



新醫藥控股有限公司
NEW CHINESE MEDICINE HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

2006年報
ANNUAL REPORT 股份代號
stock code 8085

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This report, for which the directors of New Chinese Medicine Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

香港聯合交易所有限公司(「聯交所」)創業板(「創業板」)之特色

創業板乃為帶有高投資風險之公司提供一個上市之市場。尤其在創業板上市之公司毋須有過往溢利記錄，亦毋須預測溢利。此外，在創業板上市之公司可因其新興性質及該等公司經營業務之行業或國家而帶有風險。有意投資之人士應瞭解投資於該等公司之潛在風險，並應經過審慎周詳之考慮後方作出投資決定。創業板之較高風險及其他特色表示創業板較適合專業及其他經驗豐富投資者。

由於創業板上市公司新興之性質使然，在創業板買賣之證券可能會較於主板買賣之證券承受較大之市場波動風險，同時無法保證在創業板買賣之證券會有高流通量之市場。

創業板發佈資料之主要方法為在聯交所為創業板而設之創業板網頁刊登。上市公司毋須在憲報指定報章刊登付款公佈披露資料。因此，有意投資之人士應注意彼等能閱覽創業板網頁(www.hkgem.com)，以便取得創業板上市發行人之最新資料。

聯交所對本報告之內容概不負責，對其準確性或完整性亦不發表任何聲明，並明確表示概不就因本報告全部或任何部份內容而產生或因倚賴該等內容而引致之任何損失承擔任何責任。

本報告乃遵照聯交所創業板證券上市規則(「創業板上市規則」)之規定提供有關新醫藥控股有限公司(「本公司」)之資料。本公司各董事願就本報告共同及個別承擔全部責任，且在作出一切合理查詢後確認，就彼等所知及所信：(1)本報告所載資料在各重大方面均準確完備，且並無誤導；(2)本報告並無遺漏任何其他事實，致使本報告之內容有所誤導；及(3)本報告所表達之所有意見乃經審慎周詳考慮後始行發表，並以公平合理之基準及假設為基礎。

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CORPORATE INFORMATION 公司資料

COPRORATE PROFILE

The Company was incorporated in the Cayman Islands on 30 October, 2000 as an exempted company with limited liability under the Companies Law (Revised) of the Cayman Islands. The shares of the Company were listed on the GEM of the Stock Exchange on 7 March, 2002.

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Wong Chun Keung *Chairman*
 Mr. Wong Mo Wah Gordon *Chief Executive Officer*
 Mr. Fung Cheuk Nang Clement
 Ms. Tong Pui Chi Lucia

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chu Kar Wing
 Dr. Loke Yu (alias Loke Hoi Lam)
 Mr. Ku Ling Yu John

COMPANY SECRETARY

Mr. Law Kwok Chung

COMPLIANCE OFFICER

Ms. Tong Pui Chi Lucia

QUALIFIED ACCOUNTANT

Mr. Law Kwok Chung

AUTHORIZED REPRESENTATIVES

Mr. Wong Mo Wah Gordon
 Mr. Law Kwok Chung

AUDIT COMMITTEE

Mr. Chu Kar Wing
 Dr. Loke Yu (alias Loke Hoi Lam)
 Mr. Ku Ling Yu John

REMUNERATION COMMITTEE

Ms. Tong Pui Chi Lucia
 Mr. Chu Kar Wing
 Dr. Loke Yu (alias Loke Hoi Lam)
 Mr. Ku Ling Yu John

公司簡介

本公司乃於二零零零年十月三十日在開曼群島根據開曼群島公司法(經修訂)註冊成立為受豁免有限公司。本公司股份乃於二零零二年三月七日在聯交所創業板上市。

董事會

執行董事

黃進強先生 主席
 王武樺先生 行政總裁
 馮卓能先生
 唐佩芝小姐

獨立非執行董事

朱嘉榮先生
 陸海林博士
 顧陵儒先生

公司秘書

羅國忠先生

監察主任

唐佩芝小姐

合資格會計師

羅國忠先生

法定代表

王武樺先生
 羅國忠先生

審核委員會

朱嘉榮先生
 陸海林博士
 顧陵儒先生

薪酬委員會

唐佩芝小姐
 朱嘉榮先生
 陸海林博士
 顧陵儒先生

CORPORATE INFORMATION 公 司 資 料

AUDITORS

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants
31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central, Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Bank of China (Hong Kong) Limited

REGISTERED OFFICE

Century Yard, Cricket Square
Hutchins Drive
P.O. Box 2681GT
George Town, Grand Cayman
Cayman Islands
British West Indies

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 802, Tower 1
Harbour Centre
1 Hok Cheung Street
Hunghom, Kowloon
Hong Kong

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Standard Registrars Limited
26/F, Tesbury Centre
28 Queen's Road East
Hong Kong

GEM STOCK CODE

8085

WEBSITE ADDRESS

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

核數師

國衛會計師事務所
英國特許會計師
香港執業會計師
香港中環
畢打街11號
置地廣場
告羅士打大廈31樓

主要往來銀行

香港上海滙豐銀行有限公司
中國銀行(香港)有限公司

註冊辦事處

Century Yard, Cricket Square
Hutchins Drive
P.O. Box 2681GT
George Town, Grand Cayman
Cayman Islands
British West Indies

香港主要營業地點

香港
九龍紅磡
鶴翔街一號
維港中心一期
802室

香港股份過戶登記分處

標準證券登記有限公司
香港
皇后大道東28號
金鐘匯中心26樓

創業板股份編號

8085

網址

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

CHAIRMAN'S STATEMENT 主席報告

On behalf of the board of directors (the "Board"), I am pleased to present the annual results of the Company and its subsidiaries (the "Group") for the year ended 31 March, 2006.

2005/06 signifies both a difficult but yet important year for the Group. At the beginning of the year, the lack of working capital severely affected operation of our retail arm of the business. We have then sized down our retail business in May 2005 and restructured our overall business strategy. With the injection of fresh working capital in July, our position was significantly strengthened. Our new management team had spent very strong efforts in resuming our business back to normal. Our financial position is then expected to improve towards the end of the year.

We consider that human health is very important in humanity and citizens' life nowadays. By this belief, we expand our business on health care products that are with quality and efficacy. We wish to create a win-win situation to both the Group and people of Greater China. On one hand, the Group will benefit from the health care product business, and on the other, this will bring healthy living to the people who really concern themselves with their health and that of their families.

To continue the road of success, the Group will prolong our finance strategy to maintain a tight control over its management expenses. We will keep on exploring every business opportunity that may generate additional synergies and wealth to the Group. We believe that, with our hard efforts, we would further reinforce our market position in health care related businesses.

Looking ahead, in view of the gradual economic recovery in Hong Kong, Macau and the PRC, the Group anticipates steady growth in its existing as well as development of future businesses.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express our sincere gratitude to all our equity holders, customers, business partners who have always offered their continued support, confidence and encouragement. The devotion and diligence of the management and staff committing secured a continuous improvement of the Group. With these supports remain, we shall continue to explore ways to improve on the business results and investment returns of the Group in the year ahead.

Wong Chun Keung
Chairman

Hong Kong, 19 June, 2006

本人謹代表董事會(「董事會」)欣然呈報本公司及其附屬公司(「本集團」)截至二零零六年三月三十一日止年度之年度業績。

二零零五／零六年對本集團而言是既艱難又重要的一年。年初，營運資金緊絀嚴重影響到本集團零售業務之運作。本集團其後已於二零零五年五月縮減零售業務之規模，並重組本集團之整體業務策略。隨著七月獲注入新營運資金，本集團之財政情況大大加強。本集團之新管理團隊已竭盡所能將業務恢復正常。本集團期望財政狀況於年底會進一步改善。

本集團認為身體健康對每個人而言皆十分重要，現今越來越多人注重保健養生。憑藉這個信念，本集團擴充質優而見效之保健產品業務。本集團希望為本身及大中華地區人民締造雙贏局面。一方面，本集團將受惠於保健產品業務；另一方面，本集團之保健產品將可讓關注個人及家庭健康的人士活得更健康。

為了能維持成功之營運，本集團將繼續推行嚴格控制其管理開支之財務策略。本集團將不斷開拓各種為本集團產生額外協同效益及財富之商機。本集團相信，只要付出努力，就必能進一步鞏固本集團在保健相關業務之市場地位。

展望將來，鑑於香港、澳門及中國三地之經濟逐漸復甦，本集團預計現有及將來發展之業務將可取得穩健增長。

致謝

本人謹藉此機會，代表董事會對所有權益持有人、客戶及業務夥伴對本集團一直之支持、信心及鼓勵衷心致謝。管理層及員工所付出的努力，推動本集團不斷改善。憑藉該等支持，本集團將繼續探索機會，改善本集團來年之經營業績及投資回報。

主席
黃進強

香港，二零零六年六月十九日

MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論及分析

BUSINESS REVIEW

In view of the rising consensus and awareness of the public to health, the Group continued to fine-tune its product range, expanding on health care products from its existing proprietary Chinese medicine and retail sales of consumable products. During the year under review, the Group managed to wholesale and retail a series of health care products from an established well known brand-name manufacturer. This was producing a fruitful contribution to the turnover of the Group.

For the financial year ended 31 March, 2006, the Group recorded an audited turnover of HK\$9,016,957 which representing a 12.6% increase comparing to that of 2005. The gross profit margin returned to positive of HK\$1,252,983 from a gross loss of HK\$179,654 in 2005.

The Group also managed to maintain tight control over its operating expenses in the period under review. The general and administrative expenses decrease from HK\$7,694,494 in 2005 to HK\$5,175,815 in 2006, representing a decrease of 32.7%.

PROSPECTS

The directors believe that the Group will benefit from the economic growth in both Hong Kong and the PRC which will support increase in consumer spending and the number of visitors to Hong Kong and Macau in the foreseeable future. The directors will continue to monitor the product range with the aim to improve on the profit margin.

In order to promote the series of well known brand-name health care products, the Group devoted a lot of resources to building product branding and public awareness. Moving forward, the Group plans to spend a few millions, in the coming future from its working capital, on advertising campaign so that these health care products that are with quality and efficacy will benefit more citizens of Hong Kong. The management believes that this eventually will come to a win-win situation for both the Group and the consumers.

At the same time, the Group will identify other business opportunities that may create synergies with its core business and to further reinforce its market position in health care related businesses.

業務回顧

有鑒於公眾人士對健康的關注及察覺與日俱增，本集團將一如既往地繼續調整其產品系列，從其現有專利中藥及零售銷費性產品業務，擴展更多之保健產品系列。於回顧年度內，本集團致力批發及零售一系列由一間基礎穩健的著名品牌生產商製造之保健產品。有關業務為本集團的營業額帶來富有成效的貢獻。

截至二零零六年三月三十一日止財政年度，本集團錄得經審核營業額9,016,957港元，較二零零五年之營業額上升12.6%。毛利回復正數值之1,252,983港元，而於二零零五年之毛虧損為179,654港元。

於回顧期間內，本集團亦致力繼續嚴謹控制其經營開支。一般及行政開支由二零零五年之7,694,494港元減少至二零零六年之5,175,815港元，相等於下跌32.7%。

前景

董事相信，隨著香港及中國經濟之增長，香港及澳門於可見將來之消費及遊客數字將不斷上升，本集團必定可以從中受惠。董事將繼續監控產品系列，務求增加利潤。

為了推廣多個系列之著名品牌保健產品，本集團投放大量資源以建立產品品牌及公眾知名度。展望將來，本集團計劃於不久將來從其營運資金內撥出數百萬元用作廣告計劃，以便該等質效兼備之保健產品將令更多香港市民受惠。管理層相信該計劃最終將令本集團及客戶均相得益彰。

與此同時，本集團將物色其他可與其核心業務締造協同效益之業務商機，以進一步加強其於保健相關業務之市場地位。

MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論及分析

FINANCIAL REVIEW

Audited net loss attributable to the equity holders for the year ended 31 March, 2006 amounted to HK\$1,332,011 as compared to net loss of HK\$3,425,660 for the corresponding period in 2005, which represented a decrease of 61.1%.

On 6 July, 2005, the Company obtained shareholders approval at an extraordinary general meeting to consolidate every four shares of HK\$0.01 each of existing shares into one share of HK\$0.04 each ("New Share"); and allotted and issued 450,000,000 New Shares at an issue price of HK\$0.04 each to Excel Point Holdings Limited. The above transactions were completed on 11 July, 2005 with additional HK\$18,000,000 cash, before professional expenses incurred for the transactions, in the Group. The financial resources will be partly used as additional working capital to expand on existing businesses and the balance for development of related businesses.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group's net current assets as at 31 March, 2006 was HK\$8,970,966 as compared to net current liabilities of HK\$5,216,461 as at 31 March, 2005. There were no bank borrowings as at 31 March, 2006 (31 March, 2005: Nil).

On 29 December, 2005, the Company obtained shareholders approval at an extraordinary general meeting to issue a redeemable convertible bond (the "Bond") of the Company in the principal amount of HK\$10,000,000 with a term of 5 years for full settlement of a long-term borrowing amounted to HK\$12,229,742.70. Holder of the Bond shall have the right to convert the Bond into shares of the Company at the price of HK\$0.072 per share. Details of the above Bond issuance were set out in the Company's circular dated 13 December, 2005.

GEARING RATIO

As at 31 March, 2006, the Group's gearing ratio, being the ratio of total liabilities to total assets, was approximately 87% (2005: approximately 1,067%).

FOREIGN EXCHANGE EXPOSURE

The Group mainly earns revenue and incurs costs in Hong Kong Dollars and considers that the impact of foreign exchange exposure of the Group is minimal.

CHARGE OF GROUP ASSETS

As at 31 March, 2006, the Group did not have any material charge on assets (2005: Nil).

財務回顧

截至二零零六年三月三十一日止年度，經審核之權益持有人應佔虧損為1,332,011港元，較二零零五年同期的虧損淨額為3,425,660港元減少61.1%。

於二零零五年七月六日，本公司於股東特別大會上取得股東批准，將每四股每股面值0.01港元之現有股份合併為一股每股面值0.04港元之新股份（「新股份」），及按發行價每股0.04港元配發及發行450,000,000股新股份予Excel Point Holdings Limited。上述交易已於二零零五年七月十一日完成，為本集團帶來18,000,000港元（未扣除交易所產生之專業費用）之現金進賬。財務資源將部份用作擴展現有業務之額外營運資金，而餘額將用作開發相關業務。

流動資金、財政資源及資本架構

於二零零六年三月三十一日，本集團之流動資產淨值約為8,970,966港元，於二零零五年三月三十一日之流動負債淨值約為5,216,461港元。於二零零六年三月三十一日並無銀行借款（於二零零五年三月三十一日：無）。

於二零零五年十二月二十九日，本公司於股東特別大會上取得股東批准，發行本公司本金額為10,000,000港元之五年期可贖回可換股債券（「債券」），以全數償還12,229,742.70港元之長期借款。債券持有人將有權按每股股份0.072港元之價格，轉換債券為本公司股份。上述債券發行之詳情載於二零零五年十二月十三日發出之本公司通函。

資產負債比率

於二零零六年三月三十一日，本集團之資產負債比率（即負債總額與資產總額之比例）約87%（二零零五年：1,067%）。

外匯風險

本集團賺取之收入及產生之成本主要以港元計算，並認為本集團之外匯風險影響極為輕微。

集團資產抵押

於二零零六年三月三十一日，本集團並無任何重大資產抵押（二零零五年：無）。

MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論及分析**SIGNIFICANT INVESTMENTS**

The Group had no significant investments during the period.

MATERIAL ACQUISITIONS AND DISPOSALS

The Group had no material acquisitions or disposals during the period under review.

EMPLOYEE INFORMATION

As at 31 March, 2006, the Group employed a total of 3 (31 March, 2005: 5) full-time employees in Hong Kong. During the year ended 31 March, 2006, the total staff costs, including directors' emoluments, amounted to HK\$1,801,520 (2005: HK\$1,082,346). The Group remunerates its employees based on their performance, qualification, experience and the prevailing industry practice. Some directors waived their remuneration for the year ended 31 March, 2006.

CONTINGENT LIABILITIES

As at 31 March, 2006, the Group did not have any material contingent liabilities (2005: Nil).

CAPITAL COMMITMENTS

As at 31 March, 2006, the Group had commitment for future minimum lease payments under non-cancelable operating lease in respect of rented premises which fall due within one year amounting to HK\$12,320 (2005: HK\$202,415).

重大投資

於本年度，本集團並無任何重大投資。

重大收購及出售

於回顧期間內，本集團並無重大收購或出售。

僱員資料

於二零零六年三月三十一日，本集團在香港合共聘用3名(二零零五年三月三十一日：5名)全職僱員。截至二零零六年三月三十一日止年度內，員工成本總額(包括董事酬金)為1,801,520港元(二零零五年：1,082,346港元)。本集團向其僱員發放之薪酬乃根據彼等之表現、資歷、經驗及行業慣例而定。部份董事於截至二零零六年三月三十一日止年度免收彼等之酬金。

或然負債

於二零零六年三月三十一日，本集團並無任何重大或然負債(二零零五年：無)。

資本承擔

於二零零六年三月三十一日，本集團就租賃物業根據不可撤銷經營租約於一年內到期應付之未來最低租金款項承擔為12,320港元(二零零五年：202,415港元)。

PROFILES OF DIRECTORS 董事簡介

EXECUTIVE DIRECTORS

Mr. Wong Chun Keung, aged 53, is the chairman of the Group. Mr. Wong is responsible for overseeing the formulation of corporate strategy of the Group. Mr. Wong joined the Group on 20 July, 2005. Mr. Wong has extensive experience in trading, merchandising and logistics businesses, and financial and real estate investments. He is also active in the Singaporean real estate market in recent years. Mr. Wong has management and investment experiences in different areas which may be beneficial to the Company.

Mr. Wong Mo Wah Gordon, aged 46, is the Chief Executive Officer of the Group. Mr. Wong is responsible for the overall management and business operations of the group. Mr. Wong joined the Group on 31 August, 2005. Mr. Wong holds a Master of Business Administration degree from the University of Southern California. Mr. Wong has over 25 years' experience of securities trading, international property development and investment and holds directorships in a number of private companies in the investment and commercial sectors. Mr. Wong has served for over 23 years as one of the senior executives of an international private investment group based in Hong Kong.

Mr. Fung Cheuk Nang Clement, aged 29, is the executive director of the Group. Mr. Fung is responsible for the Group's strategic planning; research and development; and marketing operations. Mr. Fung joined the Group on 20 July, 2005. Mr. Fung has gained extensive management experience in the development and manufacturing of consumer products for a number of years. Mr. Fung is also a director of a number of established privately-owned manufacturing companies in Hong Kong and PRC. His knowledge and expertise in the manufacturing industry may be beneficial to the Company in research and development areas.

Ms. Tong Pui Chi Lucia, aged 42, is the executive director of the Group. Ms. Tong is responsible for the business; sales and marketing operations of the Group. Ms. Tong joined the Group on 20 July, 2005. Ms. Tong is the chairlady of the remuneration committee of the Company. Ms. Tong is experienced in management and business development both in Hong Kong and overseas. Ms. Tong has been engaged in the tourist-retailing industry for over 10 years which include the supervision of various investment projects such as the operation of the Duty Free Shops. She will be responsible for research and development in Chinese medicine, health and skin-care products as well as new investment opportunities.

執行董事

黃進強先生，53歲，為本集團主席。黃先生負責監督本集團企業策略之制定。黃先生於二零零五年七月二十日加盟本集團。黃先生於貿易業務、買辦、物流業務及金融及房地產投資具廣泛經驗。彼近年亦涉足新加坡房地產市場。黃先生具有不同領域之管理及投資經驗，將對本公司有益。

王武樺先生，46歲，為本集團行政總裁。王先生負責本集團之整體管理及業務營運。王先生於二零零五年八月三十一日加盟本集團。王先生持有美國南加州大學之工商管理碩士學位。王先生在證券買賣、國際物業發展及投資方面具有25年以上之經驗，並兼為多間從事投資及商務之私人公司之董事。王先生曾在一間以香港為業務基地之國際私人投資集團任職高級行政人員逾23年。

馮卓能先生，29歲，為本集團執行董事。馮先生負責本集團之策略規劃；研究與開發；以及市場推廣業務。馮先生於二零零五年七月二十日加盟本集團。馮先生擁有多多年開發及製造消費產品之廣泛管理經驗。馮先生亦為香港及中國多間歷史悠久之私人製造公司之董事。馮先生對製造業之認識及專業知識對本公司之研發工作有利。

唐佩芝小姐，42歲，為本集團執行董事。唐小姐負責本集團之營商；銷售及市場推廣業務。唐小姐於二零零五年七月二十日加盟本集團。唐小姐為本公司薪酬委員會主席。唐小姐擁有在香港及海外從事管理及業務發展之豐富經驗。唐小姐從事旅遊零售業逾十年，其中包括監督多項投資項目，例如營運免稅品店。唐小姐將負責研發中藥、保健及護膚產品，以及開拓新投資商機。

PROFILES OF DIRECTORS 董事簡介

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chu Kar Wing, aged 49, was appointed as independent non-executive director on 6 October, 2004. Mr. Chu graduated from the Chinese University of Hong Kong with a degree in Social Science in 1979. He has over 20 years of experience in the banking industry and commerce. He is currently an independent non-executive director of three Hong Kong listed companies, namely Emperor Entertainment Group Limited, Oriental Investment Corporation Limited and Foundation Group Limited.

Dr. Loke Yu (alias Loke Hoi Lam), aged 56, was appointed as an independent non-executive director and chairman of the audit committee of the Company on 6 October, 2004. Dr. Loke has over 30 years of experience in accounting and auditing for private and public companies, financial consultancy and corporate management. He holds a Master of Business Administration degree from Universiti Teknologi Malaysia and a Doctor of Business Administration degree from University of South Australia. He is a Fellow of The Institute of Chartered Accountants in England and Wales; Hong Kong Institute of Certified Public Accountants; and the Hong Kong Institute of Directors. He is also an Associate member of the Hong Kong Institute of Chartered Secretaries and a member of the Malaysian Institute of Accountants. He is the Chairman of MHL Consulting Limited. He also serves as an independent non-executive director of Shandong Molong Petroleum Machinery Company Limited, United Metals Holdings Limited, Matrix Holdings Limited, Yanion International Holdings Limited and Wealthmark International Holdings Limited, companies listed on the Stock Exchange.

Mr. Ku Ling Yu, John, aged 58, was appointed as an independent non-executive director on 20 July, 2005. Mr. Ku is a practising solicitor and Notary Public in the Hong Kong Special Administrative Region. Mr. Ku is also qualified to practise as a solicitor in England and Wales, and in Victoria, Australia. Mr. Ku served firstly as a non-executive director and later as an executive director of Magician Industries (Holdings) Limited during the period from June 2000 to March 2005.

獨立非執行董事

朱嘉榮先生，49歲，於二零零四年十月六日獲委任為獨立非執行董事。朱先生於一九七九年在香港中文大學畢業，取得社會科學系學士學位，於銀行及工商界等方面擁有逾二十年經驗。彼現為三家香港上市公司英皇娛樂集團有限公司、東成控股有限公司及基業控股有限公司之獨立非執行董事。

陸海林博士，56歲，於二零零四年十月六日獲委任為獨立非執行董事及本公司審核委員會主席。陸博士於私人及公眾公司之會計及審計工作、財務顧問及企業管理等方面擁有逾三十年經驗。彼持有馬來西亞科技大學工商管理碩士學位及南澳大學工商管理博士學位。彼為英格蘭及威爾斯特許會計師公會、香港會計師公會及香港董事學會之資深會員，亦是香港特許秘書公會及馬來西亞會計師公會之會員。彼現為MHL Consulting Limited主席，亦為五家聯交所上市公司山東墨龍石油機械股份有限公司、科鑄技術集團有限公司、美力時集團有限公司、益安國際集團有限公司及和寶國際控股有限公司之獨立非執行董事。

顧陵儒先生，58歲，於二零零五年七月二十日獲委任為獨立非執行董事。顧先生為香港特別行政區之執業律師及公證人。顧先生亦為英格蘭及威爾斯及澳洲維多利亞之合資格執業律師。顧先生曾於二零零零年六月至二零零五年三月先後出任通達工業(集團)有限公司之獨立非執行董事及執行董事。

CORPORATE GOVERNANCE REPORT 企業管治報告

OVERVIEW

The Board of the Company is pleased to present this Corporate Governance Report in the annual report for the year ended 31 March, 2006.

It is always a key concern of the Company to have high standards of corporate governance. It is important because the Board believes that good quality corporate governance would assist the management to monitor the Company's business activities effectively and thus equity holders' interests will be well protected.

The Board will discuss the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 15 of the GEM Listing Rules and the Company's compliance and deviations throughout the year ended 31 March, 2006.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard of dealing as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all directors, the directors have complied with such code of conduct and the required standard of dealings throughout the year ended 31 March, 2006.

THE BOARD

The Board is responsible for leadership and control of the Company and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. All directors should take decisions objectively in the interests of the Company.

The Board currently comprises 7 members, consisting of four executive directors and three independent non-executive directors. Mr. Wong Chun Keung, Mr. Fung Cheuk Nang Clement and Ms. Tong Pui Chi Lucia were appointed as executive directors on 20 July, 2005. Mr. Wong Mo Wah Gordon was appointed as an executive director on 29 December, 2005. Mr. Ku Ling Yu John was appointed as an independent non-executive director on 20 July, 2005. Their brief biographical details are described in the "Profile of Directors" of the annual report. Mr. Wong Cheah Foo, Ms. Leung Oi Wah, Mr. Gao Junqing and Professor Lin Daquan resigned as executive directors on 20 July, 2005. Mr. Kam Yiu Ming Wilfred resigned as an executive director on 31 August, 2005. Mr. Junya Kabeya resigned as an independent non-executive director on 20 July, 2005. Mr. Chu Kar Wing and Dr. Loke Yu (alias Loke Hoi Lam) served as independent non-executive directors for the whole year ended 31 March, 2006.

概覽

本公司之董事會欣然於本年報內提呈截至二零零六年三月三十一日止年度之企業管治報告。

本公司十分著重維持高標準之企業管治。此點實屬重要，因董事會相信，高質素之企業管治將有助管理層有效地監管本公司之業務活動，從而好好保障權益持有人的利益。

董事會將討論創業板上市規則附錄十五所載之企業管治常規守則（「企業管治守則」）載列之守則條文及本公司於截至二零零六年三月三十一日止年度遵守及偏離企業管治守則之情況。

董事進行之證券交易

本集團已採納有關董事進行證券交易之操守守則，條款不比創業板上市規則第5.48至5.67條之交易標準規定寬鬆。經向全體董事作出特定查詢後，董事於截至二零零六年三月三十一日止年度一直遵守有關操守守則及交易標準之規定。

董事會

董事會負責帶領及監控本公司，並共同負責透過指導及監管其事務推動本公司取得成功。所有董事均應作出客觀而符合本公司利益之決定。

董事會現時由七名成員組成，包括四名執行董事及三名獨立非執行董事。黃進強先生、馮卓能先生及唐佩芝小姐於二零零五年七月二十日獲委任為執行董事。王武樺先生於二零零五年十二月二十九日獲委任為執行董事。顧陵儒先生於二零零五年七月二十日獲委任為獨立非執行董事。彼等之履歷詳情載於年報之「董事簡介」內。黃齊富先生、梁愛華女士、高俊清先生及林太全教授於二零零五年七月二十日辭任執行董事之職務。甘耀明先生於二零零五年八月三十一日辭任執行董事之職務。壁谷順也先生於二零零五年七月二十日辭任獨立非執行董事之職務。朱嘉榮先生及陸海林博士於截至二零零六年三月三十一日止整個年度內一直擔任獨立非執行董事。

CORPORATE GOVERNANCE REPORT 企業管治報告

The Board meets at least four times a year to review the financial and operating performance of the Group.

董事會一年最少舉行四次會議，以檢討本集團之財務及營運表現。

There were 30 Board meetings held for the year ended 31 March, 2006. Individual attendance of each Board member at these meetings is as follows:

截至二零零六年三月三十一日止年度舉行了30次董事會會議。各董事會成員出席該等會議之情況如下：

Name of Director	董事姓名	Attend/ Eligible to attend 出席次數/ 符合資格出席之次數
Executive directors		
Mr. Wong Chun Keung	黃進強先生	16/19
Mr. Wong Mo Wah Gordon	王武樺先生	6/6
Mr. Fung Cheuk Nang Clement	馮卓能先生	14/19
Ms. Tong Pui Chi Lucia	唐佩芝小姐	19/19
Mr. Wong Cheah Foo	黃齊富先生	0/12
Ms. Leung Oi Wah	梁愛華女士	11/12
Mr. Kam Yiu Ming Wilfred	甘耀明先生	14/14
Mr. Gao Junqing	高俊清先生	0/12
Professor Lin Daquan	林大全教授	0/12
Independent non-executive directors		
Mr. Chu Kar Wing	朱嘉榮先生	26/26
Dr. Loke Yu (alias Loke Hoi Lam)	陸海林博士	25/26
Mr. Ku Ling Yu John	顧陵儒先生	14/15
Mr. Junya Kabeya	壁谷順也先生	0/12

In compliance with Rules 5.01 and 5.02 of the GEM Listing Rules in regarding to independent non-executive directors (the "INED(s)"), the Company has currently three INEDs, namely Mr. Chu Kar Wing, Dr. Loke Yu (alias Loke Hoi Lam) and Mr. Ku Ling Yu John. Dr. Loke has the appropriate accounting expertise. These INEDs can help the management to formulate the Group's development strategies, ensure the Board prepares its financial and other mandatory reports in strict compliance with required standards, and ensure the Company maintains appropriate system to protect the interests of the Company and its equity holders. The Board has received the annual confirmation in respect of their independence from each of the INEDs, and believes that their independence is in compliance with the GEM Listing Rules at the date of this annual report.

為遵守創業板上市規則有關獨立非執行董事（「獨立非執行董事」）之第5.01及第5.02條，本公司現有三名獨立非執行董事，分別為朱嘉榮先生、陸海林博士及顧陵儒先生。陸博士具備適當之會計專業知識。該等獨立非執行董事有助管理層制定本集團之發展策略，確保董事會嚴格遵守規定準則，編製其財務及其他強制刊發之報告，並確保本公司推行適當之制度，以保障本公司及其權益持有人之利益。董事會已收到各獨立非執行董事就其獨立性發出之年度確認書，並相信於本年報刊發日期，彼等之獨立性符合創業板上市規則之規定。

CORPORATE GOVERNANCE REPORT 企業管治報告

DISTINCTIVE ROLES OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Under the CG Code, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing.

Mr. Wong Chun Keung is the chairman of the Company who is responsible for managing the Board and overseeing the formulation of corporate strategy of the Group. Mr. Wong Mo Wah Gordon is the chief executive officer of the Company who is responsible for the overall management and business operations of the Group.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

The CG Code 4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election.

All the non-executive directors of the Company do not have a specific term of appointment. However, in accordance with article 87 of the articles of association of the Company, at each annual general meeting, one third of the directors for the time being (except those directors appointed by the Board under article 86 to fill a casual vacancy or as an addition to the Board shall be subject to retirement and shall be eligible for re-election at the first annual general meeting after their appointment), save and except the chairman of the board and/or managing director, or, if their number is not three or a multiple of three, then the number nearest to but not greater than one-third, shall retire from office.

The CG Code 4.2 stipulates that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

Article 87 of the articles of association of the Company does not require the chairman of the board and/or managing director of the Company to retire from his office at each annual general meeting. In order to ensure full compliance with the CG Code 4.2, a special resolution will be proposed to amend the relevant provisions of the articles of association of the Company at the forthcoming general meeting so that every director of the Company shall be subject to retirement by rotation at least once every three years.

主席及行政總裁之不同角色

根據企業管治守則，主席及行政總裁之角色應該分開，而不應由同一名人士擔任。主席及行政總裁之職責應清楚界定，並以書面載列。

黃進強先生為本公司主席，負責管理董事會及監督本集團企業策略之制定。王武樺先生為本公司行政總裁，負責本集團之整體管理及業務營運。

董事之委任及重選

企業管治守則4.1規定非執行董事的委任應有指定任期，並須接受重新選舉。

本公司所有非執行董事並無指定任期。然而，根據本司之組織章程細則第87條，於每次股東週年大會上，除董事會主席及或董事總經理外，當時三分之一董事(除根據第86條由董事會委任之董事以填補空缺或新增並須在其委任後之第一次股東大會上退任及合資格膺選連任外)，或倘數目並非三分之一之倍數，則為最接近三分之一但不得多於三分之一的人數須退任。

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

本公司組織章程細則第87條並無規定本公司之董事會主席及／或董事總經理於每次股東週年大會上退任。為確保完全遵守企業管治守則4.2，於應屆股東大會上，將提呈一項特別決議案，以修訂本公司之組織章程細則有關條文，致使每名董事須至少每三年輪值退任一次。

CORPORATE GOVERNANCE REPORT 企業管治報告

AUDIT COMMITTEE

An audit committee was established with written terms of reference in compliance with the relevant GEM Listing Rules. There are three members in the audit committee comprising three independent non-executive directors, namely, Mr. Chu Kar Wing, Dr. Loke Yu (alias Loke Hoi Lam) and Mr. Ku Ling Yu John. The primary duties of the audit committee are to review the Company's annual report and accounts, half-yearly report and quarterly reports and to provide advices and comments thereon to the Board. The audit committee meets at least four times a year with management to review the accounting principles and practices adopted by the Group and to discuss audit findings, internal control and financial reporting matters. The audit committee met four times during the year ended 31 March, 2006, individual attendance of each committee member at these meetings is as follows:

Name of Director	董事姓名	Attend/ Eligible to attend 出席次數/ 符合資格出席之次數
Independent non-executive directors		
Mr. Chu Kar Wing	獨立非執行董事 朱嘉榮先生	4/4
Dr. Loke Yu (alias Loke Hoi Lam)	陸海林博士	4/4
Mr. Ku Ling Yu John	顧陵儒先生	3/3
Mr. Junya Kabeya	壁谷順也先生	0/1

The Group's audited consolidated results for the year ended 31 March, 2006 have been reviewed by the audit committee.

REMUNERATION COMMITTEE

A Remuneration Committee has been established with written terms of reference in accordance with the requirements of the CG Code. The Remuneration Committee comprises three independent non-executive directors, namely Mr. Chu Kar Wing, Dr. Loke Yu (alias Loke Hoi Lam) and Mr. Ku Ling Yu John, and one executive director Ms. Tong Pui Chi Lucia. Ms. Tong Pui Chi Lucia being the Chairperson of the Remuneration Committee. The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Company's policy, and structure for remuneration of all directors and senior management, and reviewing the specific remuneration packages of all executive directors and senior management by reference to corporate goals and objectives resolved by the Board from time to time.

審核委員會

本公司已根據創業版上市規則之有關規定成立一個審核委員會，並以書面列出其權責範圍。審核委員會由三名成員組成，包括三位獨立非執行董事朱嘉榮先生、陸海林博士及顧陵儒先生。審核委員會之主要職責為審閱本公司之年報及賬目、半年度報告及季度報告，並就此向董事會提供建議及意見。審核委員會一年最少與管理層舉行四次會議，以檢討本集團所採納之會計原則及慣例，並討論審核結果、內部監控及財務報告事宜。於截至二零零六年三月三十一日止年度內，審核委員會舉行了四次會議，各委員會成員出席該等會議之情況如下：

本集團截至二零零六年三月三十一日止年度之經審核綜合業績已經審核委員會審閱。

薪酬委員會

薪酬委員會已根據企業管治守則之規定成立，並以書面列出其權責範圍。薪酬委員會由三名獨立非執行董事，分別為朱嘉榮先生、陸海林博士、顧陵儒先生及一名執行董事唐佩芝小姐組成。唐佩芝小姐為薪酬委員會之主席。薪酬委員會之主要職責包括為董事會就本公司釐定酬金之政策提供意見，並為各董事及高級管理層釐定酬金，及依據董事會不時決定之公司目標及目的審閱全體執行董事及高級管理層之特定酬金組合。

CORPORATE GOVERNANCE REPORT 企業管治報告

During the year under review, the Remuneration Committee held one meeting and the attendance record is set out below:

於回顧年度內，薪酬委員會舉行了一次會議，有關之出席記錄如下：

Committee members	委員會成員	Attend/ Eligible to attend 出席次數/ 符合資格出席之次數
Executive directors	執行董事	
Ms. Tong Pui Chi Lucia	唐佩芝小姐	1/1
Independent non-executive directors	獨立非執行董事	
Mr. Chu Kar Wing	朱嘉榮先生	1/1
Dr. Loke Yu (alias Loke Hoi Lam)	陸海林博士	1/1
Mr. Ku Ling Yu John	顧陵儒先生	1/1

REMUNERATION OF THE AUDITORS

For the year ended 31 March, 2006, the Audit Committee had reviewed the performance of Messrs. HLB Hodgson Impey Cheng ("HLB") as the external auditors of the Company and proposed to re-appoint HLB as the external auditors. The auditors' remuneration for the year ended 31 March, 2006 is HK\$275,000 (2005: HK\$250,000).

核數師酬金

截至二零零六年三月三十一日止年度，審核委員會已檢討國衛會計師事務所（「國衛」）作為本公司外聘核數師之表現，並建議續聘國衛為外聘核數師。截至二零零六年三月三十一日止年度之核數師酬金為275,000港元（二零零五年：250,000港元）。

RESPONSIBILITY FOR PREPARATION OF THE ACCOUNTS

The directors acknowledge their responsibility for preparing of the financial statements of the Group. In preparing the financial statements, the Hong Kong Accounting Standards have been adopted and appropriate accounting policies have been applied consistently. The directors are not aware of any material uncertainties or events which may have a significant impact on the Company's ability to operate as a going concern. Accordingly, the directors had prepared the financial statements of the Company on a going concern basis. The responsibility of the auditors is set out in the "Auditors' Report" in this annual report.

編製賬目之責任

董事知悉彼等須負責編製本集團之財務報表。於編製財務報表時，已採納香港會計準則，並貫徹採用適當之會計政策。董事概不知悉有任何重大不確定因素或事件或會對本公司能否作為持續基準經營造成重大影響。因此，董事已按持續基準編製本公司之財務報表。核數師之責任載於本年報之「核數師報告」內。

INTERNAL CONTROL

The directors have overall responsibility for the establishment, maintenance and review of the Group's system of internal control. For the year ended 31 March, 2006, the directors periodically reviewed its internal control system to ensure its effectiveness and adequacy, which embraced financial, operational and risk management control.

內部監控

董事對建立、維持及檢討本集團之內部監控制度具有整體責任。截至二零零六年三月三十一日止年度，董事定期檢討其內部監控制度，以確保其有效及足夠，涉及範圍包括財務、經營及風險管理控制。

COMMUNICATION WITH EQUITY HOLDERS

The directors will meet with the Company's equity holders and answer enquires raised by them in the annual and special general meetings.

與權益持有人之間之溝通

董事將於股東週年大會及股東特別大會上與本公司之權益持有人會面，並回答彼等所提出之查詢。

DIRECTORS' REPORT 董事會報告

The directors present their annual report and the audited financial statements for the year ended 31 March, 2006.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The Group is principally engaged in the sales of healthcare products in Hong Kong. The activities of its principal subsidiaries are set out in note 30 to the financial statements.

RESULTS AND DIVIDEND

The results of the Group for the year ended 31 March, 2006 are set out on the consolidated income statement on page 23.

No interim dividend was declared for the year ended 31 March, 2006 (2005: Nil).

The directors do not recommend the payment of a final dividend for the year ended 31 March, 2006 (2005: Nil).

FINANCIAL SUMMARY

A financial summary of the published results, assets, liabilities and minority interests of the Group for the last five financial years and reclassified as appropriated, is set out on page 64. This summary does not form part of the audited financial statements.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 26 to the financial statements and in the consolidated statement of changes in equity, respectively.

SHARE CAPITAL AND SHARE OPTIONS

Details of the Company's share capital are set out in note 24 to the financial statements.

For the year ended 31 March, 2006, no share options were granted (2005: Nil). Details of the Company's share option scheme are set out in note 25 to the 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 16 to the financial statements.

董事會謹此呈報董事會年度報告及截至二零零六年三月三十一日止年度之經審核財務報表。

主要業務

本公司乃一間投資控股公司。本集團之主要業務為在香港銷售保健產品。其主要附屬公司之業務活動載於財務報表附註30。

業績及股息

本集團截至二零零六年三月三十一日止年度之業績載於第23頁綜合損益表內。

截至二零零六年三月三十一日止年度並無宣派中期股息(二零零五年：無)。

董事會建議不派發截至二零零六年三月三十一日止年度之末期股息(二零零五年：無)。

財務概要

本集團過去五個財政年度之已公佈業績、資產、負債及少數股東權益財務概要已在適當情況下重新分類，並載於第64頁。此概要並不構成經審核財務報表之一部份。

儲備

有關本公司及本集團於本年度內之儲備變動詳情分別載於財務報表附註26及綜合權益變動表。

股本及購股權

有關本公司股本之詳情載於財務報表附註24。

截至二零零六年三月三十一日止年度，並無授出任何購股權(二零零五年：無)。有關本公司購股權計劃之詳情載於財務報表附註25。

物業、廠房及設備

有關本集團於本年度內之物業、廠房及設備詳情載於財務報表附註16。

DIRECTORS' REPORT 董事會報告

DIRECTORS

The directors of the Company during the year and up to the date of this report were:

Executive directors:

Mr. Wong Chun Keung *Chairman*

(appointed on 20 July, 2005)

Mr. Wong Mo Wah Gordon *Chief Executive Officer*

(appointed on 29 December, 2005)

Mr. Fung Cheuk Nang Clement

(appointed on 20 July, 2005)

Ms. Tong Pui Chi Lucia

(appointed on 20 July, 2005)

Mr. Wong Cheah Foo

(resigned on 20 July, 2005)

Ms. Leung Oi Wah

(resigned on 20 July, 2005)

Mr. Kam Yiu Ming Wilfred

(resigned on 31 August, 2005)

Mr. Gao Junqing

(resigned on 20 July, 2005)

Professor Lin Daquan

(resigned on 20 July, 2005)

Independent non-executive directors

Mr. Chu Kar Wing

Dr. Loke Yu (alias Loke Hoi Lam)

Mr. Ku Ling Yu John

(appointed on 20 July, 2005)

Mr. Junya Kabeya

(resigned on 20 July, 2005)

In accordance with the provisions of the Company's articles of association, Mr. Wong Mo Wah Gordon and Mr. Ku Ling Yu John will retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

DIRECTORS' SERVICE CONTRACTS

Each of the executive directors has entered into a service agreement with the Company for an initial term of three years which will continue thereafter until terminated by either party by giving to the other not less than three months prior written notice. The independent non-executives are not appointed for specific terms.

董事

本公司於本年度及直至本報告刊發日期之董事如下：

執行董事：

黃進強先生主席

(於二零零五年七月二十日獲委任)

王武樺先生行政總裁

(於二零零五年十二月二十九日獲委任)

馮卓能先生

(於二零零五年七月二十日獲委任)

唐佩芝小姐

(於二零零五年七月二十日獲委任)

黃齊富先生

(於二零零五年七月二十日辭任)

梁愛華女士

(於二零零五年七月二十日辭任)

甘耀明先生

(於二零零五年八月三十一日辭任)

高俊清先生

(於二零零五年七月二十日辭任)

林大全教授

(於二零零五年七月二十日辭任)

獨立非執行董事

朱嘉榮先生

陸海林博士

顧陵儒先生

(於二零零五年七月二十日獲委任)

壁谷順也先生

(於二零零五年七月二十日辭任)

根據本公司組織章程細則之條文，王武樺先生及顧陵儒先生將於即將舉行之股東週年大會上退任，惟符合資格並願意膺選連任。

董事服務合約

各執行董事均與本公司訂立服務協議，初步為期三年，且會繼續生效直至其中一方向另一方發出不少於三個月之預先書面通知終止為止。獨立非執行董事並非按特定任期委任。

DIRECTORS' REPORT 董事會報告

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in the "Directors' Service Contracts" and the "Continuing Connected Transactions", no contracts of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

As at 31 March, 2006, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or as recorded in the register required to be kept by the Company under Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the minimum standards of dealings by directors as referred to in Rules 5.46 of the GEM Listing Rules were as follows:

Long positions in Shares of the Company

Director 董事	Type of interest 權益類別
Mr. Wong Chun Keung 黃進強先生	Corporate (note 1) 企業 (附註1)

Notes:

- These shares are registered in the name of Excel Point Holdings Limited, a company wholly and beneficially owned by Mr. Wong Chun Keung.

Save as disclosed above, as at 31 March, 2006, none of the directors nor the chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register kept by the Company under Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 of the GEM Listing Rules.

董事於重大合約之權益

除「董事之服務合約」及「持續關連交易」所披露者外，本公司或其任何附屬公司概無參與訂立本公司董事直接或間接擁有重大權益且於本年度完結時或本年度任何時間有效之重大合約。

董事及行政總裁於證券之權益

於二零零六年三月三十一日，本公司董事及行政總裁擁有根據證券及期貨條例（「證券及期貨條例」）第XV部之第7及第8分部須知會本公司及聯交所之本公司或其任何相聯法團（定義見證券及期貨條例第XV部）之股份、相關股份及債券之權益及淡倉（包括根據證券及期貨條例有關條文彼等被當作或視作擁有之權益或淡倉），或根據證券及期貨條例第352條須記入本公司須保存之登記冊，或根據創業板上市規則第5.46條所述董事進行買賣之最低標準須知會本公司及聯交所之權益或淡倉如下：

於本公司股份之好倉

Interest in the Company's share capital 於本公司之股本權益	Number of shares 股份數目
62.58%	354,980,000

附註：

- 此等股份以Excel Point Holdings Limited名冊登記，彼為黃進強先生全資實益擁有。

除上文所披露者外，於二零零六年三月三十一日，本公司董事及行政總裁並無擁有根據證券及期貨條例第XV部之第7及第8分部須知會本公司及聯交所之本公司或其任何相聯法團（定義見證券及期貨條例第XV部）之股份、相關股份或債券之任何權益或淡倉（包括根據證券及期貨條例有關條文彼等被當作或視作擁有之權益或淡倉），或根據證券及期貨條例第352條須記入本公司須保存之登記冊，或根據創業板上市規則第5.46條須知會本公司及聯交所之權益或淡倉。

DIRECTORS' REPORT 董事會報告

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the "Directors' and Chief Executives' Interests In Securities" above, at no time during the reporting period was the Company, or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debt securities, including debentures, of the Company or any other body corporate, and none of the directors or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right.

SUBSTANTIAL SHAREHOLDERS

As at 31 March, 2006, the interests and short positions of persons, other than a director or chief executive officer of the Company, in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote on all circumstances at general meetings of any other members of the Group, or substantial shareholders as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Number of shares held (long positions)

Name of shareholder

股東名稱

Excel Point Holdings Limited (note 1)	Excel Point Holdings Limited (附註1)
Ms. Chu Cheong Hing Jenny (note 2)	朱昌馨小姐 (附註2)
Mr. Pang Wing Keung (note 2)	彭永強先生 (附註2)

Notes:

- Excel Point Holdings Limited is wholly and beneficially owned by Mr. Wong Chun Keung, the chairman of the Group.
- These are joint interests of spouse held by Ms. Chu Cheong Hing Jenny and Mr. Pang Wing Keung.

董事收購股份或債券之權利

除於上文「董事及行政總裁於證券之權益」所披露者外，於報告期間內，本公司或其任何附屬公司概無參與訂立任何安排，致使本公司董事可藉收購本公司或任何其他法人團體之股份或債務證券（包括債券）而獲利，而各董事或彼等之配偶或十八歲以下之子女概無持有任何可認購本公司證券之權利，亦不曾行使任何該等權利。

主要股東

於二零零六年三月三十一日，擁有根據證券及期貨條例第XV部之第2及第3分部須向本公司披露所持有之本公司股份及相關股份之權益及淡倉，或直接或間接擁有可於本集團任何其他成員公司之股東大會之一切情況下附帶投票權利之任何類別股本之面值5%或以上之權益之人士（不包括本公司董事或行政總裁），或根據證券及期貨條例第336條規定本公司須保存之登記冊所記錄之主要股東如下：

所持股份數目（好倉）

Direct/indirect interest 直接／間接權益	Approximate percentage of shareholding 控股概約百分比
354,980,000	62.58%
40,160,128	7.08%
40,160,128	7.08%

附註：

- Excel Point Holdings Limited由本集團主席黃進強先生全資實益擁有。
- 此為朱昌馨小姐及彭永強先生夫婦共有權益。

DIRECTORS' REPORT 董事會報告

Save as disclosed above, as at 31 March, 2006, the directors or chief executive officer of the Company were not aware of any other person (other than the directors or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote on all circumstances at general meetings of any other members of the Group, or any other substantial shareholders whose interests or short positions were recorded in the register required to be kept by the Company under section 336 of the SFO.

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.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the five largest suppliers of the Group accounted for approximately 60% of the Group's total purchases and the largest supplier of the Group accounted for approximately 54% of the Group's total purchases. Aggregate sales attributable to the Group's five largest customers were approximately 46% of the Group's sales while the largest customer of the Group accounted for approximately 27% of the Group's sales.

None of the directors, their associates or any shareholders of the Company (which to the knowledge of the directors own more than 5% of the issued capital of the Company) had any beneficial interest in the Group's major suppliers and customers for the financial year ended 31 March, 2006.

CONTINUING CONNECTED TRANSACTIONS

There was no related or connected party transaction under the GEM Listing Rules entered into by the Group during the year ended 31 March, 2006.

COMPETING INTERESTS

As at 31 March, 2006, none of the directors, the management shareholders of the company and their respective associates (as defined in the GEM Listing Rules) had any interest in a business which causes or may cause a significant competition with the business of the Group.

除上文所披露者外，於二零零六年三月三十一日，就本公司董事或行政總裁所知，並無任何其他人士（不包括本公司董事或行政總裁）擁有根據證券及期貨條例第XV部之第2及第3分部須向本公司披露所持之本公司股份或相關股份之權益或淡倉，或直接或間接擁有可於本集團任何其他成員公司之股東大會之一切情況下附帶投票權利之任何類別股本之面值5%或以上之權益，或任何其他主要股東擁有須記入根據證券及期貨條例第336條規定本公司須保存之登記冊之權益或淡倉。

購買、贖回或出售本公司之上市證券

於本年度內，本公司或其任何附屬公司概無購買、贖回或出售本公司之任何上市證券。

主要客戶及供應商

於本年度內，本集團前五名供應商佔本集團總購貨額約60%，而本集團最大供應商佔本集團總購貨額約54%。本集團前五名客戶之綜合銷售額佔本集團銷售額約46%，而本集團最大客戶佔本集團銷售額約27%。

各董事、彼等之聯繫人士或本公司任何股東（就各董事所知，擁有本公司已發行股本5%以上者）並無於截至二零零六年三月三十一日止財政年度內於上述本集團主要供應商及客戶中擁有任何實益權益。

持續關連交易

截至二零零六年三月三十一日止年度，本集團概無訂立創業板上市規則項下之任何有關連或關連人士交易。

競爭權益

於二零零六年三月三十一日，本公司各董事、管理層股東及彼等各自之聯繫人士（見創業板上市規則之定義）概無於與本集團業務構成嚴重競爭或可能構成嚴重競爭之業務中擁有任何權益。

DIRECTORS' REPORT 董事會報告

AUDITORS

The financial statements have been audited by HLB Hodgson Impey Cheng who retire and, being eligible, offer themselves for reappointment.

On behalf of the Board
Wong Mo Wah Gordon
Chief Executive Officer

Hong Kong, 19 June, 2006

核數師

財務報表已經國衛會計師事務所審核，國衛會計師事務所須退任，惟符合資格願意膺選連任。

代表董事會
行政總裁
王武樺

香港，二零零六年六月十九日

AUDITORS' REPORT 核數師報告



Chartered Accountants
Certified Public Accountants

**TO THE SHAREHOLDERS OF
NEW CHINESE MEDICINE HOLDINGS LIMITED**

(Incorporated in the Cayman Islands with limited liability)

We have audited the financial statements on pages 23 to 63 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND
AUDITORS**

The Company's directors are responsible for the preparation of financial statements which give a true and fair view. In preparing financial statements which give a true and fair view, it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion 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.

BASIS OF OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

**致新醫藥控股有限公司
各股東**

(於開曼群島註冊成立之有限公司)

本核數師行已完成審核載於第23至第63頁按照香港公認會計原則編製之財務報表。

董事及核數師各自之責任

貴公司之董事須負責編製真實與公平之財務報表。在編製該等真實與公平之財務報表時，董事必須貫徹採用合適之會計政策。

本核數師之責任乃根據本核數師審核工作之結果，對該等財務報表作出獨立意見，並只向全體股東報告，除此以外本報告別無其他目的。本核數師不會就本報告內容而向任何其他人士承擔或負上責任。

意見之基礎

本核數師乃按照香港會計師公會頒佈之香港核數準則進行審核工作。審核範圍包括以抽查方式查核與財務報表所載之數額及披露事項有關之憑證，亦包括評估董事於編製該等財務報表時所作之重大估計及判斷，所採用之會計政策是否適用於貴集團及貴公司之具體情況及有否貫徹採用並足夠披露該等會計政策。

本核數師在策劃及進行審核工作時，均以取得所有本核數師認為必需之資料及解釋為目標，使本核數師能獲得充份憑證，就該等財務報表是否存在有重大錯誤陳述作出合理之確定。在作出意見時，本核數師亦已衡量該等財務報表所載資料在整體上是否足夠。本核數師相信，本核數師之審核工作已為下列意見提供合理之基礎。

AUDITORS' REPORT 核數師報告

OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the Group and of the Company as at 31 March, 2006 and of the loss and cash flows of the Group for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

HLB Hodgson Impey Cheng

Chartered Accountants
Certified Public Accountants

Hong Kong, 19 June, 2006

意見

本核數師認為，財務報表均真實及公平地反映貴集團及貴公司於二零零六年三月三十一日之財務狀況及貴集團於截至該日止年度之虧損及現金流量，並已按照香港公司條例之披露規定妥善編製。

國衛會計師事務所

英國特許會計師
香港執業會計師

香港，二零零六年六月十九日

CONSOLIDATED INCOME STATEMENT 綜合損益表

For the year ended 31 March, 2006 截至二零零六年三月三十一日止年度

		Notes 附註	2006 二零零六年 HK\$ 港元	2005 二零零五年 HK\$ 港元
Turnover	營業額	7	9,016,957	8,011,404
Cost of sales	銷售成本		(7,763,974)	(8,191,058)
Gross profit/(loss)	毛利/(虧損)		1,252,983	(179,654)
Other operating income	其他經營收入	8	829,535	4,799,087
Gain arising from the Deed of Settlement	還款契據產生之收益	2(c)	2,229,743	-
General and administrative expenses	一般及行政費用		(5,175,815)	(7,694,494)
Loss from operations	經營虧損	9	(863,554)	(3,075,061)
Finance costs	財務費用	10	(468,457)	(350,599)
Loss before taxation	稅前虧損		(1,332,011)	(3,425,660)
Taxation	稅項	13	-	-
Loss after taxation	稅後虧損		(1,332,011)	(3,425,660)
Attributable to:	下列人士應佔：			
Equity holders of the Company	本公司權益持有人	14	(1,332,011)	(3,420,760)
Minority interests	少數股東權益		-	(4,900)
			(1,332,011)	(3,425,660)
Loss per share	每股虧損			
Basic and diluted	基本及攤薄	15	(0.3) cent	(2.9) cents

CONSOLIDATED BALANCE SHEET 綜合資產負債表

As at 31 March, 2006 於二零零六年三月三十一日

		Notes 附註	2006 二零零六年 HK\$ 港元	2005 二零零五年 HK\$ 港元
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	16	72,880	266,615
Current assets	流動資產			
Inventories of finished goods at cost	製成品存貨，按成本		990,957	762,313
Trade and other receivables	應收賬款及其他應收款項	18	1,015,702	522,717
Bank and cash balances	銀行及現金結存	19	13,516,622	216,340
			15,523,281	1,501,370
Current liabilities	流動負債			
Other creditors and accrued charges	其他應付賬項及應計費用	20	6,552,315	6,680,873
Amount due to a director	應付一名董事款項	21	-	36,540
Tax payable	應付稅項		-	418
			6,552,315	6,717,831
Net current assets/(liabilities)	流動資產／(負債)淨額		8,970,966	(5,216,461)
Total assets less current liabilities	總資產減流動負債		9,043,846	(4,949,846)
Non-current liabilities	非流動負債			
Unsecured loan	無抵押貸款	22	-	12,151,147
Bond, unsecured	無抵押債券	23	7,054,359	-
			7,054,359	12,151,147
Net assets/(liabilities)	資產／(負債)淨額		1,989,487	(17,100,993)
Capital and reserves	股本及儲備			
Share capital	股本	24	22,690,000	4,690,000
Reserves	儲備		(20,700,513)	(21,790,993)
Equity attributable to the equity holders of the Company	本公司權益持有人應佔權益		1,989,487	(17,100,993)

The financial statements on pages 23 to 63 were approved and authorized for issue by the Board of Directors on 19 June, 2006 and signed on its behalf by:

第23頁至第63頁之財務報表經已於二零零六年六月十九日獲董事會批准及授權發行，並由下列董事代表簽署：

Wong Chun Keung

黃進強

Director

董事

Wong Mo Wah Gordon

王武樺

Director

董事

BALANCE SHEET 資產負債表

As at 31 March, 2006 於二零零六年三月三十一日

		Notes 附註	2006 二零零六年 HK\$ 港元	2005 二零零五年 HK\$ 港元
Non-current assets	非流動資產			
Investments in subsidiaries	於附屬公司之投資	17	-	5,100
Current assets	流動資產			
Amounts due from subsidiaries	應收附屬公司款項	17	2,498,971	-
Trade and other receivables	應收賬款及其他應收款項	18	126,187	140,063
Bank and cash balances	銀行及現金結存	19	11,676,123	3,438
			14,301,281	143,501
Current liabilities	流動負債			
Amount due to a subsidiary	應付一家附屬公司款項	17	-	5,100
Other creditors and accrued charges	其他應付賬項及應計費用	20	289,485	812,619
Amount due to a director	應付一名董事款項	21	-	25,500
			289,485	843,219
Net current assets/(liabilities)	流動資產/(負債)淨額		14,011,796	(699,718)
Total assets less current liabilities	總資產減流動負債		14,011,796	(694,618)
Non-current liabilities	非流動負債			
Unsecured loan	無抵押貸款	22	-	12,151,147
Bond, unsecured	無抵押債券	23	7,054,359	-
			7,054,359	12,151,147
Net assets/(liabilities)	資產/(負債)淨額		6,957,437	(12,845,765)
Capital and reserves	股本及儲備			
Share capital	股本	24	22,690,000	4,690,000
Reserves	儲備	26	(15,732,563)	(17,535,765)
Equity attributable to the equity holders of the Company	本公司權益持有人應佔權益		6,957,437	(12,845,765)

Wong Chun Keung
黃進強
Director
董事

Wong Mo Wah Gordon
王武樺
Director
董事

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 綜合權益變動表

For the year ended 31 March, 2006 截至二零零六年三月三十一日止年度

		Attributable to the equity holders of the Company 本公司權益持有人應佔								
		Share capital	Share premium	Special reserve	Exchange reserve	Bond reserve	Accumulated losses	Total reserves	Minority interests	Total equity
		股本	股份溢價	特別儲備	匯兌儲備	債券儲備	累計虧損	儲備總額	少數股東權益	權益總額
		HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
		港元	港元	港元	港元	港元	港元	港元	港元	港元
As at 1 April 2004	於二零零四年四月一日	46,900,000	19,008,723	(39,998,440)	341,319	-	(39,786,475)	(60,434,873)	-	(13,534,873)
Exchange differences on translation of foreign operations	換算海外業務之匯兌差額	-	-	-	(145,360)	-	-	(145,360)	-	(145,360)
Expenses recognized directly in equity	直接於權益中確認之費用	-	-	-	(145,360)	-	-	(145,360)	-	(145,360)
Loss for the year	本年度虧損	-	-	-	-	-	(3,420,760)	(3,420,760)	(4,900)	(3,425,660)
Total income and expenses recognized for the year	於本年度確認之收支總額	-	-	-	(145,360)	-	(3,420,760)	(3,566,120)	(4,900)	(3,571,020)
Adjustments arising from the Capital Reduction (note 24(i))	削減股本產生之調整 (附註24(i))	(42,210,000)	-	-	-	-	42,210,000	42,210,000	-	-
Capital contribution by a minority shareholder	少數股東出資	-	-	-	-	-	-	-	4,900	4,900
As at 31 March 2005	於二零零五年三月三十一日	4,690,000	19,008,723	(39,998,440)	195,959	-	(997,235)	(21,790,993)	-	(17,100,993)
Exchange differences on translation of foreign operations	換算海外業務之匯兌差額	-	-	-	125,797	-	-	125,797	-	125,797
Income recognized directly in equity	直接於權益中確認之收入	-	-	-	125,797	-	-	125,797	-	125,797
Loss for the year	本年度虧損	-	-	-	-	-	(1,332,011)	(1,332,011)	-	(1,332,011)
Total income and expenses recognized for the year	於本年度確認之收支總額	-	-	-	125,797	-	(1,332,011)	(1,206,214)	-	(1,206,214)
Issue of 450,000,000 new shares under the Share Subscription Agreement (note 2(b))	根據股份認購協議發行450,000,000股新股份 (附註2(b))	18,000,000	-	-	-	-	-	-	-	18,000,000
Share issue expenses	股份發行費用	-	(739,100)	-	-	-	-	(739,100)	-	(739,100)
Equity component of the Bond (note 23)	債券之股本權益部份 (附註23)	-	-	-	-	3,035,794	-	3,035,794	-	3,035,794
As at 31 March 2006	於二零零六年三月三十一日	22,690,000	18,269,623	(39,998,440)	321,756	3,035,794	(2,329,246)	(20,700,513)	-	1,989,487

The special reserve of the Group represents the difference between the nominal value of the shares of the acquired subsidiaries and the nominal value of the Company's shares issued for the acquisition at the time of the group reorganization prior to the listing of the Company's shares in 2002.

本集團之特別儲備乃本公司股份於二零零二年上市前進行集團重組時，所收購附屬公司股份賬面價值與本公司就收購事項而發行股份賬面值兩者之差額。

CONSOLIDATED CASH FLOW STATEMENT 綜合現金流量表

For the year ended 31 March, 2006 截至二零零六年三月三十一日止年度

		2006 二零零六年 HK\$ 港元	2005 二零零五年 HK\$ 港元
Cash flows from operating activities	經營業務之現金流量		
Loss from operations	經營虧損	(863,554)	(3,075,061)
Adjustments for:	已就下列各項作調整：		
Gain arising from the Deed of Settlement	還款契據產生之收益	(2,229,743)	-
Interest income	利息收入	(281,115)	(4)
Depreciation of property, plant and equipment	物業、廠房及設備之折舊	25,095	274,056
Impairment loss of property, plant and equipment	物業、廠房及設備之減值虧損	-	74,597
Loss on disposal of property, plant and equipment	出售物業、廠房及設備之虧損	258,078	-
Allowances for doubtful debts	呆賬撥備	-	772
Operating cash flows before changes in working capital	營運資金變動前之經營現金流量	(3,091,239)	(2,725,640)
Changes in working capital:	營運資金變動：		
Inventories of finished goods at cost	製成品存貨，按成本	(228,644)	(762,313)
Trade and other receivables	應收賬款及其他應收款項	(492,985)	1,088,972
Amount due from a director	應收一名董事款項	-	34,615
Other creditors and accrued charges	其他應付賬項及應計費用	(128,558)	(751,052)
Amount due to a director	應付一名董事款項	(36,540)	(1,979,973)
Amounts due to related companies	應付關連公司款項	-	(261,930)
Cash used in operations	經營業務所耗現金	(3,977,966)	(5,357,321)
Interest paid	已付利息	(24,779)	(350,599)
Tax refunded	獲退還稅項	-	329,160
Tax paid	已付稅項	(418)	(4,748)
Net cash used in operating activities	經營業務所耗現金淨額	(4,003,163)	(5,383,508)
Cash flows from investing activities	投資活動之現金流量		
Purchase of property, plant and equipment	購買物業、廠房及設備	(89,438)	(282,452)
Interest received	已收利息	281,115	4
Net cash generated from/(used in) investing activities	投資活動所得/(所耗)現金淨額	191,677	(282,448)
Cash flows from financing activities	融資活動之現金流量		
Increase in unsecured loan	無抵押貸款增加	1,291,763	8,351,147
Repayment of unsecured loan	償還無抵押貸款	(1,566,692)	(2,500,000)
Net proceed from issue of new shares	發行新股份之所得款項淨額	17,260,900	-
Capital contribution from a minority shareholder	少數股東出資	-	4,900
Net cash generated from financing activities	融資活動所得現金淨額	16,985,971	5,856,047
Net increase in cash and cash equivalents	現金及現金等值物之增加淨額	13,174,485	190,091
Cash and cash equivalents at beginning of the year	年初之現金及現金等值物	216,340	171,609
Effect of foreign exchange rate changes	匯率變動影響	125,797	(145,360)
Cash and cash equivalents at end of the year	年終之現金及現金等值物		
Representing bank and cash balances	代表銀行及現金結存	13,516,622	216,340

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 31 March, 2006 截至二零零六年三月三十一日止年度

1. CORPORATE INFORMATION

New Chinese Medicine Holdings Limited (the "Company") was incorporated in the Cayman Islands on 30 October, 2000 as an exempted company with limited liability under the Companies Law (Revised) of the Cayman Islands.

The shares of the Company were listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 7 March, 2002.

The Company's registered office is situate at Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681GT George Town, Grand Cayman, Cayman Islands, British West Indies and its principal place of business is situate at Room 802, Tower I, Harbour Centre, 1 Hok Cheung Street, Hungghom, Kowloon, Hong Kong.

The financial statements are presented in Hong Kong dollars, which is also the functional currency of the Company.

The Company is an investment holding company. The Group is principally engaged in the sales of healthcare products in Hong Kong. Particulars of the Company's subsidiaries are set out in note 30 to the financial statements.

The directors consider the ultimate holding company as at 31 March, 2006 to be Excel Point Holdings Limited, a company incorporated in the British Virgin Islands and which is wholly and beneficially owned by Mr. Wong Chun Keung, the chairman and executive director of the Company.

1. 集團資料

新醫藥控股有限公司(「本公司」)於二零零零年十月三十日在開曼群島根據開曼群島公司法(經修訂)註冊成立為受豁免有限公司。

本公司股份於二零零二年三月七日在香港聯合交易所有限公司(「聯交所」)創業板(「創業板」)上市。

本公司之註冊辦事處位於Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681GT George Town, Grand Cayman, Cayman Islands, British West Indies，而其主要營業地點位於香港九龍紅磡鶴翔街一號維港中心一期802室。

財務報表乃以港元(亦為本公司之功能性貨幣)呈列。

本公司為投資控股公司。本集團之主要業務為於香港出售保健產品。有關本公司附屬公司之詳情載於財務報表附註30。

董事認為，於二零零六年三月三十一日，最終控股公司為Excel Point Holdings Limited，該公司乃於英屬處女群島註冊成立，由本公司主席兼執行董事黃進強先生全資及實益擁有。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 31 March, 2006 截至二零零六年三月三十一日止年度

2. CAPITAL RAISING ACTIVITIES

During the year ended 31 March, 2006, the Company undertook the following capital raising activities:

(a) Share Consolidation

On 30 May, 2005, the Company announced that it proposed to consolidate every four shares of HK\$0.01 each in the capital of the Company into one new share of HK\$0.04 each (the "Share Consolidation"). Immediately before the Share Consolidation, the authorized share capital of the Company was HK\$200,000,000, comprising 20,000,000,000 shares of HK\$0.01 each, of which 469,000,000 shares of HK\$0.01 each were issued and fully paid. Immediately following the Share Consolidation, the authorized share capital of the Company remained at HK\$200,000,000, comprising 5,000,000,000 shares of HK\$0.04 each, of which approximately 117,250,000 shares of HK\$0.04 each were in issue.

Details of the Share Consolidation were set out in the Company's circular dated 20 June, 2005 and the resolutions in respect of the Share Consolidation were duly passed by the Company's shareholders at the extraordinary general meeting held on 6 July, 2005. The Share Consolidation became effective on 7 July, 2005.

(b) Share Subscription

On 30 May, 2005, the Company announced that it had entered into a conditional subscription agreement dated 27 May, 2005 (the "Share Subscription Agreement") with Excel Point Holdings Limited (the "Subscriber") and Mr. Wong Chun Keung (as the Subscriber's guarantor), pursuant to which the Company agreed to allot and issue, upon completion of the Share Consolidation, 450,000,000 shares of HK\$0.04 each in the capital of the Company (the "Subscription Shares") to the Subscriber or its nominees at a subscription price of HK\$0.04 per Subscription Share (the "Share Subscription").

The Subscriber also entered into a placing agreement dated 27 May, 2005 with a placing agent, pursuant to which the placing agent, as agent of the Subscriber, agreed to place, on a fully underwritten basis, 95,020,000 Subscription Shares at HK\$0.04 each to independent investors upon completion of the Share Subscription.

2. 集資活動

截至二零零六年三月三十一日止年度，本公司曾進行以下集資活動：

(a) 股份合併

於二零零五年五月三十日，本公司宣佈其建議將本公司之股本中四股每股面值0.01港元之股份合併為一股每股面值0.04港元之新股份（「股份合併」）。緊接股份合併前，本公司之法定股本為200,000,000港元，包括20,000,000,000股每股面值0.01港元之股份，其中469,000,000股每股面值0.01港元之股份為已發行及繳足。緊隨股份合併後，本公司之法定股本仍為200,000,000港元，包括5,000,000,000股每股面值0.04港元之股份，其中約117,250,000股每股面值0.04港元之股份為已發行。

有關股份合併之詳情載於本公司於二零零五年六月二十日刊發之通函內，而有關股份合併之決議案已於二零零五年七月六日舉行之股東特別大會上獲本公司股東正式通過。股份合併於二零零五年七月七日生效。

(b) 股份認購

於二零零五年五月三十日，本公司宣佈其已與Excel Point Holdings Limited（「認購人」）及黃進強先生（作為認購人之擔保人）訂立一份日期為二零零五年五月二十七日之有條件認購協議（「股份認購協議」），據此，本公司同意於股份合併完成後配發及發行本公司之股本中450,000,000股每股面值0.04港元之股份（「認購股份」）予認購人或其代名人，認購價為每股認購股份0.04港元（「股份認購」）。

認購人亦與一名配售代理訂立一份日期為二零零五年五月二十七日之配售協議，據此，配售代理（作為認購人之代理）同意於股份認購完成後按全數包銷基準按每股0.04港元配售95,020,000股認購股份予獨立投資者。

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For the year ended 31 March, 2006 截至二零零六年三月三十一日止年度

2. CAPITAL RAISING ACTIVITIES (continued)

(b) Share Subscription (continued)

Details of the Share Subscription were set out in the Company's circular dated 20 June, 2005 and the resolutions in respect of the Share Subscription were duly passed by the Company's shareholders at the extraordinary general meeting held on 6 July, 2005. The 450,000,000 Subscription Shares were issued on 11 July, 2005. The Subscription Shares issued rank pari passu in all respects with all other shares then in issue.

The net proceeds derived from the Share Subscription amounted to approximately HK\$17.3 million. As of 31 March, 2006, approximately HK\$6.7 million have been used for general working capital. The remaining HK\$10.6 million were placed with banks and intended to be used as general working capital or for making future investments should there be appropriate investment opportunity identified by the Group.

(c) Deed of Settlement and issuance of the Bond

On 25 November, 2005, the Company announced that it had entered into a deed of settlement dated 24 November, 2005 (the "Deed of Settlement") with Mr. Ng Siu Fung (the "Creditor"), pursuant to which the Creditor irrevocably agreed that the Remaining Indebtedness of HK\$12,229,742.70 shall be settled by the issuance of a redeemable convertible bond (the "Bond") by the Company to the Creditor in the aggregate principal amount of HK\$10,000,000 with a term of 5 years. A gain of HK\$2,229,743 arising therefrom has been taken to the consolidated income statement for the year.

By a loan agreement dated 17 January, 2005 entered into between the Creditor and the Company, the Creditor agreed to advance up to the extent of HK\$15,000,000 to the Company and the Company promised to repay the Creditor principal plus interest accrued at the rate of 5.25% per annum on or before 30 June, 2006. The Creditor advanced an aggregated sum of approximately HK\$13,095,017.72 to the Company as working capital since entering into of the said loan agreement, and as at the date of the Deed of Settlement, the balance of the indebtedness outstanding, inclusive of principal, interests, fees, costs or otherwise (the "Remaining Indebtedness"), amounted to HK\$12,229,742.70.

2. 集資活動 (續)

(b) 股份認購 (續)

有關股份合併之詳情載於本公司於二零零五年六月二十日刊發之通函，而有關股份合併之決議案已於二零零五年七月六日舉行之股東特別大會上獲本公司股東正式通過。450,000,000股認購股份已於二零零五年七月十一日發行。認購股份在各方面與當時已發行之所有其他股份享有同等權益。

股份認購之所得款項淨額合共約17,300,000港元。於二零零六年三月三十一日，約6,700,000港元已用作一般營運資金。其餘10,600,000港元乃存放於銀行，並擬用作一般營運資金，或於本集團物色到適當投資機會時作出未來投資。

(c) 還款契據及發行債券

於二零零五年十一月二十五日，本公司宣佈其已與吳小峯先生（「債權人」）訂立一份日期為二零零五年十一月二十四日之還款契據（「還款契據」），據此，債權人不可撤回地同意剩餘債項12,229,742.70港元將以本公司向債權人發行本金總額10,000,000港元年期五年之可贖回可換股債券（「債券」）之方式償還。因此產生之收益2,229,743港元已撥入本年度之綜合損益表。

根據債權人與本公司於二零零五年一月十七日訂立之貸款協議，債權人同意墊付最高15,000,000港元予本公司，而本公司承諾於二零零六年六月三十日或之前向債權人償還本金加按年利率5.25厘計算之利息。債權人墊付合共約13,095,017.72港元予本公司，作為自訂立上述貸款協議以來之營運資金，而於還款契據訂立日期，未償還債項餘額（包括本金、利息、費用、成本或其他費用）（「剩餘債項」）合共12,229,742.70港元。

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For the year ended 31 March, 2006 截至二零零六年三月三十一日止年度

2. CAPITAL RAISING ACTIVITIES (continued)**(c) Deed of Settlement and issuance of the Bond (continued)**

In consideration of the Creditor agreeing to settle the Remaining Indebtedness pursuant to the Deed of Settlement, the Company entered into a bond subscription agreement with the Creditor on 24 November, 2005, pursuant to which the Company agreed to issue and the Creditor agreed to subscribe for the Bond. Further details of the Bond are set out in note 23 to the financial statements.

Details of the Deed of Settlement and the bond subscription agreement relating to the issuance of the Bond were set out in the Company's circular dated 13 December, 2005 and the resolutions in respect thereof were duly passed by the Company's shareholders at the extraordinary general meeting held on 29 December, 2005. The Bond was issued to the Creditor on 27 January, 2006.

3. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS/CHANGES IN ACCOUNTING POLICIES

In the current year, the Group has applied, for the first time, a number of new Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants that are effective for accounting periods beginning on or after 1 January, 2005. The application of the new HKFRSs has resulted in a change in the presentation of the consolidated income statement, consolidated balance sheet and consolidated statement of changes in equity. In particular, the presentation of minority interests has been changed. The changes in presentation have been applied retrospectively. The adoption of the new HKFRSs has resulted in changes to the Group's accounting policies in the following areas that have an effect on how the results for the current or prior accounting years are prepared and presented:

2. 集資活動 (續)**(c) 還款契據及發行債券 (續)**

作為債權人同意根據還款契據償還剩餘債項之代價，本公司於二零零五年十一月二十四日與債權人訂立債券認購協議，據此，本公司同意發行而債權人同意認購債券。有關債券之進一步詳情載於財務報表附註23。

還款契據及有關發行債券之債券認購協議之詳情載於本公司於二零零五年十二月十三日刊發之通函，而有關之決議案已於二零零五年十二月二十九日舉行之股東特別大會上獲本公司股東正式通過。債券於二零零六年一月二十七日發行予債權人。

3. 應用香港財務報告準則／會計政策變動

於本年度，本集團首次採用香港會計師公會頒佈之多項全新香港財務報告準則（「香港財務報告準則」）、香港會計準則（「香港會計準則」）及詮釋（下文統稱為「新香港財務報告準則」），並適用於二零零五年一月一日或之後開始之會計期間。採用新香港財務報告準則導致綜合損益表、綜合資產負債表及綜合權益變動表之呈列方式有所改變，尤其是改變少數股東權益之呈列方式。該等呈列方式之改變已追溯應用。採用新香港財務報告準則導致本集團會計政策在以下幾方面有所改變，並對本會計年度或過往會計年度業績之編製及呈列方式造成影響：

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 31 March, 2006 截至二零零六年三月三十一日止年度

3. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS/CHANGES IN ACCOUNTING POLICIES (continued)

Financial instruments

In the current year, the Group has applied HKAS 32 "Financial instruments: Disclosure and Presentation" and HKAS 39 "Financial instruments: Recognition and Measurement". HKAS 32 requires retrospective application. HKAS 39, which is effective for annual periods beginning on or after 1 January, 2005, generally does not permit the recognition, derecognition or measurement of financial assets and liabilities on a retrospective basis. The principal effects resulting from the implementation of HKAS 32 and HKAS 39 are summarized below:

Classification and measurement of financial assets and financial liabilities

The Group has applied the relevant transitional provisions in HKAS 39 with respect to the classification and measurement of financial assets and financial liabilities that are within the scope of HKAS 39.

Under HKAS 39, financial assets are classified as "financial assets at fair value through profit or loss", "available-for-sale financial assets", "loans and receivables" or "held-to-maturity financial assets". "Financial assets at fair value through profit or loss" and "available-for-sale financial assets" are carried at fair value, with changes in fair values recognized in profit or loss and equity respectively. Available-for-sale equity investments that do not have quoted market prices in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are measured at cost less impairment after initial recognition. "Loans and receivables" and "held-to-maturity financial assets" are measured at amortized cost using the effective interest method after initial recognition.

3. 應用香港財務報告準則／會計政策變動 (續)

財務工具

於本年度，本集團採用香港會計準則第32號「財務工具：披露及呈列」及香港會計準則第39號「財務工具：確認及計算」。香港會計準則第32號要求進行追溯應用。香港會計準則第39號適用於二零零五年一月一日或之後開始之年度期間，一般而言並不容許財務資產及負債作追溯性之確認、終止確認或計算。採用香港會計準則第32號及香港會計準則第39號產生之主要影響概述如下：

財務資產及財務負債之分類及計算

本集團採用香港會計準則第39號之相關過渡性條文，藉此就香港會計準則第39號範疇內之財務資產及財務負債作出分類及計算。

根據香港會計準則第39號，財務資產分類為「按公平值計入損益賬之財務資產」、「可出售財務資產」、「貸款及應收款項」或「持有至到期日之財務資產」。「以公平值計入損益賬之財務資產」及「可出售財務資產」以公平值列賬，而公平值之變動則分別確認為損益及股本。於市場並無市場報價及其公平值無法可靠計算之可出售股本投資，以及與其有關之衍生工具，均須透過交付該等無報價股本投資結算，則有關股本投資於首次確認後按成本扣除減值計算。「貸款及應收款項」或「持有至到期日之財務資產」於首次確認後採用實際利息法按攤銷成本計算。

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3. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS/CHANGES IN ACCOUNTING POLICIES (continued)**Financial instruments (continued)***Financial assets and financial liabilities*

From 1 April, 2005 onwards, the Group has classified and measured its financial assets and financial liabilities other than debt and equity securities (which were previously outside the scope of SSAP 24) in accordance with the requirements of HKAS 39. As mentioned above, financial assets under HKAS 39 are classified as "financial assets at fair value through profit or loss", "available-for-sale financial assets", "loans and receivables" or "held-to-maturity financial assets". Financial liabilities are generally classified as "financial liabilities at fair value through profit or loss" or "other financial liabilities". Financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value being recognized in profit or loss directly. Other financial liabilities are carried at amortized cost using the effective interest method after initial recognition. This change has had no material effect on the results for the current and prior accounting years.

Share-based payment

In the current year, the Group has applied HKFRS 2 "Share-based Payment" which requires an expense to be recognized where the Group buys goods or obtains services in exchange for shares or rights over shares ("equity-settled transactions"), or in exchange for other assets equivalent in value to a given number of shares or rights over shares ("cash-settled transactions"). The principal impact of HKFRS 2 on the Group is in relation to the expensing of the fair value of share options granted to directors and employees of the Company, determined at the date of grant of the share options, over the vesting period. Prior to the application of HKFRS 2, the Group did not recognize the financial effect of these share options until they were exercised. The Group is required to apply HKFRS 2 retrospectively to share options that were granted after 7 November, 2002 and had not yet vested on 1 January, 2005. The adoption of HKFRS 2 has had no material effect on the results for the current and prior accounting years as all the share options granted under the Company's pre-IPO share option scheme vested before 1 January, 2005 and lapsed before 17 February, 2005. Accordingly, no prior year adjustment has been required.

3. 應用香港財務報告準則／會計政策變動 (續)**財務工具 (續)***財務資產及財務負債*

於二零零五年四月一日起，本集團根據香港會計準則第39號之規定分類及計算其債務及股本證券以外之財務資產及財務負債(先前為會計實務準則第24號所涵蓋範圍以外)。如上文所述，香港會計準則第39號項下之財務資產分類為「按公平值計入損益賬之財務資產」、「可出售財務資產」、「貸款及應收款項」或「持有至到期日之財務資產」。財務負債一般分類為「按公平值計入損益賬之財務負債」或「其他財務負債」。按公平值計入損益賬之財務負債按公平值計算，而公平值之變動則於損益賬直接列賬。其他財務負債於首次確認後採用實際利息法按攤銷成本列賬。此項變動對本會計年度及過往會計年度之業績並無重大影響。

以股份為基礎之付款

於本年度，本集團採用香港財務報告準則第2號「以股份為基礎之付款」，其中規定當本集團以股份或股份權利(「股本結算交易」)，或其他特定數目股份或股份權利等值之資產(「現金結算交易」)作為購買貨品或取得服務之代價，則須確認開支。香港財務報告準則第2號對本集團之主要影響涉及向本公司董事及僱員授出購股權時，於購股權授出日期釐定之公平值須於歸屬期內支銷。於採用香港財務報告準則第2號前，本集團在購股權獲行使前不會確認該等購股權之財務影響。本集團須就二零零二年十一月七日之後授出而並未於二零零五年一月一日歸屬之購股權追溯應用香港財務報告準則第2號。由於根據本公司之首次公開招股前認購股權計劃授出之所有購股權於二零零五年一月一日前歸屬及二零零五年二月十七日前失效，採納香港財務報告準則第2號對本會計年度及過往會計年度之業績並無重大影響。故此，毋須作出過往年度之調整。

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For the year ended 31 March, 2006 截至二零零六年三月三十一日止年度

3. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS/CHANGES IN ACCOUNTING POLICIES (continued)

The HKICPA has issued the following standards and interpretations that are not yet effective. The Group has considered the following standards and interpretations but does not expect they will have a material effect on how the results of operations and financial position of the Group are prepared and presented.

3. 應用香港財務報告準則／會計政策變動 (續)

香港會計師公會已頒佈下列尚未生效之準則及詮釋。本集團已考慮下列準則及詮釋，惟並不預期有關準則及詮釋將會對本集團之經營業績及財務狀況之編製及呈列方式造成重大影響。

	Notes 附註
HKAS 1 (Amendment) 香港會計準則第1號(經修訂)	Capital Disclosures 股本披露 1
HKAS 19 (Amendment) 香港會計準則第19號(經修訂)	Actuarial Gains and Losses, Group Plans and Disclosures 精算損益、集團計劃及披露 2
HKAS 21 (Amendment) 香港會計準則第21號(經修訂)	Net Investment in a Foreign Operation 海外業務之投資淨額 2
HKAS 39 (Amendment) 香港會計準則第39號(經修訂)	Cash Flow Hedge Accounting of Forecast Intragroup Transactions 預測集團內交易之現金流量對沖會計法 2
HKAS 39 (Amendment) 香港會計準則第39號(經修訂)	The Fair Value Option 公平值期權 2
HKAS 39 and HKFRS 4 (Amendments) 香港會計準則第39號及香港 財務報告準則第4號(經修訂)	Financial Guarantee Contracts 財務擔保合約 2
HKFRS 6 香港財務報告準則第6號	Exploration for and Evaluation of Mineral Resources 礦產資源之勘探及評估 2
HKFRS 7 香港財務報告準則第7號	Financial Instruments: Disclosures 財務工具：披露 1
HKFRS – Int 4 香港財務報告準則 – 詮釋第4號	Determining whether an Arrangement Contains a Lease 釐定安排是否包括租賃 2
HKFRS – Int 5	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds 終止運作、復原及環境修復基金所產生權益之權利 2
香港財務報告準則 – 詮釋第5號 HK (IFRIC) – Int 6	Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment 參與特定市場 – 廢棄電力及電子設備所產生之負債 3
香港(國際財務報告詮釋委員會) – 詮釋第6號 HK (IFRIC) – Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies 根據香港會計準則第29號惡性通脹經濟體系財務報告之 重列方式 4

Notes:

- Effective for annual periods beginning on or after 1 January, 2007.
- Effective for annual periods beginning on or after 1 January, 2006.
- Effective for annual periods beginning on or after 1 December, 2005.
- Effective for annual periods beginning on or after 1 March, 2006.

附註：

- 於二零零七年一月一日或之後開始之年度期間生效。
- 於二零零六年一月一日或之後開始之年度期間生效。
- 於二零零五年十二月一日或之後開始之年度期間生效。
- 於二零零六年三月一日或之後開始之年度期間生效。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 31 March, 2006 截至二零零六年三月三十一日止年度

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis.

The consolidated financial statements have been prepared in accordance with HKFRSs. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") and by the Hong Kong Companies Ordinance.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All significant intra-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

4. 主要會計政策

綜合財務報表乃按照歷史成本基準編製。

綜合財務報表按香港財務報告準則編製。此外，綜合財務報表包括香港聯合交易所有限公司創業板證券上市規則（「創業板上市規則」）及香港公司條例所規定之適用披露資料。

綜合賬目基準

綜合財務報表包括本公司及其附屬公司之財務報表。

於本年度所收購或出售之附屬公司之業績，由實際收購日起或截至實際出售日止（視適用情況而定）計入綜合損益表。

如有需要，將會就附屬公司財務報表作出調整，致使其會計政策與本集團其他成員公司所使用者貫徹一致。

所有集團內公司間之交易、結餘、收入及開支於綜合賬目時對銷。

綜合附屬公司之資產淨值時之少數股東權益與本集團之股本權益分開呈列。資產淨值內之少數股東權益包括於原業務合併日期之該等權益金額及自合併日期以來少數股東應佔之權益變動。少數股東應佔虧損超出少數股東於附屬公司應佔股本權益之差額，將對應本集團權益作出分配，惟少數股東有具約束力責任且有能力作出額外投資以填補虧損則除外。

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)**Goodwill**

Goodwill arising on an acquisition of a subsidiary represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the relevant subsidiary at the date of acquisition. Such goodwill is carried at cost less any accumulated impairment losses. Capitalized goodwill arising on an acquisition of a subsidiary is presented separately in the balance sheet.

For the purposes of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in the income statement. An impairment loss for goodwill is not reversed in subsequent periods.

On subsequent disposal of a subsidiary, the attributable amount of goodwill capitalized is included in the determination of the amount of profit or loss on disposal.

Investments in subsidiaries

A subsidiary is a company that is controlled by the Company, where the Company has the power to govern the financial and operating policies of such company so as to obtain benefits from its activities.

4. 主要會計政策(續)**商譽**

收購附屬公司所產生之商譽指收購成本超出收購日本集團應佔有關附屬公司之可識別資產、負債及或然負債之公平值權益之差額。該項商譽按成本減任何累計減值虧損列賬。因收購附屬公司所產生而撥充資本之商譽，於資產負債表獨立呈列。

就減值測試而言，因收購所產生之商譽會分配至預期自收購所產生協同效益之有關現金產生單位或多個現金產生單位。已獲分配商譽之現金產生單位將於每年及每當有跡象顯示該單位可能出現減值時測試減值。就因收購產生商譽之財政年度而言，已獲分配商譽之現金產生單位將於該財政年度結束前測試減值。倘現金產生單位之可收回金額低於該單位之賬面值，則減值虧損會首先用作減低分配至該單位之任何商譽之賬面值，其後則按該單位內各項資產賬面值之比例分配至該單位之其他資產。商譽之任何減值虧損於損益表直接確認。商譽減值虧損不會於往後期間撥回。

倘往後出售附屬公司，於釐定出售所得損益金額時將會包括已撥充資本之商譽應佔金額。

於附屬公司之投資

附屬公司為本公司控制之公司，而本公司有權力規管該公司之財務及營運政策，並從其業務中獲取利益。

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)**Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives and after taking into account their estimated residual value, using the straight-line method, at the following rates per annum:

Leasehold improvements	Over the shorter of the term of the lease, or 5 years
Computer equipment and systems	30%
Furniture, fixtures and equipment	20%
Motor vehicles	30%

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the year in which the item is derecognized.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is calculated using the first-in, first-out method. Cost includes cost of purchases and where applicable, cost of conversion and other costs that have been incurred in bringing the inventories to their present location and condition. Net realizable value is determined on the basis of anticipated sales proceeds less estimated costs to completion and selling expenses.

Financial instruments

Financial assets and financial liabilities are recognized on the balance sheet when a group entity becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

4. 主要會計政策 (續)**物業、廠房及設備**

物業、廠房及設備按成本減累計折舊及累計減值虧損列賬。

物業、廠房及設備項目在其估計可用年期及經計入其估計剩餘價值，以直線法按下列年率予以折舊以撇銷其成本：

租賃裝修	按租約年期或5年 兩者之較短者為準
電腦設備及系統	30%
傢俬、裝置及設備	20%
汽車	30%

物業、廠房及設備項目於出售時或預期不會自持續使用資產而產生日後經濟利益時取消確認。取消確認資產所產生之任何收益或虧損(按出售所得款項淨額與項目賬面值之間差額計算)於項目取消確認之年度計入損益表。

存貨

存貨以成本及可變現淨值兩者之較低者列賬。成本乃採用先進先出法計算。成本包括購買成本及(倘適用)轉換成本及將存貨運往其目前地點及達致其目前狀況而產生之其他成本。可變現淨值乃按照預計銷售所得款項扣除估計完成成本及出售開支後計算。

財務工具

當集團實體成為工具合約條文之訂約方，即於資產負債表確認財務資產及財務負債。財務資產及財務負債初次按公平值計量。收購或發行財務資產及財務負債(按公平值計入損益賬之財務資產及財務負債除外)直接應佔之交易成本，於初次確認時於財務資產或財務負債(按適用情況而定)之公平值計入或扣除。收購按公平值計入損益賬之財務資產或財務負債直接應佔之交易成本，即時於損益賬確認。

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including trade and other receivables) are carried at amortized cost using the effective interest method, less any identified impairment losses. An impairment loss is recognized in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the assets' carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognized, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

The accounting policies adopted in respect of financial liabilities and equity instruments are set out below:

Financial liabilities

Financial liabilities including other creditors and accrued charges, unsecured loan and redeemable convertible bond are subsequently measured at amortized cost, using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

4. 主要會計政策 (續)

財務資產

貸款及應收款項

貸款及應收款項為附帶固定或待定付款之非衍生財務資產，且並無在活躍市場報價。於初次確認後之各結算日，貸款及應收款項(包括應收賬款及其他應收款項)乃採用實際利率法按已攤銷成本扣除任何已識別減值虧損列賬。倘有客觀證據顯示資產出現減值，則於損益賬確認減值虧損，並按資產賬面值與按原實際利率折算之估計未來現金流量現值之間差額計量。當資產之可收回金額增加可客觀地與確認減值後發生之事件聯繫，則減值虧損於其後期間撥回，惟於撥回減值日期之資產賬面值不得超逾假設並無確認減值之原有攤銷成本。

財務負債及股本權益

由集團實體發行之財務負債及股本工具，乃按所訂立合約安排性質以及財務負債及股本工具之定義分類。

股本工具乃集團資產於扣除其所有負債後仍存有剩餘權益之任何合約。

就財務負債及股本工具而採納之會計政策載列如下：

財務負債

財務負債包括應付賬款及應計費用、無抵押貸款及可贖回可換股債券，均採用實際利率法按已攤銷成本計量。

股本工具

由本公司發行之股本工具按已收所得款項扣除直接發行成本入賬。

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)**Impairment losses (other than goodwill)**

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized as an expense immediately unless the relevant asset is carried at a revalued amount under another standard, in which case the impairment loss is treated as a revaluation decrease under that standard.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized as income immediately unless the relevant asset is carried at a revalued amount under another standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that other standard.

Equity settled share-based payment transactions*Share options granted to directors and employees of the Company*

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period with a corresponding increase in equity (share options reserve).

At the time when the share options are exercised, the amount previously recognized in share options reserve will be transferred to share premium. When the share options are forfeited or are still not exercised at the expiry date, the amount previously recognized in share options reserve will be transferred to accumulated profits (losses).

Provisions

Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

4. 主要會計政策 (續)**減值虧損 (商譽除外)**

本集團於每個結算日檢討其有形及無形資產之賬面值，以釐定該等資產有否出現減值虧損跡象。倘資產之可收回金額估計低於其賬面值，則資產之賬面值將撇減至其可收回金額。減值虧損即時確認為開支，除非有關資產根據另一準則按經重估金額列賬，則於該情況下，減值虧損則視為根據該準則計算之重估減值。

倘減值虧損隨後撥回，資產賬面值將增加至其可收回金額之經修訂估計數字，惟因此而增加之賬面值不可超過假設於過往年度並無就該資產確認減值虧損而原應釐定之賬面值。所撥回之減值虧損即時確認為收入，除非有關資產根據另一準則按經重估金額列賬，則於該情況下，所撥回之減值虧損則視為根據該準則計算之重估增值。

以股本結算並以股份支付之交易*授予本公司董事及僱員之購股權*

所接受服務之公平值乃參考購股權於授出日期之公平值釐定，並於歸屬期間以直線法列作開支，並於股本權益(即購股權儲備)作出相應增加。

於購股權獲行使時，先前於購股權儲備內確認之金額將轉撥至股份溢價。當購股權被沒收或於屆滿日期仍未行使，則先前於購股權儲備內確認之金額將轉撥至累計溢利(虧損)。

撥備

當本集團因過往事件承擔現有責任，且本集團將有可能須償付該項債務時，則會確認撥備。撥備按董事所作最佳估計於結算日用作償還債務之支出計算，並於出現重大影響時貼現至現值。

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)**Leasing**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognized as a reduction of rental expense over the lease term on a straight-line basis.

Revenue recognition

Sales of goods are recognized when goods are delivered and title has passed.

Interest income from bank deposits is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes income statement items that are never taxable or deductible.

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

4. 主要會計政策(續)**租賃**

凡租賃條款實質上將資產擁有權附帶之一切風險及回報撥歸予承租人之租賃，均列為融資租賃。所有其他租賃歸類為經營租賃。

根據經營租賃之應付租金按有關租賃年期以直線法在損益賬內扣除。作為訂立經營租約之獎勵而已收及應收之利益按有關租約年期以直線法確認為租金開支減少。

收入確認

銷售貨品於貨品付運及擁有權轉移時確認。

來自銀行存款之利息收入乃參考未償還本金及適用之實際利率按時間基準計算。

稅項

稅項包括當期應付所得稅及遞延稅項。

即期應付稅項按本年度內之應課稅溢利計算。由於應課稅溢利不包括於其他年度之應課稅或可扣減之收入或開支項目，亦進一步剔除毋須課稅或不可扣減之損益表項目，因此應課稅溢利與損益表所列純利不同。

遞延稅項就綜合財務報表內資產及負債之賬面值與計算應課稅溢利所採用相應稅基兩者間之差額確認，以資產負債表負債法入賬。遞延稅項負債一般就所有應課稅暫時差額確認，而遞延稅項資產以應課稅溢利可能用作抵銷可扣減暫時差額為限確認。倘來自商譽或初次確認不影響應課稅溢利或會計溢利之交易(業務合併除外)內之其他資產及負債產生暫時差額，則有關資產及負債不予確認。

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)**Taxation (continued)**

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in its functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognized in profit or loss in the period in which they arise, except for exchange differences arising on a monetary item that forms part of the Group's net investment in a foreign operation in which case, such exchange differences are recognized in equity in the consolidated financial statements. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in equity, in which cases, the exchange differences are also recognized directly in equity.

4. 主要會計政策 (續)**稅項 (續)**

於附屬公司投資所產生之應課稅暫時差額，乃確認為遞延稅項負債，惟本集團有能力控制暫時差額之撥回，且暫時差額可能不會於可見將來撥回之情況除外。

遞延稅項資產之賬面值於每個結算日檢討，並撇減至不再可能有足夠應課稅溢利可供收回全部或部分資產時為限。

遞延稅項按預期適用於清償負債或變賣資產期間之稅率計算。遞延稅項於損益表扣除或計入，惟倘遞延稅項涉及於股本權益直接扣除或計入之項目，則遞延稅項亦於股本權益內處理。

外幣

於編製各個別集團實體之財務報表時，以該實體之功能貨幣以外之貨幣(外幣)進行之交易，乃按交易日期之適用匯率折算為其功能貨幣(即該實體經營業務所在主要經濟環境之貨幣)入賬。於各結算日，以外幣列值之貨幣項目乃按該結算日之適用匯率重新換算。按公平值列賬並以外幣列值之非貨幣項目，乃按釐定其公平值當日之適用匯率重新換算。按歷史成本計量並以外幣列值之非貨幣項目不予重新換算。

因結算貨幣項目及換算貨幣項目所產生之匯兌差額，於該等差額產生期間之損益賬內確認，惟因構成本集團於海外業務投資淨額一部分之貨幣項目所產生之匯兌差額則除外，於此情況下，該等匯兌差額於綜合財務報表內之股本權益確認。因重新換算按公平值入賬之非貨幣項目所產生之匯兌差額計入期內損益賬，惟因重新換算損益而直接於股本權益確認之非貨幣項目所產生之差額除外，於此情況下，匯兌差額亦於股本權益內直接確認。

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For the year ended 31 March, 2006 截至二零零六年三月三十一日止年度

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies (continued)

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Company (i.e. Hong Kong dollars) at the rate of exchange prevailing at the balance sheet date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognized as a separate component of equity (the translation reserve). Such exchange differences are recognized in profit or loss in the period in which the foreign operation is disposed of.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 April, 2005 are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the balance sheet date. Exchange differences arising are recognized in the translation reserve.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, 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.

Estimated impairment of property, plant and equipment

The Group evaluates whether items of property, plant and equipment have suffered any impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable, in accordance with the stated accounting policy. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

4. 主要會計政策 (續)

外幣 (續)

就綜合財務報表之呈列方式而言，本集團海外業務之資產與負債按於結算日適用之匯率換算為本公司之呈列貨幣(即港元)，而其收入及開支則按該年度之平均匯率換算，惟匯率於該期間大幅波動則除外，於此情況下，則採用各交易日期適用之匯率換算。所產生之匯兌差額(如有)確認為股本權益之獨立部分(換算儲備)。該等匯兌差額於出售海外業務期間之損益賬內確認。

於二零零五年四月一日或之後收購海外業務所產生之商譽及所收購可識別資產之公平值變動，均當作該海外業務之資產與負債處理，並按於結算日適用之匯率換算。所產生之匯兌差額於換算儲備內確認。

5. 關鍵之會計判斷及不確定預測之主要來源

關於將來之主要假設及於結算日之不確定預測之其他主要來源，從而導致下一個財政年度之資產及負債賬面值出現大幅調整之重大風險，討論如下。

物業、廠房及設備之減值估計

本集團根據所述會計政策評估物業、廠房及設備於任何事件或情況出現變化而顯示可能無法收回其賬面值時之減值。可收回金額之現金產生單位已按照使用價值計算而釐定。此等計算需要運用估算方法。

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For the year ended 31 March, 2006 截至二零零六年三月三十一日止年度

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)**Estimated useful lives of property, plant and equipment**

Management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

Impairment loss of trade and other receivables

The Group's policy for doubtful receivables is based on the on-going evaluation of the collectability and aging analysis of the trade and other receivables and on management's judgments. Considerable judgment is required in assessing the ultimate realization of these receivables, including the current creditworthiness and the past collection history of each debtor, and the present values of the estimated future cash flows discounted at the effective interest rates. If the financial conditions of the Group's debtors were to deteriorate, resulting in an impairment of their ability to make payments, additional impairment loss of trade and other receivables may be required.

Litigations

Management exercises their judgment in determining the possible outcome of the Group's litigations taking into account the advice from the Group's legal counsels. Details of the litigations are set out in note 29 to the financial statements.

5. 關鍵之會計判斷及不確定預測之主要來源 (續)**物業、廠房及設備之估計可用年期**

管理層釐定物業、廠房及設備之估計可用年期及相關之折舊支出。此項估計乃根據類別與功能類同之物業、廠房及設備之實際可用年期之過往經驗而釐定。科技革新及競爭對手因應行業週期嚴峻情況而作出回應可令其出現顯著改變。管理層會將於可用年期少於先前估計時增加折舊支出，或將技術上過時或已廢棄或變賣之非策略性資產撇銷或撇減。

應收賬款及其他應收款項之減值虧損

本集團之應收款項呆賬政策乃按持續評估貿易應收款項之收回可能性及賬齡分析及按照管理層之判斷而制訂。評估該等應收款項之最終變現可能性時需要作出大量判斷，包括每名客戶目前之信用情況及過往收回款項記錄，以及按實際利率貼現之估計未來現金流量現值。倘本集團應收賬項客戶之財務狀況惡化，導致其付款能力受損，則本集團可能需要確認額外之應收貿易款項及其他應收款項之減值虧損。

訴訟

管理層運用其判斷能力以確定本集團之訴訟可能出現之結果，並考慮本集團法律顧問提供之意見。有關訴訟之詳情列載於財務報表附註29。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 31 March, 2006 截至二零零六年三月三十一日止年度

6. FINANCIAL RISK MANAGEMENT

The Group's major financial instruments include trade and other receivables, bank and cash balances, other creditors and accrued charges, unsecured loan and redeemable convertible bond. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Currency risk

Certain bank and cash balances of the Group are denominated in foreign currencies. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations as at 31 March, 2006 in relation to each class of recognized financial assets is the carrying amount of those assets as stated in the consolidated balance sheet. In order to minimize the credit risk, the management of the Group has delegated a team responsible for monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews regularly the recoverable amount of each individual receivable to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the management considers that the Group's credit risk is significantly reduced.

Interest rate risk

The Group is exposed to fair value interest rate risk through issuance of the redeemable convertible bond as disclosed in the financial statements. In addition, the Group is exposed to interest rate risk through its holding of bank and cash balances. The Group currently does not have an interest rate hedging policy. However, management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

6. 財務風險管理

本集團之主要財務工具包括應收賬款及其他應收款項、銀行及現金結存、其他應付賬項及應計費用、無抵押貸款及可贖回可換股債券。此等財務工具之詳情於有關附註內披露。與此等財務工具有關之風險及如何減低相關風險之政策載於下文。管理層管理及監控該等風險，以確保及時採取有效措施。

外匯風險

本集團若干銀行及現金結存以外幣列值。本集團目前並無外匯對沖政策。然而，管理層監控外匯風險，並於有需要時考慮對沖重大外匯風險。

信貸風險

於二零零六年三月三十一日，本集團就訂約方未能履行其責任而按各類別已確認財務資產面對之最高信貸風險，為於綜合資產負債表所列該等資產之賬面值。為盡量減低信貸風險，本集團管理層已委任一組人員專責監控程序，以確保跟進有關收回逾期債務之事宜。此外，本集團會定期檢討個別應收款項之可收回金額，以確保就不可收回金額確認足夠之減值虧損。就此而言，管理層認為，本集團之信貸風險已大幅減少。

利率風險

如財務報表所披露，本集團透過發行可贖回可換股債券而承受公平值利率風險。此外，本集團因其持有銀行及現金結存而面對利率風險。本集團目前並無制訂利率對沖政策。然而，管理層監察利率風險及將於有需要時考慮對沖重大之利率風險。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 31 March, 2006 截至二零零六年三月三十一日止年度

7. TURNOVER AND SEGMENT INFORMATION**Turnover**

Turnover represents amounts received and receivable from outside customers from sales of products during the year.

Business segments

The Group comprises only one business segment which is the sales of healthcare and digital electronic products in Hong Kong.

Geographical segments

No analysis of the Group's turnover, carrying amounts of segment assets and capital expenditure by geographical location is presented as less than 10% are generated from or located outside Hong Kong.

8. OTHER OPERATING INCOME**7. 營業額及分類資料****營業額**

營業額指於本年度出售貨品而從外界客戶已收及應收之金額。

業務分類

本集團僅由一項業務分類組成，即在香港出售保健及數碼電子產品。

地區分類

由於本集團少於10%之營業額、分類資產賬面值及資本支出在香港以外地區產生或位於香港以外地區，因此，並無按地區作出分析。

8. 其他經營收入

		2006 二零零六年 HK\$ 港元	2005 二零零五年 HK\$ 港元
Interest income on bank deposits	銀行存款利息收入	281,115	4
Foreign exchange gain, net	外匯收益淨額	1,730	72,121
Service income	服務收入	-	268,397
Sub-lease rental income	分租租金收入	204,375	1,047,881
Recovery of bad debts previously written off	收回先前撇銷之壞賬	-	2,500,000
Other income	其他收入	342,315	910,684
		829,535	4,799,087

The aggregate future minimum lease payments receivable under non-cancelable operating leases as at 31 March, 2006 amounted to nil (2005: HK\$108,871) which fall due within one year.

於二零零六年三月三十一日，根據不可撤銷經營租約於一年內到期應收之未來最低租金款項總額為零(二零零五年：108,871港元)。

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For the year ended 31 March, 2006 截至二零零六年三月三十一日止年度

9. LOSS FROM OPERATIONS**9. 經營虧損**

		2006 二零零六年 HK\$ 港元	2005 二零零五年 HK\$ 港元
Loss from operations has been arrived at after charging:	經營虧損已扣除下列各項：		
Staff costs:	員工成本：		
Directors' emoluments (note 11)	董事酬金 (附註11)	663,124	568,800
Other staff costs	其他員工成本		
– Salaries and other allowances	– 薪酬及其他津貼	1,120,300	486,044
– Retirement benefits schemes contributions	– 退休福利計劃供款	18,096	27,502
		1,801,520	1,082,346
Auditors' remuneration	核數師酬金	275,000	250,000
Depreciation of property, plant and equipment	物業、廠房及設備之折舊	25,095	274,056
Impairment loss on property, plant and equipment	物業、廠房及設備之減值虧損	–	74,597
Loss on disposal of property, plant and equipment	出售物業、廠房及設備之虧損	258,078	–
Inventories written off	存貨撇銷	381,156	–
Allowances for doubtful debts	呆賬撥備	–	772
Operating lease rentals in respect of rented premises	租賃物業之經營租約租金	445,800	1,176,000
Cost of inventories expensed	列作開支之存貨成本	7,763,974	8,191,058

10. FINANCE COSTS**10. 財務費用**

		2006 二零零六年 HK\$ 港元	2005 二零零五年 HK\$ 港元
Imputed interest expense on the Bond (note 23)	債券之推算利息開支 (附註23)	90,153	–
Interest on unsecured loan wholly repayable within five years	須於五年內悉數償還之無抵押貸款利息	353,525	347,892
Other interest paid	其他已付利息	24,779	2,707
		468,457	350,599

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 31 March, 2006 截至二零零六年三月三十一日止年度

11. DIRECTORS' EMOLUMENTS

The emoluments paid or payable to each of the Company's directors are as follows:

11. 董事酬金

已付或應付本公司各董事之酬金如下：

For the year ended 31 March, 2006	Fees	Salaries and allowances	Discretionary bonuses	Retirement benefits contributions	Total
截至二零零六年三月三十一日止年度	袍金	薪金及津貼	酌情花紅	退休福利計劃供款	總額
	HK\$ 港元	HK\$ 港元	HK\$ 港元	HK\$ 港元	HK\$ 港元
Executive directors 執行董事					
Mr. Wong Chun Keung (Appointed on 20 July, 2005)	-	-	-	-	-
Mr. Fung Cheuk Nang Clement (Appointed on 20 July, 2005)	-	-	-	-	-
Ms. Tong Pui Chi Lucia (Appointed on 20 July, 2005)	-	-	-	-	-
Mr. Wong Mo Wah Gordon (Appointed on 29 December, 2005)	-	241,027	-	7,000	248,027
Mr. Wong Cheah Foo (Resigned on 20 July, 2005)	-	-	-	-	-
Ms. Leung Oi Wah (Resigned on 20 July, 2005)	-	-	-	-	-
Mr. Kam Yiu Ming Wilfred (Resigned on 31 August, 2005)	-	152,000	-	4,000	156,000
Mr. Gao Junqing (Resigned on 20 July, 2005)	-	-	-	-	-
Professor Lin Daquan (Resigned on 20 July, 2005)	-	-	-	-	-
Independent non-executive directors 獨立非執行董事					
Mr. Chu Kar Wing	96,000	-	-	-	96,000
Dr. Loke Hoi Lam	96,000	-	-	-	96,000
Mr. Ku Ling Yu John (Appointed on 20 July, 2005)	67,097	-	-	-	67,097
Mr. Junya Kabeya (Resigned on 20 July, 2005)	-	-	-	-	-
Total	259,097	393,027	-	11,000	663,124

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For the year ended 31 March, 2006 截至二零零六年三月三十一日止年度

11. DIRECTORS' EMOLUMENTS (continued)

11. 董事酬金 (續)

For the year ended 31 March, 2005	Fees	Salaries and allowances	Discretionary bonuses	Retirement benefits schemes contributions	Total
截至二零零五年三月三十一日止年度	袍金	薪金及津貼	酌情花紅	退休福利計劃供款	總額
	HK\$ 港元	HK\$ 港元	HK\$ 港元	HK\$ 港元	HK\$ 港元
Executive directors	執行董事				
Mr. Wong Cheah Foo	黃齊富先生	-	-	-	-
Ms. Leung Oi Wah	梁愛華女士	-	-	-	-
Mr. Kam Yiu Ming Wilfred	甘耀明先生	-	456,000	12,000	468,000
Mr. Gao Junqing	高俊清先生	-	-	-	-
Professor Lin Daquan	林大全教授	-	-	-	-
Independent non-executive directors	獨立非執行董事				
Mr. Chu Kar Wing (Appointed on 6 October, 2004)	朱嘉榮先生(於二零零四年十月六日獲委任)	50,400	-	-	50,400
Dr. Loke Hoi Lam (Appointed on 6 October, 2004)	陸海林博士(於二零零四年十月六日獲委任)	50,400	-	-	50,400
Mr. Junya Kabeya	壁谷順也先生	-	-	-	-
Mr. Tsoi Chi Yin (Resigned on 14 October, 2004)	蔡志賢先生(於二零零四年十月十四日辭任)	-	-	-	-
Total	總額	100,800	456,000	12,000	568,800

During the year ended 31 March, 2006, Mr. Wong Chun Keung waived emoluments of HK\$402,581; Mr. Fung Cheuk Nang Clement and Ms. Tong Pui Chi Lucia waived emoluments of HK\$318,710 each respectively. No directors waived any emoluments during the year ended 31 March, 2005.

The directors consider that they are the only key management personnel of the Group and details of their compensation have been set out above.

截至二零零六年三月三十一日止年度，黃進強先生豁免酬金402,581港元；馮卓能先生及唐佩芝小姐分別豁免酬金318,710港元。截至二零零五年三月三十一日止年度，並無董事豁免任何酬金。

董事認為，彼等為本集團之唯一主要管理層人員，有關彼等賠償之詳情載於上文。

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For the year ended 31 March, 2006 截至二零零六年三月三十一日止年度

12. EMPLOYEES' EMOLUMENTS

The five highest paid individuals of the Group for the year ended 31 March, 2006 included two (2005: three) directors of the Company, whose emoluments have been disclosed above. The emoluments of the remaining three (2005: two) highest paid, non-director employees of the Group are as follows:

		2006 二零零六年 HK\$ 港元	2005 二零零五年 HK\$ 港元
Salaries and allowances	薪金及津貼	465,977	195,493
Discretionary bonuses	酌情花紅	-	-
Retirement benefits schemes contributions	退休福利計劃供款	18,096	9,790
		484,073	205,283

The emoluments of each of the remaining three (2005: two) highest paid, non-director employees were less than HK\$1,000,000.

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

12. 僱員酬金

截至二零零六年三月三十一日止年度，本集團之五名最高薪人士包括兩名(二零零五年：三名)本公司董事，其酬金已於上文披露。本集團之其餘三名(二零零五年：兩名)最高薪非董事僱員之酬金如下：

		2006 二零零六年 HK\$ 港元	2005 二零零五年 HK\$ 港元
Salaries and allowances	薪金及津貼	465,977	195,493
Discretionary bonuses	酌情花紅	-	-
Retirement benefits schemes contributions	退休福利計劃供款	18,096	9,790
		484,073	205,283

其餘三名(二零零五年：兩名)最高薪非董事僱員之酬金分別少於1,000,000港元。

本集團並無向五名最高薪人士(包括董事)支付任何酬金，作為彼等加盟本集團或於加盟時之誘金或作為離職賠償。

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13. TAXATION

No provision for Hong Kong profits tax has been made in the financial statements as the Company and its subsidiaries had no assessable profits arising in Hong Kong for the year (2005: Nil).

The taxation credit for the year can be reconciled to the loss before taxation per the income statement as follows:

		2006 二零零六年 HK\$ 港元	2005 二零零五年 HK\$ 港元
Loss before taxation	稅前虧損	(1,332,011)	(3,425,660)
Tax at Hong Kong profits tax rate of 17.5% (2005: 17.5%)	按稅率17.5% (二零零五年：17.5%) 計算之香港利得稅	(233,102)	(599,491)
Tax effects of unrecognized tax losses	未確認稅項虧損之稅務影響	233,102	599,491
Tax credit for the year	本年度稅項抵免	-	-

No provision for deferred tax has been made in the financial statements as the amounts involved were insignificant.

14. LOSS ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY

The consolidated loss attributable to the equity holders of the Company includes a loss of HK\$493,492 (2005: loss of HK\$6,403,651) which has been dealt with in the financial statements of the Company.

15. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the equity holders of the Company is based on the consolidated loss attributable to the equity holders of the Company of HK\$1,332,011 (2005: loss of HK\$3,420,760) and the weighted average number of 442,729,453 (2005: 117,250,000) ordinary shares in issue during the year as retrospectively adjusted for the effects of the Share Consolidation which became effective on 7 July, 2005.

The computation of diluted loss per share did not assume the exercise of the Company's potential ordinary shares granted under the Company's pre-IPO share option scheme nor the exercise of the conversion rights attaching to the Bond as their exercise would result in a reduction in loss per share.

13. 稅項

由於本集團及其附屬公司於本年度內在香港並無產生應課稅溢利，故並無於財務報表內就香港利得稅作出撥備 (二零零五年：無)。

本年度之稅項抵免與損益表之稅前虧損對賬如下：

		2006 二零零六年 HK\$ 港元	2005 二零零五年 HK\$ 港元
Loss before taxation	稅前虧損	(1,332,011)	(3,425,660)
Tax at Hong Kong profits tax rate of 17.5% (2005: 17.5%)	按稅率17.5% (二零零五年：17.5%) 計算之香港利得稅	(233,102)	(599,491)
Tax effects of unrecognized tax losses	未確認稅項虧損之稅務影響	233,102	599,491
Tax credit for the year	本年度稅項抵免	-	-

由於遞延稅項只涉及少量金額，故並無於財務報表內就遞延稅項作出撥備。

14. 本公司權益持有人應佔虧損

本公司權益持有人應佔綜合虧損包括虧損493,492港元 (二零零五年：虧損6,403,651港元)，已於本公司之財務報表中處理。

15. 每股虧損

本公司權益持有人應佔之每股基本及攤薄虧損乃根據年內之本公司權益持有人應佔綜合虧損1,332,011港元 (二零零五年：虧損3,420,760港元) 及已發行普通股之加權平均數442,729,453股 (二零零五年：117,250,000股) 普通股計算，並就二零零五年七月七日生效之股份合併之影響作出追溯調整。

於計算每股攤薄虧損時並無假設行使根據本公司之首次公開招股前認購股權計劃授出之本公司潛在普通股，亦無假設行使債券附帶之換股權利，皆因有關行使決定將導致每股虧損減少。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 31 March, 2006 截至二零零六年三月三十一日止年度

16. PROPERTY, PLANT AND EQUIPMENT

16. 物業、廠房及設備

		Leasehold improvements 租賃裝修 HK\$ 港元	Computer equipment and systems 電腦設備及系統 HK\$ 港元	Furniture, fixtures and equipment 傢俬、裝置及設備 HK\$ 港元	Motor vehicles 汽車 HK\$ 港元	Total 總數 HK\$ 港元
THE GROUP	本集團					
At cost:	成本:					
As at 1 April, 2004	於二零零四年四月一日	532,861	867,866	103,468	100,331	1,604,526
Additions	添置	203,000	19,368	60,084	-	282,452
As at 31 March, 2005	於二零零五年三月三十一日	735,861	887,234	163,552	100,331	1,886,978
As at 1 April, 2005	於二零零五年四月一日	735,861	887,234	163,552	100,331	1,886,978
Additions	添置	-	48,750	40,688	-	89,438
Disposals	出售	(735,861)	(893,634)	(163,552)	(100,331)	(1,893,378)
As at 31 March, 2006	於二零零六年三月三十一日	-	42,350	40,688	-	83,038
Accumulated depreciation and impairment:	累計折舊及減值:					
As at 1 April, 2004	於二零零四年四月一日	420,933	702,148	48,298	100,331	1,271,710
Charge for the year	年度折舊及減值	143,878	70,127	60,051	-	274,056
Impairment loss	減值虧損	2,249	60,160	12,188	-	74,597
As at 31 March, 2005	於二零零五年三月三十一日	567,060	832,435	120,537	100,331	1,620,363
As at 1 April, 2005	於二零零五年四月一日	567,060	832,435	120,537	100,331	1,620,363
Charge for the year	年度折舊及減值	10,000	11,099	3,996	-	25,095
Released on disposals	出售減除	(577,060)	(834,368)	(123,541)	(100,331)	(1,635,300)
As at 31 March, 2006	於二零零六年三月三十一日	-	9,166	992	-	10,158
Net book value:	賬面淨值:					
As at 31 March, 2006	於二零零六年三月三十一日	-	33,184	39,696	-	72,880
As at 31 March, 2005	於二零零五年三月三十一日	168,801	54,799	43,015	-	266,615

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 31 March, 2006 截至二零零六年三月三十一日止年度

17. INVESTMENTS IN SUBSIDIARIES**17. 於附屬公司之投資**

		THE COMPANY	
		本公司	
		2006 二零零六年 HK\$ 港元	2005 二零零五年 HK\$ 港元
Unlisted shares, at cost	非上市股份，按成本	40,005,108	40,005,100
Less: Provision for impairment losses	減：減值虧損撥備	(40,005,108)	(40,000,000)
		-	5,100

The amounts due from and due to the subsidiaries as shown on the Company's balance sheet are unsecured, interest free and repayable on demand. The directors consider that the carrying amounts approximate their fair values.

本公司之資產負債表所示之應收及應付附屬公司款項為無抵押、免息及須按要求償還。董事認為有關賬面值約相等於其公平值。

Particulars of the Company's subsidiaries as at 31 March, 2006 are set out in note 30 to the financial statements.

有關本公司附屬公司於二零零六年三月三十一日之詳情載於財務報表附註30。

18. TRADE AND OTHER RECEIVABLES**18. 應收賬款及其他應收款項**

		THE GROUP		THE COMPANY	
		本集團		本公司	
		2006 二零零六年 HK\$ 港元	2005 二零零五年 HK\$ 港元	2006 二零零六年 HK\$ 港元	2005 二零零五年 HK\$ 港元
Trade receivables, with ageing analysis:	應收賬款，按賬齡分析：				
0 – 30 days	0 – 30天	391,200	-	-	-
30 – 60 days	30 – 60天	250,200	-	-	-
Over 60 days	60天以上	175,338	-	-	-
Total trade receivables	應收賬款總額	816,738	-	-	-
Deposits and prepayments	按金及預付款項	198,964	522,717	126,187	140,063
		1,015,702	522,717	126,187	140,063

Notes:

- (i) General credit terms offered by the Group to its customers are payments by the end of the month following the month in which sales took place.
- (ii) The directors consider that the carrying amounts of trade and other receivables approximate their fair values.

附註：

- (i) 本集團向其客戶提供之一般信貸期為於進行出售交易月份後之月份結束時。
- (ii) 董事認為應收賬款之賬面值約相等於其公平值。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 31 March, 2006 截至二零零六年三月三十一日止年度

19. BANK AND CASH BALANCES

Bank and cash balances comprise cash held by the Group and bank balances that are interest bearing at prevailing market rate and have original maturity of three months or less. The directors consider that the carrying amounts approximate their fair values.

20. OTHER CREDITORS AND ACCRUED CHARGES

The directors consider that the carrying amounts of other creditors and accrued charges approximate their fair values.

21. AMOUNT DUE TO A DIRECTOR

The amount due was unsecured, interest free and fully settled during the year.

22. UNSECURED LOAN**19. 銀行及現金結存**

銀行及現金結存包括本集團持有之現金及按適用之市場利率水平計息及原有到期日為三個月或以下之銀行結存。董事認為有關賬面值約相等於其公平值。

20. 其他應付賬項及應計費用

董事認為其他應付賬項及應計費用之賬面值約相等於其公平值。

21. 應付一名董事款項

有關款項為無抵押、免息及於本年度內全數償還。

22. 無抵押貸款**THE GROUP AND THE COMPANY****本集團及本公司**

		2006 二零零六年 HK\$ 港元	2005 二零零五年 HK\$ 港元
Interest bearing at 5.25% per annum	按年息5.25%計息	-	10,613,312
Interest free	免息	-	1,537,835
		-	12,151,147

As further disclosed in note 2(c) to the financial statements, the entire balance of the Remaining Indebtedness of HK\$12,229,742.70 as at the date of the Deed of Settlement was settled by the issuance of the Bond by the Company to the Creditor in the aggregate principal amount of HK\$10,000,000 with a term of 5 years. A gain of HK\$2,229,743 arising therefrom has been taken to the consolidated income statement for the year.

誠如財務報表附註2(c)所進一步披露，剩餘債項於還款契據訂立日期之全部結餘12,229,742.70港元乃以本公司向債權人發行本金總額10,000,000港元年期五年之債券之方式償還。因此產生之收益2,229,743港元已撥入本年度之綜合損益表。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 31 March, 2006 截至二零零六年三月三十一日止年度

23. BOND, UNSECURED

As disclosed in notes 2(c) and 22 to the financial statements, the Company issued the Bond with an aggregate principal amount of HK\$10,000,000 to the Creditor on 27 January, 2006. The major terms of the Bond are as follows:

Maturity date:

The Bond is due and will mature on the fifth anniversary of the date of issue of the Bond. The Company shall repay the principal amount outstanding under the Bond to the bondholder(s) on the fifth anniversary of the date of issue of the Bond.

Redemption:

Ten certificates in respect of the Bond in the principal amount of HK\$1,000,000 each were issued to the Creditor by the Company. The Bond may be redeemed at the option of the Company in whole (in an amount of HK\$1,000,000 each), but not in part, on giving not less than 30 nor more than 60 days' notice to the bondholder(s) at their principal amount without any interest.

The directors have assessed the fair value of this early redemption right and considered the fair value to be insignificant.

Interest:

The Bond shall not bear any interest.

Conversion rights:

The bondholder(s) shall have the right to convert the Bond in an amount or integral multiple of HK\$1,000,000 of the outstanding principal amount of the Bond into shares of HK\$0.04 each in the capital of the Company at any time following the date of issue of the Bond at the initial conversion price of HK\$0.072 per share (subject to adjustments).

Conversion shares:

Assuming full conversion of the Bond, the Company will issue 138,888,890 new shares of HK\$0.04 each. The conversion shares will rank pari passu in all respects with the then existing shares in issue.

23. 無抵押債券

誠如財務報表附註2(c)及22所披露，本公司於二零零六年一月二十七日向債權人發行本金總額10,000,000港元之債券。債券之主要條款如下：

到期日：

債券於債券發行日期起計五周年時到期及屆滿。本公司須於債券發行日期起計五周年屆滿時向債券持有人償還債券之未償還本金額。

贖回：

本公司已向債權人發行十份本金額為每份1,000,000港元之債券證書。本公司可選擇透過向債券持有人發出不少於30日亦不超過60日之通知，按本金額（不計任何利息）贖回債券之全部（以每份1,000,000港元計）（但非部份）。

董事已評估此提早贖回權之公平值，並認為該公平值並不重大。

利息：

債券並無任何利息。

換股權：

債權人有權於債券發行日期後任何時間按初步換股價每股股份0.072港元（可予調整）轉換債券之未償還本金額（金額為1,000,000港元或其完整倍數）為本公司之股本中每股面值0.04港元之股份。

換股股份：

假設債券獲全數轉換，本公司將發行138,888,890股每股面值0.04港元之新股份。換股股份將在各方面與當時現有之已發行股份享有同等權益。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 31 March, 2006 截至二零零六年三月三十一日止年度

23. BOND, UNSECURED (continued)**Transferability:**

Subject to the approval of the Company, the Bond may be assigned or transferred to any party or parties other than a party connected with the Company or any of the connected persons as defined in the GEM Listing Rules. The Company has undertaken to the Stock Exchange that it will disclose to the Stock Exchange any dealings by any of the connected persons as defined in the GEM Listing Rules from time to time in the Bond immediately upon the Company becoming aware of such dealings.

Voting right:

Holder of the Bond (or any part thereof) will not be entitled to attend or vote at any shareholders' and/or warrant holders' meetings of the Company by reason only of it being a holder of the Bond (or any part thereof).

Listing and trading of the Bond:

No application will be made for the listing of and permission to deal in the Bond on the Stock Exchange or any other stock exchange.

The Bond contains a liability element and an equity component which are required to be separately accounted for in accordance with HKAS 32. An effective interest rate of 7.5% per annum has been used to determine the fair value of the liability element at initial recognition.

23. 無抵押債券(續)**轉讓：**

待本公司批准後，債券可轉讓或轉售予除與本公司關連之人士或創業板上市規則界定之任何關連人士以外之任何人士。本公司已向聯交所承諾將於知悉任何與創業板上市規則界定之關連人士不時進行債券之任何買賣後，即時向聯交所披露該等買賣。

投票權：

債券(或其任何部份)之持有人將無權僅因其債券(或其任何部份)持有人之身份出席本公司之任何股東及/或認股權證持有人大會或於會上投票。

債券上市及買賣：

本公司將不會申請批准債券於聯交所或任何其他證券交易所上市及買賣。

債券包括根據香港會計準則第32號規定須獨立入賬之負債部份及股本權益部份。實際利率年息7.5%已用作於初次確認時釐定負債部份之公平值。

		2006 二零零六年 HK\$ 港元
Liability element of the Bond as at date of issue	於發行日期之債券負債部份	6,964,206
Interest payable	應付利息	-
Imputed interest charged (note 10)	計入之推算利息(附註10)	90,153
Liability element of the Bond as at 31 March, 2006	於二零零六年三月三十一日 之債券負債部份	7,054,359

The directors consider that the carrying amount of the Bond approximates its fair value.

董事認為債券之賬面值約相等於其公平值。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 31 March, 2006 截至二零零六年三月三十一日止年度

24. SHARE CAPITAL OF THE COMPANY**24. 本公司股本**

		Number of shares 股份數目	Total value 總值 HK\$ 港元
Authorized:	法定：		
Ordinary shares of HK\$0.01 each	每股面值0.01港元之普通股		
As at 1 April, 2004	於二零零四年四月一日	2,000,000,000	200,000,000
Capital Reduction (note 24(i))	削減股本(附註24(i))	-	(180,000,000)
Increase in authorized share capital (note 24(ii))	法定股本增加(附註24(ii))	18,000,000,000	180,000,000
As at 31 March, 2005	於二零零五年三月三十一日	20,000,000,000	200,000,000
Share Consolidation (note 2(a))	股份合併(附註2(a))	(15,000,000,000)	-
Ordinary shares of HK\$0.04 each	每股面值0.04港元之普通股		
As at 31 March, 2006	於二零零六年三月三十一日	5,000,000,000	200,000,000
Issued and fully paid:	已發行及繳足：		
Ordinary shares of HK\$0.01 each	每股面值0.01港元之普通股		
As at 1 April, 2004	於二零零四年四月一日	469,000,000	46,900,000
Capital Reduction (note 24(i))	削減股本(附註24(i))	-	(42,210,000)
As at 31 March, 2005	於二零零五年三月三十一日	469,000,000	4,690,000
Share Consolidation (note 2(a))	股份合併(附註2(a))	(351,750,000)	-
Ordinary shares of HK\$0.04 each	每股面值0.04港元之普通股		
Upon completion of Share Consolidation (note 2(a))	於股份合併完成後(附註2(a))	117,250,000	4,690,000
Issue of 450,000,000 new shares at HK\$0.04 each under the Share Subscription Agreement (note 2(b))	根據股份認購協議發行 450,000,000股每股面值 0.04港元之新股份(附註2(b))	450,000,000	18,000,000
As at 31 March, 2006	於二零零六年三月三十一日	567,250,000	22,690,000

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 31 March, 2006 截至二零零六年三月三十一日止年度

24. SHARE CAPITAL OF THE COMPANY (continued)**Changes in share capital for the year ended 31 March, 2005**

Pursuant to the special resolution passed by the Company's shareholders at an extraordinary general meeting of the Company held on 10 May, 2004, it was resolved that:

- (i) The nominal value of each of the 469,000,000 then existing issued shares of the Company would be reduced by HK\$0.09 from HK\$0.10 each to HK\$0.01 (the "Capital Reduction"), as a result of which the Company's then existing issued share capital of HK\$46,900,000 would be reduced by HK\$42,210,000 to HK\$4,690,000. The credit in the sum of HK\$42,210,000 arising from the Capital Reduction would be credited against the accumulated losses of the Company; and
- (ii) Immediately upon completion of the Capital Reduction, all of the then authorized but unissued shares (including the authorized but unissued shares arising from the Capital Reduction) would be cancelled and the authorized share capital of the Company would immediately thereafter be increased by the subsequent creation of such number of new shares of HK\$0.01 each as shall be sufficient to increase the authorized share capital to HK\$200,000,000 divided into 20,000,000,000 shares of HK\$0.01 each.

The Capital Reduction became effective on 23 July, 2004.

24. 本公司股本 (續)**截至二零零五年三月三十一日止年度之股本變動**

根據本公司股東於二零零四年五月十日舉行之本公司股東特別大會上通過之特別決議案，茲議決：

- (i) 本公司之469,000,000股當時現有已發行股份每股之面值由0.10港元削減0.09港元至0.01港元(「削減股本」)，故此本公司之當時現有已發行股本46,900,000港元將削減42,210,000港元至4,690,000港元。削減股本產生之42,210,000港元進賬將用以抵銷本公司之累計虧損；及
- (ii) 緊隨削減股本完成後，當時全部法定但未發行股份(包括削減股本產生之法定但未發行股份)將予以註銷，而本公司之法定股本將隨即加上其後增設之每股面值0.01港元之該等數目新股份，有關新股份將足以使到法定股本增加至200,000,000港元(分為20,000,000,000股每股面值0.01港元之股份)。

削減股本於二零零四年七月二十三日生效。

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For the year ended 31 March, 2006 截至二零零六年三月三十一日止年度

25. SHARE OPTION

The Company's share option scheme (the "Share Option Scheme") was approved on 1 February, 2002 pursuant to a written resolution of the Company.

The purpose of the Share Option Scheme is to enable the Company to grant options to selected individuals to subscribe for shares in the Company as incentives or rewards for their contributions to the Group. The Board may, at its discretion, invite any full-time or part-time employee of the Company or any member of the Group, including any director of any member of the Group and any advisor or consultant (in areas of technical, financial or corporate managerial) of the Company or any of its subsidiaries to take up options to subscribe for the shares in the Company for a consideration of HK\$1 each lot of share option granted. The Share Option Scheme will remain valid for a period of 10 years commencing on 1 February, 2002. The option period shall not be less than 3 years and shall not exceed 10 years from the date of acceptance of option. There is no minimum period for which an option must be held before it can be exercised. HK\$1 is payable on acceptance of an option within 28 days from the date of grant.

The total number of shares in respect of which options may be granted under the Share Option Scheme must not in aggregate exceed 46,900,000 shares, which represent 10% of the shares in issue as at 7 March, 2002, being the date of listing of the Company's shares on GEM, unless approval from the Company's shareholders has been obtained. The total number of shares issued and to be issued upon exercise of the options granted and to be granted to each individual in any twelve-month period up to and including the date of grant shall not exceed 1% of the shares in issue at the date of grant unless approval from Company's shareholders has been obtained.

Options may be exercised at any time during the specified option period. The exercise price shall be determined by the directors of the Company, and shall be at least the highest of (i) the closing price of the Company's shares as stated on GEM's daily quotation sheets on the date of grant; (ii) the average closing price of the Company's shares for the five business days immediately preceding the date of grant and (iii) the nominal value of the Company's shares.

No share options have been granted by the Company under the Share Option Scheme since its adoption.

25. 購股權

本公司根據一項書面決議案於二零零二年二月一日批准本公司之購股權計劃(「購股權計劃」)。

購股權計劃旨在讓本公司向經挑選人士授出可認購本公司股份之購股權，作為彼等對本集團所作貢獻之獎勵或回報。董事會可酌情邀請本公司或本集團任何成員公司之任何全職或兼職僱員，包括本集團任何成員公司之任何董事及本公司或其任何附屬公司之任何顧問或諮詢人(屬於技術、財務或企業管理領域)，以接納可認購本公司股份之購股權，每批所授出購股權之代價為1港元。購股權計劃將於二零零二年二月一日起計十年期間內維持有效。認購股權期間由接納購股權日期起計不得少於三年及不得超過十年。目前並無規定購股權須於行使前持有之最短期間。接納購股權應付之1港元須於授出日期起計28日內支付。

根據購股權計劃可授出之購股權涉及之股份總數合計不得超過46,900,000股股份，相等於二零零二年三月七日(本公司股份在創業板上市日期)之已發行股份10%，惟已取得本公司股東批准者除外。於截至授出日期(包括該日)止任何十二個月期間內向每名人士授出及將授出之購股權於行使時已發行及將發行之股份總數不得超過於授出日期之已發行股份1%，惟已取得本公司股東批准者除外。

購股權可於指定之購股權期間內任何時間行使。行使價須由本公司董事釐定，並至少為下列三者中之最高者：(i) 於授出日期在創業板每日報價表載列之本公司股份收市價；(ii) 緊接授出日期前五個營業日之本公司股份平均收市價及(iii) 本公司股份面值。

自採納購股權計劃以來，本公司並無根據購股權計劃授出購股權。

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For the year ended 31 March, 2006 截至二零零六年三月三十一日止年度

25. SHARE OPTION (continued)

The overall limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the pre-IPO share option scheme, the Share Option Scheme and any other schemes involving the issue or grant of options must not exceed 30% of the Company's shares in issue from time to time.

25. 購股權 (續)

根據首次公開招股前購股權計劃、購股權計劃和涉及發行或授出購股權之任何其他計劃所授出及有待行使之所有尚未行使購股權於行使時可能發行之股份數目整體上限不得超過不時已發行之本公司股份30%。

26. RESERVES OF THE COMPANY**26. 本公司儲備**

			Share premium 股份溢價 HK\$ 港元	Bond reserve 債券儲備 HK\$ 港元	Accumulated losses 累計虧損 HK\$ 港元	Total 總計 HK\$ 港元
		Note 附註				
As at 1 April, 2004	於二零零四年四月一日		19,008,723	-	(72,350,837)	(53,342,114)
Adjustments arising from the Capital Reduction	削減股本產生 之調整	24(i)	-	-	42,210,000	42,210,000
Loss for the year	本年度虧損		-	-	(6,403,651)	(6,403,651)
As at 31 March, 2005	於二零零五年三月三十一日		19,008,723	-	(36,544,488)	(17,535,765)
Share issue expenses	股份發行費用		(739,100)	-	-	(739,100)
Equity component of the Bond	債券之股本權益部份	23	-	3,035,794	-	3,035,794
Loss for the year	本年度虧損		-	-	(493,492)	(493,492)
As at 31 March, 2006	於二零零六年三月三十一日		18,269,623	3,035,794	(37,037,980)	(15,732,563)

The Company's reserves available for distribution include the share premium and accumulated profits (losses). Under the Companies Law (Revised) Chapter 22 of the Cayman Islands (the "Companies Law"), the share premium of the Company is available for paying distributions or dividends to shareholders subject to the provisions of its Memorandum or Articles of Association and provided that immediately following the distribution or dividend the Company is able to pay its debts as they fall due in the ordinary course of business. In accordance with the Company's Articles of Association, dividends may be declared and paid out of the profits of the Company, realized or unrealized, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorized for this purpose in accordance with the Companies Law.

本公司可分派儲備即股份溢價及累計溢利(虧損)。根據開曼群島法律第22章公司法(經修訂)(「公司法」)，本公司股份溢價可向股東分派或支付股息，惟須遵守本公司組織章程大綱或細則，且只可在本公司於緊隨分派或支付股息後，仍有能力償還於日常業務過程中到期的債務，方何作出分派或支付股息。根據本公司組織章程細則，股息只可從本公司已變現或未變現溢利或從溢利轉撥往董事認為不再需要之任何儲備中撥資宣派或支付。在取得普通決議案的同意下，股息亦可自股份溢價賬或公司法授權可作此用途之任何其他資金或賬目中撥資宣派或支付。

In the opinion of the directors, as at 31 March, 2006, the Company did not have any reserves available for distribution (2005: Nil).

董事認為，於二零零六年三月三十一日，本公司並無可供分派之任何儲備(二零零五年：無)。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 31 March, 2006 截至二零零六年三月三十一日止年度

27. OPERATING LEASE COMMITMENT

As at 31 March, 2006, the Group had commitment for future minimum lease payments under non-cancelable operating lease in respect of rented premises which fall due within one year amounting to HK\$12,320 (2005: HK\$202,415).

28. RETIREMENT BENEFIT SCHEME

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant payroll costs to the scheme, which contribution is matched by employees. During the year ended 31 March, 2006, the total amount contributed by the Group to the scheme and charged to the consolidated income statement amounted to HK\$29,096 (2005: HK\$39,502). As at 31 March, 2006, there were no forfeited contributions available for the Group to offset contributions payable in future years (2005: Nil).

29. LITIGATIONS

The Group was involved in the following litigations:

- (a) A writ of summons was filed by two plaintiffs against, among others, Wondergold Limited ("Wondergold"), a subsidiary of the Company, on 4 January, 2005 regarding, inter alia, a claim for breach of an agreement by Wondergold and other losses and damages (including but not limited to the damages for breach of trust by Wondergold, damages for detinue and/ or conversion and the net proceeds for sale of goods and the repayment of HK\$1,500,000 which was already repaid by Wondergold) alleged to be suffered by the plaintiffs. The plaintiffs also sought an injunction against Wondergold to restrain Wondergold from selling or disposing of or in any way deal with the said goods. The plaintiffs applied for summary judgment by summons filed on 3 May, 2005. Upon the hearing of the summons on 14 June, 2005, the case was adjourned for hearing on a date to be fixed.
- (b) A writ of summons was filed by Brilliant Wealth Investment Limited in the District Court against Wondergold on 20 September, 2005 for arrears of rent, rates, management fees, air-conditioning charges and mesne profits in the sum of HK\$568,371.55 and for damages to be assessed. Pursuant to an Order of the Court made on 22 November, 2005, Wondergold filed its defence on 6 December, 2005 to deny each and every allegation contained in the claim.

As at the date of approval of these financial statements, the above proceedings were still ongoing. The directors consider that the outcome of the proceedings will not have a material adverse financial impact on the Group.

27. 經營租約承擔

於二零零六年三月三十一日，本集團根據有關租賃物業之不可撤銷經營租約於一年內到期之未來最少租金承擔為12,320港元(二零零五年：202,415港元)。

28. 退休福利計劃

本集團為所有香港合資格僱員參加強制性公積金計劃。該計劃之資產乃與本集團之資產分開，並由受託人控制。本集團及僱員各按有關薪金之5%作出供款。截至二零零六年三月三十一日止年度，於綜合損益表中扣除之供款總額為29,096港元(二零零五年：39,502港元)。於二零零六年三月三十一日，本集團並無可抵銷未來年度供款之應付沒收供款(二零零五年：無)。

29. 訴訟

本集團涉及以下訴訟：

- (a) 兩名原告人於二零零五年一月四日對(其中包括)本公司之附屬公司暉富有限公司(「暉富」)發出傳訊令狀，就(其中包括)暉富違反協議及原告人聲稱所蒙受之其他損失及損害(包括但不限於暉富違反信託之損害、非法扣留及/或侵佔之損害以及出售貨品之所得款項淨額以及償還暉富已償還之1,500,000港元)提出申索。原告人亦尋求對暉富頒佈禁制令，禁止暉富出售或處置或以任何形式買賣上述貨品。原告人於二零零五年五月三日存檔申請簡易判決之傳票。於二零零五年六月十四日之傳票聆訊後，案件押後以待於將訂定之日期進行聆訊。
- (b) Brilliant Wealth Investment Limited於二零零五年九月二十日在區域法院發出針對暉富之傳訊令狀，內容有關結欠租金、差餉、管理費、空氣調詳費及中間收益568,371.55港元及有待評定之損失。根據法院於二零零五年十一月二十二日作出之法令，暉富於二零零五年十二月六日提出抗辯，以否認申索所載之每項指控。

於本財務報表批准日期，上述法律程序仍在進行中。董事認為法律程序之結果將不會對本集團造成重大不利影響。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 31 March, 2006 截至二零零六年三月三十一日止年度

30. PARTICULARS OF SUBSIDIARIES

Particulars of the Company's subsidiaries as at 31 March, 2006 are as follows:

30. 附屬公司詳情

於二零零六年三月三十一日，本公司各附屬公司詳情如下：

Name of subsidiary 附屬公司名稱	Place of incorporation/ operation 註冊成立/ 經營地點	Legal form 法定類別	Issued and fully paid up share capital 已發行及全面繳足股本	Proportion of nominal value of issued share capital held by the Company 本公司持有已發行股本面值百分比		Principal activities 主要業務
				Directly 直接 %	Indirectly 間接 %	
New Chinese Medicine (BVI) Limited	British Virgin Islands 英屬處女群島	Limited liability company 有限責任公司	Ordinary 普通股 US\$200 200美元	100	-	Investment holding 投資控股
New Chinese Medicine Limited 新醫藥有限公司	Hong Kong 香港	Limited liability company 有限責任公司	Ordinary 普通股 HK\$10,000 10,000港元	-	100	Investment holding and providing secretarial services 投資控股及提供秘書服務
New Chinese Medicine (HK) Limited 新中藥(香港)有限公司	Hong Kong 香港	Limited liability company 有限責任公司	Ordinary 普通股 HK\$10,000 10,000港元	-	100	Internet based medical treatment and retailing of modern Chinese medicines 以互聯網為基礎之醫療及中成藥零售
New Chinese Medicine International Limited (Note (ii)) 新醫藥國際有限公司 (附註(ii))	Hong Kong 香港	Limited liability company 有限責任公司	Ordinary 普通股 HK\$10,000 10,000港元	-	100	Inactive 暫無營業
NCM Life Sciences Technology Limited (Note (ii)) 新世紀生命科技有限公司 (附註(ii))	Hong Kong 香港	Limited liability company 有限責任公司	Ordinary 普通股 HK\$10,000 10,000港元	-	100	Inactive 暫無營業
NCM Shoji Co. Limited	Japan 日本	Limited liability company 有限責任公司	Ordinary 普通股 JYP10,000,000 10,000,000日圓	-	70	Inactive 暫無營業

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 31 March, 2006 截至二零零六年三月三十一日止年度

30. PARTICULARS OF SUBSIDIARIES (continued)

30. 附屬公司詳情 (續)

Name of subsidiary 附屬公司名稱	Place of incorporation/ operation 註冊成立/ 經營地點	Legal form 法定類別	Issued and fully paid up share capital 已發行及全面繳足股本	Proportion of nominal value of issued share capital held by the Company 本公司持有已發行股本面值百分比		Principal activities 主要業務
				Directly 直接 %	Indirectly 間接 %	
New Chinese Medicine (Website) Limited 新中藥(網頁)有限公司	Commonwealth of the Northern Mariana Islands 北馬里亞納群島共和國	Limited liability company 有限責任公司	Ordinary share 普通股 US\$1,000 1,000美元	–	100	Owner of the registered domain name of www.newchinesemedic.com 登記域名 www.newchinesemedic.com 之持有人
Wonggold Limited 輝富有限公司	Hong Kong 香港	Limited liability company 有限責任公司	Ordinary share 普通股 HK\$10,000 10,000港元	–	100	Retailing of pharmaceutical products 零售醫藥產品
Harvest Rich Limited 勤億有限公司	Hong Kong 香港	Limited liability company 有限責任公司	Ordinary share 普通股 HK\$10,000 10,000港元	–	51	Retailing of healthcare/skincare and digital electronics products 零售保健/護膚及數碼電子產品
NCM Group (BVI) Limited (Note (i)) (附註(i))	British Virgin Islands 英屬處女群島	Limited liability company 有限責任公司	Ordinary share 普通股 US\$1 1美元	100	–	Investment holding 投資控股
NCM Healthcare Limited (Note (i)) 新醫藥保健有限公司 (附註(i))	Hong Kong 香港	Limited liability company 有限責任公司	Ordinary share 普通股 HK\$2 2港元	–	100	Trading of health care products 保健產品貿易

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

For the year ended 31 March, 2006 截至二零零六年三月三十一日止年度

30. PARTICULARS OF SUBSIDIARIES (continued)

30. 附屬公司詳情 (續)

Name of subsidiary 附屬公司名稱	Place of incorporation/ operation 註冊成立/ 經營地點	Legal form 法定類別	Issued and fully paid up share capital 已發行及全面繳足股本	Proportion of nominal value of issued share capital held by the Company 本公司持有已發行股本面值百分比		Principal activities 主要業務
				Directly 直接 %	Indirectly 間接 %	
NCM Healthcare (HK) Limited (Note (i)) 新醫藥保健(香港)有限公司 (附註(i))	Hong Kong 香港	Limited liability company 有限責任公司	Ordinary share 普通股 HK\$2 2港元	-	100	Trading of health care products 保健產品貿易
Asia Honest (H.K.) Limited (Note (i)) 誠宇(香港)有限公司 (附註(i))	Hong Kong 香港	Limited liability company 有限責任公司	Ordinary share 普通股 HK\$1 1港元	-	100	Providing management services 提供管理服務
Quick Faith Limited (Note (i)) (附註(i))	British Virgin Islands 英屬處女群島	Limited liability company 有限責任公司	Ordinary share 普通股 US\$1 1美元	-	100	Inactive 暫無營業

Notes:

- (i) These companies were newly incorporated during the year ended 31 March, 2006.
- (ii) Subsequent to the balance sheet date, these companies were deregistered on 4 May, 2006 and 27 April, 2006 respectively.
- (iii) None of the subsidiaries had any debt securities subsisting at the end of the year or at any time during the year.

附註：

- (i) 該等公司乃於截至二零零六年三月三十一日止年度新註冊成立。
- (ii) 結算日後，該等公司分別於二零零六年五月四日及二零零六年四月二十七日撤銷登記。
- (iii) 概無附屬公司擁有任何於本年度完結時或本年度內任何時間存在之債務證券。

FINANCIAL SUMMARY 財務概要

For the year ended 31 March, 2006 截至二零零六年三月三十一日止年度

		Year ended 31 March, 截至三月三十一日止年度				2006
		2002	2003	2004	2005	2006
		二零零二年	二零零三年	二零零四年	二零零五年	二零零六年
		HK\$	HK\$	HK\$	HK\$	HK\$
		港元	港元	港元	港元	港元
Results	業績					
Turnover	營業額	26,595,352	14,021,237	636,406	8,011,404	9,016,957
Profit/(loss) before taxation	稅前溢利/(虧損)	2,424,505	(27,834,737)	(23,882,091)	(3,425,660)	(1,332,011)
Taxation	稅項	(269,766)	(3,848)	(5,166)	-	-
Profit/(loss) before minority interest	未計少數股東權益前溢利/(虧損)	2,154,739	(27,838,585)	(23,887,257)	(3,425,660)	(1,332,011)
Minority interest	少數股東權益	-	191,850	-	4,900	-
Profit/(loss) for the year attributable to equity holders	權益持有人應佔年度溢利/(虧損)	2,154,739	(27,646,735)	(23,887,257)	(3,420,760)	(1,332,011)

		At 31 March, 於三月三十一日				2006
		2002	2003	2004	2005	2006
		二零零二年	二零零三年	二零零四年	二零零五年	二零零六年
		HK\$	HK\$	HK\$	HK\$	HK\$
		港元	港元	港元	港元	港元
Assets and liabilities	資產及負債					
Total assets	總資產	42,297,332	20,409,345	2,523,679	1,767,985	15,596,161
Total liabilities and minority interest	總負債及少數股東權益	(4,053,282)	(10,295,478)	(16,058,552)	(18,868,978)	(13,606,674)
Net assets/(liabilities)	資產/(負債)淨額	38,244,050	10,113,867	(13,534,873)	(17,100,993)	1,989,487

Note:

Pursuant to a group reorganisation to rationalise the structure of the Company and its subsidiaries in preparation for the listing of the Company's shares on the GEM of the Stock Exchange, the Company became the holding company of the Group on 6 August, 2001. The shares of the Company have been listed on the GEM of the Stock Exchange with effect from 7 March, 2002. The Group resulting from the group reorganisation is regarded as a continuing entity. Accordingly, the financial statements of the Group have been prepared on the merger accounting basis as if the Company had always been the holding company of the Group.

附註:

為籌備將本公司股份在聯交所創業板上市，本公司及其附屬公司進行集團重組，以整理本集團之架構，本公司於二零零一年八月六日成為本集團之控股公司。本公司股份於二零零二年三月七日起一直在聯交所創業板上市。本集團經過集團重組後被視為持續經營實體。因此，本集團之財務報表乃採用合併會計基準編製，並假設本公司一直為本集團之控股公司。