

LINF AIR HOLDINGS LIMITED

福茂控股有限公司

(incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立之有限公司)

Stock code 股份代號 : 462

LINF AIR

ANNUAL REPORT 2007 年報



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CORPORATE INFORMATION**公司資料****BOARD OF DIRECTORS****Executive Directors**

Ms. Katherine Chan Wai Kay
Ms. Zuo Lihua

Non-Executive Directors

Mr. He Changming (Chairman)
Mr. Chow Kin Ming*

Independent Non-Executive Directors

Mr. Lee Kin Keung**
Dr. Lam Chun Kong**
Mr. Xu Wen On†

† Audit Committee members

* Remuneration Committee members

COMPANY SECRETARY

Mr. Navin K. Aggarwal

QUALIFIED ACCOUNTANT

Mr. Lok Shing Kwan

AUTHORISED REPRESENTATIVES

Ms. Katherine Chan Wai Kay
Mr. Chow Kin Ming

LEGAL ADVISERS**Hong Kong**

Kirkpatrick & Lockhart Preston Gates Ellis Solicitors

Cayman Islands

Conyers Dill & Pearman, Cayman

AUDITORS

SHINEWING (HK) CPA Limited

董事局**執行董事**

陳蕙姬女士
左利華女士

非執行董事

何昌明先生(主席)
周堅銘先生*

獨立非執行董事

李健強先生**
林振綱博士**
許文安先生†

† 審核委員會成員

* 薪酬委員會成員

公司秘書

高誠德先生

合資格會計師

樂承鈞先生

授權代表

陳蕙姬女士
周堅銘先生

法律顧問**香港**

高蓋茨律師事務所

開曼群島

Conyers Dill & Pearman, Cayman

核數師

信永中和(香港)會計師事務所有限公司

CORPORATE INFORMATION**REGISTERED OFFICE**

Century Yard, Cricket Square
Hutchins Drive
P.O. Box 2681GT
George Town, Grand Cayman
British West Indies

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Rooms 1801-02, 18th Floor
Shui On Centre
6-8 Harbour Road, Wanchai
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANKERS

Shanghai Commercial Bank Limited
DBS Bank (Hong Kong) Limited
The Hongkong & Shanghai Banking Corporation

COMPLIANCE ADVISER

Somerley Limited

STOCK CODE

462

COMPANY WEBSITE

<http://www.linfair.net>
<http://www.capitalfp.com.hk/eng/index.jsp?co=462>

公司資料**註冊辦事處**

Century Yard, Cricket Square
Hutchins Drive
P.O. Box 2681GT
George Town, Grand Cayman
British West Indies

總辦事處暨主要營業地點

香港
灣仔港灣道6-8號
瑞安中心
18樓1801-02室

主要股份過戶登記處

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

股份過戶登記處香港分處

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

主要往來銀行

上海商業銀行有限公司
星展銀行(香港)有限公司
香港上海滙豐銀行有限公司

合規顧問

新百利有限公司

股份代號

462

公司網址

<http://www.linfair.net>
<http://www.capitalfp.com.hk/eng/index.jsp?co=462>

CHAIRMAN'S STATEMENT

主席報告

On behalf of the Board of directors (the "Board") of Linfair Holdings Limited (the "Company"), and its subsidiaries (together the "Group"), I present the annual report for the financial year ended 31st March, 2007.

本人謹代表福茂控股有限公司(「公司」)及其附屬公司(「集團」)董事局(「董事局」)提呈截至二零零七年三月三十一日止財政年度之年報。

In the first half of this financial year, turnover of the Group rose after previous year's sudden and unexpected downturn in the optical disc manufacturing sector. The Group had once been encouraged by this recovery phenomenon. However, the market situation receded again in the second half of this reporting year. Follow up orders had not emerged as expected and customers around Asia including mainland China remained pessimistic about the optical disc market demand, which hindered expansion or renewal plans of their manufacturing facilities. It is believed that other than high manufacturing costs which resulted in slim profit margin for the Group's customers, the global demand in all formats of optical discs has been massively substituted by electronic devices with hard disc storage components and portable mini-storage devices which has become more popular low cost storage media. During the year, certain old customers with long outstanding receivables failed to stick to their originally committed payment schedules and the Group had to make extraordinarily large provisions to a number of such debtors' accounts.

於上半財政年度，集團營業額在去年光碟製造系統行業經過突然及出乎意料的衰退後出現回升，一度情況令人鼓舞的市場環境未能維持到下半財政年度。整個亞洲包括中國的客戶對光碟市場需求仍然悲觀，延緩了生產設施的拓展及更新計劃，引致跟進訂單並沒有像預期中出現，相信集團之客戶除了因為高企的生產成本削薄邊際利潤之外，還要面對所有制式的光碟的總體市場需求被日益普及和經濟的帶記憶硬碟電子器材和流動記憶裝置大幅度取代。於年度內，部份欠款期長的舊客戶未能按原定付款計劃表付款，集團因此為此等客戶作出大額撥備。

During the reporting year, the Group continued to allocate resources for business development and technology advancement in other emerging business sectors such as intelligent traffic management systems, and audio visual and broadcasting systems. Unfortunately, all the Group's efforts in these engineering business areas had not been able to contribute much to this year's and probably next years' financial results. Accordingly, the Group had trimmed down its development and operating scales in all engineering business areas until good business opportunity becomes apparent again.

於報告年度內，本集團繼續分配資源於其他新興行業，包括智能交通管理系統、廣播及影音系統等業務發展及技術提升，不幸所有集團在此等業務的努力仍未能為業績作出明顯之貢獻。因此，集團在報告期間內，已削減各系統工程業務之發展及營運規模，直至良好商機再現。

CHAIRMAN'S STATEMENT

Diversification continued to be the major strategy of the Group. Driven by the active capital market of Hong Kong during first half of year 2007, the Group had taken this opportunity to raise net of expenses new working capital of about HK\$30 million through placing of new shares for the year. In June, 2007, the Group's first attempt to go into iron ore mining business had received extremely good response. Together with further equity fund raising exercise completed after financial year end date, the Group had procured appropriate quantum of funding to be designated to invest in iron ore mining industry. Upon completion of acquisition of the first iron ore mine, I believe that the Group shall be able to refresh itself by capturing a stable, promising and growing revenue source.

I take this opportunity to thank all members of the Group for their effort rendered. And I am confident that the patience of our shareholders shall be rewarded in the near future.

He Changming

Chairman

主席報告

多元化繼續為本集團的主要策略。因應二零零七年上半年香港資本市場躍動，本年度集團藉機會以配發新股形式籌集得扣除支出後新營運資金約港幣30,000,000元。於二零零七年六月份，集團首次進入鐵礦開採業務的嘗試獲得極為良好的迴響，加上財政年度完結日後另行增資活動，集團已獲得適量資金額，應付投入鐵礦開採業務所需。本人相信，在完成第一項鐵礦收購後，本集團會因保有穩定、質優而持續增長的收入來源而煥然一新。

本人僅借此機會對集團各成員過去付出的努力致謝。本人深信，股東們的耐心等待於不久將來必定會得到酬報。

何昌明

主席

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

FINANCIAL AND OPERATING REVIEW

The turnover of the Group for the year ended 31st March, 2007 recorded an increase of approximately 41.9% as compared with last year. Approximately 77.2% (2006: 87.4%) of the turnover in respect of the provision of engineering system contracting services was attributed to optical disc manufacturing systems. The remaining portions were mainly attributed to broadcasting and audio-visual systems. With continuous downturn of optical disc industry, the optical disc manufacturing system market demand remained pessimistic.

During the year, the Group continued to allocate resources for business development and technology advancement in other emerging business sectors including broadcasting and audio visual systems and intelligent traffic management systems. The Group has completed several contracts in these emerging business sectors for the year ended 31st March, 2007.

The Group incurred a net loss of HK\$83.2 million in 2007 (2006: a net loss of HK\$19.5 million). It was mainly resulted from significant impairment loss recognised in respect of trade receivables and slimmer gross profit margin.

In around July, 2007, the Group discovered that a company within a group of companies, with manufacturing bases in South East Asia, suddenly ceased business. The management immediately reported this to the previous auditors and proposed the making of full provision of the outstanding amounts due by another company within the group. The previous auditors demanded the audit committee to conduct independent investigation on the transaction and certain related matters. The Audit Committee and the Board rendered full cooperation by engaging an investigation firm to complete the requested investigation. In addition, the Board also initiated an independent internal control review to identify internal control and corporate governance areas requiring appropriate upgrade. The investigation reports concluded that there existed no evidence of the Company's involvement in any illegal acts. The Group has, based on the findings of the reports, already taken actions to strengthen internal controls and level of corporate governance.

財務及營運回顧

本集團截至二零零七年三月三十一日止年度的營業額較去年增加約41.9%。提供工程系統承包服務的營業額中，光碟製造系統佔約77.2%（二零零六年：87.4%），餘下部分則主要來自廣播及音響視像系統。光碟行業持續衰退，光碟製造系統市場需求仍然悲觀。

年度期間，本集團繼續為廣播及音響視像系統以及智能交通管理系統等其他具潛力之新業務範疇投入資源，以發展業務及提升技術。本集團於截至二零零七年三月三十一日止年度已完成若干項屬於此等業務範疇之合約。

本集團於二零零七年錄得淨虧損83,200,000港元（二零零六年：淨虧損19,500,000港元），應收賬款重大減值虧損及邊際毛利更微薄為其主要成因。

約在二零零七年七月，本集團發覺一家公司突然停止營運，該公司所屬集團生產基地位於東南亞。管理層立即將此事報予前任核數師，並建議將其所屬集團內另一家公司結欠的款項作全數撥備。前任核數師要求審核委員會就該交易及若干相關事項進行獨立調查。審核委員會及董事局對此全力配合，委聘一家調查公司完成所要求的調查。此外，董事局主動進行一次獨立內部監控審核，務求找出在內部監控及公司管治方面需要適當改善的地方。而調查報告結論說明並無證據證明本公司有牽涉任何非法行為。本集團根據報告的結果已採取行動加強內部監控及公司管治水平。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

USE OF PROCEEDS

The proceeds from the issuance of new shares by the Company in June 2005, net of listing expenses, were approximately HK\$49.6 million ("Proceeds"). As at 31st March, 2007, net proceeds were utilized (as changed) in the following manner:

所得款項用途

本公司於二零零五年六月發行新股份之所得款項(已扣除上市開支)約為49,600,000港元(「所得款項」)。截至二零零七年三月三十一日止，所得款項淨額已按下列方式(經更改)予以動用：

		#As Changed to the Prospectus	Amount Utilised	Balance as at 31st March, 2007
		*根據售股章程 (經更改)	已動用金額	於二零零七年 三月三十一日 之結餘
		HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元
Formation of business alliances	成立業務聯盟	9,519	8,319	1,200
Expansion of existing subsidiaries and formation of new subsidiaries	擴充現有附屬公司及成立 新附屬公司之開支	2,000	400	1,600
Acquisition of premises for setting up showrooms	收購處所設立 陳列室	-	-	-
Expansion of communication network	擴充通訊網絡	107	107	-
Repayment of revolving term loan	償還循環定期貸款	15,000	15,000	-
Expansion of research capabilities	擴充研發能力	3,595	3,595	-
Working capital	營運資金	19,407	19,407	-
		<u>49,628</u>	<u>46,828</u>	<u>2,800</u>

The unutilized balance was placed in short term bank deposits.

未動用之餘下款項已存放作為短期銀行存款。

The intended use of Proceeds was changed for the following reasons as set out in the Company's announcement dated 29th March, 2007:

- For the formation of business alliances, no suitable business partners have been identified by the Group;
- The business of intelligent traffic management systems is developed slower than expected and the Directors consider that there is no need to set up showrooms at this stage of development;

本公司已更改所得款項用途計劃，基於本公司二零零七年三月二十九日公佈的原因如下：

- 就業務聯盟而言，本集團尚未物色到適合之業務夥伴；
- 設立智能交通管理系統之進展較預期緩慢，而董事認為毋須在現時之發展階段設置陳列室；

MANAGEMENT DISCUSSION AND ANALYSIS

- (c) Due to technology advancement and changing technology, the Group sets up the communication network satisfying its need at lower cost than the amount budgeted; and
- (d) Given the difficult operating environment and as part of cost control measures, the Directors consider, for prudent purposes, not to further expand the research capabilities.

Having considered the above, the board of Directors resolved to change the intended use of the Proceeds of approximately HK\$15.41 million for general working capital purposes.

CAPITAL STRUCTURE

Pursuant to a placing agreement dated 6th February, 2007, 30,000,000 ordinary shares of HK\$0.10 each of the Company were issued under the general mandate on 26th February, 2007 at the price of HK\$1.05 for cash to not fewer than six independent private investors (the "Placing"). The reasons for the Placing are for enlarging the shareholders base of the Company and strengthening the Group's financial position. The market price on 5th February, 2007 of the shares of the Company was about HK\$1.3 per share. The total amount of net proceeds, at the net price of about HK\$1 per share, from the Placing of about HK\$30 million were used for the purpose of general working capital of the Group.

The Company has approved and adopted a pre-IPO share option scheme on 30th March, 2005. During the year 8,280,000 ordinary shares of HK\$0.10 each of the Company were exercised and issued at the price of HK\$0.65 pursuant to the pre-IPO option scheme. Particulars of the share option schemes and share options are set out in note 28 to the consolidated financial statements.

As at 31st March, 2007, the Group had a net asset value of approximately HK\$43.7 million (2006: HK\$85.7 million), comprising non-current assets of about HK\$20.0 million (2006: HK\$26.3 million), net current assets of about HK\$24.1 million (2006: HK\$59.4 million) and non-current liabilities of about HK\$0.2 million (2006: HK\$0.7 million).

管理層討論與分析

- (c) 由於技術不斷提升及改善，本集團以低於原本預算之成本成功設立通訊網絡以滿足本集團之營運需求；及
- (d) 鑑於經營環境充滿挑戰，作為控制成本的措施之一，董事認為，為審慎起見，應暫停進一步加強研究能力。

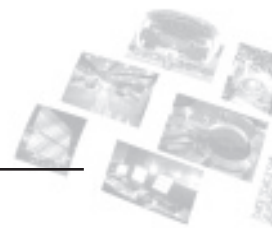
在考慮上述各項理由後，董事會議決把初次招股所得款項淨額之尚未動用餘額約15,410,000港元之用途改為用作一般營運資金。

資本結構

根據二零零七年二月六日之配售協議，本公司根據一般授權向不少於六名獨立私人投資者發行30,000,000股本公司每股面值0.10港元之普通股，以現金每股作價1.05港元（「配售事項」）。目的是擴大大公司之股東基礎及加強本集團之財務狀況。在二零零七年二月五日，本公司每股股份的市價約1.3港元。每股股份淨價約1港元所得款項總淨額約30,000,000港元用作本集團之一般營運資金用途。

本公司於二零零五年三月三十日批准及採納一項首次公開發售前購股權計劃，根據首次公開發售前購股權計劃，本年度期間已行使及發行8,280,000股本公司每股面值0.10港元之普通股，以現金每股作價0.65港元。購股權計劃的詳情載於綜合財務報表附註28。

於二零零七年三月三十一日，本集團的資產淨值約為43,700,000港元（二零零六年：85,700,000港元），包括非流動資產約20,000,000港元（二零零六年：26,300,000港元）、流動資產淨值約24,100,000港元（二零零六年：59,400,000港元）及非流動負債約200,000港元（二零零六年：700,000港元）。



MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

LIQUIDITY AND FINANCIAL RESOURCES

The Group finances its operations through a combination of shareholders equity, new issue of shares, internally generated cash flows and bank borrowings. As at 31st March, 2007, the Group had cash and cash equivalent of approximately HK\$44.6 million (2006: HK\$36.7 million) and total interest-bearing bank borrowings of approximately HK\$31.7 million (2006: HK\$37.6 million), of which the full amounts (2006: HK\$37.6 million) are repayable within one year. The Group's current ratio was 1.2 (2006: 1.3) and the gearing ratio (a ratio of total loans to total assets) was 19.7% (2006: 14.3%).

流動資金及財務資源

本集團的營運主要從股東資金、發行新股、內部產生的現金流量及銀行借貸撥付。於二零零七年三月三十一日，本集團的現金及現金等價物約為44,600,000港元（二零零六年：36,700,000港元），帶息銀行借貸總額約為31,700,000港元（二零零六年：37,600,000港元），全數（二零零六年：37,600,000港元）須於一年內償還。本集團的流動比率為1.2（二零零六年：1.3），資本負債比率（總資產除以總負債的比率）則為19.7%（二零零六年：14.3%）。

CAPITAL COMMITMENTS

As at 31st March, 2007, the Group had no material capital commitments.

資本承擔

於二零零七年三月三十一日，本集團並無任何重大資本承擔。

CONTINGENT LIABILITIES

As at 31st March, 2007, the Group had contingent liabilities in respect of performance bonds issued by banks in lieu of projects undertaken by a subsidiary amount to HK\$406,000 (2006: HK\$5,639,000).

或然負債

於二零零七年三月三十一日，本集團發出達406,000港元（二零零六年：5,639,000港元）的因銀行就一間附屬公司進行的工程履約保證而承擔或然負債。

MORTGAGES AND CHARGES

As at 31st March, 2007, the Group did not have outstanding mortgage loan (2006: approximately HK\$207,000, for which the office premises of the Group was charged).

按揭及押記

於二零零七年三月三十一日，本集團並無未償還按揭貸款（二零零六年：207,000港元，該筆貸款乃以本集團的辦公室物業作抵押）。

EMPLOYEES AND REMUNERATION POLICIES

As at 31st March, 2007, the Group employed a work force of 90 staff. Remuneration for employee including medical benefits and staff quarters which are determined based on industry practice, the performance and working experience of the employees and the current market conditions. During the year, the total staff costs amounted to HK\$21.9 million (2006: HK\$19.8 million).

員工與薪酬政策

於二零零七年三月三十一日，本集團共聘用90名員工。員工薪酬包括醫療福利及員工宿舍，乃根據業界慣例、員工的表現及工作經驗與當時的市況釐定。年內員工總成本為21,900,000港元（二零零六年：19,800,000港元）。

MANAGEMENT DISCUSSION AND ANALYSIS

The Company adopted a pre-IPO share option scheme on 30th March, 2005 for the purposes of providing incentives and rewards to eligible participants who have contributed to the success of our operations. As at 31st March, 2007, 6,792,000 pre-IPO share options remained outstanding. Particulars of it are set out in note 28 to the consolidated financial statements.

FOREIGN EXCHANGE EXPOSURE

The majority of the transactions of the Group are denominated in US\$, EURO, and JPY. The Group has not entered into any financial instruments for the purpose of hedging against foreign exchange exposure involved in the Group's operations. However, the Group monitors its foreign exchange exposure by matching the timing of its trading receipts with payments. The Group also matches its selling currencies with its purchasing currencies.

SUSPENSION IN TRADING OF SHARES

At the request of the Company, trading in the shares of the Company has been suspended on the Stock Exchange on 31st July, 2007 (pending the publication of an announcement in relation to the results of the Group for financial year ended 31st March, 2007) and pending the publication of an announcement for the interim results for the six months ended 30th September, 2007 and remains suspended until further notice.

BUSINESS PROSPECT

Optical disc manufacturing system business led to growth of the Group's in the past and remained as a major business sector of the Group for the year under review. However, as a result of keen competition of other more popular low cost storage media, profit margin of optical disc business became slimmer and market demand for optical disc remained pessimistic. The Group is exploring its other engineering systems contracting services business sectors to reduce its reliance on optical disc business.

Diversification continued to be the major direction of the Group. The Group has commenced its attempt of iron ore mining business with the signing of a conditional acquisition agreement on 7th December, 2007 for the acquisition of iron ore mining business.

管理層討論與分析

本公司已於二零零五年三月三十日採納首次公開發售前購股權計劃，為對本公司業務成功作出貢獻的合資格參與者，提供鼓勵與獎賞。於二零零七年三月三十一日，6,792,000數目之首次公開發售前購股權仍未行使。購股權計劃之詳情載於綜合財務報表附註28。

外匯風險

本集團大部分交易均以美元、歐元及日圓計值。集團並無訂立任何金融工具以對沖集團業務所涉及的外匯風險。然而，本集團會配對貿易賬款的收款與付款時間，以監控外匯風險。本集團亦會採用相同貨幣銷貨及購貨。

股份暫停買賣

應本公司的要求，本公司的股份已於二零零七年七月三十一日暫停買賣（待本公司發出有關刊發本集團截至二零零七年三月三十一日止年度業績的公佈）及待本公司刊發截至二零零七年九月三十日止六個月中期業績公佈及繼續暫停買賣直至另行通知。

業務前景

光碟生碟系統業務過往引領本集團壯大及在本回顧年度，依然為本集團主要業務分部。可是，由於其他更普及和低成本的儲存媒體的激烈競爭，光碟業務的邊際利潤更趨微薄及其市場需求仍然悲觀。本集團正探究其其他工程系統分部業務，減少對光碟業務的依賴。

多元化繼續為本集團的主要方向。本集團在二零零七年十二月七日簽署了一份有條件的收購合同，收購鐵礦業務，開始其鐵礦業務嘗試。

BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Ms. Katherine Chan Wai Kay, aged 48, was appointed as an Executive Director and the chief executive officer in September 2007. Ms Chan is responsible for formulating the overall business strategy and direction of business development and overseeing the entire operations of the Group.

Ms. Chan holds a Bachelor degree of Business Administration from the University of Southern California. Ms. Chan has been involved in the financial services industry for over 18 years and holds type 1 & type 2 licences under the SFO. She has extensive experience in supervising initial public offers and other fund raising exercises conducted by listed companies in Asia. Prior to joining the Company, Ms. Chan was the deputy managing director of subsidiary of a listed company in Hong Kong.

Ms. Zuo Lihua, aged 46, was appointed as an Executive Director in April 2007. Ms. Zuo is responsible for the Group's business and investment project development. Prior to joining the Group, Ms. Zuo was a marketing director of a listed company in Hong Kong, responsible for business and marketing development of the greater China region and she had also held position in The Institute of Automation Chinese Academy of Sciences (中國科學自動化研究所) and Zhongke Software Group (中科軟件集團). Ms. Zuo had been studied in the China Youth Political Institute (中國青年政治學院) and Communist Party Central Academy Research Institute (中央黨校研究生院), and holds professional master research degree in economic management.

Non-Executive Directors

Mr. He Changming, aged 66, was appointed as a Non-Executive Director in June 2007. Mr. He was the general manager of Jiangxi Copper Corporation and chairman of Jiangxi Copper Company Limited, a company listed on The Stock Exchange of Hong Kong Limited. Mr. He started as a junior engineer in smelting and has assumed a series of technical and managerial positions over the past 30 years in the mining and smelting business. Mr. He is a professor-grade senior engineer and graduated from Guizhou Industrial College in 1966, specialising in smelting.

董事及高級管理層履歷

董事

執行董事

陳蕙姬女士，現年48歲，於二零零七年九月獲委任為本公司執行董事兼行政總裁，負責制定整體業務策略及業務發展方向，並監督集團的整體運作。

陳女士畢業於南加州大學，持有工商管理學士學位。陳女士從事金融服務業逾18年，持有證券及期貨條例項下第1類及第2類牌照。陳女士於審視亞洲上市公司進行之首次公開發售及其他集資活動擁有豐富經驗。於加盟本公司前，陳女士為一家香港上市公司附屬公司之副董事總經理。

左利華女士，現年46歲，於二零零七年四月獲委任為本公司執行董事，負責本集團之業務及投資項目發展。於加盟本集團前，左女士曾擔任香港一家上市公司之業務拓展總監，負責大中華地區之業務及市場推廣發展。左女士亦曾任職於中國科學自動化研究所及中科軟件集團。左女士曾就讀於中國青年政治學院，以及中央黨校研究生院，並持有經濟管理專業碩士研究生學歷。

非執行董事

何昌明先生，現年66歲，於二零零七年六月獲委任為非執行董事。何先生曾擔任江西銅業集團公司之總經理及江西銅業股份有限公司(其為香港聯合交易所有限公司之上市公司)之董事長。何先生初入冶金行業時擔任初級工程師，過去三十多年在採礦和冶金工業擔任多項技術和管理職務。何先生為教授級高級工程師，一九六六年畢業於貴州工學院冶煉專業。

BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Chow Kin Ming, aged 46, had been an Executive Director from October 2002 to March 2007 and the chief financial officer from December 2001 to March 2007. In April 2007, he was re-designated as a Non-Executive Director. He has gained extensive accounting and financial experience through working as an audit manager in a well established accountancy firm in Hong Kong for over 7 years and holding financial management position in various companies in Hong Kong for over 7 years. He is a fellow member of The Chartered Association of Certified Accountants of the United Kingdom and a member of the Hong Kong Institute of Certified Public Accountants. He holds a bachelor degree in social sciences from the University of Hong Kong. Details of Mr. Chow's interests in the Company are disclosed in the section headed "Directors' interests in shares and share options" set out in the "Directors' Report".

Independent Non-Executive Directors

Mr. Lee Kin Keung, aged 47, was appointed as an Independent Non-Executive Director of the Company in October 2002. Mr. Lee has been a director of a company licensed to provide advisory activity on corporate finance since January 2000. Prior to the present job, Mr. Lee had worked as a manager in Deloitte Touche Tohmatsu and as group financial controller of a listed company in Hong Kong. Mr. Lee has over 14 years of experience in finance, management, auditing and accounting. He is a member of the Hong Kong Institute of Certified Public Accountants and a Certified Practising Accountant of CPA Australia. He was an Independent Non-Executive Director of Quasar Communication Technology Holdings Limited, a company listed on the Growth Enterprise Market of the Stock Exchange (resigned in November 2005) and also an Independent Non-Executive Director of Hua Yi Copper Holdings Ltd, a company listed on the Main Board of the Stock Exchange. He holds a bachelor degree of commerce and a master degree in commerce from The University of New South Wales, Australia. He also holds a master degree of applied finance from Macquarie University, Australia.

董事及高級管理層履歷

周堅銘先生，現年46歲，自二零零一年十二月至二零零七年三月擔任本公司之財務總監及而自二零零二年十月至二零零七年三月出任本公司之執行董事。於二零零七年四月，周先生調任為非執行董事。周先生加盟本集團之前是香港一家上市公司的財務總監。彼曾在香港一家知名的會計師事務所擔任審計經理逾七年，並曾在香港不同公司出任財務管理職位逾七年，積累豐富的會計及財務經驗。彼為英國特許會計師公會資深會員和香港會計師公會會員，擁有香港大學社會科學學士學位。周先生於本公司之權益詳情於「董事局報告書」內「董事於股份及購股權的權益」一節中披露。

獨立非執行董事

李健強先生，現年47歲，於二零零二年十月獲委任為本公司獨立非執行董事，自二零零零年一月起出任一間就企業融資提供顧問服務的持牌公司的董事。李先生出任本職位前，曾任職德勤•關黃陳方會計師行的經理及於某香港上市公司任職集團財務總監。李先生擁有逾14年財務、管理、核數及會計經驗，現為香港會計師公會及澳洲執業會計師公會會員，曾任聯交所創業板上市公司一思拓通訊科技控股有限公司的獨立非執行董事（於二零零五年十一月辭位）。彼亦為聯交所主板上市公司華藝銅業控股有限公司之獨立非執行董事。李先生於澳洲新南威爾斯大學取得商業學士及碩士學位，並於澳洲 Macquarie University 取得應用財務碩士學位。

BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

Dr. Lam Chun Kong, aged 56, was appointed as an Independent Non-Executive Director of the Group in August 2004. Dr. Lam is the Managing Director of Nature & Technologies (HK) Limited, which is engaged in the provision of environmental and energy management solution services. He is also an Independent Non-Executive Director of Cheong Ming Investments Limited, the shares of which are listed on the Main Board of the Stock Exchange. Dr. Lam has extensive experience in environmental and power engineering work. He holds a doctoral degree from the University of Queensland, Australia and a master degree of Science from the Faculty of Technology of the University of Manchester, the United Kingdom. Dr. Lam is a fellow of The Hong Kong Institution of Engineers and the Hong Kong Institute of Acoustics, a member of The Institution of Mechanical Engineers, the United Kingdom and The Institute of Acoustics Ltd., the United Kingdom and a registered Environmental Auditor of the Institute of Environmental Management & Assessment, the United Kingdom.

Mr. Xu Wen An, aged 62, was appointed as an Independent Non-Executive Director of the Company in January 2008. Mr. Xu is a senior economist and a member of the Communist Party of China ("CPC"). Mr. Xu studied in the Department of Mechanical Engineering, Beijing University of Technology. From 1987 to 2003, Mr. Xu had ever been a director and party secretary of Planning Commission for Zhang Jiakou, Hebei Province, a chief-cum-manager and CPC Committee secretary of Gold Bureau of Hebei Province (under Hebei Gold Corporation), president and secretary of China Gold News and deputy general manager and Party Committee member of China National Gold Corporation (under National Gold Bureau). He worked as deputy general manager and Party Committee member of China National Gold Group from 2003 to 2006. After his retirement at the end of 2006, he has acted as the principal consultant of 北京安久投資有限公司(Beijing An Jiu Investment Co., Ltd.).

董事及高級管理層履歷

林振綱博士，現年56歲，於二零零四年八月獲委任為本集團獨立非執行董事。林博士為科技環保(香港)有限公司的董事總經理，該公司從事提供環境及能源管理方案服務。彼亦為昌明投資有限公司(其股份於聯交所主板上市)獨立非執行董事。林博士於環境及能源工程工作方面驍富經驗，在澳洲昆士蘭大學取得博士學位，並於英國曼徹斯特大學科技學系取得科學碩士學位。林博士為香港工程師學會及香港聲學學會資深會員、英國機械工程師學會及英國聲學學會會員，並為英國環境管理與評估協會的註冊環境審核員。

許文安先生，現年62歲，於二零零八年一月獲委任為本公司獨立非執行董事。許先生，曾為高級經濟師及中國共產黨(「中共」)黨員。於一九八七年至二零零三年間，許先生曾出任河北省張家口地區計劃委員會主任兼黨組書記，河北省黃金局(河北黃金公司屬下機構)局長兼經理及中共黨委書記，中國黃金報社社長兼書記，以及中國黃金總公司(國家黃金局屬下機構)副總經理兼黨委委員。於二零零三年至二零零六年間，許先生擔任中國黃金集團副總經理兼黨委委員。彼於二零零六年底退休後受聘為北京安久投資有限公司首席顧問。

BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理層履歷

SENIOR MANAGEMENT

Mr. Chen How More, aged 46, is the Vice President of the Group who specialises in the engineering systems in the optical disc media and the flat panel display production. He has over 15 years of experience in the optical and electrical engineering related business. Prior to joining the Group in April 2002, he was a production and sales manager of Gigastorage Corporation, a listed company in Taiwan which is engaged in manufacturing of, among others, optical discs, and a plant manager of Lite Array Corporation in the U.S. which is engaged in manufacturing of display panel. He had been a research assistant of the Precision Instrument Development Center in Taiwan, an associate scientist of the Industrial Technology Research Institute (ITRI) Hsinchu, Taiwan and a researcher of the National Institute of Standards and Technology (NIST) of the United States. He holds a master degree of science in engineering from The University of Alabama in Huntsville, the United States and a bachelor degree of science in physics from National Tsing Hua University in Taiwan.

Mr. Lin Ko Wei, aged 50, is the Vice President of the Group and is responsible for overseeing acoustic, theatrical and intelligent traffic management systems business divisions of the Group. Prior to joining the Group as Vice President in January 2003, he worked in Linfair Engineering and Trading Limited responsible for acoustics design. Mr. Lin is also an acoustics consultant in PAT/Yitai Performance, Arts, Technology, Design Inc. He has over 20 years of experience in acoustics and theatre design. Mr. Lin is a member of the Audio Engineering Society in United States. He was appointed a guest professor of Beijing Broadcasting Institute in 2004. He graduated from the Chinese Culture University, Taiwan with a bachelor degree in mechanical engineering and was registered as a student of a programme for doctoral degree at the University of Salford from 1993 to 1999.

高級管理層

陳厚模先生，現年46歲，本集團副總裁，專責光碟媒體及平面顯示器生產的工程系統，從事光電工程相關業務逾15年。彼於二零零二年四月加盟本集團前，曾於台灣一家生產光碟等產品的上市公司-國碩科技工業股份有限公司出任生產及銷售經理，亦曾在美國從事顯示器製造業務的 Lite Array Corporation 擔任廠長。陳先生曾任台灣精密儀器發展中心助理研究員、台灣新竹縣工業技術研究院 (ITRI) 副研究員及美國國家標準與技術研究院 (NIST) 研究員。陳先生取得美國亨斯維爾的阿拉巴馬大學工學碩士學位，主修電機工程，以及在台灣國立清華大學取得理學士學位，主修物理。

林克偉先生，現年50歲，本集團副總裁，負責監督集團音響、戲劇及智能交通管理系統業務部門。林先生於二零零三年一月加盟本集團出任副總裁前，曾於福茂國際股份有限公司負責音效設計。彼曾任 PAT/Yitai Performance, Arts, Technology, Design Inc. 的聲學顧問。林先生在聲學及劇院設計方面有逾二十年經驗，是美國音響工程學會會員，並於二零零四年獲委任為北京廣播學院客座教授。林先生畢業於台灣中國文化大學，取得機械工程學士學位。在一九九三年至一九九九年，林先生是英國索福特大學博士課程的註冊學生。

CORPORATE GOVERNANCE REPORT

The board of directors (the "Board") is committed to promote good corporate governance to safeguard the interests of the shareholders and to enhance the performance of the Group. Set out below are the details of the corporate governance principles and practices adopted by the Company.

BOARD OF DIRECTORS

Board Composition

The principal duty of the Board is to ensure that the Company is properly managed in the interest of shareholders. The Board, led by the Chairman, is responsible for the leadership and control of the Company, including overseeing the Group's businesses, strategic decisions and performances. Management is responsible for the day-to-day operations of the Group under the leadership of the Executive Directors.

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

Executive Directors

- Ms. Katherine Chan Wai Kay
(appointed on 28th September, 2007)
- Ms. Zuo Lihua
(appointed on 30th April, 2007)
- Mr. Chang Ei Eu (resigned on 5th November, 2007)
- Ms. Hsieh Ming Chiu (resigned on 16th October, 2007)
- Mr. Chow Kin Ming
(redesignated as Non-Executive Director on 1st April, 2007)

Non-Executive Directors

- Mr. He Changming (*Chairman*)
(appointed on 22nd June, 2007)
- Mr. Chow Kin Ming
(redesignated from Executive Director on 1st April, 2007)

Independent Non-Executive Directors

- Mr. Lee Kin Keung
- Dr. Lam Chun Kong
- Ms. Tung Pui Man (resigned on 15th January, 2008)
- Mr. Xu Wen On (appointed on 22nd January, 2008)

企業管治報告

董事局(「董事局」)致力促進良好企業管治，以保障股東權益及提升本集團之表現。以下為本公司採取之企業管治原則及慣例的詳情。

董事局

董事局之組成

董事局之主要職責是確保本公司獲得妥善管理，以符合股東利益。董事局在主席領導下，負責領導及控制本公司，包括監督本集團之業務、策略決策及表現。在執行董事帶領下，管理層負責本集團之日常營運。

於年內及截至本報告日期為止，本公司在任董事如下：

執行董事

- 陳蕙姬女士
(於二零零七年九月二十八日獲委任)
- 左利華女士
(於二零零七年四月三十日獲委任)
- 張翼宇先生(於二零零七年十一月五日辭任)
- 謝明秋女士(於二零零七年十月十六日辭任)
- 周堅銘先生
(於二零零七年四月一日調任為非執行董事)

非執行董事

- 何昌明先生(主席)
(於二零零七年六月二十二日獲委任)
- 周堅銘先生
(於二零零七年四月一日調任自執行董事)

獨立非執行董事

- 李健強先生
- 林振綱博士
- 董佩雯女士(於二零零八年一月十五日辭任)
- 許文安先生
(於二零零八年一月二十二日獲委任)

CORPORATE GOVERNANCE REPORT

企業管治報告

Save as the spouse relationship between Mr. Chang Ei Eu, and Ms. Hsieh Ming Chiu, the Executive Directors, there is no family relationship between any of the Directors, nor is there any financial, business or other material or relevant relationships among the members of the Board. One of the Independent Non-Executive Directors possesses the appropriate professional accounting qualifications as required under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules"). Biographies of the Directors as at the date of this report are set out on pages 11 to 14 of this Annual Report.

According to Clauses 87 of the Articles of Association of the Company, one-third of the Directors shall retire from office by rotation at least once every three years and being eligible, offer themselves for re-election at the forthcoming annual general meeting.

The Company has not established a nomination committee. According to the Articles of Association of the Company, the Board has the power from time to time and at any time to appoint any person as a director either to fill a causal vacancy or as an addition to the Board. The current nomination procedures for appointment of new directors would normally take into consideration of the candidates' qualification, ability, working experience, leadership, professional ethics and any other factors, if any, which are relevant to the Group's business. Then, the list of candidates with their biographies would be brought to the Board for consideration. No Board meeting was held for nomination of director for the year ended 31st March, 2007.

This is no specific term for the appointment of the Non-Executive Directors.

Each of the Independent Non-Executive Directors of the Company was appointed for a term of one year commencing from 22nd January, 2008 or for a term of three years commencing from 10th June, 2006 pursuant to the respective letters of appointment, provided that either party may terminate such appointment at any time by giving at least one month's notice in writing to the other.

除執行董事張翼宇先生與執行董事謝明秋女士為配偶外，董事之間概無其他家屬關係，而董事局各成員之間亦無任何財政、業務或其他重要或相關關係。其中一名獨立非執行董事具備香港聯合交易所有限公司證券上市規則（「上市規則」）規定之合適專業會計資格。在本報告日期之董事之簡歷載於本年報第11至第14頁。

根據本公司之章程細則第87條，三分一的董事須最少每三年輪值告退一次，彼等合乎資格並願意於應屆股東週年大會膺選連任。

本公司並無成立提名委員會。根據本公司之章程細則，董事局有權於任何時間委任董事以填補臨時空缺或作為董事局之新增成員。現時就委任新董事而訂之提名程序一般會考慮到候選人之資歷、能力、工作經驗、領導能力、專業操守及有關本集團業務之任何其他因素(如有)。候選人之名單然後會連同其履歷呈交董事局考慮。截至二零零七年三月三十一日止年度並無就提名董事人選而舉行董事局會議。

各非執行董事之委任，並無指定任期。

根據委任書，本公司各獨立非執行董事的任期由二零零八年一月二十二日起為期一年或二零零六年六月十日起為期三年，惟其中一方可隨時向另一方發出最少一個月書面通知終止任期。

CORPORATE GOVERNANCE REPORT

企業管治報告

The Company has received from each Independent Non-Executive Director an annual confirmation for the year ended 31st March, 2007 of his/her independence pursuant to Rule 3.13 of the Listing Rules and the Company considers the three Independent Non-Executive Directors to be independent.

Chairman of the Board and Chief Executive Officer

Mr. Chang Ei Eu was the Chairman of the Board and Chief Executive Officer of the Group. Mr. Chang Ei Eu resigned as the Chief Executive Officer on 28th September, 2007, as the Chairman on 16th October, 2007 and as an Executive Director on 5th November, 2007.

Board Meetings

During the year ended 31st March, 2007, the Board met nine times. The attendance of Directors at the Board meeting is summarized as below:

Directors	No. of Meetings Attended/Held
Executive Directors	
Mr. Chang Ei Eu (<i>Chairman</i>)	9/9
Ms. Hsieh Ming Chiu	3/9
Mr. Chow Kin Ming	9/9
Independent Non-Executive Directors	
Mr. Lee Kin Keung	9/9
Dr. Lam Chun Kong	9/9
Ms. Tung Pui Man	8/9

Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") contained in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, all the Directors confirmed that they have complied with the required standard set out in the Model Code during the year ended 31st March, 2007.

本公司已收到各獨立非執行董事根據上市規則第3.13條就其獨立性發出之截至二零零七年三月三十一日止年度週年確認書，本公司認為三名獨立非執行董事皆為獨立人士。

董事局主席及行政總裁

張翼宇先生在年度內為本集團之董事局主席及行政總裁。張翼宇先生在二零零七年九月二十八日辭任行政總裁、二零零七年十月十六日辭任董事局主席並在二零零七年十一月五日辭任執行董事。

董事局會議

董事局於截至二零零七年三月三十一日止年度舉行九次會議。各董事於董事局會議之出席率概括如下：

董事	出席／舉行之會議次數
執行董事	
張翼宇先生 (<i>主席</i>)	9/9
謝明秋女士	3/9
周堅銘先生	9/9
獨立非執行董事	
李健強先生	9/9
林振綱博士	9/9
董佩雯女士	8/9

董事之證券交易

本公司已採納上市規則附錄10所載之上市發行人董事進行證券交易的標準守則（「標準守則」）。對全體董事作出特定查詢後，全體董事確認彼等於截至二零零七年三月三十一日止年度已遵守標準守則所規定之準則。

CORPORATE GOVERNANCE REPORT

企業管治報告

Directors' Responsibilities for the Financial Statements

The Directors acknowledge their responsibility for preparing the accounts of the Group and ensuring that the preparation of the financial statements of the Group are in accordance with the statutory requirements and the applicable accounting standards. The Directors shall comply with the Listing Rules for the publication of the Group's financial statements.

The statement of the external auditors of the Company about their reporting responsibilities on the financial statements of the Group is set out in the Auditors' Report on pages 31 to 33 of this Annual Report.

Board Committee

The Board has appointed the following Board committees to oversee particular aspects of the Company's affairs:

Audit Committee

The Audit Committee comprises three Independent Non-Executive Directors of the Company and was formed in September 2004. One of these Directors, Mr. Lee Kin Keung, has the appropriate professional accounting qualification and is the Chairman of the Audit Committee. The Audit Committee has reviewed the Group's financial statements for the year ended 31st March, 2007 in conjunction with the Company's auditors.

The principal duties of the Audit Committee include reviewing the Group's current financial standing, considering the nature and scope of audit reports, and ensuring internal control systems operating in accordance with applicable standards and conventions. The Company has adopted written terms of reference for the Audit Committee, which clearly defined the role, authority and function of the Audit Committee.

The work of the Audit Committee during the year ended 31st March, 2007 includes the following:

- a review of the draft annual report for the year ended 31st March, 2006 and interim results for the six months ended 30th September, 2006 of the Group; and
- a review of the results of external audit, and discussion with the external auditors on any significant audit issues.

The Audit Committee held two meetings during the year ended 31st

董事就財務報表所承擔之責任

董事確認就編製本集團財務報表承擔有關責任，並確保本集團財務報表之編製符合有關法例規定及適用之會計準則。董事須遵守有關刊發本集團財務報表之上市規則規定。

本公司外聘核數師就本集團財務報表所作之申報責任聲明列載於本年報第31至第33頁之核數師報告書內。

董事局轄下之委員會

董事局已委任以下董事會轄下之委員會負責本公司若干特定事務：

審核委員會

審核委員會於二零零四年九月成立，由本公司三名獨立非執行董事組成。其中一名董事李健強先生具備合適之專業會計資格，彼為審核委員會主席。審核委員會已與本公司核數師共同審閱本集團截至二零零七年三月三十一日止年度的財務報表。

審核委員會主要負責檢討本集團目前之財務狀況、考慮審核報告之性質及範圍，以及確保內部監控制度依照適用之標準及慣例運作。本公司已為審核委員會制訂書面職權範圍，其中清楚訂明其角色、權力及職能。

審核委員會於截至二零零七年三月三十一日止年度之工作包括：

- 審閱本集團截至二零零六年三月三十一日止年度年報及截至二零零六年九月三十日止六個月中期業績之草擬本；及
- 審閱外部審核結果，並與外聘核數師討論任何重大審核事項。

審核委員會於截至二零零七年三月三十一日

CORPORATE GOVERNANCE REPORT

企業管治報告

March, 2007. The attendance of each Audit Committee member is set out below:

Directors	No. of Meetings Attended/Held
Mr. Lee Kin Keung (Chairman of the Audit Committee)	2/2
Dr. Lam Chun Kong	2/2
Ms. Tung Pui Man	2/2

Remuneration Committee

The Company established a Remuneration Committee in September 2005. The Remuneration Committee comprises Mr. Lee Kin Keung (Chairman of the Remuneration Committee), Dr. Lam Chun Kong and Mr. Chow Kin Ming. There is no meeting held for the year ended 31st March, 2007.

The principal duties of the Remuneration Committee include making recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management and reviewing the special remuneration packages of all Executive Directors by reference to corporate goals and objectives resolved by the Board from time to time. The Company has adopted written terms of reference for the Remuneration Committee, which clearly defined the role, authority and function of the Remuneration Committee.

Auditors' Remuneration

For the financial year ended 31st March, 2007, fee payable to the external auditors of the Group, Messrs. Deloitte Touche Tohmatsu, for statutory audit services amounted to approximately HK\$780,000; and fees payable to the external auditors of the Group, Messrs. SHINEWING (HK) CPA Limited for statutory audit services and non-audit services amounted to approximately HK\$1,300,000 and HK\$400,000 respectively.

Code on Corporate Governance Practices

The Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 to the Listing Rules throughout the year ended 31st March, 2007, with deviation from code provision A.2.1 and C.2.1 of the Code as summarized below.

止年度舉行二次會議。各審核委員會成員之出席率載列如下：

董事	出席／舉行之會議次數
李健強先生 (審核委員會主席)	2/2
林振綱博士	2/2
董佩雯女士	2/2

薪酬委員會

本公司於二零零五年九月成立薪酬委員會。薪酬委員會由李健強先生(薪酬委員會主席)、林振綱博士及周堅銘先生組成。薪酬委員會於截至二零零七年三月三十一日止年度並無舉行會議。

薪酬委員會之主要職責包括就本公司為全體董事及高級管理層而設之薪酬政策及架構向董事局提出建議，參考董事局不時釐定之企業計劃及目標而審議各執行董事之特別薪津組合。本公司已為薪酬委員會制訂書面職權範圍，其中清楚訂明其角色、權力及職能。

核數師酬金

於截至二零零七年三月三十一日止財政年度，就法定審核服務而應付本集團外聘核數師德勤•關黃陳方會計師行之費用為780,000港元；及就法定審核服務及非審核服務應付本集團外聘核數師信永中和(香港)會計師事務所有限公司之費用分別約為1,300,000港元及400,000港元。

企業管治常規守則

本公司於截至二零零七年三月三十一日止年度內一直遵守上市規則附錄14所載之企業管治常規守則(「守則」)的守則條文，而偏離守則條文A.2.1及C.2.1之情況概括如下。

CORPORATE GOVERNANCE REPORT

企業管治報告

Pursuant to code provision A.2.1 of the 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 have a separate Chairman and Chief Executive Officer and Mr. Chang Ei Eu held both positions. The Directors believes that it is in the interest of the Company for Mr. Chang Ei Eu holding both positions as such arrangement provides the Group with strong and considerate leadership in the development and execution of long-term business strategies.

The Company has on 28th September, 2007 appointed Ms. Katherine Chan Wai Kay to takeover Mr. Chang Ei Eu for the position of the Chief Executive Officer and has complied with code provision A.2.1 since 28th September, 2007.

The Directors had not conducted a review of the effectiveness of the system of internal control according to the requirement of code provision C.2.1 consequent upon changes of key personnel. The Board has adopted the following measures to strengthen and enhance the levels of corporate governance within the Group.

- (a) The Board has appointed Ms. Katherine Chan Wai Kay as the Chief Executive Officer and an Executive Director of the Company with effect from 28th September, 2007.
- (b) The Board has accepted request of Mr. Chang Ei Eu to restrict himself from all financial related functions of the Group with effect from 16th October, 2007.
- (c) The Company has engaged an independent professional advisory firm on 21st August, 2007 to conduct a corporate governance and internal control assessment of the Group. The advisory firm has completed a report on 25th February, 2008 and made recommendations. The Board is taking appropriate action according to the recommendations of the advisory firm in order to enhance the levels of corporate governance.

根據守則之守則條文A.2.1，主席及行政總裁之角色須分開，不得由同一位人士擔任。本公司並無將主席及行政總裁之職位分開，該兩個職位由張翼宇先生擔任。董事相信，由張翼宇先生同時出任此兩個職位符合本公司之利益，蓋此舉可為本集團提供實力雄厚及調和之領導層，有助本集團發展及執行長期業務策略。

本公司已在二零零七年九月二十八日委任陳蕙姬女士取代張翼宇先生行政總裁之職位，並自該日起已符合守則條文A.2.1。

由於主要人事變更，董事們未有根據守則條文之守則條文C.2.1，檢討內部監控系統是否有效。董事會已採納以下措施以加強及提升本集團之企業管治水平：

- (a) 董事會已委任陳蕙姬女士為本公司行政總裁，由二零零七年九月二十八日起生效。
- (b) 董事會已接納張翼宇先生之要求，限制其於本集團之財務相關職能，由二零零七年十月十六日起生效。
- (c) 本公司已委聘一間獨立專業顧問公司對本集團之常規進行企業管治及內部監控評估。該顧問公司在二零零八年二月二十五日已完成一份報告。董事會按該顧問公司建議正在採取適當行動，以提升企業管治水平。

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

As at 31st March, 2007, the Company acts as an investment holding company. The principal activities of the Group are the provision of engineering systems contracting services and sales of related consumables and spare parts. The nature of the principal activities of the Group has not been changed during the year.

RESULTS AND DIVIDENDS

The results of Group for the year are set out on page 34.

The Directors do not recommend the payment of any dividend in respect of the year ended 31st March, 2007.

RESERVES

Details of movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 36.

DISTRIBUTABLE RESERVES

As at 31st March, 2007, the Company had no reserve available for distribution as calculated in accordance with the Companies Law (2001 Revision) of the Cayman Islands. Under the laws of the Cayman Islands, the share premium account is distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business. The share premium account may also be distributed in the form of fully paid bonus shares.

FINANCIAL SUMMARY

A summary of the financial results and position of the Group for the last five financial years is set out on page 95.

董事局報告書

本董事局(「董事局」)謹提呈福茂控股有限公司(「本公司」)及其附屬公司(統稱「本集團」)截至二零零七年三月三十一日止年度的年報連同經審核綜合財務報表。

主要業務

於二零零七年三月三十一日,本公司乃一間投資控股公司。本集團的主要業務為提供工程系統承包服務,同時銷售相關消耗品及零部件。本集團主要業務的性質於年內並無改變。

業績及股息

本集團本年度的業績載於第34頁。

董事不建議就截至二零零七年三月三十一日止年度派付任何股息。

儲備

本集團於年內的儲備變動詳情載於第36頁綜合權益變動表。

可供分派儲備

於二零零七年三月三十一日,根據開曼群島公司法(二零零一年修訂本)計算,本公司並無可供分派之儲備。根據開曼群島法例,股份溢價賬可供分派予本公司股東,惟於緊隨建議分派股息之日期後,本公司須有能力於日常業務過程中償還到期之債項。股份溢價賬亦可以繳足紅股形式分派。

財務概要

過去五個財政年度本集團財務業績及狀況概要載於第95頁。

DIRECTORS' REPORT

PROPERTY, PLANT AND EQUIPMENT

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

SUBSIDIARIES

Particulars of the Company's subsidiaries are set out in note 34 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements of the Company's share capital during the year are set out in note 27 to the consolidated financial statements.

SHARE OPTION SCHEMES

A pre-IPO share option scheme and another share option scheme were approved and adopted by the Company on 30th March, 2005 and 20th May, 2005 respectively. Particulars of these share option schemes are set out in note 28 to the consolidated financial statements.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

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

Executive Directors

Ms. Katherine Chan Wai Kay

(appointed on 28th September, 2007)

Ms. Zuo Lihua

(appointed on 30th April, 2007)

Mr. Chang Ei Eu (resigned on 5th November, 2007)

Ms. Hsieh Ming Chiu (resigned on 16th October, 2007)

Mr. Chow Kin Ming

(redesignated as Non-Executive Director on 1st April, 2007)

董事局報告書

物業、廠房及設備

本集團於年內的物業、廠房及設備的變動詳情載於綜合財務報表附註15。

附屬公司

本公司附屬公司的詳情載於綜合財務報表附註34。

股本

本公司股本於年內的變動詳情載於綜合財務報表附註27。

購股權計劃

本公司分別於二零零五年三月三十日及二零零五年五月二十日批准並採納一項首次公開發售前購股權計劃及另一項購股權計劃。購股權計劃的詳情載於綜合財務報表附註28。

購買、出售或贖回本公司上市證券

本公司或其任何附屬公司於年內概無購買、出售或贖回本公司任何證券。

董事及董事之服務合約

於年內及截至本報告日期為止，本公司在任董事如下：

執行董事

陳蕙姬女士

(於二零零七年九月二十八日獲委任)

左利華女士

(於二零零七年四月三十日獲委任)

張翼宇先生(於二零零七年十一月五日辭任)

謝明秋女士(於二零零七年十月十六日辭任)

周堅銘先生

(於二零零七年四月一日調任為非執行董事)

DIRECTORS' REPORT

Non-Executive Directors

Mr. He Changming (*Chairman*)
(appointed on 22nd June, 2007)

Mr. Chow Kin Ming
(redesignated from Executive Director on 1st April, 2007)

Independent Non-Executive Directors

Mr. Lee Kin Keung
Dr. Lam Chun Kong
Ms. Tung Pui Man (resigned on 15th January, 2008)
Mr. Xu Wen On (appointed on 22nd January, 2008)

In accordance with Clause 87 of the Company's Articles of Association, Mr. Lee Kin Keung, Dr. Lam Chun Kong and Mr. Chow Kin Ming will retire from office by rotation and, whilst all of them being eligible, only Mr. Lee Kin Keung offers himself for re-election at the forthcoming annual general meeting.

Ms. Zuo Lihua has entered into a service contract with the Company commencing on 30th April, 2007 for an initial terms of two years, and will continue thereafter unless and until terminated by either party by giving three months prior written notice to the other.

Ms. Katherine Chan Wai Kay has entered into a director's service contract with the Company for a term of 1 year commencing with effect from 28th September, 2007 and shall be continue thereafter until terminated by either party by giving three months' prior written notice to the other.

Each of the Non-Executive Directors has not entered into a service contract and has no fixed term of service with the Company.

Mr. Xu Wen An was appointed as an Independent Non-Executive Director for a term of one year commencing from 22nd January, 2008 pursuant to a letter of appointment and each of the other Independent Non-Executive Directors of the Company was appointed for a term of three year commencing from 10th June, 2006 pursuant to the respective letters of appointment, provided that either party may terminate such appointment at any time by giving at least one month's notice in writing to the other.

Apart from the foregoing, none of the Directors being proposed for re-election at the forthcoming annual general meeting has a service contract with the Company in respect of his/her service to the Company in the capacity of the Director which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

董事局報告書

非執行董事

何昌明先生(主席)
(於二零零七年六月二十二日獲委任)
周堅銘先生
(於二零零七年四月一日調任自執行董事)

獨立非執行董事

李健強先生
林振綱博士
董佩雯女士(於二零零八年一月十五日辭任)
許文安先生
(於二零零八年一月二十二日獲委任)

根據本公司的章程細則第87條，李健強先生、林振綱博士及周堅銘先生將在應屆股東週年大會上輪值退任，彼等皆具有資格惟只有李健強先生願意膺選連任。

左利華女士已於二零零七年四月三十日與本公司訂立服務合約，初定年期為二年及將於其後繼續生效，直至其中一方另向另一方事先發出三個月書面通知終止該合約為止。

陳蕙姬女士與本公司訂立董事服務合約，於二零零七年九月二十八日起計為期一年，其後將繼續有效，直至一方向另一方事先發出三個月之書面通知予以終止為止。

各自非執行董事與本公司並無訂立任何服務合約及並無指定任期。

許文安先生的獨立非執行董事任期由二零零八年一月二十二日起為期一年及本公司其他各獨立非執行董事的任期由二零零六年六月十日起為期三年，惟其中一方可隨時向另一方發出最少一個月書面通知終止任期。

除上述者外，擬於本年股東週年大會上膺選連任之董事與本公司概無訂立就其以董事身份向本公司提供服務之任何服務合約(惟不包括本公司可於一年內免付賠償(法定賠償除外)予以終止之合約)。

DIRECTORS' REPORT**董事局報告書****DIRECTORS' INTERESTS IN SHARES AND SHARE OPTIONS**

As at 31st March, 2007, the interests and short positions of the Directors and chief executive, in the shares and share options of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO Ordinance"), as recorded in the registers maintained by the Company pursuant to Section 352 of the SFO Ordinance, or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO Ordinance or the Model Code (the "Model Code") for Securities Transaction by Directors of Listed Companies in the Listing Rules, were as follows:

Long positions

(1) Ordinary shares of HK\$0.1 each of the Company

Name of Director 董事姓名	Capacity 身分	Number of issued ordinary shares held 所持已發行 普通股數目	Percentage of the issued share capital of the Company 佔本公司已發行 股本百分比
Mr. Chang Ei Eu 張翼宇先生	Corporate interest (Note) 公司權益(附註)	180,000,000	53.22%
Ms. Hsieh Ming Chiu 謝明秋女士	Other interest (Note) 其他權益(附註)	180,000,000	53.22%

Note: The 180,000,000 shares referred to above are duplicated and held by Polestar Assets Limited ("Polestar") which is beneficially owned as to 80% by Mr. Chang Ei Eu and as to 20% by Ms. Hsieh Ming Chiu, and they are therefore deemed to be interested in the 180,000,000 shares held by Polestar.

附註：上述180,000,000股股份屬於由Polestar Assets Limited (「Polestar」)持有的同一批股份，而Polestar則由張翼宇先生及謝明秋女士分別實益擁有80%及20%，故此彼等均被視為於Polestar持有的180,000,000股股份中擁有權益。

董事於股份及購股權的權益

於二零零七年三月三十一日，董事及最高行政人員於本公司或任何相聯法團(定義見證券及期貨條例第XV部)股份及購股權中擁有根據證券及期貨條例第352條所存置登記冊所記錄，或根據上市規則中證券及期貨條例第XV部或上市發行人董事進行證券交易的標準守則須知會本公司及聯交所的權益及淡倉如下：

好倉

(1) 本公司每股面值0.1港元的普通股

DIRECTORS' REPORT**董事局報告書***(2) Share options**(2) 購股權*

Name of Director 董事姓名	Capacity 身分	Number of options held 所持購股權數目	Number of underlying shares 相關股份數目
Mr. Chow Kin Ming 周堅銘先生	Beneficial owner 實益擁有人	1,720,000	1,720,000

Other than disclosed above, none of the Company's Directors, chief executives and their associates, had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations at 31st March, 2007.

除上文披露者外，於二零零七年三月三十一日，本公司董事、最高行政人員及彼等的聯繫人概無於本公司或其任何相聯法團的股份擁有任何權益或淡倉。

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than disclosed above under "Share Options", at no time during the year was the Company 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, and neither the Directors nor the chief executives, nor any of their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right.

購買股份或債權證的安排

除上文「購股權」所披露外，於年內任何時間，本公司概無訂立任何安排，致使本公司董事可藉購入本公司或任何其他法人團體的股份或債券而獲得利益，而董事、最高行政人員或彼等的任何配偶或未滿18歲的子女亦無認購本公司證券的任何權利，或行使任何有關權利。

DIRECTORS' REPORT**董事局報告書****SUBSTANTIAL SHAREHOLDERS**

As at 31st March, 2007, so far as is known to the Directors of the Company, the persons (other than the Directors or chief executive of the Company) who had interests or short positions in the shares and underlying shares of the Company as recorded in the registers maintained by the Company pursuant to Section 336 of the SFO Ordinance and/or as notified to the Company were as follows:

Long positions

Ordinary shares of HK\$0.1 each of the Company

Name of shareholder	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
股東姓名	身分	所持已發行普通股數目	佔本公司已發行股本百分比
Polestar Assets Limited	Beneficial owner (Note) 實益擁有人(附註)	180,000,000	53.22%

Note: Polestar is beneficially owned as to 80% by Mr. Chang Ei Eu and as to 20% by Ms. Hsieh Ming Chiu, and they are therefore deemed to be interested in the 180,000,000 shares held by Polestar.

主要股東

據本公司董事或最高行政人員所知，於二零零七年三月三十一日，於本公司股份或相關股份擁有權益或淡倉並載於本公司按證券及期貨條例第336條須予存置的登記冊及／或已向本公司知會的人士(本公司董事或最高行政人員除外)如下：

好倉

本公司每股面值0.1港元的普通股

Number of issued ordinary shares held	Percentage of the issued share capital of the Company
所持已發行普通股數目	佔本公司已發行股本百分比
180,000,000	53.22%

附註： Polestar 由張翼宇先生及謝明秋女士分別實益擁有80%及20%，故此彼等均被視為於Polestar 持有的180,000,000股股份中擁有權益。

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

There were no contracts of significance in relation to the Company's business, to which the Company or any of its subsidiaries was a party, subsisting at the end of the year or at any time during the year, and in which a Director or the controlling shareholders or any of their respective subsidiaries, directly or indirectly, had a material interest.

During the year, no contract of significance for the provision of services to the Group by the controlling shareholders or any of their subsidiaries has been made.

董事及控股股東於重大合約的權益

於本年度結束時或本年度內任何時間，並不存在本公司或其任何附屬公司，控股公司或同系附屬公司參與訂立，而董事或控股股東或彼等各自之任何附屬公司直接或間接地擁有重大權益而與本公司業務有關之其他重要合約。

年內，控股股東或其任何附屬公司概無訂立向本集團提供服務之重要合約。

DIRECTORS' REPORT

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the year.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") contained in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, all the Directors confirmed that they have complied with the required standard set out in the Model Code during the year.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31st March, 2007, the aggregate amount of turnover attributable to the Group's five largest customers accounted for approximately 66% of the Group's total turnover and the turnover attributable to the Group's largest customer accounted for approximately 35% of the Group's total turnover.

The aggregate amount of purchases attributable to the Group's five largest suppliers accounted for approximately 68% of the Group's total purchases and the purchases attributable to the Group's largest supplier accounted for approximately 39% of the Group's total purchases.

At no time during the year did a Director, an associate of a Director or a shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's share capital) have an interest in any of the Group's five largest suppliers or customers.

董事局報告書

管理合約

年內並無訂立或訂有有關管理及經營本集團整體或重大部分業務之合約。

董事進行證券交易的標準守則

本公司已採納上市規則附錄10所載之上市發行人董事進行證券交易的標準守則(「標準守則」)。對全體董事作出特定查詢後，全體董事確認彼等於本年度期間已遵守標準守則所規定之準則。

主要客戶及供應商

截至二零零六年三月三十一日止年度，本集團五大客戶的營業額總額佔本集團總營業額約66%，而本集團最大客戶的營業額則佔本集團總營業額約35%。

本集團五大供應商的採購額總額佔本集團總採購額約68%，而本集團最大供應商的採購額則佔本集團總採購額約39%。

本公司董事、董事的聯繫人或據董事所知擁有本公司股本5%的股東於年內任何時間概無擁有本集團主要供應商或客戶的任何權益。

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year, the interests of the Directors of the Company in businesses which competed or were likely to compete, either directly or indirectly, with the business of the Group are set out as follows:

Mr. Chang Ei Eu ("Mr. Chang") and Ms. Hsieh Ming Chiu ("Ms. Hsieh") and their children jointly own 90.9% equity of Linfair Engineering and Trading Limited ("Linfair (Taiwan)"), a private limited company incorporated in Taiwan which is engaged in, among other things, the trading and installation of broadcasting, audio and visual entertainment systems, audio and/or visual system installation for auditorium and music recording studios, and installation of aluminium scaffold. Thus, Linfair (Taiwan) competes with the Group in respect of broadcasting and audio and visual systems and the theme park show systems. Accordingly, both Mr. Chang and Ms. Hsieh were regarded as having interests in competing businesses of the Group during the year. In order to eliminate/reduce any potential competition between the Group and Linfair (Taiwan), the Company, Mr. Chang, Ms. Hsieh and Linfair (Taiwan) have entered into a non-competition agreement dated 20th May, 2005 restraining Linfair (Taiwan) from competing with the Group. Both Mr. Chang and Ms. Hsieh confirmed to the Company of the compliance during the year with the terms of the non-competition undertakings given by Mr. Chang, Ms. Hsieh and Linfair (Taiwan).

Save as disclosed above, none of the Directors of the Company was interested in any business apart from the Group's businesses which competed or were likely to compete, either directly or indirectly, with the businesses of the Group during the year.

PRE-EMPTIVE RIGHTS

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

CORPORATE GOVERNANCE

Information on the corporate governance practices adopted by the Company is set out in the "Corporate Governance Report" on pages 15 to 20 of this Annual Report.

董事局報告書

董事於構成競爭業務的權益

年內，本公司各董事於與本集團業務直接或間接構成競爭或可能構成競爭的業務中擁有的權益如下：

張翼宇先生（「張先生」）、謝明秋女士（「謝女士」）以及彼等的子女合共擁有福茂國際股份有限公司（「福茂(台灣)」）之90.9%股本。福茂(台灣)為於台灣註冊成立的私人有限公司。其從事的業務包括買賣及安裝廣播及影音娛樂系統、為會堂及音樂錄音室安裝視覺及／或音響系統，以及安裝鋁質台架等。故此，就廣播及影音娛樂系統及主題樂園表演系統而言，福茂(台灣)乃與本集團競爭。因此，張先生與謝女士均被視為於年內在與本集團構成競爭的業務中擁有權益。為排除／減少本集團與福茂(台灣)之間可能出現的競爭，本公司、張先生、謝女士及福茂(台灣)於二零零五年五月二十日訂立了不競爭協議，藉此限制福茂(台灣)與本集團競爭。張先生與謝女士已向本公司確認，彼等於年內一直遵守張先生、謝女士及福茂(台灣)作出之不競爭承諾。

除上文披露者外，如不計本集團的業務，年內概無本公司董事於與本集團業務直接或間接構成競爭或可能構成競爭的業務中擁有權益。

優先購買權

本公司章程細則並無優先購買權條文，規定本公司須按比例向現有股東提呈發售新股。

企業管治

本公司採納之企業管治常規的詳情，載列於本年報第15至第20頁。

DIRECTORS' REPORT

SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the Directors of the Company, the Company has maintained the prescribed public float with the Listing Rules throughout the year ended 31st March, 2007.

CONNECTED TRANSACTION

During the year ended 31st March, 2007, the Group advanced about a total of HK\$15.7 million to Linfair Technology Limited ("LTL"), a company incorporated in Hong Kong and is owned as to 90% by the then Executive Director, Ms. Hsieh Ming Chiu ("Ms. Hsieh") and to Ms. Hsieh herself. The transaction constituted financial assistance to connected persons and connected transactions under the Listing Rules. The maximum outstanding amount of the advances during the year ended 31st March, 2007 was about HK\$2.81 million. The advances were fully repaid by 31st March, 2007.

Save for the above advances, all other related party transactions disclosed in note 35 to the consolidated financial statements and this Annual Report are either connected transactions exempted from the reporting, announcement and independent shareholders' approval requirements or not connected transactions under the Listing Rules.

POST BALANCE SHEET DATE EVENTS

Details of the significant post balance sheet events are set out in note 36 to the consolidated financial statements.

AUDITORS

Messrs. Deloitte Touche Tohmatsu, who acted as auditors of the Company for past years, resigned as auditors of the Company for the financial year ended 31st March, 2007. Messrs. SHINEWING (HK) CPA Limited were appointed to fill the casual vacancy.

The consolidated financial statements for the year have been audited by Messrs. SHINEWING (HK) CPA Limited, who retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting.

董事局報告書

足夠公眾持股量

根據本公司所得的公開資料及就本公司董事所知，本公司在截至二零零七年三月三十一日止全個年度內維持上市規則所訂明的公眾持股量。

關連交易

在二零零七年三月三十一日止年度期間，本集團向福茂科技有限公司（「福茂科技」）（一間在香港註冊成立及由謝明秋女士（「謝女士」）（謝女士當時為本公司之執行董事）擁有90%權益之公司）及向謝女士提供為數約共15,700,000港元之墊款。根據上市條例，有關交易構成向關連人士提供財務支援及構成關連交易。在二零零七年三月三十一日止年度內之最高未償還金額約為2,810,000港元。墊款已於二零零七年三月三十一日前償清。

除上述墊款外，綜合財務報表附註35及本年年報中所披露之關連交易，根據上市條例為可獲豁免遵守予以申報、公告及獨立股東批准的規定。

結算日後事項

結算日後的重大事項詳情載於綜合財務報表附註36。

核數師

本公司過往年度的核數師德勤•關黃陳方會計師行辭任為本公司截至二零零七年三月三十一日止財政年度之核數師。信永中和（香港）會計師事務所有限公司獲委任填補因上述核數師辭任而產生的空缺。

本年度的綜合財務報表乃由執業會計師信永中和（香港）會計師事務所有限公司審核，彼將於即將舉行的股東週年大會上退任，並符合資格且擬膺選連任。



DIRECTORS' REPORT

董事局報告書

A resolution will be submitted to the annual general meeting to re-appoint Messrs. SHINEWING (HK) CPA Limited as auditors of the Company.

於股東週年大會上，本公司將提呈決議案續聘信永中和(香港)會計師事務所有限公司為本公司核數師。

On behalf of the Board

代表董事局

He Changming

Chairman

何昌明

主席

29th February, 2008

二零零八年二月二十九日

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告書



SHINEWING (HK) CPA Limited
16/F., United Centre
95 Queensway, Hong Kong

TO THE SHAREHOLDERS OF LINFAIR HOLDINGS LIMITED

(incorporated in Cayman Islands with limited liability)

We were engaged to audit the consolidated financial statements of Linfair Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 34 to 94, which comprise the consolidated balance sheet as at 31st March, 2007, 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 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 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.

致福茂控股有限公司全體股東
(於開曼群島註冊成立之有限公司)

我們已完成福茂控股有限公司(「貴公司」)及其附屬公司(以下統稱「貴集團」)刊於第34頁至第94頁的綜合財務報表，包括二零零七年三月三十一日的綜合資產負債表、截至該日止年度的綜合損益表、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說明附註。

董事須對綜合財務報表負上的責任

董事須遵照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，編製並真實兼公平地呈列此等綜合財務報表。此責任包括設計、實行及維持與編製並真實兼公平地呈列綜合財務報表有關的內部監控，以確保其並無重大錯誤陳述(不論其由欺詐或錯誤引起)；選擇並應用合適的會計政策；及在不同情況作出合理的會計估算。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告書

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 and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Except for the limitation in the scope of our work as explained below, we conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement. However, because of the matters described in the basis for disclaimer of opinion paragraph, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

BASIS FOR DISCLAIMER OF OPINION

(a) As disclosed in note 7 to the consolidated financial statements, included in the consolidated income statement for the year ended 31st March, 2007, turnover of approximately HK\$105,300,000 and cost of contract works of approximately HK\$99,044,000 were in relation to the sale and installation of the production system ("Transaction"). The aforesaid Transaction represented about 35.36% and 48.03% of the total turnover and cost of contract works of the Group during the year ended 31st March, 2007. At 31st March, 2007, there were nil balance of trade receivable, which was arrived at after the provision of impairment loss of HK\$19,899,000, and the outstanding trade payable of approximately HK\$14,873,000 in relation to the Transaction. As we were unable to obtain direct audit confirmations from the supplier and customer since both the supplier and the customer were not accessible. There were no alternative audit procedures that we could carry out to satisfy ourselves that the respective sales and purchase contracts in connected to the Transaction had been properly executed. Against this background, we were unable to obtain sufficient evidence to satisfy ourselves the validity and accuracy in respect of the sales and cost of contract works included in the consolidated income statement; the accuracy of the impairment loss made on the respective trade receivable and whether the trade receivables were fairly stated as at 31st March, 2007; the existence and accuracy in respect of the respective trade payables and whether there are any unrecorded liabilities as at the balance sheet date.

核數師的責任

我們的責任是根據我們審核工作的結果，對該等綜合財務報表作出獨立意見，並僅向全體股東報告，且不作其他用途。我們不會就本報告內容向任何其他人士負上或承擔任何責任。我們按照香港會計師公會頒佈的香港審計準則進行審核工作，該等準則要求我們遵守操守規定以及計劃及進行審核以合理確定此等綜合財務報表是否不存在重大的錯誤陳述，惟於下文所述工作範圍受限者則作別論。由於在不發表意見之基礎所載之事項，我們未能取得充份憑證以提供審核意見。

不發表意見之基礎

(a) 誠如綜合財務報表附註7所述，截至二零零七年三月三十一日止年度的綜合損益表內，營業額約105,300,000港元及合約工程成本中約99,044,000港元乃來自銷售及安裝光碟生產系統（「該項交易」）。上述該項交易分別佔本集團截至二零零七年三月三十一日止年度的總營業額及合約工程成本35.36%及48.03%。於二零零七年三月三十一日，有關該項交易的應收賬款減除19,899,000港元減值撥備後為零結餘，而應付賬款則約為14,873,000港元。由於未能聯絡上供應商及客戶，我們未能直接由供應商及客戶取得審計函証，而我們無其他可進行的審計程序可替代，故就該項交易的銷售及採購合同已適當地完成，我們未能獲取充份憑證。在這情況下，我們就列入綜合損益表內相關銷售及合約工程成本的有效性及準確性；於二零零七年三月三十一日有關應收賬款及在此應收賬款的減值撥備的準確性；於結算日，有關應付賬款的實在性及準確性，以及有否未記錄的債項未能獲取充份憑證信納。

INDEPENDENT AUDITOR'S REPORT**獨立核數師報告書**

- (b) Included in the consolidated balance sheet as at 31st March, 2007, the other receivables, deposits and prepayments of approximately HK\$1,575,000 which were due from two independent third parties. However, we were unable to obtain direct audit confirmations from these two payees. Also, due to the lack of adequate financial information, we were unable to satisfy ourselves the existence, accuracy, recoverability of the balances and whether there are any commitments should be disclosed at the balance sheet date. Any adjustment to the balances may have a consequential significant effect on the loss for the year and net assets as at 31st March, 2007.
- (c) Included in the other payables and accrued charges in the consolidated balance sheet as at 31st March, 2007 was a receipt of HK\$1,563,000. In the absence of sufficient information, we were unable to obtain direct audit confirmation and there were no alternative audit procedures that we could carry out to satisfy ourselves the nature and accuracy of the receipt and we cannot ascertain whether the Group had any unrecorded financial obligations in respect thereof at the balance sheet date.

- (b) 於二零零七年三月三十一日之綜合資產負債表中，其他應收貿易款項、按金及預付款項約1,575,000港元乃應收兩名獨立第三方之款項。我們未能向該兩名人士取得直接審計函証。由於缺乏足夠之財務資料，未能就有關款項之實在性、準確性及可收回性，以及於結算日是否有任何承擔須予披露，獲取充份憑證信納。倘若這些結餘有任何調整，可能對二零零七年三月三十一日之年度虧損及淨資產值有重大影響。
- (c) 於二零零七年三月三十一日之綜合資產負債表中，其他應付款項及應計費用約1,563,000港元乃由一名獨立第三方之收款。我們沒有充份的資料，未能直接取得審計函証，而我們無其他可進行的審計程序可替代，令我們就有關收款之性質及準確性，以及於結算日本集團有否未記錄的債項取得充份憑證信納。

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

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

SHINEWING (HK) CPA Limited

Certified Public Accountants

Ip Yu Chak

Practising Certificate Number: P04798

Hong Kong

29th February, 2008

不發表意見：就綜合財務報表不發表意見

鑑於上述事宜之重要性，我們並無就綜合財務報表是否根據香港財務報告準則真實公平反映本集團於二零零七年三月三十一日之財務狀況及截至該日止年度之虧損及現金流量發表意見。在所有其他方面，我們認為綜合財務報表乃按照香港公司條例之披露規定妥為編製。

信永中和(香港)會計師事務所有限公司

執業會計師

葉汝澤

執業證書編號：P04798

香港

二零零八年二月二十九日

CONSOLIDATED INCOME STATEMENT

For the year ended 31st March, 2007

綜合損益表

截至二零零七年三月三十一日止年度

			2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元 (Restated) (重列)
		Notes 附註		
Turnover	營業額	7	297,802	209,922
Cost of contract works	合約工程成本		(206,233)	(139,676)
Cost of sales	銷售成本		(59,597)	(36,337)
Gross profit	毛利		31,972	33,909
Other income	其他收入	8	6,946	9,643
Selling and distribution expenses	銷售及分銷費用		(2,213)	(3,458)
Administrative expenses	行政費用		(45,303)	(42,604)
Impairment loss recognised in respect of trade and other receivables	應收賬款及其他應收款之減值虧損		(72,845)	(16,493)
Finance costs	融資成本	9	(1,386)	(533)
Loss before tax	除稅前虧損		(82,829)	(19,536)
Income tax	所得稅	10	(381)	67
Loss for the year	年度虧損	11	<u>(83,210)</u>	<u>(19,469)</u>
Dividend	股息	12	<u>–</u>	<u>6,000</u>
Loss per share	每股虧損	13		
– Basic	– 基本		<u>(27.413) cents</u> 仙	<u>(6.808) cents</u> 仙

CONSOLIDATED BALANCE SHEET

At 31st March, 2007

綜合資產負債表

於二零零七年三月三十一日

	Notes 附註	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元 (Restated) (重列)
NON-CURRENT ASSETS	非流動資產		
Property, plant and equipment	物業、廠房及設備	15	16,486
Prepaid lease payments	預付租賃款項	16	799
Available-for-sale investment	可供出售投資	17	1,103
Investment in convertible note	可換股票據投資	18	1,170
			19,558
CURRENT ASSETS	流動資產		
Inventories	存貨	19	8,902
Prepaid lease payments	預付租賃款項	16	20
Trade and bills receivables	應收貿易賬款及應收票據	20	61,110
Other receivables, deposits and prepayments	其他應收款、按金及預付款項	21	19,428
Amounts due from customers for contract work	應收客戶合約工程款項	22	-
Tax recoverable	可收回稅項		515
Pledged bank deposits	已抵押銀行存款	23	6,750
Bank balances and cash	銀行結餘及現金	23	44,562
			141,287
CURRENT LIABILITIES	流動負債		
Trade and bills payables	應付貿易賬款及應付票據	24	61,685
Other payables and accrued charges	其他應付款及應計費用	25	23,789
Bank borrowings	銀行借貸	26	31,706
			117,180
NET CURRENT ASSETS	流動資產淨值		
			24,107
			43,665
CAPITAL AND RESERVES	資本及儲備		
Share capital	股本	27	33,821
Reserves	儲備		9,614
			43,435
NON-CURRENT LIABILITY	非流動負債		
Deferred tax liabilities	遞延稅項	29	230
			43,665

The consolidated financial statements on pages 34 to 94 were approved and authorised for issue by the Board of Directors on 29th February, 2008 and are signed on its behalf by:

KATHERINE CHAN WAI KAY
陳蕙姬
DIRECTOR
董事

ZUO LIHUA
左利華
DIRECTOR
董事

第34至94頁的綜合財務報表已於二零零八年二月二十九日獲董事會批准及授權刊發，並由以下董事代為簽署：

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

截至二零零七年三月三十一日止年度

For the year ended 31st March, 2007

		Share capital 股本 HK\$'000 千港元	Share premium 股份溢價 HK\$'000 千港元	Merger reserve 合併儲備 HK\$'000 千港元 (Note) (附註)	Investment revaluation reserve 投資重估儲備 HK\$'000 千港元	Exchange reserve 匯兌儲備 HK\$'000 千港元	Retained profits (accumulated losses) 保留溢利 (累積虧損) HK\$'000 千港元	Total 合計 HK\$'000 千港元
At 1st April, 2005	二零零五年四月一日	1	-	9	-	4,095	55,292	59,397
Exchange differences arising on translation of foreign operations	換算海外業務所產生之滙兌差額	-	-	-	-	(5,337)	-	(5,337)
Cain on fair value changes of available-for-sale investments	可供出售投資之公平值增加	-	-	-	502	-	-	502
Net expense recognised directly in equity	直接在權益確認開支淨額	-	-	-	502	(5,337)	-	(4,835)
Loss for the year, as restated	年內虧損淨額(重列)	-	-	-	-	-	(19,469)	(19,469)
Total recognised expense for the year	本年度已確認開支總額	-	-	-	502	(5,337)	(19,469)	(24,304)
Dividend paid	已派付股息	-	-	-	-	-	(6,000)	(6,000)
Share issued (note 27a)	已發行股份(附註27a)	14,999	-	(14,999)	-	-	-	-
Capitalisation issue (note 27b)	資本化發行(附註27b)	7,500	(7,500)	-	-	-	-	-
Shares issued pursuant to public offer (note 27c)	根據公開發售已發行股份(附註27c)	7,500	58,500	-	-	-	-	66,000
Expenses on public offer	公開發售之開支	-	(10,019)	-	-	-	-	(10,019)
At 31st March, 2006, as restated	二零零六年三月三十一日(重列)	30,000	40,981	(14,990)	502	(1,242)	29,823	85,074
Exchange differences arising on translation of foreign operations	換算海外業務所產生之滙兌差額	-	-	-	-	7,679	-	7,679
Loss on fair value changes of available-for-sale investments	可供出售投資之公平值減少	-	-	-	(2,548)	-	-	(2,548)
Net expense recognised directly in equity	直接在權益確認之開支淨額	-	-	-	(2,548)	7,679	-	5,131
Loss for the year	年內虧損淨額	-	-	-	-	-	(83,210)	(83,210)
Total recognised expense for the year	本年度已確認開支總額	-	-	-	(2,548)	7,679	(83,210)	(78,079)
Shares issued under Pre-IPO Share Option Scheme (note 27d)	根據首次公開發售前購股權計劃發行股份(附註27d)	821	4,514	-	-	-	-	5,335
Shares issued pursuant to placement (note 27e)	根據配售發行股份(附註27e)	3,000	28,500	-	-	-	-	31,500
Expenses on placement	配售之開支	-	(395)	-	-	-	-	(395)
At 31st March, 2007	二零零七年三月三十一日	33,821	73,600	(14,990)	(2,046)	6,437	(53,387)	43,435

Note: The merger reserve of the Group represented the difference between the nominal value of the share capital issued by the Company and the aggregate of the share capital of the subsidiaries acquired pursuant to the group reorganisation in May 2005.

附註：本集團之合併儲備為本公司所發行之股本面值與根據於二零零五年五月集團重組所收購之附屬公司之股本總值兩者之間之差額。

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31st March, 2007

綜合現金流量表

截至二零零七年三月三十一日止年度

	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元 (Restated) (重列)
OPERATING ACTIVITIES		
Loss before tax	(82,829)	(19,536)
Adjustments for:		
Impairment loss recognised in respect of trade and other receivables	72,845	16,493
Allowance for inventories	565	392
Finance costs	1,386	533
Depreciation of property, plant and equipment	4,504	3,154
Exchange difference	8,118	-
Amortisation of prepaid lease payments	21	20
Interest income	(1,364)	(1,107)
Dividend income	(29)	-
Operating cash flows before movements in working capital	3,217	(51)
Decrease (increase) in inventories	15,822	(8,387)
Decrease in trade and bills receivables	16,477	42,472
(Increase) decrease in other receivables, deposits and prepayments	(3,033)	10,674
Decrease in amounts due from customers for contract work	742	1,935
Decrease in trade and bills payables	(25,450)	(53,524)
(Decrease) increase in other payables and accrued charges	(29,498)	17,325
Cash (used in) generated from operations	(21,723)	10,444
Hong Kong Profits Tax paid	(13)	(991)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	(21,736)	9,453
INVESTING ACTIVITIES		
Repayment from a director	15,697	28,135
Advancement to a director	(15,697)	(28,135)
Interest received	1,144	1,107
Purchase of property, plant and equipment	(311)	(20,314)
Dividend received	29	-
Purchase of available-for-sale investments	-	(3,149)
Purchase of convertible note	-	(1,170)
Increase in pledged bank deposits	-	(6,750)

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31st March, 2007

綜合現金流量表

截至二零零七年三月三十一日止年度

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
NET CASH FROM (USED IN) INVESTING ACTIVITIES	投資活動所得(所用)現金淨額	862	(30,276)
FINANCING ACTIVITIES	融資活動		
Repayment of trust receipt loans	償還信託收據貸款	(95,694)	(112,633)
Trust receipt loans raised	新造信託收據貸款	87,879	92,997
Proceeds from issue of shares	發行股份所得款	36,835	66,000
New bank loans raised	新造銀行貸款	4,500	29,753
Repayment of bank loans	償還銀行貸款	(2,400)	(25,600)
Interest paid	已付利息	(1,386)	(533)
Expenses on issue of shares	發行股份之開支	(395)	(10,019)
Repayment of mortgage loan	償還按揭貸款	(207)	(337)
Dividend paid	已派付股息	-	(6,000)
NET CASH FROM FINANCING ACTIVITIES	融資活動所得現金淨額	29,132	33,628
NET INCREASE IN CASH AND CASH EQUIVALENTS	現金及現金等價物增加淨額	8,258	12,805
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	年初現金及現金等價物	36,747	22,999
Effect of foreign exchange rate changes	匯率變動影響	(443)	943
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by: Bank balances and cash	年末現金及現金等價物 代表：銀行結存及現金	44,562	36,747

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2007

綜合財務報表附註

截至二零零七年三月三十一日止年度

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 8th October, 2002 as an exempted company with limited liability under the Companies Law of the Cayman Islands. Its ultimate holding company is Polestar Assets Limited ("Polestar"), a company incorporated in the British Virgin Islands. The addresses of the registered office and principal place of business of the Company are disclosed in the section headed "Corporate Information" to the annual report.

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

The principal activity of the Company is investment holding and the principal activities of its subsidiaries (together with the Company referred to as the "Group") are set out in note 34.

2. PRIOR YEAR ADJUSTMENTS

In the current year, the Company determined that the errors need to be corrected through restatement of previously issued consolidated financial statements in respect of the understatement of cost of contract works in prior year, which reduced the retained earnings as at 1st April, 2006 by approximately HK\$7,278,000 and increased trade payables as at 31st March, 2006 by approximately HK\$7,278,000.

The effect of the above correction of significant accounting errors reduced the retained earnings as at 1st April, 2006 by approximately HK\$7,278,000 and are summarized below:

1. 一般資料

本公司於二零零二年十月八日根據開曼群島公司法在開曼群島註冊成立為一間獲豁免有限公司。其最終控股公司為於英屬處女群島註冊成立之 Polestar Assets Limited (「Polestar」)。本公司之註冊辦事處及主要營業地點在年報之「公司資料」一節內披露。

綜合財務報表以本公司之功能貨幣—港元呈列。

本公司的主要業務為投資控股，而其附屬公司(與本公司統稱為「本集團」)之主要業務則載於綜合財務報表附註 34。

2. 上年度調整

於年內，本公司認為就上年度少計的合約工程成本需要更正上年度已公佈的綜合財務報表，令二零零六年四月一日保留溢利減少7,278,000港元，應付貿易賬款增加7,278,000港元。

上述更正主要會計誤差使二零零六年四月一日保留溢利減少7,278,000港元，詳情概括如下：

		Retained earnings
		保留溢利
		HK\$'000
		千港元

At 1st April, 2006	於二零零六年四月一日	37,101
Adjustment for understatement of cost of contract works	調整少計之合約工程成本	(7,278)

At 1st April, 2006 after retrospective adjustment	於二零零六年四月一日(經追溯調整)	29,823

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2007

綜合財務報表附註

截至二零零七年三月三十一日止年度

2. PRIOR YEAR ADJUSTMENTS (continued)

The effect of the above correction of significant accounting errors on the loss for the year ended 31st March, 2006 are summarized below:

		Year ended 31st March, 2006 截至二零零六年 三月三十一日 止年度 HK\$'000 千港元
Loss for the year before retrospective adjustment	經追溯調整前之年度虧損	(12,191)
Adjustment for understatement of cost of contract works	調整少計之合約工程成本	(7,278)
Loss for the year after retrospective adjustment	經追溯調整後之年度虧損	<u>(19,469)</u>

The effect of the above correction of significant accounting errors on the basic loss per share for the year ended 31st March, 2006 are summarized below:

		Year ended 31st March, 2006 截至二零零六年 三月三十一日 止年度 HK cents 港仙
Basic loss per share before retrospective adjustment	經追溯調整前之每股基本虧損	(4.263)
Adjustment for understatement of cost of contract works	調整少計之合約工程成本	(2.545)
Basic loss per share after retrospective adjustment	經追溯調整後之每股基本虧損	<u>(6.808)</u>

2. 上年度調整 (續)

上述更正主要會計誤差對截至二零零六年三月三十一日止年度虧損之影響概括如下：

上述更正主要會計誤差對截至二零零六年三月三十一日止年度每股基本虧損之影響概括如下：

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

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

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

綜合財務報表附註

截至二零零七年三月三十一日止年度

3. 應用新訂及經修訂香港財務報告準則（「香港財務報告準則」）

於本年度，本集團首次應用香港會計師公會頒佈之若干新準則、修訂及詮釋，該等準則適用於二零零六年四月一日開始或以後的會計期間。採用新香港財務報告準則對本會計期間或過往會計期間的業績編製及呈列方式及財務狀況並無構成重大影響，故此毋須作出往年度調整。

本集團並無提前應用下列已頒佈但尚未生效的新香港財務報告準則。本公司董事預期應用該等新香港財務報告準則對本集團的業績及財務狀況並無重大影響。

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For the year ended 31st March, 2007

綜合財務報表附註

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3. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)

Hong Kong Accounting Standard (“HKAS”) 1 (Amendment)	Capital Disclosures ¹
HKAS 1 (Revised)	Presentation of Financial Statements ²
HKAS 23 (Revised)	Borrowing Costs ²
HKFRS 7	Financial Instruments: Disclosures ¹
HKFRS 8	Operating Segments ²
HK(IFRIC)-Interpretation (“Int”) 8	Scope of HKFRS 2 ⁷
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives ⁸
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment ³
HK(IFRIC)-Int 11	HKFRS 2 - Group and Treasury Share Transactions ⁴
HK(IFRIC)-Int 12	Service Concession Arrangements ⁵
HK(IFRIC)-Int 13	Customer Loyalty Programmes ⁶
HK(IFRIC)-Int 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction ⁵

¹ Effective for annual periods beginning on or after 1st January, 2007.

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

³ Effective for annual periods beginning on or after 1st November, 2006.

⁴ Effective for annual periods beginning on or after 1st March, 2007.

⁵ Effective for annual periods beginning on or after 1st January, 2008.

⁶ Effective for annual periods beginning on or after 1st July, 2008.

⁷ Effective for annual periods beginning on or after 1st May, 2006.

⁸ Effective for annual periods beginning on or after 1st June, 2006.

3. 應用新訂及經修訂香港財務報告準則(「香港財務報告準則」)(續)

香港會計準則第1號(經修訂)	資本披露 ¹
香港會計準則第1號(經修改)	財務報表的呈報 ²
香港會計準則第23號(經修改)	借貸成本 ²
香港財務報告準則第7號	金融工具：披露 ¹
香港財務報告準則第8號	經營業務類別 ²
香港(國際財務報告準則詮釋委員會)－詮釋8	香港財務報告準則第2號的範圍 ⁷
香港(國際財務報告準則詮釋委員會)－詮釋9	再評估嵌入式衍生工具 ⁸
香港(國際財務報告準則詮釋委員會)－詮釋10	中期財務報告及減值 ³
香港(國際財務報告準則詮釋委員會)－詮釋11	香港財務報告準則第2號集團及庫存股份交易 ⁴
香港(國際財務報告準則詮釋委員會)－詮釋12	服務經營權安排 ⁵
香港(國際財務報告準則詮釋委員會)－詮釋13	客戶忠誠計劃 ⁶
香港(國際財務報告準則詮釋委員會)－詮釋14	固定收益資產的限制、最低資金要求及兩者的互動關係 ⁵

¹ 於二零零七年一月一日或之後開始的年度期間生效。

² 於二零零九年一月一日或之後開始的年度期間生效。

³ 於二零零六年十一月一日或之後開始的年度期間生效。

⁴ 於二零零七年三月一日或之後開始的年度期間生效。

⁵ 於二零零八年一月一日或之後開始的年度期間生效。

⁶ 於二零零八年七月一日或之後開始的年度期間生效。

⁷ 於二零零六年五月一日或之後開始的年度期間生效。

⁸ 於二零零六年六月一日或之後開始的年度期間生效。

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綜合財務報表附註

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4. SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited 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 in line with those used by other members of the Group.

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

Revenue recognition

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

4. 主要會計政策

綜合財務報表已按歷史成本基準編製，惟以公平值計量的金融工具除外，詳情請參看下列會計政策。

綜合財務報表已根據由香港會計師公會發出的香港財務報告準則編製。此外，綜合財務報表載入聯交所證券上市規則及香港公司條例規定的適用披露。

綜合賬目基準

綜合財務報表載入本公司及其附屬公司的財務報表。當本公司有權監管實體之財務及經營政策以取得其業務利益，即屬擁有其控制權。

年內已收購或已出售附屬公司的業績由收購生效日期起或截至出售生效日期止在適當情況下列入綜合損益表。

附屬公司的財務報表於有需要時作出調整，以使其會計政策與本集團其他成員公司所採納者一致。

所有集團成員公司之間的交易及本集團之內部往來結餘於綜合賬目時撇銷。

收入確認

收入按已收及應收代價的公允值及於日常業務過程中所提供的貨品的應收款項現值計量，並減去折扣及銷售相關稅項。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Project revenue from theme park show and intelligent traffic management systems contracting services is recognised when the outcome of the contract can be estimated reliably and the stage of completion at the balance sheet date can be measured reliably. Project revenue is recognised on the percentage of completion method, measured by reference to the percentage of cost incurred to date to the estimated total cost. When the outcome of a contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable.

Revenue from provision of other engineering systems contracting services is recognised when the buyer accepts delivery, and installation and inspection are completed.

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

Others

Commission, handling and service income is recognised when services are provided.

Consultancy income is recognised when services are rendered.

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

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

4. 主要會計政策 (續)

收入確認 (續)

主題樂園表演系統及智能交通管理系統之項目收入於能夠可靠地估計合約的結果，以及於結算日能夠可靠地衡量完工進度時確認。項目收入參照截至當日的成本佔估計總成本的百分比，以完工百分比法確認。倘未能可靠地估計合約的結果，則僅確認可能收回的已產生合約成本為收入。

提供其他工程系統承包服務的收入於買方接受交付以及安裝及檢查完成時確認。

貨品銷售於貨品交付及所有權轉讓時確認。

其他

佣金、手續費及服務收入於提供服務時確認。

顧問費收入於提供服務時確認。

股息收入於股東收取股息的權利確立時確認。

金融資產之利息收入乃參照未償還本金及適用之實際利率按時間基準累計。有關利率為將金融資產於預計年期內的估計未來現金收益準確貼現為資產賬面淨值的比率。

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For the year ended 31st March, 2007

綜合財務報表附註

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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 their estimated residual values, using the straight-line method.

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

Impairment

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

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

Inventories

Inventories, including materials, parts and consumables, are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

4. 主要會計政策 (續)

物業、廠房及設備

物業、廠房及設備按成本扣除其後之累計折舊、攤銷及累計減值虧損列賬。

物業、廠房及設備項目按其估計可使用年期，並在計及其估計餘值後以直線法按下列年率折舊，以撇銷其成本。

物業、廠房及設備項目於出售時或當繼續使用該資產預期不會產生任何日後經濟利益時取消確認。資產取消確認產生之任何收益或虧損(按該項目之出售所得款項淨額與賬面值間之差額計算)於該項目取消確認之年度計入損益表。

減值

本集團會於各結算日審閱其資產的賬面值，確定是否出現任何減值虧損跡象。倘若估計資產的可收回金額低於其賬面值，則資產的賬面值須調減至可收回金額，減值虧損即時確認為開支。

倘若有關的減值虧損其後撥回，則有關資產的賬面值將調升至其經調整的估計可收回金額，惟調升後的賬面值不得超逾過往年度該項資產在並無確認減值虧損時的賬面值。撥回的減值虧損即時確認為收入。

存貨

包括原材料、零部件及消耗品在內的存貨乃按成本值及可變現淨值兩者的較低者列賬。成本值乃按先進先出法計算。可變現淨值指於日常業務中之估計售價減完成出售所需之估計成本。

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Contracts

When the outcome of a contract can be estimated reliably and the stage of completion at the balance sheet date can be measured reliably, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs, contract costs are charged to the consolidated income statement by reference to the stage of completion of the contract activity at the balance sheet date on the same basis as project revenue recognised.

When the outcome of a contract cannot be estimated reliably, contract costs are recognised as an expense in the period in which they are incurred. When it is probable that total contract costs will exceed project revenue, the expected loss is recognised as an expense immediately.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as an amount due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as an amount due to customers for contract work. Amounts received before the related work is performed are included in the balance sheet, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the consolidated balance sheet under trade and bills receivables.

4. 主要會計政策 (續)

合約

倘若能夠可靠地估計合約的結果，以及於結算日能夠可靠地衡量完工進度（衡量方法為至今已進行工程所錄得之合約成本佔估計總合約成本之比重），則合約成本經參考結算日的合約完工進度後，按確認工程收入的同一基準自綜合損益表扣除。

倘不能可靠地估計合約的結果，則合約成本在發生期間確認為開支。倘合約的總成本可能超過項目收入，則預計虧損應即時確認為開支。

倘至今所產生的合約成本加已確認溢利減已確認虧損後，超逾按進度開發賬單的數額，則多出之數會被視為應收合約工程客戶的款項。倘按進度開發賬單的數額超逾至今所產生的合約成本加已確認溢利減已確認虧損，則多出之數會被列為應付合約工程客戶的款項。有關工程進行前已收取的款項計入資產負債表為負債，並入賬列為已收墊款。就已進行工程已開發賬單而客戶尚未支付的款項計入綜合資產負債表中的應收貿易賬款及應收票據。

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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 lessee

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

Prepaid lease payments

Prepaid lease payments represent interest in land held under operating lease arrangements and are amortised on a straight-line basis over the lease terms.

Financial instruments

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

4. 主要會計政策 (續)

租賃

凡租約條款將有關資產擁有權的絕大部分風險及回報轉移承租人的租約，均列作融資租約。所有其他租約則列作經營租約。

本集團為承租人

經營租賃之應付租金按有關租賃年期以直線法於損益扣除。作為促使訂立經營租賃之已收及應收利益亦按租約年期以直線法確認為租賃開支之扣減。

預付租賃款項

預付租賃款項指按照經營租約安排下之土地權益，並按於租賃期間按直線法攤銷。

金融工具

金融資產及金融負債乃當某集團實體成為工具合同條文之訂約方時在資產負債表上確認。金融資產及金融負債按公平值初步確認。收購或發行金融資產及金融負債直接應佔之交易成本（按公平值計入損益之金融資產及金融負債除外）乃於初步確認時加入金融資產或金融負債之公平值或自金融資產或金融負債之公平值內扣除（如合適）。收購按公平值計入損益之金融資產或金融負債直接應佔之交易成本即時於損益內確認。

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets

The Group's financial assets are classified into 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 recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. The accounting policies adopted in respect of each category of financial assets are set out below.

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 bills receivables, other receivables, deposits and prepayments, amounts due from customers for contract work, pledged bank deposits and bank balances) are carried at amortised cost using the effective interest method, less any identified impairment losses. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

4. 主要會計政策 (續)

金融工具 (續)

金融資產

本集團金融資產分類為貸款及應收款項或可供出售金融資產。所有以一般方式買賣之金融資產均按買賣日期基準確認及終止確認。一般方式買賣指須於市場規管或慣例所設定時限內交付之金融資產買賣。就各類金融資產採納之會計政策載列如下。

貸款及應收款項

貸款及應收款項指並非於活躍市場報價而具有固定或可釐定款項之非衍生金融資產。在初步確認後的各結算日，貸款及應收款項(包括應收貿易賬款及應收票據，以及其他應收賬款、已抵押銀行存款及銀行結餘)乃利用實際利率法按攤銷成本扣除任何已識別減值虧損列賬。減值虧損於有客觀證據顯示資產出現減值時在損益確認，並按該項資產賬面值及以原有實際利率貼現所得估計未來現金流量現值間之差額計算。當該項資產之可收回金額增加可客觀地與該項減值獲確認後出現之事件關連，則減值虧損可於其後期間撥回，惟於減值日期該項資產所撥回賬面值不得超出倘該項減值未獲確認本應出現之攤銷成本。

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Available-for-sale investments

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

Investment in convertible note

Investment in convertible note is designated at fair value through profit and loss on initial recognition. At each balance sheet date subsequent to initial recognition, it is measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise.

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 Group's financial liabilities are generally classified as other financial liabilities. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

Financial liabilities

Other financial liabilities including trade and bill payables, other payables and accrued charges and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

4. 主要會計政策 (續)

金融工具 (續)

可供出售投資

可供出售投資屬被指派或未獲分類為按公平值計入損益之金融資產、貸款及應收款項或持作到期投資之非衍生工具。於首次確認後之每個結算日，可供出售投資按公平值計量。公平值之變動於權益內確認，直至該項投資被出售或被定為出現減值，屆時過往於權益內確認之累計盈虧會自權益內剔除，並於損益確認。可供出售投資之任何減值虧損於損益確認。可供出售投資之減值虧損將不會於以後期間撥回。

可換股票據之投資

可換股票據投資於首次確認時劃定為按公平值計入損益。於首次確認後之每個結算日，可換股票據投資按公平值計量，其公平值變動於產生期間內直接於損益確認。

金融負債及股本

集團企業發行之金融負債及股本工具乃根據合同安排之內容與金融負債及股本工具之定義分類。

股本工具乃證明集團於扣減所有負債後之資產中擁有剩餘權益之任何合同。就金融負債及股本工具所採納之會計政策乃載於下文。

財務負債

其他財務負債包括應付賬款、應付票據、其他應付款及應計費用、及銀行借貸。其他財務負債其後以實際利率法按攤銷成本計量。

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Equity instruments

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

Derecognition

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

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

Retirement benefit costs

Payments to state-managed retirement benefit schemes/the Mandatory Provident Fund Scheme ("MPF") are charged as an expense when employees have rendered service entitling them to the contributions.

Equity settled share-based payment transactions

Share options granted to directors and employees of the Company

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

At each balance date, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss over the remaining vesting period, with a corresponding adjustment to share option reserve.

4. 主要會計政策 (續)

金融工具 (續)

股本工具

本公司發行之股本工具乃按已收所得款項(扣除直接發行成本)記賬。

終止確認

當從資產收取現金流量之權利屆滿或金融資產被轉讓以及本集團已將有關金融資產所有權大部份風險及回報轉讓時，金融資產將被終止確認。當一項金融資產被終止確認，資產賬面值，與已接收之代價及以往直接於權益確認之累計盈虧的總額之間之差額乃於損益內確認。

金融負債則從本集團之資產負債表中移除(即當有關合約上指定之債務被解除、取消或屆滿)。終止確認之金融負債之賬面值與所付代價之差額於損益內確認。

退休福利成本

國家管理的退休福利計劃/強制性公積金計劃(「強積金」)的供款乃於於僱員提供服務後需要作出供款時列為開支扣除。

股權支付交易

授予本公司董事和僱員的購股權

以購股權授出日的公平價值來決定取得服務的公平價值，並以直線法在歸屬期間攤銷開支，導致股本(購股權儲備)相應上升。

在每個結算日，本集團就預期最終歸屬購股權之估計數目進行修訂。修訂原估計之影響(如有)乃於餘下歸屬期內於損益中確認，並在購股權儲備中作相應增加。

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Equity settled share-based payment transactions (continued)

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

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

Foreign currencies

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

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

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

4. 主要會計政策 (續)

股權支付交易 (續)

授予本公司董事和僱員的購股權 (續)

在行使購股權時，以前所確認的購股權儲備將會轉移至累計溢利中。當購股權被沒收或到期仍未行使時，以前所確認的購股權數額將會轉撥至保留溢利中。

外幣

編製各個別集團企業之財務報表時，以該企業功能貨幣以外之貨幣(外幣)所進行交易乃以其功能貨幣(即該企業營運之主要經濟環境之貨幣)按交易日期之通行匯率入賬。於各結算日，以外幣列值之貨幣項目乃按結算日之通行匯率重新換算。以外幣公平值列賬之非貨幣項目乃按釐定公平值當日之通行匯率重新換算。以外幣歷史成本計量之非貨幣項目則不予重新換算。

貨幣項目結算及貨幣項目換算所產生之匯兌差額乃於產生之期間在損益確認。

就呈報綜合財務報表而言，本集團海外業務之資產及負債乃按結算日之通行匯率換算為本公司之呈報貨幣(即港元)，有關收入及開支則按本年度之平均匯率換算，惟倘期內匯率顯著波動則除外，於該情況下，則採用交易日期之通行匯率。所產生之匯兌差額(如有)乃確認為股本之獨立部份(匯兌儲備)。該項匯兌差額乃於出售海外業務之期內在損益確認。

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation

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

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

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

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

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

4. 主要會計政策 (續)

稅項

稅項是指現時應繳稅項及遞延稅項兩者的總和。

現時應繳稅項乃按年內應課稅溢利計算。應課稅溢利不包括其他年度的應課稅或可扣稅的收支項目，且不包括從未課稅或可扣稅的損益表項目，因此有別於綜合損益表中呈報的溢利。本集團之即期稅項負債乃使用於結算日已生效或大致生效之稅率計算。

遞延稅項乃指綜合財務報表中資產及負債的賬面值與計算應課稅溢利時所採用的相應稅基之間的差額，並採用資產負債表負債法入賬。遞延稅項負債通常為所有應課稅的暫時差額確認，而遞延稅項資產指在未來很可能會獲得應課稅溢利而又可使用應扣除暫時差額。倘該暫時差額源自商譽或者不影響應課稅溢利及會計溢利的交易中其他資產及負債的首次確認(除業務合併外)，則該等資產及負債不予確認。

遞延稅項資產的賬面值會於各結算日進行審閱及扣減，直至未來不可能有足夠的應課稅溢利令有關資產得以全部或部份回收。

遞延稅項按於償還負債或變現資產期間預計適用的稅率計算。遞延稅項於綜合損益表內扣除或入賬，惟倘遞延稅項與直接扣自或計入股本的項目相關時，則該遞延稅項亦於股本處理。

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5. CRITICAL ACCOUNTING KEY SOURCES OF ESTIMATION UNCERTAINTY

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet dates, 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.

Useful lives of property, plant and equipment

In applying the accounting policy on property, plant and equipment with respect to depreciation, management estimates the useful lives of various categories of property, plant and equipment according to the industrial experiences gained over the development history of the Group and also by reference to the relevant industrial norm.

Impairment loss recognised in respect of trade and other receivables

Impairment loss recognised in respect of trade and other receivables is made when there is objective evidence of impairment and is based on an assessment of the recoverability of trade and other receivables. Where the future discounted cash flow of trade and other receivables is different from the carrying amount, such difference represents allowance for doubtful debts recognised as expense in the consolidated income statement.

Allowance for inventories

The management of the Group reviews an aging analysis at each balance sheet date, and identifies the slow-moving inventory items that are no longer suitable for use in production. The management estimates the net realisable value for such finished goods based primarily on the latest invoice prices and current market conditions. In addition, the Group carries out an inventory review on a product-by-product basis at each balance sheet date and makes allowance for obsolete items.

5. 估計未明朗因素的主要會計來源

有關未来的主要假設，以及於結算日進行估計不明朗因素之其他主要來源在下文論述，兩者皆帶有可導致須對下個財政年度資產及負債之賬面值作出重大調整之重大風險。

物業、廠房及設備之可使用年期

應用有關物業、廠房及設備折舊之會計政策時，管理層對各類物業、廠房及設備之可使用年期之估計乃以本集團發展歷程中所積累之行業經驗為依歸，並同時參照相關行業慣例。

應收貿易賬款及其他應收款之減值

如有客觀證據顯示出現減值，本集團根據對應收貿易賬款及其他應收賬款之可收回性之評估，就應收呆賬作出撥備。如應收貿易賬款及其他應收賬款之未來貼現現金流與賬面值不同，有關差別將被視為於綜合損益表支銷的呆賬撥備。

存貨撥備

本集團管理層於各結算日審閱賬齡分析，並識別出不再適合用於生產之滯銷存貨。管理層對此等製成品之可變現淨值所作估計，主要根據最近期之發票價格及目前市況而釐定。此外，本集團於各結算日對每種產品進行盤點，並對過時品種作出撥備。

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5. CRITICAL ACCOUNTING KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Percentage of completion of theme park show and intelligent traffic management systems contracts

The Group recognises the revenue according to the percentage of completion of the individual theme park show and intelligent traffic management systems contracts. The Group's management estimates the percentage of completion of these contracts if the value of works has not been certified by the customers at the balance sheet date. These estimates are based on actual cost incurred over the total budgeted costs. Corresponding contract revenue are also estimated by the management. Because of the nature of the activity undertaken in these contracts, the date at which the contract activity is entered into and the date when the activity is completed usually fall into different accounting periods. The Group reviews and revises the estimates of both contract revenue and contract costs in the budget prepared for each of these contracts as the contract progresses. For costs attributable to work done that have not been billed to the Group but the corresponding revenue for the work done has been recognised, management estimates these costs by reference to the budget and the actual billings subsequently received. Management regularly reviews the progress of these contracts and the corresponding costs of the contract revenue.

Estimation of foreseeable losses in respect of theme park show and intelligent traffic management systems contracts

The Group's management estimates the amount of foreseeable losses of the theme park show and intelligent traffic management systems contracts works based on the management budgets prepared for the construction works. Budgeted contract income is determined in accordance with the terms set out in the relevant contracts. Budgeted costs which mainly comprise costs of material are prepared by the management on the basis of quotations from time to time provided by the major suppliers/vendors involved and the experience of the management. In order to keep the budget accurate and up-to-date, the Group's management conducts periodic review on the management budgets by comparing the budgeted amounts to the actual amounts incurred.

5. 估計未明朗因素的主要會計來源 (續)

主題公園表演系統及智能交通管理系統承包服務之完工百分比

本集團根據個別主題公園表演系統及智能交通管理系統合約之完工百分比確認收益。倘於結算日客戶尚未核證工程之價值，本集團管理層將估計此等合約之完工百分比。有關估計乃依據實際錄得之成本除以總預算成本而計算。管理層亦會估計相應之合約收益。由於此等系統合約內承辦的工程活動性質，訂立合約工程活動之日期與工程活動完成之日期通常處於不同之會計期間。於合約進行時，本集團同時對為各系統合約編製之預算內合約收益及合約成本之估計作出檢討及修訂。就已完成工程應佔而尚未向本集團發出賬單惟相關收益已經確認之成本而言，管理層乃參考預算及其後收取之實際賬單對該等成本作出估計。管理層定期檢討合約之進度及合約收益之相應成本。

主題公園表演系統及智能交通管理系統承包服務之可預計虧損的估計

本集團管理層根據為工程而編製之管理預算估計主題公園表演系統及智能交通管理系統合約工程之可預見虧損之金額。預算合約收入根據相關合約所載之條款釐定。預算成本(主要包括材料成本)由管理層以所涉及之主要供應商/賣方不時提供之報價及管理層之經驗為基準而編製。為維持準確及最新之預算，本集團管理層通過比較預算金額與實際產生金額而對管理預算進行定期審閱。

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6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include trade and bills receivables, other receivables, deposits and prepayments, amounts due from customers for contract work, pledged bank deposits, bank balances and cash, trade and bills payables, other payables and accrued charges and bank borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

The Group has foreign currency sales and purchases and certain borrowings of the Group are denominated in foreign currencies. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

Interest rate risk

The Group's fair value interest rate risk relates to floating-rate bank borrowings. The Group's cash flow interest rate risk relates primarily to fixed-rate short-term bank fixed deposits. The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arises.

6. 金融風險管理目標及政策

本集團之主要金融工具包括應收貿易賬款及應收票據、其他應收賬款、訂金及預付款、工程客戶應收款、已抵押銀行存款、銀行結餘及現金、應付貿易賬款及應付票據、其他應付款、應計費用及銀行借貸。此等金融工具詳情於相關附註披露。下文載列與此等金融工具有關的風險及如何減低此等風險的政策。管理層管理及監控該等風險，確保及時採取有效適當措施。

市場風險

貨幣風險

本集團擁有以外幣列賬之銷售額及購貨額，而本集團若干借貸以外幣計值。本集團現時並無外幣對沖政策。然而，管理層會監察外幣風險，並將考慮於有需要時就主要外幣風險進行對沖。

利率風險

本集團之公平值利率風險與浮息銀行借貸有關。本集團之現金流利率主要與定息短期銀行定期存款有關。本集團目前並無利率對沖政策。然而，管理層會監察利率風險，並將考慮於有需要時就主要利率風險進行對沖。

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6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk

The Group's principal financial assets are trade and bills receivable, other receivables, deposits and prepayments and amounts due from contracts work. The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations as at 31st March, 2007 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated balance sheet.

The Group's credit risk is primarily attributable to its trade receivable. The Group is exposed to concentration of credit risk as a substantial portion of its sales is generated from a limited number of customers. The Group manages its credit risk by closely monitoring the granting of credit. The Group also reviews the recoverable amount of each individual trade receivable at each balance sheet date to ensure that adequate allowances are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the majority of the counter parties are banks and creditworthy financial institutions.

Fair value

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

- the fair value of financial assets and financial liabilities 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

6. 金融風險管理目標及政策 (續)

信貸風險

本集團之主要金融資產為應收貿易賬款及應收票據、其他應收賬款，以及銀行結存及現金。倘對方未能履行其責任，就各類已確認金融資產而言，本集團於二零零七年三月三十一日須承擔之最高信貸風險為綜合資產負債表所示有關資產之賬面值。

本集團之信貸風險主要源自其應收貿易賬款。由於本集團大部份之銷售額是來自數目有限之客戶，本集團因此面對信貸集中風險。本集團通過密切監察授信工作而管控信貸風險。本集團亦檢討各筆個別之應收貿易賬款於各結算日之可收回金額，確保已就不可收回金額作出足夠撥備。就此而言，本公司董事認為本集團之信貸風險得以大幅減少。

流動資金之信貸風險有限，因大部份交易對手為銀行及信譽昭著之金融機構。

公允值

金融資產及金融負債之公允值乃按以下釐定：

- 在活躍市場交易並有標準條款之金融資產及金融負債之公允值乃根據市場報價的買入價釐定；
- 其他金融資產及金融負債(衍生工具除外)之公允值乃按合適的估值方法，根據近當時市場交易情況作出現金流量貼現的方法釐定；及

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6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Fair value (continued)

- the fair value of derivative instruments, are calculated using quoted prices. Where such prices are not available use is made of discounted cash flow analysis using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

7. TURNOVER AND SEGMENT INFORMATION

Turnover

Turnover represents revenue generated from provision of consultancy and engineering systems contracting services and the amounts received and receivable for consumables and spare parts sold, as after sales services incidental and ancillary to the engineering systems and consultancy services, during the year.

During the year ended 31st March, 2007, the Group recognised sales and cost of contract works in relation to three second hand, custom-made MTL-LC CD-R/DVD-R ("Machinery") of approximately HK\$105,300,000 and HK\$99,044,000, respectively. On 15th August, 2005, Linfair Engineering Company Limited ("LEC"), a wholly-owned subsidiary of the Company, had entered into the sales contracts with Megaplast Jayacitra PT ("Megaplast") for the supply of the Machinery. On 15th January, 2006, LEC had entered into a purchase contract with Memory Japan (HK) Ltd. for the supply of the Machinery. The Machinery was dismantled in Singapore at the factory of MJC (Singapore) Pte Ltd. and then shipped to Megaplast in Indonesia. The installation of the Machinery had been completed in March, 2007.

Business segments

For management purposes, the Group is currently organised into two operating divisions – provision of engineering systems contracting services and sale of consumables and spare parts. These divisions are the basis on which the Group reports its primary segment information.

6. 金融風險管理目標及政策 (續)

公允值 (續)

- 衍生工具之公允值按市場報價釐定。倘無市場報價，則按現金流量貼現的方法，非期權衍生工具根據工具期間採適用的孳息曲線計算，而期權衍生工具乃以期權估值方法計算。

7. 營業額及分部資料

營業額

營業額指年內提供工程系統承包及顧問服務所產生的收入，以及已收和應收已售消耗品及零部件的款項，該等已售貨品及零部件屬售後服務的雜項以及工程系統及顧問服務配套。

於截至二零零七年三月三十一日止年度，本集團將一項工程入賬，銷售額及工程合約成本分別為105,300,000港元及99,044,000港元，該工程有關三台MTL-LC CD-R/DVD-R再用機器（「有關機器」）。在二零零五年八月十五日，本公司一間全資擁有之附屬公司Linfair Engineering Company Limited（「LEC」）跟Megaplast Jayacitra PT（「Megaplast」）簽訂銷售合同，提供有關機器。在二零零六年一月十五日，LEC跟Memory Japan (HK) Ltd.簽訂採購合同，購買有關機器。有關機器在MJC (Singapore) Pte Ltd.拆組，及後運送至印尼的Megaplast。在二零零七年三月，有關機器已完成安裝。

業務分部

為方便管理，本集團目前分為兩個營運部門－工程系統承包服務部和消耗品及零部件銷售部。本集團以上述兩個部門為基準呈報其主要分部資料。

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7. TURNOVER AND SEGMENT INFORMATION (continued)

Business segments (continued)

Segment information about these businesses is presented below.

For the year ended 31st March, 2007

7. 營業額及分部資料(續)

業務分部(續)

有關此等業務的分部資料如下。

截至二零零七年三月三十一日止年度

		Provision of engineering systems contracting services [†] 提供工程 系統承包服務 [#] HK\$'000 千港元	Sale of consumables and spare parts 消耗品及 零部件銷售 HK\$'000 千港元	Consolidated 綜合 HK\$'000 千港元
Revenue	收入			
External sales	外銷銷售額	<u>223,800</u>	<u>74,002</u>	<u>297,802</u>
Segment results	分部業績	<u>(58,211)</u>	<u>12,872</u>	(45,339)
Unallocated corporate revenue	未分配公司收入			6,946
Unallocated corporate expenses	未分配公司開支			(43,050)
Finance costs	融資成本			<u>(1,386)</u>
Loss before tax	除稅前虧損			(82,829)
Income tax	所得稅			<u>(381)</u>
Loss for the year	年度虧損			<u>(83,210)</u>

[†] Amount included revenue from a consultancy project of approximately HK\$3,073,000.

[#] 包括一顧問工程收入約3,073,000港元。

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截至二零零七年三月三十一日止年度

7. TURNOVER AND SEGMENT INFORMATION (continued)

Business segments (continued)

At 31st March, 2007

7. 營業額及分部資料 (續)

業務分部 (續)

於二零零七年三月三十一日

		Provision of engineering systems contracting services 提供工程 系統承包服務 HK\$'000 千港元	Sale of consumables and spare parts 消耗品及 零部件銷售 HK\$'000 千港元	Consolidated 綜合 HK\$'000 千港元
Balance sheet	資產負債表			
Assets	資產			
Segment assets	分部資料	78,954	17,253	96,207
Unallocated corporate assets	未分配公司資產			64,638
Consolidated total assets	綜合資產總值			<u>160,845</u>
Liabilities	負債			
Segment liabilities	分部負債	72,282	6,588	78,870
Unallocated corporate liabilities	未分配公司負債			38,540
Consolidated total liabilities	綜合負債總額			<u>117,410</u>

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截至二零零七年三月三十一日止年度

7. TURNOVER AND SEGMENT INFORMATION (continued)

Business segments (continued)

For the year ended 31st March, 2007

7. 營業額及分部資料 (續)

業務分部 (續)

截至二零零七年三月三十一日止年度

	Provision of engineering systems contracting services 提供工程 系統承包服務 HK\$'000 千港元	Sale of consumables and spare parts 消耗品及 零部件銷售 HK\$'000 千港元	Consolidated 綜合 HK\$'000 千港元
Other information			
Allowance for inventories	–	565	565
Capital expenditure	14	297	311
Depreciation	3,881	623	4,504
Impairment loss recognised in respect of trade and other receivables	71,876	969	72,845
Amortisation of prepaid lease payments	21	–	21
其他資料			
存貨撥備	–	565	565
資本開支	14	297	311
折舊	3,881	623	4,504
應收賬款及其他 應收款減值損	71,876	969	72,845
攤銷預付租約款項	21	–	21

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截至二零零七年三月三十一日止年度

7. TURNOVER AND SEGMENT INFORMATION (continued)

Business segments (continued)

For the year ended 31st March, 2006 (Restated)

7. 營業額及分部資料 (續)

業務分部 (續)

截至二零零六年三月三十一日止年度 (重列)

		Provision of engineering systems contracting services*	Sale of consumables and spare parts and spare parts	Consolidated
		提供工程 系統承包服務	消耗品及 零部件銷售	綜合
		HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元
Revenue	收入			
External sales	外銷銷售額	163,445	46,477	209,922
Segment results	分部業績	3,487	10,308	13,795
Unallocated corporate revenue	未分配公司收入			9,643
Unallocated corporate expenses	未分配公司開支			(42,441)
Finance costs	融資成本			(533)
Loss before tax	除稅前虧損			(19,536)
Income tax	所得稅			67
Loss for the year	年度虧損			(19,469)

Amount included revenue from a consultancy project of approximately HK\$6,000,000.

包括一顧問工程收入約6,000,000港元。

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截至二零零七年三月三十一日止年度

7. TURNOVER AND SEGMENT INFORMATION (continued)

Business segments (continued)

At 31st March, 2006 (Restated)

7. 營業額及分部資料(續)

業務分部(續)

於二零零六年三月三十一日止年度
(重列)

	Provision of engineering systems contracting services 提供工程 系統承包服務 HK\$'000 千港元	Sale of consumables and spare parts 消耗品及 零部件銷售 HK\$'000 千港元	Consolidated 綜合 HK\$'000 千港元
Balance sheet	資產負債表		
Assets	資產		
Segment assets	184,890	12,246	197,136
Unallocated corporate assets			66,641
Consolidated total assets			<u>263,777</u>
Liabilities	負債		
Segment liabilities	110,825	15,439	126,264
Unallocated corporate liabilities			52,439
Consolidated total liabilities			<u>178,703</u>

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7. TURNOVER AND SEGMENT INFORMATION (continued)

Business segments (continued)

For the year ended 31st March, 2006

7. 營業額及分部資料 (續)

業務分部 (續)

截至二零零六年三月三十一日止年度

	Provision of engineering systems contracting services 提供工程系統承包服務	Sale of consumables and spare parts 消耗品及零部件銷售	Consolidated 綜合
	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Other information			
Allowance for inventories	–	392	392
Capital expenditure	19,130	1,184	20,314
Depreciation	3,209	(55)	3,154
Impairment loss recognised (written back) in respect of trade receivables	17,054	(561)	16,493
Amortisation of prepaid lease payments	20	–	20

其他資料

存貨撥備

資本開支

折舊

應收賬款減值

損失(撥回)

攤銷預付租約

款項

Geographical segments

The Group's operations are principally located in Hong Kong, the other regions of the People's Republic of China ("PRC"), Taiwan and Samoa, and the Southeast Asia.

地區分部

其集團的業務主要位於香港、中國其他地區、台灣及薩摩亞、及東南亞等地。

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7. TURNOVER AND SEGMENT INFORMATION (continued)

Geographical segments (continued)

- (i) The following tables provides an analysis of the Group's sales by geographical market, irrespective of the origin of the goods/services:

7. 營業額及分部資料(續)

地區分部(續)

- (i) 下表為本集團按地區市場劃分的銷售額分析(不論貨品/服務的來源地):

		Sales revenue by geographical market		Contribution to loss before tax	
		按地區市場		經營虧損貢獻	
		劃分的銷售收入		經營虧損貢獻	
		2007	2006	2007	2006
		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
		千港元	千港元	千港元	千港元
					(Restated)
					(重列)
Hong Kong	香港	68,687	34,161	(5,860)	(28,293)
PRC	中國	54,347	98,259	(32,370)	5,654
Taiwan and Samoa	台灣及薩摩亞	44,603	40,357	(862)	387
Southeast Asia	東南亞	118,837	33,407	(40,149)	1,277
Others	其他	11,328	3,738	(3,588)	1,439
		297,802	209,922	(82,829)	(19,536)

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7. TURNOVER AND SEGMENT INFORMATION (continued)

Geographical segments (continued)

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

		Carrying amount of segment assets 分部資產的賬面值		Additions to property, plant and equipment 添置物業、廠房及設備	
		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Hong Kong	香港	78,268	147,643	173	20,138
PRC	中國	55,206	1,109	77	4
Taiwan and Samoa	台灣及薩摩亞	20,474	113,743	33	164
Southeast Asia	東南亞	4,833	1,250	3	8
Others	其他	2,064	32	25	–
		160,845	263,777	311	20,314

8. OTHER INCOME

8. 其他收入

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Commission	佣金	49	183
Exchange gains, net	滙兌收益淨額	2,204	6,318
Handling income	手續費收入	11	1
Dividend income	股息收入	29	–
Interest income	利息收入	1,364	1,107
Service income	服務收入	1,859	595
Sundry income	雜項收入	1,430	1,439
		6,946	9,643

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9. FINANCE COSTS

Interests on bank borrowings wholly repayable within five years	須於五年內悉數償還的 銀行借貸利息
Bank charges	銀行費用

9. 融資成本

2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
1,386	359
-	174
<u>1,386</u>	<u>533</u>

10. INCOME TAX

The charge (credit) comprises:	稅項(抵免)支出包括：
Profit for the year	年度溢利
Hong Kong	香港
Under(over)provision in prior years	過往年度少提(多提)撥備
Hong Kong	香港
Deferred taxation	遞延稅項
Current year	本年度

10. 所得稅

2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
799	-
5	(548)
(423)	481
<u>381</u>	<u>(67)</u>

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綜合財務報表附註

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10. INCOME TAX (continued)

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

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元 (Restated) (重列)
Loss before tax	除稅前虧損	<u>(82,829)</u>	<u>(19,536)</u>
Tax at the domestic income tax rate of 17.5% (2006: 17.5%)	按當地所得稅稅率17.5%計算的稅項(二零零六年: 17.5%)	(14,495)	(3,419)
Tax effect of income not taxable for tax purpose	不課稅收入的稅務影響	(1,285)	(637)
Tax effect of utilisation of tax losses previously not recognised	動用過往未曾確認稅務虧損的稅務影響	(1,231)	-
Tax effect of expenses not deductible for tax purpose	不可扣稅開支的稅務影響	16,922	4,238
Under(over)provision in respect of prior years	過往年度的少提(多提)撥備	5	(548)
Tax effect on tax losses not recognised	未確認稅務虧損之稅務影響	105	1,231
Effect of different tax rates of subsidiaries operating in other jurisdictions	附屬公司在其他司法權區業務的不同稅率之影響	360	(1,396)
Others	其他	-	464
Income tax charge (credit)	年度稅項支出	<u>381</u>	<u>(67)</u>

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

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

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdiction.

其他管轄地區的稅項按當地適用稅率計算。

Details of the deferred taxation are set out in note 29.

遞延稅項詳情載於附註29。

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11. LOSS FOR THE YEAR

11. 年內虧損

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Loss for the year is arrived at after charging:	年內虧損已扣除下列各項：		
Allowance for inventories	存貨賬撥備	565	392
Auditors' remuneration	核數師酬金	2,539	775
Cost of inventories recognised as expense	確認為開支之存貨成本	57,989	36,337
Depreciation	折舊	4,504	3,154
Expenses incurred on the listing of the Company's shares on the Stock Exchange	本公司股份於聯交所上市所錄得之開支	-	6,353
Operating lease rentals in respect of rented premises	有關租賃物業的經營租約租金	915	950
Amortisation of prepaid lease payments	攤銷預付租約款項	21	20
Staff costs inclusive of directors' remuneration and retirement benefits	員工成本 (包括董事酬金及退休福利)	<u>21,900</u>	<u>19,814</u>

Operating lease rentals amounting to approximately HK\$676,000 (2006: HK\$484,000) in respect of staff quarters are included under staff costs.

員工宿舍的經營租約租金約達676,000港元(二零零六年: 484,000港元)乃計入員工成本項下。

12. DIVIDEND

12. 股息

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Special interim dividend paid 2 HK cents per ordinary share in 2006	二零零六年已派付特別中期股息每股普通股2港仙	-	<u>6,000</u>

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13. LOSS PER SHARE

The calculation of the basic loss per share is based on the followings data:

Loss for the purposes of basic loss per share	計算每股基本的虧損
Weighted average number of ordinary shares for the purposes of basic loss per share	計算每股基本虧損的加權平均股數

The basic loss per share is calculated based on loss attributable to equity holders of the Company of approximately HK\$83,210,000 (2006: HK\$19,469,000).

No dilutive loss per share is presented for the two years ended 31st March, 2007 and 2006 as the exercises of the potential dilutive ordinary shares would result in a reduction in loss per share.

13. 每股虧損

每股基本虧損按以下數據計算：

2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元 (Restated) (重列)
<u>(83,210)</u>	<u>(19,469)</u>
<u>303,538,532</u>	<u>285,989,011</u>

每股基本(虧損)盈利乃根據本公司股權持有人應佔虧損約83,210,000港元(二零零六年：虧損約19,469,000港元)。

由於行使具攤薄影響之潛在普通股將使每股虧損減少，故不呈列截至二零零七及二零零六年三月三十一日止兩個年度的每股攤薄虧損。

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14. DIRECTORS' REMUNERATIONS AND FIVE HIGHEST PAID EMPLOYEES

Directors' remunerations

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

	Chang Ei Eu 張翼宇 (Note 1) (附註1) HK\$'000 千港元	Hsieh Ming Chiu 謝明秋 (Note 2) (附註2) HK\$'000 千港元	Chow Kin Ming 周堅銘 HK\$'000 千港元	Lee Kin Keung 李健強 HK\$'000 千港元	Lam Chun Kong 林振綱 HK\$'000 千港元	Tung Pui Man 董佩雯 (Note 3) (附註3) HK\$'000 千港元	Total 合計 HK\$'000 千港元
For the year ended 31st March, 2007	截至二零零七年三月三十一日止年度						
Directors' fees:	董事袍金：						
Executive	-	-	-	-	-	-	-
Independent non-executive	-	-	-	120	96	96	312
Other emoluments paid to the executive directors:	支付予執行董事之其他酬金：						
- Salaries and other benefits	1,000	-	1,208	-	-	-	2,208
- Contributions to retirement benefit scheme	12	-	12	-	-	-	24
	<u>1,012</u>	<u>-</u>	<u>1,220</u>	<u>120</u>	<u>96</u>	<u>96</u>	<u>2,544</u>
For the year ended 31st March, 2006	截至二零零六年三月三十一日止年度						
Directors' fees:	董事袍金：						
Executive	-	-	-	-	-	-	-
Independent non-executive	-	-	-	130	104	104	338
Other emoluments paid to the executive directors:	支付予執行董事之其他酬金：						
- Salaries and other benefits	1,052	-	1,188	-	-	-	2,240
- Contributions to retirement benefit scheme	12	-	12	-	-	-	24
	<u>1,064</u>	<u>-</u>	<u>1,200</u>	<u>130</u>	<u>104</u>	<u>104</u>	<u>2,602</u>

Notes:

1. Resigned on 5th November, 2007.
2. Resigned on 16th October, 2007.
3. Resigned on 15th January, 2008.
4. No director waived any emoluments in any of the two years ended 31st March, 2007 and 2006.

附註：

1. 於二零零七年十一月五日辭任。
2. 於二零零七年十月十六日辭任。
3. 於二零零八年一月十五日辭任。
4. 於截至二零零七及二零零六年三月三十一日止兩個年度，並無董事放棄收取任何酬金。

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14. DIRECTORS' REMUNERATIONS AND FIVE HIGHEST PAID EMPLOYEES (continued)

Five highest paid employees

Of the five individuals with the highest emoluments in the Group, two (2006: two) were directors of the Company whose emoluments are set out above. The emoluments of the remaining three (2006: three) highest paid individuals were as follows:

Salaries and other benefits	薪金及其他實物福利	3,063	3,335
Contributions to retirement benefit scheme	退休福利計劃供款	23	15
		3,086	3,350

The emoluments of the three (2006: three) highest paid employees fall in the following bands:

Nil to HK\$1,000,000	零至1,000,000港元	-	2
HK\$1,000,001 to HK\$2,000,000	1,000,001港元至2,000,000港元	3	-
HK\$2,000,001 to HK\$2,500,000	2,000,001港元至2,500,000港元	-	1
		3	3

The remuneration of directors and key executives is determined by the remuneration committee and having regard to the performance of individuals and market trends.

No emoluments have been paid by the Group to any directors of the Company or the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office in any of the two years ended 31 March, 2007 and 2006.

14. 董事酬金及五位最高薪酬僱員 (續)

五位最高薪酬僱員

本集團五位最高薪酬人士包括兩位(二零零六年：兩位)本公司之董事，其酬金詳情載於上文。其餘三位(二零零六年：三位)僱員之酬金如下：

2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
3,063	3,335
23	15
3,086	3,350

其餘三位(二零零六年：三位)最高薪酬僱員的酬金介乎下列範圍：

2007 二零零七年 Number of employees 僱員人數	2006 二零零六年 Number of employees 僱員人數
-	2
3	-
-	1
3	3

董事及主要管理人員的薪酬由薪酬委員會根據個別表現及市場趨勢釐定。

於截至二零零七及二零零六年三月三十一日止兩個年度內，本集團並無向本公司任何董事或該五位最高薪酬人士支付任何酬金，以鼓勵彼等加入或在加入本集團時支付或作為失去職位的補償。

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15. PROPERTY, PLANT AND EQUIPMENT

15. 物業、廠房及設備

		Buildings	Machinery and equipment	Office equipment	Computer equipment	Furniture and fixtures	Motor vehicles	Total
		樓宇	機器及設備	辦公室設備	電腦設備	傢俬及裝置	汽車	合計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元
COST	成本							
At 1st April, 2005	於二零零五年四月一日	1,520	4,389	305	803	1,043	228	8,288
Additions	添置	-	19,130	48	651	6	479	20,314
Exchange adjustments	匯兌調整	-	(2)	2	(3)	(3)	-	(6)
At 31st March, 2006 and 1st April, 2006	於二零零六年三月三十一日及 二零零六年四月一日	1,520	23,517	355	1,451	1,046	707	28,596
Additions	添置	-	14	32	226	39	-	311
Exchange adjustments	匯兌調整	-	-	8	-	1	3	12
At 31st March, 2007	於二零零七年三月三十一日	1,520	23,531	395	1,677	1,086	710	28,919
ACCUMULATED DEPRECIATION	累計折舊							
At 1st April, 2005	於二零零五年四月一日	209	3,408	162	358	567	65	4,769
Charge for the year	年度撥備	61	2,454	68	268	201	102	3,154
Exchange adjustments	匯兌調整	-	(1)	1	(1)	(1)	-	(2)
At 31st March, 2006 and 1st April, 2006	於二零零六年三月三十一日及 二零零六年四月一日	270	5,861	231	625	767	167	7,921
Charge for the year	年度撥備	61	3,881	45	293	88	136	4,504
Exchange adjustments	匯兌調整	-	-	6	-	1	1	8
At 31st March, 2007	於二零零七年三月三十一日	331	9,742	282	918	856	304	12,433
NET CARRYING VALUES	賬面淨值							
At 31st March, 2007	於二零零七年三月三十一日	1,189	13,789	113	759	230	406	16,486
At 31st March, 2006	於二零零六年三月三十一日	1,250	17,656	124	826	279	540	20,675

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15. PROPERTY, PLANT AND EQUIPMENT (continued)

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

Buildings	4%
Machinery and equipment	20%
Office equipment	20%
Computer equipment	20%
Furniture and fixtures	20%
Motor vehicles	20%

16. PREPAID LEASE PAYMENTS

The prepaid lease payments represent leasehold land in Hong Kong held under medium-term leases and are analysed for reporting purposes as:

Non-current asset	非流動資產
Current asset	流動資產

17. AVAILABLE-FOR-SALE INVESTMENT

Listed equity securities outside Hong Kong, at fair value	於香港以外之上市股本證券，按公平值
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The fair value has been determined by reference to the bid prices quoted in active market.

15. 物業、廠房及設備(續)

以上的物業、廠房及設備按直線法計算折舊年率如下：

樓宇	4%
機器及設備	20%
辦公室設備	20%
電腦設備	20%
傢俬及裝置	20%
汽車	20%

16. 預付租賃款項

預付租賃款項指位於香港之中期租賃土地，其分析如下：

2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
799	820
20	20
819	840

17. 可供出售投資

2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
1,103	3,651

公平值乃參考活躍市場所報之買盤價而釐定。

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17. AVAILABLE-FOR-SALE INVESTMENT (continued)

The Group's available-for-sale investment that is denominated in currencies other than the functional currency of the relevant group entities is as follows:

Japanese Yen ("JPY") 日圓

18. INVESTMENT IN CONVERTIBLE NOTE

Unlisted convertible note, at fair value 非上市可換股票據，按公平值

At 31st March, 2007, the Group held convertible note with a principal amount of HK\$1,170,000 (2006: HK\$1,170,000) which was issued by an unlisted company. The convertible note carries interest at 16% per annum and confers rights to the holder to convert the whole or part of the outstanding principal amount into shares of that company at a conversion price, representing the higher of (1) the net asset value per share of the issuer with reference to its latest audited accounts of the issuer for the time being, and (2) the nominal amount of an issuer share, per share in the defined period.

The convertible note can only be redeemed by the issuer at its face value together with all interest accrued thereon (if any) up to and including the date of repayment in December 2010, the 5th anniversary of the date of issue of the note.

Subsequent to the balance sheet date, the Group redeemed the convertible note at its carrying value.

17. 可供出售投資 (續)

本集團可供出售投資中按照有關集團公司功能貨幣以外之其他貨幣列賬的款項如下：

2007 二零零七年 '000 千元	2006 二零零六年 '000 千元
<u>15,078</u>	<u>55,398</u>

18. 可換股票據投資

2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
<u>1,170</u>	<u>1,170</u>

於二零零七年三月三十一日，本集團持有一間非上市公司發行而本金額為1,170,000港元（二零零六年：1,170,000港元）之可換股票據。有關可換股票據按16厘之年利率計息，其持有人有權於指定期間內按換股價將全部或部份未償還本金額轉換為該公司之股份。換股價為以下兩者之較高者：(1)參考發行人其時之最新經審核賬目而訂出之發行人每股資產淨值；及(2)發行人股份之面值。

發行人如要贖回可換股票據，則必須支付可換股票據之面值以及可換股票據直至及包括二零一零年十二月內的還款日期（即票據發行日期後之第五週年）為止之全部累計利息（如有）。

於結算日後，本集團以賬面值贖回該可換股票據。

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19. INVENTORIES

Consumables and spare parts	消耗品及零部件
Machinery under installation	正安裝之機器

Included in above were consumables and spare parts of approximately HK\$1,334,000 (2006: HK\$198,000) which are carried at net realisable value.

20. TRADE AND BILLS RECEIVABLES

The Group has a policy of allowing credit period ranging from three to twelve months to its trade customers. In addition, for certain customers with long-established relationship and good past repayment histories, a longer credit period may be granted, such as the balance of the contract sum being paid by way of installments over a period of up to 18 months.

An aged analysis of trade receivables is as follows:

Within 30 days	30日內
Between 31 to 60 days	31日至60日
Between 61 to 90 days	61日至90日
Between 3 to 6 months	三至六個月
Between 6 to 12 months	六至十二個月
Over 1 year but not more than 2 years	逾一年但不超過兩年
Over 2 years	逾兩年

Less: Impairment loss recognised 減：呆壞賬撥備

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19. 存貨

2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
8,902	4,910
—	20,379
8,902	25,289

上述包括消耗品及零部件約1,334,000港元(二零零六年：198,000港元)乃以可變現淨值列賬。

20. 應收貿易賬款及應收票據

本集團一般給予其貿易客戶之信貸期介乎三至十二個月不等。此外，若干已建立長期合作關係及擁有良好還款記錄之客戶將獲給予較長之信貸期，例如合約款項餘額可於18個月內分期支付。

應收賬款的賬齡分析如下：

2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
14,549	8,793
1,000	45,203
6,086	1,194
3,957	1,490
36,452	27,906
29,686	85,411
76,830	15,040
168,560	185,037
(107,450)	(41,493)
61,110	143,544

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20. TRADE AND BILLS RECEIVABLES (continued)

The Group's trade receivables that are denominated in currencies other than the functional currency of the relevant group entities before the impairment loss recognised are as follows:

United States Dollar ("USD")	美元
Euro ("EUR")	歐元
Swiss Franc ("CHF")	瑞士法郎
British Pound ("GBP")	英鎊
Renminbi ("RMB")	人民幣
Malaysian Ringgit ("MYR")	馬幣
Japanese Yen ("JPY")	日圓
Taiwan Dollar ("NTD")	台幣

21. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Included in other receivables, deposits and prepayments is an amount of approximately HK\$14,962,000 (2006: HK\$9,501,000) in respect of deposits paid for provision of engineering systems contracting services, and approximately HK\$220,000 (2006: Nil) in respect of interest receivable from a director as disclosed in note 35(a).

22. AMOUNTS DUE FROM CUSTOMERS FOR CONTRACT WORK

Contracts in progress at the balance sheet date:	於結算日的在建工程：
Contract costs incurred to date plus recognised profits less recognised losses	迄今為止已產生的工程成本 另加已確認溢利減 已確認虧損
Less: Progress billings	減：進度付款
Represented by:	代表：
Amounts due from customers for contract work including engineering systems contracting service	應收客戶合約工程款項， 其中包括提供 工程系統承包服務

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20. 應收貿易賬款及應收票據(續)

本集團應收貿易賬款及應收票據中(未計減值損失前)按照有關集團公司功能貨幣以外之其他貨幣列賬的款項如下：

2007 二零零七年 '000 千元	2006 二零零六年 '000 千元
5,040	5,648
11,162	12,917
2	2
6	-
9	-
3	3
-	133,187
12,520	-

21. 其他應收款、按金及預付款項

列入其他應收款、按金及預付款項的款額約14,962,000港元(二零零六年：9,501,000港元)，乃就提供工程系統承包服務而支付的按金和約有220,000港元(二零零六年：無)，乃向一名董事的應收利息，詳情見附註35(a)。

22. 應收客戶合約工程款項

2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
-	3,866
-	(3,124)
-	742
-	742

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23. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

Included in bank balances and cash are the following amounts which are subject to foreign exchange control regulations or not freely transferable:

Amounts denominated in:

RMB

MYR

列值：

人民幣

馬幣

Pledged bank deposits/bank balances comprise short-term bank deposits of approximately HK\$51,086,000 (2006: HK\$43,432,000) at prevailing interest rate or at fixed interest rates ranging from 3.0% to 4.05% (2006: 1.4% to 3.75%).

24. TRADE AND BILLS PAYABLES

An aged analysis of the trade creditors is as follows:

Within 30 days	30日內
Between 31 to 60 days	31日至60日
Between 61 to 90 days	61日至90日
Between 3 to 6 months	三至六個月
Between 6 to 12 months	六至十二個月
Over 1 year but not more than 2 years	逾1年但不超過2年
Over 2 years	逾2年

23. 已抵押銀行存款／銀行結存及現金

銀行結存及現金包括受外匯管制規限以及不得自由轉讓的款項如下：

2007 二零零七年 '000 千元	2006 二零零六年 '000 千元
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1,326

254

914

551

已抵押銀行存款／銀行結存及現金包括短期銀行存款約51,086,000港元(二零零六年：43,432,000港元)按已定息率幅度由3.0%至4.05%(二零零六年：1.40%至3.75%)。

24. 應付貿易賬款及應付票據

應付賬款的賬齡分析如下：

2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
11,357	7,470
264	39,892
12,620	2,497
2,827	4,570
16,744	10,496
14,829	20,262
3,044	1,948
61,685	87,135

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24. TRADE AND BILLS PAYABLES (continued)

The average credit period granted by the Group's suppliers was ranging from three to twelve months.

The Group's trade payables that are denominated in currencies other than the functional currency of the relevant group entities are as follows:

EUR	歐元
USD	美元
RMB	人民幣
JPY	日圓
Swedish Krona ("SEK")	瑞典克郎
NTD	台幣

25. OTHER PAYABLES AND ACCRUED CHARGES

Included in other payables and accrued charges is amount of HK\$17,035,000 (2006: HK\$36,727,000) in respect of deposits received for provision of engineering systems contracting services.

26. BANK BORROWINGS

Bank borrowings comprise the following: 銀行借貸包括下列：

Bank loans	銀行貸款
Mortgage loan	按揭貸款
Trust receipt loans	信託收據貸款

Analysed as:	分析：
Secured	有抵押
Unsecured	無抵押

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24. 應付貿易賬款及應付票據(續)

本集團供應商平均授予三至十二個月之信用期。

本集團應付賬款中按照有關集團公司功能貨幣以外之其他貨幣列賬的款項如下：

2007 二零零七年 '000 千元	2006 二零零六年 '000 千元
1,786	4,306
2,682	799
137	13
347,478	495,249
-	51
25	1,263

25. 其他應付款及應計費用

列入其他應付款及應計費用的款額 17,035,000 港元 (二零零六年：36,727,000 港元) 為就提供工程系統承包服務而收取的按金。

26. 銀行借貸

2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
19,200	19,153
-	207
12,506	18,268
31,706	37,628
31,706	17,307
-	20,321
31,706	37,628

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26. BANK BORROWINGS (continued)

The Group's borrowings that are denominated in currencies other than the functional currencies of the relevant group entities are as follows:

USD	美元
EUR	歐元
SGD	新加坡元
GBP	英鎊
JPY	日圓

The bank borrowings carry floating-rate interest ranging from 5.20% to 6.52% (2006: 4.50% to 7.25%) per annum.

During the year, in respect of a bank loan with a carrying amount of HK\$5,288,000 as at 31st March, 2007, the Group breached certain of the terms of the bank loan, which are primarily related to the tangible net worth of the Group. On discovery of the breach, the directors of the Company informed the lender and commenced a renegotiation of the terms of the loan with the relevant banker. Subsequent to 31st March, 2007, the lender has agreed to waive its right to demand immediate payment and the balances have been fully settled by the date of these consolidated financial statements.

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26. 銀行借貸(續)

本集團銀行借貸中按照有關集團公司功能貨幣以外之其他貨幣列賬的款項如下：

2007 二零零七年 '000 千元	2006 二零零六年 '000 千元
861	422
380	218
—	2,000
5	—
26,000	81,500

5.20%銀行借貸屬浮息借貸，其年利率介乎6.52%至6.52%(二零零六年：4.5%至7.25%)。

於年度內，本集團違反一筆銀行貸款若干有關於對本集團淨資產值要求之條款，於二零零七年三月三十一日有關銀行貸款的賬面值為5,288,000港元。本公司董事發覺上述事情已通知有關銀行，並跟有關銀行重新洽談貸款條款。二零零七年三月三十一日之後，有關銀行同意放棄要求立即償還款項的權利，而於本綜合財務報表公佈日期，有關結欠餘額已清還。

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27. SHARE CAPITAL

27. 股本

		31st March, 2007		31st March, 2006	
		二零零七年三月三十一日		二零零六年三月三十一日	
		Number of shares 股份數目	HK\$'000 千港元	Number of shares 股份數目	HK\$'000 千港元
Authorised ordinary shares of HK\$0.10 each	每股面值0.10港元 之法定普通股				
At beginning of the year	年初	1,000,000,000	100,000	3,500,000	350
Creation of shares on 18th May, 2005	於二零零五年五月 十八日增添股份	-	-	996,500,000	99,650
At end of the year	年終	<u>1,000,000,000</u>	<u>100,000</u>	<u>1,000,000,000</u>	<u>100,000</u>
Issued and fully paid ordinary shares of HK\$0.10 each	每股面值0.10港元 之已發行及繳足普通股				
At beginning of the year	年初	300,000,000	30,000	1	1
Issue of shares on 18th May, 2005 (Note a)	於二零零五年五月十八日 發行股份(附註a)	-	-	149,999,999	14,999
Issue of shares on 7th June, 2005 (Note b)	於二零零五年六月七日 發行股份(附註b)	-	-	75,000,000	7,500
Issue of shares on 8th June, 2005 (Note c)	於二零零五年六月八日 發行股份(附註c)	-	-	75,000,000	7,500
Exercise of share options (Note d)	行使購股權(附註d)	8,208,000	821	-	-
Issue of shares on 26th February, 20 07 (Note e)	於二零零七年二月 二十六日發行股份 (附註e)	30,000,000	3,000	-	-
At end of the year	年終	<u>338,208,000</u>	<u>33,821</u>	<u>300,000,000</u>	<u>30,000</u>

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27. SHARE CAPITAL (continued)

Notes:

- (a) On 18th May, 2005, an aggregate of 149,999,999 shares were issued and allotted to Polestar, at the direction of Mr. Chang Ei Eu ("Mr. Chang") and Ms. Hsieh Ming Chiu ("Ms. Hsieh"), as consideration for the transfer of the entire issued share capital of Excellent Overseas to the Company and Mr. Chang transferred to Polestar the subscriber share in the Company. In consideration of Mr. Chang's transfer of the subscriber share and his and Ms. Hsieh's direction for the allotment and issue of 149,999,999 shares to Polestar as aforesaid, Polestar allotted and issued 7 shares and 2 shares of US\$1 each to Mr. Chang and Ms. Hsieh respectively.
- (b) On 7th June, 2005, 75,000,000 shares were capitalised and issued to Polestar.
- (c) On 8th June, 2005, 75,000,000 new shares of the Company of HK\$0.10 each were issued at HK\$0.88 per share for cash through an initial public offering by way of placing and public offer.
- (d) During the year ended 31st March, 2007, an aggregate of 8,208,000 new shares of the Company were issued pursuant to Pre-IPO share option scheme at exercise price of HK\$0.65 per share.
- (e) On 26th February, 2007, 30,000,000 new shares of the Company were issued at HK\$1.05 per share for cash by way of placing.

All the above shares rank pari passu in all respect with other shares in issue.

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27. 股本(續)

附註：

- (a) 在二零零五年五月十八日，本公司按張翼宇先生(「張先生」)及謝明秋女士(「謝女士」)之指示，將合共149,999,999股股份發行及配發予Polestar，作為將Excellent Overseas之全部已發行股本轉讓予本公司之代價，而張先生則將本公司之認購人股份轉讓予Polestar。Polestar向張先生及謝女士分別配發及發行7股及2股每股面值1美元之股份，作為上文所述張先生轉讓認購人股份以及張先生及謝女士指示向Polestar配發及發行149,999,999股股份之代價。
- (b) 於二零零五年六月七日，75,000,000股股份乃撥充資本並發行予Polestar。
- (c) 二零零五年六月八日，本公司以配售及公開發售方式通過首次公開發售按每股0.88港元發行75,000,000股本公司每股面值0.10港元之新股，以換取現金。
- (d) 於二零零七年三月三十一日止年度內，本公司根據首次公開發售前購股權計劃發行總共8,208,000股新股份，行使價為每股0.65港元。
- (e) 於二零零七年二月二十六日，本公司以配售形式發行30,000,000股新股份，發行價為每股1.05港元。

上述所有股份與當時已發行股份在各方面享有同等權益。

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28. SHARE OPTION SCHEMES

Pre-IPO share option scheme

A pre-IPO share option scheme (the "Pre-IPO Share Option Scheme") was approved and adopted by the Company on 30th March, 2005.

The maximum number of shares which may be issued under the Pre-IPO Share Option Scheme shall be 15,000,000 shares. The Pre-IPO Share Option Scheme is not subject to any vesting condition precedent and the exercise period shall commence from the day following 6 months after 10th June, 2005 and end on 30th March, 2010 (both dates inclusive). Upon acceptance of the pre-IPO share option, each participant shall pay HK\$1 to the Company by way of consideration for the grant.

The exercise price is HK\$0.65 per share and there is no restriction on the number of pre-IPO share options granted under the Pre-IPO Share Option Scheme to any grantee.

Other share option scheme

Another share option scheme (the "Share Option Scheme") was approved and adopted by the Company on 20th May, 2005.

Under the Share Option Scheme, the Directors may, at their discretion, grant to any eligible person as defined under the Share Option Scheme to take up options to subscribe for shares of the Company at a subscription price to be determined by the Directors and notified to each grantee but in any case shall not be less than the higher of (1) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date on which the Directors approve the making of the offer for the grant option (the "Date Of Grant"), which must be a trading day; (2) the average of closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the Date Of Grant; or (3) the nominal value of a share. Upon acceptance of the share option, the grantee shall pay HK\$1 to the Company by way of consideration for the grant.

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28. 購股權計劃

首次公開發售前購股權計劃

本公司於二零零五年三月三十日批准及採納一項首次公開發售前購股權計劃（「首次公開發售前購股權計劃」）。

根據首次公開發售前購股權計劃而可能發行之股份最多為15,000,000股。首次公開發售前購股權計劃不受任何先決條件規限，其行使期將由二零零五年六月十日後六個月之日起至二零一零年三月三十日為止（包括首尾兩天）。接納首次公開發售前購股權後，各參與者須向本公司支付1港元作為獲授購股權之代價。

行使價為每股0.65港元，而任何承授人根據首次公開發售前購股權計劃可獲授的股份數目並無限制。

其他購股權計劃

本公司於二零零五年五月二十日批准及採納另一項購股權計劃（「購股權計劃」）。

根據購股權計劃，董事可酌情將購股權授予購股權計劃所界定之合資格人士，以按董事釐定並知會各承授人之認購價認購本公司股份，惟在任何情況下，認購價不得低於下列之較高者：(1)股份於董事批准提呈授出購股權日期（「授出日期」）（須為交易日）在聯交所每日報價表所載之收市價；(2)股份於緊接授出日期前五個交易日在聯交所每日報價表所載之平均收市價；或(3)股份面值。於接納購股權時，承授人須向本公司支付1.00港元作為獲授購股權之代價。

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28. SHARE OPTION SCHEMES (continued)

Other share option scheme (continued)

The total number of shares in respect of which options may be granted under the Share Option Scheme and any other share option schemes of the Company shall not exceed 30,000,000 shares, being 10% of the total number shares in issue as at the date of listing of the Company's shares unless separate approval is obtained. Details of the Share Option Scheme are set out in the prospectus dated 27th May, 2005 issued by the Company.

As at 31st March, 2007, there were no share options granted under the Share Option Scheme since its adoption.

Details of share options granted on 30th March, 2005 pursuant to the Pre-IPO Share Option Scheme and outstanding as at 31st March, 2006 and 2007 are as follows:

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28. 購股權計劃(續)

其他購股權計劃(續)

除非另行取得批准，否則根據購股權計劃及本公司任何其他購股權計劃可能授出之購股權所涉及之股份總數不得超過30,000,000股，相當於本公司股份上市日期已發行股份總數之10%。有關購股權計劃之詳情已載於本公司於二零零五年五月二十七日刊發售股章程內。

於二零零七年三月三十一日，概無根據購股權計劃授出任何購股權。

於二零零五年三月三十日根據首次公開發售前購股權計劃授出的首次公開發售前購股權詳情及於二零零七年及二零零六年三月三十一日結餘如下：

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28. SHARE OPTION SCHEMES (continued)

Other share option scheme (continued)

Exercisable period	Exercise price	Balance at	Exercised during the year	Balance at
		1st April 2005, 31st March 2006 and 1st April, 2006		31st March, 2007
可行使期	行使價	於二零零五年四月一日、二零零六年三月三十一日及二零零六年四月一日	年度內行使	於二零零七年三月三十一日
Director 董事				
11th December, 2005 to 30th March, 2010 二零零五年十二月十一日至二零零六年三月三十日	0.65	1,720,000	-	1,720,000
Employees 僱員				
11th December, 2005 to 30th March, 2010 二零零五年十二月十一日至二零零六年三月三十日	0.65	13,280,000	(8,208,000)	5,072,000
		<u>15,000,000</u>	<u>(8,208,000)</u>	<u>6,792,000</u>

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29. DEFERRED TAX LIABILITIES

The deferred tax liability recognised by the Group represents the excess of tax allowances over depreciation, and movements thereon during the year are as follows:

	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
At beginning of the year (Credit) charge to consolidated income statement	年初 年內計入綜合損益表 之支出(抵免)	
	653	172
	(423)	481
At end of the year	年末	
	230	653

At the balance sheet date, the Group has unused tax losses of approximately HK\$600,000 (2006: HK\$7,032,000) available to offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. Pursuant to the relevant laws and regulations in the PRC, all unused tax losses will be expired in 2011.

30. PLEDGE OF ASSETS

At the balance sheet date, the bank credit facilities of the Group were secured by the followings:

	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Bank deposits	銀行存款	6,750
Property, plant and equipment	物業、廠房及設備	1,991
Trade receivables	應收貿易賬	-
	8,741	9,048

29. 遞延稅項

本集團已確認的遞延稅項負債相等於稅項撥備超逾折舊的部份，其於本年度內的變動如下：

	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
於結算日，本集團之未動用稅務虧損約 600,000 港元 (二零零六年：7,032,000 港元) 可用作抵銷未來溢利。由於未能應計將來之溢利，因此並無確認遞延稅項資產。而根據中國之有關法規，所有未動用稅務虧損將於 2011 年失效。	653	172
	(423)	481
於結算日，本集團之未動用稅務虧損約 600,000 港元 (二零零六年：7,032,000 港元) 可用作抵銷未來溢利。由於未能應計將來之溢利，因此並無確認遞延稅項資產。而根據中國之有關法規，所有未動用稅務虧損將於 2011 年失效。	230	653

於結算日，本集團之未動用稅務虧損約 600,000 港元 (二零零六年：7,032,000 港元) 可用作抵銷未來溢利。由於未能應計將來之溢利，因此並無確認遞延稅項資產。而根據中國之有關法規，所有未動用稅務虧損將於 2011 年失效。

30. 資產抵押

於結算日，本集團之信貸備用額乃以下列各項作抵押：

	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
於結算日，本集團之信貸備用額乃以下列各項作抵押：	6,750	6,750
	1,991	2,091
	-	207
	8,741	9,048

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33. EMPLOYEE RETIREMENT BENEFITS

Effective 1st December, 2000, the operating subsidiaries in Hong Kong joined a MPF Scheme for all employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Schemes Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rule of the MPF Scheme, the employer and its employees are each required to make contributions to the MPF Scheme at rates specified in the rules. The obligation of the Group with respect of the MPF Scheme is to make the required contributions under the MPF Scheme. No forfeited contribution is available to reduce the contributions payable in future years.

The employees of Linfair Engineering (Malaysia) Sdn. Bhd., a subsidiary of the Company, are members of a state-managed retirement benefit scheme operated by the Malaysia Government. The subsidiary is required to make contributions to the Employees Provident Fund ("EPF") at rates specified in the rules of EPF. The obligation of the Group with respect to EPF is to make the required contribution.

Employees located in the PRC are covered by the retirement and pension schemes defined by local practice and regulations and which are essentially defined contribution schemes.

33. 僱員退休福利

本集團在香港營運的附屬公司自二零零零年十二月一日起為香港全體僱員加入強積金計劃。強積金計劃根據強制性公積金計劃條例在強制性公積金計劃管理局註冊。強積金計劃的資產與本集團的資產分開持有，並由獨立基金受託人管理。根據強積金計劃的規則，僱主及其僱員須各自按規則所指定的比率向強積金計劃供款。本集團於強積金計劃的責任是根據強積金計劃規定作出的供款。本集團並無任何沒收供款可用以減少日後應付的供款。

本公司附屬公司Linfair Engineering (Malaysia) Sdn. Bhd.的僱員乃由馬來西亞政府運作的國家監管退休福利計劃的成員。該附屬公司須根據僱員公積金計劃（「僱員公積金計劃」）的規則所指定的比率向僱員公積金計劃供款。本集團於僱員公積金計劃的責任是作出所規定的供款。

中國僱員均參與當地慣例及規例所界定之退休及養老金計劃，而該等計劃基本上乃屬遞延供款計劃。

	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Retirement benefit contribution made during the year	482	276
年度內作出的退休福利計劃供款	482	276

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34. PARTICULARS OF SUBSIDIARIES

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

Name of subsidiary 附屬公司名稱	Place and date of incorporation/ operation 註冊成立/ 營業地點及日期	Registered capital/ issued and fully paid share capital 已註冊股本/ 已發行及繳足股本	Proportion of nominal value of issued capital held by the Group 本公司所持 已發行股本面值比重	Principal activities 主要業務
Excellent Overseas Limited ¹	British Virgin Islands 18th July, 2001 英屬處女群島 二零零一年七月十八日	Ordinary share US\$1 普通股1美元	100%	Investment holding 投資控股
Linfair Engineering (Beijing) Co. Ltd. ^{2,4} 福茂展業科技(北京)有限公司	PRC 25th November, 2004 中華人民共和國(「中國」) 二零零四年十一月二十五日	Registered capital HK\$1,000,000 註冊股本1,000,000港元	100%	Provision of installation and maintenance services 提供安裝及保養服務
Linfair Engineering (Shenzhen) Co. Ltd. ^{3,4} 福茂電子系統(深圳)有限公司	PRC 16th September, 2004 中華人民共和國(「中國」) 二零零四年九月十六日	Registered capital HK\$1,000,000 註冊股本1,000,000港元	100%	Provision of installation and maintenance services 提供安裝及保養服務
Linfair Engineering (Malaysia) Sdn. Bhd.	Malaysia 19th September, 2004 馬來西亞 二零零四年九月十九日	Ordinary share RM1,500,000 普通股1,500,000馬元	100%	Provision of installation and maintenance services 提供安裝及保養服務
LEC	Samoa 9th November, 2001 薩摩亞 二零零一年九月十九日	Ordinary share US\$1 普通股1美元	100%	Provision of engineering systems contracting service and sales of related spare parts 提供工程系統承包服務 以及銷售相關消耗品及 零部件

34. 附屬公司資料

於二零零七年三月三十一日本公司附屬公司之詳情如下：

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34. PARTICULARS OF SUBSIDIARIES (continued)

34. 附屬公司資料 (續)

Name of subsidiary 附屬公司名稱	Place and date of incorporation/ operation 註冊成立/ 營業地點及日期	Registered capital/ issued and fully paid share capital 已註冊股本/ 已發行及繳足股本	Proportion of nominal value of issued capital held by the Group 本公司所持 已發行股本面值比重	Principal activities 主要業務
Linfair Engineering Service Company Limited	British Virgin Islands 9th August, 2001 英屬處女群島 二零零一年八月九日	Ordinary share US\$1 普通股1美元	100%	Inactive 暫無營業
Linfair Engineering (H.K.) Co., Limited ("LEH")	Hong Kong 9th November, 1991 香港 一九九一年十一月九日	Ordinary share HK\$10,000,000 普通股10,000,000港元	100%	Provision of engineering systems contracting service and sales of related consumables and spare parts 提供工程系統承包服務以及銷售相關消耗品及零部件
Linfair Engineering (Singapore) Pte. Limited	Singapore 12th January, 2004 新加坡 二零零四年一月十二日	Ordinary share SG\$100,000 普通股100,000坡元	100%	Inactive 暫無營業
Linfair Capital Limited	Hong Kong 24th June, 2005 香港 二零零五年六月二十四日	Ordinary shares HK\$1,000 普通股1,000港元	100%	Investment holding 投資控股
Linfair Engineering (Macau) Company Limited	Macau 15th February, 2006 澳門 二零零六年二月十五日	Ordinary shares MOP1,000,000 普通股1,000,000葡幣	100%	Provision of engineering systems contracting service and sales of related consumables and spare parts 提供工程系統承包服務以及銷售相關消耗品及零部件

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34. PARTICULARS OF SUBSIDIARIES (continued)

Name of subsidiary 附屬公司名稱	Place and date of incorporation/ operation 註冊成立/ 營業地點及日期	Registered capital/ issued and fully paid share capital 已註冊股本/ 已發行及繳足股本
Power High Limited	British Virgin Islands 8th February, 2007 英屬處女群島 二零零七年二月八日	Ordinary shares US\$1 普通股1美元
Nation Resources Limited	Hong Kong 1st February, 2007 香港 二零零七年二月一日	HK\$100 100港元

- ¹ directly held by the Company
² a wholly foreign owned enterprise established in Beijing, PRC
³ a wholly foreign owned enterprise established in Shenzhen, PRC
⁴ the English names are for identification purposes only

34. 附屬公司資料 (續)

Proportion of nominal value of issued capital held by the Group 本公司所持 已發行股本面值比重	Principal activities 主要業務
--	------------------------------

100%	Investment holding 投資控股
100%	Inactive 暫無營業

- ¹ 由本公司直接持有
² 於中國北京成立的外商獨資企業
³ 於中國深圳成立的外商獨資企業
⁴ 英文名稱僅供識別

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35. RELATED PARTY TRANSACTIONS

- (a) During the year ended 31st March, 2007, the Group advanced a total of HK\$15,696,979 (2006: HK\$28,135,088) to a director, Ms. Hsieh Ming Chiu and Linfair Technology Limited ("Linfair Technology"), of which is 90% owned by Ms. Hsieh Ming Chiu and 10% owned by her associate. The maximum amounts outstanding during the year ended 31st March, 2007 is HK\$2,805,754 (2006: HK\$8,500,000). In September 2007, Ms. Hsieh and Linfair Technology agreed to pay a fee of approximately HK\$220,000 to the Group in respect of the provision of the advances during the past three financial years ended 31 March, 2005, 2006 and 2007. Such fee was calculated based on a rate, being the highest borrowing costs of the Group in that year (2005: 4.50% per annum; 2006: 7.25% per annum; and 2007: 6.52% per annum) plus 1% per annum and has been fully received subsequent to the balance sheet date.

- (b) During the year ended 31st March, 2007, the Group rented a warehouse from 福茂國際股份有限公司, of which Ms Hsieh Ming Chiu and Mr. Chang Eu Ei and their children jointly own 90.9% equity interest, at nil consideration (2006: Nil).

35. 關連交易

- (a) 於截至二零零七年三月三十一日止年度，本集團墊款予一名董事謝明秋女士及Linfair Technology Limited（「Linfair Technology」）合共15,696,979港元（二零零六年：28,135,088港元）。謝明秋女士及她的一名聯繫人士分別擁有Linfair Technology 90%及10%權益。於截至二零零七年三月三十一日止年度，彼方結欠之最高金額為2,805,754港元（二零零六年：8,500,000港元）。二零零七年九月，謝女士與Linfair Technology同意就本集團於截至二零零五年、二零零六年及二零零七年三月三十一日止過去三個財政年度提供墊款而向本集團支付約220,000港元之費用。有關費用乃根據一比率（即本集團於有關年度之最高借貸成本（二零零五年：年利率為4.50厘；二零零六年：年利率為7.25厘；及二零零七年：年利率為6.52厘）再加1厘之年利率）計算。有關費用乃根據一比率（即本集團於有關年度之最高借貸成本（二零零五年：年利率為4.50厘；二零零六年：年利率為7.25厘；及二零零七年：年利率為6.52厘）再加1厘之年利率）計算，本集團已於結算日後全數收取有關費用。

- (b) 於截至二零零七年三月三十一日止年度，本集團向福茂國際股份有限公司免費（二零零六年：免費）借用貨倉，謝明秋女士、張翼宇先生與彼等子女合共擁有福茂國際股份有限公司90.9%之權益。

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截至二零零七年三月三十一日止年度

35. RELATED PARTY TRANSACTIONS (continued)

(c) During the year, LEH has provided engineering systems contracting services amounted to about HK\$730,000 to Hapworld SDL Ltd. ("Hapworld"), a company incorporated in Hong Kong. A sister of Mr. Chang Ei Eu is a director of and holds about 20% interest in Hapworld.

(d) Compensation of key management personnel

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

Short-term benefits	短期福利
Post-employment benefits	僱用後之福利

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

35. 關連交易 (續)

(c) 於年度內，LEH向一家香港成立的公司Hapworld SDL Ltd. (「Hapworld」)提供工程系統承包服務合共約730,000港元。張翼宇先生的妹妹乃Hapworld之一名董事，擁有Hapworld約20%權益。

(d) 主要管理人員之薪酬

於年度內，董事及其他主要管理人員之薪酬如下：

2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
2,520	1,573
24	24
<u>2,544</u>	<u>1,597</u>

董事及其他主要管理人員之薪酬由薪酬委員會根據個別表現和市場趨勢釐定。

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截至二零零七年三月三十一日止年度

36. POST BALANCE SHEET EVENTS

Subsequent to the balance sheet date:

- (i) On 27th April, 2007, the over-allotment option granted by the Company to Quam Securities Company Limited (the "Placing Agent") pursuant to the placing agreement signed on 6th February, 2007 was exercised in full. Accordingly, 30 million new shares at the placing price of HK\$1.05 per placing shares have been placed by the Placing Agent under the placing as stated in note 27(e) to professional, institutional and/or private investors, all of whom are independent of and not connected with the directors, chief executive or substantial shareholders of the Company and of its subsidiaries or any associates of them.
- (ii) On 18th June, 2007, the Company, Polestar Assets Limited (the "Vendor") and the Placing Agent entered into the placing agreement (the "Placing Agreement") and the Vendor and the Company entered into the conditional agreement in relation to the subscription for the new shares up to 50 million (the "Subscription Agreement"). Pursuant to the Placing Agreement, the Placing Agent has agreed to procure, on a best effort basis, purchase for up to 50 million existing ordinary shares of par value HK\$0.10 each in the capital of the Company ("Tranche 1 Placing Shares") held by the Vendor (with unlisted transferable warrants to be constituted by an instrument by way of deed poll to be executed by the Company and to be issued in units of HK\$3.30 each entitling holders to subscribe for fully paid shares at the initial exercise price of HK\$3.30 per share (subject to adjustment) ("Warrants"), if applicable). Subject to the fulfillment or waiver (as applicable) of the conditions precedent for placing of up to 100 million new shares issuable by the Company ("Tranche 2 Placing") (with Warrants) pursuant to the Placing Agreement, Warrants will then be issued to the placees to whom the Tranche 1 Placing Shares have successfully been placed. Accordingly, the placement of the Tranche 1 Placing Shares may or may not be accompanied by Warrants issuable to the placees subsequent to the completion of the Tranche 1 Placing.

36. 結算日後事項

於結算日後：

- (i) 本公司根據二零零七年二月六日簽訂的配售協議而向華富嘉洛證券有限公司(「配售代理」)所授予之超額配股權已經於二零零七年四月二十七日獲全數行使。據此，配售代理根據配售事項以每股1.05港元配額外30,000,000股新股份(如附註27(e)所載)予專業、機構及／或私人投資者，彼等全部均將獨立於本公司或其任何附屬公司之董事、最高行政人員或主要股東或彼等中任何人士之任何聯繫人士，與彼等亦概無關連。
- (ii) 於二零零七年六月十八日，本公司、Polestar Assets Limited(「賣方」)及配售代理訂立配售協議(「配售協議」)，賣方亦與本公司訂立有條件性認購協議，認購最多50,000,000股新股份(「認購協議」)。根據配售協議，配售代理同意按盡力而為基準促使買方認購由賣方持有之最多50,000,000股每股面值0.10港元之本公司股份(「第一批配售股份」)(並配以本公司將以平邊契據方式簽訂之文據組成並以每股3.30港元為單位發行之非上市可轉讓認股權證，賦予其持有人權利，可按初步行使價每股3.30港元(可予調整)認購繳足股份)(「認股權證」)。待本公司配售最多100,000,000股新股份(「第二批配售股份」)(配以認股權證)條件獲達成或獲豁免(如適用)後，認股權證屆時將發行予已成功獲配售第一批配售股份之承配人。據此，根據第一批配售股份在完成第一批配售之後，可能會或者不會獲配發行認股權證。

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綜合財務報表附註

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36. POST BALANCE SHEET EVENTS (continued)

(ii) (continued)

On 22nd August, 2007, the subscription of 50 million shares by the Vendor pursuant to the Subscription Agreement at HK\$2.0 per share was completed.

On 28th September, 2007, the Company and the Placing Agent agreed in writing to extend the long stop date for the Tranche 2 Placing to 31st December, 2007. All other provisions of the Placing Agreement have remained unchanged.

On 31st December, 2007 the Company and the Placing Agent agreed in writing further extend the long stop date for the Tranche 2 Placing to 31st March, 2008. All other provisions of the Placing Agreement have remained unchanged.

(iii) On 7th December, 2007, the Company and Citywin Pacific Limited ("Citywin") entered into an agreement in relation to the acquisition of the entire equity interest in Qingdao Yongxinhui Mining Company Limited ("Acquisition Agreement"). Also, the Company entered into an agreement for the provision of services in relation to the mining business by Citywin to the Company. The aggregate consideration for the acquisition is HK\$130 million, which was satisfied by the Company as a) a deposit of HK\$10 million in cash had been paid to Citywin upon signing of the Acquisition Agreement; b) a further installment of HK\$20 million in cash shall be payable to Citywin upon completion of the acquisition; and c) HK\$100 million shall be satisfied by the issue of the convertible bond to Citywin (or such other person as it may direct in writing) upon completion. On 25th February, 2008, the Acquisition Agreement (including the issue of the convertible bonds and conversion shares) and the Service Agreement (including the issue of the Subscription shares) were duly passed by the shareholders by way of poll.

36. 結算日後事項 (續)

(ii) (續)

認購事項已於二零零七年八月二十二日完成，賣方根據認購協議以每股2.0港元認購50,000,000股新股份。

本公司與配售代理已於二零零七年九月二十八日以書面方式同意將第二批配售之最後完成日期延至二零零七年十二月三十一日。配售協議之所有其他條款維持不變。

本公司與配售代理於二零零七年十二月三十一日以書面方式協定，將第二批配售之最後完成日期進一步延展至二零零八年三月三十一日。配售協議之所有其他條款維持不變。

(iii) 於二零零七年十二月七日，本公司與Citywin(「Citywin」)訂立協議收購青島永鑫匯礦業有限公司全部股份權益(「收購協議」)。本公司亦與Citywin訂立服務協議，由Citywin向本公司提供與鐵礦開採業務有關之服務。收購協議的總代價為130,000,000港元，(a)首筆訂金10,000,000港元已經在簽署收購協議時由本公司以現金支付予Citywin；(b)代價餘額中，20,000,000港元之款項將於完成收購時以現金向Citywin支付；(c)100,000,000港元之款項則以可轉換債券向Citywin(或其書面指示之其他人士)支付。於二零零八年二月二十五日，收購協議(包括發行可換股債券及轉換股份)及服務協議(包括發行認購股份)已獲股東以投票表決方式通過。

FINANCIAL SUMMARY

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		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元 (restated) (重列)	2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元	2003 二零零三年 HK\$'000 千港元
RESULTS	業績					
Turnover	營業額	297,802	209,922	810,861	640,194	360,235
(Loss) profit before tax	除稅前(虧損)溢利	(82,829)	(19,536)	45,457	38,757	24,521
Income tax	稅項	(381)	67	(3,000)	(4,600)	(3,800)
(Loss) profit for the year	年度(虧損)溢利	(83,210)	(19,469)	42,457	34,157	20,721
(Loss) earnings per share	每股(虧損)溢利					
- basic	- 基本	(27.413) cents 仙	(6.808) cents 仙	18.870 cents 仙	15.180 cents 仙	9.209 cents 仙
- diluted	- 攤薄	-	-	18.868 cents 仙	N/A 不適用	N/A 不適用
				As at 31st March, 於三月三十一日		
		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元 (restated) (重列)	2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元	2003 二零零三年 HK\$'000 千港元
ASSETS AND LIABILITIES	資產及負債					
Total assets	總資產	160,845	263,777	289,871	274,461	154,320
Total liabilities	總負債	(117,410)	(178,703)	(230,474)	(248,836)	(142,832)
Shareholders' funds	股東資金	43,435	85,074	59,397	25,625	11,488

FINANCIAL SUMMARY

For the year ended 31st March, 2007

財務概要

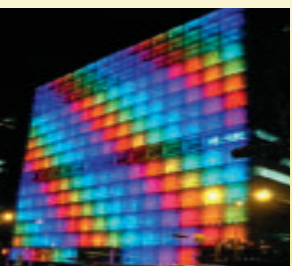
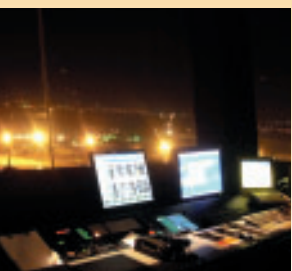
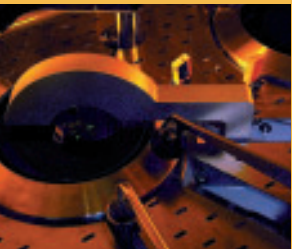
截至二零零七年三月三十一日止年度

Notes:

1. The Company was incorporated on 8th October, 2002 in the Cayman Islands and became the holding company of the Group with effect from 18th May, 2005 upon completion of the Reorganisation as set out in the Company's prospectus dated 27th May, 2005.
2. The results of the Group for the five years ended 31st March, 2007 and the balance sheets of the Group as at 31st March, 2003, 2004, 2005, 2006 and 2007 have been prepared using the principles of merger accounting. The financial summary for 2002, 2003 and 2004 are extracted from the Company's prospectus dated 27th May, 2005.
3. The above financial summary prior to 2005 has not been adjusted to take into account the effect on adoption of Hong Kong Financial Reporting Standards as the Directors consider that it is not practicable to do so.

附註：

1. 本公司於二零零二年十月八日在開曼群島註冊成立及於本公司完成企業重組時(即二零零五年五月十八日)成為本集團之控股公司，詳情載列於本公司日期為二零零五年五月二十七日之售股章程。
2. 截至二零零七年三月三十一日止五年之本集團業績及本集團於二零零三年、二零零四年、二零零五、二零零六年及二零零七年三月三十一日之資產負債表乃按合併會計之原則編製。二零零二年、二零零三年及二零零四年的財務概要乃摘錄自本公司於二零零五年五月二十七日刊發的售股章程。
3. 上列二零零五年前之財務概要並無為反映採納香港財務報告準則之影響而作出調整，蓋董事認為此舉並不可行。



LINFAIR HOLDINGS LIMITED
福茂控股有限公司

LINFAIR