

North Asia Strategic Holdings Limited 北亞策略控股有限公司*

(Incorporated in Bermuda with limited liability)

(於百慕達註冊成立之有限公司)

(Stock Code 股份代號 : 8080)



Annual Report 年報
2006/07

* For identification purpose only 僅供識別

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Göran Sture Malm (*Chairman*)
Henry Cho Kim (*Deputy Chairman*)
Savio Chow Sing Nam (*Chief Executive Officer*)
Andrew Yao Cho Fai

Independent Non-Executive Directors

Philip Ma King Huen
Kenny Tam King Ching
Edgar Kwan Chi Ping

AUDIT COMMITTEE

Kenny Tam King Ching (*Committee Chairman*)
Philip Ma King Huen
Edgar Kwan Chi Ping

REMUNERATION COMMITTEE

Edgar Kwan Chi Ping (*Committee Chairman*)
Philip Ma King Huen
Kenny Tam King Ching
Savio Chow Sing Nam

NOMINATION COMMITTEE

Philip Ma King Huen (*Committee Chairman*)
Kenny Tam King Ching
Göran Sture Malm

AUTHORISED REPRESENTATIVES

Savio Chow Sing Nam
Henry Cho Kim

COMPLIANCE OFFICER

Savio Chow Sing Nam

QUALIFIED ACCOUNTANT

Grace Luk Pui Yin

COMPANY SECRETARY

Lam Yee Fan

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL PLACE OF BUSINESS

78th Floor, The Center
99 Queen's Road Central
Hong Kong
Tel: (852) 2905 9000
Fax: (852) 2169 0209

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor, Hopewell Centre
183 Queen's Road East, Wanchai, Hong Kong
Tel: (852) 2862 8628
Fax: (852) 2865 0990

PRINCIPAL BANKERS

Hang Seng Bank Limited
Fubon Bank (Hong Kong) Limited

AUDITORS

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

WEBSITE

www.nasholdings.com

STOCK CODE

8080

Financial Highlights

The following is a summary of the audited consolidated accounts of North Asia Strategic Holdings Limited (the “Company” or “NAS”) and its subsidiaries (collectively the “Group” or “NAS Group”) for the respective years as hereunder stated.

CONDENSED CONSOLIDATED INCOME STATEMENTS

For the year ended 31st March

| | 2007 HK\$'000 | 2006 HK\$'000 | 2005 HK\$'000 | 2004 HK\$'000 | 2003 HK\$'000 |
|--|------------------|------------------|------------------|------------------|------------------|
| Revenue | 559,327 | 359,948 | 859,685 | 1,429,443 | 811,142 |
| Profit/(Loss) before income tax | 69,736 | (16,995) | (4,497) | (25,042) | 8,464 |
| Income tax (expenses)/credit | (2,989) | 5,007 | (5,946) | (889) | (1,840) |
| Profit/(Loss) after income tax but before minority interests | 66,747 | (11,988) | (10,443) | (25,931) | 6,624 |
| Minority interests | — | — | — | 220 | (34) |
| Profit/(Loss) attributable to the equity holders of the Company | 66,747 | (11,988) | (10,443) | (25,711) | 6,590 |

Note:

No dividends have been paid or declared by the Company since its incorporation.

Financial Highlights

CONDENSED CONSOLIDATED BALANCE SHEETS

As at 31st March

| | 2007 HK\$'000 | 2006 HK\$'000 | 2005 HK\$'000 | 2004 HK\$'000 | 2003 HK\$'000 |
|------------------------------------|------------------|------------------|------------------|------------------|------------------|
| Property, plant and equipment | 36,014 | 478 | 1,411 | 2,922 | 3,230 |
| Investment properties | 2,206 | — | — | — | — |
| Leasehold land and land use rights | 11,869 | — | — | — | — |
| Intangible assets | 432,279 | 6 | 21 | 43 | 918 |
| Non-current receivables | 282,211 | 494,135 | — | — | — |
| Long-term investments | — | — | 780 | 2,136 | 685 |
| Deferred tax assets | — | — | — | 4,483 | — |
| Current assets | 929,641 | 610,571 | 163,536 | 377,603 | 333,885 |
| Current liabilities | (440,297) | (40,953) | (163,611) | (374,542) | (324,033) |
| Non-current liabilities | (22,583) | (14,642) | — | — | — |
| Net assets | 1,231,340 | 1,049,595 | 2,137 | 12,645 | 14,685 |
| Capital and reserves | | | | | |
| Share capital | 82,718 | 74,790 | 159,659 | 159,638 | 156,450 |
| Other reserves | 1,103,559 | 996,489 | 13,818 | 13,904 | (7,913) |
| Accumulated profit/(losses) | 45,063 | (21,684) | (171,340) | (160,897) | (135,186) |
| Shareholders' equity | 1,231,340 | 1,049,595 | 2,137 | 12,645 | 13,351 |
| Minority interests | — | — | — | — | 1,334 |
| | 1,231,340 | 1,049,595 | 2,137 | 12,645 | 14,685 |

Chairman's Statement

On behalf of the Board of Directors, I hereby present the audited consolidated results of North Asia Strategic Holdings Limited (the "Company" or "NAS") and its subsidiaries (collectively the "Group" or "NAS Group") for the year ended 31st March 2007. NAS Group reported an attributable profit in current year of approximately HK\$67 million on turnover of approximately HK\$559 million, compared to an attributable loss of approximately HK\$12 million on turnover of approximately HK\$360 million in last year. Excluding an interest income of approximately HK\$74 million arising from subscription receivables for the Company's issued preference shares recognized under Hong Kong Accounting Standards, the Group made a net loss of approximately HK\$7 million, down by approximately 42% compared to last year's net loss of approximately HK\$12 million. This was mainly because the aggregate post-acquisition profit contributed from our first two new investments made in late 2006 was more than offset by the Group's full year operating expenses.

During the year, the Group's steel trading and procurement services division continued to operate in a difficult environment and it recorded a loss of approximately HK\$0.6 million. Although we have managed the steel trading operation with a very cautious approach, this operation continued to make loss due to high price volatility of nickel, which is a major material for making stainless steel. We will continue to assess critically the continuous contribution of this operation to the Group and the allocation of resources to this division.

Current year was a challenging year for NAS. During the year, NAS successfully completed the placement of non-redeemable convertible preference shares to an international bank. This placement, together with the placement of the same class of non-redeemable convertible preference shares to 19 internationally reputable institutions and professional investors last year, have brought in new capital amounting to approximately HK\$1,267 million (net of expenses). These placements have strengthened the overall capital base and financial capability of the Group to diversify its operations from its cyclical steel trading business. With the new capital, we successfully completed three investments since November 2006.

Our first investment was an acquisition of 100% equity stake in American Tec Company Limited and American Tec Electronic India Private Limited (formerly known as Autron India Private Limited, collectively the "Amtec Group") at a total consideration of US\$60 million (equivalent to approximately HK\$467 million) on 3rd November 2006. The principal activities of Amtec Group are the trading of surface mount technology ("SMT") assembly equipments, machinery and spare parts and provision of related installation, training, repair and maintenance services in the Mainland China, India and South East Asia. It recorded a post-acquisition net profit of approximately HK\$21 million on revenue of approximately HK\$359 million in current year.

Our second investment was made on 7th December 2006 by subscribing 100,000,000 non-redeemable convertible preferred shares of Coland Group Limited ("Coland") at an aggregate subscription price of approximately HK\$143 million. Upon full conversion of the preferred shares to ordinary shares, the Group will have 40% interest in Coland. Coland and its subsidiaries (the "Coland Group") are principally engaged in the processing and sale of fishmeal, refining and sale of fish oil, manufacturing and sale of aquatic feed products and trading of other raw materials relating to aquatic feeds in the PRC. Our share of Coland Group's post-acquisition revenue and net profit was approximately HK\$102 million and HK\$4 million respectively in current year.

Our third investment was made on 15th March 2007 by entering into a development agreement with BK ASIAPAC, PTE. LTD. ("BKAP") for a 10-year operation right relating to Burger King restaurants in Hong Kong and Macau ("Project Burger King") starting from 1st April 2007. We paid a one-off non-refundable market development fee of US\$250,000 (equivalent to approximately HK\$1,950,000) to BKAP in consideration for this operation right. No revenue was generated by this business in current year.

Chairman's Statement

OUTLOOK

We are confident in the underlying strength of our new businesses and of the economies in which they operate. Growing consumer demand and increased capital formation are expected to continue to underpin economic performance in Hong Kong, India and the Mainland China. The Amtec Group is expected to continue to benefit from the strong growth of the electronics business in the Mainland China and India. It has also started to set up offices in Vietnam and the Philippines for business expansion into these countries. It will continue to explore diversification of its products portfolio. We expect that Coland Group will continue to benefit from strong demand for aquaculture in the Mainland China. It has started to build an aqua-food processing plant and aqua-feeds manufacturing plant in Wuhan of China and we expect that production will be commenced in the last quarter of 2007. On 7th June 2007, Coland successfully concluded a joint venture agreement with Nosan Corporation, a company listed on Tokyo and Osaka stock exchanges, to form a feed manufacturing company in Fuzhou of China. For our Project Burger King, we believe that we are in a unique position to capture the market potential of the quick service restaurant industry in Hong Kong and Macau. We intend to open at least four restaurants in the next nine months, primarily in the business districts, shopping areas and tourist spots in Hong Kong and Macau. It is expected that the Group will open the first restaurant by December 2007. We will continue to bring added value to these new businesses and assist them to build up a scalable business platform to facilitate future expansion.

We will also continue to seek new sizable investment opportunities in the acquisition of strategic, possible controlling, stakes in profitable companies in North Asia with strong cash flow in growth sectors such as the consumer, industrial, technology, media and telecommunications businesses, where our competencies can deliver greater value to our shareholders.

NAS has been in discussion with potential investors relating to a potential fund raising exercise which would likely to issue non-redeemable convertible preference shares similar to last placement mentioned above to raise up to US\$350 million (equivalent to approximately HK\$2,716 million) in 2007 to pursue new investment opportunities. We are continuing the discussions with prospective investors and as of the date of this announcement, there have been no agreements entered into by the Company with any potential investor.

APPRECIATION

On behalf of the Board of Directors, I would like to express my sincere gratitude to our worldwide suppliers and customers for their trust and support in our products and services throughout the year. I also wish to take this opportunity to offer my appreciation to our shareholders for their confidence in NAS, as well as our staff for their dedication and commitment throughout the year. From such overwhelming commitment, we will continue to pace our efforts towards the long-term development of NAS.

Göran Sture Malm
Chairman

Hong Kong, 21st June 2007

Management Discussion and Analysis

FINANCE AND BUSINESS PERFORMANCE

For the year ended 31st March 2007, the Group recorded a turnover of approximately HK\$559,327,000, representing a 55.3% increase from that in last year. This turnover was not all generated from its steel trading activities as in last year. Due to the completion of the Group's investments in American Tec Company Limited ("Amtec") and American Tec Electronic India Private Limited (formerly known as Autron India Private Limited, collectively the "Amtec Group") and Coland Group Limited ("Coland") in early November and December 2006 respectively, their post-acquisition operating results were consolidated into the Group's accounts since the third quarter. During the year, the Group recorded turnover of approximately HK\$394,023,000 from its surface mount technology ("SMT") assembly equipments trading operation, of which approximately HK\$359,390,000 was generated by Amtec Group after the Group's acquisition on 3rd November 2006. During the year, Amtec Group recorded a net profit of approximately HK\$21,127,000. NAS Group also recorded a net profit of approximately HK\$4,404,000 on turnover of approximately HK\$101,503,000 from its 40% jointly controlled investment in Coland since early December 2006. During the year, the Group's steel trading operation recorded a net loss of approximately HK\$554,000 on turnover of approximately HK\$63,801,000, which was less than last year's net loss of approximately HK\$1,177,000 (before write-back of overprovided taxation of approximately HK\$5,000,000 resulting mainly from divestments of certain subsidiaries) and last year's turnover of approximately HK\$360,000,000 respectively. Such decrease was mainly due to the high nickel price volatility, which is a major material for making stainless steel and continuous deployment of macro-economic management policies by the PRC government to limit excessive investments in several overheated industries including steel and real estate sector.

During the year, the Group recorded a net profit attributable to equity holders of approximately HK\$66,747,000, versus net loss of approximately HK\$11,988,000 for last year. The significant increase in net profit for the year was mainly due to recognition of interest income of approximately HK\$73,693,000 related to the subscription receivables from the Company's preference shareholders in accordance with Hong Kong Accounting Standard 39. Excluding this interest income, the Group had a net loss of approximately HK\$6,946,000 for the year. This was mainly because although the Group had aggregate post-acquisition net profit of approximately HK\$25,531,000 from Amtec Group and Coland and earned bank interest income of approximately HK\$13,917,000 in the year, these were more than offset by the service fees of approximately HK\$20,896,000 paid by NAS to North Asia Strategic Advisors ("NASA") pursuant to a service agreement dated 26th September 2005 (as amended and restated on 30th December 2005) between them, amortization expenses of intangible assets totaling approximately HK\$5,855,000 arising from the investments in Amtec Group and Coland, and other operating expenses of approximately HK\$21,201,000 recorded by NAS headquarter during the year.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31st March 2007, NAS Group had bank and cash balance of approximately HK\$491,452,000 (2006: HK\$295,902,000), of which approximately HK\$49,899,000 (2006: HK\$3,055,000) was pledged to secure trade financing facilities of approximately HK\$588,795,000 (2006: HK\$6,000,000) granted by banks to its Group companies for trust receipts loans, mortgage loans and bank borrowings. These banking facilities were also secured by (a) corporate guarantees provided by NAS, (b) the Group's inventories held under trust receipts bank loan arrangement, (c) buildings, (d) investment properties and (e) prepaid lease payments. For the Group's cash and bank balance of approximately HK\$491,452,000 as at 31st March 2007, approximately HK\$51,008,000 was denominated in Renminbi and deposited with the banks in China.

As at 31st March 2007, NAS Group had convertible bonds of approximately HK\$15,712,000 (2006: HK\$14,642,000) and borrowings of approximately HK\$163,999,000 (2006: Nil). The gearing ratio (sum of borrowings and convertible bonds divided by shareholders' equity) of the Group was 0.15 as at 31st March 2007, as compared to 0.01 as at 31st March 2006.

Management Discussion and Analysis

SIGNIFICANT INVESTMENTS HELD AND MATERIAL ACQUISITION AND DISPOSALS OF INVESTMENTS AND SUBSIDIARIES

As at 31st March 2007, the Group had no significant investments. Apart from the investments in the Amtec Group and Coland, there were no other material acquisitions or disposals of investments and subsidiaries during the year.

FOREIGN CURRENCY EXPOSURE

The NAS Group's businesses were primarily transacted in Hong Kong dollars, United States ("US") dollars, Japanese Yen ("Yen") and Renminbi ("RMB"). The Group's cash and bank deposits, including pledged bank deposit, were mainly denominated in Hong Kong dollars. The foreign currency exposure of the Group is mainly driven by its business operations. Sales receipts were collected in US dollars. On the other hand, the steel products, SMT equipments, fishmeal and fish oil purchases were mainly denominated in US dollars, Yen and Renminbi. With a comparatively immaterial fluctuation in exchange rates between US dollars with RMB and with Yen, the Group considers the foreign currency exposure was minimal for the year under review. The NAS Group will continue to monitor closely the exchange rate between US dollars and Yen and RMB and will make necessary hedging arrangements to mitigate the risk arising from foreign currency fluctuation in the future.

CONTINGENT LIABILITIES

As at 31st March 2007, the Company had provided guarantees of approximately HK\$295,712,000 (2006: HK\$6,600,000) with respect to banking facilities made available to its subsidiaries.

NUMBER OF EMPLOYEES AND REMUNERATION POLICIES

As at 31st March 2007, the NAS Group employed 437 (2006: 11) staff. Salaries and annual bonuses are determined according to positions and performance of the employees. Remuneration policies are reviewed annually by the management and remuneration packages are structured to take into account the comparable level of the market. The Group provides on-the-job training and training subsidies to its employees in addition to pension schemes and medical insurance. Total staff costs including contribution to retirement benefit schemes incurred during the year under review amounted to approximately HK\$23,559,000 (2006: HK\$6,139,000).

Profiles of Directors and Senior Management

EXECUTIVE DIRECTORS

Göran Sture Malm, Chairman

Mr. Göran Sture Malm, age 60, joined the Company in August 2005. Mr. Malm is the Chairman of Boathouse Limited, an investment company and Children's Medical Foundation, Hong Kong, a US originated charity. He also serves as a director of various companies in China, Hong Kong, Japan, Korea, Singapore and Sweden, including Samsung Electronics in Korea. Prior to joining Boathouse Limited in 2000, Mr. Malm was the President of Dell Asia Pacific, Senior Vice President of Dell Computer Corporation, Senior Vice President of General Electric (GE) Company, President of General Electric Asia Pacific, President and Chief Executive Officer of GE Medical Systems Asia Ltd. and Vice President of General Electric (GE) Company. Mr. Malm holds a Bachelor degree in Economics and Business Administration from the Gothenburg School of Business, Economics and Law in Sweden. For 2005-2006, Mr. Malm was assigned as Visiting Professor in Applied Management at the same Business School. Mr. Malm is a member of the nomination committee of the Company.

Henry Cho Kim, Deputy Chairman

Mr. Henry Cho Kim, age 42, joined the Company in August 2005. Mr. Cho is a Co-founder and Managing Partner of Ajia Partners Inc. ("API") and companies controlled by it ("Ajia Partners Group"). He focuses primarily on investor/partner relations and activities for the real estate and special situations groups of the Ajia Partners Group. Prior to founding the Ajia Partners Group, he was a Principal at Bank of America, N.A. Prior to Bank of America, N.A., Mr. Cho was with HSBC Markets (Asia) Limited in Hong Kong. He received his Bachelor degree in Economics and International Relations from Brown University and a Master of Business Administration degree from the Wharton School, University of Pennsylvania.

Savio Chow Sing Nam, Chief Executive Officer

Mr. Savio Chow Sing Nam, age 50, joined the Company in August 2005. Mr. Chow is the Lead Partner for the special situations group of the Ajia Partners Group. Prior to joining the Ajia Partners Group, Mr. Chow served as a Consultant at E.M. Warburg Pincus & Co. Asia Ltd. He has had about 20 years experience in the Information Technology industry both in the US and Asia Pacific. He was the Managing Director of Yahoo! Inc. responsible for Asia. Prior to joining Yahoo, Mr. Chow held various senior management positions at Netscape Communications Corporation, Lotus Development Corporation and International Business Machines Corporation. He holds a Master of Science degree in Engineering and a Master of Business Administration degree from the University of California at Berkeley. Mr. Chow is a member of the remuneration committee and the compliance officer of the Company.

Profiles of Directors and Senior Management

EXECUTIVE DIRECTORS *(Cont'd)*

Andrew Yao Cho Fai

Mr. Andrew Yao Cho Fai, age 41, has been with the Company since the formal establishment of the trading operation in April 1997. He graduated from the University of California, Berkeley and Harvard Graduate School of Business. Mr. Yao has extensive experience in the steel trading business and is the Chairman and Chief Executive Officer of Van Shung Chong Holdings Limited. Mr. Yao is also an independent non-executive director of Grand Investment International Limited and Kader Holdings Company Limited, which are companies listed on the Main Board of the Stock Exchange. He serves as a committee member of Federation of Hong Kong Industries. He also sits on the Shanghai People's Political Consultative Conference, acts as First Vice Chairman of the Hong Kong United Youth Association Limited, Deputy Chairman of the Shanghai Youths Federation and the China Young Entrepreneurs' Association, Director of the Shanghai Fudan University and court member of the University of Hong Kong.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Philip Ma King Huen

Mr. Philip Ma King Huen, age 50, joined the Company in March 2000. Mr. Ma is the Group Managing Director of The Sincere Company, Limited, a listed company on the Main Board of the Stock Exchange. Mr. Ma was the Chairman of the Hong Kong Retail Management Association from 1996 to 2000 and is very active in the community service. He holds a Master degree in Business Administration from McMaster University in Canada. Mr. Ma is a member of the audit committee, remuneration committee and nomination committee of the Company.

Kenny Tam King Ching

Mr. Kenny Tam King Ching, age 58, joined the Company in September 2004. He is a practicing Certified Public Accountant in Hong Kong. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and a member of the Institute of Chartered Accountants of Ontario, Canada. Mr. Tam is serving as a member of the Ethics Committee, Practice Review Committee, Small and Medium Practitioners Committee and Insolvency Practitioners Committee in the Hong Kong Institute of Certified Public Accountants. He is also a Past President of The Society of Chinese Accountants and Auditors. Mr. Tam also serves as an independent non-executive director of six companies listed on the Main Board of the Stock Exchange, namely, CCT Telecom Holdings Limited, Kingmaker Footwear Holdings Limited, Shougang Concord Grand (Group) Limited, Starlite Holdings Limited, Swank International Manufacturing Company Limited and Van Shung Chong Holdings Limited. Mr. Tam is a member of the audit committee, remuneration committee and nomination committee of the Company.

Profiles of Directors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS *(Cont'd)*

Edgar Kwan Chi Ping

Mr. Edgar Kwan Chi Ping, age 57, joined the Company in August 2005. Mr. Kwan, a Civil Engineer, has over 30 years of local and international experience in engineering, construction and project management. He is a deputy managing director of SOCAM Asset Management (HK) Limited. Prior to SOCAM, he was an Executive Director and Chief Operating Officer of Paul Y. Engineering Group Limited, a company listed on the Main Board of the Stock Exchange. He holds both Bachelor and Master degrees in Civil Engineering from the University of Hong Kong and a Master degree in Business Administration from the Chinese University of Hong Kong. His major public services include acting as the Chairman of the Construction Industry Training Authority, Vice President of the Hong Kong Construction Association, a director of Real Estate Developers' Association, an adjudicator of the Registration of Persons Tribunal and a member of a number of public bodies including the Independent Police Complaints Council, the Broadcasting Authority Complaints Committee and the Codes of Practice Committee, the Engineers Registration Board, the Construction Industry Council and the Appeal Tribunal (Building) of the Planning and Lands Bureau. Mr. Kwan is a member of the audit committee and remuneration committee of the Company.

SENIOR MANAGEMENT

Grace Luk Pui Yin, Chief Financial Officer

Ms. Grace Luk Pui Yin, age 42, joined the Company in August 2005. Ms. Luk was the Director and Financial Controller of Kleinwort Benson China Management Limited, the Investment Manager of the London-listed China Investment & Development Fund. This Fund invested in 12 joint ventures with substantial manufacturing operations in China and completed divestment of its portfolio before 2003. She was also Vice President of Dresdner Kleinwort Capital, the private equity arm of Dresdner Bank. She has over 10 years of private equity experience in the Greater China region. Prior to Kleinwort Benson, Ms. Luk was department head of the category financial management department at Colgate-Palmolive and was an auditor at Arthur Andersen in Hong Kong. She received her Bachelor degree in Business Administration from the Chinese University of Hong Kong. She is a Fellow of the UK Association of Chartered Certified Accountants, an Associate of both the UK Chartered Institute of Management Accountants and the Hong Kong Institute of Certified Public Accountants.

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Company is committed to ensuring high standards of corporate governance in the interests of shareholders, and follows the principles set out in the Code on Corporate Governance Practices (the “Code”) contained in Appendix 15 to the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”).

The Company has complied with the code provisions set out in the Code throughout the year ended 31st March 2007.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealing set out in rules 5.48 to 5.68 of the GEM Listing Rules (the “Required Standard”) as the code of conduct regarding securities transactions by the Directors of the Company and has complied with the Required Standard throughout the year ended 31st March 2007.

A copy of the Required Standard is sent to each Director of the Company upon appointment and a notification of the black-out period is sent to each Director at least one month before the date of the board meetings for approving the Company’s quarterly results, interim results and annual results.

Having made specific enquiry of all Directors of the Company, all Directors confirmed that they had complied with the Required Standard during the year ended 31st March 2007.

BOARD OF DIRECTORS

Roles and responsibilities

The board of Directors (the “Board”) has the responsibility for leadership and control of the Company. They are collectively responsible for promoting the success of the Company and its subsidiaries (together the “Group”) by directing and supervising the Group’s affairs. The Board is accountable to shareholders for the strategic development of the Group with the goal of maximising long-term shareholder value, while balancing broader stakeholder interests.

The Board formulates overall Company strategy. Given the diversity and volume of the Company’s business, responsibility for execution and daily operations is delegated to management.

In furtherance of good corporate governance, the Board has established three sub-committees: audit committee, remuneration committee and nomination committee. All of these committees have terms of reference which accord with the principles set out in the Code contained in Appendix 15 to the GEM Listing Rules.

Corporate Governance Report

BOARD OF DIRECTORS *(Cont'd)*

Composition

The Board currently comprises seven Directors: four executive Directors and three independent non-executive Directors that are more than one-third of the Board. Biographical details of the Directors are set out in the section of "Profiles of Directors and Senior Management" on pages 8 to 10.

The Directors have distinguished themselves in their field of expertise, and have exhibited high standards of personal and professional ethics and integrity. All the Directors give sufficient time and attention to the Company's affairs. The Board believes that the ratio of executive to non-executive Directors is reasonable and adequate to provide checks and balances that safeguard the interests of the shareholders and the Company as a whole.

The executive Directors are responsible for the day-to-day management of the Group's operations. These Directors conduct regular meetings with the senior management of the Company and its subsidiaries, at which operational issue and financial performance are evaluated.

The non-executive Directors provide the Company with a wide range of expertise and experience. They bring independent judgment on issues relating to the Group's strategy, performance, risk and management process through their contribution at Board and committee meetings.

According to the Bye-laws of the Company, newly appointed Directors shall hold office until the next following general meeting and shall be eligible for re-election at that meeting. Every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

Independence

The Company has three independent non-executive Directors, at least one of whom has appropriate financial management expertise, in compliance with the GEM Listing Rules. Each independent non-executive Director gives the Company an annual confirmation of his independence, and the Company considers these directors to be independent under the guidelines set out in Rule 5.09 of the GEM Listing Rules. No independent non-executive Director has served the Company for more than nine years.

Board Meetings

The Board regularly meets in person or through other electronic means of communication at least four times every year to determine overall strategic direction and objectives and approve quarterly, interim and annual results, budgets and other significant matters. At least 14 days' notice of regular Board meetings are given to all Directors, who are all given an opportunity to attend and include matters in the agenda for discussion. Apart from formal meetings, matters requiring board approval are arranged by means of circulation of written resolutions. Senior management from time to time provides to the Directors information on activities and development of the businesses of the Group. The company secretary takes detailed minutes of the meetings and keeps records of matters discussed and decisions resolved at the meetings.

Corporate Governance Report

BOARD OF DIRECTORS *(Cont'd)*

Frequency of Meetings and Attendance

Eight full Board meetings were held during the year with an average attendance rate of 79%. The attendance of each Director at board meetings is set out below:

| Board Members | Number of Meetings Attended/Held |
|---|-------------------------------------|
| Executive directors | |
| Göran Sture Malm (<i>Chairman</i>) | 7/8 |
| Henry Cho Kim (<i>Deputy Chairman</i>) | 6/8 |
| Savio Chow Sing Nam (<i>Chief Executive Officer</i>) | 8/8 |
| Andrew Yao Cho Fai | 3/8 |
| Desmond Fu Hay Ching (<i>retired on 31st July 2006</i>) | 0/2 |
| Independent non-executive directors | |
| Philip Ma King Huen | 8/8 |
| Kenny Tam King Ching | 8/8 |
| Edgar Kwan Chi Ping | 6/8 |

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Chairman and the Deputy Chairman of the Board are Mr. Göran Sture Malm and Mr. Henry Cho Kim respectively. Mr. Savio Chow Sing Nam serves as the Company's Chief Executive Officer. The roles of the Chairman and the Chief Executive Officer are distinct and segregated with a clear division of responsibility. The Chairman plays a leading role and is responsible for effective running of the Board while the Chief Executive Officer is delegated with the authority and responsibility of overall management, business development and implementation of the Group's strategy determined by the Board in achieving its overall commercial objectives.

NON-EXECUTIVE DIRECTORS

The independent non-executive Directors had signed letters of appointment with the Company in October 2005 to confirm the term of their appointments for three years commencing on 1st November 2005.

The term of office of each of the non-executive Directors is for a period of three years unless terminated by either party with one month's written notice, and they are subject to retirement by rotation and re-election at the annual general meeting in accordance with the provisions of the Company's Bye-laws.

Corporate Governance Report

REMUNERATION COMMITTEE

The remuneration committee was re-structured with its term of reference adopted on 30th September 2005. The committee comprises four members, a majority of whom are independent non-executive Directors, and is chaired by Mr. Edgar Kwan Chi Ping. The remuneration committee has delegated responsibility to determine the remuneration packages of the executive Directors and senior management and make recommendation to the Board of the remuneration of the non-executive Directors. During the year, the committee has reviewed the remuneration of the Directors and made recommendation to the Board on the structure of the remuneration of the Directors. A meeting was held for the year ended 31st March 2007. Attendance of the members is set out below:

| Remuneration Committee Members | Number of Meetings Attended/Held |
|---|---|
| Edgar Kwan Chi Ping (<i>Committee Chairman</i>) | 1/1 |
| Philip Ma King Huen | 1/1 |
| Kenny Tam King Ching | 1/1 |
| Savio Chow Sing Nam | 0/1 |

During the year ended 31st March 2007, total Directors' remuneration amounted to HK\$4,701,000 (2006: HK\$2,422,000).

Remuneration of the executive Directors is prudently designed to attract, motivate and retain them to formulate strategies and to oversee operational matters of the Group and to reward them for enhancing value to the shareholders.

Details of the remuneration of the Directors are set out in note 24 to the accompanying accounts.

NOMINATION COMMITTEE

The nomination committee was established on 30th September 2005 with its term of reference adopted on 14th November 2005. The committee comprises three members, a majority of whom are independent non-executive Directors, and is chaired by Mr. Philip Ma King Huen. The nomination committee is responsible for making recommendations to the Board on the appointment of directors, evaluation of board composition and the management of board succession with reference to certain guidelines including appropriate professional knowledge and industry experience, personal ethics, integrity and personal skills, and time commitments of members. During the year, the committee has reviewed the board composition and made recommendation to the Board. A meeting was held during the year ended 31st March 2007. Attendance of the members is set out below:

| Nomination Committee Members | Number of Meetings Attended/Held |
|---|---|
| Philip Ma King Huen (<i>Committee Chairman</i>) | 1/1 |
| Kenny Tam King Ching | 1/1 |
| Göran Sture Malm | 0/1 |

Corporate Governance Report

AUDITORS' REMUNERATION

The Company reviews the appointment of external auditors on an annual basis including a review of the audit scope and approval of the audit fee. During the year, the fee payable to the Company's external auditors for the audit amounted to HK\$1,720,000 and fee for non-audit related activities amounted to HK\$967,000.

AUDIT COMMITTEE

The audit committee was established with written terms of reference that set out the authorities and duties of the committee adopted by the Board. The committee comprises three independent non-executive Directors and is chaired by Mr. Kenny Tam King Ching who has appropriate professional qualifications and experience in financial matters.

The Board approved and adopted a revised terms of reference of the audit committee on 14th November 2005. Under the terms of reference which are aligned with the code provisions set out in the Code, the committee's principal duties are to ensure the adequacy and effectiveness of the accounting and financial controls of the Group, oversee the performance of internal control systems and financial reporting process, monitor the integrity of the financial statements and compliance with statutory and listing requirements and to oversee independence and qualifications of the external auditors.

The audit committee meets the external auditors at least four times a year to discuss any area of concern during the audits or review. The audit committee reviews the quarterly, interim and annual reports before submission to the Board. Senior representatives of the external auditors, executive Directors and senior management are invited to attend the meetings, if required.

During the year, the audit committee has approved the nature and scope of the statutory audits, and reviewed the quarterly, interim and annual accounts of the Group, and was content that the accounting policies and standards of the Group are in accordance with the current best practices in Hong Kong. Four meetings were held during the year and the attendance at meetings is set out below:

| Audit Committee Members | Number of Meetings Attended/Held |
|--|---|
| Kenny Tam King Ching (<i>Committee Chairman</i>) | 4/4 |
| Philip Ma King Huen | 3/4 |
| Edgar Kwan Chi Ping | 4/4 |

INTERNAL CONTROLS

The Board is responsible for maintaining a sound and effective internal control system to safeguard the Company's assets and shareholders' interest. The internal control system is designed to reduce, but not eliminate, risks of failure in operational systems. The system helps to provide reasonable, but not absolute, assurance against material misstatement or loss. The system aims to support the achievement of the Group's business objectives.

The system comprises a well-defined organizational structure with clearly defined lines of responsibility and authority to ensure effectiveness & efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations. The Board conducts regularly reviews of the effectiveness of the internal control system of the Group through reviews performed by audit committee, executive management and external auditors.

Corporate Governance Report

INTERNAL CONTROLS *(Cont'd)*

During the year ended 31st March 2007, the Company engaged an independent consultant, RSM Nelson Wheeler Consulting Limited ("NW") to conduct a review of the effectiveness of the Group's internal control system and procedures, covering all material controls, including financial, operational, compliance and risk management. The Group has recruited a senior internal audit manager with rich internal audit experience in early June 2007 to set up the Group's internal audit department to assist the Board to maintain sound and effective internal controls to safeguard the shareholders' investment and the Company's assets.

During the year, the audit committee reviewed the effectiveness of the system of the internal control through the following processes:

- discussions with the executive management on areas of risk identified
- review of risks reported by NW
- review of the external audit plans
- review of issues reported by external auditors
- review of the reports from NW and the executive management to ensure appropriate controls are in place and any deficiencies or irregularities, if any, are rectified

Based on the result of the review for the year ended 31st March 2007, the Board considered that the internal control system and procedures of the Group are adequate and effective and have complied with the provisions of the Code during the year.

INVESTOR RELATIONS AND SHAREHOLDERS' RIGHTS

The Company proactively promotes investor relations. Communication with shareholders is always given high priority. Extensive information about the Group's activities is provided in the annual report, interim report and quarterly report. The Company's website provides regularly updated information to shareholders. Enquiries on matters relating to the businesses of the Group are welcomed, and are dealt with in an informative and timely manner.

The Company encourages all shareholders to attend the annual general meetings for which the Company gives at least 21 days' notice. Shareholders have statutory rights to call for special general meetings by serving appropriate written requests to the Company. The Company allows any director or directors who, individually or collectively, hold proxies in respect of shares representing 5% or more of the total voting rights at the meeting to demand a poll in certain circumstances where, on a show of hands, the meeting votes in the opposite manner to that instructed to those proxies. Details of the right to demand a poll are set out in the circular to shareholders despatched together with the annual report. The poll results are published on the websites of the Company and the Stock Exchange.

The respective chairman of the Board and the audit committee and external auditors attended the annual general meeting of the Company held on 31st July 2006 to answer questions from shareholders. The financial advisers were available to answer questions at the special general meetings of the Company held on 4th September 2006, 31st October 2006 and 29th November 2006.

Corporate Governance Report

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors are ultimately responsible for the preparation of the accounts for each financial year which gives a true and fair view. In preparing the accounts, appropriate accounting policies and standard are selected and applied consistently.

The statement of the auditors of the Company about their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditors' Report on pages 34 and 35 of this annual report.

CONCLUSION

The Company believes that good corporate governance is significant in maintaining investor confidence and attracting investment. The management will devote considerate effort to strengthen and improve the standards of the corporate governance of the Group.

Report of the Directors

The board of Directors (the “Board”) have the pleasure of presenting their annual report together with the audited accounts of North Asia Strategic Holdings Limited (the “Company”) and its subsidiaries (together the “Group”) for the year ended 31st March 2007.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The Group is principally engaged in trading of surface mount technology (“SMT”) assembly equipments, machinery and spare parts and provision of related installation, training, repair and maintenance services; processing and sale of fishmeal, refining and sale of fish oil, manufacturing and sale of aquatic feed products and trading of other raw materials relating to aquatic feeds; and trading of steel products and provision of procurement services for steel products (including the operation of an e-commerce vertical portal for the provision of online steel trading services and ancillary services).

SEGMENT INFORMATION

An analysis of the Group’s turnover and segment results by business segment and geographical segment for the year ended 31st March 2007 is set out in note 5 to the accompanying accounts.

RESULTS AND APPROPRIATIONS

Details of the Group’s results for the year ended 31st March 2007 are set out in the consolidated income statements on page 36 of this annual report.

The Directors do not recommend the payment of a dividend and recommend that the accumulated profit of approximately HK\$45,063,000 as at 31st March 2007 be carried forward.

SHARE CAPITAL

Details of movements in the share capital of the Company during the financial year are set out in note 20 to the accompanying accounts.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Bye-laws of the Company or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

RESERVES AND ACCUMULATED PROFIT

Movements in reserves of the Group and the Company during the year are set out in note 21 to the accompanying accounts. As at 31st March 2007, the Company did not have any distributable reserves (2006: Nil).

Report of the Directors

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on pages 2 and 3 of this annual report.

SUBSIDIARIES

Particulars of the Company's subsidiaries are set out in note 10 to the accompanying accounts.

PLANT AND EQUIPMENT

Details of movements in plant and equipment during the year are set out in note 6 to the accompanying accounts.

BANK BORROWINGS

Particulars of bank borrowings as at 31st March 2007 are set out in note 16 to the accompanying accounts.

INTEREST CAPITALISED

The Group has not capitalized any interest during the year.

PENSION SCHEMES

Details of the pension schemes are set out in note 24 to the accompanying accounts.

DIRECTORS

The Directors who held office during the year and up to the date of this report were:

Executive Directors

Göran Sture Malm (*Chairman*)
Henry Cho Kim (*Deputy Chairman*)
Savio Chow Sing Nam (*Chief Executive Officer*)
Andrew Yao Cho Fai
Desmond Fu Hay Ching (*retired on 31st July 2006*)

Independent Non-executive Directors

Philip Ma King Huen
Kenny Tam King Ching
Edgar Kwan Chi Ping

Report of the Directors

DIRECTORS *(Cont'd)*

In accordance with Bye-law 87 of the Company's Bye-laws, Messrs. Philip Ma King Huen, Kenny Tam King Ching and Edgar Kwan Chi Ping will retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

Each of the independent non-executive Directors has made an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company is of the view that all independent non-executive Directors meet the independence guidelines set out in Rule 5.09 of the GEM Listing Rules and are independent in accordance with the terms of the guidelines.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of Directors and senior management are set out on pages 8 to 10 of this annual report.

DIRECTORS' SERVICE CONTRACTS

None of the Directors being proposed for re-election at the forthcoming annual general meeting has a service contract with the Group which is not determinable by the Group within one year without payment of compensation other than statutory compensation.

The term of office of each of Messrs. Philip Ma King Huen, Kenny Tam King Ching and Edgar Kwan Chi Ping is for a period of three years commencing on 1st November 2005. All of them are subject to retirement by rotation and re-election at annual general meeting pursuant to the Company's Bye-laws.

Details of the Directors' emoluments are set out in note 24 to the accompanying accounts.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31st March 2007, the Directors and chief executive of the Company and their respective associates had the following interests and short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to the securities transactions by Directors:

Long Positions in the Shares and Underlying Shares^(a) of the Company

- (a) The underlying shares referred to in note 2 arise as a result of the conversion rights attaching to the preference shares (the "Preference Shares") issued by the Company under the placements as disclosed in the circulars to shareholders dated 24th January 2006 and 17th August 2006 (the "Placements"). The Preference Shares shall be automatically converted into ordinary shares, credited as fully paid, at the conversion ratio of one Preference Share for one ordinary share in accordance with the terms of the Preference Shares.
- (b) The approximate percentage of shareholdings set out below is based on 95,794,716 ordinary shares (each the "share" or "ordinary share") in issue as at 31st March 2007, not on the total number of issued shares upon full conversion of the Preference Shares and the convertible bonds (the "Convertible Bonds") as set out in the circular to shareholders dated 20th June 2005.

Report of the Directors

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (Cont'd)

Long Positions in the Shares and Underlying Shares^(a) of the Company (Cont'd)

| Name of Director | Capacity | Number of ordinary shares held | Number of underlying shares held | Total | Approximate % of shareholdings ^(b) | Note |
|---------------------------------------|------------------------------------|--------------------------------|----------------------------------|------------|---|------|
| Mr. Andrew Yao Cho Fai ("Mr. Yao") | Interest of controlled corporation | 10,592,098 | — | 10,592,098 | 11.06% | 1 |
| Mr. Henry Cho Kim ("Mr. Cho") | Interest of controlled corporation | — | 99,106,003 | 99,106,003 | 103.46% | 2 |

Notes:

1. These interests represented:
 - (i) a deemed interest in 1,598,113 shares of the Company owned by Huge Top Industrial Ltd. ("Huge Top"). Mr. Yao directly holds approximately 11.91% and indirectly through Perfect Capital International Corp. ("Perfect Capital") owns approximately 42.86% of the issued share capital of Huge Top. Mr. Yao owns the entire issued share capital of Perfect Capital and is one of the two directors of Huge Top. Accordingly, Mr. Yao was deemed, under the SFO, to have an interest in these shares of the Company held by Huge Top;
 - (ii) a deemed interest in 6,336,309 shares of the Company owned by Van Shung Chong (B.V.I.) Limited ("VSC BVI"), a wholly-owned subsidiary of Van Shung Chong Holdings Limited ("VSC"). Huge Top owns approximately 47.05% of the issued share capital of VSC. Mr. Yao is one of the two directors of VSC BVI. Accordingly, Mr. Yao was deemed, under the SFO, to have an interest in these shares of the Company held by VSC BVI. These shares were the same 6,336,309 shares referred to in note 23 under the section "Persons who have interests or short positions which are discloseable under Divisions 2 and 3 of Part XV of the SFO" below;
 - (iii) a deemed interest in 1,633,676 shares of the Company owned by TN Development Limited ("TN"). VSC BVI owns 54% of the issued share capital of TN and Mr. Yao owns 10% of the issued share capital of TN. Mr. Yao is one of the two directors of TN. Accordingly, Mr. Yao was deemed, under the SFO, to have an interest in these shares of the Company held by TN. These shares were the same 1,633,676 shares referred to in note 23 under the section "Persons who have interests or short positions which are discloseable under Divisions 2 and 3 of Part XV of the SFO" below; and
 - (iv) an interest in 1,024,000 shares of the Company owned by Right Action Offshore Inc. ("Right Action"). Mr. Yao owns the entire issued share capital of Right Action and is also the sole director of that company.
2. These underlying shares were held by Timeless Enterprises Limited ("Timeless"), a company controlled by Mr. Cho through Kenthomas Company Limited. Accordingly, Mr. Cho was taken to be interested in these underlying shares under the SFO by virtue of his interests in Timeless which was interested in 99,106,003 underlying shares. These underlying shares were the same underlying shares referred to in note 18 under section "Persons who have interests or short positions which are discloseable under Divisions 2 and 3 of Part XV of the SFO" below.

Save as disclosed above, as at 31st March 2007, none of the Directors and the chief executive of the Company or their respective associates had any interests or short positions in the securities of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, including interests and short positions which they were deemed or taken to have under such provisions of the SFO, or (ii) pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or (iii) pursuant to the Rule 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors of listed companies to be notified to the Company and the Stock Exchange.

Save for the above, none of the Directors or the chief executive of the Company nor their spouses or children under 18 years of age had any interests in, or had been granted or exercised, any rights to subscribe for any securities of the Company or any of its associated corporations during the year.

Report of the Directors

PERSONS WHO HAVE INTERESTS OR SHORT POSITIONS WHICH ARE DISCLOSEABLE UNDER DIVISIONS 2 AND 3 OF PART XV OF THE SFO

As at 31st March 2007, so far as is known to the Directors and chief executive of the Company, the following persons (other than the Directors and chief executive of the Company whose interests were disclosed above) had interests or short positions in the shares and/or underlying shares of the Company which fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and/or were directly or indirectly interested in 10% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group together with particulars of any options in respect of such capital:

Long Positions in the Shares and Underlying Shares^(c) of the Company

- (c) The underlying shares referred to in the following table (other than those referred to in notes 1 and 4 below) arise as a result of the conversion rights attaching to the Preference Shares issued by the Company under the Placements. The Preference Shares shall be automatically converted into ordinary shares, credited as fully paid, at the conversion ratio of one Preference Share for one ordinary share in accordance with the terms of the Preference Shares. Those underlying shares referred in notes 1 and 4 below arise as a result of the conversion of the Convertible Bonds.
- (d) The approximate percentage of shareholdings set out below is based on 95,794,716 ordinary shares in issue as at 31st March 2007, not on the total number of issued shares upon full conversion of the Preference Shares and the Convertible Bonds.

Substantial Shareholders (Interests Related to Ordinary Shareholders)

| Name | Capacity | Number of ordinary shares held | Number of underlying shares held | Total | Approximate % of shareholdings ^(d) | Note |
|--|------------------------------------|--------------------------------|----------------------------------|-------------|---|--------|
| Mr. Moses Tsang Kwok Tai ("Mr. Tsang") | Beneficial owner | 19,693,486 | 39,386,973 | 59,080,459 | 61.68% | 1 |
| | Interest of controlled corporation | 509,400 | — | 509,400 | 0.53% | 2 |
| | Interest of a discretionary trust | — | 148,659,004 | 148,659,004 | 155.18% | 3 |
| | | | | <hr/> | | |
| | | | | 208,248,863 | 217.39% | |
| North Asia Strategic Acquisition Corp. ("NASAC") | Beneficial owner | 44,163,474 | 88,326,947 | 132,490,421 | 138.31% | 4 |
| North Asia Strategic Advisors ("NASA") | Interest of controlled corporation | 44,163,474 | 88,326,947 | 132,490,421 | 138.31% | 4 & 5 |
| Ajia Partners Inc. ("API") | Interest of controlled corporation | 44,163,474 | 88,326,947 | 132,490,421 | 138.31% | 4 to 6 |

Report of the Directors

PERSONS WHO HAVE INTERESTS OR SHORT POSITIONS WHICH ARE DISCLOSEABLE UNDER DIVISIONS 2 AND 3 OF PART XV OF THE SFO (Cont'd)

Substantial Shareholders (Interests Related to Preference Shareholders)

| Name | Capacity | Number of ordinary shares held | Number of underlying shares held | Total | Approximate % of shareholdings ^(d) | Note |
|--|------------------------------------|--------------------------------|----------------------------------|---------------|---|------|
| The Goldman Sachs Group, Inc. ("Goldman") | Interest of controlled corporation | — | 2,477,650,064 | 2,477,650,064 | 2,586.42% | 7 |
| ABN AMRO Asset Management Holding N.V. | Beneficial owner | — | 1,238,825,032 | 1,238,825,032 | 1,293.21% | |
| Woori Bank ("Woori") | Beneficial owner | — | 792,848,020 | 792,848,020 | 827.65% | 8 |
| Woori Finance Holdings Co., Ltd. | Interest of controlled corporation | — | 792,848,020 | 792,848,020 | 827.65% | 8 |
| United Overseas Bank Limited | Beneficial owner | — | 743,295,019 | 743,295,019 | 775.92% | |
| Oikos Asia Fund ("Oikos") | Beneficial owner | — | 495,530,013 | 495,530,013 | 517.28% | 9 |
| Tiger International Management Inc. ("Tiger") | Beneficial owner | — | 297,318,008 | 297,318,008 | 310.37% | 10 |
| Mr. Chen Jong-Tai | Interest of controlled corporation | — | 297,318,008 | 297,318,008 | 310.37% | 10 |
| Ms. Chen Wu, Feng-Tsai | Interest of controlled corporation | — | 297,318,008 | 297,318,008 | 310.37% | 10 |
| Banca Monte Dei Paschi Di Siena Spa | Beneficial owner | — | 247,765,006 | 247,765,006 | 258.64% | |
| Grand Loyal (China) Limited ("Grand Loyal") | Nominee | — | 247,765,006 | 247,765,006 | 258.64% | 11 |
| Mr. Ho Yiu Wing | Interest of controlled corporation | — | 247,765,006 | 247,765,006 | 258.64% | 11 |
| Grand Partners Group Limited ("Grand Partner") | Nominee | — | 247,765,006 | 247,765,006 | 258.64% | 12 |
| Mr. William Doo Wai Hoi | Interest of controlled corporation | — | 247,765,006 | 247,765,006 | 258.64% | 12 |
| Fubon Bank (Hong Kong) Limited | Beneficial owner | — | 199,233,717 | 199,233,717 | 207.98% | |

Report of the Directors

PERSONS WHO HAVE INTERESTS OR SHORT POSITIONS WHICH ARE DISCLOSEABLE UNDER DIVISIONS 2 AND 3 OF PART XV OF THE SFO (Cont'd)

Substantial Shareholders (Interests Related to Preference Shareholders) (Cont'd)

| Name | Capacity | Number of ordinary shares held | Number of underlying shares held | Total | Approximate % of shareholdings ^(d) | Note |
|--|------------------------------------|--------------------------------|----------------------------------|-------------|---|------|
| Chevalier International Holdings Limited ("Chevalier") | Beneficial owner | — | 198,212,005 | 198,212,005 | 206.91% | 13 |
| Mr. Chow Yei Ching | Interest of controlled corporation | — | 198,212,005 | 198,212,005 | 206.91% | 13 |
| Ms. Miyakawa Michiko | Family interest | — | 198,212,005 | 198,212,005 | 206.91% | 13 |
| Asia Internet Capital Ventures LP ("AICV") | Beneficial owner | — | 148,659,004 | 148,659,004 | 155.18% | 14 |
| Asia Internet Capital Management LLC | Interest of controlled corporation | — | 148,659,004 | 148,659,004 | 155.18% | 14 |
| EC.com Inc. | Interest of controlled corporation | — | 148,659,004 | 148,659,004 | 155.18% | 14 |
| Smart Channel Investments Inc. | Interest of controlled corporation | — | 148,659,004 | 148,659,004 | 155.18% | 14 |
| MKT Holdings (Cayman Islands) LLC | Interest of controlled corporation | — | 148,659,004 | 148,659,004 | 155.18% | 14 |
| HSBC International Trustee Limited | Trustee | — | 148,659,004 | 148,659,004 | 155.18% | 14 |
| Gentfull Investment Limited ("Gentfull") | Beneficial owner | — | 148,659,004 | 148,659,004 | 155.18% | 15 |
| Ms. Vivien Chen Wai Wai | Interest of controlled corporation | — | 148,659,004 | 148,659,004 | 155.18% | 15 |
| Doutdes S.P.A. ("Doutdes") | Beneficial owner | — | 148,659,004 | 148,659,004 | 155.18% | 16 |

Report of the Directors

PERSONS WHO HAVE INTERESTS OR SHORT POSITIONS WHICH ARE DISCLOSEABLE UNDER DIVISIONS 2 AND 3 OF PART XV OF THE SFO (Cont'd)

Substantial Shareholders (Interests Related to Preference Shareholders) (Cont'd)

| Name | Capacity | Number of ordinary shares held | Number of underlying shares held | Total | Approximate % of shareholdings ^(d) | Note |
|--|-------------------------------------|--------------------------------|----------------------------------|-------------|---|---------|
| UFI Filters SPA | Interest of controlled corporation | — | 148,659,004 | 148,659,004 | 155.18% | 16 |
| GGG SPA | Interest of controlled corporation | — | 148,659,004 | 148,659,004 | 155.18% | 16 |
| G.G.G. S.A. | Beneficial owner | — | 99,106,003 | 99,106,003 | 103.46% | 17 |
| Mr. Giorgio Girondi | Interest of controlled corporation | — | 247,765,007 | 247,765,007 | 258.64% | 16 & 17 |
| Timeless | Beneficial owner | — | 99,106,003 | 99,106,003 | 103.46% | 18 |
| Kenthomas Company Limited | Nominee | — | 99,106,003 | 99,106,003 | 103.46% | 18 |
| KKR Group Investments II LLC ("KKR") | Beneficial owner | — | 89,080,460 | 89,080,460 | 92.99% | 19 |
| Mr. George Rosenberg Roberts | Interest of controlled corporation | — | 89,080,460 | 89,080,460 | 92.99% | 19 |
| Mr. Henry Roberts Kravis | Interest of controlled corporation | — | 89,080,460 | 89,080,460 | 92.99% | 19 |
| Glint Delta II NV ("Glint") | Nominee | — | 78,544,061 | 78,544,061 | 81.99% | 20 |
| Mr. Harold Fentener van Vlissingen ("Mr. Fentener van Vlissingen") | Beneficial owner | — | 78,544,061 | 78,544,061 | 81.99% | 20 |
| Rawlco Capital Ltd. ("Rawlco") | Beneficial owner | — | 49,553,001 | 49,553,001 | 51.73% | 21 |
| Mr. Gordon Stanley Rawlinson | Interests of controlled corporation | — | 49,553,001 | 49,553,001 | 51.73% | 21 |
| UBS España, S.A. ("UBS") | Nominee | — | 128,441,377 | 128,441,377 | 134.08% | 22 |

Report of the Directors

PERSONS WHO HAVE INTERESTS OR SHORT POSITIONS WHICH ARE DISCLOSEABLE UNDER DIVISIONS 2 AND 3 OF PART XV OF THE SFO (Cont'd)

Substantial Shareholders (Interests Related to Preference Shareholders) (Cont'd)

| Name | Capacity | Number of ordinary shares held | Number of underlying shares held | Total | Approximate % of shareholdings ^(d) | Note |
|-----------------------------|------------------------------------|--------------------------------|----------------------------------|------------|---|------|
| Ms. Angeles González García | Interest of controlled corporation | — | 49,553,001 | 49,553,001 | 51.73% | 22 |
| Mr. Jorge Garcia González | Interest of controlled corporation | — | 49,553,001 | 49,553,001 | 51.73% | 22 |
| Sphirantes | Nominee | — | 49,553,001 | 49,553,001 | 51.73% | 22 |
| Mr. Cesar Molinas Sanz | Beneficial owner | — | 17,343,550 | 17,343,550 | 18.10% | 22 |
| Kobrither, S.A. | Nominee | — | 14,865,900 | 14,865,900 | 15.52% | 22 |
| Mr. Antonio Del Cano Barbón | Interest of controlled corporation | — | 14,865,900 | 14,865,900 | 15.52% | 22 |
| Mr. Ramón Suarez Beltrán | Beneficial owner | — | 9,910,600 | 9,910,600 | 10.35% | 22 |
| Mr. Ricardo Sanz Ferrer | Beneficial owner | — | 9,910,600 | 9,910,600 | 10.35% | 22 |
| Mr. Miguel Orúe-Echeverría | Beneficial owner | — | 9,910,600 | 9,910,600 | 10.35% | 22 |

Other Persons (Interests Related to Preference Shareholders)

| Name | Capacity | Number of ordinary shares held | Number of underlying shares held | Total | Approximate % of shareholdings ^(d) | Note |
|------------------------------|------------------------------------|--------------------------------|----------------------------------|-----------|---|------|
| Arcosilo, S.L. | Nominee | — | 7,432,950 | 7,432,950 | 7.76% | 22 |
| Mr. Blanca Rueda Sabater | Interest of controlled corporation | — | 7,432,950 | 7,432,950 | 7.76% | 22 |
| Mr. Fernando Rueda Sabater | Interest of controlled corporation | — | 7,432,950 | 7,432,950 | 7.76% | 22 |
| Mr. Richardo de Ponga Bianco | Beneficial owner | — | 5,946,360 | 5,946,360 | 6.21% | 22 |

Report of the Directors

PERSONS WHO HAVE INTERESTS OR SHORT POSITIONS WHICH ARE DISCLOSEABLE UNDER DIVISIONS 2 AND 3 OF PART XV OF THE SFO (Cont'd)

Other Persons (Interests Related to Ordinary Shareholders)

| Name | Capacity | Number of ordinary shares held | Number of underlying shares held | Total | Approximate % of shareholdings ^(d) | Note |
|--------------------------------------|------------------------------------|--------------------------------|----------------------------------|-----------|---|---------|
| VSC BVI | Beneficial owner | 6,336,309 | — | 6,336,309 | 6.61% | 23 |
| | Interest of controlled corporation | 1,633,676 | — | 1,633,676 | 1.71% | 23 |
| | | | | 7,969,985 | 8.32% | |
| VSC | Interest of controlled corporation | 6,336,309 | — | 6,336,309 | 6.61% | |
| | Interest of controlled corporation | 1,633,676 | — | 1,633,676 | 1.71% | |
| | | | | 7,969,985 | 8.32% | 23 & 24 |
| Huge Top | Beneficial owner | 1,598,113 | — | 1,598,113 | 1.67% | |
| | Interest of controlled corporation | 6,336,309 | — | 6,336,309 | 6.61% | |
| | Interest of controlled corporation | 1,633,676 | — | 1,633,676 | 1.71% | |
| | | | 9,568,098 | 9.99% | 23 to 25 | |
| Perfect Capital | Interest of controlled corporation | 1,598,113 | — | 1,598,113 | 1.67% | |
| | Interest of controlled corporation | 6,336,309 | — | 6,336,309 | 6.61% | |
| | Interest of controlled corporation | 1,633,676 | — | 1,633,676 | 1.71% | |
| | | | 9,568,098 | 9.99% | 23 to 25 | |
| Ms. Miriam Yao Che Li ("Ms. Yao") | Interest of controlled corporation | 1,598,113 | — | 1,598,113 | 1.67% | |
| | Interest of controlled corporation | 6,336,309 | — | 6,336,309 | 6.61% | |
| | Interest of controlled corporation | 1,633,676 | — | 1,633,676 | 1.71% | |
| | | | 9,568,098 | 9.99% | 23 to 26 | |

Report of the Directors

PERSONS WHO HAVE INTERESTS OR SHORT POSITIONS WHICH ARE DISCLOSEABLE UNDER DIVISIONS 2 AND 3 OF PART XV OF THE SFO (Cont'd)

Notes:

1. Mr. Tsang was directly interested in 19,693,486 shares and a further 39,386,973 underlying shares which may fall to be issued if the Convertible Bonds are converted at the initial conversion price of HK\$0.1566.
2. These 509,400 shares were directly held by Oboe Development Trading Limited, which was wholly owned by Mr. Tsang.
3. Mr. Tsang was deemed to be interested in 148,659,004 underlying shares by virtue of his being a founder of a discretionary trust, the trustee of which was HSBC International Trustee Limited ("HSBC Trustee"). HSBC Trustee, through its controlling interests in Asia Internet Capital Management LLC which acted as the investment manager of AICV, was deemed to be interested in 148,659,004 underlying shares. These 148,659,004 underlying shares are the same underlying shares referred to in note 14 below. Mr. Tsang was therefore deemed, under the SFO, to be interested in an aggregate of 208,248,863 shares.
4. NASAC was directly interested in 44,163,474 shares and a further 88,326,947 underlying shares which may fall to be issued if the Convertible Bonds are converted at an initial conversion price of HK\$0.1566. Accordingly, NASAC was deemed to be interested in a total of 132,490,421 shares.
5. NASA held the single voting participating share of NASAC and was therefore deemed to be interested in 132,490,421 shares.
6. API is the controlling company of NASA which in turn controls 100% voting capital of NASAC. API was therefore deemed to be interested in 132,490,421 shares.
7. These underlying shares were held by Goldman Sachs (Asia) Finance, a company controlled by The Goldman Sachs (Asia) Finance Holdings L.L.C.. The Goldman Sachs Group, Inc. was deemed to have interests in these underlying shares through its direct subsidiary, The Goldman Sachs Global Holdings L.L.C., and its indirect subsidiary, The Goldman Sachs & Co., which was in turn the controlling company of The Goldman Sachs (Asia) Finance Holdings L.L.C.. Accordingly, all these parties were deemed, under the SFO, to have an interest in these underlying shares by virtue of their respective corporate interests in Goldman Sachs (Asia) Finance.
8. These underlying shares were held by Woori, a company controlled by Woori Finance Holdings Co., Ltd..
9. These underlying shares were held by Oikos, a company controlled by Walkers SPV Limited.
10. These underlying shares were held by Tiger, a company controlled by Mr. Chen Jong-Tai and Ms. Chen Wu, Feng-Tsai. Accordingly, both were taken to be interested in these underlying shares under the SFO by virtue of their interests in Tiger.
11. These underlying shares were held by Grand Loyal, a company controlled by Mr. Ho Yiu Wing. Accordingly, Mr. Ho was taken to be interested in these underlying shares under the SFO by virtue of his interests in Grand Loyal.
12. These underlying shares were held by Grand Partners, a company controlled by Mr. William Doo Wai Hoi. Accordingly, Mr. Doo was taken to be interested in these underlying shares under the SFO by virtue of his interests in Grand Partners.
13. These underlying shares were held by Chevalier, a company 52.5% controlled by Mr. Chow Yei Ching and Ms. Miyakawa Michiko. Accordingly, both were taken to be interested in these underlying shares under the SFO by virtue of their interests in Chevalier.

Report of the Directors

PERSONS WHO HAVE INTERESTS OR SHORT POSITIONS WHICH ARE DISCLOSEABLE UNDER DIVISIONS 2 AND 3 OF PART XV OF THE SFO (Cont'd)

Notes: (Cont'd)

14. These underlying shares were held by AICV which was managed by Asia Internet Capital Management LLC, a company 99% controlled by EC.com Inc.. HSBC International Trustee Limited was deemed to have interests in these underlying shares through its direct wholly-owned subsidiary MKT Holdings (Cayman Islands) LLC and its indirect wholly-owned subsidiary Smart Channel Investments Inc.. Smart Channel Investments Inc. had 48.66% controlling interests in EC.com Inc.. Accordingly, all these parties were deemed, under the SFO, to have an interest in these underlying shares by virtue of their respective corporate interests in AICV. These underlying shares are the same underlying shares referred to in note 3 above.
15. These underlying shares were held by Gentfull, a company 100% controlled by Ms. Vivien Chen Wai Wai. Accordingly, Ms. Chen was taken to be interested in these underlying shares under the SFO by virtue of her interests in Gentfull.
16. These underlying shares were held by Doutdes, a company 83.98% controlled by UFI Filters SPA which was in turn controlled by GGG SPA, a company controlled by Mr. Giorgio Gironi. Accordingly, all these parties were taken to be interested in these underlying shares under the SFO by virtue of their corporate interests in Doutdes.
17. These underlying shares were held by G.G.G. S.A., a company 100% controlled by Mr. Giorgio Gironi. Accordingly, Mr. Gironi was taken to be interested in these underlying shares under the SFO by virtue of his interests in G.G.G. S.A.
18. These underlying shares were held by Timeless, a company controlled by Mr. Cho through Kenthomas Company Limited. Accordingly, Mr. Cho was taken to be interested in these underlying shares under the SFO by virtue of his interests in Timeless. These underlying shares are the same underlying shares referred to in note 2 under "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures" above.
19. These underlying shares were held by KKR, a company controlled by Messrs. George Rosenberg Roberts and Henry Roberts Kravis. Accordingly, all these parties were taken to be interested in these underlying shares under the SFO by virtue of their interests in KKR.
20. These underlying shares were held by Glint, a company 99% controlled by Mr. Fentener van Vlissingen. Accordingly, Mr. Fentener van Vlissingen was taken to be interested in these underlying shares under the SFO by virtue of his interests in Glint.
21. These underlying shares were held by Rawlco, a company controlled by Mr. Gordon Stanley Rawlinson. Accordingly, he was taken to be interested in these underlying shares under the SFO by virtue of his interests in Rawlco.
22. These underlying shares were held by UBS. Of these underlying shares, 49,553,001 underlying shares were held by Sphirantes, a company controlled by Ms. Angeles González Garcia and Mr. Jorge Garcia González; 17,343,500 underlying shares were held by Mr. Cesar Molinas Sanz; 14,865,900 underlying shares were held by Kobrither, S.A., a company controlled by Mr. Antonio Del Cano Barbón; each of Messrs. Ramón Suarez Beltrán, Ricardo Sanz Ferrer and Miguel Orúe-Echeverria held 9,910,600 underlying shares; 7,432,950 underlying shares were held by Arcosilo, S.L., a company controlled by Messrs. Blanca Rueda Sabater and Fernando Rueda Sabater; and 5,946,360 underlying shares were held by Mr. Richardo de Ponga Bianco.
23. VSC BVI owned 54% of the share capital of TN and was deemed to be interested in the 1,633,676 shares held by TN. VSC BVI directly owned 6,336,309 shares. VSC BVI was therefore directly and indirectly interested in an aggregate of 7,969,985 shares.

Report of the Directors

PERSONS WHO HAVE INTERESTS OR SHORT POSITIONS WHICH ARE DISCLOSEABLE UNDER DIVISIONS 2 AND 3 OF PART XV OF THE SFO (Cont'd)

Notes: (Cont'd)

24. VSC owned the entire issued share capital of VSC BVI, VSC was therefore deemed to be interested in an aggregate of 7,969,985 shares.
25. Perfect Capital owned approximately 42.86% of the issued share capital of Huge Top. Huge Top was beneficially interested in approximately 47.05% of the issued share capital of VSC; Perfect Capital and Huge Top were therefore deemed to be interested in 1,633,676 shares held by TN and 6,336,309 shares held by VSC BVI. Huge Top also directly owned 1,598,113 shares. Huge Top was therefore directly and indirectly interested in an aggregate of 9,568,098 shares, and Perfect Capital was indirectly interested in the same aggregate interests.
26. Ms. Yao is one of the two directors for TN and Huge Top while the remaining director of these two companies is Mr. Yao who is the brother of Ms. Yao. Ms. Yao was therefore through Huge Top indirectly interested in an aggregate of 9,568,098 shares.

Save as disclosed above, the Directors and the chief executive of the Company were not aware of any person (other than the Directors or chief executive of the Company the interests of which were disclosed above) who has an interest or short position in the securities of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO as at 31st March 2007.

SHARE OPTION SCHEME

The Company adopted a share option scheme on 13th April 2000 (the "2000 Scheme"). On 10th June 2002, the shareholders approved the adoption of a new share option scheme (the "2002 Scheme") and termination of the 2000 Scheme. Upon cancellation of the options granted under the 2000 Scheme on 14th July 2005, no share options were outstanding under the 2000 Scheme. Under the terms of the 2002 Scheme, the Board may at its discretion offer share options to any employee, agent, consultant or representative, including any executive or non-executive director, of any member of the Group or any other person who satisfies the selection criteria as set out in the 2002 Scheme. The principal purpose of the 2002 Scheme is to provide incentives to participants to contribute to the Group and/or to enable the Group to recruit and/or to retain high-calibre employees and attract human resources that are valuable to the Group. The 2002 Scheme shall be valid and effective for a period of ten years commencing on the adoption date. As at 31st March 2007, no share options have been granted by the Company pursuant to the 2002 Scheme.

CONTINUING CONNECTED TRANSACTIONS

During the year ended 31st March 2007, there existed a services agreement dated 29th September 2005 (as amended and restated on 30th December 2005, the "Services Agreement") entered into between the Company and North Asia Strategic Advisors ("NASA") pursuant to which NASA shall provide service to the Group covering fund raising, market and industry research, investor sourcing, investment sourcing, investment analysis and due diligence, and financial advisory under the overall control and supervision of the Board during the 3 year-term, commencing on 1st April 2006 and shall continue until the termination of the Services Agreement in accordance with its term. Pursuant to the Services Agreement, the Company shall pay fees to NASA for the services rendered by it. The annual cap amounts of the fees payable to NASA (including annual service fee, incentive fee and placing fee) are set at HK\$260 million for each of the three financial years ending 31st March 2007, 2008 and 2009. Details of the Services Agreement are set out in the circular to shareholders dated 24th January 2006. NASA is the holding company of NASAC which is a substantial shareholder of the Company. The transactions contemplated under the Services Agreement constitute non-exempt continuing connected transactions for the Company under the GEM Listing Rules.

Report of the Directors

CONTINUING CONNECTED TRANSACTIONS (Cont'd)

The above continuing connected transactions have been reviewed by the independent non-executive Directors of the Company. The independent non-executive Directors have confirmed that the above continuing connected transactions have been entered into (a) in the ordinary and usual course of business of the Group; (b) on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; and (c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The auditors of the Company have also confirmed that the above continuing connected transactions (a) have received the approval of the Board; (b) are in accordance with the pricing policy of the Group if those transactions involve the provision of goods or services by the Group; (c) have been entered into in accordance with the relevant agreements governing the transactions; and (d) have not exceeded the respective caps agreed with the Stock Exchange.

RELATED PARTY TRANSACTIONS

The Group also entered into certain transactions with parties regarded as “related parties” under the applicable accounting standards. Details of these transactions are set out in note 34 to the accompanying accounts.

DIRECTORS' INTEREST IN CONTRACTS

Mr. Yao and/or his associates have interests in the following agreements during the year ended 31st March 2007:

- (i) the subscription agreement dated 19th May 2005 entered into among the Company, NASAC, Mr. Tsang and Huge Top in relation to the subscription (“the Subscription”) of 63,856,960 ordinary shares and convertible bonds with an aggregate principal amount of HK\$20 million, issued by the Company to NASAC and Mr. Tsang, which are convertible into new ordinary shares at an initial conversion price of HK\$0.1566 per ordinary share (subject to adjustments) pursuant to the terms of the subscription agreement therein;
- (ii) the deed of indemnity dated 19th May 2005 made among Huge Top, Mr. Yao, the Company, NASAC and Mr. Tsang in conjunction with the Subscription. Pursuant to the deed, Huge Top has given certain indemnities and undertaking in favour of the Company regarding the maintenance of the consolidated net asset value of the group of companies engaging in the steel trading business of the Group at a level equal to or exceeding HK\$5 million after completion of the Ajia Parties Subscription Agreement (as defined in circular of the Company dated 20th June 2005); and
- (iii) the underwriting agreement dated 19th May 2005 made between the Company and VSC BVI relating to the underwriting of the ordinary shares pursuant to the open offer detailed in the prospectus of the Company dated 21st July 2005.

Save as disclosed above and in the section headed “Continuing Connected Transactions” and “Related Party Transactions”, no contracts of significance in relation to the Group’s business to which the Company, its subsidiaries or its holding company was a party and in which any of the Company’s Directors or members of its management had a material interest, whether directly or indirectly, subsisted at the end of or at any time during the financial year.

Report of the Directors

MANAGEMENT CONTRACTS

Save as disclosed in the section headed "Related Party Transactions", no contract concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the financial year.

COMPETING INTERESTS

Mr. Andrew Yao Cho Fai, an executive Director of the Company, is the Chairman and Chief Executive Officer of VSC. According to the 2006/07 interim report of VSC, Huge Top held 173,424,000 shares (approximately 47.05%) in VSC as at 30th September 2006 and Mr. Yao is one of the two directors of Huge Top. Mr. Yao directly held approximately 11.91% and indirectly held approximately 42.86% of the issued share capital of Huge Top. Mr. Yao also has personal interests in 1,614,000 shares (approximately 0.44%) in VSC as at 30th September 2006. VSC is also engaged in steel trading business. The Directors believe that there is a risk that such business may compete with those of the Group. However, the Directors are also of the view that the invaluable experience of Mr. Yao in the steel industry will complement the development of the Group's business.

Save as disclosed above, none of the Directors or the management shareholders of the Company or any of their respective associates has engaged in any business that competes or may compete with the business of the Group or has any other conflict of interests with the Group.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31st March 2007, the five largest customers of the Group accounted for approximately 42.9% of the Group's total turnover while the five largest suppliers of the Group accounted for approximately 70.5% of the Group's total purchases. The largest customer of the Group accounted for approximately 15.8% of the Group's total turnover while the largest supplier of the Group accounted for approximately 58.2% of the Group's total purchases.

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

PURCHASES, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities for the year ended 31st March 2007.

SUFFICIENCY OF PUBLIC FLOAT

Based on publicly available information, the Company maintains a sufficient public float of more than 15% of the issued ordinary shares as at the date of this report.

Report of the Directors

INFORMATION OF COMPLIANCE OFFICER, QUALIFIED ACCOUNTANT AND COMPANY SECRETARY

The compliance officer of the Company is Mr. Savio Chow Sing Nam. Mr. Chow is the executive Director and Chief Executive Officer of the Company. Biographical details of Mr. Chow is set out on page 8 of this annual report.

The qualified accountant of the Company is Ms. Grace Luk Pui Yin. She is the chief financial officer of the Company. Biographical details of Ms. Luk is set out on page 10 of this annual report.

The company secretary of the Company is Ms. Lam Yee Fan. She has over 10 years of company secretarial experience at listed companies in Hong Kong. She is an associate member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators.

CORPORATE GOVERNANCE

A report on the principal corporate governance practices adopted by the Company is set out on pages 11 to 17 of this annual report.

AUDITORS

PricewaterhouseCoopers were auditors of the Company for the three years ended 31st March 2007. The accompanying accounts were audited by PricewaterhouseCoopers. A resolution for their re-appointment as the Company's auditors for the ensuing year will be proposed at the forthcoming annual general meeting.

On behalf of the Board
North Asia Strategic Holdings Limited
Savio Chow Sing Nam
Executive Director and Chief Executive Officer

Hong Kong, 21st June 2007

Independent Auditor's Report

獨立核數師報告



羅兵咸永道會計師事務所

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

致 NORTH ASIA STRATEGIC HOLDINGS LIMITED 股東之獨立核數師報告

(於百慕達註冊成立之有限責任公司)

TO THE SHAREHOLDERS OF NORTH ASIA STRATEGIC HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

本核數師(以下簡稱「我們」)已審核列載於第36至126頁 North Asia Strategic Holdings Limited (「貴公司」)及其附屬公司(以下合稱「貴集團」)的綜合財務報表。此綜合財務報表包括於二零零七年三月三十一日的綜合及公司資產負債表與截至該日止年度的綜合收益表、綜合權益變動表和綜合現金流量表，以及主要會計政策概要及其他附註解釋。

We have audited the consolidated financial statements of North Asia Strategic Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 36 to 126, which comprise the consolidated and Company balance sheets as at 31st March 2007, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

董事就財務報表須承擔的責任

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

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

核數師之責任

我們的責任是根據我們的審核對該等綜合財務報表作出意見，並按照百慕達1981年《公司法》第90條僅向整體股東報告，除此之外本報告別無其他目的。我們不會就本報告的內容向任何其他人士負責或承擔任何責任。

AUDITOR'S RESPONSIBILITY

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

核數師之責任 (續)

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

審核涉及執行政序以獲取有關財務報表所載金額及披露資料的審核憑證。所選定的程序取決於核數師的判斷，包括評估由於欺詐或錯誤而導致財務報表存有重大錯誤陳述的風險。在評估該等風險時，核數師考慮與該公司編製及真實而公平地列報財務報表相關的內部控制，以設計適當的審核程序，但並非為對公司的內部控制的效能發表意見。審核亦包括評價董事所採用的會計政策的合適性及所作出的會計估計的合理性，以及評價財務報表的整體列報方式。

我們相信，我們所獲得的審核憑證是充足和適當的為我們的審核意見提供基礎。

意見

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

羅兵咸永道會計師事務所
執業會計師

香港，二零零七年六月二十一日

AUDITOR'S RESPONSIBILITY (Cont'd)

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

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

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

OPINION

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 21st June 2007

Consolidated Income Statements

綜合收益表

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

| | | 截至三月三十一日止年度 | | |
|---------------------------|--|-------------------------------|-----------------|-------------------|
| | | For the year ended 31st March | | |
| | | 二零零七年 | 二零零六年 | |
| | | 2007 | 2006 | |
| | | 千港元 | 千港元 | |
| | | HK\$'000 | HK\$'000 | |
| 收入 | Revenue | 5 | 559,327 | 359,948 |
| 銷售成本 | Cost of sales | 23 | (481,974) | (354,154) |
| 毛利 | Gross profit | | 77,353 | 5,794 |
| 其他淨收益 | Other gains — net | 22 | 5,676 | 3,344 |
| 銷售及分銷費用 | Selling and distribution expenses | 23 | (20,425) | (2,180) |
| 一般及行政費用 | General and administration expenses | 23 | (75,726) | (22,364) |
| 財務收入 | Finance income | 25 | 90,021 | 1,707 |
| 財務費用 | Finance costs | 25 | (7,163) | (3,296) |
| 除所得稅前溢利／(虧損) | Profit/(Loss) before income tax | | 69,736 | (16,995) |
| 所得稅(支出)／撥回 | Income tax (expenses)/credit | 26 | (2,989) | 5,007 |
| 本公司權益持有人應佔 年內溢利／(虧損) | Profit/(Loss) attributable to the equity holders of the Company for the year | 27 | 66,747 | (11,988) |
| 本公司權益持有人應佔 年內每股溢利／(虧損) | Profit/(Loss) per share attributable to the equity holders of the Company for the year | 28 | | |
| — 基本 | — Basic | | HK69.7 港仙 cents | HK(17.7) 港仙 cents |
| — 攤薄 | — Diluted | | HK0.85 港仙 cents | 不適用 N/A |

附註為此等綜合財務報表之整體部分。

The notes are an integral part of these consolidated financial statements.

Balance Sheets

資產負債表

As at 31st March 2007 於二零零七年三月三十一日

於三月三十一日

As at 31st March

| | 附註 Note | 綜合 Consolidated | | 本公司 Company | |
|-----------------------|------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| | | 二零零七年 2007 千港元 HK\$'000 | 二零零六年 2006 千港元 HK\$'000 | 二零零七年 2007 千港元 HK\$'000 | 二零零六年 2006 千港元 HK\$'000 |
| 非流動資產 | | | | | |
| 物業、廠房及設備 | 6 | 36,014 | 478 | — | — |
| 投資物業 | 7 | 2,206 | — | — | — |
| 租賃土地及土地 使用權 | 8 | 11,869 | — | — | — |
| 無形資產 | 9 | 432,279 | 6 | — | — |
| 於附屬公司之投資及 應收附屬公司款項 | 10 | — | — | 589,435 | — |
| 共同控制實體 | 11 | — | — | — | — |
| 應收認購款項， 非流動部分 | 20 | 282,211 | 494,135 | 282,211 | 494,135 |
| 非流動資產總額 | | 764,579 | 494,619 | 871,646 | 494,135 |
| 流動資產 | | | | | |
| 存貨 | 12 | 270,430 | 26,399 | — | — |
| 貿易應收款項 | 13 | 129,291 | 115 | — | — |
| 預付款項、按金及 其他應收款項 | 14 | 38,468 | 16,745 | 658 | 707 |
| 應收附屬公司款項 | 34 | — | — | — | 3,000 |
| 應收認購款項， 流動部分 | 20 | — | 271,410 | — | 271,410 |
| 已抵押銀行存款 | 15 | 49,899 | 3,055 | — | — |
| 現金及現金等值項目 | 15 | 441,553 | 292,847 | 365,955 | 289,941 |
| 流動資產總額 | | 929,641 | 610,571 | 366,613 | 565,058 |
| 流動負債 | | | | | |
| 借貸 | 16 | (159,461) | — | — | — |
| 貿易應付款項 | 17 | (188,664) | (36,916) | — | — |
| 應計負債及其他應付款項 | 18 | (20,090) | (2,545) | (1,325) | (1,920) |
| 應付附屬公司款項 | 34 | — | — | (4,441) | — |
| 預收款項 | | (22,118) | (792) | — | — |
| 流動所得稅負債 | | (17,288) | (700) | — | — |
| 遞延應付認購款項 | 30 | (32,676) | — | — | — |
| 流動負債總額 | | (440,297) | (40,953) | (5,766) | (1,920) |
| 流動資產淨額 | | 489,344 | 569,618 | 360,847 | 563,138 |
| 資產總額減流動負債 | | 1,253,923 | 1,064,237 | 1,232,493 | 1,057,273 |

Balance Sheets 資產負債表

As at 31st March 2007 於二零零七年三月三十一日

| | | 於三月三十一日 As at 31st March | | | |
|--------------------------|--|-----------------------------|-----------------|-----------------|-----------------|
| | | 綜合 Consolidated | | 本公司 Company | |
| | | 二零零七年 2007 | 二零零六年 2006 | 二零零七年 2007 | 二零零六年 2006 |
| | | 千港元 HK\$'000 | 千港元 HK\$'000 | 千港元 HK\$'000 | 千港元 HK\$'000 |
| | 附註 Note | | | | |
| 非流動負債 | Non-current liabilities | | | | |
| 借貸 | Borrowings | 16 | (4,538) | — | — |
| 可換股價券 | Convertible bonds | 19 | (15,712) | (15,712) | (14,642) |
| 遞延稅項負債 | Deferred tax liabilities | 35 | (2,333) | — | — |
| | | | | | |
| 非流動負債總額 | Total non-current liabilities | | (22,583) | (15,712) | (14,642) |
| | | | | | |
| 資產淨額 | Net assets | | 1,231,340 | 1,216,781 | 1,042,631 |
| | | | | | |
| 權益 | Equity | | | | |
| 本公司權益持有人 應佔股本及 儲備： | Capital and reserves attributable to equity holders of the Company: | | | | |
| 股本 | Share capital | 20 | 82,718 | 74,790 | 82,718 |
| 儲備 | Reserves | 21 | 1,148,622 | 974,805 | 1,134,063 |
| | | | | | |
| 股東權益 | Shareholders' equity | | 1,231,340 | 1,216,781 | 1,042,631 |

於二零零七年六月二十一日獲董事會批准：

Approved by the Board of Directors on 21st June 2007:

主席兼執行董事
Göran Sture Malm
Chairman and Executive Director

周勝南
執行董事兼行政總裁
Savio Chow Sing Nam
Executive Director and Chief Executive Officer

附註為此等綜合財務報表之整體部分。

The notes are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

綜合股東權益變動表

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

| | | 本公司權益持有人應佔 Attributable to equity holders of the Company | | |
|-------------------------------|--|--|------------------|------------------|
| | | 股本 Share capital | 儲備 Reserves | 總額 Total |
| | | 千港元 HK\$'000 | 千港元 HK\$'000 | 千港元 HK\$'000 |
| | 附註 Note | | | |
| 於二零零五年四月一日之結餘 | Balance at 1st April 2005 | 159,659 | (157,522) | 2,137 |
| 年內虧損 | Loss for the year | — | (11,988) | (11,988) |
| 股本重組 | Capital reorganisation | 20 | (159,529) | 159,529 |
| 發行普通股 | Issue of ordinary shares | 20 & 21 | | |
| — 因行使認股權證 | — upon exercise of warrants | 30 | — | 30 |
| — 根據認購協議 | — under a subscription agreement | 639 | 9,361 | 10,000 |
| — 根據公開發售 | — under an open offer | 159 | 2,341 | 2,500 |
| 發行優先股 | Issue of preference shares | 20 & 21 | 73,832 | 980,760 |
| 股份發行費用 | Share issue expenses | 21 | | |
| — 普通股 | — ordinary shares | — | (2,182) | (2,182) |
| — 優先股 | — preference shares | — | (12,173) | (12,173) |
| 可換股債券 — 權益部份 | Convertible bonds — equity component | 19 | — | 6,388 |
| 匯兌調整 | Translation adjustments | | — | 291 |
| | | | | |
| 於二零零六年三月三十一日及 二零零六年四月一日之結餘 | Balance at 31st March 2006 and 1st April 2006 | 74,790 | 974,805 | 1,049,595 |
| 年內溢利 | Profit for the year | — | 66,747 | 66,747 |
| 發行優先股 | Issue of preference shares | 20 & 21 | 7,928 | 106,271 |
| 股份發行費用 | Share issue expenses | 21 | | |
| — 優先股 | — preference shares | — | (741) | (741) |
| 匯兌調整 | Translation adjustments | | — | 1,540 |
| | | | | |
| 於二零零七年 三月三十一日之結餘 | Balance at 31st March 2007 | 82,718 | 1,148,622 | 1,231,340 |

附註為此等綜合財務報表之整體部分。

The notes are an integral part of these consolidated financial statements.

Consolidated Cash Flow Statements

綜合現金流量表

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

| | | 截至三月三十一日止年度 | | |
|------------------------------------|---|-------------------------------|-----------|----------|
| | | For the year ended 31st March | | |
| | | 二零零七年 | 二零零六年 | |
| | | 2007 | 2006 | |
| | | 千港元 | 千港元 | |
| | | HK\$'000 | HK\$'000 | |
| | 附註 | | | |
| | Note | | | |
| 經營業務之現金流量 | Cash flows from operating activities | | | |
| 營運所產生/(使用)之現金淨額 | Net cash generated from/(used in) operations | 29(a) | 22,005 | (6,028) |
| 已付利息 | Interest paid | | (6,093) | (2,266) |
| 已付中國內地企業所得稅 | Mainland China enterprise income tax paid | | (922) | — |
| 已退回中國內地企業所得稅 | Mainland China enterprise income tax refunded | | — | 172 |
| | | | | |
| 經營業務所產生/(使用)之現金淨額 | Net cash generated from/(used in) operating activities | | 14,990 | (8,122) |
| 投資活動之現金流量 | Cash flows from investing activities | | | |
| 收購附屬公司，扣除所收購現金於共同控制實體之投資增加，扣除所收購現金 | Acquisition of subsidiary, net of cash acquired | 30(a) | (462,284) | — |
| 添置物業、廠房及設備 | Increase in investment in jointly controlled entity, net of cash acquired | 30(b) | (85,475) | — |
| 出售附屬公司之現金，扣除出售所得款項 | Additions of property, plant and equipment | | (2,652) | (113) |
| 出售物業、廠房及設備所得款項 | Cash disposed of by sale of subsidiaries, net of proceeds of sale | 29(c) | — | (9,506) |
| 已收利息 | Proceeds from disposal of property, plant and equipment | 29(b) | 4,729 | 15 |
| 已抵押銀行存款之(增加)/減少 | Interest received | | 16,328 | 1,000 |
| | (Increase)/decrease in pledged bank deposits | | (14,887) | 13,025 |
| | | | | |
| 投資活動所(使用)/產生之現金淨額 | Net cash (used in)/generated from investing activities | | (544,241) | 4,421 |
| 融資活動之現金流量 | Cash flows from financing activities | | | |
| 發行優先股 | Issue of preference shares | | 93,120 | 289,050 |
| 發行可換股債券 | Issue of convertible bonds | | — | 20,000 |
| 發行普通股 | Issue of ordinary shares | | — | 12,530 |
| 收取應收認購款項 | Receipt of subscription receivables | | 578,102 | — |
| 股份發行費用 | Share issue expenses | 21 | (741) | (13,935) |
| 新增短期銀行貸款 | New short-term bank loans | | 322,676 | — |
| 償還短期銀行貸款 | Repayment of short-term bank loans | | (315,200) | (24,360) |
| | | | | |
| 融資活動所產生之現金淨額 | Net cash generated from financing activities | | 677,957 | 283,285 |
| 現金及銀行結餘之增加淨額 | Net increase in cash and bank balances | | | |
| 現金及現金等值項目之增加 | Increase in cash and cash equivalents | | 148,706 | 279,584 |
| 年初之現金及銀行結餘 | Cash and bank balances at beginning of the year | | 292,847 | 13,263 |
| | | | | |
| 年終之現金及銀行結餘 | Cash and bank balances at end of the year | | 441,553 | 292,847 |

附註為此等綜合財務報表之整體部分。

The notes are an integral part of these consolidated financial statements.

Notes to the Financial Statements

財務報表附註

1. 一般資料

北亞策略控股有限公司（「本公司」）及其附屬公司（合稱「本集團」）主要從事以下業務：

- 表面焊接技術（「SMT」）組裝設備、機器及零部件貿易（「SMT貿易」）以及提供相關之安裝、培訓、維修及保養服務；
- 魚粉加工及銷售、魚油精煉及銷售、水產飼料產品製造及銷售以及其他與水產飼料相關之原材料貿易；
- 鋼材產品貿易及提供鋼材產品之採購服務（包括經營電子商貿縱向入門網站以提供網上鋼材貿易服務及輔助服務）；及
- 投資控股。

本公司為根據百慕達一九八一年公司法於百慕達註冊成立之獲豁免有限公司。其註冊辦事處之地址為Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda，而其主要營業地點之地址為香港皇后大道中99號中環中心78樓。

本公司普通股於香港聯合交易所有限公司（「聯交所」）創業板上市。

除另有說明外，此等財務報表以港元列值。

此等財務報表於二零零七年六月二十一日獲本公司董事會批准刊發。

1. GENERAL INFORMATION

North Asia Strategic Holdings Limited (the “Company”) and its subsidiaries (collectively the “Group”) principally engaged in the following businesses:

- trading of surface mount technology (“SMT”) assembly equipments, machinery and spare parts (“SMT trading”) and provision of related installation, training, repair and maintenance services;
- processing and sale of fishmeal, refining and sale of fish oil, manufacturing and sale of aquatic feed products and trading of other raw materials relating to aquatic feeds;
- trading of steel products and provision of procurement services for steel products (including the operation of an e-commerce vertical portal for the provision of online steel trading services and ancillary services); and
- investment holding.

The Company is a limited liability company incorporated in Bermuda as an exempted company under the Companies Act 1981 of Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and of its principal place of business is 78th Floor, The Center, 99 Queen’s Road Central, Hong Kong.

The Company’s ordinary shares are listed on The Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (“the Stock Exchange”).

These financial statements are presented in Hong Kong dollars, unless otherwise stated.

These financial statements have been approved for issue by the Company’s Board of Directors on 21st June 2007.

2. 重要會計政策概要

編製此等財務報表採用之主要會計政策載於下文。除另有說明外，此等政策在所呈列之所有年度內貫徹應用。

2.1 編製基準

財務報表乃根據香港財務報告準則及香港會計準則（「香港會計準則」）（統稱「香港財務報告準則」）編製。本財務報表乃根據歷史成本慣例編製。

編製符合香港財務報告準則之財務報表需要使用若干關鍵會計估計。這亦需要管理層在應用本公司會計政策過程中行使其判斷。涉及高度判斷或複雜性之範疇，或涉及對財務報表屬重大假設及估計之範疇，於附註4披露。該等估計及假設影響於財務報表日期之資產及負債之呈報金額以及或然資產及負債之披露以及年內收入及支出之呈報金額。儘管該等估計乃根據管理層所知事件及行動作出，惟實際結果最終可能與該等估計有所不同。

(a) 於二零零七年生效之已頒佈且與本集團業務有關之準則修訂及詮釋

下列修訂為與本集團業務有關，且必須於二零零六年一月一日或之後開始之會計期間採用：

- 香港會計準則第39號及香港財務報告準則第4號（修訂）「財務擔保合約」（於二零零六年一月一日或之後開始之會計期間生效）。該修訂規定已發出而並非公司過往視為保險合約之財務擔保首先按其公平值確認，其後則以(i)已收取及遞延相關費用之未攤銷結餘；及(ii)於結算日結算承擔所需開支之較高者入賬，採納該修訂對該等綜合財務報表並無重大影響。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards (“HKAS”) (collectively “HKFRS”). The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the years. Although these estimates are based on management’s best knowledge of event and actions, actual results ultimately may differ from these estimates.

(a) Amendments and interpretations to published standards effective in 2007 and are relevant to the Group’s operations

The following amendment is mandatory for accounting periods beginning on or after 1st January 2006 and is relevant to the Group’s operations:

- Amendment to HKAS 39 and HKFRS 4, Amendment “Financial Guarantee Contracts” (effective for accounting periods beginning on or after 1st January 2006). This amendment requires issued financial guarantees, other than those previously asserted by the entity to be insurance contracts, to be initially recognised at their fair value, and subsequently measured at the higher of (i) the unamortised balance of the related fees received and deferred, and (ii) the expenditure required to settle the commitment at the balance sheet date. The adoption of this amendment does not have a significant impact on these consolidated financial statements.

2. 重要會計政策概要 (續)

2.1 編製基準 (續)

(b) 於二零零六年生效但跟本集團之營運無關之準則、修訂及詮釋

以下準則、修訂及詮釋須於二零零六年一月一日或之後開始之會計期強制執行但跟本集團之營運無關：

- 香港會計準則第21號(修訂) — 海外業務之淨投資；
- 香港會計準則第19號(修訂) — 僱員福利；
- 香港會計準則第39號(修訂) — 預測集團內部交易之現金流量對沖交易會計；
- 香港會計準則第39號 — 公平值期權；
- 香港財務報告準則第1號(修訂) — 首次採納香港財務報告準則；
- 香港財務報告準則第6號 — 礦產資源之開採及評估；
- 香港財務報告準則 — 詮釋第4號 — 釐定一項安排是否包含租賃；
- 香港(國財務報告準則詮釋委員會) — 詮釋第5號 — 對拆卸、復原及環境修復基金所產生之權益之權利；及
- 香港(國際財務報告準則詮釋委員會) — 詮釋第6號 — 參與特定市場 — 廢物電業及電子設備所產生之負債。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.1 Basis of preparation (Cont'd)

(b) Standards, amendments and interpretations effective in 2006 but not relevant to the Group's operations

The following standards, amendments and interpretations are mandatory for accounting periods beginning on or after 1st January 2006 but are not relevant to the Group's operations:

- HKAS 21 Amendment — Net Investment in a Foreign Operation;
- HKAS 19 Amendment — Employee Benefits;
- HKAS 39 Amendment — Cash Flow Hedge Accounting of Forecast Intragroup Transactions;
- HKAS 39 The Fair Value Option;
- HKFRS 1 Amendment — First-time Adoption of Hong Kong Financial Reporting Standards;
- HKFRS 6 — Exploration for and Evaluation of Mineral Resources;
- HKFRS-Int 4 — Determining whether an Arrangement contains a Lease;
- HK(IFRIC)-Int 5 — Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds; and
- HK(IFRIC)-Int 6 — Liabilities arising from Participating In a Specific Market — Waste Electrical and Electronic Equipment.

2. 重要會計政策概要 (續)

2.1 編製基準 (續)

(c) 仍未生效而本集團並未提早採納之新訂準則及現有準則詮釋

下列為已頒佈及必須於二零零六年五月一日或之後開始之會計期間或較後期間採用而本集團並未提早採納之新訂準則及現有準則詮釋。

- 香港財務報告準則第7號「金融工具：披露事項」（於二零零七年一月一日或之後開始之會計期間生效）、香港會計準則第1號「資本項目披露修訂」（於二零零七年一月一日或之後開始之會計期間生效）。香港財務報告準則第7號推出有關金融工具之新披露規定。本集團已評估香港財務報告準則第7號及香港會計準則第1號修訂之影響，並總結該等主要額外披露將為香港會計準則第1號之修訂所規定之市場風險敏感度分析及資本披露。本集團將於二零零七年四月一日開始之會計期間採納香港財務報告準則第7號及香港會計準則第1號之修訂。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.1 Basis of preparation (Cont'd)

(c) *New standards and interpretations to existing standards that are not yet effective and have not been early adopted by the Group*

The following are the new standards and interpretations to existing standards that have been published and are mandatory for accounting periods beginning on or after 1st May 2006 or later periods that the Group has not early adopted.

- HKFRS 7 “Financial Instruments: Disclosures” (effective for accounting periods beginning on or after 1st January 2007), HKAS 1 “Amendments to Capital Disclosures” (effective for accounting periods beginning on or after 1st January 2007). HKFRS 7 introduces new disclosures relating to financial instruments. The Group has assessed the impact of HKFRS 7 and the amendment to HKAS 1 and concluded that the main additional disclosures will be the sensitivity analysis to market risk and capital disclosures required by the amendment of HKAS 1. The Group will adopt HKFRS 7 and the amendment to HKAS 1 for accounting periods beginning from 1st April 2007.

2. 重要會計政策概要 (續)

2.1 編製基準 (續)

(c) 仍未生效而本集團並未提早採納之新訂準則及現有準則詮釋 (續)

- 香港財務報告準則第8號—「營運分類」(於二零零九年一月一日或之後開始之會計期間生效)。香港財務報告準則第8號取代香港會計準則第14號「分類申報」，規定分類須根據本集團之內部報告模式(即管理層定期檢討之本集團內部報告模式)匯報分類資料。管理層認為採納香港財務報告準則第8號對本集團之分類披露並無重大影響。本集團將於二零零九年四月一日起採納香港財務報告準則第8號。
- 香港(國際財務報告準則詮釋委員會)—詮釋第8號「香港財務報告準則第2號之範圍」(於二零零六年五月一日或之後開始之會計期間生效)。香港(國際財務報告準則詮釋委員會)—詮釋第8號規定凡涉及發行股權工具交易之代價(倘可識別之已收代價低於已發行股權工具之公平值)是否屬於香港財務報告準則第2號之範圍內。本集團將由二零零七年四月一日起採用香港(國際財務報告準則詮釋委員會)—詮釋第8號，惟預期對本集團之綜合財務報表並無任何重大影響。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.1 Basis of preparation (Cont'd)

(c) *New standards and interpretations to existing standards that are not yet effective and have not been early adopted by the Group (Cont'd)*

- HKFRS 8 “Operating Segments” (effective for accounting periods beginning on or after 1st January 2009). HKFRS 8 supersedes HKAS 14, “Segment Reporting”, which requires segments to be reported based on the Group’s internal reporting pattern as they represent components of the Group regularly reviewed by management. Management considers the adoption of HKFRS 8 will have no significant impact on the segment disclosures of the Group. The Group will apply HKFRS 8 from 1st April 2009.
- HK(IFRIC)-Int 8 “Scope of HKFRS 2” (effective for accounting periods beginning on or after 1st May 2006). HK(IFRIC)-Int 8 requires consideration of transactions involving the issuance of equity instruments — where the identifiable consideration received is less than the fair value of the equity instruments issued — to establish whether or not they fall within the scope of HKFRS 2. The Group will apply HK(IFRIC)-Int 8 from 1st April 2007, but it is not expected to have any significant impact on the Group’s consolidated financial statements.

2. 重要會計政策概要 (續)

2.1 編製基準 (續)

(c) 仍未生效而本集團並未提早採納之新訂準則及現有準則詮釋 (續)

- 香港(國際財務報告準則詮釋委員會) — 詮釋第9號「重估內含衍生工具」(於二零零六年六月一日或之後開始之會計期間生效)。由於本集團經已評估內含衍生工具應否採用與香港(國際財務報告準則詮釋委員會) — 詮釋第9號一致之原則分開處理，故管理層相信此項詮釋對本集團之會計政策並無重大影響。本集團將由二零零七年四月一日起採用香港(國際財務報告準則詮釋委員會) — 詮釋第9號。
- 香港(國際財務報告準則詮釋委員會) — 詮釋第10號「中期財務報告及減值」(於二零零六年十一月一日或之後開始之會計期間生效)。香港(國際財務報告準則詮釋委員會) — 詮釋第10號禁止在中期期間確認按成本值列賬之商譽、股權工具之投資及財務資產投資之減值虧損在其後結算日撥回。本集團將由二零零七年四月一日起採用香港(國際財務報告準則詮釋委員會) — 詮釋第10號，預期將對本集團之財務報表並無任何重大影響。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.1 Basis of preparation (Cont'd)

(c) *New standards and interpretations to existing standards that are not yet effective and have not been early adopted by the Group (Cont'd)*

- HK(IFRIC)-Int 9 “Reassessment of Embedded Derivatives” (effective for accounting periods beginning on or after 1st June 2006). Management believes that this interpretations should not have significant impact on the Group’s accounting policies as the Group has already assessed whether embedded derivatives should be separated using principles consistent with HK(IFRIC)-Int 9. The Group will apply HK(IFRIC)-Int 9 from 1st April 2007.
- HK(IFRIC)-Int 10 “Interim Financial Reporting and Impairment” (effective for accounting periods beginning on or after 1st November 2006). HK(IFRIC)-Int 10 prohibits the impairment losses recognised in an Interim period on goodwill. Investments in equity instruments and investments in financial assets carried at cost to be reversed at a subsequent balance sheet date. The Group will apply HK(IFRIC)-Int 10 from 1st April 2007, but it is not expected to have any significant impact on the Group’s financial statements.

2. 重要會計政策概要 (續)

2.1 編製基準 (續)

(c) 仍未生效而本集團並未提早採納之新訂準則及現有準則詮釋 (續)

- 香港(國際財務報告準則詮釋委員會) — 詮釋第11號「香港財務報告準則第2號 — 集團及庫存股份轉移」(於二零零七年三月一日或之後開始之會計期間生效)。此詮釋說明如何在財務報表上計入若干集團公司之間之以股份為基礎之支付安排。本集團將由二零零八年四月一日起採用香港(國際財務報告準則詮釋委員會) — 詮釋第11號，惟預期不會對本集團之財務報表構成任何重大影響。

(d) 仍未生效且與本集團之營運無關之現有準則詮釋

下列為已頒佈並必須於二零零六年三月一日或之後開始之會計期間或較後期間採納，惟與本集團業務無關之現有準則詮釋：

- 香港(國際財務報告準則詮釋委員會) — 詮釋第7號「應用香港會計準則第29號嚴重通貨膨脹經濟中之財務申報重列法」(於二零零六年三月一日起生效)。香港(國際財務報告準則詮釋委員會) — 詮釋第7號提供指引，說明若公司在某報告期間確定其功能貨幣之經濟處於嚴重通貨膨脹之中，而有關經濟體系在以往期間並無出現嚴重通貨膨脹，應如何應用香港會計準則第29號之規定。由於本集團並無任何公司採用出現嚴重通貨膨脹經濟之貨幣作為其功能貨幣，因此香港(國際財務報告準則詮釋委員會) — 詮釋第7號與本集團之營運無關。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.1 Basis of preparation (Cont'd)

(c) New standards and interpretations to existing standards that are not yet effective and have not been early adopted by the Group (Cont'd)

- HK(IFRIC)-Int 11 “HKFRS 2 — Group and Treasury Share Transfer” (effective for accounting periods beginning on or after 1st March 2007). This interpretation addresses how certain share-based payment arrangements between group companies should be accounted for in the financial statements. The Group will apply HK(IFRIC)-Int 11 from 1st April 2008 but it is not expected to have any significant impact on the Group's financial statements.

(d) Interpretations to existing standards that are not yet effective and not relevant to the Group's operations

The following interpretations to existing standards have been published that are mandatory for the accounting periods beginning on or after 1st March 2006 or later periods but are not relevant for the Group's operations:

- HK(IFRIC)-Int 7 “Applying the Restatement Approach under HKAS 29, Financial Reporting in Hyperinflationary Economies” (effective from 1st March 2006) HK(IFRIC)-Int 7 provides guidance on how to apply the requirements of HKAS 29 in a reporting period in which an entity identifies the existence of hyperinflation in the economy of its functional currency, when the economy was not hyperinflationary in the prior period. As none of the group entities have a currency of a hyperinflationary economy as its functional currency, HK(IFRIC)-Int 7 is not relevant to the Group's operations.

2. 重要會計政策概要 (續)

2.1 編製基準 (續)

(d) 仍未生效且與本集團之營運無關之現有準則詮釋 (續)

- 香港(國際財務報告準則詮釋委員會) — 詮釋第12號「服務特許權安排」(於二零零八年一月一日或之後開始之會計期間生效)。此詮釋就於服務特許權安排中之責任及相關權利之確認及衡量訂立一般原則。本集團並無服務特許權安排，因此管理層認為該詮釋與本集團無關。

採納上述準則之修訂及詮釋並無對本集團構成任何重大財務影響。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.1 Basis of preparation (Cont'd)

(d) Interpretations to existing standards that are not yet effective and not relevant to the Group's operations (Cont'd)

- HK(IFRIC)-Int 12, "Service Concession Arrangements" (effective for accounting periods beginning on or after 1st January 2008). This interpretation sets out general principles on recognising and measuring the obligation and related rights in service concession arrangements. The Group has no service concession arrangements and management considers the interpretation is not relevant to the Group.

The adoption of the above amendments to standards and interpretations did not have any significant financial impact to the Group.

2. 重要會計政策概要 (續)

2.2 綜合基準

綜合財務報表包括本公司及其附屬公司截至結算日止之財務報表。

(a) 附屬公司

附屬公司指本集團有權管控其財務及營運政策而控制所有公司(包括特殊目的公司)，一般附帶過半數投票權之股權。在評定本集團是否控制另一公司時，目前可行使或可兌換之潛在投票權之存在及影響均予考慮。

附屬公司在控制權轉移至本集團之日起全面綜合入賬。附屬公司在該控制權終止之日起停止綜合入賬。

會計收購法乃用作本集團收購附屬公司之入賬方法。收購之成本根據於交換日期所給予資產、所發行之股權工具及所產生或承擔之負債之公平值計量，另加該收購直接應佔之成本。在業務合併中所收購之可辨識資產以及所承擔之負債及或然負債，首先以彼等於收購日期之公平值計量，而不論任何少數股東權益之數額。收購成本超過本集團應佔所收購可辨識資產淨值公平值之數額記錄為商譽。倘收購成本低於所收購附屬公司資產淨值之公平值，該差額直接於收益表確認。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.2 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the balance sheet date.

(a) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

2. 重要會計政策概要 (續)

2.2 綜合基準 (續)

(a) 附屬公司 (續)

集團公司之間之公司間交易、交易之結餘及未變現收益予以對銷。除非交易提供所轉讓資產減值之憑證，否則未變現虧損亦予以對銷。附屬公司之會計政策已於有需要時作出變動，以確保與本集團所採納之政策貫徹一致。

於本公司之資產負債表內，於附屬公司之投資乃按成本值減減值虧損撥備入賬。本公司將附屬公司之業績按已收及應收股息之基準入賬。

(b) 共同控制實體

本集團於共同控制實體之權益乃採用比例綜合法入賬。本集團將其應佔共同控制實體之個別收支、資產與負債及現金流量逐項入賬於與本集團財務報表類似之項目。本集團會確認本集團向共同控制實體出售之資產中其他實體應佔之收益或虧損部分。除非本集團將購自共同控制實體之資產轉售予獨立人士，否則本集團不會確認其因購入有關資產而應佔共同控制實體之溢利或虧損。然而，倘交易所產生之虧損顯示現有資產之可變現淨值有所減少或出現減值虧損，即會即時確認有關虧損。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.2 Basis of consolidation (Cont'd)

(a) Subsidiaries (Cont'd)

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's balance sheet the investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted by the Company on the basis of dividends received and receivable.

(b) Jointly controlled entities

The Group's interests in jointly controlled entities are accounted for using proportionate consolidation. The Group combines its share of the jointly controlled entities' individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the Group's financial statements. The Group recognises the portion of gains or losses on the sale of assets by the Group to the jointly controlled entity that it is attributable to the other entities. The Group does not recognise its share of profits or losses from the jointly controlled entity that result from the Group's purchase of assets from the jointly controlled entity until it resells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets, or an impairment loss.

2. 重要會計政策概要 (續)

2.2 綜合基準 (續)

(b) 共同控制實體 (續)

於本公司之資產負債表中，於共同控制實體之投資乃按成本值減減值虧損撥備入賬。本公司將共同控制實體之業績按已收及應收股息之基準入賬。

2.3 分類申報

業務分類指從事提供產品或服務之一組資產及業務，而其產品或服務之風險和回報與其他業務分類者不同。地區分類指在某個特定經濟環境中從事提供產品或服務，而其產品或服務之風險和回報與在其他經濟環境中營運之分類者不同。

2.4 外幣換算

(a) 功能及呈報貨幣

本集團各公司之財務報表所列項目均以該公司營運所在之主要經濟環境之貨幣計量（「功能貨幣」）。綜合財務報表以港元列值，港元為本公司之功能及呈報貨幣。

(b) 交易及結餘

外幣交易採用交易日期之現行匯率換算為功能貨幣。結算此等交易產生之匯兌盈虧以及將以外幣為單位之貨幣資產及負債以年終匯率換算產生之匯兌盈虧乃於收益表確認。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.2 Basis of consolidation (Cont'd)

(b) Jointly controlled entities (Cont'd)

In the Company's balance sheet, the investments in jointly controlled entities are stated at cost less provision for impairment losses. The results of jointly controlled entities are accounted for by the Company on the basis of dividends received and receivable.

2.3 Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollar, which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

2. 重要會計政策概要 (續)

2.4 外幣換算 (續)

(c) 集團公司

功能貨幣與呈報貨幣不同之所有集團公司(當中沒有嚴重通脹經濟中之貨幣)之業績及財務狀況按以下方式換算為呈報貨幣：

- (i) 每份呈報之資產負債表內之資產及負債按該資產負債表日期之收市匯率換算；
- (ii) 每份收益表內之收支按平均匯率換算(除非此平均匯率並不代表交易日期匯率之累計影響之合理約數；則在此情況下，收支項目按交易日期之匯率換算)；及
- (iii) 所有由此產生之匯兌差額確認為權益之獨立組成項目。

於綜合賬目時，換算海外業務之淨投資，以及換算借貸及其他指定作為該等投資對沖之貨幣工具所產生之匯兌差額列入股東權益。當部分處置或出售一項海外業務時，該等於權益中記錄之匯兌差額於收益表確認為出售盈虧之一部分。

收購海外公司產生之商譽及公平值調整視為該海外公司之資產及負債，並按收市匯率換算。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.4 Foreign currency translation (Cont'd)

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- (iii) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2. 重要會計政策概要 (續)

2.5 於附屬公司之投資及非金融資產減值

使用年期無限或尚未可供使用之資產毋須作攤銷及每年進行減值測試。須作攤銷之資產每當有事件出現或情況改變顯示賬面值可能無法收回時會進行減值檢討。減值虧損按資產之賬面值超出其可收回金額之差額確認。可收回金額以資產之公平值減銷售成本及使用價值兩者之較高者為準。就評估減值而言，資產乃按獨立可辨識現金流量(現金產生單位)之最低層次組合。出現減值之資產(商譽除外)於各申報日期進行可能撥回減值之檢討。

2.6 物業、廠房及設備

物業、廠房及設備按歷史成本減累計折舊及累計減值虧損入賬。歷史成本包括收購該等項目直接應佔之開支。

其後成本只有在與該項目有關之未來經濟利益有可能流入本集團，而該項目之成本能夠可靠計量時，才會計入資產之賬面值或確認為獨立資產(按適用)。獲取代部分之賬面值會解除確認。所有其他維修及保養在產生之期間內於收益表列為支出。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.5 Impairment of investments in subsidiaries and non-financial assets

Assets that have an indefinite useful life or have not yet available for use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.6 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the period in which they are incurred.

2. 重要會計政策概要 (續)

2.6 物業、廠房及設備 (續)

物業、廠房及設備之折舊採用以下估計可使用年期將成本值按直線法分攤至剩餘價值計算：

| | |
|----------------|---------------------|
| — 樓宇 | 按租期或40年 (以較短者為準) |
| — 租賃物業裝修 | 3至10年 |
| — 機器 | 10年 |
| — 廠房及機器以及示範設備 | 10年 |
| — 傢俬及裝置以及辦公室設備 | 3至10年 |
| — 汽車 | 3至5年 |

在建工程乃按成本值入賬，且在工程完成及資產投入使用前不作折舊。已完成建築工程之成本乃轉撥至物業、廠房及設備之適當類別。

資產之剩餘價值及可使用年期於各結算日進行檢討，及在適當時調整。

倘資產之賬面值高於其估計可收回金額，則其賬面值即時撇減至其估計可收回金額。

出售盈虧乃透過將所得款項與賬面值作比較而釐定，並自收益表扣除。

2.7 投資物業

持作以賺取長期租金收入或資本增值或兩者兼得而並非由本集團佔用之物業，乃分類為投資物業。

投資物業按成本值入賬，當中包括有關交易成本減累計折舊及累計減值虧損(如有)。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.6 Property, plant and equipment (Cont'd)

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

| | |
|--|--|
| — Buildings | Over the shorter terms of lease or 40 years |
| — Leasehold improvements | 3 to 10 years |
| — Machinery | 10 years |
| — Plant and machinery and demonstration equipment | 10 years |
| — Furniture and fixtures and office equipment | 3 to 10 years |
| — Motor vehicles | 3 to 5 years |

Construction-in-progress is stated at cost. It is not depreciated until completion of construction and the asset is put into use. The cost of completed construction works is transferred to the appropriate categories of property, plant and equipment.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are charged to the income statement.

2.7 Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property.

Investment property is carried at cost including related transaction costs, less accumulated depreciation and accumulated impairment losses, if any.

2. 重要會計政策概要 (續)

2.7 投資物業 (續)

折舊採用32年估計可使用年期按直線法撇銷投資物業成本值計算。倘投資物業賬面值高於估計可收回金額，則會即時撇減至其可收回金額。

其後支出只有在該項目有關之未來經濟利益可能流入本集團，而該項目之成本能夠可靠計量時，才會於資產賬面值扣除。所有其他維修及保養成本在產生之財政期間內於收益表列為支出。

倘投資物業成為業主自用，則重新分類為物業、廠房及設備，而就會計而言，其於重新分類日期之賬面值乃成為其成本值。

2.8 租賃土地及土地使用權

租賃土地及土地使用權乃按成本值減累計攤銷及累計減值虧損(如有)入賬。成本值指就投資物業所座落土地之使用權利而已付之代價。租賃土地及土地使用權之攤銷乃於租期內按直線法計算。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.7 Investment properties (Cont'd)

Depreciation is provided using the straight-line method to write off the cost of the investment property over its estimated useful life of 32 years. Where the carrying amount of an investment property is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the income statement during the financial period in which they are incurred.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its carrying amount at the date of reclassification becomes its cost for accounting purposes.

2.8 Leasehold land and land use rights

Leasehold land and land use rights are stated at cost less accumulated amortisation and accumulated impairment losses (if any). Cost represents consideration paid for the rights to use the land on which the investment properties are situated. Amortisation of leasehold land and land use rights is calculated on a straight-line basis over the period of the lease.

2. 重要會計政策概要 (續)

2.9 無形資產

(a) 商譽

商譽指收購成本超過本集團於收購日期應佔所收購附屬公司或共同控制實體之可辨識資產淨值公平值之數額。收購附屬公司及共同控制實體所產生之商譽乃計入無形資產。分開確認之商譽會每年進行減值測試，並按成本值減累計減值虧損入賬。商譽之減值虧損不會撥回。出售實體之盈虧乃計入有關所出售實體之商譽之賬面值。

就減值測試而言，商譽乃計入現金產生單位。商譽會分配至預期可自產生商譽之業務合併獲益之該等現金產生單位或現金產生單位組別。本集團會將商譽分配至其經營所在之各國內各業務分類。

(b) 商標及特許、不競爭協議、分銷協議及客戶關係

所收購商標及特許、不競爭協議、分銷協議及客戶關係按歷史成本或於收購日期之公平值列示。此等項目之可使用年期有限，並按成本值減累計攤銷及累計減值虧損(如有)入賬。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.9 Intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary or jointly controlled entity at the date of acquisition. Goodwill on acquisitions of subsidiaries and jointly controlled entities is included in intangible assets. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The Group allocates goodwill to each business segment in each country in which it operates.

(b) Trademarks and licences, Non-compete agreements, Distribution agreements and Customer relationships

The acquired trademarks and licences, non-compete agreements, distribution agreements and customer relationships are shown at historical cost or fair value at date of acquisition. They have a finite useful life and are carried at cost less accumulated amortisation, and accumulated impairment loss, if any.

2. 重要會計政策概要 (續)**2.9 無形資產 (續)****(b) 商標及特許、不競爭協議、分銷協議及客戶關係 (續)**

商標及特許、不競爭協議、分銷協議及客戶關係之攤銷乃採用以下估計可使用年期將成本值按直線法分攤計算：

| | |
|---------|------|
| — 商標及特許 | 15年 |
| — 不競爭協議 | 5至6年 |
| — 分銷協議 | 3年 |
| — 客戶關係 | 3至4年 |

2.10 存貨

存貨按成本值及可變現淨值兩者之較低者列賬。成本採用先入先出法釐定。製成品及在製品之成本包括原材料、直接勞工、其他直接成本及有關生產間接成本（按一般經營能力計算），但不包括借貸成本。可變現淨值為在日常業務過程中之估計售價，減適用之可變銷售費用。

2.11 貿易及其他應收款項

貿易及其他應收款項初步以公平值確認，其後採用實際利率法按攤銷成本減累計減值虧損（如有）計量。當有客觀憑證證明本集團將無法按應收款項之原有條款收回所有款項時，即就貿易及其他應收款項設定減值撥備。債務人出現重大經濟困難、債務人有可能進行破產或財務重組及欠繳或拖欠債務，均會被視為貿易應收款項減值之跡象。撥備金額為資產賬面值與按原實際利率貼現之估計未來現金流量之現值兩者之差額。資產之賬面值乃透過使用準備賬而扣減，而虧損金額於收益表確認為一般及行政費用。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**2.9 Intangible assets (Cont'd)****(b) Trademarks and licences, Non-compete agreements, Distribution agreements and Customer relationships (Cont'd)**

Amortisation of trademarks and licences, non-compete agreements, distribution agreements and customer relationships is calculated using the straight-line method to allocate the cost over their estimated useful lives, as follows:

| | |
|---------------------------|-----------|
| — Trademarks and licences | 15 years |
| — Non-compete agreements | 5-6 years |
| — Distribution agreements | 3 years |
| — Customer relationships | 3-4 years |

2.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method. The cost of finished goods and work in progress comprises raw material, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.11 Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less accumulated impairment losses, if any. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered as indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within general and administration expenses.

2. 重要會計政策概要 (續)

2.12 現金及現金等值項目

現金及現金等值項目包括手頭現金、銀行通知存款、原到期日為三個月或以下之其他短期高流動性投資，以及銀行透支。銀行透支於資產負債表之流動負債內借貸中列示。

2.13 股本

普通股及不可贖回優先股分類為權益。

直接歸屬於發行新股或購股權之遞增成本在權益中列為所得款項之減少(扣除稅項)。

2.14 貿易及其他應付款項

貿易應付款項初步以公平值確認，其後採用實際利率法按攤銷成本計量。

2.15 借貸

借貸初步按公平值並扣除產生之交易成本確認。借貸其後按攤銷成本入賬；所得款項(扣除交易成本)與贖回價值兩者之任何差額採用實際利率法於借貸期間內於收益表確認。

可換股債券負債部分之公平值採用等價之非可換股債券之市場利率釐定。此金額按攤銷成本基準記錄為負債，直至債券因被兌換或到期而消除為止。所得款項餘額分攤至換股權。這在股東權益中確認，並扣除所得稅影響。

除非本集團有無條件權利將負債之結算遞延至結算日後最少12個月，否則借貸分類為流動負債。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.12 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

2.13 Share capital

Ordinary shares and non-redeemable preference shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.14 Trade and other payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using effective interest method.

2.15 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

The fair value of the liability portion of a convertible bond is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option. This is recognised in shareholders' equity, net of tax.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2. 重要會計政策概要 (續)

2.16 遞延所得稅

遞延所得稅乃採用負債法就資產及負債之稅基與其在綜合財務報表之賬面值兩者之暫時差異作全數撥備。然而，倘遞延所得稅來自在交易(業務合併除外)中對資產或負債之初步確認，而在交易時不影響會計損益或應課稅盈虧，則不作記賬。遞延所得稅採用於結算日已制定或實質制定，並在有關遞延所得稅資產變現或遞延所得稅負債結算時預期將會適用之稅率(及法例)而釐定。

遞延所得稅資產乃就可能未來應課稅溢利而就此可使用暫時差異而確認。

遞延所得稅乃就於附屬公司及聯營公司之投資產生之暫時差異而作撥備，但假若本集團可以控制暫時差異之撥回時間，而暫時差異在可見將來有可能不會撥回則除外。

2.17 僱員福利

(a) 僱員應享假期

僱員之應享年假及長期服務假期乃於應計予僱員時確認。僱員因提供服務產生之應享年假及長期服務假期乃按截至結算日之年假及長期服務假期估計負債計算撥備。

僱員應享病假及產假僅於支取時才確認。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.16 Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

2.17 Employee benefits

(a) Employee leave entitlement

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

2. 重要會計政策概要 (續)

2.17 僱員福利 (續)

(b) 退休金責任

本集團參與界定供款計劃，據此，本集團以強制性、合約性或自願性方式向國家／受託人管理基金作出供款。供款一經作出，本集團即無進一步付款責任。供款於到期時確認為僱用成本。

(c) 獎金計劃

本集團就獎金確認負債及支出，並就合約責任或據過往經驗已產生推定責任而確認撥備。

2.18 撥備

當本集團因以往事件而承擔現有法律或推定責任，且較可能需要有資源外流以償付責任，而金額已經可靠估計時，將會確認撥備。

倘有多項類似責任，則其需要在償付中流出資源之可能性，乃根據責任之類別整體考慮。即使在同一責任類別所包含之任何一個項目相關之資源外流之可能性極低，仍須確認撥備。

撥備採用反映現行市場對貨幣時間值及責任特有風險之評估之稅前利率，按償付責任所需支出之現值計量。因時間流逝而增加之撥備乃確認為利息開支。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.17 Employee benefits (Cont'd)

(b) Pension obligations

The Group participates in defined contribution plans, under which the Group pays contributions to state/trustees-administered funds on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employment costs when they are due.

(c) Bonus plans

The Group recognises a liability and an expense for bonuses. It recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.18 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2. 重要會計政策概要 (續)

2.19 收入確認

收入包括在本集團日常業務過程中出售貨品及服務之已收或應收代價之公平值。收入乃於扣除增值稅、回扣及折扣，以及對銷本集團內部銷售後列示。收入確認如下：

(a) 銷售收入

銷售貨品收入乃於集團公司已將產品交付予客戶，客戶接納產品後，以及有關應收款項之收回可合理確保時確認。

(b) 佣金、服務及管理費收入

佣金、服務及管理費收入乃於提供服務時確認，並經考根據已提供之實際服務佔將予提供之總服務之比例，評估特定交易之完成。

(c) 利息收入

利息收入採用實際利率法按時間比例基準確認。

(d) 租金收入

租金收入乃於相關租期內以直線法確認。

於交付貨品及提供服務前向客戶預收之款項均列作預收款項入賬。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.19 Revenue recognition

Revenue comprises the fair value of consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown, net of value added tax, rebates and discounts and after eliminating sales within the Group. Revenue is recognised as follows:

(a) Sales revenue

Revenue from sales of goods is recognised when a group entity has delivered products to the customer, the customer has accepted the products and collectibility of the related receivables is reasonably assured.

(b) Commission, service and management fee income

Commission, service and management fee income are recognised when the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

(c) Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

(d) Rental income

Rental income is recognised on a straight line basis over the term of the relevant lease.

Advance payments received from customers prior to delivery of goods and provision of services are recorded as receipts in advance.

2. 重要會計政策概要 (續)

2.20 營業租約 (作為承租人)

凡擁有權之絕大部分風險及回報由出租人保留之租約分類為營業租約。根據營業租約支付之款項 (扣除自出租人收取之任何獎勵金後) 於租期內以直線法於收益表內扣除。

2.21 融資租約 (作為出租人)

當資產根據融資租約出租，租金現值乃確認為應收款項。應收款項總額與應收款項現值之差額確認為未賺取財務收入。

租賃收入於租期內採用投資淨額法確認，以反映固定之定期回報率。

2.22 借貸成本

為購買、建造或生產須一段長時間才可達至其擬定用途或出售之資產而直接應佔之借貸成本乃資本化為該資產之部分成本。所有其他借貸成本乃於產生期間內於收益表內扣除。

2.23 財務擔保

財務擔保 (一種保險合約) 為需要發出人作出特定付款，以償付持有人因特定債務人未能根據債務工具之原定或經修訂條款在到期時付款所產生損失之合約。本集團不會於財務合約開始時確認負債，惟會在各申報日期將其財務擔保合約之負債淨額與在財務擔保合約導致現有法律或推定責任時所須之金額作出比較，以測試負債之充足程度。倘負債低於現有法律或推定責任金額，則整筆差額會即時在收益表內確認。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.20 Operating leases (as the lessee)

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

2.21 Finance leases (as the lessor)

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income.

Lease income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return.

2.22 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. All other borrowing costs are charged to the income statement in the period in which they are incurred.

2.23 Financial guarantees

A financial guarantee (a kind of insurance contract) is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the original or modified terms of a debt instrument. The Group does not recognise liabilities for financial guarantees at inception, but performs a liability adequacy test at each reporting date by comparing its net liability regarding the financial guarantee with the amount that would be required if the financial guarantee would result in a present legal or constructive obligation. If the liability is less than its present legal or constructive obligation amount, the entire difference is recognised in the income statement immediately.

3. 財務風險管理

3.1 財務風險因素

本集團之活動承受著多種財務風險：外匯風險、信貸風險、流動資金風險及現金流量及公平值利率風險。

管理層定期管理本集團之財務風險。由於本集團之財務架構及現行營運簡單，故管理層並無進行任何重大對沖活動。

(a) 外匯風險

本集團承受著從多種貨幣風險（主要與美元、日圓及人民幣有關）產生之外匯風險。本集團目前並無對沖其外匯風險。

(b) 信貸風險

本集團並無重大集中之信貸風險。本集團有政策確保產品銷售是向擁有適當信貸歷史之客戶進行。本集團有政策限制對任何金融機構之信貸額。

(c) 流動資金風險

本集團之主要現金需求為支付債項以及支付採購與營運開支。本集團透過結合營運、發行本公司股份及銀行借貸所得之資金撥付其營運資金需求。本集團之政策為維持足夠現金及現金等值項目或透過已承擔之信貸融資取得資金以應付其營運資金需求。董事相信，本集團已維持充裕之一般銀行融資以撥付其不久將來之資本承擔及作為一般營運資金。

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: foreign exchange risk, credit risk, liquidity risk, and cash flow and fair value interest-rate risk.

Management regularly review the financial risks of the Group. Because of the simplicity of the financial structure and the current operation of the Group, no major hedging activities are undertaken by management.

(a) Foreign exchange risk

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to US dollar, Japanese Yen and Chinese Renminbi. The Group currently does not hedge its foreign exchange exposure.

(b) Credit risk

The Group has no significant concentrations of credit risk. It has policies in place to ensure that sales of products are made to customers with an appropriate credit history. The Group has policies that limit the amount of credit exposure to any financial institution.

(c) Liquidity risk

The Group's primary cash requirements have been for payment of debts and payment for purchases and operating expenses. The Group finances its working capital requirements through a combination of funds generated from operations, issue of shares of the Company and bank borrowings. The Group's policy is to maintain sufficient cash and cash equivalents or have available funding through committed credit facilities to meet its working capital requirements. The directors believe that the Group has maintained sufficient general banking facilities for financing capital commitments in the near future and for working capital purposes.

3. 財務風險管理 (續)

3.1 財務風險因素 (續)

(d) 現金流量及公平值利率風險

除銀行結餘及借貸外，本集團並無重大計息資產。按可變利率計算之銀行結餘及借貸令本集團承受現金流量利率風險。按固定利率計息之借貸令本集團承受公平值利率風險。本公司並無採用任何利率掉期以對沖其面臨之利率風險。

3.2 公平值估計

本集團流動金融資產(包括貿易應收款項、預付款項、按金及其他應收款項以及現金及現金等值項目)及本集團流動金融負債(包括借貸、貿易應付款項、應計負債及其他應付款項以及預收款項)因在短期內到期，故其賬面值與其公平值相若。

在一年內到期之金融資產及負債之面值減估計信貸調整已確定與其公平值相若。

3. FINANCIAL RISK MANAGEMENT (Cont'd)

3.1 Financial risk factors (Cont'd)

(d) Cash flow and fair value interest-rate risk

The Group has no significant interest-bearing assets except for the bank balances and borrowings. Bank balances and borrowings that are subject to variable rates expose the Group to cash flow interest rate risk. Borrowings that are subject to fixed rates expose the Group to fair value interest rate risk. The Company has not used any interest rate swaps to hedge its exposure to interest rate risk.

3.2 Fair value estimation

The carrying amounts of the Group's current financial assets, including trade receivables, prepayments, deposits and other receivables and cash and cash equivalents, and the Group's currency financial liabilities, including borrowing, trade payables, accruals and other payables and receipts in advance approximate their fair values due to their short maturities.

The nominal value less estimated credit adjustments for financial assets and liabilities with a maturity of less than one year are assured to approximate their fair values.

4. 關鍵會計估計及判斷

本集團根據過往經驗及其他因素(包括預期未來在合理情況下相信會出現之事件)持續對所作之估計及判斷進行評估。

本集團對未來作出估計及假設。所得之會計估計如其定義，很少會與其實際結果相同。很大機會導致須對下一個財政年度之資產及負債之賬面值作出重大調整之估計討論如下。

4.1 所收購資產及可辨識無形資產之公平值

本集團之管理層根據有關未來之估計及假設釐定所收購資產及可辨識無形資產之公平值。該等估計及假設乃按照現行市場資料及過往經驗，並由管理層參考專業獨立估值師所編製之估值報告而作出。

4.2 物業、廠房及設備以及無形資產之可使用年期及剩餘價值

本集團管理層釐定其物業、廠房及設備以及無形資產之估計可使用年期、剩餘價值及相關折舊開支。此項估計乃根據類似性質及功能之物業、廠房及設備以及無形資產之實際可使用年期之過往經驗作出。倘可使用年期較先前估計年期為短，則管理層會增加折舊開支，並會撇銷或撇減已棄用或出售之技術落伍或非策略資產。實際經濟年期可能與估計可使用年期不同；實際剩餘價值可能與估計剩餘價值不同。定期檢討可導致可折舊年期及剩餘價值有變，因而改變未來期間之折舊開支。

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT

Estimates and judgement are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

4.1 Fair value of assets acquired and identifiable intangible assets

The Group's management determines the fair values of assets acquired and identifiable intangible assets based on estimates and assumptions concerning the future. These estimates and assumptions are based on current market information and historical experience, as assessed by management with reference to valuation reports prepared by professional independent valuers.

4.2 Useful lives and residual values of property, plant and equipment and intangible assets

The Group's management determines the estimate useful lives, residual values and related depreciation charges for its property, plant and equipment and intangible assets. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment and intangible assets of similar nature and functions. Management will increase the depreciation charge where useful lives are less than previously estimated lives, it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives; actual residual values may differ from estimated residual values. Periodic review could result in a change in depreciable lives and residual values and therefore depreciation expense in the future periods.

4. 關鍵會計估計及判斷 (續)

4.3 商譽減值評估

本集團根據附註2.9(a)所載之會計政策，每年測試商譽有否出現任何減值。就減值測試而言，所收購商譽乃分配至個別現金產生單位，而有關單位乃根據預測營運表現及現金流量進行減值檢討。資產或現金產生單位之可收回金額乃按使用價值計算法釐定。現金流量預測乃按可反映現行及未來市況之合理假設並在適當時進行貼現後編製。

4.4 存貨之可變現淨值

存貨之可變現淨值為在日常業務過程中之估計售價，減可變銷售費用。該等估計乃根據現行市況及類似性質產品之過往銷售經驗作出，可因客戶需求改變及競爭對手所作出之行動而出現重大變動。管理層於各結算日重新評估該等估計。

4.5 貿易及其他應收款項之估計可收回性

本集團管理層乃根據應收款項可收回性之評估釐定貿易及其他應收款項減值之撥備。此項評估乃根據其客戶及其他債務人之信貸歷史及現行市況作出，並需要使用判斷及估計。管理層於各結算日重新評估有關撥備。

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT (Cont'd)

4.3 Goodwill impairment assessment

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2.9(a). For the purposes of impairment testing, goodwill acquired has been allocated to individual cash-generating units which are reviewed for impairment based on forecast operating performance and cash flows. The recoverable amount of an asset or a cash-generating unit has been determined based on value-in-use calculations. Cash flow projections are prepared on the basis of reasonable assumptions reflective of prevailing and future market conditions, and are discounted appropriately.

4.4 Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less variable selling expenses. These estimates are based on the current market condition and the historical experience of selling products of similar nature. It could change significantly as a result of changes in customer demand and competitor actions. Management reassesses these estimates at each balance sheet date.

4.5 Estimated recoverability of trade and other receivables

The Group's management determines the provision for impairment of trade and other receivables based on an assessment of the recoverability of the receivables. This assessment is based on the credit history of its customers and other debtors and the current market condition, and requires the use of judgements and estimates. Management reassesses the provision at each balance sheet date.

4. 關鍵會計估計及判斷 (續)

4.6 所得稅

本集團需要在香港及中國內地繳納所得稅。在釐定所得稅撥備金額時，需要作出重大判斷。在日常業務過程中，若干交易及計算所涉及之最終稅務釐定都是不確定的。倘此等事件之最終稅務後果與最初記錄之金額不同，則此等差額將影響作出此等釐定期間之所得稅及遞延稅項撥備。

5. 分類資料

銷售
佣金

分類資產主要包括物業、廠房及設備、投資物業、租賃土地及土地使用權、無形資產、應收認購款項、存貨、貿易應收款項、預付款項、按金及其他應收款項以及營運現金。

分類負債包括營運負債及稅項。

資本開支包括添置物業、廠房及設備(附註6)，包括因透過業務合併收購而產生之添置。

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT (Cont'd)

4.6 Income taxes

The Group is subject to income taxes in Hong Kong and Mainland China. Significant judgement is required in determining the amount of the provision for income taxes. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

5. SEGMENT INFORMATION

截至三月三十一日止年度
For the year ended
31st March

| | 二零零七年 2007 千港元 HK\$'000 | 二零零六年 2006 千港元 HK\$'000 |
|----|----------------------------------|----------------------------------|
| 銷售 | 554,646 | 355,426 |
| 佣金 | 4,681 | 4,522 |
| | 559,327 | 359,948 |

Sales
Commission

Segment assets consist primarily of property, plant and equipment, investment properties, leasehold land and land use rights, intangible assets, subscription receivables, inventories, trade receivables, prepayments, deposits and other receivables and operating cash.

Segment liabilities comprise operating liabilities and taxation.

Capital expenditures comprise additions to property, plant and equipment (note 6), including additions resulting from acquisitions through business combinations.

5. 分類資料 (續)

5.1 主要申報格式 — 業務分類

本集團分四個主要業務分類 — SMT 貿易、魚粉及魚油、鋼材貿易及鋼材產品之採購服務，及投資控股。SMT 貿易、魚粉及魚油、鋼材貿易業務分類由商品銷售而產生收入。鋼材產品之採購服務業務分類為賺取採購與網上鋼材貿易服務之佣金收入。投資控股業務分類之收入來自股息收入。

截至二零零七年三月三十一日止年度之業務分類業績分析如下：

5. SEGMENT INFORMATION (Cont'd)

5.1 Primary reporting format — business segments

The Group is organised into four major business segments — SMT trading, fishmeal and fish oil, steel trading and procurement services for steel products, and investment holding. The SMT trading, fishmeal and fish oil, steel trading business segments derive revenue from the sale of goods. The procurement services for steel products business segment derives commission income from procurement and online steel trading services. The investment holding business segment derives revenue from dividend income.

The business segment results for the year ended 31st March 2007 are analysed as follows:

| | | SMT貿易 SMT trading 千港元 HK\$'000 | 魚粉及魚油 Fishmeal and fish oil 千港元 HK\$'000 | 鋼材貿易及 採購服務 Steel trading and procurement services 千港元 HK\$'000 | 投資控股 Investment holding 千港元 HK\$'000 | 總額 Total 千港元 HK\$'000 |
|-----------------|---|--|--|---|--|--------------------------------|
| 營業額 — 對外客戶銷售 | Turnover — Sales to external customers | 394,023 | 101,503 | 63,801 | — | 559,327 |
| 分類業績 | Segment results | 17,746 | 2,876 | (963) | (24,095) | (4,436) |
| 其他淨收益 | Other gains — net | 3,767 | 1,414 | 160 | 335 | 5,676 |
| 未分配費用 | Unallocated expenses | | | | | (14,362) |
| 財務收入 | Finance income | | | | | 90,021 |
| 財務費用 | Finance costs | | | | | (7,163) |
| 除所得稅前溢利 | Profit before income tax | | | | | 69,736 |
| 所得稅支出 | Income tax expense | | | | | (2,989) |
| 年內溢利 | Profit for the year | | | | | 66,747 |

5. 分類資料 (續)

5.1 主要申報格式 — 業務分類 (續)

於二零零七年三月三十一日之分類資產及負債及截至二零零七年三月三十一日止年度之資本開支、折舊及攤銷如下：

5. SEGMENT INFORMATION (Cont'd)

5.1 Primary reporting format — business segments (Cont'd)

The segment assets and liabilities as at 31st March 2007, and capital expenditures, depreciation and amortisation for the year ended 31st March 2007 are as follows:

| | | SMT貿易 SMT trading 千港元 HK\$'000 | 魚粉及魚油 Fishmeal and fish oil 千港元 HK\$'000 | 鋼材貿易及 採購服務 Steel trading and procurement services 千港元 HK\$'000 | 投資控股 Investment holding 千港元 HK\$'000 | 總額 Total 千港元 HK\$'000 |
|---------------------|--|--|--|---|--|--------------------------------|
| 資產 | Assets | | | | | |
| 分類資產 | Segment assets | 1,060,056 | 343,664 | 8,283 | 282,211 | 1,694,214 |
| 未分配資產 | Unallocated assets | | | | | 6 |
| | | | | | | <u>1,694,220</u> |
| 負債 | Liabilities | | | | | |
| 分類負債 | Segment liabilities | (226,204) | (226,279) | (933) | — | (453,416) |
| 未分配負債 | Unallocated liabilities | | | | | (9,464) |
| | | | | | | <u>(462,880)</u> |
| 資本開支： | Capital expenditures: | | | | | |
| — 添置 | — Additions | 554 | 2,098 | — | — | 2,652 |
| — 於收購附屬公司時添置 | — Additions upon acquisition of subsidiaries | 17,739 | — | — | — | 17,739 |
| — 於認購一間共同控制實體之股份時添置 | — Additions upon subscription of shares in a jointly controlled entity | — | 19,148 | — | — | 19,148 |
| | | | | | | <u>39,539</u> |
| 折舊及攤銷未分配 | Depreciation and amortisation Unallocated | 6,324 | 1,546 | 6 | — | 7,876 |
| | | | | | | <u>80</u> |
| | | | | | | <u>7,956</u> |

5. 分類資料 (續)

5.1 主要申報格式 — 業務分類 (續)

截至二零零六年三月三十一日止年度
之業務分類業績分析如下：

5. SEGMENT INFORMATION (Cont'd)

5.1 Primary reporting format — business segments (Cont'd)

The business segment results for the year ended 31st March
2006 are analysed as follows:

| | | 鋼材貿易及 採購服務 Steel trading and procurement services 千港元 HK\$'000 | 投資控股 Investment holding 千港元 HK\$'000 | 總額 Total 千港元 HK\$'000 |
|----------|-------------------------------|---|--|--------------------------------|
| 營業額 | Turnover | | | |
| — 對外客戶銷售 | — Sales to external customers | 359,948 | — | 359,948 |
| 分類業績 | Segment results | (1,861) | (9,577) | (11,438) |
| 其他淨收益 | Other gains — net | 3,340 | 4 | 3,344 |
| 未分配費用 | Unallocated expenses | | | (7,312) |
| 財務收入 | Finance income | | | 1,707 |
| 財務費用 | Finance costs | | | (3,296) |
| 除所得稅前虧損 | Loss before income tax | | | (16,995) |
| 所得稅撥回 | Income tax credit | | | 5,007 |
| 年內虧損 | Loss for the year | | | (11,988) |

5. 分類資料 (續)

5.1 主要申報格式 — 業務分類 (續)

於二零零六年三月三十一日之分類資產及負債及截至二零零六年三月三十一日止年度之資本開支、折舊及攤銷如下：

| | | 鋼材貿易及 採購服務 Steel trading and procurement services 千港元 HK\$'000 | 投資控股 Investment holding 千港元 HK\$'000 | 總額 Total 千港元 HK\$'000 |
|--------------|--------------------------------------|---|--|--------------------------------|
| 資產 | Assets | | | |
| 分類資產 | Segment assets | 48,561 | 1,056,193 | 1,104,754 |
| 未分配資產 | Unallocated assets | | | 436 |
| | | | | <u>1,105,190</u> |
| 負債 | Liabilities | | | |
| 分類負債 | Segment liabilities | (38,311) | (16,580) | (54,891) |
| 未分配負債 | Unallocated liabilities | | | (704) |
| | | | | <u>(55,595)</u> |
| 資本開支 | Capital expenditures | | | |
| 未分配 | Unallocated | 64 | — | 64 |
| | | | | <u>49</u> |
| | | | | <u>113</u> |
| 折舊及攤銷 | Depreciation and amortisation | | | |
| 未分配 | Unallocated | 382 | — | 382 |
| | | | | <u>6</u> |
| | | | | <u>388</u> |

年內此等業務分類並無重大銷售(二零零六年：無)。

未分配費用指不可能分配到個別分類之企業及行政費用。

5. SEGMENT INFORMATION (Cont'd)

5.1 Primary reporting format — business segments (Cont'd)

The segment assets and liabilities at 31st March 2006, and capital expenditures, depreciation and amortisation for the year ended 31st March 2006 are as follows:

| | | 鋼材貿易及 採購服務 Steel trading and procurement services 千港元 HK\$'000 | 投資控股 Investment holding 千港元 HK\$'000 | 總額 Total 千港元 HK\$'000 |
|--------------|--------------------------------------|---|--|--------------------------------|
| 資產 | Assets | | | |
| 分類資產 | Segment assets | 48,561 | 1,056,193 | 1,104,754 |
| 未分配資產 | Unallocated assets | | | 436 |
| | | | | <u>1,105,190</u> |
| 負債 | Liabilities | | | |
| 分類負債 | Segment liabilities | (38,311) | (16,580) | (54,891) |
| 未分配負債 | Unallocated liabilities | | | (704) |
| | | | | <u>(55,595)</u> |
| 資本開支 | Capital expenditures | | | |
| 未分配 | Unallocated | 64 | — | 64 |
| | | | | <u>49</u> |
| | | | | <u>113</u> |
| 折舊及攤銷 | Depreciation and amortisation | | | |
| 未分配 | Unallocated | 382 | — | 382 |
| | | | | <u>6</u> |
| | | | | <u>388</u> |

There are no significant sales between these business segments during the year (2006: Nil).

Unallocated costs represent corporate and administration expenses that cannot be allocated into the individual segment.

5. 分類資料 (續)

5.2 次要申報格式 — 地區分類

本集團業務集中於香港及中國內地。按地區分類劃分之營業額乃根據SMT貿易、魚粉及魚油以及鋼材貿易貨品付運之目的地、採購服務所進行之服務所屬地區、網上佣金收入之賣方所屬地區及提供股息收入之投資之所屬地區而釐定。

截至二零零七年三月三十一日止年度之地區分類業績分析如下：

5. SEGMENT INFORMATION (Cont'd)

5.2 Secondary reporting format — geographical segments

The Group's activities are conducted predominantly in Hong Kong and the Mainland China. Turnover by geographical segments is determined on the basis of the destination of shipment of goods for SMT trading, fishmeal and fish oil, steel trading, location of service performed for procurement services, location of sellers for online commission income, and location of the investment for dividend income.

Geographical segment results for the year ended 31st March 2007 are analysed as follows:

| | | 香港 Hong Kong 千港元 HK\$'000 | 中國內地 Mainland China 千港元 HK\$'000 | 其他 Others 千港元 HK\$'000 | 總額 Total 千港元 HK\$'000 |
|-----------------|---|---------------------------------------|--|---------------------------------|--------------------------------|
| 營業額 — 對外客戶銷售 | Turnover — Sales to external customers | 34,633 | 519,334 | 5,360 | 559,327 |
| 分類業績 | Segment results | (23,594) | 19,826 | (668) | (4,436) |
| 其他淨收益 | Other gains — net | 4,107 | 1,569 | — | 5,676 |
| 未分配費用 | Unallocated expenses | | | | (14,362) |
| 財務收入 | Finance income | | | | 90,021 |
| 財務費用 | Finance costs | | | | (7,163) |
| 扣除所得稅前溢利 | Profit before income tax | | | | 69,736 |

5. 分類資料 (續)

5.2 次要申報格式 — 地區分類 (續)

於二零零七年三月三十一日之分類資產及截至二零零七年三月三十一日止年度之資本開支與截至二零零六年三月三十一日止年度之地區分類業績如下：

5. SEGMENT INFORMATION (Cont'd)

5.2 Secondary reporting format — geographical segments (Cont'd)

The segment assets at 31st March 2007, and capital expenditures for the year ended 31st March 2007 and geographical segment results for the year ended 31st March 2006 are as follows:

| | | 截至二零零七年三月三十一日止年度 For the year ended 31st March 2007 | | | |
|-------------------------|--|--|--|---------------------------------|--------------------------------|
| | | 香港 Hong Kong 千港元 HK\$'000 | 中國內地 Mainland China 千港元 HK\$'000 | 其他 Others 千港元 HK\$'000 | 總額 Total 千港元 HK\$'000 |
| 資產 | Assets | 947,019 | 698,541 | 48,660 | 1,694,220 |
| 資本開支： | Capital expenditures: | | | | |
| — 添置 | — Additions | 350 | 2,098 | 204 | 2,652 |
| — 於收購附屬公司時 添置 | — Additions upon acquisition of subsidiaries | 17,739 | — | — | 17,739 |
| — 於認購一間共同控制 實體之股份時添置 | — Additions upon subscription of shares in a jointly controlled entity | — | 19,148 | — | 19,148 |
| | | | | | <u>39,539</u> |
| | | 截至二零零六年三月三十一日止年度 For the year ended 31st March 2006 | | | |
| | | 香港 Hong Kong 千港元 HK\$'000 | 中國內地 Mainland China 千港元 HK\$'000 | 其他 Others 千港元 HK\$'000 | 總額 Total 千港元 HK\$'000 |
| 營業額 | Turnover — Sales to external customers | 3,184 | 356,764 | — | 359,948 |
| 分類業績 | Segment results | (9,577) | (993) | (868) | (11,438) |
| 其他收益 | Other gains | — | 3,344 | — | 3,344 |
| 未分配費用 | Unallocated expenses | | | | (7,312) |
| 財務收入 | Finance income | | | | 1,707 |
| 財務費用 | Finance costs | | | | (3,296) |
| 除所得稅前虧損 | Loss before income tax | | | | <u>(16,995)</u> |

5. 分類資料 (續)

5.2 次要申報格式 — 地區分類 (續)

於二零零六年三月三十一日之分類資產及截至二零零六年三月三十一日止年度之資本開支如下：

| | | 香港 Hong Kong 千港元 HK\$'000 | 中國內地 Mainland China 千港元 HK\$'000 | 其他 Others 千港元 HK\$'000 | 總額 Total 千港元 HK\$'000 |
|------|----------------------|---------------------------------------|--|---------------------------------|--------------------------------|
| 資產 | Assets | 1,059,151 | 45,971 | 68 | 1,105,190 |
| 資本開支 | Capital expenditures | 49 | 64 | — | 113 |

此等地區分類間概無重大銷售 (二零零六年：無)。

5. SEGMENT INFORMATION (Cont'd)

5.2 Secondary reporting format — geographical segments (Cont'd)

The segment assets at 31st March 2006, and capital expenditures for the year ended 31st March 2006 are as follows:

| | | Hong Kong 千港元 HK\$'000 | Mainland China 千港元 HK\$'000 | Others 千港元 HK\$'000 | Total 千港元 HK\$'000 |
|----------------------|--|---------------------------------|--------------------------------------|---------------------------|--------------------------|
| Assets | | 1,059,151 | 45,971 | 68 | 1,105,190 |
| Capital expenditures | | 49 | 64 | — | 113 |

There are no significant sales between these geographical segments (2006: Nil).

Notes to the Financial Statements 財務報表附註

6. 物業、廠房及設備 — 綜合

6. PROPERTY, PLANT AND EQUIPMENT — CONSOLIDATED

| | | 樓宇 Buildings 千港元 HK\$'000 | 租賃物業 裝修 improvements 千港元 HK\$'000 | 傢俬及 裝置以及 辦公室設備 Furniture, fixtures and office equipment 千港元 HK\$'000 | 汽車 Motor vehicles 千港元 HK\$'000 | 廠房及 機器以及 示範設備 Plant and machinery and demonstration machinery 千港元 HK\$'000 | 在建工程 Construction- in-progress 千港元 HK\$'000 | 總額 Total 千港元 HK\$'000 |
|-----------------------|--|------------------------------------|---|--|--|--|---|--------------------------------|
| 於二零零五年四月一日 | At 1st April 2005 | | | | | | | |
| 成本值 | Cost | — | — | 2,756 | 1,779 | — | — | 4,535 |
| 累計折舊 | Accumulated depreciation | — | — | (2,279) | (845) | — | — | (3,124) |
| 賬面淨值 | Net book amount | — | — | 477 | 934 | — | — | 1,411 |
| 截至二零零六年 三月三十一日止年度 | Year ended 31st March 2006 | | | | | | | |
| 期初賬面淨值 | Opening net book amount | — | — | 477 | 934 | — | — | 1,411 |
| 添置 | Additions | — | 8 | 105 | — | — | — | 113 |
| 出售 | Disposals | — | — | (28) | (10) | — | — | (38) |
| 出售附屬公司 | Disposal of subsidiaries | — | — | (140) | (495) | — | — | (635) |
| 折舊 | Depreciation | — | (1) | (264) | (108) | — | — | (373) |
| 期終賬面淨值 | Closing net book amount | — | 7 | 150 | 321 | — | — | 478 |
| 於二零零六年三月三十一日 | At 31st March 2006 | | | | | | | |
| 成本值 | Cost | — | 8 | 2,476 | 804 | — | — | 3,288 |
| 累計折舊 | Accumulated depreciation | — | (1) | (2,326) | (483) | — | — | (2,810) |
| 賬面淨值 | Net book amount | — | 7 | 150 | 321 | — | — | 478 |
| 截至二零零七年 三月三十一日止年度 | Year ended 31st March 2007 | | | | | | | |
| 期初賬面淨值 | Opening net book amount | — | 7 | 150 | 321 | — | — | 478 |
| 於收購附屬公司 時添置 | Additions upon acquisition of subsidiaries | — | 1,902 | 1,974 | 398 | 13,465 | — | 17,739 |
| 於認購一間共同控股實體之 股份時添置 | Additions upon subscription of shares in a jointly controlled entity | 6,967 | 63 | 787 | 854 | 4,633 | 5,844 | 19,148 |
| 添置 | Additions | — | 44 | 377 | 198 | 34 | 1,999 | 2,652 |
| 出售 | Disposals | — | — | (35) | (321) | (4,769) | — | (5,125) |
| 折舊 | Depreciation | (128) | (130) | (523) | (266) | (970) | — | (2,017) |
| 轉撥自存貨 | Transfer from inventory | — | — | — | — | 2,918 | — | 2,918 |
| 轉撥 | Transfers | — | — | 2,800 | — | — | (2,800) | — |
| 匯兌調整 | Exchange realignments | 85 | — | 38 | 10 | 76 | 12 | 221 |
| 期終賬面淨值 | Closing net book amount | 6,924 | 1,886 | 5,568 | 1,194 | 15,387 | 5,055 | 36,014 |
| 於二零零七年三月三十一日 | At 31st March 2007 | | | | | | | |
| 成本值 | Cost | 7,079 | 2,018 | 8,377 | 1,476 | 16,418 | 5,055 | 40,423 |
| 累計折舊 | Accumulated depreciation | (155) | (132) | (2,809) | (282) | (1,031) | — | (4,409) |
| 賬面淨值 | Net book amount | 6,924 | 1,886 | 5,568 | 1,194 | 15,387 | 5,055 | 36,014 |

6. 物業、廠房及設備 — 綜合 (續)

折舊開支 1,158,000 港元 (二零零六年：373,000 港元) 及 859,000 港元 (二零零六年：無) 已分別計入一般及行政費用及銷售成本。

本集團根據融資租約持有之汽車及示範設備於二零零七年三月三十一日之賬面淨值分別為 26,000 港元 (二零零六年：無) 及 1,278,000 港元 (二零零六年：無)。

7. 投資物業 — 綜合

於認購共同控制實體之股份時添置
折舊
匯兌調整

期終賬面淨值

於二零零七年三月三十一日
成本值
累計折舊

賬面淨值

本集團投資物業之應佔公平值為 2,320,000 港元 (二零零六年：無)，乃由獨立專業估值師公司第一太平戴維斯估值及專業顧問有限公司經參考類似物業交易價之市場憑證於該日期進行估值後達致。

本集團之投資物業位於中國內地，以中期土地使用權持有。本集團之所有投資物業均以營業租約持有，以賺取租金。

6. PROPERTY, PLANT AND EQUIPMENT — CONSOLIDATED (Cont'd)

Depreciation expense of HK\$1,158,000 (2006: HK\$373,000) has been included in general and administration expenses, and HK\$859,000 (2006: Nil) in cost of sales.

The net book value of the Group's motor vehicles and demonstration equipment held under finance leases as at 31st March 2007 amounted to HK\$26,000 (2006: Nil) and HK\$1,278,000 (2006: Nil) respectively.

7. INVESTMENT PROPERTIES — CONSOLIDATED

於三月三十一日
As at 31st March

| | | 二零零七年 2007 千港元 HK\$'000 | 二零零六年 2006 千港元 HK\$'000 |
|-----------------|--|----------------------------------|----------------------------------|
| 於認購共同控制實體之股份時添置 | Additions upon subscription of shares in a jointly controlled entity | 2,200 | — |
| 折舊 | Depreciation | (18) | — |
| 匯兌調整 | Exchange realignments | 24 | — |
| 期終賬面淨值 | Closing net book amount | 2,206 | — |
| 於二零零七年三月三十一日 | At 31st March 2007 | | |
| 成本值 | Cost | 2,226 | — |
| 累計折舊 | Accumulated depreciation | (20) | — |
| 賬面淨值 | Net book amount | 2,206 | — |

The share of the fair value of the Group's investment properties is HK\$2,320,000 (2006: Nil), which has been arrived at on the basis of the valuation carried out at that date by Savills Valuation and Professional Services Limited, an independent firm of professional valuers, by reference to market evidence of transaction prices for similar properties.

The Group's investment properties are situated in Mainland China under medium-term land use right. All of the Group's investment properties are held for rental purposes under operating leases.

8. 租賃土地及土地使用權 — 綜合

本集團於租賃土地及土地使用權之權益分析如下：

8. LEASEHOLD LAND AND LAND USE RIGHTS — CONSOLIDATED

The Group's interests in leasehold land and land use rights are analysed as follows:

| | | 於三月三十一日 As at 31st March | |
|----------------------------|--|----------------------------------|----------------------------------|
| | | 二零零七年 2007 千港元 HK\$'000 | 二零零六年 2006 千港元 HK\$'000 |
| 於香港以下列租約持有： 10至50年之租約 | In Hong Kong held on: Leases of between 10 to 50 years | 5,816 | — |
| 於澳門以下列租約持有： 超過50年之租約 | In Macau held on: Leases of over 50 years | 581 | — |
| 於中國內地以下列租約持有： 10至50年之租約 | In Mainland China held on: Leases of between 10 to 50 years | 5,472 | — |
| | | 11,869 | — |

變動如下：

Movements are as follows:

| | | 截至三月三十一日止年度 For the year ended 31st March | |
|-------------------|---|--|----------------------------------|
| | | 二零零七年 2007 千港元 HK\$'000 | 二零零六年 2006 千港元 HK\$'000 |
| 於認購一間共同控制實體之股份時添置 | Additions upon subscription of shares in a jointly controlled entity | 11,857 | — |
| 租賃土地及土地使用權攤銷 | Amortisation of leasehold land and land use rights | (60) | — |
| 匯兌調整 | Exchange realignments | 72 | — |
| | | 11,869 | — |

9. 無形資產 — 綜合

9. INTANGIBLE ASSETS — CONSOLIDATED

| | | 商譽 Goodwill 千港元 HK\$'000 | 商標 Trademarks 千港元 HK\$'000 | 不競爭協議 Non-compete agreements 千港元 HK\$'000 | 分銷協議 Distribution agreements 千港元 HK\$'000 | 客戶關係 Customer relationship 千港元 HK\$'000 | 網站開發成本 Website development costs 千港元 HK\$'000 | 總額 Total 千港元 HK\$'000 |
|-----------------------|--|-----------------------------------|-------------------------------------|---|---|---|--|--------------------------------|
| 於二零零五年四月一日 | At 1st April 2005 | | | | | | | |
| 成本值 | Cost | — | — | — | — | — | 33,369 | 33,369 |
| 累計攤銷及減值 | Accumulated amortisation and impairment | — | — | — | — | — | (33,348) | (33,348) |
| 賬面淨值 | Net book amount | — | — | — | — | — | 21 | 21 |
| 截至二零零六年 三月三十一日止年度 | Year ended 31st March 2006 | | | | | | | |
| 期初賬面淨值 | Opening net book amount | — | — | — | — | — | 21 | 21 |
| 攤銷支出 | Amortisation charge | — | — | — | — | — | (15) | (15) |
| 期終賬面淨值 | Closing net book amount | — | — | — | — | — | 6 | 6 |
| 於二零零六年三月三十一日 | At 31st March 2006 | | | | | | | |
| 成本值 | Cost | — | — | — | — | — | 33,369 | 33,369 |
| 累計攤銷及減值 | Accumulated amortisation and impairment | — | — | — | — | — | (33,363) | (33,363) |
| 賬面淨值 | Net book amount | — | — | — | — | — | 6 | 6 |
| 截至二零零七年 三月三十一日止年度 | Year ended 31st March 2007 | | | | | | | |
| 期初賬面淨值 | Opening net book amount | — | — | — | — | — | 6 | 6 |
| 於收購附屬公司時添置 | Additions upon acquisition of subsidiaries | 373,692 | — | 60 | 16,750 | 19,010 | — | 409,512 |
| 於認購一間共同控制實體 之股份時添置 | Additions upon subscription of shares in a jointly controlled entity | 6,571 | 15,600 | 51 | — | 6,400 | — | 28,622 |
| 攤銷支出 | Amortisation charge | — | (347) | (8) | (2,326) | (3,174) | (6) | (5,861) |
| 期終賬面淨值 | Closing net book amount | 380,263 | 15,253 | 103 | 14,424 | 22,236 | — | 432,279 |
| 於二零零七年三月三十一日 | At 31st March 2007 | | | | | | | |
| 成本值 | Cost | 380,263 | 15,600 | 111 | 16,750 | 25,410 | 33,369 | 471,503 |
| 累計攤銷及減值 | Accumulated amortisation and impairment | — | (347) | (8) | (2,326) | (3,174) | (33,369) | (39,224) |
| 賬面淨值 | Net book amount | 380,263 | 15,253 | 103 | 14,424 | 22,236 | — | 432,279 |

攤銷約5,861,000港元(二零零六年: 15,000港元)已計入一般及行政費用。

Amortisation of approximately HK\$5,861,000 (2006: HK\$15,000) is included in general and administration expenses.

9. 無形資產 – 綜合

商譽減值測試

商譽乃根據業務分類分配至本集團可辨識現金產生單位（「現金產生單位」）。

分類層面之商譽分配概要呈列如下：

SMT貿易
魚粉及魚油

9. INTANGIBLE ASSETS — CONSOLIDATED (Cont'd)

Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating units ("CGUs") identified according to business segment.

A segment-level summary of the goodwill allocation is presented below:

於三月三十一日

As at 31st March

| 二零零七年 2007 千港元 HK\$'000 | 二零零六年 2006 千港元 HK\$'000 |
|----------------------------------|----------------------------------|
| 373,692 | — |
| 6,571 | — |
| 380,263 | — |

SMT trading
Fishmeal and fish oil

現金產生單位之可收回金額乃根據使用價值計算方法釐定。該等計算方法會採用按管理層所批准且涵蓋五年期間之財務預算所制定之稅前現金流量預測。

使用價值所採用之主要假設如下：

毛利率
增長率
貼現率

Gross margin
Growth rate
Discount rate

| SMT貿易 SMT trading | 魚粉及魚油 Fishmeal and fish oil |
|----------------------|-----------------------------------|
| 13.7% | 12.3% |
| 20.0% | 9-54% |
| 12.75% | 14% |

該等假設已用於業務分類中各個現金產生單位之分析。

管理層按過往表現及對市場發展之預期而釐定預算毛利率。所採用之加權平均增長率乃與行業報告所載之預測貫徹一致。所採用之貼現率為反映與相關分類有關之特定風險之稅前比率。

董事認為，於二零零七年三月三十一日概無商譽減值。

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period.

The key assumptions used for value-in-use calculations are as follows:

These assumptions have been used for the analysis of each CGU within the business segment.

Management determined budgeted gross margin based on past performance and its expectations for the market development. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.

The directors are of the opinion that there was no impairment of goodwill as at 31st March 2007.

10. 於附屬公司之投資及應收附屬公司款項
— 本公司

於本公司之資產負債表內，於附屬公司之權益及應收附屬公司款項之詳情如下：

10. INVESTMENTS IN AND AMOUNTS DUE FROM SUBSIDIARIES — COMPANY

In the Company's balance sheet, details of interests and amounts due from subsidiaries are as follows:

| | | 於三月三十一日 As at 31st March | |
|------------|-------------------------------------|----------------------------------|----------------------------------|
| | | 二零零七年 2007 千港元 HK\$'000 | 二零零六年 2006 千港元 HK\$'000 |
| 非上市股份，按成本值 | Unlisted shares, at cost | — | 3,500 |
| 應收附屬公司款項 | Amounts due from subsidiaries | 589,435 | 145,308 |
| 減：累計減值虧損 | Less: Accumulated impairment losses | — | (148,808) |
| | | 589,435 | — |

以下為於二零零七年三月三十一日附屬公司之名單：

The following is a list of subsidiaries as at 31st March 2007:

| 名稱 Name | 註冊成立地點及 法定實體類別 Place of incorporation and kind of legal entity | 主要業務 Principal activities | 已發行股本/ 註冊資本詳情 Particulars of issued share capital/ registered capital | 本集團所持股本 權益百分比 Percentage of equity interest held by the Group |
|--|---|--|--|---|
| 頂級投資有限公司(i) Ace Level Investments Limited (i) | 英屬處女群島，有限公司 British Virgin Islands, limited liability company | 暫無營業 Dormant | 1股每股面值 1美元之普通股 1 ordinary share of US\$1 each | 100% |
| 美亞電子科技有限公司 American Tec Company Limited | 香港，有限公司 Hong Kong, limited liability company | SMT設備貿易 Trading of SMT equipments | 60,000,000股每股 面值1港元之普通股 60,000,000 ordinary shares of HK\$1 each | 100% |
| American Tec (S.E.A.) Pte. Ltd. | 新加坡，有限公司 Singapore, limited liability company | 翻新SMT機器、銷售翻新 SMT機器及零部件 Refurbishment of SMT machinery, sale of refurbished SMT machinery and spare parts | 1股每股面值 1新加坡元之普通股 1 ordinary share of S\$1 each | 100% |

Notes to the Financial Statements 財務報表附註

10. 於附屬公司之投資及應收附屬公司款項 — 本公司 (續) 10. INVESTMENTS IN AND AMOUNTS DUE FROM SUBSIDIARIES — COMPANY (Cont'd)

| 名稱 Name | 註冊成立地點及 法定實體類別 Place of incorporation and kind of legal entity | 主要業務 Principal activities | 已發行股本/ 註冊資本詳情 Particulars of issued share capital/ registered capital | 本集團所持股本 權益百分比 Percentage of equity interest held by the Group |
|--|---|--|--|---|
| American Tec Electronic India Private Limited (前稱 formerly known as Autron India Private Limited) | 印度，有限公司 India, limited liability company | 提供機器安裝、培訓、 業務推廣、維修 及保養服務 Provision of machinery installation, training, business promotion, repair and maintenance services | 1,756,434股每股 面值10盧比之普通股 1,756,434 ordinary shares of INR10 each | 100% |
| 澳通美亞電子技術(上海) 有限公司 (ii) Autron American Technology Company Limited (ii) | 中國內地，有限公司 Mainland China, limited liability company | 暫無營業 Dormant | 200,000美元 US\$200,000 | 100% |
| Best Creation Investments Limited | 英屬處女群島，有限公司 British Virgin Islands, limited liability company | 投資控股 Investment holding | 60,000,000股每股 面值1美元之普通股 60,000,000 ordinary shares of US\$1 each | 100% |
| 榮協有限公司 Glory Ally Limited | 英屬處女群島，有限公司 British Virgin Islands, limited liability company | 投資控股 Investment holding | 1股每股面值 1美元之普通股 1 ordinary share of US\$1 each | 100% |
| 佳略有限公司 Good Tactics Limited | 英屬處女群島，有限公司 British Virgin Islands, limited liability company | 投資控股 Investment holding | 1股每股面值1美元之 普通股 1 ordinary share of US\$1 each | 100% |
| i-AsiaB2B Group Limited (i) | 英屬處女群島，有限公司 British Virgin Islands, limited liability company | 投資控股 Investment holding | 1股每股面值 1美元之普通股 1 ordinary share of US\$1 each | 100% |
| ISA Group Holdings Limited | 英屬處女群島，有限公司 British Virgin Islands, limited liability company | 投資控股 Investment holding | 10,000股每股面值 1美元之普通股 10,000 ordinary shares of US\$1 each | 100% |

Notes to the Financial Statements 財務報表附註

10. 於附屬公司之投資及應收附屬公司款項 — 本公司 (續) 10. INVESTMENTS IN AND AMOUNTS DUE FROM SUBSIDIARIES — COMPANY (Cont'd)

| 名稱 Name | 註冊成立地點及 法定實體類別 Place of incorporation and kind of legal entity | 主要業務 Principal activities | 已發行股本/ 註冊資本詳情 Particulars of issued share capital/ registered capital | 本集團所持股本 權益百分比 Percentage of equity interest held by the Group |
|--|---|---|--|---|
| iSteel Holdings (B.V.I.) Limited | 英屬處女群島，有限公司 British Virgin Islands, limited liability company | 投資控股 Investment holding | 1股每股面值 1美元之普通股 1 ordinary share of US\$1 each | 100% |
| 亞鋼(MT)集團有限公司 iSteel (MT) Holdings Limited | 英屬處女群島，有限公司 British Virgin Islands, limited liability company | 投資控股 Investment holding | 1股每股面值 1美元之普通股 1 ordinary share of US\$1 each | 100% |
| 亞洲鋼鐵電子交易所(香港) 有限公司 iSteelAsia (Hong Kong) Limited | 香港，有限公司 Hong Kong, limited liability company | 經營電子商貿縱向入門 網站以進行網上鋼材貿易 Operation of an e-commerce vertical portal business for online steel trading | 2股每股面值 1港元之普通股 2 ordinary shares of HK\$1 each | 100% |
| 亞洲鋼鐵電子交易所有限公司 iSteelAsia Limited | 英屬處女群島，有限公司 British Virgin Islands, limited liability company | 經營電子商貿縱向入門網站 以進行網上鋼材貿易 Operation of an e-commerce vertical portal business for online steel trading | 10股每股面值 1美元之普通股 10 ordinary shares of US\$1 each | 100% |
| 亞鋼物流管理澳門離岸商業 服務有限公司 iSteelAsia Logistics Macao Commercial Offshore Company Limited | 澳門，有限公司 Macau, limited liability company | 鋼材貿易 Trading of steel | 1股每股面值 100,000澳門幣之 普通股 1 ordinary share of MOP100,000 each | 100% |
| MetalAsia Holdings Limited | 英屬處女群島，有限公司 British Virgin Islands, limited liability company | 投資控股 Investment holding | 2,000股每股面值 1美元之普通股 2,000 ordinary shares of US\$1 each | 100% |
| 金屬物流管理有限公司 Metal Logistics Company Limited | 香港，有限公司 Hong Kong, limited liability company | 鋼材貿易及提供採購服務 Trading of steel and provision of procurement services | 4股每股面值 1港元之普通股 4 ordinary shares of HK\$1 each | 100% |

10. 於附屬公司之投資及應收附屬公司款項 — 本公司 (續) 10. INVESTMENTS IN AND AMOUNTS DUE FROM SUBSIDIARIES — COMPANY (Cont'd)

| 名稱 Name | 註冊成立地點及 法定實體類別 Place of incorporation and kind of legal entity | 主要業務 Principal activities | 已發行股本/ 註冊資本詳情 Particulars of issued share capital/ registered capital | 本集團所持股本 權益百分比 Percentage of equity interest held by the Group |
|---|---|---|--|---|
| Nation Zone Holdings Limited (i) | 英屬處女群島，有限公司 British Virgin Islands, limited liability company | 投資控股 Investment holding | 1股每股面值 1美元之普通股 1 ordinary share of US\$1 each | 100% |
| 北亞策略(香港)有限公司(i) North Asia Strategic (HK) Limited (i) | 香港，有限公司 Hong Kong, limited liability company | 管理 Management | 1股每股面值 1港元之普通股 1 ordinary share of HK\$1 each | 100% |
| 健味堡有限公司 Perfect Combo Limited | 香港，有限公司 Hong Kong, limited liability company | 暫無營業 Dormant | 1股每股面值 1港元之普通股 1 ordinary share of HK\$1 each | 100% |
| 亞網鋼國際貿易(上海)有限 公司(ii) Shanghai iSteelAsia International Limited (ii) | 中國內地，有限公司 Mainland China, limited liability company | 鋼材貿易 Trading of steel | 200,000美元 US\$200,000 | 100% |
| 深圳市澳通美亞電子科技 有限公司(iii) Shenzhen Autron American Tec Company Limited (iii) | 中國內地，有限公司 Mainland China, limited liability company | 電子產品、機器及零部件 貿易以及提供維修及 安裝服務 Trading of electronic products, machinery and spare parts and provision of repair and installation services | 人民幣3,000,000元 RMB3,000,000 | 100% |
| 穎策有限公司 Smart Tactic Limited | 英屬處女群島，有限公司 British Virgin Islands, limited liability company | 投資控股 Investment holding | 1股每股面值 1美元之普通股 1 ordinary share of US\$1 each | 100% |

10. 於附屬公司之投資及應收附屬公司款項 — 本公司 (續) 10. INVESTMENTS IN AND AMOUNTS DUE FROM SUBSIDIARIES — COMPANY (Cont'd)

| 名稱 Name | 註冊成立地點及 法定實體類別 Place of incorporation and kind of legal entity | 主要業務 Principal activities | 已發行股本/ 註冊資本詳情 Particulars of issued share capital/ registered capital | 本集團所持股本 權益百分比 Percentage of equity interest held by the Group |
|---|---|---|--|---|
| 天津澳通美亞國際貿易 有限公司 (ii) Tianjin American Tec Trading Company Limited (ii) | 中國內地，有限公司 Mainland China, limited liability company | 電子產品、機器及零部件 貿易以及提供維修及 安裝服務 Trading of electronic products, machinery and spare parts and provision of repair and installation services | 200,000美元 US\$200,000 | 100% |
| 天津港保稅區亞鋼國際貿易 有限公司 (ii) Tianjin iSteelAsia International Limited (ii) | 中國內地，有限公司 Mainland China, limited liability company | 鋼材貿易 Trading of steel | 200,000美元 US\$200,000 | 100% |
| 顯名有限公司 Upward Move Limited | 香港，有限公司 Hong Kong, limited liability company | 貿易 Trading | 1股每股面值1港元之 普通股 1 ordinary share of HK\$1 each | 100% |
| 亞鋼網有限公司 Ya Gang Wang Co. Limited | 英屬處女群島，有限公司 British Virgin Islands, limited liability company | 投資控股 Investment holding | 1股每股面值 1美元之普通股 1 ordinary share of US\$1 each | 100% |
| 宇太鋼鐵電子(上海) 有限公司 (ii) Yu Tai Steel (Shanghai) Co. Ltd. (ii) | 中國內地，有限公司 Mainland China, limited liability company | 鋼材貿易 Trading of steel | 200,000美元 US\$200,000 | 100% |
| 蘇州美亞電子科技有限公司 (iii) | 中國內地，有限公司 Mainland China, limited liability company | 暫無營業 Dormant | 人民幣500,000元 RMB500,000 | 100% |

附註：

- (i) 該等公司之股份由本公司直接持有。其他公司之股份乃間接持有。
- (ii) 此等乃於中國內地成立之外商獨資企業，經營期為十至五十年直至二零一一年到二零五二年。
- (iii) 此等乃於中國內地成立之國內企業，經營期為二十至五十年直至二零二四年到二零五六年。

Notes:

- (i) Shares of these companies are held directly by the Company. Shares of the other companies are held indirectly.
- (ii) These are wholly foreign owned enterprises established in Mainland China to operate for periods from 10 to 50 years up to 2011 to 2052.
- (iii) There are domestic enterprises established in Mainland China to operate for periods from 20 to 50 years up to 2024 to 2056.

11. 共同控制實體 — 綜合

本集團已認購高龍集團有限公司之100,000,000不可贖回可換股優先股本。於全面兌換優先股為普通股後，本集團將擁有高龍集團有限公司40%權益。根據本公司與高龍集團有限公司訂立之協議，有關高龍集團有限公司之一切事宜須經訂約雙方共同批准。因此，高龍集團有限公司已列為一間共同控制實體。高龍集團有限公司主要從事魚粉加工及銷售、魚油精煉及銷售、水產飼料製造及銷售以及其他與水產飼料相關之原材料貿易。以下金額指本集團應佔合營企業之40%資產與負債以及銷售與業績。此等金額已計入綜合資產負債表及收益表：

11. JOINTLY CONTROLLED ENTITY — CONSOLIDATED

The Group subscribed 100,000,000 non-redeemable convertible preferred share capital of Coland Group Limited. Upon full conversion of the preferred shares to ordinary shares, the Group will have 40% interest in Coland Group Limited. In accordance with an agreement between the Company and Coland Group Limited, all matters relating to Coland Group Limited require joint approval by the two parties. Therefore Coland Group Limited has been accounted for as a jointly controlled entity. Coland Group Limited, which principally engaged in the processing and sale of fish meal, refining and sale of fish oil, manufacturing and sale of aquatic feed products and trading of other raw materials relating to aquate feeds. The following amounts represent the Group's 40% share of the assets and liabilities, and sales and results of the joint venture. They are included in the consolidated balance sheet and income statement:

| | | 於三月三十一日 | |
|-------------|-----------------------|------------------|----------|
| | | As at 31st March | |
| | | 二零零七年 | 二零零六年 |
| | | 2007 | 2006 |
| | | 千港元 | 千港元 |
| | | HK\$'000 | HK\$'000 |
| 資產 | Assets | | |
| 長期資產 | Long-term assets | 34,927 | — |
| 流動資產 | Current assets | 280,997 | — |
| | | 315,924 | — |
| 負債 | Liabilities | | |
| 長期負債 | Long-term liabilities | (4,380) | — |
| 流動負債 | Current liabilities | (189,222) | — |
| | | (193,602) | — |
| 資產淨值 | Net assets | 122,322 | — |

11. 共同控制實體 — 綜合 (續)

11. JOINTLY CONTROLLED ENTITY — CONSOLIDATED (Cont'd)

| | | 截至三月三十一日止年度 For the year ended 31st March | |
|--|--|--|----------------------------------|
| | | 二零零七年 2007 千港元 HK\$'000 | 二零零六年 2006 千港元 HK\$'000 |
| 收益 | Revenue | 104,660 | — |
| 銷售成本、銷售 及分銷費用、 一般及行政費用、 財務費用及稅項 | Cost of sales, selling and distribution expenses, general and administration expenses, finance costs and taxation | (100,256) | — |
| 除所得稅後溢利 | Profit after income tax | 4,404 | — |

於二零零七年三月三十一日，概無有關本集團於共同控制實體之權益之資本承擔及或然負債。

There are no capital commitment and contingent liabilities relating to the Group's interest in the jointly controlled entity as at 31st March 2007.

於二零零七年三月三十一日，於結算日有關共同控制實體及其附屬公司尚未產生之資本承擔如下：

As at 31st March 2007, capital commitments relating to the jointly controlled entity and its subsidiaries at the balance sheet date but not yet incurred are as follows:

| | | 千港元 HK\$'000 |
|----------|-----------------------------------|-----------------|
| 物業、廠房及設備 | Property, plant and equipment | |
| 已訂約但未撥備 | Contracted but not provided for | 2,853 |
| 已批准但未訂約 | Authorised but not contracted for | 686 |
| | | <u>3,539</u> |

於二零零七年三月三十一日，概無有關共同控制實體及其附屬公司之或然負債。

There are no contingent liabilities relating to the jointly controlled entity and its subsidiaries as at 31st March 2007.

11. 共同控制實體 — 綜合 (續)

以下為於二零零七年三月三十一日共同控制實體之名單：

11. JOINTLY CONTROLLED ENTITY — CONSOLIDATED (Cont'd)

The following is a list of jointly controlled entities as at 31st March 2007:

| 名稱 Name | 註冊成立地點及 法定實體類別 Place of incorporation and kind of legal entity | 主要業務 Principal activities | 已發行股本/ 註冊資本詳情 Particulars of issued share capital/ registered capital | 本集團所持股本 權益百分比 Percentage of equity interest held by the Group |
|--|--|---|---|--|
| Coland Group Limited | 百慕達，有限公司 Bermuda, limited liability company | 投資控股 Investment holding | 150,000,000股每股面值 0.1港元之普通股及 100,000,000股每股 面值0.1港元之優先股 150,000,000 ordinary shares of HK\$0.1 each and 100,000,000 preference shares of HK\$0.1 each | 40% |
| 高龍集團股份有限公司 Coland Holdings Company Limited | 香港，有限公司 Hong Kong, limited liability company | 魚粉及魚油採購、 投資控股、物業持有 Sourcing of fishmeal and fish oil, investment holding, property holding | 5,000,000股每股面值 1.00港元之普通股 5,000,000 ordinary shares of HK\$1.00 each | 40% |
| 高龍管理有限公司 Coland Management Limited | 香港，有限公司 Hong Kong, limited liability company | 暫無營業 Dormant | 10股每股面值 1.00港元之普通股 10 ordinary shares of HK\$1.00 each | 40% |
| 高龍船務有限公司 Coland Shipping Limited | 香港，有限公司 Hong Kong, limited liability company | 提供船務代理服務 Provision of shipping agency services | 10股每股面值 1.00港元之普通股 10 ordinary shares of HK\$1.00 each | 40% |
| 福建高龍實業有限公司(i) Fujian Coland Enterprises Co., Ltd.(i) | 中國內地，有限公司 Mainland China, limited liability company | 魚粉及魚油加工及分銷、 物業持有、投資控股 Processing and distribution of fishmeal and fish oil, property holding, investment holding | 人民幣52,000,000元 RMB52,000,000 | 40% |
| 福州開發區高龍飼料有限公司(ii) Fuzhou Economic Technical Development Zone Coland Feeds Co., Ltd.(ii) | 中國內地，有限公司 Mainland China, limited liability company | 水產飼料製造及銷售 Manufacture and sales of aquatic feeds | 2,500,000美元 US\$2,500,000 | 40% |

11. 共同控制實體 — 綜合 (續)

11. JOINTLY CONTROLLED ENTITY — CONSOLIDATED (Cont'd)

| 名稱 Name | 註冊成立地點及 法定實體類別 Place of incorporation and kind of legal entity | 主要業務 Principal activities | 已發行股本/ 註冊資本詳情 Particulars of issued share capital/ registered capital | 本集團所持股本 權益百分比 Percentage of equity interest held by the Group |
|--|--|--|---|--|
| 福建高龍物流有限公司 (i) Fujian Coland Logistics Co., Ltd. (i) | 中國內地，有限公司 Mainland China, limited liability company | 魚粉銷售及供應、物業持有、 投資控股 Sales and supply of fishmeal, property investment holding, investment holding | 人民幣42,000,000元 RMB42,000,000 | 40% |
| 福州保稅區高龍生物工程 有限公司 (ii) Fuzhou Free Trade Zone Coland Bioengineering Co., Ltd. (ii) | 中國內地，有限公司 Mainland China, limited liability company | 魚油精煉及銷售 Refining and sale of fish oil | 1,000,000美元 US\$1,000,000 | 40% |
| 海源澳門離岸商業服務有限公司 (前稱高龍澳門離岸商業服務 有限公司) Ocean Resource Macao Commercial Offshore Limited (formerly known as Coland Macao Commercial Offshore Limited) | 澳門，有限公司 Macao, limited liability company | 魚粉及魚油採購、 物業持有 Sourcing of fishmeal and fish oil, property holding | 500,000澳門幣 MOP500,000 | 40% |
| Rising Trend International Limited | 英屬處女群島， 有限公司 British Virgin Islands, limited liability company | 投資控股 Investment holding | 6,290股每股面值 1.00美元之股份 6,290 shares of US\$1.00 each | 40% |
| 協同集團有限公司 Joint Group Limited | 英屬處女群島， 有限公司 British Virgin Islands, limited liability company | 投資控股 Investment holding | 600股每股面值 1.00美元之股份 600 shares of US\$1.00 each | 40% |
| 武漢高龍飼料有限公司 (i) Wuhan Coland Feed Co., Ltd. (i) | 中國內地，有限公司 Mainland China, limited liability company | 水產飼料加工及分銷 Processing and distribution of aquatic feeds | 1,800,000美元 US\$1,800,000 | 40% |
| 武漢高龍水產食品有限公司 (i) Wuhan Coland Seafood Co., Ltd. (i) | 中國內地，有限公司 Mainland China, limited liability company | 海產精煉及分銷 Refining & distribution of seafood | 2,100,000美元 US\$2,100,000 | 40% |

(i) 該等公司乃外商獨資企業。

(i) These companies are wholly foreign owned enterprises.

(ii) 該等公司乃中外合資企業。

(ii) These companies are sino foreign equity joint ventures.

12. 存貨 — 綜合

12. INVENTORIES — CONSOLIDATED

| | | 於三月三十一日 As at 31st March | |
|--------|---------------------------------|----------------------------------|----------------------------------|
| | | 二零零七年 2007 千港元 HK\$'000 | 二零零六年 2006 千港元 HK\$'000 |
| 原材料： | Raw materials: | | |
| — 魚粉 | — Fishmeal | 122,747 | — |
| — 魚油 | — Fish oil | 28,491 | — |
| 製成品： | Finished goods: | | |
| — 水產飼料 | — Aquatic feeds | 5,604 | — |
| 貿易商品： | Trading merchandise: | | |
| — 零部件 | — Spare parts | 72,812 | — |
| — 機器 | — Machinery | 48,179 | — |
| — 板材產品 | — Rolled flat steel products | — | 26,399 |
| 消耗品 | Consumables | 2,492 | — |
| 減：存貨撥備 | Less: Provision for inventories | (9,895) | — |
| | | 270,430 | 26,399 |

存貨成本確認為支出並計入已售貨品成本之金額約為469,242,000港元(二零零六年：354,154,000港元)。

The cost of inventories recognised as expense and included in cost of goods sold amounted to approximately HK\$469,242,000 (2006: HK\$354,154,000).

撥回之存貨撥備計入已售貨品成本之金額約為188,000港元(二零零六年：無)。

Inventories provision written back included in cost of goods sold amounted to approximately HK\$188,000 (2006: Nil).

13. 貿易應收款項 — 綜合

13. TRADE RECEIVABLES — CONSOLIDATED

| | | 於三月三十一日 As at 31st March | |
|------------|--|----------------------------------|----------------------------------|
| | | 二零零七年 2007 千港元 HK\$'000 | 二零零六年 2006 千港元 HK\$'000 |
| 貿易應收款項 | Trade receivables | 136,158 | 589 |
| 減：應收款項減值撥備 | Less: Provision for impairment of receivables | (6,867) | (474) |
| | | 129,291 | 115 |

13. 貿易應收款項 — 綜合 (續)

本集團一般要求信用證或付款交單，除了個別客戶獲本集團授予信貸期介乎30日至90日不等。貿易應收款項之賬齡分析如下：

| | |
|----------|-----------------|
| 0至90日 | 0 to 90 days |
| 91至180日 | 91 to 180 days |
| 181至270日 | 181 to 270 days |
| 271至365日 | 271 to 365 days |
| 超過365日 | Over 365 days |

貿易應收款項之賬面值與其公平值相若。

本集團與其客戶之貿易條款主要為信用證或付款交單，惟新客戶一般規定預先付款。本集團尋求對其未收取之應收款項維持嚴格控制以盡量減低信貸風險。高級管理層會定期檢討逾期結餘。本集團之貿易應收款項涉及大量不同客戶，因此並無重大及集中之信貸風險。

13. TRADE RECEIVABLES — CONSOLIDATED (Cont'd)

The Group generally requires letter of credit or documents against payment, with some cases granting a credit period of 30 to 90 days. Aging analysis of trade receivables is as follows:

| | | 於三月三十一日 As at 31st March | |
|--|--|----------------------------------|----------------------------------|
| | | 二零零七年 2007 千港元 HK\$'000 | 二零零六年 2006 千港元 HK\$'000 |
| | | 90,174 | — |
| | | 19,867 | — |
| | | 13,912 | 115 |
| | | 2,776 | — |
| | | 9,429 | 474 |
| | | 136,158 | 589 |

The carrying amounts of trade receivables approximate their fair values.

The Group's trading terms with its customers are mainly on letter of credit or documents against payment, except for new customers, where payment in advance is normally required. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

14. 預付款項、按金及其他應收款項

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

| | | 於三月三十一日 As at 31st March | | | |
|-----------------|--|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| | | 綜合 Consolidated | | 本公司 Company | |
| | | 二零零七年 2007 千港元 HK\$'000 | 二零零六年 2006 千港元 HK\$'000 | 二零零七年 2007 千港元 HK\$'000 | 二零零六年 2006 千港元 HK\$'000 |
| 預付款項 | Prepayments | 7,227 | 91 | 458 | — |
| 向供應商支付按金 | Deposits to suppliers | 24,006 | 102 | — | — |
| 租金按金 | Rental deposits | 1,539 | 226 | — | — |
| 應收利息 | Interest receivable | 200 | 707 | 200 | 707 |
| 應收前附屬公司 款項 | Amounts due from former subsidiaries | — | 15,392 | — | — |
| 出售附屬公司之 代價結餘 | Balance of consideration for disposal of subsidiaries | — | 98 | — | — |
| 融資租約應收款項 | Finance lease receivables | 4,539 | — | — | — |
| 其他應收款項 | Other receivables | 957 | 129 | — | — |
| | | 38,468 | 16,745 | 658 | 707 |

| | | 於三月三十一日 As at 31st March | |
|---------------|---|----------------------------------|----------------------------------|
| | | 二零零七年 2007 千港元 HK\$'000 | 二零零六年 2006 千港元 HK\$'000 |
| 融資租約應收款項分析如下： | Finance lease receivables are analysed as follows: | | |
| 融資租約 — 應收款項總額 | Finance leases — gross receivables | 4,956 | — |
| 未賺取財務收入 | Unearned finance income | (417) | — |
| | | 4,539 | — |
| 融資租約應收款項： | Finance leases receivables: | | |
| 一年內 | No later than 1 year | 4,539 | — |

應收利息、融資租約應收款項及其他應收款項之賬面值與其公平值相若。

The carrying amounts of interest receivable, finance lease receivables and other receivables approximate their fair values.

15. 現金及現金等值項目及已抵押銀行存款 15. CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSITS

| | | 於三月三十一日 As at 31st March | | | |
|---------|--------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| | | 綜合 Consolidated | | 本公司 Company | |
| | | 二零零七年 2007 千港元 HK\$'000 | 二零零六年 2006 千港元 HK\$'000 | 二零零七年 2007 千港元 HK\$'000 | 二零零六年 2006 千港元 HK\$'000 |
| 銀行及手頭現金 | Cash at bank and on hand | 77,159 | 10,748 | 1,561 | 7,842 |
| 短期銀行存款 | Short-term bank deposits | 364,394 | 282,099 | 364,394 | 282,099 |
| | | 441,553 | 292,847 | 365,955 | 289,941 |
| 已抵押銀行存款 | Pledged bank deposits | 49,899 | 3,055 | — | — |
| | | 491,452 | 295,902 | 365,955 | 289,941 |

於二零零七年三月三十一日，短期銀行存款之實際年利率約為4%（二零零六年：4%）；此等存款之平均到期日為14日（二零零六年：30日）。

已抵押存款抵押作為本集團銀行信貸之抵押品，而已抵押銀行存款之實際年利率約為1.6%（二零零六年：4.3%）；此等存款之平均到期日為238日（二零零六年：182日）。

現金及現金等值項目及已抵押銀行存款以下列貨幣為單位：

As at 31st March 2007, the effective interest rate on short-term bank deposits was approximately 4% (2006: 4%) per annum; these deposits have an average maturity of 14 days (2006: 30 days).

The pledged deposits were pledged as collateral for the Group's banking facilities and the effective interest rate on pledged bank deposits was approximately 1.6% (2006: 4.3%) per annum, these deposits have an average maturity of 238 days (2006: 182 days).

Cash and cash equivalents and pledged bank deposits were denominated in the following currencies:

| | | 於三月三十一日 As at 31st March | | | |
|------------|------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| | | 綜合 Consolidated | | 本公司 Company | |
| | | 二零零七年 2007 千港元 HK\$'000 | 二零零六年 2006 千港元 HK\$'000 | 二零零七年 2007 千港元 HK\$'000 | 二零零六年 2006 千港元 HK\$'000 |
| 港元 | Hong Kong dollar | 376,119 | 291,555 | 365,947 | 289,933 |
| 美元 | US dollar | 58,792 | 4,173 | 8 | 8 |
| 人民幣（「人民幣」） | Renminbi ("RMB") | 51,008 | 174 | — | — |
| 其他 | Others | 5,533 | — | — | — |
| | | 491,452 | 295,902 | 365,955 | 289,941 |

本集團以人民幣為單位之現金及現金等值項目乃存放於中國內地銀行。兌換此等以人民幣為單位之結餘為外幣及將資金匯出中國內地須受中國內地政府頒佈之外匯管制規則及條例所規限。

The Group's cash and cash equivalents denominated in RMB are deposited with banks in Mainland China. The conversion of these RMB denominated balances into foreign currencies and the remittance of funds out of Mainland China is subject to the rules and regulations of foreign exchange control promulgated by the Mainland China Government.

16. 借貸 — 綜合

借貸分析如下：

16. BORROWINGS — CONSOLIDATED

Borrowings are analysed as follows:

| | | 於三月三十一日 As at 31st March | |
|----------------------------|---|----------------------------------|----------------------------------|
| | | 二零零七年 2007 千港元 HK\$'000 | 二零零六年 2006 千港元 HK\$'000 |
| 銀行借貸 (附註(a)) | Bank borrowings (Note (a)) | 161,516 | — |
| 融資租約承擔 (附註(b)) 長期融資租約承擔 | Finance lease obligations (Note (b)) Long-term finance lease obligations | 2,483 | — |
| 借貸總額 | Total borrowings | 163,999 | — |
| 減：非流動部分 | Less: Non-current portion | (4,538) | — |
| 流動部分 | Current portion | 159,461 | — |

(a) 銀行借貸

(a) Bank borrowings

| | | 於三月三十一日 As at 31st March | |
|--------------|-------------------------------|----------------------------------|----------------------------------|
| | | 二零零七年 2007 千港元 HK\$'000 | 二零零六年 2006 千港元 HK\$'000 |
| 非流動 | Non-current | | |
| 按揭貸款 — 有抵押 | Mortgage loan — secured | 4,380 | — |
| 流動 | Current | | |
| 信託收據貸款 — 有抵押 | Trust receipts loan — secured | 110,256 | — |
| 銀行借貸 — 無抵押 | Bank borrowings — unsecured | 46,041 | — |
| 按揭貸款 — 有抵押 | Mortgage loan — secured | 839 | — |
| | | 157,136 | — |
| 銀行借貸總額 | Total bank borrowings | 161,516 | — |

16. 借貸 — 綜合 (續)

(a) 銀行借貸 (續)

銀行借貸之賬面值乃以下列貨幣為單位：

| | | 於三月三十一日 As at 31st March | |
|-----|------------------|----------------------------------|----------------------------------|
| | | 二零零七年 2007 千港元 HK\$'000 | 二零零六年 2006 千港元 HK\$'000 |
| 港元 | Hong Kong Dollar | 11,989 | — |
| 美元 | US Dollar | 83,465 | — |
| 人民幣 | RMB | 27,780 | — |
| 日圓 | Yen | 33,857 | — |
| 歐元 | Euro | 4,425 | — |
| | | 161,516 | — |

於結算日之實際利率(按年計)如下：

| | | 二零零七年 2007 | | | | |
|--------|---------------------|---------------|------------|------------|-----------|------------|
| | | 港元 HK\$ | 美元 US\$ | 人民幣 RMB | 日圓 Yen | 歐元 Euro |
| 信託收據貸款 | Trust receipts loan | 7.50% | 7.27% | 5.58% | 3.19% | 6.17% |
| 銀行借貸 | Bank borrowings | — | 6.45% | 6.37% | — | — |
| 按揭貸款 | Mortgage loan | 6.54% | — | — | — | — |

由於貼現之影響並不重大，故所有銀行貸款之賬面值與其公平值相若。

以港元、美元、日圓及歐元為單位之銀行貸款按浮動利率按香港銀行同業拆息／倫敦銀行同業拆息介乎加1.25%至2%之年利率或多間銀行提供之最優惠年利率介乎減2.5%至加0.5%計息。

以人民幣為單位之銀行貸款按浮動年利率介乎倫敦銀行同業拆息加0.8%及倫敦銀行同業拆息加2%及固定利率介乎5.58%至7.956%計息。

16. BORROWINGS — CONSOLIDATED (Cont'd)

(a) Bank borrowings (Cont'd)

The carrying amounts of the bank borrowings are denominated in the following currencies:

The effective interest rate (per annum) at the balance sheet date were as follows:

The carrying amounts of all bank borrowings approximate their fair values, as the impact of discounting is not significant.

Bank loans denominated in HK\$, US\$, Yen and Euro are being charged interest at floating rates at HIBOR/LIBOR plus 1.25% to 2% per annum or at Prime Rates offered by various banks between less 2.5% to plus 0.5%.

Bank loans denominated in RMB are being charged interest at floating rates between LIBOR plus 0.8% and LIBOR plus 2% per annum and fixed rates between 5.58% and 7.956%.

16. 借貸 — 綜合 (續)

(a) 銀行借貸 (續)

銀行借貸之到期日如下：

| | | 於三月三十一日 As at 31st March | |
|------------|-------------------------------------|----------------------------------|----------------------------------|
| | | 二零零七年 2007 千港元 HK\$'000 | 二零零六年 2006 千港元 HK\$'000 |
| 須於5年內全數償還 | Wholly repayable within 5 years | 156,298 | — |
| 毋須於5年內全數償還 | Not wholly repayable within 5 years | 5,218 | — |
| | | 161,516 | — |

借貸須於以下期間償還：

| | | 於三月三十一日 As at 31st March | |
|------|-------------------|----------------------------------|----------------------------------|
| | | 二零零七年 2007 千港元 HK\$'000 | 二零零六年 2006 千港元 HK\$'000 |
| 1年內 | Within 1 year | 157,136 | — |
| 1至2年 | Between 1-2 years | 897 | — |
| 2至5年 | Between 2-5 years | 2,523 | — |
| 超過5年 | Over 5 years | 960 | — |
| | | 161,516 | — |

16. BORROWINGS — CONSOLIDATED (Cont'd)

(a) Bank borrowings (Cont'd)

The maturity of bank borrowings is as follows:

| | | 於三月三十一日 As at 31st March | |
|------------|-------------------------------------|----------------------------------|----------------------------------|
| | | 二零零七年 2007 千港元 HK\$'000 | 二零零六年 2006 千港元 HK\$'000 |
| 須於5年內全數償還 | Wholly repayable within 5 years | 156,298 | — |
| 毋須於5年內全數償還 | Not wholly repayable within 5 years | 5,218 | — |
| | | 161,516 | — |

The borrowings are repayable as follows:

| | | 於三月三十一日 As at 31st March | |
|------|-------------------|----------------------------------|----------------------------------|
| | | 二零零七年 2007 千港元 HK\$'000 | 二零零六年 2006 千港元 HK\$'000 |
| 1年內 | Within 1 year | 157,136 | — |
| 1至2年 | Between 1-2 years | 897 | — |
| 2至5年 | Between 2-5 years | 2,523 | — |
| 超過5年 | Over 5 years | 960 | — |
| | | 161,516 | — |

16. 借貸 — 綜合 (續)

(b) 融資租約承擔

於二零零七年三月三十一日，本集團根據融資租約須償還之責任如下：

16. BORROWINGS — CONSOLIDATED (Cont'd)

(b) Finance lease obligations

At 31st March 2007, the Group had obligations under finance lease repayable as follows:

| | | 二零零七年 2007 千港元 HK\$'000 | 二零零六年 2006 千港元 HK\$'000 |
|----------------|---|----------------------------------|----------------------------------|
| 融資租約負債 — 最低租金： | Finance lease liabilities — minimum lease payments: | | |
| — 1年以內 | — Within 1 year | 2,368 | — |
| — 1至2年 | — Between 1 to 2 years | 158 | — |
| 融資租約責任之現值 | Present value of finance lease obligations | 2,526 | — |
| 融資租約之未來融資費用 | Future finance charges on finance leases | (43) | — |
| | | 2,483 | — |
| 融資租約負債之現值如下： | The present value of finance lease liabilities is as follow: | | |
| — 1年以內 | — Within 1 year | 2,325 | — |
| — 1至2年 | — Between 1 to 2 years | 158 | — |
| | | 2,483 | — |

17. 貿易應付款項

貿易應付款項之賬齡分析如下：

| 0至90日 | 0 to 90 days | | |
|-----------|-----------------|--|--|
| 91至180日 | 91 to 180 days | | |
| 181日至270日 | 181 to 270 days | | |
| 271日至365日 | 271 to 365 days | | |
| 1至2年 | 1 to 2 years | | |

17. TRADE PAYABLES — CONSOLIDATED

The aging analysis of trade payables is as follows:

| | | 於三月三十一日 As at 31st March | |
|--|--|----------------------------------|----------------------------------|
| | | 二零零七年 2007 千港元 HK\$'000 | 二零零六年 2006 千港元 HK\$'000 |
| | | 151,640 | 36,916 |
| | | 18,210 | — |
| | | 15,271 | — |
| | | 3,086 | — |
| | | 457 | — |
| | | 188,664 | 36,916 |

18. 應計負債及其他應付款項

| | | 於三月三十一日 As at 31st March | | | |
|-----------|--------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| | | 綜合 Consolidated | | 本公司 Company | |
| | | 二零零七年 2007 千港元 HK\$'000 | 二零零六年 2006 千港元 HK\$'000 | 二零零七年 2007 千港元 HK\$'000 | 二零零六年 2006 千港元 HK\$'000 |
| 經營費用之應計負債 | Accrual for operating expenses | 16,666 | 2,020 | 1,325 | 1,920 |
| 其他應付款項 | Other payables | 3,424 | 525 | — | — |
| | | 20,090 | 2,545 | 1,325 | 1,920 |

18. ACCRUALS AND OTHER PAYABLES

| | | 於三月三十一日 As at 31st March | | | |
|-----------|--------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| | | 綜合 Consolidated | | 本公司 Company | |
| | | 二零零七年 2007 千港元 HK\$'000 | 二零零六年 2006 千港元 HK\$'000 | 二零零七年 2007 千港元 HK\$'000 | 二零零六年 2006 千港元 HK\$'000 |
| 經營費用之應計負債 | Accrual for operating expenses | 16,666 | 2,020 | 1,325 | 1,920 |
| 其他應付款項 | Other payables | 3,424 | 525 | — | — |
| | | 20,090 | 2,545 | 1,325 | 1,920 |

19. 可換股債券

於二零零五年八月，本公司發行面值約為20,000,000港元之可換股債券，該等可換股債券以港元為單位。

債券將於二零一零年八月到期或持有人可選擇按每股0.1566港元將債券兌換為合共約127,714,000股每股面值為0.01港元之股份。此外，持有人有權要求本集團於二零零七年十二月七日贖回全部或部分尚未贖回之債券。

19. CONVERTIBLE BONDS

In August 2005, the Company issued convertible bonds at face value of approximately HK\$20,000,000, which are denominated in Hong Kong dollar.

The bonds will mature in August 2010 or can be converted into a total of approximately 127,714,000 shares in the Company, with a par value of HK\$0.01 each, at the holders' option, at HK\$0.1566 per share. In addition, the holders have the right to request the Group to redeem in whole or in part the outstanding bonds on 7th December 2007.

19. 可換股債券 (續)

負債部分及權益兌換部分之公平值乃於發行債券時釐定。負債部分其後以攤銷成本入賬。負債部分之公平值乃按本集團所獲提供之定期貸款市場年利率8.0%計算。餘額(即權益兌換部分之價值)乃計入其他儲備作為股東權益。

於資產負債表確認之可換股債券乃按下列方式計算：

於二零零五年八月八日所發行
可換股債券之面值
權益部分

於二零零五年八月八日初步確認之
負債部分
應計利息支出

於二零零七年三月三十一日之負債部分

債券之利息支出乃按實際利率法就負債部分以實際利率8.0%計算。

確認為支出並計入財務費用之應計利息支出約為1,070,000港元(二零零六年：1,030,000港元)。

可換股債券負債部分之賬面值與其公平值相若。

19. CONVERTIBLE BONDS (Cont'd)

The fair values of the liability component and the equity conversion component were determined upon issuance of the bonds. The liability component is subsequently stated at amortised cost. The fair value of the liability component was calculated using a market interest rate for a term loan offered to the Group of 8.0% per annum. The residual amount, representing the value of the equity conversion component, is included in shareholders' equity as other reserves.

The convertible bonds recognised in the balance sheet are calculated as follows:

| | | 於三月三十一日 As at 31st March | |
|-----------------------------------|--|----------------------------------|----------------------------------|
| | | 二零零七年 2007 千港元 HK\$'000 | 二零零六年 2006 千港元 HK\$'000 |
| 於二零零五年八月八日所發行 可換股債券之面值 權益部分 | Face value of convertible bonds issued on 8th August 2005 Equity component | 20,000 (6,388) | 20,000 (6,388) |
| 於二零零五年八月八日初步確認之 負債部分 應計利息支出 | Liability component on initial recognition at 8th August 2005 Accrued interest expense | 13,612 2,100 | 13,612 1,030 |
| 於二零零七年三月三十一日之負債部分 | Liability component at 31st March 2007 | 15,712 | 14,642 |

Interest expense on the bonds is calculated using the effective interest method by applying the effective interest rate of 8.0% to the liability component.

Accrued interest expense recognised as expense and included in finance costs amounted to approximately HK\$1,070,000 (2006: HK\$1,030,000).

The carrying amounts of liability component of convertible bonds approximate to their fair values.

20. 股本

20. SHARE CAPITAL

| | | 普通股 | | 優先股 | | 總額 Total 千港元 HK\$'000 |
|------------------------|------------------------------------|---|---|---|---|--------------------------------|
| | | Ordinary shares | Preference shares | Ordinary shares | Preference shares | |
| | | 股份數目 Number of shares 千股 '000 | 普通股 股本 Ordinary shares capital 千港元 HK\$'000 | 股份數目 Number of shares 千股 '000 | 優先股 股本 Preference shares capital 千港元 HK\$'000 | |
| 法定 | Authorised | | | | | |
| 於二零零六年及 二零零七年三月三十一日 | At 31st March 2006 and 2007 | 40,000,000 | 400,000 | 30,000,000 | 300,000 | 700,000 |
| 按下列分析 — | Analysed as — | | | | | |
| 每股面值0.01港元之普通股 | Ordinary shares of HK\$0.01 each | 40,000,000 | 400,000 | — | — | 400,000 |
| 每股面值0.01港元之優先股 | Preference shares of HK\$0.01 each | — | — | 30,000,000 | 300,000 | 300,000 |
| | | 40,000,000 | 400,000 | 30,000,000 | 300,000 | 700,000 |
| 已發行 | Issued | | | | | |
| 於二零零五年四月一日 | At 1st April 2005 | 1,596,590 | 159,659 | — | — | 159,659 |
| 股本重組 | Capital reorganisation | (1,580,919) | (159,529) | — | — | (159,529) |
| 發行普通股 | Issuance of ordinary shares | | | | | |
| — 因行使認股權證 | — upon exercise of warrants | 298 | 30 | — | — | 30 |
| — 根據認購協議 | — under a subscription agreement | 63,857 | 639 | — | — | 639 |
| — 根據公開發售 | — under an open offer | 15,969 | 159 | — | — | 159 |
| 發行優先股 | Issue of preference shares | — | — | 7,383,167 | 73,832 | 73,832 |
| 於二零零六年三月三十一日 | At 31st March 2006 | 95,795 | 958 | 7,383,167 | 73,832 | 74,790 |
| 發行優先股 | Issue of preference shares | — | — | 792,847 | 7,928 | 7,928 |
| 於二零零七年三月三十一日 | At 31st March 2007 | 95,795 | 958 | 8,176,014 | 81,760 | 82,718 |

於二零零六年二月及三月，本公司發行合共約7,383,167,000股每股面值0.01港元之不可贖回優先股，可透過配售購按認購價每股0.1566港元認購，總額約為1,156,200,000港元（「第一批」）。

In February and March 2006, the Company issued a total of approximately 7,383,167,000 non-redeemable preference shares, with a par value of HK\$0.01 each, at a subscription price of HK\$0.1566 each through placement, for an aggregated amount of approximately HK\$1,156,200,000 (“First Tranche”).

20. 股本 (續)

於二零零六年九月，本公司發行合共約792,847,000股每股面值0.01港元之不可贖回優先股，可透過配售按認購價每股0.1566港元認購，總額約為124,164,000港元（「第二批」）。

優先股為不可贖回，並按一股優先股兌一股普通股之兌換比例兌換為本公司普通股。就股息方面而言，優先股將與本公司普通股享有同等地位。

認購價須由認購人分四期等額以現金支付。本公司已在認購第一批完成後分別於二零零六年二月及三月收到首期款項。就第二批而言，本公司已在二零零六年九月收到首期款項。其餘三期分期款項將分別於二零零七年二月、二零零八年二月及二零零九年二月收到。倘於第一週年（二零零七年二月二十八日）或第二週年（二零零八年二月二十八日）前，本公司未能將先前已收到之認購股款最少75%投入投資，則本公司將無權收取原應於有關週年到期之分期款項。然而，即使本公司無權收取第一及第二週年之分期款項，其餘未付餘款將須於第三週年（二零零九年二月二十八日）前或於兌換優先股為普通股時（以較早者為準）收到。

倘本公司不時就優先股已收到之款項不足以作出本公司董事會所批准之任何潛在投資及／或本公司根據與North Asia Strategic Advisors於二零零五年九月二十六日訂立之服務協議（於二零零五年十二月三十日經修訂及重列）須支付之費用或開支，則本公司將有權要求按本公司指定之日期（惟不得早於本公司送達付款通知之日起計45日）支付有關分期金額。本公司已分別於二零零六年十月及十二月收到第二期及第三期認購價款項。

20. SHARE CAPITAL (Cont'd)

In September 2006, the Company issued a total of approximately 792,847,000 non-redeemable preference shares, with a par value of HK\$0.01 each, at a subscription price of HK\$0.1566 each through placement, for an aggregated amount of approximately HK\$124,164,000 ("Second Tranche").

The preference shares are non-redeemable and are convertible into ordinary shares in the Company at a conversion ratio of one preference share into one ordinary share. The preference shares will rank *pari passu* with the ordinary shares of the Company with regards to dividends.

The subscription price is payable in cash by the subscribers in four equal installments. The first was received by the Company in February and March 2006, upon completion of the subscription of the First Tranche. For the Second Tranche, first installment was received by the Company in September 2006. The remaining three installments are receivable in February 2007, February 2008 and February 2009 respectively. In the event that by the first anniversary (28th February 2007) or the second anniversary (28th February 2008), the Company is unable to utilise at least 75% of the subscription monies previously received for investments, the Company will not be entitled to receive the installments which would otherwise be due on such anniversaries. However, even if the Company is not entitled to receive the installments on the first and second anniversaries, the remaining unpaid balance will be receivable by the third anniversary (28th February 2009) or, if earlier, upon the conversion of the preference shares into ordinary shares.

In the event that the subscription monies previously paid to the Company from time to time for the preference shares are insufficient to make any potential investments approved by the board of directors of the Company and/or pay fees or expenses which are payable by the Company under the services agreement signed between the Company and North Asia Strategic Advisors on 26th September 2005 (as amended and restated on 30th December 2005), the Company shall be entitled to require the relevant amount of installment to be paid on a date specified by the Company but not earlier than 45 days from the date serving the payment notice by the Company. The second installment and third installment of the subscription price have been received by the Company in October and December 2006 respectively.

20. 股本 (續)

優先股將於普通股於香港聯合交易所有限公司主板上市或於第四週年(二零一零年二月二十八日)(以較早者為準)自動兌換為普通股。

於資產負債表確認之應收認購款項按下列方式計算：

應收認購款項
減：未來利息
加：攤銷利息收入

減：已收認購款項

應收認購款項
減：非流動部分

流動部分

應收認購款項之賬面值與其公平值相若。

應收認購款項之利息收入乃按實際利率法以實際年利率6.5%計算。

20. SHARE CAPITAL (Cont'd)

The preference shares will be automatically converted into ordinary shares upon the listing of the ordinary shares on the Main Board of The Stock Exchange of Hong Kong Limited, or on the fourth anniversary (28th February 2010), whichever is earlier.

The subscription receivables recognised in the balance sheet is calculated as follows:

| | | 於三月三十一日 As at 31st March | |
|--------------------------------|--|----------------------------------|----------------------------------|
| | | 二零零七年 2007 千港元 HK\$'000 | 二零零六年 2006 千港元 HK\$'000 |
| Subscription receivables | | 991,313 | 867,153 |
| Less: Future interest | | (111,573) | (101,608) |
| Add: Amortised interest income | | 73,693 | — |
| | | 953,433 | 765,545 |
| Less: Subscriptions received | | (671,222) | — |
| Subscription receivables | | 282,211 | 765,545 |
| Less: Non-current portion | | (282,211) | (494,135) |
| Current portion | | — | 271,410 |

The carrying amounts of subscription receivables approximate to their fair values.

Interest income on the subscription receivables is calculated using the effective interest method by applying the effective interest rate of 6.5% per annum.

21. 儲備

變動如下：

綜合

21. RESERVES

Movements are:

Consolidated

| | | 股份溢價 Share premium 千港元 HK\$'000 | 實繳盈餘 Contributed surplus 千港元 HK\$'000 | 可換 股債券 Convertible bonds 千港元 HK\$'000 | 資本儲備 Capital reserve 千港元 HK\$'000 | 累計匯兌 調整 Cumulative translation adjustments 千港元 HK\$'000 | 累計 (虧損)/ 溢利 Accumulated (losses)/ profit 千港元 HK\$'000 | 總額 Total 千港元 HK\$'000 |
|---------------------|---|---|---|--|---|---|--|--------------------------------|
| 於二零零五年四月一日 之結餘 | Balance at 1st April 2005 | 11,099 | — | — | 2,700 | 19 | (171,340) | (157,522) |
| 本公司權益持有人 應佔虧損 | Loss attributable to equity holders of the Company | — | — | — | — | — | (11,988) | (11,988) |
| 股本重組 | Capital reorganisation | (11,099) | 170,628 | — | — | — | — | 159,529 |
| 抵銷累計虧損 | Elimination of accumulated losses | — | (161,644) | — | — | — | 161,644 | — |
| 發行普通股 | Issue of ordinary shares | | | | | | | |
| — 根據認購協議 | — under a subscription agreement | 9,361 | — | — | — | — | — | 9,361 |
| — 根據公開發售 | — under an open offer | 2,341 | — | — | — | — | — | 2,341 |
| 發行優先股 | Issue of preference shares | 980,760 | — | — | — | — | — | 980,760 |
| 股份發行費用 | Share issue expenses | | | | | | | |
| — 普通股 | — ordinary shares | (2,182) | — | — | — | — | — | (2,182) |
| — 優先股 | — preference shares | (12,173) | — | — | — | — | — | (12,173) |
| 可換股債券 | Convertible bonds | | | | | | | |
| — 權益部分 | — equity component | — | — | 6,388 | — | — | — | 6,388 |
| 匯兌調整 — 淨額 | Translation adjustments — net | — | — | — | — | 291 | — | 291 |
| 於二零零六年 三月三十一日之結餘 | Balance at 31st March 2006 | 978,107 | 8,984 | 6,388 | 2,700 | 310 | (21,684) | 974,805 |
| 本公司權益持有人 應佔溢利 | Profit attributable to equity holders of the Company | — | — | — | — | — | 66,747 | 66,747 |
| 發行優先股 | Issue of preference shares | 106,271 | — | — | — | — | — | 106,271 |
| 股份發行費用 | Share issue expenses | | | | | | | |
| — 優先股 | — preference shares | (741) | — | — | — | — | — | (741) |
| 匯兌調整 — 淨額 | Translation adjustments — net | — | — | — | — | 1,540 | — | 1,540 |
| 於二零零七年 三月三十一日之結餘 | Balance at 31st March 2007 | 1,083,637 | 8,984 | 6,388 | 2,700 | 1,850 | 45,063 | 1,148,622 |

21. 儲備 (續)

本公司

變動如下：

21. RESERVES (Cont'd)

Company

Movements are:

| | | 股份溢價 Share premium 千港元 HK\$'000 | 實繳盈餘 Contribution surplus 千港元 HK\$'000 | 可換股 債券 Convertible bonds 千港元 HK\$'000 | 累計 (虧損)/ 溢利 Accumulated (losses)/profit 千港元 HK\$'000 | 總額 Total 千港元 HK\$'000 |
|---------------------|---|---|--|--|--|--------------------------------|
| 於二零零五年 四月一日之結餘 | Balance at 1st April 2005 | 11,099 | — | — | (161,644) | (150,545) |
| 本公司權益持有人 應佔虧損 | Loss attributable to equity holders of the Company | — | — | — | (25,638) | (25,638) |
| 股本重組 | Capital reorganisation | (11,099) | 170,628 | — | — | 159,529 |
| 抵銷累計虧損 | Elimination of accumulated losses | — | (161,644) | — | 161,644 | — |
| 發行普通股 | Issue of ordinary shares | | | | | |
| — 根據認購協議 | — under a subscription agreement | 9,361 | — | — | — | 9,361 |
| — 根據公開發售 | — under an open offer | 2,341 | — | — | — | 2,341 |
| 發行優先股 | Issue of preference shares | 980,760 | — | — | — | 980,760 |
| 股份發行費用 | Share issue expenses | | | | | |
| — 普通股 | — ordinary shares | (2,182) | — | — | — | (2,182) |
| — 優先股 | — preference shares | (12,173) | — | — | — | (12,173) |
| 可換股債券 | Convertible bonds — | | | | | |
| — 權益部分 | equity component | — | — | 6,388 | — | 6,388 |
| 於二零零六年三月 三十一日之結餘 | Balance at 31st March 2006 | 978,107 | 8,984 | 6,388 | (25,638) | 967,841 |
| 本公司權益持有人 應佔溢利 | Profit attributable to equity holders of the Company | — | — | — | 60,692 | 60,692 |
| 發行優先股 | Issue of preference shares | 106,271 | — | — | — | 106,271 |
| 股份發行費用 | Share issue expenses | | | | | |
| — 優先股 | — preference shares | (741) | — | — | — | (741) |
| 於二零零七年三月 三十一日之結餘 | Balance at 31st March 2007 | 1,083,637 | 8,984 | 6,388 | 35,054 | 1,134,063 |

22. 其他淨收益

22. OTHER GAINS — NET

| | | 截至三月三十一日止年度 For the year ended 31st March | |
|-----------|------------------------------------|--|----------------------------------|
| | | 二零零七年 2007 千港元 HK\$'000 | 二零零六年 2006 千港元 HK\$'000 |
| 撥回申索之撥備 | Write-back of provision for claim | — | 2,977 |
| 出售附屬公司之溢利 | Profit on disposal of subsidiaries | — | 98 |
| 匯兌收益 | Exchange gain | 4,597 | — |
| 其他 | Others | 1,079 | 269 |
| | | 5,676 | 3,344 |

23. 按性質分類之費用

23. EXPENSES BY NATURE

計入銷售成本、銷售及分銷費用以及一般及行政費用之分析如下：

Expenses included in cost of sales, selling and distribution expenses and general and administration expenses are analysed as follows:

| | | 截至三月三十一日止年度 For the year ended 31st March | |
|-----------------------|--|--|----------------------------------|
| | | 二零零七年 2007 千港元 HK\$'000 | 二零零六年 2006 千港元 HK\$'000 |
| 已售存貨成本 | Cost of inventories sold | 469,242 | 354,154 |
| 存貨撥備撥回 | Write-back of provision for inventories | (188) | — |
| 物業、廠房及設備折舊 | Depreciation of property, plant and equipment | 2,017 | 373 |
| 租賃土地及土地使用權攤銷 | Amortisation of leasehold land and land use rights | 60 | — |
| 投資物業折舊 | Depreciation of investment properties | 18 | — |
| 無形資產攤銷 | Amortisation of intangible assets | 5,861 | 15 |
| 僱用成本 | Employment costs | 23,559 | 6,139 |
| 物業之營業租約租金 | Operating lease rental of premises | 3,016 | 1,186 |
| 貿易應收款項減值 | Impairment of trade receivables | 2,251 | 21 |
| 核數師酬金 | Auditors' remuneration | 1,720 | 900 |
| 出售物業、廠房及設備之虧損 | Loss on disposal of property, plant and equipment | 396 | 23 |
| 其他開支 | Other expenses | 70,173 | 15,887 |
| 銷售成本、銷售及分銷費用以及一般及行政費用 | Total cost of sales, selling and distribution expenses and general and administration expenses | 578,125 | 378,698 |

24. 僱用成本

24. EMPLOYMENT COSTS

| | | 截至三月三十一日止年度 For the year ended 31st March | |
|----------|--------------------------------|--|----------------------------------|
| | | 二零零七年 2007 千港元 HK\$'000 | 二零零六年 2006 千港元 HK\$'000 |
| 薪金、工資及津貼 | Salaries, wages and allowances | 23,216 | 6,072 |
| 退休福利 | Retirement benefits | | |
| — 界定供款計劃 | — defined contribution scheme | 343 | 67 |
| | | 23,559 | 6,139 |

(a) 本集團已安排其香港僱員參與一項由獨立受託人管理之強制性公積金計劃（「強積金計劃」），該計劃為一項界定供款計劃。根據強積金計劃，本集團（僱主）及其僱員各自每月按僱員有關收入（定義見香港強制性公積金計劃條例）之5%向計劃作出供款。每位僱主及僱員之每月供款上限為1,000港元，而其額外供款乃屬自願。

依中國內地之規則及規例，本集團為其中國內地僱員向國家資助之退休計劃供款。僱員按其本薪金約6%至20%供款，而本集團按該等薪金約14%至22.5%供款，除該等供款外，概無支付任何實際退休金或退休後福利之責任。該等國家資助退休計劃須負責向退休僱員支付全部退休金。

(a) The Group has arranged for its Hong Kong employees to join the Mandatory Provident Fund Scheme (“the MPF Scheme”), a defined contribution scheme managed by an independent trustee. Under the MPF Scheme, each of the Group (the employer) and its employees make monthly contributions to the scheme at 5% of the employees’ relevant income as defined under the Hong Kong Mandatory Provident Fund Schemes Ordinance. The monthly contribution of each of the employer and employees are subject to a cap of HK\$1,000 and thereafter contributions are voluntary.

As stipulated by rules and regulations in Mainland China, the Group contributes to state-sponsored retirement plans for its employees in Mainland China. The employees contribute approximately 6% to 20% of their basic salaries, while the Group contributes approximately 14% to 22.5% of such salaries and has no further obligations for the actual payment of pensions or post-retirement benefits beyond these contributions. The state-sponsored retirement plans are responsible for the entire pension obligations payable to retired employees.

24. 僱用成本 (續)

(b) 董事及高級管理人員酬金

截至二零零七年三月三十一日止年度
各董事之薪酬載列如下：

24. EMPLOYMENT COSTS (Cont'd)

(b) Directors' and senior management's emoluments

The remuneration of every director for the year ended 31st
March 2007 is set out below:

| | | 袍金 Fees 千港元 HK\$'000 | 薪金 Salaries 千港元 HK\$'000 | 退休計劃之 僱主供款 Employer's contribution to retirement scheme 千港元 HK\$'000 | 總額 Total 千港元 HK\$'000 |
|--------------------|------------------------------|--|-----------------------------------|---|--------------------------------|
| 執行董事 | | Executive directors | | | |
| Göran Sture Malm先生 | Mr. Göran Sture Malm | 875 | 291 | 12 | 1,178 |
| 周勝南先生 | Mr. Savio Chow Sing Nam | 144 | 1,800 | 12 | 1,956 |
| Henry Cho Kim先生 | Mr. Henry Cho Kim | 144 | 828 | 12 | 984 |
| 姚祖輝先生 | Mr. Andrew Yao Cho Fai | 144 | — | 7 | 151 |
| 符氣清先生 (i) | Mr. Desmond Fu Hay Ching (i) | — | — | — | — |
| 獨立非執行董事 | | Independent non-executive directors | | | |
| 馬景煊先生 | Mr. Philip Ma King Huen | 144 | — | — | 144 |
| 譚競正先生 | Mr. Kenny Tam King Ching | 144 | — | — | 144 |
| 關治平先生 | Mr. Edgar Kwan Chi Ping | 144 | — | — | 144 |
| | | 1,739 | 2,919 | 43 | 4,701 |

(i) 於二零零六年七月三十一日退休

(i) Retired on 31st July 2006

24. 僱用成本 (續)

24. EMPLOYMENT COSTS (Cont'd)

(b) 董事及高級管理人員酬金 (續)

(b) Directors' and senior management's emoluments (Cont'd)

截至二零零六年三月三十一日
止年度各董事之薪酬載列如
下：

The remuneration of every director for the year ended
31st March 2006 is set out below:

| | | 袍金 Fees 千港元 HK\$'000 | 薪金 Salaries 千港元 HK\$'000 | 退休計劃之 僱主供款 Employer's contribution to retirement scheme 千港元 HK\$'000 | 總額 Total 千港元 HK\$'000 |
|----------------------------------|--|-------------------------------|-----------------------------------|---|--------------------------------|
| 執行董事 | Executive directors | | | | |
| Göran Sture Malm 先生 (ii) | Mr. Göran Sture Malm (ii) | 309 | 103 | 8 | 420 |
| 周勝南先生 (ii) | Mr. Savio Chow Sing Nam (ii) | 93 | 593 | 8 | 694 |
| Henry Cho Kim 先生 (ii) | Mr. Henry Cho Kim (ii) | 93 | 250 | 8 | 351 |
| 姚祖輝先生 | Mr. Andrew Yao Cho Fai | 93 | — | 5 | 98 |
| 符氣清先生 | Mr. Desmond Fu Hay Ching | — | 514 | — | 514 |
| 非執行董事 | Non-executive director | | | | |
| David Michael Faktor 先生 (iii) | Mr. David Michael Faktor (iii) | 17 | — | — | 17 |
| 獨立非執行董事 | Independent non-executive directors | | | | |
| 馬景煊先生 | Mr. Philip Ma King Huen | 97 | — | — | 97 |
| 譚競正先生 | Mr. Kenny Tam King Ching | 121 | — | — | 121 |
| 關治平先生 (ii) | Mr. Edgar Kwan Chi Ping (ii) | 93 | — | — | 93 |
| 黃英豪先生 (iii) | Mr. Kennedy Wong Ying Ho (iii) | 17 | — | — | 17 |
| | | 933 | 1,460 | 29 | 2,422 |

(ii) 於二零零五年八月九日獲委任

(ii) Appointed on 9th August 2005

(iii) 於二零零五年八月九日辭任

(iii) Resigned on 9th August 2005

24. 僱用成本 (續)

(c) 五名最高薪人士

本集團於本年度內酬金最高之五名人士包括三名(二零零六年：3名)董事，其酬金已於上文呈報之分析中反映。應付予其餘兩名(二零零六年：2名)人士之酬金如下：

24. EMPLOYMENT COSTS (Cont'd)

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year including 3 (2006: 3) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining 2 (2006: 2) individuals during the year are as follows:

| | | 截至三月三十一日止年度 For the year ended 31st March | |
|-----------|---|--|----------------------------------|
| | | 二零零七年 2007 千港元 HK\$'000 | 二零零六年 2006 千港元 HK\$'000 |
| 基本薪金及津貼 | Basic salaries and allowances | 2,100 | 1,304 |
| 花紅 | Bonuses | 77 | 491 |
| 退休計劃之僱主供款 | Employer's contributions to retirement scheme | 77 | 12 |
| | | 2,254 | 1,807 |

此等酬金在下列組合範圍內：

The emoluments fell within the following bands:

| | | 截至三月三十一日止年度 For the year ended 31st March | |
|-------------------------|--------------------------------|--|---------------|
| | | 二零零七年 2007 | 二零零六年 2006 |
| 零至1,000,000港元 | Nil to HK\$1,000,000 | — | 1 |
| 1,000,001港元至1,500,000港元 | HK\$1,000,001 to HK\$1,500,000 | 2 | 1 |
| | | 2 | 2 |

25. 財務收入及費用

25. FINANCE INCOME AND COSTS

| | | 截至三月三十一日止年度 For the year ended 31st March | |
|------------------------|--|---|----------------------------------|
| | | 二零零七年 2007 千港元 HK\$'000 | 二零零六年 2006 千港元 HK\$'000 |
| 財務收入： | Finance income: | | |
| 銀行存款之利息收入 | Interest income from bank deposits | 13,917 | 1,707 |
| 逾期貿易應收款項 之利息收入 | Interest income on overdue trade receivables | 2,411 | — |
| 認購應收款項 之攤銷利息收入 | Amortised interest income from subscription receivables | 73,693 | — |
| | | 90,021 | 1,707 |
| 財務費用： | Finance costs: | | |
| 利息支出 | Interest expense | | |
| — 須於五年內全數償還之 銀行貸款利息 | — Interest on bank loans wholly repayable within five years | 4,982 | 1,112 |
| — 應付一間關連公司款項 之利息 | — Interest on amount due to a related company | — | 1,154 |
| — 於五年後可予贖回之 可換股債券 | — convertible bonds redeemable after five years | 1,070 | 1,030 |
| — 理論利息支出 | — Notional interest expense | | |
| — 遞延代價之公平估值 (附註30) | — fair valuation of deferred consideration (Note 30) | 1,111 | — |
| | | 7,163 | 3,296 |

26. 所得稅支出／(撥回)

26. INCOME TAX EXPENSE/(CREDIT)

本公司獲豁免繳納百慕達稅項直至二零一六年。香港利得稅按本年度估計應課稅溢利之17.5%計算(二零零六年：無，並無須繳納香港利得稅之應課稅溢利)。於中國內地成立之附屬公司須按介乎15%至33%之稅率(二零零六年：15%至33%)繳納中國內地企業所得稅。海外(香港及中國內地除外)稅項乃就本年度之估計應課稅溢利按本集團經營所在國家之現行適用稅率計算。

The Company is exempted from taxation in Bermuda until 2016. Hong Kong profits tax has been calculated at the rate of 17.5% (2006: Nil, no assessable profit subject to Hong Kong profits tax) on the estimated assessable profit for the year. Subsidiaries established in the Mainland China are subjected to the Mainland China enterprise income tax at rates ranging from 15% to 33% (2006: 15% to 33%). Taxation on overseas (other than Hong Kong and Mainland China) profits has been calculated on the estimated assessable profit for the year at the applicable rates of taxation prevailing in the countries in which the Group operates.

26. 所得稅支出／(撥回) (續)

於綜合收益表中扣除之所得稅支出／(撥回)指：

26. INCOME TAX EXPENSE/(CREDIT) (Cont'd)

The amounts of income tax expense/(credit) charged to the consolidated income statement represent:

| | | 截至三月三十一日止年度 For the year ended 31st March | |
|---------------|---|--|----------------------------------|
| | | 二零零七年 2007 千港元 HK\$'000 | 二零零六年 2006 千港元 HK\$'000 |
| 當期稅項 | Current taxation | | |
| 香港利得稅 | Hong Kong profits tax | 3,237 | — |
| 中國內地企業 所得稅 | Mainland China enterprise income tax | | |
| — 退還 | — Refund | (303) | — |
| — 過往數年度之高估撥備 | — Overprovisions in prior years | (15) | (5,007) |
| 海外附屬公司之利得稅 | Profits tax of overseas subsidiaries | 67 | — |
| 遞延稅項 | Deferred taxation | 3 | — |
| | | 2,989 | (5,007) |

本集團之除稅前溢利／(虧損)之稅項與按照適用於本集團溢利／(虧損)之加權平均稅率計算之理論金額之差異如下：

The taxation on the Group's profit/(loss) before taxation differs from the theoretical amount that would arise using the weighted average tax rate applicable to profit/(loss) of the Group as follows:

| | | 截至三月三十一日止年度 For the year ended 31st March | |
|---------------------------------|--|--|----------------------------------|
| | | 二零零七年 2007 千港元 HK\$'000 | 二零零六年 2006 千港元 HK\$'000 |
| 除所得稅前溢利／(虧損) | Profit/(Loss) before income tax | 69,736 | (16,995) |
| 按適用於有關地點／國家虧損之 加權平均當地稅率計算之稅項 | Tax calculated at the weighted average domestic tax rates applicable to losses in the respective places/countries | 11,680 | (1,634) |
| 影響 | Effect of | | |
| — 無須課稅之收入 | — income not subject to tax | (15,719) | 27 |
| — 不可扣稅之支出 | — expenses not deductible for tax | 1,268 | 1 |
| — 未確認之遞延稅項資產 | — deferred tax assets not recognised | 5,775 | 1,606 |
| — 過往數年度之高估撥備 | — overprovisions in prior years | (15) | (5,007) |
| 稅項支出／(撥回) | Tax expense/(credit) | 2,989 | (5,007) |

26. 所得稅支出／(撥回) (續)

於截至二零零七年三月三十一日止年度，適用加權平均稅率約為16.7% (二零零六年：9.6%)。

適用加權平均稅率之變動乃主要由於各集團公司於不同稅務司法權區及繳交不同稅率及其他無須課稅之收益，以致溢利／虧損分佈有所變更所致。

27. 本公司權益持有人應佔溢利／(虧損)

計入本公司之財務報表之本公司權益持有人應佔溢利／(虧損)之溢利約為60,692,000港元 (二零零六年：虧損25,638,000港元)。

28. 每股盈利

每股基本盈利乃分別根據年內股東應佔溢利約66,747,000港元 (二零零六年：虧損11,988,000港元) 及已發行股份之加權平均數約95,795,000股 (二零零六年：67,582,000股) 計算。

每股攤薄盈利乃根據溢利約67,817,000港元 (即股東應佔溢利加可換股債券應計利息支出之調整約1,070,000港元) 及股份之加權平均數約8,003,100,000股 (即年內已發行股份之加權平均數加兌換所有可換股債券及優先股之潛在攤薄股份分別約127,714,000股及7,779,591,000股) (二零零六年：由於未發行股份具有反攤薄影響，故並無呈列每股攤薄盈利) 計算。

26. INCOME TAX EXPENSE/(CREDIT) (Cont'd)

For the year ended 31st March 2007, the weighted average applicable tax rates was approximately 16.7% (2006: 9.6%).

The change in weighted average applicable tax rates is mainly caused by a change in the distribution of the profit/loss among the group companies in different tax jurisdictions and with different tax rates, and other gains that are not subject to taxation.

27. PROFIT/(LOSS) ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The profit/(loss) attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of profit of approximately HK\$60,692,000 (2006: loss of HK\$25,638,000).

28. EARNINGS PER SHARE

The calculation of basic earnings per share is based on profit attributable to shareholders of approximately HK\$66,747,000 (2006: Loss of HK\$11,988,000) and on the weighted average number of approximately 95,795,000 shares (2006: 67,582,000 shares) in issue during the year.

The calculation of diluted earnings per share is based on profit of approximately HK\$67,817,000, which is the profit attributable to shareholders plus an adjustment for convertible bonds accrued interest expense of approximately HK\$1,070,000 and on the weighted average number of approximately 8,003,100,000 shares, which is the weighted average number of shares in issue during the year plus the conversion of all potential dilutive shares from convertible bonds and preference shares of approximately 127,714,000 and 7,779,591,000 shares respectively (2006: no diluted earnings per share was presented as the outstanding shares were anti-dilutive).

29. 現金流量表

(a) 營運所產生之現金

| | | | |
|--------------------|---|----------|----------|
| 除稅前溢利／(虧損) | Profit/(loss) before taxation | 69,736 | (16,995) |
| 財務收入 | Finance income | (90,021) | (1,707) |
| 財務費用 | Finance costs | 7,163 | 3,296 |
| 物業、廠房及設備折舊 | Depreciation of property, plant and equipment | 2,017 | 373 |
| 投資物業折舊 | Depreciation of investment properties | 18 | — |
| 無形資產攤銷 | Amortisation of intangible assets | 5,861 | 15 |
| 租賃土地及土地使用權攤銷 | Amortisation of leasehold land and land use rights | 60 | — |
| 出售物業、廠房及設備之虧損 | Loss on disposal of property, plant and equipment | 396 | 23 |
| 出售附屬公司之淨收益 | Gain on disposal of subsidiaries, net | — | (98) |
| 申索撥備撥回 | Write-back of provision for claim | — | (2,977) |
| 存貨撥備撥回 | Write-back of provision for inventories | (188) | — |
| 營運資金變動前之經營虧損 | Operating loss before working capital changes | (4,958) | (18,070) |
| 存貨(增加)／減少 | (Increase)/decrease in inventories | (22,506) | 56,961 |
| 購貨按金增加 | Increase in deposits for purchase of inventories | — | (44,128) |
| 貿易應收款項減少／(增加) | Decrease/(increase) in trade receivables | 41,787 | (798) |
| 預付款項、按金及其他應收款項減少 | Decrease in prepayments, deposits and other receivables | 5,570 | 10,788 |
| 貿易應付款項減少 | Decrease in trade payables | (31,621) | (57,128) |
| 其他應付款項及應計負債(減少)／增加 | (Decrease)/increase in other payables and accruals | (15,487) | 37,780 |
| 預收款項增加 | Increase in receipts in advance | 15,316 | 8,276 |
| 遞延應付認購款項增加 | Increase in deferred subscription payables | 32,676 | — |
| 匯兌調整 | Exchange translation adjustments | 1,228 | 291 |
| 營運所產生之現金流入／(流出)淨額 | Net cash inflow/(outflow) generated from operations | 22,005 | (6,028) |

(b) 於現金流量表內，出售廠房及設備之所得款項包括：

| | | | |
|-----------------|--|-------|------|
| 賬面淨值(附註6) | Net book amount (Note 6) | 5,125 | 38 |
| 出售物業、廠房及設備之虧損 | Loss on disposals of property, plant and equipment | (396) | (23) |
| 出售物業、廠房及設備之所得款項 | Proceeds from disposals of property, plant and equipment | 4,729 | 15 |

29. CASH FLOW STATEMENT

(a) Cash generated from operations

| | | 截至三月三十一日止年度 For the year ended 31st March | |
|--------------------|---|--|----------------------------------|
| | | 二零零七年 2007 千港元 HK\$'000 | 二零零六年 2006 千港元 HK\$'000 |
| 除稅前溢利／(虧損) | Profit/(loss) before taxation | 69,736 | (16,995) |
| 財務收入 | Finance income | (90,021) | (1,707) |
| 財務費用 | Finance costs | 7,163 | 3,296 |
| 物業、廠房及設備折舊 | Depreciation of property, plant and equipment | 2,017 | 373 |
| 投資物業折舊 | Depreciation of investment properties | 18 | — |
| 無形資產攤銷 | Amortisation of intangible assets | 5,861 | 15 |
| 租賃土地及土地使用權攤銷 | Amortisation of leasehold land and land use rights | 60 | — |
| 出售物業、廠房及設備之虧損 | Loss on disposal of property, plant and equipment | 396 | 23 |
| 出售附屬公司之淨收益 | Gain on disposal of subsidiaries, net | — | (98) |
| 申索撥備撥回 | Write-back of provision for claim | — | (2,977) |
| 存貨撥備撥回 | Write-back of provision for inventories | (188) | — |
| 營運資金變動前之經營虧損 | Operating loss before working capital changes | (4,958) | (18,070) |
| 存貨(增加)／減少 | (Increase)/decrease in inventories | (22,506) | 56,961 |
| 購貨按金增加 | Increase in deposits for purchase of inventories | — | (44,128) |
| 貿易應收款項減少／(增加) | Decrease/(increase) in trade receivables | 41,787 | (798) |
| 預付款項、按金及其他應收款項減少 | Decrease in prepayments, deposits and other receivables | 5,570 | 10,788 |
| 貿易應付款項減少 | Decrease in trade payables | (31,621) | (57,128) |
| 其他應付款項及應計負債(減少)／增加 | (Decrease)/increase in other payables and accruals | (15,487) | 37,780 |
| 預收款項增加 | Increase in receipts in advance | 15,316 | 8,276 |
| 遞延應付認購款項增加 | Increase in deferred subscription payables | 32,676 | — |
| 匯兌調整 | Exchange translation adjustments | 1,228 | 291 |
| 營運所產生之現金流入／(流出)淨額 | Net cash inflow/(outflow) generated from operations | 22,005 | (6,028) |

(b) In the cash flow statement, proceeds from disposals of plant and equipment comprise:

| | | 截至三月三十一日止年度 For the year ended 31st March | |
|-----------------|--|--|----------------------------------|
| | | 二零零七年 2007 千港元 HK\$'000 | 二零零六年 2006 千港元 HK\$'000 |
| 賬面淨值(附註6) | Net book amount (Note 6) | 5,125 | 38 |
| 出售物業、廠房及設備之虧損 | Loss on disposals of property, plant and equipment | (396) | (23) |
| 出售物業、廠房及設備之所得款項 | Proceeds from disposals of property, plant and equipment | 4,729 | 15 |

29. 現金流量表 (續)

(c) 出售附屬公司之溢利

出售資產淨額：

29. CASH FLOW STATEMENT (Cont'd)

(c) Profit on disposal of subsidiaries

Net assets disposed of:

| | | 截至三月三十一日止年度 For the year ended 31st March | |
|---------------|--|--|----------------------------------|
| | | 二零零七年 2007 千港元 HK\$'000 | 二零零六年 2006 千港元 HK\$'000 |
| 物業、廠房及設備 | Property, plant and equipment | — | 635 |
| 長期投資 | Long-term investment | — | 780 |
| 存貨 | Inventories | — | 11,576 |
| 購貨按金 | Deposits for purchase of inventories | — | 71,515 |
| 貿易應收款項 | Trade receivables | — | 4,660 |
| 現金及現金等值項目 | Cash and cash equivalents | — | 11,042 |
| 應付賬款及票據 | Accounts and bills payable | — | (26,974) |
| 應計負債及其他應付款項 | Accruals and other payables | — | (55,743) |
| 預收款項 | Receipts in advance | — | (12,740) |
| 應繳稅項 | Taxation payable | — | (4,653) |
| 資產淨額 | Net assets | — | 98 |
| 總代價 | Total consideration | — | 98 |
| | | — | — |
| 變現累計匯兌調整 | Realisation of cumulative translation adjustment | — | 98 |
| 出售之淨收益 | Gain on disposal, net | — | 98 |
| 以下列各項作交易： | Satisfied by: | | |
| 其他應收款項 (i) | Other receivables (i) | — | 98 |
| 現金 | Cash | — | — |
| | | — | 98 |
| 現金流量分析： | Analysis of cash flows: | | |
| 以現金收取之購買代價 | Purchase consideration received in cash | — | — |
| 出售現金及現金等值項目 | Cash and cash equivalents disposed | — | (11,042) |
| 收回上年度應收款項 (i) | Receipt of prior year receivable (i) | — | 1,536 |
| | | — | (9,506) |

(i) 尚未清還之購買代價已計入其他應收款項，並已於其後清還。

(i) The outstanding purchase consideration was included as other receivables and was settled subsequently.

30. 業務合併 — 本集團

(a) 收購附屬公司

於二零零六年十一月三日，本公司收購美亞電子科技有限公司及American Tec Electronic India Private Limited全部普通股股本，該等公司從事SMT組裝設備、機器及零部件貿易及以提供相關之安裝、培訓、業務推廣、維修及保養服務。已收購業務於二零零六年十一月三日至二零零七年三月三十一日期間為本集團帶來之收益約為359,390,000港元，而純利則約為21,127,000港元。倘收購已於二零零六年四月一日進行，則本集團之收益將約為1,278,467,000港元。該等金額乃採用本集團之會計政策並調整附屬公司之業績以反映額外折舊及攤銷支出（假設物業、廠房及設備以及無形資產之公平值調整由二零零六年四月一日起適用）連同因此產生之稅務影響而計算。

已收購資產淨值及商譽之詳情如下：

購買代價：
— 已付現金
— 有關收購之直接成本

總購買代價
已收購資產淨值之公平值 —
如下文呈列

商譽

商譽乃歸因於已收購業務之預期盈利能力及預期未來自合併所取得之營運協同效益。

30. BUSINESS COMBINATIONS — GROUP

(a) Acquisition of subsidiary

On 3rd November 2006, the Group acquired 100% of the ordinary share capital of American Tec Company Limited and American Tec Electronic India Private Limited, companies trading in SMT assembly equipments, machinery and spare parts and provision of related installation, training, business promotion, repair and maintenance services. The acquired business contributed revenues of approximately HK\$359,390,000 and net profit of approximately HK\$21,127,000 to the Group for the period from 3rd November 2006 to 31st March 2007. If the acquisition had occurred on 1st April 2006, Group revenue would have been approximately HK\$1,278,467,000. These amounts have been calculated using the Group's accounting policies and by adjusting the results of the subsidiary to reflect the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from 1st April 2006, together with the consequential tax effects.

Details of net assets acquired and goodwill are as follows:

| | | 二零零七年 2007 千港元 HK\$'000 |
|------------------------|--|----------------------------------|
| 購買代價： | Purchase consideration: | |
| — 已付現金 | — Cash paid | 466,818 |
| — 有關收購之直接成本 | — Direct costs relating to the acquisition | 11,502 |
| 總購買代價 | Total purchase consideration | 478,320 |
| 已收購資產淨值之公平值 — 如下文呈列 | Fair value of net assets acquired — shown as below | (104,628) |
| 商譽 | Goodwill | 373,692 |

The goodwill is attributable to the anticipated profitability of the acquired business and the anticipated future operating synergies from the combination.

30. 業務合併 — 本集團 (續)

(a) 收購附屬公司 (續)

於二零零六年十一月三日，因收購所產生之資產及負債如下：

30. BUSINESS COMBINATIONS — GROUP (Cont'd)

(a) Acquisition of subsidiary (Cont'd)

The assets and liabilities as of 3rd November 2006 arising from the acquisition are as follows:

| | | 公平值 Fair value 千港元 HK\$'000 | 所收購公司 之賬面值 Acquiree's carrying value 千港元 HK\$'000 |
|----------------|---|--------------------------------------|--|
| 現金及現金等值項目 | Cash and cash equivalents | 15,786 | 15,786 |
| 物業、廠房及設備 | Property, plant and equipment | 17,739 | 20,228 |
| 分銷協議(計入無形資產) | Distribution agreement (included in intangible assets) | 16,750 | — |
| 客戶關係(計入無形資產) | Customer relationships (included in intangible assets) | 19,010 | — |
| 不競爭協議(計入無形資產) | Non-compete agreements (included in intangible assets) | 60 | — |
| 存貨 | Inventories | 96,415 | 96,415 |
| 貿易應收款項及應收票據 | Trade and bills receivables | 140,227 | 140,227 |
| 預付款項、按金及其他應收款項 | Prepayments, deposits & other receivables | 21,433 | 21,433 |
| 借貸 | Borrowings | (32,543) | (32,543) |
| 貿易應付款項及應付票據 | Trade and bills payables | (150,433) | (150,433) |
| 應計負債及其他應付款項 | Accruals and other payables | (25,497) | (25,497) |
| 預收款項 | Receipts in advance | (6,010) | (6,010) |
| 流動所得稅負債 | Current income tax liabilities | (5,979) | (5,979) |
| 遞延稅項負債 | Deferred tax liabilities | (2,330) | (2,330) |
| 已收購資產淨值 | Net assets acquired | 104,628 | 71,297 |
| 以現金償付之購買代價 | Purchase consideration settled in cash | | 478,320 |
| 附屬公司之現金及現金等值項目 | Cash and cash equivalents in subsidiary | | (15,786) |
| 有關收購之未清償直接成本 | Outstanding direct costs relating to the acquisition | | (250) |
| 收購之現金流出 | Cash outflow on acquisition | | 462,284 |

30. 業務合併 — 本集團 (續)

(b) 認購40%可換股優先股股本

於二零零六年十二月七日，本集團已認購高龍集團有限公司之100,000,000股不可贖回可換股優先股本，該公司主要從事魚粉加工及銷售、魚油精煉及銷售、水產飼料產品製造及銷售以及其他水產飼料相關之原材料貿易。於全面兌換優先股為普通股後，本集團將擁有高龍集團有限公司40%權益。已收購業務於二零零六年十二月七日至二零零七年三月三十一日期間為本集團帶來之收益約為101,503,000港元，而純利則約為4,404,000港元。倘收購已於二零零六年四月一日進行，則本集團之收益將約為767,851,000港元。該等金額乃採用本集團之會計政策並調整附屬公司之業績以反映在假設物業、廠房及設備以及無形資產之公平值調整由二零零六年四月一日起適用下將扣除之額外折舊及攤銷，連同因此產生之稅務影響而計算。

已收購資產淨值及商譽之詳情如下：

| | | 二零零七年 2007 千港元 HK\$'000 |
|----------------|--|----------------------------------|
| 購買代價： | Purchase consideration: | |
| — 已付現金 | — Cash paid | 143,333 |
| — 有關收購之直接成本 | — Direct costs relating to the acquisition | 6,337 |
| 總購買代價 | Total purchase consideration | 149,670 |
| — 應付認購款項之公平值估值 | — Fair valuation of the subscription payable | (4,056) |
| 已收購資產淨值之公平值 | Fair value of net assets acquired | |
| — 如下文呈列 | — shown as below | (139,043) |
| 商譽 | Goodwill | 6,571 |

商譽乃歸因於業務之預期盈利能力及預期未來兩間公司間之營運協同效益。

30. BUSINESS COMBINATIONS — GROUP (Cont'd)

(b) Subscription of 40% convertible preferred share capital

On 7th December 2006, the Group subscribed 100,000,000 non-redeemable convertible preferred share capital of Coland Group Limited, which principally engaged in the processing and sale of fish meal, refining and sale of fish oil, manufacturing and sale of aquatic feed products and trading of other raw materials relating to aquatic feeds. Upon full conversion of the preferred shares to ordinary shares, the Group will have 40% interest in Coland Group Limited. The acquired business contributed revenues of approximately HK\$101,503,000 and net profit of approximately HK\$4,404,000 to the Group for the period from 7th December 2006 to 31st March 2007. If the acquisition had occurred on 1st April 2006, Group revenue would have been approximately HK\$767,851,000. These amounts have been calculated using the Group's accounting policies and by adjusting the results of the subsidiary to reflect the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from 1st April 2006, together with the consequential tax effects.

Details of net assets acquired and goodwill are as follows:

The goodwill is attributable to the anticipated profitability of the business and the anticipated future operating synergies between the two entities.

30. 業務合併 — 本集團 (續)

(b) 認購40%可換股優先股股本 (續)

於二零零六年十二月七日，因認購所產生之資產及負債如下：

| | | 公平值 Fair value 千港元 HK\$'000 | 所收購公司 之賬面值 Acquiree's carrying value 千港元 HK\$'000 |
|------------------|--|--------------------------------------|--|
| 現金及現金等值項目 | Cash and cash equivalents | 36,195 | 36,195 |
| 已抵押銀行存款 | Pledged bank deposits | 31,957 | 31,957 |
| 租賃土地及土地使用權 | Leasehold land and land use rights | 11,857 | 7,176 |
| 物業、廠房及設備 | Property, plant and equipment | 19,148 | 18,510 |
| 投資物業 | Investment property | 2,200 | 1,609 |
| 商標 (計入無形資產) | Trademarks (included in intangible assets) | 15,600 | — |
| 不競爭協議 (計入無形資產) | Non-compete agreement (included in intangible assets) | 51 | — |
| 客戶基礎 (計入無形資產) | Customer base (included in intangible assets) | 6,400 | — |
| 貿易應收款項及應收票據 | Trade and bills receivables | 30,736 | 30,736 |
| 預付款項、按金及其他應收款項 | Prepayments, deposits & other receivables | 32,465 | 32,465 |
| 存貨 | Inventories | 127,840 | 127,840 |
| 貿易應付款項及應付票據 | Trade & bills payables | (32,936) | (32,936) |
| 應計負債及其他應付款項 | Accruals & other payables | (9,945) | (9,945) |
| 流動所得稅負債 | Current income tax liabilities | (8,545) | (8,545) |
| 借貸 | Borrowings | (123,980) | (123,980) |
| 已收購資產淨值 | Net assets acquired | 139,043 | 111,082 |
| 購買代價 | Purchase consideration | | 149,670 |
| 遞延代價 | Deferred consideration | | (56,667) |
| 共同控制實體之現金及現金等值項目 | Cash and cash equivalents in jointly controlled entity | | (36,195) |
| 應佔認購所得款項 | Share of subscription proceeds | | 28,667 |
| | | | 85,475 |

截至二零零六年三月三十一日止年度並無進行收購。

30. BUSINESS COMBINATIONS — GROUP (Cont'd)

(b) Subscription of 40% convertible preferred share capital (Cont'd)

The assets and liabilities as of 7th December 2006 arising from the subscription are as follows:

| | | 公平值 Fair value 千港元 HK\$'000 | 所收購公司 之賬面值 Acquiree's carrying value 千港元 HK\$'000 |
|------------------|--|--------------------------------------|--|
| 現金及現金等值項目 | Cash and cash equivalents | 36,195 | 36,195 |
| 已抵押銀行存款 | Pledged bank deposits | 31,957 | 31,957 |
| 租賃土地及土地使用權 | Leasehold land and land use rights | 11,857 | 7,176 |
| 物業、廠房及設備 | Property, plant and equipment | 19,148 | 18,510 |
| 投資物業 | Investment property | 2,200 | 1,609 |
| 商標 (計入無形資產) | Trademarks (included in intangible assets) | 15,600 | — |
| 不競爭協議 (計入無形資產) | Non-compete agreement (included in intangible assets) | 51 | — |
| 客戶基礎 (計入無形資產) | Customer base (included in intangible assets) | 6,400 | — |
| 貿易應收款項及應收票據 | Trade and bills receivables | 30,736 | 30,736 |
| 預付款項、按金及其他應收款項 | Prepayments, deposits & other receivables | 32,465 | 32,465 |
| 存貨 | Inventories | 127,840 | 127,840 |
| 貿易應付款項及應付票據 | Trade & bills payables | (32,936) | (32,936) |
| 應計負債及其他應付款項 | Accruals & other payables | (9,945) | (9,945) |
| 流動所得稅負債 | Current income tax liabilities | (8,545) | (8,545) |
| 借貸 | Borrowings | (123,980) | (123,980) |
| 已收購資產淨值 | Net assets acquired | 139,043 | 111,082 |
| 購買代價 | Purchase consideration | | 149,670 |
| 遞延代價 | Deferred consideration | | (56,667) |
| 共同控制實體之現金及現金等值項目 | Cash and cash equivalents in jointly controlled entity | | (36,195) |
| 應佔認購所得款項 | Share of subscription proceeds | | 28,667 |
| | | | 85,475 |

There were no acquisitions for the year ended 31st March 2006.

30. 業務合併 — 本集團 (續)

(b) 認購40%可換股優先股股本 (續)

本集團須分兩期於二零零六年十二月七日(完成日期)及按高龍集團有限公司要求而在任何情況下須於二零零七年十二月七日後一次或分多次支付認購價，以為其業務計劃提供資金。

於資產負債表內確認之遞延代價計算如下：

| | | | |
|-------------------|--|--|--|
| 遞延代價 | Deferred consideration | | |
| 減：未來利息 | Less: Future interest | | |
| 加：攤銷利息支出 | Add: Amortised interest expense | | |
| 遞延代價 | Deferred consideration | | |
| 減：共同控制實體應佔之遞延應收款項 | Less: Share of the jointly controlled entity's deferred receivable | | |

遞延代價之公平值乃採用年利率6%之市場利率釐定。

31. 或然負債

於二零零七年三月三十一日，本公司已就一間附屬公司獲提供之銀行融資提供擔保約295,712,000港元(二零零六年：6,600,000港元)。於二零零七年三月三十一日，尚未償還之銀行借貸約為52,760,000港元(二零零六年：無)。本公司之董事及本集團之管理層預期不會因該擔保(來自日常業務過程)，而產生重大負債。

30. BUSINESS COMBINATIONS — GROUP (Cont'd)

(b) Subscription of 40% convertible preferred share capital (Cont'd)

The subscription price is payable by the Group in two equal instalments on 7th December 2006 (date of completion) and as may be required by Coland Group Limited to finance its business plan in one or more payments or in any case on 7th December 2007.

The deferred consideration recognised in the balance sheet is calculated as follows:

| 於三月三十一日 | | As at 31st March | |
|-------------------|----------|------------------|--|
| | 二零零七年 | 二零零六年 | |
| | 2007 | 2006 | |
| | 千港元 | 千港元 | |
| | HK\$'000 | HK\$'000 | |
| 遞延代價 | 56,667 | — | |
| 減：未來利息 | (3,317) | — | |
| 加：攤銷利息支出 | 1,111 | — | |
| 遞延代價 | 54,461 | — | |
| 減：共同控制實體應佔之遞延應收款項 | (21,785) | — | |
| | 32,676 | — | |

The fair value of the deferred consideration was determined using a market interest rate of 6% per annum.

31. CONTINGENT LIABILITIES

As at 31st March 2007, the Company had provided guarantees of approximately HK\$295,712,000 (2006: HK\$6,600,000) with respect to banking facilities made available to its subsidiaries. As at 31st March 2007, bank borrowings of approximately HK\$52,760,000 were outstanding (2006: Nil). The Company's directors and the Group's management anticipate that no material liabilities will arise from such guarantees which arose in the ordinary course of business.

32. 銀行融資

於二零零七年三月三十一日，本集團來自若干銀行之貸款及貿易融資之銀行融資約為588,795,000港元(二零零六年：6,000,000港元)。於二零零七年三月三十一日，該等融資已獲本集團動用161,516,000港元(二零零六年：無)。該等融資以下列方式作抵押：

- (i) 本集團之樓宇約5,200,000港元(二零零六年：無)之抵押；
- (ii) 本集團之租賃土地及土地使用權約6,975,000港元(二零零六年：無)之抵押；
- (iii) 本集團之投資物業約1,615,000港元(二零零六年：無)之抵押；
- (iv) 本集團之存貨約15,330,000港元(二零零六年：無)及本集團若干根據信託收據銀行貸款安排持有之存貨之抵押；
- (v) 本集團銀行存款約49,899,000港元(二零零六年：3,055,000港元)之抵押；及
- (vi) 本公司提供之公司擔保約295,712,000港元(二零零六年：6,600,000港元)。

32. BANKING FACILITIES

As at 31st March 2007, the Group had banking facilities of approximately HK\$588,795,000 (2006: HK\$6,000,000) from several banks for loans and trade financing. As at 31st March 2007, approximately HK\$161,516,000 were utilised by the Group (2006: Nil). These facilities were secured by:

- (i) pledge of buildings of the Group of approximately HK\$5,200,000 (2006: Nil);
- (ii) pledge of leasehold land and land use rights of the Group of approximately HK\$6,975,000 (2006: Nil);
- (iii) pledge of investment properties of the Group of approximately HK\$1,615,000 (2006: Nil);
- (iv) pledge of inventories of the Group of approximately HK\$15,330,000 (2006: Nil) and certain of the Group's inventories held under trust receipts bank loan arrangements;
- (v) pledge of the Group's bank deposits of approximately HK\$49,899,000 (2006: HK\$3,055,000); and
- (vi) corporate guarantee of approximately HK\$295,712,000 (2006: HK\$6,600,000) provided by the Company.

33. 承擔**(a) 營業租約**

於二零零七年三月三十一日，本集團根據多項延期至二零二五年五月之營業租約之租賃承擔約為14,451,000港元(二零零六年：1,841,000港元)。

未來應付之最低租金總額分析如下：

一年內
超過一年但五年內
超過五年

33. COMMITMENTS**(a) Operating leases**

As at 31st March 2007, the Group had rental commitments of approximately HK\$14,451,000 (2006: HK\$1,841,000) under various operating leases extending to May 2025.

Total future minimum lease payments payable is analysed as follows:

| | | 二零零七年 2007 千港元 HK\$'000 | 二零零六年 2006 千港元 HK\$'000 |
|----------|--|----------------------------------|----------------------------------|
| 一年內 | Not later than one year | 7,215 | 937 |
| 超過一年但五年內 | Later than one year and not later than five years | 4,743 | 904 |
| 超過五年 | More than five years | 2,493 | — |
| | | 14,451 | 1,841 |

(b) 其他

本集團已訂立協議，以於下個財政年度開設最少四間漢堡王(Burger King)餐廳。

(b) Others

The Group has entered into an agreement to open at least four Burger King restaurants in the coming financial year.

34. 與關連人士之交易

於二零零七年三月三十一日，本公司由North Asia Strategic Acquisition Corp. (「NASAC」，於開曼群島註冊成立之公司)、曾國泰先生及其關連人士，以及Van Shung Chong (B.V.I.) Limited(由萬順昌集團有限公司全資擁有)及其關連人士分別有約46.1%、約21.1%及約11.06%。NASAC及曾國泰先生由二零零五年八月九日起收購其於本公司之權益。Ajia Partners Inc. 為North Asia Strategic Advisors (「NASA」)之控股公司，而NASA則控制NASAC之100%投票股本。

34. RELATED PARTY TRANSACTIONS

As at 31st March 2007, the Company was owned as to approximately 46.1% by North Asia Strategic Acquisition Corp. ("NASAC", a company incorporated in the Cayman Islands), approximately 21.1% by Mr. Moses Tsang Kwok Tai and his related parties, and to approximately 11.06% by Van Shung Chong (B.V.I.) Limited (wholly owned by Van Shung Chong Holdings Limited) and its related parties. NASAC and Mr. Moses Tsang Kwok Tai acquired their interest in the Company effective from 9th August 2005. Ajia Partners Inc. is the controlling company of North Asia Strategic Advisors ("NASA") which in turn controls 100% voting capital of NASAC.

34. 與關連人士之交易 (續)

倘有一方能直接或間接控制另一方或可對另一方在作出財務或營運之決策時實施重大影響者，則被視為關連人士。倘各方均受共同控制或受共同重大影響，則亦被視為關連人士。

(a) 以下為與關連人士進行之重大交易概要：

34. RELATED PARTY TRANSACTIONS (Cont'd)

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

(a) The following is a summary of the significant transactions carried out with related parties:

| | | 截至三月三十一日止年度 For the year ended 31st March | |
|-------------------------------------|---|--|----------------------------------|
| | | 二零零七年 2007 千港元 HK\$'000 | 二零零六年 2006 千港元 HK\$'000 |
| 關連人士名稱／交易性質 | Name of related party/Nature of transaction | | |
| 萬順昌行有限公司 (i) | Van Shung Chong Hong Limited (i) | | |
| — 本集團作出之購貨 | — Purchases made by the Group | — | 220,257 |
| — 由本集團取得之採購服務佣金 | — Commission from procurement services earned by the Group | — | — |
| — 向本集團收取之利息 | — Interest charged to the Group | — | 1,154 |
| — 向本集團收取之行政費用 | — Administrative fees charged to the Group | — | 30 |
| 祖盛企業有限公司 (i) | CFY Enterprises Limited (i) | | |
| — 向本集團收取之租金費用 | — Rental expense charged to the Group | — | 13 |
| — 向本集團收取之差餉、管理費及水電費用 | — Rates, management fees and utilities charged to the Group | — | 9 |
| Ajia Partners (HK) Limited (ii) | Ajia Partners (HK) Limited (ii) | | |
| — 向本集團收取之租金費用 | — Rental expense charged to the Group | 904 | 583 |
| — 向本集團收取之行政服務費 | — Administrative services fee charged to the Group | 979 | 598 |
| North Asia Strategic Advisors (iii) | North Asia Strategic Advisors (iii) | | |
| — 向本集團收取之服務費 | — Service fees charged to the Group | 20,896 | — |
| — 向本集團收取之配售費 | — Placement fee charged to the Group | — | 7,800 |

34. 與關連人士之交易 (續)

(a) (續)

附註：

- (i) 萬順昌行有限公司及祖盛企業有限公司乃由Van Shung Chong (B.V.I) Limited全資擁有及控制。
- (ii) Ajia Partners (HK) Limited為NASAC之同系附屬公司，並與曾國泰先生一致行動。
- (iii) NASA為NASAC之控股公司。

本集團與Ajia Partners (HK) Limited (「APHK」)訂立兩份行政服務協議，據此，APHK同意向本集團提供一般行政服務，分別自二零零五年七月一日起至二零零六年六月三十日止及自二零零六年七月一日至二零零七年六月三十日止，每月服務費分別約為77,000港元及83,000港元。此外，本集團與APHK訂立分租協議，以租賃辦公室空間，自二零零五年八月九日起至二零零八年三月三十一日為止，每月租金約為75,000港元。

(b) 購買貨品或服務所產生之年終結餘：

34. RELATED PARTY TRANSACTIONS (Cont'd)

(a) (Cont'd)

Notes:

- (i) Van Shung Chong Hong Limited and CFY Enterprises Limited are wholly owned and controlled by Van Shung Chong (B.V.I) Limited.
- (ii) Ajia Partners (HK) Limited is a fellow subsidiary of NASAC and associated with Mr. Moses Tsang Kwok Tai.
- (iii) NASA is the holding company of NASAC.

The Group entered into two administrative services agreements with Ajia Partners (HK) Limited (「APHK」), under which APHK has agreed to provide general administrative services to the Group during the period from 1st July 2005 to 30th June 2006 and from 1st July 2006 to 30th June 2007, at a monthly service fee of approximately HK\$77,000 and HK\$83,000 respectively. In addition, the Group entered into a lease agreement with APHK for leasing of office space from 9th August 2005 to 31st March 2008 at a monthly rental of approximately HK\$75,000.

(b) Year end balances arising from purchases of goods or services:

| | | 截至三月三十一日止年度 For the year ended 31st March | |
|--------------|----------------------------------|--|----------------------------------|
| | | 二零零七年 2007 千港元 HK\$'000 | 二零零六年 2006 千港元 HK\$'000 |
| 關連人士名稱 | Name of related company | | |
| 萬順昌行有限公司 (i) | Van Shung Chong Hong Limited (i) | — | 36,916 |

附註：

- (i) 結餘為無抵押，須按正常信貸條款償還及逾期結餘須按商業借貸利率繳付利息。

Notes:

- (i) The balance is unsecured, repayable within ordinary credit term and bore interest at commercial lending rates for overdue balances.

34. 與關連人士之交易 (續)

- (c) 與附屬公司之結餘 (僅呈列本公司之財務報表)

與附屬公司之款項結餘為無抵押、不計息且未確定還款期。

- (d) 於截至二零零六年三月三十一日止年度內，本集團以代價8港元出售資產淨值為0港元 (包括資產總值約780,000港元減負債總額約780,000港元) 之附屬公司予 Van Shung Chong (B.V.I.) Limited。

- (e) 主要管理人員酬金：

34. RELATED PARTY TRANSACTIONS (Cont'd)

- (c) Balances with subsidiaries (Company only financial statements)

The balances with subsidiaries are unsecured, non-interest bearing and without pre-determined repayment terms.

- (d) During the year ended 31st March 2006, the Group disposed subsidiaries with zero net asset value (comprising total assets of approximately HK\$780,000 less total liabilities of approximately HK\$780,000) to Van Shung Chong (B.V.I.) Limited at a consideration of HK\$8.

- (e) Key management compensation:

| | | 截至三月三十一日止年度 For the year ended 31st March | |
|------------------|--|--|----------------------------------|
| | | 二零零七年 2007 千港元 HK\$'000 | 二零零六年 2006 千港元 HK\$'000 |
| 薪金及津貼 | Salaries and allowances | 6,404 | 3,843 |
| 退休福利 — 界定供款計劃 | Retirement benefits — defined contribution scheme | 120 | 12 |
| | | 6,524 | 3,855 |

35. 遞延稅項

遞延稅項乃按負債法採用預期於暫時差異撥回時應用之適用稅率計算。

遞延稅項賬之變動如下：

| | | 截至三月三十一日止年度 For the year ended 31st March | |
|------------|---|--|----------------------------------|
| | | 二零零七年 2007 千港元 HK\$'000 | 二零零六年 2006 千港元 HK\$'000 |
| 於收購附屬公司時確認 | Recognised on acquisition of subsidiaries | 2,330 | — |
| 於收益表確認 | Recognised in the income statement | 3 | — |
| 年終 | End of the year | 2,333 | — |

年內，在並無計入抵銷相同稅務司法權區內結餘下，遞延稅項資產及負債之變動如下：

遞延稅項負債：

| | | 加速稅項折舊 Accelerated tax depreciation 千港元 HK\$'000 |
|--------------|---|---|
| 於收購附屬公司時確認 | Recognised on acquisition of subsidiaries | 2,330 |
| 於收益表確認 | Recognised in the income statement | 3 |
| 於二零零七年三月三十一日 | At 31st March 2007 | 2,333 |

35. DEFERRED TAXATION

Deferred taxation is calculated in full on temporary differences under the liability method using the applicable tax rates which is expected to apply at the time of reversal of the temporary difference.

The movement in the deferred taxation account is as follows:

| | | 截至三月三十一日止年度 For the year ended 31st March | |
|------------|---|--|----------------------------------|
| | | 二零零七年 2007 千港元 HK\$'000 | 二零零六年 2006 千港元 HK\$'000 |
| 於收購附屬公司時確認 | Recognised on acquisition of subsidiaries | 2,330 | — |
| 於收益表確認 | Recognised in the income statement | 3 | — |
| 年終 | End of the year | 2,333 | — |

The movements in deferred tax assets and liabilities during the year without taking into consideration of the offsetting of balances within the same tax jurisdiction, are as follows:

Deferred tax liabilities:

| | | 加速稅項折舊 Accelerated tax depreciation 千港元 HK\$'000 |
|--------------|---|---|
| 於收購附屬公司時確認 | Recognised on acquisition of subsidiaries | 2,330 |
| 於收益表確認 | Recognised in the income statement | 3 |
| 於二零零七年三月三十一日 | At 31st March 2007 | 2,333 |

35. 遞延稅項 (續)

35. DEFERRED TAXATION (Cont'd)

| | | 截至三月三十一日止年度 For the year ended 31st March | |
|------------------------|---|--|----------------------------------|
| | | 二零零七年 2007 千港元 HK\$'000 | 二零零六年 2006 千港元 HK\$'000 |
| 遞延稅項資產： | Deferred tax assets: | | |
| — 將於12個月後收回之 遞延稅項資產 | — Deferred tax asset to be recovered after 12 months | — | — |
| 遞延稅項負債： | Deferred tax liabilities: | | |
| — 將於12個月後清償之 遞延稅項負債 | — Deferred tax liabilities to be settled after 12 months | 2,333 | — |
| 遞延稅項負債淨額 | Net deferred tax liabilities | 2,333 | — |

於二零零七年三月三十一日，本集團之未確認遞延稅項資產約31,467,000港元(二零零六年：25,200,000港元)，主要來自累計稅項虧損(須待有關稅務機構同意)之稅務影響，該金額可以無限期結轉。

於二零零七年三月十六日，中國人民代表大會批准中華人民共和國企業所得稅法(「新企業所得稅法」)。新企業所得稅法將企業所得稅率由33%減至25%，由二零零八年一月一日起生效。

新企業所得稅法規定，國務院將儘快頒佈釐定應課稅溢利、稅務優惠及過度條文之進一步詳細措施及規例。當國務院宣佈新增規例後，本集團將評估其影響(如有)，而該會計估計之變動將會在未來賬目內處理。

於二零零七年三月三十一日，本集團並無確認就其累計稅務虧損之任何遞延稅務資產。因此，採納新企業所得稅法對本集團財務報表之影響並不重大。

As at 31st March 2007, the Group has unrecognised deferred tax assets of approximately HK\$31,467,000 (2006: HK\$25,200,000), primarily representing the tax effect of cumulative tax losses (subject to agreement by relevant tax authorities) which can be carried forward indefinitely.

On 16th March 2007, the National People's Congress approved the Corporate Income Tax Law of the People's Republic of China (the "new CIT Law"). The new CIT Law reduces the corporate income tax rate from 33% to 25% with effect from 1st January 2008.

The new CIT Law provides that further detailed measures and regulations on the determination of taxable profit, tax incentives and grandfathering provisions will be issued by the State Council in due course. As and when the State Council announces the additional regulations, the Group will assess their impact, if any, and this change in accounting estimate will be accounted for prospectively.

As at 31st March 2007, the Group has not recognised for any deferred tax assets on its cumulative tax losses. Therefore, the impact of the adoption of the new CIT law to the Group's financial statement is not considered to be material.

36. 結算日後事項

本公司已與潛在投資者就有關可能之集資活動進行商討，而該集資活動將可能發行與財務報表附註20所載前次配售類似之不可贖回可換股優先股，以籌集約2,716,000,000港元。

36 SUBSEQUENT EVENT

The Company has been in discussion with potential investors relating to a potential fund raising exercise which would likely to issue non-redeemable convertible preference shares similar to the previous placement as set out in note 20 to the financial statements to raise up to approximately HK\$2,716 million.

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