



Eagle Nice (International) Holdings Limited

鷹美(國際)控股有限公司 *

(incorporated in the Cayman Islands with limited liability) (Stock code: 2368)

(於開曼群島註冊成立之有限公司) (股份代號：2368)



**2007
ANNUAL REPORT
年報**

READY
FOR 蓄勢待發
GROWTH

* For identification purpose only 僅供識別

Our Goal

The goal of Eagle Nice Group continues to be one of the major sportswear manufacturers in Asia and one of the major business partners of the **International Sportswear Brands**.

With the commencement of operation of the research and development centre and setting up of a new sales team during the year, the Group has been well-equipped to be engaged in the production of high-valued products and to penetrate into new markets especially **the United States and Europe**.



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Corporate Information

Executive Directors

Chung Yuk Sing (*Chairman*)
Tsai Nai Kun (*Chief Executive Officer*)
Chung Tung Sau
(resigned with effect from 30 June 2007)
Kuo Tai Yu
Lin Pin Huang, Otto
Tsang Sau Fan
Ku Yu Sun, Edward
Chen Zhen Hao

Independent Non-executive Directors

Chan Cheuk Ho
Li Chi Chung
Cheng Yung Hui, Tony

Company Secretary

Woo Man Chi

Registered Office

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head Office and Principal Place of Business in Hong Kong

Units 0902-0903 and 0905-0906
9th Floor, Tower B
Regent Centre
70 Ta Chuen Ping Street
Kwai Chung
New Territories
Hong Kong

Legal Advisers

Vincent T.K. Cheung, Yap & Co.
15th Floor
Alexandra House
18 Chater Road
Hong Kong

Auditors

Ernst & Young
Certified Public Accountants
18th Floor
Two International Finance Centre
8 Finance Street, Central
Hong Kong

Audit Committee Members

Chan Cheuk Ho (*Chairman*)
Li Chi Chung
Cheng Yung Hui, Tony

Remuneration Committee Members

Chung Yuk Sing (*Chairman*)
Chan Cheuk Ho
Li Chi Chung

Principal Bankers

The Hongkong and Shanghai
Banking Corporation Limited
673 Nathan Road
Kowloon
Hong Kong

Citibank, N.A.
Citibank Tower
Citibank Plaza
3 Garden Road
Central
Hong Kong

Hang Seng Bank Limited
83 Des Voeux Road Central
Hong Kong

DBS Bank (Hong Kong) Limited
16th Floor, The Center
99 Queen's Road Central
Hong Kong

Bank of China, Guangdong Branch
Composite Building
Dabeishan Road
Longhu District
Shantou
Guangdong Province
The People's Republic of China

Principal Share Registrar and Transfer Office

Bank of Bermuda (Cayman) Limited
P.O. Box 513
Strathvale House
North Church Street
George Town
Grand Cayman KY1-1106
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Tengis Limited
(to be renamed Tricor Tengis Limited
with effect from 1 August 2007)
26th Floor
Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

Website

<http://www.eaglenice.com.hk>

Stock Code

2368

Financial Highlights

Results	2007 HK\$ Million	2006 HK\$ Million
Revenue	519	519
Operating profit before depreciation, amortisation, interest and tax	114	114
Profit for the year attributable to equity holders of the Company	78	77
Basic earnings per share	HK\$0.18	HK\$0.18
Dividend per share		
– Interim	HK6.0 cents	HK6.0 cents
– Final	HK6.0 cents	HK6.0 cents

Financial Position	2007 HK\$ Million	2006 HK\$ Million
Total assets	644	579
Net debts	Nil	Nil
Shareholders' equity	574	530
Net assets per share	HK\$1.34	HK\$1.24
Net debts to total assets (excluding cash)	Nil	Nil
Net debts to shareholders' equity	Nil	Nil



Chairman's Statement

After rapid growth in the past few years, during the year under review, the Group was in a transformation and consolidation stage. Engagement in ODM business has enabled our Group to play the role of design and service provider in addition to a manufacturer. Diversification of target markets and products has mitigated our Group's reliance on limited markets and customers. We further intend to achieve the aforesaid diversification by acquisition of well-established businesses.

Dear Shareholders,

During the year under review, the Group had focused on transformation and consolidation of its business, making rooms for growth in term of both turnover and profit margin in coming years. Over the past few years, expansion was our main goal and our past records proved our success in enhancing the Group's turnover and profit. The commencement of the operation of an additional production plant (the "Production Plant") in Shantou, the People's Republic of China (the "PRC") has increased our Group's productivity. The engagement in ODM business as well as establishment of a research and development centre known as "Commercialisation Centre" have built up a solid foundation for us not only to diversify our products but also to enhance our profit margin.

Business Development

The year under review was a challenging year for traditional manufacturing businesses. The Board expects the operating environment in the sportswear market will continue to be challenging to the Group. Negative factors such as rising materials costs and appreciation of Renminbi have continuously eroded the profit of the Group.

In response, the Board believes that the provision of value-added services to our customers is the best way to improve the diminishing profit margin of the Group. Thus, during the year under review, our Group started to engage in ODM business to provide our customers with the products designed and developed by our Group. To equip our Group for ODM business, the establishment of a research and development department is indispensable. During the year, the Group

not only established a research and development centre known as "Commercialisation Centre" in the Production Plant but also built up a research and development team with expertise in the apparel industry. Unlike OEM business in which the Group only plays the role of a manufacturer, ODM business enables the Group to play the role of design and service provider in addition to a manufacturer. The Board strongly believes engagement in ODM business can improve the profitability of the Group.

Diversification of our income sources is another target of our Group. As most of our sales are derived from a few branded sportswear customers and are confined mainly to the Asian markets, a new sales team responsible for exploring new markets and expanding our customer base had been set up during the year. It



Opening ceremony of the Commercialisation Centre in 2006

is expected that the new sales team will contribute to the sales of the Group in the coming years.

Besides, cost control is another way adopted by the Group to improve our profitability. To minimize our production costs, we are planning to establish a logistic centre in Taiwan. As most of the material purchases of the Group are made from Taiwan, we are planning to optimize the supply chain and logistic flow by setting up a logistic centre and warehouse in Taiwan in order to lower the logistic and handling costs and efficiently schedule the delivery of materials.

Future Plans and Prospects

The Group has entered into an agreement to acquire the entire equity interests in a Taiwan company and a PRC company whose principal businesses are manufacture and trading of sportswear. Such acquisition has not been completed

as at the date of this report. The purposes of such acquisition are to facilitate the Group to diversify its customer base and to increase the sales of its products by leveraging the acquired companies' network in those markets especially the United States and Europe where the Group did not entered into. We believe the Group can benefit from the acquisition by expanding our customer base and target markets.

The Group will continue to improve the profitability and production efficiency by automating more of its production process and adopting cost control measures. In addition, in order to capture the growing demand and orders while the production costs can be better controlled, the Group will continue to expand its production capacity by acquiring further plant and machinery, especially investing in the territories with supply of cheap labour and production facilities and provision of tax incentives.

Appreciation

On behalf of the Group, I would like to express my sincere gratitude to the directors and the management for their valuable advice during the year. I would also like to thank our shareholders, suppliers, business partners and customers for their continued support to the Group as well as our dedicated staff for their hard work and commitment.

Chung Yuk Sing
Chairman

Hong Kong, 13 July 2007



Facilities of the Commercialisation Centre

Management Discussion and Analysis

The year under review was a challenging year for traditional manufacturers. In view of diminishing profit margin of OEM business, the Group has decided to transform and consolidate its business by engaging in ODM business. Provision of value-added services to our customers is the best way to improve our profit margin. On the other hand, planning of establishment of a logistic centre in Taiwan will be our next target to improve the profit margin by better managing the production costs.

Business Review

The Group is principally engaged in the manufacture of sportswear for men, women and children on an OEM (an acronym for “original equipment manufacturer”, which produces or customises products according to the design supplied by others) basis. The Group mainly manufactures products under international brandnames such as **Nike, adidas** and **Puma**. During the year under review, the major markets of the Group’s products continued to be Japan, South Korea, Mainland China and Hong Kong.

During the year under review, the Group continued to focus on the expansion, transformation and consolidation of the Group’s business. On one hand, an additional production plant (the “Production Plant”) in Shantou, the People’s Republic of China (the “PRC”) which has come into operation since the last quarter of 2005 enables the Group to take up new orders and to manufacture product categories that are more technically demanding, and hence providing the Group with new opportunities to broaden its customer base. On the other hand, adverse factors such as increasing production costs, appreciation of Renminbi and increasing labour cost are having negative impact on the Group’s profitability.

To enhance its competitiveness, the Group has continued its focus on the core values of design and development of innovative products, product

diversification, expansion of the customer base, and penetration into new markets. The management takes this “Value Creation” strategy with the best effort and resources available.

ODM Business and Research and Development Centre

With an increasing emphasis and resources being deployed in the design and research and development of its products, the Group aims to improve its profitability by extending the business into an ODM business (an acronym for “original design manufacturer”, which owns and/or designs in-house products that are branded by the customers). The management believes that the provision of value-added services to our customers is the best way to improve the diminishing profit margin of the Group. To facilitate that, the Group has established a research and development centre

known as “Commercialisation Centre” in the Production Plant which is well-equipped with advanced computer and production equipment such as 3D Pattern Design System, Tensile Test Machine and Laser Cutting Machine. In addition, a research and development team has been established with expertise in the apparel industry with a view to advance the Group’s production technology, to expand the product range and to develop innovative designs and high-valued products using innovative materials and advanced technology for our customers. The Commercialisation Centre has commenced operation since July 2006. With the advancement of our production technology, the Group is now more capable in engaging in the



production of high-valued products such as seam-seal and multi dress and expanding our product range (in particular the knitted products which at present only constitutes a small proportion of our sales). During the year under review, the Group had successfully developed the production of down jackets and related orders had been received. The management expects that the Commercialisation Centre would give rise to steady sales growth and improve the profitability of the Group in the near future.

New Sales Team

In order to diversify its sources of income, the Group has devoted great effort in broadening its customer base and opening up new markets. At present, most of our sales are derived from a few branded sportswear customers and are confined mainly to the Asian markets. To minimize the risks of a narrow customer base, a new sales team had been set up during the year under review. The new sales team has extensive experience and expertise in sales and marketing and the apparel manufacturing industry. It will focus on expanding our customer base, exploring new markets with particular emphasis in the United States ("US") and Europe and diversifying the existing product lines to new categories such as tape sealed garment, welded garment and outer wear. With the Commercialisation Centre, advanced production technology as well as unique product design would greatly enhance the capability of the Group in penetrating into the US and European markets. It is expected that the new sales team will contribute to the sales of the Group in the coming years.

Cost Control

The year under review was a challenging year for traditional manufacturing businesses. Fluctuating oil and materials prices worked against manufacturers

worldwide. Increasing production costs including labour costs and other overhead expenses, coupled with vigorous competition, posed tremendous pressure on the Group's profit. In response, the Group has adopted effective cost control measures to minimize our production costs by planning a logistic centre in Taiwan. As most of the material purchases of the Group are made from Taiwan, in January 2005, we established a liaison office in Taiwan to ensure efficient scheduling of material purchases and timely delivery of materials by vendors with stable quality. With the operation of the liaison office

becoming mature, we are planning to take further step to optimize the supply chain and logistic flow by setting up a logistic centre and warehouse in Taiwan for the purpose of lowering the logistic costs, scheduling the delivery of materials based on production plans, and minimizing the wastage of handling costs and import tax incurred for spare materials and remaining materials due to order amendment.



Acquisition

On 14 March 2007, the Group entered into a non-binding memorandum of understanding (the "MOU") with an independent third party to acquire the entire equity interests in a Taiwan company and a PRC company whose principal businesses are manufacture and trading of sportswear (the "Proposed Acquisition").

It has been the Group's long-term strategy to expand its sales to new geographical markets such as the US and Europe. We believe that such acquisition will not only allow the Group to diversify its customer base and increase the sales of its products by leveraging the acquired companies' network in those territories (such as the US and Europe) where the Group did not historically have a strong footprint but also strengthen its presence in the international sportswear market which will position the Group to compete more effectively with other major global sportswear manufacturers. We also expect the Group will benefit from many operational synergies and efficiencies through the combination of the acquired companies' business with our existing business.

Financial Review Results Performance

For the year ended 31 March 2007, both the revenue and the net profit of the Group of approximately HK\$519 million and approximately HK\$78 million respectively were similar to those of last year of approximately HK\$519 million and approximately HK\$77 million respectively. Gross profit of the Group increased to approximately HK\$132 million, representing an increase of

approximately 5%. With the management's best devotion of industrial expertise and cost control, the Group was able to improve the gross profit margin from approximately 24% for the year ended 31 March 2006 to approximately 25% for the year ended 31 March 2007. The profit before tax of the Group dropped by approximately 6% to approximately HK\$86 million for the year ended 31 March 2007. Since the tax provision for the year ended 31 March 2007 decreased by approximately 40% to approximately HK\$9 million, the net profit and the net profit margin of the Group of approximately HK\$78 million and approximately 15% respectively for the year ended 31 March 2007 remained nearly the same as those of last year.

Despite an increase in gross profit by approximately HK\$6 million during the year, a substantial increase of approximately HK\$13 million in administrative expenses during the year completely offset the improvement in the

gross profit margin. The increase in administrative expenses during the year was attributable to (i) an increase in staff costs due to setting up of a research and development team and a new sales team; (ii) an increase in depreciation owing to the commencement of operation of the Production Plant since the last quarter of 2005 (which has effect throughout the financial year ended 31 March 2007 instead of having impact only in the second half of the previous financial year); and (iii) appreciation of Renminbi resulting in a greater exchange loss.

Earnings per share of the Group for the year ended 31 March 2007 was HK18.2 cents compared to HK18.1 cents last year. The Board recommended payment of a final dividend of HK6 cents per share for the year ended 31 March 2007. Together with the interim dividend of HK6 cents per share already paid, the total dividend for the year was HK12 cents per share.



Liquidity and Financial Resources

During the year under review, the Group continued to maintain a healthy liquidity position. The Group generally finances its operation with internally generated resources and banking facilities provided by its bankers. As at 31 March 2007, the Group had cash and cash equivalents amounting to approximately HK\$253 million which are mainly denominated in Hong Kong dollars, Renminbi and US dollars. (31 March 2006: approximately HK\$215 million). As at 31 March 2007, the Group had no outstanding borrowings (31 March 2006: nil). As at 31 March 2007, the Group had aggregate banking facilities of approximately HK\$137 million (31 March 2006: approximately HK\$160 million) which were secured by (i) a pledged deposit of the Group; (ii) corporate guarantees executed by the Company; and (iii) unlimited corporate guarantees executed by three subsidiaries of the Company.

The management believes that the existing financial resources will be sufficient to meet future expansion plans and, if necessary, the Group will be able to obtain additional financing with favourable terms. There is no material effect of seasonality on the Group's borrowing requirements.

As at 31 March 2007, the Group's gearing ratios represented by the Group's total liabilities as a percentage of the Group's total assets amounted to approximately 11.0% (31 March 2006: approximately 8.4%).

Foreign Exchange Risk Management

The Group's monetary assets, liabilities and transactions are mainly denominated in Hong Kong dollars, Renminbi and US dollars, so that the Group is exposed to foreign exchange risk arising from the exposure of Renminbi and US dollars. As the foreign currencies risks generated from the sales and purchases can be set off with each other, the management believes its exposure to exchange rate risk is minimal. It is the policy of the Group to continue maintaining the balance of its sales and purchases in the same currency.

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

Significant Investments

As at 31 March 2007, there was no significant investment held by the Group (31 March 2006: nil).

Material Acquisitions and Disposals

There was no material acquisition or disposal of subsidiaries and associated companies during the year ended 31 March 2007 (31 March 2006: nil).

On 14 March 2007, the Group has entered into the MOU regarding the Proposed Acquisition. Further details of the Proposed Acquisition are set out in note 31 to the financial statements.



Contingent Liabilities and Capital Commitments

As at 31 March 2007, the Group did not have any significant contingent liabilities (31 March 2006: nil).

The Group had the following capital commitments at the balance sheet date:

	As at 31 March 2007 HK\$'000	As at 31 March 2006 HK\$'000
Contracted, but not provided for:		
Purchases of computer equipment	570	1,861
Acquisition of Multi-purpose building	–	5,346
	570	7,207
Authorised, but not contracted for:		
Leasehold improvements	–	2,223

As at 31 March 2007, the Company has given corporate guarantees to banks to the extent of approximately HK\$137 million (31 March 2006: approximately HK\$164 million) for banking facilities granted to certain subsidiaries of the Company.

Employees and Remuneration Policies

As at 31 March 2007, the Group employed a total of approximately 5,400 employees including directors (31 March 2006: approximately 4,900). Total employee benefits expenses including directors emoluments were approximately HK\$105 million for the year under review (31 March 2006: approximately HK\$90 million).

The employees are remunerated based on their work performance, professional experiences and the prevailing industry practice. The Group also makes contributions to the statutory mandatory provident fund scheme for the employees of the Group in Hong Kong and to the central pension scheme for the employees of the Group in the PRC.

Future Plan and Prospects

After rapid growth in the past few years, the Group has entered into a transformation and consolidation stage. Although the commencement of operation of the Production Plant increases the productivity of the Group, the Group has to tackle problems arising from increasing labour costs, appreciation of Renminbi and increasing material costs.

In essence, the management aims at equipping the Group to engage in ODM business and producing more innovative and high-valued products with better pricing and profit margin. To achieve such goal, the Group will continue to commit its resources and effort in labour training, advancement of production technology, and research and development. The management will also continue to take this proactive approach in planning and to ensure the process is carried out as diligently planned, so that the investment would bring growth to the Group's business in the long run.

In addition, in order to expand our business to meet growing demand for sportswear while the production costs can be better managed, the Group will continue to expand its production capacity by acquiring further plant and machinery, especially making investment in the territories with supply of cheap labour and production facilities and provision of tax incentives.

Directors and Senior Management Profile

Executive Directors

Chung Yuk Sing, aged 46, is the Chairman, Executive Director and the co-founder of the Company. Mr. Chung is responsible for the overall strategic planning, marketing and management functions of the Group. Mr. Chung has over 10 years of manufacturing and management experience in the garment industry. He was appointed as an executive director in October 2002. He is the nephew of Mr. Chung Tung Sau.

Tsai Nai Kun, aged 53, is Executive Director and the Chief Executive Officer of the Company. Mr. Tsai is responsible for the operation and management functions of the Group. He is a college graduate and has over 25 years of experience in footwear business. Currently, he is Vice President of Yue Yuen Industrial (Holdings) Limited (stock code: 551) ("Yue Yuen"), a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and is in charge of certain research and development programs. He was appointed as an executive director in October 2005.

Chung Tung Sau, aged 54, is Executive Director of the Company. Mr. Chung is responsible for the strategic planning and management functions of the Group. Mr. Chung has over 20 years of managerial experience in the manufacturing industry in particular, in the areas of production and sales and was previously a director of Quam Limited (previously known as Wah Fu International Holdings Limited), a company listed on the Main Board of the Stock Exchange. Prior to joining the Group in October 2002, he worked as Sales Director in a securities company. Mr. Chung was an independent non-executive director of IA International Holdings Limited, a company listed on

the Growth Enterprise Market of the Stock Exchange, until October 2003. He was appointed as an executive director in October 2002 and resigned in June 2007. He is the uncle of Mr. Chung Yuk Sing.

Kuo Tai Yu, aged 57, is Executive Director of the Company. Mr. Kuo has over 20 years of experience in production of footwear in Taiwan. He received a bachelor's degree from Chung Hsing University in Taiwan. In the past few years, Mr. Kuo has been and still is Director of certain companies within the Yue Yuen Group and the director of Pou Chen Corporation, a company listed on the stock exchange of Taiwan. He is currently Executive Director of Yue Yuen and General Manager in charge of one of Yue Yuen's three shoe manufacturing groups since 1996. He was appointed as an executive director in April 2004.

Lin Pin Huang, Otto, aged 50, is Executive Director of the Company. Mr. Lin is responsible for the sales and marketing of the Group. He is a graduate of Tung Hai University and has over 20 years of experience in the footwear business. Currently, he is Vice President of Yue Yuen in charge of the business of certain branded customers in Dongguan, Indonesia and Vietnam. He was appointed as an executive director in October 2005.

Tsang Sau Fan, aged 40, is Executive Director and General Manager of the Company. Ms. Tsang is responsible for the sales and marketing of the Group. Ms. Tsang has over 10 years of experience in sales and marketing of garment products. Prior to joining the Group in March 1996, she worked as a merchandiser in a garment manufacturing company in Hong Kong. She was appointed as an executive director in October 2002.

Ku Yu Sun, Edward, aged 65, is Executive Director of the Company. Mr. Ku was the senior partner of the law firm, Ku & Fong, in Los Angeles and is licensed to practise law in California and Taiwan. He also served as an executive director and the Secretary of First Public Bank in Los Angeles. Mr. Ku holds a bachelor-in-law degree from National Taiwan University and received his J.D. degree from Washington University in St. Louis, the United States. Mr. Ku concurrently serves as Executive Director and General Counsel of Yue Yuen, since 1997, responsible for legal affairs, organisational management and control, merger and acquisition and supervision of group labour practice of Yue Yuen Group. Mr. Ku has been Executive Director of Symphony Holdings Limited, a company listed on the Main Board of the Stock Exchange, the Supervisor of Elite Group Computer Systems Co., Ltd. and Global Brands Manufacture Ltd. and Director of certain companies within the Yue Yuen Group. He was appointed as an executive director in April 2004.

Chen Zhen Hao, aged 42, is Executive Director of the Company. Mr. Chen is currently the Chief Production Officer of the Group in Mainland China. He is responsible for the production and management functions of the Group in Mainland China and is also a director of 裕美汕頭製衣有限公司, a wholly-owned subsidiary of the Company, since August 2004. Mr. Chen has over 10 years of experience in garment manufacturing industry. He was appointed as an executive director in October 2005.

Independent Non-Executive Directors

Chan Cheuk Ho, aged 40, obtained a master degree in Business Administration from the University of Manchester in 2003. He is also a fellow member of the Hong Kong Institute of Certified Public Accountants. Mr. Chan has more than 10 years of experience in accounting and finance. He has been an independent non-executive director of the Company since November 2002.

Li Chi Chung, aged 38, is a solicitor practising in Hong Kong. He obtained a bachelor degree in laws from the University of Sheffield in England in 1990. Mr. Li was admitted as a solicitor in Hong Kong in 1993 and his practice has been focused on commercial related matters. He is also an independent non-executive director of PINE Technology Holdings Limited, a company listed on the Growth Enterprise Market of the Stock Exchange, and an independent non-executive director of Kenford Group Holdings Limited, a company listed on the Main Board of the Stock Exchange. He has been an independent non-executive director of the Company since November 2002.

Cheng Yung Hui Tony, aged 65, is the Chairman and Chief Executive Officer of World Friendship Company Limited. Mr. Cheng has over 30 years of experience in operating his own company. He has extensive experience in international business. He has been an independent non-executive director of the Company since September 2004.

Senior Management

Woo Man Chi, aged 35, is the Financial Controller and the Company Secretary of the Group since September 2005. She is responsible for the accounting, finance and compliance related functions of the Group. She previously worked in a reputable international accounting firm, Deloitte Touche Tohmatsu, in Hong Kong for five years. Prior to joining the Group, she worked in a manufacturing company listed on the Main Board of the Stock Exchange as Assistant Financial Controller. She has more than 10 years of experience in accounting and financial management. She obtained a bachelor degree in Accounting from The Hong Kong University of Science and Technology. She is a CPA (Practising) of the Hong Kong Institute of Certified Public Accountants and is also an associate of the Association of Chartered Certified Accountants.

Report of the Directors

The directors of the Company (the “Directors”) present their report and the audited financial statements of the Company and of the Group for the year ended 31 March 2007.

Principal activities

The principal activity of the Company is investment holding. Details of the principal activities of the subsidiaries of the Company are set out in note 16 to the financial statements. There were no significant changes in the nature of the Group’s principal activities during the year.

Results and dividends

The profit of the Group for the year ended 31 March 2007 and the state of affairs of the Company and of the Group at that date are set out in the financial statements on pages 51 to 102.

An interim dividend of HK6 cents per ordinary share was paid on 20 December 2006. The Directors recommend the payment of a final dividend of HK6 cents per ordinary share in respect of the year, to shareholders on the register of members on 18 October 2007. This recommendation has been incorporated in the financial statements as an allocation of retained profits within the equity section of the balance sheet.

Use of proceeds from the issue of new shares and a convertible note of the Company

The proceeds from the issue of new shares and a convertible note by the Company in April 2004, after deduction of related expenses, amounted to approximately HK\$343 million. As at 31 March 2007, the Group had utilised approximately HK\$305 million, which was in line with the proposed applications set out in the circular of the Company dated 24 March 2004 (the “Circular”), as follows:

	HK\$’million
Acquisition of an additional factory building in Shantou, the People’s Republic of China	50
Acquisition of new machinery and fixtures and fittings	40
Marketing and promotional activities	10
General working capital	205
	305

The remaining net proceeds of approximately HK\$38 million at 31 March 2007 were placed on short-term interest-bearing deposits with banks in Hong Kong. The Directors intend to use the net proceeds in the manner as disclosed in the Circular.

Summary financial information

The following is a summary of the published results and assets and liabilities of the Group for the last five financial years prepared on the basis set out in the notes below.

Results

	Year ended 31 March				
	2007 HK\$'000	2006 HK\$'000	2005 HK\$'000 (Restated)	2004 HK\$'000 (Restated)	2003 HK\$'000 (Restated)
Revenue	519,103	519,310	451,446	325,411	242,330
Profit before tax	86,482	92,081	104,103	35,922	34,403
Tax	(8,763)	(14,670)	(9,200)	(3,511)	(3,444)
Profit for the year	77,719	77,411	94,903	32,411	30,959

Assets and liabilities

	As at 31 March				
	2007 HK\$'000	2006 HK\$'000	2005 HK\$'000 (Restated)	2004 HK\$'000 (Restated)	2003 HK\$'000 (Restated)
Non-current assets	269,805	267,244	130,618	51,395	45,015
Current assets	374,647	311,805	420,808	118,535	48,212
Current liabilities	(69,382)	(46,909)	(53,226)	(77,136)	(47,333)
Net current assets	305,265	264,896	367,582	41,399	879
Non-current liabilities	(1,252)	(1,802)	(898)	(6,460)	(7,774)
	573,818	530,338	497,302	86,334	38,120

Notes:

- (i) The summary of the consolidated results of the Group for the year ended 31 March 2003 and of the assets and liabilities of the Group as at 31 March 2003, which were extracted from the Company's listing prospectus dated 12 August 2003, restated as appropriate, has been prepared as if the current structure of the Group had been in existence throughout that year.
- (ii) The summary of the consolidated results of the Group for the year ended 31 March 2004 and of the assets and liabilities of the Group as at 31 March 2004, which were extracted from the Company's annual report dated 23 July 2004, restated as appropriate, has been prepared as if the current structure of the Group had been in existence throughout that year.
- (iii) The summary of the consolidated results of the Group for the year ended 31 March 2005 and of the assets and liabilities of the Group as at 31 March 2005 were extracted from the Company's annual report dated 8 July 2005, restated as appropriate.
- (iv) The consolidated results of the Group for each of the two years ended 31 March 2007 and the consolidated assets and liabilities of the Group as at 31 March 2006 and 2007 are those set out on pages 51 to 52 of the annual report.

Property, plant and equipment

Details of movements in the property, plant and equipment of the Group during the year are set out in note 13 to the financial statements.

Share capital

There were no movements in either the Company's authorised or issued share capital during the year.

Pre-emptive rights

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

Purchase, redemption or sale of listed securities of the Company

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

Reserves

Details of movements in the reserves of the Company and of the Group during the year are set out in note 25 to the financial statements and in the consolidated statement of changes in equity, respectively.

Distributable reserves

At 31 March 2007, the Company's reserves available for distribution, calculated in accordance with the provisions of the Companies Law of the Cayman Islands, amounted to HK\$384,434,000, of which HK\$25,620,000 has been proposed as a final dividend for the year. The amount of HK\$384,434,000 includes the Company's share premium account and capital reserve of HK\$403,020,000 in aggregate at 31 March 2007, which may be distributed provided that immediately following the date on which a dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

Major customers and suppliers

In the year under review, sales to the Group's five largest customers accounted for approximately 93.7% of the Group's total sales for the year and sales to the largest customer included therein accounted for approximately 69.7%.

Purchases from the Group's five largest suppliers accounted for approximately 50.3% of the Group's total purchases for the year and purchases from the largest supplier included therein accounted for approximately 19.9%.

None of the Directors or any of their associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or suppliers.

Directors

The Directors during the year were:

Executive directors:

Mr. Chung Yuk Sing (*Chairman*)
Mr. Tsai Nai Kun (*Chief Executive Officer*)
Mr. Chung Tung Sau
Mr. Kuo Tai Yu
Mr. Lin Pin Huang, Otto
Ms. Tsang Sau Fan
Mr. Ku Yu Sun, Edward
Mr. Chen Zhen Hao

Independent non-executive directors:

Mr. Chan Cheuk Ho
Mr. Li Chi Chung
Mr. Cheng Yung Hui, Tony

Subsequent to the balance sheet date, Mr. Chung Tung Sau resigned as a director of the Company with effect from 30 June 2007.

In accordance with article 87 of the Company's articles of association, Mr. Chung Yuk Sing, Mr. Kuo Tai Yu, Mr. Ku Yu Sun, Edward and Mr. Cheng Yung Hui, Tony will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

The Company has received annual confirmations of independence from Mr. Chan Cheuk Ho, Mr. Li Chi Chung and Mr. Cheng Yung Hui, Tony, and as at the date of this report still considers them to be independent.

Directors' and senior management's biographies

Biographical details of the Directors and senior management of the Group are set out on pages 11 to 12 of the annual report.

Directors' service contracts

No Director proposed for re-election at the forthcoming annual general meeting of the Company has a service contract with the Company or any of its subsidiaries, which is not determinable by the employing company within one year without payment of compensation, other than statutory compensation.

The independent non-executive directors have no fixed terms of office, but are subject to the provisions governing the retirement and the rotation of Directors in the articles of association of the Company.

Directors' remuneration

The Directors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the board of Directors (the "Board") with reference to Directors' duties, responsibilities and performance and the results of the Group.

Directors' interests in contracts

No Director had a significant beneficial interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

Directors' and chief executive's interests and short positions in shares, underlying shares and debentures

As at 31 March 2007, the interests and short positions of the Directors and chief executive in the share capital, underlying shares and debentures of the Company (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")), which have been notified to the Company pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such Directors or chief executive were taken or deemed to have under such provisions of the SFO) or as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

The Company

Name of Director	Capacity/ Nature of interest	Number of shares held		Percentage of the Company's issued share capital
		Long position	Short position	
Chung Yuk Sing	Interest of a controlled corporation/ Corporate	113,150,000 (Note)	–	26.50
Tsai Nai Kun	Beneficial owner/ Personal	777,000	–	0.18
Chung Tung Sau	Beneficial owner/ Personal	4,500,000	–	1.05
Kuo Tai Yu	Beneficial owner/ Personal	1,680,000	–	0.39
Lin Pin Huang, Otto	Beneficial owner/ Personal	1,043,000	–	0.24
Tsang Sau Fan	Beneficial owner/ Personal	4,500,000	–	1.05
Chen Zhen Hao	Beneficial owner/ Personal	1,350,000	–	0.32

Note: These shares are held by Time Easy Investment Holdings Limited ("Time Easy"). The entire issued share capital of Time Easy is held by Mr. Chung Yuk Sing and Ms. Tsang Yuk Ni, the spouse of Mr. Chung Yuk Sing, in the proportion of 90% and 10% respectively.

Save as disclosed above, as at 31 March 2007, none of the Directors or chief executive had registered an interest or short position in the shares, underlying shares or debentures of the Company that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Directors' rights to acquire shares or debentures

At no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Directors or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

Share option scheme

Since 6 August 2003, the Company has conditionally adopted a share option scheme whereby eligible participants of the share option scheme, including any employee (whether full-time or part-time) and any director of the Company and/or any of its subsidiaries whom the Board may think fit with reference to their respective contributions to the Group, may be granted options which entitle them to subscribe for the shares of the Company. Details of the share option scheme are set out in note 24 to the financial statements.

As at 31 March 2007, no share options have been granted under the share option scheme.

Substantial shareholders' interests and short positions in shares and underlying shares

As at 31 March 2007, the interests and short positions of the following persons, other than the Directors and the chief executive of the Company, in the shares and underlying shares of the Company which have been disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO and which have been recorded in the register kept by the Company pursuant to Section 336 of the SFO:

Name	Capacity/ Nature of interest	Number of ordinary shares held		Percentage of the Company's issued share capital
		Long position	Short position	
Time Easy	Beneficial owner/ Personal	113,150,000 (Note 1)	–	26.50
Pou Chen Corporation ("PCC")	Interest in a controlled corporation/ Corporate	192,000,000 (Note 2)	–	44.96
Wealthplus Holdings Limited ("Wealthplus")	Interest in a controlled corporation/ Corporate	192,000,000 (Note 2)	–	44.96
Yue Yuen Industrial (Holdings) Limited ("Yue Yuen")	Interest in a controlled corporation/ Corporate	192,000,000 (Note 2)	–	44.96
Pou Hing Industrial Co. Ltd. ("Pou Hing")	Interest in a controlled corporation/ Corporate	192,000,000 (Note 2)	–	44.96
Great Pacific Investments Limited ("Great Pacific")	Beneficial owner/ Personal	192,000,000 (Note 2)	–	44.96

Substantial shareholders' interests and short positions in shares and underlying shares (continued)

Notes:

1. The entire issued share capital of Time Easy is held by Mr. Chung Yuk Sing and Ms. Tsang Yuk Ni, the spouse of Mr. Chung Yuk Sing, in the proportion of 90% and 10%, respectively.
2. PCC owns the entire interest in Wealthplus, which in turn owns an interest of approximately 47.4% in Yue Yuen. Yue Yuen owns the entire interest in Pou Hing, which in turn owns the entire interest in Great Pacific.

Save as disclosed above, as at 31 March 2007, no person, other than the Directors and the chief executive of the Company, whose interests are set out in the section headed "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

Sufficiency of public float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this report.

Director's interest in a competing business

Interest of the Director in a competing business required to be disclosed pursuant to Rule 8.10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") is as follows:

Name of Director	Name of company	Nature of competing business	Nature of interest
Mr. Ku Yu Sun, Edward ("Mr. Ku")	Yuen Thai Industrial Company Limited ("Yuen Thai") (Note)	Garment manufacturing	As a director

Note: Yuen Thai is a company incorporated in Hong Kong on 24 September 2003 and is held as to 50% by Yue Yuen and its subsidiaries (the "Yue Yuen Group") and 50% by a subsidiary of Luen Thai Holdings Limited, a company listed on the Stock Exchange since 2004. Mr. Ku has been nominated by the Yue Yuen Group to represent its interest on the board of directors of Yuen Thai.

Having considered (i) the nature, geographical market, scope and size of Yuen Thai as compared to those of the Group; and (ii) the nature and extent of Mr. Ku's interest in Yuen Thai, the Directors believe that there is unlikely to be any significant competition caused to the business of the Group.

Save as disclosed above, none of the Directors or their respective associates was interested in, apart from the Group's businesses, any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

Corporate Governance

In the opinion of the Directors, the Company has complied with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 to the Listing Rules throughout the accounting period covered by the annual report, except for certain deviations. For further information on the Company's corporate governance practices and details of deviations, please refer to the Corporate Governance Report on pages 21 to 24 of the annual report.

Model Code for Securities Transactions

The Company has adopted the Model Code as the Company's code of conduct for dealings in securities of the Company by the Directors. Based on specific enquiry of the Directors, the Directors confirmed that they had complied with the required standard set out in the Model Code, throughout the accounting period covered by the annual report.

Post balance sheet events

Details of the significant post balance sheet events are set out in note 31 to the financial statements.

Audit committee

The Company has an audit committee which was established on 6 August 2003 and in compliance with Rule 3.21 of the Listing Rules for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises three independent non-executive directors.

Auditors

Ernst & Young retire and a resolution of their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

Chung Yuk Sing

Chairman

Hong Kong
13 July 2007

Corporate Governance Report

The Group is committed to maintaining a high level of corporate governance with an emphasis on the principles of transparency, accountability and independence.

The Company has, throughout the year ended 31 March 2007, complied with most of the applicable code provisions and principles under the 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”) except for certain deviations specified with considered reasons for such deviations as explained in this corporate governance report.

1. Directors

a. Composition and Board Meetings

During the year ended 31 March 2007, the board of Directors (the “Board”) held six regular meetings at approximately quarterly intervals according to the CG Code. During the year, the Board comprised eight executive directors and three independent non-executive directors (“INEDs”). The composition of the Board and the individual attendance of each of the directors of the Company (the “Director(s)”) at board meetings are set out as follows:

Name of Director	Number of meetings attended/held
<i>EXECUTIVE DIRECTORS</i>	
Chung Yuk Sing (<i>Chairman</i>)	5/6
Tsai Nai Kun (<i>Chief Executive Officer</i>)	4/6
Kuo Tai Yu	4/6
Lin Pin Huang, Otto	4/6
Tsang Sau Fan	6/6
Ku Yu Sun, Edward	4/6
Chen Zhen Hao	4/6
Chung Tung Sau (<i>resigned with effect from 30 June 2007</i>)	6/6
<i>INDEPENDENT NON-EXECUTIVE DIRECTORS</i>	
Chan Cheuk Ho	4/6
Li Chi Chung	4/6
Cheng Yung Hui, Tony	4/6

At least one of the INEDs has appropriate professional qualifications or accounting or related financial management expertise under Rule 3.10 of the Listing Rules. The Group has received, from each of the INEDs, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Group considered all of the INEDs to be independent within the definition of the Listing Rules.

b. Delegation by the Board

The Board has the collective responsibility for leadership and control of, and for promoting the success of, the Group by directing and supervising the Group’s affairs. The Board is responsible for determining the overall strategy and corporate development and ensuring the business operations are properly monitored. The Board reserves the right to decide all policy matters of the Group and material transactions.

The Board delegates the day-to-day operations to general managers and department heads who are responsible for different aspects of the operations of the Group.

1. Directors (continued)

c. Chairman and Chief Executive Officer

The Group segregates the role of the Chairman from the Chief Executive Officer. Mr. Chung Yuk Sing is the Chairman of the Company and Mr. Tsai Nai Kun is the Chief Executive Officer of the Company. There is no relationship other than business relationship between them. The Chairman provides leadership to the Board and is responsible for the overall strategic planning and corporate development, whereas the Chief Executive Officer is responsible for the day-to-day management, policy making and corporate management functions as well as formulating strategies for the Group.

d. Appointment, re-election and removal

A.4.1 of the CG Code stipulates that non-executive directors should be appointed for a specific term and subject to re-election. All INEDs are not appointed for a specific term but are subject to retirement by rotation and re-election at the annual general meeting in accordance with the articles of association of the Company. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those set out in the CG Code.

A.4.2 of the CG Code also stipulates every Director should be subject to retirement by rotation at least once every three years. According to the articles of association of the Company, at each annual general meeting, one-third of the Directors shall retire from office by rotation provided that notwithstanding anything therein, the Chairman of the Board and the Chief Executive Officer of the Company shall not be subject to retirement by rotation or taken into account in determining the number of Directors to retire. At the annual general meeting of the Company held on 22 August 2006, the shareholders of the Company had passed a special resolution to approve the amendments to the Company's articles of association such that, all Directors, including the Chairman and the Chief Executive Officer, shall be subject to retirement by rotation at least once every three years whether or not they are appointed for a specific term. The amendments had brought the articles of association of the Company in line with the requirements of the CG Code.

e. Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, all Directors confirmed that they had complied with the Model Code throughout the year.

f. Supply of and access to information

In respect of regular board meetings, an agenda and accompanying board papers of the meeting are sent in full to all Directors at least 3 days before the intended date of a meeting.

The management has an obligation to supply the Board and the various Committees with adequate information in a timely manner to enable the members to make informed decisions. Each Director has separate and independent access to the Group's management to acquire more information and to make further enquiries if necessary.

2. Board Committees

a. Remuneration Committee

The Remuneration Committee set up in October 2005 consists of one executive director, namely, Mr. Chung Yuk Sing and two INEDs, namely, Mr. Chan Cheuk Ho and Mr. Li Chi Chung. Mr. Chung Yuk Sing is the Chairman of the Remuneration Committee.

The terms of references of the Remuneration Committee follow with the CG Code. The Remuneration Committee is responsible for considering and approving the remuneration plans and policies for all Directors and the management of the Group by reference to the Company's operation results, individual performance and prevailing market rate. The committee meets at least once a year. During the year under review, one committee meeting was held with an attendance rate of 100% to review the remuneration packages of all Directors of the Company.

b. Audit Committee

The Audit Committee established in August 2003 currently comprises all three INEDs and is chaired by Mr. Chan Cheuk Ho who possesses recognised professional qualifications in accounting and has rich experience in audit and finance. The terms of reference of the Audit Committee follow with the CG Code.

The Audit Committee's principal duties include reviewing the nature and scope of the statutory audits, interim and annual accounts of the Group, and the adequacy and effectiveness of the accounting and financial controls of the Group. The committee meets at least twice every year and additional meetings may be convened by the chairman of the committee as and when necessary.

During the year ended 31 March 2007, the Audit Committee met twice with an attendance rate of 100% to review the accounting principles and practices adopted by the Group and to discuss internal controls and financial reporting matters including the review of 2006 annual results and 2007 interim results of the Group. Each member of the Audit Committee has unrestricted access to the Group's auditors and the management.

c. Nomination Committee

The Company has not established a nomination committee as the duties and functions of the Nomination Committee recommended in the CG Code are performed by the Board collectively with no Director being involved in fixing his own terms of appointment and no INED being involved in assessing his own independence.

3. Accountability and Audit

a. Financial Reporting

The Directors acknowledge their responsibility to prepare the financial statements that give a true and fair view of the state of affairs of the Group. The Board was not aware of any material uncertainties relating to events or conditions that might cast significant doubt upon the Group's ability to continue as a going concern, the Board has prepared the accounts on a going concern basis.

The reporting responsibilities of the Company's auditors, Messrs. Ernst & Young, are set out in the Independent Auditors' Report on page 25 of the annual report.

b. Internal Controls

The Board is responsible for the Group's internal control system and for reviewing its effectiveness. Through the Audit Committee, the Board has reviewed the effectiveness of the system.

3. Accountability and Audit (continued)

c. Auditors' Remuneration

For the year ended 31 March 2007, the fee paid / payable to the Group's auditors, Messrs. Ernst & Young, is set out as follows:

Services rendered	Amount of fee paid/payable HK\$'000
Audit services	1,100
Non-audit services	86
	1,186

On behalf of the Board

Chung Yuk Sing

Chairman

Hong Kong, 13 July 2007

Independent Auditors' Report



To the shareholders of

Eagle Nice (International) Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

We have audited the financial statements of Eagle Nice (International) Holdings Limited set out on pages 51 to 102, 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 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. Our report is made solely to you, as a body, 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 auditors' judgement, 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 auditors consider 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.

Opinion

In our opinion, the 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.

Ernst & Young

Certified Public Accountants

18/F, Two International Finance Centre

8 Finance Street, Central

Hong Kong

13 July 2007

Consolidated Income Statement

綜合收益表

(Year ended 31 March 2007)

(截至二零零七年三月三十一日止年度)

		Notes 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	營業收入	5	519,103	519,310
Cost of sales	銷售成本		(387,006)	(393,677)
Gross profit	毛利		132,097	125,633
Other income and gains	其他收入及收益	5	8,085	7,634
Selling and distribution costs	銷售及分銷成本		(5,117)	(5,139)
Administrative expenses	行政費用		(48,583)	(36,047)
PROFIT BEFORE TAX	除稅前溢利	6	86,482	92,081
Tax	稅項	9	(8,763)	(14,670)
PROFIT FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	本公司股權持有人應佔年度溢利	10	77,719	77,411
DIVIDENDS	股息	11		
Interim	中期股息		25,620	25,620
Proposed final	擬派末期股息		25,620	25,620
			51,240	51,240
			HK cents 港仙	HK cents 港仙
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	本公司普通股股權持有人應佔每股盈利	12		
Basic	基本		18.2	18.1
Diluted	攤薄		N/A 不適用	N/A不適用

Consolidated Balance Sheet

綜合資產負債表

(31 March 2007)

(二零零七年三月三十一日)

		Notes 附註	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
NON-CURRENT ASSETS	非流動資產			
Property, plant and equipment	物業、廠房及設備	13	202,895	197,010
Prepaid land lease payments	預付土地租賃款項	14	66,056	58,093
Prepayments and deposits for property, plant and equipment	物業、廠房及設備之預付款項及按金	15, 29(i)	854	12,141
Total non-current assets	非流動資產總值		269,805	267,244
CURRENT ASSETS	流動資產			
Inventories	存貨	17	52,002	31,445
Accounts and bills receivable	應收賬款及票據	18	58,593	51,845
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項		5,886	3,293
Pledged deposits	質押存款	19	5,518	10,105
Cash and cash equivalents	現金及現金等值項目	19	252,648	215,117
Total current assets	流動資產總值		374,647	311,805
CURRENT LIABILITIES	流動負債			
Accounts and bills payable	應付賬款及票據	20	29,662	13,285
Accrued liabilities and other payables	應計負債及其他應付款項		25,798	16,422
Tax payable	應付稅項		13,922	17,202
Total current liabilities	流動負債總值		69,382	46,909
NET CURRENT ASSETS	流動資產淨值		305,265	264,896
TOTAL ASSETS LESS CURRENT LIABILITIES	資產總值扣除流動負債		575,070	532,140
NON-CURRENT LIABILITIES	非流動負債			
Deferred tax liabilities	遞延稅項負債	22	1,252	1,802
Net assets	資產淨值		573,818	530,338
EQUITY	資本			
Issued capital	已發行股本	23	4,270	4,270
Reserves	儲備	25	543,928	500,448
Proposed final dividend	擬派末期股息	11	25,620	25,620
Total equity	資本總值		573,818	530,338

Chung Yuk Sing
鍾育升
Director
董事

Tsang Sau Fan
曾秀芬
Director
董事

Consolidated Statement of Changes in Equity

綜合權益變動表

(Year ended 31 March 2007)

(截至二零零七年三月三十一日止年度)

		Issued capital	Share premium account	Capital reserve	Statutory surplus reserve	Exchange fluctuation reserve	Asset revaluation reserve	Retained profits	Proposed final dividend	Total
	Notes	已發行股本	溢價賬	資本儲備	盈餘儲備	波動儲備	重估儲備	留存溢利	末期股息	總計
	附註	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
				(Note 25)	(Note 25)					
				(附註25)	(附註25)					
At 1 April 2005	於二零零五年四月一日	4,270	359,932	(229)	5,396	(2,616)	957	103,972	25,620	497,302
Surplus on revaluation	重估盈餘	13	-	-	-	-	2,759	-	-	2,759
Deferred tax charged	已扣除之遞延稅項	22	-	-	-	-	(89)	-	-	(89)
Exchange realignment	匯兌調整	-	-	-	-	4,353	-	-	-	4,353
Realisation on disposal of available-for-sale investments	於出售可供出售 投資時變現	-	-	-	-	-	(158)	-	-	(158)
Total income and expenses recognised directly in equity	直接於權益中確認的收支總額	-	-	-	-	4,353	2,512	-	-	6,865
Profit for the year	年內溢利	-	-	-	-	-	-	77,411	-	77,411
Total income and expense for the year	年內收支總額	-	-	-	-	4,353	2,512	77,411	-	84,276
Transfer to reserve	轉撥至儲備	-	-	-	335	-	-	(335)	-	-
Final 2005 dividend declared	已宣派二零零五年末期股息	-	-	-	-	-	-	-	(25,620)	(25,620)
Interim 2006 dividend	二零零六年中期股息	11	-	-	-	-	-	(25,620)	-	(25,620)
Proposed final 2006 dividend	擬派二零零六年末期股息	11	-	-	-	-	-	(25,620)	25,620	-
At 31 March 2006 and 1 April 2006	於二零零六年三月三十一日及 二零零六年四月一日	4,270	359,932*	(229)*	5,731*	1,737*	3,469*	129,808*	25,620	530,338
Surplus on revaluation	重估盈餘	13	-	-	-	-	4,672	-	-	4,672
Deferred tax charged	已扣除之遞延稅項	22	-	-	-	-	(297)	-	-	(297)
Exchange realignment	匯兌調整	-	-	-	-	12,626	-	-	-	12,626
Total income and expenses recognised directly in equity	直接於權益中確認的收支總額	-	-	-	-	12,626	4,375	-	-	17,001
Profit for the year	年內溢利	-	-	-	-	-	-	77,719	-	77,719
Total income and expense for the year	年內收支總額	-	-	-	-	12,626	4,375	77,719	-	94,720
Transfer to reserve	轉撥至儲備	-	-	-	5,214	-	-	(5,214)	-	-
Final 2006 dividend declared	已宣派二零零六年末期股息	-	-	-	-	-	-	-	(25,620)	(25,620)
Interim 2007 dividend	二零零七年中期股息	11	-	-	-	-	-	(25,620)	-	(25,620)
Proposed final 2007 dividend	擬派二零零七年末期股息	11	-	-	-	-	-	(25,620)	25,620	-
At 31 March 2007	於二零零七年三月三十一日	4,270	359,932*	(229)*	10,945*	14,363*	7,844*	151,073*	25,620	573,818

* These reserve accounts comprise the consolidated reserves of HK\$543,928,000 (2006: HK\$500,448,000) in the consolidated balance sheet of the Group.

* 該等儲備賬項包括載於本集團綜合資產負債表內之綜合儲備 543,928,000 港元 (二零零六年: 500,448,000 港元)。

Consolidated Cash Flow Statement

綜合現金流量表

(Year ended 31 March 2007)
(截至二零零七年三月三十一日止年度)

	Notes 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	經營業務產生之現金流量		
Profit before tax	除稅前溢利	86,482	92,081
Adjustments for:	按以下項目調整:		
Bank interest income	銀行利息收入	(7,764)	(6,503)
Gain on redemption of available-for-sale investments	贖回可供出售投資 之收益	5	(215)
Gain on disposal of items of property, plant and equipment	出售物業、廠房及設備 項目之收益	5	(116)
Write-off of items of property, plant and equipment	撇銷物業、廠房及 設備項目	6	–
Depreciation	折舊	6	20,914
Amortisation of prepaid land lease payments	預付土地租賃款項攤銷	6	1,117
		107,545	107,278
Decrease/(increase) in inventories	存貨減少/(增加)	(20,557)	16,247
Increase in accounts and bills receivable	應收賬款及票據增加	(6,748)	(13,288)
Decrease/(increase) in prepayments, deposits and other receivables	預付款項、按金及其他 應收款項減少/(增加)	(2,270)	3,246
Increase/(decrease) in accounts and bills payable	應付賬款及票據 增加/(減少)	16,377	(2,924)
Increase/(decrease) in accrued liabilities and other payables	應計負債及其他應付 款項增加/(減少)	9,376	(4,038)
Cash generated from operations	營運產生之現金	103,723	106,521
Dividends paid	已付股息	(51,240)	(51,240)
Hong Kong profits tax paid	已付香港利得稅	(13,867)	(10,495)
Overseas tax refunded/(paid)	退還/(已付)海外稅項	977	(2,715)
Net cash inflow from operating activities	經營業務產生之現金流入淨值	39,593	42,071
CASH FLOWS FROM INVESTING ACTIVITIES	投資活動產生之現金流量		
Proceeds from redemption of available-for-sale investments	贖回可供出售投資所得款項	–	4,584
Proceeds from disposal of items of property, plant and equipment	出售物業、廠房及設備項目 所得款項	–	911
Purchases of items of property, plant and equipment	購買物業、廠房及 設備項目	13, 15	(119,443)
Purchase of prepaid land lease payments	購買預付土地租賃付款	14, 15	(29,596)
Prepayments and deposits for property, plant and equipment	購買物業、廠房及設備之 預付款項及按金	15	(12,141)
Decrease/(increase) in non-pledged deposits with original maturity of over three months when acquired	購入原訂到期日多於 三個月之非質押存款 減少/(增加)	19	231,397
Decrease/(increase) in pledged deposits	質押存款減少/(增加)	19	(4,587)
Interest received	已收利息	7,764	6,503

Consolidated Cash Flow Statement (continued)

綜合現金流量表 (續)

(Year ended 31 March 2007)

(截至二零零七年三月三十一日止年度)

		Notes 附註	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Net cash inflow/(outflow) from investing activities	投資活動產生之現金流入／(流出)淨值		(113,754)	77,628
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	現金及現金等值項目增加／(減少)淨值		(74,161)	119,699
Cash and cash equivalents at beginning of year	年初之現金及現金等值項目		215,117	91,479
Effect of foreign exchange rate changes, net	匯率變動之影響淨值		4,961	3,939
CASH AND CASH EQUIVALENTS AT END OF YEAR	年終之現金及現金等值項目		145,917	215,117
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS	現金及現金等值項目之結餘分析			
Cash and bank balances	現金及銀行結存	19	82,302	41,692
Non-pledged time deposits with original maturity of less than three months when acquired	原訂到期日少於三個月之非質押定期存款	19	63,615	173,425
			145,917	215,117

Balance Sheet

資產負債表

(31 March 2007)
(二零零七年三月三十一日)

		Notes 附註	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
NON-CURRENT ASSETS	非流動資產			
Investments in subsidiaries	於附屬公司之投資	16	43,368	43,368
CURRENT ASSETS	流動資產			
Due from subsidiaries	應收附屬公司款項	16	236,865	289,375
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項		1,728	16
Cash and cash equivalents	現金及現金等值項目	19	106,883	104,227
Total current assets	流動資產總值		345,476	393,618
CURRENT LIABILITIES	流動負債			
Accrued liabilities	應計負債		140	140
NET CURRENT ASSETS	流動資產淨值		345,336	393,478
Net assets	資產淨值		388,704	436,846
EQUITY	資本			
Issued capital	已發行股本	23	4,270	4,270
Reserves	儲備	25	358,814	406,956
Proposed final dividend	擬派末期股息	11	25,620	25,620
Total equity	資本總值		388,704	436,846

Chung Yuk Sing
鍾育升
Director
董事

Tsang Sau Fan
曾秀芬
Director
董事

Notes to Financial Statements

財務報表附註

(31 March 2007)
(二零零七年三月三十一日)

1. Corporate Information

The Company is a limited liability company incorporated in the Cayman Islands. The principal place of business of the Company is located at Units 0902-0903 and 0905-0906, 9/F, Tower B, Regent Centre, 70 Ta Chuen Ping Street, Kwai Chung, New Territories, Hong Kong.

The Group's principal activities are the manufacture and trading of sportswear and garments.

2.1 Basis of Preparation

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 March 2007. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

1. 公司資料

本公司為於開曼群島註冊成立之有限公司。本公司之主要營業地點位於香港新界葵涌打磚坪街70號麗晶中心B座九樓0902-0903室及0905-0906室。

本集團之主要業務為生產及買賣運動服及成衣。

2.1 編制基準

此等財務報表根據由香港會計師公會頒佈之香港財務報告準則（「香港財務報告準則」）（其中亦包括香港會計準則（「香港會計準則」）及詮釋）、香港公認會計原則及香港公司條例之披露規定編制。除樓宇以公平值計量外，此財務報表根據歷史成本常規編制。除另有註明外，此財務報表以港元（「港元」）呈列，而所有價值均四捨五入至最接近之千位。

綜合基準

綜合財務報表包括本公司及其附屬公司截至二零零七年三月三十一日止年度之財務報表。附屬公司之業績以自收購日期，即本集團取得控制權之日起綜合計算，並在有關控制權終止前繼續綜合計入。本集團旗下各公司之間所有重大交易及結餘於綜合賬目時對銷。

2.2 Impact of New and Revised Hong Kong Financial Reporting Standards

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements. The adoption of these new and revised standards and interpretations has had no material effect on these financial statements.

HKAS 21 Amendment	Net Investment in a Foreign Operation
HKAS 39 & HKFRS 4 Amendments	Financial Guarantee Contracts
HKAS 39 Amendment	Cash Flow Hedge Accounting of Forecast Intragroup Transactions
HKAS 39 Amendment	The Fair Value Option
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29 <i>Financial Reporting in Hyperinflationary Economies</i>

The principal changes in accounting policies are as follows:

(a) HKAS 21 The Effects of Changes in Foreign Exchange Rates

Upon the adoption of HKAS 21 Amendment regarding a net investment in a foreign operation, all exchange differences arising from a monetary item that forms part of the Group's net investment in a foreign operation are recognised in a separate component of equity in the consolidated financial statements irrespective of the currency in which the monetary item is denominated. This change has had no material impact on these financial statements as at 31 March 2007 and 31 March 2006.

2.2 新訂及經修訂香港財務報告準則之影響

本集團編制本年度財務報表首次採用以下新訂和經修訂的香港財務報告準則，採用這些新訂和經修訂之準則及詮釋對這些財務報表並無重大影響。

香港會計準則第21號 (經修訂)	海外業務之投資淨值
香港會計準則第39號及香港財務報告準則第4號 (經修訂)	財務擔保合約
香港會計準則第39號 (經修訂)	預測集團內部交易之現金流量對沖會計法
香港會計準則第39號 (經修訂)	公平值選擇權
香港 (國際財務報告詮釋委員會) – 詮釋第7號	應用香港會計準則第29號「嚴重通脹經濟財務報告」的重列方式

會計政策之主要變動如下：

(a) 香港會計準則第21號外幣匯率變動之影響

於採用有關海外業務之投資淨值之香港會計準則第21號 (經修訂) 後，構成本集團於海外業務投資淨值部分之貨幣項目所產生之所有匯兌差額，不論貨幣項目以何種貨幣為單位，均於綜合財務報表內確認為權益之獨立部分。此項變動並無對二零零七年三月三十一日及二零零六年三月三十一日之財務報表產生任何重大影響。

2.2 Impact of New and Revised Hong Kong Financial Reporting Standards (*continued*)

(b) HKAS 39 Financial Instruments: Recognition and Measurement

- (i) *Amendment for financial guarantee contracts*
In prior years, financial guarantees provided by the Company to various banks in connection with the bank loans and other banking facilities granted to its subsidiaries were disclosed as contingent liabilities. Upon the adoption of this amendment, the scope of HKAS 39 has been revised to require financial guarantee contracts issued that are not considered insurance contracts to be recognised initially at fair value and to be remeasured at the higher of the amount determined in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 *Revenue*. The Group had assessed all the relevant financial guarantee contracts and concluded that this amendment has had no material impact on these financial statements.
- (ii) *Amendment for cash flow hedge accounting of forecast intragroup transactions*
This amendment has revised HKAS 39 to permit the foreign currency risk of a highly probable intragroup forecast transaction to qualify as a hedged item in a cash flow hedge, provided that the transaction is denominated in a currency other than the functional currency of the entity entering into that transaction and that the foreign currency risk will affect the consolidated income statement. As the Group currently has no such transactions, the amendment has had no effect on these financial statements.
- (iii) *Amendment for the fair value option*
This amendment has changed the definition of a financial instrument classified as fair value through profit or loss and has restricted the use of the option to designate any financial asset or any financial liability to be measured at fair value through the income statement. The Group had not previously used this option, and hence the amendment has had no effect on these financial statements.

2.2 新訂及經修訂香港財務報告準則之影響 (續)

(b) 香港會計準則第39號金融工具：確認及計量

- (i) *財務擔保合約之修訂*
本公司過往年度就銀行貸款及因其附屬公司向不同銀行融資而授予的財務擔保於或然負債中披露。於採用此項修訂後，香港會計準則第39號所涵蓋範圍中規定不被視為保險合約的已發行財務擔保合約必須先按公平值進行初始確認，隨後以根據香港會計準則第37號「撥備、或然負債及或然資產」釐定的數額以及初始確認的數額減去（如適用）根據香港會計準則第18號「營業收入」確認的累計攤銷中較高者重新計量有關金額。本集團已評估所有相關財務擔保合約並確認採納此修訂對本財務報表並無重大影響。
- (ii) *預測集團內部交易之現金流量對沖會計法之修訂*
此項修訂修改了香港會計準則第39號，容許極可能發生的預期集團內部交易的外幣風險成為現金流量對沖的對沖項目，但交易必須以交易實體的功能貨幣以外的貨幣進行，且外幣風險將影響綜合收益表。由於本集團現時並無該等交易，故此修訂對本財務報表並無任何影響。
- (iii) *公平值選擇權之修訂*
此項修訂改變了分類為按盈虧釐定公平值之金融工具之定義，並限制指定任何金融資產或任何金融負債須透過收益表按公平值計量之選擇權。本集團以往並無採用此項選擇，因此，此項修訂對本財務報表並無任何影響。

2.3 Impact of Issued But Not Yet Effective Hong Kong Financial Reporting Standards

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements:

HKAS 1 Amendment	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HKFRS 8	Operating Segments
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment
HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions
HK(IFRIC)-Int 12	Service Concession Arrangements

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

HKFRS 7 shall be applied for the accounting period beginning on 1 April 2007. The standard requires disclosures that enable users of the financial statements to evaluate the significance of the Group's financial instruments and the nature and extent of risks arising from those financial instruments.

HKFRS 8 shall be applied for the accounting period beginning on 1 April 2009. The standard requires the disclosure of information about the operating segments of the Group, the products and services provided by the segments, the geographical areas in which the Group operates, and revenues from the Group's major customers. This standard will supersede HKAS 14 *Segment Reporting*.

2.3 已頒佈但未生效之香港財務報告準則之影響

本集團並無於此等財務報表中應用下列已頒佈但未生效之新訂及經修訂香港財務報告準則：

香港會計準則第1號 (經修訂)	資本披露
香港財務報告準則 第7號	金融工具：披露
香港財務報告準則 第8號	經營分類
香港(國際財務報告 詮釋委員會) — 詮釋第8號	香港財務報告準則第 2號之適用範圍
香港(國際財務報告 詮釋委員會) — 詮釋第9號	重估嵌入式衍生工 具
香港(國際財務報告 詮釋委員會) — 詮釋第10號	中期財務報告及減值
香港(國際財務報告 詮釋委員會) — 詮釋第11號	香港財務報告準則第 2號—集團與庫存股 份交易
香港(國際財務報告 詮釋委員會) — 詮釋第12號	服務經營權安排

香港會計準則第1號(經修訂)須應用於二零零七年四月一日或以後開始之年度期間。經修訂準則將影響有關本集團管理資本之目標、政策及程序之定性資料以及本公司視作資本之定量數據，以及遵守任何資本規定及任何不遵守後果之披露事項。

香港財務報告準則第7號須應用於二零零七年四月一日或以後開始之年度期間。該準則要求披露能使財務報表使用者能夠評估本集團之金融工具之重要性以及該等金融工具所產生風險之性質和程度。

香港財務報告準則第8號須應用於二零零九年四月一日或以後開始之年度期間。該準則要求披露關於集團之經營分部及各分部所提供之產品及服務、集團經營之區域及源自集團主要客戶之收入的資料。該準則將取代香港會計準則第14號「分類報告」。

2.3 Impact of Issued But Not Yet Effective Hong Kong Financial Reporting Standards (continued)

HK(IFRIC)-Int 8, HK(IFRIC)-Int 9 and HK(IFRIC)-Int 10 shall be applied for the accounting period beginning on 1 April 2007; and HK(IFRIC)-Int 11 and HK(IFRIC)-Int 12 shall be applied for the accounting period beginning on 1 April 2008.

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, it has concluded that while the adoption of HKAS 1 Amendment, HKFRS 7 and HKFRS 8 may result in new or amended disclosures, these new and revised HKFRSs will not have any significant impact on the Group's results of operations and financial position.

2.4 Summary of Significant Accounting Policies Subsidiaries

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

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

Impairment of non-financial assets other than goodwill

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

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

2.3 已頒佈但未生效香港財務報告準則的影響 (續)

香港(國際財務報告詮釋委員會)詮釋第8號、詮釋第9號及詮釋第10號分別應用於二零零七年四月一日、或以後開始之年度期間;香港(國際財務報告詮釋委員會)詮釋第11號及詮釋第12號將分別應用於二零零八年四月一日或以後開始之年度期間。

本集團正評估初次應用此等新訂及經修訂香港財務報告準則之影響。截至目前為止,本集團認為因採用香港會計準則第1號(經修訂)、香港財務報告準則第7號及香港財務報告準則第8號所引致可能需要披露新資料或修訂已披露資料,將不會對本集團之營運業績及財務狀況產生重大影響。

2.4 主要會計政策概要 附屬公司

附屬公司指本公司直接或間接控制其財務及經營政策而從其業務獲益之公司。

附屬公司業績按已收及應收股息計入本公司收益表,本公司於附屬公司之權益按成本值減任何減值虧損列賬。

商譽以外之非金融資產減值

倘出現減值跡象或有需要就資產進行年度減值測檢(存貨及金融資產除外),則會估計該資產的可收回金額。資產的可收回金額乃按資產或現金產生單位的使用價值及其公平值兩者中之較高者減銷售成本計算,並釐定為個別資產,除非該項資產所產生現金流量不能大致獨立於其他資產或資產組別的現金流入,於此情況下,可收回金額則按資產所屬現金產生單位釐定。

減值虧損只會於資產賬面值超出其可收回金額時確認。於評估使用價值時,會使用可反映目前市場對貨幣時間價值及特定資產風險的評估之稅前貼現率,估計其日後現金流量折讓至現值。減值虧損於產生期間在收益表扣除,除非該資產按重估價值列賬,於此情況下,減值虧損將按該項重估資產之有關會計政策列賬。

2.4 Summary of Significant Accounting Policies

(continued)

Impairment of non-financial assets other than goodwill

(continued)

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

Related parties

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

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

2.4 主要會計政策概要 (續)

商譽以外之非金融資產減值 (續)

於各報告日期評估有否跡象顯示以往確認減值虧損不再存在或可能已減少。倘出現上述跡象，則會估計可收回金額。當用以釐定資產可收回金額的估計有變動時，先前確認的資產減值虧損（商譽除外）方可回撥，惟回撥後的金額不可超過過往年度並無就該項資產確認減值虧損而釐定的賬面值（扣除任何折舊／攤銷後）。回撥的減值虧損於產生期間計入收益表，除非該資產按重估值列賬，於此情況下，減值虧損回撥將按該項重估資產之有關會計政策列賬。

關連人士

在下列情況下，有關人士將視為與本集團有關連：

- (a) 有關人士直接或透過一名或多名中介人間接：(i)控制本集團，或被本集團控制或受到與本集團共同控制；(ii)擁有本集團權益，並可對本集團發揮重大影響力；或(iii)與他人共同擁有本集團控制權；
- (b) 有關人士為聯繫人士；
- (c) 有關人士為共同控制實體；
- (d) 有關人士為本集團主要管理人員；
- (e) 有關人士為(a)或(d)項所述人士的直系親屬；
- (f) 有關人士受直接或間接歸屬於(d)或(e)項所述人士的實體所控制，與他人共同控制或對其發揮重大影響力，或擁有重大投票權；或
- (g) 有關人士為本集團或屬其有關連人士任何實體的僱員利益而設立之終止受僱後福利計劃的受益人。

2.4 Summary of Significant Accounting Policies

(continued)

Property, plant and equipment and depreciation

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

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

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

Buildings	2% to 15%
Leasehold improvements	Over the lease terms or 20%, whichever is shorter
Plant and machinery	10% to 20%
Furniture, fixtures, equipment and motor vehicles	20%

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

2.4 主要會計政策概要 (續)**物業、廠房及設備及折舊**

除在建工程外，物業、廠房及設備乃按成本值或估值減累積折舊及任何減值虧損列賬。物業、廠房及設備成本包括其購入價及任何使其達到運作狀況及地點作擬定用途之直接相關成本。物業、廠房及設備運作後所產生開支，例如維修及保養費用，一般於有關費用產生期間自收益表扣除。倘能明確顯示該項開支令預期來自使用該項物業、廠房及設備獲得之未來經濟利益增加及倘該項目之成本能夠可靠估計時，則該項開支將予以資本化，作為該項資產之額外成本或作為置換。

估值會經常進行，以確保重估資產之公平值不會與其賬面值有任何重大差異。物業、廠房及設備價值變動於資產重估儲備內列作變動處理。倘儲備總額不足以抵償虧絀，超出之虧絀按個別資產基準於收益表扣除。倘其後出現重估盈餘，則以先前扣除之虧絀為上限計入收益表。出售重估資產時，因以往估值而變現之資產重估儲備有關部分，將視作儲備變動轉撥至留存溢利。

折舊按各項物業、廠房及設備之估計可用年期以直線法攤銷其成本去估計其剩餘價值。就此目的所採用之主要年率如下：

樓宇	2%至15%
租賃物業裝修	按租賃期或20% (以較短者為準)
機器設備	10%至20%
傢具、裝置、設備及汽車	20%

倘部份物業、廠房及設備之可使用年期不同，該項目之成本或估值於有關部分按合理基準分配，而各部分將分別折舊。

2.4 Summary of Significant Accounting Policies

(*continued*)

Property, plant and equipment and depreciation

(*continued*)

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

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

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

Leases

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

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

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

2.4 主要會計政策概要 (續)

物業、廠房及設備及折舊 (續)

剩餘價值、可使用年期及折舊方法將於各資產負債表日審閱及作出調整(如適用)。

物業、廠房及設備項目於出售或預期使用該項目不會產生未來經濟利益時剔除確認。於剔除確認資產年度在收益表確認之出售或報廢資產之損益，按有關資產出售所得款項淨額與賬面值兩者間之差額於收益表確認。

在建工程指進行中之租賃物業改善工程及裝修工程，按成本值減任何減值虧損列賬，但不折舊。成本值包括工程期間之工程直接成本。在建工程於竣工及可供使用時重新分類至合適之物業、廠房及設備類別。

租賃

凡將資產絕大部分回報及風險擁有權(法定業權除外)轉歸本集團之租賃，均列為融資租賃。於融資租賃生效時，租賃資產成本按最低租金付款現值撥充資本化，並連同有關承擔(不包括利息部分)入賬，以反映有關購買及融資。經撥充資本融資租賃持有之資產計入物業、廠房及設備，按該項資產之租期與估計可使用年期之較短者折舊。此等租賃之財務開支自收益表扣除，以在租期內達致穩定的定期支銷率。

資產絕大部分回報及風險擁有權仍歸出租人所有之租賃列為經營租賃。倘本集團為出租人，本集團根據經營租賃出租的資產計入非流動資產，而根據經營租賃應收之租金乃按租期以直線法計入收益表。倘本集團為承租人，根據經營租賃應付之租金按租期以直線法自收益表扣除。

經營租賃之預付租金初始按成本列賬，其後則按租期以直線法確認。

2.4 Summary of Significant Accounting Policies

(*continued*)

Investments and other financial assets

When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at the balance sheet date.

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are subsequently carried at amortised cost using the effective interest method. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Fair value

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business at the balance sheet date.

2.4 主要會計政策概要 (續)

投資及其他金融資產

初始確認時，金融資產按公平值加（倘投資並非按公平值計入損益）直接應佔交易成本計算。本集團會於初始確認後將金融資產分類，並於許可及適當情況下，於資產負債表日重新評估該分類。

正常情況下買入及出售之金融資產於交易日（即本集團承諾購買或出售資產之日）確認。正常情況下買入或出售指於規例或市場慣例一般設定之期間內交付之買入或出售之金融資產。

貸款及應收款項

貸款及應收款項為非衍生工具而設有固定或可確定付款金額的金融資產，以及並不在活躍市場報價。該等資產採用實際利率法按攤銷成本列賬。攤銷成本計及任何收購折扣或溢價，且包括為實際利率及交易成本的組成部分的費用。於貸款及應收款項刪除確認或減值時及進行攤銷時於收益表確認損益。

公平值

於有秩序的金融市場活躍買賣之投資公平值乃參考資產負債表日營業時間結束時市場買入價釐定。

2.4 Summary of Significant Accounting Policies

(*continued*)

Impairment of financial assets

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

Assets carried at amortised cost

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

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

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

2.4 主要會計政策概要 (續)

金融資產減值

本集團於各資產負債表日評估有否客觀證據顯示一項或一組金融資產出現減值。

按攤銷成本入賬之資產

倘有客觀證據顯示按攤銷成本入賬之貸款及應收款項出現減值虧損，則虧損數額按資產之賬面值與估計未來現金流量貼現值（不包括尚未產生之未來信貸虧損）之差額計量，並以金融資產之初始實際利率，即初始確認時計算之實際利率折算。資產之賬面值直接或透過動用撥備減少。減值虧損金額在收益表確認。

本集團首先評估是否有客觀證據顯示就個別屬重大的金融資產個別存在，及就個別並不重大的金融資產個別或共同存在減值。倘並無客觀證據顯示就個別經評估金融資產存在減值，不論是否重大，該資產會列入具相類似信貸風險特色的金融資產組別內，而該組別會共同評估減值。個別評估減值或有關減值虧損將繼續確認的資產，並不會計入共同減值評估內。

倘其後減值虧損金額減少，而該減少可以客觀地與確認減值後發生之事件相關，則回撥早前確認之減值虧損。其後回撥之減值虧損於收益表確認，惟以並無超逾其於回撥日期攤銷成本之資產賬面值為限。

2.4 Summary of Significant Accounting Policies

(*continued*)

Derecognition of financial assets

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

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

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

Financial liabilities at amortised cost

Financial liabilities including trade payables and other payables are initially stated at fair value less directly attributable transaction costs and are subsequently measured at amortised cost, using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the amortisation process.

2.4 主要會計政策概要 (續)

剔除確認金融資產

金融資產(或(如適用)部份金融資產或部份相若金融資產組)於下列情況下將被剔除確認:

- 從資產收取現金流量的權利已屆滿;
- 本集團保留從資產收取現金流量的權利,但有假設的責任根據「經手」安排盡快向第三方支付有關現金流量;或
- 本集團已轉讓其從資產收取現金流量的權利,且(a)已轉讓有關資產絕大部分風險及回報;或(b)並無轉讓或保留有關資產絕大部分風險及回報,但已轉讓有關資產的控制權。

倘本集團已轉讓其從資產收取現金流量的權利,但並無轉讓或保留有關資產絕大部分風險及回報,亦無轉讓有關資產的控制權,則按本集團持續參與有關資產的程度確認該項資產。若持續參與構成對該已轉讓的資產的擔保,則以該資產的初始賬面值及本集團最高付款代價之較低者計算。

按攤銷成本入賬的金融負債

金融負債包括貿易應付款及其他應付款初始按公平值減直接交易成本列賬,隨後以實際利息法按攤銷成本計量,倘貼現的影響不重大,則按成本列賬。

倘負債被取消確認,則盈虧於收益表按攤銷進度確認。

2.4 Summary of Significant Accounting Policies

(*continued*)

Derecognition of financial liabilities

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

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

Inventories

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

Cash and cash equivalents

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

For the purpose of the balance sheets, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Provisions

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

2.4 主要會計政策概要 (續)

剔除確認金融負債

倘負債項下之責任已履行或取消或屆滿，將會剔除確認金融負債。

倘現有金融負債由同一貸款人以含有重大不同條款之另一項金融負債取代，或現有負債條款經大幅修訂，則有關轉換或修訂視作剔除確認原有負債及確認新的負債，而有關賬面值間之差額則於收益表確認。

存貨

存貨乃按成本值及可變現淨值之較低者列賬。成本按先進先出基準釐定，在製品及製成品則包含直接材料、直接勞工及適當比例之間接成本。可變現淨值按估計售價減完工及出售時所產生任何估計成本計算。

現金及現金等值項目

就綜合現金流量表而言，現金及現金等值項目包括現存現金及活期存款以及可隨時轉換為已知數額現金的短期高度流通性投資，有關投資承受低價值風險，一般於購入後三個月內到期，另扣除須按要求償還及構成本集團現金管理其中部分之銀行透支。

就資產負債表而言，現金及現金等值項目包括現存及銀行現金，當中包括無使用限制用途之定期存款。

撥備

因過往發生事件而產生現時承擔責任（法定或推定）及有機會造成未來資源的流出以償還承擔責任，則於能夠可靠估計該承擔數額時確認撥備。

2.4 Summary of Significant Accounting Policies

(continued)

Provisions (continued)

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

Income tax

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

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

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

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

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

2.4 主要會計政策概要 (續)

撥備 (續)

若貼現之影響重大，則撥備所確認的數額是為預期償還該責任所需未來開支於資產負債表日之現值。隨時間推移而產生之貼現現值增加計入收益表的財務開支內。

所得稅

所得稅包括即期及遞延稅項。所得稅於收益表確認，或倘有關稅項是與於相同或不同期間直接於資本確認的項目相關，則於資本確認。

於目前或過往期間的即期稅項資產及負債，按預期自稅務機關退回或付予稅務機關的金額計算。

遞延稅項須按負債法，就資產及負債之計稅基準與財務申報賬面值於資產負債表日之所有暫時性差額作出撥備。

遞延稅項負債就所有應課稅暫時性差額確認，除下列情況外：

- 產生自首次確認的一項非商業合併中的資產或負債，以及於進行交易時並無影響會計溢利或應課稅溢利或虧損的遞延稅項負債；及
- 於附屬公司之投資相關之應課稅暫時性差額，倘可控制暫時差額之回撥時間，並有可能在可預見未來不會回撥暫時差額除外。

2.4 Summary of Significant Accounting Policies

(continued)

Income tax (continued)

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

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

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

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

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

2.4 主要會計政策概要 (續)

所得稅 (續)

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

- 惟產生自首次確認的一項非商業合併中的資產或負債，以及於進行交易時並無影響會計溢利或應課稅溢利或虧損之可扣減暫時差額相關之遞延稅項資產；及
- 於附屬公司之投資相關之可扣減暫時性差額，遞延稅項資產僅會於暫時性差額可能在可預見未來撥及有應課稅溢利以抵銷暫時差額情況下方予確認。

遞延稅項資產賬面值於每個資產負債表日審閱，並於不再可能有足夠應課稅溢利抵銷所有或部分遞延稅項資產情況下調減。相反，早前未確認之遞延稅項資產於各資產負債表日重估，並於有足夠應課稅溢利抵銷所有或部分遞延稅項資產情況下確認。

遞延稅項資產及負債乃根據於資產負債表日頒佈或實質頒佈之稅率（及稅法），按預期於變現資產或清償債務期間適用之稅率計算。

倘存在容許將即期稅項資產抵銷即期稅項負債的合法可執行權利，且遞延稅項與同一應課稅實體及同一稅務機關有關，則遞延稅項資產可與遞延稅項負債抵銷。

2.4 Summary of Significant Accounting Policies

(*continued*)

Revenue recognition

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

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

Employee benefits

Staff retirement schemes

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

In addition, the Group also operates a defined contribution retirement benefits scheme (the "Retirement Scheme") for those employees who are eligible to participate in the Retirement Scheme. Contributions to the Retirement Scheme are charged to the income statement as incurred. The Retirement Scheme operates in a similar way to the MPF Scheme, except that when an employee leaves the Retirement Scheme before his/her interest in the Group's employer contributions vests fully, the ongoing contributions payable by the Group are reduced by the relevant amount of the forfeited employer contributions.

2.4 主要會計政策概要 (續)

收入確認

收入乃於本集團有可能獲得經濟利益及該收益能可靠計算時，按以下基準確認：

- (i) 貨物及樣辦之銷售：當絕大部分風險及回報的擁有權轉讓予買方，本集團不再參與一般與擁有權有關之管理，亦不再對已售出貨物有實際控制權；及
- (ii) 利息收入按應計基準，採用實際利率法，將於金融工具預計年期所收取估計未來現金折算至該金融資產賬面淨值的利率計算。

僱員福利

退休福利計劃

本集團根據強制性公積金計劃條例，為合資格參加定額供款強制性公積金退休福利計劃（「強積金計劃」）之僱員推行強積金計劃。本集團須按僱員基本薪酬的一定百分比作出供款，並在按照強積金計劃之規定應付時自收益表扣除。強積金計劃資產與本集團資產分開持有，並由獨立管理基金保管。本集團的僱主供款在向強積金計劃作出供款時全數撥歸僱員所有。

此外，本集團亦為合資格參加退休福利計劃（「退休計劃」）之僱員推行定額供款退休計劃。向退休計劃作出之供款在產生時自收益表扣除。退休計劃之運作方式與強積金計劃類似，惟當僱員在本集團僱主供款全數撥歸其所有前退出退休計劃，所沒收僱主供款可用作扣減本集團持續應付之供款。

2.4 Summary of Significant Accounting Policies

(*continued*)

Employee benefits (*continued*)

Staff retirement schemes (*continued*)

The employees of the subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to make contributions for its employees who are registered as permanent residents in Mainland China. The contributions are charged to the income statement as they become payable in accordance with the rules of the central pension scheme.

Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained profits within the equity section of the balance sheet, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

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

2.4 主要會計政策概要 (續)

僱員福利 (續)

退休福利計劃 (續)

本集團在中國大陸所經營附屬公司之僱員須參加由當地市政府推行的中央退休金計劃。有關附屬公司須為登記為中國大陸永久居民之僱員作出供款。有關供款在根據中央退休金計劃之規定應付時自收益表扣除。

股息

董事建議派付之末期股息在資產負債表中歸入資本部分保留溢利之獨立分配，直至股東在股東大會批准為止。有關股息於獲股東批准及宣派時確認為負債。

由於本公司的組織章程大綱及組織章程細則授權董事宣派中期股息，故可同時建議派付及宣派中期股息。因此，中期股息在建議派付及宣派時即時確認為負債。

外幣

此財務報表以港元呈報，港元乃本公司之功能及呈報貨幣。本集團各實體釐定其本身功能貨幣，而各實體於財務報表計入之項目乃按該功能貨幣計算。外幣交易初步按交易日期之功能貨幣匯率記錄。以外幣結算的貨幣資產及負債按資產負債表日的功能貨幣匯率重新換算。所有差額計入收益表。按貨幣過往成本計算的非貨幣項目乃按初步交易日期匯率換算。以外幣按公平值計算的非貨幣項目則按公平值釐定之日期匯率換算作計算。

2.4 Summary of Significant Accounting Policies

(*continued*)

Foreign currencies (*continued*)

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

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

3. Significant Accounting Judgement and Estimate Judgement

In the process of applying the Group's accounting policies, management has made the following judgement, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Impairment of assets

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

2.4 主要會計政策概要 (續)

外幣 (續)

若干海外附屬公司並非以港元為功能貨幣。於資產負債表日，該等實體之資產及負債按資產負債表日之匯率換算為本公司呈報貨幣，其收益表則按年內加權平均匯率換算為港元。最終匯兌差額會計入匯兌波動儲備。出售海外實體時，於資本所確認有關該項特定海外業務的遞延累計金額於收益表確認。

就綜合現金流量表而言，海外附屬公司之現金流量按現金流量日期之適用匯率換算為港元。年內海外附屬公司之經常現金流量按年內加權平均匯率換算為港元。

3. 重要會計判斷及估計判斷

於應用本集團會計政策時，除該等涉及估計者外，管理層曾作出下列對財務報表已確認金額影響最大之判斷：

資產減值

釐定資產是否減值或過往導致減值事件是否不再存在時，本集團須就資產減值作出判斷，尤其需要評估：(1) 有否發生可影響資產價值之事件，或影響資產價值之事件是否仍然存在；(2) 資產之賬面值能否以根據持續使用資產估計之未來現金流量現值淨額支持；及(3) 預測未來現金流量時所採用適合的重要假設，包括該等現金流量預測是否以適用比率貼現。倘改變管理層用以確定減值程度之假設（包括現金流量預測中採用之貼現率或增長率假設），或會對減值測試中使用的淨現值產生重大影響。

3. Significant Accounting Judgement and Estimate

(continued)

Estimation uncertainty

The key assumption concerning the future and other key sources of estimation uncertainty at the balance sheet date, that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is discussed below.

Estimation of fair value of its buildings

As described in note 13, the buildings were revalued at the balance sheet date on a market value existing state basis by independent professional valuers. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the judgments, the Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at each balance sheet date.

4. Segment Information

Segment information is presented by way of the Group's primary segment reporting basis, by geographical segment. No further business segment information is presented as the Group is solely engaged in the manufacture and trading of sportswear and garments.

Each of the Group's geographical segments, based on the location of customers (the destination of sales), represents a strategic business unit that offers products to customers located in different geographical areas which are subject to risks and returns that are different from those of the other geographical segments. The Group's customer-based geographical segments are as follows:

- (a) Mainland China
- (b) Japan
- (c) South Korea
- (d) Hong Kong
- (e) Others

In addition, segment assets and capital expenditure are further analysed by the geographical location of the assets (the origin of sales), where the Group's assets are located in different geographical areas from its customers and segment revenue from external customers or segment assets are 10% or more of the Group's total amount. There are two asset-based geographical segments, namely Mainland China and Hong Kong.

3. 重要會計判斷及估計 (續)

估計之不確定性

下文討論於資產負債表日極可能導致本集團之資產與負債賬面值在下一財政年度需要作出重大調整之未來相關重要假設及導致估計不可靠之其他重要因素。

其樓宇公平值估計

如附註13所述，該樓宇已由獨立專業估值師於資產負債表日按現況以市值基準重新估值。有關估值乃根據若干假設進行，故當中仍有不明確因素且或會與實際結果有重大差異。於作出判斷時，本集團已考慮活躍市場中類似物業之當前市價，並運用主要根據於各資產負債表日之市況作出之假設。

4. 分類資料

本集團以地區分類為主要分類報告基準呈列分類資料。由於本集團只從事運動服及成衣生產及買賣之業務，故並無進一步呈列業務分類資料。

本集團各地區分類以客戶所在地（銷售目的地）為基礎，代表向不同地區的客戶提供產品的策略業務單位，所承擔風險及回報會因地區不同而有所差別。本集團以客戶為基礎的地區分類如下：

- (a) 中國大陸
- (b) 日本
- (c) 南韓
- (d) 香港
- (e) 其他地區

此外，倘本集團的資產地區分佈與客戶分佈不同以及源自外界客戶之分類收入或分類資產佔本集團總額10%或以上，則分類資產及資本開支會按資產所在地區（以銷售源頭為基礎）作進一步分析。本集團以資產為基礎的地區分類有兩個，分別為中國大陸及香港。

Notes to Financial Statements (continued)

財務報表附註 (續)

(31 March 2007)

(二零零七年三月三十一日)

4. Segment Information (Continued)**(i) Geographical segments based on the location of customers**

The following tables present revenue, profit and certain asset, liability and expenditure information for the Group's geographical segments for the years ended 31 March 2007 and 2006.

Group – 2007

		Mainland China 中國大陸 HK\$'000 千港元	Japan 日本 HK\$'000 千港元	South Korea 南韓 HK\$'000 千港元	Hong Kong 香港 HK\$'000 千港元	Others 其他地區 HK\$'000 千港元	Consolid- ated 綜合 HK\$'000 千港元
Segment revenue:	分類營業收入:						
Sales to external customers	銷售予外界客戶	297,097	115,353	33,079	14,621	58,953	519,103
Segment results	分類業績	77,008	28,930	7,427	3,858	14,874	132,097
Interest and other unallocated income	利息及其他未分配收入						8,085
Unallocated expenses	未分配費用						(53,700)
Profit before tax	除稅前溢利						86,482
Tax	稅項						(8,763)
Profit for the year attributable to equity holders of the Company	本公司股權持有人應佔年度溢利						77,719
Segment assets	分類資產	220,437	71,534	18,737	9,922	41,838	362,468
Unallocated assets	未分配資產						281,984
							644,452
Segment liabilities	分類負債	10,729	10,249	2,106	1,531	10,047	34,662
Unallocated liabilities	未分配負債						35,972
							70,634
Other segment information:	其他分類資料:						
Depreciation and amortisation	折舊及攤銷	11,541	4,481	1,285	568	2,290	20,165
Unallocated amounts	未分配金額						7,843
							28,008
Capital expenditure	資本開支	17,077	6,630	1,901	840	3,389	29,837
Unallocated amounts	未分配金額						824
							30,661

4. 分類資料 (續)**(i) 按客戶所在地區分類**

下表呈列截至二零零七年及二零零六年三月三十一日止年度按客戶所在地區分類之營業收入、溢利及若干資產、負債及開支之資料。

本集團 – 二零零七年

Notes to Financial Statements (continued)

財務報表附註 (續)

(31 March 2007)

(二零零七年三月三十一日)

4. Segment Information (Continued)

(i) Geographical segments based on the location of customers (continued)

Group – 2006

		Mainland					South Korea	Hong Kong	Others	Consolidated 綜合
		China 中國大陸	Japan 日本							
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	
Segment revenue:	分類營業收入：									
Sales to external customers	銷售予外界客戶	255,083	161,243	44,302	15,902	42,780			519,310	
Segment results	分類業績	66,689	36,127	10,184	3,610	9,023			125,633	
Interest and other unallocated income	利息及其他未分配收入								7,634	
Unallocated expenses	未分配費用								(41,186)	
Profit before tax	除稅前溢利								92,081	
Tax	稅項								(14,670)	
Profit for the year attributable to equity holders of the Company	本公司股權持有人應佔年度溢利								77,411	
Segment assets	分類資產	146,294	78,655	24,659	7,223	22,300			279,131	
Unallocated assets	未分配資產								299,918	
									579,049	
Segment liabilities	分類負債	3,366	4,470	2,302	378	2,769			13,285	
Unallocated liabilities	未分配負債								35,426	
									48,711	
Other segment information:	其他分類資料：									
Depreciation and amortisation	折舊及攤銷	6,539	4,134	1,136	408	1,096			13,313	
Unallocated amounts	未分配金額								8,718	
									22,031	
Capital expenditure	資本開支	82,101	51,898	14,259	5,118	13,770			167,146	
Unallocated amounts	未分配金額								26,322	
									193,468	

4. 分類資料 (續)

(i) 按客戶所在地區分類 (續)

本集團—二零零六年

Notes to Financial Statements (continued)

財務報表附註 (續)

(31 March 2007)

(二零零七年三月三十一日)

4. Segment Information (Continued)**(ii) Geographical segments based on the location of assets****4. 分類資料 (續)****(ii) 按資產所在地區分類**

		Mainland China 中國大陸 HK\$'000 千港元	Hong Kong 香港 HK\$'000 千港元	Consolidated 綜合 HK\$'000 千港元
Group – 2007	本集團 – 二零零七年			
Segment assets as at 31 March 2007	於二零零七年三月三十一日之分類資產	312,099	50,369	362,468
Unallocated assets	未分配資產			281,984
				644,452
Capital expenditure	資本開支	27,441	2,396	29,837
Unallocated amounts	未分配金額			824
				30,661
Group – 2006	本集團 – 二零零六年			
Segment assets as at 31 March 2006	於二零零六年三月三十一日之分類資產	264,093	15,038	279,131
Unallocated assets	未分配資產			299,918
				579,049
Capital expenditure	資本開支	167,146	–	167,146
Unallocated amounts	未分配金額			26,322
				193,468

Notes to Financial Statements (continued)

財務報表附註 (續)

(31 March 2007)

(二零零七年三月三十一日)

5. Revenue, Other Income and Gains

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts. All significant intra-group transactions have been eliminated on consolidation.

An analysis of the Group's revenue, other income and gains is as follows:

5. 營業收入、其他收入及收益

營業收入即本集團之營業額，乃指扣除退貨及折扣後已售貨品之發票淨值。本集團公司間所有重大交易已於綜合賬目時對銷。

本集團營業收入、其他收入及收益之分析如下：

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Revenue	營業收入		
Sale of goods	貨品銷售	519,103	519,310
Other income	其他收入		
Bank interest income	銀行利息收入	7,764	6,503
Others	其他	321	800
		8,085	7,303
Gains	收益		
Gain on redemption of available-for-sale investments	贖回可供出售投資之收益	-	215
Gain on disposal of items of property, plant and equipment	出售物業、廠房及設備之收益	-	116
		-	331
Other income and gains	其他收入及收益	8,085	7,634

Notes to Financial Statements (continued)

財務報表附註 (續)

(31 March 2007)

(二零零七年三月三十一日)

6. Profit Before Tax

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

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Cost of inventories sold	已售存貨成本	387,006	393,677
Auditors' remuneration	核數師酬金	1,100	1,030
Depreciation (Note 13)*	折舊(附註13)*	26,310	20,914
Amortisation of prepaid land lease payments (Note 14)*	預付土地租賃款項攤銷(附註14)*	1,698	1,117
Employee benefits expenses (excluding directors' remuneration – Note 7):	僱員福利開支(不包括董事酬金—附註7):		
Wages and salaries	工資及薪金	97,237	84,168
Pension scheme contributions (defined contribution schemes)	退休金計劃供款(定額供款計劃)	3,717	2,338
Less: Forfeited contributions	減: 已沒收供款	(85)	(114)
Net pension scheme contributions	退休金計劃供款淨額	3,632	2,224
Total employee benefits expenses*	總僱員福利開支*	100,869	86,392
Minimum lease payments under operating leases in respect of land and buildings*	土地及樓宇經營租賃之最低租金付款*	2,250	3,097
Write-off of items of property, plant and equipment	撇銷物業、廠房及設備項目	819	–
Foreign exchange differences, net	匯兌差額淨額	4,022	1,558

* Included in the respective balances are the following amounts which are also included in cost of inventories sold disclosed above:

* 各項結餘中包括以下計入上文所披露已售存貨成本之金額:

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Depreciation	折舊	14,957	12,855
Amortisation of prepaid land lease payments	預付土地租賃款項攤銷	920	458
Employee benefits expenses	僱員福利開支	83,474	73,102
Minimum lease payments under operating leases in respect of land and buildings	土地及樓宇經營租賃之最低租金付款	2,028	3,056

Notes to Financial Statements (continued)

財務報表附註 (續)

(31 March 2007)

(二零零七年三月三十一日)

7. Directors' remuneration

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

		Group 本集團	
		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Fees	袍金	360	430
Other emoluments:	其他酬金:		
Salaries, allowances and benefits in kind	薪金、津貼及實物福利	3,120	2,558
Performance related bonuses	與表現掛鉤花紅	620	860
Pension scheme contributions	退休金計劃供款	180	162
		3,920	3,580
		4,280	4,010

(a) Independent non-executive directors

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

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Mr. Chan Cheuk Ho	陳卓豪先生	120	120
Mr. Li Chi Chung	李智聰先生	120	120
Mr. Cheng Yung Hui, Tony	鄭榮輝先生	120	120
		360	360

There were no other emoluments payable to the independent non-executive directors during the year (2006: Nil).

7. 董事酬金

本年度董事酬金根據香港聯合交易所有限公司證券上市規則(「上市規則」)及香港公司條例第161條披露如下:

		Group 本集團	
		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Fees	袍金	360	430
Other emoluments:	其他酬金:		
Salaries, allowances and benefits in kind	薪金、津貼及實物福利	3,120	2,558
Performance related bonuses	與表現掛鉤花紅	620	860
Pension scheme contributions	退休金計劃供款	180	162
		3,920	3,580
		4,280	4,010

(a) 獨立非執行董事

年內付予獨立非執行董事之袍金如下:

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Mr. Chan Cheuk Ho	陳卓豪先生	120	120
Mr. Li Chi Chung	李智聰先生	120	120
Mr. Cheng Yung Hui, Tony	鄭榮輝先生	120	120
		360	360

年內並無其他應付獨立非執行董事之酬金(二零零六年:無)。

Notes to Financial Statements (continued)

財務報表附註 (續)

(31 March 2007)

(二零零七年三月三十一日)

7. Directors' remuneration (Continued)**(b) Executive directors and a non-executive director****7. 董事酬金 (續)****(b) 執行董事及一名非執行董事**

			Salaries, allowances and benefits	Performance related bonuses	Pension scheme contributions	Total remuneration
	Fees	in kind				
	薪金、津貼及 袍金	實物福利	與表現 掛鈎花紅	退休金 計劃供款	酬金總額	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	千港元	千港元	千港元	千港元	千港元	千港元
2007	二零零七年					
Executive directors:	執行董事:					
Mr. Chung Yuk Sing	–	1,040	240	60	1,340	
Mr. Chung Tung Sau	–	780	180	48	1,008	
Ms. Tsang Sau Fan	–	1,300	200	72	1,572	
	–	3,120	620	180	3,920	
2006	二零零六年					
Executive directors:	執行董事:					
Mr. Chung Yuk Sing	–	1,040	240	60	1,340	
Mr. Chung Tung Sau	–	520	120	36	676	
Ms. Tsang Sau Fan	–	683	500	44	1,227	
Ms. Tsang Yuk Ni	–	315	–	22	337	
	–	2,558	860	162	3,580	
Non-executive director:	非執行董事:					
Mr. Ong Chor Wei	70	–	–	–	70	
	70	2,558	860	162	3,650	

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

本年度內並無任何董事放棄或同意放棄任何酬金之安排。

The directors' remuneration shown above does not include the estimated monetary value of the Group's owned premises provided rent-free to an executive director, Mr. Chung Yuk Sing, during the year. The estimated rental value of such accommodation was HK\$654,000 (2006: HK\$718,000) for the year ended 31 March 2007.

上述所示董事酬金並未包括於年內向執行董事鍾育升先生提供免租之本集團自置物業之估計幣值。截至二零零七年三月三十一日止年度，該住宿之估計租值為654,000港元(二零零六年:718,000港元)。

8. Five Highest Paid Employees

The five highest paid employees during the year included three (2006: three) directors, details of whose remuneration are set out in note 7 above. Details of the remuneration of the remaining two (2006: two) non-director, highest paid employees for the year are set out below:

		Group 本集團	
		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Salaries, allowances and benefits in kind	薪金、津貼及實物福利	1,132	991
Performance related bonuses	與表現掛鉤花紅	153	150
Pension scheme contributions	退休金計劃供款	76	57
		1,361	1,198

The remuneration of each of the non-director, highest paid employees for the years ended 31 March 2006 and 2007 fell within the band of nil to HK\$1,000,000.

9. Tax

Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

汕頭市鷹美製衣有限公司 ("EN (Shantou)"), Shantou SEZ Far East (International) Garments Factory Co., Ltd. ("FE (Shantou)"), 裕美(汕頭)製衣有限公司 ("YM (Shantou)") and 裕鷹(汕頭)製衣有限公司 ("YY (Shantou)") are entitled to be exempted from corporate income tax in the People's Republic of China (the "PRC") for the first two profit-making years and a 50% reduction in the corporate income tax for the succeeding three years. Moreover, under the relevant tax laws and regulations in Mainland China, EN (Shantou), FE (Shantou), YM (Shantou) and YY (Shantou) may set off losses incurred by them in a financial year against profits made by them in the succeeding financial year or years, subject to a maximum of five financial years.

8. 五名最高薪酬僱員

年內，五名最高薪酬僱員包括三名(二零零六年：三名)董事，有關彼等薪酬的詳情已在上文附註7披露。於年內，餘下二名(二零零六年：二名)最高酬金的非董事僱員的酬金詳情如下：

		Group 本集團	
		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Salaries, allowances and benefits in kind	薪金、津貼及實物福利	1,132	991
Performance related bonuses	與表現掛鉤花紅	153	150
Pension scheme contributions	退休金計劃供款	76	57
		1,361	1,198

截至二零零六年及二零零七年三月三十一日止年度，各最高薪酬非董事僱員之酬金均介乎於零至1,000,000港元範圍內。

9. 稅項

香港利得稅以年內在在香港產生的估計應課稅溢利按17.5% (二零零六年：17.5%) 稅率撥備。其他地方應課稅溢利的稅項，則根據本集團業務所在國家的現存法規、法例詮釋及慣例以當地稅率計算。

汕頭市鷹美製衣有限公司 ("鷹美(汕頭)")、汕頭經濟特區遠東(國際)製衣廠有限公司 ("遠東(汕頭)")、裕美汕頭製衣有限公司 ("裕美(汕頭)") 及裕鷹(汕頭)製衣有限公司 ("裕鷹(汕頭)") 可獲豁免首兩個盈利年度的中華人民共和國 ("中國") 企業所得稅，以及在其後三年獲豁免繳交50%企業所得稅。此外，根據有關中國大陸稅務法及規則，鷹美(汕頭)、遠東(汕頭)、裕美(汕頭)及裕鷹(汕頭)可將其於一個財政年度產生之虧損，抵銷其於其後一或多個財政年度之溢利，但最多不得超過五個財政年度。

Notes to Financial Statements (continued)

財務報表附註 (續)

(31 March 2007)

(二零零七年三月三十一日)

9. Tax (Continued)

According to the confirmation obtained by the Group from the PRC tax bureau, the first profit-making year of both EN (Shantou) and FE (Shantou) was the year ended 31 December 2002, and the first profit-making year of YY (Shantou) was the year ended 31 December 2005.

9. 稅項 (續)

根據本集團獲中國稅務機關之確認，鷹美（汕頭）及遠東（汕頭）的首個盈利年度均為截至二零零二年十二月三十一日止年度，而裕鷹（汕頭）的首個獲利年度則為截至二零零五年十二月三十一日止年度。

		Group 本集團	
		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Current tax charge for the year:	本年度稅項支出：		
Hong Kong	香港	5,229	4,534
Elsewhere	其他地方	782	2,573
Underprovision of current tax in respect of prior years	過往年度稅項撥備不足	3,599	6,748
Deferred (Note 22)	遞延(附註22)	(847)	815
Total tax charge for the year	本年度稅項支出總額	8,763	14,670

A reconciliation of the tax expense applicable to profit before tax using the statutory rates to the tax expense at the effective tax rates is as follows:

適用於以法定稅率計算之除稅前溢利之稅項支出與按有效稅率計算之稅項支出之調節如下：

		Group 本集團	
		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Profit before tax	除稅前溢利	86,482	92,081
Tax at the applicable rate to profit in the tax jurisdictions concerned	按有關稅務司法權區之適用所得稅率計算之稅項	15,330	22,471
Lower tax rate for specific provinces	個別省份之較低稅率	(1,601)	(7,383)
Income not subject to tax	毋須課稅收入	(820)	(3,580)
Expenses not deductible for tax	不可扣減課稅費用	324	656
Adjustments in respect of current tax of previous years	就過往年度稅項作出之調整	3,599	6,748
Lower tax rate due to tax holiday	稅務優惠期之較低稅率	(10,458)	(4,825)
Tax losses utilised from previous periods	動用過往年度之稅項虧損	-	(103)
Tax losses not recognised	未確認稅項虧損	2,024	1,291
Others	其他	365	(605)
Tax charge at the Group's effective rate	按本集團實際稅率計算之稅項支出	8,763	14,670

10. Profit for the Year Attributable to Equity Holders of the Company

The consolidated profit attributable to equity holders of the Company for the year ended 31 March 2007 includes a profit of HK\$3,098,000 (2006: HK\$54,172,000) which has been dealt with in the financial statements of the Company (Note 25).

11. Dividends

Interim – HK6 cents (2006: HK6 cents) per ordinary share based on 427,000,000 (2006: 427,000,000) shares in issue	中期股息－每股普通股6港仙 (二零零六年: 6港仙) · 按已發行 427,000,000股 (二零零六年: 427,000,000股) 股份計算	25,620	25,620
Proposed final – HK6 cents (2006: HK6 cents) per ordinary share based on 427,000,000 (2006: 427,000,000) shares in issue	擬派末期股息－每股普通股6港仙 (二零零六年: 6港仙) · 按已發行 427,000,000股 (二零零六年: 427,000,000股) 股份計算	25,620	25,620
		51,240	51,240

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

12. Earnings Per Share Attributable to Ordinary Equity Holders of the Company

The calculation of basic earnings per share is based on the profit for the year attributable to ordinary equity holders of the Company for the year of HK\$77,719,000 (2006: HK\$77,411,000), and 427,000,000 (2006: 427,000,000) ordinary shares in issue during the year.

No diluted earnings per share is presented for both current and last year as there are no dilutive potential ordinary shares in existence during these years.

10. 本公司股權持有人應佔年度溢利

截止二零零七年三月三十一日止年度本公司股權持有人應佔綜合溢利包括溢利3,098,000港元 (二零零六年: 54,172,000港元) · 已於本公司財務報表內反映 (附註25)。

11. 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 – HK6 cents (2006: HK6 cents) per ordinary share based on 427,000,000 (2006: 427,000,000) shares in issue	25,620	25,620
Proposed final – HK6 cents (2006: HK6 cents) per ordinary share based on 427,000,000 (2006: 427,000,000) shares in issue	25,620	25,620
	51,240	51,240

本年度之擬派末期股息須待本公司股東於應屆股東週年大會批准後 · 方可作實。

12. 本公司普通股股權持有人應佔每股盈利

每股基本盈利乃根據年內本公司普通股股權持有人應佔溢利77,719,000港元 (二零零六年: 77,411,000港元) · 以及年內已發行427,000,000股普通股 (二零零六年: 427,000,000股) 普通股計算。

本年度及去年度內均無潛在攤薄影響之普通股 · 因此概無於該等年度呈每股攤薄盈利。

Notes to Financial Statements (continued)

財務報表附註 (續)

(31 March 2007)

(二零零七年三月三十一日)

13. Property, Plant and Equipment**Group****31 March 2007****13. 物業、廠房及設備****本集團****二零零七年三月三十一日**

		Buildings	Leasehold improvements	Plant and machinery	Furniture, fixtures, equipment and motor vehicles	Total
		樓宇	租賃物業裝修	機器設備	傢具、裝置、設備及汽車	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元
Cost or valuation:	成本或估值:					
At beginning of year	年初	86,502	36,972	99,230	26,219	248,923
Additions	添置	8,567	7,250	1,798	4,479	22,094
Surplus on revaluation	重估盈餘	1,889	-	-	-	1,889
Write-off	撇銷	-	(6,076)	(1,557)	-	(7,633)
Exchange realignment	匯兌調整	3,074	1,032	2,060	616	6,782
At 31 March 2007	於二零零七年三月三十一日	100,032	39,178	101,531	31,314	272,055
Analysis of cost or valuation:	成本或估值分析:					
At cost	按成本值	-	39,178	101,531	31,314	172,023
At 31 March 2007 valuation	按於二零零七年三月三十一日之估值	100,032	-	-	-	100,032
		100,032	39,178	101,531	31,314	272,055
Accumulated depreciation:	累積折舊:					
At beginning of year	年初	-	13,513	30,331	8,069	51,913
Provided during the year	年內撥備	2,783	5,920	13,330	4,277	26,310
Write-off	撇銷	-	(5,257)	(1,557)	-	(6,814)
Write-back of revaluation	重估回撥	(2,783)	-	-	-	(2,783)
Exchange realignment	匯兌調整	-	129	329	76	534
At 31 March 2007	於二零零七年三月三十一日	-	14,305	42,433	12,422	69,160
Net book value:	賬面淨值:					
At 31 March 2007	於二零零七年三月三十一日	100,032	24,873	59,098	18,892	202,895

Notes to Financial Statements (continued)

財務報表附註 (續)

(31 March 2007)

(二零零七年三月三十一日)

13. Property, Plant and Equipment (continued)

Group

31 March 2006

13. 物業、廠房及設備 (續)

本集團

二零零六年三月三十一日

		Buildings	Leasehold improvements	Plant and machinery	Furniture, fixtures, equipment and motor vehicles	Construction in progress	Total
		樓宇	租賃物業裝修	機器設備	傢具、裝置、設備及汽車	在建工程	總計
		HK\$'000	HK\$'000	HK\$'000	K\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元
Cost or valuation:	成本或估值:						
At beginning of year	年初	12,939	13,210	42,319	10,367	7,437	86,272
Additions	添置	72,317	8,805	57,889	10,343	14,518	163,872
Surplus on revaluation	重估盈餘	1,184	-	-	-	-	1,184
Transfers	轉撥	-	15,991	-	5,964	(21,955)	-
Disposals	出售	-	(1,080)	(1,200)	(500)	-	(2,780)
Exchange realignment	匯兌調整	62	46	222	45	-	375
At 31 March 2006	於二零零六年三月三十一日	86,502	36,972	99,230	26,219	-	248,923
Analysis of cost or valuation:	成本或估值分析:						
At cost	按成本值	-	36,972	99,230	26,219	-	162,421
At 31 March 2006 valuation	按於二零零六年三月三十一日之估值	86,502	-	-	-	-	86,502
		86,502	36,972	99,230	26,219	-	248,923
Accumulated depreciation:	累積折舊:						
At beginning of year	年初	-	9,760	19,764	4,954	-	34,478
Provided during the year	年內撥備	1,575	4,653	11,372	3,314	-	20,914
Write-back of disposals	出售回撥	-	(911)	(867)	(207)	-	(1,985)
Write-back of revaluation	重估回撥	(1,575)	-	-	-	-	(1,575)
Exchange realignment	匯兌調整	-	11	62	8	-	81
At 31 March 2006	於二零零六年三月三十一日	-	13,513	30,331	8,069	-	51,913
Net book value:	賬面淨值:						
At 31 March 2006	於二零零六年三月三十一日	86,502	23,459	68,899	18,150	-	197,010

Notes to Financial Statements (continued)

財務報表附註 (續)

(31 March 2007)

(二零零七年三月三十一日)

13. Property, Plant and Equipment (continued)

The Group's buildings were revalued at 31 March 2007 by Greater China Appraisal Limited, independent professionally qualified valuers, at open market value, based on their existing use. A revaluation surplus of HK\$4,672,000 (2006: HK\$2,759,000) resulting therefrom has been credited to the asset revaluation reserve.

Had these buildings been carried at historical cost less accumulated depreciation, their carrying amounts would have been HK\$92,676,000 (2006: HK\$82,744,000).

As at 31 March 2006, one of the Group's buildings with a net book value of HK\$2,607,000 was pledged to secure banking facilities granted to the Group. The pledge was released during the year.

Two of the Group's properties with a net book value of HK\$2,526,000 (2006: HK\$3,147,000) in aggregate have been provided as rent-free accommodation to an executive director of the Company during the year.

13. 物業、廠房及設備 (續)

本集團之樓宇由獨立專業合資格估值師漢華評值有限公司於二零零七年三月三十一日按其當時用途以公開市值重估。重估所產生盈餘4,672,000港元(二零零六年:2,759,000港元)已分別計入資產重估儲備。

倘有關土地及樓宇按歷史成本減累積折舊列賬，其賬面值原應為92,676,000港元(二零零六年:82,744,000港元)。

於二零零六年三月三十一日，本集團其中一項賬面淨值2,607,000港元之樓宇已抵押，以擔保本集團獲授之銀行備用信貸額，該項抵押已於年內解除。

本集團其中兩項賬面淨值合共2,526,000港元(二零零六年:3,147,000港元)之物業於年內提供予本公司一名執行董事作免租住宿。

14. Prepaid Land Lease Payments

14. 預付土地租賃款項

		Group 本集團	
		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Carrying amount at beginning of year	年初賬面值	59,584	30,985
Additions	添置	8,567	29,596
Amortisation recognised during the year	於年內確認攤銷	(1,698)	(1,117)
Exchange realignment	匯兌調整	1,417	120
Carrying amount at 31 March	於三月三十一日之賬面值	67,870	59,584
Current portion included in prepayments, deposits and other receivables	計入預付款項、按金及其他應收賬款之即期部分	(1,814)	(1,491)
Non-current portion	非即期部分	66,056	58,093

Notes to Financial Statements (continued)

財務報表附註 (續)

(31 March 2007)

(二零零七年三月三十一日)

16. Interests in Subsidiaries

16. 於附屬公司之權益

		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 investments, at cost	非上市投資·按成本值	43,368	43,368

The balances with subsidiaries approximate to their fair values and are unsecured, interest-free and repayable on demand.

與附屬公司之結餘為無抵押、免息及須應要求償還。

Particulars of subsidiaries of the Company are as follows:

本公司之附屬公司詳情如下：

Name 公司名稱	Place of incorporation/ registration and operations 註冊成立/ 登記及營業地點	Nominal value of issued share/paid-up registered capital 已發行股本面值/ 繳足註冊資本	Percentage of equity attributable to the Company 本公司所佔 股權百分比		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Jespar Age Limited	British Virgin Islands ("BVI") 英屬處女島 (「英屬處女島」)	US\$1,000 1,000美元	100	–	Investment holding 投資控股
Eagle Nice Development Limited 鷹美發展有限公司	Hong Kong 香港	Ordinary HK\$2; Non-voting deferred HK\$10,000 (Note (a)) 普通股2港元; 無投票權遞延股 10,000港元 (附註(a))	–	100	Manufacture and trading of sportswear and garments 生產及買賣 運動服及成衣
Far East (International) Garment Limited 遠東(國際)製衣有限公司	Hong Kong 香港	Ordinary HK\$2; Non-voting deferred HK\$10,000 (Note (a)) 普通股2港元; 無投票權遞延股 10,000港元 (附註(a))	–	100	Manufacture and trading of sportswear and garments 生產及買賣 運動服及成衣

Notes to Financial Statements (continued)

財務報表附註 (續)

(31 March 2007)

(二零零七年三月三十一日)

16. Interests in Subsidiaries (continued)

16. 於附屬公司之權益 (續)

Name 公司名稱	Place of incorporation/ registration and operations 註冊成立/ 登記及營業地點	Nominal value of issued share/paid-up registered capital 已發行股本面值/ 繳足註冊資本	Percentage of equity attributable to the Company 本公司所佔 股權百分比		Principal activities 主要業務
			Direct 直接	Indirect 間接	
EN (Shantou) (Note (b)) 鷹美(汕頭)(附註(b))	PRC/Mainland China 中國/中國大陸	HK\$9,500,000 9,500,000港元	-	100	Manufacture and trading of sportswear and garments 生產及買賣 運動服及成衣
FE (Shantou) (Note (b)) 遠東(汕頭)(附註(b))	PRC/Mainland China 中國/中國大陸	HK\$15,000,000 15,000,000港元	-	100	Manufacture and trading of sportswear and garments 生產及買賣 運動服及成衣
YM (Shantou) (Note (b)) 裕美(汕頭)(附註(b))	PRC/Mainland China 中國/中國大陸	US\$23,399,906 23,399,906美元	-	100	Manufacture and trading of sportswear and garments 生產及買賣 運動服及成衣
YY (Shantou) (Note (b)) 裕鷹(汕頭)(附註(b))	PRC/Mainland China 中國/中國大陸	HK\$10,000,000 10,000,000港元	-	100	Manufacture and trading of sportswear and garments 生產及買賣 運動服及成衣
Everall Development Limited 永全發展有限公司	BVI 英屬處女島	US\$1,000 1,000美元	-	100	Investment holding 投資控股
Yue Mei (HK) Garment Limited 裕美(香港)製衣有限公司	Hong Kong 香港	HK\$1,000 1,000港元	-	100	Manufacture and trading of sportswear and garments 生產及買賣 運動服及成衣

Notes:

- (a) The non-voting deferred shares carry no rights to dividends, no rights to attend or vote at general meetings and no rights to receive any surplus assets in a return of capital in a winding-up (other than the nominal amount paid up or credited as paid-up on such shares, after the sum of HK\$100,000,000,000,000 per ordinary share has been distributed to the equity holders of the ordinary shares of the company in such winding-up).
- (b) EN (Shantou), FE (Shantou), YM (Shantou) and YY (Shantou) are registered as wholly-foreign-owned enterprises under the PRC law.

附註:

- (a) 無投票權遞延股並無權利獲派股息、出席股東大會或在會上投票、以及在清盤退還資本時獲得任何剩餘資產(清盤時每股普通股總數100,000,000,000,000港元分派予公司普通股權益持有人後,有關股份之繳足或入賬列作繳足的面值除外)。
- (b) 鷹美(汕頭)、遠東(汕頭)、裕美(汕頭)及裕鷹(汕頭)為根據中國法例註冊之外商獨資企業。

Notes to Financial Statements (continued)

財務報表附註 (續)

(31 March 2007)

(二零零七年三月三十一日)

17. Inventories

		Group 本集團	
		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	17,072	13,175
Work in progress	在製品	18,015	10,532
Finished goods	製成品	16,915	7,738
		52,002	31,445

18. Accounts and Bills Receivable

The Group's accounts receivable mainly relate to a few recognised and creditworthy customers. The credit period is generally for a period of 30 days. The Group seeks to maintain strict control over its outstanding receivables to minimise the credit risk. Overdue balances are regularly reviewed by the management of the Group. Trade receivables are non-interest-bearing and their carrying amounts approximate to their fair values.

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

		Group 本集團	
		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Within 30 days	30天內	57,845	45,075
31 to 60 days	31天至60天	608	6,100
61 to 90 days	61天至90天	102	14
Over 90 days	90天以上	38	656
		58,593	51,845

17. 存貨

		Group 本集團	
		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	17,072	13,175
Work in progress	在製品	18,015	10,532
Finished goods	製成品	16,915	7,738
		52,002	31,445

18. 應收賬款及票據

本集團之應收賬款主要與若干認可及信譽良好的客戶相關。信貸期一般為30天。本集團致力對應收賬款餘額保持嚴密監控，將信貸風險控制至最低水平。逾期未付之結餘由本集團管理層定期審閱。應收賬款為免息賬款，其賬面值與公平值相若。

本集團於資產負債表日之應收賬款及票據根據發票日期的賬齡分析如下：

		Group 本集團	
		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Within 30 days	30天內	57,845	45,075
31 to 60 days	31天至60天	608	6,100
61 to 90 days	61天至90天	102	14
Over 90 days	90天以上	38	656
		58,593	51,845

Notes to Financial Statements (continued)

財務報表附註 (續)

(31 March 2007)

(二零零七年三月三十一日)

19. Cash and Cash Equivalents and Pledged Deposits**19. 現金及現金等值項目與質押存款**

		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	82,302	41,692	152	176
Time deposits with original maturity of over three months	原定到期日超過三個月之定期存款	106,731	-	106,731	-
Time deposits with original maturity of less than three months	原定到期日少於三個月之定期存款	69,133	183,530	-	104,051
		258,166	225,222	106,883	104,227
Less: Time deposits pledged for bank overdrafts and trade financing facilities (Note 21(i))	減: 就銀行透支及貿易融資備用額質押之定期存款 (附註21(i))	(5,518)	(10,105)	-	-
Cash and cash equivalents	現金及現金等值項目	252,648	215,117	106,883	104,227

As at the balance sheet date, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to HK\$58,697,000 (2006: HK\$23,916,000). The RMB is not freely convertible into other currencies; however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The carrying amounts of the cash and cash equivalents and the pledged deposits approximate to their fair values.

於資產負債表日，本集團以人民幣（「人民幣」）計值的現金及銀行結存為58,697,000港元（二零零六年：23,916,000港元）。人民幣不得自由兌換為其他貨幣，根據中國大陸的外匯管理條例以及結匯、售匯及付匯管理規定，本集團獲批准透過獲授權辦理外匯業務之銀行將人民幣兌換為其他貨幣。

存於銀行的現金按每日銀行存款利率之浮動息率賺取利息。本集團按即時現金需要作出一日至三個月之短期定期存款，並分別按短期定期存款利率賺取利息。現金及現金等值項目及已抵押定期存款之賬面值與其公平值相若。

Notes to Financial Statements (continued)

財務報表附註 (續)

(31 March 2007)

(二零零七年三月三十一日)

20. Accounts and Bills Payable

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

		Group 本集團	
		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Within 90 days	90天內	28,788	12,533
91 to 180 days	91天至180天	302	524
181 to 365 days	181天至365天	553	50
Over 365 days	365天以上	19	178
		29,662	13,285

The trade payables are non-interest-bearing and are normally settled on 45-day terms.

貿易應付款為免息賬款，信貸期一般為45天。

21. Banking Facilities

As at 31 March 2007, the Group's banking facilities were secured by the following:

- (i) pledged bank deposits of the Group (Note 19);
- (ii) corporate guarantees executed by the Company to the extent of HK\$137.2 million; and
- (iii) unlimited corporate guarantees executed by three subsidiaries of the Company.

21. 銀行備用信貸

於二零零七年三月三十一日，本集團之銀行備用信貸以下列各項作為抵押：

- (i) 本集團之質押存款(附註19)；
- (ii) 本公司簽立以137,200,000港元為限之公司擔保；及
- (iii) 本公司三家附屬公司簽立的無限額公司擔保。

Notes to Financial Statements (continued)

財務報表附註 (續)

(31 March 2007)

(二零零七年三月三十一日)

22. Deferred Tax Liabilities**Group****22. 遞延稅項負債****本集團**

		Accelerated tax depreciation	Asset revaluation	Total
		加速稅項折舊	資產重估	總計
		HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元
At 1 April 2005	於二零零五年四月一日	810	88	898
Deferred tax charged to the consolidated income statement during the year (Note 9)	年內於綜合收益表扣除之遞延稅項(附註9)	815	-	815
Deferred tax debited to equity during the year	年內於資本扣除之遞延稅項	-	89	89
At 31 March 2006 and 1 April 2006	於二零零六年三月三十一日及二零零六年四月一日	1,625	177	1,802
Deferred tax credited to the consolidated income statement during the year (Note 9)	年內於綜合收益表扣除之遞延稅項(附註9)	(847)	-	(847)
Deferred tax debited to equity during the year	年內於資本扣除之遞延稅項	-	297	297
At 31 March 2007	於二零零七年三月三十一日	778	474	1,252

At 31 March 2007, there was no significant unrecognised deferred tax liability (2006: Nil) for taxes that would be payable on the unremitted earnings of certain of the subsidiaries as the Group has no liability to additional tax should such amounts be remitted.

The Company has tax losses arising in Hong Kong of HK\$2,672,000 (2006: HK\$1,224,000) that are available indefinitely for offsetting against future taxable profits of the Company in which the losses arose. Deferred tax assets have not been recognised in respect of those losses as the Company has had no taxable profits for some time.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

於二零零七年三月三十一日，並無任何因本集團若干附屬公司之未匯出盈利所產生應付稅項而出現之重大未確認遞延稅項負債(二零零六年：無)，原因為即使該等款額匯出，本集團亦毋須承擔額外稅項責任。

本公司於香港產生之稅項虧損2,672,000港元(二零零六年：1,224,000港元)可無限期用作抵銷本公司日後應課稅溢利。由於本公司已有一段時間無應課稅溢利，因而並無就該等虧損確認遞延稅項資產。

本公司向其股東派發股息概無附帶所得稅後果。

23. Issued Capital

		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
Authorised:	法定股本:		
10,000,000,000 ordinary shares of HK\$0.01 each	10,000,000,000股 每股面值0.01港元之普通股	100,000	100,000
Issued and fully paid:	已發行及繳足:		
427,000,000 ordinary shares of HK\$0.01 each	427,000,000股每股面值 0.01港元之普通股	4,270	4,270

Share options

Details of the Company's share option scheme are included in note 24 to the financial statements.

購股權

有關本公司購股權計劃之詳情已載於財務報表附註24。

24. 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 and customers of the Group. The Scheme became effective on 6 August 2003 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.

24. 購股權計劃

本公司設有一項購股權計劃(「該計劃」)，旨在向對本集團成功經營有所貢獻的合資格參與人士提供獎勵及獎賞。該計劃的合資格參與人士包括本公司董事(包括獨立非執行董事)、本集團其他僱員、本集團貨品或服務供應商及本集團客戶。該計劃自二零零三年八月六日起生效，除非經另行取消或修訂，否則，該計劃將自該日期起計10年內有效。

現時根據該計劃獲准授出的未行使購股權數目獲行使時，最多不得超過相當於本公司於任何時間已發行股份10%。於任何十二個月期間內，根據購股權可向該計劃每名合資格參與人士發行的股份數目，最多不得超過本公司於任何時候已發行股份1%。進一步授出任何超過該限額的購股權均須於股東大會取得股東批准。

24. Share Option Scheme (continued)

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to independent non-executive directors' approval in advance. 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 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 21 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 highest of (i) the closing price of the Company's share on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on the date of the offer of the share options; (ii) the average closing price of the Company's shares on the Stock Exchange for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of the Company's shares.

No share options have been granted under the Scheme as at 31 March 2007 or up to the date of approval of these financial statements.

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

25. Reserves Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the Consolidated Statement of Changes in Equity of the financial statements.

The capital reserve of the Group represents the difference between the aggregate of the nominal value of the share capitals of the subsidiaries acquired by the Company pursuant to a group reorganisation in August 2003, over the nominal value of the share capital of the Company issued in exchange therefor and the existing 1,000,000 shares of HK\$0.01 each credited as fully paid, at par.

24. 購股權計劃 (續)

向本公司董事、行政總裁或主要股東或彼等任何聯繫人士授出購股權，均須事先取得獨立非執行董事批准。此外，於任何十二個月期間內，倘向本公司主要股東或獨立非執行董事或彼等任何聯繫人士授出的購股權，超過本公司於任何時候已發行股份0.1%或按授出當日本公司股價計算總值超過5,000,000港元，則須事先於股東大會取得股東批准。

授出購股權之建議須於建議日期起計21日內，由承授人以支付共1港元象徵式代價之方式接納。授出之購股權之行使期限由董事釐定，於若干歸屬期後開始，並於自購股權建議日期起不多於五年之內或購股權計劃屆滿日期結束（以較早者為準）。

購股權的行使價由董事釐定，但不得低於以下三者之最高者：(i)授出購股權當日本公司股份在香港聯合交易所有限公司（「聯交所」）的收市價；(ii)授出日期前五個交易日日本公司股份在聯交所平均收市價；及(iii)本公司股份面值。

於二零零七年三月三十一日或截至財務報表獲批准日期為止，概無根據該計劃授出任何購股權。

購股權並無賦予持有人獲取股息或於股東大會投票的權利。

25. 儲備本集團

本集團於本年度及過往年度之儲備金額及其變動詳情於財務報表中之綜合權益變動表呈列。

本集團資本儲備指本公司根據二零零三年八月之集團重組所收購附屬公司的股本面值總額，超出本公司就交換而發行之股本面值及現有1,000,000股每股面值0.01港元按面值入賬列作繳足股份間之差額。

Notes to Financial Statements (continued)

財務報表附註 (續)

(31 March 2007)

(二零零七年三月三十一日)

25. Reserves (continued)**Group (continued)**

In accordance with the relevant PRC regulations, subsidiaries registered in the PRC are required to transfer 10% of their profits after tax, as determined under the PRC accounting regulations, to the statutory surplus reserve, until the balance of the reserve reaches 50% of their respective registered capitals. Subject to certain restrictions as set out in the relevant PRC regulations, the statutory surplus reserve may be used to offset against accumulated losses.

Company

		Notes	Share premium account	Capital reserve	Retained profits/ (accumulated losses)	Total
		附註	股份溢價賬 HK\$'000 千港元	資本儲備 HK\$'000 千港元 (Note) (附註)	留存溢利/ (累計虧損) HK\$'000 千港元	總計 HK\$'000 千港元
At 1 April 2005	二零零五年四月一日		359,932	43,088	1,004	404,024
Profit for the year	年內溢利	10	-	-	54,172	54,172
Interim 2006 dividend	二零零六年中期股息	11	-	-	(25,620)	(25,620)
Proposed final 2006 dividend	擬派二零零六年末期股息	11	-	-	(25,620)	(25,620)
At 31 March 2006 and at 1 April 2006	於二零零六年三月三十一日及二零零六年四月一日		359,932	43,088	3,936	406,956
Profit for the year	年內溢利	10	-	-	3,098	3,098
Interim 2007 dividend	二零零七年中期股息	11	-	-	(25,620)	(25,620)
Proposed final 2007 dividend	擬派二零零七年末期股息	11	-	-	(25,620)	(25,620)
At 31 March 2007	二零零七年三月三十一日		359,932	43,088	(44,206)	358,814

Note: The capital reserve of the Company represents the excess of the then consolidated net assets of the subsidiaries acquired by the Company pursuant to the same reorganisation over the nominal value of the share capital of the Company issued in exchange therefor. Under the Companies Law of the Cayman Islands, the capital reserve may be distributed to the shareholders of the Company, provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

25. 儲備 (續)**本集團 (續)**

根據有關中國規例，本集團在中國註冊的附屬公司目前須將除稅後溢利10% (按中國會計規例釐定) 轉撥至法定盈餘儲備，直至該儲備的結餘達到其各自註冊資本50%。在有關中國規例所載若干限制規限下，法定盈餘儲備可用作抵銷累積虧損。

本公司

		Notes	Share premium account	Capital reserve	Retained profits/ (accumulated losses)	Total
		附註	股份溢價賬 HK\$'000 千港元	資本儲備 HK\$'000 千港元 (Note) (附註)	留存溢利/ (累計虧損) HK\$'000 千港元	總計 HK\$'000 千港元
At 1 April 2005	二零零五年四月一日		359,932	43,088	1,004	404,024
Profit for the year	年內溢利	10	-	-	54,172	54,172
Interim 2006 dividend	二零零六年中期股息	11	-	-	(25,620)	(25,620)
Proposed final 2006 dividend	擬派二零零六年末期股息	11	-	-	(25,620)	(25,620)
At 31 March 2006 and at 1 April 2006	於二零零六年三月三十一日及二零零六年四月一日		359,932	43,088	3,936	406,956
Profit for the year	年內溢利	10	-	-	3,098	3,098
Interim 2007 dividend	二零零七年中期股息	11	-	-	(25,620)	(25,620)
Proposed final 2007 dividend	擬派二零零七年末期股息	11	-	-	(25,620)	(25,620)
At 31 March 2007	二零零七年三月三十一日		359,932	43,088	(44,206)	358,814

附註：本公司資本儲備指本公司根據同一重組所收購附屬公司當時的綜合資產淨值，超出本公司就交換而發行之本公司股本面值之差額。根據開曼群島公司法，資本儲備可分派予本公司股東，惟於緊隨建議派付股息日期後，本公司必須能償還其日常業務中到期債項。

Notes to Financial Statements (continued)

財務報表附註 (續)

(31 March 2007)

(二零零七年三月三十一日)

26. Contingent Liabilities

The Group did not have any significant contingent liabilities not provided for at the balance sheet date (2006: Nil).

As at 31 March 2007, the Company has given corporate guarantees to banks to the extent of approximately HK\$137,000,000 (2006: approximately HK\$164,000,000) for banking facilities granted to certain subsidiaries of the Company.

27. Operating Lease Arrangements

The Group leases certain of its factories under operating lease arrangements, with leases negotiated for terms ranging from one to five years.

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

26. 或然負債

於資產負債表日，本集團並無任何尚未撥備之重大或然負債(二零零六年：無)。

截至二零零七年三月三十一日，本公司就其若干附屬公司獲授之銀行備用信貸額向銀行作出最多約137,000,000港元(二零零六年：約164,000,000港元)公司擔保。

27. 經營租賃安排

本集團根據經營租賃安排租賃其若干廠房，議定之租期介乎一至五年不等。

於資產負債表日，本集團於不可撤銷經營租賃項下之未來最低租金總額須於下列期限償付：

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Within one year	一年內	2,345	1,318
In the second to fifth years, inclusive	第二年至第五年(包括首尾兩年)	2,545	-
		4,890	1,318

Notes to Financial Statements (continued)

財務報表附註 (續)

(31 March 2007)

(二零零七年三月三十一日)

28. Commitments

In addition to the operating lease commitments detailed in note 27 above, the Group had the following capital commitments at the balance sheet date:

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Contracted, but not provided for:	已訂約但未撥備:		
Purchases of computer equipment (Note 29(i))	購買電腦設備 (附註29(i))	570	1,861
Acquisition of multi-purpose building	收購多用途樓宇	-	5,346
		570	7,207
Authorised, but not contracted for:	已授權但未訂約:		
Leasehold improvements	租賃物業裝修	-	2,223

The Company did not have any significant commitments at the balance sheet date (2006: Nil).

29. Related Party Transactions

In addition to the transactions detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year:

- (i) In May 2005, a subsidiary of the Company entered into a contract with Pou Yuen Technology Company Limited ("Pou Yuen"), a subsidiary of Yue Yuen Industrial (Holdings) Limited, a substantial shareholder of the Company, for purchasing a computer system of HK\$2,895,000. The consideration was determined after arm's length negotiation.

28. 承擔

除上文附註27詳列之經營租賃承擔外，本集團於資產負債表日之資本承擔如下：

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Contracted, but not provided for:	已訂約但未撥備:		
Purchases of computer equipment (Note 29(i))	購買電腦設備 (附註29(i))	570	1,861
Acquisition of multi-purpose building	收購多用途樓宇	-	5,346
		570	7,207
Authorised, but not contracted for:	已授權但未訂約:		
Leasehold improvements	租賃物業裝修	-	2,223

於資產負債表日，本公司並無任何重大承擔 (二零零六年：無)。

29. 關連人士交易

除本財務報表其他部分所詳列之交易外，本集團於年內與關連人士進行重大交易如下：

- (i) 於二零零五年五月，本公司一間附屬公司與本公司主要股東裕元工業(集團)有限公司之附屬公司Pou Yuen Technology Company Limited (「Pou Yuen」)訂立合約，以2,895,000港元代價購入電腦系統。代價乃經公平磋商釐定。

29. Related Party Transactions (continued)

Up to the balance sheet date, aggregate instalments of HK\$2,325,000 (2006: HK\$1,034,000) had been paid by the Group. During the year, the computer system amounting to HK\$1,471,000 was transferred to "Property, plant and equipment" upon the delivery of the computer system and the remaining aggregate instalment of HK\$854,000 (2006: HK\$1,034,000) was classified as non-current assets under "Prepayments and deposits for property, plant and equipment", as further detailed in note 15 to the financial statements. The unpaid balance of HK\$570,000 (2006: HK\$1,861,000) had been included as commitment as detailed in note 28 to the financial statements.

- (ii) The directors are the key management personnel of the Group. Details of their remunerations are disclosed in note 7 to the financial statements.

30. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise cash and short term deposits. The Group has various other financial assets and liabilities such as accounts and bills receivable and accounts and bills payable, which arise directly from its operations.

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

Cash flow interest rate risk

The Group has no interest-bearing borrowings, and believes its exposure to cash flow interest rate risk is minimal.

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from substantial portion of sales or purchases by operating units in the US\$ and RMB. The Group is exposed to foreign exchange risk arising from the exposure of US\$ and RMB. As the foreign currencies risks generated from the sales and purchases can be set off with each other, the Group believes its exposure to exchange rate risk is minimal. It is the policy of the Group to continue maintaining the balance of its sales and purchases in the same currency.

29. 關連人士交易 (續)

截至資產負債表日，本集團已分期支付合共2,325,000港元(二零零六年：1,034,000港元)。於年內，數額為1,471,000港元之電腦系統已付運及轉撥至「物業、廠房及設備」，及餘下之分期付款合共854,000港元(二零零六年：1,034,000港元)已分類為非流動資產項下「物業、廠房及設備之預付款項及按金」，進一步詳情載於財務報表附註15。未支付餘額570,000港元(二零零六年：1,861,000港元)已計入於財務報表附註28詳述之承擔當中。

- (ii) 各董事為本集團之主要管理人員。彼等薪酬之詳情於財務報表附註7披露。

30. 財務風險管理之目標及政策

本集團的主要金融工具包括現金及短期存款。本集團擁有應收賬款及票據、應付賬款及票據等各種其他金融資產及負債，乃於其營運時直接產生。

本集團金融工具之主要風險乃來自現金流利率風險、外匯風險、流動資金風險及信貸風險。董事會審閱並協定管理各項有關風險之政策，於下文概述。

現金流利率風險

本集團並無計息借貸，並相信所面對之現金流利率風險屬輕微。

外匯風險

本集團承受交易貨幣風險。有關風險主要由業務單位以美元及人民幣進行買賣產生。本集團所承受的為美元及人民幣的外匯風險。由於買賣產生之外匯風險可以互相抵銷，管理層相信其面對之外匯風險輕微。本集團將維持以相同貨幣進行買賣之平衡政策。

30. Financial Risk Management Objectives and Policies

(continued)

Foreign currency risk (continued)

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

Liquidity risk

The Group maintains a balance between continuity of funding and flexibility through maintaining sufficient cash and available banking facilities. The directors have reviewed the Group's working capital and capital expenditure requirements and determined that the Group has no significant liquidity risk.

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivables balances are monitored on an ongoing basis.

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

Fair value

The Company's financial instruments are short-term in nature and therefore their carrying values as at 31 March 2007 approximate to their fair values.

31. Post Balance Sheet Events

On 14 March 2007, the Group has entered into a non-binding memorandum of understanding (the "MOU") with an independent third party to acquire the entire equity interests in a Taiwan company and a PRC company (the "Proposed Acquisition") whose principal businesses are the manufacture and trading of sportswear. Further details of the Proposed Acquisition are set out in the announcement of the Company dated 14 March 2007.

30. 財務風險管理之目的及政策 (續)

外匯風險 (續)

本集團目前並無採用任何外匯對沖政策。然而，管理層會監察外匯風險，並會於需要時考慮對沖重大的外匯風險。

流動資金風險

本集團透過維持足夠現金及銀行備用信貸，維持資金持續供應及靈活性之間的平衡。董事已檢討本集團的營運資金及資本支出需求，並認為本集團並無重大的流動資金風險。

信貸風險

本集團僅與獲確認及有信譽的第三方進行交易。本集團會對以除賬方式交易的客戶進行信貸審查。此外，應收賬款結餘亦會作定期審閱。

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

公平值

本公司之金融工具屬短期性質。因此其於二零零七年三月三十一日之賬面值與其公平值相若。

31. 資產負債表日後事項

本集團於二零零七年三月十四日與一名獨立第三方訂立一項非約束性諒解備忘錄（「諒解備忘錄」）以收購主要業務為製造及買賣運動服的一間台灣公司及一間中國公司的全部股本權益（「建議收購事項」）。建議收購事項之進一步詳情載列於本公司於二零零七年三月十四日之公佈內。

Notes to Financial Statements (continued)

財務報表附註 (續)

(31 March 2007)

(二零零七年三月三十一日)

31. Post Balance Sheet Events (continued)

On 16 April 2007, pursuant to the MOU, the Group has entered into a sale and purchase agreement (the "Agreement") in relation to the aforesaid Proposed Acquisition (the "Acquisition"). The consideration for the Acquisition is HK\$113,380,800 and will be completely satisfied by the issuance of the Company's ordinary shares. The Acquisition constitutes a discloseable transaction as defined in the Listing Rules. Further details of the Acquisition are set out in the announcement of the Company dated 17 April 2007 and in the circular of the Company dated 7 May 2007.

As the Acquisition has not yet been completed at the date of approval of the financial statements, it is not practicable to disclose the financial effects of the Acquisition.

32. Approval of the Financial Statements

The financial statements were approved and authorised for issue by the board of directors of the Company on 13 July 2007.

31. 資產負債表日後事項 (續)

於二零零七年四月十六日，根據諒解備忘錄，本集團已就前述之建議收購事項（「收購事項」）訂立買賣協議（「協議」）。收購事項之代價為113,380,800港元，並將以發行本公司之普通股之方式悉數支付。該收購事項構成上市規則所界定之須予披露交易。收購事項之進一步詳情載列於本公司於二零零七年四月十七日刊發之公佈及本公司於二零零七年五月七日刊發之通函中。

由於該收購事項於批准此等財務報表日尚未完成，故是項收購詳情不作進一步披露。

32. 財務報表之批准

財務報表已於二零零七年七月十三日獲董事會批准並授權刊行。

Eagle Nice (International) Holdings Limited

鷹美(國際)控股有限公司 *

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立之有限公司)

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