

NOTES TO FINANCIAL STATEMENTS 財務報表附註

31 March 2006 二零零六年三月三十一日

1. CORPORATE INFORMATION

The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

The Group is principally engaged in supply and procurement business operations. During the year, following the disposal of Gadgets Yard Limited (“Gadgets Yard”), a previously 51% owned subsidiary of the Company, the Group ceased the operations of design, manufacture and sale of a wide range of toys. There were no other significant changes in the nature of the Group’s principal activities during the year.

Vision Century Group Limited (“Vision Century”), a company incorporated in the British Virgin Islands, is the immediate holding company of the Company. In the opinion of the directors, the ultimate holding company of the Company is Huang Group (BVI) Limited, a company incorporated in the British Virgin Islands, which is ultimately held by a discretionary trust.

1. 公司資料

本公司之註冊辦事處位於 Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda。

本集團之主要業務為供應及採購業務。年內，於出售本公司過往持有51%股權之附屬公司源製有限公司（「源製」）後，本集團已終止經營設計、製造及銷售廣泛種類之玩具之業務。年內本集團之主要業務性質並無其他重大變動。

Vision Century Group Limited（「Vision Century」）（一間於英屬處女群島註冊成立之公司）乃本公司之直接控股公司。董事認為，本公司之最終控股公司為一間在英屬處女群島註冊成立，由一項全權信託最終持有之公司 Huang Group (BVI) Limited。

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2.1 BASIS OF PRESENTATION

At 31 March 2006, the Group had net current liabilities of HK\$17,364,000 and deficiency in assets of HK\$2,124,000. The Group incurred a loss attributable to equity holders of the Company of HK\$15,994,000 and reported a net cash outflow from operating activities of HK\$20,787,000 for the year ended 31 March 2006.

In order to strengthen the capital base of the Group and to improve the Group's financial position, immediate liquidity and cash flows, and otherwise to sustain the Group as a going concern, the directors of the Company have adopted the following measures:

- (a) Huang Worldwide Holding Limited, the immediate holding company of Vision Century, which was incorporated in the British Virgin Islands, has undertaken to the Company, during the period up to 31 October 2007, to provide continuing financial support to the Group so as to enable the Group to continue its day-to-day operations as a viable going concern notwithstanding any present or future financial difficulties experienced by the Group.
- (b) The directors of the Company are in ongoing negotiations with the Group's bankers and other creditors to reschedule the repayment of certain borrowings due from the Group and to seek their ongoing support to the Group. In particular, the Group has successfully obtained from a Group's banker in Mainland China a new borrowing of RMB12,750,000 (equivalent to HK\$12,260,000), repayable on 26 April 2007 (the "New Loan"), after the year end date. The New Loan was utilised to partially repay a bank loan of HK\$15,884,000 outstanding as at 31 March 2006.

2.1 呈報基準

於二零零六年三月三十一日，本集團之流動負債淨額及資產虧損分別為17,364,000港元及2,124,000港元。本集團錄得本公司權益持有人應佔虧損為15,994,000港元，並於截至二零零六年三月三十一日止年度來自經營業務之現金流出淨額20,787,000港元。

為加強本集團之資金基礎及改善本集團之財務狀況、流動資金、現金流量及其他條件以維持本集團於持續經營狀態，本公司董事已採取以下措施：

- (a) Huang Worldwide Holding Limited (於英屬處女群島註冊成立) 乃Vision Century之直接控股公司，已向本公司承諾，在截至二零零七年十月三十一日止期間，將繼續給予本集團財政支援，以便本集團在面對任何現時或日後之財務困難時，仍可繼續其日常運作猶如可行之持續基準。
- (b) 本公司董事正與本集團往來銀行及其他債權人進行持續磋商，以重新編排償還本集團若干借款之時間，並尋求往來銀行及其他債權人對本集團繼續支持。值得一提是本集團已於年結日後成功自本集團之中國內地往來銀行取得新造借款人民幣12,750,000元(相當於12,260,000港元)，該筆借款須於二零零七年四月二十六日償還(「新貸款」)。新貸款已用作償還部份於二零零六年三月三十一日結欠之銀行貸款15,884,000港元。

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2.1 BASIS OF PRESENTATION (Continued)

- (c) Vision Century has granted a credit facility of HK\$50,000,000 to the Company since 2 July 2003. On 15 February 2006, the Company entered into a subscription agreement with Vision Century, for issuance of a convertible note in the principal amount of HK\$37,000,000 as part of the consideration for the release and discharge of the Group from all of its obligations and liabilities in respect of the loan from Vision Century. On 30 March 2006, the date the convertible note being issued, HK\$37,856,000 (being the principal amount of a loan of HK\$31,378,000 and accrued interest of HK\$6,478,000) was owed by the Company to Vision Century. The Company settled the remaining accrued interest of HK\$856,000 by cash from internal resources. The convertible note is repayable on 29 March 2009 while the credit facility of HK\$50,000,000 granted by Vision Century is still valid and should be expired on 31 October 2007.
- (d) The directors of the Company are considering various alternatives to strengthen the capital base of the Company through various fund raising exercises, including but not limited to, a private placement, an open offer or a rights issue of new shares of the Company.
- (e) The directors of the Company continue to take action to tighten cost controls over various general and administrative expenses, and are actively seeking new investment and business opportunities with an aim to attain profitable and positive cash flow operations.

In the opinion of the directors of the Company, in light of the measures taken to date, together with the expected results of other measures in progress, the Group will have sufficient working capital for its current requirements and it is reasonable to expect the Group to return to a commercially viable going concern. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the financial statements on a going concern basis, notwithstanding the Group's financial and liquidity position at 31 March 2006.

2.1 呈報基準 (續)

- (c) 自二零零三年七月二日起，Vision Century已授予本公司信貸融資50,000,000港元。於二零零六年二月十五日，本公司與Vision Century訂立認購協議，據此發行本金額37,000,000港元之可換股票據，作為解除及免除本集團就Vision Century提供之貸款所承擔之一切責任及負債之部份代價。於二零零六年三月三十日（即可換股票據之發行日期），本公司結欠Vision Century 37,856,000港元（即貸款本金額31,378,000港元連應計利息6,478,000港元）。本公司已由內部資源撥付現金以清償餘下應計利息856,000港元。可換股票據須於二零零九年三月二十九日償付，而Vision Century授予之信貸融資50,000,000港元仍然有效並將於二零零七年十月三十一日屆滿。
- (d) 本公司董事正考慮各種方法，以透過各種集資方式加強本公司之資金基礎，包括但不限於本公司新股之私人配售、公開發售或供股事項。
- (e) 本公司董事一直採取行動，以加強對各類一般及行政費用之成本控制，並正積極尋求新投資及營商機會，務求達到有利可圖及正現金流量之業務營運。

本公司董事認為，鑑於迄今所採取之措施以及現行其他措施之預期結果，本集團將擁有充足營運資金，以應付其目前所需，因此預期本集團可回復商業上可行之持續經營基準是合理的。因此，本公司董事信納，儘管本集團於二零零六年三月三十一日之財政及流動資金狀況未如理想，按持續經營基準編製財務報表是適當的。

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2.1 BASIS OF PRESENTATION (Continued)

Should the Group be unable to continue as a going concern, adjustments would have to be made to restate the values of assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively. The effects of these potential adjustments have not been reflected in the financial statements.

2.2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which also include Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for the periodic remeasurement of certain buildings as further explained below. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand (HK\$'000) except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 March 2006. The results of subsidiaries acquired or disposed of during the year are consolidated from the date on which the Group obtains control, and continued to be consolidated until the date that such control ceases. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

Minority interests represent the interests of outside shareholders in the results and net assets of the Company's subsidiaries.

2.1 呈報基準 (續)

倘本集團未能按持續經營基準進行，則將作出相應調整以分別將資產之價值重列至其可收回值，對可能產生之任何額外負債作出撥備，以及將非流動資產及負債分別重新分類為流動資產及負債。該等潛在調整所引致之影響並無反映在財務報表中。

2.2 編製基準

該等財務報表乃根據香港會計師公會頒佈之香港財務報告準則(「香港財務報告準則」)(亦包括香港會計準則(「香港會計準則」)及詮釋)、香港普遍採納之會計原則及香港公司條例之披露規定而編製。除下文所述之若干樓宇定期重估外，該等財務報表乃按歷史成本準則編製。除非另有說明，該等財務報表乃以港元呈列，而所有金額均調整至最接近之千元(千港元)。

綜合基準

綜合財務報表包括本公司及其各附屬公司截至二零零六年三月三十一日止年度之財務報表。年內收購及出售之附屬公司之業績乃由本集團取得控制權之日起計入綜合財務報表，並持續計入綜合財務報表，直至該控制權終止為止。本集團內部公司間之所有重大交易及結餘均於編製綜合賬目時對銷。

少數股東權益指外界股東於本公司附屬公司業績及資產淨值中所佔之權益。

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2.3 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The following new and revised HKFRSs affect the Group and are adopted for the first time for the current year's financial statements:

HKAS 1
香港會計準則第1號
HKAS 2
香港會計準則第2號
HKAS 7
香港會計準則第7號
HKAS 8
香港會計準則第8號
HKAS 10
香港會計準則第10號
HKAS 12
香港會計準則第12號
HKAS 14
香港會計準則第14號
HKAS 16
香港會計準則第16號
HKAS 17
香港會計準則第17號
HKAS 18
香港會計準則第18號
HKAS 19
香港會計準則第19號
HKAS 21
香港會計準則第21號
HKAS 23
香港會計準則第23號
HKAS 24
香港會計準則第24號
HKAS 27
香港會計準則第27號
HKAS 32
香港會計準則第32號
HKAS 33
香港會計準則第33號

Presentation of Financial Statements
財務報表之呈列
Inventories
存貨
Cash Flow Statements
現金流量表
Accounting Policies, Changes in Accounting Estimates and Errors
會計政策、會計估計變更及誤差
Events after the Balance Sheet Date
結算日後事項
Income Taxes
所得稅
Segment Reporting
分類報告
Property, Plant and Equipment
物業、廠房及設備
Leases
租賃
Revenue
收入
Employee Benefits
僱員福利
The Effects of Changes in Foreign Exchange Rates
匯率變動之影響
Borrowing Costs
借款成本
Related Party Disclosures
關連人士披露
Consolidated and Separate Financial Statements
綜合及獨立財務報表
Financial Instruments: Disclosure and Presentation
金融工具：披露及呈列
Earnings per Share
每股盈利

2.3 新訂及經修訂香港財務報告準則之影響

以下新訂及經修訂香港財務報告準則對本集團構成影響，並且在本年度之財務報表首次採用：

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2.3 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

2.3 新訂及經修訂香港財務報告準則之影響 (續)

HKAS 36	Impairment of Assets
香港會計準則第36號	資產減值
HKAS 37	Provisions, Contingent Liabilities and Contingent Assets
香港會計準則第37號	撥備、或然負債及或然資產
HKAS 38	Intangible assets
香港會計準則第38號	無形資產
HKAS 39	Financial Instruments: Recognition and Measurement
香港會計準則第39號	金融工具：確認及計量
HKAS 39 Amendment	Transition and Initial Recognition of Financial Assets and Financial Liabilities
香港會計準則第39號(修訂)	金融資產及金融負債之過渡及初步確認
HKAS 40	Investment Property
香港會計準則第40號	投資物業
HKFRS 2	Share-based Payment
香港財務報告準則第2號	以股份支付之款項
HKFRS 3	Business Combinations
香港財務報告準則第3號	業務合併
HKFRS 5	Non-current Assets Held for Sale and Discontinued Operations
香港財務報告準則第5號	持作銷售之非流動資產及已終止經營業務
HK(SIC)-Int 21	Income Taxes – Recovery of Revalued Non-depreciable Assets
香港(SIC)－詮釋第21號	所得稅－收回重估不予折舊資產
HK-Int 4	Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases
香港詮釋第4號	租賃－釐定香港土地租賃之租賃期長度

The adoption of HKASs 2, 7, 8, 10, 12, 14, 16, 18, 19, 21, 23, 27, 33, 36, 37, 38, 40, HKFRS 3, HK(SIC)-Int 21 and HK-Int 4 has had no material impact on the accounting policies of the Group and the Company and the methods of computation in the Group's and the Company's financial statements.

採納香港會計準則第2、7、8、10、12、14、16、18、19、21、23、27、33、36、37、38、40號、香港財務報告準則第3號、香港(SIC)－詮釋第21號及香港詮釋第4號對本集團及本公司之會計政策及本集團及本公司之財務報表之計算方法並無構成重大影響。

HKAS 1 has affected the presentation of minority interests on the face of the consolidated balance sheet, consolidated income statement, consolidated statement of changes in equity and other disclosures.

香港會計準則第1號對少數股東權益於綜合資產負債表、綜合收益表、綜合權益變動表及其他披露之賬面上之呈列方式構成影響。

HKAS 24 has expanded the definition of related parties and affected the Group's related party disclosures.

香港會計準則第24號擴闊了關連人士之定義，並對本集團之關連人士披露構成影響。

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2.3 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

The impact of adopting the other HKFRSs is summarised as follows:

(a) HKAS 17 – Leases

In prior years, leasehold land and buildings held for own use were stated at valuation less accumulated depreciation and any impairment losses.

Upon the adoption of HKAS 17, the Group's leasehold interest in land and buildings is separated into leasehold land and leasehold buildings. The Group's leasehold land is classified as an operating lease, because the title of the land is not expected to pass to the Group by the end of the lease term, and is classified as prepaid land lease payments, while leasehold buildings are classified as part of property, plant and equipment. Prepaid land lease payments under operating leases are initially stated at cost and subsequently amortised on the straight-line basis over the lease term. When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in property, plant and equipment.

The comparative amounts for the year ended 31 March 2005 have been restated to reflect the reclassification of the leasehold land.

(b) HKAS 32 and HKAS 39 – Financial Instruments

Upon the adoption of HKAS 32, convertible note and bonds are split into liability and equity components. The effects of the above changes are summarised in note 2.5 to the financial statements. In accordance with HKAS 32, comparative amounts have been restated.

2.3 新訂及經修訂香港財務報告準則之影響 (續)

採納其他香港財務報告準則之影響概述如下：

(a) 香港會計準則第17號 – 租賃

於過往年度，持作自用之租賃土地及樓宇乃按估值減累積折舊及任何減值虧損列賬。

採納香港會計準則第17號後，本集團之土地及樓宇租賃權益分為租賃土地及租賃樓宇。本集團之租賃土地分類為經營租賃，因預期於租賃期結束前土地所有權不會轉讓予本集團，並分類予預付土地租賃款項，而租賃樓宇則分類為物業、廠房及設備之一部份。經營租賃下之預付土地租賃款項初步按成本列賬，其後在租賃期內以直線法攤銷。倘租賃款項未能在土地及樓宇部份之間可靠地分配，則租賃款項全數計入土地及樓宇成本作為物業、廠房及設備之融資租賃。

截至二零零五年三月三十一日止年度之比較數字已經重列，以反映租賃土地重新分類。

(b) 香港會計準則第32號及香港會計準則第39號 – 金融工具

採納香港會計準則第32號後，可換股票據及債券乃分拆為負債及權益部份。上述更改之影響概述於本財務報表附註2.5。根據香港會計準則第32號，比較金額已經重列。

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2.3 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

(c) HKFRS 2 – Share-based Payment

In prior years, no recognition and measurement of share-based payment transactions in which employees (including directors) were granted share options over shares in the Company were required until such options were exercised by employees, at which time the share capital and share premium account were credited with the proceeds received.

Upon the adoption of HKFRS 2, when employees (including directors) render services as consideration for equity instruments (“equity-settled transactions”), the cost of the equity-settled transactions with employees is measured by reference to the fair value at the date at which the instruments are granted.

The main impact of HKFRS 2 on the Group is the recognition of the cost of these transactions and a corresponding entry to equity for employee share options. The revised accounting policy for share-based payment transactions is described in more detail in note 2.6 “Summary of significant accounting policies” below.

The effects of adopting HKFRS 2 are summarised in note 2.5 to the financial statements.

2.3 新訂及經修訂香港財務報告準則之影響 (續)

(c) 香港財務報告準則第2號 – 以股份支付之款項

於過往年度，毋須對授予僱員（包括董事）公司股份之購股權之以股份支付之交易進行確認及計量，直至僱員行使購股權時方以所收取之所得款項將股本及股份溢價賬入賬。

採納香港財務報告準則第2號後，當僱員（包括董事）提供服務作為股權工具之代價時（「股權結算交易」），與僱員進行股權結算交易之成本乃參考於工具授出日期之公平價值計量。

香港財務報告準則第2號對本集團之主要影響為確認該等交易之成本及於股權就僱員購股權作出相應輸入。有關以股份支付之交易之經修訂會計政策已於下文附註2.6「主要會計政策概要」進一步詳述。

採納香港財務報告準則第2號之影響概述於本財務報表附註2.5。

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2.3 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

(d) HKFRS 5 – Non-current Assets Held for Sale and Discontinued Operations

The Group has applied HKFRS 5 prospectively in accordance with the transitional provisions of HKFRS 5, which has resulted in a change in accounting policy on the recognition of a discontinued operation. Under Statement of Standard Accounting Practice (“SSAP”) 33 “Discontinuing Operations”, the Group would have recognised a discontinued operation at the earlier of:

- the date the Group enters into a binding sale agreement; and
- the date the board of directors have approved and announced a formal disposal plan.

HKFRS 5 requires a component of the Group to be classified as discontinued when the criteria to be reclassified as held for sale have been met or when that component of the Group has been recovered principally through a sale transaction rather than through continuing use. The principal impact of this change in accounting policy is that the results for the year ended 31 March 2005 attributable to the discontinued operations have been reclassified to the “Loss for the year from discontinued operations” on the face of the consolidated income statement of the Group.

2.3 新訂及經修訂香港財務報告準則之影響 (續)

(d) 香港財務報告準則第5號 – 持作銷售之非流動資產及已終止經營業務

本集團已根據香港財務報告準則第5號之過渡性條文前瞻採用香港財務報告準則第5號，因此導致有關確認已終止經營業務之會計政策出現更改。根據會計實務準則（「會計實務準則」）第33號「已終止經營業務」，本集團會在以下兩者中之較早者確認已終止經營業務：

- 本集團訂立有約束力之出售協議當日；及
- 董事會批准及宣佈正式出售計劃當日。

香港財務報告準則第5號規定於符合分類為持作出售之準則或本集團之部份已透過出售交易而非透過持續使用而收回，則該項目會分類為已終止經營。此項會計政策更改之主要影響為截至二零零五年三月三十一日止年度已終止經營業務之應佔業績已重新分類予本集團綜合收益表內之「已終止經營業務之本年度虧損」。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 March 2006 二零零六年三月三十一日

2.4 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements. Unless otherwise stated, these HKFRSs are effective for accounting periods beginning on or after 1 April 2006:

HKAS 1 Amendment
 香港會計準則第1號(修訂)

HKAS 21 Amendment
 香港會計準則第21號(修訂)

HKAS 39 Amendment
 香港會計準則第39號(修訂)

HKAS 39 Amendment
 香港會計準則第39號(修訂)

HKAS 39 & HKFRS 4 Amendments
 香港會計準則第39號
 及香港財務報告準則第4號(修訂)

HKFRS 7
 香港財務報告準則第7號

HK(IFRIC)-Int 4
 香港(國際財務報告詮釋委員會)詮釋第4號

HK(IFRIC)-Int 8
 香港(國際財務報告詮釋委員會)詮釋第8號

HK(IFRIC)-Int 9
 香港(國際財務報告詮釋委員會)詮釋第9號

HKAS 1 Amendment shall be applied for accounting periods beginning on or after 1 April 2007. The revised standard will affect the disclosures about qualitative information about the Group's objective, policies and processes for managing capital; quantitative data about what the Company regards as capital; and compliance with any capital requirements and the consequences of any non-compliance.

2.4 已頒佈但尚未生效之香港財務報告準則之影響

本集團尚未於本財務報表採用下列已頒佈但尚未生效之新訂及經修訂香港財務報告準則。除另有所指外，該等香港財務報告準則於二零零六年四月一日或之後開始之會計期間生效：

Capital Disclosures
 資本披露

Net Investment in a Foreign Operation
 於海外業務之投資淨額

Cash Flow Hedge Accounting of Forecast Intragroup Transactions
 預測集團內部交易之現金流量對沖會計法

The Fair Value Option
 期權之公平價值

Financial Guarantee Contracts
 金融擔保合約

Financial Instruments: Disclosures
 金融工具：披露

Determining whether an Arrangement contains a Lease
 決定一項安排是否包含租賃

Scope of HKFRS 2
 香港財務報告準則第2號之範圍

Reassessment of Embedded Derivatives
 重新評估嵌入式衍生工具

香港會計準則第1號(修訂)須於二零零七年四月一日或之後開始之會計期間採用。經修訂準則將影響有關本集團宗旨、政策及管理資金過程之定性資料披露；有關本公司視為資金之定量資料披露；以及有關遵守任何資金要求及不遵守之一切後果之披露。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

31 March 2006 二零零六年三月三十一日

2.4 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

HKFRS 7 incorporates and further extends the disclosure requirements of HKAS 32 relating to financial instruments. This HKFRS shall be applied for accounting periods beginning on or after 1 April 2007.

In accordance with the amendments to HKAS 39 regarding financial guarantee contracts, financial guarantee contracts are initially recognised at fair value and are subsequently measured at the higher of (i) the amount determined in accordance with HKAS 37 and (ii) the amount initially recognised, less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18.

Except as stated above, the Group expects that the adoption of the pronouncements listed above will not have any significant impact on the Group's financial statements in the period of initial application.

2.4 已頒佈但尚未生效之香港財務報告準則之影響 (續)

香港財務報告準則第7號包含並進一步擴闊香港會計準則第32號有關金融工具之披露要求。香港財務報告準則第7號須於二零零七年四月一日或之後開始之會計期間採用。

根據香港會計準則第39號有關金融擔保合約之修訂，金融擔保合約初步按公平價值確認，其後按下列兩者中之較高者計量：(i)根據香港會計準則第37號釐定之數額及(ii)初步確認數額減(如適用)根據香港會計準則第18號確認之累積攤銷。

除上文所述者外，本集團預期採用上述準則於採用初期將不會對本集團之財務報表造成任何重大影響。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 March 2006 二零零六年三月三十一日

2.5 SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICIES

2.5 會計政策更改之影響概要

Group

本集團

(a) Effect on the consolidated balance sheets

(a) 對綜合資產負債表之影響

At 1 April 2005

於二零零五年四月一日

Effect of new policies 新政策之影響	Effect of adopting 採納以下各項之影響		Total 合計 HK\$'000 千港元
	HKAS 17 香港會計準則 第17號 Prepaid land lease payments 預付土地 租賃款項 HK\$'000 千港元	HKAS 32 香港會計準則 第32號 Convertible note and bonds 可換股票據 及債券 HK\$'000 千港元	
Assets	資產		
Decrease in property, plant and equipment 物業、廠房及設備之減少	(48,400)	–	(48,400)
Increase in prepaid land lease payments 預付土地租賃款項之增加	31,272	–	31,272
			(17,128)
Liabilities/equity	負債／權益		
Decrease in convertible bonds 可換股債券之減少	–	(12)	(12)
Decrease in asset revaluation reserve 資產重估儲備之減少	(18,534)	–	(18,534)
Increase in share premium account 股份溢價賬之增加	–	351	351
Increase in equity component of convertible bonds 可換股債券之權益部分之增加	–	517	517
Decrease/(increase) in accumulated losses 累積虧損之減少／(增加)	1,406	(856)	550
			(17,128)

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 March 2006 二零零六年三月三十一日

2.5 SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICIES (Continued)

Group (Continued)

(a) Effect on the consolidated balance sheets (Continued)

At 31 March 2006

2.5 會計政策更改之影響概要 (續)

本集團 (續)

(a) 對綜合資產負債表之影響 (續)

於二零零六年三月三十一日

Effect of new policies 新政策之影響	Effect of adopting 採納以下各項之影響			Total 合計
	HKAS 17 香港會計 準則第17號	HKAS 32 香港會計 準則第32號	HKFRS 2 香港財務報告 準則第2號	
	Prepaid land lease payments 預付土地 租賃款項	Convertible note and bonds 可換股票據 及債券	Equity- settled share option arrangements 以權益結算 之購股權安排	HK\$'000 千港元
<u>Assets</u>	<u>資產</u>			
Decrease in property, plant and equipment	物業、廠房及設備 之減少	(49,700)	-	(49,700)
Increase in prepaid land lease payments	預付土地租賃款項 之增加	30,544	-	30,544
				<u>(19,156)</u>
<u>Liabilities/equity</u>	<u>負債/權益</u>			
Decrease in convertible note	可換股票據之減少	-	(10,326)	(10,326)
Decrease in asset revaluation reserve	資產重估儲備之減少	(19,653)	-	(19,653)
Increase in share option reserve	購股權儲備之增加	-	-	457
Increase in equity component of convertible note	可換股票據之權益 部分之增加	-	10,344	10,344
Decrease/(increase) in accumulated losses	累積虧損之減少/ (增加)	497	(18)	(457)
				<u>(19,156)</u>

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 March 2006 二零零六年三月三十一日

2.5 SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICIES (Continued)

2.5 會計政策更改之影響概要 (續)

Group (Continued)

本集團 (續)

(b) Effect on the balances of equity at 1 April 2004 and at 1 April 2005

(b) 對於二零零四年四月一日及二零零五年四月一日之股權結餘之影響

Effect of new policies 新政策之影響	Effect of adopting 採納以下各項之影響			Total 合計
	HKAS 17 香港會計準則 第17號 Prepaid land lease payments 預付土地 租賃款項 HK\$'000 千港元	HKAS 32 香港會計準則 第32號 Convertible note and bonds 可換股票據 及債券 HK\$'000 千港元		
1 April 2004	二零零四年四月一日			
Decrease in asset revaluation reserve	資產重估儲備之減少	(18,037)	–	(18,037)
Increase in share premium account	股份溢價賬之增加	–	351	351
Increase in equity component of convertible note and bonds	可換股票據及債券 之權益部分之增加	–	2,640	2,640
Decrease/(increase) in accumulated losses	累積虧損之減少/(增加)	1,637	(2,242)	(605)
				<u>(15,651)</u>
1 April 2005	二零零五年四月一日			
Decrease in asset revaluation reserve	資產重估儲備之減少	(18,534)	–	(18,534)
Increase in share premium account	股份溢價賬之增加	–	351	351
Increase in equity component of convertible bonds	可換股債券之權益部分 之增加	–	517	517
Decrease/(increase) in accumulated losses	累積虧損之減少/ (增加)	1,406	(856)	550
				<u>(17,116)</u>

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 March 2006 二零零六年三月三十一日

2.5 SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICIES (Continued)

Group (Continued)

(c) Effect on the consolidated income statements for the years ended 31 March 2006 and 2005

2.5 會計政策更改之影響概要 (續)

本集團 (續)

(c) 對截至二零零六年及二零零五年三月三十一日止年度之綜合收益表之影響

Effect of new policies 新政策之影響	Effect of adopting 採納以下各項之影響				Total 合計
	HKAS 17 香港會計 準則第17號	HKAS 32 香港會計 準則第32號	HKFRS 2 香港財務報 告準則第2號	HKFRS 5 香港財務報 告準則第5號	
	Prepaid land lease payments 預付土地 租賃款項	Convertible note and bonds 可換股票據 及債券	Equity- settled share option arrangements 以權益結算 之購股權安排	Discontinued operations 已終止 經營業務	
	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Year ended 31 March 2006	截至二零零六年 三月三十一日止年度				
Decrease in revenue				(10,795)	(10,795)
Decrease in cost of sales				13,459	13,459
Decrease in other income and gains				(441)	(441)
Loss on disposal of a subsidiary				34	34
Decrease in selling and distribution costs				334	334
Decrease/(increase) in administrative expenses		438	(466)	1,404	1,376
Decrease/(increase) in other operating expenses		(1,347)		3,831	2,484
Decrease/(increase) in finance costs			(30)	29	(1)
Increase in loss for the year from discontinued operations				(7,855)	(7,855)
Total increase in loss		(909)	(30)	(466)	(1,405)
Increase in basic loss per share		(HK1.1 cents港仙)		(HK0.6 cent港仙)	(HK1.7 cents港仙)

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 March 2006 二零零六年三月三十一日

2.5 SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICIES (Continued)

Group (Continued)

(c) Effect on the consolidated income statements for the years ended 31 March 2006 and 2005 (Continued)

2.5 會計政策更改之影響概要 (續)

本集團 (續)

(c) 對截至二零零六年及二零零五年三月三十一日止年度之綜合收益表之影響 (續)

Effect of new policies 新政策之影響	Effect of adopting 採納以下各項之影響			Total 合計
	HKAS 17 香港會計準則第17號	HKAS 32 香港會計準則第32號	HKFRS 5 香港財務報告準則第5號	
	Prepaid land lease payments 預付土地 租賃款項	Convertible note and bonds 可換股票據 及債券	Discontinued operations 已終止 經營業務	HK\$'000 千港元
Year ended 31 March 2005	截至二零零五年三月三十一日止年度			
Decrease in revenue	收入之減少	-	(36,205)	(36,205)
Decrease in cost of sales	銷售成本之減少	-	39,379	39,379
Decrease in other income and gains	其他收入及收益之減少	-	(944)	(944)
Gain on disposal of a subsidiary	出售一間附屬公司之收益	-	(8,030)	(8,030)
Decrease in selling and distribution costs	銷售及分銷開支之減少	-	1,106	1,106
Decrease in administrative expenses	行政開支之減少	385	7,199	7,584
Increase in other operating expenses	其他經營開支之增加	(616)	(788)	(1,404)
Increase in finance costs	融資成本之增加	-	(737)	(737)
Increase in loss for the year from discontinued operations	已終止經營業務之本年度虧損之增加	-	(1,717)	(1,717)
Total increase in loss	虧損之增加總額	(231)	(737)	(968)
Increase in basic loss per share	每股基本虧損之增加	(HK0.3 cent港仙)	(HK0.9 cent港仙)	- (HK1.2 cents港仙)

NOTES TO FINANCIAL STATEMENTS

財 務 報 表 附 註

31 March 2006 二 零 零 六 年 三 月 三 十 一 日

2.5 SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICIES (Continued)

2.5 會計政策更改之影響概要 (續)

Company

本公司

(a) Effect on the balance sheets

(a) 對資產負債表之影響

At 1 April 2005

於二零零五年四月一日

		Effect of adopting HKAS 32 Convertible note and bonds 採納香港會計準則 第32號之影響 可換股票據及債券 HK\$'000 千港元
Effect of new policy	新政策之影響	

Liabilities/equity

負債／權益

Decrease in convertible bonds	可換股債券之減少	(12)
Increase in share premium account	股份溢價賬之增加	351
Increase in equity component of convertible bonds	可換股債券之權益部份之增加	517
Increase in accumulated losses	累積虧損之增加	(856)

At 31 March 2006

於二零零六年三月三十一日

		Effect of adopting 採納以下各項之影響		
		HKAS 32 Convertible note and bonds 香港會計準則 第32號 可換股票據 及債券 HK\$'000 千港元	HKFRS 2 Equity- settled share option arrangements 香港財務報告 準則第2號 以權益結算 之購股權安排 HK\$'000 千港元	Total 合計 HK\$'000 千港元
Effect of new policies	新政策之影響			

Liabilities/equity

負債／權益

Decrease in convertible bonds	可換股債券之減少	(10,326)	-	(10,326)
Increase in share option reserve	購股權儲備之增加	-	457	457
Increase in equity component of convertible bonds	可換股債券之權益部份之增加	10,344	-	10,344
Increase in accumulated losses	累積虧損之增加	(18)	(457)	(475)

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 March 2006 二零零六年三月三十一日

2.5 SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICIES (Continued)

Company (Continued)

(b) Effect on the balances of equity

Effect of new policies

Increase in share premium account
 Increase in equity component
 of convertible note and bonds
 Increase in accumulated losses

新政策之影響

股份溢價賬之增加
 可換股票據及債券之權益
 部分之增加
 累積虧損之增加

Effect of adopting HKAS 32
 Convertible note and bonds
 採納香港會計準則
 第32號之影響
 可換股票據及債券

1 April 2005 二零零五年 四月一日 HK\$'000 千港元	1 April 2004 二零零四年 四月一日 HK\$'000 千港元
351	351
517	2,640
(856)	(2,242)

(c) Effect on the income statements

At 31 March 2006

於二零零六年三月三十一日

(c) 對收益表之影響

Effect of adopting
 採納以下各項之影響

Effect of new policies

Increase in administrative expenses
 Increase in finance costs

Total increase in loss

新政策之影響

行政開支之增加
 融資成本之增加

虧損之增加總額

HKAS 32 Convertible note and bonds 香港會計準則 第32號 可換股票據 及債券 HK\$'000 千港元	HKFRS 2 Equity- settled share option arrangements 香港財務報告 準則第2號 以權益結算 之購股權安排 HK\$'000 千港元	Total 合計 HK\$'000 千港元
-	(466)	(466)
(30)	-	(30)
(30)	(466)	(496)

NOTES TO FINANCIAL STATEMENTS 財務報表附註

31 March 2006 二零零六年三月三十一日

2.5 SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICIES (Continued)

Company (Continued)

(c) Effect on the income statements (Continued)

At 31 March 2005

於二零零五年三月三十一日

Effect of new policies

新政策之影響

Increase in finance costs

融資成本之增加

2.5 會計政策更改之影響概要 (續)

本公司 (續)

(c) 對收益表之影響 (續)

Effect of adopting
HKAS 32
Convertible
note and bonds
採納香港會計準則
第32號之影響
可換股票據及債券
HK\$'000
千港元
.....
(737)

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

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

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

Impairment of assets

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

2.6 主要會計政策概要

附屬公司

附屬公司為本公司直接或間接控制其財務及經營政策以因應其業務得益之實體。

附屬公司之業績乃按已收及應收股息數額列入本公司收益表內。本公司於附屬公司之權益乃按成本值減任何減值虧損列賬。

資產減值

倘有跡象顯示出現減值，或需要進行年度資產減值測試時(存貨、金融資產及投資物業除外)，會估計資產之可收回款額。資產之可收回款額以資產或現金產生單位之使用價值與其公平價值兩者中之較高者減銷售成本計算，並以個別資產釐定，除非資產並無產生現金流量，而現金流量大多獨立於其他資產或資產組合，則在此情況下，可收回款額乃以資產所屬之現金產生單位釐定。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 March 2006 二零零六年三月三十一日

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Impairment of assets (Continued)

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

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

2.6 主要會計政策概要 (續)

資產減值 (續)

只有在資產賬面值超逾其可收回款額之情況下，方會確認減值虧損。評估使用價值時，則以反映現金時間價值及資產特有風險之當時市場評估之除稅前貼現率折現估計未來現金流量。減值虧損會自其出現期間之收益表扣除，除非資產乃按重估價值列賬，否則減值虧損會就重估資產按有關會計政策列賬。

於各報告日期均會評估是否有任何跡象顯示於過往確認之減值虧損不再存在或可能已減少。倘出現該等跡象，則會估計可收回款額。只有在用以釐定資產可收回款額之估計方法改變時，過往確認之資產減值虧損(不包括商譽)方會逆轉，惟倘於過往年度並未就資產確認減值虧損，有關款額不得高於原定釐定之賬面值(扣除任何折舊)。逆轉之該減值虧損會撥入其出現期間之收益表，除非資產乃按重估價值列賬，在此情況下，逆轉之減值虧損會按涉及重估資產之有關會計政策列賬。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

31 March 2006 二零零六年三月三十一日

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Related parties

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

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

2.6 主要會計政策概要 (續)

有關連人士

一名人士會被視為本集團之有關連人士倘：

- (a) 該人士直接或間接透過一家或以上中介人士：(i)控制本集團，受到本集團控制，或與本集團受到共同控制；(ii)擁有本集團之權益，使之能對本集團行使重大影響力；或(iii)共同控制本集團；
- (b) 該人士為本集團或其控股公司之主要管理層成員之一；
- (c) 該人士為第(a)或第(b)項所指之任何個人之近親；
- (d) 該人士為受到第(b)或第(c)項所指之任何個人所控制、共同控制或能行使重大影響力之實體，或該人士直接或間接擁有該實體之重大投票權；或
- (e) 該人士乃為本集團或任何屬於本集團有關連人士之實體之僱員福利而設之離職後福利計劃。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 March 2006 二零零六年三月三十一日

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost or valuation less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment, and where the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Changes in the values of property, plant and equipment are dealt with as movements in the asset revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on an individual asset basis, the excess of the deficit is charged to the income statement. Any subsequent revaluation surplus is credited to the income statement to the extent of the deficit previously charged. On disposal of a revalued asset, the relevant portion of the asset revaluation reserve realised in respect of previous valuations is transferred to accumulated losses as a movement in reserves.

2.6 主要會計政策概要 (續)

物業、廠房及設備及折舊

物業、廠房及設備(在建工程除外)乃按成本或估值減累積折舊及任何減值虧損列賬。物業、廠房及設備項目之成本包括其購買價及任何將資產達致其現有運作狀況及地點作擬定用途之直接成本。在物業、廠房及設備項目投入運作後產生之支出,如維修與保養等,一般於產生期間自收益表中扣除。倘若當時之情況能清楚顯示支出導致預期日後因使用物業、廠房及設備項目獲得之經濟利益有所增加,而項目成本能夠可靠地計量,則將支出撥作該項資產之額外成本或重置成本。

進行估值之頻密程度須足以確保被重估資產之公平價值與其賬面值並無重大分別。物業、廠房及設備價值變動乃作為資產重估儲備變動處理。倘若儲備總額不足以抵銷虧絀(按個別資產計算),則不足之數將自收益表中扣除。其後之重估盈餘會以過往扣除之數額計入收益表。出售重估資產時,以往估值變現之資產重估儲備相關部分會撥入累積虧損作為儲備變動。

NOTES TO FINANCIAL STATEMENTS

財 務 報 表 附 註

31 March 2006 二 零 零 六 年 三 月 三 十 一 日

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Property, plant and equipment and depreciation (Continued)

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

Buildings	2% to 5%, or over the lease terms, whichever is shorter
樓宇	2% – 5% , 或按租賃年期(以較短者為準)
Leasehold improvements	20% or over the lease terms, whichever is shorter
租賃物業裝修	20%或按租賃年期(以較短者為準)
Moulds, plant and machinery	12.5% – 15%
模具、廠房及機器	12.5% – 15%
Furniture, fixtures and equipment and motor vehicles	20%
傢俬、裝置、設備及汽車	20%

Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at each balance sheet date.

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

2.6 主要會計政策概要 (續)

物業、廠房及設備及折舊 (續)

折舊按各物業、廠房及設備項目之估計可使用年期(已計及其估計剩餘價值)以直線法撇銷其成本至其剩餘價值計算。計算所用之主要年率如下：

當物業、廠房及設備項目之各部分具有不同之可使用年期，該項目之成本或估值依照合理之基準分配予各部分，而每部分會分開折舊。

剩餘價值、可使用年期及折舊方法會於各結算日檢討及調整(如適用)。

物業、廠房及設備項目在出售時或預期日後使用或出售項目時不再帶來經濟利益時反確認。於資產反確認年度之收益表中確認出售或廢置物業、廠房及設備項目之任何損益，指出售所得款項淨額與相關資產賬面值之差額。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 March 2006 二零零六年三月三十一日

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Property, plant and equipment and depreciation (Continued)

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

Investment properties

Investment properties are interests in buildings held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are stated at cost less accumulated depreciation and any impairment losses.

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

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing.

2.6 主要會計政策概要 (續)

物業、廠房及設備及折舊 (續)

在建工程乃在建樓宇，按成本減任何減值虧損列賬，且並無折舊。成本包含建築期內所涉及之建築直接成本。在建工程於完成及可使用時重新分類至適當之物業、廠房及設備項目類別。

投資物業

投資物業乃於持作賺取租金收入及／或資本增值，而非作生產或供應貨品或服務或作行政用途，亦非作一般業務過程中銷售之樓宇權益。該等物業按成本減累計折舊及任何減值虧損計量。

廢置或出售投資物業之任何損益於廢置或出售年度之收益表中確認。

租賃

除法定業權外，凡將資產之擁有權絕大部分回報及風險撥歸本集團之租約均被列為融資租約處理。於融資租約訂立時，租賃資產成本以租約須付最低租金之現值撥作資產，連同租賃責任（不包括利息部分）一同入賬，以反映購買及融資活動。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 March 2006 二零零六年三月三十一日

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Leases (Continued)

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

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

Investments and other financial assets (applicable to the year ended 31 March 2006)

Financial assets in the scope of HKAS 39 are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at the balance sheet date.

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

2.6 主要會計政策概要 (續)

租賃 (續)

凡將資產之擁有權之絕大部分回報及風險撥歸出租人之租約，均被列為經營租約處理。倘本集團為出租人，本集團根據經營租約出租之資產乃計入非流動資產，而經營租約之應收租金乃按租賃期以直線法計入收益表內。倘本集團為承租人，經營租約之應付租金乃按租賃期以直線法自收益表中扣除。

經營租約項下之預付土地租賃款項初步按成本列賬，其後以直線法按租賃期確認。

投資及其他金融資產 (適用於截至二零零六年三月三十一日止年度)

香港會計準則第39號範疇內之金融資產分類為透過損益按公平價值列賬之金融資產、貸款及應收賬款、持有至到期日投資及可供銷售之金融資產 (倘適用)。金融資產於初步確認時按公平價值 (倘屬並非透過損益按公平價值列賬之投資) 加直接應佔交易成本計算。本集團於初步確認後釐定其金融資產之分類，並在容許及適當之情況下於結算日重新評估有關分類。

所有一般金融資產買賣乃於交易日期 (即本集團承諾購買資產之日期) 確認。一般買賣乃指按照一般市場規定或慣例訂定之期間內交付資產之金融資產買賣。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 March 2006 二零零六年三月三十一日

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Investments and other financial assets (applicable to the year ended 31 March 2006) *(Continued)*

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Impairment of financial assets (applicable to the year ended 31 March 2006)

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

Assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through the use of an allowance account. The amount of the impairment loss is recognised in the income statement.

2.6 主要會計政策概要 (續)

投資及其他金融資產 (適用於截至二零零六年三月三十一日止年度) (續)

貸款及應收賬款

貸款及應收賬款乃非衍生金融資產，其固定或定額付款並無在活躍市場上報價。該等資產按實際利息法以攤銷成本列賬。於貸款及應收賬款反確認或減值時，損益於收益表中確認，並須進行攤銷過程。

金融資產減值 (適用於截至二零零六年三月三十一日止年度)

本集團於各結算日均會評估是否有任何客觀跡象顯示一項金融資產或一組金融資產出現減值。

按攤銷成本列賬之資產

倘按攤銷成本列賬之貸款及應收賬款出現減值虧損之跡象，虧損額乃資產賬面值與按金融資產原實際利率 (即初步確認時計算之實際利率) 折現之估計未來現金流量現值 (未出現之未來信貸虧損除外) 兩者間之差額。資產賬面值直接或透過使用撥備賬予以減少。減值虧損額在收益表確認。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 March 2006 二零零六年三月三十一日

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Impairment of financial assets (applicable to the year ended 31 March 2006) (Continued)

Assets carried at amortised cost (Continued)

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

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

2.6 主要會計政策概要 (續)

金融資產減值 (適用於截至二零零六年三月三十一日止年度) (續)

按攤銷成本列賬之資產 (續)

本集團會首先評估個別重大金融資產是否出現客觀之個別減值跡象，或者非個別重大金融資產是否出現客觀之個別或共同減值跡象。倘發現個別評估金融資產 (不論重大與否) 並無出現客觀之減值跡象，該資產將歸入一組信貸風險特徵相若之金融資產，該組資產亦將予以共同評估減值。予以個別評估減值而減值虧損現在或持續被確認之資產，不會歸入共同減值評估。

倘減值虧損額於其後期間減少，而減少與確認減值後出現之事件客觀有關，則先前已確認之減值虧損會逆轉。其後一切減值虧損逆轉於收益表中確認，惟以資產賬面值不超過其於逆轉日期之攤銷成本為限。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 March 2006 二零零六年三月三十一日

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Derecognition of financial assets (applicable to the year ended 31 March 2006)

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

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

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group’s continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2.6 主要會計政策概要 (續)

反確認金融資產 (適用於截至二零零六年三月三十一日止年度)

金融資產 (或 (倘適用) 一項金融資產之一部分或一組類似金融資產之一部分) 在下列情況將反確認:

- 收取該項資產所得現金流量之權利已屆滿;
- 本集團保留收取該項資產所得現金流量之權利, 惟須根據一項「轉付」安排, 在未有嚴重延緩第三方之情況下, 已就有關權利全數承擔付款之責任; 或
- 本集團已轉讓其收取該項資產所得現金流量之權利, 並 (a) 已轉讓該項資產之絕大部分風險及回報; 或 (b) 並無轉讓或保留該項資產之絕大部分風險及回報, 但已轉讓該項資產之控制權。

凡本集團轉讓其收取該項資產所得現金流量之權利, 但並無轉讓或保留該項資產之絕大部分風險及回報, 且並無轉讓該項資產之控制權, 該項資產將確認入賬, 惟以本集團須持續涉及該項資產之程度為限。倘以所轉讓資產擔保形式持續涉及, 則按該項資產之原賬面值與本集團或須償還之代價數額上限兩者中之較低者計算。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 March 2006 二零零六年三月三十一日

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in net profit or loss when the liabilities are derecognised as well as through the amortisation process.

Convertible note and bonds

The component of convertible note and bonds that exhibits characteristics of a liability is recognised as a liability in the balance sheet, net of transaction costs. On issuance of convertible note and bonds, the fair value of the liability component is determined using a market rate for an equivalent non-convertible note and bond; and this amount is carried as a long term liability on the amortised cost basis until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the convertible note and bonds based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

2.6 主要會計政策概要 (續)

計息貸款及借款

所有貸款及借款一律初步按所收取代價減直接應佔交易成本之公平價值確認。

初步確認後，計息貸款及借款其後使用實際利息法按攤銷成本計量。

損益於負債反確認時，透過攤銷過程於溢利或虧損淨額內確認。

可換股票據及債券

可換股票據及債券中顯示負債特徵之部分，扣除交易成本後在資產負債表中確認為負債。發行可換股票據及債券時，負債部分之公平價值乃採用非可換股票據及債券等值項目之市場比率釐定，而此數額乃按攤銷成本基準作為長期負債列賬，直至換股或贖回時註銷為止。所得款項餘額會分配至換股權，於扣除交易成本後在股東權益內確認入賬。換股權賬面值於其後年度不會重新計量。

交易成本乃根據首次確認該等工具時，所得款項分配至負債及權益部分之比例攤分至可換股票據及債券之負債及權益部分。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 March 2006 二零零六年三月三十一日

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Derecognition of financial liabilities (applicable to the year ended 31 March 2006)

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

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated cost to be incurred to completion and disposal.

Cash and cash equivalents

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

For the purpose of the balance sheets, cash and bank balances comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

2.6 主要會計政策概要 (續)

反確認金融負債 (適用於截至二零零六年三月三十一日止年度)

倘負債項下承擔被解除、取消或到期，則須反確認金融負債。

倘現有金融負債被來自同一貸款人之另一項負債按實質上不相同之條款取代，或現有負債之條款大部分被修訂，則該項交換或修訂會作為反確認原有負債及確認新負債處理，各自之賬面值差額於收益表內確認。

存貨

存貨按成本值或可變現淨值兩者中較低者入賬。成本值按先進先出法計算，在製品及製成品之成本包括直接材料、直接工資及按適當比例分配之製造費用。可變現淨值乃根據估計售價減預期完成及出售存貨所需之任何成本計算。

現金及現金等值物

就綜合現金流量表而言，現金及現金等值物包括手頭現金及活期存款，及購入後一般在三個月內到期及可隨時轉換為已知數額現金且價值變動風險較小之短期高度流動性投資，扣除須應要求償還並構成本集團現金管理之組成部分之銀行透支。

就資產負債表而言，現金及現金等值物包括之手頭現金及銀行存款(包括定期存款)及性質類似現金而用途不受限制之資產。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 March 2006 二零零六年三月三十一日

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Provisions

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

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

Income tax

Income tax comprises current and deferred tax. Income tax is recognised in the income statement, or in equity if it relates to items that are recognised in the same or a different period directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

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

2.6 主要會計政策概要 (續)

撥備

在本集團因已發生之事件而負有現行法律或推定責任，從而日後有可能須撥出資源以履行有關責任，且有關數額亦能可靠估算之情況下，本集團會確認撥備。

倘貼現之影響乃屬重大，則確認為撥備之數額為日後預期用於履行有關責任之開支於結算日之現值。隨時間推移產生之貼現現值增加計入收益表之融資成本。

所得稅

所得稅包括本期稅項及遞延稅項。所得稅於收益表中確認，或倘有關項目於相同或不同期間在權益中確認，則直接在權益中確認。

本期及前期之本期稅項資產及負債，以預期可從課稅機關收回或向課稅機關繳付之款項計量。

遞延稅項就於結算日資產與負債之稅基及其於財務報告中之賬面值兩者間之所有暫時差異以負債法撥備。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 March 2006 二零零六年三月三十一日

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Income tax (Continued)

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

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

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

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

2.6 主要會計政策概要 (續)

所得稅 (續)

遞延稅項負債乃就所有應課稅暫時差異確認，除：

- 惟於進行一項交易時初步確認非業務合併交易之資產或負債時產生而於交易時並無對會計溢利或應課稅溢利或虧損構成影響之遞延稅項負債除外；及
- 就有關於附屬公司之投資產生之應課稅暫時差異而言，惟於暫時差異之撥回時間可以控制及暫時差異有可能不會於可預見未來撥回。

遞延稅項資產就所有可扣減暫時差異及未被動用之稅項抵免與未被動用之稅項虧損之結轉確認，惟以有可能以應課稅溢利抵銷可扣減暫時差異及可動用之結轉未被動用之稅項抵免及未被動用之稅項虧損為限：

- 惟於進行一項非業務合併交易時初步確認非業務合併交易之資產或負債時產生而於交易時並無對會計溢利或應課稅溢利或虧損構成影響之有關可扣減暫時差異之遞延稅項資產除外；及
- 就於附屬公司之投資產生之可扣減暫時差異而言，遞延稅項資產僅以暫時差異有可能於可預見未來撥回及可動用應課稅溢利以抵銷暫時差異為限確認。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 March 2006 二零零六年三月三十一日

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Income tax (Continued)

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Conversely, previously unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

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

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

2.6 主要會計政策概要 (續)

所得稅 (續)

遞延稅項資產之賬面值於每個結算日檢討，並扣減至不再可能有足夠應課稅溢利讓所有或部分遞延稅項資產被動用為止。相反，以往未確認之遞延稅項資產於每個結算日重新評估，並在可能有足夠應課稅溢利讓所有或部分遞延稅項資產被動用時確認。

遞延稅項資產與負債以資產被變現或負債清還之期間之預期適用稅率，按於結算日已制定或實際已制定之稅率（及稅務法例）計算。

倘存在合法可行使以本期稅項資產抵銷本期稅項負債之權利，而遞延稅項與同一應課稅實體及同一課稅機關有關，則抵銷遞延稅項資產及遞延稅項負債。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 March 2006 二零零六年三月三十一日

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Revenue recognition

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

- (a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;
- (b) rental income, on the straight-line basis over the lease terms; and
- (c) interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Employee benefits

Share-based payment transactions

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

2.6 主要會計政策概要 (續)

確認收入

當經濟效益有可能流入本集團而收入金額能可靠地計量時，收入按下列方式確認：

- (a) 來自貨品銷售，附於擁有權之主要風險及回報已轉移至買家，且本集團並無保留一般視為與擁有權相關之管理權或已售貨品之有效控制權時；
- (b) 租金收入乃按租約期以直線法計算；及
- (c) 利息收入方面，乃按應計基準使用實際利息法計算，須採用能把金融工具預期年期下估計未來現金收入折現至金融資產賬面淨值之利率。

僱員福利

以股份付款之交易

本公司設有一項購股權計劃，其目的在於向為本集團之成功營運作出貢獻之合資格參與人給予鼓勵及回報。本集團僱員(包括董事)以股份付款之交易方式收取報酬，據此，僱員提供服務作為收取股權工具之代價(「以權益結算之交易」)。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 March 2006 二零零六年三月三十一日

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Employee benefits (Continued)

Share-based payment transactions (Continued)

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company ("market conditions"), if applicable.

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

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

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

2.6 主要會計政策概要 (續)

僱員福利 (續)

以股份付款之交易 (續)

與僱員進行以權益結算之交易之成本，乃參照於授出日期之公平價值計量。於評估以權益結算之交易之價值時，除了與本公司股份價格有關之條件（「市場條件」）（如適用）外，並無將任何績效條件計算在內。

以權益結算之交易之成本，連同權益相應增加部分，在績效及／或服務條件獲得履行之期間（於有關僱員完全有權獲得獎勵之日期（「歸屬日期」）結束）內確認。在歸屬日期前，於每個結算日確認之以權益結算之交易之累積開支，反映歸屬期已到期部分及本集團對最終將會歸屬之股權工具數目之最佳估計。在某一期間內在收益表中之扣除或進賬，乃反映於期初及期終確認之累積開支變動。

對於並未最終歸屬之獎勵不會確認任何開支，惟須視乎市場條件而決定歸屬與否之獎勵則除外。對於該類購股權而言，只要所有其他績效條件已經達成，不論市場條件是否達成，均會被視為已歸屬。

倘以權益結算之獎勵之條款有所修訂，所確認開支最少須達到猶如條款並無任何修訂之水平。此外，倘有關修訂導致以股份付款之付款安排之總公平價值有所增加，或為僱員帶來其他利益，則應就該等修訂確認開支。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 March 2006 二零零六年三月三十一日

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Employee benefits *(Continued)*

Share-based payment transactions (Continued)

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

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

Paid leave carried forward

The Group provides paid annual leave to its employees under their employment contracts on a calendar year basis. Under certain circumstances, such leave which remains untaken as at the balance sheet date is permitted to be carried forward and utilised by the respective employees in the following year. An accrual is made at the balance sheet date for the expected future cost of such paid leave earned during the year by the employees and carried forward.

2.6 主要會計政策概要 (續)

僱員福利 (續)

以股份付款之交易 (續)

倘以權益結算之獎勵被註銷，應被視為猶如已於註銷日期歸屬，任何尚未確認之獎勵開支應即時確認。然而，倘有新獎勵取代已註銷獎勵，並於授出日期指定為取代獎勵，則已註銷獎勵及新獎勵，均如前段所述應被視為原先獎勵之修訂。

計算每股盈利時，尚未行使購股權之攤薄效應會反映為額外股份攤薄。

結轉有薪假期

本集團根據僱傭合約按曆年基準向僱員提供有薪年假。在若干情況下，於結算日仍未享用之假期允許結轉，由有關僱員在下個年度享用。於結算日，本集團會就僱員於年內享有及結轉之有薪假期之預期未來成本確認一項應計款項。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 March 2006 二零零六年三月三十一日

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Employee benefits (Continued)

Employment Ordinance long service payments

Certain of the Group's employees have completed the required number of years of service to the Group in order to be eligible for long service payments under the Hong Kong Employment Ordinance (the "Employment Ordinance") in the event of the termination of their employment. The Group is liable to make such payments in the event that such a termination of employment meets the circumstances specified in the Employment Ordinance.

A provision is recognised in respect of the probable future long service payments expected to be made. The provision is based on the best estimate of the probable future payments which have been earned by the employees from their service to the Group to the balance sheet date.

Retirement benefits scheme

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

2.6 主要會計政策概要 (續)

僱員福利 (續)

僱傭條例長期服務金

本集團若干僱員已達致香港僱傭條例(「僱傭條例」)所規定之服務年限，有資格於其僱傭關係終止時享有長期服務金。倘僱傭關係之終止符合僱傭條例所規定之情況，則本集團有責任支付長期服務金。

本集團會就預計日後可能須支付之長期服務金確認一項撥備。該項撥備按僱員於截至結算日為止之期間內就為本集團提供之服務估計可賺取之未來長期服務金之最高款額計算。

退休福利計劃

本集團根據強制性公積金計劃條例為其合資格參與強制性公積金退休福利計劃(「強積金計劃」)之僱員運作一個定額供款之強積金計劃。供款乃依據僱員基本薪酬之百分比計算，並根據強積金計劃之規例於應付時計入收益表。強積金計劃之資產乃與本集團之資產分開持有，並由獨立管理基金管理。本集團僱主之供款於向強積金計劃供款時即全部撥歸僱員所有。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

31 March 2006 二零零六年三月三十一日

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Foreign currencies

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

The functional currencies of certain overseas subsidiaries are currencies other than the Hong Kong dollar. As at the balance sheet date, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates ruling at the balance sheet date and, their income statements are translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are included in the exchange fluctuation reserve. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

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

2.6 主要會計政策概要 (續)

外幣

本財務報表乃以港元，即本公司之功能及呈列貨幣呈列。本集團內各實體決定其本身之功能貨幣，而包括在各實體之財務報表之項目乃使用該功能貨幣計量。外幣交易初步使用交易日期之外幣匯率記錄。以外幣為結算單位之貨幣性資產與負債會按結算日之外幣匯率再度換算。所有差額均記入收益表。以外幣歷史成本計量之非貨幣性資產，按初步交易日期之匯率換算。按外幣公平價值計量之非貨幣性項目，使用公平價值釐定日期之匯率換算。

若干海外附屬公司之功能貨幣為港元以外之貨幣。於結算日，該等實體之資產與負債會按年度加權平均匯率換算為本公司之呈列貨幣，而收益表會按年度加權平均匯率換算為港元。所產生之匯兌差額會包括在匯兌波動儲備。出售海外實體時，在權益中確認有關該特定海外業務之遞延累積金額會在收益表中確認。

就綜合現金流量表而言，海外附屬公司之現金流量按現金流量日期之匯率換算為港元。海外附屬公司於整個年度定期產生之現金流量按年度加權平均匯率換算為港元。

NOTES TO FINANCIAL STATEMENTS

財 務 報 表 附 註

31 March 2006 二 零 零 六 年 三 月 三 十 一 日

3. SIGNIFICANT ACCOUNTING JUDGEMENTS

Judgements

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

Impairment test of assets

In determining whether an asset is impaired or whether the event previously causing the impairment no longer exists, the Company has to exercise judgement in the area of asset impairment, particularly in assessing: (1) whether an event has occurred that may affect the asset value, or such an event affecting the asset value has not been in existence; (2) whether the carrying value of an asset can be supported by the net present value of future cash flows, which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management to determine the level of impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could have a material effect on the net present value used in the impairment test.

3. 主要會計判斷

判斷

於採用本集團會計政策之過程中，除涉及對於財務報表內確認之款額構成最重大影響之估計之會計政策外，管理層已作出以下判斷：

資產減值測試

釐定一項資產有否減值或以往導致減值之事件是否不再存在時，本公司已就資產減值之範疇行使判斷，尤其是評估：(1) 是否已發生可能影響資產價值之事件，或影響資產價值之該項事件並不存在；(2) 按持續使用資產之業務而估計未來之現金流量經折算後之淨現值能否支持該項資產之賬面值；以及(3) 使用適當之主要假設於預計現金流量，包括是否應用適當折現率於該等現金流量預測。倘改變管理層用以確定減值程度之假設（包括現金流量預測中採用之折現率或增長率假設），可能會對減值測試中使用之淨現值產生重大影響。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

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4. SEGMENT INFORMATION

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products they provide. Each of the Group's business segments represents a strategic business unit that offers products which are subject to risks and returns that are different from those of the other business segments. Summary details of business segments are as follows:

Continuing operations:

- the supply and procurement segment supplies office equipment and office supplies, machinery, machinery parts, lubricating oil and bunkering for vessels; and
- the corporate and other segments consists of corporate income and expense items and holding of property.

Discontinued operations:

- the toddler cars segment manufactures and trades children's ride-on cars featuring working horns and turning wheels;
- the cycling segment manufactures and trades children's bicycles, tricycles and scooters; and
- the other toys segment comprises the manufacture and the trading of pre-school toys, plastic utensils and other fashionable toys.

In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers, which are North America, Europe, Singapore and the Asia Pacific Region and other regions. Assets are attributed to the segments based on the location of the assets.

There are no intersegment sales and transfers among the business segments.

4. 分類資料

分類資料以兩種分類方式提呈：(i)以業務分類作為其主要呈報方式；及(ii)以地區分類作為次要呈報方式。

本集團之經營業務按業務性質及所提供之產品進行組合及管理。本集團每項業務分類均代表所提供產品涉及之風險及回報與其他業務分類不同之策略性業務單位。業務分類資料現概述如下：

持續經營業務：

- 供應及採購分類業務為供應辦公室設備、辦公室用品及遠洋郵輪使用之機器、機械零件、機油及燃料；及
- 企業及其他分類業務，包括企業收支項目及持有物業。

已終止經營業務：

- 學行車分類業務為製造及買賣兒童座車，其附有可發聲之喇叭及可轉動之駕駛盤；
- 腳踏車分類業務為製造及買賣兒童單車、三輪車及滑板車；及
- 其他玩具分類，包括製造及買賣學前玩具、塑膠用品以及其他時尚玩具。

本集團決定地區分類時，會按客戶所在地劃分收入所屬分類，即北美洲、歐洲、新加坡、亞太區及其他地區。資產乃根據所在地區而分類。

業務分類之間概無分類銷售及轉讓。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 March 2006 二零零六年三月三十一日

4. SEGMENT INFORMATION (Continued)

(a) Business segments

The following tables present revenue, profit/(loss) and certain asset, liability and expenditure information for the Group's business segments for the years ended 31 March 2005 and 2006.

4. 分類資料 (續)

(a) 業務分類

下表呈列本集團截至二零零五年及二零零六年三月三十一日止年度按業務分類之收入、溢利／(虧損)及若干資產、負債及開支之資料。

		Continuing operations 持續經營業務						Discontinued operations 已終止經營業務						Consolidated 綜合			
		Supply and procurement 供應及採購		Corporate and others 企業及其他		Sub-total 小計		Toddler cars 學行車		Cycling 腳踏車		Other toys 其他玩具		Sub-total 小計			
		2006 二零零六年	2005 二零零五年	2006 二零零六年	2005 二零零五年	2006 二零零六年	2005 二零零五年	2006 二零零六年	2005 二零零五年	2006 二零零六年	2005 二零零五年	2006 二零零六年	2005 二零零五年	2006 二零零六年	2005 二零零五年		
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元		
				(Restated) (重列)	(Restated) (重列)	(Restated) (重列)	(Restated) (重列)	(Restated) (重列)	(Restated) (重列)	(Restated) (重列)	(Restated) (重列)	(Restated) (重列)	(Restated) (重列)	(Restated) (重列)	(Restated) (重列)		
Segment revenue:	分類收入:																
Sales to external customers	外來客戶之銷售額	155,550	144,687	-	-	155,550	144,687	4,501	25,874	2,519	5,360	3,775	4,971	10,795	36,205	166,345	180,892
Other revenue and gains	其他收入及收益	91	34	-	-	91	34	184	663	103	146	154	135	441	944	532	978
		155,641	144,721	-	-	155,641	144,721	4,685	26,537	2,622	5,506	3,929	5,106	11,236	37,149	166,877	181,870
Segment results	分類業績	15,494	8,884	-	-	15,494	8,884	(3,274)	(7,452)	(1,724)	(1,365)	(2,828)	(930)	(7,826)	(9,747)	7,668	(863)
Interest income and unallocated revenue and gains	利息收入及未分配收入及收益	-	-	1,340	412	1,340	412	-	-	-	-	-	-	-	8,030	1,340	8,442
Unallocated expenses	未分配開支	-	-	(11,521)	(10,317)	(11,521)	(10,317)	-	-	-	-	-	-	-	-	(11,521)	(10,317)
Finance costs	融資成本	-	-	(4,620)	(4,786)	(4,620)	(4,786)	-	-	-	-	-	-	(29)	-	(4,649)	(4,786)
Profit/(loss) before tax	除稅前溢利/(虧損)	15,494	8,884	(14,801)	(14,691)	693	(5,807)	-	-	-	-	-	-	(7,855)	(1,717)	(7,162)	(7,524)
Tax	稅項	(3,172)	(1,608)	-	-	(3,172)	(1,608)	-	-	-	-	-	-	-	-	(3,172)	(1,608)
Profit/(loss) for the year	本年度溢利/(虧損)	12,322	7,276	(14,801)	(14,691)	(2,479)	(7,415)	-	-	-	-	-	-	(7,855)	(1,717)	(10,334)	(9,132)
Assets and liabilities	資產與負債																
Segment assets	分類資產	60,400	38,641	52,484	55,113	112,884	93,754	-	13,428	-	4,746	-	3,544	-	21,718	112,884	115,472
Unallocated assets	未分配資產	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,123	24,000
Total assets	總資產															118,007	139,472
Segment liabilities	分類負債	43,738	33,310	22,228	26,375	65,966	59,685	-	2,692	-	717	-	5,453	-	8,862	65,966	68,547
Unallocated liabilities	未分配負債	-	-	-	-	-	-	-	-	-	-	-	-	-	-	44,558	65,480
Total liabilities	總負債															110,524	134,027

NOTES TO FINANCIAL STATEMENTS

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4. SEGMENT INFORMATION (Continued)

4. 分類資料 (續)

(a) Business segments (Continued)

(a) 業務分類 (續)

		Continuing operations 持續經營業務						Discontinued operations 已終止經營業務						Consolidated 綜合			
		Supply and procurement 供應及採購		Corporate and others 企業及其他		Sub-total 小計		Toddler cars 學行車		Cycling 腳踏車		Other toys 其他玩具				Sub-total 小計	
		2006 二零零六年	2005 二零零五年	2006 二零零六年	2005 二零零五年	2006 二零零六年	2005 二零零五年	2006 二零零六年	2005 二零零五年	2006 二零零六年	2005 二零零五年	2006 二零零六年	2005 二零零五年	2006 二零零六年	2005 二零零五年		
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元		
				(Restated) (重列)	(Restated) (重列)	(Restated) (重列)	(Restated) (重列)	(Restated) (重列)	(Restated) (重列)	(Restated) (重列)	(Restated) (重列)	(Restated) (重列)	(Restated) (重列)	(Restated) (重列)	(Restated) (重列)		
Other segment information:	其他分類資料:																
Depreciation and recognition of prepaid land lease payments	折舊及確認預付土地租賃款項	126	-	2,660	5,843	2,786	5,843	1,109	950	620	1,569	928	1,258	2,657	3,777	5,443	9,620
Impairment of items of property, plant and equipment	物業、廠房及設備項目之減值	-	-	-	-	-	-	1,624	60	892	28	1,357	23	3,873	111	3,873	111
Provision/(write-back of provision) against inventories	存貨之撥備/(撥備撥回)	(485)	485	-	-	(485)	485	-	175	-	96	-	72	-	343	(485)	828
Provision for impairment of accounts receivable	應收賬款減值之撥備	-	-	-	-	-	-	-	207	-	43	-	40	-	290	-	290
Equity settled share option expenses	以權益結算之購股權開支	-	-	466	-	466	-	-	-	-	-	-	-	-	-	466	-
Capital expenditure	資本支出	296	-	-	182	296	182	185	323	-	130	-	46	185	499	481	681

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31 March 2006 二零零六年三月三十一日

4. SEGMENT INFORMATION (Continued)

(b) Geographical segments

The following tables present revenue and certain asset and expenditure information for the Group's geographical segments for the years ended 31 March 2006 and 2005.

Group

		North America		Europe		Singapore		Asia Pacific Region (including Hong Kong and Mainland China but excluding Singapore) 亞太區(包括香港及中 國大陸但不包括新加坡)		Others		Consolidated	
		北美洲		歐洲		新加坡				其他地區		綜合	
		2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
		二零零六年	二零零五年	二零零六年	二零零五年	二零零六年	二零零五年	二零零六年	二零零五年	二零零六年	二零零五年	二零零六年	二零零五年
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
									(Restated)				(Restated)
									(重列)				(重列)
Segment revenue:	分類收入:												
Sales to external customers	外來客戶之銷售額	1,141	2,037	6,248	25,172	155,550	144,687	3,406	5,100	-	3,896	166,345	180,892
Attributable to discontinued operations	已終止經營業務應佔	(1,141)	(2,037)	(6,248)	(25,172)	-	-	(3,406)	(5,100)	-	(3,896)	(10,795)	(36,205)
Revenue from: continuing operations	收入來自: 持續經營業務	-	-	-	-	155,550	144,687	-	-	-	-	155,550	144,687
Other segment information:	其他分類資料:												
Segment assets	分類資產	-	8	-	5,210	63,344	40,547	54,663	93,707	-	-	118,007	139,472
Capital expenditure	資本支出	-	-	-	-	296	-	185	681	-	-	481	681

4. 分類資料(續)

(b) 地區分類

下表呈列本集團截至二零零六年及二零零五年三月三十一日止年度按地區分類之收入及若干資產及支出之資料。

本集團

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 March 2006 二零零六年三月三十一日

5. REVENUE, OTHER INCOME AND GAINS

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

An analysis of turnover, other income and gains is as follows:

5. 收入、其他收入及收益

收入(亦指本集團之營業額)指年內已扣除退貨及貿易折扣之售出貨物發票淨值。

營業額、其他收入及收益分析如下：

	Continuing operations		Discontinued operations		Total	
	持續經營業務		已終止經營業務		合計	
	2006	2005	2006	2005	2006	2005
	二零零六年	二零零五年	二零零六年	二零零五年	二零零六年	二零零五年
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	千港元	千港元	千港元	千港元	千港元	千港元
Revenue	收入					
Sale of goods	155,550	144,687	10,795	36,205	166,345	180,892
Other income	其他收入					
Interest income	267	24	-	1	267	25
Rental income	654	-	-	-	654	-
Others	487	301	441	562	928	863
	1,408	325	441	563	1,849	888
Gains	收益					
Waiver of accounts payables	-	81	-	213	-	294
Gain on disposal of items of property, plant and equipment	23	-	-	-	23	-
Exchange gain, net	-	40	-	168	-	208
	23	121	-	381	23	502
	1,431	446	441	944	1,872	1,390

NOTES TO FINANCIAL STATEMENTS

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6. FINANCE COSTS

6. 融 資 成 本

		Group 本集團	
		2006 二 零 零 六 年 HK\$'000 千 港 元	2005 二 零 零 五 年 HK\$'000 千 港 元 (Restated) (重 列)
Interest on:	下列各項之利息：		
Bank loans, overdrafts and other loans wholly repayable within five years	須於五年內全數償還之銀行貸款、透支及其他貸款	4,619	3,618
Convertible note and bonds	可換股票據及債券	30	1,168
		4,649	4,786
Attributable to discontinued operations	已終止經營業務應佔	29	-
Attributable to continuing operations reported in the consolidated income statement	於綜合收益表報告之持續經營業務應佔	4,620	4,786
		4,649	4,786

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財務報表附註

31 March 2006 二零零六年三月三十一日

7. PROFIT/(LOSS) BEFORE TAX

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

7. 除税前溢利/(虧損)

本集團除税前溢利/(虧損)經扣除/(計入)以下各項：

	Continuing operations 持續經營業務		Discontinued operations 已終止經營業務		Total 合計	
	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元 (Restated) (重列)	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元 (Restated) (重列)	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元 (Restated) (重列)
Cost of inventories sold	136,723	132,223	6,726	23,729	143,449	155,952
Depreciation of items of property, plant and equipment (note 14)	1,665	2,146	2,620	6,746	4,285	8,892
Depreciation of investment properties (note 15)	430	–	–	–	430	–
Recognition of prepaid land lease payments (note 16)	728	728	–	–	728	728
Provision for impairment of accounts receivable	–	290	–	–	–	290
Minimum lease payments in respect of land and buildings	450	633	155	108	605	741
Auditors' remuneration	1,180	1,080	–	–	1,180	1,080
Employee benefits expense (excluding directors' remuneration – note 8):						
Wages and salaries	2,951	2,859	1,732	5,412	4,683	8,271
Equity-settled share option expenses	466	–	–	–	466	–
Pension scheme contributions	124	251	21	53	145	304
	3,541	3,110	1,753	5,465	5,294	8,575
Foreign exchange differences, net	2,194	(40)	(43)	(168)	2,151	(208)
Impairment of items of property, plant and equipment	–	–	3,873	111	3,873	111
Provision/(write-back of provision) against inventories	(485)	485	–	343	(485)	828
Revaluation surplus on leasehold buildings	–	–	–	(1,164)	–	(1,164)
Gross and net rental income	654	–	–	–	654	–

At 31 March 2006 the Group had no forfeited contributions available to reduce its contributions to pension schemes in future years (2005: Nil).

於二零零六年三月三十一日，本集團並無已沒收供款可供扣減其未來年度之退休金計劃供款(二零零五年：無)。

NOTES TO FINANCIAL STATEMENTS

財 務 報 表 附 註

31 March 2006 二 零 零 六 年 三 月 三 十 一 日

8. DIRECTORS' REMUNERATION

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

Fees:	袍金：
Executive directors	執行董事
Independent non-executive directors	獨立非執行董事

Other emoluments of executive directors:	執行董事之其他酬金：
Salaries, other allowances and benefits in kind	薪金、其他津貼及實物利益
Equity-settled share option expenses	以權益結算之購股權開支
Pension scheme contributions	退休金計劃供款

During the year, certain directors were granted share options, in respect of their services to the Group, under the share option scheme of the Company, further details of which are set out in note 28 to the financial statements. The fair value of such options, which has been amortised to the income statement, was determined as at the date of the grant and included in the above directors' remuneration disclosures.

8. 董事酬金

根據香港聯合交易所有限公司證券上市規則及香港公司條例第161條披露之本年度董事酬金詳情如下：

		Group 本集團	
		2006 二 零 零 六 年 HK\$'000 千 港 元	2005 二 零 零 五 年 HK\$'000 千 港 元
		-	-
		300	240
		300	240
		1,040	1,279
		380	-
		52	64
		1,472	1,343
		1,772	1,583
		1,772	1,583

年內，根據本公司之購股權計劃，若干董事就彼等向本集團提供服務獲授購股權，有關之進一步詳情載於財務報表附註28。已於收益表攤銷之該等購股權之公平價值乃於授出日期釐定，並計入上文所披露之董事酬金內。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 March 2006 二零零六年三月三十一日

8. DIRECTORS' REMUNERATION (Continued)

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

Mr. Wong Kwok Tai	黃國泰先生
Mr. Lau Pok Lam	劉璞琳先生
Mr. Ko Kwong Woon, Ivan	高廣垣先生
Mr. Wu Wing Kit	胡永傑先生

There were no other emoluments payable to the independent non-executive directors during the year (2005: Nil)

8. 董事酬金 (續)

(a) 獨立非執行董事

於年內支付予獨立非執行董事之袍金如下：

Group 本集團	
2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
100	80
100	80
100	42
-	38
300	240

本年度內並無應付獨立非執行董事之任何其他酬金(二零零五年：無)。

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31 March 2006 二零零六年三月三十一日

8. DIRECTORS' REMUNERATION (Continued)

(b) Executive directors

2006

二零零六年

Executive directors:
 Mr. Lo Ming Chi, Charles
 Mr. Yu Wai Man
 Mr. Ng Eng Leng
 Mr. Wilson Ng
 Mr. Ng Wee Keat

執行董事：
 勞明智先生
 余偉文先生
 黃應麟先生
 黃偉盛先生
 黃偉傑先生

8. 董事酬金 (續)

(b) 執行董事

Salaries, other allowances and benefits in kind	Equity-settled share option expenses	Pension scheme contribution	Total remuneration
薪金、其他津貼及實物利益	以權益結算之購股權開支	退休金計劃供款	酬金總額
HK\$'000	HK\$000	HK\$'000	HK\$'000
千港元	千港元	千港元	千港元

1,040	380	52	1,472
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2005

二零零五年

Executive directors:
 Mr. Lo Ming Chi, Charles
 Mr. Yu Wai Man
 Mr. Ng Eng Leng
 Mr. Wilson Ng
 Mr. Ng Wee Keat
 Mr. Ng Teow Leng

執行董事：
 勞明智先生
 余偉文先生
 黃應麟先生
 黃偉盛先生
 黃偉傑先生
 黃兆麟先生

1,279	–	64	1,343
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There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

本年度內並無董事作出放棄酬金或同意放棄酬金之安排。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 March 2006 二零零六年三月三十一日

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included three (2005: four) directors, details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining two (2005: one) non-director, highest paid employees for the year are as follows:

Basic salaries, other allowances and benefits in kind	基本薪金、其他津貼及實物利益
Equity-settled share option expenses	以權益結算之購股權開支
Pension scheme contributions	退休金計劃供款

The remuneration of all non-director, highest paid employees fell within the band of nil to HK\$1,000,000 for the years ended 31 March 2006 and 2005.

During the year, there were no bonuses paid to or receivable by any of the five highest paid employees of the Group (2005: Nil). No emoluments were paid by the Group to any of the five highest paid employees as an inducement to join, or upon joining the Group, or as compensation for loss of office (2005: Nil).

During the year, share options were granted to a non-director, highest paid employee in respect of his services to the Group, further details of which are included in the disclosures in note 28 to the financial statements. The fair value of such options, which has been charged to the income statement, was determined as at the date of the grant and was included in the above non-director, highest paid employees' remuneration disclosures.

9. 五位最高薪僱員

年內之五位最高薪僱員之中，三位(二零零五年：四位)為董事，彼等之酬金詳情已載列於上文附註8。餘下兩位(二零零五年：一位)非董事之最高薪僱員於本年度之酬金詳情如下：

Group 本集團	
2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
436	252
56	—
22	13
514	265

截至二零零六年及二零零五年三月三十一日止年度，所有非董事之最高薪僱員之酬金均介乎零至1,000,000港元之組別內。

年內，本集團概無向任何五位最高薪僱員(二零零五年：無)支付或應付任何花紅。本集團概無向任何五位最高薪僱員支付酬金以吸引彼等加盟本集團或作為加盟本集團時之報酬或離職補償(二零零五年：無)。

年內，一位最高薪僱員(並非董事)就其向本集團提供之服務獲授購股權，進一步詳情已於本財務報表附註28披露。該等購股權之公平價值(已自收益表扣除)乃於授出日期釐定，並已列入上文有關非董事最高薪僱員之薪酬披露內。

NOTES TO FINANCIAL STATEMENTS

財 務 報 表 附 註

31 March 2006 二 零 零 六 年 三 月 三 十 一 日

10. TAX

No Hong Kong profits tax has been provided as the Group did not generate any assessable profits arising in Hong Kong during the year (2005: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

10. 稅 項

由於年內並無源自香港之應課稅溢利，故本集團並無就香港利得稅撥備（二零零五年：無）。於其他地區之應課稅溢利稅項，已根據有關之現行法例、註釋及慣例，按本集團經營業務之國家之稅率計算。

Group:

Current – elsewhere and tax charge
for the year

本集團：

即期－其他地區及本年度
稅項支出

2006 二 零 零 六 年 HK\$'000 千 港 元	2005 二 零 零 五 年 HK\$'000 千 港 元
(3,172)	(1,608)

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 March 2006 二零零六年三月三十一日

10. TAX (Continued)

A reconciliation of the tax credit/(expense) applicable to the profit/(loss) before tax using the statutory rates for the locations in which the Company and its subsidiaries are domiciled to the tax credit/(expense) at the effective tax rates is as follows:

Group – 2006

		Hong Kong 香港 HK\$'000 千港元	Singapore 新加坡 HK\$'000 千港元	Total 合計 HK\$'000 千港元
Profit/(loss) before tax (including loss from discontinued operations)	除稅前溢利／(虧損) (包括已終止經營 業務之虧損)	(22,619)	15,457	(7,162)
Tax at the applicable tax rate	按適用稅率計算之稅項	3,958	(3,091)	867
Income not subject to tax	毋須課稅收入	349	114	463
Expenses not deductible for tax	不可扣稅開支	(655)	(195)	(850)
Tax losses not recognised	未確認稅項虧損	(3,652)	-	(3,652)
Tax charge at the Group's effective rate	按本集團實際稅率計算 之稅項支出	-	(3,172)	(3,172)
Tax charge attributable to discontinued operations (note 11)	已終止經營業務應佔 之稅項支出(附註11)			-
Tax charge attributable to continuing operations reported in the consolidated income statement	於綜合收益表報告之 持續經營業務應佔 稅項支出			(3,172)

10. 稅項 (續)

採用本公司及其附屬公司註冊地區之法定稅率計算之除稅前溢利／(虧損)適用之稅項抵免／(支出)與按實際稅率計算之稅項抵免／(支出)之對賬如下：

本集團 – 二零零六年

	Hong Kong 香港 HK\$'000 千港元	Singapore 新加坡 HK\$'000 千港元	Total 合計 HK\$'000 千港元
除稅前溢利／(虧損) (包括已終止經營 業務之虧損)	(22,619)	15,457	(7,162)
按適用稅率計算之稅項	3,958	(3,091)	867
毋須課稅收入	349	114	463
不可扣稅開支	(655)	(195)	(850)
未確認稅項虧損	(3,652)	-	(3,652)
按本集團實際稅率計算 之稅項支出	-	(3,172)	(3,172)
已終止經營業務應佔 之稅項支出(附註11)			-
於綜合收益表報告之 持續經營業務應佔 稅項支出			(3,172)

NOTES TO FINANCIAL STATEMENTS

財 務 報 表 附 註

31 March 2006 二 零 零 六 年 三 月 三 十 一 日

10. TAX (Continued)

Group – 2005

Profit/(loss) before tax (including loss from discontinued operations)	除稅前溢利／(虧損) (包括已終止經營 業務之虧損)
Tax at the applicable tax rate	按適用稅率計算之稅項
Income not subject to tax	毋須課稅收入
Expenses not deductible for tax	不可扣稅開支
Tax losses not recognised	未確認稅項虧損
Tax charge at the Group's effective rate	按本集團實際稅率計算 之稅項支出
Tax charge attributable to discontinued operations (note 11)	已終止經營業務應佔 之稅項支出(附註11)
Tax charge attributable to continuing operations reported in the consolidated income statement	於綜合收益表報告之 持續經營業務應佔 稅項支出

10. 稅項 (續)

本集團－二零零五年

Hong Kong 香港 HK\$'000 千港元 (Restated) (重列)	Singapore 新加坡 HK\$'000 千港元 (Restated) (重列)	Total 合計 HK\$'000 千港元 (Restated) (重列)
(16,405)	8,881	(7,524)
2,871	(1,776)	1,095
1,721	168	1,889
(326)	–	(326)
(4,266)	–	(4,266)
–	(1,608)	(1,608)
		–
		(1,608)

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財務報表附註

31 March 2006 二零零六年三月三十一日

11. DISCONTINUED OPERATIONS

On 31 August 2005, pursuant to a sale and purchase agreement entered into between the Group and an independent third party, the Group agreed to dispose of its entire equity interest in Gadgets Yard Limited and its subsidiary (together known as the "GY Group") together with the relevant shareholder's loan. The GY Group is engaged in the design, manufacture and sale of a wide range of toys.

The results of the discontinued operations for the year are presented below:

11. 已終止經營業務

於二零零五年八月三十一日，本集團與獨立第三方訂立一份買賣協議，據此，本集團同意出售其於源製有限公司及其附屬公司（統稱「源製集團」）之全部股權，連同有關股東貸款。源製集團從事設計、製造及銷售種類繁多玩具之業務。

本年度已終止經營業務之業績呈列如下：

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Revenue	收入	10,795	36,205
Expenses	開支	(18,621)	(37,922)
Finance costs	融資成本	(29)	-
Loss before tax	除稅前虧損	(7,855)	(1,717)
Tax	稅項	-	-
Loss for the year from the discontinued operations	已終止經營業務之本年度虧損	(7,855)	(1,717)

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 March 2006 二零零六年三月三十一日

11. DISCONTINUED OPERATIONS (Continued)

The net cash flows incurred by the discontinued operations are as follows:

Operating activities	經營活動
Investing activities	投資活動
Financing activities	融資活動
Net cash inflow/(outflow)	現金流入／(流出)淨額
Loss per share:	每股虧損：
Basic, from the discontinued operations	基本，來自已終止經營業務
Diluted, from the discontinued operations	攤薄，來自已終止經營業務

The calculations of basic loss per share from the discontinued operations are based on:

Net loss attributable to ordinary equity holders of the Company from the discontinued operations	本公司普通股權益持有人應佔已終止經營業務之虧損淨額
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation	計算每股基本虧損時使用之本年度已發行普通股加權平均數

Diluted loss per share amounts for the years ended 31 March 2006 and 2005 have not been disclosed as the convertible note and bonds and share options outstanding during the year had an anti-dilutive effect on the basic loss per share from the discontinued operations.

11. 已終止經營業務 (續)

本年度已終止經營業務所產生之現金流量淨額如下：

2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
(5,696)	(2,495)
(189)	(569)
4,650	6,120
(1,235)	3,056
HK9.1 cents港仙	HK1.3 cents港仙
N/A不適用	N/A不適用

計算來自已終止經營業務之每股基本虧損乃按：

2006 二零零六年	2005 二零零五年
HK\$7,495,000港元	HK\$1,046,000港元
82,704,014	82,704,014

由於可換股票據及債券及年內尚未行使之購股權截至二零零六年及二零零五年三月三十一日止年度之每股基本虧損具有反攤薄影響，因此並無披露已終止經營業務之每股攤薄虧損金額。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 March 2006 二零零六年三月三十一日

12. NET LOSS FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The net loss from ordinary activities attributable to equity holders of the Company for the year ended 31 March 2006 dealt with in the financial statements of the Company was HK\$8,843,000 (2005: HK\$59,434,000 (restated)) (note 29(b)).

13. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic loss per share amounts is based on the net loss for the year attributable to equity holders of the Company for the year of HK\$15,994,000 (2005: HK\$12,047,000 (restated)), and the weighted average of 82,704,014 (2005: 82,704,014, restated to reflect the share consolidation as set out in note 27(b)(iv)) ordinary shares in issue during the year, as adjusted to reflect the capital reorganisation during the year.

Diluted loss per share amounts for the years ended 31 March 2006 and 2005 have not been disclosed as the convertible note and bonds and share options outstanding during the year had an anti-dilutive effect on the basic loss per share for these years.

12. 本公司權益持有人應佔日常業務虧損淨額

於本公司財務報表內處理之截至二零零六年三月三十一日止年度之本公司權益持有人應佔日常業務虧損淨額為8,843,000港元(二零零五年: 59,434,000港元(重列))(附註29(b))。

13. 本公司普通股權益持有人應佔每股虧損

每股基本虧損金額乃按照本年度之本公司權益持有人應佔本年度虧損淨額15,994,000港元(二零零五年: 12,047,000港元(重列))及本年度已發行普通股之加權平均數82,704,014股(經調整以反映本年度內進行之股本重組)(二零零五年: 82,704,014股, 經重列以反映附註27(b)(iv)所載列之股份合併)計算。

由於可換股票據及債券及年內尚未行使之購股權對截至二零零六年及二零零五年三月三十一日止年度之每股基本虧損具有反攤薄影響, 因此並無披露該兩個年度之每股攤薄虧損金額。

NOTES TO FINANCIAL STATEMENTS

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14. PROPERTY, PLANT AND EQUIPMENT

14. 物業、廠房及設備

Group		本集團					Total
		Buildings	Leasehold improvements	Moulds, plant and machinery	Furniture, fixtures, equipment and motor vehicles	Construction in progress	
		樓宇	租賃物業裝修	模具、廠房及機器	傢俬、裝置、設備及汽車	在建工程	合計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元
31 March 2006	二零零六年三月三十一日						
At 31 March 2005 and at 1 April 2005:	於二零零五年三月三十一日及於二零零五年四月一日:						
Cost or valuation	成本或估值	23,170	22,544	89,023	5,043	32,288	172,068
Accumulated depreciation and impairment	累積折舊及減值	-	(22,438)	(82,315)	(4,356)	(32,288)	(141,397)
Net carrying amount	賬面淨值	23,170	106	6,708	687	-	30,671
At 1 April 2005, net of accumulated depreciation and impairment	於二零零五年四月一日，扣除累積折舊及減值	23,170	106	6,708	687	-	30,671
Additions	添置	-	-	185	296	-	481
Disposals	出售	-	(5)	(772)	(82)	-	(859)
Impairment	減值	-	(46)	(3,501)*	(326)	-	(3,873)
Depreciation provided during the year	本年度折舊撥備	(1,303)	(39)	(2,620)	(323)	-	(4,285)
Transfer to investment properties (note 15)	轉撥至投資物業(附註15)	(21,867)	-	-	-	-	(21,867)
At 31 March 2006, net of accumulated depreciation and impairment	於二零零六年三月三十一日：扣除累積折舊及減值	-	16	-	252	-	268
At 31 March 2006:	於二零零六年三月三十一日：						
Cost	成本	-	24	88,302	1,592	32,288	122,206
Accumulated depreciation and impairment	累積折舊及減值	-	(8)	(88,302)	(1,340)	(32,288)	(121,938)
Net carrying amount	賬面淨值	-	16	-	252	-	268

* The Group has discontinued its toddler cars segment, cycling segment and other toys segment after the disposal of the GY Group during the year. As a result, the directors are of the opinion that the recoverable value of the relevant moulds, plant and machinery for manufacturing of toys is minimal. Accordingly, a full provision for impairment was made for these moulds, plant and machinery.

* 本集團於年內出售源製集團後，已終止經營其學行車、腳踏車及其他玩具之業務。因此，董事認為，供製造玩具之相關模具、廠房及機器之可收回金額屬微不足道，故此已就該等模具、廠房及機器之減值作出全數撥備。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 March 2006 二零零六年三月三十一日

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

14. 物業、廠房及設備 (續)

Group (Continued)

本集團 (續)

		Buildings 樓宇 HK\$'000 千港元 (Restated) (重列)	Leasehold improvements 租賃 物業裝修 HK\$'000 千港元	Moulds, plant and machinery 模具、廠房 及機器 HK\$'000 千港元	Furniture, fixtures, equipment and motor vehicles 傢俬、裝置、 設備及汽車 HK\$'000 千港元	Construction in progress 在建工程 HK\$'000 千港元	Total 合計 HK\$'000 千港元
31 March 2005	二零零五年三月三十一日						
At 31 March 2004 and at 1 April 2004:	於二零零四年三月三十一日及於二零零四年四月一日:						
Cost or valuation	成本或估值	23,790	22,620	88,512	4,976	32,288	172,186
Accumulated depreciation and impairment	累積折舊及減值	-	(22,411)	(75,569)	(4,089)	(32,288)	(134,357)
Net carrying amount	賬面淨值	23,790	209	12,943	887	-	37,829
At 1 April 2004, net of accumulated depreciation and impairment	於二零零四年四月一日，扣除 累積折舊及減值	23,790	209	12,943	887	-	37,829
Additions	添置	-	24	511	146	-	681
Write-off	撇銷	-	(72)	-	(39)	-	(111)
Revaluation	重估	1,164	-	-	-	-	1,164
Depreciation provided during the year	本年度折舊撥備	(1,784)	(55)	(6,746)	(307)	-	(8,892)
At 31 March 2005, net of accumulated depreciation and impairment	於二零零五年三月三十一日，扣除 累積折舊及減值	23,170	106	6,708	687	-	30,671
At 31 March 2005:	於二零零五年三月三十一日:						
Cost or valuation	成本或估值	23,170	22,544	89,023	5,043	32,288	172,068
Accumulated depreciation and impairment	累積折舊及減值	-	(22,438)	(82,315)	(4,356)	(32,288)	(141,397)
Net carrying amount	賬面淨值	23,170	106	6,708	687	-	30,671
Analysis of cost or valuation:	成本或估值分析:						
At cost	按成本	-	22,544	89,023	5,043	32,288	148,898
At 31 March 2005 valuation	按二零零五年三月三十一日 估值	23,170	-	-	-	-	23,170
		23,170	22,544	89,023	5,043	32,288	172,068

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 March 2006 二零零六年三月三十一日

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

14. 物業、廠房及設備 (續)

Company

本公司

		Furniture, fixtures equipment and motor vehicles 傢俬、裝置、設備及汽車	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
At 31 March:	於三月三十一日：		
Cost or valuation	成本或估值	631	615
Accumulated depreciation and impairment	累積折舊及 減值	(610)	(574)
Net carrying amount	賬面淨值	21	41
At 1 April, net of accumulated depreciation and impairment	於四月一日，扣除 累積折舊及減值	21	41
Additions	添置	-	16
Depreciation provided during the year	本年度折舊 撥備	(9)	(36)
At 31 March, net of accumulated depreciation and impairment	於三月三十一日，扣除累 積折舊及減值	12	21
At 31 March:	於三月三十一日：		
Cost	成本	631	631
Accumulated depreciation and impairment	累積折舊及 減值	(619)	(610)
Net carrying amount	賬面淨值	12	21

Had the Group's leasehold buildings been stated at cost less accumulated depreciation, their carrying amounts would have been approximately HK\$23,170,000 as at 31 March 2005.

倘本集團之租賃樓宇以成本減累積折舊列賬，則其於二零零五年三月三十一日之賬面值將約為23,170,000港元。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 March 2006 二零零六年三月三十一日

15. INVESTMENT PROPERTIES

15. 投資物業

		Group 本集團	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Cost:	成本：		
Transfer from owner-occupied properties (note 14)	轉撥自業主自用物業 (附註14)	21,867	—
Accumulated depreciation:	累積折舊：		
Provided for the year	本年度撥備	(430)	—
Net book value:	賬面淨值：		
At end of year	年終	21,437	—

The fair value of the Group's investment properties as at 31 March 2006 was HK\$21,560,000 based on valuation performed by Knight Frank Petty Limited, a firm of independent professionally qualified valuers, on a depreciated replacement cost basis at 31 March 2006.

At 31 March 2006, all of the Group's investment properties were pledged to secure general banking facilities granted to the Group (note 21).

本集團之投資物業於二零零六年三月三十一日之公平價值為21,560,000港元，有關數額乃根據獨立專業合資格估值師卓德·萊坊測計師行有限公司於二零零六年三月三十一日按折舊重置成本基準進行之估值釐定。

於二零零六年三月三十一日，本集團之全部投資物業已作抵押，以取得本集團獲授之一般銀行信貸(附註21)。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 March 2006 二零零六年三月三十一日

16. PREPAID LAND LEASE PAYMENTS

16. 預付土地租賃款項

		Group 本集團	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Carrying amount at 1 April	於四月一日之賬面值		
As previously reported	如前呈報	-	-
Effect of adopting HKAS 17 (note 2.3(a))	採納香港會計準則第17號之 影響(附註2.3(a))	31,272	32,000
		31,272	32,000
Recognised during the year	於本年度確認	(728)	(728)
Carrying amount at 31 March	於三月三十一日之賬面值	30,544	31,272
Current portion	流動部分	(728)	(728)
Non-current portion	非流動部分	29,816	30,544

The prepaid land lease payments are paid for the right to use certain lands under long term leases in Mainland China.

預付土地租賃款項乃就按長期租約使用位於中國內地之若干土地之權利而支付。

Pursuant to various sale and purchase agreements (the "S&P Agreements") entered into between the Group and an independent third party, during the years 1998 and 1999, the Group acquired certain land use rights (the "Land") in Mainland China with a carrying value of HK\$26,416,000 as at 31 March 2006 (2005: HK\$27,041,000). Pursuant to the S&P Agreements, the Group is required to pay annual fees of HK\$118,000 in respect of the Land commencing from 2008 up to 2048 with a 20% increment for every five years starting from 2008 (note 32).

於一九九八年及一九九九年期間，根據本集團與獨立第三方訂立之多項買賣協議(「買賣協議」)，本集團於中國內地收購若干土地使用權(「該土地」)，該土地於二零零六年三月三十一日之賬面值為26,416,000港元(二零零五年：27,041,000港元)。根據買賣協議，由二零零八年開始直至二零四八年為止，本集團須就該土地支付年費118,000港元，並須自二零零八年起每五年增加20%(附註32)。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 March 2006 二零零六年三月三十一日

16. PREPAID LAND LEASE PAYMENTS (Continued)

The Group has not yet obtained the land use rights certificate for the Land. Having consulted with the Group's Mainland China lawyers, the director's considered that the Group has the right to use the Land and after the payment of a premium of approximately HK\$13,400,000 and attending the necessary administrative procedures, the Group should be able to obtain the land use rights certificate for the Land.

At 31 March 2006, the Group's prepaid land lease payments with a value of HK\$4,128,000 were pledged to secure general banking facilities granted to the Group (note 21).

17. INVESTMENTS IN SUBSIDIARIES

Unlisted shares, at cost	非上市股份，按成本值
Less: Provision for impairment	減：減值撥備
Due from a subsidiary	附屬公司欠款
Less: Provision for impairment	減：減值撥備

The amount due from a subsidiary included in the Company's current assets is unsecured, interest-free, and has no fixed terms of repayment. The carrying amount of this amount due from a subsidiary, after provision for impairment, approximates to its fair value.

16. 預付土地租賃款項 (續)

本集團並未就該土地獲得土地使用權證。在諮詢本集團之中國律師後，董事認為，本集團有權使用該土地。於支付土地溢價約13,400,000港元及辦理所需之行政手續後，本集團應可申取該土地之土地使用權證。

於二零零六年三月三十一日，本集團價值4,128,000港元之預付土地租賃款項已作抵押，以取得本集團獲授之一般銀行信貸(附註21)。

17. 於附屬公司之投資

Company	
本公司	
2006	2005
二零零六年	二零零五年
HK\$'000	HK\$'000
千港元	千港元
.....	
68,709	68,709
(68,709)	(68,709)
-	-
212,467	217,922
(212,467)	(217,922)
-	-
-	-

計入本公司之流動資產之附屬公司欠款為無抵押、免息及無固定還款期。該等附屬公司欠款就減值提撥準備後之賬面值與其公平價值相若。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 March 2006 二零零六年三月三十一日

17. INVESTMENTS IN SUBSIDIARIES (Continued)

Particulars of the Company's principal subsidiaries are as follows:

17. 於附屬公司之投資 (續)

本公司主要附屬公司之資料如下：

Name 名稱	Place of incorporation/ registration and operations 註冊成立/ 註冊及經營地點	Nominal value of issued ordinary share capital 已發行普通股 股本之面值	Percentage of equity attributable to the Company 本公司應佔權益百分比		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Hung Cheong Holdings Limited 雄昌控股有限公司	British Virgin Islands ("BVI")/Hong Kong 英屬處女群島/香港	Ordinary US\$2,004 普通股2,004美元	100	–	Investment holding 投資控股
Able Market Profits Limited	BVI 英屬處女群島	Ordinary US\$1 普通股1美元	100	–	Investment holding 投資控股
Xin Toys Factory Limited 新創玩具廠有限公司	BVI/Hong Kong 英屬處女群島/香港	Ordinary US\$4 普通股4美元	–	100	Ceased business during the year 已於本年度內 終止營運
Xin Toys International Limited 新創玩具國際有限公司	Hong Kong 香港	Ordinary HK\$2 普通股2港元	–	100	Ceased business during the year 已於本年度內 終止營運
Huang Chiang Chen Hung Cheong Plastics Factory Company Limited 黃江鎮雄昌塑膠廠 有限公司	Hong Kong 香港	Ordinary HK\$1,000 Non-voting deferred HK\$10,000* 普通股1,000港元 無投票權遞延股份 10,000港元*	–	100	Property holding 物業持有
Xin Procurement & Trading Pte. Ltd. ("Xin Procurement")	Singapore 新加坡	Ordinary S\$10,000 普通股10,000新加坡元	–	51	Supply and procurement of equipment, goods and services for vessels 提供遠洋郵輪之 設備、貨品及 服務之供應及採購

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 March 2006 二零零六年三月三十一日

17. INVESTMENTS IN SUBSIDIARIES (Continued)

- * The non-voting deferred shares carry no rights to dividends other than a fixed non-cumulative dividend at the rate of 5% per annum on the excess of the net profit over HK\$1,000,000,000,000 that the company may determine to distribute in respect of any financial year. On a winding-up, the holders of the non-voting deferred shares are entitled, out of the surplus assets of the company, to a return of the capital paid-up on the non-voting deferred shares held by them, after a total sum of HK\$1 trillion had been distributed in such a winding-up in respect of each of the ordinary shares of the company. Save as described above, the holders of the non-voting deferred shares are not entitled to any participation in the profit or surplus assets of the company and shall not be entitled to receive notice of or to attend or vote at any general meeting of the company.

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

18. INVENTORIES

Raw materials	原料
Work in progress	半成品
Finished goods	製成品
Goods held for resale	持作轉售之貨品

17. 於附屬公司之投資 (續)

- * 無投票權遞延股份之持有人，有權收取公司於任何財政年度，本公司可能決定按5%年率派發超出溢利淨額1,000,000,000,000港元之數額之固定非累積股息。除此之外，無投票權遞延股份持有人無權收取股息。清盤時，無投票權遞延股份持有人有權於公司每股普通股獲分派合共1,000,000,000,000港元後，根據彼等持有之無投票權遞延股份，自公司之剩餘資產中獲償還已繳資本。除上述權益外，無投票權遞延股份持有人無權分享公司之溢利或剩餘資產；同時亦無權收取公司之股東大會通告，或出席該等大會並在會上投票。

董事認為，上表所列之本公司附屬公司對本年度之業績產生主要影響，或構成本集團資產淨值之主要部分。董事認為，詳述其他附屬公司將導致篇幅過於冗長。

18. 存貨

Group 本集團	
2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
-	3,313
-	656
-	3,303
2,073	2,630
2,073	9,902

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 March 2006 二零零六年三月三十一日

19. ACCOUNTS RECEIVABLE

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally for a period of one month, extending up to three to six months for major customers. Each customer has a maximum credit limit. Overdue balances are reviewed regularly by senior management. Account receivables are non-interest-bearing. The carrying amounts of the accounts receivable approximate to their fair values.

An aged analysis of the accounts receivable at the balance sheet date, based on invoice date, and net of allowances, is as follows:

Within 30 days	30日內
31 to 60 days	31至60日內
61 to 90 days	61至90日內
91 to 180 days	91至180日內
Over 180 days	超過180日

19. 應收賬款

除新客戶一般需要預付款項外，本集團與其客戶之貿易條款以信貸為主，信貸期一般為期一個月，而主要客戶則可延長至三至六個月。每名客戶均有最高信貸限額。高級管理層會定期檢討逾期結餘。應收賬款乃不計息。應收賬款之賬面值與其公平價值相若。

於結算日，按發票日期及減除撥備後之應收賬款賬齡分析如下：

Group 本集團	
2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
13,138	13,299
10,629	9,625
13,083	7,962
17,046	5,495
3,795	5,082
57,691	41,463

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 March 2006 二零零六年三月三十一日

20. ACCOUNTS PAYABLE

An aged analysis of the accounts payable at the balance sheet date, based on invoice date, is as follows:

Within 30 days	30日內
31 to 60 days	31至60日內
61 to 90 days	61至90日內
91 to 180 days	91至180日內
Over 180 days	超過180日

The accounts payable are non-interest-bearing and are normally settled on 60 day terms. The carrying amounts of the accounts payable approximate to their fair values.

20. 應付賬款

於結算日，按發票日期之應付賬款賬齡分析如下：

Group 本集團	
2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
6,848	12,148
2,868	3,453
372	1,676
591	2,779
2,246	1,908
12,925	21,964

應付賬款乃不計息及一般於60日內結賬。應付賬款之賬面值與其公平價值相若。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 March 2006 二零零六年三月三十一日

21. INTEREST-BEARING BANK AND OTHER BORROWINGS

21. 計息銀行借款及其他借款

		Effective interest rate (%)	Maturity	Group		Company	
				本集團		本公司	
				2006 二零零六年	2005 二零零五年	2006 二零零六年	2005 二零零五年
				HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Bank loans – secured	銀行貸款(有抵押)	6.3%	1 year 一年	15,884	20,297	–	–
Other loan – unsecured	其他貸款(無抵押)	4.0%	1 year 一年	2,000	8,500	2,000	8,500
				17,884	28,797	2,000	8,500
Bank loans repayable within one year	須於一年內償還之銀行貸款			15,884	20,297	–	–
Other loan repayable:	其他應償還貸款：						
Within one year	一年內			2,000	6,500	2,000	6,500
In the second year	第二年			–	2,000	–	2,000
				2,000	8,500	2,000	8,500
Total	合計			17,884	28,797	2,000	8,500
Portion classified as current liabilities	分類為流動負債之部分			(17,884)	(26,797)	(2,000)	(6,500)
Long term portion	長期部分			–	2,000	–	2,000

At 31 March 2006, the banking facilities of the Group were supported by:

- (a) certain investment properties and prepaid land lease payments of the Group in Mainland China with an aggregate carrying value of approximately HK\$25,565,000 (2005: HK\$43,200,000) (notes 15 and 16); and
- (b) corporate guarantees executed by certain subsidiaries of the Company.

於二零零六年三月三十一日，本集團之銀行融資以下列各項作為抵押：

- (a) 本集團賬面總值約25,565,000港元(二零零五年：43,200,000港元)之若干中國內地投資物業及預付土地租賃款項(附註15及16)；及
- (b) 本公司若干附屬公司作出之公司擔保。

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21. INTEREST-BEARING BANK AND OTHER BORROWINGS

(Continued)

During the year ended 31 March 2005, a loan of HK\$10,000,000 was granted by the holder of convertible note (the "Note Holder") to surrogate the outstanding principal amount of the convertible note due to the Note Holder. The loan is unsecured, bears interest at 4% per annum and is repayable by six quarterly instalments from March 2005 onwards.

All the interest-bearing bank and other borrowings bear interest at fixed rates.

The carrying amounts of the Group's and the Company's current borrowings approximate their fair values. The carrying amounts and fair value of the Group's non-current borrowings are as follows:

21. 計息銀行借款及其他借款 (續)

截至二零零五年三月三十一日止年度內，可換股票據持有人（「票據持有人」）授出10,000,000港元之貸款，以替本公司支付應付可換股票據持有人之可換股票據本金款額。該項貸款為無抵押、年息四厘、以及自二零零五年三月起以六個季度分期償還。

計息銀行借款及其他借款全部均以固定利率計息。

本集團及本公司之流動借款之賬面值與其公平價值相若。本集團之非流動借款之賬面值及公平價值如下：

Carrying amounts		Fair value	
賬面值		公平價值	
2006	2005	2006	2005
二零零六年	二零零五年	二零零六年	二零零五年
HK\$'000	HK\$'000	HK\$'000	HK\$'000
千港元	千港元	千港元	千港元
Other loan	其他貸款		
-	2,000	-	1,905

22. LOANS FROM THE IMMEDIATE HOLDING COMPANY

The loans from the immediate holding company were unsecured and bore interest at the rate of 3% per annum above the prime lending rate offered from time to time by The Hongkong and Shanghai Banking Corporation Limited. The amount was fully settled in current year.

22. 直接控股公司提供之貸款

直接控股公司提供之貸款並無抵押，並按香港上海滙豐銀行有限公司不時提供之最優惠借貸利率加三厘計息。有關款項已於本年度內悉數償付。

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23. LOANS FROM MINORITY SHAREHOLDERS

The loans were advanced by certain minority shareholders of the Group's subsidiaries. The loans are unsecured and interest-free. Pursuant to the shareholders' agreements entered into between the Group and the minority shareholders of the respective subsidiaries, the minority shareholders have agreed not to demand the repayment of the loans until the respective subsidiaries have the ability to do so and have obtained prior consent from the Group for the repayment of the loans. The carrying amounts of the loans from minority shareholders approximate to their fair values.

24. DUE TO A MINORITY SHAREHOLDER AND A RELATED COMPANY

The amounts due to a minority shareholder and a related company are unsecured, interest-free and have no fixed terms of repayment. The carrying amounts of the amounts due to a minority shareholder and a related company approximate to their fair values.

25. CONVERTIBLE NOTE AND BONDS

23. 少數股東提供之貸款

該等貸款由本集團附屬公司之若干少數股東提供，均為無抵押及免息。根據本集團與各有關附屬公司之少數股東訂立之股東協議，少數股東已同意不會要求償還該等貸款，除非各有關附屬公司有償還且少數股東已事先取得本集團就償還貸款作出之同意。少數股東提供之貸款之賬面值與其公平價值相若。

24. 應付一名少數股東及一間關連公司款項

應付一名少數股東及一間關連公司款項為無抵押、免息及無固定還款期。應付一名少數股東及一間關連公司款項之賬面值與其公平價值相若。

25. 可換股票據及債券

		Group and Company 本集團及本公司	
		2006 二零零六年	2005 二零零五年
		HK\$'000 千港元	HK\$'000 千港元 (Restated) (重列)
		Note 附註	
Convertible note issued to Vision Century	發行予Vision Century之 可換股票據	(a)	26,674
Convertible bonds issued to the Bank Group (as defined below)	發行予銀團之可換股債券 (定義見下文)	(b)	-
			2,155
			26,674
			2,155

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25. CONVERTIBLE NOTE AND BONDS (Continued)

- (a) On 30 March 2006, the Company issued a convertible note in the principal amount of HK\$37,000,000, as part of the consideration for the release and discharge of the Group from all of its obligations and liabilities in respect of a loan advanced by Vision Century. Vision Century will have the right to convert the outstanding principal amount of the convertible note into shares at any time before 29 March 2009 at the initial conversion price of HK\$0.205 per conversion share. The convertible note carry interest at a rate of 1% per annum, which is payable semi-annually in arrears on 31 March and 30 September.
- (b) On 1 February 2002, the Group has entered into a bank compromise agreement with the Group's Hong Kong bankers (the "Bank Group"). Pursuant to the bank compromise agreement, the Bank Group was issued convertible bonds with an aggregate principal amount of HK\$6,500,000 by the Company on 16 May 2002, as part of the consideration for the release and discharge of the Group from all of its obligations and liabilities in respect of bank borrowings advanced by the Bank Group. The convertible bonds bear interest at the rate of 5% per annum and are repayable by three instalments on each anniversary of issue. Interest is payable semi-annually. The convertible bonds would be convertible into the Company's ordinary price of HK\$0.2228 per share, as adjusted.

The fair value of the liability component was estimated at the issuance date using an equivalent market interest rate for a similar bond without a conversion option. The residual amount is assigned as the equity component and is included in shareholders' equity.

25. 可換股票據及債券 (續)

- (a) 於二零零六年三月三十日，本公司發行本金額37,000,000港元之可換股票據，作為解除及免除本集團就Vision Century墊支之貸款而須承擔之一切責任及負債之部分代價。Vision Century將有權於二零零九年三月二十九日前隨時將可換股票據結欠之本金額按初步換股價每股兌換股份0.205港元轉換為股份。可換股票據按年利率一厘計息，須於每年三月三十一日及九月三十日每半年到期時支付一次。
- (b) 於二零零二年二月一日，本集團與本集團之香港往來銀行（「銀團」）訂立銀行妥協協議。根據該銀行妥協協議，銀團於二零零二年五月十六日獲本公司發行本金總額6,500,000港元之可換股債券，作為解除及免除本集團就銀團墊支之銀行借款而須承擔之一切責任及負債之部分代價。該可換股債券年息五厘，分三期於可換股債券發行後每個週年之日償還。利息每半年支付一次。可換股債券可按每股0.2228港元（經調整）之兌換價轉換為本公司之普通股。

於發行日會按並無附有換股權之同類債券之相若市場利率估計負債部分之公平價值，而其餘金額則分配為權益部分，並計入股東權益。

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31 March 2006 二零零六年三月三十一日

25. CONVERTIBLE NOTE AND BONDS (Continued)

The net proceeds received from the issue of the convertible note and bonds have been split between the liability and equity components, as follows:

Nominal values of the convertible note and bonds issued in prior years	於以往年度發行之可換股票據及債券之面值	-	6,500	16,000
Equity component	權益部分	-	(517)	(2,123)
Interest expenses in prior years	以往年度利息開支	-	918	2,292
Interest paid in prior years	以往年度已付利息	-	(516)	(803)
Repayment made in prior years	以往年度償還之款項	-	(2,167)	-
Liability component at 1 April 2004	於二零零四年四月一日之負債部分	-	4,218	15,366
Interest expenses for the year ended 31 March 2005	截至二零零五年三月三十一日止年度之利息開支	-	224	944
Interest paid for the year ended 31 March 2005	截至二零零五年三月三十一日止年度之已付利息	-	(121)	(310)
Repayment made during the year ended 31 March 2005	截至二零零五年三月三十一日止年度內償還之款項	-	(2,166)	(6,000)
Loan granted by Note Holder (note 21)	票據持有人授予之貸款(附註21)	-	-	(10,000)
Liability component at 1 April 2005	於二零零五年四月一日之負債部分	-	2,155	-
Nominal values of the convertible note issued in current year	本年度發行之可換股票據面值	37,000	-	-
Equity component	權益部分	(10,344)	-	-
Interest expenses for the year	本年度之利息開支	18	12	-
Repayment made in current year	本年度償還之款項	-	(2,167)	-
Liability component at 31 March 2006	於二零零六年三月三十一日之負債部分	26,674	-	-

25. 可換股票據及債券 (續)

來自發行可換股票據及債券之所得款項淨額已分拆為負債部分及權益部分，詳情如下：

Convertible note issued to Vision Century 發行予 Vision Century 之可換股票據	Convertible bonds issued to the Bank Group 發行予銀團之可換債券	Convertible note issued to Wise Wind Limited 發行予威華有限公司之可換股票據
HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
-	6,500	16,000
-	(517)	(2,123)
-	918	2,292
-	(516)	(803)
-	(2,167)	-
-	4,218	15,366
-	224	944
-	(121)	(310)
-	(2,166)	(6,000)
-	-	(10,000)
-	2,155	-
37,000	-	-
(10,344)	-	-
18	12	-
-	(2,167)	-
26,674	-	-

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26. DEFERRED TAX

The Group has tax losses arising in Hong Kong of HK\$25,100,000 (2005: HK\$24,406,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they have arisen in companies that have been loss-making for some time.

The Group and the Company had no unprovided deferred tax at 31 March 2006.

27. SHARE CAPITAL

Authorised: 10,000,000,000 (2005: 10,000,000,000) ordinary shares of HK\$0.01 each	法定股本： 10,000,000,000股(二零零五年： 10,000,000,000股)每股面值 0.01港元之普通股
Issued and fully paid: 82,704,014 (2005: 1,654,080,285) ordinary shares of HK\$0.01 each	已發行及繳足股本： 82,704,014股(二零零五年： 1,654,080,285股)每股面值 0.01港元之普通股

The following changes in the Company's issued share capital took place during the years ended 31 March 2005 and 2006:

- (a) On 23 February 2005, the Company effected an open offer with assured allotments of one offer share for every two shares of HK\$0.01 each held by shareholders as at 4 February 2005 and issued a total of 551,360,095 new ordinary shares of HK\$0.01 each at an issue price of HK\$0.04 per share. Cash proceeds of approximately HK\$22,055,000, before the related expenses, were received by the Company. The excess of the offer price over the nominal value of the shares issued amounting to approximately HK\$16,541,000 was credited to the share premium account.

26. 遞延稅項

本集團於香港產生之稅項虧損為25,100,000港元(二零零五年：24,406,000港元)，可無限期用作抵銷錄得虧損之公司之未來應課稅溢利。本集團並無就該等虧損確認遞延稅項資產，因該等虧損乃由已錄得虧損一段時間之公司產生。

於二零零六年三月三十一日，本集團及本公司概無任何未提撥遞延稅項。

27. 股本

2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
100,000	100,000
827	16,541

本公司之已發行股本於截至二零零五年及二零零六年三月三十一日止年度之變動如下：

- (a) 於二零零五年二月二十三日，本公司完成公開發售，有關之保證配額為股東於二零零五年二月四日每持有兩股每股面值0.01港元之股份獲配發一股發售股份。本公司按發行價每股0.04港元發行合共551,360,095股每股面值0.01港元之新普通股。本公司獲得現金收益約22,055,000港元(未扣減相關費用)。發售價超過所發行股份面值之數約為16,541,000港元，已計入股份溢價賬。

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27. SHARE CAPITAL (Continued)

(b) Pursuant to a special resolutions passed at a special general meeting of the Company held on 23 May 2005, a capital reorganisation (the "Capital Reorganisation") involving, inter alia, the following steps was implemented:

- (i) a reduction of the nominal value of each issued share from HK\$0.01 each to HK\$0.0005 each by the cancellation of HK\$0.0095 per share (the "Capital Reduction");
- (ii) the cancellation of the entire amount standing to the credit of the share premium account of the Company (the "Share Premium Cancellation");
- (iii) the credit arising from the Capital Reduction and the Share Premium Cancellation were transferred to the contributed surplus account of the Company where they had utilised to eliminate the accumulated losses of the Company as at 30 September 2004; and
- (iv) subject to the forthwith upon the Capital Reduction and Share Premium Cancellation, a consolidation of every 20 issued shares of HK\$0.0005 each into one consolidated share of HK\$0.01 each.

27. 股本 (續)

(b) 根據本公司於二零零五年五月二十三日舉行之股東特別大會上通過之特別決議案，本公司實施股本重組（「股本重組」），股本重組（其中包括）下列各項：

- (i) 藉註銷每股股份之面值0.0095港元，將已發行股份之每股面值從0.01港元削減為每股0.0005港元（「股本削減」）；
- (ii) 註銷本公司股份溢價賬之進賬額全數（「股份溢價註銷」）；
- (iii) 股本削減及股份溢價註銷之所產生進賬額轉撥入本公司之實繳盈餘賬，該等款項已用作抵銷本公司於二零零四年九月三十日之累積虧損；及
- (iv) 待股本削減及股份溢價註銷完成後，並在該等事項之規限下，每二十股每股面值0.0005港元之已發行股份合併為一股每股面值0.01港元之合併股份。

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27. SHARE CAPITAL (Continued)

A summary of the transactions during the years ended 31 March 2005 and 2006 with reference to the above movements in the Company's issued ordinary share capital is set out below:

Issued capital

At 1 April 2004	於二零零四年四月一日				
As previously reported	如前呈報				
Prior period adjustment in respect of convertible bonds (note 2.5(b))	有關可換股債券之 前期調整(附註2.5(b))				
As restated	重列				
Issued on open offer	公開發售所發行	(a)			
Share issue expenses	股份發行開支				
At 31 March 2005 and 1 April 2005 (as restated)	於二零零五年三月三十一日及 二零零五年四月一日(重列)				
Capital Reorganisation	股本重組	(b)			
At 31 March 2006	於二零零六年三月三十一日				

27. 股本(續)

截至二零零五年及二零零六年三月三十一日止年度進行有關上述本公司已發行普通股股本變動之交易概要載列如下:

已發行股本

	Number of shares in issue 已發行股份數目	Issued share capital 已發行股本 HK\$'000 千港元	Share premium account 股份溢價賬 HK\$'000 千港元	Total 合計 HK\$'000 千港元
At 1 April 2004	1,102,720,190	11,027	43,303	54,330
Prior period adjustment in respect of convertible bonds (note 2.5(b))	-	-	351	351
As restated	1,102,720,190	11,027	43,654	54,681
Issued on open offer	551,360,095	5,514	16,541	22,055
Share issue expenses	-	-	(1,165)	(1,165)
At 31 March 2005 and 1 April 2005 (as restated)	1,654,080,285	16,541	59,030	75,571
Capital Reorganisation	(1,571,376,271)	(15,714)	(59,030)	(74,744)
At 31 March 2006	82,704,014	827	-	827

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28. SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include the Company's directors, including independent non-executive directors, other employees of the Group, suppliers of goods or services to the Group, customers of the Group, the Company's shareholders, and any minority shareholders in the Company's subsidiaries. The Scheme became effective on 30 December 2002 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of shares in respect of which options may be granted under the Scheme shall not exceed 10%, in nominal amount of the issued share capital of the Company on the adoption date of the Scheme (the "Scheme Mandate Limit"). Options which lapsed in accordance with the terms of this Scheme will not be counted for the purpose of calculating the Scheme Mandate Limit. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period, is limited to 1% of the shares of the Company in issue. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to any director, chief executive, substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors of the Company. In addition, any grant of share options to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the closing price of the Company's shares as stated in the daily quotations sheets issued by The Stock Exchange of Hong Kong Limited (the "Stock Exchange") at the date of the grant) in excess of HK\$5,000,000, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

28. 購股權計劃

本公司設有一項購股權計劃(「該計劃」)，該計劃之目的是對本集團營運成功作出貢獻之合資格參與者給予鼓勵及回報。該計劃之合資格參與者包括本公司之董事(包括獨立非執行董事)、本集團其他僱員、本集團之貨品或服務供應商、本集團之客戶、本公司股東及本公司附屬公司之任何少數股東。該計劃於二零零二年十二月三十日生效，除非另行撤銷或修訂，否則有效期為自該日起計10年。

根據該計劃可能授出之購股權可予發行之股份最多不得超過於採納該計劃日期本公司已發行股本面值之10%(「計劃授權限額」)。計算計劃授權限額時，並不計入根據該計劃條款失效之購股權。於任何十二個月期間內，根據該計劃可發行予各合資格參與者之股份上限數目為本公司已發行股份之1%。凡再授出任何超出此上限之購股權，必須經股東於股東特別大會上批准。

授予本公司任何董事、主要行政人員或主要股東或彼等之任何聯繫人士之購股權須經本公司獨立非執行董事事先批准。此外，向本公司主要股東或獨立非執行董事或彼等之任何聯繫人士授予任何購股權，倘於任何12個月期間超過本公司任何時間已發行股份之0.1%或總價值(按香港聯合交易所有限公司(「聯交所」)於授出日期刊發之每日報價表所報之本公司股份收市價計算)超過5,000,000港元，則須經股東於股東大會事先批准。

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28. SHARE OPTION SCHEME (Continued)

The offer of a grant of share options may be accepted within 30 days from the date of the offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors or the expiry date of the Scheme, if earlier.

The exercise price of the share options is determinable by the directors in their absolute discretion, but in any event shall not be less than the greater of (i) the closing price of the Company's shares as stated in the daily quotations sheet issued by the Stock Exchange on the date of the grant of the share options; (ii) the average Stock Exchange closing price of the Company's shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant of share options; and (iii) the nominal value of the Company's share.

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

28. 購股權計劃 (續)

授出購股權之建議可於建議日期起計30日內接納，承授人須支付象徵式代價合共1港元。所授出購股權之行使期由董事釐定或該計劃屆滿日(以較早者為準)終止。

行使價乃由董事會全權釐定，惟不得低於以下較高者：(i)本公司股份於購股權授出日期在聯交所每日報價表所報之收市價；(ii)股份於緊接購股權授出日期前五個營業日在聯交所每日報價表所報之平均收市價；及(iii)本公司之股份面值。

購股權並無賦予其持有人獲分派股息或在股東大會投票之權利。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 March 2006 二零零六年三月三十一日

28. SHARE OPTION SCHEME (Continued)

28. 購股權計劃 (續)

Name or category of participant 參與者姓名或類別	Number of share options 購股權數目			Date of grant of share options* 購股權授出日期*	Exercisable period of share options 購股權行使期	Price of Company's shares*** 本公司股份價格***	
	Granted during the year 於年內授出	Lapsed during the year 於年內失效	At 31 March 2006 於二零零六年三月三十一日			Exercisable price of share options** 購股權行使價** HK\$ 港元	At grant date of options 於購股權授出日期 HK\$ 港元
Directors 董事							
Mr. Lo Ming Chi, Charles 勞明智先生	800,000	–	800,000	29-07-05 二零零五年七月二十九日	29-07-05 to 28-07-07 二零零五年七月二十九日至二零零七年七月二十八日	0.295	0.295
Mr. Yu Wai Man 余偉文先生	800,000	–	800,000	29-07-05 二零零五年七月二十九日	29-07-05 to 28-07-07 二零零五年七月二十九日至二零零七年七月二十八日	0.295	0.295
Mr. Wilson Ng 黃偉盛先生	800,000	–	800,000	29-07-05 二零零五年七月二十九日	29-07-05 to 28-07-07 二零零五年七月二十九日至二零零七年七月二十八日	0.295	0.295
Mr. Ng Wee Keat 黃偉傑先生	800,000	–	800,000	29-07-05 二零零五年七月二十九日	29-07-05 to 28-07-07 二零零五年七月二十九日至二零零七年七月二十八日	0.295	0.295
Mr. Ng Eng Leng 黃應麟先生	800,000	–	800,000	29-07-05 二零零五年七月二十九日	29-07-05 to 28-07-07 二零零五年七月二十九日至二零零七年七月二十八日	0.295	0.295
	4,000,000	–	4,000,000				
Other employees 其他僱員	900,000	(100,000)	800,000	29-07-05 二零零五年七月二十九日	29-07-05 to 28-07-07 二零零五年七月二十九日至二零零七年七月二十八日	0.295	0.295
Total 合計	4,900,000	(100,000)	4,800,000				

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財務報表附註

31 March 2006 二零零六年三月三十一日

28. SHARE OPTION SCHEME (Continued)

Notes to the reconciliation of share options outstanding during the year:

- * The share options granted to directors and other employees are vested upon granted.
- ** The exercise price of the share options is subject to adjustments in the case of capitalisation of profit and reserve, right or bonus issues, consolidation, subdivision or reduction of the share capital or other alternative in the capital structure of the Company.
- *** The price of the Company's shares disclosed as at the date of the grant of the share options is the closing price as stated in the daily quotations sheets issued by the Stock Exchange on the trading day immediately prior to the date of the grant of the options.

At the balance sheet date, the Company had 4,800,000 share options outstanding under the Scheme. The exercise in full of the remaining share options would, under the present capital structure of the Company, result in the issue of 4,800,000 additional ordinary shares of the Company and additional share capital of HK\$48,000 and share premium of HK\$1,368,000 (before issue expenses).

Pursuant to the passing of an ordinary resolution by shareholders at the special general meeting held on 23 May 2005, the Scheme Mandate Limit was refreshed. As at the date of the special general meeting held on 23 May 2005, there was an aggregate of 82,704,014 shares in issue. Upon the refreshment of the Scheme Mandate Limit, the Company may grant options entitling holders thereof to subscribe for 8,270,401 shares. Further details of the refreshment were disclosed in the circular dated 29 April 2005.

28. 購股權計劃 (續)

年內尚未行使之購股權對賬表附註：

- * 授予董事及其他僱員之購股權於授出時歸屬。
- ** 倘溢利及儲備撥充資本、進行供股或派發紅股、股份合併或分拆或股本削減，或本公司之股本架構有其他變動，則購股權之行使價須予調整。
- *** 於購股權授出日期披露之本公司股份價格乃股份於緊接購股權授出日期前一個交易日在聯交所之每日報價表所報之收市價。

於結算日，根據該計劃，本公司有4,800,000份購股權尚未行使。在本公司現有股本架構下，悉數行使餘下之購股權將導致發行4,800,000股本公司額外普通股及額外股本48,000港元，以及扣除發行開支前股份溢價1,368,000港元。

根據股東於本公司在二零零五年五月二十三日舉行之股東特別大會上通過之普通決議案，計劃授權限額已予更新。於股東特別大會舉行之日（即二零零五年五月二十三日），已發行股份總數為82,704,014股。計劃授權限額更新後，本公司可授出供持有人認購8,270,401股股份之購股權。該項更新之進一步詳情已於本公司在二零零五年四月二十九日之通函披露。

NOTES TO FINANCIAL STATEMENTS

財 務 報 表 附 註

31 March 2006 二 零 零 六 年 三 月 三 十 一 日

28. SHARE OPTION SCHEME (Continued)

At the date of approval of these financial statements, the Company had 4,800,000 share options outstanding under the Scheme, which represented approximately 5.8% of the Company's shares in issue as at that date.

The fair value of the share options granted during the year was HK\$466,000.

The fair value of equity-settled share options granted during the year was estimated as at the date of grant, using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used for the year ended 31 March 2006:

Expected volatility (%)	55.00
Historical volatility (%)	55.00
Risk-free interest rate (%)	3.35
Expected life of option (year)	2.00

The expected life of the options is based on the historical data over the past two years and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

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

29. DEFICITS

(a) Group

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

28. 購 股 權 計 劃 (續)

於本財務報表批准日期，根據該計劃，本公司有4,800,000份購股權尚未行使，約佔本公司於該日之已發行股份5.8%。

年內已授出之購股權之公平價值為466,000港元。

於年內授出之以股權結算購股權之公平價值乃於授出日期使用二項式期權定價模式經考慮授出購股權之條款及條件估計。下表載列於截至二零零六年三月三十一日止年度使用模式時所輸入之資料：

預期波幅(%)	55.00
歷史波幅(%)	55.00
無風險利率(%)	3.35
購股權之預期有效期(年)	2.00

購股權之預期有效期乃根據過去兩年之歷史數據釐定，並不一定標示可能出現之行使模式。預期波幅反映歷史波幅可標示未來趨勢之假設，但未必為實際結果。

計量公平價值時並無計及已授出購股權之任何其他特性。

29. 虧 絀

(a) 本集團

本年度及以往年度本集團之虧絀及其變動數額列於財務報表之綜合權益變動表。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 March 2006 二零零六年三月三十一日

29. DEFICITS (Continued)

29. 虧絀 (續)

(b) Company

(b) 本公司

		Share premium account 股份溢價賬 HK\$'000 千港元	Contributed surplus 實繳盈餘 HK\$'000 千港元	Share option reserve 購股權儲備 HK\$'000 千港元	Accumulated losses 累積虧損 HK\$'000 千港元	Total 合計 HK\$'000 千港元
At 1 April 2004	於二零零四年四月一日	43,303	-	-	(48,485)	(5,182)
Prior year adjustment in respect of convertible note and bonds (note 2.5(b))	有關可換股票據及債券之去年調整 (附註2.5(b))	351	-	-	(120)	231
As restated	重列	43,654	-	-	(48,605)	(4,951)
Issued on open offer (note 27(a))	公開發售所發行 (附註27(a))	16,541	-	-	-	16,541
Share issue expenses	股份發行開支	(1,165)	-	-	-	(1,165)
Loss for the year (as restated)	本年度虧損 (重列)	-	-	-	(59,434)	(59,434)
At 31 March 2005 (as restated)	於二零零五年三月三十一日 (重列)	59,030	-	-	(108,039)	(49,009)
At 1 April 2005	於二零零五年四月一日	58,679	-	-	(107,183)	(48,504)
As previously reported	如前呈報	58,679	-	-	(107,183)	(48,504)
Prior year adjustment in respect of convertible bond (note 2.5(b))	有關可換股債券之去年調整 (附註2.5(b))	351	-	-	(856)	(505)
As restated	重列	59,030	-	-	(108,039)	(49,009)
Capital Reorganisation (note 27(b)(iv))	股本重組 (附註27(b)(iv))	(59,030)	3,085	-	71,659	15,714
Redemption of convertible bonds	贖回可換股債券	-	-	-	517	517
Equity-settled share option arrangement	以權益結算之購股權安排	-	-	466	-	466
Share option lapsed during the year	於年內失效之購股權	-	-	(9)	9	-
Loss for the year	本年度虧損	-	-	-	(8,843)	(8,843)
At 31 March 2006	於二零零六年三月三十一日	-	3,085	457	(44,697)	(41,155)

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 March 2006 二零零六年三月三十一日

30. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Major non-cash transactions

The Group had the following major non-cash transactions during the year ended 31 March 2005 and 2006:

- (i) During the year ended 31 March 2005, a holder of convertible note granted a loan to the Group of HK\$10,000,000 to surrogate the then outstanding principal amount of the convertible note which did not result in any cash flow.
- (ii) At 30 March 2006, HK\$37,856,000 (being the principal amount of a loan of HK\$31,378,000 and accrued interest of HK\$6,478,000) was owed by the Company to Vision Century. On the same date, the Company issued to Vision Century a convertible note in the principal amount of HK\$37,000,000 as part of the consideration for the release and discharge of the Group from all of its obligations and liabilities in respect of the loan advanced by Vision Century. The Company settled the remaining accrued interest of HK\$856,000 by cash from internal resources (note 25(a)).

30. 綜合現金流量表附註

(a) 主要非現金交易

於截至二零零五年及二零零六年三月三十一日止年度內，本集團曾進行以下主要非現金交易：

- (i) 於截至二零零五年三月三十一日止年度內，一名可換股票據持有人向本集團授予一項貸款10,000,000港元，以替本集團繳付當時未償還之可換股票據本金款額，批授貸款並無導致任何現金流量。
- (ii) 於二零零六年三月三十日，本公司結欠Vision Century 37,856,000港元（即貸款本金額31,378,000港元連應計利息6,478,000港元）。同日，本公司發行本金額37,000,000港元之可換股票據予Vision Century，作為解除及免除本集團就Vision Century墊支之貸款而須承擔之一切責任及負債之部分代價。本公司已由內部資源撥付現金以清償餘下應計利息856,000港元（附註25(a)）。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 March 2006 二零零六年三月三十一日

30. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(Continued)

30. 綜合現金流量表附註 (續)

(b) Disposal of subsidiaries

(b) 出售附屬公司

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Net assets/(liabilities) disposed of:	已出售資產／(負債)淨額：		
Property, plant and equipment	物業、廠房及設備	859	—
Inventories	存貨	9,138	—
Accounts receivable	應收賬款	4,312	—
Prepayments, deposits and other receivables	預付款項、按金及其他應收賬款	697	17
Cash and bank balances	現金及銀行結存	1,861	1
Accounts payable	應付賬款	(2,793)	(6,602)
Other payables and accruals	其他應付賬款及應計款項	(594)	(1,431)
Loans from a minority shareholder	一位少數股東提供之貸款	(5,880)	—
Amount due to a director of a subsidiary	應付附屬公司之一位董事款項	(4,650)	—
Tax payable	應繳稅項	—	(5)
Minority interests	少數股東權益	1,552	—
		4,502	(8,020)
Gain on disposal of subsidiaries	出售附屬公司收益	66	8,030
		4,568	10
Satisfied by:	支付方法：		
Cash	現金	4,568	10

NOTES TO FINANCIAL STATEMENTS

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31 March 2006 二零零六年三月三十一日

30. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(Continued)

(b) Disposal of subsidiaries (Continued)

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

Cash consideration	現金代價
Cash and bank balances disposed of	所出售現金及銀行結存
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	出售附屬公司之現金及現金等值物流入淨額

The results of the subsidiaries disposed of in the year ended 31 March 2005 had no significant impact on the Group's consolidated turnover or loss before tax for that year.

31. PLEDGE OF ASSETS

Details of the Group's bank and other borrowings, which are secured by assets of the Group, are included in notes 15, 16 and 21 to the financial statements.

30. 綜合現金流量表附註 (續)

(b) 出售附屬公司 (續)

就出售附屬公司之現金及現金等值物流入淨額分析如下：

2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
4,568	10
(1,861)	(1)
2,707	9

於截至二零零五年三月三十一日止年度出售之附屬公司之業績對本集團該年度之綜合營業額或除稅前虧損並無任何重大影響。

31. 資產抵押

有關本集團銀行及其他借款(已以本集團資產抵押)之詳情載於財務報表附註15、16及21。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 March 2006 二零零六年三月三十一日

32. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment properties (note 15) under operating lease arrangements, with leases negotiated for terms of one year.

At 31 March 2006, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

Within one year	一年內
-----------------	-----

(b) As lessee

The Group leases certain of its office properties under operating lease arrangements. Leases for the properties are negotiated for terms of one year.

At 31 March 2006, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

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

32. 經營租賃安排

(a) 以出租人身份

本集團根據經營租賃安排租賃其投資物業(附註15)，而洽商之租期為一年。

於二零零六年三月三十一日，本集團根據與租戶訂立之不可撤銷經營租賃須於下列年期內應收之未來最低租金款項總額如下：

Group 本集團	
2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
467	-

(b) 以承租人身份

本集團根據經營租賃安排租賃其若干辦公室物業。就該等物業洽商之租期為一年。

於二零零六年三月三十一日，本集團根據不可撤銷經營租賃須於下列年期內支付之未來最低租金款項總額如下：

Group 本集團	
2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
312	570
-	312
312	882

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 March 2006 二零零六年三月三十一日

32. OPERATING LEASE ARRANGEMENTS (Continued)

(b) As lessee (Continued)

In addition, pursuant to various agreements entered into between the Group and an unrelated party in Mainland China, the Group is required to pay annual fee of HK\$118,000 in respect of the Land classified as prepaid land lease payments of the Group in Mainland China, with a carrying value of HK\$26,416,000 at 31 March 2006, commencing from calendar year 2008 up to calendar year 2048 with a 20% increment for every five years (note 16).

33. COMMITMENTS

In addition to the operating lease commitments detailed in note 32, the Group had the following commitments at the balance sheet date:

Contracted, but not provided for:	已訂約但未撥備：
Machinery	機器

At the balance sheet date, the Company had no significant commitment.

32. 經營租賃安排 (續)

(b) 以承租人身份 (續)

此外，根據本集團與中國內地之一名無關連人士訂定之多項協議，本集團須就本集團在中國內地之土地(分類為預付土地租賃款項)支付年費118,000港元，有關土地於二零零六年三月三十一日之賬面值為26,416,000港元，租約從二零零八年起至二零四八年止，每五年租值增加20%(附註16)。

33. 承擔

除附註32詳述之經營租約承擔外，本集團於結算日之承擔如下：

Group 本集團	
2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
-	558

於結算日，本公司並無重大承擔。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 March 2006 二零零六年三月三十一日

34. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere, the Group also had the following related party transactions:

- (a) On 12 May 2005, Gadgets Yard entered into a loan agreement with one of its director for a loan facility of HK\$10,000,000. During the year, Gadgets Yard has drawn down HK\$4,650,000 for its operation. In August 2005, Gadgets Yard and its subsidiary, as further set out in note 11, were disposed of to an unrelated third party of the Group.
- (b) Pursuant to a shareholders' agreement entered with the Group on 20 December 2003, a minority shareholder of Gadgets Yard advanced HK\$5,880,000 to Gadgets Yard as its initial working capital. The terms of the advance are set out in note 23 to the financial statements. In August 2005, Gadgets Yard and its subsidiary, as further set out in note 11, were disposed of to an unrelated third party by the Group.

34. 有關連人士交易

除其他部分所披露者外，本集團亦有以下有關連人士交易：

- (a) 於二零零五年五月十二日，源製就一筆貸款融資10,000,000港元與其一位董事訂立一份貸款協議。於該年度，源製已就其營運所需提取4,650,000港元。於二零零五年八月，源製及其附屬公司被本集團出售予無關連之第三方（誠如附註11所進一步闡述）。
- (b) 根據本集團於二零零三年十二月二十日訂立之股東協議，源製之少數股東向源製墊支5,880,000港元，作為初步營運資金。墊款之條款載於財務報表附註23。於二零零五年八月，源製及其附屬公司被本集團出售予無關連之第三方（誠如附註11所進一步闡述）。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

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34. RELATED PARTY TRANSACTIONS (Continued)

(c) On 20 February 2004, the Group entered into a shareholders' agreement (the "Xin Procurement Agreement") with Huang & Co (Singapore) Pte. Ltd. ("HCSPL"), a company incorporated in Singapore with limited liability, to form Xin Procurement in Singapore with limited liability. HCSPL is wholly-owned by New Century International Pte. Ltd. ("New Century"), a company incorporated in Singapore with limited liability. New Century is in turn wholly-owned by the parents of Mr. Wilson Ng and Mr. Ng Wee Keat, both of whom are executive directors of the Company and also directors of HCSPL. Pursuant to the Xin Procurement Agreement, the Group and HCSPL owned 51% and 49% of equity interests in Xin Procurement, respectively. On 20 February 2004, Xin Procurement entered into a supply agreement (the "Supply Agreement") with HCSPL whereby Xin Procurement was appointed as a supplier of HCSPL for the supply of certain office equipment and office supplies, machinery, machinery parts, lubricating oil and bunkering for vessels. By virtue of the interests of the parents of Mr. Wilson Ng and Mr. Ng Wee Keat in HCSPL, the formation of Xin Procurement and the transactions contemplated under the Supply Agreement constitute connected transactions or continuing connected transactions of the Company under Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. These connected transactions were approved by the Company's shareholders on a special general meeting held on 29 March 2004. Further details of the above transactions are set out in the Company's circular dated 12 March 2004. During the current year, Xin Procurement made sales to HCSPL amounting to HK\$17,688,000 (2005: HK\$32,973,000).

Sale of office equipment and office supplies were made at the price equivalent to 10/9 times the cost incurred by the Group. Sale of machinery, parts, stores for the upkeep of vessels, necessary victuals for the crew, lubricating oil and bunkering for the operation of the vessels and appointment of surveyors and technical consultants for the vessels were made at the price equivalent to 100/98 times the cost incurred by the Group.

34. 有關連人士交易 (續)

(c) 於二零零四年二月二十日，本集團與一間在新加坡註冊成立之有限公司Huang & Co (Singapore) Pte. Ltd. (「HCSPL」) 訂立一份股東協議 (「Xin Procurement協議」)，以成立一間於新加坡註冊成立之有限公司 - Xin Procurement。HCSPL乃由新加坡註冊成立之有限公司New Century International Pte. Ltd. (「New Century」) 全資擁有。New Century則由黃偉盛先生及黃偉傑先生 (兩位均為本公司執行董事及HCSPL董事) 之父母全資擁有。根據Xin Procurement協議，本集團及HCSPL分別擁有Xin Procurement之51%及49%股本權益。於二零零四年二月二十日，Xin Procurement與HCSPL訂立一份供應協議 (「供應協議」)，據此，Xin Procurement已獲委任為HCSPL供應若干辦公室設備及辦公室用品、遠洋郵輪使用之機器、機械零件、機油及燃料之供應商。根據香港聯合交易所有限公司證券上市規則第14A章，鑑於黃偉盛先生及黃偉傑先生之父母於HCSPL之權益，成立Xin Procurement及供應協議擬進行之交易構成本公司之關連交易或持續關連交易。此等關連交易已於二零零四年三月二十九日舉行之股東特別大會獲本公司股東批准。有關上述交易之進一步詳情載於本公司於二零零四年三月十二日之通函。於本年度內，Xin Procurement向HCSPL之銷售為17,688,000港元 (二零零五年：32,973,000港元)。

銷售辦公室設備及辦公室用品之價格相等於本集團產生之成本之10/9倍。銷售供遠洋郵輪之日常維修用途之機器、零件及材料；供遠洋郵輪運作而提供船員所需之補給品、機油及燃料；以及為遠洋郵輪委聘測量師及技術顧問之價格相等於本集團所產生之成本之100/98倍。

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34. RELATED PARTY TRANSACTIONS (Continued)

- (d) Pursuant to the Xin Procurement Agreement, HCSPL advanced HK\$1,127,000 to Xin Procurement as the initial working capital. The terms of the advance are set out in note 23 to the financial statements.
- (e) During the year, HCSPL made advances of HK\$27,850,000 (2005: HK\$33,317,000) to Xin Procurement. At 31 March 2006, the outstanding balance owed by Xin Procurement to HCSPL amounted to HK\$25,704,000 (2005: HK\$12,643,000) which is unsecured, interest-free and have no fixed terms of repayment.
- (f) As further set out in note 2.1(a) to the financial statements, Huang Worldwide Holding Limited, the immediate holding company of Vision Century, has undertaken to the Company, to provide continuing financial support to the Group so as to enable the Group to continue its day-to-day operations as a viable going concern notwithstanding any present or future financial difficulties experienced by the Group up to 31 October 2007.
- (g) During the year ended 31 March 2005, HK\$275,000 were charged to the Group by HCSPL in respect of certain of the office premises leased to the Group. The rental expenses were determined between the Group and HCSPL.
- (h) During the year, a management fee of HK\$580,000 (2005: HK\$370,000) was charged by HCSPL in respect of certain administrative services rendered to the Group. The management fee was determined between the Group and HCSPL.

34. 有關連人士交易 (續)

- (d) 根據 Xin Procurement 協議，HCSPL 墊付 1,127,000 港元予 Xin Procurement 作為初期營運資本。墊款之條款載於財務報表附註 23。
- (e) 於本年度內，HCSPL 墊付 27,850,000 港元 (二零零五年：33,317,000 港元) 予 Xin Procurement。於二零零六年三月三十一日，Xin Procurement 結欠 HCSPL 之金額為 25,704,000 (二零零五年：12,643,000 港元)，該筆款項乃無抵押、免息及無固定還款期。
- (f) 如財務報表附註 2.1(a) 所載，Vision Century 之直接控股公司 Huang Worldwide Holding Limited 已向本公司承諾，在截至二零零七年十月三十一日止期間，將繼續給予本集團財政支援，以便本集團在面對現時或日後之財政困難時，仍可繼續其日常運作猶如可行之持續基準。
- (g) 於截至二零零五年三月三十一日年度內，HCSPL 就租賃予本集團之若干辦公室物業向本集團收取租金 275,000 港元，有關租金開支由本集團與 HCSPL 釐定。
- (h) 年內，HCSPL 就提供予本集團之若干管理服務收取管理費 580,000 港元 (二零零五年：370,000 港元)，有關管理費由本集團與 HCSPL 釐定。

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31 March 2006 二零零六年三月三十一日

34. RELATED PARTY TRANSACTIONS (Continued)

- (i) During the year, HCSPL reimbursed HK\$100,000 (2005: HK\$859,000) to the Group in respect of certain administrative expenses paid by the Group on behalf of HCSPL.
- (j) During the year, the Group reimbursed expenses of HK\$188,000 (2005:HK\$795,000) to HCSPL in respect of certain administrative expenses paid by HCSPL on behalf of the Group.
- (k) During the year ended 31 March 2005, the Group purchased from Huang Procurement Pte. Ltd. ("Huang Procurement"), a wholly-owned subsidiary of HCSPL, certain office equipment and office supplies, machinery, machinery parts, lubricants and bunkering of HK\$15,219,000 at cost.
- (l) During the year, HCSPL paid HK\$2,255,000 to certain of the Group's suppliers on behalf of the Group in respect of its purchases of office equipment and office supplies, machinery, machinery parts, lubricants and bunkering.
- (m) During the year, Huang Procurement paid HK\$29,283,000 to certain of the Group's suppliers on behalf of the Group in respect of its purchases of office equipment and office supplies, machinery, machinery parts, lubricants and bunkering (2005: Nil).

34. 有關連人士交易 (續)

- (i) 年內，HCSPL就本集團代表HCSPL支付之若干行政開支向本集團償還100,000港元(二零零五年：859,000港元)。
- (j) 年內，本集團就HCSPL代表本集團支付之若干行政開支向HCSPL償還支出188,000港元(二零零五年：795,000港元)。
- (k) 於截至二零零五年三月三十一日止年度內，本集團向HCSPL之全資附屬公司Huang Procurement Pte. Ltd. (「Huang Procurement」)按成本價購買總值15,219,000港元之若干辦公室設備及辦公室用品、機器、機械零件、機油及燃料。
- (l) 年內，HCSPL就本集團購買辦公室設備及辦公室用品、機器、機械零件、機油及燃料，代表本集團向本集團若干供應商支付2,255,000港元。
- (m) 年內，Huang Procurement就本集團購買辦公室設備及辦公室用品、機器、機械零件、機油及燃料，代表本集團向本集團若干供應商支付29,283,000港元(二零零五年：無)。

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35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and bank balances and short term time deposits, interest-bearing bank and other borrowings, loans from minority shareholders and the immediate holding company, amount due to minority shareholders and convertible note. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as accounts receivable and accounts payable, which arise directly from its operations.

It is, and has been, throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken.

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

Interest rate risk

The Group's exposure to the risk of changes in market interest rates is minimal since the interest rate of all of the Group's borrowings are fixed.

Foreign currency risk

The Group has transactional currency exposures in United States dollars, Singapore dollars and Malaysia Ringgit. Such exposures arise from the Group's procurement business. During the year under review, the Group did not issue any financial instruments for hedging purposes.

35. 財務風險管理目標及政策

本集團之主要金融工具包括現金及銀行結餘及短期定期存款、計息銀行及其他借款、少數股東及直接控股公司提供之貸款、應付少數股東款項及可換股票據。此等金融工具之主要目的乃為本集團營運集資。本集團有各種其他金融資產及負債，例如應收貿易賬款及應付貿易賬款，兩者皆直接從其營運中產生。

在回顧年度內，本集團一直恪守不作金融工具買賣之政策。

本集團金融工具產生之主要風險為利率風險、外匯風險、信貸風險及流動資金風險。董事會審閱並協議管理該等風險之政策，現概述如下。

利率風險

由於本集團大部分借款均按固定利率計息，因此本集團承受之市場利率波動風險屬微不足道。

外匯風險

本集團面對美元、新加坡元及馬來西亞幣之交易貨幣風險。該等風險源自本集團之採購業務。於回顧年度內，本集團並無就對沖目的而發行任何金融工具。

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財務報表附註

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35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Head of Credit Control.

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

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral.

Liquidity risk

The Group's objective is to ensure adequate funds to meet commitments associated with its financial liabilities. Cash flows are closely monitored on an ongoing basis.

36. COMPARATIVE AMOUNTS

As further explained in notes 2.3 and 2.5 to the financial statements, due to the adoption of new and revised HKFRSs during the current year, the accounting treatment and presentation of certain items and balances in the financial statements have been revised to comply with the new requirements. Accordingly, certain prior year adjustments have been made and certain comparative amounts have been reclassified and restated to conform with the current year's presentation and accounting treatment.

37. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 25 July 2006.

35. 財務風險管理目標及政策 (續)

信貸風險

本集團只與認可而信譽可靠之第三方交易。本集團之政策為希望按信貸期進行買賣之所有客戶均須進行信貸核實程序。此外，應收賬款結餘乃按持續基準監管，而本集團之壞賬風險並不重大。就並非以相關經營單位之功能貨幣計值之交易而言，本集團只會在信貸監控主管特別批准之情況下提供信貸期。

因本集團其他金融資產(包括現金及現金等價物)而產生之信貸風險而言，本集團之信貸風險因對方違約而產生，最高風險相等於該項工具之賬面值。

由於本集團只與認可而信譽可靠之第三方交易，故毋須提供抵押品。

流動資金風險

本集團之目標為確保有足夠資金以應付與其金融負債相關之承擔。本集團按持續基準密切監控現金流量。

36. 比較金額

誠如財務報表附註2.3及2.5所載之進一步闡釋，由於在本年度採納新訂及經修訂香港財務報告準則，故財務報表內若干項目及結餘之會計處理及呈報方式已經更改，以符合新規定。因此，若干去年調整經已作出，而若干比較金額亦已重新分類及重列，以符合本年度之呈報方式及會計處理。

37. 批准財務報表

董事會於二零零六年七月二十五日批准本財務報表並授權刊發。