

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 March 2005 於二零零五年三月三十一日

14. FIXED ASSETS

14. 固定資產

Group

本集團

		Medium term leasehold land and buildings 中期租賃 土地及樓宇 HK\$'000 千港元	Leasehold improvements 租賃 物業裝修 HK\$'000 千港元	Moulds, plant and machinery 模具、 廠房及機器 HK\$'000 千港元	Furniture, fixtures, equipment and motor vehicles 傢俬、裝置、 設備及汽車 HK\$'000 千港元	Construction in progress 在建工程 HK\$'000 千港元	Total 總額 HK\$'000 千港元
Cost or valuation:	成本或估值：						
At beginning of year	年初	72,190	22,620	88,512	4,976	32,288	220,586
Additions	增添	-	24	511	146	-	681
Revaluation	重估	(620)	-	-	-	-	(620)
Write-off	撇銷	-	(100)	-	(79)	-	(179)
At 31 March 2005	於二零零五年 三月三十一日	71,570	22,544	89,023	5,043	32,288	220,468
Accumulated depreciation and impairment:	累積折舊及 減值：						
At beginning of year	年初	-	22,411	75,569	4,089	32,288	134,357
Provided during the year	年內撥備	2,897	55	6,746	307	-	10,005
Reversal upon revaluation	重估後撥回	(2,897)	-	-	-	-	(2,897)
Write-off	撇銷	-	(28)	-	(40)	-	(68)
At 31 March 2005	於二零零五年 三月三十一日	-	22,438	82,315	4,356	32,288	141,397
Net book value:	賬面淨值：						
At 31 March 2005	於二零零五年 三月三十一日	71,570	106	6,708	687	-	79,071
At 31 March 2004	於二零零四年 三月三十一日	72,190	209	12,943	887	-	86,229
Analysis of cost or valuation:	成本或估值分析：						
At cost	以成本計算	-	22,544	89,023	5,043	32,288	148,898
At 31 March 2005 valuation	於二零零五年 三月三十一日 估值計算	71,570	-	-	-	-	71,570
		71,570	22,544	89,023	5,043	32,288	220,468

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財務報表附註

31 March 2005 於二零零五年三月三十一日

14. FIXED ASSETS (Continued)

14. 固定資產 (續)

Company

本公司

Furniture,
fixtures,
equipment
and motor
vehicles傢俬、裝置、
設備及汽車

HK\$'000

千港元

Cost:	成本：	
At beginning of year	年初	615
Additions	添置	16
At 31 March 2005	於二零零五年三月三十一日	631
Accumulated depreciation:	累積折舊：	
At beginning of year	年初	574
Provided during the year	年內撥備	36
At 31 March 2005	於二零零五年三月三十一日	610
Net book value:	賬面淨值：	
At 31 March 2005	於二零零五年三月三十一日	21
At 31 March 2004	於二零零四年三月三十一日	41

All the Group's medium term leasehold land and buildings are situated outside Hong Kong. All the Group's leasehold land and buildings were revalued by Knight Frank Hong Kong Limited, a firm of independent professionally qualified valuers, on a depreciated replacement cost basis as at 31 March 2005 at HK\$71,570,000 (2004: HK\$72,190,000).

For the current year, a total revaluation surplus of HK\$1,780,000 representing the excess of the revalued amounts over the then carrying values of the revalued assets, on an individual asset basis, has been credited to the profit and loss account. In the prior year, a total revaluation deficit of HK\$697,000 representing the shortfall of the revalued amounts under the then carrying values of the revalued assets, on an individual asset basis, was debited to the profit and loss account.

本集團之中期租賃土地及樓宇全部位於香港以外。於二零零五年三月三十一日，獨立專業合資格估值師行萊坊(香港)有限公司按折舊重置成本基準，重估本集團之所有租賃土地及樓宇，其重估價值為71,570,000港元(二零零四年：72,190,000港元)。

於本年度內，重估盈餘總額1,780,000港元乃指重估金額高於當時若干重估資產賬面值之盈餘，已按個別資產之基準，計入損益賬。上一年度，697,000港元重估虧絀總額乃指重估金額低於重估資產當時賬面值之虧絀，已按個別資產之基準，於損益賬中扣除。

NOTES TO FINANCIAL STATEMENTS

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31 March 2005 於二零零五年三月三十一日

14. FIXED ASSETS (Continued)

For the current year, a total revaluation surplus of HK\$497,000 representing the excess of the revalued amounts over the then carrying values of certain revalued assets, on an individual asset basis, has been credited to the fixed asset revaluation reserve. In the prior year, a total revaluation deficit of HK\$405,000 representing the shortfall of the revalued amounts under the then carrying values of certain revalued assets, on an individual asset basis, was debited to the fixed asset revaluation reserve.

Had the Group's revalued leasehold land and buildings been stated at cost less accumulated depreciation, their carrying amounts would have been approximately HK\$55,001,000 (2004: HK\$57,907,000).

Certain leasehold land and buildings with an aggregate carrying value of HK\$43,200,000 (2004: HK\$43,700,000) at 31 March 2005 were pledged to secure bank borrowings advanced to the Group as set out in note 19 to the financial statements.

Pursuant to various sale and purchase agreements (the "S&P Agreements") entered into between the Group and an independent third party, during the years 1998 and 1999, the Group acquired certain leasehold land (the "Land") in Mainland China with a carrying value of HK\$26,800,000 as at 31 March 2005 (2004: HK\$26,800,000). Pursuant to the S&P Agreements, the Group is required to pay annual fees of HK\$118,000 in respect of the Land commencing from 2008 up to 2048 with a 20% increment for every five years starting from 2008 (note 30).

The Group has not yet obtained the land use rights certificate for the Land. Having consulted with the Group's Mainland China lawyers, the directors considered that the Group has the right to use the Land and after the payment of a land premium of approximately HK\$12.8 million and attending the necessary administrative procedures, the Group should be able to obtain the land use rights certificate for the Land.

14. 固定資產 (續)

於本年度內，重估盈餘總額497,000港元乃指重估金額高於當時若干重估資產賬面值之盈餘，已按個別資產之基準，於固定資產重估儲備中入賬。去年，405,000港元重估虧絀總額乃指當時若干重估資產賬面值之重估金額低於當時若干重估資產賬面之虧絀，已按個別資產之基準，於固定資產重估儲備扣除。

倘本集團經重估之租賃土地及樓宇以成本減累積折舊列賬，則其賬面值將約為55,001,000港元(二零零四年：57,907,000港元)。

如財務報表附註19所載，本集團已將若干於二零零五年三月三十一日賬面總值達43,200,000港元(二零零四年：43,700,000港元)之租賃土地及樓宇抵押以取得借予本集團之銀行借款。

於一九九八年及一九九九年期間，根據本集團與獨立第三者訂立之多項買賣協議(「買賣協議」)，本集團於中國內地收購若干租賃土地(「該土地」)，該土地於二零零五年三月三十一日之賬面值為26,800,000港元(二零零四年：26,800,000港元)。根據買賣協議，由二零零八年開始直至二零四八年為止，本集團須就該土地支付年費118,000港元，並須自二零零八年每五年增加20%(附註30)。

本集團並未就該土地獲得土地使用權證。在諮詢本集團之中國律師後，董事認為，本集團有權使用該土地。於支付土地溢價約12,800,000港元及辦理所需之行政手續後，本集團應可申取該土地之土地使用權證。

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15. INVESTMENTS IN SUBSIDIARIES

15. 於附屬公司之投資

		Company 本公司	
		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
Unlisted shares, at cost	非上市股份，以成本值計	68,709	68,709
Less: Provision for impairment	減：減值撥備	(68,709)	(68,709)
		-	-
Due from a subsidiary	附屬公司欠款	217,922	200,204
Less: Provision for impairment	減：減值撥備	(217,922)	(167,530)
		-	32,674
		-	32,674

The amount due from a subsidiary included in the Company's current assets is unsecured, interest-free and has no fixed terms of repayment.

計入本公司之流動資產之附屬公司欠款為無抵押、免息及無固定還款期。

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15. INVESTMENTS IN SUBSIDIARIES (Continued)

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

15. 於附屬公司之投資 (續)

本公司主要附屬公司之資料如下：

Name 名稱	Place of incorporation/ registration and operations 成立／註冊 及營運地點	Nominal value of issued ordinary share capital 已發行之 普通股股本面值	Percentage of equity attributable to the Company 本公司應佔 股本權益百分比		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Hung Cheong Holdings Limited 雄昌控股有限公司	British Virgin Islands ("BVI")/ Hong Kong 英屬處女群島／ 香港	Ordinary US\$2,004 普通股 2,004美元	100	—	Investment holding 投資控股
Able Market Profits Limited	BVI 英屬處女群島	Ordinary US\$1 普通股 1美元	100	—	Investment holding 投資控股
Xin Toys Factory Limited 新創玩具廠有限公司	BVI/ Hong Kong 英屬處女群島／ 香港	Ordinary US\$4 普通股 4美元	—	100	Manufacturing and trading of toy products 製造及買賣 玩具產品
Xin Toys International Limited 新創玩具國際有限公司	Hong Kong 香港	Ordinary HK\$2 普通股 2港元	—	100	Trading of toy products 買賣玩具產品

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15. INVESTMENTS IN SUBSIDIARIES (Continued)

15. 於附屬公司之投資 (續)

Name 名稱	Place of incorporation/ registration and operations 成立／註冊 及營運地點	Nominal value of issued ordinary share capital 已發行之 普通股股本面值	Percentage of equity attributable to the Company 本公司應佔 股本權益百分比		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Huang Chiang Chen Hung Cheong Plastics Factory Company Limited 黃江鎮雄昌塑膠廠 有限公司	Hong Kong 香港	Ordinary HK\$1,000 Non-voting deferred HK\$10,000* 普通股 1,000港元 無投票權 遞延股份 10,000港元*	—	100	Property holding 物業持有
Gadgets Yard Limited ("Gadgets Yard") 源製有限公司 (「源製」)	Hong Kong 香港	Ordinary HK\$10,000 普通股 10,000港元	—	51	Trading of toy products 買賣玩具產品
Xin Procurement & Trading Pte. Ltd. ("Xin Procurement")	Singapore 新加坡	Ordinary S\$10,000 普通股 10,000新加坡元	—	51	Provision of supply and procurement of equipment, goods and services for vessels 提供遠洋郵輪 之設備、貨品 及服務之供應 及採購

NOTES TO FINANCIAL STATEMENTS

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15. INVESTMENTS IN SUBSIDIARIES (Continued)

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

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

16. INVENTORIES

Raw materials	原料
Work in progress	半成品
Finished goods	製成品

The carrying amount of inventories carried at net realisable value included in the above balance was nil (2004: Nil) at the balance sheet date.

15. 於附屬公司之投資 (續)

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

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

16. 存貨

		Group 本集團	
		2005 二零零五年	2004 二零零四年
		HK\$'000 千港元	HK\$'000 千港元
		3,313	2,101
		656	484
		5,933	2,450
		9,902	5,035

於結算日，上述結餘包括並無以可變現淨值入賬之存貨之賬面值(二零零四年：無)。

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17. ACCOUNTS RECEIVABLE

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally for a period of one month, extending up to three months for major customers. Each customer has a maximum credit limit. Overdue balances are reviewed regularly by senior management.

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

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

17. 應收賬款

除新客戶一般需要預付款項外，本集團與其客戶之貿易條款以信貸為主，信貸期一般為期一個月，而主要客戶則可延長至三個月。每名客戶均有最高信貸限額。高級管理層會定期檢討逾期結餘。

於結算日，按發票日期及減除撥備後之應收賬款賬齡分析如下：

Group 本集團	
2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
13,299	1,148
9,625	209
7,962	68
5,495	-
5,082	-
41,463	1,425

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18. ACCOUNTS PAYABLE

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

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

18. 應付賬款

於結算日，按發票日期之應付賬款賬齡分析如下：

Group 本集團	
2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
12,148	822
3,453	1,305
1,676	179
2,779	132
1,908	9,101
21,964	11,539

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19. INTEREST-BEARING BANK AND OTHER BORROWINGS

19. 須付利息之銀行借款及其他借款

		Group 本集團		Company 本公司	
		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
Bank loans – secured	銀行貸款－有抵押	20,297	24,299	–	–
Other loan – unsecured	其他貸款－無抵押	8,500	–	8,500	–
		28,797	24,299	8,500	–
Bank loans repayable within one year or on demand	須於一年內或應要求 償還之銀行貸款	20,297	24,299	–	–
Other loan repayable:	其他應償還貸款：				
Within one year or on demand	一年內或應要求	6,500	–	6,500	–
In the second year	第二年	2,000	–	2,000	–
		8,500	–	8,500	–
Total	總額	28,797	24,299	8,500	–
Portion classified as current liabilities	分類為流動負債 之部分	(26,797)	(24,299)	(6,500)	–
Long term portion	長期部分	2,000	–	2,000	–

At 31 March 2005, the banking facilities of the Group were supported by:

- (a) certain leasehold land and buildings of the Group in Mainland China with an aggregate carrying value of approximately HK\$43,200,000 (2004: HK\$43,700,000) (note 14); and
- (b) corporate guarantees executed by certain subsidiaries of the Company.

於二零零五年三月三十一日，本集團之銀行融資以下列各項作為抵押：

- (a) 本集團賬面總值約43,200,000港元(二零零四年：43,700,000港元)之若干中國內地租賃土地及樓宇(附註14)；及
- (b) 本公司若干附屬公司作出之公司擔保。

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19. INTEREST-BEARING BANK AND OTHER BORROWINGS*(Continued)*

During the year, a loan of HK\$10,000,000 was granted by the holder of convertible note (the "Note Holder") to surrogate the outstanding principal amount of the convertible note due to the Note Holder (see note 23(b)). The loan is unsecured, bears interest at 4% per annum and is repayable by six quarterly instalments from March 2005 onwards.

20. LOANS FROM THE IMMEDIATE HOLDING COMPANY

The loans from the immediate holding company are unsecured and bear interest at the rate of 3% per annum above the prime lending rate offered from time to time by The Hong Kong and Shanghai Banking Corporation Limited.

The immediate holding company has undertaken that it will not demand the repayment, in part or in whole, of the loans advanced to the Group before 31 October 2006. Accordingly, the balances have been classified as non-current liabilities as at 31 March 2005.

21. LOANS FROM MINORITY SHAREHOLDERS

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

22. DUE TO A MINORITY SHAREHOLDER

The amount due to a minority shareholder is unsecured, interest-free and has no fixed terms of repayment.

19. 須付利息之銀行借款及其他借款 (續)

年內，可換股票據持有人(「票據持有人」)授出10,000,000港元之貸款，以替本公司支付應付票據持有人之可換股票據本金款額(見附註23(b))。該項貸款為無抵押、年息4厘、以及自二零零五年三月起以六個季度分期償還。

20. 直接控股公司提供之貸款

直接控股公司提供之貸款並無抵押，利息為每年香港上海滙豐銀行有限公司不時提供之最優惠貸款利率加3厘計息。

直接控股公司承諾不會要求本集團於二零零六年十月三十一日前償還部分或全部授予本集團之貸款。因此，該結餘已於二零零五年三月三十一日分類為非流動負債。

21. 少數股東提供之貸款

該等貸款由本集團兩間附屬公司之兩位少數股東提供，均為無抵押及免息。根據本集團與有關附屬公司之少數股東訂立之股東協議，少數股東已同意不會要求償還該等貸款，除非有關附屬公司有償還且少數股東已事先取得本集團就償還貸款作出之同意。

22. 應付少數股東款項

應付少數股東款項並無抵押、免息及無固定還款期。

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23. CONVERTIBLE NOTE AND BONDS

The Group and the Company had the following outstanding convertible note and bonds.

Convertible bonds issued to the Bank Group repayable on demand	發行予銀團之應要求償還可換股債券
Convertible note issued to the Note Holder repayable within one year	發行予票據持有人之須於一年內償還之可換股票據

(a) Pursuant to a bank compromise agreement entered into by the Group and the Group's Hong Kong bankers (the "Bank Group") on 1 February 2002, the Bank Group was issued convertible bonds with an aggregate principal amount of HK\$6,500,000 by the Company on 16 May 2002, as part of the consideration for the release and discharge of the Group from all of its obligations and liabilities in respect of bank borrowings advanced by the Bank Group. The convertible bonds bear interest at the rate of 5% per annum and are repayable by three equal instalments on each anniversary of issue. Interest is payable semi-annually. The convertible bonds would be convertible into the Company's ordinary share of HK\$0.01 at a conversion price of HK\$0.2228 per share, as adjusted. The first and second instalments were settled by the Company on 16 May 2003 and 16 May 2004, respectively. The balances outstanding at 31 March 2004 and 2005 amounted to HK\$4,333,000 and HK\$2,167,000, respectively. Subsequent to the balance sheet date, on 16 May 2005, the third instalment was settled in full by the Company.

23. 可換股票據及債券

本集團及本公司已發行下列可換股票據及債券。

Notes 附註	Group and Company 本集團及本公司	
	2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
(a)	2,167	4,333
(b)	-	16,000
	2,167	20,333

(a) 根據本集團與本集團之香港往來銀行（「銀團」）於二零零二年二月一日訂立之銀行妥協協議，銀團於二零零二年五月十六日獲本公司發行本金總額6,500,000港元之可換股債券，作為免除及解除本集團就銀團墊支之銀行借款而須承擔之全部責任及負債之部分代價。該可換股債券年息5厘，平均分三期於可換股債券發行後每個週年之日償還。利息每半年支付一次。可換股債券可按每股0.2228港元（經調整）之兌換價兌換為本公司面值0.01港元之普通股。首期及第二期已由本公司分別於二零零三年五月十六日及二零零四年五月十六日償還。於二零零四年及二零零五年三月三十一日未償還結餘分別為4,333,000港元及2,167,000港元。於結算日後，第三期款項已於二零零五年五月十六日由本公司全數償還。

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財務報表附註

31 March 2005 於二零零五年三月三十一日

23. CONVERTIBLE NOTE AND BONDS (Continued)

(b) Pursuant to a compromise agreement entered into between the Company and Note Holder in respect of the settlement of its claim, the Note Holder was issued a convertible note in the principal amount of HK\$16,000,000 by the Company on 30 July 2002. The convertible note was repayable on the second anniversary of its issuance and bore interest at 3% per annum, payable semi-annually. Pursuant to the convertible note instruments, the convertible note would be convertible into the Company's ordinary share of HK\$0.01 at a conversion price of HK\$0.01 per share (subject to adjustment), which was adjusted to HK\$0.2228 per share as result of a share consolidation implemented by the Company on 30 December 2002 and an open offer completed on 24 September 2003. The Group partially repaid the convertible note of HK\$6,000,000 during the year ended 31 March 2005. On 25 November 2004, the Note Holder granted a loan to the Group of HK\$10,000,000 to surrogate the then outstanding principal amount of the convertible note. The Group partially repaid the loan of HK\$1,500,000 during the year. At 31 March 2005, the amount of the loan from the Note Holder was HK\$8,500,000 (note 19). Details of the loan are set out in note 19 to the financial statements.

23. 可換股票據及債券 (續)

(b) 根據本公司與票據持有人就償還其索償訂立之妥協協議，票據持有人於二零零二年七月三十日獲本公司發行本金額16,000,000港元之可換股票據。該可換股票據須於發行後第二週年之日償還，利息為年息3厘，每半年支付一次。根據可換股票據之規定，可換股票據可按每股0.01港元(可予調整)之兌換價兌換為本公司面值0.01港元之普通股，但因本公司於二零零二年十二月三十日進行股份合併及於二零零三年九月二十四日完成公開發售，該兌換價現已調整為每股0.2228港元。於截至二零零五年三月三十一日止年度，本集團已償還部分可換股票據款項6,000,000港元。於二零零四年十一月二十五日，票據持有人向本集團授予一項10,000,000港元貸款，以替本集團繳付當時到期之可換股票據本金款額。年內，本集團已償還部分貸款1,500,000港元。於二零零五年三月三十一日，結欠票據持有人之貸款款項達8,500,000港元(附註19)。有關貸款之詳情載於財務報表附註19。

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財務報表附註

31 March 2005 於二零零五年三月三十一日

24. DEFERRED TAX

The movements in deferred tax liabilities during the year ended 31 March 2004 is as follows:

Deferred tax liabilities

Group

本集團

At 1 April 2003	於二零零三年四月一日	
Deferred tax credited to the profit and loss account during the year (note 11)	於本年度之損益賬入賬之遞延稅項(附註11)	
At 31 March 2004	於二零零四年三月三十一日	

The Group has tax losses arising in Hong Kong of HK\$24,406,000 (2004: HK\$37,984,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time.

The Group and the Company had no unprovided deferred tax at the balance sheet date (2004: Nil).

24. 遞延稅項

遞延稅項負債於截至二零零四年三月三十一日止年度之變動如下：

遞延稅項負債

	HK\$'000 千港元

	836
	(836)
	<u> </u>
	<u> </u>
	-

本集團於香港產生之稅項虧損為24,406,000港元(二零零四年：37,984,000港元)，可無限期用作抵銷錄得虧損之公司之未來應課稅溢利。本集團並無就該等虧損確認遞延稅項資產，因該等虧損乃由已錄得虧損一段時間之附屬公司產生。

於結算日，本集團及本公司概無任何未提撥遞延稅項(二零零四年：無)。

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31 March 2005 於二零零五年三月三十一日

25. SHARE CAPITAL

25. 股本

		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
Authorised:	法定股本：		
10,000,000,000	10,000,000,000股		
(2004: 10,000,000,000)	(二零零四年：10,000,000,000股)		
ordinary shares of HK\$0.01 each	每股面值0.01港元之普通股	<u>100,000</u>	<u>100,000</u>
Issued and fully paid:	已發行及繳足股本：		
1,654,080,285	1,654,080,285股		
(2004: 1,102,720,190)	(二零零四年：1,102,720,190股)		
ordinary shares of HK\$0.01 each	每股面值0.01港元之普通股	<u>16,541</u>	<u>11,027</u>

The following changes in the Company's authorised and issued share capital took place during the years ended 31 March 2004 and 2005:

- (a) On 28 July 2003, the Company entered into share subscription agreements with Mr. Lo Ming Chi, Charles ("Mr. Lo") and Mr. Yu Wai Man ("Mr. Yu"), two executive directors of the Company. Pursuant to these share subscription agreements, 18,068,000 and 7,024,000 new ordinary shares of HK\$0.01 each in the Company were issued at a subscription price of HK\$0.0796 per share to Mr. Lo and Mr. Yu, respectively, as full settlement of the outstanding balances owed to them by the Company of approximately HK\$1,997,000 at 31 March 2003. The excess of the subscription price over the nominal value of the shares issued amounting to approximately HK\$1,746,000 was credited to the share premium account.
- (b) Pursuant to a resolution passed at a special general meeting held on 3 September 2003, the authorised share capital of the Company increased from HK\$15,000,000 to HK\$100,000,000 by the creation of an additional 8,500,000,000 shares of HK\$0.01 each.

本公司之法定及已發行股本於截至二零零四年及二零零五年三月三十一日止年度之變動如下：

- (a) 於二零零三年七月二十八日，本公司與兩位本公司執行董事勞明智先生（「勞先生」）及余偉文先生（「余先生」）訂立股份認購協議。根據該等股份認購協議，本公司分別按認購價每股0.0796港元向勞先生及余先生發行18,068,000股及7,024,000股本公司每股面值0.01港元之新普通股，作為全數償還本公司於二零零三年三月三十一日結欠彼等之未償還結餘約1,997,000港元。認購價超過已發行股份面值之數約為1,746,000港元，已計入股份溢價賬。
- (b) 根據於二零零三年九月三日舉行之股東特別大會上通過之一項決議案，本公司之法定股本藉增設8,500,000,000股每股面值0.01港元之股份，由15,000,000港元增至100,000,000港元。

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財務報表附註

31 March 2005 於二零零五年三月三十一日

25. SHARE CAPITAL (Continued)

- (c) On 23 September 2003, the Company effected an open offer with assured allotments of four offer shares for every one share of HK\$0.01 each held by shareholders as at 3 September 2003 and issued a total of 862,102,552 new ordinary shares of HK\$0.01 each at an issue price of HK\$0.06 per share. Cash proceeds of approximately HK\$51,726,000, before the related expenses, were received by the Company. The excess of the offer price over the nominal value of the shares issued amounting to approximately HK\$43,105,000 was credited to the share premium account.
- (d) On 23 February 2005, the Company effected an open offer with assured allotments of one offer share for every two shares of HK\$0.01 each held by shareholders as at 4 February 2005 and issued a total of 551,360,095 new ordinary shares of HK\$0.01 each at an issue price of HK\$0.04 per share. Cash proceeds of approximately HK\$22,055,000, before the related expenses, were received by the Company. The excess of the offer price over the nominal value of the shares issued amounting to approximately HK\$16,541,000 was credited to the share premium account.

25. 股本 (續)

- (c) 於二零零三年九月二十三日，本公司完成公開發售，有關之保證配額為股東於二零零三年九月三日每持有一股每股面值0.01港元之股份獲配發四股發售股份。本公司按發行價每股0.06港元發行合共862,102,552股每股面值0.01港元之新普通股。本公司獲得現金收益約51,726,000港元(未扣減相關費用)。發售價超過所發行股份面值之數約為43,105,000港元，已計入股份溢價賬。
- (d) 於二零零五年二月二十三日，本公司完成公開發售，有關之保證配額為股東於二零零五年二月四日每持有兩股每股面值0.01港元之股份獲配發一股發售股份。本公司按發行價每股0.04港元發行合共551,360,095股每股面值0.01港元之新普通股。本公司獲得現金收益約22,055,000港元(未扣減相關費用)。發售價超過所發行股份面值之數約為16,541,000港元，已計入股份溢價賬。

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31 March 2005 於二零零五年三月三十一日

25. SHARE CAPITAL (Continued)

A summary of the transactions during the years ended 31 March 2004 and 2005 with reference to the above movements in the Company's authorised and issued ordinary share capital is set out below:

Authorised share capital

		法定股本	
		Number of authorised shares 法定股份數目	
		'000 千股	HK\$'000 千港元
	
At 1 April 2003	於二零零三年四月一日	1,500,000	15,000
Increase in authorised share capital	法定股本增加	8,500,000	85,000
At 31 March 2004 and 2005	於二零零四年及 二零零五年三月三十一日	10,000,000	100,000

Issued capital

		已發行股本			
		Number of shares in issue 已發行股份數目	Issued share capital 已發行股本	Share premium account 股份溢價賬	Total 總額
		Notes 附註	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
	
At 1 April 2003	於二零零三年四月一日		215,525,638	2,155	2,155
Issued on share subscription	股份認購所發行	(a)	25,092,000	251	1,997
Issued on open offer	公開發售所發行	(c)	862,102,552	8,621	51,726
Share issue expenses	股份發行費用		-	-	(1,548)
At 31 March 2004 and 1 April 2004	於二零零四年三月三十一日 及二零零四年四月一日		1,102,720,190	11,027	54,330
Issued on open offer	公開發售所發行	(d)	551,360,095	5,514	22,055
Share issue expenses	股份發行費用		-	-	(1,165)
At 31 March 2005	於二零零五年三月三十一日		1,654,080,285	16,541	75,220

25. 股本 (續)

截至二零零四年及二零零五年三月三十一日止年度進行有關上述本公司法定及已發行普通股股本變動之交易概要載列如下:

法定股本

		法定股本	
		Number of authorised shares 法定股份數目	
		'000 千股	HK\$'000 千港元
	
At 1 April 2003	於二零零三年四月一日	1,500,000	15,000
Increase in authorised share capital	法定股本增加	8,500,000	85,000
At 31 March 2004 and 2005	於二零零四年及 二零零五年三月三十一日	10,000,000	100,000

已發行股本

		已發行股本			
		Number of shares in issue 已發行股份數目	Issued share capital 已發行股本	Share premium account 股份溢價賬	Total 總額
		Notes 附註	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
	
At 1 April 2003	於二零零三年四月一日		215,525,638	2,155	2,155
Issued on share subscription	股份認購所發行	(a)	25,092,000	251	1,997
Issued on open offer	公開發售所發行	(c)	862,102,552	8,621	51,726
Share issue expenses	股份發行費用		-	-	(1,548)
At 31 March 2004 and 1 April 2004	於二零零四年三月三十一日 及二零零四年四月一日		1,102,720,190	11,027	54,330
Issued on open offer	公開發售所發行	(d)	551,360,095	5,514	22,055
Share issue expenses	股份發行費用		-	-	(1,165)
At 31 March 2005	於二零零五年三月三十一日		1,654,080,285	16,541	75,220

26. SHARE OPTION SCHEME

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

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period, is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

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

26. 購股權計劃

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

現時根據該計劃可授出之未行使購股權數目於該等購股權獲行使時之數額最多相當於本公司任何時間已發行股份之10%。根據該計劃，於任何12個月期間內，任何合資格參與人獲授之購股權可發行之股份數目最多不得超過本公司任何時間已發行股份之1%。進一步授出超過該限制之購股權須經股東於股東大會批准。

授予本公司董事或主要股東或彼等任何聯繫人士之購股權須經獨立非執行董事事先批准。此外，授予本公司主要股東或獨立非執行董事或彼等任何聯繫人士之任何購股權，倘於任何12個月期間超過本公司任何時間已發行股份之0.1%或總價值(按授出日期本公司之股價計算)超過5,000,000港元，則須經股東於股東大會事先批准。

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31 March 2005 於二零零五年三月三十一日

26. SHARE OPTION SCHEME (Continued)

The offer of a grant of share options may be accepted within 30 days from the date of the offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences after a certain vesting period and ends on a date which is not later than five years from the date of the offer of the share options or the expiry date of the Scheme, if earlier.

The exercise price of the share options is determinable by the directors, but may not be less than the higher of (i) The Stock Exchange of Hong Kong Limited (the "Stock Exchange") closing price of the Company's shares on the date of the offer of the share options; and (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of the offer.

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

No share option has yet been granted under the Scheme up to 31 March 2005.

26. 購股權計劃 (續)

授出購股權之建議可於建議日期起計30日內接納，承授人須支付象徵式代價合共1港元。所授出購股權之行使期由董事釐定，自歸屬期後開始並於建議授出購股權日期後不遲於五年或該計劃屆滿日(以較早者為準)終止。

購股權之行使價由董事釐定，惟不得低於(i)本公司股份於建議授出購股權日期在香港聯合交易所有限公司(「聯交所」)之收市價；及(ii)本公司股份於緊接建議日期前五個交易日在聯交所之平均收市價(以較高者為準)。

購股權並無賦予其持有人獲分派股息或在股東大會投票之權利。

截至二零零五年三月三十一日止，並無根據該計劃授出任何購股權。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 March 2005 於二零零五年三月三十一日

27. RESERVES/(DEFICIT)

(a) Group

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

(b) Company

27. 儲備／(虧絀)

(a) 本集團

本年度及前一年度本集團之儲備／(虧絀)及其變動數額列於財務報表之綜合權益變動表。

(b) 本公司

			Share premium account 股份溢價賬	Accumulated losses 累積虧損	Total 合計
		Notes 附註	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
At 1 April 2003	於二零零三年四月一日		—	(40,632)	(40,632)
Issued on share subscription	股份認購所發行	25(a)	1,746	—	1,746
Issued on open offer	公開發售所發行	25(c)	43,105	—	43,105
Share issue expenses	股份發行費用		(1,548)	—	(1,548)
Net loss for the year	本年度之虧損淨額		—	(7,853)	(7,853)
At 31 March 2004 and 1 April 2004	於二零零四年三月三十一日 及二零零四年四月一日		43,303	(48,485)	(5,182)
Issued on open offer	公開發售所發行	25(d)	16,541	—	16,541
Share issue expenses	股份發行費用		(1,165)	—	(1,165)
Net loss for the year	本年度之虧損淨額		—	(58,698)	(58,698)
At 31 March 2005	於二零零五年三月三十一日		58,679	(107,183)	(48,504)

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 March 2005 於二零零五年三月三十一日

28. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Major non-cash transactions

The Group had the following major non-cash transactions during the years ended 31 March 2004 and 2005:

- (i) During the year ended 31 March 2004, Speed Up Developments Limited, an independent loan provider of the Group, assigned its entire interest in other loans of HK\$20,400,000 together with the accrued interest of HK\$1,578,000 owed by the Group at 31 March 2003 to the immediate holding company, which did not result in any cash flow.
- (ii) As further set out in note 25(a) to the financial statements, on 26 September 2003, the Company issued 25,092,000 new ordinary shares of HK\$0.01 each at a subscription price of HK\$0.0796 per share to two executive directors of the Company, as full settlement of the outstanding balances owed to them by the Company of approximately HK\$1,997,000 at 31 March 2003, which did not result in any cash flow.
- (iii) During the year, as further set out in note 23(b), the Note Holder granted a loan to the Group of HK\$10,000,000 to surrogate the then outstanding principal amount of the convertible note which did not result in any cash flow.

28. 綜合現金流量表附註

(a) 主要非現金交易

於截至二零零四年及二零零五年三月三十一日止年度內，本集團曾進行以下主要非現金交易：

- (i) 於截至二零零四年三月三十一日止年度內，本集團之獨立貸款提供者 Speed Up Developments Limited 已將其於本集團於二零零三年三月三十一日欠付之其他貸款 20,400,000 港元連同應計利息 1,578,000 港元之全部權益轉讓予直接控股公司，轉讓並無導致任何現金流量。
- (ii) 如財務報表附註 25(a) 所載，於二零零三年九月二十六日，本公司按認購價每股 0.0796 港元向兩位本公司執行董事發行 25,092,000 股每股面值 0.01 港元之新普通股，作為全數償還本公司於二零零三年三月三十一日結欠彼等之未償還結餘約 1,997,000 港元，發行並無導致任何現金流量。
- (iii) 誠如附註 23(b) 所詳述，於本年度內，票據持有人向本集團授予一項貸款 10,000,000 港元，以替本集團繳付當時未償還之可換股票據本金款額，批授貸款並無導致任何現金流量。

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財務報表附註

31 March 2005 於二零零五年三月三十一日

28. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(Continued)

(b) Disposal of subsidiaries

Net liabilities disposed of:

Prepayments, deposits and other receivables
Cash and bank balances
Accounts payable
Other payables and accruals
Tax payable

Gain on disposal of subsidiaries

Satisfied by:

Cash

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

Cash consideration
Cash and bank balances disposed of

Net inflow of cash and cash equivalents
in respect of the disposal of subsidiaries

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

28. 綜合現金流量表附註(續)

(b) 出售附屬公司

已售出之負債淨額：

預付款項、按金及其他應收款項	17
現金及銀行結餘	1
應付賬款	(6,602)
其他應付及應計款項	(1,431)
應付稅項	(5)

(8,020)

出售附屬公司收益 8,030

10

支付方式：

現金 10

出售附屬公司之現金及現金等值物流入淨額分析如下：

現金代價 10
已出售之現金及銀行結餘 (1)

出售附屬公司之現金及現金等
值物流入淨額 9

於截至二零零五年三月三十一日止年度所出售附屬公司之業績不會對本集團本年度之綜合營業額或除稅前虧損造成重大影響。

2005
二零零五年
HK\$'000
千港元

2005
二零零五年
HK\$'000
千港元

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 March 2005 於二零零五年三月三十一日

29. PLEDGE OF ASSETS

Details of the Group's bank and other borrowings, which are secured by assets of the Group, are included in notes 14 and 19 to the financial statements.

30. OPERATING LEASE ARRANGEMENTS

The Group leases certain of its office properties and staff quarters under operating lease arrangements. Leases for the properties and the staff quarters are negotiated for terms of two years.

At 31 March 2005, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

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

In addition, pursuant to various agreements entered into between the Group and an unrelated party in Mainland China, the Group is required to pay annual fees of HK\$118,000 in respect of certain leasehold land of the Group in Mainland China, with a carrying value of HK\$26,800,000 at 31 March 2005, commencing from the year 2008 up to the year 2048 with a 20% increment for every five years (note 14).

29. 資產抵押

本集團以本集團資產作抵押之銀行及其他借款之詳情，載於財務報表附註14及19。

30. 經營租約安排

本集團根據經營租約安排租賃若干辦公室物業及員工宿舍。物業及員工宿舍租賃期商定為期兩年。

於二零零五年三月三十一日，本集團根據不可撤銷經營租約將於以下年期到期之日後最低租金總額如下：

Group 本集團	
2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
570	295
312	128
882	423

此外，根據本集團與中國內地之一名無關連人士訂定之多項協議，本集團須就本集團在中國內地之若干租賃土地支付年費118,000港元，有關土地於二零零五年三月三十一日之賬面值為26,800,000港元，租約從二零零八年起至二零四八年止，每五年租值增加20%(附註14)。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 March 2005 於二零零五年三月三十一日

31. COMMITMENTS

In addition to the operating lease commitments detailed in note 30, the Group had the following commitments at the balance sheet date:

Contracted, but not provided for:	已訂約但尚未撥備：
Machineries	機器

32. CONTINGENT LIABILITY

The Group's design, manufacturing and sales of toys business is carried out by Xin Toys Factory Limited and Gadgets Yard Limited, two subsidiaries of the Company (the "Subsidiaries"), which have engaged a subcontractor in Dongguan, Mainland China, for the manufacturing process. The factory premises of the Group are located in Dongguan, Mainland China.

In May 2005, the Customs and Excise of Dongguan, Mainland China (the "Customs") conducted an inspection at the factory premises of the Subsidiaries and took away certain documents belonging to the Group. The outcome of the inspection is still pending at the date of these financial statements.

The directors of the Company are satisfied that the business and operations of the Subsidiaries have been properly conducted and that there have been no irregularities in the operations of the Subsidiaries or by any of their management or staff.

As at the date of this report, the directors are not aware of any further action taken by the Customs against the Subsidiaries and there is no indication of any adverse action will be taken against the Subsidiaries. Accordingly, in the opinion of the directors, based on the current available information, no provision for any penalties and claims is required to be made in the financial statements.

31. 承擔

除附註30詳述之經營租約承擔外，本集團於結算日之承擔如下：

Group 本集團	
2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
558	—

32. 或然負債

本集團設計、生產及銷售玩具之業務透過本公司兩間附屬公司名為新創玩具廠有限公司及源製有限公司(「附屬公司」)進行。附屬公司並就生產過程於中國大陸東莞市委聘一間加工廠。本集團之廠房位於中國大陸東莞市。

於二零零五年五月，中國大陸東莞市之海關(「海關」)對附屬公司之工廠廠房進行檢查，並取走本集團若干文件。於此等財務報表刊發日期，檢查結果仍未公布。

本公司董事信納附屬公司之業務及營運乃恰當進行，且附屬公司之業務或其任何管理人員或員工並無任何不當行為。

於本報告日期，就董事所知，海關並無對附屬公司採取任何進一步行動，亦無跡象顯示其將會對附屬公司採取任何不利行動。因此，根據現有資料，董事認為無需要於該等財務報表內計提任何罰款或索償撥備。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 March 2005 於二零零五年三月三十一日

33. PENDING LITIGATIONS

Claims for outstanding trade debts were brought by several suppliers and other miscellaneous creditors against the Group in prior years in respect of goods supplied and services provided, together with interest, costs and/or other relief, of approximately HK\$392,000 (2004: HK\$2,129,000) in aggregate.

In the opinion of the directors, adequate provisions have been made by the Group in respect of all these claims in the Group's financial statements at 31 March 2005.

34. RELATED PARTY TRANSACTIONS

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

- (a) As further explained in note 2(c), Vision Century advanced HK\$21,150,000 during the year pursuant to a credit facility granted to the Company of HK\$50,000,000. At the balance sheet date, the total principal amount due from the Company to Vision Century was HK\$34,528,000. The loans are unsecured, bear interest at the rate of 3% per annum above the prime lending rate quoted from time to time by The Hongkong and Shanghai Banking Corporation Limited. Vision Century has undertaken that it will not demand the Group to repay in part, or in whole, the loans advanced to the Group before 31 October 2006 (note 20). The interest expense incurred by the Group during the year in respect of the loans from Vision Century amounted to HK\$2,074,000.
- (b) On 23 February 2005, Vision Century subscribed for 341,047,975 ordinary shares of the Company of HK\$0.01 each at a subscription price of HK\$0.04 per share issued under the open offer of the Company.
- (c) Pursuant to a shareholders' agreement entered with the Group on 20 December 2003, a minority shareholder of Gadgets Yard advanced HK\$5,880,000 to Gadgets Yard as the initial working capital. The terms of the advancement are set out in note 21 to the financial statements.

33. 仍未了結之訴訟

於以往年度若干供應商及其他債權人就已供應貨品及所提供服務連同利息、成本及／或其他寬免合共約392,000港元(二零零四年：2,129,000港元)向本集團提出未償還應收貿易賬款索償。

董事認為，本集團已於二零零五年三月三十一日之財務報表內就上述全部索償作出充裕之撥備。

34. 有關連人士交易

除其他部分所披露者外，本集團亦有以下有關連人士交易：

- (a) 誠如附註2(c)所載，年內，Vision Century根據授予本公司信貸融資50,000,000港元向本公司墊付21,150,000港元。於本結算日，本公司結欠Vision Century34,528,000港元。該項貸款為無抵押、年息為按香港上海匯豐銀行有限公司不時報價之最優惠利率加三厘。Vision Century已承諾其將不會於二零零六年十月三十一日前要求本集團償還本集團獲授貸款之部分或全部(附註20)。於本年度內，本集團就Vision Century貸款所產生之利息支出達2,074,000港元。
- (b) 於二零零五年二月二十三日，根據本公司之公開發售，Vision Century按認購價每股發行股份0.04港元認購本公司每股面值0.01港元之普通股341,047,975股。
- (c) 根據本集團於二零零三年十二月二十日訂立之股東協議，源製之少數股東向源製墊支5,880,000港元，作為初步營運資金。墊款之條款載於財務報表附註21。

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財務報表附註

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34. RELATED PARTY TRANSACTIONS (Continued)

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

Sale of office equipment and office supplies were made to HCSPL at the price equivalent to 10/9 times the cost incurred by the Group. Sale of machinery, machinery parts, lubricants and bunkering for vessels were made to HCSPL at the price equivalent to 100/98 times the cost incurred by the Group.

34. 有關連人士交易 (續)

(d) 於二零零四年二月二十日，本集團與於新加坡註冊成立之有限公司 Huang & Co (Singapore) Pte. Ltd. (「HCSPL」) 訂立一份股東協議 (「Xin Procurement 協議」)，以於新加坡成立一間有限公司 - Xin Procurement。HCSPL 由於新加坡註冊成立之有限公司 New Century International Pte. Ltd. (「New Century」) 全資擁有。New Century 則由黃偉盛先生及黃偉傑先生 (兩位均為本公司執行董事及 HCSPL 董事) 之父母全資擁有。根據 Xin Procurement 協議，本集團及 HCSPL 分別擁有 Xin Procurement 之 51% 及 49% 股本權益。於二零零四年二月二十日，Xin Procurement 與 HCSPL 訂立一份供應協議 (「供應協議」)，據此，Xin Procurement 已獲委任為 HCSPL 供應若干辦公室設備及辦公室用品、遠洋郵輪使用之機器、機器零件、機油及燃料之供應商。根據香港聯合交易所有限公司證券上市規則第 14A 章，由於黃偉盛先生及黃偉傑先生之父母於 HCSPL 之權益，成立 Xin Procurement 及供應協議擬進行之交易構成本公司之關連交易或持續關連交易。此等關連交易已於二零零四年三月二十九日舉行之股東特別大會獲本公司股東批准。有關上述交易之進一步詳情載於本公司於二零零四年三月十二日所刊發之通函。於本年度內，Xin Procurement 向 HCSPL 之銷售額達 32,973,000 港元。

向 HCSPL 銷售辦公室設備及辦公室用品之價格相等於本集團產生之成本之 10/9 倍。向 HCSPL 銷售機器、機器零件、供遠洋郵輪運作之機油及燃料之價格相等於本集團所產生之成本之 100/98 倍。

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34. RELATED PARTY TRANSACTIONS (Continued)

- (e) Pursuant to the Xin Procurement Agreement, HCSPL advanced HK\$1,127,000 to Xin Procurement as the initial working capital. The terms of the advance are set out in note 21 to the financial statements.
- (f) During the year, HCSPL made advances of HK\$33,317,000 to the Group. At 31 March 2005, the advances made to the Group by HCSPL amounted to HK\$12,643,000 which are unsecured, interest-free and have no fixed terms of repayment.
- (g) As further set out in note 2(a) to the financial statements, Huang Worldwide Holding Limited, the immediate holding company of Vision Century, has undertaken to the Company, to provide continuing financial support to the Group so as to enable the Group to continue its day-to-day operations as a viable going concern notwithstanding any present or future financial difficulties experienced by the Group up to 31 October 2006.
- (h) During the year, rentals of HK\$275,000 were charged to the Group by HCSPL in respect of certain of the office premises leased to the Group. The rental expenses were determined between the Group and HCSPL.
- (i) During the year, a management fee of HK\$370,000 was charged by HCSPL in respect of certain administrative services rendered to the Group. The management fee was determined between the Group and HCSPL.

34. 有關連人士交易 (續)

- (e) 根據Xin Procurement協議，HCSPL墊付1,127,000港元予Xin Procurement作為初期營運資本。墊款之條款載於財務報表附註21。
- (f) 於本年度內，HCSPL墊付33,317,000港元予本集團。於二零零五年三月三十一日，HCSPL向本集團提供之墊款達12,643,000港元，該筆款項乃無抵押、免息及無固定還款期。
- (g) 如財務報表附註2(a)所載，Vision Century之直接控股公司Huang Worldwide Holding Limited已向本公司承諾，在截至二零零六年十月三十一日止期間，將繼續給予本集團財政支援，以便本集團在面對現時或日後之財政困難時，仍可繼續其日常運作猶如可行之持續基準。
- (h) 年內，HCSPL就租賃予本集團之若干辦公室物業向本集團收取租金275,000港元，有關租金開支由本集團與HCSPL釐定。
- (i) 年內，HCSPL就提供予本集團之若干管理服務收取管理費370,000港元，有關管理費由本集團與HCSPL釐定。

NOTES TO FINANCIAL STATEMENTS

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34. RELATED PARTY TRANSACTIONS (Continued)

- (j) During the year, HCSPL reimbursed HK\$859,000 to the Group in respect of certain administrative expenses paid by the Group on behalf of HCSPL.
- (k) During the year, the Group reimbursed expenses of HK\$795,000 to HCSPL in respect of certain administrative expenses paid by HCSPL on behalf of the Group.
- (l) During the year, the Group purchased from Huang Procurement Pte. Ltd., a wholly-owned subsidiary of HCSPL, office equipment and office supplies, machinery, machinery parts, lubricants and bunkering of HK\$15,219,000 at cost of Huang Procurement Pte. Ltd..

35. POST BALANCE SHEET EVENTS

Save for disclosed elsewhere in the financial statements, the Group had the following post balance sheet events.

- (a) On 14 May 2005, the Company partially settled the loans from the immediate holding company of HK\$3,150,000.
- (b) As further set out in note 23(a) to the financial statements, on 16 May 2005, the Company settled the third instalment of the convertible bonds issued to the Bank Group of approximately HK\$2,167,000.
- (c) Pursuant to special and ordinary resolutions passed at a special general meeting of the Company held on 23 May 2005, a capital reorganisation (the "Capital Reorganisation") involving, inter alia, the following was implemented:
 - (i) a reduction of the nominal value of each issued share from HK\$0.01 each to HK\$0.0005 each by the cancellation of HK\$0.0095 per share (the "Capital Reduction");

34. 有關連人士交易 (續)

- (j) 年內，HCSPL就本集團代表HCSPL支付之若干行政開支向本集團償還859,000港元。
- (k) 年內，本集團就HCSPL代表本集團支付之若干行政開支向HCSPL償還支出795,000港元。
- (l) 年內，本集團向HCSPL之全資附屬公司Huang Procurement Pte. Ltd.按Huang Procurement Pte. Ltd.之成本價購買約15,219,000港元之辦公室設備及辦公室用品、機器、機器零件、機油及燃料。

35. 結算日後事項

除財務報表其他部分所披露者外，本集團之結算日後事項如下。

- (a) 於二零零五年五月十四日，本公司清償直接控股公司提供之部分貸款3,150,000港元。
- (b) 如財務報表附註23(a)所詳述，於二零零五年五月十六日，本公司清償發行予銀團之可換股債券之第三期款項約2,167,000港元。
- (c) 根據於二零零五年五月二十三日舉行之本公司股東特別大會上通過之特別及普通決議案，股本重組(「股本重組」)獲實施，涉及(其中包括)下列事項：
 - (i) 透過註銷每股0.0095港元，將每股已發行股份之面值從每股0.01港元削減至每股0.0005港元(「股本注削」)；

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35. POST BALANCE SHEET EVENTS (Continued)

- (ii) the cancellation of the entire amount standing to the credit of the share premium account of the Company (the "Share Premium Cancellation");
- (iii) the credit arising from the Capital Reduction and the Share Premium Cancellation were transferred to the contributed surplus account of the Company where they may be utilised to eliminate the accumulated losses of the Company; and
- (iv) subject to and forthwith upon the Capital Reduction and Share Premium Cancellation, a consolidation of every 20 issued and unissued shares of HK\$0.0005 each into one consolidated share of HK\$0.01 each.

36. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 28 July 2005.

35. 結算日後事項 (續)

- (ii) 註銷本公司股份溢價賬進賬之全部款額 (「股份溢價註銷」)；
- (iii) 將股本削減及股份溢價註銷產生之進賬撥入本公司之繳入盈餘賬，以用於抵銷本公司之累積虧損；及
- (iv) 在股本削減及股份溢價註銷之規限下及待其完成後，即時將每二十股每股面值0.0005港元之已發行及未發行股份合併為一股每股面值0.01港元之合併股份。

36. 批准財務報表

董事會於二零零五年七月二十八日批准本財務報表並授權刊發。