



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)
(Stock Code 股份代號 : 02368)

Focus On Growth

蓄機·蛻變 2010

Annual Report 年報



* For identification purpose only 僅供識別

Company Mission

To Be The Number One Sportswear
Manufacturer Who Delivers World Class
Products To Our World Class Customers



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Corporate Information

Executive Directors

Chung Yuk Sing (*Chairman*)
Chen Hsiao Ying (*Chief Executive Officer*)
Kuo Tai Yu
Chen Fang Mei, Christina

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.
11th Floor
Central Building
1-3 Pedder Street
Central
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

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

HSBC Trustee (Cayman) Limited
P.O. Box 484
HSBC House
68 West Bay Road
Grand Cayman KY1-1106
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Tricor Tengis Limited
26th Floor
Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

Website

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

Stock Code

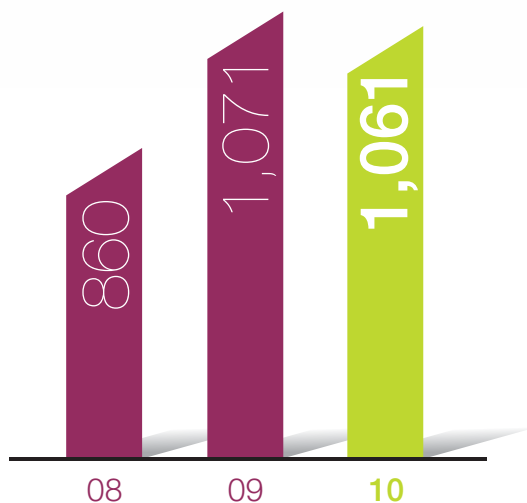
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Financial Highlights

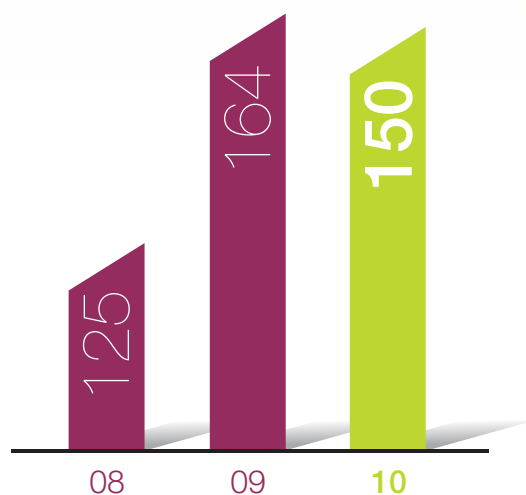
	2010 HK\$ Million	2009 HK\$ Million
Results		
Revenue	1,061	1,071
Profit before depreciation, amortisation, interest and tax	217	221
Profit for the year attributable to owners of the Company	150	164
Basic earnings per share	HK\$0.30	HK\$0.33
Dividend per share		
– Interim	HK13 cents	HK12 cents
– Final	HK7 cents	HK12 cents

	2010 HK\$ Million	2009 HK\$ Million
Financial Position		
Total assets	1,071	1,029
Net debts	Nil	Nil
Shareholders' equity	896	872
Net assets per share	HK\$1.79	HK\$1.75
Net debts to total assets (excluding cash)	Nil	Nil
Net debts to shareholders' equity	Nil	Nil

Revenue
HK\$ Million



Profit Attributable to Shareholders
HK\$ Million







Care for
People

Developing
People

Work -
Life Balance



Chairman's Statement

During the year, the Group managed to report stable results despite grim economic conditions in the PRC and abroad. In the coming years, the Group will continue to pursue cost reductions in a practicable manner and prepare itself for business growth by actively seeking productivity expansion and production technology enhancements, as well as building new production bases in the Jiangxi Province, the PRC and Indonesia.



Dear Shareholders,

On behalf of the board of directors (the "Board") of Eagle Nice (International) Holdings Limited (the "Company"), I am pleased to present the annual results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 March 2010.

Summary of Results

The Group managed to report stable results during the year despite grim economic conditions in the PRC and abroad, given our stable relationships with key customers such as Nike and VF developed over the years, as well as our success in developing new markets and customers in recent years. The Group's revenue remained stable amid an economic slowdown in the aftermath of the financial tsunami, conceding a slight 0.9% as compared to the previous year. There was a small setback of 0.4% in profit before tax margin, while net profit margin decreased by 1.2% as a direct result of an increase of 4.9% in the overall effective tax rate applicable to the Group resulting from changes in our market portfolio leading to changes in principal regions where our assessable profits arised in. In the coming years, the Group will continue to pursue cost reductions in a practicable manner and prepare itself for business growth by actively seeking productivity expansion and production technology enhancements, as well as building new production bases in the Jiangxi Province, the PRC and Indonesia.

	For the second half of the year (6 months)			For the whole year (12 months)		
	2010	2009	Change	2010	2009	Change
Revenue (HK\$'M)	390.5	459.8	-15.1%	1,061.2	1,071.0	-0.9%
Net profit (HK\$'M)	22.5	70.8	-68.2%	149.6	163.8	-8.7%
Earnings per share (HK cents)	4.5	14.2	-68.3%	29.9	32.8	-8.8%
Dividend per share (HK cents)	7	12	-41.7%	20	24	-16.7%

Reaping the reward of industrious efforts

As a token of thanks for the shareholders' longstanding support, the Board has resolved to maintain its dividend payout ratio despite 8.7% decrease in net profit for the year and recommend a final dividend of HK7 cents per share, which will bring a total dividend per share for the full year of HK20 cents (2009: HK24 cents per share). In anticipation of significant capital outlay for its development plans in the coming years, however, the Board pleads for the understanding of the investors that its dividend policy might be subject to revision in future, as the Group seeks to make optimal use of its internal funds for business expansion to avoid erosion of the Group's profit because of increased loan interest expense, which we believe would result in greater return for the Group and its shareholders.



Business Outlook

Stable expansion to tap enormous potential

To achieve its long-term objective of becoming a top tier business partner of the international sportswear brands, the Group must resolve its bottleneck in production capacity by establishing a multinational production base in order to balance its overall political and production risk exposures, exercise more effective and flexible cost controls, and optimise its global sales arrangements.

Given the long-term goal as aforesaid, the management has always persisted in the principle of reasonable pricing and avoidance of high-risk investments in its merger-and-acquisition endeavours. Over the years, we have spent time identifying and waiting for the right acquisition opportunities, seeking to generate maximum return to shareholders while ensuring stable business development. The acquisition of Wayable Group in 2008, for instance, has been a huge success. The management is of the view that asset prices have been corrected to a reasonable level following the financial tsunami. The management has started to locate suitable acquisitions in various regions to facilitate expansion of production capacity in preparation for the future growth of the Group, so that the Group will be well-positioned to enlarge its market share when the economy stabilises and market demand increases.

The PRC Government made strong efforts in 2009 to encourage consumption as a means to drive domestic demand, while launching a range of policy incentives in favour of the textile and garment industry, such as successive increases of export rebates, inclusion of the textile and garment industry in the planning of business revivals for the top ten sectors and incentives for the relocation of labour-intensive enterprises to the inland. These measures, which indicate the strong resolve of the PRC Government to offer full support to the textile and garment industry, have boosted the confidence of players in the textile industry including the Group, and provided them with the drive to realise sustainable development. Such government initiatives have powerfully justified and assured the faith of the Group to expand its production capacity in Mainland China.

In the coming years, the Group will be actively engaged in productivity expansion and production technology enhancements to institute solid foundations for its sustainable development in future. In early 2010, the management confirmed two new investment projects involving land acquisition and plant construction for new production bases in the Jiangxi Province, the PRC and Indonesia. The two projects are expected to more than double the Group's production capacity upon completion and full commissioning, providing more flexible production resources and reliable support for the Group's future competitiveness.

Production base in Yifeng County, the Jiangxi Province, the PRC (the "Yifeng Project")

With thriving industrial development in Northwestern China absorbing local labour supply, industrial zones in the Guangdong Province are facing labour shortage and manufacturers find it difficult to recruit workers in large numbers to support capacity expansion. Coupled with the various policy incentives announced by the PRC Government to encourage relocation of labour-intensive enterprises in the textile and garment industry to the inland regions, manufacturers are set for massive migration to the inland.

Leveraging ample supply of skilled workers, relatively low-cost land and labour, as well as favourable policies offered by local governments in the inland to attract investments, the Group decided to establish a production base in Yifeng County, Yichun City, the Jiangxi Province, the PRC. This venture represents an important step in the Group's business development beyond the Guangdong Province, which will facilitate further economies of scale for the Group and enhance its profitability.

Production base in West Java, Indonesia (the "Indonesia Project")

The China-ASEAN Free Trade Area, which came into full force on 1 January 2010 to signify a new milestone in China-ASEAN economic ties, is set to provide new driving force for trade development and economic cooperation between the PRC and the ASEAN nations, and facilitate global trade development and economic recovery. This trade setup provides a precious opportunity for the Group's overseas business expansion and reliable support for its strategic move to establish overseas factories.

Given that Indonesia has recently become an ASEAN member and is able to provide massive supply of workers, and low-cost land and labour, with an international vision, the management is able to capture the development opportunities to build the Group's first overseas production base outside the PRC in West Java, Indonesia as a preparatory step for the Group's internationalization. The Group has acquired a site in Indonesia, which is an ideal location for labour-intensive garment businesses. The Indonesia Project represents a significant first step in the Group's development of a multinational production base. The Group believes that ongoing expansion of production capacity and production technology enhancement on a solid foundation will fuel the Group's sustainable development in future and generate more benefits for its shareholders, employees and customers.

The aforesaid two new investment projects are expected to substantially increase the Group's production capacity, while providing a solution to the issues of rising production costs and undersupply of labour faced by the Group in developed industrial regions. Significant capital outlay required for plant construction will result in tighter cash flow in the coming years. Given increased manufacturing costs attributable to depreciation of plant and machinery regarding the Yifeng Project and the Indonesia Project accruable after commencement of production, the Group is anticipating pressure on profitability.

Market Review and Outlook

During the year under review, textile and garment businesses were variously affected as economies around the world continued to suffer from the aftermath effect of the financial turmoil that broke out in 2008.

Overshadowed by the financial crisis, Europe and the USA continued to report high unemployment rates, with consumers' confidence being severely undermined by the indebtedness crisis in Europe. The impact was inevitably felt even in the PRC, who boasted relatively stable economic fundamentals. The Group's sales in Mainland China reported a year-on-year decrease of 26%, reflecting limited ability of sportswear brands to negotiate price hikes as a host of international brands were flocking into the PRC market while numerous new domestic sportswear brands were also emerging. Nevertheless, the Group was able to maintain overall stability in turnover as the setback in Mainland China was offset by the 59% increase in sales to Europe and the USA, thanks to the Group's persistent efforts over the years to expand its customer base and market coverage. While Mainland China remained the largest geographical market of the Group during the year under review, Europe and the USA also became its principal markets following our successful efforts to diversify the market beyond Asia. The Group has accomplished a challenging task of sustaining stable development because of its long-term vision and business philosophy.

Looking to the future, the consumption powers of the PRC, an enormous market representing the principal sales region of the Group, are expected to grow continuously, while the leading sportswear brands will spare no efforts to enhance their coverage of different consumer segments. In addition, the PRC Government is also committed to the promotion of the sporting industry, as evidenced by the promulgation of the "Guiding Opinion on Expediting the Development of the Sporting Industry" (《關於加快發展體育產業的指導意見》) on 24 March 2010, in which six major approaches for development have been identified. The government is set to aid the sporting

industry in numerous ways to expand their financing source, seeking not only to broaden the scope of development for the industry and enrich the sporting aspect of the public life, but also to strengthen primary sporting services for urban and rural residents and actively cultivate the market for the sporting and fitness business. As such, we believe that the sportswear business will have enormous potential for future development in the PRC. With signs of initial economic recovery in Europe and the USA, the Group is fully confident of the medium-to long-term prospects of the consumer markets of garment in Europe, the USA and the PRC.

Social Responsibility and Corporate Governance

In terms of social responsibility, the Group has been a keen advocate for the low-carbon economy and environmental protection that implements relevant measures on all fronts including the business, operation, administration and research and development functions, as we are well aware that “low-carbon economy” embodies realistic responsibilities instead of being a mere terminology. Our lean production, focused on “delivering maximum value with minimum resources” and aiming to assure proper use of resources and reduce wastage, represents one of the effective measures for developing low-carbon economy as well as a contributor to cost reductions and profit enhancements.

The Group also rewards the society by assuring the well-being of its staff. Recent developments of social issues relating to the workload, compensation and emotional disturbance of workers have given rise to wide concerns in the community, and the alarm bell has been rung for the way in which foreign-invested factories in the PRC are managed. In this connection, our management has always regarded human resources as an invaluable asset of the Group and the community. Staff welfare represents a key consideration in the formulation of any business plans or staff training programmes. For example, space is reserved for staff recreation in plant construction, employees with outstanding performance are rewarded with bonuses, seniority-based benefits are provided to senior staff, and the quality of staff catering is reviewed and improved from time to time.

As an enterprise fully committed to its social responsibilities, the Group is always mindful of its duty to serve and reward the society while vying for business success. We operate our business with a strong commitment to support the community. To encourage the value of compassion, we, in addition to charitable contributions of RMB200,000 made during the year to Longhu Charity in Shantou, the PRC, donated RMB200,000 to the charitable association through the People’s Government of Yifeng County, the Jiangxi Province, the PRC for flooding in the Jiangxi Province, the PRC this year.

In terms of corporate governance, the Group has made incessant efforts in improving its operational management and governance structure, with a view to increasing corporate transparency, making accurate and timely disclosure of its financial and operating conditions, and enhancing communications with its shareholders and investors. In recognition of its achievements in corporate governance and investors’ relations, the Group was named among the “Hong Kong Outstanding Enterprises” for the second year in a row in the 6th “Hong Kong Outstanding Enterprise Parade” hosted by Economic Digest during the year under review.

Outlook for the Future

We believe that it will take some time before full recovery of the global consumer market, given ongoing uncertainties in the current economic landscape. The long-term prospects for the sportswear market, particularly in Mainland China, remain positive nevertheless, as sporting activities continue to gain popularity on the back of growing public concern for health and fitness. The global financial crisis has presented opportunities as well as challenges, but such opportunities would only be available to those who are well-prepared. In this connection, the Group is well-positioned to enlarge its market share when economic recovery looms, as it has capitalised on opportunities available during economic downturn to expand its production capacity and strengthen its research and development.

In an intensely competitive market, it takes nothing less than a far-sighted management, stable and sufficient production capacity, sound financial conditions, production management expertise, a high-calibre research and development team and advanced production technologies and equipment, in order for a player to break away and stay atop of the industry. The management has been well aware that an enterprise must fulfill all of the above conditions to become a market leader. To consolidate its resources and strengths, the Group has drawn up a 5-year plan for business development, which aims to reinforce its business foundations by expanding its production capacity, advancing the low-carbon economy, optimising internal operations management and strengthening research and development, as well as setting aside sufficient funds to capture business opportunities to facilitate growth of the Group.

In recent years, PRC manufacturers have been suffering from increasing production costs caused by undersupply of labour, rapid increase in salary expenses and increased tax expenses. The Group is developing low-cost production bases as a strategy in response to rising costs. Given that substantial fund is needed for the Yifeng Project and the Indonesia Project, the Group's cash flow in the coming years will inevitably be under pressure. When the two new production bases commence operation, the management will face the challenge of dealing with the impact of increased depreciation on cost and profit. Against this grim business environment, the management envisages a difficult period for the Group until the operations of the new production bases are ready to yield profit. Accordingly, we hold a cautiously conservative outlook towards business and profit return in the foreseeable future. Nevertheless, we are convinced that investments made today will translate into firm foundations for future development and prepare the Group for further growth and therefore represent the best way to generate lucrative returns for shareholders.

Therefore, I plead for the continued support of shareholders and investors for the Group, so that we will all benefit from and share in our Group's future profits. In the age of globalisation characterised by intensive competition, intelligent, diligent and loyal staff represent the most precious assets of the Group and the society. May I take this opportunity to express my profound gratitude for the dedication and commitment demonstrated by my fellow directors, staff members of various departments and all loyal staff who have made outstanding contributions to the Group's development during the year.

Chung Yuk Sing
Chairman

Hong Kong, 28 June 2010

Financial and Operation Review

Review on financial performance

Amid the economic downturn, the Group was able to achieve a stable performance during the year ended 31 March 2010. The global financial crisis had been adversely affecting the consumer market during the year. Besides, with more sportswear brands entering into the sportswear industry, keen competition among sportswear brands including our customers has resulted in dynamic changes in the market shares occupied by major sportswear brands. Because of our successful diversification policy, we were able to maintain a stable business by broadening the customer base and penetrating into new markets. Moreover, engagement in production of functional products with higher prices enabled the Group to mitigate the adverse effect of reduction in sales orders. As a result, the Group's revenue slightly decreased by 0.9% from HK\$1,071.0 million in 2009 to HK\$1,061.2 million in 2010.

The Group's gross profit for 2010 was HK\$279.1 million, representing a slight decrease of 1.4% over 2009. The gross profit margin in 2010 was 26.3% which is comparable to that of 2009. The Group's selling and distribution expenses diminished by HK\$3.2 million (or 21.1%) mainly owing to a decrease in promotion expenses after establishing a stable relationship with new customers. Improved logistic management of goods delivery also brought about a drop in export transportation costs. The increase of HK\$4.1 million (or 4.6%) in administrative expenses was largely due to an increase in staff costs resulting from recruitment of additional managerial staff for the Group's expansion plans. Consequently, the operating profit margin slightly decreased by 0.4% from 17.3% to 16.9%. Despite drop of HK\$6.1 million in profit before tax, overall tax expenses rose by HK\$8.1 million (or 38.2%), which was mostly attributable to an increase in provision for Hong Kong profits tax since both profit and profit margin which derived from overseas sales and were subject to Hong Kong profits tax grew during the year. Besides, in spite of decrease in the PRC sales during the year, the Hong Kong profits tax rate is higher than the preferential profits tax rate applicable to the PRC subsidiaries of the Group, which was mainly responsible for the increase of 4.9% in the overall effective tax rate of the Group during the year. As a result, the net profit diminished by HK\$14.2 million (or 8.7%) and the net profit margin slightly reduced by 1.2% from 15.3% to 14.1% during the year.

Profit attributable to owners of the Company for 2010 was HK\$149.6 million compared to HK\$163.8 million for 2009. Basic earnings per share for the year amounted to HK29.9 cents compared to HK32.8 cents for last year. The board of directors proposed to recommend a final dividend of HK7 cents per share for the year ended 31 March 2010 compared to HK12 cents for last year.

Liquidity and Financial Resources

During the year under review, the Group continued to maintain a healthy liquidity position. The Group generally finances its operations with internally generated resources and banking facilities provided by its bankers. As at 31 March 2010, the Group had cash and cash equivalents amounting to HK\$328.1 million mainly denominated in Hong Kong dollars, Renminbi ("RMB") and US dollars (31 March 2009: HK\$297.4 million). As at 31 March 2010, the Group had aggregate banking facilities of HK\$46.0 million (31 March 2009: HK\$106.0 million) which were secured by (i) corporate guarantees executed by the Company; and (ii) unlimited corporate guarantees executed by subsidiaries of the Company. No banking facilities were utilised by the Group as at 31 March 2010 and 31 March 2009.

The management believes that the existing financial resources will be sufficient to meet existing and 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 2010, the Group's gearing ratios represented by the Group's total liabilities as a percentage of the Group's total assets amounted to 16.4% (31 March 2009: 15.2%).

Foreign Exchange Risk Management

The Group has transactional currency exposures. Such exposures arise from substantial portion of sales or purchases by operating units in US dollars and RMB. The Group is exposed to foreign exchange risk arising from the exposure of RMB and US dollars. As the foreign currency 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.

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 2010, there was no significant investment held by the Group (31 March 2009: Nil).

Material Acquisitions and Disposals

There was no material acquisition or disposal of subsidiaries and associated companies during the year ended 31 March 2010 (year ended 31 March 2009: Nil).

Contingent Liabilities and Capital Commitments

As at 31 March 2010, the Group did not have any significant contingent liabilities (31 March 2009: Nil). The Group had the following capital commitments at the end of the reporting period:

	2010 HK\$'000	2009 HK\$'000
Contracted, but not provided for:		
Renovation of factories	1,956	–
Purchases of machineries	1,954	77
Purchases of computer equipment	55	799
Construction of a factory	–	7,279
	3,965	8,155
Authorised, but not contracted for:		
Investment in the Yifeng Project	81,502	–
Investment in the Indonesia Project	65,951	–
	147,453	–

As at 31 March 2010, the Company has given corporate guarantees to banks to the extent of HK\$46.0 million (31 March 2009: HK\$106.0 million) for banking facilities granted to certain subsidiaries of the Company.

Employees and Remuneration Policies

As at 31 March 2010, the Group employed a total of approximately 6,700 employees including directors (31 March 2009: approximately 6,400). Total employee benefits expenses including directors' emoluments were HK\$197.1 million for the year under review (year ended 31 March 2009: HK\$187.8 million).

The employees including directors 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 and defined contribution retirement benefits 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.

Directors' and Senior Management's Biographies

Executive Directors

Chung Yuk Sing, aged 49, has been the Chairman and Executive Director of the Company since October 2002. He is also the co-founder of the Group and a director of other members of the Group. Mr. Chung is responsible for the overall strategic planning, marketing and management functions of the Group. Mr. Chung has over 20 years of manufacturing and management experience in the garment industry.

Chen Hsiao Ying, aged 46, has joined the Group as Executive Director and Chief Executive Officer of the Company since October 2007. He is also a director of other members of the Group. Mr. Chen had worked as Factory Manager in a sportswear manufacturing and trading company in Taiwan since 1981 prior to founding Actex Garment Co., Limited, a company specializing in the manufacturing and trading of sportswear, in 1997. Mr. Chen has over 20 years of manufacturing and management experience in the garment industry. He is a brother of Ms. Chen Li Ying, a member of senior management of the Group.

Kuo Tai Yu, aged 60, has joined the Group as Executive Director of the Company since April 2004. Mr. Kuo has over 30 years of experience in management of footwear business in Taiwan. He received a bachelor's degree from Chung Hsing University in Taiwan. Mr. Kuo has been the director of certain companies within the Group of Yue Yuen Industrial (Holdings) Limited (stock code: 00551) ("Yue Yuen"), a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and the director of Pou Chen Corporation ("Pou Chen"), a company listed on the Stock Exchange of Taiwan. He is currently the executive director of Yue Yuen and general manager in charge of one of Yue Yuen's three shoe manufacturing groups since 1996.

Chen Fang Mei, Christina, aged 47, has joined the Group as Executive Director of the Company since May 2009. She has been the Spokesperson and Vice President of Pou Chen since 2004. She graduated from Soochow University in Taiwan in 1986 and holds a Bachelor's Degree in International Business. Ms. Chen was Vice President and Head of Underwriting of Citibank Securities (Taiwan) Limited from 2001 to 2004. She has over 20 years of experience in the investment and securities industries in Taiwan. Ms. Chen is an executive director of Symphony Holdings Limited (stock code: 01223), a company listed on the Main Board of the Stock Exchange.

Tsai Nai Kun, aged 56, joined the Group as Executive Director of the Company in October 2005 and resigned in May 2009. He is a college graduate and has over 28 years of experience in footwear business. Currently, he is the Vice President of Yue Yuen in charge of certain research and development programs.

Independent Non-Executive Directors

Chan Cheuk Ho, aged 43, obtained a master's degree in Business Administration from the University of Manchester in 2003. He is a fellow member of the Hong Kong Institute of Certified Public Accountants. Mr. Chan has more than 20 years of experience in accounting and finance. He has been Independent Non-Executive Director of the Company since November 2002.

Li Chi Chung, aged 41, is currently a solicitor practising in Hong Kong. Mr. Li obtained a bachelor's degree in laws from The University of Sheffield in England in 1990. He was admitted as a solicitor of the High Court of Hong Kong in 1993 and his practice has been focused on commercial related matters. Mr. Li is a non-executive director of Richfield Group Holdings Limited (stock code: 08136), a company listed on the Growth Enterprise Market (the "GEM") of the Stock Exchange. Mr. Li is an independent non-executive director of Kenford Group Holdings Limited (stock code: 00464), a company listed on the Main Board of the Stock Exchange. He is also an independent non-executive director of PINE Technology Holdings Limited (stock code: 08013) which is a company listed on the GEM of the Stock Exchange. He is the company secretary of Sunshine Capital Investments Group Limited (formerly known as Prime Investments Holdings Limited) and Sino Gas Group Limited which are companies listed on the Main Board of the Stock Exchange, and China Nonferrous Metals Company Limited which is a company listed on the GEM of the Stock Exchange. He has been Independent Non-Executive Director of the Company since November 2002.

Cheng Yung Hui, Tony, aged 68, is the chairman and chief executive officer of World Friendship Company Limited. Since October 2007, Mr. Cheng is also an independent non-executive director of Bright International Group Limited (stock code: 01163), a company listed on the Main Board of the Stock Exchange. Mr. Cheng has over 30 years of experience in operating his own company. He has extensive experience in international business. He has been Independent Non-Executive Director of the Company since September 2004.

Senior Management

Chang Wen Hsiang, aged 59, has joined the Group as Chief Financial Officer in February 2008 and was appointed as Executive Director of the Company in April 2008. He resigned as Executive Director of the Company in May 2009 but remains as Chief Financial Officer of the Group. He is also a director of other members of the Group. He holds bachelor's and master's degrees in accounting from the National Chen Chi University in Taiwan and was accredited Certified Public Accountant from the United States of America ("US"). Mr. Chang was the financial controller and general manager of a US-based multinational corporation in US's headquarter and Taiwan's subsidiary before he joined Yue Yuen in 1993. Mr. Chang was responsible for certain PRC, Taiwan and Vietnam business development projects in Yue Yuen before he left as Senior Executive Manager after 10 years of service there. Mr. Chang has over 30 years of experience in the manufacturing of shoes, apparel, optical and luggage and was an independent financial and operational consultant to pre-listing companies before he joined the Group.

Tsang Sau Fan, aged 43, has joined the Group since March 1996 and was appointed as Executive Director of the Company in October 2002. She resigned as Executive Director of the Company in May 2009. Currently, she is General Manager of Division I of the Group. She has over 10 years of experience in sales of garment products. Prior to joining the Group, she worked as a merchandiser in a garment manufacturing company in Hong Kong.

Chen Li Ying, aged 55, has joined the Group as Executive Director of the Company since October 2007 and resigned as Executive Director of the Company in May 2009. Currently, she is General Manager of Division II of the Group. She is also a director of other members of the Group. She graduated from Ming Chuan University in Taiwan and had worked as an auditor in an accounting firm in Taiwan for around 5 years after graduation. She worked in the sales and marketing department of a sportswear manufacturing and trading company in Taiwan from 1981 to 1996 before she joined Actex Garment Co., Limited, a company founded by Mr. Chen Hsiao Ying, in 2001. She has over 25 years of manufacturing and management experience in the garment industry. She is a sister of Mr. Chen Hsiao Ying, an Executive Director of the Company.

Chen Zhen Hao, aged 45, has joined the Group since March 1987 and was appointed as Executive Director of the Company in October 2005. He resigned as Executive Director of the Company in May 2009. Currently, he is the Chief Production Officer of Division I of the Group in Mainland China. He is also a director of other members of the Group. He has over 20 years of experience in garment manufacturing industry.

Woo Man Chi, aged 38, has joined the Group as Financial Controller since May 2005 and was appointed as Company Secretary of the Group in 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. Ms Woo holds a bachelor's degree in accounting from the Hong Kong University of Science and Technology. She is a practising member of the Hong Kong Institute of Certified Public 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 2010.

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 17 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 2010 and the state of affairs of the Company and of the Group at that date are set out in the financial statements on pages 56 to 120.

An interim dividend of HK13 cents per ordinary share was paid on 17 December 2009. The Directors recommend the payment of a final dividend of HK7 cents per ordinary share in respect of the year, to shareholders on the register of members on 16 August 2010. Details are set out in note 11 to the financial statements.

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.

Results

	Year ended 31 March				
	2010 HK\$'000	2009 HK\$'000	2008 HK\$'000	2007 HK\$'000	2006 HK\$'000
Revenue	1,061,179	1,070,975	860,487	519,103	519,310
Profit before tax	178,996	185,063	140,659	86,482	92,081
Income tax expense	(29,349)	(21,237)	(16,001)	(8,763)	(14,670)
Profit for the year	149,647	163,826	124,658	77,719	77,411

Summary financial information (continued)

Assets and liabilities

	2010 HK\$'000	As at 31 March			
		2009 HK\$'000	2008 HK\$'000	2007 HK\$'000	2006 HK\$'000
Non-current assets	432,841	396,637	373,673	269,805	267,244
Current assets	638,237	632,687	553,144	374,647	311,805
Current liabilities	(151,255)	(139,906)	(133,745)	(69,382)	(46,909)
Net current assets	486,982	492,781	419,399	305,265	264,896
Non-current liabilities	(24,207)	(16,928)	(12,903)	(1,252)	(1,802)
	895,616	872,490	780,169	573,818	530,338

The above summary does not form a part of the audited financial statements.

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.

Charitable contributions

During the year, the Group made charitable contributions totalling HK\$227,000.

Share capital

There was no movement in the share capital of the Company 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 27 to the financial statements and in the consolidated statement of changes in equity set out on page 59 of the annual report, respectively.

Distributable reserves

At 31 March 2010, the Company's reserves available for distribution, calculated in accordance with the provisions of the Companies Law of the Cayman Islands, amounted to HK\$462,171,000, of which HK\$34,978,000 has been proposed as a final dividend for the year after the reporting period. The amount of HK\$462,171,000 includes the Company's share premium account and capital reserve of HK\$515,674,000 in aggregate at 31 March 2010, 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 94.4% of the Group's total sales for the year and sales to the largest customer included therein accounted for approximately 50.3%.

Purchases from the Group's five largest suppliers accounted for approximately 63.6% of the Group's total purchases for the year and purchases from the largest supplier included therein accounted for approximately 22.7%.

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. Chen Hsiao Ying	(Chief Executive Officer)
Mr. Kuo Tai Yu	
Ms. Chen Fang Mei, Christina	(appointed on 21 May 2009)
Mr. Chang Wen Hsiang	(resigned on 21 May 2009)
Ms. Tsang Sau Fan	(resigned on 21 May 2009)
Ms. Chen Li Ying	(resigned on 21 May 2009)
Mr. Chen Zhen Hao	(resigned on 21 May 2009)
Mr. Tsai Nai Kun	(resigned on 21 May 2009)

Independent Non-Executive Directors:

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

In accordance with article 87(1) of the Company's articles of association, Mr. Chung Yuk Sing, Mr. Chan Cheuk Ho and Mr. Li Chi Chung 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 13 to 14 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 power of the Board of Directors (the "Board") to determine the Director's remuneration is subject to shareholders' approval at the annual general meeting of the Company, the amount which will be determined with reference to Director's 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 2010, 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	Number of shares held		Percentage of the Company's issued capital
		Long position	Short position	
Mr. Chung Yuk Sing	Interest of a controlled corporation	72,650,000 (Note)	–	14.54
	Beneficial owner	200,000	–	0.04
Mr. Chen Hsiao Ying	Beneficial owner	26,164,800	–	5.24
Mr. Kuo Tai Yu	Beneficial owner	1,680,000	–	0.34

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.

Save as disclosed above, as at 31 March 2010, 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

On 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 26 to the financial statements.

As at 31 March 2010, 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 2010, 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	Number of ordinary shares held		Percentage of the Company's issued capital
		Long position	Short position	
Time Easy	Beneficial owner	72,650,000 (Note 1)	–	14.54
Pou Chen Corporation ("PCC")	Interest in a controlled corporation	192,000,000 (Note 2)	–	38.42
Wealthplus Holdings Limited ("Wealthplus")	Interest in a controlled corporation	192,000,000 (Note 2)	–	38.42
Yue Yuen Industrial (Holdings) Limited ("Yue Yuen")	Interest in a controlled corporation	192,000,000 (Note 2)	–	38.42
Pou Hing Industrial Co. Ltd. ("Pou Hing")	Interest in a controlled corporation	192,000,000 (Note 2)	–	38.42
Great Pacific Investments Limited ("Great Pacific")	Beneficial owner	192,000,000 (Note 2)	–	38.42

Notes:

1. The entire issued share capital of Time Easy is held by Mr. Chung Yuk Sing.
2. PCC owns the entire interest in Wealthplus, which in turn owns an interest of approximately 46.55% in Yue Yuen. Yue Yuen owns the entire interest in Pou Hing, which in turn owns the entire interest in Great Pacific.

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

(continued)

Save as disclosed above, as at 31 March 2010, no person, other than the Directors and 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 of the Company 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
Ms. Chen Fang Mei, Christina ("Ms. Chen")	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. Ms. Chen has been nominated to the board of directors of Yuen Thai to represent the interest of the Yue Yuen Group since July 2009.

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 Ms. Chen's interest in Yuen Thai, the directors of the Company 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 of the Company or their respective associates was interested in, apart from the Group's business, any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

Continuing connected transactions

Related party transactions regarding provision of subcontracting services to the Group by related parties as disclosed in note 32(a)(i) to the financial statements also constituted continuing connected transactions under the Listing Rules which is required to be disclosed in this report in accordance with Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.37 of the Listing Rules, the Independent Non-Executive Directors have reviewed the continuing connected transaction and confirmed that the continuing connected transactions have been entered into:

- (1) in the ordinary course and usual course of business of the Group;
- (2) on normal commercial terms or terms no less favourable to the Group than terms available to or from independent third parties; and
- (3) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Continuing connected transactions *(continued)*

The amount in respect of the continuing connected transactions mentioned above during the year under review had not exceeded the annual cap for the transactions.

In respect of the continuing connected transactions mentioned above, the Directors confirm that the Company had complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules during the year under review.

The Company has also received a letter from the auditors in respect of the transaction regarding provision of subcontracting services to the Group by related parties stating that:

- (1) the transactions have been approved by the Company's Audit Committee;
- (2) the transactions have been carried out in accordance with the terms of the agreement governing the transactions; and
- (3) the annual amount of the transactions have not exceeded the annual cap as disclosed in the announcement of the Company dated 12 June 2008.

Corporate Governance

In the opinion of the Directors, the Company had 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 set out on pages 22 to 25 of the annual report.

Events after the reporting period

Details of the significant events after the reporting period of the Group are set out in note 34 to the financial statements.

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, 28 June 2010

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 had, throughout the year ended 31 March 2010, complied with 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 the deviation specified with considered reasons for such deviation as explained in this corporate governance report.

1. Directors

a. Composition & Board Meetings

The composition of the board of directors of the Company (the "Board") and the individual attendance of each director at board meetings during the year are set out as follows:

Name of Director	Changes in directorships during the year	Number of meetings attended/held
Executive Directors		
Mr. Chung Yuk Sing (<i>Chairman</i>)		10/10
Mr. Chen Hsiao Ying (<i>Chief Executive Officer</i>) (Note)		10/10
Mr. Kuo Tai Yu		10/10
Ms. Chen Fang Mei, Christina	(appointed on 21 May 2009)	8/8
Mr. Chang Wen Hsiang	(resigned on 21 May 2009)	2/2
Ms. Tsang Sau Fan	(resigned on 21 May 2009)	2/2
Ms. Chen Li Ying (Note)	(resigned on 21 May 2009)	2/2
Mr. Chen Zhen Hao	(resigned on 21 May 2009)	2/2
Mr. Tsai Nai Kun	(resigned on 21 May 2009)	2/2
Independent Non-Executive Directors		
Mr. Chan Cheuk Ho		10/10
Mr. Li Chi Chung		10/10
Mr. Cheng Yung Hui, Tony		10/10

Note: Mr. Chen Hsiao Ying and Ms. Chen Li Ying have family relationship in which Mr. Chen is a brother of Ms. Chen.

At least one of the independent non-executive directors of the Company ("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. Chen Hsiao Ying 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

The Board as a whole is responsible for the appointment of the directors of the Company. Pursuant to the articles of association of the Company, all directors are subject to retirement by rotation at least once every three years and any directors appointed by the Board shall hold office only until the next following general meeting of the Company (in the case of filling a casual vacancy) or until the next following annual general meeting of the Company (in the case of an addition to the existing Board) and shall then be eligible for re-election. The Chairman of the Board is mainly responsible for identifying appropriate candidates to fill the casual vacancy whenever it arises or to add additional members as and when required. The Chairman will propose the qualified candidate(s) to the Board for consideration. The Board will approve the appointment based on the suitability and qualification of the candidate.

The Company has complied with the CG Code except for A.4.1 of the CG Code which 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.

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 14 days before the intended date of the meeting. For all other board meetings, at least 3 days' notice are given before the intended date of the 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 the directors of the Company and the senior 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 and the senior management of the Group.

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:

- (i) overseeing the relationship with the Company's external auditors;
- (ii) reviewing the nature and scope of the statutory audits, interim and annual accounts of the Group; and
- (iii) reviewing and monitoring the adequacy and effectiveness of the Group's financial reporting system and internal control procedures.

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 2010, 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 2009 final results and 2010 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, so that 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 Auditors' Report on pages 26 to 27 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.

c. Auditors' Remuneration

For the year ended 31 March 2010, the fee payable to the Group's auditors, Messrs. Ernst & Young, is set out as follows:

Services rendered	Amount of fee payable HK\$'000
Audit services	1,320
Non-audit services	
Tax-related and advisory services	100
Other services	85
	<hr/>
	1,505

On behalf of the Board

Chung Yuk Sing
Chairman

Hong Kong, 28 June 2010

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 56 to 120, which comprise the consolidated and company statements of financial position as at 31 March 2010, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows 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 2010 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

28 June 2010

Consolidated Income Statement

綜合收益表

(Year ended 31 March 2010)
(截至二零一零年三月三十一日止年度)

		Notes 附註	2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
REVENUE	營業收入	5	1,061,179	1,070,975
Cost of sales	銷售成本		(782,118)	(787,974)
Gross profit	毛利		279,061	283,001
Other income and gain	其他收入及收益	5	4,172	5,437
Selling and distribution costs	銷售及分銷成本		(12,079)	(15,303)
Administrative expenses	行政開支		(92,158)	(88,072)
PROFIT BEFORE TAX	除稅前溢利	6	178,996	185,063
Income tax expense	所得稅開支	9	(29,349)	(21,237)
PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY	本公司擁有人應佔年度溢利	10	149,647	163,826
			HK cents 港仙	HK cents 港仙
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	本公司擁有人應佔每股盈利	12		
Basic	基本		29.9	32.8
Diluted	攤薄		N/A 不適用	N/A 不適用

Details of the dividends are disclosed in note 11 to the financial statements.

股息詳情載於財務報表附註11。

Consolidated Statement of Comprehensive Income

綜合全面收益表

(Year ended 31 March 2010)
(截至二零一零年三月三十一日止年度)

		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
PROFIT FOR THE YEAR	年度溢利	149,647	163,826
OTHER COMPREHENSIVE INCOME	其他全面收益		
Gain on property revaluation	重估物業收益	6,355	10,694
Income tax effect	所得稅影響	(1,569)	(2,602)
		4,786	8,092
Exchange differences on translation of foreign operations	折算海外業務之匯兌差額	(6,387)	30,333
OTHER COMPREHENSIVE INCOME/ (EXPENSE) FOR THE YEAR, NET OF TAX	年度其他全面收益／(支出)，扣除稅項	(1,601)	38,425
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY	本公司擁有人應佔年度全面收益總額	148,046	202,251

Consolidated Statement of Financial Position

綜合財務狀況表

(31 March 2010)

(二零一零年三月三十一日)

		Notes 附註	2010 二零一零年 HK\$'000 千港元	2009 二零零九年 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	290,549	293,268
Prepaid land lease payments	預付土地租賃款項	14	72,241	75,080
Deposits	按金	15	43,939	2,177
Goodwill	商譽	16	26,112	26,112
Total non-current assets	非流動資產總值		432,841	396,637
CURRENT ASSETS	流動資產			
Inventories	存貨	18	136,254	133,916
Accounts and bills receivable	應收賬款及票據	19	156,567	190,978
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項	15	17,281	10,370
Cash and cash equivalents	現金及現金等值項目	20	328,135	297,423
Total current assets	流動資產總值		638,237	632,687
CURRENT LIABILITIES	流動負債			
Accounts and bills payable	應付賬款及票據	21	66,272	55,071
Accrued liabilities and other payables	應計負債及其他應付款項	23	58,435	59,667
Tax payable	應付稅項		26,548	25,168
Total current liabilities	流動負債總值		151,255	139,906
NET CURRENT ASSETS	流動資產淨值		486,982	492,781
TOTAL ASSETS LESS CURRENT LIABILITIES	資產總值扣除流動負債		919,823	889,418
NON-CURRENT LIABILITIES	非流動負債			
Deferred tax liabilities	遞延稅項負債	24	24,207	16,928
Net assets	資產淨值		895,616	872,490
EQUITY	資本			
Issued capital	已發行股本	25	4,997	4,997
Reserves	儲備	27	890,619	867,493
Total equity	資本總值		895,616	872,490

CHUNG YUK SING

鍾育升

Director

董事

CHEN HSIAO YING

陳小影

Director

董事

Consolidated Statement of Changes in Equity

綜合權益變動表

(Year ended 31 March 2010)

(截至二零一零年三月三十一日止年度)

		Notes	Issued capital	Share premium account	Capital reserve	Statutory surplus reserve	Exchange fluctuation reserve	Asset revaluation reserve	Retained profits	Total
		附註	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	總計
			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
					(Note 27)	(Note 27)				
					(附註27)	(附註27)				
At 1 April 2008	於二零零八年四月一日		4,997	472,586	(229)	13,445	43,093	12,015	234,262	780,169
Total comprehensive income for the year	年度全面收益總額		-	-	-	-	30,333	8,092	163,826	202,251
Release upon deregistration of a subsidiary	註銷附屬公司時解除		-	-	-	(974)	(207)	-	1,181	-
Transfer to reserve	轉撥至儲備		-	-	-	1,350	-	-	(1,350)	-
Final 2008 dividend declared	已宣派二零零八年末期股息	11	-	-	-	-	-	-	(49,968)	(49,968)
Interim 2009 dividend	二零零九年中期股息	11	-	-	-	-	-	-	(59,962)	(59,962)
At 31 March 2009 and 1 April 2009	於二零零九年三月三十一日及二零零九年四月一日		4,997	472,586*	(229)*	13,821*	73,219*	20,107*	287,989*	872,490
Total comprehensive income for the year	年度全面收益總額		-	-	-	-	(6,387)	4,786	149,647	148,046
Transfer to reserve	轉撥至儲備		-	-	-	2,063	-	-	(2,063)	-
Final 2009 dividend declared	已宣派二零零九年末期股息	11	-	-	-	-	-	-	(59,962)	(59,962)
Interim 2010 dividend	二零一零年中期股息	11	-	-	-	-	-	-	(64,958)	(64,958)
At 31 March 2010	於二零一零年三月三十一日		4,997	472,586*	(229)*	15,884*	66,832*	24,893*	310,653*	895,616

* These reserve accounts comprise the consolidated reserves of HK\$890,619,000 (2009: HK\$867,493,000) in the consolidated statement of financial position.

* 該等儲備賬項包括載於綜合財務狀況表內綜合儲備890,619,000港元(二零零九年: 867,493,000港元)。

Consolidated Statement of Cash Flows

綜合現金流量表

(Year ended 31 March 2010)
(截至二零一零年三月三十一日止年度)

	Notes 附註	2010 二零一零年 HK\$'000 千港元	2009 二零零九年 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		178,996	185,063
Adjustments for: 按以下項目調整：			
Bank interest income 銀行利息收入	5	(1,653)	(4,294)
Gain on disposal of items of property, plant and equipment and prepaid land lease payments 出售物業、廠房及設備項目及預付土地租賃款項之收益	5	–	(159)
Loss on revaluation on items of property, plant and equipment 重估物業、廠房及設備項目之虧損	6	–	470
Write-off of items of property, plant and equipment 撤銷物業、廠房及設備項目	6	–	182
Depreciation 折舊	6	35,437	33,818
Amortisation of prepaid land lease payments 預付土地租賃款項攤銷	6	2,118	2,138
		214,898	217,218
Increase in inventories 存貨增加		(2,338)	(10,408)
Decrease/(increase) in accounts and bills receivable 應收賬款及票據減少/(增加)		34,411	(44,396)
Increase in prepayments, deposits and other receivables 預付款項、按金及其他應收款項增加		(6,931)	(1,826)
Increase/(decrease) in accounts and bills payable 應付賬款及票據增加/(減少)		11,201	(528)
Decrease in accrued liabilities and other payables 應計負債及其他應付款項減少		(1,232)	(1,628)
Cash generated from operations 營運產生之現金		250,009	158,432
Dividends paid 已付股息		(124,920)	(109,930)
Hong Kong profits tax paid 已付香港利得稅		(11,175)	(6,353)
Overseas tax paid 已付海外稅項		(10,937)	(6,152)
Net cash flows from operating activities 來自經營業務之現金流量淨值		102,977	35,997
CASH FLOWS FROM INVESTING ACTIVITIES 投資活動產生之現金流量			
Proceeds from disposal of items of property, plant and equipment and prepaid land lease payments, net 出售物業、廠房及設備項目所得款項及預付土地租賃款項淨值		–	182
Purchases of items of property, plant and equipment 購買物業、廠房及設備項目		(27,385)	(26,267)
Increase in deposits 按金增加	15	(43,939)	(2,177)
Decrease in non-pledged deposits with original maturity of over three months when acquired 購入原定到期日超過三個月之非質押存款減少	20	8,754	22,342
Interest received 已收利息		1,653	4,294
Net cash flows used in investing activities 用於投資活動之現金流量淨值		(60,917)	(1,626)

Consolidated Statement of Cash Flows (Continued)

綜合現金流量表(續)

(Year ended 31 March 2010)

(截至二零一零年三月三十一日止年度)

		Notes 附註	2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
NET INCREASE IN CASH AND CASH EQUIVALENTS	現金及現金等值項目增加淨值		42,060	34,371
Cash and cash equivalents at beginning of year	年初之現金及現金等值項目		285,226	240,046
Effect of foreign exchange rate changes, net	匯率變動之影響淨值		(2,594)	10,809
CASH AND CASH EQUIVALENTS AT END OF YEAR	年終之現金及現金等值項目		324,692	285,226
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	20	324,692	109,351
Non-pledged time deposits with original maturity of more than three months when acquired	購入原定到期日超過三個月之非質押定期存款	20	3,443	12,197
Non-pledged time deposits with original maturity of less than three months when acquired	購入原定到期日少於三個月之非質押定期存款	20	-	175,875
Cash and cash equivalents as stated in the consolidated statement of financial position	綜合財務狀況表所顯示的現金及現金等值項目		328,135	297,423
Less: non-pledged time deposits with original maturity of more than three months when acquired	減：購入原定到期日超過三個月之非質押定期存款	20	(3,443)	(12,197)
Cash and cash equivalents as stated in the consolidated statement of cash flows	綜合現金流量表所顯示的現金及現金等值項目		324,692	285,226

Statement of Financial Position

財務狀況表

(31 March 2010)

(二零一零年三月三十一日)

		Notes 附註	2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
NON-CURRENT ASSETS	非流動資產			
Investments in subsidiaries	於附屬公司之投資	17	43,368	43,368
CURRENT ASSETS	流動資產			
Due from subsidiaries	應收附屬公司款項	17	573,160	528,151
Prepayments and other receivables	預付款項及其他應收款項	15	134	152
Cash and cash equivalents	現金及現金等值項目	20	799	566
Total current assets	流動資產總值		574,093	528,869
CURRENT LIABILITIES	流動負債			
Accrued liabilities	應計負債	23	317	2,188
Due to subsidiaries	應付附屬公司款項	17	149,976	42,962
Total current liabilities	流動負債總值		150,293	45,150
NET CURRENT ASSETS	流動資產淨值		423,800	483,719
Net assets	資產淨值		467,168	527,087
EQUITY	資本			
Issued capital	已發行股本	25	4,997	4,997
Reserves	儲備	27	462,171	522,090
Total equity	資本總值		467,168	527,087

CHUNG YUK SING

鍾育升

Director

董事

CHEN HSIAO YING

陳小影

Director

董事

Notes to Financial Statements

財務報表附註

(31 March 2010)
(二零一零年三月三十一日)

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

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), 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. The 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 (collectively referred to as the "Group") for the year ended 31 March 2010. 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 income, expenses and unrealised gains and losses resulting from intercompany transactions and intercompany balances within the Group are eliminated on consolidation in full.

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

此等財務報表乃根據由香港會計師公會(「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」)(其中包括所有香港財務報告準則、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,此等財務報表根據歷史成本常規編制。除另有註明外,財務報表均以港元(「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(統稱「本集團」)截至二零一零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的交易所產生之所有收入、開支及未變現收益及虧損及旗下各公司間之結餘於綜合賬目時悉數對銷。

2.2 Changes in Accounting Policy and Disclosures

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements. Except for in certain cases, giving rise to new and revised accounting policies and additional disclosures, the adoption of these new and revised HKFRSs has had no significant effect on these financial statements.

HKFRS 1 and HKAS 27 Amendments	<i>Amendments to HKFRS 1 First-time Adoption of HKFRSs and HKAS 27 Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate</i>
HKFRS 2 Amendments	<i>Amendments to HKFRS 2 Share-based Payment – Vesting Conditions and Cancellations</i>
HKFRS 7 Amendments	<i>Amendments to HKFRS 7 Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments</i>
HKFRS 8	<i>Operating Segments</i>
HKFRS 8 Amendment*	<i>Amendments to HKFRS 8 Operating Segments – Disclosure of information about segment assets (early adopted)</i>
HKAS 1 (Revised)	<i>Presentation of Financial Statements</i>
HKAS 18 Amendment*	<i>Amendments to Appendix to HKAS 18 Revenue – Determining whether an entity is acting as a principal or as an agent</i>
HKAS 23 (Revised)	<i>Borrowing Costs</i>
HKAS 32 and HKAS 1 Amendments	<i>Amendments to HKAS 32 Financial Instruments: Presentation and HKAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation</i>
HK(IFRIC)-Int 9 and HKAS 39 Amendments	<i>Amendments to HK(IFRIC) - Int 9 Reassessment of Embedded Derivatives and HKAS 39 Financial Instruments: Recognition and Measurement – Embedded Derivatives</i>
HK(IFRIC)-Int 13	<i>Customer Loyalty Programmes</i>

2.2 會計政策及披露變動

本集團編制本年度財務報表時首次採用以下新訂及經修訂香港財務報告準則。除若干情況下，須應用新訂及經修訂會計政策以及作出額外披露外，採用這些新訂及經修訂香港財務報告準則對該等財務報表並無重大影響。

香港財務報告準則第1號修訂及香港會計準則第27號修訂	香港財務報告準則第1號首次採納香港財務報告準則之修訂及香港會計準則第27號綜合及獨立財務報表之修訂—於附屬公司、共同控制實體或聯營公司之投資成本
香港財務報告準則第2號修訂	香港財務報告準則第2號股份支付的支出—歸屬條件及註銷之修訂
香港財務報告準則第7號修訂	香港財務報告準則第7號金融工具：披露—改善有關金融工具披露之修訂
香港財務報告準則第8號	經營分類
香港財務報告準則第8號修訂*	香港財務報告準則第8號經營分類—有關分類資產資料披露之修訂(提前採用)
香港會計準則第1號(經修訂)	財務報表呈列方式
香港會計準則第18號修訂*	香港會計準則第18號附錄收入—釐定一個實體為委託人或代理人之修訂
香港會計準則第23號(經修訂)	借貸成本
香港會計準則第32號修訂及香港會計準則第1號修訂	香港會計準則第32號金融工具之修訂：呈列及香港會計準則第1號財務報表呈列方式—可售回金融工具及清盤引致的責任之修訂
香港(國際財務報告詮釋委員會)—詮釋第9號修訂及香港會計準則第39號修訂	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之修訂及香港會計準則第39號金融工具：確認及計量—嵌入式衍生工具之修訂
香港(國際財務報告詮釋委員會)—詮釋第13號	客戶忠誠計劃

2.2 Changes in Accounting Policy and Disclosures

(Continued)

HK(IFRIC)-Int 15	<i>Agreements for the Construction of Real Estate</i>
HK(IFRIC)-Int 16	<i>Hedges of a Net Investment in a Foreign Operation</i>
HK(IFRIC)-Int 18	<i>Transfers of Assets from Customers (adopted from 1 July 2009)</i>
Improvements to HKFRSs (October 2008)	Amendments to a number of HKFRSs

* Included in Improvements to HKFRSs 2009 (as issued in May 2009)

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) HKFRS 8 Operating Segments

HKFRS 8, which replaces HKAS 14 *Segment Reporting*, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group concluded that the operating segments determined in accordance with HKFRS 8 are the same as the business segments previously identified under HKAS 14. These revised disclosures, including the related revised comparative information, are shown in note 4 to the financial statements.

2.2 會計政策及披露變動(續)

香港(國際財務報告 詮釋委員會) — 詮釋第15號	房地產建築協議
香港(國際財務報告 詮釋委員會) — 詮釋第16號	對沖海外業務投資淨額
香港(國際財務報告 詮釋委員會) — 詮釋第18號	從客戶轉讓資產 (自二零零九年 七月一日起採用)
香港財務報告準則 之改進 (二零零八年十月)	若干香港財務報告準則之 修訂

* 包括於二零零九年香港財務報告準則之改進(於二零零九年五月頒佈)

採納該等新訂及經修訂香港財務報告準則的主要影響如下：

(a) 香港財務報告準則第8號經營分類

香港財務報告準則第8號將取代香港會計準則第14號分類報告，闡明實體應如何呈報經營分類資料，即根據主要經營決策者分配分類資源及評估分類表現時使用的企業組成部分之資料呈報。該準則亦規定須披露有關分類所提供產品及服務、本集團經營所在地區及來自本集團主要客戶收益之資料。本集團認為，根據香港財務報告準則第8號釐定的經營分類與過往根據香港會計準則第14號確認的業務分類相同。該等經修訂的披露資料(包括相關經修訂比較資料)載於財務報表附註4。

2.2 Changes in Accounting Policy and Disclosures (Continued)

(b) HKAS 1 (Revised) Presentation of Financial Statements

HKAS 1 (Revised) introduces changes in the presentation and disclosures of financial statements. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, this standard introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group has elected to present two statements.

2.3 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.

HKFRS 1 (Revised)	<i>First-time Adoption of Hong Kong Financial Reporting Standards</i>
HKFRS 1 Amendments	<i>Amendments to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards – Additional Exemptions for First-time Adopters</i>
HKFRS 1 Amendments	<i>Amendments to HKFRS 1 First-time Adoption of HKFRSs – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adoption</i>
HKFRS 2 Amendments	<i>Amendments to HKFRS 2 Share-based Payment – Group Cash-settled Share-based Payment Transactions</i>
HKFRS 3 (Revised)	<i>Business Combinations</i>

2.2 會計政策及披露變動(續)

(b) 香港會計準則第1號(經修訂)財務報表呈列方式

香港會計準則第1號(經修訂)引入財務報表呈報與披露的變動。經修訂準則將擁有人與非擁有人的權益變動分開。權益變動報表僅包括與擁有人交易的詳情，而所有非擁有人的權益變動將獨立呈報。此外，此準則引入全面收入表，規定在損益表確認的所有收支項目，連同直接於權益內確認的所有其他已確認收支項目，以單一報表或兩份相連報表呈報，本集團選擇呈報兩份報表。

2.3 已頒佈但未生效之香港財務報告準則

本集團並無於此財務報表採用下述已頒佈但仍未生效的新訂及經修訂香港財務報告準則。

香港財務報告準則第1號(經修訂)	首次採納香港財務報告準則
香港財務報告準則第1號修訂	香港財務報告準則第1號首次採納香港財務報告準則—首次採用者之額外豁免之修訂
香港財務報告準則第1號修訂	香港財務報告準則第1號首次採納香港財務報告準則—首次採納香港財務報告準則第7號之披露對比較數字之有限度豁免之修訂
香港財務報告準則第2號修訂	香港財務報告準則第2號—股份支付的支出—集團以現金結算以股份為基礎的付款交易之修訂
香港財務報告準則第3號(經修訂)	企業合併

2.3 Issued But Not Yet Effective Hong Kong Financial Reporting Standards (Continued)

HKFRS 9	<i>Financial Instruments</i>
HKAS 24 (Revised)	<i>Related Party Disclosures</i>
HKAS 27 (Revised)	<i>Consolidated and Separate Financial Statements</i>
HKAS 32 Amendment	Amendment to HKAS 32 Financial Instruments: <i>Presentation – Classification of Rights Issues</i>
HKAS 39 Amendment	Amendment to HKAS 39 Financial Instruments: <i>Recognition and Measurement – Eligible Hedged Items</i>
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 <i>Prepayments of a Minimum Funding Requirement</i>
HK(IFRIC)-Int 17	<i>Distributions of Non-cash Assets to Owners</i>
HK(IFRIC)-Int 19	<i>Extinguishing Financial Liabilities with Equity Instruments</i>
Amendments to HKFRS 5 included in <i>Improvements to HKFRSs</i> issued in October 2008	Amendments to HKFRS 5 <i>Non-current Assets Held for Sale and Discontinued Operations – Plan to Sell the Controlling Interest in a Subsidiary</i>
HK Interpretation 4 (Revised in December 2009)	<i>Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases</i>

2.3 已頒佈但未生效之香港財務報告準則 (續)

香港財務報告準則第9號	金融工具
香港會計準則第24號(經修訂)	關連人士之披露
香港會計準則第27號(經修訂)	綜合及獨立財務報表
香港會計準則第32號修訂	香港會計準則第32號金融工具：呈列－供股分類之修訂
香港會計準則第39號修訂	香港會計準則第39號金融工具：確認及計量－合資格對沖項目之修訂
香港(國際財務報告詮釋委員會)－詮釋第14號修訂	香港(國際財務報告詮釋委員會)－詮釋第14號最低資金要求之預付款項之修訂
香港(國際財務報告詮釋委員會)－詮釋第17號	向擁有人分派非現金資產
香港(國際財務報告詮釋委員會)－詮釋第19號	以股本工具抵銷金融負債
香港財務報告準則第5號修訂(包括於二零零八年十月頒佈之香港財務報告準則之改進)	香港財務報告準則第5號持有作出售及已停止營運之非流動資產－計劃出售附屬公司控股權益之修訂
香港詮釋第4號(於二零零九年十二月修訂)	租賃－確定香港土地租賃之租賃年期

2.3 Issued But Not Yet Effective Hong Kong Financial Reporting Standards (Continued)

Apart from the above, the HKICPA has issued *Improvements to HKFRSs 2009* which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. The amendments to HKFRS 2, HKFRS 5, HKFRS 8, HKAS 1, HKAS 7, HKAS 17, HKAS 36, HKAS 38, HKAS 39, HK(IFRIC)-Int 9 and HK(IFRIC)-Int 16 are effective for the Company's accounting period beginning on 1 April 2010 although there are separate transitional provisions for each standard or interpretation.

The amendments to HKFRS 3 and transition requirements for amendments arising as a result of HKFRS 1, HKFRS 7, HKAS 1, HKAS 27, HKAS 34 and HK(IFRIC)-Int 13 are effective for the Company's accounting period beginning on 1 April 2011.

In addition, the HKICPA has issued *Improvements to HKFRSs 2010* which sets out a collection of amendments to HKFRSs in response to the International Accounting Standards Board's accounting improvements project. The amendments HKFRS 1 (Revised), HKFRS 3 (Revised), HKFRS 7, HKAS 1, HKAS 34 and HK(IFRIC)-Int 13 are effective for the Company's accounting period beginning on 1 April 2010 although there are separate transitional provisions for each standard or interpretation.

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Group considers that these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

2.3 已頒佈但未生效之香港財務報告準則(續)

除上述者外，香港會計師公會亦頒佈對二零零九年香港財務報告準則的改進，當中載列對多項香港財務報告準則作出的修訂，主要目的為刪除不一致條文及釐清措辭。香港財務報告準則第2號、香港財務報告準則第5號、香港財務報告準則第8號、香港會計準則第1號、香港會計準則第7號、香港會計準則第17號、香港會計準則第36號、香港會計準則第38號及香港會計準則第39號、香港(國際財務報告詮釋委員會)－詮釋第9號及香港(國際財務報告詮釋委員會)－詮釋第16號的修訂均於二零一零年四月一日開始的本公司會計期間生效，惟各項準則或詮釋均各自設有過渡條文。

香港財務報告準則第3號修訂及因修訂香港財務報告準則第1號、香港財務報告準則第7號、香港會計準則第1號、香港會計準則第27號、香港會計準則第34號及香港(國際財務報告詮釋委員會)－詮釋第13號而產生的過渡規定於二零一一年四月一日開始的本公司會計期間生效。

此外，香港會計師公會為配合國際會計準則委員會的會計改進項目而頒佈二零一零年香港財務報告準則之改進，其中對多項香港財務報告準則作出修訂。香港財務報告準則第1號(經修訂)、香港財務報告準則第3號(經修訂)、香港財務報告準則第7號、香港會計準則第1號、香港會計準則第34號及香港(國際財務報告詮釋委員會)－詮釋第13號均於二零一零年四月一日開始的本公司會計期間生效，惟各項準則或詮釋均各自設有過渡條文。

本集團現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，此等新訂及經修訂香港財務報告準則不大可能對本集團經營業績及財務狀況造成重大影響。

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.

Goodwill

Goodwill arising on the acquisition of subsidiaries represents the excess of the cost of the business combination over the Group's interest in the net fair value of the acquirees' identifiable assets acquired, and liabilities and contingent liabilities assumed as at the date of acquisition.

Goodwill arising on acquisition is recognised in the consolidated statement of financial position as an asset, initially measured at cost and subsequently at cost less any accumulated impairment losses.

The carrying amount of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 March. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill forms part of a cash-generating unit (group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

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投資按成本值減任何減值虧損列賬。

商譽

收購附屬公司產生的商譽，乃指業務合併成本超逾本集團於收購當日所購入被收購者可辨別資產及所承擔負債與或然負債之公平淨值之餘額。

收購所產生之商譽於綜合財務狀況表內確認為資產，最初按成本計算，而其後則按成本減任何累計減值虧損計算。

商譽之賬面值每年均會檢討是否有所減值，而當事件或情況改變顯示賬面值可能減少時，則檢討會更為頻密。本集團於三月三十一日進行年度商譽減值測試。就減值測試而言，業務合併所產生之商譽由收購當日起分配至預期可從合併的協同效益中受惠之本集團每個或每組現金產生單位，而不論本集團其他資產或負債是否分配至該等單位或單位組別。

本公司評估商譽所屬現金產生單位(或現金產生單位組別)之可收回金額而釐定減值。當現金產生單位(或現金產生單位組別)之可收回金額低於賬面值，則會確認減值虧損。就商譽確認之減值虧損不會在往後期間撥回。

倘商譽是現金產生單位(或現金產生單位組別)的組成部分，而出售該單位之部分業務，則計算出售業務之盈虧時，將有關該出售業務之商譽計入業務的賬面值。在此情況下出售的商譽根據出售業務的有關價值及保留的現金產生單位部分而計算。

2.4 Summary of Significant Accounting Policies (Continued)

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 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.

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an 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, but 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.

2.4 主要會計政策概要(續)

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試(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資產或現金產生單位的使用價值及其公平值減出售成本之較高者，並釐定為個別資產，除非該項資產所產生現金流入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，將估計其日後現金流量貼現至現值。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。

於各報告期末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。

2.4 Summary of Significant Accounting Policies

(Continued)

Related parties

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

- (a) the party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, the Group; (ii) has an interest in the Group that gives it significant influence over the Group; or (iii) has joint control over the Group;
- (b) the party is 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)

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 the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation.

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。在符合確認條件的情況下，大規模檢驗的費用於資產的賬面值資本化為置換。倘物業、廠房及設備的主要部份須分段置換，本集團將該等部份確認為獨立資產，並設定特定的可使用年期及折舊。

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使用年期以直線法撇銷其成本或估值，以估計其剩餘價值。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 the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment and any significant part initially recognised 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.

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最少於各財政年度末審閱及作出調整(如適用)。

物業、廠房及設備項目及初步獲確認的任何重要部份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年內收益表確認。

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。經撥充資本融資化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

Initial recognition and measurement

Financial assets within the scope of HKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition. 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.

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.

The Group's financial assets include cash and cash equivalents, accounts receivable and other receivables.

Subsequent measurement – Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance income in the income statement. The loss arising from impairment is recognised in the income statement in finance costs.

2.4 主要會計政策概要(續)

投資及其他金融資產

初始確認及計量

香港會計準則第39號所指範疇之金融資產分類為按公平值計入損益金融資產、貸款及應收款項、可供銷售金融資產或衍生工具分類為指定作有效對沖中的對沖工具(如適用)。本集團會於初始確認後將金融資產分類。金融資產初始確認時按公平值計量，而對於並非以公平值計入損益的投資，則按直接應佔交易成本計量。

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。

本集團的金融資產包括現金及現金等值項目、應收賬款及其他應收款項。

後續計量 – 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。初始計量後，該等資產採用實際利率法按攤銷成本減任何減值撥備計量。攤銷成本計及任何收購貼現或溢價，且包括為實際利率的組成部分的費用或成本。實際利率攤銷計入收益表內的融資收入。減值產生的虧損在收益表內確認為財務開支。

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 when:

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, 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. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2.4 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)一項金融資產的一部分或一組相若金融資產的一部分)在下列情況將被剔除確認:

- 收取該項資產所得現金流量的權利經已屆滿;或
- 本集團已轉讓其收取該項資產所得現金流量的權利,或根據一項「轉付」安排,在沒有重大延誤的情況下,已承擔全數支付已收現金流量的義務;且(a)本集團已轉讓該項資產的絕大部分風險及回報;或(b)本集團並未轉讓或保留該項資產絕大部分風險及回報,但已轉讓該項資產的控制權。

當本集團已轉讓其收取該項資產所得現金流量的權利或訂立轉付安排,但並未轉讓或保留該項資產的絕大部分風險及回報,且並未轉讓該項資產的控制權,該項資產將按本集團於資產的持續參與程度而確認入賬。在該情況下,本集團亦確認相關負債。已轉讓資產及相關負債按可反映本集團所保留權利及責任的基準計量。

通過對已轉讓資產作出擔保的形式持續參與的計量,按該項資產的原賬面值及本集團或須償還的最高代價金額的較低者計算。

2.4 Summary of Significant Accounting Policies (Continued)

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them 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 there is objective evidence that an impairment loss 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 yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

2.4 主要會計政策概要(續)

金融資產減值

本集團於各報告期末評估是否有客觀跡象表明一項金融資產或一組金融資產出現減值。一項金融資產或一組金融資產在初始確認後如果，且僅當出現一項或多項客觀減值跡象(已發生「虧損事項」)及該虧損事項對這項金融資產或這組金融資產的未來現金流量造成可合理估計之影響，則這項金融資產或這組金融資產被視為減值。減值跡象包括債務人或一組債務人遇到重大財務困難、違約或拖欠利息或本金、可能宣佈破產或進行其他財務重組，及有可觀測數據顯示未來現金流量出現可計量減少，例如欠款數目變動或出現與違約相關的經濟狀況。

按攤銷成本入賬之金融資產

就按攤銷成本列賬之金融資產而言，本集團首先對具個別重要性之金融資產進行個別評估，評估個別資產是否存在客觀減值證據，或對非具個別重要性之金融資產進行共同評估。倘本集團認為經個別評估之金融資產(無論具有重要性與否)並無存在客觀減值證據，則會將該資產歸入一組具有相若信貸風險特性之金融資產內，作共同評估減值。個別評估減值及為其確認或繼續確認減值虧損之資產，不包括在共同評估減值之內。

倘客觀跡象顯示已出現減值虧損，則虧損金額會按該項資產的賬面值與估計未來現金流量現值(不包括未產生的未來信貸虧損)的差額計量。估計未來現金流量現值會按金融資產的原實際利率(即初始確認時的計算實際利率)折現。倘為浮動利率貸款，則計量任何減值虧損的貼現率均為當前實際利率。

2.4 Summary of Significant Accounting Policies (Continued)

Impairment of financial assets (Continued)

Financial assets carried at amortised cost (Continued)

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the income statement.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of HKAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The Group's financial liabilities include accounts and bills payables and other payables.

Subsequent measurement – Loans and borrowings

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

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the income statement.

2.4 主要會計政策概要(續)

金融資產減值(續)

按攤銷成本入賬之金融資產(續)

資產的賬面值透過使用撥備賬戶扣減，而有關虧損金額則在收益表中確認。利息收入在減少的賬面值中按以計算有關減值損失時所採用以貼現未來現金流量的利率持續累計。當預期不可於日後收回時，貸款及應收款項連同相關撥備予以撇銷。

於隨後期間，若在減值確認後發生一個事項令估計減值虧損金額增加或減少，則先前確認減值虧損可透過調整撥備賬戶予以增加或減少。若未來撇銷隨後收回，收回金額計入收益報表之財務開支。

金融負債

初始確認及計量

香港會計準則第39號所指範疇之金融負債分類為以公平值計入損益的金融負債、貸款及借款，或衍生工具指定為有效對沖中的對沖工具(如適用)。本集團於初始確認時釐定其金融負債分類。

全部金融負債初始確認時按公平值計量，而如屬貸款及借款，則加上直接應佔交易成本。

本集團的金融負債包括應付賬款及票據以及其他應付款項。

後續計量 – 貸款及借款

於初始確認後，計息貸款及借款其後使用實際利率法按攤銷成本計量，除非貼現影響並不重要，在該情況下，則按成本列賬。通過實際利率法撇銷過程剔除已確認的負債，損益在收益表內確認入賬。

攤銷成本包括收購時的任何貼現或溢價及屬於實際利率的組成部分的費用或成本計算。實際利率攤銷計入收益表的財務開支。

2.4 Summary of Significant Accounting Policies (Continued)

Financial liabilities (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.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments where there is no active market, the fair value is determined using appropriate valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; a discounted cash flow analysis.

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.

2.4 主要會計政策概要(續)

金融負債(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的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。

金融工具的抵銷

當且僅當目前有強制執行的法律權力要求抵銷已確認金額並有意以淨額結算或同時變現資產及償還負債時，金融資產和金融負債可抵銷並按淨值列報於財務狀況表內。

金融工具的公允價值

在活躍市場中買賣的金融工具，其公平值參考所報市價或交易商報價(長倉的買入價及空倉的賣出價)及在並無就交易成本作任何扣減下釐定。對於沒有活躍市場的金融工具，其公平值運用適當估值方法釐定。估值方法包括利用近期的公平市場交易、參照其他大致相同工具的現行市值、貼現現金流量分析。

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。

2.4 Summary of Significant Accounting Policies

(Continued)

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, 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 statements of financial position, 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 of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period 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 relating to items recognised outside profit or loss is recognised either in other comprehensive income or 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, based on the rates (and tax laws) that have been enacted or substantively enacted by the end of reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

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

2.4 主要會計政策概要(續)

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變動風險，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。

就財務狀況表而言，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

因過往發生事項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履行責任，則於能夠可靠估計該承擔數額時確認撥備。

若貼現之影響重大，則撥備所確認的數額是為預期履行該責任所需未來開支於報告期末之現值。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。與於損益外確認項目有關的所得稅於其他全面收益或直接於權益確認。

本期及過去期間的即期稅項資產和負債是根據於報告期末前已實施或實質實施的稅率(及稅法)並考慮到本集團業務所在國家的現行詮釋及慣例後計算出預計向稅務機關支付或從其處退回的金額。

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報告期末之所有暫時性差額作出撥備。

2.4 Summary of Significant Accounting Policies (Continued)

Income tax (Continued)

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

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

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

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period 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. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

2.4 主要會計政策概要(續)

所得稅(續)

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交易中的資產或負債，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。

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交易中的資產或負債，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回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各報告期末檢討，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。未確認之遞延稅項資產於各報告期末重估，並於有足夠應課稅溢利收回所有或部分遞延稅項資產情況下確認。

2.4 Summary of Significant Accounting Policies

(Continued)

Income tax (Continued)

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 by the end of the reporting period.

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.

Government grants

Government grants, including a subsidy for the expenditure incurred in construction cost of infrastructure project, are recognised at their fair value when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is deducted from the carrying amount of the asset and released to the income statement by way of a reduced depreciation charge.

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.

2.4 主要會計政策概要(續)

所得稅(續)

遞延稅項資產及負債乃根據於報告期末實施或實質實施之稅率(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。

政府補助

政府補助(包括基建項目建築成本產生的開支)在合理確保可收取及符合政府補助所附條件的情況下，按其公平值予以確認。當補助涉及開支項目，則以有系統方式，將補助在有關期內確認為收入，以抵銷擬作補償的成本。當補助涉及資產，有關公平值則從資產的賬面值扣減，並利用已扣減折舊開支方式在收益表內扣除。

收入確認

收入乃於本集團有可能獲得經濟利益及該收入能可靠計算時，按以下基準確認：

- (i) 貨物及樣辦之銷售：當擁有權的絕大部分風險及回報已轉讓予買方，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貼現至該金融資產賬面淨值的利率計算。

2.4 Summary of Significant Accounting Policies (Continued)

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.

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 their 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.

2.4 主要會計政策概要(續)

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供款時自收益表扣除。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。

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供款時自收益表扣除。

2.4 Summary of Significant Accounting Policies

(Continued)

Foreign currencies

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

The functional currencies of certain overseas subsidiaries are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates ruling at the end of the reporting period and, their income statements are translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the income statement.

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

2.4 主要會計政策概要(續)

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。本集團旗下實體記錄的外幣交易初步按交易日期各自之功能貨幣匯率記錄。以外幣結算的貨幣資產及負債按報告期末的功能貨幣匯率重新換算。所有差額計入收益表。按外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。

若干海外附屬公司並非以港元為功能貨幣。於報告期末，該等實體之資產及負債按報告期末的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。最終匯兌差額於其他全面收益內確認並計入匯兌波動儲備。出售海外業務時，與該特定海外業務有關其他全面收益之組成項目在收益表內確認入賬。

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. Significant Accounting Judgement and Estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

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.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

3. 重要會計判斷及估計

編制本集團的財務報表時，管理層須於報告期末作出會影響報告當日所呈報收入、開支、資產及負債的報告金額及或然負債披露的判斷、估計及假設。然而，由於有關假設和估計的不確定因素，可導致須就未來受影響的資產或負債賬面值作出重大調整。

判斷

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

資產減值

釐定資產是否減值或過往導致減值事項是否不再存在時，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項，或影響資產價值之事項是否仍然存在；(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。

估計之不確定性

下文討論於報告期末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確定性之其他重要因素。

3. Significant Accounting Judgement and Estimates (Continued)

Estimation uncertainty (Continued)

Estimation of fair value of buildings of the Group

As described in note 13 to the financial statements, the buildings were revalued at the end of the reporting period 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 the end of the reporting period.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 March 2010 was HK\$26,112,000 (2009: HK\$26,112,000). More details are set out in note 16 to the financial statements.

Impairment allowance for doubtful debts

The Group makes impairment allowance for doubtful debts based on an assessment of the recoverability of accounts and bills receivable. Allowances are applied to accounts and bills receivable where events or changes in circumstances indicate that the balances may not be collectible. The identification of doubtful debts requires the use of judgement and estimates. Where the actual outcome or expectation in future is different from the original estimate, such differences will have an impact on the carrying value of the receivables and doubtful debt expenses/write-back in the period in which such estimate has been changed.

3. 重要會計判斷及估計 (續)

估計之不確定性 (續)

本集團樓宇公平值估計

如財務報表附註13所述，樓宇已由獨立專業估值師於報告期末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，並運用主要根據於報告期末之市況作出之假設。

商譽減值

本集團最少每年釐定商譽是否有所減值。釐定時須估計商譽所獲分配之現金產生單位之使用價值。估計使用價值時，本集團須估計現金產生單位所產生之預期日後現金流量，亦須選擇合適之貼現率，以計算該等現金流量之現值。商譽於二零一零年三月三十一日之賬面值為26,112,000港元(二零零九年：26,112,000港元)。更多資料載於財務報表附註16。

呆賬減值撥備

本集團根據對應收賬款及票據之可收回性評估就呆賬作出減值撥備。倘有事件或情況有變顯示結餘可能無法收回時，會對應收賬款及票據作出撥備。識別呆賬需要運用判斷及估計。倘實際結果或未來預期與原本估計有所出入，有關差異將對估計變動期內之應收款項及呆賬支銷／撥回之賬面值構成影響。

4. Operating Segment Information

For management purposes, the Group determines that there are five reportable operating segments, based on location of customers (the destination of sales), including Mainland China, Europe, the United States of America (the "USA"), Japan and others. These segments are managed separately as each segment is subject to risks and returns that are different from each other.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest and other unallocated income, and unallocated expenses are excluded from such measurement.

Segment assets exclude unallocated assets as these assets are managed on a group basis.

Segment liabilities exclude unallocated liabilities as these liabilities are managed on a group basis.

4. 經營分類資料

就管理而言，本集團以客戶所在地（銷售目的地）為基礎，確定五個可報告經營分部，包括中國大陸、歐洲、美利堅合眾國（「美國」）、日本及其他地區。該等分部因風險和回報有別於其他分部而獨立分開管理。

管理層獨立監察本集團經營分部，以便作出有關資源分配及表現評估的決策。分部表現乃根據可報告分部溢利評估，而可報告分部溢利則以經調整除稅前溢利計量。經調整除稅前溢利的計量方式與本集團除稅前溢利計量方式一致，惟有關計量並不計入利息、其他未分配收入及未分配費用。

分類資產不包括未分配資產，原因是該等資產是集體管理。

分類負債不包括未分配負債，原因是該等負債是集體管理。

4. Operating Segment Information (Continued)

Group – 2010

		Mainland	Europe	USA	Japan	Others	Consolidated
		China	Europe	USA	Japan	Others	Consolidated
		中國大陸	歐洲	美國	日本	其他地區	綜合
		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
Segment revenue:	分類營業收入：						
Sales to external customers	銷售予外界客戶	429,056	190,793	139,743	122,537	179,050	1,061,179
Segment results	分類業績	82,025	50,085	27,757	25,386	44,362	229,615
Interest and other unallocated income	利息及其他未分配收入						4,172
Unallocated expenses	未分配費用						(54,791)
Profit before tax	除稅前溢利						178,996
Income tax expense	所得稅開支						(29,349)
Profit for the year attributable to owners of the Company	本公司擁有人應佔年度溢利						149,647
Segment assets	分類資產	287,848	114,506	87,558	44,631	127,370	661,913
Unallocated assets	未分配資產						409,165
							1,071,078
Segment liabilities	分類負債	73,962	19,391	14,576	6,651	26,082	140,662
Unallocated liabilities	未分配負債						34,800
							175,462
Other segment information:	其他分類資料：						
Depreciation and amortisation	折舊及攤銷	12,512	4,433	2,980	3,574	4,777	28,276
Unallocated amounts	未分配金額						9,279
							37,555
Capital expenditure*	資本開支*	5,729	7,821	7,074	1,349	3,215	25,188
Unallocated amounts	未分配金額						4,374
							29,562

* Capital expenditure represents additions to property, plant and equipment.

* 資本開支代表物業、廠房及設備的添置。

4. 經營分類資料 (續)

本集團 – 二零一零年

Notes to Financial Statements (Continued)
財務報表附註(續)

(31 March 2010)

(二零一零年三月三十一日)

4. Operating Segment Information (Continued)

Group – 2009

		Mainland China 中國大陸 HK\$'000 千港元	Europe 歐洲 HK\$'000 千港元	USA 美國 HK\$'000 千港元	Japan 日本 HK\$'000 千港元	Others 其他地區 HK\$'000 千港元	Consolidated 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	579,357	108,332	99,960	136,748	146,578	1,070,975
Segment results	分類業績	138,723	20,990	15,564	34,133	32,016	241,426
Interest and other unallocated income	利息及其他未分配收入						5,437
Unallocated expenses	未分配費用						(61,800)
Profit before tax	除稅前溢利						185,063
Income tax expense	所得稅開支						(21,237)
Profit for the year attributable to owners of the Company	本公司擁有人應佔年度溢利						163,826
Segment assets	分類資產	384,827	71,487	92,714	40,349	75,600	664,977
Unallocated assets	未分配資產						364,347
							1,029,324
Segment liabilities	分類負債	79,959	15,759	12,929	6,204	17,370	132,221
Unallocated liabilities	未分配負債						24,613
							156,834
Other segment information:	其他分類資料：						
Depreciation and amortisation	折舊及攤銷	14,729	2,898	2,884	3,444	3,745	27,700
Unallocated amounts	未分配金額						8,256
							35,956
Capital expenditure*	資本開支*	6,860	5,786	12,278	578	2,376	27,878
Unallocated amounts	未分配金額						4,626
							32,504

* Capital expenditure represents additions to property, plant and equipment.

* 資本開支代表物業、廠房及設備的添置。

4. Operating Segment Information (Continued)

Geographical information – non-current assets

Hong Kong	香港
Mainland China	中國大陸
Indonesia	印尼

The non-current asset information above is based on the location of assets.

Information about major customers

Revenue of HK\$533,946,000 (2009: HK\$648,550,000) and HK\$263,270,000 (2009: HK\$104,617,000) were derived from sales to two customers of the Group. The above amounts include sales to group of entities which are known to be under common control with these customers.

4. 經營分類資料 (續)

地區資料 – 非流動資產

	2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Hong Kong	28,323	27,795
Mainland China	376,869	368,842
Indonesia	27,649	–
	432,841	396,637

上列非流動資產資料是按資產所在地區劃分呈列。

有關主要客戶的資料

本集團來自兩名客戶的銷售收入分別 533,946,000 港元 (二零零九年 : 648,550,000 港元) 及 263,270,000 港元 (二零零九年 : 104,617,000 港元)。上述金額包括向一群已知受上述客戶共同控制的實體的銷售。

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5. Revenue, Other Income and Gain

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 gain 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，乃指扣除退貨及貿易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：

		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Revenue	營業收入		
Sale of goods	貨品銷售	1,061,179	1,070,975
Other income	其他收入		
Bank interest income	銀行利息收入	1,653	4,294
Others	其他	2,519	984
		4,172	5,278
Gain	收益		
Gain on disposal of items of property, plant and equipment and prepaid land lease payments	出售物業、廠房及設備項目及預付土地租賃款項之收益	-	159
Other income and gain	其他收入及收益	4,172	5,437

6. Profit Before Tax

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

Cost of inventories sold	已售存貨成本	782,118	787,974
Auditors' remuneration	核數師酬金	1,320	1,500
Depreciation (Note 13)*	折舊(附註13)*	35,437	33,818
Amortisation of prepaid land lease payments (Note 14)*	預付土地租賃款項攤銷(附註14)*	2,118	2,138
Employee benefits expenses (excluding directors' remuneration – Note 7):	僱員福利支出(不包括董事酬金 – 附註7):		
Wages and salaries	工資及薪金	173,649	165,315
Pension scheme contributions (defined contribution schemes)	退休金計劃供款(定額供款計劃)	11,271	9,759
Less: Forfeited contributions	減: 已沒收供款	(102)	(47)
Net pension scheme contributions	退休金計劃供款淨額	11,169	9,712
Total employee benefits expenses*	總僱員福利支出*	184,818	175,027
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*	2,636	2,937
Gain on disposal of items of property, plant and equipment and prepaid land lease payments	出售物業、廠房及設備項目及預付土地租賃款項之收益	–	(159)
Loss on revaluation of items of property, plant and equipment	重估物業、廠房及設備項目之虧損	–	470
Foreign exchange differences, net	匯兌差額淨額	1,722	2,327
Write-off of items of property, plant and equipment	撇銷物業、廠房及設備項目	–	182

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

Depreciation	折舊	24,320	23,707
Amortisation of prepaid land lease payments	預付土地租賃款項攤銷	1,384	1,400
Employee benefits expenses	僱員福利支出	143,615	136,082
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	2,544	2,573

In the prior year, certain of the Group's employee benefits expenses for administrative staff and the depreciation of the leasehold improvements of factory buildings for production use are included as "cost of sales" and "administrative expenses", respectively. During the year, the Group has changed the presentation, as in the opinion of the directors, it is more appropriate to include these employee benefits expenses as "administrative expenses" while the depreciation as "cost of sales". To conform with the current year's presentation, the amounts of cost of sales and administrative expenses in prior year decreased by HK\$9,925,000 and increased by HK\$9,925,000, respectively.

6. 除稅前溢利

本集團除稅前溢利扣除/(計入)下列各項:

	2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Cost of inventories sold	782,118	787,974
Auditors' remuneration	1,320	1,500
Depreciation (Note 13)*	35,437	33,818
Amortisation of prepaid land lease payments (Note 14)*	2,118	2,138
Employee benefits expenses (excluding directors' remuneration – Note 7):		
Wages and salaries	173,649	165,315
Pension scheme contributions (defined contribution schemes)	11,271	9,759
Less: Forfeited contributions	(102)	(47)
Net pension scheme contributions	11,169	9,712
Total employee benefits expenses*	184,818	175,027
Minimum lease payments under operating leases in respect of land and buildings*	2,636	2,937
Gain on disposal of items of property, plant and equipment and prepaid land lease payments	–	(159)
Loss on revaluation of items of property, plant and equipment	–	470
Foreign exchange differences, net	1,722	2,327
Write-off of items of property, plant and equipment	–	182

* 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:

Depreciation	24,320	23,707
Amortisation of prepaid land lease payments	1,384	1,400
Employee benefits expenses	143,615	136,082
Minimum lease payments under operating leases in respect of land and buildings	2,544	2,573

在上年度，本集團若干的行政人員僱員福利支出及用於生產用途的租賃物業裝修折舊分別呈列於「銷售成本」及「行政開支」之內。於年內，董事認為該僱員福利支出應列入「行政開支」及租賃物業裝修折舊應列入「銷售成本」更為合適，本集團因而修訂呈列方式。為符合本年度之呈列方式，上年度銷售成本及行政開支分別減少9,925,000港元及增加9,925,000港元。

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	
		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Fees	袍金	360	360
Other emoluments:	其他酬金：		
Salaries, allowances and benefits in kind	薪金、津貼及實物福利	5,081	7,697
Discretionary bonuses	酌情花紅	6,619	4,243
Pension scheme contributions	退休金計劃供款	203	424
		11,903	12,364
		12,263	12,724

(a) Independent non-executive directors

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

		2010 二零一零年 HK\$'000 千港元		2009 二零零九年 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 (2009: 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	
		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Fees	袍金	360	360
Other emoluments:	其他酬金：		
Salaries, allowances and benefits in kind	薪金、津貼及實物福利	5,081	7,697
Discretionary bonuses	酌情花紅	6,619	4,243
Pension scheme contributions	退休金計劃供款	203	424
		11,903	12,364
		12,263	12,724

(a) 獨立非執行董事

年內付予獨立非執行董事之袍金如下：

		2010 二零一零年 HK\$'000 千港元		2009 二零零九年 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(二零零九年：無)。

7. Directors' Remuneration (Continued)

(b) Executive directors

		Fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Pension scheme contributions	Total remuneration
		袍金	薪金、津貼及實物福利	酌情花紅	退休金計劃供款	酬金總額
		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
2010	二零一零年					
Executive directors:	執行董事：					
Mr. Chung Yuk Sing	鍾育升先生	-	1,664	4,558	89	6,311
Mr. Chen Hsiao Ying	陳小影先生	-	1,560	2,061	84	3,705
Ms. Chen Li Ying	陳麗影女士	-	182	-	10	192
Ms. Tsang Sau Fan	曾秀芬女士	-	182	-	10	192
Mr. Chen Zhen Hao	陳鎮豪先生	-	41	-	-	41
Mr. Chang Wen Hsiang	張文祥先生	-	182	-	10	192
Mr. Kuo Tai Yu	郭泰佑先生	-	635	-	-	635
Ms. Chen Fang Mei, Christina	陳芳美女士	-	635	-	-	635
		-	5,081	6,619	203	11,903
2009	二零零九年					
Executive directors:	執行董事：					
Mr. Chung Yuk Sing	鍾育升先生	-	1,664	1,783	113	3,560
Mr. Chen Hsiao Ying	陳小影先生	-	1,560	927	100	2,587
Ms. Chen Li Ying	陳麗影女士	-	1,300	200	72	1,572
Ms. Tsang Sau Fan	曾秀芬女士	-	1,300	500	72	1,872
Mr. Chen Zhen Hao	陳鎮豪先生	-	667	460	-	1,127
Mr. Chang Wen Hsiang	張文祥先生	-	1,206	373	67	1,646
		-	7,697	4,243	424	12,364

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

The directors' remuneration shown above does not include the estimated monetary value of the Group's owned premise provided rent-free to an executive director, Mr. Chung Yuk Sing, during the year. The estimated rental value of such accommodation was HK\$100,000 (2009: HK\$103,000) for the year ended 31 March 2010.

本年度內並無任何董事放棄或同意放棄任何酬金之安排。

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的本集團自置物業之估計幣值。截至二零一零年三月三十一日止年度，該住宿之估計租值為100,000港元（二零零九年：103,000港元）。

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8. Five Highest Paid Employees

The five highest paid employees during the year included two (2009: five) directors, details of whose remuneration are set out in note 7 above. Details of the remuneration of the remaining three non-director, highest paid employees for the year ended 31 March 2010 are set out below:

		Group 本集團	
		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Salaries, allowances and benefits in kind	薪金、津貼及實物福利	3,355	—
Discretionary bonuses	酌情花紅	1,994	—
Pension scheme contributions	退休金計劃供款	185	—
		5,534	—

The number of non-director, highest paid employees whose remuneration fell within the following bands is as follows:

		Number of employees 僱員數目	
		2010 二零一零年	2009 二零零九年
HK\$1,000,001 to HK\$1,500,000	1,000,001港元至1,500,000港元	1	—
HK\$1,500,001 to HK\$2,000,000	1,500,001港元至2,000,000港元	1	—
HK\$2,000,001 to HK\$2,500,000	2,000,001港元至2,500,000港元	1	—
		3	—

9. Income Tax

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 16.5%) 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.

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 corporate income tax for the succeeding three years. Moreover, under the relevant tax laws and regulations in Mainland China, these companies 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兩名(二零零九年：五名)董事，有關彼等薪酬的詳情已在上文附註7披露。於截至二零一零年三月三十一日止年度內，餘下三名最高酬金的非董事僱員的酬金詳情如下：

		Group 本集團	
		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Salaries, allowances and benefits in kind	薪金、津貼及實物福利	3,355	—
Discretionary bonuses	酌情花紅	1,994	—
Pension scheme contributions	退休金計劃供款	185	—
		5,534	—

酬金介乎以下範圍的最高薪酬非董事僱員的數目如下：

		Number of employees 僱員數目	
		2010 二零一零年	2009 二零零九年
HK\$1,000,001 to HK\$1,500,000	1,000,001港元至1,500,000港元	1	—
HK\$1,500,001 to HK\$2,000,000	1,500,001港元至2,000,000港元	1	—
HK\$2,000,001 to HK\$2,500,000	2,000,001港元至2,500,000港元	1	—
		3	—

9. 所得稅

香港利得稅以年內在香港產生的估計應課稅溢利按16.5%(二零零九年：16.5%)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當地稅率計算。

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百分之五十企業所得稅。此外，根據有關的中國大陸稅務法及規則，該等公司可將其於一個財政年度產生之虧損，抵銷其於其後一個或多個財政年度之溢利，但最多不得超過五個財政年度。

9. Income Tax (Continued)

According to the confirmation obtained by the Group from the PRC tax bureau, the first profit-making year of YY (Shantou) was the year ended 31 December 2005 and the first profit-making year of YM (Shantou) was the year ended 31 December 2007.

On 16 March 2007, the Fifth Plenary Session of the Tenth National People's Congress passed the Corporate Income Tax Law of the PRC (the "New PRC Tax Law") which took effect on 1 January 2008. The PRC income tax rate is unified to 25% for all enterprises. The State Council of the PRC passed an implementation guidance note (the "Implementation Guidance") on 26 December 2007, which sets out details of how existing preferential income tax rates will be adjusted to the standard rate of 25%.

For enterprises which were established before the publication of the New PRC Tax Law and were entitled to preferential treatments of a reduced corporate income tax rate ("CIT rate") granted by relevant tax authorities, the new CIT rate might be gradually increased from the preferential rate to 25% within 5 years after the effective date of the New PRC Tax Law on 1 January 2008. For the regions that enjoy a reduced CIT rate at 15%, the rate would gradually increase to 20% for 2009, 22% for 2010, 24% for 2011 and 25% for 2012 according to the grandfathering rules stipulated in the Implementation Guidance and related circular. Enterprises that are currently entitled to exemptions or reductions from the standard income tax rate for a fixed term may continue to enjoy such treatment until the fixed term expires.

9. 所得稅 (續)

根據本集團獲中國稅務機關之確認，裕鷹(汕頭)的首個盈利年度為截至二零零五年十二月三十一日止年度，而裕美(汕頭)的首個盈利年度為截至二零零七年十二月三十一日止年度。

於二零零七年三月十六日，第十屆全國人民代表大會第五次全會通過中國企業所得稅法(「中國新稅法」)於二零零八年一月一日生效。所有企業之中國所得稅率統一為25%。於二零零七年十二月二十六日，中國國務院通過一份實施指引(「實施指引」)，詳細列出令現有的優惠所得稅稅率調整至標準稅率25%的方法。

就於中國新稅法頒佈前成立，並享有相關稅務機關授予減免企業所得稅優惠稅率(「企業所得稅率」)的企業而言，新企業所得稅率可能自中國新稅法生效之日(即二零零八年一月一日)起計5年內由優惠稅率逐漸增至25%。就享有15%的減免企業所得稅率的地區而言，根據載於實施指引及相關通函的過渡守則，企業所得稅率將分別於二零零九年、二零一零年、二零一一年及二零一二年逐漸增加至20%、22%、24%及25%。目前享有於一段固定期間獲得標準所得稅率豁免或減免的企業，可繼續享有該項待遇，直至該段固定期限屆滿為止。

		Group 本集團	
		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Current tax charge for the year:	本年度即期稅項支出：		
Hong Kong	香港	14,545	8,591
Elsewhere	其他地方	8,556	13,290
Under/(over)provision of current tax in respect of prior years	過往年度即期稅項撥備不足／(超額撥備)	391	(1,384)
Deferred (Note 24)	遞延 (附註24)	5,857	740
Total tax charge for the year	本年度稅項支出總額	29,349	21,237

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9. Income Tax (Continued)

A reconciliation of the tax expense applicable to profit before tax using the statutory rates for the tax jurisdictions in which the Company and majority of its subsidiaries are domiciled to the tax charge at the effective tax rates is as follows:

		Group 本集團	
		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Profit before tax	除稅前溢利	178,996	185,063
Tax at the applicable rates to profit in the tax jurisdictions concerned	按有關稅務司法權區對溢利適用之稅率計算之稅項	35,784	32,801
Lower tax rate due to tax holiday	稅務優惠期之較低稅率	(13,052)	(10,752)
Effect on opening deferred tax with decrease in rate	稅率下降對期初遞延稅項之影響	-	(29)
Adjustments in respect of current tax of previous years	就過往年度即期稅項作出調整	391	(1,384)
Income not subject to tax	毋須課稅之收入	(1,389)	(364)
Expenses not deductible for tax	不可扣減稅之費用	688	1,228
Effect of withholding tax at 5% and 10% on the distributable profits of the Group's PRC subsidiaries	扣繳本集團之中國附屬公司可分派溢利5%及10%預扣稅之影響	5,384	3,355
Others	其他	1,543	(3,618)
Tax charge at the Group's effective rate	按本集團實際稅率計算之稅項支出	29,349	21,237

9. 所得稅 (續)

適用於以本公司及其大部分附屬公司位處的稅務司法權區法定稅率計算之除稅前溢利之稅項支出與按實際稅率計算之稅項開支之調節如下：

10. Profit for the Year Attributable to Owners of the Company

The consolidated profit attributable to owners of the Company for the year ended 31 March 2010 includes a profit of HK\$65,001,000 (2009: HK\$107,394,000) which has been dealt with in the financial statements of the Company (Note 27).

10. 本公司擁有人應佔年度溢利

截至二零一零年三月三十一日止年度本公司擁有人應佔綜合溢利包括溢利65,001,000港元(二零零九年：107,394,000港元)，已於本公司財務報表內反映(附註27)。

11. Dividends

11. 股息

		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Dividends paid during the year	年內已付股息		
Final in respect of the financial year ended 31 March 2009 – HK12 cents per ordinary share (2009: final dividend of HK10 cents per ordinary share, in respect of the financial year ended 31 March 2008)	截至二零零九年三月三十一日止財政年度末期股息－每股普通股12港仙(二零零九年：截至二零零八年三月三十一日止財政年度末期股息每股普通股10港仙)	59,962	49,968
Interim – HK13 cents (2009: HK12 cents) per ordinary share	中期－每股普通股13港仙(二零零九年：12港仙)	64,958	59,962
		124,920	109,930
Proposed final dividends – HK7 cents (2009: HK12 cents) per ordinary share	擬派末期股息－每股普通股7港仙(二零零九年：12港仙)	34,978	59,962

The proposed final dividend for the year is based on the number of shares in issue as at the reporting date, and is subject to the approval of the Company's shareholders at the forthcoming annual general meeting. These financial statements do not reflect the dividend payable.

本年度之擬派末期股息按於報告日已發行股份數目計算，並須待本公司股東於應屆股東週年大會批准後，方可作實。本財務報表並無反映應付股息。

12. Earnings Per Share Attributable to Owners of the Company

12. 本公司擁有人應佔每股盈利

The calculation of basic earnings per share is based on the profit for the year attributable to owners of the Company for the year of HK\$149,647,000 (2009: HK\$163,826,000), and the weighted average number of 499,680,000 (2009: 499,680,000) ordinary shares in issue during the year.

每股基本盈利乃根據年內本公司擁有人應佔年內溢利149,647,000港元(二零零九年：163,826,000港元)，以及年內已發行499,680,000股(二零零九年：499,680,000股)普通股之加權平均數計算。

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

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列每股攤薄盈利。

Notes to Financial Statements (Continued)
財務報表附註(續)

(31 March 2010)

(二零一零年三月三十一日)

13. Property, Plant and Equipment

Group
31 March 2010

13. 物業、廠房及設備

本集團
二零一零年三月三十一日

		Buildings	Leasehold improvements	Plant and machinery	Furniture, fixtures, equipment and motor vehicles	Total
		樓宇	租賃物業裝修	機器及設備	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	202,665	53,601	125,564	40,985	422,815
Additions	添置	-	16,031	8,383	5,148	29,562
Surplus on revaluation	重估盈餘	908	-	-	-	908
Exchange realignment	匯兌調整	(2,199)	(526)	(1,177)	(284)	(4,186)
At 31 March 2010	於二零一零年三月三十一日	201,374	69,106	132,770	45,849	449,099
Accumulated depreciation:	累積折舊：					
At beginning of year	年初	-	31,975	72,471	25,101	129,547
Provided during the year	年內撥備	5,447	11,327	11,312	7,351	35,437
Write-back of revaluation	重估回撥	(5,447)	-	-	-	(5,447)
Exchange realignment	匯兌調整	-	(293)	(522)	(172)	(987)
At 31 March 2010	於二零一零年三月三十一日	-	43,009	83,261	32,280	158,550
Net book value:	賬面淨值：					
At 31 March 2010	於二零一零年三月三十一日	201,374	26,097	49,509	13,569	290,549
Analysis of cost or valuation:	成本或估值分析：					
At cost	按成本值	-	69,106	132,770	45,849	247,725
At 31 March 2010 valuation	按於二零一零年三月三十一日之估值	201,374	-	-	-	201,374
		201,374	69,106	132,770	45,849	449,099

13. Property, Plant and Equipment (Continued)

13. 物業、廠房及設備 (續)

Group
31 March 2009

本集團
二零零九年三月三十一日

		Buildings 樓宇 HK\$'000 千港元	Leasehold improvements 租賃 物業裝修 HK\$'000 千港元	Plant and machinery 機器及設備 HK\$'000 千港元	Furniture, fixtures, equipment and motor vehicles 傢具、裝置、設備及汽車 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Cost or valuation:	成本或估值：					
At beginning of year	年初	167,186	46,917	117,390	35,914	367,407
Additions	添置	18,924	4,275	4,682	4,623	32,504
Disposals	出售	-	-	(23)	(846)	(869)
Write-off	撇銷	-	(174)	(247)	(172)	(593)
Surplus on revaluation	重估盈餘	6,077	-	-	-	6,077
Deficit on revaluation	重估虧絀	(470)	-	-	-	(470)
Exchange realignment	匯兌調整	10,948	2,583	3,762	1,466	18,759
At 31 March 2009	於二零零九年三月三十一日	202,665	53,601	125,564	40,985	422,815
Accumulated depreciation:	累積折舊：					
At beginning of year	年初	-	21,888	58,670	18,496	99,054
Provided during the year	年內撥備	4,617	9,135	13,167	6,899	33,818
Disposals	出售	-	-	-	(846)	(846)
Write-off	撇銷	-	(28)	(230)	(153)	(411)
Write-back of revaluation	重估回撥	(4,617)	-	-	-	(4,617)
Exchange realignment	匯兌調整	-	980	864	705	2,549
At 31 March 2009	於二零零九年三月三十一日	-	31,975	72,471	25,101	129,547
Net book value:	賬面淨值：					
At 31 March 2009	於二零零九年三月三十一日	202,665	21,626	53,093	15,884	293,268
Analysis of cost or valuation:	成本或估值分析：					
At cost	按成本值	-	53,601	125,564	40,985	220,150
At 31 March 2009 valuation	按於二零零九年三月三十一日之估值	202,665	-	-	-	202,665
		202,665	53,601	125,564	40,985	422,815

The Group's buildings were revalued individually at 31 March 2010 by Greater China Appraisal Limited, independent professionally qualified valuers, at an aggregate open market value of HK\$201,374,000, based on their existing use. Revaluation surpluses of HK\$6,355,000 resulting from the above valuation were credited to the asset revaluation reserve.

本集團之樓宇由獨立專業合資格估價師漢華評值有限公司於二零一零年三月三十一日按其當時用途以公開市值作個別評估，合共值201,374,000港元。上述估值所產生重估盈餘6,355,000港元則計入資產重估儲備。

Notes to Financial Statements (Continued)
財務報表附註(續)

(31 March 2010)

(二零一零年三月三十一日)

13. Property, Plant and Equipment (Continued)

Had these buildings been carried at historical cost less accumulated depreciation, their carrying amounts would have been HK\$171,490,000 (2009: HK\$178,254,000).

As at 31 March 2010, one of the Group's buildings with a net book value of HK\$818,000 (2009: HK\$828,000) has been provided as rent-free accommodation to an executive director of the Company during the year (Note 14).

14. Prepaid Land Lease Payments

Carrying amount at beginning of year	年初賬面值	77,218	75,034
Amortisation recognised during the year (Note 6)	於年內確認攤銷 (附註6)	(2,118)	(2,138)
Exchange realignment	匯兌調整	(741)	4,322
Carrying amount at 31 March	於三月三十一日之賬面值	74,359	77,218
Current portion included in prepayments, deposits and other receivables (Note 15)	計入預付款項、按金及其他應收款項之即期部分 (附註15)	(2,118)	(2,138)
Non-current portion	非即期部分	72,241	75,080

An analysis of the carrying amounts of prepaid land lease payments of the Group at the end of reporting period is as follows:

		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Long term leases outside Hong Kong	香港境外之長期租約	3,330	3,447
Medium term leases in Hong Kong	香港境內之中期租約	11,733	12,043
Medium term leases outside Hong Kong	香港境外之中期租約	59,296	61,728
		74,359	77,218

One of the Group's prepaid land lease payments with a net book value of HK\$1,561,000 (2009: HK\$1,607,000) has been provided as rent-free accommodation to an executive director of the Company during the year (Note 13).

13. 物業、廠房及設備(續)

倘有關樓宇按歷史成本減累積折舊列賬，其賬面值原應為171,490,000港元(二零零九年：178,254,000港元)。

於二零一零年三月三十一日，本集團其中一項賬面淨值818,000港元(二零零九年：828,000港元)之樓宇於年內提供予本公司一名執行董事作免租住宿(附註14)。

14. 預付土地租賃款項

		Group 本集團 2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Carrying amount at beginning of year	年初賬面值	77,218	75,034
Amortisation recognised during the year (Note 6)	於年內確認攤銷 (附註6)	(2,118)	(2,138)
Exchange realignment	匯兌調整	(741)	4,322
Carrying amount at 31 March	於三月三十一日之賬面值	74,359	77,218
Current portion included in prepayments, deposits and other receivables (Note 15)	計入預付款項、按金及其他應收款項之即期部分 (附註15)	(2,118)	(2,138)
Non-current portion	非即期部分	72,241	75,080

於報告期末，本集團預付土地租賃款項之賬面值分析如下：

		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Long term leases outside Hong Kong	香港境外之長期租約	3,330	3,447
Medium term leases in Hong Kong	香港境內之中期租約	11,733	12,043
Medium term leases outside Hong Kong	香港境外之中期租約	59,296	61,728
		74,359	77,218

本集團其中一項賬面淨值1,561,000港元(二零零九年：1,607,000港元)之預付土地租賃款項於年內提供作為本公司一名執行董事之免租住宿(附註13)。

15. Prepayments, Deposits and Other Receivables

15. 預付款項、按金及其他應收款項

	Notes 附註	Group 本集團		Company 本公司	
		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Prepaid land lease payments	14	2,118	2,138	-	-
Deposit paid for the land use right in Indonesia (the "Indonesia Site")	(i)	27,649	-	-	-
Deposit paid for the land use right in Yifeng County, the Jiangxi Province, the PRC (the "Yifeng Site")	(ii)	12,098	-	-	-
Deposit for plant and equipment		4,192	2,177	-	-
Prepayments		7,221	4,655	134	138
Deposits and other receivables		7,942	3,577	-	14
		61,220	12,547	134	152
Current portion included in prepayments, deposits and other receivables		(17,281)	(10,370)	(134)	(152)
Non-current portion		43,939	2,177	-	-

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

Notes:

- (i) Pursuant to an agreement entered into between the Group and an independent third party on 10 February 2010, the Group has agreed to acquire two pieces of land with a total land area of approximately 125,400 square metres at West Java, Indonesia, at a total consideration of Rp. 31.4 billion (approximately HK\$26,335,000). At the end of the reporting period, the consideration has been fully paid by the Group and the balance represented the consideration paid of HK\$26,335,000 and the related tax payment of HK\$1,314,000.
- (ii) Pursuant to an agreement entered between the Group and People's Government of Yifeng County, the Jiangxi Province, the PRC (the "Yifeng Government") on 22 January 2010, the Group has agreed to acquire a 50-year land use rights of Yifeng Site, at a consideration of RMB10,600,000 (approximately HK\$12,100,000), which is for production use with a total land area of approximately 177,500 square meters.

上述資產並無逾期及減值。包括在以上應收款項結餘內的金融資產，近期並無欠款記錄。

附註：

- (i) 根據本集團與一名獨立第三方於二零一零年二月十日訂立的一項協議，本集團同意按總代價314億印尼盾(約26,335,000港元)收購在印尼西爪哇總土地面積約125,400平方米的兩幅地皮。於本報告期末，本集團經已全數支付代價，該項結餘為所付代價26,335,000港元及有關稅項付款1,314,000港元。
- (ii) 根據本集團與中國江西省宜豐縣人民政府(「宜豐政府」)於二零一零年一月二十二日訂立的一項協議，本集團同意按代價人民幣10,600,000元(約12,100,000港元)收購宜豐用地總面積約177,500平方米的一幅土地50年的土地使用權，以作生產之用。

16. Goodwill

Cost and carrying amount:
At beginning and end of year

成本值及賬面值：
於年初及年終

2010

二零一零年

HK\$'000

千港元

2009

二零零九年

HK\$'000

千港元

26,112

26,112

The Group's goodwill was wholly allocated to a cash-generating unit engaged in the manufacture and trading of sportswear and garments (the "Unit"). The recoverable amount of the Unit has been determined from the value in use, which is calculated with reference to cash flow projections based on a five-year period financial budgets approved by senior management. The financial budgets are prepared reflecting actual and prior year performance and development expectations. The key assumptions for the cash flow projections are the budgeted gross margin which is the average gross profit margin achieved in the year immediately before budgeted years and the discount rate of 11.45%, which is before tax and reflects specific risks relating to the Unit. The growth rates used to extrapolate the cash flows of the Unit are 30% for the first year, 20% for the second year and 5% for the succeeding three years. The directors believe that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of the Unit to exceed the aggregate recoverable amount. Since the recoverable amount of the Unit is higher than its carrying amount, the directors consider there was no impairment of the goodwill at the end of the reporting period.

17. Investments in Subsidiaries

Unlisted investments, at cost

非上市投資，按成本值

43,368

43,368

The balances with subsidiaries are unsecured, interest-free and repayable on demand.

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

16. 商譽

本集團之商譽全部撥歸從事運動服及成衣生產及買賣之現金產生單位(「該單位」)。該單位之可收回金額乃根據使用價值釐定，而使用價值則根據由高級管理人員審批之五年財政預算所預測之現金流量計算。財政預算之編算乃反映實際、過往表現及預期發展。現金流量預測之主要假設為所預算之毛利率(即緊接預算年度前該年度所達致之平均毛利率)及貼現率11.45%(乃除稅前及反映與該單位有關之特定風險)。用於推斷該單位之現金流量之首年增長率為30%，次年為20%，而繼後三年則為5%。董事相信，任何該等假設可能合理地出現之變動，將不會導致該單位之總賬面值超出總可收回金額。由於該單位之可收回金額高於其賬面值，董事認為於報告期末商譽並無出現減值。

17. 於附屬公司之投資

Company

本公司

2010

二零一零年

HK\$'000

千港元

2009

二零零九年

HK\$'000

千港元

與附屬公司之結餘為無抵押、免息及須應要求償還。

下表列出本公司附屬公司，按董事意見認為，該等公司對本集團年內業績有重大影響或構成本集團資產淨值之主要部分。按董事意見認為，詳列其他附屬公司資料將會使篇幅過於冗長。

17. Investments in Subsidiaries (Continued)

Particulars of principal subsidiaries are as follows:

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 已發行股份面值／ 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
			2010 二零一零年	2009 二零零九年	
Jespar Age Limited	British Virgin Islands ("BVI") 英屬處女群島 (「英屬處女群島」)	US\$1,000 1,000美元	100	100	Investment holding 投資控股
Eagle Nice (EAG) Limited 鷹美(鷹美集團)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	100	Investment holding 投資控股
Far East (EAG) Limited 遠東(鷹美集團)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	100	Investment holding 投資控股
裕美(汕頭)製衣有限公司 (「裕美(汕頭)」)(附註(b)) ("YM (Shantou)") (Note (b))	PRC/Mainland China 中國／中國大陸	US\$23,500,000 23,500,000美元	100	100	Manufacture and trading of sportswear and garments 生產及買賣運動服 及成衣
裕鷹(汕頭)製衣有限公司 (「裕鷹(汕頭)」)(附註(b)) ("YY (Shantou)") (Note (b))	PRC/Mainland China 中國／中國大陸	HK\$15,000,000 15,000,000港元	100	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 英屬處女群島	US\$1,000 1,000美元	100	100	Investment holding 投資控股

17. 於附屬公司之投資(續)

主要附屬公司詳情如下：

Notes to Financial Statements (Continued)
財務報表附註(續)

(31 March 2010)

(二零一零年三月三十一日)

17. Investments in Subsidiaries (Continued)

17. 於附屬公司之投資(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 已發行股份面值/ 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
			2010 二零一零年	2009 二零零九年	
Eagle Nice Development Limited 鷹美發展有限公司	Hong Kong 香港	HK\$1 1港元	100	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	HK\$1 1港元	100	100	Manufacture and trading of sportswear and garments 生產及買賣運動服 及成衣
Yue Mei (HK) Garment Limited 裕美(香港)製衣有限公司	Hong Kong 香港	HK\$1 1港元	100	100	Manufacture and trading of sportswear and garments 生產及買賣運動服 及成衣
Wayable International Inc.	BVI 英屬處女群島	US\$100 100美元	100	100	Investment holding 投資控股
Maitex (EAG) Limited 源瀚(鷹美集團)有限公司	Hong Kong 香港	HK\$1,000 1,000港元	100	100	Manufacture and trading of sportswear and garments 生產及買賣運動服 及成衣
惠來縣源瀚製衣有限公司 (「惠來源瀚」)(附註(b)) ("Maitex PRC") (Note (b))	PRC/Mainland China 中國/中國大陸	HK\$40,000,000 40,000,000港元	100	100	Manufacture and trading of sportswear and garments 生產及買賣運動服 及成衣

17. Investments in Subsidiaries (Continued)

17. 於附屬公司之投資 (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 已發行股份面值／ 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
			2010 二零一零年	2009 二零零九年	
King Eagle (EAG) Limited 金鷹(鷹美集團)有限公司	Hong Kong 香港	HK\$1 1港元	100	100	Manufacture and trading of sportswear and garments 生產及買賣運動服 及成衣
金鷹(汕頭)製衣有限公司 (「金鷹(汕頭)」)(附註(b)) ("KE (Shantou)") (Note (b))	PRC/Mainland China 中國／中國大陸	US\$2,680,000 2,680,000美元	100	100	Manufacture and trading of sportswear and garments 生產及買賣運動服 及成衣
Eagle Tech (EAG) Limited 鷹德(鷹美集團)有限公司	Hong Kong 香港	HK\$1 1港元	100	100	Manufacture and trading of sportswear and garments 生產及買賣運動服 及成衣
惠來縣宏鷹製衣有限公司 (「惠來宏鷹」)(附註(b)) ("Hung Eagle Garment") (Note (b))	PRC/Mainland China 中國／中國大陸	US\$2,100,000 2,100,000美元	100	100	Manufacture and trading of sportswear and garments 生產及買賣運動服 及成衣
Eagle Nice (Indonesia) Holdings Ltd 鷹美(印尼)控股有限公司	Hong Kong 香港	HK\$1 1港元	100	100	Investment holding 投資控股
P.T. Eagle Nice Indonesia (「EN Indonesia」)(附註(c)) (「EN Indonesia」)(附註(c))	Indonesia 印尼	US\$6,000,000 6,000,000美元	100	–	Not yet commenced business 未開展業務
Eagle Nice (Jiangxi) Garment Limited 鷹美(江西)製衣有限公司	Hong Kong 香港	HK\$10,000 10,000港元	100	–	Investment holding 投資控股
鷹美(宜豐)製衣有限公司 (「鷹美(宜豐)」) (附註(b)及(d)) ("EN (Yifeng)") (Notes (b) and (d))	PRC/Mainland China 中國／中國大陸	US\$1,800,000 1,800,000美元	100	–	Not yet commenced business 未開展業務

Notes to Financial Statements (Continued) 財務報表附註(續)

(31 March 2010)

(二零一零年三月三十一日)

17. Investments in Subsidiaries (Continued)

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 holders of the ordinary shares of the company in such winding-up).
- (b) YM (Shantou), YY (Shantou), Maitex PRC, KE (Shantou), Hung Eagle Garment and EN (Yifeng) are registered as wholly-foreign-owned enterprises under the PRC law.
- (c) During the year, EN Indonesia was incorporated for the operation of the production facilities to be built on the Indonesia Site, with a share capital of US\$6,000,000 (approximately HK\$46,800,000) and total investment plan of US\$12,000,000 (approximately HK\$93,600,000). As at 31 March 2010, US\$6,000,000 of the share capital of EN Indonesia has been fully paid up by the Group.

As at the end of the reporting period and up to the date of the approval of these financial statements, EN Indonesia has not commenced any business operation.

- (d) Pursuant to an investment agreement dated 22 January 2010 (the "First Investment Agreement") entered between the Group and the Yifeng Government, EN (Yifeng) was established in January 2010 for the operation of the production facilities to be built on the Yifeng Site. The principal business of EN (Yifeng) is the manufacture, sub-contracting and sale of sportswear and casual wear. The registered capital and the total investment of EN (Yifeng) were US\$6,000,000 (approximately HK\$46,800,000) and US\$12,000,000 (approximately HK\$93,600,000), respectively. As at 31 March 2010 and the date of approval of these financial statements, US\$1,800,000 of the registered capital has been paid up by the Group as capital injection.

Subsequent to year end date, on 26 May 2010, a new investment agreement ("Revised Investment Agreement") was signed between the Group and the Yifeng Government, and the following terms were revised:

- (i) the principal business of EN (Yifeng) to include the research and development, manufacture, subcontracting and sale of all categories of garment products; and
- (ii) the registered capital and total investment of EN (Yifeng) to increase to US\$12,000,000 (approximately HK\$93,600,000) and US\$25,000,000 (approximately HK\$195,000,000), respectively.

As at the end of the reporting period and up to the date of the approval of these financial statements, EN (Yifeng) has not commenced any business operation.

Except for Jespar Age Limited, all of the above subsidiaries are indirectly held by the Company.

17. 於附屬公司之投資(續)

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) 裕美(汕頭)、裕鷹(汕頭)、惠來源瀚、金鷹(汕頭)、惠來宏鷹及鷹美(宜豐)為根據中國法例註冊之外商獨資企業。
- (c) 年內，EN Indonesia註冊成立以經營將建設在印尼用地的生產設施，股本為6,000,000美元(約46,800,000港元)，而計劃總投資為12,000,000美元(約93,600,000港元)。於二零一零年三月三十一日，本集團已繳付EN Indonesia全數股本6,000,000美元。

截至報告期末及截至批准本財務報表當日，EN Indonesia仍未展開任何業務營運。

- (d) 根據本集團與宜豐政府於二零一零年一月二十二日訂立的一項投資協議(「首項投資協議」)，於二零一零年一月成立鷹美(宜豐)，以經營將建設在宜豐用地的生產設施。鷹美(宜豐)的主要業務是製造、承包製造及銷售運動服及休閒服，其註冊資本及總投資分別為6,000,000美元(約46,800,000港元)及12,000,000美元(約93,600,000港元)。於二零一零年三月三十一日及批准本財務報表日期，本集團以注資的方式繳付註冊股本中1,800,000美元。

年終當日後，本集團與宜豐政府於二零一零年五月二十六日訂立一項新投資協議(「經修訂投資協議」)，修訂條款如下：

- (i) 鷹美(宜豐)的主要業務包括研發、製造、承包製造及銷售各類服裝製品；及
- (ii) 鷹美(宜豐)的註冊資本及總投資分別增至12,000,000美元(約93,600,000港元)及25,000,000美元(約195,000,000港元)。

截至報告期末及截至批准本財務報表當日，鷹美(宜豐)仍未展開任何業務營運。

除Jespar Age Limited外，上述所有附屬公司由本公司間接持有。

18. Inventories

		Group 本集團	
		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Raw materials	原材料	75,143	43,927
Work in progress	在製品	36,412	36,324
Finished goods	製成品	24,699	53,665
		136,254	133,916

18. 存貨

19. Accounts and Bills Receivable

The Group's accounts and bills receivable mainly relate to a few recognised and creditworthy customers. The credit period is generally for a period of 30 to 45 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. The accounts and bills receivable are non-interest-bearing.

An aged analysis of the accounts and bills receivable as at the end of reporting period, based on the invoice date, is as follows:

		Group 本集團	
		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Within 30 days	30天內	109,414	80,076
31 to 60 days	31天至60天	40,101	53,758
61 to 90 days	61天至90天	6,480	28,237
Over 90 days	90天以上	572	28,907
		156,567	190,978

The above balance is neither past due nor impaired. The financial assets included in the above balance relate to receivable for which there was no recent history of default.

19. 應收賬款及票據

本集團之應收賬款及票據主要與若干認可及信譽良好的客戶相關。信貸期一般為30天至45天。本集團致力對未償還應收款項保持嚴密監控，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。應收賬款及票據為免息賬款。

截至報告期末之應收賬款及票據根據發票日期的賬齡分析如下：

以上結餘並無逾期及減值。包括在以上應收賬款結餘內的金融資產，近期並無欠款記錄。

20. Cash and Cash Equivalents

20. 現金及現金等值項目

		Group 本集團		Company 本公司	
		2010	2009	2010	2009
		二零一零年	二零零九年	二零一零年	二零零九年
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
Cash and bank balances	現金及銀行結存	324,692	109,351	799	566
Time deposits with original maturity of over three months	原定到期日超過三個月之定期存款	3,443	12,197	-	-
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	-	175,875	-	-
Cash and cash equivalents	現金及現金等值項目	328,135	297,423	799	566

At the end of reporting period, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to HK\$192,461,000 (2009: HK\$95,717,000). 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 bank balances are deposited with creditworthy banks with no recent history of default.

於報告期末，本集團以人民幣（「人民幣」）計值的現金及銀行結存為192,461,000港元（二零零九年：95,717,000港元）。人民幣不得自由兌換為其他貨幣，然而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。銀行結餘乃存放於具信譽且近期沒欠款記錄之銀行。

21. Accounts and Bills Payable

An aged analysis of the accounts and bills payable as at the end of reporting period, based on the invoice date, is as follows:

		Group 本集團	
		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Within 90 days	90天內	62,400	51,796
91 to 180 days	91天至180天	1,396	1,033
181 to 365 days	181天至365天	189	481
Over 365 days	365天以上	2,287	1,761
		66,272	55,071

The accounts and bills payable are non-interest-bearing and are normally settled on 45-day terms.

於報告期末之應付賬款及票據根據發票日期的賬齡分析如下：

		Group 本集團	
		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Within 90 days	90天內	62,400	51,796
91 to 180 days	91天至180天	1,396	1,033
181 to 365 days	181天至365天	189	481
Over 365 days	365天以上	2,287	1,761
		66,272	55,071

應付賬款及票據為免息賬款，信貸期一般為45天。

22. Banking Facilities

As at 31 March 2010, the Group's banking facilities were secured by the following:

- (i) corporate guarantees executed by the Company to the extent of HK\$46,000,000 (2009: HK\$106,000,000); and
- (ii) unlimited corporate guarantees executed by four (2009: two) subsidiaries of the Company.

22. 銀行備用信貸

於二零一零年三月三十一日，本集團之銀行備用信貸以下列各項作為抵押：

- (i) 本公司簽立以46,000,000港元為限之公司擔保(二零零九年：106,000,000港元)；及
- (ii) 本公司四家(二零零九年：兩家)附屬公司簽立的無限額公司擔保。

23. Accrued Liabilities and Other Payables

		Group 本集團		Company 本公司	
		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Deferred income	遞延收入	1,763	4,509	-	-
Other payables	其他應付款項	32,925	30,049	-	-
Accruals	應計費用	23,747	25,109	317	2,188
		58,435	59,667	317	2,188

Notes to Financial Statements (Continued)
財務報表附註(續)

(31 March 2010)

(二零一零年三月三十一日)

23. Accrued Liabilities and Other Payables (Continued)

Other payables of the Group at 31 March 2010 included a subsidy of RMB9,320,000 (approximately HK\$10,591,000) (2009: Nil) received from the Yifeng Government, for the construction cost of basic infrastructure to be incurred by the Group for the development of the Yifeng Site (Note 15(ii)).

As at 31 March 2009, included in other payables was an amount of HK\$3,454,000 due to Pro Kingtex Vietnam Co. Limited (“Pro Kingtex”), a subsidiary of Yue Yuen Industrial (Holdings) Limited (“Yue Yuen”), a substantial shareholder of the Company, which was payable on similar credit terms to those offered by other major non-related subcontractors of the Group.

24. Deferred Tax Liabilities

Group

		Accelerated tax depreciation	Asset revaluation	Withholding taxes on undistributed profits on PRC subsidiaries 中國附屬公司 未分派溢利 之預扣稅	Total
		加速稅項折舊 HK\$'000 千港元	資產重估 HK\$'000 千港元	之預扣稅 HK\$'000 千港元	總計 HK\$'000 千港元
At 1 April 2008	於二零零八年四月一日	2,635	10,268	–	12,903
Deferred tax debited/(credited) to the consolidated income statement during the year (Note 9)	年內計入/(扣除)綜合收益表之遞延稅項(附註9)	(2,615)	–	3,355	740
Deferred tax debited to equity during the year	年內計入資本之遞延稅項	–	2,602	–	2,602
Exchange realignment	匯兌調整	–	683	–	683
At 31 March 2009 and 1 April 2009	於二零零九年三月三十一日及二零零九年四月一日	20	13,553	3,355	16,928
Deferred tax debited to the consolidated income statement during the year (Note 9)	年內計入綜合收益表之遞延稅項(附註9)	473	–	5,384	5,857
Deferred tax debited to equity during the year	年內計入資本之遞延稅項	–	1,569	–	1,569
Exchange realignment	匯兌調整	–	(147)	–	(147)
At 31 March 2010	於二零一零年三月三十一日	493	14,975	8,739	24,207

23. 應計負債及其他應付款項(續)

本集團於二零一零年三月三十一日的其他應付款項包括從宜豐政府所收取人民幣9,320,000元(約10,591,000港元)(二零零九年:無)的補助,作為本集團開發宜豐用地將產生的基本建設建造成本(附註15(ii))。

於二零零九年三月三十一日,計入其他應付款項之3,454,000港元乃應付本公司主要股東裕元工業(集團)有限公司(「裕元」)之附屬公司Pro Kingtex Vietnam Co. Limited(「Pro Kingtex」)之款項,該款項按與本集團其他主要非關連承包商所訂之相若信貸條款償還。

24. 遞延稅項負債

本集團

24. Deferred Tax Liabilities (Continued)

Pursuant to the New PRC Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rates are 5% and 10%. In estimating the withholding taxes on dividends expected to be distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008, the directors have made assessment based on the factors which included dividend policy and the level of capital and working capital required for the Group's operations in the foreseeable future.

At 31 March 2010, there were no significant unrecognised deferred tax liabilities (2009: Nil) for withholding taxes that would be payable on the unremitted earnings of the Company's subsidiaries expected to be distributed, after considering the abovementioned factors, in the foreseeable future.

The Group has tax losses arising in Hong Kong of HK\$6,916,000 (2009: HK\$5,304,000) 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 aforesaid 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.

24. 遞延稅項負債 (續)

根據中國新稅法，於中國內地成立之外商投資企業向外商投資者宣派之股息將被徵收10%預扣稅。該規定於二零零八年一月一日生效，並適用於二零零七年十二月三十一日後之盈利。倘中國內地與外商投資者之司法權區訂立稅務條約，則可降低其適用預扣稅稅率。本集團之適用稅率為5%及10%。在估計該等中國內地成立附屬公司就二零零八年一月一日後產生的盈利預期派發股息所繳納的預扣稅時，董事已評估包括股息政策及本集團營運在可見未來所需資本及營運資金等因素。

於二零一零年三月三十一日，經考慮上述因素後，在可見未來，並無關於本公司附屬公司預期將分派的未匯款盈利應付預扣稅的重大未確認遞延稅項負債(二零零九年：無)。

本集團於香港產生之稅項虧損6,916,000港元(二零零九年：5,304,000港元)可無限期用作抵銷產生虧損的公司日後應課稅溢利。由於前述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。

25. Issued Capital

		Company 本公司	
		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 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：		
499,680,000 ordinary shares of HK\$0.01 each	499,680,000股每股面值 0.01港元之普通股	4,997	4,997

25. 已發行股本

26. Share Option Scheme

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include the Company's directors, including independent non-executive directors, other employees of the Group, suppliers of goods or services to the Group 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.

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.

26. 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上限獲行使時，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。

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。

26. Share Option Scheme (Continued)

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 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 shares 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 2010 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.

27. 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, and 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.

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.

26. 購股權計劃 (續)

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該計劃屆滿日期結束(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。

於二零一零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。

27. 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，與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。

根據有關中國規例，在中國註冊的附屬公司須將除稅後溢利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。

Notes to Financial Statements (Continued)
財務報表附註(續)

(31 March 2010)

(二零一零年三月三十一日)

27. Reserves (Continued)

Company

		Notes 附註	Share premium account 股份 溢價賬 HK\$'000 千港元	Capital reserve 資本儲備 HK\$'000 千港元	Retained profits/ (accumulated losses) 留存溢利/ (累計虧損) HK\$'000 千港元	Total 總計 HK\$'000 千港元
At 1 April 2008	於二零零八年四月一日		472,586	43,088	(41,016)	474,658
Total profit and comprehensive income for the year	年內溢利及全面收益 總額	10	–	–	107,394	107,394
Interim 2009 dividend	二零零九年中期股息	11	–	–	(59,962)	(59,962)
At 31 March 2009 and 1 April 2009	於二零零九年 三月三十一日及 二零零九年四月一日		472,586	43,088	6,416	522,090
Total profit and comprehensive income for the year	年內溢利及全面收益 總額	10	–	–	65,001	65,001
Final 2009 dividend	二零零九年末期股息	11	–	–	(59,962)	(59,962)
Interim 2010 dividend	二零一零年中期股息	11	–	–	(64,958)	(64,958)
At 31 March 2010	於二零一零年 三月三十一日		472,586	43,088	(53,503)	462,171

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 thereof. 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.

27. 儲備(續)

本公司

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。

28. Note to the Consolidated Statement of Cash Flows

Major non-cash transaction

During the year, deposits for property, plant and equipment of HK\$2,177,000 (2009: HK\$6,237,000) were transferred to property, plant and equipment upon acceptance by and delivery to the Group (Note 15).

29. Contingent Liabilities

The Group did not have any significant contingent liabilities not provided for at the end of reporting period (2009: Nil).

As at 31 March 2010, the Company has given corporate guarantees to banks to the extent of HK\$46,000,000 (2009: HK\$106,000,000) for banking facilities granted to certain subsidiaries of the Company.

30. Operating Lease Arrangements

The Group leases certain of its office, factories and staff quarters under operating lease arrangements, with leases negotiated for terms ranging from one to two years.

At 31 March 2010, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

Within one year
In the second to fifth years, inclusive

一年內
第二年至第五年
(包括首尾兩年)

2010

二零一零年

HK\$'000

千港元

2,571

2,544

5,115

2009

二零零九年

HK\$'000

千港元

2,618

5,146

7,764

28. 綜合現金流量表附註

主要非現金交易

年內，2,177,000港元(二零零九年：6,237,000港元)之物業、廠房及設備之按金於本集團接納及向本集團交付後轉撥至物業、廠房及設備(附註15)。

29. 或然負債

於報告期末，本集團並無任何尚未撥備之重大或然負債(二零零九年：無)。

於二零一零年三月三十一日，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46,000,000港元(二零零九年：106,000,000港元)公司擔保。

30. 經營租賃安排

本集團根據經營租賃安排租賃其若干辦公室、廠房及員工宿舍，議定之租期介乎一至二年不等。

於二零一零年三月三十一日，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：

Notes to Financial Statements (Continued)
財務報表附註(續)

(31 March 2010)

(二零一零年三月三十一日)

31. Commitments

In addition to the operating lease commitments detailed in note 30 above, the Group had the following capital commitments at the end of the reporting period:

		Notes 附註	2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Contracted, but not provided for:	已訂約但未撥備：			
Renovation of factories	廠房裝修		1,956	—
Purchases of machineries	購買機器		1,954	77
Purchases of computer equipment	購買電腦設備		55	799
Construction of a factory	建設廠房		—	7,279
			3,965	8,155
Authorised, but not contracted for:	已授權但未訂約：			
Investment project in Yifeng County, the Jiangxi Province, the PRC	投資項目於中國 江西省宜豐縣	(i)	81,502	—
Investment project in Indonesia	投資項目於印尼	(ii)	65,951	—
			147,453	—

Notes:

- (i) As further detailed in note 17(d) above, pursuant to the First Investment Agreement, the total investment cost for EN (Yifeng) was US\$12 million (approximately HK\$93,600,000) which has been approved by the directors on 15 January 2010. As at 31 March 2010, an amount of HK\$12,098,000 has been incurred as deposit for the land use right and the remaining balance of HK\$81,502,000 was recognised as a commitment as at the end of reporting period (Note 34(a)).
- (ii) As further detailed in note 17(c) above, the total investment cost for EN Indonesia was US\$12 million (approximately HK\$93,600,000) which has been approved by the directors on 12 January 2010. As at 31 March 2010, the Group has paid the consideration and related cost of HK\$27,649,000 (Note 15) and the remaining balance of HK\$65,951,000 was recognised as a commitment as at the end of reporting period.

The Company did not have any significant commitments at the end of the reporting period (2009: Nil).

31. 承擔

除上文附註30詳列之經營租賃承擔外，本集團於報告期末之資本承擔如下：

Notes 附註	2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
	3,965	8,155
	147,453	—

附註：

- (i) 如上述附註17(d)所詳述，根據首項投資協議，鷹美(宜豐)的總投資成本為12,000,000美元(約93,600,000港元)，此項金額已於二零一零年一月十五日由董事批准。截至二零一零年三月三十一日，本集團支付土地使用權按金12,098,000港元，而餘額81,502,000港元確認為報告期末的承擔(附註34(a))。
- (ii) 如上述附註17(c)所詳述，EN Indonesia的總投資成本為12,000,000美元(約93,600,000港元)，此項金額已於二零一零年一月十二日由董事批准。截至二零一零年三月三十一日，本集團已支付代價及有關成本27,649,000港元(附註15)，而餘額65,951,000港元確認為報告期末的承擔。

於報告期末，本公司並無任何重大承擔(二零零九年：無)。

32. Related Party Transactions

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

		Notes 附註	2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Subcontracting fees payable to related companies	應支付關連公司之 承包費	(i)	20,357	15,582
Sales of finished goods to related companies	向關連公司銷售製成品	(ii)	-	6,916
Purchases of raw materials from a related company	向一間關連公司購買 原材料	(iii)	-	339

Notes:

- (i) The subcontracting fees paid to Pro Kingtex and 中山寶吉製衣有限公司, both of which are the subsidiaries of Yue Yuen, were made according to the terms similar to those offered by the Group's non-related subcontractors.
- (ii) The sales of finished goods to 裕程(昆山)體育用品有限公司 and 裕晟(昆山)體育用品有限公司, both of which are the subsidiaries of Yue Yuen, were made according to the terms similar to those offered to the Group's non-related customers.
- (iii) The purchases of raw materials from 汕頭先達服裝輔料廠有限公司 were determined by the directors of the Company and the related company with reference to the then prevailing market conditions.

The related party transaction in respect of item (i) above constitutes continuing connected transactions during the year as defined in Chapter 14A of the Listing Rules.

In respect of items (ii) and (iii), the contracts of these transactions were entered in year ended 31 March 2008 and completed in the year ended 31 March 2009. No further contracts were signed for both current and last years.

The directors are of the opinion that the above transactions were conducted in the ordinary course of business of the Group.

32. 關連人士交易

- (a) 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：

		Notes 附註	2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Subcontracting fees payable to related companies	應支付關連公司之 承包費	(i)	20,357	15,582
Sales of finished goods to related companies	向關連公司銷售製成品	(ii)	-	6,916
Purchases of raw materials from a related company	向一間關連公司購買 原材料	(iii)	-	339

附註：

- (i) 承包費乃支付予 Pro Kingtex及中山寶吉製衣有限公司(兩家均為裕元之附屬公司)，並按照本集團非關連承包商所提供之類似條款進行。
- (ii) 向裕程(昆山)體育用品有限公司及裕晟(昆山)體育用品有限公司(兩家均為裕元之附屬公司)銷售製成品，並按照向本集團非關連客戶提供之類似條款進行。
- (iii) 向汕頭先達服裝輔料廠有限公司購買原材料乃由本公司董事與該關連公司參考當前之市場狀況釐定。

年內，上述第(i)項的關連人士交易構成上市規則第14A章界定之持續關連交易。

就第(ii)及(iii)項而言，此等交易乃於截至二零零八年三月三十一日止年度訂立合約及於截至二零零九年三月三十一日止年度完成。本年度及過往年度並無進一步簽訂合約。

董事認為，上述交易乃於本集團之一般日常業務過程中進行。

32. Related Party Transactions (Continued)

- (b) Details of the Group's trade balance with a related party as at the end of the reporting period are disclosed in note 23 to the financial statements.
- (c) The directors are the key management personnel of the Group. Details of their remuneration are disclosed in note 7 to the financial statements.

33. 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 interest rate risk, foreign currency risk, liquidity risk and credit risk. The board of directors of the Company reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group has no interest-bearing borrowings, and believes its exposure to 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 US\$ and RMB. The Group is exposed to foreign exchange risk arising from the exposure of US\$ and RMB. As the foreign currency 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. However, as the Group's financial statements are reported in Hong Kong dollars, there will be a translation credit to exchange revaluation reserve as a result of the RMB appreciation. The majority of the Group's operating assets are located in Mainland China and denominated in RMB.

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

32. 關連人士交易(續)

- (b) 本集團於報告期末與關連人士之貿易結餘詳情於財務報表附註23中披露。
- (c) 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。

33. 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利率風險、外匯風險、流動資金風險及信貸風險。本公司董事會審閱並協定管理各項有關風險之政策，並於下文概述。

利率風險

本集團並無計息借款，並相信所面對之利率風險屬輕微。

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，本集團相信其面對之外匯風險輕微。本集團將繼續維持以相同貨幣進行買賣之平衡政策。然而，由於本集團之財務報表乃以港元呈報，人民幣升值將會產生計入匯率重估儲備的匯兌收益。本集團大部分營運資產均位於中國大陸，並以人民幣計值。

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。

33. Financial Risk Management Objectives and Policies (Continued)

Foreign currency risk (Continued)

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the RMB exchange rate, with all other variables held constant, of the Group's net profit (due to changes in the fair value of monetary assets and liabilities).

		Increase/ (decrease) in exchange rate 匯率上升/ (下降)	Increase/ (decrease) in net profit 純利增加/ (減少) HK\$'000 千港元
2010	二零一零年		
If HK\$ weakens against RMB	倘港元兌人民幣貶值	5%	12,563
If HK\$ strengthens against RMB	倘港元兌人民幣升值	(5%)	(12,563)
2009	二零零九年		
If HK\$ weakens against RMB	倘港元兌人民幣貶值	5%	9,580
If HK\$ strengthens against RMB	倘港元兌人民幣升值	(5%)	(9,580)

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g. accounts and bills receivable) and the projected cash flows from operations.

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. The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, was less than one year.

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.

33. 財務風險管理之目標及政策 (續)

外匯風險 (續)

下表列示人民幣匯率於報告期末可能出現之合理變動(其他變動維持不變)而對本集團純利之敏感度(由於貨幣資產及負債公平值變動)。

		Increase/ (decrease) in exchange rate 匯率上升/ (下降)	Increase/ (decrease) in net profit 純利增加/ (減少) HK\$'000 千港元
2010	二零一零年		
If HK\$ weakens against RMB	倘港元兌人民幣貶值	5%	12,563
If HK\$ strengthens against RMB	倘港元兌人民幣升值	(5%)	(12,563)
2009	二零零九年		
If HK\$ weakens against RMB	倘港元兌人民幣貶值	5%	9,580
If HK\$ strengthens against RMB	倘港元兌人民幣升值	(5%)	(9,580)

流動資金風險

本集團使用經常性流動資金規劃工具監察資金短缺之風險。該項工具會考慮財務工具及財務資產(如應收賬款及票據)之到期情況,以及營運帶來之現金流量預測。

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。本集團財務負債於報告期末按合約非貼現付款作出之到期情況少於一年。

信貸風險

本集團僅與獲確認及信譽良好的第三方進行交易。本集團會對以除賬方式交易的客戶進行信貸審查。此外,應收款項結餘亦會作定期監察。

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

33. Financial Risk Management Objectives and Policies (Continued)

Credit risk (Continued)

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

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2010 and 2009.

The Group monitors capital using a current ratio, which is total current assets divided by total current liabilities. The Group's policy is to keep the current ratio above 1.

34. Events After the Reporting Period

- (a) As further detailed in note 17(d) above, on 26 May 2010, the Revised Investment Agreement was entered into between the Group and the Yifeng Government to expand the principal business of EN (Yifeng) to include the research and development, manufacture, subcontracting and sale of all categories of garment products. In addition, the registered capital of EN (Yifeng) was increased from US\$6,000,000 (approximately HK\$46,800,000) to US\$12,000,000 (approximately HK\$93,600,000) and the total investment cost was increased from US\$12,000,000 (approximately HK\$93,600,000) to US\$25,000,000 (approximately HK\$195,000,000). The total investment cost of US\$12,000,000 (approximately HK\$93,600,000) has been included as the Group's commitments (Note 31).
- (b) On 26 May 2010, two construction agreements were entered into between the Group and an independent third party for the construction of facilities on the Yifeng Site at an aggregate amount of approximately HK\$127,216,000.

35. Approval of the Financial Statements

The financial statements were approved and authorised for issue by the board of directors of the Company on 28 June 2010.

33. 財務風險管理之目標及政策 (續)

信貸風險 (續)

本集團其他財務資產(包括現金及現金等價物及其他應收款項)之信貸風險乃源自對方未能付款, 所承受之最大風險相當於該等工具之賬面值。

資本管理

本集團管理資本之主要目標為保障本集團繼續以持續基準經營之能力, 以及將資本比率維持於健康水平, 以為其業務提供支持。

本集團因應經濟狀況變動管理其資本架構及作出調整。為維持或調整資本架構, 本集團可能須調整支付予股東之股息、向股東發還資本或發行新股。於截至二零一零年及二零零九年三月三十一日止年度內, 有關管理資本之目標、政策或程序並無變動。

本集團以流動比率(以總流動資產除以總流動負債計算)監察其資本。本集團之政策為將流動比率維持於1以上之水平。

34. 報告期後事項

- (a) 誠如上文附註17(d)進一步詳述, 本集團於二零一零年五月二十六日與宜豐政府訂立經修訂投資協議, 將研究開發、生產、承包製造及銷售各類型服務製品納入鷹美(宜豐)的主營業務之內。此外, 鷹美(宜豐)的註冊資本由6,000,000美元(約46,800,000港元)增至12,000,000美元(約93,600,000港元), 而投資總成本則由12,000,000美元(約93,600,000港元)增至25,000,000美元(約195,000,000港元)。投資總成本12,000,000美元(約93,600,000港元)已計入本集團的承擔(附註31)。
- (b) 於二零一零年五月二十六日, 本集團與獨立第三方訂立兩份建築工程協議, 內容有關於宜豐用地建造設施, 涉及金額合共約127,216,000港元。

35. 財務報表之批准

財務報表已於二零一零年六月二十八日獲本公司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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