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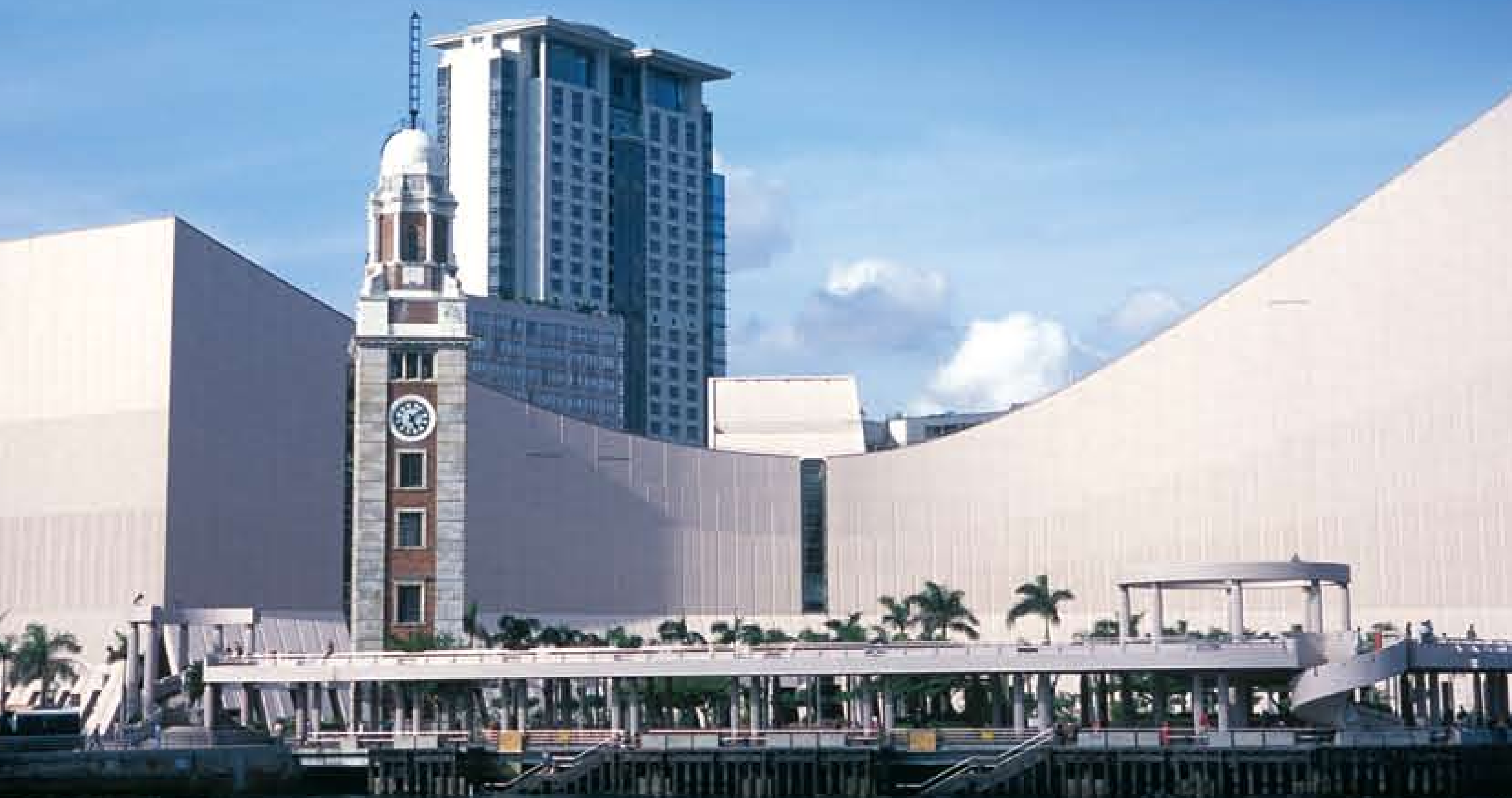
Hong Kong Financial Reporting Standards

Model Financial Statements and Disclosure Checklist 2006

A practical guide for preparers



An IAS Plus guide

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Foreword

For entities reporting under Hong Kong Financial Reporting Standards (HKFRSs), 2005 was certainly a remarkable year. The harmonisation of HKFRSs with the International Financial Reporting Standards (IFRSs) resulted in changes in some significant accounting policies and new disclosure requirements. For many preparers, I believe this "big bang" adoption created a lot of hard work and the preparation of the 2005 financial statements was the most challenging task for many years.

The new HKFRSs aim to improve transparency and provide clear and unambiguous information to users and accordingly requires significantly increased disclosure requirements. However, with this increased disclosure burden, regulators and reviewers have found that there is a tendency for preparers to use boiler-plate type disclosures irrespective of their relevance to the specific entity's financial information. While these illustrative model financial statements provide guidance on disclosure, it is essential for preparers to tailor the descriptions according to the specific circumstances of the entity, in particular, those describing accounting policies, key sources of estimation uncertainties and financial instruments risk disclosures.

With the promise by the International Accounting Standards Board to provide a "stable platform" until 2009, the new standards, interpretations and the changes in standards that impact reporting entities in 2006 have been less significant. However, due consideration does need to be given to these changes as well as the option to early adopt those standards, amendments or interpretations issued but not yet effective. As well as addressing these new and revised requirements, I also strongly encourage preparers to respond to the challenge of producing annual reports that are clear and unambiguous and that are tailored specifically to the circumstances of the entity.

This publication includes an illustrative 2006 annual report issued by a fictitious listed company, a presentation and disclosure checklist for 2006 and a section which gives a summary of the key changes to HKFRSs and listing rules which affect the disclosure and presentation of information in the financial statements in issue as of 25 January 2007.

Please continue to keep up to date with the new international developments that will shape Hong Kong Standard setting in future via our IAS Plus website (www.iasplus.com) .

Stephen Taylor
Partner
Deloitte Touche Tohmatsu, February 2007

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- daily news about financial reporting globally.
- summaries of all Standards, Interpretations and proposals.
- many IFRS-related publications available for download.
- model IFRS financial statements and disclosure checklists.
- an electronic library of several hundred IFRS resources.
- all Deloitte Touche Tohmatsu comment letters to the IASB.
- links to nearly 200 IFRS-related websites.
- e-learning modules for each IAS and IFRS – at no charge.
- complete history of adoption of IFRSs in Europe and information about adoptions of IFRSs elsewhere around the world.
- updates on developments in national accounting standards.

Contents

Abbreviations

AG	=	Accounting Guideline issued by the HKICPA
App	=	Appendix to the Listing Rules
EPS	=	Earnings per Share
GEM	=	Growth Enterprise Market of the SEHK
GR	=	Rules Governing the Listing of Securities on the GEM (the GEM Rules)
HKAS	=	Hong Kong Accounting Standard
HKFRS	=	Hong Kong Financial Reporting Standard
HKICPA	=	Hong Kong Institute of Certified Public Accountants
HK-Int	=	HK Interpretation
HK(IFRIC)-Int	=	HK (IFRIC) Interpretation
HKSA	=	Hong Kong Standard on Auditing issued by the HKICPA
HK(SIC)-Int	=	HK (SIC) Interpretation
IAS	=	International Accounting Standard
IASB	=	International Accounting Standards Board
IFRS	=	International Financial Reporting Standard
IFRIC	=	International Financial Reporting Interpretations Committee
Preface	=	Preface to Hong Kong Standards on Quality Control, Auditing, Assurance and Related Services
LR	=	Rules Governing the Listing of Securities on the SEHK (the Listing Rules)
MDA	=	Management Discussion and Analysis
PN	=	Practice Note to the Listing Rules
s	=	Section Reference, Hong Kong Companies Ordinance
Sch 10	=	Hong Kong Companies Ordinance, Tenth Schedule
SFO	=	Securities and Futures Ordinance
SEHK	=	Stock Exchange of Hong Kong Limited (the Stock Exchange)

What's new for 2006 and beyond?

What's new for 2006 and beyond?

1. Hong Kong Financial Reporting Standards

1.1 Introduction

Since Hong Kong Financial Reporting Standards (HKFRSs) became fully harmonised with International Financial Reporting Standards (IFRSs) on 1 January 2005, changes to Hong Kong accounting standards have continued and several new standards, amendments and interpretations have been issued. This section provides:

- a high-level overview of the new standards, amendments and interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA) effective for the first time in 2006 or 2007;

- a brief discussion of IFRSs already issued by the International Accounting Standards Board (IASB) still to be approved by the HKICPA for issue in Hong Kong; and

- a brief discussion of the new accounting guideline issued by the HKICPA.

In July of 2006, the IASB acknowledged that entities adopting IFRSs have undergone a period of enormous change in 2005. In order to provide a further period of stability while these changes are fully absorbed by reporting entities, the IASB has made a commitment not to require the adoption of new standards under development or any major amendments to existing standards before 1 January 2009. This commitment does not preclude the publication of new standards before 2009, and entities will generally be permitted to adopt new standards on a voluntary basis before their effective dates.

Although entities are expected to have some breathing space with respect to the adoption of new standards for the next few years, we expect that the number of interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) will increase. Such interpretations, and minor amendments to standards, may be effective before 2009.

Since HKFRSs now mirror IFRSs, this will mean that the HKICPA will follow suit so that any further new or revised standards released will not be effective until 2009. However, entities need to be aware of new standards, amendments and interpretations as they are issued, in order to comply with the requirement included in HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* to disclose in their financial statements the potential impact of standards, amendments and interpretations in issue but not yet effective.

1.2 New standards, amendments and interpretations effective for the first time in 2006 and 2007

New standard	Effective for accounting periods beginning on or after:
HKFRS 6, Exploration for and Evaluation of Mineral Resources	1 January 2006
HKFRS 7, Financial Instruments: Disclosures	1 January 2007

Amendments to standards	Effective for accounting periods beginning on or after
Amendment to HKAS 19, Employee Benefits – Actuarial Gains and Losses, Group Plans and Disclosures	1 January 2006
Amendment to HKAS 21, The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation	1 January 2006
Amendments to HKAS 27, Consolidated and Separate Financial Statements & HKFRS 3, Business Combinations – Definition of Subsidiary (and appendix to HKAS 1, Presentation of Financial Statements)	1 January 2006
Amendment to HKAS 39, Financial Instruments: Recognition and Measurement – Cash Flow Hedge Accounting of Forecast Intragroup Transactions	1 January 2006
Amendment to HKAS 39, Financial Instruments: Recognition and Measurement – The Fair Value Option	1 January 2006
Amendments to HKAS 39, Financial Instruments: Recognition and Measurement & HKFRS 4, Insurance Contracts – Financial Guarantee Contracts	1 January 2006
Amendment to HKAS 1, Presentation of Financial Statements – Capital Disclosures	1 January 2007
Revised Guidance on Implementing HKFRS 4, Insurance Contracts	1 January 2007

New interpretations	Effective for accounting periods beginning on or after:
HK (IFRIC) – Int 4, Determining whether an Arrangement contains a Lease	1 January 2006
HK (IFRIC) – Int 5, Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 January 2006
HK (IFRIC) – Int 6, Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment	1 December 2005
HK (IFRIC) – Int 7, Applying the Restatement Approach under HKAS 29, Financial Reporting in Hyperinflationary Economies	1 March 2006
HK (IFRIC) – Int 8, Scope of HKFRS 2	1 May 2006
HK (IFRIC) – Int 9, Reassessment of Embedded Derivatives	1 June 2006
HK (IFRIC) – Int 10, Interim Financial Reporting and Impairment	1 November 2006

1.3 Summaries and potential impacts

This section provides a high level overview of the changes to HKFRSs which are effective for the first time in 2006 and 2007 and the potential impacts thereof. Changes and potential impacts highlighted are not exhaustive.

There are numerous other changes (covering less significant recognition and measurement, and presentation and disclosure changes) that are not discussed below and may affect some entities. A detailed review of the new and amended HKFRSs is recommended in order to identify changes specific to a particular reporting entity.

1.3.1 HKFRS 6, Exploration for and Evaluation of Mineral Resources
(effective for annual periods beginning on or after 1 January 2006)

- Provides limited improvements to existing accounting policies of entities involved specifically in the exploration for and evaluation of mineral resources, such as, minerals, oil, natural gas and other similar non-regenerative resources.

- Permits an entity to develop an accounting policy for exploration and evaluation assets without specifically considering the requirements of paragraphs 11 and 12 of HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. Thus, an entity adopting HKFRS 6 may continue to use the accounting policies applied immediately prior to adopting HKFRS 6.

- Requires entities recognising exploration and evaluation assets to perform an impairment test on those assets when facts and circumstances suggest that the carrying amount of the assets may exceed their recoverable amount, rather than using the indicators in HKAS 36 *Impairment of Assets*. Once an impairment indicator is identified under HKFRS 6, the requirements of HKAS 36 are used to measure the impairment.

While this standard is expected to have limited relevance in Hong Kong, it is expected to affect the accounting policies selected, and disclosures, of companies in the People's Republic of China which are specifically involved in extractive industries.

1.3.2 HKFRS 7, Financial Instruments: Disclosures
(effective for annual periods beginning on or after 1 January 2007)

- HKFRS 7:

  - adds new disclosures about financial instruments to those currently required by HKAS 32 *Financial Instruments: Presentation and Disclosure*;

  - replaces the disclosure requirements currently imposed on financial institutions by HKAS 30 *Disclosures in the Financial Statements of Banks and Similar Financial Institutions*; and

  - pulls all of those financial instrument disclosures under HKAS 30 and HKAS 32 together in a new combined standard.

- HKFRS 7 deals with the disclosure requirements in relation to all risks arising from financial instruments (with limited exemptions), and applies to any entity that holds financial instruments. The level of disclosure required depends on the extent of the entity's use of financial instruments and its exposure to financial risk.

- HKFRS 7 retains many of the disclosure requirements currently within HKAS 32 and HKAS 30. However, there have been some editorial changes to the existing requirements as well as some additional disclosure requirements added. The overriding objective is that preparers should provide disclosures that enhance a user's understanding of the entity's exposures to financial risks and how the entity manages those risks. To this end, HKFRS 7 requires an entity to disclose:

  - information on the significance of financial instruments to the entity's financial position and performance;

  - the nature and extent of risk exposures arising from financial instruments; and

  - the approach taken in managing those risks.

HKFRS 7 does not only affect financial institutions. All entities have some form of financial instruments on their balance sheets (for instance trade receivables, payables and loans). The exercise to collate and draft all of these disclosures (including those for comparative periods) can be onerous, and should be started well before its effective date.

A disclosure checklist setting out all of the requirements of IFRS 7 (which is equally applicable to HKFRS 7) is available in the publications - checklists section of Deloitte's IAS Plus website, www. iasplus.com.

1.3.3 Amendment to HKAS 19, Employee Benefits: Actuarial Gains and Losses, Group Plans and Disclosures
(effective for annual periods beginning on or after 1 January 2006)

- Introduces an accounting policy choice to recognise actuarial gains and losses arising from a defined benefit plan in full in the period in which they occur, outside profit or loss, in a statement of recognised income and expense.

Entities that currently amortise their actuarial gains and losses do not have to change their approach, but now they have an additional alternative which allows them change their accounting policy to recognise such gains and losses in full (in the period in which they occur) in the statement of recognised income and expense. This policy should be consistently applied for all defined benefit plans.

- Requires additional disclosures to provide information about trends in the assets and liabilities in a defined benefit plan and the assumptions underlying the components of the defined benefit cost.

More information about defined benefit plans will have to be obtained and disclosed, such as sensitivity of defined benefit plans to changes in medical cost trend rates, five-year histories (of the defined benefit obligation, plan assets, the surplus or deficit in the plan and experience adjustments), trends in the plan, contributions expected to be paid to the plan during the following financial year and all the terms of the plan that are used in the determination of the defined benefit obligation. The new disclosure requirements will mean greater time and effort will be required in order to collect this information. The company will need to start this exercise early to ensure the information is ready in time (particularly where external actuaries are involved).

1.3.4 Amendment to HKAS 21, The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation
(effective for annual periods beginning on or after 1 January 2006)

- Relates to circumstances in which a loan from one entity to another entity within the group may be regarded as part of the net investment in a foreign operation and, therefore, whether the exchange differences arising on such a loan are recognised in profit or loss or reclassified to a separate component of equity in the consolidated financial statements.

- Clarifies that where an entity has a monetary item that forms part of its net investment in a foreign operation, the accounting treatment in the consolidated financial statements should not be dependent on the currency of the monetary item. In other words, exchange differences arising on such monetary items are always reclassified to a separate component of equity in the consolidated financial statements.

- Clarifies that the accounting for exchange differences arising from such monetary items mentioned above should not depend on which entity within the group conducts the transaction with the foreign operation.

The amendments to HKAS 21 clarifies circumstances in which a loan from one entity to another entity within the same group may be regarded as part of the net investment in a foreign operation (if settlement is neither planned nor likely to occur in the foreseeable future) and, therefore, whether the exchange differences arising on such a loan are recognised in profit or loss or reclassified to a separate component of equity in the consolidated financial statements.

1.3.5 HKAS 27, Consolidated and Separate Financial Statements and HKFRS 3, Business Combinations – Definition of Subsidiary
(effective for annual periods beginning on or after 1 January 2006)

- The Companies (Amendment) Ordinance 2005 amended the definition of 'subsidiary' in the Hong Kong Companies Ordinance so as to enable Hong Kong incorporated companies to use the definition of a 'subsidiary' used in HKFRSs. As a result of the amendment, a parent company, including holding companies incorporated in Hong Kong, will consolidate all entities over which it has control, including employee share trusts.

- As a result of the above, HKAS 27 and HKFRS 3 have been amended to limit the application of the special provisions for Hong Kong incorporated companies currently provided within the standards to annual periods beginning before 1 January 2006 and to require retrospective application of the amended standards in annual periods beginning on or after 1 January 2006.

The amendment will result in the consolidation of entities which the reporting entity controls but previously not consolidated due to failing to meet the definition of a subsidiary under the previous section 2(4) of the Hong Kong Companies Ordinance.

1.3.6 Amendment to HKAS 39, Financial Instruments: Recognition and Measurement - Cash Flow Hedge Accounting of Forecast Intragroup Transactions
(effective for annual periods beginning on or after 1 January 2006)

- Permits the foreign currency risk of a highly probable intragroup forecast transaction to qualify as the hedged item in a cash flow hedge in the consolidated financial statements, provided that the transaction is denominated in a currency other than the functional currency of the entity entering into that transaction and the foreign currency risk will affect profit or loss.

The amendment clarifies and set out specific conditions for application of hedge accounting to forecast intragroup transactions at consolidation level.

1.3.7 Amendment to HKAS 39, Financial Instruments: Recognition and Measurement – The Fair Value Option
(effective for annual periods beginning on or after 1 January 2006)

- Restricts the use of the option to designate any financial asset or any financial liability as at fair value through profit and loss (the 'fair value option') to avoid inappropriate use. The fair value option is therefore limited to those financial instruments falling into one of the following categories:

  a) where the fair value option designation eliminates or significantly reduces an accounting mismatch that would otherwise arise from measuring assets or liabilities or recognising the gains or losses on them on different bases;

  b) those that are part of a group of financial assets, financial liabilities, or both that are managed, and their performance is evaluated by management, on a fair value basis in accordance with a documented risk management or investment strategy; or

  c) those that contain one or more embedded derivatives, except if the embedded derivative does not modify significantly the associated cash flows or it is clear with little or no analysis that separation is prohibited.

Under the previous version of HKAS 39, entities could designate irrevocably on initial recognition any financial instrument as one to be measured at fair value with gains and losses recognised in profit or loss. The amendment restricts the use of the fair value option to financial instruments that meet certain conditions, making it more difficult to designate a financial instrument at fair value through profit or loss. Redesignation of the financial instrument previously designated as financial assets/liabilities at fair value through profit or loss is required from the date HKAS 39 was first adopted if the designation does not meet one of conditions set out in the amendment.

1.3.8 Amendments to HKAS 39, Financial Instruments: Recognition and Measurement & HKFRS 4, Insurance Contracts – Financial Guarantee Contracts
(effective for annual periods beginning on or after 1 January 2006)

- Specifies that financial guarantee contracts issued by an entity are within the scope of HKAS 39. However, if an issuer of financial guarantee contracts has previously asserted explicitly that it regards such contracts as insurance contracts and has used accounting applicable to insurance contracts, the issuer may elect to apply either HKAS 39 or HKFRS 4 to such financial guarantee contracts.

- The accounting treatment and disclosures are different depending on whether HKAS 39 or HKFRS 4 is applied.

- HKAS 39 treatment - financial guarantee contracts are recognised:

  - initially at fair value. If the financial guarantee contract was issued in a stand-alone arm's length transaction to an unrelated party, its fair value at inception is likely to equal the consideration received, unless there is evidence to the contrary.

  - subsequently at the higher of (i) the amount determined in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 *Revenue*. (If specified criteria are met, the issuer may use the fair value option in HKAS 39.)

The amendments address the accounting of financial guarantee contracts by the issuer. Unless the issuer has previously asserted explicitly that it regards such contracts as insurance contracts, the issuer is required to recognise a financial guarantee liability initially at the fair value of the financial guarantee contract.

1.3.9 Amendment to HKAS 1, Presentation of Financial Statements – Capital Disclosures
(effective for annual periods beginning on or after 1 January 2007)

- HKAS 1 was amended together with the release of HKFRS 7. The amendment adds requirements for disclosure of:
  - the entity's objectives, policies and processes for managing capital;
  - quantitative data about what the entity regards as capital;
  - whether the entity has complied with any capital requirements; and
  - if it has not complied, the consequences of such non-compliance.
- These disclosure requirements apply to all entities. Illustrative examples are provided within the amendment as guidance.

HKAS 1 does not define "capital" and acknowledges that an entity's "capital" may not equate to "equity" as defined by HKFRSs. However, it requires disclosure by the entity of its level of "capital" and how it manages it. The amendment brings in additional disclosures which are specific to the entity and these will need to be considered and drafted. The preparation of these disclosures can and should be started well before the year-end.

1.3.10 Revised Guidance on Implementing HKFRS 4, Insurance Contracts
(effective annual periods beginning on or after 1 January 2007)

- Applies only when an entity adopts HKFRS 7 *Financial Instruments.*
- The changes affect only the disclosure section of the guidance.

Those disclosures will require more detail about the nature and extent of risks arising from insurance contracts. The exercise to collate and draft all of these disclosures should be started well before the year-end.

1.3.11 HK (IFRIC) – Int 4, Determining whether an Arrangement contains a Lease
(effective for annual periods beginning on or after 1 January 2006)

- Addresses arrangements that do not take the legal form of a lease but which convey rights to use assets in return for a payment or series of payments (e.g. outsourcing arrangements).
- Specifies that an arrangement that meets the following criteria is, or contains, a lease that should be accounted for in accordance with HKAS 17 *Leases*, both from the lessee and lessor's perspective:
  - The fulfillment of the arrangement depends upon a specific asset (either explicitly or implicitly identified in the arrangement).
  - The arrangement conveys a right to control the use of the underlying asset. HK (IFRIC) – Int 4 provides further guidance to identify when this situation exists.

In recent years, arrangements that do not take the legal form of a lease but which convey rights to use assets in return for payments have developed (e.g. outsourcing arrangements, telecommunication contracts that provide rights to capacity etc). Entities with such arrangements will need to consider the new guidance and apply judgement to determine whether the substance of such arrangements are, or contain, leases.

1.3.12 HK (IFRIC) – Int 5, Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
(effective for annual periods beginning on or after 1 January 2006)

- Requires that if an entity recognises a decommissioning obligation under HKFRSs and contributes to a fund to segregate assets to pay for the obligation, it should determine whether the decommissioning fund should be consolidated, proportionately consolidated or accounted for under the equity method.
- When a fund is not consolidated, proportionately consolidated, or accounted for under the equity method, and that fund does not relieve the contributor of its obligation to pay decommissioning costs, the contributor should recognise:
    - its obligation to pay decommissioning costs as a liability, and
    - its rights to receive reimbursement from the fund as a reimbursement under HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.
- Requires a right to reimbursement to be measured at the lower of (i) the amount of the decommissioning obligation recognised and (ii) the contributor's share of the fair value of the net assets of the fund. Changes in the carrying amount of this right (other than contributions to and payments from the funds) should be recognised in profit or loss.

This interpretation is expected to have limited relevance in Hong Kong.

1.3.13 HK (IFRIC) – Int 6, Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment
(effective for annual periods beginning on or after 1 December 2005)

- Under the European Union's directive on Waste Electrical and Electronic Equipment, the obligation to contribute to waste management costs is allocated proportionately to producers of the relevant type of equipment who participate in the market during a specified period (the measurement period). The IFRIC was asked to determine what constitutes the obligating event for the recognition of a provision for the waste management costs.
- The IFRIC decided that the event that triggers liability recognition is participation in the market during a measurement period (and not the production of the equipment, nor the actual incurrence of waste management costs).

This interpretation is expected to have limited relevance in Hong Kong.

1.3.14 HK (IFRIC) – Int 7, Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies
(effective for annual periods beginning on or after 1 March 2006)

- HKAS 29 *Financial Reporting in Hyperinflationary Economies* requires that the financial statements of an entity that reports in the currency of a hyperinflationary economy should be stated in terms of the measuring unit current at the balance sheet date. Comparative figures for prior period(s) should be restated into the same current measuring unit. HK (IFRIC) - Int 7 contains guidance on how an entity would restate its financial statements in the first year it identifies the existence of hyperinflation in the economy of its functional currency.

The functional currencies of all significant subsidiaries should be assessed to determine whether they display the characteristics of a hyperinflationary economy. If the functional currency of a subsidiary is considered to be hyperinflationary, the process of restating the financial statements retrospectively is complex and time consuming and may require the subsidiary to access historical records evidencing the purchase of assets (which can prove difficult).

1.3.15 HK (IFRIC) – Int 8, Scope of HKFRS 2
(effective for annual periods beginning on or after 1 May 2006)

- Clarifies that HKFRS 2 *Share-based Payment* applies to arrangements where an entity makes share-based payments for nil or apparently inadequate consideration.
- Explains that, if the identifiable consideration given appears to be less than the fair value of the equity instruments granted or liability incurred, this situation typically indicates that other consideration has been or will be received.

It is expected that this interpretation will result in more share-based payment arrangements being recognised at fair value. For example, reporting entities may provide shares to a charitable organisation for nil consideration as a means of enhancing its corporate image. Although the entity cannot identify any specific goods or services received and estimate the fair value of those goods or services, the entity is still required to recognise and measure the share-based payment by reference to the fair value of the shares granted.

1.3.16 HK (IFRIC) – Int 9, Reassessment of Embedded Derivatives
(effective for annual periods beginning on or after 1 June 2006)

- Addresses whether an entity needs to reconsider its assessment of whether an embedded derivative needs to be separated after the initial recognition of the hybrid contract.
- Concludes that:
  - Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required.

The interpretation clarifies that entities do not need to continuously reassess whether the embedded derivatives should be separately recognised, for example when an entity changes its functional currency, reassessment is not permitted for any outstanding contracts or firm commitments which were considered closely related prior to the change of the entity's functional currency unless the terms of the contracts or firm commitment are changed significantly.

1.3.17 HK (IFRIC) – Int 10, Interim Financial Reporting and Impairment
(effective for annual periods beginning on or after 1 November 2006)

- Addresses a conflict between the requirements of HKAS 34 *Interim Financial Reporting* and those in HKAS 36 *Impairment of Assets* and HKAS 39 *Financial Instruments: Recognition and Measurement* on the recognition and reversal of impairment losses on goodwill and certain financial assets.
- Concludes that:
  - An entity shall not reverse an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an available-for-sale equity instrument or a financial asset carried at cost.
  - An entity shall not extend this consensus by analogy to other areas of potential conflict between HKAS 34 and other standards.

The interpretation will enhance consistency in practice due to the conflict between HKAS 34 and HKAS 36/HKAS 39.

1.4 Standards and interpretations already issued by the IASB but still to be approved by the HKICPA

New standard	Effective for accounting periods beginning on or after:
IFRS 8 Operating Segments	1 January 2009

New interpretations	Effective for accounting periods beginning on or after:
IFRIC 11, IFRS 2 – Group and Treasury Share Transactions	1 March 2007
IFRIC 12, Service Concession Arrangements	1 January 2008

1.4.1 IFRS 8, Operating Segments
(effective for annual periods beginning on or after 1 January 2009)

IFRS 8 replaces IAS 14 *Segment Reporting*. IFRS 8 requires an entity to report financial and descriptive information about its reportable segments, which are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance.

Upon adoption of IFRS 8, the identification of an entity's segments may or may not change, depending on how the entity has applied IAS 14 in the past. IAS 14 requires an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity's "system of internal financial reporting to key management personnel" serving only as the starting point for the identification of such segments. If under IAS 14 an entity identified its primary segments on the basis of the reports provided to the person whom IFRS 8 regards as the chief operating decision maker, those might become the 'operating segments' for the purposes of IFRS 8.

IFRS 8 requires the amount reported for each segment item to be the measure reported to the chief operating decision maker for the purposes of allocating resources to that segment and assessing its performance. In contrast to IAS 14, IFRS 8 does not define segment revenue, segment expense, segment result, segment assets and segment liabilities, nor does it require segment information to be prepared in conformity with the accounting policies adopted for the entity's financial statements. As a consequence, entities will have more discretion in determining what is included in segment profit or loss under IFRS 8, limited only by their internal reporting practices.

Under IFRS 8, additional entity-wide disclosures are prescribed that are required even when an entity has only one reportable segment. These include information about each product and service or groups of products and services. Analyses of revenues and certain non-current assets by geographical area are required – with an expanded requirement to disclose revenues/assets by individual foreign country (if material), irrespective of the identification of operating segments.

IFRS 8 also introduces a requirement to disclose information about transactions with major customers. If revenues from transactions with a single external customer amount to 10 per cent or more of the entity's revenues, the total amount of revenue from each such customer and the segment or segments in which those revenues are reported must be disclosed.

1.4.2 IFRIC 11 – IFRS 2 – Group and Treasury Share Transactions
(effective for annual periods beginning on or after 1 March 2007)

IFRIC 11 clarifies the application of IFRS 2 *Share-based Payment* to certain share-based payment arrangements involving the entity's own equity instruments and to arrangements involving equity instruments of the entity's parent. The IFRIC concluded that when an entity receives services as consideration for rights to its own equity instruments, the transaction should be accounted for as equity-settled. This is regardless of whether:

- the entity chooses or is required to purchase equity instruments to satisfy its obligation;
- the entity or its shareholder(s) grants the right; or
- the transaction is settled by the entity or by its shareholder(s).

Where a parent grants rights to its equity instruments to employees of its subsidiary, assuming the transaction is accounted for as an equity-settled share-based payment transaction in the consolidated financial statements, the subsidiary should measure the services received using the requirements for equity-settled transactions in IFRS 2, and should recognise a corresponding increase in equity as a contribution from the parent.

Where a subsidiary grants rights to equity instruments of its parent to its employees:

- the subsidiary has incurred a liability to transfer cash or other assets of the entity to its employees (being a liability to transfer equity instruments of its parent); and
- the subsidiary accounts for the transaction as a cash-settled share-based payment transaction.

1.4.3 IFRIC 12 – Service Concession Arrangements
(effective for annual periods beginning on or after 1 January 2008)

The interpretation addresses the accounting by private sector operators involved in the provision of public sector infrastructure assets and services, such as schools and roads. The Interpretation does not address the accounting for the government (grantor) side of such arrangements. The Interpretation states that for arrangements falling within its scope (essentially those where the infrastructure assets are not controlled by the operator), the infrastructure assets are not recognised as property, plant and equipment of the operator. Rather, depending on the terms of the arrangement, the operator will recognise:

- a financial asset (where the operator has an unconditional right to receive a specified amount of cash or other financial asset over the life of the arrangement); or
- an intangible asset (where the operator's future cash flows are not specified – e.g. where they will vary according to usage of the infrastructure asset); or
- both a financial asset and an intangible asset where the operator's return is provided partially by a financial asset and partially by an intangible asset.

1.5 New accounting guideline issued by the HKICPA

New accounting guideline	Effective date
AG 7, Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars	Effective for engagements where the investment circular is dated on or after 1 April 2006

1.5.1 AG 7, Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars
(effective for engagements where the investment circular is dated on or after 1 April 2006)

- The guideline is intended primarily for the purpose of assisting listed issuers or listing applicants in preparing and presenting the pro forma financial information which is required to be prepared in certain cases under the Listing Rules (e.g. an acquisition constituting a major transaction leads to the requirement for pro forma financial information for the enlarged group).

The guidance is intended primarily for the purpose of assisting directors of issuers in preparing and presenting pro forma financial information under the Listing Rules/GEM rules. However, it may also provide guidance on the preparation of pro forma information for inclusion of other investment circulars.

2. Listing Rules

2.1 Introduction

2006 has been a quiet year without many changes to the listing rules. The amendments published during the year include amendments to the rules relating to the composition of the Listing Committee and the Listing Nomination Committee, the regulation of sponsors and compliance advisors and the listing of structured products and some other minor and housekeeping changes. In addition, an announcement regarding the clarification of formal reporting requirements for profit forecasts by Main Board issuers was published in September 2006. Most of these amendments do not have a significant impact on listed issuers or new listing applicants. Some of the major changes which came into effect on 1 March 2006 are highlighted below:

2.2 Major changes from March 2006

2.2.1 Amendments to Listing Documents

- A new listing applicant is required to disclose, either in the form of a note to the accountants' report or in a separate accountants' report, the pre-acquisition financial information on material businesses/subsidiaries acquired during the trading record period if such acquisition would have been classified at the date of application as a major transaction or a very substantial acquisition. The pre-acquisition financial information to be disclosed refers to financial information from the commencement of the trading record period (or if the material subsidiary or business commenced its business after the commencement date of the trading record period, then from the date of the commencement of its business) to the date of acquisition, which should be prepared in conformity with accounting policies adopted by the new applicant. [LR 4.05A/GR 7.04A]

- A new listing applicant which has acquired or proposed to acquire any businesses or companies, which would at the date of application or such later date of acquisition before listing of the applicant be classified as a major subsidiary, must include in its listing document the pro forma financial information of the enlarged group. As a new listing applicant does not have any published audited consolidated financial statements, in order to classify the appropriate type of acquisitions, the rule has been amended to clarify that the latest audited consolidated financial statements in the accountants' report should be used for the classification testing. [LR 4.28/GR 7.30]

- The issuer must apply HKFRSs or IFRSs consistently and changing from one of those bodies of standards to the other in the accountant's report is not permitted. [LR 4.11/GR 7.12]

- A director of an issuer is required to disclose his directorships held in other listed companies in a prospectus. [App 1A.41(1)]

2.2.2 Amendments to Continuing Obligations

- Only the total assets test is applicable for the disclosure requirement of "advances to entities" and "financial assistance and guarantees to affiliated companies of an issuer" whereas five percentage ratio tests were applicable previously (i.e. Assets ratio, Profits ratio, Revenue ratio, Consideration ratio and Equity capital ratio). [LR 13.13 to 16/ GR 17.15 to18]

- Any trade receivable (other than as a result of the provision of financial assistance) which arose in the ordinary and usual course of business and was on normal commercial terms is excluded from the definition of "advances to entities". [LR 13.15A/GR 17.17A]

- A combined balance sheet of affiliated companies is required to be included in a listed company's annual or interim report if the financial assistance and guarantees to its affiliated companies exceeds a threshold under the relevant listing rule. It is clarified that such combination of balance sheets is not pro forma financial information as required under LR 4.29/GR 7.31. [LR 13.22/GR 17.24]

2.2.3 Additional Clarifications or Minor Changes to the Listing Rules

- Information required to be included in a circular of a disclosable transaction is no longer limited to transactions involving acquisitions or disposals of assets, but also to all other disclosable transactions, such as financial assistance. [LR 14.64(4)/GR 19.64(5)]

- Direct and indirect wholly owned subsidiaries of a listed company are not included in the definition of a “connected person”. [LR 14A.12/GR 20.12]

- The applicability of the intra-group transaction exemption is subject to the provison that none of the subsidiaries concerned is itself a connected person. [LR 14A.31(1)/GR 20.31]

- The existing interpretation of continuing connected transactions includes financial assistance. [LR 14A.14/GR 20.14]

- The definition of “subsidiary” has been changed to reflect the amendments made to the definition of “subsidiary” in the Hong Kong Companies Ordinance. [LR 1.01/GR 1.01]

2.2.4 Clarifications of Formal Reporting Requirements for Profit Forecasts by Main Board Issuers

- The Listing Rules do not require the release of a “profit forecast” (as defined by the Listing Rules). The requirement for the profit forecast to be reviewed by the reporting accountants is not triggered automatically when a profit forecast is made public by a Main Board issuer. A review and a public report by the reporting accountants is only necessary in circumstances where the profit forecast is included in a listing document, or an announcement or a circular issued in connection with a notifiable or connected transaction. In contrast, for the GEM Board, formal reporting by the reporting accountants applies whenever an announcement, advertisement or any other document contains a profit forecast. [GR 17.55]

2.2.5 Abolition of Listed Issuers’ Short-form Preliminary Results Announcements

- Short-form preliminary results announcements are currently submitted by listed issuers to the Stock Exchange. Starting from 1 December 2006, such practice has been terminated. Under the revised arrangement, each listed issuer will need to submit both the English and Chinese versions of its full preliminary results announcements, which are the same as the ones published in the newspapers, for posting on one of the Stock Exchange’s websites by no later than 9:00 pm on the day of the board meeting where the results are approved. Such submissions can be made either between 12:30 pm and 1:30 pm or after 4:15 pm on the day of the board meeting. Meanwhile, the Main Board listed issuers will continue to publish the full preliminary results announcements in two newspapers on the business day after the day of the board meeting where the results are approved.

Model financial statements

HKFRS Model Financial Statements 2006

The model financial statements of Hong Kong GAAP Limited are intended to illustrate the presentation and disclosure requirements of Hong Kong Financial Reporting Standards (HKFRSs), the Hong Kong Companies Ordinance and the Listing Rules. They also contain additional disclosures that are considered to be best practice, particularly where such disclosures are included in illustrative examples provided with a specific standard.

Hong Kong GAAP Limited is assumed to be listed on the Main Board of the Stock Exchange of Hong Kong Limited. For those entities listed on the Growth Enterprise Market, specific disclosure requirements are set out in the GEM Rules. These are largely consistent with the requirements of the Listing Rules and, for readers' convenience, cross-references to the GEM Rules have also been included in the model financial statements and the presentation and disclosure checklist.

Hong Kong GAAP Limited is assumed to have presented financial statements in accordance with HKFRSs for a number of years. Therefore, it is not a first-time adopter of HKFRSs. Readers should refer to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards* for specific requirements regarding an entity's first HKFRS financial statements, and to the HKFRS 1 section of the presentation and disclosure checklist included in this publication for details of the particular disclosure requirements applicable for first-time adopters.

The model financial statements do not include separate financial statements for the parent, which may be required by local laws or regulations, or may be prepared voluntarily. Where an entity presents separate financial statements that comply with HKFRSs, the requirements of HKAS 27 Consolidated and Separate Financial Statements will apply. A separate income statement, balance sheet, statement of changes in equity and cash flow statement for the parent will generally be required, together with supporting notes.

Suggested disclosures are cross-referenced to the underlying requirements in the texts of the relevant standards and interpretations, which are set out in the presentation and disclosure checklist.

Note that in these model financial statements, we have frequently included line items for which a nil amount is shown, so as to illustrate items that, although not applicable to Hong Kong GAAP Limited, are commonly encountered in practice. This does not mean that we have illustrated all possible disclosures. Nor should it be taken to mean that, in practice, entities are required to display line items for such "nil" amounts.

For the purposes of presenting the income statement, statement of changes in equity and cash flow statement, the various alternatives allowed under HKFRSs for those statements have been illustrated. Preparers should select the alternatives most appropriate to their circumstances.

Contents

Index to the notes to the consolidated financial statements

Source	Hong Kong GAAP Limited

Corporate information

Board of directors

Gary D.K. Wong, Chairman
Daniel D.D. Lee
Derek S.Y. Wong
Tiara Cheung
Florence K.Y. Tang
John Banks

Registered office

35th Floor, The Pacific Tower
33 Kingsway
Hong Kong

Company secretary

William Y.S. Lee

Registrars

Hong Kong Registrars Limited
Central
Hong Kong

Principal bankers

Wan Chai Banking Corporation
Kowloon Bank Limited

Auditors

Deloitte Touche Tohmatsu

Solicitors

Kwan, Lee & Wong

Source	Hong Kong GAAP Limited

Directors' business review

App 16.32
GR 18.41

Listed entities, whether listed on the Main Board or GEM, are required to present in their annual reports a separate statement containing a discussion and analysis of the entity's performance during the year and the material factors underlying its results and financial position.

Both the Listing Rules and the GEM Rules set out a number of matters on which, as a minimum, the directors should comment in their review, including:

- the group's liquidity and financial resources;
- the capital structure of the group;
- the state of the group's order book;
- significant investments held and their performance;
- details of material acquisitions and disposals during the year;
- comments on segmental information;
- the number and remuneration of employees;
- details of charges on group assets;
- details of future plans for material investments or capital assets and sources of funding;
- gearing ratio;
- foreign exchange exposure and any related hedges; and
- details of contingent liabilities.

There is no 'model' for such a review. The analysis should focus on the key issues for the particular reporting entity.

Source	Hong Kong GAAP Limited

Corporate governance report

App 16.34
App 23.1
App 23.2
GR18.44(2)
GR App 16.1
GR App 16.2

Listed entities, listed on the Main Board or GEM, are required to include a report on corporate governance practices in their annual reports.

The report should contain at a minimum information of the following matters:

- corporate governance practices;
- directors' securities transactions;
- the board of directors;
- chairman and chief executive officer;
- non-executive directors;
- remuneration of directors;
- nomination of directors;
- auditors' remuneration; and
- audit committee.

App 23.3
GR App 16.3

In addition, the report encourages disclosures regarding details of the following matters:

- share interests of senior management;
- shareholders' rights;
- investor relations;
- internal controls; and
- management functions.

There is no 'model' for a corporate governance report. The content of this report should reflect the corporate governance practices of the particular reporting entity.

The HKICPA published a guideline on internal controls titled "Internal Control and Risk Management – A Basic Framework" in order to provide guidance to entities on how to perform the review in relation to internal controls.

Source	Hong Kong GAAP Limited

App 16.12
GR 18.39

Profiles of directors and senior management

Executive directors

Gary D.K. Wong, Chairman and Managing Director

Mr. Gary D.K. Wong, 53, is a design engineer. He has been with the Group since its formation, holding a number of Board positions before becoming Managing Director in 1998.

Daniel D.D. Lee, Finance Director

Mr. Daniel D.D. Lee, 49, is a chartered accountant and holds a business degree from the University of Ontario. He joined the Board as Finance Director in 1999, having previously held senior positions in a number of manufacturing entities.

Derek S.Y. Wong

Mr. Derek S.Y. Wong, 44, is an executive director with special responsibility for product development. He is an electronic engineer with previous experience with multi-national conglomerates in the electronics industry. He joined the Board in 2002. Derek S.Y. Wong is a brother of Gary D.K. Wong.

Independent non-executive directors

Tiara Cheung

Ms. Tiara Cheung, 41, was appointed as a non-executive director in March 2000 and serves on the Audit Committee of the Company. She worked for a number of years in marketing and public relations positions with Secor Toys Limited before establishing a consultancy practice in 1995.

Florence K.Y. Tang

Ms. Florence K.Y. Tang, 54, is one of Hong Kong's leading residents with a distinguished record in the business community. She joined the Board as non-executive director in 2004 and serves on the Audit Committee of the Company. She is a member of the Hong Kong Development Corporation and of the Community Development Project.

John Banks

Mr. John Banks, 45, was appointed as a non-executive director in April 2004 and serves on the Audit Committee of the Company. He is a chartered accountant and has many years of experience in corporate finance. Mr. Banks holds directorships in a number of public companies in Hong Kong.

Senior management

GR 18.44

Bruno Gimeli

Mr. Bruno Gimeli, 46, is the chief executive. He is primarily responsible for sales and marketing. He held senior marketing positions with a number of Hong Kong companies before joining the Company in 2002.

Mr. William Y.S. Lee

William Y.S. Lee, 42, is the chief financial controller and the qualified accountant responsible for the financial reporting procedures and internal controls. He also acts as the company secretary, and as the compliance officer responsible for liaison with the Stock Exchange of Hong Kong Limited. He joined the Company in 2001. He is an associate of the Hong Kong Institute of Certified Public Accountants and the Hong Kong Institute of Company Secretaries.

Source	Hong Kong GAAP Limited

Directors' report

The directors present their annual report and the audited consolidated financial statements for the year ended 31 December 2006.

s129D(3)(a)

Principal activities

The Company acts as an investment holding company and provides corporate management services. The activities of its principal subsidiaries, associates and jointly controlled entities are set out in notes 57, 24 and 25 respectively to the consolidated financial statements.

In prior years, the Group was also engaged in the manufacture of bicycle and the construction businesses. These operations were discontinued in the current year (see note 11).

s129D(3)(b)
s129D(3)(c)

Results and appropriations

The results of the Group for the year ended 31 December 2006 are set out in the consolidated income statement on pages 35.

The directors now recommend the payment of a final dividend of HK26.31 cents per share to the shareholders on the register of members on 25 May, 2007, amounting to approximately HK$4.688 million, and the retention of the remaining profit for the year of approximately HK$17.864 million.

s129D(3)(f)

Fixed assets

Details of the movements during the year in the fixed assets of the Group are set out in note 18 to the consolidated financial statements.

s129D(3)(g)
App 16.10
GR 18.11
GR 18.12
GR 18.13
App 16.10(4)
GR 18.14

Share capital

Details of the movements during the year in the share capital of the Company are set out in note 42 to the consolidated financial statements.

During the year, the Company repurchased certain of its own shares through the Stock Exchange of Hong Kong Limited, details of which are set out in note 42 to the consolidated financial statements. The directors considered that, as the Company's shares were trading at a discount to the net asset value per share, the repurchases would increase the net asset value per share of the Company.

App 16.29
GR 18.37
GR 24.21
GR 25.33

Distributable reserves of the company

The Company's reserves available for distribution to shareholders as at 31 December 2006 comprised the retained profits of approximately HK$99 million (2005: HK$87 million).

Source	Hong Kong GAAP Limited
	Directors' report - continued
	Directors
s129D(3)(i)	The directors of the Company during the year and up to the date of this report were:
	Executive directors
	Gary D.K. Wong Daniel D.D. Lee Derek S.Y. Wong
	Independent non-executive directors
	Tiara Cheung Florence K.Y. Tang John Banks
	In accordance with the provisions of the Company's Articles of Association, Messrs. Daniel D.D. Lee retires by rotation and, being eligible, offers himself for re-election.
	Directors' service contracts
App 16.14 GR 18.24(1)	No director proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

Source	Hong Kong GAAP Limited

Directors' report - continued

App 16.13(1),(2)

Directors' and chief executive's interests in shares and share options

PN 5(3.2),(3.3)
GR18.15(1),(2)
GR 18.17
GR 18.17A

At 31 December 2006, the interests of certain directors and Mr. Bruno Gimeli, the chief executive of the Company and their associates in the shares and share options of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance, or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

Long positions

(a) Ordinary shares of HK$1 each of the Company

Name	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Directors			
Mr. Gary D.K. Wong	Beneficial owner	45,000	0.3%
	Held by spouse (Note 1)	35,000	0.2%
	Held by controlled corporation (Note 2)	10,570,000	59.3%
		10,650,000	59.8%
Mr. Daniel D.D. Lee	Beneficial owner	124,000	0.7%
	Held by spouse (Note 3)	4,000	0.02%
	Held by controlled corporation (Note 4)	249,000	1.4%
		377,000	2.12%

Source	Hong Kong GAAP Limited

Directors' report - continued

(b) Share options

Name	Capacity	Number of options held	Number of underlying shares
Directors			
Mr. Gary D.K. Wong	Beneficial owner	60,000	60,000
Mr. Daniel D.D. Lee	Held by spouse (Note 3)	40,000	40,000
	Held by controlled corporations (Note 4)	20,000	20,000
		120,000	120,000
Chief executive			
Mr. Bruno Gimeli	Beneficial owner	60,000	60,000

Notes:

1. Mr. Gary D.K. Wong is deemed to be interested in 35,000 ordinary shares of the Company, being the interest held beneficially by his spouse.

2. Mr. Gary D.K. Wong is deemed to be interested in 10,570,000 ordinary shares of the Company through the beneficial interests in the following corporations:

	Percentage of the issued share capital of the corporation	Number of shares held
ABC Inc.	35%	55,000
XYE Company Limited	35%	106,000
Group Holdings Limited	60%	10,409,000
		10,570,000

3. Mr. Daniel D.D. Lee is deemed to be interested in 4,000 ordinary shares of the Company and 40,000 options to acquire the shares of the Company, being the interests held beneficially by his spouse.

4. Mr. Daniel D.D. Lee beneficially owns 10,000 shares of HK$1 each in AAA Co. Ltd., representing approximately 40% of the issued share capital of that company. AAA Co. Ltd. beneficially owns 249,000 ordinary shares of the Company and 20,000 options to acquire shares of the Company.

App 16.13(2)
GR 18.15(2)

Other than the holdings disclosed above and nominee shares in certain subsidiaries held in trust for the Group, none of the directors, chief executive and their associates, had any interests or short positions in any shares, underlying shares or debenture of the Company or any of its associated corporations as at 31 December 2006.

Source	Hong Kong GAAP Limited

Directors' report - continued

Share options

The Company

LR 17.09
GR 23.09

Particulars of the Company's share option scheme are set out in note 53 to the consolidated financial statements.

LR 17.07
GR 23.07

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

PN 5(3.3)(1) Note 3
GR 18.17A(1) Note 3

PN 5(3.4)(1) Note 4
GR 18.17B(1) Note 3

	Option type	Outstanding at beginning of year	Granted during year	Exercised during year	Forfeited during year	Expired during year	Outstanding at end of year
Category 1: Directors and chief executive							
Mr. Gary D.K. Wong	2005A	80,000	-	(80,000)	-	-	-
	2005B	75,000	-	(75,000)	-	-	-
	2006	-	60,000	-	-	-	60,000
Mr. Daniel D.D. Lee	2005A	30,000	-	(30,000)	-	-	-
	2006	-	60,000	-	-	-	60,000
Mr. Bruno Gimeli	2006	-	60,000	-	-	-	60,000
Total directors and chief executive		185,000	180,000	(185,000)	-	-	180,000
Category 2: Substantial shareholders							
Mr. Francis F.G. Chan	2005A	15,000	-	(15,000)	-	-	-
Group Holdings Limited	2005A	15,000	-	(15,000)	-	-	-
Total substantial shareholders		30,000	-	(30,000)	-	-	-
Category 3: Employees							
	2005B	75,000	-	(75,000)	-	-	-
	2006	-	40,000	(24,000)	-	-	16,000
Total employees		75,000	40,000	(99,000)	-	-	16,000
Total all categories		290,000	220,000	(314,000)	-	-	196,000

LR 17.07(2)
GR 23.07(2)

The closing price of the Company's shares immediately before 31 March 2006, the date of grant of the 2006 options, was HK$1.15.

LR 17.07(3)

The closing price of the Company's shares immediately before the dates on which the share options were exercised was HK$ 1.69.

Source	Hong Kong GAAP Limited

Directors' report - continued

The subsidiary

LR 17.09
GR 23.09

Particulars of the share option scheme of Kowloon Limited, a subsidiary of the Company (listed on the GEM Board of the Stock Exchange of Hong Kong Limited), are set out in note 53 to the consolidated financial statements.

LR 17.07
GR 23.07

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

	Option type	Outstanding at beginning of year	Granted during year	Exercised during year	Forfeited during year	Expired during year	Outstanding at end of year
Employees	2005	746,000	-	-	-	-	746,000

s129D(3)(k)

Arrangements to purchase shares or debentures

Other than the option holdings disclosed above, at no time during the year was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

s129D(3)(j)
App 16.15
GR 18.25

Directors' interests in contracts of significance

No contract of significance to which the Company, its holding company, fellow subsidiaries or subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

s162A(1)(a)
s129D(3)(ia)

Management contract

A.B. Consultant Company Limited has a management services contract with the Group for a period of three years starting from 1 January 2005. Mr. Gary D.K. Wong is a director and controlling shareholder of that company which received management service fees amounting to HK$240,000 during the year.

Source	Hong Kong GAAP Limited

Directors' report - continued

App 16.13(3)
PN 5(3.2), (3.4)
GR 18.16
GR 18.17
GR 18.17B

Substantial shareholders

As at 31 December 2006, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the Securities and Futures Ordinance shows that other than the interests disclosed above in respect of certain directors and the chief executive, the following shareholders had notified the Company of relevant interests in the issued share capital of the Company.

Long positions

(a) Ordinary shares of HK$1 each of the Company

Name of shareholder	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Mr. Francis F.G. Chan	Held by controlled corporation (note)	2,263,000	12.7%
Group Holdings Limited	Beneficial owner	10,409,000	58.4%

(b) Share options

Name of shareholder	Capacity	Number of share options	Number of underlying shares
Mr. Francis F.G. Chan	Held by controlled corporation (note)	-	-
Group Holdings Limited	Beneficial owner	-	-

Note: Mr. Francis F.G. Chan beneficially owns 100 shares of HK$1 each in YZ Limited, representing approximately 60% of the issued share capital of that company. YZ Limited beneficially owns 2,263,000 ordinary shares of the Company.

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

Source	Hong Kong GAAP Limited

Directors' report - continued

Source	
App 16.12B GR 18.39B	**Appointment of independent non-executive directors** The Company has received, from each of the independent non-executive directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited. The Company considers all of the independent non-executive directors are independent.
App 16.8(1)&(2) LR 14A.45 LR 14A.46 GR 18.09(1),(2) GR 20.45 GR 20.46	**Connected transaction** On 5 January 2006, the Company acquired a property in Shatin from XYZ Company Limited, a company in which Mr. Gary D.K. Wong has a controlling interest. The consideration of HK$1,000,000 was based on an independent valuation carried out by Messrs R & P Trent, Chartered Surveyors.
LR 8.10(2)(b)&(c) GR 18.45 GR 11.04	**Interests in competitors** Mr. Derek S.Y. Wong holds a 80% interest in MNO Ltd., a company engaged in the manufacture of toys and which therefore competes with the Group in certain aspects of its business.
App 16.24B GR 18.29A	**Emolument policy** The emolument policy of the employees of the Group is set up by the Remuneration Committee on the basis of their merit, qualifications and competence. The emoluments of the directors of the Company are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics. The Company has adopted a share option scheme as an incentive to directors and eligible employees, details of the scheme is set out in note 53 to the consolidated financial statements.
App 16.20 GR 17.39 GR 17.27(2)	**Pre-emptive rights** There are no provisions for pre-emptive rights under the Company's bye-laws, or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.
App 16.34A LR 13.35	**Sufficiency of public float** The Company has maintained a sufficient public float throughout the year ended 31 December 2006.
s129D(3)(d),(e)	**Charitable donations** During the year, the Group made charitable donations amounting to HK$250,000.

Source	Hong Kong GAAP Limited

Directors' report - continued

App 16.31
GR 18.40

Major customers and suppliers

Details of the Group's transactions with its major suppliers and customers during the year are set out below:

An improvement in the economic climate during the past 18 months has given rise to the emergence of many small businesses. This increased competition has enabled the Group to source its raw material requirements from a number of companies at a fair market price. This has had the effect of reducing purchases from our largest supplier from 20% of total purchases in 2005 to 15% in the current year. In 2006, our 5 largest suppliers comprised 34% of our total purchases (2005: 39%), evidencing our purchasing department's commitment to ensuring that the Group is not dependent on any one supplier, and that our purchases are at a fair market price.

In 2006, our largest customer accounted for 22% of turnover (2005: 22%). The 5 largest customers remain the same as 2005, although their combined contribution to total sales has decreased slightly from 45% to 42% in the current year.

At no time during the year did a director, an associate of a director or a shareholder of the Company (which to the knowledge of the directors owns more than 5% of the Company's share capital) have an interest in any of the Group's five largest suppliers or customers.

s129D(3)(1)

Post balance sheet events

Details of significant events occurring after the balance sheet date are set out in note 55 to the consolidated financial statements.

Auditors

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

s129D(2)

On behalf of the Board

Gary D.K. Wong
Chairman

25 January 2007

Source	Hong Kong GAAP Limited
HKSA 700(18)	**Independent auditor's report**
	Deloitte. 德勤
HKSA 700(20)	To the members of Hong Kong GAAP Limited (incorporated in Bermuda with limited liability)
HKSA 700(22)	We have audited the consolidated financial statements of Hong Kong GAAP Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 35 to 135 which comprise the consolidated balance sheet as at 31 December 2006, and the consolidate income statement, the [consolidated statement of changes in equity/statement of recognised income and expense] and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.
	Directors' responsibility for the consolidated financial statements
HKSA 700(28)	The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.
	Auditor's responsibility
HKSA 700(32) HKSA 700(34) Professional Risk Management Bulletin No. 2	Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.
HKSA 700(37)	An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's 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 auditor considers internal control relevant to the entity's preparation and true and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.
HKSA 700(38)	We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.
	Opinion
s141(3) HKSA 700(39),(40)	In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2006 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.
HKSA 700(50)	Deloitte Touche Tohmatsu Certified Public Accountants
HKSA 700(57)	Hong Kong
HKSA 700(52)	25 January 2007

Source	Hong Kong GAAP Limited			
HKAS 1.8(b) HKAS 1.46(b),(c)	**Consolidated income statement** **for the year ended 31 December 2006**			**[Alt 1]**
HKAS 1.104 HKAS 1.46(d),(e)		**NOTES**	**2006** **HK$'000**	**2005** **HK$'000** **(restated)**
	Continuing operations			
HKAS 1.81(a)	Revenue	6	140,918	151,840
HKAS 1.88	Cost of sales		(87,899)	(91,840)
HKAS 1.83	Gross profit		53,019	60,000
HKAS 1.83	Investment income	8	3,608	2,351
HKAS 1.83	Other gains and losses		934	1,005
HKAS 1.88	Distribution expenses		(5,087)	(4,600)
HKAS 1.88	Administrative expenses		(16,422)	(19,572)
HKAS 1.81(c)	Share of profits of associates		1,186	1,589
HKAS 1.81(b)	Finance costs	9	(5,034)	(6,023)
HKAS 1.88	Other expenses		(2,656)	(2,612)
HKAS 1.83	Profit before tax		29,548	32,138
HKAS 1.81(d)	Income tax expense	10	(11,306)	(11,801)
HKAS 1.83	Profit for the year from continuing operations		18,242	20,337
	Discontinued operations			
HKAS 1.81(e) HKFRS 5.33(a)	Profit for the year from discontinued operations	11	8,310	9,995
HKAS 1.81(f)	**Profit for the year**	13	26,552	30,332
	Attributable to:			
HKAS 1.82(b)	Equity holders of the parent		22,552	27,569
HKAS 1.82(a) HKAS 27.33	Minority interests		4,000	2,763
			26,552	30,332
HKAS 33.66&67 App 16.4(1)(g) GR 18.50B(1)(m)	**Earnings per share**	17		
	From continuing and discontinued operations			
	Basic (HK cents per share)		100.45	119.84
	Diluted (HK cents per share)		94.62	119.12
	From continuing operations			
	Basic (HK cents per share)		63.44	76.39
	Diluted (HK cents per share)		59.77	75.85

Note: *The format outlined above aggregates expenses according to their function.*

Source	Hong Kong GAAP Limited			
HKAS 1.8(b) HKAS 1.46(b),(c)	**Consolidated income statement** **for the year ended 31 December 2006**			**[Alt 2]**
HKAS 1.104 HKAS 1.46(d),(e)		**NOTES**	**2006** **HK$'000**	**2005** **HK$'000** **(restated)**
	Continuing operations			
HKAS 1.81(a)	Revenue	6	140,918	151,840
HKAS 1.83	Investment income	8	3,608	2,351
HKAS 1.83	Other gains and losses		934	1,005
HKAS 1.88	Changes in inventories of finished goods and work in progress		(7,122)	2,118
HKAS 1.88	Raw materials and consumables used		(70,393)	(85,406)
HKAS 1.88	Employee benefits expense		(9,803)	(11,655)
HKAS 1.88	Depreciation and amortisation expense		(12,412)	(13,878)
HKAS 1.81(c)	Share of profits of associates		1,186	1,589
HKAS 1.81(b)	Finance costs	9	(5,034)	(6,023)
HKAS 1.88	Other expenses		(12,334)	(9,803)
HKAS 1.83	Profit before tax		29,548	32,138
HKAS 1.81(d)	Income tax expense	10	(11,306)	(11,801)
HKAS 1.83	Profit for the year from continuing operations		18,242	20,337
	Discontinued operations			
HKAS 1.81(e) HKFRS 5.33(a)	Profit for the year from discontinued operations	11	8,310	9,995
HKAS 1.81(f)	**Profit for the year**	13	26,552	30,332
	Attributable to:			
HKAS 1.82(b)	Equity holders of the parent		22,552	27,569
HKAS 1.82(a) HKAS 27.33	Minority interests		4,000	2,763
			26,552	30,332
	Earnings per share	17		
HKAS 33.66&67 App 16.4(1)(g) GR 18.50B(1)(m)	From continuing and discontinued operations			
	Basic (HK cents per share)		100.45	119.84
	Diluted (HK cents per share)		94.62	119.12
	From continuing operations			
	Basic (HK cents per share)		63.44	76.39
	Diluted (HK cents per share)		59.77	75.85

Note: The format outlined above aggregates expenses according to their nature.

Source	Hong Kong GAAP Limited			
HKAS 1.8(a) HKAS 1.46(b),(c)	**Consolidated balance sheet** **at 31 December 2006**			
HKAS 1.104 HKAS 1.46(d),(e)		**NOTES**	**2006** **HK$'000**	**2005** **HK$'000** **(restated)**
HKAS 1.51	**Non-current Assets**			
HKAS 1.68(a)	Property, plant and equipment	18	108,235	131,461
HKAS 1.69	Prepaid lease payments	19	2,900	3,000
HKAS 1.68(b)	Investment properties	20	136	132
HKAS 1.69	Goodwill	21	20,253	24,060
HKAS 1.68(c)	Other intangible assets	23	9,739	11,325
HKAS 1.68(e)	Interests in associates	24	8,425	7,269
HKAS 1.69	Held-to-maturity investments	26	2,059	1,658
HKAS 1.68(d), 69	Available-for-sale investments	27	8,140	7,858
HKAS 1.69	Finance lease receivables	28	830	717
HKAS 1.68(n), 70	Deferred tax assets	29	-	-
HKAS 1.68(d), 69	Other financial assets	30	212	140
			160,929	187,620
HKAS 1.51	**Current Assets**			
HKAS 1.68(g)	Inventories	31	18,884	21,794
HKAS 1.69	Finance lease receivables	28	198	188
HKAS 1.69(d), 69	Loan receivables	32	2,981	2,981
HKAS 1.69	Amounts due from directors	33	656	107
HKAS 1.68(h)	Trade and other receivables	34	18,350	16,062
HKAS 1.69	Amounts due from customers for contract work	35	240	230
HKAS 1.69	Tax recoverable		85	60
HKAS 1.69	Held-to-maturity investments	26	4,804	3,604
HKAS 1.68(d), 69	Held-for-trading investments	36	12,480	8,448
HKAS 1.68(d), 69	Other financial assets	30	316	257
HKAS 1.69	Pledged bank deposits	37	2,000	2,000
HKAS 1.68(i)	Bank balances and cash	37	18,199	17,778
			79,193	73,509
HKAS 1.68A(a) HKFRS 5.38	Assets classified as held for sale	12	22,336	-
			101,529	73,509
HKAS 1.51	**Current Liabilities**			
HKAS 1.69	Amounts due to customers for contract work	35	36	15
HKAS 1.68(j)	Trade and other payables	38	16,366	21,223
HKAS 1.68(m)	Tax liabilities		5,133	5,868
HKAS 1.69	Borrowings	39	21,899	25,168
HKAS 1.69	Obligations under finance leases	40	9	54
HKAS 1.68(k)	Provisions	41	3,461	3,247
HKAS 1.68(l), 69	Other financial liabilities	30	104	18
HKAS 1.69	Bank overdrafts	37	538	378
			47,546	55,971
HKAS 1.68A(b) HKFRS 5.38	Liabilities associated with assets classified as held for sale	12	3,684	-
			51,230	55,971
App 16.4(2)(d) GR 18.50B(2)(d)	**Net Current Assets**		50,299	17,538
App 16.4(2)(e) GR 18.50B(2)(e)	Total Assets less Current Liabilities		211,228	205,158

Source	Hong Kong GAAP Limited			
	Consolidated balance sheet at 31 December 2006 - continued			
		NOTES	**2006 HK$'000**	**2005 HK$'000 (restated)**
	Capital and Reserves			
HKAS 1.69	Share capital	42	17,819	23,005
HKAS 1.69	Share premium and reserves	43	129,216	124,029
HKAS 1.68(p)	Equity attributable to equity holders of the parent		147,035	147,034
HKAS 1.69	Share options reserve of a subsidiary		500	500
HKAS 1.68(o)	Minority interests		23,505	19,505
	Total Equity		171,040	167,039
HKAS 1.51	**Non-current Liabilities**			
HKAS 1.68(n), 70	Deferred tax liabilities	29	4,591	3,693
HKAS 1.69	Borrowings	39	28,642	31,713
HKAS 1.68(l), 69	Convertible loan notes	44	4,144	-
HKAS 1.69	Obligations under finance leases	40	5	35
HKAS 1.68(k)	Provisions	41	2,298	2,326
HKAS 1.69	Retirement benefit obligations	54	508	352
HKAS 1.68(l), 69	Other financial liabilities	30	-	-
			40,188	38,119
			211,228	205,158

HKAS 10.17

The consolidated financial statements on pages 35 to 135 were approved and authorised for issue by the board of directors on 25 January 2007 and are signed on its behalf by:

s129B(1)

Gary D.K. Wong
Chairman and managing director

Daniel D.D. Lee
Finance director

Source	Hong Kong GAAP Limited

HKAS 1.8(c)(i)
HKAS 1.46(b), (c)

Consolidated statement of changes in equity for the year ended 31 December 2006

[Alt 1]

Source		Share capital HK$'000	Share premium HK$'000	Convertible loan notes equity reserve HK$'000	Properties revaluation reserve HK$'000	Investments revaluation reserve HK$'000	Translation reserve HK$'000	Share options reserve HK$'000	Hedging reserve HK$'000	Retained profits HK$'000	Total HK$'000	Share options reserve of a subsidiary HK$'000	Minority interests HK$'000	Total HK$'000
HKAS 1.97(b), (c) HKAS 1.46(d), (e)		Attributable to equity holders of the parent												
HKAS1.96(d)	At 1 January 2005 as originally stated	23,005	26,474	-	51	470	140	-	258	73,917	124,315	-	16,742	141,057
	Effects of changes in accounting policies (see note 2)	-	-	-	-	-	-	-	-	(21)	(21)	-	-	(21)
	At 1 January 2005 as restated	23,005	26,474	-	51	470	140	-	258	73,896	124,294	-	16,742	141,036
HKAS 1.96(b)	Surplus on revaluation of properties	-	-	-	1,643	-	-	-	-	-	1,643	-	-	1,643
HKAS 1.96(b)	Gain on cash flow hedges	-	-	-	-	-	-	-	316	-	316	-	-	316
HKAS 1.96(b)	Gain on fair value changes of available-for-sale investments	-	-	-	-	81	-	-	-	-	81	-	-	81
HKAS 1.96(b)	Exchange differences arising on translation of foreign operations	-	-	-	-	-	85	-	-	-	85	-	-	85
HKAS 1.96(b)	Deferred tax	-	-	-	(493)	(24)	-	-	(95)	-	(612)	-	-	(612)
HKAS 1.96(b)	Net income recognised directly in equity	-	-	-	1,150	57	85	-	221	-	1,513	-	-	1,513
HKAS 1.96(a)	Profit for the year	-	-	-	-	-	-	-	-	27,569	27,569	-	2,763	30,332
HKAS 32.94(k)	Transfer to profit or loss on sale of available-for-sale investments	-	-	-	-	-	-	-	-	-	-	-	-	-
HKAS 32.59(b)	Transfer to profit or loss on cash flow hedges	-	-	-	-	-	-	-	(287)	-	(287)	-	-	(287)
HKAS 32.59(c)	Transfer to initial carrying amount of non-financial items on cash flow hedges	-	-	-	-	-	-	-	-	-	-	-	-	-
	Deferred tax transfer to profit or loss	-	-	-	-	-	-	-	86	-	86	-	-	86
HKAS 1.96(c)	Total recognised income for the year	-	-	-	1,150	57	85	-	20	27,569	28,881	-	2,763	31,644
HKAS 1.97(a)	Recognition of equity-settled share based payments	-	-	-	-	-	-	338	-	-	338	500	-	838
HKAS 1.97(a)	Dividends paid	-	-	-	-	-	-	-	-	(6,479)	(6,479)	-	-	(6,479)
	At 31 December 2005	23,005	26,474	-	1,201	527	225	338	278	94,986	147,034	500	19,505	167,039

Source	Hong Kong GAAP Limited

HKAS 1.8(c)(i)
HKAS 1.46(b), (c)

Consolidated statement of changes in equity for the year ended 31 December 2006

[Alt 1]

Source		Attributable to equity holders of the parent												
		Share capital HK$'000	**Share premium HK$'000**	**Convertible loan notes equity reserve HK$'000**	**Properties revaluation reserve HK$'000**	**Investments revaluation reserve HK$'000**	**Translation reserve HK$'000**	**Share options reserve HK$'000**	**Hedging reserve HK$'000**	**Retained profits HK$'000**	**Total HK$'000**	**Share options reserve of a subsidiary HK$'000**	**Minority interests HK$'000**	**Total HK$'000**
	At 1 January 2006	23,005	26,474	-	1,201	527	225	338	278	94,986	147,034	500	19,505	167,039
HKAS 1.96(b)	Gain on cash flow hedges	-	-	-	-	-	-	-	436	-	436	-	-	436
HKAS 1.96(b)	Gain on fair value changes of available-for-sale investments	-	-	-	-	94	-	-	-	-	94	-	-	94
HKAS 1.96(b)	Exchange differences arising on translation of foreign operations	-	-	-	-	-	(19)	-	-	-	(19)	-	-	(19)
HKAS 1.96(b)	Deferred tax	-	-	-	-	(28)	-	-	(131)	-	(159)	-	-	(159)
HKAS 1.96(b)	Net income (expenses) recognised directly in equity	-	-	-	-	66	(19)	-	305	-	352	-	-	352
HKAS 1.96(a)	Profit for the year	-	-	-	-	-	-	-	-	22,552	22,552	-	4,000	26,552
HKAS 32.59(b)	Transfer to profit or loss on cash flow hedges	-	-	-	-	-	-	-	(380)	-	(380)	-	-	(380)
HKAS 32.59(c)	Transfer to initial carrying amount of non-financial items on cash flow hedges	-	-	-	-	-	-	-	-	-	-	-	-	-
	Deferred tax transfer to profit or loss	-	-	-	-	-	-	-	114	-	114	-	-	114
	Transfer to profit or loss on disposal of foreign operation	-	-	-	-	-	(12)	-	-	-	(12)	-	-	(12)
HKAS 1.96(c)	Total recognised income and expense for the year	-	-	-	-	66	(31)	-	39	22,552	22,626	-	4,000	26,626
HKAS 1.97(a)	Recognition of equity-settled share based payments	-	-	-	-	-	-	206	-	-	206	-	-	206
HKAS 1.97(a)	Issue of ordinary shares upon exercise of share options	314	361	-	-	-	-	(361)	-	-	314	-	-	314
HKAS 1.97(a)	Transaction costs attributable to issue of new shares	-	(6)	-	-	-	-	-	-	-	(6)	-	-	(6)
HKAS 1.97(a)	Repurchase of shares	(5,500)	(10,848)	-	-	-	-	-	-	(555)	(16,903)	-	-	(16,903)
HKAS 1.97(a)	Transaction costs attributable to repurchase of shares	-	(193)	-	-	-	-	-	-	-	(193)	-	-	(193)
HKAS 1.97(a)	Issue of convertible loan notes	-	-	834	-	-	-	-	-	-	834	-	-	834
HKAS 1.97(a)	Dividends paid	-	-	-	-	-	-	-	-	(6,635)	(6,635)	-	-	(6,635)
HKAS 1.97(a)	Transfer to retained earnings	-	-	-	(3)	-	-	-	-	3	-	-	-	-
	Deferred tax	-	-	(242)	-	-	-	-	-	-	(242)	-	-	(242)
	At 31 December 2006	17,819	15,788	592	1,198	593	194	183	317	110,351	147,035	500	23,505	171,040

Note: See next page for the discussion of the format of the statement of changes in equity.

Source	Hong Kong GAAP Limited		
HKAS 1.8(c)(ii) HKAS 1.46(b),(c)	**Consolidated statement of recognised income and expense for the year ended 31 December 2006**		**[Alt 2]**
		2006 **HK$'000**	**2005** **HK$'000** **(restated)**
HKAS 1.96(b)	Surplus on revaluation of properties	-	1,643
HKAS 1.96(b)	Gain on cash flow hedges	436	316
HKAS 1.96(b)	Gain on fair value changes of available-for-sale investments	94	81
HKAS 1.96(b)	Exchange differences arising on translation of foreign operations	(19)	85
HKAS 1.96(b)	Actuarial gains (losses) on defined benefit plans (see note below)	-	-
HKAS 1.96(b)	Deferred tax	(159)	(612)
HKAS 1.96(b)	Net income (expenses) recognised directly in equity	352	1,513
HKAS 1.96(a)	Profit for the year	26,552	30,332
HKAS 32.94(k)	Transfer to profit or loss on sale of available-for-sale investments	-	-
HKAS 32.59(b)	Transfer to profit or loss on cash flow hedges	(380)	(287)
HKAS 32.59(c)	Transfer to initial carrying amount of non-financial items on cash flow hedges	-	-
	Deferred tax transfer to profit or loss	114	86
	Transfer to profit or loss on disposal of foreign operations	(12)	-
HKAS 1.96(c)	Total recognised income and expense for the year	26,626	31,644
HKAS 1.96(c)	Attributable to:		
	Equity holders of the parent	22,626	28,881
	Minority interests	4,000	2,763
		26,626	31,644
HKAS 1.96(d)	Effects of changes in accounting policies (see note 2)		
	Attributable to equity holders of the parent		
	- increase (decrease) in retained profits at the beginning of the year	-	(21)
	- Other [describe]	-	-
		-	(21)
	Attributable to minority interests	-	-
		-	(21)

Note: HKAS 1 requires that the financial statements should include a statement showing either all changes in equity, or changes in equity other than those arising from capital transactions with owners and distributions to owners. The above illustrates an approach which presents those changes in equity that represent income and expense in a separate component of the financial statements. If this method of presentation is adopted, a reconciliation of the opening and closing balances of share capital, reserves and retained profits is required to be provided in the explanatory notes (see notes 42 and 43). An alternative method of presenting changes in equity is illustrated on the previous page.

The format of the statement is generally an accounting policy choice. However, where the entity has selected the option available under paragraph 93A of HKAS 19, Employee Benefits, to recognise actuarial gains and losses outside profit or loss, those actuarial gains and losses are required to be presented in a statement of recognised income and expense as illustrated above. The entity is not permitted to present such changes in a statement of changes in equity as illustrated in Alt 1 on the previous pages.

Source	Hong Kong GAAP Limited			
HKAS 1.8(d) HKAS 1.46(b),(c)	**Consolidated cash flow statement for the year ended 31 December 2006**			**[Alt 1]**
HKAS 1.104		**NOTES**	**2006 HK$'000**	**2005 HK$'000 (restated)**
HKAS 1.46(d), (e) HKAS 7.10	**Operating activities**			
HKAS 7.18(b)	Profit for the year		26,552	30,332
	Adjustments for:			
	Income tax expense		14,466	14,799
	Finance costs		5,184	6,157
	Investment income		(3,608)	(2,351)
	Gain on disposal of property, plant and equipment		(6)	(67)
	Loss (gain) on fair value changes of investment property		6	(8)
	Gain on disposal of discontinued operations		(1,940)	-
	Impairment loss recognised in respect of trade receivables		40	420
	Share of profits of associates		(1,186)	(1,589)
	Depreciation and amortisation		14,179	17,350
	Amortisation of prepaid lease payments		100	100
	Impairment loss in respect of property, plant and equipment		1,204	-
	Impairment loss in respect of goodwill		15	-
	Net foreign exchange (gain) loss		(144)	68
	Equity-settled share-based payments expenses		206	838
	Development costs expensed		502	440
	Operating cash flows before movements in working capital		55,570	66,489
	(Increase) decrease in trade and other receivables		(3,943)	2,195
	Increase in inventories		(628)	(2,008)
	Increase in held-for-trading investments		(4,032)	(490)
	Decrease in trade and other payables		(713)	(2,627)
	Increase (decrease) in provisions		113	(262)
	Decrease in retirement benefit obligations		156	-
	Increase in amount due from (to) customers for contract work		11	-
	Other [describe]		-	-
HKAS 7.31 HKAS 7.35	Cash generated from operations		46,534	63,297
	Interest paid		(5,240)	(6,184)
	Income taxes paid		(13,619)	(10,038)
	Net cash generated by operating activities		27,675	47,075

Source	Hong Kong GAAP Limited			
HKAS 1.8(d) HKAS 1.46(b),(c)	**Consolidated cash flow statement** **for the year ended 31 December 2006 - continued**			**[Alt 1]**
		NOTES	**2006** **HK$'000**	**2005** **HK$'000** **(restated)**
HKAS 7.10	**Investing activities**			
	Purchase of available for sale investment		(188)	(3,762)
	Purchase of held-to-maturity investments		(1,489)	-
	Redemption of held-to-maturity investments		-	4,000
HKAS 7.31	Interest received		2,315	1,304
	Royalties and other investment income received		1,137	879
HKAS 7.31	Dividends received from associates		30	25
HKAS 7.31	Other dividends received		156	154
	Amounts advanced to related parties		(5,637)	(5,088)
	Proceeds from repayment of related party loans		5,088	2,355
	Purchase of property, plant and equipment		(22,983)	(11,902)
	Purchase of investment properties		(10)	(12)
	Increase in finance lease receivables		(123)	-
	Proceeds from disposal of property, plant and equipment		8,612	22,295
	Development costs paid		(508)	(798)
HKAS 7.39	Acquisition of subsidiaries	45	(622)	-
HKAS 7.39	Disposal of a subsidiary	46	7,566	-
	Net cash (used in) generated by investing activities		(6,656)	9,450
HKAS 7.10	**Financing activities**			
	Proceeds from issue of ordinary shares		314	-
	Proceeds from issue of convertible loan notes		4,950	-
	Payment for share issue expenses		(6)	-
	Payment for repurchase of shares to:			
	- equity holders of the parent		(16,903)	-
	- minority interests		-	-
	Payment for share repurchase expenses		(193)	-
	Proceeds from borrowings		15,000	12,265
	Repayment of borrowings		(16,403)	(61,622)
	Payment for debt issue costs		(595)	-
	Repayment of obligations under finance leases		(75)	(88)
	Proceeds from settlement of derivatives		130	237
	Payment for settlement of derivatives		(119)	(277)
HKAS 7.31	Dividends paid to:			
	- equity holders of the parent		(6,635)	(6,479)
	- minority interests		-	-
	Net cash used in financing activities		(20,535)	(55,964)
	Net increase in cash and cash equivalents		484	561
	Cash and cash equivalents at the beginning of the financial year		17,400	16,864
HKAS 7.28	Effects of exchange rate changes on the balance of cash held in foreign currencies		(48)	(25)
HKAS 7.45	**Cash and cash equivalents at the end of the financial year**	47	17,836	17,400

Note: The above illustrates the indirect method of reporting cash flows from operating activities.

Source	Hong Kong GAAP Limited			
HKAS 1.8(d) HKAS 1.46(b),(c)	**Consolidated cash flow statement** **for the year ended 31 December 2006**			**[Alt 2]**
HKAS 1.104		**NOTES**	**2006** **HK$'000**	**2005** **HK$'000** **(restated)**
HKAS 1.46(d), (e) HKAS 7.10	**Operating activities**			
HKAS 7.18(a)	Receipts from customers		211,434	214,487
	Payments to suppliers and employees		(160,957)	(150,990)
	Net cash outflow for held for trading investments		(3,943)	(200)
	Cash generated from operations		46,534	63,297
HKAS 7.31	Interest paid		(5,240)	(6,184)
HKAS 7.35	Income taxes paid		(13,619)	(10,038)
	Net cash generated by operating activities		27,675	47,075
HKAS 7.10	**Investing activities**			
	Purchase of available for sale investment		(188)	(3,762)
	Purchase of held-to-maturity investments		(1,489)	-
HKAS 7.31	Redemption of held-to-maturity investments		-	4,000
	Interest received		2,315	1,304
	Royalties and other investment income received		1,137	879
HKAS 7.31	Dividends received from associates		30	25
HKAS 7.31	Other dividends received		156	154
	Amounts advanced to related parties		(5,637)	(5,088)
	Proceeds from repayment of related party loans		5,088	2,355
	Purchase of property, plant and equipment		(22,983)	(11,902)
	Purchase of investment properties		(10)	(12)
	Increase in finance lease receivables		(123)	-
	Proceeds from disposal of property, plant and equipment		8,612	22,295
	Development costs paid		(508)	(798)
HKAS 7.39	Acquisition of subsidiaries	45	(622)	-
HKAS 7.39	Disposal of a subsidairy	46	7,566	-
	Net cash (used in) generated by investing activities		(6,656)	9,450

Source	Hong Kong GAAP Limited			
	Consolidated cash flow statement			
	for the year ended 31 December 2006 - continued			**[Alt 2]**
		NOTES	**2006 HK$'000**	**2005 HK$'000 (restated)**
HKAS 7.10	**Financing activities**			
	Proceeds from issues of equity shares		314	-
	Proceeds from issue of convertible loan notes		4,950	-
	Payment for share issue expenses		(6)	-
	Payment for repurchase of shares to:			
	- equity holders of the parent		(16,903)	-
	- minority interests		-	-
	Payment for shares repurchase expenses		(193)	-
	Proceeds from borrowings		15,000	12,265
	Repayment of borrowings		(16,403)	(61,622)
	Payment for debt issue costs		(595)	-
	Repayment of obligations under finance leases		(75)	(88)
	Proceeds from settlement of derivatives		130	237
	Payment for settlement of derivatives		(119)	(277)
HKAS 7.31	Dividends paid to:			
	- equity holders of the parent		(6,635)	(6,479)
	- minority interests		-	-
	Net cash used in financing activities		(20,535)	(55,964)
	Net increase in cash and cash equivalents		484	561
	Cash and cash equivalents at the beginning of the financial year		17,400	16,864
HKAS 7.28	Effects of exchange rate changes on the balance of cash held in foreign currencies		(48)	(25)
HKAS 7.45	**Cash and cash equivalents at the end of the financial year**	47	17,836	17,400

Note: The above illustrates the direct method of reporting cash flows from operating activities.

Source	Hong Kong GAAP Limited
HKAS 1.8(e) HKAS 1.46(b),(c)	**Notes to the consolidated financial statements** **for the year ended 31 December 2006**
	1. General
s129A(1) HKAS1.126(a),(c) HKAS 24.12	The Company was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on the Stock Exchange of Hong Kong Limited. Its parent is Group Holdings Limited (incorporated in the British Virgin Islands). The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section of the annual report.
HKAS 21.53	The consolidated financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Company.
HKAS 1.126(b)	The principal activities of the Company and its subsidiaries (the "Group") are the manufacture and sale of widgets and toys. The Group was also engaged in the manufacture of bicycles and construction businesses, which were discontinued in the current year (see note 11).
HKAS 1.38 HKAS 8.28 Sch 10: 17(6)(b) App 16 Note 2.2 GR 18.04 Note	**2. Application of new and revised Hong Kong Financial Reporting Standards ("HKFRSs")** In the current year, the Group has applied, for the first time, a number of new standard, amendments and interpretations (the "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which are either effective for accounting periods beginning on or after 1 December 2005 or 1 January 2006. The adoption of the new HKFRSs has resulted in changes to the Group's accounting policies in the following areas that affected the amounts reported for the current or prior accounting periods:
	Financial guarantee contracts
HKAS 8.28(a)	In the current year, the Group has applied Hong Kong Accounting Standard ("HKAS") 39 and HKFRS 4 (Amendments) *Financial Guarantee Contracts* which is effective for annual periods beginning on or after 1 January 2006.
	A financial guarantee contract is defined by HKAS 39 *Financial Instruments: Recognition and Measurement* as "a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument".
	Prior to 1 January 2006, financial guarantee contracts were not accounted for in accordance with HKFRS 4 *Insurance Contract* and those contracts were disclosed as contingent liabilities. A provision for financial guarantee was only recognised when it was probable that an outflow of resources would be required to settle the financial guarantee obligation and the amount can be estimated reliably.
HKAS 8.28(c)	Upon the application of these amendments, a financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount determined in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 *Revenue*.
HKAS 8.28(f)	In relation to a financial guarantee granted to a supplier over the repayment of a loan by the supplier, the Group has applied the transitional provisions of HKAS 39. The fair value of the financial guarantee contract and the cumulative amortisation (net of tax) as at 1 January 2005 of HK$21,000 has been adjusted to retained profits. A financial guarantee liability amounted to HK$30,000, representing the unamortised amount of the financial guarantee contract as at 1 January 2005, and the related deferred tax asset of HK$9,000 were also recognised on 1 January 2005. This change in accounting policy has resulted in an increase in profit for the year amounted to HK$10,000 (2005: HK$11,000). These changes affect the "other gains and losses" and "income tax expense" line item in the consolidated income statement.

Source	Hong Kong GAAP Limited

Notes to the consolidated financial statements
for the year ended 31 December 2006 - continued

Fair value option

HKAS 8.28(a)

In the current year, the Group has applied HKAS 39 (Amendment) *The Fair Value Option* which is effective for annual periods beginning on or after 1 January 2006.

Prior to 1 January 2006, the Group designated certain financial instruments as at fair value through profit or loss.

Financial assets previously designated as at fair value through profit or loss reclassified as available-for-sale investments

HKAS 8.28(c)

The amendment permits designating a financial asset or financial liability as at fair value through profit or loss only when certain conditions are met. Upon the application of this amendment, the Group has reclassified certain equity instruments with a carrying amount of HK$1.894 million as at 1 January 2005 as available-for-sale investments as these investments do not meet the conditions to be classified as at fair value through profit or loss.

HKAS 8.28(f)

This change in accounting policy has resulted in a decrease in profit for the year amounted to HK$8,000 (2005: HK$5,000). The decrease in profit for the year affects the line item "other gains and losses" in the consolidated income statement.

HKAS 8.28(f)

SUMMARY OF THE EFFECTS OF THE CHANGES IN ACCOUNTING POLICIES

The effect of changes in accounting policies described above on the results for the current and prior period are as follows:

	2006 HK$'000	2005 HK$'000
Income from amortisation of financial guarantee contracts	12	12
Decrease in gain on fair value changes of investments previously designated as at fair value through profit or loss	(8)	(5)
Increase in deferred taxation expense	(2)	(1)
Increase in profit for the year	2	6

Analysis of increase in profit for the year by line item presented according to function

	2006 HK$'000	2005 HK$'000
Increase in other gains and losses	4	7
Increase in income tax expense	(2)	(1)
Increase in profit for the year	2	6

Source	Hong Kong GAAP Limited

Notes to the consolidated financial statements
for the year ended 31 December 2006 - continued

HKAS 8.28(f)

The cumulative effect of the application of the new HKFRSs as at 31 December 2005 is summarised below:

Balance sheet items	As at 31 December 2005 (originally stated) HK$'000	Adjustments HK$'000	As at 31 December 2005 (restated) HK$'000
Available-for-sale investments	5,959	1,899	7,858
Investments designated as at fair value through profit or loss	1,899	(1,899)	-
Other financial liabilities	-	(18)	(18)
Deferred tax liabilities	(3,701)	8	(3,693)
Total effects on assets and liabilities	4,157	(10)	4,147
Retained profits	95,001	(15)	94,986
Investments revaluation reserve	522	5	527
Total effects on equity	95,523	(10)	95,513

The effects of the application of the new HKFRSs on the Group's equity at 1 January 2005 are summarised below:

	As at 1 January 2005 (originally stated) HK$'000	Adjustment HK$'000	As at 1 January 2005 (restated) HK$'000
Retained profits, total effects on equity	73,917	(21)	73,896

The Group has not early applied the following new standard, amendment or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these new standard, amendment or interpretations will have no material impact on the results and the financial position of the Group.

HKAS 8.30
HKAS 8.31

HKAS 1 (Amendment)	Capital Disclosures[1]
HKFRS 7	Financial Instruments: Disclosures[1]
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies[2]
HK(IFRIC)-Int 8	Scope of HKFRS 2[3]
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives[4]
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment[5]

[1] Effective for annual periods beginning on or after 1 January 2007
[2] Effective for annual periods beginning on or after 1 March 2006
[3] Effective for annual periods beginning on or after 1 May 2006
[4] Effective for annual periods beginning on or after 1 June 2006
[5] Effective for annual periods beginning on or after 1 November 2006

Note: *This listing is complete as at 25 January 2007. The potential impact of any new or revised standards and interpretations released by the HKICPA after that date, but before the issue of the financial statements, should also be considered and disclosed.*

Source	Hong Kong GAAP Limited

Notes to the consolidated financial statements
for the year ended 31 December 2006 - continued

HKAS 1.103(a)
HKAS 1.108
HKAS 1.14
App 16.5
GR 18.19

3. Significant accounting policies

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at revalued amounts or fair values, as explained in the accounting policies set out below.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

Basis of consolidation

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

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

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

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

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under HKFRS 3 *Business Combinations* are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Source	Hong Kong GAAP Limited

Notes to the consolidated financial statements for the year ended 31 December 2006 - continued

Goodwill

Goodwill arising on acquisitions prior to 1 January 2005

Goodwill arising on an acquisition of a subsidiary or a jointly controlled entity for which the agreement date is before 1 January 2005 represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of the relevant subsidiary or the relevant jointly controlled entity at the date of acquisition.

For previously capitalised goodwill arising on acquisitions of subsidiaries, the Group has discontinued amortisation from 1 January 2005 onwards, and such goodwill (net of cumulative amortisation as at 31 December 2005) is tested for impairment annually, and whenever there is an indication that the cash generating unit to which the goodwill relates may be impaired (see the accounting policy below).

Goodwill arising on acquisitions on or after 1 January 2005

Goodwill arising on an acquisition of a subsidiary or a jointly controlled entity (which is accounted for using proportionate consolidation) for which the agreement date is on or after 1 January 2005 represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the relevant subsidiary or jointly controlled entity at the date of acquisition. Such goodwill is carried at cost less any accumulated impairment losses.

Capitalised goodwill arising on an acquisition of a subsidiary or a jointly controlled entity is presented separately in the consolidated balance sheet.

For the purposes of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the consolidated income statement. An impairment loss for goodwill is not reversed in subsequent periods.

On subsequent disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill capitalised is included in the determination of the amount of profit or loss on disposal.

Source	Hong Kong GAAP Limited

Notes to the consolidated financial statements
for the year ended 31 December 2006 - continued

Investments in associates

An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any identified impairment loss. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

HKAS 31.57 — Jointly controlled entities

Joint venture arrangements that involve the establishment of a separate entity in which venturers have joint control over the economic activity of the entity are referred to as jointly controlled entities.

The Group recognises its interests in jointly controlled entities using proportionate consolidation. The Group's share of each of the assets, liabilities, income and expenses of the jointly controlled entities are combined with the Group's similar line items, line by line, in the consolidated financial statements.

Any goodwill arising on the acquisition of the Group's interest in a jointly controlled entity is accounted for in accordance with the Group's accounting policy for goodwill arising on the acquisition of a subsidiary (see above).

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

When a group entity transacts with a jointly controlled entity of the Group, unrealised profits or losses are eliminated to the extent of the Group's interest in the jointly controlled entity, except to the extent that unrealised losses provide evidence of an impairment of the asset transferred, in which case, the full amount of losses is recognised.

Source	Hong Kong GAAP Limited

Notes to the consolidated financial statements for the year ended 31 December 2006 - continued

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of the assets' (disposal groups') previous carrying amount and fair value less costs to sell.

HKAS 18.35(a)
Sch 10:16(4)

Revenue recognition

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

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

Service income is recognised when services are provided.

Revenue from construction contracts is recognised in accordance with the Group's accounting policy on construction contracts (see below).

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

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Royalty revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement. Royalties determined on a time basis are recognised on a straight-line basis over the period of the agreement. Royalty arrangements that are based on production, sales and other measures are recognised by reference to the underlying arrangement.

Source	Hong Kong GAAP Limited

Notes to the consolidated financial statements
for the year ended 31 December 2006 - continued

HKAS 16.73(a),(b)

Property, plant and equipment

Property, plant and equipment other than freehold land are stated at cost or fair value less subsequent depreciation and impairment losses.

Buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated balance sheet at their revalued amounts, being the fair value at the date of revaluation less any subsequent accumulated depreciation and any subsequent accumulated impairment losses. Freehold land is stated at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date.

Any revaluation increase arising on revaluation of freehold land and buildings is credited to the properties revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised as an expense, in which case the increase is credited to the consolidated income statement to the extent of the decrease previously charged. A decrease in net carrying amount arising on revaluation of an asset is dealt with as an expense to the extent that it exceeds the balance, if any, on the properties revaluation reserve relating to a previous revaluation of that asset. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus is transferred to retained profits.

Depreciation is provided to write off the cost or fair value of items of property, plant and equipment other than freehold land over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

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

HKAS 40.75(a)

Investment properties

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

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

Source	Hong Kong GAAP Limited

Notes to the consolidated financial statements
for the year ended 31 December 2006 - continued

HKAS 11.39(b),(c)

Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Leasing

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

The Group as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised in the consolidated income statement on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see below).

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Leasehold land

Interest in leasehold land is amortised over the lease term on a straight-line basis.

Source	Hong Kong GAAP Limited

Notes to the consolidated financial statements
for the year ended 31 December 2006 - continued

Sch 10:12(14)

Foreign currencies

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

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences arising on a monetary item that forms part of the Company's net investment in a foreign operation, in which case, such exchange differences are recognised in equity in the consolidated financials statements. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the exchange differences are also recognised directly in equity.

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

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the balance sheet date. Exchange differences arising are recognised in the translation reserve.

HKAS 23.29(a)

Borrowing costs

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

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

HKAS 20.39(a)

Government grants

Government grants are recognised as income over the periods necessary to match them with the related costs. Grants related to depreciable assets are presented as deferred income and are released to income over the useful lives of the assets. Grants related to expense items are recognised in the same period as those expenses are charged in the consolidated income statement and are deducted in reporting the related expense.

Source	Hong Kong GAAP Limited

Notes to the consolidated financial statements
for the year ended 31 December 2006 - continued

HKAS 19.120A(a) Retirement benefit costs

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

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses which exceed 10 per cent of the greater of the present value of the Group's pension obligations and the fair value of plan assets are amortised over the expected average remaining working lives of the participating employees. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the amended benefits become vested.

The amount recognised in the consolidated balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service cost, and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to unrecognised actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

Sch 10:12(15) Taxation

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

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

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

Source	Hong Kong GAAP Limited

Notes to the consolidated financial statements
for the year ended 31 December 2006 - continued

Intangible assets

Intangible assets acquired separately

HKAS 38.118(b) Intangible assets acquired separately and with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives. Alternatively, intangible assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment losses below).

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated income statement when the asset is derecognised.

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development expenditure is recognised only if it is anticipated that the development costs incurred on a clearly-defined project will be recovered through future commercial activity. The resultant asset is amortised on a straight-line basis over its useful life, and carried at cost less subsequent accumulated amortisation and any accumulated impairment losses.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria. Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

HKAS 38.118(b) Subsequent to initial recognition, internally-generated intangible asset is reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date.

HKAS 38.118(b) Subsequent to initial recognition, intangible assets with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives. Alternatively, intangible assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment losses below).

Impairment

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually by comparing their carrying amounts with their recoverable amounts, irrespective of whether there is any indication that they may be impaired. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

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

Intangible assets with finite useful lives are tested for impairment when there is an indication that an asset may be impaired (see the accounting policies in respect of impairment losses for tangible and intangible assets below).

Source	Hong Kong GAAP Limited

Notes to the consolidated financial statements
for the year ended 31 December 2006 - continued

HKAS 2.36(a)

Inventories

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

HKAS 32.60(b)
HKAS 32.61
HKAS 32.66(a)to(c)

Financial instruments

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

Financial assets

The Group's financial assets are classified into one of the four categories, including financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. The accounting policies adopted in respect of each category of financial assets are set out below.

Financial assets at fair value through profit or loss

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

HKAS 32.66(d)
HKAS 39.9(b)(i)
HKAS 39.9(b)(ii)
HKAS 39.11A
HKAS 39.12

A financial asset other than a financial asset held for trading may be designated as at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

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

Source	Hong Kong GAAP Limited

Notes to the consolidated financial statements
for the year ended 31 December 2006 - continued

Loans and receivables

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

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. At each balance sheet date subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less any identified impairment losses. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed on initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments. At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in profit or loss. Any impairment losses on available-for-sale financial assets are recognised in profit or loss. Impairment losses on available-for-sale equity investments will not reverse in profit or loss in subsequent periods. For available-for-sale debt investments, impairment losses are subsequently reversed if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses at each balance sheet date subsequent to initial recognition. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired. The amount of the impairment loss is measured as the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses will not reverse in subsequent periods.

Source	Hong Kong GAAP Limited

Notes to the consolidated financial statements
for the year ended 31 December 2006 - continued

Financial liabilities and equity

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

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. The Group's financial liabilities are generally classified into financial liabilities at fair value through profit or loss and other financial liabilities The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

Financial liabilities at fair value through profit or loss

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

HKAS 32.66(d)
HKAS 39.9(b)(i)
HKAS 39.9(b)(ii)
HKAS 39.11A
HKAS 39.12

A financial liability other than a financial liability held for trading may be designated as at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

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

Other financial liabilities

Other financial liabilities (including bank and other borrowings, trade payables and other payables) are subsequently measured at amortised cost, using the effective interest method.

Source	Hong Kong GAAP Limited

Notes to the consolidated financial statements
for the year ended 31 December 2006 - continued

Convertible loan notes

Convertible loan notes issued by the Company that contain both the liability and conversion option components are classified separately into respective items on initial recognition. Conversion option will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest rate of similar non-convertible debts. The difference between the proceeds of the issue of the convertible loan notes and the fair value assigned to the liability component, representing the conversion option for the holder to convert the loan notes into equity, is included in equity (convertible loan notes equity reserve).

In subsequent periods, the liability component of the convertible loan notes is carried at amortised cost using the effective interest method. The equity component, represented by the option to convert the liability component into ordinary shares of the Company, will remain in convertible loan notes equity reserve until the conversion option is exercised (in which case the balance stated in convertible loan notes equity reserve will be transferred to share premium). Where the option remains unexercised at the expiry date, the balance stated in convertible loan notes equity reserve will be released to the retained profits. No gain or loss is recognised in profit or loss upon conversion or expiration of the option.

Transaction costs that relate to the issue of the convertible loan notes are allocated to the liability and equity components in proportion to the allocation of the proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and amortised over the period of the convertible loan notes using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Consideration paid to reacquire the Company's own equity instruments are deducted from equity. No gain or loss is recognised in profit or loss.

HKAS 32.60(b)

Derivative financial instruments and hedging

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Group designates certain derivatives as either hedges of the fair value of fixed-rate bank borrowings (fair value hedges) and hedges of highly probable forecast transactions for foreign currency exposure (cash flow hedges), or hedges of net investments in foreign operations.

Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

Source	Hong Kong GAAP Limited

Notes to the consolidated financial statements
for the year ended 31 December 2006 - continued

Hedge accounting

The Group designates certain derivatives as hedging instruments as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations.

At the inception of the hedging relationship the entity documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss immediately, together with any changes in the fair value of the hedged item that is attributable to the hedged risk.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. The adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts deferred in equity are recycled in profit or loss in the periods when the hedged item is recognised in profit or loss. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss deferred in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in profit or loss.

Hedges of net investments in foreign operations

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in equity in the translation reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Gains and losses deferred in the translation reserve are recognised in profit or loss on disposal of the foreign operation.

Source	Hong Kong GAAP Limited

Notes to the consolidated financial statements
for the year ended 31 December 2006 - continued

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designed as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contact at the higher of: (i) the amount determined in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 *Revenue*.

Derecognition

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

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

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

Contingent liabilities acquired in a business combination

Contingent liabilities acquired in a business combination are initially measured at fair value at the date of acquisition. At subsequent balance sheet date, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation (if appropriate).

Source	Hong Kong GAAP Limited

Notes to the consolidated financial statements
for the year ended 31 December 2006 - continued

LR 17.08
GR 23.08

Share-based payment transactions

Equity-settled share-based payment transactions

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

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

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

For share options granted to suppliers in exchange for goods or services, they are measured at the fair value of the goods or services received. The fair values of the goods or services are recognised as expenses immediately, unless the goods or services qualify for recognise as assets. Corresponding adjustments have been made to equity.

Cash-settled share-based payment transactions

For cash-settled share-based payments, the Group measures the goods or services acquired and the liability incurred at the fair value of the liability. At each balance sheet date, the liability is remeasured at its fair value until the liability is settled, with any changes in fair value recognised in profit or loss.

Impairment losses (other than goodwill, intangible assets with indefinite useful lives and intangible assets that are not yet available for use (see the accounting policies in respect of goodwill and intangible assets above))

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

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

Source	Hong Kong GAAP Limited

Notes to the consolidated financial statements
for the year ended 31 December 2006 - continued

4. Critical accounting judgements and key sources of estimation uncertainty

Note: The following are examples of the types of disclosures that might be required in this area. The matters disclosed will be dictated by the circumstances of the individual entity, and by the significance of judgements and estimates made to the results and financial position of the entity.

In the application of the Group's accounting policies, which are described in note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

HKAS 1.113

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in consolidated financial statements.

Revenue recognition

Note 13 describes the expenditure required in the year for rectification work carried out on goods supplied to one of the Group's major customers. These goods were delivered to the customer in the months of January to July 2006, and shortly thereafter the defects were identified by the customer. Following negotiations, a schedule of works was agreed, which will involve expenditure by the Group until 2008. In the light of the problems identified, management was required to consider whether it was appropriate to recognise the revenue from these transactions of HK$39 million in the current period, in line with the Group's general policy of recognising revenue when goods are delivered, or whether it was more appropriate to defer recognition until the rectification work was complete.

In making its judgement, management considered the detailed criteria for the recognition of revenue from the sale of goods set out in HKAS 18 *Revenue* and, in particular, whether the Group had transferred to the buyer the significant risks and rewards of ownership of the goods. Following the detailed quantification of the Group's liability in respect of rectification work, and the agreed limitation on the customer's ability to require further work or to require replacement of the goods, the directors are satisfied that the significant risks and rewards have been transferred and that recognition of the revenue in the current year is appropriate, in conjunction with recognition of an appropriate provision for the rectification costs.

Source	Hong Kong GAAP Limited

Notes to the consolidated financial statements
for the year ended 31 December 2006 - continued

HKAS 1.116
HKAS 1.120

Key sources of estimation uncertainty

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

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

The carrying amount of goodwill at the balance sheet date was HK$20.3 million after an impairment loss of HK$15,000 was recognised during 2006. Details of the impairment loss calculation are provided in note 22.

Source	Hong Kong GAAP Limited

Notes to the consolidated financial statements
for the year ended 31 December 2006 - continued

HKAS 32.52
HKAS 32.56
HKAS 32.57

5. Financial instruments

Note: The following are examples of the types of disclosures that might be required in this area. The matters disclosed will be dictated by the circumstances of the individual entity.

5A. Financial risk management objectives and policies

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

Market risk

Currency risk

Several subsidiaries of the Company have foreign currency sales and purchases, which expose the Group to foreign currency risk. Approximately 28% of the Group's sales are denominated in currencies other than the functional currency of the group entity making the sale, whilst almost 90% of costs are denominated in the group entity's functional currency. The Group requires all its group entity to use foreign exchange forward contracts to eliminate the currency exposures on any individual transactions in excess of HK$0.5 million. Other transaction that involves less than HK$0.5 million may also be hedged on a case-by-case basis. The forward exchange forward contracts must be in the same currency as the hedged item. It is the Group's policy to negotiate the terms of the hedge derivatives to match the terms of the hedged item to maximise hedge effectiveness (see note 30 for details).

Fair value interest rate risk

The Group's fair value interest rate risk relates primarily to fixed-rate borrowings from a financial institution (see note 39 for details of these borrowings). In relation to these fixed-rate borrowings, the Group enters into interest rate swaps to hedge against its exposures to changes in fair values of those borrowings. The critical terms of these interest rate swaps are similar to those of hedged borrowings. These interest rate swaps are designated as effective hedging instruments and hedge accounting is applied (see note 30 for details).

Cash flow interest rate risk

The Group's cash flow interest rate risk relates primarily to variable-rate borrowings (see note 39 for details of these borrowings). It is the Group's policy to keep its borrowings at floating rate of interests so as to minimise the fair value interest rate risk.

Price risk

The Group is exposed to equity and debt security price risk. The management manages this exposure by maintaining a portfolio of investments with different risks. In addition, the Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

Source	Hong Kong GAAP Limited

Notes to the consolidated financial statements
for the year ended 31 December 2006 - continued

HKAS 32.76

Credit risk

As at 31 December 2006, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees issued by the Group is arising from:

- the carrying amount of the respective recognised financial assets as stated in the consolidated balance sheet; and
- the amount of contingent liabilities disclosed in note 49.

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

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

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

Liquidity risk

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

The Group relies on borrowings as a significant source of liquidity. As at 31 December 2006, the Group has available unutilised overdrafts and short-term bank loan facilities of approximately HK$2 million (2005: HK$1 million) and HK$5 million (2005: nil) respectively.

Source	Hong Kong GAAP Limited

Notes to the consolidated financial statements
for the year ended 31 December 2006 - continued

5B. Fair value of financial instruments

HKAS 32.92(a),(b)

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

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;
- the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions; and
- the fair value of derivative instruments, are calculated using quoted prices. Where such prices are not available, the fair value of a non-option derivative is estimated using discounted cash flow analysis and the applicable yield curve. For an option-based derivative, the fair value is estimated using option pricing model (for example, the binomial model).

HKAS 32.86
HKAS 32.92

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values:

	2006		2005	
	Carrying amount HK$'000	Fair value HK$'000	Carrying amount HK$'000	Fair value HK$'000
Financial assets				
Held-to-maturity investments:				
Debentures	6,863	6,880	5,262	5,273
Finance lease receivables	1,028	1,033	905	923
Financial liabilities				
Borrowings:				
Convertible notes	4,144	4,150	-	-
Obligations under finance leases	14	13	89	85

Source	Hong Kong GAAP Limited

Notes to the consolidated financial statements
for the year ended 31 December 2006 - continued

6. Revenue

HKAS 18.35(b)
Sch 10:16(4)

An analysis of the Group's revenue for the year, for both continuing and discontinued operations, is as follows:

Source		2006 HK$'000	2005 HK$'000
	Continuing operations		
HKAS 18.35(b)	Revenue from sales of goods	140,469	151,035
HKAS 18.35(b)	Revenue from rendering of services	449	805
		140,918	151,840
	Discontinued operations		
HKAS 18.35(b)	Revenue from sales of goods	64,087	77,661
HKAS 11.39(a)	Construction contract revenue	318	182
		64,405	77,843
Sch 10:16(2)		205,323	229,683

Source	Hong Kong GAAP Limited

Notes to the consolidated financial statements
for the year ended 31 December 2006 - continued

App 16.7
GR 18.08
HKAS 14.81
HKAS 1.126(b)

7. Business and geographical segments

Business segments

For management purposes, the Group is currently organised into four operating divisions – widgets, bicycles, construction and toys. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Widgets	-	the manufacture and sale of widgets.
Bicycles	-	the manufacture of bicycles including leisure bicycles, mountain bicycles and children's bicycles.
Construction	-	the construction and renovation of residential properties.
Toys	-	the manufacture and sale of toys.

Other operations include the development and sale of computer software for specialised business applications, and the leasing out of specialised storage equipment.

During the financial year, the Group disposed of its bicycle business and the Board of Directors announced a plan to dispose of the construction business (see note 11).

Segment information about these businesses is presented below.

Source	Hong Kong GAAP Limited

Notes to the consolidated financial statements for the year ended 31 December 2006 - continued

2006

Source		Continuing operations					Discontinued operations			
		Widgets	Toys	Other	Eliminations	Total	Bicycles	Construction	Total	Consolidated
		HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
	REVENUE									
HKAS 14.51	External sales	75,949	63,455	1,514	-	140,918	35,515	28,890	64,405	205,323
	Inter-segment sales	2,515	806	-	(3,321)	-	-	-	-	-
HKAS 14.67	Total	78,464	64,261	1,514	(3,321)	140,918	35,515	28,890	64,405	205,323

HKAS 14.75 — Inter-segment sales are charged at prevailing market rates.

Source		Widgets	Toys	Other	Eliminations	Total	Bicycles	Construction	Total	Consolidated
	RESULT									
HKAS 14.52	Segment result	29,123	8,774	1,011	-	38,908	5,454	4,206	9,660	48,568
	Unallocated income					4,542			1,960	6,502
	Unallocated corporate expenses					(15,088)			(150)	(15,238)
HKAS 14.64	Share of profits of associates					1,186			-	1,186
	Profit before tax					29,548			11,470	41,018
	Income tax expense					(11,306)			(3,160)	(14,466)
HKAS 14.67	Profit for the year					18,242			8,310	26,552

BALANCE SHEET

Source		Widgets	Bicycles	Construction	Toys	Other	Consolidated
		HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
	ASSETS						
	Segment assets	98,750	-	20,901	72,513	8,346	200,510
HKAS 14.55	Interests in associates						8,425
HKAS 14.66	Unallocated corporate assets						53,523
HKAS 14.67	Consolidated total assets						262,458
	LIABILITIES						
HKAS 14.56	Segment liabilities	10,003	-	3,254	7,135	220	20,612
	Unallocated corporate liabilities						70,806
HKAS 14.67	Consolidated total liabilities						91,418

OTHER INFORMATION

Source		Continuing operations				Discontinued operation			
		Widgets	Toys	Other	Total	Bicycles	Construction	Total	Consolidated
		HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
HKAS 14.57	Capital additions	13,287	7,317	435	21,039	-	4,099	4,099	25,138
HKAS 14.58	Depreciation and amortisation	7,275	5,137	-	12,412	477	1,290	1,767	14,179
HKAS 36.130	Impairment losses on property, plant and equipment	1,204	-	-	1,204	-	-	-	1,204
HKAS 36.130	Impairment losses on goodwill	-	15	-	15	-	-	-	15
HKAS 36.130	Impairment losses on receivables	40	-	-	40	-	-	-	40
HKAS 14.61	Write-down of inventories	-	-	-	-	-	-	-	-

Source	Hong Kong GAAP Limited

Notes to the consolidated financial statements for the year ended 31 December 2006 - continued

2005

Source		Continuing operations					Discontinued operations			
		Widgets HK$'000	Toys HK$'000	Other HK$'000	Eliminations HK$'000	Total HK$'000	Bicycles HK$'000	Construction HK$'000	Total HK$'000	Consolidated HK$'000
	REVENUE									
HKAS 14.51	External sales	79,895	69,542	2,403	-	151,840	49,153	28,690	77,843	229,683
	Inter-segment sales	1,872	650	-	(2,522)	-	-	-	-	-
HKAS 14.67	Total	81,767	70,192	2,403	(2,522)	151,840	49,153	28,690	77,843	229,683

HKAS 14.75 Inter-segment sales are charged at prevailing market rates.

Source		Widgets	Toys	Other	Eliminations	Total	Bicycles	Construction	Total	Consolidated
HKAS 14.52	RESULT									
	Segment result	29,640	10,343	984	-	40,967	9,636	3,491	13,127	54,094
	Unallocated income					3,356			-	3,356
	Unallocated corporate expenses					(13,774)			(134)	(13,908)
HKAS 14.64	Share of profits of associates					1,589			-	1,589
	Profit before tax					32,138			12,993	45,131
	Income tax expense					(11,801)			(2,998)	(14,799)
HKAS 14.67	Profit for the year					20,337			9,995	30,332

BALANCE SHEET

Source		Widgets HK$'000	Bicycles HK$'000	Construction HK$'000	Toys HK$'000	Other HK$'000	Consolidated HK$'000
	ASSETS						
	Segment assets	98,034	10,012	20,012	70,658	7,970	206,686
HKAS 14.55	Interests in associates						7,269
HKAS 14.66	Unallocated corporate assets						47,174
HKAS 14.67	Consolidated total assets						261,129
	LIABILITIES						
HKAS 14.56	Segment liabilities	11,662	955	2,552	6,105	214	21,488
	Unallocated corporate liabilities						72,602
HKAS 14.67	Consolidated total liabilities						94,090

OTHER INFORMATION

Source		Continuing operations				Discontinued operation			
		Widgets HK$'000	Toys HK$'000	Other HK$'000	Total HK$'000	Bicycles HK$'000	Construction HK$'000	Total HK$'000	Consolidated HK$'000
HKAS 14.57	Capital additions	6,952	3,483	-	10,435	325	1,500	1,825	12,260
HKAS 14.58	Depreciation and amortisation	7,587	6,291	-	13,878	736	2,736	3,472	17,350
HKAS 36.130	Impairment losses on property, plant and equipment	-	-	-	-	-	-	-	-
HKAS 36.130	Impairment losses on goodwill	-	-	-	-	-	-	-	-
HKAS 36.130	Impairment losses on receivables	310	110	-	420	-	-	-	420
HKAS 14.61	Write-down of inventories	-	-	-	-	-	-	-	-

Source	Hong Kong GAAP Limited

Notes to the consolidated financial statements
for the year ended 31 December 2006 - continued

HKAS 14.81

Geographical segments

The Group's four divisions operate in three principal geographical areas – the People's Republic of China (excluding Hong Kong) (the "PRC"), Hong Kong and Malaysia. The following table provides an analysis of the Group's sales by geographical markets, irrespective of the origin of the goods and services:

HKAS 14.69(a)

	Revenue from external customers	
	2006	2005
	HK$'000	HK$'000
PRC	136,607	151,814
Hong Kong	35,898	43,562
Malaysia	25,485	25,687
Other	7,333	8,620
	205,323	229,683

Revenue from the Group's discontinued operations was derived mainly from the PRC and Hong Kong.

HKAS 14.69(b),(c)

The following is an analysis of the carrying amount of segment assets, and additions to property, plant and equipment and intangible assets, analysed by the geographical area in which the assets are located:

	Carrying amount of segment assets		Additions to property, plant and equipment and intangible assets	
	2006	2005	2006	2005
	HK$'000	HK$'000	HK$'000	HK$'000
PRC	139,132	147,799	12,598	6,748
Hong Kong	39,256	36,428	8,643	2,888
Malaysia	21,684	22,009	3,897	2,624
Other	438	450	-	-
	200,510	206,686	25,138	12,260

Source	Hong Kong GAAP Limited

Notes to the consolidated financial statements
for the year ended 31 December 2006 - continued

8. Investment income

Source		Continuing operations		Discontinued operations		Consolidated	
		2006 HK$'000	2005 HK$'000	2006 HK$'000	2005 HK$'000	2006 HK$'000	2005 HK$'000
	Interest income on:						
HKAS 18.35(b)(iii)	Bank deposits	1,650	741	-	-	1,650	741
HKAS 18.35(b)(iii)	Available-for-sale investments	154	148	-	-	154	148
HKAS 18.35(b)(iii)	Other loans and receivables	66	5	-	-	66	5
HKAS 18.35(b)(iii)	Held-to-maturity investments	445	410	-	-	445	410
HKAS 18.35(b)(iii) HKAS 32.94(k)(i)	Total Interest income	2,315	1,304	-	-	2,315	1,304
HKAS 18.35(b)(iv)	Royalties	579	428	-	-	579	428
HKAS 18.35(b)(v)	Dividends from equity securities	156	154	-	-	156	154
	Other	558	465	-	-	558	465
		3,608	2,351	-	-	3,608	2,351

Sch 10:13(1)(g) — Included above is income from listed investments of HK$471,000 (2005: HK$444,000) and from unlisted investments of HK$284,000 (2005: HK$268,000).

Source	Hong Kong GAAP Limited

Notes to the consolidated financial statements
for the year ended 31 December 2006 - continued

9. Finance costs

Source		Continuing operations		Discontinued operations		Consolidated	
		2006 HK$'000	2005 HK$'000	2006 HK$'000	2005 HK$'000	2006 HK$'000	2005 HK$'000
Sch 10:13(1)(b)	Interest on:						
	Bank and other borrowings wholly repayable within five years	4,892	6,026	150	134	5,042	6,160
	Finance leases	15	24	-	-	15	24
	Effective interest expense on convertible loan notes	110	-	-	-	110	-
	Unwinding of discounts on provisions	28	-	-	-	28	-
	Increase in fair value of interest rate swaps	(35)	(27)	-	-	(35)	(27)
	Decrease in fair value of fixed-rate borrowings attributable to hedged risk	35	27	-	-	35	27
	Imputed interest expense on non-current interest-free loan from the immediate holding company	-	-	-	-	-	-
HKAS 32.94(k)	Total borrowing costs	5,045	6,050	150	134	5,195	6,184
HKAS 23.29(b) App 16.22(2) GR 18.22	Less: amounts capitalised	(11)	(27)	-	-	(11)	(27)
		5,034	6,023	150	134	5,184	6,157

HKAS 23.29(c)

Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 8% per annum (2005: 7.8% per annum) to expenditure on qualifying assets.

Source	Hong Kong GAAP Limited

Notes to the consolidated financial statements for the year ended 31 December 2006 - continued

10. Income tax expense

HKAS 12.79
Sch 10:13(1)(c)

	Continuing operations		Discontinued operations		Consolidated	
	2006 HK$'000	2005 HK$'000	2006 HK$'000	2005 HK$'000	2006 HK$'000	2005 HK$'000
Current tax:						
Hong Kong	1,524	998	360	730	1,884	1,728
PRC Enterprise Income Tax	8,523	7,926	2,796	2,258	11,319	10,184
Other jurisdictions	34	55	-	-	34	55
	10,081	8,979	3,156	2,988	13,237	11,967
(Over) under provision in prior years:						
Hong Kong	(300)	-	-	-	(300)	-
PRC Enterprise Income Tax	-	2,380	-	-	-	2,380
	(300)	2,380	-	-	(300)	2,380
Deferred tax (Note 29):	1,525	442	4	10	1,529	452
	11,306	11,801	3,160	2,998	14,466	14,799

HKAS 12.81(c)
Sch 10:17(3)

Hong Kong Profits Tax is calculated at 17.5% (2005: 17.5%) of the estimated assessable profit for the year. PRC subsidiaries are subject to PRC Enterprise Income Tax at 30% (2005: 30%). Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

Source	Hong Kong GAAP Limited

Notes to the consolidated financial statements
for the year ended 31 December 2006 - continued

HKAS 12.81(c) The tax charge for the year can be reconciled to the profit per the consolidated income statement as follows:

	2006 HK$'000	2005 HK$'000
Profit before tax:		
Continuing operations	29,548	32,138
Discontinued operations	11,470	12,993
	41,018	45,131
Tax at PRC Enterprise Income Tax rate of 30% (2005: 30%)	12,305	13,539
Tax effect of share of profit of associates	(356)	(477)
Tax effect of expenses not deductible for tax purpose	4,161	1,260
Tax effect of income not taxable for tax purpose	(604)	(1,063)
(Over) under provision in respect of prior years	(300)	2,380
Tax effect of [tax losses/deductible temporary differences] not recognised	-	-
Utilisation of [tax losses/deductible temporary differences] previously not recognised	-	-
Effect of different tax rates of subsidiaries operating in other jurisdictions	(740)	(840)
Tax charge for the year	14,466	14,799

Source	Hong Kong GAAP Limited

Notes to the consolidated financial statements
for the year ended 31 December 2006 - continued

11. Discontinued operations

Disposal of the bicycle business

HKFRS 5.30
HKFRS 5.41

On 28 September 2006, the Board of Directors entered into a sale agreement to dispose of the Group's bicycle business. The proceeds of sale substantially exceeded the carrying amount of the related net assets and, accordingly, no impairment losses were recognised on the reclassification of these operations as held for sale. The disposal of the bicycle business is consistent with the Group's long-term policy to focus its activities in the widget and toy manufacturing industries. The disposal was completed on 30 November 2006, on which date control of the bicycle business passed to the acquirer. Details of the assets and liabilities disposed of are disclosed in note 46.

Plan to dispose of the construction business

HKFRS 5.30
HKFRS 5.41

On 30 November 2006, the Board of Directors announced a plan to dispose of the Group's construction business, which involves the construction and renovation of residential properties in Hong Kong. The disposal is consistent with the Group's long-term policy to focus its activities in the widget and toy manufacturing industries. The Group is actively seeking a buyer for its construction business and expects to complete the sale by 31 July 2007. On initial reclassification of these operations as held for sale, the Group has not recognised any impairment losses.

HKFRS 5.34

The combined results and cash flows of the discontinued operations (i.e. the bicycle and construction businesses) included in the consolidated income statement and the consolidated cash flow statement are set out below.

Source	Hong Kong GAAP Limited		
	Notes to the consolidated financial statements for the year ended 31 December 2006 - continued		
		2006 HK$'000	**2005 HK$'000**
HKFRS 5.33(b)	**Profit for the year from discontinued operations**		
HKFRS 5.34	Revenue	64,405	77,843
	Expenses	(54,875)	(64,850)
	Profit before tax	9,530	12,993
HKAS 12.81(h)	Income tax expense	(2,524)	(2,998)
		7,006	9,995
	Loss on remeasurement to fair value less costs to sell	-	-
	Gain on disposal of operation (including HK$0.12 million reversal of translation reserve on disposal of a subsidiary)	1,940	-
HKAS 12.81(h)	Income tax expense	(636)	-
		1,304	-
	Profit for the year from discontinued operations	8,310	9,995
HKFRS 5.33(c)	**Cash flows from discontinued operations**		
	Net cash flows from operating activities	6,381	7,068
	Net cash flows from investing activities	2,767	-
	Net cash flows from financing activities	(5,000)	-
	Net cash flows	4,148	7,068

The construction business has been classified and accounted for at 31 December 2006 as a disposal group held for sale (see note 12).

Source	Hong Kong GAAP Limited

Notes to the consolidated financial statements
for the year ended 31 December 2006 - continued

12. Non-current assets held for sale

	2006 HK$'000	2005 HK$'000
Freehold land held for sale (Note 1)	1,260	-
Assets related to the construction business (Note 2)	21,076	-
	22,336	-
Liabilities associated with assets held for sale (Note 2)	3,684	-

Notes:

HKFRS 5.41

1) The Group intends to dispose of a parcel of freehold land it no longer utilises in the next 10 months. The property located on the freehold land was previously used in the Group's toy operations and has been fully depreciated. A search is underway for a buyer. No impairment loss was recognised on reclassification of the freehold land as held for sale as at 31 December 2006.

HKFRS 5.41
HKFRS 5.38

2) As described in note 11, the Group is seeking to dispose of its construction business and anticipates that the disposal will be completed by 31 July 2007. The major classes of assets and liabilities comprising the operations classified as held for sale at the balance sheet date are as follows:

Source		2006 HK$'000	2005 HK$'000
	Goodwill	1,147	-
	Property, plant and equipment	16,944	-
HKAS 2.36(c)	Inventories	830	-
	Trade and other receivables	1,980	-
	Bank balances and cash	175	-
	Assets of construction business classified as held for sale	21,076	-
	Trade and other payables	(3,254)	-
	Current tax liabilities	-	-
	Deferred tax liabilities	(430)	-
	Liabilities of construction business associated with assets classified as held for sale	(3,684)	-
	Net assets of construction business classified as held for sale	17,392	-

Source	Hong Kong GAAP Limited

Notes to the consolidated financial statements for the year ended 31 December 2006 - continued

13. Profit for the year

Profit for the year has been arrived at after charging (crediting):

Source		Continuing operations 2006 HK$'000	Continuing operations 2005 HK$'000	Discontinued operations 2006 HK$'000	Discontinued operations 2005 HK$'000	Consolidated 2006 HK$'000	Consolidated 2005 HK$'000
	Depreciation for property, plant and equipment	10,820	12,322	1,767	3,472	12,587	15,794
HKAS 38.118(d)	Amortisation of other intangible assets (included in [depreciation and amortisation expense/ administration expenses])	1,592	1,556	-	-	1,592	1,556
Sch 10:13(1)(a)	Total depreciation and amortisation	12,412	13,878	1,767	3,472	14,179	17,350
Sch 10:15	Auditors' remuneration	2,000	1,850	150	130	2,150	1,980
HKAS 21.52(a)	Net foreign exchange (gains) losses	(114)	117	(30)	(49)	(144)	68
HKAS 38.126	Research and development costs	502	440	-	-	502	440
HKAS 16.68	Gain on disposal of property, plant and equipment	(6)	(67)	-	-	(6)	(67)
HKAS 20.39(b)	Government grants received for staff re-training	(731)	(979)	-	-	(731)	(979)
HKAS 40.75(f)	Gross rental income from investment properties	(20)	(16)	-	-	(20)	(16)
	Less:						
	Direct operating expenses from investment properties that generated rental income during the year	2	2	-	-	2	2
	Direct operating expenses from investment properties that did not generate rental income during the year	-	-	-	-	-	-
		(18)	(14)	-	-	(18)	(14)

Source	Hong Kong GAAP Limited

Notes to the consolidated financial statements for the year ended 31 December 2006 - continued

Profit for the year has been arrived at after charging (crediting):

Source		Continuing operations		Discontinued operations		Consolidated	
		2006 HK$'000	2005 HK$'000	2006 HK$'000	2005 HK$'000	2006 HK$'000	2005 HK$'000
	Impairment loss recognised in respect of property, plant and equipment (included in other expenses)	1,204	-	-	-	1,204	-
	Impairment loss recognised in respect of goodwill (included in other expenses)	15	-	-	-	15	-
	Impairment loss recognised in respect of trade receivables	40	420	-	-	40	420
HKAS 1.93	Employee benefits expense:						
	Post employment benefits						
HKAS 19.46	Defined contribution plans	146	120	14	28	160	148
HKAS 19.120A(g)	Defined benefit plans	586	556	-	-	586	556
		732	676	14	28	746	704
HKFRS 2.50	Share-based payments						
HKFRS 2.51(a)	Equity-settled share-based payments	206	838	-	-	206	838
HKFRS 2.51(a)	Cash-settled share-based payments	-	-	-	-	-	-
		206	838	-	-	206	838
HKAS 19.142	Termination benefits	-	-	-	-	-	-
	Other employee benefits	8,865	10,183	4,561	3,756	13,426	13,939
		9,803	11,697	4,575	3,784	14,378	15,481
HKAS 2.36(d)	Cost of inventories recognised as an expense	86,780	90,100	34,118	43,120	120,898	133,220
HKAS 32.94(k)	Gain on fair value changes of investments held for trading	(89)	(68)	-	-	(89)	(68)
HKAS 40.76(d)	Loss (gain) on fair value changes of investment property	6	(8)	-	-	6	(8)
App 16.4(1)(c) GR 18.50B(1)(h)	Share of tax of associates (included in share of results of associates)	231	302	-	-	231	302

Source	Hong Kong GAAP Limited

Notes to the consolidated financial statements
for the year ended 31 December 2006 - continued

HKAS 1.86

Costs of HK$4.17 million have been recognised during the year in respect of rectification work to be carried out on goods supplied to one of the Group's major customers, which have been included in [cost of sales/cost of inventories and employee benefits expense]. The amount represents the estimated cost of work to be carried out in accordance with an agreed schedule of works up to 2008. HK$1.112 million of the provision has been utilised in the current period, with a provision of HK$3.058 million carried forward to meet anticipated expenditure in 2007 and 2008 (see note 41).

s161
s161A
App 16.24
GR 18.28

14. Directors' emoluments

The emoluments paid or payable to each of the 6 (2005: 6) directors were as follows:

	Gary D.K. Wong HK$'000	Daniel D.D. Lee HK$'000	Derek S.Y. Wong HK$'000	Tiara Cheung HK$'000	Florence K.Y. Tang HK$'000	John Banks HK$'000	Total 2006 HK$'000
Fees	-	-	-	100	100	100	300
Other emoluments							
Salaries and other benefits	600	200	200	-	-	-	1,000
Contributions to retirement benefits schemes	5	5	5	-	-	-	15
Share-based payments	56	56	-	-	-	-	112
Performance related incentive payments (Note)	80	70	70	-	-	-	220
Total emoluments	741	331	275	100	100	100	1,647

	Gary D.K. Wong HK$'000	Daniel D.D. Lee HK$'000	Derek S.Y. Wong HK$'000	Tiara Cheung HK$'000	Florence K.Y. Tang HK$'000	John Banks HK$'000	Total 2005 HK$'000
Fees	-	-	-	100	100	100	300
Other emoluments:							
Salaries and other benefits	580	150	150	-	-	-	880
Contributions to retirement benefits schemes	5	5	5	-	-	-	15
Share-based payments	160	35	-	-	-	-	195
Performance related incentive payments (Note)	-	100	90	-	-	-	190
Total emoluments	745	290	245	100	100	100	1,580

Note: The performance related incentive payment is determined by reference to the individual performance of the directors and approved by the Remuneration Committee.

Source	Hong Kong GAAP Limited

Notes to the consolidated financial statements
for the year ended 31 December 2006 - continued

App 16.25
GR 18.30

15. Employees' emoluments

Of the five individuals with the highest emoluments in the Group, three (2005: three) were directors of the Company whose emoluments are included in the disclosures in note 14 above. The emoluments of the remaining two (2005: two) individuals were as follows:

	2006 HK$'000	2005 HK$'000
Salaries and other benefits	200	150
Contributions to retirement benefits schemes	5	10
Share based payment expense	55	40
Performance related incentive payments	-	-
	260	200

Their emoluments were all within HK$1,000,000.

HKAS 1.95
Sch 10:13(1)(j)

16. Dividends

	2006 HK$'000	2005 HK$'000
Dividends recognised as distributions during the year:		
Interim, paid - HK10.00 cents per share (2005: nil)	2,300	-
Final, paid - HK18.84 cents per share (2005: HK28.16 cents)	4,335	6,479
	6,635	6,479

HKAS 1.125(a)
HKAS 10.13

The final dividend of HK26.31 cents (2005: HK18.84 cents) per share has been proposed by the directors and is subject to approval by the shareholders in the forthcoming general meeting.

Source	Hong Kong GAAP Limited

Notes to the consolidated financial statements
for the year ended 31 December 2006 - continued

HKAS 33.70(a)

17. Earnings per share

Note: HKAS 33 Earnings per Share, requires that earnings per share (EPS) information be presented by entities whose ordinary shares or potential ordinary shares are publicly traded, or by entities that are in the process of issuing ordinary shares or potential ordinary shares in public securities markets. If other entities choose to disclose EPS information voluntarily in financial statements that comply with HKFRSs, such disclosures should comply fully with the requirements of HKAS 33.

For continuing and discontinued operations

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the parent is based on the following data:

HKAS 33.70(a)

	2006 HK$'000	2005 HK$'000
Earnings		
Earnings for the purpose of basic earnings per share (profit for the year attributable to equity holders of the parent)	22,552	27,569
Effect of dilutive potential ordinary shares:		
Interest on convertible loan notes (net of tax)	77	-
Adjustment to the share of profit of a subsidiary based on dilution of its earnings per share	(66)	(56)
Earnings for the purpose of diluted earnings per share	22,563	27,513

HKAS 33.70(b)

Number of shares	2006 '000	2005 '000
Weighted average number of ordinary shares for the purpose of basic earnings per share	22,450	23,005
Effect of dilutive potential ordinary shares:		
Share options issued by the Company	193	91
Convertible loan notes	1,203	-
Weighted average number of ordinary shares for the purpose of diluted earnings per share	23,846	23,096

Source	Hong Kong GAAP Limited

Notes to the consolidated financial statements
for the year ended 31 December 2006 - continued

From continuing operations

The calculation of the basic and diluted earnings per share from continuing operations attributable to the ordinary equity holders of the parent is based on the following data:

HKAS 33.70(a) Earnings figures are calculated as follows:

	2006 HK$'000	2005 HK$'000
Profit for the year attributable to equity holders of the parent	22,552	27,569
Less: Profit for the year from discontinued operations	(8,310)	(9,995)
Earnings for the purpose of basic earnings per share from continuing operations	14,242	17,574
Effect of dilutive potential ordinary shares:		
Interest on convertible loan notes (net of tax)	77	-
Adjustment to the share of profit of a subsidiary based on dilution of its earnings per share	(66)	(56)
Earnings for the purpose of diluted earnings per share from continuing operations	14,253	17,518

HKAS 33.70(b) The denominators used are the same as those detailed above for both basic and diluted earnings per share.

HKAS 33.68

From discontinued operations

Basic earnings per share for the discontinued operations is HK37.0 cents per share (2005: HK43.4 cents per share) and diluted earnings per share for the discontinued operations is HK34.9 cents per share (2005: HK43.3 cents per share), based on the profit for the year from the discontinued operations of HK$8.310 million (2005: HK$9.995 million) and the denominators detailed above for both basic and diluted earnings per share.

HKAS 8.28(f)

Impact of changes in accounting policies

Changes in the Group's accounting policies during the year are described in detail in note 2. To the extent that those changes have had an impact on results reported for 2006 and 2005, they have had an impact on the amounts reported for earnings per share.

The following table summarises the impact on both basic and diluted earnings per share from continuing and discontinued operations as a result of:

	Impact on basic earnings per share		Impact on diluted earnings per share	
	2006 HK cents per share	2005 HK cents per share	2006 HK cents per share	2005 HK cents per share
Reported figures before adjustments	100.44	119.81	94.61	119.09
Adjustments arising from changes in accounting policies (see note 2)	0.01	0.03	0.01	0.03
Restated	100.45	119.84	94.62	119.12

Source	Hong Kong GAAP Limited

Notes to the consolidated financial statements for the year ended 31 December 2006 - continued

18. Property, plant and equipment

Source		Freehold land HK$'000	Buildings HK$'000	Leasehold improvements HK$'000	Plant and equipment HK$'000	Total HK$'000
HKAS 16.73(d)(e)	COST OR VALUATION					
HKAS 16.74(b)	At 1 January 2005	14,750	10,666	306	157,164	182,886
Sch 10:12(8)	Exchange adjustments	-	2	-	-	2
	Additions	-	1,205	-	10,697	11,902
	Surplus on revaluation	1,608	35	-	-	1,643
	Disposals	-	-	-	(27,286)	(27,286)
	At 31 December 2005	16,358	11,908	306	140,575	169,147
	Exchange adjustments	-	-	-	-	-
	Additions	-	1,000	-	23,243	24,243
	Acquired on acquisition of subsidiaries	-	-	-	454	454
	Surplus on revaluation	-	-	-	-	-
	Reclassified as held for sale	(1,260)	(1,357)	-	(22,045)	(24,662)
	Disposals	(1,530)	(1,184)	(16)	(19,771)	(22,501)
	At 31 December 2006	13,568	10,367	290	122,456	146,681
HKAS 16.73(a)	Comprising					
	At cost	-	-	290	122,456	122,746
	At valuation 2005	13,568	10,367	-	-	23,935
		13,568	10,367	290	122,456	146,681
	DEPRECIATION AND IMPAIRMENT					
	At 1 January 2005	-	(1,521)	(30)	(25,397)	(26,948)
	Exchange adjustments	-	(2)	-	-	(2)
	Provided for the year	-	(892)	(55)	(14,847)	(15,794)
	Eliminated on revaluation	-	-	-	-	-
	Eliminated on disposals	-	-	-	5,058	5,058
	At 31 December 2005	-	(2,415)	(85)	(35,186)	(37,686)
	Exchange adjustments	-	-	-	-	-
	Provided for the year	-	(721)	(53)	(11,813)	(12,587)
HKAS 36.126(a)	Impairment loss recognised	-	-	-	(1,204)	(1,204)
	Reclassified as held for sale	-	153	-	6,305	6,458
	Eliminated on disposals	-	102	4	6,467	6,573
	At 31 December 2006	-	(2,881)	(134)	(35,431)	(38,446)
	CARRYING AMOUNTS					
	At 31 December 2006	13,568	7,486	156	87,025	108,235
	At 31 December 2005	16,358	9,493	221	105,389	131,461

Source	Hong Kong GAAP Limited

Notes to the consolidated financial statements
for the year ended 31 December 2006 - continued

HKAS 16.73(c)

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

Buildings	Over the shorter of the term of the lease, or 20-30 years
Leasehold improvements	15-20%
Plant and equipment	7-20%

HKAS 36.130 (a) to (g)

During the year, the Group carried out a review of the recoverable amount of its manufacturing plant and equipment, having regard to its ongoing programme of modernisation and the introduction of new product lines. These assets are used in the Group's widgets segment. The review led to the recognition of an impairment loss of HK$1.09 million (2005: nil), that has been recognised in profit or loss. The recoverable amount of the relevant assets has been determined on the basis of their value in use. The discount rate used in measuring value in use was 9% per annum. The discount rate used when the recoverable amount of these assets was previously estimated in 2005 was 8% per annum.

HKAS 36.131

Additional impairment losses recognised in respect of property, plant and equipment in the year amounted to HK$0.114 million. These losses are attributable to greater than anticipated wear and tear.

HKAS 36.126(a)

The impairment losses have been included in the line item [cost of sales / other expenses] in the consolidated income statement.

Freehold land and buildings carried at revalued amounts

HKAS 16.77 (a) to (d)

An independent valuation of the Group's land and buildings was performed by Messrs. R & P Trent to determine the fair value of the freehold land and buildings. The fair values estimated by the valuer on 31 December 2006 do not differ significantly from their carrying amounts and no revaluation adjustment has been recognised in the current year. The valuation, which conforms to International Valuation Standards, was determined by reference to discounted cash flows using a discount rate of 10%. The effective date of the valuation is 31 December 2006 (2005: 31 December 2005).

HKAS 16.77(e)

Had the Group's freehold land and buildings (other than freehold land and buildings classified as held for sale or included in a disposal group) been measured on a historical cost basis, their carrying amount would have been as follows:

	2006 HK$'000	**2005** HK$'000
Freehold land	11,710	14,500
Buildings	6,455	9,460

HKAS 17.31(a)

The carrying amount of plant and equipment includes an amount of HK$18,000 (2005: HK$36,000) in respect of assets held under finance leases.

HKAS 16.74(a) Sch 10:12(4)

The Group has pledged freehold land and buildings having a carrying amount of approximately HK$21 million (2005: HK$26 million) to secure general banking facilities granted to the Group.

Source	Hong Kong GAAP Limited

Notes to the consolidated financial statements
for the year ended 31 December 2006 - continued

Sch 10:12(9)

19. Prepaid lease payments

	2006 HK$'000	2005 HK$'000
The Group's prepaid lease payments comprise:		
Land in Hong Kong:		
Long lease	-	-
Medium term lease	1,700	1,750
Short lease	-	-
Land outside Hong Kong:		
Long lease	-	-
Medium term lease	1,300	1,350
Short lease	-	-
	3,000	3,100
Analysed for reporting purposes as:		
Current asset (included in trade and other receivables)	100	100
Non-current asset	2,900	3,000
	3,000	3,100

Source	Hong Kong GAAP Limited

Notes to the consolidated financial statements
for the year ended 31 December 2006 - continued

20. Investment properties

HKAS 40.76

	HK$'000
FAIR VALUE	
At 1 January 2005	112
Exchange adjustments	-
Additions	12
Net increase in fair value	8
At 31 December 2005	132
Exchange adjustments	-
Additions	10
Net decrease in fair value	(6)
At 31 December 2006	136

HKAS 40.75(d),(e)

The fair value of the Group's investment properties at 31 December 2006 have been arrived at on the basis of a valuation carried out on that date by Messrs. Lo & Ko, independent qualified professional valuers not connected with the Group. Messrs. Lo & Ko are members of the Hong Kong Institute of Valuers, and have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation, which conforms to International Valuation Standards, was arrived at by reference to market evidence of transaction prices for similar properties.

HKAS 40.75(b)

All of the Group's property interests held under operating leases to earn rentals purposes are measured using the fair value model and are classified and accounted for as investment properties.

HKAS 40.75(g)
Sch 10:12(4)

All of the Group's investment properties have been pledged to secure general banking facilities granted to the Group.

Sch 10:12(9)

The carrying amount of investment properties shown above comprises:

	2006 HK$'000	2005 HK$'000
Land in Hong Kong:		
Long lease	-	-
Medium-term lease	136	132
Land outside Hong Kong:		
Long lease	-	-
Medium-term lease	-	-
Short lease	-	-
	136	132

Source	Hong Kong GAAP Limited

Notes to the consolidated financial statements
for the year ended 31 December 2006 - continued

HKFRS 3.74
HKFRS 3.75

21. Goodwill

	HK$'000
COST	
At 1 January 2005	24,060
Exchange adjustments	-
Acquired on acquisition of a subsidiary	-
Eliminated on disposal of a subsidiary	-
At 31 December 2005	24,060
Exchange adjustments	-
Acquired on acquisition of subsidiaries	435
Eliminated on disposal of a subsidiary	(3,080)
Reclassified as held for sale	(1,147)
At 31 December 2006	20,268
IMPAIRMENT	
At 1 January 2005	-
Impairment loss recognised	-
At 31 December 2005	-
Impairment loss recognised	(15)
Reclassified as held for sale	-
At 31 December 2006	(15)
CARRYING AMOUNTS	
At 31 December 2006	20,253
At 31 December 2005	24,060

HKFRS 3.76
HKAS 36.130

During the financial year, the Group assessed the recoverable amount of goodwill, and determined that goodwill associated with the Group's toy operations was impaired by HK$15,000 (2005: nil). The recoverable amount of the toy operations was assessed by reference to value in use. A discount factor of 11% per annum (2005: 10.5% per annum) was applied in the value in use model.

The main factor contributing to the impairment of the cash-generating unit was the failure of one of the newer product ranges to contribute to sales to the extent that product testing had predicted. No write-down of the carrying amounts of other assets in the cash-generating unit was necessary. The goodwill is included in the 'toy' reportable segment disclosed in note 7.

Particulars regarding impairment testing on goodwill are disclosed in note 22.

Source	Hong Kong GAAP Limited

Notes to the consolidated financial statements
for the year ended 31 December 2006 - continued

22. Impairment testing on goodwill

HKAS 36.134
HKAS 36.135

As explained in note 7, the Group uses business segments as its primary segment for reporting segment information. For the purposes of impairment testing, goodwill set out in note 21 has been allocated to the following cash generating units (CGUs). The carrying amount of goodwill (net of accumulated impairment losses) as at 31 December 2006 is allocated as follows:
.

	2006 HK$'000	2005 HK$'000
Widget operations – PRC	8,500	8,500
Widget operations – Malaysia	4,000	4,000
Widget operations – Hong Kong	3,000	3,000
Construction operations – Hong Kong	-	1,147
Bicycle operations	-	3,080
Toy operations	4,318	4,333
Other operations	435	-
	20,253	24,060

Widget operations – PRC and Hong Kong

The widget operations in PRC and Hong Kong produce similar products, and their recoverable amounts are based on many of the same key assumptions. The recoverable amount of both CGUs is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by management covering a five-year period, and a discount rate of 10% per annum (2005: 9.5% per annum).

Cash flow projections during the budget period for both CGUs are also based on the same expected gross margins during the budget period and the same raw materials price inflation during the budget period. Both sets of cash flows beyond that five year period have been extrapolated using a steady 11% per annum growth rate. This growth rate exceeds by 0.5 percentage points the long-term average growth rate for the international widgets market. However, among other factors, the widgets operations – PRC and Hong Kong benefit from the protection of a 20-year patent on its Series Z widgets, granted in 2002, which is still acknowledged as being one of the top widget models in the market. Management believes that an 11% per annum growth rate is reasonable in the light of that patent, and of other widget-related products being developed, and its intentions of focusing its operations in this industry. Management believes that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of those CGUs.

Source	Hong Kong GAAP Limited

Notes to the consolidated financial statements
for the year ended 31 December 2006 - continued

Widget operations – Malaysia

The recoverable amount of the widget operations – Malaysia unit is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by management covering a five-year period, and a discount rate of 11% per annum (2005: 10.5% per annum). Cash flows beyond that five year period have been extrapolated using a steady 11% per annum growth rate. This growth rate exceeds by 0.5 percentage points the long-term average growth rate for the international widgets market. However, the management believes, as described above, that this rate is reasonable. Management believes that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of this CGU.

Toy operations

The recoverable amount of the toy operations unit is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by management covering a five-year period, and a discount rate of 11% per annum (2005: 10.5% per annum). Cash flows beyond that five year period have been extrapolated using a steady 8% per annum growth rate. This growth rate does not exceed the long-term average growth rate for the market in which the toy operations operate. Management believes that any reasonably possible further change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of this CGU.

The key assumptions used in the value in use calculations for the widget and toy operations are as follows:

Budgeted market share	Average market share in the period immediately before the budget period, plus a growth of 1-2% of market share per year. The values assigned to the assumption reflects past experience, except for the growth factor, which is consistent with management plans for focusing operations in the widget and toy industries. Management believes that the planned market share growth per year for the next five years is reasonably achievable.
Budgeted gross margin	Average gross margins achieved in the period immediately before the budget period, increased for expected efficiency improvements. This reflects past experience, except for efficiency improvements. Management expects efficiency improvements of 3-5% per year to be reasonably achievable.
Raw materials price inflation	Forecast consumer price indices during the budget period for the countries from which raw materials are purchased. The values assigned to the key assumption are consistent with external sources of information.

Source	Hong Kong GAAP Limited

Notes to the consolidated financial statements for the year ended 31 December 2006 - continued

23. Other intangible assets

Source		Capitalised development cost HK$'000	Patents HK$'000	Trademarks HK$'000	Licenses HK$'000	Total HK$'000
HKAS 38.118(c), (e)	COST					
	At 1 January 2005	3,230	5,825	4,711	6,940	20,706
	Exchange adjustments	-	-	-	-	-
	Additions	358	-	-	-	358
	Acquired on acquisition of a subsidiary	-	-	-	-	-
	Disposals or classified as held for sale	-	-	-	-	-
	Other [describe]	-	-	-	-	-
	At 31 December 2006	3,588	5,825	4,711	6,940	21,064
	Exchange adjustments	-	-	-	-	-
	Additions	6	-	-	-	6
	Acquired on acquisition of a subsidiary	-	-	-	-	-
	Disposals or classified as held for sale	-	-	-	-	-
	Other [describe]	-	-	-	-	-
	At 31 December 2006	3,594	5,825	4,711	6,940	21,070
	AMORTISATION AND IMPAIRMENT					
	At 1 January 2005	(1,000)	(874)	(3,533)	(2,776)	(8,183)
	Exchange adjustments	-	-	-	-	-
	Provided for the year	(682)	(291)	(236)	(347)	(1,556)
	Disposals or classified as held for sale	-	-	-	-	-
HKAS 36.130(b)	Impairment losses recognised	-	-	-	-	-
	Other [describe]	-	-	-	-	-
	At 31 December 2006	(1,682)	(1,165)	(3,769)	(3,123)	(9,739)
	Exchange adjustments	-	-	-	-	-
	Provided for the year	(718)	(291)	(236)	(347)	(1,592)
	Disposals or classified as held for sale	-	-	-	-	-
HKAS 36.130(b)	Impairment losses recognised	-	-	-	-	-
	Other [describe]	-	-	-	-	-
	Balance at 31 December 2006	(2,400)	(1,456)	(4,005)	(3,470)	(11,331)
	CARRYING AMOUNTS					
	At 31 December 2006	1,194	4,369	706	3,470	9,739
	At 31 December 2005	1,906	4,660	942	3,817	11,325

Source	Hong Kong GAAP Limited

Notes to the consolidated financial statements
for the year ended 31 December 2006 - continued

HKAS 38.118(d) The amortisation expense has been included in the line item [depreciation and amortisation expense / cost of sales / other expenses] in the consolidated income statement.

HKAS 38.118(a) The above intangible assets have definite useful lives. Such intangible assets are amortised on a straight-line basis over the following periods:

Capitalised development costs	5 years
Patents	20 years
Trademarks	20 years
Licenses	20 years

Source	Hong Kong GAAP Limited

Notes to the consolidated financial statements
for the year ended 31 December 2006 - continued

24. Interests in associates

Source		2006 HK$'000	2005 HK$'000
Sch 10:9(1)(a)	Cost of investments in associates		
	Listed in Hong Kong	1,856	1,856
	Unlisted	3,824	3,824
	Share of post-acquisition profits, net of dividends received	2,745	1,589
		8,425	7,269
HKAS 28.37(a)	Fair value of listed investments	2,221	2,069

s129(1)&(2)
s129(4)&(5)

As at 31 December 2006, the Group had interests in the following associates:

Name of entity	Form of business structure	Place of incorporation	Principal place of operation	Class of share held	Proportion of nominal value of issued capital /registered capital held by the Group	Proportion of voting power held	Principal activities
A Plus Limited	Incorporated	Malaysia	Malaysia	Ordinary	17%	17% (Note 1)	Transport
B Plus Limited	Incorporated	Japan	Japan	Ordinary	56%	56% (Note 2)	Finance
C Plus Limited	Incorporated	Malaysia	Malaysia	Ordinary	25%	25%	Transport

Notes:

HKAS 28.37(c),(d)

1) The Group is able to exercise significant influence over A Plus Limited because it has the power to appoint two out of the six directors of that company.

HKAS 27.40(d)

2) The Group holds 56% of the issued share capital of B Plus Limited and controls 56% of the voting power in general meeting. However, under a shareholders' agreement, the other shareholder controls the composition of the board of directors of B Plus Limited and therefore the Group does not control B Plus Limited. The directors of the Company consider that the Group does exercise significant influence over B Plus Limited and it is therefore classified as an associate of the Group.

HKAS 28.37(e)

The results of B Plus Limited incorporated into the Group's consolidated financial statements are derived from the financial statements of B Plus Limited made up to 31 October 2006. This was the financial reporting date established when the company was incorporated. For the purpose of applying the equity method of accounting, the consolidated financial statements of B Plus Limited for the year ended 31 October 2006 have been used, and appropriate adjustments have been made for the effects of significant transactions between that date and 31 December 2006.

Source	Hong Kong GAAP Limited

Notes to the consolidated financial statements
for the year ended 31 December 2006 - continued

HKAS 28.37(b)

The summarised financial information in respect of the Group's associates is set out below:

	2006 HK$'000	2005 HK$'000
Total assets	42,932	38,178
Total liabilities	(14,848)	(12,218)
Net assets	28,084	25,960
Group's share of net assets of associates	8,425	7,269
Revenue	12,054	11,904
Profit for the year	3,953	5,479
Group's share of profits of associates for the year	1,186	1,589

Source	Hong Kong GAAP Limited

Notes to the consolidated financial statements
for the year ended 31 December 2006 - continued

25. Joint ventures

HKAS 31.56
s129(1)&(2)
s129(4)&(5)

As at 31 December 2006, the Group had interests in the following significant jointly controlled entities:

Name of entity	Form of business structure	Place of incorporation	Principal place of operation	Class of share held	Proportion of nominal value of issued capital held by the Group	Proportion of voting power held	Principal activities
A JV Limited	Incorporated	Hong Kong	Hong Kong	Ordinary	25%	25%	Manufacture of electronic equipment
B JV Limited	Incorporated	Hong Kong	Hong Kong	Ordinary	40%	40%	Rental

HKAS 31.56

The summarised financial information in respect of the Group's jointly controlled entities which are accounted for using proportionate consolidation with the line-by-line reporting format is set out below:

	2006 HK$'000	2005 HK$'000
Current assets	1,800	1,850
Non-current assets	8,993	9,854
Current liabilities	936	785
Non-current liabilities	5,858	5,521
Income	2,124	2,005
Expenses	1,787	1,763

Source	Hong Kong GAAP Limited

Notes to the consolidated financial statements
for the year ended 31 December 2006 - continued

HKAS 32.60(a)

26. Held-to-maturity investments

Held-to-maturity investments comprise:

	2006 HK$'000	2005 HK$'000
Debentures (Note)	6,863	5,262
Analysed for reporting purposes as:		
Current assets	4,804	3,604
Non-current assets	2,059	1,658
	6,863	5,262

Note: The debentures represent quoted securities which return interest of 6.5% per annum, payable monthly, and will mature from March 2007 to March 2008.

Source	Hong Kong GAAP Limited

Notes to the consolidated financial statements
for the year ended 31 December 2006 - continued

27. Available-for-sale investments

HKAS 32.60(a)
Sch 10:9(1)(a)
Sch 10:9(3)

Available-for-sale investments comprise:

	2006 HK$'000	2005 HK$'000
Listed investments:		
- Equity securities listed in Hong Kong	3,240	3,036
- Equity securities listed elsewhere	-	-
- Debt securities listed in Hong Kong (Note 1)	2,200	2,122
	5,440	5,158
Unlisted securities:		
- Equity securities (Note 2)	2,700	2,700
Total	8,140	7,858
Analysed for reporting purposes as :		
Current assets	-	-
Non-current assets	8,140	7,858
	8,140	7,858

Notes:

HKAS 32.60(a)

1) The Group holds listed redeemable notes with fixed interest of 7% per annum. The notes are redeemable at par value in 2009.

HKAS 28.37(d)

2) The Group holds 20% (2005: 20%) of the ordinary share capital of Rocket Corp Limited, a company involved in the refining and distribution of fuel products. The directors of the Group do not believe that the Group is able to exert significant influence over Rocket Corp Limited as the other 80% of the ordinary share capital is controlled by one shareholder, who also manages the day-to-day operations of that company.

HKAS 32.90

In addition, Rocket Corp Limited is a private entity incorporated in Hong Kong. The investment in Rocket Corp Limited is measured at cost less impairment at each balance sheet date because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that the fair value cannot be measured reliably.

Source	Hong Kong GAAP Limited

Notes to the consolidated financial statements
for the year ended 31 December 2006 - continued

28. Finance lease receivables

HKAS 17.47

Certain of the Group's widget storage equipment are leased out under finance leases. All leases are denominated in Hong Kong dollars. All interest rates inherent in the leases are fixed at the respective contract dates over the lease terms.

	Minimum lease payments		Present value of minimum lease payments	
	2006 HK$'000	2005 HK$'000	2006 HK$'000	2005 HK$'000
Finance lease receivables comprise:				
Within one year	282	279	198	188
In more than one year but not more than five years	1,074	909	830	717
In more than five years	-	-	-	-
	1,356	1,188	1,028	905
Less: unearned finance income	(328)	(283)	N/A	N/A
Present value of minimum lease payment receivables	1,028	905	1,028	905
Analysed as:				
Current			198	188
Non-current			830	717
			1,028	905

HKAS 32.67
HKAS 17.47(c)

The average effective interest rate of the above finance leases is approximately 10.5% (2005: 11%) per annum. Unguaranteed residual values of assets leased under finance leases are estimated at HK$37,000 (2005: HK$42,000).

The amounts are secured by the assets leased.

Source	Hong Kong GAAP Limited

Notes to the consolidated financial statements for the year ended 31 December 2006 - continued

29. Deferred taxation

The following are the major deferred tax balances recognised and movements thereon during the current and prior year:

HKAS 12.81(a),(g)

Deferred tax liabilities:

	Accelerated tax depreciation HK$'000	Intangible assets HK$'000	Revaluation of properties HK$'000	Convertible loan notes HK$'000	Hedging instruments HK$'000	Undistributed profits of associates HK$'000	Available for-sale investments HK$'000	Others HK$'000	Total HK$'000
At 1 January 2005	2,540	669	-	-	110	570	202	352	4,443
Charge (credit) to consolidated income statement for the year	188	(97)	-	-	-	150	-	406	647
Charge to equity for the year	-	-	493	-	95	-	24		612
Recycled to income	-	-	-	-	(86)	-	-	-	(86)
At 31 December 2005	2,728	572	493	-	119	720	226	758	5,616
Charge (credit) to consolidated income statement for the year	1,532	(214)	-	(9)	-	200	-	168	1,677
Charge to equity for the year	-	-	-	242	131	-	28	-	401
Recycled to income	-	-	-	-	(114)	-	-	-	(114)
Acquisition/disposals	(606)	-	-	-	-	-	-	-	(606)
At 31 December 2006	3,654	358	493	233	136	920	254	926	6,974

HKAS 12.81(a),(g)

Deferred tax assets:

	Doubtful debts HK$'000	Provisions HK$'000	Tax losses HK$'000	Total HK$'000
At 1 January 2005	72	1,692	50	1,814
Credit (charge) to consolidated income statement for the year	179	(20)	(50)	109
Charge to equity for the year	-	-	-	-
At 31 December 2005	251	1,672	-	1,923
Credit (charge) to consolidated income statement for the year	(8)	42	-	34
Charge to equity for the year	-	-	-	-
Acquisition/disposals	(4)	-	-	(4)
At 31 December 2006	239	1,714	-	1,953

Source	Hong Kong GAAP Limited

Notes to the consolidated financial statements
for the year ended 31 December 2006 - continued

For the purpose of balance sheet presentation, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2006 HK$'000	2005 HK$'000
Deferred tax assets	1,714	1,923
Deferred tax liabilities	(6,305)	(5,616)
	(4,591)	(3,693)
Deferred tax liabilities associated with assets held for sale (Note 12)	(430)	-
	(5,021)	(3,693)

HKAS 12.81(e)

At the balance sheet date, the Group has unused tax losses of HK$3 million (2005: HK$3 million) available for offset against future profits that may be carried forward indefinitely. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams.

Source	Hong Kong GAAP Limited

Notes to the consolidated financial statements
for the year ended 31 December 2006 - continued

HKAS 32.60(a)
HKAS 32.67(a)
HKAS 32.58

30. Other financial assets/liabilities

	Current		Non-current	
	2006 HK$'000	2005 HK$'000	2006 HK$'000	2005 HK$'000
Other Financial Assets				
Derivatives under hedge accounting				
Fair value hedges – Interest rate swaps	72	37	212	140
Cash flow hedges – Foreign currency forward contracts	244	220	-	-
Other [describe]	-	-	-	-
	316	257	212	140
Other Financial Liabilities				
Financial guarantee contracts	6	18	-	-
Derivatives under hedge accounting				
Fair value hedges – Interest rate swaps	5	-	-	-
Cash flow hedges – Foreign currency forward contracts	93	-	-	-
[Others]	-	-	-	-
	104	18	-	-

Fair value hedges:

The Group uses interest rate swaps to minimise its exposure to fair value changes of its fixed-rate Hong Kong dollar borrowings by swapping a proportion of the fixed-rate borrowings from fixed rates to floating rates. The interest rate swaps and the corresponding borrowings have the same terms and the directors of the Company consider that the interest rate swaps are highly effective hedging instruments. Major terms of the interest rate swaps are set out below:

Notional amount	Maturity	Swaps
HK$1,000,000	30/09/2007	7.45% for Prime
HK$2,000,000	31/05/2008	7.15% for LIBOR
HK$3,000,000	31/12/2009	6.75% for LIBOR

Source	Hong Kong GAAP Limited

Notes to the consolidated financial statements
for the year ended 31 December 2006 - continued

Cash flow hedges:

During the year, the Group had the following two foreign exchange forward contracts designated as highly effective hedging instruments in order to manage the Group's foreign currency exposure in relation to foreign currency forecast sales.

During the current year, fair value gains of HK$436,000 (2005: HK$316,000) have been deferred in equity and are expected to be released to the consolidated income statement at various dates in the coming six months after the balance sheet date, the period in which sales are expected to occur.

The terms of the foreign exchange contracts have been negotiated to match the terms of the forecast sales.

Major terms of these contracts are as follows:

Notional amount	Maturity	Exchange rates
Sell USD0.5 million	15/03/2007	HK$1/USD0.1282
Sell USD0.8 million	15/06/2007	HK$1/USD0.1278

31. Inventories

Source		2006 HK$'000	2005 HK$'000
HKAS 2.36(b)	Raw materials	4,972	8,322
	Work in progress	1,980	2,454
	Finished goods	12,762	11,018
		19,714	21,794
	Classified as part of a disposal group held for sale (see note 12)	(830)	-
		18,884	21,794

HKAS 1.52

Inventories of HK$1.29 million (2005: HK$0.86 million) are expected to be recovered after more than twelve months.

Source	Hong Kong GAAP Limited

Notes to the consolidated financial statements
for the year ended 31 December 2006 - continued

HKAS 32.60(a)
HKAS 32.63
HKAS 32.67
HKAS 32.74

32. Loan receivables

	2006 HK$'000	2005 HK$'000
Loan to an associate	2,981	2,981

The Group has provided short-term loans to an associate which is renewable on an annual basis. The effective interest for the current year is 5% (2005: 5%).

33. Amounts due from directors

s161B

Directors' current accounts/loans to officers disclosed pursuant to section 161B of the Companies Ordinance are as follows:

Director	Terms of loan	Balance at 31/12/2006 HK$'000	Balance at 1/1/2006 HK$'000	Maximum amount outstanding during the year HK$'000
Gary D.K. Wong	Secured on property, repayable within one year, interest free	440	-	480
Daniel D.D. Lee	Unsecured, repayable within one year, interest free	216	107	216
		656	107	

Source	Hong Kong GAAP Limited

Notes to the consolidated financial statements
for the year ended 31 December 2006 - continued

34. Trade and other receivables

Source		2006 HK$'000	2005 HK$'000
	Trade receivables	18,034	16,700
HKAS 32.94(l)	Less: accumulated impairment	(798)	(758)
		17,236	15,942
	Deferred consideration (Note 46)	960	-
	Prepaid lease payments	100	100
	Other [describe]	54	20
	Total trade and other receivables	18,350	16,062

App 16.4(2)(b)(ii)
GR 18.50B(2)(b)(ii)

The following is an aged analysis of trade receivables net of impairment losses at the balance sheet date:

	2006 HK$'000	2005 HK$'000
0-60 days	13,867	12,713
61-90 days	1,937	2,302
>90 days	1,432	927
	17,236	15,942

HKAS 32.60(a)

The Group allows an average credit period of 60 days to its trade customers.

Included above are trade receivables from related parties amounted to HK$636,000 (2005: HK$632,000). No impairment has been made to receivables from related parties (see note 56).

Derecognition of financial assets

HKAS 32.94(a)

During the year, the Group transferred HK$1.052 million (2005: nil) of trade receivables to an unrelated entity. As part of the transfer, the Group provided the transferee a credit guarantee over the expected losses of those receivables. Accordingly, the Group continues to recognise the full carrying amount of the receivables and has recognised the cash received on the transfer as a secured borrowing (see note 39). At 31 December 2006, the carrying amount of the transferred short-term receivables is HK$0.946 million. The carrying amount of the associated liability is HK$0.923 million.

Source	Hong Kong GAAP Limited

Notes to the consolidated financial statements
for the year ended 31 December 2006 - continued

35. Amounts due from (to) customers for contract work

Source		2006 HK$'000	2005 HK$'000
	Contracts in progress at the balance sheet date		
HKAS 11.40	Contract costs incurred plus recognised profits less recognised losses	1,517	1,386
	Less: progress billings	(1,313)	(1,171)
		204	215
HKAS 11.42	Analysed for reporting purposes as:		
	Amounts due from contract customers	240	230
	Amounts due to contract customers	(36)	(15)
		204	215

HKAS 11.40(c) — At 31 December 2006, retentions held by customers for contract works amounted to HK$75,000 (2005: HK$69,000). Advances received from customers for contract work amounted to HK$14,000 (2005: nil).

36. Held-for-trading investments (other than derivatives)

HKAS 32.60(a)
Sch 10.9(1)(a)
Sch 10.9(3)

Held-for-trading investments include:

	2006 HK$'000	2005 HK$'000
Listed securities:		
- Equity securities listed in Hong Kong	10,250	6,480
- Equity securities listed elsewhere	2,230	1,968
	12,480	8,448

Source	Hong Kong GAAP Limited

Notes to the consolidated financial statements
for the year ended 31 December 2006 - continued

37. Bank balances/pledged bank deposits/bank overdrafts

Bank balances carry interest at market rates which range from 3% to 5.5%. The pledged bank deposits carry fixed interest rate of 4.5%. Bank overdrafts carry interest at market rates which range from 5.5% to 6.5%.

HKAS 32.94(b)

Pledged bank deposits represents deposits pledged to banks to secure banking facilities granted to the Group. Deposits amounting to HK$2 million (2005: HK$2 million) have been pledged to secure bank overdrafts and short-term bank loans and are therefore classified as current assets. The pledged bank deposits will be released upon the settlement of relevant bank borrowings.

38. Trade and other payables

	2006 HK$'000	2005 HK$'000
Trade payables	16,276	21,128
Other payables	90	95
	16,366	21,223

App 16.4(2)(c)(iii)
GR 18.50B(2)(c)(ii)

The following is an aged analysis of trade payables at the balance sheet date:

	2006 HK$'000	2005 HK$'000
0-60 days	9,950	11,366
61-90 days	4,803	6,233
>90 days	1,523	3,529
	16,276	21,128

HKAS 32.60(a)

The average credit period on purchases of is 3 months.

Included above are payables to related parties amounted to HK$380,000 (2005: HK$217,000) (see note 56).

Source	Hong Kong GAAP Limited

Notes to the consolidated financial statements
for the year ended 31 December 2006 - continued

39. Borrowings

Source		2006 HK$'000	2005 HK$'000
	Bank loans (Note 1)	14,982	17,404
	Bills of exchange (Note 2)	358	916
	Transferred receivables (Note 3)	923	-
	Loans from related parties (Note 4)	12,917	34,124
	Loans from other entities (Note 5)	21,361	4,437
		50,541	56,881
Sch 10:10	Secured	15,960	17,739
	Unsecured	34,581	39,142
		50,541	56,881
HKAS 32.74(a) App 16.22 (1) GR 18.21	Carrying amount repayable:		
	On demand or within one year	21,899	25,168
	More than one year, but not exceeding two years	14,074	16,167
	More than two years but not more than five years	8,921	9,218
	More than five years	5,647	6,328
		50,541	56,881
	Less: Amounts due within one year shown under current liabilities	(21,899)	(25,168)
		28,642	31,713

HKAS 32.60(a)

Notes:

1) Secured by a mortgage over the Group's freehold land and buildings (see note 52). The weighted average effective interest rate on the bank loans is 8.30% per annum (2005: 8.32% per annum).

2) Bills of exchange with a variable interest rate were issued in 2004. The weighted average effective interest rate on the bills is 6.8% per annum (2005: 6.8% per annum)

3) Secured by a charge over certain of the Group's trade receivables (see notes 34 and 52).

4) Interest of 8.0% - 8.2% per annum is charged on the outstanding loan balances (2005: 8.0% - 8.2% per annum).

5) Fixed rate loans with a finance company amounted to HK$ 6 million (2005: HK$ 2 million) with maturity periods not exceeding 3 years (2005: 2 years). The weighted average effective interest rate on the fixed rate loans is 7.15% per annum (2005: 8.10% per annum). The Group enters into interest rate swaps to exchange fixed rate interest for variable rate interest in order to hedge against the fair value interest rate risk (see note 30). The remaining balance of HK$ 15.361 million (2005: HK$ 2.237 million) carries interest at market rates ranges from 7% to 9% per annum (2005: 7.3% to 8.5% per annum) during the current year.

Source	Hong Kong GAAP Limited

Notes to the consolidated financial statements
for the year ended 31 December 2006 - continued

40. Obligations under finance leases

HKAS 17.31(e)
HKAS 32.60(a)
HKAS 32.67

It is the Group's policy to lease certain of its manufacturing equipment under finance leases. The average lease term is 5 years. Interest rates underlying all obligations under finance leases are fixed at respective contract dates ranging from 3.5% to 5.5%. These leases have no terms of renewal or purchase options and escalation clauses. No arrangements have been entered into for contingent rental payments.

Source		Minimum lease payments		Present value of minimum lease payments	
		2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000
HKAS 17.31(b) HKAS 32.67(a)	Amounts payable under finance leases:				
	Within one year	10	58	9	54
	In more than one year but not more than five years	6	44	5	35
	In more than five years	-	-	-	-
		16	102	14	89
	Less: future finance charges	(2)	(13)	N/A	N/A
	Present value of lease obligations	14	89	14	89
	Less: Amount due for settlement with 12 months shown under current liabilities)			(9)	(54)
HKAS 1.52	Amount due for settlement after 12 months			5	35

Sch 10:10

The Group's obligations under finance leases are secured by the lessor's charge over the leased assets.

HKAS 32.60(a)

Financial lease obligations are denominated in Hong Kong dollars.

Source	Hong Kong GAAP Limited

Notes to the consolidated financial statements
for the year ended 31 December 2006 - continued

HKAS 37.84
Sch 10:6&7

41. Provisions

	Employee benefits HK$'000 (Note 1)	Rectification work HK$'000 (Note 2)	Warranties HK$'000 (Note 3)	Total HK$'000
At 1 January 2006	4,388	-	1,185	5,573
Additional provisions recognised	-	4,170	744	4,914
Utilisation of provision	(3,174)	(1,112)	(515)	(4,801)
Unwinding of discount	-	-	28	28
Acquisition of Subsix Limited	45	-	-	45
Other [describe]	-	-	-	-
At 31 December 2006	1,259	3,058	1,442	5,759

	2006 HK$'000	2005 HK$'000
Analysed as:		
Current	3,461	3,247
Non-current	2,298	2,326
	5,759	5,573

HKAS 37.85

Notes:

HKFRS 3.50

1) The provision for employee benefits represents annual leave and vested long service leave entitlements accrued and compensation claims made by employees. On the acquisition of Subsix Limited, the Group recognised an additional contingent liability in respect of employees' compensation claims outstanding against that company, which will be settled in February 2007.

2) The provision for rectification work relates to the estimated cost of work agreed to be carried out for the rectification of goods supplied to one of the Group's major customers (see note 13). Anticipated expenditure for 2007 is HK$1.94 million, and for 2008 is HK$1.118 million. These amounts have not been discounted for the purpose of measuring the provision for rectification work, because the effect is not material.

3) The provision for warranty claims represents the present value of the directors' best estimate of the future outflow of economic benefits that will be required under the Group's warranty program for electronic toys. The estimate has been made on the basis of historical warranty trends and may vary as a result of new materials, altered manufacturing processes or other events affecting product quality.

Source	Hong Kong GAAP Limited

Notes to the consolidated financial statements
for the year ended 31 December 2006 - continued

HKAS 1.76(a)
Sch 10:2

42. Share capital

	Number of shares		Share capital	
	2006	2005	2006	2005
	'000	'000	HK$'000	HK$'000
Authorised				
200 million ordinary shares of HK$1 each	200,000	200,000	200,000	200,000
Issued and fully paid				
At beginning of year	23,005	23,005	23,005	23,005
Repurchase of shares	(5,500)	-	(5,500)	-
Exercise of share options	314	-	314	-
At end of year	17,819	23,005	17,819	23,005

During the year, the Company repurchased its own shares through the Stock Exchange of Hong Kong Limited as follows:

Month of repurchase	No. of ordinary shares at HK$1 each	Price per share		Aggregate consideration paid
		Highest	Lowest	
	'000	HK$	HK$	HK$'000
November 2006	3,000	3.15	2.85	9,270
December 2006	2,500	3.05	2.90	7,731

The above shares were cancelled upon repurchase. None of the Company's subsidiaries repurchased, sold or redeemed any of the Company's listed shares during the year.

Source	Hong Kong GAAP Limited

Notes to the consolidated financial statements for the year ended 31 December 2006 - continued

HKAS 1.101

43. Reserves

	Attributable to equity holders of the parent								
	Share premium HK$'000	Convertible loan notes equity reserve HK$'000	Properties revaluation reserve HK$'000	Investments revaluation reserve HK$'000	Translation reserve HK$'000	Share options reserve HK$'000	Hedging reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 January 2005 as originally stated	26,474	-	51	470	140	-	258	73,917	101,310
Effects of changes in accounting policies (see note 2)	-	-	-	-	-	-	-	(21)	(21)
At 1 January 2005 as restated	26,474	-	51	470	140	-	258	73,896	101,289
Surplus on revaluation of properties	-	-	1,643	-	-	-	-	-	1,643
Gain on cash flow hedges	-	-	-	-	-	-	316	-	316
Gain on fair value changes of available-for-sale investments	-	-	-	81	-	-	-	-	81
Exchange differences arising on translation of foreign operations	-	-	-	-	85	-	-	-	85
Deferred tax	-	-	(493)	(24)	-	-	(95)	-	(612)
Net income recognised directly in equity	-	-	1,150	57	85	-	221	-	1,513
Profit for the year	-	-	-	-	-	-	-	27,569	27,569
Transfer to profit or loss on sale of available-for-sale investments	-	-	-	-	-	-	-	-	-
Transfer to profit or loss on cash flow hedges	-	-	-	-	-	-	(287)	-	(287)
Transfer to initial carrying amount of non-financial items on cash flow hedges	-	-	-	-	-	-	-	-	-
Deferred tax transfer to profit or loss	-	-	-	-	-	-	86	-	86
Total recognised income and expense for the year	-	-	1,150	57	85	-	20	27,569	28,881
Recognition of equity-settled share based payments	-	-	-	-	-	338	-	-	338
Dividends paid	-	-	-	-	-	-	-	(6,479)	(6,479)
At 31 December 2005	26,474	-	1,201	527	225	338	278	94,986	124,029

Source | **Hong Kong GAAP Limited**

Notes to the consolidated financial statements for the year ended 31 December 2006 - continued

	Attributable to equity holders of the parent								
	Share premium HK$'000	Convertible loan notes equity reserve HK$'000	Properties revaluation reserves HK$'000	Investments revaluation reserve HK$'000	Translation reserve HK$'000	Share options reserve HK$'000	Hedging reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 January 2006	26,474	-	1,201	527	225	338	278	94,986	124,029
Gain on cash flow hedges	-	-	-	-	-	-	436	-	436
Gain on fair value changes of available-for-sale investments	-	-	-	94	-	-	-	-	94
Exchange differences arising on translation of foreign operations	-	-	-	-	(19)	-	-	-	(19)
Deferred tax	-	-	-	(28)	-	-	(131)	-	(159)
Net income (expenses) recognised directly in equity	-	-	-	66	(19)	-	305	-	352
Profit for the year	-	-	-	-	-	-	-	22,552	22,552
Transfer to profit or loss on cash flow hedges	-	-	-	-	-	-	(380)	-	(380)
Transfer to initial carrying amount of non-financial items on cash flow hedges	-	-	-	-	-	-	-	-	-
Deferred tax transfer to profit or loss	-	-	-	-	-	-	114	-	114
Transfer to profit or loss on disposal of foreign operation	-	-	-	-	(12)	-	-	-	(12)
Total recognised income and expense for the year	-	-	-	66	(31)	-	39	22,552	22,626
Recognition of equity-settled share based payments	-	-	-	-	-	206	-	-	206
Transaction costs attributable to issue of new shares	(6)	-	-	-	-	-	-	-	(6)
Issue of ordinary shares upon exercise of share options	361	-	-	-	-	(361)	-	-	-
Repurchase of shares	(10,848)	-	-	-	-	-	-	(555)	(11,403)
Transaction costs attributable to repurchase of shares	(193)	-	-	-	-	-	-	-	(193)
Issue of convertible loan notes	-	834	-	-	-	-	-	-	834
Dividends paid	-	-	-	-	-	-	-	(6,635)	(6,635)
Transfer to retained earnings	-	-	(3)	-	-	-	-	3	-
Deferred tax	-	(242)	-	-	-	-	-	-	(242)
At 31 December 2006	15,788	592	1,198	593	194	183	317	110,351	129,216

Source	Hong Kong GAAP Limited

Notes to the consolidated financial statements
for the year ended 31 December 2006 - continued

44. Convertible loan notes

HKAS 32.60(a)
HKAS 32.67(a)

4.5 million Hong Kong dollar denominated convertible loan notes were issued by the Company on 1 September 2006 at an issue price of HK$1.10 per note. Each note entitles the holder to convert to one ordinary share at a conversion price of HK$1.25.

Conversion may occur at any time between 1 July 2010 and 31 August 2010. If the notes have not been converted, they will be redeemed on 1 September 2010 at HK$1.00. Interest of 5.5% per annum will be paid up until that settlement date.

HKAS 32.67(b)
HKAS 32.94(d)

The convertible loan notes contain two components, liability and equity elements. The equity element is presented in equity heading "convertible loan notes – equity reserve". The effective interest rate of the liability component is 8%.

The movement of the liability component of the convertible loan notes for the year is set out below:

	HK$'000
Proceeds of issue	4,950
Equity component	(834)
Liability component at date of issue	4,116
Interest charged	110
Interest paid	(82)
Liability component at 31 December 2006	4,144

Source	Hong Kong GAAP Limited

Notes to the consolidated financial statements
for the year ended 31 December 2006 - continued

HKFRS 3.67

45. Acquisition of subsidiaries

HKFRS3.67

On 28 July 2006, the Group acquired 100% of the issued share capital of Subsix Limited and Subseven Limited for considerations of HK$430,000 and HK$792,000 respectively. The amount of goodwill arising as a result of the acquisition was HK$435,000 in aggregate.

The net assets acquired in the transaction and the goodwill arising are as follows:

HKFRS 3.67

	Subsix Limited			Subseven Limited			
	Acquiree's carrying amount before combination HK$'000	Fair value adjustment HK$'000	Fair value HK$'000	Acquiree's carrying amount before combination HK$'000	Fair value adjustment HK$'000	Fair value HK$'000	Total Fair value HK$'000
Net assets acquired:							
Bank balances and cash	200	-	200	-	-	-	200
Trade and other receivables	87	-	87	105	-	105	192
Inventories	-	-	-	57	-	57	57
In-process R&D	-	-	-	-	-	-	-
Plant and equipment	50	35	85	312	57	369	454
Trade and other payables	(23)	-	(23)	(35)	-	(35)	(58)
Deferred tax liabilities	(2)	(2)	(4)	-	(9)	(9)	(13)
Contingent liabilities	-	(45)	(45)	-	-	-	(45)
	312	(12)	300	439	48	487	787
Goodwill							435
							1,222

HKFRS 3.67
HKAS 7.40

Total consideration satisfied by:	
Cash	822
Freehold land and buildings	400
	1,222
Net cash outflow arising on acquisition:	
Cash consideration paid	(822)
Bank balances and cash acquired	200
	(622)

HKFRS 3.67

Goodwill arose in the business combination because the cost of the combination included a control premium paid to acquire Subsix Limited. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of Subsix Limited. These benefits are not recognised separately from goodwill as the future economic benefits arising from them cannot be reliably measured.

The Group also acquired the customer lists and customer relationships of Subseven Limited as part of the acquisition. These assets could not be reliably measured and separately recognised from goodwill because they are not capable of being separated from the Group and sold, transferred, licensed, rented or exchanged, either individually or together with any related contracts.

Source	Hong Kong GAAP Limited
	Notes to the consolidated financial statements **for the year ended 31 December 2006 - continued**
HKFRS 3.67	Subsix Limited and Subseven Limited contributed HK$35,000 and HK$13,000 to the Group's profit for the period between the date of acquisition and the balance sheet date respectively.
HKFRS 3.70	If the acquisition had been completed on 1 January 2006, total group revenue for the year would have been HK$163.5 million, and profit for the year would have been HK$32.436 million. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of the Group that actually would have been achieved had the acquisition been completed on 1 January 2006, nor is it intended to be a projection of future results.

Source	Hong Kong GAAP Limited

Notes to the consolidated financial statements
for the year ended 31 December 2006 - continued

46. Disposal of a subdisiary

HKFRS 5.41(a) The Group discontinued its bicycle business operations at the time of disposal of its subsidiary, Sub A Ltd. The net assets of Sub A Ltd. at the date of disposal were as follows:

Source		2006 HK$'000
HKAS 7.40(d)	Net assets disposed of:	
	Property, plant and equipment	5,662
	Inventories	2,765
	Trade and other receivables	1,074
HKAS 7.40(c)	Bank balances and cash	288
	Trade and other payables	(918)
	Borrowings	(4,342)
	Deferred tax liabilities	(615)
		3,914
	Attributable goodwill	3,080
	Release of translation reserve	(120)
		6,874
HKAS 7.40(a)	Gain on disposal	1,940
HKAS 7.40(b)	Total consideration	8,814
	Satisfied by:	
	Cash	7,854
	Deferred consideration (Note 34)	960
		8,814
HKAS 7.42	Net cash inflow arising on disposal:	
	Cash consideration	7,854
	Bank balances and cash disposed of	(288)
		7,566

The impact of Sub A Limited on the Group's results and cash flows in the current and prior periods is disclosed in note 11.

Source	Hong Kong GAAP Limited

Notes to the consolidated financial statements
for the year ended 31 December 2006 - continued

47. Cash and cash equivalents

HKAS 7.45

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement can be reconciled to the related items in the consolidated balance sheet as follows:

	2006 HK$'000	2005 HK$'000
Bank balances and cash	18,199	17,778
Bank overdrafts	(538)	(378)
	17,661	17,400
Cash and cash equivalents included in a disposal group held for sale (Note 12)	175	-
	17,836	17,400

48. Non-cash transactions

HKAS 7.43

During the year ended 31 December 2006, the Group disposed of property, plant and equipment with an aggregate fair value of HK$0.4 million to acquire the subsidiaries indicated in note 45. This disposal is not reflected in the consolidated cash flow statement.

During the year ended 31 December 2005, the Group acquired an equipment amounted to HK$40,000 under a finance lease.

Source	Hong Kong GAAP Limited

Notes to the consolidated financial statements
for the year ended 31 December 2006 - continued

HKAS 37.86
Sch 10:12(5)

49. Contingent liabilities and contingent assets

Source		2006 HK$'000	2005 HK$'000
	Contingent liabilities		
	Court proceedings (Note 1)	-	-
HKAS 31.54(a)	Contingent liabilities incurred by the Group arising from interests in joint ventures (Note 2)	110	116
	Guarantees given to banks, in respect of banking facilities utilised by a supplier	970	1,050
	Contingent assets		
HKAS 37.89	Faulty goods claim (Note 3)	140	-

Notes:

1) A subsidiary of the Group is a defendant in a legal action involving the alleged failure of the subsidiary to supply goods in accordance with the terms of contract. The directors believe, based on legal advice, that the action can be successfully defended and therefore no losses (including for costs) will be incurred. The legal claim is expected to be settled in the course of the next eighteen months.

2) A number of contingent liabilities have arisen as a result of the Group's interests in joint ventures. The amount disclosed represents the aggregate amount of such contingent liabilities for which the Group as an investor is liable. The extent to which an outflow of funds will be required is dependent on the future operations of the joint ventures being more or less favourable than currently expected. The Group is not contingently liable for the liabilities of other venturers in its joint ventures.

3) A subsidiary of the Group has a claim outstanding against a supplier for the supply of faulty products. Based on negotiations to date the directors believe that it is probable that their claim will be successful and that compensation of HK$0.14 million will be recovered.

Source	Hong Kong GAAP Limited

Notes to the consolidated financial statements for the year ended 31 December 2006 - continued

50. Operating leases

The Group as lessee

Source		2006 HK$'000	2005 HK$'000
	Minimum lease payments paid under operating leases during the period:		
HKAS 17.35(c)	Premises	2,008	2,092
Sch 10:13(1)(i)	Other assets	-	-
		2,008	2,092

HKAS 17.35(a) — At the balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2006 HK$'000	2005 HK$'000
Within one year	1,734	1,908
In the second to fifth years inclusive	3,568	4,336
Over five years	1,618	2,526
	6,920	8,770

HKAS 17.35(d) — Operating leases relate to warehouse facilities with lease terms of between 3 to 7 years, with an option to extend for a further 3 years. All operating lease contracts contain market review clauses in the event that the Group exercises its option to renew. The Group does not have an option to purchase the leased asset at the expiry of the lease period.

The Group as lessor

HKAS 17.56(c) — Property rental income earned during the year was HK$20,000 (2005: HK$16,000). All of the Group's investment properties are held for rental purposes. They are expected to generate rental yields of 10% on an ongoing basis. All of the properties held have committed tenants for the next 4 years.

HKAS 17.56(a) — At the balance sheet date, the Group had contracted with tenants for the following future minimum lease payments:

	2006 HK$'000	2005 HK$'000
Within one year	18	18
In the second to fifth year inclusive	54	72
After five years	-	-
	72	90

Source	Hong Kong GAAP Limited

Notes to the consolidated financial statements
for the year ended 31 December 2006 - continued

51. Commitments

Source		2006 HK$'000	2005 HK$'000
HKAS 16.74(c) Sch 10:12(6)	Commitments for the acquisition of property, plant and equipment	4,856	6,010

HKAS 40.75(h)

In addition, the Group has entered into a contract for the management and maintenance of its investment properties for the next 5 years, which will give rise to an annual charge of HK$3,500.

52. Pledged of assets

Assets with the following carrying amounts have been pledged to secure borrowings of the Group (see note 39):

Source		2006 HK$'000	2005 HK$'000
HKAS 16.74(a)	Freehold land and buildings	21,054	25,851
	Investment properties	136	132
	Trade receivables	946	-
		22,136	25,983

In addition, the Group's obligations under finance leases (see note 40) are secured by the lessors' title to the leased assets, which have a carrying amount of HK$18,000 (2005: HK$36,000).

Source	Hong Kong GAAP Limited

Notes to the consolidated financial statements
for the year ended 31 December 2006 - continued

53. Share-based payment transactions

THE COMPANY

HKFRS 2.45(a)
LR 17.09
GR 23.09

The Company's share option scheme (the "Scheme"), was adopted pursuant to a resolution passed on 28 November 2000 for the primary purpose of providing incentives to directors and eligible employees, and will expire on 27 November 2010. Under the Scheme, the Board of Directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company.

At 31 December 2006, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 196,000 (2005: 290,000), representing 1.1% (2005: 1.3%) of the shares of the Company in issue at that date. The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to independent non-executive directors in excess of 0.1% of the Company's share capital or with a value in excess of HK$ 5 million must be approved in advance by the Company's shareholders.

No consideration is payable on the grant of an option. Options may be exercised at any time from the date of grant of the share option to the second anniversary of the date of grant. The exercise price is determined by the directors of the Company, and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant; (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's shares.

HKFRS 2.45(d)

Details of specific categories of options are as follows:

Option type	Date of grant	Exercise period	Exercise price HK$	Fair value at grant date HK$
2005A	31/03/05	31/03/05 to 30/03/07	1.00	1.15
2005B	30/09/05	30/09/05 t0 29/09/07	1.00	1.18
2006	31/03/06	31/03/06 to 30/03/08	1.00	0.94

HKFRS 2.46,47(a)
LR 17.08
GR 23.08

In accordance with the terms of the share-based arrangement, options issued during the financial year ended 31 December 2005, and 31 December 2006, vest at the date of grant.

The fair value of the share options granted during the financial year is HK$0.94 (2005: HK$1.17). Options were priced using a binomial option pricing model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions (including the probability of meeting market conditions attached to the option), and behavioural considerations. Expected volatility is based on the historical share price volatility over the past 5 years. To allow for the effects of early exercise, it was assumed that executives and senior employees would exercise the options after vesting date when the share price was two and a half times the exercise price.

Source	Hong Kong GAAP Limited

Notes to the consolidated financial statements
for the year ended 31 December 2006 - continued

Inputs into the model

	Option type		
	2005A	2005B	2006
Grant date share price	1.14	1.27	1.19
Exercise price	1.00	1.00	1.00
Expected volatility	70.20%	70.40%	56.10%
Option life	2 year	2 year	2 year
Dividend yield	13.27%	13.12%	13.00%
Risk-free interest rate	5.13%	5.14%	5.50%
Other [describe]	-	-	-

HKFRS 2.47(a)

Expected volatility was determined by using the historical volatility of the Company's share price over the previous two years.

LR 17.08 Note 4
GR 23.08 Note 4

The Binomial model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

HKFRS 2.45(b)
LR 17.07
GR 23.07

The following table discloses movements of the Company's share options held by employees and directors during the year.

Option type	Outstanding at 1/1/06	Granted during year	Exercised during year	Forfeited during year	Expired during year	Outstanding at 31/12/06
2005A	140,000	-	(140,000)	-	-	-
2005B	150,000	-	(150,000)	-	-	-
2006	-	220,000	(24,000)	-	-	196,000
	290,000	220,000	(314,000)	-	-	196,000
Exercisable at the end of the year						196,000
Exercise price	HK$1	HK$1	HK$1	-	-	HK$1

The following table discloses movements of the Company's share options held by employees and directors during prior year:

Option type	Outstanding at 1/1/05	Granted during year	Exercised during year	Forfeited during year	Expired during year	Outstanding at 31/12/05
2005A	-	140,000	-	-	-	140,000
2005B	-	150,000	-	-	-	150,000
	-	290,000	-	-	-	290,000
Exercisable at the end of the year						290,000
Exercise price	-	HK$1	-	-	-	HK$1

Source	Hong Kong GAAP Limited

Notes to the consolidated financial statements
for the year ended 31 December 2006 - continued

HKFRS 2.45(c)
LR 17.07
GR 23.07

The following share options granted under the employee share option plan were exercised during the financial year:

Options type	Number exercised	Exercise date	Share price at exercise date HK$
2005A	30,000	05/01/06	2.50
2005A	45,000	31/01/06	2.25
2005A	65,000	15/03/06	2.75
2005B	65,000	03/07/06	2.95
2005B	85,000	28/08/06	3.15
2006	24,000	20/12/06	3.50
	314,000		

THE SUBSIDIARY

HKFRS 2.45(a)
LR 17.09
GR 23.09

A subsidiary of the Company, Kowloon Limited (the “Subsidiary”) also operates a share option scheme (the “Subsidiary’s Scheme”). The Subsidiary’s Scheme was adopted pursuant to a resolution passed on 17 May 2001 for the primary purpose of providing incentives to directors and eligible employees of the Subsidiary, and will expire on 16 May 2011. Under the Subsidiary’s Scheme, the board of directors of the Subsidiary may grant options to eligible employees, including directors of the Subsidiary, to subscribe for shares in the Subsidiary.

At 31 December 2006, the number of shares in respect of which options had been granted and remained outstanding under the Subsidiary’s Scheme was 746,000 (2005: nil), representing 4% (2005: nil) of the shares of the Subsidiary in issue at that date. The total number of shares in respect of which options may be granted under the Subsidiary’s Scheme is not permitted to exceed 10% of the shares of the Subsidiary in issue at any point in time, without prior approval from the Subsidiary’s shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Subsidiary in issue at any point in time, without prior approval from the Subsidiary’s shareholders. Options granted to independent non-executive directors of the Subsidiary in excess of 0.1% of the Subsidiary’s share capital or with a value in excess of HK$ 5 million must be approved in advance by the Subsidiary’s shareholders.

No consideration is payable on the grant of an option. Options may be exercised at any time from the date of grant of the share option to the second anniversary of the date of grant. The exercise price is determined by the directors of the Subsidiary, and will not be less than the higher of (i) the closing price of the Subsidiary’s shares on the date of grant; (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Subsidiary’s share.

HKFRS 2.45(d)

Details of the options are as follows:

Option type	Date of grant	Exercise period	Exercise price HK$	Fair value at grant date HK$
2005	01/04/05	01/04/05 to 30/03/07	1.20	0.67

HKFRS 2.46, 47(a)
LR 17.08
GR 23.08

In accordance with the terms of the Subsidiary’s share-based arrangement, options issued during the year ended 31 December 2005 vest at the date of grant.

Source	Hong Kong GAAP Limited

Notes to the consolidated financial statements
for the year ended 31 December 2006 - continued

The fair value of the share options granted for the financial year ended 31 December 2005 is HK$0.67. Options were priced using the binomial option pricing model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions (including the probability of meeting market conditions attached to the option), and behavioural considerations. Expected volatility is based on the historical share price volatility over the past 5 years.

Inputs into the model

	Option type 2005
Grant date share price	1.32
Exercise price	1.20
Expected volatility	60.70%
Option life	2 years
Dividend yield	2.38%
Risk-free interest rate	5.25%
Other [describe]	-

LR 17.08 Note 4
GR 23.08 Note 4

The binomial model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

HKFRS 2.45(b)
LR 17.07
GR 23.07

The following table discloses movements of the Subsidiary's share options held by employees and directors of the Subsidiary during the year:

Option type	Outstanding at 1/1/06	Granted during year	Exercised during year	Forfeited during year	Expired during year	Outstanding at 31/12/06
2005	746,000	-	-	-	-	746,000
Exercisable at the end of the year						746,000
Exercise price	HK$1.20	-	-	-	-	HK$1.20

The following table discloses movements of the Subsidiary's share options held by employees and directors of the Subsidiary during the year:

Option type	Outstanding at 1/1/05	Granted during year	Exercised during year	Forfeited during year	Expired during year	Outstanding at 31/12/05
2005	-	746,000	-	-	-	746,000
Exercisable at the end of the year						746,000
Exercise price	-	HK$1.20	-	-	-	HK$1.20

HKFRS 2.51(a)
HKFRS 2.50

The Group recognised the total expense of HK$206,000 for the year ended 31 December 2006 (2005: HK$838,000), comprising HK$206,000 (2005: HK$338,000) and nil (2005: HK$500,000) in relation to share options granted by the Company and the Subsidiary respectively.

Source	Hong Kong GAAP Limited

Notes to the consolidated financial statements
for the year ended 31 December 2006 - continued

54. Retirement benefit plans

Defined contribution plan

App 16.26(1),(2)
GR 18.34(1),(2)

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the plans are held separately from those of the Group in funds under the control of trustees.

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

HKAS 19.46

The total expense recognised in the consolidated income statement of HK$160,000 (2005: HK$148,000) represents contributions payable to these plans by the Group at rates specified in the rules of the plans. As at 31 December 2006, contributions of HK$8,000 (2005: HK$2,000) due in respect of the year ended 31 December 2006 had not been paid over to the plans. The amounts were paid over subsequent to the balance sheet date.

Defined benefit plan

HKAS 19.120A(b)
App 16.26(1),(2)
GR 18.34(1),(2)

The Group operates funded defined benefit plans for qualifying employees of its subsidiaries in Malaysia. Under the plans, the employees are entitled to retirement benefits varying between 40% and 45% of final salary on attainment of a retirement age of 65. No other post-retirement benefits are provided to these employees.

App 16.26(5)
GR 18.34(5)

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 31 December 2006 by Mr. F.G. Ho, Fellow of the Institute of Actuaries of A Land. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

HKAS 19.120A(n)

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	2006 %	2005 %
Discount rate	5.52	5.20
Expected return on plan assets	12.08	10.97
Expected rate of salary increase	5.00	5.00
Expected return on reimbursement rights	-	-
Other [describe]	-	-

App 16.25(5)
GR 18.34(5)

The actuarial valuation showed that the market value of plan assets was HK$105.3 million (2005: HK$134.2 million) and that the actuarial value of these assets represented 66% (2005: 76%) of the benefits that had accrued to members. The shortfall of HK$55 million (2005: HK$43 million) is to be cleared over the estimated remaining service period of the current membership of 15 years.

Source	Hong Kong GAAP Limited

Notes to the consolidated financial statements
for the year ended 31 December 2006 - continued

HKAS 19.120A(g) Amounts recognised in profit or loss in respect of these defined benefit plans are as follows:

	2006 HK$'000	2005 HK$'000
Current service cost	463	442
Interest on obligation	164	137
Expected return on plan assets	(276)	(249)
Expected return on reimbursement rights	-	-
Actuarial losses recognised in the year	235	226
Past service cost	-	-
Losses (gains) arising from curtailments or settlements	-	-
Adjustments for restrictions on the defined benefit asset	-	-
	586	556

HKAS 19.120A(g) [The charge for the year amounted to HK$586,000 (2005: HK$556,000) is included in the employee benefits expense in the consolidated income statement. / Of the charge for the year, HK$412,000 (2005: HK$402,000) has been included in cost of sales and the remainder in administrative expenses.]

HKAS 19.120A(f) The amount included in the balance sheet arising from the Group's obligation in respect of its defined benefit plans is as follows:

Source		2006 HK$'000	2005 HK$'000
HKAS 19.120A(d)	Present value of funded defined benefit obligation	5,905	5,808
	Fair value of plan assets	(4,202)	(4,326)
		1,703	1,482
HKAS 19.120A(d)	Present value of unfunded defined benefit obligation	-	-
	Deficit	1,703	1,482
	Net actuarial gains and losses not recognised	(873)	(1,098)
	Past service cost not yet recognised	(322)	(32)
	Restrictions on asset recognised	-	-
	Fair value of reimbursement rights recognised as an asset	-	-
	Other [describe]	-	-
	Net liability arising from defined benefit obligation	508	352

Source	Hong Kong GAAP Limited

Notes to the consolidated financial statements
for the year ended 31 December 2006 - continued

HKAS 19.120A(c) Movements in the present value of the defined benefit obligations in the current year were as follows:

	2006 HK$'000	2005 HK$'000
At 1 January	5,808	5,814
Current service cost	463	442
Interest cost	164	137
Contributions from plan participants	-	-
Actuarial losses	230	135
Past service cost	-	-
Losses/(gains) on curtailments	-	-
Liabilities extinguished on settlements	-	-
Liabilities assumed in a business combination	-	-
Exchange differences on foreign plans	-	-
Benefits paid	(760)	(720)
Other [describe]	-	-
At 31 December	5,905	5,808

HKAS 19.120A(e) Movements in the fair value of the plan assets in the current period were as follows:

	2006 HK$'000	2005 HK$'000
At 1 January	4,326	4,788
Expected return on plan assets	276	249
Actuarial gains(losses)	220	(91)
Exchange differences on foreign plans	-	-
Contributions from the employer	140	100
Contributions from plan participants	-	-
Benefits paid	(760)	(720)
Assets acquired in a business combination	-	-
Assets distributed on settlements	-	-
Other [describe]	-	-
At 31 December	4,202	4,326

Source	Hong Kong GAAP Limited

Notes to the consolidated financial statements
for the year ended 31 December 2006 - continued

HKAS 19.120A(j),(l)

The major categories of plan assets, and the expected rate of return at the balance sheet date for each category, is as follows:

	Expected return		Fair value of plan assets	
	2006	2005	31/12/2006	31/12/2005
	%	%	HK$'000	HK$'000
Equity instruments	15.01	12.03	1,026	986
Debt instruments	9.59	7.49	1,980	1,850
Property	12.21	12.76	1,196	1,490
Other [describe]	-	-	-	-
Weighted average expected return	12.08	10.97		
			4,202	4,326

HKAS 19.120A(l)

The overall expected rate of return is a weighted average of the expected returns of the various categories of plan assets held. The directors' assessment of the expected return is based on historical return trends and analysts' predictions of the market for the asset in the next twelve months.

HKAS 19.120A(m)

The actual return on plan assets was HK$0.72 million (2005: HK$0.354 million).

HKAS 19.120A(k)

The plan assets include ordinary shares of the Company with a fair value of HK$0.380 million (2005: HK$0.252 million) and property occupied by a subsidiary of Hong Kong GAAP Limited with a fair value of HK$0.622 million (2005: HK$0.620 million).

HKAS 19.120A(p)

The history of experience adjustments is as follows:

	2006	2005	2004
	HK$'000	HK$'000	HK$'000
Present value of defined benefit obligation	5,905	5,808	4,672
Fair value of plan assets	(4,202)	(4,326)	(4,400)
Deficit	1,703	1,482	272
Experience adjustments on plan liabilities	230	135	210
Experience adjustments on plan assets	220	(91)	156

HKAS 19.120A(q)

The Group expects to make a contribution of HK$0.44 million (2005: HK$0.44 million) to the defined benefit plans during the next financial year.

Source	Hong Kong GAAP Limited

Notes to the consolidated financial statements
for the year ended 31 December 2006 - continued

HKAS 10.19
HKAS 10.21

55. Post balance sheet events

On 18 January 2007, the premises of Subfive Limited were seriously damaged by fire. Insurance claims are in process, but the cost of refurbishment is currently expected to exceed the amount that will be reimbursed by HK$8.3 million.

56. Related party transactions

HKAS 24.4
HKAS 24.17,18

During the year, the Group entered into the following transactions with related parties:

	Trade sales		Trade purchases		Amounts due from related parties		Amounts due to related parties	
	2006 HK$'000	2005 HK$'000	2006 HK$'000	2005 HK$'000	2006 HK$'000	2005 HK$'000	2006 HK$'000	2005 HK$'000
Fellow subsidiaries	693	582	439	427	209	197	231	139
Holding company	1,299	981	897	883	398	293	149	78
Associates	398	291	-	-	29	142	-	-

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expense has been recognised in the period for bad or doubtful debts in respect of the amounts due from related parties.

Loans from / to related parties

	2006 HK$'000	2005 HK$'000
Loan to an associate (note 32)	2,981	2,981
Amount due from directors (note 33)	656	107
	3,637	3,088
Loans from fellow subsidiaries (note 39)	12,917	34,124

In addition to the above, the Group has entered into the following related party transactions with companies controlled by Mr. Gary D.K Wong, a director of the Company:

1) the Group received certain consultancy services, for which a management fee of HK$240,000 (2005: HK$240,000) was charged; and

2) the Group acquired a property in Shatin at a consideration of HK$ 1 million.

Source	Hong Kong GAAP Limited

Notes to the consolidated financial statements
for the year ended 31 December 2006 - continued

HKAS 24.16

Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	2006 HK$'000	2005 HK$'000
Short-term benefits	2,368	2,027
Post-employment benefits	60	139
Other long-term benefits	115	176
Share-based payments	168	185
	2,711	2,527

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

s128(1),(2)
App 16.9(1),(2)
GR 18.10(1),(2)

57. Particulars of principal subsidiaries of the company

Name of subsidiary	Place/ country of incorporation or registration /operations	Class of share held	Issued share capital/ paid-up capital	Proportion ownership interest held by the Company Directly %	Proportion ownership interest held by the Company Indirectly %	Proportion of voting power held by the Company	Principal activities
Kowloon Limited	Hong Kong	Ordinary	HK$50,000,000	-	56	56	Manufacture and sale of widgets
Subone Limited	PRC	Ordinary	RMB5,000,000	-	100	100	Manufacture and sale of toys
Subtwo Limited	Malaysia	Ordinary	USD1,000	-	100	100	Manufacture and sales of widgets
Subthree Limited	Hong Kong	Ordinary	HK$100	-	100	100	Construction
Subfour Limited	British Virgin Island	Ordinary	USD100	100	-	100	Investment holding
Subsix Limited	Singapore	Ordinary	USD5,000	80	-	80	e-business solutions
Subseven Limited	PRC	Ordinary	RMB10,000,000	-	100	100	e-business Solutions

s128(4)&(5)
App 16 Note 9.2
GR 18.10

The above table lists the subsidiaries of the Group which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

Subone Limited and Subseven Limited are wholly foreign owned enterprises.

Source	Hong Kong GAAP Limited

Notes to the consolidated financial statements
for the year ended 31 December 2006 - continued

58. Balance sheet information of the Company

Balance sheet information of the Company at the balance sheet date includes:

	2006 HK$'000	2005 HK$'000
Unlisted investments in subsidiaries	188,303	188,030
Bank balances and cash	6,000	4,000
Other current assets	4,337	3,210
Total assets	198,640	195,240
Share capital (note 42)	17,819	23,005
Reserves	180,821	172,235
Total equity	198,640	195,240

Note: *Section 123(1) and 126(1) of the Companies Ordinance state that both the company's balance sheet and the consolidated balance sheet of a company incorporated in Hong Kong must give a true and fair view. In order to comply with the requirements of the Companies Ordinance, a Hong Kong incorporated company may present the company's balance sheet as a primary statement (together with all relevant notes) and include this disclosure within the consolidated financial statements.*

Source	Hong Kong GAAP Limited

App 16.19
GR 18.33

Financial summary

	For the year ended 31 December				
	2002 HK$'000	2003 HK$'000	2004 HK$'000	2005 HK$'000 (restated)	2006 HK$'000
RESULTS					
Revenue	146,904	118,675	125,849	151,840	140,918
Cost of sales	(90,505)	(73,634)	(75,706)	(91,840)	(87,899)
Gross profit	56,399	45,041	50,143	60,000	53,019
Investment income	692	784	1,626	2,351	3,608
Other gains and losses	896	1,620	1,431	1,005	934
Distribution expenses	(4,891)	(3,214)	(4,216)	(4,600)	(5,087)
Administrative expenses	(13,246)	(12,160)	(14,032)	(19,572)	(16,422)
Share of profits of associates	-	-	-	1,589	1,186
Finance costs	(4,321)	(3,610)	(2,480)	(6,023)	(5,034)
Other expenses	(1,230)	(896)	(1,645)	(2,612)	(2,656)
Profit before tax	34,299	27,565	30,827	32,138	29,548
Income tax expense	(12,432)	(10,121)	(11,201)	(11,801)	(11,306)
Profit for the year from continuing operations	21,867	17,444	19,626	20,337	18,242
Profit for the year from discontinued operations	-	-	-	9,995	8,310
	21,867	17,444	19,626	30,332	26,552
Attributable to:					
Equity holders of the parent	21,841	17,390	19,529	27,569	22,552
Minority interests	26	54	97	2,763	4,000
	21,867	17,444	19,626	30,332	26,552
Earnings per share					
Basic (cents)	112.8¢	109.6¢	120.3¢	119.8¢	100.5¢
Diluted (cents)	110.7¢	101.4¢	118.2¢	119.1¢	94.6¢

Source	Hong Kong GAAP Limited

Financial Summary - continued

	As at 31 December				
	2002 HK$'000	2003 HK$'000	2004 HK$'000	2005 HK$'000 (restated)	2006 HK$'000
ASSETS AND LIABILITIES					
Total Assets	216,847	202,839	236,835	261,129	262,458
Total Liabilities	(91,001)	(75,865)	(86,214)	(94,090)	(91,418)
	125,846	126,974	150,621	167,039	171,040
Equity attributable to equity holders of the parent	115,219	117,066	139,628	147,034	147,035
Share options reserve of a subsidiary	102	237	382	500	500
Minority interests	10,525	9,671	10,611	19,505	23,505
	125,846	126,974	150,621	167,039	171,040

Note: The figures for year ended 31 December 2005 have been adjusted to reflect the change in accounting policy as described in note 2 to the consolidated financial statements.

Source	Hong Kong GAAP Limited

App 16.23
GR 18.23

PARTICULARS OF MAJOR INVESTMENT PROPERTIES AT 31 DECEMBER 2006

PROPERTIES HELD FOR INVESTMENT

Location	Type	Lease Term
Carpark Lot 21, XYZ Plaza, 10 XYZ Road, Hong Kong	Carpark	Medium-term Lease
Flat 1402, Dragon Garden 21 Flying Road, Hong Kong	Commerical	Medium-term Lease

Presentation and disclosure checklist

Presentation and Disclosure Checklist

Contents

Section 1 **Directors' report**

Source	Presentation/Disclosure Requirement
s129D(1)	A report by the directors with respect to the profit or loss of the company for the financial year, and the state of the company's affairs at the end thereof, should be attached to every balance sheet laid before a company in a general meeting.
	Principal activities
s129D(3)(a)	The report should state the principal activities of the company and of its subsidiaries in the course of the financial year and any significant change in those activities in the year.
	Appropriations
s129D(3)(b)	The report should state the amount, if any, which the directors recommend should be paid by way of dividend.
s129D(3)(c)	The report should state the amount, if any, which the directors propose to be carried to reserves.
	Donations
s129D(3)(d)&(e)	If the company (or, in the case of a group, the company taken together with its subsidiaries) has made donations for charitable or other purposes, the total amount of those donations should be disclosed.
	Notes: *1. A company, which is a wholly-owned subsidiary of a company incorporated in Hong Kong, needs not disclose donations made.* *2. For a company which is not itself a wholly-owned subsidiary of a company incorporated in Hong Kong, and which has subsidiaries, disclosure is required if the company and its subsidiaries between them have made donations for charitable or other purposes of HK$1,000 or more.* *3. For a company which is not itself a wholly-owned subsidiary of a company incorporated in Hong Kong, and which has no subsidiary, disclosure is required if the company has made donations for charitable or other purposes of HK$10,000 or more.*
	Fixed assets
s129D(3)(f)	If significant changes in the fixed assets of the company or any of its subsidiaries have occurred during the financial year, the report should give details of those changes.
	Share capital and debentures
s129D(3)(g)	If, in the financial year, the company has issued any shares, the report should state the reason for making the issue, the classes of shares issued and, as respects each class of shares, the number issued and the consideration received by the company for the issue.
s129D(3)(h)	If, in the financial year, the company has issued any debentures, the report should state the reason for making the issue, the classes of debentures issued and, as respects each class of debentures, the amount issued and the consideration received by the company for the issue.
	Directors' information
s129D(3)(i)	The report should state the names of any persons who were directors of the company at any time during the financial year.

Source	Presentation/Disclosure Requirement
	Directors' interests in contracts
s129D(3)(j)	The report should disclose details of the interests, whether direct or indirect, of directors in contracts with the company or any of the company's subsidiaries or holding companies or fellow subsidiaries, at any time during the year, including: (a) a statement of the contract's existence, or of its having existed; (b) the names of the parties thereto (other than the company); (c) the name of the interested director, if not a party to the contract; and (d) the nature of the contract and the director's interest therein.
	Notes:
s162(1)&(4)	*1. It is only applicable if the contract is significant to the company's business and the director's interest is material.*
s129D(6)	*2. It is not applicable to directors' service contracts or contracts between the company and another company where the director's only interest is by virtue of being a director of that other company.*
	Directors' rights to acquire shares
s129D(3)(k)	The report should disclose details of directors' rights to acquire shares or debentures, in the company or any other body corporate, under any arrangement to which the company or the company's subsidiary or holding company or fellow subsidiary is a party, explaining the effect of the arrangement and giving the names of all persons involved as directors during the year.
	Management/administration contracts
s162A(1)(a) s129D(3)(ia)	Where the company enters into any contract, other than a contract of service with any director or any person engaged in full-time employment of the company, whereby any individual, firm or body corporate undertakes the management and administration of the whole or any substantial part of the company's business, a statement should be presented of the existence and duration of the contract and the name of any director interested therein for any year the contract is in force.
	General
s129D(3)(l)	Any other matters material for the appreciation of the state of the company's affairs by its members should be disclosed (provided that it is not harmful to the business of the company or any of its subsidiaries).
s129E	Where advantage is taken of section 141C to show an item in the directors' report instead of in the financial statements, the directors' report should also disclose the corresponding amount for the immediately preceding financial year, except where that amount would not have had to be shown had the item been shown in the financial statements.
	Note: Section 141C permits that any information that is required by the Companies Ordinance to be given in financial statements may be given in the directors' report instead of in the financial statements.
	Approval of the directors' report
s129D(2)	The directors' report should be approved by the board of directors and signed on behalf of the board either by the chairman of the meeting at which it was approved or by the company secretary.

Section 2 Independent auditor's report

Source	Presentation/Disclosure Requirement
s141(3)	Auditors are required to state in their report whether, in their opinion, a true and fair view is given:
	(a) in the balance sheet, of the state of the company's affairs at the end of the accounting period;
	(b) in the profit and loss account (if not framed as a consolidated profit and loss account), of the company's profit or loss for the accounting period;
	(c) in the case of group financial statements, of the state of affairs and profit or loss of the company and its subsidiaries dealt with by those financial statements.
	Note: HKAS 7 Cash Flow Statements requires that financial statements should include a cash flow statement. In addition, HKAS 1 Presentation of Financial Statements requires the inclusion of a statement of changes in equity/statement of recognised income and expense. Where required by the relevant HKFRSs, inclusion of such additional primary statements is normally necessary in order that the financial statements give a true and fair view, as required by the Companies Ordinance.
	Where the auditor forms a negative opinion on any of the following, that fact should be stated:
s141(4)(a)	(a) whether proper books of account have been kept and proper returns adequate for the audit have been received from branches not visited by them;
s141(4)(b)	(b) whether the company's balance sheet and (unless it is framed as a consolidated profit and loss account) profit and loss account are in agreement with the books of account and returns;
s141(6)	(c) whether they have received all the information and explanations necessary for the purposes of the audit; and
HKSA 720(18-1)	(d) whether the information given in the directors' report and other information accompanying the financial statements is consistent with the financial statements.
HKSA 700(18)	The auditor's report should have a title that clearly indicates that it is the report of an independent auditor.
HKSA 700(20)	The auditor's report should be addressed as required by the circumstances of the engagement.
	Note: Ordinarily, the auditor's report on general purpose financial statements is addressed to those for whom the report is prepared, often either to the shareholders or to those charged with governance of the entity whose financial statements are being audited.
HKSA 700(22)	The introductory paragraph in the auditor's report should identify the entity whose financial statements have been audited and should state that the financial statements have been audited. The introductory paragraph should also:
	(a) identify the title of each of the financial statements that comprise the complete set of financial statements;
	(b) refer to the summary of significant accounting policies and other explanatory notes; and
	(c) specify the date and period covered by the financial statements.

Source	Presentation/Disclosure Requirement
HKSA 700(28)	The auditor's report should state that management is responsible for the preparation and the fair presentation of the financial statements in accordance with the applicable financial reporting framework and that this responsibility includes: (a) designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; (b) selecting and applying appropriate accounting policies; and (c) making accounting estimates that are reasonable in the circumstances.
Professional Risk Management Bulletin No. 2	Wordings to clarify to whom the auditor is responsible (as a means of managing the risk of inadvertently assuming a duty of care to third parties) should be added.
HKSA 700(32)	The auditor's report should state that the responsibility of the auditor is to express an opinion on the financial statements based on the audit.
HKSA 700(34)	The auditor's report should state that the audit was conducted in accordance with Hong Kong Standards on Auditing. The auditor's report should also explain that those standards require that the auditor comply with ethical requirements and that the auditor plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.
HKSA 700(37)	The auditor's report should describe an audit by stating that: (a) an audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements; (b) the procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. In circumstances when the auditor also has a responsibility to express an opinion on the effectiveness of internal control in conjunction with the audit of the financial statements, the auditor should omit the phrase that the auditor's consideration of internal control is not for the purpose of expressing an opinion on the effectiveness of internal control; and (c) an audit also includes evaluating the appropriateness of the accounting policies used, the reasonableness of accounting estimates made by management, as well as the overall presentation of the financial statements.
HKSA 700(38)	The auditor's report should state that the auditor believes that the audit evidence the auditor has obtained is sufficient and appropriate to provide a basis for the auditor's opinion.
HKSA 700(39)	An unqualified opinion should be expressed when the auditor concludes that the financial statements give a true and fair view or are presented fairly, in all material respects, in accordance with the applicable financial reporting framework.
HKSA 700(40)	When expressing an unqualified opinion, the opinion paragraph of the auditor's report should state the auditor's opinion that the financial statements give a true and fair view or present fairly, in all material respects, in accordance with the applicable financial reporting framework (unless the auditor is required by law or regulation to use different wording for the opinion, in which case the prescribed wording should be used).
HKSA 700(41)	When HKFRSs are not used as the financial reporting framework, the reference to the financial reporting framework in the wording of the opinion should identify the jurisdiction or country of origin of the financial reporting framework.
HKSA 700(48)	When the auditor addresses other reporting responsibilities within the auditor's report on the financial statements, these other reporting responsibilities should be addressed in a separate section in the auditor's report that follows the opinion paragraph.

Source	Presentation/Disclosure Requirement
HKSA 700(50)	The auditor's report should be signed.
HKSA 700(52)	The auditor should date the report on the financial statements no earlier than the date on which the auditor has obtained sufficient appropriate audit evidence on which to base the opinion on the financial statements. Sufficient appropriate audit evidence should include evidence that the entity's complete set of financial statements has been prepared and that those with the recognised authority have asserted that they have taken responsibility for them.
HKSA 700(57)	The report should name the location in the country or jurisdiction where the auditor practices.
HKSA 700(58)	The auditor's report should be in writing.
s161(8) s161B(6)	If the disclosure requirements in respect of loans to officers and directors' remuneration are not complied with, it is the duty of the auditor to give the required particulars, so far as they are reasonably able to do so, in their report.
s141C	Where the company has opted to present information required by the Companies Ordinance in the directors' report, rather than in the financial statements, the scope of the independent auditor's report is extended to include such information.

Section 3 General principles of presentation

Source	Presentation/Disclosure Requirement
	Components of financial statements
HKAS 1.8	A complete set of financial statements should include the following components: (a) a balance sheet; (b) an income statement; (c) a statement of changes in equity; (d) a cash flow statement; and (e) notes, comprising a summary of significant accounting policies and other explanatory notes.
	A true and fair view and compliance with HKFRSs
HKAS 1.14	The financial statements should include an explicit and unreserved statement to the effect that they comply with HKFRSs.
	Notes:
HKAS 1.14	*1. Financial statements should not be described as complying with HKFRSs unless they comply with all of the requirements of each applicable HKFRS.*
HKAS 1.16	*2. Inappropriate accounting policies are not rectified either by disclosure of the accounting policies used or by notes or explanatory material.*
HKAS 1.13	Financial statements should give a true and fair view of the financial position, financial performance and cash flows of an entity.
	Notes:
HKAS 1.13	*1. True and fair view requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions of and recognition criteria for assets, liabilities, income and expenses set out in the Framework for the Preparation and Presentation of Financial Statements (the Framework). The application of HKFRSs, with additional disclosure when necessary, is presumed to result in financial statements that give a true and fair view.*
HKAS 1.15	*2. In virtually all circumstances, a true and fair view is achieved by compliance with applicable HKFRSs. A true and fair view also requires an entity:* *(a) to select and apply accounting policies in accordance with HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors which sets out a hierarchy of authoritative guidance that management considers in the absence of a Standard or an Interpretation that specifically applies to an item;* *(b) to present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and* *(c) to provide additional disclosures when compliance with the specific requirements in HKFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.*
HKAS 1.17 HKAS 1.18	In the extremely rare circumstances in which management concludes that compliance with a requirement in a Standard or an Interpretation would be so misleading that it would conflict with the objective of financial statements set out in the Framework, the entity should depart from that requirement (if the relevant regulatory framework requires, or otherwise would not prohibit, such a departure) and disclose the following information:

Source	Presentation/Disclosure Requirement
	(a) the fact that management has concluded that the financial statements give a true and fair view of the entity's financial position, financial performance and cash flows;
	(b) the fact that it has complied with applicable Standards and Interpretations, except that it has departed from a particular requirement to achieve a true and fair view;
	(c) (i) the title of the Standard or Interpretation from which the entity has departed;
	(ii) the nature of the departure (including the treatment that the Standard or Interpretation would require);
	(iii) the reason why that treatment would be so misleading in the circumstances; and
	(iv) the treatment adopted; and
	(d) for each period presented, the financial impact of the departure on each item in the financial statements that would have been reported in complying with the requirement.
HKAS 1.19	When the entity has departed from a requirement of a Standard or an Interpretation in a prior period, and that departure affects the amounts recognised in the financial statements for the current period, it should make the disclosures set out in paragraphs 18(c) and 18(d) of HKAS 1 (see above).
HKAS 1.21	In the extremely rare circumstances in which management concludes that compliance with a requirement in a Standard or an Interpretation would be so misleading that it would conflict with the objective of financial statements set out in the Framework (but the relevant regulatory framework prohibits departure from the requirement), the entity, should, to the maximum extent possible, reduce the perceived misleading aspects of compliance by disclosing the following information:
	(a) (i) the title of the Standard or Interpretation in question;
	(ii) the nature of the requirement;
	(iii) the reason why that treatment would be so misleading in the circumstances; and
	(b) for each period presented, the adjustments to each item in the financial statements that management has concluded would be necessary to give a true and fair view.
	Going concern
HKAS 1.23	When management is aware, in making its assessment of the entity's ability to continue as a going concern, of any material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern, those uncertainties should be disclosed.
HKAS 1.23	When the financial statements are not prepared on a going concern basis, that fact should be disclosed, together with the basis on which the financial statements are prepared and the reason why the entity is not regarded as a going concern.
	Note: Financial statements should be prepared on a going concern basis unless management either intends to liquidate the entity or to cease trading, or that it has no realistic alternative but to do so.
	Consistency of presentation
HKAS 1.27	The presentation and classification of items in the financial statements should be retained from one period to the next, unless:
	(a) it is apparent, following a significant change in the nature of the operations of the entity or a review of its financial statements, that another presentation or classification would be more appropriate; or
	(b) a change in presentation is required by a Standard or an Interpretation.

Source	Presentation/Disclosure Requirement
	Materiality, aggregation and offsetting
HKAS 1.29	Each material class of similar items should be presented separately in the financial statements.
HKAS 1.29	Items of a dissimilar nature or function should be presented separately unless they are immaterial.
HKAS 1.32	Assets and liabilities, and income and expenses, should not be offset unless required or permitted by a Standard or an Interpretation.
HKAS 1.34	When an entity undertakes, in the course of its ordinary activities, transactions that do not generate revenue but that are incidental to its main revenue-generating activities, the results of such transactions should be presented by netting any income with the related expenses arising on the same transaction, when such presentation reflects the substance of the transaction or other event.
HKAS 1.35	Gains and losses arising from a group of similar transactions are reported on a net basis (e.g. foreign exchange gains and losses, or gains or losses arising on financial instruments held for trading) unless the gains and losses are material, in which case they are reported separately.
	Comparative information
HKAS 1.36	Except when a Standard or an Interpretation permits or requires otherwise, comparative information should be disclosed in respect of the previous period for all amounts reported in the financial statements.
HKAS 1.36	Comparative information should be included in narrative and descriptive information when it is relevant to an understanding of the current period's financial statements.
HKAS 1.38	When the presentation or classification of items in the financial statements is amended, comparative amounts should be reclassified unless the reclassification is impracticable. When comparative amounts are reclassified, an entity should disclose:
	(a) the nature of the reclassification;
	(b) the amount of each item or class of items that is reclassified; and
	(c) the reason for the reclassification.
HKAS 1.39	When the presentation or classification of items in the financial statements is amended (but the reclassification of comparative amounts is impracticable), the entity should disclose:
	(a) the reason for not reclassifying the amounts; and
	(b) the nature of the adjustments that would have been made if the amounts had been reclassified.
	Structure and content
HKAS 1.44	The financial statements should be clearly identified clearly and distinguished from other information in the same published document.
HKAS 1.46	Each component of the financial statements should be clearly identified.

Source	Presentation/Disclosure Requirement
HKAS 1.46	The following information should be prominently displayed, and repeated when it is necessary for a proper understanding of the information presented:
	(a) the name of the reporting entity or other means of identification, and any change in that information from the preceding balance sheet date;
	(b) whether the financial statements cover the individual entity or a group of entities;
	(c) the balance sheet date or the period covered by the financial statements, whichever is appropriate to that component of the financial statements;
	(d) the presentation currency; and
	(e) the level of rounding used in presenting amounts in the financial statements (e.g. in thousands or millions of units of the presentation currency).
HKAS 1.49	When the entity's balance sheet date changes and the annual financial statements are presented for a period longer or shorter than one year, the entity should disclose:
	(a) the period covered by the financial statements;
	(b) the reason for using a longer or shorter period; and
	(c) the fact that comparative amounts for the income statement, statement of changes in equity, cash flow statement and related notes are not entirely comparable.
	Functional currency and presentation currency
HKAS 21.53	When the presentation currency is different from the functional currency of an entity (functional currency of the parent in case of a group), that fact should be stated, together with disclosure of the functional currency and the reason for using a different presentation currency.
HKAS 21.54	When there is a change in the functional currency of either the reporting entity or a significant foreign operation, that fact and the reason for the change in functional currency should be disclosed.
HKAS 21.55	When the entity presents its financial statements in a currency that is different from its functional currency, the entity should describe the financial statements as complying with HKFRSs only if they comply with all the requirements of each applicable Standard and Interpretation including the translation method set out in paragraphs 39 and 42 of HKAS 21.
HKAS 21.57	When the entity displays its financial statements or other financial information in a currency that is different from either its functional currency or its presentation currency and the requirements of paragraph 55 of HKAS 21 are not met, it should:
	(a) clearly identify the information as supplementary information to distinguish it from the information that complies with HKFRSs;
	(b) disclose the currency in which the supplementary information is displayed; and
	(c) disclose the entity's functional currency and the method of translation method used to determine the supplementary information.

Section 4 **Income statement**

Source	Presentation/Disclosure Requirement
	Contents – general
HKAS 1.78	All items of income and expense recognised in a period should be included in profit or loss for the period, unless a Standard or an Interpretation requires otherwise.
HKAS 1.81 HKAS 12.77 HKAS 28.38 HKFRS 5.33(a)	As a minimum, the face of the income statement should include line items that present the following amounts: (a) revenue; (b) finance costs; (c) share of profit or loss of associates and joint ventures accounted for using the equity method; (d) tax expense; (e) a single amount comprising the total of: (i) the post-tax profit or loss of discontinued operations; and (ii) the post-tax gain or loss recognised on the measurement to fair value less costs to sell or on the disposal of the assets or disposal group(s) constituting the discontinued operation; and (f) profit or loss.
HKAS 1.82 HKAS 27.33	The following items should be disclosed on the face of the income statement as allocations of profit or loss for the period: (a) profit or loss attributable to minority interest; and (b) profit or loss attributable to equity holders of the parent.
HKAS 1.83	Additional line items, headings and subtotals should be presented on the face of the income statement when such presentation is relevant to an understanding of the entity's financial performance.
HKAS 1.85	The entity should not present any items of income and expense as extraordinary items, either on the face of the income statement or in the notes.
	Analysis of expenses
HKAS 1.88	The entity should present an analysis of expenses using a classification based on either the nature of expenses (employee benefits expense, depreciation etc.) or their function within the entity (cost of sales, distribution expenses, administrative expenses etc.), whichever provides information that is reliable and more relevant.
HKAS 1.89	*Note: Entities are encouraged to present the analysis referred to in paragraph 88 of HKAS 1 (see above) on the face of the income statement.*

Section 5 **Balance sheet**

Source	Presentation/Disclosure Requirement
s125(1)	*Note: Group accounts should include consolidated balance sheet dealing with the state of affairs of a company and all of its subsidiaries.*
	Current/non-current distinction
Sch 10: 4(2)	Fixed assets, current assets and assets that are neither fixed nor current should be separately identified.
HKAS 1.51	The entity should present current and non-current assets, and current and non-current liabilities as separate classifications on the face of its balance sheet except when a presentation based on liquidity provides information that is reliable and is more relevant.
HKAS 1.51	*Note: When a presentation based on liquidity provides information that is reliable and is more relevant, all assets and liabilities should be presented broadly in order of liquidity.*
HKAS 1.52	Whichever method of presentation is adopted, for each asset and liability line item that combines amounts expected to be recovered or settled (a) no more than twelve months after the balance sheet date and (b) more than twelve months after the balance sheet date, the entity should disclose the amount expected to be recovered or settled after more than twelve months.
HKAS 1.57	An asset should be classified as current when it satisfies any of the following criteria: (a) it is expected to be realised in, or is intended for sale or consumption in, the entity's normal operating cycle; (b) it is held primarily for the purpose of being traded; (c) it is expected to be realised within twelve months after the balance sheet date; or (d) it is cash or a cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the balance sheet date.
HKAS 1.57	All assets, other than those meeting one of the criteria outlined in paragraph 57 of HKAS 1 (see above), should be classified as non-current.
HKAS 1.60	A liability should be classified as current when it satisfies any one of the following criteria: (a) it is expected to be settled in the entity's normal operating cycle; or (b) it is held primarily for the purpose of being traded; or (c) it is due to be settled within twelve months after the balance sheet date; or (d) the entity does not have an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.
HKAS 1.60	All liabilities, other than those meeting one of the criteria outlined in paragraph 60 of HKAS 1 (see above), should be classified as non-current.
HKAS 1.63	The entity classifies its financial liabilities as current when they are due to be settled within twelve months after the balance sheet date, even if: (a) the original term was for a period longer than twelve months; and (b) an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the balance sheet date and before the financial statements are authorised for issue.
HKAS 1.64	If the entity expects, and has the discretion, to refinance or roll over an obligation for at least twelve months after the balance sheet date under an existing loan facility, it classifies the obligation as non-current, even if it would otherwise be due within a shorter period.

Source	Presentation/Disclosure Requirement
HKAS 1.65	When the entity breaches an undertaking under a long-term loan agreement on or before the balance sheet date with the effect that the liability becomes payable on demand, the liability is classified as current, even if the lender has agreed, after the balance sheet date and before the authorisation of the financial statements for issue, not to demand payment as a consequence of the breach.
HKAS 1.66	When the entity breaches an understanding under a long-term loan arrangement on or before the balance sheet date, with the effect that the liability becomes payable on demand, the liability is classified as non-current if the lender agreed by the balance sheet date to provide a period of grace ending at least twelve months after the balance sheet date, within which the entity can rectify the breach and during which the lender cannot demand immediate payment.
	Contents – general
Sch 10: 4(1)	The reserves, provisions, liabilities and assets should be classified under headings appropriate to the company's business.
HKAS 1.68	As a minimum, the face of the balance sheet should include line items that present the following amounts to the extent that they are not presented in accordance with paragraph 68A of HKAS 1 *Presentation of Financial Statements:*
	(a) property, plant and equipment;
	(b) investment property;
	(c) intangible assets;
	(d) financial assets (excluding amounts shown under (e), (h) and (i) below);
	(e) investments accounted for using the equity method;
	(f) biological assets;
	(g) inventories;
	(h) trade and other receivables;
	(i) cash and cash equivalents;
	(j) trade and other payables;
	(k) provisions;
	(l) financial liabilities (excluding trade and other payables and provisions);
	(m) liabilities and assets for current tax;
	(n) deferred tax liabilities and deferred tax assets;
	(o) minority interest (presented within equity); and
	(p) issued capital and reserves attributable to equity holders of the parent.

Source	Presentation/Disclosure Requirement
	Notes:
HKAS 1.71	*HKAS 1 does not prescribe the order or format in which items are to be presented. HKAS 1 simply provides a list of items that are sufficiently different in nature or function to warrant separate presentation on the face of the balance sheet.*
HKAS 1.71	*In addition:* *(a) line items are included when the size, nature or function of an item or aggregation of similar items is such that separate presentation is relevant to an understanding of the entity's financial position; and* *(b) the descriptions used and the ordering of items or aggregation of similar items may be amended according to the nature of the entity and its transactions, to provide information that is relevant to an understanding of the entity's financial position.*
HKAS 1.68A HKFRS 5.38	The face of the balance sheet should also include line items that present the following amounts: (a) the non-current assets classified as held for sale and assets included in disposal groups classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*; and (b) liabilities included in disposal groups classified as held for sale in accordance with HKFRS 5.
HKAS 1.69	Additional line items, headings and subtotals should be presented on the face of the balance sheet when such presentation is relevant to an understanding of the entity's financial position.
HKAS 1.74	The entity should disclose, either on the face of the balance sheet or in the notes, further subclassifications of the line items presented, classified in a manner appropriate to the entity's operations.
	Investments in associates
HKAS 28.38	Investments in associates accounted for using the equity method should be classified as non-current assets, and the carrying amount of these investments should be separately disclosed.
	Non-current asset or disposal group classified as held for sale
HKFRS 5.38	Assets and liabilities classified as held for sale should not be offset and presented as a single amount.
HKFRS 5.38 HKFRS 5.39	The major classes of assets and liabilities classified as held for sale should be separately disclosed either on the face of the balance sheet or in the notes, except for the case where a disposal group is a newly acquired subsidiary that meets the criteria to be classified as held for sale on acquisition.
HKFRS 5.40	The entity should not reclassify or re-present amounts presented for non-current assets or for the assets and liabilities of disposal groups classified as held for sale in the balance sheets for prior periods to reflect the classification in the balance sheet date for the latest period presented.
	Reserves and provisions
Sch 10: 6	The aggregate amount of reserves and provisions (other than provisions for depreciation, renewals or diminution in value of assets) should be stated under separate headings.
	Minority interests
HKAS 27.33	Minority interests should be presented in the consolidated balance sheet within equity, separately from the parent's shareholders' equity.

Source	Presentation/Disclosure Requirement
	Approval of financial statements
HKAS 10.17	The entity should disclose the date when the financial statements were authorised for issue and who gave that authorisation.
HKAS 10.17	If the entity's owners or others have the power to amend the financial statements after issue, the entity should disclose that fact.
s129B(1)	The balance sheet should be approved by the board of directors of the company and signed on behalf of the board by two of the directors or, in the case of a private company having only one director, by the sole director.
	Presentation of holding company balance sheet
s123(1)	For entities incorporated under the Companies Ordinance, s123(1) requires every balance sheet of a company shall give a true and fair view of the state of affairs of the company as at the end of its financial year, and every profit and loss account of a company shall give a true and fair view of the profit or loss of the company for the financial year.
s123(5)	*Note: However, s123(1) does not apply to a company's profit and loss account if a consolidated profit and loss account dealing with all or any of the company's subsidiaries as well as the company has been presented.*

Section 6 Statement of changes in equity

Source	Presentation/Disclosure Requirement
	Notes:
HKAS 1.101	*1. A statement of changes in equity may be presented in various ways. One example is a columnar format that reconciles the opening and closing balances of each element within equity. An alternative is to present only the items described in paragraph 96 of HKAS 1 in the statement of changes in equity. Under this approach, items described in paragraph 97 of HKAS 1 are presented in the notes to the financial statements. The alternative formats are illustrated in the Model Financial Statements.*
HKAS 19.93B	*2. If the entity has adopted a policy of recognising all actuarial gains and losses on all of its defined benefit plans outside profit or loss, it can only choose the alternative format i.e. the statement of recognised income and expenses for presentation purposes.*
HKAS 1.96	The entity should present a statement of changes in equity showing on the face of the statement:
	(a) profit or loss for the period;
	(b) each item of income and expense for the period that, as required by other Standards or by Interpretations, is recognised directly in equity, and the total of these items; and
	(c) total income and expense for the period (calculated as the sum of (a) and (b), showing separately the total amounts attributable to equity holders of the parent and to minority interest; and
	(d) for each component of equity, the effects of changes in accounting policies and corrections of errors recognised in accordance with HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.
Sch 10: 7(1) HKAS 1.97	The following items should be presented either on the face of the statement, or in the notes to the financial statements:
	(a) the amounts of transactions with equity holders acting in their capacity as equity holders, showing separately distributions to equity holders;
	(b) the balance of retained earnings (i.e. accumulated profit or loss) at the beginning of the period and at the balance sheet date, and the changes during the period; and
	(c) a reconciliation between the carrying amount of each class of contributed equity and each reserve at the beginning and the end of the period, separately disclosing each change.
	The following amounts charged or credited directly to equity should be separately disclosed (as required by specific Standards):
HKAS 16.77(f)	(a) the revaluation surplus that relates to property, plant and equipment, indicating the change for the period and any restrictions on the distribution of the balance to shareholders;
HK(IFRIC) - Int 1.6(d)	(b) the change in a revaluation surplus of property, plant and equipment arising from a change in the decommissioning liability;
HK(IFRIC) - Int 1.6	*Note: For assets accounted for using the revaluation model under HKAS 16, a change in the decommissioning liability (which, under the cost model would be added to the carrying amount of the asset) increases or decreases the revaluation surplus or deficit that has previously been recognised for the asset. Such movements are required to be separately disclosed.*
HKAS 38.124(b)	(c) the amount of the revaluation surplus that relates to intangible assets at the beginning and end of the period, indicating the changes during the period and any restrictions on the distribution of the balance to shareholders;
HKAS 21.52(b)	(d) net exchange differences classified in a separate component of equity, and a reconciliation of the amount of such exchange differences at the beginning and end of the period;

Source	Presentation/Disclosure Requirement
HKAS 28.39	(e) the investor's share of changes recognised directly in the associate's equity by the investor;
HKFRS 5.38	(f) any cumulative income or expense recognised directly in equity relating to a non-current asset (or a disposal group) classified as held for sale;
HKAS 32.39	(g) the amount of transaction costs accounted for as a deduction from equity in the period;
HKAS 12.81(a)	(h) the aggregate current and deferred tax relating to items that are charged or credited to equity; and
HKAS 32.59	(i) when a gain or loss on a hedging instrument in a cash flow hedge has been recognised directly in equity: (i) the amount that was so recognised in equity during the period; (ii) the amount that was removed from equity and included in profit or loss for the period; and (iii) the amount that was removed from equity during the period and included in the initial measurement of the acquisition cost or other carrying amount of a non-financial asset or non-financial liability in a hedged highly probable forecast transaction.

Section 7 **Cash flow statement**

Source	Presentation/Disclosure Requirement
	General
HKAS 7.1	The cash flow statement should be presented as an integral part of the financial statements for each period for which financial statements are presented.
	Classification of cash flows
HKAS 7.10	The cash flow statement should report cash flows during the period classified by operating, investing and financing activities.
HKAS 7.18	The entity should report cash flows from operating activities using either: (a) the direct method, whereby major classes of gross cash receipts and gross cash payments are disclosed; or (b) the indirect method, whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.
HKAS 7.19	*Note: Entities are encouraged to report cash flows from operating activities using the direct method.*
HKAS 7.21	Major classes of gross cash receipts and gross cash payments arising from investing and financing activities should be separately reported, except to the extent that they are specifically permitted by paragraphs 22 and 24 of HKAS 7 (see below) to be presented on a net basis.
	Note: *The following classes of cash flow may be reported on a net basis:*
HKAS 7.22	*(1) cash flows arising from the following operating, investing or financing activities:* *(a) cash receipts and payments on behalf of customers when the cash flows reflect the activities of the customer rather than those of the entity; and* *(b) cash receipts and payments for items in which the turnover is quick, the amounts are large, and the maturities are short; and*
HKAS 7.24	*(2) cash flows arising from each of the following activities of a financial institution:* *(a) cash receipts and payments for the acceptance and repayment of deposits with a fixed maturity date;* *(b) the placement of deposits with and withdrawal of deposits from other financial institutions; and* *(c) cash advances and loans made to customers and the repayment of those advances and loans.*
	Interest and dividends
HKAS 7.31	Cash flows from interest and dividends received and paid should each be disclosed separately. Each should be classified in a consistent manner from period to period as either operating, investing or financing activities.
HKAS 7.32	The total amount of interest paid during a period is disclosed in the cash flow statement whether it has been recognised as an expense in the income statement or capitalised in accordance with HKAS 23 *Borrowing Costs*.

Source	Presentation/Disclosure Requirement
	Taxes on income
HKAS 7.35	Cash flows arising from taxes on income should be separately disclosed.
HKAS 7.35	Cash flows arising from taxes on income should be classified as cash flows from operating activities unless they can be specifically identified with financing or investing activities.
HKAS 7.36	*Note: When tax cash flows are allocated over more than one class of activity, the total amount of taxes paid should be disclosed.*
	Investments in subsidiaries, associates and joint ventures
HKAS 7.37	When an investment in an associate or a subsidiary is accounted for using the equity or cost method, an investor restricts its reporting in the cash flow statement to the cash flows between itself and the investee (e.g. to dividends and advances).
HKAS 7.38	The entity that reports its interest in a jointly controlled entity using proportionate consolidation includes in its consolidated cash flow statement, its proportionate share of the jointly controlled entity's cash flows.
HKAS 7.38	The entity that reports its interest in a jointly controlled entity using the equity method includes in its cash flow statement the cash flows in respect of its investments in the jointly controlled entity, and distributions and other payments or receipts between it and the jointly controlled entity.
	Acquisitions and disposals of subsidiaries and other business units
HKAS 7.39	The aggregate cash flows arising from acquisitions and from disposals of subsidiaries or other business units should be presented separately and classified as investing activities.
HKAS 7.40	The following information should be disclosed, in aggregate, in respect of both acquisitions and disposals of subsidiaries or other business units during the period: (a) the total purchase or disposal consideration; (b) the portion of the purchase or disposal consideration discharged by means of cash and cash equivalents; (c) the amount of cash and cash equivalents in the subsidiary or business unit acquired or disposed of; and (d) the amount of the assets and liabilities other than cash or cash equivalents in the subsidiary or business unit acquired or disposed of, summarised by each major category.
HKAS 7.42	The aggregate amount of the cash paid or received as purchase or sale consideration is reported in the cash flow statement net of cash and cash equivalents acquired or disposed of.
	Non-cash transactions
HKAS 7.43	Investing and financing transactions that do not require the use of cash or cash equivalents should be excluded from the cash flow statement.
HKAS 7.43	Investing and financing transactions that do not require the use of cash or cash equivalents should be disclosed elsewhere in the financial statements in a way that provides all of the relevant information about these investing and financing activities.

Source	Presentation/Disclosure Requirement
	Components of cash and cash equivalents
HKAS 7.45	The components of cash and cash equivalents should be disclosed.
HKAS 7.46	The entity should disclose the policy that it adopts in determining the composition of cash and cash equivalents in order to comply with HKAS 1 *Presentation of Financial Statements*.
HKAS 7.45	A reconciliation should be presented of the amounts of the components of cash and cash equivalents in the cash flow statement with the equivalent items reported in the balance sheet.
HKAS 7.47	The effect of any change in the policy for determining components of cash and cash equivalents (e.g. a change in the classification of financial instruments previously considered to be part of an entity's investment portfolio), is reported in accordance with HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors.*
	Other disclosures
HKAS 7.48	The entity should disclose the amount of significant cash and cash equivalent balances held by the entity, which are not available for use by the group, together with a commentary by management.
HKAS 7.50	The entity is encouraged to disclose additional information that may be relevant to users in understanding the financial position and liquidity of the entity, together with a commentary by management (e.g. amounts of undrawn borrowing facilities).
HKAS 7.28	The effect of exchange rate changes on cash and cash equivalents held or due in a foreign currency is reported in the cash flow statement in order to reconcile cash and cash equivalents at the beginning and end of the period. This amount is presented separately from cash flows from operating, investing and financing activities and includes the differences, if any, had those cash flows been reported at end of period exchange rates.

Section 8 Accounting policies

Source	Presentation/Disclosure Requirement
	General requirements
HKAS 1.103(a)	The notes to the financial statements should present information about the basis of preparation of the financial statements and the specific accounting policies used in accordance with paragraphs 108 – 115 of HKAS 1 *Presentation of Financial Statements* (see below).
HKAS 1.108	The entity should disclose in the summary of significant accounting policies:
	(a) the measurement basis (or bases) used in preparing the financial statements; and
	(b) the other accounting policies used that are relevant to an understanding of the financial statements.
HKAS 1.112	It is appropriate to disclose each significant accounting policy that is not specifically required by HKFRSs, but is selected and applied in accordance with HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.
HKAS 1.113	The entity should disclose, in the summary of significant accounting policies or other notes to the financial statements, the judgements that management has made in the process of applying the entity's accounting policies that have the most significant effect on the amounts recognised in the financial statements.
	Note:
HKAS 1.114	*In the process of applying the entity's accounting policies, management makes various judgements, apart from those involving estimations, that can significantly affect the amounts recognised in the financial statements. Examples of judgements include:*
	(1) whether financial assets are held-to-maturity investments;
	(2) when substantially all the significant risks and rewards of ownership of financial assets and lease assets are transferred to other entities;
	(3) whether, in substance, particular sales of goods are financing arrangements and therefore do not give rise to revenue; and
	(4) whether the substance of the relationship between the entity and a special purpose entity indicates that the special purpose entity is controlled by the entity.
	Key sources of estimation uncertainty
HKAS 1.116	The entity should disclose, in the notes to the financial statements, information about the key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.
HKAS 1.116	In respect of those assets and liabilities, the notes should disclose details of:
	(a) their nature; and
	(b) their carrying amount as at the balance sheet date.
HKAS 1.120	The disclosures in paragraph 116 of HKAS 1 are presented in a manner that helps users of financial statements to understand the judgements management makes about the future and about other key sources of estimation uncertainty.

Source	Presentation/Disclosure Requirement
	Note:
HKAS 1.118 HKAS 1.120	*The key assumptions and other key sources of estimation uncertainty disclosed in accordance with paragraph 116 of HKAS 1 relate to the estimates that require management's most difficult, subjective or complex judgements. Examples of the types of disclosures are:*
	(1) the nature of the assumption or other estimation uncertainty;
	(2) the sensitivity of carrying amounts to the methods, assumptions and estimates underlying their calculation, including the reasons for the sensitivity;
	(3) the expected resolution of an uncertainty and the range of reasonably possible outcomes within the next financial year in respect of the carrying amounts of the assets and liabilities affected; and
	(4) an explanation of changes made to past assumptions concerning those assets and liabilities, if the uncertainty remains unsolved.
HKAS 1.121	*It is not necessary to disclose budget information or forecasts in making disclosures in paragraph 116 of HKAS 1 (see above).*
HKAS 1.119	The disclosures in paragraph 116 of HKAS 1 (see above) are not required for assets and liabilities with a significant risk that their carrying amounts might change materially within the next financial year, if , at the balance sheet date, they are measured at fair value based on recently observable market prices.
HKAS 1.122	When it is impracticable to disclose the extent of the possible effects of a key assumption or another key source of estimation uncertainty at the balance sheet date, the entity discloses that it is reasonably possible, based on existing knowledge, that outcomes within the next financial year that are different from assumptions could require a material adjustment to the carrying amount of the asset or liability affected. In all cases, the entity discloses the nature and carrying amount of the specific asset or liability (or class of assets or liabilities) affected by the assumption.
	Policies required to be disclosed by specific standards
	The following accounting policies should be disclosed, as required by specific HKFRSs:
	(a) Joint controlled entities
HKAS 31.57	- the method the venturer uses to recognise its interest in jointly controlled entities.
	(b) Revenue
HKAS 18.35(a)	- the accounting policies adopted for the recognition of revenue, including the methods adopted to determine the stage of completion of transactions involving the rendering of services; and
Sch 10: 16(4)	- the method by which turnover is arrived at.
	(c) Construction contracts
HKAS 11.39(b)	- the methods used to determine the contract revenue recognised in the period; and
HKAS 11.39(c)	- the methods used to determine the stage of completion of contracts in progress.
	(d) Borrowing costs
HKAS 23.29(a)	- the accounting policy adopted for borrowing costs.
	(e) Government grants
HKAS 20.39(a)	- the accounting policy adopted for government grants, including the methods of presentation adopted in the financial statements.

Source	Presentation/Disclosure Requirement
	(f) Employee benefits – defined benefit plans
HKAS 19.120A(a)	- the accounting policy for recognising actuarial gains and losses.
	(g) Foreign currency
Sch 10: 12(14)	- the basis on which other currencies have been converted into the currency in which the balance sheet is expressed, where the amount of assets or liabilities affected is material.
	(h) Taxation
Sch 10: 12(15)	- the basis on which the amount, if any, set aside for Hong Kong Profits Tax is computed.
	(i) Property, plant and equipment
HKAS 16.73(a)	- the measurement bases used for determining the gross carrying amount of property, plant and equipment;
HKAS 16.73(b)	- the depreciation methods used;
HKAS 16.73(c)	- the useful lives or the depreciation rates used;
	(j) Investment properties
HKAS 40.75(c)	- when judgement as to whether the property qualifies as an investment property is required and the classification is difficult, the criteria the entity uses to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of business;
HKAS 40.75(a)	- whether the fair value model or the cost model is applied;
HKAS 40.75(b)	- if the fair value model is applied, whether, and in what circumstances, property interests held under operating leases are classified and accounted for as investment property;
HKAS 40.79(a) HKAS 40.79(b)	- if the cost model is applied, the depreciation methods used and the useful lives (or the depreciation rates used).
	(k) Intangible assets - for each class of intangible assets, distinguishing between internally-generated intangible assets and other intangible assets:
HKAS 38.118(a)	- whether the useful lives are indefinite or finite, and if finite, the useful lives (or the amortisation rates used);
HKAS 38.118(b)	- the amortisation methods used for intangible assets with finite useful lives;
HKAS 38.118(d)	- the line item(s) of the income statement in which any amortisation of intangible assets is included.
	(l) Financial instruments
HKAS 32.60(b)	- for each class of financial asset, financial liability and equity instrument, both recognised and unrecognised, the accounting policies and methods adopted, including the criteria for recognition and the basis of measurement applied;
HKAS 32.61	- for each category of financial assets, whether regular way purchases and sales of financial assets are accounted for at trade date or at settlement date;
HKAS 32.66(a)	- the criteria applied in determining when to recognise a financial asset or financial liability on the balance sheet and when to derecognise it;
HKAS 32.66(b)	- the basis of measurement applied to financial assets and financial liabilities both on initial recognition and subsequently;

Source	Presentation/Disclosure Requirement
HKAS 32.66(c)	- the basis on which income and expense arising from financial assets and financial liabilities is recognised and measured; and
HKAS 32.66(d)	- for financial assets or financial liabilities designated as at fair value through profit or loss:
	(i) the criteria for so designating such financial assets or financial liabilities on initial recognition.
	(ii) how the entity has satisfied any one of the following conditions for such designation:
HKAS 39.9(b)(i) of FVTPL definition	(a) it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains or losses on them on different bases;
HKAS 39.9(b)(ii) of FVTPL definition	(b) a group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the entity's key management personnel;
HKAS 39.11A	(c) in the case of a hybrid contract containing one or more embedded derivatives, an entity may designate the entire hybrid (combined) contract as a financial asset or financial liability at fair value through profit or loss unless: (1) the embedded derivative does not significantly modify the cash flows that otherwise would be required by the contract; or (2) it is clear with little or no analysis when a similar hybrid (combined) instrument is first considered that separation of the embedded derivative is prohibited; or
HKAS 39.12	(d) if an entity is required to separate an embedded derivative from its host contract, but is unable to measure the embedded derivative separately either at acquisition or at a subsequent financial reporting date, it should designate the entire hybrid (combined) contract as at fair value through profit or loss.
	For instruments designated in accordance with paragraph 9(b)(i) of HKAS 39 (see (ii)(a) above), that disclosure includes a narrative description of the circumstances underlying the measurement or recognition inconsistency that would otherwise arise. For instruments designated in accordance with paragraph 9(b)(ii) of HKAS 39(see (ii)(b) above), that disclosure includes a narrative description of how designation as at fair value through profit or loss is consistent with the entity's documented risk management or investment strategy.
	(iii) the nature of the financial assets or financial liabilities the entity has designated as at fair value through profit or loss.
	(m) Inventories
HKAS 2.36(a)	- the accounting policies adopted in measuring inventories, including the cost formula used.
	(n) Exploration for and evaluation of mineral resources
HKFRS 6.24(a)	- the accounting policies for exploration and evaluation expenditures including the recognition of exploration and evaluation assets.
	(o) Common control combination
AG 5.17	- the accounting policy for a common control combination should be disclosed. Details of the accounting policy should include, but not be limited to, a discussion of the specific principles and bases applied under merger accounting.

Source	Presentation/Disclosure Requirement
	Changes in accounting policies
HKAS 8.13 HKAS 8.14	*Note: The entity should select and apply its accounting policies consistently for similar transactions, other events and conditions. The entity should change an accounting policy only if the change:* • *is required by a Standard or an Interpretation; or* • *results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the entity's financial position, financial performance or cash flows.*
HKAS 8.28 Sch 10: 17(6)(b)	When initial application of a Standard or an Interpretation has an effect on the current period or any prior period, would have such an effect except that it is impracticable to determine the amount of the adjustment, or might have an effect on future periods, the entity should disclose: (a) the title of the Standard or Interpretation; (b) when applicable, that the change in accounting policy is made in accordance with its transitional provisions; (c) the nature of the change in accounting policy; (d) when applicable, a description of the transitional provisions; (e) when applicable, the transitional provisions that might have an effect on future periods; (f) for the current period and each prior period presented, to the extent practicable, the amount of the adjustment: (i) for each financial statement line item affected; and (ii) if HKAS 33 *Earnings per Share* applies to the entity, for basic and diluted earnings per share; (g) the amount of the adjustment relating to periods before those presented, to the extent practicable; and (h) if retrospective application required by paragraph 19(a) or (b) of HKAS 8 (see above) is impracticable for a particular period, or for periods before those presented, the circumstances that led to the existence of that condition and a description of how and from when the change in accounting policy has been applied.
	Note: Financial statements of subsequent periods need not repeat the above disclosures.

Source	Presentation/Disclosure Requirement
HKAS 8.29 Sch 10: 17(6)(b)	When a voluntary change in accounting policy has an effect on the current or any prior period, would have an effect on that period except that it is impracticable to determine the amount of the adjustment, or might have an effect on future periods, the entity should disclose: (a) the nature of the change in accounting policy; (b) the reasons why applying the new accounting policy provides reliable and more relevant information; (c) for the current period and each prior period presented to the extent practicable, the amount of the adjustment: (i) for each financial statement line item affected; and (ii) if HKAS 33 *Earnings per Share* applies to the entity, for basic and diluted earnings per share; (d) the amount of the adjustment relating to periods before those presented, to the extent practicable; and (e) if retrospective application is impracticable for a particular prior period, or for periods before those presented, the circumstance that led to the existence of that condition and a description of how and from when the change in accounting policy has been applied.
	Note: Financial statements of subsequent periods need not repeat the above disclosures.

Section 9 **Explanatory notes**

Source	Presentation/Disclosure Requirement
	General
HKAS 1.126 s129A	The following details should be disclosed in the financial statements:
	(a) a description of the nature of the entity's operations and its principal activities;
	(b) the name of the parent entity and the ultimate parent of the group;
	(c) the domicile and legal form of the entity; and
	(d) its country of incorporation and the address of the registered office (or principal place of business, if different from the registered office).
	The notes to the financial statements should:
HKAS 1.103(b)	(a) disclose the information required by HKFRSs that is not presented on the face of the financial statements; and
HKAS 1.103(c)	(b) provide additional information that is not presented on the face of the financial statements, but is relevant to an understanding of the financial statements.
HKAS 1.104	The notes to the financial statements should be presented in a systematic manner, with each item on the face of the financial statements cross-referenced to any related information in the notes.
	Prior period errors
HKAS 8.49	The entity should disclose the following:
	(a) the nature of the prior period error;
	(b) for each prior period presented, to the extent practicable, the amount of the correction;
	(i) for each financial statement line items affected; and
	(ii) if HKAS 33 *Earnings per Share* applies to the entity, for basic and diluted earnings per share;
	(c) the amount of the correction at the beginning of the earliest prior period presented; and
	(d) if retrospective restatement is impracticable for a particular prior period, the circumstances that led to the existence of that condition and a description of how and from when the error has been corrected.
	Note: Financial statements of subsequent periods need not repeat those disclosures.
	Changes in accounting estimates
HKAS 8.39	The entity should disclose the nature and amount of a change in an accounting estimate that has an effect in the current period or is expected to have an effect in future periods, except for the disclosure of the effect on future periods when it is impracticable to estimate that effect.
HKAS 8.40	If the amount of the effect in future periods is not disclosed because estimating it is impracticable, the entity should disclose that fact.
HKAS 34.26	If an estimate of an amount reported in an interim period is changed significantly during the final interim period of the financial year, but a separate report is not published for that final interim period, the nature and amount of the change in estimate should be disclosed in a note to the annual financial statements for that financial year.

Source	Presentation/Disclosure Requirement
HKAS 16.76	The entity should disclose the nature and effect of any change in an accounting estimate relating to property, plant and equipment that has an effect in the current period or is expected to have an effect in subsequent periods, in accordance with HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.
	New standards or interpretations issued but not yet effective
HKAS 8.30	When the entity has not applied a new Standard or Interpretation that has been issued but is not yet effective, the entity should disclose:
	(a) that fact; and
	(b) known or reasonably estimable information relevant to assessing the possible impact that application of the new Standard or Interpretation will have on the entity's financial statements in the period of initial application.
	Note:
HKAS 8.31	*In complying with paragraph 30 of HKAS 8, the entity considers disclosing:*
	(1) the title of the new Standard or Interpretation;
	(2) the nature of the impending change or changes in accounting policy;
	(3) the date by which the application of the Standard or Interpretation is required;
	(4) the date as at which it plans to apply the Standard or Interpretation initially; and
	(5) either:
	(a) a discussion of the impact that initial application of the Standard or Interpretation is expected to have the entity's financial statements; or
	(b) if that impact is not known or reasonably estimable, a statement to that effect.
	Revenue
Sch 10: 16(2)&(3)	The turnover for the year should be disclosed, except insofar as it is attributable to the business of banking. If an amount is omitted because it arises from the business of banking, that fact should be disclosed.
HKAS 18.35(b)	The entity should disclose the amount of each significant category of revenue recognised during the period, including revenue arising from:
	(a) the sale of goods;
	(b) the rendering of services;
	(c) interest;
	(d) royalties; and
	(e) dividends.
HKAS 18.35(c)	The entity should disclose the amount of revenue arising from exchanges of goods or services included in each significant category of revenue.
HKAS 11.39(a)	The entity should disclose the amount of contract revenue recognised as revenue in the period.
Sch 10: 13(1)(h)	If a substantial part of revenue consists of rents from land and buildings, the entity should disclose the amount thereof (after deduction of ground rents, rates and other outgoings).

Source	Presentation/Disclosure Requirement
	Non-current assets held for sale and discontinued operations
HKFRS 5.30	The entity should present and disclose information that enables users of the financial statements to evaluate the financial effects of discontinued operations and disposals of non-current assets (or disposal groups).
	Presenting discontinued operations
HKFRS 5.33	The entity should disclose a single amount on the face of the income statement comprising the total of the post-tax profit or loss on discontinued operations and the post-tax gain or loss recognised on the measurement to fair value less costs to sell or on the disposal of the assets or disposal group(s) constituting the discontinued operations. The entity should give an analysis of the above single amount into: (a) the revenue, expenses and pre-tax profit or loss of discontinued operations, and the related income tax expense; and (b) the gain or loss recognised on the measurement to fair value less costs to sell or on the disposal of the assets or disposal group(s) constituting the discontinued operations, and the related income tax expense.
	Note: The above analysis may be presented in the notes or on the face of the income statement. If it is presented on the face of the income statement, it should be presented in a section identified as relating to discontinued operations, i.e. separately from continuing operations. The above analysis is not required for disposal groups that are newly acquired subsidiaries that meet the criteria to be classified as held for sale on acquisitions.
HKFRS 5.33	The entity should disclose the net cash flows attributable to the operating, investing and financing activities of discontinued operations.
	Note: The disclosures required by paragraph 33(c) of HKFRS 5 may be presented either in the notes or on the face of the financial statements. These disclosures are not required for disposal groups that are newly acquired subsidiaries that meet the criteria to be classified as held for sale on acquisition.
HKFRS 5.34	The entity should re-present the disclosures in paragraph 33 of HKFRS 5 for prior periods presented in the financial statements so that the disclosures relate to all operations that have been discontinued by the balance sheet date for the latest period presented.
HKFRS 5.35	Adjustments in the current period to amounts previously presented in discontinued operations that are directly related to the disposal of a discontinued operation in a prior period should be classified separately in discontinued operations.
	Notes: *1. The nature and amount of such adjustments should be disclosed.* *2. Examples of circumstances in which these adjustments may arise including the following:* *(a) the resolution of uncertainties that arise from the terms of the disposal transaction, such as the resolution of purchase price adjustments and indemnification issues with the purchaser;* *(b) the resolution of uncertainties that arise from and are directly related to the operations of the component before its disposal, such as environment and product warranty obligations retained by the seller; and* *(c) the settlement of employee benefit plan obligations, provided that the settlement is directly related to the disposal transaction.*

Source	Presentation/Disclosure Requirement
HKFRS 5.36	If the entity ceases to classify a component of an entity as held for sale, the results of operations of the component previously presented in discontinued operations in accordance with paragraphs 33-35 of HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* should be reclassified and included in income from continuing operations for all periods presented. The amounts for prior periods should be described as having been re-presented.
	Gains or losses relating to continuing operations
HKFRS 5.37	Any gain or loss on the remeasurement of a non-current asset (or disposal group) classified as held for sale that does not meet the definition of a discontinued operation should be included in profit or loss from continuing operations.
	Additional disclosures
HKFRS 5.41	The entity should disclose the following information in the notes in the period in which a non-current asset (or disposal group) has been either classified as held for sale or sold:
	(a) a description of the non-current asset (or disposal group);
	(b) a description of the facts and circumstances of the sale, or leading to the expected disposal, and the expected manner and timing of that disposal;
	(c) the gain or loss recognised in accordance with paragraphs 20 to 22 of HKFRS 5 (i.e. impairment losses and reversals) and if not separately presented on the face of the income statement, the caption in the income statement that includes that gain or loss; and
	(d) if applicable, the segment in which the non-current asset (or disposal group) is presented in accordance with HKAS 14 *Segment Reporting*.
HKFRS 5.42	If either paragraph 26 or paragraph 29 of HKFRS 5 applies, the entity should disclose, in the period of the decision to change the plan to sell the non-current asset (or disposal group), the following:
	(a) a description of the facts and circumstances leading to the decision; and
	(b) the effect of the decision on the results of operations for the period and any prior periods presented.
	Disposal groups that are to be abandoned
HKFRS 5.13	If a disposal group to be abandoned meets the criteria in paragraphs 32(a) to 32(c) of HKFRS 5, the entity should present the results and cash flows of the disposal group as discontinued operations in accordance with paragraphs 33 and 34 of HKFRS 5 at the date on which it ceases to be used.
	Note: The entity should not classify a non-current asset (or a disposal group) that is to be abandoned as held for sale. This is because its carrying amount will be recovered principally through continuing use.
	Discontinued operations of associates
HKAS 28.38	The investor's share of any discontinued operations of associates accounted for using the equity method should be separately disclosed.
	Non-current assets (disposal groups) meeting the criteria for classification as held for sale after the balance sheet date
HKFRS 5.12	When a non-current asset (or disposal group) is classified as held for sale after the balance sheet date but before the authorisation of the financial statements for issue, the entity should disclose the information specified in paragraphs 41(a), (b) and (d) of HKFRS 5 (see above) in the notes to the financial statements.
	Note: If the criteria in paragraphs 7 and 8 of HKFRS 5 are met after the balance sheet date, the entity should not classify a non-current asset (or disposal group) as held for sale in those financial statements when issued.

Source	Presentation/Disclosure Requirement
	Investment income
Sch 10: 13(1)(g)	Income from investments should be disclosed, analysed between income from listed and unlisted investments.
	Other items of income and expenditure
HKAS 1.86	The nature and amount of material items of income and expense should be separately disclosed either on the face of the income statement or in the notes.
Sch 10: 17(6)(a)	When items of income and expense within profit or loss are of an exceptional or non-recurrent nature, the nature and amount of such items should be disclosed separately.
	Additional analysis of expenditure by nature
HKAS 1.93	When expenses are classified by function, additional information should be disclosed on the nature of expenses, including depreciation and amortisation expense, and employee benefits expense.
	Investment properties
HKAS 40.75(f)	The entity should disclose the amounts recognised in profit or loss for:
	(a) rental income from investment property;
	(b) direct operating expenses (including repairs and maintenance) arising from investment property that generated rental income during the period;
	(c) direct operating expenses (including repairs and maintenance) arising from investment properties that did not generate rental income during the period; and
	(d) the cumulative change in fair value recognised in profit or loss on a sale of investment property from a pool of assets in which the cost model is used into a pool in which the fair value model is used (see paragraph 32C of HKAS 40).
	Cost of sales
	The financial statements should disclose:
HKAS 2.36(d)	(a) the amount of inventories recognised as an expense during the period;
HKAS 2.36(e)	(b) the amount of any write-down of inventories recognised as an expense in the period;
HKAS 2.36(f)	(c) the amount of any reversal of any write-down that is recognised as a reduction in the amount of inventories recognised as expense in the period; and
HKAS 2.36(g)	(d) the circumstances or events that lead to the reversal of a write-down of inventories.
	Finance costs
Sch 10: 13(1)(b)	Interest paid should be analysed between:
	(a) interest on bank loans, overdrafts, and loans which are due for repayment on demand or wholly within five years of the balance sheet date; and
	(b) interest on other loans.
Sch 10: 31(e)	*Note: A loan should be deemed to fall due for repayment and an instalment of a loan should be deemed to fall due for payment, on the earliest date on which the lender could require repayment if he exercised all options and rights available to him.*

Source	Presentation/Disclosure Requirement
	Government grants related to income
HKAS 20.29	Grants related to income should be presented as a credit in the income statement either:
	(a) separately or under a general heading such as "other income"; or
	(b) deducted in reporting the related expense.
	Notes:
HKAS 20.31	*1. Whichever method of presenting grants related to income has been selected, disclosure of the amount of the grant may be necessary for a proper understanding of the financial statements.*
HKAS 20.31	*2. Disclosure of the effect of grants on any item of income or expense which is required to be separately disclosed is usually appropriate.*
HKAS 20.21	Where a government grant has been awarded for the purpose of giving immediate financial support to the entity, rather than as an incentive to undertake specific expenditures, such that the grant has been recognised as income in the period in which the entity qualifies to receive it, the entity is required to provide sufficient disclosure to ensure that the effect of the grant is clearly understood.
HKAS 20.22	Where a government grant has been awarded as compensation for expenses or losses already incurred, rather than as an incentive to undertake specific expenditures, such that the grant has been recognised as income in the period in which the entity qualifies to receive it, the entity is required to provide sufficient disclosure to ensure that the effect of the grant is clearly understood.
	Exchange differences
HKAS 21.52(a)	The amount of exchange differences recognised in profit or loss (except for those arising on financial instruments measured at fair value through profit or loss in accordance with HKAS 39) should be disclosed.
	Compensation received
HKAS 16.74(d)	The amount of compensation from third parties for items of property, plant and equipment that were impaired, lost or given up that is included in profit or loss should be disclosed (if it is not disclosed separately on the face of the income statement).
	Auditor's remuneration
Sch 10: 15	The entity should disclose the auditor's remuneration, including expenses.
	Depreciation of fixed assets
Sch 10: 13(1)(a) Sch 10: 18(2)(b)	The entity should disclose the amount charged to revenue as provision for depreciation, renewals or diminution in the value of fixed assets (other than shares in subsidiaries):
Sch 10: 13(4)	(a) if the amounts charged by way of depreciation or diminution in value of any fixed assets (other than investments) have been determined otherwise than by reference to the balance sheet values, that fact should be stated; and
Sch 10: 13(3)	(b) if, in the case of assets in respect of which provision has been made for depreciation or diminution in value, amounts have also been charged to revenue by way of provision for the renewal of the same assets, those amounts should be stated separately.
	Gains or losses arising from derecognition of property, plant and equipment
HKAS 16.68	The gain or loss arising from the derecognition of an item of a property, plant and equipment should be included in profit or loss when the item is derecognised (unless HKAS 17 *Leases* requires otherwise on a sale and leaseback).
HKAS 16.68	Gains arising from the derecognition of an item of a property, plant and equipment should not be classified as revenue.

Source	Presentation/Disclosure Requirement
	Research and development costs
HKAS 38.126	The entity should disclose the aggregate amount of research and development expenditure recognised as an expense during the period.
	Directors' emoluments
	The following should be disclosed:
s161(1)(a) s161(2)(b)	(a) the aggregate amount of directors' emoluments, distinguishing between emoluments in respect of services as director, whether of the company or its subsidiary, and other emoluments;
s161(1)(b) s161(3)(b)	(b) the aggregate amount of directors' or past directors' pensions, distinguishing between pensions in respect of services as directors, whether of the company or its subsidiary, and other pensions; and
s161(1)(c) s161(4)(b)	(c) the aggregate amount of compensation to directors or past directors in respect of loss of office, distinguishing between compensation in respect of the office of director, whether of the company or its subsidiary, and compensation in respect of other offices.
	Taxation
Sch 10: 17(4)	The entity should disclose any special circumstances which affect its liability in respect of taxation of profits, income or capital gains:
	(a) for the year; and
	(b) for succeeding financial years.
	The following should be disclosed:
Sch 10: 13(1)(c)	(a) the amount charged to revenue for Hong Kong Profits Tax;
Sch 10: 17(3)	(b) the basis of computation of the amount disclosed under (a);
Sch 10: 13(1)(c)	(c) if the amount charged would have been greater but for relief from double taxation, the amount which it would have been but for such relief; and
Sch 10: 13(1)(c)	(d) the charge to taxation imposed outside Hong Kong on profits, income and (so far as charged to revenue) capital gains.
HKAS 12.79	The major components of tax expense (income) should be separately disclosed.
HKAS 12.81(a)	The aggregate current and deferred tax relating to items that are charged or credited to equity should be separately disclosed.
HKAS 12.81(c)	An explanation should be provided of the relationship between tax expense (income) and accounting profit in either or both of the following forms:
	(a) a numerical reconciliation between tax expense (income) and the product of accounting profit multiplied by the applicable tax rate(s), disclosing also the basis on which the applicable tax rate(s) is (are) computed; or
	(b) a numerical reconciliation between the average effective tax rate and the applicable tax rate, disclosing also the basis on which the applicable tax rate is computed.
	The following should be disclosed:
HKAS 12.81(d)	(a) an explanation of changes in the applicable tax rate(s) compared to the previous accounting period; and

Source	Presentation/Disclosure Requirement
HKAS 12.81(h)	(b) in respect of discontinued operations, the tax expense relating to: (i) the gain or loss on discontinuance; and (ii) the profit or loss from the ordinary activities of the discontinued operation for the period, together with the corresponding amounts for each prior period presented.
HKAS 12.78	Where exchange differences on deferred foreign tax liabilities or assets are recognised in the income statement, such differences may be classified as deferred tax expense (income) if that presentation is considered to be the most useful to users of the financial statements.
	Note: HKAS 21 The Effects of Changes in Foreign Exchange Rates, requires certain exchange differences to be recognised as income or expense but does not specify where such differences should be presented in the income statement.
HKAS 12.81(g)(ii)	For each type of temporary difference, and each type of unused tax losses and unused tax credits, the entity should disclose the amount of the deferred tax income or expense recognised in the income statement, where not readily apparent from the changes in the amounts recognised in the balance sheet.
HKAS 16.42	The effect of taxes on income, if any, resulting from the revaluation of property, plant and equipment are recognised and disclosed in accordance with HKAS 12 *Income Taxes*.
	Dividends
Sch 10: 13(1)(j)	The entity should disclose the aggregate amount of dividends paid and proposed.
HKAS 1.95	The entity should disclose, either on the face of the income statement or the statement of changes in equity or in the notes, the amount of dividends recognised as distributions to equity holders during the period, and the related amount per share.
HKAS 1.125	The entity should disclose in the notes: (a) the amount of dividends proposed or declared before the financial statements were authorised for issue but not recognised as a distribution to equity holders during the period, and the related amount per share; and (b) the amount of any cumulative preference dividends not recognised.
HKAS 10.12	*Note: Such dividends to holders of equity instruments declared after the balance sheet date should not be recognised as a liability at the balance sheet date.*
Sch 10: 12(3)	The entity should disclose the amount of any arrears of fixed cumulative dividends and the period for which the dividends are in arrears, separately for each class of shares affected.
	Holding company income statement
s123(5)	Where the consolidated financial statements do not include an income statement for the holding company, the entity should disclose how much of the consolidated profit or loss is dealt with in the financial statements of the holding company.
	Property, plant and equipment
HKAS 16.6	Items classified as property, plant and equipment in the financial statements should be limited to tangible assets that are both: (a) held by an entity for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and (b) are expected to be used during more than one period.

Source	Presentation/Disclosure Requirement
	The following information should be disclosed for each class of property, plant and equipment:
HKAS 16.73(d) Sch 10: 5(1)	(a) the gross carrying amount and the accumulated depreciation (aggregated with accumulated impairment losses) at the beginning and end of the period; and
HKAS 16.73(e) Sch 10: 12(8)	(b) a reconciliation of the carrying amount at the beginning and end of the period showing: (i) additions; (ii) assets classified as held for sale or included in a disposal group classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, and other disposals; (iii) acquisitions through business combinations; (iv) increases or decreases during the period resulting from revaluations and from impairment losses recognised or reversed directly in equity under HKAS 36 *Impairment of Assets* (if any); (v) impairment losses recognised in profit or loss during the period under HKAS 36 (if any); (vi) impairment losses reversed in profit or loss during the period under HKAS 36 (if any); (vii) depreciation charge; (viii) the net exchange differences arising on the translation of the financial statements from the functional currency into a different presentation currency, including the translation of a foreign operation into the presentation currency of the reporting entity; and (ix) other changes.
	Revalued assets
HKAS 16.77	When items of property, plant and equipment are stated at revalued amounts, the following should be disclosed: (a) the effective date of the revaluation; (b) whether an independent valuer was involved; (c) the methods and significant assumptions applied in estimating the items' fair values; (d) the extent to which the items' fair values were determined directly by reference to observable prices in an active market or recent market transactions on arm's length terms or were estimated using other valuation techniques; and (e) for each revalued class of property, plant and equipment, the carrying amount that would have been recognised had the assets been carried under the cost model.
Sch 10: 12(7)	For fixed assets included at a valuation, the following should be disclosed: (a) the years in which the assets were severally valued; (b) the several values; and (c) in the case of assets valued during the year: (i) the names or qualification of the valuers; and (ii) the bases of valuation used.
HKAS 16.80A	Entities which carried property, plant and equipment at revalued amounts in financial statements relating to periods ended before 30 September 1995 are not required to make regular revaluations even if the carrying amounts of the revalued assets are materially different from the assets' fair values, provided that: (a) those entities do not revalue their property, plant and equipment subsequent to 30 September 1995; and (b) disclosure of reliance on this paragraph is made in the financial statements.

Source	Presentation/Disclosure Requirement
	Land and buildings
Sch 10: 12(9) Sch 10: 31(c)	Of the amount of fixed assets consisting of land, the entity should disclose how much is attributable to: (a) land in Hong Kong: (i) held on long lease - not less than 50 years unexpired; (ii) held on medium-term lease - less than 50 years but not less than 10 years unexpired; and (iii) held on short lease - less than 10 years unexpired;
	Note: In respect of a renewable government lease, the unexpired period means the term remaining unexpired plus the term, if any, for which the lessee is entitled to renew.
	(b) land outside Hong Kong: (i) freehold; (ii) held on long lease - not less than 50 years unexpired; (iii) held on medium-term lease - less than 50 years but not less than 10 years unexpired; and (iv) held on short lease - less than 10 years unexpired.
HKAS 16.74(a) Sch 10: 12(4)	The financial statements should disclose the existence and amounts of restrictions on title, and property, plant and equipment pledged as security for liabilities.
HKAS 16.74(b)	The financial statements should disclose the amount of expenditures recognised in the carrying amount of an item of property, plant and equipment in the course of its construction.
HKAS 16.79	Entities are encouraged to disclose the following information: (a) the carrying amount of temporarily idle property, plant and equipment; (b) the gross carrying amount of any fully depreciated property, plant and equipment that is still in use; (c) the carrying amount of property, plant and equipment retired from active use and not classified as neld for sale in accordance with HKFRS 5; and (d) where property, plant and equipment is carried at cost less accumulated depreciation and accumulated impairment losses, the fair value of the property, plant and equipment when this is materially different from the carrying amount.
	Investment properties
	The following information should be disclosed:
HKAS 40.75(g)	(a) the existence and amounts of restrictions on the realisability of investment property or the remittance of income and proceeds of disposals; and
HKAS 40.75(h)	(b) contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

Source	Presentation/Disclosure Requirement
	Investment properties measured using the fair value model
	For investment properties stated at fair value, the following should be disclosed:
HKAS 40.75(d)	(a) the methods and significant assumptions applied in determining the fair value of investment property, including a statement whether the determination of fair value was supported by market evidence or was more heavily based on other factors (which the entity should disclose) because of the nature of the property and lack of comparable market data;
HKAS 40.75(e)	(b) the extent to which the fair value of investment property (as measured or disclosed in the financial statements) is based on a valuation by an independent valuer who holds a recognised or relevant professional qualification and has recent experience in the location and category of the investment property being valued. If there has been no such valuation, that fact should be disclosed;
HKAS 40.76	(c) a reconciliation of the carrying amount of investment property at the beginning and end of the period showing the following:
	(i) additions, disclosing separately those additions resulting from acquisitions and those resulting from subsequent expenditure recognised in the carrying amount of an asset;
	(ii) additions resulting from acquisitions through business combinations;
	(iii) assets classified as held for sale or included in a disposal group classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, and other disposals;
	(iv) net gains or losses from fair value adjustments;
	(v) the net exchange differences arising on the translation of the financial statements into a different presentation currency, and on translation of a foreign operation into the presentation currency of the reporting entity;
	(vi) transfers to and from inventories and owner-occupied property; and
	(vii) other changes.
HKAS 40.77	When a valuation obtained for investment property is adjusted significantly for the purpose of the financial statements, the entity should disclose a reconciliation between the valuation obtained and the adjusted valuation, showing separately the aggregate amount of any recognised lease obligations that have been added back, and any other significant adjustments.
HKAS 40.78	In the exceptional cases when the entity measures investment property using the cost model in HKAS 16 *Property, Plant and Equipment*, because of the lack of a reliable fair value (see paragraph 53 of HKAS 40), the reconciliation required by paragraph 76 of HKAS 40 (see above) should disclose amounts relating to that investment property separately from amounts relating to other investment property.
HKAS 40.78	In the exceptional cases when the entity measures investment property using the cost model in HKAS 16 *Property, Plant and Equipment*, because of the lack of a reliable fair value (see paragraph 53 of HKAS 40), the entity should disclose:
	(a) a description of the investment property;
	(b) an explanation of why fair value cannot be determined reliably; and
	(c) if possible, the range of estimates within which fair value is highly likely to lie; and
	(d) on disposal of investment property not carried at fair value:
	(i) the fact that the entity has disposed of investment property not carried at fair value;
	(ii) the carrying amount of that investment property at the time of sale; and
	(iii) the amount of gain or loss recognised.

Source	Presentation/Disclosure Requirement
	Investment properties measured using the cost model
HKAS 40.79(c) HKAS 40.79(d) HKAS 40.79(e)	For investment properties measured using the cost model, the following information should be disclosed: (a) the gross carrying amount and the accumulated depreciation (aggregated with accumulated impairment losses) at the beginning and end of the period; (b) a reconciliation of the carrying amount of investment property at the beginning and end of the period showing the following: (i) additions, disclosing separately those additions resulting from acquisitions and those resulting from capitalised subsequent expenditure recognised as an asset; (ii) additions resulting from acquisitions through business combinations; (iii) assets classified as held for sale or included in a disposal group classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, and other disposals; (iv) depreciation; (v) the amount of impairment losses recognised, and the amount of impairment losses reversed, during the period in accordance with HKAS 36 *Impairment of Assets* (if any); (vi) the net exchange differences arising on the translation of the financial statements into a different presentation currency, and on translation of a foreign operation into the presentation currency of the reporting entity; (vii) transfers to and from inventories and owner-occupied property; and (viii) other changes; and (c) the fair value of investment property.
HKAS 40.79(e)	In the exceptional cases described in paragraph 53 of HKAS 40, when the entity cannot determine the fair value of the investment property reliably, it should disclose: (a) a description of the investment property; (b) an explanation of why fair value cannot be determined reliably; and (c) if possible, the range of estimates within which fair value is highly likely to lie.
	Goodwill
HKFRS 3.74	The entity should disclose information that enables users of its financial statements to evaluate changes in the carrying amount of goodwill during the period.
HKFRS 3.75	The entity should disclose a reconciliation of the carrying amount of goodwill at the beginning and end of the period, showing separately: (a) the gross amount and the accumulated impairment losses at the beginning of the period; (b) additional goodwill recognised during the period (except goodwill included in a disposal group that, on acquisition, meets the criteria to be classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*); (c) adjustments resulting from subsequent recognition of deferred tax assets during the period; (d) goodwill included in a disposal group classified as held for sale in accordance with HKFRS 5 and goodwill derecognised during the period without having previously been included in a disposal group classified as held for sale; (e) impairment losses recognised during the period in accordance with HKAS 36 *Impairment of Assets* (if any);

Source	Presentation/Disclosure Requirement
	(f) net exchange differences arising during the period in accordance with HKAS 21 *The Effects of Changes in Foreign Exchange Rates* (if any);
	(g) any other changes in the carrying amount during the period (if any); and
	(h) the gross amount and the accumulated impairment losses at the end of the period.
	Intangible assets
Sch 10: 9(1)(b)	The written-down amount of goodwill, patents and trademarks should be disclosed.
	The financial statements should disclose the following for each class of intangible assets, distinguishing between internally-generated intangible assets and other intangible assets:
HKAS 38.118(c)	(a) the gross carrying amount and the accumulated amortisation (aggregated with accumulated impairment losses), at the beginning and end of the period; and
HKAS 38.118(e)	(b) a reconciliation of the carrying amount at the beginning and end of the period showing:
	(i) additions, indicating separately those from internal development, those acquired separately, and those acquired through business combinations;
	(ii) assets classified as held for sale or included in a disposal group classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, and other disposals;
	(iii) increases or decreases during the period resulting from revaluations and from impairment losses recognised or reversed directly in equity under HKAS 36 *Impairment of Assets* (if any);
	(iv) impairment losses recognised in profit or loss during the period under HKAS 36 (if any);
	(v) impairment losses reversed in profit or loss during the period under HKAS 36 (if any);
	(vi) amortisation recognised during the period;
	(vii) net exchange differences arising on the translation of the financial statements into the presentation currency, and on the translation of a foreign operation into the presentation currency of the reporting entity; and
	(viii) other changes in the carrying amount during the period
HKAS 38.119	The classes of intangible assets identified in HKAS 38 are disaggregated (aggregated) into smaller (larger) classes if this results in more relevant information for the users of the financial statements.
HKAS 38.122(a)	The entity should disclose:
	(a) for an intangible asset assessed as having an indefinite useful life, the carrying amount of that asset;
	(b) for an intangible asset assessed as having an indefinite useful life:
	(i) the reasons supporting the assessment of an indefinite useful life; and
	(ii) a description of the factor(s) that played a significant role in determining that the asset has an indefinite useful life.
	Note: *When the entity describes the factor(s) that played a significant role in determining whether the useful life of an intangible asset is indefinite or finite, the entity considers the list of factors in paragraph 90 of HKAS 38.*
HKAS 38.122(b)	The financial statements should also disclose a description, the carrying amount and the remaining amortisation period of any individual intangible asset that is material to the entity's financial statements.

Source	Presentation/Disclosure Requirement
HKAS 38.122(c)	For intangible assets acquired by way of government grant and initially recognised at fair value, the entity should disclose: (a) the fair value initially recognised for those assets; (b) their carrying amount; and (c) whether they are measured after recognition under the cost model or the revaluation model.
HKAS 38.122(d)	The existence and carrying amounts of intangible assets whose title is restricted should be disclosed.
HKAS 38.122(d)	The carrying amounts of intangible assets pledged as security for liabilities should be disclosed.
	Revalued intangible assets
HKAS 38.124(a)	If intangible assets are accounted for at revalued amounts, the entity should disclose the following by class of intangible assets: (a) the effective date of the revaluation; (b) the carrying amount of revalued intangible assets; and (c) the carrying amount that would have been recognised had the revalued class of intangible assets been measured after recognition using the cost model.
HKAS 38.124(c)	The entity should disclose the methods and significant assumptions applied in estimating an asset's fair values.
	Other information
HKAS 38.128	The entity is encouraged, but not required, to disclose the following information: (a) a description of any fully amortised intangible asset that is still in use; and (b) a brief description of significant intangible assets controlled by the entity but not recognised as assets because they did not meet the recognition criteria of HKAS 38 or because they were acquired or generated before SSAP 29 *Intangible Assets* (issued in 2001) was effective.
	Subsidiaries
Sch 10: 18(2) Sch 10: 24 (a)	The entity should disclose the aggregate amount of assets consisting of shares in subsidiaries (for consolidated financial statements, this applies to shares in subsidiaries not consolidated) and amounts owed by subsidiaries, distinguishing shares from indebtedness.
	Note: Where material current trading balances exist, consider disclosing those balances as part of current assets so that current and non-current assets are separately disclosed.
s128(1)&(2)	The *Companies Ordinances* requires the disclosure of the following information when the entity has subsidiaries at the end of a financial period: (a) the name of the subsidiary; (b) the country of incorporation; (c) the identity and proportion of the nominal value of the issued shares of each class held by: (i) the company and its nominees; and (ii) its subsidiaries and their nominees.
s128(4) s128(5)	*Note: The details should be provided for all subsidiaries except where, due to their number, it would result in particulars of excessive length being given. In such cases, details need only be provided in respect of subsidiaries which, in the opinion of the directors, principally affect the results or assets of the group, providing that a statement to that effect is made.*

Source	Presentation/Disclosure Requirement
HKAS 27.40(c)	The consolidated financial statements should disclose, where applicable, the nature of the relationship between the parent and a subsidiary when the parent does not own, directly or indirectly through subsidiaries, more than one half of the voting power.
HKAS 27.4(d)	The consolidated financial statements should disclose the reasons why the ownership, directly or indirectly through subsidiaries, of more than half of the voting or potential power of an investee does not constitute control.
HKAS 27.40(e) s126(2)(b) Sch 10: 18(6) Sch 10: 25	The consolidated financial statements should disclose the reporting date of the financial statements of a subsidiary when such financial statements are used to prepare consolidated financial statements and are as of a reporting date or for a period that is different from that of the parent, and the reason for using a different reporting date or period.
	Business combinations
	Business combinations during the period
HKFRS 3.66(a)	The acquirer should disclose information that enables users of its financial statements to evaluate the nature and financial effect of business combinations that were effected during the period.
HKFRS 3.67	For each business combination that was effected during the period, the acquirer should disclose the following information:
	(a) the names and descriptions of the combining entities or businesses;
	(b) the acquisition date;
	(c) the percentage of voting equity instruments acquired;
	(d) the cost of the combination and a description of the components of that cost, including any costs directly attributable to the combination. When equity instruments are issued or issuable as part of the cost, the following information should be disclosed:
	(i) the number of equity instruments issued or issuable; and
	(ii) the fair value of those instruments and the basis for determining that fair value;
	- if a published price does not exist for the instruments at the date of exchange, the significant assumptions used to determine fair value;
	- if a published price exists at the date of exchange but was not used as the basis for determining the cost of the combination, that fact together with the reasons why the published price was not used; the methods and significant assumptions used to attribute a value to the equity instruments; and the aggregate amount of the difference between the value attributed to, and the published price of, the equity instruments;
	(e) details of any operations the entity has decided to dispose of as a result of the combination;
	(f) the amounts recognised at the acquisition date for each class of the acquiree's assets, liabilities and contingent liabilities;
	(g) the carrying amounts of each class of the acquiree's assets, liabilities and contingent liabilities, determined in accordance with HKFRSs, immediately before the combination (unless such disclosure would be impracticable);
	(h) if the disclosure required by item (g) above would be impracticable, that fact together with an explanation of why this is the case;
	(i) the amount of any excess of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of the business combination recognised in profit or loss, and the line item in the income statement in which the excess is recognised;

Source	Presentation/Disclosure Requirement
	(j) a description of the factors that contributed to a cost that results in the recognition of goodwill;
	(k) a description of each intangible asset that was not recognised separately from goodwill and an explanation of why the intangible asset's fair value could not be measured reliably;
	(l) a description of the nature of any excess of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of the business combination recognised in profit or loss;
	(m) the amounts of the acquiree's profit or loss since the acquisition date included in the acquirer's profit or loss for the period (unless such disclosure would be impracticable); and
	(n) if disclosure required by item (m) above would be impracticable, that fact together with an explanation of why this is the case.
HKFRS 3.68	For business combinations effected during the period that are individually immaterial, the information required by paragraph 67 of HKFRS 3 above may be disclosed in aggregate.
HKAS 36.133	If, in accordance with paragraph 84 of HKAS 36, any portion of the goodwill acquired in a business combination during the period has not been allocated to a cash-generating unit (group of units) at the reporting date, the amount of the unallocated goodwill should be disclosed together with the reasons why that amount remains unallocated.
HKFRS 3.70	The acquirer should disclose the following information, unless disclosure would be impracticable:
	(a) the revenue of the combined entity for the period as though the acquisition date for all business combinations had been the beginning of that period; and
	(b) the profit or loss of the combined entity for the period as though the acquisition date for all business combinations had been the beginning of the period.
HKFRS 3.70	If the disclosure required by paragraph 70 of HKFRS 3 above would be impracticable, that fact together with an explanation of why this is the case should be disclosed.
	Business combinations after the balance sheet date
HKFRS 3.66(b)	The acquirer should disclose information that enables users of its financial statements to evaluate the nature and financial effect of business combinations that were effected after the balance sheet date but before the financial statements are authorised for issue.
HKFRS 3.71	For each business combination effected after the balance sheet date but before the financial statements are authorised for issue, the acquirer should disclose the information required by paragraph 67 of HKFRS 3 (unless such disclosure would be impracticable).
HKFRS 3.71	If the disclosure of all of the information required by paragraph 71 of HKFRS 3 would be impracticable, that fact together with an explanation of why this is the case should be disclosed.
	The initial accounting for a business combination was determined provisionally
HKFRS 3.69	If the initial accounting for a business combination that was effected during the period was determined only provisionally as described in paragraph 62 of HKFRS 3, that fact should be disclosed together with an explanation of why this is the case.
HKFRS 3.62	Where the acquirer has made adjustments to provisional values determined at the time of the initial accounting for a business combination, in accordance with paragraph 62 of HKFRS 3, comparative information presented for the periods before the initial accounting for the combination is complete (i.e. for periods before the adjustments are made) should be presented as if the initial accounting had been completed from the acquisition date.
	Note: Adjustments to comparative information will include any additional depreciation, amortisation or other profit or loss effect recognised as a result of completing the initial accounting.

Source	Presentation/Disclosure Requirement
	Other information
HKFRS 3.72	The acquirer should disclose information that enables users of its financial statements to evaluate the financial effects of gains, losses, error corrections and other adjustments recognised in the current period that relate to business combinations that were effected in the current or in previous periods.
HKFRS 3.73	The acquirer should disclose: (a) the amount and an explanation of any gain or loss recognised in the current period that: (i) relates to the identifiable assets acquired or liabilities or contingent liabilities assumed in a business combination that was effected in either the current or a previous period; (ii) is of such size, nature or incidence that disclosure is relevant to an understanding of the combined entity's financial performance; (b) if the initial accounting for a business combination that was effected in the immediately preceding period was determined only provisionally at the end of that period, the amounts and explanations of the adjustments to the provisional values recognised during the current period; and (c) the information about error corrections required to be disclosed by HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* for any of the acquiree's identifiable assets, liabilities or contingent liabilities, or changes in the values assigned to those items, that the acquirer recognises during the period in accordance with paragraphs 63 and 64 of HKFRS 3.
HKFRS 3.77	If in any situation the information required to be disclosed by HKFRS 3 does not satisfy the objectives set out in paragraphs 66, 72 and 74 of HKFRS 3, the entity should disclose such additional information as is necessary to meet those objectives.
HKFRS 3.77A HKFRS 3.23A	When a Hong Kong incorporated company acquires an entity which would be a subsidiary as defined in HKFRS 3 but is not accounted for as a subsidiary because it does not satisfy the definition of a subsidiary in the *Companies Ordinance*, it should disclose details of the effect on the group accounts had paragraph 23A of HKFRS 3 not applied in the notes to the financial statements.
	Business combinations under common control
AG 5.2	*Note: A business combination involving entities or businesses under common control is a business combination in which all of the combing entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory.*
AG 5.16	Entities applying Accounting Guideline 5 in accounting for a common control combination using the principles of merger accounting should disclose in their consolidated financial statements the fact that this Accounting Guideline has been used.
AG 5.18	Bearing in mind the necessity of showing a true and fair view, entities applying this Accounting Guideline should disclose in their consolidated financial statements significant details of the common control combinations.
AG 5.19	For each common control combination accounted for by using merger accounting, the following information should be disclosed: (a) the names of the combining entities (other than the reporting entity); (b) the date of the common control combination; (c) the composition of the consideration and fair value of the consideration other than shares issued;

Source	Presentation/Disclosure Requirement
	(d) the nature and amount of significant accounting adjustments made to the net assets and net profit or loss of any entities or businesses to achieve consistency of accounting policies, and an explanation of any other significant adjustments made to the net assets and net profit or loss of any entity or business as consequence of the common control combination; and
	(e) a statement of the adjustments to consolidated reserves.
	Investments in associates
HKAS 28.37	The following disclosures should be made:
	(a) the fair value of investments in associates for which there are published price quotations;
	(b) summarised financial information of associates, including the aggregated amounts of assets, liabilities, revenues and profit or loss;
	(c) the reasons why the presumption that an investor does not have significant influence is overcome if the investor holds, directly or indirectly through subsidiaries, less than 20 per cent of the voting or potential voting power of the investee but concludes that it has significant influence;
	(d) the reasons why the presumption that an investor has significant influence is overcome if the investor holds, directly or indirectly through subsidiaries, 20 per cent or more of the voting or potential voting power of the investee but concludes that it does not have significant influence;
	(e) the reporting date of the financial statements of an associate, when such financial statements are used in applying the equity method and are as of a reporting date or for a period that is different from that of the investor, and the reason why using a different reporting date or different period;
	(f) the nature and extent of any significant restrictions (e.g. resulting from borrowing arrangements or regulatory requirements) on the ability of associates to transfer funds to the investor in the form of cash dividends, or repayments of loans or advances;
	(g) the unrecognised share of losses of an associate, both for the period and cumulatively, if an investor has discontinued recognition of its share of losses of an associate;
	(h) the fact that an associate is not accounted for using the equity method (if applicable); and
	(i) summarised financial information of associates, either individually or in groups, that are not accounted for using the equity method, including the amounts of total assets, total liabilities, revenues and profit or loss (if applicable).
	Interests in joint ventures
HKAS 31.30 HKAS 31.34	When proportionate consolidation is used by a venturer to account for its interest in a jointly controlled entity, one of the following reporting formats should be used:
	(a) the venturer may combine its share of each of the assets, liabilities, income and expenses of the jointly controlled entity with the similar items, line by line, in its financial statements (e.g. it may combine its share of the jointly controlled entity's inventory with its inventory, and its share of the jointly controlled entity's property, plant and equipment with its property, plant and equipment); or
	(b) the venturer may include separate line items for its share of the assets, liabilities, income and expenses of the jointly controlled entity in its financial statements (e.g. it may show its share of a current asset of the jointly controlled entity separately as part of its current assets; it may show its share of the property, plant and equipment of the jointly controlled entity separately as part of its property, plant and equipment).

Source	Presentation/Disclosure Requirement
HKAS 31.56	The venturer should disclose a listing and description of interests in significant joint ventures and the proportion of ownership interest held in jointly controlled entities.
HKAS 31.56	The venturer that recognises its interests in jointly controlled entities using the line-by-line reporting format for proportionate consolidation or the equity method should disclose the aggregate amounts of each of current assets, long-term assets, current liabilities, long-term liabilities, income and expenses related to its interests in joint ventures.
HK(SIC) - Int 13.7	Unrealised gains or losses on non-monetary assets contributed to jointly controlled entities should be eliminated against the underlying assets under the proportionate consolidation method or against the investment under the equity method. Such unrealised gains or losses should not be presented as deferred gains or losses in the venturer's consolidated balance sheet.
	Financial instruments: disclosure and presentation
	General
HKAS 32.60(a)	For each class of financial assets, financial liabilities and equity instruments, the entity should disclose information about the extent and nature of the financial instruments, including significant terms and conditions that may affect the amount, timing and certainty of future cash flows.
HKAS 32.63	When financial instruments held or issued by an entity, either individually or as a class, create a potentially significant exposure to the risks described in paragraph 52 of HKAS 32 (including market risk, credit risk, liquidity risk and cash flow interest rate risk), terms and conditions that warrant disclosure include:
	(a) the principal, stated, face or other similar amount, which, for some derivative instruments, such as interest rate swaps, might be the amount (referred to as the notional amount) on which future payments are based;
	(b) the date of maturity, expiry or execution;
	(c) early settlement options held by either party to the instrument, including the period in which, or date at which, the options can be exercised and the exercise price or range of prices;
	(d) options held by either party to the instrument to convert the instrument into, or exchange it for, another financial instrument or some other asset or liability, including the period in which, or date at which, options can be exercised and the conversion or exchange ratio(s);
	(e) the amount and timing of scheduled future cash receipts or payments of the principal amount of the instrument, including instalment repayments and any sinking fund or similar requirements;
	(f) stated rate or amount of interest, dividend or other periodic return on principal and timing of payments;
	(g) collateral held, in the case of a financial asset, or pledged, in the case of a financial liability;
	(h) in the case of an instrument for which cash flows are denominated in a currency other than the entity's functional currency, the currency in which receipts or payments are required;
	(i) in the case of an instrument that provides for an exchange, information described in items (a) to (h) above for the instrument to the acquired in the exchange; and
	(j) any condition of the instrument or an associated covenant that, if contravened, would significantly alter any of the other terms (for example, a maximum debt-to-equity ratio in a bond covenant that, if contravened, would make the full principal amount of the bond due and payable immediately.
HKAS 32.64	When the balance sheet presentation of a financial instrument differs from the instrument's legal form, it is desirable for an entity to explain in the notes to the financial instruments the nature of the instrument.

Source	Presentation/Disclosure Requirement
	Classification of a financial instrument (i.e. liabilities or equity)
HKAS 32.15	The issuer of a financial instrument should classify the instrument, or its component parts, on initial recognition as a financial liability, a financial asset or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, a financial asset and an equity instrument.
HKAS 32.18	*Note: The substance of a financial instrument, rather than its legal form, governs its classification on the entity's balance sheet.*
HKAS 32.28	The issuer of a non-derivative financial instrument should evaluate the terms of the financial instrument to determine whether it contains both a liability and an equity component. Such components should be classified separately as financial liabilities, financial assets or equity instruments in accordance with paragraph 15 of HKAS 32 (see above).
HKAS 32.35	Interest, dividends, losses and gains relating to a financial instrument or a component that is a financial liability should be recognised as income or expense in profit or loss.
HKAS 32.35	Distributions to holders of an equity instrument should be debited by the entity directly to equity, net of any related income tax benefit.
HKAS 32.40	Dividends classified as an expense in accordance with HKAS 32 *Financial Instruments: Presentation and Disclosure*, may be presented in the income statement either with interest on other liabilities or as a separate item.
	Note: In some circumstances, because of the differences between interest and dividends with respect to matters such as tax deductibility, it is desirable to disclose them separately in the income statement.
HKAS 32.35	Transaction costs of an equity transaction, other than costs of issuing an equity instrument that are directly attributable to the acquisition of a business, should be accounted for as a deduction from equity, net of any related income tax benefit.
HKAS 32.37	The costs of an equity transaction that is abandoned are recognised as an expense.
HKAS 32.38	Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability and equity components of the instrument in proportion to the allocation of the proceeds.
HKAS 32.38	Transaction costs that relate jointly to more than one transaction (e.g. costs of a concurrent offering of some shares and a stock exchange listing of other shares) are allocated to the transactions using a basis of allocation that is rational and consistent with similar transactions.
	Offsetting a financial asset and a financial liability
HKAS 32.42	A financial asset and a financial liability should be offset and the net amount presented in the balance sheet when, and only when, an entity: (a) currently has a legally enforceable right to set off the recognised amounts; and (b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.
HKAS 32.80	Where the entity holds a financial asset subject to a legally enforceable right of set-off against a financial liability that is not presented on the balance sheet net of the liability because settlement is not intended to take place on a net basis or simultaneously, the entity discloses the existence of the legal right of set-off.
HKAS 32.81	Where the entity has entered into a master netting arrangement that significantly reduces its exposure to credit risk, but does not meet the criteria for offsetting, the entity provides additional information concerning the effect of the arrangement.

Source	Presentation/Disclosure Requirement
	Risk management policies and hedging activities
HKAS 32.52	The detailed disclosures required by HKAS 32 (see below) should provide information to assist users of financial statements in assessing the extent of risk related to financial instruments.
HKAS 32.56	The entity should describe its financial risk management objectives and policies, including its policy for hedging each main type of forecast transactions for which hedge accounting is used.
HKAS 32.58	The entity should disclose the following separately for designated fair value hedges, cash flow hedges and hedges of a net investment in a foreign operation: (a) a description of the hedge; (b) a description of the financial instruments designated as hedging instruments; (c) the fair value of hedging instruments at the balance sheet date; (d) the nature of the risks being hedged; and (e) for cash flow hedges, the periods in which the cash flows are expected to occur, when they are expected to enter into the determination of profit or loss, and a description of any forecast transaction for which hedge accounting had previously been used but which is no longer expected to occur.
	Interest rate risk
HKAS 32.67	For each class of financial assets and financial liabilities, the entity should disclose information its exposure to interest rate risk, including: (a) contractual repricing or maturity dates, whichever dates are earlier; and (b) effective interest rates, when applicable.
HKAS 32.71	The entity indicates which of its financial assets and financial liabilities are: (a) exposed to fair value interest rate risk, such as financial assets and financial liabilities; (b) exposed to cash flow interest rate risk, such as financial assets and financial liabilities with a floating interest rate that is reset as market rates change; and (c) not directly exposed to interest rate risk, such as some investments in equity instruments.
HKAS 32.74	The nature of the entity's business and the extent of its activity in financial instruments will determine whether information about interest rate risk is presented in a narrative form, in tables, or by using a combination of the two. When an entity has a variety of financial instruments exposed to fair value or cash flow interest rate risk, it may adopt one or more of the following approaches to presenting information: (a) the carrying amounts of financial instruments exposed to interest rate risk may be presented in tabular form, grouped by those that are contracted to mature or be repriced in the following periods after the balance sheet date: (i) in one year or less; (ii) in more than one year but not more than two years; (iii) in more than two years but not more than three years; (iv) in more than three years but not more than four years; (v) in more than four years but not more than five years; and (vi) in more than five years;

Source	Presentation/Disclosure Requirement
	(b) when the performance of an entity that is significantly affected by the level of its exposure to interest rate risk or changes in that exposure, more detailed information is desirable. An entity such as a bank may disclose, for example, separate groupings of the carrying amounts of financial instruments contracted to mature or be repriced:
	(i) one month or less after the balance sheet date;
	(ii) in more than one month but not more than three months after the balance sheet date;
	(iii) in more than three months but not more than twelve months after the balance sheet date;
	(c) similarly, an entity may indicate its exposure to cash flow interest rate risk through a table indicating the aggregate carrying amount of groups of floating rate financial assets and financing liabilities maturing within various future time periods; and
	(d) interest rate information may be disclosed for individual financial instruments. Alternatively, weighted average rates or a range of rates may be presented for each class of financial instrument. An entity may group into separate classes instruments denominated in different currencies or having substantially different credit risks when those factors result in instruments having substantially different effective interest rates.
HKAS 32.75	In some circumstances, the entity may be able to provide useful information about its exposure to interest rate risks by indicating the effect of a hypothetical change in market interest rates on the fair value of its financial instruments and future profit or loss and cash flows. When disclosing interest rate sensitivity information, an entity indicates the basis on which it has prepared the information, including any significant assumptions.
	Credit risk
HKAS 32.76	For each class of financial assets and other credit exposures, the entity should disclose information about its exposure to credit risk, including:
	(a) the amount that best represents its maximum credit risk exposure at the balance sheet date, without taking account of the fair value of any collateral, in the event of other parties failing to perform their obligations under financial instruments; and
	(b) significant concentrations of credit risk.
HKAS 32.82	The entity may be exposed to credit risk as a result of a transaction in which no financial asset is recognised on its balance sheet, such as for a financial guarantee or credit derivative contract. Guaranteeing an obligation of another party creates a liability and exposes the guarantor to credit risk that is taken into account in making the disclosures required by paragraph 76 of HKAS 32 (see above).
	Fair value
HKAS 32.86	Except as set out in paragraph 90 HKAS 32, for each class of financial assets and financial liabilities, the entity should disclose the fair value of that class of assets and liabilities in a way that permits it to be compared with the corresponding carrying amount in the balance sheet.
HKAS 32.87	When the entity does not measure a financial asset or financial liability in its balance sheet at fair value, it should provide fair value information through supplementary disclosures.
HKAS 32.88	For financial instruments such as short-term trade receivables and payables, no disclosure of fair value is required when the carrying amount is a reasonable approximation of fair value.
HKAS 32.89	In disclosing fair values, the entity groups financial assets and financial liabilities into classes and offsets them only to the extent that their related carrying amounts are offset in the balance sheet.
HKAS 32.90	If investments in unquoted equity instruments or derivatives linked to such equity instruments are measured at cost because their fair value cannot be measured reliably, the entity should disclose:
	(a) the fact that fair value cannot be measured reliably;
	(b) a description of the financial instruments;

Source	Presentation/Disclosure Requirement
	(c) the carrying amount of the instruments;
	(d) an explanation why fair value cannot be measured reliably; and
	(e) if possible, the range of estimates within which fair value is highly likely to lie.
HKAS 32.90	If financial assets whose fair value previously could not be reliably measured are sold during the period, the entity should disclose:
	(a) the fact that the sale has occurred;
	(b) the carrying amount of such financial assets at the time of sale; and
	(c) the amount of gain or loss recognised.
HKAS 32.92	The entity should disclose:
	(a) the methods and significant assumptions applied in determining fair values of financial assets and financial liabilities separately for significant classes of financial assets and financial liabilities;
	(b) whether fair values of financial assets and financial liabilities are determined directly, in full or in part, by reference to published price quotations in an active market or are estimated using a valuation technique;
	(c) whether its financial statements include financial instruments measured at fair values that are determined in full or in part using a valuation technique based on assumptions that are not supported by observable market prices or rates;
	(d) if changing any such assumption to a reasonably possible alternative would result in a significantly different fair value, that fact and the effect on the fair value of a range of reasonably possible alternative assumptions; and
	Note: For this purpose, significance should be judged with respect to profit or loss and total assets or total liabilities.
	(e) the total amount of the change in fair value estimated using a valuation technique that was recognised in profit or loss during the period.
HKAS 32.93	Disclosure of fair value information includes disclosure of the method used in determining of fair value and the significant assumptions made in its application. For example, the entity discloses information about the assumptions relating to prepayment rates, rates of estimated credit losses and interest or discount rates if they are significant.
	Derecognition
HKAS 32.94(a)	The entity may have either transferred a financial asset, or entered into a so-called pass-through arrangement, in such a way that the arrangement does not qualify as a transfer of a financial asset under the derecognition rules in HKAS 39. If the entity either continues to recognise all of the asset or continues to recognise the asset to the extent of the entity's continuing involvement, it should disclose the following information for each class of financial assets:
	(a) the nature of the asset;
	(b) the nature of the risks and rewards of ownership to which the entity remains exposed;
	(c) when the entity continues to recognise all of the asset, the carrying amounts of the asset and of the associated liability; and
	(d) when the entity continues to recognise the asset to the extent of its continuing involvement, the total amount of the asset, the amount of the asset that the entity continues to recognise and the carrying amount of the associated liability.

Source	Presentation/Disclosure Requirement
	Collateral
HKAS 32.94(b)	The entity should disclose the carrying amount of financial assets pledged as collateral for liabilities, the carrying amount of financial assets pledged as collateral for contingent liabilities, and any material terms and conditions relating to assets pledged as collateral.
HKAS 32.94(c)	When the entity has accepted collateral that it is permitted to sell or repledge in the absence of default by the owner of the collateral, it should disclose: (a) the fair value of the collateral accepted (financial and non-financial assets); (b) the fair value of any such collateral sold or repledged and whether the entity has an obligation to return it; and (c) any material terms and conditions associated with its use of this collateral.
	Compound financial instrument with multiple embedded derivatives
HKAS 32.94(d)	If the entity has issued an instrument that contains both a liability and an equity component, and the instrument has multiple embedded derivative features whose values are interdependent, it should disclose the existence of those features and the effective interest rate on the liability component (excluding any embedded derivatives that are accounted for separately).
	Financial assets and financial liabilities at fair value through profit or loss
HKAS 32.94(e)	The entity should disclose the carrying amounts of: (a) financial assets that are classified as held for trading; (b) financial liabilities that are classified as held for trading; (c) financial assets that, upon initial recognition, were designated by the entity as financial assets at fair value through profit or loss (i.e. those that are not financial assets classified as held for trading); and (d) financial liabilities that, upon initial recognition, were designated by the entity as financial liabilities at fair value through profit or loss (i.e. those that are not financial liabilities classified as held for trading).
HKAS 32.94(f)	An entity should disclose separately net gains or net losses on financial assets or financial liabilities designated by the entity as at fair value through profit or loss.
HKAS 32.94(g)	If the entity has designated a loan or receivable (or group of loans or receivables) as at fair value through profit or loss, it should disclose: (a) the maximum exposure to credit risk at the reporting date of the loan or receivable (or group of loans or receivables). (b) the amount by which any related credit derivative or similar instrument mitigates that maximum exposure to credit risk. (c) the amount of change during the period and cumulatively in the fair value of the loan or receivable (or group of loans or receivables) that is attributable to changes in credit risk.
	Note: This amount may be determined either as the amount of change in its fair value that is not attributable to changes in market conditions that give rise to market risk; or using an alternative method that more faithfully represents the amount of change in its fair value that is attributable to changes in credit risk.
	(d) the amount of the change in the fair value of any related credit derivative or similar instrument that has occurred during the period and cumulatively since the loan or receivable was designated.

Source	Presentation/Disclosure Requirement
HKAS 32.94(h)	If the entity has designated a financial liability as at fair value through profit or loss, it should disclose:
	(a) the amount of change during the period and cumulatively in the fair value of the financial liability that is attributable to changes in credit risk; and
	Notes:
HKAS 32.94(h)	*1. This amount may be determined either as the amount of change in its fair value that is not attributable to changes in market conditions that give rise to market risk; or using an alternative method that more faithfully represents the amount of change in its fair value that is attributable to changes in credit risk.*
HKAS 32.AG40	*2. Changes in market conditions that give rise to market risk include changes in a benchmark interest rate, commodity price, foreign exchange rate or index of prices or rates. For contracts that include a unit-linking feature, changes in market conditions include changes in the performance of an internal or external investment fund.*
	(b) the difference between the carrying amount of the financial liability and the amount the entity would be contractually required to pay at maturity to the holder of the obligation.
HKAS 32.94(i)	The entity should disclose:
	(a) the methods used to comply with the requirement in HKAS 32.94(g)(iii) and HKAS 32.94(h)(i).
	(b) if the entity considers that the disclosure it has given to comply with the requirements in HKAS 32.94(g)(iii) and HKAS 32.94(h)(i) does not faithfully represent the change in the fair value of the financial asset or financial liability attributable to changes in credit risk, the reasons for reaching this conclusion and the factors the entity believes to be relevant.
	Reclassification
HKAS 32.94(j)	If the entity has reclassified a financial asset as one measured at cost or amortised cost rather than at fair value as mentioned in paragraph 54 of HKAS 39 *Financial Instruments: Recognition and Measurement*, it should disclose the reason for that reclassification.
	Defaults and breaches
HKAS 32.94(m)	With respect to any defaults of principal, interest, sinking fund or redemption provisions during the period on loans payable recognised as at the balance sheet date, any other breaches during the period of loan agreements when those breaches can permit the lender to demand repayment (except for breaches that are remedied, or in response to which the terms of the loan are renegotiated, on or before the balance sheet date), the entity should disclose:
	(a) details of those breaches;
	(b) the amount recognised as at the balance sheet date in respect of the loan payable on which the breaches occurred; and
	(c) with respect to amounts disclosed in item (b) above, whether the default has been remedied or the terms of the loans payable renegotiated before the date the financial statements are authorised for issue.
	Income statement and equity
HKAS 32.94(k)	The entity should disclose material items of income, expense and gains and losses resulting from financial assets and financial liabilities, whether included in profit or loss or in equity. The entity should at least disclose:
	(a) total interest income and total interest expense (calculating using the effective interest method) for financial assets and financial liabilities that are not at fair value through profit or loss;
	(b) for available-for-sale financial assets, the amount of any gain or loss recognised directly in equity during the period and the amount that was removed from equity and recognised in profit or loss for the period; and
	(c) the amount of interest income accrued on impaired financial assets.

Source	Presentation/Disclosure Requirement
	Members' shares in co-operative and similar instruments
HK(IFRIC) -Int 2.13	When a change in the redemption prohibition as mentioned in HK(IFRIC)-Int 2, leads to a transfer between financial liabilities and equity, the entity should disclose separately the amount, timing and reason for the transfer.
	Other disclosures
Sch 10: 9(1)(a)	The following analyses of investments in securities are required:
	(a) debt securities and equity securities; and
	(b) listed investments and unlisted investments.
Sch 10: 9(3)	Listed investments should be analysed between those which have been granted a listing on The Stock Exchange of Hong Kong and those which have not.
Sch 10: 12(11)	The entity should disclose the market value of listed investments if they are not carried at market value.
Sch 10: 12(11)	The entity should disclose the Stock Exchange value of the listed investments, if the market value is stated at a higher amount than their Stock Exchange value.
Sch 10: 5(2)(c)	The entity should disclose the cost or directors' valuation of unlisted investments.
Sch 10: 19(1)	The entity should disclose the aggregate amount of assets consisting of shares in fellow subsidiaries.
s129(1)&(2)	For each shareholding in companies where either, (i) the investing company's holding in any class of equity share capital of that company exceeds 20% of the nominal value of the issued shares of that class, or (ii) the aggregate amount of shareholdings in any one company exceeds 10% of the amount of its assets as stated in the investing company's balance sheet, the entity should disclose:
	(a) the name of the company;
	(b) the country of incorporation;
	(c) the identity and proportion of the nominal values of the issued shares of each class held; and
s129(4) s129(5)	(d) a statement, where appropriate, that the information given deals only with the companies whose results principally affect the profit or loss or amount of assets of this company.
	Accounting for leases by lessors
	Finance leases
HKAS 17.36	Lessors should recognise assets under a finance lease in their balance sheets and present them as a receivable at an amount equal to the net investment in the lease.
HKAS 17.47	The following disclosures should be made in the financial statements for finance leases:
	(a) a reconciliation between the total gross investment in the lease at the balance sheet date, and the present value of minimum lease payments receivable at the balance sheet date;
	(b) the gross investment in the lease and the present value of minimum lease payments receivable at the balance sheet date, for each of the following periods:
	(i) not later than one year;
	(ii) later than one year and not later than five years; and
	(iii) later than five years;

Source	Presentation/Disclosure Requirement
	(c) unearned finance income;
	(d) the unguaranteed residual values accruing to the benefit of the lessor;
	(e) the accumulated allowance for uncollectible minimum lease payments receivable;
	(f) contingent rents recognised in income; and
	(g) a general description of the lessor's material leasing arrangements.
HKAS 17.48	As an indicator of growth, it is often useful to disclose the gross investment less unearned income in new business added during the accounting period, after deducting the relevant amounts for cancelled leases.
	Operating leases
HKAS 17.49	Lessors should present assets subject to operating leases in their balance sheets according to the nature of the asset.
HKAS 17.56	The following disclosures should be made in the financial statements for operating leases:
	(a) the future minimum lease payments under non-cancellable operating leases in the aggregate and for each of the following periods:
	(i) not later than one year;
	(ii) later than one year and not later than five years; and
	(iii) later than five years;
	(b) total contingent rents recognised as income in the period; and
	(c) a general description of the lessor's significant leasing arrangements.
HKAS 17.57	*Note: In addition to the requirements set out in paragraph 56 of HKAS 17, the disclosure requirements in HKAS 16 Property, Plant and Equipment, HKAS 36 Impairment of Assets, HKAS 38 Intangible Assets, HKAS 40 Investment Property, and HKAS 41 Agriculture, apply to lessors for assets provided under operating leases.*
	Arrangements involving the legal form of a lease
HK(SIC) - Int 27.10	Where an arrangement involves the legal form of a lease but does not, in substance, involve a lease under HKAS 17 *Leases*, all aspects of the arrangement should be considered in determining the appropriate disclosures that are necessary to understand the arrangement and the accounting treatment adopted.
HK(SIC) - Int 27.10	The entity should disclose the following in each period in which an arrangement exists that involves the legal form of a lease but does not, in substance, involve a lease under HKAS 17:
	(a) a description of the arrangement, including:
	(i) the underlying asset and any restrictions on its use;
	(ii) the life and other significant terms of the arrangement; and
	(iii) the transactions that are linked together, including any options; and
	(b) (i) the accounting treatment applied to any fee received;
	(ii) the amount recognised as income in the period; and
	(iii) the line item of the income statement in which it is included.

Source	Presentation/Disclosure Requirement
HK(SIC) - Int 27.11	*Note: The disclosures required by paragraph 10 of HK(SIC)-Int 27 should be provided individually for each arrangement, or in aggregate for each class of arrangements (i.e. each grouping of arrangements with underlying assets of a similar nature).*
	An arrangement contains a lease
HK(IFRIC) - Int 4.15(b)	If an entity concludes that it is impracticable to separate reliably payments for the leases (i.e. the right to use the asset) from payments for other elements in the same arrangement (e.g. for services and the cost of inputs), in the case of an operating lease, it should: (a) treat all payments under the arrangement as lease payments for the purposes of complying with the disclosure requirements of HKAS 17; (b) disclose those payments separately from minimum lease payments of other arrangements that do not include payments for non-lease elements; and (c) state the fact that the disclosed payments also include payments for non-lease elements in the arrangement.
	Impairment of assets
HKAS 36.126	For each class of assets, the financial statements should disclose: (a) the amount of impairment losses recognised in profit or loss during the period and the line item(s) of the income statement in which those impairment losses are included; (b) the amount of reversals of impairment losses recognised in profit or loss during the period and the line item(s) of the income statement in which those impairment losses are reversed; (c) the amount of impairment losses on revalued assets directly in equity during the period; and (d) the amount of reversal of impairment losses on revalued assets recognised directly in equity during the period.
HKAS 36.127	*Note: A class of asset is a grouping of assets of similar nature and use in an entity's operations.*
HKAS 36.130	The entity should disclose the following for each material impairment loss recognised or reversed during the period for an individual asset, including goodwill, or a cash-generating unit: (a) the events and circumstances that led to the recognition or reversal of the impairment loss; (b) the amount of the impairment loss recognised or reversed; (c) for an individual asset: (i) the nature of the asset; and (ii) the reportable segment to which the asset belongs, based on the entity's primary format (as defined in HKAS 14 *Segment Reporting*, if the entity applies HKAS 14); (d) for a cash-generating unit: (i) a description of the cash-generating unit (such as whether it is a product line, a plant, a business operation, a geographical area, a reportable segment as defined in HKAS 14 or other); (ii) the amount of the impairment loss recognised or reversed by class of assets and by reportable segment based on the entity's primary format (as defined in HKAS 14, if the entity applies HKAS 14); and (iii) if the aggregation of assets for identifying the cash-generating unit has changed since the previous estimate of the cash-generating unit's recoverable amount (if any), the entity should describe the current and former way of aggregating assets and the reasons for changing the way the cash-generating unit is identified;

Source	Presentation/Disclosure Requirement
	(e) whether the recoverable amount of the asset (cash-generating unit) is its fair value less costs to sell or its value in use;
	(f) if recoverable amount is fair value less costs to sell, the basis used to determine fair value less costs to sell (such as whether fair value was determined by reference to an active market); and
	(g) if recoverable amount is value in use, the discount rate(s) used in the current estimate and previous estimate (if any) of value in use.
HKAS 36.131	The entity should disclose the following information for the aggregate impairment losses and the aggregate reversals of impairment losses recognised during the period for which no information is disclosed in accordance with paragraph 130 of HKAS 36 (see above):
	(a) the main classes of assets affected by impairment losses (reversals of impairment losses); and
	(b) the main events and circumstances that led to the recognition (reversal) of those impairment losses.
HKAS 36.132	The entity is encouraged to disclose the key assumptions used to determine the recoverable amount of assets (cash-generating units) during the period.
	Note: Paragraph 134 of HKAS 36 (see below) requires an entity to disclose information about the estimates used to measure the recoverable amount of a cash-generating unit when goodwill or an intangible asset with an indefinite useful life is included in the carrying amount of that unit.
HKAS 32.94(l)	The entity should disclose the nature and amount of any impairment loss recognised in profit or loss for a financial asset, separately for each significant class of financial asset.
HKAS 36.129	The entity that reports segment information in accordance with HKAS 14 *Segment Reporting*, should disclose the following information for each reportable segment based on the entity's primary reporting segment:
	(a) the amount of impairment losses recognised in profit or loss and directly in equity during the period; and
	(b) the amount of reversals of impairment losses recognised in profit or loss and directly in equity during the period.
HKAS 16.78	The entity should disclose information on impaired property, plant and equipment in accordance with HKAS 36 *Impairment of Assets*.
	Estimates used to measure recoverable amounts of cash-generating units containing goodwill or intangible assets with indefinite useful lives
HKAS 36.134 HKFRS 3.76	The entity should disclose the following information for each cash-generating unit (group of units) for which the carrying amount of goodwill or intangible assets with indefinite useful lives allocated to that unit (group of units) is significant in comparison with the entity's total carrying amount of goodwill or intangible assets with indefinite useful lives:
	(a) the carrying amount of goodwill allocated to the unit (group of units);
	(b) the carrying amount of intangible assets with indefinite useful lives allocated to that unit (group of units);
	(c) the basis on which the unit's (group of units') recoverable amount has been determined (i.e. value in use or fair value less costs to sell);

Source	Presentation/Disclosure Requirement
	(d) if the unit's (group of units') recoverable amount is based on value in use:
	(i) a description of each key assumption on which management has based its cash flow projections for the period covered by the most recent budgets / forecasts;
	Note: Key assumptions are those to which the unit's (group of unit's) recoverable amount is most sensitive.
	(ii) a description of management's approach to determining the value(s) assigned to each key assumption, whether those value(s) reflect past experience or, if appropriate, are consistent with external sources of information, and, if not, how and why they differ from past experiences or external sources of information;
	(iii) the period over which management has projected cash flows based on financial budgets / forecasts approved by management and, when a period greater than five years is used for a cash-generating why that longer period is justified;
	(iv) the growth rate used to extrapolate cash flow projections beyond the period covered by the most recent budgets / forecasts, and the justification for using any growth rate that exceeds the long-term growth rate for the products, industries, or country or countries in which the entity operates, or for the market to which the unit (group of units) is dedicated; and
	(v) the discount rate(s) applied to the cash flow projections;
	(e) if the unit's (group of units') recoverable amount is based on fair value less costs to sell, the methodology used to determine fair value less costs to sell. If fair value less costs to sell is not determined using an observable market price for the unit (group of units), the following information should be disclosed:
	(i) a description of each key assumption on which management has based its determination of fair value less costs to sell;
	Note: Key assumptions are those to which the unit's (group of units') recoverable amount is most sensitive.
	(ii) a description of management's approach to determining the value(s) assigned to each key assumption, whether those value(s) reflect past experience, or, if appropriate, are consistent with external sources of information, and, if not, how and why they differ from past experience or external sources of information; and
	(f) if a reasonably possible change in a key assumption on which management has based its determination of the unit's (group of units') recoverable amount would cause the unit's (group of units') carrying amount to exceed its recoverable amount:
	(i) the amount by which the unit's (group of units") recoverable amount exceeds its carrying amount;
	(ii) the value assigned to the key assumption; and
	(iii) the amount by which the value assigned to the key assumption must change, after incorporating any consequential effects of that change on the other variables used to measure recoverable amount, in order for the unit's (group of units') recoverable amount to be equal to its carrying amount.
HKAS 36.135	If some or all of the carrying amount of goodwill or intangible assets with indefinite useful lives is allocated across multiple cash-generating units (group of units), and the amount so allocated to each unit (group of units) is not significant in comparison with the entity's total carrying amount of goodwill or intangible assets with indefinite useful lives., that fact should be disclosed, together with the aggregate carrying amount of goodwill or intangible assets with indefinite useful lives allocated to those units (group of units).

Source	Presentation/Disclosure Requirement
HKAS 36.135	In addition, if the recoverable amount of any of those units (group of units) are based on the same key assumption(s) and the aggregate carrying amount of goodwill or intangible assets with indefinite useful lives allocated to them is significant in comparison with the entity's total carrying amount of goodwill or intangible assets with indefinite useful lives, an entity should disclose:
	(a) that fact;
	(b) the aggregate carrying amount of goodwill allocated to those units (group of units);
	(c) the aggregate carrying amount of intangible assets with indefinite useful lives allocated to those units (group of units);
	(d) a description of the key assumption(s);
	(e) a description of management's approach to determining the value(s) assigned to the key assumption(s), whether those value(s) reflect past experience or, if appropriate, are consistent with external sources of information, and, if not, how and why they differ from past experience or external sources of information; and
	(f) if a reasonably possible change in the key assumption(s) would cause the aggregate of the units' (groups of units) carrying amounts to exceed the aggregate of their recoverable amounts:
	(i) the amount by which the aggregate of the units' (group of units') recoverable amounts exceeds the aggregate of their carrying amounts;
	(ii) the value(s) assigned to the key assumption(s);
	(iii) the amount by which the value(s) assigned to the key assumption(s) must change, after incorporating any consequential effects of the change on the other variables used to measure recoverable amount, in order for the aggregate of the units' (group of units') recoverable amounts to be equal to the aggregate of their carrying amounts.
HKAS 36.136	*Note: The most recent detailed calculation made in a preceding period of the recoverable amount of a cash-generating unit (group of units) may, in accordance with paragraph 24 or paragraph 99 of HKAS 36, be carried forward and used in the impairment test for that unit (group of units) in the current period provided specific criteria are met. When this is the case, the information for that unit (group of units) that is incorporated into the disclosures required by paragraphs 134 and 135 of HKAS 36 relate to the carried forward calculation of recoverable amount.*
	Group indebtedness
	The entity should disclose separately the aggregate amounts due:
Sch 10: 18(2) Sch 10: 24(a)	(a) from the company's subsidiaries (for consolidated financial statements, applies to subsidiaries not consolidated); and
Sch 10: 19(1)	(b) from the company's holding companies and fellow subsidiaries, distinguishing between debentures and otherwise.
	Loans to trustees or employees
Sch 10: 9(1)(c)	The entity should disclose the aggregate amount of outstanding loans made to trustees or employees (other than directors) for the acquisition of shares in the company, or its holding company, under the provisions of sections 47C(4)(b)&(c) of the *Companies Ordinance*.

Source	Presentation/Disclosure Requirement
	Loans to officers
	The Companies (Amendment) Ordinance 2003 was approved on July 10, 2003 and came into operation on February 13, 2004. A new section 161B is introduced which contains the disclosure requirements on the particulars of every transaction in relation to loans to officers, which includes, e.g. a credit transaction entered into between a company and a director of the company, or a body corporate in which such a director at any time during the financial year held a controlling interest.
s161B(18)	*In the case of any loan, guarantee entered into or security provided before February 13, 2004, the particulars of these arrangements would have to be contained in the financial statements under the provision of s161B in force immediately before the commencement of the Companies (Amendment) Ordinance 2003. The disclosure requirements are set out in s161B(1) and s161B(6)(a) of the Ordinance (see below), and s161B(5) and s161B(7)(a)-(g) of the Ordinance (see below). References to the old s161B which became effective on August 1984, is followed by "(r1984)".*
s161B(1)&(4) (r1984)	For every relevant loan (see below) made by the company or a subsidiary, other than an authorised institution, after the commencement of the Companies (Amendment) Ordinance 1984 (i.e. August 31, 1984) but before the commencement of section 68 of the Companies (Amendment) Ordinance 2003 (i.e. February 13, 2004), the following should be disclosed: (a) the name of borrower and, where: (i) the borrower is connected with a director of the company or of its holding company; or (ii) the borrower is a body corporate, and a director or a person connected with him has held a controlling interest therein, the name of that director; (b) the terms of the loan, including the interest rate and any security; (c) the principal and interest outstanding at the beginning and end of the financial year and the maximum amount outstanding during the year; and (d) the amount of interest which, having fallen due, remained unpaid and the amount of provision for non-repayment by the borrower in respect of principal and interest.
	Note:
s161B(7)(r1984)	*"Relevant loan" means any loan made to:* (a) a person who, whether or not he was an officer ("officer" in relation to a body corporate includes a director, manager or secretary) of the company or a director of its holding company at the time the loan was made, was such an officer or director at any time during the financial year; or *(b) a body corporate in which a director of the company, at any time during the financial year, held a controlling interest, whether or not such controlling interest was so held at the time the loan was made; or* *(c) in the case of a loan made by either a listed company or a company which is a member of a group containing a listed company, the definition is extended to include a loan to connected persons, including:* (i) the spouse of a director; (ii) any children or step-children of a director provided that they are below the age of 18 years; (iii) a person acting in his capacity as the trustee of any trust (other than an employee share scheme or pension scheme) which includes as beneficiaries, or which allows the trustee to exercise his powers for the benefit of, the director, his spouse, or any of his children or step-children below the age of 18 years; and (iv) a person acting in his capacity as a partner of a director or of any person who is connected to that director by virtue of (i),(ii) or (iii) above.

Source	Presentation/Disclosure Requirement
s161B(2)(r1984) s161B(3)(r1984)	In respect of a relevant loan made by any person after August 31, 1984 but before February 13, 2004 in connection with which a guarantee is entered into or security is provided by the company other than an authorised financial institution, the entity should disclose: (a) the name of borrower, and where: (i) the borrower is connected with a director of the company or of its holding company; or (ii) the borrower is a body corporate, and a director or a person connected with him has held a controlling interest therein, the name of that director; (b) the maximum liability of the company under the guarantee or security both at the beginning and end of the financial year; and (c) any amount paid and any liability incurred by the company for the purpose of fulfilling the guarantee or discharging the security (including any loss incurred by the company by reason of the enforcement of the guarantee or security).
s161B(5)(r1984)	*Notes:* *1. Disclosure of the items required by s161B(1)(4)(r1984) of the Ordinance is not required where all of the conditions listed below apply:* *(a) the loan is made by the company or by a subsidiary to an employee of the company or of the subsidiary;* *(b) it does not exceed HK$100,000;* *(c) it is certified by the directors of the company or subsidiary as having been made in accordance with the company's usual practice for loans to its employees or to the employees of the subsidiary; and* *(d) it is neither a loan made by the company under a guarantee from or on a security provided by a subsidiary nor, if the loan is from a subsidiary, is it guaranteed or secured by the company or any other subsidiary.*
s161B(10) (r1984)	*2. For loans to officers made before August 31, 1984, the financial statements are required to disclose in respect of such loans outstanding at the end of the year the particulars which, but for the Companies (Amendment) Ordinance 1984, would have had to be contained in the financial statements under the provisions of this section in force immediately before the commencement of that Ordinance, (i.e. the balances and repayments during the year).*
s161B(1) s161B(6)(a)	For every relevant transaction (see below) entered into by the company or a subsidiary, other than an authorised institution, after the commencement of Section 68 of the Companies (Amendment) Ordinance 2003 (i.e. February 13, 2004), the entity should disclose: (a) the name of borrower and, where: (i) the borrower is connected with a director of the company or of its holding company; or (ii) the borrower is a body corporate, and a director or a person connected with him has held a controlling interest therein, the name of that director; (b) the terms of the relevant transaction, including the amounts payable thereunder (whether in a lump sum or instalments or by way of periodical payments or otherwise), the interest rate and any security;

Source	Presentation/Disclosure Requirement
	(c) the principal and interest outstanding at the beginning and end of the financial year and the maximum amount outstanding during the year; and
	(d) the amount of which, having fallen due, remained unpaid and the amount of provision for non-repayment by the borrower in respect of the principal and other amounts due.
s161B(2) s161B(7)(a) to (d)	For every relevant transaction which consists of quasi-loans or credit transactions entered into by the company or a subsidiary, other than an authorised institution, after February 13, 2004, in lieu of the disclosure required in s161B(1) & s161B(6)(a) of the Ordinance above, the following should be disclosed with respect to each borrower:
	(a) the name of the person;
	(b) if the person is also a borrower, where:
	(i) the borrower is connected with a director of the company or of its holding company; or
	(ii) the borrower is a body corporate, and a director or a person connected with him has held a controlling interest therein,
	the name of that director;
	(c) the aggregate amount of the principal and interest outstanding on all relevant transactions of which that person is the borrower at the beginning and end of the financial year and the maximum amount outstanding during the year; and
	(d) the aggregate amount of which, having fallen due, remained unpaid and the aggregate amount of provision for non-repayment by the person in respect of the principal and other amounts due.

Source	Presentation/Disclosure Requirement
	Notes:
s161B(14)	*Definitions:*
	"Relevant transaction" means any loan, quasi-loan made to, or any credit transaction entered into for –
	(a) a person who, whether or not he was a director or other officer of the company or a director of its holding company at the time the loan, quasi-loan or credit transaction was made or entered into, is such an officer or director at any time during the financial year in respect of which the accounts are made up; or
	(b) a body corporate in which a director of the company, at any time during the financial year, held a controlling interest, whether or not such controlling interest was so held at the time the loan, quasi-loan or credit transaction was made or entered into; and
	(c) that the loan, quasi-loan or credit transaction is made or entered into during the financial year or, if made or entered into before it, is outstanding at any time during the financial year.
s161B(15) s161B(16)	*(d) in the case of a loan or quasi-loan made to, or a credit transaction entered into by either a listed company or a company which is a member of a group containing a listed company, the definition is extended to include a loan or a quasi-loan made to, or a credit transaction entered into with connected persons, including:*
	(i) the spouse of a director;
	(ii) any children or step-children of a director provided that they are below the age of 18 years;
	(iii) a person acting in his capacity as the trustee of any trust (other than an employee's share scheme or pension scheme) which includes as beneficiaries, or which allows the trustee to exercise his powers for the benefit of, the director, his spouse, or any of his children or step-children below the age of 18 years; and
	(iv) a person acting in his capacity as a partner of a director or of any person who is connected to that director by virtue of (i), (ii) or (iii) above.
s157H(10)	*"Credit transaction" means a transaction between one party ("the creditor") and another party ("the borrower") under which the creditor:*
	(a) supplies goods to the borrower under a hire-purchase agreement;
	(b) sells goods or land to the borrower under a conditional sale agreement;
	(c) leases or hires goods or leases land to the borrower in return for periodical payments; or
	(d) otherwise disposes of land or supplies goods or services to the borrower on the understanding that payment (whether in a lump sum or instalments or by way of periodical payments or otherwise) is to be deferred.
s157H(10)	*"Quasi-loan" means:*
	(a) a transaction under which one party ("the creditor") agrees to pay, or pays otherwise than in pursuance of an agreement, a sum for another ("the borrower"):
	(i) on terms that the borrower (or a person on his behalf) will reimburse the creditor; or
	(ii) in circumstances giving rise to a liability on the borrower to reimburse the creditor; or
	(b) a transaction under which one party ("the creditor") agrees to reimburse, or reimburses otherwise than in pursuance of an agreement, expenditure incurred by another for another ("the borrower"):
	(i) on terms that the borrower (or a person on his behalf) will reimburse the creditor; or
	(ii) in circumstances giving rise to a liability on the borrower to reimburse the creditor.

Source	Presentation/Disclosure Requirement
s161B(3) s161B(4) s161B(6)(b)	In respect of every relevant transaction made by any person in connection with which a guarantee is entered into or security is provided by the company or a subsidiary, other than an authorised financial institution, after February 13, 2004, the entity should disclose: (a) the name of borrower, and where: (i) the borrower is connected with a director of the company or of its holding company; or (ii) the borrower is a body corporate, and a director or a person connected with him has held a controlling interest therein, the name of that director; (b) the maximum liability of the company under the guarantee or security both at the beginning and end of the financial year; and (c) any amount paid and any liability incurred by the company for the purpose of fulfilling the guarantee or discharging the security (including any loss incurred by the company by reason of the enforcement of the guarantee or security).
s161B(5) s161B(7)(a) to (g)	In respect of every relevant transaction, which consist of quasi-loans or credit transactions, made by any person in connection with which a guarantee is entered into or security is provided by the company or a subsidiary, other than an authorised financial institution, after February 13, 2004, in lieu of the disclosure required by s161B(3), s161B(4) & s161B(6)(b) of the Ordinance above, the following should be disclosed with respect to each borrower: (a) the name of the person; and (b) if the person is also a borrower, where: (i) the borrower is connected with a director of the company or of its holding company; or (ii) the borrower is a body corporate, and a director or a person connected with him has held a controlling interest therein, the name of the relevant director; (c) the maximum liability of the company in respect of all guarantees or all securities both at the beginning and end of the financial year; and (d) the aggregate amounts paid and the aggregate liabilities incurred by the company for the purpose of fulfilling the guarantees or discharging the security (including any loss incurred by the company by reason of the enforcement of the guarantee or security).
	Notes:
s161B(11)	*Disclosure of the items required by s161B above is not required where all of the conditions listed below apply:* *(a) the loan or quasi-loan made, or credit transaction entered into by the company or by a subsidiary is to an employee of the company or of the subsidiary;* *(b) the principal amount does not exceed HK$100,000;* *(c) it is certified by the directors of the company or subsidiary as having been made in accordance with the company's usual practice for loans to its employees or to the employees of the subsidiary; and* *(d) it is neither a loan or quasi-loan made, or credit transaction entered into by the company under a guarantee from or on a security provided by a subsidiary nor, if it is from a subsidiary, is it guaranteed or secured by the company or any other subsidiary.*

Source	Presentation/Disclosure Requirement
	Expenses not written off
Sch 10: 3	The following should be disclosed under separate headings, so far as they are not written off:
	(a) preliminary expenses;
	(b) expenses incurred in connection with any issue of share capital or debentures;
	(c) sums paid by way of commission in respect of any shares or debentures;
	(d) sums allowed by way of discount in respect of any debentures; and
	(e) the amount of the discount allowed on any issue of shares at a discount.
	Inventories
	The financial statements should disclose:
HKAS 2.36(b)	(a) the total carrying amount of inventories and the carrying amount in classifications appropriate to the entity;
HKAS 2.36(c)	(b) the carrying amount of inventories carried at fair value less costs to sell;
HKAS 2.36(h)	(c) the carrying amount of inventories pledged as security for liabilities.
	Construction contracts
HKAS 11.40	The entity should disclose each of the following for contracts in progress at the balance sheet date:
	(a) the aggregate amount of costs incurred and recognised profits (less recognised losses) to date;
	(b) the amount of advances received; and
	(c) the amount of retentions.
HKAS 11.42	The entity should present:
	(a) the gross amount due from customers for contract work as an asset; and
	(b) the gross amount due to customers for contract work as a liability.
	Borrowing costs capitalized
HKAS 23.29(b)	The financial statements should disclose the amount of borrowing costs capitalised during the period.
HKAS 23.29(c)	The financial statements should disclose the capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation.
	Shareholders' equity
HKAS 1.76(a) Sch 10:2	For each class of share capital, the following information should be disclosed, either on the face of the balance sheet or in the notes:
	(a) the number of shares authorised;
	(b) the number of shares issued and fully paid, and issued but not fully paid;
	(c) par value per share, or that the shares have no par value;
	(d) a reconciliation of the number of shares outstanding at the beginning and at the end of the period;

Source	Presentation/Disclosure Requirement
	(e) the rights, preferences and restrictions attaching to that class, including restrictions on the distribution of dividends and the repayment of capital;
	(f) shares in the entity held by the entity itself or by its subsidiaries or associates; and
	(g) shares reserved for issue under options and contracts for the sale of shares, including the terms and amounts.
	Notes:
HKAS 1.77	*1. An entity without share capital (e.g. a partnership or trust), should disclose information equivalent to that required by paragraph 76(a) of HKAS 1, showing changes during the period in each category of equity interest and the rights, preferences and restrictions attaching to each category of equity interest.*
	2. HKAS 1 does not provide any exemption from disclosure of comparatives for movements in share capital. Therefore, comparative movements for the prior period will be required for the reconciliation specified above, as well as for all other disclosures relating to share capital.
	Treasury shares
HKAS 32.33	If the entity (or another member of the consolidated group) reacquires its own equity instruments ("treasury shares"), those treasury shares should be deducted from equity. No gain or loss should be recognised in profit or loss on the purchase, sale, issue or cancellation of an entity's own equity instruments. Consideration paid or received should be recognised directly in equity.
HKAS 32.34	The amount of treasury shares held should be disclosed separately either on the face of the balance sheet or in the notes.
HKAS 32.34	The entity makes appropriate disclosures in accordance with HKAS 24 *Related Party Disclosures* if the entity reacquires its own equity instruments from related parties.
Sch 10:2(a)	For redeemable shares, the following should be disclosed:
	(a) the amount;
	(b) the earliest and latest date on which the company has power to redeem them;
	(c) whether they must be redeemed in any event or are liable to be redeemed at the option of the company; and
	(d) the premium, if any, payable on redemption.
s49H(1)	The amount transferred to capital redemption reserve for redeemed shares should be disclosed.
Sch 10: 2(b)	Where interest has been paid out of capital during the year, the share capital and the rate of interest should be disclosed.
Sch 10: 18(3)	The entity should disclose the number, description and amount of the company's shares held beneficially by subsidiaries or their nominees.
	Reserves
Sch 10: 6	The aggregate amount of reserves should be disclosed.
HKAS 1.76(b)	The financial statements should include a description of the nature and purpose of each reserve within owners' equity, either on the face of the balance sheet or in the notes.
	Restrictions on distributions
HKAS 27.40(f)	The consolidated financial statements should disclose the nature and extent of any significant restrictions on the ability of subsidiaries to transfer funds to the parent in the form of cash dividends or to repay loans or advances.

Source	Presentation/Disclosure Requirement
	Amounts set aside
Sch 10: 13(1)(d)	The entity should disclose separately each of the amounts provided for the redemption of:
	(a) share capital; and
	(b) loans.
	The following should be disclosed, if material:
Sch 10: 13(1)(e)	(a) amounts set aside to, or proposed to be set aside to, or withdrawn from, reserves; and
Sch 10: 13(1)(f)	(b) amounts set aside to provisions (other than provisions for depreciation, renewals or diminution in value of assets) and the amounts withdrawn from such provisions if not applied for the purposes thereof.
	Share premium
Sch 10: 2(c)	The amount of the share premium account should be separately disclosed.
	Debentures, loans and bank overdrafts
Sch 10: 9(1)(d)	The entity should disclose the aggregate amount of bank loans and overdrafts.
Sch 10: 9(1)(d)	The entity should disclose the aggregate amount of other loans, any part of which is repayable by instalments, or otherwise, more than five years after the balance sheet date.
Sch 10: 9(4)	For each loan disclosed as required by Sch 10:9(1)(d) of the Ordinance, the following details should be stated:
	(a) the terms on which it is repayable; and
	(b) the rate of interest;
	or, if this results in disclosure which is excessively long, a general indication of the terms of repayment and interest rates.
Sch 10: 11	For any of the company's debentures held by a nominee of or trustee for the company, the following should be disclosed:
	(a) the nominal amount held; and
	(b) the book value.
Sch 10: 18(3)	The entity should disclose the number, description and amount of the company's debentures held beneficially by subsidiaries or their nominees.
Sch 10: 2(d)	The entity should disclose particulars of any redeemed debentures which the company has the power to reissue.
	Accounting for leases by lessees
	Note: The disclosure requirements in respect of arrangements involving the legal form of a lease but which do not, in substance, involve a lease under HKAS 17 Leases are set out in previous section "Arrangements involving the legal form of a lease" (see above). These apply equally to lessees' financial statements.

Source	Presentation/Disclosure Requirement
	Finance Leases
HKAS 17.23	It is not appropriate for the liabilities for leased assets to be presented in the financial statements as a deduction from the leased assets.
HKAS 17.23	If, for the presentation of liabilities on the face of the balance sheet, a distinction is made between current and non-current liabilities, the same distinction is made for leased liabilities.
HKAS 17.31	The following disclosures should be made in the financial statements for finance leases:
	(a) for each class of asset, the net carrying amount at the balance sheet date;
	(b) a reconciliation between the total of minimum lease payments at the balance sheet date, and their present value;
	(c) the total of minimum lease payments at the balance sheet date, and their present value, for each of the following periods:
	(i) not later than one year,
	(ii) later than one year and not later than five years; and
	(iii) later than five years;
	(d) contingent rents recognised as an expense in the period;
	(e) the total of future minimum sublease payments expected to be received under non-cancellable subleases at the balance sheet date; and
	(f) a general description of the lessee's material leasing arrangements including, but not limited to, the following:
	(i) the basis on which contingent rent payable is determined;
	(ii) the existence and terms of renewal or purchase options and escalation clauses; and
	(iii) restrictions imposed by lease arrangements, such as those concerning dividends, additional debt, and further leasing.
HKAS 17.32	*Note: In addition, the disclosure requirements in HKAS 16 Property, Plant and Equipment, HKAS 36 Impairment of Assets, HKAS 38 Intangible Assets, HKAS 40 Investment Property, and HKAS 41 Agriculture, apply to lessees for leased assets under finance lease.*
	Operating Leases
	The following disclosure should be made in the financial statements for operating leases:
HKAS 17.35(a)	(a) the total of future minimum lease payments under non-cancellable operating leases for each of the following periods:
	(i) not later than one year;
	(ii) later than one year and not later than five years; and
	(iii) later than five years;
HKAS 17.35(b)	(b) the total of future minimum sublease payments expected to be received under non-cancellable subleases at the balance sheet date;
HKAS 17.35(c)	(c) lease and sublease payments recognised as an expense in the period, with separate amounts for minimum lease payments, contingent rents, and sublease payments;

Source	Presentation/Disclosure Requirement
HKAS 17.35(d)	(d) a general description of the lessee's significant leasing arrangements including, but not limited to, the following:
	(i) the basis on which contingent rent payable is determined;
	(ii) the existence and terms of renewal or purchase options and escalation clauses; and
	(iii) restrictions imposed by lease arrangements, such as those concerning dividends, additional debt, and further leasing; and
Sch 10: 13(1)(i)	(e) the amount, if material, charged to revenue in respect of sums payable for the hire of plant and machinery
	Secured liabilities
Sch 10: 10	The description 'secured' should be stated against any liabilities secured otherwise than by operation of law on any assets of the company or group.
	Tax assets and liabilities
Sch 10: 12(15)	The entity should disclose the basis of computation of the amount set aside for Hong Kong profits tax.
HKAS 1.70	When an entity presents current and non-current assets and liabilities in its financial statements, deferred tax assets (liabilities) should not be classified as current assets (liabilities).
HKAS 12.71	Current tax assets and current tax liabilities should be offset if, and only if, both of the following conditions are satisfied:
	(a) there is a legally enforceable right to set off the recognised amounts; and
	(b) it is intended either to settle on a net basis, or to realise the asset and settle the liability simultaneously.
HKAS 12.74	Deferred tax assets and deferred tax liabilities should be offset if, and only if, both of the following conditions are satisfied:
	(a) there is a legally enforceable right to set off current tax assets against current tax liabilities; and
	(b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
	(i) the same taxable entity; or
	(ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.
	The following should be disclosed:
HKAS 12.81(e)	(a) the amount (and expiry date, if any) of deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax asset is recognised in the balance sheet;
HKAS 12.81(f)	(b) the aggregate amount of temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint ventures, for which deferred tax liabilities have not been recognised; and
HKAS 12.81(g)(i)	(c) the amount of the deferred tax assets and liabilities recognised in the balance sheet for each period presented in respect of each type of temporary difference, and in respect of each type of unused tax losses and unused tax credits.

Source	Presentation/Disclosure Requirement
HKAS 12.82	When the utilisation of a deferred tax asset is dependent on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences, and the entity has suffered a loss in either the current or the preceding period in the tax jurisdiction to which the deferred tax asset relates, the amount of such a deferred tax asset and the nature of the evidence supporting its recognition should be disclosed.
HKAS 12.52A HKAS 12.82A	In some jurisdictions, income taxes are payable at a higher or lower rate if part of or all of the net profit or retained earnings is paid out as a dividend to shareholders of the entity. In some other jurisdictions, income taxes may be refundable or payable if part or all of the net profit or retained earnings is paid out as a dividend to shareholders of the entity. In these circumstances, the entity should disclose the nature of the potential income tax consequences that would result from the payment of dividends to its shareholders. In addition, the entity should disclose the amounts of the potential income tax consequences practicably determinable and whether there are any potential income tax consequences not practicably determinable.
HKAS 12.87A	HKAS 12.82A requires an entity to disclose the nature of the potential income tax consequences that would result from the payment of dividends to its shareholders. The entity should disclose the important features of the income tax systems and the factors that will affect the amount of the potential income tax consequences of dividends.
HKAS 12.81(i)	The entity should disclose the amount of income tax consequences of dividends to shareholders of the entity that were proposed or declared before the financial statements were authorised for issue, but are not recognised as a liability in the financial statements.
	Employee benefits
	Post-employment benefits
HKAS 19.46	For defined contribution plans, the entity should disclose the amount recognised as an expense in the period.
HKAS 19.47	Where required by HKAS 24 *Related Party Disclosures*, an entity discloses information about contributions to defined contribution plans for key management personnel.
HKAS 19.120A(g)	For defined benefit plans, the entity should disclose the total expense recognised in profit or loss for each of the following, and the line item(s) in which they are included: (a) current service cost; (b) interest cost; (c) expected return on plan assets; (d) expected return on any reimbursement right recognised as an asset in accordance with paragraph 104A of HKAS 19; (e) actuarial gains and losses; (f) past service cost; (g) the effect of any curtailment or settlement; and (h) the effect of the limit in paragraph 58(b) of HKAS 19.
HKAS 19.119	*Note: HKAS 19 does not specify whether an entity should present current service cost, interest cost and the expected return on plan assets as components of a single item of income or expense on the face of the income statement.*

Source	Presentation/Disclosure Requirement
HKAS 19.116	An asset relating to one retirement benefit plan should be offset against a liability relating to another plan when, and only when, the following conditions are satisfied: (a) the entity has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan; and (b) the entity intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligations under the other plan simultaneously.
HKAS 19.118	*Note: Where the entity distinguishes current assets and liabilities from non-current assets and liabilities for balance sheet presentation purposes, HKAS 19 does not specify whether an entity should distinguish current and non-current portions of assets and liabilities arising from post-employment benefits.*
	The following information should be disclosed about defined benefit plans:
HKAS 19.120A(b)	(a) a general description of the type of plan;
HKAS 19.121	*Note: Paragraph 120A(b) requires a general description of the type of plan. Such a description distinguishes, for example, flat salary pension plans from final salary pension plans and from post-employment medical plans. The description of the plan should include informal practices that give rise to constructive obligations included in the measurement of the defined benefit obligation in accordance with paragraph 52 of HKAS 19. Further detail is not required.*
HKAS 19.120A(c)	(b) a reconciliation of opening and closing balances of the present value of the defined benefit obligation showing separately, if applicable, the effects during the period attributable to each of the following: (i) current service cost; (ii) interest cost; (iii) contributions by plan participants; (iv) actuarial gains and losses; (v) foreign currency exchange rate changes on plans measured in a currency different from the entity's presentation currency; (vi) benefits paid; (vii) past service cost; (viii) business combinations; (ix) curtailments; and (x) settlements.
HKAS 19.120A(d)	(c) an analysis of the defined benefit obligation into amounts arising from plans that are wholly unfunded and amounts arising from plans that are wholly or partly funded.

Source	Presentation/Disclosure Requirement
HKAS 19.120A(e)	(d) a reconciliation of the opening and closing balances of the fair value of plan assets and of the opening and closing balances of any reimbursement right recognised as an asset in accordance with paragraph 104A of HKAS 19 showing separately, if applicable, the effects during the period attributable to each of the following: (i) expected return on plan assets; (ii) actuarial gains and losses; (iii) foreign currency exchange rate changes on plans measured in a currency different from the entity's presentation currency; (iv) contributions by the employer; (v) contributions by plan participants; (vi) benefits paid; (vii) business combinations; and (viii) settlements.
HKAS 19.120A(f)	(e) a reconciliation of the present value of the defined benefit obligation and the fair value of the plan assets to the assets and liabilities recognised in the balance sheet, showing at least: (i) the net actuarial gains or losses not recognised in the balance sheet; (ii) the past service cost not recognised in the balance sheet; (iii) any amount not recognised as an asset, because of the limit in paragraph 58(b) of HKAS 19; (iv) the fair value at the balance sheet date of any reimbursement right recognised as an asset in accordance with paragraph 104A of HKAS 19 (with a brief description of the link between the reimbursement right and the related obligation); and (v) the other amounts recognised in the balance sheet.
HKAS 19.120A(h)	(f) the total amount recognised in the statement of recognised income and expense for each of the following: (i) actuarial gains and losses; and (ii) the effect of the limit in paragraph 58(b) of HKAS 19.
HKAS 19.120A(i)	(g) for entities that recognise actuarial gains and losses in the statement of recognised income and expense in accordance with paragraph 93A of HKAS 19, the cumulative amount of actuarial gains and losses recognised in the statement of recognised income and expense.
HKAS 19.120A(j)	(h) for each major category of plan assets, which should include, but is not limited to, equity instruments, debt instruments, property, and all other assets, the percentage or amount that each major category constitutes of the fair value of the total plan assets.
HKAS 19.120A(k)	(i) the amounts included in the fair value of plan assets for: (i) each category of the entity's own financial instruments; and (ii) any property occupied by, or other assets used by the entity.
HKAS 19.120A(l)	(j) a narrative description of the basis used to determine the overall expected rate of return on assets, including the effect of the major categories of plan assets.
HKAS 19.120A(m)	(k) the actual return on plan assets, as well as the actual return on any reimbursement right recognised as an asset in accordance with paragraph 104A of HKAS 19.

Source	Presentation/Disclosure Requirement
HKAS 19.120A(n)	(l) the principal actuarial assumptions used as at the balance sheet date, including, when applicable: (i) the discount rates; (ii) the expected rates of return on any plan assets for the periods presented in the financial statements; (iii) the expected rates of return for the periods presented in the financial statements on any reimbursement right recognised as an asset in accordance with paragraph 104A of HKAS 19; (iv) the expected rates of salary increases (and of changes in an index or other variable specified in the formal or constructive terms of a plan as the basis for future benefit increases); (v) medical cost trend rates; and (vi) any other material actuarial assumptions used. An entity should disclose each actuarial assumption in absolute terms (for example, as an absolute percentage) and not just as a margin between different percentages or other variables.
HKAS 19.120A(o)	(m) the effect of an increase of one percentage point and the effect of a decrease of one percentage point in the assumed medical cost trend rates on: (i) the aggregate of the current service cost and interest cost components of net periodic post-employment medical costs; and (ii) the accumulated post-employment benefit obligation for medical costs. For the purposes of this disclosure, all other assumptions should be held constants. For plans operating in a high inflation environment, the disclosure should be the effect of a percentage increase of decrease in the assumed medical cost trend rate of a significance similar to one percentage point in a low inflation environment.
HKAS 19.120A(p)	(n) the amounts for the current annual period and previous four annual periods of: (i) the present value of the defined benefit obligation, the fair value of the plan assets and the surplus or deficit in the plan; and (ii) the experience adjustments arising on: (a) the plan liabilities expressed either as (1) an amount or (2) a percentage of the plan liabilities at the balance sheet date; and (b) the plan assets expressed either as (1) an amount or (2) a percentage of the plan assets at the balance sheet date.
HKAS 19.160	*Note: An entity may disclose the amounts required by paragraph 120A(p) of HKAS 19 as the amounts are determined for each annual period prospectively from the first annual period presented in the financial statements in which the entity first applies the amendments in paragraph 120A of HKAS 19.*
HKAS 19.120A(q)	(o) the employer's best estimate, as soon as it can reasonably be determined, of contributions expected to be paid to the plan during the annual period beginning after the balance sheet date.

Source	Presentation/Disclosure Requirement
	Notes:
HKAS 19.121	*1. A general description of the type of plan is required by paragraph 120A(b) of HKAS 19. The description of the plan should include informal practices that give rise to constructive obligations included in the measurement of the defined benefit obligation in accordance with paragraph 52 of HKAS 19. Further detail is not required.*
HKAS 19.122	*2. Where the entity has more than one defined benefit plan, disclosures may be made in total, separately for each plan, or in such groupings as are considered to be the most useful. Paragraph 122 of HKAS 19 states that groupings may be made with reference to the geographical locations of the plans (i.e. distinguishing domestic plans from foreign plans) and the risks associated with plans. Where an entity chooses to present disclosures in total, the disclosures are provided in the form of weighted averages or of relatively narrow ranges.*
HKAS 19.120	*3. An entity should disclose information that enables users of financial statements to evaluate the nature of its defined benefit plans and the financial effects of changes in these plans during the period.*
	Where required by HKAS 24 *Related Party Disclosures*, the entity discloses information about:
HKAS 19.124	(a) related party transactions with post-employment benefit plans; and
	(b) post-employment benefits for key management personnel.
HKAS 19.125	Where required by HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, an entity discloses information about contingent liabilities arising from post-employment benefit obligations.
	Defined benefit plans that share risks between various entities under common control
HKAS 19.34 HKAS 19.34B	An entity participates in a defined benefit plan that shares risks between various entities under common control (for example, a parent and its subsidiaries) should make the following disclosures in its separate or individual financial statements:
	(a) the contractual agreement or stated policy for charging the net defined benefit cost or the fact that there is no such policy;
	(b) the policy for determining the contribution to be paid by the entity;
	(c) if the entity accounts for an allocation of the net defined benefit cost in accordance with paragraph 34A of HKAS 19 *Employee Benefits*, all the information about the plan as a whole in accordance with paragraphs 120-121 of HKAS 19; and
	(d) if the entity accounts for the contribution payable for the period in accordance with paragraph 34A of HKAS 19, the information about the plan as a whole required in accordance with paragraphs 120A(b)-(e), (j), (n), (o), (q) and 121 of HKAS 19. The other disclosures required by paragraph 120A of HKAS 19 do not apply.
	Post-employment benefits – multi-employer plans
HKAS 19.29	Where a multi-employer plan is accounted for as a defined benefit plan, the entity should disclose the information required by paragraph 120A of HKAS 19.
	Where sufficient information is not available to use defined-benefit accounting for a multi-employer plan that is a defined benefit plan, and the entity has accounted for the plan as a defined contribution plan, the entity should disclose:
HKAS 19.30(b)(i)	(a) the fact that the plan is a defined benefit plan;
HKAS 19.30(b)(ii)	(b) the reason why sufficient information is not available to enable the entity to account for the plan as a defined benefit plan; and

Source	Presentation/Disclosure Requirement
HKAS 19.30(c)	(c) to the extent that a surplus or deficit in the plan may affect the amount of future contributions: (i) any available information about that surplus or deficit; (ii) the basis used to determine that surplus or deficit; and (iii) the implication, if any, for the entity
HKAS 19.32B	An entity is required to recognise, or disclose information about, certain contingent liabilities under HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.
	Note:
HKAS 19.32B	*In the context of a multi-employer plan, a contingent liability may arise from, for example:* *(1) Actuarial losses relating to other participating entities because each entity that participates in a multi-employer plan shares in the actuarial risks of every other participating entity; or* *(2) Any responsibility under the terms of a plan to finance any shortfall in the plan if other entities cease to participate.*
	Short-term employee benefits
HKAS 19.23	Although HKAS 19 does not require specific disclosures about short-term employee benefits, other standards may require disclosures (e.g. HKAS 24 *Related Party Disclosures* requires an entity to disclose information about employee benefits for key management personnel and HKAS 1 *Presentation of Financial Statements* requires that an entity should disclose its employee benefits expense).
	Post-employment benefits – state plans
HKAS 19.36	The entity is required to disclose the same information for a state plan as HKAS 19 requires for a multi-employer plan.
HKAS 19.155(b)(ii)	On implementation of HKAS 19, if the transitional liability for defined benefit plans, determined in accordance with paragraph 54 of HKAS 19, is more than the liability that would have recognised at the same date under the entity's previous accounting policy, and the entity elects to recognise that increase as an expense on a straight-line basis over to five years from the date of adoption, the entity should disclose at each balance sheet date: (a) the amount of the increase that remains unrecognised; and (b) the amount recognised in the current period.
	Other long-term employee benefits
HKAS 19.131	Although HKAS 19 does not require specific disclosures about other long-term employee benefits, other standards may require disclosures (e.g. where the expense resulting from such benefits is material and so would require disclosure in accordance with HKAS 1 *Presentation of Financial Statements*, or where HKAS 24 *Related Party Disclosures* requires an entity to disclose information about employee benefits for key management personnel).
	Share-based payments
	The nature and extent of share-based payment arrangements that existed during the period
HKFRS 2.44	The entity should disclose information that enables users of the financial statements to understand the nature and extent of share-based payment arrangements that existed during the period.

Source	Presentation/Disclosure Requirement
HKFRS 2.45(a)	The entity should disclose at least the following:
	(a) a description of each type of share-based payment arrangement that existed at any time during the period, including the general terms and conditions of each arrangement;
	Notes: *1. Examples of the general terms and conditions of share-based payment transactions include vesting requirements, the maximum term of options granted, and the method of settlement (e.g. whether in cash or equity).* *2. The entity with substantially similar types of share-based payment arrangements may aggregate this information, unless separate disclosure of each arrangement is necessary to satisfy the principle in paragraph 44 of HKFRS 2.*
HKFRS 2.45(b)	(b) the number and weighted average exercise prices of share options for each of the following groups of options: (i) outstanding at the beginning of the period; (ii) granted during the period; (iii) forfeited during the period; (iv) exercised during the period; (v) expired during the period; (vi) outstanding at the end of the period; and (vii) exercisable at the end of the period;
HKFRS 2.45(c)	(c) for share options exercised during the period, the weighted average share price at the date of exercise; and
	Note: If options were exercised on a regular basis throughout the period, the entity may instead disclose the weighted average share price during the period.
HKFRS 2.45(d)	(d) for share options outstanding at the end of the period, the range of exercise prices and weighted average remaining contractual life
	Note: If the range of exercise prices is wide, the outstanding options should be divided into ranges that are meaningful for assessing the number of timing of additional shares that may be issued and the cash that may be received upon exercise of those options.
	The basis of determination of the fair value of the goods or services received, or the fair value of the equity Instruments granted during the period
HKFRS 2.46	The entity should disclose information that enables users of the financial statements to understand how the fair value of the goods and services received, or the fair value of the equity instruments granted, during the period was determined.
HKFRS 2.47(a)	If the entity has measured the fair value of goods or services received as consideration for equity instruments of entity indirectly, by reference to the fair value of the equity instruments granted, the entity should disclose at least the following information for share options granted during the period:
	(a) the weighted average fair value of those options at the measurement date; and
	(b) the information on how the fair value of the share options was measured, including:

Source	Presentation/Disclosure Requirement
	(i) the option pricing model used; and the inputs to that model, including the weighted average share price, exercise price, expected volatility, option life, expected dividends, the risk-free interest rate and any other inputs to the model, including the method used and the assumptions made to incorporate the effects of expected early exercise;
	(ii) how expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility; and
	(iii) whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition.
HKFRS 2.47(b)	If the entity has measured the fair value of goods or services as consideration for equity instruments of the entity indirectly, by reference to the fair value of the equity instruments granted, the entity should disclose at least the following information for equity instruments other than share options granted during the period:
	(a) the number and weighted average fair value of those equity instruments determined at the measurement date;
	(b) the information on how that fair value of the equity instruments was measured, including:
	(i) if fair value was not measured on the basis of an observable market price, how it was determined;
	(ii) whether and how expected dividends were incorporated into the measurement of fair value; and
	(iii) whether and how any other features of the equity instruments granted were incorporated into the measurement of fair value.
HKFRS 2.47(c)	If the entity has measured the fair value of goods or services received as consideration for equity instruments of the entity indirectly, by reference to the fair value of the equity instruments granted, the entity should disclose at least the following information for share-based arrangements that were modified during the period:
	(a) an explanation of those modifications;
	(b) the incremental fair value granted (as a result of those modifications); and
	(c) information on how the incremental fair value granted was measured, consistently with the requirements set out in paragraph 47(a) & (b) of HKFRS 2 (see above), where applicable.
HKFRS 2.48	If share-based payment transactions were measured directly using the fair value of goods and services received during the period, the entity should disclose how that fair value was determined (e.g. whether fair value was measured at a market price for those goods or services).
HKFRS 2.49	If the entity has rebutted the presumption that the fair value of the goods or services received from parties other than employees can be estimated reliably (and consequently the entity has measured the fair value of the goods or services from such parties by reference to the fair value of the equity instruments granted), the entity should disclose that fact, and give an explanation of why the presumption was rebutted.
HKFRS 2.50	The entity should disclose information that enables users of the financial statements to understand the effect of share-based payment transactions on the entity's profit or loss for the period and on its financial position.
HKFRS 2.51	The entity should disclose at least the following:
	(a) the total expense recognised for the period arising from share-based payment transactions in which the goods or services received did not qualify for recognition as assets, including separate disclosure of that portion of the total expense recognised for the period that arises from transactions accounted for as equity settled share-based payment transactions; and

Source	Presentation/Disclosure Requirement
	(b) for liabilities arising from share-based payment transactions:
	(i) the total carrying amount at the end of the period; and
	(ii) the total intrinsic value at the end of the period of liabilities for which the counterparty's right to cash or other assets had vested by the end of the period (e.g. vested share appreciation rights).
	Additional information
HKFRS 2.52	If the information required to be disclosed by HKFRS 2 does not satisfy the principles in paragraphs 44, 46 and 50 of HKFRS 2, the entity should disclose such additional information as is necessary to satisfy them.
	Share options
Sch 10: 12(2)	For options to subscribe for any shares in the company, the entity should disclose:
	(a) the number, description and amount of shares involved;
	(b) the period during which the option is exercisable; and
	(c) the price to be paid or shares subscribed for.
	Provisions
Sch 10: 6	The aggregate amount of provisions should be disclosed (other than provisions for depreciation, renewals or diminution in value of assets).
HKAS 37.11	Accruals are often reported as part of trade and other payables, whereas provisions are reported separately.
HKAS 37.85	The entity should disclose the following for each class of provision:
	(a) a brief description of the nature of the obligation and the expected timing of any resulting outflows of economic benefits;
	(b) an indication of the uncertainties about the amount or timing of those outflows including, where necessary to provide adequate information, the major assumptions made concerning future events; and
	(c) the amount of any expected reimbursement, stating the amount of any asset that has been recognised for that expected reimbursement.
HKAS 37.84 Sch 10: 7	For each class of provision, an entity should disclose:
	(a) the carrying amount at the beginning and end of the period;
	(b) additional provisions made in the period, including increases to existing provisions;
	(c) amounts used (i.e. incurred and charged against the provision) during the period;
	(d) unused amounts reversed during the period; and
	(e) the increase during the period in the discounted amount arising from the passage of time and the effect of any change in the discount rate.
	Note: Comparative information is not required for the above disclosures.
	Contingent liabilities
HKAS 37.86 Sch 10: 12(5)	Unless the possibility of any outflow in settlement is remote, the entity should disclose, for each class of contingent liability at the balance sheet date, a brief description of the nature of the contingent liability.

Source	Presentation/Disclosure Requirement
HKAS 37.86	Where practicable, the following information should also be disclosed in respect of contingent liabilities: (a) an estimate of the financial effect of the contingent liabilities, under the measurement rules specified in paragraphs 36 to 52 of HKAS 37; (b) an indication of the uncertainties relating to the amount or timing of any outflow; and (c) the possibility of any reimbursement.
HKAS 37.88	*Note: Where a provision and a contingent liability arise from the same set of circumstances, the entity should make the disclosures required by paragraphs 84 to 86 of HKAS 37 in a way that shows the link between the provision and the contingent liability.*
HKAS 28.40	The investor should disclose the following contingent liabilities: (a) its share of the contingent liabilities of an associate incurred jointly with other investors; and (b) those contingent liabilities that arise because the investor is severally liable for all or part of the liabilities of the associate.
HKAS 31.54	The venturer should disclose the aggregate amounts of the following contingent liabilities (unless the probability of loss is remote), separately from the amount of other contingent liabilities: (a) any contingent liabilities that the venturer has incurred in relation to its interests in joint ventures and its share in each of the contingent liabilities which have been incurred jointly with other venturers; (b) its share of the contingent liabilities of the joint ventures themselves for which it is contingently liable; and (c) those contingent liabilities that arise because the venturer is contingently liable for the liabilities of the other venturers in a joint venture.
HKAS 12.88	The entity should disclose any tax related contingent liabilities and contingent assets.
	Note: Contingent liabilities and contingent assets may arise, for example, from unresolved disputes with taxation authorities.
	Post-employment obligations
HKAS 19.125	Where required by HKAS 37, the entity discloses information about contingent liabilities arising from post-employment benefit obligations.
	Termination benefits
HKAS 19.141	Where there is uncertainty about the number of employees who will accept an offer of termination benefits, the entity discloses information about the resultant contingent liability as required by HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, unless the possibility of an outflow in settlement is remote.
HKAS 19.142	As required by HKAS 1 *Presentation of Financial Statements*, an entity discloses the nature and amount of an expense arising from termination benefits if it is material.
HKAS 19.143	Where required by HKAS 24 *Related Party Disclosures*, an entity discloses information about termination benefits for key management personnel.
	Acquiree's contingent liabilities
HKFRS 3.47	If a contingent liability of the acquiree has not been recognised separately as part of allocating the cost of a business combination, because its fair value cannot be measured reliably, the acquirer should disclose information about that contingent liability.

Source	Presentation/Disclosure Requirement
HKFRS 3.50	For contingent liabilities recognised separately as part of the allocation of the cost of a business combination, the acquirer should disclose the information required by HKAS 37 for each class of provision.
	Contingent assets
HKAS 37.89	Where an inflow of economic benefits is probable, the entity should disclose a brief description of the nature of the contingent assets at the balance sheet date.
HKAS 37.89	Where practicable, the entity should disclose an estimate of the financial effect of the contingent asset, measured using the principles specified in paragraphs 36 to 52 of HKAS 37.
	Explanation of information not disclosed
HKAS 37.91	Where any of the information required by paragraphs 86 and 89 of HKAS 37 is not disclosed because it is not practicable to do so, that fact should be stated.
HKAS 37.92	In extremely rare cases, disclosure of some or all of the information required by paragraphs 84 to 89 of HKAS 37 can be expected to prejudice seriously the position of the entity in a dispute with other parties on the subject matter of the provision. In such cases, an entity need not disclose the information, but should disclose the general terms of the dispute, together with the fact that, and reason why, the information has not been disclosed.
	Commitments
Sch 10: 12(6)	An entity should disclose the amounts, if material, of capital expenditure: (a) authorised but not contracted for; and (b) contracted for but not provided for.
HKAS 16.74(c)	The amount of contractual commitments for the acquisition of property, plant and equipment should be disclosed separately.
HKAS 38.122(e)	The amount of contractual commitments for the acquisition of intangible assets should be disclosed.
HKAS 31.55	The venturer should disclose the aggregate amounts of the following commitments in respect of its interests in joint ventures separately from other commitments: (a) any capital commitments that the venturer in relation to its interests in joint ventures and its share in each of the capital commitments that have been incurred jointly with other venturers; and (b) its share of the capital commitments of the joint ventures themselves.
	Interests arising from decommissioning funds
HK(IFRIC) - Int 5.1 HK(IFRIC) - Int 5.2	*Note: The decommissioning fund is the decommissioning, restoration and environmental rehabilitation funds to segregate assets to fund some or all of the costs of decommissioning plant (such as a nuclear plant) or certain equipment (such as cars), or in undertaking environmental rehabilitation (such as rectifying pollution of water or restoring mined land). Contributions to these funds may be voluntary or required by regulation or law.*
HK(IFRIC) - Int 5.11	An entity that makes contributions to the decommissioning fund should disclose the nature of its interest in a decommissioning fund and any restrictions on access to the assets in the decommissioning fund.
HK(IFRIC) - Int 5.12	When the entity has an obligation to make potential additional contributions that is not recognised as a liability, it should make the disclosures required by paragraph 86 of HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

Source	Presentation/Disclosure Requirement
HK(IFRIC) - Int 5.13	When the entity accounts for its interest in the decommissioning fund in accordance with the following, it should make the disclosures required by paragraph 85(c) of HKAS 37:
HK(IFRIC) - Int 5.9	(a) If the entity does not have control, joint control or significant influence over the fund, the contributor should recognise the right to receive reimbursement from the fund as a reimbursement in accordance with HKAS 37. This reimbursement should be measured at the lower of:
	(i) the amount of the decommissioning obligation recognised; and
	(ii) the contributor's share of the fair value of the net assets of the fund attributable to contributors.
	(b) Changes in the carrying value of the right to receive reimbursement other than contributions to and payments from the fund should be recognised in profit or loss in the period in which these changes occur.
	Government grants
HKAS 20.24	Government grants related to assets, including non-monetary grants at fair value, should be presented in the balance sheet either by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset.
HKAS 20.28	In order to show the gross investment in assets, the entity often discloses, as separate items in the cash flow statement, the purchase of assets and the receipt of related grants, regardless of whether or not the grant is deducted from the related asset for the purpose of balance sheet presentation.
	The following matters should be disclosed in the financial statements:
HKAS 20.39(b)	(a) the nature and extent of government grants recognised in the financial statements and an indication of other forms of government assistance from which the entity has directly benefited; and
HKAS 20.39(c)	(b) unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.
Sch 10: 5	*Note: If a government grant is deducted from the cost of an asset, a Hong Kong incorporated company is required to disclose the cost of the asset, before deduction of the government grant.*
HKAS 20.36	Disclosure of the nature, extent and duration of significant government assistance may be necessary in order that the financial statements are not misleading.
	Other balance sheet items
HKAS 1.74	The entity should disclose, either on the face of the balance sheet or in the notes, further subclassifications of the line items presented, classified in a manner appropriate to the entity's operations.
	Events after the balance sheet date
HKAS 10.19	If the entity receives information after the balance sheet date about conditions that existed at the balance sheet date, the entity should update disclosures that relate to those conditions, in the light of the new information.
HKAS 10.21	If non-adjusting events after the balance sheet date are material, non-disclosure could influence the economic decisions of users taken on the basis of the financial statements. Accordingly, the entity should disclose the following for each material category of non-adjusting event after the balance sheet date:
	(a) the nature of the event; and
	(b) an estimate of its financial effect, or a statement that such an estimate cannot be made.

Source	Presentation/Disclosure Requirement
HKAS 1.67	In respect of loans classified as current liabilities in accordance with HKAS 1 *Presentation of Financial Statements*, the following events that occur between the balance sheet date and the date the financial statements are authorised for issue qualify for disclosure as non-adjusting events: (a) refinancing on a long-term basis; (b) rectification of a breach of a long-term loan agreement; and (c) the receipt from the lender of a period of grace to rectify a breach of a long-term loan agreement ending at least twelve months after the balance sheet date.
HKAS 12.88	Where changes in tax rates or tax laws that are enacted or announced after the balance sheet date, the entity discloses any significant effect of those changes on its current and deferred tax assets and liabilities, in accordance with the general principles of HKAS 10 *Events After the Balance Sheet Date*.
	Related party disclosures
HKAS 24.4	Related party transactions and outstanding balances with other entities in a group are disclosed in an entity's financial statements. Intragroup related party transactions and outstanding balances are eliminated in the preparation of consolidated financial statements of the group.
HKAS 24.12	Relationships between parents and subsidiaries should be disclosed irrespective of whether there have been transactions between those related parties.
HKAS 24.12	The entity should disclose the name of the entity's parent and, if different, the ultimate controlling party.
HKAS 24.12	If neither the entity's parent nor the ultimate controlling party produces financial statements available for public use, the name of the next most senior parent that does so should also be disclosed.
HKAS 24.13	To enable users of financial statements to form a view about the effects of related party relationships on the entity, it is appropriate to disclose the related party relationship when control exists, irrespective of whether there have been transactions between the related parties.
HKAS 24.16	The entity should disclose key management personnel compensation in total and for each of the following categories: (a) short-term employee benefits; (b) post-employment benefits; (c) other long-term benefits; (d) termination benefits; and (e) share-based payments.
HKAS 24.17	If there have been transactions between related parties, the entity should disclose the nature of the related party relationship as well as information about the transactions and outstanding balances necessary for an understanding of the potential effect of the relationship on the financial statements. As a minimum, disclosures should include: (a) the amount of the transactions; (b) the amount of outstanding balances; and (i) their terms and conditions, including whether they are secured, and the nature of the consideration to be provided in settlement; and (ii) details of any guarantees given or received; (c) provisions for doubtful debts related to the amount of outstanding balances; and (d) the expense recognised during the period in respect of bad or doubtful debt due from related parties.

Source	Presentation/Disclosure Requirement
HKAS 24.18	The disclosures required by paragraph 17 of HKAS 24 above should be made separately for each of the following categories: (a) the parent; (b) entities with joint control or significant influence over the entity; (c) subsidiaries; (d) associates; (e) joint ventures in which the entity is a venturer; (f) key management personnel of the entity or its parent; and (g) other related parties.
HKAS 24.21	Disclosures that related party transactions were made on terms equivalent to those that prevail in arm's length transactions are made only if such terms can be substantiated.
HKAS 24.22	Items of a similar nature may be disclosed in aggregate except when separate disclosure is necessary for an understanding of the effects of related party transactions on the financial statements of the reporting entity.
	Service concession arrangements
HK(SIC) - Int 29.6	All aspects of a service concession arrangement should be considered in determining the appropriate disclosures in the notes to the financial statements. A Concession Operator and a Concession Provider should disclose the following in each period: (a) a description of the arrangement; (b) significant terms of the arrangement that may affect the amount, timing and certainty of future cash flows (e.g. the period of the concession, re-pricing dates and the basis upon which re-pricing or re-negotiation is determined); (c) the nature and extent (e.g. quantity, time period or amount, as appropriate) of: (i) rights to use specified assets; (ii) obligations to provide or rights to expect provision of service; (iii) obligations to acquire or build items of property, plant and equipment; (iv) obligations to deliver or rights to receive specified assets at the end of the concession period; (v) renewal and termination options; and (vi) other rights and obligations (e.g. major overhauls); and (d) changes in the arrangements occurring during the period.
HK(SIC) - Int 29.7	*Note: The disclosures required by paragraph 6 of HK(SIC)-Int 29 should be provided individually for each service concession arrangement or in aggregate for each class of service concession arrangements. A class is a grouping of service concession arrangements involving services of a similar nature (e.g. toll collections, telecommunications and water treatment services).*

Source	Presentation/Disclosure Requirement
	Consolidated financial statements are not prepared
s124(2)(b)	Where a parent does not prepare consolidated financial statements because it is a wholly-owned subsidiary, the entity should disclose:
	(a) the reasons why consolidated financial statements have not been presented, together with the bases on which subsidiaries are accounted for in the parent's separate financial statements; and
	(b) the name and registered office of its parent that publishes consolidated financial statements.
	The *Companies Ordinance* requires the following additional information for subsidiaries omitted from group financial statements, or where group financial statements are not prepared:
Sch 10: 18(4)(a)	(a) the reasons for not consolidating a subsidiary;
Sch 10: 8(4)(b),(c) Sch 10: 18(5)	(b) the net aggregate amount attributable to the holding company of the profits less losses of such subsidiaries, dealt with this year and not so far dealt with, in the company's financial statements, both for:
	(i) the financial years of subsidiaries ending with or during the financial year of the company;
	(ii) their previous financial years since acquisition; and
Sch 10: 18(4)(d)	(c) any qualifications in the auditor's report and any note to the financial statements disclosing a matter which, in the absence of such disclosure, would have been referred to in an audit report qualification, to the extent that the matter is not referred to in the holding company's audit report and is material from the point of view of its members.
	Note: This note should be included in the immediate holding company's accounts, and in any other holding company's accounts.
	Separate financial statements
HKAS 27.41	When separate financial statements are prepared for a parent that, in accordance with paragraph 10 of HKAS 27 elects not to prepare consolidated financial statements, those separate financial statements should disclose:
	(a) the fact that the financial statements are separate financial statements;
	(b) the fact that the exemption from consolidation has been used;
	(c) the name and country of incorporation or residence of the entity whose consolidated financial statements that comply with HKFRSs or IFRSs have been produced for public use, and the address where those consolidated financial statements are obtainable;
	(d) a list of significant investments in subsidiaries, jointly controlled entities and associates, including the name, country of incorporation or residence, proportion of ownership interest and, if different proportion of voting power held; and
	(e) a description of the method used to account for the investments listed under item (d) above.

Source	Presentation/Disclosure Requirement
HKAS 27.42	When a parent (other than a parent covered by paragraph 41 of HKAS 27 (see above)), a venturer with an interest in a jointly controlled entity or an investor in an associate prepares separate financial statements, those separate financial statements should disclose: (a) the fact that the statements are separate financial statements; (b) the reasons why those statements are prepared if not required by law; (c) a list of significant investments in subsidiaries, jointly controlled entities and associates, including the name, country of incorporation or residence, proportion of ownership interest and, if different, proportion of voting power held; and (d) a description of methods used to account for the investments listed in item (c) above.
HKAS 27.42	The separate financial statements referred to in paragraph 42 of HKAS 27 should identify the consolidated financial statements prepared in accordance with paragraph 9 of HKAS 27, HKAS 28 and HKAS 31 to which they relate.

Section 10 **Accounting and reporting by retirement benefit plans (HKAS 26)**

Source	Presentation/Disclosure Requirement
	Notes: *This section of the checklist addresses HKAS 26, which should be applied in the reports of retirement benefit plans where such reports are prepared. Retirement benefit plans are sometimes referred to by various other names such as 'pension schemes', 'superannuation schemes' or 'retirement benefit schemes'.* *Retirement benefit plans are normally described as either defined contribution or defined benefit plans, each having their own distinctive characteristics. Occasionally plans exist that contain characteristics of both. Such hybrid plans are considered to be defined benefit plans for the purpose of HKAS 26.* *HKAS 26 regards a retirement benefit plan as a reporting entity separate from the employees of the participants of the plan. All other HKFRSs apply to the financial statements of retirement benefit plans to the extent that they are not superseded by HKAS 26. HKAS 26 complements HKAS 19 Employee Benefits, the Standard concerned with the determination of the cost of retirement benefits in the financial statements of employers having plans.* *HKAS 26 deals with accounting and reporting by the plan to all participants (as defined) as a group. It does not deal with reports to individual participants about their retirement benefit plans.* *HKAS 26 applies to defined contribution schemes and defined benefit schemes regardless of the creation or otherwise of a separate fund (which may or may not have a separate legal identity and may or may not have trustees) to which contributions are made and from which retirement benefits are paid.* *Retirement benefit plans with assets invested with insurance companies are subject to the same accounting and funding requirements as privately invested arrangements and, accordingly, are within the scope of HKAS 26 unless the contract with the insurance company is in the name of a specified participant or group of participants and the retirement benefit obligation is solely the responsibility of the insurance company.*
	Defined contribution plans
HKAS 26.13	The financial statements of a defined contribution plan should contain:
	(a) a statement of net assets available for benefits: and
	(b) a description of the funding policy.
	The financial statements usually include:
HKAS 26.16(a)	(a) a description of significant activities for the period and the effect of any changes relating to the plan, and its membership and terms and conditions;
HKAS 26.16(b)	(b) statements reporting on the transactions and investment performance for the period and the financial position of the plan at the end of the period; and
HKAS 26.16(c)	(c) a description of the investment policies.
	Note: The disclosures set out in paragraph 16 of HKAS 26 (see above) are designed to achieve the primary objective of reporting by a defined contribution plan, i.e. to provide information about the plan and the performance of its investments.

Source	Presentation/Disclosure Requirement
	Defined benefit plans
	The financial statements of a defined benefit plan should contain either:
HKAS 26.17(a)	(a) a statement that shows:
	(i) the net assets available for benefits;
	(ii) the actuarial present value of promised retirement benefits, distinguishing between vested benefits and non-vested benefits; and
	(iii) the resulting excess or deficit; or
HKAS 26.17(b)	(b) a statement of net assets available for benefits including either:
	(i) a note disclosing the actuarial present value of promised retirement benefits, distinguishing between vested benefits and non-vested benefits; or
	(ii) a reference to this information in an accompanying actuarial report.
HKAS 26.17	*Note: If an actuarial valuation has not been prepared at the date of the financial statements, the most recent valuation should be used as a base.*
HKAS 26.17	If an actuarial valuation has not been prepared at the date of the financial statements, the date of the most recent valuation that has been used should be disclosed.
HKAS 26.18	For the purposes of paragraph 17 of HKAS 26 (see above):
	(a) the actuarial present value of promised retirement benefits should be based on the benefits promised under the terms of the plan on service rendered to date using either current salary levels or projected salary levels: and
	(b) the basis used should be disclosed in the financial statements.
HKAS 26.18	The effect of any changes in actuarial assumptions that have had a significant effect on the actuarial present value of promised retirement benefits should be disclosed.
HKAS 26.19	The financial statements should explain the relationship between the actuarial present value of promised retirement benefits and the net assets available for benefits, and the policy for the funding of promised benefits.
HKAS 26.22	The financial statements should usually include:
	(a) a description of significant activities for the period and the effect of any changes relating to the plan, and its membership and terms and conditions;
	(b) statements reporting on the transactions and investment performance for the period and the financial position of the plan at the end of the period;
	(c) actuarial information either as part of the statements or by way of a separate report; and
	(d) a description of the investment policies.
HKAS 26.22	*Note: The disclosures set out in paragraph 22 of HKAS 26 (see above) are designed to achieve the primary objective of reporting by a defined benefit plan, i.e. periodically to provide information about the financial resources and activities of the plan that is useful in assessing the relationships between the accumulation of resources and plan benefits over time.*
HKAS 26.26	In addition to the disclosure of the actuarial present value of promised retirement benefits, sufficient explanation may need to be given so as to indicate clearly the context in which the actuarial present value of promised retirement benefits should be read.

Source	Presentation/Disclosure Requirement
HKAS 26.26	*Note: Such explanation may be in the form of information about the adequacy of the planned future funding and of the funding policy based on salary projections. This may be included in the financial statements or in the actuary's report.*
	All plans
HKAS 26.32	Where plan investments are held for which an estimate of fair value is not possible, disclosure should be made of the reason why fair value is not used.
HKAS 26.33	To the extent that investments are carried at amounts other than market value or fair value, fair value is generally also disclosed.
	The financial statements of the retirement benefit information plan, whether defined benefit or defined contribution, should also contain the following:
HKAS 26.34(a)	(a) a statement of changes in net assets available for benefits;
HKAS 26.34(b)	(b) a summary of significant accounting policies; and
HKAS 26.34(c)	(c) a description of the plan and the effect of any changes in the plan during the period.
	The financial statements provided by retirement benefit plans include the following, if applicable:
HKAS 26.35(a)	(a) a statement of net assets available for benefits disclosing:
	(i) assets at the end of the period suitably classified;
	(ii) the basis of valuation of assets;
	(iii) details of any single investment exceeding either 5% of the net assets available for benefits or 5% of any class or type of security;
	(iv) details of any investment in the employer; and
	(v) liabilities other than the actuarial present value of promised retirement benefits;
HKAS 26.35(b)	(b) a statement of changes in net assets available for benefits showing the following:
	(i) employer contributions;
	(ii) employee contributions;
	(iii) investment income such as interest and dividends;
	(iv) other income;
	(v) benefits paid or payable (analysed, for example, as retirement, death and disability benefits, and lump sum payments);
	(vi) administrative expenses;
	(vii) other expenses;
	(viii) taxes on income;
	(ix) profits and losses on disposal of investments and changes in value of investments; and
	(x) transfers from and to other plans;
HKAS 26.35(c)	(c) a description of the funding policy;
HKAS 26.35(d)	(d) for defined benefit plans, the actuarial present value of promised retirement benefits (which may distinguish between vested benefits and non-vested benefits) based on the benefits promised under the terms of the plan, on service rendered to date and using either current salary levels or projected salary levels; and

Source	Presentation/Disclosure Requirement
HKAS 26.35(d)	*Note: This information may be included in an accompanying actuarial report to be read in conjunction with the related financial information.*
HKAS 26.35(e)	(e) for defined benefit plans, a description of the significant actuarial assumptions made and the method used to calculate the actuarial present value of promised retirement benefits.
	The report of a retirement benefit plan contains a description of the plan, either as part of the financial information or in a separate report. It may contain the following :
HKAS 26.36(a)	(a) the names of the employers and the employee groups covered;
HKAS 26.36(b)	(b) the number of participants receiving benefits and the number of other participants, classified as appropriate;
HKAS 26.36(c)	(c) the type of plan - defined contribution or defined benefit;
HKAS 26.36(d)	(d) a note as to whether participants contribute to the plan;
HKAS 26.36(e)	(e) a description of the retirement benefits promised to participants;
HKAS 26.36(f)	(f) a description of any plan termination terms; and
HKAS 26.36(g)	(g) changes in items (a) to (f) above during the period covered by the report.
HKAS 26.36	*Note: It is not uncommon to refer to other documents that are readily available to users and in which the plan is described, and to include only information on subsequent changes in the report.*

Section 11 Financial reporting in hyperinflationary economies (HKAS 29)

Source	Presentation/Disclosure Requirement
	Note: This section applies to the primary financial statements, including the consolidated financial statements, of any entity whose functional currency is the currency of a hyperinflationary economy.
HKAS 29.8	The financial statements of an entity whose functional currency is the currency of a hyperinflationary economy (whether based on a historical cost approach or a current cost approach) should be stated in terms of the measuring unit current at the balance sheet date.
HKAS 29.8	The corresponding figures for the previous period, and any information in respect of earlier periods, should be stated in terms of the measuring unit current at the balance sheet date.
HKAS 29.9	The gain or loss on the net monetary position should be included in net income and separately disclosed.
HKAS 29.39	The financial statements should disclose the following information: (a) the fact that the financial statements and the corresponding figures for previous periods have been restated for the changes in the general purchasing power of the reporting currency and, as a result, are stated in terms of the measuring unit current at the balance sheet date; (b) whether the financial statements are based on a historical cost or current cost approach; and (c) the identity and level of the price index at the balance sheet date and the movement in the index during the current and the previous reporting period.
HKAS 29.38	When the economy has ceased to be hyperinflationary, and the entity has discontinued the preparation and presentation of financial statements prepared in accordance with HKAS 29, the entity should treat the amounts expressed in the measuring unit current at the end of the previous reporting period as the basis for the carrying amounts in its subsequent financial statements.

Section 12 Disclosures in the financial statements of banks and similar financial institutions (HKAS 30)

Source	Presentation/Disclosure Requirement
	Notes: *1. For the purposes of HKAS 30, the term 'bank' is defined to be a financial institution, one of whose principal activities is to take deposits and borrow with the objective of lending and investing, and which is within the scope of banking or similar legislation, whether or not it has the word 'bank' in its name.* *2. In September 2005, the HKICPA issued HKFRS 7 Financial Instruments: Disclosures. HKFRS 7, which is effective fro annual periods beginning on or after 1 January 2007, replaces the disclosures now required by HKAS 30 and includes all those disclosures in relation to financial instruments.*
	In order to comply with HKAS 1 *Presentation of Financial Statements*, and thereby enable users to understand the basis on which the financial statements of the bank are prepared, accounting policies dealing with the following items may need to be disclosed:
HKAS 30.8(a)	(a) the recognition of the principal types of income (see paragraphs 10 and 11 of HKAS 30);
HKAS 30.8(b)	(b) the valuation of investment and dealing securities (see paragraphs 24 and 25 of HKAS 30);
HKAS 30.8(c)	(c) the distinction between those transactions and other events that result in the recognition of assets and liabilities on the balance sheet and those transactions and other events that only give rise to contingencies and commitments (see paragraphs 26 to 29 of HKAS 30);
HKAS 30.8(d)	(d) the basis for the determination of impairment losses on loans and advances and for writing off uncollectible loans and advances (see paragraphs 43 to 49 of HKAS 30); and
HKAS 30.8(e)	(e) the basis for the determination of charges for general banking risks and the accounting treatment of such charges (see paragraphs 50 to 52 of HKAS 30).
	Income statement – general
HKAS 30.9	The income statement should group income and expenses by nature and disclose the amounts of the principal types of income and expenses.
HKAS 30.10	In addition to the requirements of other HKFRSs, the following items of income and expenses should be disclosed in the income statement or in the notes to the financial statements: (a) interest and similar income; (b) interest expense and similar charges; (c) dividend income; (d) fee and commission income; (e) fee and commission expense; (f) gains less losses arising from dealing securities; (g) gains less losses arising from investment securities; (h) gains less losses arising from dealing in foreign currencies; (i) other operating income; (j) impairment losses on loans and advances; (k) general administrative expenses; and (l) other operating expenses.

Source	Presentation/Disclosure Requirement
HKAS 30.13	Items of income and expense should be offset only when they relate to hedges or to assets and liabilities that have been offset in accordance with HKAS 32 *Financial Instruments: Disclosure and Presentation*.
HKAS 30.15	Gains and losses arising from each of the following are normally reported on a net basis: a) disposals and changes in the carrying amount of dealing securities; b) disposals of investment securities; and c) dealings in foreign currencies.
HKAS 30.16	Interest income an interest expense are disclosed separately in order to give a better understanding of the composition of, and reasons for changes in, net interest.
HKAS 30.17	As net interest is a product of both interest rates and the amounts of borrowing and lending, it is desirable for management to provide a commentary about average interest rates, average interest earning assets and average interest-bearing liabilities for the period.
HKAS 30.17	*Note: In some countries, governments provide assistance to banks by making deposits and other credit facilities available at interest rates which are substantially below market rates. In these cases, management's commentary often discloses the extent of these deposits and facilities and their effect on net income.*
	Balance sheet – general
HKAS 30.18	The balance sheet should group assets and liabilities by nature, and list them in an order that reflects their relative liquidity.
HKAS 30.19	In addition to the requirements of other HKFRSs, the following assets and liabilities should be disclosed in the balance sheet or in the notes to the financial statements: **Assets** (a) cash and balances with the central bank; (b) treasury bills and other bills eligible for rediscounting with the central bank; (c) government and other securities held for dealing purposes; (d) placements with, and loans and advances to, other banks; (e) other money market placements; (f) loans and advances to customers; and (g) investment securities. **Liabilities** (a) deposits from other banks; (b) other money market deposits; (c) amounts owed to other depositors; (d) certificates of deposit; (e) promissory notes and other liabilities evidenced by paper; and (f) other borrowed funds.
HKAS 30.24	A bank should disclose the fair value of each class of its financial assets and liabilities as required by HKAS 32 *Financial Instruments: Disclosure and Presentation*.

Source	Presentation/Disclosure Requirement
	Contingent liabilities and commitments (including off-balance sheet items)
HKAS 30.26	A bank should disclose the following contingent liabilities and commitments: (a) the nature and amount of commitments to extend credit that are irrevocable because they cannot be withdrawn at the discretion of the bank without the risk of incurring significant penalty or expense; and (b) the nature and amount of contingent liabilities and commitments arising from off-balance sheet items, including those relating to: (i) direct credit substitutes, including general guarantees of indebtedness, bank acceptance guarantees and standby letters of credit serving as financial guarantees for loans and securities; (ii) certain transaction-related contingent liabilities, including performance bonds, bid bonds, warranties and standby letters of credit related to particular transactions; (iii) short-term, self-liquidating, trade-related contingent liabilities arising from the movement of goods, such as documentary credits where the underlying shipment is used as security; and (iv) other commitments, note issuance facilities and revolving underwriting facilities.
	Maturities of assets and liabilities
HKAS 30.30	A bank should provide an analysis of assets and liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date.
	Concentrations of assets and liabilities
HKAS 30.40	A bank's financial statements should disclose: (a) any significant concentrations of its assets, liabilities and off-balance sheet items, in terms of geographical areas, customer or industry groups, or other concentrations of risk; and (b) the amount of significant net foreign currency exposures.
	Losses on loans and advances
HKAS 30.43	A bank should disclose the following: (a) the accounting policy that describes the basis on which uncollectible loans and advances are recognised as an expense and written off; (b) details of the movements in any allowance for impairment losses on loans and advances during the period, disclosing separately: (i) the amount recognised as an expense in the period for impairment losses on uncollectible loans and advances; (ii) the amount charged in the period for loans and advances written off; and (iii) the amount credited in the period for loans and advances previously written off that have been recovered; and (c) the aggregate amount of any allowance account for impairment losses on loans and advances at the balance sheet date.
HKAS 30.44	Any amounts that have been set aside in respect of losses on loans and advances (in addition to impairment losses recognised under HKAS 39 on loans and advances) should be accounted for as appropriations of retained earnings.
HKAS 30.44	Any credits resulting from the reduction of such amounts result in an increase in retained earnings and are not included in the determination of profit or loss for the period.

Source	Presentation/Disclosure Requirement
	General banking risks
HKAS 30.50	Any amounts that have been set aside for general banking risks (including future losses and other unforeseeable risks or contingencies) should be separately disclosed as appropriations of retained earnings.
HKAS 30.50	Any credits resulting from the reduction of the amounts result in an increase in retained earnings and should not be included in the determination of profit or loss for the period.
	Assets pledged as security
HKAS 30.53	A bank should disclose:
	(a) the aggregate amount of secured liabilities; and
	(b) the nature and carrying amount of the assets pledged as security.
	Trust activities
HKAS 30.55	If the bank is engaged in significant trust activities, disclosure of that fact and an indication of the extent of those activities is made in its financial statements because of the potential liability if it fails in its fiduciary duties.
HKAS 30.55	*Note: For the purpose of this disclosure, trust activities do not encompass safe custody functions.*
	Related party transactions
HKAS 30.58	When a bank has entered into transactions with related parties, it is appropriate to disclose the nature of the related party relationship as well as information about the transactions and outstanding balances necessary for an understanding of the potential effects of the relationship on the financial statements of the bank.
	Notes:
HKAS 30.56	*1. In some countries, the law or regulatory authorities prevent or restrict banks entering into transactions with related parties, whereas in other countries such transactions are permitted. HKAS 24 Related Party Disclosures, is of particular relevance in the presentation of the financial statements of a bank in a country that permits related party transactions.*
HKAS 30.58	*2. The elements that would normally be disclosed to conform with HKAS 24 include:*
	(a) a bank's lending policy to related parties; and
	(b) in respect of related party transactions, the amount included
	(i) each of loans and advances, deposits and acceptances and promissory notes disclosures may include the aggregate amounts outstanding at the beginning and end of the period, as well as advances, deposits, repayments and other charges during the period;
	(ii) each of the principal types of income, interest expense and commission paid;
	(iii) the amount of the expense recognised in the period for losses on loans and advances and the amount of the provision at the balance sheet date; and
	(iv) irrevocable commitments and contingencies and commitments arising from off balance sheet items.

Section 13 Agriculture (HKAS 41)

Source	Presentation/Disclosure Requirement
	General disclosures
HKAS 41.40	The entity should disclose the aggregate gain or loss arising during the current period on initial recognition of biological assets and agricultural produce, and from the change in fair value less estimated point-of-sale costs of biological assets.
HKAS 41.41 HKAS 41.42	The entity should provide a description of each group of biological assets, either in narrative form or as a quantified description.
HKAS 41.43	The entity is encouraged to provide a quantified description of each group of biological assets, distinguishing between consumable and bearer biological assets or between mature and immature biological assess, as appropriate.
HKAS 41.43	The entity discloses the basis for making the distinctions between consumable and bearer biological assets, or between mature and immature biological assets, as appropriate.
HKAS 41.46	If not disclosed elsewhere in information published with the financial statements, the entity should describe: (a) the nature of its activities involving each group of biological assets; and (b) non-financial measures or estimates of the physical quantities of: (i) each group of the entity's biological assets at the end of the period; and (ii) output of agricultural produce during the period.
HKAS 41.47	The entity should disclose the methods used and significant assumptions applied in determining the fair value of each group of agricultural produce at the point of harvest, and each group of biological assets.
HKAS 41.48	The entity should disclose the fair value less estimated point-of-sale costs of agricultural produce harvested during the period, determined at the point of harvest.
HKAS 41.49	The entity should disclose: (a) the existence and carrying amounts of biological assets whose title is restricted, and the carrying amounts of biological assets pledged as security for liabilities; (b) the amount of commitments for the development or acquisition of biological assets; and (c) financial risk management strategies related to agricultural activity.
HKAS 41.50	The entity should present a reconciliation of changes in the carrying amount of biological assets between the beginning and the end of the current period, including: (a) the gain or loss arising from changes in fair value less estimated point-of-sale costs; (b) increases due to purchases; (c) decreases due to sales and biological assets classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with HKFRS 5.; (d) decreases due to harvest; (e) increases resulting from business combinations; (f) net exchange differences arising on the translation of the financial statements into a different presentation currency, and on the translation of a foreign operation into the presentation currency of the reporting entity; and (g) other changes.

Source	Presentation/Disclosure Requirement
HKAS 41.51	When there is a production cycle of more than one year, the entity is encouraged to disclose separately, by group or otherwise, the amount of change in fair value less estimated point-of-sale costs of biological assets included in profit or loss due to physical changes and due to price changes.
	Note: The fair value less estimated point-sale costs of a biological asset can change due to both physical changes and price changes in the market. Separate disclosure of physical and price changes is useful in appraising current period performance and future prospects, particularly when there is a production cycle of more than one year This information is generally less useful when the production cycle is less than one year (e.g. when raising chickens or growing cereal crops).
HKAS 41.53	If an event occurs that gives rise to a material item of income or expense, the nature and amount of that item are disclosed in accordance with HKAS 1 *Presentation of Financial Statements*.
	Note: Agricultural activity is often exposed to climatic, disease and other natural risks. Examples include an outbreak of a virulent disease, a flood, severe droughts or frosts, and a plague of insects.
	Additional disclosures for biological assets where fair value cannot be measured reliably
HKAS 41.54	If the entity measures biological assets at their cost less any accumulated depreciation and any accumulated impairment losses at the end of the period, the entity should disclose for such biological assets: (a) a description of the biological assets; (b) an explanation of why fair value cannot be measured reliably; (c) if possible, the range of estimates within which fair value is highly likely to lie; (d) the depreciation method used; (e) the useful lives or the depreciation rates used; and (f) the gross carrying amount and the accumulated depreciation (aggregated with accumulated impairment losses) at the beginning and end of the period.
HKAS 41.55	If, during the current period, the entity measures biological assets at their cost less any accumulated depreciation and any accumulated impairment losses, the entity should disclose any gain or loss recognised on disposal of such biological assets and the reconciliation required by paragraph 50 of HKAS 41 (see above) (amounts related to such biological assets should be disclosed separately).
HKAS 41.55	In the circumstances described in paragraph 55 of HKAS 41 (see above), the reconciliation should also include the following amounts included in net profit or loss related to those biological assets: (a) impairment losses; (b) reversals of impairment losses; and (c) depreciation.
HKAS 41.56	If the fair value of biological assets previously measured at their cost less any accumulated depreciation and any accumulated impairment losses becomes reliably measurable during the current period, the entity should disclose for those biological assets: (a) a description of the biological assets; (b) an explanation of why fair value has become reliably measurable; and (c) the effect of the change.

Source	Presentation/Disclosure Requirement
	Government grants
HKAS 41.57	The entity should disclose the following related to agricultural activity covered by HKAS 41:
	(a) the nature and extent of government grants recognised in the financial statements.
	(b) unfulfilled conditions and other contingencies attaching to government grants; and
	(c) significant decreases expected in the level of government grants.

Section 14 **First-time adoption of HKFRSs (HKFRS 1)**

Source	Presentation/Disclosure Requirement
	Notes:
	1. HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards (HKFRSs) sets out the procedures that an entity must follow when it adopts HKFRSs for the first time as the basis for preparing its general purpose financial statements.
HKFRS 1.2	*2. The entity should apply HKFRS 1 in:*
	(a) its first HKFRS financial statements; and
	(b) each interim financial report, if any, that it presents under HKAS 34 Interim Financial Reporting for part of the period covered by its first HKFRS financial statements.
HKFRS 1.3	*3. The entity's first HKFRS financial statements are the first annual financial statements in which the entity adopts HKFRSs, by an explicit and unreserved statement in those financial statements of compliance with HKFRSs.*
HKFRS 1.7 HKFRS 1.9	*4. The entity should use the same accounting policies in its opening HKFRS balance sheet and throughout all periods presented in its first HKFRS financial statements. Those accounting policies should comply with each HKFRS effective at the reporting date (the end of the latest period covered by financial statements) for its first HKFRS financial statements, except as specified in paragraphs 13-34 of HKFRS 1. The transitional provisions in other HKFRSs do not apply to a first-time adopter's transition to HKFRSs, except as specified in paragraphs 25D, 34A and 34B of HKFRS 1.*
HKFRS 1.8	*5. However, the entity may apply a new HKFRS that is not yet mandatory if that HKFRS permits early adoption.*
HKFRS 1.35	*6. HKFRS 1 does not provide exemptions from the presentation and disclosure requirements in other HKFRSs.*
	Opening HKFRS balance sheet
HKFRS 1.6	The entity should prepare an opening HKFRS balance sheet at the date of transition to HKFRSs. The entity does not need to present its opening HKFRS balance sheet in its first HKFRS financial statements. The date of transition to HKFRSs is the beginning of the earliest period for which an entity presents its full comparative information under HKFRSs in its first HKFRS financial statements.
	Reclassification
HKFRS 1.10(c)	The entity should reclassify items that it recognised under the previous GAAP as one type of asset, liability or component of equity but are a different type of asset, liability or component of equity under HKFRSs.
	Comparative information
HKFRS 1.36	The entity's first HKFRS financial statements should include at least one year of comparative information under HKFRSs.
	Exemption from the requirement to restate comparative information for HKAS 32, HKAS 39 and HKFRS 4
	The entity that adopts HKFRSs before 1 January 2006, and chooses to present comparative information that does not comply with HKAS 32 *Financial Instruments: Disclosure and Presentation*, HKAS 39 *Financial Instruments: Recognition and Measurement* and HKFRS 4 *Insurance Contracts* in its first year of transition, should:

Source	Presentation/Disclosure Requirement
HKFRS 1.36A(a)	(a) apply its previous GAAP in the comparative information to financial instruments within the scope of HKAS 32 and HKAS 39 and to insurance contracts within the scope of HKFRS 4;
HKFRS 1.36A(a)	(b) disclose that fact;
HKFRS 1.36A(b)	(c) disclose the basis used to prepare the comparative information under previous GAAP; and
HKFRS 1.36A(c)	(d) disclose the nature of the main adjustments that would make the information comply with HKAS 32, HKAS 39 and HKFRS 4.
	Notes:
HKFRS 1.36A	*1. This exemption is not available to entities adopting HKFRSs for the first time on or after 1 January 2006.*
HKFRS 1.36A(c)	*2. When disclosing the nature of the adjustments that would make the information comply with the relevant Standards, the entity need not quantify those adjustments.*
HKFRS 1.36A(c)	*3. For entities choosing to present comparative information that does not comply with HKAS 32, HKAS 39 and HKFRS 4, references to the 'date of transition to HKFRSs' should mean, in the case of those Standards only, the beginning of the first HKFRS reporting period.*
HKFRS 1.36A(c)	Where the exemption from presentation of comparative information in accordance with the relevant Standards is taken, any adjustment between the balance sheet at the comparative period's reporting date (i.e. the balance sheet that includes comparative information under previous GAAP) and the balance sheet at the start of the first HKFRS reporting period (i.e. the first period that includes information that complies with HKAS 32, HKAS 39 and HKFRS 4) should be treated as arising from a change in accounting policy.
HKFRS 1.36A(c)	In respect of the adjustments treated as changes in accounting policies, the entity should provide the disclosures required by paragraphs 28(a) to (e) and (f)(i) of HKAS 8 *Accounting Policies, Changes in Accounting Estimate and Errors* (see relevant section of this checklist).
	Note: Paragraph 28(f)(i) of HKAS 8 applies only to amounts presented in the balance sheet at the comparative period's reporting date.
	Exemption from the requirement to present comparative disclosures under HKFRS 6
HKFRS 1.36B	The entity that adopts HKFRSs before 1 January 2006 and that chooses to adopt HKFRS 6 *Exploration for and Evaluation of Mineral Resources* before 1 January 2006 need not present the disclosures required by HKFRS 6 for comparative periods in its first HKFRS financial statements.
	Note: HKFRS 6 is effective for accounting periods beginning on or after 1 January 2006, but earlier adoption is encouraged. This exemption is not available to entities adopting HKFRSs for the first time on or after 1 January 2006.
	Historical summaries
HKFRS 1.37	If the financial statements contain historical summaries or comparative information under the previous GAAP, the entity should:
	(a) label the previous GAAP information prominently as not being prepared under HKFRSs; and
	(b) disclose the nature of the main adjustments which would make it comply with HKFRSs. An entity does not need to quantify those adjustments.
	Note: If the entity wishes to disclose summaries of selected financial information for periods before the date of the opening HKFRS balance sheet, that information is not required to comply with the recognition and measurement requirements of HKFRSs.

Source	Presentation/Disclosure Requirement
	Explanation of transition to HKFRSs
HKFRS 1.38	The entity should explain how the transition from the previous GAAP to HKFRS affected its reported financial position, financial performance and cash flows.
	Reconciliations
HKFRS 1.39	The entity's first HKFRS financial statements should include:
	(a) reconciliations of its equity reported under the previous GAAP to its equity under HKFRSs for both of the following dates:
	(i) the date of transition to HKFRSs; and
	(ii) the end of the latest period presented in the entity's most recent annual financial statements under the previous GAAP;
	(b) a reconciliation of the profit or loss reported under the previous GAAP for the latest period in the entity's most recent annual financial statements to its profit or loss under HKFRSs for the same period; and
	(c) if the entity recognised or reversed any impairment losses for the first time in preparing its opening HKFRS balance sheet, the disclosures that HKAS 36 *Impairment of Assets* would have been required if the entity had recognised those impairment losses or reversals in the period beginning with the date of transition to HKFRSs.
HKFRS 1.40	The reconciliation required by paragraph 39(a) and (b) of HKFRS 1 (see above) should give sufficient detail to enable users to understand the material adjustments to the balance sheet, income statement and cash flow statement.
HKFRS 1.41	If the entity becomes aware of errors made under the previous GAAP, the reconciliation required by paragraph 39(a) and (b) of HKFRS 1 (see above) should distinguish the correction of those errors from changes in accounting policies.
HKFRS 1.43	If the entity did not present financial statements for the previous periods, its first HKFRS financial statements should disclose that fact.
	Designation of financial assets or financial liabilities
HKFRS 1.43A	If the entity has designated any previously recognized financial assets or financial liabilities as "at fair value through profit or loss" or as "available-for-sale" (as permitted by paragraph 25A of HKFRS 1), the following should be disclosed:
	(a) the fair value of any financial assets or financial liabilities designated into each category; and
	(b) the classification and carrying amount in the previous financial statements.
	Use of fair value as deemed cost
HKFRS 1.44	If the entity uses fair value in its opening HKFRS balance sheet as deemed costs for an item of property, plant and equipment, an investment property or an intangible asset (see paragraphs 16 and 18 of HKFRS 1), the entity's first HKFRS financial statements should disclose, for each line item in the opening HKFRS balance sheet:
	(a) the aggregate of those fair values; and
	(b) the aggregate adjustment to the carrying amounts reported under the previous GAAP.
	Effective date and transition
HKFRS 1.47	If an entity's first HKFRS financial statements are for a period beginning on or after 1 January 2004, it should apply this HKFRS. Earlier adoption is encouraged. Where an entity opts for early adoption, disclosure of that fact is required.

Source	Presentation/Disclosure Requirement
	Interim financial reports
HKFRS 1.45	To comply with paragraph 38 of HKFRS 1, if an entity presents an interim financial report under HKAS 34 *Interim Financial Reporting* for part of the period covered by its first HKFRS financial statements, the entity should satisfy the following requirements in addition to the requirements to HKAS 34. (a) each such interim financial report should, if the entity presents an interim financial report for the comparable interim period of the immediately preceding financial year, include reconciliations of: (i) its equity under previous GAAP at the end of that comparable interim period to its equity under HKFRSs at that date; and (ii) its profit or loss under previous GAAP for that comparable interim period (current and year-to-date) to its profit or loss under HKFRSs for that period; (b) in addition to the reconciliations required by (a), the entity's first interim financial report under HKAS 34 for part of the period covered by its first HKFRS financial statements should include the reconciliations described in paragraph 39(a) and (b) of HKFRS 1 (supplemented by the details required by paragraphs 40 and 41 of HKFRS 1) or a cross-reference to another published document that includes those reconciliations; and
HKAS 34.16(a)	(c) as required by HKAS 34, the entity should disclose the nature and effect of any changes in accounting policies compared to those under previous GAAP.
HKFRS 1.46	*Note: HKAS 34 generally requires minimum disclosures, which are based on the assumption that users of the interim financial report also have access to the most recent annual financial statements. However, HKAS 34 also requires an entity to disclose 'any events or transactions that are material to an understanding of the current interim period'. Therefore, if a first-time adopter did not, in its most recent annual financial statements under previous GAAP, disclose information material to an understanding of the current interim period, its interim financial report should disclose that information or include a cross-reference to another published document that includes it.*

Section 15 **Insurance contracts (HKFRS 4)**

Source	Presentation/Disclosure Requirement
	Notes: *1. This section of the checklist addresses HKFRS 4, which specifies the financial reporting for insurance contracts by an entity that issues such contracts (described as an insurer).* *2. An insurance contract is defined as a contract under which one party (the insurer) accepts significant insurance risk from another party (the policy holder) by agreeing to compensate the policy holder if a specified uncertain future event (the insured event) adversely affects the policy holder. Refer to Appendix B of HKFRS 4 for an extended discussion of the definition of an insurance contract, and to paragraphs 2 to 12 of HKFRS 4 for the specific rules as regards the scope of the Standard.* *3. Note that the Implementation Guidance accompanying HKFRS 4 clarifies a number of the disclosure requirements, and contains extensive guidance on possible ways to meet the disclosure requirements in paragraphs 36 to 39 of HKFRS 4.*
	Exemption from disclosure of comparative information for periods beginning before 1 January 2005
HKFRS 4.42	Entities need not apply the disclosure requirements in HKFRS 4 (set out below) to comparative information that relates to annual periods beginning before 1 January 2005, except for the disclosures required by paragraphs 37(a) and 37(b) of HKFRS 4 (see below) about accounting policies, and recognised assets, liabilities, income and expense (and cash flows if the direct method is used).
	Disclosure of non-compliance, on the basis of impracticability, with recognition and measurement rules for comparative information for periods beginning before 1 January 2005
HKFRS 4.43	If it is impracticable to apply a particular requirement of paragraphs 10 to 35 of HKFRS 4 (dealing with unbundling of deposit components, and recognition and measurement) to comparative information that relates to annual periods beginning before 1 January 2005, the entity should disclose that fact.
HKFRS 4.43	*Note: HKFRS 4 notes that applying the liability adequacy test (paragraphs 15 to 19 of HKFRS 4) to such comparative information might sometimes be impracticable, but it is highly unlikely to be impracticable to apply other requirements of paragraphs 10 to 35 of HKFRS 4 to such comparative information. HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors explains the term 'impracticable'.*
	Insurance contracts acquired in a business combination or portfolio transfer
HKFRS 4.31	To comply with HKFRS 3 *Business Combinations*, an insurer should, at the acquisition date, measure at fair value the insurance liabilities assumed and insurance assets acquired in a business combination. However, an insurer is permitted, but not required, to use an expanded presentation that splits the fair value of acquired insurance contracts into two components: (a) a liability measured in accordance with the insurer's accounting policies for insurance contracts that it issues; and (b) an intangible asset, representing the difference between (i) the fair value of the contractual insurance rights acquired and insurance obligations assumed, and (ii) the amount described in (a) above.

Source	Presentation/Disclosure Requirement
	Notes:
HKFRS 4.31(b)	*1. The subsequent measurement of any intangible asset separately identified in accordance with the alternative permitted under paragraph 31 of HKFRS 4 should be consistent with the measurement of the related insurance liability.*
HKFRS 4.32	*2. An insurer acquiring a portfolio of insurance contracts may also use the expanded presentation permitted by paragraph 31 of HKFRS 4.*
	Discretionary participation features in financial instruments
HKFRS 4.35(b)	Where the entity is the issuer of a financial instrument that contains a discretionary participation feature as well as a guaranteed element, in applying the rules set out in paragraph 35 of HKFRS 4, the entity need not disclose the amount that would result from applying HKAS 39 to the guaranteed element, nor need it present that amount separately.
	Explanation of recognised amounts
HKFRS 4.36	The insurer should disclose information that identifies and explains the amounts in its financial statements arising from insurance contracts.
	Note: Paragraph 37 of HKFRS 4 specifies the minimum disclosures required to satisfy this requirement.
	The insurer should disclose:
HKFRS 4.37(a)	(a) its accounting policies for insurance contracts and related assets, liabilities, income and expense;
HKFRS 4.37(b)	(b) the recognised assets, liabilities, income and expense (and, if it presents its cash flow statement using the direct method, cash flows) arising from insurance contracts;
HKFRS 4.37(b)	(c) if the insurer is a cedant (i.e. the policy holder under a reinsurance contract):
	(i) gains and losses recognised in profit or loss on buying reinsurance; and
	(ii) if the cedant defers and amortises gains and losses arising on buying reinsurance, the amortisation for the period and the amounts remaining unamortised at the beginning and end of the period;
HKFRS 4.37(c)	(d) the process used to determine the assumptions that have the greatest effect on the measurement of the recognised amounts described in accordance with paragraph 37(b) of HKFRS 4;
HKFRS 4.37(c)	*Note: When practicable, an insurer should also give quantified disclosure of those assumptions.*
HKFRS 4.37(d)	(e) the effect of changes in assumptions used to measure insurance assets and insurance liabilities, showing separately the effect of each change that has a material effect on the financial statements; and
HKFRS 4.37(e)	(f) reconciliations of changes in insurance liabilities, reinsurance assets and, if any, related deferred acquisition costs.

Source	Presentation/Disclosure Requirement
	Amount, timing and uncertainty of cash flows
HKFRS 4.38	The insurer should disclose information that helps users to understand the amount, timing and uncertainty of future cash flows from insurance contracts.
	Note: Paragraph 39 of HKFRS 4 specifies the minimum disclosures required to satisfy this requirement.
	The insurer should disclose:
HKFRS 4.39(a)	(a) its objectives in managing risks arising from insurance contracts and its policies for mitigating those risks;
HKFRS 4.39(b)	(b) those terms and conditions of insurance contracts that have a material effect on the amount, timing and uncertainty of the insurer's future cash flows;
HKFRS 4.39(c)	(c) information about insurance risk (both before and after risk mitigation by reinsurance), including information about:
	(i) the sensitivity of profit or loss and equity to changes in variables that have a material effect on them;
	(ii) concentrations of insurance risk;
	(iii) actual claims compared with previous estimates (i.e. claims development);
	Notes:
HKFRS 4.39(c)	*1. The disclosure about claims development should go back to the period when the earliest material claim arose for which there is still uncertainty about the amount and timing of the claims payments, but need not go back more than ten years. An insurer need not disclose this information for claims for which uncertainty about the amount and timing of claims payments is typically resolved within one year.*
HKFRS 4.44	*2. In applying paragraph 39(c)(iii) of HKFRS 4, an entity need not disclose information about claims development that occurred earlier than five years before the end of the first financial year in which it applies HKFRS 4.*
HKFRS 4.39(d)	(d) the information about interest rate risk and credit risk that HKAS 32 *Financial Instruments: Disclosure and Presentation* would require if the insurance contracts were within the scope of HKAS 32; and
HKFRS 4.39(e)	(e) information about exposures to interest rate risk or market risk under embedded derivatives contained in a host insurance contract if the insurer is not required to, and does not, measure the embedded derivatives at fair value.
	Adoption of standard before effective date
HKFRS 4.41	If the entity has applied HKFRS 4 for a period beginning before 1 January 2005, it should disclose that fact.
	Exemption in the first period of application from disclosing information about claims development that occurred before the beginning of the comparative period
HKFRS 4.44	In applying paragraph 39(c)(iii) of HKFRS 4, if it is impracticable, when an entity first applies HKFRS 4, to prepare information about claims development that occurred before the beginning of the earliest period for which an entity presents full comparative information that complies with HKFRS 4, the entity should disclose that fact.

Section 16 **Exploration for and evaluation of mineral resources (HKFRS 6)**

Source	Presentation/Disclosure Requirement
	Classification of exploration and evaluation assets
HKFRS 6.15	An entity should classify exploration and evaluation assets as tangible or intangible according to the nature of the assets acquired, and apply the classification consistently.
HKFRS 6.16	*Note:* *Some exploration and evaluation assets are treated as intangible (e.g. drilling rights), whereas others are tangible (e.g. vehicles and drilling ngs). To the extent that a tangible asset is consumed in developing an intangible asset, the amount reflecting that consumption is part of the cost of the intangible asset. However, using a tangible asset to develop an intangible asset does not change a tangible asset into an intangible asset.*
	Reclassification of exploration and evaluation assets
HKFRS 6.16	An exploration and evaluation asset should no longer be classified as such when the technical feasibility and commercial viability of extracting a mineral resource are demonstrable.
	Note: *Exploration and evaluation assets should be assessed for impairment, and any impairment loss recognised, before reclassification.*
	Impairment
HKFRS 6.18	An entity should present and disclose any impairment loss recognised in respect of exploration and evaluation assets in accordance with HKAS 36 *Impairment of Assets*.
	Other disclosures
HKFRS 6.23	An entity should disclose information that identifies and explains the amounts recognised in its financial statements arising from the exploration for and evaluation of mineral resources.
	Note: *Paragraphs 24 and 25 of HKFRS 6, set out below, specify the minimum disclosures required to satisfy this requirement.*
HKFRS 6.24(b)	An entity should disclose the amounts of assets, liabilities, income and expense and operating and investing cash flows arising from the exploration for and evaluation of mineral resources.
HKFRS 6.25	An entity should treat exploration and evaluation assets as a separate class of assets and make the disclosures required by either HKAS 16 *Property, Plant and Equipment,* or HKAS 38 *Intangible Assets,* consistent with how the assets are classified.
	Disclosure of exemption from applying impairment rules to comparative information that relates to periods beginning before 1 January 2006
HKFRS 6.27	If it is impracticable to apply a particular requirement of paragraph 18 of HKFRS 6 to comparative information that relates to annual periods beginning before 1 January 2006, the entity should disclose that fact.
	Note: *The general requirement as regards impairment testing on the adoption of HKFRS 6 is that entities recognising exploration and evaluation assets should determine whether there were any facts and circumstances indicating impairment in prior periods. Any identified impairment should generally be recognised retrospectively. However, where it is impracticable to apply the impairment rules to comparative information that related to an annual period beginning before 1 January 2006, the rules need not be applied retrospectively, provided that the entity discloses that fact. HKAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, explains the term ‘impracticable’.*

Section 17 Additional matters for listed entities

Source	Presentation/Disclosure Requirement
	Analysis of the group's performance
App 16.32 GR 18.41	A separate statement is required, containing a discussion and analysis of the entity's performance during the year and the material factors underlying its results and financial position. The statement should emphasise trends and identify significant events or transactions during the year under review. As a minimum, the directors of the entity should address all of the following points:
	(a) the entity's liquidity and financial resources. This may include comments on the level of borrowings at the balance sheet date, the seasonality of borrowing requirements, and the maturity profile of borrowings and committed borrowing facilities. Reference may also be made to the funding requirements for capital expenditure commitments and authorisations;
	(b) the capital structure of the entity in terms of maturity profile of debt and obligation, type of capital instruments used, currency and interest rate structure; the discussion may cover:
	(i) funding and treasury policies and objectives in terms of the manner in which treasury activities are controlled;
	(ii) the currencies in which borrowings are made and in which cash and cash equivalents are held;
	(iii) the extent to which borrowings are at fixed interest rates;
	(iv) the use of financial instruments for hedging purposes; and
	(v) the extent to which foreign currency net investments are hedged by currency borrowings and other hedging instruments;
	(c) the state of the entity's order book (where applicable) and prospects for new business including new products and services introduced or announced;
	(d) significant investments held, their performance during the year and their future prospects;
	(e) details of material acquisitions and disposals of subsidiaries and associates in the course of the year;
	(f) comments on segment information. This may cover changes in industry segments, developments within each segment and their effect on the results of that segment. It may also include changes in market conditions, new products and services introduced or announced and their impact on the entity's performance and changes in turnover and margins;
	(g) where applicable, details of the number and remuneration of employees, remuneration policies, bonus and share option schemes and training schemes;
	(h) details of charges on entity assets;
	(i) details of future plans for material investments or capital assets and their expected sources of funding in the coming year;
App 16 Note 32.1 GR 18.41 Note 1	*Note: It is the responsibility of the directors to determine what investment or capital asset is material in the context of the entity's business, operations and financial performance. The materiality of an investment or a capital asset varies from one entity to another according to its financial performance, assets and capitalisation, the nature of its operations and other factors.*
	(j) gearing ratio;
App 16 Note 32.2 GR 18.41 Note 2	*Note: The basis on which the gearing ratio is computed should be disclosed.*

Source	Presentation/Disclosure Requirement
	(k) exposure to fluctuations in exchange rates and any related hedges; and
	(l) details of contingent liabilities, if any.
App 16.52 GR 18.83	The entity is encouraged to disclose the following additional commentary on management discussion and analysis in the annual reports:
	(a) efficiency indicators (e.g. return on equity, working capital ratios) for the last five financial years indicating the bases of computation;
	(b) industry specific ratios, if any, for the last five financial years indicating the bases of computation;
	(c) a discussion of the purpose, corporate strategy and principal drivers of performance;
	(d) an overview of trends in the industry and business;
	(e) a discussion on business risks (including known events, uncertainties and other factors which may substantially affect future performance) and risks management policy;
	(f) a discussion on the environmental policies and performance, including compliance with the relevant laws and regulations;
	(g) a discussion on the policies and performance on community, social, ethical and reputational issues;
	(h) an account of the key relationships with employees, customers, suppliers and others, on which its success depends; and
	(i) receipts from, and returns to, shareholders.
	Notes:
	1. Both Main Board and GEM listed entities are required to address each of the points set out in App 16.32/GR 18.41 (see above) and are encouraged to address the points set out in App 16.52/GR 18.83 (see above).
	2. Additional guidance on the recommended content for a MDA can be found in the HKICPA's Corporate Governance Disclosure in Annual Reports and the Reference for Disclosures in Annual Reports issued by the SEHK.
	Convertible and redeemable securities
App 16.10(1) GR 18.11	The entity should disclose details of the classes, numbers and terms of any convertible securities, options, warrants or similar rights issued or granted by the company or any of its subsidiaries during the year, together with the consideration received by the company or any of its subsidiaries.
App 16.10(2) GR 18.12	The entity should disclose particulars of any exercise made during the financial year of any conversion or subscription rights under any convertible securities, options, warrants or similar rights issued or granted at any time by the company or any of its subsidiaries.
App 16.10(3) GR 18.13	The annual report should disclose particulars of any redemption or purchase or cancellation by the company, or any of its subsidiaries, of the redeemable securities of the company, and the amount of such securities outstanding at the balance sheet date.
App 16.10(4) GR 18.14	The annual report should disclose particulars of any purchase, sale or redemption by the company, or any of its subsidiaries, of the listed securities of the company during the year, or an appropriate negative statement.

Source	Presentation/Disclosure Requirement
	Notes:
App 16.10(4) GR 18.14	*1. The statement required above should distinguish between those listed securities that are purchased by the company (and, for Hong Kong companies, therefore cancelled) and those that are purchased by a subsidiary of the company.*
App 16.10(4) GR 18.14	*2. The statement required above should include the aggregate price paid or received by the company for such purchases, sales or redemptions and should distinguish between those securities purchased or sold:* *(a) on the SEHK;* *(b) on another stock exchange;* *(c) by private arrangement; and* *(d) by way of a general offer.*
LR 10.06(4)(b) GR 13.13(2)	The annual report should: (a) make reference to purchases of shares made during the year and the reasons for them; and (b) include a monthly breakdown of purchases of shares made during the year, showing the number of shares purchased each month and the purchase price per share or the highest and lowest price paid for all such purchases, where relevant, and the aggregate price paid by the company for such purchases.
	Interests and short positions in shares
	Part XV of the Securities and Futures Ordinance (SFO) deals with the notification of interests and short positions held by directors and chief executives, and substantial shareholders, to the listed entity concerned and to the SEHK, and with the requirements for the listed entity to keep registers of such interests and short positions. Correspondingly, the Listing Rules and GEM Rules have set out annual report disclosure requirements. In particular, separate disclosure is required of: (a) the interests and short positions in any shares, underlying shares and debentures of the company or any of its associated corporations, held by directors and chief executives at the end of the financial period; (b) the interests and short positions in the voting shares and underlying voting shares of the company, held by substantial shareholders at the end of the financial period; and (c) the interests and short positions notified to the company and to the SEHK by other persons in accordance with the requirements of the SFO.
	Directors' and chief executives' interests and short positions in shares
App 16.13(1) GR 18.15(1)	A statement is required at the end of the financial period showing: (a) the interests of each director and chief executive of the company in any shares, underlying shares and debentures of the company or any of its associated corporations; and (b) the short positions of each director and chief executive of the company in any shares, underlying shares and debentures of the company or any of its associated corporations, as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the company and the SEHK pursuant to the Model Code for Securities Transactions by Directors of Listed Companies for Main Board listed entities (for GEM listed entities - the required standard of dealings by directors as referred to is in GR 5.46) <u>or, if there are no such interests or short positions, a statement of that fact.</u>
App 16.13(2) GR 18.15(2)	The statement required by App 16.31(1)/GR 18.15(1) should specify the company in which each interest or short position is held, the class to which the securities belong, and the number of such securities held.

Source	Presentation/Disclosure Requirement
PN 5(3.2) GR 18.17	The statement required by App 16.31(1)/GR 18.15(1) should describe the capacity in which each interest or short position is held, and the nature of the interest or short position, as disclosed in the prescribed form used by the director or chief executive when notifying the company and the SEHK of the interest or short position.
PN 5(3.3) GR 18.17A	The following details are required to be disclosed for each director and chief executive: (a) the aggregate long position in any shares and underlying shares and in debentures, showing separately: (i) interests in shares (other than interests held under equity derivatives); (ii) interests in underlying shares held under equity derivatives (e.g. share options, warrants), specifying whether they are listed or unlisted, and whether they are to be settled by shares, by cash or by some other methods; and (iii) interests in debentures, including convertible bonds and other debt securities; and (b) the aggregate short position in any shares, underlying shares and debentures, showing separately: (i) short positions in respect of shares arising under a stock borrowing and lending agreement; and (ii) short positions in underlying shares held under equity derivatives, specifying whether they are listed or unlisted, and whether they are to be settled by shares, by cash or by some other methods.
PN 5(3.3) GR 18.17	The information required by PN 5(3.3)/GR 18.17A (see above) is required to be separately disclosed for each entity in which an interest or a short position is held.
PN 5(3.3)(1) Note 1 PN 5(3.3)(2) Note 1 GR 18.17A(1) Note 1 GR 18.17A(2) Note 1	The percentages of the issued share capital of the company or its associated corporation, which the aggregate long position or the aggregate short position in shares represents, should be disclosed.
PN 5(3.2) GR 18.17	Where interests or short positions are held through corporations that are not wholly-owned by the director or chief executive, the percentage interests held by the director or chief executive in such corporations should be disclosed.
PN 5(4) App 16 Note 13.2 GR 18.16 Note	Particulars should be given of the extent of any duplication that occurs, between the interests of directors, chief executives, substantial shareholders, and their associates.
App 16.13(2) GR 18.15(2)	Where interests arising from the holding of securities as qualifying shares are not disclosed pursuant to the exception allowed in App 16.13(2)/GR 18.15(2), a general statement should be made to indicate that the directors or chief executives hold qualifying shares. *Note: App 16.13(2)/GR 18.15(2) allow that non-beneficial interests of directors and chief executives need not be disclosed if they are holdings of qualification shares or if the interest is held solely for the purpose of ensuring that the relevant subsidiary has more than one member and there is a legally enforceable declaration of trust in favour of the parent company of that subsidiary.*
PN 5(3.3)(1) Note 3 GR 18.17A(1) Note 3	Where share options are granted to directors and chief executives, particulars of the share options and movements as required under LR 17.07(1)/GR 23.07(1) (see below) should be disclosed.

Source	Presentation/Disclosure Requirement
	Notes:
SFO Schedule 1	*1. For these purposes, a "director" includes a shadow director and any person occupying the position of director by whatever name called. A "shadow director" means a person in accordance with whose directions or instructions the directors of a company are accustomed to act.*
SFO s308	*2. For these purposes, a "chief executive" means a person employed or otherwise engaged by a corporation who, either alone or together with one or more persons, is or will be responsible, under the immediate authority of the board of directors, for the conduct of the business of the corporation.*
SFO s308	*3. "Associated corporation" means a corporation:* • *which is a subsidiary or holding company of the company or a subsidiary of the company's holding company; or* • *(not being a subsidiary of the company) in which the company has an interest in the shares of a class of exceeding 20% of the nominal value of the issued shares of that class.*
SFO s344(1) SFO s344(2) SFO s344(3) SFO s344(4) SFO s346 SFO s345(4)(b) SFO s345(4)(a)	*4. Interests and short positions of a director or a chief executive extend to include interests held by the following persons and trusts:* • *his or her spouse;* • *his or her children under the age of 18;* • *their respective controlled companies (with control of management or one third of the voting rights, either directly or indirectly through another corporation in which they control one third of the voting rights);* • *persons having a joint interest or short position with him or her;* • *a trust, if he or she is a trustee of the trust (other than a trust where he or she is a bare trustee);* • *a discretionary trust, if he or she is a founder of the trust; or* • *a trust, if he or she is a beneficiary.*
PN 5(3.3)(1) Note 2 GR 18.17A(1) Note 2	*5. A long position under an equity derivative arises where a person is a party to an equity derivative, by virtue of which the person:* • *has a right to take the underlying shares;* • *is under an obligation to take the underlying shares;* • *has a right to receive money if the price of the underlying shares increases; or* • *has a right to avoid or reduce a loss if the price of the underlying shares increases.*
PN 5(3.3)(2) Note 2 GR 18.17A(2) Note 2	*6. A short position arises:* *(i) where the person is the borrower of shares under a securities borrowing and lending agreement, or has an obligation to deliver the underlying shares to another person who has lent shares;* *(ii) where the person is the holder, writer or issuer of any equity derivatives, by virtue of which the person:*

Source	Presentation/Disclosure Requirement
	(a) has a right to require another person to take the underlying shares of the equity derivatives;
	(b) is under an obligation to deliver the underlying shares of the equity derivatives to another person;
	(c) has a right to receive from another person money if the price of the underlying shares declines; or
	(d) has a right to avoid a loss if the price of the underlying shares declines.
App 16.13(1) GR 18.15(1)	*7. Compliance with the requirements in respect of the interests and short positions of each director and chief executive in any associated corporation may be modified or waived if, in the opinion of the SEHK, full disclosure would result in particulars being given which are not material in the context of the entity and are of excessive length.*
	Substantial shareholders' interests and short positions in shares
App 16.13(3) GR 18.16	A statement is required, as at the end of the financial period, showing interests and short positions in the shares and underlying shares of the company, other than those of the directors and chief executives, as recorded in the register required to be kept under section 336 of the SFO, and the amount of such interests and short positions or, if there is no such interest or short position recorded in the register, a statement of that fact.
PN 5(3.2) GR 18.17	The statement required by App 16.13(3)/GR 18.16 (see above) should describe the capacity in which each interest or short position is held, and the nature of the interest or short position, as disclosed in the prescribed form used by the substantial shareholder when notifying the company and the SEHK of the interest or short position.
PN 5(3.4) GR 18.17B	The following details are required to be disclosed for each substantial shareholder: (a) the aggregate long position in the shares and underlying shares of the company, showing separately: (i) interests in shares (other than interests held under equity derivatives); and (ii) interests in underlying shares held under equity derivatives (e.g. share options, warrants) specifying whether they are listed or unlisted, and whether they are to be settled by shares or by cash; and (b) the aggregate short position in shares and underlying shares of the company, showing separately: (i) short positions in respect of shares arising under a stock borrowing and lending agreement; and (ii) short positions in underlying shares under equity derivatives, specifying whether they are listed or unlisted, and whether they are to be settled by shares or by cash.
PN 5(3.4)(1) Note 2 PN 5(3.4)(2) Note 1 GR 18.17B(1) Note 1 GR 18.17B(2) Note 1	The percentages of the issued share capital of the company, which the aggregate long position or the aggregate short position in shares represents, should be disclosed.
PN 5(3.2) GR 18.17	Where interests or short positions are held through corporations that are not wholly-owned by the substantial shareholder, the percentage interests held by the substantial shareholder should be disclosed.
PN 5(3.4)(1) Note 4 GR 18.17B(1) Note 3	Where share options are granted to substantial shareholders, particulars of the share options and movements as required under LR 17.07(1)/GR 23.07(1) should be disclosed (see below).

Source	Presentation/Disclosure Requirement
	Notes:
SFO s311(3) SFO s315(1)	*1. A duty to disclose under this section arises where a person has a notifiable interest. A person has a notifiable interest at any time where he is interested in shares comprised in the relevant share capital of the company with an aggregate nominal value representing not less than 5%, or such other percentage prescribed by regulations, of the issued equity share capital.*
SFO s313(5) SFO s315(2)	*2. A duty to disclose short positions arises where a person has a notifiable interest (as defined in the previous paragraph), and has a short position in shares comprised in the relevant share capital of the company, representing not less than 1%, or such other percentage prescribed by regulations, of the issued equity share capital.*
SFO s308	*3. "Relevant share capital" means the company's issued share capital of a class which carry rights to vote in all circumstances at general meetings of the corporation, including unissued shares in the company's share capital of a class which, if issued, would carry rights to vote in all circumstances at general meetings of the company.*
SFO s308	*4. "Issued equity share capital" means the company's issued share capital of a class which carries rights to vote in all circumstances at general meetings of the company.*
	5. A person's interests and short positions in shares include those held by the following persons and trusts:
SFO s316(1)	• *his or her spouse, or any of his/hers child under 18;*
SFO s316(2)	• *their respective controlled companies (with control of management or one third of the voting rights of such companies either directly or through another corporation in which they control one third of the voting rights);*
SFO s317	• *parties to any agreement to acquire shares in the relevant share capital of the company, if (i) the agreement includes provisions imposing obligations or restrictions on the use, retention or disposal of their interest; (ii) the agreement provides for the making of a loan or the providing of security for a loan, by a controlling person or a director of the company to any person on the understanding or with the knowledge that such loan would be used for the acquisition of the interests; and (iii) any interest in the company's shares is in fact acquired by any of the parties pursuant to an agreement;*
SFO s323	• *a trust, if he or she is a trustee of the trust, other than a trust where he or she is a bare trustee;*
SFO s322(4)(b)	• *a discretionary trust, where he or she is the founder of the trust; or*
SFO s322(4)(a)	• *a trust, where he or she is a beneficiary, other than a discretionary trust.*
	Interests and short positions held by controlled companies on behalf of their customers in the ordinary course of their businesses as an investment manager, custodian or trustee are excluded, provided that specific conditions under section 316(5) of the SFO are met.
PN 5(3.4)(1) Note 3 GR 18.17B(1) Note 2	*6. The circumstances in which a long position arises under an equity derivative are set out in Note 5 to the previous section "Directors' and Chief Executives' Interests or Short Positions in Shares".*
PN 5(3.4)(2) Note 2 GR 18.17B(2) Note 2	*7. The circumstances in which a short position arises under a securities borrowing agreement or an equity derivative are set out in Note 6 to the previous section "Directors' and Chief Executives' Interests or Short Positions in Shares".*

Source	Presentation/Disclosure Requirement
	Other notifiable interests
App 16.13(3) PN 5(3.5) GR 18.16 GR 18.17C	A statement is required of other interests recorded in the register kept by the company under section 336 of the SFO.
	Note: Under the SFO, certain persons other than directors and chief executives, and substantial shareholders, are required to make notification of interests and short positions in shares and underlying shares of the company to the company and to the SEHK. To the extent that such interests and short positions are recorded in the company's register (kept under section 336 of the SFO), disclosures in the annual report are required. The disclosure requirements are the same as those set out in the previous section in relation to substantial shareholders.
	Share option schemes
	Notes:
LR 17.07 GR 23.07	*1. The information listed below is required to be disclosed in respect of each share option scheme of the company and any of its subsidiaries.*
LR 17.07 GR 23.07	*2. The information should be provided separately for (i) each of the directors, chief executives, substantial shareholders and, for GEM listed entities, management shareholders, and their respective associates; (ii) each participant with options granted in excess of the individual limit; (iii) aggregate figures for employees; (iv) aggregate figures for suppliers of goods or services; and (v) all other participants as an aggregate whole.*
	Summary of scheme(s)
LR 17.09 GR 23.09	The entity is required to include in its annual report a summary of each share option scheme approved by its shareholders, setting out:
	(a) the purpose of the scheme;
	(b) the participants of the scheme;
	(c) the total number of securities available for issue under the scheme, together with the percentage of the issued share capital that it represents as at the date of the annual report;
	(d) the maximum entitlement of each participant under the scheme;
	(e) the period within which the securities must be taken up under an option;
	(f) the minimum period, if any, for which an option must be held before it can be exercised;
	(g) the amount, if any, payable on application or acceptance of the option, and the period within which payments or calls must or may be made or loans for such purposes must be repaid;
	(h) the basis of determining the exercise price; and
	(i) the remaining life of the scheme.

Source	Presentation/Disclosure Requirement
	Details of options outstanding and movements in the period
LR 17.07 GR 23.07	The annual report should disclose the following information: (a) particulars of outstanding options at the beginning and at the end of the period, including the number of options, date of grant, vesting period, exercise period and exercise price; (b) particulars of options granted during the period, including the number of options, date of grant, vesting period, exercise period, exercise price and the closing price of the shares immediately before the date on which the options were granted; (c) the number of options exercised during the period, with the exercise price and the weighted average closing price of the securities immediately before the dates on which the options were exercised; (d) the number of options cancelled during the period, together with the exercise price of the cancelled options; and (e) the number of options which lapsed in accordance with the terms of the scheme during the period.
	Fair value of options granted in the period
LR 17.08 GR 23.08	The entity is encouraged to disclose in its annual report the value of options granted to participants during the period.
LR 17.08 Note 1 GR 23.08 Note 1	The entity should disclose a description of the model and significant assumptions used to estimate the value of the options, taking into account factors such as risk-free interest rate, expected life, expected volatility and expected dividend, if applicable.
	Notes:
LR 17.08 Note GR 23.08 Note	*1. In respect of the disclosure of the value of options in the annual report, the entity should use the Black-Scholes option pricing model, the binomial model or a comparable generally accepted methodology to calculate the value of options.*
LR 17.08 Note 1(i) GR 23.08 Note 1(i)	*2. Where the calculation of the value is referable to a risk-free interest rate, such rate should be the rate prevailing on debt securities issued by the state, such as the Exchange Fund Notes in the case of Hong Kong based entities.*
LR 17.08 Note 2 GR 23.08 Note 2	The entity should disclose the measurement date, which should be the date on which the options were granted.
LR 17.08 Note 3 GR 23.08 Note 3	The entity should disclose the treatment of forfeiture prior to the expiry date.
LR 17.08 Note 4 GR 23.08 Note 4	The entity should disclose a warning statement with regard to the subjectivity and uncertainty of the values of options to the effect that such values are subject to a number of assumptions and with regard to the limitations of the model.
LR 17.08 Note 1(ii) GR 23.08 Note 1(ii)	The listed entity should set out the expected volatility used in calculating the value, with an explanation of any deviations from the historical volatility of the securities.
	Note: The listed entity may choose the period of time that it considers appropriate for calculating such historical volatility. However, such period may not be less than one year or, where securities have been listed for less than one year from the date of commencement of dealings in such securities, such period is to be from the date of commencement of such dealings to the date of the calculation.
LR 17.08 Note 1(iii) GR 23.08 Note 1(iii)	An explanation should be provided of any adjustments made to dividend estimates for publicly-available information indicating that future performance is reasonably expected to differ from past performance.

Source	Presentation/Disclosure Requirement
	Note: Expected dividends should generally be based on historical dividends.
LR 17.08 GR 23.08	Where the entity considers that disclosure of the value of options granted during the period as encouraged by LR 17.08/GR 23.08 (see above) is not appropriate, it should state the reason for such non-disclosure in its annual report.
LR 17.08 GR 23.08	The entity should disclose the accounting policy adopted for share options granted in the period.
	Equity issues under general mandate
App 16.11 GR 18.32	In the case of any issue of equity securities for cash made otherwise than to the company's shareholders in proportion to their shareholdings, and which has not been specifically authorised by the company's shareholders, the entity should disclose:
	(a) the reasons for making the issue;
	(b) the classes of equity securities issued;
	(c) in respect of each class of equity securities, the number being issued, and their aggregate nominal value;
	(d) the issue price of each security;
	(e) the net price to the company of each security;
	(f) the names of the allottees, if less than six in number, and, in cases of six or more allottees, a brief generic description of them;
	(g) the market price of the securities concerned on a named date, being the date on which the terms of the issue were fixed; and
	(h) the use of the proceeds.
	Directors' biographical details
App 16.12 GR 18.39	Brief biographical details should be provided in respect of the directors and senior managers of the entity. Such details will include name, age, positions held with the entity and other members of the Group, length of service with the entity and the Group and such other information (which may include business experience) of which shareholders should be aware, pertaining to the ability or integrity of such persons.
	Notes:
App 16.12 GR 18.39	*1. Where any of the directors or senior managers are related, by having any one of the relationships with other director or senior manager set out below, that fact should be stated. The relationships are spouse; any person cohabiting with the director or senior manager as a spouse; and any relative, meaning a child or step-child regardless of age, a parent or step-parent, a brother, sister, step-brother or step-sister, a mother in-law, a father-in law, son-in-law, daughter-in-law, brother-in-law or sister-in-law.*
App 16.12 GR 18.39	*2. Where any director of the company is a director or employee of a company which has an interest in the shares or underlying shares of the company which would fall to be disclosed to the company under Part XV of the Securities and Futures Ordinance, that fact should be stated.*
App 16 Note 12.1 GR 18.39	*3. It is the responsibility of the directors of the company to determine which individual or individuals constitute senior management. Senior management may include directors of subsidiaries, heads of divisions, departments or other operating units within the group, in the opinion of the company's directors, as appropriate.*
App 16 Note 12.2	*4. If the company is incorporated or otherwise established in the PRC, references to directors and senior managers should also mean and include supervisors.*

Source	Presentation/Disclosure Requirement
	Directors' service contracts
App 16.14 GR 18.24(1)	A statement is required as to the unexpired period of any service contract of any director, which is not determinable by the employer within one year without payment of compensation (other than statutory compensation), who proposed for re-election at the forthcoming annual general meeting <u>or, if there are no such service contracts, a statement to that fact</u>.
App 16.14A LR 13.69 GR 18.24A GR 17.91	For any service contracts that are exempt from the shareholders' approval requirement under LR 13.69/GR17.91, the entity must include particulars of such service contracts in its annual report during the term of any such service contracts.
App 23.2(e) GR App 16.2(e)	The term of appointment of non-executive directors should be disclosed in the Corporate Governance Report (see below).
	Directors' interests in contracts
App 16.15 GR 18.25	Particulars are required of any contract of significance subsisting during or at the end of the financial year in which a director of the company is or was materially interested, either directly or indirectly, <u>or, if there has been no such contract, a statement of that fact</u>.
	Notes:
App 16 Note 15.2 GR 18.25 Note 1	*1. A "contract of significance" is one where any of the percentage ratios of the transaction is 1% or more.*
	2. The expression "percentage ratios" refers to the percentages resulting from each of the calculations of assets ratio, profits ratio, revenue ratio, consideration ratio and equity capital ratio set out in LR 14.04(9) and LR 14.07/GR 19.04(9) and GR 19.07.
App 16 Note 15.3 GR 18.25 Note 2	*3. Notwithstanding the percentage specified in Note 1 above, a contract is regarded as a "contract of significance" to the entity if the omission of information relating to that contract could have changed or influenced the judgement or decision of a person relying on the relevant information.*
	Controlling shareholders' interests in contracts
	The entity should disclose:
App 16.16(1) GR 18.26	(a) particulars of any contract of significance between the reporting entity (or one of its subsidiaries) and a controlling shareholder (or any of its subsidiaries); and
App 16.16(2) GR 18.27	(b) particulars of any contract of significance for the provision of services to the entity (or any of its subsidiaries) by a controlling shareholder (or any of its subsidiaries).
	Notes:
App 16 Note 16.1 GR 18.26 Note	*1. "Controlling shareholder" means any shareholder entitled to exercise, or to control the exercise of, 30% (or such other amounts as are specified in the Takeovers Code as being the level for triggering a mandatory general offer) or more of the voting power at general meetings of the company, or one which is in a position to control the composition of a majority of the board of directors.*
	2. For this purpose, a contract of significance has the meaning set out in Note 1 to the previous section "Directors' interests in contracts" (see above).

Source	Presentation/Disclosure Requirement
	Waiver of dividend
App 16.17 GR 18.31	The entity should disclose particulars of any arrangement under which a shareholder has waived or agreed to waive any dividends.
App 16 Note 17.1 GR 18.31 Note	Note: *Where a shareholder has agreed to waive future dividends, particulars of such waiver should be given together with those relating to dividends which were payable during the past financial year. Waivers of dividends of a minor amount may be disregarded provided that some payment has been made on each share during the relevant calendar year.*
	Divergence from published forecasts
App 16.18 GR 18.18	The annual report should contain an explanation for the difference if net income shown in the financial statements differs materially from any profit forecast published by the entity.
	Five year summary
App 16.19 GR 18.33	A summary should accompany the financial statements, in the form of a comparative table, of the published results and of the assets and liabilities of the entity, for the previous five financial years. Where they have not been prepared on a consistent basis, that fact should be explained.
	Note: *In consolidated financial statements, the information required need only be presented in relation to the group. Separate parent company details are not required.*
	Pre-emptive rights
App 16.20	A statement is required, where applicable, that no pre-emptive rights exist in the jurisdiction in which the company is incorporated or otherwise established (overseas and PRC companies only).
GR 17.39 GR 17.27(2)	Note: *Subject to specified exemptions, all GEM listed entities are required to give their shareholders pre-emptive rights to protect their proportion of the total equity by having the opportunity to subscribe for any new issue of equity. The restrictions also apply to new issues of equity by a major subsidiary (a subsidiary where the value of its total assets, profits or revenue represents 5% or more under any of the percentage ratios as set out in Note 2 to the previous section "Directors' interests in contracts".*
	Tax relief for shareholders
App 16.21 GR 24.19 GR 25.31	The entity is required to disclose the information necessary to enable holders of listed securities to obtain any relief from taxation to which they are entitled by reason of their holding of such securities (overseas and PRC companies only).
	Details of properties
App 16.23 GR 18.23	Where any of the percentage ratios (as set out in Note 2 to the previous section "Directors' interests in contracts") of the entity's properties held for development and/or sale or for investment purposes exceeds 5%, the following information should be shown:
App 16.23(1) GR 18.23(1)	(i) in the case of property held for development and/or sale: • an address sufficient to identify the property, which generally must include the postal address, lot number and such further designation as is registered with the appropriate government authorities in the jurisdiction in which the property is located; • if in the course of construction, the stage of completion and the expected completion date; • the existing use (e.g. shops, offices, factories, residential etc.); • the site and gross floor area of the property; and • the percentage interest in the property.

Source	Presentation/Disclosure Requirement
App 16.23(2) GR 18.23(2)	(ii) in the case of property held for investment: • an address sufficient to identify the property, which generally must include the postal address, lot number and such further designation as is registered with the appropriate government authorities in the jurisdiction in which the property is located; • the existing use (e.g. shops, offices, factories, residential etc.); and • whether the property is held on short lease, medium term lease or long lease or, if situated outside Hong Kong, is freehold.
App 16.23(2) GR 18.23(3)	*Note: Where compliance with these disclosure requirements would result in particulars of excessive length being provided, disclosure is not required except in the case of properties which, in the opinion of the directors, are material.*
	Emolument policy
App 16.24B GR 18.29A	The entity should include the following details of its emolument policy: (a) a general description of the emolument policy and any long-term incentive schemes; and (b) the basis of determining the emolument payable to its directors.
	Pension schemes
	Note: The following disclosures may be combined with the disclosures mandated by HKAS 19 Employee Benefits, within the body of the financial statements.
App 16.26 GR 18.34	The following disclosures are required in respect of pension schemes: (a) the nature of the principal scheme or schemes operated by the entity (i.e. whether they are defined benefit plans or defined contribution plans); (b) a brief outline of how contributions are calculated or benefits are funded; (c) the employer's pension cost charged to the income statement for the financial year; (d) in the case of defined contribution schemes, details of whether forfeited contributions (by employers on behalf of employees who leave the scheme prior to vesting fully in such contributions) may be used by the employer to reduce the existing level of contributions and, if so, the amounts so utilised in the course of the year and available at the balance sheet date for such use; and (e) in the case of defined benefit plans, an outline of the results of the most recent formal independent actuarial valuation (which should be as at a date not earlier than 3 years prior to the date to which the entity's financial statements are drawn up) or later formal independent review of the scheme on an ongoing basis. This should include disclosure of: (i) the name and qualifications of the actuary, the actuarial method used and a brief description of the main actuarial assumptions; (ii) the market value of the scheme assets at the date of their valuation or review (unless the assets are administered by an independent trustee, in which case this information may be omitted); (iii) the level of funding expressed in percentage terms; and (iv) comments on any material surplus or deficiency (including quantification of the deficiency) indicated by (iii) above.

Source	Presentation/Disclosure Requirement
	Valuation of properties
App 16.27 GR 18.35	If the entity has caused any property assets to be valued (in accordance with LR 5.01/GR 8.01) or has caused any valuation to be made of any other tangible assets and has included such a valuation in the prospectus relating to its initial public offering and those assets are not stated at such valuation (or at subsequent valuation) in its first annual financial statements published after listing, then the entity is required to disclose the following additional information in its first annual report published after listing:
	(a) the amount of such valuation of those properties or other tangible assets as included in the prospectus; and
	(b) the additional depreciation (if any) that would be charged against the income statement had those assets been stated at such valuation (or subsequent valuation).
	Application of Hong Kong companies ordinance disclosure requirements to overseas and PRC companies
App 16.28 GR 24.20 GR 25.32	The Listing Rules and the GEM Rules require that overseas and PRC incorporated companies should provide the additional disclosures required under the following provisions of the Companies Ordinance:
	(a) the Tenth Schedule;
	(b) s128 (details of subsidiaries);
	(c) s129 (details of investments);
	(d) s129A (details of ultimate holding company);
	(e) s129D (contents of the directors' report);
	(f) s161 (directors' remuneration);
	(g) s161A (corresponding figures);
	(h) s161B (loans to company officers);
	(i) s162 (directors' interests in contracts); and
	(j) s162A (management contracts).
	Statement of distributable reserves
App 16.29 GR 18.37 GR 24.21 GR 25.33	The entity should include a statement of the reserves available for distribution to shareholders by the listed entity as at the balance sheet date:
	(a) in the case of a Hong Kong entity, as calculated in accordance with section 79B of the Companies Ordinance; and
	(b) in other cases, as calculated in accordance with any statutory provisions applicable in the entity's place of incorporation or, in the absence of such provisions, with generally accepted accounting principles.
	Changes of auditor
App 16.30 GR 18.42	A statement is required of any change in auditor of the entity in any of the preceding three years.

Source	Presentation/Disclosure Requirement
	Major customers and suppliers
App 16.31 GR 18.40	The following information is required to be disclosed in respect of major customers and suppliers: (a) the percentage of purchases attributable to the entity's largest supplier; (b) the percentage of purchases attributable to the entity's five largest suppliers combined; (c) the percentage of turnover or sales attributable to the entity's largest customer; (d) the percentage of turnover or sales attributable to the entity's five largest customers combined; (e) the interests of any of the directors, their associates, or any shareholder (which to the knowledge of the directors owns more than 5% of the company's share capital) in the suppliers or customers disclosed under (a) to (d) above or, if there are no such interests, a statement to that effect; (f) in the event that the percentage which would fall to be disclosed under (b) above is less than 30%, a statement of that fact should be given and the information required by (a), (b) and (e) (in respect of suppliers) may be omitted; and (g) in the event that the percentage which would fall to be disclosed under (d) above is less than 30%, a statement of that fact should be given and the information required by (c), (d) and (e) (in respect of customers) may be omitted.
	Notes:
App 16 Note 31.2 GR 18.40 Note 2	*1. "Customer" for the purpose of this disclosure means, other than in relation to consumer goods or services, the ultimate customer and, in relation to consumer goods or services, the ultimate wholesaler or retailer. (If the entity's business incorporates the wholesaling or retailing operation, then customer refers to the ultimate customer).*
App 16 Note 31.3 GR 18.40 Note 3	*2. "Supplier" for the purpose of this disclosure means the ultimate supplier of items which are not of a capital nature. References to supplier are primarily to those who provide goods or services which are specific to the entity's business and which are required on a regular basis to enable the entity to continue to supply or service its customers. Suppliers of goods or services which are freely available from a range of suppliers at similar prices, or which are otherwise freely available (e.g. utilities), are excluded.*
	3. Disclosures under (e) above should specify if the interest disclosed is in the entity's single largest customer or supplier. Disclosure is required of the name of the interested director/associate/shareholder (which to the knowledge of the directors own more than 5% of the company's share capital), but not of the identity of the supplier or customer nor the percentage shareholding held.

Source	Presentation/Disclosure Requirement
	Corporate governance
	Note: The HKICPA has published its guideline on internal control entitled Internal Control and Risk Management – A Basic Framework (the "Guide") in order to provide guidance to entities on how to perform the review in relation to internal control. The Guide can be downloaded from the HKICPA's website at http://www.hkicpa.org.hk.
App 16.34 GR 18.44(2) App 23.1 GR App 16.1	The entity should include a report on corporate governance practices (the "Corporate Governance Report") in respect of the Group prepared by the board of directors in its annual report.
App 16.34 GR 18.44(2)	As a minimum, the Corporate Governance Report should contain the information required under Appendix 23 (GR Appendix 16) regarding the accounting period covered by the annual report, as follows:
App 23.2(a) GR App 16.2(a)	***Corporate governance practices***
	(a) a narrative statement of how the entity has applied the principles in the Code, providing explanations which enables its shareholders to evaluate how the principles have been applied;
	(b) a statement as to whether the entity meets the code provisions in the Code. If the entity has adopted its own code that exceeds the code provisions set out in the Code, such entity may draw attention to such fact in its annual report; and
	(c) in the event of any deviation from the code provisions set out in the Code, details of such deviation during the financial year (including considered reasons for such deviations).
App 23.2(b) GR App 16.2(b)	***Directors' securities transactions***
	(a) whether the entity has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard set out in the Model Code (GR 5.48 to 5.67);
	(b) having made specific enquiry of all directors, whether the directors of the entity have complied with, or whether there has been any non-compliance with, the required standard set out in the Mode Code (GR 5.48 to 5.67) and its code of conduct regarding directors' securities transactions; and
	(c) in the event of any non-compliance with the required standard set out in the Mode Code (GR 5.48 to 5.67), details of such non-compliance and an explanation of the remedial steps taken by the listed entity to address such non-compliance.
App 23.2(c) GR App 16.2(c)	***Board of directors***
	(a) composition of the board, by category of directors, of the entity, including name of chairman, executive directors, non-executive directors and independent non-executive directors;
	(b) number of board meetings held during the financial year;
	(c) individual attendance of each director, on a named basis, at the board meetings;
	(d) a statement of how the board operates, including a high level statement of which types of decisions are to be taken by the board and which are to be delegated to management;
	(e) details of non-compliance (if any) with LR 3.10 (1) and (2) (GR 5.05(1) and (2)) and an explanation of the remedial steps taken by the entity to address such non-compliance relating to appointment of a sufficient number of independent non-executive directors and an independent non-executive director with appropriate professional qualifications, or accounting or related financial management expertise, respectively;

Source	Presentation/Disclosure Requirement
	Note: Entities are reminded of their obligation to comply with LR 3.10(1) and (2) (GR 5.05(1) and (2)). Failure to comply with such requirements constitutes a breach of the Listing Rules/GEM Rules
	(f) reasons why the entity considers an independent non-executive director to be independent where he/she fails to meet one or more of the guidelines for assessing independence set out in LR 3.13 (GR 5.09); and
	(g) relationship (including financial, business, family or other material/relevant relationship(s)), if any, among members of the board and in particular, between the chairman and the chief executive officer.
App 23.2(d) GR App 16.2(d)	***Chairman and chief executive officer***
	(a) identity of the chairman and chief executive officer; and
	(b) whether the roles of the chairman and chief executive officer are segregated and are not exercised by the same individual.
App 23.2(e) GR App 16.2(e)	***Non-executive directors***
	(a) the term of appointment of non-executive directors.
App 23.2(f) GR App 16.2(f)	***Remuneration of directors***
	(a) the role and function of the remuneration committee (if any) or the reason(s) for not having a remuneration committee;
	(b) the composition of the remuneration committee (if any) (including names and identifying in particular the chairman of the remuneration committee);
	(c) the number of meetings held by the remuneration committee or the board of directors (if there is no remuneration committee) during the year to discuss remuneration related matters and the record of individual attendance of members, on a named basis, at meetings held during the year; and
	(d) a summary of the work, including determining the policy for the remuneration of executive directors, assessing performance of executive directors and approving the terms of executive directors' service contracts, performed by the remuneration committee or board of directors (if there is no remuneration committee) during the year.
	Note: Under Appendix 16 (GR Chapter 18), listed entities are required to give a general description of the emolument policy and long-term incentive schemes as well as the basis of determining the emolument payable to their directors.
App 23.2(g) GR App 16.2(g)	***Nomination of directors***
	In relation to the appointment and removal of directors:
	(a) the role and function of the nomination committee (if any);
	(b) the composition of the nomination committee (if any) (including names and identifying in particular the chairman of the nomination committee);
	(c) the nomination procedures and the process and criteria adopted by the nomination committee or the board of directors (if there is no nomination committee) to select and recommend candidates for directorship during the year;
	(d) a summary of the work, including determining the policy for the nomination of directors, performed by the nomination committee or the board of directors (if there is no nomination committee) during the year; and
	(e) the number of meetings held by the nomination committee or the board of directors (if there is no nomination committee) during the year and the record of individual attendance of members, on a named basis, at meetings held during the year.

Source	Presentation/Disclosure Requirement
App 23.2(h) GR App 16.2(h)	***Auditor's remuneration*** (a) an analysis of remuneration in respect of audit and non-audit services provided by the auditor (including any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party having knowledge of all relevant information would reasonably conclude as part of the audit firm nationally or internationally) to the listed entity. Such analysis must include, in respect of each significant non-audit service assignment, details of the nature of the services and the fees paid.
App 23.2(i) GR App 16.2(i)	***Audit committee*** (a) its role, function and composition of the committee members (including names and identifying in particular the chairman of the audit committee); (b) the number of audit committee meetings held during the year and record of individual attendance of members, on a named basis, at meetings held during the year; (c) a report on the work performed by the audit committee during the year in discharging its responsibilities in its review of the quarterly (if relevant), half-yearly and annual results and system of internal control, and its other duties set out in the Code; and (d) details of non-compliance with LR 3.21 (GR 5.28) (if any) and an explanation of the remedial steps taken by the listed entity to address such non-compliance relating to establishment of an audit committee.
	Note: Entities are reminded of their obligation to comply with LR 3.21 (GR 5.28). Failure to comply with such requirements constitutes a breach of the Listing Rule /GEM Rules.
App 23.2 Note GR App 16.2 Note	In addition to the disclosure obligations described above, the code provisions in Appendix 14 (GR Appendix 15) expect listed entities to make certain specified disclosures in the Corporate Governance Report. Where listed entities choose not to make the expected disclosures, they must give considered reasons for the deviation in accordance with paragraph 2(a)(iii) of Appendix 23 (GR Appendix 16). The specific disclosure expectations of the code provisions are set out below: (a) an acknowledgement from the directors of their responsibility for preparing the accounts and a statement by the auditor about its reporting responsibilities (C.1.2 of Appendix 14 (GR Appendix 15)); (b) report on material uncertainties, if any, relating to events or conditions that may cast significant doubt upon the listed entity's ability to continue as a going concern (C.1.2 of Appendix 14 (GR Appendix 15)); (c) a statement that the board has conducted a review of the effectiveness of the system of internal control of the entity and its subsidiaries (C.2.1 of Appendix 14 (GR Appendix 15)); and (d) a statement from the audit committee explaining its recommendations and the reason(s) why the board has taken a different view from that of the audit committee regarding the selection, appointment, resignation or dismissal of the external auditor (C.3.5 of Appendix 14 (GR Appendix 15)).

Source	Presentation/Disclosure Requirement
App 23.1 App 23.3 GR App 16.1 GR App 16.3	Entities are also encouraged to disclose the following information in their Corporate Governance Report:

Notes:

1. *The following disclosures are provided for entities' reference. They are not intended to be exhaustive or mandatory. They are rather intended to set out the areas which entities may comment on in their Corporate Governance Report. The level of details needed varies with the nature and complexity of listed entities' business activities.*

2. *Entities may consider some of the following information is too lengthy and detailed to be included in the Corporate Governance Report. As an alterative to full disclosure in the Corporate Governance Report, entities may choose to include some or all of this information:*

   (a) on its website and highlight to investors where they can:

   (i) access the soft copy of this information on its website by giving a hyperlink directly to the relevant webpage; and/or

   (ii) collect a hard copy of the relevant information free of charge; or

   (b) where the information is publicly available, by stating where the information can be found. Any hyperlink should be directly to the relevant webpage.

App 23.3(a)
GR App 16.3(a)

Share interests of senior management

(a) the number of shares held by senior management (i.e. those individuals whose biological details are disclosed in the annual report).

App 23.3(b)
GR App 16.3(b)

Shareholders' rights

(a) the way in which shareholders can convene an extraordinary general meeting;

(b) the procedures by which enquires may be put to the board together with sufficient contact details to enable such enquires to be properly directed; and

(c) the procedures for putting forward proposals at shareholders' meetings with sufficient contact details.

App 23.3(c)
GR App 16.3(c)

Investor relations

(a) any significant changes in the entity's articles of association during the year;

(b) details of shareholders by type and aggregate shareholding;

Note: Entities are reminded of their obligation to comply with the requirements in Appendix 16 and PN 5 (GR Chapter 18) relating to the disclosure of interests in the entity. They may wish to mention such information in this section of the Corporate Governance Report.

(c) details of the last shareholders' meeting, including the time and venue, major items discussed and particulars as to voting;

(d) indication of important shareholders' dates in the coming financial year;

(e) public float capitalisation as at the end of the year.

Source	Presentation/Disclosure Requirement
App 23.3(d) GR App 16.3(d)	***Internal controls*** (a) where the entity includes a statement by the directors that they have conducted a review of its system of internal control in the annual report pursuant to paragraph C.2.1 of Appendix 14 (GR Appendix 15), the entity is encouraged to disclose the following details in such report: (i) an explanation of how the system of internal control has been defined for the entity; (ii) procedures and internal controls for the handling and dissemination of price sensitive information; (iii) whether the entity has an internal audit function or the outcome of the review of the need for an internal audit function where the entity has no such function; (iv) how often internal controls are reviewed; (v) a statement that the directors have reviewed the effectiveness of the system of internal control and whether they consider the internal control systems effective and adequate; (vi) criteria for the directors to assess the effectiveness of the system of internal control; (vii) the period which the review covers; (viii) details of any significant areas of concern which may affect shareholders; (ix) significant views or proposals put forward by the audit committee; and (x) where the entity has not conducted a review of its internal control during the year, an explanation of why it has not done so; (b) a narrative statement (including the terms under C.2.3 of App 14 (GR Appendix 15)) of how the entity has complied with the code provisions on internal control during the reporting period (C.2.3 of Appendix 14 (GR Appendix 15)); and (c) the outcome of the review conducted on an annual basis by the entity without an internal audit function of the need for one (C.2.5 of Appendix 14 (GR Appendix 15)).
App 23.3(e) GR App 16.3(e)	***Management functions*** (a) the division of responsibility between the board and management.
	Appointment of independent non-executive directors
App 16.12A GR 18.39A	In relation to an independent non-executive director appointed by the entity during the financial year, if he has failed to meet any of the independence guidelines set out in LR 3.13/GR 5.09, the entity should disclose the reasons why such an independent non-executive director was and is considered to be independent.
App 16.12B GR 18.39B	For each of the independent non-executive director, the entity should include in the annual report, the following information to confirm: (a) whether it has received from each of its independent non-executive directors an annual confirmation of his independence pursuant to LR 3.13/GR 5.09; and (b) whether it still considers the independent non-executive directors to be independent.
	Sufficiency of public float
App 16.34A LR 13.35	Main Board listed entities should include a statement of sufficiency of public float. *Note: The statement should be based on information that is publicly available to the entity and within the knowledge of the directors as at the latest practicable date prior to the issue of the annual report.*

Source	Presentation/Disclosure Requirement
	Interests in competitors
	Main board listed entities
LR 8.10(2)(b)&(c)	Where any of the directors (other than the independent non-executive directors) is interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the group, details of such interests as required by LR 8.10(1)(a)(ii) and (iii) and any changes therein should be prominently disclosed in the annual report.
	GEM listed entities
GR 18.45 GR 11.04 GR 11.04 Note 3	Disclosure is required of any directorship or ownership of an entity by any director, management shareholder or their respective associates of the entity, where that entity competes or may compete with the business of the entity and any other conflicts of interest which any such person has or may have with the entity. The disclosures made should include: (a) the name of each entity; (b) the nature of its business; and (c) details of the directorship and/or ownership of the entity's directors or management shareholders and substantial shareholders and their respective associates in such entity.
GR 11.04 Note 1	*Note: For this purpose, a controlling shareholder is deemed to be a management shareholder.*
	Connected transactions
App 16.8(1) LR 14A.45 GR 18.09(1) GR 20.45	In relation to connected transactions that are not exempt under LR 14A.31/GR 20.31, the following details of the transaction should be disclosed in the next annual report pursuant to LR 14A.45/ GR 20.45: (a) the date of the transaction; (b) the parties thereto and a description of their connected relationship; (c) a brief description of the transaction and the purpose of the transaction; (d) the total consideration and the terms (including, where relevant, interest rates, length of repayment period and security, if any); and (e) the nature and extent of the interest of the connected person in the transaction.
App 16.8(2) LR 14A.46 LR 14A.45 GR 18.09(2) GR 20.46 GR 20.45	In relation to continuing connected transactions that are not exempt under LR 14A.33/GR 20.33, information as set out in the previous paragraph (see above) should be disclosed in the subsequent annual report for the financial years during which the entity undertakes the transaction under the written agreement entered into pursuant to LR 14A.35(1)/GR 20.35(1).
LR 14A.37 GR 20.37	The independent non-executive directors of the entity should include a statement in the annual report to confirm that the continuing connected transactions have been entered into: (a) in the ordinary and usual course of business of the entity; (b) either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the entity than terms available to or from (as appropriate) independent third parties; and (c) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the entity as a whole.

Source	Presentation/Disclosure Requirement
LR 14A.39 LR 14A.38 GR 20.39 GR 20.38	The entity's board of directors should include in the annual report whether the auditor has confirmed that the continuing connected transactions: (a) have received the approval of the entity's board of directors; (b) are in accordance with the pricing policies of the entity if the transactions involve provision of goods or services by the entity; (c) have been entered into in accordance with the relevant agreement governing the transactions; and (d) have not exceeded the cap disclosed in previous announcement(s).
	Note: Each year, the entity's auditor should provide a letter to the entity's board of directors (with a copy provided to the SEHK at least 10 business days prior to the bulk printing of the annual report), confirming the matters mentioned above.
App 16.8(3) GR 18.09(3)	Where the entity includes in its annual report particulars of a connected transaction or continuing connected transaction (as the case may be) in accordance with HKAS 24 *Related Party Disclosures*, or applicable IFRS, it should: (a) specify whether or not the transaction falls under the definition of "connected transaction" or "continuing connected transaction" in Chapter 14A of the Listing Rules/Chapter 20 of the GEM Rules; and (b) confirm whether or not it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules/Chapter 20 of the GEM Rules.

Source	Presentation/Disclosure Requirement
	Exposure to borrowers and other specific circumstances that may require disclosure
	Notes:
	1. LR 13.13 to LR 13.22/GR 17.14 to GR 17.24 give guidance on specific circumstances (see below) that may require timely public disclosure under the general disclosure obligation placed on the entity under LR 13.09/GR 17.10. If any of the specified circumstances occurs, the entity is required to make a public announcement immediately. In addition, if the circumstances specified in LR 13.13 to LR 13.19/GR 17.15 to GR 17.21 continue to exist at the entity's financial year end, specific disclosures are required.
	2. On 14 February 2006, the SEHK announced amendments to the Listing Rule/GEM Rules relating to the disclosure of "advances to entities". For the purpose of LR 13.13 to LR 13.16/GR 17.15 to GR 17.18 the applicable test has been amended to only the assets ratio. The rule amendments also introduce a new rule LR 13.15A/GR 17.17A that excludes a trade receivable from advances to entities for the purpose of LR 13.13 and LR 13.14/ GR 17.15 and GR 17.16 in the calculation of the assets ratio where the trade receivable (other than as a result of the provision of financial assistance) arose in the ordinary and usual course of business of the issuer and the transaction from which the trade receivable arose was on normal commercial terms. The specific circumstances addressed by LR 13.13 to LR 13.19/ GR 17.15 to GR 17.21
LR 13.13, LR 13.14 GR 17.15, GR17.16	• *advances to an entity amounting to more than 8% under the assets ratio as defined under LR 14.07(1)/GR 19.07(1) and any subsequent increase of such amount accounting for 3% or more under the assets ratio as defined under rule LR 14.07(1)/GR 19.07(1);*
LR 13.16 GR 17.18	• *financial assistance and guarantees to affiliated companies together in aggregate amounting to more than 8% of assets ratio as defined under LR 14.07(1)/ GR 19.07(1);*
LR 13.17 GR 17.19	• *pledging of shares by the controlling shareholder to secure debts of the entity or to secure guarantees or support other obligations of the entity;*
LR 13.18 GR 17.20	• *loan agreements which include conditions imposing specific performance obligations on a controlling shareholder where breaches of such obligations will cause a default in respect of loans that are significant to the operations of the entity; and*
LR 13.19 GR 17.21	• *breaches of the terms of a loan agreement by the entity such that the lender may demand immediate repayment of a significant loan.*
GR 17.43	*3. In addition, GR 17.43 imposes disclosure obligations on GEM listed entities in respect of the pledging or charging of any interests in securities of the entity by any initial management shareholder or significant shareholder. If the circumstances continue to exist, disclosure is required in subsequent annual reports.*
LR 13.11(2)(a) GR 1.01	*4. The expression "affiliated company" refers to a company which, in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, is recorded using the equity method of accounting in the entity's financial statements. This includes associates and jointly controlled entities as defined in those Standards.*

Source	Presentation/Disclosure Requirement
	Advances to an entity
LR 13.20 LR 13.15 GR 18.36 GR 17.22 GR 17.17	Where the entity has been required to make disclosure during the period in respect of advances to an entity, and the circumstances giving rise to the disclosure continue to exist at the financial year end, the following information (as at the year end) should be included in the annual report: (a) details of the balances;
	Note: For GEM listed entity, disclosure of the details of the relevant advance to an entity is required.
	(b) the nature of events or transactions giving rise to the amounts; (c) the identity of the debtor group; and (d) interest rate, repayment terms and collateral.
	Notes:
LR 13.15A GR 17.17A	*1 For the purpose of LR 13.13/GR 17.15 and LR 13.14/GR17.16, where:* *(1) any trade receivable (other than as a result of the provision of financial assistance) arose in the ordinary and usual course of business of the issuer; and* *(2) the transaction from which the trade receivable arose was on normal commercial terms,* *the trade receivable should not be regarded as a relevant advance to an entity.*
LR 13.13 LR 13.11(2)(c) GR 17.15 GR 17.14 Note 2	*2. A general disclosure obligation arises where the relevant advance to an entity exceeds 8% of the assets ratio as defined under LR 14.07(1)/GR 19.07(1). The expression 'relevant advance to an entity' refers to the aggregate of amounts due from and all guarantees given on behalf of:* *(a) an entity;* *(b) the entity's controlling shareholders;* *(c) the entity's subsidiaries;* *(d) the entity's affiliated companies; and* *(e) for GEM listed entity only, any other entity with the same controlling shareholder as the entity in question.*
	Financial assistance and guarantees to affiliated companies of the entity
LR 13.22 GR 18.36 GR 17.24	Where the entity has been required to make disclosure during the period in respect of financial assistance and guarantees to affiliated companies, and the circumstances giving rise to the disclosure continue to exist at the financial year end, the annual report should include a proforma combined balance sheet of the affiliated companies as of the latest practicable date.
	Notes:
LR 13.16 GR 17.18	*1. A general disclosure obligation arises where financial assistance given to affiliated companies of the entity, and guarantees given for facilities granted to affiliated companies, together in aggregate exceeds 8% of the assets ratio as defined under LR 14.07(1)/GR 19.07(1).*
LR 13.22 GR 17.24	*2. The combined balance sheet of the affiliated companies should include significant balance sheet classifications and state the attributable interest of the entity in the affiliated companies. In cases where it is not practicable to prepare the combined balance sheet of the affiliated companies, the SEHK, on application from the entity, may consider accepting, as an alternative, a statement of the indebtedness, contingent liabilities and capital commitments as at the end of the period reported on by the affiliated companies.*

Source	Presentation/Disclosure Requirement
	Pledging of shares by the controlling shareholder
LR 13.21 LR 13.17 GR 18.36 GR 17.23 GR 17.19	Where the entity has been required to make disclosure during the period because the controlling shareholder has pledged its interest in shares of the entity to secure debts of the entity, and the circumstances continue to exist at the date of the annual report, the following disclosures should be made in the annual report: (a) the number and class of shares pledged; (b) the amount of debts, guarantees or other support for which the pledge is made; and (c) any other details that are considered necessary for an understanding of the arrangements.
	Note: A general disclosure obligation arises where the controlling shareholder of the entity has pledged its interest in shares of the entity to secure debts of the entity or to secure guarantees or support other obligations of the entity.
	Loan agreements imposing specific performance on controlling shareholder
LR 13.21 LR 13.18 GR 18.36 GR 17.23 GR 17.20	Where the entity has been required to make disclosure during the period in respect of loan agreements with covenants relating to specific performance of the controlling shareholder, and breaches of such obligations will cause a default in respect of loans that are significant to the operations of the entity, and the circumstances continue to exist at the date of the annual report, the following disclosures should be made in the annual report: (a) the aggregate level of the facilities that may be affected by such a breach; (b) the life of the facility; and (c) the specific obligation imposed on any controlling shareholder.
	Note: A general disclosure obligation arises where the entity (or any of its subsidiaries) has entered into a loan agreement that includes a condition imposing specific performance obligations on any controlling shareholder (e.g. a requirement to maintain a specified minimum holding in the share capital of the entity), and breach of such obligation will cause a default in respect of loans that are significant to the operations of the entity.
	Breaches of loan agreements – general
LR 13.21 LR 13.19 GR 18.36 GR 17.23 GR 17.21	If disclosure has been required during the period of a breach of terms of a loan agreement by the entity, and the circumstances continue to exist at the date of the annual report, disclosure of the circumstances is also required in the annual report.
	Note: A general disclosure obligation arises where there is a breach of the terms of a loan agreement by the entity for a loan that is significant to the operations of the entity, such that the lender may demand immediate repayment of the loan and where the lender has not issued a waiver in respect of the breach.

Source	Presentation/Disclosure Requirement
	Pledging of securities by an initial management shareholder or significant shareholder (GEM listed entities only)
GR 17.23 GR 17.43	Where a GEM listed entity has been required to make disclosure during the period because an initial management shareholder or a significant shareholder has pledged or charged its interest in the securities of the entity, and the circumstances continue to exist at the date of the annual report, the following disclosures should be included in the annual report: (a) the number and class of securities pledged or charged; (b) the purpose for which the pledge or charge is made; (c) any other relevant details; and (d) in the event that the pledgee or chargee has disposed of or intends to dispose of any securities, details of the same, including the number of securities affected or to be affected.
GR 17.43	*Note: A general disclosure obligation arises where an initial management shareholder or a significant shareholder has availed of the exemptions available under GR 13.18(1) or GR 13.18(4) to pledge or charge its interests in the securities of the entity at any time within the specified moratorium periods.*
	Additional disclosure requirements for GEM listed entities
	Statement of investment risk
GR 18.07 Note 2 GR 2.20	The annual report and accounts should contain, in a prominent position, and in bold type, a statement about the characteristics of GEM, as follows: *"Characteristics of the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Exchange").* *GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligations to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.* *Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.* *The principal means of information dissemination on GEM is publication on the internet website operated by the Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers."*
	Progress of business plan
GR 18.43	In the case of the annual financial statements for the financial year in which the entity's securities are first admitted to listing on GEM, and the annual financial statements for the two financial years thereafter, a detailed statement by the directors is required as to the progress of the entity by comparison of actual business progress to the information provided in the statement of business objectives (as set out in its listing document) for the equivalent period, together with an explanation of any material differences (including as to its use of proceeds, as indicated in the listing document).

Source	Presentation/Disclosure Requirement
	Audit committee
GR 18.44	The entity should disclose the full name and professional qualifications (if any) of : a) the company secretary; b) the qualified accountant responsible for the financial reporting procedures and the internal controls; and c) the compliance officer responsible for compliance with the GEM Rules and liaison with the SEHK.
	Sponsor's interests
GR 18.45	Disclosure is required of the interests (if any) of the Sponsor, and of its directors, employees and associates, as notified to the entity pursuant to GR 6.36.
	Independent auditor's report
	Auditor's report for overseas companies
Preface (20)	Where the financial statements of an overseas entity are to be incorporated into Hong Kong financial statements, the audit of the overseas entity should conform to HKSAs.
Preface (21)	Where a member of the HKICPA is carrying out an audit overseas for purposes other than Hong Kong reporting, the audit should conform to appropriate standards as follows: (a) where the local audit requirements and standards are properly codified and defined, the audit may conform to those standards; and (b) in the absence of such local requirements and standards, the audit should conform to HKSAs or to International Standards on Auditing.
LR 19.21, LR 19A.32 GR 24.14, GR 25.26	The accounts should be audited to a standard comparable to that required by the HKICPA or by the International Auditing and Assurance Standards Board of the International Federation of Accountants (IFAC).
LR 19.23, LR 19A.34 GR 24.16, GR 25.28	The auditor's report should indicate the act, ordinance or other legislation in accordance with which the annual accounts have been drawn up and the authority or body whose auditing standards have been applied.
LR 19.52 LR 19A.36	If the entity's primary listing is or is to be on a stock exchange outside Hong Kong, an auditor's report which conforms to the requirements of the International Standards on Auditing issued by the International Auditing and Assurance Standards Board of the IFAC is acceptable.
LR 19.25, LR 19A.37 GR 24.18, GR 25.30	An auditor's report in a different form may be applicable in the case of banking and insurance companies. The wording of such an auditor's report should make it clear whether or not profits have been stated before transfers to or from undisclosed reserves.

Source	Presentation/Disclosure Requirement
	Financial statements
	Accounting standards, accounting estimates, and true and fair view
App 16.5 GR 18.19	A statement is required indicating which body of accounting standards has been followed in the preparation of the financial statements.
	Notes:
	1. Where the listed entity is a Hong Kong incorporated company, legal opinion has confirmed that the financial statements must comply with the requirements of Hong Kong GAAP. Therefore, the options to use IFRS or US GAAP set out in the Listing Rules/GEM Rules are not available to Hong Kong incorporated companies.
App 16 Note 2.1 GR 18.04	*2. All entities with a primary listing, or in the process of obtaining a primary listing, on either the Main Board or the GEM are permitted to use either HKFRS or IFRS, provided that they applied the standards consistently.*
App 16 Note 2.4	*3. Overseas incorporated entities with a secondary listing, or in the process of obtaining a secondary listing, on the Main Board are permitted to use US GAAP.*
GR 18.05	*4. GEM registrants incorporated overseas and either already listed or being simultaneously listed on the New York Stock Exchange or the NASDAQ National Market are permitted to prepare their financial statements in accordance with US GAAP, subject to certain conditions.*
App 16 Note 2.1(b) App 16 Note 2.3	*5. Entities listed on the Main Board adopting IFRS are required to disclose and explain significant differences between the financial statements presented and those that would have been presented under HKFRS. A statement of the financial effect of material differences is required. However, this requirement for a reconciliation to HKFRS does not apply to entities incorporated or otherwise established in the PRC (H-share entities), which have always been permitted to use IFRS.*
App 16 Note 2.2 GR 18.04 Note	Where the entity changes from one basis of accounting to another, the reasons for such change should be disclosed in the financial statements.
	Note: The entity should not change from one basis of accounting to another unless there are reasonable grounds to justify such a change.
App 16.5 GR 18.20	The financial statements should include a statement by the directors as to the reasons for any significant departure from an applicable accounting standard.
App 16 Note 2.5 GR 18.07 Note 3	If an accounting estimate reported in a prior interim period of the current financial year is changed during a subsequent interim period of the same financial year and has a material effect in that subsequent interim period, the nature and amount of a change in an accounting estimate that has a material effect in the current financial year or which is expected to have a material effect in subsequent periods should be disclosed. If it is impracticable to quantify the amount, that fact should be disclosed.
App 16.3 GR 18.47	If the relevant annual financial statements do not give a true and fair view of the state of affairs, results of operations, or cash flows of the entity or the group, more detailed and/or additional information should be provided.
App 16 Note 3.1 GR 18.47 Note	*Note: If the entity is in doubt as to what more detailed and/or additional information should be provided, it should apply to the SEHK for guidance.*

Source	Presentation/Disclosure Requirement
	Segment information
App 16.7 GR 18.08	*Note: The SEHK requires the disclosure of segment information to comply with HKAS 14 or applicable IFRS or US GAAP.*
HKAS 14.50	The following disclosures should be made for each reportable segment based on an entity's primary reporting format:
HKAS 14.51	(a) segment revenue, separately distinguishing segment revenue from sales to external customers and segment revenue from transactions with other segments;
HKAS 14.52	(b) segment result presenting the result from continuing operations separately from the result from discontinued operations;
HKAS 14.52A	*Note: Segment results in prior periods should be restated so that the disclosure required above relating to discontinued operations relate to all operations that had been classified as discontinued at the balance sheet date of the latest period presented.*
HKAS 14.55	(c) the total carrying amount of segment assets;
HKAS 14.56	(d) the segment liabilities;
HKAS 14.57	(e) the total cost incurred during the period to acquire segment assets that are expected to be used during more than one period (property, plant, equipment, and intangible assets);
	Note: This information should be presented on an accrual basis, not a cash basis.
HKAS 14.58	(f) the total amount of expense included in segment result for depreciation and amortisation of segment assets for the period;
HKAS 14.61	(g) the total amount of significant non-cash expenses, other than depreciation and amortisation, that are included in segment expense and, therefore, deducted in measuring segment result;
HKAS 14.64	(h) the aggregate of the entity's share of the net profit or loss of associates, joint ventures or other investments accounted for under the equity method, if substantially all of those operations are within that single segment; and
HKAS 14.66	(i) where the group's share of results of associates, joint ventures on other investments accounted for under the equity method is disclosed under (h) above, the aggregate investments in those associates and joint ventures.
	Notes:
HKAS 14.59	*1. Entities are encouraged, but not required, to disclose the nature and amount of any items of segment revenue and segment expense that are of such size, nature or incidence that their disclosure is relevant to explain the performance of each reportable segment for the period.*
HKAS 14.62	*2. Entities are encouraged, but not required to make the cash flow disclosures for its reportable segments that are encouraged by HKAS 7 Cash Flow Statements; and to separately disclose significant non-cash revenues that were included in segment revenue and, therefore, added in measuring segment result.*
HKAS 14.63	*3. The entity that provides the segment cash flow disclosures that are encouraged by HKAS 7 need not also disclose depreciation and amortisation expenses nor non-cash expenses pursuant to (f) and (g) above.*

Source	Presentation/Disclosure Requirement
HKAS 36.130	The entity should disclose the following for each reportable segment based on its primary format: (a) the amount of impairment losses recognised in the income statement and directly in equity during the period; and (b) the amount of reversals of impairment losses recognised in the income statement and directly in equity during the period.
HKAS 14.67	The entity should present a reconciliation between the information disclosed for reportable segments and the aggregated information in the consolidated or entity financial statements, including: (a) segment revenue reconciled to entity revenue from external customers (including disclosure of the amount of entity revenue from external customers not included in any segment's revenue); (b) segment result from continuing operations reconciled to a comparable measure of entity operating profit or loss as well as to entity profit or loss from continuing operations; (c) segment result from discontinued operations to entity profit or loss from discontinued operations; (d) segment assets reconciled to entity assets; and (e) segment liabilities reconciled to entity liabilities.
HKAS 14.69	If an entity's primary format for reporting segment information is business segments, it should also report the following information: (a) segment revenue from external customers, by geographical area, based on the geographical location of its customers, for each geographical segment whose revenue from sales to external customers is 10% or more of total entity revenue from sales to all external customers; (b) the total carrying amount of segment assets, by geographical location of assets, for each geographical segment whose segment assets are 10% or more of the total assets of all geographical segments; and (c) the total cost incurred during the period to acquire segment assets that are expected to be used during more than one period (property, plant, equipment, and intangible assets), by geographical location of assets, for each geographical segment whose segment assets are 10% or more of the total assets of all geographical segments.
HKAS 14.70	If an entity's primary format for reporting segment information is geographical segments (whether based on location of assets or location of customers), it should also report the following segment information for each business segment whose revenue from sales to external customers is 10% or more of total entity revenue from sales to all external customers or whose segment assets are 10% or more of the total assets of all business segments: (a) segment revenue from external customers; (b) the total carrying amount of segment assets; and (c) the total cost incurred during the period to acquire segment assets that are expected to be used during more than one period (property, plant, equipment, and intangible assets).
HKAS 14.71	If an entity's primary format for reporting segment information is geographical segments that are based on location of assets, and if the location of its customers is different from the location of its assets, then it should also report revenue from sales to external customers for each customer-based geographical segment whose revenue from sales to external customers is 10% or more of total entity revenue from sales to all external customers.

Source	Presentation/Disclosure Requirement
HKAS 14.72	If the entity's primary format for reporting segment information is geographical segments that are based on location of customers, and if the entity's assets are located in different geographical areas from its customers, then it should also report the following segment information for each asset-based geographical segment whose revenue from sales to external customers or segment assets are 10% or more of related consolidated or total entity amounts: (a) the total carrying amount of segment assets by geographical location of the assets; and (b) the total cost incurred during the period to acquire segment assets that are expected to be used during more than one period (property, plant, equipment, and intangible assets) by location of the assets.
HKAS 14.74	If a business segment or geographical segment for which information is reported to the board of directors and chief executive officer is not a reportable segment because it earns a majority of its revenue from sales to other segments, but nonetheless its revenue from sales to external customers is 10% or more of total entity revenue from sales to all external customers, the entity should disclose: (a) the fact that these circumstances exist; (b) the amount of revenue from sales to external customers; and (c) the amount of revenue from internal sales to other segments.
HKAS 14.75	The basis of pricing inter-segment transfers and any change therein should be disclosed.
HKAS 14.76	Where changes in accounting policies are adopted for segment reporting that have a material effect on segment information: (a) prior period segment information presented for comparative purposes should be restated unless it is impracticable to do so; and (b) details of the change should be disclosed, including: (i) a description of the nature of the change; (ii) the reasons for the change; (iii) the fact that comparative information has been restated or that it is impracticable to do so; and (iv) the financial effect of the change, if it is reasonably determinable.
HKAS 14.76	If an entity changes the identification of its segments and it does not restate prior period segment information on the new basis because it is impracticable to do so then, for the purpose of comparison, the entity should report segment data for both the old and the new bases of segmentation in the year in which it changes the identification of its segments.
HKAS 14.81	If not otherwise disclosed in the financial statements or elsewhere in the financial report, the entity should indicate, for both primary and secondary segments: (a) the types of products and services included in each reported business segment; and (b) the composition of each reported geographical segment.

Source	Presentation/Disclosure Requirement
	Borrowings
App 16.22(1) GR 18.21	A statement is required, showing: (a) bank loans and overdrafts; and (b) other borrowings; analysed over the following repayment terms: (i) on demand or within a period not exceeding one year; (ii) within a period of more than one year but not exceeding two years; (iii) within a period of more than two years but not exceeding five years; and (iv) within a period of more than five years.
	Interest capitalized
App 16.22(2) GR 18.22	A statement is required showing the amount of interest capitalised by the group during the year.
	Directors' emoluments
App 16.24 GR 18.28	The entity should disclose the following details of directors' and past directors' emoluments, on a named basis: (a) the directors' fees for the financial year; (b) the directors' basic salaries, housing allowances, other allowances and benefits in kind;
App 16 Note 24.2 GR 18.28 Note 3	*Note: Where a director is contractually entitled to bonus payments which are fixed in amount, such payments are more in the nature of basic salary and, accordingly, should be disclosed under this heading.*
	(c) the contributions to pension schemes for directors or past directors for the financial year; (d) the bonuses paid or receivable by directors which are discretionary or are based on the entity's, the group's or any member of the group's performance for the financial year;
App 16 Note 24.3 GR 18.28 Note 4	*Note: In addition to discretionary bonus payments, all bonus payments to which a director is contractually entitled and which are not fixed in amount together with the basis upon which they are determined, should be disclosed under this heading.*
	(e) the amounts paid during the financial year or receivable by directors as an inducement to join or upon joining the company; and (f) the compensation paid during the financial year or receivable by directors or past directors for loss of office as a director of any member of the group or of any other office in connection with the management of the affairs of any member of the group, distinguishing between contractual and other payments.
App 16 Note 24.4 GR 18.28 Note 1	*Note: If the entity is incorporated or otherwise established in the PRC, references to directors or past directors should also mean and include supervisors and past supervisors, as appropriate.*
GR 18.28(7)	For GEM listed entities, information on share options held by directors as required under GR 23.07 should be disclosed.

Source	Presentation/Disclosure Requirement
App 16.24A GR 18.29	The entity should disclose particulars of any arrangement under which a director has waived or agreed to waive any emoluments.
App 16 Note 24A.1 GR 18.29 Note	Note: *Where a director has agreed to waive future emoluments, particulars of such waiver should be disclosed together with those relating to emoluments which accrued during the past financial year. This applies in respect to emoluments from the entity or any of its subsidiaries or other person.*
	Emoluments of the five highest paid individuals
App 16.25 GR 18.30	The entity should disclose information in respect of the five individuals whose emoluments (excluding amounts paid or payable by way of commissions on sales generated by the individual) were the highest in the entity or the group during the year.
App 16.25 GR 18.30	Where all five of the five highest-paid individuals are directors of the entity and the information required to be disclosed by this paragraph has been disclosed in directors' emoluments above, a statement of that fact should be made and no additional disclosure is required. Where the details of one or more of the individuals whose emoluments were the highest have not been included in directors' emoluments above, the following information should be disclosed: (a) the aggregate of basic salaries, housing allowances, other allowances and benefits in kind for the financial year; (b) the aggregate of contributions to pension schemes for the financial year; (c) the aggregate of bonuses paid or receivable which are discretionary or are based on the entity 's, the group's or any member of the group's performance for the financial year; (d) the aggregate of amounts paid during the financial year or receivable as an inducement to join or upon joining the entity or the group; (e) the aggregate of compensation paid during the financial year or receivable for loss of any office in connection with the management of the affairs of any member of the group, distinguishing between contractual payments and other payments; and (f) an analysis showing the number of individuals whose remuneration (being amounts paid under (a) to (e) above) fell within bands from HK$nil up to HK$1,000,000 or into higher bands (where the higher limit of the band is an exact multiple of HK$500,000 and the range of the band is HK$499,999).
App 16 Note 25.1 GR 18.30 Note 1	Note: *It is not necessary to disclose the identity of the highest paid individuals, unless any of them are directors of the entity.*
	Earnings per share
HKAS 33.66 HKAS 33.67 App 16.4(1)(g) GR 18.50B(1)(m)	The entity should present earnings per share information (see detailed requirements below) separately for each class of ordinary shares that has a different right to share in profit for the period. The entity should present on the face of the income statement: (a) basic and diluted earnings per share for profit or loss from continuing operations attributable to the ordinary equity holders of the parent entity; and (b) basic and diluted earnings per share for profit or loss for the period attributable to the ordinary equity holders of the parent entity.
	Note: *Earnings per share is presented for every period for which an income statement is presented. If diluted earnings per share are reported for at least one period, it should be reported for all periods presented, even if it equals basic earnings per share. If basic and diluted earnings per share are equal, dual presentation can be accomplished in one line on the income statement.*

Source	Presentation/Disclosure Requirement
HKAS 33.68	The entity that reports a discontinued operation should disclose the basic and diluted amounts per share for the discontinued operation on the face of the income statement or in the notes to the financial statements.
HKAS 33.70	The entity should disclose the following:
	(a) the amounts used as the numerators in calculating basic and diluted earnings per share, and a reconciliation of those amounts to profit or loss attributable to the parent entity for the period;
	(b) the weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share, and a reconciliation of those denominators to each other;
	(c) instruments (including contingently issuable shares) that could potentially dilute basic earnings per share in the future, but were not included in the calculation of diluted earnings per shares because they are antidilutive for the period(s) presented; and
	(d) a description of ordinary share transactions or potential ordinary share transactions, other than those accounted for in accordance with paragraph 64 of HKAS 33, that occur after the balance sheet date and that would have changed is significantly that number of ordinary shares or potential ordinary shares outstanding at the end of the period if those transactions had occurred before the end of the reporting period.
HKAS 33.73	If the entity discloses, in addition to basic and diluted earnings per share, amounts per share using a reported component of the income statement other than one required by HKAS 33:
	(a) such amounts should be calculated using the weighted average number of ordinary shares determined in accordance with HKAS 33;
	(b) basic and diluted per share amounts should be disclosed with equal prominence;
	(c) the amounts should be presented in the notes to the financial statements;
	(d) the entity should indicate the basis on which the numerator(s) is (are) determined, including whether amounts per share are before or after tax; and
	(e) if a component of the income statement is used that is not reported as a line item in the income statement, a reconciliation should be provided between the component used and a line item that is reported in the income statement.
HKAS 33.64	The calculation of the basic and diluted earnings per share for all periods presented should be adjusted retrospectively for:
	(a) any increases in the number of shares or potential ordinary shares outstanding during the period as a result of a capitalisation or bonus issue or share split;
	(b) any decreases in the number of shares or potential ordinary shares outstanding during the period as a result of a reverse share split;
	(c) any such increases or decreases that occur after the balance sheet date but before the issue of the financial statements; and
	(d) the effects of errors and adjustments resulting from changes in accounting policies accounted for retrospectively.
HKAS 33.64	Where applicable, the fact that per share calculations have been adjusted retrospectively to reflect increases/decreases in the number of ordinary or potential ordinary shares outstanding arising from capitalisation issues or share splits/reverse share splits should be disclosed.

Source	Presentation/Disclosure Requirement
	Subsidiaries
App 16.9(1) GR 18.10(1)	A statement is required showing: (a) the name of every subsidiary; (b) its principal country of operation; (c) its country of incorporation or other establishment; and (d) in the case of a subsidiary established in the PRC, the kind of legal entity it is registered as under PRC law (e.g. contractual or cooperative joint venture).
	Note: For GEM listed entities, the requirement to disclose the form of legal entity applies to all subsidiaries, not just PRC subsidiaries.
App 16.9(2) GR 18.10(2)	Particulars should be disclosed of the issued share capital and debt securities of every subsidiary.
GR 18.10(3)	For GEM listed entities, the nature of the business of every subsidiary should also be disclosed.
App 16 Note 9.2 GR 18.10	*Note: If the entity has an excessive number of subsidiaries, the statement need only include details for subsidiaries which, in the opinion of the directors, materially contribute to the net income of the group or hold a material portion of the assets or liabilities of the group.*
	Accounts receivable
App 16.4(2)(b)(ii) GR 18.50B(2)(b)(ii)	The financial statements should disclose the credit policy followed in respect of accounts receivable, and an aged analysis of accounts receivable.
	Accounts payable
App 16.4(2)(c)(ii) GR 18.50B(2)(c)(ii)	The financial statements should disclose an aged analysis of accounts payable.
	Additional disclosure requirements for financial conglomerates
	Notes:
App 16.36 GR 18.37B	*1. The following disclosures relate only to financial conglomerates. A financial conglomerate is defined as an entity that:* • *any of the percentage ratios (as defined under LR 14.04(9) and LR 14.07/GR 19.04(9) and GR 19.07) of its financial business exceeds 5%. For the avoidance of doubt, the entity must compare the total assets of its financial business to that of the group as at the end of the period for the purpose of the assets ratio under LR 14.07/GR 19.07. The entity must compare the revenue and profits of its financial business during the period under review to that of the entity for the purpose of the revenue ratio and profits ratio under LR 14.07/GR 19.07; and* • *as at the end of the period, its financial business has total assets of over HK$1 billion or has customer deposits plus financial instruments held by the public of over HK$300 million.*
App 16 Note 36.1 GR 18.37B Note	*2. For the purpose of these disclosure requirements, "financial business" includes, but is not limited to, the business of securities trading; giving advice in connection with securities; commodities trading; leveraged foreign exchange trading; insurance activities; and money lending.*
App 16.35 GR 18.37A	*3. The information required by App 16.35(1)-(3)/GR 18.37A(1)-(3) (see below), to be presented either on the face of the primary statements or in the notes, is considered to be part of the financial statements and therefore, where applicable, will be subject to audit. The information required by App 16.35(4)/GR 18.37A(4) (see below) will be presented outside the financial statements, generally as part of the directors' business review.*

Source	Presentation/Disclosure Requirement
App 16.35(1) GR 18.37A(1)	The following items should be disclosed in the income statement of a financial conglomerate:
	(a) interest income;
	(b) interest expense;
	(c) gains less losses arising from dealing in foreign currencies;
	(d) gains less losses on trading securities or other investments in securities;
	(e) gains less losses from other dealing activities;
	(f) gains less losses arising from derivative products;
	(g) charge for bad and doubtful debts;
	(h) gains less losses from disposal of investment securities or non-trading securities;
	(i) provisions relating to held-to-maturity securities and investment securities, or provisions relating to held-to-maturity securities and non-trading securities; and
	(j) operating profit by products and divisions.
App 16.35(2) GR 18.37A(2)	The following items should be disclosed in the balance sheet of a financial conglomerate:
	(a) cash and short-term funds (with an analysis between cash and balances with banks and other financial institutions, money at call and short notice and treasury bills where applicable);
	(b) trading securities or other investments in securities (the analysis of investments in securities should distinguish between equities and debt securities and they should also be analysed between those that are listed and those that are unlisted. The analysis should be provided separately for held-to-maturity securities, investment securities, other investments in securities, trading securities and non-trading securities where applicable. The market value for the listed securities as at the balance sheet date should also be disclosed);
	(c) advances and other accounts (with an analysis between advances to customers, advances to banks and other financial institutions, accrued interest and other accounts, provisions for bad and doubtful debts and the related collateral security);
	(d) held-to-maturity securities and investment securities or held-to-maturity securities and non-trading securities (with an analysis of held-to-maturity securities, investment securities, other investments in securities, trading securities and non-trading securities separately into those issued by central governments and central banks, public sector entities, banks and other financial institutions; corporate entities; and others. The market value of listed securities as at the balance sheet date should also be disclosed);
	(e) issued debt securities;
	(f) other accounts and provisions such as obligations under leases, sale and repurchase agreements, and forward contracts (with an analysis where material); and

Source	Presentation/Disclosure Requirement
	(g) a maturity profile of the following assets and liabilities unless immaterial: Assets – • advances to customers • placements with banks and other financial institutions • certificates of deposit held • debt securities (with an analysis into those included in held-to-maturity securities, trading securities or other investments in securities and investment securities or non-trading securities) Liabilities – • deposits and balances of banks and other financial institutions • current, fixed savings and other deposits of customer • certificates of deposit issued • issued debt securities
App 16.35(3) GR 18.37A(3)	The following should be disclosed in respect of the off-balance sheet exposures of a financial conglomerate: (a) contingent liabilities and commitments; (b) derivatives (with an analysis into those related to exchange rate contracts and interest rate contracts. The aggregate notional amounts of each significant class of derivative instruments should also be analysed into those entered into for trading or hedging purposes); (c) where applicable, the aggregate credit risk weighted amounts of its contingent liabilities and commitments, exchange rate contracts, interest rate contracts and other derivatives, if any; and (d) the aggregate replacement costs of its exchange rate contracts, interest rate contracts and other derivative contracts, if any.
App 16.35(4) GR 18.37A(4)	The following supplementary information is required in respect of financial conglomerates: (a) Management of risks A description of the main types of risk arising out of its business, including, where appropriate, credit, interest rate, foreign exchange and market risks arising out of its trading book. It should also include a description of the policies, procedures (including hedging policies) and controls used for measuring, monitoring and controlling those risks and managing the capital required to support them. (b) Segmental information Where a geographical segment of the financial business represents 10% or more of the entity's whole business, then that segment should be further analysed by industry sector.

Source	Presentation/Disclosure Requirement
	Preliminary announcements of annual results
	Main board listed entities
App 16.45 LR 13.49(1)	On the next business day after the date of board approval of the preliminary results (and in any event, not later than 4 months after the end of the financial year), the entity is required to publish in the newspapers a preliminary announcement in respect of its results for the financial year.
	Notes:
LR 13.49(2)	*1. The preliminary announcement of result should be based on the entity's financial statements which have been agreed by the auditor.*
LR 13.50	*2. If the entity fails to publish the periodic financial information on time, the SEHK will normally require suspension of trading in the entity's securities.*
LR 13.49(3)(i)	In circumstances where the entity is unable to make such a preliminary announcement of results, the entity is required to make an announcement within 4 months after the end of the financial year containing:
	(a) a full explanation for its inability to make an announcement based on financial statements which have been agreed with the auditor;
	(b) the expected date of announcement of the financial results for the financial year which should have been agreed with the auditor; and
	(c) so far as the information is available, results for the financial year based on financial results which have yet to be agreed with the auditor.
	Note: If the entity's audit committee has reviewed and, however, disagreed with an accounting treatment, disclose full details of such disagreement.
LR 13.49(5)	*Note: The entity is required to supply the SEHK immediately on publication with the names of the relevant newspapers and the date of publication.*
LR 13.49(3)(ii)	If the entity makes an announcement in accordance with LR 13.49(3)(i) (see above), then, as soon as the financial results for the financial year have been agreed with the auditor, the entity should:
	(a) make a preliminary announcement of results based on the financial statements which have been agreed by the auditor; and
	(b) set out full particulars of, and reasons for any material difference between the results agreed with the auditor and the one published in accordance with the rule set out in LR 13.49(3)(i) (see above).
	Information to accompany preliminary announcement of annual results
LR 2.14	The entity should include in the announcement, the name of each director at the date of the announcement of annual results.
App 16.45	The following details, as extracted from the financial statements, should be included in the preliminary announcement of annual results:
App 16.45(1)	(a) the disclosures specified for the balance sheet and the income statement (Note 1 to 3 below), with comparative figures for the immediately preceding financial year, including the notes relating to turnover, taxation, earnings per share, dividends and any other notes that the directors consider necessary for a reasonable appreciation of the results for the year;

Source	Presentation/Disclosure Requirement
	Notes:
App 16.4(2)	*1. Disclosures specified for the balance sheet:*
	(a) fixed assets;
	(b) current assets:
	(i) inventories;
	(ii) debtors, including credit policy and aged analysis of accounts receivable;
	(iii) cash at bank and in hand; and
	(iv) other current assets;
	(c) current liabilities:
	(i) borrowings and debts; and
	(ii) aged analysis of accounts payable;
	(d) net current assets (liabilities);
	(e) total assets less current liabilities;
	(f) non-current liabilities - borrowings and debts;
	(g) capital and reserves; and
	(h) minority interests.
App 16.4(1)	*2. Disclosures specified for the income statement:*
	(a) turnover;
	(b) profit (or loss) before taxation;
	(c) taxation on profits (Hong Kong and overseas) in each case indicating the basis of computation;
	(d) profit (or loss) attributable to minority interests;
	(e) profit (or loss) attributable to shareholders;
	(f) rates of dividend paid or proposed on each class of shares (with particulars of each such class) and amounts absorbed thereby (or an appropriate negative statement);
	(g) earnings per share;
	(h) investment and other income;
	(i) cost of goods sold;
	(j) interest on borrowings;
	(k) depreciation/amortisation;
	(l) profit (or loss) on sale of investments or properties; and
	(m) share of profit (or loss) of associated companies and jointly controlled entities attributable to equity holders (i.e. after tax and minority interests in the associated companies and jointly controlled entities).
App 16.4(3)	*3. Segment information required by HKAS 14, IAS 14 or relevant accounting standards under US GAAP (where applicable) for the balance sheet and income statement.*
	4. The directors should ensure the information contained in the preliminary announcement of results is consistent with the information to be contained in the annual report.

Source	Presentation/Disclosure Requirement
App 16.45(2)	(b) particulars of any purchase, sale or redemption by the entity, or any of its subsidiaries, of its listed securities during the relevant year, or an appropriate negative statement;
App 16.45(3)	(c) a business review which should cover the following information:
	(i) a fair review of the development of the business of the entity and its subsidiaries during the financial year and of their financial position at the end of the year;
	(ii) details of important events affecting the entity and its subsidiaries which have occurred since the end of the financial year; and
	(iii) an indication of likely future developments in the business of the entity and its subsidiaries;
App 16.45(4)	(d) any supplementary information which in the opinion of the directors of the entity is necessary for a reasonable appreciation of the results for the relevant year;
App 16.45(5)	(e) a statement as to whether the entity meets the code provisions set out in the Code on Governance Practices contained in App 14. The entity should also disclose any deviations from the code provisions and give considered reasons for such deviations. To the extent that it is reasonable and appropriate, such information may be given by reference to the immediately preceding interim report or to the Corporate Governance Report in the immediately preceding annual report, and summarising any changes since that report. Any such references must be clear and unambiguous.
App 16.45(6)	(f) a statement as to whether or not the annual results have been reviewed by the audit committee of the entity;
App 16.45(7)	(g) where the auditor's report on the entity's annual financial statements is likely to be qualified or modified (whether or not it is also likely to be qualified), details of the qualification or modification; and
App 16.45(8)	(h) where there are any significant changes in accounting policies, a statement to that fact must be made.
App 16 Note 45.2	*Note: The entity should apply the same accounting policies consistently except where the change in accounting policy is required by an accounting standard which came into effect during the financial year.*
	GEM listed entities
GR 18.49	On the next business day after the date of board approval of the preliminary result for the financial year (and in any event, not later than 3 months after the end of the financial year), the entity is required to publish on the GEM website a preliminary announcement in respect of its results for the year.
	Note: The preliminary announcement of result should have been agreed with the entity's auditor.

Source	Presentation/Disclosure Requirement
	Information to accompany preliminary announcement of annual results
GR 18.50	The following details, as extracted from the financial statements, should be included in the preliminary announcement of annual results:
GR 18.50(1)	(a) the disclosures specified for the balance sheet and the income statement (see Notes 1 to 3 to the previous subsection "Information to accompany preliminary announcement of annual results (applicable to Main Board listed entities)", with comparative figures for the immediately preceding financial year, including the notes relating to turnover, taxation, earnings per share, dividends and any other notes that the directors consider necessary for a reasonable appreciation of the results for the year;
	Note: The directors should ensure the information contained in the preliminary announcement of results is consistent with the information to be contained in the annual report.
GR 18.50B(1)(l)	(b) the movement of profit (loss) to and from any reserve;
GR 18.50(2)	(c) a business review which should cover the following information:
	(i) a fair review of the development of the business of the entity and its subsidiaries during the financial year and of their financial position at the end of the year;
	(ii) details of important events affecting the entity and its subsidiaries which have occurred since the end of the financial year; and
	(iii) an indication of likely future developments in the business of the entity and its subsidiaries;
GR 18.50(4)	(d) particulars of any purchase, sale or redemption by the entity, or any of its subsidiaries, of its listed securities during the financial year as required by GR 18.14 (see above) or an appropriate negative statement;
GR 18.50(5)	(e) any supplementary information which in the opinion of the directors of the entity is necessary for a reasonable appreciation of the results for the relevant year;
GR 18.50(6)	(f) a statement as to whether the entity meets the code provisions set out in the Code on Governance Practices contained in GR App 15. The entity should also disclose any deviations from the code provisions and give considered reasons for such deviations. To the extent that it is reasonable and appropriate, such information may be given by reference to the immediately preceding interim report or to the Corporate Governance Report in the immediately preceding annual report, and summarising any changes since that report. Any such references must be clear and unambiguous;
GR 18.50(7)	(g) a statement as to whether the annual results have been reviewed by the audit committee of the entity;
GR 18.50(8)	(h) where the auditor's report on the entity's annual financial statements is likely to be qualified or modified (whether or not it is also likely to be qualified), details of the qualification or modification; and
GR 18.50(9)	(i) where there are any significant changes in accounting policies, a statement to that fact must be made.
GR 18.50(9) Note 1	*Note: The entity should apply the same accounting policies consistently except where the change in accounting policy is required by an accounting standard, which came into effect during the financial year.*

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