

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

For the year ended 31 March 2006 截至二零零六年三月三十一日止年度

### 1. General

The Company is a public limited company incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law (2001 Second Revision) of the Cayman Islands on 21 May 2003 and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its ultimate holding company is Gold Best Holdings Ltd. ("Gold Best"), a company 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 to the annual report.

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

The Company acts as an investment holding company. The principal activities of its principal subsidiaries are set out in note 36.

### 2. Application of Hong Kong Financial Reporting Standards/Changes in Accounting Policies

In the current year, the Group has applied, for the first time, a number of new Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations ("INTs") (hereinafter collectively referred to as "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are effective for accounting periods beginning on or after 1 January 2005. The application of the new HKFRSs has resulted in a change in the presentation of the consolidated income statement and consolidated statement of changes in equity. The changes in presentation have been applied retrospectively. The adoption of the new HKFRSs has resulted in changes to the Group's accounting policies in the following areas that have an effect on how the results for the current and prior accounting years are prepared and presented.

### 1. 一般資料

本公司是上市有限公司，於二零零三年五月二十一日根據開曼群島公司法（二零零一年第二版）於開曼群島成立及登記為獲豁免有限公司，股份並於香港聯合交易所（「聯交所」）上市。本公司的最終控股公司是Gold Best Holdings Ltd.（「Gold Best」），為一間於英屬處女群島註冊成立的公司。本公司註冊辦事處及總辦事處之地址於本年報公司資料內披露。

本財務報表以港元列示，港元亦為本公司之功能貨幣。

本公司是一間投資控股公司，各主要附屬公司的主要業務載於財務報表附註36。

### 2. 香港財務報告準則應用／會計政策變動

於本會計年度，本集團首次應用多項由香港會計師公會新頒佈之香港財務報告準則、香港會計準則及註釋（在下文統稱為「新香港財務報告準則」），該等準則於2005年1月1日起或以後開始之會計期間生效。應用新香港財務報告準則導致綜合收益表及綜合權益變動表的呈列法有所改變。採納新香港財務報告準則已改變本集團下列之會計政策，並對本期及過往期間業績之編製及呈列有所影響：

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### 2. Application of Hong Kong Financial Reporting Standards/Changes in Accounting Policies

(Continued)

#### Share-based Payments

In the current year, the Group has applied HKFRS 2 "Share-based Payment" which requires an expense to be recognised where the Group buys goods or obtains services in exchange for shares or rights over shares ("equity-settled transactions"). The principal impact of HKFRS 2 on the Group is in relation to the expensing of the fair value of share options granted to directors and employees of the Company, determined at the date of grant of the share options, over the vesting period. Prior to the application of HKFRS 2, the Group did not recognise the financial effect of these share options until they were exercised. The Group has applied HKFRS 2 to share options granted for the accounting period on or after 1 April 2005. In relation to share options granted before 1 April 2005, the Group is still required to apply HKFRS 2 retrospectively to share options that were granted after 7 November 2002 and had not vested on 1 January 2005.

The effect of this change in accounting policy on the results for the year is an increase in share-based payment expenses of HK\$1,573,000 (see note 3 for the financial impact).

#### Financial Instruments

In the current year, the Group has applied HKAS 32 "Financial Instruments: Disclosure and Presentation" and HKAS 39 "Financial Instruments: Recognition and Measurement". HKAS 32 requires retrospective application. HKAS 39, which is effective for annual periods beginning on or after 1 January 2005, generally does not permit the recognition, derecognition or measurement of financial assets and liabilities on a retrospective basis. The application of HKAS 32 has had no material impact on how the financial instruments of the Group are presented for current and prior accounting periods. The principal effects resulting from the implementation of HKAS 39 are summarised below.

### 2. 香港財務報告準則應用／會計政策變動 (續)

#### 股權支付

於本會計年度，本集團應用香港財務報告準則第2號「股權支付」，規定本集團以股份或享有股份的權利交換購買的貨品或獲取的服務（「權益結算交易」）須確認為支出入賬。香港財務報告準則第2號對於本集團的主要影響乃關乎本公司董事及僱員購股權於授出日期釐定的公平值，須於有關歸屬期內支銷。在應用香港財務報告準則第2號以前，本集團僅於購股權行使後始確認其財務影響。本集團已就二零零五年四月一日起或以後會計期間授出的購股權應用香港財務報告準則第2號的會計處理方法。有關二零零五年四月一日之前授出的購股權，本集團仍須於二零零二年十一月七日後授出及於二零零五年一月一日尚未獲行使之購股權追溯應用香港財務報告準則第2號的會計處理方法。

年內此會計政策改變之影響為增加股權支付開支1,573,000港元。（參閱附註3之財務影響）。

#### 財務工具

於本會計年度，本集團已應用香港會計準則第32號「財務工具：披露及呈列」及香港會計準則第39號「財務工具：確認及計量」。香港會計準則第32號規定作追溯應用。於二零零五年一月一日起或以後會計期間開始生效之香港會計準則第39號，基本上不容許對財務資產及負債進行追溯性的確認、取消確認或計算。採用香港會計準則第32號對本集團在現在或過往會計期內之財務工具呈列並無重大影響。因實行香港會計準則第39號而產生的主要影響摘要如下：

## 2. Application of Hong Kong Financial Reporting Standards/Changes in Accounting Policies

(Continued)

### Financial Instruments (Continued)

#### Convertible bonds

The principal impact of HKAS 32 on the Group is in relation to convertible bonds issued by the Company that contain both liability and equity components. HKAS 32 requires an issuer of a compound financial instrument that contains both financial liability and equity components to separate the compound financial instrument into the liability and equity components on initial recognition and to account for these components separately. In subsequent periods, the liability component is carried at amortised cost using the effective interest method. The Group has applied HKAS 32 on the convertible bonds issued during the year. The change of this accounting policy has resulted in an increase in interest on convertible bonds of HK\$12,712,000 (see note 3 for the financial impact).

#### Classification and measurement of financial assets and financial liabilities

The Group has applied the relevant transitional provisions in HKAS 39 with respect to the classification and measurement of financial assets and financial liabilities that are within the scope of HKAS 39.

#### Financial assets and financial liabilities other than debt and equity securities

From 1 April 2005 onwards, the Group has classified and measured its financial assets and financial liabilities in accordance with the requirements of HKAS 39. Financial assets under HKAS 39 are classified as “financial assets at fair value through profit or loss”, “available-for-sale financial assets”, “loans and receivables” or “held-to-maturity financial assets”. Financial assets at fair value through profit or loss and available-for-sale financial assets are carried at fair value, with changes in fair values recognised in profit or loss and equity, respectively. Loans and receivables and held-to-maturity financial assets are measured at amortised cost using the effective interest method after initial recognition. Financial liabilities are generally classified as “financial liabilities at fair value through profit or loss” or “other financial liabilities”. Financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value being recognised in profit or loss directly. Other financial liabilities are carried at amortised cost using the effective interest method after initial recognition. The adoption of HKAS 39 has had no material effect on the Group’s accumulated profits.

## 2. 香港財務報告準則應用／會計政策變動 (續)

### 財務工具 (續)

#### 可換股債券

香港會計準則第32號對本集團的主要影響為關於本集團發行包含負債及股份成份之可換股債券。以前，可換股債券於資產負債表分類為負債。香港會計準則第32號要求包含財務負債及股份成份之複合財務工具發行者於早期確認中將複合財務工具內的財務負債及股份成份分開及入賬。在其後時間，負債成份將以實際利率法按攤銷成本持有。年內，本集團採用香港會計準則第32號於發行之可換股債券。此項會計政策之改變增加了12,712,000港元之可換股債券利息(參閱附註3之財務影響)。

#### 財務資產及財務負債的分類及計量

本集團已應用有關香港會計準則第39號過渡條文就香港會計準則第39號範圍內所界定之財務資產及財務負債進行分類及計量。

#### 債務證券與股本證券以外之財務資產及財務負債

自二零零五年四月一日開始，本集團就債務證券及股本證券以外的財務資產及財務負債按照香港會計準則第39號的規定進行分類及計量。香港會計準則第39號將財務資產分類為「於損益賬按公平值處理的財務資產」、「可出售財務資產」、「貸款及應收款項」及「持有至到期日財務資產」。「於損益賬按公平值處理的財務資產」及「可出售財務資產」以公平值計量，公平值變動分別於損益賬內及權益內確認。財務負債基本上分類為「於損益賬按公平值處理的財務負債」或「其他財務負債」。「於損益賬按公平值處理的財務負債」以公平值計量，公平值變動已直接於損益賬內確認。「其他財務負債」於早期確認後以實際利率法按攤銷成本持有。香港會計準則第39號之應用對集團累積溢利並沒有重大影響。

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## 2. Application of Hong Kong Financial Reporting Standards/Changes in Accounting Policies

(Continued)

### Financial Instruments (Continued)

#### Derivatives and hedging

From 1 April 2005 onwards, all derivatives that are within the scope of HKAS 39 are required to be carried at fair value at each balance sheet date regardless of whether they are deemed as held for trading or designated as effective hedging instruments. HKAS 39 requires derivatives embedded in a non-derivatives host contract to be accounted for separately when the economic risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value through profit or loss. Under HKAS 39, derivatives (including embedded derivatives separately accounted for from the non-derivative host contracts) are deemed as held-for-trading financial assets or financial liabilities, unless they qualify and are designated as effective hedging instruments. As a result, certain options embedded in the convertible bonds are separately accounted for and recorded as derivative financial instruments in the balance sheet, with changes in fair value recognised in the income statement. Options embedded in convertible bonds issued during the year and decrease in the fair value of these derivative financial instruments during the year amounting to HK\$24,000,000 and HK\$22,800,000, respectively. This change in accounting policy has also resulted in a gain arising from change in fair value of currency structured instruments of HK\$1,131,000 and a loss arising from change in fair value of another currency structured instruments of HK\$828,000 for the year.

## 2. 香港財務報告準則應用／會計政策變動 (續)

### 財務工具 (續)

#### 衍生工具及對沖

自二零零五年四月一日起，香港會計準則第39號範疇內所有衍生工具，均須於每個結算日按公平值列賬，而不管視為持作買賣或指定作有效對沖工具與否。香港會計準則第39號規定，包括在非衍生工具主合約之衍生工具，倘經濟風險及特色非與主合約緊密聯繫，則獨立計賬，而主合約非按公平值計入損益。根據香港會計準則第39號，除非符合資格或指定為有效對沖工具，否則衍生工具（包括與非衍生工具主合約獨立計賬之內含衍生工具）視為持作買賣財務資產或財務負債。因此，若干包含於可換股債券之期權，獨立計賬及按衍生財務工具於資產負債表記錄，公平值變動則於收益表確認。年內所發行包含於可換股債券之期權及年內該等衍生財務工具公平值減少分別為24,000,000港元及22,800,000港元。是項會計政策變動亦導致貨幣結構工具公平值變動收益1,131,000港元及其他貨幣結構工具公平值變動虧損828,000港元。



## 2. Application of Hong Kong Financial Reporting Standards/Changes in Accounting Policies

(Continued)

### Financial Instruments (Continued)

#### Derecognition

HKAS 39 provides more rigorous criteria for the derecognition of financial assets than the criteria applied in previous periods. Under HKAS 39, a financial asset is derecognised, when and only when, either the contractual rights to the asset's cash flows expire, or the asset is transferred and the transfer qualifies for derecognition in accordance with HKAS 39. The decision as to whether a transfer qualifies for derecognition is made by applying a combination of risks and rewards and control tests. The Group has applied the relevant transitional provisions and applied the revised accounting policy prospectively to transfers of financial assets from 1 April 2005 onwards. As a result, the Group's bills receivable discounted with full recourse which were derecognised prior to 1 April 2005 have not been restated. As at 31 March 2006, the Group's bills receivable discounted with full recourse of HK\$49,313,000 have been recognised under bills receivable and the related borrowings of HK\$49,313,000 have been recognised under secured bank borrowings. This change in accounting policy has had no material effect on results for the current year.

#### Owner-occupied Leasehold Interest in Land

In previous years, owner-occupied leasehold land and buildings were included in property, plant and equipment and measured using the cost model. In the current year, the Group has applied HKAS 17 "Leases". Under HKAS 17, the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification, unless the lease payments cannot be allocated reliably between the land and buildings elements, in which case, the entire lease is generally treated as a finance lease. To the extent that the allocation of the lease payments between the land and buildings elements can be made reliably, the leasehold interests in land are reclassified to prepaid lease payments under operating leases, which are carried at cost and amortised over the lease term on a straight-line basis. This change in accounting policy has been applied retrospectively, which resulted in a decrease in property, plant and equipment of HK\$86,517,000 and an increase in prepaid lease payments of HK\$86,517,000 as at 31 March 2005 (see note 3 for the financial impact).

## 2. 香港財務報告準則應用／會計政策變動 (續)

### 財務工具 (續)

#### 取消確認

香港會計準則第39號規定，有關取消確認財務資產之準則較過往期間所採用者更為嚴格。根據香港會計準則第39號，財務資產僅會於資產現金流量之契約權益屆滿，或資產已被轉讓及有關轉讓符合香港會計準則第39號之取消確認之資格時，方會被取消確認。混合風險及回報及控制測試之方式乃用作決定有關轉讓是否符合取消確認之資格。本集團已應用相關過渡條文，並將經修訂之會計政策前瞻性應用於二零零五年四月一日起轉讓之財務資產。所以，本集團並未重列對於二零零五年四月一日前取消確認的有全部追索權之應收票款貼現。於二零零六年三月三十一日，本集團附有全部追索權之49,313,000港元之應收票據貼現已在應收票款內確認及相關49,313,000港元之借貸已在有抵押銀行借貸內確認。此項會計政策之變動對本年度業績並無重大影響。

#### 業主自用土地租賃權益

於過往年度，業主自用租賃土地及樓宇乃計入物業、廠房及設備，並以成本模式計量。於本年度，本集團已應用香港會計準則第17號「租賃」。根據香港會計準則第17號，就租賃分類而言，租賃土地及樓宇中土地及樓宇部份乃分開計算，除非租賃款項無法可靠地在土地及樓宇部份之間作出分配，則在該情況下，整份租賃一般作為融資租賃處理。倘租賃款項能夠可靠地在土地及樓宇部份之間作出分配，則土地租賃權益將重新分類為經營租賃項下預付租賃款項，該租賃款項乃按成本列賬，並於租賃內以直線法攤銷。此項會計政策變動已被追溯應用，令截至二零零五年三月三十一日止物業、廠房及設備減少了86,517,000港元及預付租賃付款增加了86,517,000港元（參閱附註3之財務影響）。

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### 3. Summary of the Effects of the Changes in Accounting Policies

The effects of the changes in the accounting policies described in note 2 above are as follows:

#### (i) On results

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Recognition of share-based payments as expenses	股權支付確認為支出	(1,573)	-
Loss arising from change in fair value of derivative financial instrument	因衍生財務工具公平值變動所產生的虧損	(828)	-
Gain arising from change in fair value of derivative financial instrument	因衍生財務工具公平值變動所產生的得益	23,931	-
Effective interest expense on the liability component of convertible bonds	可換股債券負債成份之實際利息開支	(12,712)	-
Increase in profit for the year	年內盈利增加	8,818	-

### 3. 會計政策變動的影響摘要

上述附註2提及之會計政策改變影響如下：

#### (i) 業績上

#### (ii) On income statement line items

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Increase in other income	其他收入增加	23,931	-
Increase in administrative expenses	行政開支增加	(2,401)	-
Increase in finance costs	財務成本增加	(12,712)	-
Increase in profit for the year	年內盈利增加	8,818	-

#### (ii) 於損益表內項目上

### 3. Summary of the Effects of the Changes in Accounting Policies (Continued)

#### (iii) On balance sheet items

		(iii) 於資產負債項目上		
		As at 31 March 2005 於二零零五年 三月三十一日 HK\$'000 千港元	HKAS 17 香港會計準則 17號 HK\$'000 千港元	As at 31 March 2005 於二零零五年 三月三十一日 HK\$'000 千港元
		(originally stated) (原先呈列)		(restated) (重列)
Property plant and equipment	物業、廠房及設備	2,584,293	(86,517)	2,497,776
Prepaid lease payments	預付租賃款項			
– non-current portion	– 非流動部份	–	84,586	84,586
Prepaid lease payments – current portion	預付租賃款項 – 流動部份	–	1,931	1,931
Total effect on assets and liabilities	對資產及負債之總體影響	2,584,293	–	2,584,293

The application of the new HKFRSs has had no effect to the Group's equity at 1 April 2004 and 31 March 2005.

The Group has not early applied the following new standards, amendments and interpretations that have been issued but are not yet effective.

The directors of the Company anticipate that the application of these standards, amendments and interpretations will have no material impact on the financial statements of the Group except for HKAS 19 (Amendment) "Actuarial Gains and Losses, Group Plans and Disclosures" which introduces an additional recognition option for actuarial gains and losses arising in post-employment defined benefit plans. The directors have not yet decided which options to be selected in accordance with the HKAS 19 (Amendment).

應用新香港財務報告準則並未對集團於二零零四年四月一日及二零零五年三月三十一日之權益造成影響。

本集團並無提早採用下列已頒布但未生效之新準則、修訂及詮釋。

除了香港會計準則第19號(修訂版)「精算損益、集團計劃及披露」因僱用期後界定福利計劃產生的精算損益加添額外確認選擇外，本公司董事預期應用此等準則、修訂及詮釋將不會對本集團財務報表造成重大影響。根據香港會計準則第19號(修訂版)董事還未決定選擇那一項。

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### 3. Summary of the Effects of the Changes in Accounting Policies (Continued)

#### (iii) On balance sheet items (Continued)

HKAS 1 (Amendment)	Capital disclosures <sup>1</sup>
HKAS 19 (Amendment)	Actuarial gains and losses, group plans and disclosures <sup>2</sup>
HKAS 21 (Amendment)	Net investment in a foreign operation <sup>2</sup>
HKAS 39 (Amendment)	Cash flow hedge accounting of forecast intragroup transactions <sup>2</sup>
HKAS 39 (Amendment)	The fair value option <sup>2</sup>
HKAS 39 & HKFRS 4 (Amendments)	Financial guarantee contracts <sup>2</sup>
HKFRS 6	Exploration for and evaluation of mineral resources <sup>2</sup>
HKFRS 7	Financial instruments: Disclosures <sup>1</sup>
HK(IFRIC) – INT 4	Determining whether an arrangement contains a lease <sup>2</sup>
HK(IFRIC) – INT 5	Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds <sup>2</sup>
HK(IFRIC) – INT 6	Liabilities arising from participating in a specific market – waste electrical and electronic equipment <sup>3</sup>
HK(IFRIC) – INT 7	Applying the restatement approach under HKAS29 Financial Reporting in Hyperinflationary Economies <sup>4</sup>
HK(IFRIC) – INT 8	Scope of HKFRS 2 <sup>5</sup>
HK(IFRIC) – INT 9	Reassessment of embedded derivatives <sup>6</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2007.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2006.

<sup>3</sup> Effective for annual periods beginning on or after 1 December 2005.

<sup>4</sup> Effective for annual periods beginning on or after 1 March 2006.

<sup>5</sup> Effective for annual periods beginning on or after 1 May 2006.

<sup>6</sup> Effective for annual periods beginning on or after 1 June 2006.

### 3. 會計政策變動的影響摘要 (續)

#### (iii) 於資產負債項目上 (續)

香港會計準則第1號(經修訂)	資本披露 <sup>1</sup>
香港會計準則第19號(經修訂)	精算損益、集團計劃及披露 <sup>2</sup>
香港會計準則第21號(經修訂)	於外國經營之淨投資 <sup>2</sup>
香港會計準則第39號(經修訂)	預測集團內公司間交易之現金流量對沖會計處理法 <sup>2</sup>
香港會計準則第39號(經修訂)	公平值期權 <sup>2</sup>
香港會計準則第39號及香港財務報告準則第4號(經修訂)	財務擔保合約 <sup>2</sup>
香港財務報告準則第6號	礦產資源之勘探及評估 <sup>2</sup>
香港財務報告準則第7號	財務工具：披露 <sup>1</sup>
香港(國際財務報告詮釋委員會)詮釋第4號	釐定安排是否包含租賃 <sup>2</sup>
香港(國際財務報告詮釋委員會)詮釋第5號	解除、恢復及環境重整資金所產生之權益之權利 <sup>2</sup>
香港(國際財務報告詮釋委員會)詮釋第6號	參與特定市場產生之負債—廢棄電力及電子設備 <sup>3</sup>
香港(國際財務報告詮釋委員會)詮釋第7號	根據香港會計準則第29號惡性通貨膨脹經濟下之財務報告採用重列法 <sup>4</sup>
香港(國際財務報告詮釋委員會)詮釋第8號	香港財務準則第2號大綱 <sup>5</sup>
香港(國際財務報告詮釋委員會)詮釋第9號	重估內含衍生工具 <sup>6</sup>

<sup>1</sup> 由二零零七年一月一日起或以後年度期間生效。

<sup>2</sup> 由二零零六年一月一日起或以後年度期間生效。

<sup>3</sup> 由二零零五年十二月一日起或以後年度期間生效。

<sup>4</sup> 由二零零六年三月一日起或以後年度期間生效。

<sup>5</sup> 由二零零六年五月一日起或以後年度期間生效。

<sup>6</sup> 由二零零六年六月一日起或以後年度期間生效。



#### 4. Significant Accounting Policies

The consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments, which are measured fair values, as explained in the accounting policies set out below.

The financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and by the Hong Kong Companies Ordinance.

##### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 March each year.

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 in line with those used by other members of the Group.

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

##### Revenue recognition

Sales of goods are recognised when goods are delivered and title has passed and are measured at the fair value of the consideration received or receivable.

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 discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Steam income is recognised on a monthly basis by fixed charge in accordance with the agreement.

##### Property, plant and equipment

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

#### 4. 重大會計政策

誠如下列會計政策所述，綜合財務報表乃按歷史成本基準編製，惟若財務工具按公平值計算者除外。

財務報表乃根據香港會計師公會發出之香港財務準則編製。另外，財務報表已包括聯交所上市規則「上市規則」及香港公司條例所監管下須予披露資料。

##### 綜合基準

綜合財務報表載列本公司及其附屬公司截至每年三月三十一日止的財務報表。

年內收購或出售的附屬公司的業績由收購生效日起，計入綜合損益表內或計至出售生效日期止，視何者適用。

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

所有集團內交易、結餘、收入及支出已於綜合賬目時對銷。

##### 收入確認

銷售貨物於貨物付運及所有權轉讓時確認並用已收或應收利益之公平值計量。

財務資產之利息收入乃以時間為基準按未償還本金及適用實際利率累計，而實際利率為透過財務資產之預期可用年期將估計日後現金收據折讓至該資產之賬面淨值之比率。

蒸汽收入根據協議以每月定額收費為基礎而確認。

##### 物業、廠房及設備

除在建工程外，物業、廠房及設備按成本減折舊、攤銷以及累計減值虧損入賬。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

For the year ended 31 March 2006 截至二零零六年三月三十一日止年度

### 4. Significant Accounting Policies (Continued)

#### Property, plant and equipment (Continued)

Depreciation and amortisation are provided to write off the cost of items of property, plant and equipment other than construction in progress and freehold land over their estimated useful lives, and after taking into account their estimated residual value, using the straight line method.

Construction in progress is stated at cost which includes all development expenditure and other direct cost attributable to such projects. It is not depreciated until completion of construction. Costs on completed construction works are transferred to the appropriate categories of property, plant and equipment.

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

#### Prepaid lease payments

Prepaid lease payments, which represent up-front payments to acquire leasehold land interest, are stated at cost and released to the income statement over the period of the lease on a straight-line basis.

#### Impairment

At each balance sheet date, the Group reviews the carrying amounts of its 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.

#### Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method.

### 4. 重大會計政策 (續)

#### 物業、廠房及設備 (續)

除在建工程及終身擁有之土地外，物業、廠房及設備在其估計可使用年期內及其估計餘額後，按直線法計算折舊及攤銷撥備，以撇銷成本。

在建工程按成本列賬，其中包括發展開支及其他直接成本。在建工程在建築完成前不作折舊。在建工程完成後，其成本將轉入物業、廠房及設備之適當項目內。

物業、廠房及設備項目於出售時或當繼續使用該資產預期不會產生任何日後經濟效益時取消確認。資產取消確認產生之任何收益或虧損（按該項目之出售所得款項淨額與賬面值間之差額計算）於該項目取消確認之年度計入收益表。

#### 預付租賃款項

預付租賃款項指購置租賃土地成本之預付款項，乃按相關租賃年期以直線攤銷為基礎於損益表內撇銷。

#### 減值

本集團會於各結算日檢討資產的賬面值，確定是否出現任何減值虧損跡象。倘若估計資產的可收回額低於賬面值，則該資產的賬面值將調減至可收回額，並即時將減值虧損確認為開支。

倘若有關的減值虧損其後撥回，有關資產的賬面值將調升至估計可收回額，然而調升後的賬面值不得超逾過往年度並無確認減值虧損時的賬面值。撥回的減值虧損即時確認為收入。

#### 存貨

存貨按成本或可變現淨值（以較低者為準）入賬。成本以加權平均法計算。

#### 4. Significant Accounting Policies (Continued)

##### 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.

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.

##### Retirement benefit costs

Payments to defined contribution retirement benefit plans/state-managed retirement benefit schemes/the Mandatory Provident Fund Scheme (the "MPF Scheme") are charged as an expense as they fall due.

For defined retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out annually. Actuarial gains and losses which exceed 10% of the greater of the present value of the defined benefit 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 balance sheet represents the fair value of plan assets as adjusted for unrecognised actuarial gains and losses, and as reduced by the present value of the defined benefit obligation. 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.

##### Foreign currencies

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

#### 4. 重大會計政策 (續)

##### 租賃

凡租賃之條款規定擁有權所附帶之一切風險及回報實質上轉移至承租人者，該租賃即歸類為融資租賃。其他租賃全部列作經營租賃。

根據經營租賃之應付租金乃按相關租賃年期以直線法於損益表扣除。因訂立一項經營租賃作為獎勵之已收及應收福利乃以直線法按租賃年期確認作租金支出減少。

##### 退休福利成本

界定供款退休福利計劃／國家管理的退休福利計劃／強制性公積金計劃（「強積金計劃」）的供款於到期時支銷。

對界定退休福利計劃而言，提供福利的成本會使用預估單位利益法計算，並於每年進行精算估值。超逾界定福利承擔現值或有關計劃資產公平價值（以較高者為準）10%的精算盈虧乃按參與有關計劃的僱員的預計平均剩餘工作年資攤銷。若退休福利已成為僱員的既得利益，過往服務年期的成本將即時予以確認，否則將會採用直線法按平均年期攤銷，直至經修訂的退休福利成為僱員的既得利益為止。

在資產負債表確認的數額指計劃資產的公平價值並就未確認精算盈虧減去界定福利責任的現值。據此計算之任何資產乃受限於未確認精算虧損及過往服務成本，加上計劃之可退回現金值及未來供款之削減。

##### 外幣

於編製各個別集團實體之財務報表時，以該實體功能貨幣以外之貨幣（外幣）進行之交易均按交易日期之適用匯率換算為功能貨幣（即該實體經營所在主要經濟活動之貨幣）記賬。於各結算日，以外幣定值之貨幣項目均按結算日之適用匯率重新換算。按公平值以外幣定值之非貨幣項目乃按於公平值釐定當日之適用匯率重新換算。按外幣過往成本計量非貨幣項目無須重新換算。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

For the year ended 31 March 2006 截至二零零六年三月三十一日止年度

### 4. Significant Accounting Policies (Continued)

#### Foreign currencies (Continued)

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 Group's net investment in a foreign operation, in which case, such exchange differences are recognised in equity in the consolidated financial statements.

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

#### Income tax expense

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 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 the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

### 4. 重大會計政策 (續)

#### 外幣 (續)

於結算及換算貨幣項目時產生之匯兌差額均於彼等產生期間內於損益表中確認，惟組成本集團海外業務之投資淨額部分之貨幣項目所產生之匯兌差額除外，在此情況下，有關匯兌差額乃於綜合財務報表之權益中確認。

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

#### 利得稅支出

利得稅支出指現時應付稅項及遞延稅項的總和。

現時應付稅項乃按本年度應課稅盈利計算。應課稅盈利與損益表中所報溢利不同，因為應課稅盈利不包括在其他年度應課稅或可扣稅的收入及開支項目，並且不包括從未課稅及扣稅的項目。本集團之即期稅項負債乃按結算日已實行或大致上已實行之稅率計算。

遞延稅項乃根據綜合財務報表內資產及負債賬面值與計算應課稅盈利所採用相應稅基的差額而確認，並採用資產負債表負債法入賬。遞延稅項負債一般就所有應課稅暫時差額予以確認，而遞延稅項資產則於可能會出現可用以抵銷可扣稅暫時差額的應課稅盈利時予以確認。倘若暫時差額乃由初次確認一項不影響應課稅盈利或會計盈利的交易的其他資產及負債所引起，則有關資產及負債不予確認。



#### 4. Significant Accounting Policies (Continued)

##### Income tax expense (Continued)

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, 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 is 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.

##### Financial instruments

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

##### Financial assets

The Group's financial assets are classified as financial assets at fair value through profit or loss and loans and receivables. 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 include financial assets held for trading. At each balance sheet date subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise.

#### 4. 重大會計政策 (續)

##### 利得稅支出 (續)

遞延稅項負債就於附屬公司的投資所產生的應課稅暫時差額予以確認，除非本集團可控制暫時差額的撥回及於可見將來不大可能撥回暫時差額。

遞延稅項資產賬面值於各個結算日審核，並予以相應扣減，直至並無足夠應課稅盈利可供所有或部分遞延稅項資產應用為止。

遞延稅項按預計於償還負債或變現資產的期間內適用的稅率計算。遞延稅項自損益表中扣除或計入其中，惟與直接扣自或計入股本的項目有關者除外，在此情況下，遞延稅項在股本權益中處理。

##### 財務工具

財務資產及財務負債乃當某集團實體為工具合同條文之訂約方時在資產負債表上確認。財務資產及財務負債按公平值初步計量。收購或發行財務資產及財務負債直接應佔之交易成本（於損益表按公平值計算之財務資產及財務負債除外）乃於初步確認時加入財務資產或財務負債之公平值或自財務資產或財務負債之公平值內扣除（如合適）。收購透過損益以公平值列賬之財務資產或財務負債直接應佔之交易成本即時於損益賬內確認。

##### 財務資產

本集團之財務資產以分類為於損益賬按公平值處理之財務資產及貸款及應付款項。就每種財務資產而採納之會計政策載列如下：

##### *於損益賬按公平值處理的財務資產*

於損益賬按公平值處理的財務資產包括持有財務資產作買賣交易。於首次確認後之各結算日，於損益賬按公平值處理的財務資產乃按公平值計算，而公平值之變動乃於產生期間直接確認為損益。



# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

For the year ended 31 March 2006 截至二零零六年三月三十一日止年度

### 4. Significant Accounting Policies (Continued)

#### Financial assets (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, bills receivable, other receivables, amount due from a related company and bank deposits) 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.

#### 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 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 include financial liabilities held for trading. 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 trade and bills payable, other payables and bank borrowings. They are subsequently measured at amortised cost, using the effective interest rate method.

### 4. 重大會計政策 (續)

#### 財務資產 (續)

##### 貸款及應收款項

貸款及應收款項於活躍市場無報價而附帶固定或可釐定付款之非衍生性質財務資產，於首次確認後每一個結算日，貸款及應收款項（包括應收貿易賬款、應收票款、其他應收賬款、應收有關公司款項及銀行結餘）採用實際利率法攤銷成本，減去任何已識別減值虧損列賬。倘客觀證明資產出現減值，則減值虧損會於損益表確認，並按資產賬面值與按原實際利率折讓之估計未來現金流量之現值的差額計算。倘資產可收回金額之增幅能客觀地指出涉及及確認減值後所發生之事件，則減值虧損會於以後期間撥回，惟減值撥回當日之資產賬面值不得超過如無確認減值時之原來應攤銷成本。

#### 財務負債及股本權益

由集團實體發行之財務負債及股本權益工具按所訂立之合約安排性質，以及財務負債及股本權益工具之定義而分類。

股本權益工具為帶有集團資產剩餘權益（經扣除其所有負債）之任何合約。財務負債及股本權益工具採納之會計政策如下：

##### 於損益賬按公平值處理的財務負債

於損益賬按公平值處理的財務負債可包括持作買賣之財務負債。於首次確認後之各結算日，於損益賬按公平值處理的財務負債乃按公平值計算，而公平值之變動乃於產生期間直接確認為損益。

##### 其他負債

其他負債包括貿易及應付票款、其他應付賬項及銀行借貸，乃採用實際利率法按攤銷成本計算。

#### 4. Significant Accounting Policies (Continued)

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

###### Convertible bonds

Convertible bonds issued by the Company that contain both financial liability and equity components are classified separately into respective liability and equity components on initial recognition. On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the proceeds of the issue of the convertible bonds and the fair value assigned to the liability component, representing the embedded call option for the holder to convert the bonds into equity, is included in equity (convertible bonds equity reserve).

In subsequent periods, the liability component of the convertible bonds 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 bonds equity reserve until the embedded option is exercised in which case the balance stated in convertible bonds equity reserve will be transferred to share premium. Where the option remains unexercised at the expiry date, the balance stated in convertible bonds equity reserve will be transferred to the accumulated 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 bonds 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 portion and amortised over the period of the convertible bonds using the effective interest method.

###### Equity instruments

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

##### Derivative financial instruments

###### Derivatives that do not qualify for hedge accounting

Derivatives that do not qualify for hedge accounting are deemed as financial assets held for trading or financial liabilities held for trading. Changes in fair values of such derivatives are recognised directly in profit or loss.

#### 4. 重大會計政策 (續)

##### 財務負債及股本權益 (續)

###### 可換股債券

本公司發行已包含財務負債及股本權益成份之可換股債券在最初確認時已將所屬負債及股本成份分開分類。在最初確認時，負債部份公平值是根據類似的不可換股債券在普遍市場上之利率釐定。發行可換股債券所得的款項與負債成份公平值的差額，代表持有人可運用認購期權將債券轉換為股本亦已包括在股本內（可換股債券股本儲備）。

在隨後的期間，可換股債券負債成份以實際利率法按攤銷成本持有。股本權益成份，即可將負債成份轉換為本公司之普通股之期權，會依然在可換股債券股本儲備記賬直至該期權已行使（則在該情況下，可換股債券股本儲備結餘將轉移到股本溢價內）。如期權於到期日尚未行使，可換股債券股本儲備結餘將放轉移到累積盈餘上。當期權轉換或過期時，將並無得益或損失於損益表內確認。

發行可換股債券的交易成本將按所得款項分配比例分配於負債及股本成份中。有關股本成份的交易成本會直接於股本記賬。有關負債成份的交易成本已包括在負債部份賬面值及於可換股債券行使期間以實際利率法攤銷。

###### 股本權益工具

本公司所發行之股本權益工具乃按已收取之所得款項減直接發行成本記賬。

##### 衍生財務工具

###### 不符合對沖會計法之衍生工具

不符合對沖會計法之衍生工具被視為持作買賣之財務資產或持作買賣之財務負債。有關衍生工具公平值之變動直接於損益中確認。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

For the year ended 31 March 2006 截至二零零六年三月三十一日止年度

### 4. Significant Accounting Policies (Continued)

#### Derivative financial instruments (Continued)

##### Embedded derivatives

Derivatives embedded in non-derivative host contracts are separated from the relevant host contracts and deemed as held-for-trading when the economic characteristics and risks of the embedded derivatives are not closely related to those of the host contracts, and the combined contracts are not measured at fair value through profit or loss.

Derivative financial instrument is initially measured at fair value on the contract date, and is remeasured to fair value at subsequent reporting date.

##### Derecognition

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

For financial liabilities, they are removed from the Group's balance sheet when, and only when, it is extinguished (i.e. when the obligation specified in the relevant contract is discharged, cancelled or expires). The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in profit or loss.

##### Equity-settled share-based payment transactions

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

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 accumulated profits.

### 4. 重大會計政策 (續)

#### 衍生財務工具 (續)

##### 內含衍生工具

非衍生主合約之內含衍生工具與有關主合約獨立。倘內含衍生工具之經濟特色及風險與主合約並非密切聯繫，被視為持作買賣，合併合約並非按公平值計入損益。

衍生財務工具最初於合約日以公平值計量及於隨後之報告日重新計量公平值。

##### 取消確認

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

就財務負債而言，則會於本集團之資產負債表中除去（即倘於有關合約之特定責任獲解除、取消或到期）。取消確認之財務負債賬面值與已付或應付代價之差額將於損益中確認。

##### 以股結算股權支付之交易

授出予本公司董事及僱員之購股權，所獲服務之公平值乃參考購股權於授出當日之公平值釐定，並於歸屬期間以直線法支銷，並於股本權益中作相應增加（購股權儲備）。

購股權獲行使時，過往於購股權儲備中確認之數額將轉移至股本溢價賬。當購股權於有效期間後被註銷或於屆滿日仍未獲行使，過往於購股權儲備中確認之數額將轉移至保留溢利內。

## 5. Key Sources of Estimation Uncertainty

In the process of applying the Group's accounting policies which are described in note 4, management makes various estimates based on past experience, expectations of the future and other information. The key sources of estimation uncertainty that can significantly affect the amounts recognised in the financial statements are disclosed below.

### Income taxes

As at 31 March 2006, a deferred tax asset of HK\$19,956,000 was recognised in the Group's balance sheet in relation to the unused tax losses. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognised in the income statement for the period in which such a reversal takes place.

## 6. Financial Risk Management Objectives and Policies

The Group's major financial instruments include trade receivables, bills receivable, bank balances, trade and bills payable, amount due from a related company, bank borrowings, convertible bonds and derivative financial instruments. 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.

### Currency risk

The sales transactions of the Group are denominated in United States Dollars, Hong Kong Dollars and Renminbi ("RMB"), and there are purchases of inventories, expenses and acquisition cost of plant and equipment that required to be settled in United States Dollars, Japanese Yen, Hong Kong Dollars and Euro dollars. Certain trade receivables, trade payables and bank balances of the Group are denominated in foreign currencies. The Group has used currency structured instruments, foreign currency borrowings or other means to hedge its foreign currency exposure. In this regard, the directors of the Company consider that the Group's currency risk is significantly reduced.

## 5. 估計不確定性之主要來源

於應用本集團之會計政策（如附註4所述）時，管理層根據過往經驗、預期未來狀況及其他資料作出各方面之估計。主要可影響於財務資料確認數額之估計不確定性之主要來源概述如下。

### 利得稅

於二零零六年三月三十一日，有關未動用稅項虧損19,956,000港元之遞延稅項資產於本集團之資產負債表中確認。遞延稅項資產之變現主要有賴於是否有足夠未來溢利或將來可供利用之應課稅暫時差額而定。倘產生之未來實際溢利乃少於預期溢利，遞延稅項資產可能會予以實質撥回，而該未來溢利會於有關撥回發生期間之收益表內確認。

## 6. 財務風險管理目標及政策

本集團之主要財務工具包括應收貿易賬款及應收票款、銀行結餘、貿易及應付票款、應收關連公司款項、銀行借貸、可換股債券及衍生財務工具。該等財務工具詳情於相關附註披露。下文載列與該等財務工具有關之風險及如何降低該等風險之政策。管理層管理及監控該等風險，以確保及時有效地採取適當之措施。

### 貨幣風險

本集團之銷貨交易以美元、港元及人民幣訂值，另有採購存貨、費用支出及購置廠房及機器成本需要以美元、日元、港元及歐元支付。本集團若干貿易應收賬款、貿易應付賬款及銀行結餘乃以外幣訂值。本集團採用遠期合約、外幣借貸或其他途徑作外幣對沖方法。就此而言，本公司之董事認為本集團之貨幣風險已大幅降低。



# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

For the year ended 31 March 2006 截至二零零六年三月三十一日止年度

### 6. Financial Risk Management Objectives and Policies (Continued)

#### Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties, failure to perform their obligations as at 31 March 2006 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated balance sheet. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the management reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on bank deposits is limited because the counterparties are banks with good reputation.

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

#### Interest rate risk

The Group's fair value and cash flow interest rate risks mainly related to fixed and variable rate borrowings. The Group's bank balances have exposure to cash flow interest rate due to the fluctuation of the prevailing market interest rate on bank balances. The directors of the Company consider that the Group's exposure of the short term bank deposits and bank borrowings to interest rate risk is not significant as interest bearing bank balances and borrowings are within short maturity periods. The Group currently does not have any interest rate hedging policy. The directors monitor the Group's exposure on ongoing basis and will consider hedging interest rate risk should the need arises.

### 7. Business and Geographical Segments

#### Business segments

For management purposes, the Group is currently organised into two operating businesses – manufacture and sales of paper, and manufacture and sales of pulp. These businesses are the basis on which the Group reports its primary segment information.

### 6. 財務風險管理目標及政策 (續)

#### 信貸風險

倘對手方於二零零六年三月三十一日未能履行彼等之承擔，則本集團就每類已確認財務資產須承受之最大信貸風險為已於綜合資產負債表列賬之該等資產之賬面值。為把信貸風險降至最低，本集團管理層已委派一組人員負責制訂信貸限額、信貸審批及其他監控措施，以確保爭取跟進措施收回逾期末付之債項。此外，管理層於各個結算日檢討各項個別貿易應收款項之可收回金額，以確保就不可收回金額作出足夠減值虧損。就此而言，本公司之董事認為本集團之信貸風險已大幅降低。

本集團之銀行存款之信貸風險有限，由於對手方均為良好信譽之銀行。

本集團並無集中之信貸風險，有關風險乃分散至多個其他地方及客戶。

#### 利率風險

本集團之公平值及現金流量利率風險主要涉及以固定及浮動利率計息之借款。由於市場銀行存款利率波動，本集團之銀行結餘承受現金流量利率風險。本公司董事認為本集團於短期銀行存款及銀行借款所承受之利率風險不大，因需計息之銀行結餘及借款乃於短期期滿。本集團現時尚無利率對沖政策，董事將持續監控本集團之狀況並會考慮於必要時對沖利率風險。

### 7. 業務及地域分部

#### 業務分部

就管理而言，本集團現經營兩個業務：生產及銷售紙張、生產及銷售木漿。該等業務為本集團申報其主要分類資料之基準。



## 7. Business and Geographical Segments (Continued)

### Business segments (Continued)

Segment information about these businesses is presented below:

2006

Consolidated income statement

		Paper 紙張 HK\$'000 千港元	Pulp 木漿 HK\$'000 千港元	Eliminations 刪除 HK\$'000 千港元	Consolidated 綜合 HK\$'000 千港元
Turnover – External sales	營業額 – 對外銷售	3,388,481	389,573	–	3,778,054
Inter-segment sales	業務之間銷售	–	424,519	(424,519)	–
		3,388,481	814,092	(424,519)	3,778,054
<b>SEGMENT RESULTS</b>	<b>分類業績</b>	<b>643,645</b>	<b>53,007</b>	<b>–</b>	<b>696,652</b>
Unallocated corporate income	未分類之公司收入				1,871
Finance costs	財務成本				(72,937)
Profit before taxation	稅前溢利				625,586
Income tax expense	利得稅開支				(25,558)
Profit for the year	本年度溢利				600,028

## 7. 業務及地域分部 (續)

### 業務分部 (續)

該等商業分類資料呈報如下：

二零零六年

綜合損益表

Inter-segment sales are charged at market value or, where no market price was available, at terms determined and agreed by both parties.

業務之間銷售以市場價值收取。如沒有市場價格，將以雙方決定及同意之條款收取。

Consolidated balance sheet

綜合資產負債表

		Paper 紙張 HK\$'000 千港元	Pulp 木漿 HK\$'000 千港元	Consolidated 綜合 HK\$'000 千港元
<b>ASSETS</b>	<b>資產</b>			
Segment assets	分類資產	5,481,565	159,893	5,641,458
Unallocated corporate assets	未分類之公司資產			132,558
Consolidated total assets	綜合總資產			5,774,016
<b>LIABILITIES</b>	<b>負債</b>			
Segment liabilities	分類負債	243,576	125,127	368,703
Unallocated corporate liabilities	未分類之公司負債			1,828,269
Consolidated total liabilities	綜合總負債			2,196,972

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

For the year ended 31 March 2006 截至二零零六年三月三十一日止年度

### 7. Business and Geographical Segments (Continued) 7. 業務及地域分部 (續)

**Business segments (Continued)**

**2006 (Continued)**

Other information

**業務分部 (續)**

**二零零六年 (續)**

其他資料

		Paper 紙張 HK\$'000 千港元	Pulp 木漿 HK\$'000 千港元	Consolidated 綜合 HK\$'000 千港元
Capital expenditure	資本性支出	1,081,513	52,060	1,133,573
Depreciation and amortisation	折舊及攤銷	96,862	1,127	97,989
Loss on disposal of property, plant and equipment	出售物業、廠房及 設備產生的虧損	365	–	365

2005

Consolidated income statement

二零零五年  
綜合損益表

		Paper 紙張 HK\$'000 千港元	Pulp 木漿 HK\$'000 千港元	Eliminations 刪除 HK\$'000 千港元	Consolidated 綜合 HK\$'000 千港元
Turnover – External sales	營業額 – 對外銷售	2,771,423	–	–	2,771,423
Inter-segment sales	業務之間銷售	–	–	–	–
		2,771,423	–	–	2,771,423
<b>SEGMENT RESULTS</b>	<b>分類業績</b>	435,848	–	–	435,848
Unallocated corporate income	未分類之公司收入				668
Finance costs	財務成本				(13,080)
Profit before taxation	稅前溢利				423,436
Income tax expense	利得稅開支				(5,693)
Profit for the year	本年度溢利				417,743

## 7. Business and Geographical Segments (Continued)

### Business segments (Continued)

2005 (Continued)

Consolidated balance sheet

## 7. 業務及地域分部 (續)

### 業務分部 (續)

二零零五年 (續)

綜合資產負債表

		Paper 紙張 HK\$'000 千港元	Pulp 木漿 HK\$'000 千港元	Consolidated 綜合 HK\$'000 千港元
<b>ASSETS</b>	<b>資產</b>			
Segment assets	分類資產	3,897,175	124,703	4,021,878
Unallocated corporate assets	未分類之公司資產			91,515
Consolidated total assets	綜合總資產			<u>4,113,393</u>
<b>LIABILITIES</b>	<b>負債</b>			
Segment liabilities	分類負債	224,024	65,991	290,015
Unallocated corporate liabilities	未分類之公司負債			781,917
Consolidated total liabilities	綜合總負債			<u>1,071,932</u>
<i>Other information</i>		<i>其他資料</i>		
		Paper 紙張 HK\$'000 千港元	Pulp 木漿 HK\$'000 千港元	Consolidated 綜合 HK\$'000 千港元
Capital expenditure	資本性支出	639,959	81	640,040
Depreciation and amortisation	折舊及攤銷	81,729	57	81,786
Loss on disposal of property, plant and equipment	出售物業、廠房及 設備產生的虧損	6,816	–	6,816

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

For the year ended 31 March 2006 截至二零零六年三月三十一日止年度

### 7. Business and Geographical Segments (Continued)

#### Geographical segments

The following table provides an analysis of the Group's sales by geographical market, irrespective of the origin of the goods:

### 7. 業務及地域分部 (續)

#### 地域分部

下表是按地區市場劃分本集團銷售的分析，當中並無理會貨品來源地：

		Sales revenue by geographical market 按地區市場劃分的銷售收入		Contribution to profit before taxation 稅前盈利貢獻	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
People's Republic of China other than Hong Kong (the "PRC")	中華人民共和國·香港除外(「中國」)	2,020,665	1,351,053	358,772	223,159
Export sales delivered in the PRC (Note)	中國國內付運的出口銷售(附註)	1,338,904	1,364,422	237,724	225,366
Others	其他	418,485	55,948	100,156	(12,677)
		<b>3,778,054</b>	2,771,423	<b>696,652</b>	435,848
Interest income	利息收入			1,871	668
Finance costs	財務成本			(72,937)	(13,080)
Profit before taxation	除稅前盈利			<b>625,586</b>	423,436
Income tax expense	利得稅開支			<b>(25,558)</b>	(5,693)
Profit for the year	本年度溢利			<b>600,028</b>	417,743

Note: These are sales to PRC customers who ultimately export the goods outside the PRC.

附註：此等貨品銷往最終將貨品出口國外的中國客戶。

## 7. Business and Geographical Segments (Continued)

### Geographical segments (Continued)

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

		Carrying amount of segment assets 分部資產賬面值		Additions to property, plant and equipment 物業、廠房及設備的添置	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
PRC other than Hong Kong	中國(不包括香港)	5,629,665	4,020,751	1,072,715	639,385
Hong Kong	香港	11,987	2,811	8,856	306
United States of America	美國	132,364	89,831	52,002	349
		<b>5,774,016</b>	4,113,393	<b>1,133,573</b>	640,040

## 7. 業務及地域分部 (續)

### 地域分部 (續)

按資產所在地區分析的分類資產賬面值、物業、廠房及設備的添置如下：

## 8. Finance Costs

## 8. 財務成本

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Interest on bank borrowings wholly repayable within five years	於五年內悉數償還 之銀行借貸利息	56,496	11,412
Interest on convertible bonds	可換股債券產生之利息	12,712	—
Other finance costs	其他財務成本	3,729	1,668
		<b>72,937</b>	13,080



# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

For the year ended 31 March 2006 截至二零零六年三月三十一日止年度

### 9. Income Tax Expense

### 9. 利得稅開支

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
The charge comprises:	稅項開支包括:		
PRC Foreign Enterprise Income Tax	中國外商企業所得稅	15,715	5,402
Deferred taxation	遞延稅項	9,843	291
		<b>25,558</b>	5,693

The Group's profit is subject to taxation from the place of its operations where its profit is generated. Taxation is calculated at the rates prevailing in the relevant jurisdictions as set out below.

The subsidiaries in the PRC are entitled to exemption from PRC Foreign Enterprise Income Tax for the two years starting from their respective first profit-making year, followed by a 50% relief for the three years thereafter.

The subsidiary in Malaysia carries on offshore trading activities in Labaun, Malaysia, in a currency other than the Malaysian currency with other group companies which are non-residents of Malaysia. The tax rate for offshore trading companies in Labaun is charged at a fixed annual rate of Malaysian RM20,000.

Under Decree-Law no. 58/99/M, a Macau company incorporated under that Law (called "58/99/M Company") is exempted from Macau complementary tax (Macau income tax) as long as the 58/99/M Company does not sell its products to a Macau resident company.

In the opinion of the directors, the Group is not subject to taxation in any other jurisdictions in which the Group operates.

Details of deferred taxation are set out in note 28.

集團之利潤乃根據其利潤產生的營運地方繳納稅項。稅項按個別管轄地區之課稅率計算如下。

位於中國的附屬公司於首個獲利年度起，免繳中國外商企業所得稅兩年，其後三年半免。

馬來西亞的附屬公司於馬來西亞拉布安，以馬來西亞幣以外的貨幣，與集團內其他非馬來西亞公司進行離岸貿易業務。拉布安的離岸貿易公司每年繳納20,000馬幣的定額稅。

根據第58/99/M號法令，凡根據該法令註冊成立的澳門公司（稱為「58/99/M公司」）均可免繳澳門補充稅（澳門所得稅），前提是58/99/M公司不得向澳門本土公司銷售產品。

董事認為，本集團在本身經營所在地的任何其他司法權區亦毋須繳交稅項。

遞延稅項詳情載於附註28。

## 9. Income Tax Expense (Continued)

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

## 9. 利得稅開支 (續)

本年度的稅項支出與根據損益表的盈利對賬如下:

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Profit before taxation	除稅前盈利	625,586	423,436
Tax at the applicable tax rate of 15% (2005: 15%)	按適用稅率15% (二零零五年: 15%) 計算的稅項	93,838	63,515
Tax effect of expenses not deductible for tax purpose	不可扣稅的支出稅務影響	8,760	1,656
Tax effect of income not taxable for tax purpose	無須課稅的收入的稅務影響	(10,590)	(3,571)
Tax effect of tax losses not recognised	未確認稅務虧損的稅務影響	1,653	1,316
Utilisation of tax losses previously not recognised	動用先前未確認的稅務虧損	(700)	–
Effect of tax exemption for PRC subsidiaries	中國附屬公司豁免繳稅的影響	(13,881)	(29,124)
Effect of tax exemption granted to Macau and Malaysia subsidiaries	澳門及馬來西亞附屬公司 獲豁免繳稅的影響	(55,066)	(28,741)
Effect of different tax rates of subsidiaries operating in other jurisdictions	在不同司法權區營運的附屬 公司使用不同稅率的影響	1,544	672
Others	其他	–	(30)
Tax charge for the year	年內稅支出	25,558	5,693

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

For the year ended 31 March 2006 截至二零零六年三月三十一日止年度

### 10. Profit for the Year

### 10. 年度盈利

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Profit for the year has been arrived at after charging:	年度溢利經扣除：		
Directors' emoluments (note 13)	董事酬金(附註13)	5,174	3,540
Other staff costs	其他員工成本	188,047	100,677
Equity-settled share-based payment expenses	以股權支付之開支	1,049	-
Retirement benefits scheme contributions	退休福利計劃供款	22,530	2,585
<b>Total staff costs</b>	<b>員工成本總額</b>	<b>216,800</b>	106,802
Auditors' remuneration	核數師酬金	1,537	1,061
Depreciation and amortisation	折舊及攤銷	97,989	81,786
Release of prepaid lease payments	預付租賃款項撇銷	3,844	1,855
Cost of inventories recognised as expenses	存貨成本確認為支出	2,903,880	2,197,992
Loss on disposal of property, plant and equipment	出售物業、廠房及 設備產生的虧損	365	6,816
Loss arising from change in fair value of derivative financial instrument	因衍生財務工具公平值變動 所產生的虧損	828	-
Operating lease rentals in respect of land and buildings	土地及樓宇的經營租賃租金	10,251	4,141
and after crediting:	並已計入：		
Interest income	利息收入	1,871	668
Net foreign exchange gain	淨匯兌得益	38,590	1,474
Gain arising from change in fair value of derivative financial instrument	因衍生財務工具公平值變動 所產生之得益	23,931	-
Rental income	租金收入	390	-

## 11. Dividend

## 11. 股息

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Payment of 2005 final dividend of HK\$0.18 (2004: HK\$0.10) per share	二零零五年派發末期股息 每股0.18港元 (二零零四年: 0.10港元)	<b>173,409</b>	96,155

A final dividend of HK\$0.24 (2005: HK\$0.18) per share has been proposed by the board of directors of the Company and is subject to approval by the shareholders in the forthcoming annual general meeting.

董事會建議派付末期股息每股0.24港元(二零零五年: 0.18港元)·惟須待股東在應屆股東週年大會上作出批准後方可作實。

## 12. Earnings Per Share

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

## 12. 每股盈利

年內的每股基本及攤薄盈利乃以下列數據為基準計算:

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Earnings:	盈利:		
Profit for the year and earnings for the purpose of basic and diluted earnings per share	用以計算每股基本及攤薄盈利的年度溢利及盈利	<b>600,028</b>	417,743
Number of shares:	股份數目:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	用以計算每股基本盈利的普通股加權平均數	<b>963,981,063</b>	959,554,581
Effect of dilutive potential ordinary shares in respect of: – share options	就以下事項所產生的普通股潛在攤薄影響—購股權	<b>1,730,267</b>	3,831,667
Weighted average number of ordinary shares for the purpose of diluted earnings per share	用以計算每股攤薄盈利的普通股加權平均數	<b>965,711,330</b>	963,386,248

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

For the year ended 31 March 2006 截至二零零六年三月三十一日止年度

### 12. Earnings Per Share (Continued)

The computation of diluted earnings per share does not assume the conversion of the Company's convertible bonds since the exercise would result in an increase in profit per share.

The Group's adoption of new and revised accounting policies during the year are described in detail in note 2 above. To the extent that those changes have had an impact on the results reported for 2006, the reported earnings per share for the year are affected. The following table summarises the impact on both basic and diluted earnings per share for the year:

### 12. 每股盈利 (續)

計算每股攤薄盈利時並無假設本公司之可換股債券行使換股權。因行使該等可換股債券將導致每股盈利增加。

本集團於年內採用之最新及經修訂之會計政策已於附註2詳述。如此改變影響二零零六年呈報之業績，年內報告之每股盈利亦受影響。下表總結年內基本及攤薄每股盈利之影響。

		<b>Impact on basic earnings per share 對每股基本 盈利之影響 HK cents 港仙</b>	<b>Impact on diluted earnings per share 對每股攤薄 盈利之影響 HK cents 港仙</b>
Figures before adjustments	未經調整之數據	61.33	61.22
Adjustments arising from changes in accounting policies	因會計政策改變所產生之調整	0.91	0.91
Reporting /restated	呈報/重列	62.24	62.13



### 13. Directors' Emoluments

The emoluments paid or payable to each of the 9 (2005:8) directors were as follows:

### 13. 董事酬金

需要支付或應付給9位董事(二零零五年:8)的酬金如下:

	Fees 袍金 HK\$'000 千港元	Other emoluments 其他酬金				Total 合計 HK\$'000 千港元
		Salaries and other benefits 薪金及其他福利 HK\$'000 千港元	Contributions to retirement benefits schemes 退休計劃供款 HK\$'000 千港元	Performance related incentive payments 有關表現之獎金付款 HK\$'000 千港元	Equity-settled share-based payment expenses 股結算股權付款開支 HK\$'000 千港元	
<b>Year ended 31 March 2006</b> 二零零六年三月三十一日之年度						
<i>Executive directors</i>	<i>執行董事</i>					
Lee Wan Keung Patrick	李運強	-	-	-	-	-
Lee Man Chun Raymond	李文俊	-	1,976	12	-	1,988
Lee Man Bun	李文斌	-	740	12	15	767
Tan Siak Him Alexander	陳錫鑫	-	1,046	-	41	1,087
Li King Wai Ross	李經緯	-	576	12	20	524
<i>Non-executive director</i>	<i>非執行董事</i>					
Poon Chung Kwong	潘宗光	-	-	-	-	-
<i>Independent non-executive directors</i>	<i>獨立非執行董事</i>					
Wong Kai Tung Tony	王啟東	80	-	-	-	80
Heng Kwo Seng	邢詒春	120	-	-	-	120
Law Kar Shui Elizabeth	羅嘉穗	-	-	-	-	-
		<b>200</b>	<b>4,338</b>	<b>36</b>	<b>76</b>	<b>5,174</b>
<b>Year ended 31 March 2005</b> 二零零五年三月三十一日之年度						
<i>Executive directors</i>	<i>執行董事</i>					
Lee Wan Keung Patrick	李運強	-	-	-	-	-
Lee Man Chun Raymond	李文俊	-	1,830	12	150	1,992
Lee Man Bun	李文斌	-	230	8	-	238
Tan Siak Him Alexander	陳錫鑫	-	1,066	-	-	1,066
<i>Non-executive director</i>	<i>非執行董事</i>					
Poon Chung Kwong	潘宗光	-	-	-	-	-
<i>Independent non-executive directors</i>	<i>獨立非執行董事</i>					
Wong Kai Tung Tony	王啟東	94	-	-	-	94
Heng Kwo Seng	邢詒春	150	-	-	-	150
Law Kar Shui Elizabeth	羅嘉穗	-	-	-	-	-
		<b>244</b>	<b>3,126</b>	<b>20</b>	<b>150</b>	<b>3,540</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

For the year ended 31 March 2006 截至二零零六年三月三十一日止年度

### 13. Directors' Emoluments (Continued)

In the two years ended 31 March 2006, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as a compensation for loss of office. None of the directors has waived any emoluments during the two years.

Performance related incentive payments were determined with reference to the Group's operating results, individual performances and comparable market statistics.

### 14. Employees' Emoluments

Of the five individuals with the highest emoluments in the Group, three (2005: two) were directors of the Company whose emoluments are disclosed in note 13 above. The emoluments of the remaining two (2005: three) individuals were as follows:

### 13. 董事酬金 (續)

截至二零零六年三月三十一日之兩年內，本集團並無支付任何酬金予董事引誘其加入的或加入集團後或作為失去其辦公室之補償。這兩年內無任何董事放棄酬金。

有關表現之花紅款項是根據本集團之營運業績、個人表現及相對市場統計資料而釐定。

### 14. 僱員酬金

本集團最高酬金之五位人士，其中三位（二零零五年：二）為本公司董事而其酬金已於上述第13點披露。其餘兩位人士（二零零五年：三）之酬金如下：

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Salaries and other benefits	薪金及其他福利	1,993	2,136
Contributions to retirement benefits schemes	退休福利計劃供款	17	36
Performance related incentive payments	有關表現之獎金付款	38	38
Equity-settled share-based payment expenses	股益結算股權付款開支	1,049	-
		<b>3,097</b>	2,210

The emoluments were within the following bands:

董事的酬金介乎下列組別：

Nil to HK\$1,000,000	零—1,000,000港元	-	3
HK\$1,000,001 to HK\$1,500,000	1,000,001港元—1,500,000港元	1	-
HK\$2,000,001 to HK\$2,500,000	2,000,001港元—2,500,000港元	1	-
		<b>2</b>	3

## 15. Property, Plant and Equipment

## 15. 物業、廠房及設備

		Freehold Land 以永久業權 持有之土地 HK\$'000 千港元	Buildings 樓宇 HK\$'000 千港元	Construction in progress 在建工程 HK\$'000 千港元	Computer System 電腦系統 HK\$'000 千港元	Furniture fixtures & equipment 傢俬、固定 裝置及設備 HK\$'000 千港元	Leasehold improve- ments 租賃 物業裝修 HK\$'000 千港元	Motor vehicles 汽車 HK\$'000 千港元	Plant & machinery 廠房及 機器 HK\$'000 千港元	Total 總計 HK\$'000 千港元
<b>COST</b>	<b>成本</b>									
At 1 April 2004	二零零四年四月一日	-	377,378	96,442	-	9,933	42,086	9,436	1,562,131	2,097,406
Additions	添置	-	66,375	59,922	-	9,198	42,164	3,907	458,474	640,040
Transfers	轉讓	-	36,532	(75,314)	-	432	2,590	-	35,760	-
Disposals	出售	-	(6,061)	-	-	(17)	-	-	(3,141)	(9,219)
At 31 March 2005	二零零五年三月三十一日	-	474,224	81,050	-	19,546	86,840	13,343	2,053,224	2,728,227
Currency realignment	貨幣重新組合	-	9,036	1,656	-	361	1,836	227	39,468	52,584
Additions	添置	10,309	70,340	975,578	338	6,945	7,208	9,303	53,552	1,133,573
Transfers	轉讓	-	288	(24,458)	13,944	76	-	88	10,062	-
Disposals	出售	-	-	-	-	-	-	(314)	(6,378)	(6,692)
<b>At 31 March 2006</b>	<b>二零零六年三月三十一日</b>	<b>10,309</b>	<b>553,888</b>	<b>1,033,826</b>	<b>14,282</b>	<b>26,928</b>	<b>95,884</b>	<b>22,647</b>	<b>2,149,928</b>	<b>3,907,692</b>
<b>DEPRECIATION AND AMORTISATION</b>	<b>折舊及攤銷</b>									
At 1 April 2004	二零零四年四月一日	-	38,585	-	-	3,131	633	4,079	104,625	151,053
Provided for the year	年內撥備	-	18,811	-	-	2,239	3,180	1,868	55,688	81,786
Eliminated on disposals	出售時對銷	-	(1,307)	-	-	(2)	-	-	(1,079)	(2,388)
At 31 March 2005	二零零五年三月三十一日	-	56,089	-	-	5,368	3,813	5,947	159,234	230,451
Currency realignment	貨幣重新組合	-	1,155	-	-	109	73	96	3,060	4,493
Provided for the year	年內撥備	-	22,235	-	119	3,760	4,903	2,721	64,251	97,989
Eliminated on disposals	出售時對銷	-	-	-	-	-	-	(144)	(97)	(241)
<b>At 31 March 2006</b>	<b>二零零六年三月三十一日</b>	<b>-</b>	<b>79,479</b>	<b>-</b>	<b>119</b>	<b>9,237</b>	<b>8,789</b>	<b>8,620</b>	<b>226,448</b>	<b>332,692</b>
<b>CARRYING VALUES</b>	<b>賬面值</b>									
<b>At 31 March 2006</b>	<b>二零零六年三月三十一日</b>	<b>10,309</b>	<b>474,409</b>	<b>1,033,826</b>	<b>14,163</b>	<b>17,691</b>	<b>87,095</b>	<b>14,027</b>	<b>1,923,480</b>	<b>3,575,000</b>
At 31 March 2005	二零零五年三月三十一日	-	418,135	81,050	-	14,178	83,027	7,396	1,893,990	2,497,776

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### 15. Property, Plant and Equipment (Continued)

Depreciation and amortisation is provided to write off the cost of items of property, plant and equipment other than construction in progress and freehold land over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method, at the following rates per annum:

Buildings	樓宇	5%
Computer System	電腦系統	20%
Furniture, fixtures and equipment	傢俬、固定裝置及設備	20%
Leasehold improvements	租賃物業裝修	5%
Motor vehicles	汽車	20%
Plant and machinery	廠房及機器	3 1/3% – 20%

Freehold land is not depreciated.

### 15. 物業、廠房及設備 (續)

除在建工程及永久業權土地外，物業、廠房及設備計及預計剩餘價值後，於預計可用年期以直線法計提折舊以撇銷成本，年率如下。

以永久業權持有之土地不作折舊。

The carrying value of land and buildings of the Group comprises:

本集團之土地及建築物賬面值包括：

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Freehold land in the United States of America	於美國以永久業權持有之土地	10,309	—
Building on land under medium-term lease in the PRC	於中國以一項中期租賃租約土地上之樓宇	456,816	418,135
Building on freehold land in the United States of America	於美國以永久業權持有土地上之樓宇	17,593	—
		<b>484,718</b>	418,135

### 16. Prepaid Lease Payments

The Group's prepaid lease payments comprise leasehold land in the PRC under medium-term lease:

### 16. 預付租賃款項

本集團預付租賃款項包括於中國一項中期土地租賃租約：

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Analysed for reporting purposes as:	因報告用途而作之分析：		
Non-current asset	非流動資產	176,441	84,585
Current asset	流動資產	3,850	1,932
		<b>180,291</b>	86,517



## 16. Prepaid Lease Payments (Continued)

The Group has acquired land use right in the PRC and has erected buildings thereon. While the Group has paid substantially the full consideration of the purchase consideration, the relevant government authorities have not granted formal title to certain of these land use rights to the Group. As at 31 March 2006, the carrying value of the land use rights for which the Group had not been granted formal title amounted to approximately HK\$110.3 million (2005: HK\$16.5 million). In the opinion of the directors, the absence of formal title to these land use rights does not impair the value of the relevant properties to the Group. The directors also believe that formal title to these land use rights will be granted to the Group in due course.

## 17. Deposits Paid on Acquisition of Property, Plant and Equipment and Land Use Right

The deposits were paid by the Group in connection with the acquisition of property, plant and equipment and land use right for new production facilities. The related capital commitments are included in note 30.

## 18. Inventories

## 16. 預付租賃款項 (續)

集團持有中國土地使用權並已建設樓宇，雖然集團已全數支付購地之代價，但相關政府機構仍未授予集團某些土地使用權正式擁有權。於二零零六年三月三十一日，集團並未授予正式擁有權之土地使用權之賬面值約為110.3百萬港元（二零零五年：16.5百萬港元）。董事認為缺乏某些土地使用權正式擁有權並不會損害集團相應物業價值。董事亦相信在不久將來集團會授予該等土地使用權正式擁有權。

## 17. 購置物業、廠房及設備及土地使用權所付訂金

所付訂金是本集團為了新生產設施而購置的物業、廠房及設備及土地使用權的訂金。有關的資本承擔載於附註30。

## 18. 存貨

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Raw materials	原料	663,605	458,376
Finished goods	製成品	110,654	89,988
		<b>774,259</b>	548,364



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### 19. Other Financial Assets

#### (a) Trade receivables and bills receivable

The Group generally allows an average credit period range from 45 to 60 days.

An aging analysis of the trade receivables and bills receivable is as follows:

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Trade receivables	應收貿易賬款	676,364	500,860
Bills receivable	應收票款	130,753	72,078
		<b>807,117</b>	572,938
Aged:	賬齡:		
Less than 30 days	少於30日	467,520	439,561
31 – 60 days	31日 – 60日	187,184	97,406
61 – 90 days	61日 – 90日	104,210	25,796
Over 90 days	90日以上	48,203	10,175
		<b>807,117</b>	572,938

As at 31 March 2006, bills receivable of HK\$49,313,000 (2005: Nil) has been pledged to secure banking facilities granted by certain banks to the Group.

The fair value of the Group's trade receivables and bills receivable as at 31 March 2006 approximates the corresponding carrying amount.

#### (b) Deposits, prepayments and other receivables

The fair value of the Group's other receivables as at 31 March 2006 approximates the corresponding carrying amount.

### 19. 其他財務資產

#### (a) 應收貿易賬款及應收票款

本集團給予客戶的信貸期一般由45日至60日不等。

應收貿易賬款及應收票款的賬齡分析如下：

於二零零六年三月三十一日，49,313,000 港元（二零零五年：無）之應收票款已向若干銀行抵押以獲得銀行信貸設施。

於二零零六年三月三十一日本集團之應收貿易賬款及應收票款的公平值與其賬面值相若。

#### (b) 訂金、預付款項及其他應收賬

於二零零六年三月三十一日本集團之其他應收賬的公平值與其賬面值相若。

## 19. Other Financial Assets (Continued)

### (c) Notes receivable

In January 2005, the Group purchased from a group of investors term loans with face value of US\$33,118,778 due by Stockton Pacific Enterprises, Inc ("Stockton") at a consideration of US\$3,515,742, equivalent to approximately HK\$27,423,000. Stockton operated a totally chlorine free kraft pulp mill in Samoa, California, U.S.A. The collateral securing these term loans is Stockton's real estate, buildings, personal property and most of its other assets.

Shortly before the Group's purchase of the loans, Stockton had shut down the mill and laid off virtually all of its employees. Within days of the Group's purchase of the loans, all of the officers and directors of Stockton resigned. On 21 January 2005, the Group took possession of the mill in order to protect the collateral for the loans.

The Group's intent is to foreclose on the loans and offer the collateral for sale at public auctions. It is also the Group's intent to bid in the carrying value of the loan notes as necessary to purchase most of the assets offered for sale at the auctions.

In March 2005, the Group bid in a portion of the loan notes to purchase certain account receivables of US\$100,000, equivalent to approximately HK\$780,000.

In August 2005, the Group bid in the remaining portion of the loan notes to purchase property, plant and equipment of approximately US\$3,415,000, equivalent to approximately HK\$26,643,000.

### (d) Restricted bank deposits and bank balances and cash

The restricted bank deposits represent amounts placed in specific bank accounts to secure delay payment of custom duties to the PRC government. Deposits amounting to HK\$1,154,000 (2005: HK\$1,055,000) are with maturity within one year from the balance sheet date and are therefore classified as current assets.

The restricted bank deposits carry fixed interest rate of 3.0% (2005: 2.5%) per annum. The fair value of the Group's restricted bank deposits as at 31 March 2006 approximates the corresponding carrying amount.

The fair value of the Group's bank balances and cash as at 31 March 2006 approximates the corresponding carrying amount.

## 19. 其他財務資產 (續)

### (c) 應收票據

於二零零五年一月，集團以3,515,742美元(相等於27,423,000港元)從一群投資者中購入Stockton Pacific Enterprises, Inc (「Stockton」) 面值33,118,778美元之有期借貸。Stockton於美國加州薩摩亞經營一間生產全無氯氣成份之牛皮木漿廠。有期借貸乃以Stockton之房地產、私有財產及其他資產作抵押品。

於集團購入借貸之不久前，Stockton已將工廠關閉並遣散所有僱員。Stockton之所有董事及職員亦於集團購入借貸後數日內辭職。於二零零五年一月二十一日，集團接管工廠以保障借貸下之抵押品。

集團的意願是取消借貸的贖取權而將抵押品公開拍賣。集團亦打算在拍賣中以借貸票據帳面值競投以購入大部份資產。

於二零零五年三月，集團以部份借貸票據投得值100,000美元(約780,000港元)之若干應收款項。

於二零零五年八月，集團以餘下的借貸票據投得值3,415,000美元(約26,643,000港元)之物業、廠房及設備。

### (d) 有限制銀行存款及銀行結餘及現金

有限制銀行存款指為保障過期關稅支付予中國政府而存放在某指定銀行戶口的款項。在結算日於一年內到期之存款為1,154,000港元(二零零五年:1,055,000港元)，並統計為流動資產。

有限制銀行存款帶有固定年息率3.0%(二零零五年:2.5%)。於二零零六年三月三十一日本集團之受限制銀行存款的公平值與其賬面值相若。

於二零零六年三月三十一日本集團之銀行結餘及現金的公平值與其賬面值相若。

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### 20. Amount Due from a Related Company

The amount represents trading balance due from Lee & Man Industrial Manufacturing Limited ("Lee & Man Industrial Manufacturing") which is beneficially owned by Mr Lee Wan Keung Patrick, a director of the Company.

The amount is unsecured, non-interest bearing and repayable on demand or within one year. The fair value of the amount approximates the corresponding carrying amount. The amount for both years is aged less than 30 days.

### 21. Trade and Bills Payable

Trade and bills payable principally comprises amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases range from 30 to 60 days.

An aging analysis of the trade and bills payable is as follows:

Aged:	賬齡:
Less than 30 days	少於30日
31 – 60 days	31日 – 60日
61 – 90 days	61日 – 90日
Over 90 days	90日以上

The fair value of the Group's trade and bills payable as at 31 March 2006 approximates the corresponding carrying amount.

### 22. Accruals and Other Payables

The fair value of the Group's other payables as at 31 March 2006 approximates the corresponding carrying amount.

### 20. 應收有關連公司款項

有關款項是Lee & Man Industrial Manufacturing Limited (「理文實業」)的貿易結餘。理文實業的實益持有人為本公司董事李運強先生。

款項為無抵押、無利息及應要求時或一年內償還。款項的公平值與其賬面值相若。該款項在這兩年的賬齡少於30日。

### 21. 應付賬款及票款

應付賬款及票款主要包括貿易購買及持續開支成本之未付金額。貿易購買之平均除賬期由30至60日不等。

應付賬款及票款之賬齡分析如下:

	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Aged:		
Less than 30 days	155,877	83,800
31 – 60 days	7,991	5,423
61 – 90 days	5,074	3,982
Over 90 days	747	4,557
	<b>169,689</b>	97,762

於二零零六年三月三十一日本集團之應付賬款及票款的公平值與其賬面值相若。

### 22. 應計費用及其他應付款項

二零零六年三月三十一日集團其他應付款項之公平值與其賬面值相若。

## 23. Bank Borrowings

## 23. 銀行借貸

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Bank loans	銀行貸款	617,413	596,631
Bank import loans	銀行進口貸款	264,694	172,556
		<b>882,107</b>	769,187
Analysed as:	分析:		
Secured	有抵押	49,313	–
Unsecured	無抵押	832,794	769,187
		<b>882,107</b>	769,187
The bank borrowings are repayable as follows:	銀行借貸的還款期如下:		
Within one year or on demand	一年內或應要求償還	782,107	618,474
In the second year	兩年內	100,000	150,713
		<b>882,107</b>	769,187
Less: Amount due within one year shown under current liabilities	減: 入賬列為流動負債的一年內到期款項	<b>(782,107)</b>	(618,474)
Amount due after one year	一年後到期款項	<b>100,000</b>	150,713

The Group's bank borrowings include HK\$49,313,000 (2005: Nil) fixed-rate borrowings which carry interest ranging from 2.0% to 3.2% per annum (2005: Nil) and HK\$832,794,000 (2005: HK\$769,187,000) variable-rate borrowings which carry interest ranging from HIBOR plus 0.7% to HIBOR plus 0.9% (2005: ranging from HIBOR plus 0.7% to HIBOR plus 0.9%).

本集團銀行借貸包括49,313,000港元(二零零五年:無)年息率2.0%至3.2%之定息借貸(二零零五年:無)及832,794,000港元(二零零五年:769,187,000港元)之不定息借貸,息率由港元利率加上0.7%至0.9%不等(二零零五年:由港元利率加上0.7%至0.9%不等)。

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### 23. Bank Borrowings (Continued)

The Group's borrowings denominated in the currencies other than the functional currency of the respective entity are set out below:

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Hong Kong Dollars	港元	325,000	282,000

The fair value of the Group's bank borrowings as at 31 March 2006 approximates the corresponding carrying amount.

### 23. 銀行借貸 (續)

除有關本集團之功能貨幣外，本集團之借貸貨幣面值如下：

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Hong Kong Dollars	港元	325,000	282,000

截至二零零六年三月三十一日本集團的銀行借貸之公平值與其賬面值相若。

### 24. Derivative Financial Instruments

		2006 二零零六年		2005 二零零五年
		Assets 資產 HK\$'000 千港元	Liabilities 負債 HK\$'000 千港元	HK\$'000 千港元
Currency structured instruments	貨幣組織工具	1,131	(828)	—
Derivative embedded in the convertible bonds	可換股債券內含衍生工具	—	(1,200)	—
		1,131	(2,028)	—

### 24. 衍生財務工具



## 24. Derivative Financial Instruments (Continued)

### (i) Currency Structured Instruments

Major terms of the currency structured instruments are as follows:

Notional amount 概念金額	Maturity 到期日	Currency Conversion 貨幣轉換
Buy Euro 4,000,000 買400萬歐元	24 July 2006 二零零六年七月二十四日	Euro/USD 歐元/美元
Buy Euro 3,000,000 買300萬歐元	29 August 2006 二零零六年八月二十九日	Euro/USD 歐元/美元
Buy Euro 500,000 買50萬歐元	25 September 2006 二零零六年九月二十五日	Euro/USD 歐元/美元
Buy Euro 4,000,000 買400萬歐元	25 September 2006 二零零六年九月二十五日	Euro/USD 歐元/美元
Buy Euro 4,000,000 買400萬歐元	26 September 2006 二零零六年九月二十六日	Euro/USD 歐元/美元
Buy Euro 4,000,000 買400萬歐元	27 October 2006 二零零六年十月二十七日	Euro/USD 歐元/美元
Buy Euro 4,000,000 買400萬歐元	27 November 2006 二零零六年十一月二十七日	Euro/USD 歐元/美元
Buy Euro 4,000,000 買400萬歐元	28 November 2006 二零零六年十一月二十八日	Euro/USD 歐元/美元
Buy Euro 4,000,000 買400萬歐元	27 December 2006 二零零六年十二月二十七日	Euro/USD 歐元/美元
Buy Euro 5,000,000 買500萬歐元	29 January 2007 二零零七年一月二十九日	Euro/USD 歐元/美元
Buy Euro 5,000,000 買500萬歐元	26 February 2007 二零零七年二月二十六日	Euro/USD 歐元/美元
Buy USD 1,000,000 買100萬美元	19 March 2007 二零零七年三月十九日	USD/HKD 美元/港元
Buy USD 1,000,000 買100萬美元	28 March 2007 二零零七年三月二十八日	USD/HKD 美元/港元
Buy USD 1,000,000 買100萬美元	16 April 2007 二零零七年四月十六日	USD/HKD 美元/港元
Buy USD 1,000,000 買100萬美元	25 April 2007 二零零七年四月二十五日	USD/HKD 美元/港元
Buy GBP 200,000 買20萬英鎊	26 September 2006 二零零六年九月二十六日	GBP/USD 英鎊/美元

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

## 24. 衍生財務工具 (續)

### (i) 貨幣結構工具

貨幣結構工具主要條款如下：

以上衍生工具乃採用每個結算日之公平值計量。公平值是以每個結算日相等的工具之市場價格報價為基礎而釐定。

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### 24. Derivative Financial Instruments (Continued)

#### (ii) Derivative embedded in the convertible bonds

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Derivative embedded in the convertible bonds issued during the year	年內發行之可換股債券內含衍生工具	24,000	-
Changes in fair value	公平值變動	(22,800)	-
Embedded derivative at 31 March, at fair value	於三月三十一日衍生工具之公平值	1,200	-

The fair value was calculated using the Black's Model. The valuation of fair value was carried out by Sallmanns (Far East) Limited, independent valuer not connected with the Group. The change in fair value of HK\$22,800,000 has been recognised in the income statement during the year.

The inputs used in the model were as follows:

Share price on valuation date	HK\$10.45
Exercise price	HK\$12.04
Expected discount	8%
Intrinsic value per share	HK\$0.014

### 24. 衍生財務工具 (續)

#### (ii) 可換股債券內含衍生工具

公平值以柏力克-舒爾斯模式計算。公平值評估是由西門(遠東)有限公司完成，彼為一獨立評估員，與本集團並無關連。年內，22,800,000港元之公平值變動已於損益賬內確認。

模式之數據輸入如下：

於股值日之股價	10.45港元
行使價	12.04港元
預計折讓	8%
每股內在值	0.014港元

### 25. Convertible Bonds

### 25. 可換股債券

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Convertible bonds due 2011	於二零一一年到期之可換股債券	1,000,000	-
Less:	減：		
Arrangement fees incurred on issue of the convertible bonds	發行可換股債券時之手續費	(25,706)	-
Equity portion in the convertible bonds	可換股債券之權益部份	(62,000)	-
Embedded derivative in the convertible bonds	可換股債券內之衍生工具	(24,000)	-
Add:	加：		
Interest on convertible bonds	可換股債券之利息	12,712	-
Carrying value of the convertible bonds at 31 March	三月三十一日可換股債券之賬面值	901,006	-

## 25. Convertible Bonds (Continued)

On 13 January 2006, the Company issued HK\$1,000 million zero coupon convertible bonds due in 2011 (the "2011 Bonds"). They are convertible, at the option of their holders, into ordinary shares of HK\$0.10 each of the Company at a conversion price of HK\$12.04 per share at any time on or after 28 January 2006 up to and including 6 January 2011.

The 2011 Bonds do not bear interest. Unless previously redeemed, converted or purchased and cancelled, the 2011 Bonds will be redeemed by the Company at 124.92% of their principal amount on 13 January 2011. All or some of the 2011 Bonds may be redeemed at the option of the relevant holder on 13 January 2008 at 109.31% of their principal amount. On or at any time after 13 January 2008, the Company may redeem all but not some of the 2011 Bonds, at any time prior to maturity, at an early redemption amount as stated in the 2011 Bonds, provided, however, that no such redemption may be made unless either (i) the closing price of the Company's shares on the Stock Exchange for any 30 consecutive trading days, the last day of such 30-day period falling within five trading days prior to the date upon which notice of such redemption is given, was at least 130% of the applicable early redemption amount in effect on each such trading day divided by the conversion ratio as stated in the 2011 Bonds; or (ii) at least 90% in principal amount of the 2011 Bonds has already been converted, redeemed or purchased and cancelled.

As at 31 March 2006, none of the 2011 Bonds had been converted into ordinary shares of the Company.

The valuation of the 2011 Bonds was carried out by Sallmanns (Far East) Limited. The 2011 Bonds contain three components, derivative financial instruments, liability and equity elements. Upon the application of HKAS 32 (see note 3 for details), the equity element is presented in equity heading "convertible bonds equity reserve". The effective interest rate of the liability component is 6.84%. The fair value of early redemption rights are presented in derivative financial instruments in note 24.

## 25. 可換股債券 (續)

於二零零六年一月十三日，本公司發行10億港元之零息可換股債券二零一一年到期（「二零一一年債券」）。債券可根據持有人的選擇，以轉換價12.04港元於二零零六年一月二十八日或之後至二零一一年一月六日止任何時間轉換為公司每股0.10港元之普通股。

二零一一年可換股債券並無利息。除非早前已贖回、轉換或購買及註銷，二零一一年可換股債券將於二零一一年一月十三日以本金之124.92%由本公司贖回。在相關持有人的選擇下，全部或部份二零一一年可換股債券可能於二零零八年一月十三日以本金之109.31%贖回。在二零零八年一月十三日或之後的任何時間，本公司可於到期前，隨時按二零一一年可換股債券所列提早贖回款額，贖回全部而非部分二零一一年可換股債券，惟於以下情況始能贖回：(i)本公司股份連續30個交易日於聯交所的收市價，最少為該交易日適用提早贖回款額130%除二零一一年可換股債券所列轉換率，而該30日期間之最後一日為發出該等贖回通知前5個交易日；或(ii)二零一一年可換股債券本金之最少90%已轉換、贖回、購買或註銷。

截至二零零六年三月三十一日止並無任何二零一一年可換股債券被轉為本公司普通股。

二零一一年可換股債券之評估由西門（遠東）有限公司完成。二零一一年可換股債券包括三個部份：衍生財務工具、負債及權益元素。應用香港會計準則第32號（詳情參閱附註3）後，權益元素於權益標題「可換股債券權益儲備」呈列。負債部份之實際利率為6.84%。早期認購權利之公平值於附註24衍生財務工具內呈列。

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### 26. Share Capital

### 26. 股本

		Number of ordinary shares 普通股數目	Amount 金額 HK\$'000 千港元
Ordinary shares of HK\$0.10 each	每股面值0.10港元的普通股		
Authorised:	法定:		
At 1 April 2004, 31 March 2005 and 31 March 2006	二零零四年四月一日、 二零零五年三月三十一日及 二零零六年三月三十一日	2,000,000,000	200,000
Issued and fully paid:	已發行及繳足:		
At 1 April 2004	二零零四年四月一日	840,530,000	84,053
Issue of new shares on placement of shares	因配股而發行新股	120,000,000	12,000
Exercise of share options	行使配股權	2,854,000	285
At 31 March 2005	二零零五年三月三十一日	963,384,000	96,338
Exercise of share options	行使配股權	4,224,000	423
At 31 March 2006	二零零六年三月三十一日	967,608,000	96,761

During the year, 4,224,000 share options under the Pre-IPO Share Option Scheme were exercised at a subscription price of HK\$4.17 per share, resulting in the issue of 4,224,000 ordinary shares of HK\$0.10 each in the Company.

年內，共有4,224,000股權根據首次公開售股前購投計劃授出的購股權獲行使，認購價為每股4.17港元，導致發行4,224,000股本公司每股面值0.10港元的普通股。

All the shares issued during the year rank pari passu with the then existing shares in all respects.

年內發行的所有股份在所有方面與當時的現有股份享有同等權益。

### 27. Share Option Schemes

Pursuant to the written resolution of the shareholders of the Company dated 11 September 2003, two share option schemes, namely Share Option Scheme (the "Scheme") and Pre-IPO Share Option Scheme (the "Pre-IPO Scheme"), were approved and adopted.

The Scheme and the Pre-IPO Scheme were established for the purpose of providing incentives to directors and eligible persons. The Scheme and Pre-IPO Scheme will remain in force for a period of ten years and three years, respectively from adoption of the schemes and will expire on 10 September 2013 and 10 September 2006, respectively.

### 27. 購股權計劃

根據本公司股東於二零零三年九月十一日通過的書面決議案，兩個購股權計劃，即購股權計劃（「該計劃」）及首次公開售股前購股權計劃（「首次公開售股前計劃」）均獲批准及採納。

設立該計劃及首次公開售股前計劃，旨在提供獎勵予董事及合資格人士。該計劃及首次公開售股前計劃的有效期自採納日期起計，分別為十年及三年，並將分別於二零一三年九月十日及二零零六年九月十日屆滿。

## 27. Share Option Schemes (Continued)

### (i) Share Option Scheme

Under the Scheme, the Board of Directors of the Company (the "Directors") may at their discretion grant options to (i) any director (including executive directors, non-executive directors and independent non-executive directors) and employees of the Group in which the Group holds an equity interest or a subsidiary of such company ("Affiliate"); or (ii) any advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, promoters, service providers of any member of the Group as may be determined by the Directors from time to time to subscribe for the shares of the Company (the "Shares").

Options granted must be taken up within 28 days of the date of grant. The maximum number of Shares in respect of which options may be granted under the Scheme shall not exceed 10% of the issued share capital of the Company at any point in time. The maximum number of Shares in respect of which options may be granted to any individual in any 12-month period shall not exceed 1% of the Shares in issue on the last date of such 12-month period unless approval of the shareholders of the Company has been obtained in accordance with the Listing Rules.

Options may be exercised during such period (including the minimum period, if any, for which an option must be held before it can be exercised) as may be determined by the Directors (which shall be less than ten years from the date of issue of the relevant option). Options may be granted without initial payment except the payment of HK\$1 as consideration for grant of option each time. The exercise price is equal to the highest of (i) nominal value of the Shares; (ii) the closing price of the Shares as stated in the daily quotations sheet issued by the Stock Exchange on the date of the grant; and (iii) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of the grant.

## 27. 購股權計劃 (續)

### (i) 購股權計劃

根據該計劃，本公司董事會（「董事會」）可不時酌情決定授出購股權予(i)本集團的任何董事（包括執行董事、非執行董事及獨立非執行董事）及僱員、本集團持有股權的公司或該公司的附屬公司（「聯屬公司」）；或(ii)本集團任何成員公司的任何顧問、專家顧問、分銷商、承包商、供應商、代理人、客戶、業務夥伴、推廣人員及服務供應商，以認購本公司股份（「股份」）。

合資格人士必須於授出日期起計二十八日內接納購股權。根據購股權計劃授出的購股權所涉及的股份數目，在任何時候不得超逾本公司已發行股本10%。除非根據上市規則的規定取得本公司股東的批准，否則任何人士在任何12個月期間內獲授的購股權所涉及的股份最高數目，不得超逾於上述12個月期間最後一日本公司已發行股份的1%。

承授人可於董事會決定的期間（包括購股權行使前必須持有的最短期限（如有））行使購股權（該期間由有關購股權發行日期起計不得超逾十年）。除了須支付1港元作為每次獲授購股權的代價外，購股權可在毋須作出初期付款的情況下授出。行使價相等於下列較高者：(i)股份面值；(ii)股份於授出日期在聯交所每日報價表所示的收市價；及(iii)股份在緊接授出日期前五個營業日在聯交所每日報價表所示的平均收市價。



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### 27. Share Option Schemes (Continued)

#### (i) Share Option Scheme (Continued)

The following table discloses details of the Company's options under the Scheme held by employees (including directors) and movement in such holdings during the year:

Category 種類	Date of grant 授予期	Exercise price HK\$ 行使價 港元	Granted during the year and outstanding at 31.3.2006
			年內授出及 於二零零六年三月三十一日 尚未行使數目
Director 董事	23 December 2005 二零零五年十二月二十三日	8.50	600,000
Employees 僱員	23 December 2005 二零零五年十二月二十三日	8.50	1,200,000
			1,800,000

The options granted on 23 December 2005 may be exercised in accordance with the following terms of the Share Option Scheme as to:

- (a) one-third of the options commencing 23 December 2005 to 22 December 2008, the fair value of the options granted at the date of grant is HK\$1.87;
- (b) one-third of the options commencing 23 December 2006 to 22 December 2008 with vesting period from 23 December 2005 to 22 December 2006, the fair value of the options granted at the date of grant is HK\$1.97; and
- (c) one-third of the options commencing 23 December 2007 to 22 December 2008 with vesting period from 23 December 2005 to 22 December 2007, the fair value of the options granted at the date of grant is HK\$2.08.

### 27. 購股權計劃 (續)

#### (i) 購股權計劃 (續)

下表披露於計劃下之僱員 (包括董事) 持有公司購股權詳情及於年內之變動:

於二零零五年十二月二十三日授出之購股權可根據購股權計劃下的條款行使:

- (a) 由二零零五年十二月二十三日至二零零八年十二月二十二日行使三分之一的購股權, 購股權在授出日當日之公平值估計為1.87港元;
- (b) 由二零零六年十二月二十三日至二零零八年十二月二十二日行使三分之一的購股權及獲准行使期由二零零五年十二月二十三日至二零零六年十二月二十二日, 購股權在授出日當日之公平值估計為1.97港元; 及
- (c) 由二零零七年十二月二十三日至二零零八年十二月二十二日行使三分之一的購股權及獲准行使期由二零零五年十二月二十三日至二零零七年十二月二十二日, 購股權在授出日當日之公平值估計為2.08港元。

## 27. Share Option Schemes (Continued)

### (i) Share Option Scheme (Continued)

These fair values were calculated using Binominal model. The valuation of fair values determination as at 23 December 2005 was carried out by Sallmanns (Far East) Limited. The inputs used in the model were as follows:

	2006
Closing share price at date of grant	HK\$8.50
Exercise price	HK\$8.50
Expected volatility (note a)	37.01%
Risk-free interest rate (note b)	4.10%
Expected annual dividend yield (note c)	2.63%
Expected life	3 years

Notes:

- (a) Expected volatility was determined by using historical volatility of the price return of the ordinary shares of the Company.
- (b) The risk-free rate interest was based on the yield of Exchange Fund Note.
- (c) The expected dividend yield was assumed to be 2.63% per annum.

The estimated fair value of HK\$1,573,000 with respect to share options granted to a director and employees on 23 December 2005, were charged to the income statement during the year.

### (ii) Pre-IPO Scheme

The principal terms of the Pre-IPO Scheme, approved and amended by written resolutions of the shareholders of the Company dated 11 September 2003, are similar to the terms of the Scheme except for the followings:

- (a) The subscription price per share shall be the price per public offer share on the initial public offering in September 2003 ("Offer price"); and
- (b) Save for the options which have been granted (with details set out below), no further options will be offered or granted, as the right to do so will end upon the listing of the shares of the Company on the Stock Exchange.

## 27. 購股權計劃 (續)

### (i) 購股權計劃 (續)

該等公平值以二項式模式計算。截至二零零五年十二月二十三日之公平值釐定之估值由西門(遠東)有限公司完成。用於計算模式之輸入如下:

	二零零六年
授予日之股份收市價	8.50港元
行使價	8.50港元
預期波幅(附註a)	37.01%
無風險利率(附註b)	4.10%
預期每年股息孳息率(附註c)	2.63%
預計可用年期	三年

附註:

- (a) 預期波幅是以本公司普通股的歷史價格回報波幅而釐定。
- (b) 無風險利率以外匯基金票據孳息率為基礎。
- (c) 預期股息孳息率估計為每年2.63%。

有關於二零零五年十二月二十三日授予一名董事及僱員之購股權之估計公平值1,573,000港元,已在年內之綜合損益表內入賬。

### (ii) 首次公開售股前計劃

除下述者外,首次公開售股前計劃的條款(經本公司股東於二零零三年九月十一日通過的書面決議案批准及修訂)與該計劃的條款類似:

- (a) 每股認購價相等於二零零三年九月首次公開發售時每股公開發售股份的價格(「發售價」);及
- (b) 除了已授出的購股權(詳見下文)外,本公司不會再行提呈或授出任何購股權,原因是作出此舉的權利已自本公司股份在聯交所上市之時起終止。

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### 27. Share Option Schemes (Continued)

On 11 September 2003, the Company granted share options under the Pre-IPO Scheme to the Directors and certain employees of the Group, which entitles them to subscribe for a total of 75,000,000 shares at HK\$4.17 per share.

Save and except to Gold Best, all other holders to whom options have been granted under the Pre-IPO Scheme will be entitled to exercise (i) up to 50% of the options granted to him/her at any time after the expiry of 6 months till the first anniversary of the listing date, (ii) up to 75% of the options granted to him/her of any time until the second anniversary of the listing date, (iii) up to 100% of the options granted to him/her at any time until the third anniversary of the listing date.

The following table discloses details of the Company's options under the Pre-IPO Scheme held by employees (including directors) and movement in such holdings during the year:

Category 類別	Date of grant 授出日期	Exercise price 行使價 HK\$ 港元	Outstanding at 1.4.2004 二零零四年 四月一日 尚未行使	Exercised during the year 年內行使	Outstanding at 31.3.2005 二零零五年 三月三十一日 尚未行使	Exercised during the year 年內行使	Outstanding at 31.3.2006 二零零六年 三月三十一日 尚未行使
Directors 董事	11 September 2003 二零零三年九月十一日	4.17	5,800,000	(1,014,000)	4,786,000	(1,920,000)	2,866,000
Employees 僱員	11 September 2003 二零零三年九月十一日	4.17	4,894,000	(840,000)	4,054,000	(1,404,000)	2,650,000
Others 其他	11 September 2003 二零零三年九月十一日	4.17	1,900,000	(1,000,000)	900,000	(900,000)	-
			12,594,000	(2,854,000)	9,740,000	(4,224,000)	5,516,000

The fair value of the Company's share at the date of issue for the exercise of share option during the year ranging from HK\$7.13 to HK\$7.48.

Total consideration received during the year from directors and employees for exercise of the options granted under the Pre-IPO Scheme is HK\$17,614,000.

### 27. 購股權計劃 (續)

於二零零三年九月十一日，本公司根據首次公開售股前計劃授出購股權予本集團董事及若干僱員，使彼等可按每股4.17港元的價格，合共認購75,000,000股股份。

除了Gold Best外，根據首次公開售股前計劃獲授購股權的所有其他股東可(i)於上市日滿六個月起至上市日一周年前行使最多達獲授購股權的50%；(ii)於上市日兩周年之前行使最多達獲授購股權的75%；(iii)於上市日三周年之前行使最多達獲授購股權的100%。

下表披露本公司於首次公開售股前計劃下之僱員(包括董事)持有公司購股權詳情及於年內之變動：

年內，購股權行使期頒布日之本公司股份公平價值由7.13港元至7.48港元不等。

根據首次公開售股前計劃下授予董事及員工之購股權行使總利益收入為17,614,000港元。

## 28. Deferred Tax

The followings are the major deferred tax liabilities and assets recognised and movement thereon during the current and prior reporting periods.

		Recognition of income 已確認之收入 HK\$'000 千港元	Tax losses 稅項虧損 HK\$'000 千港元	Total 總計 HK\$'000 千港元
At 1 April 2004	二零零四年四月一日	-	-	-
Charge (credit) to income statement for the year	年內於收益賬扣除 (計入)	9,151	(8,860)	291
At 31 March 2005	二零零五年三月三十一日	9,151	(8,860)	291
Exchange difference	滙兌差額	176	-	176
Charge (credit) to income statement for the year	年內於收益賬扣除 (計入)	20,939	(11,096)	9,843
At 31 March 2006	二零零六年三月三十一日	30,266	(19,956)	10,310

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 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Deferred tax liabilities	遞延稅項負債	30,266	9,151
Deferred tax assets	遞延稅項資產	(19,956)	(8,860)
		10,310	291

At 31 March 2006, the Group had unused tax losses of approximately HK\$79,753,000 (2005: HK\$33,543,000) available for offset against future profits. A deferred tax asset has been recognised in respect of approximately HK\$70,089,000 (2005: HK\$29,324,000) of such losses. No deferred tax asset has been recognised of the remaining approximately HK\$9,664,000 (2005: HK\$4,219,000) due to the unpredictability of future profit streams. The unrecognised tax losses may be carried forward indefinitely.

At 31 March 2006, the Group had deferred tax assets resulted from tax losses of a subsidiary in the United States of America recognised. The tax losses may be carried forward for twenty years following the loss year.

## 28. 遞延稅項

下表為主要遞延稅項負債及資產確認及其在現在及過往報告期內之變動。

為用作資產負債表呈報目的，若干遞延稅項資產及負債已抵銷。下表為用作財務報告目的之遞延稅項結餘分析：

於二零零六年三月三十一日，本集團尚未動用但可用作抵扣未來課稅盈利之稅項虧損約有79,753,000港元（二零零五年：33,543,000港元）。其中就該虧損確認了約70,089,000港元（二零零五年：29,324,000港元）之遞延稅項資產。由於未來盈利之流入不可預測，餘下約9,664,000港元（二零零五年：4,219,000港元）之虧損並無確認為遞延稅項資產。未確認之稅項虧損可無限期結轉。

於二零零六年三月三十一日，由於因美國附屬公司的稅項虧損確認，本集團有遞延稅項資產。稅項虧損可以由虧損年開始結轉二十年。

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### 29. Operating Lease Commitments

At the balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of land and buildings, which fall due as follows:

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Within one year	一年內	310	5,889
In the second to fifth year inclusive	第二年至第五年內 (包括首尾兩年)	-	33
		<b>310</b>	5,922

Operating lease payments represent rentals payable by the Group for certain of its offices. Leases are negotiated for an average term of one year with fixed rentals.

### 29. 經營租約承擔

於結算日，本集團根據不可撤銷的土地及樓宇經營租約於日後應付的最低租金如下：

經營租金指本集團就若干辦公室應付的租金，租期平均一年，期內租金不變。

### 30. Capital Commitments

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Capital expenditure contracted for but not provided in the financial statements in respect of acquisition of property, plant and equipment and land use right	就購置物業、廠房及設備及土地使用權已訂約但未於財務報表中撥備的資本開支	1,512,699	655,919

### 30. 資本承擔

### 31. Contingent Liabilities

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Bills discounted with recourse	具追溯權的貼現票據	-	240,050

### 31. 或然負債

### 32. Non-cash Transactions

During the year, notes receivable of approximately HK\$26,643,000 (2005: HK\$780,000) was utilised to acquire property, plant and equipment which amounted to approximately HK\$26,643,000 (2005: trade receivables of HK\$780,000) as mentioned in note 19(c).

### 32. 非現金交易

年內，約26,643,000港元（二零零五年：780,000港元）之應收票據用於附註19(c)所提及約26,643,000港元（二零零五年：應收貿易款項為780,000港元）之物業、廠房及設備購置。

### 32. Non-cash Transactions

During the year ended 31 March 2005, part of the proceeds for the issue of new shares payable by the ultimate holding company had been settled by the amount due to ultimate holding company.

### 32. 非現金交易

截至二零零五年三月三十一日年度內，最終控股公司需支付部份因發行新股所得款項已與應付最終控股公司款項結賬。

### 33. Balance Sheet of the Company

The balance sheet of the Company as at 31 March 2006 is as follows:

### 33. 本公司資產負債表

截至二零零六年三月三十一日資產負債表如下：

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
<b>ASSETS AND LIABILITIES</b>	<b>資產及負債</b>		
<b>Non-current assets</b>	<b>非流動資產</b>		
Investments in subsidiaries	於附屬公司的投資	<b>637,977</b>	637,977
<b>Current assets</b>	<b>流動資產</b>		
Other receivables	其他應收款項	–	165
Amounts due from subsidiaries	應收附屬公司款項	<b>2,925,569</b>	2,255,199
Bank balances	銀行結餘	<b>155</b>	325
		<b>2,925,724</b>	2,255,689
<b>Current Liabilities</b>	<b>流動負債</b>		
Other payables	其他應付款項	<b>400</b>	602
Derivative financial instrument	衍生財務工具	<b>1,200</b>	–
Unsecured bank borrowings – due within one year	無抵押銀行借貸 – 一年內到期	–	159,133
		<b>1,600</b>	159,735
<b>Net current assets</b>	<b>流動資產淨值</b>	<b>2,924,124</b>	2,095,954
<b>Total assets less current liabilities</b>	<b>資產總值減流動負債</b>	<b>3,562,101</b>	2,733,931
<b>Non-current liabilities</b>	<b>非流動負債</b>		
Unsecured bank borrowings – due after one year	無抵押銀行借貸 – 一年後到期	–	150,713
Convertible bonds	可換股債券	<b>901,006</b>	–
		<b>901,006</b>	150,713
		<b>2,661,095</b>	2,583,218
<b>Capital and Reserves</b>	<b>股本及儲備</b>		
Share capital	股本	<b>96,761</b>	96,338
Reserves (Note)	儲備 (附註)	<b>2,564,334</b>	2,486,880
		<b>2,661,095</b>	2,583,218



# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

For the year ended 31 March 2006 截至二零零六年三月三十一日止年度

### 33. Balance Sheet of the Company (Continued)

Note:

#### Reserves

		Share premium 股份溢價 HK\$'000 千港元	Share options reserve 購股權儲備 HK\$'000 千港元	Contributed surplus 繳入盈餘 HK\$'000 千港元	Convertible bonds equity reserve 可換股債券 股益儲備 HK\$'000 千港元	Accumulated (loss) profit 累計(虧損) 盈利 HK\$'000 千港元	Total 總計 HK\$'000 千港元
At 1 April 2004	二零零四年四月一日	1,042,438	-	634,977	-	(5,056)	1,672,359
Premium arising on issue of shares	發行股份產生的溢價	809,016	-	-	-	-	809,016
Expenses incurred in connection with the issue of shares	發行股份產生的費用	(4,826)	-	-	-	-	(4,826)
Profit for the year	年內盈利	-	-	-	-	106,486	106,486
Dividend paid	派息	-	-	-	-	(96,155)	(96,155)
At 31 March 2005	二零零五年三月三十一日	1,846,628	-	634,977	-	5,275	2,486,880
Issue of convertible bonds	發行可換股債券	-	-	-	62,000	-	62,000
Transaction costs attributable to issue of convertible bonds	發行可換股債券涉及之交易成本	-	-	-	(1,744)	-	(1,744)
Premium arising on issue of shares	發行股份產生的溢價	17,191	-	-	-	-	17,191
Recognition of equity-settled share-based payment expenses	股結算股權支付款項開支確認	-	1,573	-	-	-	1,573
Profit for the year	年內盈利	-	-	-	-	171,843	171,843
Dividend paid	派息	-	-	-	-	(173,409)	(173,409)
At 31 March 2006	二零零六年三月三十一日	1,863,819	1,573	634,977	60,256	3,709	2,564,334

The contributed surplus of the Company represents the difference between the aggregate net assets of the subsidiaries acquired by the Company pursuant to the corporate reorganisation in September 2003 and the nominal value of the Company's shares issued for the acquisition.

At 31 March 2006, the Company's reserves available for distribution to its shareholders comprise share premium, contributed surplus and accumulated profits which in aggregate amounted to approximately HK\$2,503 million (2005: HK\$2,487 million). Under the Companies Law (2001 Second Revision) of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to shareholders subject to the provisions of its Memorandum and Articles of Association and provided that immediately following the payment of distributions or dividends, the Company is able to pay its debts as they fall due in the ordinary course of business. In accordance with the Company's Articles of Association, dividends shall be payable out of the profits or other reserves, including the share premium account, of the Company.

### 33. 本公司資產負債表 (續)

附註:

#### 儲備

本公司的繳入盈餘指本公司於二零零三年九月重組收購所得的附屬公司的資產淨值總額與本公司因收購事項而發行的本公司股份的面值的差額。

本公司可供分派予股東的儲備包括股份溢價、繳入盈餘及累計盈餘，於二零零六年三月三十一日的總額約為25.03億港元(二零零五年:24.87億港元)。根據開曼群島公司法(二零零一年第二次修訂版)，在符合公司組織章程大綱及細則的規定下，本公司的股份溢價可用作向股東分派或支付股東股息，惟在緊隨支付分派或股息以後，本公司仍有能力在日常業務過程中支付到期的負債。根據本公司的公司細則，股息須以本公司的盈利或其他儲備撥付，包括股份溢價賬。

## 34. Retirement Benefits Plans

### (i) Plans for Hong Kong employees

#### *Defined benefit plan*

The Group is a member of a defined benefit plan which was open to qualified employees of companies under the control of Fortune Star Trading Ltd. ("Fortune Star"). Fortune Star and the Company are under the control of the same discretionary trust, the discretionary beneficiaries of which include Mr Lee Wan Keung, Patrick, Mr Lee Man Chun, Raymond and Mr Lee Man Bun, all of them are directors of the Company. In December 2000, all the then existing members of the defined benefit plan were enrolled into a MPF Scheme and their accrued benefits for the past services under the defined benefit plan were frozen as at 30 November 2000. The defined benefit plan was closed to new employees from December 2000 onwards.

Under the defined benefit plan, employees are entitled to retirement benefits varying between 0 and 100% of their final salary as at 30 November 2000 multiplied by the pensionable service up to 30 November 2000 on attainment of a retirement age of 55. No other post-retirement benefits are provided.

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation was carried out as at 31 December 2005 of HSBC Life (International) Limited. The present value of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method.

The main actuarial assumptions used were as follows:

		31.12.2005 二零零五年 十二月三十一日	31.3.2005 二零零五年 三月三十一日
Discount rate	貼現率	4.25%	5%
Expected return on plan assets	計劃資產預期回報	5%	5%
Expected rate of salary increases	預期薪金增長率	0%	0%

The actuarial valuation showed that the market value of plan assets at 31 December 2005 was HK\$795,000 (31.3.2005: HK\$1,546,000) and that the actuarial value of these assets represented 545% (31.3.2005: 1,059%) of the benefits that were accrued to members.

## 34. 退休福利計劃

### (i) 為香港僱員而設的計劃

#### *界定福利計劃*

本集團是一個界定福利計劃的成員，該計劃供Fortune Star Trading Ltd. (「Fortune Star」)控制的公司的合資格僱員參與。Fortune Star及本公司均受同一項全權信託所控制，其全權受益人包括李運強先生、李文俊先生及李文斌先生(全部均為本公司董事)。於二零零零年十二月，界定利益計劃當時所有成員轉為登記參與一項強積金計劃，而彼等在界定福利計劃內就過往服務所得的累計福利於二零零零年十一月三十日被凍結。自二零零零年十二月起，界定福利計劃不再供新僱員選擇。

根據界定福利計劃，僱員於年屆五十五歲退休之齡時可獲取的退休福利相等於其於二零零零年十一月三十日的最後薪金的零至100%不等，乘以截至二零零零年十一月三十日止的應計退休金的服務年資。本集團並無提供其他退休後福利。

計劃資產及界定福利承擔現值之最近期精算估值，乃由匯豐人壽保險(國際)有限公司，於二零零五年十二月三十一日作出評估。界定福利承擔現值、相關之現時服務成本及過去的服務成本乃採用預估單位利益法計算。

所用的主要精算假設如下：

	31.12.2005 二零零五年 十二月三十一日	31.3.2005 二零零五年 三月三十一日
Discount rate	4.25%	5%
Expected return on plan assets	5%	5%
Expected rate of salary increases	0%	0%

精算估值顯示計劃資產於二零零五年十二月三十一日之市價為795,000港元(二零零五年三月三十一日:1,546,000港元)，而該等資產之精算價值乃相當於計劃成員應得利益之545%(二零零五年三月三十一日:1,059%)。

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For the year ended 31 March 2006 截至二零零六年三月三十一日止年度

### 34. Retirement Benefits Plans (Continued)

#### (i) Plans for Hong Kong employees (Continued)

##### Defined benefit plan (Continued)

The credit recognised in the consolidated income statement in respect of the defined benefit plan is as follows:

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Interest cost	利息成本	5	4
Expected return on plan assets	計劃資產預期回報	(95)	(70)
Total, included in other income	總計(已計入其他經營收入)	(90)	(66)

The actual return on plan assets for the year was HK\$94,000 (2005: HK\$69,000).

The amount included in the consolidated balance sheet in respect of the Group's defined benefit plan is as follows:

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Fair value of plan assets	計劃資產公平價值	795	1,546
Unrecognised actuarial gains	未確認精算收益	(42)	(80)
Present value of funded obligations	供款現值	(146)	(146)
		607	1,320

Movements in the net assets in the year were as follows:

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
At beginning of the year	年初	1,320	1,254
Release of retirement benefit scheme	退休福利計劃撇銷	(803)	-
Amounts credited to income statement	計入收入的數額	90	66
At end of the year	年終	607	1,320

### 34. 退休福利計劃 (續)

#### (i) 為香港僱員而設的計劃 (續)

##### 界定福利計劃 (續)

於綜合損益表就界定福利計劃確認的支出如下:

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Interest cost	利息成本	5	4
Expected return on plan assets	計劃資產預期回報	(95)	(70)
Total, included in other income	總計(已計入其他經營收入)	(90)	(66)

計劃資產於本年度的實際回報為94,000港元(二零零五年:69,000港元)。

本集團的界定福利計劃已列入綜合資產負債表的數額如下:

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Fair value of plan assets	計劃資產公平價值	795	1,546
Unrecognised actuarial gains	未確認精算收益	(42)	(80)
Present value of funded obligations	供款現值	(146)	(146)
		607	1,320

資產淨值於年內的變動如下:

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
At beginning of the year	年初	1,320	1,254
Release of retirement benefit scheme	退休福利計劃撇銷	(803)	-
Amounts credited to income statement	計入收入的數額	90	66
At end of the year	年終	607	1,320

### 34. Retirement Benefits Plans (Continued)

#### (i) Plans for Hong Kong employees (Continued)

##### Defined contribution scheme

The Group operates a MPF Scheme for all qualifying employees. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes the lower of HK\$1,000 or 5% of the relevant monthly payroll costs to the MPF Scheme.

#### (ii) Plans for PRC employees

The employees employed in the PRC subsidiaries are members of the state-managed retirement benefits schemes operated by the PRC government. The PRC subsidiaries are required to contribute a certain percentage of their payroll to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes is to make the required contributions under the schemes.

#### (iii) Plans for US employees

##### Defined benefit plan

The Group adopted sponsorship of the defined benefit pension plan for Hourly Employees and the Retiree Medical Plan. The adoption date was 30 June 2005. The pension plan is frozen and not accepting new participants. All participants are vested and the plan still has active participants. Pension plan benefits are based primarily on participants' compensation and years of credited service. Contributions to the pension plan are based on actuarial calculations of amounts to cover current service costs.

The main actuarial assumptions used were as follows:

Discount rate	貼現率
Expected return on plan assets	計劃資產預期回報

The actuarial valuation showed that the market value of plan assets at 31 March 2006 was approximately HK\$107,801,000 and that the actuarial value of these assets represented 93% of the benefits that were accrued to members.

### 34. 退休福利計劃 (續)

#### (i) 為香港僱員而設的計劃 (續)

##### 界定供款計劃

本集團為所有合資格僱員設立一項強積金計劃。該計劃的資產與本集團的資產分開持有，以及撥入信託人管理的基金。本集團按1,000港元或有關月薪成本的5%，向強積金計劃供款。

#### (ii) 為中國僱員而設的計劃

中國附屬公司聘用的僱員均參與中國政府營辦的國家管理退休福利計劃。中國附屬公司須按僱員薪金的若干百分比，向退休福利計劃供款，作為福利之用。本集團對退休福利計劃的唯一責任就是根據計劃規定供款。

#### (iii) 為美國僱員而設的計劃

##### 界定福利計劃

本集團採納界定福利計劃給予時薪僱員及退休人士醫療計劃。採納日期為二零零五年六月三十日。該退休計劃已被凍結及不接納新參加者。所有參加者已獲准行使及該計劃現在仍有效的參加者。退休計劃利益主要以參加者的報酬及計入的服務年期計算。退休計劃之供款是以足夠支付現有服務成本之精算金額為根據。

所用的主要精算假設如下：

2006  
二零零六年

精算估值顯示計劃資產於二零零六年三月三十一日之市價為107,801,000港元，而該等資產之精算價值乃相當於計劃成員應得利益之93%。

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### 34. Retirement Benefits Plans (Continued)

#### (iii) Plans for US employees (Continued)

##### Defined benefit plan (Continued)

The charge recognised in the consolidated income statement in respect of the defined benefit pension plan is as follows:

		2006 二零零六年
Current service cost	現有服務成本	1,475
Interest cost	利息成本	4,620
Expected return on plan assets	計劃資產預期回報	(5,561)
Past service cost	過去服務成本	16,905
Total, include in cost of sales	總計(已計入銷售成本)	17,439

The amount included in retirement benefit liabilities in the year in respect of the defined benefit pension plan is as follows:

		2006 二零零六年
Fair value of plan assets	計劃資產公平值	107,801
Unrecognised actuarial gains	未確認之精算得益	(8,829)
Present value of funded obligations	供款現值	(116,411)
At end of the year	年終	(17,439)

##### Defined contribution plan

The Group sponsors a 401(k) profit sharing plan for salaried employees, the Retirement Savings Plan for Salaried Employees of US subsidiary. All salaried employees not covered by the collective bargaining agreement are eligible to participate. The maximum allowable contribution for each employee is 50% of gross wages subject to limitations set by the Internal Revenue Code. The Group will match 100% of the first 3% of employee contributions to the plan through salary deferral plus 25% of the next 2% that the employee defers.

### 34. 退休福利計劃 (續)

#### (iii) 為美國僱員而設的計劃 (續)

##### 界定福利計劃 (續)

於綜合損益表內就有關界定福利計劃確認的費用如下:

就有關界定利益退休計劃下包括退休福利負債款項如下:

##### 界定供款計劃

本集團就受薪僱員贊助401(k)盈利分享計劃,即美國附屬公司受薪僱員的退休儲蓄計劃。所有非勞資談判合約下之受薪僱員都有資格參加。每位僱員最高允許的供款額為毛收入50%但受內部收入準則管制。本集團將就計劃扣自薪金之僱員供款首3%作出100%配對,至於僱員其餘扣自薪金之供款之2%,本集團將按25%作出配對。

### 35. Connected and Related Party Transactions and Balances

Transactions between group companies have been eliminated on consolidation and are not disclosed in this note.

During the year, the Group had significant transactions and balances with connected persons at the balance sheet date as follows:

Name of party 關連人士名稱	Nature of transactions/balance 交易／結餘性質	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Lee & Man Industrial Manufacturing 理文實業	Finished goods sold 已售製成品	122,018	84,229
	Waste paper purchased 已購廢紙	7,764	6,986
	Steam sold 已售蒸氣	1,560	1,560
	Balance due from Lee & Man Industrial Manufacturing 應收理文實業結餘	22,938	612
Lee & Man Paper Products Limited (note i) 理文紙品有限公司(註i)	Licence fee paid 已付許可權費	869	861
Lee & Man Management Company Limited ("Lee & Man Management") (note ii) 理文管理有限公司(「理文管理」)(註ii)	Management fee paid 已付管理費	39	399

Notes:

- (i) Lee & Man Paper Products Limited is beneficially owned by of Mr Lee Wan Keung Patrick, a director of the Company.
- (ii) Lee & Man Management is a subsidiary of Lee and Man Holding Limited ("Lee & Man Holding"). Lee & Man Holding is beneficially owned by Fortune Star.

### 35. 相關人士關連交易及結餘

集團內各公司間之交易已於綜合時對銷，故不在此附註披露。

年內，本集團與關連人士進行的重大交易及於結算日的結餘如下：

附註：

- (i) 理文紙品有限公司實益擁有人為本公司董事李運強先生。
- (ii) 理文管理是Lee and Man Holding Limited(「理文集團」)的附屬公司。理文集團由Fortune Star實益擁有。



# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

For the year ended 31 March 2006 截至二零零六年三月三十一日止年度

### 35. Connected and Related Party Transactions and Balances (Continued)

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

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Short-term benefits	短期福利	8,218	5,694
Post-employment benefits	退休福利	53	56
		<b>8,271</b>	<b>5,750</b>

### 35. 相關人士關連交易及結餘 (續)

董事及其他主要管理層成員於年內之酬金如下:

### 36. Principal Subsidiaries

Details of the Company's principal subsidiaries, all of which were wholly-owned by the Company at 31 March 2006, are as follows:

### 36. 主要附屬公司

本公司主要附屬公司(於二零零六年三月三十一日均由本公司全資擁有)的詳情如下:

Name of subsidiary 附屬公司名稱	Place of incorporation or establishment/ operations 註冊成立或成立/ 營運地點	Nominal value of issued and fully paid share capital/registered capital 已發行及繳足股本/ 註冊股本面值	Principal activities 主要業務
Able Advance International Limited	British Virgin Islands 英屬處女群島	Ordinary shares – US\$4 普通股 – 4美元	Investment holding 投資控股
Lee & Man Industries Company Limited	British Virgin Islands 英屬處女群島	Ordinary share – US\$1 普通股 – 1美元	Investment holding 投資控股
Lee & Man Paper International Limited	British Virgin Islands 英屬處女群島	Ordinary shares- US\$100 普通股 – 100美元	Investment holding 投資控股
Evergreen Trading Company Limited	Malaysia 馬來西亞	Ordinary shares – US\$2 普通股 – 2美元	Procurement of raw materials 採購原料
Lee Kwok (Macao Commercial Offshore) Trading Limited 利國(澳門離岸商業服務) 貿易有限公司	Macau 澳門	MOP100,000 澳門幣100,000元	Procurement of raw materials 採購原料

### 36. Principal Subsidiaries (Continued)

### 36. 主要附屬公司 (續)

Name of subsidiary 附屬公司名稱	Place of incorporation or establishment/ operations 註冊成立或成立/ 營運地點	Nominal value of issued and fully paid share capital/registered capital 已發行及繳足股本/ 註冊股本面值	Principal activities 主要業務
Wang Kei (Macao Commercial Offshore Trading Limited 宏基(澳門離岸商業服務) 貿易有限公司	Macau 澳門	MOP100,000 澳門幣100,000元	Export trading of paper 紙張出口貿易
東莞理文造紙廠有限公司 (Dongguan Lee & Man Paper Factory Co., Ltd.)	PRC (note) 中國(附註)	Registered capital – US\$118,480,000 註冊資本-118,480,000美元	Manufacturing and trading of paper 造紙生產及貿易
廣東理文造紙有限公司 (Guangdong Lee & Man Paper Manufacturing Limited)	PRC (note) 中國(附註)	Registered capital – US\$119,529,348 註冊資本-119,529,348美元	Manufacturing and trading of paper 造紙生產及貿易
江蘇理文造紙有限公司 (Jiangsu Lee & Man Paper Manufacturing Company Limited)	PRC (note) 中國(附註)	Registered capital – US\$117,500,000 註冊資本-117,500,000美元	Manufacturing and trading of paper 造紙生產及貿易
Evergreen Pulp Inc.	United States of America 美國	Ordinary shares – US\$1,000 普通股 – 1,000美元	Manufacturing of pulp 造漿

Note: The companies are wholly foreign owned investment enterprises established in the PRC.

附註：該等公司是於中國成立的全外商擁有之投資企業。

With the exception of Able Advance International Limited, all the subsidiaries are indirectly held.

除了Able Advance International Limited外，所有附屬公司均為間接持有的附屬公司。

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

董事認為，上表列出的本公司附屬公司，乃主要影響本集團業績或資產與負債的公司。董事認為，列出其他附屬公司的詳情會使本附註過於冗長，故未有列載有關資料。

None of the subsidiaries had any debt securities outstanding at the end of the year, or at any time during the year.

於年結日或年內任何時間，各附屬公司概無任何未償還的債務證券。