



星美出版集團有限公司
SMI PUBLISHING GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立之有限公司)

Stock Code 股份代號 : 8010



2007 年報
ANNUAL REPORT

CHARACTERISTIC 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 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 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.

The Stock Exchange takes no responsibility for the contents of this annual report, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

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

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Corporate Information

公司資料

BOARD OF DIRECTORS

Executive Directors

QIN Hong (*Chairman*)

WANG Fei (*Chief Executive Officer*)

Independent Non-Executive Directors

JIAN Jin Sheng

KONG Tse Wing

SHI Bin Hai

YAN Chun

QUALIFIED ACCOUNTANT

LO Wing Hung, Stanley

COMPANY SECRETARY

LO Wing Hung, Stanley

AUTHORISED REPRESENTATIVE

QIN Hong

WANG Fei

COMPLIANCE OFFICER

WANG Fei

AUDIT COMMITTEE

JIANG Jin Sheng

Kong Tsz Wing

SHI Bin Hai

YAN Chun

AUDITORS

CCIF CPA Limited

董事會

執行董事

覃 宏 (主席)

王 飛 (行政總裁)

獨立非執行董事

姜進生

江子榮

施濱海

閔 春

合資格會計師

勞永雄

公司秘書

勞永雄

授權代表

覃 宏

王 飛

監察主任

王 飛

審核委員會

姜進生

江子榮

施濱海

閔 春

核數師

陳葉馮會計師事務所有限公司

Corporate Information

公司資料

LEGAL ADVISER

Michael Li & Co.

PRINCIPAL BANKERS

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

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

3rd Floor, CWG Building
No. 3 A Kung Ngam Village Road
Hong Kong

PRINCIPAL SHARE REGISTRARS AND TRANSFER OFFICE

Bank of Butterfield International
(Cayman) Limited
P.O. Box 705
Butterfield House
Fort Street
George Town
Grand Cayman
Cayman Islands British West Indies

法律顧問

李智聰律師事務所

主要往來銀行

香港上海滙豐銀行有限公司
中國銀行(香港)有限公司

註冊辦事處

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-111
Cayman Islands

總辦事處及主要營業地點

香港
阿公岩村道3號
川匯集團大廈3樓

股份登記及過戶總處

Bank of Butterfield International
(Cayman) Limited
P.O. Box 705
Butterfield House
Fort Street
George Town
Grand Cayman
Cayman Islands British West Indies

Corporate Information

公司資料

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Room 1712-1716
17th Floor, Hopewell Centre
183 Queen's Road East
Hong Kong

STOCK CODE

8010

WEBSITE

www.singpao.com

股份登記及過戶處香港分處

香港中央證券登記有限公司
香港
皇后大道東183號
合和中心17樓
1712-1716室

股份編號

8010

網站

www.singpao.com

Chairman's Statement

主席報告書

I am pleased to present the annual results of SMI Publishing Group Limited (the "Company") and its subsidiaries ("the Group") for the financial year ended 31 March 2007.

For the year under review, the Group recorded a decline in turnover as compared with the previous financial year. The Group has faced keen challenges from competing with free newspapers that is move a expect to change the landscape of the Hong Kong media market.

While recognizing that we are working in a market with intense competition, we expect the years to come to be more challenging for the Group. The management will monitor the market and modify the business operations, structures and strategies when necessary to improve the current financial status of the Group, enhance operational performance and strengthen the business foundation.

I would like to take this opportunity to express my gratitude to all management teams and our staff members for their dedication and significant contributions in the past year. I would also like to express my sincere appreciation to all fellow shareholders, customers and business partners for their continuous support in the Group.

On behalf of the Board

Qin Hong

Chairman

Hong Kong, 21 February, 2008

本人欣然提呈星美出版集團有限公司（「本公司」）及其附屬公司（「本集團」）於截至二零零七年三月三十一日止財政年度之全年業績。

與上一個財政年度比較，本回顧年度本集團之營業額錄得下降。本集團面對免費報章競爭之激烈挑戰，而免費報章的出現預期會為香港傳媒市場開創一番新景象。

在確認我們所從事業務處於競爭十分激烈之市場同時，預期本集團未來年度將面對更多挑戰。為了改善本集團之財政現況、提高營運效率及鞏固業務基礎，管理層將監察市場，並在必要時更改業務營運、結構及策略。

本人藉此向所有管理層團隊及我們員工於過去一年付出之努力及貢獻表示感謝。本人亦同時所有對本集團不離不棄之股東同胞、客戶及業務夥伴致以衷心感激。

代表董事會

主席

覃宏

香港，二零零八年二月二十一日

Biographical Information of Directors

董事資料

EXECUTIVE DIRECTORS

Mr. QIN Hong, aged 35, was appointed as the Chairman and an executive Director of the Company on 13 April 2006. He is also the Chairman of Stellar Megaunion Corporation, a PRC incorporated company, the A-shares of which are traded on the Shenzhen Stock Exchange. He holds a degree from university and has over 8 years experience in the media and telecommunication industry in the People's Republic of China. He is the younger brother of Mr. Qin Hui who is the 100% beneficial owner of Strategic Media International Limited, a substantial shareholder of the Company.

Mr. WANG Fei, aged 34, was appointed as an executive Director of the Company on 25 July 2006. He holds a degree from Peking University. He had been working for an internationally renowned foreign owned conglomerate established in Beijing in legal and management aspects.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. SHI Bin Hai, aged 45, was appointed as the independent non-executive Director of the Company in April 2004. He graduated in 1983 with a law degree of Hua Dong Zheng Fa Xue Yuan and has over 20 years' experience in media business of the PRC. Mr. Shi was and is a chief editor and senior reporter of various prestige newspapers since 1983 up to the present.

執行董事

覃宏先生，現年35歲，於二零零六年四月十三日獲委任為本公司之主席兼執行董事。彼亦為星美聯合股份有限公司（一間於中國註冊成立之公司，其A股在深圳證券交易所買賣）之主席。覃先生持有大學學位，在中華人民共和國媒體及電訊業積逾八年經驗。彼亦為覃輝先生之弟，而覃輝先生乃本公司主要股東 Strategic Media International Limited 100%權益之實益擁有人。

王飛先生，現年34歲，於二零零六年七月二十五日獲委任為本公司之執行董事。彼持有北京大學學位，一直以來在北京一家知名之國際外資企業從事法律及管理方面之工作。

獨立非執行董事

施濱海先生，現年45歲，於二零零四年四月獲委任為本公司之獨立非執行董事。彼於一九八三年畢業於華東政法學院法律系，並於中國之傳媒業累積逾二十年經驗。施先生自一九八三年至今曾出任多份著名報章之主編及高級記者。

Biographical Information of Directors 董事資料

Mr. YAN Chun, aged 45, was appointed as the independent non-executive director of the Company on 29 September 2004. He graduated from Renmin University of China and has about 20 years' experience in newspaper publication. Currently, Mr. Yan is the deputy general manager of Beijing Youth Report Xiao Hong Mao Publishing Company.

Mr. Jiang Jin Sheng, aged 52, was appointed as the independent non-executive director of the Company on 20 April 2007. He graduated from Zhong Yang Guang Bo Dian Shi University in the People's Republic of China majoring in Corporate Management. He has been working in Wuhan City Synthetic Fiber Factory, chief inspector in the import and export department of Shenzhen Shenhua Industrial Commercial Development Limited, and as controller of the administrative department in Shenzhen Sheng Ting Yuan Investment Limited. He has extensive experience in corporate management.

Mr. Kong Tsz Wing, aged 56, was appointed as the independent non-executive director of the Company on 20 April 2007. Mr. Kong is a fellow member of the Association of Chartered Certified Accountants since 1985 and became a fellow member of Hong Kong Institute of Certified Public Accountant in 1995. He became an ACA of The Institute of Chartered Accountants in England and Wales in October 2004. He was a former Vice President and Former Chairman of Mainland Affairs Committee of Hong Kong Institute of Accredited Accounting Technicians. He is also the Hon. President of The Institute of Financial Accountants in Hong Kong. Mr. Kong has been a Certified Public Accountant since 1981. He holds a bachelor degree in Accounting and a bachelor degree in Business Administration. He is a sole practitioner of the firm Messrs. James T. W. Kong & Co., Certified Public Accountants (Practising). Mr. Kong was an elected District Board member since 1991 and is currently an elected District Council member. He is actively participating in community services and has been appointed by the Hong Kong SAR Government to sit on various committees and appeal boards in Hong Kong.

閻春先生，現年45歲，於二零零四年九月二十九日獲委任為本公司之獨立非執行董事。彼畢業於中國人民大學，擁有約二十年之報章發行經驗。閻先生現時為北京青年報小紅帽發行公司之副總經理。

姜進生先生，現年52歲，於二零零七年四月二十日獲委任為本公司之獨立非執行董事。彼畢業於中國中央廣播電視電視大學，主修企業管理。彼曾於武漢市合成纖維廠工作，亦於深圳深華工貿發展有限公司進出口貿易部擔任主任，及於深圳盛庭苑投資有限公司辦公室主任總監。彼於企業管理方面具豐富經驗。

江子榮先生，現年56歲，於二零零七年四月二十日獲委任為本公司之獨立非執行董事。江先生自一九八五年起即為英國特許公認會計師公會資深會員，並於一九九五年成為香港會計師公會資深會員。他於二零零四年十月成為英國及威爾士特許會計師協會會員。彼亦為香港財務會計協會前副會長兼中國事務委員會前主席，以及英國財務會計師公會香港分會名譽會長。江先生自一九八一年起即為香港執業會計師。江先生持有會計學士學位及工商管理學士學位。彼為江子榮會計師行之唯一執業會計師。江先生自一九九一年起即獲選為民選區議員，而現時為民選區議會議員。彼積極參與社區服務及被香港特別行政區政府委任於多個諮詢委員會及上訴委員會擔任職務。

Management Discussion & Analysis

管理層討論及分析

BUSINESS REVIEW

For the year ended 31 March 2007, the Group's recorded a loss from operations of approximately HK\$68,978,000 (2006: loss of approximately HK\$85,758,000) and turnover of approximately HK\$67,754,000 (2006: HK\$84,051,000). The net loss attributable to shareholders for the year was approximately HK\$104,845,000 (2006: HK\$100,972,000).

The readership of Sing Pao Daily News ("SPDN") is difficult to expand due to severe market competition from the circulation of free newspapers. The board of directors has put stringent efforts to reduce the operating costs and withheld any unprofitable projects during the year under review that resulted a reduction of distribution cost and administrative expenses by 19.7% and 5.8% respectively compared with last year.

The finance cost has increased by 53.9% compared to last year due to increase in shareholder's loan and the convertible note issued in 2005.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

During the year under review, the Group financed its operations by internally generated cash flow and loans from related companies, Strategic Media International Limited ("SMIL"), a substantial shareholder of the Company and other parties.

As at 31 March 2007, the Group had bank balances and cash of approximately HK\$2,026,000 (2006: HK\$910,000).

業務回顧

截至二零零七年三月三十一日止年度，本集團之營業額約為港幣67,754,000元（二零零六年：港幣84,051,000元），錄得營運虧損約港幣68,978,000元（二零零六年：虧損約港幣85,758,000元）。本年度股東應佔淨虧損約為港幣104,845,000元（二零零六年：港幣100,972,000元）。

由於發行免費報章造成激烈市場競爭，提高成報（「成報」）之讀者人數乃十分困難。董事會於回顧年度對減低營運成本上不遺餘力及盡力避免任何無利可圖項目，因此，發行成本及行政及其他營運開支較去年分別下降19.7%及5.8%。

由於股東貸款增加及於二零零五年發行可換股票據，故財務成本較去年上升53.9%。

流動資金、財務資源及資本負債比率

於回顧年度內，本集團以內部產生之現金流量及從關連公司、本公司一名主要股東Strategic Media International Limited（「SMIL」）及其他人士之貸款為其業務融資。

於二零零七年三月三十一日，本集團擁有銀行結餘及現金約港幣2,026,000元（二零零六年：港幣910,000元）。

Management Discussion & Analysis

管理層討論及分析

As at 31 March 2007, the outstanding loans amounts of the Group amounted to approximately HK\$176,538,000, an increase of HK\$60,691,000 from last year was mainly used for the operating expenses for SPDN.

As at 31 March 2007, the total assets of the Group were approximately HK\$32,722,000 (2006:HK\$49,893,000) whereas the total liabilities were approximately HK\$285,390,000 (2006: HK\$195,545,000). The gearing ratio of the Group, calculated as total liabilities over total assets, was approximately 872.2% (2006: 391.9%).

The Group's income is primarily denominated in Hong Kong dollars while the production cost are largely denominated in Hong Kong dollars and US dollars. Should the currency peg in Hong Kong remain unchanged, the Group is not exposed to any foreign exchange risk.

BUSINESS OUTLOOK

Looking ahead, while expansion of readership segments is difficult due to the existence of free-of-charge newspapers, the Group is exploring the business of being a subcontractor of other publishers with the purpose of diversification for drawing new source of income.

PLEDGE OF ASSETS

As at 31 March 2007, the Group did not have any substantial pledge of assets (2006: NIL).

CONTINGENT LIABILITIES

Details of the contingent liabilities are set out in note 31 of the financial statements.

於二零零七年三月三十一日，本集團未償還貸款金額約為港幣176,538,000元，比去年增加港幣60,691,000元，主要用於成報之營運開支。

於二零零七年三月三十一日，本集團總資產約為港幣32,722,000元(二零零六年：港幣49,893,000元)，而總負債約港幣285,390,000元(二零零六年：港幣195,545,000元)。本集團之資本負債比率(以總負債除以總資產計算)約為872.2%(二零零六年：391.9%)。

本集團之收入主要以港元計值，而生產成本主要以港元及美元計值。倘香港之聯繫匯率不變，本集團不會承受任何外匯風險。

業務展望

展望將來，由於免費報章之出現導致提高讀者人數出現困難，本集團正開發成為其他發行商之分包商業務，以從更多途徑帶來新收入來源。

資產抵押

於二零零七年三月三十一日，本集團並無任何重大資產抵押(二零零六年：無)。

或然負債

或然負債之詳情載列於財務報表附註31。

Management Discussion & Analysis

管理層討論及分析

DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31 March 2007 (2006: Nil).

NUMBER OF EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2007, the Group employed approximately 277 (2006: 344) employees. Employees' remuneration packages are reviewed and determined by reference to the market pay and individual performance.

ANNUAL GENERAL MEETING

The 2007 Annual General Meeting of the Company ("2007 AGM") will be held on 31 March 2008.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the identity of the shareholders entitled to attend and vote at the 2007 AGM, the register of members of the Company will be closed from Tuesday, 25 March 2008 to Monday, 31 March 2008, both days inclusive, during which period no transfer of shares will be effected. All transfers accompanied by the relevant certificates must be lodged with the Company's transfer office and share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:00 p.m. on Tuesday, 25 March 2008.

股息

董事會不建議派發截至二零零七年三月三十一日止年度之末期股息(二零零六年：無)。

僱員數目及薪酬政策

於二零零七年三月三十一日，本集團聘用約277名(二零零六年：344名)僱員。僱員之薪酬組合會參考市場行情及個人表現檢討及釐定。

股東週年大會

本公司二零零七年股東週年大會(「二零零七年股東週年大會」)將於二零零八年三月三十一日舉行。

暫停辦理股份過戶登記手續

為釐清有權出席二零零七年股東週年大會並參與投票的股東身份，本公司將於二零零八年三月二十五日星期二至二零零八年三月三十一日星期一(包括首尾兩日)暫停辦理股份過戶登記手續。股東必須將所有過戶文件連同有關股票，於二零零八年三月二十五日星期二下午四時正前，交回本公司在香港之股份登記及過戶處，香港中央證券登記有限公司，地址為香港灣仔皇后大道東183號合和中心17樓1712-1716室。

Directors' Report

董事會報告書

The Directors have pleasure to present their report and with the audited financial statements of the Company and of the Group for the year ended 31 March 2007.

PRINCIPAL ACTIVITIES

The Company is an investment holding company with its shares listed on the Growth Enterprise Market ("GEM") of the Hong Kong Stock Exchange Limited (the "Stock Exchange"). The principal activities of the Company's subsidiaries are set out in note 17 to the financial statements.

RESULTS

The results of the Group for the year ended 31 March 2007 is set out in the consolidated income statement on page 35 of the annual report.

No interim dividend has been paid by the Company during the year and the Directors do not recommend the payment of a final dividend for the year ended 31 March 2007.

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in share capital and share options of the Company during the year are set out in notes 28 and 33 respectively to the accompanying financial statements.

RESERVES

Details of the movements in the reserves of the Company and the Group during the year are set out in note 29(b) to the financial statements and in the consolidated statement of changes in equity respectively.

董事欣然提呈彼等之報告書及本公司及本集團截至二零零七年三月三十一日止年度之經審核財務報表。

主要業務

本公司為一間投資控股公司，其股份於香港聯合交易所有限公司（「聯交所」）創業板（「創業板」）上市。本公司附屬公司之主要業務載於財務報表附註17。

業績

本集團截至二零零七年三月三十一日止年度之業績載於年報第35頁之綜合收益表。

年內本公司並無派發中期股息，董事亦不建議派付截至二零零七年三月三十一日止年度之末期股息。

股本及購股權

本公司股本及購股權於年內之變動詳情分別載於財務報表附註28及33。

儲備

本公司及本集團之儲備於年內之變動詳情分別載於財務報表附註29(b)及綜合權益變動表。

Directors' Report

董事會報告書

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group are set out in note 15 to the financial statements.

SUBSIDIARIES

Particulars of the subsidiaries of the Company are set out in note 17 to the financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

For the ended 31 March 2007, the five largest customers and the largest customer of the Group accounted for approximately 69% and 62% respectively, of the Group's turnover. The purchases attributable to the Group's five largest suppliers and the largest supplier of the Group were approximately 90% and 29% respectively, of the Group's cost of sales.

As far as the Directors are aware, neither the Directors, their associates (within the meaning of the Rules Governing the Listing of Securities on GEM of the Stock Exchange ("the GEM Listing Rules")) nor those shareholders which to the knowledge of the Directors own more than 5% in the Company's share capital had any interest in the five largest customers.

物業、廠房及設備

本集團之物業、廠房及設備之變動詳情載於財務報表附註15。

附屬公司

本公司附屬公司之詳情載於財務報表附註17。

主要客戶及供應商

截至二零零七年三月三十一日止年度，本集團五大客戶及最大客戶分別佔本集團營業額約69%及62%。本集團五大供應商及最大供應商之採購額分別佔本集團銷售成本約90%及29%。

就董事所知，各董事、彼等之聯繫人（定義見聯交所創業板證券上市規則（「創業板上市規則」））或股東（就董事所知擁有本公司5%以上股本之股東）概無於五大客戶擁有任何權益。

Directors' Report

董事會報告書

DIRECTORS

The Directors of the Company in office during the year and up to the date of this report are as follows:

Executive Directors

QIN Hong (<i>Chairman</i>)	(appointed as Chairman and executive Director on 13 April 2006)
HAO Bin	(appointed as Chief Executive Director on 12 May 2006 and resigned on 10 October 2007)
WANG Fei (<i>Chief Executive Officer</i>)	(appointed as executive Director on 25 July 2006)
XING Jing	(resigned on 13 April 2006)
LI Kai	(resigned on 19 June 2006)

Non-executive Director

KWOK Yat Ming	(resigned on 20 April 2006)
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Independent non-executive Directors

SHI Bin Hai	
YAN Chun	
JIANG Jin Sheng	(appointed on 20 April 2007)
KONG Tsz Wing	(appointed on 20 April 2007)

董事

於年內及截至本報告日期擔任本公司董事之人士如下:

執行董事

覃 宏 (<i>主席</i>)	(於二零零六年四月十三日獲委任為主席兼執行董事)
郝 彬	(於二零零六年五月十二日獲委任為行政總裁及於二零零七年十月十日辭任)
王 飛 (<i>行政總裁</i>)	(於二零零六年七月二十五日獲委任為執行董事)
刑 晶	(於二零零六年四月十三日辭任)
李 凱	(於二零零六年六月十九日辭任)

非執行董事

郭一鳴	(於二零零六年四月二十日辭任)
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獨立非執行董事

施濱海	
閔 春	
姜進生	(於二零零七年四月二十日委任)
江子榮	(於二零零七年四月二十日委任)

Directors' Report

董事會報告書

In accordance with Article 98 of the Articles of Association of the Company ("Articles"), Messrs. JIANG Jin Sheng and KONG Tsz Wing were Directors appointed by the Board after the 2007 annual general meeting of the Company, and therefore shall retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting ("AGM").

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 March 2007, none of the Directors and chief executive of the Company had any interests and short positions in the shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) as recorded in the register of the Company required to be kept under section 352 of the SFO or notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors as referred to in Rule 5.46 of the GEM Listing Rules.

Save as disclosed above, at no time during the year was the Company or its subsidiaries a party to any arrangement to enable the Directors, their spouses or children under 18 years of age to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

根據本公司組織章程細則（「組織章程細則」）第98條，姜進生先生及江子榮先生由董事會於本公司之二零零七年股東週年大會後委任為董事，故將於應屆股東週年大會（「股東週年大會」）上任滿卸任，惟彼等符合資格，可膺選連任。

董事於股份及相關股份之權益及淡倉

截至二零零七年三月三十一日，董事及本公司主要行政人員概無於本公司或任何相聯法團（按證券及期貨條例第XV部之定義）之股份、相關股份或債券中擁有須登記於本公司根據證券及期貨條例第352條存置之登記冊，或根據創業板上市規則第5.46條所載董事進行交易之規定標準須知會本公司及聯交所之任何權益及淡倉。

除上文所披露者外，於年內任何時間，本公司或其附屬公司概無參與任何安排，致使董事或彼等之配偶或未滿18歲之子女可藉購入本公司或任何其他法團之股份或債券而獲益。

Directors' Report

董事會報告書

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2007, the persons or corporations (not being a Directors of chief executive of the Company) who had interests or short positions (directly or indirectly) in the shares or underlying shares of the Company which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who are substantial shareholders required to be kept under Section 336 of the SFO or have otherwise notified to the Company were as follows:

主要股東

於二零零七年三月三十一日，根據證券及期貨條例第XV部第2及第3分部須向本公司披露及按照證券及期貨條例第336條存置所示或已知會本公司，下列人士或公司（並非董事或本公司主要行政人員）擁有本公司股份及相關股份之權益或淡倉（直接及間接）如下：

Name of shareholders	Capacity	No. of shares of The Company held	Approximate Percentage of shareholding
股東名稱	身份	持有本公司 股份數目	概約持股 百分比
QIN Hui	Held by controlled Corporation	261,473,945 (Note 1)	26.37%
覃 輝	受控制公司之權益	261,473,945 (附註1)	26.37%
	Held by controlled Corporation	1,000,000,000 (Note 2)	100.84%
	受控制公司之權益	1,000,000,000 (附註2)	100.84%
Strategic Media International Limited	Beneficial owner	261,473,945 (Note 1)	26.20%
	實益擁有人	261,473,945 (附註1)	26.20%
	Beneficial owner	1,000,000,000 (Note 2)	100.84%
	實益擁有人	1,000,000,000 (附註2)	100.84%
LAM Ka Chung William	Held by controlled Corporation	71,873,415 (Note 3)	7.25%
林家聰	受控制公司之權益	71,873,415 (附註3)	7.25%

Directors' Report

董事會報告書

Name of shareholders	Capacity	No. of shares of The Company held	Approximate Percentage of shareholding
股東名稱	身份	持有本公司 股份數目	概約持股 百分比
LAM Wong Yuk Sin Mary	Held by controlled Corporation	71,873,415 (Note 3)	7.25%
林黃玉羨	受控制公司之權益	71,873,415 (附註3)	7.25%
CHOI Koon Shum Jonathan	Held by controlled Corporation	71,873,415 (Note 3)	7.25%
蔡冠深	受控制公司之權益	71,873,415 (附註3)	7.25%
KWAN Wing Kum Janice	Held by spouse	71,873,415 (Note 3)	7.25%
關穎琴	配偶之權益	71,873,415 (附註3)	7.25%
Kingsway International Holdings Limited	Held by controlled Corporation	71,873,415 (Note 3)	7.25%
	受控制公司之權益	71,873,415 (附註3)	7.25%
Innovation Assets Limited	Held by controlled Corporation	71,873,415 (Note 3)	7.25%
	受控制公司之權益	71,873,415 (附註3)	7.25%
World Developments Limited	Held by controlled Corporation	71,873,415 (Note 3)	7.25%
	受控制公司之權益	71,873,415 (附註3)	7.25%
SW Kingsway Capital Holdings Limited	Held by controlled Corporation	71,873,415 (Note 3)	7.25%
匯富金融控股有限公司	受控制公司之權益	71,873,415 (附註3)	7.25%

Directors' Report

董事會報告書

Name of shareholders 股東名稱	Capacity 身份	No. of shares of The Company held 持有本公司 股份數目	Approximate Percentage of shareholding 概約持股 百分比
Kingsway China Holdings Limited	Held by controlled Corporation	71,873,415 (Note 3)	7.25%
	受控制公司之權益	71,873,415 (附註3)	7.25%
Festival Developments Limited	Held by controlled corporation	71,873,415 (Note 3)	7.25%
	受控制公司之權益	71,873,415 (附註3)	7.25%
Kingsway Lion Spur Technology Limited	Beneficial owner	71,873,415 (Note 3)	7.25%
	實益擁有人	71,873,415 (附註3)	7.25%
JIAO Erli	Beneficial owner	93,000,000 (Note 4)	9.38%
	實益擁有人	93,000,000 (附註4)	9.38%
SINA Corporation	Beneficial owner	51,769,817 (Note 4)	5.22%
	實益擁有人	51,769,817 (附註4)	5.22%
PENG Chi Hui 彭熾輝	Beneficial owner	50,000,000 (Note 4)	5.04%
	實益擁有人	50,000,000 (附註4)	5.04%

Directors' Report

董事會報告書

Notes:

1. Strategic Media International Limited is wholly owned by Mr. QIN Hui.
2. These 1,000,000,000 underlying Shares are derived from the 1.5% HK\$50,000,000 convertible note issued by the Company to Strategic Media International Limited on 30 April 2005 for a term of 2 Years convertible into Shares at the conversion price of HK\$0.05 per Shares.
3. Kingsway Lion Spur Technology Limited ("KLST") is a wholly-owned subsidiary of Festival Developments Limited ("FDL"). FDL is a wholly-owned subsidiary of Kingsway China Holdings Limited ("KCH"). KCH is a wholly-owned subsidiary of SW Kingsway Capital Holdings Limited ("SWK"), the entire issued share capital of which is listed on the Main Board. SWK is a non-wholly owned subsidiary of World Developments Limited ("WDL"). WDL is a wholly-owned subsidiary of Innovation Assets Limited ("IAL"). IAL is a wholly-owned subsidiary of Kingsway International Holdings Limited ("KIH"), which is listed on the Toronto Stock Exchange. By virtue of the SFO, FDL, KCH, SWK, WDL, IAL and KIH are deemed to be interested in all the Shares in which KLST is interested.

Mr. LAM Ka Chung William and Madam LAM Wong Yuk Sin Mary, the spouse of Mr. Lam, hold more than one-third interest in KIH. By virtue of the SFO, both Mr. and Madam Lam are deemed to be interested in all the Shares in which KIH is interested.

Mr. CHOI Koon Shum Jonathan holds more than one-third interest in KIH. By virtue of the SFO, Mr. Choi is deemed to be interested in all the Shares in which KIH is interested. Madam KWAN Wing Kum Janice, the spouse of Mr. Choi, is deemed to be interested in all the Shares in which Mr. Choi is interested.

4. Mr. JIAO Erli, SINA Corporation and Mr. PENG Chi Hui are independent third parties (as defined in the GEM Listing Rules).

Save as disclosed above, as at 31 March 2007, the Directors are not aware of any other person or corporation having an interest or short position in the Shares and underlying Shares of the as recorded in the register required to be kept under Section 336 of the SFO.

附註：

1. Strategic Media International Limited由覃輝先生全資擁有。
2. 此等1,000,000,000股相關股份乃本公司於二零零五年四月三十日向Strategic Media International Limited發出為期兩年可以換股價每股港幣0.05元換取股份的港幣50,000,000元可換股票據之1.5%所衍生。
3. Kingsway Lion Spur Technology Limited (「KLST」)乃Festival Developments Limited (「FDL」)之全資附屬公司。FDL乃Kingsway China Holdings Limited (「KCH」)之全資附屬公司。KCH乃匯富金融控股有限公司(「匯富金融」)之全資附屬公司，匯富金融之全部已發行股本於主板上市。匯富金融乃World Developments Limited (「WDL」)之非全資附屬公司。WDL乃Innovation Assets Limited (「IAL」)之全資附屬公司。IAL乃於多倫多證券交易所上市之Kingsway International Holdings Limited (「KIH」)之全資附屬公司。根據證券及期貨條例，FDL、KCH、匯富金融、WDL、IAL及KIH均被視為於KLST擁有權益之所有股份中擁有權益。

林家聰先生及林黃玉羨女士(林先生之配偶)持有KIH三分之一以上之權益。根據證券及期貨條例，林先生及林女士均被視為於KIH擁有權益之所有股份中擁有權益。

蔡冠深先生持有KIH三分之一以上之權益。根據證券及期貨條例，蔡先生被視為於KIH擁有權益之所有股份中擁有權益。關穎琴女士(蔡先生之配偶)被視為於蔡先生擁有權益之所有股份中擁有權益。

4. JIAO Erli先生、SINA Corporation及彭熾輝先生乃獨立第三方(定義見創業板上市規則)。

除上文所披露者外，於二零零七年三月三十一日，就董事所知悉，概無任何其他人士或公司於須根據證券及期貨條例第336條存置之登記冊所記錄之股份及相關股份中擁有權益或淡倉。

Directors' Report

董事會報告書

DIRECTORS' INTEREST IN CONTRACT

No contracts of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, which directly or indirectly, subsisted at 31 March 2007 or any time during the year.

COMPETING INTERESTS

None of Directors or the management shareholders of the Company (as defined in the GEM Listing Rules) had an interest in a business which cause or may cause significant competition with the business of the Group.

CONVERTIBLE NOTE

Details of convertible note of the Group are set out in note 26 to the financial statements.

BOARD PRACTICES AND PROCEDURES

The Company has complied with Rule 5.34 of the GEM Listing Rules concerning Board practices and procedures throughout the year.

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers all of the independent non-executive Directors are independent.

PURCHASE, SALE AND REDEMPTION OF LISTING SECURITIES

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

董事於合約之權益

本公司或其任何附屬公司概無訂立本公司董事直接或間接擁有重大權益並於二零零七年三月三十一日或年內任何時間仍然有效之重要合約。

構成競爭之權益

董事或本公司管理層股東(定義見創業板上市規則)概無於與本集團業務構成重大競爭或可能構成重大競爭之業務中擁有權益。

可換股票據

本集團之可換股票據詳列於財務報表附註26。

董事會之常規及程序

年內，本公司一直遵守創業板上市規則第5.34條有關董事會之常規及程序。

本公司已接獲各獨立非執行董事根據創業板上市規則第5.09條作出之年度確認，確認其獨立性。本公司認為所有獨立非執行董事均為獨立人士。

購入、出售及贖回上市證券

本公司或其任何附屬公司於本年度概無購入、贖回或出售本公司之任何上市證券。

Directors' Report

董事會報告書

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 forth on page 112 of this annual report.

AUDIT COMMITTEE

The Audit Committee was established to review the Group's financial reporting, internal controls, corporate governance and risk management matters and to make relevant recommendation to the Board. The Audit Committee comprises all independent non-executive Directors, namely Mr. Shi Bin Hai, Mr. Yan Chun, Mr. Jiang Jin Sheng and Mr. Kong Tsz Wing (being the Chairman of the Committee).

During the year, the Audit Committee performed duties including reviewing the Group's financial statements, audit findings, external auditors' independence and the Group's accounting principles and practices.

The Group's annual results for the year ended 31 March 2007 have been review by the Audit Committee. The Audit Committee is of the opinion that the financial statements of the Company and the Group for year ended 31 March 2007 comply with applicable accounting standards, GEM Listing Rules and that adequate disclosures have been made.

SUFFICIENCY OF PUBLIC FLOAT

The Company maintained a sufficient public float throughout the year ended 31 March 2007.

五年財務摘要

本集團於過去五個財政年度之資產及負債摘要詳列於本年報之112頁。

審核委員會

審核委員會成立以審閱本集團之財務報告、內部監控、企業管治及風險管理事項，並向董事會作出相關之建議。審核委員會包括所有獨立非執行董事，即施濱海先生、閔春先生、姜進生先生及江子榮先生（為委員會主席）。

於本年度期間，審核委員會擔任之職務包括審閱本集團之財務報表、審計結果、外部核數師之獨立性及本集團之會計原則及常規。

本集團截至二零零七年三月三十一日止年度之年度業績已由審核委員會審閱。審核委員會認為，本公司及本集團截至二零零七年三月三十一日止年度之財務報表已遵守適當之會計準則、創業板上規規則及已作出適當之披露。

足夠公眾持股量

本公司於截至二零零七年三月三十一日止整個年度內均維持足夠之公眾持股量。

Directors' Report

董事會報告書

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association of the Company or the laws of Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

POST BALANCE SHEET EVENTS

Details of the significant subsequent events are set out in note 35 to the financial statements.

AUDITORS

Messrs. Deloitte Touche Tohmatsu resigned as auditors of the Company with effect from 25 November 2005 and CCIF CPA Limited were appointed as auditors of the Company to fill the casual vacancy with effect from 13 December 2005. Save as aforesaid, there have been no other changes of the auditors in the past three years.

A resolution will be submitted to the forthcoming AGM to re-appoint Messrs. CCIF CPA Limited as auditors of the Company.

On behalf of the Board

SMI Publishing Group Limited

Qin Hong

Chairman & Executive Director

Hong Kong, 21 February 2007

優先購股權

根據本公司之組織章程細則及開曼群島之法例，並無優先購股權之條款迫使本公司向現有股東提供按股份比例配售的新股份。

結算日後事項

結算日後之重大事項詳列於財務報表附註35。

核數師

德勤•關黃陳方會計師行已於二零零五年十一月二十五日辭去本公司核數師之職務，陳葉馮會計師事務所有限公司則於二零零五年十二月十三日獲委任為本公司之核數師，以填補臨時空缺。除上述者外，於過往三年，核數師概無任何變動。

本公司將於應屆股東週年大會上提呈一項決議案，續聘陳葉馮會計師事務所有限公司為本公司核數師。

代表董事會

星美出版集團有限公司

主席兼執行董事

覃宏

香港，二零零八年二月二十一日

Corporate Governance Report

企業管治報告

The Company is committed to maintaining good corporate governance standard and procedures to ensure the integrity, transparency and quality of disclosure in enhance the shareholder value.

CODE ON CORPORATE GOVERNANCE PRACTICES

During the year ended 31 March 2007, the Company was in compliance with the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 15 to the GEM Listing Rules which came into effect on 1 January 2005, except for the following:

1. Due to the practical reasons, 14 days advance notifications have not been given to all meetings of the board. Reason notifications have been given in respect of those meetings of the board where it is not practical to give 14 days advance notification. The board of directors (the "Board") will use its best endeavours to give 14 days advance notifications of board meeting to the extend practicable. (Code Provisions A.1.3);
2. Trading of the Company shares was suspended since 28 April 2005, the Company has not formalized a written guidelines for relevant employees dealings in securities (Code Provision A.5.4). Actions will be taken by the Board to formalize the circumstances under which employees can deal in the shares of the Company soon;
3. Review on the internal control systems of the Group is in progress. The Group commenced to review the internal control systems on September 2007, to design appropriate Internal Control Policies and Procedures with a view to ensure compliance of the GEM Listing Rules as well as the Principles and Code Provision. (Code Provision C.2.1);

本公司致力維持良好之企業管治標準及程序，以確保披露事項之完整性、透明度及質素，從而提高股東價值。

企業管治常規守則

截至二零零七年三月三十一日止年度內，本公司一直遵守由二零零五年一月一日起生效之創業板上市規則附錄15所載企業管治常規守則（「企業管治守則」）所載之守則條文，惟下文所列者除外：

1. 由於實際因素，未能就所有董事會會議給予十四天之提前知會，已就董事會會議給予合理時間的知會在十四天之提前知會並不可行的情況下，董事會（「董事會」）將竭盡所能就董事會會議給予十四天提前知會。（守則條文A.1.3）；
2. 本公司的股份自二零零五年四月二十八日起暫停買賣，本公司並無就有關僱員買賣證券事宜提供正式書面指引（守則條文A.5.4）。董事會將儘快採取行動，確立僱員在何種情況下可買賣本公司證券；
3. 檢視本集團內部監控制度的行動仍在進行中。本集團於二零零七年九月開始檢視內部監控制度，以編制合適的內部監控政策及程序，確保本集團遵守創業板上市規則及守則條文（守則條文C.2.1）；

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4. The Board has engaged an independent consultancy to conduct a review of the internal control system of the Group and to assist the Group to design appropriate Internal Control Policies and Procedures with a view to ensure compliance of the GEM Listing Rules as well as the Principles and Code Provision. (Code Provision C.2.1);
4. 董事會已聘請獨立顧問公司對本集團內部監控制度進行審閱，協助本集團編制合適的內部監控政策及程序，確保本集團遵守創業板上市規則及守則條文(守則條文C.2.1)；
5. The Company has not formalized the functions reserved to the Board and those delegated to the management in written form. Formal schedule will be prepared in writing soon. (Code Provision D.1.2).
5. 本公司並無以書面確立已保留予董事會之職能及轉授予管理層之職權。正式的程予快將以書面制定(守則條文D.1.2)。

Save as those mentioned above and in the opinion of the Directors, the Company has met the code provisions set out in the CG Code during the year ended 31 March 2007.

除上文所述者外，董事認為，本公司於截至二零零七年三月三十一日止年度已遵守企業管治守則所載之守則條文。

DIRECTORS' SECURITIES TRANSACTIONS

董事進行證券交易

The Company has adopted the required standards of dealings regarding securities transactions by Directors as set out in Rules 5.48 to 5.69 of the GEM Listing Rules. All the Directors have confirmed that they have complied with the required standards as set out in the GEM Listing Rules.

本公司已採納創業板上市規則第5.48至5.69條所載董事進行證券交易之規定標準。全體董事均已確認，彼等一直遵守創業板上市規則所載之規定標準。

Corporate Governance Report

企業管治報告

BOARD OF DIRECTORS

The Board is responsible for the leadership and control of the Company and oversees the Group's businesses, strategic decisions and performance. The Board and senior management were delegated with the authority and responsibility by the Board for the day-to-day operations of the Group while reserving certain key matters for the approval of the Board. In addition, the Board has also delegated various responsibilities to the Board Committees. Further details of these committees are set out in this report.

The Board currently consists of six Directors including two executive Directors and four independent non-executive Directors:

Executive Directors

Mr. QIN Hong (*Chairman*)
Mr. WANG Fei (*Chief Executive Officer*)

Independent non-executive Directors

Mr. JIANG Jin Sheng
Mr. KONG Tsz Wing
Mr. SHI Bin Hai
Mr. YAN Chun

The Board members have no financial, business, family or other material/relevant relationships with each other. Such balanced board composition is formed to ensure strong independence exists across the Board and has met the recommended practice under the CG Code for the Board to have at least one-third of its members comprising independent non-executive Directors. The biographical information of the Directors are set out on page 6 of the annual report under the section headed "Biographical Information of Directors".

董事會

董事會負責領導及控制本公司，並掌管本集團業務、策略決定及表現。董事會授予其本身及高級管理層負責本集團日常營運之職權及職責，惟若干重要事項須經董事會批准。此外，董事會亦授權其下屬委員會履行多項職責。有關該等委員會之進一步詳情載於本報告。

董事會現時由六名董事組成，包括兩名執行董事及四名獨立非執行董事：

執行董事

覃 宏先生 (*主席*)
王 飛先生 (*行政總裁*)

獨立非執行董事

姜進生先生
江子榮先生
施濱海先生
閔 春先生

董事會成員間概無財務、業務、家庭或其他重大／相關關係。董事會之組成均衡，以確保董事會之高度獨立性，並符合企業管治守則對董事會成員須最少三分之一為獨立非執行董事之建議常規。董事資料載於年報第6頁「董事資料」一節。

Corporate Governance Report

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Chairman and Chief Executive Officer

The two positions are held separately by two individuals to ensure their respective independence, accountability and responsibility. The Chairman, being Mr. Qin Hong, is in-charge of the leadership of the Board and strategies planning of the Group. The Chief Executive Officer, being Mr. Wang Fei, is responsible for the day-to-day management of the Group's business.

Independent non-executive Directors

The four independent non-executive Directors are persons of high caliber. With their experience gained from various sectors, they provide strong support towards the effective discharge of the duties and responsibilities of the Board. Each independent non-executive Director gives an annual confirmation of his independence to the Company, and the Company considers them to be independent under Rule 5.09 of the GEM Listing Rules.

The independent non-executive Directors are not appointed for a specific term but are subject to retirement at the first general meeting after their appointment and thereafter subject to retirement by rotation at least once every three years and in accordance with the Articles.

主席及行政總裁

該兩個職位由兩名人士分別擔任，確保彼等各自之獨立性、問責性及負責制。主席覃宏先生負責領導董事會及本集團之策略規劃。行政總裁王飛先生負責本集團業務之日常管理。

獨立非執行董事

四名獨立非執行董事均為才能卓越之人士。憑藉彼等於各行各業累積之經驗，可為有效履行董事會之職務及職責提供強大支援。各獨立非執行董事已就其獨立性向本公司發出年度確認書，而本公司認為彼等均屬創業板上市規則第5.09條項下之獨立人士。

獨立非執行董事並非按指定任期委任，惟須於其獲委任後召開之首次股東大會上告退，其後根據細則須每三年至少輪值告退一次。

Corporate Governance Report

企業管治報告

Board Meetings

There were total of 28 Board meetings held during the year. Attendance of individual Directors at Board meetings held during the year:

董事會會議

董事會於年內曾舉行28次會議。個別董事於年內出席會議如下：

Name of Director	董事姓名	Number of attendance 出席會議次數
Mr. Hao Bin (Note 1)	郝彬先生(附註1)	24/28
Mr. Kwok Yat Ming (Note 2)	郭一鳴先生(附註2)	2/2
Mr. Li Kai (Note 3)	李凱先生(附註3)	8/8
Mr. Qin Hong (Note 4)	覃宏先生(附註4)	19/27
Mr. Shi Bin Hai	施濱海先生	20/28
Mr. Xing Jing (Note 5)	邢晶先生(附註5)	1/1
Mr. Yan Chun	閔春先生	18/28
Mr. Wang Fei (Note 6)	王飛先生(附註6)	15/16

Notes:

- (1) Mr. Hao Bin was appointed as executive director and chief executive officer on 12 May 2006 and resigned on 10 October 2007.
- (2) Mr. Kwok Yat Ming resigned as non-executive director on 20 April 2006.
- (3) Mr. Li Ka resigned as executive director on 19 June 2006.
- (4) Mr. Qin Hong was appointed as Chairman and executive director on 13 April 2006.
- (5) Mr. Xing Jing resigned as executive director on 13 April 2006.
- (6) Mr. Wang Fei was appointed as executive director on 25 July 2006.
- (7) No attendance for Mr. Jiang Jin Sheng and Mr. Kong Tsz Wing during the year as they were appointed as independent non-executive directors of the Company on 20 April 2007.

附註：

- (1) 郝彬先生於二零零六年五月十二日獲委任為執行董事及行政總裁，及於二零零七年十月十日辭任執行董事及行政總裁。
- (2) 郭一鳴先生於二零零六年四月二十日辭任非執行董事。
- (3) 李凱先生於二零零六年六月十九日辭任執行董事。
- (4) 覃宏先生於二零零六年四月十三日獲委任為主席及執行董事。
- (5) 邢晶先生於二零零六年四月十三日辭任執行董事。
- (6) 王飛先生於二零零六年七月二十五日獲委任為執行董事。
- (7) 姜進生先生及江子榮先生於二零零七年四月二十日獲委任為獨立非執行董事，於年內並未出席董事會會議。

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The Company planned in advance four scheduled Board meetings a year at approximately quarterly intervals in order to make sure all Directors could plan in advance their availability to attend the scheduled Board meetings. Additional meetings will be held as and when required.

Board minutes are kept by the Company Secretary and are open for inspection by the Directors. Every Board member is entitled to have access to Board papers and related materials and has unrestricted access to the advice and services of the Company Secretary, and has the liberty to seek external professional advice if so required.

INTERNAL CONTROL

The Board is entrusted with an overall responsibility of devising the Company's system of internal controls and conducting an annual review of its effectiveness. This ensures that the Board oversees and monitors the Group's overall financial position so that the interests of the shareholders are well protected and covered. The system of internal controls covers the areas of financial, operational, compliance and risk management of the Group's business.

With respect to procedures and internal controls for the handling of and dissemination of price-sensitive information:

- the Group is fully aware of its obligations under the GEM Listing Rules;
- the Group conducts its affairs with close regards to the "Guide on Disclosure of Price-sensitive information" issued by the Stock Exchange; and
- through channels such as financial reporting and public announcements, the Group has implemented and disclosed its policy on fair disclosure by pursuing broad, non-exclusionary distribution of information to the public.

本公司預先計劃每年大約按四個季度舉行四次預定董事會會議，以確保全體董事可提早計劃出席預定董事會會議。本公司將於需要時舉行額外會議。

董事會會議記錄由公司秘書保存，並可供董事查閱。每名董事會成員均有權查閱董事會文件及相關資料，亦可在不受限制下取得公司秘書之意見及享用其服務，並可於需要時自行尋求外界專業意見。

內部監管

董事會已被委任負責制定本公司之內部監控制度，並對其效用進行年度審查，確保董事會能監管本集團整體的財政狀況，以保障股東們的利益。內部監控制度覆蓋本集團在財務、營運、法規遵守及風險管理各方面的業務。

有關處理及發放股價敏感資料之程序及內部監控：

- 本集團充分了解在創業板上市規則下之責任；
- 本集團密切依據聯交所發出之「股價敏感資料披露指引」處理有關事務；及
- 本集團透過財務報告及公告等渠道，實行公平地向公眾發放資訊之政策。

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企業管治報告

AUDIT COMMITTEE

The Company has an audit committee ("Audit Committee") with written terms of reference. The Audit Committee comprises three independent non-executive Directors, namely Mr. Shi Bin Hai (as Chairman), Mr. Jiang Jin Sheng and Mr. Kong Tsz Wing.

The Audit Committee is mainly responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditors and to approve the remuneration and terms of engagement of the external auditors, and any questions of resignation or dismissal of such auditors; reviewing the quarterly, interim and annual reports and accounts of the Group; and overseeing the Company's financial reporting system and internal control procedures.

Following the resignation of Mr. Chan Ngai Sang, Kenny as independent non-executive Director on 23 March 2006, the Company had insufficient members of the Audit Committee. Thus, the Audit Committee has not reviewed the audited financial statements of the Group for the year ended 31 March 2006 and no meeting was held by the Audit Committee during the financial year ended 31 March financial year ended 2007.

Subsequently to the appointment of Mr. Jiang Jin Sheng and Mr. Kong Tsz Wing, the Audit Committee met on 3 May 2007 to review the unaudited condensed consolidated financial statements of the Group for three months ended 30 June 2006 together with the unaudited condensed consolidated financial statements of the Group for six months ended September 2006 and the unaudited condensed consolidated financial statements of the Group for nine months ended December 2006 was reviewed by the Audit Committee on 8 May 2007.

The Group's audited results for the twelve months ended 31 March 2007 have been reviewed by the Audit Committee.

Terms of reference adopted by the Audit Committee are aligned with the code provisions set out in the CG Code.

審核委員會

本公司已成立審核委員會（「審核委員會」），並訂定書面職權範圍。審核委員會由三名獨立非執行董事施濱海先生（主席）、姜進生先生及江子榮先生組成。

審核委員會主要負責就委任、續聘及罷免外聘核數師及批准外聘核數師之酬金及委聘條款以及有關核數師辭任或罷免之任何問題向董事會提供推薦建議；審閱本集團之季報、中期及年度報告與賬目；及監察本公司之財務申報制度與內部監控程序。

自陳毅生先生於二零零六年三月二十三日辭任獨立非執行董事後，本公司審核委員會成員人數即不足。所以，本集團截至二零零六年三月三十一日止年度之經審核財務報表並未經審核委員會審閱。於截至二零零七年三月三十一日止之財政年度，審核委員會並無舉行會議。

在委任姜進生先生及江子榮先生後，審核委員會於二零零七年五月三日檢閱本集團截至二零零六年六月三十日止三個月之未經審核簡明綜合財務報表及本集團截至二零零六年九月止六個月之未經審核簡明綜合財務報表。審核委員會並於二零零七年五月八日檢閱本集團截至二零零六年十二月止九個月之未經審核簡明綜合財務報表。

審核委員會已審閱本集團截至二零零七年三月三十一日止十二個月之已審核業績報告。

審核委員會所採納之職權範圍符合企業管治守則所載之守則條文。

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NOMINATION OF DIRECTORS

In considering the nomination of new Directors, the Board will take into account the qualification, ability, working experience, leadership and professional ethics of the candidates, especially their experience in the media industry and/or other professional area.

Furthermore, as the full Board is responsible for the selection and approval of candidate for appointment as Director to the Board, therefore the Company has not established a Nomination Committee for the time being.

REMUNERATION OF DIRECTORS

The Company established the remuneration committee (“Remuneration Committee”) on 27 July 2005.

The Remuneration Committee is mainly responsible for making recommendations to the Board on the remuneration system of the Company with written terms of reference. The Remuneration Committee comprises three independent non-executive Directors, namely Mr. Shi Bin Hai (as Chairman), Mr. Jiang Jin Sheng and Mr. Kong Tsz Wing.

Following the resignation of Mr. Xing Jing and Mr. Chan Ngai Sang, Kenny on 13 April 2006 and 23 March 2006 respectively, there are insufficient members of the Remuneration Committee and hence, no Remuneration Committee meeting was held during the year under review.

Mr. Jiang Jin Sheng and Mr. Kong Tsz Wing were appointed as member of the Remuneration Committee of the Company on 20 April 2007. A meeting is to be scheduled before 31 December 2007.

The Company has adopted a share option scheme on 15 January 2002. The purpose of the share option scheme is to enable the Board, at its discretion, to grant options to any eligible participants which include Directors as incentives or rewards for their contribution to the Group. Details of the share option scheme are set out in the Directors’ Report and note 33 to the financial statements. Details of the Directors’ remuneration are set out in note 12 to the financial statements.

提名董事

於考慮提名新董事時，董事會將計及候選人士之資歷、才能、工作經驗、領導能力及專業操守，特別是彼等於傳媒業及／或其他專業範疇之經驗。

此外，由於董事會全權負責甄選及批准委任加盟董事會之人選，因此本公司現時並無成立提名委員會。

董事酬金

本公司於二零零五年七月二十七日成立薪酬委員會（「薪酬委員會」）。

薪酬委員會主要負責就本公司之薪酬制度向董事會提供推薦意見，並以書面形式作為參考。薪酬委員會由三名獨立非執行董事組成，包括施濱海先生（主席）、姜進生先生及江子榮先生。

邢晶先生及陳毅生先生分別於二零零六年四月十三日及二零零六年三月二十三日辭任後，薪酬委員會之成員人數不足，因此於回顧年度並無舉行薪酬委員會會議。

姜進生先生及江子榮先生於二零零七年四月二十日獲委任為薪酬委員會之成員。已安排於二零零七年十二月三十一日前舉行會議。

本公司於二零零二年一月十五日採納一項購股權計劃。購股權計劃旨在讓董事會能夠酌情向任何合資格參與者（包括董事）授出購股權，作為彼等對本集團作出貢獻之獎勵或回報。有關購股權計劃之詳情載於董事會報告書及財務報表附註33。有關董事酬金之詳情載於財務報表附註12。

Corporate Governance Report

企業管治報告

AUDITORS' REMUNERATION

During the year under review, the remuneration in respect of audit and non-audit services provided by the Company's auditors, is set out below:

核數師酬金

於回顧年度，有關本公司核數師所提供之審核服務及非審核服務之酬金載列如下：

Services rendered	所提供服務	Fee paid/payable 已付／應付費用 HK\$'000 港幣千元
Audit services	審核服務	800
Tax services	稅務服務	55

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

董事對財務報表之責任

The Board acknowledges its responsibility to prepare the Company's financial statements for each financial year which give a true and fair view of the state of affairs of the Company and in representing the quarterly and annual financial statements, and announcements to shareholders, the Directors aims to present a balanced and understandable assessment of the Company's position and prospects.

董事會承認其就各財政期間編製本公司財務報表之責任，能真確及公平地呈現本公司之狀況。在發表季度及年度的財務報表及給股東們的公告，董事致力呈示對本公司的現況和展望作出一個持平及可以理解的評估。

The Directors' responsibilities in preparing financial statements and the auditors' responsibilities are set out in the Auditors' Report on pages 31 and 32 of this annual report respectively.

董事於編製財務報表之責任及核數師之責任載列於本年報之31頁至32頁之核數師報告書中。

Independent Auditor's Report

獨立核數師報告書



CCIF

CCIF CPA LIMITED

20/F Sunning Plaza
10 Hysan Avenue
Causeway Bay Hong Kong

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SMI PUBLISHING GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

We were engaged to audit the consolidated financial statements of SMI Publishing Group Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 35 to 111, which comprise the consolidated and Company balance sheets as at 31 March 2007, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

致星美出版集團有限公司全體股東之獨立核數師報告書

(於開曼群島註冊成立之有限公司)

本核數師行已完成審核載於第35至第111頁的星美出版集團有限公司(「貴公司」)及其附屬公司(統稱「貴集團」)之綜合財務報表，此綜合財務報表包括於二零零七年三月三十一日的綜合資產負債表及 貴公司資產負債表及截至該日止年度的綜合收益表、綜合權益變動表及綜合現金流量表、以及主要會計政策概要及其他附註解釋。

董事就財務報表須承擔之責任

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香港《公司條例》之披露要求編製及真實而公允地列報該等財務報表。責任包括設計、實施及維護與編製，及真實而公允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；選擇和應用適當之會計政策；及按情況下作出合理之會計估計。

Independent Auditor's Report

獨立核數師報告書

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Except for the limitations in the scope of our work as explained below, 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. However, because of the matters described in the basis for disclaimer of opinion paragraph, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

BASIS FOR DISCLAIMER OF OPINION

As shown in our prior year report, we expressed qualifications on the Group's consolidated financial statements for the year ended 31 March 2006 due to (1) the disagreement regarding the accounting treatment on the consolidation of a subsidiary, 東方魅力資訊科技股份有限公司 ("東方魅力資訊"), over which the directors of the Company considered that they had lost control; and (2) the limitation of evidence made available to us in respect of interest in a deconsolidated subsidiary, 北京中錄音像有限公司 ("北京中錄音像"), over which the Group was unable to exercise control over the financial and operating decisions of 北京中錄音像, nor to get access to their books and records together with sufficient supporting documents. In respect of the disagreement on accounting treatment of 東方魅力資訊 and the absence of audited financial statements or management accounts of 北京中錄音像 for the year ended 31 March 2006, it was not practicable to ascertain the effects of these qualifications on the fairness of the balances brought forward as at 1 April 2006 and the comparative figures included in the financial statements. During the year as disclosed in note 30(b) to the financial statements, the Group deconsolidated 東方魅力資訊 on 1 April 2006 and calculated based on its balance brought forward, resulted in a gain thereon of approximately HK\$2,225,000.

核數師之責任

本行的責任是根據本行的審核對財務報表作出意見，只向作為法人團體的股東報告。除此以外，本行的報告書不可用作其他用途。本行概不會就本報告書的內容，對任何其他人士負責或承擔法律責任。

除了以下所闡述之本行審核範圍限制外，本行已根據香港會計師公會頒佈的香港審計準則進行審核。這些準則要求本行遵守道德規範，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。然而，由於拒絕發表意見聲明之基礎段落所載之事宜，本行無法獲得就提出審核意見而言屬充分恰當之審核證據。

拒絕發表意見聲明之基礎

誠如往年報告所述，我們已就 貴集團於截至二零零六年三月三十一日止年度之綜合財務報表表示保留，原因是(1)有關一間 貴公司董事認為失去控制權之附屬公司東方魅力資訊科技股份有限公司(「東方魅力資訊」)之綜合會計政策之意見分歧；以及(2)我們取得有關一間終止綜合入賬之附屬公司北京中錄音像有限公司(「北京中錄音像」)權益之憑證受到限制， 貴集團已無法對北京中錄音像之財務及經營決策行使控制權，亦已無法查閱其賬冊、紀錄及足夠證明文件。由於東方魅力資訊之會計政策之意見分歧及缺乏北京中錄音像於截至二零零六年三月三十一日止年度之經審核財務報表或管理賬目，不能切實確定保留意見對於二零零六年四月一日結轉之結餘及財務報表內之比較數字是否公平所產生的影響。於年內如本財務報表附註30(b)內披露， 貴集團於二零零六年四月一日終止將東方魅力資訊綜合入賬，而根據其結轉之結餘計算而獲得之收益約港幣2,225,000元。

Independent Auditor's Report

獨立核數師報告書

BASIS FOR DISCLAIMER OF OPINION (Continued)

We were unable to carry out alternative audit procedures to satisfy ourselves as to the matters set out in paragraph above.

Any adjustment that might have been found to be necessary in respect of the matters set out above would have a consequential effect on the financial positions of the Group and the Company as at 31 March 2007, the net loss and cash flows of the Group for the year then ended and the related disclosures in the consolidated financial statements.

Material uncertainties relating to the going concern basis

In forming our opinion, we have considered the adequacy of the disclosures made in note 2 to the consolidated financial statements which describes the liquidity issues and financial difficulties experienced by the Group and the measures undertaken by the Group to ensure that adequate cash resources are available to the Group. Specifically, the Group is dependent upon the continuing financial support of its substantial shareholder. On the assumption that there are successful outcome of the measures undertaken as described in note 2 to the consolidated financial statements, the directors consider that the Group will be able to meet in full its financial obligations as they fall due in the foreseeable future.

The consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the continuing financial support from its substantial shareholder and successful outcome of the aforesaid measures to ensure that adequate cash resources are available to meet the Group's future working capital and financial requirements. The financial statements do not include any adjustments that may be necessary should the implementation of the above measures be unsuccessful. We consider that appropriate disclosures have been made. However, in view of the extent of the material uncertainties relating to such measures that may cast significant doubt on the Group's ability to continue as a going concern, we have disclaimed our opinion. The consolidated financial statements do not include any adjustments that would be necessary if the various measures as described above fail to take place. Any of such adjustments may have a consequential significant effect on the net liabilities as at 31 March 2007 and loss for the year then ended.

拒絕發表意見聲明之基礎(續)

我們無法進行其他審核程序使我們信納上述段落之事項。

就以上列載事項而可能必需作出之任何調整將對 貴集團及 貴公司於二零零七年三月三十一日之財務狀況，及截至該日期止年度之虧損淨額及現金流及綜合財務報表內之有關披露帶來重大影響。

有關持續經營基準之重大不明朗因素

在表達本行意見時，本行已考慮在綜合財務報表附註2就闡述 貴集團所遭遇之流動性問題及財務困難，以及 貴集團所採取之措施以確保充足之現金資源可供給予 貴集團之披露是否足夠。尤其 貴集團依賴其主要股東之持續財政支持。假設綜合財務報表附註2所闡述之措施乃成功的，董事認為 貴集團將可應付彼等於可預見未來面對之財務承擔。

綜合財務報表乃根據持續經營基準而編製的，其有效性依賴其主要股東之持續財政支持以及上述措施能成功確保充足現金資源應付 貴集團未來之營運資金及財務需求。財務報表並未包括於未能成功實施上述措施而必需作出之任何調整。我們認為已作出恰當之披露，然而，鑑於 貴集團有關該等措施之持續經營基準之能力成疑而構成重大之不明朗因素，本行拒絕發表意見。綜合財務報表並未包括倘若未能成功實施上述多個措施而必需作出之任何調整。任何該等調整可能對二零零七年三月三十一日之負債淨額及截至該日期止年度之虧損帶來重大影響。

Independent Auditor's Report

獨立核數師報告書

DISCLAIMER OF OPINION: DISCLAIMER ON VIEW GIVEN BY CONSOLIDATED FINANCIAL STATEMENTS

Because of the significance of the matters described in the basis for disclaimer of opinion paragraphs, we do not express an opinion on the consolidated financial statements as to whether they give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2007 and of the loss and cash flows of the Group for the year then ended in accordance with Hong Kong Financial Reporting Standards. In all other respects, in our opinion the consolidated financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

CCIF CPA Limited

Certified Public Accountants

Hong Kong, 21 February 2008

Chan Wai Dune, Charles

Practising Certificate Number P00712

拒絕發表意見聲明：拒絕就綜合 財務報表之觀點發表聲明

由於拒絕發表意見聲明之基礎一節所載之重大事宜，本行未能確定綜合財務報表是否按照香港財務報告準則真實兼公平地反映 貴公司及 貴集團於二零零七年三月三十一日之財政狀況及 貴集團截至該日止年度之虧損及現金流量。至於其他方面，我們認為綜合財務報表已根據香港公司條例之披露規定妥善編製。

陳葉馮會計師事務所有限公司

執業會計師

香港，二零零八年二月二十一日

陳維端

執業證書編號P00712

謹啟

Consolidated Income Statement For the year ended 31 March 2007

綜合收益表 截至二零零七年三月三十一日止年度

		Notes 附註	2007 二零零七年 HK\$'000 港幣千元	2006 二零零六年 HK\$'000 港幣千元
Turnover	營業額	7	67,754	84,051
Cost of sales	銷售成本		(101,356)	(129,331)
Gross loss	虧損毛額		(33,602)	(45,280)
Other revenue	其他收入	7	5,868	3,685
Distribution costs	發行成本		(2,162)	(2,691)
Administrative and other operating expenses	行政及其他營運開支		(39,082)	(41,472)
Loss from operations	營運虧損		(68,978)	(85,758)
Finance costs	財務成本	9	(24,213)	(15,733)
Share of results of an associate	分佔聯營公司業績		(579)	(866)
Loss before taxation	除稅前虧損		(93,770)	(102,357)
Income tax	所得稅	10	(11,075)	1,385
Loss for the year	年度虧損		(104,845)	(100,972)
Attributable to	下列人士應佔			
– Equity shareholders of the company	– 本公司權益股東		(104,845)	(100,972)
Dividend	股息		–	–
Loss Per Share	每股虧損	14	(10.57) cents	(10.18) cents

The notes on pages 41 to 111 form an integral part of these financial statements.

第41至111頁之附註為本財務報表不可分割之一部份。

Consolidated Balance Sheet As at 31 March 2007

綜合資產負債表 於二零零七年三月三十一日

		Notes 附註	2007 二零零七年 HK\$'000 港幣千元	2006 二零零六年 HK\$'000 港幣千元
Non-current Assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	15	18,965	36,157
Lease premium for land	土地租金	16	120	123
Interest in an associate	於聯營公司權益	18	138	717
Available-for-sale investments	可供出售投資	19	–	1,433
			19,223	38,430
Current Assets	流動資產			
Inventories	存貨	20	946	1,593
Trade and other receivables	貿易及其他應收款項	21	10,527	8,960
Cash and cash equivalent	現金及現金等值項目	22	2,026	910
			13,499	11,463
Current Liabilities	流動負債			
Trade and other payables	貿易及其他應付款項	23	46,522	39,576
Tax payable	應付稅項		10,961	–
Borrowings, unsecured	無抵押借貸	24	12,410	–
Obligations under finance leases	融資租賃承擔	25	150	443
Convertible note	可換股票據	26	49,005	–
			(119,048)	(40,019)
Net Current Liabilities	流動負債淨額		(105,549)	(28,556)
Total Assets Less Current Liabilities	資產總額減流動負債		(86,326)	9,874
Non-current Liabilities	非流動負債			
Borrowings, unsecured	無抵押借貸	24	164,128	115,847
Obligation under finance leases	融資租賃承擔	25	–	38
Convertible note	可換股票據	26	–	37,541
Deferred tax liabilities	遞延稅項負債	27	2,214	2,100
			(166,342)	(155,526)
NET LIABILITIES	負債淨額		(252,668)	(145,652)
CAPITAL AND RESERVES	資本及儲備			
Share capital	股本	28	49,584	49,584
Reserves	儲備		(302,252)	(195,236)
CAPITAL DEFICIENCY	資本虧絀		(252,668)	(145,652)

Approved and authorised for issue by the board of directors on 21 February 2008

On behalf of the board

Qin Hong
覃宏
Director
董事

於二零零八年二月二十一日獲董事會批准及授權刊發

代表董事會

Wang Fei
王飛
Director
董事

The notes on pages 41 to 111 form an integral part of these financial statements.

第41至111頁之附註為本財務報表不可分割之一部份。

Balance Sheet As at 31 March 2007

資產負債表 於二零零七年三月三十一日

		Notes 附註	2007 二零零七年 HK\$'000 港幣千元	2006 二零零六年 HK\$'000 港幣千元
Non-current Assets	非流動資產			
Interest in subsidiaries	於附屬公司權益	17	403	510
Current Assets	流動資產			
Other receivables and prepayments	其他應收款項及預付款項		100	33
Bank balances and cash	銀行結餘及現金		1,228	20
			1,328	53
Current Liabilities	流動負債			
Other payables and accrued charges	其他應付款項及應計開支		4,510	1,997
Due to a subsidiary	應付附屬公司款項	17	249	–
Tax payable	應付稅項		185	–
Borrowings, unsecured	無抵押借貸	24	11,000	–
Convertible note	可換股票據	26	49,005	–
			(64,949)	(1,997)
Net Current Liabilities	流動負債淨額		(63,621)	(1,944)
Total Assets Less Current Liabilities	資產總額減流動負債		(63,218)	(1,434)
Non-current Liabilities	非流動負債			
Borrowings, unsecured	無抵押借貸	24	126,170	80,287
Convertible note	可換股票據	26	–	37,541
Deferred tax liabilities	遞延稅項負債	27	145	2,100
			(126,315)	(119,928)
NET LIABILITIES	負債淨額		(189,533)	(121,362)
CAPITAL AND RESERVES	資本及儲備			
Share capital	股本	28	49,584	49,584
Reserves	儲備	29	(239,117)	(170,946)
CAPITAL DEFICIENCY	資本虧絀		(189,533)	(121,362)

Approved and authorised for issue by the board of directors on 21 February 2008

於二零零八年二月二十一日獲董事會批准及授權刊發

On behalf of the board

代表董事會

Qin Hong
覃宏
Director
董事

Wang Fei
王飛
Director
董事

The notes on pages 41 to 111 form an integral part of these financial statements.

第41至111頁之附註為本財務報表不可分割之一部份。

Consolidated Statement of Changes in Equity For the year ended 31 March 2007

綜合權益變動表 截至二零零七年三月三十一日止年度

		Attributable to equity shareholders of the Company 本公司權益股東應佔									
		Convertible	Share	Shareholders'	Merger	Currency	Distributable	Fair value	Accumulated	Total	
		Share	premium	contribution	reserve	translation	reserve	reserve	losses		
		capital				reserve					
		可換股票據	股份溢價	股東出資	合併儲備	匯兌儲備	可供	公允	累積虧損	總計	
		股本	權益儲備	股份溢價	股東出資	合併儲備	匯兌儲備	分派儲備	價值儲備	累積虧損	
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
		港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	
Balance at 1 April 2005	於二零零五年 四月一日之結餘	49,584	-	127,764	72,894	121,914	2,304	231,340	-	(666,822)	(61,022)
Exchange on translation of financial statements of an associate	換算聯營公司 財務報表之匯兌	-	-	-	-	-	43	-	-	-	43
Loss on fair value change on available-for-sale investments	可供出售投資之 公允價值 變動虧損	-	-	-	-	-	-	-	(133)	-	(133)
Recognition of equity component of convertible note	確認可換股票據之 權益部份	-	19,917	-	-	-	-	-	-	-	19,917
Deferred tax liability on recognition of equity component of convertible note	確認可換股票據之 權益部份產生之 遞延稅項負債	-	(3,485)	-	-	-	-	-	-	-	(3,485)
Loss for the year	年度虧損	-	-	-	-	-	-	-	-	(100,972)	(100,972)
Balance at 31 March 2006	於二零零六年 三月三十一日之 結餘	49,584	16,432	127,764	72,894	121,914	2,347	231,340	(133)	(767,794)	(145,652)
Exchange reserve realised on disposal of subsidiary	出售附屬公司 變現之匯兌儲備	-	-	-	-	-	(2,304)	-	-	-	(2,304)
Loss on fair value change on available-for-sale investment	可供出售投資之 公允價值 變動虧損	-	-	-	-	-	-	-	133	-	133
Loss for the year	年度虧損	-	-	-	-	-	-	-	-	(104,845)	(104,845)
Balance at 31 March 2007	於二零零七年 三月三十一日之 結餘	49,584	16,432	127,764	72,894	121,914	43	231,340	-	(872,639)	(252,668)

Note: Merger reserve of the Group represents the difference between the share capital and share premium of the subsidiaries acquired pursuant to the group reorganisation set out in the prospectus of the Company dated 23 May 2000, over the nominal value of the Company's shares issued in exchange thereof.

附註：本集團之合併儲備乃指根據本公司於二零零零年五月二十三日刊發之售股章程載列之集團重組所收購附屬公司之股本及股份溢價與就收購事項發行之本公司股份面值間之差額。

The notes on pages 41 to 111 form an integral part of these financial statements.

第41至111頁之附註為本財務報表不可分割之一部份。

Consolidated Cash Flow Statement For the year ended 31 March 2007

綜合現金流量表 截至二零零七年三月三十一日止年度

			2007 二零零七年 HK\$'000 港幣千元	2006 二零零六年 HK\$'000 港幣千元
		Notes 附註		
OPERATING ACTIVITIES	經營業務			
Loss before taxation	除稅前虧損		(93,770)	(102,357)
Adjustments for:	調整：			
Depreciation	折舊		19,619	19,595
Amortisation of lease premium for land	土地租金攤銷		3	3
Loss on disposal of available-for-sales investments	出售可供出售投資虧損		232	-
Gain on disposal of subsidiaries	出售附屬公司收益	30(a)	(576)	-
(Gain)/loss on deconsolidation of a subsidiary	附屬公司不再綜合入賬之(收益)/虧損	30(b)	(2,225)	9
Interest income	利息收入		(17)	(116)
Finance costs	財務成本		24,213	15,733
Written back of interest accrued	應計利息撥回		-	(268)
Loss on disposal of property, plant and equipment	出售物業、廠房及設備之虧損		263	53
Share of results of an associate	應佔聯營公司業績		579	866
OPERATING LOSS BEFORE WORKING CAPITAL CHANGES	營運資金改動前之經營虧損		(51,679)	(66,482)
Decrease/(Increase) in inventories	存貨減少/(增加)		647	(552)
(Increase)/decrease in trade and other receivables	貿易及其他應收款項(增加)/減少		(1,640)	3,436
Increase in trade and other payables	貿易及其他應付款項增加		7,022	10,874
Cash used in operations	經營業務耗用之現金		(45,650)	(52,724)
Interest paid	已付利息		(21)	(1,537)
Interest received	已收利息		17	116
NET CASH USED IN OPERATING ACTIVITIES	經營業務所耗用之現金淨額		(45,654)	(54,145)

Consolidated Cash Flow Statement For the year ended 31 March 2007

綜合現金流量表 截至二零零七年三月三十一日止年度

		Notes 附註	2007 二零零七年 HK\$'000 港幣千元	2006 二零零六年 HK\$'000 港幣千元
INVESTING ACTIVITIES	投資業務			
Purchase of property, plant and equipment	購入物業、廠房及設備		(2,770)	(158)
Proceeds from disposal of property, plant and equipment	出售物業、廠房及設備所得款項		80	4
Decrease in pledged deposit placed with a finance company	存入財務公司之已抵押存款減少		-	5,000
Proceeds from disposal of available-for-sales investment	出售可供出售投資所得款項		1,334	-
Net cash outflow from deconsolidation of a subsidiary	附屬公司不再綜合入賬之現金流出淨額	30(b)	(6)	(19)
NET CASH (USED IN)/ GENERATED FROM INVESTING ACTIVITIES	投資業務(耗用)/產生之現金淨額		(1,362)	4,827
			(47,016)	(49,318)
FINANCING ACTIVITIES	融資業務			
Increase in advances from a substantial shareholder	主要股東墊款增加		44,184	49,922
Increase in other borrowings	其他借貸增加		4,279	-
Repayment of finance lease	償還融資租賃付款		(331)	(6,261)
Proceeds from issue of convertible note	發行可換股票據所得款項		-	5,000
Transaction cost on issue of convertible note	發行可換股票據之交易成本		-	(458)
NET CASH GENERATED FROM FINANCING ACTIVITIES	融資業務產生之現金淨額		48,132	48,203
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	現金及現金等值項目增加/(減少)		1,116	(1,115)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	年初之現金及現金等值項目		910	2,025
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	年終之現金及現金等值項目		2,026	910
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS	現金及現金等值項目之結餘分析	22	2,026	910

The notes on pages 41 to 111 form an integral part of these financial statements.

第41至111頁之附註為本財務報表不可分割之一部份。

Notes to the Financial Statements For the year ended 31 March 2007

財務報表附註 截至二零零七年三月三十一日止年度

1. GENERAL INFORMATION

The Company is a limited company incorporated in the Cayman Islands and its shares are listed on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section of the annual report.

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

The Company is an investment holding company. The principal activities of its principal subsidiaries are set out in note 17.

2. BASIS OF PREPARATION – MATERIAL UNCERTAINTIES RELATING TO THE GOING CONCERN BASIS

The Group sustained consolidated loss attributable to equity holders of the Company of HK\$104,845,000 (2006: HK\$100,972,000) for the year ended 31 March 2007. At 31 March 2007, the Group had consolidated net current liabilities of HK\$105,549,000 (2006: HK\$28,556,000) and net liabilities of HK\$252,668,000 (2006: HK\$145,652,000).

During the current and prior years, the Group experienced financial difficulties and was unable to perform the payment obligations. Various parties took legal actions against the Group for repayment of amounts due to them (see note 31).

1. 一般資料

本公司為於開曼群島註冊成立之有限公司，其股份於香港聯合交易所有限公司（「聯交所」）創業板（「創業板」）上市。本公司註冊辦事處及主要營業地點之地址於年報「公司資料」一節披露。

綜合財務報表以本公司之功能貨幣港元呈列。

本公司為一家投資控股公司，其主要附屬公司之主要業務載於附註17。

2. 編製基準 – 有關持續經營之重大不明朗因素

本集團於截至二零零七年三月三十一日止年度承擔本公司股本持有人應佔綜合虧損港幣104,845,000元（二零零六年：港幣100,972,000元）。於二零零七年三月三十一日，本集團之綜合流動負債淨額為港幣105,549,000元（二零零六年：港幣28,556,000元），而負債淨額為港幣252,668,000元（二零零六年：港幣145,652,000元）。

於本年及往年，本集團遭受財政困難及未能履行責任之付款。多方人士曾向本集團提出法律訴訟追討償還應付予彼等之款項（見附註31）。

2. BASIS OF PREPARATION – MATERIAL UNCERTAINTIES RELATING TO THE GOING CONCERN BASIS (Continued)

In view of the liquidity problems faced by the Group, the directors have adopted the following measures with the view to improve the Group's overall financial and cash flow position and to maintain the Group's existence on a going concern basis:

- (a) the directors are seeking financial support from its substantial shareholder to provide adequate funds for the Group to meet its liabilities as they fall due, both present and future, in view of the possibility of any unrecorded liabilities as at balance sheet date;
- (b) the directors have identified and have been negotiating with potential investors for any proposed financing arrangements; and
- (c) the directors have adopted various cost control measures to reduce various general and administrative and other operating expenses.

In the opinion of the directors, in light of the measures adopted, the Group will have sufficient cash resources to satisfy its future working capital and other financing requirements. Accordingly, the directors are of the view that it is appropriate to prepare the financial statements on a going concern basis.

2. 編製基準 – 有關持續經營之重大不明朗因素(續)

有鑑於本集團所面對之流動資金問題，董事已採取以下措施改善本集團之整體財務及現金流量狀況，以及維持本集團按持續經營基準繼續經營：

- (a) 有鑑於在結算日可能存在未紀錄之負債，董事向其主要股東尋求財務支持，提供充足之資金予本集團以應付其於現在及未來到期之負債；
- (b) 董事已識別及與潛在投資者協商任何建議之財務安排；及
- (c) 董事已採取多項成本控制措施以減少各項一般與行政及其他經營開支。

董事認為有鑑於已採取之措施，本集團將擁有充足之現金資源滿足其未來之營運資金及其他財務需求。因此，董事認為財務報表按持續經營基準編製乃恰當的。

2. BASIS OF PREPARATION – MATERIAL UNCERTAINTIES RELATING TO THE GOING CONCERN BASIS (Continued)

Should the Group be unable to achieve the above and fail to continue in business as a going concern, adjustments would have to be made to restate the values of the assets to their immediate recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and liabilities as current assets and liabilities, respectively. The effects of these adjustments have not been reflected in the financial statements.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

In the current year, the Group has applied, for the first time, a number of new standards, amendments and interpretations (“new HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), which are effective for accounting periods either beginning on or after 1 December 2005, 1 January 2006 or 1 March 2006. The adoption of the new HKFRSs has had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new standards, amendment or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these new standards, amendment or interpretations will have no material impact on the results and the financial position of the Group.

2. 編製基準 – 有關持續經營之重大不明朗因素(續)

倘若本集團未能達成上述措施或無法按持續經營基準繼續經營業務，財務報表則需要作出調整，重列其資產之價值至可收回款額，藉以為任何可能進一步產生之負債作出撥備，以及將非流動資產及負債分別重新分類為流動資產及負債。該等調整之影響並未反映於財務報表中。

3. 新訂及經修訂香港財務報告準則之應用

於本年度，本集團首次應用香港會計師公會頒佈之多項新訂準則、修訂及詮釋（「新訂香港財務報告準則」），並於二零零五年十二月一日、二零零六年一月一日或二零零六年三月一日或之後開始之會計期間生效。採納新訂香港財務報告準則並無對本年度及往年度會計期間所編製及呈列之業績及財務狀況造成重大影響，因此，無須對上一個時期作出調整。

本集團並無提早採納以下已頒佈但仍未生效之新準則、修訂及詮釋。本公司董事預期採納該等新準則、修訂及詮釋對本集團之業績及財務狀況並無重大影響。

Notes to the Financial Statements For the year ended 31 March 2007

財務報表附註 截至二零零七年三月三十一日止年度

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

HKAS 1 (Amendment)	Capital Disclosures ¹
HKAS 23 (Revised)	Borrowing Costs ²
HKFRS 7	Financial Instruments: Disclosures ¹
HKFRS 8	Operating Segments ²
HK (IFRIC) – INT 8	Scope of HKFRS 2 ³
HK (IFRIC) – INT 9	Reassessment of Embedded Derivatives ⁴
HK (IFRIC) – INT 10	Interim Financial Reporting and Impairment ⁵
HK (IFRIC) – INT 11	HKFRS 2-Group and Treasury Share Transactions ⁶
HK (IFRIC) – INT 12	Service Concession Arrangements ⁷

^{1.} Effective for annual periods beginning on or after 1 January 2007.

^{2.} Effective for annual periods beginning on or after 1 January 2009.

^{3.} Effective for annual periods beginning on or after 1 May 2006.

^{4.} Effective for annual periods beginning on or after 1 June 2006.

^{5.} Effective for annual periods beginning on or after 1 November 2006.

^{6.} Effective for annual periods beginning on or after 1 March 2007

^{7.} Effective for annual periods beginning on or after 1 January 2008.

3. 新訂及經修訂香港財務報告準則之應用(續)

香港會計準則 第1號(修訂本)	股本披露 ¹
香港會計準則 第23號(經修訂)	借貸成本 ²
香港財務報告 準則第7號	金融工具： 披露 ¹
香港財務報告 準則第8號	經營分部 ²
香港(國際財務報告 詮釋委員會) — 詮釋第8號	香港財務報告 準則第2號 之範圍 ³
香港(國際財務報告 詮釋委員會) — 詮釋第9號	重新評估內 含衍生工具 ⁴
香港(國際財務報告 詮釋委員會) — 詮釋第10號	中期財務報告 及減值 ⁵
香港(國際財務報告 詮釋委員會) — 詮釋第11號	香港財務報告 準則第2號— 集團及庫存 股份交易 ⁶
香港(國際財務報告 詮釋委員會) — 詮釋第12號	服務特許權安排 ⁷

^{1.} 於二零零七年一月一日或以後開始之年度期間生效。

^{2.} 於二零零九年一月一日或以後開始之年度期間生效。

^{3.} 於二零零六年五月一日或以後開始之年度期間生效。

^{4.} 於二零零六年六月一日或以後開始之年度期間生效。

^{5.} 於二零零六年十一月一日或以後開始之年度期間生效。

^{6.} 於二零零七年三月一日或以後開始之年度期間生效。

^{7.} 於二零零八年一月一日或以後開始之年度期間生效。

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below.

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange and Hong Kong Companies Ordinance.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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

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

4. 主要會計政策

誠如下列會計政策所述，除若干金融工具以公允價值計量外，綜合財務報表乃按歷史成本法為基準編製。

綜合財務報表乃根據香港會計師公會頒佈之香港財務報告準則編製。此外，綜合財務報表載有聯交所創業板證券上市規則及香港公司條例規定之適用披露事項。

綜合基準

綜合財務報表包括本公司、本公司（其附屬公司）控制之實體（包括特別目的實體）之財務報表。當本公司擁有控制權管治一間實體之財務及經營政策以獲取來自其業務之利益，便達到控制目的。

綜合收益表包括於年內所收購或出售之附屬公司之業績，由收購生效日期起計或計至有效出售日期為止（倘適用）。

附屬公司之財務報表於有需要時作出調整，以使其會計政策與本集團其他成員公司所用者一致。

4. SIGNIFICANT ACCOUNTING POLICIES (Continued) 4. 主要會計政策(續)

Basis of consolidation (Continued)

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

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

Before qualifying as a business combination, a transaction may qualify as an investment in an associate or a jointly controlled entity and be accounted for using the equity method. If so, the fair values of the investee's identifiable net assets at the date of each earlier exchange transaction will have been determined previously in applying the equity method to the investment.

To the extent that the fair value of the investee's net assets at the date of achieving significant influence/joint control differs from the fair value at the date of achieving control, a revaluation will be required to ensure that the net assets are recorded at their fair value at the date of acquisition.

綜合基準(續)

本集團內公司間之所有交易、結餘、收入及支出已於綜合賬目時對銷。

於綜合附屬公司資產淨值之少數股東權益乃與本集團之股本分開呈列。資產淨值中之少數權益包括於原有業務合併日之該等權益之金額以及自合併日期起少數股份之股本變動。適用於少數股東之虧損超出於附屬公司股本之少數權益會由本集團之權益所抵銷，除非該少數股東具有約束承擔及能夠作出額外投資彌補虧損。

於合資格確認為業務合併前，交易可視為於聯營公司或共同控制實體之投資，並以權益法入賬。倘情況如此，則被投資公司於各較早互換交易日期之可識別淨資產之公允價值應已使用投資權益法釐定。

倘被投資公司於取得重大影響／共同控制權日期之淨資產之公允價值，與取得控制權之日期之公允價值存在差異，則需要進行重估以確保於收購日期之淨資產乃按其公允價值入賬。

4. SIGNIFICANT ACCOUNTING POLICIES (Continued) 4. 主要會計政策(續)

Investments in associates

An associate is an entity in which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any identified impairment loss. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

投資於聯營公司

聯營公司乃投資者對其有重大影響，但並不是一間附屬公司或於合營企業之權益。

聯營公司之業績及資產與負債乃以會計權益法入賬於該等綜合財務報表。根據權益法，於聯營公司之投資按成本值入賬於綜合資產負債表，並按收購後本集團應佔該聯營公司淨資產之變動作出調整，扣減任何可識別之減值虧損。倘本集團應佔聯營公司之虧損超過其於該聯營公司之權益（包括任何長期權益，實際構成本集團於該聯營公司之淨投資一部份），則本集團終止確認其應佔之進一步虧損。惟只有本集團代表該聯營公司招致之法律或推定責任或作出之付款，本集團方會就額外應佔虧損作出撥備及確認責任。

收購成本超過於收購日期確認本集團應佔聯營公司之可識別資產、負債及或然負債之公允價值之任何差額會確認為商譽。該商譽包括於投資之賬面值，並以投資部分作減值評估。

本集團應佔可識別資產、負債及或然負債之公允淨值超過收購成本之任何差額，於重新評估後，即時於損益內確認。

當集團實體與本集團聯營公司交易，收益及虧損會被抵銷至本集團於該相關聯營公司之權益。

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment

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

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

Building	4%
Leasehold improvements	15%
Machinery	15%
Furniture, fixture and equipment	15%
Network and computer equipment	15%
Motor vehicles	15%

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

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

4. 主要會計政策(續)

物業、廠房及設備

物業、廠房及設備乃按成本減累積折舊及減值虧損列賬。

折舊乃按物業、廠房及設備之估計可使用年期，計及其估計剩餘價值後，以直線法撇銷物業、廠房及設備項目之成本計算：

樓宇	4%
租賃物業裝修	15%
機器	15%
傢俬、裝置及設備	15%
網絡及電腦設備	15%
汽車	15%

於融資租賃持有的資產乃按所擁有資產的相同基準，以其估計可使用年期折舊或，當更短的年期，以相關租賃年期折舊。

當物業、廠房及設備項目於出售時或預期不可產生資產持續使用的經濟收益時會終止確認。該資產終止確認所產生的任何收益或虧損(以出售淨額及該項目的賬面值差額計算)包括於該項目終止確認的年度綜合收益表內。

4. SIGNIFICANT ACCOUNTING POLICIES (Continued) 4. 主要會計政策 (續)

Goodwill

Goodwill represents the excess of the cost of a business combination or an investment in an associate over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment. In respect of associate, the carrying amount of goodwill is included in the carrying amount of the interest in the associate.

Any excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of a business combination or an investment in an associate is recognised immediately in profit or loss.

On disposal of a cash generating unit or an associate during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method.

商譽

商譽指業務合併成本或於聯營公司投資超過本集團所佔被收購公司之可識別資產、負債及或然負債公允淨值之數額。

商譽以成本減累積減值虧損入賬。商譽被分配至現金產生單位，且須每年進行減值測試。就聯營公司而言，商譽之賬面值計入聯營公司之權益之賬面值。

本集團於被收購公司之可識別資產、負債及或然負債公允淨值之權益，超過業務合併或於聯營公司投資之成本乃即時於損益內確認。

年內出售現金產生單位或聯營公司時，已購入商譽應佔之任何數額均計入出售盈虧。

存貨

存貨乃按成本及可變現淨值兩者之較低者列賬，成本按先入先出法計算。

4. SIGNIFICANT ACCOUNTING POLICIES (Continued) 4. 主要會計政策(續)

Impairment

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Financial instruments

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

資產減值

於各結算日，本集團審核其有形及無形資產的賬面值，以釐訂是否顯示該等資產遭受減值虧損。倘若該資產的可撥回金額估計少於其賬面值，該資產的賬面值會撥減至其可撥回金額，該減值虧損即時確認為開支。

當減值虧損於隨後撥回時，該資產的賬面值會增撥至其修訂的估計可撥回金額，惟該增撥的賬面值不可超過往年度並未確認減值虧損而釐訂的賬面值。該減值虧損撥回即時確認為收入。

金融工具

倘集團實體訂立金融工具之合約，財務資產及財務負債將於綜合資產負債表確認。財務資產及財務負債初步按公允價值計量。收購或發行財務資產和財務負債（按公允價值透過損益列賬之財務資產及財務負債除外）直接應佔之交易成本，於初步確認時加入或從財務資產或財務負債（如適用）之公允價值扣除。按公允價值透過損益列賬之財務資產或財務負債直接應佔之交易成本乃即時於損益內確認。

4. SIGNIFICANT ACCOUNTING POLICIES (Continued) 4. 主要會計政策(續)

Financial instruments (Continued)

Financial assets

The Group's financial assets are classified as loans and receivables and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place. The accounting policies adopted in respect of each category of financial assets are set out below.

Loans and receivables

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

金融工具(續)

財務資產

本集團之財務資產歸類為貸款及應收款項以及可供出售財務資產。所有以正常方式購入或出售之財務資產均按交易日基準確認及終止確認。正常購買或出售乃指須按市場規定或慣例設定之時段內交付之財務資產買賣。就每類財務資產所採用之會計政策刊載如下。

貸款及應收款項

貸款及應收款項為並無於活躍市場報價之固定或可釐定付款之非衍生財務資產。於初步確認後每個結算日，貸款及應收款項(包括貿易及其他應收款項及銀行結餘)採用實際利率法按攤銷成本呈列，並扣減任何可識別減值虧損。當有客觀證據顯示資產出現減值時，於損益內確認減值虧損，並按照資產之賬面值與按原有實際利率折讓之估計未來現金流量之現值間之差額計算減值虧損。倘資產之可收回數額之增加在客觀上與確認減值後所發生之事件有關，則減值虧損可於其後期間撥回，惟規定資產在撥回減值當日之賬面值不得超過未確認減值時之攤銷成本。

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as any of the other categories. At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are measured at the fair value and are remeasured. Changes in fair value are recognised in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in profit or loss. Any impairment losses on available-for-sale financial assets are recognised in profit or loss. Impairment losses on available-for-sale equity investments will not reverse in profit or loss in subsequent periods.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are measured at cost less any identified impairment losses at each balance sheet date subsequent to initial recognition. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired. The amount of the impairment loss is measured as the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses will not reverse in subsequent periods.

4. 主要會計政策 (續)

金融工具 (續)

可供出售財務資產

可供出售財務資產乃指定為該類別或並非歸類為任何其他類別之非衍生工具。於初步確認後每個結算日，以公允價值計算的可供出售財務資產會重新計量。公允價值變動於權益內確認，直至該財務資產被出售或被釐定為減值為止，屆時，先前於權益確認之累積收益或虧損從權益內移除，並撥至損益內確認。可供出售財務資產之任何減值虧損均於損益內確認。可供出售股本投資之減值虧損將不會於其後期間透過損益撥回。

對於並無在活躍市場中作出市場報價之可供出售股本投資，倘其公允價值不能可靠計量，則於初步確認後每個結算日，按成本減任何可識別減值虧損計量。倘有客觀證據證明該資產出現減值，則減值虧損在損益內確認。減值虧損之金額按資產賬面值與按同類財務資產之現行市場回報率折現之估計未來現金流量之現值間之差額計算。該等減值虧損不會於其後期間撥回。

4. SIGNIFICANT ACCOUNTING POLICIES (Continued) 4. 主要會計政策 (續)

Financial instruments (Continued)

Financial liabilities and equity

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

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

Other financial liabilities

Other financial liabilities (including bank and other borrowings, trade payables and other payables) are subsequently measured at amortised cost, using the effective interest rate method.

Convertible loan notes

Convertible loan notes issued by the Company that contain both the liability and conversion option components are classified separately into respective items on initial recognition. Conversion option will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

金融工具 (續)

財務負債及股本

集團所發行之財務負債及股本工具根據所訂立合約安排之實際內容及財務負債與股本工具之定義分類。

股本工具為任何可證明在扣減所有負債後於本集團資產擁有剩餘權益之合約。就本集團其他財務負債及股本工具所採納之會計政策載列如下。

其他財務負債

其他財務負債包括銀行及其他借貸，以及貿易及其他應付款項，其後採用實際利率法按攤銷成本計算。

可換股貸款票據

本公司發行的可換股貸款票據所包括的負債及轉換選擇權部分於初步確認時均分類為相關項目。轉換選擇權將以轉換為固定現金款額或以本公司自己之固定數目之股本工具轉換為其他的財務資產結算。

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Convertible loan notes (Continued)

On initial recognition, the fair value of the liability component is determined using the prevailing market interest rate of similar non-convertible debts. The difference between the proceeds of the issue of the convertible loan notes and the fair value assigned to the liability component, representing the conversion option for the holder to convert the loan notes into equity, is included in equity (convertible note equity reserve).

In subsequent periods, the liability component of the convertible loan notes is carried at amortised cost using the effective interest method. The equity component, represented by the option to convert the liability component into ordinary shares of the Company, will remain in convertible note equity reserve until the conversion option is exercised (in which case the balance stated in convertible note equity reserve will be transferred to share premium). Where the option remains unexercised at the expiry date, the balance stated in convertible note equity reserve will be released to the retained profits. No gain or loss is recognised in profit or loss upon conversion or expiration of the option.

Transaction costs that relates to the issue of the convertible loan notes are allocated to the liability and equity components in proportion to the allocation of the proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and amortised over the period of the convertible loan notes using the effective interest method.

4. 主要會計政策 (續)

金融工具 (續)

可換股貸款票據 (續)

於初步確認時，負債部分之公允價值以類似非可換股債務現時之市場利率釐訂。發行可換股貸款票據所得款項與負債部分之公允價值之差額，代表轉換選擇權持有人轉換貸款票據為股本，包括於股本內(可換股票據股本儲備)。

於隨後期間，可換股貸款票據之負債部分乃運用實際利率法按攤銷成本入賬。權益部分(代表選擇權轉換負債部分為本公司之普通股份)將保留於可換股票據股本儲備，直至該轉換選擇權獲行使(於該情況下，可換股票據股本儲備所列示的結餘將轉讓至股份溢價)。當選擇權於期滿日期仍並未獲行使，可換股票據股本儲備所列示的結餘將撥作保留盈利。於選擇權轉換或期滿時，並無收益或虧損於損益賬內確認。

有關發行可換股貸款票據的交易成本，會按所得款項分配比例分配至負債及權益部分。有關權益部分之交易成本直接於權益入賬。有關負債部分的交易成本包括於負債部分之賬面值，並於可換股貸款票據期間運用實際利率法攤銷。

4. SIGNIFICANT ACCOUNTING POLICIES (Continued) 4. 主要會計政策(續)

Financial instruments (Continued)

Equity instruments

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

Financial guarantee contracts

A financial guarantee 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 payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designed as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount determined in accordance with HKAS 37 Provisions, Contingent Liabilities and Contingent Asset; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with Hong Kong Accounting Standard 18 Revenue.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

金融工具(續)

股本工具

本公司所發行之股本工具乃按已收取之所得款項扣除直接發行成本入賬。

財務保證合約

財務保證合約乃規定發行人作出特定付款以補償持有人由於特定債務人未能根據債務工具的原有及修改的條款於到期時付款而招致之虧損之合約。本集團發出及並不為公允價值於損益賬入賬而設之財務保證合約，初步以其公允價值扣減發出該財務保證合約之直接應佔交易成本確認。隨初步確認後，本集團以下較高者計量財務保證合約：(i)根據香港會計準則第37號撥備、或然負債及或然資產所釐訂的款額；及(ii)根據香港會計準則第18號收益，於初步確認之款額減去確認之累積攤銷(以較高者為準)。

終止確認

倘自資產收取現金流量之權利屆滿，或該等財務資產已轉讓且本集團已轉讓該等財務資產所有權之絕大部份風險及回報，則終止確認財務資產。於終止確認財務資產時，資產之賬面值與已收代價及已直接於權益確認之累積收益或虧損總和間之差額，乃於損益內確認。

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Derecognition (Continued)

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in profit or loss.

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

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

4. 主要會計政策(續)

金融工具(續)

終止確認(續)

財務負債於有關合約內規定之責任獲解除、取消或屆滿後終止確認。終止確認之財務負債之賬面值與已付或應付代價間之差額，乃於損益內確認。

稅項

所得稅開支代表即期稅項及遞延稅項之總和。

即期稅項乃根據年度之應課稅收入。應課稅收入有別於綜合收益表申報之收入，由於並不包括於其他年度可課稅及扣除之收入或開支項目及其進一步不包括永久不用課稅及扣除。本集團於即期稅項之責任乃使用於結算日已頒佈或大概頒佈的稅率計算的。

遞延稅項乃於綜合財務報表資產及負債之賬面金額之間的差異確認，以及使用相應稅項基準計算應課稅盈利，並使用資產負債表法入賬。遞延稅項負債一般確認所有應課稅暫時差額，以及遞延稅項資產確認可供的應課稅收入抵銷可使用之扣除暫時差額。倘若該暫時差額乃來自商譽或其他資產及負債於交易中，並無影響應課稅收入或會計收入之初步確認(業務合併以外)，該等資產及負債不用確認。

4. SIGNIFICANT ACCOUNTING POLICIES (Continued) 4. 主要會計政策(續)

Taxation (Continued)

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

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

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods provided in the normal course of business, net of discounts and sales related taxes.

- (a) Sales of newspapers, magazines and books are recognised when newspapers, magazines and books are delivered and title has passed;
- (b) Advertising revenue is recognised on the relevant publication date of the Group's newspapers and magazines;
- (c) Advertising revenue is also derived from the sales of advertisements and sponsorships on the Group's website. The advertising revenue is recognised over the period in which the advertisements are displayed, provided that no significant obligations remain and collection of the receivable is reasonably assured;

稅項(續)

遞延稅項資產的賬面金額乃於各結算日重新檢討，並在沒可能有足夠應課稅溢利讓全部或部份遞延稅項資產得以收回時作調減。

遞延稅項乃以負債結算或資產變現期間預期應用之稅率計算。遞延稅項乃扣除至或轉撥往損益賬，除了當相關之項目直接扣除至或轉撥往權益，於該情況下，遞延稅項亦於權益中處理。

收入確認

收入乃以已收或應收之代價之公允價值計算，並代表於一般正常業務過程中提供之貨品應收款項，減去折扣及銷售有關稅項。

- (a) 報章、雜誌及書籍之銷售額乃於報章、雜誌及書籍已派送及所有權已轉移時確認；
- (b) 廣告收入乃於本集團之報章及雜誌之有關出版日期確認；
- (c) 廣告收入亦來自銷售廣告及對本集團網站之贊助。此等廣告收入乃於廣告刊登之期間確認，惟並無尚餘任何重大責任及可合理確定可收回應收款項；

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

- (d) Interest income from bank deposits is accrued on a timely basis, by reference to the principal outstanding and at the effective interest rate applicable; and
- (e) Services income is recognised when services are provided.

Barter transactions

When goods or services are exchanged or swapped for dissimilar goods or services, the exchange is regarded as a transaction which generates revenue and barter revenue and expenses are recognised. Barter revenue and expenses are measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, barter revenue and expenses are measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

Equity-settled share-based payment transactions

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

At each balance sheet date, the Group revises its estimates of the number of options that are expected to ultimately vest. The effect of the change in estimate, if any, is recognised in profit or loss with a corresponding adjustment to share options reserve.

4. 主要會計政策(續)

收入確認(續)

- (d) 來自銀行存款之利息收入乃因應尚欠本金及有效利率按時間比例計算；及
- (e) 提供服務之收入於提供服務時確認。

以物易物交易

凡貨品或服務交換或換取不類似之貨品或服務，是項交換被視為一項產生收益之交易，並確認該等以物易物收益及開支。以物易物收益及開支乃按所收之貨品或服務之公允價值計量，並經由任何轉讓之現金或現金等值項目款額調整。凡未能可靠地計量所收之貨品或服務之公允價值時，以物易物收益及開支按放棄之貨品或服務之公允價值計算，並以已轉讓之任何現金或現金等值項目款額調整。

權益結算以股份為基礎之付款交易

就已授予僱員的購股權，已獲得服務的公允價值於有關歸屬期使用直線法基礎，參考於授出日期已授出購股權的公允價值釐定，同時增加相應權益(購股權儲備)。

於各個結算日，本集團修改其估計預期最終歸屬的購股權數目。估計變動影響(如有)被確認於損益內，同時相應調整購股權儲備。

4. SIGNIFICANT ACCOUNTING POLICIES (Continued) 4. 主要會計政策 (續)

Equity-settled share-based payment transactions (Continued)

At the time when the share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained profits.

For share options granted to suppliers in exchange for goods or services, they are measured at the fair value of the goods or services received. The fair values of the goods or services are recognised as expenses immediately, unless the goods or services qualify for recognise as assets. Corresponding adjustments have been made to equity.

Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme are charged as an expense when employees have rendered service entitling them to the contributions. The amounts of contributions payable to pension schemes in jurisdictions other than Hong Kong are also charged to the consolidated income statement as they fall due.

權益結算以股份為基礎的付款交易 (續)

當購股權被行使時，之前確認於購股權儲備的金額將被轉撥至股份溢價。當購股權於歸屬日期後被沒收或於到期日仍未經行使，之前確認於購股權儲備的金額將被轉撥至保留利潤。

至於已授予供應商之購股權以交換商品或服務，彼等以商品或已獲得服務的公允價值計算。商品或服務之公允價值被即時確認為開支，除非商品或服務有資格確認為資產。已於權益作出相應調整。

退休福利成本

當僱員提供服務而使彼等享有供款時，付予強制性公積金計劃之款項以開支入賬。於香港以外之司法權區應付退休金計劃供款金額亦於彼等到期時計入綜合收益表。

4. SIGNIFICANT ACCOUNTING POLICIES (Continued) 4. 主要會計政策(續)

Foreign currencies

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

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

外幣

於編製各個別集團實體財務報表時，實體功能貨幣以外貨幣(外幣)之交易以於交易日期前的匯率以各自的功能貨幣入賬(即該實體營運之主要經濟環境貨幣)。於各結算日，以外幣結算的貨幣項目以結算日當前的匯率重新換算。按公允價值計及的並以外幣結算的非貨幣項目以公允價值釐定的日期當前之匯率重新換算。以外幣的歷史成本計算的非貨幣項目並未被重新換算。

於結算貨幣項目及於換算貨幣項目產生的匯兌差額，於彼等發生時期被確認於損益內，惟除於作為本公司之國外營運投資淨額一部份的貨幣項目產生的匯兌差額除外，該等匯兌差額於綜合財務報表以權益確認。於重新換算按公允價值計及的非貨幣項目產生的匯兌差額計入於期內之損益，惟重新換算有關直接於權益確認的收益及虧損的非貨幣項目產生的差額(此匯兌差額亦直接於權益確認)除外。

4. SIGNIFICANT ACCOUNTING POLICIES (Continued) 4. 主要會計政策(續)

Foreign currencies (Continued)

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

Leasing

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

The Group as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised in the consolidated income statement on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

外幣(續)

就呈列綜合財務報表而言，本集團之國外營運資產及負債按結算日當前的匯率被換算為本集團呈列貨幣(即港元)，而其收入及開支則按年內平均匯率換算，除非匯率於期內顯著地波動(此情況下，使用於交易日期當前的匯率)。產生的匯兌差額(如有)，被確認於權益之獨立組成部份(貨幣換算儲備)。該等匯兌差額於國外營運出售時被確認於損益內。

租賃

當租賃條款將擁有權之風險及回報基本上全部轉移至承租人時，該租賃確認為融資租賃。其他所有租賃皆歸類為經營租賃。

本集團作為出租人

根據融資租賃應收承租人之款項按本集團於租賃之投資淨額入賬於應收款項。融資租賃收入被分配於會計期間，以反映本集團有關租賃投資淨額於會計期間穩定之回報率。

營運租賃所得租金收入於相關租賃時期以直線法於綜合收益表確認。於談判及安排營運租賃招致之初步直接成本乃加入於租賃資產賬面值，並於租賃期內以直線法確認為開支。

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leasing (Continued)

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see below).

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

Leasehold land

Interest in leasehold land is amortised over the lease term on a straight-line basis.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement.

4. 主要會計政策(續)

租賃(續)

本集團作為承租人

根據融資租賃持有資產以彼等於成立租賃時之公允價值，或按最低租賃付款之現時價值(如較低)，被確認為本集團資產。出租人相應負債被包括於綜合資產負債表內之融資租賃責任。租賃付款被分配為財務開支及減少租賃責任，以達到剩餘負債結餘之穩定利率。財務開支已被直接計入損益賬內，除非彼等為直接合資格資產產生(此情況下，彼等根據本集團之一般借貸政策被資本化(參閱下文))。

經營租賃之應付租金以直線法於相關租賃期內從損益賬中扣除。簽訂經營租賃時，作為優惠之已收及應收利益按直線法確認於租賃期內租金開支之扣減。

租賃土地

租賃土地權益於租賃期內以直線法攤銷。

現金及現金等值項目

現金及現金等值項目包括銀行庫存現金及手頭現金，以及存入銀行及其他財務機構之活期存款，並包括可兌換為已知數額現金之短期高流動性投資，其價值變動風險較低，於收購後三個月內到期。就綜合現金流量表而言，應要求償還且為本集團現金管理重要部份之銀行透支亦計入現金及現金等值項目。

4. SIGNIFICANT ACCOUNTING POLICIES (Continued) 4. 主要會計政策 (續)

Related parties 關連人士

For the purposes of these financial statements, a party is considered to be related to the Group if:

- (a) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;
- (b) the Group and the party are subject to common control;
- (c) the party is an associate of the Group or a joint venture in which the Group is a venturer;
- (d) the party is a member of key management personnel of the Group or the Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;
- (e) the party is a close family member of a party referred to in (a) or is an entity under the control, joint control or significant influence of such individuals; or
- (f) the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

關連人士

就作該等財務報表之目的而言，該人士被認定為本集團之關連人士，倘若：

- (a) 該人士有能力，直接或間接透過一間或以上的中介公司控制本集團或對本集團作出的財務及經營政策決策具有重大的影響力，或對本集團具有共同控制；
- (b) 本集團及該人士受限於共同控制；
- (c) 該人士為本集團之聯營公司或本集團為合營人之合營企業；
- (d) 該人士為本集團或本集團母公司之主要管理人員成員，或該個人之密切家庭成員，或為受該個人之控制、共同控制或重大影響之實體；
- (e) 該人士為於(a)所指之人士之密切家庭成員，或為受該個人之控制、共同控制或重大影響之實體；
- (f) 該人士乃作為本集團員工福利之聘用後福利計劃或乃本集團之關連人士之任何實體。

該個人之密切家庭成員乃該等家庭成員，預期可影響該個人處理實體或受影響。

4. SIGNIFICANT ACCOUNTING POLICIES (Continued) 4. 主要會計政策(續)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing product or service (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

In accordance with the Group's internal financial reporting system, the Group has chosen business segment information as the primary reporting format. The Group's operations are primarily in Hong Kong and all of the Group's turnover is attributable to businesses conducted in Hong Kong. Consequently, no geographical segment analysis is presented.

借貸成本

收購、建設或生產合資格資產直接應佔借貸成本乃資本化，成為該等資產之成本。當該資產實際上可使用或出售時，便終止該等借貸成本之資本化。暫時投資於特定借貸所賺取之投資收入有待其於合資格資產之開支從借貸成本扣除以作資本化。

其他所有於期內彼等招致之借貸成本被確認於損益賬內。

分部呈報

本集團從事提供獨立產品或服務或一組相關產品或服務(業務分部)，或於特定經濟環境提供產品或服務(地域分部)之可區別部份為一個分部，其涉及之風險及回報與其他分部有所不同。

按照本集團內部財務呈報系統，本集團選擇以業務分部資料為主要呈報形式。本集團之業務主要在香港經營，而本集團所有營業額均來自香港經營之業務。因此，並無呈列地域分部分析。

4. SIGNIFICANT ACCOUNTING POLICIES (Continued) 4. 主要會計政策(續)

Segment reporting (Continued)

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. For example, segment assets may include inventories, trade receivables and fixed assets. Segment revenue, expenses, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between Group enterprises within a single segment. Intra-segment pricing is based on similar terms as those available to other external parties.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

Unallocated items mainly comprise financial and corporate assets, interest-bearing loans, borrowings, corporate and financing expenses.

Provisions

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

分部呈報(續)

分部收入、支出、業績、資產及負債包括可直接計入該分部之項目，以及按合理基準分配至該分部者。例如，分部資產可能包括存貨、貿易應收款項及固定資產。收益、開支、資產及負債分部於集團內公司間結餘及集團內公司間交易已抵銷前釐訂，以作綜合過程之一部分，除非該等集團內公司間之結餘或交易乃於集團內企業間之單一分部。分部間之價格乃根據該等提供予其他外部人士之類似條款。

分部資本開支指期內購買預期可使用超過一個會計期間之分部資產(有形及無形)而動用之總成本。

未分配項目主要包括財務及企業資產，帶息貸款、借貸、企業及財務開支。

撥備

當本集團由於過往事件而帶來的現有責任，本集團可能需要結算該等責任，會確認於撥備內。該撥備以董事於結算日所需結算之開支之最佳估計計算，並以影響重大之現值折現。

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies, management has made the following judgments and the key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(a) Going concern and liquidity

The Group has consolidated net liabilities of approximately HK\$252,668,000 at 31 March 2007 and loss of approximately HK\$104,845,000 for the year then ended indicating the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The directors are taking active steps to improve the liquidity position of the Group and details are set out in note 2. The consolidated financial statements have been prepared on a going concern basis. Should the measures fail to improve the liquidity position of the Group and the Group is unable to continue in business as a going concern, adjustments would have to be made to reduce the carrying amounts of the assets of the Group to their recoverable amount, to provide for further liabilities which might arise.

5. 關鍵會計判斷及估計不確定因素之主要來源

於編製財務報表時，管理層於選擇及應用會計原則時須作出重要判斷，及有關未來之主要假設及其他於結算日估計不明朗因素之主要來源，於下一個財政年度內擁有導致資產及負債賬面值重大調整之重大風險。

(a) 繼續經營及流動資金

本集團於二零零七年三月三十一日綜合淨負債約港幣252,668,000元，以及截至該日止年度虧損約港幣104,845,000元為對本集團持續經營之能力產生重大疑問的重大不明朗因素。董事採取主動步驟以改善本集團的流動資金情況，詳情載列於附註2。綜合財務報表按繼續經營為基準編製。倘該方法未能改善本集團的流動資金情況及本集團未能持續其業務為繼續經營，將會作出調整以降低本集團資產之賬面值至彼等之可收回數額，以提供作可能產生之額外負債。

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

(b) Useful lives and residual values of property, plant and equipment

The Group estimates the useful lives and residual values of its property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives and residual values of the property, plant and equipment are reviewed annually and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, the Group's estimation of the useful lives and residual values of its property, plant and equipment is based on its collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in those estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives and residual value of the Group's property, plant and equipment would increase its recorded depreciation expenses and decrease its non-current assets.

(c) Deferred tax assets

The Group reviews the carrying amounts at each balance sheet date and estimate whether the Group will generate sufficient taxable profit to allow all or part of the deferred assets to be utilised.

5. 關鍵會計判斷及估計不確定因素之主要來源(續)

(b) 物業、廠房及設備之可使用年期及剩餘價值

本集團按預期資產備妥可用之期間估計其物業、廠房及設備之可使用年期及剩餘價值。物業、廠房及設備之估計可使用年期及剩餘價值會每年檢討，並在因耗損、技術或商業上過時及使用資產之法定或其他限制而預計有別於早前估計時更新。此外，本集團按其對行業慣例、內部技術評估及類似資產之經驗整體評估其物業、廠房及設備之可使用年期及剩餘價值。然而，因上述因素變更而使估計受到變動，會使日後營運業績受到重大影響。就任何期間記錄開支之金額及時間均會受該等因素及狀況變動所影響。倘本集團物業、廠房及設備之估計可使用年期及剩餘價值減少，其已記錄折舊開支將會增加，非流動資產則會減少。

(c) 遞延稅項資產

本集團於每個結算日檢討其賬面值，並估計本集團能否產生足夠應課稅溢利以供全部或部分遞延稅項資產運用。

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

(d) Impairment losses for bad and doubtful accounts

The policy for impairment losses for bad and doubtful debts of the Group is based on the evaluation of collectibility and aging analysis of accounts on management's judgment. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate thus resulting in an impairment of their ability to make payments, additional allowances for impairment losses may be required.

(e) Provision for loss and obsolescence for inventories

The Group estimates the provision for loss and obsolescence for inventories based on the best available facts and circumstances, including but not limited to, the inventories' own conditions (i.e. whether they are damaged or become wholly or partially obsolete), their market selling prices, estimated costs of completion and estimated costs to be incurred for their sales. The provisions are re-evaluated and adjusted where additional information received affects the amount estimated.

5. 關鍵會計判斷及估計不確定因素之主要來源(續)

(d) 呆壞賬減值虧損

本集團有關呆壞賬之減值虧損政策乃根據賬目之可收回性評估及賬齡分析以及按管理層之判斷而釐定。於評估該等應收款項之最終變現情況時，需要作出很大程度之判斷，包括評估每名客戶現時之信貸情況及過去之收款記錄。倘本集團客戶之財政狀況轉壞，以致減弱彼等之付款能力，則需要就減值虧損作出額外撥備。

(e) 存貨廢棄及虧損撥備

本集團按可獲取最佳事實及狀況估計其存貨廢棄及虧損撥備，包括但不限於存貨本身狀況（即是否已損毀或全部或部分過時）、其市場售價、估計完成成本及估計銷售產生之成本。倘獲取進一步資料會影響所估計金額，則有關撥備會重新評估及調整。

6. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

The Group's major financial instruments include equity investments, trade and other receivables, trade and other payables, borrowings and bank balances. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at 31 March 2007 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated balance sheet. In order to minimise the credit risk, the management of the Group has implemented internal control procedures for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

6. 金融工具

(a) 金融風險管理目標及政策

本集團之主要金融工具包括股本及債務投資、貿易及其他應收款項、貿易及其他應付款項、借貸及銀行結餘。此等金融工具之詳情披露於各有關附註。此等金融工具之相關風險及減低風險之政策載述如下。管理層負責管理及監察此等風險，以確保能適時及有效地採取適當措施。

(i) 信貸風險

對手方於二零零七年三月三十一日不履行其有關各類已確認財務資產之義務令本集團承受之最大信貸風險為綜合資產負債表所列該等資產之賬面值。為最大程度地減低信貸風險，本集團管理層已就信貸額之釐定及信貸批核制訂內部控制程序及其他監察程序，以確保採取跟進措施收回逾期賬款。此外，本集團於各結算日檢討各項個別貿易債務之可收回數額，以確保就無法收回之數額作出足夠之減值虧損撥備。有鑑於此，本公司董事認為本集團之信貸風險已顯著地減低。

6. FINANCIAL INSTRUMENTS (Continued)

(a) Financial risk management objectives and policies (Continued)

(i) Credit risk (Continued)

The credit risk on liquid funds is limited because the counterparties are banks with good reputation.

At the balance sheet date, the Group has a certain concentration of credit risk as approximately 45% (2006: 24%) and 9% (2006: Nil) of the total trade and other receivables was due from the landlord for the rental deposit and the substantial shareholder of the Company respectively.

(ii) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient bank balances and cash and the availability of funding through an adequate amount of committed credit facilities. The Group also aims at maintaining the flexibility in funding by arranging and keeping financing available.

As set out in note 2, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the Group's net current liabilities of approximately HK\$105,549,000 at 31 March 2007. The directors of the Company have taken steps to improve the liquidity of the Group and the directors are satisfied that the Group will have sufficient resources to be able to meet its financial obligations as they fall due for the foreseeable future.

6. 金融工具(續)

(a) 金融風險管理目標及政策(續)

(i) 信貸風險(續)

由於對手方均為信譽良好之銀行，故流動資金之信貸風險有限。

於結算日，本集團具有若干集中信貸風險約45% (二零零六年：24%)及分別來自業主作租金按金及本公司主要股東之貿易及應收款項約9% (二零零六年：無)。

(ii) 流動資金風險

審慎之流動資金風險管理指維持足夠銀行結餘及現金及透過安排足夠已承諾信貸額度維持充足之資金。本集團亦透過安排銀行信貸及其他外部融資，旨在維持資金周轉之靈活性。

如附註2所轉載，有鑑於本集團於二零零七年三月三十一日之流動負債淨額約港幣105,549,000元，本公司董事已審慎考慮本集團於未來之現金流動。本公司董事已採取措施改善本集團之流動性，董事滿意本集團將有充足資源於可預見未來應付其到期之財務責任。

6. FINANCIAL INSTRUMENTS (Continued)

(a) Financial risk management objectives and policies (Continued)

(iii) Interest rate risk

Interest rate risk arises from the potential changes in interest rates that may have adverse effects on the Group's result for the current reporting period and the future years.

The interest rate exposure for the Group is restricted to the finance costs for borrowings and obligations under finance leases. The Group's interest rate risks relates to variable and fixed-rate borrowings. The Group currently does not have any interest rate hedging policy. The directors monitor the Group's exposure on an ongoing basis and will consider hedging interest rate risk should the need arises.

(b) Fair value

The fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their respective fair values.

6. 金融工具 (續)

(a) 金融風險管理目標及政策 (續)

(iii) 利率風險

由潛在利率變動產生的利率風險可能不利地影響本年度及未來年度之本集團業績。

本集團之利率風險限制於借貸財務成本及融資租賃下之責任。本集團之利率風險與變動及固定的借貸利率有關。本集團現時並無任何利率對沖政策。董事以持續基礎監控本集團之風險及於需要時，將考慮對沖利率風險。

(b) 公允價值

財務資產及財務負債的公允價值乃根據一般已接受之價格模式，按現金流量分析折現或使用來自觀察目前市場交易之價格。

董事認為入賬於綜合財務報表攤銷成本之財務資產及財務負債之賬面值相若於彼等相關之公允價值。

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財務報表附註 截至二零零七年三月三十一日止年度

7. TURNOVER AND OTHER REVENUE

Turnover represents the gross proceeds received and receivable derived from the sales of newspapers, magazines, books and advertisement income are summarized as follows:

7. 營業額及其他收入

營業額乃指已收及應收有關銷售報章、雜誌及書籍之款項以及廣告收入總額，茲概列如下：

		2007 二零零七年 HK\$'000 港幣千元	2006 二零零六年 HK\$'000 港幣千元
Turnover	營業額		
Sales of newspapers, magazine and books	銷售報章、雜誌及書籍	44,438	54,384
Newspapers and magazine advertising income	報章及雜誌廣告收入	23,316	29,644
Sales of goods, net of discounts and allowances	銷售貨品(扣除折扣及減免)	-	23
		67,754	84,051
Other revenue	其他收入		
Bank interest income	銀行利息收入	17	116
Sundry income	雜項收入	2,050	3,569
Licence fee income	牌照費收入	1,000	-
Gain on disposal of subsidiaries	出售附屬公司收益	576	-
Gain on deconsolidation of a subsidiary	附屬公司不再綜合入賬之收益	2,225	-
		5,868	3,685
		73,622	87,736

Included in newspapers and magazine advertising income is approximately HK\$176,000 (2006: HK\$1,374,000) in respect of barter transactions entered into during the year.

報章及雜誌廣告收入包括於年內訂立金額約為港幣176,000元(二零零六年：港幣1,374,000元)之以物易物之交易。

Notes to the Financial Statements For the year ended 31 March 2007

財務報表附註 截至二零零七年三月三十一日止年度

8. SEGMENT INFORMATION

Business segment

For management purposes, the Group is currently organised into the following operating divisions. These divisions are the basis on which the Group reports its primary segment information.

8. 分部資料

業務分部

就管理而言，本集團目前由下列業務組成。此等業務乃本集團呈報其主要分部資料之基準。

For the year ended 31 March 2007
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		Newspaper, magazine and book business 報章、雜誌及 書籍業務 HK\$'000 港幣千元	Website business 網站業務 HK\$'000 港幣千元	Others 其他 HK\$'000 港幣千元	Consolidated 綜合 HK\$'000 港幣千元
Turnover	營業額	67,754	–	–	67,754
Segment results	分部業績	(67,273)	(195)	(1,527)	(68,995)
Interest income	利息收入				17
Loss from operations	營運虧損				(68,978)
Finance costs	財務成本				(24,213)
Share of results of an associate	分佔聯營公司業績	(579)	–	–	(579)
Loss before taxation	除稅前虧損				(93,770)
Income tax	所得稅				(11,075)
Loss for the year	年度虧損				(104,845)
ASSETS	資產				
Segment assets	分部資產	31,253	1	1,330	32,584
Interest in an associate	於聯營公司權益	138			138
Consolidated total assets	綜合資產總額				32,722
LIABILITIES	負債				
Segment liabilities	分部負債	40,496	1,004	4,602	46,102
Unallocated corporate liabilities	未能分配集團負債				239,288
Consolidated total liabilities	綜合負債總額				285,390
OTHER INFORMATION	其他資料				
Capital expenditure	資本開支				
– Property, plant and equipment	– 物業、廠房及設備	2,770	–	–	2,770
Depreciation and amortisation	折舊及攤銷	19,622	–	–	19,622
Impairment loss on receivables	應收款項減值虧損	1,788	–	–	1,788
Gain on deconsolidation of a subsidiary	附屬公司不再綜合入賬之收益	–	2,225	–	2,225
Gain on disposal of subsidiaries	出售附屬公司收益	–	–	576	576
Loss on disposal of available-for-sale investments	出售可供出售投資之虧損	–	232	–	232
Loss on disposal of property, plant and equipment	出售物業、廠房及設備之虧損	263	–	–	263

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財務報表附註 截至二零零七年三月三十一日止年度

8. SEGMENT INFORMATION (Continued)

Business segment (Continued)

8. 分部資料(續)

業務分部(續)

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

		Newspaper, magazine and book business 報章、雜誌及 書籍業務 HK\$'000 港幣千元	Website business 網站業務 HK\$'000 港幣千元	Others 其他 HK\$'000 港幣千元	Consolidated 綜合 HK\$'000 港幣千元
Turnover	營業額	84,028	–	23	84,051
Segment results	分部業績	(82,860)	(161)	(2,853)	(85,874)
Interest income	利息收入				116
Loss from operations	營運虧損				(85,758)
Finance costs	財務成本				(15,733)
Share of results of an associate	分佔聯營公司業績	(866)			(866)
Loss before taxation	除稅前虧損				(102,357)
Income tax	所得稅				1,385
Loss for the year	年度虧損				(100,972)
ASSETS	資產				
Segment assets	分部資產	47,609	1,514	53	49,176
Interest in an associate	於聯營公司權益	717			717
Consolidated total assets	綜合資產總額				49,893
LIABILITIES	負債				
Segment liabilities	分部負債	35,986	1,027	2,164	39,177
Unallocated corporate liabilities	未能分配集團負債				156,368
Consolidated total liabilities	綜合負債總額				195,545
OTHER INFORMATION	其他資料				
Capital expenditure	資本開支				
– Property, plant and equipment	– 物業、廠房及設備	158	–	–	158
Depreciation and amortisation	折舊及攤銷	19,523	75	–	19,598
Impairment loss on receivables	應收款項減值虧損	641	–	187	828
Loss on disposal of property, plant and equipment	出售物業、廠房及 設備之虧損	53	–	–	53
Loss on deconsolidation of a subsidiary	附屬公司不再綜合 入賬之虧損	–	9	–	9

The Group's operations are mainly located in Hong Kong and all significant identifiable assets of the Group are located in Hong Kong. Accordingly, no analysis by geographic segment is presented.

本集團之業務主要位於香港，而本集團所有主要可識別資產亦位於香港，因此，並無按地域分部呈列分析。

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財務報表附註 截至二零零七年三月三十一日止年度

9. FINANCE COSTS

9. 財務成本

		2007 二零零七年 HK\$'000 港幣千元	2006 二零零六年 HK\$'000 港幣千元
Interest on:	以下項目之利息：		
Bank borrowings wholly repayable within one year	於一年內全部償還之銀行借貸	3	-
Other borrowings wholly repayable within one year	於一年內全部償還之其他借貸	181	21
Other borrowings not wholly repayable within one year	於一年內未全部償還之其他借貸	12,547	6,267
Effective interest expenses on convertible note	可換股票據之實際利息開支	11,464	8,184
Finance leases	融資租賃	18	1,261
		24,213	15,733

10. INCOME TAX

10. 所得稅

The tax charge/(credit) comprises:

稅項支出／(抵免)包括：

		The Group 本集團	
		2007 二零零七年 HK\$'000 港幣千元	2006 二零零六年 HK\$'000 港幣千元
Hong Kong Profit Tax	香港利得稅		
– current	– 本年度	2,968	-
– under-provision in previous years	– 過往年度撥備不足	7,993	-
Deferred tax charge/(credit) (Note 27)	遞延稅項支出／(抵免) (附註27)	114	(1,385)
		11,075	(1,385)

Provision for Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profits for the current and prior years.

香港利得稅的撥備以17.5% (二零零六年：17.5%) 稅率於本年及往年之估計應課稅溢利撥備。

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財務報表附註 截至二零零七年三月三十一日止年度

10. INCOME TAX (Continued)

The tax charge/(credit) for the year can be reconciled to the loss per the consolidated income statement as follows:

10. 所得稅(續)

本年度之稅項支出/(抵免)可調節至綜合收益表中之虧損如下：

		The Group 本集團	
		2007 二零零七年 HK\$'000 港幣千元	2006 二零零六年 HK\$'000 港幣千元
Loss before taxation	除稅前虧損	(93,770)	(102,357)
Tax at Hong Kong profits tax rate of 17.5% (2006: 17.5%)	按香港利得稅稅率17.5% (二零零六年:17.5%) 計算之稅項	(16,410)	(17,912)
Tax effect of expenses not deductible for tax purpose	在稅務上不可扣減支出之 稅項影響	15,891	7,549
Tax effect of income not taxable for tax purpose	在稅務上不可課稅收入之 稅項影響	(8,205)	-
Tax effect of capital allowances	資本免稅額之稅項影響	(273)	(872)
Tax effect of tax losses not recognized	未確認稅務虧損之稅項影響	11,864	10,960
Tax effect of share of results of associate	分佔聯營公司業績之稅項影響	101	152
Effect of different tax rates of subsidiaries operating in other jurisdictions	在其他司法權區營運之附屬公司 因適用稅率不同而產生之影響	-	78
Tax effect of utilization of deferred tax assets previously not recognised	使用往年未確認之遞延稅項 資產之稅項影響	(1,955)	(1,385)
Tax effect of under provision in prior year	往年撥備不足之稅項影響	7,993	45
Others	其他	2,069	-
Tax charge/(credit) for the year	年度稅項支出/(抵免)	11,075	(1,385)

Details of deferred taxation are set out in note 27.

遞延稅項之詳情載於附註27。

Notes to the Financial Statements For the year ended 31 March 2007

財務報表附註 截至二零零七年三月三十一日止年度

11. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging the followings:

11. 本年度虧損

本年度虧損乃經扣除以下各項：

		2007 二零零七年 HK\$'000 港幣千元	2006 二零零六年 HK\$'000 港幣千元
Auditors' remuneration	核數師酬金		
– audit fee for the current year	– 本年度審核費用	800	430
– audit fee underprovided in prior year	– 往年度審核費用撥備不足	–	13
Depreciation	折舊		
– own property, plant and equipment	– 自置之物業、廠房及設備	19,370	6,577
– leased property, plant and equipment	– 租用之物業、廠房及設備	249	13,018
Amortisation of lease premium for land	租賃土地地價攤銷	3	3
Impairment loss on receivables	應付款項減值虧損	1,788	828
Loss on disposal of available-for-sale investments	出售可供出售投資之虧損	232	–
Loss on disposal of property, plant and equipment	出售物業、廠房及設備之虧損	263	53
Loss on deconsolidation of a subsidiary	附屬公司不再綜合入賬之虧損	–	9
Staff costs including directors' fees and emoluments (Note 12), provision for long service payment and provision for annual leave	包括董事袍金及酬金(附註12)、長期服務金撥備及年假撥備之員工成本	61,052	76,803
Operating lease rentals:	經營租賃租金：		
minimum lease payment	最少租約付款		
– machinery	– 機械	398	398
– internet leased line	– 互聯網租用線路	–	85
– office premises	– 辦公室物業	6,276	4,717
Cost of inventories recognised as expenses	確認為開支之存貨成本	28,410	40,498

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財務報表附註 截至二零零七年三月三十一日止年度

12. DIRECTORS' AND EMPLOYEES' REMUNERATION 12. 董事及僱員酬金

(a) Directors' emoluments

The emoluments paid or payable to each of the directors were as follows:

(a) 董事之袍金

下列為已付及應付予各董事之袍金：

		Fees	Basic Salaries	Allowances and other benefits	Retirement benefits schemes contributions	Total 2007
		袍金	基本薪金	津貼及其他福利	退休福利計劃供款	二零零七年總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
Executive Directors	執行董事					
Cui En Qing	崔恩卿	-	-	-	-	-
Hao Bin	郝彬	-	60	-	-	60
Wong Fei	王飛	-	-	-	-	-
Qin Hong	覃宏	-	-	-	-	-
Xing Jing	邢晶	-	-	-	-	-
Independent Non-Executive Directors	獨立非執行董事					
Lam Cheung Shing, Richard	林長盛	-	-	-	-	-
Shi Bin Hai	施濱海	-	-	-	-	-
Yan Chun	閔春	-	-	-	-	-
Chan Ngai Sang Kenny	陳毅生	-	-	-	-	-
Total emoluments	袍金總額	-	60	-	-	60

		Fees	Basic Salaries	Allowances and other benefits	Retirement benefits schemes contributions	Total 2006
		袍金	基本薪金	津貼及其他福利	退休福利計劃供款	二零零六年總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
Executive Directors	執行董事					
Cui En Qing	崔恩卿	-	60	-	-	60
Xing Jing	邢晶	-	1,050	-	-	1,050
Non Executive Director	非執行董事					
Kwok Yat Ming	郭一鳴	-	940	-	12	952
Independent Non-Executive Directors	獨立非執行董事					
Lam Cheung Shing, Richard	林長盛	10	-	-	-	10
Shi Bin Hai	施濱海	96	-	-	-	96
Yan Chun	閔春	96	-	-	-	96
Chan Ngai Sang Kenny	陳毅生	128	-	-	-	128
Total emolument	袍金總額	330	2,050	-	12	2,392

Notes to the Financial Statements For the year ended 31 March 2007

財務報表附註 截至二零零七年三月三十一日止年度

12. DIRECTORS' AND EMPLOYEES' REMUNERATION (Continued) 12. 董事及僱員酬金 (續)

(b) Employees' emoluments

Of the five highest paid individuals for the year included nil (2006: one) director, details of whose emoluments are set out in note (a) above. The emoluments of the remaining five (2006: four) individuals during the year were as follows:

Salaries and other benefits in kind	薪金及其他實物利益
Retirement benefits scheme contributions	退休福利計劃供款

Their emoluments were within the following bands:

Nil to HK\$1,000,000	不多於港幣1,000,000元
HK\$1,000,001 – HK\$1,500,000	港幣1,000,001元至 港幣1,500,000元

(c) During the year, no emoluments were paid by the Group to any of the directors or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors have waived any emoluments during the year.

(b) 僱員之酬金

本年度五名最高薪人士包括零名(二零零六年：一名)董事，其酬金詳情載於上文附註(a)。其餘五名(二零零六年：四名)人士於年內之酬金如下：

2007 二零零七年 HK\$'000 港幣千元	2006 二零零六年 HK\$'000 港幣千元
-----------------------------------	-----------------------------------

3,371	2,806
30	48
3,401	2,854

彼等人士之酬金介乎下列範圍：

Number of employee(s) 僱員數目

2007 二零零七年	2006 二零零六年
---------------	---------------

5	3
–	1
5	4

(c) 於本年度，本集團並無支付任何酬金予任何董事或五名最高薪人士(包括董事及員工)以吸引加入本集團或作離職的補償。並無董事於本年度放棄任何酬金。

Notes to the Financial Statements For the year ended 31 March 2007

財務報表附註 截至二零零七年三月三十一日止年度

13. LOSS ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The consolidated loss attributable to equity shareholders of the Company includes a loss of approximately HK\$68,171,000 (2006: loss of HK\$73,104,000) which has been dealt with in the financial statements of the Company.

14. LOSS PER SHARE

Basic

Basic loss per share is calculated by dividing the loss attributable to equity shareholders of the Company by weighted average number of ordinary shares in issue during the year:

		2007 二零零七年	2006 二零零六年
Loss attributable to equity shareholders of the Company	本公司權益股東應佔虧損	(HK\$104,845,000)	(HK\$100,972,000)
Weighted average number of ordinary shares in issue	已發行普通股之加權平均數	991,685,971	991,685,971
Basic loss per share	每股基本虧損	(HK\$0.1057)	(HK\$0.1018)

Diluted

Diluted loss per share for the current and prior years has not been disclosed as the potential ordinary shares outstanding during both years had an anti-dilutive effect on the basis loss for the current and prior years.

13. 本公司權益股東應佔虧損

本公司權益股東應佔綜合虧損包括已於本公司財務報表內處理之虧損約港幣68,171,000元(二零零六年：虧損港幣73,104,000元)。

14. 每股虧損

基本

每股基本虧損乃以本公司權益股東應佔虧損除以年內已發行普通股之加權平均數計算如下：

攤薄

由於本年度及往年度發行之潛在普通股在本年度及往年度之虧損基礎上產生反攤薄影響，故並無披露該兩個年度之每股攤薄虧損。

Notes to the Financial Statements For the year ended 31 March 2007

財務報表附註 截至二零零七年三月三十一日止年度

15. PROPERTY, PLANT AND EQUIPMENT

15. 物業、廠房及設備

The Group

本集團

		Leasehold		Machinery	Furniture, fixtures and equipment	Network and computer equipment	Motor vehicles	Total
		Building	improvements					
		樓宇	物業裝修					
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
Costs	成本							
At 1 April 2005	於二零零五年四月一日	111	1,528	102,544	2,725	10,305	1,035	118,248
Additions	增購	-	-	-	55	103	-	158
Disposal/Written off	出售/撇銷	-	-	-	(56)	(4)	(108)	(168)
Written back arising from deconsolidation of a subsidiary	附屬公司不再綜合入賬產生之撥回	-	-	-	(25)	-	-	(25)
At 31 March 2006 and 1 April 2006	於二零零六年三月三十一日及二零零六年四月一日	111	1,528	102,544	2,699	10,404	927	118,213
Additions	增購	-	2,162	-	318	290	-	2,770
Disposal	出售	-	(1,524)	(53)	-	(19)	(802)	(2,398)
At 31 March 2007	於二零零七年三月三十一日	111	2,166	102,491	3,017	10,675	125	118,585
Depreciation and impairment	折舊及減值							
At 1 April 2005	於二零零五年四月一日	17	878	55,748	1,705	3,714	522	62,584
Charge for the year	年度支出	5	264	17,154	384	1,622	166	19,595
Write back	撥回	-	-	-	(38)	(1)	(72)	(111)
Written back arising from deconsolidation of a subsidiary	附屬公司不再綜合入賬產生之撥回	-	-	-	(12)	-	-	(12)
At 31 March 2006 and 1 April 2006	於二零零六年三月三十一日及二零零六年四月一日	22	1,142	72,902	2,039	5,335	616	82,056
Charge for the year	年度支出	6	358	17,153	256	1,707	139	19,619
Write back	撥回	-	(1,337)	(48)	-	(16)	(654)	(2,055)
At 31 March 2007	於二零零七年三月三十一日	28	163	90,007	2,295	7,026	101	99,620
Net book value	賬面淨值							
At 31 March 2007	於二零零七年三月三十一日	83	2,003	12,484	722	3,649	24	18,965
At 31 March 2006	於二零零六年三月三十一日	89	386	29,642	660	5,069	311	36,157

Notes to the Financial Statements For the year ended 31 March 2007

財務報表附註 截至二零零七年三月三十一日止年度

15. PROPERTY, PLANT AND EQUIPMENT (Continued)

The Group (Continued)

(a) The analysis of net book value of building is as follows:

Situated in Hong Kong and held under long term lease

(b) The carrying amount of network and computer equipment includes amounts of HK\$700,000 (2006: HK\$2,294,000), in respect of assets held under finance leases.

16. LEASE PREMIUM FOR LAND

The Group's lease premium for land comprises:

Cost	成本
At 1 April 2005, 1 April 2006 and 31 March 2007	於二零零五年四月一日、二零零六年四月一日及於二零零七年三月三十一日
Accumulated amortisation	累積攤銷
At 1 April	於四月一日
Charge for the year	年度支出
At 31 March	於三月三十一日
Net book value	賬面淨值
At 31 March	於三月三十一日

Lease premium for land with carrying value of HK\$120,000 (2006: HK\$123,000) is situated in Hong Kong and held under long lease.

15. 物業、廠房及設備(續)

本集團(續)

(a) 樓宇賬面淨值分析如下：

2007 二零零七年 HK\$'000 港幣千元	2006 二零零六年 HK\$'000 港幣千元
83	89

(b) 網絡及電腦設備之賬面值包括有關持有融資租賃下之資產款額為港幣700,000元(二零零六年：港幣2,294,000元)。

16. 土地租金

本集團之土地租賃包括：

2007 二零零七年 HK\$'000 港幣千元	2006 二零零六年 HK\$'000 港幣千元
135	135
12	9
3	3
15	12
120	123

位於香港並持有長期租約之土地租賃之賬面值為港幣120,000元(二零零六年：港幣123,000元)。

Notes to the Financial Statements For the year ended 31 March 2007

財務報表附註 截至二零零七年三月三十一日止年度

17. INTEREST IN SUBSIDIARIES

17. 於附屬公司權益

		The Company 本公司	
		2007 二零零七年	2006 二零零六年
		HK\$'000 港幣千元	HK\$'000 港幣千元
Unlisted investments, at cost	非上市投資，按成本	35,589	35,589
Less: Provision for impairments	減：減值撥備	(35,589)	(35,589)
		-	-
Due from subsidiaries	應收附屬公司款項	843,350	799,457
Due to a subsidiary	應付附屬公司款項	(249)	-
Less: Provision for impairments	減：減值撥備	(842,947)	(798,947)
		154	510
		154	510

(a) Particulars of the principal subsidiaries are as follows:

(a) 主要附屬公司之詳情如下：

Name 名稱	Place/Country of incorporation or registration/ operation 註冊成立 或註冊/ 經營地點/國家	Issued share capital/ paid-up capital 已發行 股本/ 繳足股本	Percentage of equity interests attributable to the Company 本公司 應佔股權 百分比		Principal activities 主要業務
			Direct 直接	Indirect 間接	
First Brilliant Limited	British Virgin Islands ("BVI")	US\$1	100	-	Investment holding
First Brilliant Limited	英屬處女群島	1美元	100	-	投資控股
Actiwater Resources Limited	BVI	US\$1	-	100	Investment holding
Actiwater Resources Limited	英屬處女群島	1美元	-	100	投資控股
Designate Success Limited	BVI	US\$100	-	100	Investment holding
Designate Success Limited	英屬處女群島	100美元	-	100	投資控股
Komatic International Limited	BVI	US\$1	-	100	Investment holding
Komatic International Limited	英屬處女群島	1美元	-	100	投資控股

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財務報表附註 截至二零零七年三月三十一日止年度

17. INTEREST IN SUBSIDIARIES (Continued)

17. 於附屬公司權益(續)

Name 名稱	Place/Country of incorporation or registration/ operation 註冊成立 或註冊/ 經營地點/國家	Issued share capital/ paid-up capital 已發行 股本/ 繳足股本	Percentage of equity interests attributable to the Company 本公司 應佔股權 百分比		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Optima Media Holding Limited	BVI	US\$100	–	100	Investment holding
Optima Media Holding Limited	英屬處女群島	100美元	–	100	投資控股
Sing Pao Newspaper Assets Limited	Hong Kong	HK\$2	–	100	Holding of property, plant and equipment
成報報刊資產有限公司	香港	港幣2元	–	100	持有物業、廠房及設備
Sing Pao Newspaper (BVI) Limited	BVI	US\$1	–	100	Investment holding
Sing Pao Newspaper (BVI) Limited	英屬處女群島	1美元	–	100	投資控股
Sing Pao Newspaper Company Limited	Hong Kong	HK\$2	–	100	Newspaper publication
成報報刊有限公司	香港	港幣2元	–	100	出版報章
Sing Pao Publishing Limited	Hong Kong	HK\$2	–	100	Book publication
成報出版社有限公司	香港	港幣2元	–	100	出版書籍
Sing Pao Newspaper Distribution Limited	Hong Kong	HK\$2	–	100	Inactive
成報報刊發行有限公司	香港	港幣2元	–	100	不活躍
Sing Pao Newspaper Management Limited	Hong Kong	HK\$2	–	100	Provision of management services
成報報刊管理有限公司	香港	港幣2元	–	100	提供管理服務
StarEastNet (BVI) Limited	BVI	US\$1,000	100	–	Investment holding
StarEastNet (BVI) Limited	英屬處女群島	1,000美元	100	–	投資控股
Wah Fung Book Store Limited	Hong Kong	HK\$796,000	–	100	Property holding
華風書局有限公司	香港	港幣796,000元	–	100	投資控股

17. INTEREST IN SUBSIDIARIES (Continued)

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

- (b) The amounts due from subsidiaries are unsecured, non-interest bearing and have no fixed terms of repayment. In the opinion of the directors, no demand for repayment will be made by the Company in the next twelve months. Accordingly, the amounts are shown as non-current.
- (c) The amount due to a subsidiary is unsecured, non-interest bearing and repayable on demand.
- (d) After considering the profitability, financial positions, cash flows and future prospects of these subsidiaries, the directors considered that it was appropriate to make impairment on amounts due from the subsidiaries. The recoverable amount of the investment in subsidiaries based upon which impairment loss is arrived at its value in use and is determined using discounted cash flows. The discount rate used is 18.85%, which is determined with reference to the borrowing rates of the Group as at the balance sheet date.

17. 於附屬公司權益 (續)

上表只載列董事認為主要影響本集團之年度業績或造成主要部分之資產淨值之本公司附屬公司。董事認為，如提供其他附屬公司之詳情，會使有關資料過於冗長。

- (b) 應收附屬公司款項乃無抵押，且屬免息及無固定還款期。董事認為，毋須於未來十二個月內償還。因此，該款項以非流動列示。
- (c) 應付附屬公司款項乃無抵押，且屬免息及按要求償還。
- (d) 經考慮該等附屬公司的盈利能力、財務狀況、現金流量及未來前景，董事認為於應收附屬公司所作的減值乃恰當的。投資於附屬公司之撥回款項乃根據其使用價值所得的減值虧損並使用折現現金流量法釐訂，該使用之折現率為18.85%，乃參考本集團於結算日之借貸利率而釐訂。

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財務報表附註 截至二零零七年三月三十一日止年度

18. INTEREST IN AN ASSOCIATE

18. 於聯營公司權益

		The Group	
		本集團	
		2007	2006
		二零零七年	二零零六年
		HK\$'000	HK\$'000
		港幣千元	港幣千元
Share of net assets	應佔資產淨值	138	717

Particular of the Group's associate as at 31 March 2007 is as follows:

本集團聯營公司於二零零七年三月三十一日之詳情如下：

Name of company	Country of incorporation	Form of business structure	Paid up capital	Interest held indirectly by the Company 本公司間接持有之權益	Principal activities and place of operation 主要業務及營業地點
公司名稱	註冊成立國家	業務架構形式	繳足股本		
北京中青在線網絡 信息技術有限公司	The People's Republic of China ("PRC")	Sino-foreign owned equity joint venture	RMB5,000,000	25%	Provision of networking and information services in PRC
北京中青在線網絡 信息技術有限公司	中華人民共和國 (「中國」)	中外合資	人民幣5,000,000元	25%	於中國提供網絡 及資訊服務

The summarised financial information in respect of the Group's associate is set out below:

本集團聯營公司之財務資料概列如下：

		2007	2006
		二零零七年	二零零六年
		HK\$'000	HK\$'000
		港幣千元	港幣千元
Non-current assets	非流動資產	1,136	1,385
Current assets	流動資產	575	2,008
Current liabilities	流動負債	(1,160)	(524)
Turnover	營業額	2,439	276
Loss for the year	本年度虧損	(2,392)	(3,626)

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財務報表附註 截至二零零七年三月三十一日止年度

19. AVAILABLE-FOR-SALE INVESTMENTS

		The Group 本集團	
		2007 二零零七年 HK\$'000 港幣千元	2006 二零零六年 HK\$'000 港幣千元
Investments in	於下列各項之投資		
– unlisted equity securities outside Hong Kong	– 香港以外非上市 股本證券	–	1,870
– impairment loss on unlisted equity securities	– 非上市股本證券 減值虧損	–	(1,870)
		–	–
– listed equity securities in Hong Kong	– 香港上市股本證券	–	1,433
		–	1,433

19. 可供出售投資

20. INVENTORIES

		The Group 本集團	
		2007 二零零七年 HK\$'000 港幣千元	2006 二零零六年 HK\$'000 港幣千元
Goods for sale	待售貨品	529	1,108
Printing materials	印刷材料	417	485
		946	1,593

20. 存貨

Notes to the Financial Statements For the year ended 31 March 2007

財務報表附註 截至二零零七年三月三十一日止年度

21. TRADE AND OTHER RECEIVABLES

21. 貿易及其他應收款項

		The Group 本集團	
		2007 二零零七年	2006 二零零六年
		HK\$'000 港幣千元	HK\$'000 港幣千元
		Notes 附註	
Trade receivables	貿易應收款項	7,340	7,762
Less: provision for impairment loss	減：減值虧損撥備	(3,261)	(1,473)
		4,079	6,289
Other receivables, deposits and prepayments	其他應收款項、 按金及預付款項	5,419	2,625
Amounts due from related companies	應收關連公司款項	29	46
Amount due from a substantial shareholder	應收一名主要 股東款項	1,000	-
		10,527	8,960

(a) The Group allows an average credit period of 30 days to 60 days to its trade customers. The ageing analysis of the trade receivables less provision for impairment losses of HK\$3,261,000 (2006: HK\$1,473,000) was as follows:

(a) 本集團給予其貿易客戶平均介乎30日至60日之信貸期。貿易應收款項減減值虧損撥備港幣3,261,000元(二零零六年：港幣1,473,000元)之賬齡分析如下：

		The Group 本集團	
		2007 二零零七年	2006 二零零六年
		HK\$'000 港幣千元	HK\$'000 港幣千元
0-30 days	零至30日	2,378	4,779
31-90 days	31至90日	709	511
Over 90 days	超過90日	992	999
		4,079	6,289

Notes to the Financial Statements For the year ended 31 March 2007

財務報表附註 截至二零零七年三月三十一日止年度

21. TRADE AND OTHER RECEIVABLES (Continued)

Movements of provision for impairment losses

		The Group	
		本集團	
		2007	2006
		二零零七年	二零零六年
		HK\$'000	HK\$'000
		港幣千元	港幣千元
At 1 April	於四月一日	1,473	645
Charge for the year	年內支出	1,788	828
At 31 March	於三月三十一日	3,261	1,473

- (b) The amounts represent balance due from Sun Television Cybernetworks Enterprise Limited ("Sun Television") and Star East Management Limited ("Star East Management") of HK\$Nil (2006: HK\$46,000) and HK\$29,000 (2006: HK\$Nil) respectively.

Mr. Hao Bin, the former executive director of the Company was a director of Sun Television during the year ended 31 March 2006. Mr. Wang Fei is the common director of the Company and Star East Management. The balances due from the related companies are unsecured, interest free and have no fixed terms of repayment.

21. 貿易及其他應收款項(續)

減值虧損撥備之變動

- (b) 代表陽光文化網絡電視企業有限公司(「陽光電視」)及Star East Management Limited(「Star East Management」)應收結餘之款項分別為港幣零元(二零零六年:港幣46,000元)及港幣29,000元(二零零六年:港幣零元)。

本公司之前執行董事郝彬先生於截至二零零六年三月三十一日止年度出任陽光電視之董事。王飛先生乃本公司及Star East Management之共同董事。應收關連公司款項之結餘乃無抵押，且屬免息及無固定還款期。

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財務報表附註 截至二零零七年三月三十一日止年度

21. TRADE AND OTHER RECEIVABLES (Continued)

- (c) The amount represents license fee income taken up by a substantial shareholder of the Company, Strategic Media International Limited on behalf of the Group which is unsecured, interest-free, and repayable on demand.
- (d) The fair value of the Group's trade and other receivables, deposits and prepayments at 31 March 2007 approximated to the corresponding carrying amount.

21. 貿易及其他應收款項(續)

- (c) 代表本公司之主要股東 Strategic Media International Limited 代表本集團所收取之牌照費。款項乃無抵押，且屬免息及應要求償還。
- (d) 本集團於二零零七年三月三十一日之貿易及其他應收款項、按金及預付款項之公允價值約為相關之賬面值。

22. CASH AND CASH EQUIVALENTS

22. 現金及現金等值項目

		The Group 本集團	
		2007 二零零七年 HK\$'000 港幣千元	2006 二零零六年 HK\$'000 港幣千元
Cash at bank and on hand	銀行存款及現金	2,026	910
Cash and cash equivalents in the consolidated balance sheet and the consolidated cash flow statement	綜合資產負債表及綜合現金流量表所列之現金及現金等值項目	2,026	910

23. TRADE AND OTHER PAYABLES

23. 貿易及其他應付款項

		The Group 本集團	
		2007 二零零七年 HK\$'000 港幣千元	2006 二零零六年 HK\$'000 港幣千元
Trade payables	貿易應付款項	15,403	11,845
Other payables	其他應付款項	31,119	27,731
		46,522	39,576

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財務報表附註 截至二零零七年三月三十一日止年度

23. TRADE AND OTHER PAYABLES (Continued)

(a) The following is an ageing analysis of trade payables at the balance sheet date:

0-30 days	零至30日
31-90 days	31至90日
Over 90 days	超過90日

(b) Included payable to an individual shareholder amounted to HK\$419,000 (2006: HK\$399,000) which is unsecured, interest-bearing at 7% (2006: 7%) per annum and repayable on demand.

24. BORROWINGS, UNSECURED

Loans from a substantial shareholder (Note a)	貸款自一名主要股東 (附註a)
Loans from related companies (Note b)	貸款自關連公司 (附註b)
Others (Note c)	其他 (附註c)
Analysed as:	分析為:
Current	流動
Non-current	非流動

23. 貿易及其他應付款項(續)

(a) 於結算日，貿易應付款項之賬齡分析如下：

2007	2006
二零零七年	二零零六年
HK\$'000	HK\$'000
港幣千元	港幣千元

4,330	3,195
1,637	4,311
9,436	4,339
15,403	11,845

(b) 包括金額為港幣419,000元(二零零六年：港幣399,000元)無抵押、以每年7厘(二零零六年：7厘)計息及按要求償還之應付予一名獨立股東款項。

24. 無抵押借貸

		The Group 本集團		The Company 本公司	
		2007 二零零七年	2006 二零零六年	2007 二零零七年	2006 二零零六年
		HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元
Loans from a substantial shareholder (Note a)	貸款自一名主要股東 (附註a)	91,190	47,506	91,190	47,506
Loans from related companies (Note b)	貸款自關連公司 (附註b)	6,790	6,353	5,506	5,161
Others (Note c)	其他 (附註c)	78,558	61,988	40,474	27,620
		176,538	115,847	137,170	80,287
Analysed as:	分析為:				
Current	流動	12,410	–	11,000	–
Non-current	非流動	164,128	115,847	126,170	80,287
		176,538	115,847	137,170	80,287

Notes to the Financial Statements For the year ended 31 March 2007

財務報表附註 截至二零零七年三月三十一日止年度

24. BORROWINGS, UNSECURED (Continued)

Notes:

- (a) Interest of 1% to 4% over Hong Kong prime interest rate is charged on the outstanding loan balance (2006: 1% over Hong Kong prime interest rate) and is repayable on 1 September 2007. Subsequent to the balance sheet date on 15 October 2007, the substantial shareholder extended the loan repayment date to on or before 1 September 2008. In addition, the facility amount granted to the Group and the Company is also increased from HK\$48,000,000 to HK\$120,000,000.
- (b) The amounts represent the loans granted by companies with Strategic Media International Limited as the common substantial shareholder. The amounts are unsecured, interest-bearing at Hong Kong prime interest rate per annum and are repayable on the expiry of 30 calendar months after the year end of the first profitable financial year since 24 January 2003 and no later than the twentieth anniversary of 24 January 2003.
- (c) The amounts mainly represent the loans of HK\$66,148,000 (2006: HK\$61,988,000) granted by former shareholders and their subsidiaries, are unsecured, bear interest at Hong Kong prime interest rate per annum and are repayable on the expiry of 30 calendar months after the year end of the first profitable financial year since 24 January 2003 and no later than the twentieth anniversary of 24 January 2003.

The remaining amounts of HK\$12,410,000 (2006: HK\$Nil) is unsecured, interest-free and repayable on demand except for an amount of HK\$1,249,000 which is interest bearing at the rate of 2% per month.

24. 無抵押借貸(續)

附註：

- (a) 未償付貸款結餘按港元最優惠利率加1厘至4厘收取利息(二零零六年：港元最優惠利率加1厘)，並為應於二零零七年九月一日償還。緊隨結算日後的二零零七年十月十五日，該主要股東將貸款償還日期延遲至二零零八年九月一日或之前。此外，授予本集團及本公司的融資金額亦由港幣48,000,000元增加至港幣120,000,000元。
- (b) 該款額指Strategic Media International Limited為共同主要股東之公司授予之貸款。該款項為無抵押、按港元最優惠年利率計息及須由二零零三年一月二十四日起首個獲利財政年度年結後30個曆月屆滿時償還，惟付款日最遲為二零零三年一月二十四日起計二十週年當日。
- (c) 該款額主要指由前股東及其附屬公司授予之港幣66,148,000元(二零零六年：港幣61,988,000元)貸款，為無抵押、按港元最優惠年利率計息及須由二零零三年一月二十四日起首個獲利財政年度年結後30個曆月屆滿時償還，惟付款日最遲為二零零三年一月二十四日起計二十週年當日。

港幣12,410,000元(二零零六年：港幣零元)之剩餘款額為無抵押、不計息及按要求償還(除一筆按每月2厘計息之港幣1,249,000元款額外)。

Notes to the Financial Statements For the year ended 31 March 2007

財務報表附註 截至二零零七年三月三十一日止年度

25. OBLIGATIONS UNDER FINANCE LEASES

25. 融資租賃承擔

The Group

本集團

		Minimum lease payments 最低租賃款項		Present value of minimum lease payments 最低租賃款項現值	
		2007 二零零七年 HK\$'000 港幣千元	2006 二零零六年 HK\$'000 港幣千元	2007 二零零七年 HK\$'000 港幣千元	2006 二零零六年 HK\$'000 港幣千元
Amounts payable under finance leases:	根據融資租賃應付之款項：				
Within one year	一年內	152	462	150	443
In the second to fifth year inclusive	第二年至第五年 (包括首尾兩年)	-	39	-	38
		152	501	150	481
Less: Future finance charges	減：未來融資費用	(2)	(20)		
Present value of lease obligations	租賃承擔現值	150	481		
Less: Amount due for settlement within one year (shown under current liabilities)	減：於一年內到期之款項(列於流動負債)			(150)	(443)
Amount due for settlement after one year	一年後到期款項			-	38

It is the Group's policy to lease certain of its assets under finance leases. The lease term is two to three years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

本集團之政策為以融資租賃方式承租其若干資產，租賃期為二至三年。所有租賃均以固定還款方式訂立，且並無就或然租金款項訂立任何安排。

26. CONVERTIBLE NOTE

Pursuant to a subscription agreement dated 3 February 2005, the convertible note ("the Note") was issued to Strategic Media International Limited, the substantial shareholder of the Company, on 30 April 2005 and expired on 29 April 2007. Holder of the Note has the right at any time to convert all or some of the Note into shares of the Company, at the conversion price of HK\$0.05 per share, subject to adjustment. The rate at which interest is charged on the Note is 1.5% per annum on the principal amount between the issue date and the maturity date. Interest is payable by the Company once every six months in arrears so as to produce a constant periodic rate of charge for each accounting period.

The Company has the right at any time upon not less than fourteen days notice in writing to the Note holder to redeem all or part of the outstanding principal amount of this Note.

On 13 May 2005, pursuant to the condition 11 of the Note, the Company has been in default due to two reasons: (i) trading of the Company's shares on the GEM was suspended for a continuous period of more than ten business days on each of which the GEM is generally open for trading; (ii) failed to pay the Note holder interest accrued. The Note holder has however agreed to waive all their rights to give notice demanding immediate repayment of the principal amount of the Note, interest accrued pursuant to condition 11(a)(2) of the Note regarding the continuous suspension of trading in the shares on the GEM and condition 11(f) of the Note regarding the Company's failure to pay the Note holder interest accrued and interest payable between the date of issue of the Note and the maturity date under condition 3.1 of the Note.

The fair value of the Note at 30 April 2005, the date of issuance of the Note and 13 May 2005 were approximated to the corresponding carrying amount in accordance with valuation reports prepared by an independent valuer.

26. 可換股票據

根據於二零零五年二月三日訂立之認購協議，可換股票據（「票據」）於二零零五年四月三十日發行予本公司之主要股東Strategic Media International Limited，並於二零零七年四月二十九日屆滿。票據持有人有權隨時以每股股份港幣0.05元之換股價（可予調整）將全部或部份票據轉換為本公司股份。票據於發行日期至屆滿日期之本金額按年利率1.5厘計息。利息由本公司每六個月支付一次，以便在每個會計期間內，產生穩定之定期費用。

本公司有權於向票據持有人發出書面通知後14日後，隨時贖回票據全部或部份未償還本金額。

於二零零五年五月十三日，根據票據之條件第11條，本公司已違約，原因有二：(i)本公司股份連續十個營業日（創業板於所有該等日期整體上均可進行買賣）以上暫停於創業板買賣，(ii)未支付票據持有人應計利息。惟票據持有人已同意放棄其發出通知要求立即償還下列款項之全部權利：票據本金額及根據票據之條件第11(a)(2)條有關股份在創業板連續暫停買賣之應計利息，以及根據票據之條件第11(f)條因本公司未能支付票據持有人票據之條件第3.1條項下之票據發行日期至屆滿日期之應計利息及應付利息而須支付之應計利息。

根據獨立估值師編製之估值報告，票據於二零零五年四月三十日（票據之發行日）及二零零五年五月十三日之公允價值與其賬面值相若。

Notes to the Financial Statements For the year ended 31 March 2007

財務報表附註 截至二零零七年三月三十一日止年度

26. CONVERTIBLE NOTE (Continued)

The Note recognised in the balance sheet is calculated as follows:

Group and Company

26. 可換股票據 (續)

於資產負債表確認之票據按下列方式計算：

本集團及本公司

		HK\$'000 港幣千元
Nominal amount of the Note issued on 30 April 2005	於二零零五年四月三十日發行之票據之面值	50,000
Equity component	權益部份	(14,100)
Liability component on initial recognition	初步確認時之負債部份	35,900
Less: Direct transaction cost attributable to liability component	減：負債部份應佔之直接交易成本	(329)
		35,571
Accrued interest capitalized up to the date of amendment	截至修訂日期之資本化應計利息	268
		35,839
Waiver of accrued interest	豁免應計利息	(268)
Fair value change to liability component on the date of amendment	於修訂日期負債部份之公允價值變動	(6,000)
Additional appropriation of transaction cost attributable to liability component	負債部份應佔交易成本之額外撥款	54
Adjusted balance	經調整結餘	29,625
Accrued interest capitalized from amendment date to balance sheet date	由修訂日期至結算日之資本化應計利息	7,916
Liability component at 31 March 2006	於二零零六年三月三十一日之負債部份	37,541
Accrued interest capitalised during the year	於年度期間之資本化應計利息	11,464
Liability component at 31 March 2007	於二零零七年三月三十一日之負債部份	49,005

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財務報表附註 截至二零零七年三月三十一日止年度

26. CONVERTIBLE NOTE (Continued)

26. 可換股票據 (續)

		2007 二零零七年 HK\$'000 港幣千元	2006 二零零六年 HK\$'000 港幣千元
Analysed for reporting purposes as: 作申報用途之分析為：			
Current liability	流動負債	49,005	–
Non-current liability	非流動負債	–	37,541
		49,005	37,541

Interest expense on the Note is calculated using the effective interest method by applying the effective interest rate of 19.64% per annum from the issue date to 13 May 2005 and 28.50% per annum from 14 May 2005 to 31 March 2007 for the liability component.

Further, subsequent to the balance sheet date on 19 November 2007, the Note holder had exercised its discretion to extend the maturity date of the Note to 31 March 2008.

票據於發行日期至二零零五年五月十三日之利息開支採用實際年利率19.64%按實際利率法計算，而於二零零五年五月十四日至二零零七年三月三十一日負債部份之利息則採用實際年利率28.50%計算。

再者，緊隨結算日後的二零零七年十一月十九日，票據持有人行使其酌情權將票據到期日延遲至二零零八年三月三十一日。

Notes to the Financial Statements For the year ended 31 March 2007

財務報表附註 截至二零零七年三月三十一日止年度

27. DEFERRED TAXATION

The following are the major deferred tax balance recognised and movements thereon during the current and prior reporting year.

The Group

		Accelerated tax depreciation 加速 稅務折舊 HK\$'000 港幣千元	Allowance for bad and doubtful debts 呆壞賬撥備 HK\$'000 港幣千元	Tax losses 稅務虧損 HK\$'000 港幣千元	Convertible note 可換股票據 HK\$'000 港幣千元	Total 總計 HK\$'000 港幣千元
At 1 April 2005	於二零零五年四月一日	6,563	(51)	(6,512)	-	-
Charge to equity for the year	本年度扣除自股權	-	-	-	3,485	3,485
(Credit)/charge to consolidated income statement for the year	本年度(轉撥往)/扣除 自綜合收益表	(2,600)	(144)	2,744	(1,385)	(1,385)
At 31 March 2006	於二零零六年三月三十一日	3,963	(195)	(3,768)	2,100	2,100
(Credit)/charge to consolidated income statement for the year	本年度(轉撥往)/扣除 自綜合收益表	(754)	(376)	3,199	(1,955)	114
At 31 March 2007	於二零零七年三月三十一日	3,209	(571)	(569)	145	2,214

27. 遞延稅項

於本申報年度及過往申報年度確認之主要遞延稅項結餘及其變動呈列如下：

本集團

The Company

		Convertible note 可換股票據 HK\$'000 港幣千元	Total 總計 HK\$'000 港幣千元
At 1 April 2005	於二零零五年四月一日	-	-
Charge to equity for the year	本年度扣除自股權	3,485	3,485
Credit to income statement for the year	本年度轉撥往收益表	(1,385)	(1,385)
At 31 March 2006	於二零零六年三月三十一日	2,100	2,100
Credit to income statement for the year	本年度轉撥往收益表	(1,955)	(1,955)
At 31 March 2007	於二零零七年三月三十一日	145	145

Notes to the Financial Statements For the year ended 31 March 2007

財務報表附註 截至二零零七年三月三十一日止年度

27. DEFERRED TAXATION (Continued)

For the purpose of balance sheet presentation, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

Deferred tax assets 遞延稅項資產
Deferred tax liabilities 遞延稅項負債

27. 遞延稅項(續)

就供資產負債表呈列用途，若干遞延稅項資產及負債已抵銷。以下為就財務申報用途之遞延稅項結餘分析：

		The Group 本集團	
		2007 二零零七年	2006 二零零六年
		HK\$'000 港幣千元	HK\$'000 港幣千元
		1,140	3,963
		(3,354)	(6,063)
		(2,214)	(2,100)

At 31 March 2007, the Group has unused tax losses of approximately HK\$791,333,000 (2006: HK\$714,454,000) available for offset against future profits that may be carried forward indefinitely. A deferred tax asset has been recognised in respect of HK\$3,251,000 (2006: HK\$21,531,000) of such losses. No deferred tax asset has been recognised in respect of the amount of HK\$788,082,000 (2006: HK\$692,923,000) tax losses due to the unpredictability of future profit streams.

At 31 March 2007, the Company has unused tax losses of approximately HK\$28,443,000 (2006: HK\$2,682,000) available for offset against future profits. No deferred tax asset has been recognised in respect of such losses due to the unpredictability of future profit streams.

於二零零七年三月三十一日，本集團有未動用稅務虧損約港幣791,333,000元(二零零六年：港幣714,454,000元)，可用以抵銷未來溢利，並可以無限地結轉。該等虧損中港幣3,251,000元(二零零六年：港幣21,531,000元)已確認遞延稅項資產。因未能預測未來溢利走勢，故未就剩餘之稅務虧損港幣788,082,000元(二零零六年：港幣692,923,000元)確認遞延稅項資產。

於二零零七年三月三十一日，本公司有未動用稅務虧損約港幣28,443,000元(二零零六年：港幣2,682,000元)，可用以抵銷未來溢利。因未能預測未來溢利走勢，故未就該等稅務虧損確認遞延稅項資產。

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財務報表附註 截至二零零七年三月三十一日止年度

28. SHARE CAPITAL

		Authorised ordinary shares of HK\$0.05 each 每股面值港幣0.05元 之法定普通股	
		Number of shares	HK\$'000
		股份數目	港幣千元
At 31 March 2006 and 31 March 2007	於二零零六年三月三十一日 及二零零七年三月三十一日	4,000,000,000	200,000

		Issued and fully paid ordinary shares of HK\$0.05 each 每股面值港幣0.05元 之已發行及繳足普通股	
		Number of shares	HK\$'000
		股份數目	港幣千元
At 31 March 2006 and 31 March 2007	於二零零六年三月三十一日 及二零零七年三月三十一日	991,685,971	49,584

29. RESERVES

(a) Group

The amounts of the Group's reserves and the movements thereon for the current and prior years are presented in the consolidated statement of changes in equity on page 38 of the financial statements.

29. 儲備

(a) 本集團

本年度及過往年度本集團之儲備款額及變動呈列於本財務報表第38頁之綜合權益變動表中。

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財務報表附註 截至二零零七年三月三十一日止年度

29. RESERVES (Continued)

(b) Company

		Convertible note equity reserve	Shareholders' contributions	Share premium	Distributable reserve	Contributed surplus	Accumulated losses	Total
		可換股票據 權益儲備	股東出資	股份溢價	可供 分派儲備	繳入盈餘	累積虧損	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
Balance at 1 April 2005	於二零零五年 四月一日之結餘	-	49,087	127,764	231,340	5,589	(528,054)	(114,274)
Recognition of equity component of convertible note	確認可換股票據之 權益部份	19,917	-	-	-	-	-	19,917
Deferred tax liability on recognition of equity component of convertible note	確認可換股票據之 權益部份產生之 遞延稅項負債	(3,485)	-	-	-	-	-	(3,485)
Loss for the year	年度虧損	-	-	-	-	-	(73,104)	(73,104)
Balance at 31 March 2006	於二零零六年 三月三十一日之結餘	16,432	49,087	127,764	231,340	5,589	(601,158)	(170,946)
Balance at 1 April 2006	於二零零六年 四月一日之結餘	16,432	49,087	127,764	231,340	5,589	(601,158)	(170,946)
Loss for the year	年度虧損	-	-	-	-	-	(68,171)	(68,171)
Balance at 31 March 2007	於二零零七年 三月三十一日之結餘	16,432	49,087	127,764	231,340	5,589	(669,329)	(239,117)

The contributed surplus of the Company represents the difference between the book value of the underlying net assets of the subsidiaries acquired by the Company under the group reorganisation set out in the prospectus of the Company dated 23 May 2000 and the nominal amount of the Company's shares issued for the acquisition.

The Company did not have any reserves available for distribution at 31 March 2007 and 2006.

29. 儲備(續)

(b) 本公司

本公司之繳入盈餘乃指本公司根據本公司於二零零零年五月二十三日刊發之售股章程載列之集團重組所收購附屬公司之相關淨資產賬面值與就收購事項發行之本公司股份面值間之差價。

於二零零七年及二零零六年三月三十一日，本公司概無任何可供分派之儲備。

30. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Disposal of subsidiaries

On 8 November 2006, the Group had disposed of its entire equity interest in Tech Merit Limited ("Tech Merit") for a consideration of HK\$500,000 to an independent third party. Tech Merit hold 80% equity interest in 北京中錄音像有限責任公司.

The details of net liabilities disposal of at the date of disposal were as follows:

30. 綜合現金流量表附註

(a) 出售附屬公司

於二零零六年十一月八日，本集團以港幣500,000元代價出售其於Tech Merit Limited (「Tech Merit」)之全部股權予一名獨立第三方。Tech Merit持有北京中錄音像有限責任公司80%股權。

於出售日期所出售之淨負債詳情如下：

		2007 二零零七年 HK\$'000 港幣千元
Net liabilities disposed of	所出售之淨負債	
Trade and other payables	貿易及其他應付款項	(76)
Amount due to the Group	應付本集團款項	(4,709)
		(4,785)
Amount due from subsidiary written off	應收附屬公司款項撇銷	4,709
Gain on disposal of subsidiaries	出售附屬公司之收益	576
Consideration	代價	500
Satisfied by:	支付由：	
Consideration receivable	應收代價款項	500
Net outflow of cash and cash equivalents in respect of the disposal of subsidiaries	出售附屬公司之現金及現金等值項目之淨流出	-

The results of the subsidiaries disposed of during the year ended 31 March 2007 have no significant impact on the Group's turnover or loss from operations before taxation for the year ended 31 March 2007.

於截至二零零七年三月三十一日止年度所出售的附屬公司的業績對本集團於截至二零零七年三月三十一日止年度之營業額及除稅前營運虧損並無重大影響。

Notes to the Financial Statements For the year ended 31 March 2007

財務報表附註 截至二零零七年三月三十一日止年度

30. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (Continued)

(b) Deconsolidation of a subsidiary

The Group had 100% equity interest in a subsidiary, 東方魅力資訊科技股份有限公司 (“東方魅力資訊”) as at 31 March 2006. The directors of the Company considered 東方魅力資訊 was in the process of liquidation in prior year, and they were unable to exercise control over the financial and operating decisions of 東方魅力資訊. They were unable to get access to the books and records together with supporting documents. The directors of the Company considered they had lost control over 東方魅力資訊 and have deconsolidated 東方魅力資訊 with effect from 1 April 2006.

30. 綜合現金流量表附註(續)

(b) 附屬公司不再綜合入賬

於二零零六年三月三十一日，本集團於附屬公司東方魅力資訊科技股份有限公司(「東方魅力資訊」)擁有100%股權。本公司董事認為東方魅力資訊於過去年度進行清盤，而彼等未能於東方魅力資訊之財務及經營決策上行使控制權，彼等無法查閱其賬冊、紀錄及證明文件。本公司董事認為，彼等已失去東方魅力資訊之控制權，而終止將東方魅力資訊綜合入賬由二零零六年四月一日起生效。

		2007 二零零七年 HK\$'000 港幣千元	2006 二零零六年 HK\$'000 港幣千元
Net assets deconsolidated	淨資產不再綜合入賬包括		
comprise			
Property, plant and equipment	物業、廠房及設備	-	13
Available-for-sale investments	可供出售投資	-	232
Inventories	存貨	-	3
Trade and other receivables	貿易及其他應收款項	73	106
Bank balance and cash	銀行結餘及現金	6	19
Trade and other payable	貿易及其他應付款項	-	(177)
Amount due to the Group	應付予本集團款項	(30,297)	(187)
		(30,218)	9
Amount due from subsidiary written off	應收附屬公司款項撇銷	30,297	-
Translation reserve realised	換算儲備變現	(2,304)	-
Gain/(loss) on deconsolidation of a subsidiary	附屬公司不再綜合入賬之收益/(虧損)	2,225	(9)
		-	-
Net outflow of cash and cash equivalents arising on deconsolidation of a subsidiary:	附屬公司不再綜合入賬所產生之現金及現金等值項目流出淨額：		
Cash of a subsidiary deconsolidated	附屬公司不再綜合入賬之現金	(6)	(19)
Net outflow of cash and cash equivalents	現金及現金等值項目流出淨額	(6)	(19)

30. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (Continued)

(b) Deconsolidation of a subsidiary (Continued)

The deconsolidation of a subsidiary during the year did not have significant cash flows attributed to the Group.

(c) Major non-cash transaction

For the year ended 31 March 2006, the Group issued HK\$50,000,000 convertible note to Strategic Media International Limited, a substantial shareholder of the Company, in which HK\$45,000,000 had been applied to repay loans and accrued interest due to SMIL. Net cash provided to the Group was HK\$5,000,000.

31. CONTINGENT LIABILITIES

There were several cases brought forward from prior years and occurred during the financial year related to defamation and infringement of copyright work that remained unresolved. All of them were brought against Sing Pao Newspaper Company Limited, a wholly owned subsidiary of the Group. Court judgments have not been stated and the amounts claimed were in aggregate totaling not less than HK\$517,000. In the director's opinion, the liabilities are unlikely to be crystallized and no provision had therefore been made in respect of these claims.

30. 綜合現金流量表附註(續)

(b) 附屬公司不再綜合入賬(續)

年內附屬公司不再綜合入賬並無對本集團產生大量現金流量。

(c) 主要非現金交易

截至二零零六年三月三十一日止年度，本集團向本公司之主要股東Strategic Media International Limited發行價值港幣50,000,000元之可換股票據，其中的港幣45,000,000元已用於償還應付予SMIL之貸款及應計利息。本集團獲提供之現金淨額為港幣5,000,000元。

31. 或然負債

過往年度提出及於財政年度發生之若干誹謗侵犯版權案件仍有待解決。所有該等案件均針對本集團之全資附屬公司成報報刊有限公司提出。法庭判決尚未裁定，而索償總金額合共不少於港幣517,000元。董事認為，負債未必明確化，因此，毋須就此等申索作出撥備。

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財務報表附註 截至二零零七年三月三十一日止年度

31. CONTINGENT LIABILITIES (Continued)

During the year, the Group has received various claims in relation to default payment including mandatory provident fund contributions of HK\$4,011,000, payment of provision of services of HK\$2,234,000, tax payments of HK\$185,000, penalty for delay in salary payment of HK\$90,000, literary contribution fee of HK\$404,000 and salary and directors' fee in relation to the previous accounting year of HK\$1,596,000 etc. All of the balances have been properly accounted for in the financial statements.

32. OPERATING LEASE COMMITMENTS

At the balance sheet date, the Group had commitments for future minimum lease payments which fall due as follows:

31. 或然負債(續)

年內，本集團收到有關拖欠付款之不同申索，包括強制性公積金供款港幣4,011,000元、服務提供款項港幣2,234,000元、稅務款項港幣185,000元、延遲支付薪金罰款港幣90,000元、稿費港幣404,000元及有關上一個會計年度之薪金及董事袍金港幣1,596,000元等。所有結欠已適當地計入財務報表。

32. 經營租賃承擔

於結算日，本集團於下列年期到期支付之未來最低租賃款項承擔如下：

		The Group 本集團			
		Office premises 辦公室物業		Machinery 機器	
		2007 二零零七年 HK\$'000 港幣千元	2006 二零零六年 HK\$'000 港幣千元	2007 二零零七年 HK\$'000 港幣千元	2006 二零零六年 HK\$'000 港幣千元
Within one year	一年內	3,129	4,441	398	398
In the second to fifth year inclusive	第二年至第五年 (包括首尾兩年)	1,294	-	597	996
		4,423	4,441	995	1,394

Operating lease payments represent rentals payable by the Group for certain of its office premises and machinery. Leases are negotiated for an average term of three years and rentals are fixed throughout the lease period.

經營租賃款項指本集團就其若干辦公室物業及機器應付之租金。經磋商釐定之租約年期平均為三年，租約期內租金固定。

33. EQUITY-SETTLED SHARE-BASED TRANSACTIONS 33. 股本結算並以股份為基礎之交易

On 15 January 2002, the Company adopted a share option scheme (the "Option Scheme") under which the board of directors of the Company may at its discretion offer to any director (including non-executive director), executive, employee and contracted celebrity (the "Eligible Persons") of the Company and/or its subsidiaries options to subscribe for shares in the Company in accordance with the terms of the Option Scheme and Chapter 23 of the Rules governing the Listing of Securities on GEM of the Stock Exchange. The principal purposes of the Option Scheme are to recognise the significant contributions of the Eligible Persons to the growth of the Group. The total number of shares which may be issued upon exercise of all options to be granted under the Option Scheme and any other outstanding share option schemes of the Company must not in aggregate exceed 10% of the issued share capital of the Company at the date of the approval of the Option Scheme by the Shareholders and such limit might be refreshed by the shareholders of the Company in the general meeting. The Option Scheme commenced on 15 January 2002 and end on the day immediately prior to the tenth anniversary of 15 January 2002. The share options were vested immediately at the time when granted.

No consideration was received during the year ended 31 March 2007 and 31 March 2006.

於二零零二年一月十五日，本公司採納一項購股權計劃（「購股權計劃」），根據該計劃，本公司董事會可酌情向任何董事（包括非執行董事）、行政人員、僱員及本公司及／或其附屬公司合約藝人（「合資格人士」）授出根據購股權計劃條款及聯交所之創業板上市規則第23章之認購本公司股份的選擇權。購股權計劃之主要目的為確認合資格人士對本集團成長之重大貢獻。行使所有根據購股權計劃授出之購股權時可發行之股份總數及任何其他本公司之購股權總數不得超過本公司於購股權被股東批准之日期之已發行股本之10%及該限制可能於股東大會被本公司股東更新。購股權計劃於二零零二年一月十五日開始及於緊隨二零零二年一月十五日十週年前當日完結。購股權於緊隨授出時間時被歸屬。

於截至二零零七年三月三十一日止年度及截至二零零六年三月三十一日止年度並無獲得代價。

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財務報表附註 截至二零零七年三月三十一日止年度

33. EQUITY-SETTLED SHARE-BASED TRANSACTIONS (Continued)

The following table discloses details of the Company's share options held by the directors, employees and contracted celebrities to the Group and movements in such holdings during the years:

Name or category of participant	Date of grant	Exercisable period	Exercise price per share	Outstanding/ exercisable balance as at 1/4/2006 於 二零零六年 四月一日 未行使/ 可行使結存	Granted during the year	Exercised during the year	Lapsed upon resignation	Outstanding/ exercisable balance as at 31/3/2007 於 二零零七年 三月三十一日 未行使/ 可行使結存
參與者名稱 或類別	授出日期	行使期間	每股行使價 HK\$ 港幣元	可行使結存	年內授出	年內行使	辭呈時失效	可行使結存
Employees In aggregate	13/8/2003	13/8/2003 to 12/8/2013	0.395	9,651,600	-	-	9,651,600	-
僱員總數	13/8/2003	13/8/2003至 12/8/2013	0.395	9,651,600	-	-	9,651,600	-

33. 股本結算並以股份為基礎之交易(續)

下表披露集團董事、僱員及合約藝人持有之本公司購股權及該等購股權於幾年間的變動：

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33. EQUITY-SETTLED SHARE-BASED TRANSACTIONS (Continued) 33. 股本結算並以股份為基礎之交易 (續)

Name or category of participant	Date of grant	Exercisable period	Exercise price per share	Outstanding/ exercisable balance as at 1/4/2005 於 二零零五年 四月一日 未行使/ 可行使結存	Granted during the year	Exercised during the year	Lapsed upon resignation	Outstanding/ exercisable balance as at 31/3/2006 於 二零零六年 三月三十一日 未行使/ 可行使結存
參與者名稱 或類別	授出日期	行使期間	每股行使價 HK\$ 港幣元		年內授出	年內行使	辭呈時失效	可行使結存
Director Lin Ning	13/8/2003	13/8/2003 to 12/8/2013	0.395	6,434,400	-	-	(6,434,400)	-
董事 林寧	13/8/2003	13/8/2003至 12/8/2013	0.395	6,434,400	-	-	(6,434,400)	-
Employees In aggregate	13/8/2003	13/8/2003 to 12/8/2013	0.395	16,086,000	-	-	(6,434,400)	9,651,600
僱員總數	13/8/2003	13/8/2003至 12/8/2013	0.395	16,086,000	-	-	(6,434,400)	9,651,600
				22,520,400	-	-	(12,868,800)	9,651,600

As all grants of share options were vested on or before 1 January 2005 and accordingly, no adjustment is made in the Group's financial statements pursuant to the transitional provisions as set out in HKFRS 2.

由於所有購股權於二零零五年一月一日或之前已歸屬，因此，於本集團之財務報表中並無根據香港財務報告準則第2號之過渡條款作出調整。

34. RETIREMENT BENEFITS SCHEME

The Group operates a mandatory provident fund scheme (the "MPF Scheme") for all qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group in funds under the control of trustees. The Group contributes 5% of relevant payroll costs to the Scheme, which contribution is matched by employees.

The total cost charged to consolidated income statement of HK\$2,403,000 (2006: HK\$2,937,000) represents contributions payable to the above MPF Scheme in respect of the current accounting period.

35. EVENTS AFTER THE BALANCE SHEET DATE

Litigations

Subsequent to the balance sheet date, the Group has received following claims in relation to default payment:

During June and July 2007, the Group was claimed by Labour Department and several individuals for outstanding salaries and wages of approximately HK\$400,000 for the period from February 2003 to October 2004. The amounts have been properly provided for in the financial statements.

During the period from May to December 2007, two subsidiaries of the Group, Sing Pao Newspaper Company Limited ("SPNCL") and Sing Pao Newspaper Management Limited, were claimed by several individuals/corporations for unpaid goods and services provided during the period from April 2005 to September 2007 of approximately HK\$1,086,000. Relevant amounts of HK\$482,000 have been properly accounted for in the financial statements and the balance remains outstanding up to 21 February 2008.

In July 2007, the Company was claimed by the Stock Exchange for the outstanding annual listing fee for the years 2006/07 and 2007/08 of HK\$300,000. The amounts have been properly accounted for in the financial statements and fully settled in October 2007.

34. 退休福利計劃

本集團為全體合資格香港僱員設立強制性公積金計劃(「強積金計劃」)。計劃之資產乃由信託人控制之基金持有，獨立於本集團之資產。本集團按薪金成本向計劃供款5%，與僱員供款配合。

於綜合收益表扣除之費用總額港幣2,403,000元(二零零六年：港幣2,937,000元)乃指本會計期間應付以上強積金計劃之供款。

35. 結算日後事項

訴訟

緊隨結算日後，本集團收到以下有關拖欠付款之申索：

於二零零七年六月及七月，本集團因未支付二零零三年二月至二零零四年十月期間之薪金及工資約港幣400,000元，收到勞工處及若干人士之申索。有關款項已於財務報表中作出適當撥備。

於二零零七年五月至十二月期間，本集團兩家附屬公司成報報刊有限公司(「成報報刊公司」)及成報報刊管理有限公司收到多名人士／多間公司就由二零零五年四月至二零零七年九月期間提供之未付款貨品及服務約港幣1,086,000元之申索。有關款項之港幣482,000元已適當地計入財務報表內，而餘額截至二零零八年二月二十一日尚未清付。

於二零零七年七月，本公司收到聯交所就二零零六／零七年度及二零零七／零八年度之未繳付上市年費港幣300,000元之申索。該款項已適當地計入財務報表，並已於二零零七年十月全數償還。

35. EVENTS AFTER THE BALANCE SHEET DATE (Continued)

Litigations (Continued)

In August 2007, the Group received writ of summons issued by District Court against SPNCL, regarding penalty for late payment of wages and MPF contributions. The claim was made by The Government of the Hong Kong Special Administrative Region of the PRC ("HKSAR") of HK\$228,000 and the balance remains outstanding up to 21 February 2008.

During the period from May 2007 to February 2008, the Mandatory Provident Fund Schemes Authority has applied to the High Court of HKSAR (the "High Court") to claim for default contributions of HK\$3,616,000 for the period from December 2006 to September 2007. Relevant amounts of HK\$1,584,000 have been properly accounted for in the financial statements.

On 18 December 2007, a supplier of the Group has appointed an arbitrator in relation to a trade dispute with SPNCL for the early termination of a purchase contract in July 2007. The supplier claimed a sum of HK\$5,506,000 against the Group for compensation. Judgment has not been stated up to 21 February 2008.

On January 2008, a winding up petition was filed by two individuals against SPNCL Limited in the High Court in relation to the unpaid literary contribution fee of HK\$208,000 for the period from November 2005 to August 2006. Such amount has been fully provided for in the financial statements

35. 結算日後事項(續)

訴訟(續)

於二零零七年八月，本集團收到地區法院向成報報刊公司就有關延遲支付工資及強積金供款而發出之傳訊令狀。約港幣228,000元之申索由中國香港特別行政區(「香港特區」)政府作出，而有關欠款截至二零零八年二月二十一日尚未清付。

於二零零七年五月至二零零八年二月期間，強制性公積金計劃管理局向香港特區高等法院(「高等法院」)申請就二零零六年十二月至二零零七年九月期間之欠交供款申索港幣3,616,000元。有關款項之港幣1,584,000元已適當地計入財務報表內。

於二零零七年十二月十八日，本公司一名供應商就其與成報報刊公司之商業糾紛委任仲裁人，事件涉及成報報刊公司於二零零七年七月提早終止購買合約。供應商向本集團申索共港幣5,506,000元作為賠償。截至二零零八年二月二十一日，有關事件尚未有裁決。

於二零零八年一月，兩名人士就二零零五年十一月至二零零六年八月期間未獲支付之稿費共港幣208,000元，向高等法院提出對成報報刊公司之清盤呈請。有關款項已於財務報表內作全數撥備。

Notes to the Financial Statements For the year ended 31 March 2007

財務報表附註 截至二零零七年三月三十一日止年度

36. RELATED PARTY TRANSACTIONS

(a) Transactions with related companies

In addition to the transactions and balances disclosed elsewhere in these financial statements, the Group entered into the following related party transactions.

Name of related parties 關連人士名稱	Nature of transactions 交易性質	The Group 本集團	
		2007 二零零七年 HK\$'000 港幣千元	2006 二零零六年 HK\$'000 港幣千元
Mr. Li Rong Wei	Interest expenses on amount due to a shareholder	21	21
Li Rong Wei先生	應付予股東款項之利息開支	21	21
Strategic Media International Limited	Interest expenses on loans from a substantial shareholder	7,948	2291
Strategic Media International Limited	主要股東貸款之利息開支	7,948	2291
Star East Management Limited	Interest expenses on loans from related companies	91	103
東方魅力管理有限公司	關連公司貸款之利息開支	91	103
SMI Corporation Limited	Interest expenses on loans from related companies	346	298
星美國際集團有限公司	關連公司貸款之利息開支	346	298

(b) Key management personnel remuneration

Remuneration for key management personnel, including amounts paid to the directors and individuals with highest emolument as disclosed in note 12 is amounted to approximately HK\$5,072,000 (2006: HK\$3,806,000) as short term benefits.

36. 關連人士交易

(a) 與關連公司之交易

除於該等財務報表其他部份披露之交易及結餘外，本集團訂立以下關連人士交易：

(b) 主要管理人員酬金

主要管理人員酬金包括支付予董事及最高薪人士之款項(如附註12所披露)，金額約港幣5,072,000元(二零零六年：港幣3,806,000元)，為短期福利。

Notes to the Financial Statements For the year ended 31 March 2007

財務報表附註 截至二零零七年三月三十一日止年度

37. HOLDING AND ULTIMATE HOLDING COMPANY

At 31 March 2007, the directors consider the holding and ultimate controlling party of the Group to be Strategic Media International Limited, which is incorporated in the British Virgin Islands. This entity does not produce financial statements available for public use.

38. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation.

37. 控股及最終控股公司

於二零零七年三月三十一日，董事認為本集團之控股及最終控股公司為於英屬處女群島註冊成立之 Strategic Media International Limited。該實體並無編製財務報表供公眾索閱。

38. 比較數字

若干比較數字經已重新分類，以符合本年度之呈列方式。

Five Year Financial Summary

五年財務摘要

RESULTS

業績

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

		2003 二零零三年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元	2006 二零零六年 HK\$'000 港幣千元	2007 二零零七年 HK\$'000 港幣千元
Turnover	營業額	170,846	116,882	108,696	84,051	67,754
Cost of sales	銷售成本	(201,068)	(149,469)	(147,437)	(129,331)	(101,356)
Gross loss	虧損毛額	(30,222)	(32,587)	(38,741)	(45,280)	(33,602)
Other operating income	其他經營收入	4,431	3,782	2,484	3,685	3,067
Advertising and promotion expenses	廣告及宣傳開支	(16,051)	(10,357)	(18,555)	(2,691)	(2,162)
Administrative expenses	行政開支	(81,229)	(53,916)	(39,371)	(40,635)	(37,062)
Impairment losses recognised, net	已確認減值虧損淨額	(207,194)	(1,764)	-	(828)	(1,788)
Unrealised (loss) gain on investments in securities	證券投資之未變現(虧損)收益	(4,167)	250	(16)	-	-
Loss on disposal of available for sale investments	出售可供出售投資虧損	-	-	-	-	(232)
Loss from operations	經營虧損	(334,432)	(94,592)	(94,199)	(85,749)	(71,779)
(Loss) gain on disposal of subsidiaries	出售附屬公司(虧損)收益	(282)	(4,913)	-	-	576
(Loss) gain on deconsolidation of a subsidiary	附屬公司不再綜合入賬之(虧損)收益	-	-	-	(9)	2,225
Loss on dilution of interest in an associate	攤薄聯營公司權益之虧損	(309)	-	-	-	-
Finance costs	財務成本	(8,480)	(3,882)	(4,746)	(15,733)	(24,213)
Share of results of associates	分佔聯營公司業績	(232)	(496)	(1,755)	(866)	(579)
Loss before taxation	除稅前虧損	(343,735)	(103,883)	(100,700)	(102,357)	(93,770)
Taxation	稅項	-	-	-	1,385	(11,075)
Loss before minority interests	未計少數股東權益前虧損	(343,735)	(103,883)	(100,700)	(100,972)	(104,845)
Minority interests	少數股東權益	-	18	8	-	-
Net loss for the year	年度虧損淨額	(343,735)	(103,865)	(100,692)	(100,972)	(104,845)

ASSETS AND LIABILITIES

資產及負債

As at 31 March
於三月三十一日

		2003 二零零三年 HK\$'000 港幣千元	2004 二零零四年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元	2006 二零零六年 HK\$'000 港幣千元	2007 二零零七年 HK\$'000 港幣千元
Total assets	總資產	190,575	122,149	81,705	49,893	32,722
Total liabilities	總負債	(104,424)	(106,198)	(142,737)	(195,545)	(285,390)
Minority interests	少數股東權益	-	(8)	-	-	-
		86,151	15,943	(61,032)	(145,652)	(252,668)