WINBOX INTERNATIONAL (HOLDINGS) LIMITED
永保時國際(控股)有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code : 474)

2007
ANNUAL REPORT

Contents

Corporate Information

Board of Directors

Ms. Choi Hon Hing *(Chairman)*
Ms. Fung Wing Ki, Vicky *(Executive Director)*
Ms. Fung Wing Yee, Wynne *(Executive Director)*
Mr. Tam Hok Lam, Tommy, J.P.
(Independent Non-Executive Director)
Dr. Hui Ka Wah, Ronnie, J.P.
(Independent Non-Executive Director)
Mr. Leung Man Chun, Paul
(Independent Non-Executive Director)

Audit Committee

Mr. Tam Hok Lam, Tommy, J.P. *(Chairman of committee)*
Dr. Hui Ka Wah, Ronnie, J.P.
Mr. Leung Man Chun, Paul

Remuneration Committee

Mr. Tam Hok Lam, Tommy, J.P. *(Chairman of committee)*
Dr. Hui Ka Wah, Ronnie, J.P.
Mr. Leung Man Chun, Paul
Ms. Choi Hon Hing

Investment Committee

Ms. Choi Hon Hing *(Chairman of committee)*
Ms. Fung Wing Ki, Vicky
Mr. Cheng Kin Wah, Thomas

Company Secretary and Qualified Accountant

Mr. Cheng Kin Wah, Thomas

Compliance Adviser

VXL Financial Services Limited
Unit 3618, 36th Floor
Bank of America Tower
12 Harcourt Road
Central
Hong Kong

Solicitors

F. Zimmern & Co.
Suites 1501-1503
15th Floor, Gloucester Tower
15 Queen's Road Central
The Landmark
Hong Kong

Commerce & Finance Law Offices
21E Shenzhen Te Qu Bao Ye Building
6008 Shennan Road, Shenzhen
The PRC

Auditors

Deloitte Touche Tohmatsu
Certified Public Accountants
35/F, One Pacific Place
88 Queensway
Hong Kong

Corporate Information

Principal Bankers

The Hongkong and Shanghai Banking Corporation Limited
1 Queen's Road Central
Hong Kong

Hang Seng Bank Limited
83 Des Voeux Road
Central
Hong Kong

Principal Share Registrar and Transfer Office in Cayman Islands

Butterfield Fund Services (Cayman) Limited
Butterfield House
68 Fort Street
P.O. Box 705
George Town
Grand Cayman
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Computershare Hong Kong Investor Services Limited
17th Floor
Hopewell Centre
183 Queen's Road East
Hong Kong

Registered Office

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

Principal Place of Business in Hong Kong

2nd Floor, Ching Cheong Industrial Building
1-7 Kwai Cheong Road
Kwai Chung, New Territories
Hong Kong

Website

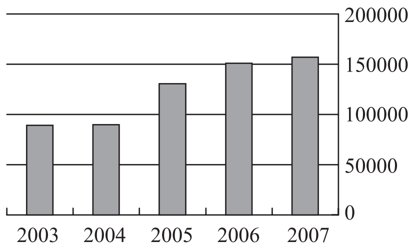
www.winboxhk.com

Financial Highlights

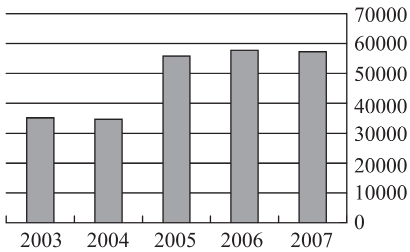
For the years ended 31 March	2007	2006
Operating Results	*HK$'000*	*HK$'000*
Revenue	156,508	151,055
Gross profit	57,733	57,765
Net profit	28,051	26,804
Per Share Data	*HK cents*	*HK cents*
Earnings per share - basic	7.01	6.70
Final dividend per share (proposed)	2.50	2.50
Net asset per share	47.00	41.15
Financial Position	*HK$'000*	*HK$'000*
Total assets	217,629	200,092
Net assets	188,004	164,614
Financial Ratios	*%*	*%*
Gross profit to revenue %	36.9%	38.2%
Net profit to revenue %	17.9%	17.7%
Return on equity %	14.9%	16.3%
Debt to equity %	0.0%	0.5%

Financial Highlights

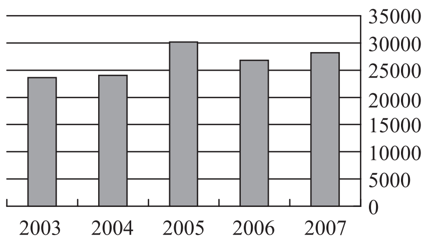
REVENUE
For the years ended 31 March
HK$'000



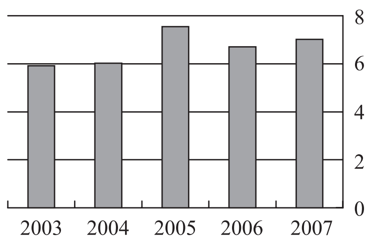
GROSS PROFIT
For the years ended 31 March
HK$'000



NET PROFIT
For the years ended 31 March
HK$'000



EARNINGS PER SHARE - BASIC
For the years ended 31 March
HK cents



Directors, Senior Management and Staff

Directors

Executive Directors

Ms. Choi Hon Hing, 58, is an Executive Director and the Chairman of the Company. She is responsible for the overall control and management of the Group. Ms. Choi joined the Group in October 1994 as the Director of both Winbox (BVI) Limited ("Winbox (BVI)") and Winbox Company Limited ("WCL"), after the acquisition of Winbox (BVI) by Goodwill International (BVI) Limited and other independent shareholders. She has since contributed significantly to the changeover in the management of the Group during the course of acquisition by Boxmore Limited and has secured a number of new customers for the Group by virtue of her marketing expertise and her business affiliations. Currently, she is also a director of all the subsidiaries of the Company other than Winpac SARL and Dardel S.A.S.

Ms. Fung Wing Ki, Vicky, 33, is an Executive Director of the Company. She is a daughter of Ms. Choi Hon Hing and a sister of Ms. Fung Wing Yee, Wynne. Ms. Fung graduated with Bachelor's degrees in Economics and Law from the University of Sydney, Australia in 1995 and 1997 respectively, and commenced her career as a legal practitioner in an international law firm, Coudert Brothers, in 1997. She joined WCL in 2001, initially assisting the Group in its administrative matters as corporate development manager. Ms. Fung became a Director of the Group in August 2004. Currently, she is also a director of all the subsidiaries of the Company other than Winbox Plastic Manufacturing (Shenzhen) Company Limited.

Ms. Fung Wing Yee, Wynne, 32, is an Executive Director. She is a daughter of Ms. Choi Hon Hing and a sister of Ms. Fung Wing Ki, Vicky. Ms. Fung graduated with a Bachelor's degree in Interior Architecture from the University of New South Wales, Australia in May 1998. After graduation, she worked as an architectural assistant. In 2000, she joined WCL as a designer of the Group's products. Ms. Fung has been involved in many new designs of the Group's products and is responsible for the management of the design and research and development departments. Currently, she is also a director of all the subsidiaries of the Company other than Dardel S.A.S, Winbox Plastic Manufacturing (Shenzhen) Company Limited, Winpac Europe Limited and Winpac SARL.

Independent Non-Executive Directors

Mr. Tam Hok Lam, Tommy, J.P., 58, is an Independent Non-Executive Director of the Company. Mr. Tam is a fellow member of The Association of International Accountants and a fellow member of the Hong Kong Institute of Certified Public Accountants. He is also an honorary Director of Hong Kong Watch Manufacturers Association Limited and a council member of the Hong Kong Institute of Directors and a council member of the Singapore Chamber of Commerce (Hong Kong). Mr. Tam is currently an Independent Non-Executive Director of Elegance International Holdings Limited, a listed company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Main Board"), which is principally engaged in the manufacturing and trading of optical frames, sunglasses and optical cases. Mr. Tam is currently a Managing Director of Tomson Holdings Limited which is an investment holding company. Mr. Tam is a member of the Chinese People Political Consultative Conference in Shandong Province, the People's Republic of China. Mr. Tam was appointed as an Independent Non-Executive Director of the Company in March 2006.

Directors, Senior Management and Staff

Dr. Hui Ka Wah, Ronnie, J.P., 43, is an Independent Non-Executive Director of the Company. Dr. Hui graduated from the University of Hong Kong with a Bachelor of Medicine degree and Bachelor of Surgery degree and holds the Diploma of Child Health at Royal College of Physicians & Surgeons in Ireland and at Royal College of Physicians & Surgeons of Glasgow. Dr. Hui is a registered medical practitioner in Hong Kong and has been registered as Specialist in Pediatrics since 2001. Dr. Hui is a member of the Royal College of Physicians of the United Kingdom, a fellow member of the Hong Kong Academy of Medicine (Paediatrics) and a fellow member of the Hong Kong College of Paediatricians. Dr. Hui is a Chartered Financial Analyst Charter holder. Dr. Hui is an Executive Director of Hong Kong Health Check and Laboratory Holdings Company Limited (a company listed on the Main Board). He is also an Independent Non-Executive Director of E2-Capital (Holdings) Limited (a company listed on the Main Board), and CASH Financial Services Group Limited (a company listed on Growth Enterprise Market of The Stock Exchange of Hong Kong Limited ("GEM")). He is the Head of Corporate Investment of Group Sense Limited, the Corporate Marketing Director of Quam Capital (Holdings) Limited (both of which are companies listed on the Main Board), and the Financial Consultant of Town Health International Holdings Company Limited (a company listed on GEM). Dr. Hui became Vice President of CK Yeung Worldwide Limited from August 2006. He was appointed as an Independent Non-Executive Director of the Company in March 2006.

Mr. Leung Man Chun, Paul, 33, is an Independent Non-Executive Director of the Company. Mr. Leung graduated from the University of Sydney with a Bachelor's degree in Economics in 1995 and with a Master's degree in Commerce from the University of New South Wales, Australia in 1996. Mr. Leung is a Certified Practising Accountant in Australia. He was previously a statistician at Dresdner RCM Global Investors Asia Limited in 1996 to 1998. In July 1998, he joined Kingsway Company as financial controller and was promoted to Director of the company in July 1999. Mr. Leung was appointed as an Independent Non-Executive Director of the Company in March 2006.

Qualified Accountant

Mr. Cheng Kin Wah, Thomas, 43, is the qualified accountant of the Company. Mr. Cheng graduated from the Hong Kong Polytechnic University with a Professional Diploma in Accountancy in 1988. Mr. Cheng is an associate member of the Hong Kong Institute of Certified Public Accountants in Hong Kong. He had spent eight years with Deloitte Touche Tohmatsu and had worked in their San Francisco and Hong Kong offices. Mr. Cheng has extensive experience in the field of auditing and accounting. Prior to joining the Company in September 2005, he has worked as the Executive Director of Goodwill International Holdings Limited since October 1996. Mr. Cheng oversees the finance and accounting functions, and be responsible for financial control of the Group.

Chairman's Statement

Results Overview

The Group's revenue for the year ended 31 March 2007 increased by approximately 3.6% to HK$156.5 million (2006: HK$151.1 million). The increase was attributable to the better overall economic environment in major markets of the Group that allowed it to generate larger volume of business. The Group's gross profit remained at approximately HK$57.7 million (2006: HK$57.8 million) for the year ended 31 March 2007. Gross profit margin decreased slightly from approximately 38.2% for the year ended 31 March 2006 to approximately 36.9% for the year ended 31 March 2007, primarily due to the increase in cost of sales in terms of direct labour costs and appreciation of Renminbi ("RMB"). The adverse effect in cost of sales was substantially offset by the reduction in both the distribution and selling costs and administrative expenses due to better cost control. As a result, the Group's profit for the year ended 31 March 2007 increased by approximately 4.7% to HK$28.1 million (2006: HK$26.8 million) and the respective net profit margin increased from approximately 17.7% to approximately 17.9%. Basic earnings per share was HK7.01 cents (2006: HK6.70 cents).

Business Review

The Group is principally engaged in the design, manufacturing and sales of packaging products, the major customers of which are manufacturers of internationally recognised branded and luxury consumer merchandise such as watches, pens, jewellery, gifts and accessories. The Group's packaging products are mainly packaging cases made of plastic, paper or wood with leatherette, artificial suede, velvet, satin, paper or other materials mounted on the surface, bags and pouches. The Group is also engaged in the design, manufacturing and sales of retail display units.

The Group's packaging products are sold mainly overseas. A majority of the Group's packaging products are sold directly to customers located in Europe and North America, which include internationally recognised brand names and luxury brand names. Following its listing, the Group has gained more exposure in the industry and has received more orders from customers with international reputation. Production capacity of the Group is expected to be increased by approximately 10% compared to the previous financial year.

The Group has also taken important steps towards enhancing its internal control systems by reorganising, in particular, its accounting and finance, and logistics, functions, and improving communications and operations among various departments, especially between Hong Kong and China, by providing a better information technology environment. The implementation of an enterprise resource planning system has been ongoing with a view to streamline operation flows and to provide information and data on an even more timely and efficient basis upon its full implementation.

While maintaining steady growth in its business of manufacturing and sales of packaging products, the Group seeks to capture growth in other areas by making a number of private equity investments in various industries with a view to optimize the Group's return and diversify its investment portfolio. This also helps the Group to identify potential businesses or partnerships for strategic development in the long run.

Chairman's Statement

Prospects

In view of the increasing demand and in order to further expand its operation, the Group has recently increased the production capacity of the Group by increasing the number of workers and arranging additional production lines. The Group is currently planning to purchase a parcel of land in the Guangdong Province, the People's Republic of China (the "PRC") and build its own production facilities. I believe that the new production facilities will increase the Group's production capacity and thereby enable the Group to handle further demand of the Group's customers and benefit from the economies of scales. In addition to the increase in production capacity, the Group also plans to install new machinery at its new production facilities to cater for the needs of the more diversified product requirements of the customers. The Group intends to fund the purchase of the land and the construction of the new production facilities from internal resources and possible bank financing.

Despite that we had to face the continued fluctuations in direct material costs, increase in direct labour costs and the appreciation of RMB, we were able to maintain the gross profit at the same level of approximately HK$57.7 million for the year ended 31 March 2007 as compared to the year ended 31 March 2006. Through the guidance of top management of the Group, the Group has made good progress on its ongoing restructuring and re-engineering initiatives to effect operational efficiency and cost savings which are targeted to be realised in 2008 and beyond.

I would like to take this opportunity to thank my fellow Directors and all staff members for their continuous hard work, dedication and support to the Group.

Choi Hon Hing
Chairman

Hong Kong
18 July 2007

Management Discussion and Analysis

Financial Review

Revenue

The Group's revenue for the year ended 31 March 2007 increased by approximately 3.6% to HK$156.5 million (2006: HK$151.1 million). The increase was attributable to the better overall economic environment in major markets of the Group that allowed it to generate larger volume of business. Products manufactured by the Group are mainly sold directly to customers located in Europe and North America. For the year ended 31 March 2007, sales to Europe and North America accounted for a total of approximately 78% (2006: 73%) of the Group's revenue.

Gross Profit

The Group's gross profit remained at approximately HK$57.7 million (2006: HK$57.8 million) for the year ended 31 March 2007. Gross profit margin decreased slightly from approximately 38.2% for the year ended 31 March 2006 to approximately 36.9% for the year ended 31 March 2007, primarily due to the increase in cost of sales in terms of direct labour costs and appreciation of RMB.

Other Income

For the year ended 31 March 2007, the Group's other income decreased by approximately 18.7% to HK$7.3 million (2006: HK$9.0 million). The drop was mainly due to a decrease in income from investing activities.

Distribution and Selling Costs

The Group's distribution and selling costs as a percentage of turnover were approximately 2.3% (2006: 2.8%) for the year ended 31 March 2007. The decrease was mainly due to better cost control by employing new transportation vendors with comparatively lower prices.

Administrative Expenses

The Group's administrative expenses decreased by approximately 13.5% to HK$26.8 million for the year ended 31 March 2007 (2006: HK$31.0 million). The decrease was mainly attributable to the drop in the expenses relating to the listing of the Company in 2006 and better cost control.

Finance Costs

The Group's finance costs for the year ended 31 March 2007 amounted to approximately HK$0.2 million, which remained at the same level as last financial year.

Management Discussion and Analysis

Taxation

The effective tax rate of the Group has increased from approximately 14.2% to 18.3% for the year ended 31 March 2007. The increase was mainly attributable to the incremental contributions from the French subsidiary which was subject to a higher tax rate and the expiry of the tax holidays of the PRC subsidiary effective from 31 December 2006.

Profit for the Year

The Group's profit for the year ended 31 March 2007 increased by approximately 4.7% to HK$28.1 million (2006: HK$26.8 million) and the respective net profit margin increased from approximately 17.7% to approximately 17.9% for the year ended 31 March 2007.

Liquidity, Capital Structure and Financial Resources

The Group funds its operations and growth principally from internal funds. At 31 March 2007, the Group had cash and cash equivalents of approximately HK$64.5 million (2006: HK$54.7 million). The Group's working capital increased to approximately HK$145.0 million (2006: HK$123.9 million). Current ratio (a ratio of total current assets to total current liabilities) increased by approximately 32.7% to 6.1 times (2006: 4.6 times). Gearing ratio (a ratio of total borrowings to total assets other than goodwill) as at 31 March 2007 was maintained at a minimum level of 0% (2006: 0.4%).

For the year ended 31 March 2007, the Group generated a net cash inflow from operating activities of approximately HK$18.3 million (2006: HK$20.7 million). In addition, the Group also obtained net cash inflow from investing activities of approximately HK$1.5 million (2006: outflow of approximately HK$2.7 million). The increase was mainly due to the interest income from investment in debt securities and dividend received from listed shares. The aforesaid cash inflows were partly consumed in financing activities, mainly for the payment of dividend amounted to HK$10 million (2006: HK$20 million).

The Group has executed deeds of charge in favour of the bank and investment dealer/broker to facilitate the purchase of financial instruments. The deeds are secured by the charge over the assets of the Group held by the bank and investment dealer/broker, including investments held for trading, derivative financial instruments and bank balances and cash. As at 31 March 2007, total assets of the Group charged in favour of the bank and investment dealer/broker were approximately HK$58.1 million (2006: HK$32.8 million). The Group has pledged leasehold buildings with a net book value of approximately HK$3.7 million (2006: HK$4.1 million) to secure general banking facilities and other borrowings granted to the Group.

Management Discussion and Analysis

Capital Commitment and Contingent Liabilities

As at 31 March 2007, the Group was committed to capital expenditure of approximately HK$0.1 million (2006: HK$0.2 million) in respect of the acquisition of property, plant and equipment contracted but not provided for in the consolidated financial statements.

Save as disclosed above, there were no significant capital commitments as at 31 March 2007.

The Group had no material contingent liabilities as at the close of business on 31 March 2007.

Exposure to Fluctuations in Exchange Rates

The net foreign exchange gain for the year ended 31 March 2007 was approximately HK$0.4 million. The Group's foreign exchange risks arise mainly from the mismatch between the currency of its sales, purchases and operating expenses. Its sales are denominated in US dollars, Euros and Hong Kong dollars. The Group's purchases and expenses are mostly denominated in RMB and Hong Kong dollars, and some in US dollars and Euros. The Group has certain foreign currency investments held for trading and investment in foreign operations, which are exposed to foreign currency exchange risk. For the year ended 31 March 2007, the Group did not have any financial instruments to hedge the foreign exchange rate risk.

Employment and Share Option Schemes

As at 31 March 2007, the Group had a total of 1,454 employees (including those employed through processing agreement) in the PRC, Hong Kong and France. Remuneration packages for the employees are maintained at a competitive level of the jurisdiction, within which employees are attracted, retained and motivated. Remuneration packages are reviewed periodically.

A summary of the share option schemes of the Group is set out in note 29 to the consolidated financial statements.

Significant Investments, Material Acquisitions and Disposals

The Group did not have any significant investments, material acquisitions and disposals during the year ended 31 March 2007.

Management Discussion and Analysis

Future Plans and Prospects

The Directors believe that the demand for packaging products will continue to grow as a result of the increasing importance placed on packaging design in view of the intensified competition in the retail market. The Directors also believe that, in order to achieve cost effectiveness, there is a growing trend for internationally recognised branded and luxury product manufacturers in North America and Europe to source packaging products from overseas suppliers, especially those in Asia. Given the quality of the Group's products and the direct business relationships with customers established by the Group, the Directors believe that the Group is well positioned to capture these opportunities. At the same time, it is also the strategy of the Group to maintain close business relationships with its customers by assisting in their product design, provision of sourcing and logistics services and the supply of high quality products and services.

In addition, management is seeking opportunities to broaden its product range through arrangements with other international brand owners. At the same time, the Group will strengthen its design and product development capabilities in order to provide more value-added services to the existing and potential customers. The Group intends to recruit more design and product development staff with the expertise and technological know-how to assist customers in developing new designs and to provide more value-added services for its customers.

The Group believes that a comprehensive internal control system is critical to its business success and sustainability in the long run. Therefore, management has employed managers with the required level of expertise to plan and execute stronger and more effective internal control functions so as to identify key areas of deficiencies and ineffectiveness along the supply chain and to recommend possible solutions to top management for improvement. The Group will continue to enhance its internal control systems and improve its information technology infrastructure. It is anticipated that the first stage of implementation of an enterprise resource planning system will complete in the current financial year. The positive value of these restructuring and re-engineering initiatives is targeted to be reflected in the Group's performance in the coming years.

Report of Directors

The Directors of the Company (the "Directors") present their annual report and the audited financial statements for the year ended 31 March 2007.

Corporate Reorganisation

Pursuant to a group reorganisation scheme (the "Reorganisation") to rationalise the structure of the Group in preparation for the listing of the Company's shares on the Main Board of the Stock Exchange, the Company became the holding company of the Group on 16 May 2006.

Details of the reorganisation are set out in note 1 to the consolidated financial statements and in the paragraph headed "Corporate reorganisation" in Appendix VI to the Prospectus. The shares of the Company were listed on the Stock Exchange with effect from 6 June 2006.

Principal Activities

The Company acts as an investment holding company.

The principal activities of its subsidiaries are set out in note 33 to the consolidated financial statements for the year ended 31 March 2007.

Results and Appropriations

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

Dividends amounting to HK$10,000,000 were paid to the shareholders during the year. The Directors now recommend the payment of a final dividend of HK$0.025 per share to the shareholders on the register of members on 23 August 2007, amounting to approximately HK$10,141,000.

Distributable Reserves of the Company

The Company's reserves available for distribution to shareholders as at 31 March 2007 were approximately HK$3,075,000, being the retained profit.

Details of the movements in the reserves of the Group during the year under review are set out in the consolidated statement of changes in equity on pages 34 and 35 of this annual report.

Report of Directors

Property, Plant and Equipment

Details of the movements in the property, plant and equipment of the Group are set out in note 16 to the consolidated financial statements for the year ended 31 March 2007.

Share Capital

Details of the share capital of the Company are set out in note 25 to the consolidated financial statements for the year ended 31 March 2007.

Pre-emptive Rights

There are no provisions for pre-emptive rights under the Company's Articles of Association although there are no restrictions against such rights under the company laws in the Cayman Islands.

Financial Summary

A summary of the results and assets and liabilities of the Group for the last five financial years ended 31 March 2007 is set out on page 78 of this annual report.

Purchase, Sales or Redemption of Securities

On 7 August 2006, Fairich Investment Limited, an indirect wholly owned subsidiary of the Company, which is also a shareholder of Goodwill International (Holdings) Limited, sold 379,400 shares of the Company.

Except as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2007.

Report of Directors

Directors

The Directors during the year under review and up to the date of this annual report were:

Executive Directors:

Ms. Choi Hon Hing *(Chairman)*
Ms. Fung Wing Ki, Vicky
Ms. Fung Wing Yee, Wynne

Independent Non-Executive Directors:

Mr. Tam Hok Lam, Tommy, J.P.
Dr. Hui Ka Wah, Ronnie, J.P.
Mr. Leung Man Chun, Paul

Each of the Directors is subject to retirement by rotation in accordance with the Company's Articles of Association. Ms. Choi Hon Hing and Ms. Fung Wing Ki, Vicky shall retire by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

Directors' and Senior Management's Biographies

Biographical details of the Directors of the Company and the senior management of the Group are set out on pages 6 and 7 of this annual report.

Directors Service Contracts

Each of the Executive Directors of the Company has entered into a service contract with the Company for a term of three years commencing from 1 May 2006. Each service contract will continue thereafter until terminated by not less than two months' notice in writing served by either party on the other.

Save as disclosed above, no Director of the Company proposed for re-election at the forthcoming annual general meeting has a service contract with any company in the Group which is not determinable by the Group within one year without compensation (other than statutory compensation).

Independent Non-Executive Directors

Each of the Independent Non-Executive Directors of the Company has confirmed their independence pursuant to Rule 3.13 of the Rules Governing the Listing Securities on the Stock Exchange (the "Listing Rules"). The Company considers all of the Independent Non-Executive Directors of the Company independent.

Report of Directors

Directors' and Chief Executives' Interests and Short Positions in Shares and Underlying Shares of the Company and its Associated Corporation

As at 31 March 2007, the interests of the Directors of the Company or their associates in shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules (the "Model Code"), were as follows:

		Number of Ordinary Shares held – long positions					Approximate percentage of total issued share capital
Name of Director	Capacity	Personal Interests	Spouse Interests	Corporate Interests	Other Interests	Total	
Ms. Choi Hon Hing	Beneficial owner, interest of spouse, interest of controlled corporations & beneficiary of trust	4,744,313	43,640,117	706,556 (Note 1)	160,000,000 (Note 2)	209,090,986	52.27%
Ms. Fung Wing Ki, Vicky	Beneficial owner & beneficiary of trust	3,333,262	—	—	160,000,000 (Note 2)	163,333,262	40.83%
Ms. Fung Wing Yee, Wynne	Beneficial owner & beneficiary of trust	3,333,262	—	—	160,000,000 (Note 2)	163,333,262	40.83%

Notes:

1. Ms. Choi Hon Hing has a beneficial interest in Bo Hing Limited ("Bo Hing"), which was interested in 706,556 shares in the Company as at 31 March 2007, representing approximately 0.18% in the issued share capital of the Company.

2. The three references to 160,000,000 shares relate to the same block of shares held by Gainbest Investments Limited ("Gainbest") which is a company wholly owned by HSBC International Trustee Limited as the trustee of a discretionary trust set up by Mr. Fung Ka Pun, the spouse of Ms. Choi Hon Hing, of which the discretionary objects include but not limited to Ms. Choi Hon Hing, Ms. Fung Wing Ki, Vicky and Ms. Fung Wing Yee, Wynne. Gainbest is a substantial shareholder of the Company and its shareholding in the Company is set out in the section headed "Substantial Shareholders' Interests and Short Positions in the Shares of the Company" of this report.

Other than as disclosed above, as at 31 March 2007, none of the Directors of the Company or their associates had any interests or short positions in any shares, underlying shares and debentures of, the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Report of Directors

Share Option Schemes

Particulars of the Company's share option schemes and details of movements in the share options are set out in note 29 to the consolidated financial statements.

Substantial Shareholders' Interests and Short Positions in the Shares of the Company

As at 31 March 2007, the following entities have interests or short positions of 5% or more in the issued shares of the Company which were recorded in the Register of Substantial Shareholders maintained under Section 336 of the SFO or had otherwise notified to the Company:

Name	Number of ordinary shares - long positions	Capacity	Approximate percentage of the total issued share capital	Note
Gainbest Investments Limited	160,000,000	Beneficial owner	40.00%	1
Mr. Fung Ka Pun	160,000,000	Founder of a discretionary trust	52.27%	1
	42,888,567	Interest of controlled corporations		2
	1,458,106	Beneficial owner		
	4,744,313	Interest of spouse		
HSBC International Trustee Limited	160,000,000	Trustee of a discretionary trust	40.00%	1
Monnie Luck Limited	39,200,000	Beneficial owner	9.80%	3
Yue Xiu Enterprises (Holdings) Limited	39,200,000	Interest of a controlled corporation	9.80%	3
Goodwill International (Holdings) Limited	42,182,011	Beneficial owner	10.55%	
Newmark Capital Corporation Limited	28,253,402	Beneficial owner	7.06%	4

Report of Directors

Name	Number of ordinary shares - long positions	Capacity	Approximate percentage of the total issued share capital	Note
Newmark Capital Holdings Limited	28,253,402	Interest of a controlled corporation	7.06%	4
Mr. Ng Poh Meng	28,253,402	Interest of a controlled corporation	7.06%	4
Kilmacolm S.A.	20,000,000	Beneficial owner	5.00%	

Other than as disclosed above, as at 31 March 2007, no person (other than Directors of the Company) has interests or short positions in the shares or underlying shares of the Company which were recorded in the Register of Substantial Shareholders maintained under Section 336 of the SFO.

Notes:

1. Gainbest is a company wholly owned by HSBC International Trustee Limited as the trustee of a discretionary trust set up by Mr. Fung Ka Pun, for the benefit of his family members including but not limited to Ms. Choi Hon Hing, Ms. Fung Wing Ki, Vicky and Ms. Fung Wing Yee, Wynne as discretionary objects.

2. Mr. Fung Ka Pun has beneficial interests in Bo Hing and Goodwill International (Holdings) Limited ("Goodwill International"), which were interested in 706,556 shares and 42,182,011 shares in the Company respectively as at 31 March 2007, representing approximately 10.72% of the issued share capital of the Company.

3. Monnie Luck Limited is wholly owned by Mr. Xiao Boyan as trustee on trust for Yue Xiu Enterprises (Holdings) Limited.

4. Newmark Capital Corporation Limited is wholly owned by Newmark Capital Holdings Limited which, in turn, is wholly owned by Mr. Ng Poh Meng.

Directors' Interest in Contracts

Save as disclosed in the financial statements for the year ended 31 March 2007, no contracts of significance in relation to the Group's business (as defined in the Listing Rules) to which the Company or any of its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, existed at the end of the year or at any time during the year under review.

Report of Directors

Directors' Rights to Acquire Shares or Debentures

Apart from as disclosed under the heading "Directors' and Chief Executives' Interests and Short Positions in Shares and Underlying Shares of the Company and its Associated Corporation" above and the option holding disclosed in note 29 to the consolidated financial statements, at no time during the year under review was the Company or any of its subsidiaries, a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 March 2007.

Major Customers and Suppliers

During the year ended 31 March 2007, the aggregate sales attributable to the Group's largest customer and five largest customers taken together accounted for approximately 23.8% and 60.3% of the Group's total revenue for the year under review. The aggregate purchases attributable to the Group's largest supplier and five largest suppliers taken together accounted for approximately 12.2% and 32.0% of the Group's total purchase for the year under review.

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

Emolument Policy

The emolument policy of the employees of the Group is set up by the Remuneration Committee on the basis of their merit, qualifications and competence.

The emoluments of Directors are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

Connected Transactions

During the year ended 31 March 2007, the Company did not have any material connected transactions which were subject to the requirements of the Listing Rules.

Sufficiency of Public Float

As at the date of this annual report, the Company has maintained the prescribed public float under the Listing Rules, based on the information that is publicly available to the Company and within the knowledge of the Company's Directors.

Report of Directors

Audit Committee

The Audit Committee, comprising three Independent Non-Executive Directors of the Company, has reviewed with management the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including a review of the annual results for the year.

Post Balance Sheet Events

Details of significant events which took place subsequent to the balance sheet date are set out in note 32 to the consolidated financial statements for the year ended 31 March 2007.

Auditors

A resolution to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company will be proposed at the forthcoming annual general meeting of the Company.

On behalf of the Board

Choi Hon Hing
Chairman

Hong Kong
18 July 2007

Corporate Governance Report

The Company is committed to the establishment of good corporate governance practices and procedures. The corporate governance principles of the Company emphasize on a quality board of Directors (the "Board"), sound internal control, transparency and accountability to all shareholders of the Company.

During the year ended 31 March 2007, the Company has applied the principles of the Code on Corporate Governance Practices (the "CG Code"), as set out in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The shares of the Company were listed on the Stock Exchange on 6 June 2006 and the Company has complied with the CG Code, save for the deviation from Code Provision A.2.1 of the CG Code.

This report describes the Group's corporate governance practices and explains the said deviation from the CG Code.

Board Composition and Board Practices

The Board is responsible for the oversight of the Group's business management, strategic decisions, performance and affairs with the objective of enhancing shareholders' interest.

The Board comprises three Executive Directors and three Independent Non-Executive Directors whose biographical details are set out on pages 6 and 7 of this annual report.

The Board comprises:

Executive Directors:

Ms. Choi Hon Hing (Chairman)
Ms. Fung Wing Ki, Vicky
Ms. Fung Wing Yee, Wynne

Independent Non-Executive Directors:

Mr. Tam Hok Lam, Tommy, J.P.
Dr. Hui Ka Wah, Ronnie, J.P.
Mr. Leung Man Chun, Paul

The Board, led by the Chairman, is collectively responsible for the approval and monitoring of the Group's overall strategies and policies, approval of annual budgets and business plans, evaluating the performance of the Group and overseeing the management of the Company. The Chairman ensures the Board to work effectively and discharge its responsibilities. All Directors (including Independent Non-Executive Directors) have been consulted on all major and material matters of the Company. With the support of the Company Secretary, the Chairman seeks to ensure that all Directors are properly briefed on issues arising at Board meetings and receive adequate and reliable information in a timely manner.

Corporate Governance Report

The Board is of the view that due to the scale of its operation, it is not necessary to appoint a Chief Executive Officer and the Board has delegated the authority and responsibility for the management of the daily operations of the Group to management, department heads and various committees.

The Board has at least four formal meetings a year at quarterly intervals and meets as and when required. Directors are given written notice of the meetings at least 14 days in advance and agenda with supporting Board papers no less than 3 days prior to the meetings to enable the Directors to make informed decisions on matters to be raised at the Board meetings.

The attendance of the Directors at the Board meetings during the year ended 31 March 2007 is set out as follows:

	Number of meetings attended/held
Executive Directors:	
Ms. Choi Hon Hing	4/4
Ms. Fung Wing Ki, Vicky	4/4
Ms. Fung Wing Yee, Wynne	4/4
Independent Non-Executive Directors:	
Mr. Tam Hok Lam, Tommy, J.P.	4/4
Dr. Hui Ka Wah, Ronnie, J.P.	4/4
Mr. Leung Man Chun, Paul	4/4
Average attendance rate	100%

All Board members have full access to relevant information both at the meetings and at regular intervals.

Board minutes are kept by the Company Secretary of the Company and are circulated to the Directors and are open for inspection by the Directors.

The Company Secretary of the Company shall provide professional advice and information to the Directors. In addition, the Directors are able, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the Company's expense. The Board may resolve to provide appropriate independent professional advice to the Directors to assist the relevant Directors to discharge their duties.

Appropriate insurance cover has been arranged in respect of legal action arising from the business of the Group against its Directors.

Under the Listing Rules, every listed issuer is required to have at least three Independent Non-Executive Directors, at least one of whom must have appropriate professional qualifications, or accounting or related financial management expertise. The number of Independent Non-Executive Directors has met the requirements of the Listing Rules and represented more than one-third of the total Board members. Further, more than one of them has appropriate professional qualifications in accounting or related financial management expertise.

Corporate Governance Report

Each of the Independent Non-Executive Directors has confirmed his independence pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all Independent Non-Executive Directors meet with the guidelines set out in Rule 3.13 of the Listing Rules and are independent in accordance with the guidelines. Review will be made regularly on the Board composition to ensure that it has a balance of expertise, skills and experience appropriate for the requirements of the business of the Group.

Each of the Independent Non-Executive Directors has been appointed by the Company for a term of three years starting from 30 March 2006.

Pursuant to the Articles of Association of the Company, one third of the Directors will retire from office by rotation at each annual general meeting, provided that every Director shall be subject to retirement at least once every three years and this complies with the Code Provision A.4.2 of the CG Code.

Since the whole Board participates in the appointment of new Directors, the Company does not establish a nomination committee. All new appointments and re-appointments to the Board are subject to the concurrence of all Board members whose deliberations are based on the expertise and leadership qualities of the candidates.

Chairman and Chief Executive Officer

Code Provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. The Company does not separate the roles of the chairman and chief executive officer. Ms. Choi Hon Hing, the Chairman of the Company, assumes the role of chief executive officer and is responsible for the overall control and management of the Company and the Group. The Company considers that the combination of the roles of chairman and chief executive officer can promote the efficient formulation and implementation of the Company's strategies which will enable the Group to grasp business opportunities efficiently and promptly. The Company considers that through the supervision of its Board and its Independent Non-Executive Directors, a balancing mechanism exists so that the interests of the shareholders are adequately represented.

Model Code for Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules as its own code of conduct regarding directors' securities transaction. The Company has made specific enquiry to all Directors regarding any non-compliance with the Model Code during the year and they all confirmed having fully complied with the required standard set out in the Model Code.

Corporate Governance Report

Directors' Responsibility for the Financial Statements

The Directors acknowledge their responsibility for preparing the financial statements of the Group. With the assistance of the Finance Department which is under the supervision of the Qualified Accountant of the Company, the Directors ensure the preparation of the financial statements of the Group is in accordance with statutory requirements and applicable accounting standards. The Directors also ensure the publication of the financial statements of the Group is in a timely manner. The Statement of the Auditors of the Company regarding their reporting responsibilities on the financial statements for the year ended 31 March 2007 is set out in the Independent Auditor's Report on pages 29 and 30 of this annual report.

Internal Controls

The Board has overall responsibility for maintaining sound and effective internal controls to safeguard the shareholders' investment and the Group's assets.

Procedures have been designed for safeguarding assets against unauthorized use or disposition; for maintaining proper accounting records; for the reliability of financial information used within the business or for publication; and for ensuring compliance with the relevant legislations and regulations.

The Board also reviews and monitors the effectiveness of the internal control system regularly to ensure that the policies and procedures in place are adequate.

The internal control system is designed to provide reasonable, but not absolute, assurance against material misstatement or loss and to manage rather than eliminate risks of failure in operational systems and achievement of the Group's objectives.

The key procedures that the Board has established to provide effective internal controls are as follows:

— A comprehensive monthly management reporting system providing financial and operational performance indicators to the management and the relevant financial information for reporting and disclosure purposes, is in place;

— Business plans and budgets are prepared annually by each individual business unit and subject to review and approval by both the senior management and the Executive Directors. Monthly reporting of significant variances between actual and budgeted figures is done to identify, evaluate and report on the likelihood and potential financial impact of significant business risks;

— Management structure with defined roles, responsibilities and reporting lines are established. Delegated authorities are documented and communicated; and

— Systems and procedures are in place to identify, measure, manage and control all risks that may have impact on the Group.

Corporate Governance Report

The Board, through the Audit Committee, has conducted a review of the effectiveness of the Group's internal control system for the year ended 31 March 2007 including financial, operational and compliance controls and risk management processes. The Board, through the review by the Audit Committee, is satisfied that the Group has fully complied with the code provisions on internal controls during the year under review as set forth in the CG Code.

Audit Committee

The Company established an Audit Committee on 16 May 2006 with reference to "A Guide for the Formation of an Audit Committee" published by the Hong Kong Institute of Certified Public Accountants. The terms of reference of the Audit Committee are consistent with the code provisions as set out in the CG Code and are available on the Company's website.

The Audit Committee comprises three Independent Non-Executive Directors, namely:-

Mr. Tam Hok Lam, Tommy, J.P. (Chairman of committee)
Dr. Hui Ka Wah, Ronnie, J.P.
Mr. Leung Man Chun, Paul

The chairman of the committee possesses a professional accountancy qualification and has substantial experience in accounting and financial matters. In fact, all members of the committee have diversified professional experience in accounting and/or finance.

The principal duties of the Audit Committee are to review and to supervise the Group's financial reporting system, financial statements and internal control procedures. It also acts as an important link between the Board and the Company's auditors in matters within the scope of the group audit. Meetings shall be held at least twice a year. Additional meetings should be held if the Audit Committee shall so request. The attendance of the Directors at the meetings during the year ended 31 March 2007 is set out as follows:

	Number of meetings attended/held
Independent Non-Executive Directors:	
Mr. Tam Hok Lam, Tommy, J.P.	2/2
Dr. Hui Ka Wah, Ronnie, J.P.	2/2
Mr. Leung Man Chun, Paul	2/2
Average attendance rate	100%

The Audit Committee has reviewed the audited accounts and final results announcement for the year ended 31 March 2007 and the interim report and the interim results announcement for the six months ended 30 September 2006. It also reviewed and recommended to the Board for approval of the audit fee proposal for the Group for the year ended 31 March 2007.

Corporate Governance Report

For the year ended 31 March 2007, the Group paid Deloitte Touche Tohmatsu, the external auditors of the Group, HK$778,000 and HK$171,000 as audit fees and non-audit related fees respectively.

Remuneration Committee

The Company set up a remuneration committee (the "Remuneration Committee") on 16 May 2006 ensuring that there are formal and transparent procedures for setting up policies in respect of the remuneration of Directors and senior management. The Remuneration Committee consists of four members, three Independent Non-Executive Directors and the Company's Chairman, namely:

Mr. Tam Hok Lam, Tommy, J.P. (Chairman of committee)
Dr. Hui Ka Wah, Ronnie, J.P.
Mr. Leung Man Chun, Paul
Ms. Choi Hon Hing

The Remuneration Committee is chaired by Mr. Tam Hok Lam, Tommy, J.P.. Meetings shall be held at least once a year. Additional meetings should be held if the Committee shall so request. The attendance of the members at the meeting during the year ended 31 March 2007 is set out as follows:

	Number of meetings attended/held
Executive Director:	
Ms. Choi Hon Hing	1/1
Independent Non-Executive Directors:	
Mr. Tam Hok Lam, Tommy, J.P.	1/1
Dr. Hui Ka Wah, Ronnie, J.P.	1/1
Mr. Leung Man Chun, Paul	1/1
Average attendance rate	100%

The Remuneration Committee is governed by the terms of reference of the Remuneration Committee which is consistent with the terms as set out in the CG Code. The Remuneration Committee has complied with the terms of reference of the Remuneration Committee for the year ended 31 March 2007. The said terms of reference are available from the Company's website. No Director is involved in deciding his own remuneration.

The remuneration of the Directors and the five highest paid individuals are set out in notes 12 and 13 respectively to the consolidated financial statements.

Investment Committee

The Company's investment committee (the "Investment Committee") was set up in May 2006 to ensure that there are formal and transparent procedures for planning and approving investments for the Group. The Investment Committee comprises three members including the Chairman of the Company, a Director and the financial controller of the Company, and all investment management and control were performed by such Investment Committee. The Group has formalised an investment policy detailing the investment objective, decision making, monitoring and risk assessment on the investments to ensure they are in line with the investment strategy of the Group.

Communication with Shareholders

The Board is committed to provide useful information of the Group to the shareholders through the publication of notices, announcements, circulars, interim and annual reports. Furthermore, additional information can be accessed via the Group's website (www.winboxhk.com).

The Board endeavours to maintain an on-going dialogue with shareholders and, in particular, to use annual general meetings or other general meetings to communicate with shareholders directly.

At the 2006 Annual General Meeting:

(i) A separate resolution was proposed by the Chairman in respect of each separate issue, including the re-election of Directors.

(ii) The Chairman of the Board, the chairman of the Audit Committee and Remuneration Committee attended to answer questions of shareholders.

(iii) The Chairman demanded a poll on all resolutions. The procedures for demanding a poll by the shareholders were incorporated in the Annual General Meeting Circular.

The 2007 Annual General Meeting which will be held on 24 August 2007, the Chairman will also demand a poll on all resolutions. Shareholders shall refer to the 2007 Annual General Meeting Circular which will be dispatched to them around 24 July 2007 for further details.

Independent Auditor's Report

Deloitte.
德勤

TO THE MEMBERS OF WINBOX INTERNATIONAL (HOLDINGS) LIMITED

(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Winbox International (Holdings) Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 31 to 77, which comprise the consolidated balance sheet 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 Consolidated Financial Statements

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the consolidated 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

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

Independent Auditor's Report

evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
18 July 2007

Consolidated Income Statement

For the Year ended 31 March 2007

	NOTES	2007 *HK$'000*	2006 *HK$'000*
Revenue	6	156,508	151,055
Cost of sales		(98,775)	(93,290)
Gross profit		57,733	57,765
Other income	8	7,292	8,974
Distribution and selling costs		(3,675)	(4,290)
Administrative expenses		(26,791)	(30,979)
Finance costs	9	(229)	(216)
Profit before taxation		34,330	31,254
Taxation	10	(6,279)	(4,450)
Profit for the year	11	28,051	26,804
Dividends recognised as distribution	14	10,000	20,000
Earnings per share - Basic (HK cents)	15	7.01	6.70

Consolidated Balance Sheet

At 31 March 2007

	NOTES	2007 *HK$'000*	2006 *HK$'000*
Non-current assets			
Property, plant and equipment	16	15,956	15,953
Prepaid lease payments	17	4,402	4,507
Goodwill	18	10,730	9,699
Available-for-sale investments	19	12,923	11,363
		44,011	41,522
Current assets			
Inventories	20	32,976	24,417
Trade receivables	21	16,239	17,739
Bills receivable	21	566	183
Other receivables, deposits and prepayments	21	13,627	11,488
Investments held for trading	19	45,734	50,068
Bank balances and cash	21	64,476	54,675
		173,618	158,570
Current liabilities			
Trade payables	22	9,552	10,491
Other payables, deposits received and accruals	22	16,044	21,962
Derivative financial instruments	23	68	297
Borrowings due within one year	24	—	780
Taxation payable		2,915	1,112
		28,579	34,642
Net current assets		145,039	123,928

Consolidated Balance Sheet

At 31 March 2007

	NOTES	2007 *HK$'000*	2006 *HK$'000*
Total assets less current liabilities		189,050	165,450
Non-current liability			
Retirement benefits obligations	31	1,046	836
Net assets		188,004	164,614
Capital and reserves			
Share capital	25	20,000	4
Reserves		168,004	164,610
Equity attributable to equity holders of the Company		188,004	164,614

The consolidated financial statements on pages 31 to 77 were approved and authorised for issue by the Board of Directors on 18 July 2007 and are signed on its behalf by:

CHOI HON HING
DIRECTOR

FUNG WING KI, VICKY
DIRECTOR

Consolidated Statement of Changes in Equity

For the Year ended 31 March 2007

	Share capital HK$'000	Share premium HK$'000	Share options reserve HK$'000	Special reserve HK$'000 (note c)	Translation reserve HK$'000	Retained profits HK$'000	Total equity attributable to equity holders of the Company HK$'000
At 1 April 2005 (note a)	4	6,544	—	7,698	4,254	140,434	158,934
Exchange difference on translation of foreign operations recognised directly in equity	—	—	—	—	(1,124)	—	(1,124)
Profit for the year	—	—	—	—	—	26,804	26,804
Total recognised income and expenses for the year	—	—	—	—	(1,124)	26,804	25,680
Interim dividend and special dividend paid	—	—	—	—	—	(20,000)	(20,000)
At 1 April 2006 (note b)	4	6,544	—	7,698	3,130	147,238	164,614
Exchange difference on translation of foreign operations recognised directly in equity	—	—	—	—	2,831	—	2,831
Profit for the year	—	—	—	—	—	28,051	28,051
Total recognised income for the year	—	—	—	—	2,831	28,051	30,882
Amount arising on group reorganisation	(4)	(6,544)	—	6,548	—	—	—
Issue of new shares as consideration for the acquisition of Winbox (BVI) Limited pursuant to a group reorganisation (note 25(d))	20,000	—	—	(20,000)	—	—	—
Recognition of equity-settled share-based payments	—	—	2,508	—	—	—	2,508
Dividend paid	—	—	—	—	—	(10,000)	(10,000)
At 31 March 2007	20,000	—	2,508	(5,754)	5,961	165,289	188,004

Consolidated Statement of Changes in Equity

For the Year ended 31 March 2007

Notes:

(a) The share capital as at 1 April 2005 represented the share capital of Winbox (BVI) Limited.

(b) The share capital as at 1 April 2006 represented the aggregate share capital of the Company and Winbox (BVI) Limited.

(c) As at 1 April 2005 and 2006, special reserve of HK$7,698,000 represents the difference between the nominal amount of the share capital issued by Winbox (BVI) Limited and the nominal amount of the share capital of the acquired subsidiaries arisen from a group reorganisation occurred in prior years. During the year, HK$13,452,000 was debited to the special reserve which represents the difference between the nominal amount of the share capital issued by the Company of HK$20,000,000 and the nominal amount of the share capital and the share premium of Winbox (BVI) Limited of HK$6,548,000 arising from the group reorganisation to rationalise the structure of the Group in preparation for the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited. Details of this reorganisation are stated in note 1 to the consolidated financial statements.

Consolidated Cash Flow Statement

For the Year ended 31 March 2007

	2007	2006
	HK$'000	*HK$'000*
OPERATING ACTIVITIES		
Profit before taxation	34,330	31,254
Adjustments for:		
Dividend income	(999)	(257)
Interest income	(2,680)	(2,891)
Finance costs	229	216
Reversal of allowance for bad and doubtful debts	(50)	(182)
Allowance for (reversal of) slow moving inventories	31	(758)
Impairment loss recognised on available-for-sale investments	—	19
Depreciation of property, plant and equipment	1,399	2,280
Release of prepaid lease payments	105	105
Share-based payments	2,508	—
Gain on disposal of property, plant and equipment	—	(32)
Change in fair value of investments held for trading	(2,096)	(5,113)
Change in fair value of derivative financial instruments	(229)	297
Increase (decrease) in retirement benefits obligations	210	(22)
Operating cash flows before movements in working capital	32,758	24,916
(Increase) decrease in inventories	(8,590)	1,898
Decrease (increase) in trade receivables	1,550	(852)
(Increase) decrease in bills receivable	(383)	680
Increase in other receivables, deposits and prepayments	(2,139)	(7,213)
Decrease in amount due from a related company	—	12
Decrease in investments held for trading	6,430	934
Decrease in trade payables	(939)	(157)
(Decrease) increase in other payables, deposits received and accruals	(5,918)	6,025
Cash generated from operations	22,769	26,243
Income tax paid	(4,476)	(5,550)
NET CASH FROM OPERATING ACTIVITIES	18,293	20,693
INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(665)	(5,876)
Purchases of available-for-sale investments	(1,560)	—
Proceeds from disposal of property, plant and equipment	—	32
Interest received	2,680	2,891
Dividends received from investments held for trading	999	257
NET CASH FROM (USED IN) INVESTING ACTIVITIES	1,454	(2,696)

Consolidated Cash Flow Statement

For the Year ended 31 March 2007

	2007 *HK$'000*	2006 *HK$'000*
FINANCING ACTIVITIES		
Dividend paid	(10,000)	(20,000)
Interest paid	(229)	(216)
Repayment of borrowings	(780)	(869)
CASH USED IN FINANCING ACTIVITIES	(11,009)	(21,085)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	8,738	(3,088)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	54,675	58,190
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	1,063	(427)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	64,476	54,675
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances and cash	64,476	54,675

Notes to the Consolidated Financial Statements

For the Year ended 31 March 2007

1. GENERAL AND BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Company was incorporated in the Cayman Islands on 30 September 2005 as an exempted company with limited liability under the Companies Law, Cap. 22 (Laws 3 of 1961, as consolidated and revised) of the Cayman Islands. The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporation Information" section to the annual report.

Through a group reorganisation ("the Reorganisation") to rationalise the structure of the Company and subsidiaries (hereinafter collectively referred as the "Group") in preparation for the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Company became the holding company of the Group on 16 May 2006. Details of the Reorganisation are set out in the prospectus dated 24 May 2006.

The Company's shares have been listed on the Stock Exchange since 6 June 2006.

The Group resulting from the Reorganisation is regarded as a continuing entity. Accordingly, the consolidated financial statements of the Group have been prepared using the principles of merger accounting as if the group structure under the Reorganisation had been in existence throughout the two years ended 31 March 2007 or since their respective dates of incorporation/establishment or date of acquisition, whichever is the shorter period.

The Company acts as an investment holding company. The principal activities of its subsidiaries are set out in note 33.

The Group's consolidated financial statements are presented in Hong Kong dollars, which is the functional currency of the Company.

2. 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 ("HKICPA"), which are either effective for accounting periods beginning on or after 1 December 2005, 1 January 2006 or 1 March 2006. The adoption of the new HKFRSs had no material effect on how the Group's results and financial position for the current or prior accounting years have been prepared and presented. Accordingly, no prior period adjustment has been required.

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

2. 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 accounting periods beginning on or after 1 January 2007.
2 Effective for accounting periods beginning on or after 1 January 2009.
3 Effective for accounting periods beginning on or after 1 May 2006.
4 Effective for accounting periods beginning on or after 1 June 2006.
5 Effective for accounting periods beginning on or after 1 November 2006.
6 Effective for accounting periods beginning on or after 1 March 2007.
7 Effective for accounting periods beginning on or after 1 January 2008.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared under the historical cost basis, except for certain financial instruments, which are measured at fair value, 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 Stock Exchange and by the Hong Kong Companies Ordinance.

Basis of Consolidation

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Merger Accounting for Business Combination Under Common Control

Business combinations under common control are accounted for using merger accounting. In applying merger accounting, financial statement items of the combining entities or businesses for the reporting period in which the common control combination occurs, and for any comparative periods disclosed, are included in the consolidated financial statements of the combined entity as if the combination had occurred from the date when the combining entities or businesses first came under the control of the controlling party or parties. The combined entity recognises the assets, liabilities and equity of the combining entities or business at the carrying amounts in the consolidated financial statements of the controlling party or parties prior to the common control combinations.

Business Combinations (Other Than Involving Entities Under Common Control)

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combinations. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under HKFRS 3 Business Combinations are recognised at their fair values at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Notes to the Consolidated Financial Statements

For the Year ended 31 March 2007

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition.

Capitalised goodwill arising on an acquisition of a subsidiary is presented separately in the balance sheet.

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

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

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable.

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

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Rental income from operating leases is recognised in the consolidated income statement on a straight-line basis over the term of relevant lease.

Dividend income from investments is recognised when the shareholders' right to receive payment has been established.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, Plant and Equipment

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

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

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 the 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.

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

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.

The Group as Lessee

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 and Building

The land and building elements of a lease of land and building are considered separately for the purpose of lease classification, leasehold land which title is not expected to pass to the lessee by the end of the lease term is classified as an operating lease unless the lease payments cannot be allocated reliably between the land and building elements, in which case, the entire lease is classified as a finance lease.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign Currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in its functional currency at the rates of exchange 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 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. 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 case, the exchange differences are also recognised directly in equity.

For the purpose 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 rates 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 the transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the translation reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Goodwill and fair value adjustments on identifiable assets acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the balance sheet date. Exchange differences arising are recognised in the translation reserve.

Borrowing Costs

All borrowing costs are recognised as and included in finance costs in the consolidated income statement in the period in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Retirement Benefit Costs

Payments to the Group's retirement benefit schemes which are defined contribution plans are charged as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at balance sheet date. Actuarial gains and losses which exceed 10 per cent of the greater of the present value of the Group's pension obligations and the fair value of plan assets are amortised over the expected average remaining working lives of the participating employees. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the amended benefits become vested.

The amount recognised in the consolidated balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service cost, and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to unrecognised actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

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 and 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 the 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.

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 year 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment

At balance sheet date, the Group reviews the carrying amounts of its assets (other than goodwill) 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.

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

Financial Instruments

Financial assets and financial liabilities are recognised on the balance sheet when the Group 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 or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial Assets

The Group's financial assets are classified into one of three categories, including investments held for trading, 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 marketplace. The accounting policies adopted in respect of each category of financial assets are set out below.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

Financial Assets (continued)

Investments Held for Trading

At each balance sheet date subsequent to initial recognition, investments held for trading are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise.

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, receivables (including trade receivables, bills receivable, other receivables and deposits 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.

Available-for-sale Financial Assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss, loans and receivables and held-to maturity investments. At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are measured at fair value. 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 subsequent periods. For available-for-sale debt investments, impairment losses are subsequently reversed if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Notes to the Consolidated Financial Statements

For the Year ended 31 March 2007

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

Financial Assets (continued)

Available-for-sale Financial Assets (continued)

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 and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, 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.

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 Company after deducting all of its liabilities. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

Financial Liabilities

Financial liabilities including trade payables, other payables, deposits received and borrowings are subsequently measured at amortised cost, using the effective interest method.

Equity Instruments

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

Derivative Financial Instruments

Derivatives that do not qualify for hedge accounting are deemed as held for trading. Changes in fair values of such derivatives are recognised directly in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

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 receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

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 and payable is recognised in profit or loss.

Share-based Payment Transactions

Equity-settled Share-based Payment Transactions

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 impact of the revision of the estimates, if any, is recognised in profit or loss, with a corresponding adjustment to share options reserve.

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.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies which are described in note 3, management has made the following judgments that have significant effect on the amounts recognised in the consolidated financial statements. 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 are also discussed below.

Estimated Impairment of Goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual cash flows are less than expected, a material impairment loss may arise. The carrying amount of goodwill at the balance sheet date was approximately HK$10,730,000 (2006: HK$9,699,000) with no impairment loss recognised. Details of the value in use calculation are provided in note 18.

5. FINANCIAL INSTRUMENTS

Financial Risk Management Objectives and Policies

The Group's major financial instruments include trade receivables, bills receivable, other receivables and deposits, bank balances, trade and other payables, deposits received, borrowings, available-for-sale investments and investments held for trading. 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. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

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 asset as stated in the consolidated balance sheet. In order to minimise the credit risk, the Group has 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.

The Group has no significant concentration of credit risk on its trade receivables, with exposure spread over a large number of counterparties and customers.

5. FINANCIAL INSTRUMENTS (continued)

Financial Risk Management Objectives and Policies (continued)

Credit risk (continued)

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Interest Rate Risk

The Group's bank balances have exposure to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank balances.

In addition, the Group has exposure to fair value interest rate risk through the impact of the rate changes on investments in unlisted quoted debt securities which are carried at fixed coupon rate.

Foreign Currency Risk

Several subsidiaries of the Company have foreign currency transactions, which expose the Group to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Price Risk

The Group is exposed to equity security price risk through its investments held for trading. The management manages this exposure by maintaining a portfolio of investments with different risk profiles.

6. REVENUE

Revenue represents the amounts received and receivable for goods sold by the Group to outside customers, less sales tax and sales returns during the year.

7. SEGMENT INFORMATION

The directors report the geographical segments as the Group's primary segment information.

Geographical Segments

The following table provides an analysis of the Group's sales by geographical market in which the customers are located, irrespective of the origin of the goods.

Consolidated income statement

	Hong Kong		North America		Europe		Unallocated		Consolidated	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	29,273	34,958	17,667	14,996	104,467	95,278	5,101	5,823	156,508	151,055
Segment results	11,760	16,754	5,803	4,050	24,469	20,508	1,591	517	43,623	41,829
Other income									7,292	8,974
Unallocated corporate expenses									(16,356)	(19,333)
Finance costs									(229)	(216)
Profit before taxation									34,330	31,254
Taxation									(6,279)	(4,450)
Profit for the year									28,051	26,804

Notes to the Consolidated Financial Statements

For the Year ended 31 March 2007

7. SEGMENT INFORMATION (continued)

Geographical segments (continued)

Consolidated balance sheet

	Hong Kong		North America		Europe		Unallocated		Consolidated	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS										
Segment assets	7,829	5,685	2,313	3,114	45,815	36,647	954	147	56,911	45,593
Unallocated corporate assets									160,718	154,499
Consolidated total assets									217,629	200,092
LIABILITIES										
Segment liabilities	—	—	—	—	7,185	5,283	—	—	7,185	5,283
Unallocated corporate liabilities									22,440	30,195
Consolidated total liabilities									29,625	35,478

Other information

	Hong Kong		North America		Europe		Unallocated		Consolidated	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Additions to property, plant and equipment	—	—	—	—	38	5,589	627	287	665	5,876
Depreciation of property, plant and equipment	255	408	154	220	945	1,567	45	85	1,399	2,280
Release of prepaid lease payments	105	105	—	—	—	—	—	—	105	105
Reversal of allowance for bad and doubtful debts	—	—	—	—	(36)	(182)	(14)	—	(50)	(182)
(Reversal of) allowance for slow moving inventories	—	—	—	—	(319)	(43)	350	(715)	31	(758)

7. SEGMENT INFORMATION (continued)

Geographical segments (continued)

The following is an analysis of the carrying amount of segment assets at the balance sheet date, and additions to property, plant and equipment during the year, analysed by the geographical area in which the assets are located:

	Carrying amount of segment assets		Additions to property, plant and equipment	
	2007	2006	2007	2006
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Hong Kong	20,884	21,724	232	163
The People's Republic of China (the "PRC")	13,689	9,260	395	124
Europe	40,489	33,609	38	5,589
	75,062	64,593	665	5,876

Business segment

The Group is mainly engaged in the sale of quality plastic and paper boxes for luxury consumer goods. Accordingly, no segmental analysis on business segment is presented.

8. OTHER INCOME

	2007	2006
	HK$'000	*HK$'000*
Gain on change in fair value of derivative financial instruments	229	—
Change in fair value of investments held for trading	2,096	5,113
Dividend income from investments held for trading	999	257
Gain on disposal of property, plant and equipment	—	32
Interest earned on bank deposits	1,621	1,298
Interest earned on debt securities	1,059	1,593
Net foreign exchange gain	374	—
Rental income	—	27
Sundry income	914	654
	7,292	8,974

Notes to the Consolidated Financial Statements

For the Year ended 31 March 2007

9. FINANCE COSTS

	2007	2006
	HK$'000	*HK$'000*
Interest on bank overdrafts and other borrowings wholly repayable within five years	229	216

10. TAXATION

	2007	2006
	HK$'000	*HK$'000*
Current tax:		
Hong Kong	3,227	2,743
Other jurisdictions	3,052	1,707
	6,279	4,450

Hong Kong Profits Tax is calculated at 17.5% of the estimated assessable profit for the year.

Pursuant to the relevant laws and regulations in the PRC, the Company's wholly owned subsidiary, Winbox Plastic Manufacturing (Shenzhen) Company Limited ("Winbox Plastic Manufacturing (Shenzhen)") is entitled to use a tax rate of 15% being the applicable tax rate for foreign invested enterprise in the area of Shenzhen Special Economic Zone 深圳經濟特區. In addition, Winbox Plastic Manufacturing (Shenzhen) is entitled to an exemption from PRC income tax for the two years starting from its first profit-making year, followed by a 50% tax relief for the next three years. The tax charge provided for the year has been made after taking these tax incentives into account. It commenced its first profit-making year for the fiscal year ended 31 December 2002.

French profits tax is calculated at 33.3% of the estimated assessable profit for the Company's wholly owned subsidiary, Dardel S.A.S. ("Dardel") for the year.

10. TAXATION (continued)

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

	2007 *HK$'000*	2006 *HK$'000*
Profit before taxation	34,330	31,254
Tax at Hong Kong Profits Tax rate of 17.5%	6,008	5,469
Tax effect of expenses not deductible for tax purposes	906	1,014
Tax effect of income not taxable for tax purposes	(466)	(407)
Effect of different tax rate of a subsidiary operating in other jurisdiction	971	302
Tax effect of estimated tax losses not recognised	315	1
Income tax concession	(1,339)	(1,473)
Utilisation of estimated tax losses previously not recognised	(123)	(492)
Others	7	36
Taxation for the year	6,279	4,450

At the balance sheet date, the Group had unused estimated tax losses of approximately HK$2,176,000 (2006: HK$1,077,000) available for offset against future profits. No deferred tax asset has been recognised in respect of the unrecognised estimated tax losses due to the unpredictability of future profit streams. The estimated tax losses may be carried forward indefinitely.

Notes to the Consolidated Financial Statements

For the Year ended 31 March 2007

11. PROFIT FOR THE YEAR

	2007 *HK$'000*	2006 *HK$'000*
Profit for the year is arrived at after charging (crediting):		
Auditors' remuneration	778	761
Reversal of allowance for bad and doubtful debts		
(included in administrative expenses)	(50)	(182)
Allowance for (reversal of) slow moving inventories (included in cost of sales)	31	(758)
Cost of inventories recognised as an expense	98,744	94,048
Depreciation of property, plant and equipment	1,399	2,280
Release of prepaid lease payments	105	105
Listing fee	2,589	5,233
Net foreign exchange loss	—	1,763
Loss on change in fair value of derivative financial instruments	—	297
Impairment loss recognised on available-for-sale investments	—	19
Operating lease rentals in respect of rented premises	3,999	3,746
Staff costs:		
Directors' emoluments	3,576	1,665
Other staff costs		
- salaries, bonus and other allowances	32,232	30,034
- retirement benefit scheme contributions	4,310	3,211
- share-based payments	1,084	—
	41,202	34,910

Notes to the Consolidated Financial Statements

For the Year ended 31 March 2007

12. DIRECTORS' EMOLUMENTS

The emoluments paid or payable to each of the six (2006: six) directors were as follows:

	2007						2006					
	Fee	Salaries and other allowances	Bonus	Retirement benefit scheme contributions	Share - based payments	Total	Fee	Salaries and other allowances	Bonus	Retirement benefit scheme contributions	Share - based payments	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Executive directors:												
Choi Hon Hing	—	584	600	12	570	1,766	—	562	500	12	—	1,074
Fung Wing Ki, Vicky	—	201	200	9	427	837	—	145	120	7	—	272
Fung Wing Yee, Wynne	—	226	100	10	427	763	—	210	100	9	—	319
Non-executive directors:												
Tam Hok Lam, Tommy	70	—	—	—	—	70	—	—	—	—	—	—
Hui Ka Wah, Ronnie	70	—	—	—	—	70	—	—	—	—	—	—
Leung Man Chun, Paul	70	—	—	—	—	70	—	—	—	—	—	—
	210	1,011	900	31	1,424	3,576	—	917	720	28	—	1,665

During the year, no emoluments were paid by the Group to any of the directors as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors has waived any emoluments during the year.

13. EMPLOYEE'S EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, three (2006: one) were directors of the Company whose emoluments is included in the disclosures in note 12 above. The emoluments of the remaining two (2006: four) individuals were as follows:

	2007 *HK$'000*	2006 *HK$'000*
Salaries and other allowances	1,965	3,721
Bonus	336	181
Retirement benefit scheme contributions	196	294
Share-based payments	114	—
	2,611	4,196

The emoluments were within the following bands:

	2007 No. of employees	2006 No. of employees
Nil to HK$1,000,000	Nil	2
HK$1,000,001 to HK$1,500,000	1	2
HK$1,500,001 to HK$2,000,000	1	Nil

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

14. DIVIDENDS

	2007 *HK$'000*	2006 *HK$'000*
Dividends recognised as distribution	10,000	20,000
Proposed final dividends	10,141	10,000

On 4 July 2005 and 30 August 2005, the directors of Winbox (BVI) Limited, the then holding company of the Group, declared and its then shareholder approved an interim dividend and special dividend amounting to HK$10,000,000 each respectively. The interim dividend and special dividend were paid during the year ended 31 March 2006.

The final dividend for the year ended 31 March 2007 of HK$0.025 (2006: HK$0.025) per share, amounting to approximately HK$10,141,000 (2006: HK$10,000,000), was proposed by the directors and is subject to approval by the shareholders at the forthcoming annual general meeting.

15. EARNINGS PER SHARE

The calculation of earnings per share is based on profit for the year of approximately HK$28,051,000 (2006: HK$26,804,000) and on 400,000,000 (2006: 400,000,000) weighted average number of ordinary shares in issue for the year.

The calculation of weighted average number of ordinary shares for the year ended 31 March 2007 and 31 March 2006 were based on the assumption that the Reorganisation and the share subdivision had been existed on 1 April 2005.

No diluted earnings per share has been presented for the year ended 31 March 2007 because the exercise price of the Company's options, after taken into account for the effect of the share based payments to be recognised over the remainder of the vesting period for employee services to be rendered, was higher than the average market price for shares during the year. Diluted earnings per share for the year ended 31 March 2006 was not disclosed as there was no dilutive potential ordinary shares outstanding during that year.

Notes to the Consolidated Financial Statements

For the Year ended 31 March 2007

16. PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Buildings on freehold land	Buildings	Leasehold improvements	Plant and machinery	Furniture, fixtures and equipment	Moulds	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
COST									
At 1 April 2005	487	1,267	9,330	3,035	6,476	2,491	7,625	152	30,863
Exchange adjustments	(29)	(77)	—	—	(12)	(44)	—	—	(162)
Additions	—	5,151	—	63	138	524	—	—	5,876
Disposals	—	—	—	—	(287)	(52)	—	—	(339)
At 31 March 2006	458	6,341	9,330	3,098	6,315	2,919	7,625	152	36,238
Exchange adjustments	49	664	—	—	55	112	1	—	881
Additions	—	—	—	38	85	291	231	20	665
Disposals	—	—	—	—	—	(27)	—	—	(27)
At 31 March 2007	507	7,005	9,330	3,136	6,455	3,295	7,857	172	37,757
DEPRECIATION									
At 1 April 2005	—	64	1,759	2,237	5,744	1,767	6,655	152	18,378
Exchange adjustments	—	(6)	—	—	(10)	(18)	—	—	(34)
Provided for the year	—	189	187	557	489	443	415	—	2,280
Eliminated on disposals	—	—	—	—	(287)	(52)	—	—	(339)
At 31 March 2006	—	247	1,946	2,794	5,936	2,140	7,070	152	20,285
Exchange adjustments	—	32	—	—	48	63	1	—	144
Provided for the year	—	124	187	133	239	385	326	5	1,399
Eliminated on disposals	—	—	—	—	—	(27)	—	—	(27)
At 31 March 2007	—	403	2,133	2,927	6,223	2,561	7,397	157	21,801
CARRYING VALUES									
At 31 March 2007	507	6,602	7,197	209	232	734	460	15	15,956
At 31 March 2006	458	6,094	7,384	304	379	779	555	—	15,953

16. PROPERTY, PLANT AND EQUIPMENT (continued)

The above items of property, plant and equipment are depreciated on straight-line basis at the following rates per annum:

Freehold land	Nil
Buildings on freehold land	2%
Buildings	2%
Leasehold improvements	20%
Plant and machinery	20%
Furniture, fixtures and equipment	20%
Moulds	20%
Motor vehicles	25%

The freehold land and buildings are located outside Hong Kong.

17. PREPAID LEASE PAYMENTS

	2007 *HK$'000*	2006 *HK$'000*
The Group's prepaid lease payments comprise:		
Leasehold land in Hong Kong	2,780	2,847
Leasehold land outside Hong Kong	1,622	1,660
	4,402	4,507

The leasehold land of the Group is held under medium-term lease and charged to consolidated income statement on a straight-line basis over the lease terms.

18. GOODWILL

	HK$'000
COST	
At 1 April 2005	10,318
Exchange adjustments	(619)
At 31 March 2006	9,699
Exchange adjustments	1,031
At 31 March 2007	10,730

Goodwill acquired in a business combination is allocated to a cash generating units ("CGU") arising from Dardel, a subsidiary in France for the purpose of goodwill impairment testing.

The recoverable amount of the CGU is determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the year. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGU. The growth rates are based on industry growth forecast. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The Group prepares cash flow forecast derived from the most recent financial budget approved by management for the next five years and extrapolates cash flows for the following five years based on an estimated growth rate of 4% (2006: 4%). This rate does not exceed the average long-term growth rate for the relevant markets.

The rate used to discount the forecast cash flow is 20% (2006: 19%).

19. INVESTMENTS

	2007	2006
	HK$'000	*HK$'000*
Available-for-sale investments include:		
Unlisted equity securities, at cost	11,805	10,245
Club debentures, at fair value	1,118	1,118
	12,923	11,363
Investments held for trading include:		
Listed equity securities, at fair value	25,674	36,565
Unlisted debt securities, at fair value	20,060	13,503
	45,734	50,068

The above available-for-sale investments represent investments in unlisted equity securities issued by private entities and club debentures. The unlisted equity securities are measured at cost less impairment at each balance sheet date because the range of reasonable fair value estimates is so significant that the directors of the Group are of the opinion that their fair values cannot be measured reliably. Club debentures are stated at fair values which have been determined by reference to the market prices in the secondary markets.

The fair values of listed equity securities are based on quoted market bid price.

The investments in debt securities offer the Group the opportunity for return through interest income and trading gains. These debt securities have fixed maturity and will be matured from the year of 2007 to 2009 (2006: 2007 to 2009) and coupon rate ranged from 5.13% to 6.75% (2006: 5.18% to 6.75%). The fair values of these securities are provided by financial institutions.

20. INVENTORIES

	2007	2006
	HK$'000	*HK$'000*
Raw materials	15,923	12,379
Work in progress	9,473	4,855
Finished goods	7,580	7,183
	32,976	24,417

21. OTHER CURRENT ASSETS

The Group allows an average credit period of 30 to 60 days to its trade customers. The aged analysis of trade receivables and bills receivable are stated as follows:

	2007	2006
	HK$'000	*HK$'000*
0 to 30 days	11,900	13,149
31 to 60 days	3,873	2,878
61 to 90 days	382	1,124
91 to 180 days	84	497
Over 180 days	—	1,394
	16,239	19,042
Less: Allowance for bad and doubtful debts	—	(1,303)
	16,239	17,739
Bills receivable - within 60 days	566	183
	16,805	17,922

Other receivables and deposits are repayable on demand.

Bank balances and cash comprise cash held by the Group and short-term bank deposits carrying effective interest at approximately 2.7% (2006: 2.2%) per annum with an original maturity of three months or less.

The directors consider that the carrying values of the current financial assets approximate their fair values.

22. OTHER CURRENT LIABILITIES

Trade payables principally comprise amounts outstanding for trade purchases. The average credit period taken for trade purchases is 30 to 60 days. The aged analysis of trade payables is stated as follows:

	2007	2006
	HK$'000	*HK$'000*
0 to 30 days	5,215	5,816
31 to 60 days	1,284	2,743
61 to 90 days	1,615	621
91 to 180 days	1,438	1,311
	9,552	10,491

Trade payables and other payables principally comprise amounts outstanding for trade purposes and ongoing costs.

The directors consider that the carrying values of the current financial liabilities approximate their fair values.

23. DERIVATIVE FINANCIAL INSTRUMENTS

At the balance sheet date, the Group entered into two (2006: three) investment schemes with banks. The investment schemes are denominated in Hong Kong dollars. Under the investment schemes, the Group is a party to purchase listed equity securities at a series of predetermined times, based on the price calculated by a pre-specified formula. All of the contracts have a maximum term of one year. The investment schemes are determined based on quoted market prices for equivalent instruments at the balance sheet date.

The Group has executed a deed of charge in favour of the banks to facilitate the Group to enter into the investment schemes. The deed is secured by the charge over the assets of the Group held by the bank, including investments held for trading and bank balances. At 31 March 2007, total assets of the Group charged in favour of the banks were approximately HK$58,100,000 (2006: HK$32,800,000).

24. BORROWINGS DUE WITHIN ONE YEAR

	2007	2006
	HK$'000	*HK$'000*
Other borrowings due within one year - secured	—	780

At 31 March 2006, the other borrowings were denominated in Euro which represented borrowings from an independent third party bearing an interest of 10.2% per annum and were secured by a freehold land and buildings of the Group. The other borrowings were arranged at a fixed interest rate, which exposed the Group to fair value interest rate risk.

25. SHARE CAPITAL

	Number of shares	Share capital
		HK$'000
Authorised:		
At date of incorporation and at 1 April 2006, ordinary shares of HK$0.10 each (note a)	3,900,000	390
Share subdivision (note b)	3,900,000	—
Increase during the year (note c)	1,992,200,000	99,610
At 31 March 2007, ordinary shares of HK$0.05 each	2,000,000,000	100,000
Issued and fully paid:		
At date of incorporation and at 1 April 2006, ordinary shares of HK$0.10 each (note a)	1	—
Share subdivision (note b)	1	—
Issue of new shares as consideration for the acquisition of Winbox (BVI) Limited pursuant to the Reorganisation (note d)	399,999,998	20,000
At 31 March 2007, ordinary shares of HK$0.05 each	400,000,000	20,000

25. SHARE CAPITAL (continued)

Details of the changes in the Company's share capital for the year ended 31 March 2007 are as follows:

(a) The Company was incorporated in the Cayman Islands on 30 September 2005 with an authorised share capital of HK$390,000 divided into 3,900,000 shares of HK$0.10 each. One ordinary share of HK$0.10 was issued and allotted, fully paid on the same date.

(b) On 10 May 2006, every issued and unissued share of HK$0.10 was subdivided into two shares of HK$0.05 each.

(c) By written resolutions of the then sole shareholder of the Company dated 16 May 2006, the authorised share capital of the Company was increased from HK$390,000 to HK$100,000,000 by the creation of an additional 1,992,200,000 shares to rank pari passu in all respects with the shares then in issue of HK$0.05 each.

(d) On 16 May 2006, the Company acquired the entire issued share capital of Winbox (BVI) Limited from Boxmore Limited ("Boxmore") at a consideration to be satisfied by the allotment of 399,999,998 shares of HK$0.05 each in the Company, credited as fully paid, to Boxmore.

(e) The Company's shares have been listed on the Stock Exchange since 6 June 2006.

For the purpose of the preparation of the consolidated financial statements, the share capital at 31 March 2006 represented the aggregate paid-in capital of the Company and Winbox (BVI) Limited, which became a wholly owned subsidiary of the Company pursuant to the completion of the Reorganisation on 16 May 2006.

26. PLEDGE OF ASSETS

At 31 March 2007, other than the deed secured by the charge over the assets of the Group as disclosed in note 23, the Group has pledged its leasehold land and buildings with a carrying value of HK$3,694,000 (2006: HK$4,066,000) to secure general banking facilities granted to the Group.

At 31 March 2006, the Group had also pledged its freehold land and buildings with a carrying value of HK$1,432,000 to secure other borrowings granted to the Group. The other borrowings were fully repaid during the year ended 31 March 2007.

27. COMMITMENTS

At 31 March 2007, the Group was committed to capital expenditure of approximately HK$108,000 (2006: HK$210,000) in respect of the acquisition of property, plant and equipment contracted but not provided for in the consolidated financial statements.

28. OPERATING LEASE COMMITMENTS

At the balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises which fall due as follows:

	2007	2006
	HK$'000	*HK$'000*
Within one year	4,384	3,810
In the second to fifth year inclusive	8,924	3,268
	13,308	7,078

Operating lease payments represent rentals payable by the Group for certain of its office and factory premises. Leases are negotiated for lease term of two to three years and rentals are fixed for two to three years.

Notes to the Consolidated Financial Statements

For the Year ended 31 March 2007

29. SHARE OPTION SCHEMES

The Company had two share option schemes, including pre-listing share option scheme (the "Pre-Listing Scheme") and share option scheme (the "Share Option Scheme"), which were both adopted on 16 May 2006. The terms and conditions of the Pre-Listing Scheme and Share Option Scheme are set out below.

(A) Pre-Listing Scheme

The major terms of the Pre-Listing Scheme are summarised as follows:

(i) The purpose was to provide incentives to the participants;

(ii) The participants included directors of the Company or its subsidiaries, senior management and other employees of the Group;

(iii) The maximum number of shares in respect of which options might be granted under the Pre-Listing Scheme shall not exceed 19,555,261 shares;

(iv) In relation to each grantee of the options granted under Pre-Listing Scheme, the right of the grantee to exercise the option shall vest in three stages: 30% of share options granted (rounded down to the nearest whole number of shares) will vest from the expiry of one year from the listing date (6 June 2006) up to the day immediately before the fourth anniversary of the listing date; 30% of share options granted (rounded down to the nearest whole number of shares) will vest from the expiry of two years from the listing date up to the day immediately before the fifth anniversary of the listing date; and 40% of the share options granted (round down to the nearest whole number of shares) will vest from the expiry of three years from the listing date up to the day immediately before the sixth anniversary of the listing date;

(v) The exercise price of an option is HK$0.225 per share;

(vi) No further options will be granted under the Pre-Listing Scheme after the day immediately prior to the date of listing of the Company's shares.

29. SHARE OPTION SCHEMES (continued)

(B) Share Option Scheme

The major terms of the Share Option Scheme are summarised as follows:

(i) The purpose was to provide incentives to the participants;

(ii) The participants included any full-time or part-time employees, executives and officers of the Company and any of its subsidiaries (including executive, non-executive directors and independent non-executive directors of the Company and any of its subsidiaries) and business consultants and legal and other professional advisors of the Company or its subsidiaries which, in the opinion of the Company's board of directors, has or had made contribution to the Group;

(iii) The maximum number of shares in respect of which options might be granted under the Share Option Scheme must not exceed 30% of the issued share capital of the Company from time to time. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any 12 months period is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to a substantial shareholder or an independent non-executive director in excess of 0.1% of the Company's share capital or with a value in excess of HK$5 million must be approved in advance by the Company's shareholders.

(iv) In relation to each grantee of the options granted under Share Option Scheme, the right of the grantee to exercise the option shall vest in three stages: 30% of share options granted (rounded down to the nearest whole number of shares) will vest from the expiry of one year from the acceptance date of the option (the "Acceptance Date") up to the day immediately before the fourth anniversary of the Acceptance Date; 30% of share options granted (rounded down to the nearest whole number of shares) will vest from the expiry of two years from the Acceptance Date up to the day immediately before the fifth anniversary of the Acceptance Date; and 40% of the share options granted (round down to the nearest whole number of shares) will vest from the expiry of three years from the Acceptance Date up to the day immediately before the sixth anniversary of the Acceptance Date.

(v) The exercise price of an option will be determined by the board of directors of the Company and will not be less than the highest of:

- the closing price of the share on the date of grant;
- the average closing price of the share for the 5 business days immediately preceding the date of grant; and
- the nominal value of the share.

(vi) A consideration of HK$1 is payable on acceptance of the offer of grant of option.

Notes to the Consolidated Financial Statements

For the Year ended 31 March 2007

29. SHARE OPTION SCHEMES (continued)

Details of the share options outstanding and movements under the Pre-Listing Scheme during the year were as follows:

				Number of share options		
Grantee	Date of grant	Vesting period	Exercise price per share HK$	At 1 April 2006	Granted during the year	At 31 March 2007
Executive directors						
Choi Hon Hing	16.5.2006	6.6.2007 to 5.6.2011	0.225	—	1,333,294	1,333,294
	16.5.2006	6.6.2008 to 5.6.2012	0.225	—	1,333,294	1,333,294
	16.5.2006	6.6.2009 to 5.6.2013	0.225	—	1,777,725	1,777,725
Fung Wing Ki, Vicky	16.5.2006	6.6.2007 to 5.6.2011	0.225	—	999,979	999,979
	16.5.2006	6.6.2008 to 5.6.2012	0.225	—	999,979	999,979
	16.5.2006	6.6.2009 to 5.6.2013	0.225	—	1,333,304	1,333,304
Fung Wing Yee, Wynne	16.5.2006	6.6.2007 to 5.6.2011	0.225	—	999,979	999,979
	16.5.2006	6.6.2008 to 5.6.2012	0.225	—	999,979	999,979
	16.5.2006	6.6.2009 to 5.6.2013	0.225	—	1,333,304	1,333,304
Eligible employees	16.5.2006	6.6.2007 to 5.6.2011	0.225	—	2,533,330	2,533,330
	16.5.2006	6.6.2008 to 5.6.2012	0.225	—	2,533,330	2,533,330
	16.5.2006	6.6.2009 to 5.6.2013	0.225	—	3,377,764	3,377,764
				—	19,555,261	19,555,261

On 16 May 2006, 19,555,261 share options were granted under the Pre-Listing Scheme and share option expense of approximately HK$2.5 million had been recognised with a corresponding adjustment recognised in the Group's share options reserve. The total fair value of all the share options granted on that date was approximately HK$5.1 million and the average fair value per option granted is HK$0.26. During the year ended 31 March 2007, no share options were granted under the Share Option Scheme.

29. SHARE OPTION SCHEMES (continued)

In obtaining the fair value of the share options granted during the year, the Black-Scholes Option Pricing Model has been used. The input into the model were as follows:

	16 May 2006	Notes
Share price	HK$0.55	a
Exercise price	HK$0.225	
Expected life of options	4-6 years	b
Expected volatility	20%	c
Expected dividend yield	4.5%	d
Risk free rate	4.47%	

Notes:

(a) The price of the Company's share at 16 May 2006 is assumed to be HK$0.55 per share, which is equal to the offer price on listing of the Company.

(b) The life of option ranges from 4 to 6 years from the date of grant.

(c) Expected volatility is determined by using the historical volatility of the price of listed companies with similar business to the Group.

(d) Expected dividend yield is determined by the directors based on the historical record and the expected future performance of the Group.

The Black-Scholes Option Pricing Model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share option are based on directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

30. RELATED PARTY TRANSACTIONS

During the year, the Group entered into the following related party transactions:

	2007 *HK$'000*	2006 *HK$'000*
Rental income received from a related company (note a)	—	27
Services fee paid to a related company (note b)	61	128
Commission fee paid to a related company (note a)	—	32

Notes:

(a) A director of these related companies is the spouse of the director of the Company.

(b) A director of this related company is also the director of the Company.

The remuneration of directors and other members of key management during the year was as follows:

	2007 *HK$*	2006 *HK$*
Short-term benefits	4,422	5,078
Post-employment benefits	227	311
Share-based payments	1,538	—
	6,187	5,389

31. RETIREMENT BENEFIT SCHEMES

The Group operated a pension scheme under rules and regulations of Mandatory Provident Fund Schemes Ordinance ("MPF Scheme"). The assets of the MPF Scheme are held separately in an independently administrated fund. The Group has chosen to follow the minimum statutory contribution requirement of 5% of eligible employees' monthly relevant income but limited to the mandatory cap of HK$20,000. The contributions are charged to the consolidated income statement as incurred. In respect of employees who leave the MPF Scheme before the employer's voluntary contributions become fully vested, the relevant portion of the voluntary contributions forfeited will be refunded to the Group.

The employees of the Group's subsidiaries in the PRC and a subsidiary in France are members of state-managed retirement benefit schemes operated by respective local governments. The subsidiaries are required to contribute a specific percentage of their payroll costs to the retirement benefit schemes. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

During the year, the total amounts contributed by the Group to the schemes and cost charged to the consolidated income statement represents contribution payable to the schemes by the Group at rates specified in the rules of the schemes.

Defined benefit plan

The Group operates an unfunded defined benefit plan for qualifying employees of its subsidiary in France. Under the scheme, the employees are entitled to retirement benefits which varies according to the length of the service to the probable retirement age and monthly and annual remuneration of the employees. No other post-retirement benefits are provided.

32. POST BALANCE SHEET EVENTS

The following transactions took place subsequent to 31 March 2007:

(a) On 10 May 2007, the Group disposed of certain of its leasehold land and building located in the PRC to an independent third party for an aggregate consideration of approximately HK$1.5 million. The carrying value of the disposed leasehold land and building was approximately HK$1.1 million as at the disposal date, resulting in a gain on disposal of approximately HK$0.4 million.

(b) On 8 June 2007, options to subscribe for 2,300,000 shares at an exercise price of HK$0.86 per share were granted under the Share Option Scheme to certain directors of the Company and eligible employees of the Group and an eligible person. Total fair value of the share options granted on that date was approximately HK$1 million.

Notes to the Consolidated Financial Statements

For the Year ended 31 March 2007

33. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the Company's subsidiaries at 31 March 2007 are as follows:

Name of subsidiary	Place of incorporation or registration/ operations	Class of share held	Issued and fully paid up share capital/ registered capital	Proportion of nominal value of issued share capital/ registered capital held by the Company		Principal activities
				Directly	Indirectly	
Winbox (BVI) Limited	The British Virgin Islands ("BVI")	Ordinary	US$460	100%	—	Investment holding
Dardel	France	Ordinary	EUR470,000	—	100%	Sale of quality plastic and paper boxes for luxury consumer goods
Fairich Investment Limited	Hong Kong	Ordinary	HK$2	—	100%	Investment holding
First Light Investments Limited	The PRC	Ordinary	US$1	—	100%	Provision of sub-contracting services (intra group service)
Grand Cast Limited	Hong Kong	Ordinary	HK$2	—	100%	Investment holding
Winbox Company Limited	Hong Kong	Ordinary	Ordinary shares HK$5,500,000 Non-voting deferred shares HK$5,500,000	—	100%	Sale of quality plastic and paper boxes for luxury consumer goods

Notes to the Consolidated Financial Statements

For the Year ended 31 March 2007

33. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

Name of subsidiary	Place of incorporation or registration/ operations	Class of share held	Issued and fully paid up share capital/ registered capital	Proportion of nominal value of issued share capital/ registered capital held by the Company Directly	Indirectly	Principal activities
Winbox Plastic Manufacturing (Shenzhen)	The PRC	Contributed capital	HK$12,000,000	—	100%	Manufacture and sale of quality plastic and paper boxes for luxury consumer goods and the provision of sub-contracting services (intra group service)
Winpac Europe Limited	United Kingdom	Ordinary	£500,000	—	100%	Investment holding
Winpac International Limited	Hong Kong	Ordinary	HK$2	—	100%	Investment holding
Winpac Trading Co. Limited	Hong Kong	Ordinary	HK$500,000	—	100%	Sale of quality plastic and paper boxes for luxury consumer goods
Winpac SARL	France	Ordinary	EUR10,000	—	100%	Property holding

None of the subsidiaries had any debt securities outstanding at the end of the year or at any time during the year.

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

Financial Summary

RESULTS

	Year ended 31 March				
	2003	2004	2005	2006	2007
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
	(note)	(note)	(note)	(note)	
Revenue	89,235	89,919	130,581	151,055	156,508
Profit for the year attributable to equity holders of the parent	23,636	24,065	30,186	26,804	28,051

ASSETS AND LIABILITIES

	As at 31 March				
	2003	2004	2005	2006	2007
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
	(note)	(note)	(note)	(note)	
Total assets	136,864	153,161	185,434	200,092	217,629
Total liabilities	(14,358)	(21,471)	(26,500)	(35,478)	(29,625)
	122,506	131,690	158,934	164,614	188,004
Equity attributable to equity holders of the parent	122,362	131,539	158,934	164,614	188,004
Minority interests	144	151	—	—	—
	122,506	131,690	158,934	164,614	188,004

Note: The Company was incorporated in the Cayman Islands on 30 September 2005 and became the holding company of the Group with effect from 16 May 2006 as a result of a reorganisation scheme as set out in the prospectus dated 24 May 2006 issued by the Company. Accordingly, the results of the Group for each of the four years ended 31 March 2006 have been prepared on a combined basis as if the current group structure had been in existence throughout the years concerned. In addition, the assets and liabilities of the Group as at 31 March 2003, 2004, 2005 and 2006 have been prepared on a combined basis as if the current group structure had been in existence at those dates.