嘉利國際控股有限公司
Karrie International Holdings Limited

(於百慕達註冊成立之有限公司)
(Incorporated in Bermuda with limited liability)

股份代號 stock code : 1050

Annual Report 2006/07 年報

Contents 目錄

Corporate Information 公司資料

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

10th Floor
Southeast Industrial Building
611-619 Castle Peak Road
Tsuen Wan
New Territories
Hong Kong

WEB SITE

http://www.karrie.com.hk

DIRECTORS

Executive Directors
Mr. HO Cheuk Fai *(Chairman & CEO)*
Mr. KWOK Wing Kin, Francis *(Deputy Chairman)*
Mr. LEE Shu Ki
Mr. WONG Shun Pang

Non-executive Director
Mr. HO Cheuk Ming (was re-designated on 1 June 2007)

Independent Non-executive Directors
Mr. SO Wai Chun
Mr. CHAN Sui Sum, Raymond
Mr. FONG Hoi Shing

AUDIT COMMITTEE

Mr. SO Wai Chun
Mr. CHAN Sui Sum, Raymond
Mr. FONG Hoi Shing
Mr. HO Cheuk Ming (was appointed on 1 June 2007)

REMUNERATION COMMITTEE

Mr. SO Wai Chun
Mr. CHAN Sui Sum, Raymond
Mr. HO Cheuk Ming

COMPANY SECRETARY

Mr. TANG Wing Fai

註冊辦事處

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

總辦事處及主要營業地點

香港
新界
荃灣
青山公路611-619號
東南工業大廈
10樓

網址

http://www.karrie.com.hk

董事

執行董事
何焯輝先生*（主席兼行政總裁）*
郭永堅先生*（副主席）*
李樹琪先生
黃順鵬先生

非執行董事
何卓明先生（二零零七年六月一日獲調任）

獨立非執行董事
蘇偉俊先生
陳瑞森先生
方海城先生

審核委員會

蘇偉俊先生
陳瑞森先生
方海城先生
何卓明先生（二零零七年六月一日獲委任）

薪酬委員會

蘇偉俊先生
陳瑞森先生
何卓明先生

公司秘書

鄧榮輝先生

Corporate Information 公司資料

AUDITORS

PricewaterhouseCoopers
Certified Public Accountants
22nd Floor, Prince's Building
Central, Hong Kong

PRINCIPAL BANKERS

China Construction Bank Corporation
44-45/F, Tower One Lippo Centre
89 Queensway, Admiralty
Hong Kong

Hang Seng Bank
83 Des Voeux Road Central
Hong Kong

The Hongkong and Shanghai Banking Corporation Limited
1 Queen's Road Central
Hong Kong

Mizuho Corporate Bank, Limited
17th Floor, Two Pacific Place
88 Queensway
Hong Kong

Standard Chartered Bank
Standard Chartered Bank Building
4-4A Des Voeux Road Central
Hong Kong

PRINCIPAL SHARE REGISTRARS AND TRANSFER OFFICE

Butterfield Fund Services (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke HM08
Bermuda

HONG KONG BRANCH SHARE REGISTRARS AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Rooms 1712-6, 17th Floor
Hopewell Centre
183 Queen's Road East
Hong Kong

核數師

羅兵咸永道會計師事務所
執業會計師
香港中環
太子大廈22樓

主要往來銀行

中國建設銀行
香港
金鐘道89號
力寶中心一座44-45樓

恒生銀行
香港
德輔道中83號

香港上海滙豐銀行有限公司
香港
皇后大道中1號

瑞穗實業銀行
香港
金鐘道88號
太古廣場2座17樓

渣打銀行
香港
德輔道中4-4A號
渣打銀行大廈

主要股份過戶登記處

Butterfield Fund Services (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke HM08
Bermuda

香港股份過戶登記分處

香港中央證券登記有限公司
香港
皇后大道東183號
合和中心
17樓1712-6室

Key Information for Shareholders 股東主要資料

FINANCIAL CALENDAR 2007

Announcement of 2006/07 results
9 July 2007

Last day to register for 2006/07 Final Dividends
10 August 2007

Annual General Meeting
17 August 2007

2006/07 Final Dividend Payment Date
31 August 2007

Financial Year End
31 March 2007

二零零七年財務年誌

二零零六／零七年度業績公佈日期
二零零七年七月九日

二零零六／零七年度末期股息最後登記日期
二零零七年八月十日

股東週年大會
二零零七年八月十七日

二零零六／零七年度末期股息派息日
二零零七年八月三十一日

財務年結日
二零零七年三月三十一日

SHARE CAPITAL 股本

		As at 截至	
		31 March 2007 二零零七年三月三十一日	**30 June 2007 二零零七年六月三十日**
Authorised (HK$)	法定（港元）	80,000,000	80,000,000
Issued (HK$)	已發行（港元）	41,228,400	41,228,400

ANALYSIS OF SHAREHOLDING STRUCTURE AND SHAREHOLDER DISTRIBUTION

As at 30 June 2007, the Company had 412,284,000 shares in issue of which approximately 45.63%(1) was held by the public. As at that date, the Company had a total of 383 registered shareholders. The following table shows the distribution of ownership according to the Register of Members and the Participant Shareholding Report generated from the Central Clearing and Settlement System as of 30 June 2007:

股權結構及股東分佈之分析

截至二零零七年六月三十日，本公司共發行股份412,284,000股，其中公眾持股量約佔45.63%(1)。截至同日，本公司擁有註冊股東383名。根據股東名冊及中央結算交收系統於二零零七年六月三十日編纂的參與者股權報告，我們編製了以下股東分佈表供投資者參考：

ANALYSIS OF SHAREHOLDING STRUCTURE AND SHAREHOLDER DISTRIBUTION *(Cont'd)* 股權結構及股東分佈之分析 *(續)*

Category 類別		Number of registered shareholders 註冊股東數量	% of number of shareholders 佔註冊股東比例%	Number of shares 持股數量	% of total issued share capital 佔已發行股份比例%
Pearl Court Company Limited		1	0.26%	172,200,000	41.77%
Ho's family[(2)]	何氏家族[(2)]	3	0.78%	49,180,000	11.93%
Directors[(3)]	董事[(3)]	4	1.05%	2,762,000	0.67%
Value Partners Limited[(4)]		1	0.26%	24,478,000	5.93%
Individuals	個人投資者	188	49.09%	13,710,750	3.33%
Institutions, corporates and nominees	機構投資者、企業投資者及代理人	186	48.56%	149,953,250	36.37%
Total	合計	383	100.00%	412,284,000	100.00%

Note:

(1) Public shareholding represents shares held by the public, excluding those held by Pearl Court Company Limited, Ho's family and Directors of the Company.

(2) Ho's family comprises Mr. Ho Cheuk Fai, Chairman and Chief Executive Officer, Mr. Ho Cheuk Ming, Deputy Chairman and Chief Operating Officer (was re-designated as Non-executive Director on 1 June 2007), and Ms. Ho Po Chu.

(3) Directors represent Directors of the Company excluding Mr. Ho Cheuk Fai and Mr. Ho Cheuk Ming.

(4) Latest information up-dated to 30 June 2007 as provided by Value Partners Limited.

備註：

(1) 公眾持股量代表(除Pearl Court Company Limited、何氏家族及本公司董事所持股份數量外)公眾人士所持有的股份數量。

(2) 何氏家族由主席兼行政總裁何焯輝先生，副主席兼營運總裁何卓明先生(於二零零七年六月一日已調任為非執行董事)及何寶珠女士組成。

(3) 董事代表(除何焯輝先生及何卓明先生外)本公司之董事。

(4) 此乃Value Partners Limited所提供之更新截至二零零七年六月三十日之最新資料。

As at 30 June 2007 於二零零七年六月三十日	Shareholders 股東		Shares of HK$0.1 each 每股面值0.1港元股份	
Number of Shares Held 所持股份數目	Number 人數	% of total 佔總數百分比	Number 數目	% of total 佔總數百分比
1 – 5,000	73	19.0%	133,964	0.0%
5,001 – 20,000	109	28.5%	1,418,000	0.3%
20,001 – 50,000	56	14.6%	2,090,729	0.5%
50,001 – 100,000	46	12.0%	3,637,020	0.9%
100,001 – 200,000	26	6.8%	4,007,322	1.0%
200,001 – 500,000	29	7.6%	9,862,000	2.4%
500,001 – 1,000,000	11	2.9%	7,838,000	1.9%
1,000,001 – 2,000,000	13	3.4%	18,842,000	4.6%
2,000,001 – 5,000,000	8	2.1%	25,975,495	6.3%
Over 5,000,000以上	12	3.1%	338,479,470	82.1%
	383	100.0%	412,284,000	100.0%

Key Information for Shareholders 股東主要資料

OUTSTANDING OPTIONS FOR ORDINARY SHARES GRANTED 已授予但仍未行使的購股權

		As at 截至 31 March 2007 二零零七年三月三十一日	As at 截至 30 June 2007 二零零七年六月三十日
at exercise price of HK$1.30 each	行使價為每股1.30港元	100,000	100,000
at exercise price of HK$1.65 each	行使價為每股1.65港元	3,020,000	2,720,000
at exercise price of HK$2.475 each	行使價為每股2.475港元	7,716,000	7,556,000
at exercise price of HK$1.90 each	行使價為每股1.90港元	2,896,000	2,396,000
at exercise price of HK$3.15 each	行使價為每股3.15港元	4,620,000	4,620,000
at exercise price of HK$3.35 each	行使價為每股3.35港元	11,400,000	10,400,000
Total	合計	29,752,000	27,792,000

MARKET CAPITALISATION 市值

As at 31 March 2007
(Closing Price: HK$2.07)
HK$853,427,880

截至二零零七年三月三十一日
（收市價：2.07港元）
853,427,880港元

As at 30 June 2007
(Closing Price: HK$2.24)
HK$923,516,160

截至二零零七年六月三十日
（收市價：2.24港元）
923,516,160港元

Share Price Movement And Trade Volume in 2006/07
二零零六／零七年度之股價走勢及成交量

Key Information for Shareholders 股東主要資料

STOCK CODE

The Stock Exchange of Hong Kong Limited
Main Board
1050

股份編號

香港聯合交易所有限公司
主板
1050

BOARD LOT

2,000 Shares

每手股數

2,000股

SHAREHOLDER SERVICES

Any matters relating to your shareholding, such as transfer of shares, change of name or address, and loss of share certificates should be addressed in writing to the Branch Share Registrar of the Company:

Computershare Hong Kong Investor Services Limited
Rooms 1712-6, 17th Floor
Hopewell Centre
183 Queen's Road East
Hong Kong
Tel: (852) 2862-8628
Fax: (852) 2529-6087

股東服務

假若有任何關於閣下股份之事宜，包括股份轉讓、更改姓名或地址、遺失股票等，請以書面聯絡我們的股份過戶登記分處：

香港中央結算登記有限公司
香港
皇后大道東183號
合和中心17樓1712－6室

電話：(852) 2862-8628
傳真：(852) 2529-6087

INVESTOR RELATIONS

For enquiries, please contact:

Ms. Winnie Tsang
Senior Corporate Communications Officer
Karrie International Holdings Limited
10th Floor, Southeast Industrial Building
611-619 Castle Peak Road
Tsuen Wan, New Territories
Hong Kong
Tel: (852) 2437-6830
Fax: (852) 2415-1608
Email: pytsang@karrie.com.hk/
ir@karrie.com.hk

投資者關係

如有任何垂詢，請聯絡：

曾佩瑩小姐
高級企業傳訊主任
嘉利國際控股有限公司
香港
新界荃灣青山公路611-619號
東南工業大廈10樓
電話： (852) 2437-6830
傳真： (852) 2415-1608
電郵： pytsang@karrie.com.hk/
ir@karrie.com.hk

Corporate Calendar 企業大事日誌

2006

APR 4月

7th "Tea-Break with Individual Investors"
舉行第七次「與個人投資者茶敘」

MAY 5月

Team-building session for the management team
為管理層舉行「打造高績效團隊」之培訓

JUN 6月

2005/06 Annual Results Announcement
公佈二零零五／零六年度全年業績

Commended by the Dongguan City Authority as the first enterprise to establish a "Committee on the Concerns for the Next Generation"
獲東莞市政府推許成為首家成立「關心下一代工作委員會」之企業

JUL 7月

8th "Tea-Break with Individual Investors"
舉行第八次「與個人投資者茶敘」

SEP 9月

2006/07 1st Quarterly Results Announcement
公佈二零零六／零七年度第一季季度業績

9th "Tea-Break with Individual Investors"
舉行第九次「與個人投資者茶敘」

"Time Management & Stress Control" training session for the management
為管理層舉行「善用時間，減壓得法」之培訓

OCT 10月

Yu Quan Plant, Phase I commenced production
玉泉廠房第一期投入生產運作

Donation of RMB250,000 to Dongguan Provincial Government for the construction of Feng Gang Hua Qiu Secondary School
捐資人民幣二十五萬元正予東莞市政府興建鳳崗華僑中學

NOV 11月

2006/07 Interim Results Announcement
公佈二零零六／零七年度中期業績

Awarded with "Honorable Mentions" in 2006 Best Annual Report Award by the Hong Kong Management Association
獲「香港管理專業協會」二零零六年度「最佳年報選舉」之優異年報獎項

DEC 12月

Listing 10th anniversary
上市十周年紀念

Winner in the Grand Prix for Best Overall Investor Relationship in Hong Kong - Small/Mid Cap Category in a poll organized by the IR Magazine
獲「投資者關係雜誌」推選為「香港最佳投資者關係大獎－中小企業」第一名

10th "Tea-Break with Individual Investors"
舉行第十次「與個人投資者茶敘」

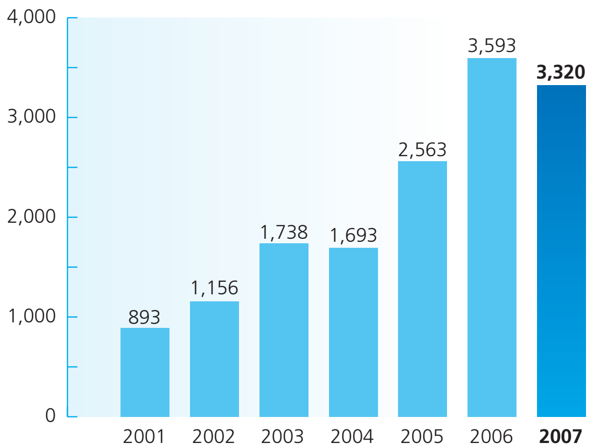
Corporate Calendar 企業大事日誌

2007

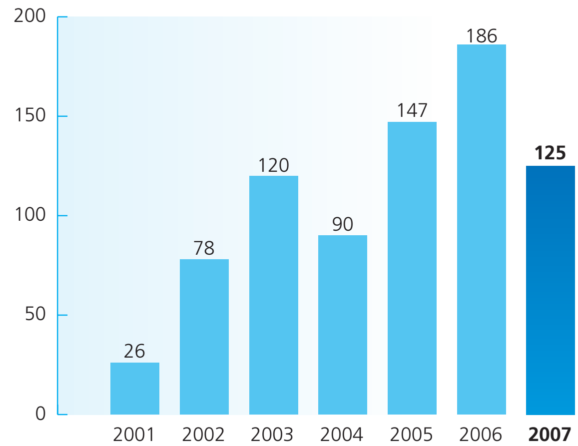
JAN 1月	"Marching for Excellence for Leadership" training session for management team 為管理層舉行「從優秀到卓越－邁進2007領導力」之培訓
FEB 2月	Awarded the "Caring Company" logo for the second consecutive year by the Hong Kong Council of Social Service 連續第二年獲香港社會服務聯會頒發「商界展關懷」標誌
	Sponsorship by Ho Cheuk Fai Foundation to the "Nothing is Impossible" Outward Bound Programme for the Disadvantaged Children together with the St. Christopher's Home 何焯輝基金資助予香港聖公會聖基道兒童院舉辦「嘉利凡事皆可能自我挑戰計劃」
MAR 3月	2006/07 3rd Quarterly Results Announcement 公佈二零零六／零七年度第三季季度業績
	"Management by Objectives" training session for strong potentials in the "Mentor Program for the Elite" 為被選入「師父領袖精英計劃」中具潛質之中層人員作目標管理培訓
JUN 6月	"Coaching Skills for Leadership" training session for management team 為管理層舉行「企業教練輔導技巧」之培訓
JUL 7月	2006/07 Annual Results Announcement 公佈二零零六／零七年度全年業績
	11th "Tea-Break with Individual Investors" 舉行第十一次「與個人投資者茶敘」

Financial Highlights 財務概要

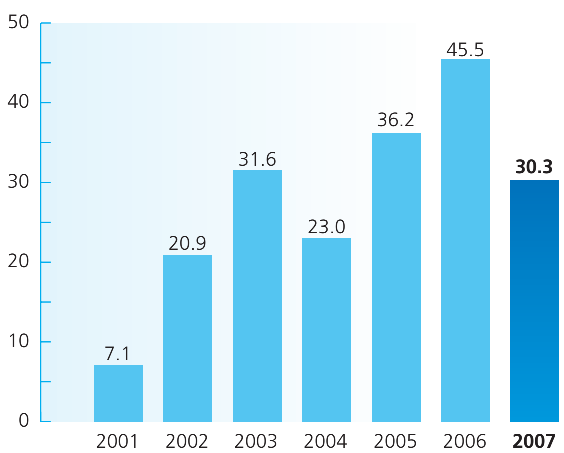
Turnover HK$ million
營業額 百萬港元



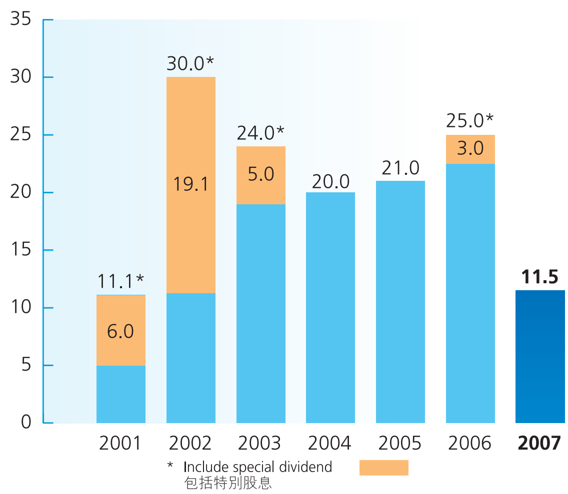
Profit attributable to shareholders HK$ million
股東應佔溢利 百萬港元



Basic earnings per share HK cents
每股基本溢利 港仙



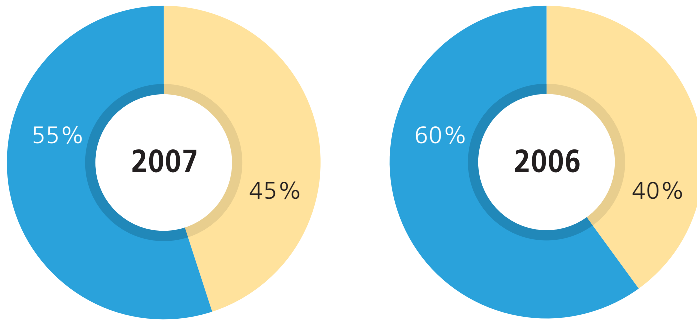
Dividends per share HK cents
每股股息 港仙



Financial Highlights 財務概要

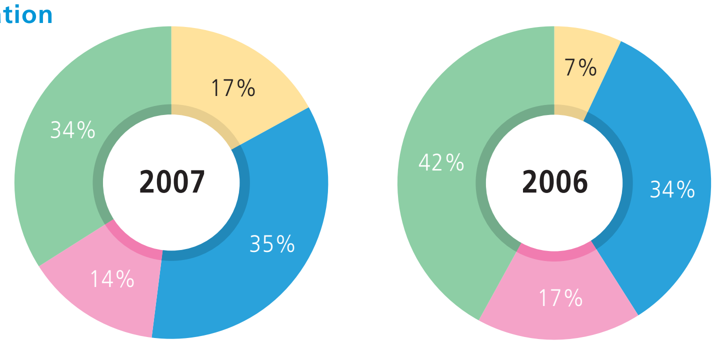
Turnover percentage by Products
按產品劃分的營業額百分率

- Metal and Plastic Business
  五金塑膠業務
- Electronics Manufacturing Services Business
  電子專業代工業務



Turnover percentage by Geographical Location
按產品所在地劃分的營業額百分率

- Japan
  日本
- Asia (excluding Japan)
  亞洲（不包括日本）
- North America
  北美洲
- Western Europe
  西歐



		2007 **二零零七年**	2006 二零零六年	% Changes 變動百分比
HK$ million	*百萬港元*			
Turnover	營業額	**3,320**	3,593	-8%
Gross profit	毛利	**304**	386	-21%
Operating profit	經營溢利	**150**	219	-32%
Profit attributable to equity holders	股權持有人應佔溢利	**125**	186	-33%
Total assets	資產總值	**1,621**	1,573	+3%
Shareholders' equity	股東權益	**557**	527	+6%
In Million	*百萬股*			
Number of shares	股份數目	**412**	411	–
Per Share Data	**每股資料**			
HK Cents	*港仙*			
Basic earnings	基本溢利	**30.3**	45.5	-33%
Diluted earnings	攤薄後溢利	**30.2**	45.1	-33%
Total cash dividends	總現金股息	**11.5**	25.0	-54%
HK$	*港元*			
Net asset value per share	每股資產淨值	**1.4**	1.3	+8%
Financial Ratios	**財務比率**			
Gross profit margin (%)	邊際毛利 (%)	**9.1**	10.7	-15%
Net profit margin (%)	邊際純利 (%)	**3.8**	5.2	-27%
Net current ratio	淨流動比率	**1.5**	1.7	-12%
Net quick ratio	淨速動比率	**1.0**	1.1	-9%
Net gearing ratio (%)	淨銀行借貸比率 (%)	**25**	21	+19%
Interest coverage	利息涵蓋比率	**9**	11	-18%
Dividend payout (%)	派息比率 (%)	**38**	55	-31%
Turnover to net bank borrowings	營業額與淨銀行借貸比率	**23**	32	-28%

Financial Highlights 財務概要

Definitions 定義

Definitions		定義	
Basic earnings per share	$\frac{\text{Profit attributable to equity holders}}{\text{Weighted average number of shares}}$	每股基本溢利	$\frac{\text{股權持有人應佔溢利}}{\text{加權平均股數}}$
Diluted earnings per share	$\frac{\text{Profit attributable to equity holders}}{\text{Diluted weighted average number of shares}}$	每股攤薄後溢利	$\frac{\text{股權持有人應佔溢利}}{\text{攤薄加權平均股數}}$
Net asset value per share	$\frac{\text{Net assets}}{\text{Number of shares as at year end}}$	每股資產淨值	$\frac{\text{資產淨值}}{\text{年底股數}}$
Gross profit margin (%)	$\frac{\text{Gross profit}}{\text{Turnover}} \times 100\%$	邊際毛利 (%)	$\frac{\text{毛利}}{\text{營業額}} \times 100\%$
Net profit margin (%)	$\frac{\text{Profit attributable to equity holders}}{\text{Turnover}} \times 100\%$	邊際純利 (%)	$\frac{\text{股權持有人應佔溢利}}{\text{營業額}} \times 100\%$
Net current ratio	$\frac{\text{Current assets (less cash and bank balances)}}{\text{Current liabilities (less cash and bank balances)}}$	淨流動比率	$\frac{\text{流動資產（減現金及銀行結存）}}{\text{流動負債（減現金及銀行結存）}}$
Net quick ratio	$\frac{\text{Current assets (less inventories and cash and bank balances)}}{\text{Current liabilities (less cash and bank balances)}}$	淨速動比率	$\frac{\text{流動資產（減存貨及現金及銀行結存）}}{\text{流動負債（減現金及銀行結存）}}$
Net gearing ratio (%)	$\frac{\text{Bank borrowings (less cash and bank balances)}}{\text{Shareholders' equity}}$	淨銀行借貸比率(%)	$\frac{\text{銀行借貸（減現金及銀行結存）}}{\text{股東權益}}$
Interest coverage	$\frac{\text{Earnings before interest, tax, depreciation and amortisation}}{\text{Interest paid}}$	利息涵蓋比率	$\frac{\text{扣除利息支出、稅項、折舊及攤銷前溢利}}{\text{利息支出}}$
Dividend payout (%)	$\frac{\text{Dividends}}{\text{Profit attributable to equity holders}} \times 100\%$	派息比率(%)	$\frac{\text{股息}}{\text{股權持有人應佔溢利}} \times 100\%$
Turnover to net bank borrowings	$\frac{\text{Turnover}}{\text{Bank borrowings (less cash and bank balances)}}$	營業額與淨銀行借貸比率	$\frac{\text{營業額}}{\text{銀行借貸（減現金及銀行結存）}}$

Chairman's Statement 主席報告

RIDING THE WAVES, EXCELLING AMID CHALLENGES

POOLING ELITE, FOCUS ON MAINLAND

On behalf of the board (the "Board") of directors (the "Directors") of Karrie International Holdings Limited (the "Company"), I am pleased to present the annual report of the Company and its subsidiaries (the "Group") for the year ended 31 March 2007.

PRINCIPAL ACTIVITIES AND RESULTS

The Group is principally engaged in

– Metal and Plastic Business: manufacturing and sale of metal and plastic products including computer casings, office automation products, moulds, plastic and metal parts; and

– Electronic Manufacturing Services ("EMS") Business: manufacturing and sale of laser printers, magnetic tape drives and other computer peripherals.

Boosting Fundamentals for Braving New Heights

As compared with last year, turnover for the year decreased by 8% to HK$3,320,030,000 (2005/06: HK$3,592,741,000) and profit attributable to equity holders decreased by 33% to HK$124,928,000 (2005/06: HK$186,379,000). The main reasons for the drop included:

– The substantial growth in turnover for 2005/06 was exceptional and unexpected, and had enlarged the base for comparison for results of the year under review;

乘風破浪，遇強越強

滙聚精英，放眼中華

我謹此代表董事(「董事」)會(「董事會」)提交嘉利國際控股有限公司(「公司」)及其附屬公司(「集團」)截至二零零七年三月三十一日止的年報。

主要業務及業績

集團主要從事

— 五金塑膠業務 — 製造及銷售五金及塑膠產品，包括電腦外殼、辦公室文儀產品、模具、塑膠及金屬部件等；及

— 電子專業代工業務 — 製造及銷售鐳射打印機、磁帶解碼器及其他電腦週邊產品。

休養生息，再攀高峰

集團截至二零零七年三月三十一日止年度的營業額與去年相比下跌8%至3,320,030,000港元(二零零五／零六年度：3,592,741,000港元)，股權持有人應佔溢利則下跌33%至124,928,000港元(二零零五／零六年度：186,379,000港元)。其中下跌之主要原因包括：

— 因集團於二零零五／零六年度之營業額超出預期之強勁增長，引致營業額的比較基數擴大；

(12 months ended) (12個月截至)	Metal and Plastic Business 五金塑膠業務 HK$000 千港元	(%)	Electronic Manufacturing Services Business 電子專業代工業務 HK$000 千港元	(%)	Total 合計 HK$000 千港元	(%)	Total annual percentage change 合計年度百份比變動
2005/03/31	1,172,806	46	1,390,384	54	2,563,190	100	NA/不適用
2006/03/31	1,431,428	40	2,161,313	60	3,592,741	100	+40%
2007/03/31	1,480,918	45	1,839,112	55	3,320,030	100	-8%

Chairman's Statement 主席報告

– The unexpected lack lustre performance of the Group's major customer going through business consolidation also affected the Group's turnover;

– Although turnover from other customers saw mild increases which had helped to partially counter the impact of decrease in business with the major customer, without operation leverage, the rise in production cost in the Pearl River Delta posed pressure on the Group's profit. Furthermore, the Group was unable to immediately pass on to the customers part of the rise in cost as a result of the appreciation of the RMB, which resulted in a more drastic drop in profit than that in turnover;

– While Yu Quan Plant has already commenced its operation, human resources and operational arrangement need to be adjusted from time to time. The additional wages, electricity consumption, transport and logistics, accommodation and local institutions' management fee would immediately give rise to an increase in the operation cost.

However, we were not discouraged, and carried out various cost control measures during the year to maintain the Group's competitiveness. These included:

– Integration of the operation and management systems of offices in Hong Kong and Mainland China to reduce the internal communication cost;

– Increasing the consumption of local power supply to lower the power generation cost;

– Fully operational, the new Yu Quan plant gave us the platform to improve production and increase automation, and in turn boost efficiency and save manpower;

— 集團最大的客戶業績較預期遜色以及其進行業務重組，是令本集團營業額出現下跌之主要原因；

— 雖然其他客戶之營業額均有溫和增長，因此局部抵銷重要客戶業績下跌的影響，但在缺乏營運槓桿效益下，珠江三角洲生產成本上漲令本集團的利潤承受壓力，加上人民幣升值帶來負面影響，集團未能即時與客戶商討分攤成本，令溢利下跌的幅度較營業額更甚；

— 隨著玉泉廠房逐步開始投入運作，人力配套及營運方面仍需不斷調節，在「一闊三大」的情況下，包括工資、電費、交通／運輸費用、食宿費用及地方機構管理費用等等均導致營運成本有所增加。

雖然如此，我們並沒有因此而氣餒，於年內亦作出了多項成本控制的措施，以保持集團的競爭優勢，當中包括：

— 我們透過中港辦事處及三廠房之系統整合，節省中港及內部通訊費用；

— 透過發電設備整合，增加使用市電，節省發電開支；

— 隨著新玉泉廠房投產，我們盡量透過生產工藝改善及自動化，加快工作效率及節省人力；

– During the year, we explored new procurement sources and secured agreement with suppliers to lower prices which had enabled trimming of material costs.

– 年內我們更開拓採購來源以及與供應商達成降價協議，以節省物料採購成本。

Your Unswerving Support is our Motivation

你默默的支持，成為我的動力泉源

Thanks for the support of all parties in the previous year, we achieved outstanding results. It is such support and trust in Karrie that had seen us through testing times in the past year. Our gratitude goes to:

感謝上年度在各方的默默支持下，使我們得到卓越的成績。本年度集團面對如斯艱難的營商環境和遇到不少障礙，但你們不離不棄的默默支持以及對嘉利集團的信任，當中包括：

– Our customers, suppliers and banks whose support had given us the drive and confidence in facing challenges;

– Our staff for their hard work and dedication amid concern in the market about the drop in turnover of the Group. They were not discouraged but continued to improve their work performance so as to strengthen the Group's overall efficiency and lay a strong foundation for development for the Group. We are confident that with such a dedicated workforce the Group will advance in strides and continue to claim leadership in the industry.

– 客戶、供應商及銀行的支持，因為有你們的支持，我們才更有動力和信心去迎接挑戰；

– 所有曾經盡心盡力付出的員工。雖然外界對集團營業額倒退提出很多疑問，但員工們並無因此而變得沮喪，反而繼續無私地為改善及提升工作表現而付出，從而提升集團整體生產效率，為未來的發展建立一個更穩健的基礎。我們深信這股力量將可帶領集團繼續跨步向前，令我們可以繼續成為行內翹楚。

I cordially salute and thank again to those who have been supporting us.

我們亦希望藉此機會再次作出衷心的感謝和致敬。

Chairman's Statement 主席報告

THE THREE EQUILIBRIUMS

In the past two years, we have focused on maintaining "the three equilibriums", which allowed us to achieve rapid growth while facing different problems and challenges. Achieving the "equilibriums" in conflicting circumstances is a daunting task, but it is also a key to successful corporate management.

The First Equilibrium: "Risk of Investing" vs "Risk of Not Investing"

The booming global economy has fuelled the demand of customers for capacity and support services. In our 2004/05 annual report, we pledged to uphold the "customers come first" operating principle because we understand that our survival and growth hinges on whether we have customer support.

Risk of Not Investing

In today's knowledge-based society, customers have become more and more demanding. Failure to make sure that our projects or investments keep up with such demands is likely to result in losing customers to the competitors. Weighing the merits of investment only then just may not help the Group catch up with the customers. And, as most of our partners are leading international corporations which require suppliers to have state-of-the-art plants and production facilities, we cannot afford to stand still.

Risk of Investing

Being the helmsman of the Company and having built a lifetime career in manufacturing, I never underestimate the risks of over-investment. Increase in operating expenses will have an impact on the Group's profit and there is also no guarantee that turnover of customers will increase accordingly.

「三大平衡」

過去兩年，我們一直強調「三大平衡」，希望藉此讓你明白我們在業務高速增長的同時所遇到的各樣難題與挑戰。如何在不能兼容的情況下成功取得「三大平衡」可謂一門非常高深的學問，卻也是企業管理的關鍵。

第一平衡：「投資的風險」與「不作投資的風險」

全球經濟持續增長，同時促使各客戶提出更大的產能及服務支援的需求。於二零零四／零五年度年報中，我們已表明集團「以客為尊」的經營信念，因為我們知道只有客戶方可讓集團得以生存及延續。

不作投資的風險

在現今的知識型社會，客戶要求日漸提高，若我們不能配合客戶的新項目以及不作出新的投資，客戶很有可能會另覓夥伴，若屆時我們才考慮投資的可行性，是否能夠追上他們的步伐呢？更何況與嘉利有著密切合作夥伴關係的客戶多數屬於大型國際企業，他們要求廠房及生產設備必須與時並進，我們更不可能固步自封。

投資的風險

作為公司的舵手，而且終生以廠為家，我從來沒有低估過份投資所帶來的風險。營運開支的增加固然對我們溢利有負面影響，而我們作出了投資，亦不能百份之百保證客戶的營業額會同步上升。

However, our management team understands that manufacturing is a business that transcends time requiring long term efforts to sustain. Thus, instead of pursuing short term share price surges, we have focused on bringing long-term benefits to our shareholders and stakeholders (including customers, suppliers, bankers and employees etc.).

不過，我們的管理團隊一直以來都擁有同一個信念，明白到製造業是一門跨年代和具延續性的業務，因此，我們的決策重點集中於股東及相關人仕(包括客戶、供應商、銀行和員工等)之長遠利益而非短期之股價表現。

As the market becomes more sophisticated, customers also require higher craftsmanship and better presentation for their products. This means that we need to constantly upgrade our equipment if we are to meet their requirements. The management understands that the Group needs to be well-equipped and keep enhancing its production capacity if it is to achieve its long-term objectives.

在市場的大趨勢下，客戶對工藝、外觀的需要不斷提升，因此我們亦要配合客戶需求，不斷提升高科技器材才能配合客戶所需。管理層都明白，我們要先裝備自己、提升自己的產能，才能為未來更長遠的目標進發。

Despite the conflicting circumstances, our professional management team worked hard during the year to strike a balance in investment, for instance:

– Capital expenditure for the year, including the construction of Phase I and II of the Yu Quan Plant, was HK$91,625,000. The bulk of the amount was spent on extension work in Phase I of the plant and procurement of new metal stamping, plastic injection and other machines for supporting long-term development needs;

– Although we have secured long-term borrowings from banks, we continued to re-invest profit made during the year, honoring with prudence the principle of not relying on borrowings to fund capital investment.

雖然我們處於這個不能兼容的局面之下，但嘉利的專業管理團隊於過去一年從未放棄尋求兩者之間的平衡，例子包括：

– 本年度的固定資產投資為91,625,000港元，已包括興建玉泉廠房第一期及開展第二期工程，其中大部份資金用於玉泉廠房第一期工程之擴充部份及購置新五金沖壓機、注塑機及其他機器等，為我們未來更長遠的發展作好準備；

– 雖然我們向銀行安排了長期借貸，但本年度我們仍繼續透過保留溢利支付有關投資，符合我們一直堅持盡量不以借貸作固定資產投資的穩健原則。

Chairman's Statement 主席報告

Yu Quan Plant

New Yu Quan Plant commenced production

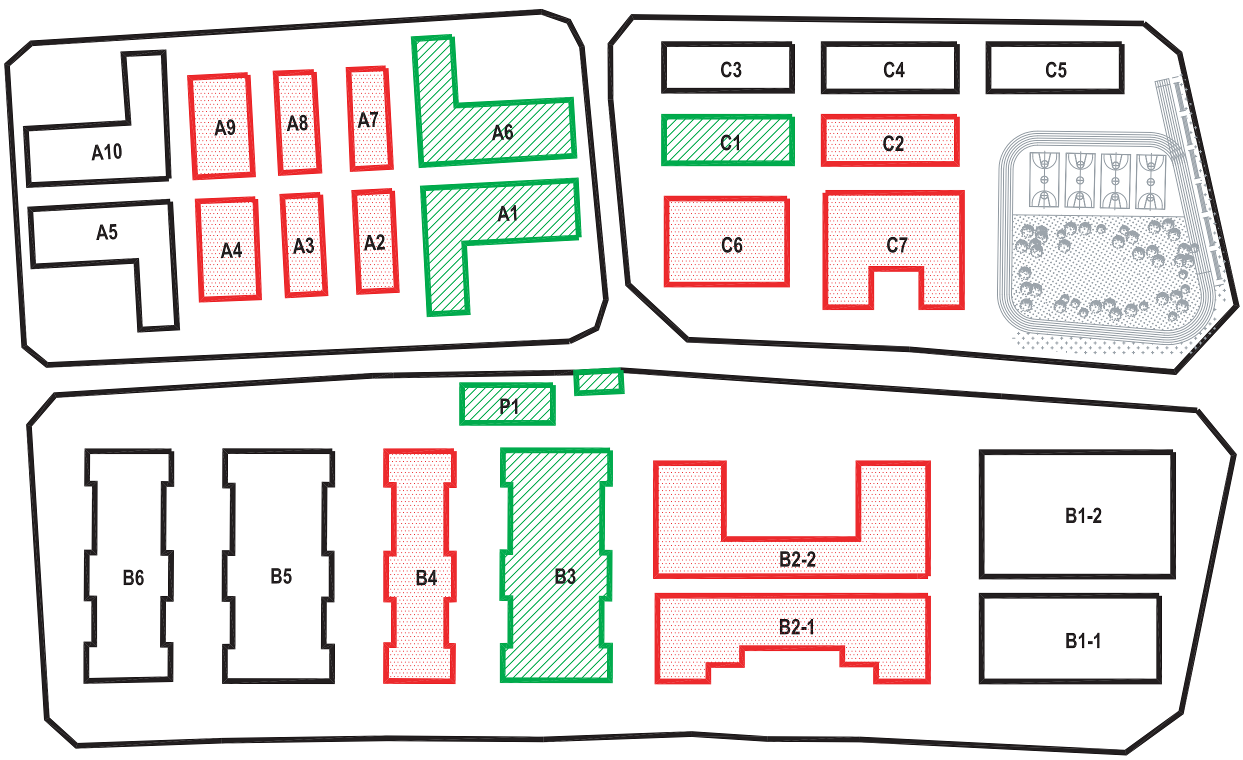
Located in Fenggang, Dongguan, Guangdong Province, China, with a site area of approximately 240,000 sq.m., Yu Quan Plant was acquired by the Group in August 2004. Phase I of the new plant comprises five buildings, i.e. a plastic injection moulding workshop, an electronic assembly lines workshop, a dormitory, a warehouse and a power plant, taking up a site area of about 34,300 sq.m. The plant commenced production in October 2006.

玉泉廠房

新玉泉廠房已正式投產

集團於二零零四年八月購入位於中國廣東省東莞市鳳崗鎮的玉泉廠房，佔地面積約240,000平方米。新玉泉廠房第一期廠房包括注塑工場、電子組裝工場、宿舍、貨倉及發電站五棟建築物，佔地面積約為34,300平方米，已於二零零六年十月正式投產。

Yu Quan Plant Layout Plan
玉泉廠房整體規劃



Phase I 第一期
Phase II 第二期
Under planning 規劃中

Plastics Injection 注塑 – A1, A4, A9, B3	Administration Office 行政大樓 – B2-1
EMS 電子組裝 – A2, A7, A8	Dormitory 宿舍 – C1, C2
Moulding 工模 – A3, B4	Canteen 食堂 – C6
Warehouse 貨倉 – A6, B2-2, C7	Power Plant 發電房 – P1

Progress of construction for the Yu Quan Plant in two years' time.
玉泉廠房於過去兩年之建築進度

10-2005

01-2006

11-2006

06-2007

Chairman's Statement 主席報告

Our Investment Paid Off!

Since Yu Quan Plant commenced production, our overall production capacity has increased by 17%. When investment in 2007/08 completes, the Group's initial production capacity will increase by another 15%.

Yu Quan Plant also marked a major step forward of the Group in production automation. The plant's plastic injection line is fully automated and standardization of moulds for the metal stamping line is the next step. Apart from lowering manpower required to operate machines, since these automation endeavors command the use of better quality moulds, this reduces the workload for subsequent processing and products of better and more consistent quality are produced.

With Yu Quan Plant in operation, the Group has created a cluster of related productions in one area so as to reduce the logistics management cost.

In the future, we may use the advanced equipment of Yu Quan Plant to enhance the production capacity for precision metal or plastic parts and thus help the Group develop more high value-added products.

Is more investment required to upgrade and repair equipment?

Many business partners and investors wondered whether automation means that more investment would have to be made to update or repair the related equipment. The answer is "No". The facilities introduced are of low cost for the purpose of replacing manual transfer of product parts. The components of the equipment are inexpensive. The Group's focus has been on teaching production staff how to effectively operate the automation systems to ensure their smooth operation.

投資都是有價值的！

自從玉泉廠房投產以來，集團的整體產能增加了17%。而預期完成二零零七／零八年度的投資項目後，初期集團整體產能將再進一步增加15%。

玉泉廠房亦為集團邁向更高度自動化踏出了重要的一步，該廠房在塑膠注塑方面已實行全面自動化。緊隨其後，五金衝壓件生產方面亦會推行模具標準化，以加強自動化生產，這些措施除直接減少操作機器的人手之外，因自動化要求模具有更好的狀態，後期加工量的需要亦相對減少，產品的質素亦將會有所提高。

隨著玉泉廠房投入使用，集團能把相關的生產業務集中在同一廠區，物流管理的成本亦得以下降。

未來我們亦可利用玉泉廠房的先進機械設備，提升集團在精密五金或塑膠部品的製作能力，對集團長遠開拓高增值產品更為有利。

需要投放更多資金更新及維修設備?

很多業務夥伴及投資者都詢問我們，在廠房實行自動化後，豈不需要投放更多資金更新及維修設備?但事實卻不然。我們應用的設施主要是取代人工移動工件的低成本自動化，機器原件並不昂貴，反而教育基層員工認識自動化系統，從而有效地應用、維護自動化設備才是更重要的課題。

Chairman's Statement 主席報告

Fortunately, apart from enjoying a strong reputation in the local community, our "All-Round Training Programmes" have also been very effective. We will reinvest our saving from automation in personnel training. We will organize seminars and training programmes to be conducted by professionals from different fields to boost the knowledge and skills of our staff. We believe that employees are the "most valuable asset" of a successful company, and we are confident that investment in them will pay off!

With Phase I of Yu Quan Plant in operation, we are planning for the construction of Phase II of the plant which has been started in the fourth quarter of 2006. With the total construction area of 95,000 sq.m., groundwork for 13,000 sq.m. had been completed and work on another 40,000 sq.m. is in progress. It is expected that groundwork for the entire Phase II of the plant will be completed by the end of 2008.

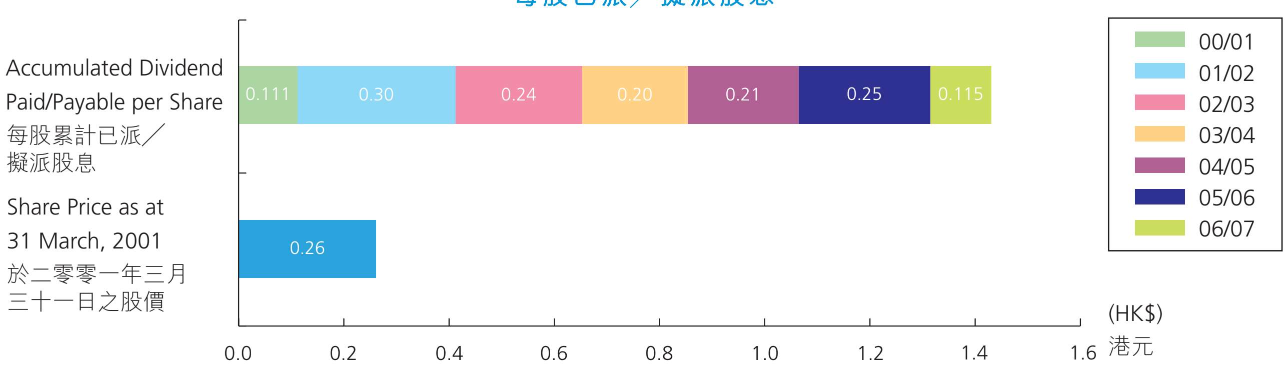
The Second Equilibrium: Dividend vs Capex and Working Capital Requirements

幸運的是，我們於當地社區擁有良好的聲譽，而我們致力推行的「全方位人才培訓計劃」亦行之有效，我們將利用實行自動化後所節省的資金投放在人才培訓上。我們將會邀請各方的專業人士安排有關自動化系統的講座及課程，務求令基層員工充份掌握有關知識。我們一直相信員工乃一個成功企業的「最寶貴資產」，我們有信心這些投資都是有價值的！

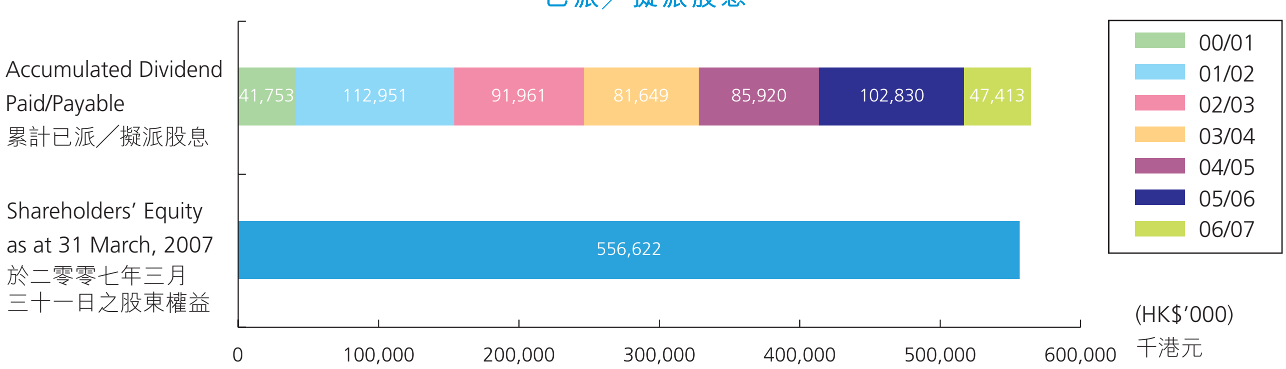
隨著玉泉廠房第一期投入生產，我們亦積極籌劃第二期的工程。玉泉廠房第二期工程已經在二零零六年第四季展開，第二期的總建築面積達95,000平方米，其中13,000平方米目前已完成土建，另外的40,000平方米則正在興建中。預期第二期全部土建工程將於二零零八年末完成。

第二個平衡：「股息」與「固定資產投資及流動資金需求」

Dividend Paid/Payable per Share
每股已派／擬派股息



Dividend Paid/Payable
已派／擬派股息



Chairman's Statement 主席報告

We are pleased to share the fruits of our hard work with shareholders in the form of dividend distribution. In fact, the Group has paid in aggregate over HK$552,108,000 in cash dividend in all since 2000/01, amounting to 99.2% of shareholders' fund.

我們樂於透過派發股息與股東們分享財富，而事實上自二零零零／零一年度開始，集團合共派發現金股息超過552,108,000港元，佔股東資金99.2%。

We revised our dividend policy to align with new Capex cycle (page 18 of 2005/06 annual report: "Risk between Investing and Not Investing"). With the current economic environment ridden with uncertainty, the Board believes that the Group cannot rely solely on bank borrowings to fund its financial needs but has to maintain greater financial flexibility to prepare for the next stage of growth.

集團改變股息政策之主要原因為配合新的固定資產投資週期(二零零五／零六年度年報第十八頁：「投資的風險」與「不作投資的風險」)，由於目前之經濟不明朗因素，董事會認為財務週轉上不能單一依賴銀行借貸，需保持較大的靈活性以為下一個增長期造好基礎。

	Turnover **營業額** HK$ 港元	**Capex** **固定資產投資** HK$ 港元	**Net Gearing Ratio as at 31 March** **淨銀行借貸比率截至三月三十一日**
2001/02	1,156,262,000	15,000,000	-18%
2002/03	1,737,979,000	24,000,000	-9%
2003/04	1,692,960,000	59,000,000	1%
2004/05	2,563,190,000	62,000,000	56%
2005/06	3,592,741,000	92,000,000	21%
2006/07	3,320,030,000	92,000,000	25%
2007/08	N/A 不適用	150,000,000*	70%*

* initial estimation
初步估計

As at 31 May 2007, the unaudited net gearing ratio was approximately 10%.

而截至二零零七年五月三十一日止，未經審計的淨銀行借貸比率約為10%。

With the Group entering into a new investment cycle, when it announced the 2006/07 first quarter results in September 2006, the Board proposed to revise the Group's dividend policy from not less than 50% of profit attributable to equity holders of the Company ("Old Policy") to an amount to be decided by the Board taking into account profit attributable to equity holders to the Company, cashflow and capital expenditure requirements of the Group ("New Policy"). As required, we gave a prior notice of six months to the shareholders of the change in September 2006, therefore:

由於投資週期重新啟動，於二零零六／零七年度第一季度(二零零六年九月)業績公佈中，董事會提出改變股息政策，將本集團股權持有人應佔溢利不少於50%作為股息之政策(「舊股息政策」)改為根據本集團股權持有人應佔溢利、現金流及資本性開支而決定派息之實際金額(「新股息政策」)。而根據之前承諾，我們於二零零六年九月時提出六個月前通知，因此：

– The interim dividend for 2006/07 was determined using the Old Policy of not less than 50% of profit attributable to equity holders of the Company;

– The final dividend for 2006/07 and dividend distribution thereafter was and will be determined using the New Policy with the amount to be decided taking into account profit attributable to equity holders of the Company, cashflow and capital expenditure requirements.

However, after the decision was announced in 2006/07 interim results, we have received feedbacks from shareholders during tea-break with individual investors and institutional investors stating that while they understand the reasons for the revision, clearer guidelines regarding the Group dividend policy are required.

We have always valued the opinions of our shareholders and investors. Thus, after internal discussion, the Board decided that the dividend for 2006/07 and thereafter shall be not less than 30% of profit attributable to equity holders of the Company.

However, heeding the importance of maintaining financial stability in the investment period, the Board reserves the right to change the dividend policy without prior notice.

Dividend

The Directors recommended to pay a final dividend of HK3.0 cents per share to shareholders whose names appear on the Register of members of the Company on 17 August 2007. Together with the interim dividend of HK8.5 cents per share already paid, total dividend paid for this year amounted to HK11.5 cents (2005/06: HK25.0 cents) per share.

– 二零零六／零七年度之中期股息按照「舊股息政策」，即將本集團股權持有人應佔溢利不少於50%作為股息；

– 二零零六／零七年度之末期股息及往後派發之股息政策將按照「新股息政策」，即根據本集團股權持有人應佔溢利、現金流及資本性開支而決定派息之實際金額。

不過，自從在二零零六／零七年度中期業績時公佈了董事會的決定後，我們亦透過集團獨特之「與個人投資者茶敘」活動上，以及與機構投資者較傳統的商談中，聽取到不少股東及投資者的意見反映，表示他們瞭解集團有需要降低股息以配合我們未來投資的需要，但仍希望於股息派發方面有較為明確的指引。

我們一直重視股東及投資者們的建議，這亦是我們堅持與股東及投資者定期見面的原因。經過商討後，董事會決定就二零零六／零七年度及其後之股息派發再定指引－將本集團股權持有人應佔溢利不少於30%作為股息。

不過，由於投資週期內保持財務穩定性相當重要，因此董事會保留無需提前通知而更改此股息派發指引之權利。

股息

董事會已建議派發末期股息每股3.0港仙予所有於二零零七年八月十七日當日名列於本公司股東名冊內的股東；連同中期股息每股8.5港仙，全年股息共達每股11.5港仙（二零零五／零六年度：25.0港仙）。

Chairman's Statement 主席報告

The Third Equilibrium: How to balance the customers' requirement for additional inventory vs The risk profile of the Group

It is certainly essential for us to keep inventory at minimum level. However, to cope with the growth in metal and plastics business, we need to stock up on raw materials. Our customers also request that we increase inventory for just-in-time ("JIT") delivery to ensure their production will not be interrupted.

As the sole supplier of specific projects of customers, we have to oblige to their requests to increase inventory. However, this would mean that we will have to shoulder greater risk (asset risk, as different from liabilities, on the balance sheet). However, under our effective inventory management, the value of our inventory is about HK$374,974,000 as at 31 March 2007 (that is increased by HK$35,146,000 or 10% as compared to that of 31 March 2006).

Risk Management

Other than normal operating and financial risks in day-to-day business operation, there are other circumstances that require special attention.

Appreciation of the RMB

As the Group's production base is in China, appreciation of the RMB has impacted the Group's performance. However, investors should note that:

– As the Group uses raw materials (except steel) supplied by clients or their suppliers (please refer to the appendix 1 on pages 54-56), the impact of appreciation of the RMB was mainly limited to the Group's operating expenses;

第三平衡：如何於客戶要求提升存貨與集團風險評估之間取得平衡

我們當然希望盡量將存貨維持「最低」的水平。但無奈地由於五金／塑膠業務持續增長，我們既需要補充更多原料以確保生產不受影響，與此同時，部份客戶亦要求提升「即時付運」倉庫的安全存貨水平，以確保他們的生產不受影響。

作為客戶個別項目之唯一供應商，我們別無選擇地只能順應他們的要求提升存貨。倘若經濟出現逆轉時，我們要承受的風險層面將會擴大（即資產負債表上之資產風險，有別於負債風險）。但在有效的存貨管理下，截至二零零七年三月三十一日止，存貨約為374,974,000港元（對比二零零六年三月三十一日升幅為35,146,000港元，或10%）。

風險管理

於日常營運過程中，除了一般營運及財務風險要注意外，尚有以下情況需加以留意。

人民幣匯價

由於集團生產基地位於國內，故此倘若人民幣升值，集團之業績表現必然會受到影響，惟投資者需留意如下：

– 參照集團之經營模式，由於大部份之原料（鐵料除外）均是從客戶或其指定供應商所提供（請參閱第五十四至五十六頁之附錄一），故相對之影響一般只局限於營運開支上；

"Nothing is Impossible" Outward Bound Programme was sponsored by Ho Cheuk Fai Foundation with St. Christopher's Home, which aimed at facilitate the all-around development of children. Through various outward bound activities like war game training and adventure training, children are cultivated the spirit of "Nothing is impossible" and strengthen their endurance.

何焯輝基金資助予香港聖公會聖基道兒童院舉辦「嘉利凡事皆可能自我挑戰計劃」，希望透過不同的外展活動如野戰訓練、歷奇訓練等培養兒童「凡事皆可能」的精神，強化他們的鬥志和能力。

Chairman's Statement 主席報告

– For 2006/07, RMB payments represented approximately around 10% of our total cost of sales;

– As most of the Group's competitors are also based in China and on the basis that customers will not change their purchasing practice, in theory, we could raise price to cover the increase in costs over the time. As a result of the inherent restrictions of the industry, customers need strong logistic support. In particular, there is an increasing demand for JIT delivery in order for the customers to meet the need for speedy delivery. On this basis, we believe that our customers will still choose to produce in China so as to stay competitive. We are thus confident that our customers will not change their purchasing practice drastically in the foreseeable future.

Electricity Supply

During the period, the Group used primarily local power supply and supply from its own diesel-powered generators. Although local governments had repeatedly assured that supply was going to be sufficient to meet demand, manufacturers were still subject to electricity suspension this summer. However,

– The Group maintained 100% alternative electricity supply capability as a safeguard to smooth production;

– Though the cost of generating alternative power is much more expensive, the overall impact on the Group's performance is immaterial as electricity charges only constitutes about 2% of the total cost of sales of the Group.

The average price of diesel increased approximately 16% when compared with 2005/06. The Group, however, substantially increased the use of the cheaper local power supply during the year. The price of diesel also started to drop in October 2006.

— 而於二零零六／零七年度中，採用人民幣找結的總額佔整體銷售成本約10%；

— 由於集團大部份之競爭對手之生產基地亦設於中國，理論上長遠而言，基於客戶仍會按照現有之採購模式，相信大家都會一致向客戶要求加價，以彌補成本上升的影響。主要因為本行業具有條件限制，部份客戶均需要強大的物流系統支持，尤其現時客戶為達到快速交貨之目的，對「即時付運」的需求不斷上升。基於此背景下，相信暫時客戶仍然會選擇在中國生產以取得更佳的競爭優勢，我們有信心客戶於可見將來不會對採購模式作出巨大的轉變。

電力供應

期內集團主是使用市電及柴油發電機，雖然地方政府多次透露電力供應可達至平衡，奈何踏入本年夏季要求工廠錯峰用電的事仍有發生，不過：

— 集團仍保持100%後備發電能力，以確保生產不受影響；

— 雖然後備發電的成本較為昂貴，但其對集團之整體影響輕微，而電力開支佔集團整體銷售成本約2%。

本年度柴油平均價格較二零零五／零六年度增加約16%。但集團在本年度內大幅增加了應用較便宜的市電之比例，而柴油價格亦從二零零六年十月開始回落。

Generally speaking, the average unit cost of electricity decreased slightly when compared with 2005/06. However, the increased overall utilization and the commencement of operation of Phase I of the new Yu Quan Plant had pushed up overall electricity expense of the Group by 7.5%.

整體而言，本年度平均每度電成本與二零零五／零六年度相比，錄得輕微下降。但由於整體使用量增加及新增了第一期玉泉廠房，所以整體電費支出仍上升了7.5%。

Steel Price

鐵料價格

Although the Group's unique business model can shield it from general fluctuation of raw material prices, it is not protected from steel price fluctuation. After the substantial surge in steel price in the past two years, the surge during the year under review had been relatively mild at about 2%. However, steel price is expected to continue to climb in the first quarter of 2007/08 and hence this will have a slightly negative impact on the Group. However,

- Since 2003/04, we have increased steel material inventory which will give us sufficient time to negotiate with customers for compensating us for the rise should there be a sudden price surge. While there is no guarantee that the customer would eventually accept any price increase, it is common knowledge that steel price increase is an industry issue instead of a problem unique to the Group; and

- Cost of steel represented less than 5% of the Group's total cost of sales.

雖然集團之獨特業務經營模式可保障免受一般原料價格波動的風險，但鐵料價格則是例外。經過兩年鐵料價格大幅上升後，本年度鐵料價格上升幅度相對地少，升幅約為2%，但二零零七／零八年度首季的價格仍有上升的趨勢。對集團仍產生輕微負面影響，惟：

- 從二零零三／零四年度我們將鐵料存貨水平調升，倘若鐵料價格突然暴漲，集團亦有足夠時間與客戶商討差額補貼，雖然我們無法保証客戶最後會否接納我們提價的訴求，但相信大家都已知悉鐵料價格上升乃整個製造業所遇到的難題，而非只是集團獨自面對的；及

- 鐵料成本僅佔總銷售成本少於5%。

Labour

勞工

The labour supply affects the Group in two respects: availability and cost

影響主要為兩個層面：供應及成本

1. Regarding availability, we have not experienced any serious shortage and staff turnover was slightly improved during the year as compared with previous year. Standard recruitment and employment of temporary additional workers was sufficient to tackle sudden surge in orders. Efforts to attract additional labour during peak production seasons had also been effective.

1. 在供應層面上，我們於勞工問題方面並未遇到重大的煩惱，平均流失率相對去年略有改善。對於訂單突然急劇增加而需要於短時間內增加工人的情況，集團過去一年除透過正常招聘外，亦會聘請短期臨時工，吸引另一批勞動力以舒緩訂單高峰期的壓力，效果亦相當良好。

Chairman's Statement 主席報告

There have been certain positive changes in the labour market in China during the year which alleviated labour shortage. These changes include:

– Notable increase in labour supply in early 2007 and after the Chinese New Year. We were able to hire sufficient workers;

– Notable increase in female workers which brought the proportion of male and female workers closer in the workforce.

2. Rising labour cost is expected to pose serious impact on our future performance. Minimum wages in China had been raised by 20% since 1 September 2006 and correspondingly our labour cost reported a double digit surge. Measures taken by the Group in combat included:

– Through automation of production to reduce demand for labour; and

– Recruited temporary staff to meet requirement during peak production seasons to cut down ancillary staff cost.

The increase in labour cost represented approximately 1% of our total cost of sales for the year.

Middle Management

Since the Group is in the business of rendering engineering and related services, we need a good supply of engineers, procurement officers, marketing executives, production and other management personnel to ensure our service standards. However, labour shortage and intense competition in the labour market have made it difficult for us to recruit middle management personnel.

而今年國內勞工市場出現了一些較正面的變化，令供應緊張的情況得到改善，包括：

— 勞工供應於二零零七年初、農曆新年後有明顯的改善，我們亦已招聘到足夠工人；

— 女工的供應有很顯著的增加，令工廠男女工人比例拉近。

2. 勞工成本上漲確實對集團未來業績表現帶來較大衝擊，國內最低工資由二零零六年九月一日上調20%，導致我們勞工成本亦相應錄得雙位數字增長。集團為此作出了相應的對策，包括：

— 隨著生產及工藝自動化，減少了對人手的需求；及

— 透過招聘短期臨時工應付生產高峰期的需要，以節省週邊配套成本。

而年內勞工成本上漲所帶來的影響佔集團總銷售成本約1%。

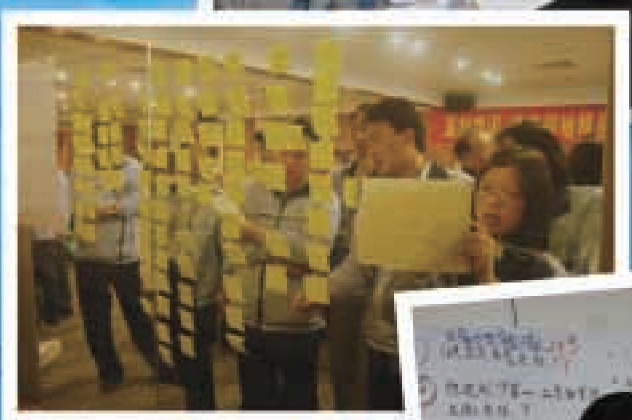
中層管理人員

由於集團的業務特質以工程及提供服務為主，我們需要更多的工程師、採購員、市務主任、生產及其他人事管理等人員以維持對客戶服務應有的水平。但由於人才短缺及人才市場競爭激烈，我們在招聘中層管理人員時亦遇到困難。










"All-round Training Programmes" for senior and middle management could foster the Group's long term development, those programmes included time and stress management, management by objectives and coaching.

透過「全方位人才培訓計劃」向中高層管理人員引入時間及壓力管理、目標管理、企業教練技巧等，為集團長遠發展具有莫大的裨益。

Chairman's Statement 主席報告

We thus rely on our own "All-Round Training Programmes" and improved benefits and working conditions to nurture, recruit and retain staff and encourage performance among them (for details please refer to the Employment and Remuneration Policy section on page 45).

不過，我們透過「全方位人才培訓計劃」培育人材，並改善福利及條件等，以招攬、挽留及推動中層管理人員的梯隊（詳情請參閱第四十五頁「僱員及薪酬政策」部份）。

BUSINESS REVIEW

Metal and Plastic Business

As the demand for server casings rose continuously and partially offset the decline in EMS business, turnover of the segment increased by around 3% to HK$1,480,918,000 (2005/06: HK$1,431,428,000). With more orders secured from the customers during the year, the segment contributed a larger proportion, at 45%, to the Group's total turnover (2005/06: 40%). Boasting a relatively higher gross profit margin, metal and plastic business continued to be the principal source of profit for the Group.

EMS Business

As a result of a major customer restructuring its business and strategic repositioning, shipment of laser printers by the segment declined and accordingly its turnover dropped by around 15% to HK$1,839,112,000 (2005/06: HK$2,161,313,000). Fortunately, orders from other customers had moderate growth and partially offset the effect of the shrunk laser printer shipment. As EMS business has a relatively narrow gross margin, though it accounted for 55% of the group total turnover (2005/06: 60%), it brought only a small profit contribution of about 7% (2005/06: 24%).

業務回顧

五金塑膠業務

受到伺服器外殼需求持續上升，緩和了部份電子專業代工業務需求下跌的影響，五金塑膠業務之營業額上升3%至1,480,918,000港元（二零零五／零六年度：1,431,428,000港元）。年內集團亦成功爭取更多客戶的訂單，促使五金塑膠業務佔集團總營業之比例提升至45%（二零零五／零六年度：40%）。由於五金塑膠業務之毛利率相對較高，故繼續成為集團溢利貢獻之主要來源。

電子專業代工業務

由於其中一個重要客戶進行業務重組及策略定位，導致此業務中的鐳射打印機付運量減少，因而令電子專業代工業務之營業額下跌15%至1,839,112,000港元（二零零五／零六年度：2,161,313,000港元）。幸運地，其他客戶的訂單均有溫和增長，可局部抵銷鐳射打印機付運下跌之影響。同時，由於電子專業代工業務之毛利率相對較低，故雖然該業務佔集團總營業額達55%（二零零五／零六年度：60%），但經營溢利之貢獻相對較少，約佔7%（二零零五／零六年度：24%）。

Chairman's Statement 主席報告

Geographical Distribution

The Group does not rely on one single market but ships to diverse markets. During the year, Asia (except Japan) contributed HK$1,114,428,000 in turnover (2005/06: HK$1,494,003,000). Turnover from Western Europe amounted to HK$1,170,719,000 (2005/06: HK$1,255,390,000) and turnover from direct shipment to North America was only HK$477,525,000 (2005/06: HK$600,095,000).

PROSPECTS

Although the challenges we met during the year led to a slight setback in our results, the overall turnover and gross profit margin were still maintained at reasonable levels. We expect the problem and challenges that we encountered during the year (Please refer to Risk Factor on page 24) to continue in 2007/08. Accordingly, we made the following forecast:

1. With the uncertainties in economy, the Group holds a conservative view on its outlook. It believes that its 2007/08 turnover would be at the same level as this year's and growth, if achieved, would only be in mid single digit;

2. We expect the ratio of turnover contribution from the Metal and Plastic Business and EMS business to maintain at about 40:60;

3. With Phase I of the new Yu Quan Plant in operation, we can use the advanced machinery to enhance the Group's capability in producing sophisticated metal or plastic component products which will benefit the Group in developing high value added products in the long run. The Board is still optimistic about the long term prospect of the Group;

地域分佈

集團一向採取多元化模式付運產品，不會依賴單一市場。亞洲地區（日本除外）錄得營業額1,114,428,000港元（二零零五／零六年度：1,494,003,000港元），西歐市場則錄得1,170,719,000港元（二零零五／零六年度：1,255,390,000港元），而直接付運至北美洲的營業額則佔477,525,000港元（二零零五／零六年度：600,095,000港元）。

展望

雖然本年度集團遇到不少挑戰，導致業績表現較以往遜色，但實際上整體營業額及毛利率仍然維持合理的水平。展望二零零七／零八年度，我們預期本年度所遇到的問題和挑戰仍然存在（參閱第二十四頁風險因素），因此我們作出了以下的預測：

1. 考慮到經濟不明朗因素，我們對前景採取較為觀望保守態度，並預測二零零七／零八年度之營業額保持平穩，倘能取得增長，估計為中單位數之增幅；

2. 預期五金塑膠業務與電子專業代工業務之比例大約維持於40：60；

3. 由於新玉泉廠房第一期已正式投產，我們可利用先進的機械設備，提升集團在精密五金或塑膠部品的製作能力，對集團長遠開拓高增值產品更為有利，因此董事會對於集團長遠前景仍然樂觀；

Chairman's Statement 主席報告

4. The capex budget for 2007/08 is approximately HK$150,000,000 (2006/07 actual: HK$91,625,000), which will mainly be used on the construction of Phase II of Yu Quan Plant, purchase of large scale machineries for metal product manufacturing and automation, and moulds and prototypes manufacturing machineries, etc. With the Yu Quan Plant in operation, the Group now has all its production operations clustered in an area, meaning that it can trim logistic management cost. In addition, heeding the relatively higher gross profit margins of metal and plastic products, the Group sees increasing production capacity for these products as an effective way to improve profitability;

5. The Group has planned to set up a component manufacturing facility in the eastern China to serve the needs of customers based in the region. However, as new terms have been added to the cooperative plan, production may not be able to commence before the end of 2007. The goal of setting up a plant in the eastern China as soon as possible remains our first priority;

6. The unaudited turnover of the Group for the two months ended 31 May 2007 was HK$463,000,000 (2006/07: HK$455,600,000). As the unaudited turnover for those two months may not represent the performance of the Group for year ended 31 March 2008, investors and shareholders are advised to exercise extreme caution in dealing in the shares of the Company.

4. 二零零七／零八年度之資本性開支預算約為150,000,000港元（二零零六／零七年度實際支出：91,625,000港元），有關資金將用於玉泉廠房的第二期工程、購置大型五金部品生產及自動化的設備、以及增添模具製造設備等。隨著玉泉廠的投入使用，集團能把相關的生產業務集中在同一廠區，物流管理的成本得以下降。另外，由於五金及塑膠產品的毛利率較高，因此增加這方面的產能對集團未來的盈利能力會有所改善；

5. 集團擬在華東地區開設部件生產廠房設施，於華東開設廠房的目的乃迎合駐守於華東地區之客戶需要。但由於合作方案突然增加條款，故未必能夠於二零零七年底前投產，但目標仍是盡快在華東地區開設廠房；

6. 集團截至二零零七年五月三十一日止兩個月未經審核之營業額為463,000,000港元（二零零六／零七年度：455,600,000港元）。因這兩個月之未經審核營業額未必能反映截至二零零八年三月三十一日止年度之最後業績，懇請各投資者及股東在買賣本公司股份時務須審慎行事。

FINANCIAL RESOURCES

Robust Cash Generating Ability

With the start of the new Capex cycle, we have taken a group-wide effort to improve the cash cycle. The result is maintaining a net cash inflow from operating activities of HK$154,664,000 as compared to last year's net cash inflow of HK$287,236,000 despite a 8% decrease in turnover. Net Gearing Ratio and Net Bank Borrowings are slightly increased to 25% and HK$141,297,000 respectively (31 March 2006: 21% and HK$111,576,000).

Additional Bank Borrowings

The Group has adequate financial flexibility backed by long term banking facilities secured. Our bankers have been very supportive. Hang Seng Bank, HSBC and Standard Chartered Bank have each provided the Group with a five-year HK$50,000,000 installment loan facility, amounting to a total of HK$150,000,000. The Group had not drawn on these installment loan facilities as at 30 June 2007.

NON-CURRENT ASSETS TO SHAREHOLDERS' FUND RATIO STAYING BELOW 1

The Non-current assets to Shareholders' Fund Ratio stayed at a healthy 57% (2005/06: 53%). This means that the Group is using long term shareholders fund to finance non-current assets like plants and machinery. The sole purpose of the existing bank borrowings is the financing of working capital (or more specifically, the accounts receivables).

The Group's business suffered a minor setback this year. In theory, the decrease in working capital requirements would reduce the bank borrowings requirements, assuming no deterioration in current assets quality. The inherent beauty of this self-adjusting mechanism of our business model is one of the key pillars of our confidence in the future of the Group.

財務資源

充裕的變現能力

隨著新的固定資產投資週期開始，我們透過集團整體努力達至改善現金回轉週期的目標，雖然營業額下降了8%，但最後仍維持「經營活動之淨現金流入」於154,664,000港元，而上年度之淨現金流入為287,236,000港元。淨銀行借貸比率及淨銀行負債分別輕微上升至25%及141,297,000港元（二零零六年三月三十一日： 21%及111,576,000港元）。

安排額外銀行借貸

為確保集團之財務保持足夠靈活性，故已安排長期貸款。銀行方面亦非常支持，恒生銀行、滙豐銀行及渣打銀行分別提供50,000,000港元之5年期分期還款借貸融資，合共150,000,000港元，於二零零七年六月三十日，此等融資均未被動用。

非流動資產與股東資金比率維持於1以下

非流動資產與股東資金比率繼續維持於57%之健康水平（二零零五／零六年度：53%），代表集團之「非流動資產」如廠房及機器，皆以穩定之長期股東資金所支持，目前銀行借貸唯一作用為流動資金週轉用途（具體而言即應收帳）。

本年度集團之業務表遇到輕微挫折，理論上流動資金需求下跌，假設流動資產「質素」不變，這將減低對銀行借貸的需求。集團經營模式中包含著這個自動調節的機制，正是我們對未來充滿信心的其中一項主要支柱。

Chairman's Statement 主席報告

Financing for Growth

For 2007/08, the financing task will be much more difficult than the last financial year because

– The Capex expenditure is higher than the last financial year (HK$150,000,000 budgeted for 2007/08 vs actual HK$91,625,000 for 2006/07);

為增長提供資金週轉

二零零七／零八年度的融資安排將較去年度為艱辛，因為

– 固定資產投資總預算較去年度為高（二零零七／零八年度預算為150,000,000港元，而二零零六／零七年度實際支出為91,625,000港元）；

Financing Options
融資方案

Dividend 股息 | **Capex 固定資產投資** | **Working Capital 流動資金**

Debt 借貸
1. Bank Financing 銀行貸款
2. Factoring 發票貼現

Equity 股本方式
1. Scrip Dividend 以股代息
2. Dividend 股息
3. Placement 批股
4. Warrants 認股證
5. Convertible Bonds 可換股債券

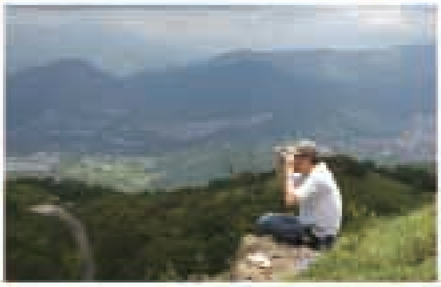
Bank Borrowings
銀行借貸

Three Principles

1. Profit Attributable to Shareholders + Depreciation = Capex + Dividend
2. Non-Current Assets to Shareholders Fund Ratio <1
3. Interest Coverage > 5

三大原則

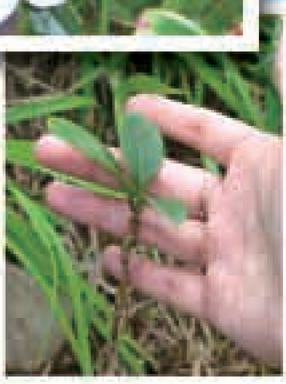
1. 股東應佔溢利 + 折舊 = 固定資產投資 + 股息
2. 非流動資產與股東資金比率<1
3. 利息涵蓋率>5



望
（麥兆欣）

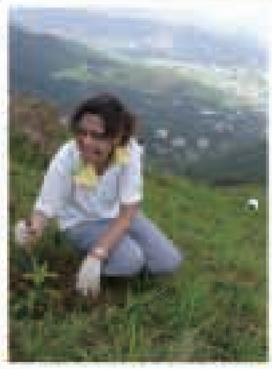
勤力的黑白兔
（江義術）

小甲蟲的安樂窩
（曾佩瑩）

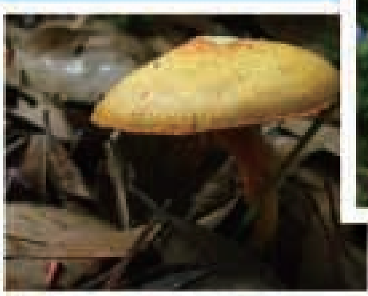


‘手’護天使
（梁詠妍）

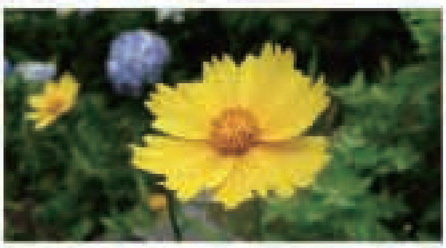
嘉（道）利之葉
（黃永健）



開開心心種下
幸福的未來
（黃福全）



撐下去（蘇慧儀）



探訪
（梁嘉欣）

同心合力，
共建綠色環境
（黃漢光）

一‘嘉’人生生不息從這裡開始
（廖思豪）

Environmental Protection is also one of the main duties for entrepreneur and citizenship. “Tree Plantation Day” at Kadorrie Farm & Botanic Garden has been held for three consecutive years, which became one of the gathering activities for staff and their families. All these photos were extracted from the Photography Competition are really great, don’t you agree?

環境保護乃企業與市民的一個重大公民責任，集團已於嘉道理農場暨植物園連續三年合辦植樹活動，每年一度的植樹日已逐漸成為一個員工與家庭一起聯誼的活動。本年度攝影比賽的參賽作品都具備水準呢！

Chairman's Statement 主席報告

– The projected mid single digit growth in turnover, if achieved, as compared with that of 8% decrease in the last financial year means that working capital requirement increases again.

– 營業額倘能取得預測的中單位數字增長，比較去年度之8%下跌時，表示營運資金要求再次上升。

As such, we expect the net gearing ratio will stay at a level about 70%. We are also following our house rule of using our profit after tax to finance "capital items" like:

鑒此，我們預計淨銀行借貸比率將維持於約70%之水平，同時亦堅持既有之原則，以除稅後溢利支持資本性開支的資金需要，如：

– Dividend
– Capex

– 股息
– 固定資產投資

Financing Capex by Profit
以溢利作為固定資產投資之資金來源

HK$ million	百萬港元	99/00	00/01	01/02	02/03	03/04	04/05	05/06	06/07
Profit After Tax	除稅後溢利	20	26	78	120	90	147	186	125
Depreciation and amortisation	折舊及攤銷	32	39	34	32	34	38	50	54
		52	65	112	152	124	185	236	179
Less:	減去：								
CAPEX	固定資產投資	57	65	15	24	59	62	92	92
Dividend	股息	16	42*	113*	92*	82	86	103*	47
(Deficit)/Surplus	(虧欠)／盈餘	(21)	(42)	(16)	36	(17)	37	41	40
(Net Bank Borrowings)/ Net Cash	(淨銀行借貸)／淨現金	(23)	(51)	64	34	(6)	(234)	(112)	(141)
(Net Gearing Ratio)/ Net Cash Ratio	(淨銀行借貸比率)／淨現金比率	(7%)	(16%)	18%	9%	(1%)	(56%)	(21%)	(25%)

* Including special dividend 包括特別股息

As a prudent manufacturer, we never entertain the idea of borrowing money to finance Capex, as this would expose the Group to danger should the economy take a sudden turn.

作為一個保守的工業家，我們從未想過以銀行借貸支付固定資產投資的資金需要，因為倘若經濟環境突現出現逆轉時，集團便會陷入危機。

However, from the experience of previous years, even with a higher turnover growth rate, a vigorous working capital management program would alleviate the burden on cash flow resulted from financing receivables and inventories.

根據過往經驗所得，縱然營業額增長幅度較大，透過嚴謹的流動資金管理可適度減輕應收帳及存貨對流動資金週轉的壓力。

Resources Available

The Directors are confident that with the cash holdings of HK$267,280,000 and banking facilities of HK$1,621,000,000, the Group is able to meet its current operational and capital expenditure requirements.

– As at 31 March 2007, part of the Group's banking facilities were secured by mortgages over certain of the Group's land and buildings in mainland China with a net book value of approximately HK$4,429,000 (2005/06: HK$7,204,000).

Exchange Rate Exposure

All of the Group's assets, liabilities and transactions are denominated in Hong Kong dollar, US dollar or RMB. As the exchange rates of these three currencies were relatively stable during the year, the Group was not exposed to material exchange risk. The Group maintains a surplus of assets over liabilities in RMB.

Contingent Liabilities

As at 31 March 2007, the Group had no significant contingent liabilities.

10th Listing Anniversary

We celebrated the Group's 25th anniversary last year and this year 2006/07 is the 10th anniversary of the Group's listing on The Stock Exchange of Hong Kong Limited. We had many ups and downs in the past decade, with the Asian Financial Crisis hitting the year after we became listed. We were not discouraged, but worked much harder instead. Our turnover for the year was HK$3,320,030,000 against HK$618,614,000 in 1997/98.

可動用資源

以集團現時分別擁有手頭現金267,280,000港元與及銀行借貸額約1,621,000,000港元，集團有信心足夠應付現時營運與及資本性開支的需要。

一 截至二零零七年三月三十一日，集團部份銀行借貸額是以集團於國內樓房資產作為抵押的，而有關資產帳面淨值約4,429,000港元（二零零五／零六年度：7,204,000港元）。

匯兑風險

集團所有資產、負債及交易均以港元、美元或人民幣計算，由於年內港元、美元及人民幣之匯率一直相對地穩定，故此集團現時並無任何重大的匯兑風險。至於人民幣方面，集團一向所持有之人民幣資產比人民幣負債為多。

或然負債

截至二零零七年三月三十一日止，集團並無重大或然負債。

上市十周年紀念

上年度我們慶祝了集團成立二十五周年，本年度我們則為集團於香港聯合交易所上市十周年而歡欣鼓舞。過去十年我們經歷過不少風霜，還記得上市後翌年，我們隨即遇上亞洲金融風暴及盈利倒退的挫折，但我們並沒有氣餒，反而更加努力耕耘，結果我們的營業額由一九九七／九八年度之618,614,000港元上升至本年度之3,320,030,000港元。

Chairman's Statement 主席報告

In the past ten years, the Group has strived to improve operational transparency through measures such as voluntary announcement of quarterly results and leading the peck in hosting "Tea-Break with Individual Investors". We understand that we have much to do yet to become perfect, but we have taken an important step in the right direction.

Winner of 2006 "Grand Prix for Best Overall Investor Relations in Hong Kong"

Although the investment community generally held a relatively negative impression of small industrial companies and the Group's performance declined during the year, the Group was voted by institutional investors and analysts as winner of the "Grand Prix for the Best Overall Investor Relations in Hong Kong – Small/Mid Cap" organized by "IR Magazine". The Group was the first runner up in 2005 in the same award.

而過去十年，集團亦致力採納不同的措施去提升透明度，包括自願性公佈季度業績及開創先河舉行「與個人投資者茶敘」。我們明白到集團亦未達至完美或最好，但最重要的是我們已經踏出了關鍵的一步。

二零零六年度「香港最佳投資者關係大獎」

縱使投資市場對於小型工業股一般有較為負面的觀感，與及集團本年度之業績表現有所下跌，集團仍能於「投資者關係雜誌」的二零零六年度選舉中，獲機構投資者及分析員推選為「香港最佳投資者關係大獎」(中小企業組)的第一名，於二零零五年度之排名為第二。

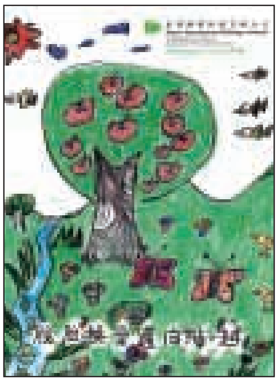
Chairman's Statement 主席報告

2006 HKMA Best Annual Report Award

In addition to the various awards including those from Asiamoney magazine and IR Magazine won by the Group in the past few years (Please refer to page 26 and 27 of 2005/06 annual report), the Group's 2005/06 annual report received "Honorable Mentions" in 2006 Best Annual Report Award organized by the Hong Kong Management Association. Karrie was the smallest in terms of market capitalization among the winners of the Award, most of which were major blue chip companies. The Group considers this to be a true honor.

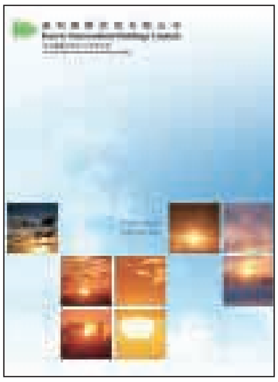
二零零六年度「最佳年報選舉」

除了過去幾年取得「亞洲貨幣雜誌」及「投資者關係雜誌」之多個獎項外（二零零五／零六年度年報第二十六及二十七頁），本集團之二零零五／零六年度年報更獲得「香港管理專業協會」二零零六年度「最佳年報選舉」之優異年報獎項，以公司市值計算，相信嘉利是眾多得獎者之中市值最細小的，能有幸與其他大型藍籌公司並排而列獲此獎項實在是一份極大的榮耀。



2001/02
Rebirth: March Toward Excellence
脱胎換骨，邁向卓越

2002/03
We Promise We Deliver
言而有信，一諾千金



2003/04
Sunset, Sunrise
日出，日落

2004/05
A Thousand-Mile Journey Starts with A First Step
千里之行，始於足下

2005/06
Heartfelt Dedication In All Details
事無大小，用心去做

The Directors believe that the Group's annual reports and other corporate literatures and the Company's website are vital platforms for information exchange between the Group and its shareholders and stakeholders. Thus, we use graphs, simple language and photos to aid communication. We are delighted that these efforts earned external recognition.

董事會一直相信集團之年報及其他企業文獻與及公司網頁乃作為與股東們及相關利益團體訊息交換之重要平台，因此我們利用圖表、簡淺的文字及照片等與投資者、股東及其他相關利益團體溝通，我們付出的努力最終得到了外界的認同，為此我們都感到非常高興。

Chairman's Statement 主席報告

"Tea-Break with Individual Investors"

The Group is pioneer in the industry in organising "Tea-Break with Individual Investors" and so far ten such "tea-break" have taken place. When we first began to meet quarterly with individual investors, our aim was to give investors a new and unique channel to directly communicate with the Group. Since then different organisations have started to hold free seminars for investors, but our investors are still willing to pay HK$50 for admission to attend our "tea-break" with the Group's management. However, as investors become more familiar with the Group's business and general investor interest in small industrial stocks declines, attendance of the gatherings has been dropping. After careful discussion,

– we decided that the platform is still of value in facilitating communication and exchange of information between the Group and investors and shareholders, and hence should be kept;

– however, "tea-break" will only be arranged following interim results and final results announcements and quarterly "tea-break" has been cancelled.

「與個人投資者茶敘」

集團開創先河而推出的另類概念－「與個人投資者茶敘」活動，不經不覺已經舉行了十次。當初我們首創每季度「與個人投資者茶敘」活動，目的是為個人投資者開闢一個新鮮獨特的直接溝通渠道，雖然過去幾年間於外界投資市場中均出現不少免費的投資講座，投資者仍然樂意付出50港元出席茶敘與集團管理層會面接觸。隨著各投資者對集團的認識逐漸加深，他們對出席茶敘的熱情漸漸冷卻下來，加上普羅投資者對於小型工業股興趣驟減，每次出席茶敘之人數逐漸減少。經過我們仔細商討後，

– 我們認為值得繼續保持這個具有價值的平台讓投資者及股東們進行資訊交流；

– 惟緊隨第一季度及第三季度業績公佈後舉行之茶敘已經取消，而以後之茶敘活動只會於中期及年度業績公佈後舉行。

The 11th "tea-break" will be held on 20 July 2007 from 7 to 9pm at Crystal Room IV, 3/F, Panda Hotel, 3 Tsuen Wah Street, Tsuen Wan, New Territories. As part of the Group's social responsibility effort, participants will be asked to donate HK$50 to charity to be matched in donation by the Group (total not exceeding HK$10,000). For those who donate HK$100 or more, we will request the relevant charity to issue a receipt to the donor for tax deduction purpose.

第十一次的「與個人投資者茶敘」將於二零零七年七月二十日晚上七時至九時，假座新界荃灣荃華街3號悦來酒店三樓水晶廳IV舉行。此茶敘亦為集團履行社會責任計劃之一部份，所有到場參與人仕均需直接捐助不少於50港元予慈善機構，而集團亦會捐出相同總額（總額上限為10,000港元）。任何人仕願意捐出100港元或以上，我們將會盡可能向相關慈善機構要求發出收據供退稅用途。

Investors interested in knowing more about the function can visit our website www.karrie.com.hk for more information. The application form for attending the function can be downloaded from our website or obtained by calling 2411-1142 during office hour. Prior registration is necessary for admission to the function.

如投資者對上述活動有興趣，歡迎瀏覽本集團網頁www.karrie.com.hk索取更詳細資料，報名表格可於本集團網頁直接下載或於辦公時間內致電2411-1142索取。由於場地座位有限，所有出席茶敘之人仕必須事先獲確認登記，方可入座。

CORPORATE SOCIAL RESPONSIBILITY

Community Interest

As a responsible corporate citizen, we have actively participated in corporate social responsibility promotion. In May 2005, our employees formed a new volunteer team to support activities that will benefit the elderly, children and educational causes.

Moreover, the Group was awarded the "2005/07 Caring Company" logo by the Hong Kong Council of Social Services in February 2007. The Group is very happy that its determination to honour its role as a good corporate citizen is endorsed by the community.

企業社會責任

社會公益

作為一個負責任之企業公民，我們一直熱心推動企業社會責任運動。於二零零五年五月，集團員工組成了「社會公益活動小組」，為社會公益事務出一分力，並以長者、兒童及教育為主要的目標對象舉辦各類活動。

另外，集團於二零零七年二月獲得香港社會服務聯會頒發二零零五／零七年度「商界展關懷」標誌。集團一直以實踐良好企業公民精神為己任，而今次獲得社會人士的認同，我們都感到非常高興。

Karrie is more than willing to contribute our modest part to the society and our focus is mainly on the elderly, children and education. We have been awarded with "Caring Company" logo by the Hong Kong Council of Social Service for the second consecutive year.

集團致力於不同層面回饋社會，分別以長者、兒童及教育為主要的目標對象舉辦各類活動，已連續第二年獲香港社會服務聯會頒發「商界展關懷」標誌。

商界展關懷
caringcompany 2006–07
Awarded by The Hong Kong Council of Social Service
香港社會服務聯會頒發

Chairman's Statement 主席報告

Joint Project – "Nothing Is Impossible" Outward Bound Programme

The Programme was a joint project between the Group and St. Christopher's Home. The Programme comprised two levels, one for secondary school students and the other for primary school students, the aim of which was to nurture a "nothing is impossible" spirit in youngsters through activities including war-game training and adventure training, helping them to develop tenacity and determination in overcoming adversities. The activities also helped the children realise their potential and enhance their understanding of the self and on how to build interpersonal relationships. Apart from funding the activities, the Group also encouraged employees to take part in them.

Donation

We made donations to the Evangelical Lutheran Church of Hong Kong to support a one-year medical check-up programme for 10 elderly CSSA recipients, who could not afford the cost of body-check up, and sponsor various festival celebration activities for the elderly. We also donated moon cakes to the Hong Kong Sheng Kung Hui Tai Wo Neighbourhood Elderly Centre and visited some elderly during the festival. In China, we donated schoolbags and various stationery to the Dongguan Children Welfare Federation and sent representatives to relay our regards.

Education

We made donations to the Faculty of Industrial and System Engineering of the Hong Kong Polytechnic University to support their academic researches and provide scholarships in the hope of helping to train more talents for the industry. We also cooperated with universities to provide opportunities for students to use the Group as the subject of their graduation dissertation. Plant visits were arranged during school summer holiday for students. In China, we funded the construction of Feng Gang Hua Qiu Secondary School, contributing to the education in the country.

合作計劃 －「嘉利凡事皆可能自我挑戰計劃」

贊助聖公會聖基道兒童院合辦此計劃，該計劃分中、小學組，希望透過不同活動，包括野戰訓練及歷奇訓練，培養兒童「凡事皆可能」的精神，面對困難不輕易放棄，強化衝出逆境鬥志及能力。同時，協助兒童發展個人潛能、增進自我認識及促進人際關係。集團除支持所需支出外，亦鼓勵同事參與其中。

捐款捐贈

捐款予基督教香港信義會，贊助十位領取綜援而未有能力支付身體檢查服務的長者，進行為期一年的保健計劃，及贊助該會舉辦多次節日慶祝會活動，受惠對象均為長者。捐贈月餅予香港聖公會太和長者鄰舍中心，以及舉行中秋節長者探訪活動。國內方面，捐贈書包及各種文具用品予東莞兒童福利院，並派代表前往慰問。

教育事項

捐款予香港理工大學支持其「工業及系統工程學系」的學術研究及獎學金，為業界培育人才出一分力。我們並與大學合作，提供機會予大學生以本公司實務作為畢業論文課題，廠校合作相得益彰；此外，亦提供機會予青少年於暑假期間到國內參觀廠房，為培育下一代提供平台。在國內方面，捐資興建鳳崗華僑中學，為教育出錢出力。

EMPLOYMENT AND REMUNERATION POLICIES

For the year ended 31 March 2007, the Group had approximately 7,600 employees. With a good reputation in the local community, the Group did not encounter major difficulties in recruiting employees it needed.

Employee remuneration packages are decided in accordance with prevailing market standards and the employee's performance and experience. The Group will also consider its own business performance and based on the appraisal and reward system in place to decide on award of bonuses to employees with outstanding performance. Other employee benefits include medical insurance, "Cooperative Home & Car Ownership Scheme" and mandatory provident fund. In view of the improvement in economic environment and 2005/06 outstanding results, besides payment of regular performance bonus, the Chairman of the Group has executed his discretionary authority in paying a fixed amount of extra bonus to all employees regardless of their positions. The Group's willingness in sharing its wealth with all staff was undoubtedly welcomed from bottom to top management, this move has boost up the staff morale.

Rewards for Performance

The standard 13th month pay was abolished in 2002 and replaced by a performance based bonus system and performance assessment. Employees with superior performance will receive bonus higher that what they would have received before the new system was introduced.

In addition, the Group adopted two share option schemes in 1996 and 2002 respectively. As at 31 March 2007, a total of 113 employees were granted share options (2005/06: 123 employees), and approximately HK$3,328,000 (2005/06: HK$7,311,000) was charged to the income statement. No share options were granted in the period under review.

僱員及薪酬政策

截至二零零七年三月三十一日，集團於期內聘有僱員約7,600人。由於集團在當地建立了良好的信譽，故此於招聘人員上並未遇到重大困難。

僱員薪酬乃根據一般市場標準及僱員之表現及經驗釐定，集團並會根據公司已審核的業績透過獎賞評核政策，對有良好表現的員工發放花紅。其他員工福利包括醫療保險、「合作置業及置車計劃」及強制性公積金。本年度主席考慮到外圍環境轉佳及二零零五／零六年度良好業績，於發放常規性表現花紅外，更首次行使主席酌情權，一次性額外發放不分職級之每人定額主席酌情花紅，使上下員工份外雀躍，對公司願意與員工分享成果感到高興，有效提升整體士氣。

多勞多得

於二零零二年起取消固有的第十三個月薪金，取而代之推出與表現掛勾的獎金制及較客觀的表現評估，有超卓表現的員工則會獲發比以往更為可觀的獎金。

除此之外，集團分別於一九九六年及二零零二年採納兩項購股權計劃。於二零零七年三月三十一日，共有113位僱員獲發購股權(二零零五／零六年度：123位)，而所涉及購股權成本共3,328,000港元已計算於損益表內(二零零五／零六年度：7,311,000港元)，期內並未有發放購股權。

Chairman's Statement 主席報告

"All-Round Training Programme"

The Group places much emphasis in personnel training and development. To match with the Company's mid-to-long-term development and needs, we have been nurturing a more capable workforce by providing employees with a strategic, forward looking and integrated "All-Round Training Programme". The programme has enabled us to maintain competitiveness and combat competition for talents in the labour market.

1. *Senior Management*

   Although the external environment is beyond our control, we have full control over our fundamentals including strengthening the quality of the management and governance capability. We can enhance internal governance by providing training to improve senior managers' soft skills.

   During the year, the Group introduced a series of advanced leadership training programmes to arm senior managers with various skills such as time and stress management, management by objectives and coaching, etc., that they may help build efficient teams to foster development of the Group.

2. *Middle and Floor Level Management*

   "Graduates training programme" – Introduced for some years in an expanded scale during the year. The first batch of trainees has started working, marking a good progress of the Group's effort to nurture talents with integrated skills for its business;

   "Internal back-up personnel training programme" – By internal recruitment and providing staff training, the Group can save recruitment cost as well as develop an internal talent pool and create room for development for its staff;

「全方位人才培訓計劃」

集團一向注重人才培訓及發展，為配合公司中長線發展及需要，我們透過具策略性、前瞻性及整合性的「全方位人才培訓計劃」，為不同層面之員工建造強勢力量，保持整體競爭力及對抗外圍人力競爭之衝擊。

1. *管理層*

   雖然我們不能控制外圍市場因素，但我們可以掌控的內在原素包括提昇管理層質素及強化管治能力，以培訓管理層軟性技巧作為手段，優化公司內部管治。

   本年度重點引入一系列高階的領導才能培訓，賦予管理層各種軟性技巧如時間及壓力管理、目標管理、企業教練技巧等，讓管理層建立高效團隊配合公司發展。

2. *中層及基層管理人員*

   「大學生培訓計劃」– 延續數年前已開始的大學生培訓計劃，本年度再擴大大學生培訓規模，首批已投入正式崗位服務，為集團培養綜合型人才取得良好成效；

   「內部後備人才培訓計劃」– 透過內部招聘及培訓，公司既可節省招聘成本，亦可向內部開發及儲備人才，從而提升員工發展空間；

"On-the-job staff training programme" – The Group will send staff members to attend different professional skills training so that they can enhance their technical and management skills by appreciating and learning the techniques and management skills used by others; and

"Mentor programme for the elite" – The Chairman and senior managers will mentor middle management with potential to groom them into future leaders of the Group.

3. *Frontline Employees*

– The Group will continue to provide more pre-job training to frontline employees facilitate their thorough grasping of different professional techniques;

– Video-taping complex skills and operations to hasten learning and mastering of them by new employees.

Looking forward, we will continue to provide management training, introduce new management ideas, teach our managers different modes of thinking and equip them with tools to help them make decisions and solve problems and stimulate creativity. Furthermore, we will focus on boosting the technical standards of the Group's core business by providing professional training, and strengthening project and new products introduction management training to create a world-class professional engineering team for the Group. In the future, to encourage employees to improve their capabilities, the Group will include the time spent by an employee on training programmes into his performance appraisal. The aim of the move is to instill in employees the drive to learn and keep the quality of employees abreast of the standard from time to time.

「在職人員培訓計劃」— 派遣現職人員出外進行各類專項技術培訓，學習及觀摩外部技術及管理，提升技術及管理水平；及

「師父領袖精英培訓計劃」— 由主席及高層管理人員親自帶領具潛質之中層人員作貼身指導，做好儲備公司未來棟樑的準備。

3. *前線人員*

— 繼續深化各崗位專項技能職前培訓；

— 將難度較高的操作崗位技能及作業模式以視像攝制，讓新員工能以最快速度掌握技能及上崗。

展望未來，我們會持續進行管理層培訓，引入新管理思維，並以教授不同的思考模式、決策工具、解難能力及激發管理層創新思維等能力為主。另外，我們會透過專業技能培訓重點提昇集團核心業務之技術水平，並會加強項目及新產品導入管理培訓，建構世界級水平之專業工程部隊。為促進全體員工自我增值，未來會將員工學習進修課時引入績效評核範圍，鼓勵全員學習氣氛及確保員工質素與時並進。

Chairman's Statement 主席報告

We Care about Our Employees

Heeding the shortage of mid-level management personnel in the labour market, the Group has adopted a gentle approach in personnel management and created a harmonious work environment conducive to enhancing productivity.

Staff Participation

To encourage communication between employees and their families and promote harmonious family relationship, we will invite our employees and their families to take part in activities including tree-planting, visits and walk for a million. In China, staff members participated in a number of tree-planting and cleaning activities during the year helping to protect the environment and foster public hygiene.

Efforts to improve staff welfare and working conditions included:

"Alternate Saturday Working Policy" – Following the introduction of one Saturday-off once a month policy in Hong Kong on 1 April 2006, we implemented Alternate Saturday Working Policy on 1 May 2007 to support promotion of "Work Life Balance" that can keep employees efficient at work and also allow them to lead a fuller personal life;

"Cooperative Home & Car Ownership Scheme" – To encourage and finance potential elite in buying a home and car as a means to retain talents who may otherwise be lost in the competitive labour market;

"Karrie Club" – In addition to leisure, sports and cultural activities, the "Karrie Club", which was set up during the year, gives staff members a venue to relax and socialize. It serves the purposes of enriching employees' time after work and increasing their sense of belonging to the Group;

對員工之關懷

因應勞工市場依然較為缺乏中層管理人員，集團採取一個較為柔性、溫馨的策略，同時亦可營造出一個較佳的工作環境氣氛，令生產力得以提升。

員工參與

為促進員工家庭溝通，增加和諧氣氛，邀請員工攜同家屬參與植樹活動、探訪活動及百萬行。國內方面，員工去年度多次進行植樹及清掃活動，為環保及整治環境衛生工作獻出了自己的一份力量。

致力改善員工福利及工作條件，包括：

「實施周六長短周工作制」－ 繼二零零六年四月一日起香港實行月休一天之五天半工作制後，二零零七年五月一日始我們已實行周六長短周工作制，以實際行動支持「平衡工作與生活」，保持工作效率之外亦使員工生活更豐盛；

「合作置業及置車計劃」－ 透過此兩項計劃，鼓勵及資助公司重點栽培人才置業及置車，於競爭激烈的人才市場有效挽留人才；

「嘉利俱樂部」－ 除一貫之康體及文藝活動外，今年更成立「嘉利俱樂部」，讓員工有消閒及聯誼的好去處，豐富工餘休閒生活，增加歸屬感；

Our staff is our most valuable asset. We adopted a gentle approach in creating harmonious environment and keep “work life balance”.

員工是我們最寶貴的資產，我們會採取溫馨柔性的策略，締造和諧工作環境及讓員工「平衡工作與生活」。

Chairman's Statement 主席報告

"Committee on the Concerns for the Next Generation" – Regular informal discussions are held with new employees to find out how they are fitting in with the new environment and problems they have encountered at work. Assistance and counseling will be given to employees to help them solve their problems and hasten adaptation to the work environment.

"Project Smile"

To create a more relaxed and harmonious work environment and encourage openness and optimism in facing difficulties and stress, a "Project Smile Action Team" comprising university students undertaking internship at the Company organised a host of activities for staff. Special games and activities were presented in August as "Smiley Month" including a "Guess who is smiling" game and the "Who has the biggest smile" election, etc. Apart from bringing smile to the faces of employees, the activities also allowed co-workers to interact and get to know each other better.

The Group sees its employees as its most precious asset. We should have the right person for the right job so that each employee may realize the best and contribute to the long-term benefit of our shareholders.

Riding the Waves, Excelling amid Challenges, Pooling elite, Focus on mainland

As the global economy continues to improve and corporate users are ready to invest with ample capital in replacing out-dated information technology systems and equipment, the Group is looking at abundant business opportunities and bright prospects. However, from the production perspective, without adequate time to achieve the production capacity needed, it would be very difficult for the Group to increase its turnover substantially.

「關懷員工委員會」－ 定時與新員工座談，關懷新員工融入新環境及工作所面對的問題，協助解決及疏導，加快新員工適應環境。

「微笑行動」

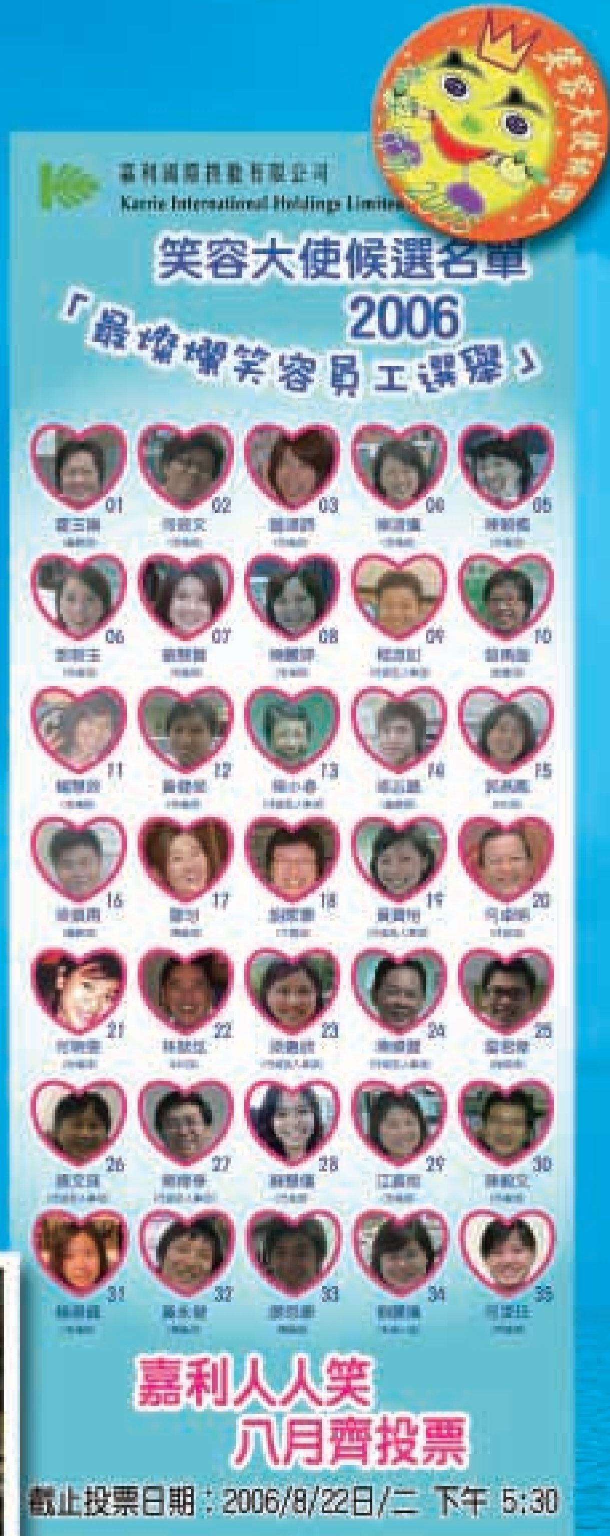
為使員工擁有更輕鬆融洽的工作環境，鼓勵在工作中遇到任何困難及壓力都應抱著樂觀豁達的心境，由一群大學暑期實習生組成的「微笑行動小組」，負責策劃及推行的「微笑行動」，以輕鬆的遊戲及活動方式於8月份的「微笑月」中舉辦了「笑容競猜遊戲」、「最燦爛笑容員工選舉」等活動，為員工帶來歡笑之餘，並增加了同事間互動及認識，別具意義。

集團一直強調員工便是我們最寶貴的資產，我們應讓每位員工處於最佳崗位上，發揮所長為股東們之長遠利益努力。

乘風破浪，遇強越強，滙聚精英，放眼中華

隨著全球經濟持續向好，加上企業用家資金充裕，促使他們將目前過時的資訊設備更新，此龐大的潛力令我們預期對前景仍然感到樂觀。不過，從生產的角度考慮，若沒有充份時間為產能作出適當的準備，要我們大幅增加營業額將是一件艱巨的任務。

微笑行動



"Project Smile" is an innovating project initiated by a group of summer trainee. The project has proven to be a success in creating a fresh and relaxing working atmosphere to our staff, most importantly improve the understanding between departments.

「微笑行動」乃由一群暑期實習生主力參與的創意實習課程，這行動成功地為集團員工創造了一個新鮮有趣且輕鬆的工作環境，更要是加強了部門之間的了解。

Chairman's Statement 主席報告

Therefore, we decide to fortify both our "Hardware" and "Software" by continuing capital investment and investment in human resources with the Group's long term development needs in mind. Although problems such as rise in raw material costs, appreciation of the RMB, rise in interest rate and insufficient middle management personnel still burden us, we will not be frightened but will remain determined in marching towards our goals.

因此，我們決定於「硬件」和「軟件」方面打穩根基，繼續堅持在固定資產及人力資源方面作出投資，以配合集團長遠發展的需要。雖然，原料價格上升、人民幣升值、息率上升及中層管理人員不足等都是每天困擾我們的問題，但我們不會被這些障礙所嚇倒，相反會更堅定不移地朝著目標進發。

In addition, as our business is led by our production operations in Mainland China and with Mainland China's position as the "World's Factory" further strengthened, we will focus on our plants in the Mainland China which will become our dominant and core operations. We are now gradually strengthening and integrating the production techniques, operations and management culture between the plant in the Mainland China and Hong Kong office. We will also accelerate localization of the workforce. We believe that these moves will allow the Group to achieve a better operational efficiency and in turn bring the most lucrative returns to the Group in the long run.

此外，由於現時我們的營運模式是以國內生產作牽頭，隨著中國內地的「世界工廠」地位進一步鞏固，我們亦將以國內廠房作主導及核心。我們現時正逐步加強及整合中港兩地的生產技術、營運模式及管理文化，並加快人才本地化，我們相信有關措施將可以進一步提升集團整體的營運效益，為未來發展帶來最佳的回報。

As the old Chinese saying goes "A journey of a thousand miles starts with the first step" (main theme of the 2004/05 Annual Report), it is the firm belief of the management that with "Heartfelt dedication in all details" (main theme of 2005/06 Annual Report), the Group will be able to accumulate and learn from experience and forge a strong foundation. Working in unity is the winning formula for achieving the best long term benefit of the Group. Although we may encounter setbacks from time to time like we had before (decrease in annual profit in 1997/98 and 2003/04), our confidence and fervour will not be swayed.

正所謂「千里之行，始於足下」(二零零四／零五年度年報主題)，管理層一直堅信只要「事無大小，用心去做」(二零零五／零六年度年報主題)，一點一滴累積經驗、打穩根基，公司上下一心，便是對公司整體長遠利益設想的不二法門。我們偶然都會遇到挫折(如一九九七／九八年度及二零零三／零四年度溢利倒退)，但我們從來不會被這些波折而影響信心與熱誠。

Chairman's Statement 主席報告

The main theme for this annual report is "Riding the Waves". The Group has gone through testing times in the past 26 years presented with challenges and hurdles. However, with a solid foundation, a united staff and focused efforts, we have been able to overcome different adversities. The Group is ready to march on and pave the way for a more prosperous future. The Group and all its staff holdfast to the principle "Nothing is impossible" and are confident of riding the waves to reach new heights.

APPRECIATION

I would like to thank our customers, suppliers, bankers, shareholders and all those who have given the Group invaluable support, and also my fellow Directors, managers and all staff for their considerable contribution to the Group.

I would also like to specially thank executive director and deputy chairman and chief operational officer Mr. Ho Cheuk Ming for his tremendous contribution to the Group throughout the years, who took up the position as a non-executive director starting 1 June 2007 because of health reasons. Mr. Ho was also appointed as a member of the Audit Committee. I also wish to thank Mr. Alfred Chow Kwok Hung, who has resigned from the position of Chief Financial Officer from 26 June 2007. His contribution to the Group's outstanding financial management and strategy, corporate governance and investor relations in the past 9 years has made a remarkable and fruitful accreditations.

本年度我們的主題是「乘風破浪」，集團於過去二十六年以來經歷過不少風風雨雨，遇過很多挑戰及難關，但我們憑藉穩固的根基、同心協力，對點出擊，問題總能夠迎刃而解。集團已積極裝備，為未來取得更長遠的豐盛碩果而鋪路。集團上下一直都堅持「凡事皆可能」的信念，我們有信心可以乘風破浪，遇強越強，邁向另一個高峰。

感謝

本人謹此向一直鼎力支持集團的所有客戶、供應商、銀行家、股東、以及所有給予本公司支持者致以衷心感謝。此外更感謝一直為集團作出寶貴貢獻之董事、經理及員工們。

特別鳴謝執行董事、副主席兼營運總裁何卓明先生過去一直以來對集團所作出之貢獻，其因健康理由於二零零七年六月一日起獲調任為本公司非執行董事，同時獲委任為審核委員會成員。另外，集團財務總監周國雄先生於二零零七年六月二十六日辭任，在此感謝其過去九年來為本公司在財務管理和策劃、公司管治及投者資關係取得傑出的成績所作出的貢獻。

Chairman's Statement 主席報告

APPENDIX 1

Special Characteristics of Our Business Model

A Hypothetical Example (Simplified and generalized for easy understanding)

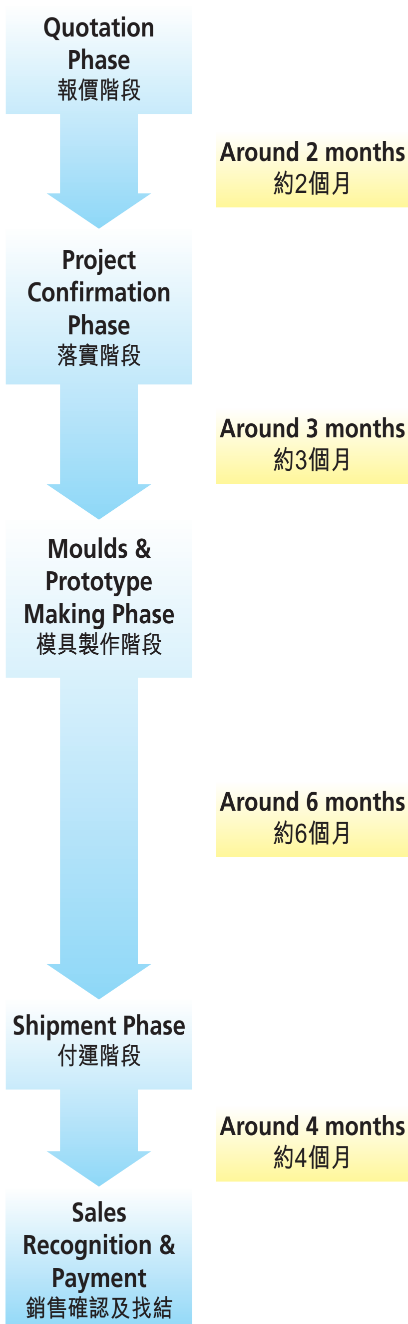
1. **Quotation Phase**
   – 12 to 15 months prior to shipment, Customer A sends out Request for Quotation (RFQ) for a project to all "qualified suppliers".

2. **Project Confirmation Phase**
   – Customer A confirms the placement of the project to us;
   – Customer A also provides shipment forecast for the next 18 to 24 months, which is the normal life cycle of a project.

3. **Moulds and Prototype Making Phase**
   – According to Customer A's specification, we start to perform the design works, make the moulds and prototype;
   – This process would take around 6 to 12 months;
   – Customer A would also work with our purchasing department on electronics components and the list of qualified suppliers for such components.

4. **Shipment Phase**
   – Customer A finalizes and revises the final shipment schedule;
   – We start manufacturing and ship goods to just-in-time (JIT) inventory warehouses.

5. **Sales Recognition and Payment**
   – Customer A takes goods from JIT warehouses;
   – We get paid after the normal credit period (generally 60 days).



附錄一

經營模式之特色

假設舉例（為方便大家容易理解，下列之過程以簡化形式表達）

1. **報價階段**
   — A客戶就某一產品之項目，於付運前約12至15個月向所有「合格供應商」要求報價，包括集團在內。

2. **落實階段**
   — A客戶確認將有關產品項目交予集團負責；
   — 我們得到該產品未來18至24個月的落貨預測，此亦是一般產品壽命週期。

3. **模具製作階段**
   — 集團按照A客戶所提供的規格要求進行設計工作，並製作生產模具及首辦；
   — 此工序大概需時6至12個月；
   — A客戶亦會就產品所需之電子零件，與採購部門商討指定供應商及相關審批程序。

4. **付運階段**
   — A客戶發出修訂付運時間表；
   — 完成生產及將成品付運至「即時付運」系統中轉貨倉。

5. **銷售確認及找結**
   — A客戶從「即時付運」系統中轉貨倉提取成品；
   — 客戶按照相關找結方式（一般為60天）付款。

APPENDIX 1 *(Cont'd)*

Special Characteristics of Our Business Model *(Cont'd)*

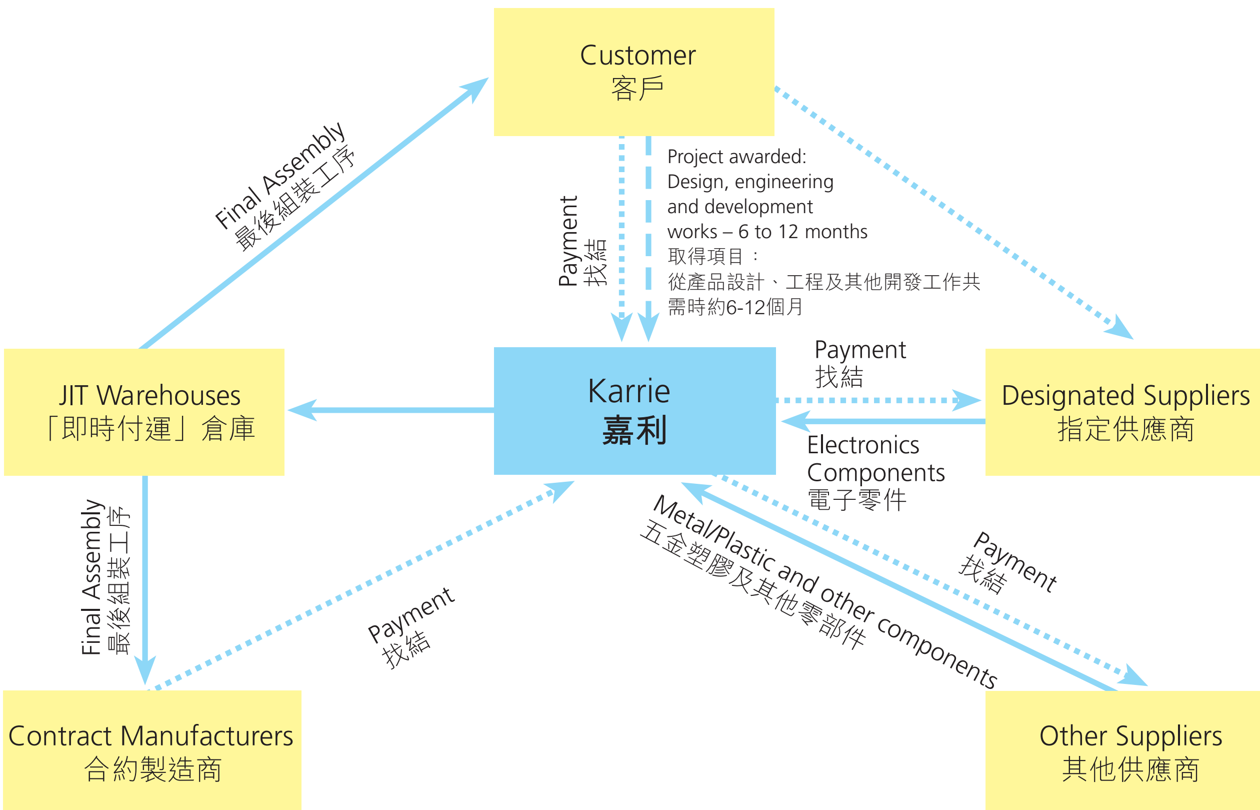
As in most cases the Group is the sole supplier for the confirmed project and the related engineering works have largely been completed, our problem is therefore one of production, and not of marketing (2003/04 Annual Report, page 26).

附錄一 *(續)*

經營模式之特色 *(續)*

由於集團通常是客戶個別產品項目之唯一供應商，而有關項目經已與新舊客戶取得落實，相關之工程準備工作亦大致完成，故現時所要關注的是如何完成生產任務，而非訂單（二零零三／零四年度年報第二十六頁）。

Generalised Flow Chart of the Supply Chain Management System
供應鏈管理系統一般運作流程圖



Chairman's Statement 主席報告

APPENDIX 1 *(Cont'd)*

Special Characteristics of Our Business Model *(Cont'd)*

Some or all of the following characteristics apply to our dealings with customers. Such characteristics have been generalized/simplified to enable easy understanding:

1. We deal with projects, which can take one year from initial project confirmation, development and engineering works to final shipment of goods. A project's shipment cycle can run for 18 to 24 months.

2. We do not normally have a large order backlog because the customers' adoption of either the just-in-time inventory (JIT), rolling forecast, Electronic Data Interexchange (EDI) or a combination of the above methods.

3. Usually we are the sole supplier for a particular project and therefore have the obligation to ship goods to customers even if the sales volume is much higher than the initial projection.

4. Most of our customers are not retailers, but manufacturers themselves. Some of them even have factories in China. Most of the electronic components are either sourced through the customers or their designated suppliers.

5. While the metal and plastic enclosures business is an integral part of the computer and computer peripheral sector, the industry thrives only in Taiwan but not in Hong Kong.

6. Our customers are mostly multi-national companies. Thus we frequently encounter such situation like project originated in Japan, components assembled in China while the final products shipped to Asia or Europe. Our definition of breakdown by market is by shipment destination rather than country of origin of the customers.

附錄一 *(續)*

經營模式之特色 *(續)*

以下的幾點經營特色或多或少是我們與客戶之間生意上交往時會遇到的，方便大家理解，已將下列之特色簡化表達：

1. 我們接回來的生意一般是以項目形式進行，而每個項目從開發，工程設計到起辦，至成品付運，整個過程為時約一年，而項目本身之週期為18至24個月。

2. 一般我們並無大量的實單在手，因為客戶落單以即時付運(JIT)，滾動式的預算表又或以電子信息交換系統(EDI)進行。

3. 很多時我們所負責的項目都是客戶該項目的唯一供應商，因此就算客戶突然將訂單數量增加，我們亦有責任準時付運。

4. 我們的客戶大多是廠家，而非零售商，有些更於中國設有廠房，大部份的電子零件都是客戶指定供應商又或是他們自己提供的。

5. 雖然五金塑膠外殼業務乃電腦及其週邊產品的核心部份，但這行業於台灣遠比香港盛行。

6. 我們的客戶大部份屬國際知名品牌，故很多時會出現如下情況：客戶之項目源自日本，但在中國生產，成品最終付運到亞洲及歐洲等地。而我們對於市場分佈之介定則以成品付運終點站為準，而非客戶來自那個國家。

APPENDIX 2

Corporate Governance

1. Establishment of an Executive Committee to improve decision-making efficiency. The day-to-day operations of the Group are now in the hands of a group of professional managers;

2. Efforts to improve transparency
   – disclosing in annual report detailed explanation of corporate strategies and the rationale behind;
   – meeting with individual shareholders periodically through a new "tea-break" program.

3. Clearly defined dividend policy of payment of 30%* or more of the profit attributable to shareholders;

4. Clearly defined ROE objective of 20%;

5. Clearly defined future turnover targets;

6. Announcing quarterly results;

7. Increasing the number of audit committee meetings to 4 times a year;

8. Encouraging executive directors to hold at least 500,000 shares of the Group;

9. Willingness to share wealth created with all shareholders through dividend. Since 2000/01, the aggregated amount of the Group's dividends paid/payable is around HK$564,477,000 or around 101% of the shareholders' fund.

*Remarks: Because of the importance of maintaining financial stability in this crucial period of a CAPEX cycle, the Directors reserve the right of changing this guideline without prior notice.

附錄二

企業管治

1. 成立執行委員會加快決策效率，集團日常營運交由一群專業管理人員處理；

2. 致力提高透明度
   – 於年報中詳細解釋集團策略與及其背後之理念；
   – 定期舉行「茶敘」活動與個人投資者會面

3. 將股東應佔溢利之30%*或以上用作派息作為集團之派息政策；

4. 清晰釐定股東權益回報率目標為20%；

5. 清晰釐定集團未來銷售目標；

6. 公佈季度業績；

7. 增加召開審核委員會會議之次數至每年4次；

8. 鼓勵各執行董事持有不少於500,000股集團股份；

9. 願意透過派發股息與各股東一同分享財富；自二零零零／零一年度開始，集團已派發／擬派發現金股息約564,477,000港元，或約佔股東資金101%。

*註： 由於投資期內保持財務穩定相當重要，因此董事會保留無需提前通知而更改此股息派發指引之權利。

Chairman's Statement 主席報告

APPENDIX 3 附錄三

Dividend and Dividend Policy:
股息及股息政策：
An unbroken 10 years record of dividend payment
10年以來派息從未間斷
The Group's policy to distribute 30% or more of its profits attributable to shareholders as dividend
集團既定股息政策為股東應佔溢利30%或以上用作派息

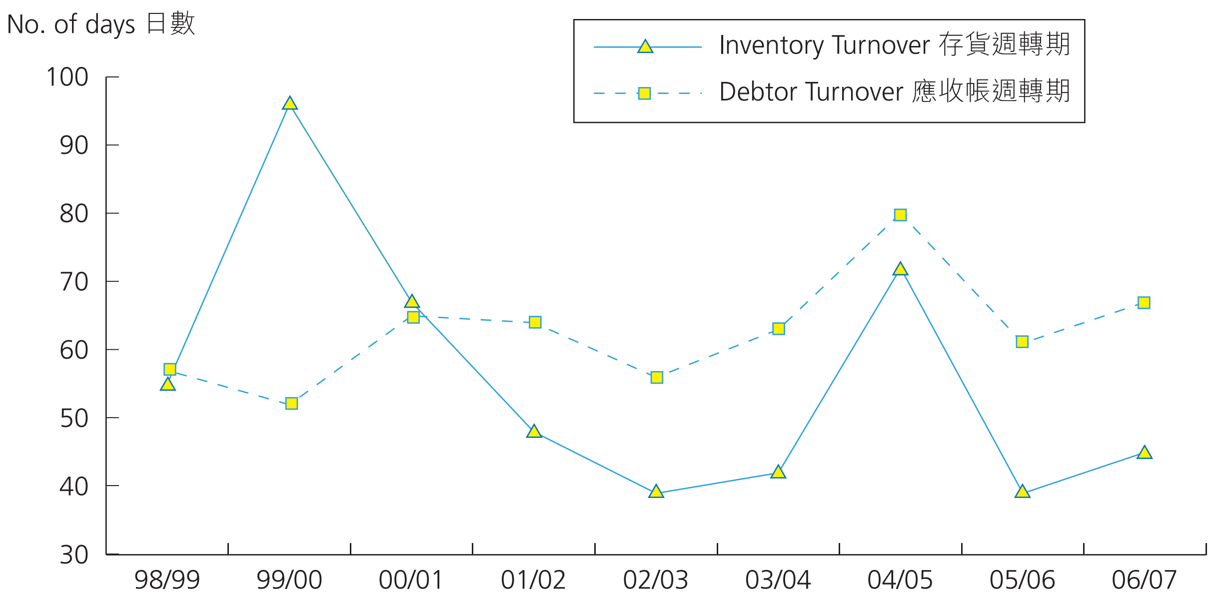
All dividend paid shown below is in HK cents per share
下列每股派發之股息全以港仙計算

	Interim 中期	Final 末期	Subtotal 小計	Interim Special 中期特別股息	Final Special 末期特別股息	Special Subtotal 特別股息小計	Total 合計	Dividend Payout Ratio 股息派發比率 (Excluding)* (不包括在內)*	Dividend Payout Ratio 股息派發比率 (Including)# (包括在內)#
1997/98	Nil 無	1.00	**1.00**	Nil 無	Nil 無	**Nil 無**	***1.00***	13%	N/A 不適用
1998/99	2.00	2.00	**4.00**	Nil 無	Nil 無	**Nil 無**	***4.00***	58%	N/A 不適用
1999/00	2.20	2.20	**4.40**	Nil 無	Nil 無	**Nil 無**	***4.40***	77%	N/A 不適用
2000/01	1.10	3.80	**4.90**	Nil 無	6.20	**6.20**	***11.10***	69%	156%
2001/02	5.00	5.90	**10.90**	5.00	14.10	**19.10**	***30.00***	50%	138%
2002/03	8.00	11.00	**19.00**	Nil 無	5.00	**5.00**	***24.00***	60%	75%
2003/04	8.00	12.00	**20.00**	Nil 無	Nil 無	**Nil 無**	***20.00***	87%	N/A 不適用
2004/05	8.50	12.50	**21.00**	Nil 無	Nil 無	**Nil 無**	***21.00***	58%	N/A 不適用
2005/06	9.00	13.00	**22.00**	Nil 無	3.00	**3.00**	***25.00***	48%	55%
2006/07	8.50	3.00	**11.50**	Nil 無	Nil 無	Nil 無	***11.50***	38%	N/A 不適用

Remarks: * Excluding special dividend # Including special dividend
備註： *不包括特別股息 #包括特別股息

APPENDIX 4 附錄四

Inventory & Debtor Turnover
存貨及應收帳週轉期



(no. of days)(日數)	98/99	99/00	00/01	01/02	02/03	03/04	04/05	05/06	06/07
Inventory Turnover 存貨週轉期	55	96	67	48	39	42	72	39	45
Debtor Turnover 應收帳週轉期	57	52	65	64	56	63	80	61	67

Inventory turnover (Base on year end stock value/Cost of Sales) x 365 days
Debtor turnover (Base on year end debtors/Turnover) x 365 days

存貨週轉期(以年終存貨值／銷售成本)x 365日
應收帳週轉期(以年終應收帳／營業額)x 365日

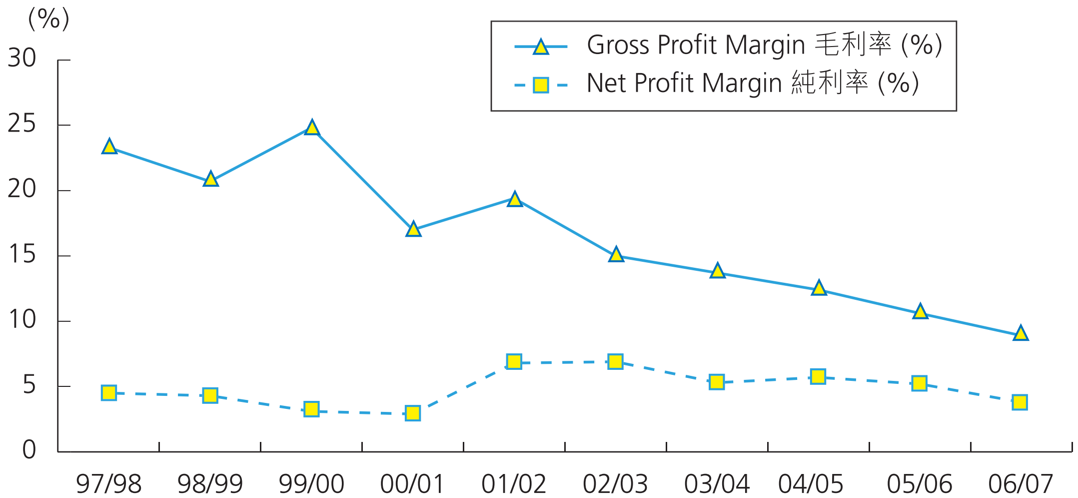
Inventory Turnover Days 存貨週轉期

(no. of days)(日數)	05/06	06/07	Change 變幅
Raw Material 原料	18	23	+5
WIP 半製品	6	5	-1
Finished Goods 製成品	15	17	+2
Total 合計	39	45	+6

Chairman's Statement 主席報告

APPENDIX 5 附錄五

Gross Profit Margin & Net Profit Margin
毛利率與純利率走勢圖



(%)	**97/98**	**98/99**	**99/00**	**00/01**	**01/02**	**02/03**	**03/04**	**04/05**	**05/06**	**06/07**
Gross Profit Margin 毛利率	23.3	20.7	24.8	17.0	19.4	15.0	13.7	12.4	10.7	9.1
Net Profit Margin 純利率	4.5	4.3	3.1	2.9	6.8	6.9	5.3	5.7	5.2	3.8
HK$(million)（百萬港元）										
Turnover/Revenue 營業額／收入	619	592	662	893	1,156	1,738	1,693	2,563	3,597 *	3,328 *
Profit attributable to Shareholders 股東應佔溢利	28	25	21	26	78	120	90	147	186	125

* Revenue = Turnover + Other gains
收入 = 營業額 + 其他收益

APPENDIX 6

FAQ

BUSINESS

1. What is so special about Karrie's business model?

   – Normally we deal with projects, which can take one year from initial project confirmation, development and engineering works to final shipment of goods. A project shipment cycle can run for 18 to 24 months.

   – Usually we are the only vendor for a particular project confirmed. Combined with the 18 to 24 months shipment cycle, we are bestowed with relatively long-term business visibility. (2004/05 Annual Report, page 60)

2. Would rising cost of raw material affect the performance of the Group?

   Under the Group's versatile 'Total Transparent Cost Plus Pricing Mechanism' most of the raw materials other than electro-galvanized steel plates are sourced through the customers or though suppliers designated by the customers. A rise in raw material price (other than steel) has only a marginal impact on the bottom line. (2004/05 Annual Report, page 18)

3. Experts say RMB is going to appreciate more in the coming two years. What is the impact on the Group?

   – RMB payments represents about 10% of the total cost of sales

   – As most of our competitors are also based in China and on the basis that customers stick to their present purchasing practice, in theory we could raise price to cover the increase in cost over the time.

4. To whom do Karrie sell its products?

   Our products, including computer server casings, laser printers, magnetic tape drive, are mainly sold to multi-national customers.

附錄六

常見問題

業務

1. 嘉利之經營模式有何特別？

   一 我們接回來的生意一般是以項目形式進行，而每個項目從開發，工程設計到起辦，至成品付運，整個過程為時約一年，而項目本身之週期為十八至二十四個月。

   一 通常我們所負責的項目都是客戶該項目的唯一供應商，加上一般產品之壽命週期為十八至二十四個月，因而我們對生意前景有相對較長線的洞悉力。(二零零四／零五年度年報第六十頁)

2. 原料成本不斷上漲會否對集團的表現有所影響？

   根據集團多變的「全透明成本加利潤報價模式」，除鐵料外，大部份原料均是由客戶負責採購又或是由客戶指定供應商所提供，故此原料價格(鐵料除外)上升只會對集團帶來輕微影響。(二零零四／零五年度年報第十八頁)

3. 有專家指出未來兩年人民幣仍然會持續升值，這對集團有何影響？

   一 採用人民幣找結的總額佔整體銷售成本約10%。

   一 由於集團大部份之競爭對手之生產基地亦設於中國，理論上長遠而言，基於客戶仍會按照現有之採購模式於中國採購，相信大家都會一致向客戶要求加價，以彌補成本上升的。

4. 嘉利所制的產品銷售對象是誰？

   我們製造的產品包括電腦伺服器外殼、鐳射打印機、磁帶解碼機等，大部份均是售予一些國際性知名的客戶。

Chairman's Statement 主席報告

APPENDIX 6 *(Cont'd)*

CAPEX, DIVIDEND AND FINANCE

5. Are you worried about a high level of bank borrowings?

   – The Group's shareholders fund is much higher than the non-current assets meaning that the Group is financing its non-current assets through stable shareholders' fund rather than bank borrowings;

   – Any increase in net bank borrowings could therefore be attributed to the increased working capital requirement due to an increase in turnover. This is a positive news but not the otherwise.

6. What is the status of new Yu Quan Plants?

   – The site area of Yu Quan Plant is approximately 240,000 sq. m. as compared to the combined site area of 89,000 sq. m. of the existing Yantien Plant and Fenggang Plant;

   – We will build Yu Quan Plants in various phases depending on the economic conditions. Phase I has launched production in October 2006;

   – Phase II has also started its construction and expected to be completed by end of 2008.

7. Is Karrie going to change its dividend policy because of the capex and working capital requirements?

   – Our dividend policy is to pay out 30%* or more of the profit attributable to shareholders;

   – In 2006/07, we paid out a total of HK11.5 cents as dividend (payout ratio: 38%, making the 10th year of unbroken dividend payment record;

*Remarks: Because of the importance of maintaining financial stability in this crucial period of a CAPEX cycle, the Directors reserve the right of changing this guideline without prior notice.

附錄六（續）

固定資產投資、股息及財務方面

5. 你們有否擔心過高借貸情況？

   — 集團股東資金比「非流動資產」為高，代表著集團之「非流動資產」是以穩定的股東資金所支持的，而非經由銀行借貸；

   — 任何淨銀行借貸之上升乃由銷售額增長帶動流動資金需求增加的，這是正常不過的現象，絕無不妥當。

6. 目前新的玉泉廠房興建進度如何？

   — 目前的雁田及鳳崗廠房兩者相加之佔地面積只有89,000平方米，至於玉泉廠房之佔地面積約240,000平方米；

   — 我們將會根據經濟狀況將玉泉廠房劃數個階段興建，而第一期已於二零零六年十月正式投產；

   — 而第二期建築工程已啟動，預計於二零零八年末峻工。

7. 因應目前之固定資產投資及流動資金的需求，嘉利會否改變股息政策？

   — 我們的股息政策是將股東應佔溢利的30%*或以上作為股息；

   — 於二零零六／零七年度我們每股派發11.5港仙作為股息（派發比率為38%），並連續十年保持派息記錄；

*註： 由於投資期內保持財務穩定相當重要，因此董事會保留無需提前通知而更改此股息派發指引之權利。

APPENDIX 6 *(Cont'd)*

CORPORATE GOVERNANCE AND OTHERS

8. Should you worry about the corporate governance standard of Karrie?

   – For three consecutive years, fund managers and research analysts have voted Karrie as one of the best-managed companies in Hong Kong in the Asiamoney Polls. In the 2004 Poll, Karrie was voted as the second best in Corporate Governance in Hong Kong. In 2005 Karrie was voted as the best small cap in the same poll;

   – We have made detailed explanation of corporate strategies and the rationale behind in our annual reports and our effort was recognised by Hong Kong Management Association and awarded with "Honorable Mentions" in 2006 Best Annual Report Award;

   – Since 2001 the day-to-day operation of Karrie has been in the hands of a group of professional managers. The management team is not related to the controlling shareholder;

   – Karrie is also willing to share with shareholders the wealth created through distribution of dividend. Since 2000/01, the aggregated amount of the Group's dividends paid/payable is around HK$564,477,000 or around 101% of the shareholders' fund as at 31 March 2007;

   – To increase its transparency, Karrie

     a. voluntarily announces quarterly result;

     b. arranges "tea-breaks" with individual shareholders half a year; and

     c. publishes an easy-to-read annual reports with graphs, tables and other useful information.

9. Who are the major shareholders?

   – As at 30 June 2007, the Ho's family/Pearl Court Company Limited held around 54% of the issued share capital of the Company;

   – Value Partners Limited held around 5% of the issued share capital of the Company.

附錄六 *(續)*

企業管治及其他

8. 我們應否擔憂嘉利的企業管治水平?

   — 嘉利連續三年於「亞洲貨幣雜誌」選舉中被機構投資者及證券分析員推許為優秀企業。於「二零零四年度選舉」中，嘉利被選為「香港最佳企業管治表現」第二名。於「二零零五年度選舉」更獲選為「香港最佳管理公司－小型企業」第一名；

   — 於年報中詳細解釋集團策略與其背後之理念，此舉取得「香港管理專業協會」認同並獲頒發二零零六年度「最佳年報選舉」之優異年報獎項；

   — 嘉利自二零零一年開始交由一班專業管理人仕負責日常營運工作，所有成員均與控股股東無親屬關係；

   — 嘉利亦願意透過派發股息與股東們分享財富，自二零零零／零一年度開始，截至二零零七年三月三十一日集團合共已派發／擬派發之現金股息約564,477,000港元，佔股東資金的101%；

   — 為了提高透明度，嘉利

     a. 自願公佈季度業績；

     b. 每半年為個人投資者舉行茶敘活動；及

     c. 年報制作考慮「用者為先」，透過簡淺的圖畫、圖表及其他有用資料加以表達。

9. 誰是集團的主要股東?

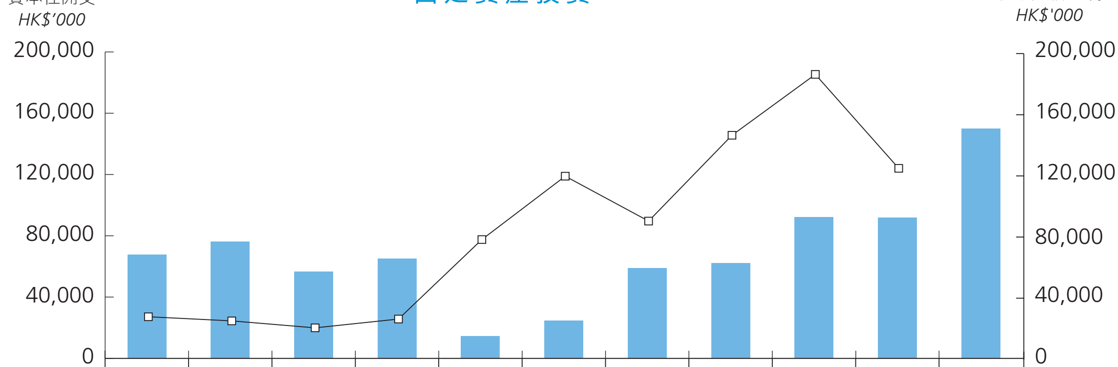
   — 截至二零零七年六月三十日止，何氏家族／Pearl Court Company Limited持有股份為54%；

   — 惠理基金持有約5%股份。

Chairman's Statement 主席報告

APPENDIX 7 附錄七

Capex
固定資產投資



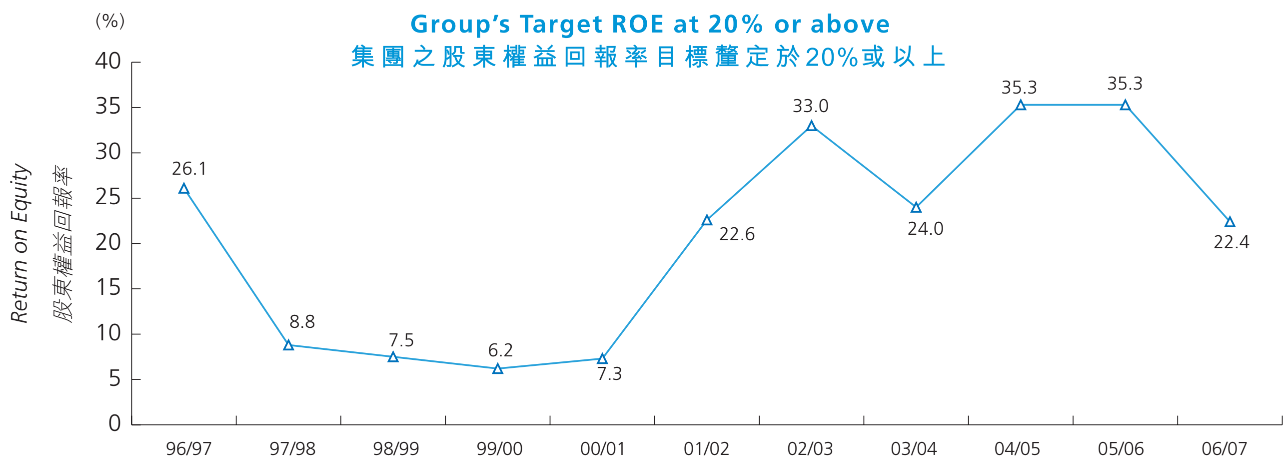
	97/98	98/99	99/00	00/01	01/02	02/03	03/04	04/05	05/06	06/07	07/08*
Capex 資本性開支	67,604	76,176	56,595	65,034	14,675	24,488	58,842	62,236	92,059	91,625	150,000
Profit attributable to shareholders 股東應佔溢利	27,865	25,162	20,616	26,368	78,370	119,808	90,440	146,573	186,379	124,928	?

*07/08 Budget
*07/08 預算

97/98	98/99 – 00/01	01/02 – 02/03	03/04	04/05 – 05/06	06/07 – 07/08
Phase 1: Asian financial crisis 第一階段：亞洲金融風暴	Phase 2: Restructuring, investment in fixed assets and market repositioning 第二階段：業務重組，投資及市場重新定位	Phase 3: Rapid growth 第三階段：高速增長	Phase 4: Consolidation 第四階段：整固期	Phase 5: Rapid growth 第五階段：高速增長	Phase 6: Consolidation 第六階段：整固期

APPENDIX 8 附錄八

Group's Target ROE at 20% or above
集團之股東權益回報率目標釐定於20%或以上



HK$ million *百萬港元*		96/97	97/98	98/99	99/00	00/01	01/02	02/03	03/04	04/05	05/06	06/07
Profit after Tax	除稅後溢利	81	28	25	21	26	78	120	90	147	186	125
Shareholders' Equity	股東權益	310	318	332	339	356	347	364	375	416	527	557
Return on Equity (%)	**股東權益回報率(%)**	**26.1**	**8.8**	**7.5**	**6.2**	**7.3**	**22.5**	**33.0**	**24.0**	**35.3**	**35.3**	**22.4**

APPENDIX 9 附錄九

Potential Dilutive Effect of Share Options
購股權潛在攤薄影響

(As at 30 June 2007, total issued share capital is 412,284,000 shares)
(截至二零零七年六月三十日已發行股本為412,284,000股)

	Number of exercisable outstanding share options 未行使購股權數目			
Exercisable during or after the period 於期內或之後可行使之年度	**Directors 董事**	**Other Participants 其他參與者**	**Total 總數**	**Percentage over total issued share capital 佔已發行股本之百份比**
01/04/2007 - 31/03/2008	6,890,000	17,782,000	24,672,000	5.98%
01/04/2008 - 31/03/2009	1,760,000	1,360,000	3,120,000	0.76%
Cumulative total 累計	**8,650,000**	**19,142,000**	**27,792,000**	**6.74%**

Corporate Governance Report 企業管治報告書

The Company and its subsidiaries (the "Group") are committed to achieving high standards of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability.

為保障全體股東權益及提升企業價值和問責性，本公司及其附屬公司(「本集團」)一向承諾恪守奉行最嚴謹之企業管治。

For the year ended 31 March 2007 (the "Year"), the Group has applied the principles of the recently promulgated Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and complied with the code provisions (the "Code Provisions") of the CG Code, save for deviation from Code Provisions A.2.1, A.4.2 and E.1.2 of the CG Code. This report describes our Group's corporate governance practices and explains the said deviations from the CG Code.

於截至二零零七年三月三十一日止年度(「本年度」)內，本集團已應用最新頒佈並列載於香港聯合交易所有限公司証券上市規則(「上市規則」)附錄十四之企業管治常規守則(「企業管治守則」)所規定之原則及遵守所有守則條文(「守則條文」)(除了偏離企業管治守則條文A.2.1、A.4.2及E.1.2條外)。本報告書詳述集團之企業管治慣例，並闡釋企業管治守則之原則應用及偏離企業管治守則的行為。

A. BOARD OF DIRECTORS

1. The Board of Directors

1.1 As at 31 March 2007, the Board consisted of eight Directors, including five executive Directors, namely, Mr. Ho Cheuk Fai (Chairman and Chief Executive Officer), Mr. Ho Cheuk Ming (Deputy Chairman and Chief Operating Officer), Mr. Kwok Wing Kin, Francis (Deputy Chairman), Mr. Lee Shu Ki and Mr. Wong Shun Pang, and three independent non-executive Directors, namely, Mr. So Wai Chun, Mr. Chan Sui Sum, Raymond and Mr. Fong Hoi Shing. Mr. Ho Cheuk Ming was re-designated as non-executive Director on 1 June 2007. The Board has the collective responsibility for the leadership and promotion of the success of the Group's business by directing and supervising the Group's affairs.

A. 董事會

1. 董事會

1.1 截至二零零七年三月三十一日，董事會由八名董事組成。包括五名執行董事－何焯輝先生(主席兼行政總裁)、何卓明先生(副主席兼營運總裁)、郭永堅先生(副主席)、李樹琪先生、黃順鵬先生及三名獨立非執行董事－蘇偉俊先生、陳瑞森先生及方海城先生。於二零零七年六月一日何卓明先生已調任為非執行董事。董事會成員共同負責本集團事務之領導及管治工作，並共同承擔指引及監督本集團事務之責任。

1.2 The Board is committed to the Group's objectives of enhancing the shareholder's value and provision of superior products and services. The Board is collectively responsible for formulating the overall objective and strategy of the Group; monitors and evaluates its operating and financial performance and reviews the standard of corporate governance of the Group. It also makes decisions on matters such as approving the annual results, interim and quarterly results, connected transactions, appointment and re-appointment of Directors, declaring dividend and adopting accounting policies. The Board has delegated the authority and responsibility for implementing business strategies and management of the daily operations of the Group's businesses to the management.

1.2 董事會致力實現本集團有關提升股東價值以及提供優越產品與服務之目標。董事會訂立集團之整體目標及策略，並監管及評估集團在營運與財務上之表現，以及檢討集團之企業管治水平。董事會亦須決定各項事宜，其中包括全年、中期及季度業績、關連交易、董事聘任或續聘、股息分派及採納會計政策。董事會已授權管理層負責推行本集團商業策略及管理本集團之日常業務運作。

1.3 The Board conducts regular scheduled meetings on a quarterly basis. Ad-hoc meetings are convened when circumstances require.

The Board had met four times for the Year and considered, reviewed and approved the Group's annual results for the year ended 31 March 2006, quarterly and interim results of the Group for the Year.

1.3 董事會每季舉行定期會議，並於情況需要時召開特別會議。

董事會於本年度內已舉行四次會議，並已考慮、審閱及批准集團截至二零零六年三月三十一日之全年業績及於本年度之季度及中期業績。

Corporate Governance Report 企業管治報告書

The attendance records of Board meetings held during the Year are set out below:

以下是本年度董事會會議的出席紀錄：

Attendance of individual Directors at Board meetings during the Year

本年度董事會會議個別董事的出席率

		No. of attendance/ No. of meetings 出席次數／會議次數	Attendance rates 出席率
Executive Directors	*執行董事*		
Mr. Ho Cheuk Fai	何焯輝先生	4/4	100%
Mr. Ho Cheuk Ming*	何卓明先生*	4/4	100%
Mr. Kwok Wing Kin, Francis	郭永堅先生	4/4	100%
Mr. Lee Shu Ki	李樹琪先生	4/4	100%
Mr. Wong Shun Pang	黃順鵬先生	4/4	100%
Independent non-executive Directors	*獨立非執行董事*		
Mr. So Wai Chun	蘇偉俊先生	4/4	100%
Mr. Chan Sui Sum, Raymond	陳瑞森先生	4/4	100%
Mr. Fong Hoi Shing	方海城先生	4/4	100%
Average attendance rate	**平均出席率**		100%

* was re-designated as non-executive Director on 1 June 2007

* 於二零零七年六月一日已調任為非執行董事

1.4 To maximize the effectiveness of the Board and to encourage active participation and contribution from Board members, the Board has established an audit committee and a remuneration committee. Detailed descriptions of each of these committees are set out below. All of these committees adopt, as far as practicable, the principles, procedures and arrangements of the Board in relation to the scheduling and proceeding of meetings, notice of meetings and inclusion of agenda items, records and availability of minutes.

1.4 為提高董事會效能以及鼓勵董事會成員積極參與及作出貢獻，董事會已成立審核委員會及薪酬委員會。下文載列各委員會之詳細說明。董事委員會按實際可行情況採納董事會有關擬定會議時間表及會議進行方式、會議通告及載入議程項目、保存及提供會議記錄等之原則、程序及安排。

2. Board Composition

2.1 As at 31 March 2007, the Board comprises eight Directors: five executive Directors and three independent non-executive Directors. Mr. Ho Cheuk Ming, an executive Director, is the younger brother of Mr. Ho Cheuk Fai, the Chairman and Chief Executive Officer. On 1 June 2007, Mr. Ho Cheuk Ming was re-designated as non-executive Director of the Company. The Board has received annual confirmations of independence from each of the independent non-executive Directors and believed that all the independent non-executive Directors meet with the guidelines for assessment of independence as set out in Rule 3.13 of the Listing Rules.

2.2 The attributes, skills and expertise among the existing Directors are considered appropriate so as to effectively lead, supervise and manage the Group, taking into account the scope and nature of the operations. The Directors have a mix of core competencies in areas such as accounting and finance, business and management, production and quality control techniques, supply chain management, industry knowledge and marketing strategies. Details of the experience and qualifications of Directors and Senior Management are set out in the section headed "Directors and Senior Management" in this Annual Report.

2. 董事會組成

2.1 於二零零七年三月三十一日，董事會由八名董事組成，包括五名執行董事及三名獨立非執行董事。執行董事何焯輝先生為主席兼行政總裁，乃執行董事何卓明先生之兄。於二零零七年六月一日，何卓明先生調任為本公司非執行董事。董事會已收悉有關各獨立非執行董事之獨立性的確認函並相信全體獨立非執行董事均能符合上市規則第3.13條所載有關獨立非執行董事獨立性評估之指引規定。

2.2 就本集團之業務範疇及性質而言，現任董事所具備之特質、技能及專業知識足以令彼等能有效地引領及監控本集團。董事具有各方面如會計及財務、商業及管理、生產及品質控制技術、供應鏈管理，行業知識及市場策略等實質專才。有關董事及高級管理人員之經驗及資歷資料載於本年報中「董事及高級管理人員」一節。

Corporate Governance Report 企業管治報告書

3. Appointment, Re-election and Removal of Directors

3.1 At each annual general meeting ("AGM"), one-third of the Directors are required to retire from office by rotation. The Directors, since his last election or appointment who have been the longest in office shall retire and be eligible for re-election at the AGM. The Chairman and/or the Managing Director of the Group shall not, when holding such office, be subject to retirement by rotation or be taken into account in determining the number of Directors to retire in each year. With the introduction of the CG Code and to comply with Code Provision A.4.2 of the CG Code, the Chairman and/or the Managing Director of the Group will voluntarily retire at the AGM at least once every three years.

3.2 As at 31 March 2007, non-executive Directors including independent non-executive Directors are appointed for a fixed term not exceeding three years and are subject to the requirements of retirement by rotation and re-election by shareholders at AGM in accordance with the Company's bye-laws (the "Bye-laws").

3.3 The names and biographical details of the Directors who will offer themselves for election or re-election at the forth coming AGM are set out in the circular to shareholders to assist shareholders in making an informed decision on their elections.

3. 董事的委任、重選及罷免

3.1 於每屆股東週年大會(「股東週年大會」)上，三分之一董事須輪席退任。每年之退任董事須為彼等自上次獲選或重選以來任期為最長者並合資格於股東週年大會上膺選連任。擔任集團主席及／或行政總裁的董事受制於輪席退任或於釐定股東週年大會上須輪席退任之董事人數時，毋須計及。然而，由於企業管治守則的推出及為遵守企業管治守則守則條文A.4.2，集團主席及行政總裁將至少每三年自願退任。

3.2 於二零零七年三月三十一日，非執行董事包括獨立非執行董事以固定任期委任，惟不超過三年，並須根據本公司之公司細則(「公司細則」)於股東週年大會上輪席退任並重選連任。

3.3 將於應屆股東週年大會上膺選連任董事之姓名及履歷載於致股東之通函內，以協助彼等於表決時作出知情決定。

3.4 Since the whole Board participates in the appointment of new Directors, the Company does not establish a nomination committee. In evaluating whether an appointee is suitable to act as a Director, the Board will consider the experience and skills of the appointee; as well as personal ethics, integrity and the willingness to commit time in the affairs of the Group. Where the appointee is appointed as an independent non-executive Director, the Board will also consider his/her independence. During the Year, the Board had also reviewed and made recommendations in respect of the re-appointments of retiring Directors, which were approved by the shareholders at the last AGM.

3.4 由於新董事之委任是由董事會全體成員參議，故本公司並無成立提名委員會。在評估一名被委任者是否適合出任本公司董事時，董事會會考慮其經驗、專長及其個人操守及誠信，以及其願意付出處理集團事務之時間。當一名董事被委任為公司的獨立非執行董事時，董事會亦會考慮其獨立性。於本年度內董事會亦就上屆股東週年大會通過重新委任退任董事事宜上作出檢討及建議。

4. Corporate Governance and Chairman and Chief Executive Officer

4. 企業管治及主席及行政總裁

The Group is committed to achieving high standards of corporate governance. Throughout the year ended 31 March 2007, the Company had applied the principles and complied with the requirements set out in the CG Code in Appendix 14 of the Rules Governing the Listing Securities on The Stock Exchange of Hong Kong Limited, except the following:

本集團一向承諾恪守最嚴謹的企業管治，於截至二零零七年三月三十一日止年度，本公司一直依循及遵守，香港聯合交易所有限公司證券上市規則附錄十四所載之企業管治守則，所有原則及規定。除以下所述：

Code Provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Company does not separate the roles of its Chairman and Chief Executive Officer and Mr. Ho Cheuk Fai (“Mr. Ho”) currently holds both positions.

企業管治守則條文第A.2.1條規定應區分主席與行政總裁的角色，並不應由一人同時兼任。本公司並無區分主席與行政總裁，何焯輝先生(「何先生」)目前兼任該兩個職位。

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Being the founder of the Group, Mr. Ho has substantial experience in the manufacturing industry. At the same time, Mr. Ho has the appropriate skills and business acumen that are the pre-requisites for assuming the role of Chief Executive Officer. The Board believes that vesting the roles of both Chairman and Chief Executive Officer in the same person would provide the Group with strong and consistent leadership and allow the Group to be more effective and efficient in developing long-term business strategies and execution of business plans. The Board considers that there is no need to segregate the roles of the Chairman and the Chief Executive Officer, which should continue to be performed by Mr. Ho.

何先生為本集團的創辦人，於製造業具備豐富經驗。同時，何先生具備擔當行政總裁所需之合適管理技巧及商業觸覺之先決條件。董事會相信，由一人兼任主席與行政總裁的角色為本集團提供強大兼一致的領導，並可讓本集團更有效及有效率地發展長遠業務策略及執行業務計劃，故無須區分主席及行政總裁之角色並由何先生繼續擔任。

Code Provision A.4.2 of the CG Code stipulates that every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

企業管治守則條文A.4.2規定每名董事（包括有指定任期之董事）應至少每三年輪值退任一次。

According to the Bye-laws, at each AGM, one-third of the Directors for the time being or, if their number is not 3 or a multiple of 3, the number nearest to one-third but not greater than one-third shall retire from office provided that notwithstanding anything in the Bye-laws, the Chairman of the Board and/or the Managing Director of the Company shall not, whilst holding such office, be subject to retirement by rotation or be taken into account in determining the number of Directors to retire in each year. With the introduction of the CG Code and to comply with Code Provision A.4.2 of the CG Code, the Chairman and/or the Managing Director of the Group will voluntarily retire at AGMs at least once every three years.

根據公司細則，在每一屆股東週年大會上，三分一之當時在任之董事（或，倘其人數並非三之倍數，則最接近但不多於三分之一之數目）須輪值退任，惟本公司董事會主席及╱或董事總經理不須按此規定輪值退任或在釐定每年退任董事人數時計算在內。然而，由於企業管治守則的推出及為遵守企業管治守則條文A.4.2，集團主席及╱或董事總經理將至少每三年於股東週年大會上自願退任。

Under Code Provision E.1.2 of the CG Code, the Chairman of the Board should attend the AGMs. Owing to another business engagement, the Chairman of the Board did not attend the AGM held on 4 August 2006 (the "Meeting"). Other members of the Board and the Chairman of the Audit and Remuneration Committees, Mr. So Wai Chun, attended the Meeting in which Mr. Lee Shu Ki, an executive Director, took the chair of the Meeting. The Board considers that the members of the Board and the Chairman of the Audit and Remuneration Committees attending the Meeting were already of sufficient calibre and number for answering questions from shareholders at the Meeting.

根據企業管治守則條文第E.1.2條，董事會主席須出席股東週年大會。由於董事會主席另有要務在身，未能出席於二零零六年八月四日舉行的股東週年大會(「大會」)，本公司執行董事李樹琪先生以大會主席身份，連同其他董事會成員及審核委員會及薪酬委員會主席蘇偉俊先生一併出席大會。董事會認為出席大會的董事會成員及審核委員會及薪酬委員會主席，已有足夠能力及人數回答大會上的提問。

The Company will continue to review its practices from time to time to achieve high standard of corporate governance.

本公司將繼續不時檢討其常規，以達至高水平之企業管治。

B. BOARD COMMITTEE

B. 董事委員會

1. Remuneration Committee ("RC")

1. 薪酬委員會

1.1 The Board has established the RC in June 2005 with terms of reference, comprising a majority of independent non-executive Directors, which meets at least once a year. It is chaired by Mr. So Wai Chun and comprises two other members, namely Mr. Chan Sui Sum, Raymond and Mr. Ho Cheuk Ming. All RC members, with the exception of Mr. Ho Cheuk Ming, are independent non-executive Directors. The quorum necessary for the transaction of business by the RC is two.

1.1 董事會已於二零零五年六月成立薪酬委員會連同職權範圍書，成員大多數為獨立非執行董事。薪酬委員會最少每年舉行一次會議，由蘇偉俊先生擔任主席，並包括兩位其他成員：陳瑞森先生及何卓明先生。除何卓明先生外，全體薪酬委員會成員均為獨立非執行董事。薪酬委員會處理事務之法定人數為兩人。

1.2 The principal responsibilities of RC are to formulate remuneration policy of the Group, review and make recommendations to the Board in respect of the remuneration policy and to determine the remuneration of the executive Directors and the senior management.

1.2 薪酬委員會主要職能包括就本集團董事及高級管理層薪酬之公司政策及架構向董事會作出建議及釐定所有執行董事及高級管理層之薪酬計劃。

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1.3 The RC met once during the Year with an attendance rate of 100% and reviewed its terms of reference, the remuneration policy of the Group and the remuneration packages of Directors and senior management staff.

2. Audit Committee ("AC")

2.1 The AC's membership comprised solely the following independent non-executive Directors as at 31 March 2007:

Mr. So Wai Chun *(Chairman)*
Mr. Chan Sui Sum, Raymond; and
Mr. Fong Hoi Shing

On 1 June 2007, Mr. Ho Cheuk Ming, a non-executive Director, was appointed as a member of the AC.

The Board is of the opinion that the members of the AC have sufficient accounting and financial management expertise or experience to discharge their duties.

2.2 The operations of the AC are regulated by its terms of reference. The main duties of the AC include:

- to review and supervise the Group's financial reporting process including the review of quarterly, interim and annual results of the Group;
- to review the external auditors' appointment, remuneration and any matters relating to resignation or termination;
- to examine the effectiveness of the Group's internal control which involves regular review in various corporate structures and business process; and

1.3 薪酬委員會於本年度已舉行一次會議，出席率為100%，以審閱其職權範圍、本集團的薪酬政策及董事和高級管理層之薪酬。

2. 審核委員會

2.1 截至二零零七年三月三十一日，審核委員會全為以下獨立非執行董事組成：

蘇偉俊先生*（主席）*
陳瑞森先生
方海城先生

於二零零七年六月一日，何卓明先生獲委任為審核委員會成員。

董事會認為，審核委員會成員擁有足夠會計及財務管理專業知識或經驗，以履行彼等之職務。

2.2 審核委員會之運作受職權範圍規管。審核委員會之主要職責包括：

- 檢討及監控本集團之財務報告程序，包括審閱本集團的季度、中期及年度業績；
- 檢討外聘核數師的委任和批准其薪酬及任何有關其辭任或辭退之任何事宜；
- 檢討本集團內部監控之有效性，包括定期檢討各項有關企業及業務的程序；及

- to realize corporate objective and strategy by taking into account the potential risk and the nature of its urgency in order to ensure the effectiveness of the Group's business operations. The scope of such reviews includes finance, operations, regulatory compliance and risk management.

- 在考慮到潛在風險的性質及迫切性的情況下體現企業目標及策略以確保本集團業務運作有效。該等檢討包括財務、營運、監管規則的遵守及風險管理等範圍。

2.3 The AC met four times during the Year with an attendance rate of 100% and reviewed the quarterly, interim results and the annual results of the Group for the year ended 31 March 2006. The AC had also reviewed the Group's audited annual results of the Year. The Company Secretary of the Company keeps all minutes of the AC.

2.3 審核委員會於本年度舉行四次會議，其出席率為100%，並審閱了集團之季度、中期及截至二零零六年三月三十一日止年度的全年業績。審核委員會亦審閱了本年度本集團的全年業績。審核委員會之詳盡會議記錄由公司的公司秘書存置。

C. SECURITIES TRANSACTIONS BY DIRECTORS

C. 董事進行證券交易

1.1 The Company has adopted a Code for Securities Transactions by Directors of the Group (the "Company's Model Code") on terms no less exacting than the required standard set out in Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") contained in Appendix 10 of the Listing Rules.

1.1 本公司已採納本集團董事進行證券交易的標準守則(「公司標準守則」)，其條款並不較上市規則附錄10所載上市公司董事進行證券交易的標準守則(「標準守則」)之條款寬鬆。

1.2 Having made specific enquiries to all Directors, they have confirmed that they had complied with the required standards set out in both the Company's Model Code and the Model Code throughout the year ended 31 March 2007.

1.2 經向全體董事作出具體查詢後，彼等確認已於截至二零零七年三月三十一日止年度期間全面遵守標準守則及公司標準守則所載之標準規定。

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D. ACCOUNTABILITY AND AUDIT

1. Financial Reporting

1.1 The Board acknowledges its responsibility for preparing the Group's accounts which gives a true and fair view of the state of affairs of the companies and of the Group on a going concern basis, with supporting assumption or qualification as necessary. In preparing the accounts for the Year, the Directors have selected suitable accounting policies and applied them consistently, made judgments and estimates that are prudent and reasonable.

1.2 The management provides explanation and information to the Board as to enable the Board to make informed assessments of the financial and other information put before the Board for approval.

1.3 The Board endeavours to ensure the making of balanced, clear and understandable assessments of the Group's position and prospects and extending the coverage of such information to include annual, interim and quarterly reports, price-sensitive announcements and financial disclosures as required under the Listing Rules, reports to regulators as well as any information that is required to be disclosed pursuant to statutory requirements.

1.4 Since September 2003, the Company has been publishing its financial results on a quarterly basis in order to enhance transparency about its performance and to give details of the latest development of the Group in a timely manner. The Company is expected to announce its annual results within 3 months after each financial year end and announced its interim results within 2 months after the end of the relevant periods.

D. 問責及審核

1. 財務匯報

1.1 董事會知悉其責任乃編製反映本公司及本集團真實公平財政狀況之賬目(按持續經營基準，並在有需要時以假設及保留意見支援)。於編製本年度之賬目時，董事已挑選適合之會計政策及貫徹應用，並作出審慎合理之判斷及估計。

1.2 管理層向董事會提供該等闡釋及資料，使董事會對其須批准之財務及其他資料能作出知情評估。

1.3 董事會致力確保對本集團之狀況及前景作出客觀、明確及可理解之評估，並將範圍擴大至本集團之年度、中期及季度報告、其他涉及股價敏感資料的公佈、其他根據上市規則須予披露之財務資料、致監管機構之報告書以及法定須予披露之其他資料。

1.4 由二零零三年九月起，本公司按季度刊發其財務業績，以增加其效績之透明度及適時提供本集團最新發展之詳情。本公司預期於財政年度完結日期後三個月內公佈其全年業績，亦於有關期間完結後兩個月內公佈中期業績。

2. Internal Controls

The Board is responsible for the Group's system of internal controls and is committed to managing business risks and maintaining sound and effective internal control system to safeguard the shareholders' investment and the Group's assets.

During the Year, the Internal Audit Department under the supervision of the Board and the Audit Committee, has reviewed and reported on the adequacy of effectiveness of the internal control systems of the Group, covering financial, operational, compliance and risk management control functions.

The internal control system is designed to provide reasonable, but not absolute, assurance of no material mis-statement or loss and to manage instead of eliminating risks of failure in operational systems and achievement of the Group's objectives.

The Internal Audit Department performs regular audit reviews and report of the risk and key controls of the Group to the Board and the Audit Committee. The responsible Department Heads will be notified of the control deficiencies noted for rectification.

3. Auditors' remuneration

During the Year, the fees paid to PricewaterhouseCoopers, the Group's external auditor HK$1,598,000 for audit services of the Group and for non-audit related services HK$217,000, representing mainly taxation services.

2. 內部監控

董事會負責本集團之內部監控系統，並致力管理經營風險及確保內部監控系統穩健妥善且有效，以保障股東之投資及本集團的資產。

於本財政年度內部審計部，在董事會及審核委員會的監督下，已對本集團內部監控制度之有效性進行檢討及匯報，範圍包括財務、營運、合規監控及風險管理功能。

內部監控系統乃提供合理，但非絕對地，確保沒有重大錯誤陳述或損失，以及旨在管理而非消除營運制度失當之風險及達致本集團之目標。

內部審計部進行定期審核，並向董事會及審核委員會匯報風險及主要的內部監控。部門主管將獲通知其監控不足之處以進行修正。

3. 核數師酬金

於本財政年度，支付予本公司外聘核數師羅兵咸永道會計師事務所1,598,000港元為本集團提供核數服務及217,000港元為非核數相關服務（主要為稅務服務）。

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E. COMMUNICATION WITH SHAREHOLDERS

1. The Company strives to convey to shareholders pertinent information in a clear, detailed, timely manner and on a regular basis and to take into consideration their views and inputs, and to address the shareholders concerned. Their views are communicated to the Board comprehensively.

2. The Company communicates with its shareholders through the publication of annual, interim reports, press announcements and releases. All communications to shareholders are also available on the Company's website at www.karrie.com.hk.

3. The AGM provides a useful platform for shareholders to exchange views with the Board. The Chairman of the Board as well as the chairmen of the AC and RC, or in their absence, members of the relevant Board Committees are available to answer shareholders' questions.

4. Separate resolutions are proposed at general meetings on each substantially separate issue, including the election of individual Directors.

5. Details of the voting procedures and rights of shareholders to demand a poll are included in the circular to shareholders, which has been dispatched together with this Annual Report.

E. 與股東之溝通

1. 本公司致力向股東傳達明確、詳盡、適時及定期之相關資料，並考慮彼等之意見及建議以及處理股東關注之事宜。彼等之意見會整體向董事會傳達。

2. 本公司透過刊發年報、中期報告、報章公告及新聞發報與股東溝通。所有與股東之通訊亦載於本公司網站www.karrie.com.hk。

3. 股東週年大會為股東與董事會提供有用之交換意見平台。董事會主席以及審核委員會及薪酬委員會之主席（如彼等缺席，則有關委員會成員）將出席回答股東之問題。

4. 每一個實質上無關連之個別事項（包括選舉個別董事），以獨立決議案提呈於股東大會上。

5. 投票表決程序及股東要求投票表決權力之詳情載於連同本年報寄發予股東之通函內。

F. INVESTOR RELATIONS

1. The Board recognizes that effective communication with investors is the key to establish investor confidence and to attract new investors.

2. **Quarterly results announcement**

   The Group has voluntarily adopted quarterly result announcement commencing from September 2003 onwards. This is part of the Group's effort to go beyond the Stock Exchange requirements and to make the Group's financial position as transparent as possible to shareholders, potential investors and the general public. Annual reports and interim reports are prepared and issued to all shareholders within the prescribed period stipulated by the Listing Rules. All press and results announcements and reports are posted on the Company's website.

3. **Media and analysts briefings**

   Briefings for media are held on the same day immediately after the quarterly, interim and annual results released via teletext. Briefing for analysts by way of presentation at luncheons, receptions or telephone conferences are organized thereafter. During the briefing, the Group's management provides an in-depth analysis of the Group's performances in respect of the relevant periods and ensures that the financial performance and accounts of the Group are well understood. There is also ample opportunity for the analysts and media to ask questions and interact with the executive Directors and senior management.

F. 投資者關係

1. 董事會深知與投資者之有效溝通，乃建立投資者信心及吸引新投資者之關鍵。

2. **季度業績公佈**

   由二零零三年九月起，本集團主動採納季度業績公佈。此乃本集團超出聯交所規定，致力為股東、有意投資者及公眾提高本集團財政狀況透明度。本集團已於上市規則規定的期間內編製年度及中期報告，並刊發予全體股東。所有報章公告、業績公佈及報告均載於本公司網站。

3. **新聞界及分析員簡報會**

   新聞界簡報會緊隨季度、中期及全年業績發佈於大利市機後的當日舉行。分析員簡報會以午餐會、接待會或電話會議形式於其後進行。於簡報會上，本集團管理層會深入分析本集團於有關期間之業績表現，並確保與會人士充分理解本集團財務表現及帳目。本集團亦提供足夠機會予分析員及新聞界提問及與執行董事和高級管理層溝通。

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4. **Tea-Break with individual investors**

Since the first quarter of 2004/05, the Group has been arranging tea-break with individual investors to build up an interactive and direct communication channel. This allows individual investors talking to the management of the Group. Meanwhile, the Group would give an update about the status of the Group's development and share of their feelings toward the Group.

5. The Group regularly releases corporate information such as awards received, and the latest news of the Group's developments on its Company's website. The public are welcome to give their comments and make their enquiries through the Company's website, the management will give their prompt response.

4. **與個人投資者茶敍**

自二零零四／零五年度第一季起，本集團舉行茶敍，以提供渠道予個人投資者，透過跟管理層直接會面和互動溝通，從而增加對集團之了解，本集團會提供有關集團最新發展的更新資料及分享他們對集團的感受。

5. 本集團定期於本公司網站公佈公司資料，例如其所獲得獎項及本集團發展之最新消息等。本集團歡迎公眾人士透過本公司網站提出意見及查詢，管理層將會迅速跟進。

Senior Management Profile 高級管理人員之個人資料

DIRECTORS

Executive Directors

Mr. HO Cheuk Fai, aged 61, was appointed as a Director of the Company in October 1996 and is the Chairman and Chief Executive Officer of the Company as well as the founder of the Group. Prior to founding the Group in 1980, Mr. Ho had over 10 years' experience in factory management and in manufacturing plastic, metal and electronic products. He is responsible for the Group's overall corporate strategies and objectives. He is also a director of Pearl Court Company Limited, a corporate substantial shareholder of the Company, and the brother of Mr. Ho Cheuk Ming and husband of Ms. Ho Po Chu.

His solid business knowledge and working experience throughout the years was being recognized by the academic. He was awarded with Honorary Fellowship by Canadian Chartered Institute of Business Administration and Honorary Doctorate in Management by Lincoln University in April of 2007.

He is a fellow member of the Asian Knowledge Management Association and Honorary Chairman of The Hong Kong Metals Manufacturers Association. He has been appointed for the second time as a member of Chinese People's Political Consultative Conference, Dongguan City, Guangdong Province in January of 2007. Mr. Ho is currently participating in affairs of different association of foreign investors, which including China Association of Enterprises with Foreign Investment, Dongguan City Association of Enterprises with Foreign Investment, Dongguan City Fenggang Association of Enterprises with Foreign Investment, Hebei Chinese Overseas Friendship Association and Hong Kong Hebei Association Ltd.

董事

執行董事

何焯輝先生，六十一歲，於一九九六年十月獲委任為本公司董事，並為本公司主席兼行政總裁及本集團的創辦人。於一九八零年成立本集團前，彼擁有逾十年工廠管理及塑膠、金屬與電子產品製造經驗。彼負責集團之整體企業策略及目標。彼為本公司法團大股東Pearl Court Company Limited之董事，及為何卓明先生的兄長及何寶珠女士的丈夫。

憑藉多年於商界的深厚經驗及閱歷，得到了教學界之肯定，於二零零七年四月獲加拿大管理學院頒授榮譽院士兼美國林肯大學頒授榮譽管理博士名銜。

彼為亞洲知識管理協會院士兼香港金屬製造業協會名譽會長，並於二零零七年一月再度獲委任為第十一屆廣東省東莞市政協委員。彼積極參與多個外商協會事務，其中包括有中國外商投資企業協會、東莞市外商投資企業協會、東莞市鳳崗外商投資企業協會、河北海外聯誼會及香港河北聯誼會。

Senior Management Profile 高級管理人員之個人資料

Mr. KWOK Wing Kin, Francis, aged 45, was appointed as a Director of the Company in October 2000, and is a Deputy Chairman and the Marketing Director as well as Convener of the Executive Committee of the Group. Mr. Kwok graduated from The Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University) with a diploma in business management and is an associate member of The Hong Kong Management Association. Prior to joining the Group in 1989, Mr. Kwok had ten years' experience in plastic manufacturing sector and procurement work in electronics manufacturing sector.

郭永堅先生，四十五歲，於二零零零年十月獲委任為本公司董事，並為本集團副主席兼市場總監及執行委員會召集人。郭先生畢業於香港理工學院(現稱香港理工大學)，持有工商管理文憑，並為香港管理專業協會之會員。郭先生於一九八九年加入本集團之前，擁有十年塑膠製造及電子採購之經驗。

Mr. LEE Shu Ki, aged 51, was appointed as a Director of the Company in December 1997, and is a member of the Executive Committee of the Group. He is responsible for overseeing the daily operation of the Group's Accounting Department. Mr. Lee graduated from The Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University) with a higher diploma in accountancy and is a fellow member of The Hong Kong Institute of Certified Public Accountants and an associate member of the Chartered Institute of Management Accountants of the United Kingdom. He has over 25 years' accounting and financial management experience in manufacturing businesses. Mr. Lee joined the Group in June 1995.

李樹琪先生，五十一歲，於一九九七年十二月獲委任為本公司董事，並為本集團執行委員會成員之一，負責管理本集團會計部之日常運作。彼畢業於香港理工學院(現稱香港理工大學)，持有會計學高級文憑，並為香港會計師公會資深會員及英國特許管理會計師公會之會員。彼擁有逾二十五年製造業之財務管理經驗。李先生於一九九五年六月加入本集團。

Mr. WONG Shun Pang, aged 55, was appointed as a Director of the Company on 1 June 2004 and is the Senior General Manager in charge of the factories owned by the Group in the People's Republic of China and is a member of the Executive Committee of the Group. He is responsible for the operations of China factories. Mr. Wong graduated from The Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University) with a higher certificate in Production and Industrial Engineering. Mr. Wong had worked for the Group from 1981 to 1993 and rejoined the Group in 2001. He had over 30 years' experience in engineering and manufacturing management for plastic, metal and electronics industries.

黃順鵬先生，五十五歲，於二零零四年六月一日獲委任為本公司董事，並為本集團中國廠房高級總經理及本集團執行委員會成員之一，負責監督中國廠房之生產及整體營運。黃先生畢業於香港理工學院(現稱香港理工大學)，持有生產及工業工程高級證書。黃先生於一九八一至一九九三年間為本集團服務，並於二零零一年重新加盟，彼擁有逾三十年於塑膠、五金及電子行業的工程及製造管理經驗。

Non-executive Director

Mr. HO Cheuk Ming, aged 53, was re-designated as non-executive Director of the Company with effect from 1 June 2007. He was appointed as an executive Director of the Company from October 1996 to 31 May 2007, and was a Deputy Chairman and Chief Operation Officer as well as the Convener of the Executive Committee of the Group. He is responsible for overall supervision of the Group's operation. He joined the Group in 1980 and has over 20 years' experience in factory production. He is also a director of Pearl Court Company Limited, a corporate substantial shareholder of the Company, and the brother of Mr. Ho Cheuk Fai and the brother-in-law of Ms. Ho Po Chu.

非執行董事

何卓明先生，五十三歲，於二零零七年六月一日起獲調任為非執行董事。彼由一九九六年十月至二零零七年五月三十一日期間為本公司執行董事，並為本集團副主席兼營運總裁及執行委員會召集人，負責本集團整體業務運作監督。彼於一九八零年加入本集團，擁有逾二十年工廠生產經驗。彼為本公司法團大股東Pearl Court Company Limited之董事，及為何焯輝先生之弟及何寶珠女士的小叔。

Independent Non-executive Directors

Mr. SO Wai Chun, aged 58, was appointed as an independent non-executive Director of the Company in July 2001. Mr. So has been carrying on business in Hong Kong and the People's Republic of China for over 20 years. He is the major shareholder and director of a company in Hong Kong. His businesses are mainly in financial services and international trading. In 2000, Mr. So was appointed as the China Representative of Forestry New Zealand Limited, a subsidiary of Evergreen Forestry Limited which is a listed company in New Zealand.

Mr. CHAN Sui Sum, Raymond, aged 67, was appointed as an independent non-executive Director of the Company in February 1998. He graduated from Oklahoma Baptish University in the United States with a bachelor degree in Arts in 1964. Mr. Chan has over 30 years' experience in the construction industry. He is also a director of Chaplin Chemicals Limited and Shelton Food Industry Limited.

獨立非執行董事

蘇偉俊先生，五十八歲，於二零零一年七月獲委任為本公司獨立非執行董事。蘇先生在香港及中國經商超過二十年，為香港某公司的主要股東及董事，從事金融服務及國際貿易等業務。蘇先生於二零零零年曾被委任為新西蘭森林木材有限公司（Forestry New Zealand Limited）的中國代表。該公司乃新西蘭上市公司－Evergreen Forestry Limited的附屬公司。

陳瑞森先生，六十七歲，於一九九八年二月獲委任為本公司獨立非執行董事。彼於一九六四年取得美國奧克拉荷馬大學文學士學位。陳先生從事建造業逾三十年。彼現為卓麟化原有限公司及南寧兆中食品工業有限公司之董事。

Senior Management Profile 高級管理人員之個人資料

Mr. FONG Hoi Shing, aged 43, was appointed as an independent non-executive Director of the Company in December 2004. He has extensive experience in accounting, finance and management. He holds a postgraduate diploma in corporate administration and a higher diploma in accountancy from The Hong Kong Polytechnic University. He is an associate member of the Hong Kong Institute of Certified Public Accountants and an Associate of The Institute of Chartered Secretaries and Administrators.

方海城先生，四十三歲，於二零零四年十二月獲委任為本公司獨立非執行董事。方先生於會計、財務及管理方面擁有豐富經驗。彼持有香港理工大學頒授的公司行政管理深造文憑及會計學高級文憑，彼為香港會計師公會會員，亦為英國特許秘書及行政人員公會會員。

Management

管理人員

Ms. HO Po Chu, aged 58, is the Director of Administration of the Group. Ms. Ho is one of the founding members of the Group in 1980 and has over 20 years' experience in office administration and purchasing. She is responsible for supervising personnel and overall administration of the Group. She is also a director of Pearl Court Company Limited, a corporate substantial shareholder of the Company, and the wife of Mr. Ho Cheuk Fai and sister-in-law of Mr. Ho Cheuk Ming.

何寶珠女士，五十八歲，本集團行政總監。何女士為本集團於一九八零年成立時的創辦人之一，擁有逾二十年辦公室行政及採購經驗。彼負責監督本集團之人事及整體行政工作。彼為本公司法團大股東Pearl Court Company Limited之董事，及為何焯輝先生之夫人及何卓明先生的大嫂。

Ms. CHAN Ming Mui, Silvia, aged 35, is the Assistant Administration Director of Administration Department and responsible for overall operation of personnel, administration and EDP department of the Group. Ms. Chan is one of the members of Executive Committee and Internal Audit Committee of the Group. Ms. Chan graduated from The City University of Hong Kong majoring in Public Administration and Management. She joined the Group in 1996 and has over 10 years' experience in administration and management.

陳名妹小姐，三十五歲，本集團行政部之副行政總監，負責人事、行政及電腦部整體運作。陳小姐是集團執行委員會及內部審計管理委員會之成員。陳小姐於香港城市大學畢業，主修公共行政及管理。彼於一九九六年加入本集團，擁有逾十年行政及管理經驗。

Senior Management Profile 高級管理人員之個人資料

Ms. TAM Fung Ping, Edith, aged 49, is the General Manager of Storage Product and Electronics Manufacturing Services (EMS) Department, responsible for the production and operations of storage products and EMS Business of the Group. Ms. Tam is also responsible for the overall operation of the Group's logistics system and supply chain management. Ms. Tam was graduated from The University of Ottawa in Canada with a bachelor degree in Mechanical Engineering. Ms. Tam had worked for the Group from 1990 to 1993 and rejoined the Group in 2000. Prior to joining the Group, she had four years' experience as manufacturing engineer and purchasing specialist in the electronics manufacturing companies, and eight years' experience in logistic management in the factories stationed in the People's Republic of China.

譚鳳萍小姐，四十九歲，本集團存儲產品及電子代工部總經理，負責監督集團存儲產品及電子專業代工業務之生產及整體營運。譚小姐並負責監督集團整體物流系統及供應鏈運作管理。譚小姐畢業於加拿大渥太華大學，持有機械工程學士學位。譚小姐於一九九零至一九九三年間為本集團服務，並於二零零零年重新加盟，加盟本集團前，彼擁有四年任職電子製造公司之製作工程師和專業採購員及八年駐守中國內地的工廠物料管理經驗。

Mr. WONG Siu Ching, aged 49, is the Marketing Director (Division 1) of the Group, responsible for project development and marketing for the Group. Prior to joining the Group in 1988, Mr. Wong had over 10 years' experience in sales and marketing.

王少正先生，四十九歲，本集團市務總監（第一組），負責本集團項目發展及市場推廣。於一九八八年加入本集團前，王先生擁有逾十年銷售及市場推廣經驗。

Mr. CHAN Raymond, aged 40, is the Marketing Director (Division 2) of the Group, responsible for marketing development work. He joined the Group in 1985 and has over 15 years' experience in sales and marketing.

陳毅文先生，四十歲，本集團市務部總監（第二組），負責市場業務拓展。彼於一九八五年加入本集團，擁有逾十五年銷售及市場推廣經驗。

Mr. CHAN Wah Ying, aged 42, is the Assistant Quality Director of the Group. Mr. Chan graduated from The Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University) with a higher certificate in Manufacturing Engineering. Prior to joining the Group in 1992, Mr. Chan had over 13 years' experience in quality management in an electronic manufacturing company.

陳華英先生，四十二歲，本集團品質部副總監。陳先生畢業於香港理工學院（現稱香港理工大學），持有製造工程高級證書。彼於一九九二年加入本集團前，擁有逾十三年於電子製造公司的品質管理經驗。

Ms. YIU Yuet Fung, aged 42, is the Assistant General Manager at the Group's factories in China, responsible for the overall personnel and administration management. She joined the Group in 1984 and has over 15 years' experience in managing the production process of manufacturing industries.

姚月鳳小姐，四十二歲，本集團中國廠房之副總經理，負責人事及行政整體管理。彼於一九八四年加入本集團，擁有逾十五年於製造業生產程序管理經驗。

Senior Management Profile 高級管理人員之個人資料

Mr. WONG Fok Tsun, Albert, aged 55, is the Internal Audit Manager of the Group, responsible for setting up internal audit function and reporting directly to the Board and Internal Audit Committee. Mr. Wong graduated from Curtin University of Technology, WA with a bachelor degree in Management and Marketing. He also holds a master degree of Accounting from the same University. He is an associate member of each of The Association of International Accountants, UK and CPA Australia. He is also a member of The Institute of Internal Auditors Inc. U.S.A. Mr. Wong has over 10 years' experience in internal auditing and 12 years' experience in financial accounting. He joined the Group in March 2003.

Mr. HA Hon Leung, aged 47, is the Technical Director of the Electronics Manufacturing Services (EMS) Department, responsible for engineering capabilities and technology development in electronic products and system integration. Mr. Ha holds a bachelor degree from The University of Windsor, Canada, and a master degree from The University of Waterloo, Canada, both in Electrical Engineering. He also holds a master degree in business administration from Heriot-Watt University, UK. Mr. Ha has over 20 years' experience in engineering and technical management in the electronics industry.

黃福全先生，五十五歲，本集團內部審計經理，負責建立內部審計運作程序及直接向董事會及內部審計管理委員會報告。黃先生畢業於西澳洲Curtin科技大學，持有管理及市場學士學位，並持有同一大學會計學碩士學位。彼為英國國際會計師公會及澳洲會計師公會會員，亦為美國內部審計師學會的會員；擁有逾十年內部審計及十二年財務會計經驗。彼於二零零三年三月加入本集團。

夏漢良先生，四十七歲，本集團電子代工部技術總監，負責發展電子產品及系統整合的工程能力及技術開發。夏先生持有加拿大溫莎大學電氣工程學士及滑鐵盧大學電氣工程碩士學位，並持有英國Heriot-Watt大學工商管理碩士學位。彼在電子業擁有逾二十年工程及技術管理經驗。

The Board has the pleasure of presenting the report together with the audited financial statements of the Group for the Year.

董事會謹此呈上本集團本年度之報告及經審核財務報表。

PRINCIPAL ACTIVITIES

The Company is an investment holding company. Its subsidiaries are principally engaged in the manufacture and sale of computer casings, office automation products, moulds, plastic and metal parts (together referred to as "Metal and Plastic Business") and provision of electronic manufacturing services business ("EMS Business").

The Group's turnover by principal product category and geographical locations for the Year are set out in Note 5 to the financial statements.

主要業務

本公司之主要業務為投資控股，其附屬公司主要從事製造及銷售電腦外殼、辦公室文儀產品、模具、塑膠及金屬部件(統稱「五金塑膠業務」)及提供電子專業代工服務(「電子專業代工業務」)。

本集團本年度之營業額按主要產品及地區之分析詳載於財務報表附註五。

DIVIDENDS

An interim dividend of HK8.5 cents per share was paid during the Year (2005/06: HK$9.0 cents per share). The Directors have recommended the payment of a final dividend of HK3.0 cents per share for the Year (2005/06: final dividend of HK13.0 cents and special dividend of HK3.0 cents per share).

股息

本財政年度已派發中期息每股8.5港仙(二零零五年／零六年度：每股9.0港仙)。董事會現建議派發末期股息為每股3.0港仙(二零零五年／零六年度：末期股息為每股13.0港仙及特別股息為每股3.0港仙)。

RESULTS AND APPROPRIATIONS

Details of the Group's results for the Year are set out in the consolidated income statement on page 121 of this annual report.

業績與分派

本集團本年度之業績，詳載於本年報第一百二十一頁之綜合損益表內。

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the Year are set out in Note 7 to the financial statements.

物業、廠房及設備

在本年度內之固定資產變動情況詳載於財務報表附註七。

Report of the Directors 董事會報告

SHARE CAPITAL

Details of the share capital of the Company are set out in Note 13 to the financial statements.

股本

本公司股本情況詳載於財務報表附註十三。

RESERVES

Movements in reserves of the Group and the Company during the Year are set out in Note 15 to the Financial Statements.

As at 31 March 2007, the Company's reserves of approximately HK$249,068,000 representing the contributed surplus, retained profit and proposed dividends were available for distribution to the Company's shareholders.

儲備

本集團及本公司在本年度之儲備變動情況載於財務報表附註十五。

截至二零零七年三月三十一日止，本公司可供分派予本公司股東的儲備約249,068,000港元，為繳入盈餘、保留溢利及擬派股息。

DONATIONS

Charitable and other donations made by the Group during the Year amounted to HK$382,000.

捐款

本集團於本年度進行之慈善及其他捐款達382,000港元。

PURCHASE, SALE OR REDEMPTION OF SHARES

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

購買、出售或贖回股份

本公司及其附屬公司在本年度內概無購買、出售或贖回本公司任何股份。

SHARE OPTIONS SCHEMES

The Old Scheme

The old share option scheme of the Company (the "Old Scheme") was adopted on 27 November 1996 pursuant to which share options were granted to employees and executive directors of the Company or its subsidiaries. No further options can be, or have been, issued under the Old Scheme from 21 May 2002, the date of adoption of the new share option scheme of the Company (the "New Scheme") and termination of the Old Scheme. Details of the Old Scheme are summarised herein below:

(i) The participants of the Old Scheme include any eligible employee (including any executive directors) of the Company and its subsidiaries;

購股權計劃

舊計劃

本公司舊有的購股權計劃(「舊計劃」)於一九九六年十一月二十七日採納。本公司或其任何附屬公司的僱員及執行董事曾據舊計劃之條款獲授購股權。於二零零二年五月二十一日，舊計劃已被終止及一新購股權計劃(「新計劃」)獲採納，據此，本公司不可亦未有再根據舊計劃授出購股權。舊計劃之詳細資料摘要如下：

(i) 舊計劃參與人包括本公司及其附屬公司的任何合資格僱員(包括任何執行董事)；

SHARE OPTIONS SCHEMES *(Cont'd)*

The Old Scheme *(Cont'd)*

(ii) The total number of shares may be issued by the Company if all options which had been granted under the Old Scheme have been exercised is 36,000,000 which represents 8.73% of the existing issued share capital of the Company as at the date of this report;

(iii) The maximum entitlement of any eligible employee, when aggregated with shares issued and issuable under all options granted to him, must not exceed 25% of the aggregated number of shares for the time being issued and issuable under the Old Scheme;

(iv) An option may be exercised in accordance with the terms of the Old Scheme at any time during a period to be notified by the Board to each grantee and in any event shall be not later than ten years from 1 December 1996;

(v) A non refundable remittance of HK$10 by way of consideration for the grant of an option is required to be paid by each grantee upon acceptance of the option;

(vi) The subscription price payable upon exercising any particular option granted is determined based on a formula: P = N x Ep, where "P" is the subscription price; "N" is the number of shares to be subscribed; and "Ep" is the exercise price of the higher of (a) the nominal value of the shares; or (b) 80% of the average closing prices of the shares of the Company quoted on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") for the last five trading days;

購股權計劃 *(續)*

舊計劃 *(續)*

(ii) 根據舊計劃已授出的所有購股權若然行使，本公司可發行之股份總數為36,000,000股，相當於本報告日期本公司現行已發行股本之8.73%；

(iii) 每名合資格僱員可得購股權數目上限(行使其獲授購股權的已發行及可發行股份總數)不得超過根據舊計劃當時已發行及可予發行之股份總數之25%；

(iv) 獲授人可根據董事會通知每名獲授人有關其購股權的個別行使期內任何時間，按舊計劃的條款行使其購股權，惟不得超過由一九九六年十二月一日起計十年年期；

(v) 獲授人在接納購股權時須支付十港元作為獲授購股權之代價，款項概不退回；

(vi) 根據每項獲授予購股權在行使時認購本公司股份之價格乃按下列算式釐定：P = N x Ep，其中「P」為認購價；「N」為認購之股份數目；「Ep」為行使價以認購一股本公司股份之價格；惟至少必須為以下之較高者：(a) 本公司股份之面值；或(b)緊接授予購股權日期之前五個交易日香港聯合交易所有限公司(「聯交所」)股份在聯交所之平均收市價之80%；

Report of the Directors 董事會報告

SHARE OPTIONS SCHEMES *(Cont'd)*

The Old Scheme *(Cont'd)*

(vii) The Old Scheme was terminated on 21 May 2002 but in all other respects the provisions of the Old Scheme remain in force and all options granted prior to its termination shall continue to be valid and exercisable in accordance therewith. The exercise period of the options granted under Old Scheme expired on 30 November 2006 and no options were outstanding as at that date;

(viii) Details of share option movements during the Year under the Old Scheme are as follows:

購股權計劃 *(續)*

舊計劃 *(續)*

(vii) 舊計劃已於二零零二年五月二十一日終止，惟舊計劃之任何條文仍然有效，及所有在舊計劃終止前授出之購股權會繼續有效並可據此繼續行使；按照舊計劃授出之購股權之最後行使期於二零零六年十一月三十日結束及於該日期並沒有尚未行使之購股權；

(viii) 根據舊計劃於本年度之購股權變動詳情如下：

Name 姓名	Date of Grant 授出日期	Exercise Price 行使價 (HK$) (港元)	Exercise Period 行使期	Closing Price before date of grant 於購股權授出日前之價格 (HK$) (港元)	Price at exercise date of options 於購股權行使日之價格 (HK$) (港元)	Number of Share Options 購股權數目: Outstanding at 31 March 2006 二零零六年三月三十一日尚未行使 ('000) (千)	Granted during the Year 於本年度獲授予 ('000) (千)	Exercised during the Year 於本年度行使 ('000) (千)	Lapsed/cancelled during the Year 於本年度失效／取消 ('000) (千)	Outstanding at 31 March 2007 二零零七年三月三十一日尚未行使 ('000) (千)
Employees 僱員	20/09/2000	0.300	20/09/2000-30/11/2006	0.35	2.95	150	–	(150)	–	–
	20/09/2000	0.300	21/09/2001-30/11/2006	0.35	2.95	150	–	(150)	–	–
	20/09/2000	0.300	21/09/2002-30/11/2006	0.35	2.95	200	–	(200)	–	–
	20/09/2000	0.300	21/09/2003-12/08/2006	0.35	–	320	–	–	(320)	–

SHARE OPTIONS SCHEMES *(Cont'd)*

The New Scheme

The New Scheme was adopted on 21 May 2002 to comply with the new requirements of Chapter 17 of the Listing Rules effected on 1 September 2001. Details of the New Scheme are summarised herein below:

(i) The purpose of the New Scheme is to provide incentives or rewards to eligible participants thereunder for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any Invested Entity (as defined in the New Scheme);

(ii) The participants of the New Scheme include any employee, director (including executive and non-executive director of the Group), shareholder, supplier, customer, consultant, adviser, other service provider, partner and business or strategic alliance partner of the Group or any Invested Entity (as defined in the New Scheme) or any discretionary trust whose discretionary objects may be any of the above persons;

(iii) The total number of shares may be issued by the Company if all options granted under the New Scheme have been exercised is 27,792,000 which represents 6.74% of the existing issued share capital of the Company at the date of this report;

購股權計劃 *(續)*

新計劃

新計劃於二零零二年五月二十一日採納，以符合二零零一年九月一日生效之上市規則第十七章之新規定。新計劃之詳細摘要如下：

(i) 新計劃旨在鼓勵或獎勵合資格參與者對本集團作出貢獻及／或有助本集團招聘及挽留能幹之僱員，以及吸納對本集團與任何投資對象(按《新計劃》定義)有價值之人才；

(ii) 董事局可絕對酌情授購股權予新計劃之參與人，包括本集團之任何僱員或董事(包括本集團之執行及非執行董事)、股東、供應商、客戶、顧問、諮詢人、其他服務供應商、任何合營企業夥伴、業務或策略性聯盟合夥人以認購本公司之股份或任何投資對象(按《新計劃》定義)或彼等為全權託管受益人之任何全權信託；

(iii) 根據新計劃已授出的所有購股權若然行使，本公司可發行之股份總數為27,792,000股，相當於本報告日期本公司現行已發行股本之6.74% ；

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SHARE OPTIONS SCHEMES *(Cont'd)*

The New Scheme *(Cont'd)*

(iv) The total number of shares in respect of which options may be granted under the New Scheme is not permitted to exceed 10% of the shares of the Company at the date of adoption of the New Scheme and thereafter, if refreshed shall not exceed 10% of the shares in issue as at the date of approval of the refreshed limit by the Company's shareholders. The number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Scheme and any other share option schemes of the Company must not exceed 30% of the shares in issue from time to time;

(v) Unless approved by shareholders in general meeting, no participants shall be granted an option if the total number of shares issued and to be issued upon exercise of the options granted and to be granted to such participant in any 12-month period up to the date of the latest grant would exceed 1% of the issued share capital of the Company from time to time. Options granted to a substantial shareholder or an independent non-executive director in excess of 0.1% of the Company's share capital in issue for the time being and with a value in excess of HK$5,000,000 must be approved in advance by the Company's shareholders;

(vi) An option may be exercised in accordance with the terms of the New Scheme at any time during a period to be notified by the Board to each grantee. Unless otherwise determined by the Board at its sole discretion, there is no requirement of a minimum period for which an option must be held or a performance target which must be achieved before an option can be exercised;

購股權計劃*（續）*

新計劃*（續）*

(iv) 除非獲得股東大會批准，否則參與人在截至最近一次獲授購股權之前之任何12個月內，其根據新計劃已獲授及將獲授購股權而獲發或將獲發之股份之總數不得超過採納新計劃當日之已發行股份數目之10%，及其後如獲更新，將不會超逾由股東批准更新當日已發行股份數目之10%。因行使根據新計劃及本公司任何其他購股權計劃己授出而尚未行使及仍有待行使之所有購股權而可予以發行之股份數目上限，不得超逾不時已發行股份之30%；

(v) 除非獲得股東大會批准，否則因授予每名參與者之購股權在獲行使而已發行及將予發行之股份數目，在任何12個月內不得超逾已發行股份之1%。倘每名主要股東或獨立非執行董事獲授之購股權合共佔本公司當時已發行股份逾0.1%；或根據授出購股權當日聯交所每日價表所報股份之收市價計算，總值超逾5,000,000港元，則授予購股權之建議必須事先經股東批准；

(vi) 每名獲授人可按新計劃之條款於董事會向其通知之行使期內行使購股權。除董事會酌情考慮外，行使購股權時並無任何最少持有期限或工作表現目標要求之規限；

SHARE OPTIONS SCHEMES *(Cont'd)*

The New Scheme *(Cont'd)*

(vii) A non refundable remittance of HK$10 by way of consideration for the grant of an option is required to be paid by each grantee upon acceptance of the option;

(viii) The subscription price payable upon exercising any particular option granted under the New Scheme is determined based on a formula: P = N x Ep, where "P" is the subscription price; "N" is the number of shares to be subscribed; and "Ep" is the exercise price of the highest of (a) the nominal value of a share in the Company on the date of grant; (b) the closing price of shares of the Company on the Stock Exchange, as stated in the Stock Exchange's daily quotations sheet on the date of grant; and (c) the average of the closing prices of shares of the Company on the Stock Exchange on the five trading days immediately preceding the date of grant and as adjusted pursuant to the clauses of the New Scheme; and

(ix) The life of the New Scheme is until the tenth anniversary of the adoption date of the New Scheme.

購股權計劃 *(續)*

新計劃 *(續)*

(vii) 獲授人在接納購股權時須支付十港元作為獲授購股權之代價，款項概不退回；

(viii) 根據每項獲授予購股權在行使時認購本公司股份的價格乃按下列算式釐定：P = N x Ep，其中「P」為認購價；「N」為認購之股份數目；「Ep」為行使價以認購一股本公司股份之價格；惟至少必須為以下之較高者：(a) 本公司股份的面值；或(b) 本公司股份在聯交所之收市價，以有關購股權授予日聯交所日報表所示者為準；或(c)緊接授予購股權日期之前五個交易日本公司股份在聯交所之平均收市價或按新計劃條款所調整之行使值；及

(ix) 新計劃之有效期為其獲採納當日起計直至十週年當日。

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SHARE OPTIONS SCHEMES *(Cont'd)* 購股權計劃*（續）*

The New Scheme *(Cont'd)* 新計劃*（續）*

(x) Details of share option movements during the Year under the New Scheme are as follows:

(x) 根據新計劃於本年度之購股權變動詳情如下：

Name 姓名	Date of Grant 授出日期	Exercise Price 行使價 (HK$) (港元)	Exercise Period 行使期	Closing Price before date of grant 於購股權授出日前之價格 (HK$) (港元)	Price at exercise date of options 於購股權行使日之價格 (HK$) (港元)	Number of Share Options 購股權數目: Outstanding at 31 March 2006 二零零六年三月三十一日尚未行使 ('000) (千)	Granted during the Year 於本年度獲授予 ('000) (千)	Exercised during the Year 於本年度行使 ('000) (千)	Lapsed/cancelled during the Year 於本年度失效／取消 ('000) (千)	Outstanding at 31 March 2007 二零零七年三月三十一日尚未行使 ('000) (千)
(i) Directors/Chief Executives 董事及最高行政人員										
Mr. Ho Cheuk Ming 何卓明先生	07/02/2005	3.35	01/01/2007-06/02/2015	3.325	–	280	–	–	–	280
	07/02/2005	3.35	01/01/2008-06/02/2015	3.325	–	560	–	–	–	560
	07/02/2005	3.35	01/01/2009-06/02/2015	3.325	–	560	–	–	–	560
Mr. Kwok Wing Kin, Francis 郭永堅先生	01/11/2002	1.65	01/01/2003-31/10/2012	1.65	–	50	–	–	–	50
	01/11/2002	1.65	01/01/2004-31/10/2012	1.65	–	750	–	–	–	750
	27/04/2004	1.90	01/01/2005-26/04/2014	1.86	–	160	–	–	–	160
	27/04/2004	1.90	01/01/2006-26/04/2014	1.86	–	320	–	–	–	320
	27/04/2004	1.90	01/01/2007-26/04/2014	1.86	–	320	–	–	–	320
	07/02/2005	3.35	01/01/2007-06/02/2015	3.325	–	200	–	–	–	200
	07/02/2005	3.35	01/01/2008-06/02/2015	3.325	–	400	–	–	–	400
	07/02/2005	3.35	01/01/2009-06/02/2015	3.325	–	400	–	–	–	400

SHARE OPTIONS SCHEMES *(Cont'd)* 購股權計劃（續）

The New Scheme *(Cont'd)* 新計劃（續）

(x) *(Cont'd)* （續）

Name 姓名	Date of Grant 授出日期	Exercise Price 行使價 (HK$) (港元)	Exercise Period 行使期	Closing Price before date of grant 於購股權授出日前之價格 (HK$) (港元)	Price at exercise date of options 於購股權行使日之價格 (HK$) (港元)	Number of Share Options 購股權數目: Outstanding at 31 March 2006 二零零六年三月三十一日尚未行使 ('000) (千)	Granted during the Year 於本年度獲授予 ('000) (千)	Exercised during the Year 於本年度行使 ('000) (千)	Lapsed/cancelled during the Year 於本年度失效／取消 ('000) (千)	Outstanding at 31 March 2007 二零零七年三月三十一日尚未行使 ('000) (千)
Mr. Lee Shu Ki 李樹琪先生	01/11/2002	1.65	01/01/2003-31/10/2012	1.65	–	200	–	–	–	200
	01/11/2002	1.65	01/01/2004-31/10/2012	1.65	–	300	–	–	–	300
	27/04/2004	1.90	01/01/2005-26/04/2014	1.86	–	80	–	–	–	80
	27/04/2004	1.90	01/01/2006-26/04/2014	1.86	–	160	–	–	–	160
	27/04/2004	1.90	01/01/2007-26/04/2014	1.86	–	160	–	–	–	160
	07/02/2005	3.35	01/01/2007-06/02/2015	3.325	–	200	–	–	–	200
	07/02/2005	3.35	01/01/2008-06/02/2015	3.325	–	400	–	–	–	400
	07/02/2005	3.35	01/01/2009-06/02/2015	3.325	–	400	–	–	–	400

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SHARE OPTIONS SCHEMES *(Cont'd)* 購股權計劃（續）

The New Scheme *(Cont'd)* 新計劃（續）

(x) *(Cont'd)* （續）

Name 姓名	Date of Grant 授出日期	Exercise Price 行使價 (HK$) (港元)	Exercise Period 行使期	Closing Price before date of grant 於購股權授出日前之價格 (HK$) (港元)	Price at exercise date of options 於購股權行使日之價格 (HK$) (港元)	Number of Share Options 購股權數目: Outstanding at 31 March 2006 二零零六年三月三十一日尚未行使 ('000) (千)	Granted during the Year 於本年度獲授予 ('000) (千)	Exercised during the Year 於本年度行使 ('000) (千)	Lapsed/cancelled during the Year 於本年度失效／取消 ('000) (千)	Outstanding at 31 March 2007 二零零七年三月三十一日尚未行使 ('000) (千)
Mr. Wong Shun Pang 黃順鵬先生	01/11/2002	1.65	01/01/2003-31/10/2012	1.65	2.95	100	–	(100)	–	–
	01/11/2002	1.65	01/01/2004-31/10/2012	1.65	2.95	200	–	(50)	–	150
	01/12/2003	2.475	01/01/2006-30/11/2013	2.425	–	200	–	–	–	200
	01/12/2003	2.475	01/01/2007-30/11/2013	2.425	–	200	–	–	–	200
	27/04/2004	1.90	01/01/2005-26/04/2014	1.86	–	160	–	–	–	160
	27/04/2004	1.90	01/01/2006-26/04/2014	1.86	–	120	–	–	–	120
	27/04/2004	1.90	01/01/2007-26/04/2014	1.86	–	120	–	–	–	120
	07/02/2005	3.35	01/01/2007-06/02/2015	3.325	–	200	–	–	–	200
	07/02/2005	3.35	01/01/2008-06/02/2015	3.325	–	400	–	–	–	400
	07/02/2005	3.35	01/01/2009-06/02/2015	3.325	–	400	–	–	–	400
Ms. Ho Po Chu 何寶珠女士	07/02/2005	3.35	01/07/2005-06/02/2015	3.325	–	800	–	–	–	800

SHARE OPTIONS SCHEMES *(Cont'd)* 購股權計劃*（續）*

The New Scheme *(Cont'd)* 新計劃*（續）*

(x) *(Cont'd)* （x） *（續）*

Name 姓名	Date of Grant 授出日期	Exercise Price 行使價 (HK$) (港元)	Exercise Period 行使期	Closing Price before date of grant 於購股權授出日前之價格 (HK$) (港元)	Price at exercise date of options 於購股權行使日之價格 (HK$) (港元)	Number of Share Options 購股權數目: Outstanding at 31 March 2006 二零零六年三月三十一日尚未行使 ('000) (千)	Granted during the Year 於本年度獲授予 ('000) (千)	Exercised during the Year 於本年度行使 ('000) (千)	Lapsed/cancelled during the Year 於本年度失效／取消 ('000) (千)	Outstanding at 31 March 2007 二零零七年三月三十一日尚未行使 ('000) (千)
(ii) Other Eligible Participants 其他合資格參與者										
Employees 僱員	22/05/2002	1.30	22/05/2002-12/08/2006	1.30	–	100	–	–	(100)	–
	22/05/2002	1.30	22/05/2002-21/05/2012	1.30	–	100	–	–	–	100
	01/11/2002	1.65	01/01/2003-31/10/2012	1.65	2.875	420	–	(100)	–	320
	01/11/2002	1.65	01/01/2004-31/10/2012	1.65	2.908 (AVG平均)	1,550	–	(300)	–	1,250
	01/12/2003	2.475	01/01/2006-30/11/2013	2.425	2.934 (AVG平均)	4,114	–	(562)	(200)	3,352
	01/12/2003	2.475	01/01/2007-30/11/2013	2.425	–	4,164	–	–	(200)	3,964
	27/04/2004	1.90	01/01/2005-26/04/2014	1.86	2.942 (AVG平均)	896	–	(120)	–	776
	27/04/2004	1.90	01/01/2006-26/04/2014	1.86	3.025	360	–	(40)	–	320
	27/04/2004	1.90	01/01/2007-26/04/2014	1.86	–	280	–	–	(80)	200
	01/02/2005	3.15	01/01/2006-31/01/2015	3.15	–	978	–	–	(54)	924
	01/02/2005	3.15	01/01/2007-31/01/2015	3.15	–	1,956	–	–	(108)	1,848
	01/02/2005	3.15	01/01/2008-31/01/2015	3.15	–	1,956	–	–	(108)	1,848
	07/02/2005	3.35	01/07/2005-06/02/2015	3.325	–	1,800	–	–	–	1,800
	07/02/2005	3.35	01/01/2007-06/02/2015	3.325	–	880	–	–	–	880
	07/02/2005	3.35	01/01/2008-06/02/2015	3.325	–	1,760	–	–	–	1,760
	07/02/2005	3.35	01/01/2009-06/02/2015	3.325	–	1,760	–	–	–	1,760

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SHARE OPTIONS SCHEMES *(Cont'd)*

購股權計劃 *(續)*

The New Scheme *(Cont'd)*

新計劃 *(續)*

(xi) Details of share option movements during the period between 1 April 2007 to 30 June 2007 under the New Scheme are as follows:

(xi) 根據新計劃於二零零七年四月一日至六月三十日止之購股權變動詳情如下：

Name 姓名	Date of Grant 授出日期	Exercise Price 行使價 (HK$) (港元)	Exercise Period 行使期	Closing Price before date of grant 於購股權授出日前之價格 (HK$) (港元)	Price at exercise date of options 於購股權行使日之價格 (HK$) (港元)	Number of Share Options 購股權數目: Outstanding at 31 March 2007 二零零七年三月三十一日尚未行使 ('000) (千)	Granted during the period from 1 April 2007 to 30 June 2007 於二零零七年四月一日至六月三十日獲授予 ('000) (千)	Exercised during the period from 1 April 2007 to 30 June 2007 於二零零七年四月一日至六月三十日行使 ('000) (千)	Lapsed/cancelled during the period from 1 April 2007 to 30 June 2007 於二零零七年四月一日至六月三十日失效／取消 ('000) (千)	Outstanding at 30 June 2007 二零零七年六月三十日尚未行使 ('000) (千)
(i) Directors/Chief Executives 董事及最高行政人員										
Mr. Ho Cheuk Ming 何卓明先生	07/02/2005	3.35	01/01/2007-06/02/2015	3.325	–	280	–	–	–	280
	07/02/2005	3.35	01/01/2008-06/02/2015	3.325	–	560	–	–	–	560
	07/02/2005	3.35	01/01/2009-06/02/2015	3.325	–	560	–	–	–	560
Mr. Kwok Wing Kin, Francis 郭永堅先生	01/11/2002	1.65	01/01/2003-31/10/2012	1.65	–	50	–	–	–	50
	01/11/2002	1.65	01/01/2004-31/10/2012	1.65	–	750	–	–	–	750
	27/04/2004	1.90	01/01/2005-26/04/2014	1.86	–	160	–	–	–	160
	27/04/2004	1.90	01/01/2006-26/04/2014	1.86	–	320	–	–	–	320
	27/04/2004	1.90	01/01/2007-26/04/2014	1.86	–	320	–	–	–	320
	07/02/2005	3.35	01/01/2007-06/02/2015	3.325	–	200	–	–	–	200
	07/02/2005	3.35	01/01/2008-06/02/2015	3.325	–	400	–	–	–	400
	07/02/2005	3.35	01/01/2009-06/02/2015	3.325	–	400	–	–	–	400

SHARE OPTIONS SCHEMES *(Cont'd)*

The New Scheme *(Cont'd)*

(xi) *(Cont'd)*

購股權計劃（續）

新計劃（續）

(xi) （續）

Name 姓名	Date of Grant 授出日期	Exercise Price 行使價 (HK$) (港元)	Exercise Period 行使期	Closing Price before date of grant 於購股權授出日前之價格 (HK$) (港元)	Price at exercise date of options 於購股權行使日之價格 (HK$) (港元)	Number of Share Options 購股權數目 Outstanding at 31 March 2007 二零零七年三月三十一日尚未行使 ('000) (千)	Granted during the period from 1 April 2007 to 30 June 2007 於二零零七年四月一日至六月三十日獲授予 ('000) (千)	Exercised during the period from 1 April 2007 to 30 June 2007 於二零零七年四月一日至六月三十日行使 ('000) (千)	Lapsed/cancelled during the period from 1 April 2007 to 30 June 2007 於二零零七年四月一日至六月三十日失效／取消 ('000) (千)	Outstanding at 30 June 2007 二零零七年六月三十日尚未行使 ('000) (千)
Mr. Lee Shu Ki 李樹琪先生	01/11/2002	1.65	01/01/2003-31/10/2012	1.65	–	200	–	–	–	200
	01/11/2002	1.65	01/01/2004-31/10/2012	1.65	–	300	–	–	–	300
	27/04/2004	1.90	01/01/2005-26/04/2014	1.86	–	80	–	–	–	80
	27/04/2004	1.90	01/01/2006-26/04/2014	1.86	–	160	–	–	–	160
	27/04/2004	1.90	01/01/2007-26/04/2014	1.86	–	160	–	–	–	160
	07/02/2005	3.35	01/01/2007-06/02/2015	3.325	–	200	–	–	–	200
	07/02/2005	3.35	01/01/2008-06/02/2015	3.325	–	400	–	–	–	400
	07/02/2005	3.35	01/01/2009-06/02/2015	3.325	–	400	–	–	–	400

Report of the Directors 董事會報告

SHARE OPTIONS SCHEMES *(Cont'd)* 購股權計劃（續）

The New Scheme *(Cont'd)* 新計劃（續）

(xi) *(Cont'd)* （續）

Name 姓名	Date of Grant 授出日期	Exercise Price 行使價 (HK$) (港元)	Exercise Period 行使期	Closing Price before date of grant 於購股權授出日前之價格 (HK$) (港元)	Price at exercise date of options 於購股權行使日之價格 (HK$) (港元)	Number of Share Options 購股權數目: Outstanding at 31 March 2007 二零零七年三月三十一日尚未行使 ('000) (千)	Granted during the period from 1 April 2007 to 30 June 2007 於二零零七年四月一日至六月三十日獲授予 ('000) (千)	Exercised during the period from 1 April 2007 to 30 June 2007 於二零零七年四月一日至六月三十日行使 ('000) (千)	Lapsed/cancelled during the period from 1 April 2007 to 30 June 2007 於二零零七年四月一日至六月三十日失效／取消 ('000) (千)	Outstanding at 30 June 2007 二零零七年六月三十日尚未行使 ('000) (千)
Mr. Wong Shun Pang 黃順鵬先生	01/11/2002	1.65	01/01/2004-31/10/2012	1.65	–	150	–	–	–	150
	01/12/2003	2.475	01/01/2006-30/11/2013	2.425	–	200	–	–	–	200
	01/12/2003	2.475	01/01/2007-30/11/2013	2.425	–	200	–	–	–	200
	27/04/2004	1.90	01/01/2005-26/04/2014	1.86	–	160	–	–	–	160
	27/04/2004	1.90	01/01/2006-26/04/2014	1.86	–	120	–	–	–	120
	27/04/2004	1.90	01/01/2007-26/04/2014	1.86	–	120	–	–	–	120
	07/02/2005	3.35	01/01/2007-06/02/2015	3.325	–	200	–	–	–	200
	07/02/2005	3.35	01/01/2008-06/02/2015	3.325	–	400	–	–	–	400
	07/02/2005	3.35	01/01/2009-06/02/2015	3.325	–	400	–	–	–	400
Ms. Ho Po Chu 何寶珠女士	07/02/2005	3.35	01/07/2005-06/02/2015	3.325	–	800	–	–	–	800

SHARE OPTIONS SCHEMES *(Cont'd)* 購股權計劃(續)

The New Scheme *(Cont'd)* 新計劃(續)

(xi) *(Cont'd)* (xi) (續)

Name 姓名	Date of Grant 授出日期	Exercise Price 行使價 (HK$) (港元)	Exercise Period 行使期	Closing Price before date of grant 於購股權授出日前之價格 (HK$) (港元)	Price at exercise date of options 於購股權行使日之價格 (HK$) (港元)	Number of Share Options 購股權數目 Outstanding at 31 March 2007 二零零七年三月三十一日尚未行使 ('000) (千)	Granted during the period from 1 April 2007 to 30 June 2007 於二零零七年四月一日至六月三十日獲授予 ('000) (千)	Exercised during the period from 1 April 2007 to 30 June 2007 於二零零七年四月一日至六月三十日行使 ('000) (千)	Lapsed/cancelled during the period from 1 April 2007 to 30 June 2007 於二零零七年四月一日至六月三十日失效/取消 ('000) (千)	Outstanding at 30 June 2007 二零零七年六月三十日尚未行使 ('000) (千)
(ii) Other Eligible Participants 其他合資格參與者										
Employees 僱員	22/05/2002	1.30	22/05/2002-21/05/2012	1.30	–	100	–	–	–	100
	01/11/2002	1.65	01/01/2003-31/10/2012	1.65	–	320	–	–	–	320
	01/11/2002	1.65	01/01/2004-31/10/2012	1.65	–	1,250	–	–	(300)	950
	01/12/2003	2.475	01/01/2006-30/11/2013	2.425	–	3,352	–	–	(80)	3,272
	01/12/2003	2.475	01/01/2007-30/11/2013	2.425	–	3,964	–	–	(80)	3,884
	27/04/2004	1.90	01/01/2005-26/04/2014	1.86	–	776	–	–	(100)	676
	27/04/2004	1.90	01/01/2006-26/04/2014	1.86	–	320	–	–	(200)	120
	27/04/2004	1.90	01/01/2007-26/04/2014	1.86	–	200	–	–	(200)	–
	01/02/2005	3.15	01/01/2006-31/01/2015	3.15	–	924	–	–	–	924
	01/02/2005	3.15	01/01/2007-31/01/2015	3.15	–	1,848	–	–	–	1,848
	01/02/2005	3.15	01/01/2008-31/01/2015	3.15	–	1,848	–	–	–	1,848
	07/02/2005	3.35	01/07/2005-06/02/2015	3.325	–	1,800	–	–	–	1,800
	07/02/2005	3.35	01/01/2007-06/02/2015	3.325	–	880	–	–	(200)	680
	07/02/2005	3.35	01/01/2008-06/02/2015	3.325	–	1,760	–	–	(400)	1,360
	07/02/2005	3.35	01/01/2009-06/02/2015	3.325	–	1,760	–	–	(400)	1,360

Report of the Directors 董事會報告

SHARE OPTIONS SCHEMES *(Cont'd)*

The New Scheme *(Cont'd)*

A professional actuarial firm has been invited in the year of 2005/06 to perform a valuation of the share options granted under the share option schemes.

According to the Hong Kong Financial Reporting Standard 2 ("HKFRS2"), the cost of share-based transactions should be recognised as an expense over the period from the date of grant until they are exercisable by the receiver of such payment. The expense required to be reported for share options granted on or before 31 March 2007 would be estimated as follows:

購股權計劃*（續）*

新計劃*（續）*

一間專業估值公司於二零零五／零六年度獲邀評估本公司之購股權價值和費用。

根據香港財務報告準則第二號（「香港財務準則2」），購股權於授出日期的公平值須於有關的權益期內攤銷，攤銷支出從損益帳戶扣除。有關於二零零七月三月三十一日或以前授出的購股權所產生的損益帳支出遂評估如下：

	Financial Year 財政年度						
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	Total 合計
P&L expenses (HK$'000) 損益帳支出（千港元）	768	4,718	7,311	3,328	1,493	436	18,054

There are several relevant measures that may be considered to assess the financial impact of the share option schemes, including the expense of share-based transactions under generally accepted financial reporting standards (e.g., HKFRS2). The expense of the share-based transactions attributes the expense of share-based transaction over the period from the original transaction date (i.e., grant date) to the date when the recipient's entitlement to the payment has been fully realized (i.e., vested).

In assessing the value of the share options granted during the Year and the expense of share-based transactions under HKFRS2 requirement, the Binomial option pricing model (the "Binomial model") has been used. The Binomial Model is one of the generally most accepted methods used to calculate the value of options and expense of share-based transactions.

現時有數種計量方法可以考慮用作評估購股權計劃對財務報表的影響，包括於普遍採納的財務報告標準（如香港財務準則2）下以股份支付的交易的有關支出。至於以股份支付的交易的相關支出則會於有關權益期內（即不同財政年度內）攤銷。

香港財務準則2規定下以股份支付的交易的相關支出乃使用二項式期權定價模式（「二項式模式」）評估。「二項式模式」乃計算購股權價值及股份支付的交易的有關支出最為普遍接納之方法之一。

SHARE OPTIONS SCHEMES *(Cont'd)*

The New Scheme *(Cont'd)*

The parameters of the Binomial Model include the risk free rate, dividend yield, exit rate and trigger price multiple. The risk free rate has made reference to the yield Exchange Fund Notes as at the grant date. The dividend yield makes reference to the dividend history and it is assumed that the grantee will exercise the option in accordance with their sub-optimal exercise policy.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Bye-laws and there was no restriction against such rights under the laws of Bermuda.

TEN-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last ten financial years is set out on page 199 of this annual report.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Year.

SUBSIDIARIES

Particulars of the subsidiaries of the Company are set out in Note 8 to the financial statements.

BANK LOANS AND OVERDRAFTS

Particulars of bank loans and overdrafts of the Group as at 31 March 2007 are set out in Notes 17 to the financial statements.

購股權計劃 *(續)*

新計劃 *(續)*

二項式模式之參數包括購股權之無風險利率、股息回報率、提早行使購股權和價格波動等因素。無風險利率乃參照香港外匯基金票據之回報率。股息回報率乃反映有關過往紀錄及假設授讓者將根據次佳行使政策行使購股權。

優先權

公司細則規定概無載有本公司須按比例向現有股東發行新股之優先權條文，而百慕達法例中亦無限制有關優先權之條文。

十年財務概要

本集團過去十個財政年度之業績及資產與負債摘要載於本年報第一百九十九頁。

管理合約

本年度內，本公司概無就整體業務或任何重大業務之管理或行政工作訂立任何合約，亦無存有此等合約。

附屬公司

本公司各附屬公司之詳情，載於財務報表附註八。

銀行貸款與透支

本集團於二零零七年三月三十一日之銀行貸款與透支詳情列於財務報表附註十七。

Report of the Directors 董事會報告

DIRECTORS

The Directors who held office during the Year and up to the date of this report are:

Executive Directors

Mr. Ho Cheuk Fai *(Chairman & Chief Executive Officer)*
Mr. Ho Cheuk Ming *(was re-designated as non-executive Director on 1 June 2007)*
Mr. Kwok Wing Kin, Francis *(Deputy Chairman)*
Mr. Lee Shu Ki
Mr. Wong Shun Pang

Independent non-executive Directors

Mr. So Wai Chun
Mr. Chan Sui Sum, Raymond
Mr. Fong Hoi Shing

The independent non-executive Directors are appointed for specific terms and hold office until 30 June 2008, 4 February 2008 and 6 December 2007 respectively, subject to extension.

In accordance with Bye-law 87, Messrs. Wong Shun Pang and So Wai Chun will retire from office by rotation at the forthcoming AGM. All such Directors, being eligible, offer themselves for re-election.

董事會

本年度內及截至本年報日期止，在任之董事如下：

執行董事

何焯輝先生（*主席兼行政總裁*）
何卓明先生（*於二零零七年六月一日已獲調任為非執行董事*）
郭永堅先生（*副主席*）
李樹琪先生
黃順鵬先生

獨立非執行董事

蘇偉俊先生
陳瑞森先生
方海城先生

本公司獨立非執行董事之任期均以特定年期委任，其任期分別於二零零八年六月三十日、二零零八年二月四日及二零零七年十二月六日屆滿，延期除外。

按照公司細則第87條規定，黃順鵬先生及蘇偉俊先生將於即將舉行之股東週年大會上輪席退任。所有該等董事為有資格並願意膺選連任。

DIRECTORS' SERVICE CONTRACTS

None of the Directors who are proposed for re-election at the forthcoming AGM has a service contract with the Company which is not terminable by the Company within one year without payment of compensation, other than statutory compensation.

董事之服務合約

本公司並無與擬於股東週年大會上重選連任之董事訂立任何不可於一年內由本公司無償終止之服務合約(法定賠償除外)。

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance to which any of the Group companies was a party and in which a Director was materially interested, either directly or indirectly, subsisted at the end of the Year or at any time during the Year.

董事於合約之利益

本公司或其附屬公司於本年度內任何時間概無簽訂涉及本公司之業務而本公司董事直接或間接擁有重大利益之重要合約。

CONNECTED TRANSACTIONS

Upon the expiry of the previous lease agreement on 17 November 2005, a new lease agreement (the "Lease Agreement") dated 16 November 2005 was entered into between Kings Lion Development Limited ("Kings Lion") as landlord and Karrie Industrial Company Limited ("Karrie Industrial"), a wholly-owned subsidiary of the Company, as tenant for the lease of a portion (being 26,573 square feet in gross floor area) of 9th Floor, Southeast Industrial Building, 611-619 Castle Peak Road, Tsuen Wan, New Territories together with two car parking spaces in the same building at a monthly rental of HK$111,607 (that is, at approximately HK$4.2 per square foot) for a term of two years commencing on 18 November 2005.

關連交易

在前租賃協議於二零零五年十一月十七日期滿時，勁獅發展有限公司(「勁獅」)(出租人)與嘉利產品有限公司(「嘉利產品」)(本公司之全資附屬公司)(承租人)於二零零五年十一月十六日就位於新界荃灣青山公路611-619號東南工業大廈九樓部份樓面(建築面積為26,573平方呎)連同兩個位於該大廈地下的車位訂立租賃協議(「租賃協議」)，月租111,607港元(即每平方呎約4.2港元)，為期兩年，租期由二零零五年十一月十八日起計。

Report of the Directors 董事會報告

CONNECTED TRANSACTIONS *(Cont'd)*

Kings Lion is a connected person of the Company under Chapter 14A of the Listing Rules for the reason that Mr. Ho Cheuk Fai, a Director of the Company, together with his wife, control 100% of the voting power in general meeting and also control the board of Directors of Kings Lion. The transaction therefore constitutes a continuing connected transaction for the Company under Rule 14A.34 of the Listing Rules. Details of the transaction have been set out in the announcement dated 16 November 2005 issued to the shareholders of the Company.

The independent non-executive Directors have reviewed the transaction and confirmed that the transaction has been entered into by the Group in the ordinary and usual course of its business and on normal commercial terms which are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The auditors of the Company have reviewed the transaction, and have confirmed in a letter to the Directors stating that the transaction had been approved by the Board, was entered into in accordance with the terms of the Lease Agreement and had not exceeded the cap disclosed in the announcement of the Company dated 16 November 2005.

關連交易 *(續)*

根據《上市規則》第14A章，勁獅為本公司之關連人士，因本公司董事何焯輝先生連同其妻子控制勁獅之股東大會100%投票權及其董事會。該交易遂根據《上市規則》第十四A章第三十四條構成本公司之持續關連交易。有關交易詳情已刊登在本公司於二零零五年十一月十六日向股東發出之公佈內。

獨立非執行董事已審閱上述交易，並確認此等交易乃在本集團之日常業務中進行，並按公平合理的正常之商業條款訂立，對本公司之股東有利。

本公司核數師檢討了有關交易，並在致董事的信函中列明有關交易已經董事會通過，乃根據租賃協議之條款訂立及交易的總額並沒有超越本公司於二零零五年十一月十六日刊發的公佈中披露的上限。

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES

As at 31 March 2007

The interests and short positions of the Directors and the chief executives of the Company in the shares and underlying shares of the Company and any associated corporations (as defined in Part XV of the Securities and Futures Ordinance (the "SFO")) (a) as recorded in the register required to be kept under Section 352 of the SFO; or (b) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies are as follows:

董事及最高行政人員之股份權益

於二零零七年三月三十一日

本公司各董事及最高行政人員在本公司及任何相聯法團(釋義見《證券及期貨條例》(「《證券條例》」)第XV部)的股份及相關股份中擁有的權益及淡倉，而該等權益及淡倉(a)根據《證券條例》第352條須予備存之登記冊所記錄者；或(b)依據《上市公司董事進行證券交易的標準守則》通知本公司及聯交所，如下：

(A) Interests in the Company

(甲) 於本公司之權益

		Number of ordinary shares of HK$0.10 each 每股面值0.1港元之普通股數目				
		Personal interests 個人權益	Family interests 家屬權益	Corporate/ Other interests 法團權益或其他權益	Total interests 合計權益	% of issued share capital 持股百分比
Mr. Ho Cheuk Fai	何焯輝先生	5,830,000 (Note 1) (附註一)	209,650,000 (Note 1) (附註一)	172,200,000 (Note 2) (附註二)	215,480,000	52.26
Mr. Ho Cheuk Ming	何卓明先生	8,100,000 (Note 3) (附註三)	–	172,200,000 (Note 2) (附註二)	180,300,000	43.73
Mr. Kwok Wing Kin, Francis	郭永堅先生	3,300,000 (Note 4) (附註四)	–	–	3,300,000	0.80
Mr. Lee Shu Ki	李樹琪先生	3,300,000 (Note 5) (附註五)	–	–	3,300,000	0.80
Mr. Wong Shun Pang	黃順鵬先生	2,610,000 (Note 6) (附註六)	–	–	2,610,000	0.63
Mr. Fong Hoi Shing	方海城先生	2,000	–	–	2,000	0.00
Ms. Ho Po Chu	何寶珠女士	37,450,000 (Note 7) (附註七)	178,030,000 (Note 7) (附註七)	172,200,000 (Note 2) (附註二)	215,480,000	52.26

Report of the Directors 董事會報告

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES *(Cont'd)*

(A) Interests in the Company *(Cont'd)*

Notes:

1. The personal interests of Mr. Ho Cheuk Fai comprise 5,830,000 ordinary shares. Mr. Ho Cheuk Fai is deemed to be interested in (a) 37,450,000 shares held by his spouse, Ms. Ho Po Chu, as beneficial owner and (b) 172,200,000 shares in which his children under 18 are interested. Such 172,200,000 shares in which his children under 18 are interested are duplicated with his interests as a founder of the Ho Cheuk Fai Family Trust ("HCF Trust") in the same block of shares referred to in Note 2 below.

2. 172,200,000 shares are held by Pearl Court Company Limited ("Pearl Court") as trustee for a unit trust, the HCF Trust. Mr. Ho Cheuk Fai is deemed to be interested in these 172,200,000 shares as founder of the HCF Trust. Ho Po Chu is interested in these 172,200,000 shares by virtue of the fact that (a) she controls or exercises the control of one-third or more of the voting power at general meetings of Pearl Court; (b) she holds one unit in the HCF Trust; and (c) she is one of the discretionary objects of a discretionary trust known as Ho Wai Leung Memorial Trust ("HWL Trust"), the trust property of which comprises 9,999 units in the HCF Trust and in which Ms. Ho Po Chu, Mr. Ho Cheuk Ming and Mr. Ho Cheuk Fai's children under 18 are the discretionary objects. These 9,999 units of HCF Trust are held by HSBC International Trustee Limited ("HITL") as trustee for HWL Trust. Therefore, the interests of Mr. Ho Cheuk Fai, Ms. Ho Po Chu, their children under 18 and Mr. Ho Cheuk Ming in the 172,200,000 shares are duplicated with each other.

3. The personal interests of Mr. Ho Cheuk Ming comprise 6,700,000 ordinary shares and 1,400,000 outstanding share options.

4. The personal interests of Mr. Kwok Wing Kin, Francis comprise 700,000 ordinary shares and 2,600,000 outstanding share options.

5. The personal interests of Mr. Lee Shu Ki comprise 1,400,000 ordinary shares and 1,900,000 outstanding share options.

6. The personal interests of Mr. Wong Shun Pang comprise 660,000 ordinary shares and 1,950,000 outstanding share options.

7. The personal interests of Ms. Ho Po Chu comprise 36,650,000 ordinary shares and 800,000 outstanding share options. Ms. Ho Po Chu is also deemed to be interested in (a) 5,830,000 shares held by her spouse, Mr. Ho Cheuk Fai, as beneficial owner and (b) 172,200,000 shares in which her children under 18 are interested. Such 172,200,000 shares in which her children under 18 are interested are duplicated with her interests in the same block of shares referred to in Note 2 above.

董事及最高行政人員之股份權益*(續)*

(甲) 於本公司之權益*(續)*

附註：

一、 何焯輝先生之個人權益由5,830,000股本公司普通股股份組成。何焯輝先生被視為持有(a)其配偶何寶珠女士作為實益擁有人持有之37,450,000股股份；及(b)其未滿18歲的子女擁有172,200,000股股份之權益。該等172,200,000股股份之權益，被視為何焯輝先生作為Ho Cheuk Fai Family Trust(「HCF Trust」)的成立人(如附註二所述)及其未滿18歲的子女之間重疊之同一權益。

二、 172,200,000股股份由Pearl Court Company Limited(「Pearl Court」)以HCF Trust之單位信託之受託人持有。何焯輝先生作為HCF Trust之成立人，被視為持有該等172,200,000股股份之權益。何寶珠女士被視為持有該等172,200,000股股份之權益，因為(a)她於Pearl Court股東大會控制或行使控制三分之一或以上投票權；(b)她持有HCF Trust的一個單位；及(c)她作為一個名為Ho Wai Leung Memorial Trust(「HWL Trust」)酌情信託的酌情信託對象，該酌情信託持有HCF Trust之9,999單位，其酌情信託對象由何寶珠女士、何卓明先生及何焯輝先生未滿18歲的子女組成。該等9,999 HCF Trust之單位由HSBC International Trustee Limited(「HITL」)作為HWL Trust的受託人持有。故此，該等172,200,000股股份之權益，被視為何焯輝先生、何寶珠女士及其彼等未滿18歲的子女及何卓明先生之間重疊之同一權益。

三、 何卓明先生之個人權益由6,700,000股本公司普通股股份及1,400,000尚未行使之購股權組成。

四、 郭永堅先生之個人權益由700,000股本公司普通股股份及2,600,000尚未行使之購股權組成。

五、 李樹琪先生之個人權益由1,400,000股本公司普通股股份及1,900,000尚未行使之購股權組成。

六、 黃順鵬先生之個人權益由660,000股本公司普通股股份及1,950,000尚未行使之購股權組成。

七、 何寶珠女士之個人權益由36,650,000股本公司普通股股份及800,000尚未行使之購股權組成。何寶珠女士被視為持有(a)其配偶何焯輝先生作為實益擁有人持有之5,830,000股股份；及(b)其未滿18歲的子女擁有172,200,000股股份之權益。該等172,200,000股股份之權益，被視為何寶珠女士(如附註二所述)及其未滿18歲的子女之間重疊之同一權益。

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES *(Cont'd)*

董事及最高行政人員之股份權益*(續)*

(B) Interests and short positions in associated corporations

（乙）於相聯法團之權益及淡倉

(i) Karrie Industrial Company Limited ("KICL")

(i) 嘉利產品有限公司(「嘉利產品」)

Number of non-voting deferred shares of HK$100 each
每股面值100港元之無投票權遞延股份數目

	Personal interests 個人權益	Family interests 家屬權益	Corporate/ Other interests 法團權益或其他權益	Total interests 合計權益	% of issued share capital 持股百分比	Short Positions 淡倉	% of issued share capital 持股百分比
Mr. Ho Cheuk Fai 何焯輝先生	43,000	43,000 (Note 1) (附註一)	43,000 (Note 1) (附註一)	43,000	85.98% (Note 2) (附註二)	43,000 (Note 1) (附註一)	85.98% (Note 2) (附註二)
Ms. Ho Po Chu 何寶珠女士	7,000	7,000 (Note 1) (附註一)	7,000 (Note 1) (附註一)	7,000	13.99% (Note 2) (附註二)	7,000 (Note 1) (附註一)	13.99% (Note 2) (附註二)

(ii) Karpo Technologies Limited ("KTL")

(ii) 嘉寶科技有限公司(「嘉寶科技」)

Number of non-voting deferred shares of HK$100 each
每股面值100港元之無投票權遞延股份數目

	Personal interests 個人權益	Family interests 家屬權益	Corporate/ Other interests 法團權益或其他權益	Total interests 合計權益	% of issued share capital 持股百分比	Short Positions 淡倉	% of issued share capital 持股百分比
Mr. Ho Cheuk Fai 何焯輝先生	10,000	10,000 (Note 1) (附註一)	10,000 (Note 1) (附註一)	10,000	99.90% (Note 3) (附註三)	10,000 (Note 1) (附註一)	99.90% (Note 3) (附註三)

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES *(Cont'd)*

董事及最高行政人員之股份權益*(續)*

(B) Interests and short positions in associated corporations *(Cont'd)*

(乙) 於相聯法團之權益及淡倉*(續)*

(iii) Karrie Industrial Holdings Limited ("KIHL")

(iii) Karrie Industrial Holdings Limited (「KIHL」)

Number of non-voting deferred shares of HK$1 each
每股面值1港元之無投票權遞延股份數目

	Personal interests 個人權益	Family interests 家屬權益	Corporate/ Other interests 法團權益或其他權益	Total interests 合計權益	% of issued share capital 持股百分比	Short Positions 淡倉	% of issued share capital 持股百分比
Mr. Ho Cheuk Fai 何焯輝先生	1	1 (Note 1) (附註一)	1 (Note 1) (附註一)	1	8.33% (Note 4) (附註四)	1 (Note 1) (附註一)	8.33% (Note 4) (附註四)
Ms. Ho Po Chu 何寶珠女士	1	1 (Note 1) (附註一)	1 (Note 1) (附註一)	1	8.33% (Note 4) (附註四)	1 (Note 1) (附註一)	8.33% (Note 4) (附註四)

Notes:

1. Karrie International (B.V.I.) Limited ("KIBVI"), a direct wholly-owned subsidiary of the Company, has been granted options to acquire from Mr. Ho Cheuk Fai and Ms. Ho Po Chu their non-voting deferred shares in each of KICL, KTL and KIHL. Accordingly, KIBVI is taken to be interested in these non-voting deferred shares in respect of which Mr. Ho Cheuk Fai and Mr. Ho Po Chu have each created short positions. In addition, by virtue of (i) their interests in the Company; and (ii) the interests of their children under 18 in the Company, as referred to in Notes 1, 2 and 7 under the section headed "(A) Interests in the Company" above, Mr. Ho Cheuk Fai and Ms. Ho Po Chu are each deemed to be interested in the long positions that KIBVI has in these non-voting deferred shares. Such interests are duplicated with their personal interests in these non-voting deferred shares.

2. The entire issued share capital of KICL comprises 50,000 non-voting deferred shares of HK$100 each and 10 ordinary shares of HK$100 each.

3. The entire issued share capital of KTL comprises 10,000 non-voting deferred shares of HK$100 each and 10 ordinary shares of HK$100 each.

4. The entire issued share capital of KIHL comprises 2 non-voting deferred shares of HK$1 each and 10 ordinary shares of HK$1 each.

附註：

一、 Karrie International (B.V.I.) Limited (「KIBVI」)，本公司之直接全資附屬公司，獲授予認購權以認購何焯輝先生和何寶珠女士於嘉利產品、嘉寶科技及KIHL所持有的無投票權遞延股份。由於何焯輝先生和何寶珠女士因上述所授予認購權而各自產生有關之淡倉，KIBVI遂持有該等股份之權益。再者，於上述(甲)「於本公司之權益」中，誠如備註1、2及7所述，因他們及其18歲以下的子女持有本公司之權益，何焯輝先生和何寶珠女士各自被視為持有KIBVI中該等股份之權益。該等權益跟其個人於這些股份的權益乃屬重複的。

二、 嘉利產品已發行股份由50,000股每股面值100港元之無投票權遞延股份及10股每股面值100港元之普通股股份組成。

三、 嘉寶科技已發行股份由10,000股每股面值100港元之無投票權遞延股份及10股每股面值100港元之普通股股份組成。

四、 KIHL已發行股份由2股每股面值1港元之無投票權遞延股份及10股每股面值1港元之普通股股份組成。

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES *(Cont'd)*

Save as disclosed above, none of the Directors and the chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company and any associated corporations which were (a) recorded in the register required to be kept under Section 352 of the SFO; or (b) otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

As at 30 June 2007

There have been no changes in the interests and short positions of the Directors and the chief executives of the Company in the shares and underlying shares of the Company and any associated corporations (a) as recorded in the register required to be kept under Section 352 of the SFO; or (b) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies during the period from 1 April 2007 to 30 June 2007.

DIRECTORS' INTEREST IN COMPETING BUSINESS

None of the Directors had any interest in any business which competes with the business of the Group.

董事及最高行政人員之股份權益*(續)*

除上文所披露外，本公司各董事及最高行政人員並無擁有在本公司及任何相聯法團的股份、相關股份及債券證中的權益及淡倉，而該等權益及淡倉 (a) 根據《證券條例》第352條須予備存之登記冊所記錄者；或 (b) 依據《上市公司董事進行證券交易的標準守則》通知本公司及聯交所。

於二零零七年六月三十日

於二零零七年四月一日至二零零七年六月三十日期間，本公司各董事及最高行政人員在本公司及任何相聯法團的股份及相關股份中擁有的權益及淡倉，而該等權益及淡倉 (a) 根據《證券條例》第352條須予備存之登記冊所記錄者；或 (b) 依據《上市公司董事進行證券交易的標準守則》通知本公司及聯交所，並未有出現變動。

董事於競爭業務之權益

本公司各董事概無與本集團構成競爭之業務中擁有任何權益。

Report of the Directors 董事會報告

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2007 and 30 June 2007

The interests or short positions of the persons (other than a Director or Chief Executive of the Company) in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO are as follows:

主要股東

於二零零七年三月三十一日及二零零七年六月三十日

以下人士(不包括董事及本公司之最高行政人員)於本公司股份及相關股份中擁有根據本公司須按《證券條例》第336條存置之登記冊之權益及淡倉：

	Number of ordinary shares of HK$0.10 each 每股面值0.1港元之普通股數目		
Name of Shareholder 股東名稱	**Personal interests 個人權益**	**Corporate/ Other interests 法團權益或其他權益**	**Shareholding percentage 持股百分比**
Pearl Court	172,200,000 (Note 1附註一)	–	41.77%
HITL	–	172,200,000 (Note 1附註一)	41.77%
Cheah Cheng Hye 謝清海先生	–	24,478,000 (Note 2附註二)	5.93%
Value Partners Limited ("VPL")	–	24,478,000 (Note 2附註二)	5.93%

Notes:

1. These 172,200,000 shares are held by Pearl Court as trustee for HCF Trust. HITL is deemed to be interested in these 172,200,000 shares held by Pearl Court by virtue of the fact that 9,999 of 10,000 units of HCF Trust are held by HITL as trustee for HWL Trust.

2. VPL is interested in 24,478,000 shares in the capacity of investment manager. Mr. Cheah Cheng Hye is interested in the same block of shares by virtue of his 35.65% shareholding in VPL.

附註：

一、 該等172,200,000股股份由Pearl Court作為HCF Trust之受託人持有。HITL被視為擁有該等由Pearl Court持有之172,200,000股股份之權益，因為HITL作為HWL Trust之受託人持有10,000個HCF Trust單位中之9,999個單位。

二、 VPL作為投資經理持有24,478,000股股份。由於謝清海先生持有VPL 35.65%之股權，故此他被視為擁有該等24,478,000股股份的權益。

SUBSTANTIAL SHAREHOLDERS *(Cont'd)*

Save as disclosed above, as at 31 March 2007 and 30 June 2007, no person, other than the Directors and chief executives of the Company, whose interests are set out in the section "Directors' and Chief Executives' Interests in Shares" above, had an interest or short position in the shares and underlying shares of the Company that was required to be recorded in the register required to be kept under Section 336 of the SFO.

主要股東（續）

除上文及董事及最高行政人員於「董事及最高行政人員之股份權益」中披露外，於二零零七年三月三十一日及二零零七年六月三十日，並無人士擁有本公司之股份及相關股份之權益或淡倉，而該等權益或淡倉需根據《證券條例》第336條須予備存之登記冊所記錄。

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of purchases and sales for the year ended 31 March 2007 attributable to the Group's major suppliers and customers are as follows:

Purchases	
The largest supplier	14%
Five largest suppliers combined	41%
Sales	
The largest customer	28%
Five largest customers combined	84%

None of the Directors, their associates, or any shareholders (which, to the knowledge of the Directors, owned more than 5% of the Company's share capital) had a beneficial interest in the Group's major suppliers or customers noted above.

主要客戶及供應商

截至二零零七年三月三十一日止年度，本集團在主要供應商及客戶之購買及銷售百分比為：

購買	
最大供應商	14%
五大供應商共佔	41%
銷售	
最大客戶	28%
五大客戶共佔	84%

除上述外，各董事、彼等的聯繫人或以董事所知擁有本公司股本超過5%之股東並無擁有任何上述本集團主要供應商及客戶之權益。

Report of the Directors 董事會報告

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 13 August 2007 to Friday, 17 August 2007 (both dates inclusive) during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Branch Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Room 1712-6, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on Friday, 10 August 2007.

暫停辦理過戶登記

本公司將由二零零七年八月十三日(星期一)至二零零七年八月十七日(星期五)(包括首尾兩天)暫停辦理股份過戶登記手續。如欲享有擬派發之末期股息，所有填妥之股份轉讓文件連同有關之股票，須於二零零七年八月十日(星期五)下午四時前送達本公司於香港之股份過戶登記分處：香港中央證券登記有限公司；地址為香港灣仔皇后大道東183號合和中心17樓1712至6室。

PUBLIC FLOAT

As at the date of this annual report, based on public information available to the Company and to the best knowledge of the Directors, the Company maintained sufficient public float, being 25% of the issued share capital of the Company as required under the Listing Rules.

公眾持股量

於本年報刊發日期，根據本公司獲得的公開資料及據本公司董事知悉，本公司擁有足夠的公眾持股量，即不少於上市規則規定下本公司已發行股份的25%。

AUDITORS

The financial statements have been audited by Messrs. PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

核數師

本年度之帳目由羅兵咸永道會計師事務所審核；該核數師已任滿，惟有資格並願意膺選連任。

On behalf of the Board

Ho Cheuk Fai
Chairman

Hong Kong, 9 July 2007

承董事會命

主席
何焯輝

香港，二零零七年七月九日

Financial Section 財務專欄

Independent Auditor's Report 獨立核數師報告

羅兵咸永道會計師事務所

PricewaterhouseCoopers
22/F, Prince's Building
Central, Hong Kong

TO THE SHAREHOLDERS OF
KARRIE INTERNATIONAL HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Karrie International Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 119 to 198, which comprise the consolidated and Company balance sheets as at 31 March 2007, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

致嘉利國際控股有限公司股東
(於百慕達註冊成立之有限公司)

本核數師(以下簡稱「我們」)已審核列載於第119至198頁嘉利國際控股有限公司(「貴公司」)及其子公司(以下合稱「貴集團」)之綜合財務報表,此綜合財務報表包括於二零零七年三月三十一日之綜合及公司資產負債表與截至該日止年度之綜合收益表、綜合權益變動表和綜合現金流量表,以及主要會計政策概要及其他附註解釋。

董事就財務報表須承擔之責任

貴公司董事須負責根據香港會計師公會頒佈之香港財務報告準則及按照香港《公司條例》之披露規定編製及真實而公平地列報該等綜合財務報表。這責任包括設計、實施及維護與編製及真實而公平地列報財務報表相關之內部控制,以使財務報表不存在由於欺詐或錯誤而導致的重大錯誤陳述;選擇和應用適當之會計政策;及按情況下作出合理之會計估計。

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

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

核數師的責任

我們的責任是根據我們審核對該等綜合財務報表作出意見，並按照百慕達一九八一年《公司法》第90條僅向整體股東報告，除此之外本報告別無其他目的。我們不會就本報告之內容向任何其他人士負上或承擔任何責任。

我們已根據香港會計師公會頒佈之香港審計準則進行審核。這些準則要求我們遵守道德規範，並規劃及執行審核，以合理確定此等財務報表是否不存有任何重大錯誤陳述。

審核涉及執行程序以獲取有關財務報表所載金額及披露資料的審核憑證。所選定之程序取決於核數師的判斷，包括評估由於欺詐或錯誤而導致財務報表存有重大錯誤陳述之風險。在評估該等風險時，核數師考慮與該公司編製及真實而公平地列報財務報表相關之內部控制，以設計適當之審核程序，但並非為對公司之內部控制之效能發表意見。審核亦包括評價董事所採用之會計政策之合適性及所作出之會計估計之合理性，以及評價財務報表之整體列報方式。

我們相信，我們所獲得之審核憑證是充足和適當地為我們之審核意見提供基礎。

Independent Auditor's Report 獨立核數師報告

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2007 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

意見

我們認為，該等綜合財務報表已根據香港財務報告準則真實而公平地反映貴公司及貴集團於二零零七年三月三十一日之事務狀況及貴集團截至該日止年度之利潤及現金流量，並已按照香港《公司條例》的披露規定妥為編製。

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 9 July 2007

羅兵咸永道會計師事務所
執業會計師

香港，二零零七年七月九日

Balance Sheets 資產負債表

As at 31 March 2007 於二零零七年三月三十一日

			Group 本集團		Company 本公司	
			2007 二零零七年	2006 二零零六年	**2007 二零零七年**	2006 二零零六年
		Note 附註	**HK$'000 千港元**	HK$'000 千港元	**HK$'000 千港元**	HK$'000 千港元
ASSETS	資產					
Non-current assets	非流動資產					
Leasehold land and land use rights	租賃土地及土地使用權	6	**47,927**	48,560	**–**	–
Property, plant and equipment	物業、廠房及設備	7	**269,150**	232,038	**–**	–
Investment in subsidiaries	於附屬公司之投資	8	**–**	–	**403,495**	415,592
Interest in associated companies	於聯營公司之權益	9	**–**	–	**–**	–
Deferred tax assets	遞延税項資產	18	**1,042**	847	**–**	–
			318,119	281,445	**403,495**	415,592
Current assets	流動資產					
Trade receivables	貿易應收帳款	10	**610,850**	605,098	**–**	–
Inventories	存貨	11	**374,974**	339,828	**–**	–
Prepayments, deposits and other receivables	預付款、按金及其他應收帳款		**35,015**	22,721	**300**	231
Amount due from associated companies	應收聯營公司帳款	9	**8,770**	–	**–**	–
Pledged bank deposits	抵押銀行存款	12	**6,359**	–	**–**	–
Cash and bank balances	現金及銀行結存	12	**267,280**	323,466	**118**	215
			1,303,248	1,291,113	**418**	446
Total assets	資產總值		**1,621,367**	1,572,558	**403,913**	416,038
EQUITY	權益					
Capital and reserves attributable to the Company's equity holders	本公司股權持有人應佔股本及儲備					
Share capital	股本	13	**41,228**	41,051	**41,228**	41,051
Other reserves	其他儲備	15	**107,505**	101,922	**294,790**	289,207
Retained earnings	保留溢利					
– Proposed final dividend	一擬派末期股息		**12,369**	65,682	**12,369**	65,682
– Others	一其他		**395,096**	317,543	**43,514**	3,596
			556,198	526,198	**391,901**	399,536
Minority interest	少數股東權益		**424**	424	**–**	–
Total equity	權益總值		**556,622**	526,622	**391,901**	399,536

Balance Sheets 資產負債表

As at 31 March 2007 於二零零七年三月三十一日

			Group 本集團		Company 本公司	
		Note 附註	2007 二零零七年 HK$'000 千港元	2006 二零零六年 HK$'000 千港元	2007 二零零七年 HK$'000 千港元	2006 二零零六年 HK$'000 千港元
LIABILITIES	負債					
Non-current liabilities	非流動負債					
Long-term bank borrowings, secured	長期銀行貸款，有抵押	17	**90,875**	148,625	**–**	–
Deferred tax liabilities	遞延税項負債	18	**7,536**	9,876	**–**	–
Provision for long service payments	長期服務金準備	19	**6,053**	5,977	**400**	–
			104,464	164,478	**400**	–
Current liabilities	流動負債					
Taxation payable	應繳税項		**2,959**	1,589	**134**	111
Trade and bills payables	貿易應付帳款及票據	16	**451,605**	429,996	**82**	–
Accruals and other payables	應計費用及其他應付帳款		**183,086**	153,276	**11,396**	16,391
Receipts in advance	預收帳款		**4,929**	10,180	**–**	–
Short-term bank borrowings, secured	短期銀行借貸，有抵押	17	**317,702**	286,417	**–**	–
			960,281	881,458	**11,612**	16,502
Total liabilities	負債總值		**1,064,745**	1,045,936	**12,012**	16,502
Total equity and liabilities	權益及負債總值		**1,621,367**	1,572,558	**403,913**	416,038
Net current assets/(liabilities)	流動資產淨值／(負債)		**342,967**	409,655	**(11,194)**	(16,056)
Total assets less current liabilities	總資產減流動負債		**661,086**	691,100	**392,301**	399,536

Ho Cheuk Fai
何焯輝
Director
董事

Kwok Wing Kin, Francis
郭永堅
Director
董事

Consolidated Income Statement – expense by function
綜合損益表－按費用功能分類

For the year ended 31 March 2007 截至二零零七年三月三十一日止

		Note 附註	2007 二零零七年 HK$'000 千港元	2006 二零零六年 HK$'000 千港元
Revenue	收入	20	**3,328,097**	3,597,242
Cost of sales	銷售成本	21	**(3,024,002)**	(3,211,354)
Gross profit	毛利		**304,095**	385,888
Distribution and selling expenses	分銷及銷售費用	21	**(40,343)**	(31,153)
General and administrative expenses	一般及行政費用	21	**(113,358)**	(136,195)
Operating profit	經營溢利		**150,394**	218,540
Finance income	財務收入	23	**11,104**	10,127
Finance costs	財務成本	23	**(23,764)**	(24,531)
Profit before taxation	除稅前溢利		**137,734**	204,136
Taxation	稅項	24	**(12,806)**	(17,757)
Profit attributable to equity holders of the Company	本公司股權持有人應佔溢利		**124,928**	186,379
Earnings per share (expressed in HK cents)	每股溢利（以港仙計）			
– Basic	－基本	26	**30.3**	45.5
– Diluted	－攤薄	26	**30.2**	45.1
Dividends	股息	27	**47,413**	102,596

Consolidated Statement of Changes in Equity
綜合權益變動表

For the year ended 31 March 2007 截至二零零七年三月三十一日止

		Attributable to equity holders of the Company 應佔本公司股權持有人				
		Share capital 股本 HK$'000 千港元	Other reserves (Note 15) 其他儲備 (附註 15) HK$'000 千港元	Retained earnings 保留溢利 HK$'000 千港元	Minority interest 少數股東權益 HK$'000 千港元	Total equity 權益總值 合共 HK$'000 千港元
Balance at 1 April 2005	二零零五年四月一日之結餘	40,777	91,649	283,505	424	416,355
Profit for the year	本年溢利	–	–	186,379	–	186,379
Issue of shares upon exercise of share options	行使購股權而發行之股份	274	4,422	–	–	4,696
Employee share option scheme:	僱員購股權計劃：					
– value of employee services	–僱員服務之價值	–	7,311	–	–	7,311
Transfer to retained earnings upon lapse of share options	購股權失效而轉至保留溢利	–	(1,460)	1,460	–	–
Dividends paid	已派股息	–	–	(88,119)	–	(88,119)
Balance at 31 March 2006	二零零六年三月三十一日之結餘	41,051	101,922	383,225	424	526,622
Balance at 1 April 2006	二零零六年四月一日之結餘	41,051	101,922	383,225	424	526,622
Profit for the year	本年溢利	–	–	124,928	–	124,928
Issue of shares upon exercise of share options	行使購股權而發行之股份	177	2,576	–	–	2,753
Employee share option scheme:	僱員購股權計劃：					
– value of employee services	–僱員服務之價值	–	3,328	–	–	3,328
Transfer to retained earnings upon lapse of share options	購股權失效而轉至保留溢利	–	(321)	321	–	–
Dividends paid	已派股息	–	–	(101,009)	–	(101,009)
Balance at 31 March 2007	**二零零七年三月三十一日之結餘**	**41,228**	**107,505**	**407,465**	**424**	**556,622**

Consolidated Cash Flow Statement 綜合現金流量表

For the year ended 31 March 2007 截至二零零七年三月三十一日止

		Note 附註	**2007 二零零七年 HK$'000 千港元**	2006 二零零六年 HK$'000 千港元
Cash flows from operating activities	**經營活動之現金流量**			
Profit before taxation	除稅前溢利		**137,734**	204,136
Depreciation of property, plant and equipment	物業、廠房及設備之折舊		**52,978**	49,414
Amortisation of leasehold land and land use rights	租賃土地及土地使用權之攤銷		**1,050**	614
Share-based compensation expense	以股份支付之酬金		**3,328**	7,311
Loss/(gain) on disposal of property, plant and equipment	出售物業、廠房及設備之虧損／(收益)		**367**	(171)
Write-back of provision for obsolete and slow moving inventories	陳舊及滯銷存貨準備之回撥		**–**	(18,157)
Provision for/(write-back of provision for) impairment of trade receivables	貿易應收帳款減值準備／(準備之回撥)		**526**	(3,512)
Write-back of provision for amount due from associated companies	應收聯營公司帳款準備之回撥		**(1,874)**	–
Provision for/(write-back of provision for) long service payments	長期服務金準備／(準備之回撥)		**359**	(1,205)
Interest expenses	利息支出		**23,764**	24,531
Interest income	利息收入		**(11,104)**	(10,127)
Operating profit before working capital changes	營運資金變動前之經營溢利		**207,128**	252,834
Inventories	存貨		**(35,146)**	118,342
Trade receivables	貿易應收帳款		**(6,278)**	(41,505)
Prepayments, deposits and other receivables	預付款、按金及其他應收帳款		**(12,294)**	(103)
Amount due from associated companies	應收聯營公司帳款		**(6,896)**	–
Trade and bills payables	貿易應付帳款及票據		**21,609**	(16,605)
Accruals and other payables	應計費用及其他應付帳款		**29,810**	26,976
Receipts in advance	預收帳款		**(5,251)**	(6,107)
Cash generated from operations	經營產生之現金		**192,682**	333,832
Interest paid	已付利息		**(23,764)**	(24,531)
Hong Kong profits tax paid	已付香港利得稅		**(15,422)**	(23,438)
Hong Kong profits tax refunded	退還香港利得稅		**1,451**	1,560
Long service payments paid	已付長期服務金		**(283)**	(187)
Net cash generated from operating activities	經營活動產生之淨現金		**154,664**	287,236

Consolidated Cash Flow Statement 綜合現金流量表

For the year ended 31 March 2007 截至二零零七年三月三十一日止

		Note 附註	2007 二零零七年 HK$'000 千港元	2006 二零零六年 HK$'000 千港元
Cash flows from investing activities	**投資活動之現金流量**			
Purchase of property, plant and equipment	添置物業、廠房及設備		**(91,208)**	(68,193)
Increase in leasehold land and land use rights	增加租賃土地及土地使用權		**(417)**	(23,866)
Proceeds from disposal of property, plant and equipment	出售物業、廠房及設備之所得款		**751**	173
Increase in pledged bank deposits	增加抵押銀行存款		**(6,359)**	–
Interest received	已收利息		**11,104**	10,127
Net cash used in investing activities	投資活動所用現金淨額		**(86,129)**	(81,759)
Cash flows from financing activities	**融資活動之現金流量**	28		
Proceeds from exercise of share options	行使購股權所得款		**2,753**	4,696
New long-term bank borrowings	新長期銀行借貸		**–**	130,000
New short-term bank borrowings	新短期銀行借貸		**802,560**	772,346
Repayment of long-term bank borrowings	償還長期銀行借貸		**(57,750)**	(38,750)
Repayment of short-term bank borrowings	償還短期銀行借貸		**(732,444)**	(897,383)
New trust receipts loans	新信託收據貸款		**577,625**	809,597
Repayment of trust receipts loans	償還信託收據貸款		**(616,499)**	(925,400)
Repayment of capital element of finance lease obligations	償還融資租賃責任之本金部份		**–**	(1,091)
Dividends paid	已派股息		**(101,009)**	(88,119)
Net cash used in financing activities	融資活動所用之現金淨額		**(124,764)**	(234,104)
Net decrease in cash and cash equivalents	現金及現金等值物之淨減少		**(56,229)**	(28,627)
Cash and cash equivalents at 1 April	四月一日之現金及現金等值物		**323,374**	352,001
Cash and cash equivalents at 31 March	三月三十一日之現金及現金等值物	12	**267,145**	323,374

1 GENERAL INFORMATION

Karrie International Holdings Limited (the "Company") and its subsidiaries (together the "Group") are principally engaged in the manufacture and sale of computer casings, office automation products, moulds, plastic and metal parts and provision of electronic manufacturing services.

The Company was incorporated in Bermuda on 6 December 1996. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

The Company's shares have been listed in the Main Board of The Stock Exchange of Hong Kong Limited since 16 December 1996.

These consolidated financial statements are presented in thousands of Hong Kong dollars (HK$'000), unless otherwise stated, and have been approved for issue by the Board of Directors on 9 July 2007.

1 一般資料

嘉利國際控股有限公司(「本公司」)及其附屬公司(合稱「本集團」)主要從事製造及銷售電腦外殼、辦公室文儀產品、模具、塑膠及金屬部件及從事電子專業代工業務。

本公司於一九九六年十二月六日於百慕達註冊，辦事處地址是Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

本公司之股份於一九九六年十二月十六日於香港聯合交易所有限公司主板上市。

綜合財務報表以千港元列報(除非另有說明)。綜合財務報表已經由董事會在二零零七年七月九日批准刊發。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (HKFRS) under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss, which are carried at fair value.

2 重要會計政策摘要

編製本綜合財務報表採用之主要會計政策載於下文。除另有說明外，此等政策在所呈報之所有年度內貫徹應用。

2.1 編製基準

本綜合財務報表是根據香港財務報告準則(香港財務準則)，按照歷史成本法編製，並按公平值透過損益記帳之財務資產和財務負債之重估而作出修訂。

Notes to the Consolidated Financial Statements
綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

2.1 Basis of preparation *(Cont'd)*

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

Standards, amendments and interpretations effective in current year but not relevant for the Group's operations

The following standards, amendments and interpretations are mandatory for accounting periods beginning on or after 1 April 2006 but are not relevant to or have no significant impact on the Group's operations:

– HKAS 19 (Amendment), Actuarial Gains and Losses, Group Plans and Disclosures;

– HKAS 21 (Amendment), Net Investment in a Foreign Operation;

– HKAS 39 (Amendment), Cash Flow Hedge Accounting of Forecast Intragroup Transactions;

– HKAS 39 (Amendment), The Fair Value Option;

– HKAS 39 and HKFRS 4 (Amendment), Financial Guarantee Contracts;

– HKFRS 1 (Amendment), First-time Adoption of International Financial Reporting Standards and HKFRS 6 (Amendment), Exploration for and Evaluation of Mineral Resources;

2 重要會計政策摘要 *(續)*

2.1 編製基準 *(續)*

編製符合香港財務準則之財務報表需要使用若干關鍵會計估計。這亦需要管理層在應用本集團之會計政策過程中行使其判斷。涉及高度之判斷或高度複雜性之範疇，或涉及對綜合財務報表屬重大假設和估算之範疇，在附註 4中披露。

在本年度生效但與本集團營運無關之準則、修訂和詮釋

以下準則、修訂和詮釋必須在二零零六年四月一日或之後開始之會計期間採納，但與本集團之營運無關或重大影響：

– 香港會計準則 19（修訂）－精算盈虧、集體界定福利計劃及披露；

– 香港會計準則 21（修訂）－對國外經營之投資淨額；

– 香港會計準則 39（修訂）－預測內部交易之現金流量對沖會計法；

– 香港會計準則 39（修訂）－公平值期權；

– 香港會計準則 39 及香港財務準則 4（修訂）－財務擔保合約；

– 香港財務準則1（修訂）－首次採納國際財務報告準則及香港財務準則6（修訂）－礦產資源之開採和評估；

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

2.1 Basis of preparation *(Cont'd)*

Standards, amendments and interpretations effective in current year but not relevant for the Group's operations (Cont'd)

– HK(IFRIC) – Int 4, Determining whether an Arrangement contains a Lease;

– HK(IFRIC) – Int 5, Rights to Interest arising from Decommissioning, Restoration and Environmental Rehabilitation Funds;

– HK(IFRIC) – Int 6, Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment; and

– HK(IFRIC) – Int 7, Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies.

Standards, amendments and interpretations that are not yet effective in current year and have not been early adopted by the Group

The following standards, amendments and interpretations have been published but are not effective and have not been early adopted by the Group:

– HK(IFRIC) – Int 8, Scope of HKFRS 2 (effective for annual periods beginning on or after 1 May 2006). HK(IFRIC) – Int 8 requires consideration of transactions involving the issuance of equity instruments – where the identifiable consideration received is less than the fair value of the equity instruments issued – to establish whether or not they fall within the scope of HKFRS 2. The Group will apply HK(IFRIC) – Int 8 from 1 April 2007, but it is not expected to have any impact on the Group's consolidated financial statements;

2 重要會計政策摘要 *(續)*

2.1 編製基準 *(續)*

在本年度生效但與本集團營運無關之準則、修訂和詮釋(續)

— 香港(國際財務報告詮釋委員會)—詮釋 4 —釐定一項安排是否包含租賃；

— 香港(國際財務報告詮釋委員會)—詮釋 5 —對拆卸、復原及環境復修基金權益之權利；

— 香港(國際財務報告詮釋委員會)—詮釋 6 —參予特殊市場—電氣及電子設備廢料—產生之負債；及

— 香港(國際財務報告詮釋委員會)—詮釋 7 —應用香港會計準則 29「嚴重通脹經濟中之財務報告」下之重列法。

在本年度仍未生效而本集團亦無提早採納之準則、修訂和詮釋

本集團並無提早採納下列已公佈但在本年度仍未生效之準則、修訂和詮釋：

— 香港(國際財務報告詮釋委員會)—詮釋8「香港財務準則2之範圍」(由二零零六年五月一日或之後開始之會計期間生效)。香港(國際財務報告詮釋委員會—詮釋8規定凡涉及發行權益工具的交易—當中所收取之可識別代價低於所發行權益工具之公平值—必須確定其是否屬於香港財務準則2之範圍內。本集團將由二零零七年四月一日起應用香港(國際財務報告詮釋委員會)—詮釋8，但預期不會對本集團之綜合財務報表有任何影響；

Notes to the Consolidated Financial Statements
綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

2.1 Basis of preparation *(Cont'd)*

Standards, amendments and interpretations that are not yet effective in current year and have not been early adopted by the Group (Cont'd)

– HK(IFRIC) – Int 9, Reassessment of embedded derivatives (effective for annual periods beginning on or after 1 Jun 2006). HK(IFRIC) – Int 9 requires an entity to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract. Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment if required. As none of the group entities have changed the terms of their contracts, HK(IFRIC) – Int 9 is not relevant to the Group's operations;

– HK(IFRIC) – Int 10, Interim Financial Reporting and Impairment (effective for annual periods beginning on or after 1 November 2006). HK(IFRIC) – Int 10 prohibits the impairment losses recognised in an interim period on goodwill, investments in equity instruments and investments in financial assets carried at cost to be reversed at a subsequent balance sheet date. The Group will apply HK(IFRIC) – Int 10 from 1 April 2007, but it is not expected to have any impact on the Group's financial statements; and

2 重要會計政策摘要 *(續)*

2.1 編製基準 *(續)*

在本年度仍未生效而本集團亦無提早採納之準則、修訂和詮釋(續)

— 香港(國際財務報告詮釋委員會)-詮釋9「重新評估勘入式衍生工具」(由二零零六年六月一日或之後開始之會計期間生效)。香港(國際財務報告詮釋委員會)-詮釋9規定當實體首次成為主合約之一方,必須評估該勘入式衍生工具是否需要與該主合約分開處理,並記帳為衍生工具。此項準則禁止進行後期評估,但假如合約條款有變導致大幅度修改了合約原有之現金流量,財可在有需要時進行重估。由於沒有集團實體更改了其合約條款,故此香港(國際財務報告詮釋委員會)-詮釋9與本集團之營運無關。

— 香港(國際財務報告詮釋委員會)-詮釋 10「中期財務報告和減值」(由二零零六年十一月一日或之後開始之會計期間生效)。香港(國際財務報告詮釋委員會)-詮釋 10 禁止在中期期間確認按成本值列帳之商譽、權益工具之投資和財務資產投資之減值虧損在之後之結算日撥回。本集團將由二零零七年四月一日起應用香港(國際財務報告詮釋委員會)-詮釋 10,但預期不會對本集團之綜合財務報表有任何影響;及

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

2.1 Basis of preparation *(Cont'd)*

Standards, amendments and interpretations that are not yet effective in current year and have not been early adopted by the Group (Cont'd)

– HKFRS 7, Financial instruments: Disclosures, effective for annual periods beginning on or after 1 January 2007. HKAS 1, Amendments to capital disclosures, effective for annual periods beginning on or after 1 January 2007. The Group assessed the impact of HKFRS 7 and the amendment to HKAS 1 and concluded that the main additional disclosures will be the sensitivity analysis to market risk and capital disclosures required by the amendment of HKAS 1. The Group will apply HKFRS 7 and the amendment to HKAS 1 for annual periods beginning from 1 January 2007.

2.2 Consolidation

The consolidated financial statements include the financial statements of the Company and all of its subsidiaries made up to 31 March.

(a) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

2 重要會計政策摘要 *(續)*

2.1 編製基準 *(續)*

在本年度仍未生效而本集團亦無提早採納之準則、修訂和詮釋(續)

– 香港財務報告準則7「金融工具：披露」，由二零零七年一月一日或之後開始之會計期間生效。香港會計準則1，「資本披露之修訂」，由二零零七年一月一日或之後開始之會計期間生效。本集團已評估香港財務報告準則7及香港會計準則1之修訂之影響，結論為主要之額外披露將為香港會計準則1之修訂所規定對市場風險之敏感性分析和資本披露。本集團將由二零零七年一月一日開始之會計期間應用香港財務報告準則 7以及香港會計準則1之修訂。

2.2 綜合帳目

綜合財務報表包括本公司及其所有附屬公司截至三月三十一日止之財務報表。

(a) 附屬公司

附屬公司指本集團有權控制其財政及營運政策之所有實體，一般附帶超過半數投票權之股權。在評定本集團是否控制另一實體時，目前可行使或可兑換之潛在投票權之存在及影響均予考慮。

附屬公司在控制權轉移至本集團之日全面綜合入帳。附屬公司在控制權終止之日起停止綜合入帳。

Notes to the Consolidated Financial Statements
綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

2.2 Consolidation *(Cont'd)*

(a) Subsidiaries (Cont'd)

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's balance sheet, the investments in subsidiaries are stated at cost less provision for impairment losses (Note 2.7). The results of subsidiaries are accounted by the Company on the basis of dividend received and receivable.

2 重要會計政策摘要*（續）*

2.2 綜合帳目*（續）*

(a) 附屬公司（續）

會計收購法乃用作本集團收購附屬公司之入帳方法。收購之成本根據於交易日期所給予資產、所發行之股本工具及所產生或承擔的負債之公平值計算，另加該收購直接應佔之成本。在企業合併中所收購可識辨之資產以及所承擔之負債及或然負債，首先以彼等於收購日期之公平值計量，而不論任何少數股東權益之數額。收購成本超過本集團應佔所收購可識辨資產淨值公平值之數額記錄為商譽。若收購成本低於所購入附屬公司資產淨值之公平值，該差額直接在損益表確認。

集團內公司間之交易、結餘及未實現收益予以對銷。除非交易提供所轉讓資產減值之憑證，否則未實現虧損亦予以對銷。附屬公司之會計政策已按需要作出改變，以確保與本集團採用之政策符合一致。

在本公司之資產負債表內，於附屬公司之投資按成本值扣除減值虧損準備列帳（附註2.7）。附屬公司之業績由本公司按已收及應收股息入帳。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

2.2 Consolidation *(Cont'd)*

(b) Transactions and minority interests

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recorded in the consolidated income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

(c) Associates

Associates are entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

2 重要會計政策摘要 *(續)*

2.2 綜合帳目 *(續)*

(b) 交易及少數股東權益

本集團採納了一項政策，將其與少數股東進行之交易視為與本集團以外之人士進行之交易。向少數股東進行之出售而導致本集團之盈虧於綜合損益表記帳。向少數股東進行購置而導致之商譽，相當於所支付之任何代價與相關應佔所收購附屬公司淨資產之帳面值之差額。

(c) 聯營公司

聯營公司指所有本集團對其有重大影響力而無控制權之實體，通常附帶有20%－50%投票權之股權。聯營公司投資以權益會計法入帳，初始以成本確認。

本集團應佔收購後聯營公司之溢利或虧損於損益表內確認，而應佔收購後儲備之變動則於儲備帳內確認。投資帳面值會根據累計之收購後儲備變動而作出調整。如本集團應佔一家聯營公司之虧損等於或超過其在該聯營公司之權益，包括任何其他無抵押應收款，本集團不會確認進一步虧損，除非本集團已代聯營公司承擔責任或作出付款。

本集團與其聯營公司之間交易之未實現收益按集團在聯營公司權益之數額對銷。除非交易提供所轉讓資產減值之憑證，否則未實現虧損亦予以對銷。聯營公司之會計政策已按需要作出改變，以確保與本集團採用之政策符合一致。

Notes to the Consolidated Financial Statements
綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

2.3 Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in HK dollars, which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in the carrying amount are recognised in equity.

2 重要會計政策摘要*（續）*

2.3 分部報告

業務分部指從事提供產品或服務之一組資產和業務，而產品或服務之風險和回報與其他業務分部之不同。地區分部指在某個特定經濟環境中從事提供產品或服務，其產品或服務之風險和回報與在其他經濟環境中營運之分部之不同。

2.4 外幣換算

(a) 功能和列帳貨幣

本集團各個實體之財務報表所列項目均以該實體營運所在之主要經濟環境之貨幣計量(「功能貨幣」)。綜合財務報表以港幣呈報，港幣為本公司之功能及列帳貨幣。

(b) 交易及結餘

外幣交易採用交易日之匯率換算為功能貨幣。結算此等交易產生之匯兑盈虧以及將外幣計值之貨幣資產和負債以年終匯率換算產生之匯兑盈虧在損益表確認。

以外幣為單位被分類為可供出售之貨幣性證券之公平值變動，按照證券之攤銷成本變動與該證券帳面值之其他變動所產生之換算差額進行分析。與攤銷成本變動有關之換算差額確認為盈利或虧損，帳面值之其他變動則於權益中確認。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

2.4 Foreign currency translation *(Cont'd)*

(b) Transactions and balances (Cont'd)

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation difference on non-monetary financial assets and liabilities (such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss). Translation differences on non-monetary financial assets (such as equities classified as available for sale) are included in the available-for-sale reserve in equity.

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(iii) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

2 重要會計政策摘要 *(續)*

2.4 外幣換算 *(續)*

(b) 交易及結餘(續)

非貨幣性財務資產及負債之換算差額呈報為公平值盈虧之一部份。非貨幣性財務資產及負債(例如按公平值持有透過損益記帳之權益工具)之換算差額在損益表中呈報為公平值盈虧之一部份。非貨幣性財務資產(例如分類為可供出售之權益)之換算差額包括在權益中可供出售儲備內。

(c) 集團公司

功能貨幣與列帳貨幣不同之所有集團實體(各實體均無極高通脹經濟地區之貨幣)之業績和財務狀況按如下方法換算為列帳貨幣:

(i) 每份呈報之資產負債表內之資產和負債按該資產負債表日期之收市匯率換算;

(ii) 每份損益表內之收入和費用按平均匯率換算(除非此匯率並不代表交易日期匯率之累計影響之合理約數;在此情況下,收支項目按交易日期之匯率換算);及

(iii) 所有由此產生之匯兌差額確認為權益之獨立組成項目。

在綜合帳目時,換算海外業務之淨投資,以及換算借貸及其他指定作為該等投資對沖之貨幣工具所產生之匯兌差額列入股東權益。當清理部份或售出海外業務時,該等匯兌差額在損益表確認為出售盈虧之一部份。

Notes to the Consolidated Financial Statements
綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

2.5 Property, plant and equipment

The property, plant and equipment are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are expensed in the income statement during the financial period in which they are incurred.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate cost to their residual values over their estimated useful lives, as follows:

Buildings	2% to 4%
Fixtures and leasehold improvements	8% to 12%
Machinery	10% to 15%
Moulds and tooling	15%
Furniture and computer equipment	15% to 33.33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.7).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other (losses)/gains – net, in the income statement.

2 重要會計政策摘要 *(續)*

2.5 物業、廠房及設備

物業、機器及設備按歷史成本減折舊和減值虧損列帳。歷史成本包括收購該項目直接應佔之費用。

其後成本只有在與該項目有關之未來經濟利益有可能流入本集團，而該項目之成本能可靠計量時，才包括在資產之帳面值或確認為獨立資產（按適用）。所有其他維修及保養在產生之財政期間內於損益表支銷。

物業、廠房及設備之折舊採用以下之估計可使用年期將成本或重估值按直線法分攤至剩餘價值計算：

樓宇	2% to 4%
物業裝修	8% to 12%
機器	10% to 15%
模具及工具	15%
傢俬及電腦設備	15% to 33.33%

資產之剩餘價值及可使用年期在每個結算日進行檢討，及在適當時調整。

若資產之帳面值高於其估計可收回價值，其帳面值即時撇減至可收回金額（附註2.7）。

出售盈虧按所得款與帳面值之差額釐定，並在損益表內之其他（虧損）／收益 －淨額中確認。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

2.6 Construction-in-progress

Construction-in-progress represents buildings, plants and machinery under construction and pending installation and is stated at cost. Cost includes the costs of construction of buildings, the costs of plant and machinery and interest charges arising from borrowings used to finance such assets during the period of construction or installation and testing, if any. No provision for depreciation is made on construction-in-progress until such time as the relevant assets are completed and ready for intended use. When the assets concerned are brought into use, the costs are transferred to other property, plant and equipment and depreciated in accordance with the policy as stated in Note 2.5 in this Section.

2.7 Impairment of investments in subsidiaries, associates and non-financial assets

Assets that have an indefinite useful life or not yet available for use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2 重要會計政策摘要 *(續)*

2.6 在建工程

在建工程指在建樓宇、廠房及有待安裝之機器，並按成本入帳。成本包括於建築或安裝及測試(如有)期內之樓宇建築成本、廠房及機器成本以及就該等資產融資之借貸利息開支。在建工程項目直至有關資產完成及可作擬定用途前不作折舊準備。當有關資產投入運作時，將成本轉至其他物業、廠房及設備，並按本節附註2.5所述之政策折舊。

2.7 附屬公司、聯營公司及非財務資產之減值

沒有確定使用年期或尚未可供使用之資產無需攤銷，但最少每年就減值進行測試，及當有事件出現或情況改變顯示帳面值可能無法收回時就減值進行檢討。須作攤銷之資產，當有事件出現或情況改變顯示帳面值可能無法收回時就減值進行檢討。減值虧損按資產之帳面值超出其可收回金額之差額確認。可收回金額以資產之公平值扣除銷售成本或使用價值兩者之間較高者為準。於評估減值時，資產按可分開識辨現金流量(現金產生單位)之最低層次組合。除商譽外，已蒙受減值之資產在每個報告日期均就減值是否可以撥回進行檢討。

Notes to the Consolidated Financial Statements
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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

2.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.9 Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited to the income statement.

2 重要會計政策摘要 *(續)*

2.8 存貨

存貨按成本及可變現淨值兩者之較低者列帳。成本利用先進先出法釐定。製成品及在製品之成本包括設計成本、原材料、直接勞工、其他直接成本和相關之生產經常開支(依據正常營運能力)。這不包括借貸成本。可變現淨值為在通常業務過程中之估計銷售價，減適用之變動銷售費用。

2.9 貿易及其他應收帳款

貿易及其他應收款初步以公平值確認，其後利用實際利息法按攤銷成本扣除減值準備計量。當有客觀證據證明本集團將無法按應收款之原有條款收回所有款項時，即就貿易及其他應收帳款設定減值作出準備。債務人之重大財務困難、債務人可能破產或進行財務重組，以及拖欠或逾期付款，均被視為是貿易應收帳款已減值之跡象。準備金額為資產之帳面值與按原實際利率折現之估計未來現金流量之現值之差額。資產之帳面值透過使用備付帳戶削減，而有關之虧損數額則在損益表內確認。如一項貿易應收帳款無法收回，其會與貿易應收帳款內之備付帳戶撇銷。之前已撇銷之款項如其後收回，將計入損益表內。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

2.10 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

2.11 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.12 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.13 Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2 重要會計政策摘要*（續）*

2.10 現金及現金等值物

現金及現金等價物包括手頭現金、銀行通知存款、原到期日為三個月或以下之其他短期高流動性投資，以及銀行透支。銀行透支在資產負債表之流動負債中借貸內列示。

2.11 股本

普通股被列為權益。

直接歸屬於發行新股或認股權之新增成本在權益中列為所得款之減少（扣除稅項）。

2.12 借貸

借貸初步按公平值並扣除產生之交易成本確認。借貸其後按攤銷成本列帳；所得款（扣除交易成本）與贖回價值之任何差額利用實際利息法於借貸期間內在損益表確認。

除非本集團有權無條件地延遲清償債項最少至結算日後十二個月，借貸一概分類為流動負債。

2.13 貿易及其他應付款

貿易及其他應付款初步以公平值確認，其後利用實際利息法按攤銷成本計量。

Notes to the Consolidated Financial Statements
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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

2.14 Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

2 重要會計政策摘要 *(續)*

2.14 遞延所得稅項

遞延所得稅利用負債法就資產和負債之稅基與資產和負債在綜合財務報表之帳面值之差額產生之暫時差異全數準備。然而，若遞延所得稅來自在交易（不包括企業合併）中對資產或負債之初步確認，而在交易時不影響會計損益或應課稅盈虧，則不作記帳。遞延稅項採用在結算日前已頒佈或實質頒佈，並在有關之遞延所得稅資產實現或遞延所得稅負債結算時預期將會適用之稅率（及法例）而釐定。

遞延所得稅資產是就可能有未來應課稅溢利而就此可使用暫時差異而確認。

遞延所得稅項就附屬公司、聯營公司投資產生之暫時差異而準備，但假若本集團可以控制暫時差異之回撥時間，而暫時差異在可預見將來有可能不會回撥則除外。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

2.15 Employee benefits

(a) Employee leave entitlement

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the balance sheet date. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(b) Bonus plans

The expected cost of bonus payments wholly due within twelve months after the balance sheet date are recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities for bonus plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

(c) Pension obligations

Group companies operate several pension schemes. The plans are generally funded through payments to trustee administered funds. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity on a mandatory, contractual or voluntary basis. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as employee benefit expense when they are due and are not reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

2 重要會計政策摘要 *(續)*

2.15 僱員福利

(a) 僱員應享假期之權利

僱員享有之年假和長期服務休假於僱員應享有時確認。截至結算日止為僱員已提供之服務而產生之年假及長期服務休假之估計負債作出準備。僱員享有之病假及產假不作確認，直至僱員正式休假為止。

(b) 獎金計劃

當本集團因為僱員已提供之服務而產生現有法律或推定性責任，而責任金額能可靠估計時，則在結算日後十二個月內結欠之獎金預計成本確認為負債入帳。獎金計劃之負債預期須在十二個月內償付，並根據在償付時預期會支付之金額計算

(c) 退休金責任

本集團公司營運多個退休金計劃。此等計劃一般透過向受託管理基金付款而注資。定額供款計劃指本集團以強制、合約或自願基準向獨立實體作出定額供款之退休金計劃。倘基金並無持有足夠資產向所有僱員就當期及以往期間之僱員服務支付福利，本集團並無法定或推定責任作出進一步供款。供款將會於到期支付時確認為僱員福利費用，且不會全數歸屬供款前離開計劃之僱員所放棄之供款扣減。預付供款按照現金退款或扣減未來付款時確認為資產。

Notes to the Consolidated Financial Statements
綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

2.15 Employee benefits *(Cont'd)*

(d) Long service payments

The Group's net obligation in respect of long service payments to its employees upon the termination of their employment or retirement when the employee fulfils certain circumstances under the Hong Kong Employment Ordinance is the amount of future benefit that employees have earned in return for their service in the current and prior periods.

The obligation is calculated using the projected unit credit method, discounted to its present value and reduced by entitlements accrued under the Group's retirement plans that are attributable to contributions made by the Group. The discount rate is the yield at the balance sheet date on high quality corporate bonds which have terms to maturity approximating the terms of the related liability.

(e) Share-based compensation

The Group operates a share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the estimates of the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

2 重要會計政策摘要*(續)*

2.15 僱員福利*(續)*

(d) 長期服務金

本集團根據香港《僱傭條列》在若干情況下終止聘用僱員或退休而支付之長期服務金所衍生之責任淨額是指僱員現時及以往提供服務所賺取之未來福利。

該責任以預計單位信貸法計算其貼現值，並扣除本集團退休計劃下本集團供款所佔之應計權益。貼現率為到期日與本集團負債期相若之優質企業債券於結算日之孳息率。

(e) 以股份為基礎之補償

本集團設有一項以權益償付、以股份為基礎之補償計劃。僱員為獲取授予購股權而提供之服務之公平值確認為費用。在歸屬期間內將予支銷之總金額參考授予之購股權之公平值釐定，不包括任何非市場既定條件(例如盈利能力和銷售增長目標)之影響。非市場既定條件包括在有關預期可予以行使之認股權數目之假設中。在每個結算日，本集團修訂其對預期可予以行使購股權數目之估計。本集團在損益表確認對原估計修訂(如有)之影響，並對權益作出相應調整。

在購股權行使時，收取之所得款扣除任何直接應佔之交易成本後，撥入股本(面值)和股本溢價。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

2.16 Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.17 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

2 重要會計政策摘要*(續)*

2.16 準備

在出現以下情況時確認準備：本集團因已發生之事件而產生現有之法律或推定責任；較可能需要資源流出以償付責任；及金額已被可靠估計。重組準備包括租賃終止罰款和僱員離職付款。不就未來營運虧損確認準備。

如有多項類似責任，其需要在償付中流出資源之可能性，根據責任之類別整體考慮。即使在同一責任類別所包含之任何一個項目相關之資源流出之可能性極低，仍須確認準備。

準備採用税前利率按照預期需償付有關責任之費用之現值計量，該利率反映當時市場對金錢時間值和有關責任固有風險之評估。隨著時間過去而增加之準備確認為利息開支。

2.17 租賃

如租賃擁有權之重大部份風險和回報由出租人保留，分類為經營租賃。根據經營租賃支付之款項(扣除自出租人收取之任何獎勵金後)於租賃期內以直線法在損益表支銷。

Notes to the Consolidated Financial Statements
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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

2.18 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised as follows:

(a) *Sales of goods*

Sales of goods are recognised when a Group entity has delivered products to the customer, the customer has accepted the products and collectibility of the related receivables is reasonably assured.

Advance payments received from customers prior to delivery of goods are recorded as receipts in advance.

(b) *Rental income*

Rental income is recognised on a straight-line basis.

(c) *Management income*

Revenue from the provision of management service is recognised when the service is rendered.

2 重要會計政策摘要 *(續)*

2.18 收入確認

收入指本集團在通常活動過程中出售貨品及服務之已收或應收代價之公平值。收入在扣除增值稅、退貨、回扣和折扣，以及對銷集團內部銷售後列帳。

當收入之數額能夠可靠計量、未來經濟利益有可能流入有關實體， 而本集團每項活動均符合具體條件時（如下文所述），本集團便會將收入確認。除非與銷售有關之所有或然事項均已解決，否則收入之數額不被視為能夠可靠計量。本集團會根據其往績並考慮客戶類別、交易種類和每項安排之特點作出估計。

收入確認如下：

(a) *貨品銷售*

貨品銷售在本集團實體已將貨品交付予顧客，顧客接收產品後，以及有關應收款之收回可合理確保時確認。

當貨物還未運送給客戶，客戶之預付款被記錄在預收款帳目中。

(b) *租金收入*

租金收入以直線法確認。

(c) *管理費收入*

提供管理服務之收入於服務提供時確認。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

2.18 Revenue recognition *(Cont'd)*

(d) Interest income

Interest income is recognised on a time proportion basis, using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

2.19 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk, and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

2 重要會計政策摘要*（續）*

2.18 收入確認*（續）*

(d) 利息收入

利息收入採用實際利息法按時間比例基準確認。倘應收帳款出現減值，本集團會將帳面值減至可收回款額，即估計之未來現金流量按該工具之原有效利率貼現值，並繼續將貼現計算並確認為利息收入。已減值貸款之利息收入利用原實際利率確認。

2.19 股息分派

向本公司股東分派之股息在股息獲本公司股東批准之期間內於本集團之財務報表內列為負債。

3 財務風險管理

3.1 財務風險因素

本集團之活動承受著多種財務風險：市場風險（包括貨幣風險、公平值利率風險及現金流量利率風險）、信貸風險及流動資金風險。本集團之整體風險管理計劃專注於財務市場之難預測性，並尋求儘量減低對本集團財務表現之潛在不利影響。

Notes to the Consolidated Financial Statements
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3 FINANCIAL RISK MANAGEMENT *(Cont'd)*

3.1 Financial risk factors *(Cont'd)*

(a) Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Most of the Group's operating activities are denominated in United States dollar ("USD"), Hong Kong dollar and Reminbi ("RMB"). Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The Group has not used any forward contracts or currency borrowings to hedge its exposure as foreign currency risk is considered to be minimal.

(ii) Cash flow and fair value interest rate risk

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest rate risk arises from bank borrowings. As at 31 March 2007, most of the Group's borrowings were primarily at floating rates. The Group generally has not used interest rate swaps to hedge its exposure to interest rate risk.

3 財務風險管理 *(續)*

3.1 財務風險因素 *(續)*

(a) 市場風險

(i) 外匯風險

本集團在全球營運，故此承受多種因不同貨幣而產生之外匯風險，本集團大部份之經營活動涉及美元、港幣及人民幣。外匯風險來自未來商業交易、已確認資產和負債以及對國外經營之投資淨額。

本集團沒有利用遠期合約或貨幣借貸對沖外匯風險，因本集團並無重大之外幣風險。

(ii) 現金流量及公平值利率風險

由於本集團並無重大計息資產，故本集團之收入和營運現金流量基本上不受市場利率波動之影響。

本集團之利率風險來自銀行借貸。於二零零七月三月三十一日，借貸主要以浮動利率計算。本集團一般不會以利率掉期合約對沖利息息率之風險。

3 FINANCIAL RISK MANAGEMENT *(Cont'd)*

3.1 Financial risk factors *(Cont'd)*

(b) Credit risk

The carrying amount of trade receivables included in the consolidated balance sheet represents the Group's maximum exposure to credit risk. The Group has put in place policies to ensure that sales of products are made to customers with an appropriate credit history and the Group performs periodic credit evaluations of its customers. The Group's historical experience in collection of trade and other receivables falls within the recorded allowances and the directors are of the opinion that adequate provision for uncollectible trade receivables has been made.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. The directors aim to maintain flexibility in funding by keeping credit lines available.

3.2 Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the balance sheet date.

3 財務風險管理 *(續)*

3.1 財務風險因素 *(續)*

(b) 信貸風險

貿易應收帳之帳面值已包括在綜合資產負債表，代表本集團最大之信貸風險。本集團實施相關政策確保銷售之客戶具有合適之信貸記錄，本集團亦會不時評估客戶之信貸狀況。本集團根據過往經驗收取貿易應收帳及其他應收帳，而本集團董事對於不可收回之貿易應收帳會作出足夠之壞帳準備。

(c) 流動資金風險

審慎之流動資金風險管理指維持充足現金，透過已承諾信貸融資之足夠額度備有資金。本集團董事致力透過已承諾之可用信貸額度維持資金之靈活性。

3.2 公平值估計

在活躍市場買賣之金融工具(例如買賣證券和可供出售證券)之公平值根據結算日之市場報價列帳。本集團持有之財務資產之市場報價為當時買盤價。

沒有在活躍市場買賣之金融工具(例如場外衍生工具)之公平值利用估值技術釐定。本集團利用多種方法，並根據每個結算日當時之市場情況作出假設。長期債務利用類似工具之市場報價或交易商報價釐定。其他技術，例如估計貼現現金流量，用以釐定其餘金融工具之公平值。利率掉期之公平值按估計未來現金流量之現值計算。遠期外匯合約之公平值利用結算日遠期市場匯率釐定。

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3 FINANCIAL RISK MANAGEMENT *(Cont'd)*

3.2 Fair value estimation *(Cont'd)*

The carrying value less impairment provision of trade receivables and payables are a reasonable approximation of their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation for its property, plant and equipment. The estimates are based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. Management will increase the depreciation where useful lives are less than previously estimated lives. It will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in depreciable lives and therefore depreciation expense in future periods.

3 財務風險管理 *(續)*

3.2 公平值估計 *(續)*

貿易應收款和應付款之帳面值減估計信貸調整，被假定接近其公平值。作為披露目的，財務負債公平值之估計按未來合約現金流量以本集團類似金融工具可得當時市場利率貼現計算。

4 關鍵性之會計估計及判斷

估計和判斷會被持續評估，並根據過往經驗和其他因素進行評價，包括在有關情況下相信對未來事件之合理預測。

本集團對未來作出估計和假設。所得之會計估計如其定義，很少會與其實際結果相同。很大機會導致下個財政年度之資產和負債之帳面值作出重大調整之估計和假設討論如下。

(a) 物業、廠房及設備之使用年期

本集團管理層就其物業、廠房及設備釐定估計可使用年期及折舊費用。此估計是根據過往經驗於相同性質及功能之物業、廠房及設備之實際使用年期釐定。當早期估計之使用年期較實際多，管理層會增加折舊費用。已廢棄或售出之非策略性資產會被註銷或撇減。實際之經濟年期可能與估計之使用年期有差異。週期之檢討可能會對將來之年度折舊年期及折舊費用作出調整。

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Cont'd)*

(b) Estimated impairment of receivables

The Group makes provision for impairment of receivables based on an assessment of the recoverability of the receivables. Provisions are applied to receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of impairment of receivables requires the use of judgment and estimates. Where the expectations are different from the original estimates, such differences will impact the carrying value of receivables and loss for the impairment of receivable is recognised in the years in which such estimates have been changed.

(c) Write-downs of inventories

Inventories are written down to net realisable value based on an assessment of the realisability of inventories. Write-downs on inventories are recorded where events or changes in circumstances indicate that the balances may not be realised. The identification of write-downs requires the use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of inventories and write-downs of inventories in the periods in which such estimate has been changed.

(d) Income taxes

The Group is subject to income taxes in certain jurisdictions other than Hong Kong. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

4 關鍵性之會計估計及判斷（續）

(b) 應收帳款之估計減值

本集團根據應收帳款之估計可收回程度就該等應收款計提減值準備。當事件發生或情況改變顯示不可能收回餘款時，則會就應收帳款計提準備。識別應收帳款減值需要作出判斷及估計。當預期金額與原定估計有差異時，則該差異將於該估計出現變動期間內影響應收帳款之帳面值及減值虧損準備。

(c) 撇減存貨

根據存貨變現性之評估撇減存貨至可變現淨值。一旦事件發生或情況改變顯示存貨結餘可能未能變現時將被記錄為撇減。識別撇減需要作出判斷及估計。當預期之金額與原定估計有差異時，則該差異將會於估計改變之期間內影響存貨之帳面值及存貨之撇減。

(d) 所得税

除香港外本集團需要在多個司法權區繳納所得税。在釐定全球所得税準備時，需要作出重大判斷。在一般業務過程中，許多交易和計算所涉及之最終税務釐定都不確定。本集團根據對是否需要繳付額外税款之估計，就預期税務審計項目確認負債。如此等事件之最終税務後果與最初記錄之金額不同，此等差額將影響作出此等釐定期間之所得税和遞延税準備。

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5 SEGMENT INFORMATION

(a) Primary reporting format – business segments

At 31 March 2007, the Group is principally engaged in the manufacture and sale of computer casings, office automation products, moulds, plastic and metal parts (together referred to as "Metal and Plastic Business") and provision of electronic manufacturing services ("EMS Business").

In accordance with the Group's internal financial reporting, the Group has determined that major product segments be presented as the primary reporting format and geographical segments as the secondary reporting format.

The segment results for the year ended 31 March 2007 are as follows:

5 分部資料

(a) 基本報告形式－業務分部

於二零零七年三月三十一日本集團主要從事製造及銷售電腦外殼、辦公室文儀產品、模具、塑膠及金屬部件(統稱「五金塑膠業務」)及提供電子專業代工服務(「電子專業代工業務」)。

依據本集團之內部財務報告，本集團決定以主要產品分部為基本報告格式及以地區分部為次要報告格式呈列。

截至二零零七年三月三十一日年度止之分部業績如下：

		2007 二零零七年			
		Metal and plastic business 五金塑膠業務 HK$'000 千港元	Electronic manufacturing services business 電子專業代工業務 HK$'000 千港元	Others 其他 HK$'000 千港元	Total 合共 HK$'000 千港元
Segment revenues	分部收入				
Total segment revenue	分部收入總額	1,605,146	1,839,112	8,067	3,452,325
Inter-segment revenue	分部間收入	(124,228)	–	–	(124,228)
Revenue	收入	1,480,918	1,839,112	8,067	3,328,097
Segment results	分部業績	132,270	10,057	8,067	150,394
Finance income	財務收入				11,104
Finance costs	財務成本				(23,764)
Profit before taxation	除税前溢利				137,734
Taxation	税項				(12,806)
Profit attributable to equity holders of the Company	本公司股權持有人應佔溢利				124,928

5 SEGMENT INFORMATION *(Cont'd)* 5 分部資料*(續)*

(a) Primary reporting format – business segments *(Cont'd)* (a) 基本報告形式－業務分部*(續)*

		2006 二零零六年			
		Metal and plastic business 五金塑膠業務 HK$'000 千港元	Electronic manufacturing services business 電子專業代工業務 HK$'000 千港元	Others 其他 HK$'000 千港元	Total 合共 HK$'000 千港元
Segment revenues	分部收入				
Total segment revenue	分部收入總額	1,541,151	2,161,313	4,501	3,706,965
Inter-segment revenue	分部間收入	(109,723)	–	–	(109,723)
Revenue	收入	1,431,428	2,161,313	4,501	3,597,242
Segment results	分部業績	161,917	52,122	4,501	218,540
Finance income	財務收入				10,127
Finance costs	財務成本				(24,531)
Profit before taxation	除稅前溢利				204,136
Taxation	稅項				(17,757)
Profit attributable to equity holders of the Company	本公司股權持有人應佔溢利				186,379

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5 SEGMENT INFORMATION *(Cont'd)* 5 分部資料（續）

(a) Primary reporting format – business segments *(Cont'd)* (a) 基本報告形式－業務分部（續）

Other segment items included in the consolidated income statement are as follows:

其他分部項目已包括在綜合損益表內如下：

		2007 二零零七年 Metal and plastic business 五金塑膠業務 HK$'000 千港元	2007 二零零七年 Electronic manufacturing services business 電子專業代工業務 HK$'000 千港元	2007 二零零七年 Total 合共 HK$'000 千港元
Depreciation	折舊	**36,865**	**16,113**	**52,978**
Amortisation	攤銷	**515**	**535**	**1,050**
Provision for/(write-back of provision for) impairment of trade receivables	貿易應收帳減值準備／(準備之回撥)	**548**	**(22)**	**526**
(Write-back of provision for)/provision for inventory obsolescence	陳舊存貨(準備之回撥)／準備	**(15)**	**15**	**–**

		2006 二零零六年 Metal and plastic business 五金塑膠業務 HK$'000 千港元	2006 二零零六年 Electronic manufacturing services business 電子專業代工業務 HK$'000 千港元	2006 二零零六年 Total 合共 HK$'000 千港元
Depreciation	折舊	34,934	14,480	49,414
Amortisation	攤銷	292	322	614
Write-back of provision for impairment of trade receivables	貿易應收帳減值準備之回撥	(3,512)	–	(3,512)
Write-back of provision for inventory obsolescence	陳舊存貨準備之回撥	(18,144)	(13)	(18,157)

5 SEGMENT INFORMATION *(Cont'd)*

(a) Primary reporting format – business segments *(Cont'd)*

The segment assets and liabilities at 31 March 2007 and capital expenditure for the year ended are as follows:

5 分部資料*(續)*

(a) 基本報告形式－業務分部*(續)*

於二零零七年三月三十一日之分部資產和負債以及截至該日止年度之資產費用如下：

		2007 二零零七年		
		Metal and plastic business 五金塑膠業務 HK$'000 千港元	**Electronic manufacturing services business 電子專業代工業務 HK$'000 千港元**	**Total 合共 HK$'000 千港元**
Segment assets	分部資產	**810,922**	**693,229**	**1,504,151**
Unallocated assets	未攤分資產			**117,216**
Total assets	資產總值			**1,621,367**
Segment liabilities	分部負債	**343,308**	**408,351**	**751,659**
Unallocated liabilities	未攤分負債			**313,086**
Total liabilities	負債總值			**1,064,745**
Capital expenditures	資本費用	**53,173**	**38,452**	**91,625**

		2006 二零零六年		
		Metal and plastic business 五金塑膠業務 HK$'000 千港元	Electronic manufacturing services business 電子專業代工業務 HK$'000 千港元	Total 合共 HK$'000 千港元
Segment assets	分部資產	753,964	661,034	1,414,998
Unallocated assets	未攤分資產			157,560
Total assets	資產總值			1,572,558
Segment liabilities	分部負債	327,932	425,467	753,399
Unallocated liabilities	未攤分負債			292,537
Total liabilities	負債總值			1,045,936
Capital expenditures	資本費用	46,296	45,763	92,059

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5 SEGMENT INFORMATION *(Cont'd)*

5 分部資料（續）

(b) Secondary reporting segments – geographical segments

(b) 次要報告形式－地區分部

The Group's revenues are mainly derived from customers located in Japan, Asia (excluding Japan), North America and Western Europe.

本集團之收入地點／國家主要為日本、亞洲（不包括日本）、北美洲及西歐。

		2007 **二零零七年** **HK$'000** **千港元**	2006 二零零六年 HK$'000 千港元
Revenue	**收入**		
Japan	日本	**557,358**	243,253
Asia (excluding Japan)	亞洲（不包括日本）	**1,122,495**	1,498,504
North America	北美洲	**477,525**	600,095
Western Europe	西歐	**1,170,719**	1,255,390
Total	總值	**3,328,097**	3,597,242

Revenue is allocated based on the country in which the final destination of shipment is located.

收入根據最終付運目的地所在國家分配。

		2007 **二零零七年** **HK$'000** **千港元**	2006 二零零六年 HK$'000 千港元
Segment assets	**分部資產**		
Japan	日本	**–**	–
Asia (excluding Japan)	亞洲（不包括日本）	**1,547,598**	1,524,224
North America	北美洲	**25,799**	22,965
Western Europe	西歐	**47,970**	25,369
Total	總值	**1,621,367**	1,572,558

Segment assets are allocated based on where the assets are located.

分部資產根據資產所在地點分配。

5 SEGMENT INFORMATION *(Cont'd)* 5 分部資料*(續)*

(b) Secondary reporting segments – geographical segments *(Cont'd)* (b) 次要報告形式－地區分部*(續)*

		2007 二零零七年 HK$'000 千港元	2006 二零零六年 HK$'000 千港元
Capital expenditure	資本費用		
Japan	日本	**–**	–
Asia (excluding Japan)	亞洲(不包括日本)	**91,596**	92,038
North America	北美洲	**3**	21
Western Europe	西歐	**26**	–
Total	總值	**91,625**	92,059

Capital expenditure is allocated based on where the assets are located.

資本費用根據資產所在地點分配。

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綜合財務報表附註

6 LEASEHOLD LAND AND LAND USE RIGHTS

6 租賃土地及土地使用權

The Group's interests in leasehold land and land use rights represent prepaid operating lease payments and their net book values are analysed as follows:

本集團於租賃土地及土地使用權之權益指預付經營租賃款項，按其帳面淨值分析如下：

		2007 二零零七年 HK$'000 千港元	2006 二零零六年 HK$'000 千港元
Net book amount at beginning of the year	年初帳面淨值	**48,560**	11,868
Addition	添置	**417**	23,866
Transfer from deposits for land use rights	由按金轉移至土地使用權	**–**	13,292
Transfer from construction in progress (Note 7)	由在建工程轉移(附註7)	**–**	148
Amortisation	攤銷	**(1,050)**	(614)
Net book amount at end of the year	年底帳面淨值	**47,927**	48,560
Cost	成本	**52,187**	51,770
Accumulated amortisation	累計攤銷	**(4,260)**	(3,210)
Net book amount at end of the year	年底帳面淨值	**47,927**	48,560
Leases of 10 to 50 years in Hong Kong	香港－租賃由10至50年	**1,091**	1,118
Leases of 10 to 50 years in Mainland China	中國－租賃由10至50年	**45,850**	46,438
Leases of over 50 years in Mainland China	中國－租賃50年以上	**986**	1,004
		47,927	48,560

The leasehold land located in Hong Kong are held under medium-term leases expiring in June 2047. The leasehold land located in Mainland China are held under land use rights of 45 to 57 years expiring in April 2043 to October 2062.

在香港之租賃土地乃根據至二零四七年六月約滿之中期租約而持有。在中國之租賃土地乃根據為期四十五至五十七年(即延至二零四三年四月至二零六二年十月止)之土地使用權而持有。

Certain of the Group's leasehold land use rights in Mainland China with a net book value of approximately HK$1,252,000 (2006 HK$1,283,000) are mortgaged as collateral for the Group's short-term bank loans amounting to approximately HK$7,107,000 (2006: HK$17,391,000) (Note 17).

本集團位於中國之若干租賃土地使用權帳面淨值約1,252,000港元(二零零六年：1,283,000港元)已作為短期銀行貸款約7,107,000港元(二零零六年：17,391,000港元)之抵押(附註17)。

7 PROPERTY, PLANT AND EQUIPMENT 7 物業、廠房及設備

(a) Group (a) 本集團

		Buildings 樓宇 HK$'000 千港元	Construction-in-progress 在建工程 HK$'000 千港元	Leasehold improvements and fixtures 物業裝修 HK$'000 千港元	Machinery 機器 HK$'000 千港元	Moulds and tooling 模具及工具 HK$'000 千港元	Furniture and computer equipment 傢俬及電腦設備 HK$'000 千港元	Total 合共 HK$'000 千港元
At 31 March 2005	**二零零五年三月三十一日**							
Cost	成本	96,543	2,457	52,293	302,454	21,546	38,534	513,827
Accumulated depreciation	累計折舊	(10,581)	–	(22,675)	(215,456)	(18,500)	(33,206)	(300,418)
Net book amount	帳面淨值	85,962	2,457	29,618	86,998	3,046	5,328	213,409
Year ended 31 March 2006	**截至二零零六年三月三十一日止年度**							
Opening net book amount	期初帳面淨值	85,962	2,457	29,618	86,998	3,046	5,328	213,409
Additions	添置	3,746	29,079	2,117	24,616	2,795	5,840	68,193
Transfer to leasehold land and land use rights	轉至租賃土地及土地使用權	–	(148)	–	–	–	–	(148)
Transfer in/(out)	轉入/(出)	2,250	(2,250)	–	–	–	–	–
Disposals	出售	–	–	–	–	–	(2)	(2)
Depreciation	折舊	(8,848)	–	(5,607)	(29,523)	(1,282)	(4,154)	(49,414)
Closing net book amount	期末帳面淨值	83,110	29,138	26,128	82,091	4,559	7,012	232,038
At 31 March 2006	**二零零六年三月三十一日**							
Cost	成本	102,539	29,138	53,397	326,650	21,641	36,587	569,952
Accumulated depreciation	累計折舊	(19,429)	–	(27,269)	(244,559)	(17,082)	(29,575)	(337,914)
Net book amount	帳面淨值	83,110	29,138	26,128	82,091	4,559	7,012	232,038
Year ended 31 March 2007	**截至二零零七年三月三十一日止年度**							
Opening net book amount	期初帳面淨值	83,110	29,138	26,128	82,091	4,559	7,012	232,038
Additions	添置	25,045	14,172	8,362	33,741	3,529	6,359	91,208
Transfer in/(out)	轉入/(出)	30,555	(30,614)	–	–	–	59	–
Disposals	出售	–	–	–	(1,112)	(1)	(5)	(1,118)
Depreciation	折舊	(9,885)	–	(6,473)	(30,460)	(1,550)	(4,610)	(52,978)
Closing net book amount	期末帳面淨值	128,825	12,696	28,017	84,260	6,537	8,815	269,150
At 31 March 2007	**二零零七年三月三十一日**							
Cost	成本	158,139	12,696	61,759	355,981	24,900	41,880	655,355
Accumulated depreciation	累計折舊	(29,314)	–	(33,742)	(271,721)	(18,363)	(33,065)	(386,205)
Net book amount	帳面淨值	128,825	12,696	28,017	84,260	6,537	8,815	269,150

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7 PROPERTY, PLANT AND EQUIPMENT *(Cont'd)*

7 物業、廠房及設備*(續)*

(a) Group *(Cont'd)*

Depreciation expense of HK$50,964,000 (2006: HK$47,307,000) has been taken to cost of sales, and HK$2,014,000 (2006: HK$2,107,000) to general and administrative expenses.

(a) **本集團***(續)*

折舊中50,964,000港元(二零零六年：47,307,000港元)已在銷售成本支銷及2,014,000港元(二零零六年：2,107,000港元)計入一般及行政費用。

(b) Certain of the Group's buildings in Mainland China with a net book value of approximately HK$3,177,000 (2006: HK$5,921,000) are mortgaged as collateral for the Group's short-term bank loans amounting to approximately HK$7,107,000 (2006: HK$17,391,000) (Note 17).

(b) 本集團位於中國之若干樓宇帳面淨值約3,177,000港元(二零零六年：5,921,000港元)已作為短期銀行貸款約7,107,000港元(二零零六年：17,391,000港元)之抵押(附註17)。

(c) The Group's interests in buildings at their net book values are analysed as follows:

(c) 本集團在樓宇之權益按其帳面淨值分析如下：

		2007 **二零零七年** **HK$'000** **千港元**	2006 二零零六年 HK$'000 千港元
Buildings in Hong Kong, held on leases of between 10 to 50 years	於香港持有樓宇 10至50年期之租賃	**2,251**	2,329
Buildings in Mainland China, held on leases of between 10 to 50 years	於中國持有樓宇 10至50年期之租賃	**123,994**	78,147
Buildings in Mainland China, held on leases of over 50 years	於中國持有樓宇 多過50年期之租賃	**2,580**	2,634
		128,825	83,110

8 INVESTMENT IN SUBSIDIARIES

8 於附屬公司之投資

		Company 本公司	
		2007 二零零七年 HK$'000 千港元	2006 二零零六年 HK$'000 千港元
Unlisted shares, at cost	非上市股份之成本值	**193,285**	193,285
Less: Provision for impairment of investment in subsidiaries	減：於附屬公司之投資減值準備	**(3,087)**	(3,087)
		190,198	190,198
Amounts due from subsidiaries	應收附屬公司款項	**213,297**	225,394
		403,495	415,592

Amounts due from subsidiaries represent funding by the Company to the respective subsidiaries and are denominated in HK dollars.

應收附屬公司款項代表本公司注資於各附屬公司及以港幣為單位。

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8 INVESTMENT IN SUBSIDIARIES *(Cont'd)*

8 於附屬公司之投資 *(續)*

Particulars of the principal subsidiaries as at 31 March 2007 are:

於二零零七年三月三十一日主要附屬公司之資料：

Name 名稱	Place of incorporation/ establishment and types of legal entity 註冊成立地點及法定實體類別	Principal activities and place of operation 主要業務及經營地點	Particulars of issued/registered share capital 已發行及註冊股本	Interest held 權益持有
Karrie International (B.V.I.) Limited	The British Virgin Islands, limited liability company 英屬處女群島，有限責任公司	Investment holding in the British Virgin Islands 投資控股，英屬處女群島	Ordinary US$100 普通股100美元	100%
Castfast Industrial Company Limited 嘉輝塑膠五金有限公司	Hong Kong, limited liability company 香港，有限責任公司	Plastic injection moulding operations in Hong Kong 塑膠注模經營，香港	Ordinary HK$100 普通股100港元	100%
			Non-voting deferred (ii) HK$990,200 無投票權遞延股(ii) 990,200港元	–
Castfast Industrial (Yan Tien) Limited 雁田嘉輝塑膠五金廠有限公司	Hong Kong, limited liability company 香港，有限責任公司	Manufacture of computer casings, office automation products, moulds and plastic and metal parts; provision of electronic manufacturing services, property holding and investment holding in Mainland China 製造電腦外殼、辦公室文儀產品、模具及塑膠與金屬部件；提供電子專業代工服務，持有物業及投資控股，中國	Ordinary HK$100 普通股100港元	100%
			Non-voting deferred (ii) HK$10,000 無投票權遞延股(ii) 10,000港元	–

8 INVESTMENT IN SUBSIDIARIES *(Cont'd)* 8 於附屬公司之投資 *(續)*

Name 名稱	Place of incorporation/ establishment and types of legal entity 註冊成立地點及法定實體類別	Principal activities and place of operation 主要業務及經營地點	Particulars of issued/registered share capital 已發行及註冊股本	Interest held 權益持有
Castfast Magnetics Moulding Limited 嘉輝磁電工模廠有限公司	Hong Kong, limited liability company 香港，有限責任公司	Manufacture of plastic injection moulds and metal stamping dies in Hong Kong 製造注塑模具及金屬沖壓模具，香港	Ordinary HK$10 普通股10港元 Non-voting deferred (ii) HK$30,000 無投票權遞延股(ii) 30,000港元	100% –
Dongguan Yanxun Electronics Company Limited (iii) 東莞雁訊電子有限公司(iii)	Mainland China, sino-foreign joint venture 中國，中外合資企業	Manufacture of computer casings, video cassette housings, office automation products and plastic and metal parts in Mainland China 製造電腦外殼、錄影帶外殼、辦公室文儀產品及塑膠及金屬部件，中國	Registered capital HK$4,500,000 註冊資本 4,500,000港元	85%
Hong Kong Hung Hing Metal Manufacturing Company Limited 香港雄興金屬製品有限公司	Hong Kong, limited liability company 香港，有限責任公司	Manufacture and sale of metal parts in Hong Kong 製造及銷售金屬部件，香港	Ordinary HK$100 普通股100港元 Non-voting deferred (ii) HK$250,000 無投票權遞延股(ii) 250,000港元	100% –

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8 INVESTMENT IN SUBSIDIARIES *(Cont'd)* 8 於附屬公司之投資 *(續)*

Name 名稱	Place of incorporation/ establishment and types of legal entity 註冊成立地點及法定實體類別	Principal activities and place of operation 主要業務及經營地點	Particulars of issued/registered share capital 已發行及註冊股本	Interest held 權益持有
Karrie Industrial Company Limited 嘉利產品有限公司	Hong Kong, limited liability company 香港，有限責任公司	Manufacture and sale of video cassette housings, sale of computer casings and office automation products, plastic and metal parts, metal stamping dies, plastic injection moulds and provision of electronic manufacturing services in Hong Kong 製造及銷售錄影帶外殼；銷售電腦外殼、辦公室文儀產品、塑膠及金屬部件、金屬沖壓模具及塑膠注模及提供電子專業代工服務，香港	Ordinary HK$1,000 普通股1,000港元 Non-voting deferred (ii) HK$5,000,000 無投票權遞延股(ii) 5,000,000港元	100% –
Karwin Engineering Company Limited 嘉運機械工程有限公司	Hong Kong, limited liability company 香港，有限責任公司	Design, manufacture and sale of computer casings, office automation products; manufacture and sale of plastic and metal parts, metal stamping dies, plastic injection moulds and provision of electronic manufacturing services in Hong Kong 設計、製造及銷售電腦外殼及辦公室文儀產品；銷售塑膠及金屬部件、金屬沖壓模具及塑膠注模及提供電子專業代工服務，香港	Ordinary HK$10 普通股10港元 Non-voting deferred (ii) HK$100 無投票權遞延股(ii) 100港元	100% –

8 INVESTMENT IN SUBSIDIARIES *(Cont'd)* 8 於附屬公司之投資 *(續)*

Name 名稱	Place of incorporation/ establishment and types of legal entity 註冊成立地點及法定實體類別	Principal activities and place of operation 主要業務及經營地點	Particulars of issued/registered share capital 已發行及註冊股本	Interest held 權益持有
Karwin Technologies Incorporation	The United States of America, limited liability company 美國，有限責任公司	Provision of consultancy services to group companies in the United States of America 提供顧問服務予本集團公司，美國	Ordinary US$100 普通股100美元	100%
Kings Horse Investment Limited 勁馬投資有限公司	Hong Kong, limited liability company 香港，有限責任公司	Property holding in Hong Kong 持有物業，香港	Ordinary HK$10 普通股10港元 Non-voting deferred (ii) HK$10,000 無投票權遞延股(ii) 10,000港元	100% –
Karrie Technologies Company Limited 嘉利環球科技有限公司	Hong Kong, limited liability company 香港，有限責任公司	Provision of electronic manufacturing services in Hong Kong 提供電子專業代工服務，香港	Ordinary HK$30,000,000 普通股30,000,000港元	100%
Kings Dragon Investment (HK) Limited 勁龍投資(香港)有限公司	Hong Kong, limited liability company 香港，有限責任公司	Investment holding in Hong Kong 投資控股，香港	Ordinary HK$2 普通股2港元	100%
Karpo Technologies Limited 嘉寶科技有限公司	Hong Kong, limited liability company 香港，有限責任公司	Investment holding in Hong Kong 投資控股，香港	Ordinary HK$1,000 普通股1,000港元	100%
Kwong Hing Computer Metallic Components Limited 廣興電腦金屬配件有限公司	Hong Kong, limited liability company 香港，有限責任公司	Property holding in Mainland China 持有物業，中國	Ordinary HK$100 普通股100港元 Non-voting deferred (ii) HK$1,250,010 無投票權遞延股(ii) 1,250,010港元	100%

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8 INVESTMENT IN SUBSIDIARIES *(Cont'd)* 8 於附屬公司之投資*(續)*

Name 名稱	Place of incorporation/ establishment and types of legal entity 註冊成立地點及法定實體類別	Principal activities and place of operation 主要業務及經營地點	Particulars of issued/registered share capital 已發行及註冊股本	Interest held 權益持有
東莞嘉寶電子實業有限公司	Mainland China, wholly-owned foreign enterprise 中國，全資擁有外國企業	Investment holding in Mainland China 投資控股，中國	Registered capital HK$24,000,000/ paid in capital HK$5,000,000 註冊資本 24,000,000港元／已繳資本 5,000,000港元	100%

Note:

(i) The shares of Karrie International (BVI) Limited are held directly by the Company. The shares of other subsidiaries are held indirectly.

(ii) The non-voting deferred shares are not owned by the Group. These shares have no voting rights, are not entitled to dividends, and are not entitled to distributions upon winding up unless a sum of HK$200,000,000,000 has been distributed by the relevant companies to holders of the ordinary shares.

(iii) Dongguan Yanxun Electronics Company Limited ("DYECL") is a co-operative joint venture established in Mainland China with an operating period of 15 years up to May 2010. Pursuant to an agreement dated 24 October 1995, the Mainland China joint venture partner of DYECL (the "joint venture partner") has agreed to waive its entitlement to share the profit of DYECL in return for a pre-determined annual fee. Upon expiry of the operating period, the Group and the joint venture partner are entitled to a distribution of assets in accordance with their respective equity interests.

None of the subsidiaries had any loan capital in issue at any time during the year ended 31 March 2007.

附註：

(i) Karrie International (B.V.I.) Limited 之股份乃本公司直接持有。其他附屬公司之股份乃本公司間接持有。

(ii) 無投票權遞延股份並非由本集團所擁有。這些股份無投票權，亦無權分享股息。除非相關公司在清盤時向其普通股東派發之總額超過200,000,000,000港元；否則該等股份無權分享任何分派。

(iii) 東莞雁訊電子有限公司(「東莞雁訊」)乃於中國成立之合資企業，其合營期為十五年，於二零一零年五月屆滿。根據一份於一九九五年十月二十四日簽定之協議，東莞雁訊之中方合夥人同意放棄其分享東莞雁訊溢利之權益，以換取一項預定之年費。到合營期終止時，本集團與中方合夥人可獲得按各權益而分攤之資產。

於截至二零零七年三月三十一日止年度內各附屬公司均無任何已發行之借貸資本。

9 INTEREST IN ASSOCIATED COMPANIES 9 於聯營公司之權益

		2007 二零零七年 HK$'000 千港元	2006 二零零六年 HK$'000 千港元
Unlisted shares, at cost	非上市股份之成本值	**12,000**	12,000
Share of net assets	分攤資產淨值		
Beginning of the year	年初	**–**	–
Share of loss of associated companies	分攤聯營公司之虧損	**–**	–
End of the year	年底	**–**	–
Due from associated companies	應收聯營公司帳款	**8,770**	1,874
Less: Provision for amount due from associated companies	減：應收聯營公司帳款之準備	**–**	(1,874)
		8,770	–

The outstanding balances with the associated companies are unsecured, non-interest bearing and repayable on demand and denominated in HK dollars.

該些聯營公司尚未償還之帳款為無抵押，不計利息，並在要求時償還，及以港幣為單位。

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9 INTEREST IN ASSOCIATED COMPANIES *(Cont'd)*

9 於聯營公司之權益 *(續)*

Particulars of the associated companies indirectly held by the Company at 31 March 2007 are as follows:

於二零零七年三月三十一日本公司間接持有之聯營公司之資料：

Name 名稱	Place of incorporation/ establishment and kind of legal entity 註冊／成立地點及法定實體類別	Principal activities and place of operation 主要業務及經營地點	Particulars of issued/registered share capital 已發行及／註冊股本	Interest held 權益持有
NEC Nagano Karrie Electronics Limited 長野日本電氣嘉利電子有限公司	Hong Kong, limited liability company 香港，有限責任公司	Trading of scanner module and inverter in Hong Kong 經營掃瞄器組件及用換流器，香港	Ordinary HK$20,000,000 普通股20,000,000港元	30%
Dongguan Naganichi Karrie Electronics Limited 東莞長嘉電子有限公司	Mainland China, sino-foreign joint venture 中國，中外合資企業	Inactive in Mainland China 暫無營業，中國	Registered capital HK$29,600,000 註冊資本 29,600,000港元	30%

The shares of NEC Nagano Karrie Electronics Limited are indirectly held by the Company. Dongguan Naganichi Karrie Electronics Limited is a wholly-owned subsidiary of NEC Nagano Karrie Electronics Limited.

長野日本電氣嘉利電子有限公司之股份乃本公司間接持有。東莞長嘉電子有限公司乃長野日本電氣嘉利電子有限公司之全資附屬公司。

10 TRADE RECEIVABLES

10 貿易應收帳款

		2007 **二零零七年** **HK$'000** **千港元**	2006 二零零六年 HK$'000 千港元
Trade receivables	貿易應收帳款	**619,352**	613,109
Less: Provision for impairment of trade receivables	減：貿易應收帳款減值準備	**(8,502)**	(8,011)
		610,850	605,098

10 TRADE RECEIVABLES *(Cont'd)*

The Group generally grants credit periods ranging from 30 to 120 days. Aging analysis of trade receivables is as follows:

10 貿易應收帳款 *(續)*

本集團一般給予客戶之數期由30日至120日。貿易應收帳之帳齡分析如下：

		2007 二零零七年 HK$'000 千港元	2006 二零零六年 HK$'000 千港元
0 to 90 days	0至90日	**544,029**	557,023
91 to 180 days	91至180日	**20,699**	42,726
181 to 360 days	181至360日	**51,388**	12,477
Over 360 days	360日以上	**3,236**	883
		619,352	613,109

The carrying amounts of trade receivables approximate their fair values.

There is a concentration of credit risk with respect to trade receivables as the Group's sales are made primarily to few key customers. As at 31 March 2007, the trade receivables from five largest customers accounted for approximately 85% (2006: 86%) of the above total trade receivables.

The Group has made a provision for impairment of trade receivables of HK$526,000 during the year ended 31 March 2007 (2006: write-back the provision of HK$ 3,512,000). Such provision was included in general and administration expenses in the consolidated income statement.

貿易應收帳款之帳面價值與其公平價值相近。

因本集團業務集中在數個主要之客戶，故本集團需要面對集中信貸之風險。於二零零七年三月三十一日，五大客戶之貿易應收帳款佔以上總貿易應收帳款約85%（二零零六年：86%）。

截至二零零七年三月三十一日止年度內，本集團貿易應收帳款減值準備為526,000港元（二零零六年：準備之回撥為3,512,000港元），該減值準備已包括於一般及行政費用內，並在綜合損益表支銷。

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10 TRADE RECEIVABLES *(Cont'd)*

10 貿易應收帳款 *(續)*

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

本集團之貿易應收帳款之帳面值以下列貨幣為單位：

		2007 二零零七年 HK$'000 千港元	2006 二零零六年 HK$'000 千港元
HK dollar	港幣	**8,758**	17,550
US dollar	美元	**602,594**	591,063
Singapore dollar	星加坡幣	**8,000**	4,496
		619,352	613,109

11 INVENTORIES

11 存貨

		2007 二零零七年 HK$'000 千港元	2006 二零零六年 HK$'000 千港元
Raw materials	原材料	**190,776**	158,240
Work-in-progress	半製成品	**39,472**	47,490
Finished goods	製成品	**144,726**	134,098
		374,974	339,828

The cost of inventories recognised as expense and included in cost of sales amounted to HK$2,689,656,000 (2006: HK$2,951,062,000).

存貨成本確認為費用並列入銷售成本之金額為2,689,656,000港元（二零零六年：2,951,062,000港元）。

During the year, the Group did not make any provision for slowing-moving inventories. In 2006, a provision of HK$18,157,000 was written back.

本集團於本年度沒有增加或回撥陳舊及滯銷存貨準備（二零零六年：準備之回撥為18,157,000港元）。

12 PLEDGED BANK DEPOSITS/CASH AND BANK BALANCES

12 抵押之銀行存款／現金及銀行結存

As at 31 March 2007, Group's bank deposit of HK$6,359,000 (2006: Nil) was pledged as collateral for certain bank facilities of the Group.

於二零零七年三月三十一日，本集團之銀行存款港幣6,359,000元（二零零六年：無）已抵押予若干銀行作取得銀行之融資。

		Group 本集團		Company 本公司	
		2007 二零零七年 HK$'000 千港元	2006 二零零六年 HK$'000 千港元	**2007 二零零七年 HK$'000 千港元**	2006 二零零六年 HK$'000 千港元
Cash at bank and on hand	銀行存款及現金	**52,308**	56,468	**118**	215
Short-term bank deposits	短期銀行存款	**214,972**	266,998	**–**	–
		267,280	323,466	**118**	215
Denominated in:	貨幣單位為：				
HK dollar	港幣	**6,666**	22,529	**118**	215
US dollar	美元	**246,417**	290,278	**–**	–
Renminbi	人民幣	**2,819**	5,144	**–**	–
Japanese Yen	日元	**1,020**	3,297	**–**	–
Singapore dollar	星加坡幣	**10,096**	506	**–**	–
Others	其他貨幣	**262**	1,712	**–**	–
		267,280	323,466	**118**	215

The effective interest rate on short-term bank deposits, with maturity ranging from 1 to 3 months, was 4.45% (2006: 4.54%) per annum during the year ended 31 March 2007. Cash at bank earns interest at floating rates based on daily bank deposit rates.

截至二零零七年三月三十一日止年度內，到期日為一至三個月之短期銀行存款之實際利率為4.45%（二零零六年：4.54%）。銀行存款利息收入以每日銀行存款利率以浮息計算。

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12 PLEDGED BANK DEPOSITS/CASH AND BANK BALANCES *(Cont'd)*

12 抵押之銀行存款／現金及銀行結存 *(續)*

For the purposes of the cash flow statement, cash and cash equivalent and bank overdrafts comprise the followings:

就現金流量表而言，現金、現金等值及銀行透支包括下列項目：

		Group 本集團		Company 本公司	
		2007 二零零七年 HK$'000 千港元	2006 二零零六年 HK$'000 千港元	**2007 二零零七年 HK$'000 千港元**	2006 二零零六年 HK$'000 千港元
Cash and bank balances	現金及銀行結存	**267,280**	323,466	**118**	215
Bank overdrafts	銀行透支	**(135)**	(92)	**–**	–
		267,145	323,374	**118**	215

13 SHARE CAPITAL

13 股本

		2007 二零零七年		2006 二零零六年	
		Number of shares 股份數目 '000 千	**Nominal value 面值 HK$'000 千港元**	Number of shares 股份數目 '000 千	Nominal value 面值 HK$'000 千港元
Authorised:	法定股本：				
Ordinary shares of HK$0.1 each	普通股每股面值10港仙	**800,000**	**80,000**	800,000	80,000
Issued and fully paid:	已發行及已繳足股本：				
Ordinary shares of HK$0.1 each	普通股每股面值10港仙				
Beginning of the year	年初	**410,512**	**41,051**	407,766	40,777
Issued of shares upon exercise of share options (Note 14)	行使購股權而發行之股份（附註14）	**1,772**	**177**	2,746	274
End of the year	年底	**412,284**	**41,228**	410,512	41,051

All the new ordinary shares issued by the Company in the year rank pari passu with the then existing shares of the Company in all respects.

本公司於本年新發行之普通股在各方面跟現有股份相同。

14 SHARE OPTIONS

With effect from May 2002, the Company has adopted a new share option scheme, under which it may grant options to employees of the Group (including executive directors of the Company) and other third parties (as stipulated in the agreement of the Share Option Agreement as dated 21 May 2002) to subscribe for shares in the Company, subject to a maximum of 30% of the nominal value of the issued share capital of the Company from time to time excluding for this purpose any shares issued on the exercise of options. The exercise price will be determined by the Company's Board of Directors and shall at least be the highest of (i) the closing price of the Company's shares on the date of grant of the options, (ii) an average closing price of the Company's shares for the five trading days immediately preceding the date of grant of the options, and (iii) the nominal value of the Company's shares of HK$0.1 each.

Unless otherwise determined by the Board at its sole discretion, there is no requirement of a minimum period for which an option must be held or a performance target which must be achieved before an option can be exercised.

No options have been granted to employees and directors of the Company during the year ended 31 March 2007 (2006: Nil).

14 購股權

本公司於二零零二年五月採用一項新購股權計劃，可據此向本集團之僱員(包括本公司之執行董事)及第三者(於二零零二年五月二十一日之購股權計劃之規定)授出購股權以便認購本公司之股份，惟最多以本公司當時已發行股本面值(不包括因行使購股權而發行之股份)30%為限。該購股權行使價將由本公司之董事會釐定，以(i)本公司股份於購股權授予日之收市價；(ii)緊接授予購股權日前五個交易日本公司股份之平均收市價；及(iii)本公司股份之面值每股10港仙，三者以較高者為準。

除董事會酌情考慮外，行使購股權時並無任何最少持有期限或工作表現目標要求之規限。

本公司截至二零零七年三月三十一日止年度內沒有向僱員及董事授出購股權(二零零六年：無)。

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14 SHARE OPTIONS *(Cont'd)*

Details of movement of share options under the old and new share option schemes during the year ended 31 March 2007 were:

14 購股權 *(續)*

新舊購股權計劃之購股權於截至二零零七年三月三十一日止年度之變動詳情：

Date of grant 授出日期	Exercise period 行使期限	Subscription price 購股價格 HK$ 港元	Number of shares 購股權數目 Beginning of year 年初 '000 千	Granted during the year 本年度已授出 '000 千	Exercised during the year 本年度已行使 '000 千	Lapsed as a result of termination of employment 由於終止聘用而失效 '000 千	End of year 年底 '000 千
Old share option scheme 舊購股權計劃							
20 September 2000 二零零零年九月二十日	20 September 2000 to 30 November 2006 二零零零年九月二十日至二零零六年十一月三十日	0.300	820	–	(500)	(320)	–
New share option scheme 新購股權計劃							
22 May 2002 二零零二年五月二十二日	22 May 2002 to 21 May 2012 二零零二年五月二十二日至二零一二年五月二十一日	1.300	200	–	–	(100)	100
1 November 2002 二零零二年十一月一日	1 January 2003 to 31 October 2012 二零零三年一月一日至二零一二年十月三十一日	1.650	3,570	–	(550)	–	3,020
1 December 2003 二零零三年十二月一日	1 January 2006 to 30 November 2013 二零零六年一月一日至二零一三年十一月三十日	2.475	8,678	–	(562)	(400)	7,716
27 April 2004 二零零四年四月二十七日	1 January 2005 to 26 April 2014 二零零五年一月一日至二零一四年四月二十六日	1.900	3,136	–	(160)	(80)	2,896
1 February 2005 二零零五年二月一日	1 January 2006 to 31 January 2015 二零零六年一月一日至二零一五年一月三十一日	3.150	4,890	–	–	(270)	4,620
7 February 2005 二零零五年二月七日	1 July 2005 to 6 February 2015 二零零五年七月一日至二零一五年二月六日	3.350	11,400	–	–	–	11,400
			32,694	–	(1,772)	(1,170)	29,752

14 SHARE OPTIONS *(Cont'd)*

Details of movement of share options under the old and new share option schemes during the year ended 31 March 2006 were:

14 購股權 *(續)*

新舊購股權計劃之購股權於截至二零零六年三月三十一日止年度之變動詳情：

Date of grant 授出日期	Exercise period 行使期限	Subscription price 購股價格 HK$ 港元	Number of shares 購股權數目 Beginning of year 年初 '000 千	Granted during the year 本年度已授出 '000 千	Exercised during the year 本年度已行使 '000 千	Lapsed as a result of termination of employment 由於終止聘用而失效 '000 千	End of year 年底 '000 千
Old share option scheme **舊購股權計劃**							
20 September 2000 二零零零年九月二十日	20 September 2000 to 30 November 2006 二零零零年九月二十日至二零零六年十一月三十日	0.300	820	–	–	–	820
New share option scheme **新購股權計劃**							
22 May 2002 二零零二年五月二十二日	22 May 2002 to 21 May 2012 二零零二年五月二十二日至二零一二年五月二十一日	1.300	400	–	(200)	–	200
1 November 2002 二零零二年十一月一日	1 January 2003 to 31 October 2012 二零零三年一月一日至二零一二年十月三十一日	1.650	5,450	–	(1,880)	–	3,570
1 December 2003 二零零三年十二月一日	1 August 2005 to 30 November 2013 二零零五年八月一日至二零一三年十一月三十日	2.475	11,860	–	(120)	(3,062)	8,678
27 April 2004 二零零四年四月二十七日	1 January 2005 to 26 April 2014 二零零五年一月一日至二零一四年四月二十六日	1.900	3,742	–	(546)	(60)	3,136
1 February 2005 二零零五年二月一日	1 January 2006 to 31 January 2015 二零零六年一月一日至二零一五年一月三十一日	3.150	5,450	–	–	(560)	4,890
7 February 2005 二零零五年二月七日	1 July 2005 to 6 February 2015 二零零五年七月一日至二零一五年二月六日	3.350	11,400	–	–	–	11,400
			39,122	–	(2,746)	(3,682)	32,694

Out of the 29,752,000 outstanding options (2006: 32,694,000), 20,864,000 options (2006: 14,738,000) were exercisable. Options exercised in 2007 resulted in 1,772,000 (2006: 2,746,000) shares being issued at an average exercise price of HK$1.55 (2006: HK$1.71). The related weighted average share price at the time of exercise was HK$2.94 (2006: HK$3.27) per share.

在29,752,000未行使之購股權中（二零零六年：32,694,000），20,864,000（二零零六年：14,738,000）購股權可予行使。在二零零七年行使之購股權導致按每股1.55港元（二零零六年：1.71港元）發行1,772,000股份（二零零六年：2,746,000股份）。在行使時有關之加權平均股價為每股2.94港元（二零零六年：3.27港元）。

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15 OTHER RESERVES

15 其他儲備

(a) Group

(a) 本集團

		Share premium 股份溢價 HK$'000 千港元	Capital reserve 資本儲備 HK$'000 千港元	Capital redemption reserve 資本贖回儲備 HK$'000 千港元	Share-based compensation reserve 以股權支付之酬金儲備 HK$'000 千港元	Total 合共 HK$'000 千港元
Balance at 1 April 2005	二零零五年四月一日之結餘	79,814	5,900	449	5,486	91,649
Employee share option scheme – value of employee services	僱員購股權計劃－僱員服務之價值	–	–	–	7,311	7,311
Transfer to retained earnings upon lapse of share options	購股權失效而轉至保留溢利	–	–	–	(1,460)	(1,460)
Issue of shares upon exercise of share options	行使購股權而發行之股份	4,422	–	–	–	4,422
Transfer to share premium upon exercise of share options	行使購股權而轉至股份溢價	679	–	–	(679)	–
Balance as at 31 March 2006	二零零六年三月三十一日之結餘	84,915	5,900	449	10,658	101,922
Balance at 1 April 2006	二零零六年四月一日之結餘	84,915	5,900	449	10,658	101,922
Employee share option scheme – value of employee services	僱員購股權計劃－僱員服務之價值	–	–	–	3,328	3,328
Transfer to retained earnings upon lapse of share options	購股權失效而轉至保留溢利	–	–	–	(321)	(321)
Issue of shares upon exercise of share options	行使購股權而發行之股份	2,576	–	–	–	2,576
Transfer to share premium upon exercise of share options	行使購股權而轉至股份溢價	325	–	–	(325)	–
Balance as at 31 March 2007	二零零七年三月三十一日之結餘	87,816	5,900	449	13,340	107,505

15 OTHER RESERVES *(Cont'd)*

15 其他儲備（*續*）

(b) Company

(b) 本公司

		Share premium 股份溢價 HK$'000 千港元	Capital redemption reserve 資本贖回儲備 HK$'000 千港元	Contributed surplus 繳入盈餘 HK$'000 千港元	Share-based compensation reserve 以股權支付之酬金儲備 HK$'000 千港元	Total 合共 HK$'000 千港元
Balance at 1 April 2005	二零零五年四月一日之結餘	79,814	449	193,185	5,486	278,934
Employee share option scheme – value of employee services	僱員購股權計劃 －僱員服務之價值	–	–	–	7,311	7,311
Transfer to retained earnings upon lapse of share options	購股權失效而轉至保留溢利	–	–	–	(1,460)	(1,460)
Issue of shares upon exercise of share options	行使購股權而發行之股份	4,422	–	–	–	4,422
Transfer to share premium upon exercise of share options	行使購股權而轉至股份溢價	679	–	–	(679)	–
Balance as at 31 March 2006	二零零六年三月三十一日之結餘	84,915	449	193,185	10,658	289,207
Balance at 1 April 2006	二零零六年四月一日之結餘	84,915	449	193,185	10,658	289,207
Employee share option scheme – value of employee services	僱員購股權計劃 －僱員服務之價值	–	–	–	3,328	3,328
Transfer to retained earnings upon lapse of share options	購股權失效而轉至保留溢利	–	–	–	(321)	(321)
Issue of shares upon exercise of share options	行使購股權而發行之股份	2,576	–	–	–	2,576
Transfer to share premium upon exercise of share options	行使購股權而轉至股份溢價	325	–	–	(325)	–
Balance as at 31 March 2007	二零零七年三月三十一日之結餘	87,816	449	193,185	13,340	294,790

Under the Companies Act 1981 of Bermuda (as amended), contributed surplus is distributable to shareholders, subject to the condition that the company cannot declare or pay a dividend, or make a distribution out of contributed surplus if (i) it is, or would after the payment be, unable to pay its liabilities as they become due, or (ii) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium account.

根據百慕達一九八一年公司法案（修訂），繳入盈餘可供分派予股東，但如果支付股息後(i)本公司不能支付到期負債，或(ii)其資產之可變現價值將會因而少於其債項及其已發行股本以及股份溢價之合計總額，則本公司不可宣佈、支付或分派，或從繳入盈餘作出分派。

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16 TRADE AND BILLS PAYABLES

16 貿易應付帳款及票據

Aging analysis of trade and bills payables is as follows:

貿易應付帳款及票據之帳齡分析如下：

		2007 二零零七年 HK$'000 千港元	2006 二零零六年 HK$'000 千港元
0 to 90 days	0至90日	**416,870**	408,745
91 to 180 days	91至180日	**20,046**	16,836
181 to 360 days	181至360日	**10,914**	2,871
Over 360 days	360日以上	**3,775**	1,544
		451,605	429,996

The carrying amounts of the Group's trade and bills payables are denominated in the following currencies:

本集團之貿易應付帳款及票據之帳面值以下列貨幣為單位：

		2007 二零零七年 HK$'000 千港元	2006 二零零六年 HK$'000 千港元
HK dollar	港幣	**97,043**	96,444
US dollar	美元	**299,067**	294,483
Renminbi	人民幣	**52,571**	30,451
Euro	歐羅	**2,043**	5,958
Japanese Yen	日元	**531**	2,293
Others	其他貨幣	**350**	367
		451,605	429,996

17 BORROWINGS 17 借貸

		2007 二零零七年 HK$'000 千港元	2006 二零零六年 HK$'000 千港元
Non-current	非流動		
Long-term bank borrowings, secured	長期銀行借貸，有抵押	**90,875**	148,625
Current	流動		
Bank overdrafts	銀行透支	**135**	92
Trust receipt loans	信託收據貸款	**142,210**	181,084
Short-term bank borrowings	短期銀行借貸	**117,607**	47,491
Current portion of long-term bank borrowings, secured	長期銀行借貸之即期部份，有抵押	**57,750**	57,750
		317,702	286,417
Total borrowings	總借貸	**408,577**	435,042

(a) The maturity of the Group's borrowings is as follows:

(a) 本集團借貸之到期日如下：

		Long-term bank borrowings 長期銀行借貸		Short-term bank borrowings and bank overdrafts 短期銀行借貸及銀行透支		Trust receipt loans 信託收據貸款	
		2007 二零零七年 HK$'000 千港元	2006 二零零六年 HK$'000 千港元	2007 二零零七年 HK$'000 千港元	2006 二零零六年 HK$'000 千港元	2007 二零零七年 HK$'000 千港元	2006 二零零六年 HK$'000 千港元
Within 1 year	一年內	**57,750**	57,750	**117,742**	47,583	**142,210**	181,084
Between 1 and 2 years	一年至兩年	**45,875**	57,750	**–**	–	**–**	–
Between 2 and 5 years	兩年至五年	**45,000**	90,875	**–**	–	**–**	–
Wholly repayable within 5 years	於五年內全數償還	**148,625**	206,375	**117,742**	47,583	**142,210**	181,084

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17 BORROWINGS *(Cont'd)*

17 借貸 *(續)*

(b) The average effective interest rates of the Group's bank borrowings at the balance sheet date are as follows:

(b) 本集團於結算日之銀行借貸平均實際利率如下：

		2007 二零零七年	2006 二零零六年
Long-term bank borrowings, at floating rate	長期銀行借貸，浮息率	**4.92%**	5.04%
Short-term bank borrowings, at fixed rate	短期銀行借貸，定息率	**5.94%**	5.58%
Short-term bank borrowings, at floating rate	短期銀行借貸，浮息率	**5.24%**	5.36%
Trust receipt loans	信託收據貸款	**5.13%**	5.11%
Bank overdrafts	銀行透支	**7.96%**	8.04%

(c) The carrying amounts of the borrowings are denominated in the following currencies:

(c) 借貸之帳面金額以下列貨幣為單位：

		2007 二零零七年 HK$'000 千港元	2006 二零零六年 HK$'000 千港元
HK dollar	港幣	**401,470**	417,651
Renminbi	人民幣	**7,107**	17,391
		408,577	435,042

The carrying amounts of the borrowings approximate their fair values.

借貸之帳面金額與其公平值相近。

Short-term bank borrowings of approximately HK$7,107,000 (2006: HK$17,391,000) were secured by certain of the Group's leasehold land and land use rights and buildings in Mainland China with a net book value of approximately HK$4,429,000 (2006: HK$7,204,000). Other short-term bank borrowings are secured by the corporate guarantees provided by the Company and certain of its subsidiaries (Note 30).

約7,107,000港元(二零零六年：17,391,000港元)之短期銀行借貸是以本集團於國內租賃土地、土地使用權及樓宇作為抵押，而有關資產淨帳面值約為4,429,000港元(二零零六年：7,204,000港元)。其他短期銀行借貸是以本公司及其若干附屬公司之公司擔保作為抵押(附註30)。

18 DEFERRED TAXATION

Deferred taxation is calculated in full on temporary differences under the liability method using a principal taxation rate of 17.5% (2006: 17.5%).

The deferred tax assets and liabilities are offset when there is a legally enforceable right to set off and when the deferred income taxes relate to the same tax jurisdiction. The following amounts, determined after appropriate offsetting, are shown in the consolidated balance sheet:

18 遞延税項

遞延税項採用負債法就暫時差異按主要税率17.5%（二零零六年：17.5%）作全數準備。

當有法定權利可將遞延税項資產與遞延税項負債抵銷，而遞延所得税涉及同一税務機關，則可將遞延税項資產與遞延税項負債互相抵銷。在計入適當抵銷後，下列金額在綜合資產負債表內列帳：

		2007 二零零七年 HK$'000 千港元	2006 二零零六年 HK$'000 千港元
Deferred tax assets	遞延税項資產	**(1,042)**	(847)
Deferred tax liabilities	遞延税項負債	**7,536**	9,876
		6,494	9,029

As at 31 March 2007, the Group had unprovided deferred tax assets of approximately HK$114,000 (2006: HK$101,000) primarily representing the tax effect of cumulative tax losses (subject to agreement by relevant tax authorities) which can be carried forward indefinitely.

於二零零七年三月三十一日，本集團仍未作遞延税項之準備資產約114,000港元（二零零六年：101,000港元），其主要代表累計税項虧損之税項影響（須受有關税務機關同意），該金額可以無限期地結存。

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18 DEFERRED TAXATION *(Cont'd)*

18 遞延税項（續）

The movement of the deferred tax assets and liabilities prior to offsetting of balances within the same taxation jurisdiction is as follows:

遞延税項資產及負債之變動與同一徵税地區之結餘抵銷前如下：

Deferred tax liabilities

遞延税項負債

		Accelerated depreciation and total 加速折舊及總計 HK$'000 千港元
As at 31 March 2005	二零零五年三月三十一日	12,574
Credited to income statement	在損益表計入	(2,628)
As at 31 March 2006	二零零六年三月三十一日	9,946
Credited to income statement	在損益表計入	(996)
As at 31 March 2007	二零零七年三月三十一日	8,950

Deferred tax assets

遞延税項資產

		Provisions 準備 HK$'000 千港元	Tax losses 税損 HK$'000 千港元	Others 其他 HK$'000 千港元	Total 總計 HK$'000 千港元
As at 31 March 2005	二零零五年三月三十一日	(5,680)	(101)	(780)	(6,561)
Charged/(credited) to the income statement	在損益表扣除／（計入）	5,680	(338)	302	5,644
As at 31 March 2006	二零零六年三月三十一日	–	(439)	(478)	(917)
(Credited)/charged to the income statement	在損益表（計入）／扣除	–	(1,731)	192	(1,539)
As at 31 March 2007	二零零七年三月三十一日	–	(2,170)	(286)	(2,456)

18 DEFERRED TAXATION *(Cont'd)*

A summary of deferred tax (assets) and liabilities prior to offsetting of balances within the same taxation jurisdiction is as follows:

18 遞延稅項*(續)*

同一徵稅地區之結餘互相抵銷前，遞延稅項（資產）及負債之摘要如下：

		2007 二零零七年 HK$'000 千港元	2006 二零零六年 HK$'000 千港元
Deferred tax assets	遞延稅項資產	**(2,456)**	(917)
Deferred tax liabilities	遞延稅項負債	**8,950**	9,946
		6,494	9,029

19 RETIREMENT BENEFITS OBLIGATIONS – GROUP

(a) Defined contribution plans

The Group has arranged for its Hong Kong employees to join the Mandatory Provident Fund Scheme (the "MPF Scheme"), a defined contribution scheme managed by an independent trustee. Under the MPF Scheme, each of the Group and its employees makes monthly contributions to the scheme at 5% of the employees' earnings as defined under the Mandatory Provident Fund legislation. Both the Group's and the employees' contributions are subject to a cap of HK$1,000 per month and thereafter contributions are voluntary.

As stipulated by rules and regulations in Mainland China, the Group contributes to state-sponsored retirement plans for its employees in Mainland China. The Group contributes approximately 10% (2006: 10%) of the basic salaries of its employees, and has no further obligations for the actual payment of pensions or post-retirement benefits beyond the annual contributions. The state-sponsored retirement plans are responsible for the entire pension obligations payable to retired employees.

During the year, the aggregate amount of the Group's contributions to the aforementioned pension schemes was approximately HK$3,269,000 (2006: HK$2,921,000).

19 退休福利責任－集團

(a) 界定供款計劃

本集團已安排香港僱員參與強制性公積金計劃（「強積金計劃」）。強積金計劃屬於定額供款計劃，由獨立授託人管理。根據強積金計劃，本集團及僱員每月均按有關僱員之盈利（定義見強制性公積金法例）5%對該計劃作出供款。僱主與僱員之每月供款以1,000港元為上限，其後之供款則屬自願性質。

根據中國法律規定，本集團須向為中國僱員而設置之國家資助退休計劃作出供款。本集團須就其中國僱員基本薪金約10%（二零零六年：10%）作出供款，而對其任何實際退休金支出或退休後福利則毋須作出任何承擔。退休僱員之所有退休金支出一概由國家資助之退休計劃承擔。

於本年度內本集團就上述退休計劃作出之供款約為3,269,000港元（二零零六年：2,921,000港元）。

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19 RETIREMENT BENEFITS OBLIGATIONS – GROUP *(Cont'd)*

(b) Provision for long service payments

Provision for long service payments represents the Group's obligations for long service payments to its employees in Hong Kong on cessation of employment in certain circumstances under the Hong Kong Employment Ordinance.

The obligation is calculated using the projected unit credit method, discounted to its present value and reduced by entitlements accrued under the Group's retirement plans that are attributable to contributions made by the Group. Such long service payment obligations are valued by Mercer Human Resource Consulting Ltd, an independent qualified actuary valuer.

The amounts recognised in the consolidated balance sheet are determined as follows:

19 退休福利責任－集團 *(續)*

(b) 長期服務金準備

長期服務金準備為本集團根據香港《僱傭條例》在若干情況下終止聘用僱員而支付之長期服務金所衍生之責任。

該責任額是以預計單位信貸法計算，並會計算貼現值及扣除本集團退休計劃下本集團供款所佔之應計權益。該長期服務金責任由獨立合資格精算師美世人力資源顧問有限公司估值。

在綜合資產負債表確認之金額按下列方式釐定：

		2007 **二零零七年** **HK$'000** **千港元**	2006 二零零六年 HK$'000 千港元
Present value of unfunded obligations and liability in the consolidated balance sheet	在綜合資產負債表內未注資責任及負債之現值	**6,053**	5,977

19 RETIREMENT BENEFITS OBLIGATIONS – GROUP *(Cont'd)*

19 退休福利責任－集團 *(續)*

(b) Provision for long service payments *(Cont'd)*

(b) 長期服務金準備 *(續)*

The amounts recognised in the consolidated income statement are as follows:

在綜合損益表確認之金額如下：

		2007 **二零零七年** **HK$'000** **千港元**	2006 二零零六年 HK$'000 千港元
Interest cost	利息成本	**279**	363
Net actuarial losses/(gains) recognised	已確認之精算虧損／(收益)	**80**	(1,568)
Total, included in employee benefit expenses (Note 22)	合計(列於僱員福利開支內)(附註22)	**359**	(1,205)

The above charges/(credits) were included in general and administrative expenses.

以上支出／(回報)包括在一般及行政費用內。

Movements of the provision for long service payments of the Group are as follows:

本集團長期服務金準備變動如下：

		2007 **二零零七年** **HK$'000** **千港元**	2006 二零零六年 HK$'000 千港元
Beginning of the year	年初	**5,977**	7,369
Provision/(write-back of provision) in current year (Note 22)	本年度準備／(準備之回撥)(附註22)	**359**	(1,205)
Payments made during the year	本年已付供款	**(283)**	(187)
End of the year	年底	**6,053**	5,977

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19 RETIREMENT BENEFITS OBLIGATIONS – GROUP *(Cont'd)*

19 退休福利責任－集團*（續）*

(b) Provision for long service payments *(Cont'd)*

(b) 長期服務金準備*（續）*

The principal actuarial assumptions used were as follows:

所用之主要精算假設如下：

		2007 二零零七年 Per annum 每年	2006 二零零六年 Per annum 每年
Discount rate	貼現率	**4.30%**	4.50%
Expected rate of future salary increases	未來薪酬之預期增長率	**3.00%**	3.00%

20 REVENUE

20 收入

		2007 二零零七年 HK$'000 千港元	2006 二零零六年 HK$'000 千港元
Turnover	營業額		
Sales of merchandise from	銷售		
– Metal and plastic business	－五金塑膠業務	**1,480,918**	1,431,428
– Electronic manufacturing services business	－電子專業代工業務	**1,839,112**	2,161,313
		3,320,030	3,592,741
Other gains	其他收益		
– Rental income	－租金收入	**3,176**	4,501
– Management service fee income (Note 31)	－管理費收入（附註31）	**4,891**	–
		8,067	4,501
Total revenue	合共收入	**3,328,097**	3,597,242

21 EXPENSES BY NATURE　　21 按性質分類之費用

		2007 二零零七年 HK$'000 千港元	2006 二零零六年 HK$'000 千港元
Changes in inventories of finished goods and work-in-progress	製成品及半製品之變動	**(5,614)**	64,670
Raw materials used	使用之原材料	**2,695,270**	2,886,392
Depreciation of property, plant and equipment (Note 7)	物業、廠房及設備之折舊（附註 7）	**52,978**	49,414
Amortisation of leasehold land and land use rights (Note 6)	租賃土地及土地使用權之攤銷（附註 6）	**1,050**	614
Employee benefit expenses (including directors' emoluments) (Note 22)	僱員福利開支（包括董事酬金）（附註 22）	**215,375**	190,270
Operating lease rental of premises	物業之經營租賃租金	**20,666**	18,338
Net exchange (gain)/loss	匯兑（收益）／虧損淨額	**(2,296)**	449
Auditors' remuneration	核數師酬金	**1,598**	1,340
Fees for non-audit services	非核數服務費用	**217**	121
Provision for/(write-back of provision for) impairment of trade receivables (Note 10)	貿易應收帳款減值準備／（準備之回撥）（附註 10）	**526**	(3,512)
Write-back of provision for amount due from associated companies	應收聯營公司帳款準備之回撥	**(1,874)**	–
Write-back of provision for obsolete and slow-moving inventories (Note 11)	陳舊及滯銷存貨準備之回撥（附註 11）	**–**	(18,157)
Net loss/(gain) on disposal of property, plant and equipment	出售物業、廠房及設備之虧損／（收益）淨額	**367**	(171)
Other expenses	其他開支	**199,440**	188,934
		3,177,703	3,378,702
Representing:	代表：		
Cost of sales	銷售成本	**3,024,002**	3,211,354
Distribution and selling expenses	分銷及銷售費用	**40,343**	31,153
General and administrative expenses	一般及行政費用	**113,358**	136,195
		3,177,703	3,378,702

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22 EMPLOYEE BENEFIT EXPENSES – INCLUDING DIRECTORS' EMOLUMENTS

22 僱員福利支出—包括董事酬金

(a) Employee benefit expenses during the year are as follows:

(a) 本年度僱員福利支出如下：

		2007 二零零七年 HK$'000 千港元	2006 二零零六年 HK$'000 千港元
Wages, salaries, allowances and bonuses	薪酬、工資、津貼及花紅	**208,419**	181,243
Pension costs – defined contribution plans	退休成本－界定供款計劃	**3,269**	2,921
Provision for/(write-back of provision for) long service payment	長期服務金準備／（準備之撥回）	**359**	(1,205)
Share option expenses for options granted to Directors and employees	授予董事及僱員購股權之費用	**3,328**	7,311
		215,375	190,270

(b) Directors and senior management

The remuneration of every Director for the year ended 31 March 2007 is set out below:

(b) **董事及高級管理人員**

截至二零零七年三月三十一日止各董事之酬金列表如下：

Name of Director 董事名稱		Fees 袍金 HK$'000 千港元	Salary* 薪金* HK$'000 千港元	Discretionary bonuses 酌情發放之花紅 HK$'000 千港元	Employer's contribution to pension scheme 僱主退休金計劃之供款 HK$'000 千港元	Total 合共 HK$'000 千港元
Executive director	*執行董事*					
Mr. Ho Cheuk Fai	何焯輝先生	–	4,770	3,901	12	8,683
Mr. Ho Cheuk Ming	何卓明先生	–	1,156	73	12	1,241
Mr. Kwok Wing Kin, Francis	郭永堅先生	–	1,146	1,748	12	2,906
Mr. Lee Shu Ki	李樹琪先生	–	1,066	661	12	1,739
Mr. Wong Shun Pang	黃順鵬先生	–	1,174	465	12	1,651
Independent non-executive director	*非執行董事*					
Mr. So Wai Chun	蘇偉俊先生	100	–	–	–	100
Mr. Chan Shui Sum, Raymond	陳瑞森先生	100	–	–	–	100
Mr. Fong Hoi Shing	方海城先生	60	–	–	–	60

* Included the amounts of share-based compensation, which are determined based on the fair value of the share options granted to the relevant Directors at the date of grant and recognised over the vesting period.

* 這金額包括以股份為基礎之補償，該補償根據授予有關董事購股權時之公平值釐定及在歸屬期內入帳。

22 EMPLOYEE BENEFIT EXPENSES – INCLUDING DIRECTORS' EMOLUMENTS *(Cont'd)*

22 僱員福利支出—包括董事酬金*（續）*

(b) Directors and senior management *(Cont'd)*

(b) 董事及高級管理人員*（續）*

Mr. Ho Cheuk Ming resigned as executive director and re-designated as non-executive director with effective from 1 June 2007.

於二零零七年六月一日，何卓明先生辭任執行董事並重新委任為非執行董事。

The remuneration of every director for the year ended 31 March 2006 is set out below:

截至二零零六年三月三十一日止各董事之酬金列表如下：

Name of Director 董事名稱		Fees 袍金 HK$'000 千港元	Salary* 薪金* HK$'000 千港元	Discretionary bonuses 酌情發放之花紅 HK$'000 千港元	Employer's contribution to pension scheme 僱主退休金計劃之供款 HK$'000 千港元	Total 合共 HK$'000 千港元
Executive director	*執行董事*					
Mr. Ho Cheuk Fai	何焯輝先生	–	4,770	5,198	12	9,980
Mr. Ho Cheuk Ming	何卓明先生	–	1,181	2,221	12	3,414
Mr. Kwok Wing Kin, Francis	郭永堅先生	–	1,233	1,975	12	3,220
Mr. Tam Wing Hung	談永雄先生	–	579	–	11	590
Mr. Lee Shu Ki	李樹琪先生	–	1,119	950	12	2,081
Mr. Wong Shun Pang	黃順鵬先生	–	1,261	607	12	1,880
Independent non-executive director	*獨立非執行董事*					
Mr. So Wai Chun	蘇偉俊先生	78	–	–	–	78
Mr. Chan Shui Sum, Raymond	陳瑞森先生	88	–	–	–	88
Mr. Fong Hoi Shing	方海城先生	59	–	–	–	59

* Included the amounts of share-based compensation, which are determined based on the fair value of the share options granted to the relevant directors at the date of grant and recognised over the vesting period.

* 這金額包括以股份為基礎之補償，該補償根據授予有關董事購股權時之公平值釐定及在歸屬期內入帳。

Mr. Tam Wing Hung resigned on 13 February 2006.

於二零零六年二月十三日談永雄先生辭任。

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22 EMPLOYEE BENEFIT EXPENSES – INCLUDING DIRECTORS' EMOLUMENTS *(Cont'd)*

(b) Directors and senior management *(Cont'd)*

No directors waived any emoluments during the year (2006: Nil). No incentive payment for joining the Group or compensation for loss of office was paid/payable to any director during the year (2006: Nil).

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include three (2006: four) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining two (2006: one) individuals during the year are as follows:

22 僱員福利支出—包括董事酬金 *（續）*

(b) 董事及高級管理人員 *（續）*

本年無董事放棄酬金（二零零六年：無），亦無已付或應付款項給予任何董事以吸引其加盟本集團或失去職位之補償（二零零六年：無）。

(c) 五名最高薪酬人仕

本年度集團內五名最高薪酬人士包括三名（二零零六年： 四名）董事，其酬金已載於上文分析。於本年內其餘二名（二零零六年：一名）最高薪人士之應付酬金如下：

		2007 二零零七年 HK$'000 千港元	2006 二零零六年 HK$'000 千港元
Basic salaries and allowances*	基本薪金及津貼*	**1,873**	1,164
Discretionary bonus	酌情發放之花紅	**1,779**	855
Pension costs – defined contribution plans	退休金成本－界定供款計劃	**24**	12
		3,676	2,031

22 EMPLOYEE BENEFIT EXPENSES – INCLUDING DIRECTORS' EMOLUMENTS *(Cont'd)*

22 僱員福利支出—包括董事酬金 *(續)*

(c) Five highest paid individuals *(Cont'd)*

(c) 五名最高薪酬人仕 *(續)*

The emoluments fell within the following band:

該等酬金在下列組合範圍內：

		2007 二零零七年	2006 二零零六年
HK$1,500,001 to HK$2,000,000	1,500,001港元至2,000,000港元	**2**	–
HK$2,000,001 to HK$2,500,000	2,000,001港元至2,500,000港元	**–**	1

* Included the amounts of share-based compensation, which are determined based on the fair value of the share options granted to the relevant employees at the date of grant and recognised over the vesting period.

* 這金額包括以股份為基礎之補償，該補償根據授予有關董事購股權時之公平值釐定及在歸屬期內入帳。

No emolument was paid to the five highest paid individuals (including directors and other employees) as compensation for loss of office during the year (2006: Nil).

本年度五名最高薪人士（包括董事及其他僱員）並無獲付任何酬金作為失去職位之補償（二零零六年：無）。

23 FINANCE INCOME AND COSTS

23 財務收入及成本

		2007 二零零七年 HK$'000 千港元	2006 二零零六年 HK$'000 千港元
Interest expense on:	利息開支：		
– bank borrowings wholly repayable within five years	—於五年內全數償還之銀行借貸	**23,670**	24,441
– finance leases	—融資租賃	**–**	10
– others	—其他	**94**	80
Finance costs	財務成本	**23,764**	24,531
Finance income – Interest income	財務收入—利息收入	**(11,104)**	(10,127)
Net finance costs	財務成本淨額	**12,660**	14,404

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24 INCOME TAX EXPENSE

The Company is exempted from Bermuda taxation until 2016. Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profit for the year.

The amount of taxation charged to the consolidated income statement represents:

24 所得稅開支

本公司獲豁免百慕達稅項至二零一六年止。香港利得稅乃根據本年之估計應課稅溢利按17.5%(二零零六年：17.5%)之稅率計提準備。

在綜合損益表支出之稅項代表：

		2007 二零零七年 HK$'000 千港元	2006 二零零六年 HK$'000 千港元
Current taxation:	現行稅項：		
Hong Kong profits tax	香港利得稅		
– current year	–本年度	**14,586**	14,196
– under provision in prior years	–往年之不足準備	**755**	545
Deferred taxation (Note 18)	遞延稅項(附註18)	**(2,535)**	3,016
Taxation charge	稅項支出	**12,806**	17,757

The tax on the Group's profit before taxation differs from the theoretical amount that would arise using the profits tax rate in Hong Kong, the Group's home country, as follows:

本集團有關除稅前溢利之稅項與假若採用本集團本土國家之利得稅率而計算之理論稅額之差額如下：

		2007 二零零七年 HK$'000 千港元	2006 二零零六年 HK$'000 千港元
Profit before taxation	除稅前溢利	**137,734**	204,136
Calculated at a taxation rate of 17.5% (2006: 17.5%)	按稅率17.5%(二零零六年：17.5%)計算	**24,103**	35,724
Income not subject to taxation	無須課稅之收入	**(15,606)**	(26,787)
Expenses not deductible for taxation purposes	不可扣稅之支出	**4,156**	8,452
Under provision in prior years	往年之不足準備	**755**	545
Utilisation of previously unrecognised tax losses	使用往年未確認稅務虧損	**(602)**	(177)
Taxation charge	稅項支出	**12,806**	17,757

24 INCOME TAX EXPENSE *(Cont'd)*

Dongguan Yanxun Electronics Company Limited, a subsidiary established and operating in Mainland China, is subject to Mainland China enterprise income tax at the rate of 33% (30% state income tax and 3% local income tax). However, it is exempted from Mainland China enterprise income tax and local income tax for two years starting from the first year of profitable operations, after offsetting prior years' losses, followed by a 50% reduction for the following three years. No Mainland China enterprise income tax has been provided since Dongguan Yanxun Electronics Company Limited is in a tax loss position.

On 16 March 2007, the National People's Congress approved the *Corporate Income Tax Law of the People's Republic of China* (the "new CIT Law"). The new CIT Law reduces (increases) the corporate income tax rate for domestic enterprises (foreign invested enterprises) from 33% (15%) to 25% with effect from 1 January 2008. The Group has assessed the impact of such new CIT Law and considers that there is no significant effect to the carrying value of deferred tax balance at 31 March 2007.

The new CIT Law provides that further detailed measures and regulations on the determination of taxable profit, tax incentives and grandfathering provisions will be issued by the State Council in due course. As and when the State Council announces the additional regulations, the Company will assess their impact, if any, and this change in accounting estimate will be accounted for prospectively.

25 PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The profit attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of approximately HK$87,293,000 (2006: HK$89,947,000).

24 所得稅開支（續）

東莞雁訊電子有限公司乃於中國成立及經營之附屬公司，須繳付33%之中國企業所得稅（30%為國家統一所得稅，而3%為地方所得稅）。惟該公司於其首個撇除以往年度虧損後之獲利年度起兩年獲全數豁免中國企業統一所得稅及地方所得稅，而隨後三年則按50%減付。該公司現仍處於稅務虧損之狀況，所以並沒有為中國企業所得稅計提準備。

於二零零七年三月十六日，全國人民代表大會批准中華人民共和國企業所得稅法（「新企業所得稅法」）。新企業所得稅法減少／（增加）本地企業（外資企業）之企業所得稅從33%（15%）至25%，自二零零八年一月一日起生效。本集團評估新企業所得稅法之影響後，認為於二零零七年三月三十一日之遞延稅項結餘之賬面值沒有受到重大影響。

新企業所得稅法訂明決定應課稅溢利、稅務優惠及不追溯條文之進一步詳細標準及規例將會由國務院按合法程序頒佈。當國務院宣佈新增規例時，本公司會評估其影響，如有，且此會計估計之變動會在未來作出解釋。

25 本公司股權持有人應佔溢利

本公司股權持有人應佔溢利中包括一筆已撥入本公司帳目之溢利約87,293,000港元（二零零六年：89,947,000港元）。

Notes to the Consolidated Financial Statements
綜合財務報表附註

26 EARNINGS PER SHARE

26 每股溢利

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

每股基本盈利乃根據本公司股權持有人應佔溢利除以年內已發行之普通股加權平均數計算。

		2007 二零零七年	2006 二零零六年
Profit attributable to equity holders of the Company (in HK$'000)	本公司股權持有人應佔溢利（千港元計）	**124,928**	186,379
Weighted average number of ordinary shares in issue (in thousand shares)	已發行普通股之加權平均數（千股計）	**412,019**	409,579
Basic earnings per share (HK cents per share)	每股基本溢利（每股以港仙計）	**30.3**	45.5

Diluted earnings per share is calculated adjusting the weighted average number of ordinary shares outstanding assuming conversion of all dilutive potential ordinary shares.

每股攤薄溢利乃假設所有可攤薄之潛在普通股被兑換後，根據已調整普通股之加權平均股數計算。

The Company has outstanding share options, which have a dilutive effect on the ordinary shares. A calculation has been performed to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options.

本公司仍有攤薄普通股之購股權。根據未行使購股權所附之認購權之貨幣價值，釐定按公平值(釐定為本公司股份之平均年度市價)可購入之股份數目。

26 EARNINGS PER SHARE *(Cont'd)*

The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

26 每股溢利 *(續)*

按以上方式計算之股份數目，與假設購股權行使而應已發行之股份數目作出比較。

		2007 **二零零七年**	2006 二零零六年
Profit attributable to equity holders of the Company (in HK$'000)	本公司股權持有人應佔溢利（千港元計）	**124,928**	186,379
Weighted average number of ordinary share in issue (in thousand shares)	已發行普通股之加權平均數（千股計）	**412,019**	409,579
Adjustment for share options (in thousand shares)	購股權之調整（千股計）	**2,040**	3,790
Weighted average number of ordinary shares for diluted earnings per share (in thousand shares)	計算每股攤薄盈利之普通股之加權平均數（千股計）	**414,059**	413,369
Diluted earnings per share (HK cents per share)	每股攤薄溢利（每股以港仙計）	**30.2**	45.1

Notes to the Consolidated Financial Statements
綜合財務報表附註

27 DIVIDENDS

27 股息

		2007 二零零七年 HK$'000 千港元	2006 二零零六年 HK$'000 千港元
Interim dividend paid of HK8.5 cents (2006: HK9.0 cents) per ordinary share	已付中期股息－每普通股8.5港仙（二零零六年：9.0 港仙）	**35,044**	36,914
Final dividend, proposed, of HK3.0 cents (2006: HK13.0 cents) per ordinary share	擬派末期股息－每普通股3.0港仙（二零零六年：13.0港仙）	**12,369**	53,367
Special dividend, proposed, nil (2006: HK3.0 cents) per ordinary share	擬派特別股息－每普通股無（二零零六年：3.0港仙）	**–**	12,315
		47,413	102,596

A final dividend in respect of 2006/07 of HK3.0 cents per ordinary share, amounting to a total dividend of approximately HK$12,369,000 is to be proposed at Annual General Meeting on 17 August 2007. These financial statements do not reflect this as dividend payable.

二零零六／二零零七年度之末期股息為每普通股3.0港仙，金額為12,369,000港元，將於二零零七年八月十七日股東周年大會提議。本財務報表不會反映該提議之應付股息。

28 CONSOLIDATED CASH FLOW STATEMENT

28 綜合現金流量表

Analysis of changes in financing is as follows:

融資項目變更之分析如下：

		Share capital and share premium 股本及股份溢價 HK$'000 千港元	Short-term bank borrowings 短期銀行借貸 HK$'000 千港元	Long-term bank borrowings 長期銀行借貸 HK$'000 千港元	Finance lease obligations 融資租賃責任 HK$'000 千港元	Trust receipt loans 信託收據貸款 HK$'000 千港元
As at 31 March 2005	二零零五年三月三十一日	120,591	172,528	115,125	1,091	296,887
Issue of shares upon exercise of share options	行使購股權而發行之股份	4,696	–	–	–	–
Transfer to share premium upon exercise of share options	行使購股權而轉至股份溢價	679	–	–	–	–
New bank loans	新銀行借貸	–	772,346	130,000	–	809,597
Repayment of bank loans	償還銀行借貸	–	(897,383)	(38,750)	–	(925,400)
Repayment of capital element of finance lease obligations	償還融資租賃責任之本金部份	–	–	–	(1,091)	–
As at 31 March 2006	二零零六年三月三十一日	125,966	47,491	206,375	–	181,084
Issue of shares upon exercise of share options	行使購股權而發行之股份	2,753	–	–	–	–
Transfer to share premium upon exercise of share options	行使購股權而轉至股份溢價	325	–	–	–	–
New bank loans	新銀行借貸	–	802,560	–	–	577,625
Repayment of bank loans	償還銀行借貸	–	(732,444)	(57,750)	–	(616,499)
As at 31 March 2007	二零零七年三月三十一日	129,044	117,607	148,625	–	142,210

Notes to the Consolidated Financial Statements
綜合財務報表附註

29 COMMITMENTS AND CONTINGENT LIABILITIES

The Group and the Company had the following significant commitments and contingent liabilities which were not provided for in the financial statements:

(a) Capital commitments

The Group had the following authorised and contracted capital commitments:

29 承擔及或然負債

本集團及本公司有以下未有在本財務報表上計提準備之重要承擔及或然負債：

(a) 資本承擔

本集團有以下已授權及簽約之資本承擔：

		Group 本集團		Company 本公司	
		2007 二零零七年 HK$'000 千港元	2006 二零零六年 HK$'000 千港元	**2007 二零零七年 HK$'000 千港元**	2006 二零零六年 HK$'000 千港元
Investment in a subsidiary	於附屬公司之投資	**19,000**	19,000	**–**	–
Construction of factory premises in Mainland China	於中國興建廠房樓宇	**23,845**	3,711	**–**	–
Purchase of property, plant and equipment	購買物業、廠房及設備	**6,030**	130	**–**	–
		48,875	22,841	**–**	–

29 COMMITMENTS AND CONTINGENT LIABILITIES *(Cont'd)*

29 承擔及或然負債（續）

(b) Operating lease commitments

(b) 經營租賃承擔

The Group had lease commitments in respect of land and buildings under various non-cancellable operating lease agreements extending to October 2047. The total commitments payable are analysed as follows:

本集團有多項期限至二零四七年十月有關不可撤銷之房地產租賃之經營租賃協議。總應付承擔分析如下：

		Group 本集團		Company 本公司	
		2007 二零零七年 HK$'000 千港元	2006 二零零六年 HK$'000 千港元	**2007 二零零七年 HK$'000 千港元**	2006 二零零六年 HK$'000 千港元
Amounts payable	應付金額				
Not later than one year	不超過一年	**9,007**	7,756	**–**	–
Later than one year and not later than five years	超過一年及不超過五年	**23,940**	14,789	**–**	–
Later than five years	超過五年	**241,447**	130,338	**–**	–
		274,394	152,883	**–**	–

The Group had future minimum lease rental receivable under non-cancellable operating leases as follows:

本集團未來不可撤銷之經營租賃最低應收款如下：

		2007 二零零七年 HK$'000 千港元	2006 二零零六年 HK$'000 千港元
Not later than one year	不超過一年	**721**	709
Later than one year and not later than five years	超過一年及不超過五年	**1,965**	1,997
Later than five years	超過五年	**860**	1,286
		3,546	3,992

Notes to the Consolidated Financial Statements
綜合財務報表附註

29 COMMITMENTS AND CONTINGENT LIABILITIES *(Cont'd)*

(c) Guarantees

As at 31 March 2007, the Company has given guarantees totalling approximately HK$824,750,000 (2006: HK$753,450,000) to financial institutions in connection with the banking facilities granted to its subsidiaries.

30 BANKING FACILITIES/PLEDGE OF ASSETS

As at 31 March 2007, the Group's banking facilities were secured by:

(i) mortgages over certain of the Group's land and buildings in Mainland China with a net book value of approximately HK$4,429,000 (2006: HK$7,204,000); and

(ii) corporate guarantees provided by the Company and certain of its subsidiaries.

29 承擔及或然負債 *(續)*

(c) 擔保

於二零零七年三月三十一日，本公司給予財務機構有關提供銀行融資予其附屬公司之總擔保金額約為824,750,000港元（二零零六年：753,450,000港元）。

30 銀行融資／資產抵押

於二零零七年三月三十一日，本集團銀行融資之抵押為：

(i) 本集團位於中國之部份土地及樓宇帳面淨值約4,429,000港元（二零零六年：7,204,000港元）；及

(ii) 本公司及若干附屬公司之公司擔保。

31 RELATED PARTY TRANSACTIONS

31 關連人士交易

The directors regard Pearl Court Company Limited, which owns 41.74% in the Company's shares, to be the ultimate controlling party of the Company.

董事認為Pearl Court Company Limited，持有公司41.74%股份，擁有公司最終控制權。

(a) Transactions with related parties

(a) 與關連人士之交易

		Note 附註	**2007 二零零七年 HK$'000 千港元**	2006 二零零六年 HK$'000 千港元
Sales of goods and services:	***銷售貨物及服務：***			
Sales to associated companies	銷售予聯營公司	(i)	**1,519**	4,555
Purchase of goods and services:	***購買貨物及服務：***			
Purchase of raw materials from associated companies	向聯營公司購買物料	(i)	**17**	582
Purchase of machinery from associated companies	向聯營公司購買機器	(ii)	**462**	2,522
Purchases of leasehold land and land use rights and staff quarters from 東莞市鳳崗房地產開發公司	向東莞市鳳崗房地產開發公司購買土地及土地使用權及員工宿舍	(iii)	**–**	3,582
			479	6,686
Others:	***其他：***			
Rental charged by Kings Lion Development Limited	支付租金予勁獅發展有限公司	(ii), (iv)	**1,339**	1,299
Management service fee income earned from associated companies	向聯營公司收取管理費收入	(ii)	**4,891**	–
Machinery rental income earned from associated companies	向聯營公司收取機器租金收入	(ii)	**–**	1,751
			6,230	3,050

Notes to the Consolidated Financial Statements
綜合財務報表附註

31 RELATED PARTY TRANSACTIONS *(Cont'd)*

(a) Transactions with related parties *(Cont'd)*

Note:

(i) Sales to and purchase from associated companies were conducted at prices and terms mutually agreed by the respective parties.

(ii) These related party transactions were conducted in accordance with the terms of the agreements.

(iii) 東莞市鳳崗房地產開發公司 entered into a joint venture development with 東莞嘉輝門窗製品有限公司 ("Dongguan Jiahui") pursuant to a co-operation agreement. Dongguan Jiahui is a joint venture company established under the laws of Mainland China. Mr. Ho Cheuk Fai, a director of the Company and Ms. Ho Po Chu, the spouse of Mr. Ho Cheuk Fai, owned effective interest of 92.15% in Dongguan Jiahui through a 97% owned company which is incorporated in Hong Kong. The remaining 7.85% interest in Dongguan Jiahui is beneficially owned by certain third parties.

(iv) Kings Lion Development Limited is beneficially owned and controlled by Mr. Ho Cheuk Fai, a director of the Company and his family members.

31 關連人士交易（續）

(a) 與關連人士之交易（續）

附註:

(i) 與聯營公司之銷售及購買是依據有關人士互相同意之價格及條款進行。

(ii) 與關連人士之交易均以各自商議之條款執行。

(iii) 東莞市鳳崗房地產開發公司與東莞嘉輝門窗製品有限公司(「嘉輝門窗」)根據雙方之間簽訂之合作開發合同而合作發展。嘉輝門窗為一間於中國註冊成立的中外合資公司。本公司之董事何焯輝先生及其妻子何寶珠女士(本公司之最高行政人員)透過擁有一間於香港註冊成立之公司97%股權而擁有嘉輝門窗92.15%實際股權。嘉輝門窗其餘的7.85%股權乃由第三者及該公司之關聯人士所擁有。

(iv) 勁獅發展有限公司由本公司董事何焯輝先生家族實益擁有及控制。

(b) Key management compensation
(b) 主要管理層酬金

		2007 **二零零七年** **HK$'000** **千港元**	2006 二零零六年 HK$'000 千港元
Wages, salaries, allowances and bonuses	薪酬、工資、津貼及花紅	**28,430**	34,037
Pension costs – defined contribution plan	退休成本－界定借款計劃	**192**	203
		28,622	34,240

(c) Balance with related parties

Saved as disclosed in Note 9 to the consolidated financial statements, the Group had no balance with related parties as at 31 March 2007 (2006: Nil).

(c) 與關聯人士之結餘

於二零零七年三月三十一日除披露於綜合財務報表附註9外，本集團並無與關連人士之結餘(二零零六年：無)。

Ten-Year Financial Summary 十年財務摘要

The results of the Group for the last ten financial years ended 31 March 2007 and the assets and liabilities of the Group as at 31 March 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006 and 2007 are as follows:

本集團截至二零零七年三月三十一日止十個財政年度之業績，及於一九九八年、一九九九年、二零零零年、二零零一年、二零零二年、二零零三年、二零零四年、二零零五年、二零零六年及二零零七年三月三十一日之資產及負債如下:

RESULTS 業績

For the year ended 31 March
截至三月三十一日止年度

		2007 二零零七年 HK$'000 千港元	2006 二零零六年 HK$'000 千港元	2005 二零零五年 HK$'000 千港元 (Restated) (重列)	2004 二零零四年 HK$'000 千港元	2003 二零零三年 HK$'000 千港元	2002 二零零二年 HK$'000 千港元	2001 二零零一年 HK$'000 千港元	2000 二零零零年 HK$'000 千港元	1999 一九九九年 HK$'000 千港元	1998 一九九八年 HK$'000 千港元
Revenue	收入	**3,328,097**	3,597,242	2,571,537	1,697,925	1,743,768	1,162,395	898,322	663,189	593,343	619,145
Operating profit	經營溢利	**150,394**	218,540	174,766	104,907	140,374	90,587	43,556	30,699	25,362	52,935
Share of loss of associated companies	應佔聯營公司虧損	**–**	–	(10,234)	(1,766)	–	–	–	–	–	–
Finance income	財務收入	**11,104**	10,127	3,964	1,620	3,101	4,095	2,857	2,939	2,913	346
Finance costs	財務成本	**(23,764)**	(24,531)	(8,720)	(6,145)	(10,401)	(9,244)	(15,981)	(9,239)	(6,716)	(8,911)
Exceptional items	特殊項目	**–**	–	–	–	–	–	–	–	–	(27,087)
Profit before taxation	除税前溢利	**137,734**	204,136	159,776	98,616	133,074	85,438	30,432	24,399	21,559	17,283
Taxation	税項	**(12,806)**	(17,757)	(13,203)	(8,176)	(13,266)	(7,068)	(4,064)	(3,783)	3,603	10,582
Profit attributable to equity holders of the Company	本公司股權持有人應佔溢利	**124,928**	186,379	146,573	90,440	119,808	78,370	26,368	20,616	25,162	27,865

Note: The Group adopted the new/revised standards and interpretations of Hong Kong Financial Reporting Standards for the year ended 31 March 2006. Figures as at and for the year ended 31 March 2005 have been restated as required. Figures as at and for each of the previous years ended have not been adjusted as it is not practicable to restate earlier years for comparison purposes.

附註：本集團截至二零零六年三月三十一日之年結已採納新增／經修訂香港財務報告準則。截至二零零五年三月三十一日止之數字已根據要求重列，於及截至以前每一年度之數字並未調整，因重列以往年度數字以作比較並不可行。

Ten-Year Financial Summary 十年財務摘要

ASSETS AND LIABILITIES (CONSOLIDATED) 綜合資產負債

As at 31 March
於三月三十一日

		2007 二零零七年 HK$'000 千港元	2006 二零零六年 HK$'000 千港元	2005 二零零五年 HK$'000 千港元 (Restated) (重列)	2004 二零零四年 HK$'000 千港元	2003 二零零三年 HK$'000 千港元	2002 二零零二年 HK$'000 千港元	2001 二零零一年 HK$'000 千港元	2000 二零零零年 HK$'000 千港元	1999 一九九九年 HK$'000 千港元	1998 一九九八年 HK$'000 千港元
ASSETS	資產										
Non-current assets	非流動資產	**318,119**	281,445	242,556	260,677	236,549	237,463	285,632	276,352	257,806	215,767
Current assets	流動資產	**1,303,248**	1,291,113	1,375,377	722,880	711,911	567,501	424,625	313,015	275,035	348,791
Total assets	資產總值	**1,621,367**	1,572,558	1,617,933	983,557	948,460	804,964	710,257	589,367	532,841	564,558
EQUITY	權益										
Share capital	股本	**41,228**	41,051	40,777	40,076	38,150	37,694	37,374	36,195	36,000	36,000
Reserves	儲備	**514,970**	485,147	375,154	334,963	326,168	309,709	319,103	302,333	296,381	282,019
		556,198	526,198	415,931	375,039	364,318	347,403	356,477	338,528	332,381	318,019
Minority interest	少數股東權益	**424**	424	424	424	424	424	424	424	424	424
		556,622	526,622	416,355	375,463	364,742	347,827	356,901	338,952	332,805	318,443
LIABILITIES	負債										
Non-current liabilities	非流動負債	**104,464**	164,478	106,744	75,324	35,972	44,064	37,778	18,231	19,428	17,446
Current liabilities	流動負債	**960,281**	881,458	1,094,834	532,770	547,746	413,073	315,578	232,184	180,608	228,669
Total liabilities	負債總值	**1,064,745**	1,045,936	1,201,578	608,094	583,718	457,137	353,356	250,415	200,036	246,115
Total equity and liabilities	權益及負債總值	**1,621,367**	1,572,558	1,617,933	983,557	948,460	804,964	710,257	589,367	532,841	564,558

Note: The Group adopted the new/revised standards and interpretations of Hong Kong Financial Reporting Standards for the year ended 31 March 2006. Figures as at and for the year ended 31 March 2005 have been restated as required. Figures as at and for each of the previous years ended have not been adjusted as it is not practicable to restate earlier years for comparison purposes.

附註：本集團截至二零零六年三月三十一日之年結已採納新增／經修訂香港財務報告準則，截至二零零五年三月三十一日止之數字已根據要求重列。於及截至以前每一年度之數字並未調整，因重列以往年度數字以作比較並不可行。