可包括一名或一組借款人正面臨重大經濟困難、違約或未能償還利息或本金、彼等有可能破產或進行其他財務重組，以及有可觀察得到的數據顯示估計未來現金流量出現可計量的減少，例如欠款數目變動或出現與違約相關的經濟狀況。

按攤銷成本列賬之金融資產

就按攤銷成本列賬之金融資產而言，本集團首先對具個別重要性之金融資產進行個別評估，評估個別資產是否存在可觀減值證據，或對非具個別重要性之金融資產進行共同評估。倘本集團釐定經個別評估之金融資產(無論具有重要性與否)並無存在可觀減值證據，則會將該資產歸入一組具有類似信貸風險特性之金融資產內，然後共同評估減值。個別評估減值及為其確認或繼續確認減值虧損之資產，在共同評估減值時不會包括在內。

倘有客觀證據顯示已出現減值虧損，則虧損金額按資產賬面值與估計未來現金流量(不包括尚未產生之未來信貸虧損)現值之差額計量。估計未來現金流量之現值乃按金融資產之原實際利率貼現(即按初步確認計算之實際利率)。倘為浮息貸款，則計量任何減值虧損之貼現率為現時之實際利率。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2010 二零一零年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

Impairment of financial assets (continued)

Financial assets carried at amortised cost (continued)

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to other expenses in the income statement.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of HKAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, and interest-bearing bank borrowings.

2.4 主要會計政策概要(續)

金融資產之減值(續)

按攤銷成本列賬之金融資產(續)

資產之賬面值通過採用撥備賬項減少，虧損金額在收益表中確認。利息收入按減少後賬面值持續產生，且採用計量減值虧損時用以貼現未來現金流量之利率累計。倘預期並無日後可收回金額，且所有抵押已變現或轉撥至本集團，則借貸及應收款項連同相關撥備予以撇銷。

以後期間，倘若由於減值確認後發生一個事件估計減值虧損之數額增加或減少，則先前確認之減值虧損透過調整撥備賬項予以增加或減少。倘未來攤銷隨後可收回，收回款項計入收益表之其他開支。

金融負債

初步確認及計量

屬於香港會計準則第39號範圍之金融負債按適用情況分類為透過損益賬以公平值列賬之金融負債、貸款及借貸，或分類為指定為有效對沖之對沖工具之衍生工具(按適用情況)。本集團於初步確認時釐定其金融負債之分類。

所有財務負債初始時按公平值確認，惟貸款及借款則加上直接應佔交易成本確認。

本集團的財務負債包括應付貿易賬項及其他應付款項，以及計息銀行借款。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2010 二零一零年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

Financial liabilities (continued)

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate method amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the income statement.

Derecognition of financial liabilities

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

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

Inventories

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

2.4 主要會計政策概要(續)

金融負債(續)

後續計量

財務負債的後續計量取決於其分類，如下：

貸款及借款

於初始確認後，計息貸款及借款隨後以實際利率法按攤銷成本計量，倘折現的影響並不重大，則按成本列賬。當撤銷確認負債及在實際利率法攤銷過程中，收益及虧損會於收益表確認。

攤銷成本計入於購買時產生的任何折現或溢價及作為構成有效利率整體部分的費用或成本。有效利率攤銷計入收益表中的融資成本。

撤銷確認金融負債

當負債項下之責任被解除或取消或屆滿，金融負債將被撤銷確認。

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

存貨

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2010 二零一零年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

Leases

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

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

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

Cash and cash equivalents

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

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

2.4 主要會計政策概要(續)

租賃

將資產擁有權(法定業權除外)之大部分報酬與風險轉讓至本集團之租賃均列為融資租賃。融資租賃生效時,租賃資產之原值均按最低租賃款項之現值撥作資本,並連同債務(不計利息)入賬,以反映購入及融資情況。資本化融資租賃持有之資產(包括融資租賃項下土地租賃款項預付)均列入物業,廠房及設備,並按資產租賃年期或估計可使用年期(以較短者為準)攤銷。該等租賃之融資成本乃於租賃年內按固定比率於收益賬內扣除。

由出租人承受資產擁有權之絕大部分回報與風險之租賃均列為經營租賃。倘本集團是出租人,則本集團根據經營租約出租之資產均計入非流動資產,而經營租約之應收租金則以直線法在租賃期內計入收益表。倘本集團是承租人,則經營租約之應付租金以直線法在租賃期內自收益表扣除。

經營租賃的預付土地租賃款項初步按成本列賬,其後在租賃期內以直線法確認。

現金及現金等價物

為編製綜合現金流量表,現金及現金等價物包括手頭現金及活期存款,以及短期高流動性投資(須易於轉換能確定金額的現金、低價值變動風險及具較短期限(一般購入後不多於三個月)),減去按要還款的銀行透支,並構成本集團的現金管理主要部分。

為編製財務狀況表,現金及現金等價物包括手頭現金及銀行存款,包括用途不受限制的定期存款。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2010 二零一零年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the investment are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings spending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Provisions

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

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

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

2.4 主要會計政策概要(續)

借款成本

因收購、建設或生產合資格資產等(即需要一段頗長時間準備方可作其擬定用途或出售的資產)所直接產生的借貸成本,乃予以資本化作為該等資產成本之一部分。倘若該等資產已大致能夠用作擬定用途或出售,其借貸成本不再予以資本化。個別借貸因尚未用於合資格資產而用作暫時性投資,所賺取的投資收入應從已資本化的借貸成本中扣除。所有其他借貸成本於產生期內支銷。借貸成本包括實體在借入資金時所產生的利息及其他成本。

撥備

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

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

所得稅

所得稅包括即期及遞延稅項。與於損益表以外確認之項目有關之所得稅,於損益外確認,或確認為其他全面收益亦或直接確認為權益。

現時及過往期間的即期稅項資產及負債,按預期可從稅務機構收回或支付予稅務機構之金額、以報告期間結算日之前已實施或實質已實施之稅率(及稅法)、經考慮本集團業務所在國現行之詮釋及慣例而計量。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2010 二零一零年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

Income tax (continued)

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

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

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

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

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

2.4 主要會計政策概要(續)

所得稅(續)

遞延稅項於呈報期末按負債法就資產及負債的稅基與財務報告所示賬面值的所有暫時差額計提撥備。

遞延稅項負債就所有應課稅暫時差額確認，惟下列情況除外：

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

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

- 遞延稅項資產涉及業務合併以外之交易(交易當時並無因而影響會計溢利或應課稅溢利或虧損者)下初步確認資產或負債所產生之可扣稅暫時差額；及
- 對附屬公司之投資相關之可扣稅暫時差異，遞延稅項資產僅於暫時差異於可預見將來可能出現逆轉及有應課稅溢利以供暫時差額抵銷的情況下確認。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2010 二零一零年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

Income tax (continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

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

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

Revenue recognition

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

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

2.4 主要會計政策概要(續)

所得稅(續)

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

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

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

收益確認

當經濟利益有可能流入本集團和當收入能可靠地計量時，收益會按下列基準確認：

- (a) 銷售貨品所得之收益，於所有權之重大風險和回報已轉移至買方時確認，惟本集團對所售貨品必須不再享有通常與所有權相關之管理權，亦不得再有實際控制權；
- (b) 租金收入在租賃期內按時間比例確認；
- (c) 利息收入以應計基準以實際利率法將金融工具的估計年期或較短期間(如適用)內的未來估計現金收入折現至金融資產的賬面淨值；及
- (d) 股息收入於確立股東收款權利時確認。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2010 二零一零年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

Research and development costs

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

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

Government grants

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

Share-based payment transactions

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

The cost of equity-settled transactions with employees for grants after 7 November 2002 is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 31 to the financial statements.

2.4 主要會計政策概要(續)

研究及開發成本

所有研究成本均於產生時自收益表扣除。

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

政府補助

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

以股份支付的交易

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

僱員於二零零二年十一月七日後授予的以股份支付交易的成本乃參照該權益工具於授予日期的公平值計量。公平值由外聘估值師採用二項式模型釐定，有關詳情載於財務報表附註31。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2010 二零一零年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

Share-based payment transactions (continued)

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

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

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

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. All cancellations of equity-settled transaction awards are treated equally.

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

2.4 主要會計政策概要(續)

以股份支付的交易(續)

權益支付交易的成本於表現及／或服務條件履行期間確認，同時相應增加權益。在歸屬日期之前於各報告期間結算日於權益支付交易所確認的累計開支反映歸屬期屆滿的程度及本集團認為對最終歸屬的權益工具數量的最佳估計。於期內綜合收益表扣除或計入的金額指於期初及期終確認的累計開支變動。

除須視乎市場有條件歸屬或非歸屬條件的權益支付交易外，對於最終未予歸屬的回報，則不確認任何開支。而對於須視乎市場或非歸屬條件歸屬的回報，在其他所有表現及／或服務條件都符合情況下，不管市場條件是否達到要求，都視作已歸屬。

於修訂權益支付回報的條款時，將會至少確認開支，猶如倘最初回報條款均得到滿足，有關條款並無作出修訂。此外，亦會就任何修訂確認開支增加股份付款安排交易的總公平值，或於修訂當日計算時對僱員有利。

倘若註銷權益支付的回報，則會視作已於註銷當日歸屬，而任何未就回報確認的開支將立即確認。該報酬包括當非歸屬條件在本集團或僱員的控制下未能得到滿足時的報酬。然而，倘以新回報取代所註銷的回報，並於授出當日列作取代回報，則所註銷及新授出的回報將視作原有回報的修訂，有關詳情載於上段。任何權益支付交易回報的註銷均平等對待。

尚未行使購股權的攤薄影響列作計算每股盈利的額外股份攤薄。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2010 二零一零年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

Other employee benefits

Pension scheme

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

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

Foreign currencies

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

2.4 主要會計政策概要(續)

其他僱員福利

退休福利計劃

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

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

外幣

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2010 二零一零年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

Foreign currencies (continued)

The functional currencies of certain overseas subsidiaries are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates ruling at the end of the reporting period and their income statements are translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the income statement.

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

2.4 主要會計政策概要(續)

外幣(續)

若干海外附屬公司之功能貨幣並非港元。於報告期間結算日，該等實體之資產及負債均按報告期間結算日之匯率換算為本公司之呈列貨幣，而該等公司之收益表按年內之加權平均匯率換算為港元。因此而產生之匯兌差額計入其他全面收入及於匯兌波動儲備累積。於出售境外營運時，就特定海外實體在其他全面收入的組成部分將於收益表確認。

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

3. 主要會計判斷及估計

於編制本集團之財務報表時，管理層需對影響於報告期間結算日之收入、支出、資產及負債以及或然負債之申報數額之披露事項作出判斷、估計及假設。然而，該等假設及估計之不明朗因素可能導致需就日後受影響資產或負債之賬面值作出重大調整。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2010 二零一零年十二月三十一日

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Judgements

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

Operating lease commitments - Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Estimation uncertainty

Estimation of fair value of investment properties

The Group considers information from a variety of sources, including (i) by reference to current prices in an active market for properties of a different nature, condition and location, adjusted to reflect those differences; and (ii) independent valuations.

3. 主要會計判斷及估計(續)

判斷

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

經營租約承擔—本集團作為出租人

本集團已就旗下之投資物業組合訂立商業物業租約。本集團已根據各安排之條款及條件之評估確定其保留經營租約出租之物業之擁有權的所有重大風險及回報。

投資物業與業主佔用物業分類

本集團釐定一項物業是否符合為投資物業，並已制訂標準以作出有關判斷。投資物業乃為賺取租金或/及資本增值而持有之物業。故此，本集團考慮物業是否明顯地獨立於本集團持有的其他資產而產生現金流量。某些物業包括一部分為賺取租金或資本增值而持有，而另一部分則為生產或供應貨物或服務或行政用途而持有。倘有關部分可根據融資租賃單獨出售或出租，本集團則單獨計入該部分。倘有關部份不能單獨出售，物業只會在於生產或供應貨物或服務或行政用途所佔比例極少的情況下計入投資物業。我們基於物業的個別情況而作出判斷，以確定配套服務是否非常重要，致使該物業不符合為投資物業。

估計之不明朗因素

投資物業公平值之估計

本集團會考慮自多個來源所得之資料，其中包括：(i)不同性質、狀況及地點之物業於活躍市場上之現行價格，經作出調整以反映該等差額；及(ii)獨立估值。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2010 二零一零年十二月三十一日

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

Valuation of share options

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

4. SEGMENT INFORMATION

The Group's primary operating segment is the manufacture and sale of ladies' brassieres, panties, swimwear and sleepwear. Since this is the only operating segment of the Group, no further analysis thereof is presented. In determining the Group's geographical information, the revenue information is based on the location of the customers, and the total non-current assets information, other than deferred tax assets, is based on the location of the assets.

3. 主要會計判斷及估計(續)

估計之不明朗因素(續)

購股權的估值

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

4. 分部資料

本集團之主要經營分部是女仕胸圍、內褲、泳衣及睡衣之製造及銷售。由於此為本集團之唯一經營分部，故並無呈列進一步之分析。決定本集團之地區資料時，收益資料乃按客戶所在地為基礎，總非流動資產(遞延稅項資產除外)資料按資產所在地為基礎。

	Mainland China 中國大陸		Hong Kong 香港		Others 其他		Total 合併	
	2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Revenue from external customers 外界客戶之收益	1,244,878	1,049,479	89,263	99,488	15,705	27,122	1,349,846	1,176,089
Non-current assets 非流動資產	717,171	422,998	59,493	54,380	-	-	776,664	477,378
Capital expenditure incurred during the year 年內資本開支	503,577	20,986	2,192	177	-	-	505,769	21,163

For the years ended 31 December 2010 and 2009, as no customer of the Group has individually accounted for over 10% of the Group's total revenue, no information about major customers is presented under HKFRS 8.

截至二零一零年及二零零九年十二月三十一日止年度，由於並無本集團客戶個別佔本集團總收益10%以上，故並未根據香港財務報告準則第8號呈報主要客戶的資料。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2010 二零一零年十二月三十一日

5. REVENUE

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

5. 收益

收益，即本集團之營業額，指扣除退貨及交易折扣款額後售出貨品之發票淨值。

6. OTHER INCOME AND GAINS

6. 其他收入及收益

		Group 本集團	
		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Other income	其他收入		
Bank interest income	銀行利息收入	2,389	2,635
Gross rental income	租金收入總額	2,242	2,099
Royalty income	專利權收入	176	98
Subsidy income from the People's Republic of China (the "PRC") government*	來自中華人民共和國(「中國」)政府之津貼收入*	115	1,005
Others	其他	662	1,904
		5,584	7,741
Gains	收益		
Foreign exchange differences, net	匯兌差異，淨額	17,999	(599)
Changes in fair value of an investment property (note 18)	投資物業公平值變動(附註18)	4,125	2,000
Fair value gains on financial assets at fair value through profit or loss	公平值收益，透過損益賬以公平值列賬之金融資產	-	135
		22,124	1,536
		27,708	9,277

* There are no unfulfilled conditions or contingencies relating to this income.

* 此收入並無涉及任何未達成之條件或然事項。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2010 二零一零年十二月三十一日

7. OTHER EXPENSES

7. 其他開支

		Group 本集團	
		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Charitable donation	慈善捐款	4,023	2,336
Loss on disposal/write-off of items of property, plant and equipment	出售／撤銷物業、廠房及設備項目之虧損	307	710
		4,330	3,046

8. FINANCE COSTS

8. 融資成本

		Group 本集團	
		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Total interest on bank loan wholly repayable within five years	須於五年內悉數償還之總銀行借款利息	1,320	—
Less: Interest capitalised	減：利息資本化	(1,223)	—
Interest expenses charged to the income statement	自收益表扣除之利息開支	97	—

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2010 二零一零年十二月三十一日

9. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

9. 除稅前溢利

本集團之除稅前溢利已扣除/(計入):

		Group 本集團	
		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Cost of inventories sold	已售存貨成本	263,730	234,900
Depreciation	折舊	24,152	21,939
Amortisation of prepaid land lease payments	預付土地租賃款項之攤銷	257	82
Minimum lease payments under operating leases in respect of:	有關以下各項之經營租約之最低租賃款項:		
Land and buildings	土地及樓宇	52,137	51,273
Contingent rents of retail outlets in department stores	百貨公司內零售點的或然租金	333,089	287,211
Employee benefit expenses (excluding directors' remuneration – note 10):	僱員福利開支(不包括董事薪酬 – 附註10):		
Wages and salaries	工資及薪金	321,958	263,023
Write-back of provision for long service payments	長期服務金撥備撥回	(600)	(585)
Retirement benefit scheme contributions	退休福利計劃供款	24,503	20,301
Equity-settled share option expenses	以股權支付購股權開支	1,154	2,438
		347,015	285,177
Auditors' remuneration	核數師酬金	2,350	2,000
Advertising and counter decoration expenses	廣告及櫃位裝飾開支	105,371	66,909
Provision for obsolete inventories, net impairment/(write-back of impairment allowance) of trade receivables	陳舊存貨撥備, 淨額應收貿易賬款減值/(減值撥備撥回)	18,639	18,817
Write-off of trade receivables	撇銷應收貿易賬款	137	(228)
Research and development expenditure	研究及開發開支	23	88
Loss on disposal/write-off of items of property, plant and equipment	出售/撇銷物業、廠房及設備項目之虧損	1,668	3,037
Fair value gains on financial assets at fair value through profit or loss	公平值收益, 透過損益賬以公平值列賬之金融資產	307	710
Gross and net rental income	租金收入總額及淨額	–	(135)
Changes in fair value of an investment property	投資物業公平值變動	(2,242)	(2,099)
Foreign exchange differences, net	匯兌差異, 淨額	(4,125)	(2,000)
Bank interest income	銀行利息收入	(17,999)	599
		(2,389)	(2,635)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2010 二零一零年十二月三十一日

10. DIRECTORS' REMUNERATION

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

10. 董事薪酬

根據香港聯合交易所有限公司(「聯交所」)證券上市規則(「上市規則」)及香港公司條例第161節披露的年內董事薪酬如下：

		Group 本集團	
		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Fees	袍金	726	720
Other emoluments:	其他酬金：		
Salaries, allowances and benefits in kind	薪金、津貼及實物福利	8,245	7,330
Bonuses*	花紅*	3,430	6,671
Equity-settled share option expenses	以股權支付之購股權開支	1,183	2,549
Retirement benefit scheme contributions	退休福利計劃供款	48	48
		13,632	17,318

* Executive directors of the Company are entitled to bonus payments which are determined as a percentage of the profit after tax of the Group.

* 本公司執行董事有權獲派發花紅，而花紅金額則按本集團除稅後溢利的一定百分比釐定。

The fair value of these share options, which has been recognised in the income statement over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above directors' remuneration disclosures.

就於歸屬期內在收益表確認的購股權，其公平值於授出日期釐定，計入本年度財務報表的金額載入上述董事薪酬披露事項內。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2010 二零一零年十二月三十一日

10. DIRECTORS' REMUNERATION (continued)
201010. 董事薪酬(續)
二零一零年

		Fees	Salaries, allowances and benefits in kind	Bonuses	Equity-settled share option expenses	Retirement benefit scheme contributions	Total remuneration
		袍金	薪金、津貼及實物利益	花紅	以股權支付之購股權開支	退休福利計劃供款	總薪酬
		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
<i>Executive directors:</i>	<i>執行董事：</i>						
Mr. Cheng Man Tai	鄭敏泰先生	-	2,591	1,103	248	12	3,954
Ms. Cheng Pik Ho Liza	鄭碧浩女士	-	2,188	856	202	12	3,258
Madam Ngok Ming Chu	岳明珠女士	-	2,099	914	236	12	3,261
Mr. Hung Hin Kit	孔憲傑先生	-	1,367	557	182	12	2,118
		-	8,245	3,430	868	48	12,591
<i>Independent non-executive directors:</i>	<i>獨立非執行董事：</i>						
Mr. Lau Siu Ki	劉紹基先生	242	-	-	105	-	347
Mr. Lee Kwan Hung	李均雄先生	242	-	-	105	-	347
Prof. Lee T. S.	李天生教授	242	-	-	105	-	347
		726	-	-	315	-	1,041
		726	8,245	3,430	1,183	48	13,632

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2010 二零一零年十二月三十一日

10. DIRECTORS' REMUNERATION (continued)
200910. 董事薪酬(續)
二零零九年

	Fees	Salaries, allowances and benefits in kind	Bonuses	Equity- settled share option expenses 以股權支付 之購股權 開支	Retirement benefit scheme contributions 退休福利 計劃供款	Total remuneration
	袍金 HK\$'000 千港元	薪金、津貼 及實物利益 HK\$'000 千港元	花紅 HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	總薪酬 HK\$'000 千港元
<i>Executive directors:</i>						
Mr. Cheng Man Tai	–	2,146	2,220	547	12	4,925
Ms. Cheng Pik Ho Liza	–	2,077	1,634	436	12	4,159
Madam Ngok Ming Chu	–	1,835	1,882	517	12	4,246
Mr. Hung Hin Kit	–	1,272	935	386	12	2,605
	–	7,330	6,671	1,886	48	15,935
<i>Independent non-executive directors:</i>						
Mr. Lau Siu Ki	240	–	–	221	–	461
Mr. Lee Kwan Hung	240	–	–	221	–	461
Prof. Lee T. S.	240	–	–	221	–	461
	720	–	–	663	–	1,383
	720	7,330	6,671	2,549	48	17,318

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

有關期間內並無董事免收或同意免收任何薪酬之安排。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2010 二零一零年十二月三十一日

11. FIVE HIGHEST PAID INDIVIDUALS

The five highest paid employees during the year included four (2009: four) directors, details of whose remuneration are set out in note 10 to the financial statements above. Details of the remuneration of the remaining one (2009: one) non-director, highest paid employee for the year are as follows:

Salaries, allowances and benefits in kind	薪金、津貼及實物利益
Bonus	花紅
Equity-settled share option expenses	以股權支付購股權開支
Retirement benefit scheme contributions	退休福利計劃供款

11. 五名最高薪人士

年內五名最高薪人士包括四名董事(二零零九年：四名)，其薪酬詳情已於上文財務報表附註10載述。年內其餘一名非董事最高薪僱員(二零零九年：一名)的薪酬詳情如下：

		Group 本集團	
		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
		1,861	2,064
		487	–
		61	192
		12	12
		2,421	2,268

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

Nil to HK\$1,000,000	零至1,000,000港元
HK\$1,000,001 to HK\$1,500,000	1,000,001港元至 1,500,000港元
HK\$1,500,001 to HK\$2,000,000	1,500,001港元至 2,000,000港元
HK\$2,000,001 to HK\$2,500,000	2,000,001港元至 2,500,000港元

薪酬屬於以下組別之非董事最高薪僱員人數如下：

		Number of employees 僱員人數	
		2010 二零一零年	2009 二零零九年
		–	–
		–	–
		–	–
		1	1
		1	1

The fair value of these share options, which has been recognised in the income statement over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above non-director, highest paid employees' remuneration disclosures.

就於歸屬期內在收益表確認的購股權，其公平值於授出日期釐定，計入本年度財務報表的金額載入上述非董事最高薪僱員酬金披露事項內。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2010 二零一零年十二月三十一日

12. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

Pursuant to the Enterprise Income Tax Law (the “New PRC Tax Law”) of the PRC being effective on 1 January 2008, the PRC income tax rate is unified to 25% for all enterprises. Under an implementation guidance note of the New PRC Tax Law, enterprises established before the publication of the New PRC Tax Law were entitled to preferential treatments of a reduced corporate income tax rate (the “CIT rate”) granted by the relevant tax authorities. The new CIT rate would be gradually increased from the preferential rate to 25% within five years after the effective date of the New PRC Tax Law on 1 January 2008. Enterprises that are currently entitled to exemptions or reductions from the standard income tax rate for a fixed term may continue to enjoy such treatment until the fixed term expires.

In addition, taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates.

12. 所得稅

香港利得稅乃根據年內估計在香港產生之應課稅溢利，按16.5%（二零零九年：16.5%）之稅率作出撥備。

根據於二零零八年一月一日開始生效之中國企業所得稅法（「新中國所得稅法」），中國所得稅稅率對於所有企業統一為25%。根據新中國所得稅法之實施指引，於公佈新中國所得稅法前成立之企業有權享有相關稅務機構授予減免企業所得稅率（「企業所得稅率」）之優惠待遇。新企業所得稅率可於二零零八年一月一日新中國所得稅法生效日期後五年內逐漸由優惠稅率增加至25%。現時於固定期限內可享有標準所得稅稅率豁免或減免之企業可繼續享有此待遇，直至該固定期限屆滿為止。

此外，其他地方應課稅溢利之稅項已按本集團經營業務國家之目前稅率計算。

		Group 本集團	
		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Group:	本集團：		
Current – Hong Kong	即期稅項 – 香港		
Charge for the year	年內稅項	472	1,010
Overprovision in prior years	過往年度之超額撥備	(134)	(133)
Current – Mainland China	即期稅項 – 中國大陸		
Charge for the year	年內稅項	57,210	43,614
Overprovision in prior years	過往年度之超額撥備	(1)	(1)
Deferred (note 29)	遞延(附註29)	1,948	9,031
Total tax charge for the year	年度之總稅項支出	59,495	53,521

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2010 二零一零年十二月三十一日

12. INCOME TAX (continued)

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

12. 所得稅(續)

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

		Group 本集團	
		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Profit before tax	除稅前溢利	185,684	167,709
Tax at the applicable rates to profits in the countries concerned	按有關國家適用於溢利之稅率計算之稅項	46,353	42,502
Lower tax rate for specific provinces in Mainland China	中國大陸特定省份之較低稅率	(3,926)	(3,866)
Lower tax rate due to tax holiday	因稅務優惠而下調之稅率	(3,455)	(1,355)
Adjustments in respect of current tax of previous years	對以往年度之即期稅項的調整	(135)	(134)
Income not subject to tax	毋須課稅之收入	(938)	(176)
Expenses not deductible for tax	不可扣稅之開支	10,620	7,565
Effect of withholding tax at 5% and 10% on the distributable profits of the Group's PRC subsidiaries	對本集團之中國附屬公司可供分派溢利徵收5%及10%預扣稅之影響	9,268	7,850
Tax losses not recognised	未確認稅項虧損	1,708	1,135
Tax charge at the Group's effective rate	按本集團之實際稅率計算之稅項支出	59,495	53,521

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2010 二零一零年十二月三十一日

13. RELATED PARTY TRANSACTIONS

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

			2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
		Notes 附註		
<i>Continuing transactions</i>	<i>持續交易</i>			
Purchases of furniture for counters and shops from related companies	向關連公司購買櫃位及店舖之傢俬	(i)	19,343	15,949
Rental expenses for a property paid to a related company	向關連公司支付物業之租金開支	(ii)	2,483	2,455
Rental expenses for a warehouse paid to a director of the Company	向本公司董事支付倉庫之租金開支	(iii)	144	144

Notes:

- (i) The purchases of furniture for counters and shops from related companies controlled by a son of a director of the Company were made according to the terms similar to those offered by the Group's independent suppliers. The balances owing to related companies as at 31 December 2010 were HK\$5,980,000 (2009: HK\$9,093,000) and were unsecured, interest-free and repayable in accordance with normal trading terms. The amounts have been included in other payables and accruals as at the end of the reporting period.
- (ii) The rental expenses which were paid to a related company controlled by a director of the Company and two sons of a director of the Company were determined with reference to the then prevailing market conditions.
- (iii) The rental expenses were determined with reference to the then prevailing market conditions.

13. 有關連人士交易

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

	2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
	19,343	15,949
	2,483	2,455
	144	144

附註：

- (i) 向本公司之一董事兒子控制之關連公司購買櫃位及店舖之傢俬之條款與本集團獨立供應商所提供之條款相若。於二零一零年十二月三十一日欠付關連公司之結餘5,980,000港元（二零零九年：9,093,000港元）乃無抵押、免息及需按一般買賣條款償還。該等款額已於報告期間結算日列作其他應付款項及應計款項。
- (ii) 向本公司董事及本公司之一董事的兩名兒子所控制之關連公司支付之租金開支乃參考當時之市況釐定。
- (iii) 租金開支乃參考當時之市況釐定。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2010 二零一零年十二月三十一日

13. RELATED PARTY TRANSACTIONS (continued)

(a) (continued)

The above continuing transactions constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.

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

(b) Compensation of key management personnel of the Group

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

Further details of directors' remuneration are included in note 10 to the financial statements.

13. 有關連人士交易(續)

(a) (續)

根據上市規則第14A章，以上持續交易構成持續關連交易。

董事認為上述交易是於本集團日常業務過程中進行。

(b) 本集團主要管理人員之薪酬

2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
19,579	23,333
273	251
1,368	3,046
21,220	26,630

董事薪酬的詳情載於財務報表附註10。

14. PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated profit attributable to owners of the Company for the year ended 31 December 2010 includes a profit of HK\$34,429,000 (2009: HK\$38,665,000) which has been dealt with in the financial statements of the Company (note 32(b)).

14. 本公司擁有人應佔溢利

截至二零一零年十二月三十一日止年度本公司擁有人應佔綜合溢利包括溢利34,429,000港元(二零零九年:38,665,000港元)，該等溢利已於本公司財務報表內列賬(附註32(b))。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2010 二零一零年十二月三十一日

15. DIVIDENDS

15. 股息

		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Dividends paid during the year	年內已付股息		
Final and special in respect of the financial year ended 31 December 2009 – HK5.0 cents and HK2.0 cents, respectively, per ordinary share (2009: final and special dividends of HK3.0 cents and HK3.0 cents, respectively, per ordinary share in respect of the financial year ended 31 December 2008)	截至二零零九年十二月三十一日止財政年度末期及特別股息—分別為每股普通股5.0港仙及2.0港仙(二零零九年：截至二零零八年十二月三十一日止財政年度末期及特別股息—分別為每股普通股3.0港仙及3.0港仙)	28,300	24,068
Interim – HK3.0 cents (2009: HK3.0 cents) per ordinary share	中期股息—每股普通股3.0港仙(二零零九年：3.0港仙)	12,170	12,051
		40,470	36,119
Proposed final and special dividends	擬派末期及特別股息		
Final and special – HK5.0 cents (2009: HK5.0 cents) and HK3.0 cents (2009: HK2.0 cents), respectively, per ordinary share	末期及特別股息—分別為每股普通股5.0港仙(二零零九年：5.0港仙)及3.0港仙(二零零九年：2.0港仙)	32,602	28,159

The proposed final and special dividends for the year are subject to the approval of the Company's shareholders at the forthcoming annual general meeting. These financial statements do not reflect the dividend payable.

年內擬派末期及特別股息須待本公司股東於應屆股東週年大會上批准。該等財務報表並未反映應付股息。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2010 二零一零年十二月三十一日

16. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculations of the basic and diluted earnings per share are based on the following data:

16. 本公司擁有人應佔每股盈利

每股基本及攤薄盈利乃按下列數據計算：

		Group 集團	
		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Earnings	盈利		
Earnings for the purpose of basic and diluted earnings per share (profit for the year attributable to owners of the Company)	就計算每股基本及攤薄盈利為目的之盈利 (本公司擁有人年內應佔溢利)	126,189	114,188
		'000	'000
Number of ordinary shares	普通股數目		
Weighted average number of ordinary shares for the purpose of basic earnings per share	就計算每股基本盈利為目的之普通股加權平均數	404,277	401,463
Effect of diluted share options	攤薄購股權之影響	9,170	7,267
Weighted average number of ordinary shares for the purpose of diluted earnings per share	就計算每股攤薄盈利為目的之普通股加權平均數	413,447	408,730

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2010 二零一零年十二月三十一日

17. PROPERTY, PLANT AND EQUIPMENT
Group17. 物業、廠房及設備
本集團

		Leasehold land and buildings 租賃土地 及樓宇 HK\$'000 千港元	Leasehold improvements 租賃物業 裝修 HK\$'000 千港元	Plant and machinery 廠房及機器 HK\$'000 千港元	Furniture, fixtures and office equipment 傢俬、裝置及 辦公室設備 HK\$'000 千港元	Motor vehicles 汽車 HK\$'000 千港元	Construction in progress 在建工程 HK\$'000 千港元	Total 總計 HK\$'000 千港元
31 December 2010	二零一零年十二月三十一日							
Cost:	成本:							
At 1 January 2010	於二零一零年一月一日	157,507	3,690	58,847	106,952	14,165	7,832	348,993
Additions (note 22)	添置(附註22)	280,451	-	8,947	13,822	1,760	22,912	327,892
Disposals/write-off	出售/撇銷	-	-	(826)	(4,676)	(924)	-	(6,426)
Transfers	轉撥	2,118	-	-	3,064	-	(5,182)	-
Exchange realignment	匯兌調整	9,737	-	2,301	3,685	359	695	16,777
At 31 December 2010	於二零一零年 十二月三十一日	449,813	3,690	69,269	122,847	15,360	26,257	687,236
Accumulated depreciation:	累計折舊:							
At 1 January 2010	於二零一零年一月一日	29,529	3,690	36,618	64,865	10,772	-	145,474
Provided during the year	年內撥備	4,475	-	2,927	15,382	1,368	-	24,152
Disposals/write-off	出售/撇銷	-	-	(810)	(4,301)	(914)	-	(6,025)
Exchange realignment	匯兌調整	900	-	1,382	2,180	250	-	4,712
At 31 December 2010	於二零一零年 十二月三十一日	34,904	3,690	40,117	78,126	11,476	-	168,313
Net book value:	賬面淨值:							
At 31 December 2010	於二零一零年 十二月三十一日	414,909	-	29,152	44,721	3,884	26,257	518,923

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2010 二零一零年十二月三十一日

17. PROPERTY, PLANT AND EQUIPMENT (continued)
Group17. 物業、廠房及設備(續)
本集團

		Leasehold land and buildings 租賃土地 及樓宇 HK\$'000 千港元	Leasehold improvements 租賃物業 裝修 HK\$'000 千港元	Plant and machinery 廠房及機器 HK\$'000 千港元	Furniture, fixtures and office equipment 傢俬、裝置及 辦公室設備 HK\$'000 千港元	Motor vehicles 汽車 HK\$'000 千港元	Construction in progress 在建工程 HK\$'000 千港元	Total 總計 HK\$'000 千港元
31 December 2009	二零零九年十二月三十一日							
Cost:	成本:							
At 1 January 2009	於二零零九年一月一日	145,434	3,690	58,961	109,750	14,582	8,956	341,373
Additions	添置	-	-	1,233	3,310	1,058	15,562	21,163
Disposals/write-off	出售/撇銷	-	-	(1,347)	(10,721)	(1,475)	-	(13,543)
Transfers	轉撥	12,073	-	-	4,613	-	(16,686)	-
At 31 December 2009	於二零零九年 十二月三十一日	157,507	3,690	58,847	106,952	14,165	7,832	348,993
Accumulated depreciation:	累計折舊:							
At 1 January 2009	於二零零九年一月一日	25,435	3,690	35,288	60,961	10,799	-	136,173
Provided during the year	年內撥備	4,094	-	2,592	13,937	1,316	-	21,939
Disposals/write-off	出售/撇銷	-	-	(1,262)	(10,033)	(1,343)	-	(12,638)
At 31 December 2009	於二零零九年 十二月三十一日	29,529	3,690	36,618	64,865	10,772	-	145,474
Net book value:	賬面淨值:							
At 31 December 2009	於二零零九年 十二月三十一日	127,978	-	22,229	42,087	3,393	7,832	203,519

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2010 二零一零年十二月三十一日

17. PROPERTY, PLANT AND EQUIPMENT (continued)

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

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

At 31 December 2010, the Group is still in the progress of obtaining the building ownership certificates for one of the buildings and an investment property in Mainland China with an aggregate net book value of approximately HK\$285,055,000 (2009: HK\$96,170,000) and HK\$181,099,000 (2009: Nil), respectively. These certificates have been obtained as at the date of this report.

18. INVESTMENT PROPERTIES

Carrying amount at 1 January	於一月一日之賬面值
Additions (note 22)	添置(附註22)
Changes in fair value (notes 6 and 9)	公平值變動(附註6及9)
Exchange realignment	匯兌調整
Carrying amount at 31 December	於十二月三十一日之賬面值

17. 物業、廠房及設備(續)

本集團根據以下租賃年期持有上述以成本列賬之租賃土地及樓宇：

		Group 本集團	
		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
		28,605	28,605
		14,411	13,919
		403,670	111,964
		3,127	3,019
		449,813	157,507

於二零一零年十二月三十一日，本集團仍在辦理取得在中國大陸其中一座樓宇及投資物業擁有權證之手續賬面淨值分別約285,055,000港元(二零零九年：96,170,000港元)及181,099,000港元(二零零九年：無)。於本報告日，本集團已獲取該等權證。

18. 投資物業

		Group 本集團	
		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
		32,000	30,000
		177,877	–
		4,125	2,000
		3,222	–
		217,224	32,000

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2010 二零一零年十二月三十一日

18. INVESTMENT PROPERTIES (continued)

The Group's investment property with carrying value of HK\$36,125,000 (2009: HK\$32,000,000) (the "HK Investment Property") is held under a medium term lease and is situated at 6th Floor, Wyler Centre II, 200 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong, as office building. At 31 December 2010, the HK Investment Property was revalued at HK\$36,125,000 by DTZ Debenham Tie Leung Limited, an independent professionally qualified valuer, on an open market, existing state basis. Revaluation surplus of HK\$4,125,000 resulting from the above revaluation was credited to the income statement.

The Group's investment property with carrying value of HK\$181,099,000 (2009: Nil) (the "PRC Investment Property") is held under a medium term lease and is situated at No. 508, Kunming Road, Yangpu District, Shanghai City, the PRC, as office building. The Group took possession of the PRC Investment Property in the last quarter of the reporting period ended 31 December 2010. The directors determine the carrying value of the PRC Investment Property as at reporting period end to be approximately the same as its fair value as at that date by reference to recent market prices for similar properties.

The investment properties are leased to third parties under operating leases, further summary details of which are included in note 34(a) to the financial statements.

18. 投資物業(續)

本集團賬面值為36,125,000港元(二零零九年:32,000,000港元)(「香港投資物業」)之投資物業以中期租賃持有,位於香港新界葵涌大連排道200號偉倫中心二期6樓,作為辦公大樓用途。於二零一零年十二月三十一日,香港投資物業由獨立專業合資格估值師戴德梁行有限公司在公開市場及現況下重估為36,125,000港元。上述重估產生的重估盈餘4,125,000港元已計入收益表。

本集團賬面值為181,099,000港元(二零零九年:無)(「中國投資物業」)之投資物業以中期租賃持有,位於中國上海市楊浦區昆明路508號,作為辦公大樓用途。截至二零一零年十二月三十一日止報告期間的最後季度,本集團已獲得該中國投資物業。董事參照類似物業的近期市價,認為該中國投資物業於報告期間的賬面值與其於當日的公允價值相若。

投資物業以經營租賃租予第三方,其詳情載於財務報表附註34(a)。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2010 二零一零年十二月三十一日

19. PREPAID LAND LEASE PAYMENTS

19. 預付土地租賃款項

		Group 本集團	
		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Cost:	成本：		
At 1 January	於一月一日	4,006	4,006
Additions	添置	31,299	-
Exchange realignment	匯兌調整	878	-
		36,183	4,006
At 31 December	於十二月三十一日		
Amortisation:	攤銷：		
At 1 January	於一月一日	143	61
Recognised during the year	年內確認	257	82
Exchange realignment	匯兌調整	11	-
		411	143
At 31 December	於十二月三十一日		
Carrying amount at 31 December	於十二月三十一日之賬面值	35,772	3,863
Current portion included in prepayments, deposits and other receivables (note 22)	計入預付款項、按金及其他應收款項之即期部份(附註22)	(752)	(82)
Non-current portion	非即期部份	35,020	3,781

The leasehold lands situated in Mainland China are held under medium term leases.

有關租賃土地位於中國大陸乃根據中期租約持有。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2010 二零一零年十二月三十一日

20. INVENTORIES

		Group 本集團	
		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Raw materials	原材料	46,760	32,892
Work in progress	在製品	31,800	22,091
Finished goods	製成品	363,057	290,573
		441,617	345,556

21. TRADE RECEIVABLES

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

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

20. 存貨

21. 應收貿易賬款

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

本集團於報告期間結算日之應收貿易賬款根據發票日期之賬齡分析如下：

		Group 本集團	
		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Within 90 days	90日內	62,291	46,270
91 to 180 days	91至180日	2,547	1,958
181 to 360 days	181至360日	239	39
Over 360 days	360日以上	11	74
		65,088	48,341
Less: Impairment allowance	減：減值撥備	(250)	(113)
		64,838	48,228

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2010 二零一零年十二月三十一日

21. TRADE RECEIVABLES (continued)

At 31 December 2010, trade receivables of HK\$250,000 (2009: HK\$113,000) were individually determined to be impaired. The individually impaired trade receivables relate to customers that were in financial difficulties and only a portion of the receivables is expected to be recovered. The Group does not hold any collateral or other credit enhancements over these balances. Movements in provision for impairment of trade receivables are as follows:

At 1 January	於一月一日
Impairment losses recognised/ (write-back) (note 9)	減值虧損確認/(撥回) (附註9)
At 31 December	於十二月三十一日

The aged analysis of the trade receivables that are not considered to be impaired is as follows:

Neither past due nor impaired	未逾期亦未減值
1 to 3 months past due	已逾期1個月至3個月

Trade receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

21. 應收貿易賬款(續)

於二零一零年十二月三十一日，本集團個別釐定應予以減值的應收貿易賬款為250,000港元(二零零九年：113,000港元)。個別減值應收貿易賬款與出現財務困難的客戶有關，預期只可收回部份應收賬款。本集團並無就該等結餘持有任何抵押品或其他信貸加強措施。應收貿易賬款之減值撥備變動如下：

		Group 本集團	
		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
		113	341
		137	(228)
		250	113

視作為未減值之應收貿易賬款賬齡分析如下：

		Group 本集團	
		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
		62,291	46,270
		2,547	1,958
		64,838	48,228

未逾期亦未減值之應收貿易賬款乃與大量近期並無違約記錄之多名客戶有關。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2010 二零一零年十二月三十一日

21. TRADE RECEIVABLES (continued)

Trade receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

21. 應收貿易賬款(續)

已逾期但未減值之應收貿易賬款乃與多名與本集團維持良好往績記錄之獨立客戶有關。根據以往經驗，由於信貸質素並無出現重大變動，且有關結餘仍被視為可全數收回，本公司董事認為毋須就該等結餘作出減值撥備。本集團並無就該等結餘持有任何抵押品或採取其他信貸加強措施。

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES**22. 預付款項、按金及其他應收款項**

	Notes 附註	Group 本集團		Company 本公司	
		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Prepaid land lease payments	19	752	82	-	-
Deposit paid for acquisition of property in Shanghai	(i)	-	216,271	-	-
Deposit paid for the land use rights in Shandong	(ii)	2,478	21,068	-	-
Deposits for acquisition of items of property, plant and equipment		3,019	739	-	-
Prepayments		6,317	3,564	242	152
Deposits and other receivables		42,770	19,900	-	-
		55,336	261,624	242	152
Current portion included in prepayments, deposits and other receivables		(49,839)	(23,546)	(242)	(152)
Non-current portion		5,497	238,078	-	-

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

上述資產概無逾期或減值。計入上述結餘的金融資產為最近未有拖欠的應收款項。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2010 二零一零年十二月三十一日

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

(continued)

Notes:

- (i) Pursuant to an agreement entered into between a subsidiary of the Company and an independent third party on 15 October 2009, the Group has agreed to acquire a property located in Shanghai City, the PRC, at a consideration of approximately RMB380,638,000 which is for office and commercial use with 14 floors with a construction area of approximately 11,430 square metres. At 31 December 2009, the deposit paid was approximately RMB190,319,000. Such deposit was reclassified to the acquisition of the property in Shanghai during the reporting period ended 31 December 2010 (note 33).

In the last quarter of the reporting period ended 31 December 2010, the Group took possession of the property. In addition to the consideration of the property, the Group has also incurred an amount of approximately RMB14,997,000 on renovation.

The total cost of the property is RMB395,635,000 (approximately HK\$457,105,000), excluding the capitalising of finance costs of HK\$1,223,000.

As the property was partly used as owner-occupied properties and as an investment property, the management has allocated the total cost of HK\$458,328,000 between the property, plant and equipment and investment property on the gross area basis. Accordingly, HK\$280,451,000 and HK\$177,877,000 have been allocated to property, plant and equipment and investment property, respectively.

- (ii) During the reporting period ended 31 December 2009, the deposit of RMB18,540,000 paid for the land use rights is the total consideration for the land with an area of 123,350 square metres (the "Shandong Factory Phase 2") adjacent to the land of the Group's factory located in Jinan City, Shandong Province, the PRC. In December 2010, the deposit of RMB16,826,000 has been utilised for the grant of land use rights for a piece of land with an area of 111,944 square metres and has been reclassified as prepaid land lease payments.

22. 預付款項、按金及其他應收款項(續)

附註：

- (i) 根據本公司一間附屬公司與獨立第三方於二零零九年十月十五日簽訂的協議，本集團同意收購位於中國上海市的物業，代價約為人民幣380,638,000元，合共14層作辦公室及商業用途，建築面積約為11,430平方米。於二零零九年十二月三十一日，已付按金約為人民幣190,319,000元。有關按金於截至二零一零年十二月三十一日止報告期間重分類為購置上海物業(附註33)。

於二零一零年十二月三十一日止報告期間的最後季度，本集團已接管物業的擁有權。除該物業的代價外，本集團為物業裝修亦支付約人民幣14,997,000元。

撇除撥作資本的融資成本1,223,000港元，物業總成本為人民幣395,635,000元(約457,105,000港元)。

由於物業部分用作業主自用物業及用作投資物業，管理層已將成本總額458,328,000港元按總面積分配到物業、廠房及設備及投資物業。故此，280,451,000港元及177,877,000港元已分別計入物業、廠房及設備以及投資物業。

- (ii) 截至二零零九年十二月三十一日止報告期間，就土地使用權支付的按金人民幣18,540,000元為面積123,350平方米之土地(「山東廠房二期」)的總代價，該土地毗鄰本集團位於中國山東省濟南市廠房。於二零一零年十二月，按金人民幣16,826,000元已用於批出一塊土地面積111,944平方米之土地使用權及已重分類為預付土地租賃款項。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2010 二零一零年十二月三十一日

23. INVESTMENTS IN SUBSIDIARIES

23. 於附屬公司之權益

		Company 本公司	
		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Unlisted investments, at cost	非上市投資，按成本	381,448	381,448
Due from subsidiaries	應收附屬公司款項	394,208	288,161
Due to a subsidiary	應付一間附屬公司款項	(325)	(325)
		775,331	669,284

The balances with subsidiaries are unsecured, interest-free and not expected to be settled within the next twelve months from the end of the reporting period.

附屬公司結餘為無抵押、免息及預期毋須於報告期間結算日起計未來12個月內償付。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2010 二零一零年十二月三十一日

23. INVESTMENTS IN SUBSIDIARIES (continued)

Particulars of the principal subsidiaries are as follows:

23. 於附屬公司之權益(續)

主要附屬公司的詳情如下：

Name 名稱	Place of incorporation/ registration and operations 註冊成立/ 註冊及 經營地點	Issued and fully paid share/ registered capital 已發行及 繳足股份/ 註冊資本	Percentage of equity attributable to the Company 本公司應佔權益百分比		Principal activities 主要業務
			2010 二零一零年	2009 二零零九年	
Embry Asia Limited 安莉芳亞洲有限公司	Hong Kong 香港	HK\$100 100港元	100	100	Investment holding 投資控股
Embry (Changzhou) Garments Ltd. ("Embry CZ")** 安莉芳(常州)服裝有限公司 (「安莉芳常州」)**	PRC/ Mainland China 中國/ 中國大陸	RMB23,900,000 人民幣23,900,000元	100	100	Manufacture and trading of ladies' brassieres, panties, swimwear and sleepwear 製造及買賣女性胸圍、內褲、 泳衣及睡衣
Embry (China) Garments Ltd. ("Embry SZ")** 安莉芳(中國)服裝有限公司 (「安莉芳深圳」)**	PRC/ Mainland China 中國/ 中國大陸	HK\$11,000,000 11,000,000港元	100	100	Manufacture and trading of ladies' brassieres, panties, swimwear and sleepwear 製造及買賣女性胸圍、內褲、 泳衣及睡衣
Embry (H.K.) Limited ("Embry HK") 安莉芳(香港)有限公司 (「安莉芳香港」)	Hong Kong 香港	Ordinary HK\$45,000 * Non-voting deferred HK\$4,500,000 普通股 45,000港元 *無投票權 遞延股 4,500,000港元	100	100	Trading of ladies' brassieres, panties, swimwear and sleepwear 買賣女性胸圍、內褲、 泳衣及睡衣

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2010 二零一零年十二月三十一日

23. INVESTMENTS IN SUBSIDIARIES (continued)

Particulars of the principal subsidiaries are as follows: (continued)

23. 於附屬公司之權益(續)

主要附屬公司的詳情如下:(續)

Name 名稱	Place of incorporation/ registration and operations 註冊成立/ 註冊及 經營地點	Issued and fully paid share/ registered capital 已發行及 繳足股份/ 註冊資本	Percentage of equity attributable to the Company 本公司應佔權益百分比		Principal activities 主要業務
			2010 二零一零年	2009 二零零九年	
Embry (Macau) Fashion Company Limited (Embry (Macau) Pronto A Vestir, Limitada)	Macau 澳門	MOP100,000 100,000澳門幣	100	100	Trading of ladies' brassieres, panties, swimwear and sleepwear 買賣女性胸圍、內褲、 泳衣及睡衣
Embry (Shandong) Garments Limited ("Embry SD")** 安莉芳(山東)服裝有限公司 (「安莉芳山東」)**	PRC/ Mainland China 中國/ 中國大陸	US\$10,000,000 10,000,000美元	100	100	Manufacture and trading of ladies' brassieres, panties, swimwear and sleepwear 製造及買賣女性胸圍、 內褲、泳衣及睡衣
Embry (Shanghai) Company Limited ("Embry SH")** 安莉芳(上海)有限公司 (「安莉芳上海」)**	PRC/ Mainland China 中國/ 中國大陸	HK\$238,000,000 238,000,000港元	100	100	Design, research and development and trading of ladies' brassieres, panties, swimwear and sleepwear 設計、研究、開發及買賣女性 胸圍、內褲、泳衣及睡衣
Embry Garments Limited	BVI 英屬處女群島	US\$1 1美元	100	100	Investment holding 投資控股
Embry Group Limited ("EGL")	BVI 英屬處女群島	US\$472 472美元	100	100	Investment holding 投資控股
Embry International Limited 安莉芳國際有限公司	BVI 英屬處女群島	US\$1 1美元	100	100	Investment holding 投資控股
Gallin Investments Limited 吉年投資有限公司	Hong Kong 香港	HK\$2 2港元	100	100	Investment holding 投資控股

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2010 二零一零年十二月三十一日

23. INVESTMENTS IN SUBSIDIARIES (continued)

Particulars of the principal subsidiaries are as follows: (continued)

Name 名稱	Place of incorporation/ registration and operations 註冊成立/ 註冊及 經營地點	Issued and fully paid share/ registered capital 已發行及 繳足股份/ 註冊資本	Percentage of equity attributable to the Company		Principal activities 主要業務
			本公司應佔權益百分比		
			2010 二零一零年	2009 二零零九年	
Prime Force Advertising Limited	Hong Kong 香港	HK\$20 20港元	100	100	Property investment 物業投資
Whistleblower Limited	BVI 英屬處女群島	US\$1 1美元	100	100	Holding of trademarks 持有商標

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

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

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

23. 於附屬公司之權益(續)

主要附屬公司的詳情如下:(續)

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

** 安莉芳常州、安莉芳深圳、安莉芳山東及安莉芳上海均根據中國法例註冊為全外資企業。

除EGL外，上述所有附屬公司均由本公司間接持有。

24. CASH AND CASH EQUIVALENTS

24. 現金及現金等價物

		Group 本集團		Company 本公司	
		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Cash and bank balances	現金及銀行結餘	195,090	288,957	2,499	105,848

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2010 二零一零年十二月三十一日

24. CASH AND CASH EQUIVALENTS (continued)

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to HK\$175,749,000 (2009: HK\$163,228,000). The RMB is not freely convertible into other currencies; however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for approximately one week on average depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

25. TRADE AND BILLS PAYABLES

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

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

The trade payables are non-interest-bearing and are normally settled on 30 to 90 days terms.

24. 現金及現金等價物(續)

本集團於報告期間結算日以人民幣計值之現金及銀行結餘為175,749,000港元(二零零九年: 163,228,000港元)。人民幣是不可自由兌換為其他貨幣，惟根據中國大陸之外匯管理條例，以及結匯、售匯及付匯管理規定，本集團獲准透過獲授權進行外匯交易業務之銀行將人民幣兌換為其他貨幣。

銀行存款根據每日銀行存款利率釐定之浮動利率計息。短期定期存款平均為期約一星期，視乎本集團當時之現金需求而定，並按有關之短期定期存款利率計息。銀行結餘存放於近期並無違約記錄之信譽良好銀行。

25. 應付貿易賬款及應付票據

本集團於報告期間結算日之應付貿易賬款及應付票據根據發票日期之賬齡分析如下：

		Group 本集團	
		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Within 90 days	90日內	57,979	33,759
91 to 180 days	91至180日	4,704	1,787
181 to 360 days	181至360日	741	312
Over 360 days	360日以上	531	965
		63,955	36,823

應付貿易賬款並不計息，一般於30至90日內結清。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2010 二零一零年十二月三十一日

26. INTEREST-BEARING BANK BORROWINGS

26. 計息銀行借款

		Group 本集團					
		2010 二零一零年			2009 二零零九年		
		Effective interest rate 實際利率 (%)	Maturity 到期日	HK\$'000 千港元	Effective interest rate 實際利率 (%)	Maturity 到期日	HK\$'000 千港元
Current	即期	香港銀行 同業拆息+1.08	2011				
Bank loan – unsecured	銀行貸款 無抵押	HIBOR+1.08	二零一一年	20,000	-	-	-
Non-current	非即期	香港銀行 同業拆息+1.08	2012-2015				
Bank loan – unsecured	銀行貸款 無抵押	HIBOR+1.08	二零一二年至 二零一五年	65,000	-	-	-

		Group 本集團	
		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Analysed into:	分析：		
Bank loan repayable:	於下列期間償還之銀行貸款：		
Within one year	一年內	20,000	-
In the second year	第二年	20,000	-
In the third to fifth year, inclusive	第三至第五年 (包括首尾年度)	45,000	-
		85,000	-
Less: Amount repayable within one year and classified as current portion	減：於一年內 償還並列為即期 部分的金額	(20,000)	-
Amount classified as non-current portion	列為非即期部分的金額	65,000	-

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2010 二零一零年十二月三十一日

26. INTEREST-BEARING BANK BORROWINGS (continued)

The bank loan is supported by a corporate guarantee given by the Company, bears interest rate at 1.08% above the Hong Kong Interbank Offered Rate per annum and is repayable by 20 quarterly instalments.

26. 計息銀行借款(續)

本公司已就銀行貸款提供公司擔保，並按香港銀行同業拆息年利率加1.08厘計算，並須分20個季度償還。

27. OTHER PAYABLES AND ACCRUALS**27. 其他應付款項及應計款項**

		Group 本集團		Company 本公司	
		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Other payables	其他應付款項	167,935	61,196	-	-
Accruals	應計款項	77,253	57,066	6,404	7,084
		245,188	118,262	6,404	7,084
Current portion included in other payables and accruals	計入其他應付 款項及應計 款項的即期 部份	(223,306)	(97,126)	(6,404)	(7,084)
Non-current portion	非即期部份	21,882	21,136	-	-

Other payables of the Group at 31 December 2010 included amounts of RMB86,953,000 (approximately HK\$102,297,000) (2009: Nil) which was the remaining balance for the acquisition and renovation cost of the property located in Shanghai City, the PRC (note 33).

本集團於二零一零年十二月三十一日之其他應付款項包括用於購置位於中國上海市物業及其裝修成本之餘額，金額為人民幣86,953,000元(約102,297,000港元)(二零零九年：無)(附註33)。

Other payables of the Group at 31 December 2010 also included a subsidy of RMB18,600,000 (approximately HK\$21,882,000) (2009: RMB18,600,000, approximately HK\$21,136,000) received from the People's Government of Jinan, Shandong Province, the PRC, for the construction cost of basic infrastructure to be incurred by the Group for the Shandong Factory Phase 2 development.

本集團於二零一零年十二月三十一日之其他應付賬款亦包括從中國山東省濟南市人民政府收取有關本集團就山東廠房二期發展而產生基本設施建築成本之補貼為人民幣18,600,000元(約21,882,000港元)(二零零九年：人民幣18,600,000元，約21,136,000港元)。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2010 二零一零年十二月三十一日

27. OTHER PAYABLES AND ACCRUALS (continued)

The amount of HK\$5,980,000 (2009: HK\$9,093,000) included in other payables of the Group was due to related companies as at 31 December 2010. The balances were unsecured, interest-free and repayable in accordance with normal trading terms (note 13).

Other payables are non-interest-bearing.

28. DEFERRED LIABILITIES

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

27. 其他應付款項及應計款項(續)

本集團於其他應付款項所包括的5,980,000港元(二零零九年: 9,093,000港元)為於二零一零年十二月三十一日應付關連公司之款項。該等結餘為無抵押、免息及需按一般買賣條款償還(附註13)。

其他應付款項為不計息。

28. 遞延負債

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

		Group 本集團	
		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
At 1 January	於一月一日	4,155	4,838
Write-back of provision for the year (note 9)	年度之撥備撥回(附註9)	(600)	(585)
Payments during the year	年度之付款	(84)	(98)
At 31 December	於十二月三十一日	3,471	4,155

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2010 二零一零年十二月三十一日

29. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

Group

		Revaluation of a property 物業重估 HK\$'000 千港元	Depreciation allowance in excess of related depreciation 折舊減免額 超過相關折舊 HK\$'000 千港元	Unrealised profit of inventories 未變現存貨溢利 HK\$'000 千港元	Withholding taxes on undistributed profits on PRC subsidiaries 中國附屬公司未分派溢利之預扣稅 HK\$'000 千港元	Temporary difference arisen from inventory provision 存貨撥備產生之暫時差額 HK\$'000 千港元	Withholding taxes on interest income 利息收入之預扣稅 HK\$'000 千港元	Total 總計 HK\$'000 千港元
At 1 January 2009	於二零零九年一月一日	1,320	1,002	(3,361)	4,200	-	-	3,161
Deferred tax charged to the income statement during the year (note 12)	年內在收益表扣除之遞延稅項(附註12)	330	99	752	7,850	-	-	9,031
At 31 December 2009 and 1 January 2010	於二零零九年十二月三十一日及二零一零年一月一日	1,650	1,101	(2,609)	12,050	-	-	12,192
Deferred tax charged/(credited) to the income statement during the year (note 12)	年內在收益表扣除/(抵免)之遞延稅項(附註12)	681	93	(7,886)	9,268	(702)	494	1,948
Payment during the year	年內支付	-	-	-	(4,483)	-	-	(4,483)
At 31 December 2010	於二零一零年十二月三十一日	2,331	1,194	(10,495)	16,835	(702)	494	9,657

The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

以下為本集團就財務申報而言之遞延稅項結餘分析：

		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Deferred tax assets recognised in the consolidated statement of financial position	於綜合財務狀況表確認之遞延稅項資產	(11,197)	(2,609)
Deferred tax liabilities recognised in the consolidated statement of financial position	於綜合財務狀況表確認之遞延稅項負債	20,854	14,801
		9,657	12,192

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2010 二零一零年十二月三十一日

29. DEFERRED TAX (continued)

The Group has tax losses arising in Hong Kong of approximately HK\$27,736,000 (2009: HK\$17,298,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and jurisdiction of the foreign investors. For the Group, the applicable rates are 5% and 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in the PRC in respect of earnings generated from 1 January 2008.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

29. 遞延稅項(續)

本集團於香港產生之稅項虧損約27,736,000港元(二零零九年:17,298,000港元)可無限期供抵銷產生虧損公司之未來應課稅溢利。由於該等虧損乃來自已持續虧損一段時間之附屬公司且被認為可能不會有應課稅溢利可供動用稅項虧損,故並無就該等虧損確認遞延稅項資產。

根據中國企業所得稅法,於中國成立之外資企業向外國投資者宣派之股息須繳納10%之預扣稅。有關規定於二零零八年一月一日起生效,且適用於二零零七年十二月三十一日後之盈利。倘中國大陸與外國投資者所屬司法權區訂有稅務條約,則適用之預扣稅稅率可能較低。就本集團而言,適用稅率為5%及10%。因此,本集團須就其於中國成立之附屬公司就二零零八年一月一日後產生之盈利分派之股息繳納預扣稅。

本公司向其股東派付股息概無附帶任何所得稅稅務後果。

30. SHARE CAPITAL**30. 股本**

		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Authorised:	法定:		
1,000,000,000 ordinary shares of HK\$0.01 each	1,000,000,000股每股面值0.01港元的普通股	10,000	10,000
Issued and fully paid:	已發行及繳足:		
406,698,500 (2009: 402,148,000) ordinary shares of HK\$0.01 each	406,698,500股(二零零九年:402,148,000股)每股面值0.01港元的普通股	4,067	4,021

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2010 二零一零年十二月三十一日

30. SHARE CAPITAL (continued)

A summary of the transactions during the year with reference to the above movements in the Company's issued share capital is as follows:

30. 股本(續)

年內與上述本公司已發行股本變動有關之交易概要如下：

		Notes 附註	Number of ordinary shares of HK\$0.01 each 每股面值 0.01港元的 普通股數目	Nominal value of ordinary shares 普通股面值 HK\$'000 千港元
Authorised:				
As at 31 December 2009 and 31 December 2010	法定： 於二零零九年 十二月三十一日及 二零一零年 十二月三十一日		1,000,000,000	10,000
Issued:				
As at 1 January 2009	已發行： 於二零零九年 一月一日		401,130,500	4,011
Share options exercised	已行使購股權	(a)	1,017,500	10
As at 31 December 2009	於二零零九年 十二月三十一日		402,148,000	4,021
Share options exercised	已行使購股權	(b)	4,550,500	46
As at 31 December 2010	於二零一零年 十二月三十一日		406,698,500	4,067

Notes:

- (a) During the reporting period ended 31 December 2009, the subscription rights attaching to 597,500 and 420,000 share options were exercised at the subscription price of HK\$1.81 and HK\$1.45 per share, respectively (note 31), resulting in the issue of 1,017,500 shares of HK\$0.01 each at a total cash consideration of approximately HK\$1,691,000, of which HK\$10,000 was credited to share capital and the balance of HK\$1,681,000 was credited to the share premium account. An amount of HK\$1,456,000 has been transferred from the share option reserve to the share premium account when the options were exercised.
- (b) During the reporting period ended 31 December 2010, the subscription rights attaching to 1,592,500 and 2,958,000 share options were exercised at the subscription price of HK\$1.81 and HK\$1.45 per share, respectively (note 31), resulting in the issue of 4,550,500 shares of HK\$0.01 each at a total cash consideration of approximately HK\$7,172,000, of which HK\$46,000 was credited to share capital and the balance of HK\$7,126,000 was credited to the share premium account. An amount of HK\$4,873,000 has been transferred from the share option reserve to the share premium account when the options were exercised.

附註：

- (a) 截至二零零九年十二月三十一日止報告期間，分別按認購價每股股份1.81港元及1.45港元行使597,500份及420,000份購股權之所附認購權(附註31)，導致以總現金代價約1,691,000港元發行1,017,500股每股面值0.01港元之股份，其中10,000港元計入股本，而1,681,000港元之結餘計入股份溢價賬。當購股權獲行使時，1,456,000港元由購股權儲備轉撥至股份溢價賬。
- (b) 截至二零一零年十二月三十一日止報告期間，分別按認購價每股股份1.81港元及1.45港元行使1,592,500份及2,958,000份購股權之所附認購權(附註31)，導致以總現金代價約7,172,000港元發行4,550,500股每股面值0.01港元之股份，其中46,000港元計入股本，而7,126,000港元之結餘計入股份溢價賬。當購股權獲行使時，4,873,000港元由購股權儲備轉撥至股份溢價賬。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2010 二零一零年十二月三十一日

31. SHARE OPTION SCHEMES

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

Pre-IPO Share Option Scheme

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

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

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

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

31. 購股權計劃

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

首次公開發售前購股權計劃

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

根據首次公開發售前購股權計劃授出的購股權(「首次公開發售前購股權」)建議可不遲於(以較早者為準)建議日期或二零零六年十一月二十八日起計21日內由承授人支付合共1港元的象徵式代價接納。首次公開發售前購股權的行使期由董事釐定，該期間可自首次公開發售前購股權建議授出日期起計直至最遲為首次公開發售前購股權建議授出當日起計十年止或首次公開發售前購股權計劃屆滿之日止(以較早者為準)。

首次公開發售前購股權的行使價由董事釐定，但不得低於本公司股份面值。

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2010 二零一零年十二月三十一日

31. SHARE OPTION SCHEMES (continued)

Pre-IPO Share Option Scheme (continued)

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

Set out below are the outstanding Pre-IPO Share Options as at 31 December 2010:

Name or category of participant	Number of share options 購股權數目					At 31 December 2010	Date of grant of share options	Exercise period of share options*	Exercise price of share options** HK\$ per share 購股權 行使價** 每股港元
	At 1 January 2010	Granted during the year	Cancelled or lapsed during the year	Exercised during the year	At 31 December 2010				
參與者姓名 或類別	於二零一零年 一月一日	年內授出	年內註銷 或失效	年內已行使	於二零一零年 十二月三十一日	購股權 授出日期	購股權 行使期*		
Executive directors 執行董事									
Mr. Cheng Man Tai 鄭敏泰先生	436,500	-	-	(218,250)	218,250	25 November 2006 二零零六年十一月二十五日	18 December 2007 to 17 December 2011 二零零七年十二月十八日至 二零一一年十二月十七日	1.81	
Ms. Cheng Pik Ho Liza 鄭碧浩女士	250,000	-	-	(125,000)	125,000	25 November 2006 二零零六年十一月二十五日	18 December 2007 to 17 December 2011 二零零七年十二月十八日至 二零一一年十二月十七日	1.81	
Madam Ngok Ming Chu 岳明珠女士	386,500	-	-	(193,250)	193,250	25 November 2006 二零零六年十一月二十五日	18 December 2007 to 17 December 2011 二零零七年十二月十八日至 二零一一年十二月十七日	1.81	
Mr. Hung Hin Kit 孔憲傑先生	249,000	-	-	(166,000)	83,000	25 November 2006 二零零六年十一月二十五日	18 December 2007 to 17 December 2011 二零零七年十二月十八日至 二零一一年十二月十七日	1.81	

31. 購股權計劃(續)

首次公開發售前購股權計劃(續)

首次公開發售前購股權並不賦予持有人獲取股息或於股東大會上投票的權利。

以下載列於二零一零年十二月三十一日尚未行使首次公開發售前購股權：

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2010 二零一零年十二月三十一日

31. SHARE OPTION SCHEMES (continued)

Pre-IPO Share Option Scheme (continued)

Set out below are the outstanding Pre-IPO Share Options as at 31 December 2010: (continued)

31. 購股權計劃(續)

首次公開發售前購股權計劃(續)

以下載列於二零一零年十二月三十一日尚未行使首次公開發售前購股權：(續)

Name or category of participant	Number of share options 購股權數目					Date of grant of share options	Exercise period of share options*	Exercise price of share options** HK\$ per share
	At 1 January 2010	Granted during the year	Cancelled or lapsed during the year	Exercised during the year	At 31 December 2010			
參與者姓名或類別	於二零一零年一月一日	年內授出	年內註銷或失效	年內已行使	於二零一零年十二月三十一日	購股權授出日期	購股權行使期*	購股權行使價**每股港元
Independent non-executive directors 獨立非執行董事								
Mr. Lau Siu Ki 劉紹基先生	68,000	-	-	-	68,000	25 November 2006 二零零六年十一月二十五日	18 December 2007 to 17 December 2011 二零零七年十二月十八日至二零一一年十二月十七日	1.81
Mr. Lee Kwan Hung 李均雄先生	68,000	-	-	-	68,000	25 November 2006 二零零六年十一月二十五日	18 December 2007 to 17 December 2011 二零零七年十二月十八日至二零一一年十二月十七日	1.81
Prof. Lee T. S. 李天生教授	68,000	-	-	-	68,000	25 November 2006 二零零六年十一月二十五日	18 December 2007 to 17 December 2011 二零零七年十二月十八日至二零一一年十二月十七日	1.81
Other employees 其他僱員								
In aggregate 總計	1,717,500	-	-	(890,000)	827,500	25 November 2006 二零零六年十一月二十五日	18 December 2007 to 17 December 2011 二零零七年十二月十八日至二零一一年十二月十七日	1.81
	3,243,500	-	-	(1,592,500)	1,651,000			

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2010 二零一零年十二月三十一日

31. SHARE OPTION SCHEMES (continued)**Pre-IPO Share Option Scheme (continued)**

Notes to the reconciliation of the Pre-IPO Share Options outstanding during the year:

- * The Pre-IPO Share Options are vested to the grantees in the following manner:
 - 25% of such options were vested on 18 December 2007 with an exercise period from 18 December 2007 to 17 December 2011;
 - 25% of such options were vested on 18 December 2008 with an exercise period from 18 December 2008 to 17 December 2011;
 - 25% of such options were vested on 18 December 2009 with an exercise period from 18 December 2009 to 17 December 2011; and
 - the remaining 25% of such options were vested on 18 December 2010 with an exercise period from 18 December 2010 to 17 December 2011.
- ** The exercise price of each of the Pre-IPO Share Options per share is 50% of the final offer price of HK\$3.62 and is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

The fair value of the Pre-IPO Share Options granted during the reporting period ended 31 December 2006 was estimated at approximately HK\$13,525,000 (HK\$2.08 each). The Company recognised a total share option expense of HK\$589,000 (2009: HK\$1,422,000) for the options granted in 2006 during the reporting period.

31. 購股權計劃(續)**首次公開發售前購股權計劃(續)**

年內尚未行使首次公開發售前購股權的對賬附註：

- * 首次公開發售前購股權按以下方式歸屬予承授人：
 - 該等購股權的25%已於二零零七年十二月十八日歸屬，行使期為二零零七年十二月十八日至二零一一年十二月十七日；
 - 該等購股權的25%已於二零零八年十二月十八日歸屬，行使期為二零零八年十二月十八日至二零一一年十二月十七日；
 - 該等購股權的25%已於二零零九年十二月十八日歸屬，行使期為二零零九年十二月十八日至二零一一年十二月十七日；及
 - 該等購股權餘下的25%已於二零一零年十二月十八日歸屬，行使期為二零一零年十二月十八日至二零一一年十二月十七日。
- ** 各份首次公開發售前購股權的行使價為最終發售價3.62港元的50%，惟受到供股或紅股、或本公司股本中其他類似變動所影響。

截至二零零六年十二月三十一日止報告期間授出之首次公開發售前購股權的公平值估計約為13,525,000港元(每份購股權2.08港元)。本公司於報告期間就二零零六年授出之購股權確認合共589,000港元(二零零九年：1,422,000港元)之購股權開支。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2010 二零一零年十二月三十一日

31. SHARE OPTION SCHEMES (continued)**Pre-IPO Share Option Scheme (continued)**

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

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

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

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

Share Option Scheme

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

31. 購股權計劃(續)**首次公開發售前購股權計劃(續)**

截至二零零六年十二月三十一日止報告期間授出之首次公開發售前購股權的公平值乃使用二項式模式於授出日期進行估計，並已計及該等購股權授出後的條款及條件。下表列載使用該模式的計入項目：

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

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

計算公平值時概無列入其他所授出購股權的特質。

購股權計劃

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2010 二零一零年十二月三十一日

31. SHARE OPTION SCHEMES (continued)
Share Option Scheme (continued)

The maximum number of shares to be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 30% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Share Option Scheme within any 12-month period, is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting. Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors of the Company.

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

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

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

31. 購股權計劃(續)
購股權計劃(續)

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

此外，倘任何十二個月期間內，向本公司主要股東或獨立非執行董事或任何彼等之聯繫人士授出任何購股權，超過本公司任何時間已發行股份0.1%或(根據本公司股份於授出日期的收市價計算的)總值超過5,000,000港元，則須獲股東於股東大會上作出事先批准，方可作實。

承授人可於建議授出購股權日期起計21日內支付象徵式代價1港元以接納有關購股權。購股權行使期由董事釐定，該期間或自購股權建議授出日期起計直至購股權建議授出當日起計十年止或購股權計劃屆滿之日止(以較早者為準)。

購股權行使價由董事釐定，惟不得低於下列最高者：(i)本公司股份於建議授出購股權當日在聯交所的每日報價表所報的收市價；(ii)本公司股份於截至建議授出當日止前五個營業日聯交所每日報價表所報的平均收市價；或(iii)本公司股份的面值。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2010 二零一零年十二月三十一日

31. SHARE OPTION SCHEMES (continued)

Share Option Scheme (continued)

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

Set out below are the outstanding share options under the Share Option Scheme as at 31 December 2010:

Name or category of participant	Number of share options 購股權數目					At 31 December 2010	Date of grant of share options	Exercise period of share options*	Exercise price of share options HK\$ per share 購股權 行使價 每股港元
	At 1 January 2010	Granted during the year	Cancelled or lapsed during the year	Exercised during the year	At 31 December 2010				
參與者姓名 或類別	於二零一零年 一月一日	年內授出	年內註銷 或失效	年內已行使	於二零一零年 十二月三十一日	購股權 授出日期	購股權 行使期*		
Executive directors 執行董事									
Mr. Cheng Man Tai	1,000,000	-	-	(300,000)	700,000	5 November 2008	5 November 2009 to 4 November 2012	1.45	
鄭敏泰先生						二零零八年十一月五日	二零零九年十一月五日至 二零一二年十一月四日		
Ms. Cheng Pik Ho Liza	1,000,000	-	-	(300,000)	700,000	5 November 2008	5 November 2009 to 4 November 2012	1.45	
鄭碧浩女士						二零零八年十一月五日	二零零九年十一月五日至 二零一二年十一月四日		
Madam Ngok Ming Chu	1,000,000	-	-	(300,000)	700,000	5 November 2008	5 November 2009 to 4 November 2012	1.45	
岳明珠女士						二零零八年十一月五日	二零零九年十一月五日至 二零一二年十一月四日		
Mr. Hung Hin Kit	1,000,000	-	-	(350,000)	650,000	5 November 2008	5 November 2009 to 4 November 2012	1.45	
孔憲傑先生						二零零八年十一月五日	二零零九年十一月五日至 二零一二年十一月四日		

31. 購股權計劃(續)

購股權計劃(續)

購股權並無賦予持有人權利收取股息或於股東大會上投票。

以下載列於二零一零年十二月三十一日購股權計劃下尚未行使購股權：

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2010 二零一零年十二月三十一日

31. SHARE OPTION SCHEMES (continued)

Share Option Scheme (continued)

Set out below are the outstanding share options under the Share Option Scheme as at 31 December 2010: (continued)

31. 購股權計劃(續)

購股權計劃(續)

以下載列於二零一零年十二月三十一日購股權計劃下尚未行使購股權：(續)

Name or category of participant	Number of share options 購股權數目					Date of grant of share options	Exercise period of share options*	Exercise price of share options HK\$ per share 購股權 行使價 每股港元
	At 1 January 2010	Granted during the year	Cancelled or lapsed during the year	Exercised during the year	At 31 December 2010			
參與者姓名 或類別	於二零一零年 一月一日	年內授出	年內註銷 或失效	年內已行使	於二零一零年 十二月三十一日	購股權 授出日期	購股權 行使期*	
Independent non-executive directors								
獨立非執行董事								
Mr. Lau Siu Ki	700,000	-	-	-	700,000	5 November 2008	5 November 2009 to 4 November 2012	1.45
劉紹基先生						二零零八年十一月五日	二零零九年十一月五日至 二零一二年十一月四日	
Mr. Lee Kwan Hung	700,000	-	-	(50,000)	650,000	5 November 2008	5 November 2009 to 4 November 2012	1.45
李均雄先生						二零零八年十一月五日	二零零九年十一月五日至 二零一二年十一月四日	
Prof. Lee T. S.	700,000	-	-	(120,000)	580,000	5 November 2008	5 November 2009 to 4 November 2012	1.45
李天生教授						二零零八年十一月五日	二零零九年十一月五日至 二零一二年十一月四日	
Other employees								
其他僱員								
In aggregate	6,180,000	-	(490,000)	(1,538,000)	4,152,000	5 November 2008	5 November 2009 to 4 November 2012	1.45
總計						二零零八年十一月五日	二零零九年十一月五日至 二零一二年十一月四日	
	12,280,000	-	(490,000)	(2,958,000)	8,832,000			

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2010 二零一零年十二月三十一日

31. SHARE OPTION SCHEMES (continued)**Share Option Scheme (continued)**

Notes to the reconciliation of share options under the Share Option Scheme outstanding during the year:

- * The share options are vested to the grantees in the following manner:
- 30% of such options were vested on 5 November 2009 with an exercise period from 5 November 2009 to 4 November 2012;
 - 30% of such options were vested on 5 November 2010 with an exercise period from 5 November 2010 to 4 November 2012; and
 - the remaining 40% of such options will be vested on 5 November 2011 with an exercise period from 5 November 2011 to 4 November 2012.

The fair value of the share options under the Share Option Scheme granted during the reporting period ended 31 December 2008 was estimated at approximately HK\$6,664,000 (HK\$0.52 each). The Company recognised a total share option expense of HK\$1,748,000 (2009: HK\$3,565,000) for the options granted in 2008 during the reporting period.

31. 購股權計劃(續)**購股權計劃(續)**

年內購股權計劃下尚未行使的購股權對賬附註：

- * 購股權按以下方式歸屬予承授人：
- 該等購股權的30%已於二零零九年十一月五日歸屬，行使期為二零零九年十一月五日至二零一二年十一月四日；
 - 該等購股權的30%已於二零一零年十一月五日歸屬，行使期為二零一零年十一月五日至二零一二年十一月四日；及
 - 該等購股權的餘下40%將於二零一一年十一月五日歸屬，行使期為二零一一年十一月五日至二零一二年十一月四日。

截至二零零八年十二月三十一日止報告期間根據購股權計劃授出之購股權的公平值估計約為6,664,000港元(每份購股權0.52港元)。本公司於報告期間就二零零八年授出之購股權確認合共1,748,000港元(二零零九年：3,565,000港元)之購股權開支。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2010 二零一零年十二月三十一日

31. SHARE OPTION SCHEMES (continued)**Share Option Scheme (continued)**

The fair value of the share options under the Share Option Scheme granted during the reporting period ended 31 December 2008 was estimated as at the date of grant, using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

Dividend yield (%)	3
Expected volatility (%)	55
Risk-free interest rate (%)	1.8
Expected life of option (years)	4
Exit rate – director (%)	0
Exit rate – staff except director (%)	15
Weighted average share price (HK\$ per share)	1.45

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. The exit rate is based on the historical data on staff/director turnover rates.

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

31. 購股權計劃(續)**購股權計劃(續)**

截至二零零八年十二月三十一日止報告期間根據購股權計劃授出之購股權的公平值乃使用二項式模式於授出日期進行估計，並已計及該等購股權授出後的條款及條件。下表列載使用該模式的計入項目：

股息率(%)	3
預期波幅(%)	55
無風險利率(%)	1.8
購股權預期年期(年)	4
退出率－董事(%)	0
退出率－除董事外的員工(%)	15
加權平均股價(每股港元)	1.45

預期波幅反映假設歷史波幅具有未來趨勢的指示作用，亦可能與實際結果不符。退出率乃按照員工／董事流失率的歷史數據計算。

計算公平值時概無列入其他所授出購股權的特質。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2010 二零一零年十二月三十一日

31. SHARE OPTION SCHEMES (continued)

The following share options were outstanding under the Pre-IPO Share Option Scheme and the Share Option Scheme during the year:

		2010 二零一零年		2009 二零零九年	
		Weighted average exercise price HK\$ per share 加權平均 行使價 每股港元	Number of options 購股權數目	Weighted average exercise price HK\$ per share 加權平均 行使價 每股港元	Number of options 購股權數目
At 1 January	於一月一日	1.53	15,523,500	1.53	16,559,000
Exercised during the year	年內行使	1.58	(4,550,500)	1.66	(1,017,500)
Cancelled or lapsed during the year	年內註銷或失效	1.45	(490,000)	1.81	(18,000)
At 31 December	於十二月三十一日	1.51	10,483,000	1.53	15,523,500

The weighted average share price at the date of exercise for share options exercised during the reporting period was HK\$5.47 per share.

The 4,550,500 share options exercised during the year resulted in the issue of 4,550,500 ordinary shares of the Company and new share capital of HK\$46,000 and share premium account of HK\$7,126,000 (before issue expenses), as further detailed in notes 30 and 32(b) to the financial statements.

At the end of the reporting period, the Company had 10,483,000 share options outstanding under the Pre-IPO Share Option Scheme and the Share Option Scheme. The exercise in full of the share options would, under the present capital structure of the Company, result in the issue of 10,483,000 additional ordinary shares of the Company and additional share capital of HK\$105,000 and share premium account of HK\$15,690,000 (before issue expenses).

Subsequent to the end of the reporting period and at the date of approval of these financial statements, the Company had 9,653,000 share options outstanding under the Pre-IPO Share Option Scheme and Share Option Scheme, which represented approximately 2.37% of the issued share capital of the Company as at that date.

31. 購股權計劃(續)

以下為於年內首次公開發售前購股權計劃及購股權計劃項下尚未行使的購股權：

於報告期間已行使的購股權於行使當日的加權平均股價為每股5.47港元。

於年內行使之4,550,500份購股權令本公司發行4,550,500股普通股，產生46,000港元之新股本及7,126,000港元之股份溢價賬(扣除發行開支前)。有關詳情載於財務報表附註30及32(b)。

於報告期間結算日，本公司擁有10,483,000份首次公開發售前購股權計劃及購股權計劃下之尚未行使購股權。根據本公司現時的股本架構，根據購股權計劃，全面行使該等購股權將導致本公司額外發行10,483,000股普通股以及產生額外股本105,000港元及股份溢價賬15,690,000港元(扣除發行開支前)。

報告期間結算日之後及於批准此等財務報表當日，本公司擁有9,653,000份首次公開發售前購股權計劃及購股權計劃下之尚未行使購股權，佔本公司於該日期已發行股本約2.37%。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2010 二零一零年十二月三十一日

32. RESERVES**(a) Group**

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

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

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

The Group applied the transitional provision HKFRS 3 which permits goodwill in respect of acquisitions which occurred prior to 1 January 2001, to remain eliminated against the consolidated reserves. The amount of goodwill remaining in consolidated reserves, arising from the acquisition of subsidiaries prior to 1 January 2001, was stated at cost, which amounted to HK\$3,168,000 (2009: HK\$3,168,000) as at 31 December 2010.

32. 儲備**(a) 本集團**

現時及過往年度本公司儲備金額以及其變動已呈列於財務報表內綜合權益變動表內。

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

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

本集團已採用香港財務報告準則第3號的過渡性條文，容許二零零一年一月一日前進行收購所產生的商譽維持與綜合儲備的對銷。保留於綜合儲備內因二零零一年一月一日前收購附屬公司產生的商譽金額按成本列值，於二零一零年十二月三十一日為3,168,000港元(二零零九年：3,168,000港元)。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2010 二零一零年十二月三十一日

32. RESERVES (continued)
(b) Company32. 儲備(續)
(b) 本公司

			Share premium account 股份溢價賬 HK\$'000 千港元	Contributed surplus 實繳盈餘 HK\$'000 千港元	Share option reserve 購股權儲備 HK\$'000 千港元	Retained profits 保留溢利 HK\$'000 千港元	Total 總計 HK\$'000 千港元
		Notes 附註					
At 1 January 2009	於二零零九年一月一日		331,577	381,248	6,696	35,444	754,965
Profit for the year	年度溢利		-	-	-	38,665	38,665
Total comprehensive income for the year	年內全面收入總額		-	-	-	38,665	38,665
Issue of shares	發行股份	30(a)	3,137	-	(1,456)	-	1,681
Equity-settled share option arrangements	以權益支付之 購股權安排	31	-	-	4,987	-	4,987
Share options lapsed	購股權失效		-	-	(23)	23	-
2008 final and special dividends declared and paid	宣派及已付二零零八年 末期及特別股息	15	-	-	-	(24,068)	(24,068)
2009 interim dividend	二零零九年中中期股息	15	-	-	-	(12,051)	(12,051)
At 31 December 2009 and 1 January 2010	於二零零九年 十二月三十一日 及二零一零年 一月一日		334,714	381,248	10,204	38,013	764,179
Profit for the year	年度溢利		-	-	-	34,429	34,429
Total comprehensive income for the year	年內全面收入總額		-	-	-	34,429	34,429
Issue of shares	發行股份	30(b)	11,999	-	(4,873)	-	7,126
Equity-settled share option arrangements	以權益支付之 購股權安排	31	-	-	2,337	-	2,337
Share options lapsed	購股權失效		-	-	(112)	112	-
2009 final and special dividends declared and paid	宣派及已支付 二零零九年末期 及特別股息	15	-	-	-	(28,300)	(28,300)
2010 interim dividend	二零一零年中中期股息	15	-	-	-	(12,170)	(12,170)
At 31 December 2010	於二零一零年 十二月三十一日		346,713	381,248	7,556	32,084	767,601

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2010 二零一零年十二月三十一日

32. RESERVES (continued)

(b) Company (continued)

The contributed surplus of the Company represents the excess of the then net assets of the subsidiaries acquired by the Company pursuant to the group reorganisation, over the nominal value of the share capital of the Company issued in exchange therefor and the then existing 10,000,000 shares of HK\$0.01 each credited as fully paid at par. Under the Companies Law of the Cayman Islands, the contributed surplus may be distributed to the shareholders of the Company, provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

The share option reserve comprises the fair value of share options granted which are yet to be exercised, as further explained in the accounting policy for share-based payment transactions in note 2.4 to the financial statements. The amount will either be transferred to the share premium account when the related options are exercised, or be transferred to retained profits should the related options expire or be forfeited.

33. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Major non-cash transactions

- (a) Pursuant to an agreement entered into between a subsidiary of the Company and an independent third party on 15 October 2009, the Group has agreed to acquire a property located in Shanghai City, the PRC, at a consideration of approximately RMB380,638,000 which is for office and commercial use with 14 floors with a construction area of approximately 11,430 square metres. At 31 December 2009, the deposit paid was approximately RMB190,319,000.

In the last quarter of the reporting period ended 31 December 2010, the Group took possession of the property. In addition to the consideration of the property, the Group has also incurred an amount of approximately RMB14,997,000 on renovation.

The total cost of the property is RMB395,635,000 (approximately HK\$457,105,000), excluding the capitalising of finance costs of HK\$1,223,000.

In addition to the deposit paid in the last reporting period ended 31 December 2009 (note 22), the Group had paid an amount of RMB118,363,000 (approximately HK\$136,051,000) for the property and the related finance costs of HK\$1,223,000 during the current reporting period. The remaining balance for acquisition of the property of RMB86,953,000 (approximately HK\$102,297,000) was included in other payables and accruals as at 31 December 2010 (note 27).

32. 儲備(續)

(b) 本公司(續)

本公司的實繳盈餘乃本公司根據集團重組收購附屬公司的當時資產淨值超出本公司就此發行作為交換的股本面值以及按面值入賬列作繳足的10,000,000股每股面值0.01港元的當時現有股份。根據開曼群島公司法，實繳盈餘可分派予本公司股東，惟於緊隨建議派付股息日期後，本公司必須能償還其日常業務中到期債項。

購股權儲備指已授出但尚未行使的購股權的公平值，於財務報表附註2.4就以股份為基礎交易的會計政策中有所詳述。金額將於有關購股權獲行使時轉撥至股份溢價賬，或於有關購股權屆滿或被沒收時轉撥至保留盈利。

33. 綜合現金流量表附註

主要非現金交易

- (a) 根據本公司一間附屬公司與獨立第三方於二零零九年十月十五日簽訂的協議，本集團同意收購位於中國上海市的物業，代價約為人民幣380,638,000元，合共14層作辦公室及商業用途，建築面積約為11,430平方米。於二零零九年十二月三十一日，已支付按金約人民幣190,319,000元。

於二零一零年十二月三十一日止報告期間的最後季度，本集團已接管物業的擁有權。除了該物業的代價，本集團為物業裝修亦支付約人民幣14,997,000元。

撇除撥作資本的融資成本1,223,000港元，物業總成本為人民幣395,635,000元(約457,105,000港元)。

除截至二零零九年十二月三十一日止報告期間支付之按金外(附註22)，本集團於本報告期間已為物業支付人民幣118,363,000元(約136,051,000港元)及相關融資成本1,223,000港元。用於收購物業之餘額人民幣86,953,000元(約102,297,000港元)已計入本集團於二零一零年十二月三十一日其他應付款項及應計款項(附註27)。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2010 二零一零年十二月三十一日

33. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

Major non-cash transactions (continued)

- (b) During the reporting period ended 31 December 2009, the deposit of RMB18,540,000 paid for the land use rights is the total consideration for the land with an area of 123,350 square metres (the "Shandong Factory Phase 2") adjacent to the land of the Group's factory located in Jinan City, Shandong Province, the PRC. In December 2010, the deposit of RMB16,826,000 has been utilised for the grant of land use rights for a piece of land with an area of 111,944 square metres and has been reclassified as prepaid land lease payments.

34. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment properties (note 18) under operating lease arrangements, with leases negotiated for terms ranging from six months to two years.

At the end of the reporting period, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

		Group 本集團	
		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Within one year	一年內	1,914	2,090
In the second to fifth years, inclusive	第二至第五年 (包括首尾兩年)	-	1,307
		1,914	3,397

33. 綜合現金流量表附註(續)

主要非現金交易(續)

- (b) 截至二零零九年十二月三十一日止報告期內，為土地使用權支付的按金人民幣18,540,000元為就鄰近本集團位於中國山東省濟南市廠房佔地123,350平方米土地(「山東廠房二期」)的支付總代價。於二零一零年十二月，為取得一塊佔地111,944平方米土地的土地使用權已動用人民幣16,826,000元之按金，有關按金已重分類為預付土地租賃款項。

34. 經營租約安排

(a) 作為出租人

本集團根據經營租約安排出租投資物業(附註18)，租約以介乎六個月至兩年期進行磋商。

於報告期間結束時，根據本集團與租戶訂立之不可撤銷經營租約，本集團於以下日期之未來最低應收租金總額如下：

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2010 二零一零年十二月三十一日

34. OPERATING LEASE ARRANGEMENTS (continued)

(b) As lessee

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

At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

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

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

The Company has no operating lease arrangement at the end of the reporting period.

34. 經營租約安排(續)

(b) 作為承租人

本集團根據經營租約安排租用若干店舖、櫃位、倉庫、辦公室物業及辦公室設備，租約以一至八年的年期進行磋商。

於報告期間結束時，根據本集團之不可撤銷經營租約，本集團於以下日期之未來最低應付租金總額如下：

		Group 本集團	
		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Within one year	一年內	78,345	55,341
In the second to fifth years, inclusive	第二至第五年 (包括首尾兩年)	42,829	21,219
After five years	五年後	31	388
		121,205	76,948

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

於報告期間結束時，本公司並無經營租約安排。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2010 二零一零年十二月三十一日

35. COMMITMENTS

At the end of the reporting period, the Group had the following commitments:

35. 承擔

於報告期間結算日，本集團之承擔如下：

		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Contracted for capital commitments in respect of its wholly-owned investments in the PRC	就其於中國全資擁有之投資之已訂約資本承擔	57,976	293,000
Contracted for commitments in respect of – the acquisition of property, plant and equipment* – the land lease payments in the PRC	以下項目之已訂約承擔 – 購買物業、廠房及設備* – 中國之土地租賃款項	12,334 –	223,022 7,599
		12,334	230,621
Authorised, but not contracted for commitments in respect of investment in the Shandong Factory Phase 2 development	就於山東廠房二期發展投資之經批准但未訂約承擔	121,898	117,743

* As at 31 December 2009, the Group had contracted for HK\$223,022,000 in respect of the acquisition of the property located in Shanghai, which was also included in the above capital commitments in respect of its wholly-owned investments in the PRC.

* 於二零零九年十二月三十一日，本集團就收購位於上海市之物業已訂約為223,022,000港元，並已計入上述本集團於中國全資擁有之投資之資本承擔。

The Company had no significant commitment at the end of the reporting period.

本公司於報告期間結算日並無重大承擔。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2010 二零一零年十二月三十一日

36. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Financial assets*Loans and receivables***36. 按類別分析之金融工具**

於報告期間結算日各類金融工具的賬面值如下：

金融資產*貸款及應收款項*

		Group 本集團	
		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 <i>HK\$'000</i> 千港元
Trade receivables	應收貿易賬款	64,838	48,228
Financial assets included in prepayments, deposits and other receivables	列為預付款項、按金及其他應收款項之金融資產	2,816	1,899
Cash and cash equivalents	現金及現金等價物	195,090	288,957
		262,744	339,084

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2010 二零一零年十二月三十一日

36. FINANCIAL INSTRUMENTS BY CATEGORY (continued)
Financial liabilities

Financial liabilities at amortised cost

		Group 本集團	
		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Interest-bearing bank borrowings	計息銀行借款	85,000	-
Trade and bills payables	應付貿易賬款及應付票據	63,955	36,823
Financial liabilities included in other payables and accruals	列為其他應付款項及應計款項之金融負債	146,053	40,060
		295,008	76,883

Financial assets

Loans and receivables

		Company 本公司	
		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Due from subsidiaries	應收附屬公司款項	394,208	288,161
Cash and cash equivalents	現金及現金等價物	2,499	105,848
		396,707	394,009

Financial liabilities

Financial liabilities at amortised cost

		Company 本公司	
		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Due to a subsidiary	應付一間附屬公司款項	325	325

36. 按類別分析之金融工具(續)
金融負債

按攤銷成本計量之金融負債

		Group 本集團	
		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Interest-bearing bank borrowings	計息銀行借款	85,000	-
Trade and bills payables	應付貿易賬款及應付票據	63,955	36,823
Financial liabilities included in other payables and accruals	列為其他應付款項及應計款項之金融負債	146,053	40,060
		295,008	76,883

金融資產

貸款及應收款項

		Company 本公司	
		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Due from subsidiaries	應收附屬公司款項	394,208	288,161
Cash and cash equivalents	現金及現金等價物	2,499	105,848
		396,707	394,009

金融負債

按攤銷成本計量之金融負債

		Company 本公司	
		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Due to a subsidiary	應付一間附屬公司款項	325	325

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2010 二零一零年十二月三十一日

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to both fair value and cash flow interest rate risks. The Group's exposure to market risk for changes in interest rates relates primarily to the Group's bank borrowings with a floating interest rate.

At present, the Group does not intend to seek to hedge its exposure to interest rate fluctuations. However, the Group will constantly review the economic situation and its interest rate risk profile, and will consider appropriate hedging measures in future as may be necessary.

As at 31 December 2010, the post-tax profit of the Group would have been decreased/increased by approximately HK\$425,000 (2009: Nil) if the interest rates has been increased/decreased by 50 basis points with all other variables held constant.

37. 財務風險管理目標及政策

本集團之主要金融工具包括現金、短期存款及計息銀行借款。此等金融工具主要目的是為本集團經營業務融資。本集團有其他不同金融資產及負債，如應收貿易賬款及應付貿易賬款，乃直接透過經營業務產生。

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

利率風險

現金流量利率風險為金融工具未來現金流量因市場利率變化而波動之風險。本集團同時承受公平值及現金流量利率風險。本集團所承受利率變化之市場風險，主要與本集團浮動利率計算之銀行借款有關。

目前，本集團無意對沖所須承受之利率波動。然而，本集團將定期檢討經濟狀況及其利率風險狀況，並會考慮日後是否需要實施適當之對沖措施。

倘利率上升/下跌50基點，而所有其他因素保持不變，於二零一零年十二月三十一日，本集團除稅後溢利應減少/增加約425,000港元(二零零九年：無)。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2010 二零一零年十二月三十一日

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk

The Group carries on its sales and purchases transactions mainly in Hong Kong dollars and RMB. As the foreign currency risks generated from the sales and purchases can be set off with each other, the foreign currency risk is minimal for the Group. It is the policy of the Group to continue maintaining the balance of its sales and purchases in the same currency. The Group does not use derivative financial instruments to protect against the volatility associated with foreign currency transactions and other financial assets and liabilities created in the ordinary course of the business. However, as the Group's net profit is reported in Hong Kong dollars, there will be a translation gain as a result of the RMB appreciation, and vice versa. The majority of the Group's operating assets are located in Mainland China and are denominated in RMB.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the RMB exchange rate, with all other variables held constant, of the Group's profit after tax and equity (due to changes in the fair value of monetary assets and liabilities).

37. 財務風險管理目標及政策(續)

外匯風險

本集團主要以港元及人民幣進行買賣交易。由於有關買賣產生之外匯風險可互相抵銷，故本集團之外匯風險甚低。本集團之政策為繼續維持以相同貨幣進行買賣之平衡。本集團並無以衍生金融工具來對沖日常業務過程之外匯交易及其他金融資產及負債所附帶之波動。然而，由於本集團之純利以港元呈列，故人民幣升值可帶來匯兌收益，反之亦然。本集團大部份經營資產均位於中國大陸，並以人民幣列示。

下表列示於報告期間結算日，在所有其他可變因素維持不變的情況下，本集團的除稅後溢利及權益對人民幣匯率可能出現合理變動之敏感度(由於貨幣資產及負債的公平值變動)。

		Increase/ (decrease) in RMB rate 人民幣 匯率上調/ (下調) %	Increase/ (decrease) in profit after tax and equity 除稅後溢利 及股權增加/ (減少) HK\$'000 千港元
2010	二零一零年		
If Hong Kong dollar weakens against RMB	倘港元兌人民幣貶值	5	22,210
If Hong Kong dollar strengthens against RMB	倘港元兌人民幣升值	(5)	(22,210)
2009	二零零九年		
If Hong Kong dollar weakens against RMB	倘港元兌人民幣貶值	5	13,310
If Hong Kong dollar strengthens against RMB	倘港元兌人民幣升值	(5)	(13,310)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2010 二零一零年十二月三十一日

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk

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

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 21 to the financial statements.

Liquidity risk

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

The Group continued to enjoy a strong financial position with cash and cash equivalents amounting to HK\$195,090,000 as at 31 December 2010 (2009: HK\$288,957,000).

The Group financed its operations and investment activities by internally generated cash flows and bank borrowings.

37. 財務風險管理目標及政策(續)

信貸風險

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

本集團其他金融資產的信貸風險包括現金及現金等價物及其他應收款項，因對方違約產生的信貸風險，上限相等於該等工具之賬面值。

有關本集團因貿易應收賬款產生之信貸風險之進一步定量數據於財務報表附註21中披露。

流動資金風險

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

於二零一零年十二月三十一日，本集團繼續擁有穩固之財務狀況，其現金及現金等價物為195,090,000港元(二零零九年：288,957,000港元)。

本集團透過內部產生之現金流及銀行借款，為其業務及投資活動提供資金。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2010 二零一零年十二月三十一日

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, was as follows:

Group

		On demand	Within 1 year	1-5 years	Total
		按要求	一年內	一至五年	總額
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
2010	二零一零年				
Interest-bearing bank borrowings	計息銀行借款	-	21,024	66,502	87,526
Trade and bills payables	應付貿易賬款及應付票據	7,949	56,006	-	63,955
Other payables	其他應付款項	-	146,053	-	146,053
		<u>7,949</u>	<u>223,083</u>	<u>66,502</u>	<u>297,534</u>
2009	二零零九年				
Trade and bills payables	應付貿易賬款及應付票據	4,792	32,031	-	36,823
Other payables	其他應付款項	-	40,060	-	40,060
		<u>4,792</u>	<u>72,091</u>	<u>-</u>	<u>76,883</u>

As at 31 December 2010, the Company provided a guarantee to a bank in connection with a banking facility of HK\$190,000,000 (2009: Nil) granted to one of its subsidiaries, of which approximately HK\$85,000,000 (2009: Nil) was utilised.

Capital management

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to the owners through the optimisation of the debt and equity balance where appropriate. No change was made in the objectives, policies or processes for managing capital during the years ended 31 December 2010 and 2009.

The capital structure of the Group consists of net debt which includes the bank borrowings, equity attributable to owners of the Company, comprising issued share capital, reserves and retained profits as disclosed in the consolidated statement of changes in equity.

37. 財務風險管理目標及政策(續)

流動資金風險(續)

於報告期間結算日，本集團根據合約未貼現付款計算之金融負債到期日如下：

本集團

	On demand	Within 1 year	1-5 years	Total
	按要求	一年內	一至五年	總額
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	千港元	千港元	千港元	千港元
2010				
Interest-bearing bank borrowings	-	21,024	66,502	87,526
Trade and bills payables	7,949	56,006	-	63,955
Other payables	-	146,053	-	146,053
	<u>7,949</u>	<u>223,083</u>	<u>66,502</u>	<u>297,534</u>
2009				
Trade and bills payables	4,792	32,031	-	36,823
Other payables	-	40,060	-	40,060
	<u>4,792</u>	<u>72,091</u>	<u>-</u>	<u>76,883</u>

於二零一零年十二月三十一日，本公司就其一間附屬公司的190,000,000港元(二零零九年：無)銀行信貸向一間銀行提供擔保，其中已動用約85,000,000港元(二零零九年：無)。

資本管理

本集團管理其資本以確保本集團能持續營運，同時在適當時透過優化債務及權益結餘(如適用)將擁有人的回報增至最大。於截至二零一零年及二零零九年十二月三十一日止年度，管理資本之目標、政策或程序並無變動。

本集團資本結構包括債務淨額其中包括銀行借款及本公司擁有人應佔股權(包括綜合權益變動表所披露的已發行股本、儲備及保留溢利)。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2010 二零一零年十二月三十一日

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**Capital management** (continued)

The Company monitors capital using a gearing ratio, which is total bank borrowings divided by equity attributable to owners of the Company. The gearing ratios as at the end of the reporting periods were as follows:

Group	本集團	2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Interest-bearing bank borrowings	計息銀行借款	85,000	—
Equity attributable to owners of the Company	本公司擁有人應佔權益	1,109,672	994,237
Gearing ratio	資產負債比率	7.7%	—

38. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 31 March 2011.

37. 財務風險管理目標及政策(續)**資本管理(續)**

本公司透過資產負債比率架構(即銀行借款總額除以本公司擁有人應佔股權)監控資本。於報告期末資本負債比率如下：

38. 批准財務報表

財務報表於二零一一年三月三十一日獲董事會批准及授權刊發。

Embry Holdings Limited 安莉芳控股有限公司

Incorporated in the Cayman Islands with limited liability

於開曼群島註冊成立之有限公司

Stock Code 股份代號: 1388