



VISIONS AHEAD

Hanny Holdings Limited 錦興集團有限公司

(Incorporated in Bermuda with limited liability) (於百慕達註冊成立之有限公司)

(Stock Code 股份代號: 275)



Annual Report 年報
2006-2007

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Dr. Chan Kwok Keung, Charles (Chairman)
Dr. Yap, Allan (Managing Director)
Mr. Lui Siu Tsuen, Richard (Deputy Managing Director)

Independent Non-executive Directors

Mr. Kwok Ka Lap, Alva
Mr. Wong King Lam, Joseph
Mr. Poon Kwok Hing, Albert

AUDIT COMMITTEE

Mr. Wong King Lam, Joseph (Chairman)
Mr. Kwok Ka Lap, Alva
Mr. Poon Kwok Hing, Albert

REMUNERATION COMMITTEE

Mr. Kwok Ka Lap, Alva (Chairman)
Mr. Wong King Lam, Joseph
Mr. Lui Siu Tsuen, Richard

QUALIFIED ACCOUNTANT

Mr. Lui Siu Tsuen, Richard

COMPANY SECRETARY

Ms. Kam Yiu Sai, Florence

AUDITORS

Deloitte Touche Tohmatsu
Certified Public Accountants
35th Floor, One Pacific Place
88 Queensway
Hong Kong

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Hang Seng Bank Limited
The Bank of East Asia, Limited
Wing Hang Bank, Limited

PRINCIPAL REGISTRAR

The Bank of Bermuda Limited
6 Front Street
Hamilton HM 11
Bermuda

BRANCH REGISTRAR

Tricor Secretaries Limited
26th Floor, Tesbury Centre
28 Queen's Road East, Wanchai
Hong Kong

REGISTERED OFFICE

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2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL OFFICE

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12 Harcourt Road
Central, Hong Kong
Tel: (852) 3151 0300
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ADR DEPOSITARY

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60 Wall St., 27th Floor/MS NYC 60-2727
New York NY 10005

STOCK CODE

The Stock Exchange of Hong Kong Limited: 275

公司資料

董事會

執行董事

陳國強博士 (主席)
Yap, Allan 博士 (董事總經理)
呂兆泉先生 (副董事總經理)

獨立非執行董事

郭嘉立先生
黃景霖先生
潘國興先生

審核委員會

黃景霖先生 (主席)
郭嘉立先生
潘國興先生

薪酬委員會

郭嘉立先生 (主席)
黃景霖先生
呂兆泉先生

合資格會計師

呂兆泉先生

公司秘書

甘瑤斯女士

核數師

德勤•關黃陳方會計師行
執業會計師
香港
金鐘道88號
太古廣場一座35樓

主要往來銀行

中國銀行(香港)有限公司
恒生銀行有限公司
東亞銀行有限公司
永亨銀行有限公司

主要過戶登記處

The Bank of Bermuda Limited
6 Front Street
Hamilton HM 11
Bermuda

過戶登記分處

卓佳秘書商務有限公司
香港
灣仔皇后大道東28號
金鐘匯中心26樓

註冊辦事處

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

主要辦事處

香港中環
夏慤道12號
美國銀行中心31樓
電話：(852) 3151 0300
傳真：(852) 2304 4236

美國預託證券存管處

Deutsche Bank Trust Company America
60 Wall St., 27th Floor/MS NYC 60-2727
New York NY 10005

股份代號

香港聯合交易所有限公司：275

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I have pleasure to present the 2006/2007 annual report of Hanny Holdings Limited (the "Company") and its subsidiaries (the "Group").

BUSINESS AND OPERATIONS REVIEW

During the year ended 31 March 2007, the Group underwent several corporate developments, comprised mainly of the disposal of its then 45.2% interest in Memorex® business in April 2006, acquisition of a 98.92% interest in Group Dragon Investments Ltd. ("GDI") in June 2006 and subscription of convertible notes. As a result, the Group recorded a very significant profit for the year.

Upon the disposal of Memorex® business, the Group captured a significant gain on disposal during the year. This handsome gain brought about working capital and provided the Company with an opportunity to actively look for meaningful investments in viable businesses.

Arising from the acquisition of GDI business, the Group captured a discount on acquisition as the consideration satisfied was at a discount to the fair value of the assets acquired. Subsequent to the disposal of Memorex® business, the Group completed the acquisition of GDI and took control over all the businesses under GDI. The Group then began the integration process within the combined businesses so as to consolidate the common or related businesses and enjoy the synergistic results as much as practical. These businesses include property development and trading, trading of securities, investment in convertible notes issued by listed companies in Hong Kong and holding of strategic investments. By utilizing the Group's strong business network, professional expertise and diverse management resources, the integration has been quite successful and is progressing well. Moreover, the Group has extended the business portfolio to include those businesses carried out by GDI. The diverse investments of GDI include China Enterprises Limited, whose shares are traded on the OTC Bulletin Board and MRI Holdings Limited, whose shares are listed on the Australian Securities Exchange.

At the year end, the Group has subscribed into convertible notes of listed companies with an aggregate nominal value over Hong Kong Dollars One Billion. Such listed companies include Asia Standard International Group Limited, Macau Prime Properties Holdings Limited, Mei Ah Entertainment Group Limited, Golden Harvest Entertainment (Holdings) Limited, Wing On Travel (Holdings) Limited, See Corporation Limited and Wo Kee Hong (Holdings) Limited. The subscriptions serve as part of the Group's strategy to diversify its investment portfolio into the growing industries.

本人欣然提呈錦興集團有限公司（「本公司」）及其附屬公司（「本集團」）之二零零六／二零零七年年報。

業務及經營回顧

截至二零零七年三月三十一日止年度，本集團進行多項企業發展，其中較為重要的包括二零零六年四月出售當時所擁有Memorex®業務的45.2%權益，於二零零六年六月收購群龍投資有限公司（「群龍」）98.92%權益及認購可兌換票據。結果，本集團年內錄得大額溢利。

在出售Memorex®業務後，本集團於年內獲得重大出售收益。此筆可觀收益為本公司帶來營運資金，以及為本公司於具發展潛力之業務中提供機會，藉以積極尋求具意義的投資。

由於收購群龍業務的代價低於所收購資產的公平值，故本集團於收購中取得折讓。於出售Memorex®業務後，本集團已完成收購群龍，並管理群龍旗下全部業務。其後，本集團開始為合併業務進行整合過程，藉此鞏固共同或相關業務，並於實際可行情況下享有最大之協同效益。該等業務包括物業發展及買賣、證券買賣、投資於香港上市公司發行的可兌換票據及持有策略性投資。憑藉本集團陣容強大之業務網絡、專業人才及分散管理資源，整合過程十分成功，進度亦相當理想。此外，本集團已擴充旗下之業務組合，以納入由群龍經營之業務。群龍之投資範圍廣泛，包括China Enterprises Limited（其股份乃於美國場外交易議價板買賣）及MRI Holdings Limited（其股份乃於澳洲證券交易所上市）。

截至年結日，本集團已認購上市公司之可兌換票據，總面值逾十億港元。該等上市公司為泛海國際集團有限公司、澳門祥泰地產集團有限公司、美亞娛樂資訊集團有限公司、嘉禾娛樂事業（集團）有限公司、永安旅遊（控股）有限公司、漢傳媒集團有限公司及和記行（集團）有限公司。認購事項為本集團分散其於增長行業中投資組合之部份策略。

For the year under review, the Group recorded a loss as a result of the change in fair value of conversion options embedded in such convertible notes. The loss mainly depends on factors such as market price of the shares underlying such convertible notes and the prevailing market interest rates, as compared with the conversion price of the shares and the coupon interest rates of the convertible notes. The Group will perform up to date professional valuation of such convertible notes when preparing its periodic interim and year end accounts and will take into account the resulting profit/loss due to the change in fair value of conversion options embedded in such convertible notes. The resulting loss stated in the Group's periodic interim and annual accounts are non-cash items and, due to the factors stated above, may or may not be changed substantially from period to period.

Significant Investments

China Enterprises Limited ("CEL", carrying on business in Hong Kong as China Tire Holdings Limited)

During the year under review, CEL continues to be an investment holding company. CEL is engaged in the business of property investment and development in the People's Republic of China ("PRC") and has 26% interest in Hangzhou Zhongce Rubber Company Limited and 20.36% interest in Wing On Travel (Holdings) Limited, respectively. Hangzhou Zhongce Rubber Company is principally engaged in manufacturing and marketing of tires in the PRC and other countries abroad. Wing On is in the business of providing package tour, travel, and other related services and hotel operations.

MRI Holdings Limited ("MRI")

During the year under review, MRI completed the acquisition of Zest Health Clubs ("ZHC"), Australia's second largest health and fitness chain, and number 1 in market share in 3 of Australia's 5 largest fitness markets. MRI has been actively participating in the operations of ZHC and continued to penetrate its markets and grow in market shares.

Major Strategic Investments

PSC Corporation Ltd. ("PSC")

At 31 March 2007, the Group is holding an effective interest of 24.26% in PSC, which is principally engaged in manufacturing of food and other products, distribution of food and other fast moving consumer goods, logistics and franchising, healthcare consultancy and services, and education.

由於該等可兌換票據中內在之可兌換權之公平值變動，本集團於回顧年度內錄得虧損。虧損主要視乎該等可兌換票據之相關股份之市場價格及現時市場利率等因素與股份之兌換價及可兌換票據之票息利率之比較等因素。本集團於編製定期中期及年度賬目時將就該等可兌換票據進行最新專業估值，並計入該等可兌換票據中內在之可兌換權之公平值變動所產生之最終溢利／虧損。編製本集團定期中期及年度賬目之最終虧損為非現金項目，基於上述因素，於各期間可能或不可能出現重大變動。

重大投資

China Enterprises Limited (「CEL」，以 China Tire Holdings Limited 之名義在香港經營業務)

於本年度回顧期內，CEL一直為一間投資控股公司。CEL於中華人民共和國（「中國」）從事物業投資及發展業務，並分別於杭州中策橡膠有限公司擁有26%權益及於永安旅遊（控股）有限公司擁有20.36%權益。杭州中策橡膠有限公司主要於中國及其他海外國家主要從事輪胎製造及銷售業務。永安旅遊（控股）有限公司主要從事提供旅行團、旅遊及其他相關服務及酒店營運業務。

MRI Holdings Limited (「MRI」)

於本年度回顧期內，MRI完成收購Zest Health Clubs（「ZHC」），為澳洲第二大健身連鎖店，並在澳洲五大健身市場當中的三個之市場佔有率排名第一。MRI一直積極參與ZHC之營運，並持續滲透市場及增加市場佔有率。

主要策略性投資

普威集團有限公司 (「普威集團」)

於二零零七年三月三十一日，本集團持有普威集團之24.26%實際權益，其主要從事食品及其他產品之製造、食品及其他快速流通消費品之分銷、物流及特許經營、保健諮詢及服務，以及教育。

Intraco Limited ("Intraco")

At 31 March 2007, the Group is holding an effective interest of 7.25% in Intraco, which focuses on four core businesses, which include commodities trading, projects, info-communications and the distribution of semiconductors.

Tat Seng Packaging Group Ltd. ("Tat Seng")

At 31 March 2007, the Group is holding an effective interest of 15.51% in Tat Seng, which is one of Singapore's leading manufacturers of corrugated paper packaging products with operations in Singapore, Suzhou and Hefei in the PRC. The Tat Seng Packaging group designs, manufactures and sells corrugated paper packaging products for the packing of a diverse range of products according to customers' specifications. Its key products include corrugated paper boards, corrugated paper cartons, die-cut boxes, assembly cartons, heavy duty corrugated paper products and other packaging related products.

Wing On Travel (Holdings) Limited ("Wing On Travel")

At 31 March 2007, the Group is holding an effective interest of 11.12% in Wing On Travel, which is principally engaged in the business of providing package tours, travel and other related services, and hotel operation including a hotel chain branded under the name of "Rosedale" in Hong Kong and the Mainland.

Corporate Development

Disposal of 15.3% interests in China Strategic Holdings Limited ("CSHL") and acquisition of interests in GDI

On 10 March 2005, the Company and PYI Corporation Limited entered into a share sale agreement (the "Share Sale Agreement") with Nation Field Limited for the disposal of an approximately 15.3% interests in CSHL at a consideration of approximately HK\$26 million. The Share Sale Agreement was completed on 24 May 2006. On 26 May 2006, Somerley Limited, on behalf of Well Orient Limited ("Well Orient") made a voluntary offer to the shareholders of GDI ("GDI Offer"). The GDI Offer closed on 16 June 2006. Together with the 129,409,897 GDI shares (representing approximately 29.36% of the then issued share capital of GDI) already held by Well Orient, Well Orient was interested in approximately 98.92% of the issued share capital of GDI.

Disposal of assets of Memorex International Inc. ("MII")

On 19 January 2006, MII had entered into an acquisition agreement ("Agreement") with Imation Corp. for the sale and purchase of certain assets of MII relating to the business of the design, development, marketing, distribution and sale of hardware, media and accessories used for the storage of electronic data as conducted by MII and Hanny Magnetics Europe Limited, Memorex Canada Ltd., Memorex Products Europe Limited, Memorex Products S.A.S., Memorex Products GmbH, Memorex Products (Taiwan) Inc. and Memorex Products, Inc. for an aggregate consideration of US\$330 million plus adjustments amount and earnout amount calculated in accordance with the Agreement. The Agreement was completed on 28 April 2006. Details of the transaction are set out in the circular of the Company dated 10 April 2006.

新加坡國際貿易有限公司 (「新加坡國際貿易」)

於二零零七年三月三十一日，本集團持有新加坡國際貿易之7.25%實際權益，其集中四大核心業務，包括商品貿易、工程項目、資訊通信及半導體分銷。

達成包裝集團有限公司 (「達成包裝」)

於二零零七年三月三十一日，本集團持有達成包裝之15.51%實際權益，其為新加坡其中之一家最主要的瓦楞紙包裝產品製造商，在新加坡、中國蘇州及合肥均設有工場。達成包裝集團負責設計、製造和銷售瓦楞紙包裝產品，並按客戶的特定規格生產，務求為各類不同產品提供包裝。達成包裝之主要產品包括瓦楞紙板、瓦楞紙箱、模切紙箱、普通開槽箱、重型瓦楞紙製品及其他包裝相關產品。

永安旅遊 (控股) 有限公司 (「永安旅遊」)

於二零零七年三月三十一日，本集團持有永安旅遊之11.12%實際權益，其主要從事提供旅行團、旅遊及其他相關服務，以及酒店營運業務，包括在香港及中國內地以「珀麗」為品牌經營之連鎖式酒店。

企業發展

出售中策集團有限公司 (「中策」) 15.3% 股權及收購群龍權益

於二零零五年三月十日，本公司及保華集團有限公司與Nation Field Limited訂立售股協議 (「售股協議」)，以代價約26,000,000港元出售約15.3%中策權益。售股協議於二零零六年五月二十四日完成。於二零零六年五月二十六日，新百利有限公司代表威倫有限公司 (「威倫」) 向群龍股東提出自願收購建議 (「群龍收購建議」)。群龍收購建議已於二零零六年六月十六日截止。連同威倫已持有之129,409,897股群龍股份 (佔群龍當時已發行股本約29.36%)，威倫持有群龍已發行股本約98.92%。

出售 Memorex International Inc. (「MII」) 資產

於二零零六年一月十九日，MII與Imation Corp. 訂立收購協議 (「協議」)，以買賣MII與Hanny Magnetics Europe Limited、Memorex Canada Ltd.、Memorex Products Europe Limited、Memorex Products S.A.S.、Memorex Products GmbH、美瑞思科技股份有限公司及Memorex Products, Inc.所從事的電子數據儲存所用硬件、媒體及配件之設計、開發、市場推廣、分銷及銷售業務有關之MII若干資產，總代價為330,000,000美元，另加根據協議計算的調整金額及額外金額。協議於二零零六年四月二十八日完成。交易詳情載於本公司日期為二零零六年四月十日之通函內。

The Underwriting Agreement and Subscription of rights shares of See Corporation Limited (“SCL”)

On 22 April 2006, the Company, Success Securities Limited and SCL entered into an underwriting agreement, pursuant to which, the Company agreed to underwrite up to 329,037,330 rights shares of SCL at a subscription price of HK\$0.014 per rights share. On the same day, the Company executed an undertaking to SCL to take up its entitlement in full under the rights issue of SCL. On 30 June 2006, a total of 1,991,487,330 rights shares of SCL were subscribed by the Company. Details of the underwriting agreement are set out in the circular of the Company dated 17 May 2006.

Subscription of convertible notes of Macau Prime Properties Holdings Limited (“MPP”)

On 27 April 2006, the Company and MPP entered into a subscription agreement (“MPP Subscription Agreement”) regarding the subscription of 1% convertible notes of MPP with the principal amount of HK\$270 million. The MPP Subscription Agreement was completed on 15 June 2006. Details of the transaction are set out in the circular of the Company dated 26 May 2006.

The Subscription Agreements and the proposed issue of convertible exchangeable notes of the Company

On 27 June 2006, the Company entered into five conditional subscription agreements with each of five subscribers (including ITC Corporation Limited (“ITC”) and four other fund subscribers) in relation to the subscription by the subscribers of 1% convertible exchangeable notes with an aggregate principal amount of US\$150 million (equivalent to approximately HK\$1,164.9 million) to be issued by the Company at par (“Convertible Notes”). Pursuant to the subscription agreements, the Company was required after the signing of the subscription agreements to enter into a contract (“CEL Agreement”) with CEL for the subscription of 1% convertible notes of CEL with the principal amount of US\$100 million. The CEL Agreement was entered into by the Company and CEL on 29 August 2006. On 30 August 2006, each of the subscribers of Convertible Notes and the Company entered into the supplemental agreement pursuant to which the parties agreed that the completion of the subscription of Convertible Notes would be conditional on the closing or lapse (whichever is earlier) of the offers made by Famex Investment Limited (“Famex”), an indirect wholly-owned subsidiary of ITC. On 29 December 2006, the Company entered into agreements with each of the subscribers to terminate the conditional subscription agreements. On the same day, the Company and CEL entered into an agreement to terminate the CEL Agreement. Details of the transaction are set out in the circular of the Company dated 8 September 2006 and the announcement of the Company dated 29 December 2006.

包銷協議及認購漢傳媒集團有限公司（「漢傳媒」）供股股份

於二零零六年四月二十二日，本公司、實德證券有限公司及漢傳媒訂立一份包銷協議，據此，本公司同意按每股供股股份之認購價0.014港元包銷最多329,037,330股漢傳媒供股股份。於同日，本公司向漢傳媒作出承諾，以悉數認購漢傳媒供股項下之配額。於二零零六年六月三十日，本公司認購漢傳媒合共1,991,487,330股供股股份。包銷協議之詳情載於本公司日期為二零零六年五月十七日之通函內。

認購澳門祥泰地產集團有限公司（「澳門祥泰地產」）可兌換票據

於二零零六年四月二十七日，本公司與澳門祥泰地產訂立一份認購協議（「澳門祥泰地產認購協議」），以認購澳門祥泰地產本金額為270,000,000港元之1%可兌換票據。澳門祥泰地產認購協議已於二零零六年六月十五日完成。交易詳情載於本公司日期為二零零六年五月二十六日之通函內。

認購協議及建議發行本公司可兌換可交換票據

於二零零六年六月二十七日，本公司各自與五位認購人（包括德祥企業集團有限公司（「德祥」）及另外四名基金認購者）訂立五份有條件認購協議，以認購由本公司按面值將予發行本金總額為150,000,000美元（相等於約1,164,900,000港元）之1%可兌換可交換票據（「可兌換票據」）。根據認購協議，本公司須在簽訂認購協議後與CEL訂立合約（「CEL協議」），以認購CEL本金額為100,000,000美元之1%可兌換票據。本公司與CEL於二零零六年八月二十九日訂立CEL協議。於二零零六年八月三十日，可兌換票據認購人各自與本公司訂立補充協議，據此，訂約各方均同意，認購可兌換票據之完成亦須待其威投資有限公司（「其威」）（為德祥之間接全資附屬公司）提出之收購建議截止或失效（以較早者為準）時方告完成。於二零零六年十二月二十九日，本公司分別與認購人訂立協議以終止有條件認購協議。同日，本公司與CEL訂立協議，以終止CEL協議。交易詳情載於本公司日期為二零零六年九月八日之通函及本公司日期為二零零六年十二月二十九日之公佈內。

Subscription of convertible notes of Mei Ah Entertainment Group Limited ("Mei Ah")

On 28 June 2006, the Company and Mei Ah entered into a subscription agreement ("Mei Ah Subscription Agreement") regarding the subscription of 4% convertible notes of Mei Ah with the principal amount of HK\$50 million. The Mei Ah Subscription Agreement was completed on 11 August 2006. Details of the transaction are set out in the circular of the Company dated 21 July 2006.

Subscription of convertible notes of Golden Harvest Entertainment (Holdings) Limited ("Golden Harvest")

On 10 July 2006, Quick Target Limited, an indirect wholly-owned subsidiary of the Company and Golden Harvest entered into a subscription agreement (the "GH Subscription Agreement") regarding the subscription of 4% convertible notes of Golden Harvest with the principal amount of HK\$50 million. The GH Subscription Agreement was completed on 22 August 2006. Details of the transaction are set out in the circular of the Company dated 28 July 2006.

Conditional mandatory cash offers by Kingston Securities Limited ("Kingston") for and on behalf of Famex

On 1 September 2006, ITC and the Company jointly announced that on 17 August 2006, Famex entered into an agreement with an independent third party pursuant to which Famex conditionally agreed to acquire 22,812,359 sale shares at a consideration of HK\$86,686,964.20 (equivalent to HK\$3.8 per sale share). Completion of the agreement took place on 7 November 2006. Immediately upon completion, Famex and parties acting in concert with it were, in aggregate, interested in approximately 38.67% of the voting rights of the Company. Accordingly, Famex was required to make a mandatory conditional cash offer to acquire all the issued shares and outstanding convertible bonds of the Company (other than those already owned by or agreed to be acquired by Famex and parties acting in concert with it (except Cobbleford Limited)) under the Hong Kong Code on Takeovers and Mergers (the "Offers"). Details of the Offers are set out in the offer document of ITC dated 13 November 2006. The Offers closed at 4:00 p.m. on 13 December 2006. Famex received a total of 53,080,585 shares (representing approximately 21.02% of the issued share capital of the Company) and convertible bonds with face value of HK\$5,775,870 (representing approximately 0.75% of the outstanding convertible bonds of the Company). Together with the shares held by (i) Famex; and (ii) Famex and parties acting in concert with it, Famex was interested in (i) 161,589,501 shares (representing approximately 63.98% of the issued share capital of the Company) and the convertible bonds with face value of HK\$5,775,870; and (ii) 174,871,892 shares (representing approximately 69.24% of the issued share capital of the Company) and the convertible bonds with face value of HK\$141,441,885.

認購美亞娛樂資訊集團有限公司 ("美亞") 可兌換票據

於二零零六年六月二十八日，本公司與美亞訂立一份認購協議（「美亞認購協議」），以認購美亞本金額為50,000,000港元之4%可兌換票據。美亞認購協議已於二零零六年八月十一日完成。交易詳情載於本公司日期為二零零六年七月二十一日之通函內。

認購嘉禾娛樂事業（集團）有限公司 ("嘉禾") 可兌換票據

於二零零六年七月十日，Quick Target Limited（為本公司之間接全資附屬公司）與嘉禾訂立一份認購協議（「嘉禾認購協議」），以認購嘉禾本金額為50,000,000港元之4%可兌換票據。嘉禾認購協議已於二零零六年八月二十二日完成。交易詳情載於本公司日期為二零零六年七月二十八日之通函內。

金利豐證券有限公司 ("金利豐") 代表其威提出有條件強制性現金收購建議

於二零零六年九月一日，德祥與本公司聯合公佈，其威與一名獨立第三方於二零零六年八月十七日訂立一份協議，據此，其威有條件同意收購22,812,359股出售股份，代價為86,686,964.20港元（相等於每股出售股份3.8港元）。該協議已於二零零六年十一月七日完成。緊接完成時，其威及其一致行動人士合共擁有本公司約38.67%投票權。據此，根據香港收購及合併守則，其威須提出強制性有條件現金收購建議，以收購本公司全部已發行股份及尚未償還之可兌換債券（其威及其一致行動人士已擁有或同意將予收購者除外，惟不包括Cobbleford Limited）（「收購建議」）。收購建議之詳情已載於德祥日期為二零零六年十一月十三日之收購建議文件內。收購建議於二零零六年十二月十三日下午四時正截止。其威合共收到53,080,585股股份（佔本公司已發行股本約21.02%）及面值為5,775,870港元之可兌換債券（佔本公司尚未償還之可兌換債券約0.75%）。連同(i)其威已持有之股份；及(ii)其威及其一致行動人士已持有之股份，其威持有(i)161,589,501股股份（佔本公司已發行股本約63.98%）及面值為5,775,870港元之可兌換債券；及(ii)174,871,892股股份（佔本公司已發行股本約69.24%）及面值為141,441,885港元之可兌換債券。

Subscription of convertible bond of China Star Entertainment Limited ("China Star")

On 19 January 2007, Improvemany International Limited, an indirect wholly-owned subsidiary of the Company and China Star had entered into a conditional subscription agreement ("China Star Subscription Agreement") regarding the subscription of zero coupon convertible bonds of China Star with the principal amount of HK\$124.5 million. The China Star Subscription Agreement was completed on 18 May 2007. Details of the transaction are set out in the circular of the Company dated 16 February 2007.

The Underwriting Agreement and Subscription of right shares of SCL

On 6 March 2007, the Company and SCL entered into an underwriting agreement, pursuant to which, the Company agreed to fully underwrite up to 367,047,620 rights shares of SCL at a price of HK\$0.20 per rights share. On the same day, the Company executed an undertaking to SCL to take up its entitlement in full under the rights issue of SCL. On 14 May 2007, the Company took up its entitlement of 92,959,092 rights shares of SCL. Details of the transaction are set out in the circular of the Company dated 4 April 2007.

Placing and Subscription of Shares

On 11 April 2007, ITC, the Company and the placing agent entered into a placing and subscription agreement, pursuant to which, the placing agent agreed to place 43,500,000 existing shares of the Company of HK\$0.01 each at the price of HK\$3.40 per placing share on behalf of ITC on a fully-underwritten basis to not less than six placees who were independent third parties and ITC agreed to subscribe for 43,500,000 new shares at the same price of HK\$3.40 per share. The placing price which was equal to the subscription price of HK\$3.40 represents a discount of approximately 5.0% to the closing price of HK\$3.58 per share as quoted on the Stock Exchange on 30 March 2007. The Company intended to use the estimated net proceeds from the subscription of approximately HK\$143 million for the Group's general working capital purposes and investment in natural resources related business in the PRC. Details of the placing and subscription are set out in the Company's announcement dated 11 April 2007.

Bonus Issue of new shares and change in board lot size

On 11 April 2007, the Board announced a bonus issue of new shares to the shareholders whose names appeared on the Register of Members of the Company on 21 May 2007 ("Record Date") on the basis of ten bonus shares for every one existing share held by the shareholders on the Record Date. The bonus issue of new shares was approved by the shareholders of the Company on 21 May 2007.

On 11 April 2007, the Board also announced that subject to the issue of the bonus shares, the board lot size of the shares for trading on the Stock Exchange would be changed from 2,000 shares to 8,000 shares with effect from 6 June 2007. Details of the bonus issue and the change in board lot size are set out in the circular of the Company dated 3 May 2007.

認購中國星集團有限公司（「中國星」）可兌換債券

於二零零七年一月十九日，Improvemany International Limited（為本公司之間接全資附屬公司）與中國星訂立有條件認購協議（「中國星認購協議」），以認購中國星本金額為124,500,000港元之零息率可兌換債券。中國星認購協議於二零零七年五月十八日完成。交易詳情載於本公司日期為二零零七年二月十六日之通函內。

包銷協議及認購漢傳媒之供股股份

於二零零七年三月六日，本公司與漢傳媒訂立包銷協議，據此，本公司同意按每股供股股份之價格0.20港元全數包銷最多367,047,620股漢傳媒供股股份。於同日，本公司向漢傳媒作出承諾，以悉數認購漢傳媒供股項下之配額。於二零零七年五月十四日，本公司認購漢傳媒合共92,959,092股供股股份。交易詳情載於本公司日期為二零零七年四月四日之通函內。

配售及認購股份

於二零零七年四月十一日，德祥、本公司與配售代理訂立一項配售及認購協議，據此，配售代理同意按每股配售股份3.40港元之價格，以全數包銷基準代表德祥向不少於六名為獨立第三方之承配人配售43,500,000股本公司每股面值0.01港元之現有股份，而德祥則同意按每股3.40港元之相同價格認購43,500,000股新股。配售價與認購價3.40港元相同，乃較二零零七年三月三十日股份於聯交所所報的收市價每股3.58港元折讓約5.0%。本公司擬將認購估計所得款項淨額約143,000,000港元用作集團一般營運資金及在中國投資天然資源相關業務。有關配售及認購之詳情載於本公司日期為二零零七年四月十一日之公佈內。

發行紅股新股及更改每手買賣單位

於二零零七年四月十一日，董事會宣佈向於二零零七年五月二十一日（「記錄日期」）名列本公司股東名冊之股東以紅股形式發行新股，基準為股東於記錄日期每持有一股現有股份可獲發十股紅股。發行紅股新股已於二零零七年五月二十一日獲本公司之股東批准。

於二零零七年四月十一日，董事會亦宣佈待發行紅股後，股份於聯交所之每手買賣單位將由2,000股股份更改為8,000股股份，由二零零七年六月六日起生效。有關發行紅股及更改每手買賣單位之詳情載於本公司日期為二零零七年五月三日之通函內。

Subscription of shares and convertible notes of Wonson International Holdings Limited ("Wonson")

On 24 April 2007, Total Wealth Investments Limited, an indirect wholly-owned subsidiary of the Company, executed a share placing contract (the "Share Placing Contract") and convertible notes placing contract (the "CN Placing Contract") with Taifook Securities Company Limited in relation to the subscription of 125,000,000 shares in the capital of Wonson and a 4% convertible notes of Wonson with the principal amount of HK\$40,000,000. The Share Placing Contract and the CN Placing Contract were completed on 21 May 2007 and 18 May 2007 respectively. Details of the transaction are set out in the circular of the Company dated 15 May 2007.

Top-Up Subscription of shares in MPP

On 18 May 2007, Loyal Concept Limited ("Loyal Concept"), an indirect wholly-owned subsidiary of the Company, entered into the placing and subscription agreement ("Top-Up Placing and Subscription Agreement") with MPP and the placing agent pursuant to which Loyal Concept agreed to place, through the placing agent, an aggregate of 300,000,000 shares in the capital of MPP, on a fully underwritten basis to not less than six places at the price of HK\$0.56 per placing share and Loyal Concept conditionally agreed to subscribe for an aggregate of 300,000,000 top-up subscription shares at a price of HK\$0.56 per share. The Top-Up Placing and Subscription Agreement was completed on 1 June 2007. Details of the transaction are set out in the circular of the Company dated 8 June 2007.

Subscription of convertible notes of SCL

On 20 June 2007, the Company and SCL entered into a subscription agreement ("SCL Subscription Agreement") regarding the subscription of 1% convertible notes of SCL with the principal amount of HK\$100,000,000 and may, upon notification by SCL, elect to subscribe for the additional amount of up to HK\$100,000,000. As at the date of this announcement, the SCL Subscription Agreement was yet to be completed. Details of the SCL Subscription Agreement are set out in the Circular of the Company dated 17 July 2007.

Acquisition of the entire interest in Rainbow Plus Limited ("Rainbow Plus")

On 10 July 2007, Widecheer Limited, an indirect wholly-owned subsidiary of the Company, entered into a conditional agreement ("S&P Agreement") with an independent third party to acquire the entire interest in the capital of Rainbow Plus which, at the completion of the S&P Agreement, will hold 88% equity interest in Jianghai Trading Co., Ltd., a PRC company which is principally engaged and is licensed in sales of construction sand, and will be licensed to do sand mining operation business. As at the date of this announcement, the S&P Agreement was yet to be completed. Details of the S&P Agreement are set out in the announcement of the Company dated 19 July 2007.

認購和成國際集團有限公司（「和成」）之股份及可兌換票據

於二零零七年四月二十四日，Total Wealth Investments Limited（本公司之間接全資附屬公司）與大福證券有限公司訂立股份配售合約（「股份配售合約」）及可兌換票據配售合約（「可兌換票據配售合約」），以認購125,000,000股和成股本中的股份及和成本金額為40,000,000港元之4%可兌換票據。股份配售合約及可兌換票據配售合約已分別於二零零七年五月二十一日及二零零七年五月十八日完成。交易詳情載於本公司日期為二零零七年五月十五日之通函內。

補充認購澳門祥泰地產之股份

於二零零七年五月十八日，Loyal Concept Limited（「Loyal Concept」）（本公司之間接全資附屬公司）、澳門祥泰地產與配售代理訂立配售及認購協議（「補充配售及認購協議」），據此，Loyal Concept同意透過配售代理以全數包銷方式，以每股配售股份0.56港元的價格，向不少於六名承配人配售合共300,000,000股澳門祥泰地產股本中的股份及Loyal Concept有條件同意按每股股份0.56港元的價格認購合共300,000,000股補充認購股份。補充配售及認購協議已於二零零七年六月一日完成。交易詳情載於本公司二零零七年六月八日之通函內。

認購漢傳媒之可兌換票據

於二零零七年六月二十日，本公司與漢傳媒訂立認購協議（「漢傳媒認購協議」），以認購本金額為100,000,000港元之1%可兌換票據，以及可於漢傳媒通知時，選擇再認購金額最多為100,000,000港元之額外金額。於本公佈日期，漢傳媒認購協議尚未完成。交易詳情載於本公司二零零七年七月十七日之通函內。

認購Rainbow Plus Limited（「Rainbow Plus」）之全部權益

於二零零七年七月十日，廣置有限公司（本公司之間接全資附屬公司）與一名獨立第三方訂立有條件協議（「買賣協議」），以認購Rainbow Plus之全部權益，Rainbow Plus將於完成時持有江海貿易有限公司之88%權益，江海貿易有限公司為一家中國公司，主要從事並獲許可銷售建築用砂，並將獲許可進行採砂業務。截至本公佈日期，買賣協議尚未完成。買賣協議詳情載於本公司二零零七年七月十九日之公佈內。

OUTLOOK

Despite recent monetary and fiscal tightening, China's economic growth remains robust with no signs of slowdown in investment and exports. Consumption growth continues to pickup, driven by rising income levels and gains from the booming stock market.

The Group has an on-going strategy to focus on investment developments in the Asia markets, especially the PRC, a market place with which the Hong Kong Government has entered into the second phase of the Closer Economic Partnership Arrangement ("CEPA"). In the PRC, continued economic growth, record highs in export turnover, strong domestic disposal income, huge fixed assets investment momentum, inflow of funds and national domestic products are the main favorable factors giving rise to the present un-precedented prosperity in the PRC.

Among many potential investment projects in the PRC, the Group has been focusing on penetration into the natural resources sector and transition the Group into a more mineral resources focused company. During the transformation process into this new business, the Group has engaged experienced experts to conduct due diligence reviews on the estimated reserve value of any target resource properties. Bearing in mind that a successful acquisition would require a lot of effort and time spent on the most detailed accounting, legal and technical due diligence analyses, management will pay extra attention and care as to secure a right move. In consideration of the scarcity and value of the natural resources, once such kind of business is acquired, the Group expects the turnover and earning of such business would contribute very significantly to both turnover and earnings of the Group.

To strengthen the sand mining business under GDI, the Group has been exploring investment opportunities into companies which holds river sand mining licenses/permits. In 2007, the Group has been evaluating acquisitions of quite a number of companies, which are engaged in the exploitation of natural resources businesses. In July 2007, the Group has entered into a conditional sale and purchase agreement to acquire a 88% equity interest of Jiang Hai Trading Company Limited, which holds licenses and permit for river sand mining activities in the PRC.

Given the liquidity of convertible notes, the Group has utilised the surplus working capital into investment of convertible notes. At 31 March 2007, the Group has accumulated investment in convertible notes in the amount of approximately HK\$1,150 million issued by companies whose shares are listed on the Stock Exchange. The recent surge in the share prices of the convertible notes issuers is expected to add value to the carrying value of the Group's investment in convertible notes and hence unrealised profits are noted. At present, all the conversion prices of the convertible notes are below the respective market values as of 31 March 2007. The higher the surge of the market price of the issuer's shares becomes, the higher the unrealised profits are derived from the convertible notes to the Group.

According to currency market trends and forecasts, the value of the Renminbi has been going up and will still be up in future. We expect that a majority of the net assets of the Group, which is denominated in Renminbi, will enjoy appreciation at the same pace as that of the currency appreciation. Going forward, together with potential acquisition of businesses in the PRC, these Renminbi denominated investments and net assets of the Group are expected impact substantially on the profit and loss account of the Group.

展望

儘管近期收緊貨幣及金融政策，中國經濟仍蓬勃發展，投資及出口未見放緩。隨著收入水平不斷上升及於暢旺股票市場之中獲利，消費亦持續攀升。

本集團的持續策略為投資發展亞洲市場，尤其是與香港政府已落實第二階段更緊密經貿關係的中國市場。中國方面，經濟增長持續、出口額屢創新高、國民可支配收入龐大、固定資產投資方興未艾、資金流入及國民生產額為主要的利好因素，促成現時中國前所未見的興旺。

中國有不少具潛力的投資項目，而本集團一直集中投入天然資源行業，並且轉型至較偏重經營礦產資源。於轉型至新業務的過程中，本集團聘請經驗豐富的專業人士詳細審閱目標資源物業的估計儲備值。管理層深明收購成功需付出努力及時間，審慎詳細分析會計、法律及技術問題，故此須作出額外關注，以確保正確的行動。基於天然資源的稀有性及價值，一旦購入該等業務，本集團預期新業務的營業額及盈利將大大提升本集團的營業額及盈利。

為加強群龍的砂礦業務，本集團一直積極物色機會，投資於持有河道採砂執照／許可證的公司。二零零七年，本集團不斷衡量收購多個從事開採天然資源業務的公司機會。二零零七年七月，本集團訂立有條件買賣協議收購江海貿易有限公司88%股權，該公司持有可在中國進行河道採砂活動的執照及許可證。

基於可兌換票據易於流通，本集團動用營運資金盈餘投資可兌換票據。截至二零零七年三月三十一日，對於股份在聯交所上市的公司所發行可兌換票據，本集團累計投資已達約1,150,000,000港元。近期可兌換票據發行人的股價急升，預期會增加本集團可兌換票據投資的賬面值，因此錄得未變現溢利。現時，所有可兌換票據的兌換價均低於二零零七年三月三十一日的相關市值。本集團所投資可兌換票據的未變現溢利會隨發行人股份市價升幅日益提高。

根據貨幣市場趨勢及預測，人民幣值持續上升，且於可見將來仍會上升。我們預期本集團大部分以人民幣計值的資產淨值將隨貨幣升值而同步增長。展望將來，連同收購在中國具潛力的業務，以人民幣計值的本集團投資及資產淨值預期將顯著影響本集團的損益賬。





高瞻遠矚
展望未來

LOOKING AHEAD

RESULTS AND FINANCIAL REVIEW

Results

For the year ended 31 March 2007, the Group's audited consolidated profit before minority interests was HK\$1,461.5 million (2006: loss of HK\$96.0 million), which comprised of profit after operating income and expenses from continuing operations of HK\$114.0 million (2006: loss of HK\$2.3 million), finance costs of HK\$83.4 million (2006: HK\$63.5 million), decrease in fair value of conversion options embedded in convertible notes of HK\$187.1 million (2006: increase of 114.0 million), decrease in fair value of conversion options embedded in convertible note receivable from an associate of HK\$18.4 million (2006: Nil), increase in fair value of convertible notes designated at fair value through profit or loss of HK\$16.8 million (2006: Nil), increase in fair value of investment properties of HK\$2.6 million (2006: Nil), increase in fair value of investments held for trading of HK\$9.7 million (2006: increase of HK\$43.3 million), discount on acquisition of subsidiaries of HK\$132.5 million (2006: Nil), impairment loss on goodwill of HK\$6.6 million (2006: Nil), impairment loss on club debentures of HK\$0.1 million (2006: HK\$0.7 million), impairment loss on available-for-sale investments of HK\$45.7 million (2006: 49.8 million), net gain on disposal of subsidiaries and associates of HK\$6.4 million (2006: net gain of 1.0 million), share of net profits of associates of HK\$35.3 million (2006: losses of HK\$21.5 million), income tax expense from continuing operations of HK\$32.4 million (2006: 4.3 million) and profit from discontinued operations of HK\$1,517.9 million (2006: profit of HK\$52.4 million). While there was impairment loss on trademark licenses of HK\$164.6 million for the year ended 31 March 2006, there was no such item for the year ended 31 March 2007.

Segment Results

During the year, the Group experienced a decline in growth as well as gross profit margin. This deterioration was mainly due to the disposal of the "trading of computer related products under "Memorex®" and "trading of consumer electronic products" segments (Disposal of assets of Memorex International Inc. ("MII")) ("Disposed Business"). The disposal was completed on 28 April 2006. Accordingly, the turnover and results relating to MII were classified as "Discontinued Operations" for both the current and last years.

For trading of securities, segment turnover amounted to HK\$169.0 million, increasing by HK\$22.6 million (15.4%) from 2006 and segment result recorded HK\$4.7 million, decreasing by HK\$171.0 million (over 100%) from 2006.

業績及財務回顧

業績

截至二零零七年三月三十一日止年度，本集團之經審核未計少數股東權益前綜合溢利為1,461,500,000港元（二零零六年：虧損96,000,000港元），包括扣除經營收入及開支後之持續業務溢利為114,000,000港元（二零零六年：虧損2,300,000港元）、財務費用為83,400,000港元（二零零六年：63,500,000港元）、可兌換票據的兌換權公平值減少187,100,000港元（二零零六年：增加114,000,000港元）、應收聯營公司可兌換票據兌換權公平值之減少18,400,000港元（二零零六年：無）、指定按公平值計入損益的可兌換票據公平值增加16,800,000港元（二零零六年：無）、投資物業公平值增加2,600,000港元（二零零六年：無）、持作買賣投資公平值增加9,700,000港元（二零零六年：增加43,300,000港元）、收購附屬公司折讓132,500,000港元（二零零六年：無）、商譽減值虧損6,600,000港元（二零零六年：無）、會所債券減值虧損100,000港元（二零零六年：700,000港元）、持作銷售投資減值虧損45,700,000港元（二零零六年：49,800,000港元）、出售附屬公司及聯營公司收益淨值6,400,000港元（二零零六年：收益淨值1,000,000港元）、應佔聯營公司純利35,300,000港元（二零零六年：虧損21,500,000港元）、持續經營業務所得稅支出32,400,000港元（二零零六年：4,300,000港元）及非持續業務的溢利1,517,900,000港元（二零零六年：溢利52,400,000港元）。截至二零零六年三月三十一日止年度，有商標許可證減值虧損164,600,000港元，而截至二零零七年三月三十一日止年度並無該等項目。

分類業績

於年內，本集團增長及毛利率均有所下降，主要是由於出售「以「Memorex®」商用名稱經營的電腦相關產品貿易」及「消費電子產品貿易」部門（出售Memorex International Inc.（「MII」）資產）（「被出售業務」）所致。出售於二零零六年四月二十八日完成，因此去年及本年度，有關MII的營業額及業績分類為「非持續業務」。

證券買賣業務分類營業額為169,000,000港元，較二零零六年增加22,600,000港元（15.4%），而分類業績則錄得4,700,000港元，較二零零六年減少171,000,000港元（逾100%）。

During the year, sand mining segment was included as a result of the acquisition of an interest in Group Dragon Investments Limited (“GDI”), with segment turnover of HK\$1.1 million and segment loss of HK\$11.2 million.

Nonetheless, the disposal contributed HK\$1,526.3 million to the results of the Group for the year which critically increased from a loss of HK\$96.0 million for the year ended 31 March 2006 to a profit of HK\$1,461.5 million for the year. The Group also disposed of certain of its subsidiaries and associates during the year with a net gain of HK\$6.4 million while a net gain of HK\$1.0 million was resulted from disposals during the year ended 31 March 2006. From acquisition of GDI, a discount on acquisition of subsidiaries of HK\$132.5 million was resulted. The Group had increased in fair value of investment properties of HK\$2.6 million and fair value of convertible notes designated at fair value through profit or loss by HK\$16.8 million. Impairment loss on available-for-sale investments decreased from HK\$49.8 million for the year ended 31 March 2006 to HK\$45.7 million for the year. Furthermore, there was an impairment loss on club debentures and trademark licenses of HK\$0.7 million and HK\$164.6 million, respectively, during the year ended 31 March 2006 while there was only HK\$0.1 million and nil, respectively, during the year. The Group shared more net profits under “Share of results of associates” during the year of HK\$35.3 million, while it suffered a net losses of HK\$21.5 million during the year ended 31 March 2006. Operating income from continuing operations rose from a loss of HK\$2.3 million for the year ended 31 March 2006 to an operating income of HK\$114.0 million for the year.

However, such contributions were reduced by the decrease in fair value of conversion options embedded in convertible notes of HK\$187.1 million as compared to the year 2006 of the increase of HK\$114.0 million. Profit from discontinued operations decreased from profit of HK\$52.4 million for the year ended 31 March 2006 to a loss of HK\$8.4 million for the year. Finance costs incurred increased by HK\$19.9 million owing to the coupon interest in relation to the issue of convertible notes by the Company during the year. In addition, there was decrease in conversion options embedded in convertible note from an associate of HK\$18.4 million and impairment loss on goodwill of HK\$6.6 million during the year. Increase in fair value of investments held for trading decreased by HK\$33.6 million from HK\$43.3 million for the year ended 31 March 2006 to HK\$9.7 million for the year. Income tax expense increased by HK\$28.1 million from HK\$4.3 million for the year ended 31 March 2006 to HK\$32.4 million for the year.

因收購群龍投資有限公司(「群龍」)權益，故年內加入採砂部門，分類營業額為1,100,000港元，而分類虧損則為11,200,000港元。

然而，該出售對本集團本年度業績貢獻1,526,300,000港元，由截至二零零六年三月三十一日止年度的虧損96,000,000港元大幅增加至溢利1,461,500,000港元。本集團於年內亦出售若干附屬公司及聯營公司，收益淨值為6,400,000港元，而截至二零零六年三月三十一日止年度出售之收益淨值為1,000,000港元。收購群龍有收購附屬公司折讓132,500,000港元。本集團投資物業公平值增加2,600,000港元，而指定按公平值計入損益的可兌換票據公平值則增加16,800,000港元。持作銷售投資的減值虧損由截至二零零六年三月三十一日止年度的49,800,000港元減少至年內的45,700,000港元。此外，截至二零零六年三月三十一日止年度，會所債券及商標許可證減值虧損分別為700,000港元及164,600,000港元，而年內的減值虧損則分別僅為100,000港元及無。於年內，本集團「應佔聯營公司業績」純利增加35,300,000港元，而截至二零零六年三月三十一日止年度則錄得虧損淨額21,500,000港元。持續經營業務的營運收益由截至二零零六年三月三十一日止年度的虧損2,300,000港元上升至年內的收益114,000,000港元。

然而，以上貢獻由於可兌換票據兌換權公平值由二零零六年增加114,000,000港元降至減少187,100,000港元而降低。非持續業務的溢利由截至二零零六年三月三十一日止年度的52,400,000港元下降至年內的虧損8,400,000港元。有關本公司於年內發行可兌換票據的息票利息財務費用增加19,900,000港元。此外，應佔聯營公司的可兌換票據兌換權減少18,400,000港元，而年內的商譽減值虧損為6,600,000港元。持作買賣投資的公平值由截至二零零六年三月三十一日止年度的43,300,000港元減少33,600,000港元至年內的9,700,000港元。所得稅開支由截至二零零六年三月三十一日止年度的4,300,000港元增加28,100,000港元至年內的32,400,000港元。

Investment in Convertible Notes

During the year, the Group acquired four unlisted convertible notes issued by companies listed on the Stock Exchange for an aggregate consideration of HK\$389.0 million in addition to the existing three convertible notes acquired during the year ended 31 March 2006. A convertible note from an associate and convertible notes of an aggregated amount of HK\$305.0 million were acquired on acquisition of GDI during the year, with a decrease in fair value of HK\$18.4 million. The aggregate fair value decrease of HK\$187.1 million in respect of the conversion option element and increase of HK\$14.6 million in respect of the debt element were recognized in profit and loss and reserves, respectively. An aggregate of HK\$173.0 million was converted into available-for-sale investments during the year. In addition, the aggregate fair value increase in respect of two of the newly acquired convertible notes designated at fair value through profit or loss and accrued interest income of HK\$16.8 million and HK\$5.7 million were recognized in profit and loss.

Liquidity

Bank and cash balances at 31 March 2007 increased significantly to HK\$161.6 million (2006: HK\$26.5 million), accounting for 6.5% (2006: 1.4%) of the net tangible asset value of the Group. Such dramatic increase was mainly attributable to the receipt from disposal of assets of MII and other loans raised during the year. The cash was mainly used for daily operations and investments in financial instruments during the year. The current ratio of the Group at 31 March 2007 was 2.2 (2006: 1.3).

Financial Review

The current assets of the Group at 31 March 2007 decreased by HK\$177.8 million (7.3%) to HK\$2,259.6 million (2006: HK\$2,437.4 million).

Such decrease was mainly attributable to the decrease in inventories of HK\$8.4 million, available-for-sale investments of HK\$73.5 million, short-term loan receivables from related companies of HK\$159.5 million, margin loan receivables of HK\$15.8 million at year end as compared to the previous year. Furthermore, assets classified as held for sale of HK\$1,645.2 million as at 31 March 2006 were disposed of during the year. Such decrease outweighed the increase in other asset of HK\$229.3 million, trade and other receivables of HK\$329.4 million, investments held for trading of HK\$176.8 million, deposits paid for acquisition of investments held for trading of HK\$73.2 million, convertible notes designated at fair value through profit or loss of HK\$122.5 million, short-term loan receivables of HK\$288.4 million, loans to associates of HK\$369.4 million, tax recoverable of HK\$0.5 million and bank balances and cash of HK\$135.1 million.

對可兌換票據之投資

於本年度，本集團以總代價為389,000,000港元收購四份在聯交所上市的公司所發行之非上市可兌換票據，另有截至二零零六年三月三十一日止年度收購的三份現行可兌換票據。於年內收購群龍獲得一家聯營公司可兌換票據及總額305,000,000港元的可兌換票據，公平值減少18,400,000港元。有關可兌換票據兌換權總公平值及確認為損益及儲備的債務部份分別減少187,100,000港元及增加14,600,000港元。於年內，合共173,000,000港元兌換為可供銷售投資。此外，兩份新獲得的指定按公平值計入損益的可兌換票據總公平值增加及應計利息收入分別16,800,000港元及5,700,000港元已於損益中確認。

流動資金

於二零零七年三月三十一日之銀行及現金結存大幅增加至161,600,000港元（二零零六年：26,500,000港元），佔本集團有形資產淨值6.5%（二零零六年：1.4%）。大幅度增加主要是由於年內出售MII資產收益及獲得其他貸款。年內該等現金主要用作日常營運及金融工具投資。本集團於二零零七年三月三十一日之流動比率為2.2（二零零六年：1.3）。

財務回顧

本集團於二零零七年三月三十一日之流動資產減少177,800,000港元（7.3%）至2,259,600,000港元（二零零六年：2,437,400,000港元）。

流動資產減少主要是由於年末存貨、可供銷售投資、應收有關連公司短期貸款及應收孖展貸款與去年相比分別減少8,400,000港元、73,500,000港元、159,500,000港元及15,800,000港元。此外，於二零零六年三月三十一日分類為持作銷售之1,645,200,000港元資產於年內售出。該等減少超過其他資產增加229,300,000港元、貿易及其他應收款項增加329,400,000港元、持作買賣投資增加176,800,000港元、收購持作買賣投資所付按金增加73,200,000港元、指定按公平值計入損益的可兌換票據增加122,500,000港元、應收短期貸款增加288,400,000港元、應收聯營公司貸款增加369,400,000港元、可退回稅項增加500,000港元及銀行結餘及現金增加135,100,000港元。

Other asset of HK\$229.3 million as at 31 March 2007 arose from the acquisition of GDI during the year.

Inventories decreased from HK\$8.6 million as at 31 March 2006 to HK\$0.1 million as at 31 March 2007. Such dramatic decrease was mainly attributable to the disposal of the trading of computer related products and trading of consumer electronic products segments as mentioned in the aforesaid "Segment results".

Trade and other receivables increased from HK\$59.7 million as at 31 March 2006 to HK\$389.1 million as at 31 March 2007. Such drastic increase was mainly attributable to the receivable of HK\$295.6 million from an acquirer of the Group's former subsidiaries. The number of days for debtors turnover increased from 39 days last year to 104 days in current year and such increase is mainly attributable to the trading of securities.

Short-term loan receivables, short-term loans receivables from related companies and loans to associates increased in aggregate from HK\$182.3 million as at 31 March 2006 to HK\$680.6 million as at 31 March 2007. Such increase was mainly attributable to a number of loan agreements entered into with third parties for an aggregate principal amount of HK\$958.5 million during the year. An aggregate amount of short-term loan receivables of HK\$346.0 million was included on acquisition of GDI during the year. During the year, an aggregate amount of HK\$680.6 million was repaid, satisfied by cash and other payables. Provision for loan receivable of HK\$5.0 million was made during the year.

Payment for acquisition of interests in properties, convertible note from an associate and conversion options embedded in convertible note from an associate of HK\$58.8 million, HK\$241.4 million and HK\$44.6 million, respectively, were included in the Group on acquisition of GDI during the year. Deposit paid for acquisition of subsidiaries and deposits paid for acquisition of investments held for trading of HK\$50.0 million and HK\$73.2 million, respectively, were made during the year.

Trade and other payables decreased from HK\$358.8 million as at 31 March 2006 to HK\$90.7 million as at 31 March 2007. Such dramatic decrease was mainly attributable to the decrease in trade payables as a result of the disposal of the trading of computer related products and trading of consumer electronic products segments as mentioned in the aforesaid "Segment results". The number of days for creditors turnover increased from 44 days in 2006 to 72 days in current year and such increase is mainly attributable to the trading of securities.

於二零零七年三月三十一日，因年內收購群龍獲得的其他資產為229,300,000港元。

存貨由二零零六年三月三十一日之8,600,000港元減少至二零零七年三月三十一日之100,000港元，大幅減少主要是由於上文「分類業績」所述出售電腦相關產品貿易及消費電子產品貿易部門所致。

貿易及其他應收款項由二零零六年三月三十一日之59,700,000港元增加至二零零七年三月三十一日之389,100,000港元，主要來自本集團前附屬公司收購方的應收款項295,600,000港元。應收賬款流轉期由去年之39日增加至本年度之104日，主要是由於買賣證券所致。

應收短期貸款、應收有關連公司短期貸款及給予聯營公司貸款由二零零六年三月三十一日合共182,300,000港元增加至二零零七年三月三十一日的680,600,000港元，主要是由於年內與第三方訂立多項本金總額為958,500,000港元的貸款協議。於年內收購群龍後，加入應收短期貸款總額346,000,000港元。於年內，已透過現金及其他應付款項償還總額680,600,000港元。年內已作出應收貸款撥備5,000,000港元。

於年內收購群龍後，加入收購物業權益款項58,800,000港元、聯營公司之可兌換票據241,400,000港元及聯營公司可兌換票據之兌換權44,600,000港元。於年內已支付收購附屬公司按金50,000,000港元及收購持作買賣投資已付按金73,200,000港元。

貿易及其他應付款項由二零零六年三月三十一日之358,800,000港元減少至二零零七年三月三十一日之90,700,000港元，主要是由於上文「分類業績」所述出售電腦相關產品貿易及消費電子產品貿易部門而使貿易應付款項減少所致。應付賬款流轉期由二零零六年之44日增加至本年度之72日，主要是由於買賣證券所致。

At 31 March 2007, total borrowings of the Group amounted to HK\$1,278.6 million (2006: HK\$720.5 million), of which HK\$83.7 million (2006: HK\$95.7 million) were not repayable within one year. The borrowings included bank and other borrowings of HK\$598.3 million (2006: HK\$687.3 million), overdrafts of HK\$21.0 million (2006: HK\$33.2 million). In addition, there were convertible notes payable of HK\$659.3 million as at 31 March 2007 (2006: Nil). The increase in borrowings was mainly due to the issue of convertible notes by the Company of HK\$770.9 million. Included in the fair value of the convertible notes of HK\$687.1 million and effective interest accrued of HK\$31.9 million, an amount attributable to the equity component of the convertible notes of HK\$59.5 million was classified under reserves. New borrowings totalling HK\$865.0 million were obtained during the year for the purposes of investment and daily operation. Repayment of HK\$656.2 million was made during the year. Furthermore, an amount of HK\$7.2 million was excluded from the Group as a result of disposal of a subsidiary in May 2006. Overdrafts decreased by HK\$12.2 million as compared to 31 March 2006.

Interests in associates

The increase in balance from HK\$616.9 million as at 31 March 2006 to HK\$875.6 million as at 31 March 2007 was mainly due to the disposal of the Group's 15.3% interest in China Strategic Holdings Limited ("CSHL") and interests in certain associates, and acquisition of GDI which contributed an aggregate amount of HK\$381.0 million and HK\$560.9 million, respectively. During the year, the Group had shared profits and increased in reserves of associates of HK\$35.3 million and HK\$43.5 million, respectively.

Pledge of assets

At 31 March 2007, certain assets of the Group amounting to HK\$300.0 million (2006: HK\$1,430.0 million) were pledged to banks and financial institutions for loan facilities granted to the Group.

於二零零七年三月三十一日，本集團借款總額為1,278,600,000港元（二零零六年：720,500,000港元），其中83,700,000港元（二零零六年：95,700,000港元）毋須於一年內償還。有關借款包括銀行及其他借款598,300,000港元（二零零六年：687,300,000港元）及透支21,000,000港元（二零零六年：33,200,000港元）。此外，於二零零七年三月三十一日，應付可兌換票據為659,300,000港元（二零零六年：無）。借款增加主要是由於本公司發行可兌換票據770,900,000港元，其中可兌換票據權益部份應佔數額59,500,000港元歸入儲備，並已加入可兌換票據公平值687,100,000港元及實際應計利息31,900,000港元。於年內獲得用於投資及日常營運的新借款總額為865,000,000港元，而償還款項656,200,000港元。此外，二零零六年五月出售一間附屬公司後，7,200,000港元款項已不包括在本集團賬目。較二零零六年三月三十一日，透支減少12,200,000港元。

聯營公司權益

結餘由二零零六年三月三十一日之616,900,000港元增加至二零零七年三月三十一日之875,600,000港元，主要是由於出售中策集團有限公司（「中策」）15.3%權益及若干聯營公司權益，加上收購群龍而分別貢獻總額381,000,000港元及560,900,000港元所致。於年內，本集團應佔聯營公司溢利為35,300,000港元，應佔聯營公司儲備則增加43,500,000港元。

資產抵押

於二零零七年三月三十一日，本集團將300,000,000港元（二零零六年：1,430,000,000港元）之若干資產抵押予銀行及財務機構作為本集團貸款融資的擔保。

Gearing ratio

The gearing ratio (borrowings/shareholders' funds) at 31 March 2007 significantly increased to 51.3% (2006: 38.6%) owing to the increase in bank and other borrowings and issue of convertible notes payable during the year to finance the Group's investments.

Exchange rate and interest rate risks exposure

Most of the Group's business transactions, assets and liabilities are denominated in Hong Kong Dollars. The risk of foreign exchange fluctuation has not been significant to the Group. Interest rates of bank and other loans are at Prime plus. At the balance sheet date, the Group did not enter into any interest rate speculative and hedging contracts.

Contingent liabilities

At 31 March 2007, the Group had guarantee given to a bank in respect of banking facilities utilized by a third party of HK\$23.2 million. As at 31 March 2006, the Group shared from an associate's contingent liabilities in relation to guarantees given to banks and other guarantees amounted to HK\$11.5 million.

Employees and remuneration policies

As at 31 March 2007, there were approximately 45 staff members (2006: 500) employed by the Group. The remuneration policies are formulated on the basis of performance of individual employees and the prevailing salaries' trends in the various regions. They are subject to be reviewed every year. The Group also provided employee training programs, a mandatory provident fund scheme, medical insurance and discretionary bonuses. Share options are awarded to employees on a merit basis. However, no share options were granted during the year.

負債資本比率

由於年內增加銀行及其他借款，加上發行可兌換票據為本集團之投資提供資金，使二零零七年三月三十一日之負債資本比率（借款／股東資金）大幅上升至51.3%（二零零六年：38.6%）。

匯率及利率風險

本集團大部份業務交易、資產及負債均以港元計值。因此，本集團的匯兌波動風險並非重大。銀行及其他貸款利率均高於最優惠利率。於結算日，本集團並無訂立任何利率投機及對沖合約。

或然負債

於二零零七年三月三十一日，本集團就第三方所動用銀行信貸而向銀行作出擔保23,200,000港元。於二零零六年三月三十一日，本集團就銀行擔保及其他擔保攤佔聯營公司或然負債11,500,000港元。

僱員及薪酬政策

於二零零七年三月三十一日，本集團僱用約45名僱員（二零零六年：500名）。本集團之薪酬政策乃根據個別僱員之表現及不同地區當時之薪酬趨勢而制定，並會每年檢討。本集團亦提供培訓計劃、強制性公積金計劃、醫療保險及酌情花紅予僱員，表現優異之僱員會獲得購股權獎勵。然而，年內並無授出購股權。





奮進向前
跨越障礙

MOVING FORWARD

DIRECTOR'S PROFILE

Dr. CHAN Kwok Keung, Charles, aged 52, was appointed as Managing Director of the Company in November 1995. He was appointed as Chairman of the Company in November 2000 and is responsible for the overall management of the Company. He retired by rotation at the annual general meeting held in 2004 and was re-appointed as Chairman and Executive Director of the Company on 3 September 2004. He holds an Honorary degree of Doctor of Laws and a Bachelor's degree in Civil Engineering and has over 27 years' international corporate management experience in construction and property sectors as well as strategic investments. Dr. Chan is the chairman of ITC Corporation Limited and a non-executive director of PYI Corporation Limited, both of which are companies whose shares are listed on the main board of The Stock Exchange of Hong Kong Limited.

Dr. YAP, Allan, aged 51, joined the Company in 1995 and was appointed as Deputy Managing Director in December 1997. In November 2000, he was appointed as Managing Director of the Company. He obtained the Honorary degree of Doctor of Laws and has over 25 years' experience in finance, investment and banking. Dr. Yap is an executive director of Big Media Group Limited and Wing On Travel (Holdings) Limited, companies whose shares are listed on the Growth Enterprise Market and on the main board of The Stock Exchange of Hong Kong Limited respectively. He is the chairman and chief executive officer of China Enterprises Limited, a company whose shares are traded on the OTC Bulletin Board in the United States of America as well as Burcon NutraScience Corporation, a company whose shares are listed on the TSX Venture Exchange in Canada and the Frankfurt Stock Exchange in Germany. Dr. Yap is an executive chairman of PSC Corporation Ltd, Intraco Limited and Tat Seng Packaging Group Ltd., all of which are companies whose shares are listed on the Singapore Exchange Limited. He is also the chairman of MRI Holdings Limited, a company whose shares are listed on the Australian Stock Exchange.

Mr. LUI Siu Tsuen, Richard, aged 51, joined the Company in November 1995 and was appointed as Deputy Managing Director in May 2002. He is a qualified accountant and has over 27 years of experience in accounting, financial and corporate management. He held senior positions in an international accounting firm and various private and public listed companies. Mr. Lui is an executive director of Wing On Travel (Holdings) Limited, a company whose shares are listed on the main board of The Stock Exchange of Hong Kong Limited and PSC Corporation Ltd, a company whose shares are listed on the Singapore Exchange Limited. He is also a director of MRI Holdings Limited, a company whose shares are listed on the Australian Stock Exchange.

Mr. KWOK Ka Lap, Alva, aged 59, has been an Independent Non-Executive Director of the Company since July 2003. He was a marketing manager in an international company engaging in the design of business administration system. Mr. Kwok has been in the insurance and investments business for over 25 years, principally in the senior managerial position leading a sizable sales team. Mr. Kwok is an executive director and the chief executive officer of China Strategic Holdings Limited, and an independent non-executive director of Macau Prime Properties Holdings Limited and Wing On Travel (Holdings) Limited, all of which are companies whose shares are listed on the main board of The Stock Exchange of Hong Kong Limited.

董事簡歷

陳國強博士，52歲，於一九九五年十一月獲委任為本公司董事總經理。彼於二零零零年十一月獲委任為本公司主席，並負責本公司之整體管理事宜。彼於二零零四年舉行之股東週年大會上輪值退任，並於二零零四年九月三日重新獲委任為本公司主席兼執行董事。彼持有法律榮譽博士學位及土木工程學士學位，在建築業、地產業及策略投資方面積逾二十七年國際企業管理經驗。陳博士為德祥企業集團有限公司之主席及保華集團有限公司之非執行董事，兩間公司之股份均於香港聯合交易所有限公司主板上市。

YAP, Allan 博士，51歲，於一九九五年加入本公司，並於一九九七年十二月獲委任為副董事總經理。彼於二零零零年十一月獲委任為本公司董事總經理。彼持有法律榮譽博士學位，並於金融、投資及銀行業務方面積逾二十五年經驗。Yap博士為天下媒體集團有限公司及永安旅遊(控股)有限公司之執行董事，該等公司之股份分別於香港聯合交易所有限公司之創業板及主板上市。彼為China Enterprises Limited(其股份於美國場外交易議價板買賣)及Burcon NutraScience Corporation(其股份於加拿大TSX Venture Exchange及德國法蘭克福證券交易所上市)之主席兼行政總裁。Yap博士為普威集團有限公司、新加坡國際貿易有限公司及達成包裝集團有限公司之執行主席，該等公司之股份均於新加坡證券交易所有限公司上市。彼亦為MRI Holdings Limited之主席，其股份於澳洲證券交易所上市。

呂兆泉先生，51歲，於一九九五年十一月加入本公司，並於二零零二年五月獲委任為本公司副董事總經理。彼為專業會計師，以及於會計、財務及企業管理方面積逾二十七年經驗。彼曾於一家國際會計師行、多間私人機構及上市公司擔任高職。呂先生為永安旅遊(控股)有限公司(其股份於香港聯合交易所有限公司主板上市)及普威集團有限公司(其股份於新加坡證券交易所有限公司上市)之執行董事。彼亦為MRI Holdings Limited之董事，其股份於澳洲證券交易所上市。

郭嘉立先生，59歲，自二零零三年七月出任本公司之獨立非執行董事。彼曾為一所從事工商行政系統設計的國際公司之市場經理。郭先生在保險及投資業務方面積逾二十五年經驗，並擔任高級管理人員，管轄具規模之營業隊伍。郭先生為中策集團有限公司之執行董事兼行政總裁，以及澳門祥泰地產集團有限公司及永安旅遊(控股)有限公司之獨立非執行董事，該等公司之股份均於香港聯合交易所有限公司主板上市。

Mr. WONG King Lam, Joseph, aged 55, has been an Independent Non-Executive Director of the Company since September 2004. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. He has more than 26 years' extensive experience in auditing, corporate and financial management with a number of companies in different business sectors which include an international accounting firm and local listed companies. Mr. Wong is also an executive director of Grand Field Group Holdings Limited and an independent non-executive director of China Strategic Holdings Limited, Honesty Treasure International Holdings Limited, Tungtex (Holdings) Company Limited and Wing On Travel (Holdings) Limited, all of which are companies whose shares are listed on the main board of The Stock Exchange of Hong Kong Limited.

Mr. POON Kwok Hing, Albert, aged 46, has been an Independent Non-Executive Director of the Company since 1 February 2007. Mr. Poon graduated from the University of Bath, United Kingdom with a Master of Science degree in Business Administration. He is also a member of the Hong Kong Institute of Certified Public Accountants and a member of the CPA Australia. Mr. Poon is currently the company secretary and qualified accountant of Shang Hua Holdings Limited and an independent non-executive director of Wing On Travel (Holdings) Limited.

SENIOR MANAGEMENT'S PROFILE

Ms. LAW, Dorothy, aged 37, was appointed as the Corporate Counsel of the Company in November 1997. She is also a director of China Enterprises Limited, a company whose shares are traded on the OTC Bulletin Board in the United States of America as well as Burcon NutraScience Corporation, a company whose shares are listed on the TSX Venture Exchange in Canada and the Frankfurt Stock Exchange in Germany. Ms. Law received her Bachelor of Commerce and Bachelor of Law degrees from the University of British Columbia and is a Barrister and Solicitor licensed to practice law in British Columbia, Canada. She has also been admitted as a solicitor of the High Court of Hong Kong. Prior to joining the Company and the Burcon group of companies, Ms. Law worked for a Canadian national law firm practicing in the areas of corporate and securities law.

Ms. KEE Shui Wah, aged 42, joined the Company in April 1994 and was appointed as Chief Financial Officer of the Company in May 2002. Ms. Kee is a member of both the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. She has over 17 years' experience in international accounting and finance in multinational corporations.

黃景霖先生，55歲，自二零零四年九月出任為本公司之獨立非執行董事。彼為香港會計師公會及英國特許公認會計師公會之資深會員。彼於多間不同業務範疇之公司，其中包括一家國際會計師行及本地上市公司，積逾二十六年有關審計、企業及財務管理之豐富經驗。黃先生亦為鈞濠集團有限公司之執行董事及中策集團有限公司、信寶國際控股有限公司、同得仕（集團）有限公司及永安旅遊（控股）有限公司之獨立非執行董事，該等公司之股份均於香港聯合交易所有限公司主板上市。

潘國興先生，46歲，於二零零七年二月一日出任為本公司之獨立非執行董事。潘先生畢業於英國University of Bath，並取得工商管理科碩士學位。彼亦為香港會計師公會及澳洲會計師公會之會員。潘先生現為上華控股有限公司之公司秘書及合資格會計師及永安旅遊（控股）有限公司之獨立非執行董事。

高層管理人員簡歷

LAW, Dorothy女士，37歲，於一九九七年十一月獲委任為本公司之公司律師。彼亦為China Enterprises Limited（其股份於美國場外交交易議價板買賣）及Burcon NutraScience Corporation（其股份於加拿大TSX Venture Exchange及德國法蘭克福證券交易所上市）之董事。Law女士持有英屬哥倫比亞大學商業學士學位及法律學士學位，並獲准在加拿大卑詩省執業為大律師及律師，彼亦已成為香港高等法院之認可執業律師。在加入本公司及Burcon集團之前，Law女士於一間加拿大之全國性律師行執業，負責公司及證券法方面之工作。

祁瑞華女士，42歲，於一九九四年四月加入本公司，並於二零零二年五月獲委任為本公司之財務總監。祁女士為英國特許公認會計師公會及香港會計師公會之會員，彼擁有逾十七年國際會計及跨國企業財務之經驗。





業務擴展
覆蓋無限

EXPANDING BUSINESS

The Board of Directors of the Company (the “Board”) is committed to good standards of corporate governance in order to protect and enhance the interests of our shareholders.

CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles and complied with all the code provisions on the Code on Corporate Governance Practices (the “CG Code”) as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) throughout the year ended 31 March 2007, except for the following deviations:–

Code Provision A.2.1 of the CG Code

Under the code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Company does not at present have any officer with the title of “chief executive officer” (“CEO”) but instead the duties of a CEO are performed by Dr. Yap, Allan, the Managing Director of the Company, in the same capacity as the CEO of the Company.

Code Provision A.4.1 of the CG Code

Under the code provision A.4.1 of the CG Code, non-executive directors should be appointed for a specific term, subject to re-election. The current independent non-executive directors are not appointed for a specific term. However, all directors (including executive and non-executive) are subject to retirement by rotation at annual general meeting of the Company in accordance with bye-law 87(2) of the Bye-Laws of the Company.

Code Provision E.1.2 of the CG Code

Under the code provision E.1.2 of the CG Code, the chairman of the Board should attend the annual general meeting and answer questions at the annual general meeting. The chairman of the Board, Dr. Chan Kwok Keung, Charles was unable to attend the 2006 annual general meeting as he had another important business engagement. However, the other executive director, present at the annual general meeting who then took the chair of that meeting in accordance with bye-law 63 of the Bye-Laws of the Company, and the members of Audit Committee were present at that annual general meeting.

本公司董事會（「董事會」）致力於良好水平之企業管治，以保障及提升本公司股東之利益。

企業管治常規

本公司於截至二零零七年三月三十一日止整個年度內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所載企業管治常規守則（「企業管治守則」）之有關原則及已遵守所有守則條文，惟下列偏離事項除外：

企業管治守則之守則條文第A.2.1條

根據企業管治守則之守則條文第A.2.1條，主席與行政總裁的角色應有區分，且不應由同一人擔任。本公司現時並無設立「行政總裁」（「行政總裁」）之職位，然而行政總裁之職責乃由本公司董事總經理Yap, Allan博士履行，職權猶如本公司行政總裁一樣。

企業管治守則之守則條文第A.4.1條

根據企業管治守則之守則條文第A.4.1條，非執行董事應有指定任期，惟須予重選。現有獨立非執行董事並無指定任期。然而，所有董事（包括執行及非執行）均須根據本公司之公司細則第87(2)條於本公司股東週年大會上輪值告退。

企業管治守則之守則條文第E.1.2條

根據企業管治守則之守則條文第E.1.2條，董事會主席應出席股東週年大會，並於股東週年大會上回應提問。由於董事會主席陳國強博士因處理其他重要事務故未能出席二零零六年股東週年大會。然而，其他出席股東週年大會之執行董事根據本公司之公司細則第63條出任該大會主席，及審核委員會之成員亦出席該股東週年大會。

THE BOARD

Composition of the Board

The Board represents shareholders of the Company in managing the Company's affairs. The Board currently consists of six members, including three executive directors, namely Dr. Chan Kwok Keung, Charles (Chairman), Dr. Yap, Allan (Managing Director) and Mr. Lui Siu Tsuen, Richard (Deputy Managing Director), and three independent non-executive directors, namely Messrs. Kwok Ka Lap, Alva, Wong King Lam, Joseph and Poon Kwok Hing, Albert. Biographical details of all directors and the relevant relationships among them are set out in "Directors' and Senior Management's Profile" on pages 19 to 20 of the annual report.

The Board includes a balanced composition of executive directors and independent non-executive directors and possess a wide spectrum of relevant skills and experience. Among all independent non-executive directors, two of them have the professional accounting qualification as required by the Listing Rules. The Company has received an annual confirmation from each of the independent non-executive directors pursuant to Rule 3.13 of the Listing Rules. The Company considers all of independent non-executive directors to be independent.

The Board meets regularly throughout the year as and when required. Sufficient notices are given to all directors before the regular board meetings and all directors are consulted to include any matters in the agenda. Agenda and accompanying board papers are given to all directors in a timely manner before the appointed date of the meetings. All Board members are kept informed of material changes about the Group's businesses and have full access to the Company Secretary with a view to ensuring the Board procedures and all applicable rules and regulations are followed.

董事會

董事會之組成

董事會代表本公司股東管理本公司事務。董事會目前由六名成員組成，包括三名執行董事（即陳國強博士（主席）、Yap, Allan博士（董事總經理）及呂兆泉先生（副董事總經理）），以及三名獨立非執行董事（即郭嘉立先生、黃景霖先生及潘國興先生）。所有董事之履歷詳情及彼等間之相關關係載於本年報第19頁至20頁之「董事及高層管理人員簡歷」內。

董事會包括執行董事及獨立非執行董事間之平衡組合並擁有廣泛之相關技能及經驗。在所有獨立非執行董事中，其中二名具有上市規則規定之專業會計資格。本公司已接獲各獨立非執行董事根據上市規則第3.13條所作出之年度確認書。本公司認為所有獨立非執行董事均為獨立。

董事會於整個年度內（倘及當有需要時）定期會晤。足夠之通知會於常規董事會會議前向所有董事發出，及諮詢所有董事以將任何事宜載入會議議程中。會議議程及隨附之董事會文件將於指定之會議日期前及時向所有董事發出。所有董事會成員均獲知會本集團業務之重大變動，並可充分接觸公司秘書，藉以確保遵循董事會程序及所有適用規則及規例。

During the year ended 31 March 2007, fourteen meetings were held by the Board. Individual attendance of each Board member at these meetings is shown below:

於截至二零零七年三月三十一日止年度內，董事會已舉行十四次會議。各董事會成員之個別出席該等會議之情況載列如下：

Name of Director	董事姓名	Number of Board Meetings attended/held 已出席／已舉行之 董事會會議次數
<i>Executive Directors</i>		
Dr. Chan Kwok Keung, Charles (<i>Chairman</i>)	陳國強博士 (主席)	14/14
Dr. Yap, Allan (<i>Managing Director</i>)	Yap, Allan博士 (董事總經理)	13/14
Mr. Lui Siu Tsuen, Richard (<i>Deputy Managing Director</i>)	呂兆泉先生 (副董事總經理)	14/14
<i>Independent Non-executive Directors</i>		
Mr. Yuen Tin Fan, Francis (<i>Note 1</i>)	袁天凡先生 (附註1)	7/7
Mr. Kwok Ka Lap, Alva	郭嘉立先生	14/14
Mr. Wong King Lam, Joseph	黃景霖先生	14/14
Mr. Sin Chi Fai (<i>Note 2</i>)	冼志輝先生 (附註2)	11/12
Mr. Poon Kwok Hing, Albert (<i>Note 3</i>)	潘國興先生 (附註3)	2/2

Notes:

- Mr. Yuen Tin Fan, Francis retired as independent non-executive director at the annual general meeting of the Company held on 1 September 2006.
- Mr. Sin Chi Fai resigned as independent non-executive director with effect from 1 February 2007.
- Mr. Poon Kwok Hing, Albert was appointed as independent non-executive director with effect from 1 February 2007.

附註：

- 袁天凡先生已在本公司於二零零六年九月一日舉行之股東週年大會上退任獨立非執行董事。
- 冼志輝先生自二零零七年二月一日起已辭任獨立非執行董事。
- 潘國興先生自二零零七年二月一日起獲委任為獨立非執行董事。

The principal functions of the Board are to formulate corporate strategy and direction with the objective of enhancing shareholder value, to consider the Group's major corporate matters, to monitor and control the operating and financial performance of the Group. Day-to-day management of the Group's business is delegated to the management of the Company under the supervision of the Managing Director. The delegation of responsibilities and authority is reviewed regularly to ensure that the appropriate reporting systems are in place. The Board has established three committees with specific responsibilities to manage and oversee particular aspects of the Company's affairs. Each committee is appointed with written terms of reference and is accountable to the full Board. The Board has reserved for its decision and consideration matters covering corporate strategy, dividend policy, major acquisitions, disposals and capital transactions, annual and interim results, changes of members of the Board and its committees, and other significant operational and financial matters. A written procedure has been agreed for directors to seek independent professional advice at the Company's expense upon their request.

董事會之主要職能為制定企業策略及方向以提升股東價值、審議本集團主要企業事宜以及監控本集團營運及財務表現。本集團業務之日常管理在董事總經理監督下由本公司管理層負責。委派之職責及授予之職權將定期進行檢討，以確保適當之報告體系就位。董事會已設立三個委員會並具有特定職責，以管理及監督本公司事務之特定方面。各委員會均書面定明職權範圍並向全體董事會負責。董事會有權決定及考慮涉及企業策略、股息政策、重大收購、出售及資本交易、年度及中期業績、董事會及其委員會成員之變更以及其他重大營運及財務事宜。已協定一項書面程序，以便在董事提出尋求獨立專業意見之要求時，由本公司承擔有關費用。

The Company has arranged for Directors' and Officers' Liability Insurance to indemnify its Directors and management staff against potential liabilities incurred by them in discharging their duties. The insurance coverage for the Directors and management staff is reviewed on an annual basis.

Chairman and Managing Director

The Company fully recognizes that the respective role of Chairman and Managing Director should be distinct and separated. The position of the Chairman and Managing Director are held by Dr. Chan Kwok Keung, Charles and Dr. Yap, Allan respectively. The Chairman is responsible for leadership of the Board while the Managing Director is responsible for the day-to-day management of the Group. A clear division of responsibilities at the board level is maintained in order to entail a balance of power and authority.

Appointment, Re-election and Removal of Directors

The Company has not established a nomination committee. The Board as a whole is responsible for considering and approving the appointment of its members and nominating them for election and re-election by the shareholders of the Company in order to ensure the Board to have adequate skills and experience for further shareholder interest. Pursuant to the Bye-Laws of the Company, the Board shall have the power from time to time and at any time to appoint any person as director either to fill a casual vacancy on the Board or as an addition to the existing Board. The Board should take into account of the candidate's qualification, ability and potential contribution to the Company. In accordance with the Bye-Laws of the Company, new appointments to the Board are subject to re-election by shareholders at the forthcoming annual general meeting ("AGM"). In addition, one-third of the Directors will retire from office by rotation for re-election by shareholders at the AGM and every director is subject to retirement by rotation at least once every three years.

During the year, Mr. Sin Chi Fai resigned as an independent non-executive director and a member of the audit committee of the Company due to personal reason on 1 February 2007. Mr. Poon Kwok Hing, Albert was appointed as an independent non-executive director and a member of the audit committee of the Company on 1 February 2007.

The non-executive directors are not appointed for specific term. Under the Bye-Laws of the Company, all directors (including executive directors and independent non-executive directors) are subject to retirement by rotation at least once every three years.

Induction program is arranged for the newly appointed director on the latest information of the Group. The comprehensive orientation package is also provided detailing the responsibilities and duties of being a director and the requirements under the applicable rules and regulations of the Company.

本公司已為其董事及管理層人員安排董事及管理層人員責任保險，以賠償彼等因履行各自之職責而引起之潛在責任。董事及管理層人員之承保範圍會於每年進行檢討。

主席及董事總經理

本公司深知主席及董事總經理各自之角色應是不同及分開的。主席及董事總經理之職位分別由陳國強博士及Yap, Allan 博士擔任。主席負責領導董事會，而董事總經理則負責本集團之日常管理。將維持董事級別責任之明確劃分，以達致權力及職權之平衡。

委任、重選及罷免董事

本公司並無設立提名委員會。全體董事會負責考慮及批准委任其成員及提名彼等以供本公司股東進行遴選及重選連任，以確保董事會就進一步之股東利益具備充足之技能及經驗。根據本公司之公司細則，董事會不時及隨時有權委任任何人士出任董事，以填補董事會之臨時空缺或作為現有董事會之新增成員。董事會須計及被提名人士之資歷、才能及對本公司之潛在貢獻。根據本公司之公司細則，新委任之董事須於隨後之股東週年大會（「股東週年大會」）上退任及膺選連任。此外，三分之一之現任董事須於股東週年大會上輪值告退，且有資格膺選連任及每名董事均須至少每三年輪值退任一次。

於本年度內，冼志輝先生因私人理由辭任為本公司之獨立非執行董事及審核委員會成員，由二零零七年二月一日起生效。潘國興先生獲委任為本公司之獨立非執行董事及審核委員會成員，由二零零七年二月一日起生效。

非執行董事並無指定任期。根據本公司之公司細則，所有董事（包括執行董事及獨立非執行董事）均須至少每三年輪值退任一次。

就本集團之最新資料為新委任董事安排就任計劃。亦提供全面之迎新資料，詳述董事之責任與職責以及本公司適用之規則及規例之有關規定。

BOARD COMMITTEES

The Board has established committees to assist in carrying out its responsibilities. Three committees have been appointed, including an Executive Committee, a Remuneration Committee and an Audit Committee. The committees report regularly to the Board and where appropriate, make recommendations on matters for consideration.

Executive Committee

The Executive Committee was established in December 2005 which comprises all executive directors, namely Dr. Chan Kwok Keung, Charles, Dr. Yap, Allan and Mr. Lui Siu Tsuen, Richard. The Executive Committee meets as and when required to oversee the day-to-day management and operation of the Group's business and has all the general powers of the Board except those matters specifically reserved for the Board which are reviewed by the Board from time to time.

Remuneration Committee

The Remuneration Committee was established by the Company in December 2005 with specific written terms of reference which clearly defined its role, authority and function. The Remuneration Committee consists of two independent non-executive directors, namely Messrs. Kwok Ka Lap, Alva and Wong King Lam, Joseph and one executive director, namely Mr. Lui Siu Tsuen, Richard. Mr. Kwok Ka Lap, Alva acts as the Chairman of Remuneration Committee. The Remuneration Committee is responsible for making recommendations to the Board on issues including review management succession planning for senior management of the Company; formulate and review remuneration policy and packages of all directors and senior management; and review and approve compensation packages, roles and responsibilities and performance assessment of employees of the Group. The terms of reference of the Remuneration Committee, which follow closely with the requirement of the CG Code and have been adopted by the Board, are posted on the Company's website.

The remuneration package of directors, including discretionary bonus and share options, is based on the (i) their individual performance; (ii) salaries paid by comparable companies; (iii) time commitment and responsibilities and (iv) employment conditions elsewhere in the group. The Remuneration Committee will consult the Chairman and of the Board and the Managing Director about their proposals relating to the remuneration of other executive directors and have access to professional advice if considered necessary.

董事委員會

董事會已設立委員會，以協助履行其職責。三個委員會已獲委派，包括執行委員會、薪酬委員會及審核委員會。該等委員會定期向董事會報告及（倘適當）就考慮有關事宜作出推薦建議。

執行委員會

執行委員會於二零零五年十二月設立，由全體執行董事組成，即陳國強博士、Yap, Allan博士及呂兆泉先生。執行委員會（倘及當有需要時）將會面以監督本集團業務之日常管理及營運，以及擁有董事會之一般權力（惟特別為董事會保留須經董事會不時檢討之事宜則除外）。

薪酬委員會

薪酬委員會於二零零五年十二月設立並書面訂明其職權範圍及清楚界定其職責、職權及職能。薪酬委員會由兩名獨立非執行董事（即郭嘉立先生及黃景霖先生）及一名執行董事（即呂兆泉先生）組成。郭嘉立先生擔任薪酬委員會主席。薪酬委員會負責就包括檢討本公司高級管理人員之管理人員繼任計劃；制定及檢討所有董事及高層管理人員之薪酬政策及配套；及檢討及批准本集團僱員之薪酬、職責及責任以及表現評估向董事會作出推薦意見。薪酬委員會之職權範圍（已載於本公司網站內）符合企業管治守則之規定，並已獲董事會採納。

董事之酬金待遇（包括酌定花紅及股份期權）乃取決於(i)個人表現；(ii)可比較公司支付之薪金；(iii)付出之時間及職責及(iv)本集團其他部門之聘用情況。薪酬委員會可諮詢主席及董事會及董事總經理就其對其他執行董事酬金之意見，並可在有需要時徵詢專業意見。

The Remuneration Committee met once during the year ended 31 March 2007 to review the remuneration package of a senior management. Individual attendance of each Remuneration Committee member at the meeting is shown below:

薪酬委員會於截至二零零七年三月三十一日止年度內已會晤一次，以檢討一名高層管理人員之薪酬方案。各薪酬委員會成員之個別出席該會議之情況載列如下：

Name of Remuneration Committee Member	Name of Remuneration Committee Member	Number of Remuneration Committee Meeting attended/held 已出席／已舉行之 薪酬委員會會議次數
Mr. Kwok Ka Lap, Alva (<i>Chairman</i>)	郭嘉立先生 (主席)	1/1
Mr. Wong King Lam, Joseph	黃景霖先生	1/1
Mr. Lui Siu Tsuen, Richard	呂兆泉先生	1/1

Audit Committee

審核委員會

The Audit Committee has been set up by the Company since 1999 with specific written terms of reference which clearly defined its role, authority and function. Major roles and functions of the Audit Committee are as follows:

本公司自一九九九年已成立審核委員會並書面訂明其職權範圍及清楚界定其職責、職權及職能。審核委員會之主要角色及職能如下：

- | | |
|---|--|
| (a) To consider the appointment, re-appointment and removal of the auditors, and to approve the remuneration and the terms of engagement of the auditors, and any questions of resignation or dismissal of the auditors of the Group; | (a) 考慮委任、重新委任及罷免核數師、批准核數師之薪酬及聘用條款以及本集團核數師辭任或離任之任何問題； |
| (b) To assess the independence of auditors and discuss with the auditors the nature and scope of the audit; | (b) 評估核數師之獨立性，並與核數師討論審核之性質及範圍； |
| (c) To review interim and annual accounts before submission to the Board; | (c) 於中期及年度賬目呈交予董事會之前審閱該等賬目； |
| (d) To review the financial controls, internal controls and risk management system of the Group and make recommendations to the Board; and | (d) 檢討本集團之財務監控、內部監控及風險管理系統，並向董事會作出推薦意見；及 |
| (e) To review the auditors' management letter and material queries raised by the auditors to management in respect of accounting records, financial accounts or systems of control and management's response. | (e) 審閱核數師之管理函件及核數師就有關會計記錄、財務賬目或控制系統及管理層回應事宜提出之重大問題。 |

The Audit Committee is composed of three independent non-executive directors, namely Messrs. Wong King Lam, Joseph (who acts as Chairman of the Committee), Kwok Ka Lap, Alva and Poon Kwok Hing, Albert. All Audit Committee members have appropriate qualifications and experience to properly discharge its roles and responsibilities.

審核委員會由三名獨立非執行董事組成，即黃景霖先生（擔任委員會主席）、郭嘉立先生及潘國興先生。所有審核委員會成員均擁有可適當地履行其職責及職責之適當資格及經驗。

During the year ended 31 March 2007, the Audit Committee held two meetings to review with the management and the auditors the audited financial statements for the year ended 31 March 2006 and the unaudited interim financial statements for the six months ended 30 September 2006, with the recommendations to the Board for approval; reviewed the effectiveness of internal control system; and has reviewed with the management the accounting principles and policies adopted by the Group and the financial statements for the year ended 31 March 2007. Individual attendance of each Audit Committee member at these meetings is shown below:

於截至二零零七年三月三十一日止年度，審核委員會曾舉行兩次會議，與管理層及核數師一同審閱截至二零零六年三月三十一日止年度之經審核財務報表及截至二零零六年九月三十日止六個月之未經審核中期財務報表，並提供推薦意見予董事會審批；審核內部監控系統之效益；並已與管理層一同審核本集團已採納之會計原則及政策以及截至二零零七年三月三十一日止年度之財務報表。各審核委員會成員之個別出席於該等會議之情況如下：

Name of Audit Committee Member	審核委員會成員姓名	Number of Audit Committee Meetings attended/held 已出席／已舉行之 審核委員會會議次數
Mr. Wong King Lam, Joseph (<i>Chairman</i>)	黃景霖先生 (主席)	2/2
Mr. Kwok Ka Lap, Alva	郭嘉立先生	2/2
Mr. Sin Chi Fai (resigned on 1 February 2007)	冼志輝先生 (於二零零七年二月一日辭任)	2/2
Mr. Poon Kwok Hing, Albert (appointed on 1 February 2007)	潘國興先生 (於二零零七年二月一日獲委任)	0/0

The Board and the Audit Committee did not have any differences of opinion during the year ended 31 March 2007.

截至二零零七年三月三十一日止年度，董事會與審核委員會並無任何意見分歧。

AUDITORS' REMUNERATION

核數師酬金

For the year ended 31 March 2007, the amount paid to Messrs. Deloitte Touche Tohmatsu, the auditors of the Company in respect of the audit and non-audit services provided are as follows:

截至二零零七年三月三十一日止年度，就德勤•關黃陳方會計師行(本公司核數師)已提供之審核及非審核服務而支付予其之金額如下：

Type of services	服務類型	Amount (HK\$'000) 金額 (千港元)
Audit	審核	6,000
Non-audit services	非審核服務	
Taxation	稅項	99
Other services	其他服務	14,754
Total:	合計:	20,853

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules as its own code of conduct regarding directors' securities transactions (the "Model Code"). Having made specific enquiry by the Company, all directors have confirmed the compliance with the required standard set out in the Model Code during the year ended 31 March 2007. The Company has also adopted a code of conduct governing securities transactions by employees who may possess or have access to price-sensitive information.

DIRECTORS' AND AUDITORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The directors are responsible for the preparation of the financial statements for each financial period which give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. In preparing the audited financial statements for the year ended 31 March 2007, the directors have selected suitable accounting policies and applied them consistently, made judgements and estimates that are prudent, fair and reasonable and prepared the audited financial statements on a going concern basis. The directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group, for safeguarding the assets of the Group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The responsibilities of the auditors to the shareholders are to form an independent opinion, based on the audit, on those financial statements and their opinion on the consolidated financial statements of the Group for the year ended 31 March 2007 is set out in "Independent Auditors Report" on pages 47 and 48 of the annual report.

INTERNAL CONTROLS

The Board has overall responsibility for maintaining a sound and effective system of internal control and for reviewing its effectiveness, particularly in respect of the controls on financial, operational, compliance and risk management, to achieve the Company's business strategies and the Group's business operations. The Board has adopted an internal control policy of the Group, which has been developed with a primary objective of providing general guidance and recommendations on a basic framework of internal control and risk management. The aim of the Group's internal control policy is to provide reasonable, but not absolute, assurance against material misstatement or loss rather than to eliminate risks of failure in operational systems and achievement of the objectives of the Group.

遵守董事進行證券交易之標準守則

本公司已採納上市規則附錄十所載之標準守則作為其董事進行證券交易之操守準則（「標準守則」）。本公司在作出具體查詢後，所有董事均確認，彼等於截至二零零七年三月三十一日止年度一直遵守標準守則所載之規定標準。本公司亦已採納有關可能擁有或取得股價敏感資料之僱員進行證券交易之操守準則。

董事及核數師就財務報表所承擔之責任

董事負責編製各財政期間真實及公平反映本集團財務狀況及該期間業績及現金流量之財務報表。在編製截至二零零七年三月三十一日止年度之經審核財務報表時，董事已選擇適當會計政策及持續應用該等會計政策，作出審慎、公平及合理之判斷及預測，並按持續基準編製經審核財務報表。董事亦負責存置隨時均可合理準確披露本集團財務狀況之適當會計記錄，以保護本集團資產及採取合理措施防止及查明欺詐及其他違規行為。

核數師對股東所負之責任是根據對有關財務報表作出之審核作出獨立意見，彼等對本集團截至二零零七年三月三十一日止年度之綜合財務報表之意見載於本年報第47至48頁之「獨立核數師報告」內。

內部監控

董事會整體負責維持穩健及有效之內部監控制度，並檢討其效能，特別是有關財務、營運、守規及風險管理之監控，致令本公司之業務策略及本集團之業務營運均取得成功。董事會已採納本集團之內部監控政策，制定有關政策旨在就內部監控及風險管理提供一般指引及推薦意見。本公司之內部監控政策旨在提供合理惟並非絕對保證並無重大錯誤陳述或損失以及管理而非消除營運系統及達致本集團目標過程中之疏忽風險。

Management has conducted regular reviews during the year on the effectiveness of the internal control system covering all material controls in area of financial and compliance controls, various functions for risks management as well as physical and information systems security. The Audit Committee has been reported twice during the year, in conjunction with key findings identified by the external auditors.

The Company has engaged an independent consultant to perform internal controls design assessment of certain systems and to prepare a report (the "Internal Controls Review Report") to enable the management of the Company to evaluate and, where appropriate, carry out the recommended controls procedures of Internal Controls Review Report. The Audit Committee has reviewed the Internal Controls Review Report.

COMMUNICATION WITH SHAREHOLDERS

The Company is committed to ensure that the Company maintains on-going dialogue with shareholders to provide them with information necessary to evaluate the performance of the Company. The primary communication channel between the Company and its shareholders includes the publication of interim and annual reports, press releases on newspapers, annual general meeting and other general meetings, and the Company's website.

Separate resolutions are proposed at general meetings on each substantially separate issue, including the election or re-election of individual directors. Details of procedure for demanding a poll is included in all circulars of the Company despatched to the shareholders of the Company. The Chairman also explains the procedures for demanding and conducting a poll again at the beginning of the general meeting and (except where a poll is demanded) reveals how many proxies for and against have been filed in respect of each resolution. The Company will engage external scrutineer to count the vote. The poll voting results are published on the Stock Exchange's website at www.hkex.com.hk and on the Company's website in compliance with the requirements of the Listing Rules.

The Company has also maintained a website at <http://www.hanny.com> which enables shareholders, investors and the general public to have an open access to the information of the Company. Financial information and all corporate communications of the Company are made available on the Company's website and are updated regularly.

於本年度，管理層定期檢討內部監控制度之有效性，包括重大的財務及守規監控風險管理工作以及實際及資訊系統保安。於本年度曾兩度向審核委員會匯報外聘核數師提出的主要發現。

本公司已委聘一獨立顧問對若干系統執行內部監控設計檢討，以及編製檢討報告（「內部監控檢討報告」），以便於本公司管理層評估及在合適情況下執行內部監控檢討報告之建議監控程序。審核委員會已審閱內部監控檢討報告。

與股東溝通

本公司致力於確保本公司與股東維持持續對話，以向股東提供必需資料，以評估本公司之表現。本公司與其股東之間之主要交流方式包括刊發中期及年度報告、在報章上發布新聞、舉行股東週年大會及其他股東大會以及瀏覽公司網站。

就各項重大不同事務（包括選舉或重選個別董事）於股東大會上提呈個別決議案。要求以數票表決方式表決之程序詳情載於本公司已寄發給本公司股東之所有通函內。主席於股東大會開始時，會再次解釋要求以投票方式進行表決之程序，及（要求以投票方式表決者除外）宣佈就每項決議案已接獲委任代表之贊成及反對之票數。本公司會委任外部監票員進行點算票數工作。而本公司已根據上市規則之規定將投票結果上載於聯交所網站及本公司網站。

本公司亦設有網址<http://www.hanny.com>，提供公開渠道以供股東、投資者及公眾人士取得本公司資料。本公司財務資料及所有公司通訊已上載於本公司網站，並會定期更新。

The directors present to the shareholders the annual report on the affairs of the Company and of the Group together with the audited financial statements for the year ended 31 March 2007.

PRINCIPAL ACTIVITIES

The Company is an investment holding company and the Group is principally engaged in trading of securities, property investment and trading, holding of vessel for sand mining and other strategic investments including investments in (i) a subsidiary whose shares are listed on the Australian Securities Exchange and a subsidiary whose shares are traded on the OTC Bulletin board in the United States of America; (ii) associated companies whose shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") or the Singapore Exchange Limited and (iii) long term convertible notes issued by companies whose shares are listed on the Stock Exchange. The activities of its principal subsidiaries and associates are set out in notes 59 and 22 respectively to the consolidated financial statements.

SIGNIFICANT EVENTS

During the year, the Group has certain significant events. Details of which are set out in note 2 to the consolidated financial statements.

RESULTS

Details of the results of the Group for the year are set out in the consolidated income statement on page 49 to 50.

董事謹向各股東提呈有關本公司及本集團業務狀況之年報，以及截至二零零七年三月三十一日止年度之經審核財務報表。

主要業務

本公司為一家投資控股公司，而本集團主要從事證券買賣、物業投資及買賣、擁有採砂船隻，以及其他策略性投資，包括投資於(i)一間股份在澳洲證券交易所上市的附屬公司及一間股份於美國場外交易議價板買賣的附屬公司；(ii)股份於香港聯合交易所有限公司（「聯交所」）或新加坡證券交易所有限公司上市的聯營公司；及(iii)股份於聯交所上市的公司所發行之長期可兌換票據。主要附屬公司及聯營公司業務分別載於綜合財務報表附註第59及22項。

重大事項

於年內，本集團有若干重大事項，詳情載於綜合財務報表附註第2項。

業績

本集團年內業績詳情載於第49至50頁的綜合收益表內。

DIVIDENDS

The directors recommend the payment of a final dividend at the rate of HK1 cent per share in cash with scrip option payable on or around Tuesday, 9 October 2007 to all persons registered as holders of shares of the Company on Monday, 10 September 2007. The Register of Members will be closed from Friday, 7 September 2007 to Monday, 10 September 2007, both days inclusive.

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group spent approximately HK\$3.4 million on the acquisition of property, plant and equipment for the purpose of expanding the Group's business. Details of this and other movements in the property, plant and equipment of the Group during the year are set out in note 19 to the consolidated financial statements.

INVESTMENT PROPERTIES

Details of revaluation of the investment properties of the Group during the year are set out in note 20 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 45 to the consolidated financial statements.

股息

董事建議派發末期股息每股現金1港仙(可選擇以股代息),末期股息約在二零零七年十月九日(星期二)向於二零零七年九月十日(星期一)登記為本公司股份持有人之所有人士派發。本公司將於二零零七年九月七日(星期五)至二零零七年九月十日(星期一)(包括首尾兩天)止期間暫停辦理股份過戶登記手續。

物業、機器及設備

本集團於年內動用約3,400,000港元購買物業、機器及設備,以擴展本集團之業務。有關此項及本集團於年內物業、機器及設備之其他變動詳情載於綜合財務報表附註第19項。

投資物業

本集團於年內投資物業之重估詳情載於綜合財務報表附註第20項。

股本

本公司本年度股本變動詳情載於綜合財務報表附註第45項。

DIRECTORS

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

Executive Directors:

Dr. Chan Kwok Keung, Charles (*Chairman*)
Dr. Yap, Allan (*Managing Director*)
Mr. Lui Siu Tsuen, Richard (*Deputy Managing Director*)

Independent Non-executive Directors:

Mr. Yuen Tin Fan, Francis (*retired on 1 September 2006*)
Mr. Kwok Ka Lap, Alva
Mr. Wong King Lam, Joseph
Mr. Sin Chi Fai (*resigned on 1 February 2007*)
Mr. Poon Kwok Hing, Albert (*appointed on 1 February 2007*)

In accordance with bye-laws 87(2) and 87(3) of the Company's Bye-laws, Mr. Lui Siu Tsuen, Richard and Mr. Kwok Ka Lap, Alva will retire from office by rotation at the forthcoming annual general meeting ("AGM"). Mr. Lui and Mr. Kwok, being eligible, will offer themselves for re-election at the AGM.

In accordance with bye-law 86(2) of the Company's Bye-laws, Mr. Poon Kwok Hing, Albert who was appointed during the period from the last annual general meeting to the date of this report, will retire and, being eligible, offer himself for re-election at the AGM.

The independent non-executive directors are subject to retirement by rotation in accordance with the above clauses of the Company's Bye-laws.

None of the directors proposed for re-election at the AGM has a service contract with the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

董事

於本年度及截至本報告日期，本公司之各董事為：

執行董事：

陳國強博士（主席）
Yap, Allan博士（董事總經理）
呂兆泉先生（副董事總經理）

獨立非執行董事：

袁天凡先生（於二零零六年九月一日退任）
郭嘉立先生
黃景霖先生
冼志輝先生（於二零零七年二月一日辭任）
潘國興先生（於二零零七年二月一日獲委任）

按本公司之公司細則第87(2)及87(3)條規定，呂兆泉先生及郭嘉立先生將於應屆股東週年大會（「股東週年大會」）上輪值退任。呂先生及郭先生符合資格並於股東週年大會上願膺選連任。

按本公司之公司細則第86(2)條規定，於上屆股東週年大會至本報告日期期間獲委任之潘國興先生，將於股東週年大會上退任，並符合資格願膺選連任。

獨立非執行董事須依上述本公司之公司細則條款輪值退任。

擬於股東週年大會上膺選連任之董事，概無與本集團訂有不可於年內毋須支付補償（法定賠償除外）而終止之服務合約。

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2007, the interests and short positions of the directors of the Company in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), or (b) were required to be entered in the register kept by the Company pursuant to Section 352 of the SFO, were as follows:

(a) Interests in the shares of the Company

Name of Director	Long position/ Short position	Capacity	Nature of interest	Number of shares held in the Company 持有本公司 股份數目	Approximate % of the issued share capital of the Company 佔本公司已發行 股本概約百分比
董事名稱	好倉／淡倉	身份	權益性質		
Dr. Chan Kwok Keung, Charles ("Dr. Chan") (Notes 1&2)	Long position 好倉	Beneficial owner 實益擁有人	Personal interest 個人權益	1,627,697	0.64%
陳國強博士 (「陳博士」) (附註1及2)	Long position 好倉	Interest of controlled corporation 受控公司之權益	Corporate interest 公司權益	169,979,504	67.23%
Dr. Yap, Allan ("Dr. Yap")	Long position 好倉	Beneficial owner 實益擁有人	Personal interest 個人權益	4,971,956	1.97%
Yap, Allan博士 (「Yap博士」)					
Mr. Lui Siu Tsuen, Richard ("Mr. Lui")	Long position 好倉	Beneficial owner 實益擁有人	Personal interest 個人權益	3,394,858	1.34%
呂兆泉先生 (「呂先生」)					

Notes:

- This interest does not include interests in underlying shares of equity derivatives of the Company. This interest needs to be aggregated with those set out in sub-paragraph (b) below to give the total interest of Dr. Chan in the Company.
- Dr. Chan is deemed to have a corporate interest in 169,979,504 shares of the Company by virtue of his interest in Chinaview International Limited ("Chinaview"). This interest is detailed and duplicated with the interests as shown in the paragraph "Interests and Short Positions of Shareholders discloseable under the SFO" below.

董事於股份、相關股份及債券之權益及淡倉

於二零零七年三月三十一日，本公司董事於本公司及其相聯法團（定義見證券及期貨條例（「證券及期貨條例」）第XV部）之股份、相關股份及債券中擁有(a)根據證券及期貨條例第XV部第7及8分部（包括根據證券及期貨條例之有關條文彼等被視作或當作擁有之權益及淡倉）或根據上市公司董事進行證券交易之標準守則（「標準守則」）須知會本公司及聯交所之權益及淡倉；或(b)根據證券及期貨條例第352條規定須載於本公司存置之登記冊之權益及淡倉如下：

(a) 於本公司股份之權益

附註：

- 該權益不包括本公司股本衍生工具之相關股份權益。該權益須與下文(b)分段所載權益合併，以計算陳博士於本公司之權益總額。
- 陳博士因在Chinaview International Limited（「Chinaview」）擁有權益而被視為擁有本公司169,979,504股股份之公司權益。該權益已在下文「根據證券及期貨條例須予披露之股東權益及淡倉」一段詳述及，並與該段所述之權益重複。

(b) Interests in equity derivatives (as defined in the SFO) of the Company

Convertible Bonds ("Hanny Bonds")

(b) 於本公司股本衍生工具（定義見證券及期貨條例）之權益

可兌換債券（「錦興債券」）

Name of Director	Long position/ Short position	Capacity	Nature of interest	Number of underlying shares (under equity derivatives) held	Approximate % of the issued share capital of the Company
董事姓名	好倉/ 淡倉	身份	權益性質	持有相關股份數目 (股本衍生工具項下)	佔本公司 已發行股本 概約百分比
Dr. Chan	Long position	Beneficial owner	Personal interest	315,756	0.12%
陳博士	好倉	實益擁有人	個人權益		
	Long position	Interest of controlled corporations	Corporate interest	11,304,682	4.47%
	好倉	受控公司之權益	公司權益		

(c) Interests in associated corporations (as defined in the SFO) of the Company

(i) *Interests in shares of ITC Corporation Limited ("ITC")*

(c) 本公司相聯法團（定義見證券及期貨條例）之權益

(i) 於德祥企業集團有限公司（「德祥」）股份之權益

Name of Director	Long position/ Short position	Capacity	Nature of interest	Number of ITC ordinary shares held	Approximate % of the issued ordinary share capital of ITC
董事姓名	好倉/ 淡倉	身份	權益性質	持有德祥 普通股數目	佔德祥 已發行普通股 股本概約百分比
Dr. Chan	Long position	Interest of controlled corporation (Note)	Corporate interest	642,939,242	34.33%
陳博士	好倉	受控公司之權益（附註）	公司權益		

Note: Dr. Chan owns the entire interest in Chinaview which in turn owns the entire interest in Galaxyway Investments Limited ("Galaxyway"). Dr. Chan was deemed to be interested in 642,939,242 ITC ordinary shares held by Galaxyway.

附註：陳博士全資擁有 Chinaview 而 Chinaview 則全資擁有 Galaxyway Investments Limited（「Galaxyway」）。陳博士被視作於由 Galaxyway 所持有之 642,939,242 股德祥普通股中擁有權益。

(ii) *Interests in shares of Trasy Gold Ex Limited ("Trasy Gold")*

(ii) 於卓施金網有限公司（「卓施金網」）股份之權益

Name of Director	Long position/ Short position	Capacity	Nature of interest	Number of shares held in Trasy Gold	Approximate % of the issued share capital of Trasy Gold
董事姓名	好倉/ 淡倉	身份	權益性質	持有卓施金網股份數目	佔卓施金網已發行股本概約百分比
Dr. Chan	Long position	Interest of controlled corporation (<i>Note</i>)	Corporate interest	1,568,681,139	56.45%
陳博士	好倉	受控公司之權益 (附註)	公司權益		

Note: The 1,568,681,139 shares in the capital of Trasy Gold were held by an indirect wholly-owned subsidiary of ITC. By virtue of Dr. Chan's deemed interests in approximately 34.33% of the issued ordinary share capital of ITC, Dr. Chan was deemed to be interested in these shares in the capital of Trasy Gold.

附註：該1,568,681,139股卓施金網股份由德祥之一間間接全資附屬公司持有。鑑於陳博士被視作擁有德祥已發行普通股股本約34.33%權益，故陳博士被視作擁有該等卓施金網股份之權益。

(iii) *Interests in Wing On Travel (Holdings) Limited ("Wing On Travel")*

(a) *Interests in shares of Wing On Travel*

Name of Director	Long position/ Short position	Capacity	Nature of interest	Number of shares held in Wing On Travel	Number of underlying shares (unlisted equity derivatives) held in Wing On Travel	Approximate % of the issued share capital of Wing On Travel
董事姓名	好倉/ 淡倉	身份	權益性質	持有永安旅遊股份數目	之相關股份數目 (非上市股本衍生工具)	佔永安旅遊已發行股本概約百分比
Dr. Chan 陳博士	Long position 好倉	Beneficial owner 實益擁有人	Personal interest 個人權益	4,529,800	-	0.74%
	Long position 好倉	Interest of controlled corporation 受控公司之權益	Corporate interest 公司權益	135,740,481 (Note) (附註)	-	22.23%
	Long position 好倉	Interest of controlled corporation 受控公司之權益	Corporate interest 公司權益	-	379,746,835 (Note) (附註)	62.19%

Note: The 11,406,000 shares in the capital of Wing On Travel were held by an indirect wholly-owned subsidiary of ITC. The 124,334,481 shares in the capital of Wing On Travel were held by a wholly-owned subsidiary of China Enterprises Limited ("CEL") which was indirectly owned as to approximately 55.22% of the effective equity interest by Group Dragon Investments Limited ("GDI"). The Company indirectly held approximately 98.92% of the issued share capital of GDI. ITC indirectly held approximately 67.23% of the issued share capital of the Company and Dr. Chan directly held approximately 0.64% of the issued share capital of the Company. CEL held a convertible exchangeable note in the principal amount of HK\$300,000,000. Upon full conversion of such convertible exchangeable note at an initial conversion price of HK\$0.79 per share of Wing On Travel (subject to adjustments), 379,746,835 shares of Wing On Travel would be issued to CEL. By virtue of Dr. Chan's deemed interests in approximately 34.33% of the issued ordinary share capital of ITC, Dr. Chan was deemed to be interested in these shares and underlying shares in the capital of Wing On Travel.

(iii) 於永安旅遊(控股)有限公司
([永安旅遊])之權益

(a) 於永安旅遊股份之權益

附註：該11,406,000股永安旅遊股份由德祥一間間接全資附屬公司持有。該124,334,481股永安旅遊股份由China Enterprises Limited ([CEL])一間全資附屬公司持有，而CEL則由群龍投資有限公司([群龍])間接擁有約55.22%實際股本權益。本公司間接持有群龍已發行股本約98.92%。德祥間接持有本公司已發行股本約67.23%及陳博士直接持有本公司已發行股本約0.64%。CEL持有本金額為300,000,000港元之可兌換可交換票據。按初步兌換價每股永安旅遊股份0.79港元(可予調整)悉數兌換該批可兌換可交換票據後，將發行379,746,835股永安旅遊股份予CEL。鑑於陳博士被視作擁有德祥已發行普通股股本約34.33%權益，故陳博士被視作擁有該等永安旅遊股份及其相關股份之權益。

(b) *Interests in share options of Wing On Travel*

Name of Director	Long position/ Short position	Capacity	Nature of interest	Exercisable period	Number of share options held in Wing On Travel	Exercise price per share HK\$	Approximate % of the issued share capital of Wing On Travel
董事姓名	好倉/ 淡倉	身份	權益性質	行使期間	持有 永安旅遊 購股權數目	每股 行使價 港元	佔永安旅遊 已發行股本 概約百分比
Dr. Yap	Long position	Beneficial owner	Personal interest	22 June 2006 to 21 June 2008	4,000,000	0.728	0.66%
Yap, 博士	好倉	實益擁有人	個人權益	二零零六年六月二十二日至二零零八年六月二十一日			
Mr. Lui	Long position	Beneficial owner	Personal interest	22 June 2006 to 21 June 2008	4,600,000	0.728	0.75%
呂先生	好倉	實益擁有人	個人權益	二零零六年六月二十二日至二零零八年六月二十一日			
Mr. Kwok Ka Lap, Alva 郭嘉立先生	Long position 好倉	Beneficial owner 實益擁有人	Personal interest 個人權益	22 June 2006 to 21 June 2008 二零零六年六月二十二日至二零零八年六月二十一日	500,000	0.728	0.08%

(b) 於永安旅遊購股權之權益

Save as disclosed above, as at 31 March 2007, none of the directors of the Company had (a) under Divisions 7 and 8 of Part XV of the SFO, nor were they taken or deemed to have under such provisions of the SFO, any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO); (b) any interests which are required to be entered into the register kept by the Company pursuant to Section 352 of the SFO; or (c) any interests which are required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

除上文所披露者外，於二零零七年三月三十一日，本公司董事概無(a)根據證券及期貨條例第XV部第7及8分部或根據證券及期貨條例之有關條文被視作或當作於本公司或其任何相聯法團(定義見證券及期貨條例第XV部)之股份、相關股份或債券中擁有任何權益或淡倉；(b)根據證券及期貨條例第352條規定須載於本公司存置之登記冊之任何權益；或(c)根據標準守則須知會本公司及聯交所之任何權益。

SHARE OPTION SCHEMES

Details of the share option schemes of the Company are set out in note 53 to the consolidated financial statements.

購股權計劃

本公司購股權計劃之詳情載於綜合財務報表附註第53項。

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed above, 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 debentures, of the Company or any other body corporate.

購買股份或債券之安排

除上文所披露者外，本公司或其任何附屬公司於年內任何時間概無訂立任何安排，致使本公司董事可藉購入本公司或任何其他法人團體之股份或債券而獲益。

DIRECTORS' INTERESTS IN COMPETING BUSINESS

董事於競爭業務之權益

Interests of directors of the Company in competing businesses during the year required to be disclosed pursuant to Rule 8.10 of the Listing Rules were as follows:

本公司董事於年內在競爭業務之權益按上市規則第8.10條規定披露如下：

Name of Director 董事名稱	Name of entity the businesses of which are considered to compete or likely to compete with the businesses of the Group 其業務現與或可能與本集團業務相競爭之實體名稱	Description of businesses of the entity which are considered to compete or likely to compete with the businesses of the Group 現與或可能與本集團業務相競爭之業務描述	Nature of interest of the director in the entity 董事於該實體之權益性質
Dr. Chan 陳博士	China Strategic Holdings Limited ("CSHL") (Note) 中策集團有限公司(「中策」) (附註)	Property investment and development in the PRC 在中國從事物業投資及開發	Chairman and chief executive officer (Resigned on 16 June 2006) 主席兼行政總裁 (於二零零六年六月十六日辭任)
Dr. Yap Yap博士	CSHL (Note) 中策(附註)	Property investment and development in the PRC 在中國從事物業投資及開發	Vice chairman (Resigned on 16 June 2006) 副主席(於二零零六年六月十六日辭任)
Mr. Lui 呂先生	CSHL (Note) 中策(附註)	Property investment and development in the PRC 在中國從事物業投資及開發	Alternate director to Dr. Yap, vice chairman (Ceased on 16 June 2006) 副主席Yap博士之替任董事 (於二零零六年六月十六日不再出任為Yap博士之替任董事)
Mr. Wong King Lam, Joseph 黃景霖先生	Grand Field Group Holdings Limited (Note) 鈞濠集團有限公司 (附註)	Property development and trading in the PRC 在中國從事物業發展及買賣	Executive director (Appointed on 16 March 2007) 執行董事(於二零零七年三月十六日委任)

Note: Such businesses may be made through its subsidiaries, associated companies or by way of other forms of investments.

附註：該等業務可透過附屬公司、聯營公司或以其他投資方式進行。

Save as disclosed above, none of the directors nor their respective associates are interested in any business apart from the Group's businesses, which competes or is likely to compete, either directly or indirectly, with the Group's businesses.

除上文所披露者外，概無董事或彼等各自之聯繫人士擁有與本集團業務以外具有直接或間接競爭或可能出現競爭之任何業務之權益。

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

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

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

So far as is known to the directors of the Company, as at 31 March 2007, the following persons had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

董事之重大合約權益

於本年終或本年內任何時間，本公司或其任何附屬公司並無訂立任何重大合約，及本公司董事均無直接或間接持有該等重大合約之重大權益。

根據證券及期貨條例須予披露之股東權益及淡倉

就本公司董事所知，於二零零七年三月三十一日，下列人士於本公司股份或相關股份中擁有根據證券及期貨條例第XV部第2及3分部條文而須向本公司披露之權益或淡倉，或根據證券及期貨條例第336條規定須載於本公司存置之登記冊之權益或淡倉：

Name of Shareholders	Note	Long position/ Short position	Capacity	Number of shares of the Company held	Number of underlying shares (unlisted equity derivatives of the Company) held 持有相關股份數目(本公司非上市股本衍生工具)	Approximate % of the issued share capital of the Company 佔本公司已發行股本概約百分比
股東名稱	附註	好倉/淡倉	身份	持有本公司股份數目		
Ms. Ng Yuen Lan, Macy 伍婉蘭女士	1	Long position 好倉	Interest of spouse 配偶權益	169,979,504	–	67.23%
		Long position 好倉	Interest of spouse 配偶權益	–	11,304,682	4.47%
		Long position 好倉	Interest of spouse 配偶權益	1,627,697	–	0.64%
		Long position 好倉	Interest of spouse 配偶權益	–	315,756	0.12%
Dr. Chan 陳博士	1	Long position 好倉	Interest of controlled corporation 受控公司之權益	169,979,504	–	67.23%
		Long position 好倉	Interest of controlled corporations 受控公司之權益	–	11,304,682	4.47%
		Long position 好倉	Beneficial owner 實益擁有人	1,627,697	–	0.64%
		Long position 好倉	Beneficial owner 實益擁有人	–	315,756	0.12%

Name of Shareholders	Note	Long position/ Short position	Capacity	Number of shares of the Company held	Number of underlying shares (unlisted equity derivatives of the Company) held 持有相關股份數目(本公司非上市股本衍生工具)	Approximate % of the issued share capital of the Company 佔本公司已發行股本概約百分比
股東名稱	附註	好倉／淡倉	身份	持有本公司股份數目		
Chinaview	1	Long position	Interest of controlled corporation	169,979,504	–	67.23%
Chinaview		好倉 Long position	受控公司之權益 Interest of controlled corporations	–	11,304,682	4.47%
		好倉	受控公司之權益			
Galaxyway	1	Long position	Interest of controlled corporation	169,979,504	–	67.23%
Galaxyway		好倉 Long position	受控公司之權益 Interest of controlled corporations	–	11,304,682	4.47%
		好倉	受控公司之權益			
ITC	1	Long position	Interest of controlled corporation	169,979,504	–	67.23%
德祥		好倉 Long position	受控公司之權益 Interest of controlled corporations	–	11,304,682	4.47%
		好倉	受控公司之權益			
ITC Investment Holdings Limited (“ITC Investment”)	1	Long position	Interest of controlled corporation	169,979,504	–	67.23%
ITC Investment Holdings Limited (“ITC Investment”)		好倉 Long position	受控公司之權益 Interest of controlled corporations	–	11,304,682	4.47%
		好倉	受控公司之權益			

Name of Shareholders	Note	Long position/ Short position	Capacity	Number of shares of the Company held	Number of underlying shares (unlisted equity derivatives of the Company) held 持有相關股份數目(本公司非上市股本衍生工具)	Approximate % of the issued share capital of the Company 佔本公司已發行股本概約百分比
股東名稱	附註	好倉/淡倉	身份	持有本公司股份數目		
Mankar Assets Limited ("Mankar")	1	Long position	Interest of controlled corporation	169,979,504	–	67.23%
Mankar Assets Limited ("Mankar")		好倉	受控公司之權益			
		Long position	Interest of controlled corporation	–	641,762	0.25%
		好倉	受控公司之權益			
Famex Investment Limited ("Famex")	1	Long position	Beneficial owner	169,979,504	–	67.23%
其威投資有限公司 ("其威")		好倉	實益擁有人			
		Long position	Beneficial owner	–	641,762	0.25%
		好倉	實益擁有人			
Taifook Securities Group Limited	2	Long position	Interest of controlled corporation	50,000,000	–	19.78%
大福證券集團有限公司		好倉	受控公司之權益			
Taifook (BVI) Limited	2	Long position	Interest of controlled corporation	50,000,000	–	19.78%
Taifook (BVI) Limited		好倉	受控公司之權益			
Taifook Finance Company Limited	2	Long position	Interest of controlled corporation	50,000,000	–	19.78%
大福財務集團有限公司		好倉	受控公司之權益			

Name of Shareholders	Note	Long position/ Short position	Capacity	Number of shares of the Company held	Number of underlying shares (unlisted equity derivatives of the Company) held 持有相關股份數目(本公司非上市股本衍生工具)	Approximate % of the issued share capital of the Company 佔本公司已發行股本概約百分比
股東名稱	附註	好倉/淡倉	身份	持有本公司股份數目		
Taifook Securities Company Limited ("Taifook Securities") 大福證券集團有限公司 〔大福證券〕	2	Long position 好倉	Beneficial owner 實益擁有人	50,000,000	-	19.78%

Notes:

1. Hollyfield Group Limited ("Hollyfield"), a wholly-owned subsidiary of ITC Investment, owns 10,662,920 underlying shares (in respect of unlisted equity derivatives) of the Company ("Underlying Shares"). Famex is a wholly-owned subsidiary of Mankar. Mankar is a wholly-owned subsidiary of ITC Investment, which in turn is a wholly-owned subsidiary of ITC. Galaxyway, a wholly-owned subsidiary of Chinaview, owns more than one-third of the issued ordinary share capital of ITC. Dr. Chan owns the entire issued share capital of Chinaview. Ms. Ng Yuen Lan, Macy is the spouse of Dr. Chan. Mankar, ITC Investment, ITC, Galaxyway, Chinaview, Dr. Chan and Ms. Ng Yuen Lan, Macy are deemed to be interested in 169,979,504 shares of the Company and 641,762 Underlying Shares held by Famex. ITC Investment, ITC, Galaxyway, Chinaview, Dr. Chan and Ms. Ng Yuen Lan, Macy are deemed to be interested in 10,662,920 Underlying Shares held by Hollyfield. Ms. Ng Yuen Lan, Macy is also deemed to be interested in 1,627,697 shares of the Company and 315,756 Underlying Shares held by Dr. Chan.

ITC, through Hollyfield and Famex, also holds the Hanny Bonds with face value of HK\$95,966,280 and HK\$5,775,870 respectively. Upon full conversion of the Hanny Bonds at an initial conversion price of HK\$9.0 per shares (subject to adjustments), 10,662,920 shares of the Company and 641,762 shares of the Company will be issued to Hollyfield and Famex respectively. Dr. Chan holds the Hanny Bonds with face value of HK\$2,841,810. Upon full conversion of the Hanny Bonds at an initial conversion price of HK\$9.0 per share (subject to adjustments), 315,756 shares of the Company will be issued to Dr. Chan.

2. On 30 March 2007, a placing agreement was entered into between the Company and Taifook Securities, pursuant to which Taifook Securities agreed to place 50,000,000 new shares of the Company at the price of HK\$3.40 per share on a fully-underwritten basis to not less than six placees who are independent third parties. On 11 April 2007, a termination agreement was entered into between the Company and Taifook Securities to terminate the aforesaid placing agreement.

附註:

1. Hollyfield Group Limited (「Hollyfield」) (為 ITC Investment 之全資附屬公司) 擁有 (就非上市股本衍生工具而言) 10,662,920 股本公司相關股份 (「相關股份」)。其威為 Mankar 之全資附屬公司。Mankar 為 ITC Investment 之全資附屬公司。而 ITC Investment 則為德祥之全資附屬公司。Chinaview 之全資附屬公司 Galaxyway 擁有德祥已發行普通股股本三分之一以上。陳博士擁有 Chinaview 全部已發行股本。伍婉蘭女士為陳博士之配偶。Mankar、ITC Investment、德祥、Galaxyway、Chinaview、陳博士及伍婉蘭女士被視為於 169,979,504 股本公司股份及由其威持有 641,762 股相關股份中擁有權益。ITC Investment、德祥、Galaxyway、Chinaview、陳博士及伍婉蘭女士被視為於 Hollyfield 持有之 10,662,920 股相關股份中擁有權益。伍婉蘭女士亦被視為於陳博士持有之 1,627,697 股本公司股份及 315,756 股相關股份中擁有權益。

德祥亦透過 Hollyfield 及其威持有面值分別為 95,966,280 港元及 5,775,870 港元之錦興債券。於錦興債券按初步兌換價每股股份 9.0 港元 (可予調整) 獲悉數兌換後, 合共 10,662,920 股本公司股份及 641,762 股本公司股份將分別發行予 Hollyfield 及其威。陳博士持有面值為 2,841,810 港元之錦興債券。於錦興債券按初步兌換價每股股份 9.0 港元 (可予調整) 獲悉數兌換後, 合共 315,756 股本公司股份將發行予陳博士。

2. 於二零零七年三月三十日, 本公司與大福證券訂立配售協議, 據此, 大福證券同意以全數包銷方式, 以每股 3.40 港元的價格, 向不少於六名獨立第三方之承配人, 配售 50,000,000 股本公司新股。於二零零七年四月十一日, 本公司與大福證券訂立終止協議, 以終止上述配售協議。

Save as disclosed above, as at 31 March 2007, there was no other person (other than the directors) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 March 2007:

- (i) The Group's largest customer and five largest customers accounted for approximately 13.0% and 37.6% respectively of the Group's total turnover.
- (ii) The Group's largest supplier and five largest suppliers accounted for approximately 26.3% and 85.1% respectively of the Group's total purchases (not including purchases of items which are of capital nature).

So far as the directors are aware, none of the directors, their associates or any shareholders who owned more than 5% of the Company's share capital had any interests in the five largest customers or suppliers of the Group.

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

During the year ended 31 March 2007, there were no purchases, sales or redemptions by the Company, or any of its subsidiaries, of the Company's listed shares.

PRE-EMPTIVE RIGHTS

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

CORPORATE GOVERNANCE

Information on Corporate Governance Practices adopted by the Company is set out in the Corporate Governance Report on pages 23 to 31 of the Annual Report.

除上文所披露者外，於二零零七年三月三十一日，概無其他人士（董事除外）於本公司股份或相關股份中擁有根據證券及期貨條例第XV部第2及3分部條文而須向本公司披露或根據證券及期貨條例第336條規定載於本公司存置之登記冊之權益或淡倉。

主要客戶及供應商

截至二零零七年三月三十一日止年度：

- (i) 本集團之最大客戶及五大客戶分別約佔本集團總營業額之13.0%及37.6%。
- (ii) 本集團之最大供應商及五大供應商分別約佔本集團總購貨額（不包括屬資本性質之貨品採購）之26.3%及85.1%。

據董事所知，各董事、彼等之聯繫人士或任何擁有本公司股本5%以上之股東，概無於本集團之五大客戶或供應商中擁有任何權益。

購買、出售或購回本公司之上市股份

於二零零七年三月三十一日止年度，本公司或其任何附屬公司概無購買、出售或贖回任何本公司之上市股份。

優先購買權

本公司之公司細則或百慕達法例並無任何有關優先購買權之條款，規定本公司須按比例向現有股東提呈發售新股份。

企業管治

本公司採納之企業管治常規之資料載於本年報第23至第31頁之企業管治報告內。

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors, as at the date of this report, the Company has maintained sufficient public float as required under the Rules Governing the Listing of Securities on the Stock Exchange.

POST BALANCE SHEET EVENTS

Details of the significant post balance sheet events are set out in note 57 to the consolidated financial statements.

AUDITORS

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

On behalf of the Board

Dr. Chan Kwok Keung, Charles
Chairman

Hong Kong, 27 July 2007

公眾持股量之充足性

根據可公開查閱之本公司資料，就董事所知，於本報告刊發日期，本公司按聯交所證券上市規則所規定維持充足公眾持股量。

結算日後事項

有關重大結算日後事項之詳情載於財務報表附註第57項。

核數師

董事會將於股東週年大會上提呈重聘德勤•關黃陳方會計師行為本公司核數師之決議案。

代表董事會

主席
陳國強博士

香港，二零零七年七月二十七日



TO THE MEMBERS OF HANNY HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Hanny Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 49 to 150, which comprise the consolidated balance sheet as at 31 March 2007, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

致錦興集團有限公司股東
(於百慕達註冊成立之有限公司)

吾等已審核錦興集團有限公司(「貴公司」)及其附屬公司(統稱「貴集團」)載於第49頁至150頁的綜合財務報表。此綜合財務報表包括於二零零七年三月三十一日之綜合資產負債表及截至該日止年度的綜合收益表、綜合權益變動表及綜合現金流量表，以及主要會計政策概要及其他附註解釋。

董事就綜合財務報表須承擔的責任

貴公司董事須負責根據香港會計師公會頒佈的香港財務報告準則及香港公司條例的披露規定編製及真實與公平地呈列該等綜合財務報表。該責任包括設計、實施及維護與編製及真實與公平地呈列綜合財務報表相關的內部監控，以使綜合財務報表不存在由於欺詐或錯誤而導致的重大失實陳述；選擇和應用適當的會計政策；及按情況作出合理會計估計。

核數師的責任

吾等之責任乃根據審核就該等綜合財務報表發表意見，並按照百慕達公司法例第90條規定，僅向整體股東報告。除此以外，別無其他目的。吾等概不就本報告內容，對任何其他人士負上或承擔責任。吾等已根據香港會計師公會頒佈的香港審計準則進行審核。該等準則要求我們遵守道德規範，並規劃及執行審核，以合理確定該等綜合財務報表是否無任何重大失實陳述。

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

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

OPINION

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
27 July 2007

審核工作包括執程序以獲取有關綜合財務報表所載數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，核數師考慮與該公司編製及真實與公平地呈列綜合財務報表相關的內部監控，以設計適當的審核程序，但並非為對公司的內部監控的效能發表意見。審核亦包括評價董事所採用的會計政策是否適當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呈列方式。

吾等相信所獲得的審核憑證可充分及適當地為吾等之審核意見提供基礎。

意見

吾等認為，該等綜合財務報表已根據香港財務報告準則真實與公平地反映貴集團於二零零七年三月三十一日的財務狀況及截至該日止年度的溢利及現金流量，並已按照香港公司條例的披露規定妥善編製。

德勤•關黃陳方會計師行
執業會計師
香港
二零零七年七月二十七日

Consolidated Income Statement

綜合收益表

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

		NOTES	2007 HK\$'000 二零零七年 千港元	2006 HK\$'000 二零零六年 千港元
		附註		
Continuing operations	持續經營業務			
Revenue	收入	7	178,002	316,638
Cost of sales	銷售成本		(121,074)	(278,353)
Gross profit	毛利		56,928	38,285
Other income	其他收入	9	155,674	73,272
Distribution and selling expenses	分銷及銷售開支		(22)	(2,339)
Administrative expenses	行政開支		(98,543)	(111,342)
Finance costs	財務費用	10	(83,384)	(63,466)
Change in fair value of conversion options embedded in convertible notes	可兌換票據中內在之 可兌換權之公平值變動		(187,131)	114,048
Change in fair value of conversion options embedded in convertible note receivable from an associate	應收一間聯營公司之 可兌換票據中內在之 兌換權之公平值變動		(18,396)	–
Change in fair value of convertible notes designated at fair value through profit or loss	指定按公平值列賬並計入 損益表內之可兌換票據之 公平值變動		16,816	–
Change in fair value of investment properties	投資物業之公平值變動		2,642	–
Net unrealized gain on investments held for trading	持作銷售投資之 未變現收益淨額		9,657	43,313
Discount on acquisition of subsidiaries	收購附屬公司折讓	48	132,462	–
Impairment loss on goodwill	商譽之減值虧損		(6,621)	–
Impairment loss on club debentures	會所債券之減值虧損		(95)	(778)
Impairment loss on available-for-sale investments	可供銷售投資減值虧損		(45,751)	(49,845)
Impairment loss on trademark licenses	商標許可證之減值虧損		–	(164,667)
Net gain on disposal of subsidiaries and associates	出售附屬公司及聯營公司 之收益淨額	11	6,441	921
Share of results of associates	應佔聯營公司業績		35,356	(21,494)
Loss before income tax	除所得稅前虧損		(23,967)	(144,092)
Income tax expense	所得稅開支	12	(32,457)	(4,331)
Loss for the year from continuing operations	持續經營業務之本年度虧損		(56,424)	(148,423)
Discontinued operations	非持續業務			
Profit for the year from discontinued operations	非持續業務之 本年度溢利	13	1,517,926	52,419
Profit (loss) for the year	本年度溢利(虧損)	15	1,461,502	(96,004)
Attributable to:	應佔:			
Equity holders of the Company	本公司股權持有人		527,080	8,915
Minority interests	少數股東權益		934,422	(104,919)
			1,461,502	(96,004)
Distributions	分派	17	27,655	22,463

		NOTE	2007 HK\$'000 二零零七年 千港元	2006 HK\$'000 二零零六年 千港元
		附註		
Earnings (loss) per share	每股盈利(虧損)	18		
From continuing and discontinued operations	來自持續經營及非持續業務			
– Basic	– 基本		<u>HK19.32 cents港仙</u>	<u>HK0.36 cent港仙</u>
– Diluted	– 攤薄		<u>HK15.16 cents港仙</u>	<u>HK0.35 cent港仙</u>
From continuing operations	來自持續經營業務			
– Basic	– 基本		<u>HK(4.06) cents港仙</u>	<u>HK(0.76) cent港仙</u>
– Diluted	– 攤薄		<u>HK(4.06) cents港仙</u>	<u>HK(0.76) cent港仙</u>

Consolidated Balance Sheet 綜合資產負債表

At 31 March 2007 於二零零七年三月三十一日

		NOTES	2007 HK\$'000 二零零七年 千港元	2006 HK\$'000 二零零六年 千港元
		附註		
NON-CURRENT ASSETS	非流動資產			
Property, plant and equipment	物業、機器及設備	19	133,789	38,567
Investment properties	投資物業	20	146,000	133,000
Goodwill	商譽	21	–	6,621
Interests in associates	聯營公司權益	22	875,614	616,871
Loans to associates	給予聯營公司貸款	23	–	1,331
Available-for-sale investments	可供銷售投資	24	995,696	534,045
Deposits for acquisition of long-term investments	收購長期投資之按金	25	145,000	190,175
Deposit paid for acquisition of subsidiaries	收購附屬公司之已付按金	26	50,000	–
Conversion options embedded in convertible notes	可兌換票據之兌換權	27	52,070	231,509
Convertible note receivable from an associate	應收聯營公司之可兌換票據	28	241,450	–
Conversion options embedded in convertible note receivable from an associate	應收聯營公司可兌換票據 之兌換權	28	44,642	–
Deposits for acquisition of interests in properties	收購物業權益按金	29	58,830	–
Club debentures	會所債券	47	3,500	3,595
Deferred tax assets	遞延稅項資產		1,464	–
			2,748,055	1,755,714
CURRENT ASSETS	流動資產			
Inventories	存貨	30	107	8,553
Other asset	其他資產	31	229,288	–
Trade and other receivables	貿易及其他應收款項	32	389,173	59,730
Available-for-sale investments	可供銷售投資	24	–	73,500
Investments held for trading	持作買賣投資	33	598,748	421,997
Deposits paid for acquisition of investments held for trading	收購持作買賣投資之 已付按金	34	73,289	–
Convertible notes designated at fair value through profit or loss	按公平值計入損益之 可兌換票據	35	122,549	–
Short-term loans receivable	應收短期貸款	36	308,549	20,162
Short-term loans receivable from related companies	應收有關連公司之 短期貸款	36	–	159,559
Margin loan receivables	應收孖展貸款	37	2,813	18,680
Loans to associates	給予聯營公司貸款	23	372,072	2,623
Tax recoverable	可退回稅項		1,438	923
Pledged bank deposit	已抵押銀行存款	38	–	19,966
Bank balances and cash	銀行結餘及現金	39	161,626	6,514
			2,259,652	792,207
Assets classified as held for sale	分類為持作銷售資產	14	–	1,645,259
			2,259,652	2,437,466

		NOTES	2007 HK\$'000 二零零七年 千港元	2006 HK\$'000 二零零六年 千港元
		附註		
CURRENT LIABILITIES	流動負債			
Trade and other payables	貿易及其他應付款項	40	90,723	358,856
Margin loan payables	應付孖展貸款	37	6,377	153
Amounts due to related companies	應付有關連公司之款項	41	162,817	–
Amount due to ultimate holding company	應付最終控股公司之款項	42	169,757	–
Bills payable	應付票據	37	–	422
Tax payable	應付稅項		63,977	33,264
Borrowings – due within one year	借款 – 一年內到期	43	514,650	591,629
Bank overdrafts	銀行透支	44	21,006	33,187
			1,029,307	1,017,511
Liabilities directly associated with assets classified as held for sale	分類為持作銷售資產之直接相關負債	14	–	854,328
			1,029,307	1,871,839
NET CURRENT ASSETS	流動資產淨值		1,230,345	565,627
TOTAL ASSETS LESS CURRENT LIABILITIES	資產總值減流動負債		3,978,400	2,321,341
CAPITAL AND RESERVES	資本及儲備			
Share capital	股本	45	2,528	2,372
Reserves	儲備		2,489,962	1,866,517
Equity attributable to equity holders of the Company	本公司股權持有人應佔股本權益		2,492,490	1,868,889
Minority interests	少數股東權益		706,622	350,434
TOTAL EQUITY	權益總額		3,199,112	2,219,323
NON-CURRENT LIABILITIES	非流動負債			
Borrowings – due after one year	借款 – 一年後到期	43	83,700	95,693
Convertible loan notes	可兌換貸款票據	46	659,341	–
Deferred tax liabilities	遞延稅項負債	47	36,247	6,325
			779,288	102,018
			3,978,400	2,321,341

The financial statements on pages 49 to 150 were approved and authorized for issue by the Board of Directors on 27 July 2007 and are signed on its behalf by:

董事會已於二零零七年七月二十七日批准及授權刊發第49頁至第150頁之財務報表，並由以下董事代表簽署：

DR. CHAN KWOK KEUNG, CHARLES
CHAIRMAN
陳國強博士
主席

DR. YAP, ALLAN
MANAGING DIRECTOR
YAP, ALLAN博士
董事總經理

Consolidated Statement of Changes in Equity

綜合股東權益變動表

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

		Attributable to equity holders of the Company 本公司股權持有人應佔												
		Share capital	Share premium	Convertible loan notes	Contributed surplus	Currency translation reserve	Capital redemption reserve	Investment revaluation reserves	Other reserves	Revaluation reserve	Retained profits	Total	Minority interest	Total equity
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		股本	股份溢價	可換股貸款票據儲備	實繳盈餘	貨幣兌換儲備	資本贖回儲備	投資重估儲備	其他儲備	重估儲備	保留溢利	合計	少數股東權益	股本總額
		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	千港元	千港元	千港元	千港元
At 1 April 2005	於二零零五年四月一日	2,236	217,557	-	1,448,202	26,770	592	-	4,149	-	163,052	1,862,558	449,617	2,312,175
Currency realignment	外幣調整	-	-	-	-	(739)	-	-	-	-	-	(739)	4,897	4,158
Share of reserves of associate	應佔聯營公司儲備	-	-	-	-	-	-	(642)	8,246	-	-	7,604	-	7,604
Fair value change in available-for-sale investments	可供銷售投資之公平值變更	-	-	-	-	-	-	(31,856)	-	-	-	(31,856)	-	(31,856)
Net income (expense) recognized directly in equity	直接於股本權益確認之收入(支出)淨額	-	-	-	-	(739)	-	(32,498)	8,246	-	-	(24,991)	4,897	(20,094)
Arising on acquisition of interest in a subsidiary	收購一間附屬公司權益時產生	-	-	-	-	-	-	-	-	-	-	-	559	559
Realized on disposal of subsidiaries	出售附屬公司時變現	-	-	-	-	569	-	-	-	-	-	569	280	849
Realized on disposal of an associate	出售一間聯營公司時變現	-	-	-	-	-	-	-	(2,463)	-	-	(2,463)	-	(2,463)
(Loss) profit for the year	本年度(虧損)溢利	-	-	-	-	-	-	-	-	-	8,915	8,915	(104,919)	(96,004)
Total recognized income and expense for the year	本年度已確認收入及開支總額	-	-	-	-	(170)	-	(32,498)	5,783	-	8,915	(17,970)	(99,183)	(117,153)
Issue of shares	發行股份	100	34,050	-	-	-	-	-	-	-	-	34,150	-	34,150
Issue of shares upon scrip dividend	發行以股代息股份	36	12,578	-	-	-	-	-	-	-	-	12,614	-	12,614
Distributions	分派	-	-	-	-	-	-	-	-	-	(22,463)	(22,463)	-	(22,463)
At 31 March 2006	於二零零六年三月三十一日	2,372	264,185	-	1,448,202	26,600	592	(32,498)	9,932	-	149,504	1,868,889	350,434	2,219,323
Currency realignment	外幣調整	-	-	-	-	14,795	-	-	-	-	-	14,795	(1,924)	12,871
Share of reserves of associate	應佔聯營公司儲備	-	-	-	-	4,408	-	-	2,740	-	-	7,148	-	7,148
Revaluation increase on acquisition of additional interest in an associate	增購一間聯營公司權益時重估增加	-	-	-	-	-	-	-	-	27,828	-	27,828	-	27,828
Fair value change in available-for-sale investments	可供銷售投資之公平值變更	-	-	-	-	-	-	(47,231)	-	-	-	(47,231)	-	(47,231)
Net income (expense) recognized directly in equity	直接於股本權益確認之收入(支出)淨額	-	-	-	-	19,203	-	(47,231)	2,740	27,828	-	2,540	(1,924)	616
Impairment loss on available-for-sale investments	可供銷售投資之減值虧損	-	-	-	-	-	-	13,120	-	-	-	13,120	-	13,120
Realized on disposal of subsidiaries	出售附屬公司時變現	-	-	-	-	(5,443)	-	-	-	-	-	(5,443)	(19,795)	(25,238)
Realized on disposal of associates	出售聯營公司時變現	-	-	-	-	(450)	-	-	(2,069)	-	-	(2,519)	-	(2,519)
Profit for the year	本年度溢利	-	-	-	-	-	-	-	-	-	527,080	527,080	934,422	1,461,502
Total recognized income and expense for the year	本年度已確認收入及開支總額	-	-	-	-	13,310	-	(34,111)	671	27,828	527,080	534,778	912,703	1,447,481
Issue of shares for GDI Offer	群龍收購建議發行股份	99	38,634	-	-	-	-	-	-	-	-	38,733	-	38,733
Issue of shares upon scrip dividend	發行以股代息股份	24	8,253	-	-	-	-	-	-	-	-	8,277	-	8,277
Issue of shares upon exercise of share options	行使購股權時發行股份	33	9,681	-	-	-	-	-	-	-	-	9,714	-	9,714
Recognition of equity components of convertible loan notes	確認可換股貸款票據之權益部分	-	-	59,552	-	-	-	-	-	-	-	59,552	-	59,552
Distributions	分派	-	-	-	-	-	-	-	-	-	(27,655)	(27,655)	-	(27,655)
Arising on acquisition of subsidiaries	收購附屬公司時產生	-	-	-	-	-	-	-	-	-	-	-	331,416	331,416
Dividend paid to minority shareholders of subsidiaries	向附屬公司少數股東支付股息	-	-	-	-	-	-	-	-	-	-	-	(887,931)	(887,931)
Conversion of convertible loan notes	兌換可換股貸款票據	-	224	(22)	-	-	-	-	-	-	-	202	-	202
At 31 March 2007	於二零零七年三月三十一日	2,528	320,977	59,530	1,448,202	39,910	592	(66,609)	10,603	27,828	648,929	2,492,490	706,622	3,199,112

Consolidated Statement of Changes in Equity

綜合股東權益變動表

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

Notes:

- (a) Other reserves represent share option reserves and statutory reserve of the Group's associates shared by the Group.
- (b) The contributed surplus of the Company at the respective balance sheet date represented:
 - (i) the credit arising from the transfer of the share premium account of the Company as at 20 February 1998 and 19 February 2003 to the contributed surplus account of the Company;
 - (ii) the credit arising from the reduction of the nominal value of the shares of the Company in 1999 and 2003; and
 - (iii) a balance as reduced by amounts transferred to the deficit account to eliminate the deficit of the Group as at 31 January 2000, 31 January 2001, 20 March 2003 and 31 March 2005.

附註：

- (a) 其他儲備指本集團應佔本集團聯營公司之購股權儲備及法定儲備。
- (b) 本公司於各結算日之實繳盈餘指：
 - (i) 本公司於一九九八年二月二十日及二零零三年二月十九日將股份溢價賬轉撥往本公司之實繳盈餘賬所產生之進賬；
 - (ii) 於一九九九年及二零零三年削減本公司股份面值所產生之進賬；及
 - (iii) 扣除轉撥往虧絀賬以抵銷本集團分別於二零零零年一月三十一日、二零零一年一月三十一日、二零零三年三月二十日及二零零五年三月三十一日之虧絀後結餘。

Consolidated Cash Flow Statement 綜合現金流量表

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

	NOTES 附註	2007 HK\$'000 二零零七年 千港元	2006 HK\$'000 二零零六年 千港元
OPERATING ACTIVITIES	經營業務		
Profit (loss) for the year	年度溢利 (虧損)	1,461,502	(96,004)
Income tax expense from continuing operations	持續經營業務 所得稅開支	12 32,457	4,331
Income tax (credit) expense from discontinued operations	非持續業務所得稅 (抵免) 開支	12 (26,235)	49,338
		1,467,724	(42,335)
Adjustments for:	調整:		
Gain on disposal of subsidiaries included in profit for the year from discontinued operations	計入非持續業務之 本年度溢利內 出售附屬公司收益	13 (1,526,346)	-
Interest income	利息收入	(116,202)	(44,398)
Finance costs	財務費用	84,051	75,894
Change in fair value of conversion options embedded in convertible notes	可兌換票據中內在之可 兌換權之公平值變動	187,131	(114,048)
Change in fair value of conversion options embedded in convertible note receivable from an associate	應收一間聯營公司之可兌換 票據中內在之兌換權 之公平值變動	18,396	-
Change in fair value of convertible notes designated at fair value through profit or loss	指定按公平值列賬並計入 損益表內之可兌換 票據之公平值變動	(16,816)	-
Share of results of associates	應佔聯營公司業績	(35,356)	21,494
Impairment loss on club debentures	會所債券之減值虧損	95	778
Impairment loss on trademark licenses	商標許可證之減值虧損	-	164,667
Impairment loss on goodwill	商譽之減值虧損	6,621	-
Impairment loss on available-for-sale investments	可供銷售投資減值虧損	45,751	49,845
Net gain on disposal of subsidiaries and associates	出售附屬公司及聯營公司 之收益淨額	11 (6,441)	(921)
Net unrealized gain on investments held for trading	持作銷售投資之 未變現收益淨額	(9,657)	(43,313)
Change in fair value of investment properties	投資物業之公平值變動	(2,642)	-
Discount on acquisition of subsidiaries	收購附屬公司之折讓	(132,462)	-
Allowance for margin loan receivables	應收孖展貸款準備	-	4,922
Amortization of intangible assets	無形資產攤銷	-	806
Allowance for slow moving and obsolete inventories	滯銷及陳舊存貨準備	-	75,732
Allowance for loans to associates	聯營公司貸款準備	1,331	-
Allowance for bad and doubtful debts	呆壞賬準備	11,877	16,672
Depreciation of property, plant and equipment	物業、機器及設備折舊	13,644	13,804
(Reversal of) allowance for loans receivables	應收貸款 (回撥) 準備	(5,725)	11,542
(Gain) loss on disposal of property, plant and equipment	出售物業、機器及設備之 (收益) 虧損	(13,472)	2,736

	NOTES	2007 HK\$'000 二零零七年 千港元	2006 HK\$'000 二零零六年 千港元
	附註		
Operating cash flows before movements in working capital	未計營運資金變動之經營現金流量	(28,498)	193,877
Decrease in other asset	其他資產減少	-	108,000
Decrease (increase) in inventories	存貨減少(增加)	24,576	(113,068)
Decrease (increase) in trade and other receivables	貿易及其他應收款項減少(增加)	62,333	(70,193)
Increase in investments held for trading	持作買賣投資增加	(167,094)	(214,890)
Increase in deposits paid for acquisition of investments held for trading	收購持作買賣投資支付按金增加	(73,289)	-
Increase in convertible notes designated at fair value through profit or loss	指定按公平值列賬並計入損益表內之可兌換票據增加	(100,000)	-
Decrease in margin loan receivables	應收孖展貸款減少	15,867	9,945
(Decrease) increase in trade and other payables	貿易及其他應付款項(減少)增加	(283,214)	46,790
Increase (decrease) in margin loan payables	應付孖展貸款增加(減少)	6,224	(100)
Decrease in bills payable	應付票據減少	(422)	(3,222)
Cash used in operations	經營業務動用之現金	(543,517)	(42,861)
Interest and finance charges paid	繳訖利息及財務費用	(52,105)	(59,891)
Overseas tax paid	繳訖海外稅項	-	(132,172)
Hong Kong Profits Tax paid	支付香港利得稅	(852)	(662)
NET CASH USED IN OPERATING ACTIVITIES	經營業務動用之現金	(596,474)	(235,586)
INVESTING ACTIVITIES	投資業務		
Repayment of short-term loan receivables	償還短期應收貸款	499,512	234,543
Decrease in pledged bank deposits	已抵押銀行存款減少	19,966	48
Interest received	收訖利息	55,680	40,573
Disposal of subsidiaries	出售附屬公司	49 1,993,810	2,819
Proceeds from disposal of property, plant and equipment	出售物業、機器及設備所得款項	36,224	365
Increase in short-term loans receivable	應收短期貸款增加	(443,487)	(31,802)
Acquisition of associates	收購聯營公司	-	(24,123)
Purchase of property, plant and equipment	購買物業、機器及設備	(3,435)	(15,470)
Additions to investment properties	添置投資物業	(10,358)	-
Acquisition of available-for-sale investments	收購可供銷售投資	(88,361)	(33,176)
Repayment of short-term loans receivable from related companies	應收關聯公司短期貸款償還	-	131,693
Dividend received from an associate	收訖聯營公司股息	-	1,542
Increase in short-term loans receivable from related companies	應收一間關聯公司短期貸款增加	-	(92,324)
Proceeds from disposal of associates	出售聯營公司所得款項	26,194	1,750
Refunds for deposits paid for acquisition of long-term investments	退還收購長期投資已付按金	155,175	-
Deposits paid for acquisition of long-term investments	收購長期投資繳訖按金	(110,000)	(155,175)
Deposits paid for acquisitions of subsidiaries	收購附屬公司繳訖按金	(50,000)	-
Advance to associates	向聯營公司墊款	(485,031)	(4,166)
Repayment from associates	聯營公司償還	279,651	-
Acquisition of subsidiaries	收購附屬公司	48 68,224	(42,389)
Redemption of unlisted debt securities	贖回非上市債務證券	-	12,000
Purchase of convertible notes	購入可兌換票據	(289,000)	(650,000)
NET CASH FROM (USED IN) INVESTING ACTIVITIES	投資業務產生(動用)之現金淨額	1,654,764	(623,292)

Consolidated Cash Flow Statement

綜合現金流量表

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

		2007 HK\$'000 二零零七年 千港元	2006 HK\$'000 二零零六年 千港元
FINANCING ACTIVITIES	融資業務		
Bank loans raised	新增銀行貸款	-	976,527
Other loans raised	新增其他貸款	865,065	783,000
Proceeds from issue of shares	發行股份所得款項	9,714	34,150
Repayments to related companies	償還關連公司款項	(228,555)	-
Advance from ultimate holding company	最終控股公司墊款	757	-
Dividends paid to minority shareholders	已付少數股東股息	(887,931)	-
Repayments of bank borrowings	償還銀行貸款	(91,155)	(855,136)
Repayments of other loans	償還其他貸款	(565,066)	(384,241)
Repayments of obligations under finance leases	償還融資租約承擔	(130)	(462)
Dividends paid	已付股息	(19,378)	(9,850)
NET CASH (USED IN) FROM FINANCING ACTIVITIES	融資業務(動用)產生之 現金淨額	(916,679)	543,988
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	現金及現金等額增加 (減少)淨額	141,611	(314,890)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	年初之現金及現金等額	(657)	312,625
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	匯率變動之影響	(334)	1,608
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	年終之現金及現金等額	140,620	(657)
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS	現金及現金等額結存分析		
Bank balances and cash	銀行結存及現金	161,626	6,514
Bank overdrafts	銀行透支	(21,006)	(33,187)
Bank balances and cash classified as assets held for sale	分類為可供銷售資產之 銀行結存及現金	-	26,016
		140,620	(657)

Notes to the Consolidated Financial Statements

綜合財務報表附註

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

1. GENERAL

The Company was incorporated in Bermuda on 3 September 1991 as an exempted company with limited liability under the Companies Act 1981 of Bermuda (as amended) and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). As at 31 March 2007, the ultimate holding company of the Company is ITC Corporation Limited, a company are also listed its shares on the Stock Exchange. The address of the registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and the address of the principal place of business of the Company is 31st Floor, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong.

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

2. SIGNIFICANT EVENTS

During the year, the Group had the following significant events:

(i) Discontinued operation of trading of computer related products under the trade name of "Memorex®"

On 19 January 2006, the Group, through its non-wholly owned subsidiary, Memorex International Inc. (the "MII"), entered into agreements (the "Disposal Agreement") with Imation Corp. ("Imation"), a company listed on the New York Stock Exchange, to dispose of (i) MII's entire interest in Hanny Magnetics Europe Limited, Memorex Canada Ltd., Memorex Products Europe Limited, Memorex Products S.A.S., Memorex Products GmbH, Memorex Products (Taiwan) Inc. and Memorex Products, Inc. (the "Disposed Companies"); and (ii) MII's trademark license and other assets relating to the trading of computer related product business under the trade name "Memorex®", which include the business of design, development, marketing, distribution and sale of hardware, media and accessories used for the storage of electronic data conducted by MII and the Disposed Companies (the "Disposed Business").

1. 一般事項

本公司於一九九一年九月三日在百慕達根據百慕達一九八一年公司法（經修訂）以豁免有限公司形式註冊成立，其股份於香港聯合交易所有限公司（「聯交所」）上市。於二零零七年三月三十一日，本公司的最終控股公司為德祥企業集團有限公司，該公司的股份亦在聯交所上市。本公司註冊辦事處之地址為 Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda，而主要營業地點之地址為香港中環夏慤道12號美國銀行中心31樓。

財務報表以港元呈列，而港元亦為本公司之功能貨幣。

2. 重要事項

年內，本集團有以下重要事項：

(i) 商用名稱「Memorex®」之電腦相關產品貿易之業務結束

於二零零六年一月十九日，本集團透過其非全資附屬公司 Memorex International Inc.（「MII」）與 Imation Corp.（「Imation」）（一間於紐約證券交易所上市之公司）訂立協議（「出售協議」），出售(i) MII所持有之 Hanny Magnetics Europe Limited、Memorex Canada Ltd.、Memorex Products Europe Limited、Memorex Products S.A.S.、Memorex Products GmbH、美瑞思科技股份有限公司及 Memorex Products, Inc.（「出售公司」）之全部權益；及(ii) MII之商標許可證及其他商用名稱「Memorex®」之電腦相關產品貿易業務之資產（包括 MII 及出售公司進行之電子數據儲存所用硬件、媒體及配件之設計、開發、市場推廣、分銷及銷售之業務（「出售業務」）。

2. SIGNIFICANT EVENTS (Continued)

- (i) Discontinued operation of trading of computer related products under the trade name of “Memorex®”
(Continued)

Pursuant to the Disposal Agreement, the business segment of trading of computer related products under the trade name “Memorex®” were classified as discontinued operations during the year ended 31 March 2006 and the related assets and liabilities of Disposed Business were classified as assets held for sale and liabilities directly associated with assets classified as held for sale respectively as at 31 March 2006. Pursuant to the Disposal Agreement, the Group was also required to transfer and assign the trading of consumer electronic product business to Imation upon the completion of the Disposal Agreement and accordingly, the trading of consumer electronic product business was also classified as discontinued operations. The disposal were completed on 28 April 2006. Details of these are set out in the Company’s circular dated on 10 April 2006 and note 13 and note 49.

- (ii) Acquisition of equity interest in Group Dragon Investments Limited

On 10 March 2005, the Group and PYI Corporation Limited (“PYI”), another substantial shareholder of China Strategic Holdings Limited (“CSHL”, a company whose shares are listed on the Stock Exchange, and previously a 29.4% associate of the Group before the disposal mentioned below), entered into a share sale agreement with an independent third party for the disposal of 30.6% interest in CSHL (representing 15.3% interest each held by the Group and PYI) for a total consideration of approximately HK\$52,000,000 (the “CSHL Disposal”). The completion of the CSHL Disposal was subject to the completion of a group reorganization carried out by CSHL (“CSHL Reorganization”) and the interests of the CSHL Disposal disposed of by the Group represents the interests in CSHL Remaining Group (see below).

2. 重要事項 (續)

- (i) 商用名稱「Memorex®」之電腦相關產品貿易之業務結束 (續)

根據出售協議，截至二零零六年三月三十一日止年度，商用名稱「Memorex®」之電腦相關產品貿易之業務分類已分類為非持續業務，而於二零零六年三月三十一日，出售業務之相關資產及負債則分別分類為持作出售資產及持作出售資產之直接相關負債。根據出售協議，本集團亦須於完成出售協議時向Imation轉讓及出讓消費電子產品貿易業務，故消費電子產品貿易業務亦已分類為非持續業務。出售已於二零零六年四月二十八日完成，有關詳情載於本公司於二零零六年四月十日刊發之通函及附註13及附註49。

- (ii) 收購群龍投資有限公司之股本權益

於二零零五年三月十日，本集團及中策集團有限公司（「中策」，其股份並於聯交所上市，下述出售完成前為本集團擁有29.4%股權的聯營公司）另一主要股東保華集團有限公司（「保華」）與一名獨立第三方訂立股份出售協議，以總代價約52,000,000港元出售所持中策之30.6%權益（相當於本集團及保華各自持有之15.3%權益）（「中策出售事項」）。中策出售事項須待中策完成集團重組（「中策重組」）後方告完成，而本集團出售所持中策出售事項權益乃中策餘下集團的權益（見下文）。

2. SIGNIFICANT EVENTS (Continued)

(ii) Acquisition of equity interest in Group Dragon Investments Limited (Continued)

On 19 May 2006, the CSHL Reorganization was duly completed, which resulted in (i) CSHL continuing as a public listed company with its subsidiaries concentrating on its business of manufacturing and trading of battery products, investments in securities and property and investment in unlisted investments (“CSHL Remaining Group”); (ii) all other subsidiaries of CSHL which are carrying on property development and holding of vessels for sand mining, and all other associates of CSHL carrying on manufacturing and marketing of tires and business of providing package tour, travel and other related services and hotel operations being grouped under Group Dragon Investments Limited (“GDI”) (a wholly owned subsidiary of CSHL) and its subsidiaries (the “GDI Group”) upon completion of the CSHL Reorganization; and (iii) the distribution in specie of shares in GDI to the then shareholders of CSHL, on the basis of one GDI share for one CSHL share after the share consolidation pursuant to the capital reorganization by CSHL.

The Group’s 29.4% interest in CSHL was split into the 29.4% interest in GDI Group and 29.4% interest in CSHL Remaining Group according to the net asset value of the GDI Group and the CSHL Remaining Group respectively upon completion of CSHL Reorganization.

The Group’s interest in CSHL Remaining Group was reduced to 14.1% upon completion of CSHL Disposal on 19 May 2006. The Group also held 29.4% interest in GDI Group upon completion of the CSHL Disposal and CSHL Reorganization. A gain on disposal of interest in CSHL Remaining Group of HK\$5,097,000 was recognized in consolidated income statement during the year.

2. 重要事項 (續)

(ii) 收購群龍投資有限公司之股本權益 (續)

中策重組於二零零六年五月十九日正式完成，結果為(i)中策繼續為公眾上市公司，其附屬公司集中從事電池產品製造及買賣、證券及物業投資以及投資於非上市投資項目（「中策餘下集團」）；(ii)經營物業發展及持有採砂船隻之中策所有其他附屬公司，以及經營輪胎製造及銷售、提供旅行團、旅遊及其他相關服務之業務及酒店經營之所有其他聯營公司將於中策重組完成後收歸群龍投資有限公司（「群龍」，中策之全資附屬公司）及其附屬公司（「群龍集團」）；及(iii)根據中策資本重組合併股份後，向當時之中策股東透過實物分派方式派發群龍股份，基準為每持有一股中策股份可換取一股群龍股份。

完成中策重組後，本集團所持中策之29.4%權益已分別根據群龍集團及中策餘下集團之資產淨值，分為於群龍集團持有29.4%權益及於中策餘下集團持有29.4%權益。

於二零零六年五月十九日完成中策出售事項後，本集團於中策餘下集團之權益減少至14.1%。本集團亦於中策出售事項及中策重組完成後，持有群龍集團29.4%之權益。本年度出售中策餘下集團權益之收益5,097,000港元已於綜合收益表確認。

2. SIGNIFICANT EVENTS (Continued)

(ii) Acquisition of equity interest in Group Dragon Investments Limited (Continued)

On 26 May 2006, Somerley Limited, the financial advisor to the Group, made an offer, on behalf of the Group, to acquire all the remaining interest in GDI other than those already owned by the Group (the "GDI Offer"). The Company made GDI Offer by offering to the shareholders of GDI either in option (1) one ordinary share of HK\$0.01 each of the Company plus HK\$1.8 cash for every five GDI shares, or, option (2) a convertible loan note to be issued by the Company with face value of HK\$15 for every five GDI shares. Upon the close of GDI Offer, the Company issued 9,926,228 ordinary shares of HK\$0.01 each, convertible loan note with principal amount of HK\$770,973,000 and paid cash of HK\$17,867,000 for the acquisition of a further 69.5% interest in GDI. The GDI Offer was completed on 16 June 2006 and the Group held 98.9% interest in GDI and accordingly, GDI became a subsidiary of the Group during the year and details of the assets and liabilities acquired under the GDI Offer are set out in note 48.

Details of the CSHL Disposal and the GDI Offer are set out in the Company's Circular dated 26 May 2006 and in the Company's announcement dated 16 June 2006.

2. 重要事項 (續)

(ii) 收購群龍投資有限公司之股本權益 (續)

於二零零六年五月二十六日，本集團之財務顧問新百利有限公司代表本集團提出收購建議，收購除本集團已擁有者以外之所有其餘群龍權益（「群龍收購建議」）。本公司透過向群龍股東提呈(1)獲發一股本公司每股面值0.01港元之普通股另加1.8港元現金，或(2)本公司就每五股群龍股份發行面值15港元之可兌換貸款票據，以提出群龍收購建議。於群龍收購建議結束後，本公司發行9,926,228股每股面值0.01港元之普通股及本金額達770,973,000港元之可兌換貸款票據，並支付現金17,867,000港元，以增購群龍69.5%權益。群龍收購建議於二零零六年六月十六日完成，而本集團持有中策98.9%權益，故群龍於本年度成為本集團之附屬公司。根據群龍收購建議收購之資產及負債詳情載於附註48。

中策出售事項及群龍收購建議詳情載於本公司於二零零六年五月二十六日刊發之通函及本公司於二零零六年六月十六日刊發之公佈內。

3. APPLICATION OF NEW HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied, for the first time, a number of new standard, amendments and interpretations (“new HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), which are effective for the Group’s financial year beginning on 1 April 2006. The adoption of the new HKFRSs had no material effect on how the results and the 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 and revised standards, amendment or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these standards, amendment or interpretations will have no material impact on the results and the financial position of the Group.

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

¹ Effective for annual periods beginning on or after 1 January 2007

² Effective for annual periods beginning on or after 1 January 2009

³ Effective for annual periods beginning on or after 1 May 2006

⁴ Effective for annual periods beginning on or after 1 June 2006

⁵ Effective for annual periods beginning on or after 1 November 2006

⁶ Effective for annual periods beginning on or after 1 March 2007

⁷ Effective for annual periods beginning on or after 1 January 2008

3. 採納新訂香港財務報告準則

於本年度，本集團首次採納多項由香港會計師公會頒佈並於二零零六年四月一日開始之本集團財政年度生效之新準則、修訂及詮釋（「新香港財務報告準則」）。採納新香港財務報告準則對本會計期間或前期會計期間之業績及財政狀況的編製及呈報方式並無重大影響，故毋須作出前期調整。

本集團並無提前採納以下已頒佈但尚未生效之新訂及經修訂準則、修訂或詮釋。本公司董事預期採納該等準則、修訂或詮釋將對本集團之業績及財務狀況並無重大影響。

香港會計準則第1號 (修訂本)	資本披露 ¹
香港財務報告準則 第7號	財務工具：披露 ¹
香港財務報告準則 第8號	經營分部 ²
香港(國際財務報告 詮釋委員會) – 詮釋第8號	香港財務報告準則 第2號之範疇 ³
香港(國際財務報告 詮釋委員會) – 詮釋第9號	重新評估附帶衍生工具 ⁴
香港(國際財務報告 詮釋委員會) – 詮釋第10號	中期財務報告及減值 ⁵
香港(國際財務報告 詮釋委員會) – 詮釋第11號	香港財務報告準則 第2號—集團及 庫存股份交易 ⁶
香港(國際財務報告 詮釋委員會) – 詮釋第12號	服務經營權安排 ⁷
香港會計準則 第23號(修訂本)	借貸成本 ²

¹ 由二零零七年一月一日或以後開始之年度生效

² 由二零零九年一月一日或以後開始之年度生效

³ 由二零零六年五月一日或以後開始之年度生效

⁴ 由二零零六年六月一日或以後開始之年度生效

⁵ 由二零零六年十一月一日或以後開始之年度生效

⁶ 由二零零七年三月一日或以後開始之年度生效

⁷ 由二零零八年一月一日或以後開始之年度生效

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements has been prepared under the historical cost basis except for the investment properties and certain financial instruments which are measured at revalued amounts or fair values, as explained in the accounting policies set out below.

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

Basis of consolidation

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

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

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

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

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

4. 重大會計政策

綜合財務資料乃按歷史成本法編製，惟投資物業及若干財務工具則以下文所載會計政策所闡述按重估金額或公平值計量。

綜合財務報表遵從香港會計師公會頒佈的香港財務報告準則編製。此外，為符合香港聯合交易所有限公司證券上市規則及香港公司條例的規定，綜合財務報表亦包括適用的披露事項。

綜合基準

綜合財務報表包括本公司及受其控制公司（即附屬公司）之財務報表。當本公司有權管治一間公司的財務及經營策略以自其業務獲利時，本公司即取得控制權。

於本年度所收購或出售附屬公司之業績乃自收購生效日期起或截至出售生效日期止（視情況而定）於綜合收益表入賬。

如有需要，本集團會對附屬公司之財務報表作出調整，使其會計政策符合本集團其他成員公司的政策。

集團間所有交易、結存、收入及開支均於綜合賬目時對銷。

綜合附屬公司資產淨值內之少數股東權益與本集團所持的股本權益分開呈列。資產淨值內之少數股東權益包括在原業務合併日期之有關權益數額，以及自合併日期起計少數股東應佔之股權變動。少數股東應佔虧損超出少數股東所持附屬公司權益之差額將由本集團承擔，惟少數股東具約束力責任及可以額外投資補足虧損者除外。

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combination

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

When a business combination involves more than one exchange transaction, each exchange transaction shall be treated separately by the acquirer, using the cost of the transaction and fair value information at the date of each exchange transaction to determine the amount of any goodwill associated with that transaction. Any adjustment to those fair values relating to previously held interests of the Group is credited to the revaluation reserve.

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

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

Goodwill

Goodwill arising on acquisition prior to 1 January 2005

Goodwill arising on an acquisition of a subsidiary for which the agreement date is before 1 January 2005 represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition.

For previously capitalized goodwill arising on acquisitions after 1 April 2001 but before 1 January 2005, the Group has discontinued amortization from 1 April 2005 onwards, and such goodwill is tested for impairment annually, and whenever there is indication that the cash-generating unit to which the goodwill relates may be impaired (see the accounting policy below).

4. 重大會計政策 (續)

業務合併

收購附屬公司以收購法入賬。收購成本根據就換取被收購方控制權所給予資產、所產生或承擔負債的公平值總額，加上業務合併任何直接應佔成本計算。符合香港財務報告準則第3號「業務合併」確認條件的被收購方可識別資產、負債及或然負債按收購日期的公平值確認。

當業務合併涉及一項或多項匯兌交易，收購者須單獨處理各匯兌交易，使用交易成本及於匯兌交易日的公平值資料釐定有關交易商譽數額。任何有關本集團之前持有權益之公平值的調整會計入重估儲備。

收購所產生商譽確認為資產，首先按成本計算，即收購成本超過本集團所佔已確認可識別資產、負債及或然負債公平淨值之權益的差額。倘於重新評估後，本集團所佔被收購方可識別資產、負債及或然負債公平淨值的權益超出業務合併成本，則有關差額即時在收益表中確認。

少數股東所佔被收購方的權益首先按彼等所佔已確認資產、負債及或然負債公平淨值的比例計算。

商譽

於二零零五年一月一日前收購時產生之商譽

於二零零五年一月一日前收購附屬公司時產生之商譽指收購成本超逾本集團於收購附屬公司當日應佔可識別資產及負債公平值之差額。

至於二零零一年四月一日後但於二零零五年一月一日前於收購時所產生已撥充資本的商譽，本集團自二零零五年四月一日起終止攤銷，而有關商譽會每年及於有跡象顯示與商譽有關之現金產生單位可能減值時進行減值測試（見下文會計政策）。

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Goodwill (Continued)

Goodwill arising on acquisition on or after 1 January 2005

Goodwill arising on an acquisition of a subsidiary for which the agreement date is on or after 1 January 2005 represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities and contingent liabilities of the relevant subsidiaries at the date of acquisition. Such goodwill is carried at cost less any accumulated impairment losses.

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

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

4. 重大會計政策 (續)

商譽 (續)

於二零零五年一月一日或之後收購時產生之商譽

於二零零五年一月一日或之後收購附屬公司時產生之商譽指收購成本超逾本集團於收購有關附屬公司當日應佔可識別資產、負債及或然負債公平值之差額。有關商譽按成本減任何累計減值虧損列賬。

為進行減值測試，本集團將商譽分配至預期可從合併產生之協同效益中獲益之各現金產生單位。獲分配商譽之現金產生單位每年或當有跡象顯示有關單位可能減值時均會作減值測試。倘於某一財政年度進行收購而產生商譽，則會於該財政年度結束前對獲分攤商譽之現金產生單位進行減值測試。倘現金產生單位之可收回金額低於該單位之賬面值，則首先會分攤減值虧損以減低該單位所獲分攤之商譽賬面值，其後再根據該單位內每項資產之賬面值按比例分攤至該單位內其他資產。已確認之商譽減值虧損不會於往後期間回撥。

其後出售附屬公司時，計算出售損益時會計入已撥充資本的應佔商譽。

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in associates

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

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale (in which case it is accounted for under HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*). Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any identified impairment loss. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. An additional share of losses is provided for and a liability is recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Goodwill arising on acquisition prior to 1 January 2005

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities of the associate recognized at the date of acquisition is recognized as goodwill. From 1 January 2005 onwards, the Group has discontinued amortization of goodwill and such goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment.

Goodwill arising on acquisitions on or after 1 January 2005

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

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

4. 重大會計政策 (續)

於聯營公司之投資

聯營公司為投資者對其有重大影響力之公司，但並非附屬公司或合營企業。

聯營公司之業績與資產及負債按會計權益法綜合計入綜合財務報表，惟當投資分類為持作出售（此情況則根據香港財務報告準則第5號持有作出售之非流動資產及非持續業務入賬）時則除外。根據權益法，於聯營公司之投資按成本（會按收購後本集團應佔聯營公司資產淨值變動調整）減任何已識別減值虧損於綜合資產負債表列賬。倘本集團應佔聯營公司虧損等於或超過所持該聯營公司權益（包括任何實質上屬於本集團於聯營公司投資淨額一部分的長期權益），則本集團會終止確認額外應佔虧損。惟倘本集團須承擔法定或推定責任或須代表該聯營公司作出付款，則會就額外應佔虧損作出撥備，並確認負債。

於二零零五年一月一日前進行收購產生之商譽

收購成本超逾本集團應佔聯營公司於收購當日已確認之可識別資產及負債之公平淨值之差額，會確認為商譽。自二零零五年一月一日起，本集團已終止攤銷商譽。有關商譽計入投資的賬面值，並作為投資的一部分進行減值評估。

於二零零五年一月一日或之後進行收購產生之商譽

收購成本超逾本集團應佔聯營公司於收購當日已確認之可識別資產、負債及或然負債公平值之差額，會確認為商譽。該等商譽計入投資的賬面值，並作為投資的一部分進行減值評估。

倘集團公司與本集團聯營公司進行交易，則有關損益會按本集團所持相關聯營公司權益抵銷。

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Non-current assets held for sale (Continued)

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of the assets' (disposal groups') previous carrying amount and fair value less costs to sell.

Revenue recognition

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

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

Sales of investments in held for trading are recognized on a trade-date basis when contracts are executed.

Sales of other assets are recognized upon the execution of a binding sale agreement.

Rental income, including rentals invoiced in advance from properties let under operating leases, is recognized on a straight line basis over the term of the relevant leases.

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.

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

4. 重大會計政策 (續)

持作出售之非流動資產 (續)

倘非流動資產及出售組別之賬面值可通過銷售交易(而非通過持續使用)收回,則該項非流動資產將劃分為持作出售項目。僅於出售機會相當高及資產(或出售組別)可於現況下即時出售時,本條件方視為達成。

劃分為持作出售項目之非流動資產(及出售組別)按資產(出售組別)過往賬面值或公平值減銷售成本之較低者計算。

收入確認

收入按已收及應收代價之公平值計算,即於日常業務過程中所出售商品及提供服務之應收金額,並扣除折扣及銷售相關稅項。

出售貨品於貨品付運及所有權轉移後確認。

出售持作買賣投資於合同執行時按交易日基準確認。

出售其他資產於簽訂具約束力的銷售協議時確認。

租金收入(包括根據經營租約出租物業而須先發出發票之租金收入)於相關租約的租期內以直線法確認。

財務資產之利息收入按時間基準以尚未償還之本金額及適用之實際利率計算,有關利率為於財務資產之可用年期內用以準確地貼現估計未來現金收款至該資產之賬面淨值之利率。

來自投資之股息收入於股東有權收取款項時確認。

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment

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

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

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

Investment properties

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposals. 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 asset) is included in the consolidated income statement in the year in which the item is derecognised.

4. 重大會計政策 (續)

物業、機器及設備

物業、機器及設備按成本減其後累計折舊及累計減值虧損入賬。

物業、機器及設備之折舊撥備乃根據其估計可用年期，按直線法撇銷其成本並經計及估計剩餘價值。

按融資租約持有之資產以該等資產以自置資產相同基準之估計可用年期或有關租約年期（以較短者為準）計算。

物業、機器及設備項目於出售或預期繼續使用該等資產不會產生未來經濟利益時終止確認。終止確認資產時所產生之任何收益或虧損（按出售所得款項淨額與項目賬面值之差額計算）於項目終止確認之年度計入綜合收益表。

投資物業

於首次確認時，投資物業按成本計算，當中包括任何直接應佔開支。於首次確認後，投資物業按公平值模式計算。投資物業公平值之變動所產生的收益或虧損將計入發生期間之損益內。

投資物業於出售、永久停用或預期出售不會帶來未來經濟利益時終止確認。終止確認資產所產生任何收益或虧損乃按出售所得款項淨額與資產賬面值之間的差額計算，於該項目終止確認的年內計入綜合收益表。

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leasing

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

The Group as lessor

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

The Group as lessee

Assets held under finance leases are recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the 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.

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

4. 重大會計政策 (續)

租賃

凡根據租約條款，擁有權之絕大部分風險與回報轉歸承租人所有之租約，均列作融資租約。所有其他租約皆列作經營租約。

本集團為出租人

經營租約的租金收入於有關租期內按直線法在綜合收益表確認。磋商及安排經營租約時產生之初步直接成本加入租賃資產之賬面值，並於租期內按直線法確認為支出。

本集團為承租人

根據融資租約持有之資產乃按訂立租約當日之公平值或最低租金現值兩者之較低者，確認為本集團之資產。出租人之相應債務計入資產負債表作融資租約承擔。租金乃分作財務費用及租約債務之減少，以就債務餘額以固定利率計算利息。財務費用直接計入損益。

經營租約之應付租金以直線法按有關租期計入損益。作為訂立經營租約之已收利益及應收款項以直線法按有關租期確認為租金費用之減少。

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies

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

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognized in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in equity, in which cases, the exchange differences are also recognized directly in equity.

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

Borrowing costs

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

4. 重大會計政策 (續)

外幣

於編製各個別集團實體之財務報表時，以該實體之功能貨幣以外之貨幣（「外幣」）進行之交易乃按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。按公平值入賬及以外幣定值之非貨幣項目乃按公平值釐定當日之匯率重新換算。按外幣過往成本計量之非貨幣項目毋須重新換算。

於結算及換算貨幣項目時產生之匯兌差額於其產生之期間於損益確認。換算非貨幣項目所產生之匯兌差額按公平值計入期間之損益，惟換算有關盈虧直接在股本確認之非貨幣項目所產生之匯兌差額除外，而有關差額直接在股本確認。

就綜合財務報表之呈列而言，本集團國外業務之資產與負債乃按結算日之匯率換算為本公司之列賬貨幣（即港元），而其收入及支出乃按該年度之平均匯率換算，惟倘匯率於該年度內大幅波動則除外，在此情況下採用交易日之匯率換算。所產生之匯兌差額（如有）乃確認為股本權益之獨立部分（匯兌儲備）。該等匯兌差額乃於國外業務售出之期內於損益確認。

借貸成本

所有借貸成本於所產生期間確認並計入綜合收益表。

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Retirement benefit costs

Payments to state-managed retirement benefit schemes and Mandatory Provident Fund Scheme are charged as expense when employees have rendered service entitling them to the contributions.

Taxation

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

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

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

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

4. 重大會計政策 (續)

退休福利成本

國家管理之退休福利計劃及強積金計劃之付款於僱員提供服務而合資格享有供款時列作開支扣除。

稅項

所得稅支出指即期應付稅項及遞延稅項之總和。

即期應付稅項按年內應課稅溢利計算。應課稅溢利與收益表中所報之純利不同是由於前者不包括在其他年度應課稅或可扣減之收入或開支，並且不包括收益表內毋須課稅或不可扣稅之項目。本集團即期稅項負債乃按照結算日已頒佈或實質上已頒佈之稅率計算。

遞延稅項為就財務報表中資產及負債賬面值與計算應課稅溢利相應稅基之差額而預期應付或可收回之稅項，並以資產負債表負債法入賬。遞延稅項負債通常會就所有應課稅臨時差額確認，而遞延稅項資產乃按可能出現可利用臨時差額扣稅之應課稅溢利時確認。若於一項交易中，因商譽或首次確認其他資產及負債（業務合併除外）而引致之臨時差額既不影響應課稅溢利亦不影響會計溢利，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及聯營公司投資而引致之應課稅臨時差額而確認，惟本集團可令臨時差額逆轉及臨時差額有可能未必於可見將來逆轉之情況除外。

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

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

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

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is calculated using the weighted average cost method. Net realizable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

Other asset

Other asset represents cost incurred for the exclusive development right to a land development project in The People's Republic of China ("PRC") and also the right to obtain the land for the development. The amount is stated at the lower of cost and net realizable value.

Intangible assets – club debentures

Intangible assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated income statement when the asset is derecognized.

Intangible assets with infinite useful lives are tested for impairment annually by comparing their carrying amounts with their receivable amounts, irrespective of whether there is any indication that they may be impaired. If the receivable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its receivable amount. An impairment loss is recognized as expenses immediately.

4. 重大會計政策 (續)

稅項 (續)

遞延稅項資產之賬面值於每個結算日檢討，並在不可能有足夠應課稅溢利恢復全部或部分資產價值時調減。

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。遞延稅項於綜合收益表中扣除或入賬，惟遞延稅項直接在股東權益中扣除或入賬之情況（在此情況下遞延稅項亦會於股東權益中處理）除外。

存貨

存貨按成本及可變現淨值兩者之較低者入賬。成本按加權平均成本法計算。可變現淨值指估計售價減完成的估計成本以及市場推廣、銷售及分銷所涉成本。

其他資產

其他資產指獲得在中華人民共和國（「中國」）土地開發項目之獨家開發權及獲得土地開發權所涉成本。該金額按成本及可變現淨值兩者之較低者入賬。

無形資產 — 會所債券

擁有無限可使用年期之無形資產按成本減任何其後累計減值虧損入賬。

終止確認無形資產所產生之損益按資產之出售所得款項淨額與賬面值之差額計算，並在資產終止確認時於綜合收益表確認。

擁有無限可使用年期之無形資產，無論是否有跡象顯示資產可能減值，均透過比較其賬面值與其應收款項，每年進行減值測試。倘估計資產之可收回金額低於其賬面值，則該資產之賬面值將降至其可收回金額。減值虧損隨即確認為開支。

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible assets – club debentures (Continued)

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

Impairment (other than goodwill)

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 of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized as expenses 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 recognized for the asset in prior years. A reversal of an impairment loss is recognized as income immediately.

Financial instruments

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

Financial assets

The Group's financial assets are classified into one of the three categories, including financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. The accounting policies adopted in respect of each category of financial assets are set out below.

4. 重大會計政策 (續)

無形資產 — 會所債券 (續)

減值虧損其後回撥時，資產之賬面值增至其可收回金額之經調整估計數額，惟增加後之賬面值不超過假設過往年度該項資產並無確認減值虧損而釐定之賬面值。減值虧損之回撥即時確認為收入。

減值 (商譽除外)

本集團於每個結算日均會審閱資產之賬面值，以決定有關資產是否有任何跡象出現減值虧損。倘估計資產之可收回金額低於其賬面值，則該資產之賬面值將降至其可收回金額。減值虧損隨即確認為開支。

減值虧損其後回撥時，資產之賬面值增至其可收回金額之經調整估計數額，惟增加後之賬面值不超過假設過往年度該項資產並無確認減值虧損而釐定之賬面值。減值虧損之回撥即時確認為收入。

財務工具

倘集團實體成為工具合約條文之訂約方，則於資產負債表確認財務資產及財務負債。財務資產及財務負債首先按公平值計算。購入或發行財務資產及財務負債直接應佔之交易成本（按公平值列賬並在損益表內處理之財務資產及財務負債除外）於首次確認時計入或從財務資產或財務負債之公平值扣除（視情況而定）。購入按公平值列賬並在損益表內處理之財務資產或財務負債之直接交易成本即時於損益確認。

財務資產

本集團之財務資產分為三個類別：包括按公平值列賬並在損益賬內處理之財務資產、貸款及應收款項及可供出售之財務資產。所有定期之財務資產買賣於交易日確認或終止確認。定期之財務資產買賣指購買或出售根據有關規例或慣例設定之時限內交付之財務資產。下文載列各類財務資產所採納之會計政策。

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss has two subcategories, including financial assets held for trading and those designated at fair value through profit or loss on initial recognition.

A financial asset other than a financial asset held for trading may be designated at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms parts of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated at fair value through profit or loss.

At each balance sheet date subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognized directly in profit or loss in the year in which they arise.

4. 重大會計政策 (續)

財務工具 (續)

財務資產 (續)

按公平值列賬並在損益賬內處理之財務資產

按公平值列賬並在損益賬內處理之財務資產包括持作買賣財務資產及於首次確認時指定按公平值列賬並在損益賬內處理之財務資產。

在下述情況下，持作買賣之財務資產以外之財務資產可在首次確認時指定按公平值在損益賬內處理：

- 該等指定消除或大幅減少可能以其他方式計算或確認之不一致情況；或
- 財務資產屬於一組財務資產及／或財務負債之部分，按照本集團既定風險管理或投資策略管理，並按公平值衡量表現，而有關分組資料亦按該基準作內部規定；或
- 屬於包含一個或多個嵌入式衍生工具之合約，而香港會計準則第39號容許整份合併合約（資產或負債）指定按公平值在損益賬內處理。

於首次確認後各結算日，按公平值列賬並在損益賬內處理之財務資產按公平值計算，而公平值之變動則於產生之年度內直接於損益確認。

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)*Financial instruments (Continued)**Financial assets (Continued)**Loans and receivables*

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

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments. At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognized in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognized in equity is removed from equity and recognized in profit or loss. Any impairment losses on available-for-sale financial assets are recognized in profit or loss. Impairment losses on available-for-sale equity investments will not reverse in subsequent periods. For available-for-sale debt investments, impairment losses are subsequently reversed if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

4. 重大會計政策 (續)*財務工具 (續)**財務資產 (續)**貸款及應收款項*

貸款及應收款項為有固定或可確定付款而並無活躍市場報價之非衍生財務資產。於首次確認後各結算日，貸款及應收款項（包括貿易及其他應收款項、應收一間聯營公司之可兌換票據、應收短期貸款、應收有關連公司之短期貸款、給予聯營公司之貸款、應收孖展貸款、已抵押銀行存款及銀行結餘）按攤銷成本以實際利率法減去任何已識別減值虧損入賬。當有客觀證據證明資產已減值，並按資產賬面值與按原實際利率貼現之估計日後現金流量現值之差額計算時，減值虧損在損益賬確認。當資產之可收回金額增加客觀地與確認減值後所發生之事件有關時，減值虧損會於其後期間回撥，惟規定資產在回撥減值當日之賬面值不得超過假設並無確認減值之攤銷成本。

可供出售之財務資產

可供出售之財務資產為指定或不獲劃分為按公平價列賬並在損益賬內處理之財務資產、貸款及應收款項或持至到期投資之非衍生工具。於首次確認後各結算日，可供出售之財務資產按公平值計算。公平值之變動於股東權益中確認，直至財務資產出售或確定出現減值為止。在此情況下，先前在股東權益確認之累計收益或虧損自股東權益撤銷，並在損益賬確認。可供出售股本投資之減值虧損不會於其後期間回撥。至於可供出售之債務投資，倘投資公平值之增加客觀地與確認減值虧損後發生之事項有關，則有關減值虧損會於其後回撥。

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Available-for-sale financial assets (Continued)

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

Financial liabilities and equity

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

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

Financial liabilities

Financial liabilities including trade and other payables, margin loan payables, amounts due to related companies, amount due to ultimate holding company, bills payable, borrowings and bank overdrafts are subsequently measured at amortised cost, using the effective interest rate method.

Equity instruments

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

4. 重大會計政策 (續)

財務工具 (續)

財務資產 (續)

可供出售之財務資產 (續)

至於在活躍市場並無市場報價及其公平值無法可靠地計量之可供出售股本投資，則主要於首次確認後按成本扣除已確定減值虧損計算。當有客觀證據證明資產出現減值，則減值虧損在損益確認。減值虧損金額按資產賬面值與按類似財務資產之現時市場回報率貼現之估計日後現金流量現值之差額計算。有關減值虧損不會於其後期間回撥。

財務負債及股本

集團實體發行之財務負債及股本工具根據所訂立合約安排之協議性質以及財務負債及股本工具之定義分類。

股本工具乃證明集團資產經扣除一切負債後之剩餘權益之任何合約。財務負債（衍生負債除外）及股本工具之會計政策載於下文。

財務負債

財務負債包括貿易及其他應付款項、應付孖展貸款、應付關連公司款項、應付最終控股公司款項、應付票據、借款及銀行透支，其後利用實際利率法按攤銷成本計算。

股本工具

本公司發行之股本工具按已收所得款項減直接發行成本入賬。

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Convertible loan notes contains liability and equity components

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

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

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

Derivative financial instruments

Derivative embedded in non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

Derivatives are initially recognized at fair value at the date a derivative contract is entered into and are subsequently measured at fair value at each balance sheet date. The resulting gain or loss from fair value changes is recognised in profit or loss.

4. 重大會計政策 (續)

財務工具 (續)

財務負債及股本 (續)

可兌換貸款票據包含負債及權益部分

本公司發行之可兌換貸款票據包含負債及可兌換部分，並於首次確認時分開歸類於各自之項目。可兌換權由固定金額之現金或其他財務資產兌換為本公司本身固定數目之權益工具交付，分類為權益工具。

於首次確認時，負債部分之公平值乃按類似非可兌換債券之現行市場息率釐定。發行可兌換貸款票據所得款項與歸入負債部分之公平值之差額（即持有人將貸款票據兌換為權益之可兌換權）計入權益（可兌換貸款票據儲備）。

於其後期間，可兌換貸款票據之負債部分採用實際利率法以攤銷成本入賬。權益部分（即將負債部分兌換為本公司普通股之期權）將保留於可兌換貸款票據儲備內，直至內置期權行使為止（屆時於可兌換貸款票據儲備呈列之結存將轉撥至股份溢價）。倘該期權於到期日仍未獲行使，則於可兌換貸款票據儲備呈列之結存將撥入保留溢利。期權於兌換或失效時之收益或虧損不會於損益賬內確認。

衍生財務工具

倘非衍生工具主合約附帶的衍生工具之風險及特徵與其主合約無緊密關連，該等衍生工具將獲單獨處理，而主合約不會按公平值列賬，其公平值變動亦不會於損益中確認。

衍生工具於訂立衍生工具協議之日初步按公平值列賬，其後於各結算日按公平值計量。公平值變動產生之收益或虧損將於損益中確認。

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Derecognition

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

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

Equity-settled share-based payment transactions

In relation to share options granted before 1 April 2005, the Group chooses not to apply HKFRS 2 with respect to share options granted on or before 7 November 2002 and vested before 1 April 2005.

Share options granted on or before 7 November 2002 and vested prior to 1 April 2005

Prior to the application of HKFRS 2, the Group did not recognise the financial effect of these share options until they were exercised.

Upon the exercise of the share options, the resulting shares issued will be 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 shares will be recorded by the Company in the share premium account. Options which lapsed or are cancelled prior to their exercise date are deleted from the register of outstanding options.

4. 重大會計政策 (續)

財務工具 (續)

終止確認

當收取資產現金流量之權利屆滿，或轉讓財務資產而本集團已轉讓該項財務資產擁有權之絕大部分風險及回報時，將會終止確認有關財務資產。於終止確認財務資產時，該項資產賬面值與已收代價及於股東權益中直接確認之累計盈虧總和之差額會於損益確認。

當有關合約所訂明責任獲解除、註銷或屆滿時，會終止確認財務負債。終止確認之財務負債賬面值與已付代價之差額於損益確認。

按權益結算以股份付款之交易

就二零零五年四月一日前授出的購股權而言，本集團選擇不應用與二零零二年十一月七日或之前授出並於二零零五年四月一日前已歸屬的購股權有關的香港財務報告準則第2號規定。

二零零二年十一月七日或之前授出並於二零零五年四月一日前已歸屬之購股權

應用香港財務報告準則第2號規定前，本集團於該等購股權獲行使前並無確認其財務影響。

於行使購股權時，本公司會按股份面值將因行使購股權而發行之股份入賬列為額外股本，而本公司會將每股行使價超過股份面值的部分列入股份溢價賬。於行使日前已失效或取消之購股權將於未行使購股權登記冊中刪除。

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment on short-term loans receivables and loans to associates

Management regularly reviews the recoverability of short-term loans receivables and loans to associates. Appropriate impairment for estimated irrecoverable amounts are recognized in profit and loss when there is objective evidence that the amounts are not recoverable.

In determining whether allowances for bad and doubtful debts is required, the Group takes into consideration the aged status and likelihood of collection. Specific allowance is only made for receivables that are unlikely to be collected and is recognized based on the estimation of the future cash flow expected to receive and a suitable discounted rate in order to calculate the present value. As at 31 March 2007, short-term loans receivable and loans to associates are amounted to HK\$308,549,000 and HK\$372,072,000 respectively.

Estimated impairment on available-for-sale investments

In determining whether there is objective evidence of impairment in relation to the Group's available-for-sale investments in equity securities, the Group takes into consideration of significant or prolonged decline in the market prices below the respective costs. As at 31 March 2007, the directors performed impairment assessment of the Group's available-for-sale investments and an impairment loss of HK\$45,751,000 were recognized in consolidated income statement.

5. 主要不確定估計來源

下文詳述有關日後主要假設及結算日其他主要不確定估計來源，而該等假設及不確定估計存在使下一個財政年度的資產及負債賬面值作出重大調整之重大風險。

應收短期貸款及給予聯營公司貸款的減值

管理層會定期檢討能否收回應收短期貸款及給予聯營公司貸款。當有客觀證明顯示金額不可收回時，估計不可收回金額之適當減值會於損益確認。

釐定是否需呆壞賬撥備時，本集團考慮賬齡情況及可收回的可能性。本集團僅就不大可能收回之應收款項作出特定撥備，並按預期收回之估計未來現金流量以及計算現值之適當利率確認。於二零零七年三月三十一日，短期應收款項及給予聯營公司貸款分別為308,549,000港元及372,072,000港元。

可供銷售投資估計減值

釐定是否有客觀證據顯示本集團股本證券的可供銷售投資出現減值虧損時，本集團會考慮可供銷售投資的市價重大或長期下跌至低於各自成本的情況。按可供銷售投資的賬面值與市價的差額計量減值虧損數額。於二零零七年三月三十一日，董事評估本集團可供銷售投資的減值虧損，並於綜合收益表中確認減值虧損45,751,000港元。

6. FINANCIAL INSTRUMENTS

6a. Financial risk management objectives and policies

The Group's major financial instruments include available-for-sale investments, investments held for trading, convertible note receivable from an associate, conversion options embedded in convertible note receivable from an associate, conversion options embedded in convertible notes, trade and other receivables, short-term loans receivables, short-term loans receivables from related companies, margin loan receivables, loans to associates, pledged bank deposits, bank balances, trade and other payables, margin loan payables, bills payable, amounts due to related companies, amount due to ultimate holding company, borrowings, convertible loan notes and bank overdraft. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Credit risk

As at 31 March 2007, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligations by the counterparties and financial guarantees issued by the Group arising from:

- the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheet; and
- the amount of contingent liabilities disclosed in notes 51.

In order to minimize 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 trade debt, short-term loans receivable, loans to associates, convertible note receivable from an associate and convertible notes included in available-for-sale investments at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

6. 財務工具

6a. 財務風險管理目標及政策

本集團之主要財務工具包括可供銷售投資、持作買賣投資、應收聯營公司之可兌換票據、應收一間聯營公司可兌換股票據所附之可兌換權、可兌換票據所附之可兌換權、貿易及其他應收款項、應收短期貸款、應收關連公司短期貸款、應收孖展貸款、給予聯營公司貸款、已抵押銀行存款、銀行結餘、貿易及其他應付款項、應付孖展貸款、應付票據、應付關連公司款項、應付最終控股公司款項、借款、可兌換貸款票據及銀行透支。該等財務工具詳情於各附註披露。下文列載與該等財務工具有關之風險及減低該等風險之政策。管理層管理並監控該等風險，以確保及時和有效地採取適當之措施。

信貸風險

二零零七年三月三十一日，本集團因交易方未能履行責任及本集團提供財務擔保而引致財務虧損的最大信貸風險來自：

- 綜合資產負債表所載已確認財務資產的賬面值；及
- 附註51所披露之或然負債金額。

為降低信貸風險，本集團管理層已委派一組人員負責制訂信貸限額、信貸審批及其他監控措施，以確保採取跟進措施收回逾期未付之債項。此外，本集團於各結算日評估每項個別貿易債項、應收短期貸款、給予聯營公司貸款、應收一間聯營公司可兌換票據及計入可供銷售投資的可兌換票據之可收回金額，以確保已就不可收回金額作出足夠之減值虧損。就此，本公司董事認為本集團之信貸風險已大幅降低。

6. FINANCIAL INSTRUMENTS (Continued)

6a. Financial risk management objectives and policies
(Continued)

Credit risk (Continued)

The credit risk on liquid funds is limited because the counterparties are banks and other financial institutions with high-credit-ratings.

In addition, the credit risk on corporate guarantee given to third party is limited because the management will regularly review the financial performance of the third party and reconsider the continuance of the given guarantee regularly.

Interest rate risk

The Group's fair value interest rate risks relate primarily to fixed rate convertible notes and fixed rate borrowings. The Group's cash flow interest rate risk primarily relates to variable rate bank borrowings, that exposed the Group to cash flow interest rate risk. The Group currently does not have an interest rate hedging policy. However, the management monitor interest rate change exposure and will consider hedging significant interest rate change exposure should the need arise.

Other price risk

The Group is exposed to price risk through the available-for-sale investments, conversion options embedded in convertible note receivable from an associate, conversion options embedded in convertible notes and investments held for trading. Management manages this exposure by maintaining a portfolio of investments with different risk profiles.

6. 財務工具 (續)

6a. 財務風險管理目標及政策 (續)

信貸風險 (續)

由於交易方均為信貸評級較高的銀行及其他金融機構，故此流動資金的信貸風險有限。

此外，由於管理層定期檢討第三方的財務表現並重新考慮是否繼續提供擔保，故此有關本集團向第三方提供公司擔保的信貸風險有限。

利率風險

本集團的公平值利率風險主要關於固定利率可兌換票據及固定利率貸款。本集團的現金流量利率風險主要來自使本集團面臨現金流量利率風險的浮動利率銀行貸款。本集團現時並無任何利率對沖政策。然而，管理層會監控利率變動情況並於必要時考慮對沖重大利率變動風險。

其他價格風險

本集團透過可供銷售投資、應收一間聯營公司可兌換票據所附之兌換權、可兌換票據所附之兌換權及持作買賣投資而面對價格風險。管理層通過保持不同投資風險組合的投資組合管理該風險。

6. FINANCIAL INSTRUMENTS (Continued)

6b. Fair value

The fair value of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices;
- the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions; and
- the fair value of derivative instruments, are calculated using quoted prices. Where such prices are not available, the fair value of an option-based derivative is estimated using option pricing model.

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

6. 財務工具 (續)

6b. 公平值

財務資產與負債的公平值按以下方式釐訂：

- 訂有標準條款及條件並在活躍流通市場買賣的財務資產之公平值乃參考所報市場競價而釐訂；
- 其他財務資產與財務負債（不包括衍生工具）之公平值根據一般公認定價模式以折讓現金流量分析按可取得現有市場交易所得之價格釐訂；及
- 衍生工具的公平值使用報價計算。如無該等價格，則使用期權定價模式按期權為基礎的衍生工具公平值估計。

董事認為綜合財務報表內按攤銷成本列賬的財務資產及財務負債賬面值與公平值相若。

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7. REVENUE

Revenue represents the net amounts received and receivable for goods sold, securities traded by the Group, and sales of other asset to outside customers for the year. An analysis of the Group's revenue for the year, for both continuing and discontinued operations, is as follows:

		2007 HK\$'000 二零零七年 千港元	2006 HK\$'000 二零零六年 千港元
Continuing operations	持續經營業務		
Sales of computer related products	銷售電腦相關產品	7,839	51,452
Securities trading	證券買賣	169,005	146,386
Sale of other asset	銷售其他資產	-	118,800
Sand mining activities	採砂業務	1,158	-
		<u>178,002</u>	<u>316,638</u>
Discontinued operations	非持續業務		
Sales of computer related products under "Memorex®"	以「Memorex®」品牌銷售電腦相關產品	229,442	4,210,551
Sales of consumer electronic products	銷售消費電子產品	59,811	1,174,593
		<u>289,253</u>	<u>5,385,144</u>
		<u>467,255</u>	<u>5,701,782</u>

8. SEGMENT INFORMATION

Business segments

The Group is currently organized into four business segments, namely (i) trading of non-"Memorex®" computer related products; (ii) trading of securities; (iii) property development and trading and (iv) sand mining business.

As explained in note 2(i), the operations of trading of computer related products under the trade name of "Memorex®" and trading of consumer electronic products were discontinued on 28 April 2006. The Group continues the operation of trading of other non-"Memorex®" computer related products.

7. 收入

收入指本集團年內售予外界客戶之貨品、與外界客戶買賣之證券及售予外界客戶之其他資產之已收及應收款項淨額。本集團之本年度收入（包括持續經營及非持續業務）分析如下：

8. 分類資料

業務分類

本集團現時由四種業務分類組成，即(i)非「Memorex®」電腦相關產品貿易；(ii)證券買賣；(iii)物業發展及買賣；及(iv)採砂業務。

按附註2(i)所述，商標名稱為「Memorex®」之電腦相關產品貿易及消費電子產品貿易業務於二零零六年四月二十八日終止。本集團持續經營其他非「Memorex®」電腦相關產品貿易業務。

8. SEGMENT INFORMATION (Continued)

Business segments (Continued)

Segment information about these businesses is presented as below:

8. 分類資料 (續)

業務分類 (續)

有關該等業務之分類資料呈列如下：

	Continuing operations 持續經營業務					Discontinued operations 非持續業務				
	Trading of non- "Memorex" computer related products HK\$'000	Property Trading of securities and trading HK\$'000	Development and trading HK\$'000	Sand mining HK\$'000	Sub-total HK\$'000	Trading of computer related products under "Memorex" HK\$'000	Trading of consumer electronic products HK\$'000	Sub-total HK\$'000	Consolidated HK\$'000	
	非「Memorex®」 電腦相關 產品貿易 千港元	證券買賣 千港元	物業發展 及買賣 千港元	採砂 千港元	小計 千港元	「Memorex®」 品牌 電腦相關 產品貿易 千港元	消費電子 產品貿易 千港元	小計 千港元	綜合 千港元	
<i>For the year ended 31 March 2007</i>	截至二零零七年三月三十一日止年度									
REVENUE	收益									
External sales	7,839	169,005	-	1,158	178,002	229,442	59,811	289,253	467,255	
SEGMENT RESULT	分類業績									
	(2,494)	4,771	-	(11,224)	(8,947)	(35,225)	1,170	(34,055)	(43,002)	
Interest income	利息收入				116,135	67				116,202
Unallocated corporate income	未分配企業收入				33,825	-				33,825
Unallocated corporate expenses	未分配企業支出				(17,414)	-				(17,414)
Finance costs	財務費用				(83,384)	(667)				(84,051)
Change in fair value of conversion options embedded in convertible notes	可兌換票據兌換權之公平值變動				(187,131)	-				(187,131)
Change in fair value of conversion options embedded in convertible note receivable from an associate	應收一間聯營公司之可兌換票據兌換權之公平值變動				(18,396)	-				(18,396)
Change in fair value of convertible notes designated at fair value through profit or loss	指定按公平值計入損益之可兌換票據之公平值變動				16,816	-				16,816
Change in fair value of investment properties	投資物業之公平值變動				2,642	-				2,642
Discount on acquisition of subsidiaries	收購附屬公司折讓				132,462	-				132,462
Impairment loss on goodwill	商譽之減值虧損				(6,621)	-				(6,621)
Impairment loss on available-for-sale investments	可供銷售投資之減值虧損				(45,751)	-				(45,751)
Net gain on disposals of subsidiaries and associates	出售附屬公司及聯營公司之收益淨額				6,441	-				6,441
Share of results of associates	應佔聯營公司業績				35,356	-				35,356
Loss before income tax	除所得稅前虧損				(23,967)	(34,655)				(58,622)
Income tax (expense) credit	所得稅(開支)抵免				(32,457)	26,235				(6,222)
Gain on disposal of Disposed Business	出售被出售業務之收益				-	1,526,346				1,526,346
(Loss) profit for the year	本年度(虧損)溢利				(56,424)	1,517,926				1,461,502

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8. SEGMENT INFORMATION (Continued)

Business segments (Continued)

	Continuing operations 持續經營業務				Discontinued operations 非持續業務			Consolidated HK\$'000
	Trading of non- "Memorex" computer related products HK\$'000	Trading of securities HK\$'000	Property development and trading HK\$'000	Sand mining HK\$'000	Trading of computer related products under "Memorex" HK\$'000	Trading of consumer electronic products HK\$'000		
	非「Memorex®」 電腦相關 產品貿易 千港元	證券買賣 千港元	物業發展及 買賣 千港元	採砂 千港元	「Memorex®」 品牌電腦 相關產品 貿易 千港元	消費電子 產品貿易 千港元	綜合 千港元	
Assets and liabilities at 31 March 2007	於二零零七年三月三十一日之 資產及負債							
ASSETS	資產							
Segment assets	1,101	641,907	229,288	128,730	-	-	1,001,026	
Interests in associates							875,614	
Unallocated corporate assets							3,131,067	
Consolidated total assets							5,007,707	
LIABILITIES	負債							
Segment liabilities	9,220	6,377	-	1,543	-	-	17,140	
Borrowings							619,356	
Unallocated corporate liabilities							1,172,099	
Consolidated total liabilities							1,808,595	

	Continuing operations 持續經營業務						Discontinued operations 非持續業務				Consolidated HK\$'000
	Trading of non- "Memorex" computer related products HK\$'000	Trading of securities HK\$'000	Property development and trading HK\$'000	Sand mining HK\$'000	Corporate HK\$'000	Sub-total HK\$'000	Trading of computer related products under "Memorex" HK\$'000	Trading of consumer electronic products HK\$'000	Sub-total HK\$'000		
	非「Memorex®」 電腦相關 產品貿易 千港元	證券買賣 千港元	物業發展 及買賣 千港元	採砂 千港元	企業 千港元	小計 千港元	「Memorex®」 品牌電腦 相關產品 貿易 千港元	消費電子 產品貿易 千港元	小計 千港元	綜合 千港元	
Other information	其他資料										
For the year ended 31 March 2007	截至二零零七年 三月三十一日止年度										
Capital expenditure	-	-	-	134,684	4,004	138,688	-	-	-	138,688	
Depreciation	-	-	-	10,215	2,149	12,364	1,280	-	1,280	13,644	
Impairment loss on goodwill	-	-	-	-	6,621	6,621	-	-	-	6,621	
Impairment loss on available-for-sale investments	-	-	-	-	45,751	45,751	-	-	-	45,751	
Allowance for bad and doubtful debts	-	-	-	-	-	-	11,877	-	11,877	11,877	
Allowances for loans to associates	-	-	-	-	1,331	1,331	-	-	-	1,331	

8. SEGMENT INFORMATION (Continued)

Business segments (Continued)

	Continuing operations 持續經營業務				Discontinued operations 非持續業務				Consolidated HK\$'000
	Trading of non-Memorex® computer related products HK\$'000	Trading of securities HK\$'000	Property development and trading HK\$'000	Sub-total HK\$'000	Trading of computer related products under "Memorex®" HK\$'000	Trading of consumer electronic products HK\$'000	Sub-total HK\$'000		
	非「Memorex®」 電腦相關 產品貿易 千港元	證券買賣 千港元	物業發展 及買賣 千港元	小計 千港元	「Memorex®」 品牌 電腦相關 產品貿易 千港元	消費電子 產品貿易 千港元	小計 千港元	綜合 千港元	
<i>For the year ended 31 March 2006</i>	截至二零零六年 三月三十一日止年度								
REVENUE	收益								
External sales	51,452	146,386	118,800	316,638	4,210,551	1,174,593	5,385,144	5,701,782	
SEGMENT RESULT	(28,635)	61,650	11,886	44,901	91,334	22,028	113,362	158,263	
Interest income	利息收入								
Unallocated corporate income	未分配企業收入								
Unallocated corporate expenses	未分配企業支出								
Finance costs	財務費用								
Change in fair value of conversion options embedded in convertible notes	可兌換票據中內在之 兌換權之 公平值變動								
Net gain on disposal of subsidiaries and associates	出售附屬公司及聯營公司 之收益淨額								
Impairment loss on trademark licenses	商標許可證之減值虧損								
Impairment loss on available-for-sale investments	可供銷售投資之減值虧損								
Impairment loss on club debentures	會所債券之減值虧損								
Allowance for loan receivable	應收貸款撥備								
Allowance for other receivable	其他應收款項撥備								
Share of results of associates	應佔聯營公司業績								
(Loss) profit before income tax	除所得稅前(虧損)溢利								
Income tax expense	所得稅開支								
(Loss) profit for the year	本年度(虧損)溢利								

8. 分類資料 (續)

業務分類 (續)

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8. SEGMENT INFORMATION (Continued)

Business segments (Continued)

8. 分類資料 (續)

業務分類 (續)

		Continuing operations 持續經營業務			Discontinued operations 非持續業務			Consolidated HK\$'000
		Trading of non-"Memorex" computer related products HK\$'000 非「Memorex」 電腦相關 產品貿易 千港元	Trading of securities HK\$'000 證券買賣 千港元	Property development and trading HK\$'000 物業發展 及買賣 千港元	Trading of computer related products under "Memorex" HK\$'000 「Memorex」 品牌電腦 相關產品貿易 千港元	Trading of consumer electronic products HK\$'000 消費電子 產品貿易 千港元		
Assets and liabilities at 31 March 2006	於二零零六年三月三十一日 之資產及負債							
ASSETS	資產							
Segment assets	分類資產	203	727,006	-	1,527,718	235		2,255,162
Interests in associates	聯營公司權益							647,693
Unallocated corporate assets	未分配企業資產							1,290,325
Consolidated total assets	綜合總資產							4,193,180
LIABILITIES	負債							
Segment liabilities	分類負債	61,325	153	421	671,516	-		733,415
Borrowings	借貸							891,207
Unallocated corporate liabilities	未分配企業負債							349,235
Consolidated total liabilities	綜合總負債							1,973,857

		Continuing operations 持續經營業務					Discontinued operations 非持續業務			Consolidated HK\$'000
		Trading of non-"Memorex" computer related products HK\$'000 非「Memorex」 電腦相關 產品貿易 千港元	Trading of securities HK\$'000 證券買賣 千港元	Property development and trading HK\$'000 物業發展 及買賣 千港元	Corporate HK\$'000 企業 千港元	Sub-total HK\$'000 小計 千港元	Trading of computer related products under "Memorex" HK\$'000 「Memorex」 品牌電腦 相關產品 貿易 千港元	Trading of consumer electronic products HK\$'000 消費電子 產品貿易 千港元	Sub-total HK\$'000 小計 千港元	
Other information For the year ended 31 March 2006	其他資料 截至二零零六年 三月三十一日止年度									
Capital expenditure	資本開支	162	-	-	23	185	15,285	-	15,285	
Depreciation	折舊	2,000	-	-	613	2,613	11,998	-	14,611	
Addition of goodwill arising on acquisition of subsidiaries	收購附屬公司產生之 商譽增加	-	-	-	6,621	6,621	-	-	6,621	
Addition of goodwill arising on acquisition of an associate	收購一間聯營公司產生之 商譽增加	-	-	-	2,276	2,276	-	-	2,276	
Allowance for bad and doubtful debts	呆壞賬撥備	685	-	-	2,412	3,097	13,575	-	16,672	
Allowance for slow moving inventories	滯銷存貨撥備	-	-	-	-	-	75,732	-	75,732	

8. SEGMENT INFORMATION (Continued)

Geographical segments

The following table provides an analysis of the Group's sales revenue by geographical market, irrespective of the origin of the goods/services:

		2007 HK\$'000 二零零七年 千港元	2006 HK\$'000 二零零六年 千港元
Continuing operations:	持續經營業務:		
PRC	中國	1,158	118,800
Hong Kong	香港	169,005	146,990
North America	北美	7,301	24,078
Others	其他	538	26,770
		<u>178,002</u>	<u>316,638</u>
Discontinued operations:	非持續業務:		
North America	北美	258,170	4,848,142
Europe	歐洲	28,882	429,401
Others	其他	2,201	107,601
		<u>289,253</u>	<u>5,385,144</u>
		<u>467,255</u>	<u>5,701,782</u>

8. 分類資料 (續)

地域分類

下表載列按地域市場(不論貨品/服務之源產地)分類的本集團銷售額分析:

2007 HK\$'000 二零零七年 千港元	2006 HK\$'000 二零零六年 千港元
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1,158	118,800
169,005	146,990
7,301	24,078
538	26,770

<u>178,002</u>	<u>316,638</u>
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258,170	4,848,142
28,882	429,401
2,201	107,601

<u>289,253</u>	<u>5,385,144</u>
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<u>467,255</u>	<u>5,701,782</u>
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8. SEGMENT INFORMATION (Continued)

Geographical segments (Continued)

The following is an analysis of the carrying amount of segment assets (exclude the amount of goodwill), and additions to property, plant and equipment, analyzed by the geographical area in which the assets are located:

		Carrying amount of segment assets 分類資產之賬面值		Additions to property, plant and equipment 物業、機器及設備添置	
		2007 HK\$'000 二零零七年 千港元	2006 HK\$'000 二零零六年 千港元	2007 HK\$'000 二零零七年 千港元	2006 HK\$'000 二零零六年 千港元
Hong Kong	香港	643,008	843,271	4,004	144
North America	北美	–	1,150,454	–	13,199
Europe	歐洲	–	164,560	–	1,776
Taiwan	台灣	–	48,051	–	325
PRC	中國	358,018	48,826	134,684	–
Others	其他	–	–	–	26
		1,001,026	2,255,162	138,688	15,470

8. 分類資料 (續)

地域分類 (續)

分類資產之賬面值 (不包括商譽金額) 與物業、機器及設備添置按該等資產所處地理區域分類之分析如下:

9. OTHER INCOME

		Continuing operations 持續經營業務		Discontinued operations 非持續業務		Consolidated 綜合	
		2007 HK\$'000 千港元	2006 HK\$'000 千港元	2007 HK\$'000 千港元	2006 HK\$'000 千港元	2007 HK\$'000 千港元	2006 HK\$'000 千港元
Interest on bank deposits	銀行存款利息	13,300	1,955	67	823	13,367	2,778
Interests on convertible notes	可兌換票據利息	60,522	1,269	–	–	60,522	1,269
Interest on loans receivable	應收貸款利息	28,857	40,234	–	–	28,857	40,234
Interest on loans to associates	應收聯營公司貸款利息	13,456	117	–	–	13,456	117
Net exchange gain	匯兌收益淨額	17,895	–	5,147	–	23,042	–
Internet service income	互聯網服務收入	–	366	–	–	–	366
Royalty income	專利收入	–	–	–	788	–	788
Gain on disposal of property, plant and equipment	出售物業、機器及 設備收益	13,472	–	–	–	13,472	–
Rental income	租金收入	1,328	20,594	–	6,110	1,328	26,704
Reversal of allowances for loans receivables (net of allowance of HK\$1,791,000)	應收貸款撥備撥回 (扣除撥備1,791,000港元)	5,725	–	–	–	5,725	–
Management fee income	管理費收入	1,119	3,497	–	–	1,119	3,497
Others	其他	–	5,240	2,611	720	2,611	5,960
		155,674	73,272	7,825	8,441	163,499	81,713

9. 其他收入

10. FINANCE COSTS

10. 財務費用

		Continuing operations		Discontinued operations		Consolidated	
		持續經營業務		非持續業務		綜合	
		2007	2006	2007	2006	2007	2006
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		二零零七年	二零零六年	二零零七年	二零零六年	二零零七年	二零零六年
		千港元	千港元	千港元	千港元	千港元	千港元
Interest on borrowings wholly repayable within five years:	須於五年內悉數償還之借貸利息：						
- Bank borrowings and overdrafts	- 銀行借貸及透支	6,187	4,993	667	12,403	6,854	17,396
- Other borrowings	- 其他借貸	45,238	58,055	-	-	45,238	58,055
- Finance leases	- 融資租約	5	-	-	25	5	25
Interest on bank borrowings not wholly repayable within five years	毋須於五年內悉數償還之銀行借貸利息	23	418	-	-	23	418
Interest on convertible loan notes	可兌換貸款票據之利息	31,931	-	-	-	31,931	-
		<u>83,384</u>	<u>63,466</u>	<u>667</u>	<u>12,428</u>	<u>84,051</u>	<u>75,894</u>

11. NET GAIN ON DISPOSAL OF SUBSIDIARIES AND ASSOCIATES

11. 出售附屬公司及聯營公司之收益淨額

		Continuing operations		Discontinued operations		Consolidated	
		持續經營業務		非持續業務		綜合	
		2007	2006	2007	2006	2007	2006
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		二零零七年	二零零六年	二零零七年	二零零六年	二零零七年	二零零六年
		千港元	千港元	千港元	千港元	千港元	千港元
Gain on disposal of subsidiaries (note 49(i))	出售附屬公司之收益 (附註49(i))	1,344	7,175	-	-	1,344	7,175
Net loss on deemed disposal of interest in associates	被視為出售聯營公司權益之虧損淨額	-	(14,048)	-	-	-	(14,048)
Gain on disposal of associates (note 22(a))	出售聯營公司之收益 (附註22(a))	5,097	7,794	-	-	5,097	7,794
		<u>6,441</u>	<u>921</u>	<u>-</u>	<u>-</u>	<u>6,441</u>	<u>921</u>

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12. INCOME TAX EXPENSE

12. 所得稅支出

	Continuing operations		Discontinued operations		Consolidated	
	持續經營業務		非持續業務		綜合	
	2007	2006	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	二零零七年	二零零六年	二零零七年	二零零六年	二零零七年	二零零六年
	千港元	千港元	千港元	千港元	千港元	千港元
The charge (credit) comprises:	支出(抵免)包括:					
Profits tax:	利得稅:					
Hong Kong Profits Tax	34,165	2,112	-	-	34,165	2,112
Overseas	(1,704)	2,003	(77,170)	70,473	(78,874)	72,476
	32,461	4,115	(77,170)	70,473	(44,709)	74,588
Deferred tax (note 47)	(4)	216	50,935	(21,135)	50,931	(20,919)
	32,457	4,331	(26,235)	49,338	6,222	53,669

Hong Kong Profits Tax was calculated at 17.5% (2006: 17.5%) of the estimated assessable profit for the year.

香港利得稅就本年度估計應課稅溢利按稅率17.5%(二零零六年:17.5%)計算。

Income tax arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

在其他司法權區所產生之所得稅按有關司法權區之現行稅率計算。

12. INCOME TAX EXPENSE (Continued)

The income tax expense for the year can be reconciled to the profit (loss) before income tax per the consolidated income statement as follows:

		2007 HK\$'000 二零零七年 千港元	2006 HK\$'000 二零零六年 千港元
Profit (loss) before income tax expense:	除所得稅前溢利(虧損):		
Continuing operations	持續經營業務	(23,967)	(144,092)
Discontinued operations	非持續業務	(34,655)	101,757
		<u>(58,622)</u>	<u>(42,335)</u>
Tax at applicable tax rate of 17.5% (2006: 41%) (Note)	按適用稅率17.5% (二零零六年:41%) 計算之稅項(附註)	(10,259)	(17,357)
Tax effect of share of results of associates	應佔聯營公司業績之稅務影響	(6,187)	8,813
Tax effect of income not taxable for tax purposes	毋須繳稅收入之稅務影響	(49,273)	(17,774)
Tax effect of expenses not deductible for tax purposes	不能扣稅支出之稅務影響	61,899	32,250
Tax effect of tax losses not recognized	未確認稅項虧損之稅務影響	17,405	29,371
Effect of different tax rates of subsidiaries operating in other jurisdictions	於其他司法權區經營之 附屬公司之不同稅率之影響	(7,856)	19,064
Others	其他	493	(698)
Income tax expense for the year	本年度所得稅支出	<u>6,222</u>	<u>53,669</u>

Note: For the year ended 31 March 2006, a major subsidiary operating in the USA (being a company of Disposed Companies) provides for the USA Corporation tax at 41% on the assessable profit in the USA. As the major profit of the Group for the year ended 31 March 2006 was contributed by this subsidiary, the tax reconciliation was prepared using 41% during the year ended 31 March 2006. As explained in note 2(i), the Group discontinued the operation of trading of computer related products under the trade name of "Memorex®" where the major operation were carried out in USA and therefore, the domestic tax rate in the jurisdiction where the operation of the Group is substantially based were changed and Hong Kong Profits Tax rate is used as the Group's operation is substantially based in Hong Kong during the year ended 31 March 2007.

12. 所得稅支出(續)

本年度所得稅支出與綜合收益表內除所得稅前溢利(虧損)之對賬如下:

		2007 HK\$'000 二零零七年 千港元	2006 HK\$'000 二零零六年 千港元
Profit (loss) before income tax expense:	除所得稅前溢利(虧損):		
Continuing operations	持續經營業務	(23,967)	(144,092)
Discontinued operations	非持續業務	(34,655)	101,757
		<u>(58,622)</u>	<u>(42,335)</u>
Tax at applicable tax rate of 17.5% (2006: 41%) (Note)	按適用稅率17.5% (二零零六年:41%) 計算之稅項(附註)	(10,259)	(17,357)
Tax effect of share of results of associates	應佔聯營公司業績之稅務影響	(6,187)	8,813
Tax effect of income not taxable for tax purposes	毋須繳稅收入之稅務影響	(49,273)	(17,774)
Tax effect of expenses not deductible for tax purposes	不能扣稅支出之稅務影響	61,899	32,250
Tax effect of tax losses not recognized	未確認稅項虧損之稅務影響	17,405	29,371
Effect of different tax rates of subsidiaries operating in other jurisdictions	於其他司法權區經營之 附屬公司之不同稅率之影響	(7,856)	19,064
Others	其他	493	(698)
Income tax expense for the year	本年度所得稅支出	<u>6,222</u>	<u>53,669</u>

附註: 截至二零零六年三月三十一日止年度,一間於美國經營之主要附屬公司(即出售公司屬下之公司)須按稅率41%就美國應課稅溢利作出美國企業稅撥備。由於截至二零零六年三月三十一日止年度本集團之溢利主要來自該附屬公司,故截至二零零六年三月三十一日止年度應採用稅率41%編製稅項對賬。按附註2(i)所述,本集團終止主要在美國經營之「Memorex®」品牌電腦相關產品貿易業務,因此,本集團主要營運所在司法權區之國內稅率變動,且由於截至二零零七年三月三十一日止年度,本集團營運主要位於香港,故此採用香港利得稅稅率。

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13. DISCONTINUED OPERATIONS

As explained in note 2(i), the business segment of trading of computer related products business under the trade name "Memorex®" and trading of consumer electronic product business were classified as discontinued operations.

The (loss) profit for the period/year from the discontinued operations is analyzed as follows:

13. 非持續業務

按附註2(i)所述，「Memorex®」品牌電腦相關產品貿易業務及消費電子產品貿易業務列作非持續業務。

本期間／年度非持續業務（虧損）溢利分析如下：

	1.4.2006 to 28.4.2006 HK\$'000 二零零六年 四月一日至 二零零六年 四月二十八日 千港元	1.4.2005 to 31.3.2006 HK\$'000 二零零五年 四月一日至 二零零六年 三月三十一日 千港元
(Loss) profit of business segment of trading of computer related products business under the trade name "Memorex®" and trading of consumer electronic product business	(8,420)	52,419
Add: Gain on disposal of Disposed Business (note 49(i))	1,526,346	-
	<u>1,517,926</u>	<u>52,419</u>
Attributable to:		
Equity holder of the Company	637,972	27,985
Minority interests	879,954	24,434
	<u>1,517,926</u>	<u>52,419</u>

13. DISCONTINUED OPERATIONS (Continued)

The results of the trading of computer related products under “Memorex®” and trading of consumer electronic product business for the period from 1 April 2006 to the date of disposal together with comparative figures were as follows:

		1.4.2006 to 28.4.2006 HK\$'000 二零零六年 四月一日至 二零零六年 四月二十八日 千港元	1.4.2005 to 31.3.2006 HK\$'000 二零零五年 四月一日至 二零零六年 三月三十一日 千港元
Revenue	收入	289,253	5,385,144
Cost of sales	銷售成本	(231,045)	(4,167,175)
Other income	其他收入	7,825	8,441
Distribution and selling expenses	分銷及銷售開支	(89,370)	(955,573)
Administrative expenses	行政開支	(10,651)	(156,652)
Finance costs	財務費用	(667)	(12,428)
(Loss) profit before income tax	除所得稅前(虧損)溢利	(34,655)	101,757
Income tax credit (expense)	所得稅抵免(支出)	26,235	(49,338)
(Loss) profit for the period/year	本期間/年度(虧損)溢利	(8,420)	52,419

The cash flows of the discontinued operations were as follows:

		1.4.2006 to 28.4.2006 HK\$'000 二零零六年 四月一日至 二零零六年 四月二十八日 千港元	1.4.2005 to 31.3.2006 HK\$'000 二零零五年 四月一日至 二零零六年 三月三十一日 千港元
Net cash from (used in) operating activities	經營業務產生(動用)之 現金淨額	72,599	(261,773)
Net cash used in investing activities	投資業務動用之現金淨額	-	(15,160)
Net cash (used in) from financing activities	融資業務(動用)產生之 現金淨額	(62,072)	170,236

13. 非持續業務(續)

於二零零六年四月一日至出售當日期間，「Memorex®」品牌電腦相關產品貿易業務及電子消費產品貿易業務之業績以及比較數字如下：

		1.4.2006 to 28.4.2006 HK\$'000 二零零六年 四月一日至 二零零六年 四月二十八日 千港元	1.4.2005 to 31.3.2006 HK\$'000 二零零五年 四月一日至 二零零六年 三月三十一日 千港元
Revenue	收入	289,253	5,385,144
Cost of sales	銷售成本	(231,045)	(4,167,175)
Other income	其他收入	7,825	8,441
Distribution and selling expenses	分銷及銷售開支	(89,370)	(955,573)
Administrative expenses	行政開支	(10,651)	(156,652)
Finance costs	財務費用	(667)	(12,428)
(Loss) profit before income tax	除所得稅前(虧損)溢利	(34,655)	101,757
Income tax credit (expense)	所得稅抵免(支出)	26,235	(49,338)
(Loss) profit for the period/year	本期間/年度(虧損)溢利	(8,420)	52,419

非持續業務之現金流量如下：

		1.4.2006 to 28.4.2006 HK\$'000 二零零六年 四月一日至 二零零六年 四月二十八日 千港元	1.4.2005 to 31.3.2006 HK\$'000 二零零五年 四月一日至 二零零六年 三月三十一日 千港元
Net cash from (used in) operating activities	經營業務產生(動用)之 現金淨額	72,599	(261,773)
Net cash used in investing activities	投資業務動用之現金淨額	-	(15,160)
Net cash (used in) from financing activities	融資業務(動用)產生之 現金淨額	(62,072)	170,236

14. ASSETS CLASSIFIED AS HELD FOR SALE/LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE

As explained in note 2(i), the business segment of trading computer related products under the trade name "Memorex®" were classified as discontinued operation during the year ended 31 March 2006 and the related assets and liabilities of Disposed Business were classified as assets held for sale and liabilities directly associated with assets classified as held for sale respectively as at 31 March 2006. The assets and liabilities of Disposed Business as at 31 March 2006 were presented separately in the consolidated balance sheet at 31 March 2006 and were as follows:

		HK\$'000 千港元
Property, plant and equipment	物業、機器及設備	29,720
Goodwill	商譽	167,908
Intangible assets	無形資產	68,002
Interest in an associate	一間聯營公司權益	30,822
Deferred tax assets	遞延稅項資產	51,684
Inventories	存貨	616,142
Trade and other receivables	貿易及其他應收款項	645,946
Tax recoverable	可退回稅項	9,019
Bank balances and cash	銀行結存及現金	26,016
Total assets classified as held for sale	分類為可供銷售資產總值	1,645,259
Trade and other payables	貿易及其他應付款項	669,778
Deferred tax liabilities	遞延稅項負債	12,114
Other liabilities	其他負債	1,738
Bank borrowings	銀行借貸	170,698
Total liabilities associated with assets classified as held for sale	分類為可供銷售資產之相關負債總額	854,328

The disposal of Disposed Business were completed on 28 April 2006 and the related assets and liabilities at the date of disposal is disclosed in note 49.

14. 分類為持作銷售資產／分類為持作銷售資產之直接相關負債

按附註2(i)所述，截至二零零六年三月三十一日止年度，「Memorex®」品牌電腦相關產品貿易業務分類列作非持續業務，而於二零零六年三月三十一日，出售業務之相關資產及負債分別分類為持作銷售資產及分類為持作銷售資產之直接相關負債。於二零零六年三月三十一日出售業務之資產及負債分別於二零零六年三月三十一日之綜合資產負債表呈列如下：

出售被出售業務於二零零六年四月二十八日完成，而出售日期之相關資產及負債於附註49披露。

15. PROFIT (LOSS) FOR THE YEAR

15. 本年度溢利(虧損)

		Continuing operations		Discontinued operations		Consolidated	
		持續經營業務		非持續業務		綜合	
		2007	2006	2007	2006	2007	2006
		二零零七年	二零零六年	二零零七年	二零零六年	二零零七年	二零零六年
		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
Profit (loss) for the year has been arrived at after charging (crediting):	本年度溢利(虧損)已扣除(計入):						
Staff costs (including directors' emoluments):	員工成本(包括董事酬金):						
Salaries and other benefits	薪金及其他福利	19,782	19,393	11,852	145,970	31,634	165,363
Discretionary bonus (included in gain on disposal of Disposed Business)	酌情花紅(已於出售被出售業務收益計入)	-	-	15,119	-	15,119	-
Retirement benefits scheme contributions	退休福利計劃供款	59	856	41	2,832	100	3,688
		<u>19,841</u>	<u>20,249</u>	<u>27,012</u>	<u>148,802</u>	<u>46,853</u>	<u>169,051</u>
Depreciation and amortization:	折舊及攤銷:						
Amortization of intangible assets (included in administrative expenses)	無形資產攤銷(包括在行政開支內)	-	-	-	806	-	806
Depreciation of property, plant and equipment	物業、機器及設備之折舊	12,364	2,613	1,280	11,191	13,644	13,804
		<u>12,364</u>	<u>2,613</u>	<u>1,280</u>	<u>11,997</u>	<u>13,644</u>	<u>14,610</u>
Allowance for loans to associates	聯營公司貸款撥備	1,331	-	-	-	1,331	-
Allowance for bad and doubtful debts	呆壞賬撥備	-	3,097	11,877	13,575	11,877	16,672
Allowance for loans receivables	應收貸款撥備	-	11,542	-	-	-	11,542
Reversal of allowance for loans receivables	應收貸款撥備回撥	(5,725)	-	-	-	(5,725)	-
Allowance for margin loan receivables	應收孖展貸款撥備	-	4,922	-	-	-	4,922
Write-down for slow moving and obsolete inventories	滯銷及陳舊存貨撇減	-	-	-	75,732	-	75,732
Auditors' remuneration	核數師酬金	6,000	8,964	607	4,862	6,607	13,826
Dividend income	股息收入	(11,618)	(671)	-	-	(11,618)	(671)
(Gain) loss on disposal of property, plant and equipment	出售物業、機器及設備之(收益)虧損	(13,472)	2,616	-	120	(13,472)	2,736
Cost of inventory recognized as expense	確認為開支之存貨成本	1,280	43,491	231,045	4,091,443	232,325	4,134,934
Share of income tax of associates (included in share of results of associates)	應佔聯營公司所得稅(包括在應佔聯營公司業績內)	-	2,615	-	-	-	2,615
Exchange (gain) loss	匯兌(收益)虧損	(17,895)	5,580	(5,147)	7,735	(23,042)	13,315
Net realized gain on disposal of investments held for trading (excluding changes in fair value related to conversion options of convertible note)	出售持作買賣投資之未變現收益淨額(不包括可兌換票據兌換權有關的公平值變動)	(50,667)	(17,667)	-	-	(50,667)	(17,667)

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16. DIRECTORS' AND EMPLOYEE'S REMUNERATION

(a) Directors' remuneration

The emoluments paid or payable to each of the 8 (2006: 12) directors were as follows:

16. 董事及僱員酬金

(a) 董事酬金

已付或應付予8名董事(二零零六年:12名)各自之酬金如下:

		2007 HK\$'000 二零零七年 千港元	2006 HK\$'000 二零零六年 千港元
Chan Kwok Keung, Charles	陳國強		
Fees	袍金	-	-
Other emoluments:	其他酬金:		
Salaries and other benefits	薪金及其他福利	-	-
Retirement benefits scheme contributions	退休福利計劃供款	-	-
		<u>-</u>	<u>-</u>
Yap, Allan	Yap, Allan		
Fees	袍金	163	-
Other emoluments:	其他酬金:		
Salaries and other benefits	薪金及其他福利	2,400	2,400
Discretionary bonus	酌情花紅	15,119	-
Retirement benefits scheme contributions	退休福利計劃供款	12	12
		<u>17,694</u>	<u>2,412</u>
Lui Siu Tsuen, Richard	呂兆泉		
Fees	袍金	-	-
Other emoluments:	其他酬金:		
Salaries and other benefits	薪金及其他福利	2,195	1,600
Retirement benefits scheme contributions	退休福利計劃供款	113	94
		<u>2,308</u>	<u>1,694</u>
Chan Kwok Chuen, Augustine	陳國銓		
Fees	袍金	N/A 不適用	-
Other emoluments:	其他酬金:		
Salaries and other benefits	薪金及其他福利	N/A 不適用	-
Retirement benefits scheme contributions	退休福利計劃供款	N/A 不適用	-
		<u>N/A 不適用</u>	<u>-</u>

16. DIRECTORS' AND EMPLOYEE'S REMUNERATION
(Continued)

(a) Directors' remuneration (Continued)

		2007 HK\$'000 二零零七年 千港元	2006 HK\$'000 二零零六年 千港元
Fok Kin-ning, Canning	霍建寧		
Fees	袍金	N/A 不適用	—
Other emoluments:	其他酬金：		
Salaries and other benefits	薪金及其他福利	N/A 不適用	—
Retirement benefits scheme contributions	退休福利計劃供款	N/A 不適用	—
		<u>N/A 不適用</u>	<u>—</u>
Ip Tak Chuen, Edmond	葉德銓		
Fees	袍金	N/A 不適用	—
Other emoluments:	其他酬金：		
Salaries and other benefits	薪金及其他福利	N/A 不適用	—
Retirement benefits scheme contributions	退休福利計劃供款	N/A 不適用	—
		<u>N/A 不適用</u>	<u>—</u>
Cheung Hon Kit	張漢傑		
Fees	袍金	N/A 不適用	—
Other emoluments:	其他酬金：		
Salaries and other benefits	薪金及其他福利	N/A 不適用	—
Retirement benefits scheme contributions	退休福利計劃供款	N/A 不適用	—
		<u>N/A 不適用</u>	<u>—</u>
Kwok Ka Lap, Alva	郭嘉立		
Fees	袍金	48	48
Other emoluments:	其他酬金：		
Salaries and other benefits	薪金及其他福利	—	—
Retirement benefits scheme contributions	退休福利計劃供款	—	—
		<u>48</u>	<u>48</u>
Wong King Lam, Joseph	黃景霖		
Fees	袍金	50	50
Other emoluments:	其他酬金：		
Salaries and other benefits	薪金及其他福利	—	—
Retirement benefits scheme contributions	退休福利計劃供款	—	—
		<u>50</u>	<u>50</u>

16. 董事及僱員酬金 (續)

(a) 董事酬金 (續)

		2007 HK\$'000 二零零七年 千港元	2006 HK\$'000 二零零六年 千港元
Fok Kin-ning, Canning	霍建寧		
Fees	袍金	N/A 不適用	—
Other emoluments:	其他酬金：		
Salaries and other benefits	薪金及其他福利	N/A 不適用	—
Retirement benefits scheme contributions	退休福利計劃供款	N/A 不適用	—
		<u>N/A 不適用</u>	<u>—</u>
Ip Tak Chuen, Edmond	葉德銓		
Fees	袍金	N/A 不適用	—
Other emoluments:	其他酬金：		
Salaries and other benefits	薪金及其他福利	N/A 不適用	—
Retirement benefits scheme contributions	退休福利計劃供款	N/A 不適用	—
		<u>N/A 不適用</u>	<u>—</u>
Cheung Hon Kit	張漢傑		
Fees	袍金	N/A 不適用	—
Other emoluments:	其他酬金：		
Salaries and other benefits	薪金及其他福利	N/A 不適用	—
Retirement benefits scheme contributions	退休福利計劃供款	N/A 不適用	—
		<u>N/A 不適用</u>	<u>—</u>
Kwok Ka Lap, Alva	郭嘉立		
Fees	袍金	48	48
Other emoluments:	其他酬金：		
Salaries and other benefits	薪金及其他福利	—	—
Retirement benefits scheme contributions	退休福利計劃供款	—	—
		<u>48</u>	<u>48</u>
Wong King Lam, Joseph	黃景霖		
Fees	袍金	50	50
Other emoluments:	其他酬金：		
Salaries and other benefits	薪金及其他福利	—	—
Retirement benefits scheme contributions	退休福利計劃供款	—	—
		<u>50</u>	<u>50</u>

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16. DIRECTORS' AND EMPLOYEE'S REMUNERATION

(Continued)

(a) Directors' remuneration (Continued)

16. 董事及僱員酬金 (續)

(a) 董事酬金 (續)

		2007 HK\$'000 二零零七年 千港元	2006 HK\$'000 二零零六年 千港元
Yuen Tin Fan, Francis	袁天凡		
Fees	袍金	-	-
Other emoluments:	其他酬金:		
Salaries and other benefits	薪金及其他福利	-	-
Retirement benefits scheme contributions	退休福利計劃供款	-	-
		<u>-</u>	<u>-</u>
Sin Chi Fai	冼志輝		
Fees	袍金	52	12
Other emoluments:	其他酬金:		
Salaries and other benefits	薪金及其他福利	-	-
Retirement benefits scheme contributions	退休福利計劃供款	-	-
		<u>52</u>	<u>12</u>
Shih, Edith	施熙德		
Fees	袍金	N/A 不適用	-
Other emoluments:	其他酬金:		
Salaries and other benefits	薪金及其他福利	N/A 不適用	-
Retirement benefits scheme contributions	退休福利計劃供款	N/A 不適用	-
		<u>N/A 不適用</u>	<u>-</u>
Poon Kwok Hing, Albert	潘國興		
Fees	袍金	8	-
Other emoluments:	其他酬金:		
Salaries and other benefits	薪金及其他福利	-	-
Retirement benefits scheme contributions	退休福利計劃供款	-	-
		<u>8</u>	<u>-</u>
Total	合計		
Directors' fees	董事袍金	321	110
Other emoluments:	其他酬金:		
Salaries and other benefits	薪金及其他福利	4,595	4,000
Discretionary bonus	酌情花紅	15,119	-
Retirement benefits scheme contributions	退休福利計劃供款	125	106
		<u>20,160</u>	<u>4,216</u>

16. DIRECTORS' AND EMPLOYEE'S REMUNERATION

(Continued)

(b) Employees' remuneration

The emoluments of the five highest paid individuals of the Group included two directors for the year ended 31 March 2007 (2006: one director), whose emoluments are included in (a) above. The aggregate emoluments of the remaining individuals are as follows:

		2007 HK\$'000 二零零七年 千港元	2006 HK\$'000 二零零六年 千港元
Salaries and other benefits	薪金及其他福利	2,120	10,392
Performance related incentive payments	與表現有關之獎金	178	5,697
Retirement benefit scheme	退休福利計劃	115	312
		<u>2,413</u>	<u>16,401</u>

(b) 僱員酬金

截至二零零七年三月三十一日止年度，本集團包括兩名（二零零六年：一名）董事在內之五位最高薪人士之酬金已呈列於上文(a)。其餘最高薪人士之酬金總額如下：

		Number of employees 僱員人數	
		2007 二零零七年	2006 二零零六年
HK\$nil to HK\$1,000,000	零港元至1,000,000港元	2	-
HK\$1,000,001 to HK\$1,500,000	1,000,001港元至1,500,000港元	1	-
HK\$2,000,001 to HK\$2,500,000	2,000,001港元至2,500,000港元	-	1
HK\$2,500,001 to HK\$3,000,000	2,500,001港元至3,000,000港元	-	2
HK\$8,500,001 to HK\$9,000,000	8,500,001港元至9,000,000港元	-	1
		<u>3</u>	<u>4</u>

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

17. DISTRIBUTIONS

17. 分派

	2007 HK\$'000 二零零七年 千港元	2006 HK\$'000 二零零六年 千港元
Final, paid – HK6 cents per share for 2006, with a scrip option (2005: HK6 cents per share)	15,027	13,418
Interim, paid – HK5 cents (2005: HK4 cents per share) per share with a scrip option	12,628	9,045
	<u>27,655</u>	<u>22,463</u>

The above dividends paid did not reflect the bonus issue on the basis of ten bonus shares for every one existing share held by the shareholders of the Company on 6 June 2007.

The final dividend of HK1 cent (2006: HK0.55 cent, as adjusted by the bonus issue on 6 June 2007) per share in cash with a scrip option has been proposed by the directors and is subject to approval of the shareholders at the forthcoming annual general meeting.

Share dividends were offered in respect of the 2006 and 2007. These cash and share dividends were as follows:

上述已付股息並不計及二零零七年六月六日按本公司股東每持有一股現有股份獲發十股紅股的基準發行紅股。

董事建議以現金派發末期股息(可選擇以股代息)每股1港仙(二零零六年: 0.55港仙(已就二零零七年六月六日之發行紅股作出調整)), 惟須待股東於應屆股東週年大會上批准後, 方可作實。

本公司已就二零零六年及二零零七年派發股份股息。該等現金及股份股息如下:

	2007 HK\$'000 二零零七年 千港元	2006 HK\$'000 二零零六年 千港元
Dividend		
– cash	19,378	9,850
– share alternative	8,277	12,613
	<u>27,655</u>	<u>22,463</u>

18. EARNINGS (LOSS) PER SHARE

For continuing and discontinued operations

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

Earnings:

		2007 HK\$'000 二零零七年 千港元	2006 HK\$'000 二零零六年 千港元
Profit for the year attributable to equity holders of the Company for the purpose of basis earnings per share	計算每股基本盈利之本公司股權持有人應佔年度溢利	527,080	8,915
Interest on convertible loan notes	可兌換貸款票據利息	31,931	N/A 不適用
Earnings for the year attributable to equity holders of the Company for the purpose of diluted earnings per share	計算每股攤薄盈利之本公司股權持有人應佔年度溢利	559,011	8,915

Number of shares:

		2007 '000 二零零七年 千股	2006 '000 二零零六年 千股
Weighted average number of ordinary shares for the purpose of basic earnings per share (in thousands)	計算每股基本盈利之普通股加權平均數目(以千計)	2,728,295	2,487,804
Effect of dilutive potential ordinary shares:	可能對普通股產生攤薄影響:		
– Share options (in thousand)	– 購股權(以千計)	8,690	30,866
– Convertible loan notes (in thousand)	– 可兌換貸款票據(以千計)	951,515	N/A 不適用
Weighted average number of ordinary shares for the purpose of diluted earnings per share (in thousands)	計算每股攤薄盈利之普通股加權平均數目(以千計)	3,688,500	2,518,670

Note: The weighted average number of ordinary shares has been adjusted for the effect of bonus issue as described in note 57.

18. 每股盈利(虧損)

就持續經營業務及非持續業務而言

本公司普通股股權持有人應佔每股基本及攤薄盈利乃按以下數據計算:

盈利:

	2007 HK\$'000 二零零七年 千港元	2006 HK\$'000 二零零六年 千港元
Profit for the year attributable to equity holders of the Company for the purpose of basis earnings per share	527,080	8,915
Interest on convertible loan notes	31,931	N/A 不適用
Earnings for the year attributable to equity holders of the Company for the purpose of diluted earnings per share	559,011	8,915

股份數目:

	2007 '000 二零零七年 千股	2006 '000 二零零六年 千股
Weighted average number of ordinary shares for the purpose of basic earnings per share (in thousands)	2,728,295	2,487,804
Effect of dilutive potential ordinary shares:		
– Share options (in thousand)	8,690	30,866
– Convertible loan notes (in thousand)	951,515	N/A 不適用
Weighted average number of ordinary shares for the purpose of diluted earnings per share (in thousands)	3,688,500	2,518,670

附註: 普通股加權平均數目已就附註57所述之發行紅股而作出調整。

18. EARNINGS (LOSS) PER SHARE (Continued)

From continuing operations

The calculation of the basic and diluted earnings per share from continuing operations attributable to the ordinary equity holders of the Company is based on the following data:

Earnings (loss):

		2007 HK\$'000 二零零七年 千港元	2006 HK\$'000 二零零六年 千港元
Profit for the year attributable to the equity holders of the Company	本公司股權持有人應佔年度溢利	527,080	8,915
Less: Profit for the year from discontinued operations attributable to equity holders of the Company	減：本公司股權持有人應佔非持續業務年度溢利	<u>(637,972)</u>	<u>(27,985)</u>
Loss for the purposes of basic and diluted loss per share from continuing operations	計算持續經營業務之每股基本及攤薄虧損之虧損	<u>(110,892)</u>	<u>(19,070)</u>

The denominators used are the same as those detailed above for both basic and diluted earnings per share.

No diluted earnings (loss) per share was presented for the year ended 31 March 2006 as the exercise of share options would result in decrease in loss per share from continuing operations.

No diluted earnings (loss) per share was presented for the year ended 31 March 2007 as the exercise of share option and the conversion of convertible loan notes would result in decrease in loss per share from continuing operation.

The above has not accounted for the conversion of the convertible note issued by the associate since such conversion is anti-dilutive.

From discontinued operations

Basis earnings per share for the discontinued operations is HK23.38 cents per share (2006: HK1.12 cents per share) and diluted earnings per share for the discontinued operations is HK17.30 cents per share (2006: HK1.11 cents per share), based on the profit for the year from the discontinued operations of HK\$637,972,000 (2006: HK\$27,985,000) and the denominators detailed above for both basic and diluted earnings per share.

18. 每股盈利(虧損)(續)

來自持續經營業務

本公司普通股股權持有人應佔來自持續經營業務之每股基本及攤薄盈利乃按以下數據計算：

盈利(虧損)：

	2007 HK\$'000 二零零七年 千港元	2006 HK\$'000 二零零六年 千港元
Profit for the year attributable to the equity holders of the Company	527,080	8,915
Less: Profit for the year from discontinued operations attributable to equity holders of the Company	<u>(637,972)</u>	<u>(27,985)</u>
Loss for the purposes of basic and diluted loss per share from continuing operations	<u>(110,892)</u>	<u>(19,070)</u>

每股基本及攤薄盈利所採用之分母與上文所採用者相同。

由於行使購股權導致來自持續經營業務之每股虧損減少，故於截至二零零六年三月三十一日止年度，並無呈列每股攤薄盈利(虧損)。

由於行使購股權及兌換可兌換貸款票據導致來自持續經營業務之每股虧損減少，故於截至二零零七年三月三十一日止年度，並無呈列每股攤薄盈利(虧損)。

由於兌換具反攤薄作用，故此上文並無計及兌換由聯營公司發行的可兌換票據。

來自非持續業務

非持續業務的每股基本盈利為每股23.38港仙(二零零六年：每股1.12港仙)，而非持續業務的每股攤薄盈利則為每股17.30港仙(二零零六年：每股1.11港仙)，乃根據非持續業務年度溢利637,972,000港元(二零零六年：27,985,000港元)及上文每股基本及攤薄盈利所採用之分母計算。

19. PROPERTY, PLANT AND EQUIPMENT

19. 物業、機器及設備

		Land and buildings HK\$'000	Plant and machinery HK\$'000	Moulds HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Sand mining vessel HK\$'000	Total HK\$'000
		土地及樓宇 千港元	機器及機械 千港元	模具 千港元	傢具、裝置 及設備 千港元	汽車 千港元	採砂船 千港元	總額 千港元
THE GROUP	本集團							
COST OR VALUATION	成本或估值							
At 1 April 2005	於二零零五年四月一日	47,125	43,569	2,971	86,186	4,385	-	184,236
Currency realignment	外幣調整	(662)	-	-	(372)	(32)	-	(1,066)
Additions	添置	-	-	-	15,213	257	-	15,470
Reclassified as held for sale	重新分類為持作出售	-	-	-	(87,240)	(1,416)	-	(88,656)
Disposals	出售	-	(33,438)	-	(2,871)	(522)	-	(36,831)
Disposal of a subsidiary	出售一間附屬公司	-	-	-	(150)	-	-	(150)
At 31 March 2006	於二零零六年三月三十一日	46,463	10,131	2,971	10,766	2,672	-	73,003
Currency realignment	外幣調整	-	-	-	1,262	(41)	4,261	5,482
Additions	添置	-	-	-	1,133	2,302	-	3,435
Arising from acquisition of subsidiaries	來自收購附屬公司	-	40	-	142	387	134,684	135,253
Disposals	出售	(33,335)	(10,131)	(2,971)	(320)	(514)	-	(47,271)
Disposal of subsidiaries	出售附屬公司	(13,128)	-	-	(4,413)	(133)	-	(17,674)
At 31 March 2007	於二零零七年三月三十一日	-	40	-	8,570	4,673	138,945	152,228
Analysis of cost or valuation:	成本或估值分析:							
At 31 March 2006	於二零零六年三月三十一日							
At cost	按成本	18,256	10,131	2,971	10,766	2,672	-	44,796
At valuation	按估值	28,207	-	-	-	-	-	28,207
		46,463	10,131	2,971	10,766	2,672	-	73,003
At 31 March 2007	於二零零七年三月三十一日							
At cost	按成本	-	40	-	8,570	4,673	138,945	152,228
At valuation	按估值	-	-	-	-	-	-	-
		-	40	-	8,570	4,673	138,945	152,228

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19. PROPERTY, PLANT AND EQUIPMENT (Continued)

19. 物業、機器及設備 (續)

		Land and buildings HK\$'000	Plant and machinery HK\$'000	Moulds HK\$'000	Furniture, fixtures and equipment HK\$'000 傢具、裝置 及設備	Motor vehicles HK\$'000	Sand mining vessel HK\$'000	Total HK\$'000
		土地及樓宇 千港元	機器及機械 千港元	模具 千港元	傢具、裝置 及設備 千港元	汽車 千港元	採砂船 千港元	總額 千港元
THE GROUP	本集團							
DEPRECIATION, AMORTIZATION AND IMPAIRMENT	折舊、攤銷及減值							
At 1 April 2005	於二零零五年四月一日	9,625	40,443	2,970	58,058	2,583	-	113,679
Currency realignment	外幣調整	(20)	-	-	(257)	(18)	-	(295)
Provided for the year	本年度撥備	1,016	430	1	11,881	476	-	13,804
Reclassified as held for sale	重列為持作出售	-	-	-	(57,825)	(1,111)	-	(58,936)
Eliminated on disposals	出售時撇銷	-	(30,742)	-	(2,754)	(234)	-	(33,730)
Eliminated on disposal of a subsidiary	出售一間附屬公司時撇銷	-	-	-	(86)	-	-	(86)
At 31 March 2006	於二零零六年三月三十一日	10,621	10,131	2,971	9,017	1,696	-	34,436
Currency realignment	外幣調整	-	-	-	(4)	-	-	(4)
Provided for the year	本年度撥備	549	11	-	1,231	358	10,215	12,364
Eliminated on disposals	出售時撇銷	(10,682)	(10,131)	(2,971)	(317)	(418)	-	(24,519)
Eliminated on disposal of subsidiaries	出售附屬公司時撇銷	(488)	-	-	(3,289)	(61)	-	(3,838)
At 31 March 2007	於二零零七年三月三十一日	-	11	-	6,638	1,575	10,215	18,439
CARRYING VALUES	賬面值							
At 31 March 2007	於二零零七年三月三十一日	-	29	-	1,932	3,098	128,730	133,789
At 31 March 2006	於二零零六年三月三十一日	35,842	-	-	1,749	976	-	38,567

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

上述物業、機器及設備各項目乃按直線法及以下年率折舊：

Leasehold land and buildings	Over the period of the leases or 2% – 5%	租賃土地及樓宇	按租約年期或 2%至5%
Plant and machinery	10% – 20%	機器及機械	10%至20%
Moulds	25% – 33%	模具	25%至33%
Furniture, fixtures and equipment	10% – 33%	傢具、裝置及設備	10%至33%
Motor vehicles	20% – 25%	汽車	20%至25%
Sand mining vessel	10%	採砂船	10%

19. PROPERTY, PLANT AND EQUIPMENT (Continued)

The Group's land and buildings comprise:

		2007 HK\$'000 二零零七年 千港元	2006 HK\$'000 二零零六年 千港元
Outside Hong Kong:	香港以外地區:		
Under medium-term leases in other regions of the PRC	於中國其他地區之 中期租約物業	-	23,194
Freehold in Taiwan	於台灣之永久業權物業	-	12,648
		-	35,842

The valuation of land and buildings held under medium-term leases in other regions of the PRC in 1994 was made by Messrs. American Appraisal Hong Kong Limited, an independent firm of Chartered Surveyors, on an open market value basis.

Had the revalued land and buildings been carried at cost less accumulated depreciation and amortization, their carrying amount would have been stated at HK\$19,747,000 at 31 March 2006.

19. 物業、機器及設備 (續)

本集團之土地及樓宇包括:

		2007 HK\$'000 二零零七年 千港元	2006 HK\$'000 二零零六年 千港元
Outside Hong Kong:	香港以外地區:		
Under medium-term leases in other regions of the PRC	於中國其他地區之 中期租約物業	-	23,194
Freehold in Taiwan	於台灣之永久業權物業	-	12,648
		-	35,842

於一九九四年，於中國其他地區以中期租約持有之土地及樓宇估值乃由一間獨立特許測量師行美國評值有限公司按公開市值基準進行。

若重估之土地及樓宇按成本減累計折舊及攤銷入賬，則其於二零零六年三月三十一日之賬面值應為19,747,000港元。

20. INVESTMENT PROPERTIES

		HK\$'000 千港元
FAIR VALUE	公平值	
Acquired on acquisition of a subsidiary and at 31 March 2006	於收購一間附屬公司時獲得及 於二零零六年三月三十一日	133,000
Additions	添置	10,358
Increase in fair value recognized in the consolidated income statement	於綜合收益表確認之公平值增加	2,642
At 31 March 2007	於二零零七年三月三十一日	146,000

The fair value of the Group's investment properties at 31 March 2007 have been arrived at on the basis of valuation carried out by B. I. Appraisals Limited, a firm of independent valuers. The valuation, which conforms to the Hong Kong Institute of Surveyors Valuation Standard on Properties, of the Group's investment properties was arrived at by reference to market evidence of transaction prices for similar properties.

本集團投資物業於二零零七年三月三十一日之公平值乃按照獨立估值師行保柏國際評估有限公司進行之估值基準釐定。本集團之投資物業估值乃參考同類物業交易價格之市場紀錄釐定，符合香港測量師學會之物業估值準則。

20. INVESTMENT PROPERTIES (Continued)

The investment properties are held under long leases and are situated in Hong Kong.

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using fair value model and are classified and accounted for as investment properties.

21. GOODWILL

At 1 April 2005	於二零零五年四月一日	143,478	24,430	167,908
Additions	增加	–	6,621	6,621
Reclassified as held for sale	重列為持作出售	(143,478)	(24,430)	(167,908)
At 31 March 2006	於二零零六年三月三十一日	–	6,621	6,621
Impairment loss	減值虧損	–	(6,621)	(6,621)
At 31 March 2007	於二零零七年三月三十一日	–	–	–

For the year ended 31 March 2006, the addition of goodwill of approximately HK\$6,621,000 attributed to the acquisition of the entire interest in Rapid Growth Profits Limited ("Rapid Growth"). During the year ended 31 March 2007, impairment testing was performed in relation to the goodwill arising from acquisition of Rapid Growth and the management determined that the goodwill was impaired and full amount of goodwill was charged as impairment loss on goodwill arising on acquisition of subsidiaries in the consolidated income statement.

20. 投資物業 (續)

投資物業以長期租約持有並位於香港。

本集團為資本增值而按經營租約持有的物業權益按公平值模式計量，並分類入賬列為投資物業。

21. 商譽

	Goodwill arising on acquisition before 1 January 2005 HK\$'000 二零零五年一月一日前收購產生之商譽 千港元	Goodwill arising on acquisition after 1 January 2005 HK\$'000 二零零五年一月一日後收購產生之商譽 千港元	Total HK\$'000 總額 千港元
At 1 April 2005	143,478	24,430	167,908
Additions	–	6,621	6,621
Reclassified as held for sale	(143,478)	(24,430)	(167,908)
At 31 March 2006	–	6,621	6,621
Impairment loss	–	(6,621)	(6,621)
At 31 March 2007	–	–	–

截至二零零六年三月三十一日止年度，收購 Rapid Growth Profits Limited (「Rapid Growth」) 全部權益應佔之商譽增加約6,621,000港元。截至二零零七年三月三十一日止年度，已就有關因收購 Rapid Growth 所產生之商譽進行減值測試，管理層認為上述商譽已減值，而全部商譽數額已按收購附屬公司所產生商譽減值虧損於綜合收益表悉數扣除。

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22. INTERESTS IN ASSOCIATES

22. 聯營公司之權益

	2007 HK\$'000 二零零七年 千港元	2006 HK\$'000 二零零六年 千港元
Cost of investment in associates which are: 於下列聯營公司投資之成本:		
– listed in Hong Kong (note a) – 在香港上市 (附註a)	285,739	508,994
– listed overseas (note b) – 在海外上市 (附註b)	239,004	239,004
– unlisted (note c) – 非上市 (附註c)	281,523	6,579
Share of post-acquisition gains (losses), net of dividends received 應佔收購後收益(虧損), 減已收股息	69,348	(106,884)
Reclassified as assets held for sales (note a) 重列為持作出售資產 (附註a)	–	(30,822)
	<u>875,614</u>	<u>616,871</u>
Fair value of listed shares 上市股份之公平值	<u>278,262</u>	<u>474,211</u>

Notes:

- a. The amount as at 31 March 2006 represented the Group's 29.4% equity interest in CSHL. As explained in note 2(ii), the Group's 29.4% interest in CSHL was split into the 29.4% interest in GDI Group and 29.4% interest in CSHL Remaining Group according to the net asset value of the GDI Group and the CSHL Remaining Group respectively upon completion of CSHL Reorganization. As at 31 March 2006, the Group's 29.4% interests in CSHL Remaining Group were presented as non-current assets held for sale amounting to HK\$30,822,000 as at 31 March 2006 (note 14) and this associate is not accounted for using the equity method.

The Group's 29.4% interest in CSHL Remaining Group was reduced to 14.1% upon completion of CSHL Disposal on 19 May 2006. A gain on disposal of interest in CSHL Remaining Group of HK\$5,097,000 (note 11) was recognized in consolidated income statement during the year. The Group also held 29.4% interest in GDI Group upon completion of the CSHL Disposal and CSHL Reorganization. The Group made an offer to acquire all the remaining interest in GDI other than those already owned by the Group (the "GDI Offer"). The GDI Offer was completed on 16 June 2006 and the Group held 98.9% interest in GDI and accordingly, GDI became a subsidiary of the Group during the year and details of the assets and liabilities acquired under the GDI Offer are set out in note 48(i).

The amount as at 31 March 2007 represents the Group's 20.36% equity interest in Wing On Travel (Holdings) Limited ("Wing On") through the acquisition of GDI Group during the year ended 31 March 2007.

附註:

- a. 於二零零六年三月三十一日之金額指所持中策之29.4%股權。按附註2(ii)所述，完成中策重組後，本集團於中策之29.4%權益已分別根據群龍集團及中策餘下集團之資產淨值，分為於群龍集團之29.4%權益及於中策餘下集團之29.4%權益。於二零零六年三月三十一日，本集團於中策餘下集團之29.4%權益列為二零零六年三月三十一日持作出售之非流動資產30,822,000港元(附註14)，且對該聯營公司並無使用權益法入賬。

於二零零六年五月十九日完成中策出售事項後，本集團於中策餘下集團之29.4%權益減少至14.1%。年內，出售中策餘下集團權益之收益5,097,000港元(附註11)於綜合收益表確認。本集團亦於中策出售事項及中策重組完成後，持有群龍集團29.4%之權益。本集團提出收購建議，收購除本集團已擁有者以外之所有其餘群龍權益(「群龍收購建議」)。群龍收購建議於二零零六年六月十六日完成，而本集團持有群龍98.9%權益，故群龍於年內成為本集團之附屬公司。根據群龍收購建議收購之資產及負債詳情載於附註48(i)。

於二零零七年三月三十一日之金額指本集團於截至二零零七年三月三十一日止年度透過收購群龍集團所持之永安旅遊(控股)有限公司(「永安」)20.36%股權。

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22. INTERESTS IN ASSOCIATES (Continued)

- b. The amount as at 31 March 2006 and 31 March 2007 represented the Group's 24.26% equity interest in PSC Corporation Ltd ("PSC").

Included in the investment in associates is goodwill of HK\$38,979,000 as at 31 March 2007 and 2006 were arising on acquisition of associates in previous year. The movement of goodwill is set out below:

		HK\$'000 千港元
COST	成本	
At 1 April 2005	於二零零五年四月一日	51,094
Additions	增加	2,276
At 31 March 2006 and 31 March 2007	於二零零六年三月三十一日及 二零零七年三月三十一日	53,370
AMORTIZATION AND IMPAIRMENT	攤銷及減值	
At 1 April 2005	於二零零五年四月一日	-
Released upon deemed disposal of an associate	視作出售一間聯營公司後撥回	14,391
At 31 March 2006 and 31 March 2007	於二零零六年三月三十一日及 二零零七年三月三十一日	14,391
CARRYING VALUE	賬面值	
At 31 March 2007	於二零零七年三月三十一日	38,979
At 31 March 2006	於二零零六年三月三十一日	38,979

- c. The amount as at 31 March 2007 mainly represents the Group's 26% equity interest in Hangzhou Zhongce Rubber Company Limited ("HZ Rubber") through the acquisition of GDI Group during the year ended 31 March 2007.

22. 聯營公司之權益 (續)

- b. 於二零零六年三月三十一日及二零零七年三月三十一日之金額指本集團所持普威集團有限公司(「普威」)之24.26%股權。

於聯營公司投資包括因於過往年度收購聯營公司而於二零零七年及二零零六年三月三十一日產生之商譽38,979,000港元。商譽之變動詳情載於下文：

- c. 於二零零七年三月三十一日之金額指本集團於截至二零零七年三月三十一日止年度透過收購群龍集團所持之杭州中策橡膠有限公司(「杭州中策橡膠」)26%股權。

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22. INTERESTS IN ASSOCIATES (Continued)

- d. Details of the Group's principal associates as at 31 March 2007 date are as follows:

Name of associate 聯營公司名稱	Place of incorporation/ establishment/ 註冊成立/ 成立地點	Place of operation 營運地點	Proportion of equity interest attributable to the Group 本集團應佔股權比例		Principal activities 主要業務
			2006 二零零六年 %	2007 二零零七年 %	
PSCL 普威	Singapore 新加坡	Singapore 新加坡	24.26	24.26	Supply of household consumer products 供應家用消費品
Wing On 永安	Bermuda 百慕達	Hong Kong 香港	–	20.36	Business of providing package tours, travel and other related services 提供旅行團、旅遊及其他相關服務
HZ Rubber 杭州中策橡膠	PRC 中國	PRC 中國	–	26	Manufacturing of tires 製造輪胎

PSCL is a company listed in the Republic of Singapore and its financial year end date is 31 December. The Group's share of interest in PSCL at 31 March 2006 and at 31 March 2007, respectively is calculated based on the net assets of PSCL at 31 March 2006 and at 31 March 2007, respectively, extracted from the published financial information of PSCL and the result from the date on which PSCL became an associate of the Group to respective balance sheet dates.

Wing On is a company listed in Hong Kong and its financial year end date is 31 December. The Group's share of interest in Wing On at 31 March 2007 is calculated based on the net assets of Wing On at 31 December 2006 after adjusting for any material transactions up to 31 March 2007, and the result from the date on which Wing On became an associate of the Group to the balance sheet date of 31 March 2007.

HZ Rubber is a PRC sino-foreign equity joint venture.

The above tables list the associates of the Group which, in the opinion of the directors, principally affected the results of the Group for the year or formed a substantial portion of the net assets of the Group at the end of the year. To give details of other associates would, in the opinion of the directors, result in particulars of excessive length.

22. 聯營公司之權益 (續)

- d. 本集團主要聯營公司於二零零七年三月三十一日之詳情載列如下：

普威乃一間於新加坡共和國上市之公司，其財政年度結算日為十二月三十一日。本集團應佔普威於二零零六年三月三十一日及二零零七年三月三十一日之權益，乃根據普威於二零零六年三月三十一日及二零零七年三月三十一日之資產淨值（摘錄自普威已刊發之財務資料）及普威成為本集團聯營公司當日至各結算日之業績計算。

永安乃一間於香港上市之公司，其財政年度結算日為十二月三十一日。本集團應佔永安於二零零七年三月三十一日之權益，乃根據永安於二零零六年十二月三十一日之資產淨值（已就截至二零零七年三月三十一日止之任何重大交易進行調整）及永安成為本集團聯營公司當日至結算日二零零七年三月三十一日之業績計算。

杭州中策橡膠乃一間中外股份合營公司。

上表列載之本集團聯營公司，乃董事認為主要影響本集團本年度之業績或構成本集團年終資產淨值重大部分之公司。董事認為，詳載其他聯營公司會導致篇幅過於冗長。

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

22. INTERESTS IN ASSOCIATES (Continued)

- e. The summarized financial information in respect of the Group's associates is set out below:

		2007 HK\$'000 二零零七年 千港元	2006 HK\$'000 二零零六年 千港元
Total assets	資產總值	10,796,695	3,307,275
Total liabilities	負債總額	(6,872,066)	(1,132,934)
Net assets	資產淨值	3,924,629	2,174,341
Group's share of net assets of associates	本集團應佔聯營公司資產淨值	875,614	616,871
Revenue	收入	10,510,049	870,320
Profit (loss) for the year	本年度溢利(虧損)	97,098	(56,160)
Group's share of profit (loss) of associates for the year	本集團本年度應佔聯營公司溢利(虧損)	35,356	(21,494)

- f. The Group has discontinued recognition of its share of losses of certain associates. The amounts of unrecognized share of those associates, extracted from the relevant audited financial statements of associates, both for the year and cumulatively, are as follows:

		2007 HK\$'000 二零零七年 千港元	2006 HK\$'000 二零零六年 千港元
Accumulated unrecognized share of losses of associates	應佔聯營公司累計未確認虧損	(558)	(19,441)
Unrecognized share of losses of associates for the year	未確認之本年度應佔聯營公司虧損	-	(211)

22. 聯營公司之權益(續)

- e. 本集團聯營公司財務資料概要如下:

	2007 HK\$'000 二零零七年 千港元	2006 HK\$'000 二零零六年 千港元
Total assets	10,796,695	3,307,275
Total liabilities	(6,872,066)	(1,132,934)
Net assets	3,924,629	2,174,341
Group's share of net assets of associates	875,614	616,871
Revenue	10,510,049	870,320
Profit (loss) for the year	97,098	(56,160)
Group's share of profit (loss) of associates for the year	35,356	(21,494)

- f. 本集團已終止確認應佔若干聯營公司之虧損。以下為應佔該等聯營公司之未確認虧損數額，乃摘錄自相關聯營公司本年度經審核財務報表及累計如下:

	2007 HK\$'000 二零零七年 千港元	2006 HK\$'000 二零零六年 千港元
Accumulated unrecognized share of losses of associates	(558)	(19,441)
Unrecognized share of losses of associates for the year	-	(211)

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23. LOANS TO ASSOCIATES

		2007 HK\$'000 二零零七年 千港元	2006 HK\$'000 二零零六年 千港元
Loans to associates	給予聯營公司貸款	373,403	3,954
Less: Accumulated impairment	減：累計減值	(1,331)	-
		<u>372,072</u>	3,954
Less: Amounts shown under current assets	減：列作流動資產之金額	(372,072)	(2,623)
Amounts shown under non-current assets	列作非流動資產之金額	-	1,331

The amounts are unsecured, bears interest at Hong Kong Prime Rate plus 2% to 3% (2006: Hong Kong Prime Rate plus 2% to 3%) and repayable on demand or within one year.

該金額為無抵押，按香港最優惠利率加2厘至3厘（二零零六年：香港最優惠利率加2厘至3厘）計息，並須於要求時或於一年內償還。

24. AVAILABLE-FOR-SALE INVESTMENTS

		Notes 附註	2007 HK\$'000 二零零七年 千港元	2006 HK\$'000 二零零六年 千港元
Listed investments:	上市投資：			
- Equity securities listed in Hong Kong	- 於香港上市之股本證券	(a)	<u>247,967</u>	19,681
Unlisted securities:	非上市證券：			
- equity securities	- 股本證券	(b)	43,662	73,500
- debt securities	- 債務證券	(c)	<u>704,067</u>	514,364
			<u>747,729</u>	587,864
Total	總計		<u>995,696</u>	607,545
Analyzed for reporting purposes as:	就呈報目的而作出分析：			
Current assets	流動資產		-	73,500
Non-current assets	非流動資產		<u>995,696</u>	534,045
			<u>995,696</u>	607,545

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24. AVAILABLE-FOR-SALE INVESTMENTS (Continued)

Notes:

- (a) All listed investments are stated at fair value which is determined based on the quoted market bid prices available on the Stock Exchange.
- (b) During the year, the Group disposed of unlisted equity securities with a carrying value of HK\$73,500,000 through disposal of subsidiaries for a consideration of HK\$73,500,000 and there was no gain or loss from such disposal. In additions, carrying value of HK\$43,662,000 were acquired through the acquisition of GDI Group, which represents 9.76% interest in Apex Quality Group Limited ("Apex"). Apex is incorporated in the British Virgin Islands and engaged in hotel and leisure related business. They are measured at cost less impairment at each balance sheet date because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair value cannot be measured reliably.
- (c) During the year ended 31 March 2006, the Group subscribed three convertible notes with an aggregate amount of HK\$650,000,000 from (i) Macau Prime Properties Holdings Limited (previously known as Cheung Tai Hong Holdings Limited), a zero coupon convertible note with maturity on 10 August 2010 at the redemption amount of 110% of the principal amount ("Macau Prime 2010 CN"), (ii) See Corporation Limited, a zero coupon convertible note with maturity on 9 August 2010 at the redemption amount of 110% of the principal amount ("See Corporation CN"); and (iii) Wo Kee Hong (Holdings) Limited, a convertible note at interest of 7.25% per annum payable semi-annually with maturity on 5 September 2008 ("Wo Kee Hong CN"). All these companies are public limited companies with their shares listed on the Stock Exchange. The Group has classified all the debt element of the convertible notes as available-for-sale investments which were measured at fair value at initial recognition. The conversion option element of the convertible notes were classified as conversion option embedded in the convertible notes and were measured at fair value in accordance with HKAS 39. The fair value was estimated using the Black-Scholes option pricing model.

As at 31 March 2006, the fair value for the debt element and conversion option element were approximately HK\$514,364,000 (representing Wo Kee Hong CN of HK\$27,950,000, Macau Prime 2010 CN of HK\$368,368,000 and See Corporation CN of HK\$118,046,000) and HK\$231,509,000 (note 27). During the year ended 31 March 2006, an decrease in fair value of approximately HK\$18,175,000 for the debt element and an increase in fair value of approximately HK\$114,048,000 for conversion option element were recognized in equity and profit and loss, respectively.

24. 可供出售之投資 (續)

附註:

- (a) 所有上市投資均按根據聯交所提供之市場買入價釐定之公平值列賬。
- (b) 本年度，本集團透過出售附屬公司而出售賬面值73,500,000港元之非上市股本證券，代價為73,500,000港元，此項出售並無盈虧。此外，因收購群龍集團而獲得賬面值43,662,000港元，即Apex Quality Group Limited (「Apex」) 之9.76%權益。Apex於英屬處女群島註冊成立，從事酒店及休閒相關業務。因合理公平值估計範圍相當重要，而本公司董事認為該等證券之公平值無法可靠計量，故於各結算日按成本減減值計量。
- (c) 截至二零零六年三月三十一日止年度，本集團已認購三份可兌換票據，總額為650,000,000港元，其中(i)澳門祥泰地產集團有限公司(前稱祥泰行集團有限公司)之可兌換票據為零息可兌換票據，於二零一零年八月十日到期，贖回金額為本金額之110% (「澳門祥泰二零一零年到期可兌換票據」)；(ii)漢傳媒集團有限公司之可兌換票據為零息可兌換票據，於二零一零年八月九日到期，贖回金額為本金額之110% (「漢傳媒可兌換票據」)；及(iii)和記行(集團)有限公司之可兌換票據，息率為年息7.25%，每半年支付一次，於二零零八年九月五日到期 (「和記行可兌換票據」)。上述公司均為公眾上市公司，其股份在聯交所上市。本集團已將所有可兌換票據之債務部分歸類為可供出售之投資，於首次確認時按公平值計算。可兌換票據之兌換權部分歸類為可兌換票據之兌換權，根據香港會計準則第39號按公平值計算。公平值按Black-Scholes期權定價模式估計。

於二零零六年三月三十一日，債務部分及兌換權部分之公平值約為514,364,000港元(有關和記行可兌換票據之數額27,950,000港元、澳門祥泰二零一零年到期可兌換票據之數額368,368,000港元及漢傳媒可兌換票據之數額118,046,000港元)及231,509,000港元(附註27)。截至二零零六年三月三十一日止年度，債務部分約18,175,000港元之公平值減少及兌換權部分約114,048,000港元之公平值增加已分別於權益及損益確認。

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24. AVAILABLE-FOR-SALE INVESTMENTS (Continued)

During the year ended 31 March 2007, the Group has subscribed two convertible notes with principal amount of HK\$270,000,000 from Macau Prime Properties Holdings Limited ("Macau Prime 2011 CN") and HK\$19,000,000 from Asia Standard International Group Limited ("Asia Standard CN"). All these companies are public limited companies with their shares listed on the Stock Exchange. Macau Prime 2011 CN carries interest at 1% per annum with maturity on 14 June 2011 at redemption amount of 110% of the principal amount. Asia Standard CN carries interest at 4% per annum with maturity on 14 May 2009 at redemption amount of 100% of the principal amount.

The debt element of Macau Prime CN and debt element of Asia Standard CN amounted to HK\$202,184,000 and HK\$16,116,000 respectively were measured at fair value at initial recognition. The conversion option element of Macau Prime CN and Asia Standard CN amounted to HK\$67,816,000 and HK\$2,883,000 respectively were measured at fair value in accordance HKAS 39 and classified as conversion options embedded in convertible notes, details of which are set out in note 27.

Fair value of HK\$92,368,000 debt element of convertible notes were transferred to listed equity securities upon the conversion of convertible notes.

During the year ended 31 March 2007, a net loss arising on change in fair value of approximately HK\$47,231,000 for the available-for-sale investments which were recognized in investment revaluation reserve, representing the loss on fair value change of HK\$34,902,000 for listed equity securities and the loss on fair value change of HK\$12,329,000 for unlisted debt securities. A cumulative loss of HK\$13,120,000 on fair value of listed equity securities was removed from reserve and recognized in the consolidated income statement during the year while an additional impairment loss of HK\$32,631,000 was directly recognized in the consolidated income statement.

As at 31 March 2007, the fair value for the debt element and conversion option element were approximately HK\$704,067,000 (mainly representing the Wo Kee Hong CN of HK\$28,922,000, Macau Prime 2010 CN of HK\$277,331,000, See Corporation CN of HK\$135,736,000, Macau Prime 2011 CN of HK\$218,842,000 and Asia Standard CN of HK\$17,116,000) and HK\$52,070,000 (note 27), respectively.

The effective interest rate for the unlisted debt securities is ranging from 8.3% to 10% per annum.

24. 可供出售之投資 (續)

截至二零零七年三月三十一日止年度，本集團向澳門祥泰地產集團有限公司及泛海國際集團有限公司認購兩份本金額分別為270,000,000港元及19,000,000港元之可兌換票據（分別稱為「澳門祥泰二零一一年到期可兌換票據」及「泛海可兌換票據」）。以上公司均為公眾有限公司，其股份於聯交所上市。澳門祥泰二零一一年到期可兌換票據按年利率1%計息，於二零一一年六月十四日到期，贖回金額為本金額之110%。泛海可兌換票據按年利率4%計息，於二零零九年五月十四日到期，贖回金額相當於全部本金額。

澳門祥泰可兌換票據之債務部分202,184,000港元及泛海可兌換票據之債務部分16,116,000港元於首次確認時按公平值計算。澳門祥泰可兌換票據之兌換權部分67,816,000港元及泛海可兌換票據之兌換權部分2,883,000港元乃根據香港會計準則第39號以公平值計算，並歸類為可兌換票據之兌換權，詳情載於附註27。

賬面值為92,368,000港元之可兌換票據債務部分已於兌換可兌換票據時轉移至上市股本證券。

截至二零零七年三月三十一日止年度，可供銷售投資之公平值變動所產生之虧損淨額約47,231,000港元已於投資重估儲備確認，有關金額為上市股本證券之公平值變動虧損34,902,000港元及非上市債務證券之公平值變動虧損12,329,000港元。本年度，上市股本證券之公平值累計虧損13,120,000港元自儲備中剔除，並於綜合收益表確認為減值虧損；而32,631,000港元之額外減值虧損直接於綜合收益表確認。

於二零零七年三月三十一日，債務部分及兌換權部分之公平值約為704,067,000港元（主要為和記行可兌換票據28,922,000港元、澳門祥泰二零一零年到期可兌換票據277,331,000港元、漢傳媒可兌換票據135,736,000港元、澳門祥泰二零一一年到期可兌換票據218,842,000港元及泛海可兌換票據17,116,000港元）及52,070,000港元（附註27）。

非上市債務證券實際年利率介乎8.3厘至10厘。

25. DEPOSITS FOR ACQUISITION OF LONG-TERM INVESTMENTS

The amount at 31 March 2006 represents the refundable deposits paid for the acquisition of unlisted long term investments pursuant to various conditional agreements entered into by the Group during the year ended 31 March 2006. During the year, HK\$155,175,000 were refunded to the Group upon the terms of the agreement were not concluded. The remaining balance of HK\$35,000,000 at 31 March 2006 represents the deposits paid for acquisition of unlisted investment ("Port Investment") in the PRC, which is engaged in the port business in the PRC. As the land use right for a piece of the land where the port located have not been obtained by the Port Investment, the transaction has not been completed. The vendor has pledged the shares of Port Investment to the Group as security to the deposit paid. In the opinion of the directors, the land use right will be obtained in due course and the directors have assessed the recoverable amount of the deposit with reference to the business valuation report of Port Investment and assets valuation report of the land held by Port Investment, and considered no impairment loss is identified.

During the year ended 31 March 2007, the Group paid an aggregate of approximately HK\$110,000,000 as tender deposits to three independent third parties for the acquisition of certain interests in water supply business, sand vessel business and the exploitation right for river sand business (the "Potential Investments") at a consideration of HK\$80,000,000, HK\$90,000,000 and HK\$179,000,000, respectively. These payments would be refundable from the counter parties if the terms and conditions had not been concluded within one year after the payments made by the Group. Subsequent to 31 March 2007, certain sales and purchase agreements were entered by the Group for the Potential Investments, details of which are set out in note 57.

25. 收購長期投資之按金

於二零零六年三月三十一日之金額指根據本集團於截至二零零六年三月三十一日止年度訂立之多份有條件協議，收購非上市長期投資所付之可退回按金。年內，由於協議條款未能落實，故此本集團獲退回155,175,000港元。於二零零六年三月三十一日之餘額35,000,000港元指於中國收購非上市投資（「港口投資」），在中國從事港口業務所付之按金。由於港口投資並未獲得港口所在地一幅土地之土地使用權，因此交易尚未完成。賣方將港口投資股份抵押予本集團，作為已付按金之擔保。董事認為，本集團稍後將獲得土地使用權，且董事參考港口投資之業務估值報告及港口投資所持土地之資產估值報告評估按金之可收回金額，且認為並無減值虧損。

截至二零零七年三月三十一日止年度，本集團支付總額約110,000,000港元予三名獨立第三方，作為用於收購供水業務、採砂船業務及河砂開採權業務若干權益（「可能之投資項目」）之投標按金（代價分別為80,000,000港元、90,000,000港元及179,000,000港元）。倘若本集團作出付款後一年內有關條款及條件仍未落實，則訂約對方將退還該等款項。於二零零七年三月三十一日後，本集團就潛在投資訂立若干買賣協議，詳情載於附註57。

26. DEPOSIT PAID FOR ACQUISITION OF SUBSIDIARIES

In June 2006, the Group entered into an agreement to acquire 100% equity interest in Goal Wisdom Limited at a consideration of HK\$50,000,000. Goal Wisdom Limited is an investment holding company with its subsidiary engaging in business of catering and entertainment operations and related management. The acquisition was cancelled subsequent to 31 March 2007 due to certain conditions not yet fulfilled by the vendor, including the land use right related to a piece of land located in the PRC to be obtained by the subsidiary of Goal Wisdom Limited and the vendor refunded the amount of HK\$50,000,000 to the Group.

27. CONVERSION OPTIONS EMBEDDED IN CONVERTIBLE NOTES

Conversion options embedded in convertible notes represented the conversion option element of certain convertible notes subscribed by the Group and are measured at fair value. The debt element of those convertible notes are classified under available-for-sale investment.

As explained in note 24, the Group subscribed Macau Prime 2011 CN and Asia Standard CN during the year ended 31 March 2007. During the year, an amount of HK\$70,700,000 were recognized as conversion options embedded in convertible notes upon the subscription of Macau Prime 2011 CN and Asia Standard CN which are measured at fair value at initial recognition. Conversion options embedded in convertibles notes with carrying value of HK\$63,008,000 were transferred to available-for-sale investments upon the conversion of convertible notes. The Group also recognized a decrease in fair value changes of approximately HK\$187,131,000.

26. 收購附屬公司所付之按金

本集團於二零零六年六月簽訂協議，收購高威頓有限公司之全部股權，代價為50,000,000港元。高威頓有限公司為投資控股公司，其附屬公司從事餐飲與娛樂及相關管理業務。由於賣方尚未達成若干條件，包括有關高威頓有限公司之附屬公司取得一幅位於中國之土地之土地使用權及賣方向本集團退回50,000,000港元，故該項收購於二零零七年三月三十一日後取消。

27. 可兌換票據之兌換權

可兌換票據之兌換權指本集團認購之若干可兌換票據之兌換權部分，並以公平值計算。該等可兌換票據之債務部分歸類於可供銷售投資。

按附註24所述，於截至二零零七年三月三十一日止年度，本集團認購澳門祥泰二零一一年到期可兌換票據及泛海可兌換票據。年內，為數70,700,000港元之金額已於認購澳門祥泰二零一一年到期可兌換票據及泛海可兌換票據時確認為可兌換票據之兌換權，於首次確認時按公平值計算。賬面值63,008,000港元之可兌換票據兌換權於兌換可兌換票據後轉撥至可供銷售投資。本集團亦確認公平值變動減少約187,131,000港元。

28. CONVERTIBLE NOTE RECEIVABLE FROM AN ASSOCIATE/CONVERSION OPTIONS EMBEDDED IN CONVERTIBLE NOTE RECEIVABLE FROM AN ASSOCIATE

The convertible note is held by China Enterprises Limited ("CEL", a non wholly-owned subsidiary under GDI), which became a subsidiary of the Group pursuant to acquisition of the GDI Group.

During the year, CEL entered into an agreement to subscribe a convertible note with an aggregate principal amount of HK\$300,000,000 from Wing On Travel (Holdings) Limited ("Wing On CN"), a 20.36% associate of CEL). The Wing On CN carries interest at 2% per annum and will mature on 7 June 2011. The initial conversion price is HK\$0.79 per share (subject to adjustments). Unless previously converted or lapsed by Wing On Travel (Holdings) Limited, Wing On Travel (Holdings) Limited will redeem the Wing On CN on 7 June 2011 at the redemption amount which is 110% of the principal amount of the outstanding Wing On CN. The effective interest rate of Wing On CN is 9% per annum.

The Group has measured the Wing On CN in accordance with HKAS 39. The debt element of the Wing On CN were measured initially at fair value and subsequently at amortized cost and classified as convertible note receivable from an associate on the consolidated balance sheet. The conversion option element of Wing On CN were measured initially and subsequently at fair value in accordance HKAS 39 and classified as conversion options embedded in convertible notes receivable from an associate. During the year, a decrease in fair value of HK\$18,396,000 for conversion option element were recognized in the consolidated income statement.

28. 應收一間聯營公司之可兌換票據／應收一間聯營公司之可兌換票據之兌換權

該可兌換票據由China Enterprises Limited (「CEL」，群龍之非全資附屬公司)持有，CEL因收購群龍集團而成為本集團之附屬公司。

年內，CEL與永安旅遊(控股)有限公司(CEL持有20.36%權益之聯營公司)簽訂協議，向永安認購本金總額300,000,000港元之可兌換票據(「永安可兌換票據」)。永安可兌換票據以年息2厘計息，於二零一一年六月七日期滿，初步兌換價為每股0.79港元(可予調整)。除非先前由永安旅遊(控股)有限公司兌換或終止，否則永安旅遊(控股)有限公司將於二零一一年六月七日按相當於尚未贖回之永安可兌換票據本金額110%之贖回價贖回永安可兌換票據。永安可兌換票據實際年利率為9厘。

本集團根據香港會計準則第39號計算永安可兌換票據。永安可兌換票據之債務部分首先以公平值計算，其後則以攤銷成本計算，並於綜合資產負債表歸類為應收一間聯營公司之可兌換票據。永安可兌換票據之兌換權部分首次及其後根據香港會計準則第39號以公平值計算，並歸類為應收一間聯營公司之可兌換票據之兌換權。年內，兌換權部分公平值減少18,396,000港元於綜合收益表確認。

29. DEPOSITS FOR ACQUISITION OF INTERESTS IN PROPERTIES

Deposits for acquisition of interest in properties with carrying value of HK\$58,830,000 were acquired through the acquisition of GDI Group. The amount represented initial payments incurred in connection with the acquisition of properties interest located in Shanghai, PRC (the "Project").

The GDI Group entered into a conditional agreement with a third party to acquire the interest in properties in a parcel of land situated in Shanghai, PRC and the 24-storey building being erected upon the land together with 2 levels of underground car parks for a consideration of RMB450,000,000 (approximately HK\$424,528,000). An initial payment of RMB58,000,000 (approximately HK\$58,830,000) was paid to the vendor pursuant to the conditional agreement.

However, the conditions stated in the agreement cannot be fulfilled by the vendor and the GDI Group commenced legal proceeding's against the vendor. On 22 June 2006, the People's High Court of Shanghai City ruled the case in favour of the GDI Group and demanded the vendor to continue fulfilling its obligations to refund the deposits to the GDI Group under the agreement.

On 12 July 2007, an independent third party made an letter of offer to acquire the Project from the Group and made an deposit of RMB70,000,000 (equivalent to HK\$70,000,000) into an escrow account held under the People's High Court of Shanghai City as protection to the Group. The directors of the Company consulted with the Group's legal counsel and were of the view that the carrying amount of deposit was not less than its recoverable amount and considered no impairment loss is identified.

29. 收購物業權益所付之按金

收購賬面值58,830,000港元之物業權益之按金因收購群龍集團而獲得。該金額為收購位於中國上海之物業權益（「項目」）所涉及之首期款項。

群龍集團與第三方簽訂有條件協議，以收購一幅位於中國上海之土地及其上所建一幢24層高樓宇連兩層地庫停車場，代價為人民幣450,000,000元（約424,528,000港元）。首期款項人民幣58,000,000元（約58,830,000港元）已根據有條件協議付予賣方。

然而，賣方未能達成協議所列之條件，而群龍集團已開始向賣方提出法律程序。於二零零六年六月二十二日，上海市高級人民法院判群龍集團勝訴，要求賣方繼續履行該協議之責任，向群龍集團償還按金。

於二零零七年七月十二日，一名獨立第三方向本集團提出書面建議向本集團收購該項目，並將人民幣70,000,000元（相當於70,000,000港元）按金存入上海市高級人民法院之託管賬戶，以保障本集團。本公司董事諮詢本集團法律顧問後認為，按金之賬面值不會少於其可收回金額，故此並無識別出減值虧損。

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30. INVENTORIES

		2007 HK\$'000 二零零七年 千港元	2006 HK\$'000 二零零六年 千港元
Raw materials	原材料	107	3,125
Work in progress	在製品	-	1,801
Finished goods	製成品	-	3,627
		<u>107</u>	<u>8,553</u>
Classified as held for sale (Note 14)	列為可持作出售 (附註14)	-	616,142
		<u>107</u>	<u>624,695</u>

As at 31 March 2006, included above are raw materials of HK\$176,000 and work in progress of HK\$1,000 which are carried at net realizable value.

31. OTHER ASSET

Other asset with fair value of HK\$229,288,000 were acquired through the acquisition of GDI Group. The amount is related to a land development project of 珠海市龍山智業產業園 located in Long Shan Development Area, Doumen District, Zhuhai City, the PRC. The GDI Group has made a payment of HK\$229,288,000 to PRC government in return for the exclusive development right to the project and the right to obtain the land for the development ("Other Asset"). The Group is also entitled to sell the rights to the investors at consideration to be agreed among themselves. The Other Asset were acquired for resale purpose and the directors have assessed the carrying value of the Other Asset with reference to the valuation performed by an independent valuer on an open market value basis and no impairment loss is identified.

32. TRADE AND OTHER RECEIVABLES

		2007 HK\$'000 二零零七年 千港元	2006 HK\$'000 二零零六年 千港元
Trade receivables	貿易應收款項	40,003	729,983
Less: accumulated impairment	減: 累計減值	(38,902)	(73,313)
		<u>1,101</u>	<u>656,670</u>
Other receivables (Note)	其他應收款項 (附註)	388,072	49,006
Reclassified as assets held for sale (note 14)	列為持作銷售資產 (附註14)	-	(645,946)
		<u>389,173</u>	<u>59,730</u>

30. 存貨

		2007 HK\$'000 二零零七年 千港元	2006 HK\$'000 二零零六年 千港元
Raw materials	原材料	107	3,125
Work in progress	在製品	-	1,801
Finished goods	製成品	-	3,627
		<u>107</u>	<u>8,553</u>
Classified as held for sale (Note 14)	列為可持作出售 (附註14)	-	616,142
		<u>107</u>	<u>624,695</u>

於二零零六年三月三十一日，上述者包括原材料176,000港元及在製品1,000港元，乃以可變現淨值列賬。

31. 其他資產

賬面值為229,288,000港元之其他資產因收購群龍集團而獲得。該筆金額有關一項位於中國珠海市斗門區龍山發展區之珠海市龍山智業產業園土地發展項目。群龍集團已向中國政府支付229,288,000港元，以獲得該項目之專屬開發權利及取得該土地作開發用途之權利（「其他資產」）。本集團亦有權按雙方協定之代價將此等權利出售予其他投資者。已收購其他資產作轉售用途，而董事已參照獨立估值師按公開市場價值基準所作之估值評估其他資產之賬面值，並無識別出減值虧損。

32. 貿易及其他應收款項

		2007 HK\$'000 二零零七年 千港元	2006 HK\$'000 二零零六年 千港元
Trade receivables	貿易應收款項	40,003	729,983
Less: accumulated impairment	減: 累計減值	(38,902)	(73,313)
		<u>1,101</u>	<u>656,670</u>
Other receivables (Note)	其他應收款項 (附註)	388,072	49,006
Reclassified as assets held for sale (note 14)	列為持作銷售資產 (附註14)	-	(645,946)
		<u>389,173</u>	<u>59,730</u>

32. TRADE AND OTHER RECEIVABLES (Continued)

The Group allows an average credit period of one to two months to its trade customers. The following is an aged analysis of trade receivable net of impairment losses at the respective balance sheet dates:

Not yet due	未到期
Overdue within one month	逾期少於一個月
Overdue between one and two months	逾期一至兩個月
Overdue more than two months	逾期超過兩個月

Note:

Included in other receivables is consideration receivables in connection with the disposal of the Disposed Business, as set out in note 2 and note 49, of US\$33,000,000 (equivalent to HK\$256,047,000) held under an escrow account. 50% of US\$33,000,000 should be due on 1 April 2007 and the remaining balance should be due on the business day after 30 September 2007. On 29 March 2007, the Group received a notice of claim (the "Claim") from Imation in connection with the alleged breaches of warranties as set out in the Disposal Agreement. The Claim demanded the withhold of the amount of US\$33,000,000 (equivalent to HK\$256,047,000) in the escrow account pending the resolution of the Claim. The Group has objected to the Claim on the grounds that the allegations in the Claim are not supported and that Imation failed to indicate what investigation Imation had made of the allegations. The Group asserted that based upon the generality of the Claim, it appears to have been disclosed in the disclosure schedules to the Disposal Agreement, and therefore, not properly the subject of an indemnification claim.

The Group is now in discussions with Imation concerning the Claim and possible resolution of the dispute. The directors are of the opinion that the Claim is ill-founded and there were no breach of any warranties made by the Group in the Disposal Agreement. No impairment is considered necessary to make against the receivables.

32. 貿易及其他應收款項 (續)

本集團向貿易客戶平均提供一至兩個月之信貸期。於各結算日，貿易應收款項扣除減值虧損之賬齡分析如下：

	2007 HK\$'000 二零零七年 千港元	2006 HK\$'000 二零零六年 千港元
Not yet due	1,101	573,862
Overdue within one month	-	66,333
Overdue between one and two months	-	2,266
Overdue more than two months	-	14,209
	<u>1,101</u>	<u>656,670</u>

附註：

其他應收款項已計入存於託管戶口與出售被出售業務(載於附註2及附註49)有關的應收代價33,000,000美元(相等於256,047,000港元)。33,000,000美元其中的50%於二零零七年四月一日到期，餘額於二零零七年九月三十日後的營業日到期。二零零七年三月二十九日，本集團收到Imation就指稱違反出售協議所載保證而發出的索償通知(「索償」)。索償要求在有關裁決前扣起託管戶口內的33,000,000美元(相等於256,047,000港元)款項。本集團已反對索償，理由是索償指稱並無證據支持，且Imation未能指出曾就指稱作出的調查。本集團聲明，由於索償內容概括，應當已按出售協議的披露時間表作出披露，因此並非賠償保證的適當索償理由。

本集團現正就索償及解決爭議的可行方案與Imation磋商。董事認為，索償並無根據，而本集團亦無違反出售協議之保證，故此認為毋須就應收款項作出減值。

33. INVESTMENTS HELD FOR TRADING

Investments held for trading at the balance sheet dates include:

Listed securities:

- Equity securities listed in Hong Kong
- Equity securities listed elsewhere

上市證券:

- 於香港上市之股本證券
- 於其他地方上市之股本證券

2007 HK\$'000 二零零七年 千港元	2006 HK\$'000 二零零六年 千港元
----------------------------------	----------------------------------

569,131	397,989
29,617	24,008
598,748	421,997

34. DEPOSITS PAID FOR ACQUISITION OF INVESTMENTS HELD FOR TRADING

In March 2007, the Group entered into conditional agreements to acquire 10,563,715 shares of Guangzhou Global Telecom Inc., a company whose shares were subsequently listed on Over-The-Counter Bulletin Board of United States of America on 17 May 2007, for a consideration of US\$19,015,000 (equivalent to approximately HK\$146,578,000) which is based on the subscription price under the initial public offer of Guangzhou Global Telecom Inc. An amount of US\$9,507,000 (equivalent to approximately HK\$73,289,000) was paid as deposit upon entering the agreements. The transactions were completed subsequent to 31 March 2007.

35. CONVERTIBLE NOTES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

During the year, the Group subscribed another two convertible notes with principal amount of HK\$50,000,000 from Mei Ah Entertainment Group Limited ("Mei Ah CN") and HK\$50,000,000 from Golden Harvest Entertainment (Holdings) Limited ("Golden Harvest CN"). The Group has classified Mei Ah CN and Golden Harvest CN as held for trading purpose. Both Mei Ah Entertainment Group Limited and Golden Harvest Entertainment (Holdings) Limited are listed on the Stock Exchange. The Group has designated these convertible notes as financial assets at fair value through profit or loss. During the year, a gain of HK\$16,816,000 arising from changes in fair value was recognized in the consolidated income statement.

33. 持作買賣投資

於結算日，持作買賣之投資包括：

34. 收購持作買賣之投資所付之按金

本集團於二零零七年三月簽訂有條件協議，收購 Guangzhou Global Telecom Inc. (其股份於二零零七年五月十七日於美國場外交易議價板上市) 10,563,715股股份，代價為19,015,000美元(約等於146,578,000港元)，乃根據 Guangzhou Global Telecom Inc. 首次公開發售的認購價釐定。簽訂協議時支付按金9,507,000美元(約等於73,289,000港元)。該等交易於二零零七年三月三十一日後完成。

35. 按公平值列賬並在損益表內處理之可兌換票據

年內，本集團向美亞娛樂資訊集團有限公司及嘉禾娛樂事業(集團)有限公司分別認購本金額達50,000,000港元及50,000,000港元之兩份可兌換票據(「美亞可兌換票據」)及(「嘉禾可兌換票據」)。本集團將美亞可兌換票據及嘉禾可兌換票據分類為持作買賣用途。美亞娛樂資訊集團有限公司及嘉禾娛樂事業(集團)有限公司均為於聯交所上市之公司。本集團已指定該等可兌換票據按公平值列賬並計入損益表之財務資產。年內，公平值變動而產生之收益16,816,000港元於綜合收益表確認。

36. SHORT-TERM LOANS RECEIVABLES/SHORT-TERM LOANS RECEIVABLES FROM RELATED COMPANIES

(i) Short-term loan receivables

Loans and interest receivables	應收貸款及利息
- secured (note a)	- 有抵押 (附註a)
- unsecured (note b)	- 無抵押 (附註b)

Notes:

- (a) The amount were secured by the (i) shares in land/property holding companies; (ii) shares in certain subsidiaries engaged in garment manufacturing; (iii) listed securities.

The loans receivables carry interest at Hong Kong Prime Rate plus 2% to 3% (2006: Hong Kong Prime Rate plus 2% to 3%) and repayable on demand.

- (b) The amounts are unsecured, carries interest at Hong Kong Prime Rate plus 2% to 3% (2006: Hong Kong Prime Rate plus 2% to 3%) and repayable on demand or within one year from the balance sheet date.

(ii) Short-term loan receivables from related companies

The related companies are the companies in which the Company's substantial shareholder have beneficial interests.

As at 31 March 2006, the amount were unsecured, interest-bearing at Hong Kong Prime Rate plus 2% to 3% and repayable on demand or within one year. The amounts were fully settled during the year.

36. 應收短期貸款／應收有關連公司之短期貸款

(i) 應收短期貸款

2007 HK\$'000 二零零七年 千港元	2006 HK\$'000 二零零六年 千港元
----------------------------------	----------------------------------

308,549	-
-	20,162
308,549	20,162

附註:

- (a) 該金額以下列各項作為抵押: (i)持有土地／物業之公司之股份; (ii)若干從事成衣製造之附屬公司之股份; (iii)上市證券。

應收貸款按香港最優惠利率加2%至3% (二零零六年: 香港最優惠利率加2%至3%) 計息, 並須按要求償還。

- (b) 該金額為無抵押, 按香港最優惠利率加2%至3% (二零零六年: 香港最優惠利率加2%至3%) 計息, 並須按要求或自結算日起計一年內償還。

(ii) 應收有關連公司之短期貸款

有關連公司指本公司主要股東擁有實際權益的公司。

於二零零六年三月三十一日, 該金額為無抵押, 按香港最優惠利率加2%至3%計息, 並須按要求或於一年內償還。該金額已於年內悉數清償。

37. MARGIN LOAN RECEIVABLES/PAYABLES AND BILLS PAYABLE

Margin loan receivables and payables are generated from brokers' business, aged less than one month and bear interest ranging from Hong Kong Prime Rate plus 3.5%, to prime rate plus 5% (2006: Hong Kong Prime Rate plus 3.5% to prime rate plus 5%). Bills payables are aged within 30 – 60 days.

38. PLEDGED BANK DEPOSIT

The amount represents deposit pledged to bank to secure short-term banking facilities granted to the Group and are therefore classified as current assets. The pledge of bank deposits were released during the year ended 31 March 2007.

The bank deposit carries variable interest ranges from 3.5% to 4.6% per annum during the year ended 31 March 2006.

39. BANK BALANCES AND CASH

The bank balances and cash comprises cash and short-term bank deposits with an original maturity of three months or less held by the Group. The bank balances carries interest at 3.5% to 4.6% per annum (2006: 3.5% to 4.6% per annum).

40. TRADE AND OTHER PAYABLES

Included in trade and other payables is trade payables of HK\$17,140,000 and HK\$71,535,000 at 31 March 2007 and 2006 respectively.

The following is an aged analysis of trade creditors at respective balance sheet dates:

37. 應收孖展貸款／應付款項及應付票據

應收孖展貸款及應付孖展貸款來自經紀業務，賬齡少於一個月，按香港最優惠利率加3.5%至5%（二零零六年：香港最優惠年利率加3.5%至5%）計息。應付票據賬齡介乎30至60日。

38. 已抵押銀行存款

該金額指已抵押予銀行之存款，以作為本集團獲授短期銀行信貸之擔保，故分類為流動資產。於二零零七年三月三十一日止年度，銀行存款之抵押已解除。

於截至二零零六年三月三十一日止年度，該筆銀行存款按年息3.5%至4.6%計息。

39. 銀行結存及現金

銀行結存及現金包括本集團所持有之現金及原到期日為三個月以內之短期銀行存款。銀行結存按年息3.5%至4.6%（二零零六年：3.5%至4.6%）計息。

40. 貿易及其他應付款項

於二零零七年及二零零六年三月三十一日之貿易及其他應付款項分別為17,140,000港元及71,535,000港元。

於各結算日，貿易應付款項之賬齡分析如下：

		2007 HK\$'000 二零零七年 千港元	2006 HK\$'000 二零零六年 千港元
Not yet due	未到期	17,140	380,210
Overdue within one month	逾期少於一個月	-	75,260
Overdue between one to two months	逾期一至兩個月	-	11,467
Overdue more than two months	逾期超過兩個月	-	10,037
		<u>17,140</u>	<u>476,974</u>
Less: Trade payables included in liabilities directly associated with assets classified as held for sale	減：計入負債且與分類為持作銷售資產直接有關之貿易應付款項	-	(405,439)
		<u>17,140</u>	<u>71,535</u>

41. AMOUNTS DUE TO RELATED COMPANIES

The related companies are the companies in which the ultimate holding company has beneficial interest.

The amounts are unsecured, interest-bearing at Hong Kong Prime Rate plus 2% and repayable on demand.

42. AMOUNT DUE TO ULTIMATE HOLDING COMPANY

The amount is unsecured, interest-bearing at Hong Kong Prime Rate plus 2% and repayable on demand.

43. BORROWINGS

41. 應付關連公司款項

關連公司指最終控股公司擁有實際權益之公司。

該款項無抵押，按香港最優惠利率加2%計息，並須於要求時償還。

42. 應付最終控股公司款項

該款項無抵押，按香港最優惠利率加2%計息，並須於要求時償還。

43. 借款

		2007 HK\$'000 二零零七年 千港元	2006 HK\$'000 二零零六年 千港元
Borrowings comprise:	借款包括：		
Bank loans	銀行貸款	88,350	125,275
Other loans	其他貸款	510,000	562,047
		<u>598,350</u>	<u>687,322</u>
Analyzed as:	分析：		
Secured	有抵押	88,350	314,373
Unsecured	無抵押	510,000	372,949
		<u>598,350</u>	<u>687,322</u>
The above amounts are repayable as follows:	上述款項須於以下年期償還：		
Within one year or on demand	一年內或於要求時	514,650	591,629
Between one and two years	一至兩年內	7,440	5,073
Between two and five years	兩至五年內	22,320	23,732
Over five years	超過五年	53,940	66,888
		<u>598,350</u>	<u>687,322</u>
Amount due within one year under current liabilities	列入流動負債項下於一年內到期之款項	<u>(514,650)</u>	<u>(591,629)</u>
Amount due after one year	一年後到期之款項	<u>83,700</u>	<u>95,693</u>

Notes to the Consolidated Financial Statements

綜合財務報表附註

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

43. BORROWINGS (Continued)

The exposure of the Group's fixed-rate borrowings and the contractual maturity dates are as follows:

		2007 HK\$'000 二零零七年 千港元	2006 HK\$'000 二零零六年 千港元
Fixed-rate borrowings which due within one year	一年內到期之定息借款	510,000	200,000

The Group's borrowings that are denominated in currencies other than the functional currencies of the relevant group entities as at 31 March 2006 are set out below:

		NTD \$'000 新台幣 千元
As at 31 March 2006	於二零零六年三月三十一日	32,540

The ranges of effective interest rates (which are equal to contractual interest rates) on the Group's borrowings as follows:

		2007 二零零七年	2006 二零零六年
Effective interest rate:	實際利率：		
Fixed-rate borrowings	定息借款	15% to 18% 15%至18%	18% 18%
Variable-rate borrowings	浮息借款	5.03% to 10% 5.03%至10%	5.03% to 10% 5.03%至10%

44. BANK OVERDRAFTS

Bank overdrafts are repayable on demand and carry interest at prevailing market rate ranging from 6% to 7% per annum (2006: 5% to 8% per annum).

43. 借款 (續)

本集團之定息借款及合約到期日如下：

	2007 HK\$'000 二零零七年 千港元	2006 HK\$'000 二零零六年 千港元
Fixed-rate borrowings which due within one year	510,000	200,000

本集團於二零零六年三月三十一日以有關集團實體功能貨幣以外之貨幣計價之借款載列如下：

	NTD \$'000 新台幣 千元
As at 31 March 2006	32,540

本集團借款之實際利率(相等於合約利率)範圍如下：

	2007 二零零七年	2006 二零零六年
Effective interest rate:		
Fixed-rate borrowings	15% to 18% 15%至18%	18% 18%
Variable-rate borrowings	5.03% to 10% 5.03%至10%	5.03% to 10% 5.03%至10%

44. 銀行透支

銀行透支須於要求時償還，並按當時的市場利率介乎年息6%至7%(二零零六年：年息5%至8%)計息。

45. SHARE CAPITAL

45. 股本

		Number of shares	Value HK\$'000
		股份數目	價值 千港元
Authorized:	法定股本:		
At 31 March 2006 and 31 March 2007 (Ordinary shares of HK\$0.01 each)	於二零零六年三月三十一日及 二零零七年三月三十一日 (每股面值0.01港元之普通股)	20,000,000,000	200,000
Issued and fully paid:	已發行及繳足股本:		
At 1 April 2005 (Ordinary shares of HK\$0.01 each)	於二零零五年四月一日 (每股面值0.01港元之普通股)	223,628,412	2,236
Issue upon scrip dividend	以股代息發行	3,624,990	36
Exercise of share options	行使購股權	10,000,000	100
At 31 March 2006 (Ordinary shares of HK\$0.01 each)	於二零零六年三月三十一日 (每股面值0.01港元之普通股)	237,253,402	2,372
Issue upon scrip dividend (note a)	以股代息發行 (附註a)	2,367,102	24
Exercise of share options (note b)	行使購股權 (附註b)	3,250,000	33
Issue of share for GDI offer (note 2(ij))	就群龍收購建議發行股份 (附註2(ii))	9,926,228	99
Conversion of convertible loan note (note c)	兌換可兌換貸款票據 (附註c)	27,608	-
At 31 March 2007 (Ordinary shares of HK\$0.01 each)	於二零零七年三月三十一日 (每股面值0.01港元之普通股)	252,824,340	2,528

Notes:

附註:

- | | | | |
|-----|---|-----|---|
| (a) | In September 2006, 2,097,260 shares in the Company of HK\$0.01 each were issued as scrip dividend at HK\$3.466 per share. In February, 2007, 269,842 shares in the Company of HK\$0.01 each were issued as scrip dividend at HK\$3.734 per share. | (a) | 於二零零六年九月，本公司透過以股代息按每股3.466港元之價格發行2,097,260股每股面值0.01港元之股份。二零零七年二月，本公司透過以股代息按每股3.734港元之價格發行269,842股每股面值0.01港元之股份。 |
| (b) | During year ended 31 March 2007, 3,250,000 shares of HK\$0.01 each in the Company were issued upon exercise of share options at subscription price of HK\$2.9888 per share, the shares issued during the year rank pari passu with the existing shares in all respects. | (b) | 截至二零零七年三月三十一日止年度，本公司以每股2.9888港元之認購價行使購股權後發行3,250,000股每股面值0.01港元之股份，該等年內已發行之股份在所有方面均與現有股份享有同等權益。 |
| (c) | Convertible loan notes of HK\$248,472 were converted into 27,608 ordinary shares of HK\$0.01 each of the Company. | (c) | 248,472港元的可兌換貸款票據已兌換為27,608股本公司每股面值0.01港元之普通股。 |

46. CONVERTIBLE LOAN NOTES

During the year, the Company issued convertible loan notes with principal amount of HK\$770,973,000 for the acquisition of GDI Group. The fair value of the liability component at the date of issue is HK\$627,636,000. The convertible loan notes carry interest at 2% per annum and will be matured on 15 June 2011. The convertible loan notes are denominated in Hong Kong dollars. The initial conversion price is HK\$9 per share and subject to anti-dilutive adjustments. The effective interest rate of the liability component is 6.6% per annum.

Unless previously converted by the convertible note holder, the Company will redeem the convertible loan notes on the maturity date at the principal amount of the convertible notes then outstanding.

The convertible loan notes contain two components, liability and equity elements. The equity element is presented in equity under the heading of "Convertible loan notes reserve". The fair value of the liability component of the convertible note payable, determined based on the present value of the estimated future cash outflows discounted at the effective interest rates of 6.6% per annum at the balance sheet date, approximate their corresponding carrying amount.

Convertible loan notes of HK\$248,472 were converted into 27,608 ordinary shares of HK\$0.01 each of the Company.

46. 可兌換貸款票據

年內，本公司透過收購群龍集團發行本金額770,973,000港元之可兌換貸款票據。負債部分於發行日期之公平值為627,636,000港元。可兌換貸款票據按年息2%計息，於二零一一年六月十五日到期。可兌換貸款票據以港元計值。原定兌換價為每股9港元，或因反攤薄調整而更改。負債部分的實際年利率為6.6%。

除非可兌換票據持有人於到期前兌換，否則本公司須於到期日按當時尚未兌換之可兌換票據的本金額贖回可兌換貸款票據。

可兌換貸款票據包括負債及權益兩部分。權益部分於「可換股貸款票據儲備」的權益內呈列。於結算日，可兌換貸款票據負債部分之公平值按實際年利率6.6%貼現之估計日後現金流量現值釐定，與其相應賬面值相若。

248,472港元之可兌換貸款票據已兌換為27,608股本公司每股面值0.01港元之普通股。

47. DEFERRED TAX

The following are the major deferred tax liabilities (assets) recognized and movements thereon during the year:

47. 遞延稅項

於年內已確認之主要遞延稅項負債(資產)及其變動如下:

		Revaluation of investment property HK\$'000	Accelerated tax depreciation HK\$'000	Others HK\$'000 (Note)	Tax losses HK\$'000	Total HK\$'000
		投資 物業重估 千港元	加速 稅項折舊 千港元	其他 千港元 (附註)	稅項虧損 千港元	總額 千港元
At 31 March 2005	於二零零五年 三月三十一日	–	1,033	(19,305)	(32)	(18,304)
Currency realignment Charge (credit) to the consolidated income statement for the year (note 12)	外幣調整 年內於綜合 收益表中 扣除(入賬) (附註12)	–	21	(41)	–	(20)
Arising on acquisition of subsidiaries	收購附屬公司 時產生	6,298	–	–	(300)	5,998
Reclassified as held for sale	重新分類為 持作出售	–	(1,697)	41,267	–	39,570
At 31 March 2006	於二零零六年 三月三十一日	6,298	146	213	(332)	6,325
Currency realignment Charge (credit) to the consolidated income statement for the year (note 12)	貨幣調整 年內於綜合 收益表中 扣除(入賬) (附註12)	–	–	(213)	–	(213)
Arising on acquisition of subsidiaries	收購附屬公司 時產生	462	666	–	(1,132)	(4)
		–	28,675	–	–	28,675
At 31 March 2007	於二零零七年 三月三十一日	6,760	29,487	–	(1,464)	34,783

Note: The amount is mainly attributable to the movements of temporary differences arising from the carrying amounts and tax bases of major balance sheet items such as receivables, inventories and accruals of a subsidiary in the USA.

附註: 該數額主要由於美國附屬公司的主要資產負債表項目(如應收款項、存貨及應付款項)之賬面值及稅基的暫時差異變動所致。

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47. DEFERRED TAX (Continued)

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

		2007 HK\$'000 二零零七年 千港元	2006 HK\$'000 二零零六年 千港元
Deferred tax assets	遞延稅項資產	(1,464)	–
Deferred tax liabilities	遞延稅項負債	36,247	6,325
		<u>34,783</u>	<u>6,325</u>

The Group has unused tax losses of HK\$179,513,000 and HK\$374,839,000 at 31 March 2007 and 2006 respectively available for offset against future profits. A deferred tax asset has been recognized in respect of tax losses amounted HK\$8,365,000 and HK\$1,897,000 at 31 March 2007 and 2006 respectively of such losses. No deferred tax has been recognized in respect of the remaining HK\$472,399,000 and HK\$372,942,000 at 31 March 2007 and 2006 respectively due to the unpredictability of future profit streams. The losses can be carried forward indefinitely.

48. ACQUISITION OF SUBSIDIARIES

(i) For the year ended 31 March 2007

As explained in note 2 (ii), the Group acquired a further 69.5% interest in the issued share capital of GDI Group for total consideration of HK\$751,353,000. GDI Group became a 98.9% subsidiary of the Group. This transaction has been accounted for using the purchase method of accounting.

47. 遞延稅項 (續)

就資產負債表之呈列而言，若干遞延稅項資產及負債已予對銷。以下為作財務申報用途之遞延稅項結餘分析：

	2007 HK\$'000 二零零七年 千港元	2006 HK\$'000 二零零六年 千港元
	(1,464)	–
	36,247	6,325
	<u>34,783</u>	<u>6,325</u>

於二零零七年及二零零六年三月三十一日，本集團可用於對銷未來溢利之未動用稅項虧損分別為179,513,000港元及374,839,000港元。於二零零七年及二零零六年三月三十一日，該虧損中分別8,365,000港元及1,897,000港元稅項虧損已確認為遞延稅項資產。於二零零七年及二零零六年三月三十一日，由於未能預測未來溢利來源，故未有就其餘虧損472,399,000港元及372,942,000港元分別確認遞延稅項。該等虧損可無限期結轉。

48. 收購附屬公司

(i) 截至二零零七年三月三十一日止年度

按附註2(ii)所述，本集團以總代價751,353,000港元增購群龍集團已發行股本69.5%權益。群龍集團成為本集團擁有98.9%權益之附屬公司。該交易以收購會計法列賬。

48. ACQUISITION OF SUBSIDIARIES (Continued)

(i) For the year ended 31 March 2007 (Continued)

The net assets acquired in the transaction, and the discount on acquisition arising, are as follows:

	Acquiree's carrying amount before combination HK\$'000 合併前所收購公司之賬面值 千港元	Adjustments HK\$'000 調整 千港元	Fair value HK\$'000 公平值 千港元
Net assets acquired:	收購之資產淨值:		
Property, plant and equipment	物業、機器及設備	105,026	135,253
Interests in associates	聯營公司權益	488,554	560,608
Convertible note receivable from an associate	應收一間聯營公司可兌換票據	238,116	238,116
Available-for-sale investments	可供銷售投資	98,746	98,746
Deposits for acquisition of interest in properties	收購物業權益之按金	56,295	56,295
Other asset	其他資產	229,288	229,288
Inventories	存貨	149	149
Amounts due from associates	應收聯營公司款項	4,510	4,510
Short-term loan receivables	應收短期貸款	338,687	338,687
Trade and other receivables	貿易及其他應收款項	56,639	56,639
Conversion options embedded in convertible note receivable from an associate	應收一間聯營公司可兌換票據之兌換權	63,038	63,038
Tax recoverable	可收回稅項	126	126
Bank balances and cash	銀行結存及現金	93,656	93,656
Trade and other payables	貿易及其他應付款項	(27,323)	(27,323)
Amounts due to related companies	應付關連公司款項	(208,326)	(208,326)
Tax payables	應付稅項	(14,126)	(14,126)
Obligation under a finance lease	融資租賃承擔	(124)	(124)
Deferred tax liabilities	遞延稅項負債	(21,175)	(28,675)
		1,501,756	1,596,537
Minority interest	少數股東權益		(331,416)
Discount on acquisition	收購折讓		(132,462)
Reclassify from the Group's interests in associates	重新分類本集團於聯營公司之權益		(353,478)
Revaluation increase in net assets attributable to interests previously held by the Group	歸屬於本集團之前持有權益之淨資產重估增加		(27,828)
Total consideration	總代價		751,353
Total consideration satisfied by:	總代價之支付方式:		
Cash	現金		17,915
Issue of convertible loan notes	發行可兌換貸款票據		687,188
Issue of shares	發行股份		38,733
Expenses incurred for the acquisition	收購產生之開支		7,517
			751,353
Net cash outflow arising on acquisition:	收購項目產生之現金流出淨額:		
Cash consideration paid	已付現金代價		(17,915)
Cash and cash equivalents acquired	收購之現金及現金等值項目		93,656
Expenses paid for the acquisition	已付收購開支		(7,517)
			68,224

48. 收購附屬公司 (續)

(i) 截至二零零七年三月三十一日止年度 (續)

於交易中收購之資產淨值及收購產生之折讓如下:

	Acquiree's carrying amount before combination HK\$'000 合併前所收購公司之賬面值 千港元	Adjustments HK\$'000 調整 千港元	Fair value HK\$'000 公平值 千港元
Net assets acquired:	收購之資產淨值:		
Property, plant and equipment	物業、機器及設備	105,026	135,253
Interests in associates	聯營公司權益	488,554	560,608
Convertible note receivable from an associate	應收一間聯營公司可兌換票據	238,116	238,116
Available-for-sale investments	可供銷售投資	98,746	98,746
Deposits for acquisition of interest in properties	收購物業權益之按金	56,295	56,295
Other asset	其他資產	229,288	229,288
Inventories	存貨	149	149
Amounts due from associates	應收聯營公司款項	4,510	4,510
Short-term loan receivables	應收短期貸款	338,687	338,687
Trade and other receivables	貿易及其他應收款項	56,639	56,639
Conversion options embedded in convertible note receivable from an associate	應收一間聯營公司可兌換票據之兌換權	63,038	63,038
Tax recoverable	可收回稅項	126	126
Bank balances and cash	銀行結存及現金	93,656	93,656
Trade and other payables	貿易及其他應付款項	(27,323)	(27,323)
Amounts due to related companies	應付關連公司款項	(208,326)	(208,326)
Tax payables	應付稅項	(14,126)	(14,126)
Obligation under a finance lease	融資租賃承擔	(124)	(124)
Deferred tax liabilities	遞延稅項負債	(21,175)	(28,675)
		1,501,756	1,596,537
Minority interest	少數股東權益		(331,416)
Discount on acquisition	收購折讓		(132,462)
Reclassify from the Group's interests in associates	重新分類本集團於聯營公司之權益		(353,478)
Revaluation increase in net assets attributable to interests previously held by the Group	歸屬於本集團之前持有權益之淨資產重估增加		(27,828)
Total consideration	總代價		751,353
Total consideration satisfied by:	總代價之支付方式:		
Cash	現金		17,915
Issue of convertible loan notes	發行可兌換貸款票據		687,188
Issue of shares	發行股份		38,733
Expenses incurred for the acquisition	收購產生之開支		7,517
			751,353
Net cash outflow arising on acquisition:	收購項目產生之現金流出淨額:		
Cash consideration paid	已付現金代價		(17,915)
Cash and cash equivalents acquired	收購之現金及現金等值項目		93,656
Expenses paid for the acquisition	已付收購開支		(7,517)
			68,224

48. ACQUISITION OF SUBSIDIARIES (Continued)

(i) For the year ended 31 March 2007 (Continued)

As part of the consideration for the acquisition of GDI Group, 9,926,228 ordinary shares of the Company with par value of HK\$0.01 each and convertible loan notes with principal amount of HK\$770,973,000 were issued. The fair value of the ordinary shares of the Company, determined using the published price available of the date of acquisition, amounted to HK\$38,733,000 and the fair value of the convertible loan notes amounted to HK\$687,188,000, were determined by the valuation performed by an independent valuer.

The consideration for the acquisition of the GDI Group were determined based on the net assets value of the GDI Group.

The discount on acquisition of HK\$132,462,000 were mainly attributable to (i) the difference between the principal amount of convertible loan notes of HK\$770,973,000 and its fair value at date of completion amounted to HK\$687,188,000; (ii) the fair value adjustment arising from the property, plant and equipment; and (iii) the fair value adjustment related to the fair value of the underlying assets and liabilities of the associates which are shared by the Group.

The convertible loan notes are classified separately into liability and equity components on initial recognition. On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the fair value of the convertible loan notes and the fair value assigned to the liability component, representing the embedded call option for the holder to convert the loan notes into equity, is included in equity (convertible loan notes reserve).

GDI Group contributed revenue of HK\$1,158,000 to the Group's revenue and loss of HK\$27,465,000 to the Group's profit for the year between the date of acquisition and the balance sheet date. The directors are of the view that it is impracticable to disclose the revenue and the result of GDI Group for the period from 1 April 2006 to 31 March 2007 as if the acquisition had been effected at the 1 April 2006 since such financial information was not provided by the ex-shareholders of GDI Group.

48. 收購附屬公司 (續)

(i) 截至二零零七年三月三十一日止年度 (續)

本公司發行9,926,228股每股面值0.01港元之普通股及本金額為770,973,000港元之可兌換貸款票據，作為收購群龍集團之部分代價。本公司普通股之公平值38,733,000港元乃按收購當日之公開價格釐定，而可兌換貸款票據之公平值687,188,000港元則根據獨立估值師之估值釐定。

收購群龍集團的代價根據群龍集團的資產淨值釐定。

收購折讓132,462,000港元主要來自(i)可兌換貸款票據之本金額770,973,000港元與其完成日期之公平值687,188,000港元之間的差額；(ii)物業、機器及設備之公平值調整；及(iii)有關本集團應佔聯營公司相關資產及負債公平值調整。

可兌換貸款票據於首次確認時分為負債與權益部分。於首次確認時，負債部分之公平值使用類似非可兌換債項之當時市場利率釐定。可兌換貸款票據之公平值與分配至負債部分之公平值之間的差額，即持有人可將貸款票據兌換為股本之內在認購期權，計入股本（可兌換貸款票據儲備）。

自收購日期至結算日之間的年度，群龍集團為本集團收益帶來1,158,000港元之收益，而為本集團溢利帶來27,465,000港元之虧損。董事認為，由於群龍集團前股東並無提供財務資料，故無法披露群龍集團於二零零六年四月一日至二零零七年三月三十一日期間之收益及業績（猶如收購已於二零零六年四月一日生效）。

48. ACQUISITION OF SUBSIDIARIES (Continued)

(ii) For the year ended 31 March 2006

On 28 March 2006, the Group acquired 100% of the issued share of Rapid Growth Profits Limited for a consideration of approximately HK\$42,399,000. Rapid Growth Profits Limited is an investment holding and its subsidiaries are engaged in the business of investment properties holding.

This transaction has been accounted for using the purchase method of accounting. The net assets acquired in the transaction, and the goodwill arising as a result of the acquisitions was HK\$6,621,000.

48. 收購附屬公司 (續)

(ii) 截至二零零六年三月三十一日止年度

於二零零六年三月二十八日，本集團收購Rapid Growth Profits Limited全部已發行股本，代價約42,399,000港元。Rapid Growth Profits Limited為投資控股公司，其附屬公司從事持有投資物業業務。

該交易採用收購會計法入賬。該交易所購入之資產淨值及收購所產生之商譽金額為6,621,000港元。

		2006 HK\$'000 二零零六年 千港元
Net assets acquired:	所收購之資產淨值：	
Investment properties	投資物業	133,000
Trade and other payables	貿易及其他應付款項	(711)
Trade and other receivables	貿易及其他應收款項	3,436
Bank balances and cash	銀行結存及現金	10
Bank borrowings	銀行借款	(93,000)
Tax payables	應付稅項	(399)
Deferred tax liabilities	遞延稅項負債	(5,998)
		<hr/>
		36,338
Minority interests	少數股東權益	(560)
		<hr/>
		35,778
Goodwill	商譽	6,621
		<hr/>
Total consideration	總代價	42,399
		<hr/>
Satisfied by:	支付方式：	
Cash	現金	42,399
		<hr/>
Net cash outflow arising on acquisition:	收購所產生之現金流出淨額：	
Cash consideration paid	已付現金代價	(42,399)
Cash and cash equivalents acquired	所收購之現金及現金等值項目	10
		<hr/>
		(42,389)

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49. DISPOSAL/DISSOLUTION OF SUBSIDIARIES

(i) For the year ended 31 March 2007

Other than the disposal of Disposed Business which set out in note 2(i), the Group, also disposed of 100% interest in Collegate Limited, Trifame Limited and Pacerinc Limited for a consideration of HK\$28,500,000, HK\$24,000,000 and HK\$21,000,000 respectively. Collegate Limited, Trifame Limited and Pacerinc Limited are investment holding company. In additions, the Group has dissolved certain subsidiaries, namely Hollywood & Co. Limited, Better Gain Investments Limited, Hanny Strategy Limited and Zhuhai Hanny Property Investment Limited.

49. 出售／解散附屬公司

(i) 截至二零零七年三月三十一日止年度

除出售附註2(i)所載的出售業務外，本集團亦分別以代價28,500,000港元、24,000,000港元及21,000,000港元出售Collegate Limited、Trifame Limited及Pacerinc Limited全部權益。Collegate Limited、Trifame Limited及Pacerinc Limited均為投資控股公司。此外，本集團已解散若干附屬公司Hollywood & Co. Limited、Better Gain Investments Limited、錦興策略有限公司及珠海錦興產業園投資有限公司。

	Hollywood & Co. Limited HK\$'000	Collegate Limited HK\$'000	Trifame Limited HK\$'000	Pacerinc Limited HK\$'000	Better Gain Investments Limited HK\$'000	Hanny Strategy Limited HK\$'000	Zhuhai Hanny Property Investment Limited HK\$'000	Subtotal HK\$'000	Disposed Business HK\$'000 (Note)	Total HK\$'000
	Hollywood & Co. Limited 千港元	Collegate Limited 千港元	Trifame Limited 千港元	Pacerinc Limited 千港元	Better Gain Investments Limited 千港元	錦興策略有限公司 千港元	珠海錦興產業園投資有限公司 千港元	小計 千港元	出售業務 千港元 (附註)	總計 千港元
Property, plant and equipment	208	-	-	-	13,610	18	-	13,836	28,440	42,276
Available-for-sale investments	-	28,500	24,000	21,000	-	-	-	73,500	-	73,500
Goodwill	-	-	-	-	-	-	-	-	167,908	167,908
Intangible assets	-	-	-	-	-	-	-	-	68,002	68,002
Deferred tax assets	-	-	-	-	-	-	-	-	749	749
Inventories	-	-	-	-	-	-	-	-	600,161	600,161
Trade and other receivables	6	-	-	-	12,137	33	15,277	27,453	536,769	564,222
Tax recoverable	-	-	-	-	26	-	-	26	86,263	86,289
Bank balance and cash	542	-	-	-	2,451	-	35	3,028	36,543	39,571
Trade and other payables	(2,707)	-	-	(5)	(19,873)	(390)	(35)	(23,010)	(660,748)	(683,758)
Bank borrowings	-	-	-	-	(7,838)	(4)	-	(7,842)	(108,626)	(116,468)
Deferred tax liabilities	-	-	-	-	-	-	-	-	(12,172)	(12,172)
Tax payables	-	-	-	-	(94)	-	(15,277)	(15,371)	-	(15,371)
	(1,951)	28,500	24,000	20,995	419	(343)	-	71,620	743,289	814,909
Minority interests	-	-	-	-	-	-	-	-	(19,795)	(19,795)
	(1,951)	28,500	24,000	20,995	419	(343)	-	71,620	723,494	795,114
Exchange reserve realized	-	-	3	-	533	-	-	536	(5,979)	(5,443)
Gain (loss) on disposal of subsidiaries	1,951	-	(3)	5	(952)	343	-	1,344	1,526,346	1,527,690
	-	28,500	24,000	21,000	-	-	-	73,500	2,243,861	2,317,361
Satisfied by:										
Cash in HK Dollar	-	28,500	24,000	21,000	-	-	-	73,500	-	73,500
Cash (US\$274,200,000)	-	-	-	-	-	-	-	-	2,127,237	2,127,237
Amount held under escrow account (US\$33,100,000) included in other receivables	-	-	-	-	-	-	-	-	256,823	256,823
Earnout amount (US\$5,000,000) included in other receivables	-	-	-	-	-	-	-	-	38,795	38,795
Withholding tax (US\$1,500,000) paid	-	-	-	-	-	-	-	-	(11,638)	(11,638)
Expenses incurred for disposal	-	-	-	-	-	-	-	-	(167,356)	(167,356)
Total consideration	-	28,500	24,000	21,000	-	-	-	73,500	2,243,861	2,317,361
Net cash inflow (outflow) arising on disposal:										
Cash consideration	-	28,500	24,000	21,000	-	-	-	73,500	2,127,237	2,200,737
Expenses incurred for disposal	-	-	-	-	-	-	-	-	(167,356)	(167,356)
Bank balances and cash disposal of	(542)	-	-	-	(2,451)	-	(35)	(3,028)	(36,543)	(39,571)
	(542)	28,500	24,000	21,000	(2,451)	-	(35)	70,472	1,923,338	1,993,810

49. DISPOSAL/DISSOLUTION OF SUBSIDIARIES (Continued)

(i) For the year ended 31 March 2007 (Continued)

The subsidiaries disposed of or dissolved did not make any significant contribution to the cash flows of the Group during the year. Details of the cash flows of the Disposed Business is set out in note 13.

Note: Pursuant to the Disposal Agreement, the aggregate consideration for the disposal of Disposed Business comprises: (i) an initial consideration of US\$330,000,000 (equivalent to approximately HK\$2,560,470,000); (ii) plus the amount, if any, by which the net current assets amount at completion date exceeding US\$87,000,000 (equivalent to approximately HK\$675,033,000) or minus the amount, if any, by which the amount of net current assets amount at completion date falling short of US\$87,000,000 (equivalent to approximately HK\$675,033,000); and (iii) plus the earnout amount which is to be determined by reference to the earnings before interest, tax, depreciation and amortization of the electronic data storage business of the Disposed Companies to be disposed of by the MII and calculated on an agreed basis set out in the agreement for each of the twelve-month periods ending 31 March 2007, 31 March 2008 and 31 March 2009. The earnout amount shall have a cumulative minimum of US \$5,000,000 (equivalent of approximately HK\$38,795,000) and a cumulative maximum of US\$45,000,000 (equivalent to approximately HK\$349,155,000). In the event that Imation transfers control of the business (as defined in the circular dated 10 April 2006) at any time, prior to 1 April 2009, Imation will pay MII an amount equal to whatever would be required to bring the aggregate amount of earnout payments to US\$45,000,000 (equivalent to approximately HK\$349,155,000).

49. 出售／解散附屬公司（續）

(i) 截至二零零七年三月三十一日止年度（續）

年內，所出售或解散附屬公司向本集團貢獻之現金流量並不重大。出售業務的現金流量詳情載於附註13。

附註：根據出售協議，出售所出售業務之總代價包括：(i)原定代價330,000,000美元（約等於2,560,470,000港元）；(ii)另加完成日期流動資產淨值超逾87,000,000美元（約等於675,033,000港元）之款項（如有），或減去完成日期流動資產淨值少於87,000,000美元（約等於675,033,000港元）之款項（如有）；及(iii)加上所得金額，該金額乃參考MII所出售之出售公司電子數據存儲業務未計利息、稅項、折舊及攤銷之盈利釐定，並以協議所載截至二零零七年三月三十一日、二零零八年三月三十一日及二零零九年三月三十一日止各個十二個月期間之經協定基準計算。所得金額之累計最低額須為5,000,000美元（約等於38,795,000港元），而累計最高額須為45,000,000美元（約等於349,155,000港元）。倘Imation於二零零九年四月一日前任何時間轉讓業務之控制權（定義見日期為二零零六年四月十日之通函），則Imation將會向MII支付一筆相等於使所得付款總額達45,000,000美元（約等於349,155,000港元）所需金額之款項。

49. DISPOSAL/DISSOLUTION OF SUBSIDIARIES (Continued)

(i) For the year ended 31 March 2007 (Continued)

According to the above terms set out in the Disposal Agreement, the net consideration of US\$289,195,000 (equivalent to approximately HK\$2,243,861,000) is calculated after taking into account the following:

- (a) the initial consideration of US\$330,000,000 (equivalent to HK\$2,560,470,000);
- (b) plus additional consideration of US\$1,200,000 (equivalent to HK\$9,311,000) agreed between the Group and Imation pursuant to the pre-closing agreement dated 28 April 2006;
- (c) minus shortfall amount of approximately US\$23,900,000 (equivalent to HK\$185,721,000) which represented the net current assets at completion date (based on the figures extracted from the management accounts of the Disposed Companies as at 28 April 2006 provided by Imation) falling short of US\$87,000,000 (equivalent to HK\$ 675,033,000);
- (d) plus the earnout amount of US\$5,000,000 (equivalent to HK\$38,795,000) which represented the minimum earnout amount as provided in the Disposal Agreement;
- (e) minus the estimated withholding tax of US\$1,500,000 (equivalent to HK\$11,638,000) withheld by Imation regarding the disposal; and
- (f) minus the expenses incurred in connection with the disposal of approximately HK\$167,356,000.

49. 出售／解散附屬公司 (續)

(i) 截至二零零七年三月三十一日止年度 (續)

根據出售協議所載之上述條款，代價淨額289,195,000美元（約等於2,243,861,000港元）按以下各項計算：

- (a) 原定代價330,000,000美元（相等於2,560,470,000港元）；
- (b) 另加本集團與Imation根據日期為二零零六年四月二十八日之完成前協議協定之額外代價1,200,000美元（相等於9,311,000港元）；
- (c) 減去不足差額約23,900,000美元（相等於185,721,000港元），即完成日期之流動資產淨值少於87,000,000美元（相等於675,033,000港元）之款項（根據摘錄自Imation提供之出售公司截至二零零六年四月二十八日之管理賬目所載數字計算）；
- (d) 另加所得金額5,000,000美元（相等於38,795,000港元），即出售協議所規定之最低所得金額；
- (e) 減去Imation就出售預扣之估計預扣所得稅1,500,000美元（相等於11,638,000港元）；及
- (f) 減去有關出售之開支約167,356,000港元。

49. DISPOSAL/DISSOLUTION OF SUBSIDIARIES (Continued)

(ii) For the year ended 31 March 2006

On 19 December 2005, the Group disposed of 100% interest in Charter Jade Investments Limited and other subsidiaries at a consideration of HK\$3,000,000.

49. 出售／解散附屬公司（續）

(ii) 截至二零零六年三月三十一日止年度

於二零零五年十二月十九日，本集團以代價3,000,000港元出售Charter Jade Investments Limited及其他附屬公司全部權益。

		2006 HK\$'000 二零零六年 千港元
Property, plant and equipment	物業、機器及設備	64
Trade and other receivables	貿易及其他應收款項	1,289
Amounts due from group companies	應收集團公司之款項	1
Bank balances and cash	銀行結存及現金	181
Trade and other payables	貿易及其他應付款項	(3,672)
Amounts due to group companies	應付集團公司之款項	(14)
Tax payable	應付稅項	(359)
Amount due to a minority shareholder	應付一名少數股東之款項	(2,514)
		(5,024)
Minority interests	少數股東權益	280
		(4,744)
Currency translation reserve realized	已變現貨幣匯兌儲備	569
		(4,175)
Gain on disposal of subsidiaries	出售附屬公司之收益	7,175
		3,000
Satisfied by:	支付方式:	
Cash	現金	3,000
Net cash inflow (outflow) arising from disposal of subsidiaries:	出售附屬公司產生之現金流入(流出)淨額:	
Cash consideration	現金代價	3,000
Bank balances and cash disposed of	出售之銀行結存及現金	(181)
		2,819

The subsidiaries disposed of during the year did not contribute significantly to the turnover and the results of the Group. The cash flow contributed or utilized by the subsidiaries disposed of during the year was not significant.

年內所出售之附屬公司對本集團之營業額及業績並無重大貢獻。年內所出售之附屬公司所貢獻或動用之現金流量並不重大。

50. MAJOR NON-CASH TRANSACTIONS

For the year ended 31 March 2006, the major non-cash transactions were as follows:

- (a) The acquisition of investments held for trading of HK\$31,360,000 was satisfied by short-term loan receivable and other receivable of HK\$25,590,000 and HK\$5,770,000 respectively.
- (b) Other receivables of HK\$121,563,000 was transferred to short-term loan receivable and short-term loan receivable from a related company of HK\$118,800,000 and HK\$2,763,000 respectively due to the change of the terms of the outstanding amounts.

For the year ended 31 March 2007, the major non-cash transactions were as follows:

- (a) Borrowings of HK\$183,046,900 and HK\$169,000,000 were transferred to amounts due to related companies and amount due to ultimate holding company respectively due to the change of shareholding of the Company.
- (b) Short-term loans receivables from related companies of HK\$159,559,000 were transferred to loans to associates since the related company has become the associate of the Group during the year.

50. 主要非現金交易

截至二零零六年三月三十一日止年度，本集團之主要非現金交易如下：

- (a) 收購持作買賣投資31,360,000港元分別以應收短期貸款及其他應收款項25,590,000港元及5,770,000港元支付。
- (b) 由於更改未償還金額的條款，故其他應收款項121,563,000港元已分別轉撥至應收短期貸款118,800,000港元及應收一間關連公司之短期貸款2,763,000港元。

截至二零零七年三月三十一日止年度，本集團之主要非現金交易如下：

- (a) 因本公司股權變動，數額為183,046,900港元及169,000,000港元的貸款分別轉撥至應付關連公司款項及應付最終控股公司款項。
- (b) 應收有關連公司短期貸款159,559,000港元於年內有關連公司成為本集團聯營公司後轉撥至給予聯營公司貸款。

51. CONTINGENT LIABILITIES

51. 或然負債

	2007 HK\$'000 二零零七年 千港元	2006 HK\$'000 二零零六年 千港元
Amounts utilized in respect of guarantees given to banks and other financial institutions for facilities granted to outsiders	23,292	-

The Group was involved in two patent infringement lawsuits in the USA as at 31 March 2006. The damages claim arising from the lawsuits ranged from approximately US\$285,000 (equivalent to HK\$2,213,000) to US\$855,000 (equivalent to HK\$6,639,000) for the year ended 31 March 2006. The Group had made a provision of US\$302,000 (equivalent to HK\$2,345,000) for these cases at 31 March 2006 to cover the possible damages as estimated by the directors of the Company.

於二零零六年三月三十一日，本集團於美國涉及兩項侵犯專利權訴訟。截至二零零六年三月三十一日止年度，因訴訟而產生之賠償金額介乎約285,000美元（相等於2,213,000港元）至855,000美元（相等於6,639,000港元）。本集團已於二零零六年三月三十一日就該等訴訟作出撥備302,000美元（相等於2,345,000美元）以應付本公司董事估計之可能賠償額。

Save as disclosed above, the Group has no other contingent liabilities as at 31 March 2007.

除上文所披露者外，本集團於二零零七年三月三十一日並無其他或然負債。

The following contingent liabilities arise from interests in associates:

以下或然負債乃來自聯營公司之權益：

	2007 HK\$'000 二零零七年 千港元	2006 HK\$'000 二零零六年 千港元
Share of contingent liabilities of associates arising from:		
guarantees given to banks in respect of bank facilities utilised by:		
investees	-	2,348
third parties	-	175
Other guarantees issued to:		
investees	-	9,037
	-	11,560

The above amounts represented share of contingent liabilities from interests in associates.

上述款項指聯營公司權益應佔之或然負債。

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

52. OPERATING LEASE COMMITMENTS

The Group as lessee

		2007 HK\$'000 二零零七年 千港元	2006 HK\$'000 二零零六年 千港元
Minimum lease payments paid under operating leases during the year:	年內根據經營租約支付之最低租金：		
Land and buildings	土地及樓宇	1,700	28,943
Property, plant and equipment	物業、機器及設備	295	20,275
		<u>1,995</u>	<u>49,218</u>

At the respective balance sheet dates, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

於各結算日，本集團尚有根據不可撤銷之經營租約之承擔，該等未來最低租金之到期日如下：

		As at 31 March 2007 於二零零七年三月三十一日		As at 31 March 2006 於二零零六年三月三十一日	
		Land and buildings HK\$'000 土地及樓宇 千港元	Property, plant and equipment HK\$'000 物業、機器 及設備 千港元	Land and buildings HK\$'000 土地及樓宇 千港元	Property, plant and equipment HK\$'000 物業、機器 及設備 千港元
Within one year	一年內	38	-	7,549	556
In the second to fifth year inclusive	第二至第五年 (包括首尾兩年)	-	-	24,235	1,599
Over five years	五年以上	-	-	30,294	-
		<u>38</u>	<u>-</u>	<u>62,078</u>	<u>2,155</u>

Leases are negotiated for lease term of one year and rentals are fixed over the terms of the leases.

商議之租約年期為一年，而租金在租約期內固定。

52. OPERATING LEASE COMMITMENTS (Continued)

The Group as lessor

		2007 HK\$'000 二零零七年 千港元	2006 HK\$'000 二零零六年 千港元
Rental income earned under operating leases during the year:	年內·根據經營租約賺取之租金收入:		
Investment properties	投資物業	1,228	–
Land and buildings	土地及樓宇	64	6,456
Property, plant and equipment	物業·機器及設備	36	20,248
		<u>1,328</u>	<u>26,704</u>

At the respective balance sheet date, the Group had contracted with tenants for the following future minimum lease income which fall due as follows:

		2007 HK\$'000 二零零七年 千港元	2006 HK\$'000 二零零六年 千港元
Operating leases which expire:	經營租約之到期日:		
Within one year	一年內	525	4,308
In the second to fifth year inclusive	第二至第五年(包括首尾兩年)	–	19,392
Over five years	五年以上	–	15,066
		<u>525</u>	<u>38,766</u>

The Group has committed tenants with lease term of one year.

52. 經營租約承擔(續)

本集團作為出租人

		2007 HK\$'000 二零零七年 千港元	2006 HK\$'000 二零零六年 千港元
Rental income earned under operating leases during the year:	年內·根據經營租約賺取之租金收入:		
Investment properties	投資物業	1,228	–
Land and buildings	土地及樓宇	64	6,456
Property, plant and equipment	物業·機器及設備	36	20,248
		<u>1,328</u>	<u>26,704</u>

於各結算日，本集團已與租戶訂立的未來最低租金收入於以下期間到期：

		2007 HK\$'000 二零零七年 千港元	2006 HK\$'000 二零零六年 千港元
Operating leases which expire:	經營租約之到期日:		
Within one year	一年內	525	4,308
In the second to fifth year inclusive	第二至第五年(包括首尾兩年)	–	19,392
Over five years	五年以上	–	15,066
		<u>525</u>	<u>38,766</u>

本公司已向租戶承諾，租期平均為期一年。

53. SHARE OPTION SCHEME

The Company's share option scheme was adopted on 21 August 2001 (the "2001 Share Option Scheme") for the primary purpose of providing incentives to the employees of the Group. Under the 2001 Share Option Scheme, the board of directors of the Company may grant options to eligible employees including the directors (but excluding independent non-executive directors) of the Company and the directors of any of the subsidiaries of the Company to subscribe for shares in the Company.

Pursuant to a resolution passed at a special general meeting of the Company on 17 March 2003, the Company has terminated the 2001 Share Option Scheme and adopted a new share option scheme (the "2003 Share Option Scheme"). Under the 2003 Share Option Scheme, the board of directors of the Company may grant options to directors and employees of the Group and any advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters and service providers of any members of the Group who the board of directors considers have contributed or will contribute or can contribute to the Group. The purpose of the 2003 Share Option Scheme is to provide participants with the opportunity to acquire proprietary interests in the Group and to encourage participants to work towards enhancing the value of the Group and its shares for the benefits of the Group and its shareholders as a whole.

Subject to the condition that the total number of shares which may be issued upon the exercise of all outstanding options granted and to be exercised under the 2003 Share Option Scheme and any other schemes of the Company must not exceed 30% of the shares of the Company in issue from time to time, the total number of shares in respect of which options may be granted under the 2003 Share Option Scheme, when aggregated with any shares subject to any other schemes, is not permitted to exceed 10% of the shares of the Company in issue on the date of approval and adoption of the 2003 Share Option Scheme.

Under the 2003 Share Option Scheme, the options which may be granted to any individual in any one year are not permitted to exceed 1% of the shares of the Company in issue, without prior approval from the Company's shareholders. Options granted to substantial shareholders or independent non-executive directors in excess of 0.1% of the Company's share capital or with a value in excess of HK\$5 million must be approved in advance by the Company's shareholders.

53. 購股權計劃

本公司於二零零一年八月二十一日採納的購股權計劃（「二零零一年購股權計劃」）主要旨在激勵本集團僱員。根據二零零一年購股權計劃，本公司董事會可能授予合資格僱員（包括本公司董事（但不包括獨立非執行董事）及本公司附屬公司董事）可認購本公司股份的購股權。

根據於二零零三年三月十七日舉行的本公司股東週年大會通過之決議案，本公司已終止二零零一年購股權計劃並採納新購股權計劃（「二零零三年購股權計劃」）。根據二零零三年購股權計劃，本公司董事會可能將購股權授予其認為曾經或將會或能夠對本集團做出貢獻的本集團僱員、本集團任何成員公司的顧問、專家、分銷商、承包方、供應商、代理人、客戶、業務夥伴、合營公司業務夥伴、發起人及服務供應商。二零零三年購股權計劃的目的在於提供參與者獲得本集團股權的機會並激勵參與者為本集團及其股東整體利益而努力提升本集團及其股份價值。

除須符合根據二零零三年購股權計劃及本公司其他購股權計劃行使全部已授出將行使的尚未行使購股權而發行的股份總數不得超過本公司不時已發行股份總數的30%條件外，根據二零零三年購股權計劃授出購股權發行的股份總數連同根據任何其他計劃發行的股份總數不得超過本公司於二零零三年購股權計劃獲批准及採納當日已發行股份的10%。

根據二零零三年購股權計劃，倘無本公司股東事先批准，於各年內授予任何個人的購股權不得超過本公司已發行股份的1%。授予主要股東或獨立非執行董事的購股權超過本公司股本0.1%或超過5,000,000港元則須獲得本公司股東批准。

53. SHARE OPTION SCHEME (Continued)

No options were outstanding under the 2003 and 2001 Share Option Schemes at 31 March 2007.

Options granted must be taken up within 28 days from the date of grant, upon payment of HK\$1 per grant. Options may be exercised at any time from the date on which the option is accepted to the tenth anniversary of the date of grant. The exercise price is determined by the directors of the Company, and will not be less than the higher of the closing price of the Company shares on the date of grant or the average closing price of the shares for the five business days immediately preceding the date of grant or the nominal value of the share of the Company.

The following tables disclose details of the Company's share options held by employees (including directors) of the Company and movements in such holdings during the year ended 31 March 2006 and 31 March 2007:

2003 Share Option Scheme

Date of grant	Exercisable period	Exercise period	Number of share options				Outstanding at 31.3.2006 and 31.3.2007
			Outstanding at 1.4.2005	Exercised during the year	Transfer during the year (Note)	Lapsed during the year	
授出日	可行使期間	行使價	於二零零五年四月一日尚未行使	於年內已行使	於年內轉撥 (附註)	於年內失效	於二零零六年三月三十一日及於二零零七年三月三十一日尚未行使
Directors							
董事							
23.2.2004 二零零四年 二月二十三日	23.2.2004 to 22.2.2006 二零零四年二月二十三日 至二零零六年二月二十二日	3.415	6,400,000	(4,800,000)	(1,600,000)	-	-
Employees							
僱員							
23.2.2004 二零零四年 二月二十三日	23.2.2004 to 22.2.2006 二零零四年二月二十三日 至二零零六年二月二十二日	3.415	6,400,000	(5,200,000)	1,600,000	(2,800,000)	-
			12,800,000	(10,000,000)	-	(2,800,000)	-

Note: A director retired on 1 September 2005 and accordingly the option entitled by that director was transferred to the category under "Employees".

53. 購股權計劃 (續)

於二零零七年三月三十一日，並無根據二零零三年及二零零一年購股權計劃尚未行使的購股權。

授出的購股權須於授出日起28日內接受，每次授出購股權支付1港元。購股權可於接受當日起至授出日第十個周年內任何時間行使。行使價由本公司董事釐定，但不得低於本公司股份於授出日的收市價、緊隨授出日後五個連續營業日本公司股份的平均收市價或本公司股份面值三者的最高者。

下表披露截至二零零六年三月三十一日止年度及於二零零七年三月三十一日，本公司僱員（包括董事）持有本公司購股權詳情及其變動情況：

二零零三年購股權計劃

附註：一名董事於二零零五年九月一日退任，因此該名董事的購股權轉撥至「僱員」類別內。

53. SHARE OPTION SCHEME (Continued)

2001 Share Option Scheme

During the year ended 31 March 2006, the movements of the share options are as follows:

Date of grant	Exercisable period	Exercise price HK\$	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	Transfer (Note) 轉撥 (附註)	Outstanding at 31.3.2006 於二零零六年 三月三十一日 尚未行使
Directors 董事					
31.8.2001 二零零一年 八月三十一日	31.8.2001 to 30.8.2006 二零零一年八月三十一日 至二零零六年八月三十日	2.9888	9,000,000	(1,750,000)	7,250,000
Employees 僱員					
31.8.2001 二零零一年 八月三十一日	31.8.2001 to 30.8.2006 二零零一年八月三十一日 至二零零六年八月三十日	2.9888	–	1,750,000	1,750,000
			<u>9,000,000</u>	<u>–</u>	<u>9,000,000</u>

Note:

A director retired on 1 September 2005 and accordingly the option entitled by that director was transferred to the category under "Employees".

53. 購股權計劃 (續)

二零零一年購股權計劃

於截至二零零六年三月三十一日止年度，購股權變動情況如下：

Date of grant	Exercisable period	Exercise price HK\$	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	Transfer (Note) 轉撥 (附註)	Outstanding at 31.3.2006 於二零零六年 三月三十一日 尚未行使
Directors 董事					
31.8.2001 二零零一年 八月三十一日	31.8.2001 to 30.8.2006 二零零一年八月三十一日 至二零零六年八月三十日	2.9888	9,000,000	(1,750,000)	7,250,000
Employees 僱員					
31.8.2001 二零零一年 八月三十一日	31.8.2001 to 30.8.2006 二零零一年八月三十一日 至二零零六年八月三十日	2.9888	–	1,750,000	1,750,000
			<u>9,000,000</u>	<u>–</u>	<u>9,000,000</u>

附註：

一名董事於二零零五年九月一日退任，因此該名董事的購股權轉撥至「僱員」類別內。

53. SHARE OPTION SCHEME (Continued)

2001 Share Option Scheme (Continued)

During the year ended 31 March 2007, the movements of the share options are as follows:

Date of grant	Exercisable period	Exercise price HK\$	Number of share options 購股權數目			
			Outstanding at 1.4.2006	Exercised during the year	Lapsed during the year	Outstanding at 31.3.2007
授出日	可行使期間	行使價 港元	於二零零六年 四月一日 尚未行使	於年內 已行使	於年內 失效	於二零零七年 三月三十一日 尚未行使
Directors 董事						
31.8.2001 二零零一年 八月三十一日	31.8.2001 to 30.8.2006 二零零一年八月三十一日 至二零零六年八月三十日	2.9888	7,250,000	(3,250,000)	(4,000,000)	-
Employees 僱員						
31.8.2001 二零零一年 八月三十一日	31.8.2001 to 30.8.2006 二零零一年八月三十一日 至二零零六年八月三十日	2.9888	1,750,000	-	(1,750,000)	-
			<u>9,000,000</u>	<u>(3,250,000)</u>	<u>(5,750,000)</u>	<u>-</u>

53. 購股權計劃 (續)

二零零一年購股權計劃 (續)

截至二零零七年三月三十一日止年度，購股權變動情況如下：

54. RETIREMENT BENEFITS SCHEMES

The Group operates a Mandatory Provident Fund (“MPF”) scheme for qualifying employees of the Company and its subsidiaries in Hong Kong. The assets of the MPF scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant payroll costs to the scheme, which contribution is matched by employees.

The Group also operates various retirement benefit schemes for qualifying employees of its overseas subsidiaries, including subsidiaries in the United Kingdom, the USA and Singapore. The assets of the retirement benefit schemes are held separately from those of the Group, in funds under control of trustees. The Group contributes 4% to 10% of the relevant payroll costs to the schemes, which contribution is matched by employees.

The Group's employees who are employed by subsidiaries in the PRC are members of the state-managed retirement benefit scheme operated by the PRC government. These subsidiaries are required to contribute a certain percentage of their payroll to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

55. PLEDGE OF ASSETS

At the respective balance sheet dates, the following assets were pledged by the Group and the Company to secure banking and other financing facilities:

		2007 HK\$'000 二零零七年 千港元	2006 HK\$'000 二零零六年 千港元
Listed securities of associates	聯營公司之上市證券	92,955	270,558
Land and buildings	土地及樓宇	-	12,648
Investment properties	投資物業	146,000	133,000
Available-for-sale investments	可供出售之投資	-	505,294
Investments held for trading	持作買賣之投資	61,087	231,069
Bank deposits	銀行存款	-	19,966
		<u>300,042</u>	<u>1,172,535</u>
Classified as held for sale	分類為持作出售	-	257,368
		<u>300,042</u>	<u>1,429,903</u>

54. 退休福利計劃

本集團為本公司及其香港附屬公司之合資格僱員推行強制性公積金（「強積金」）計劃。強積金計劃之資產乃獨立於本集團，以信託人控制之基金形式持有。本集團就有關工資成本之5%向該計劃供款，與僱員之供款額相同。

本集團亦為其海外附屬公司（包括英國、美國及新加坡附屬公司）之合資格僱員推行多項退休福利計劃。退休福利計劃之資產乃獨立於本集團，以信託人控制之基金形式持有。本集團就有關工資成本之4%至10%向該等計劃供款，與僱員之供款額相同。

受僱於中國附屬公司之本集團僱員為中國政府所推行之國家管理退休福利計劃成員。該等附屬公司須將工資若干百分比作為該退休福利計劃之供款，為福利提供資金。本集團對該退休福利計劃之承擔僅為作出特定之供款。

55. 資產抵押

於各結算日，本集團及本公司將下列資產抵押作為銀行及其他融資信貸之擔保：

56. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

During the year, the Group had significant transactions with the following related parties, together with balances with them at the respective balance sheet date, details of which are as follows:

Ultimate holding company and its associates: 最終控股公司及其聯繫人:

Rental expenses by the Group 本集團之租金支出
Secondment fee 借調費用

Associates: 聯營公司:

Interest income 利息收入
Rental expenses 租金支出
Management fee income 管理費收入
Sales of finished goods 銷售製成品
Rental income 租金收入

Details of balances with associates/related parties at the balance sheet date are set out in note 23, 36, 41 and 42 respectively.

In addition, certain banking and other facilities of the Group were secured by personal guarantee from a director of the Company, to the extent of HK\$504,619,700 and HK\$404,280,000 at 31 March 2007 and 2006 respectively.

Compensation of key management personnel

The remuneration of directors and key executives of the Group is determined by the remuneration committee, having regard to the performance of individuals and market trends, amounted to HK\$20,160,000 (2006: HK\$4,216,000).

Save as disclosed above, there were no other significant transactions with related parties during the year or no significant balances with them at the respective balance sheet date.

56. 與關連人士進行交易及相關結餘

本集團於本年度與下列關連人士進行之重大交易及於各結算日之結餘詳情如下:

	2007 HK\$'000 二零零七年 千港元	2006 HK\$'000 二零零六年 千港元
--	----------------------------------	----------------------------------

Ultimate holding company and its associates: 最終控股公司及其聯繫人:		
Rental expenses by the Group 本集團之租金支出	-	2,451
Secondment fee 借調費用	1,313	-
Associates: 聯營公司:		
Interest income 利息收入	13,456	-
Rental expenses 租金支出	923	871
Management fee income 管理費收入	3,524	3,493
Sales of finished goods 銷售製成品	-	142
Rental income 租金收入	36	216

於結算日在聯營公司／有關連人士之結餘詳情分別載於附註23、36、41及42。

此外，本集團之若干銀行及其他信貸由本公司一名董事提供個人擔保，於二零零七年及二零零六年三月三十一日之金額分別為504,619,700港元及404,280,000港元。

主要管理人員報酬

董事及本集團主要行政人員薪酬由薪酬委員會經參考彼等的工作表現及市場趨勢釐定，總額為20,160,000港元（二零零六年：4,216,000港元）。

除上文所披露者外，年內並無關連人士之其他重大交易，而於各結算日亦無重大相關結餘。

57. POST BALANCE SHEET EVENTS

On 11 April 2007, the Company announced that the directors propose a bonus issue of new shares to the shareholders whose names appear on the register of members of the Company on the record date (21 May 2007) on the basis of ten bonus shares for every one existing share held by the shareholders on the record date.

On 24 April 2007, Total Wealth Investments Limited, an indirect wholly-owned subsidiary of the Company, entered into agreements to subscribe 125,000,000 shares of Wonson International Holdings Limited at subscription price of HK\$0.16 per share and the convertible notes issued by Wonson International Holdings Limited with principal amount of HK\$40,000,000.

On 1 June 2007, the Group entered into agreement to acquire 100% interest in 東莞市富昌建材貿易有限公司 at a consideration of HK\$90,000,000. 東莞市富昌建材貿易有限公司 engaged in the sand mining business. The acquisition were completed on 29 June 2007. The directors are of the view that it is impracticable to disclose the financial information of 東莞市富昌建材貿易有限公司 as at the date of this report since the assessment of the financial information is still in progress.

On 4 June 2007, the Group entered into agreement to acquire 59.75% interest in Regrowth Resources Limited at a consideration of HK\$80,000,000. Regrowth Resources Limited is an investment holding company and its subsidiaries are engaged in the business of water supply. The acquisition was completed on 29 June 2007. The directors are of the view that it is impracticable to disclose the financial information of Regrowth Resources Limited as at the date of this report since the assessment of the financial information is still in progress.

On 10 July 2007, the Group entered into conditional agreement to acquire 88% interest in Jiang Hai Trading Co. Ltd., a company established in the PRC at a consideration of HK\$179,000,000. Jiang Hai Trading Co. Ltd is principally engaged and is licensed in sales of construction sand, and sand mining operation business under the PRC law. The acquisition has not been completed as at the date of the report.

57. 結算日後事項

二零零七年四月十一日，本公司宣佈董事建議向於記錄日期（二零零七年五月二十一日）名列本公司股東名冊的股東發行紅股，基準為股東於記錄日期每持有一股現有股份獲發十股紅股。

二零零七年四月二十四日，本公司間接全資附屬公司Total Wealth Investments Limited訂立協議按認購價每股0.16港元認購和成國際集團有限公司125,000,000股股份及和成國際集團有限公司所發行本金額40,000,000港元的可兌換票據。

二零零七年六月一日，本集團訂立協議以代價90,000,000港元認購東莞市富昌建材貿易有限公司全部股權。東莞市富昌建材貿易有限公司從事採砂業務。收購於二零零七年六月二十九日已完成。董事認為由於仍在修改東莞市富昌建材貿易有限公司的財務資料，故披露該公司截至本報告日期的財務資料並不可行。

二零零七年六月四日，本集團訂立協議以代價80,000,000港元收購新生資源有限公司59.75%權益。新生資源有限公司為投資控股公司，其附屬公司從事供水業務。收購於二零零七年六月二十九日已完成。董事認為由於仍在修改新生資源有限公司的財務資料，故披露該公司截至本報告日期的財務資料並不可行。

二零零七年七月十日，本集團訂立有條件協議以代價179,000,000港元認購江海貿易有限公司88%權益。江海貿易有限公司於中國成立，主要從事並根據中國法例獲許可銷售建築用砂及從事採砂業務。收購於本報告日期尚未完成。

58. BALANCE SHEET OF THE COMPANY

58. 本公司資產負債表

		2007 <i>HK\$'000</i> 二零零七年 千港元	2006 <i>HK\$'000</i> 二零零六年 千港元
Total assets	總資產	3,372,811	2,490,195
Total liability	總負債	<u>1,498,958</u>	<u>706,766</u>
		<u>1,873,853</u>	<u>1,783,429</u>
Capital and Reserves	股本及儲備		
Share capital	股本	2,528	2,372
Reserves	儲備	<u>1,871,325</u>	<u>1,781,057</u>
Total equity	總權益	<u>1,873,853</u>	<u>1,783,429</u>

59. PARTICULARS OF PRINCIPAL SUBSIDIARIES

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

Name of subsidiary	Place of incorporation/ registration	Issued and fully paid share capital/ registered capital	Equity interest held by the Group	Principal activities
附屬公司名稱	註冊成立/ 登記地點	已發行及繳足股本/ 註冊資本	本集團 所持有之 股本權益	主要業務
Island Town Limited	Hong Kong	HK\$100	100%	Investment property holding
倫都有限公司	香港	100港元	100%	持有投資物業
Zhuhai Zhongce Property Investment Limited	British Virgin Islands	US\$1	100%	Holding of land development project held for sale
珠海中策產業園投資有限公司	英屬處女群島	1美元	100%	持有持作銷售土地開發項目
China Enterprises Limited (note b)	Bermuda	Common stock US\$90,173	55.2%	Investment holding
China Enterprises Limited (附註b)	百慕達	普通股 90,173美元	55.2%	投資控股
MRI Holdings Limited ("MRI") (note c)	Australia	A\$31,381,010	57.26%	Investment holding
MRI Holdings Limited (「MRI」) (附註c)	澳洲	31,381,010澳元	57.26%	投資控股
Hanny Magnetics Limited (note a)	Hong Kong	HK\$1,100,000,200 ordinary share HK\$6,000,000 5% non-voting deferred shares	100%	Investment holding
錦興磁訊有限公司 (附註a)	香港	1,100,000,200港元 普通股 6,000,000港元 5%無投票權 遞延股份	100%	投資控股

59. 主要附屬公司之詳情

本公司各主要附屬公司於二零零七年三月三十一日之詳情如下：

59. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

59. 主要附屬公司之詳情 (續)

Name of subsidiary	Place of incorporation/ registration	Issued and fully paid share capital/ registered capital	Equity interest held by the Group	Principal activities
附屬公司名稱	註冊成立/ 登記地點	已發行及繳足股本/ 註冊資本	本集團 所持有之 股本權益	主要業務
Well Orient Limited 威倫有限公司	Hong Kong 香港	HK\$2 2港元	100%	Investment holding 投資控股
廣州耀陽實業有限公司 (note d)	PRC	RMB1,000,000	100%	Sand mining
廣州耀陽實業有限公司 (附註d)	中國	人民幣 1,000,000元	100%	採砂

Notes:

- a. The holders of the 5% non-voting deferred shares are not entitled to receive notice of or to attend or vote at any general meetings of the Company. The non-voting deferred shares practically carry no rights to dividends or to participate in any distribution on winding up.
- b. China Enterprises Limited operates in both Hong Kong and the PRC and its shares are trading on the Over-the-Counter Bulletin Board of the United States of America.
- c. MRI operates both in Australia and Hong Kong and its shares are listed on the Australian Stock Exchange. MRI and its subsidiaries are mainly engaged in securities holding activities.
- d. This company are registered in the form of wholly-owned foreign investment enterprises.

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

附註:

- a. 5%無投票權遞延股份之持有人無權收取本公司任何股東大會之通告或出席大會或於會上投票。無投票權遞延股份實際上並無附有任何權利獲派股息或在清盤時獲得任何分派。
- b. China Enterprises Limited於香港及中國經營，其股份在美國場外交易議價板買賣。
- c. MRI在澳洲及香港經營，其股份在澳洲證券交易所上市。MRI及其附屬公司主要業務為持有證券。
- d. 該公司以外商全資企業形式登記。

上表列載之本集團附屬公司，乃董事認為主要影響本集團年內之業績或構成本集團年終資產淨值重大部份之公司。董事認為，詳載其他附屬公司會導致篇幅過於冗長。

Financial Summary 財務摘要

A summary of the consolidated results and of the assets and liabilities of the Group for each of the five years ended 31 March 2007 is set out below:

本集團於截至二零零七年三月三十一日止五個年度各年綜合業績及資產與負債之概要載於下文：

(a) Results

(a) 業績

		Year ended 31 March 截至三月三十一日止年度				
		2003 HK\$'000 (Note) 二零零三年 千港元 (附註)	2004 HK\$'000 (Note) 二零零四年 千港元 (附註)	2005 HK\$'000 (Note) 二零零五年 千港元 (附註)	2006 HK\$'000 二零零六年 千港元	2007 HK\$'000 二零零七年 千港元
Turnover	營業額	4,162,804	5,025,930	257,656	316,638	178,002
(Loss) profit before income tax	除所得稅前(虧損)溢利	(574,444)	135,245	(248,508)	(144,092)	(23,967)
Income tax expense	所得稅支出	(32,200)	(25,469)	(4,282)	(4,331)	(32,457)
(Loss) profit for the year from continuing operations	本年度來自持續經營業務之(虧損)溢利	(606,644)	109,776	(252,790)	(148,423)	(56,424)
Profit for the year from discontinued operations	本年度來自非持續業務之溢利	-	-	152,552	52,419	1,517,926
(Loss) profit for the year	本年度(虧損)溢利	(606,644)	109,776	(100,238)	(96,004)	1,461,502
Attributable to:	應佔:					
Equity holders of the Company	本公司之股權持有人	(648,620)	13,300	(161,862)	8,915	527,080
Minority interests	少數股東權益	41,976	96,476	61,624	(104,919)	934,422
		(606,644)	109,776	(100,238)	(96,004)	1,461,502

(b) Assets and liabilities

(b) 資產及負債

		At 31 March 於三月三十一日				
		2003 HK\$'000 (Note) 二零零三年 千港元 (附註)	2004 HK\$'000 (Note) 二零零四年 千港元 (附註)	2005 HK\$'000 (Note) 二零零五年 千港元 (附註)	2006 HK\$'000 二零零六年 千港元	2007 HK\$'000 二零零七年 千港元
Total assets	總資產	3,267,731	3,943,236	3,656,553	4,193,180	5,007,707
Total liabilities	總負債	(1,363,566)	(1,664,898)	(1,400,562)	(1,973,857)	(1,808,595)
		1,904,165	2,278,338	2,255,991	2,219,323	3,199,112
Equity attributable to equity holders of the Company	本公司股權持有人應佔權益	1,729,567	1,873,181	1,806,374	1,868,889	2,492,490
Minority interests	少數股東權益	174,598	405,157	449,617	350,434	706,622
		1,904,165	2,278,338	2,255,991	2,219,323	3,199,112

Note: The amounts have been restated as a result of application of new and revised Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants.

附註：上述數額已由於採納香港會計師公會頒佈的新訂及經修訂香港財務報告準則而重列。



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