

1. CORPORATE INFORMATION

Bestway International Holdings Limited is a limited liability company incorporated in Bermuda. The principal place of business of the Company is located at 18/F, Tesbury Centre, 28 Queen's Road East, Hong Kong.

The principal activity of the Company is investment holding. The principal activities of the Group during the year were the manufacture and trading of plastic products, mainly PVC films. There were no significant changes in the nature of the Group's principal activities during the year.

2.1 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 buildings, which have been measured at fair value. 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 are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All 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.

1. 公司資料

百威國際控股有限公司為於百慕達註冊成立之有限公司。本公司之主要營業地點位於香港灣仔皇后大道東28號金鐘匯中心18樓。

本集團之主要業務為投資控股。本集團於年內之主要業務為製造及買賣塑膠產品，主要包括膠布產品。年內，本集團之主要業務性質並無重大變動。

2.1 編製基準

此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」，同時包括香港會計準則（「香港會計準則」）及詮釋）、香港公認會計原則及香港公司條例之披露要求所編製而成。除樓宇按公平值計量外，此等財務報表乃依照歷史成本會計慣例編製。除另有指明者外，此等財務報表乃以港元呈列，所有數值均四捨五入至千位數（千港元）。

綜合基準

綜合財務報表包括截至二零零六年三月三十一日止年度本公司及其附屬公司之財務報表。附屬公司之業績由收購日期（即本集團獲得控制權之日）起予以綜合，直至該控制權終止之日期止。所有本集團內公司間之重大交易及結餘於綜合賬目時予以對銷。

少數股東權益指外界股東於本公司附屬公司之業績及資產淨值中所佔權益。

二零零六年三月三十一日
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2.2 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	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 12	Income Taxes
HKAS 14	Segment Reporting
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 18	Revenue
HKAS 19	Employee Benefits
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 23	Borrowing Costs
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 31	Interests in Joint Ventures
HKAS 32	Financial Instruments: Disclosure and Presentation
HKAS 33	Earnings per Share

2.2 新訂及經修訂香港財務報告準則之影響

下列新訂及經修訂香港財務報告準則對本集團構成影響，並於本年度財務報表首次採納：

香港會計準則第1號	財務報表之呈列
香港會計準則第2號	存貨
香港會計準則第7號	現金流量表
香港會計準則第8號	會計政策、會計估計之變更及誤差
香港會計準則第10號	結算日後事項
香港會計準則第12號	所得稅
香港會計準則第14號	分類呈報
香港會計準則第16號	物業、廠房及設備
香港會計準則第17號	租賃
香港會計準則第18號	收入
香港會計準則第19號	僱員福利
香港會計準則第21號	外幣匯率變動之影響
香港會計準則第23號	借款費用
香港會計準則第24號	關聯方披露
香港會計準則第27號	綜合及獨立財務報表
香港會計準則第31號	於合營企業之權益
香港會計準則第32號	金融工具：披露與列報
香港會計準則第33號	每股盈利

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

HKAS 36	Impairment of Assets
HKAS 37	Provisions, Contingent Liabilities and Contingent Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKAS 39 Amendment	Transition and Initial Recognition of Financial Assets and Financial Liabilities
HKFRS 2	Share-based Payment
HKFRS 3	Business Combinations
HKFRS 5	Non-current Assets Held for Sale and Discontinued Operations
HK-Int 4	Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases

The adoption of HKASs 2, 7, 8, 10, 12, 14, 16, 18, 19, 21, 23, 27, 31, 33, 36, 37, HKFRS 2 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.

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. In addition, in prior periods, the Group's share of tax attributable to jointly-controlled entities was presented as a component of the Group's total tax charge/(credit) in the consolidated income statement. Upon the adoption of HKAS 1, the Group's share of the post-acquisition results of jointly-controlled entities is presented net of the Group's share of tax attributable to jointly-controlled entities.

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

2.2 新訂及經修訂香港財務報告準則之影響 (續)

香港會計準則第36號	資產減值
香港會計準則第37號	撥備、或然負債及或然資產
香港會計準則第39號	金融工具：確認與計量
香港會計準則第39號 (修訂本)	金融資產及金融負債之過渡及首次確認
香港財務報告準則第2號	以股份支付之款項
香港財務報告準則第3號	業務合併
香港財務報告準則第5號	持作出售非流動資產及終止經營業務
香港－詮釋第4號	租賃－確定香港土地租賃之租賃年期

採用香港會計準則第2、7、8、10、12、14、16、18、19、21、23、27、31、33、36、37號、香港財務報告準則第2號、香港－詮釋第4號對本集團之會計政策以及本集團財務報表之計算方法並無構成重大影響。

香港會計準則第1號影響綜合資產負債表、綜合收益賬、綜合權益變動表中少數股東權益及其他披露事項之呈列方式。此外，於以往期間，本集團分佔共同控制企業應佔稅項乃於綜合收益賬中列報為本集團稅項開支／(抵免)總額之部分。採納香港會計準則第1號後，本集團分佔共同控制企業之收購後業績乃扣除本集團分佔共同控制企業應佔稅項後列報。

香港會計準則第24號已延伸關連人士之釋義，並影響本集團之關連人士披露事項。

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2.2 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 buildings are classified as part of property, plant and equipment. Prepaid land premiums for 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 effects of this change in accounting policy are summarised in note 2.4 to the financial statements. The comparative amounts for the year ended 31 March 2005 in the consolidated balance sheet have been restated to reflect the reclassification of the leasehold land from property, plant and equipment to prepaid land lease payments.

2.2 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以估值減去累計折舊及任何減值虧損列賬。

採納香港會計準則第17號後，本集團於土地及樓宇之租賃權益分為租賃土地及租賃樓宇。由於在租賃期末土地之所有權預期不會轉給本集團，因此本集團之租賃土地分類為經營租賃，並分類為預付土地租賃款項，而樓宇則分類為物業、廠房及設備之部分。經營租賃項下之土地租賃款項預付土地溢價初步按成本列賬，及後在租賃期內以直線基準攤銷。當租賃款項無法可靠地在土地及樓宇兩部份之間進行分配時，則整個租賃款作為物業、廠房及設備之融資租賃，包括在土地及樓宇之成本中。

此會計政策變動之影響於財務報表附註2.4概述。截至二零零五年三月三十一日止年度綜合資產負債表之比較金額已經重列，以顯示租賃土地由物業、廠房及設備重新分類為預付土地租賃款項。

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

(b) HKAS 32 and HKAS 39 – Financial Instruments

(i) Equity investments

In prior years, the Group's interests in one of its former subsidiaries in Mainland China was classified as a long term investment, which are intended to be held on a long term basis, stated at their carrying value at the time of their transfer of long term investments less (i) amortisation for the investment amounts which will be recovered through the receipt of subcontracting fees from the joint venture partner over the subcontracting period; and (ii) any impairment losses, on an individual investment basis.

Upon the adoption of HKAS 39, these investments held by the Group at 1 April 2005 in the amount of HK\$2,866,000 are designated as long term receivables under the transitional provisions of HKAS 39 and accordingly are stated at amortised cost using the effective interest method.

There is no effect on the adoption of HKAS 32 and HKAS 39, as the accounting policies on measurement of the long term investments are the same as that of the long term receivable.

2.2 新訂及經修訂香港財務報告準則之影響 (續)

(b) 香港會計準則第32號及香港會計準則第39號 – 金融工具

(i) 權益性投資

於過往年度，本集團於其位於中國大陸之其中一間前附屬公司之權益乃分類為長期投資並擬按長期基準持有，該等權益按個別投資基準以轉為長期投資當時之賬面值扣除(i)投資金額攤銷(透過收取合營夥伴於承包期間之承包費用而收回)；及(ii)任何減值虧損列賬。

採用香港會計準則第39號後，本集團於二零零五年四月一日持有為數2,866,000港元之此等投資乃根據香港會計準則第39號之過渡條文列為長期應收款項，並以實際利率法按攤銷成本列賬。

由於計量長期投資與計量長期應收款項之會計政策相同，因此採納香港會計準則第32號及香港會計準則第39號並無影響。

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

(b) HKAS 32 and HKAS 39 – Financial Instruments (Continued)

(ii) Convertible bonds

In prior years, convertible bonds were stated at amortised cost. Upon the adoption of HKAS 32, convertible bonds are split into liability and equity components. The effects of the above changes are summarised in note 2.4 to the financial statements. In accordance with HKAS 32, comparative amounts have been restated.

(c) HKFRS 3 – Business Combinations

In prior years, negative goodwill (the “Negative Goodwill”) arising on acquisitions prior to 1 January 2001 was credited to the consolidated capital reserve in the year of acquisition and was not recognised in the income statement until disposal or impairment of the acquired businesses.

Upon adoption of the HKFRS 3, any excess of the Group’s interest in the net fair value of the acquirees’ identifiable assets, liabilities and contingent liabilities over the cost of the acquisition of subsidiaries, after reassessment, is recognised immediately in the income statement.

The transitional provisions of HKFRS 3 have required the Group to derecognise at 1 April 2005 the carrying amounts of negative goodwill remaining in the consolidated capital reserve against accumulated losses.

The effects of the above changes are summarised in note 2.4 to the financial statements. In accordance with the transitional provisions of HKFRS 3, comparative amounts have not been restated.

2.2 新訂及經修訂香港財務報告準則之影響 (續)

(b) 香港會計準則第32號及香港會計準則第39號 – 金融工具 (續)

(ii) 可換股債券

於過往年度，可換股債券以攤銷成本列賬。採納香港會計準則第32號後，可換股債券分為負債及股本兩部分。上述變動之影響於本公佈附註2.4概述。根據香港會計準則第32號，比較金額已經重列。

(c) 香港財務報告準則第3號 – 業務合併

於過往年度，在二零零一年一月一日前因收購而產生之負商譽計入收購年度之綜合資本儲備中，且不會於收益賬內確認，直至所收購業務被出售或減值為止。

於採納香港財務報告準則第3號後，本集團在被收購公司之可識別資產、負債及或然負債之公平值淨額中所佔權益超過收購附屬公司之成本之差額，在重新評估後即時於綜合收益賬中確認。

香港財務報告準則第3號之過渡條文規定本集團於二零零五年四月一日取消確認綜合資本儲備之負商譽餘額之賬面值與累計虧損之對銷。

上述變動之影響於本公佈附註2.4概述。根據香港財務報告準則第3號之過渡條文，比較金額未有重列。

2.2 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 the previous Statement of Standard Accounting Practice (“SSAP”) 33 “Discontinued Operations”, the Group would recognise a discontinued operation at the earlier of:

- the date the Group entered into a binding sale agreement; and
- the date the board of directors had 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 operation have been reclassified to the “Loss for the year from a discontinued operation” on the face of the consolidated income statement of the Group. There is no other effect on the financial statements on the adoption of HKFRS 5.

2.2 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 – 持作出售非流動資產及終止經營業務

本集團已根據香港財務報告準則第5號之過渡性條文規定預先應用香港財務報告準則第5號，導致有關確認終止經營業務之會計政策有所變動。根據先前會計實務準則（「會計實務準則」）第33號「終止經營業務」，本集團將於以下較早日期確認終止經營業務：

- 本集團訂立具約束力銷售協議之日期；及
- 董事會已批准及宣佈正式出售計劃之日期。

香港財務報告準則第5號規定，當本集團之一部份符合重新分類為持作出售之條件，或當本集團之一部份主要透過銷售交易（而非透過持續使用）收回，則該部份將被列作已終止經營。此會計政策變動之主要影響，是導致終止經營業務應佔截至二零零五年三月三十一日止年度業績已於本集團綜合收益賬中重新分類為「本年度終止經營業務之虧損」。採納香港財務報告準則第5號對財務報表並無其他影響。

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2.3 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, to these financial statements. Unless otherwise stated, these HKFRSs are effective for accounting periods beginning on or after 1 January 2006:

HKAS 1 Amendment	Capital Disclosures
HKAS 21 Amendment	Net Investment in a Foreign Operation
HKAS 39 Amendment	The Fair Value Option
HKAS 39 & HKFRS 4 Amendments	Financial Guarantee Contracts
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC)-Int 4	Determining whether an Arrangement contains a Lease

The HKAS 1 Amendment shall be applied for accounting periods beginning on or after 1 January 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.

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

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.

2.3 已頒佈但尚未生效之香港財務報告準則之影響

本集團概無於此財務報表中採納已頒佈但尚未生效之新訂及經修訂香港財務報告準則。除另有註明者外，此等香港財務報告準則於二零零六年一月一日或以後開始之會計期間生效：

香港會計準則第1號(修訂本)	資本披露
香港會計準則第21號(修訂本)	海外業務之投資淨額
香港會計準則第39號(修訂本)	公平價值之選擇
香港會計準則第39號及香港財務報告準則第4號(修訂本)	財務擔保合約
香港財務報告準則第7號	金融工具:披露
香港(國際財政報告準則詮釋委員會)詮釋第4號	釐定安排是否包含租賃

香港會計準則第1號(修訂本)將於二零零七年一月一日或以後開始之會計期間應用。新修訂之準則將影響披露有關本集團管理資本之目標、政策及程式之資料，有關本公司認定資本之量化數據，及符合任何資本要求及不符合之後果。

香港財務報告準則第7號須披露有關金融工具及包含許多香港會計準則第32號之披露要求。此香港財務報告準則將於二零零七年四月一日或以後開始之會計期間應用。

除以上所述外，本集團預期採納以上準則將不會對於首次應用期間之本集團財務報表有任何重大影響。

2.4 SUMMARY OF THE IMPACT OF CHANGES
IN ACCOUNTING POLICIES

2.4 會計政策變動之影響概要

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

(a)(i) 對綜合資產負債表之影響

At 1 April 2005	HKAS 17#	Effect of adopting 採納下列準則之影響			Total HK\$'000
		HKASs 32 and 39* Change in classification of equity investment HK\$'000 香港會計 準則第32號 及39號* 權益性投資之 分類變動 千港元	HKAS 32# Convertible bonds HK\$'000 香港會計 準則第32號* 可換股 債券 千港元	HKFRS 3* Derecognition of Negative Goodwill HK\$'000 香港 財務報告 準則第3號* 取消確認 負商譽 千港元	
Effect of new policies	Prepaid land lease payments HK\$'000 香港會計 準則第17號* 預付土地 租賃款項 千港元				
於二零零五年四月一日					
新政策之影響					總計 千港元
Assets	資產				
Decrease in property, plant and equipment	物業、廠房 及設備減少	(15,240)	-	-	(15,240)
Increase in prepaid land lease payments	預付土地租賃 款項增加	4,236	-	-	4,236
Increase in long term receivables	長期應收 款項增加	-	2,866	-	2,866
Decrease in long term investments	長期投資減少	-	(2,866)	-	(2,866)
Increase in prepayments, deposits and other receivables	預付款項、定金及 其他應收 款項增加	104	-	-	104
					<u>(10,900)</u>
Liabilities/equity	負債／權益				
Decrease in convertible bonds	可換股債券減少	-	-	(9,723)	(9,723)
Increase in share premium account	股份溢價賬增加	-	-	2,046	2,046
Increase in equity component of convertible bonds	可換股債券之 股權部份增加	-	-	14,130	14,130
Decrease in capital reserve	資本儲備減少	-	-	-	(4,581)
Decrease in asset revaluation reserve	資產重估儲備減少	(2,704)	-	-	(2,704)
Decrease/(increase) in accumulated losses	累計虧損 減少／(增加)	(8,196)	-	(6,453)	4,581
					<u>(10,900)</u>

* Opening adjustments taken effect prospectively from
1 April 2005

Adjustments taken effect retrospectively

* 由二零零五年四月一日起提前
生效之期初調整

追溯生效之調整

二零零六年三月三十一日
31 March 2006

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

2.4 會計政策變動之影響概要 (續)

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

(a)(i) 對綜合資產負債表之影響
(續)

At 31 March 2006	HKAS 17	Effect of adopting 採納下列準則之影響			Total HK\$'000
		HKASs 32 and 39 Change in classification of equity investment HK\$'000 香港會計 準則第32號 及39號 權益性投資 之分類變動 千港元	HKAS 32 Convertible bonds HK\$'000 香港會計 準則第32號 可換股 債券 千港元	HKFRS 3 Derecognition of Negative Goodwill HK\$'000 香港 財務報告 準則第3號 取消確認 負商譽 千港元	
Effect of new policies	Prepaid land lease payments HK\$'000 香港會計 準則第17號 預付土地 租賃款項 千港元				
於二零零六年三月三十一日 新政策之影響					總計 千港元
Assets	資產				
Decrease in property, plant and equipment	物業、廠房及 設備減少 (15,444)	-	-	-	(15,444)
Increase in prepaid land lease payments	預付土地租賃 款項增加 4,082	-	-	-	4,082
Increase in long term receivables	長期應收 款項增加 -	2,698	-	-	2,698
Decrease in long term investments	長期投資減少 -	(2,698)	-	-	(2,698)
Increase in prepayments, deposits and other receivables	預付款項、定金及 其他應收 款項增加 104	-	-	-	104
					(11,258)
Equity	權益				
Increase in share premium account	股份溢價賬增加 -	-	6,892	-	6,892
Decrease in capital reserve	資本儲備減少 -	-	-	(4,581)	(4,581)
Decrease in asset revaluation reserve	資產重估 儲備減少 (3,475)	-	-	-	(3,475)
Decrease/(increase) in accumulated losses	累計虧損減少 /(增加) (7,783)	-	(6,892)	4,581	(10,094)
					(11,258)

二零零六年三月三十一日

31 March 2006

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

2.4 會計政策變動之影響概要 (續)

(a)(ii) Effect on the balance sheets of the Company

(a)(ii) 對本公司資產負債表之影 響

Effect of new policy		Effect of adopting HKAS 32# Convertible bonds HK\$'000 採納下列準則之影響 香港會計準則第32號# 可換股債券 千港元
新政策之影響		
At 1 April 2005	於二零零五年四月一日	
<i>Liabilities/equity</i>	<i>負債／權益</i>	
Decrease in convertible bonds	可換股債券減少	(9,723)
Increase in share premium account	股份溢價賬增加	2,046
Increase in equity component of convertible bonds	可換股債券之 權益部份增加	14,130
Increase in accumulated losses	累計虧損增加	(6,453)
		—
At 31 March 2006	於二零零六年三月三十一日	
<i>Equity</i>	<i>權益</i>	
Increase in share premium account	股份溢價賬增加	6,892
Increase in accumulated losses	累計虧損增加	(6,892)
		—
# Adjustments taken effect retrospectively		# 已追溯生效之調整

二零零六年三月三十一日
31 March 2006

**2.4 SUMMARY OF THE IMPACT OF CHANGES
IN ACCOUNTING POLICIES (Continued)**

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

2.4 會計政策變動之影響概要 (續)

**(b)(i) 於二零零四年四月一日及
二零零五年四月一日之綜
合權益結餘之影響**

Effect of new policies	Effect of adopting 採納下列準則之影響	Effect of adopting			Total HK\$'000
		HKAS 17 Prepaid land lease payments HK\$'000 香港會計 準則第17號 預付土地 租賃款項 千港元	HKAS 32 Convertible bonds HK\$'000 香港會計 準則第32號 可換股債券 千港元	HKFRS 3 Derecognition of Negative Goodwill HK\$'000 香港財務報告 準則第3號 取消確認 負商譽 千港元	
新政策之影響					總計 千港元
1 April 2004	二零零四年四月一日				
Increase in equity component of convertible bonds	可換股債券之 權益部份增加	-	21,490	-	21,490
Decrease in asset revaluation reserve	資產重估儲備減少	(2,794)	-	-	(2,794)
Increase in accumulated losses	累計虧損增加	(9,206)	(3,941)	-	(13,147)
					<u>5,549</u>
1 April 2005	二零零五年四月一日				
Increase in share premium account	股份溢價賬增加	-	2,046	-	2,046
Increase in equity component of convertible bonds	可換股債券之 權益部份增加	-	14,130	-	14,130
Decrease in asset revaluation reserve	資產重估儲備減少	(2,704)	-	-	(2,704)
Decrease in capital reserve	資本儲備減少	-	-	(4,581)	(4,581)
Decrease/(increase) in accumulated losses	累計虧損 減少 / (增加)	(8,196)	(6,453)	4,581	(10,068)
					<u>(1,177)</u>

財務報表附註

Notes to Financial Statements

二零零六年三月三十一日
31 March 2006

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

2.4 會計政策變動之影響概要 (續)

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

(b)(ii) 於二零零四年四月一日及
二零零五年四月一日之本
公司權益結餘之影響

Effect of new policy		HKAS 32 Convertible Bonds HK\$'000 香港會計準則第32號
新政策之影響		可換股債券 千港元
1 April 2004	二零零四年四月一日	
Increase in equity component of convertible bonds	可換股債券之權益部份增加	21,490
Increase in accumulated losses	累計虧損增加	(3,941)
		<u>17,549</u>
1 April 2005	二零零五年四月一日	
Increase in share premium account	股份溢價賬增加	2,046
Increase in equity component of convertible bonds	可換股債券之權益部份增加	14,130
Increase in accumulated losses	累計虧損增加	(6,453)
		<u>9,723</u>

二零零六年三月三十一日
31 March 2006

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

2.4 會計政策變動之影響概要 (續)

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

(c)(i) 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賬之影響

Effect of new policies	HKAS 1 Presentation HK\$'000 香港會計準則 第1號	Effect of adopting 採納下列準則之影響		Total HK\$'000	
		HKAS 17 Prepaid land lease payments HK\$'000 香港會計準則 第17號 預付土地 租賃款項 千港元	HKAS 32 Convertible bonds HK\$'000 香港會計準則 第32號 可換股 債券 千港元		
新政策之影響	呈列 千港元			總計 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 cost of sales	銷售成本減少	-	285	-	285
Decrease in other operating expenses, net	其他經營開支 淨額減少	-	128	-	128
Increase in finance costs	財務成本增加	-	-	(439)	(439)
Total increase/(decrease) in profit	溢利增加/(減少)總計	-	413	(439)	(26)
Increase/(decrease) in basic earnings per share	每股基本盈利增加/ (減少)	-	HK 0.01 cent港仙	HK (0.01 cent港仙)	-
Changes in diluted earnings per share	每股盈利攤薄變動	-	N/A不適用	N/A不適用	N/A不適用
Year ended 31 March 2005	截至二零零五年三月三十一日 止年度				
Decrease in revenue	收益減少	(39,775)	-	-	(39,775)
Decrease in cost of sales	銷售成本減少	41,738	258	-	41,996
Decrease in other income	其他收益減少	(114)	-	-	(114)
Decrease in selling and distribution costs	銷售及分銷成本減少	428	-	-	428
Decrease in administrative expenses	行政開支減少	1,138	-	-	1,138
Decrease in other operating expenses, net	其他經營開支淨額減少	1,396	1,252	-	2,648
Decrease/ (increase) in finance costs	財務成本減少/(增加)	255	-	(2,512)	(2,257)
Decrease in loss on disposal of a discontinued operation	出售終止經營業務 虧損減少	7,554	-	-	7,554
Increase in loss for the year from a discontinued operation	本年度終止經營業務 虧損增加	(12,620)	-	-	(12,620)
Total decrease/(increase) in loss	虧損減少/(增加)總計	-	1,510	(2,512)	(1,002)
Decrease/(increase) in basic loss per share	每股基本虧損減少/ (增加)	-	HK 0.04 cent港仙	HK (0.07 cent港仙)	HK (0.03 cent港仙)
Changes in diluted loss per share	每股虧損攤薄變動	-	N/A不適用	N/A不適用	N/A不適用

二零零六年三月三十一日
31 March 2006

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

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

Effect of new policy		HKAS 32 Convertible Bonds HK\$'000 香港會計準則第32號 可換股價券 千港元
Year ended 31 March 2006	截至二零零六年三月三十一日止年度	
Increase in finance costs	財務成本增加	(439)
Total decrease in profit	溢利減少總計	(439)
Year ended 31 March 2005	截至二零零五年三月三十一日止年度	
Increase in finance costs	財務成本增加	(2,512)
Total increase in loss	虧損增加總計	(2,512)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

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

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

Joint ventures

A joint venture is an entity set up by contractual arrangement, whereby the Group and other parties undertake an economic activity. The joint venture operates as a separate entity in which the Group and the other parties have an interest.

2.4 會計政策變動之影響概要 (續)

(c)(ii) 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賬之影響

2.5 重大會計政策概要

附屬公司

附屬公司乃一間本公司直接或間接控制其財務及營運政策以從其經營業務中獲利之公司。

附屬公司之業績以已收及應收股息為限計入本公司之收益賬內。本公司於附屬公司之投資乃按成本減任何減值虧損列賬。

合營公司

合營公司乃透過合約安排成立之公司，據此，本集團及另一方共同進行一項經濟活動。合營公司以獨立實體形式經營，而本集團及另一方均擁有權益。

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Joint ventures (Continued)

The joint venture agreement between the venturers stipulates the capital contributions of the joint venture parties, the duration of the joint venture entity and the basis on which the assets are to be realised upon its dissolution. The profits and losses from the joint venture's operations and any distributions of surplus assets are shared by the venturers, either in proportion to their respective capital contributions, or in accordance with the terms of the joint venture agreement.

A joint venture is treated as:

- (a) a subsidiary, if the Group has unilateral control, directly or indirectly, over the joint venture;
- (b) a jointly-controlled entity, if the Group does not have unilateral control, but has joint control, directly or indirectly, over the joint venture;
- (c) an associate, if the Group does not have unilateral or joint control, but holds, directly or indirectly, generally not less than 20% of the joint venture's share or registered capital and is in a position to exercise significant influence over the joint venture; or
- (d) an equity investment accounted for in accordance with HKAS 39, if the Group holds, directly or indirectly, less than 20% of the joint venture's share or registered capital, and has neither joint control of, nor is in a position to exercise significant influence over, the joint venture.

2.5 重大會計政策概要 (續)

合營公司 (續)

各合營之間之合營協議規定各合營方之注資、合營公司之經營年期及於解散時變現資產之基準。合營公司之業務之盈虧以及合營方所分佔資產盈餘之任何分派，乃根據各自之出資比例或按有關合營協議之條款而定。

合營公司乃視作為：

- (a) 附屬公司，倘本集團對該合營公司擁有單方面之直接或間接控制權；
- (b) 共同控制企業，倘本公司並無單方面控制權，惟對該合營企業與另一合營方擁有直接或間接之共同控制權；
- (c) 聯營公司，倘本公司並無單一或共同控制權，惟一般直接或間接持有不少該合營公司之股份／註冊股本20%權益，且可有權行使對該合營公司行使重大影響力；或
- (d) 按照香港會計準則第39號規定入賬之股權投資，倘本公司直接或間接持有少於合營公司股份／註冊股本20%權益，而概無一方對該合營公司有共同控制權或行使重大影響。

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Jointly-controlled entities

A jointly-controlled entity is a joint venture that is subject to joint control, resulting in none of the participating parties having unilateral control over the economic activity of the jointly-controlled entity.

The Group's share of the post-acquisition results and reserves of jointly-controlled entities is included in the consolidated income statement and consolidated reserves, respectively. The Group's interests in jointly-controlled entities are stated in the consolidated balance sheet at the Group's share of net assets under the equity method of accounting, less any impairment losses.

Excess over the cost of business combinations (applicable to business combinations for which the agreement date is on or after 1 January 2005)

Any excess of the Group's interest in the net fair value of the acquirees' identifiable assets, liabilities and contingent liabilities over the cost of the acquisition of subsidiaries and jointly-controlled entities (previously referred to as negative goodwill), after reassessment, is recognised immediately in the income statement.

2.5 重大會計政策概要 (續)

共同控制企業

共同控制企業為一間合營公司，於共同控制之下，導致參與各方對共同控制企業之經濟活動概無單方面控制權。

本集團應佔共同控制企業之收購後業績及儲備分別列入綜合收益賬及綜合儲備。本集團於共同控制企業之權益乃根據權益會計法減去減值虧損後按本集團應佔資產淨值於綜合資產負債表中列賬。

業務合併之成本差額 (適用於二零零五年一月一日或之後訂立之業務合併協議)

本集團於被收購公司可識別資產、負債及或然負債公允淨價之權益高出附屬公司及聯營公司之收購成本之數額(前稱負商譽)，會於重新評估後即時在收益賬確認。

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories and financial assets), 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.

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.

2.5 重大會計政策概要 (續)

資產減值

當資產(除存貨及金融資產外)出現減值或需要作年度減值測試,則估計資產之可收回數額。資產之可收回數額乃按資產或產生現金單位之使用價值或其售價淨額之較高者計算,及釐定作個外資產,倘該項資產並不產生獨立於其他資產或多組資產之現金流量,則其可收回數額乃釐定作資產所屬之產生現金單位。

減值虧損僅於資產之賬面值超逾其於收回價值時確認。於評估使用價值時,估計未來現金流量乃按稅前折讓率折讓至其現值,稅前折讓率反映市場現時對貨幣時間價值及資產特定風險之評估。減值虧損乃於產生之期間在收益賬中支銷,除非有關資產以估值列賬,則在此情況下,減值虧損乃根據該重估資產之有關會計政策入賬。

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of assets (Continued)

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/amortisation), 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.

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 jointly-controlled entity;
- (c) the party is a member of the key management personnel of the Group;

2.5 重大會計政策概要 (續)

資產減值 (續)

於每個報告日均會就是否有任何跡象顯示過往年度確認之減值虧損不再存在或可能已經減少進行評估。倘有任何該等跡象，便會估計收回價值。先前確認除商譽以外之資產之減值虧損，僅於用以釐訂資產可收回數額之估計有所變動時撥回，惟不得超過倘有關資產在過往年度並未確認減值虧損而所釐訂之賬面值（扣除任何折舊／攤銷淨額）。所撥回之減值虧損，乃於撥回之期間計入收益賬中，除非資產乃以估值列賬，則在此情況下，所撥回之減值虧損乃根據該重估資產之有關會計政策之入賬。

關連人士

該人士被視為關連人士，倘：

- (a) 有關人士直接或透過一名或多名仲介人間接：(i)控制本集團，受本集團控制，或與本集團受到共同控制；(ii)擁有本集團權益，並使其可對本集團發揮重大影響力；或(iii)與他人共同擁有本集團控制權；
- (b) 有關人士為共同控制實體；
- (c) 有關人士為本集團主要管理人員；

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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Related parties (Continued)

- (d) the party is a close member of the family of any individual referred to in (a) or (c);
- (e) 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 (c) or (d); or
- (f) the party is a post-employment benefit plan for the benefit of employees of the Group, or of any entity that is a related party of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, 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.

2.5 重大會計政策概要 (續)

關連人士 (續)

- (d) 有關人士為(a)或(c)項所述任何人士之直系親屬；或
- (e) 有關人士為(c)或(d)項所述人士直接或間接控制、與他人共同控制或能對其發揮重大影響力或擁有重大投票權之該實體；
- (f) 該名人士為就本公司或本公司有關連人士任何實體之員工福利之退休福利計畫中之一方。

物業、廠房及設備與折舊

物業、廠房及設備乃以成本值或估值減累計折舊及任何減值虧損入賬。一項物業、廠房及設備之成本包括其買價及將該項資產置於現有運作狀況及地點以供所定用途之應佔直接成本。固定資產投入運作後之支出，如維修保養費用，一般於支出期間在收益賬中扣除。若可明確顯示有關支出導致預期因使用物業、廠房及設備之項目，並可靠地計量該項目之成本，而獲取之未來經濟利益增加，則該項支出會被資本化，作為該項資產之額外成本。

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment and depreciation (Continued)

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 retained profits as a movement in reserves.

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

Land and buildings	Over the lease terms
Leasehold improvements	5 to 10 years or over the lease terms, whichever is shorter
Plant and machinery	2 to 15 years
Furniture, fixtures, equipment and motor vehicles	3 to 5 years

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.

2.5 重大會計政策概要 (續)

物業、廠房及設備與折舊 (續)

本公司會對資產進行足夠之頻密估值，以確保重估資產之公平值不會重大偏離其賬面值。物業、廠房及設備價值之變動乃作為資產重估儲備之變動處理。如此儲備之總盈餘不足以抵銷虧絀（視個別資產而定），則虧絀超逾盈餘之數額將於收益賬內支銷。任何隨後出現之重估盈餘均以先前支銷之虧絀為限計入收益賬。於出售重估資產時，就以往估值之重估儲備有關部份將撥至保留盈利，作為儲備之變動。

折舊乃以直線基準按估計可使用年期撇銷每項物業、廠房及設備成本或估值之任何估計剩餘值之餘值。就此採用之年率如下：

土地及樓宇	按租約年期
租賃物業裝修	5至10年或租約年期，以較短者為準
廠房及機器	2至15年
傢俬、固定裝置、設備及汽車	3至5年

倘一項物業、廠房及設備之各部分具有不同之可使用年期，此項目各部分之成本或估值將按合理基礎分配，而每部分將作個別折舊。

剩餘價值、可使用年期和折舊方法於各結算日進行檢討及調整（如適用）。

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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment and depreciation (Continued)

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 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.

Leases

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

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives.

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 lessee, rentals payable under the operating leases are charged to the income statement on the straight-line basis over the lease terms.

2.5 重大會計政策概要 (續)

物業、廠房及設備與折舊 (續)

一項物業、廠房及設備於出售時或估計其使用或出售不再會有經濟效益時，將不再被確認。於收益賬中確認之出售及報廢固定資產之盈虧乃指有關資產之出售所得款項淨額與其賬面值之差額。

租賃

將資產擁有權（法定所有權除外）全部回報及風險大部份轉移至本集團之租約列為融資租約。於融資租約生效時，租賃資產之成本按租約最低付款之現值予以資本化，並連同債務（不包括利息部份）予以記錄以反映該項購買及融資。根據資本化融資租約持有之資產包括在物業、廠房及設備內，並按租約年期及資產之估計可使用年期兩者中之較短者予以折舊。該等租約之融資費用於收益賬內扣除，以於租期內提供固定之定期費用率。

透過融資性質之租購合約購買之資產按融資租賃列賬，惟按其估計使用年限折舊。

資產擁有權之全部回報及風險大部份由租賃公司承受之租約列為經營租約。倘本集團為承租人，根據經營租約而應付之租金，乃於租約期內以直線法在收益賬扣除。

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

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

Investments and other financial assets

Applicable to the year ended 31 March 2005:

Long term investment represents the Group's interests in its former subsidiary in Mainland China which are intended to be held on a long term basis. It is stated at its carrying value at the time of its transfer to a long term investment less (i) amortisation for the investment amount which will be recovered through the receipt of subcontracting fees from the joint venture partner over the subcontracting period; and (ii) any impairment losses, on an individual investment basis.

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, 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.

2.5 重大會計政策概要 (續)

租賃 (續)

預付地價初始時以成本列賬並於租賃期內按直線法攤銷。凡不能可靠劃分土地和樓宇部分之租金，全額記入土地及樓宇成本，並以融資租賃於物業、廠房及設備中列示。

投資及其他金融資產

適用於截至二零零五年三月三十一日止年度：

長期投資乃指本集團於其位於中國大陸之前附屬公司並原擬按長期基準持有之權益。該等權益乃以轉為長期投資時之賬面值，按個別投資基準扣除(i)透過向合營夥伴收取承包期內之承包費用而追回之投資金額之攤銷；及(ii)任何減值虧損列賬。

適用於截至二零零六年三月三十一日止年度：

根據香港會計準則第39號所界定之金融資產分類為按公平價值計入損益之金融資產、貸款及應收賬款及可供出售之金融資產(視情況而定)。金融資產於首次確認時以公平價值計算，倘並非以公平價值計入損益之投資，則另加直接應佔交易成本。本集團於首次確認後釐定其金融資產分類，並在容許及適當之情況下於結算日重新評估有關分類。

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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and other financial assets (Continued)

Applicable to the year ended 31 March 2006: (Continued)

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.

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.

Fair value

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; a discounted cash flow analysis; and option pricing models.

2.5 重大會計政策概要 (續)

投資及其他金融資產 (續)

適用於截至二零零六年三月三十一日止年度：(續)

所有一般買賣之金融資產概於交易日(即本集團就購買資產作出承諾之日)予以確認。一般買賣乃指按照一般市場規定或慣例在通常之期間內交付資產之金融資產買賣。

貸款及應收賬款

貸款及應收賬款為固定或可釐定付款金額而活躍市場中並無報價之非衍生金融資產。該等資產以實際利率方法按攤銷成本入賬。有關溢利及虧損均於貸款及應收賬款取消確認或減值時於攤銷過程計入損益表。

公平價值

於有序金融市場交易活躍之投資之公平價值乃參考結算日辦公時間結束時之市場買入價而計算。對於沒有活躍市場標價之投資，其公平價值則以估價技術釐定。估值技術包括使用熟悉情況之交易各方自願進行之近期公平市場交易、參照本質相同之其他金融工具之現行公平價值、折現現金流量分析和期權定價模型。

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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.

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.

2.5 重大會計政策概要 (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)

本集團於每個結算日評估是否存在客觀證據顯示一項或一組金融資產出現減值。

按攤銷成本入賬之資產

倘有客觀證據顯示按攤銷成本入賬之應收賬款出現減值虧損，則減值虧損按該項資產賬面值與以其初始實際利率（即初步確認時計算之實際利率）貼現之估計未來現金流量（不包括尚未產生之未來信貸虧損）現值之差額計算。發生之減值虧損應直接減少或通過使用備抵賬戶減少該項資產之賬面金額。減值虧損於損益表確認。

本集團首先對個別重要之金融資產是否發生減值之客觀證據進行評估，以及對個別不重要之金融資產是否發生減值之客觀證據進行單項或整體評估。倘並無客觀證據顯示個別金融資產出現減值，則不論資產屬重大與否，均列作入信貸風險特性相若之一組金融資產內，並進行整體減值評估。個別評定出現減值並已確認或會繼續減值虧損之資產，均不作整體減值評估。

二零零六年三月三十一日
31 March 2006

2.5 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)

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.

Assets carried at cost

If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured 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 discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

2.5 重大會計政策概要 (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)

按攤銷成本入賬之資產 (續)

倘其後減值虧損金額減少，且此減少客觀上與確認減值以後發生之事項有關，則以往確認之減值虧損將會撥回並於損益表內確認，惟有關資產之賬面值不得超過撥回當日之攤銷成本。

按成本入賬之資產

倘有客觀證據證明非上市股本工具之減值虧損因未能可靠地計量其公平價值而不按公平價值列賬。虧損金額按該項資產之賬面值與估算未來現金流量之現值 (按類似金融資產目前市場回報率折現) 之差額計算。該等資產之減值虧損不會撥回。

2.5 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.

2.5 重大會計政策概要 (續)

取消確認金融資產 (適用於截至二零零六年三月三十一日止年度)

金融資產 (或一項金融資產之一部分或一組同類金融資產之一部分) 於下列情況下將取消確認:

- 收取該項資產所得現金流量之權利經已屆滿;
- 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「通過」安排, 在未有嚴重延緩第三者之情況下, 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絕大部分風險及回報, 但已轉讓該項資產之控制權。

本集團凡已轉讓其收取一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, 該項資產將以本集團持續牽涉該項資產為限而確認入賬。持續牽涉形式如為本集團就已轉讓資產作出一項保證, 已轉讓資產乃以該項資產之原賬面值及本集團或須償還之代價數額上限 (以較低者為準) 計量。

二零零六年三月三十一日
31 March 2006

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, where the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

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.

2.5 重大會計政策概要 (續)

取消確認金融資產 (適用於截至二零零六年三月三十一日止年度) (續)

倘透過書面及／或購入期權 (包括以現金結算期權或類似條文) 方式持續參與已轉讓資產，則本集團之持續參與限於本集團可購回之已轉讓資產金額，惟在資產之書面認沽期權 (包括以現金結算期權或類似條文) 按公平價值計量之情況下除外，在此情況下，本集團之持續參與限於已轉讓資產與期權行使價中之較低者。

附息貸款及借貸

所有貸款及借貸初步按已收代價之公平價值減直接應佔交易成本確認。

於初步確認後，附息貸款及借貸期後以實際利率法按攤銷成本列賬。

損益乃於損益表中確認，而負債則於攤銷過程中取消確認。

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Convertible bonds

The component of convertible bonds that exhibits characteristics of a liability is recognised as a liability in the balance sheet, net of transaction costs. On issuance of convertible bonds, the fair value of the liability component is determined using a market rate for an equivalent non-convertible 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 bonds based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

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 the recognition of a new liability, and the difference between the respective carrying amounts is recognised in the income statement.

2.5 重大會計政策概要 (續)

可換股債券

可換股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。發行可換股債券時，採用同等非可換股債券之市值，釐定負債部分之公平價值，按攤銷成本基準，將該數額列為長期負債，直至換股或贖回時註銷為止。所得款項餘款分配往已確認之換股期權，扣除交易成本後計入股東權益。於其後年度，換股期權之賬面值不會重新計量。

交易成本根據所得款項於工具首次獲確認時在負債與權益部分之間之分配，分別為可換股債券負債部分之交易成本及權益部分之交易成本。

取消確認財務負債 (適用於截至二零零六年三月三十一日止年度)

當負債責任獲解除或註銷或屆滿時，即取消確認財務負債。

倘現有財務負債由來自同一借方之另一筆財務負債替代，而其條款大不相同或現有負債之條款大幅修訂，則變動或修訂被視作取消確認原來負債並確認新負債，而各賬面金額間之差額則於損益表中確認。

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 costs 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 sheet, cash and bank balances comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

2.5 重大會計政策概要 (續)

存貨

存貨以成本值及可變現淨值兩者中之較低者入賬。成本值以先入先出之基準整訂，且若為在製品及製成品，則包括直接物料、直接勞工及適當比例之間接開支。可變現淨值乃根據估計售價減預計至完成及出售所產生之其他費用。

現金及等同現金項目

就綜合現金流動報表而言，現金及等同現金項目包括手頭現金及即期存款，以及承受不重大之價值變動風險，且於購入時之到期日短（一般為三個月）並可於毋須通知下隨時轉換回已知現金數額之短期高流通性投資（扣除須按通知償還以及構成本集團現金管理之重要部份之銀行透支）。

就資產負債表而言，現金及銀行結餘乃指手頭及銀行現金，包括用途未受限制之定期存款。

2.5 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.

2.5 重大會計政策概要 (續)

撥備

因過往事項導致出現時之責任(法律或推斷)而未來可能須流出資源以解決責任,且能對有關責任作可靠估計,則確認撥備。

倘貼現之影響屬重大,則所確認之撥備數額為於結算日預期須解決責任之未來開支之現值。因時間過去而導致經貼現之現值增加,乃計入收益賬中之財務成本。

所得稅

所得稅包括即期及遞延稅項。倘所得稅關乎同一或不同期間直接於股本確認之項目,則於損益賬或股本確認。

於目前或過往期間之即期稅項資產及負債,按預期自稅務當局退回或付予稅務當局之金額計算。

遞延稅項乃採用負債法,對於結算日資產及負債之計稅基準及該等項目就財務申報而言之賬面值之一切暫時差額作出撥備。

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2.5 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 and interests in jointly-controlled entities, 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 negative goodwill or 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 and interests in jointly-controlled entities, 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.

2.5 重大會計政策概要 (續)

所得稅 (續)

遞延稅項負債就一切暫時差額予以確認：

- 惟因不屬業務合併之交易首次確認資產或負債（及於交易時並不影響會計溢利或應課稅溢利或虧損）所產生之遞延稅項負債除外；及
- 就與於附屬公司之投資及於期間控制企業之權益有關之應課稅暫時差額而言，除非撥回暫時差額之時間可以控制及暫時差額可能不會在可見將來撥回。

所有可予扣減暫時差額、未動用稅項資產結轉及未動用稅項虧損於可能獲得應課稅溢利作為抵銷，以動用該等可予扣減暫時差額、未動用稅項資產結轉及未動用稅項虧損之情況下，均確認為遞延稅項資產，惟：

- 因不屬業務合併之交易之商譽或首次確認資產或負債（及於交易時並不影響會計溢利或應課稅溢利或虧損）所產生與可扣減暫時差額有關之遞延稅項資產除外；及
- 就與於附屬公司之投資及於共同控制企業之權益有關之可予扣減暫時差額，僅於暫時差額可能會在可見將來撥回及將有應課稅溢利作為抵銷，以動用暫時差額之情況下，才確認遞延稅項資產。

2.5 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 right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.5 重大會計政策概要 (續)

所得稅 (續)

遞延稅項資產之賬面值乃於各結算日進行審閱，並予以相應扣減，直至不可能有足夠應課稅溢利以動用全部或部份遞延稅項資產為止。相反，先前未確認之遞延稅項資產乃於各結算日重新評估及於可能獲得足夠應課稅溢利以動用全部或部份遞延稅項資產之情況下予以確認。

遞延稅項資產及負債乃根據於結算日已實施或已大致實施之稅率（及稅務法例），按變現資產或清償負債之期間預期適用之稅率予以計算。

遞延稅項資產可與遞延稅項負債抵銷，惟必須存在容許將即期稅項資產抵銷即期稅項負債之合法權利，且遞延稅項與同一課稅實體及同一稅務當局有關，方可實行。

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2.5 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) 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 assets; and
- (c) subcontracting fee income, on an accrual basis and in accordance with the relevant subcontracting agreements.

Employee benefits

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 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 Hong Kong 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.

2.5 重大會計政策概要 (續)

收益確認

收益於本集團有可能獲取經濟利益及能可靠量度收益時按下列基準確認：

- (a) 於銷售貨品時，倘擁有權所附帶之重大風險及回報已轉讓予買方，且本集團在管理上參與之程度不再達致與擁有權通常相應之程度，亦不再有效控制售出之貨品；
- (b) 利息收入，以應計方式按金融工具之估計年期用實際利率法將未來估計之現金收入折扣計算金融資產之賬面淨值；及
- (c) 承包費收入，按有關承包協議以應計基準入賬。

僱員福利

僱傭條例長期服務金

本集團若干僱員於終止僱傭合約時已於本集團服務滿規定年期，合資格領取香港僱傭條例規定之長期服務金。倘終止僱傭合約符合香港僱傭條例規定之情況，本集團則須支付有關款項。

有關預期日後可能支付之長期服務金已撥準備。有關準備乃按於結算日僱員任職於本集團已可享有之可能日後付款之最佳估計數字計算。

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Employee benefits (Continued)

Retirement benefits

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 participating employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

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

2.5 重大會計政策概要 (續)

僱員福利 (續)

退休福利

本集團根據強制性公積金計劃條例為合資格參與退休福利計劃（「強制性公積金計劃」）之僱員實行一項界定供款強制性公積金。供款乃根據強制性公積金計劃規則按參與僱員基本薪資之某個百分比作出，並於其應付時自收益表內扣除。強制性公積金計劃之資產由獨立管理基金持有，與本集團之資產分開保管。本集團之僱主供款乃於向強制性公積金計劃作出供款時悉數歸屬於僱員所有。

於中國大陸經營之附屬公司之僱員須參與由當地市政府管理之中央退休金計劃。該等附屬公司須撥出僱員薪酬成本之若干比率作為對中央退休金計劃之供款。供款於須按中央退休金計劃之規則支付時自收益賬扣除。

2.5 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 and jointly-controlled entities are currencies other than 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 a separate component of equity. 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.

2.5 重大會計政策概要 (續)

外幣

此等財務報表乃以港元(即本公司之功能及呈列貨幣)呈列。本集團內各實體自行釐定其功能貨幣,計入各實體財務報表之項目乃以功能貨幣列值。外幣交易按交易日之適用功能貨幣匯率入賬。於結算日以外幣計價之貨幣資產及負債按該日之適用匯率折算,兌換差額撥入收益賬內處理。以外幣歷史成本計算之非貨幣項目按首次交易當日之匯率換算。以外幣公平價值計算之非貨幣項目則按釐定公平價值當日之匯率換算。

若干香港以外附屬公司及聯營公司之功能貨幣為港元以外之貨幣。於結算日,該等實體之資產及負債已按結算日之匯率換算為本公司之呈列貨幣,彼等之損益表已按年內加權平均匯率換算為港元。產生之匯兌差額計入權益之單獨部分。出售香港以外實體時,與該香港以外實體營運有關且已於股本中確認之遞延累計金額於損益表確認。

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies (Continued)

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.

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 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.

2.5 重大會計政策概要 (續)

外幣 (續)

就綜合現金流動報表而言，海外附屬公司之現金流量乃按現金出現流量之日以適用匯率折算為港元。整個年度經常出現之海外附屬公司經常性現金流量按年內之加權平均匯率折算為港元。

3. 重要會計判斷

判斷

於採納本集團之會計政策時，管理層已作出以下對財務報表確認款項有重大影響之判斷。

資產減值

於定資產是否減值或過往導致減值之事件是否已不再存在時，本公司須在資產減值方面作出判斷，特別是評估：(1)有否發生任何事件，導致可能會影響資產值，或影響資產值之事件是否不再存在；(2)資產賬面值能否由未來現金流量（根據持續使用資產而估計）淨現值支持；及(3)編製現金流量預測時所用之適當主要假設（包括該等現金流量預測是否利用合適利率貼現）。更改管理層選用之假設以釐定減值水平（包括現金流量預測之貼現率或增長率假設）可能會對減值測試所用之淨現值造成重大影響。

財務報表附註

Notes to Financial Statements

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4. DISCONTINUED OPERATION

During the year ended 31 March 2005, the Group discontinued its business of manufacturing and trading of PVC floor coverings, following the disposal of its entire equity interest in Beijing William Shun Plastic Products Company Limited ("BJWS"), a 51%-owned subsidiary, which has been loss-making in recent years.

The results attributable to the PVC floor coverings business for the year ended 31 March 2005 were as follows:

		2006 HK\$'000 二零零六年 千港元	2005 HK\$'000 二零零五年 千港元
REVENUE	收益	-	39,775
Cost of sales	銷售成本	-	(41,738)
Gross loss	毛損	-	(1,963)
Other income	其他收入	-	114
Selling and distribution costs	銷售及分銷成本	-	(428)
Administrative expenses	行政開支	-	(1,138)
Other operating expenses, net	其他經營開支淨額	-	(1,396)
Finance costs	財務成本	-	(255)
Loss on disposal of a discontinued operation	出售一項終止經營業務 之虧損	-	(7,554)
LOSS BEFORE TAX FROM A DISCONTINUED OPERATION	終止經營業務之 除稅前虧損	-	(12,620)
TAX	稅項	-	-
LOSS FOR THE YEAR FROM A DISCONTINUED OPERATION	本年度終止經營業務 之虧損	-	(12,620)

4. 終止經營業務

截至二零零五年三月三十一日止年度，本集團於出售本集團擁有51%股權並於近年一直錄得虧損之附屬公司北京威廉順塑膠製品有限公司（「威廉順」）之全部股權後，終止經營製造及買賣膠地板的業務。

於截至二零零五年三月三十一日止年度，膠地板業務應佔之業績如下：

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4. DISCONTINUED OPERATION (Continued)

The net cash flows attributable to the discontinued operation are as follows:

		2006 HK\$'000 二零零六年 千港元	2005 HK\$'000 二零零五年 千港元
Net cash inflow from operating activities	經營業務之現金流入淨額	-	648
Net cash outflow from investing activities	投資活動之現金流出淨額	-	(435)
Net cash inflow	現金流入淨額	-	213

4. 終止經營業務 (續)

終止經營業務應佔之現金流量淨額如下:

		2006 HK\$'000 二零零六年 千港元	2005 HK\$'000 二零零五年 千港元
LOSS PER SHARE	每股虧損		
- Basic, from the discontinued operation	- 基本·來自終止經營業務	-	(0.38 cent港仙)
- Diluted, from the discontinued operation	- 攤薄·來自終止經營業務	-	N/A不適用

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

終止經營業務之每股基本虧損金額乃根據下列項目計算:

		2006 二零零六年	2005 二零零五年
Loss attributable to equity holders of the Company from the discontinued operation	本公司權益持有人應佔終止經營業務虧損	-	HK\$12,620,000港元
Weighted average number of shares in issue during the year used in the basic loss per share calculation	計算每股基本虧損所使用之年內已發行股份之加權平均數	N/A不適用	3,363,419,178

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5. SEGMENT INFORMATION

Segment information is presented by way of the Group's primary segment reporting basis, by business segment. In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets. No further geographical segment information is presented as over 90% of the Group's revenue, results and assets are attributable to its operations in Mainland China.

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

Continuing operations:

- (a) the PVC films segment engages in the manufacture and sale of PVC films; and
- (b) the corporate and other activities segment engages in investment holding and provision of administrative services for Group companies.

Discontinued operation (for the year ended 31 March 2005):

- (a) the PVC floor coverings segment engaged in the manufacture and sale of PVC floor coverings.

5. 分類資料

分類資料以本集團主要分類呈報基準業務分類呈報。於釐訂本集團地區分類時，收入乃按客戶所在地區分類，至於資產乃按資產所在地區分類。由於本集團逾90%收益業績及資產均來自中國大陸之營運，故並無再呈報地區分類資料。

本集團之經營業務乃按其業務性質以及所提供之產品及服務而獨立組織及管理。本集團每一項業務分類代表一項策略性業務單位，而所提供之產品及服務所承受之風險及回報，與其他業務分類者有所不同。業務分類之詳情，概述如下：

持續經營業務：

- (a) 膠布產品分類從事製造及銷售膠布；及
- (b) 企業及其他業務分類從事投資控股，亦包括一般企業收入及開支項目。

終止經營業務（截至二零零五年三月三十一日止年度）：

- (a) 膠地板產品分類從事製造及銷售膠地板；

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5. SEGMENT INFORMATION (Continued)

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 2006 and 2005.

Group

5. 分類資料 (續)

下表載列截至二零零六年及二零零五年三月三十一日止年度按本集團業務分類之收益、溢利／(虧損)以及若干資產、負債及開支資料。

本集團

		Continuing operations						Discontinued operation		Consolidated	
		PVC films		Corporate and other activities		Total		PVC floor coverings		綜合	
		膠布		企業及其他業務		總額		膠地板			
		2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
		HK\$'000	HK\$'000 (Restated)	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (Restated)	HK\$'000	HK\$'000	HK\$'000 (Restated)	HK\$'000 (Restated)
		二零零六年 千港元	二零零五年 千港元 (重列)	二零零六年 千港元	二零零五年 千港元	二零零六年 千港元	二零零五年 千港元 (重列)	二零零六年 千港元	二零零五年 千港元	二零零六年 千港元	二零零五年 千港元 (重列)
Segment revenue:	分類收益:										
Sales to external customers	銷售予外部客戶	282,886	292,020	-	-	282,886	292,020	-	39,775	282,886	331,795
Other income	其他收入	-	-	481	467	481	467	-	-	481	467
Total	總計	282,886	292,020	481	467	283,367	292,487	-	39,775	283,367	332,262
Segment results	分類業務	7,956	10,291	(17,222)	(21,218)	(9,266)	(10,927)	-	(12,479)	(9,266)	(23,406)
Interest income and unallocated revenue	利息收入及未分配收益					11,309	5,060	-	114	11,309	5,174
Finance costs	財務成本					(3,922)	(10,134)	-	(255)	(3,922)	(10,389)
Share of profits and losses of jointly-controlled entities	所佔共同控制企業溢利及虧損	-	-	276	483	276	483	-	-	276	483
Loss before tax	除稅前虧損					(1,603)	(15,518)	-	(12,620)	(1,603)	(28,138)
Tax	稅項					2,264	(105)	-	-	2,264	(105)
Profit/(loss) for the year	本年度溢利/(虧損)					661	(15,623)	-	(12,620)	661	(28,243)

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5. SEGMENT INFORMATION (Continued)

5. 分類資料 (續)

Group

本集團

		Continuing operations						Discontinued operation		Consolidated	
		PVC films		Corporate and other activities		Total		PVC floor coverings		綜合	
		膠布		企業及其他業務		總額		膠地板			
		2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
		HK\$'000	HK\$'000 (Restated)	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (Restated)	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (Restated)
二零零六年 千港元	二零零五年 千港元 (重列)	二零零六年 千港元	二零零五年 千港元	二零零六年 千港元	二零零五年 千港元 (重列)	二零零六年 千港元	二零零五年 千港元	二零零六年 千港元	二零零五年 千港元 (重列)		
Segment assets	分類資產	134,698	147,903	7,613	10,148	142,311	158,051	-	-	142,311	158,051
Interests in jointly-controlled entities	於共同控制企業之權益	-	-	4,002	8,491	4,002	8,491	-	-	4,002	8,491
Unallocated assets	未分配資產									19,888	17,573
Total assets	總資產									166,201	184,115
Segment liabilities	分類負債	(37,939)	(38,927)	(6,088)	(5,521)	(44,027)	(44,448)	-	-	(44,027)	(44,448)
Unallocated liabilities	未分配負債									(56,114)	(146,059)
Total liabilities	總負債									(100,141)	(190,507)
Other segment information:	其他分類資料:										
Depreciation	折舊	14,006	14,217	234	78	14,240	14,295	-	3,841	14,240	18,136
Recognition of prepaid land lease payments	確認土地租賃款項	104	123	-	-	104	123	-	-	104	123
Impairment of interest in a jointly-controlled entity	於共同控制企業之權益之減值	-	-	3,500	7,425	3,500	7,425	-	-	3,500	7,425
Deficit/(surplus) on revaluation of buildings	重估樓宇之虧損/(盈餘)	-	(21)	63	(11)	63	(32)	-	-	63	(32)
Bad debts written off	壞賬撇銷	-	-	-	-	-	-	-	514	-	514
Loss on disposal of items of property, plant and equipment	出售物業、廠房及設備項目之虧損	1,566	-	-	-	1,566	-	-	875	1,566	875
Loss on disposal of a jointly-controlled entity	出售一間共同控制企業之虧損	-	-	2,074	-	2,074	-	-	-	2,074	-
Gain on derecognition of a long term receivable	取消確認長期應收賬款之盈利	-	-	(1,636)	-	(1,636)	-	-	-	(1,636)	-
Gain on derecognition of prepaid land lease payments	取消確認土地租賃款項之盈利	(206)	(1,178)	-	-	(206)	(1,178)	-	-	(206)	(1,178)
Capital expenditure	資本開支	1,689	2,102	65	23	1,754	2,125	-	435	1,754	2,560

6. REVENUE AND OTHER INCOME

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

An analysis of revenue and other income is as follows:

6. 收益及其他收入

收益即本集團之營業額，乃指經扣除退貨及貿易折扣後之售貨發票值，惟不包括集團間之交易。

本集團之收益及其他收入分析如下：

		Continuing operations 持續經營業務		Discontinued operation 終止經營業務		Total 總額	
		2006 HK\$'000 二零零六年 千港元	2005 HK\$'000 二零零五年 千港元	2006 HK\$'000 二零零六年 千港元	2005 HK\$'000 二零零五年 千港元	2006 HK\$'000 二零零六年 千港元	2005 HK\$'000 二零零五年 千港元
Revenue	收益						
Sale of goods	銷售貨品	282,886	292,020	-	39,775	282,886	331,795
Other income	其他收入						
Bank interest income	銀行利息收入	90	6	-	-	90	6
Subcontracting fee income	承包費收入	481	467	-	-	481	467
Others	其他	119	114	-	114	119	228
		690	587	-	114	690	701

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7. LOSS BEFORE TAX

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

7. 除稅前虧損

本集團除稅前虧損已扣除／(計入)下列各項：

	Notes	Continuing operations 持續經營業務		Discontinued operation 終止經營業務		Total 總額	
		2006 HK\$'000 二零零六年 千港元	2005 HK\$'000 (Restated) 二零零五年 千港元 (重列)	2006 HK\$'000 二零零六年 千港元	2005 HK\$'000 二零零五年 千港元	2006 HK\$'000 二零零六年 千港元	2005 HK\$'000 (Restated) 二零零五年 千港元 (重列)
Cost of inventories sold	已售存貨成本	260,773	272,238	-	41,738	260,773	313,976
Depreciation	折舊	14,240	14,295	-	3,841	14,240	18,136
Less: Amount included in cost of inventories sold	減：撥入已售存貨 成本之數額	(13,544)	(13,452)	-	(3,819)	(13,544)	(17,271)
		696	843	-	22	696	865
Amortisation of a long term receivable/ long term investment	長期應收賬款／ 長期投資之攤銷	168	284	-	-	168	284
Recognition of prepaid land lease payments	確認土地租賃 款項	104	123	-	-	104	123
Minimum lease payments under operating leases in respect of land and buildings	土地及樓宇 之經營租賃 租金最低款項	3,062	3,568	-	-	3,062	3,568
Less: Amount included in cost of inventories sold	減：撥入已售存貨 成本之數額	(2,366)	(2,307)	-	-	(2,366)	(2,307)
		696	1,261	-	-	696	1,261

7. LOSS BEFORE TAX (Continued)

7. 除稅前虧損 (續)

Notes	Continuing operation 持續經營業務		Discontinued operation 終止經營業務		Total 總額	
	2006 HK\$'000 二零零六年 千港元	2005 HK\$'000 (Restated) 二零零五年 千港元 (重列)	2006 HK\$'000 二零零六年 千港元	2005 HK\$'000 二零零五年 千港元	2006 HK\$'000 二零零六年 千港元	2005 HK\$'000 (Restated) 二零零五年 千港元 (重列)
Auditors' remuneration	核數師酬金	890	-	-	850	890
Employee benefits expense (excluding directors' remuneration – note 9):	僱員福利開支 (不包括董事酬金 – 附註9):					
Wages and salaries	工資及薪金	11,541	-	1,795	11,787	13,336
Less: Amount included in cost of inventories sold	減:撥入已售存貨成本之數額	(4,828)	-	(1,300)	(4,828)	(5,991)
		6,959	-	495	6,959	7,345
Pension scheme contributions	退休金計劃供款	260	-	93	271	353
Less: Forfeited contributions	減:沒收供款	-	-	-	-	-
Net pension scheme contributions	退休金計劃供款淨額	260	-	93	271	353
Impairment of an interest in a jointly-controlled entity *	一間共同控制企業之權益之減值*	7,425	-	-	3,500	7,425
Deficit/(surplus) on revaluation of buildings *	重估樓宇之虧損/(盈餘)*	(32)	-	-	63	(32)
Bad debts written off *	壞賬撇銷*	-	-	514	-	514
Loss on disposal of items of property, plant and equipment *	出售物業、廠房及設備項目之虧損*	-	-	875	1,566	875
Loss on disposal of a jointly-controlled entity *	出售一間共同控制企業之虧損*	-	-	-	2,074	-
Gain on derecognition of a long term receivable *	取消確認長期應收賬款之盈利*	-	-	-	(1,636)	-
Gain on derecognition of prepaid land lease payments *	取消確認土地租賃款項之盈利*	(1,178)	-	-	(206)	(1,178)

* These items are included in "Other operating expenses, net" on the face of the consolidated income statement.

* 該等項目乃計入綜合收益賬內「其他經營開支淨額」中。

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8. FINANCE COSTS

Interest on:	下列各項之利息：
Bank loans and other loans wholly repayable within five years	銀行貸款及其他貸款須於五年內悉數償還
Convertible bonds	可換股債券
Finance leases	融資租約
Total interest	利息總額
Attributable to a discontinued operation (note 4)	應佔終止經營業務(附註4)
Attributable to continuing operations reported in the consolidated income statement	載列於綜合收益賬之應佔持續經營業務

8. 財務成本

		Group 本集團	
		2006 HK\$'000 二零零六年 千港元	2005 HK\$'000 二零零五年 千港元
		3,461	6,060
		439	4,168
		22	161
		3,922	10,389
		-	255
		3,922	10,134
		3,922	10,389

9. DIRECTORS' REMUNERATION

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

9. 董事酬金

年內，董事酬金根據香港聯合交易所有限公司證券上市規則(「上市規則」)及香港公司條例第161節所披露詳情如下：

Fees for independent non-executive directors	獨立非執行董事袍金
Other emoluments for executive directors: Salaries, allowances and benefits in kind	執行董事之其他酬金：薪金、津貼及實物福利
Pension scheme contributions	退休金計劃之供款

		Group 本集團	
		2006 HK\$'000 二零零六年 千港元	2005 HK\$'000 二零零五年 千港元
		180	180
		2,589	3,170
		24	24
		2,613	3,194
		2,793	3,374

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9. DIRECTORS' REMUNERATION (Continued)

9. 董事酬金 (續)

		Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000 薪金、津貼及 實物福利 千港元	Pension scheme contributions HK\$'000 供款計劃 千港元	Total remuneration HK\$'000 酬金總額 千港元
2006	二零零六年				
Executive directors:	執行董事:				
Tang Kuan Chien	唐貫健	—	1,200	12	1,212
Chang Bin Lin	張炳林	—	180	—	180
Tang Wei Lun	唐偉倫	—	924	12	936
Andy Hsiao-An Yuan	Andy Hsiao-An Yuan	—	60	—	60
Cheung Ming Leung Denver	張明良	—	50	—	50
Lam Chi Yin Henry	林智然	—	75	—	75
Yang Ting	楊鼎	—	100	—	100
Independent non-executive directors:	獨立非執行董事:				
Au Kwok Yee Benjamin	歐國義	80	—	—	80
Hung Shean I	洪顯一	50	—	—	50
Wong Nai Ping	黃乃平	50	—	—	50
		180	2,589	24	2,793
2005	二零零五年				
Executive directors:	執行董事:				
Tang Kuan Chien	唐貫健	—	1,414	12	1,426
Chang Bin Lin	張炳林	—	240	—	240
Tang Wei Lun	唐偉倫	—	539	7	546
Cheung Ming Leung Denver	張明良	—	50	—	50
Yang Ting	楊鼎	—	240	—	240
Wong Chi Chung	黃志聰	—	687	5	692
Independent non-executive directors:	獨立非執行董事:				
Au Kwok Yee Benjamin	歐國義	80	—	—	80
Hung Shean I	洪顯一	50	—	—	50
Wong Nai Ping	黃乃平	50	—	—	50
		180	3,170	24	3,374

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

年內並無董事放棄或同意放棄任何酬金的安排。

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10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two (2005: three) directors, details of whose remuneration are set out in note 9 above. Details of the remuneration of the remaining three (2005: two) non-director, highest paid employees for the year are as follows:

Salaries, allowances and benefits in kind	薪金、津貼及實物福利
Pension scheme contributions	退休金計劃之供款

The remuneration of the three (2005: two) non-director, highest paid employees fell within the band of nil to HK\$1,000,000.

During the year, no emoluments were paid by the Group to the directors of the Company or any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

10. 五位最高薪酬僱員

年內五位最高薪酬僱員包括兩位(二零零五年:三位)董事,彼等之酬金詳情載於上文附註9。餘下三位(二零零五年:兩位)非董事最高薪酬僱員於年內之酬金如下:

		Group 本集團
		2006 HK\$'000 二零零六年 千港元
		2005 HK\$'000 二零零五年 千港元
Salaries, allowances and benefits in kind	薪金、津貼及實物福利	701
Pension scheme contributions	退休金計劃之供款	24
		725

三名(二零零五年:兩名)非董事最高薪酬僱員的酬金屬於零至1,000,000港元酬金組別。

年內,本集團概無向為了吸引董事或任何五位最高薪酬僱員加入本集團或作為離職之補償而支付任何款項。

二零零六年三月三十一日

31 March 2006

11. TAX

11. 稅項

		Group 本集團	
		2006 HK\$'000 二零零六年 千港元	2005 HK\$'000 二零零五年 千港元
Current year provision:	本年度撥備：		
Hong Kong	香港	143	-
Mainland China	中國大陸	271	-
Underprovision/(overprovision) of current tax in respect of prior years:	往年就本期稅項之 不足撥備／(超額撥備)：		
Hong Kong	香港	-	105
Mainland China	中國大陸	(2,678)	-
		(2,678)	105
Tax charge/(credit) for the year	年度稅項開支／(抵免)	(2,264)	105

Hong Kong profits tax has been provided at the rate of 17.5% on the estimated 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 regions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

One of the subsidiaries operating in Mainland China is exempt from income tax for two years starting from its first profitable year of operations and is entitled to a 50% relief from income tax for the following three years under the Income Tax Law of the People's Republic of China (the "PRC"), which has been loss-making since its establishment and accordingly income tax has not been provided for the year ended 31 March 2006 (2005: Nil). For another subsidiary operating in Mainland China, as it remains loss-making during the year, no income tax has been provided (2005: Nil).

香港利得稅乃按年內源於香港之估計應課稅溢利以稅率17.5%作出撥備(二零零五年:零)。其他地方之應課稅溢利之稅項乃按照本集團經營業務所屬國家之現行法例、詮釋及慣例,根據該等國家之通用稅率計算。

根據中華人民共和國(「中國」)所得稅法,若干在中國大陸經營之附屬公司由首個獲利經營年度起兩年內免繳所得稅,且於其後三年內獲寬減50%之所得稅。本集團在中國大陸經營之其中一間附屬公司自其註冊成立以來均錄得虧損,因此截至二零零六年三月三十一日止年度並無作出利得稅準備(二零零五年:零)。由於另一間於中國大陸經營之附屬公司年內仍錄得虧損,因此並無作出利得稅準備(二零零五年:零)。

二零零六年三月三十一日
31 March 2006

11. TAX (Continued)

The Group has tax losses arising in Hong Kong of HK\$150,623,000 (2005: HK\$150,665,000) 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 the companies that have been loss-making for some time.

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

Group – 2006

		Hong Kong HK\$'000 香港 千港元	Mainland China HK\$'000 中國大陸 千港元	Total HK\$'000 總計 千港元
Profit/(loss) before tax	除稅前溢利／(虧損)	5,869	(7,472)	(1,603)
Tax at the statutory tax rates	按法定稅率計算之稅項	1,027	(2,466)	(1,439)
Lower tax rate/tax concession for specific provinces or local authority	個別省份及地方當局之較低稅率／稅務寬減	–	986	986
Adjustments in respect of current tax of previous years	就先前年度當期稅項之調整	–	(2,678)	(2,678)
Income not subject to tax	毋須納稅之收入	(2,239)	–	(2,239)
Expenses not deductible for tax	不可扣稅之開支	1,397	271	1,668
Tax losses not recognised	未確認稅項虧損	1,818	1,480	3,298
Tax losses utilised from previous periods	前期未動用之稅項虧損之使用	(1,860)	–	(1,860)
Tax charge/(credit) at the Group's effective rate	本集團按實際稅率計算之稅項開支／(抵免)	143	(2,407)	(2,264)

11. 稅項 (續)

本集團於香港錄得稅項虧損150,623,000港元(二零零五年:150,665,000港元),可用於抵銷出現虧損公司日後任何期間之稅項溢利。因為該等稅項虧損是來自已錄得一段時日虧損之公司,財務報表並無就此等虧損確認遞延稅項資產。

按本公司及其附屬公司所在國家法定稅率計算適用於除稅前溢利／(虧損)之稅項開支與按實際稅率計算之對賬,以及適用稅率(即法定稅率)與實際稅率之對賬如下:

本集團 – 二零零六年

11. TAX (Continued)

11. 稅項 (續)

Group – 2005

本集團 – 二零零五年

		Hong Kong HK\$'000 香港 千港元	Mainland China HK\$'000 中國大陸 千港元	Total HK\$'000 總計 千港元
Loss before tax (including loss from a discontinued operation)	除稅前虧損(包括終止經營業務之虧損)	(15,871)	(12,267)	(28,138)
Tax at the statutory tax rates	按法定稅率計算之稅項	(2,777)	(4,048)	(6,825)
Lower tax rate/tax concession for specific provinces or local authority	個別省份及地方當局之較低稅率/稅務寬減	–	1,315	1,315
Adjustments in respect of current tax of previous years	就先前年度當期稅項之調整	105	–	105
Income not subject to tax	毋須納稅之收入	(33,945)	–	(33,945)
Expenses not deductible for tax	不可扣稅之開支	32,858	–	32,858
Tax losses not recognised	未確認稅項虧損	4,687	2,733	7,420
Tax losses utilised from previous periods	前期未動用之稅項虧損之使用	(823)	–	(823)
Tax charge at the Group's effective rate	本集團按實際稅率計算之稅項開支	105	–	105
Tax charge attributable to a discontinued operation (note 4)	應佔一項終止經營業務之稅項開支(附註4)			–
Tax charge attributable to continuing operations reported in the consolidated income statement	載列於綜合收益賬之應佔持續經營業務之稅項開支			105

二零零六年三月三十一日
31 March 2006

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

The 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\$5,562,000 (2005: HK\$29,062,000) (note 33(b)).

13. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings/(loss) per share amount is based on the profit/(loss) for the year attributable to ordinary equity holders of the Company of HK\$599,000 (2005: a loss of HK\$28,133,000 (restated)), and the weighted average number of 5,048,714,336 (2005: 3,363,419,178) ordinary shares in issue during the year.

Diluted earnings/(loss) per share amounts for the year ended 31 March 2006 and 2005 have not been disclosed, as the convertible bonds outstanding during both years had an anti-dilutive effect on the basic earnings/(loss) per share for both years.

12. 本公司權益持有人應佔日常業務虧損

本公司之財務報表內刊載之截至二零零六年三月三十一日止年度本公司權益持有人應佔日常業務虧損淨額為5,562,000港元（二零零五年：29,062,000港元）（附註33(b)）。

13. 本公司權益持有人應佔每股溢利／（虧損）

每股基本溢利／（虧損）乃按本年度本公司權益持有人應佔溢利／（虧損）599,000港元（二零零五年：28,133,000港元（重列））及年內已發行普通股股份之加權平均數5,048,714,336股（二零零五年：3,363,419,178股）計算。

由於截至二零零六年及二零零五年三月三十一日止年度未獲兌換之可換股債券對該等年度每股基本溢利／（虧損）具反攤薄影響，故此並未披露該等年度之每股攤薄溢利／（虧損）。

二零零六年三月三十一日

31 March 2006

14. PROPERTY, PLANT AND EQUIPMENT

14. 物業、廠房及設備

Group

本集團

		Land and buildings HK\$'000 土地及樓宇 千港元	Leasehold improvements HK\$'000 租賃 物業裝修 千港元	Plant and machinery HK\$'000 廠房設備 及機器 千港元	Furniture, fixtures, equipment and motor vehicles HK\$'000 固定裝置、 設備及汽車 千港元	Total HK\$'000 合計 千港元
31 March 2006	二零零六年三月三十一日					
At 1 April 2005:	於二零零五年四月一日:					
Cost or valuation (restated)	成本或估值(重列)	9,110	12,031	155,159	9,379	185,679
Accumulated depreciation	累計折舊	-	(5,348)	(96,972)	(8,017)	(110,337)
Net carrying amount (restated)	賬面淨值 (重列)	9,110	6,683	58,187	1,362	75,342
At 1 April 2005, net of accumulated depreciation	於二零零五年四月一日· 累計折舊淨額	9,110	6,683	58,187	1,362	75,342
Additions	添置	-	-	398	1,356	1,754
Disposals/write-off	出售/撤銷	-	-	(1,610)	-	(1,610)
Revaluation	重估	286	-	-	-	286
Exchange realignment	外匯調整	35	188	1,566	29	1,818
Depreciation provided during the year	年內折舊	(227)	(1,429)	(11,985)	(599)	(14,240)
At 31 March 2006, net of accumulated depreciation	於二零零六年三月三十一日· 累計折舊淨額	9,204	5,442	46,556	2,148	63,350
At 31 March 2006:	於二零零六年三月三十一日:					
Cost or valuation	成本或估值	9,204	12,368	148,039	9,461	179,072
Accumulated depreciation	累計折舊	-	(6,926)	(101,483)	(7,313)	(115,722)
Net carrying amount	賬面淨值	9,204	5,442	46,556	2,148	63,350
Analysis of cost and valuation:	成本及估值之分析:					
At cost	按成本	-	12,368	148,039	9,461	169,868
At 31 March 2006 valuation	按二零零六年 三月三十一日之估值	9,204	-	-	-	9,204
		9,204	12,368	148,039	9,461	179,072

財務報表附註

Notes to Financial Statements

二零零六年三月三十一日
31 March 2006

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

14. 物業、廠房及設備 (續)

Group

本集團

		Land and buildings HK\$'000 土地及樓宇 千港元	Leasehold improvements HK\$'000 租賃 物業裝修 千港元	Plant and machinery HK\$'000 廠房設備 及機器 千港元	Furniture, fixtures, equipment and motor vehicles HK\$'000 固定裝置、 設備及汽車 千港元	Total HK\$'000 合計 千港元
31 March 2005	二零零五年三月三十一日					
At 1 April 2004:	於二零零四年四月一日:					
Cost or valuation	成本或估值	35,390	12,230	229,123	10,900	287,643
Prior year adjustment	過往年度調整	(21,000)	-	-	-	(21,000)
Accumulated depreciation	累計折舊	-	(4,799)	(132,668)	(9,742)	(147,209)
Net carrying amount (restated)	賬面淨值 (重列)	14,390	7,431	96,455	1,158	119,434
At 1 April 2004, net of accumulated depreciation	於二零零四年四月一日， 累計折舊淨額	14,390	7,431	96,455	1,158	119,434
Additions	添置	1,085	-	288	1,187	2,560
Disposals	出售	-	-	(1,463)	(40)	(1,503)
Disposal of a subsidiary	出售一間附屬公司	(5,849)	-	(20,781)	(528)	(27,158)
Revaluation	重估	145	-	-	-	145
Depreciation provided during the year	年內折舊	(661)	(748)	(16,312)	(415)	(18,136)
At 31 March 2005, net of accumulated depreciation	於二零零五年三月三十一日， 累計折舊淨額	9,110	6,683	58,187	1,362	75,342
At 31 March 2005:	於二零零五年三月三十一日:					
Cost or valuation	成本或估值	9,110	12,031	155,159	9,379	185,679
Accumulated depreciation	累計折舊	-	(5,348)	(96,972)	(8,017)	(110,337)
Net carrying amount	賬面淨值	9,110	6,683	58,187	1,362	75,342
Analysis of cost and valuation:	成本及估值之分析:					
At cost	按成本	-	12,031	155,159	9,379	176,569
At 31 March 2005 valuation	於二零零五年三月三十一日 之估值	9,110	-	-	-	9,110
		9,110	12,031	155,159	9,379	185,679

14. PROPERTY, PLANT AND EQUIPMENT*(Continued)*

The Group's land and buildings are held under medium term leases outside Hong Kong.

The Group's land and buildings were revalued by LCH (Asia-Pacific) Surveyors Limited ("LCH"), independent professionally qualified valuers, on the open market, existing use basis, at 31 March 2006 at HK\$9,204,000 in aggregate. The deficit and surplus so arising has been charged to the consolidated income statement and credited to the asset revaluation reserve as to HK\$63,000 (note 7) (2005: a surplus of HK\$32,000 (restated)) and HK\$349,000 (2005: HK\$113,000 (restated)), respectively.

Had these land and buildings been carried at historical cost less accumulated depreciation and impairment losses, their carrying values would have been approximately HK\$8,375,000 (2005: HK\$8,651,000 (restated)).

The net book value of the Group's assets held under finance leases included in the total amount of a motor vehicle at 31 March 2006 amounted to HK\$733,000 (2005: Nil).

At 31 March 2005 and 2006, certain of the Group's buildings were pledged to secure certain credit facilities granted to the Group (note 25). At 31 March 2005, certain of the Group's plant and machinery were pledged to secure a loan from a shareholder granted to the Group (note 28).

14. 物業、廠房及設備 (續)

本集團按中期租約於香港以外持有土地及樓宇。

土地及樓宇乃根據獨立專業合資格估值師利駿行測量師有限公司(「利駿行」)於二零零六年三月三十一日在公開市場按現有使用之基準估值為合共9,204,000港元。就此產生之虧損及盈餘63,000港元(附註7)(二零零五年:32,000港元盈餘(重列))及349,000港元(二零零五年:113,000港元(重列))已分別於綜合收益賬扣除及計入資產重估儲備。

倘土地及樓宇均按歷史成本值減累積折舊及減值虧損列賬,則其賬面值應約為8,375,000港元(二零零五年:8,651,000港元(重列))。

於二零零六年三月三十一日,包括在汽車下根據融資租約持有之資產賬面淨值為733,000港元(二零零五年:零)。

於二零零六年及二零零五年三月三十一日,本集團若干樓宇已予抵押,藉以為本集團取得若干信貸融資(附註25)。於二零零五年三月三十一日,本集團若干廠房設備及機器已予抵押,藉以取得一名股東授予本集團之貸款(附註28)。

二零零六年三月三十一日
31 March 2006

15. PREPAID LAND LEASE PAYMENTS

15. 預付土地租賃款項

		Group 本集團	
		2006 HK\$'000 二零零六年 千港元	2005 HK\$'000 (Restated) 二零零五年 千港元 (重列)
Carrying amount at beginning of year	年初之賬面價值		
As previously reported	如前所列	-	-
Effect of adopting HKAS 17 (note 2.2(a))	採納香港會計準則第17號之 影響(附註2.2(a))	4,340	9,000
As restated	重列	4,340	9,000
Disposals during the year	年內出售	(50)	(4,537)
Recognised during the year	年內確認	(104)	(123)
Carrying amount at 31 March	於三月三十一日之賬面價值	4,186	4,340
Current portion included in prepayments, deposits and other receivables	預付款項、按金及 其他應收賬款之即期部份	(104)	(104)
Non-current portion	非即期部份	4,082	4,236

The prepaid land lease payments in respect of a parcel of land (the "Land") located at Lingxia Development Area, Shishuikou Village, Qiaotou Town, Dongguan City, Guangdong Province of the PRC, together with a factory premises (the "Building") constructed thereon. The Group has not yet obtained the title certificates for the Land and the Building because the land premium of the Land has not yet been paid up. Having consulted with the Group's legal advisor in Mainland China, the directors considered that the Group has the right to use the Land and the Building erected thereon. After payment of the land premium and attending the necessary administrative procedures, the Group should be able to obtain the land use right certificate and the realty title certificate for the Land and the Building, respectively. The aggregate carrying values of the Land and the Building in this respect as at 31 March 2006 amounted to approximately HK\$4,186,000 and HK\$7,560,000, respectively.

一幅位於中國廣東省東莞市橋頭鎮石水渠村嶺夏開發區之土地(「土地」)以及於該址興建之廠房物業(「樓宇」)之預付土地租賃款項。因該土地迄今尚未繳足地價，本集團仍未取得該土地及樓宇的業權證，經諮詢本集團於中國大陸的法律顧問後，董事認為本集團有權使用土地及在土地上興建的廠房。於繳付地價及辦理所需的行政手續後，本集團應可分別取得土地及樓宇的土地使用權證及房地產業權證。於二零零六年三月三十一日，該土地及樓宇之賬面價值總額分別為4,186,000港元及7,560,000港元。

15. PREPAID LAND LEASE PAYMENTS*(Continued)*

The Land is situated in Mainland China under a medium term lease was pledged to secure credit facilities granted to the Group (note 25).

16. INTERESTS IN SUBSIDIARIES

Unlisted shares, at cost 非上市股份·按成本值
Provision for impairment 減值準備

Due from subsidiaries 應收附屬公司之款項
Provision for impairment 減值準備

Due to subsidiaries 應付附屬公司之款項

The balances with subsidiaries are unsecured, interest-free and have no fixed terms of repayment. The carrying amounts of these amounts due from/to subsidiaries approximate to their fair values.

15. 預付土地租賃款項 (續)

該土地位於中國大陸·按中期租約持有並已予抵押·藉以為本集團取得若干信貸融資(附註25)。

16. 於附屬公司之投資

		Company 本公司	
		2006 HK\$'000 二零零六年 千港元	2005 HK\$'000 二零零五年 千港元
		159,593	159,593
		(147,956)	(147,956)
		11,637	11,637
		434,409	426,613
		(361,871)	(348,371)
		72,538	78,242
		(17,996)	(18,076)
		66,179	71,803

與附屬公司之結餘乃無抵押、免息及不設固定償還年期。應收／應付附屬公司款項之賬面值與其公平價值相若。

二零零六年三月三十一日
31 March 2006

16. INTERESTS IN SUBSIDIARIES (Continued)

Particulars of the principal subsidiaries are as follows:

Name 名稱	Place of incorporation/ registration and operations 註冊成立／註冊 及經營地點	Nominal value of issued and paid-up share/ registered capital 已發行及繳足 股本面值／ 註冊資本	Percentage of equity attributable to the Company 本公司應佔股權百分比		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Bestway Group International Limited	British Virgin Islands/ Hong Kong 英屬處女群島／ 香港	US\$1,100 1,100美元	100	—	Investment holding 投資控股
Bestget Plastic Products Limited 百吉塑膠製品有限公司	Hong Kong 香港	Ordinary HK\$2 Non-voting deferred (“Deferred”) HK\$3,900,000 (note (a)) 普通股 2港元 無投票權遞延股份 （「遞延股份」） 3,900,000港元 （附註(a)）	—	100	Property holding and sale of plastic products 物業持有及銷售塑膠 產品
Bestway Plastic Products Limited 百威塑膠製品有限公司	Hong Kong 香港	Ordinary HK\$2 Deferred HK\$37,440,000 (note (a)) 普通股 2港元 遞延股份 37,440,000港元 （附註(a)）	—	100	Sale of plastic products 銷售塑膠產品

16. 於附屬公司之投資 (續)

主要附屬公司之詳情載列如下：

16. INTERESTS IN SUBSIDIARIES (Continued)

16. 於附屬公司之投資 (續)

Name 名稱	Place of incorporation/ registration and operations 註冊成立／註冊 及經營地點	Nominal value of issued and paid-up share/ registered capital 已發行及繳足 股本面值／ 註冊資本	Percentage of equity attributable to the Company 本公司 應佔股權 百分比		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Happy Trip Limited 樂業有限公司	Hong Kong 香港	Ordinary HK\$2 Deferred HK\$1,200,000 (note (a)) 普通股 2港元 遞延股份 1,200,000港元 (附註(a))	–	100	Sale of plastic products 銷售塑膠產品
Luen Fat Hong Investment Limited ("Luen Fat Hong")	British Virgin Islands/ Hong Kong 英屬處女群島／ 香港	Ordinary US\$100 普通股 100美元	–	100	Property holding (note (d)) 物業持有 (附註(d))
Rich Ocean Limited 富皇有限公司	Hong Kong 香港	Ordinary HK\$2 Deferred HK\$1,000,000 (note (a)) 普通股 2港元 遞延股份 1,000,000港元 (附註(a))	–	100	Investment holding 投資控股

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16. INTERESTS IN SUBSIDIARIES (Continued)

16. 於附屬公司之投資 (續)

Name 名稱	Place of incorporation/ registration and operations 註冊成立／註冊 及經營地點	Nominal value of issued and paid-up share/ registered capital 已發行及繳足 股本面值／ 註冊資本	Percentage of equity attributable to the Company 本公司 應佔股權 百分比		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Best Faith Plastic Products Limited ("Best Faith") 百信塑膠製品有限公司 (「百信」)	Hong Kong 香港	HK\$10,000 10,000港元	–	100	Sale of plastic products 銷售塑膠產品
Dongguan Bestway Plastic Manufactory (note (b)) 東莞百威塑膠製品廠 (附註(b))	PRC/ Mainland China 中國／ 中國大陸	US\$12,741,664 12,741,664美元	–	97.65	Manufacture of plastic products 製造塑膠產品
Dongguan Best Faith Plastic Products Limited (note (c)) 東莞百信塑膠製品 有限公司(附註(c))	PRC/ Mainland China 中國／ 中國大陸	US\$2,826,710 2,826,710美元	–	100	Manufacture of plastic products 製造塑膠產品
Fullson Resources Limited ("Fullson") 富新資源有限公司 (「富新」)	British Virgin Islands 英屬處女群島	US\$1 1美元	–	100	Investment holding 投資控股

16. INTERESTS IN SUBSIDIARIES (Continued)

Notes:

- (a) The profits which the company may determine to distribute in respect of any financial year shall be distributed, as regard the first HK\$1,000,000,000,000 thereof among the holders of ordinary shares, with one-half of the remaining balance of the said profits being distributed among the holders of the non-voting deferred shares and the other half of such remaining balance being distributed among the holders of ordinary shares. Save as aforesaid, the non-voting deferred shares carry no other rights to dividends. The non-voting deferred shares carry no rights to attend or vote at general meetings, but carry the rights to receive one-half of the balance of any surplus in a return of capital in a winding-up after the holders of the ordinary shares have received a total return of HK\$500,000,000,000.
- (b) This subsidiary is registered as a contractual joint venture under the PRC law.
- (c) This subsidiary is registered as a wholly-owned foreign enterprise under the PRC law.
- (d) Subsequent to the balance sheet date, on 11 May 2006, the Group disposed of its entire equity interest in Luen Fat Hong to an independent third party at a consideration of RMB4,200,000 (equivalent to approximately HK\$4,038,000).

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.

16. 於附屬公司之投資 (續)

附註:

- (a) 公司決定就任何財政年度分派之首1,000,000,000,000港元溢利將分派予各普通股持有人，上述溢利餘額之半將分派予無投票權遞延股份之持有人，而該餘額之另一半則分派予普通股持有人，除上述者外，無投票權遞延股份再無權利享有股息。無投票權遞延股份亦無賦予持有人權利出席股東大會或於會上投票，惟附有權利可於清盤退回資本時，在普通股持有人獲退回資本總額500,000,000,000港元後收取其餘任何盈餘之一半。
- (b) 此附屬公司乃根據中國法例註冊為合約性合營公司。
- (c) 此附屬公司乃根據中國法例註冊為全外資企業。
- (d) 結算日後於二零零六年五月十一日，本集團以代價人民幣4,200,000元（相等於約4,038,000港元）出售其Luen Fat Hong全部權益予獨立第三方。

董事認為上表載列之本公司附屬公司乃對本集團年內之業績有重大影響，或構成本集團資產淨值之主要部份。董事認為載列其他附屬公司之詳情會導致有關資料過於冗長。

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17. INTERESTS IN JOINTLY-CONTROLLED ENTITIES

Share of net assets	分佔資產淨值
Provision for impairment	減值撥備

The amount of Negative Goodwill remaining in the consolidated reserves, arising from the acquisition of jointly-controlled entities prior to the adoption of SSAP 30 "Business Combination" in 2001, was HK\$4,581,000 as at 31 March 2005. Upon the adoption of HKFRS 3 on 1 April 2005, such Negative Goodwill was derecognised with a corresponding adjustment to the opening balance of accumulated losses.

The amount due from a jointly-controlled entity was unsecured, interest-free and had no fixed term of repayment. The carrying amount of the amount due from a jointly-controlled entity approximates to its fair value.

17. 佔共同控制企業權益

		Group 本集團
		2006 HK\$'000 二零零六年 千港元
		2005 HK\$'000 二零零五年 千港元
Share of net assets	分佔資產淨值	49,183
Provision for impairment	減值撥備	(40,692)
		4,002
		8,491

根據會計實務準則第30號「業務合併」之過渡性條文，於二零零一年採納會計實務準則第30號前因收購共同控制企業而於二零零五年三月三十一日保留在綜合儲備之負商譽為4,581,000港元。於二零零五年四月一日採納香港財務報告準則第3號後，此等負商譽已被取消確認，並對累計虧損之期初數額作出相應調整。

共同控制企業之欠款為無抵押、免息及無固定還款期。應收共同控制企業款項之賬面值與其公平價值相若。

17. INTERESTS IN JOINTLY-CONTROLLED ENTITIES (Continued)

Particulars of the jointly-controlled entity as at 31 March 2006 are as follows:

Name	Business structure	Place of registration and operations	Percentage of ownership interest, voting power and profit sharing 股權、投票權及利潤分配百分比	Principal activity
名稱	業務架構	註冊及經營地點		主要業務
Shenzhen Wuye Jifa Warehouse Co., Ltd. (“SWJ”)	Corporate	PRC/ Mainland China	25	Property holding
深圳物業吉發倉儲有限公司(「吉發倉儲」)	公司	中國／中國大陸	25	物業持有

The above investment in SWJ is indirectly held by the Company.

SWJ’s major asset is the holding of a parcel of land located at Yantian Port, Yantian, Shenzhen, Guangdong Province of the PRC (the “Yantian Land”).

Subsequent to the balance sheet date, on 11 May 2006, the Group’s entire 25% of equity interest in SWJ was disposed of through the disposal of the Group’s entire equity interest in Luen Fat Hong, which holds the 25% equity interest in SWJ (note 16(d)).

The impairment loss of HK\$3,500,000 (2005: HK\$7,245,000) for the year was determined by management with reference to the net realisable value of SWJ as at the balance sheet date in accordance with the Group’s accounting policy.

The accumulated deficit arising from the revaluation of the Yantian Land as at 31 March 2005 performed by LCH, a firm of independent professionally qualified valuers, together with the additional impairment loss of HK\$3,500,000 has been included in the assessment of provision for impairment.

17. 佔共同控制企業權益 (續)

於二零零六年三月三十一日，共同控制企業資料如下：

Name	Business structure	Place of registration and operations	Percentage of ownership interest, voting power and profit sharing 股權、投票權及利潤分配百分比	Principal activity
名稱	業務架構	註冊及經營地點		主要業務
Shenzhen Wuye Jifa Warehouse Co., Ltd. (“SWJ”)	Corporate	PRC/ Mainland China	25	Property holding
深圳物業吉發倉儲有限公司(「吉發倉儲」)	公司	中國／中國大陸	25	物業持有

本公司間接持有以上於吉發倉儲之投資。

吉發倉儲之主要資產為持有位於中國廣東省深圳鹽田區鹽田港內一幅土地(「鹽田土地」)。

結算日後於二零零六年五月十一日，本集團透過出售持有吉發倉儲25%權益之Luen Fat Hong全部權益，出售吉發倉儲全部25%之權益(附註16(d))。

根據本集團之會計政策，本年度減值虧損3,500,000港元(二零零五年：7,425,000港元)乃由管理層參考於結算日吉發倉儲之可變現淨值而釐定。

由利駿行一家獨立專業合資格估值師行於二零零五年三月三十一日對鹽田土地進行估值而產生之累積虧絀，連同額外減值虧損3,500,000港元已計入減值撥備。

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18. LONG TERM RECEIVABLES/LONG TERM INVESTMENTS

Long term receivables/
long term investments

長期應收賬款/
長期投資

The Group's long term receivables/long term investments represent investments in Chengdu Xingxing Rich Ocean Plastic Products Co., Ltd. ("CD Rich Ocean"), a former subsidiary of the Company, and Suzhou Fuyi Plastic Products Co., Ltd. ("Suzhou Fuyi"), a former jointly-controlled entity of the Group, in respect of which there were subcontracting arrangements with the PRC joint venture partners. In accordance with the subcontracting agreements, the Group forfeited its rights to exercise significant influence/control over the financial and operating policy decisions of CD Rich Ocean and Suzhou Fuyi in return for fixed and guaranteed annual subcontracting fees up to 2014. When these entities lost their status as subsidiaries or jointly-controlled entities of the Group pursuant to the above agreements in prior years, they were reclassified as long term investments accordingly.

In the prior years, the directors had, in view of the fact that Suzhou Fuyi was under the process of liquidation and no significant amount was expected to be recovered therefrom, fully provided for the Group's interest in Suzhou Fuyi.

18. 長期應收賬款／長期投資

Group 本集團	
2006 HK\$'000 二零零六年 千港元	2005 HK\$'000 二零零五年 千港元
2,698	2,866

本集團之長期投資指於本公司前附屬公司成都新興富皇塑膠製品有限公司(「成都富皇」)及本集團前共同控制企業蘇州富藝塑膠製品有限公司(「蘇州富藝」)之投資。就該公司與中國合營夥伴訂有一項承包協議。根據承包協議，本集團以應收定額保證承包年費放棄行使於成都富皇及蘇州富藝之財務及經營決策之重要影響力／控制之權利，直至二零一四年為止。當此等企業按照上述協議於以往年度失去作為本集團附屬公司或共同控制企業之地位時，其已重新分類為長期投資。

於以往年度，董事鑑於蘇州富藝現進行清盤，並預期不能從蘇州富藝收回龐大數額，並已對本集團於蘇州富藝之投資作出全數撥備。

18. LONG TERM RECEIVABLES/LONG TERM INVESTMENTS (Continued)

Prior to adoption of HKAS 39, at 31 March 2005, the Group's interests in CD Rich Ocean and Suzhou Fuyi were classified as long term investments and were stated at the Group's share of the net assets as at the dates when the Group's forfeiture of its control in CD Rich Ocean and Suzhou Fuyi became effective, less (i) amortisation for the investment amounts which would be recovered through the receipt of subcontracting fees from the joint venture partners over the subcontracting period; and (ii) any impairment losses. Upon adoption of HKAS 39, on 1 April 2005, the Group's interests in CD Rich Ocean and Suzhou Fuyi were reclassified as long term receivables.

During the year, Suzhou Fuyi was disposed of to an independent third party at a net consideration of HK\$1,636,000. A gain on derecognition of HK\$1,636,000 was recognised in the income statement.

19. PREPAID RENTALS

As at 31 March 2006, the Group prepaid an amount of approximately HK\$4,254,000 (2005: HK\$6,410,000) in respect of the rentals for the land and buildings situated in Mainland China under an operating lease agreement for the period up to 26 July 2008. At 31 March 2006, the portion of the prepaid rental for the year ending 31 March 2007 of approximately HK\$2,156,000 (2005: HK\$2,156,000) has been included in prepayments, deposits and other receivables under current assets, while an amount of approximately HK\$2,098,000 (2005: HK\$4,254,000) attributable to the period after 31 March 2007 has been classified as a non-current asset.

18. 長期應收賬款／長期投資 (續)

採納香港會計準則第39號前，於二零零五年三月三十一日，本集團於成都富皇之及蘇州富藝權益分類為長期投資，並以本集團於放棄成都富皇及蘇州富藝控制權之日生效時按本集團於該等企業之資產淨值扣除：(i)攤銷投資款項（該筆款項將透過於承包期間從合營夥伴收取之承包費收回）；以及(ii)任何減值虧損後列賬。採納香港會計準則第39號後，於二零零五年四月一日，本集團於成都富皇及蘇州富藝之權益重新分類為長期應收賬款。

年內，本集團以代價淨額1,636,000港元出售蘇州富藝予獨立第三方。於收益賬中確認取消確認之盈利1,636,000港元。

19. 預付租金

於二零零六年三月三十一日，本集團已就位於中國大陸以經營租約持有之土地及樓宇預付截至二零零八年七月二十六日之租金約4,254,000港元（二零零五年：6,410,000港元）。於二零零六年三月三十一日，截至二零零七年三月三十一日止年度預付租金比例約2,156,000港元（二零零五年：2,156,000港元）已計入流動資產項下之預付款項、定金及其他應收款項，而二零零七年三月三十一日之後期間之應佔數額約2,098,000港元（二零零五年：4,254,000港元）已列為非流動資產。

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20. INVENTORIES

Raw materials	原料
Finished goods	製成品

20. 存貨

		Group 本集團	
		2006 HK\$'000 二零零六年 千港元	2005 HK\$'000 二零零五年 千港元
		18,067	14,988
		3,607	5,107
		21,674	20,095

21. ACCOUNTS AND BILLS RECEIVABLES

The Group's trading terms with its customers generally have credit terms of up to 60 days and non-interest bearing (except for certain well-established customers having strong financial strength, good repayment history and credit worthiness, where the credit terms are extended to 90 to 120 days). Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's accounts and bills receivable relate to a large number of diversified customers, there is no significant concentration of credit risk.

An aged analysis of the Group's accounts and bills receivables as at the balance sheet date, based on the invoice date, is as follows:

Within 30 days	30日內
31 to 60 days	31至60日之間
61 to 90 days	61至90日之間
Over 90 days	90日以上

The carrying amounts of the Group's accounts and bills receivables approximate to their fair values.

21. 應收賬款及票據

本集團一般與客戶訂立信貸期達六十日及免息之貿易條款(除若干財政狀況穩健、還款紀錄良好及信譽良好之長期客戶外,其信貸期可延長為90至120日)。高級管理層將定期檢討逾期結餘。基於以上所述及本集團之應收賬款及票據涉及眾多不同之客戶,故並無重大集中之信用風險。

於結算日,按發票日計算之應收賬款及票據賬齡分析如下:

		Group 本集團	
		2006 HK\$'000 二零零六年 千港元	2005 HK\$'000 二零零五年 千港元
		22,184	24,600
		9,738	7,001
		4,321	8,336
		2,358	–
		38,601	39,937

本集團應收賬款及票據之賬面值與其公平價值相若。

22. PLEDGED DEPOSITS

The Group's bank deposits of HK\$5,688,000 as at 31 March 2006 (2005: HK\$4,237,000) were pledged for trust receipt loans and other short term trade financing facilities granted to the Group (note 25). The carrying amounts of the pledged deposits approximate to their fair values.

23. CASH AND BANK BALANCES

As at 31 March 2006, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to approximately HK\$1,636,000 (2005: HK\$228,000). RMB is not freely convertible into other currencies, however, under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The carrying amounts of the cash and bank balances approximate to their fair values.

22. 有抵押存款

本集團於二零零六年三月三十一日之銀行存款 5,688,000 港元 (二零零五年: 4,237,000 港元) 已就信託收據貸款及其他授予本集團之短期貿易融資信貸額予以抵押 (附註 25)。有抵押存款之賬面值與其公平價值相若。

23. 現金及銀行結餘

		Group 本集團		Company 本公司	
		2006 HK\$'000 二零零六年 千港元	2005 HK\$'000 二零零五年 千港元	2006 HK\$'000 二零零六年 千港元	2005 HK\$'000 二零零五年 千港元
Cash and bank balances	現金及銀行結餘	14,200	13,336	76	7,910

於二零零六年三月三十一日，本集團以人民幣（「人民幣」）列值之現金及銀行結餘約為 1,636,000 港元（二零零五年：228,000 港元）。人民幣不可自由兌換其他貨幣。然而，根據中國外匯管制法規及管理結算、出售與支付外匯法規，本集團獲准透過特許進行外匯業務之銀行將人民幣兌換為其他貨幣。

銀行現金按以銀行活期存款利率為基準之浮動利率賺取利息。現金及銀行結餘之賬面值與其公平價值相若。

二零零六年三月三十一日
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24. ACCOUNTS AND BILLS PAYABLES

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

Within 30 days	30日內
31 to 60 days	31至60日之間
61 to 90 days	61至90日之間
Over 90 days	90日以上

The carrying amounts of the Group's accounts and bills payables approximate to their fair values.

24. 應付賬項及票據

於結算日，按發票日期計算之應付賬項及票據賬齡分析如下：

		Group 本集團	
		2006 HK\$'000 二零零六年 千港元	2005 HK\$'000 二零零五年 千港元
Within 30 days	30日內	5,803	5,843
31 to 60 days	31至60日之間	3,843	4,437
61 to 90 days	61至90日之間	4,058	2,876
Over 90 days	90日以上	3,526	6,068
		17,230	19,224

本集團之應付賬項及票據之賬面值與其公平價值相若。

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25. INTEREST-BEARING BANK AND OTHER BORROWINGS

25. 計息之銀行及其他借貸

	Effective interest rate 實際利率 (%)	Maturity 到期日	Group 本集團	
			2006 HK\$'000 二零零六年 千港元	2005 HK\$'000 二零零五年 千港元
Current 即期				
Finance lease payables (note 26) 融資租約應付款項(附註26)	9	2007	153	1,355
Bank loans – secured 銀行貸款 – 有抵押	US dollar best lending rate minus 0.75 美元最優惠貸款 利率減0.75	2007	13,251	12,601
Bank loans – unsecured 銀行貸款 – 無抵押	6	2006	19,231	1,401
Other borrowings – unsecured 其他借貸 – 無抵押	5 – 18	On demand/ 2006 於催繳時償還/ 2006	4,301	11,077
			36,936	26,434
Non-current 非即期				
Finance lease payables (note 26) 融資租約應付款項(附註26)	9	2008-2010	637	–
Bank loans – unsecured 銀行貸款 – 無抵押	6	2006	–	18,692
Other borrowings – secured 其他借貸 – 有抵押	12	2009	12,117	11,693
Other borrowings – unsecured 其他借貸 – 無抵押	18	2006	–	699
			12,754	31,084
			49,690	57,518

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25. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

25. 計息之銀行及其他借貸 (續)

		Group 本集團	
		2006 HK\$'000 二零零六年 千港元	2005 HK\$'000 二零零五年 千港元
Analysed into:	分析為:		
Bank loans repayable:	須於下列限期償還之銀行貸款:		
Within one year or on demand	於一年內或於催繳時償還	32,482	14,002
In the second year	於第二年	-	18,692
In the third to fifth years, inclusive	於第三至第五年(包括首尾兩年)	-	-
		32,482	32,694
Other borrowings repayable:	須於下列限期償還之其他借貸:		
Within one year or on demand	於一年內或於催繳時償還	4,301	11,077
In the second year	於第二年	-	616
In the third to fifth years, inclusive	於第三至第五年(包括首尾兩年)	12,117	11,776
		16,418	23,469
Finance lease payables:	須於下列限期償還之融資租約 應付款項:		
Within one year or on demand	於一年內或於催繳時償還	153	1,355
In the second year	於第二年	167	-
In the third to fifth years, inclusive	於第三至第五年(包括首尾兩年)	470	-
		790	1,355
		49,690	57,518

25. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

As at 31 March 2006, the Group's bank and other borrowings were secured by:

- (i) A pledge of the Group's time deposits amounting to HK\$5,688,000 (2005: HK\$4,237,000) (note 22);
- (ii) A legal charge on the Land and the Building. The net book values of the Land and the Building were approximately HK\$4,186,000 and HK\$7,560,000 as at 31 March 2006, respectively (notes 15 and 14); and
- (iii) Unlimited joint and several personal guarantees executed by a director and his spouse to the extent of HK\$13,251,000, for a bank loan granted to the Group in the amount of HK\$13,251,000 as at 31 March 2006 (2005: HK\$12,601,000).

The carrying amounts of the Group's current and non-current borrowings approximate to their fair values.

26. FINANCE LEASE PAYABLES

The Group leases a motor vehicle for its business operations. The lease was classified as a finance lease and had a remaining lease term of five years. In April 2005, the amounts payable in relation to a finance lease of certain of the Group's plant and machinery for its manufacturing activities were fully repaid.

25. 計息之銀行及其他借貸 (續)

於二零零六年三月三十一日，本集團之銀行及其他借貸乃由下列各項作抵押：

- (i) 本集團之定期存款5,688,000港元（二零零五年：4,237,000港元）之抵押（附註22）；
- (ii) 土地及樓宇之法定抵押。該土地及樓宇於二零零六年三月三十一日之賬面淨值分別約為4,186,000港元及7,560,000港元。（附註15及14）；及
- (iii) 一名董事及其配偶所簽立之無限額共同及獨立個人擔保為13,251,000港元，本集團於二零零六年三月三十一日獲授予13,251,000港元（二零零五年：12,601,000港元）之銀行貸款

本集團之即期及非即期借貸之賬面值與其公平價值相若。

26. 融資租約應付款項

本集團租賃一輛汽車作業務營運用途。該等租約列為融資租約，餘下之租賃期為五年。於二零零五年四月，本集團有關租賃若干廠房及機器作生產用途之應付款項已悉數償還。

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26. FINANCE LEASE PAYABLES (Continued)

At 31 March 2006, the total future minimum lease payments under finance leases and their present values were as follows:

Group

		Minimum lease payments 2006 HK\$'000 最少租約款項 二零零六年 千港元	Minimum lease payments 2005 HK\$'000 最少租約款項 二零零五年 千港元	Present value of minimum lease payments 2006 HK\$'000 最少租約款項之現值 二零零六年 千港元	Present value of minimum lease payments 2005 HK\$'000 最少租約款項之現值 二零零五年 千港元
Amounts payable:	須於下列期間償還之 應付款項:				
Within one year	一年內	219	1,410	153	1,355
In the second year	於第二年	219	–	167	–
In the third to fifth years, inclusive	於第三至第五年 (包括首尾兩年)	546	–	470	–
Total minimum finance lease payments	最少融資租約 款項總額	984	1,410	790	1,355
Future finance charges	日後財務支出	(194)	(55)		
Total net finance lease payables	融資租約應付款項淨額總計	790	1,355		
Portion classified as current liabilities (note 25)	列作流動負債之部份 (附註25)	(153)	(1,355)		
Non-current portion (note 25)	非即期部份(附註25)	637	–		

27. DUE TO A DIRECTOR AND A RELATED COMPANY

The amount due to a director as at 31 March 2005 was unsecured, interest-free and had no fixed terms of repayment. The balance was fully settled during the year.

The amount due to a related company was unsecured, bore interest at 6% per annum and was repayable on demand. The balance was fully settled during the year.

26. 融資租約應付款項 (續)

於二零零六年三月三十一日，根據融資租約之未來最少融資租約款項總額及其現值如下：

本集團

		Minimum lease payments 2006 HK\$'000 最少租約款項 二零零六年 千港元	Minimum lease payments 2005 HK\$'000 最少租約款項 二零零五年 千港元	Present value of minimum lease payments 2006 HK\$'000 最少租約款項之現值 二零零六年 千港元	Present value of minimum lease payments 2005 HK\$'000 最少租約款項之現值 二零零五年 千港元
Amounts payable:	須於下列期間償還之 應付款項:				
Within one year	一年內	219	1,410	153	1,355
In the second year	於第二年	219	–	167	–
In the third to fifth years, inclusive	於第三至第五年 (包括首尾兩年)	546	–	470	–
Total minimum finance lease payments	最少融資租約 款項總額	984	1,410	790	1,355
Future finance charges	日後財務支出	(194)	(55)		
Total net finance lease payables	融資租約應付款項淨額總計	790	1,355		
Portion classified as current liabilities (note 25)	列作流動負債之部份 (附註25)	(153)	(1,355)		
Non-current portion (note 25)	非即期部份(附註25)	637	–		

27. 欠董事及關連公司之款項

於二零零五年三月三十一日，欠董事之款項為無抵押、免息及無固定還款期。年內，此等款項已悉數償還。

欠關連公司之款項為無抵押、年息6%及須於催繳時償還。年內，此等款項已悉數償還。

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31 March 2006

28. LOANS FROM SHAREHOLDERS

28. 來自股東之貸款

		Group 本集團		Company 本公司	
		2006 HK\$'000 二零零六年 千港元	2005 HK\$'000 二零零五年 千港元	2006 HK\$'000 二零零六年 千港元	2005 HK\$'000 二零零五年 千港元
Secured term loan [#]	有抵押定期貸款 [#]	-	36,000	-	36,000
Unsecured loan ^{##}	無抵押定期貸款 ^{##}	-	1,420	-	-
		-	37,420	-	36,000
Secured term loan repayable:	須於下列期間償還之				
	有抵押定期貸款:				
Within one year	一年內	-	13,500	-	13,500
In the second year	於第二年	-	9,000	-	9,000
In the third to fifth years, inclusive	於第三至第五年 (包括首尾兩年)	-	13,500	-	13,500
		-	36,000	-	36,000
Unsecured loan repayable within one year	須於一年內償還之 無抵押貸款	-	1,420	-	-
		-	37,420	-	36,000
Portion classified as current liabilities	分類為流動負債的 部份	-	(14,920)	-	(13,500)
Non-current portion	非即期部份	-	22,500	-	22,500

[#] As at 31 March 2005, the secured term loan was secured by:

- (i) The pledge of certain plant and machinery of the Group with an aggregate net book value of HK\$29,132,000 (note 14); and
- (ii) Corporate guarantees executed by the Company and certain subsidiaries.

During the year, the Company applied part of the proceeds from new issue of shares to repay HK\$24,900,000 (note 31) to Wealthguard Investment Limited ("Wealthguard"), a substantial shareholder of the Company. The remaining balance of HK\$11,100,000 was waived by Wealthguard. The pledge of the plant and machinery of the Group and corporate guarantees for such loan was released during the year.

[#] 於二零零五年三月三十一日，有抵押定期貸款由以下各項作抵押：

- (i) 以本集團賬面總值29,132,000港元的若干廠房及機器作抵押(附註14)；及
- (ii) 以本集團及其若干附屬公司提供的公司擔保作抵押。

年內，本公司將發售新股之部份所得款項用以向本公司主要股東Wealthguard Investment Limited(「Wealthguard」)償還24,900,000港元(附註31)。餘下之結餘11,100,000港元獲Wealthguard免除。年內，本集團之廠房及機器抵押及此等公司擔保貸款已解除。

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31 March 2006

28. LOANS FROM SHAREHOLDERS (Continued)

The unsecured loan from a shareholder as at 31 March 2005 bore interest at 10% per annum and was repayable on demand. The loan was fully settled during the year.

29. PROVISION

The Group provides for the probable future long service payments expected to be made to employees under the Hong Kong Employment Ordinance, as further explained under the heading "Employee benefits" in note 2.5 to the financial statements. The provision for long service payments of HK\$575,000 (2005: HK\$575,000) is based on the best estimate of the probable future payments which have been earned by the employees from their services to the Group to the balance sheet date.

30. CONVERTIBLE BONDS

During the year, the convertible bonds with principal amount of HK\$50,415,000 which bore interest at 1.5% per annum and due on 19 September 2009 issued by the Company in 2002 (the "1.5% CBs") were converted into 252,073,520 ordinary shares of HK\$0.01 each in the Company at a conversion price of HK\$0.2 on 23 June 2005.

During the year ended 31 March 2005, the convertible bonds with principal amount of HK\$40,000,000 which bore interest at 3% per annum and due on 19 September 2009 issued by the Company in 2002 (the "3% CBs") were converted into 800,000,000 ordinary shares of HK\$0.01 each in the Company at a conversion price of HK\$0.05 on 22 December 2004.

The fair values of the liability components for both of the 1.5% CBs and 3% CBs were estimated at the issuance dates using equivalent market interest rates for similar convertible bonds without conversion portions. The residual amounts are assigned as the equity component and are included in shareholders' equity.

28. 來自股東之貸款 (續)

於二零零五年三月三十一日，來自一名股東的無抵押貸款以年利率10%計息，且須於催繳時償還。年內此貸款已悉數償還。

29. 撥備

本集團根據香港僱傭條例就預期日後可能支付僱員之長期服務金作出撥備，有關詳情於財務報表附註2.5「僱員福利」一段闡述。為數575,000港元（二零零五年：575,000港元）之長期服務金撥備乃按僱員於結算日因任職本集團而享有之可能日後款項之最佳估計數字計算。

30. 可換股債券

年內，本公司於二零零二年發行金額為50,415,000港元之可換股債券（「1.5%可換股債券」），年息為1.5%且於二零零九年九月十九日到期之可換股債券於二零零五年六月二十三日按換股價0.2港元轉換為252,073,520股每股面值0.01港元之普通股。

截至二零零五年三月三十一日止年度，本公司於二零零二年發行金額為40,000,000港元之可換股債券（「3%可換股債券」），年息為3%且於二零零九年九月十九日到期之可換股債券於二零零四年十二月二十二日按換股價0.05港元轉換為800,000,000股每股面值0.01港元之普通股。

於發行日會以並無附有兌換權的同類債券的相約市場利率估計1.5%可換股債券及3%可換股債券負債部份的公平值，而其餘金額則分配為權益部份，並計入股東權益。

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31 March 2006

30. CONVERTIBLE BONDS (Continued)

The net proceeds received from the issue of both the 1.5% CBs and 3% CBs have been split between the liability and the equity components, as follows:

30. 可換股債券 (續)

發行1.5%可換股債券及3%可換股債券所得款項淨額已分為負債及權益部份如下:

		2006 HK\$'000 二零零六年 千港元	2005 HK\$'000 (Restated) 二零零五年 千港元 (重列)
Nominal values of the convertible bonds in issue at 1 April	於四月一日已發行可換股債券面值		
– 1.5% CBs	– 1.5%可換股債券	50,415	50,415
– 3% CBs	– 3%可換股債券	–	40,000
		50,415	90,415
Equity components	權益部份	(14,130)	(21,490)
Interest expenses in prior years	以往年度利息開支	6,320	6,872
Interests paid in prior years	以往年度已付之利息	(1,913)	(2,931)
Liability components at 1 April	於四月一日之負債部份	40,692	72,866
Interest expense for the year	本年度利息開支	439	4,168
Interest paid for the year	本年度已付之利息	–	(1,656)
Conversion of 1.5% CBs in the year (2005: conversion of 3% CBs)	本年度轉換1.5%可換股債券 (二零零五年: 轉換3%可換股債券)	(41,131)	(34,686)
Liability components at 31 March	於三月三十一日之負債部份	–	40,692

31. SHARE CAPITAL

Shares

Authorised:	法定:
24,000,000,000 ordinary shares of HK\$0.01 each	24,000,000,000股每股面值 0.01港元之普通股股份
Issued and fully paid:	已發行及繳足股本:
5,145,273,520 (2005: 4,211,200,000) ordinary shares of HK\$0.01 each	5,145,273,520股(二零零五年: 4,211,200,000股)每股面值 0.01港元之普通股股份

The following changes in the Company's issued share capital took place during the year:

- (a) On 22 April 2005, Wealthguard placed 682,000,000 ordinary shares of HK\$0.01 each in the Company to certain independent investors at HK\$0.04 per share. On the same day, the Company allotted and issued 682,000,000 new shares to Wealthguard at HK\$0.04 per share, with gross proceeds of approximately HK\$27,280,000, before expenses of HK\$273,000. The new shares rank pari passu in all respects with the existing issued shares of the Company. The excess of the consideration received over the nominal value of the shares issued, in the amount of HK\$20,460,000, was credited to the share premium account. HK\$24,900,000 of the net proceeds of approximately HK\$27,007,000 was applied to partially settle the HK\$36,000,000 secured term loan due to Wealthguard (note 28).

31. 股本

股份

2006 HK\$'000 二零零六年 千港元	2005 HK\$'000 二零零五年 千港元
240,000	240,000
51,453	42,112

本公司的已發行股本於年內的變動詳情如下:

- (a) 於二零零五年四月二十二日，Wealthguard按每股0.04港元配售每股0.01港元之682,000,000股普通股予獨立投資者。同日，本公司按每股0.04港元配發及發行682,000,000股予Wealthguard，除開支273,000港元前所得款項總額約為27,280,000港元。新股份在各方面與本公司現有已發行股份享有同等權益。代價超出已發行股份面值之部份（即20,460,000港元）計入股份溢價賬內。約27,007,000港元之所得款項淨額24,900,000港元用作償還部份應付Wealthguard之有抵押定期貸款36,000,000港元（附註28）。

31. SHARE CAPITAL (Continued)

- (b) On 23 June 2005, Wealthguard exercised its right to convert the 1.5% CBs of HK\$50,415,000 into 252,073,520 ordinary shares of HK\$0.01 each in the Company at a conversion price of HK\$0.2 per share. The new shares rank pari passu in all respects with the existing issued shares of the Company. Upon conversion, the carrying value of the 1.5% CBs was transferred to the Company's equity. The conversion resulted in an increase in share capital and share premium by approximately HK\$2,521,000 and HK\$52,740,000, respectively.

32. SHARE OPTION SCHEME

The first share option scheme of the Company, which became effective on 13 September 1995, was terminated upon the adoption of a new share option scheme (the "Scheme") on 19 August 2003.

The Company operates the Scheme for the purpose of providing incentives or 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 of the Company, any of its subsidiaries or any entity in which the Group holds any equity interest (the "invested entity"), other employees of the Group, suppliers of goods or services, customers, and shareholders of any member of the Group or the invested entity or holders of securities issued by any member of the Group or the invested entity. The Scheme became effective on 19 August 2003 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

31. 股本 (續)

- (b) 於二零零五年六月二十三日，Wealthguard行使其換股權，按換股價每股0.2港元將1.5%可換股債券50,415,000港元轉換為本公司252,073,520股每股面值0.01港元的普通股。新股份在各方面與本公司現有已發行股份享有同等權益。於兌換後，1.5%可換股債券之賬面值轉至本公司權益。兌換債券導致股本及股份溢價分別增加約2,521,000港元及52,740,000港元。

32. 購股權計劃

本公司之首次購股權計劃於一九九五年九月十三日生效，並於二零零三年八月十九日新購股權計劃（「該計劃」）獲採納時終止。

本公司設立該計劃以獎勵及回報為本集團業務之成功作出貢獻之合資格人士。該計劃之合資格參與者包括本公司之董事（包括本公司及其任何附屬公司或本公司持任何股權之實體（「投資實體」）之獨立非執行董事）、本集團之其他僱員、貨品及服務供應商、客戶及本集團任何成員公司或投資實體之股東，或由本公司成員公司或投資實體發行之證券持有人。該計劃於二零零三年八月十九日生效，及除非另行註銷或修訂，否則將由該日起十年內生效。

32. SHARE OPTION SCHEME (Continued)

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. Options that lapse in accordance with the terms of this scheme will not be counted for the purpose of calculating the 10% limit unless the Company obtains a fresh approval from shareholders to renew the limit provided that the maximum number of shares in respect of which options may be granted under the Scheme together with any options outstanding and yet to be exercised under the Scheme and any other schemes shall not exceed 30% of the issued shares from time to time.

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 at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

An option may not be sold, transferred, charged, mortgaged or assigned and is personal to the grantee.

The offer of a grant of share options may be accepted 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, and commences on the day on which the offer for the grant of options is made and ends on a date which is not later than 10 years from the date of the offer but subject to the early termination of the Scheme.

The exercise price for shares is determinable by the directors, but may not be less than the highest of: (i) the closing price of the shares as stated in the daily quotations sheet of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on the date of the grant, which must be a business day; (ii) the average closing price of the shares as stated in the daily quotations sheet of the Stock Exchange for the five business days immediately preceding the date of the grant; and (iii) the nominal value of the shares.

32. 購股權計劃 (續)

根據該計劃現時容許授出之尚未行使購股權數目，數額最高相等於行使時本公司不時已發行股本之10%。根據該計劃條款失效之購股權將不會計入此10%限額內，惟倘根據該計劃授出之購股權連同根據該計劃及任何其他計劃未予行使之剩餘購股權之股份最高數額並無超過當時已發行股份之30%，而本公司獲股東重新批准更新該限額則除外。

根據購股權可於12個月內向該計劃內每名合資格參與者發行之最高股份數額限於本公司當時已發行股份之1%，任何超過此限額而再行授出之購股權須待股東於股東大會批准。

購股權不得出售、轉讓、押記、按揭或授讓，且屬於承讓人所有。

承讓人須支付合共1港元之象徵式代價後，接納授出購股權。所授出之購股權之行使期乃由董事釐訂，於提呈授出購股權當日起開始，並於不超過提呈當日起計十年之日終止，惟須受提早終止該計劃所限。

購股權之行使價由董事釐訂，惟不得低於以下之最高者：(i)股份在授出當日（須為營業日）於聯交所每日報價表中所列之收市價；(ii)股份在緊接授出當日前五個營業日於聯交所每日報價表中所列之平均收市價；及(iii)股份之面價。

32. SHARE OPTION SCHEME (Continued)

No share options were granted during the year and there are no outstanding share options under the Scheme at the balance sheet date.

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

33. RESERVES**(a) Group**

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

The contributed surplus of the Group arose as a result of the Group reorganisation prior to its public listing on 2 October 1995 and represents the difference between the nominal value of the shares of the former holding company of the Group acquired pursuant to the Group reorganisation, over the nominal value of the shares of the Company issued in exchange therefor.

Upon the adoption of SSAP 30 in 2001, the Group applied the transitional provisions of SSAP 30 "Business combinations", which permit goodwill and negative goodwill in respect of acquisition of subsidiaries and jointly-controlled entities that occurred prior to the adoption of SSAP 30 to remain eliminated against consolidated reserves or credited to the capital reserve, respectively. The amount of negative goodwill remaining in the consolidated reserves arising from the acquisition of a jointly-controlled entity prior to the adoption of SSAP 30 was HK\$4,581,000 as at 31 March 2005. Upon the adoption of the transitional provision of HKFRS 3, the Group derecognised at 1 April 2005 the carrying amount of negative goodwill remaining in the consolidated capital reserve against accumulated losses. The effects of the above changes are summarised in note 2.4 to the financial statements.

32. 購股權計劃 (續)

年內概無授出購股權，於結算日亦無任何根據該計劃尚未行使之認股權。

購股權並無賦予持有人收取股息及於股東大會上投票之權利。

33. 儲備**(a) 本集團**

本集團之儲備及其於年內及過往年度變動之金額已載於綜合權益變動表內。

本集團之實繳盈餘因本集團於一九九五年十月二日公開上市前進行集團重組而產生，乃相等於根據本集團重組而收購本集團前控股公司之股本面值，扣除因該宗收購而發行之本公司股本面值後所得差額。

於二零零一年採納會計實務準則第30號後，本集團已採納會計實務準則第30號「業務合併」之過渡條文，容許在採納會計實務準則第30號前因收購附屬公司及共同控制企業而產生之商譽及負商譽，保持分別在綜合儲備中撤銷或計入資本儲備內。於二零零五年三月三十一日，因於採納會計實務第30號前收購共同控制企業而保留在綜合儲備撤銷之負商譽金額為4,581,000港元。採用香港財務報告準則第3號之過渡條文後，本集團於二零零五年四月一日取消確認綜合資本儲備之負商譽餘額之賬面值與累計虧損之對銷。上述變動之影響概要載於財務報表附註2.4。

財務報表附註

Notes to Financial Statements

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33. RESERVES (Continued)

(b) Company

		Share premium account HK\$'000 股份溢價賬 千港元	Contributed surplus HK\$'000 實繳盈餘 千港元	Accumulated losses HK\$'000 累計虧損 千港元	Total HK\$'000 總計 千港元
At 1 April 2004	於二零零四年四月一日				
As previously reported	按先前申報	146,585	159,393	(370,551)	(64,573)
Prior year adjustments	過往年度之調整	-	-	(3,941)	(3,941)
As restated	重列	146,585	159,393	(374,492)	(68,514)
Issue of new shares	發行新股份	7,840	-	-	7,840
Share issue expenses	新股份開支	(85)	-	-	(85)
Conversion of convertible bonds	兌換可換股債券	34,046	-	-	(34,046)
Loss for the year	年內虧損	-	-	(29,062)	(29,062)
At 31 March 2005	於二零零五年三月三十一日	188,386	159,393	(403,554)	(55,775)
At 1 April 2005	於二零零五年四月一日				
As previously reported	按先前申報	186,340	159,393	(397,101)	(51,368)
Prior year adjustments	過往年度之調整	2,046	-	(6,453)	(4,407)
As restated	重列	188,386	159,393	(403,554)	(55,775)
Issue of new shares	發行新股份	20,460	-	-	20,460
Share issue expenses	新股份開支	(273)	-	-	(273)
Conversion of convertible bonds	兌換可換股債券	52,740	-	-	52,740
Reduction of share premium account	削減股份溢價賬	(254,421)	-	254,421	-
Loss for the year	年內虧損	-	-	(5,562)	(5,562)
At 31 March 2006	於二零零六年三月三十一日	6,892	159,393	(154,695)	11,590

33. 儲備 (續)

(b) 本公司

33. RESERVES (Continued)

(b) Company (Continued)

The contributed surplus of the Company arose as a result of the Group reorganisation referred to in note 33(a), and represents the excess of the then combined net assets of the subsidiaries acquired, over the nominal value of the share capital of the Company issued in exchange therefor.

Pursuant to a special resolution passed on 12 September 2005, the share premium account of the Company was reduced by HK\$254,421,000 to offset against part of the accumulated losses of the Company.

33. 儲備 (續)

(b) 本公司 (續)

本公司之實繳盈餘乃由附註33(a)所述之集團重組計劃所產生，乃相等於被收購之附屬公司當時剩餘之合併資產淨值，扣除因該宗收購而發行之本公司股本面值後所得差額。

根據於二零零五年九月十二日通過之特別決議案，本公司之股份溢價賬削減至254,421,000港元，以抵銷本公司部分累計虧損。

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34. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Disposal of a subsidiary during the year ended 31 March 2005

34. 現金流動報表附註

(a) 截至二零零五年三月三十一日止年度間出售一間附屬公司

		HK\$'000 千港元
Net assets disposed of:	出售資產淨值:	
Property, plant and equipment	物業、廠房及設備	27,158
Inventories	存貨	6,101
Accounts receivable	應收賬款	1,830
Prepayments, deposits and other receivables	預付款項、定金及其他應收款項	1,080
Cash and bank balances	現金及銀行結餘	335
Accounts payable	應付賬款	(3,113)
Other payables and accruals	其他應付賬款及應計款項	(7,558)
Interest-bearing other borrowings	其他計息借貸	(4,673)
Minority interests	少數股東權益	(6,796)
		<u>14,364</u>
Exchange fluctuation reserve	匯率波動儲備	(513)
Loss on disposal of a subsidiary	出售一間附屬公司之虧損	(7,554)
		<u>6,297</u>
Satisfied by:	出資:	
Cash consideration received	已收現金代價	1,000
Cash consideration receivable	應收現金代價	1,000
Waiver of an amount due to a joint venture partner	獲豁免之應付合營夥伴欠款	4,297
		<u>6,297</u>

34. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (Continued)

(a) Disposal of a subsidiary during the year ended 31 March 2005 (Continued)

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

		HK\$'000 千港元
Cash consideration received	已收現金代價	1,000
Cash and bank balances disposed of	出售現金及銀行結餘	(335)
		665

The subsidiary disposed of contributed HK\$39,775,000 to the Group's revenue and a net loss of HK\$12,620,000 to the consolidated loss for that year.

(b) Major non-cash transactions

- (i) During the year, Wealthguard, being a substantial shareholder of the Company, waived HK\$11,100,000 of the secured term loan.
- (ii) During the year, 252,073,520 ordinary shares of HK\$0.01 each in the Company were issued at a price of HK\$0.2 per share, amounting to HK\$50,415,000 in total, pursuant to the conversion terms, rights and conditions of the 1.5% CBs of HK\$50,415,000.
- (iii) During the year, the Group entered into a finance lease arrangement in respect of an item of property, plant and equipment with a capital value at the inception of the lease of approximately HK\$900,000.

34. 現金流動報表附註 (續)

(a) 截至二零零五年三月三十一日止年度間出售一間附屬公司 (續)

有關出售附屬公司之現金及等同現金項目之流入淨額分析如下：

		HK\$'000 千港元
出售附屬公司佔本集團年內收益之39,775,000港元以及除稅後綜合虧損之虧損淨額12,620,000港元。		

有關出售附屬公司之現金及等同現金項目之流入淨額分析如下：

(b) 主要非現金交易

- (i) 本公司主要股東 Wealthguard 年內獲豁免 11,100,000 港元之有抵押定期貸款。
- (ii) 根據 50,415,000 港元之 1.5% 可換股債券之兌換條款、權利及條件，本公司每股面值 0.01 港元之 252,073,520 股普通股年內以每股 0.2 港元之價格發行，總額相當於 50,415,000 港元。
- (iii) 年內，本集團就一項物業、廠房及設備訂立融資租約安排，訂立租約之資本總值約為 900,000 港元。

34. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (Continued)

(b) Major non-cash transactions (Continued)

- (iv) During the year ended 31 March 2005, 800,000,000 ordinary shares of HK\$0.01 each in the Company were issued at a price of HK\$0.05 per share, amounting to HK\$40,000,000 in total, pursuant to the conversion terms, rights and conditions of the 3% CBs of HK\$40 million.
- (v) During the year ended 31 March 2005, Wealthguard waived interest payable by the Group on its secured term loan, 1.5% CBs and 3% CBs of approximately HK\$1,940,000, which has been included in gain arising on write-off of bank indebtedness and interest payable of HK\$4,940,000.
- (vi) During the year ended 31 March 2005, a bank waived a short term loan owed by the Group of HK\$3 million.
- (vii) During the year ended 31 March 2005, subcontracting fees payable to the joint venture partner of BJWS of HK\$4,297,000 were waived by the joint venture partner pursuant to the disposal of a subsidiary.

34. 現金流動報表附註 (續)

(b) 主要非現金交易 (續)

- (iv) 截至二零零五年三月三十一日止年度，根據40,000,000港元之3%可換股債券之兌換條款、權利及條件，本公司每股面值0.01港元之800,000,000股普通股以每股0.05港元之價格發行，總額相當於40,000,000港元。
- (v) 截至二零零五年三月三十一日止年度，Wealthguard豁免本集團就有抵押定期貸款及約1,940,000港元1.5%之可換股債券及3%可換股債券（已計入撇銷銀行債務產生之收益及4,940,000港元應計利息）應付之利息。
- (vi) 截至二零零五年三月三十一日止年度，一間銀行豁免本集團擁有之3,000,000港元短期貸款。
- (vii) 截至二零零五年三月三十一日止年度，威廉順合營伙伴按一間附屬公司之出售事項豁免應付該合營伙伴之承包費用4,297,000港元。

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35. CONTINGENT LIABILITIES

At the balance sheet date, the Group's and the Company's contingent liabilities not provided for in the financial statements were as follows:

35. 或然負債

於結算日，財務報表並無提供之本集團及本公司或然負債如下：

	Group 本集團		Company 本公司	
	2006 HK\$'000 二零零六年 千港元	2005 HK\$'000 二零零五年 千港元	2006 HK\$'000 二零零六年 千港元	2005 HK\$'000 二零零五年 千港元
Guarantees of banking facilities granted to subsidiaries 向附屬公司授出之銀行信貸擔保	-	-	-	348,410
Guarantees of finance leases granted to subsidiaries 向附屬公司授出之融資租賃擔保	-	-	-	1,355
Guarantees of banking facilities granted to independent third parties 向獨立第三方授出之銀行信貸擔保	7,692	8,411	-	-
	7,692	8,411	-	349,765

36. OPERATING LEASE ARRANGEMENTS

The Group leases certain of its office premises, factory premises and staff quarters under operating lease arrangements. Leases for premises are negotiated for terms ranging from two to seven years. The terms of the leases generally require the Group to pay deposits.

At the balance sheet date, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

36. 經營租約安排

本集團根據經營租約安排租用其辦公室物業、工廠物業及員工宿舍。就物業租約，所商定之租約期介乎兩至七年。租約之條款一般要求本集團支付按金。

於結算日，根據本集團根據不可撤銷經營租約而於下列期間到期應付之未來最少賬款總額如下：

	2006 HK\$'000 二零零六年 千港元	2005 HK\$'000 二零零五年 千港元
Within one year 一年內	1,620	1,239
In the second to fifth years, inclusive 於第二至第五年（包括首尾兩年）	3,116	1,337
	4,736	2,576

At the balance sheet date, the Company had no significant operating lease commitments.

於結算日，本公司並無重大經營租約承擔。

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37. COMMITMENTS

In addition to the operating lease commitments detailed in note 36 above, the Group had the following commitments at the balance sheet date:

37. 承擔

除上文附註36所述經營租約承擔外，本集團於結算日有下列承擔：

	Notes 附註	Group 本集團		Company 本公司	
		2006 HK\$'000 二零零六年 千港元	2005 HK\$'000 二零零五年 千港元	2006 HK\$'000 二零零六年 千港元	2005 HK\$'000 二零零五年 千港元
Contracted, but not provided for:					
Capital contribution to a subsidiary	(a)	22,017	28,106	-	-
Prepaid land lease payments	(b)	8,409	8,430	-	-
Acquisition of an equity interest in a company	(c)	120,000	-	-	-
		150,426	36,536	-	-
Authorised, but not contracted for:					
Construction of a production plant		18,000	-	18,000	-
		168,426	36,536	18,000	-

(a) The contracted commitment was in respect of capital contribution to a subsidiary (the "Subsidiary") operating in Mainland China amounting to US\$2,830,000 (equivalent to approximately HK\$22,017,000) at 31 March 2006, which was due for payment in June 2004. Directors of the Company intends to contribute the remaining capital to the Subsidiary within 12 months after the balance sheet date. During the year, the Subsidiary applied for a reduction of registered capital by US\$2,000,000, from US\$6,430,000 to US\$4,430,000, which has yet to be approved up to the date of approval of the financial statements.

(a) 就向於中國大陸經營之附屬公司（「附屬公司」）的資本貢獻之訂約承擔於二零零六年三月三十一日為2,830,000美元（相等於約22,017,000港元），款項已於二零零四年六月到期。本公司董事預期於結算日後十二個月內向附屬公司貢獻餘下之資本。年內，該附屬公司已申請將註冊資本由6,430,000美元削減2,000,000美元至4,430,000美元，截至該等財務報表獲批准之日止，申請尚在進行中。

37. COMMITMENTS (Continued)

- (b) The Group had unprovided commitments of RMB8,746,000 (equivalent to approximately HK\$8,409,000) in respect of the land premium for a parcel of land located in Dongguan, the PRC.
- (c) On 13 December 2005, Fullson, a wholly-owned subsidiary of the Company, entered into a conditional sale and purchase agreement (the "Agreement") with Hebei Cangzhou Chemical Group (the "Vendor"), a joint stock company with limited liability established in the PRC, to acquire 12% (50,470,400 state-owned shares, or the "Sale Shares") of the existing issued share capital of Cangzhou Chemical Industrial Co., Ltd. ("Cangzhou Chemical"), at a maximum cash consideration of HK\$120 million (hereinafter referred to as the "Acquisition"). The Acquisition constitutes a very substantial acquisition of the Company under the Listing Rules. In order to finance the Acquisition, the Company entered into a conditional placing agreement (the "Placing Agreement") with an agent on the same date (hereinafter referred to as the "Placing").

Cangzhou Chemical is established in the PRC as a joint stock company with limited liability, of which 72.7% of the issued shares are state-owned, non-freely circulating shares (the "Non-Circulating Shares") and the remaining 27.3% of its existing issued shares are currently listed and traded on The Shanghai Stock Exchange (the "Circulating A-Shares"). Cangzhou Chemical is principally engaged in the sale and manufacturing of chemical materials, the wholesaling and retailing of plastic products and building materials as well as the sale and manufacturing of cement.

37. 承擔 (續)

- (b) 本集團就一幅位於中國東莞之地塊之土地出讓金之未撥備承擔為人民幣8,746,000元(相等於約8,409,000港元)。
- (c) 於二零零五年十二月十三日,本公司全資擁有之附屬公司富新與於中國成立之有限責任公司河北滄州化工集團(「賣方」)訂立有條件之買賣協議(「該協議」),以收購Cangzhou Chemical Industrial Co., Ltd.(「滄州化工」)現有已發行股本之12%(50,470,400股國有股份,或「銷售股份」),總代價最多為120,000,000港元(以下稱為「該收購事項」)。該收購事項根據上市規則佔本公司收購事項極大部分。為資助該收購事項,本公司與代理人於同日訂立有條件配售協議(「配售協議」)(以下稱為「配售」)。

滄州化工於中國成立為有限責任公司,其中72.7%之已發行股份屬國家擁有、非自由流通股(「非流通股」),餘下27.3%之現有已發行股份(「流通A股」)現已於上海證券交易所上市及買賣。滄州化工主要從事銷售及生產化學材料,批發及零售塑膠產品及建築材料,以及銷售及生產水泥。

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37. COMMITMENTS (Continued)

(c) (Continued)

Pursuant to the Agreement, the Vendor had granted Fullson an option to further acquire 20,559,600 shares in Cangzhou Chemical currently held by the Vendor, representing approximately 4.88% of the existing issued share capital of Cangzhou Chemical.

The Agreement and the Placing Agreement were duly approved by the shareholders of the Company at a special general meeting held on 13 April 2006 (the "Original Condition Fulfillment Date"). Since some of the conditions set forth in the Agreement have not been fulfilled as at the balance sheet date and the Original Condition Fulfillment Date, the Company has, at the request of the Vendor, agreed to extend the Original Condition Fulfillment Date to 13 July 2006.

Pursuant to the Company's announcement dated 13 July 2006, certain conditions set forth in the Agreement have not been fulfilled at the same date and the Vendor is still in the course of obtaining approvals from the relevant PRC authorities in relation to the disposal of the Sale Shares to Fullson. Upon receiving a notice of request from the Vendor, the directors of the Company have agreed to further extend the Original Condition Fulfillment Date to 13 January 2007.

37. 承擔 (續)

(c) (續)

根據該協議，賣方已授予富新進一步收購賣方現時持有滄州化工之20,559,600股股份之選擇權，該等股份相當於滄州化工現有已發行股本之約4.88%。

本公司股東於二零零六年四月十三日（「原訂該等條件達成日期」）舉行之特別股東大會中正式批准該協議及配售協議。由於該協議載列之一些條件於結算日及原訂該等條件達成日期仍未達成，本公司已按賣方要求同意延遲原訂該等條件達成日期至二零零六年七月十三日。

根據本公司於二零零六年七月十三日發出之公佈，該協議載列之若干條件於當日並未達成，而賣方仍正就向富新出售銷售股份向相關中國機關取得批文。收到賣方之要求通知後，本公司董事同意進一步延遲原訂該等條件達成日期至二零零七年一月十三日。

38. RELATED PARTY TRANSACTIONS

- (a) In addition to those transactions and balances disclosed elsewhere in these financial statements, the Group also had the following significant transactions with related parties during the year:
- (i) Certain of the Group's loan facilities were supported/pledged by personal guarantees executed by certain directors of the Company and the spouse of one of the directors of the Company, as further disclosed in note 25 to the financial statements.
 - (ii) In last year, a director, a related company and certain shareholders of the Company have advanced loans to the Group.
 - (iii) During the year, Wealthguard, being a substantial shareholder of the Company, waived HK\$11,100,000 of the secured term loan. In last year, Wealthguard waived interest payable by the Group on its secured term loan, 1.5% CBs and 3% CBs of approximately HK\$1,940,000, which has been included in gain arising on the write-off of bank indebtedness and interest payable of HK\$4,940,000 for the year ended 31 March 2005.

38. 關連人士交易

- (a) 除財務報表其他地方所披露之該等交易及結餘外，於年內，本團與關連人士亦有以下重要交易：
- (i) 本集團若干貸款融資由本公司若干董事及本公司一名董事之妻子簽立之個人擔保，作為支持／抵押，進一步詳情於財務報表附註25內披露。
 - (ii) 去年，本公司之一位董事、一家關連公司及若干股東已向本集團墊付貸款。
 - (iii) 年內，本公司主要股東Wealthguard已免除11,100,000港元之有抵押定期貸款。去年，Wealthguard免除本集團就其有抵押定期貸款、1.5%可換股債券及3%可換股債券之應付利息約1,940,000港元，其已撥入截至二零零五年三月三十一日止年度撇銷銀行債務及應付利息產生之收益4,940,000港元。

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38. RELATED PARTY TRANSACTIONS (Continued)

- (b) Compensation of key management personnel of the Group:

Short term employee benefits	短期僱員福利
Post-employment benefits	僱用後福利
Total compensation paid to key management personnel	支付主要管理人員之補償總額

Further details of directors' emoluments are included in note 9 to the financial statements.

38. 關連人士交易 (續)

- (b) 補償本集團主要管理人員：

2006 HK\$'000 二零零六年 千港元	2005 HK\$'000 二零零五年 千港元
2,589	3,170
24	24
2,613	3,194

董事薪酬之其他詳情載於財務報表附註9。

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank and other borrowings, finance leases, cash and short term deposits. The Group has various other financial assets and liabilities such as accounts and bills receivables and accounts and bills payables, which arise directly from its operations.

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

39. 財務風險管理目標與政策

本集團之主要金融工具包括透支、計息銀行借貸、融資租賃以及現金和短期存款。本集團有若干其他金融資產及負債，如直接自其業務產生之應收賬款及票據及應付貿易賬款及票據。

本集團金融工具所產生之主要風險為現金流量利率風險、外匯風險、信貸風險及流動資金風險。董事會檢核並同意下文所概述管理各項此等風險之政策。

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Cash flow interest rate risk

The interest rate of the interest-bearing bank and other borrowings of the Group are disclosed in note 25 to the financial statements. Directors of the Company believe its exposure to cash flow interest rate risk is minimal.

Foreign currency risk

The Group has transactional currency exposures. Such exposure arise from substantial portion of sales or purchases by operating units in United States ("US") dollars and RMB. The Group is exposed to foreign exchange risk arising from the exposure of US dollars and RMB. Considering that there is insignificant fluctuation in the exchange rates of US dollars and RMB against Hong Kong dollars, directors of the Company believe its exposure to exchange rate risk is minimal.

The Group currently does not have a foreign currency hedging policy. However, management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Liquidity risk

The Group maintains a balance between continuity of funding and flexibility through the use of interest-bearing bank and other borrowings. The directors of the Company have reviewed the Group's working capital and capital expenditure requirements and determined that the Group has no significant liquidity risk.

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, receivables balances are monitored on an ongoing basis.

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

39. 財務風險管理目標與政策 (續)

現金流量利率風險

本集團之計息之銀行及其他借貸利率於本財務報表附註25披露。本公司董事相信承受之現金利率風險輕微。

外幣風險

本集團承受交易貨幣風險。有關風險主要由業務單位以美元及人民幣進行買賣產生。本集團所承受之為美元及人民幣之外幣風險。基於美元及人民幣兌港元之匯率波動不大，本集團董事相信承受之外匯風險輕微。

本集團目前並無採用任何外幣對沖政策。然而，管理層會監察外幣風險，並會於需要時考慮對沖重大之外幣風險。

流動資金風險

本集團透過計息之銀行及其他借貸，維持資金持續供應及靈活性之間之平衡。本公司董事已檢討本集團之營運資金及資本支出需求，並認為本集團並無重大之流動資金風險。

信貸風險

本集團僅與獲確認及有信譽之第三方進行交易。本集團會對以賒賬方式交易之客戶進行信貸審查。此外，應收賬款結餘亦會作定期審閱。

由於本集團僅與獲確認及有信譽之第三方進行交易，因此一般情況下無需要取得抵押品。

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40. POST BALANCE SHEET EVENTS

Subsequent to the balance sheet date, other than those disclosed elsewhere in the financial statements, the following significant event has taken place:

On 9 June 2006, the Company entered into a subscription agreement with Forex Investment Development Limited ("Forex"), a company incorporated in the British Virgin Islands and independent to the Group, in relation to the subscription of a 2-year, 4% guaranteed convertible note and convertible into ordinary shares of, the Company up to a principal amount of HK\$46.5 million (the "New CBs"). It is intended that, among the estimated net proceeds of HK\$46.2 million, HK\$28.2 million will be used as general working capital and HK\$18 million will be used as the Group's future investments in construction of production plants and its ancillary facilities.

The New CBs, if fully subscribed for and issued, are convertible into a total of 191.4 million new ordinary shares of the Company at the initial conversion price of HK\$0.243 per ordinary share. As at the date of these financial statements, the subscription has not yet completed as certain conditions have not been satisfied.

41. COMPARATIVE AMOUNTS

As further explained in notes 2.2 and 2.4 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 and opening balance adjustments have been made and certain comparative amounts have been reclassified and restated to conform with the current year's presentation and accounting treatment.

42. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 21 July 2006.

40. 結算日後事項

結算日後，除載於本財務報表者外，有以下重大事項發生：

於二零零六年六月九日，本公司與一間於英屬處女群島註冊成立並獨立於本集團之公司匯裕投資發展有限公司（「匯裕」）訂立認購協議，其內容有關認購本金額最高達46,500,000港元為期兩年四厘有擔保可換股票據，而該等票據可兌換為本公司普通股（「新可換股債券」）。本公司計劃，在估計所得款項淨額46,200,000港元中，28,200,000港元將用作一般營運資金，而18,000,000港元將用作本集團未來投資興建生產廠房及其輔助設施所用之資金。

倘獲全數認購及發行，新可換股債券可按初步換股價每股普通股0.243港元兌換為合共191,400,000股本公司新普通股。於此等財務報表日期，因若干條件仍未獲達成，認購尚未完成。

41. 比較金額

誠如財務報表附註2.2及2.4所闡述，由於本年度採納新訂及經修訂香港財務報告準則，財務報表內若干項目及結餘之會計處理方法及呈列方式已作出修訂以符合新規定。因此，已作出若干過往年度及期初結餘調整，而若干比較金額已重新分類及重列以符合本年度之呈列方式及會計處理方法。

42. 批准財務報表

財務報表由董事會於二零零六年七月二十一日批准及通過。