

2007 *Annual Report* 年報



Matsunichi Communication Holdings Limited
松日通訊控股有限公司

Stock Code 股份代號 : 283

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Corporate Information

公司資料

DIRECTORS

Pan Su Tong (*Chairman*)

Huang Xiaojian

Lai Chi Kin, Lawrence *

Ng Lai Man, Carmen *

Cheng Kwan Wai, Sunny *

* *Independent Non-Executive Directors*

COMPANY SECRETARY

Cheng Wing Tsan

REGISTERED OFFICE

22/F., Two International Finance Centre,
8 Finance Street, Central,
Hong Kong

PRINCIPAL BANKER

The Hongkong and Shanghai Banking Corporation Limited

AUDITORS

Deloitte Touche Tohmatsu

REGISTRAR AND TRANSFER OFFICE

Secretaries Limited

26/F, Tesbury Centre

28 Queen's Road East

Hong Kong

董事會成員

潘蘇通 (主席)

黃孝建

黎志堅 *

吳麗文 *

鄭君威 *

* 獨立非執行董事

公司秘書

鄭榮燦

註冊辦事處

香港

中環金融街8號

國際金融中心二期22樓

主要往來銀行

香港上海滙豐銀行有限公司

核數師

德勤•關黃陳方會計師行

股份過戶登記處

秘書商業服務有限公司

香港

皇后大道東28號

金鐘匯中心26樓

Chairman's Statement

主席報告書

On behalf of the board of directors ("Board") of Matsunichi Communication Holdings Limited (the "Company"), I am pleased to present the annual report of the Company together with its subsidiaries (the "Group") for the year ended 31st March, 2007.

RESULTS

For the year ended 31st March, 2007, the Group recorded turnover amounting to HK\$3,071 million (2006: HK\$2,314 million), achieving year-on-year growth of approximately 33%. The improved performance was mainly attributable to a significant increase in sales volume of the Group during the year, as demand for digital audio products and related digital consumer electronics grew steadily across the board and the Group expanded its markets, both internationally and in the PRC.

As competition became more fierced, the Group lowered the blended average selling price of its products in response to the market situation, the Group's gross profit margin declined from 17% last year to 15% this year. Net profit for the year decreased by 6% to HK\$202 million as compared with HK\$215 million recorded in last year, net profit margin for the period under review fell slightly to 7% as compared with 9% in last year.

FINAL DIVIDEND

The directors of the Company ("Directors") are pleased to recommend a final dividend of HK6.5 cents per share to the shareholders whose names appear on the register of members of the Company on 8th August, 2007. Subject to the approval at the forthcoming Annual General Meeting, dividends will be sent to shareholders of the Company ("Shareholders") on or about 16th October, 2007. Together with interim dividend of HK7.5 cents per share paid on 16th April, 2007, it makes a total dividend of HK14 cents per share for the year.

All the issued shares of the Company (but not nil-paid rights shares) rank pari passu with each other in all respects including the rights as to voting, dividend and return of capital.

本人謹此代表松日通訊控股有限公司(「本公司」)董事會(「董事會」)欣然提呈本公司及其附屬公司(「本集團」)截至二零零七年三月三十一日止年度之年報。

業績

截至二零零七年三月三十一日止年度，本集團錄得營業額達3,071,000,000港元(二零零六年:2,314,000,000港元)，按年增長約33%。表現提升主要是由於對數碼音響產品及相關數碼消費電子產品之需求全面穩步上升，加上本集團擴展其於世界各地及中國之市場，令年內本集團之銷售數量顯著增加。

由於競爭日趨劇烈使本集團降低其產品之組合平均售價以回應市場情況，令本集團之毛利率由去年之17%下降至本年之15%。年度純利下跌6%至202,000,000港元，而去年則錄得215,000,000港元；回顧期內之純利率輕微下跌至7%，而去年則為9%。

末期股息

本公司董事(「董事」)欣然建議向於二零零七年八月八日名列本公司股東登記冊之股東派付末期股息每股6.5港仙。待於應屆股東週年大會上獲得批准後，股息將於二零零七年十月十六日或該日前後寄發予本公司之股東(「股東」)。連同於二零零七年四月十六日支付之中期股息每股7.5港仙，本年度股息總額為每股14港仙。

本公司所有已發行股份(惟不計未繳足股本供股股份)在所有方面彼此之間地位相同，包括在投票、股息及退還資本方面。

Chairman's Statement

主席報告書

PROSPECTS

Looking ahead, the Group is optimistic about the outlook for the 2007-2008 financial year. The global economy is enjoying steady growth. Consumer confidence is expected to stay growth, boosting consumption and sales of the Group's products. Despite heated competition, the Group's digital products have firmly established themselves in the marketplace and enjoy growth momentum. The Matsunichi brand name is widely recognized among customers around the world for its quality, and the Group will continue to capitalize on its previous success and strong track record.

As one of the leading brands of consumers' digital products, the Group's future development centers on one of its most popular products, the digital photo frame. It has taken the market by storm since debut. Besides the standard 5", 7" and 10" versions, a 12" version is going to be launched in nearly future. More, the Group is keeping to upgrade the features of the product in order to keep up with such competitive electronic market. Demand for digital photo frames is forecast to remain strong. It sold more than 10 million pieces globally in 2007, which is ten-fold of last year. To keep place in such fierce environment, the Group is pursuing an aggressive pricing strategy.

Strong sales in the North American and China markets have contributed to the Group's performance in recent years. The Group has established a strong footing in those markets. It is now raising its profile in other areas, such as Russia and South America. The Group is dedicated to cultivating markets around the world and increasing its global presence.

And to diversify its business and broaden its income stream, the Group has made announcement on its plan to invest for the first time in the property market in China during the year under review. It acquired two plots of land in the booming city of Tianjin, with a total site area of over 400,000m² under the total consideration of RMB2,026 million. The Group has expressed its intention to purchase more plots if the opportunity arises. The

展望

展望未來，本集團對二零零七至二零零八財政年度之前景樂觀。全球經濟正穩步增長。消費者信心可望保持增長，刺激本集團產品之消耗與銷售。儘管競爭激烈，本集團的數碼產品已在市場上扎穩根基，並呈增長勢頭。松日品牌以其質量被全世界的用戶廣泛認同，而本集團將繼續發揚其成功經驗及輝煌往績記錄，進步不斷。

作為消費者數碼產品的領先品牌之一，本集團之未來發展將依重旗下最受歡迎產品之一：數碼相框。數碼相框自其首次亮相以來便風靡市場。除標準的5吋、7吋及10吋版本外，12吋版亦將在不久將來推出市場。再者，本集團將不斷更新產品功能以跟上競爭激烈的電子市場的形勢。對數碼相框的需求預期會持續強勁。二零零七年，數碼相框之全球銷量超過10,000,000件，是去年的十倍。本集團對此產品採取較進取之定價策略，以期保持旺勢，乘勝追擊。

近年來在北美及中國市場的強勁銷售均對本集團之表現作出貢獻。本集團已在該等市場建立強大的基礎。目前，本集團在其他地區（如俄羅斯及南美）亦正嶄露頭角。本集團志在四方，將致力擴大其全球業務版圖。

為分散其業務及擴大其收入來源，本集團已宣佈其計劃，於回顧年度首次投資中國地產市場。本集團已在崛起中的天津收購兩塊土地，其總地盤面積超過400,000平方米，總代價為人民幣2,026,000,000元。本集團已表明一有機會便會購買更多地塊。本集團現正集中在天津及華南發展大規模、混合用途的項目。一個好

Chairman's Statement

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Group is currently focusing on the development of large-scale, mixed-use projects in Tianjin and south China. A good mix of residential and commercial properties helps to maximize revenue and ensure a stable, recurring rental income.

Tianjin is one of the booming cities in China. It stands on the vantage point which is between Beijing and Shanghai. As the government approved that the Binhai New Area of Tianjin is part of its development plan of national economic and social development for the period of 2006-2010, and the trend of the continuous of its economic growth, the Group believes it is a city in high potential to being developed. In the view of these prosperous aspects, the Group has started to invest in the property project and is well-positioned to capitalize and be a force to be reckoned with in the mainland property sector.

MANAGEMENT DISCUSSION & ANALYSIS

Continued Expansion of Major International Markets

During the year, the Group was most successful in further expanding its distribution channels worldwide. In December 2006, the Group's digital photo frames first launched in the market, and became available on Amazon.com, one of world's largest online stores. In the year, the number of retail shops for selling digital photo frames with Matsunichi brand was more than 100 globally. That helped to boost the market share of the Matsunichi brand of digital products and marked a milestone in the Group's foray into the global market.

The Group has enjoyed a strong global presence in European, North and South American, Asian and other emerging markets. Its outstanding list of digital electronics products is widely popular and meets the demand of customers worldwide.

Expansion of Market Share and Cost Control

During the year under review, the Group continued to launch a new range of digital products to boost its market share. Thanks to the Group's distribution channels and successful marketing strategy, its products – especially digital photo frames – achieved overwhelming response in the North America. Digital photo frames went on sale for the first time around the second half of the year.

的商住兩用物業有利於使收益最大化且確保穩定的、經常性的租金收入。

天津位處北京與上海中間，地理位置優越，是中國其中一個崛起中的城市。隨著政府批准天津北海新區納入二零零六至二零一零年國家級經濟及社會發展之發展計劃，加上當地經濟趨向持續增長，本集團認為天津具龐大發展潛力。鑒於以上種種秀麗前景，本集團已開始投資於地產項目，並早作部署，勢必成為內地地產界一股不可忽視的力量。

管理層討論及分析

繼續拓展主要國際市場

年內，本集團在全球進一步拓展其分銷渠道方面成就顯著。二零零六年十二月，本集團之數碼相框首次推出市場，並可在世界上最大的網上商店Amazon.com買到。本年度內，銷售松日品牌數碼相框之零售店數目在全球各地已達100間以上。這提高了松日品牌數碼產品的市場份額，是本集團進軍全球市場的里程碑。

本集團在歐洲、北美和南美、亞洲及其他新興市場已建立強大全球性業務基礎。其傑出的數碼電子產品受到廣泛歡迎，能夠達到全球各地客戶之要求。

擴大市場佔有率及成本控制

於回顧年度，本集團繼續推出各種新數碼產品，以提高市場佔有率。因著本集團之分銷渠道，以及成功之市場推廣策略，本集團之產品（尤其是數碼相框）在北美取得了巨大回響。數碼相框於該年度之下半年初次推出發售。

Chairman's Statement

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Amid a rapid decrease in the price of memory modules, the Group has actively strived to maintain their average selling price through a "build-to-order" business model. That helped to better control inventory levels and manage gross profit margin.

Global Marketing Strategy

During the year, the Group has capitalized on the enormous exposure generated by the signing of six-time U.S. Olympic gold medalist Michael Phelps as its global spokesperson. The association with Phelps has further improved the brand image of Matsunichi as well as the Group's ability to negotiate with major retail chains in both Europe and the U.S. This made it easier for the Group to introduce its own brand products. Matsunichi is one of the few Asian brands to enjoy high exposure in those markets.

During the year under review, the Group attended the International Consumer Electronics Show (CES) held in the U.S. It is one of the world's largest annual trade fairs showcasing the latest digital electronic and communication products. Through its participation, the Group was able to successfully raise the global profile of the Matsunichi brand name, attract new customers and maintain its relationships with existing ones.

Sponsorship

The Group has raised its corporate profile by sponsoring a number of popular television programmes in Hong Kong, including "Solid Gold" on TVB Jade. These sponsorships helped to further promote the Matsunichi brand and achieve distinctive market positioning.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's working capital as at 31st March, 2007 amounted to HK\$1,345 million, representing an increase of approximately 54% as compared with last year. During the period under review, trade receivables generally increased as compared with the previous year, this proved to be a significant area of improvement for the Group thanks to the increase in total turnover. Inventories as at 31st March, 2007 were further lowered by approximately 14% as compared with last year, the Group had successfully managed the level of inventory on hand since its adoption of the 'build-to-order' strategy.

記憶體模組價格急升之際，本集團已透過「按單生產」業務模式，積極致力維持該類產品之平均售價。此舉更有效控制存貨水平及調節毛利率。

全球市場推廣策略

年內，透過邀請美國6項奧運金牌得主菲爾普斯 (Michael Phelps) 擔任本集團全球代言人，本集團已廣受注視。與菲爾普斯之合作不單進一步提升「松日」品牌形象，亦提升其與歐美各大連鎖式零售店之議價能力。此舉令本集團於推出本身品牌產品系列時更為容易。松日已成為少數在上述市場擁有極高知名度之亞洲品牌之一。

於回顧年度，本集團參加了在美國舉行之 International Consumer Electronics Show (CES)。此為每年均會舉行之世界上最大規模貿易展之一，最新款數碼電子及通訊產品紛陳。本集團透過參與以上活動，已能夠成功提升松日品牌之全球知名度，吸引新客戶及維持與現有客戶之關係。

贊助

本集團通過贊助多個受歡迎的香港電視節目，包括無線電視翡翠台的「勁歌金曲」，來提升其企業形象。這些贊助活動有助於進一步推廣松日品牌並實現其鮮明之市場定位。

流動資金及財務資源

本集團於二零零七年三月三十一日之營運資金為1,345,000,000港元，較去年增加約54%。於回顧期內，應收賬款較去年水平有所增加，由於營業額整體增長，對本集團而言，應收賬款水平屬於出現顯著改善之範疇。於二零零七年三月三十一日之存貨較去年進一步減少約14%，自採納「按單生產」策略，本集團已成功調節手頭存貨水平。

Chairman's Statement

主席報告書

Attributable to the overall improved performance during the year, the Group's bank balances and cash jumped up from HK\$1.30 billion to HK\$1.75 billion, representing a surge of 34%. The current ratio of the Group improved from 1.8 times in the previous financial year to 1.9 times this year. The increase in finance costs during the period is consistent with the additional short-term financing used.

FOREIGN EXCHANGE RISKS

The Group's monetary assets and liabilities were principally denominated in Hong Kong dollars, Renminbi and US dollars. Inasmuch as the Hong Kong dollar is pegged to the US dollar, and that there has been minimal fluctuation in exchange rate between Hong Kong dollars and Renminbi, the Group's exposure to currency exchange risk was minimal.

EMPLOYEES AND REMUNERATION POLICY

As at 31st March, 2007, the Group had a total number of approximately 876 (2006: 500 employees) employees.

The remuneration policy and package of the Group's employees are structured by reference to market terms and statutory requirements as appropriate. In addition, the Group also provides other staff benefits such as medical insurance, mandatory provident fund and a share option scheme to its employees.

CONTINGENT LIABILITIES

Particulars of the contingent liabilities of the Group are set out in note 37 to the consolidated financial statements.

APPRECIATION

On behalf of the Board, I would like to express my thanks and recognition towards the Group's management team and employees. Their dedication and commitment to the Group has been vital in achieving the successes of the past year. Thanks are due also to the Group's highly-valued customers, our business associates and of course the Shareholders for their loyalty and support over the period.

By order of the Board
Matsunichi Communication Holdings Limited
 Chairman
Pan Su Tong

Hong Kong, 23rd July, 2007

源於年內之整體表現提升，本集團之銀行結餘及現金由1,300,000,000港元跳升至1,750,000,000港元，增幅達34%。本集團之流動比率由前一財政年度之1.8倍增長至本年度之1.9倍。期內融資成本增加與採用額外短期融資之情況相符。

外匯風險

本集團之貨幣性資產及負債主要以港元、人民幣及美元計算。鑒於港元與美元掛勾，而港元兌人民幣之匯率波幅輕微，本集團之外匯風險只屬輕微。

僱員及薪酬政策

於二零零七年三月三十一日，本集團合共約有876名（二零零六年：500名）僱員。

本集團之僱員薪酬政策及組合乃參照市場趨勢及適用之法定規定制訂。此外，本集團亦為僱員提供其他員工福利，例如醫療保險、強制性公積金及購股權計劃。

或然負債

本集團之或然負債之詳情載於綜合財務報告附註37。

致謝

本人謹代表董事會，感謝及表揚本集團之管理團隊及僱員，彼等之竭誠與努力對本集團過去一年之成功至為關鍵。本人亦向本集團之尊貴客戶、商業夥伴及股東於本期間內之忠誠及支持表示衷心感謝。

承董事會命
松日通訊控股有限公司
 主席
潘蘇通

香港，二零零七年七月二十三日

Corporate Governance Report

企業管治報告

The Company is committed to the establishment of good corporate governance practices and procedures with a view to being a transparent and responsible organization which is open and accountable to the Shareholders. The Board believes that good corporate governance provides a framework and platform that is essential for and advantageous to effective management and successful business growth.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions of the Code on Corporate Governance Practices (the "CG Code") set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as its code of practice.

Throughout the year ended 31st March, 2007, the Company has complied with the code provisions of the CG Code except for the provisions A.2.1 and A.4.1, details of and considered reasons for which are set out below.

CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has also 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 the guidelines for the Directors' dealings in the securities of the Company.

Upon specific enquiry made by the Company, all Directors confirmed that they have complied with the required standards set out in the Model Code for the year ended 31st March, 2007.

本公司承諾建立良好之企業管治常規及程序，冀能成為一具透明度及負責任之機構，以開放態度向股東問責。董事會相信良好之企業管治可提供一個必要及有利於績效管理及成功業務增長之框架及平台。

企業管治常規守則

本公司已採納香港聯合交易所有限公司證券上市規則（「上市規則」）附錄14所載列之企業管治常規守則（「企管守則」）作為其常規守則。

於截至二零零六年三月三十一日止整個年度內，本公司已遵守企管守則之守則條文，惟不包括條文A.2.1及A.4.1，有關詳情及所考慮原因載列於下文。

董事之證券交易守則

本公司亦已採納上市規則附錄10載列之上市公司董事進行證券交易的標準守則（「標準守則」），作為董事買賣本公司證券之指引。

本公司於作出具體查詢後，所有董事確認彼等於截至二零零七年三月三十一日止年度已一直遵守標準守則載列之規定標準。

Corporate Governance Report

企業管治報告

THE BOARD OF DIRECTORS

As at the date of this annual report, the Board comprises the following Directors:

Executive Directors

Mr. Pan Su Tong (*Chairman & Chief Executive Officer*)
Professor Huang Xiaojian

Independent Non-Executive Directors

Mr. Lai Chi Kin, Lawrence
Dr. Ng Lai Man, Carmen
Dr. Cheng Kwan Wai, Sunny

The biographical details of each Director are disclosed on pages 16 and 17 of this annual report.

The Board is collectively and ultimately responsible for how the Company is managed, its strategic direction and performance. The Board meets to plan, decide and review these matters, which resolutions are put to a vote. In particular, approval of the Board is required for adopting the strategy of the Group from time to time, authorizing the Group's yearly budget, major acquisitions and disposals of the Group, major capital investments, dividend policy and recommendation, appointment and retirement of Directors and senior management, their remuneration policy and other major operational and financial matters. Day-to-day operations of the Group and implementation of the Board's decisions and strategy are delegated to the Company's management team.

董事會

於本年報日期，董事會由下列董事組成：

執行董事

潘蘇通先生（主席兼行政總裁）
黃孝建教授

獨立非執行董事

黎志堅先生
吳麗文博士
鄭君威博士

各董事之履歷詳情於本年報第16頁及第17頁披露。

董事會共同及最終就本公司如何管理、其策略方向及表現負上責任。董事會於會議上計劃、決定及審閱此等事項，並就此提呈決議案以供表決。尤其須經由董事會批准之事項為不時採納本集團之策略、批准本集團之年度預算、本集團之主要收購及出售事項、主要股本投資、股息政策及推薦建議、董事及高級管理人員之委任及退任、彼等之酬金政策及其他主要經營及財務事項。本集團之日常業務及落實董事會之決定及策略均已授權由本公司管理隊伍執行。

Corporate Governance Report

企業管治報告

The Board is collectively responsible for preparing the consolidated financial statements of the Group which were prepared on a going concern basis. There are no material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. Also, there is no disagreement between the Board and the Audit Committee regarding the selection of the auditors.

The Board has also conducted a review of the effectiveness of the system of internal control of the Group and is satisfied with the results of the review.

Independent Non-Executive Directors

During the year ended 31st March, 2007, the Board at all times satisfied the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors (per rule 3.10(1)) with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise (per rule 3.10(2)).

Each independent non-executive Director has, pursuant to the guidelines set out in rule 3.13 of the Listing Rules, confirmed his/her independence and is continued to be considered by the Company to be independent.

董事會就編製以持續經營基準編製之本集團綜合財務報告共同負上責任。並無任何重大不明確因素涉及可能對本公司持續經營之能力構成重大疑問之事件或情況。此外，董事會與審核委員會就挑選核數師一事並無分歧。

董事會亦已就本集團之內部監控系統進行檢討，並對檢討結果感到滿意。

獨立非執行董事

於截至二零零七年三月三十一日止年度內，董事會於所有時間均符合上市規則有關委任至少三名獨立非執行董事之規定（根據規則第3.10(1)條），而其中至少一名獨立非執行董事擁有適當之專業資格或會計或相關財政管理專業知識（根據規則第3.10(2)條）。

各獨立非執行董事已（根據上市規則第3.13條載列之指引）確認其獨立性及繼續被本公司視為獨立人士。

Corporate Governance Report

企業管治報告

During the financial year ended 31st March, 2007, the Board held four regular meetings at approximately quarterly intervals in addition to the resolutions passed by means of resolutions in writing of all Directors. Notices of at least 14 days were given for regular Board meetings to give all Directors the opportunities to attend. Special Board meetings were held whenever necessary. Details of individual attendance of each Director are as follows:

於截至二零零七年三月三十一日止財政年度，除以全體董事書面決議案形式通過之決議案外，董事會舉行了四次定期會議，每次間隔約為一個季度。定期董事會會議均發出至少十四天通知，以讓所有董事皆有機會騰空出席。當有需要時舉行董事會特別會議。各董事之個別出席詳情如下：

Name of Director 董事姓名	No. of Board meetings held during the Director's term of office in the financial year 於本財政年度董事在 職期間舉行之 董事會次數	No. of Board meetings attended 出席董事會次數	Attendance rate 出席率
Pan Su Tong 潘蘇通	7	7	100%
Huang Xiaojian (<i>appointed on 4th September, 2006</i>) 黃孝建 (於二零零六年九月四日獲委任)	5	4	80%
Dong Zhi Qiang (<i>resigned on 31st October, 2006</i>) 董志強 (於二零零六年十月三十一日辭任)	2	0	0%
Lai Chi Kin, Lawrence 黎志堅	7	7	100%
Ng Lai Man, Carmen 吳麗文	7	7	100%
Cheng Kwan Wai, Sunny 鄭君威	7	6	86%

Chairman and Chief Executive Officer

Paragraph A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual for a balance of power and authority.

主席及行政總裁

企管守則第A.2.1段規定，主席及行政總裁之角色應分開及不應由同一人兼任，以平衡權力及授權。

Corporate Governance Report

企業管治報告

The Company understands this division of responsibilities between the chairman and chief executive officer. Traditionally, the chairman provides leadership to the board of directors and formulate, together with the board, the business strategies and long-term objectives of the company whilst the chief executive officer carries out the decisions made by the board of directors and, with the support of the executive directors, is responsible for the day-to-day management and operation of the company's business.

Currently, Mr. Pan Su Tong is serving both as the Company's Chairman and Chief Executive Officer. However, the Board considers that this situation will not impair the balance of power and authority between the Board and the management of the Company. This is because the balance of power and authority is ensured by the operations of the Board which comprises experienced and high caliber individuals with demonstrated integrity. Further, decisions of the Board or collective decisions made by way of majority voting. The Board believes that this structure is conducive to strong, prompt response and efficient management and implementation.

Non-executive directors

Paragraph A.4.1 of the CG Code stipulates that non-executive directors should be appointed for a specific term, subject to re-election. The independent non-executive Directors of the Company are not appointed for a specific term but are subject to retirement by rotation at least once every three years at the Company's annual general meeting in accordance with the Articles of Association of the Company. The Board believes that such practice will offer stability at the Board level while at the same time, independence is safeguarded by the necessary rotation, retirement and re-election procedures which involves Shareholders' approval.

BOARD COMMITTEES

Remuneration of Directors

The Remuneration Committee of the Company is responsible for formulating and making recommendation to the Board on the Group's policy and structure of the Directors' and the senior management's remuneration.

本公司對主席及行政總裁間之此項職責分割表示理解。傳統上，主席領導董事會及制訂（連同董事會）公司之業務策略及長期目標，而行政總裁則執行董事會作出之決定，並在執行董事支持下，回應日常管理及公司業務運作事宜。

目前，潘蘇通先生同時擔任本公司之主席及行政總裁。然而，董事會認為該情況不會影響董事會與本公司管理層間之權力及授權之平衡。原因為該項權力及授權之平衡可透過董事會之運作而得到保證，而董事會則由具備豐富經驗及處事持正之才智卓越人士組成。此外，董事會決定均透過大多數表決通過。董事會相信，該架構有利於作出有力及迅速回應，及有效管理及落實決定。

非執行董事

企管守則第A.4.1段規定，非執行董事應獲委任指定任期，並可重選連任。本公司之獨立非執行董事並無獲委任指定任期，但須根據本公司之公司組織章程細則於本公司之股東週年大會上至少每三年輪值退任一次。董事會相信該項常規將於董事會水平提供穩定性，並同時透過經由股東批准之輪值、退任及重選必要程序以確保獨立性。

董事會委員會

董事之薪酬

本公司之薪酬委員會就本集團之董事及高級管理人員酬金政策及架構負責制訂及向董事會作出推薦建議。

Corporate Governance Report

企業管治報告

Throughout the year ended 31st March, 2007, the Remuneration Committee comprised Mr. Pan Su Tong (Chairman of the Remuneration Committee), Mr. Lai Chi Kin, Lawrence and Dr. Ng Lai Man, Carmen.

於截至二零零七年三月三十一日止整個年度，薪酬委員會由潘蘇通先生（薪酬委員會主席）、黎志堅先生及吳麗文博士組成。

During the financial year ended 31st March, 2007, the Remuneration Committee held two meetings to review and discuss the remuneration packages of both the executive and independent non-executive Directors. Details of individual attendance of each member are as follows:

於截至二零零七年三月三十一日止財政年度，薪酬委員會舉行了兩次會議，以檢討及討論執行及獨立非執行董事之薪酬方案。每名成員之個別出席情況如下：

Name of Remuneration Committee member		No. of meetings held during the financial year	No. of meetings attended	Attendance rate
董事姓名		於本財政年度舉行之會議次數	出席會議次數	出席率
Mr. Pan Su Tong	潘蘇通先生	2	2	100%
Mr. Lai Chi Kin, Lawrence	黎志堅先生	2	2	100%
Dr. Ng Lai Man, Carmen	吳麗文博士	2	2	100%

Nomination of Directors

The Company does not have a nomination committee. Instead, the Board is responsible for selection and appointment of its members and for nominating appropriate person for election by the Shareholders at the annual general meeting, either to fill casual vacancies or as an addition to the existing Directors. The Board will take into consideration of the expertise possess by the candidates and the relevance of such expertise to the Group's business in selecting and recommending candidates for directorship.

提名董事

本公司並無設立提名委員會。反之，董事會負責挑選及任命董事會成員並提名適當人選讓股東在股東週年大會上選舉（以填補臨時空缺或新增現任董事）。董事會在挑選及推薦董事候選人時會考慮候選人之專業技能及該等專業與本集團業務之相關性。

During the financial year, the Board had met to consider and nominate Professor Huang Xiaojian as a Director. The individual attendance at Board meetings has been set out above.

於本財政年度，董事會曾開會考慮及提名黃孝建教授為董事。董事會之個別出席率已於上文載列。

Corporate Governance Report

企業管治報告

Remuneration of Auditors

During the financial year, fees paid/payable to Deloitte Touche Tohmatsu, the auditors of the Company for audit services was approximately HK\$2,100,000 and for non-audit services was approximately HK\$36,000, which include fees for provision of tax services.

Audit Committee

The Audit Committee of the Company comprises the three independent non-executive Directors, namely Mr. Lai Chi Kin, Lawrence (Chairman of the Audit Committee), Dr. Ng Lai Man, Carmen and Dr. Cheng Kwan Wai, Sunny.

The terms of reference of the Audit Committee are in line with the CG Code. The functions of the Audit Committee include:

1. to make recommendations to the Board on the appointment, re-appointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of resignation or dismissal of that auditor;
2. to review of financial information of the Group; and
3. to oversee the Group's financial reporting system and internal control procedures.

During the financial year, the Audit Committee held three meetings at which the financial results and reports, financial reporting and compliance procedures, internal control matters and the re-appointment of the auditors were reviewed and discussed. The Chief Financial Officer of the Company was present at each of such meetings to report and explain to and answer questions from the Audit Committee regarding the financial reporting procedures and results of and internal control safeguards implemented by the Company.

核數師之酬金

於本財政年度內，已付／應付予本公司核數師德勤•關黃陳方會計師行之核數服務費用約為2,100,000港元，而非核數服務費用約為36,000港元，包括提供稅務服務之費用。

審核委員會

本公司之審核委員會由三名獨立非執行董事組成，分別為黎志堅先生（審核委員會主席）、吳麗文博士及鄭君威博士。

審核委員會之職權範圍符合企管守則。審核委員會之職能包括：

1. 就聘任、續聘及撤換外聘核數師向董事會作出推薦建議，及批准外聘核數師之酬金及聘用條款，以及有關該核數師之辭任或罷免之任何事宜；
2. 審閱本集團之財政資料；及
3. 監督本集團之財務報告制度及內部監控程序。

於本財政年度內，審核委員會曾舉行三次會議，會上已審閱及討論財務業績及報告、財務報告及遵例程序、內部監控事項及續聘核數師事宜。本公司之財務總監於該等會議每次均有出席，以就財務報告程序及本公司業績及本公司落實之內部監控保護措施向審核委員會解釋及回答提問。

Corporate Governance Report

企業管治報告

Details of individual attendance of each Audit Committee member are as follows:

每名審核委員會成員之個別出席情況如下：

Name of Audit Committee member	審核委員會成員之姓名	No. of meetings held during the financial year 於本財政年度舉行之會議次數	No. of meetings attended 出席會議次數	Attendance rate 出席率
Mr. Lai Chi Kin, Lawrence	黎志堅先生	3	3	100%
Dr. Ng Lai Man, Carmen	吳麗文博士	3	3	100%
Dr. Cheng Kwan Wai, Sunny	鄭君威博士	3	2	67%

Internal Controls

The Board is responsible for the Group's internal control system and for reviewing its effectiveness. The review should cover the controls such as financial, operational, compliance and risk management. During the financial year, the Board had been assisted by the Audit Committee in reviewing the effectiveness of the internal control system of the Group. No material deficiencies have been identified so far. The Audit Committee and the Board considered the Group's internal control system was effective and that there was no significant area of concern, which might affect the interests of the Shareholders.

The Group will use its best endeavor to implement changes to further improve the Group's internal control system whenever necessary.

Communication with Shareholders

The Company has established different communication channels such as (i) holding of annual and extraordinary general meetings to provide a forum for Shareholders to communicate directly with the Board; (ii) sending corporate documents and releasing announcements to disseminate the latest activities of the Group to the Shareholders; and (iii) via the Company's website to provide an electronic means of communication.

內部監控

董事會負責本集團之內部監控系統及檢討其效益。檢討工作應覆蓋各種監控措施如財務、營運、遵例及風險管理。於本財政年度，董事會由審核委員會協助檢討本集團內部監控系統之效益。至今止並無確認重大不足之處。審核委員會及董事會均認為本集團之內部監控乃屬有效且並無任何可能影響股東利益之重大問題。

如有需要，本集團將盡其最大努力來施行改變以進一步改善本集團之內部監控系統。

與股東之溝通

本公司已建立不同溝通渠道，如(i)舉行股東週年大會及股東特別大會，向股東提供直接與董事會溝通之論壇；(ii)向股東寄發企業文件及發出公告以發布本集團之最新動態；及(iii)透過本公司之網站提供電子溝通方式。

Board of Directors and Senior Management

董事會及高級管理層

DIRECTORS

Mr. Pan Su Tong, aged 44, is the chairman of the Company and is responsible for the overall strategic planning of the Group. Mr. Pan has over 20 years of experience in trading and manufacturing of electronic products in the PRC, Hong Kong and the United States. In 1993, he founded the Group which is principally engaged in the manufacturing, distribution, research and development of advanced electronic products including thin film transistors television, video telephone and portable computer memory devices.

Professor Huang Xiaojian, aged 45, joined the Group as Chief Engineer in 2001 and is responsible for developing technology and new products. Professor Huang was appointed as an executive director of the Company in September 2006. He has over 20 years of experience in research and development of electronic and digital technologies. Professor Huang holds a Master degree of Telecommunications and Electronics from University of Posts and Telecommunications and is a senior member of an Electronic Association in China. Before joining the Group, he was an associate professor of University of Posts and Telecommunications and had worked in different research organizations in PRC.

Mr. Lai Chi Kin, Lawrence, aged 71, was appointed as an independent non-executive director of the Company in November 2002. Mr. Lai is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Australian Society of Certified Practising Accounts. He has extensive experience in accounting and auditing sectors. Mr. Lai is also an independent non-executive director of Imagi International Holdings Limited.

執行董事

潘蘇通先生，現年44歲，為本公司主席，專責本集團之整體策略規劃。潘先生在中國、香港及美國在電子產品貿易及製造業務方面積逾20年經驗。於一九九三年，彼創辦本集團，其主要業務為製造、分銷、研究及發展高科技電子產品，包括液晶體電視、視像電話及手提電腦記憶裝置。

黃孝建教授，現年45歲，於二零零一年加入本集團擔任總工程師，負責集團之技術及新產品開發。黃教授於二零零六年九月獲委任為本公司之執行董事。彼擁有超過20年電子及數碼技術研發經驗。黃教授持有北京郵電大學之通信與電子系統專業碩士學位及為一家中國電子學會之高級會員。在加入本集團之前，彼曾在國內不同的研究機構任職。

黎志堅先生，現年71歲，於二零零二年十一月獲委任為本公司之獨立非執行董事。黎先生為香港會計師公會及澳洲執業會計師公會之資深會員。彼在會計及審計方面擁有豐富之經驗。黎先生亦為意馬國際控股有限公司之獨立非執行董事。

Board of Directors and Senior Management

董事會及高級管理層

Dr. Ng Lai Man, Carmen, aged 42, was appointed as an independent non-executive director of the Company in February 2004. Dr. Ng is a practicing certified public accountant in Hong Kong. She is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants in the United Kingdom. Dr. Ng holds a Doctor degree of Business Administration and a Master degree of Professional Accounting from the Hong Kong Polytechnic University as well as Business Administration from the Chinese University of Hong Kong.

Dr. Cheng Kwan Wai, Sunny, aged 55, was appointed as an independent non-executive director of the Company in September 2004. Dr. Cheng holds a Doctor of Science degree from the Massachusetts Institute of Technology, USA and a Master of Business Administration degree from the University of Western Ontario, Canada. He has held management positions in many technology companies. He was in charge of funding technology companies when he was with the Government of the HKSAR. Currently, Dr. Cheng is engaged in environmental projects.

SENIOR MANAGEMENT

Mr. Cheng Wing Tsan, aged 45, joined the Group in 2004 and become the Chief Financial Officer and the Company Secretary of the Company in February 2006. He is a fellow member of Hong Kong Institute of Certified Public Accountants and the Australian Society of Certified Practicing Accountants. He holds a Bachelor's Degree in Financial Administration from the University of New England in Australia. Mr. Cheng has over 15 years' experience in financial management and also has experience as a company secretary. Before joining the Group, Mr. Cheng held senior management positions in different listed companies.

吳麗文博士，現年42歲，於二零零四年二月獲委任為本公司之獨立非執行董事。吳博士為香港執業會計師。彼為香港會計師公會及英國特許公認會計師公會資深會員。吳博士持有香港理工大學工商管理博士學位及專業會計碩士學位，以及香港中文大學之工商管理碩士學位。

鄭君威博士，現年55歲，於二零零四年九月獲委任為本公司之獨立非執行董事。鄭博士持有美國麻省理工學院理科博士學位及加拿大西安大略省大學工商管理碩士學位。彼曾於多家科技公司之管理層任職。彼於香港政府任職時負責有關資助科技公司之事宜。目前，鄭博士正籌辦一個環保項目。

高級管理層

鄭榮燦先生，現年45歲，於二零零四年加入本集團，並於二零零六年二月擔任本公司之財務總監及公司秘書。鄭先生為香港會計師公會及澳洲執業會計師公會資深會員。彼持有澳洲 University of New England 財務行政學士學位。鄭先生擁有超過十五年財務管理經驗，並具有公司秘書方面經驗。於加入本集團之前，鄭先生曾於不同上市公司之高級管理層任職。

Directors' Report

董事會報告

The directors present their annual report and the audited consolidated financial statements of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") for the year ended 31st March, 2007.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of the principal subsidiaries are set out in note 40 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31st March, 2007 are set out in the consolidated income statement on page 30.

An interim dividend of HK7.5 cents per share amounting to approximately HK\$51,519,000 was distributed to shareholders during the year. The directors now recommend the payment of a final dividend of HK6.5 cents per share to the shareholders amounting to HK\$51,593,000.

SHARE CAPITAL

Details of movements during the year in the share capital of the Company are set out in note 28 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements of property, plant and equipment of the Group during the year are set out in note 13 to the consolidated financial statements.

FIVE YEARS FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 96.

董事會現提呈本公司及其附屬公司(下文統稱「本集團」)截至二零零七年三月三十一日止年度之年度報告及經審核綜合財務報告。

主要業務

本公司為一間投資控股公司。各主要附屬公司之主要業務載於綜合財務報告附註40。

業績及分配

本集團截至二零零七年三月三十一日止年度之業績載於第30頁之綜合收益表。

年內已向股東分派中期股息每股7.5港仙，為數51,519,000港元。董事現建議派發末期股息每股6.5港仙予股東，合共51,593,000港元。

股本

本公司於年內之股本變動詳情載於綜合財務報告附註28。

物業、機器及設備

本集團於年內之物業、機器及設備變動詳情載於綜合財務報告附註13。

五年財務概要

本集團對上五個財政年度之業績及資產與負債概要載於第96頁。

Directors' Report

董事會報告

DIRECTORS

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

Executive Directors

Pan Su Tong

Huang Xiaojian (appointed on 4th September, 2006)

Dong Zhi Qiang (resigned on 31st October, 2006)

Independent Non-Executive Directors

Lai Chi Kin, Lawrence

Ng Lai Man, Carmen

Cheng Kwan Wai, Sunny

Professor Huang Xiaojian will retire from office at the forthcoming annual general meeting pursuant to Article 96 of the Company's Articles of Association and, being eligible, will offer himself for re-election.

Mr. Lai Chi Kin, Lawrence and Dr. Cheng Kwan Wai, Sunny will retire from office at the forthcoming annual general meeting by rotation pursuant to Article 105 of the Company's Articles of Association and, being eligible, will offer themselves for re-election.

The term of office of each director, including the independent non-executive directors, is for a period up to his/her retirement by rotation in accordance with the Company's Articles of Association.

董事

於年內及直至本報告之刊發日期止，本公司之董事如下：

執行董事

潘蘇通

黃孝建（於二零零六年九月四日獲委任）

董志強（於二零零六年十月三十一日辭任）

獨立非執行董事

黎志堅

吳麗文

鄭君威

按照公司組織章程細則第96條，黃孝建教授將於應屆股東週年大會上輪值退任，惟合乎資格並願膺選連任。

按照公司組織章程細則第105條，黎志堅先生及鄭君威博士將於應屆股東週年大會上輪值退任，惟合乎資格並願膺選連任。

各董事（包括獨立非執行董事）之任期直至其按照本公司之公司組織章程細則規定輪值告退為止。

Directors' Report

董事會報告

DIRECTORS' SERVICES CONTRACTS

None of the directors has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

At 31st March, 2007, the interests of the directors and their associates in the shares and underlying shares of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO"), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of the Listed Companies, were as follows:

Long position

(a) Ordinary shares of HK\$0.05 each of the Company

董事之服務合約

各董事並無與本公司或其任何附屬公司訂立任何不可由本集團於一年內免付賠償(法定賠償除外)而終止之服務合約。

董事於股份及相關股份之權益

於二零零七年三月三十一日，董事及彼等之聯繫人士根據本公司按證券及期貨條例(「證券及期貨條例」)第352條規定存置之登記冊所示，或根據上市公司董事進行證券交易之標準守則須知會本公司及香港聯合交易所有限公司之本公司及其相聯法團之股份及相關股份權益如下：

長倉

本公司每股面值0.05港元之普通股

Name of director 董事姓名	Capacity 身份	Number of issued ordinary shares held 所持已發行 普通股數目	Percentage of the issued share capital of the Company 佔本公司已發行 股本之百分比
Mr. Pan Su Tong ("Mr. Pan") 潘蘇通先生(「潘先生」)	Beneficial owner and interest through controlled corporation 實益擁有人及由 受控法團持有	441,868,894 (note 1) (附註1)	56.09%

Directors' Report

董事會報告

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES (CONTINUED)

Long position (continued)

(b) Share options

Name of director 董事姓名	Capacity 身份	Number of share options held 所持購股權數目	Number of underlying shares 相關股份數目	Approximate percentage of the issued share capital of the Company 佔本公司已發行 股本概約百分比
Professor Huang Xiaojian 黃孝建教授	Beneficial owner 實益擁有人	400,000	400,000	0.05%

Notes:

- 2,446,000 shares were held by Mr. Pan and 439,422,894 shares were held by Jade Forest Limited ("Jade Forest"). Jade Forest was 100% owned by Mr. Pan as at 31st March, 2007. Accordingly, Mr. Pan was deemed to be interested in the 439,422,894 shares held by Jade Forest.
- As at 31st March, 2007, the number of issued shares of the Company was 787,824,683.

Save disclosed herein:

- None of the directors or their spouses or children under the age of 18 had any right to subscribe for the securities of the Company, or had exercised any such right during the year.
- At no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the company to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate.

Save as disclosed above, at 31st March, 2007, none of the directors nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations.

董事於股份及相關股份之權益 (續)

長倉 (續)

(b) 購股權

附註:

- 潘先生及Jade Forest Limited (「Jade Forest」) 分別持有 2,446,000股及 439,422,894股股份。於二零零七年三月三十一日, Jade Forest由潘先生擁有100%權益。因此,潘先生被視為擁有由Jade Forest持有之439,422,894股股份之權益。
- 於二零零七年三月三十一日,本公司已發行股份數目為787,824,683股。

除上文所披露者外:

- 年內各董事或彼等之配偶或未滿十八歲子女並無擁有可認購本公司證券之權利,亦無曾經行使任何上述權利;及
- 於年內任何時間,本公司或其任何附屬公司並無參與任何安排,導致本公司董事可藉著購入本公司或任何其他法人團體之股份或債務證券(包括債券)而獲取利益。

除上文所披露者外,於二零零七年三月三十一日,並無董事或彼等之聯繫人士擁有本公司或其任何附屬公司之任何股份、相關股份或債券之任何權益或短倉。

Directors' Report

董事會報告

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to shareholders as at 31st March, 2007 represented the retained profits of HK\$ 124,656,000 (2006: HK\$60,056,000).

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

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

SHARE OPTIONS

Pursuant to the share option scheme (the "Scheme") adopted on 27th August, 2002 by a resolution passed by the Company's shareholders on the same date, the directors of the Company may grant options as incentives to any participants as described in the Scheme for the shares in the Company within a period of ten years commencing from 27th August, 2002.

Details of the Scheme are set out in note 29 to the consolidated financial statements.

本公司之可供分派儲備

本公司於二零零七年三月三十一日可供分派予股東之儲備乃指保留溢利124,656,000港元(二零零六年: 60,056,000港元)。

董事於重要合約之權益

於年結或年內任何時間,本公司各董事並無在本公司或其附屬公司參與訂立之任何重要合約中直接或間接擁有重大權益。

購股權

根據本公司股東於二零零二年八月二十七日通過之決議案及於同日採納之購股權計劃(「該計劃」),本公司董事可於二零零二年八月二十七日起計10年期間內向該計劃指定之任何參與者授出購股權作為獎勵。

該計劃之詳情載於綜合財務報表附註29。

Directors' Report

董事會報告

SHARE OPTIONS (CONTINUED)

The following tables disclose details of the Company's share options and movements in such holding during the year:

(i) Directors

	Name of grantee	Date of grant	Subscription price per share	Exercisable period	Number of share options					Outstanding as at 31.3.2007 於二零零七年三月三十一日 尚未行使
					Outstanding as at 1.4.2006 於二零零六年四月一日 尚未行使	Reclassification during the year 年內 重新分類	Granted during the year 年內授出	Lapsed during the year 年內失效	Exercised during the year 年內行使	
	承授人姓名	授出日期	每股認購價 HK\$ 港元	行使期						
Lot 1A 第1A批	Huang Xiaojian (Note 1) 黃孝建(附註1)	5.2.2004	1.30	5.2.2005 to 4.2.2014	-	150,000	-	-	-	150,000
	Dong Zhi Qiang (Note 2) 董志強(附註2)	5.2.2004	1.30	5.2.2005 to 4.2.2014	150,000	-	-	(150,000)	-	-
Lot 1B 第1B批	Huang Xiaojian (Note 1) 黃孝建(附註1)	5.2.2004	1.30	5.2.2006 to 4.2.2014	-	150,000	-	-	-	150,000
	Dong Zhi Qiang (Note 2) 董志強(附註2)	5.2.2004	1.30	5.2.2006 to 4.2.2014	150,000	-	-	(150,000)	-	-
Lot 2 第2批	Huang Xiaojian (Note 1) 黃孝建(附註1)	20.4.2004	1.54	20.4.2004 to 19.4.2014	-	100,000	-	-	-	100,000
	Dong Zhi Qiang (Note 2) 董志強(附註2)	20.4.2004	1.54	20.4.2004 to 19.4.2014	500,000	-	-	(500,000)	-	-
Lot 3 第3批	Dong Zhi Qiang (Note 2) 董志強(附註2)	28.9.2005	1.43	28.9.2005 to 27.9.2015	1,500,000	-	-	(1,500,000)	-	-
					2,300,000	400,000	-	(2,300,000)	-	400,000

Notes:

- Professor Huang Xiaojian was appointed as a director of the Company with effect from 4th September, 2006.
- Mr. Dong Zhi Qiang resigned as a director of the Company with effect from 31st October, 2006.

Details of options granted to the directors of the Company have been disclosed under the paragraph headed "Directors' interests in shares and underlying shares".

購股權(續)

下表披露年內本公司購股權之詳情及有關持有量之變動:

(i) 董事

	Name of grantee	Date of grant	Subscription price per share	Exercisable period	Number of share options					Outstanding as at 31.3.2007 於二零零七年三月三十一日 尚未行使
					Outstanding as at 1.4.2006 於二零零六年四月一日 尚未行使	Reclassification during the year 年內 重新分類	Granted during the year 年內授出	Lapsed during the year 年內失效	Exercised during the year 年內行使	
	承授人姓名	授出日期	每股認購價 HK\$ 港元	行使期						
Lot 1A 第1A批	Huang Xiaojian (Note 1) 黃孝建(附註1)	5.2.2004	1.30	5.2.2005 to 4.2.2014	-	150,000	-	-	-	150,000
	Dong Zhi Qiang (Note 2) 董志強(附註2)	5.2.2004	1.30	5.2.2005 to 4.2.2014	150,000	-	-	(150,000)	-	-
Lot 1B 第1B批	Huang Xiaojian (Note 1) 黃孝建(附註1)	5.2.2004	1.30	5.2.2006 to 4.2.2014	-	150,000	-	-	-	150,000
	Dong Zhi Qiang (Note 2) 董志強(附註2)	5.2.2004	1.30	5.2.2006 to 4.2.2014	150,000	-	-	(150,000)	-	-
Lot 2 第2批	Huang Xiaojian (Note 1) 黃孝建(附註1)	20.4.2004	1.54	20.4.2004 to 19.4.2014	-	100,000	-	-	-	100,000
	Dong Zhi Qiang (Note 2) 董志強(附註2)	20.4.2004	1.54	20.4.2004 to 19.4.2014	500,000	-	-	(500,000)	-	-
Lot 3 第3批	Dong Zhi Qiang (Note 2) 董志強(附註2)	28.9.2005	1.43	28.9.2005 to 27.9.2015	1,500,000	-	-	(1,500,000)	-	-
					2,300,000	400,000	-	(2,300,000)	-	400,000

附註:

- 黃孝建教授自二零零六年九月四日起獲委任為本公司董事。
- 董志強先生自二零零六年十月三十一日起辭任本公司董事。

有關授予本公司董事之購股權之詳情已於「董事於股份及相關股份之權益」一段披露。

Directors' Report

董事會報告

SHARE OPTIONS (CONTINUED)

(ii) Employees (other than directors)

購股權 (續)

(ii) 僱員 (董事除外)

	Date of grant	Subscription price per share	Exercisable period	Number of share options					
				Outstanding as at 1.4.2006	Reclassification during the year	Granted during the year	Lapsed during the year	Exercised during the year	Outstanding as at 31.3.2007
	授出日期	每股認購價 HK\$ 港元	行使期	於二零零六年 四月一日 尚未行使	年內 重新分類	年內授出	年內失效	年內行使	於二零零七年 三月三十一日 尚未行使
Lot 1A 第1A批	5.2.2004	1.30	5.2.2005 to 4.2.2014	1,275,000	(150,000)	-	(625,000)	-	500,000
Lot 1B 第1B批	5.2.2004	1.30	5.2.2006 to 4.2.2014	1,325,000	(150,000)	-	(625,000)	-	550,000
Lot 2 第2批	20.4.2004	1.54	20.4.2004 to 19.4.2014	6,400,000	(100,000)	-	(2,250,000)	(200,000)	3,850,000
Lot 3 第3批	28.9.2005	1.43	28.9.2005 to 27.9.2015	7,800,000	-	-	(350,000)	(200,000)	7,250,000
				16,800,000	(400,000)	-	(3,850,000)	(400,000)	12,150,000

Note: One of the employees was appointed as director during the year.

附註： 有一名僱員於年內獲委任為董事。

(iii) Other participants

(iii) 其他參與者

	Date of grant	Subscription price per share	Exercisable period	Number of share options					
				Outstanding as at 1.4.2006	Granted during the year	Lapsed during the year	Exercised during the year	Outstanding as at 31.3.2007	
	授出日期	每股認購價 HK\$ 港元	行使期	於二零零六年 四月一日 尚未行使	年內授出	年內失效	年內行使	於二零零七年 三月三十一日 尚未行使	
Lot 1A 第1A批	5.2.2004	1.30	5.2.2005 to 4.2.2014	5,400,000	-	-	-	-	5,400,000
Lot 1B 第1B批	5.2.2004	1.30	5.2.2006 to 4.2.2014	6,150,000	-	-	-	-	6,150,000
Lot 2 第2批	20.4.2004	1.54	20.4.2004 to 19.4.2014	15,650,000	-	-	(500,000)	-	15,150,000
				27,200,000	-	-	(500,000)	-	26,700,000

The weighted average closing prices of the Company's shares immediately preceding the dates of exercise the options was HK\$3.33.

本公司股份於緊接各購股權行使日期前之加權平均收市價為3.33港元。

Directors' Report

董事會報告

SUBSTANTIAL SHAREHOLDERS

As at 31st March, 2007, the persons or corporations, other than a Director or chief executive of the Company, who had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Long position in shares of the Company

Name	Capacity	Number of ordinary shares held	Approximate percentage of the Company's issued share capital
名稱	身份	所持普通股數目	佔本公司已發行股本概約百分比
Jade Forest Limited (Note 1)	Beneficial owner	439,422,894	55.78%
Jade Forest Limited (附註1)	實益擁有人		
Atlantis Investment Management Ltd.	Investment manager	105,548,000	13.40%
Atlantis Investment Management Ltd.	投資經理		
Baring Asset Management Limited (Note 2)	Investment manager	62,028,000	7.87%
Baring Asset Management Limited (附註2)	投資經理		
Northern Trust Fiduciary Services (Ireland) Limited ("Northern Trust")	Trustee	62,028,000	7.87%
Northern Trust Fiduciary Services (Ireland) Limited (「Northern Trust」)	受託人		

Notes:

- Jade Forest was 100% owned by Mr. Pan.
- According to a disclosure of interest notice filed by Baring Asset Management Limited on 17th January, 2007, it was deemed to be interested in the 62,028,000 shares held by Northern Trust as an investment manager.

Save as disclosed above, there was no person or corporation, other than a Director or chief executive of the Company, who had an interest or share position in the shares or underlying shares of the Company as recorded in the register of the Company required to be kept under Section 336 of the SFO at 31st March, 2007.

主要股東

於二零零七年三月三十一日，以下人士或公司（不包括董事或本公司行政總裁）於本公司股份或相關股份中擁有已記錄於按照證券及期貨條例第336條而存置之登記冊之權益或短倉：

本公司股份之長倉

Name	Capacity	Number of ordinary shares held	Approximate percentage of the Company's issued share capital
名稱	身份	所持普通股數目	佔本公司已發行股本概約百分比
Jade Forest Limited (Note 1)	Beneficial owner	439,422,894	55.78%
Jade Forest Limited (附註1)	實益擁有人		
Atlantis Investment Management Ltd.	Investment manager	105,548,000	13.40%
Atlantis Investment Management Ltd.	投資經理		
Baring Asset Management Limited (Note 2)	Investment manager	62,028,000	7.87%
Baring Asset Management Limited (附註2)	投資經理		
Northern Trust Fiduciary Services (Ireland) Limited ("Northern Trust")	Trustee	62,028,000	7.87%
Northern Trust Fiduciary Services (Ireland) Limited (「Northern Trust」)	受託人		

附註：

- Jade Forest由潘先生100%擁有。
- 根據Baring Asset Management Limited於二零零七年一月十七日存交之披露權益通知，其被視為以投資經理身分擁有Northern Trust所持62,028,000股之權益。

除上文所披露者外，概無任何人士或公司（不包括董事或本公司行政總裁）於二零零七年三月三十一日在本公司股份或相關股份中擁有已記錄於按照證券及期貨條例第336條而存置之登記冊之權益或短倉。

Directors' Report

董事會報告

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his/her independence pursuant to Rule 3.13 of the Rules Governing the Listing Securities on The Stock Exchange of Hong Kong Limited. The Company considers that all of its independent non-executive Directors are independent.

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

The Company has adopted share option scheme as an incentive to directors and eligible employees, details of the scheme are set out in note 29 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31st March, 2007, the aggregate amount of turnover attributable to the Group's five largest customers represented approximately 70% of the Group's total turnover for the year. The aggregate amount of turnover attributable to the Group's largest customer for the year was 18%.

For the year ended 31st March, 2007, the aggregate amount of purchase attributable to the Group's five largest suppliers represented approximately 96% of the Group's total purchase for the year. The aggregate amount of purchases attributable to the Group's largest supplier for the year was 94%.

None of the directors, their associates or any shareholder, which to the knowledge of the directors, owns more than 5% of the Company's share capital, has interests in these customers or suppliers during the year.

獨立非執行董事之獨立性

本公司已收到各獨立非執行董事根據香港聯合交易所有限公司證券上市規則第3.13條就其獨立性發出之年度確認書。本公司認為其所有獨立非執行董事均為獨立人士。

酬金政策

本集團僱員之酬金政策由薪酬委員會根據彼等之優點、資格及競爭能力而制訂。

董事之酬金由薪酬委員會經考慮本集團之經營業績、個人表現及可供比較之市場統計數字後決定。

本公司已採納購股權計劃，作為給予董事及合資格僱員之獎勵，計劃詳情載列於財務報告附註29。

主要客戶及供應商

截至二零零七年三月三十一日止年度，本集團五大客戶合計之營業額佔本集團年內之總營業額約70%。本集團最大客戶佔本集團年內之總營業額18%。

截至二零零七年三月三十一日止年度，本集團五大供應商合計之採購額佔本集團年內之總採購額約96%。本集團最大供應商佔本集團於年內之總採購額94%。

各董事、彼等之聯繫人士或就董事所知任何擁有本公司股本5%以上之股東於年內概無擁有上述客戶或供應商之權益。

Directors' Report

董事會報告

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

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

SUFFICIENCY OF PUBLIC FLOAT

Based on the notices submitted to the Company pursuant to the SFO, the Directors are of the view that the Company has maintained a sufficient public float as at the date of this report.

MANAGEMENT CONTRACTS

No contracts for management and administration of the whole or any substantial part of any business of the Company were entered into or existed during the year.

CORPORATE GOVERNANCE

Please see the "Corporate Governance Report" set out on pages 8 to 15 of this annual report of the Company for details of its compliance with the Code on Corporate Governance Practices.

AUDIT COMMITTEE

The Audit Committee has reviewed with management and the external auditors the accounting principles and practices adopted by the Group and discussed auditing and financial reporting matters including the review of the audited financial statements of the Group for the year ended 31st March, 2007.

AUDITOR

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

On behalf of the Board

Matsunichi Communication Holdings Limited

Pan Su Tong

DIRECTOR

Hong Kong, 23rd July, 2007

購買、出售或贖回本公司上市證券

本公司或其任何附屬公司於年內並無購買、出售或贖回任何本公司上市證券。

充足之公眾持股量

根據證券及期貨條例而提呈予本公司之通知，董事認為本公司於本報告之日期維持充足之公眾持股量。

管理合約

年內概無訂立或存在有關本公司全部或任何重大部分業務之管理及行政合約。

企業管治

有關本公司遵守企業管治常規守則之詳情，請參閱本年報第8頁至第15頁載列之「企業管治報告」。

審核委員會

審核委員會已與管理層及外聘核數師檢討本集團所採納之會計原則及慣例，並討論審核及財政報告事宜，包括審閱本集團截至二零零七年三月三十一日止年度之經審核財務報表。

核數師

一項重新委任德勤•關黃陳方會計師行為本公司核數師之決議案將於應屆股東週年大會上提呈。

承董事會命

松日通訊控股有限公司

潘蘇通

董事

香港，二零零七年七月二十三日

Independent Auditor's Report

獨立核數師報告

Deloitte.

德勤

TO THE SHAREHOLDERS OF MATSUNICHI COMMUNICATION HOLDINGS LIMITED

(incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Matsunichi Communication Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 30 to 95, which comprise the Group's and the Company's balance sheets as at 31st March, 2007, and the Group's consolidated income statement, consolidated statement of changes in equity and 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 Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal controls 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, in accordance with section 141 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to

致松日通訊控股有限公司列位股東

(於香港註冊成立之有限公司)

本核數師已審核列載於第30至95頁的松日通訊控股有限公司(「貴公司」)及其附屬公司(統稱為「貴集團」)之綜合財務報表。此綜合財務報表包括於二零零七年三月三十一日的資產負債表與截至該日止年度之綜合收益表、綜合權益變動表及綜合現金流量表,以及主要會計政策概要及其他附註解釋。

董事須對綜合財務報表承擔的責任

貴公司董事須負責及肯定根據香港會計師公會頒佈的香港財務報告準則及香港公司條例編製的綜合財務報表編製及真實而公平地列報該等財務報表。這責任包括設計、實施及維護與編製及真實而公平地列報財務報表相關的內部控制,以使綜合財務報表不存在由於欺詐或錯誤而導致的重大錯誤陳述;選擇和應用適當的會計政策;及按情況下作出合理的會計估計。

核數師的責任

本核數師之責任是根據本核數師審核工作之結果,對該等綜合財務報告作出獨立之意見,並根據香港公司條例141條只向整體股東報告。除此以外,本核數師之報告不可作其他用途。本核數師概不就本報告書的內容,對任何其他

Independent Auditor's Report

獨立核數師報告

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 controls relevant to the Group'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 its internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the 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 Company and of the Group as at 31st March, 2007 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

23rd July, 2007

人士負責或承擔法律責任。本核數師已根據香港會計師公會頒佈的香港審計準則進行審核。這些準則要求本核數師遵守道德規範，並規劃及執行審核，以合理確定該等綜合財務報表是否不存有任何重大錯誤陳述。

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

本核數師相信，本核數師所獲得的審核憑證是充足和適當地為本核數師的審核意見提供基礎。

意見

本核數師認為此綜合財務報表真實及公平地反映 貴公司及 貴集團於二零零七年三月三十一日之財政狀況及 貴集團截至該日止年度之溢利及現金流量，並已按照香港財務報告準則及香港公司條例妥善編製。

德勤•關黃陳方會計師行

執業會計師

香港

二零零七年七月二十三日

Consolidated Income Statement

綜合收益表

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

			2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
		NOTES 附註		
Turnover	營業額	5	3,070,579	2,313,706
Cost of sales	銷售成本		(2,622,820)	(1,921,052)
Gross profit	毛利		447,759	392,654
Other income	其他收入	6	12,156	11,614
Selling and distribution costs	銷售及分銷成本		(36,062)	(44,284)
Administrative expenses	行政費用		(129,882)	(100,640)
Finance costs	財務費用	8	(81,029)	(39,638)
Profit before taxation	除稅前溢利	9	212,942	219,706
Taxation	稅項	10	(10,765)	(4,654)
Profit for the year	本年度溢利		202,177	215,052
Dividends	股息	11	78,996	92,503
Earnings per share	每股盈利	12		
– basic	– 基本		28.57 cents 仙	31.73 cents仙
– diluted	– 攤薄		28.07 cents 仙	31.35 cents仙

Consolidated Balance Sheet

綜合資產負債表

At 31st March, 2007 於二零零七年三月三十一日

		NOTES 附註	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Non-current assets	非流動資產			
Property, plant and equipment	物業、機器及設備	13	221,140	229,735
Trade marks	商標	14	224,190	236,820
Prepaid lease payments	預付租賃款項	16	5,936	5,670
Other assets	其他資產	17	90	90
			451,356	472,315
Current assets	流動資產			
Inventories	存貨	18	59,084	68,982
Trade and other receivables	應收賬款及其他應收款項	19	980,794	628,396
Amounts due from related companies	應收關連公司款項	20	2,973	2,133
Prepaid lease payments	預付租賃款項	16	135	126
Pledged bank deposits	已抵押銀行存款	21	799	4,236
Bank balances and cash	銀行結存及現金	22	1,751,274	1,304,535
			2,795,059	2,008,408
Current liabilities	流動負債			
Trade and other payables	應付賬款及其他應付款項	23	230,677	207,388
Amount due to ultimate holding company	應付最終控股公司款項	24	880	9,085
Amount due to a related company	應付一間關連公司款項	25	11,700	12,091
Taxation payable	應繳稅項		13,951	14,673
Bank borrowings – amount due within one year	銀行借款 — 一年內到期款項	26	1,193,033	891,356
Obligations under finance leases – amount due within one year	融資租約債務 — 一年內到期款項	27	158	252
			1,450,399	1,134,845
Net current assets	流動資產淨值		1,344,660	873,563
Total assets less current liabilities	總資產減流動負債		1,796,016	1,345,878
Non-current liability	非流動負債			
Obligations under finance leases – amount due after one year	融資租約債務 — 一年後到期款項	27	274	431
Net assets	資產淨值		1,795,742	1,345,447

Consolidated Balance Sheet

綜合資產負債表

At 31st March, 2007 於二零零七年三月三十一日

		NOTES 附註	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Capital and reserves	股本及儲備			
Share capital	股本	28	39,391	34,346
Reserves	儲備		1,756,351	1,311,101
Total equity	權益總額		1,795,742	1,345,447

The consolidated financial statements on pages 30 to 95 were approved and authorised for issue by the Board of Directors on 23rd July, 2007 and are signed on its behalf by:

第30頁至第95頁所載之綜合財務報告已於二零零七年七月二十三日獲董事會批准及授權刊發，並由下列董事代表簽署：

Pan Su Tong

潘蘇通

DIRECTOR

董事

Huang Xiaojian

黃孝建

DIRECTOR

董事

Balance Sheet

資產負債表

At 31st March, 2007 於二零零七年三月三十一日

		NOTES 附註	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Non-current assets	非流動資產			
Investment in subsidiaries	附屬公司投資	15	236,085	241,188
Other assets	其他資產	17	90	90
			236,175	241,278
Current assets	流動資產			
Amounts due from subsidiaries	應收附屬公司款項	22	1,419,526	1,047,203
Bank balances and cash	銀行結存及現金	22	4,496	776
			1,424,022	1,047,979
Current liabilities	流動負債			
Other payables	其他應付款項		52,815	9,824
Amount due to ultimate holding company	應付最終控股公司款項	24	330	7,700
Amount due to a subsidiary	應付一間附屬公司款項	22	30,000	30,000
Amount due to a related company	應付一間關連公司款項	25	11,700	11,700
			94,845	59,224
Net current assets	流動資產淨值		1,329,177	988,755
Net assets	資產淨值		1,565,352	1,230,033
Capital and reserves	股本及儲備			
Share capital	股本	28	39,391	34,346
Reserves	儲備	30	1,525,961	1,195,687
Total equity	權益總額		1,565,352	1,230,033

Pan Su Tong
潘蘇通
DIRECTOR
董事

Huang Xiaojian
黃孝建
DIRECTOR
董事

Consolidated Statement of Changes in Equity

綜合權益變動表

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

		Share capital	Share premium	Share-based compensation reserve	Translation reserve	Capital redemption reserve	Capital reserve	PRC statutory reserves	Retained profits	Total
		股本	股份溢價	酬金儲備	換算儲備	贖回儲備	股本儲備	法定儲備	保留溢利	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
							(note 30)	(note 30)		
							(附註30)	(附註30)		
Balance at 1st April, 2005	於二零零五年四月一日結餘	33,454	1,095,201	6,456	(600)	-	3,605	33,689	16,817	1,188,622
Exchange differences arising on translation of foreign operations recognised directly in equity	於股本直接確認因換算海外業務產生之匯兌差額	-	-	-	3,215	-	-	-	-	3,215
Profit for the year	年內溢利	-	-	-	-	-	-	-	215,052	215,052
Total recognised income and expense for the year	年內已確認收入及開支總額	-	-	-	3,215	-	-	-	215,052	218,267
Issue of new shares (note 28)	發行新股份(附註28)	750	21,300	-	-	-	-	-	-	22,050
Recognition of equity settled share-based payments	確認股本結算之以股份為基礎之付款	-	-	5,192	-	-	-	-	-	5,192
Exercise of share options	行使購股權	315	9,447	(252)	-	-	-	-	-	9,510
Lapse of share options	購股權失效	-	-	(1,886)	-	-	-	-	1,886	-
Shares repurchased and cancelled	購回及註銷股份	(173)	-	-	-	173	-	-	(5,691)	(5,691)
Appropriations	分配	-	-	-	-	-	-	51,298	(51,298)	-
Final dividend for 2005	二零零五年之末期股息	-	-	-	-	-	-	-	(10,078)	(10,078)
Interim and special dividends for 2006	二零零六年之中期及特別股息	-	-	-	-	-	-	-	(82,425)	(82,425)
Balance at 31st March, 2006	於二零零六年三月三十一日結餘	34,346	1,125,948	9,510	2,615	173	3,605	84,987	84,263	1,345,447
Exchange differences arising on translation of foreign operations recognised directly in equity	於股本直接確認因換算海外業務產生之匯兌差額	-	-	-	54,986	-	-	-	-	54,986
Profit for the year	年內溢利	-	-	-	-	-	-	-	202,177	202,177
Total recognised income and expense for the year	年內已確認收入及開支總額	-	-	-	54,986	-	-	-	202,177	257,163
Issue of new shares (note 28)	發行新股份(附註28)	5,000	270,000	-	-	-	-	-	-	275,000
Expenses incurred in connection with issue of shares	就發行股份而引致之支出	-	(4,235)	-	-	-	-	-	-	(4,235)
Exercise of share options	行使購股權	45	1,388	(70)	-	-	-	-	-	1,363
Lapse of share options	購股權失效	-	-	(1,409)	-	-	-	-	1,409	-
Appropriations	分配	-	-	-	-	-	-	22,633	(22,633)	-
Final dividend for 2006	二零零六年之末期股息	-	-	-	-	-	-	-	(27,477)	(27,477)
Interim dividend for 2007	二零零七年之中期股息	-	-	-	-	-	-	-	(51,519)	(51,519)
Balance at 31st March, 2007	於二零零七年三月三十一日結餘	39,391	1,393,101	8,031	57,601	173	3,605	107,620	186,220	1,795,742

Consolidated Cash Flow Statement

綜合現金流量表

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

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Operating activities	經營業務		
Profit before taxation	除稅前溢利	212,942	219,706
Adjustments for:	作出下列調整:		
Interest income	利息收入	(10,859)	(4,399)
Finance costs	財務費用	81,029	39,638
Allowance (reversal of allowance) for bad and doubtful debts	呆壞賬撥備(撥回撥備)	11,701	(8,228)
(Reversal of) allowance for inventories	存貨(撥回)撥備	(5,217)	191
Amortisation of prepaid lease payments	預付租賃款項攤銷	135	126
Amortisation of trade marks	商標攤銷	12,630	11,960
Depreciation of property, plant and equipment	物業、機器及設備折舊	30,487	28,358
Gain on disposal of machinery held for sale	出售持作待售機器之收益	-	(2,878)
Loss on disposal of property, plant and equipment	出售物業、機器及設備之虧損	58	2
Share option expenses	購股權開支	-	5,192
Operating cash flows before movements in working capital	未計營運資金變動前之經營現金流量	332,906	289,668
Decrease in inventories	存貨減少	15,115	117,924
(Increase) decrease in trade and other receivables	應收賬款及其他應收款項(增加)減少	(345,007)	39,256
Increase in amounts due from related companies	應收關連公司款項增加	(840)	(2,133)
Decrease in trade and other payables	應付賬款及其他應付款項減少	(41,955)	(109,155)
Cash (used in) generated from operations	經營業務現金(流出)流入	(39,781)	335,560
Taxation paid	已繳稅項	(11,719)	(10,200)
Net cash (used in) generated from operations	經營業務現金(流出)流入淨額	(51,500)	325,360
Investing activities	投資活動		
Interest received	已收利息	10,859	4,399
Proceeds from disposal of machinery held for sale (note)	出售持作待售機器所得款項(附註)	-	27,000
Purchase of property, plant and equipment	購入物業、機器及設備	(6,345)	(7,656)
Proceeds from disposal of property, plant and equipment	出售物業、機器及設備所得款項	75	601
Decrease (increase) in pledged bank deposits	已抵押銀行存款減少(增加)	3,646	(806)
Net cash from investing activities	投資活動現金流入淨額	8,235	23,538

Consolidated Cash Flow Statement

綜合現金流量表

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

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Financing activities	融資活動		
Interest and finance charges paid	已付利息及財務費用	(69,564)	(39,638)
Proceeds from issue of new shares	發行新股份所得款項	276,363	9,510
Payment for shares repurchased and cancelled	就所購回及註銷股份之付款	–	(5,691)
Expenses incurred in connection with issue of shares	因發行股份而引致之支出	(4,235)	–
New bank loans raised	籌集新的銀行貸款	662,917	–
Net cash (outflow) inflow of trust receipt loans	信託收據貸款現金 (流出) 流入淨額	(119,577)	591,038
Repayment of bank loans	償還銀行貸款	(301,766)	–
Repayment of obligations under finance leases	根據融資租約償還債務	(251)	(26,049)
(Decrease) increase in amount due to ultimate holding company	應付最終控股公司款項 (減少) 增加	(8,205)	6,297
(Decrease) increase in amount due to a related company	應付一間關連公司款項 (減少) 增加	(391)	391
Dividends paid	已付股息	(36,038)	(92,503)
Net cash from financing activities	融資活動現金流入淨額	399,253	443,355
Net increase in cash and cash equivalents	現金及現金等價物之增加淨額	355,988	792,253
Cash and cash equivalents at the beginning of the year	年初之現金及現金等價物	1,303,571	511,318
Effect of foreign exchange rate changes	外幣匯率變動之影響	91,715	–
Cash and cash equivalents at the end of the year	年終之現金及現金等價物	1,751,274	1,303,571
Analysis of balances of cash and cash equivalents	現金及現金等價物之結存分析		
Bank balances and cash	銀行結存及現金	1,751,274	1,304,535
Bank overdrafts	銀行透支	–	(964)
		1,751,274	1,303,571

Note:

During the year ended 31st March, 2005, the Group entered into a sale and purchase agreement with a third party to dispose of the machinery held for sale for a consideration of approximately HK\$27,000,000, which was settled on 17th June, 2005 in full.

附註：

截至二零零五年三月三十一日止年度，本集團與第三方訂立買賣協議，按代價約27,000,000港元出售持作待售機器，代價已於二零零五年六月十七日全數清償。

Notes to the Consolidated Financial Statements

綜合財務報告附註

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

1. GENERAL

The Company is incorporated in Hong Kong with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The immediate and ultimate holding company of the Company is Jade Forest Limited ("Jade Forest"), a limited liability company incorporated in the British Virgin Islands. The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information included in the annual report.

The financial statements are presented in Hong Kong dollars, which is different from the functional currency of the Company, Renminbi ("RMB") as the Company is a public company incorporated in Hong Kong with the shares listed on the Stock Exchange, where most of its investors are located in Hong Kong and therefore, the directors consider that Hong Kong dollars is preferable in presenting the operating result and financial position of the Company and the Group. The majority of the Company's subsidiaries are operating in the People's Republic of China ("PRC") with RMB as their functional currency.

The Company is an investment holding company. The activities of its principal subsidiaries at 31st March, 2007 are set out in note 40.

1. 總則

本公司為一間在香港註冊成立之有限公司，其股份在香港聯合交易所有限公司（「聯交所」）上市。本公司之直接及最終控股公司為Jade Forest Limited（「Jade Forest」），其為一間在英屬處女群島註冊成立之有限公司。本公司之註冊辦事處及主要營業地點之地址於年報之公司資料內披露。

財務報告以港元呈列，而非以本公司功能貨幣人民幣呈列，此乃由於本公司為一間於香港註冊成立之上市公司，其股份亦於聯交所上市，而其投資者亦位處香港，故此董事認為以港元呈列本公司及本集團經營業績及財務狀況而言較佳。本公司大部份附屬公司乃於中華人民共和國（「中國」）經營，彼等之功能貨幣為人民幣。

本公司為一間投資控股公司，其主要附屬公司於二零零七年三月三十一日之業務載於財務報告附註40。

Notes to the Consolidated Financial Statements

綜合財務報告附註

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

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

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 effective for accounting periods beginning on or after 1st December, 2005, 1st January, 2006 or 1st March, 2006. The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

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

HKAS 1 (Amendment)
香港會計準則第1號(修訂本)

HKAS 23 (Revised)
香港會計準則第23號(修訂本)

HKFRS 7
香港財務報告準則第7號

HKFRS 8
香港財務報告準則第8號

HK(IFRIC) – INT 8
香港(國際財務報告詮釋委員會) – 詮釋第8號

HK(IFRIC) – INT 9
香港(國際財務報告詮釋委員會) – 詮釋第9號

HK(IFRIC) – INT 10
香港(國際財務報告詮釋委員會) – 詮釋第10號

HK(IFRIC) – INT 11
香港(國際財務報告詮釋委員會) – 詮釋第11號

HK(IFRIC) – INT 12
香港(國際財務報告詮釋委員會) – 詮釋第12號

2. 應用新增及修訂之香港財務報告準則

於本年度，本集團已首次應用由香港會計師公會(「香港會計師公會」)頒佈之多項新準則、修訂及及詮釋(「新香港財務報告準則」)。該等新香港財務報告準則於二零零五年十二月一日、二零零六年一月一日或二零零六年三月一日或之後開始之會計期間生效。採納新香港財務報告準則對本會計期間及過往會計期間之業績之編製及財務狀況之呈列方式並無重大影響。因此，無須作出往期調整。

本集團並未提前採納下列已頒佈但尚未生效之新增準則、修訂或詮釋。本公司董事預計，應用該等新增準則、修訂或詮釋將不會對本集團之業績及財務狀況構成重大影響。

Capital Disclosures¹
股本披露¹

Borrowing Costs²
借貸成本²

Financial Instruments: Disclosures¹
金融工具：披露¹

Operating Segments²
經營分類²

Scope of HKFRS 2³
香港財務報告準則第2號之範疇³

Reassessment of Embedded Derivatives⁴
內含衍生工具之重新評估⁴

Interim Financial Reporting and Impairment⁵
中期財務報告及減值⁵

HKFRS 2 – Group and Treasury Share Transactions⁶
香港財務報告準則第2號—集團及庫務股份交易⁶

Service Concession Arrangements⁷
服務特許權安排⁷

Notes to the Consolidated Financial Statements

綜合財務報告附註

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

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (CONTINUED)

- ¹ Effective for annual periods beginning on or after 1st January, 2007
- ² Effective for annual periods beginning on or after 1st January, 2009
- ³ Effective for annual periods beginning on or after 1st May, 2006
- ⁴ Effective for annual periods beginning on or after 1st June, 2006
- ⁵ Effective for annual periods beginning on or after 1st November, 2006
- ⁶ Effective for annual periods beginning on or after 1st March, 2007
- ⁷ Effective for annual periods beginning on or after 1st January, 2008

3. SIGNIFICANT ACCOUNTING POLICIES

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

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31st March each year.

All significant intercompany transactions and balances within the Group have been eliminated on consolidation.

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.

2. 應用新增及修訂之香港財務報告準則(續)

- ¹ 適用於二零零七年一月一日或之後開始之年度期間。
- ² 適用於二零零九年一月一日或之後開始之年度期間。
- ³ 適用於二零零六年五月一日或之後開始之年度期間。
- ⁴ 適用於二零零六年六月一日或之後開始之年度期間。
- ⁵ 適用於二零零六年十一月一日或之後開始之年度期間。
- ⁶ 適用於二零零七年三月一日或之後開始之年度期間。
- ⁷ 適用於二零零八年一月一日或之後開始之年度期間。

3. 主要會計政策

綜合財務報告乃按歷史成本基準及根據香港會計師公會頒佈之香港財務報告準則編製。此外，綜合財務報告包括聯交所證券上市規則及公司條例規定之適用披露資料。

綜合賬目基準

綜合財務報告包括本公司及其附屬公司計至每年三月三十一日止之財務報告。

本集團內公司間之所有重大交易及結存均於綜合賬目時抵銷。

年內收購或出售之附屬公司業績，分別由收購之生效日期起計或計至出售之生效日期止(視乎情況而定)計入綜合收益表內。

Notes to the Consolidated Financial Statements

綜合財務報告附註

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Trade marks

Trade marks are measured initially at cost less accumulated amortisation and any recognised impairment losses. The cost of trade marks is amortised on a straight-line basis over their estimated useful lives.

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 items of property, plant and equipment over their estimated useful lives after taking into account their estimated residual values, using the straight-line method.

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

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

Investments in subsidiaries

Investments in subsidiaries are included in the Company's balance sheet at cost less any identified impairment losses.

3. 主要會計政策 (續)

商標

商標最初按成本減去累計攤銷及任何已確認減值虧損計算。商標之成本於其估計可用年期內以直線法攤銷。

物業、機器及設備

物業、機器及設備按成本減去隨後之折舊及攤銷與減值虧損後入賬。

物業、機器及設備之折舊於其估計可使用年期內並經計及估計剩餘價值以直線法撇銷成本計算。

根據融資租約持有之資產於其預計可使用年期或相關租期(以較短者為準)內按與自置資產相同之基準計算折舊。

物業、機器及設備於出售時或預期持續使用該資產不再帶來未來經濟利益時取消確認。因資產取消確認產生之任何收益或虧損(按出售所得款項淨額與資產賬面值之差額計算)乃於項目取消確認之年度內列入綜合收益表。

附屬公司投資

附屬公司投資按成本減去任何獲確認之減值虧損後列入本公司之資產負債表。

Notes to the Consolidated Financial Statements

綜合財務報告附註

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Club debentures

Club debentures with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses. Club debentures are tested for impairment annually by comparing their carrying amounts with their recoverable amounts, irrespective of whether there is any indication that they may be impaired. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

When an impairment loss subsequently reverses, the carrying amount of the club debentures 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.

Gains or losses arising from derecognition of club debentures are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

Borrowing costs

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

3. 主要會計政策 (續)

會所債券

擁有無限期有效年期之會所債券乃按成本減任何其後之累計減值虧損列賬。會所債券按年進行減值測試，方式為比較其賬面值與其可收回款額，而不論是否有任何跡象顯示可能出現減值。倘資產之可收回款額估計少於其賬面值，則資產之賬面值將撇減至其可收回款額。減值虧損即時確認為開支。

倘若其後出現減值虧損撥回，則會所債券之賬面值會回升至其可收回款額之估計經修訂後水平，惟所增加後之賬面值不得超過倘若於以往年度未有就該資產確認減值之原應獲確定之賬面值。

取消確認會所債券產生之收益或虧損乃按出售所得款項淨額與資產賬面值間之差額計量，並於資產取消確認時於收益表入賬。

借貸成本

所有借貸成本乃於產生之期間在綜合收益表確認及列作財務費用。

Notes to the Consolidated Financial Statements

綜合財務報告附註

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when a 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.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables including trade receivables, amounts due from related companies, amounts due from subsidiaries, pledged bank deposits and bank balances are carried at amortised cost using the effective interest method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

3. 主要會計政策 (續)

金融工具

財務資產及財務負債乃當集團實體成為工具合約條文之訂約方時，在資產負債表上確認。財務資產及財務負債乃按公平值作初始計值。因收購或發行財務資產及財務負債而直接產生之交易成本（於損益賬按公平值處理之財務資產及財務負債除外）於首次確認時新增至財務資產或財務負債之公平值或自公平值扣除（如適用）。因收購於損益賬按公平值處理之財務資產或財務負債而直接產生之交易成本即時於損益賬中確認。

貸款及應收款項

貸款及應收款項為於活躍市場並無報價而附帶固定或可釐定付款之非衍生金融資產。於首次確認後之各結算日，貸款及應收款項（包括應收賬款、應收關連公司款項、應收附屬公司款項、已抵押銀行存款與銀行結存）採用實際利率法攤銷成本。倘有客觀證據顯示資產出現減值，則折損會於溢利或虧損確認。已確認撥備乃根據資產賬面值與初始確認時按實際利率折算之估計未來現金流量現值之差額計算。

Notes to the Consolidated Financial Statements

綜合財務報告附註

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial liabilities and equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Financial liabilities

Financial liabilities including trade payables, amount due to ultimate holding company, amount due to a subsidiary and amount due to a related company and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of (i) the amount determined in accordance with HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets", and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 "Revenue".

Equity instruments

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

3. 主要會計政策 (續)

金融工具 (續)

財務負債及股本權益

本集團發行之財務負債及股本權益工具乃根據所訂立合約安排之性質與及財務負債及股本權益工具之定義而分類。股本權益工具為證明於集團經扣除其所有負債後之資產剩餘權益之任何合約。就特定財務負債及股本權益工具採納之會計政策載列於下文。

財務負債

財務負債包括應付賬款、應付最終控股公司款項、應付一間附屬公司款項及應付一間關連公司款項及銀行貸款乃採用實際利率法按已攤銷成本計量。

財務擔保合約

財務擔保合約為因指定債務人未能按債務工具之原有或經修改條款如期付款時，發行人需支付指定金額予持有人以補償其所遭受損失之合約。本集團已發行及並非按公平值列賬並在損益表內處理之財務擔保合約首次以其公平值減發行財務擔保合約之直接應佔交易成本確認。於首次確認後，本集團以(i)根據香港會計準則第37號「撥備、或然負債及或然資產」釐定之金額；及(ii)首次確認之金額減(如適用)根據香港會計準則第18號「收益確認」之累計攤銷，兩者中以較高者計算財務擔保合約。

股本權益工具

本公司發行之股本權益工具乃按已收所得款項(扣除直接發行成本)入賬。

Notes to the Consolidated Financial Statements

綜合財務報告附註

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

3. SIGNIFICANT ACCOUNTING POLICIES (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 and control 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 is recognised in profit or loss.

For financial liabilities, they are removed from the Group's consolidated balance sheet (i.e. when the obligation specified in the relevant contract is discharged, cancelled or expires). The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in profit or loss.

Impairment

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount 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.

3. 主要會計政策 (續)

取消確認

若從資產收取現金流之權利已到期，或金融資產已轉讓及本集團已將其於金融資產擁有權之絕大部分風險及回報轉移，則金融資產將被取消確認。於取消確認金融資產時，資產賬面值與已收代價及已直接於股本權益確認之累計損益之總和之差額，將於溢利或虧損中確認。

就金融負債而言，則於本集團之綜合資產負債表中移除（即倘於有關合約之特定責任獲解除、取消或到期）。取消確認之金融負債賬面值與已付或應付代價之差額乃於溢利或虧損中確認。

減值

於每個結算日，本集團會審閱其資產之賬面值以確定有否任何跡象顯示該等資產已出現減值虧損。倘可收回款額估計少於其賬面值，則資產賬面值將撇減至其可收回款額。減值虧損會即時確認為開支。

倘若其後出現減值虧損撥回，則該資產之賬面值會回升至經修訂後之估計可收回款額水平，惟所增加後之賬面值數額不得超過倘若於以往年度未有就該資產確認減值之原應獲確定之賬面值。減值虧損撥回會即時確認為收入。

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method. Net realisable value is determined as the estimated selling price less all further costs of production and the related costs of marketing, selling and distribution.

Research and development expenditures

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development expenditure is recognised only if it is anticipated that the development costs incurred on a clearly-defined project will be recovered through future commercial activity. The resultant asset is amortised on a straight-line basis over its useful life, and carried at cost less subsequent accumulated amortisation and any accumulated impairment losses.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria. Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible asset is reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

3. 主要會計政策 (續)

存貨

存貨按成本與可變現淨值兩者中之較低值入賬。成本按加權平均法計算。可變現淨值乃按估計售價減所有進一步生產成本及市場推廣、出售及分銷相關成本計算。

研發費用

研究活動費用於發生期間確認為開支。

因開發費用而產生之內部自生無形資產唯有當該開發費用有明確專項並預期會透過未來商業活動收回成本之前提下方可被確認。所得資產以直線法按其使用年期攤銷及以成本減繼後累計攤銷及任何累計減值虧損。

初步確認之內部自生無形資產之價值為無形資產計入確認範圍當日產生之開支總值。倘未能確認為內部產生之無形資產，開發費用於其發生期間確認為收益或虧損。

初步確認後，內部自生無形資產按無形資產採納之方法分別以成本減繼後累計攤銷及累計減值虧損記錄。

Notes to the Consolidated Financial Statements

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leasing

Leases are classified as finance leases whenever the terms of the leases transfer substantially all the risks and rewards of ownership to the lessee. Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor, net of interest charges, is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

All other leases are classified as operating leases and the rentals payable are charged to income statement 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.

Taxation

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

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods 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.

3. 主要會計政策 (續)

租約

倘若租約條款規定有關資產之所有權附帶之絕大部份風險及回報均轉移予承租人，則有關租約列作融資租約。根據融資租約持有之資產按其於租約期之公平值或最低租金額現值確認為本集團資產。出租人相應之債務於扣除利息開支後列作融資租約債務計入資產負債表內。租金按比例於財務費用及租約承擔減少之間分配，從而就計算該等負債應付之餘額計算出一個不變的定額收費率，財務費用則直接於溢利或虧損中支銷。

所有其他租約列作經營租約，而應付租金以直線法於有關租約期內從收益表中扣除。作為訂立經營租賃優惠之已收及應收利益乃以直線法於租賃期內確認為削減租金開支。

稅項

所得稅開支指目前應付稅項及遞延稅項之總額。

目前應付之稅項乃按期內之應課稅溢利計算。由於應課稅溢利不包括於其他期間應課稅或可扣稅之收入或開支項目，亦不包括永不課稅或可扣稅之項目，故此應課稅溢利與收益表所載溢利並不相同。本集團之本年度稅項負債乃採用於結算日已訂立或大致上已訂立之稅率計算。

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (continued)

Deferred taxation is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred taxation liabilities are generally recognised for all taxable temporary differences, and deferred taxation 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.

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

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

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

3. 主要會計政策 (續)

稅項 (續)

遞延稅項乃按財務報表所載資產及負債之賬面值與計算應課稅溢利之相應稅基兩者之差額確認，並以資產負債表負債法處理。遞延稅項負債通常會就所有應課稅暫時差額確認，而遞延稅項資產在可能出現可利用可扣減暫時差額抵銷應課稅溢利時確認。倘若交易中因商譽或因業務合併以外原因首次確認其他資產及負債而引致之暫時差額並不影響應課稅溢利或會計溢利時，則不會確認該等資產及負債。

遞延稅項負債乃按因於附屬公司之投資而引致之應課稅暫時差額而確認，惟倘若本公司可控制暫時差額之撥回而暫時差額有可能不會於可見將來撥回之情況除外。

遞延稅項資產之賬面值於每個結算日作檢討，並於不再有足夠應課稅溢利恢復全部或部分資產價值時作調減。

遞延稅項乃按預期於負債清償或資產變現期間適用之稅率計算。遞延稅項於收益表中扣除或計入收益表，惟倘遞延稅項關乎直接在股本權益中扣除或貸記之項目，則亦會於股本權益中處理。

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綜合財務報告附註

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

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

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

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

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.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in its functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items 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.

3. 主要會計政策 (續)

收入之確認

收益乃按已收或應收代價之公平值計量，並相等於在日常業務過程就所提供貨品及服務之應收款額（扣除折扣及銷售相關稅項）。

銷售貨品之收入於貨品已送交及所有權已轉移之時予以確認。

來自投資之股息收入於股東確定收取股息款項之權利時予以確認。

財務資產之利息收入乃按時間基準，並參考未償還本金及適用之實際利率計算，該利率為確實地將財務資產之預計可用年期內之估計未來現金收入貼現至該資產之賬面淨值之貼現率。

外幣

於編製各個別集團實體之財務報告時，以該實體之功能貨幣以外之貨幣（外幣）進行之交易乃按於交易日期之匯率換算為其功能貨幣（即該實體經營所在之主要經濟環境之貨幣）。於各結算日，以外幣定值之貨幣項目乃按結算日之匯率重新換算。按外幣過往成本計量之非貨幣項目毋須重新換算。

貨幣項目結算及貨幣項目換算產生之匯兌差額乃於產生之期間於損益賬確認。

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies (continued)

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

Share-based payment transactions

Share options granted to directors of the Company and employees of the Group

Share options granted after 7th November, 2002 and vested before 1st January, 2005

The financial impact of share options granted is not recorded in the Group's consolidated balance sheet until such time as the options are exercised, and no charge is recognised in the consolidated income statement in respect of the value of options in the year. Upon the exercise of the share options, the resulting shares issued are recorded by the Company as additional share capital at the nominal value of the shares and the excess of the exercise price per share over the nominal value of the share is recorded by the Company as share premium.

Share options granted after 7th November, 2002 and vested after 1st January, 2005

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-based compensation reserve).

3. 主要會計政策 (續)

外幣 (續)

就呈列綜合財務報告而言，本集團之海外業務資產及負債乃按結算日之主要匯率換算為本公司之呈列貨幣（即港元），而彼等之收入及開支則按本年度之平均匯率換算，惟倘期內匯率顯著波動則除外，於該情況下，則採用交易日期之主要匯率。所產生之匯兌差額（如有）乃確認為股本權益之獨立部份（匯兌儲備）。該項匯兌差額乃於出售海外業務之期內於損益賬確認。

以股份為基礎之付款交易

授予本公司董事及本集團僱員之購股權

於二零零二年十一月七日後授出並於二零零五年一月一日前歸屬之購股權

授出之購股權之財務影響尚未記入本集團之綜合資產負債表內，直至該等購股權獲行使，且年內授出之購股權之價值未於綜合收益表內確認扣除為止。由於購股權獲行使而發行之股份被本公司以股份賬面值記作增發股本，而每股行使價超出股份賬面值之餘額被本公司記作股份溢價。

於二零零二年十一月七日後授出並於二零零五年一月一日後歸屬之購股權

所獲服務之公平值乃參考購股權於授出日期之公平值釐定，在歸屬期間以直線法列作開支，並於股本權益（股份酬金儲備）作相應之增加。

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Share-based payment transactions (continued)

Share options granted to directors of the Company and employees of the Group (continued)

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

Retirement benefits costs

Payments to defined contribution retirement benefit plans, state-managed pension schemes and the mandatory provident fund scheme are charged as an expense when employees have rendered service entitling them to the contributions.

4. FINANCIAL INSTRUMENTS

a. Financial risk management objectives and policies

The Group's and the Company's major financial instruments include trade and other receivables, amount due from subsidiaries, bank balances, trade and other payables and bank borrowings. 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.

3. 主要會計政策 (續)

以股份為基礎之付款交易 (續)

授予本公司董事及本集團僱員之購股權 (續)

於購股權獲行使時，先前於購股權儲備中確認之款項將撥入股份溢價。當購股權被沒收或於屆滿日仍未行使，先前於購股權儲備確認之款項將轉撥至保留溢利。

退休福利成本

向定額供款退休福利計劃、國家管理之退休金計劃及強制公積金計劃付款均在僱員提供供款相關之服務時入賬列作支出。

4. 財務工具

a. 財務風險管理目標及政策

本集團及本公司之主要金融工具包括應收及其他賬款、應收附屬公司款項、銀行結餘、應付及其他賬款及銀行貸款。該等金融工具之詳情已於有關附註披露。下文載列與該等金融工具有關之風險及如何減低該等風險之政策。管理層管理及監察該等風險，以確保適時及有效地採取適當措施。

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4. FINANCIAL INSTRUMENTS (CONTINUED)

a. Financial risk management objectives and policies (continued)

Market risk

Currency risk

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

Interest rate risk

The Group's fair value interest rate risk and cash flow interest rate risk relates primarily to fixed-rate bank loans and variable-rate trust receipt loans respectively. The Group currently does not have an interest rate swap hedging policy. However, the management monitors interests exposure and will consider hedging its exposure to interest rate risk should the need arises.

Credit risk

The Group's and the Company's maximum exposure to credit risk in the events of the counterparties failure to perform their obligations at 31st March, 2007 in relation to each class of recognised financial assets is the carrying amount of those financial assets as stated in the Group's and the Company's balance sheet. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual receivable 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.

4. 財務工具 (續)

a. 財務風險管理目標及政策 (續)

市場風險

貨幣風險

本集團若干應收賬款以外幣計值。本集團目前並無外幣對沖政策。然而，管理層監察外匯風險，並在有需要時會考慮對沖重大外匯風險。

利率風險

本集團之公平值利率風險及現金流量利率風險分別為來自其定息銀行貸款及浮息信託收據貸款。本集團現時並無訂有利率掉期對沖政策。然而，管理層監察利率風險，並會於有需要時考慮對沖其公平值利率風險。

信貸風險

倘交易對手方於二零零七年三月三十一日並無履行其有關各類別已確認財務資產之義務，則本集團及本公司要承受之最大信貸風險為本集團及本公司之資產負債表所列之該等財務資產之賬面值。為了盡量減低信貸風險，本集團管理層已授權小組專責釐定信貸額、信貸批核及其他監察程序，以確保採取跟進措施收回逾期之債務。此外，本集團於各結算日檢討各個別應收賬款之可收回款額，以確保就無法收回之款額作出足夠之減值虧損撥備。就此而言，本公司董事認為本集團之信貸風險已顯著降低。

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4. FINANCIAL INSTRUMENTS (CONTINUED)

a. Financial risk management objectives and policies (continued)

Credit risk (continued)

The Group's concentration of credit risk by geographical locations is mainly in the United States of America ("USA"). The balance of trade receivables as at 31st March, 2007 comprise 56.63% of receivables derived from USA. In addition, the Group has significant concentration of credit risk, with exposure to the Group's five largest customers comprising 78.11% of these outstanding trade receivables.

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

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings.

b. Fair value

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

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

4. 財務工具 (續)

a. 財務風險管理目標及政策 (續)

信貸風險 (續)

本集團按地點劃分之信貸風險集中程度主要位於美利堅合眾國(「美國」)。應收賬款於二零零七年三月三十一日之結餘包括56.63%來自美國之應收賬款。另外，本集團之信貸風險明顯集中，包括該等未償還應收貿易賬款78.11%，分佈於本集團五大客戶。

流動資金之信貸風險極低，原因為交易對手方均為獲國際信貸評級機構評定優良信貸評級之銀行。

流動資金風險

為管理流動資金風險，本集團監控並儲備充裕現金及現金等價物，足供管理層為本集團營運及舒緩現金流波動的影響提供資金。管理層監察銀行借貸之應用情況。

b. 公平值

金融資產及金融負債之公平值乃以貼現現金流分析為基準之公認定價模式或現有市場交易價格而釐定。

董事認為，綜合財務報表中按攤銷成本列賬之金融資產及金融負債之賬面值與彼等之公平值相若。

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綜合財務報告附註

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

5. SEGMENT INFORMATION

The Group currently has one business segment of development and sale of digital consumer products. The directors consider that the geographical segments by market, irrespective of the origin of the goods/services, is the primary segment.

Primary reporting segment – geographical segments

For the year ended 31st March, 2007

5. 分類資料

本集團目前僅有一項業務分類－數碼消費產品開發及銷售。董事認為主要分類是按市場（不論貨品／服務之來源地）之地區分類。

主要報告分類－地區分類

截至二零零七年三月三十一日止年度

		Europe	USA	Hong Kong	Other regions in the PRC 中國 其他地區	Others 其他	Eliminated 抵銷	Consolidated 綜合
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Turnover	營業額							
External sales	對外銷售	542,340	1,456,916	74	948,965	122,284	-	3,070,579
Inter-segment sales*	集團內部銷售*	-	-	456	17,745	18,885	(37,086)	-
Total	總額	542,340	1,456,916	530	966,710	141,169	(37,086)	3,070,579
Segment results	分類業績	55,482	149,044	(443)	84,192	12,510	-	300,785
Interest income	利息收入							10,859
Unallocated corporate expenses	未分配公司開支							(17,673)
Finance costs	財務費用							(81,029)
Profit before taxation	除稅前溢利							212,942
Taxation	稅項							(10,765)
Profit for the year	本年度溢利							202,177

* Inter-segment sales are charged at prices agreed by both parties.

* 集團內部銷售乃按交易雙方協定之價格計算。

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5. SEGMENT INFORMATION (CONTINUED)
Primary reporting segment – geographical segments
(continued)

As at 31st March, 2007

5. 分類資料 (續)
主要報告分類 – 地區分類 (續)

於二零零七年三月三十一日

		Europe	USA	Hong Kong	Other regions in the PRC	Others	Eliminated	Consolidated
		歐洲	美國	香港	中國 其他地區	其他	抵銷	綜合
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元
Assets	資產							
Segment assets	分類資產	36,015	442,457	400	278,150	24,338	-	781,360
Unallocated corporate assets	未分配公司資產							2,465,055
Consolidated total assets	綜合總資產							3,246,415
Liabilities	負債							
Unallocated corporate liabilities and consolidated total liabilities	未分配公司負債及綜合總負債							1,450,673
Other Information	其他資料							
Allowance for bad and doubtful debts	呆壞賬撥備	-	-	451	11,250	-	-	11,701

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5. SEGMENT INFORMATION (CONTINUED)
Primary reporting segment – geographical segments
(continued)

For the year ended 31st March, 2006

5. 分類資料 (續)
主要報告分類 – 地區分類 (續)

截至二零零六年三月三十一日止年度

		Europe	USA	Hong Kong	Other regions	Others	Eliminated	Consolidated
		歐洲	美國	香港	in the PRC 中國	其他	抵銷	綜合
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元
Turnover	營業額							
External sales	對外銷售	460,203	970,763	14,225	746,355	122,160	-	2,313,706
Inter-segment sales*	集團內部銷售*	4,833	-	135,911	117,843	20,716	(279,303)	-
Total	總額	465,036	970,763	150,136	864,198	142,876	(279,303)	2,313,706
Segment results	分類業績	51,913	105,658	6,194	90,193	13,296	-	267,254
Interest income	利息收入							4,399
Unallocated corporate expenses	未分配公司開支							(12,309)
Finance costs	財務費用							(39,638)
Profit before taxation	除稅前溢利							219,706
Taxation	稅項							(4,654)
Profit for the year	本年度溢利							<u>215,052</u>

* Inter-segment sales are charged at prices agreed by both parties.

* 集團內部銷售乃按交易雙方協定之價格計算。

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綜合財務報告附註

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

5. SEGMENT INFORMATION (CONTINUED)
Primary reporting segment – geographical segments
(continued)

As at 31st March, 2006 (restated)

5. 分類資料 (續)
主要報告分類 – 地區分類 (續)

於二零零六年三月三十一日

		Europe	USA	Hong Kong	Other regions in the PRC	Others	Eliminated	Consolidated
		歐洲	美國	香港	中國 其他地區	其他	抵銷	綜合
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元
Assets	資產							
Segment assets	分類資產	231,619	17,013	251	276,342	64,625	-	589,850
Unallocated corporate assets	未分配公司資產							1,890,873
Consolidated total assets	綜合總資產							<u>2,480,723</u>
Liabilities	負債							
Unallocated corporate liabilities and consolidated total liabilities	未分配公司負債及綜合總負債							1,135,276

At 31st March, 2007 and 2006, the Group has only one business segment of development and sale of digital consumer products and therefore no analysis of segment assets and liabilities is presented.

All of the production facilities of the Group are located in the PRC.

於二零零七年及二零零六年三月三十一日，本集團僅有一項業務分類－數碼消費產品開發及銷售，因此並無呈報分類資產及負債之分析。

本集團之所有生產設施均位於中國。

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綜合財務報告附註

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

6. OTHER INCOME

Other income for the year includes the following:

6. 其他收入

年內之其他收入包括以下各項：

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Interest received on bank deposits	銀行存款收取之利息	10,859	4,399
Gain on disposal of machinery held for sale	出售持作待售機器之收益	-	2,878

7. DIRECTORS' AND FIVE HIGHEST PAID EMPLOYEES' REMUNERATION

(i) Details of directors' remuneration are as follows:

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

7. 董事及五名最高薪僱員酬金

(i) 董事酬金詳情如下：

已付或應付六名(二零零六年：七名)董事每名之酬金如下：

		Other emoluments 其他酬金			
		Fees	Salaries and other benefits	Pension costs	Total emoluments
		袍金	薪金及 其他福利	退休成本	酬金總額
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Pan Su Tong ("Mr. Pan")	潘蘇通(「潘先生」)	-	5,200	-	5,200
Lai Chi Kin, Lawrence	黎志堅	390	-	-	390
Ng Lai Man, Carmen	吳麗文	325	-	-	325
Cheng Kwan Wai, Sunny	鄭君威	260	-	-	260
Dong Zhi Qiang	董志強	-	-	-	-
Huang Xiaojian	黃孝建	-	403	-	403
Total for 2007	二零零七年總額	975	5,603	-	6,578

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

7. DIRECTORS' AND FIVE HIGHEST PAID EMPLOYEES' REMUNERATION (CONTINUED)

(i) Details of directors' remuneration are as follows: (continued)

		Other emoluments 其他酬金			
		Fees 袍金	Salaries and other benefits 薪金及 其他福利	Pension costs 退休成本	Total emoluments 酬金總額
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Pan Su Tong ("Mr. Pan")	潘蘇通(「潘先生」)	-	5,200	-	5,200
Lai Chi Kin, Lawrence	黎志堅	300	-	-	300
Ng Lai Man, Carmen	吳麗文	250	-	-	250
Cheng Kwan Wai, Sunny	鄭君威	200	-	-	200
Siu Wai Yip, James	蕭偉業	-	840	12	852
Huang Hui	黃暉	-	280	-	280
Dong Zhi Qiang	董志強	-	989	-	989
Total for 2006	二零零六年總額	750	7,309	12	8,071

(ii) Employees' remuneration:

Of the five highest paid individuals of the Group, one (2006: two) are directors of the Company whose emoluments are disclosed above. The emoluments of the remaining four (2006: three) are employees of the Group, details of whose remuneration are as follows:

(ii) 僱員酬金:

在本集團五名最高薪人士中，一名(二零零六年：兩名)為本公司之董事，彼等之酬金如上披露。其餘本集團之四名(二零零六年：三名)僱員之酬金詳情如下：

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Salaries, allowances and other benefits	薪金、津貼及其他福利	4,043	3,160
Pension costs	退休成本	43	30
		4,086	3,190

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7. DIRECTORS' AND FIVE HIGHEST PAID EMPLOYEES' REMUNERATION (CONTINUED)

(ii) Employees' remuneration: (continued)

Their emoluments were within the following bands:

		2007 二零零七年	2006 二零零六年
Nil to HK\$1,000,000	零港元至1,000,000港元	3	2
HK\$1,000,001 to HK\$1,500,000	1,000,001港元至1,500,000港元	-	1
HK\$1,500,001 to HK\$2,000,000	1,500,001港元至2,000,000港元	1	-
		4	3

During the year, no remuneration was paid by the Group to the directors of the Company or the five highest paid individuals of the Group as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors of the Company has waived or agreed to waive any emoluments during the year.

7. 董事及五名最高薪僱員酬金 (續)

(ii) 僱員酬金：(續)

彼等之酬金介乎下列範圍：

年內，本集團並無支付酬金予董事或五位最高薪僱員作為加入本集團時或吸引加入本集團之獎金或作為離職之賠償。年內亦無董事放棄或同意放棄任何酬金。

8. FINANCE COSTS

8. 財務費用

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Interest on:	下列各項之利息：		
Bank borrowings wholly repayable within five years	須於五年內悉數償還之銀行借款	(80,975)	(39,404)
Finance leases	融資租約	(54)	(234)
		(81,029)	(39,638)

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綜合財務報告附註

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

9. PROFIT BEFORE TAXATION

9. 除稅前溢利

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Profit before taxation has been arrived at after charging:	除稅前溢利已扣除以下各項：		
Allowance for bad and doubtful debts	呆壞賬撥備	11,701	-
Allowance for inventories	存貨撥備	-	191
Amortisation of prepaid lease payments (included in administrative expenses)	預付租賃款項攤銷 (計入為行政費用)	135	126
Auditors' remuneration	核數師酬金	2,100	2,100
Cost of inventories	存貨成本	2,628,037	1,920,861
Depreciation of property, plant and equipment	物業、機器及設備之折舊	30,487	28,358
Amortisation of trade marks (included in administrative expenses)	商標之攤銷 (計入為行政費用)	12,630	11,960
Total depreciation and amortisation	折舊及攤銷總額	43,117	40,318
Foreign exchange loss	外匯虧損	13,398	10,808
Loss on disposal of property, plant and equipment	出售物業、機器及設備 之虧損	58	2
Operating lease rentals in respects of rented premises	租賃物業之經營租約租金	13,878	7,684
Research and development costs expensed	研發成本支出	2,375	3,618
Royalty expenses	版權費支出	759	3,318
Staff costs, including directors' emoluments	員工成本·包括董事酬金	46,040	52,636
and after crediting:	並已計入以下各項：		
Reversal of allowance for bad and doubtful debts	呆壞賬撥備撥回	-	8,228
Reversal of allowance for inventories	存貨撥備撥回	5,217	-

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

10. TAXATION

10. 稅項

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
The charge comprises:	稅項支出包括：		
The Company and subsidiaries:	本公司及附屬公司：		
Overprovision of Hong Kong Profits Tax in prior years	以往年度香港利得稅 超額撥備	-	356
PRC Enterprise Income Tax	中國企業所得稅		
– Current year	– 本年度	(11,765)	(5,010)
– Overprovision in prior years	– 以往年度超額撥備	1,000	-
Taxation charge for the year	年度稅項支出	(10,765)	(4,654)

No Hong Kong Profits Tax is provided as there is no assessable profit for the year. Taxation arising in other countries or other regions in the PRC is calculated at the rates prevailing in the relevant jurisdiction. Pursuant to relevant laws and regulations in the PRC, certain subsidiaries are entitled to exemption from Enterprise Income Tax under certain tax holidays and concessions. And one of the subsidiaries established in Macau is entitled to exemption from income tax under relevant tax concessions.

Pursuant to an approval document issued by the State Bureau of Dalian dated 25th June, 2004, Matsunichi Technology (Dalian) Company Limited, a subsidiary of the Company, had been designated as an advanced technology enterprise and its income tax rate was reduced from 33% to 15%. Moreover, Matsunichi Technology (Dalian) Company Limited was entitled to the two year's exemption from Enterprise Income Tax followed by three years of 50% tax reduction commencing from the first profit-making year with effect from 2004.

因本年度並無應課稅溢利，故無計提香港利得稅。其他國家或中國其他地區之稅項乃按有關法司法權區所採用之現行稅率計算。根據中國相關法例及法規，若干附屬公司有權按若干免稅期及減免豁免繳納企業所得稅。另澳門成立之一間附屬公司根據相關稅務優惠獲豁免所得稅。

根據State Bureau of Dalian於二零零四年六月二十五日發出之批文，本公司之附屬公司松日科技（大連）有限公司已指定為先進科技企業，其所得稅率已由33%削減至15%。此外，松日科技（大連）有限公司於首年錄得盈利之年，即二零零四年起享有兩年之所得稅豁免，並於隨後三年享有50%之稅項寬減。

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綜合財務報告附註

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

10. TAXATION (CONTINUED)

Pursuant to an approval document issued by the State Bureau of Shenzhen Longgang District dated 20th July, 2004, Matsunichi Information Technology (Shenzhen) Company Limited, a subsidiary of the Company, had been designated as a newly established foreign manufacturing enterprises. As a result, Matsunichi Information Technology (Shenzhen) Company Limited was entitled to the two year's exemption from Enterprise Income Tax followed by three years of 50% tax reduction commencing from the first profit-making year with effect from 2004.

On 16th March, 2007, the Fifth Plenary Session of the Tenth National People's Congress passed the Corporate Income Tax Law of Mainland China ("new tax law") which will take effect on 1st January, 2008. However, the detailed implementation rules regarding the new tax law have yet to be made public. Consequently, the management is not able to make an estimate of the expected financial effect of the new tax law on the Group's consolidated financial statements in the coming year. The enactment of the new tax law is not expected to have any financial effect on the amounts accrued in the consolidated balance sheet in respect of current tax payable.

10. 稅項 (續)

根據State Bureau of Shenzhen Longgang District於二零零四年七月二十日發出之批文，本公司之附屬公司松日信息科技(深圳)有限公司已指定為新成立外資製造企業。因此，松日信息科技(深圳)有限公司於首年錄得盈利之年，即二零零四年起享有兩年之所得稅豁免，並於隨後三年享有50%之稅項寬減。

於二零零七年三月十六日，第十屆全國人民代表大會五中全會表決通過中國企業所得稅法(「新稅法」)，並將自二零零八年一月一日起生效。然而，有關新稅法之實施細則尚未公佈。因此，管理層未能就新稅法對來年本集團綜合資產負債表之預期財務影響作出估計。新稅法之制定預期不會對綜合資產負債表內有關應付即期稅項之應計金額造成任何財務影響。

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10. TAXATION (CONTINUED)

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

10. 稅項 (續)

年度稅項支出可與綜合收益表之除稅前溢利對賬如下：

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Profit before taxation	除稅前溢利	212,942	219,706
Tax charge at the domestic income tax rate of 33% (2006: 33%)	按本地所得稅率33% (二零零六年: 33%) 計算之稅項支出	(70,271)	(72,503)
Tax effect of income not taxable for tax purpose	就課稅而言毋須課稅收入 之稅務影響	12,407	7,933
Tax effect of expenses not deductible for tax purpose	就課稅而言不得扣減開支 之稅務影響	(10,643)	(8,125)
Tax effect of tax losses not recognised	並無確認之稅項虧損之 稅務影響	(25,482)	(39,242)
Effect of tax exemptions granted to the PRC subsidiaries	授予中國附屬公司之稅項 豁免之影響	(6,959)	61,078
Effect of tax exemptions for offshore profits	就離岸溢利之稅項豁免 之影響	59,327	39,788
Income tax on concessionary rate	優惠稅率之影響	29,856	6,061
Overprovision in prior years	過往年度之超額撥備	1,000	356
Taxation charge for the year	年度稅項支出	(10,765)	(4,654)

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綜合財務報告附註

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

11. DIVIDENDS

11. 股息

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Proposed final dividend of HK6.5 cents (2006: HK4 cents) per share	議派末期股息每股6.5港仙 (二零零六年:4港仙)	51,593	27,477
Dividend recognised as distribution during the year:	年內確認作分派之股息:		
Final dividend in respect of previous year	上一年度末期股息	27,477	10,078
Interim dividend of HK7.5 cents (2006: HK5 cents) per share	中期股息每股7.5港仙 (二零零六年:5港仙)	51,519	34,344
2005/06 special dividend of HK7 cents per share	二零零五/零六年度 特別股息每股7港仙	-	48,081
Total dividends paid/payable	已付/應付股息總額	78,996	92,503

The final dividend in respect of the year ended 31st March, 2007 of HK6.5 cents (2006: HK4 cents) per share on 793,734,683 (2006: 686,924,683) ordinary shares has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming annual general meeting.

本公司董事建議就截至二零零七年三月三十一日止年度向793,734,683股(二零零六年:686,924,683股)普通股派發末期股息每股6.5港仙(二零零六年:4港仙),有關建議須於應屆股東週年大會上獲得股東之批准。

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12. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

12. 每股盈利

每股基本及攤薄盈利乃根據下列資料計算：

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Earnings	盈利		
Profit for the purpose of basic and diluted earnings per share (profit for the year attributable to equity holders of the Company)	就計算每股基本及攤薄溢利之盈利(本公司權益持有人應佔年度溢利)	202,177	215,052
		2007 二零零七年 Number of shares 股份數目	2006 二零零六年 Number of shares 股份數目
Number of shares	股份數目		
Weighted average number of ordinary shares for the purpose of basic earnings per share	就計算每股基本盈利之普通股加權平均數	707,637,834	677,701,160
Effect of dilutive potential ordinary shares – Share options	潛在攤薄普通股之影響 — 購股權	12,605,037	8,356,667
Weighted average number of ordinary shares for the purpose of diluted earnings per share	就計算每股攤薄盈利之普通股加權平均數	720,242,871	686,057,827

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13. PROPERTY, PLANT AND EQUIPMENT

13. 物業、機器及設備

		Buildings	Plant and machinery	Leasehold improvements	Furniture, fixtures and equipment	Motor vehicles	Total
		樓宇	機器及設備	租賃物業裝修	傢俬、裝修及器材	汽車	總額
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元
THE GROUP	本集團						
AT COST	成本						
At 1st April, 2005	於二零零五年四月一日	108,656	162,217	3,894	5,379	3,772	283,918
Additions	增加	104	3,627	1,890	705	1,330	7,656
Disposals	出售	-	-	(2,086)	-	(698)	(2,784)
At 31st March, 2006	於二零零六年三月三十一日	108,760	165,844	3,698	6,084	4,404	288,790
Exchange realignment	匯兌調整	4,568	14,022	-	428	166	19,184
Additions	增加	1,178	2,939	1,008	647	573	6,345
Disposals	出售	-	-	(289)	(179)	(145)	(613)
At 31st March, 2007	於二零零七年三月三十一日	114,506	182,805	4,417	6,980	4,998	313,706
DEPRECIATION AND AMORTISATION	折舊及攤銷						
At 1st April, 2005	於二零零五年四月一日	1,487	25,064	2,795	2,411	1,121	32,878
Provided for the year	年度撥備	3,171	20,876	1,626	1,874	811	28,358
Eliminated on disposals	出售時抵銷	-	-	(1,993)	-	(188)	(2,181)
At 31st March, 2006	於二零零六年三月三十一日	4,658	45,940	2,428	4,285	1,744	59,055
Exchange realignment	匯兌調整	331	2,983	-	141	49	3,504
Provided for the year	年度撥備	4,566	21,839	1,263	1,933	886	30,487
Eliminated on disposals	出售時抵銷	-	-	(289)	(102)	(89)	(480)
At 31st March, 2007	於二零零七年三月三十一日	9,555	70,762	3,402	6,257	2,590	92,566
CARRYING AMOUNTS	賬面值						
At 31st March, 2007	於二零零七年三月三十一日	104,951	112,043	1,015	723	2,408	221,140
At 31st March, 2006	於二零零六年三月三十一日	104,102	119,904	1,270	1,799	2,660	229,735

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

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Note: On 31st July, 2003, the Group entered into a purchase agreement to acquire the entire equity interests in Best Concord Group Limited, which beneficially owned a plant under construction situated at Shenzhen, the PRC, from Matsunichi Communications (Hong Kong) Limited, a company which was wholly and beneficially owned by Mr. Pan, a substantial shareholder and a director of the Company, at a consideration of HK\$78,000,000, which is included in the buildings. The remaining balance outstanding as at 31st March, 2007 of HK\$11,700,000 has been included in the amount due to a related company in the current liabilities (see note 25) which shall be payable upon completion of due registration of the title of the plant in the name of Best Concord Group Limited, when all necessary licences for commencing operation of the plant by Best Concord Group Limited having been obtained. As at 31st March, 2007, the title of the plant was registered under the name of a subsidiary directly held by Best Concord Group Limited.

The buildings are located on land held under medium term lease and are located in the PRC.

The carrying amount of the Group's plant and machinery includes an amount of HK\$457,000 (2006: HK\$730,000) in respect of assets held under finance leases.

13. 物業、機器及設備 (續)

*附註：*於二零零三年七月三十一日，本集團訂立一項購買協議，向松日資訊（香港）有限公司收購Best Concord Group Limited之全部股權。松日資訊（香港）有限公司乃本公司主要股東兼董事潘先生全資及實益擁有。Best Concord Group Limited則實益擁有位於中國深圳市之興建中廠房。有關之代價為78,000,000港元。有關物業已列入樓宇。於二零零七年三月三十一日應付而未付之餘款為11,700,000港元，已列入流動負債中應付一間關連公司款項（見附註25），應付時間為完成廠房業權以Best Concord Group Limited名義正式登記，以及取得Best Concord Group Limited將廠房投產所需之一切許可證明文件。於二零零七年三月三十一日，廠房業權已以Best Concord Group Limited直接持有之附屬公司名義登記。

該樓宇位於以中期租約持有之土地上並位於中國。

本集團名下機器及設備之賬面值中以融資租約持有之資產所佔款額為457,000港元（二零零六年：730,000港元）。

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13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

Buildings	Over the estimated useful life of 20 years, or the unexpired term of the relevant lease, whichever is shorter
樓宇	二十年之估計可用年期或尚餘有關租約期內(以較短期者為準)
Plant and machinery	10% – 20%
機器及設備	10% – 20%
Leasehold improvements	Over the estimated useful life of 5 years or the unexpired term of the relevant lease, whichever is shorter
租賃物業裝修	五年之估計可用年期或尚餘有關租約期內(以較短期者為準)
Furniture, fixtures and equipment	20% – 33 $\frac{1}{3}$ %
傢俬、裝置及器材	20% – 33 $\frac{1}{3}$ %
Motor vehicles	20%
汽車	20%

13. 物業、機器及設備(續)

上述物業、機器及設備乃以直線法按下列年率折舊：

14. TRADE MARKS**14. 商標**

		HK\$'000 千港元
THE GROUP	本集團	
COST	成本	
Balance at 1st April, 2005	於二零零五年四月一日之結餘	229,600
Acquired during the year	年內收購	22,050
Balance at 31st March, 2006 and 2007	於二零零六年及二零零七年三月三十一日結餘	251,650
AMORTISATION	攤銷	
Balance at 1st April, 2005	於二零零五年四月一日之結餘	(2,870)
Charge for the year	年度支出	(11,960)
Balance at 1st April 2006	於二零零六年四月一日結餘	(14,830)
Charge for the year	年度支出	(12,630)
Balance at 31st March, 2007	於二零零七年三月三十一日結餘	(27,460)
CARRYING AMOUNTS	賬面值	
At 31st March, 2007	於二零零七年三月三十一日	224,190
At 31st March, 2006	於二零零六年三月三十一日	236,820

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14. TRADE MARKS (CONTINUED)

On 3rd November, 2004, the Group entered into two purchase agreements to acquire the trade marks, service marks, logos and commercial symbols of "Matsunichi" in Hong Kong and in countries or districts outside the PRC ("non-PRC trade marks") and in PRC ("PRC trade marks"), respectively, with Matsunichi International Holdings Limited ("MIHL") or/and Guangdong Matsunichi Electronics Limited ("GME"), Guangdong Matsunichi Communication Technology Company Limited ("GMCT") and others, in which Mr. Pan has beneficial interests in MIHL, GME and GMCT (collectively referred to as the "Acquisitions"). The consideration was satisfied by cash of HK\$20,000,000 and issue of 95,000,000 new ordinary shares of HK\$0.05 each.

The resolution in respect of the Acquisitions was duly passed by the shareholders at the extraordinary general meeting held on 24th January, 2005. Pursuant to the non-PRC trade marks agreement, HK\$20,000,000 cash was paid and 80,000,000 ordinary shares of the Company were issued and allotted to MIHL or its nominees on 24th January, 2005 resulted in a total consideration of HK\$229,600,000. The 80,000,000 ordinary shares of the Company issued at a price of HK\$2.62, being the closing price of the Company's shares on 24th January, 2005, the date on which the Group has taken control of the non-PRC trade marks.

The PRC trade marks agreement was completed on 1st November, 2005, and accordingly, 15,000,000 ordinary shares were allotted and issued to Jade Forest Limited on that date at a price of HK\$1.47, being the closing price of the shares.

14. 商標 (續)

於二零零四年十一月三日，本集團分別與松日國際集團有限公司（「松日國際集團」）或／及廣東松日電器有限公司（「廣東松日電器」）、廣東松日通訊科技股份有限公司（「廣東松日通訊科技」）及其他人士訂立兩項購買協議，以收購「松日」商標、服務標記、圖案及商業徽號於香港及中國以外國家或地區之權利（「非中國商標」）及於中國之權利（「中國商標」），而潘先生於松日國際集團、廣東松日電器及廣東松日通訊科技均擁有實益權益（統稱為「該等收購事項」）。代價為現金20,000,000港元及發行95,000,000股每股面值0.05港元之新普通股之方式支付。

有關該等收購事項之決議案經股東於二零零五年一月二十四日舉行之股東特別大會上正式通過。根據非中國商標協議，現金20,000,000港元已支付，而80,000,000股本公司普通股亦已於二零零五年一月二十四日發行及配發予松日國際集團或其代名人，導致總代價為229,600,000港元。按2.62港元（即本公司股份於二零零五年一月二十四日本集團取得非中國商標控制權當日之收市價）之價格發行之80,000,000股本公司普通股。

中國商標協議已於二零零五年十一月一日完成，因此，15,000,000股普通股已於當日按1.47港元之價格（即股份之收市價）配發及發行予Jade Forest Limited。

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14. TRADE MARKS (CONTINUED)

The fair value of trade marks at the date of acquisition could not be estimated reliably. Accordingly, the fair value of trade marks are measured by reference to the fair value of the equity instruments granted, measured at the date the Group obtained the trade marks.

Both the non-PRC trade marks and the PRC trade marks are amortised over their remaining useful lives of 17 years (2006: 18 years). In the opinion of the directors of the Company, the underlying value of the trade marks was not less than their carrying amounts as at the balance sheet date.

15. INVESTMENT IN SUBSIDIARIES

14. 商標 (續)

於收購日期之商標公平值無法可靠估計。因此，商標之公平值乃參考所授出股本權益工具之公平值計量，並於本集團取得商標之日期計量。

非中國商標及中國商標乃於其剩餘可用年期17年(二零零六年:18年)內攤銷。董事認為，商標之基本價值不低於其於結算日之賬面值。

15. 附屬公司投資

		THE COMPANY	
		本公司	
		2007	2006
		二零零七年	二零零六年
		HK\$'000	HK\$'000
		千港元	千港元
Unlisted shares, at cost less impairment losses recognised	非上市股份，按成本減已確認減值虧損	72,897	78,000
Unlisted capital contribution, at cost	非上市注資，按成本	163,188	163,188
		236,085	241,188

Particulars of the Company's principal subsidiaries at 31st March, 2007 are set out in note 40.

本公司主要附屬公司於二零零七年三月三十一日之資料載於附註40。

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16. PREPAID LEASE PAYMENTS

The Group's prepaid lease payments represent land use rights situated in the PRC under medium-term leases.

16. 預付租賃款項

本集團之預付租賃款項乃指以中期租約持有位於中國之土地使用權。

		THE GROUP 本集團	
		2007 二零零七年	2006 二零零六年
		HK\$'000 千港元	HK\$'000 千港元
Analysed for reporting purposes as:	就報告目的作出分析:		
Current portion	流動部份	135	126
Non-current portion	非流動部份	5,936	5,670
		6,071	5,796

17. OTHER ASSETS

17. 其他資產

		THE GROUP AND THE COMPANY 本集團及本公司	
		2007 二零零七年	2006 二零零六年
		HK\$'000 千港元	HK\$'000 千港元
Club debentures	會所債券	610	610
Less: Impairment losses recognised	減: 已確認之減值虧損	(520)	(520)
		90	90

The club debentures are having an indefinite useful life because they are expected to generate economic benefit indefinitely. The club debentures are tested for impairment annually by reference to the market value.

會所債券擁有無限期有效年期，原因為有關債券預期可無限期帶來經濟利益。會所債券按年參考市值進行減值測試。

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

18. INVENTORIES

18. 存貨

		THE GROUP 本集團	
		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Raw materials	原料	45,043	54,847
Work in progress	半製成品	6,855	2,390
Finished goods	製成品	7,186	11,745
		59,084	68,982

19. TRADE AND OTHER RECEIVABLES

The Group allows credit periods ranging from 30 days to 180 days to its trade customers. Longer credit periods are granted to several well established customers with long business relationship.

An aged analysis of trade receivables at the balance sheet date is set out as follows:

19. 應收賬款及其他應收款項

本集團給予其客戶之信貸期介乎30日至180日。數名已建立長期良好業務關係之客戶可獲得較長之信貸期。

以下為於結算日以賬齡劃分之應收賬款分析：

		THE GROUP 本集團	
		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
0 – 30 days	零至30日	262,028	57,649
31- 90 days	31至90日	445,733	18,003
91 – 180 days	91至180日	44	307,315
Over 180 days	180日以上	73,555	206,883
		781,360	589,850

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19. TRADE AND OTHER RECEIVABLES (CONTINUED)

The Group's trade receivables that are denominated in currencies other than the functional currency of the relevant group entities are set out below:

		USD 美元 HK\$'000 千港元
At 31st March, 2007	二零零七年三月三十一日	477,573
At 31st March, 2006	二零零六年三月三十一日	141,533

20. AMOUNTS DUE FROM RELATED COMPANIES

Particulars of the amounts due from related companies in which Mr. Pan, a director of the Company, has beneficial interests are as follows:

Name of related company 關連公司名稱	THE GROUP 本集團		
	Balance at 31st March, 2007 於二零零七年 三月三十一日 之結餘 HK\$'000 千港元	Balance at 1st April, 2006 於二零零六年 四月一日 之結餘 HK\$'000 千港元	Maximum amount outstanding during the year 年內 尚未收回款項 之最高款額 HK\$'000 千港元
廣東松日通訊科技股份有限公司	753	-	753
松日高科電子(深圳)有限公司	11	245	245
松日信息上海分公司	2,209	1,888	2,209
	2,973	2,133	

The amounts are unsecured, interest-free and repayable on demand.

19. 應收賬款及其他應收款項 (續)

以相關集團實體之功能貨幣以外之貨幣為單位之本集團應收賬款如下:

20. 應收關連公司款項

本公司董事潘先生擁有實益權益之應收關連公司款項之詳情如下:

有關款項乃無抵押、免息及按要求償還。

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21. PLEDGED BANK DEPOSITS

THE GROUP

The amounts represent deposits pledged to a bank to secure short-term banking facilities granted to the Group and are therefore classified as current assets.

The deposits carried fixed interest rate at 0.14% to 0.16% (2006: 1.15% to 2.5%) per annum. The pledged bank deposits will be released upon the settlement of relevant bank borrowing.

22. OTHER FINANCIAL ASSETS AND LIABILITIES

THE GROUP AND THE COMPANY

Bank balances and cash

Bank balances include short-term bank deposits which carry effective interest rates ranging from 0.72% to 1.98% (2006: 1.25% to 2.98%) per annum.

THE COMPANY

Amounts due from subsidiaries/amount due to a subsidiary

The amounts due from/to subsidiaries are unsecured, interest-free and repayable on demand.

21. 已抵押銀行存款

本集團

有關款項乃指抵押予銀行之存款，以取得授予本集團之短期銀行融資，故此被分類為流動資產。

存款按定息計算，息率為每年0.14%至0.16%（二零零六年：1.15%至2.5%）。已抵押銀行存款將於償還有關銀行借款後解除抵押。

22. 其他財務資產及負債

本集團及本公司

銀行結存及現金

銀行結存包括短期銀行存款，按實際利率介乎每年0.72%至1.98%（二零零五年：1.25%至2.98%）計息。

本公司

應收附屬公司款項／應付一間附屬公司款項

應收／應付附屬公司款項乃無抵押、免息及按要求償還。

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23. TRADE AND OTHER PAYABLES

An aged analysis of trade payables at the balance sheet date is set out as follows:

0 – 90 days	零至90日
91 – 180 days	91至180日
Over 180 days	180日以上
Dividend payable	應付股息
Other payables	其他應付款項

23. 應付賬款及其他應付款項

以下為於結算日以賬齡劃分之應付賬款分析：

THE GROUP	
本集團	
2007	2006
二零零七年	二零零六年
HK\$'000	HK\$'000
千港元	千港元
22,457	34,644
9,174	16,063
24,382	25,730
56,013	76,437
52,594	9,636
122,070	121,315
230,677	207,388

24. AMOUNT DUE TO ULTIMATE HOLDING COMPANY**THE GROUP AND THE COMPANY**

The amount is unsecured, interest free and repayable on demand.

24. 應付最終控股公司款項

本集團及本公司
有關款項乃無抵押、免息及按要求償還。

25. AMOUNT DUE TO A RELATED COMPANY**THE GROUP AND THE COMPANY**

The amount represents amount due to Matsunichi Communications (Hong Kong) Limited in which Mr. Pan is the ultimate shareholder and a director (see note 13).

The amount is unsecured, interest free and repayable on demand.

25. 應付一間關連公司款項

本集團及本公司
該款項為應付松日資訊(香港)有限公司之款項。潘先生為松日資訊(香港)有限公司之最終股東及董事(見附註13)。

該款項乃無抵押、免息及按要求償還。

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26. BANK BORROWINGS

26. 銀行借款

		THE GROUP 本集團	
		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Bank loans	銀行貸款	421,751	56,580
Trust receipt loans	信託收據貸款	771,282	833,812
Bank overdrafts	銀行透支	-	964
		1,193,033	891,356
Analysis as:	分析如下:		
Secured	有抵押	90,418	2,946
Unsecured	無抵押	1,102,615	888,410
		1,193,033	891,356

The Group's bank borrowings that are denominated in currencies other than the functional currency of the relevant group entities are set out below:

以相關集團實體之功能貨幣以外貨幣計值之本集團銀行借款載列如下:

		USD HK\$'000 千港元
At 31st March, 2007	於二零零七年三月三十一日	440,763
At 31st March, 2006	於二零零六年三月三十一日	-

The Group's bank loans represented a revolving one year fixed-rate loans and are arranged at an average rate of 6.55% (2006: 5.58%) per annum.

本集團之銀行貸款乃指一年期固定利率循環貸款，並按平均利率每年6.55%（二零零六年：5.58%）計息。

The trust receipt loans and bank overdraft carry interest at prevailing market rates.

信託收據貸款及銀行透支按主要市場利率計息。

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27. OBLIGATIONS UNDER FINANCE LEASES

27. 融資租約債務

		Minimum lease payments 最低支付租金額		Present value of minimum lease payments 最低支付租金額之現值	
		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
THE GROUP	本集團				
Amounts payable under finance leases:	根據融資租約應付之金額:				
Within one year	一年內	193	306	158	252
In the second to fifth year inclusive	第二至第五年 (包括首尾兩年)	289	467	274	431
		482	773	432	683
Less: Future finance charges	減: 未來融資費用	(50)	(90)	-	-
Present value of lease obligations	租約債務之現值	432	683	432	683
Less: Amount due for settlement within one year	減: 一年內到期償還款額			(158)	(252)
Amount due for settlement after one year	一年後到期償還款額			274	431

The lease terms are three years. Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The fair value of the Group's obligations under finance lease was determined based on the present value of the estimated future cash flows discounted using the prevailing market rates at the balance sheet dates approximate to their carrying amount.

租約年期為三年。利率於訂立合約日期釐訂。所有租約均採用固定還款基準，並無訂立任何有關支付或然租金之安排。

本集團融資租約承擔之公平值根據採用於結算日之主要市場利率貼現之估計未來現金流量現值計算，並約相等於其賬面值。

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28. SHARE CAPITAL

28. 股本

	Notes 附註	Number of shares 股份數目		Share capital 股本	
		2007 二零零七年	2006 二零零六年	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Ordinary shares of HK\$0.05 each					
Authorised:					
At 1st April and 31st March					
Issued and fully paid:					
At 1st April					
Issue of new shares	(a)				
Issue of new shares by way of placement	(b)				
Issue of new shares upon exercise of share options	(c)				
Shares repurchased and cancelled	(d)				
At 31st March					

(a) Pursuant to an agreement dated 3th November, 2004 for the acquisition of the trade marks from MIHL, a company in which Mr. Pan has a beneficial interest, 80,000,000 and 15,000,000 new shares of HK\$0.05 each in the Company were issued and allotted to MIHL or its nominees on 24th January, 2005 and 1st November, 2005, respectively. All shares issued rank pari passu with the then existing shares in issue in all respects.

(a) 根據於二零零四年十一月三日與松日國際集團(由潘先生擁有實益權益之公司)就收購商標訂立之協議, 80,000,000股及15,000,000股每股面值0.05港元之本公司新股份已分別於二零零五年一月二十四日及二零零五年十一月一日發行及配發予松日國際集團或其代名人。所有已發行股份在各方面均與當時之現有已發行股份享有同等權益。

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28. SHARE CAPITAL (CONTINUED)

- (b) On 21st December, 2006, arrangements were made for a private placement to independent private investors of up to an aggregate of 130,000,000 new shares of HK\$0.05 each in the Company at a price of HK\$2.75 per share, representing a discount of approximately 11.29% to the closing market price of the Company's shares on 21st December, 2006.

On 15th January, 2007, 100,000,000 new shares of HK\$0.05 each in the Company were being subscribed at a price of HK\$2.75 per share. The proceeds were used to provide additional general working capital for the Company. These new shares were issued under the general mandate granted to the directors at the annual general meeting of the Company held on 28th August, 2006 and rank pari passu with other shares in issue in all respects.

- (c) During the year, 700,000 shares of HK\$0.05 each in the Company were issued at a price of HK\$1.54 per share upon exercise of share options granted on 20th April, 2004. Another 200,000 shares of HK\$0.05 each in the Company was issued at a price of HK\$1.43 per share upon exercise of share options granted on 28th September, 2005.

In last year, 800,000 shares of HK\$0.05 each in the Company were issued at a price of HK\$1.3 per share upon exercise of share options granted on 5th February, 2005. Another 5,500,000 shares of HK\$0.05 each in the Company were issued at a price of HK\$1.54 per share upon exercise of share options granted on 20th April, 2004.

28. 股本 (續)

- (b) 於二零零六年十二月二十一日，曾向獨立私人投資者作出私人配售安排，按每股2.75港元之價格配售合共130,000,000股每股面值0.05港元之本公司股份。配售價較每股股份於二零零六年十二月二十一日之收市價折讓11.29%。

二零零七年一月十五日，有100,000,000股每股面值0.05港元之本公司新股份按每股2.75港元之價格認購。所得款項用作為本公司提供額外一般營運資金。該等新股份已按本公司於二零零六年八月二十八日舉行之股東週年大會上授予董事之一般授權發行，在各方面均與其他已發行股份享有同等權益。

- (c) 年內，於二零零四年四月二十日授出之購股權行使時，已按每股1.54港元之價格發行本公司每股面值0.05港元之700,000股股份。另外，於二零零五年九月二十八日授出之購股權行使時，已按每股1.43港元之價格發行每股面值0.05港元之200,000股本公司股份。

去年，於二零零四年二月五日授出之購股權行使時，已按每股1.3港元之價格發行每股面值0.05港元之800,000股本公司股份。另外，於二零零四年四月二十日授出之購股權行使時，已按每股1.54港元之價格發行本公司每股面值0.05港元之5,500,000股股份。

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28. SHARE CAPITAL (CONTINUED)

(d) In July, 2005, the Company repurchased its own shares through the Stock Exchange as follows:

Month of repurchase 購回月份	No. of ordinary shares of HK\$0.05 each 每股面值0.05港元之普通股數目	Price per share 每股價格		Aggregate consideration paid 已付代價總額 HK\$'000 千港元
		Highest 最高 HK\$ 港元	Lowest 最低 HK\$ 港元	
July 2005	3,462,000	1.65	1.55	5,691

The above shares were cancelled upon repurchase.

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

29. SHARE OPTIONS

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives or rewards to participants.

Under the share option scheme, the board of directors of the Company may grant options as an incentive to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company at the price determined by the directors, but shall not be lower than the higher of (i) the closing price of the Company's shares on the Stock Exchange on the date of grant; (ii) the average of the closing prices of the Company's shares on the Stock Exchange for the five trading days immediately preceding the date of grant; and (iii) the nominal value of the Company's shares. The maximum number of shares in respect of which options may be granted under the share option scheme is not permitted to exceed 10% of the total number of shares of the Company on the date of adopting the Scheme. An option may be exercised at any time within ten years from the date, upon payment of HK\$1 on acceptance.

28. 股本 (續)

(d) 於二零零五年七月，本公司透過聯交所購回其本身股份如下：

Month of repurchase 購回月份	No. of ordinary shares of HK\$0.05 each 每股面值0.05港元之普通股數目	Price per share 每股價格		Aggregate consideration paid 已付代價總額 HK\$'000 千港元
		Highest 最高 HK\$ 港元	Lowest 最低 HK\$ 港元	
July 2005	3,462,000	1.65	1.55	5,691

上述股份已於購回時註銷。

本公司之附屬公司於年內並無購買、出售或贖回本公司任何上市證券。

29. 購股權

本公司運作一項購股權計劃（「該計劃」），以鼓勵或嘉許參與者。

根據該計劃，本公司董事會可向合資格僱員（包括本公司及其附屬公司之董事）授出購股權作為對合資格僱員之鼓勵。合資格僱員可按董事釐定之價格認購本公司股份，惟有關價格不可低於(i)本公司股份於購股權授出日期在聯交所之收市價；(ii)本公司股份於緊接購股權授出日期前五個交易日在聯交所之平均收市價；及(iii)本公司股份之面值（以較高者為準）。根據該計劃而授出之購股權獲行使時可發行之股份最高數目不可超逾於採納該計劃日期之本公司已發行股份總數之10%。於接納時支付1港元後，購股權可在授出之日起計10年內任何時間行使。

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29. SHARE OPTIONS (CONTINUED)

The offer of a grant of share options under the scheme may be accepted within 28 days from the date of the offer by the grantee. The vesting and exercisable period of the share option granted is determinable at the entire discretion of the board of directors but the exercisable period will not exceed a period of ten years immediate after acceptance of grant.

The following tables disclose details of the Company's share options held by employees (other than directors) and movements in such holdings during the year:

29. 購股權 (續)

根據該計劃授出購股權之建議，可於建議日期起計28日內由承授人接納。已授出購股權之歸屬期及行使期由董事會全權釐定，但行使期不得超逾接納授出後10年。

下表披露年內由僱員（董事除外）持有之本公司購股權之詳情及有關持有量之變動：

Date of grant 授出日期	Subscription price per share 每股認購價 HK\$ 港元 (Note 1) (附註1)	Exercisable period 行使期	Number of share options 購股權數目								
			Outstanding at 1.4.2005 於二零零五年四月一日尚未行使	Granted during the year 年內已授出	Lapsed during the year 年內已失效	Exercised during the year 年內已行使	Outstanding at 1.4.2006 於二零零六年四月一日尚未行使	Reclassification during the year 年內已重新分類 (Note 2) (附註2)	Lapsed during the year 年內已失效	Exercised during the year 年內已行使	Outstanding at 31.3.2007 於二零零七年三月三十一日尚未行使
5.2.2004 二零零四年二月五日	1.30	5.2.2005 to 4.2.2014 二零零五年二月五日至二零零四年二月四日	2,550,000	-	(1,225,000)	(50,000)	1,275,000	(150,000)	(625,000)	-	500,000
5.2.2004 二零零四年二月五日	1.30	5.2.2006 to 4.2.2014 二零零六年二月五日至二零零四年二月四日	2,550,000	-	(1,225,000)	-	1,325,000	(150,000)	(625,000)	-	550,000
20.4.2004 二零零四年四月二十日	1.54	20.4.2004 to 19.4.2014 二零零四年四月二十日至二零零四年四月十九日	8,350,000	-	(1,950,000)	-	6,400,000	(100,000)	(2,250,000)	(200,000)	3,850,000
28.9.2005 二零零五年九月二十八日	1.43	28.9.2005 to 27.9.2015 二零零五年九月二十八日至二零零五年九月二十七日	-	8,100,000	(300,000)	-	7,800,000	-	(350,000)	(200,000)	7,250,000
			13,450,000	8,100,000	(4,700,000)	(50,000)	16,800,000	(400,000)	(3,850,000)	(400,000)	12,150,000

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29. SHARE OPTIONS (CONTINUED)

Details of share options held by the directors of the Company are as follows:

29. 購股權 (續)

於上表所述由本公司董事持有之購股權詳情如下:

Date of grant	Subscription price per share	Exercisable period	Number of share options						
			Outstanding at 1.4.2005	Granted during the year	Lapsed during the year	Outstanding at 1.4.2006	Reclassification during the year	Lapsed during the year	Outstanding at 31.3.2007
授出日期	每股認購價 HK\$ 港元 (Note 1) (附註1)	行使期	於 二零零五年 四月一日 尚未行使	年內已授出	年內已失效	於 二零零六年 四月一日 尚未行使	年內已重新分類 (Note 2) (附註2)	年內已失效	於 二零零七年 三月三十一日 尚未行使
5.2.2004 二零零四年 二月五日	1.30	5.2.2005 to 4.2.2014 二零零五年 二月五日至 二零一四年 二月四日	1,300,000	-	(1,150,000)	150,000	150,000	(150,000)	150,000
5.2.2004 二零零四年 二月五日	1.30	5.2.2006 to 4.2.2014 二零零六年 二月五日至 二零一四年 二月四日	1,300,000	-	(1,150,000)	150,000	150,000	(150,000)	150,000
20.4.2004 二零零四年 四月二十日	1.54	20.4.2004 to 19.4.2014 二零零四年 四月二十日至 二零一四年 四月十九日	500,000	-	-	500,000	100,000	(500,000)	100,000
28.9.2005 二零零五年 九月二十八日	1.43	28.9.2005 to 27.9.2015 二零零五年 九月二十八日至 二零一五年 九月二十七日	-	3,500,000	(2,000,000)	1,500,000	-	(1,500,000)	-
			3,100,000	3,500,000	(4,300,000)	2,300,000	400,000	(2,300,000)	400,000

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29. SHARE OPTIONS (CONTINUED)

Details of share options held by other participants of the Company are as follows:

29. 購股權 (續)

本公司其他參與者持有之購股權詳情如下：

Date of grant	Subscription price per share	Exercisable period	Number of share options					
			Outstanding at 1.4.2005	Exercised during the year	Outstanding at 1.4.2006	Lapsed during the year	Exercised during the year	Outstanding at 31.3.2007
授出日期	每股認購價 HK\$ 港元 (Note 1) (附註1)	行使期	於二零零五年 四月一日 尚未行使	年內已行使	於二零零六年 四月一日 尚未行使	年內已失效	年內已行使	於二零零七年 三月三十一日 尚未行使
5.2.2004 二零零四年二月五日	1.30	5.2.2005 to 4.2.2014 二零零五年二月五日至 二零一四年二月四日	6,150,000	(750,000)	5,400,000	-	-	5,400,000
5.2.2004 二零零四年二月五日	1.30	5.2.2006 to 4.2.2014 二零零六年二月五日至 二零一四年二月四日	6,150,000	-	6,150,000	-	-	6,150,000
20.4.2004 二零零四年四月二十日	1.54	20.4.2004 to 19.4.2014 二零零四年四月二十日至 二零一四年四月十九日	21,150,000	(5,500,000)	15,650,000	-	(500,000)	15,150,000
			33,450,000	(6,250,000)	27,200,000	-	(500,000)	26,700,000

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29. SHARE OPTIONS (CONTINUED)

Notes:

- The closing prices of the Company's shares immediately preceding the date of grant of 5th February, 2004, 20th April, 2004 and 28th September, 2005 were HK\$1.30, HK\$1.48 and HK\$1.43, respectively.
- One of the employees of the Company was appointed as director of the Company during the year.
- The options granted to other participants were for the purpose of providing incentives to the Group's suppliers and customers and were determined by reference to the fair values of share options granted to the directors of the Company and the Group's employees at the corresponding grant date.

The vesting period ends on the date the exercisable period of the share options begins.

In respect of the share options exercised during the year, the weighted average share price at the date of exercise is HK\$3.33.

The estimated weighted average fair value of the options granted was HK\$0.4235 per share. The fair value was calculated using the Black-Scholes option pricing model. The inputs into the model were as follows:

29. 購股權 (續)

附註:

- 本公司股份於緊接授出日期二零零四年二月五日、二零零四年四月二十日及二零零五年九月二十八日之收市價分別為1.30港元、1.48港元及1.43港元。
- 有一名本公司僱員於年內獲委任為本公司董事。
- 授予其他參與者購股權之目的乃給予本集團之供應商及客戶獎勵，並已參考於相應授出日期授予本公司董事及本集團僱員之購股權之公平值作出上述釐定。

歸屬期於購股權行使期間日期開始時結束。

就年內已行使之購股權而言，於行使日期之加權平均股價為3.33港元。

所授出之購股權之估計加權平均公平值為0.4235港元。公平值乃採用柏力克－舒爾斯期權定價模式計算。模式計入之因素如下：

28.9.2005

二零零五年九月二十八日

Share price	股價	HK\$1.43	1.43港元
Exercise price	行使價	HK\$1.43	1.43港元
Expected volatility	預期波幅		44%
Expected life	預期年期	10 years	10年
Risk-free rate	無風險息率		4.18%
Expected dividend yield	預期股息收益		6%

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29. SHARE OPTIONS (CONTINUED)

Expected volatility was determined by using the historical volatility of the Company's share price over the previous twelve months.

In last year, the Group recognised total expenses of HK\$5,192,000 related to equity-settled share-based payment transactions.

The Black-Scholes option pricing model requires the input of highly subjective assumptions including the volatility of share price, changes in subjective input assumptions can materially affect the fair value estimate.

30. RESERVES

THE GROUP

Details of changes in reserves of the Group are set out in the consolidated statement of changes in equity on page 34.

Capital reserve represents the loans waived by former minority shareholders of a wholly-owned subsidiary in the PRC. Pursuant to local regulations, this amount has been transferred to a non-distributable reserve of the subsidiary.

PRC statutory reserves are reserves required to be maintained under the relevant PRC laws applicable to PRC subsidiaries of the Company and are non-distributable reserves of the subsidiaries.

29. 購股權 (續)

預期波幅採用本公司股價於過去十二個月之過往波幅釐定。

本集團於去年就以股本結算之以股份為基礎之付款交易確認之開支總額為5,192,000港元。

柏力克－舒爾斯期權定價模式要求計入高度主觀之假設性因素，包括股價波幅，而所計入主觀假設性因素出現變動可對公平值之估計構成重大影響。

30. 儲備

本集團

本集團儲備變動詳情載於第34頁之綜合權益變動表內。

資本儲備指中國全資附屬公司之前少數股東豁免之貸款。根據當地規例，該款項已轉撥至附屬公司之不可分派儲備內。

中國法定儲備指適用於本公司中國附屬公司之相關中國法例規定設立之儲備，並為附屬公司之不可分派儲備。

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

30. RESERVES (CONTINUED)
THE COMPANY30. 儲備(續)
本公司

		Share-based Share premium	compensation reserve	Capital redemption reserve	Retained profits	Total
		股份溢價	股份酬金儲備	資本贖回儲備	保留溢利	總額
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元
Balance at 1st April, 2005	於二零零五年四月一日 結存	1,095,201	6,456	–	19,391	1,121,048
Issue of new shares (note 28)	發行新股份(附註28)	21,300	–	–	–	21,300
Recognition of equity settled share-based payments	確認以股本結算之 以股份為基礎之付款	–	5,192	–	–	5,192
Exercise of share options	行使購股權	9,447	(252)	–	–	9,195
Lapse of share options	購股權失效	–	(1,886)	–	1,886	–
Profit for the year	本年度溢利	–	–	–	136,973	136,973
Shares repurchased and cancelled	購回及註銷股份	–	–	173	(5,691)	(5,518)
Final dividend for 2005	二零零五年末期股息	–	–	–	(10,078)	(10,078)
Interim and special dividends for 2006	二零零六年中期及 特別股息	–	–	–	(82,425)	(82,425)
Balance at 31st March, 2006	於二零零六年三月 三十一日結存	1,125,948	9,510	173	60,056	1,195,687
Issue of new shares (note 28)	發行新股份(附註28)	265,765	–	–	–	265,765
Exercise of share options	行使購股權	1,388	(70)	–	–	1,318
Lapse of share options	購股權失效	–	(1,409)	–	1,409	–
Profit for the year	本年度溢利	–	–	–	142,187	142,187
Final dividend for 2006	二零零六年末期股息	–	–	–	(27,477)	(27,477)
Interim dividend for 2007	二零零七年中期股息	–	–	–	(51,519)	(51,519)
Balance at 31st March, 2007	於二零零七年三月 三十一日結存	1,393,101	8,031	173	124,656	1,525,961

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31. DEFERRED TAXATION

At the balance sheet date, the Group had unused tax losses of approximately HK\$234,896,000 (2006: HK\$157,678,000) available to offset future profits. The losses may be carried forward indefinitely. No deferred taxation asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams. There were no other significant temporary differences arising during the year or at the balance sheet date.

The Company had no significant temporary differences arising during the year or at the balance sheet date.

32. MAJOR NON-CASH TRANSACTION

As disclosed in note 14, 15,000,000 ordinary shares were issued and allotted to MIHL or its nominees for the acquisition of trade marks in last year at an issue price of HK\$1.47 per share.

33. PLEDGE OF ASSETS

At the balance sheet date, certain borrowings of the Group were secured by the bank deposits of HK\$799,000 and the factory building with net book value of HK\$15,324,000 (2006: bank deposit of HK\$4,236,000).

31. 遞延稅項

於結算日，本集團未動用之稅項虧損約234,896,000港元（二零零六年：157,678,000港元）可用於抵銷日後溢利。有關稅項虧損可無限期結轉。由於日後溢利來源之不可預測性，並無就稅項虧損確認任何遞延稅項資產。年內或於結算日並無其他重大暫時差異。

本公司年內或於結算日並無重大暫時差異。

32. 主要非現金交易

誠如附註14所披露，去年，15,000,000股普通股已發行及配發予松日國際集團或其代名人，作為收購商標之代價，每股發行價為1.47港元。

33. 資產抵押

於結算日，本集團之若干借款以銀行存款799,000港元及賬面淨值15,324,000港元之廠房（二零零六年：銀行存款4,236,000港元）作抵押。

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34. RETIREMENT BENEFIT SCHEMES

Retirement benefit scheme contributions

34. 退休福利計劃

退休福利計劃供款

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Contributions to mandatory provident fund scheme ("MPF Scheme")	強制性公積金計劃 (「強積金計劃」) 供款	308	404
Contributions to PRC state-managed pension schemes	中國國家管理退休金 計劃供款	2,210	804
Amount charged to consolidated income statement	從綜合收益表扣除之款額	2,518	1,208

The Group ceased to operate the defined contribution scheme which is registered under the Occupational Retirement Scheme Ordinance. The assets of the scheme are held separately from those of the Group in funds under the control of independent trustee. The Group now only participates in the MPF Scheme for all employees in Hong Kong which is registered with the Mandatory Provident Fund Scheme Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rules of the MPF Scheme, the employer and its employees are each required to make contributions to the Scheme at rate specified in the rules. The only obligation of the Group with respect to MPF Scheme is to make the required contributions under the Scheme. No forfeited contribution is available to reduce the contribution payable in the future years.

本集團不再運作根據職業退休計劃條例註冊之界定供款計劃。該計劃之資產與本集團之資產分開處理，並以基金形式持有及交由獨立託管人管理。本集團現時僅參與為所有香港僱員而設之強積金計劃，強積金計劃乃按照強制性公積金計劃條例而於強制性公積金管理局註冊。強積金計劃之資產與本集團之資產分開處理，並以基金形式持有及交由獨立託管人管理。根據強積金計劃之規則，僱主及其僱員雙方均須按有關規則指定之比率對該計劃供款。本集團有關強積金計劃之唯一責任為根據該計劃作出規定之供款。現時並無已沒收供款可供用作抵銷於未來年度應付之供款。

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34. RETIREMENT BENEFIT SCHEMES (CONTINUED)

Retirement benefit scheme contributions (continued)

The eligible employees of the Company's subsidiaries in the PRC are members of pension schemes operated by the Chinese local government. The subsidiaries are required to contribute a certain percentage of the relevant cost of the payroll of these employees to the pension schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contribution.

35. OPERATING LEASE ARRANGEMENTS

The Group as lessee

At the balance sheet date, the Group had entered into certain non-cancellable operating leases in respect of rented premises. The future minimum lease payments committed by the Group in respect of the leases fall due as follows:

Within one year	一年內
In the second to fifth year inclusive	第二至第五年 (包括首尾兩年在內)

Leases are negotiated for a term ranged from 2 to 3 years.

The Company had no significant operating lease commitments at the balance sheet date.

34. 退休福利計劃 (續)

退休福利計劃供款 (續)

本公司設於中國之附屬公司之合資格僱員為中國地方政府運作之退休金計劃之成員。該等附屬公司須按照該等僱員之有關薪金成本之某一百分比向該退休金計劃供款，作為福利之資金。本集團有關退休福利計劃之唯一責任為作出規定之供款。

35. 經營租約安排

本集團作為承租人

於結算日，本集團訂立若干項有關租賃物業之不可撤銷經營租約。本集團就該等租約而須於日後承擔支付最低租金之支付期如下：

THE GROUP	
本集團	
2007	2006
二零零七年	二零零六年
HK\$'000	HK\$'000
千港元	千港元
3,299	1,564
3,229	110
6,528	1,674

磋商之租約年期介乎兩至三年。

本公司於結算日並無任何重大經營租約承擔。

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36. CAPITAL COMMITMENTS

36. 資本承擔

		THE GROUP	
		本集團	
		2007	2006
		二零零七年	二零零六年
		HK\$'000	HK\$'000
		千港元	千港元
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of acquisition of property, plant and equipment	已訂約但未於財務報告中作出購入物業、機器及設備撥備之資本開支	394	57

Save as disclosed above, the Company has entered into an agreement with a third party for the acquisition of certain property interest in PRC for an aggregate consideration of RMB2,026,000,000. Details are disclosed in note 39.

除上述披露者外，本公司與第三方就以總代價人民幣2,026,000,000元收購中國若干物業權益達成協議，詳情披露於附註39。

The Company had no significant capital commitments at the balance sheet date.

本公司於結算日並無任何重大資本承擔。

37. CONTINGENT LIABILITIES

THE GROUP

In 2004, Matsunichi Hi-Tech Limited ("MHT") received summon from an independent third party ("ITP"). The ITP claimed MHT was infringing and/or inducing infringement of 5 patents of ITP ("ITP Patents") in relation to a product designed and manufactured by a supplier of MHT (the "Supplier"). MHT is claimed by damages in an amount of three times of an amount adequate to compensate the ITP for MHT's infringement of the ITP Patents, interest on the said damages and respective costs and attorney's costs. MHT had subsequently entered into an indemnity agreement with the Supplier whereby the Supplier agreed to indemnify MHT for all costs and damages resulted from the claim. In addition, the directors of the Company are of the view that the claim made by the ITP is not substantiated. Accordingly, no provision is therefore considered necessary in the financial statements.

37. 或然負債

本集團

於二零零四年，松日高科有限公司（「松日高科」）收到一名獨立第三方（「獨立第三方」）之傳票。獨立第三方聲稱松日高科就松日高科之供應商（「該供應商」）所設計及生產之一項產品侵犯及／或侵犯獨立第三方之五項專利（「獨立第三方專利」）。松日高科被提出索償，賠償額為足以就松日高科侵犯獨立第三方專利賠償獨立第三方之金額三倍之損失、上述損失之利息及有關成本及律師費。松日高科其後與該供應商訂立賠償協議，據此，該供應商同意就有關索償產生之所有成本及費用賠償松日高科。此外，本公司董事認為獨立第三方提出之索償沒有理據。因此，本集團認為毋須於財務報告作出撥備。

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37. CONTINGENT LIABILITIES (CONTINUED)

THE GROUP (continued)

The Group had no other significant contingent liabilities at the balance sheet date.

THE COMPANY

At 31st March, 2006, the Company has provided a guarantee to banks in respect of credit facilities of finance leases granted to a subsidiary amounting to approximately HK\$664,000.

In addition, at 31st March, 2007, the Company provided several unlimited guarantees, a HK\$287,300,000 (2006: HK\$125,000,000) guarantee to certain banks in respect of credit facilities granted to certain subsidiaries. The aggregate amounts utilised by the subsidiaries at 31st March, 2007 were HK\$768,673,000 (2006: HK\$235,521,000).

38. RELATED PARTY TRANSACTIONS

Save as disclosed in note 14, 20, 24 and 25 above, during the year ended 31st March, 2006, the Group paid rental charges HK\$259,000 to Matsunichi Properties Holdings (HK) Limited, a company in which Mr. Pan has a beneficial interest. During the year ended 31st March, 2007, the Group sold goods amounting to HK\$348,000 (2006: HK\$3,740,000) to 松日信息上海分公司, a company in which Mr. Pan has a beneficial interest.

37. 或然負債 (續)

本集團 (續)

本集團於結算日並無其他重大或然負債。

本公司

於二零零六年三月三十一日，本公司就給予一間附屬公司之信貸融資租約而向銀行作出擔保，總額約為664,000港元。

此外，於二零零七年三月三十一日，本公司就若干附屬公司之信貸融資而向若干銀行作出多項無限擔保，一項287,300,000港元（二零零六年：125,000,000港元）之擔保。於二零零七年三月三十一日，該等附屬公司已動用之有關總額共768,673,000港元（二零零六年：235,521,000港元）。

38. 關連人士交易

除上文附註14、20、24及25所披露者外，於截至二零零六年三月三十一日止年度內，本集團向松日置業（香港）有限公司（由潘先生擁有實益權益之公司）支付租金開支259,000港元。此外，本集團出售為數348,000港元（二零零六年：3,740,000港元）之貨品予松日信息上海分公司（為潘先生擁有實益權益之公司）。

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39. POST BALANCE SHEET EVENTS

On 15th February, 2007, the Company has entered into an agreement with a third party for the acquisition of certain property interests in the PRC for an aggregate consideration of RMB2,026,000,000 (equivalent to HK\$2,046,260,000) through the acquisition of two PRC companies (the "Acquisition"). The completion of the Acquisition is subject to the approval of the Company's shareholders and other conditions stated in the agreement.

On 3rd April, 2007, a deposit of RMB200,000,000 was made by the Company for the Acquisition.

On 22nd May, 2007, the Acquisition was duly passed by the Company's shareholders by way of poll at the extraordinary general meeting held on the same date.

On 28th June, 2007, the Group made an announcement for proposed new issues ("New Issues") by way of (i) a rights issue of shares at a subscription price of HK\$4.5 per share (with warrants to subscribe for shares in the proportion of three warrants for every ten rights shares subscribed) for every two shares held on the date ("Record Date") by reference to which entitlements to the New Issues, are determined and (ii) an open offer of convertible bonds ("Convertible Bonds") on the basis of one convertible bond having a face value of HK\$6 for every two shares held on the Record Date on a non-underwritten basis. The New Issues are subject to the approval of the Company's shareholders at the extraordinary general meeting to be held on 6th August, 2007. The Convertible Bonds will carry interest at 7.5% per annum and mature on the fifth anniversary of the date of issue of the Convertible Bonds. New Shares will be issued upon the exercise of the conversion rights under the Convertible Bonds at HK\$6 per share ("Conversion Price"). The Conversion Price will be adjusted downwards on the date falling 6 months from the date of issue of the Convertible Bonds and every six months thereafter with reference to the market price. Part of the proceeds from the New Issues will be used to finance the consideration of the Acquisition.

39. 結算日後事項

於二零零七年二月十五日，本公司就以總代價人民幣2,026,000,000元（相當於2,046,260,000港元）收購擁有若干中國物業之兩家中國附屬公司之股權一事（「收購事項」）與一第三方訂立協議。收購事項須待本公司股東批准及該協議所載其他達成後方告完成。

於二零零七年四月三日，本公司就收購事項支付按金人民幣200,000,000元。

於二零零七年五月二十二日，收購事項已於同日舉行之股東特別大會上獲本公司股東以數票方式獲正式通過。

於二零零七年六月二十八日，本集團發出公佈，內容有關建議透過(i)按於釐定供股配額之日期（「記錄日期」）每持有兩股股份獲發一股供股股份（連可按每認購十股供股股份獲發三份可認購股份之認股權證）之基準進行供股（連認股權證）及(ii)按進行公開發售可換股債券（「可換股債券」），基準為於記錄日期每持有兩股股份獲發一份面額為6港元之可換股債券非包銷形式進行之新發行事項（「新發行事項」）。新發行事項須待於二零零七年八月六日舉行之股東特別大會上獲本公司股東批准方會作實。可換股債券將以年息7.5%計息，並於可換股債券發行日期第五週年當日到期。新股份將於可換股債券項下之換股權獲行使時以每股6港元（「換股價」）發行。換股價將於可換股債券發行當日起計六個月當日下午及每六個月按市價進行調整。新發行事項之部份所得款項將用作撥付收購事項代價之資金。

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40. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 31st March, 2007 are as follows:

40. 主要附屬公司詳情

本公司之主要附屬公司於二零零七年三月三十一日之詳情如下：

Name of subsidiary 附屬公司名稱	Place of incorporation/ registration/ operation 註冊或成立/ 營運地點	Paid up issued/ registered ordinary share capital 繳足已發行/ 註冊普通股本	Proportion of equity interests held by the Company		Principal activities 主要業務
			本公司		
			Directly 直接	Indirectly 間接	
Ample Field Investments Limited	British Virgins Islands/ Hong Kong 英屬處女群島/ 香港	US\$10,000 10,000美元	100%	–	Investment holding and trading of digital consumer products 投資控股及買賣數碼消費產品
Best Concord Group Limited	British Virgins Islands/ Hong Kong 英屬處女群島/ 香港	US\$1 1美元	100%	–	Investment holding 投資控股
Matsunichi Digital (Macao Commercial Offshore) Ltd.	Macau 澳門	MOP500,000 澳幣500,000元	–	100%	Trading of digital consumer products 買賣數碼消費產品
Matsunichi Digital Technology (Shenzhen) Co., Ltd. 松日數碼深圳有限公司	PRC* 中國*	RMB99,216,000 人民幣99,216,000元	100%	–	Manufacture and trading of digital consumer products 製造及買賣數碼消費產品

Notes to the Consolidated Financial Statements

綜合財務報告附註

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

40. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

40. 主要附屬公司詳情(續)

Name of subsidiary 附屬公司名稱	Place of incorporation/ registration/ operation 註冊或成立/ 營運地點	Paid up issued/ registered ordinary share capital 繳足已發行/ 註冊普通股本	Proportion of equity interests held by the Company		Principal activities 主要業務
			本公司		
			所持股權百分比		
			Directly 直接	Indirectly 間接	
Matsunichi Digital Technology Limited	Taiwan 台灣	NT10,000,000 新台幣10,000,000元	100%	–	Manufacturing and trading of digital consumer products 製造及買賣數碼消費產品
Matsunichi Hi-Tech Germany GmbH	Germany 德國	Eur300,000 300,000歐羅	100%	–	Trading of digital consumer products 買賣數碼消費產品
Matsunichi Hi-Tech Limited 松日高科有限公司	Hong Kong 香港	HK100 100港元	100%	–	Trading of digital consumer products 買賣數碼消費產品
Matsunichi Information Technology (Shenzhen) Co., Ltd. 松日信息科技(深圳)有限公司	PRC* 中國*	RMB164,796,974 人民幣164,796,974元	–	100%	Manufacture and trading of digital consumer products 製造及買賣數碼消費產品
Matsunichi Technology (Dalian) Co., Ltd. 松日科技(大連)有限公司	PRC* 中國*	RMB59,945,220 人民幣59,945,220元	100%	–	Manufacture and trading of digital consumer products 製造及買賣數碼消費產品

Notes to the Consolidated Financial Statements

綜合財務報告附註

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

40. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

40. 主要附屬公司詳情(續)

Name of subsidiary 附屬公司名稱	Place of incorporation/ registration/ operation 註冊或成立/ 營運地點	Paid up issued/ registered ordinary share capital 繳足已發行/ 註冊普通股本	Proportion of equity interests held by the Company		Principal activities 主要業務
			Directly 直接	Indirectly 間接	
Matsunichi Media Agency Limited 松日傳訊有限公司	Hong Kong 香港	HK\$100 100港元	100%	–	Provision of agency service 提供代理服務
Matsunichi (Shenzhen) R&D Centre Co., Ltd. 松日通訊控股研發(深圳)有限公司	PRC* 中國*	RMB9,551,700 人民幣9,551,700元	100%	–	Manufacture and trading of digital consumer products 製造及買賣數碼消費產品

* These companies were established in the PRC in the form of wholly foreign-owned enterprise.

* 該等公司以外商獨資企業形式在中國成立。

(a) None of the subsidiaries had any debt securities subsisting at 31st March, 2007 or at any time during the year.

(a) 於二零零七年三月三十一日或年內任何時間，各附屬公司並無任何債務證券。

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

(b) 依本公司董事之意見，上表列舉本公司之附屬公司為主要影響本集團本年度業績或合佔本集團資產相當比重之公司。董事認為列出其他附屬公司之詳情會令篇幅過於冗長。

Financial Summary

財政概要

		Year ended 31st March, 截至三月三十一日止年度				
		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元	2003 二零零三年 HK\$'000 千港元
RESULTS	業績					
Turnover	營業額	3,070,579	2,313,706	1,703,752	613,059	438,381
Profit (loss) before taxation	除稅前溢利(虧損)	212,942	219,706	215,111	77,791	(1,525)
Taxation	稅項	(10,765)	(4,654)	(18,888)	(7,653)	(1,071)
Profit (loss) before minority interests	未計少數股東權益前溢利(虧損)	202,177	215,052	196,223	70,138	(2,596)
Minority interests	少數股東權益	-	-	-	-	31
Profit (loss) for the year	年度溢利(虧損)	202,177	215,052	196,223	70,138	(2,565)
		At 31st March, 於三月三十一日				
		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元	2003 二零零三年 HK\$'000 千港元
ASSETS AND LIABILITIES	資產及負債					
Total assets	資產總值	3,246,415	2,480,723	1,872,172	781,236	252,063
Total liabilities	負債總額	(1,450,673)	(1,135,276)	(683,550)	(204,658)	(106,229)
Total equity	權益總額	1,795,742	1,345,447	1,188,622	576,578	145,834



Matsunichi Communication Holdings Limited

松日通訊控股有限公司

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