



STARLITE
HOLDINGS LIMITED

星光集團有限公司

A Member of the Starlite Group
(Incorporated in Bermuda with limited liability)
(於百慕達註冊成立之有限公司)

STOCK CODE 股份代號: 403

ANNUAL REPORT
2006 年報



伙伴共享成長
Partnership • Sharing • Growth



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伙伴
分享
成長

Partnership - 為客戶提供伙伴式的貼身服務

Sharing - 為股東分享合理的利潤

Growth - 為員工提供持續成長的空間



CONTENTS

目錄

Corporate Information	4	公司資料
Chairman's Statement	6	主席報告
Chairman's Letter	18	主席函件
Financial Summary	20	財務摘要
Report of the Directors	22	董事會報告
Corporate Governance Report	36	企業管治報告
Management Profile	44	管理階層簡介
Auditors' Report	47	核數師報告
Consolidated Income Statement	49	綜合收益表
Balance Sheets	50	資產負債表
Consolidated Statement of Changes in Equity	52	綜合股東權益變動表
Consolidated Cash Flow Statement	53	綜合現金流量表
Notes to the Financial Statements	54	財務報表附註

Directors**Executive Directors**

Mr. Lam Kwong Yu, Chairman
Ms. Yeung Chui, Vice Chairman
Mr. Tai Tzu Shi, Angus, Senior Vice President
Mr. Cheung Chi Shing, Charles, Senior Vice President

Non-Executive Director

Mr. Christopher James Williams

Independent Non-Executive Directors

Mr. Chan Yue Kwong, Michael
Mr. Kwok Lam-Kwong, Larry, JP
Mr. Tam King Ching, Kenny

Company Secretary

Mr. Cheung Chi Shing, Charles

Auditors

PricewaterhouseCoopers
Certified Public Accountants
22nd Floor
Prince's Building
Central, Hong Kong

Solicitors

Richards Butler
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Chater Road, Central
Hong Kong

Registered Office

Canon's Court,
22 Victoria Street,
Hamilton HM12,
Bermuda

董事**執行董事**

林光如先生(主席)
楊翠女士(副主席)
戴祖璽先生(高級副總裁)
張志成先生(高級副總裁)

非執行董事

Christopher James Williams 先生

獨立非執行董事

陳裕光先生
郭琳廣太平紳士
譚競正先生

公司秘書

張志成先生

核數師

羅兵咸永道會計師事務所
香港執業會計師
香港中環
太子大廈22樓

律師

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Hamilton HM12,
Bermuda

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總辦事處及主要營業地點

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九龍新蒲崗
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善美工業大廈3樓

Share Registrars and Transfer Offices

Principal Registrars

Butterfield Fund Services (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke HM08
Bermuda

股票過戶登記處

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Hong Kong Registrars

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Hong Kong

香港股票過戶登記處

秘書商業服務有限公司
香港
皇后大道東28號
金鐘匯中心26樓

Principal Bankers

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

主要銀行

香港上海滙豐銀行有限公司
恒生銀行有限公司
中國銀行(香港)有限公司

Websites

<http://www.hkstarlite.com>
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<http://www.irasia.com/listco/hk/starlite>

Stock Code

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股票代號

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RESULTS

For the year ended 31st March, 2006, the Group recorded a turnover of approximately HK\$903 million, an increase of 6% compared with last year. Net profit attributable to shareholders decreased by 50% to approximately HK\$31 million.

The figures reflected the negative impact of a combination of unfavourable factors which hindered the Group's efforts in securing more sales and safeguarding its profit margins during the year. These unfavourable factors included higher oil prices, rising interest rates, and soaring operating costs in Mainland China, which significantly increased the Group's production and operating costs. At the same time, customers became more cautious in placing orders due to the weakening of consumer confidence; and customers demanded more competitive pricing for their orders in order to reduce their risks.

As explained in the sections below, whilst the management has taken measures to further enhance its cost efficiency to meet the challenges, some of the measures, including the Suzhou and Shaoguan initiatives, take time to achieve results. Meanwhile, the more intensified market competition made it difficult for the Group to pass on in full its additional costs to customers without affecting its sales.

An analysis of the Group's results for the year by principal product category is as follows:

業績

截至二零零六年三月三十一日止年度內，本集團錄得營業額約九億零三百萬港元，較去年度增長百分之六。股東應佔純利約為三千一百萬港元，下降百分之五十。

業績反映了整體營商環境的惡化。回顧年度內，多項不利因素滙成洪流，令集團的訂單拓展計劃受阻，邊際利潤受到衝擊。這些不利因素包括：油價上漲、利率飆升、內地經營成本大幅上升等，導致集團的生產與經營成本銳增。此外，鑑於消費者信心疲弱，客戶為求降低風險，在落單方面更為謹慎，訂單價格亦進一步偏軟。

如下文所述，管理層採取多項措施，進一步提高成本效益，應對挑戰。然而，部分措施(例如蘇州和韶關項目)需時彰顯效益。在此期間，由於市場競爭加劇，要把所有額外成本轉嫁予客戶而不影響營業額，存在著一定的困難。

集團年內之業績按主要產品類別分列如下：

		Turnover	Profit before
		營業額	除稅前溢利
		HK\$'000	HK\$'000
		千港元	千港元
Packaging materials, labels and paper products	包裝材料、標籤及紙類產品	864,992	48,921
Environmentally friendly products	環保產品	37,696	4,691
		<hr/>	<hr/>
		902,688	53,612
		<hr/>	<hr/>

DIVIDENDS

The Directors recommend a final dividend of HK1.5 cent (2005: HK2.5 cents) per share for the year ended 31st March, 2006 payable on Monday, 4th September, 2006 to shareholders whose names appear on the Register of Members on Friday, 18th August, 2006. Together with the interim dividend of HK1.5 cent (2005: HK1.5 cent) paid, full year dividends for the financial year would be HK3 cents per share (2005: HK4 cents).

BUSINESS REVIEW AND PROSPECTS

Three major challenges confronted the Group during the year under review, and in a way they were correlated to each other. First and foremost was the significant rise in production and operating costs. With higher oil prices and rising interest rates, costs of raw materials (in particular paper-based materials) and costs of funding increased substantially during the year. At the same time, operating costs including wages, electricity and other costs in Mainland China rose sharply due to increased competition for resources (including human resources) in the country.

As consumer confidence softened in the face of higher oil prices and rising interest rates, customers in general became more risk averse. To reduce their risks, customers demanded shorter delivery time and lower prices for their orders. This presented another formidable challenge to the Group. Due to the lack of pricing power across the value chain, Hong Kong/Mainland printing and packaging operators have been engaged in fierce competition for orders with low margins. With the emergence of countries such as India and Vietnam, competition became much stronger, and the local industry was in a dilemma as to whether to accept lower margins or lose sales. Moreover, due to the tight schedules imposed by customers, local operators had to bear the additional costs for subcontracting and airfreight to make delivery.

The third challenge was related to the strategic measures taken by the Group to meet the first two challenges. As part of the efforts to increase its sales and cost efficiency, in earlier years the Group expanded its revenue source and manufacturing base to Suzhou and subsequently Shaoguan. During the year under review, the Suzhou plant was engaged in its second phase of development while the Shaoguan plant was under construction. Both incurred initial development costs as well as additional human resources for management, operations and marketing,

股息

董事會建議向二零零六年八月十八日(星期五)名列股東名冊的股東，派發截至二零零六年三月三十一日止年度的末期股息每股港幣一點五仙(二零零五年：港幣二點五仙)，有關股息將於二零零六年九月四日(星期一)派發。連同已派發的中期股息每股港幣一點五仙(二零零五年：港幣一點五仙)，本年度全年股息為每股港幣三仙(二零零五年：港幣四仙)。

業務概況及前瞻

回顧年度內，集團面對三項重大挑戰，它們在一定程度上是互相關連的。首項挑戰為生產與經營成本大幅上升。由於油價上漲、利率攀升，原材料價格(尤其紙價)及借貸利息同時飆升。兼且，內地企業對各類資源(尤其人力資源)需求殷切，導致國內的勞工、電力和其他經營成本銳升。

受到油價上漲和利率攀升影響，消費者信心持續減弱。有見及此，客戶紛紛縮短交貨期及調低訂單價格，藉此降低風險，這給集團帶來另一項重大挑戰。鑑於價值鏈整體欠缺議價能力，香港／中國大陸包裝印刷業被逼割價競爭，加上新興外判市場印度，越南等冒起，令競爭更為白熱化。身處困境中，廠商倘不接受低毛利就有可能喪失訂單，接受低毛利則成本風險上升，可謂進退兩難。事實上，為應付急單，廠商往往須作出外判及支付空運費，令經營成本進一步增加。

第三項挑戰與集團應對上述兩項挑戰所採取的策略有關。為加強銷售及降低經營成本，集團數年前起著手把生產及銷售基地逐步拓展至蘇州和韶關。回顧年度內，蘇州新廠進行第二期發展計劃，韶關新廠則在施工階段。兩者除涉及初期開辦成本外，在管理運作和市場推廣方面均需配置人手，難免增加集團開支。同一時



which inevitably affected the Group's bottom line. The challenge was made more pronounced as it coincided with the strong negative impact affecting the operating environment.

The Group's management has taken positive action to enhance the Group's cost efficiency and expand its sales in order to cope with the challenges. This action included more stringent control on the purchase of raw materials, further improvements in inventory management and logistics, and the launch of tailor-made sales incentives for targeted customers. Initiatives were introduced in the Suzhou plant including the further strengthening of management to speed up the breakeven point of the operation. Other ongoing measures included further enhancement in training to increase staff proficiency.

Whilst some of these measures take time to achieve the desired results, the management believes that the Group is overall on the right track. In implementing the Group's strategic plans, the management will make timely and appropriate adjustments, if necessary, but will not take shortcuts for short-term performance at the expense of the Group's medium and long-term performance and benefit. The management strongly believes that the Group is taking the right course of action to improve its performance in the medium term and to establish a stronger platform for its long-term prosperity, and is encouraged that the Group's businesses have shown signs of improvement in the first quarter of the current financial year.

Packaging materials, labels and paper products

Hong Kong/Mainland China Operations

The Group's printing and packaging businesses in Hong Kong/Mainland China achieved an increase in turnover for the year ended 31st March, 2006. However, due to strong pressure on profit margins, the businesses recorded a decline in profits. Such pressure came from customers' demand for more competitive pricing for their orders, as well as the significant increase in the operating costs (in particular labour costs) in Mainland China, and the higher costs of raw materials. Paper products, which command higher profit margins, recorded only a marginal growth in sales due to product realignment and internal restructuring undertaken by some of the Group's major customers. It is anticipated that the decrease will be temporary as orders for paper products began to pick up by the end of the financial year. The Group is looking into the possibility of tapping the potential of the European market for paper products.

期內，各項外在不利因素皆至，令集團的應對工作增添難度。

集團現正採取積極行動，提升成本效益增加產品銷量，更有效地應對上述挑戰。具體行動包括：加強監控原材料採購、改善存貨物流管理、為客戶提供互利促銷方案等。蘇州新廠亦正勵精圖治，包括加強有效管理、加快營運效率等。此外，集團繼續強化員工培訓，提升專業服務水平。

管理層相信，集團整體部署合理，惟部分措施需時彰顯效益。管理層定必努力落實策略和各項計劃，審時度勢，調整步伐，但絕不會為集團的短期表現採取權宜之計，令集團的中長線表現和利益受損。管理層深信，集團現正採取的行動，可有效地提升集團的中線表現，並為集團的長遠增長打造實力雄厚的平台。新的財政年度首個季度，集團業務有良好的增長勢頭，情況令人鼓舞。

包裝材料、標籤及紙類產品

香港／中國大陸業務

截至二零零六年三月三十一日止年度內，集團香港／中國大陸包裝印刷業務營業額錄得增長，但因訂單價格進一步偏軟，加上原材料大幅漲價、內地各項經營成本（尤其勞工成本）顯著上升等不利因素，令包裝印刷業務的邊際利潤受壓，拉動整體盈利下降。紙類製品毛利較高，但由於部份客戶調整產品組合及進行內部重組，故年度內紙類製品銷量只輕微增長。相信有關影響只是暫時性，紙類製品訂單在財政年度後期已開始回復良好增長。集團現正研究開拓紙類製品歐洲市場。



The Group's major task during the year has been to strike the correct balance between gaining sales and safeguarding profit margins. To this end, "Starlite Innovation Centre" made additional efforts in helping customers to develop higher value products, while "Starlite Institute of Management" launched training programmes on value creation for its staff, customers and suppliers. At the same time, the Group has developed incentive plans with some major customers that aim to generate more sales for the Group during the slack season. The Group is also looking into the possibility of forming strategic alliances with carefully selected suppliers in order to further improve its purchase of raw materials and inventory management.

By implementing these focused measures and strategic plans (including the Suzhou and Shaoguan projects), the management aims to address both the short-term and medium-term needs of the Group, while reinforcing the Group's foundation for its long-term prosperity.

Suzhou Operation

Despite the unfavourable operating environment, the Suzhou subsidiary showed an improvement in sales during the year under review. The growth was propelled by the enhancement in productivity and effective marketing measures. However, due to the initial operating costs incurred from its second-phase expansion, the Suzhou subsidiary has yet to record a profit.

"Quality at reasonable price" is the cornerstone of the Group's Suzhou operations. Providing good-value products and services enabled the Suzhou subsidiary to gain more export business during the year in spite of strong competition. With regard to the domestic sector, pricing remains the key concern notwithstanding the fact that businesses in the Yangtze River delta are becoming more quality conscious. Indeed, while the Group successfully increased its domestic business during the year by capitalizing on its strong service, technological advantage and sophisticated workmanship, it paid special attention not to out-price itself. The Group is well aware that some hurdles remain to be overcome before the pricing issue can be fully resolved.

回顧年度內，集團致力爭取營業額及保障毛利，在兩者之間作出妥善平衡。循著這個目標，「星光創意中心」為客戶開發更多高增值產品，而「星光管理學院」則為員工、客戶和供應商提供更多增值課程。此外，集團與部分重要客戶落實互利計劃，改善集團訂單旺季落差，並正研究精選供應商建立策略聯盟，加強集團的原材料採購和存貨管理。

透過各項對應措施和策略行動（包括蘇州和韶關項目），管理層努力兼顧集團的中短期發展，並為集團的長遠增長打造實力雄厚的平台。

蘇州業務

回顧年度內，儘管營商環境欠佳，蘇州廠營業額仍穩步增長，主要由於成功增加產能及拓展市場所致。但因第二期發展計劃涉及初期開辦成本，故蘇州廠尚未錄得盈利。

蘇州廠以合理價格提供優質產品和服務。這個經營宗旨，令該廠出口業務在激烈競爭下仍有較快增長。本地業務方面，長江三角洲廠商日益重視產品服務質量，但對價格仍相當敏感。由於蘇州廠具有人才、科技優勢，形成服務和價格競爭力，故在拓展本地業務方面取得進展，並擬採用更敏銳的銷售策略，開啟新的增長空間。



In order to expand its business, the Suzhou plant started to provide labels printing services to a renowned multinational corporation based in the United States. The management believes there is strong growth potential for the labels printing business given the growing consumer market in the eastern China region. The labels printing business could be used as a stepping-stone for the Group to further penetrate both the export and domestic sectors.

The Group also continued with two other measures to strengthen its business and improve its internal operations. The first move concerns the upgrading of the Group's representative office in Shanghai into a wholly-owned subsidiary. This will enable the Group to obtain orders from the eastern China region and help increase the sales of the Suzhou plant. Preparations for the establishment of the Shanghai subsidiary are progressing smoothly.

The second move is related to the transfer of the Suzhou plant from the direct control of the Singapore subsidiary to the direct control of the Group's holding company for Hong Kong/Mainland China manufacturing operations. This will enable the Suzhou plant to benefit financially and strategically from the Group's further development in the eastern China region. It is also in line with the Group's localisation measure to reduce its operating costs in Mainland China. The transfer is expected to be completed in the current financial year.

Meanwhile, the Group has strengthened the management of the Suzhou plant and tightened up its cost control. The Group is also looking into other areas that may help the Suzhou subsidiary to become more cost-efficient. These efforts represent essential steps in the ongoing improvement of the Group's operations. The management is hopeful that the Suzhou plant will be able to further improve its performance in the near future and contribute to the long-term development of the Group in Mainland China.

Shaoguan Project

Construction of the new production plant in Shaoguan progressed on schedule during the year under review, with its phase-one development completed in the second quarter of 2006.

此外，蘇州廠已擴展服務範圍，開始為美國一家知名跨國公司提供標籤印刷服務。隨著華東消費市場日益蓬勃，管理層相信標籤印刷業務具有巨大增長潛力，並可為蘇州廠提供踏腳石以開拓更多本地及出口印制業務。

集團並繼續進行兩項策略性行動，協助集團增加銷量和營運效益。首項行動為集團上海辦事處升格為全資附屬公司。此舉可促進集團在華東地區的業務，並協助蘇州廠增加營業收益。有關計劃現正順利進行。

另一項行動為蘇州廠由新加坡附屬公司旗下，轉由集團負責香港／中國大陸生產業務的控股公司直接持有。從財務和策略著眼，這項安排可讓蘇州廠受惠於集團在華東地區的業務擴展，並配合集團本地化政策以降低內地工資成本。有關行動可望於本財政年度完成。

此外，集團已加強蘇州廠的管理和內部監控，並正研究從其他方面協助該廠增加營業收益，全面提升該廠的競爭優勢。管理層相信，蘇州廠可望取得更佳成績，協助集團在中國大陸進一步拓展業務。

韶關新廠

韶關新廠於年度內如期施工，並已於二零零六年第二季完成首期發展計劃。

The management believes that this new plant will be able to take over some of the labour-intensive orders from the Group's Shenzhen plant in the peak season of 2006. The lower operating costs in Shaoguan compared to those in Shenzhen and Guangzhou will also help the Group to further strengthen its competitiveness. Moreover, the new plant will enable the Group to centralise its production of labour-intensive products under one roof and achieve higher operating efficiency.

Singapore Operation

The printing sector in Singapore faced intense competition from other Asian-based companies in product pricing. As a result, while the Group's Singapore subsidiary, Starlite Printers (Far East) Pte Ltd, managed to increase its turnover, it recorded a decline in profit during the year.

The Singapore subsidiary is continuing to tighten its cost control and streamline its operations. A major focus of these measures is to make improvements in operational logistics and allocation of resources. Moreover, the Group is exploring the possibility of reactivating its operations in Malaysia as part of the means to safeguard the sales and profitability of the Singapore subsidiary and to obtain new business in the Asian region.

In September 2005, Starlite Printers (Far East) Pte Ltd was awarded the "Singapore Packaging Star Awards (SSA) 2005" by the Packaging Council of Singapore and the Singapore Manufacturers' Federation in recognition of its outstanding achievement in product packaging.

Environmentally friendly products

Due to the unfavourable operating environment, the environmentally friendly products division recorded a decrease in turnover and profit during the year under review. The management is taking measures to improve the performance of the division, including the further tightening of cost control and improvement of cost efficiency in the production of interior packaging products and "Greenworks" products and the diversification to other paper products.

管理層相信，韶關新廠可於今年旺季承接集團深圳廠部分手工繁複訂單。韶關營運成本遠低於深圳和廣州，有助集團進一步提升競爭力，加上集團可把手工操作工序集中到韶關新廠進行，從而提高集團的營運效益。

新加坡業務

回顧年度內，新加坡印刷業面對亞洲同業在價格方面的激烈競爭。在這情況下，集團新加坡附屬公司——星光印刷(遠東)有限公司仍能錄得營業額增長，但毛利出現下降。

該公司現正繼續採取措施，進一步加強成本控制及盈利能力，重點包括精簡業務架構、改善物流運作及優化資源分配。此外，集團現正研究重新啟動馬來西亞業務，藉此保障新加坡附屬公司的營業額和盈利，以及增加集團在亞洲區的生意額。

二零零五年九月，星光印刷(遠東)有限公司獲新加坡包裝協會及新加坡廠商協會頒授「新加坡包裝(SSA)星獎二零零五」，表彰該公司在產品包裝方面的傑出表現。

環保產品

回顧年度內，由於營商環境欠佳，環保產品業務之營業額和盈利均下降。管理層正採取措施改善該項業務的表現，包括加強成本監控及把產品系列由內包裝環保產品及「綠色工程」(Greenworks)產品進一步擴闊至其他紙類產品。

LIQUIDITY AND FINANCIAL RESOURCES

The Group's sources of funding include cash generated from the Group's operations and banking facilities provided to the Group by banks mainly in Hong Kong and Mainland China. As at 31st March, 2006, the Group's cash and bank balances and short-term bank deposits amounted to approximately HK\$90 million.

During the year under review, the interest expenses of the Group amounted to approximately HK\$14 million compared to approximately HK\$6 million recorded last year. Currently, the Group has Renminbi-denominated loan facilities amounting to approximately RMB80 million that are available for the Group's Shenzhen, Guangzhou, Shaoguan and Suzhou plants for working capital purposes.

As at 31st March, 2006, the Group had a working capital surplus of approximately HK\$55 million compared to a working capital surplus of approximately HK\$48 million as at 31st March, 2005. The Group's debt-to-equity ratio as at 31st March, 2006 was 87% (2005: 62%), based on short-term and long-term bank borrowings and other debts/borrowings (excluding trade related debts) of approximately HK\$300 million (2005: HK\$203 million), and shareholders' funds of approximately HK\$345 million (2005: HK\$327 million). The Group will continue to adopt prudent policies to maintain a healthy financial position.

CHARGE ON ASSETS

As at 31st March, 2006, certain assets of the Group with an aggregate carrying value of approximately HK\$17 million (2005: HK\$25 million) were pledged to secure the banking facilities of the Group.

EXCHANGE RATE EXPOSURE

All the Group's assets, liabilities and transactions are denominated either in Hong Kong dollars, US dollars, Chinese Renminbi, Japanese Yen, Singapore dollars or Euro. The exchange rate of US dollars/Hong Kong dollars is relatively stable due to the current peg system in Hong Kong. On the other hand, the existing Renminbi-denominated sales revenue helps to reduce the Group's commitments of Renminbi-denominated operating expenses in China. Transaction values involving Japanese Yen or Euro were primarily related to the Group's purchase of machinery and such exposures were generally hedged by forward contracts.

流動資金及財務資源

集團的主要資金來源，包括業務經營帶來的現金收入及中港兩地銀行界提供的信貸融資。截至二零零六年三月三十一日，集團的現金和銀行結餘及短期銀行存款共約九千萬港元。

回顧年度內，集團的利息支出約為一千四百萬港元，去年約為六百萬港元。現時，集團約有八千萬元人民幣銀行貸款額度，乃為集團位於深圳、廣州、韶關及蘇州的生產基地提供營運資金。

於二零零六年三月三十一日，集團營運資金錄得約五千五百萬港元盈餘，而二零零五年三月三十一日則有約四千八百萬港元盈餘。集團截至當日的債務權益比率為百分之八十七（二零零五年：百分之六十二），乃根據短期及長期帶息銀行借款及其他借貸（不計貿易信貸）約三億港元（二零零五年：二億零三百萬港元），與股東權益約三億四千五百萬港元（二零零五年：三億二千七百萬港元）計算。集團會繼續採取審慎的理財策略，確保資金狀況維持穩健。

資產抵押

於二零零六年三月三十一日，本集團合共賬面淨值約一千七百萬港元（二零零五年：二千五百萬港元）之資產已按予銀行作為後者授予本集團貸款額度之抵押。

滙兌風險

本集團大部分資產、負債及交易均以港元、美元、人民幣、日圓、新加坡元及歐元結算。香港現行之聯繫滙率制度令美元／港元滙率相對穩定。而集團現有以人民幣結算之銷售收益，有助減低集團內地附屬公司以人民幣結算之經營費用所承擔之貨幣風險。至於涉及日圓和歐元之交易額，主要為集團購買機器付出，並普遍以遠期合約對沖滙率風險。

HUMAN RESOURCES DEVELOPMENT

Currently the Group has more than 7,000 employees. The Group maintains good relations with its employees, providing them competitive packages and incentive schemes as well as various training programmes. A Share Option Scheme complying with the revised Listing Rules requirements was adopted in September 2002 under which share options will be granted to certain employees (including executive directors of the Company) as incentive for their contribution to the Group. Following the opening of the "Starlite Institute of Management", the Group provides various training and development programmes to staff on an ongoing basis. The Group will explore the possibility of launching other special training programmes with universities in China and education institutions abroad to further enhance its staff quality.

LOOKING AHEAD

Concerns over further rises in interest rates have caused high volatility in major capital markets. In an attempt to ward off inflation, major central banks, including the United States' Federal Reserve and the European Central Bank, have increased their benchmark rates, while the Bank of Japan has indicated that it will soon end its easy monetary policy. Elsewhere, China is introducing new measures to rein in its overheating economy, focusing on the key areas of fixed asset investment and bank loans. These developments come at a time when the global economy is showing signs of slowing down, raising concerns including stagflation fears and underlining the uncertain outlook facing the global economy.

This uncertain outlook presents strong challenges to the Hong Kong/Mainland printing and packaging industry. Given the fact that corporations in the United States have already been tightening their "Just In Time" inventory management and reducing their purchase prices, any further risk-control measures adopted by them would create additional pressure on the local industry. Moreover, there are signs that operating costs in Mainland China will continue to rise, partly because increasing wages is a good means to help address social issues and partly because many sectors including the utilities sectors are still in the early stage of deregulation.

人力資源發展

集團現僱用超過七千名員工。集團與員工一直保持良好關係，除為員工提供合理薪酬和獎勵外，並實施各項員工技能培訓計劃。集團於二零零二年九月採納一個符合新修訂上市規則的新購股權計劃，選擇部分對集團有貢獻的員工（包括本公司執行董事）授予購股權。隨著「星光管理學院」啟用，集團致力為員工提供各項持續性的培訓及人才發展計劃。集團將繼續研究與中國的大學和海外的教育機構合作，開辦其他專業實用技術課程。

未來展望

在進一步加息的陰霾籠罩下，環球資本市場大幅波動。為防通脹重燃，各主要央行包括美國聯邦儲備局和歐洲央行均調高基準利率，而日本央行亦表明將於短期內終止其寬鬆銀根政策。此外，中國宣布採取新一輪宏調措施以遏止經濟過熱，重點包括固定資產投資和銀行貸款。正當環球經濟有迹象放緩之際，上述發展令人倍感關注（包括擔心出現滯脹），亦顯示環球經濟面對不明朗的前景。

經濟景氣不明朗，為香港／中國大陸包裝印刷業帶來嚴峻的挑戰。許多美國客戶原已收緊「適時存貨制」(Just in time inventory)及調低訂單價格，倘他們採取進一步措施控制風險，對香港／中國大陸包裝印刷業會構成更大的壓力。此外，有迹象顯示中國內地經營成本將持續上升，部分原因是增加工資有助紓緩社會矛盾，部分原因與國內許多行業（包括電力行業）仍處於市場經濟初期有關。

As explained above, the Group is taking positive action to improve its performance in the medium term and to establish a stronger platform for its growth in the long run. This action includes the Suzhou and Shaoguan initiatives, the expansion of sales for paper products, the further strengthening of cost control measures, and the formation of strategic alliances with customers and suppliers. Among them, the Suzhou plant has completed its second-phase development while the Shaoguan plant will soon start operation. The management is closely monitoring the progress of the plants and will take appropriate action to ensure that they can deliver satisfactory results. Whilst it may take time for these results to come through, the management will use its best efforts to minimize the negative factors facing the Group during the transition. Starlite has a strong track record of turning the odds into its favour, as evidenced by the selection of the Company by Forbes Asia as one of the "200 Best Under a Billion" Asian companies in October 2005. The Group will continue with this spirit to strive for growth notwithstanding the unfavourable environment.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to thank our shareholders, customers, bankers, suppliers and friends in the community for their continued support and all our staff for their loyalty and dedication.

On behalf of the Board
Lam Kwong Yu
Chairman

Hong Kong, 6th July, 2006

如上文所述，集團正致力改善中短期表現，並為長遠增長打造實力雄厚的平台。這些積極措施包括：拓展蘇州和韶關項目、加強紙類製品銷售、進一步收緊成本監控、與客戶和供應商建立策略聯盟等。蘇州項目已完成第二期發展計劃，韶關新廠亦將正式投產，管理層會密切監察兩廠的進度，確保它們取得滿意的成果。這可能還需要一些時間，在過渡期內，管理層會積極採取多項措施，務求把各種不利因素的影響減至最小。星光素以善於渡過逆境著稱，二零零五年十月，本公司獲《福布斯亞洲》評選為亞洲區200家最佳公司之一（以收入在10億美元以下計算），為集團的管理質素提供了客觀的明證。集團定必努力不懈，再創逆境成長佳績。

致謝

本人謹代表董事會，衷心感謝各位股東、客戶、銀行界、供應商以及社會友好給予本集團的鼎力支持，更感謝盡心盡力、忠心不渝的全體員工。

承董事會命
主席
林光如

香港，二零零六年七月六日

For widely known reasons, the printing industry was hit by rising costs during the financial year 2005/2006. The price increases were large and extensive, covering paper-based materials and supplementary materials, electricity, wages and financial funding. Due to intense competition, it was difficult to pass on in full the additional costs to customers. Indeed, the Group had to revise down the prices of some products in order to secure the orders. Facing these formidable challenges, the Group adopted the "Thriving on 2005" campaign at the beginning of the financial year, aiming at further increasing the Group's competitiveness through prompt response and efficient production to counter the unfavourable factors. However, some staff members seemed carried away by the uninterrupted growth of the Group in the past five years and they forgot about the importance of "preparing for foul in fair weather". As the campaign moved forward without the full effort of all staff, the half measures though successful were insufficient to block the assaults from all fronts. As a result, while the Group recorded a 6% growth in turnover, there was a decline in net profit — the first in the past five years and a smack in the eye.

Taking the situation to task, the Directors made decisive rearrangement to the workforce and further streamlined the management structure to only five levels from the Chief Executive Officer to the frontline staff. These measures have enhanced the reporting system and facilitated faster and clearer communication.

Human capital is the foundation of an enterprise. While corporations compete on new technology, many look outside for skilled labour. As such, the Group's staff members, who have been well trained by the Group, become subjects of headhunt. This happens most often at the beginning of the year. The Group has taken measures to safeguard its workforce, focusing on active action, strong leadership and individual orientation in the monthly and quarterly reviews of staff performance. With the new knowledge gained from the measures, the Group is further improving its incentive system and is building a more aggressive corporate culture emphasising both reward and penalty.

Providing intimate services to customers and expanding the customer base through innovative means are the responsibilities of the sales department and every staff member, who should also treat these as the guidelines for

眾所周知的原因，2005/2006財政年度內，印刷業面對紙張、輔料、電力、工資及利率的不同程度上漲，加上同業的激烈競爭，造成無法將成本差額轉移給用家，甚至一些產品價格還往下調整。企業經受了又一場嚴峻的挑戰，管理層為了應對生存環境的惡化，年度之初提出了「提速2005」的行動方向，冀通過迅速反應，快速生產去提升競爭能力。但由於過去五年的良性增長帶來部分同事欠缺居安思危的憂患意識，整體配合未完善，加上執行力度不足，局部努力不足於抵禦接踵而至的不利因素，因此，儘管營業額錄得百分之六增長，仍出現五年來不願見到的首次業務成果倒退。

董事局有見及此，對內部果斷的做了一些人員重新安排，並將企業組織進一步精簡化，實現了由行政總裁至第一線員工僅分五個階層的管理模式，更有效的發揮上情下達，大大的提高了訊息傳真度和指導速度。

人員是企業根本所在，由於科技推陳出新，市場上人才爭奪，每一年年初集團所培養的人才遭受外界招手。集團加強應對，在每月、每季評核中高層的業績，倡導行動管理，人本管理和強勢管理，從中得到了新的認識和理解，完善激勵機制，逐步實現獎懲到位的進取企業文化。

親近客戶，銳意創新開拓客源，開拓新領域，是營銷部乃至企業內每一位員工的責任和付諸行動的指南。從年度下半年開始，為客戶創造價值的行動贏取客戶心，從而擴大客戶基礎和

action. Since the second half of the financial year, the Group has successfully increased customer confidence by taking new measures to create value for customers. Hence the Group was able to enlarge its customer base and expand into the production of new products such as elegant gift boxes. The Group also strengthened its strategic alliance in packaging and increased its market expansion and penetration.

The Group is engaged in two major businesses: first, the printing and packaging business which requires short-distance logistics services; and second, the paper products and children books business which requires labour-intensive and low-cost production. In order to meet customers' demand, the Group has systematically built a strategic supply network in the last 15 years, covering Singapore to the south, Suzhou to the north, Shanghai to the east, and Shaoguan to the west. While these facilities are equipped in different manner to meet customers' needs, they share the common objective of ensuring highest customer satisfaction. The Starlite Asian Service Network is a good reflection of the Group's strong resources and powerful teamwork.

Pursuing the highest quality is a paramount objective of the Group, which is built on the regular enhancement of efficiency and workmanship. Through meticulous production, stringent "7S" on-site supervision, and environmental protection measures, the Group has attained satisfactory results in quality improvement. Moreover, both the managers and frontline staff have gained a better understanding of quality and they treat the results as a direct reflection of their personal value to the enterprise.

Through launching further reforms, strengthening cost control and increasing the economies-of-scale, I strongly believe that the Group's subsidiaries around the region will be able to return to the healthy track. In the 2006/2007 financial year, the Group will strive its best to obtain better results for shareholders.

Lam Kwong Yu
Chairman

Hong Kong, 6th July, 2006

進入了一些新的業務如精緻禮盒領域，也擴大了包裝服務的聯盟網絡，市場的覆蓋面和滲透度逐步擴闊和深入。

集團的業務來自二大部分，一、包裝印刷需要短距離物流服務，二、紙製品及兒童書籍需勞動密集和低成本。為適應客戶需求，集團十五年來有計劃地完成了供應網絡，南起新加坡，北至蘇州，東起上海，西至韶關，建立了不同裝備、共同目標的星光亞太區服務網，滿足客戶的不同選擇，突顯企業群體效應和大團隊力量。

優良品質是企業不斷追求的最高目標，效益的基礎來自高效優質產出。推行精確生產，嚴格實施7S現場管理，同時執行環境保護行動，在新一輪的工作中取得了不俗效益，各級主管和前線員工充分認識績效是自身價值最直接的體現。

我深信，透過內部全面進一步變革，加強成本管理，擴大產能和規模，以低成本與差異化為競爭的基礎，加速推動分佈各地的附屬公司，納入健康發展軌道，星光集團在2006/2007財政年度必定努力爭取為大小股東交付一份良好的成績表。

林光如
主席

香港，二零零六年七月六日

CONSOLIDATED INCOME STATEMENTS

綜合收益表

		Year ended 31st March, 截至三月三十一日止年度				
		2006	2005	2004	2003	2002
		二零零六年	二零零五年	二零零四年	二零零三年	二零零二年
		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
			(As restated)			
			(重列)			
Sales	銷售	902,688	850,787	693,348	610,767	560,303
Operating profit	經營溢利	67,636	86,934	75,362	70,665	60,707
Profit for the year, attributable to equity holders of the Company	年內本公司 權益持有人 應佔溢利	31,128	62,804	57,517	52,260	38,898
Dividends	股息	12,884	17,079	14,813	12,475	8,171
Basic earnings per share for profit attributable to equity holders of the Company (HK cents)	按年內本公司 權益持有人 應佔溢利 計算之每股 基本盈利 (港仙)	7.27	14.77	13.70	12.70	9.70

CONSOLIDATED BALANCE SHEETS

綜合資產負債表

		As at 31st March, 於三月三十一日				
		2006	2005	2004	2003	2002
		二零零六年	二零零五年	二零零四年	二零零三年	二零零二年
		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
			(As restated)			
			(重列)			
Non-current assets	非流動資產	446,497	363,320	306,687	298,063	239,722
Current assets	流動資產	376,765	333,807	284,260	216,176	177,056
Current liabilities	流動負債	(321,820)	(286,105)	(236,653)	(217,746)	(188,744)
Net current assets (liabilities)	流動資產 (負債)淨額	54,945	47,702	47,607	(1,570)	(11,688)
Total assets less current liabilities	總資產減 流動負債	501,442	411,022	354,294	296,493	228,034
Non-current liabilities	非流動負債	(156,021)	(84,191)	(75,115)	(64,203)	(40,859)
Net assets	資產淨值	345,421	326,831	279,179	232,290	187,175
Shareholders' equity	股東權益	345,421	326,831	279,179	232,290	187,175

Note: Following the adoption of certain new/revised HKFRSs which became effective for accounting periods commencing on or after 1st January, 2005, certain figures previously reported have been restated to conform to the new accounting standards.

附註：因採納於二零零五年一月一日或以後會計年度開始有效的若干新訂／經修訂香港財務報告準則後，過往匯報的若干比較數字已作重列以符合新會計準則的規定。

The Directors have the pleasure of presenting their annual report together with the audited accounts of Starlite Holdings Limited (“the Company”) and its subsidiaries (“the Group”) for the year ended 31st March, 2006.

Principal activities

The Company is an investment holding company. Its subsidiaries are principally engaged in the printing and manufacturing of packaging materials, labels and paper products and environmentally friendly products.

Details of the Group’s sales and segment result by business segment and geographical segment are set out in Note 5 to the accompanying accounts.

Major customers and suppliers

For the year ended 31st March, 2006, the five largest customers accounted for approximately 34% of the Group’s total sales and the five largest suppliers accounted for approximately 24% of the Group’s total purchases. In addition, the largest customer accounted for approximately 9% of the Group’s sales while the largest supplier accounted for approximately 9% of the Group’s total purchases.

None of the directors, their associates, or any shareholder (which, to the knowledge of the Company’s Directors, owned more than 5% of the Company’s share capital) had a beneficial interest in the Group’s five largest customers or suppliers.

Results and appropriations

Details of the Group’s results for the year ended 31st March, 2006 are set out in the consolidated income statement on page 49 of this annual report.

The directors have declared an interim dividend of HK\$0.015 per ordinary share, totalling approximately HK\$6,442,000, which was paid on 6th January, 2006.

The Directors recommend the payment of a final dividend of HK\$0.015 per ordinary share, totalling approximately HK\$6,442,000, and recommend that the retained profits of approximately HK\$191,186,000 be carried forward.

Share capital and employee share options

Details of movements in share capital and the employee share option scheme of the Company are set out in Notes 26 and 27, respectively, to the accompanying accounts.

董事會欣然提呈星光集團有限公司(「本公司」)及其附屬公司(統稱「本集團」)截至二零零六年三月三十一日止年度之年報及經審核賬目。

主要業務

本公司乃一投資控股公司。其主要附屬公司從事印刷及製造包裝材料、標籤及紙類製品及環保產品。

本集團按業務分類及地區分類之銷售及分類業績之詳情載於隨附之賬目附註5。

主要客戶及供應商

截至二零零六年三月三十一日止年度，本集團最大五位客戶佔本集團銷售約34%，而最大五家供應商佔本集團採購總額約24%。另外，本集團之最大客戶佔本集團總銷售約9%，而最大供應商佔本集團採購總額約9%。

各董事、彼等之聯繫人士或任何股東(指就本公司董事會所知擁有本公司股本超過5%之股東)概無擁有本集團五大客戶或五大供應商之實質權益。

業績及分配

本集團截至二零零六年三月三十一日止年度之業績詳情載於本年報第49頁之綜合收益表。

董事會議決派發中期股息，每股港幣一點五仙，約共6,442,000港元，有關股息並已於二零零六年一月六日派發。

董事會建議派發末期股息，每股港幣一點五仙，約共6,442,000港元，並建議將保留溢利約191,186,000港元結轉。

股本及僱員購股權

本公司股本及僱員購股權計劃之詳情分別載於隨附之賬目附註26及27。

Reserves

Movements in reserves of the Group and the Company during the year are set out in Note 28 to the accompanying accounts.

As at 31st March, 2006, the Company's retained profit of approximately HK\$22,872,000 was available for distribution to the Company's shareholders, of which HK\$6,442,000 has been proposed as final dividend for the year.

Purchase, sale or redemption of shares

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares during the year ended 31st March, 2006.

Pre-emptive rights

There is no provision for pre-emptive rights under the Company's Bye-laws and the laws in Bermuda.

Subsidiaries

Particulars of the subsidiaries are set out in Note 18 to the accompanying accounts.

Property, plant and equipment

Details of movements in property, plant and equipment during the year are set out in Note 16 to the accompanying accounts.

Bank loans

Particulars of bank loans as at 31st March, 2006 are set out in Notes 22 and 32 to the accompanying accounts.

Pension schemes

Details of the pension schemes are set out in Note 9 to the accompanying accounts.

Charitable contributions

During the year, the Group made charitable contributions of approximately HK\$102,000 (2005: HK\$14,000).

儲備

本集團及本公司於年內之儲備變動載於隨附之賬目附註28。

於二零零六年三月三十一日，本公司可供派發予股東之保留溢利約為22,872,000港元，其中6,442,000港元已建議作為本年度末期股息派付。

購買、出售或贖回股份

本公司或其任何附屬公司於截至二零零六年三月三十一日止年度並無購買、出售或贖回任何本公司上市股份。

優先購股權

本公司細則及百慕達法例並無授予優先購股權之條款。

附屬公司

附屬公司之詳情載於隨附之賬目附註18。

物業、廠房及設備

年內物業、廠房及設備之變動詳情載於隨附之賬目附註16。

銀行貸款

於二零零六年三月三十一日，銀行貸款之詳情載於隨附之賬目附註22及32。

退休金計劃

退休金計劃之詳情載於隨附之賬目附註9。

慈善捐款

年內，本集團捐出約102,000港元（二零零五年：14,000港元）之款項作慈善用途。

Directors and director's service contracts

The directors who held office during the year and up to the date of this report are:

Executive directors

Mr. Lam Kwong Yu, *Chairman*
 Ms. Yeung Chui, *Vice Chairman*
 Mr. Tai Tzu Shi, Angus, *Senior Vice President*
 Mr. Cheung Chi Shing, Charles, *Senior Vice President*

Non-executive director

Mr. Christopher James Williams

Independent non-executive directors

Mr. Chan Yue Kwong, Michael
 Mr. Kwok Lam-Kwong, Larry, *JP*
 Mr. Tam King Ching, Kenny

In accordance with the Bye-laws of the Company, all of the directors will retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

None of the directors has an unexpired contract with the Group which is not terminable by the Group within one year without payment of compensation (other than statutory compensation).

Independent Non-executive directors' confirmation of independence

The Company has received independence confirmation from each of the independent non-executive directors, namely Mr. Chan Yue Kwong, Michael, Mr. Kwok Lam Kwong, Larry, JP and Mr. Tam King Ching, Kenny, and considers them to be independent.

董事及董事服務合約

於本年度及直至本年報刊行日之在任董事為：

執行董事

林光如先生 (主席)
 楊翠女士 (副主席)
 戴祖璽先生 (高級副總裁)
 張志成先生 (高級副總裁)

非執行董事

Christopher James Williams 先生

獨立非執行董事

陳裕光先生
 郭琳廣太平紳士
 譚競正先生

根據本公司之公司細則，各董事全部將於應屆股東週年大會退任，惟均願膺選連任。

本集團並無與各董事訂立不可於一年內毋須補償 (法定補償除外) 而終止之未屆滿合約。

獨立非執行董事之獨立性確認函件

本公司已接獲各獨立非執行董事，即陳裕光先生、郭琳廣太平紳士及譚競正先生之獨立性確認函件，本公司並認為彼等均為獨立。

Directors' interests in shares and share options

As at 31st March, 2006, the interest of the Directors and Chief Executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), to be notified to the Company and the Stock Exchange, were as follows:

Long positions in Shares

Name of Director	Capacity		Personal interests	Family interests	Corporate interests	Other interests	Approximate % of		'Outstanding share options '尚未行使之購股權
							Total	Shareholding 佔股權之 概約百分比	
董事姓名	身份		個人權益	家族權益	公司權益	其他權益	總數		
Mr. Lam Kwong Yu 林光如先生	Beneficial owner, interest of spouse & controlled corporation, beneficiary and founder of trusts	實益擁有、配偶權益、受控制公司之權益、信託受益人及創辦人	2,150,000	1,100,000	844,000 (Note 1) (附註1)	218,554,174 (Note 2) (附註2)	222,648,174	51.84%	4,162,000
Ms. Yeung Chui 楊翠女士	Beneficial owner, interest of spouse & controlled corporation, beneficiary and founder of trusts	實益擁有、配偶權益、受控制公司之權益、信託受益人及創辦人	1,100,000	2,150,000	844,000 (Note 1) (附註1)	218,554,174 (Note 2) (附註2)	222,648,174	51.84%	3,852,000
Mr. Tai Tzu Shi, Angus 戴祖靈先生	Beneficial owner & interest of spouse	實益擁有及配偶權益	380,000	18,000	—	—	398,000	0.09%	2,620,000
Mr. Cheung Chi Shing, Charles 張志成先生	Beneficial owner	實益擁有	750,000	—	—	—	750,000	0.17%	2,640,000

¹ Details of share options granted to Directors are separately disclosed under the heading of Share Option Scheme.

董事於股份及購股權之權益

於二零零六年三月三十一日，本公司董事及最高行政人員於本公司或其任何相聯法團(定義見證券及期貨條例(「證券及期貨條例」)第XV部)的股份、相關股份及債券中擁有根據證券及期貨條例第XV部第7及第8分部須知會本公司及香港聯合交易所有限公司(「聯交所」)的權益或淡倉(包括彼等根據證券及期貨條例之該等條文被假設或視為擁有之權益或淡倉)，或記載於本公司按證券及期貨條例第352條須置存之登記冊內的權益或淡倉，或根據聯交所證券上市規則(「上市規則」)須知會本公司及聯交所的權益或淡倉如下：

於股份之好倉

¹ 授予董事購股權之詳情於本文之購股權計劃部份內載述。

Notes:

1. Dayspring Enterprises Limited held 844,000 shares in the Company. The entire issued share capital of the company is beneficially owned and controlled by Mr. Lam Kwong Yu and Ms. Yeung Chui. The 844,000 shares of Mr. Lam Kwong Yu and Ms. Yeung Chui are the same block of shares.
2. Best Grade Advisory Limited ("BGAL") held 218,554,174 shares in the Company. The entire issued share capital of BGAL is held by Masterline Industrial Limited as trustee of The New Super Star Unit Trust. All except one units in The New Super Star Unit Trust are beneficially owned by two discretionary trusts, the discretionary beneficiaries of which include Mr. Lam Kwong Yu, Ms. Yeung Chui and Mr. Lam Chuen Yik, Kenneth. HSBC International Trustee Limited acted as trustee of the two discretionary trusts. The two references to 218,554,174 shares relate to the same block of shares in the Company.

Save as disclosed above, none of the Directors or Chief Executive of the Company had, as at 31st March, 2006, any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Listing Rules.

附註：

1. 特暢企業有限公司持有本公司844,000股股份，該公司之全部已發行股本均由林光如先生及楊翠女士實益擁有及控制。上述由林光如先生及楊翠女士擁有的844,000股股份，實指同一股份權益。
2. Best Grade Advisory Limited (「BGAL」) 持有本公司218,554,174股股份，而 BGAL 之全部已發行股本由 The New Super Star Unit Trust 之信託人 Masterline Industrial Limited 持有。除一個單位外，The New Super Star Unit Trust 之其他單位皆由兩個全權信託實益擁有，而該等全權信託之受益人包括林光如先生、楊翠女士及林傳億先生。而 HSBC International Trustee Limited 為兩個全權信託的信託人。上述兩處所提及之218,554,174股本公司股份，實指同一股份權益。

除上文所披露者外，於二零零六年三月三十一日，本公司各董事及主要行政人員概無於本公司或其任何相聯法團(定義見證券及期貨條例第XV部)之股份、相關股份或債券中擁有依據證券及期貨條例第XV部第7及第8分部規定須通知本公司及聯交所之權益及淡倉(包括彼等根據證券及期貨條例之該等條文被當作或視為擁有之權益或淡倉)，或記載於本公司按證券及期貨條例第352條須置存之登記冊內之權益或淡倉，或根據上市規則須知會本公司及聯交所之權益或淡倉。

Share option scheme

A new share option scheme has been adopted by the Company since 6th September, 2002 (the “New Share Option Scheme”) to replace a share option scheme which had been adopted on 8th February, 1993 (the “Old Share Option Scheme”) to comply with the current statutory requirements. The Company may grant options to the participants as set out in the New Share Option Scheme. Summary of the Old Share Option Scheme and the New Share Option Scheme was as follows :

購股權計劃

本公司由二零零二年九月六日已採納新購股權計劃(「新購股權計劃」)以取代於一九九三年二月八日採納之購股權計劃(「舊購股權計劃」)，以符合現行之法定要求。本公司可按新購股權計劃所列向參與人士授予購股權。舊購股權計劃及新購股權計劃的摘要如下：

	<i>Old Share Option Scheme</i> 舊購股權計劃	<i>New Share Option Scheme</i> 新購股權計劃
1. Purpose of the Old and New Share Option Schemes 舊及新購股權計劃目的	As an incentive to employees 作為對僱員的獎勵。	To provide participants with the opportunity to acquire proprietary interests in the Company and to encourage participants to work towards enhancing the value of the Company and its Shares 為參與人士提供獲得本公司所有權之機會，並鼓勵參與人士致力擴大大公司及其股份之價值。
2. Participants of the Old and New Share Option Schemes 舊及新購股權計劃的參與人士	Any full-time employee of the Company or any Subsidiary (including full-time executive directors of the Company or any Subsidiary) 本公司及其附屬公司的全職僱員(包括本公司或其附屬公司之全職執行董事)。	(i) Any full-time employee of the Company or of any Subsidiary; and (ii) Any full-time executive director of the Company or of any subsidiary (i) 本公司或其附屬公司之全職僱員，及 (ii) 本公司或其附屬公司之全職執行董事

Old Share Option Scheme
舊購股權計劃

3. Total number of Shares available for issue under the Old and New Share Option Schemes and percentage of issued share capital as at the date of the annual report

根據舊及新購股權計劃可發行股份總數及於本年報日期佔已發行股本百分比

The maximum number of Shares in respect of which options may be granted (when aggregated with any securities subject to any other share option scheme(s) of the Group) shall not exceed 10% of the number of issued Shares of the Company from time to time excluding the aggregate number of shares which are issued pursuant to the Old Option Scheme.

按舊購股權計劃而可能授予之購股權(連同本集團其他購股權計劃中尚未行使之購股權)有關股份最高之數目，不得超過本公司不時已發行股本10%，惟不包括因行使根據舊購股權計劃授予之購股權而發行之股份。

New Share Option Scheme
新購股權計劃

The Company may initially grant options representing 41,250,098 Shares under the New Share Option Scheme (i.e. approximately 10% of the issued share capital of the Company as at the date of the adoption of the New Share Option Scheme and approximately 9.6% of the issued share capital of the Company as at the date of the annual report)

The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Share Option Scheme and any other schemes adopted by the Company must not exceed 30% of the Shares in issue from time to time. No options may be granted under the New Share Option Scheme or any other share option scheme if that will result in the 30% limit being exceeded.

根據新購股權計劃，本公司初步可授予涉及41,250,098股股份(佔本公司於採納新購股權計劃日期之已發行股本約10%及佔本公司於本年報日期之已發行股本約9.6%)之購股權。

根據本公司採納之新購股權計劃及任何其他計劃授予而尚未行使之購股權獲行使時而可發行之股份最高之數目不得超過不時已發行股份之30%。倘根據新購股權計劃授予購股權將會超過30%上限，則不可授予購股權。

	<i>Old Share Option Scheme</i> 舊購股權計劃	<i>New Share Option Scheme</i> 新購股權計劃
4. Maximum entitlement of each participant under the Old and New Share Option Schemes 每位參與人士根據舊及新購股權計劃可認購的最高數額	25% of the aggregate number of Shares in respect of which options are issuable under the Old Share Option Scheme 舊購股權計劃當時可發行之股份總數的25%。	The total number of Shares issued and to be issued upon exercise of the options granted and to be granted to each participant (including both exercised and outstanding options) under the New Share Option Scheme or any other share option scheme adopted by the Company in any 12 month period must not exceed 1 % of the Shares in issue. 根據新購股權計劃以及本公司之任何其他購股權計劃，在任何12個月期間內，向每位參與人士授予購股權而因行使購股權(包括已行使及尚未行使之購股權)獲發行及將予發行之股份總數，不得超過已發行股份數目之1%。
5. The period within which the Shares must be taken up under an option 根據購股權須認購股份的期限	At any time during a period to be determined by the Board, which shall not be more than 10 years from the date on which the option is granted. 由董事會決定之期間內任何時間，惟無論如何不得超過授出日期起計十年。	Must not be more than 10 years from the date of offer or grant of the option. 自購股權提出授予之日起計不得超過十年。
6. The minimum period for which an option must be held before it can be exercised. 須於行使前持有購股權的最短期限	An option may be exercised at any time during a period commencing on the expiry of 6 calendar months after the date of grant of the option, but in any event not later than 10 years from the date of grant. 購股權可於由授予購股權當日起計六個曆月後任何時間行使，惟不得超過該購股權授出日期10年以外。	An option may be exercised at any time during a period commencing on the expiry of 6 calendar months after the date of grant of the option, but in any event not later than 10 years from the date of grant. 購股權可於由授予購股權當日起計六個曆月後任何時間行使，惟不得超過該購股權授出日期10年以外。

	<i>Old Share Option Scheme</i> 舊購股權計劃	<i>New Share Option Scheme</i> 新購股權計劃
7. The amount payable on application or acceptance of the option and the period within which payments or calls must or may be made or loans for such purposes must be paid 申請或接納購股權的應付金額以及付款或通知付款的期限或償還申請購股權貸款的期限	HK\$10 is to be paid as consideration for the grant of option and the option shall be accepted within 28 days from the date of offer 需支付港幣10元作為授予購股權之代價，而購股權必須於授予日期起計28日內接納。	The amount payable on acceptance of an option is HK\$10 and an offer shall remain open for acceptance by the participant for a period of 28 days from the date on which the letter containing the offer is delivered to that participant. 接納購股權所須支付之代價為港幣10元。而參與人士可於收到要約函起計28日期間內接納購股權。
8. The basis of determining the exercise price 釐定行使價的基準	The exercise price is determined by the Board in their absolute discretion but in any event shall not be less than the higher of: (i) 80% of the average of the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet for the five trading days immediately preceding the date of grant of an option; or (ii) the nominal value of the Shares 行使價由董事會釐定，但不得低於以下的較高者： (i) 緊接購股權授予日期前五個交易日股份於聯交所的平均收市價的80%；或 (ii) 股份面值。	The exercise price shall be determined by the Board in its absolute discretion and shall be at least the highest of: (i) the closing price of a Share as stated in the daily quotations sheet issued by the Stock Exchange on the date of grant, which must be a business day; or (ii) the average closing price of a Share as stated in the daily quotations sheet issued by the Stock Exchange for the 5 business days immediately preceding the date of grant; or (iii) the nominal value of the Shares on the date of grant. 購股權之行使價由董事會釐定，但最少以下列中最高者為準： (i) 股份於提出授予購股權當日（須為營業日）聯交所每日報價表所列之收市價；或 (ii) 股份於緊接提出授予購股權日期前五個交易日在聯交所每日報價表所列之平均收市價；或 (iii) 於授予購股權當日的股份面值。

	<i>Old Share Option Scheme</i> 舊購股權計劃	<i>New Share Option Scheme</i> 新購股權計劃
9. The remaining life of the Old and New Share Option Schemes 舊及新購股權計劃的剩餘期限	The Old Share Option Scheme was adopted on 8th February, 1993 and was originally effective until 7th February, 2003. On 6th September, 2002, the Old Share Option Scheme was resolved by the shareholders of the Company to have been terminated thereon. 舊購股權計劃於一九九三年二月八日採納及原於二零零三年二月七日前一直有效。於二零零二年九月六日，本公司股東議決舊股權計劃由該日起取消。	The New Share Option Scheme shall be valid and effective for a period of ten years commencing on the adoption date i.e. 6th September, 2002 新購股權計劃由採納日(即二零零二年九月六日)起十年內一直生效及有效。

The following table shows the movements in the Company's share options during the year and the outstanding options at the beginning and end of the year:

本公司購股權於年內之變動及於年初及年終尚未行使之購股權如下表所示：

Old share option scheme

舊購股權計劃

Name 姓名	Date of grant 授出日期	Exercise period 行使期間	Exercise price per share 每股認購價 HK\$ 港元	Beginning of year 年初	Granted during the year 年內授出	Exercised during the year 年內行使	Lapsed during the year 年內失效	End of year 年終
				'000 千股	'000 千股	'000 千股	'000 千股	'000 千股
Directors 董事								
Mr. Lam Kwong Yu 林光如先生	10.9.1997	11.3.1998 – 9.9.2007	0.69	2,512	—	(600)	—	1,912
Ms Yeung Chui 楊翠女士	10.9.1997	11.3.1998 – 9.9.2007	0.69	1,702	—	(100)	—	1,602
				<u>4,214</u>	<u>—</u>	<u>(700)</u>	<u>—</u>	<u>3,514</u>

New share option scheme

新購股權計劃

Name 姓名	Date of grant 授出日期	Exercise period 行使期間	Exercise price per share 每股認購價 HK\$ 港元	Beginning of year 年初 '000 千股	Granted during the year 年內授出 '000 千股	Exercised during the year 年內行使 '000 千股	Lapsed during the year 年內失效 '000 千股	End of year 年終 '000 千股
(i) Directors 董事								
Mr. Lam Kwong Yu 林光如先生	19.2.2004	19.8.2004 – 18.2.2007	1.07	2,250	—	—	—	2,250
Ms. Yeung Chui 楊翠女士	17.1.2003	17.7.2003 – 16.1.2006	0.57	500	—	(500)	—	—
	19.2.2004	19.8.2004 – 18.2.2007	1.07	2,250	—	—	—	2,250
Mr. Tai Tzu Shi, Angus 戴祖堯先生	19.2.2004	19.8.2004 – 18.2.2007	1.07	1,200	—	—	—	1,200
	29.12.2004	29.6.2005 – 28.12.2007	0.77	1,800	—	(380)	—	1,420
Mr. Cheung Chi Shing, Charles 張志成先生	19.2.2004	19.8.2004 – 18.2.2007	1.07	1,200	—	—	—	1,200
	29.12.2004	29.6.2005 – 28.12.2007	0.77	1,800	—	(360)	—	1,440
(ii) Employees 僱員								
	10.1.2003	10.7.2003 – 9.1.2006	0.53	200	—	(80)	(120)	—
	6.2.2004	6.8.2004 – 5.2.2007	0.93	4,200	—	(837)	—	3,363
	29.12.2004	29.6.2005 – 28.12.2007	0.77	4,200	—	(1,444)	—	2,756
	28.10.2005	28.4.2006 – 27.10.2007	0.72	—	482	—	—	482
				19,600	482	(3,601)	(120)	16,361

The Company had used a Binomial Option Pricing Model to determine the fair value of certain options granted as at the date of grant, details of which are set out in Note 27 to the accounts.

本公司已採用二項式期權定價模式訂定若干所授出購股權於授出當日之公平值，詳情載於賬目附註27。

The Binomial Option Pricing Model was developed to estimate the fair value of American style options, that is, options that can be exercised at any time throughout the option term from the date of being vested. It is one of the commonly used models to estimate the fair value of an option which can be exercised before the expiry of the option period. The value of an option varies with different variables of certain subjective assumptions. Any change in variables so adopted may materially affect the estimation of the fair value of an option.

二項式期權定價模式乃用作估計美式期權(即指由歸屬日起開始於行使期內可隨意行使之期權)之公平值。此乃估計可於行使期屆滿前行使之期權之公平值最常用之其中一種模式。期權之價值會因若干主觀假設之數據出現變動而有異。期權之公平值估算或會因所採納之數據出現任何變動而受到重大影響。

Save as disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable any of the Company's directors or members of its management to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interests in contracts

Save as disclosed in Note 33 to the accompanying accounts, no contract of significance in relation to the Group's business to which the Company or any of its subsidiaries or holding companies was a party and in which any of the Company's directors or members of its management had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Substantial shareholders

So far as is known to any Director or Chief Executive of the Company, as at 31st March, 2006, shareholders (other than Directors or Chief Executive of the Company) who had interest or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

1. Long positions of substantial shareholders in the shares of the Company

Name of shareholder	Capacity	Number of Shares	Approximate % of Shareholding
股東名稱	身份	股份數目	佔股權之概約百分比
Best Grade Advisory Limited	Beneficial owner 實益擁有	218,554,174 (Note 1) (附註1)	50.89%
Masterline Industrial Limited	Trustee 信託人	218,554,174 (Note 1) (附註1)	50.89%
HSBC International Trustee Limited	Trustee 信託人	218,554,174 (Note 2) (附註2)	50.89%

除上述披露者外，於年內任何時間，本公司及其任何附屬公司概無參與任何安排，導致本公司董事或其管理層成員藉收購本公司或任何其他法人團體之股份或債券而獲益。

董事於合約內之利益

除於隨附之賬目附註33披露者外，本公司或其附屬公司於年終或年內任何時間，並無訂有任何與本集團業務有關而本公司董事或管理層成員直接或間接擁有其中重大利益之重要合約。

主要股東

就本公司董事或最高行政人員所知，於二零零六年三月三十一日，於本公司股份或相關股份中擁有根據證券及期貨條例第XV部第2及第3分部的條文須向本公司披露或記載於本公司按證券及期貨條例第336條置存的登記冊內的權益或淡倉之股東(本公司董事或最高行政人員除外)如下：

1. 主要股東於本公司股份之好倉

2. Long positions of other persons in the shares of the Company

Name of shareholder	Capacity	Number of Shares	Approximate % of Shareholding
股東名稱	身份	股份數目	佔股權之概約百分比
Value Partners Limited	Investment manager 投資經理	29,910,000 (Note 3) (附註3)	6.96%
Cheah Cheng Hye 謝清海	Interest of controlled corporation 受控制公司之權益	29,910,000 (Note 3) (附註3)	6.96%

Notes:

- The two references of 218,554,174 shares relate to the same block of shares in the Company. Best Grade Advisory Limited ("BGAL") held 218,554,174 shares in the Company. The entire issued share capital of BGAL is held by Masterline Industrial Limited as trustee of The New Super Star Unit Trust. All except one units in The New Super Star Unit Trust are beneficially owned by two discretionary trusts, the discretionary beneficiaries of which include Mr. Lam Kwong Yu, Ms. Yeung Chui and Mr. Lam Chuen Yik, Kenneth. HSBC International Trustee Limited acted as trustee of the two discretionary trusts.
- The two references of 218,554,174 Shares described in Note 1 and Note 2 relate to the same block of Shares in the Company. HSBC International Trustee Limited ("HSBC"), as trustee of two discretionary trusts in which Mr. Lam Kwong Yu, Ms. Yeung Chui and Mr. Lam Chuen Yik, Kenneth were the beneficiaries, were interested and/or deemed to be interested in the said 218,554,174 shares.
- The two references to 29,910,000 shares relate to the same block of shares in the Company.

Audit committee

The Audit Committee is composed of all the four non-executive directors of the Company of which three of them are independent. The audit committee has reviewed with management the accounting policies adopted by the Group and discussed auditing, internal control, and financial reporting matters, including the review of financial statements for the year ended 31st March, 2006.

2. 其他人士於本公司股份之好倉

附註：

- 上述兩處所提及之218,554,174股本公司股份，實指同一股份權益。上述股份由 Best Grade Advisory Limited (「BGAL」) 持有。BGAL 之全部已發行股本由 The New Super Star Unit Trust 之信託人 Masterline Industrial Limited 持有。除一個單位外，The New Super Star Unit Trust 之其他單位皆由兩個全權信託實益擁有，而該等全權信託之受益人包括林光如先生、楊翠女士及林傳億先生。而 HSBC International Trustee Limited 為兩個全權信託的信託人。
- 附註(1)及(2)所提及之218,554,174股本公司股份，實為同一股份權益。HSBC International Trustee Limited (「HSBC」) 為兩個全權信託之信託人，而林光如先生、楊翠女士及林傳億先生則為該等信託之受益人，HSBC 擁有及／或被視為擁有所述之218,554,174股股份權益。
- 上述兩處所提及之29,910,000股本公司股份，實指同一股份權益。

審核委員會

本公司之審核委員會由本公司之所有四位非執行董事(其中三位為獨立非執行董事)組成。本集團之審核委員會已與管理層審議本集團採用之會計政策，及商討審計、內部監控及財務匯報事項，包括審議此等截至二零零六年三月三十一日之年度財務報表。

Summary financial information

A summary of the Group's financial information for the last five financial years is set out on pages 20 and 21 of this annual report.

Sufficiency of public float

Based on the information that is publicly available to the Company and within the knowledge of its Directors, the Directors confirm that the Company has maintained during the year under review the amount of public float as required under the Listing Rules.

Corporate governance

A report on the principal corporate governance practices adopted by the Company is set out on pages 36 to 43 of the annual report.

Auditors

The accompanying accounts were audited by PricewaterhouseCoopers. A resolution for appointment of PricewaterhouseCoopers as the Company's auditors for the ensuing year, is to be proposed at the forthcoming annual general meeting.

On behalf of the Board of Directors,
Lam Kwong Yu
Chairman

Hong Kong, 6th July, 2006

財務摘要

本集團於過去五個財政年度之財務摘要詳情載於本年報第20頁至21頁。

公眾持股量的足夠性

根據本公司能夠取得之資料及董事之知情範圍以內，董事確認，本公司於回顧年度內之公眾持股量維持在上市規則所規定之數量。

企業管治

有關本公司採納之主要企業管治常規之報告載於年報第36至43頁。

核數師

隨附之賬目由羅兵咸永道會計師事務所審核。有關重新聘請羅兵咸永道會計師事務所為本公司核數師之決議案將於即將舉行之股東週年大會上提呈。

承董事會命
主席
林光如

香港，二零零六年七月六日

CORPORATE GOVERNANCE PRACTICES

Starlite Holdings Limited (the “Company”) and its subsidiaries (together the “Group”) are committed to maintaining and upholding good corporate governance in order to protect the interests of shareholders, customers, suppliers and staff. The Company strives at ensuring high standards of corporate governance in the interests of shareholders and takes care to identify practices designed to achieve effective oversight, transparency and ethical behavior.

In November 2004, The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) issued certain amendments in the Listing Rules related to the Code on Corporate Governance Practices (the “Code”) and the rules on the Corporate Governance Report, which came into effect on 1st January, 2005. The Company has considered the Code and has reviewed and amended internal procedures, where appropriate, to comply with the Code.

Throughout the year ended 31st March, 2006, the Company was in compliance with the Code as set out in the then Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”), except for the deviations as mentioned below.

This report includes information relating to corporate governance practices of the Company during the year ended 31st March, 2006 and significant events after that date and up to the date of this report.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Listing Rules for securities transactions by the Directors. All Directors have confirmed that, during the year ended 31st March, 2006, they have complied with the required standard set out in the Model Code regarding securities transactions by the Directors.

企業管治常規

為保障股東、客戶、供應商和員工的利益，星光集團有限公司（「本公司」）及其附屬公司（統稱「本集團」）致力維持和強化高水準的公司治理。本公司致力保持高水平的企業管治，以股東的利益為依歸，力求訂立合適的政策，實行有效監管，提升公司透明度，秉承應有的道德操守。

於二零零四年十一月，香港聯合交易所有限公司（「聯交所」）頒佈有關企業管治常規守則（「守則」）之若干上市規則修訂及企業管治報告規則，有關規則於二零零五年一月一日生效。本公司已審視守則及已審閱及修訂內部程序（如適用），以便符合守則的規定。

除下文所述偏離者外，於截至二零零六年三月三十一日止年度，本公司已遵守聯交所證券上市規則（「上市規則」）附錄十四所載之守則。

本報告包括於截至二零零六年三月三十一日止年度內有關本公司之企業管治常規之資料，及於該日期後及截至本報告日期之重大事項。

董事之證券交易

本公司已就董事進行證券交易採納上市規則附錄十所載上市公司董事進行證券交易的標準守則（「標準守則」），全體董事均已確認，截至二零零六年三月三十一日止年度，彼等一直遵守標準守則有關董事進行證券交易規定所載規定標準。

BOARD OF DIRECTORS

The Board

The Board is at the core of the Company's corporate governance framework, and there is clear division of responsibilities between the Board and the Management. The Board is responsible for providing high-level guidance and effective oversight of the Management. Generally, the Board is responsible for:

- formulating the Group's long term strategy and monitoring the implementation thereof;
- reviewing and approving the annual business plan and financial budget;
- approving the annual and interim reports;
- reviewing and monitoring risk management and internal control;
- ensuring good corporate governance and compliance; and
- monitoring the performance of the Management.

The Board currently has 8 members, comprising three independent non-executive directors, one non-executive director and four executive directors of whom certain are with appropriate professional qualification or are in possession of financial management expertise.

董事會

董事會

董事會作為本公司治理架構核心，同管理層之間具有明確分工。董事會負責給予管理層高層指引和有效監控。一般而言，董事會負責：

- 制訂本集團的長期戰略並監控其執行情況；
- 審批年度業務計劃和財務預算；
- 批准有關年度及中期業績；
- 審查及監控本集團的風險管理及內部監控；
- 負責本集團的公司治理及合規；及
- 監察本集團管理層的工作表現。

董事會由八位成員組成，包括三位獨立非執行董事，一位非執行董事及四位執行董事，若干董事具備適當的專業資格或有關財務管理的專業經驗。

The Board is scheduled to meet at least four times a year to determine overall strategic direction and objectives and approve interim and annual results and other significant matters. During the year ended 31st March, 2006, four Board meetings were held with an average attendance rate of 81%, details of which are presented below.

董事會擬每年舉行至少四次會議，以釐定整體策略方針及目標，並通過中期及年度業績及其他重要事項。截至二零零六年三月三十一日止年度內，已舉行之四次董事會會議之平均出席率為81%，詳情呈列如下：

Board Members	Meetings Attended/ Held	董事會成員	出席／舉行
<i>Executive directors</i>		<i>執行董事</i>	
Mr. Lam Kwong Yu (<i>Chairman of the Board</i>)	4/4	林光如先生 (<i>董事會主席</i>)	4/4
Ms. Yeung Chui	3/4	楊翠女士	3/4
Mr. Tai Tzu Shi, Angus	3/4	戴祖璽先生	3/4
Mr. Cheung Chi Shing, Charles	4/4	張志成先生	4/4
<i>Non-executive director</i>		<i>非執行董事</i>	
Mr. Christopher James Williams	1/4	Christopher James Williams 先生	1/4
<i>Independent non-executive directors</i>		<i>獨立非執行董事</i>	
Mr. Chan Yue Kwong, Michael	4/4	陳裕光先生	4/4
Mr. Kwok Lam-Kwong, Larry, JP	3/4	郭琳廣太平紳士	3/4
Mr. Tam King Ching, Kenny	4/4	譚競正先生	4/4

The meeting schedule had been prepared and approved by the Board in the preceding year. In general, Board agenda and meeting materials are despatched to all Board members in a timely manner. Board agenda is approved by the Chairman following consultation with other Board members and the Management.

會議時間安排在上一年度即已擬定通過。所有會議材料連同會議議程會及時送達全體董事會成員審閱。每次會議議程內容均在事前充份諮詢各董事會成員及管理層意見後，經主席確認而制訂。

The Company Secretary, Mr. Cheung Chi Shing, Charles, is responsible for taking minutes of Board and Board Committee meetings. Draft and final minutes are sent to all Directors for comments within a reasonable time. A final draft of each minutes of meetings is made available for inspection by Directors/Committee Members.

公司秘書張志成先生負責處理董事會及董事會委員會之會議記錄。會議記錄之草擬及最終版本將於適當時間送交董事以收集意見。每份會議記錄之最終版本可供董事／委員會成員查閱。

All Directors have access to the Company Secretary who is responsible for ensuring that Board procedures are complied with and advises the Board on corporate governance and compliance matters. They are also encouraged to take independent professional advice at the Company's expense in performance of their duties, if necessary. Furthermore, all the Directors are covered by the Directors' & Officers' Liability Insurance, which is also part of our best practices.

所有董事均可聯絡公司秘書，而公司秘書則負責確保董事會符合程序及就企業管治及法規事項向董事會提出意見。本公司鼓勵所有董事於有需要的情況下諮詢獨立專業人士的意見，以履行其職務，有關費用將由公司支付。此外，所有董事均獲得董事及行政人員責任保險保障，有關安排亦屬於本集團最佳常規之一部份。

Chairman and CEO

Code Provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. The Company does not have a separate Chairman and Chief Executive Officer and Mr. Lam Kwong Yu currently holds both positions. The Board believes that vesting the roles of both Chairman and Chief Executive Officer in the same person would allow the Company to be more effective and efficient in developing long-term business strategies and execution of business plans. The Board believes that the balance of power and authority is adequately ensured by the operating of the Board which comprises experienced and high caliber individuals with a sufficient number thereof being Non-executive Directors.

Appointments, re-election and removal

The Board as a whole is responsible for the procedure agreeing to the appointment of its own members and for nominating them for election by the shareholders on first appointment and thereafter subject to retirement and re-election at annual general meeting in accordance with the Bye-laws of the Company. Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. The non-executive directors of the Company have not been appointed for a specific term as they are subject to retirement and re-election at annual general meeting in accordance with the Bye-laws of the Company. The Company has not established any nomination committee and is not currently considering establishing the same owing to the small size of the Board of the Company. The Chairman of the Board is mainly responsible for identifying appropriate candidates to fill the casual vacancy whenever it arises or to add additional member as and when required. The Chairman will propose the qualified candidate(s) to the Board for consideration. The Board will approve the appointment based on the suitability, qualification of the candidate. The Chairman of the Board is reviewing the structure, size and composition of the Board and assessing the independence of independent non-executive directors, on a regular basis.

Responsibilities of Directors

Upon acceptance of appointment, a new Director is provided with sufficient orientation package, including introduction to Group activities (when necessary), induction into their responsibilities and duties, and other regulatory requirements, to ensure that he has a proper understanding of the business and his responsibilities as a Director of the Company.

主席及行政總裁

守則條文第A.2.1條規定應區分主席與行政總裁的角色，並不應由一人同時兼任。本公司並無區分主席與行政總裁，林光如先生目前兼任該兩個職位。董事會相信，由一人兼任主席與行政總裁的角色可讓本公司更有效及有效率發展長遠業務策略以及執行業務計劃。董事會相信，董事會由經驗豐富的優秀人才組成，加上相當成員均為非執行董事，故足以確保有關權力及職權能充分平衡。

委任、膺選連任及撤換

董事會全體負責制訂商定委任其本身成員及於首次委任時提名彼等供股東選舉及其後選舉之程序。守則條文第A.4.1條規定非執行董事的委任應有年期，並須接受重新選舉，而本公司之非執行董事並無按特定任期委任，惟根據本公司章程細則，彼等須於股東週年大會上告退及重選。由於本公司董事會規模較小，因此本公司並無成立任何提名委員會，目前亦並無考慮成立提名委員會。董事會主席主要負責物色適當人選以填補隨時出現之空缺或於有需要時新增成員。主席將向董事會建議合資格人選以供考慮。董事會將根據人選之適合程度及資歷而批准委任。董事會主席會定期審議董事會之結構、規模及組成及評估獨立非執行董事之獨立性。

董事之責任

新任董事於接受委任後，將獲得提供足夠之指導協助，包括介紹本集團業務（於有需要時）、簡介其責任及職責及其他監管規定，以確保其對本公司業務及作為本公司董事之責任有適當了解。

Each of the Directors is required to give sufficient time and attention to the affairs of the Company. As seen above, a very satisfactory average attendance rates were recorded on the meetings of the Board and Committees under the Board.

Independent non-executive Directors

The roles of the independent non-executive Directors include the following:

- (i) provision of independent judgement at the Board meeting;
- (ii) take the lead where potential conflicts of interests arise;
- (iii) serve on committees if invited; and
- (iv) scrutinize the performance of the Group as necessary

The independent non-executive Directors of the Company and their immediate family receive no payment from the Company or its subsidiaries (except the Director fee). No family member of any independent non-executive Directors is employed as an executive officer of the Company or its subsidiaries, or has been so in the past three years. The independent non-executive Directors are subject to retirement and re-election at the Annual General Meeting in accordance with the Bye-laws of the Company. Each independent non-executive Director has provided a confirmation of his independence with reference to the new independence guidelines as set out in the Listing Rules.

Supply of and access to information

To allow the Directors to make an informed decision and properly discharge their duties and responsibilities, the Company Secretary ensures that relevant Board papers are sent to all the Directors in a timely manner. All Board papers and minutes are also made available for inspection by the Board and its Committees.

每名董事須撥出足夠時間及注意力以處理本公司事務。如上文所載，根據董事會會議及董事會轄下委員會會議，均錄得令人極為滿意之出席率。

獨立非執行董事

獨立非執行董事的角色包括下列各項：

- (i) 於董事會會議上提供獨立判斷；
- (ii) 於出現潛在利益衝突時作出處理；
- (iii) 如獲邀請則出任委員會成員；及
- (iv) 於有需要時監察本集團表現。

本公司獨立非執行董事及其直屬家眷並無接獲本公司或其附屬公司的任何款項（董事袍金除外）。概無任何獨立非執行董事的家族成員現在或於過往三年受聘為本公司或其附屬公司的行政人員。獨立非執行董事須根據本公司的組織章程細則於股東週年大會上告退及膺選連任。各獨立非執行董事已根據上市規則所載的新獨立指引提供其獨立性的確認書。

提供及查閱資料

為了使董事可作出知情決定及適當履行其職責及責任，公司秘書確保有關董事會文件以適時方式送交所有董事。所有董事會文件及會議記錄亦可供董事會及其委員會查閱。

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The Remuneration Committee was set up with the responsibility of recommending to the Board the remuneration policy of all the Directors and the senior management. The Remuneration Committee composed of all the four non-executive directors of the Company of which three of them are independent, details as set out below.

Independent non-executive Directors

Mr. Chan Yue Kwong, Michael (*Chairman*)
Mr. Kwok Lam-Kwong, Larry, *JP*
Mr. Tam King Ching, Kenny

Non-executive Director

Mr. Christopher James Williams

The Committee Chairman is required to report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

A meeting of the Remuneration Committee is required to be held at least once a year to coincide with key dates within the financial reporting and audit cycle. During the year ended 31st March, 2006, attendance for the four meetings held by the Remuneration Committee is set out below:

Remuneration Committee Members	Meetings Attended/ Held	薪酬委員會成員	出席／ 舉行
Mr. Chan Yue Kwong, Michael	3/4	陳裕光先生	3/4
Mr. Christopher James Williams	3/4	Christopher James Williams 先生	3/4
Mr. Kwok Lam-Kwong, Larry, <i>JP</i>	3/4	郭琳廣太平紳士	3/4
Mr. Tam King Ching, Kenny	4/4	譚競正先生	4/4

The Remuneration Committee is authorised to investigate any matter within its Terms of Reference and seek any information it requires from any employee and obtain outside legal or other independent professional advice at the cost of the Company if it considers necessary. The Remuneration Committee has reviewed the compensation of the directors and senior executives for 2006.

董事及高級管理層酬金

薪酬委員會的職責為向董事會建議所有董事及高級管理層之酬金政策。薪酬委員會由本公司四位獨立非執行董事(其中三位為獨立非執行董事)組成，詳情載列如下。

獨立非執行董事

陳裕光先生(委員會主席)
郭琳廣太平紳士
譚競正先生

非執行董事

Christopher James Williams 先生

委員會主席須於每次會議後向董事會匯報其職責及責任範圍內之所有事項處理程序。

薪酬委員會須至少每年舉行一次會議，日期須與財務報告及審核週期內之重要日子屬同一日。截至二零零六年三月三十一日止年度內，薪酬委員會舉行之四次會議的出席率如下：

薪酬委員會獲授權調查屬於薪酬會職權範圍內任何事項，並可向任何僱員搜集其需要之任何資料，及徵詢法律或其他獨立專業人士的意見，以履行其職務，有關費用將由公司支付。薪酬委員會已審閱董事及高級行政人員於二零零六年之薪酬。

During the year ended 31st March, 2006, total Directors' remuneration amounted to approximately HK\$10,993,000 (2005: HK\$10,641,000), individual details of which are disclosed in Note 10 of the Annual Report. Executive Directors and senior management's compensation including the long-term incentive shall be based on the corporate and individual performance.

ACCOUNTABILITY AND AUDIT

Financial reporting

The Directors are responsible for the preparation of financial statements for each financial period which give a true and fair view of the state of affairs of the Group and of the results and cash flow for that period. In preparing the financial statements for the year ended 31st March, 2006, the Directors have selected suitable accounting policies and applied them consistently; adopted appropriate Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards; made adjustments and estimates that are prudent and reasonable; and have prepared the financial statements on the going concern basis. The Directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company.

Internal controls

The Board has overall responsibility for the system of internal controls of the Group and for reviewing its effectiveness. The Board is committed to implementing an effective and sound internal controls system to safeguard the interest of the shareholders and the Group's assets.

The Internal Audit Team (the "IA Team") will be established with an Internal Audit Charter to be approved and adopted by the Audit Committee. The Audit Team will be an independent unit established within the Group, which provides the Board an independent appraisal of the Group's systems of internal controls to evaluate the adequacy and effectiveness of the controls established to safeguard shareholders' investment and the Group's assets. The head of the internal audit has a direct reporting line to the Audit Committee.

The Directors through the IA Team under the Audit Committee conduct periodical reviews of the effectiveness of the Group's system of internal controls.

截至二零零六年三月三十一日年度內，董事酬金總額約10,993,000港元（二零零五年：10,641,000港元），詳情於年報內附註10披露。執行董事及高級管理層之薪酬（包括長期獎勵）應以企業及個人表現計算。

問責性及審核

財務報告

董事有責任就每個財政期間編製真實兼公平反映本集團財務狀況的財務報表以及該期間的業績及現金流量。在編撰截至二零零六年三月三十一日止年度的財務報表時，董事必須採用適當的會計政策及貫徹應用該等會計政策；採納適當的香港財務報告準則及香港會計準則；作出審慎及合理的調整及估計；及按持續經營基準編製財務報表。董事亦須負責保存適當的會計記錄，並可於任何時間以合理準確方式披露本公司的財務狀況。

內部監控

董事會須全面負責建立本公司的內部監控制度及檢討其成效。董事會承諾執行有效及穩健的內部監控制度，以保障股東權益及本集團資產。

本集團將成立內部審核隊伍，並將經審核委員會批准及接納其內部審核規章。內部審核隊伍為本集團內部成立的獨立部門，以評估本集團在保障股東投資及本集團資產的控制工作是否恰當及有效，對本集團的內部監控系統向董事會提供獨立評估的意見。內部審核部門的主管可直接向審核委員會匯報。

董事會透過審核委員會轄下的內部審核隊伍，對本集團的內部監控制度的成效進行定期檢討。

Audit Committee

The audit committee is composed of all the four non-executive directors of the Company of which three of them are independent. The audit committee has reviewed with management the accounting policies adopted by the Group and discussed auditing, internal control, and financial reporting matters, including the review of financial statements for the year ended 31st March, 2006.

The Audit Committee has reviewed the annual and interim results of 2006 and was content that the accounting policies of the Group are in accordance with the generally accepted accounting practices in Hong Kong.

Attendance for the four meetings held by the Audit Committee during the year is set out below:

Audit Committee Members	Meetings Attended/Held	審核委員會成員	出席／舉行
Mr. Tam King Ching, Kenny (<i>Chairman</i>)	4/4	譚競正先生 (委員會主席)	4/4
Mr. Chan Yue Kwong, Michael	3/4	陳裕光先生	3/4
Mr. Christopher James Williams	2/4	Christopher James Williams 先生	2/4
Mr. Kwok Lam-Kwong, Larry, JP	3/4	郭琳廣太平紳士	3/4

Auditors' Remuneration

The financial statements for the year have been audited by PricewaterhouseCoopers. During the year, remuneration of approximately HK\$1,408,000 was payable to PricewaterhouseCoopers for the provision of audit services. In addition, approximately HK\$838,000 was payable to PricewaterhouseCoopers for other non-audit services. The non-audit services mainly consist of tax compliance and other advisory services.

Communication with Shareholders

Communication with shareholders is given high priority. Extensive information about the Group's activities is provided in the Annual Report and the Interim Report. The Group's website provides regularly updated Group information to shareholders. The Company also arranges regular site visit for investors and media. Enquiries on matters relating to shareholdings and the business of the Group are welcome, and are dealt with in an informative and timely manner. The Group encourages all shareholders to attend annual general meeting.

審核委員會

本公司之審核委員會由本公司之所有四位非執行董事(其中三位為獨立非執行董事)組成。本集團之審核委員會已與管理層審議本集團採用之會計政策，及商討審計、內部監控及財務匯報事項，包括審議此等截至二零零六年三月三十一日之年度財務報表。

審核委員會已審閱二零零六年的全年及中期業績，並對本集團的會計政策乃符合香港現時業內普遍採納的會計常規表示滿意。

年內審核委員會舉行之四次會議之出席率如下：

核數師酬金

本年度財務報表已由羅兵咸永道會計師事務所審核。於本年度內，就提供審核服務而應付羅兵咸永道會計師事務所的酬金約為1,408,000港元。此外，就其他非審核服務而應付羅兵咸永道會計師事務所的款項約為838,000港元。非審核服務主要包括稅務法規及其他諮詢服務。

與股東的聯繫

本集團相當重視與股東的聯繫。年報及中期報告提供大量關於本集團業務的資料。本集團的網站定期為股東提供最新資訊。本公司亦定期為投資者及傳媒安排實地訪問。本集團歡迎投資者查詢有關彼等所持股權及本集團業務的事項，而所有查詢均會於短時間內處理。本集團亦歡迎所有股東出席股東週年大會。

DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Lam Kwong Yu, aged 59

Mr. Lam is the Chairman and Chief Executive Officer of the Company and is the founder of the Group. He holds a Master Degree in Business Administration from the National University of Singapore. Mr. Lam has been in community work in Hong Kong and China for many years. He is a member of the 10th National Committee of the Chinese People's Political Consultative Conference, a member of Selection Committee for the 1st and 2nd Government of HKSAR, a director of Chinese Overseas Friendship Association, an Adjunct Professor of City University of Hong Kong, a Director of Guangzhou Jinan University and a Guest Professor of South China Normal University. Mr. Lam has received several prominent awards including "Hong Kong Ten Outstanding Young Persons Award 1986", "Young Industrialist Award of Hong Kong 1988", "Hong Kong Entrepreneurs Award 1990", "Outstanding Achievements Award" of the "Hong Kong Print Award 1999" and "Medal of Honor" (M.H.) from the Government of the Hong Kong Special Administrative Region in 2002. Mr. Lam has over 40 years' experience in the printing industry and is responsible for the overall policy making and business development of the Group.

Ms. Yeung Chui, aged 59

Ms. Yeung is the Vice Chairman of the Company. Ms. Yeung is responsible for the finance, administration, personnel and purchasing functions of the Group. She has over 40 years' experience in the printing industry. Ms. Yeung is the wife of Mr. Lam Kwong Yu.

Mr. Tai Tzu Shi, Angus, aged 49

Mr. Tai is the Senior Vice President of the Company. He joined the Group in 1990 and is responsible for the overall management and productions functions of the Group. He graduated from the Graphics Art Department of the Chinese Culture University of Taiwan in 1978. He is the author of the book titled "The Quality Control of the Printing Industry". He has over 21 years' experience in the printing industry.

董事及高級行政人員資料

執行董事

林光如先生

林先生，現年五十九歲，為本集團創辦人及本公司主席兼行政總裁。林先生持有新加坡國立大學工商管理碩士學位。多年來林先生先後出任香港及中國之社會公職，為中國人民政治協商會議第十屆全國委員會委員、香港特別行政區第一屆推選委員會委員及第二屆選舉委員會委員、中華海外聯誼會理事、香港城市大學商學院協席教授、暨南大學校董會校董、武漢大學客座教授及華南師範大學客座教授等。林先生曾榮獲多種獎項，包括一九八六年香港「十大傑出青年獎」、一九八八年香港首屆「青年工業家獎」、一九九零年「香港創業家榮譽獎」、一九九九年「香港印藝大獎」之「傑出成就大獎」及二零零二年香港特別行政區政府頒發「榮譽勳章」等。林先生於印刷行業有超過四十年經驗，並負責集團的整體策劃與業務發展。

楊翠女士

楊女士，現年五十九歲，為本公司副主席，負責本集團之財務、行政、人事及採購工作，從事印刷業超過四十年。楊女士為林光如先生之夫人。

戴祖璽先生

戴先生，現年四十九歲，為本公司高級副總裁。戴先生於一九九零年加入本集團，負責本集團整體管理及生產工作。彼於一九七八年畢業於台灣中國文化大學印刷學系，並為「印刷工業品質管制」一書之作者，從事印刷業超過二十一年。

Mr. Cheung Chi Shing, Charles, aged 50

Mr. Cheung is the Senior Vice President of the Company. He joined the Group in early 1997 and is responsible for the overall finance and administration functions of the Group, and has been appointed as a director in September 2000. He has held various senior positions in finance, accounting and auditing fields for more than 20 years. Mr. Cheung graduated from The Hong Kong Polytechnic University and is an Associate Member of the Hong Kong Institute of Certified Public Accountants and a Fellow Member of The Association of Chartered Certified Accountants.

Non-Executive Directors

Mr. Christopher James Williams, aged 47

Mr. Williams was appointed an independent non-executive director of the Company in February 1997. He has been re-designated as a Non-Executive Director with effect from 21st July, 2004. He is a practising solicitor and is a partner in the firm of Richards Butler. He is qualified in England and Wales and in Hong Kong and has over 21 years of the legal experience. His area of specialisation include corporate finance, capital markets, mergers and acquisitions, joint ventures and cross border transactions.

Independent Non-Executive Directors

Mr. Chan Yue Kwong, Michael, aged 54

Mr. Chan is the Executive Chairman of the publicly-listed Café de Coral Holdings Limited. He holds a double major Degree in Sociology and Political Science, a Masters degree in City Planning from the University of Manitoba and an Honorary Doctorate Degree in Business Administration. He is currently the Honorary Adviser of the Hong Kong Institute of Marketing and full member of the Canadian and Hong Kong Institute of Planners. He has over 11 years of professional experience in the public sector and over 20 years' managerial experience in the food and catering industry.

張志成先生

張先生，現年五十歲，於一九九七年初獲委為本公司高級副總裁，負責集團之整體財務與行政工作，並自二零零零年九月起獲委任為集團董事。彼有超過二十年時間於財務、會計及審計行業出任要職。張先生畢業於香港理工大學，為香港會計師公會會員及英國特許會計師公會資深會員。

非執行董事

Christopher James Williams 先生

Williams 先生，現年四十七歲，於一九九七年二月獲委任為本公司獨立非執行董事，並於二零零四年七月二十一日起轉任為本公司非執行董事。他為香港執業律師及齊伯禮律師行之合夥人，於英格蘭、威爾斯及香港均具有專業資格，從事法律界超過二十一年，尤其專長公司財務、集資、合併與收購、合營企業及跨國交易。

獨立非執行董事

陳裕光先生

陳裕光先生，現年五十四歲，為香港上市之大家樂集團有限公司集團主席。陳先生持有加拿大曼尼托巴大學社會及政治學學位及該大學城市規劃碩士學位，更獲頒授工商管理學榮譽博士學位。現為香港市務學會榮譽顧問、加拿大及香港規劃師學會會員。陳先生曾擔任若干公職超過十一年，獲得廣泛的專業經驗，其後從事飲食業務的企業管理及領導工作，迄今超逾二十年。

Mr. Kwok Lam-Kwong, Larry, JP, aged 50

Mr. Kwok was appointed as an independent non-executive director of the Company in July 2004. He is a practising solicitor in Hong Kong, and is currently the Managing Partner, China of Mallesons Stephen Jaques. He is qualified to practice as a solicitor in Australia, England and Singapore. He is also qualified as an accountant in Hong Kong and Australia. He graduated from the University of Sydney, Australia with bachelor's degrees in economics (major in accounting and economics) and laws respectively as well as a master's degree in laws.

Mr. Tam King Ching, Kenny, aged 57

Mr. Tam was appointed as an independent non-executive director of the Company in July 2004. Mr. Tam graduated from Concordia University, Canada with a bachelor degree in commerce. He is a qualified accountant in Hong Kong and Canada. Mr. Tam is a practicing accountant in Hong Kong and is the owner of Kenny Tam & Co., Certified Public Accountants. He is also a registered Insolvency Practitioner of the Official Receiver's Office. Mr. Tam has substantial experience in the accounting and insolvency fields. He serves on a number of advisory committees in the Accountancy and Insolvency Professional and has been active in community work in Hong Kong for many years.

Senior Management**Mr. Lim Pheok Wan, Richard, aged 41**

Mr. Lim is the Senior Vice President (Marketing and Sales) of the Company. He joined the Group in 1994 and is responsible for the overall sales and marketing function of the Group. He has held various senior position within the Group, and until recently was the General Manager for its Singapore and Suzhou subsidiary. Mr. Lim holds a Master of Science Degree in International Marketing from the University of Strathclyde, Glasgow, and has more than 17 years experience in the printing industry.

郭琳廣太平紳士

郭先生，現年五十歲，於二零零四年七月獲委任為本公司之獨立非執行董事，郭先生為香港執業律師，現為萬盛國際律師事務所之主管合夥人（中國），他同時亦具有澳洲、英國及新加坡之執業律師資格。此外郭先生亦具有香港及澳洲之會計師資格。郭先生於澳洲悉尼大學畢業並分別取得經濟學《主修會計及經濟》及法學學士和法學碩士學位。

譚競正先生

譚先生，現年五十七歲，於二零零四年七月獲委任為本公司之獨立非執行董事，譚先生於加拿大康戈迪亞大學畢業，並持有商學士學位，他持有香港及加拿大之會計師資格。譚先生為香港執業會計師並為譚競正會計師事務所的東主，他亦是破產管理署註冊執業會計師。譚先生專長於會計及破產管理行業。他現任多個會計及清盤專業組織的諮詢委員會成員，他多年來熱心香港社會工作。

高級行政人員**林必旺先生**

林先生，現年四十一歲，為本公司之高級副總裁（營銷），彼於一九九四年加入本集團，負責集團整體銷售與市場推廣工作。彼曾出任本集團多個重要職務，包括新加坡及蘇州附屬公司之總經理，彼持有 University of Strathclyde, Glasgow 國際市場學碩士學位及於印刷業擁有超過十七年經驗。



羅兵咸永道會計師事務所

PricewaterhouseCoopers
22/F, Prince's Building
Central, Hong Kong
Telephone (852) 2289 8888
Facsimile (852) 2810 9888

AUDITORS' REPORT TO THE SHAREHOLDERS OF STARLITE HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

We have audited the financial statements on pages 49 to 120 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

Respective responsibilities of directors and auditors

The company's directors are responsible for the preparation of financial statements which give a true and fair view. In preparing financial statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion solely to you, as a body, in accordance with section 90 of the Companies Act 1981 of Bermuda, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Basis of opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the company and of the group, consistently applied and adequately disclosed.

致星光集團有限公司
全體股東之核數師報告
(於百慕達註冊成立之有限公司)

本核數師已完成審核第49頁至第120頁之財務報表，該等財務報表乃按照香港普遍採納之會計原則編製。

董事及核數師各自之責任

編製真實兼公平之財務報表乃 貴公司董事之責任。在編製該等真實兼公平之財務報表時，董事必須採用適當之會計政策，並且貫徹應用該等會計政策。

本核數師之責任是根據審核之結果，對該等財務報表出具獨立意見，並按照一九八一年百慕達公司法第90條僅向整體股東報告，除此之外本報告別無其他目的。本核數師不會就本報告的內容向任何其他人士負上或承擔任何責任。

意見之基礎

本核數師已按照香港會計師公會所頒佈之香港審核準則進行審核工作。審核範圍包括以抽查方式查核與財務報表所載數額及披露事項有關之憑證，亦包括評審董事於編製財務報表時所作之重大估計和判斷，所採用之會計政策是否適合 貴公司與 貴集團之具體情況，及有否貫徹應用並足夠披露該等會計政策。

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and of the group as at 31st March, 2006 and of the group's profit and cash flows for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 6th July, 2006

本核數師在策劃和進行審核工作時，均以取得所有本核數師認為必需之資料及解釋為目標，以便獲得充分憑證，就該等財務報表是否存有重大錯誤陳述，作出合理之確定。在作出意見時，本核數師亦已評估該等財務報表所載之資料在整體上是否足夠。本核數師相信我們之審核工作已為下列意見提供合理之基礎。

意見

本核數師認為，上述之財務報表足以真實兼公平地顯示 貴公司與 貴集團於二零零六年三月三十一日結算時之財務狀況及 貴集團截至該日止年度之溢利及現金流量，並按照香港公司條例之披露要求妥為編製。

羅兵咸永道會計師事務所
執業會計師

香港，二零零六年七月六日

CONSOLIDATED INCOME STATEMENT 綜合收益表

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

49

		Note 附註	2006 HK\$'000 千港元	2005 HK\$'000 千港元 (As restated) (重列)
Sales	銷售	5	902,688	850,787
Cost of sales	銷售成本		<u>(700,549)</u>	<u>(629,584)</u>
Gross profit	毛利		202,139	221,203
Other gains — net	其他收益淨額	6	912	1,045
Selling and marketing costs	銷售及分銷成本		<u>(50,367)</u>	<u>(47,058)</u>
General and administrative expenses	一般及行政開支		<u>(85,048)</u>	<u>(88,256)</u>
Operating profit	經營溢利		67,636	86,934
Finance costs	融資成本	8	<u>(14,024)</u>	<u>(6,224)</u>
Profit before income tax	除稅前溢利		53,612	80,710
Income tax expense	所得稅開支	11	<u>(22,484)</u>	<u>(17,906)</u>
Profit for the year, attributable to equity holders of the Company	年內本公司權益持有人應佔溢利	12	<u>31,128</u>	<u>62,804</u>
Dividends	股息	13	<u>12,884</u>	<u>17,079</u>
Earnings per share for profit attributable to equity holders of the Company (HK cents)	按年內本公司權益持有人應佔溢利計算之每股盈利(港仙)	14		
— Basic	— 基本		<u>7.27</u>	<u>14.77</u>
— Diluted	— 攤薄		<u>7.26</u>	<u>14.73</u>

The notes are an integral part of these financial statements. 附註為此等財務報表的整體部份。

BALANCE SHEETS

As at 31st March, 2006

資產負債表

於二零零六年三月三十一日

		Note 附註	Consolidated 綜合		Company 公司	
			2006 HK\$'000 千港元	2005 HK\$'000 千港元 (As restated) (重列)	2006 HK\$'000 千港元	2005 HK\$'000 千港元 (As restated) (重列)
Non-current assets	非流動資產					
Leasehold land and land use rights	租賃土地及土地使用權	15	26,413	28,623	—	—
Property, plant and equipment	物業、廠房及設備	16	418,904	333,729	—	—
Available-for-sale investments/Long-term investments	可供出售之投資/長期投資	17	1,180	968	—	—
Investments in subsidiaries	於附屬公司之投資	18	—	—	244,934	242,751
Total non-current assets	非流動資產總額		446,497	363,320	244,934	242,751
Current assets	流動資產					
Inventories	存貨	19	85,136	72,697	—	—
Trade and bills receivable	貿易應收賬款及票據	20	176,753	141,664	—	—
Prepayments and deposits	預付款項及按金		25,064	27,214	739	686
Pledged bank deposits	已抵押銀行存款	21	—	12,306	—	—
Cash and cash equivalents	現金及現金等值	21	89,812	79,926	71	407
Total current assets	流動資產總額		376,765	333,807	810	1,093
Current liabilities	流動負債					
Short-term bank borrowings	短期銀行貸款	22	(119,663)	(91,887)	—	—
Finance lease obligations, current portion	財務契約債務，即期部份	23	(7,655)	(9,455)	—	—
Trade and bills payable	貿易應付賬款及票據	24	(134,494)	(122,140)	—	—
Accruals and other payables	應計負債及其他應付款		(41,993)	(47,695)	(1,095)	(776)
Current income tax liabilities	即期所得稅負債		(18,015)	(14,928)	—	—
Amounts due to subsidiaries	應付附屬公司款項	18	—	—	(73,178)	(58,963)
Total current liabilities	流動負債總額		(321,820)	(286,105)	(74,273)	(59,739)
Net current assets/(liabilities)	流動資產/(負債)淨額		54,945	47,702	(73,463)	(58,646)
Total assets less current liabilities	總資產減流動負債		501,442	411,022	171,471	184,105
Non-current liabilities	非流動負債					
Finance lease obligations, non-current portion	財務契約債務，非即期部份	23	(5,092)	(6,380)	—	—
Long-term bank loans, non-current portion	長期銀行貸款，非即期部份	22	(135,135)	(60,510)	—	—
Deferred income tax liabilities	遞延所得稅負債	25	(15,794)	(17,301)	—	—
Total non-current liabilities	非流動負債總額		(156,021)	(84,191)	—	—
Net assets	資產淨值		345,421	326,831	171,471	184,105

BALANCE SHEETS

As at 31st March, 2006

資產負債表

於二零零六年三月三十一日

51

		Note 附註	Consolidated 綜合		Company 公司	
			2006 HK\$'000 千港元	2005 HK\$'000 千港元 (As restated) (重列)	2006 HK\$'000 千港元	2005 HK\$'000 千港元 (As restated) (重列)
Equity	股本權益					
Capital and reserves attributable to equity holders of the Company	本公司權益持有人 應佔股本及儲備					
Share capital	股本	26	42,947	42,517	42,947	
Reserves	儲備	28	302,474	284,314	128,524	
Shareholders' equity	股東權益		<u>345,421</u>	<u>326,831</u>	<u>171,471</u>	

The financial statements were approved and authorised for issue by the Board of Directors on 6th July, 2006 and are signed on its behalf by:

財務報表於二零零六年七月六日獲董事會批准及授權印行，並由下列人士代表簽署：

Lam Kwong Yu
林光如
Chairman
主席

Yeung Chui
楊翠
Vice Chairman
副主席

The notes are an integral part of these financial statements.

附註為此等財務報表的整體部份。

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 綜合股東權益變動表

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

		Attributable to equity holders of the Company 本公司權益持有人應佔		
		Share capital 股本 HK\$'000 千港元	Reserves 儲備 HK\$'000 千港元	Total 總計 HK\$'000 千港元
	Note 附註			
Balance at 31st March, 2004		42,517	236,662	279,179
Profit attributable to shareholders		—	62,804	62,804
Employee share options scheme				
— Value of employee services		—	631	631
Translation adjustments		—	(902)	(902)
Dividends		—	(14,881)	(14,881)
Balance at 31st March, 2005		42,517	284,314	326,831
Opening adjustment on the adoption of HKAS 32 & 39	2.1	—	(1,184)	(1,184)
Balance at 1st April, 2005, after opening adjustment		42,517	283,130	325,647
Fair value gains				
— Available-for-sales financial assets		—	127	127
Translation adjustments		—	1,697	1,697
Net income recognised directly in equity		—	1,824	1,824
Profit attributable to shareholders		—	31,128	31,128
Total recognised income for the year		—	32,952	32,952
		42,517	316,082	358,599
Employee share options scheme				
— Value of employee services		—	693	693
— Issue of shares upon exercise of employee share options		430	2,840	3,270
Dividends paid		—	(17,141)	(17,141)
Balance at 31st March, 2006		42,947	302,474	345,421

The notes are an integral part of these financial statements.

附註為此等財務報表的整體部份。

CONSOLIDATED CASH FLOW STATEMENT 綜合現金流量表

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

53

	Note 附註	2006 HK\$'000 千港元	2005 HK\$'000 千港元
Cash flows from operating activities			
Net cash inflow generated from operations			
Interest paid	29(a)	80,897	137,171
Hong Kong profits tax paid		(14,024)	(6,224)
Overseas income tax paid		(12,706)	(5,070)
Hong Kong profits tax refunded		(4,646)	(5,188)
Overseas income tax refunded		—	264
		969	853
Net cash generated from operating activities		50,490	121,806
Cash flows from investing activities			
Purchase of property, plant and equipment/leasehold land and land use rights		(128,301)	(99,646)
Proceeds from disposal of property, plant and equipment	29(b)	315	2,283
Decrease/(Increase) in pledged bank deposits		12,511	(384)
Addition to available-for-sale investments		(85)	—
Interest received		635	226
Net cash used in investing activities		(114,925)	(97,521)
Cash flows from financing activities			
Dividends paid		(17,141)	(14,881)
Proceeds from exercise of employee share options		3,270	—
New long-term bank loans		142,000	63,200
Repayment of long-term bank loans		(47,210)	(20,341)
New short-term bank loans		333,737	263,043
Repayment of short-term bank loans		(325,955)	(289,280)
Repayment of capital element of finance lease obligations		(10,509)	(17,965)
Net cash generated from/(used in) financing activities		78,192	(16,224)
Translation adjustments		(2,634)	(1,209)
Increase in cash and bank overdrafts		11,123	6,852
Cash and bank overdrafts, beginning of year		78,184	71,332
Cash and bank overdrafts, end of year	21	89,307	78,184

The notes are an integral part of these financial statements. 附註為此等財務報表的整體部份。

1. General information

Starlite Holdings Limited (“the Company”) is an investment holding company. Its subsidiaries are principally engaged in the printing and manufacturing of packaging materials, labels, paper products and environmentally friendly products.

The Company was incorporated in Bermuda on 3rd November, 1992, as an exempted company with limited liability under the Companies Act 1981 of Bermuda. The address of its registered office is Canon’s Court, 22 Victoria Street, Hamilton HM12, Bermuda. The shares of the Company have been listed on The Stock Exchange of Hong Kong Limited since 1993.

The Company’s directors regard Best Grade Advisory Limited, a company incorporated in the British Virgin Islands, to be the ultimate holding company.

These financial statements are presented in Hong Kong Dollars (HK\$), unless otherwise stated.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, which are carried at fair value.

1. 一般資料

星光集團有限公司(「本公司」)乃投資控股公司。其附屬公司的主要業務為印刷及製造包裝材料、標籤、紙類製品及環保產品。

本公司於一九九二年十一月三日根據百慕達公司條例(1981)於百慕達註冊成立為獲豁免有限公司。其註冊辦事處地址為 Canon’s Court, 22 Victoria Street, Hamilton HM12, Bermuda。自一九九三年起本公司股份於香港聯合交易所有限公司主板上市。

本公司董事會視 Best Grade Advisory Limited(該公司於英屬維爾京群島註冊成立)為本公司之控股公司。

除另有指明外，本財務報表以港元呈列。

2. 重要會計政策概要

編撰此財務報表所應用的主要會計政策載列如下。除另有說明外，此等政策已於呈列之所有年度貫徹應用。

2.1. 編製基準

本公司財務報表乃根據香港財務報告準則(「香港財務報告準則」)及以歷史成本法編製，並就可供出售之金融資產按公平值列賬以作出修訂。

2. Summary of significant accounting policies (Cont'd)

2.1 Basis of preparation (Cont'd)

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where judgement and estimates are significant to the financial statements, are disclosed in Note 4. These estimates and judgement affect the reported amounts of assets and liabilities and disclosure of contingent assets and contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Although these estimates are based on management's best knowledge of event and actions, actual results ultimately may differ from those estimates.

The adoption of new/revised HKFRS

During the year ended 31st March, 2006, the Company and its subsidiaries (together "the Group") adopted the new/revised standards and interpretations of HKFRS below, which are relevant to its operations. The 2005 comparatives have been amended as appropriate, in accordance with the relevant requirements.

HKAS 1	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 23	Borrowing Costs
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements

2. 重要會計政策概要 (續)

2.1. 編製基準 (續)

遵照香港財務報告準則編製財務報表須採用若干關鍵會計估計，管理層於採用本公司會計政策時，亦須作出判斷。涉及高度判斷或複雜程度的範疇或對財務報表有重大影響的假設及估計的範疇於附註4披露。此等估計及假設對所申報資產及負債數額、於財務報表日期之或然資產及負債披露以及年內所呈報收入及開支數額造成影響。儘管此等估計乃根據管理層對事件及行動所深知作出，最終實際結果或有別於該等估計。

採納新訂／經修訂香港財務報告準則截至二零零六年三月三十一日止年度，本集團採納以下與其業務相關的新訂／經修訂香港財務報告準則。二零零五年比較數字已根據有關規定作出合適修訂。

香港會計準則第1號	財務報表呈報
香港會計準則第2號	存貨
香港會計準則第7號	現金流量表
香港會計準則第8號	會計政策、會計估算更改及錯誤更正
香港會計準則第10號	結算日後事項
香港會計準則第16號	物業、機器及設備
香港會計準則第17號	租賃
香港會計準則第21號	匯率變動之影響
香港會計準則第23號	借貸成本
香港會計準則第24號	有關連人士之披露
香港會計準則第27號	綜合及獨立財務報表

2. Summary of significant accounting policies (Cont'd)

2.1 Basis of preparation (Cont'd)

The adoption of new/revised HKFRS (Cont'd)

HKAS 32	Financial Instruments: Disclosures and Presentation
HKAS 33	Earnings per Share
HKAS 36	Impairment of Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKAS 39 (Amendment)	Transaction and Initial Recognition of Financial Assets and Financial Liabilities
HKFRS 2	Share-based Payments
HKFRS 3	Business Combinations
HK-Int 4	Lease — Determination of the Length of Lease Term in respect of Hong Kong Land Leases
HK(SIC)-Int 15	Operating Leases — Incentives
HK(SIC)-Int 25	Income Taxes — Changes in tax status of an Enterprise or its Shareholder
HK(SIC)-Int 27	Evaluating the Substance of Transactions in the Legal form of Lease

The adoption of new/revised HKASs 1, 2, 7, 8, 10, 16, 21, 23, 24, 27, 33 and 36, HKFRS 3, HK-Int 4 and HK(SIC)-Int15, 25 and 27 did not result in substantial changes to the Group's accounting policies. In summary:

- HKAS 1 has affected the presentation of certain disclosures;
- HKASs 2, 7, 8, 10, 16, 23, 27, 33 and 36, HKFRS 3, HK-Int 4, and HK(SIC) Int15, 25 and 27 had no material effect on the Group's policies;

2. 重要會計政策概要 (續)

2.1. 編製基準 (續)

採納新訂／經修訂香港財務報告準則 (續)

香港會計準則第32號	金融工具：披露及呈報
香港會計準則第33號	每股盈利
香港會計準則第36號	資產減值
香港會計準則第39號	金融工具：確認及計量
香港會計準則第39號 (修訂本)	金融資產及金融負債之過渡及初步確認
香港財務報告準則第2號	股份付款
香港財務報告準則第3號	業務合併
香港會計準則 — 詮釋4	租賃 — 釐定香港土地租約租賃期之長短
香港會計準則 — 詮釋15	營運租賃 — 優惠
香港會計準則 — 詮釋25	所得稅 — 企業或其股東稅務狀況的變動
香港會計準則 — 詮釋27	按租賃的法律形式評估交易的實質內容

採納新訂／經修訂香港會計準則第1、2、7、8、10、16、21、23、24、27、33及36號，香港財務報告準則第3號，香港會計準則 — 詮釋4，及香港會計準則 — 詮釋第15、25及27號並無導致本集團會計政策出現重大變動。概述如下：

- 香港會計準則第1號對呈列方式及其他披露事項構成影響；
- 香港會計準則第2、7、8、10、16、23、27、33及36號，香港財務報告準則第3號，香港會計準則 — 詮釋4及香港會計準則 — 詮釋第15、25及27號對本集團政策並無重大影響；

2. Summary of significant accounting policies (Cont'd)

2.1 Basis of preparation (Cont'd)

The adoption of new/revised HKFRS (Cont'd)

- HKAS 21 had no material effect on the Group's policy. The functional currency of each of the consolidated entities has been re-evaluated based on the guidance in the revised standard. All the group entities have the same functional currency as the presentation currency for the respective entity financial statements; and
- HKAS 24 has affected the identification of related parties and some other related-party disclosures.

The adoption of revised HKAS 17 has resulted in a change in the accounting policy relating to the reclassification of leasehold land and land use rights from property, plant and equipment to operating leases. The up-front prepayments made for the leasehold land and land use rights are expensed in the income statement on a straight-line basis over the period of the lease or when there is impairment, the impairment is expensed in the income statement. In prior years, the leasehold land was accounted for at cost less accumulated depreciation and accumulated impairment, if any.

The adoption of HKASs 32, 39 and 39 (Amendment) has resulted in a change in the accounting policy relating to the classification of financial assets at fair value through profit and loss and available-for-sale financial assets. It has also resulted in the recognition of derivative financial instruments at fair value and the change in the recognition and measurement of hedging activities.

2. 重要會計政策概要 (續)

2.1. 編製基準 (續)

採納新訂／經修訂香港財務報告準則 (續)

- 香港會計準則第21號對本集團政策並無重大影響。各綜合實體之功能貨幣已按經修訂準則之指引重新評估。本集團所有實體以相同功能貨幣作為各實體財務報表之呈列貨幣；及
- 香港會計準則第24號對識別有關連人士及若干其他有關連人士之披露事項構成影響。

採納經修訂香港會計準則第17號對有關租賃土地以及物業、廠房及設備中之土地使用權重新分類為營運租賃預付款項的會計政策變動。就租賃土地及土地使用權預先支付的款項以直線法於租賃期間分期在收益表列作開支，或倘出現減值，則減值亦於收益表列作開支。於過往年度，租賃土地為按成本減累計折舊及累計減值入賬。

採納香港會計準則第32、39號及第39號(修訂本)導致按公平值於損益賬處理之金融資產及可供出售之金融資產分類的會計政策有變，亦導致衍生金融工具按公平值確認以及對沖活動的確認及計量有變。

2. Summary of significant accounting policies (Cont'd)

2.1 Basis of preparation (Cont'd)

The adoption of new/revised HKFRS (Cont'd)

The adoption of HKFRS 2 has resulted in a change in the accounting policy for share-based payments. Until 31st March, 2005, the provision of share options to employees did not result in an expense in the income statement. Effective on 1st April, 2005, the Group expenses the cost of share options in the income statement. As a transitional provision, the cost of share options granted after 7th November 2002 which had not yet vested on 1st January, 2005 was expensed retrospectively in the income statement of the respective periods.

All changes in the accounting policies have been made in accordance with the transitional provisions in the respective standards. All standards adopted by the Group require retrospective application other than:

- HKAS 39 — does not permit the Group to recognise, derecognise and measure financial assets and liabilities in accordance with this standard on a retrospective basis. The Group applied the previous SSAP 24 “Accounting for investments in securities” to account for the investments in securities for the comparative information. The adjustments required for the accounting differences between SSAP 24 and HKAS 39, where appropriate, are determined and recognised at 1st April, 2005.
- HKFRS 2 — only retrospective application for all equity instruments granted after 7th November, 2002 and not vested at 1st January, 2005.
- HKFRS 3 — prospectively after the adoption date.

2. 重要會計政策概要 (續)

2.1. 編製基準 (續)

採納新訂／經修訂香港財務報告準則 (續)

採納香港財務報告準則第2號導致有關股份付款的會計政策有變。直至二零零五年三月三十一日為止，向僱員授出購股權不會於收益表列作開支。自二零零五年四月一日起，本集團於收益表支銷購股權成本。基於過渡條文，於二零零二年十一月七日後授出而於二零零五年一月一日尚未歸屬的購股權成本，於有關期間的收益表追溯支銷。

會計政策的所有變動乃根據各項準則的過渡條文作出。本集團採納的一切準則均須追溯應用，惟以下各項除外：

- 香港會計準則第39號 — 根據此準則，本集團不准許按追溯基準確認、剔除確認及計量金融資產及負債。本集團採用前會計實務準則第24號「證券投資之會計處理方法」，就證券投資之比較數字列賬。於適當情況下，就會計實務準則第24號與香港會計準則第39號的會計差異須作出之調整，已於二零零五年四月一日釐定及確認；
- 香港財務報告準則第2號 — 僅就於二零零二年十一月七日後授出但於二零零五年一月一日尚未歸屬的所有股本工具追溯應用；
- 香港財務報告準則第3號 — 預期於採納日期後應用；

2. Summary of significant accounting policies (Cont'd)

2.1 Basis of preparation (Cont'd)

The adoption of new/revised HKFRS (Cont'd)

— HKAS-Int 15 — does not require the recognition of incentives for leases beginning before 1st April, 2005.

(i) The adoption of HKFRS 2 resulted in:

Increase in share-based compensation reserve/share premium	股份酬金儲備／ 股份溢價增加	1,324	631
Decrease in retained profits	保留溢利減少	1,324	631

Increase in employment costs	僱員成本增加	693	631
Decrease in basic earnings per share	每股基本盈利減少	HK0.16 cent	HK0.15 cent
Decrease in diluted earnings per share	每股攤薄盈利減少	HK0.16 cent	HK0.15 cent

(ii) The adoption of HKAS 39 resulted in:

Decrease in retained profits	保留溢利減少	—	1,416
Increase in investment reserve	投資儲備增加	359	232

2. 重要會計政策概要 (續)

2.1. 編製基準 (續)

採納新訂／經修訂香港財務報告準則 (續)

— 香港會計準則 — 詮釋15 — 並無規定需要確認於二零零五年四月一日前開始的租賃優惠；

(i) 採納香港財務報告準則第2號導致：

As at 31st March, 2006 於二零零六年 三月三十一日 HK\$'000 千港元	As at 31st March, 2005 於二零零五年 三月三十一日 HK\$'000 千港元
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Year ended 31st March, 截至三月三十一日止年度 2006 HK\$'000 千港元	2005 HK\$'000 千港元
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693	631
HK0.16 cent	HK0.15 cent
HK0.16 cent	HK0.15 cent

(ii) 採納香港會計準則第39號導致：

As at 31st March, 2006 於二零零六年 三月三十一日 HK\$'000 千港元	As at 31st March, 2005 於二零零五年 三月三十一日 HK\$'000 千港元
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—	1,416
359	232

2. Summary of significant accounting policies (Cont'd)

2.1 Basis of preparation (Cont'd)

The adoption of new/revised HKFRS (Cont'd)

Decrease in general and administrative expenses	一般及行政開支減少	1,416	—
Increase in basic earnings per share	每股基本盈利增加	HK0.33 cent	—
Increase in diluted earnings per share	每股攤薄盈利增加	HK0.33 cent	—

(iii) The adoption of HKAS 17 and HK-Int 4 resulted in:

Increase in leasehold land and land use rights	租賃土地及土地使用權增加	26,413	28,623
Decrease in property, plant and equipment	物業、廠房及設備減少	(26,413)	(28,623)

There has been no early adoption by the Group of the following new standards or interpretations that are relevant to the operations of the Group and have been issued but are not yet effective. The adoption of such standards or interpretations will not result in substantial changes to the Group's accounting policies.

2. 重要會計政策概要 (續)

2.1. 編製基準 (續)

採納新訂／經修訂香港財務報告準則 (續)

Year ended 31st March,	
截至三月三十一日止年度	
2006	2005
HK\$'000	HK\$'000
千港元	千港元

1,416	—
HK0.33 cent	—
HK0.33 cent	—

(iii) 採納香港會計準則第17號及香港會計準則 — 詮釋4導致：

As at	As at
31st March,	31st March,
2006	2005
於二零零六年	於二零零五年
三月三十一日	三月三十一日
HK\$'000	HK\$'000
千港元	千港元

26,413	28,623
(26,413)	(28,623)

本集團並無提早採納下列已頒佈但尚未生效及與本集團業務有關的新增準則或詮釋。預期採納該等準則或詮釋將不會導致本集團的會計政策出現重大變動。

2. Summary of significant accounting policies (Cont'd)

2.1 Basis of preparation (Cont'd)

The adoption of new/revised HKFRS (Cont'd)

HKAS 19 (Amendment)	Actuarial Gains and Losses, Group Plans and Disclosure
HKAS 21 (Amendment)	Net Investment in a Foreign Operation
HKAS 39 (Amendment)	Transition and Initial Recognition of Financial Assets and Financial Liabilities, The Fair Value Option, and Cash Flow Hedge Accounting of Forecast Intragroup Transactions
HKAS 39 & HKFRS 4 (Amendments)	Financial Guarantee Contracts
HKFRS 7	Financial Instruments: Disclosures
HKFRS-Int 4	Determining whether an Arrangement Contains a Lease

2.2 Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 March.

Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

2. 重要會計政策概要 (續)

2.1. 編製基準 (續)

採納新訂／經修訂香港財務報告準則 (續)

香港會計準則第19號(修訂本)	精算收益及虧損、集團計劃及披露
香港會計準則第21號(修訂本)	於海外業務之投資淨額
香港會計準則第39號(修訂本)	金融資產及金融負債之初步確認、選擇以公平值入賬、預測本集團內公司間交易之現金流量對沖會計處理方法
香港會計準則第39號及香港財務報告準則第4號(修訂本)	財務擔保合約
香港財務報告準則第7號	財務工具：披露
香港財務報告準則詮釋第4號	釐定安排是否包括租賃

2.2 綜合財務報表

綜合財務報表包括本公司及其全部附屬公司截至三月三十一日止之財務報表。

附屬公司

附屬公司指本集團有權規管其財務及經營政策的所有企業，通常附帶過半數投票權的股權。於評估本集團是否能夠控制另一企業時，將會考慮目前可行使或可轉換的潛在投票權的存在及影響。

附屬公司的財務報表於其控制權轉移至本集團的日期全面綜合。於控制權終止的日期則取消綜合。

2. Summary of significant accounting policies (Cont'd)

2.2 Consolidation (Cont'd)

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

2.3 Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

2. 重要會計政策概要(續)

2.2 綜合財務報表(續)

本集團對所收購之附屬公司以購買會計法入賬。收購成本按所收購之資產、發行之權益性工具及招致或承擔之負債在交換日期之公平價值，加上收購直接相關之成本計量。企業合併時收購之可辨認資產與承擔之負債及或然負債最初按收購日期之公平價值計量，而不考慮少數股東權益之多寡。購入成本超過本集團應佔所收購可辨認淨資產之公平價值之部分記錄為商譽。若收購成本低於所收購附屬公司淨資產之公平價值，有關差額會直接確認於收益賬。

本集團內公司間的交易、結餘及未變現收益均於綜合財務報表時對銷。除非交易提供所轉讓資產減值的憑證，否則未變現虧損亦予以對銷。

2.3 分類報告

業務分類是指提供產品或服務的一組資產及業務，其風險及回報與其他業務分類的風險及回報有所分別。地區分類是指在一個獨特經濟環境下提供產品或服務，其風險及回報與其他經濟環境經營的風險及回報有所分別。

2. Summary of significant accounting policies (Cont'd)

2.4 Foreign currency translation

- (a) *Functional and presentation currency*
Items included in the financial statements of each of the group entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The consolidated financial statements are presented in Hong Kong Dollars (“HK\$”), which is the Company’s functional and presentation currency.
- (b) *Transactions and balances*
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.
- (c) *Group companies*
The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
- (i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
 - (ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

2. 重要會計政策概要 (續)

2.4 外幣換算

- (a) *功能及呈報貨幣*
本集團各實體之財務報表內之項目均以該實體營運所在主要經濟環境通行之貨幣(「功能貨幣」)計算。綜合財務報表以港元呈列，港元為本公司之功能及呈報貨幣。
- (b) *交易及結餘*
外幣交易按交易當日通行之匯率換算為功能貨幣。因該等交易結算及按年終匯率換算以外幣計值之貨幣資產與負債所產生之外匯收益及虧損，均在收益表內確認。
- (c) *集團公司*
集團旗下所有公司如持有與呈報貨幣不一致的功能貨幣(其中並無任何公司持有通脹嚴重的經濟體系的貨幣)，其業績和財務狀況均按以下方法兌換為呈報貨幣：
- (i) 每項資產負債表的資產及負債均按照該資產負債表結算日的匯率折算為呈報貨幣；
 - (ii) 每項收益表的收入和支出均按照平均匯率折算為呈報貨幣，但若此平均匯率未能合理地反映各交易日之匯率所帶來的累積影響，則按照交易日之匯率折算此等收入和支出；及

2. Summary of significant accounting policies (Cont'd)

2.4 Foreign currency translation (Cont'd)

- (c) *Group companies* (Cont'd)
- (iii) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities or operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.5 Leasehold land and land use rights

The up-front prepayments made for leasehold land and land use rights are accounted for as operating leases. They are expensed in the income statement on a straight-line basis over the periods of the lease, or when there is impairment, the impairment is expensed in the income statement.

2.6 Property, plant and equipment

Property, plant and equipment other than construction in progress are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

2. 重要會計政策概要 (續)

2.4 外幣換算 (續)

- (c) *集團公司* (續)
- (iii) 所有匯兌差異均確認於權益賬內的一個分項。

在編製綜合賬時，折算海外公司投資淨額和折算被指定為此等投資之對沖項目的借貸及其他貨幣工具而產生的匯兌差異，均列入股本權益內。當出售海外業務時，此等匯兌差異將於收益表內確認為出售收益或虧損的一部分。

因收購海外公司而產生之商譽及公平價值調整，均視作為該海外公司之資產及負債處理，並於結算日的匯率折算。

2.5 租賃土地及土地使用權

就租賃土地及土地使用權預先支付的款項按營運租賃列賬，並以直線法於租賃期間分期在收益表列作開支，或倘出現減值，則減值亦於收益表列作開支。

2.6 物業、廠房及設備

除在建工程外，物業、廠房及設備均以歷史成本減累計折舊及累計減值虧損列賬。歷史成本包括因收購該項目而直接產生之支出。

2. Summary of significant accounting policies (Cont'd)

2.6 Property, plant and equipment (Cont'd)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are expensed in the income statement during the period in which they are incurred.

Depreciation of other property, plant and equipment is calculated using the straight-line method to allocate cost to their residual values over their estimated useful lives, as follows:

— Buildings	25 to 50 years
— Machinery	5 to 10 years
— Furniture and equipment	5 to 10 years
— Motor vehicles	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Construction in progress comprises buildings on which construction work has not been completed and plant and machinery on which installation work has not been completed. It is carried at cost which includes construction and installation expenditures and other direct costs less any impairment losses. On completion, construction in progress is transferred to the appropriate categories of property, plant and equipment at cost less accumulated impairment losses. No depreciation is provided for construction in progress until it is completed and available for use.

Gains and losses on disposal are determined by comparing proceeds with the carrying amount and are charged to the income statement.

2. 重要會計政策概要 (續)

2.6 物業、廠房及設備 (續)

其後成本只有在與該項目有關的未來經濟利益有可能流入本集團，而該項目的成本能可靠計量時，才列入資產的賬面值或確認為獨立資產（如適用）。所有其他維修及保養在產生的財政期間內於收益表支銷。

物業、廠房及設備以直線法於其估計可用年限內將其成本分配至其剩餘價值以計算折舊，所採用的折舊率如下：

樓宇	25至50年
機器	5至10年
傢具及設備	5至10年
汽車	5年

本集團於各結算日檢討資產的剩餘價值及可使用年期，並作出適當調整。

若資產的賬面值高於其估計可收回價值，則其賬面值將即時撇減至可收回價值。

在建工程指在建樓宇、廠房及有待安裝的機器，並按成本入賬。成本包括於建築或安裝及其他直接成本減減值虧損。當有關資產投入運作時，將成本減累計減值虧損轉撥至其他物業、廠房及設備。在建工程項目直至有關資產完成及可作擬定用途前不作折舊撥備。

出售收益及虧損透過比較賬面值及所得款項釐定。有關收益及虧損計入收益表。

2. Summary of significant accounting policies (Cont'd)

2.7 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation, are tested annually at least for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffer an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.8 Financial assets

From 1st April, 2004 to 31st March, 2005:

The Group classifies its investments in securities, other than subsidiaries, as long-term investments.

Long-term investments were carried at fair value. At each balance sheet date, the net unrealised gains or losses arising from the changes in fair value of long-term investments were recognised in the income statement. Profits or losses on disposal of long-term investments, representing the difference between the net sales proceeds and the carrying amounts, were recognised in the income statement as they arised.

2. 重要會計政策概要 (續)

2.7 非金融資產減值

無特定期限的資產毋須攤銷，但此等資產每年均接受至少一次減值評估。如有任何跡象顯示出現耗蝕，本集團亦會評估該資產的減值情況。至於須攤銷的資產，如有任何跡象顯示出現耗蝕，本集團將評估該資產的減值情況。減值虧損為資產賬面值超越其可收回價值之數額。可收回價值為資產公平價值減出售成本後之價值與其使用價值之間的較高者。為了評估資產減值，本集團按可獨立地確認其現金流量(現金產生單位)的最低水平劃分資產類別。除商譽以外而出現減值的非金融資產可於各報告日期就可能撥回減值進行審閱。

2.8 金融資產

二零零四年四月一日至二零零五年三月三十一日期間：

本集團將其證券投資(附屬公司除外)歸類為長期投資。

長期投資按其公平價值入賬。於每個結算日，因此等長期投資公平價值之任何變動而產生之未變現收益或虧損於收益表內確認。出售此等長期投資之收益及虧損按出售所得款項淨額減其賬面值於收益表內確認。

2. Summary of significant accounting policies (Cont'd)

2.8 Financial assets (Cont'd)

From 1st April, 2005 onwards:

The Group classifies its investments in the following categories: derivative financial instrument at fair value through profit or loss, loans and receivables, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

(a) *Derivative financial instruments*

The Group's derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the income statement within "other gains/losses" in the income statement.

(b) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months in which case they are classified as non-current assets.

Loan and receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment, if any. The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

(c) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

2. 重要會計政策概要 (續)

2.8 金融資產 (續)

由二零零五年四月一日起：

本集團將投資項目劃分為以下類別；按公平價值列入損益賬的衍生金融工具、貸款及應收款、以及可出售金融資產。分類方法乃取決於投資項目之收購目的。管理層將於始初確認時為其投資項目分類，並於每個報告日重新評估此項分類。

(a) *衍生金融工具*

本集團之衍生金融工具未能指定作為對沖工具，故此該等衍生工具之公平價值變動將直接列作其他收益／虧損於收益表內確認。

(b) *貸款及應收款*

貸款及應收款均設有固定或可確定付款金額，以及不會在活躍市場上市的非衍生金融資產。此等項目已計入流動資產之內，但由資產負債表結算日起計十二個月後方到期的項目則劃分為非流動資產。

貸款及應收款初步按公平值確認，而其後則採用實際利率法按已攤銷成本減減值撥備計量。於各結算日，本集團會評估是否有客觀憑證顯示個別金融資產或一組金融資產已減值。

(c) *可出售金融資產*

可出售金融資產為劃分為此類別的非衍生項目，或未有劃分為以上各類別。除非管理層計劃於結算日起計十二個月內出售有關投資，否則可出售金融資產將計入非流動資產內。

2. Summary of significant accounting policies (Cont'd)

2.8 Financial assets (Cont'd)

- (c) *Available-for-sale financial assets* (Cont'd)
The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the securities below its cost is considered an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement — is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

2.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2. 重要會計政策概要 (續)

2.8 金融資產 (續)

- (c) *可出售金融資產* (續)
於各結算日，本集團會評估是否有客觀憑證顯示個別或一組金融資產已減值。就分類為可出售之權益性證券而言，倘有重大或長期出現公平價值低於其成本情況可視為該證券已減值。在此情況下，累計虧損（指購置成本及現時之公平價值之差異）減去已於收益表確認之減值損失將由股本權益轉出並於收益表內確認。已於收益表內確認之有關權益性工具之減值損失不能於收益表內撥回。

2.9 存貨

存貨以成本值及可變現淨值兩者的較低者列賬。成本值是以加權平均法計算。製成品及在製品的成本值包括材料、直接勞工成本及按正常營運產能下的所有生產間接開支。有關數額不包括借貸成本。可變現淨值為於日常業務過程內的估計售價扣除適當的浮動銷售開支計算。

2. Summary of significant accounting policies (Cont'd)

2.10 Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtors, probability that the debtors will either enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement within general and administrative expenses.

2.11 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

2.12 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds.

2. 重要會計政策概要 (續)

2.10 貿易應收賬款及其他應收款

貿易應收款及其他應收款最初按公平價值確認，其後則以實際利率法按經攤銷成本值計算，並須扣除減值撥備。如有客觀證據顯示本集團無法按照應收款的原來條款收取所有欠款，則須為貿易應收款及其他應收款作出減值撥備。應收賬客戶面對嚴重財政困難、應收賬客戶將會破產或財務重組，及違約未付或逾期未付款項均被視為貿易應收賬款出現減值的跡象。撥備額為資產賬面值與估計未來現金流量按實際利率折算之現值兩者的差額，並於收益表確認。

2.11 現金及現金等值

現金及現金等值包括手頭現金、銀行通知存款及原到期日為三個月或以下的短期高流動投資，以及銀行透支。銀行透支於資產負債表列作流動負債的借貸。

2.12 股本

普通股分類為股本權益。

因發行新股份或購股權而直接產生的遞增成本於股本權益內列作所得款項的扣減項目。

2. Summary of significant accounting policies (Cont'd)

2.13 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability, including fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.14 Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2. 重要會計政策概要 (續)

2.13 借貸

借貸最初乃按公平價值(扣除已產生的交易成本)確認。交易成本為直接歸屬予金融資產或金融負債之購買、發行或出售的增量成本,其中包括付予代理、顧問、經紀及交易商的費用和佣金、規管機構和證券交易所收取的費用,以及轉讓稅和關稅。借貸其後按經攤銷成本列賬,如扣除交易成本之後的收益和贖回價值出現差額,則於借貸期內以實際利率法在收益表內確認。

除非本集團有權無條件將債務結算日期遞延至結算日後至少十二個月,否則借貸將被劃分為流動負債。

2.14 遞延所得稅

遞延所得稅採用負債法就資產及負債的稅基與其在綜合財務報表的賬面值兩者的暫時差異作全數撥備。然而,倘遞延所得稅因確認業務合併以外交易的資產或負債而產生,且於交易時間對會計及應課稅溢利或虧損並無影響,則遞延所得稅不會入賬。遞延所得稅採用在結算日前已頒布或實質頒布之稅率(及法例)釐定,並預期於相關遞延所得稅資產變現或遞延所得稅負債償還時應用。

遞延所得稅資產以可能有未來應課稅溢利而就此可使用暫時差異而確認。

2. Summary of significant accounting policies (Cont'd)

2.14 Deferred income tax (Cont'd)

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

2.15 Employee benefits

(i) *Employee leave entitlements*

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the balance sheet date. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) *Retirement benefits*

Group companies participate in various defined contribution retirement benefit schemes. A defined contribution plan is a retirement benefit scheme under which the Group pays contributions into a separate entity (insurance company or trustee/state administered fund), on a mandatory, contractual or voluntary basis. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The contributions are recognised as employment costs when they are due.

2. 重要會計政策概要 (續)

2.14 遞延所得稅 (續)

遞延所得稅就附屬公司之投資的暫時差異而撥備，惟本集團可控制暫時差異的撥回時間，並有可能在可預見未來不會撥回則除外。

2.15 員工福利

(i) *僱員應享假期*

僱員的應享年假及長期服務假期乃於應計予僱員時確認。僱員因提供服務產生的應享年假乃按截至資產負債表結算日的年假估計負債計算撥備。僱員應享病假及分娩假期僅於支取時才確認。

(ii) *退休福利*

集團公司參加不同定額供款退休福利計劃。定額供款計劃指本集團以強制、合約或自願基準向獨立實體(保險公司或信託人/國家運作的基金)作出定額供款之退休金計劃。倘基金並無足夠資產就本期及過往期間之僱員服務向所有僱員支付福利，本集團並無法定或推定責任作出進一步供款。

供款將會於到期支付時確認為僱用成本。

2. Summary of significant accounting policies (Cont'd)

2.15 Employee benefits (Cont'd)

(iii) Bonus plans

The Group recognises a liability and an expense for bonuses. It recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(iv) Shared-based compensation

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

2.16 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

2. 重要會計政策概要 (續)

2.15 員工福利 (續)

(iii) 花紅計劃

本集團將花紅確認為負債及開支。當有合約責任或過往慣例引致推定責任時，本集團即就花紅撥備。

(iv) 以股份支付的酬金

集團設有一項以股權結算，以股份支付的薪酬計劃。就僱員提供服務而授予之購股權的公平價值確認為一項支出。將於授予期內列作支出的總金額乃參考所授期權的公平價值釐定（不包括任何非市場性質的授予條件所產生的影響，如盈利能力及銷售額增長指標）。在假定預期可予以行使的購股權數目時，非市場性質的授予條件亦加入一併考慮。於各結算日，本集團修訂對預期可予以行使的期權數目所作的估計。修訂原先估計的影響（如有）則在收益表確認，及於剩餘的歸屬期內對股本權益作出相應調整。

已收款項（扣除任何直接應計交易成本）在行使期權時撥入股本（面值）及股份溢價。

2.16 撥備

本集團因已發生的事件而產生現有的法律或推定責任；較可能需要有資源流出以償付責任；金額已經可靠估計而作出撥備。不就未來營運虧損確認撥備。

2. Summary of significant accounting policies (Cont'd)

2.16 Provisions (Cont'd)

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

2.17 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group's activities. Revenue is shown, net of value-added tax, rebates and discounts and after eliminating sales within the Group. Revenue is recognised as follows:

- (a) *Sales of goods*
Sales of goods are recognised when a group entity has delivered products to the customer, the customer has accepted the products and collectibility of the related receivables is reasonably assured.
- (b) *Interest income*
Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income.

2.18 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction, installation or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. All other borrowing costs are charged to the income statement in the period in which they are incurred.

2. 重要會計政策概要 (續)

2.16 撥備 (續)

如有多項類似責任，而需要在償付中流出資源的可能性則根據責任的類別整體考慮。即使在同一責任類別所包含任何一個項目的相關資源流出的可能性極低，仍須確認撥備。

2.17 收益確認

收益包括在本集團正常經營活動中已收到或應收的出售產品及服務的公平值。收益以扣除增值稅、回佣及折扣，以及對銷本集團公司內部銷售後的金額列示。收益確認如下：

- (a) *銷售貨品*
銷售貨品於產品被送交其客戶，客戶接受該產品並且收回相關應收款項的機會能夠合理確定時確認入賬。
- (b) *利息收入*
利息收入採用實際利息法按時間比例基準確認入賬。倘應收款項出現減值時，本公司會將賬面值撇減至可收回款額，即估計的未來現金流量按該工具之原有效利率貼現值，並繼續將貼現計算並確認為利息收入。

2.18 借貸成本

與收購、建造或生產資產(即必須耗用較長時間才可達致預期用途或可供出售的資產)直接有關的借貸成本均撥充為該等資產之成本的一部份。所有其他借貸成本均於其產生期間於收益表內扣除。

2. Summary of significant accounting policies (Cont'd)

2.19 Operating leases (as the lessee)

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

The up-front prepayments made for land use rights are expensed in the income statement on a straight-line basis over the period of the lease or where there is impairment, the impairment is expensed in the income statement. In prior years, land use rights were accounted for at cost less accumulated depreciation and impairment.

2.20 Contingent assets and liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of the obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

The Group does not recognise liabilities for financial guarantees at inception, but perform a liability adequacy test at each reporting date by comparing its net liability regarding the financial guarantee with the amount that would be required if the financial guarantee would result in a present legal or constructive obligation. If the liability is less than its present legal or constructive obligation amount, the entire difference is recognised in the income statement immediately. As at 31st March, 2005 and 2006, no additional liability has been recognised for outstanding financial guarantees.

2. 重要會計政策概要(續)

2.19 經營租賃(作為承租人)

凡擁有權之大部份風險及回報仍歸出租人所有之租約，均歸類為經營租賃。根據經營租賃(扣除出租人給予之任何優惠)作出之付款按租約年期以直線法自收益表扣除。

就土地使用權預先支付的款項以直線法於租賃期間分期在收益表列作開支，或倘出現減值，則減值亦於收益表列作開支。於過往年度，租賃土地為按成本減累計折舊及累計減值入賬。

2.20 或然資產及或然負債

或然負債指因過往事件可能引起之責任，此等責任存在與否須視乎某一宗或多宗本集團不能全權掌控之事件會否發生。或然負債亦可能是因過往事件引致之現有責任，但由於可能毋需流出經濟資源或責任金額未能可靠計算而未有確認。

或然負債不會確認，但會在財務報表附註披露。當流出資源之可能性改變導致可能流出資源時，此等負債將確認為撥備。

本集團於訂立財務擔保時不會確認負債，但會於各結算日測試負債的充足程度，方法為比較財務擔保之負債淨額與假設財務擔保將導致現有法律或推定責任時所需金額。倘負債少於其現有法律或推定責任金額，則差額將即時全數於收益表確認。於二零零五年及二零零六年三月三十一日，並無就未償還財務擔保確認額外負債。

2. Summary of significant accounting policies (Cont'd)

2.20 Contingent assets and liabilities (Cont'd)

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group. Contingent assets are not recognised but are disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

2.21 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

3. Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: foreign exchange risk, credit risk, liquidity risk, and cash flow and fair value interest-rate risk.

Management regularly monitors the financial risks of the Group and uses derivative financial instruments to hedge certain foreign exchange risk exposures. Because of the simplicity of the financial structure and the current operations of the Group, no other hedging activities are undertaken by management.

(a) Foreign exchange risk

The Group is exposed to foreign exchange risk arising from the exposure of various currencies against Hong Kong Dollars, including the Chinese Renminbi, Euro and Singapore Dollars. Such foreign exchange risk arises from future commercial transactions, recognised assets and liabilities, and net investments in operations in Mainland China and Singapore.

2. 重要會計政策概要 (續)

2.20 或然資產及或然負債 (續)

或然資產指因過往事件可能產生之資產，此等資產存在與否須視乎某一宗或多宗本集團不能全權掌控之事件會否發生。或然資產不會確認，但會於經濟利益可能流入時在財務報表附註披露。當大致確定利益將流入時，則會確認資產。

2.21 股息分派

向本公司股東分派的股息在股息獲本公司股東批准期間內確認為負債。

3. 財務風險管理

3.1 財務風險因素

本集團經營活動面對各種財務風險，包括外匯風險、信貸風險、流動資金風險及現金流量利率風險。

管理層定期監控本集團之財務風險，並運用衍生金融工具對沖承受之若干外匯風險。由於本集團之財務結構及現行營運簡單，管理層毋須進行其他對沖活動。

(a) 外匯風險

本集團因不同貨幣(包括人民幣、歐元及新加坡元)兌港元而須承擔外匯風險。外匯風險源自日後進行之商業交易、已確認資產與負債以及於中國內地業務之投資淨額。

3. Financial risk management (Cont'd)

3.1 Financial risk factors (Cont'd)

(a) *Foreign exchange risk* (Cont'd)

To manage foreign exchange risk arising from certain future commercial transactions and recognised liabilities, the Group uses forward contracts transacted with external financial institutions to partially hedge against such foreign exchange risk.

In addition, the conversion of the Chinese Renminbi into foreign currencies is subject to the foreign exchange control rules and regulations promulgated by the Mainland China government.

(b) *Credit risk*

The Group has no significant concentrations of credit risk. The carrying amount of the trade and bills receivable included in the balance sheets represents the Group's maximum exposure to credit risk in relation to its financial assets. Derivative counter parties and cash transactions are limited to high-credit-quality financial institutions.

(c) *Liquidity risk*

The Group ensures that it maintains sufficient cash and credit lines to meet its liquidity requirements.

(d) *Cash flow and fair value interest-rate risk*

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest-rate risk arises from short-term and long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest-rate risk. In previous years, the Group made use of the lower cost Hong Kong Dollar loan facilities to finance its Chinese Renminbi-denominated commitments in Mainland China.

3. 財務風險管理(續)

3.1 財務風險因素(續)

(a) 外匯風險(續)

為應付日後多項商業交易及已確認負債產生之外匯風險，本集團旗下各實體以遠期貨幣合約與外界金融機構進行交易以對沖部分外匯風險。

此外，將人民幣換算為外幣須受中國內地政府所頒佈之外匯管制規則及規例監管。

(b) 信貸風險

信貸風險並非本集團之主要風險。綜合資產負債表內貿易應收賬款及票據之賬面值乃本集團就其金融資產所須承受之最大信貸風險。衍生工具之另一方及現金交易僅限於信貸良好之財務機構。

(c) 流動資金風險

本集團確保其備有足夠之現金及信用額度，以應付其流動資金所需。

(d) 現金流及公平值利率風險

由於本集團並無重大之計息資產，故本集團之收入及經營現金流大致與市場利率變動無關。

本集團之利率風險乃由短期及長期借貸產生。浮息借貸令本集團承受現金流利率風險。於過往年度，本集團利用息率較低的港幣貸款額度以支付於國內的各項人民幣承擔。

3. Financial risk management (Cont'd)**3.2 Fair value estimation**

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of forward currency contracts is determined using forward exchange rates at the balance sheet date.

4. Critical accounting estimates and judgements

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions 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.

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

The Group's management determines the estimated useful lives, residual values and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. Management will increase the depreciation charge where useful lives are less than previously estimated lives and it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives and actual residual values may differ from estimated residual values. Periodic review could result in a change in depreciable lives and residual values and therefore depreciation expense in future periods.

3. 財務風險管理(續)**3.2 公平值估算**

貿易應收及應付賬款之面值減去估計信貸調整後，乃假設與其公平值相若。遠期貨幣合約之公平值則使用結算日之遠期貨幣市場息率計算。

4. 重大會計估計及判斷

本公司經常檢查所採用之估計，有關檢查基於過往經驗及其他因素，包括根據情況合理預期發生之未來事件。

本集團對未來情況作出估計及假設。有關之會計估計甚少與實際結果一致。甚有可能導致須於下個財政年度內對資產及負債賬面值作出重大調整之估計及假設闡述如下：

(a) 物業、廠房及設備之可使用年期

本集團管理層釐定估計其物業、廠房及設備之可使用年期及有關折舊費用。此種估計乃以具相似性質或功能之物業、廠房及設備之過往實際可使用年限為基準，可因科技發展及競爭對手就業內週期所作出之行動而產生重大變化。管理層將於可使用年期少於以往估計可使用年期時增加折舊費用或撇銷或撇減任何已棄置或出售之技術過時或非策略性資產。本集團定期檢討折舊年期及殘值，故若兩者出現變動，可能影響日後期間之折舊費用。

4. Critical accounting estimates and judgements (Cont'd)

(b) Impairment of property, plant and equipment, leasehold land and land use rights

Property, plant and equipment, leasehold land and land use rights are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts have been determined based on value-in-use calculations or market valuations. These calculations require the use of judgements and estimates. Management judgement is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset values may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs to sell or net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test and as a result affect the Group's financial condition and results of operations. If there is a significant adverse change in the projected performance and resulting future cash flow projections, it may be necessary to take an impairment charge to the income statement.

4. 重大會計估計及判斷(續)

(b) 物業、廠房及設備、租賃土地與土地使用權之估計減值

物業、廠房及設備、租賃土地與土地使用權、乃於有事件或情況變動顯示其賬面值可能不能收回時作減值檢討。物業、廠房及設備、租賃土地與土地使用權之可收回金額乃按其使用價值釐訂並考慮最近期市場資料及過往經驗。此等計算及估值須運用判斷及推算。於評估是否有資產減值時，以下情況尤其需要管理層運用判斷：(i)是否發生一宗事件顯示有關資產價值可能未能收回；(ii)資產之賬面值是否高於其可收回價值，即資產之公平值減銷售成本與根據於營運中持續使用該資產而估算之未來現金流之淨現值之較高者；及(iii)於準備現金流預測時所應用之合適假設包括該等現金流預測是否已採用合適利率貼現。於評估減值是否存在期間若改變管理層採納之假設，包括貼現利率或現金流預算增長率，可能對減值測試中使用之淨現值造成重大影響並因此影響集團之財務狀況及營運表現。假若預測表現及其相關未來現金流預測有重大不利改變時，可能需要於收益表計量減值費用。

4. Critical accounting estimates and judgements (Cont'd)

(c) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and variable selling expenses. These estimates are based on current market conditions and the historical experience of manufacturing and selling products of a similar nature. It could change significantly as a result of changes in customer taste and competitor actions in response to industry cycles. Management reassesses these estimates at each balance sheet date.

(d) Trade, bills and other receivables

The Group's management determines the provision for impairment of trade, bills and other receivables based on an assessment of the recoverability of the receivables. This assessment is based on the credit history of its customers and other debtors and current market conditions, and requires the use of judgements and estimates.

Management reassesses the provision at each balance sheet date.

(e) Income taxes

The Group is subject to income taxes in several jurisdictions. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax provisions in the period in which such determination is made. Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers it is likely that future taxable profits will be available against which the temporary differences or tax losses can be utilised. When the expectations are different from the original estimates, such differences will impact the recognition of deferred tax assets and income tax charges in the period in which such estimates are changed.

4. 重大會計估計及判斷(續)

(c) 撇減存貨至可變現淨值

存貨可變現淨值指日常業務估計售價扣除估計銷售開支。有關估計根據現行市況及過往出售類似產品之經驗而作出。相關估計可能因客戶口味及競爭對手對抗行業激烈競爭所採取措施而出現重大變動。管理層於各結算日重新評估此等估計。

(d) 貿易應收賬款、票據及其他應收款項

本集團根據貿易應收賬款、票據及其他應收款項之估計可收回程度就該等應收款項提撥備。識別應收賬款及其他應收款項減值乃根據客戶及其他債權人過往信貸狀況以及目前市場狀況，同時需要作出判斷及估計。

於各結算日，管理層會重新評估此等撥備。

(e) 所得稅

本集團須繳納若干司法權區稅項。於日常業務過程中有頗多未能確定最終稅項之交易及計算。倘該等事宜之最終稅務結果與初步記錄之金額不同，有關差異將影響作出釐定之期間內之所得稅及遞延稅項撥備。倘管理層認為未來應課稅溢利可用作對銷暫時性差異或稅項虧損可予動用時，則會確認與若干暫時性差異有關之遞延稅項資產淨值及稅項虧損。倘預期結果預先之估算不同，有關差異會對有關估算出現變動之期間內遞延稅項資產及稅項之確認構成影響。

4. Critical accounting estimates and judgements (Cont'd)

(f) Employee benefits-share-based payments

The determination of the fair value of share options granted requires estimates in determining, among other things, the expected volatility of the share price, the expected dividend yield, the risk-free interest rate for the life of the option, and the number of options that are expected to become exercisable as stated in Note 27. Where the outcome of the number of options that are exercisable is different, such difference will impact the income statement in the subsequent remaining vesting period of the relevant share options.

5. Segment information

(a) Sales for the year represent principally sales of goods.

(b) Primary reporting format — business segment

The Group is organised into the following main business segments: (i) Packaging materials, labels and paper products business, and (ii) Environmentally friendly products.

Segment assets consist primarily of property, plant and equipment, leasehold land and land use rights, inventories, receivables and operating cash. They exclude available-for-sale investments and taxation.

Segment liabilities comprise operating liabilities. They exclude taxation.

Capital expenditure comprises additions to leasehold land and land use rights and property, plant and equipment as set out in Notes 15 and 16, respectively.

Inter-segment sales are conducted on terms mutually agreed among group companies.

4. 重大會計估計及判斷(續)

(f) 僱員福利 — 以股份為基礎之付款

釐定授出購股權的公平值須於附註27所提及估計股價預期的波動幅度、估計所派付的股息、購股權行使期的無風險利率及預計可予行使的購股權數目等因素。倘實際可予行使的購股權數目有所偏差，其差額或會影響有關購股權在剩餘歸屬期間的收益表。

5. 分類資料

(a) 年內銷售主要來自貨物的銷售。

(b) 主要呈報形式 — 業務分類

本集團主要分為以下業務分類：(i)包裝材料、標籤及紙類製品及(ii)環保產品。

分類資產主要包括物業、廠房及設備、租賃土地及土地使用權、存貨、應收款及經營現金，不包括之項目為可供出售之投資及稅項。

分類負債主要包括經營負債，不包括稅項。

資本性開支包括購入租賃土地及土地使用權及物業、廠房及設備，詳見附註15及16。

各業務分類間的銷售均按集團內公司間協議之條款進行。

5. Segment information (Cont'd)

(b) Primary reporting format — business segment (Cont'd)

The segment results for the year ended 31st March, 2006 are as follows:

5. 分類資料(續)

(b) 主要呈報形式 — 業務分類(續)

二零零六年三月三十一日止年度之分類業績如下：

		2006		
		Packaging materials, labels and paper products 包裝材料、標籤及紙類製品 HK\$'000 千港元	Environmentally friendly products 環保產品 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Sales	銷售			
Total gross segment sales	分類銷售總額合計	865,547	72,322	937,869
Inter-segment	分類間銷售	(555)	(34,626)	(35,181)
		864,992	37,696	902,688
Operating results	經營溢利			
Segment results	分類業績	72,962	5,032	77,994
Unallocated expenses	未分配企業開支			(10,993)
Interest income	利息收入			635
Finance costs	融資成本			(14,024)
Income tax expense	所得稅開支			(22,484)
Profit for the year	年內應佔溢利			31,128

5. Segment information (Cont'd)

(b) Primary reporting format — business segment (Cont'd)

Other segment items included in the income statement for the year ended 31st March, 2006 are as follows:

		2006		
		Packaging materials, labels and paper products 包裝材料、標籤及紙類製品 HK\$'000 千港元	Environmentally friendly products 環保產品 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Depreciation and amortisation	折舊及攤銷	47,092	3,598	50,690
Reversal of impairment of receivables	應收款減值回撥	(4,640)	(1,655)	(6,295)
Write-down of inventories	滯銷存貨減值	1,000	—	1,000

Segment assets and liabilities as at 31st March, 2006 and capital expenditure for the year then ended are as follows:

		2006		
		Packaging materials, labels and paper products 包裝材料、標籤及紙類製品 HK\$'000 千港元	Environmentally friendly products 環保產品 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Segment assets	分類資產	741,450	80,479	821,929
Unallocated assets	未分配資產			1,333
Total assets	總資產			823,262
Segment liabilities	分類負債	430,049	13,983	444,032
Unallocated liabilities	未分配負債			33,809
Total liabilities	總負債			477,841
Capital expenditure	資本開支	103,131	25,170	128,301

5. 分類資料(續)

(b) 主要呈報形式 — 業務分類(續)

列入二零零六年三月三十一日止年度之收益表的其他分類項目如下：

截至二零零六年三月三十一日止年度之分類資產、負債及資本開支如下：

5. Segment information (Cont'd)

(b) Primary reporting format — business segment (Cont'd)

The segment results for the year ended 31st March, 2005 are as follows:

5. 分類資料(續)

(b) 主要呈報形式 — 業務分類(續)

二零零五年三月三十一日止年度之分類業績如下：

		2005		
		Packaging materials, labels and paper products 包裝材料、標籤及紙類製品 HK\$'000 千港元	Environmentally friendly products 環保產品 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Sales	銷售			
Total gross segment sales	分類銷售總額合計	793,895	79,103	872,998
Inter-segment	分類間銷售	(5,387)	(16,824)	(22,211)
		<u>788,508</u>	<u>62,279</u>	<u>850,787</u>
Operating results	經營溢利			
Segment results	分類業績	<u>88,502</u>	<u>8,847</u>	97,349
Unallocated expenses	未分配企業開支			(10,641)
Interest income	利息收入			226
Finance costs	融資成本			(6,224)
Income tax expense	所得稅開支			(17,906)
Profit for the year	年內應佔溢利			<u>62,804</u>

5. Segment information (Cont'd)

(b) Primary reporting format — business segment (Cont'd)

Other segment items included in the income statement for the year ended 31st March, 2005 are as follows:

		2005		
		Packaging materials, labels and paper products 包裝材料、標籤及紙類製品 HK\$'000 千港元	Environmentally friendly products 環保產品 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Depreciation and amortisation	折舊及攤銷	39,583	3,028	42,611
Impairment of receivables	應收款減值撥備	5,263	1,400	6,663
Write-down of inventories	滯銷存貨減值	100	—	100

The segment assets and liabilities as at 31st March, 2005 and capital expenditure for the year then ended are as follows:

		2005		
		Packaging materials, labels and paper products 包裝材料、標籤及紙類製品 HK\$'000 千港元	Environmentally friendly products 環保產品 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Segment assets	分類資產	621,980	69,550	691,530
Unallocated assets	未分配資產			5,597
Total assets	總資產			697,127
Segment liabilities	分類負債	318,762	19,305	338,067
Unallocated liabilities	未分配負債			32,229
Total liabilities	總負債			370,296
Capital expenditure	資本開支	93,495	6,858	100,353

5. 分類資料(續)

(b) 主要呈報形式 — 業務分類(續)

列入二零零五年三月三十一日止年度之收益表的其他分類項目如下：

截至二零零五年三月三十一日止年度之分類資產、負債及資本開支如下：

5. Segment information (Cont'd)

(c) Secondary reporting format — geographical segments

The Group primarily operates in Hong Kong, Mainland China and Singapore.

Analysis by geographical location is as follows:

5. 分類資料(續)

(c) 次要呈報形式 — 地區分類

本集團之主要營業地區為香港，中國大陸及新加坡。

按地區劃分之業績分析如下：

		2006 HK\$'000 千港元	2005 HK\$'000 千港元
Results	業績		
Sales*	銷售*		
— Hong Kong and Mainland China	— 香港及中國大陸	386,080	364,691
— Singapore	— 新加坡	125,819	97,796
— United States of America	— 美國	291,947	312,521
— Others	— 其他	98,842	75,779
		902,688	850,787
Profit attributable to equity holders of the Company	年內本公司權益持有人應佔溢利		
— Hong Kong and Mainland China	— 香港及中國大陸	7,101	31,177
— Singapore	— 新加坡	3,266	8,580
— United States of America	— 美國	15,655	19,006
— Others	— 其他	5,106	4,041
		31,128	62,804
Assets	資產		
Hong Kong and Mainland China	香港及中國大陸	752,095	623,783
Singapore	新加坡	71,167	73,344
		823,262	697,127
Capital expenditure	資本開支		
Hong Kong and Mainland China	香港及中國大陸	128,253	89,759
Singapore	新加坡	48	10,594
		128,301	100,353

5. Segment information (Cont'd)**(c) Secondary reporting format — geographical segments (Cont'd)**

Note:

* Sales by geographical location is determined on the basis of the destination of shipments/deliveries of merchandise.

5. 分類資料(續)**(c) 次要呈報形式 — 地區分類(續)**

註：

* 以地區劃分之銷售，乃根據商品付運之目的地而決定。

6. Other gains — net**6. 其他收益淨額**

		2006 HK\$'000 千港元	2005 HK\$'000 千港元
Interest income from bank deposits	銀行存款利息收入	635	226
Net gain on long-term listed investments	長期投資之收益淨額	—	63
Net gain on disposal of property, plant and equipment	出售物業、廠房及設備之收益淨額	277	756
		<u>912</u>	<u>1,045</u>

7. Expenses by nature

Expenses included in cost of sales, selling and marketing costs and general and administrative expenses are analysed as follows:

7. 按性質劃分之開支

已列入銷售成本、銷售及分銷成本及一般及行政開支的分析如下：

		2006 HK\$'000 千港元	2005 HK\$'000 千港元
Employment costs (including directors' emoluments) (Note 9)	職員成本(包括董事酬金)(附註9)	172,081	143,487
Operating lease rentals of premises charged by	租用物業營業契約之租金支付予		
— third parties	— 第三者	11,432	10,159
— related parties (Note 33)	— 關連人士(附註33)	58	47
(Reversal of)/Provision for impairment of receivables	應收賬款減值(回撥)/撥備	(6,295)	6,663
Write-down of inventories	滯銷存貨減值	1,000	100
Amortisation of leasehold land and land use rights	租賃土地及土地使用權攤銷	2,752	534
Depreciation of other property, plant and equipment	其他物業、廠房及設備之折舊		
— owned assets	— 自置資產	43,894	34,066
— assets held under finance leases	— 以財務契約持有之資產	4,044	8,011
Net exchange losses	滙兌虧損淨額	1,332	1,733
Auditors' remuneration	核數師酬金	1,499	1,515

8. Finance costs

8. 融資成本

		2006 HK\$'000 千港元	2005 HK\$'000 千港元
Interest on bank loans wholly repayable within five years	須於五年內悉數償還之 貸款利息	13,230	5,444
Interest element of finance leases	財務契約之利息	794	780
		<u>14,024</u>	<u>6,224</u>

9. Employment costs (including directors' emoluments)

9. 職員成本(包括董事酬金)

		2006 HK\$'000 千港元	2005 HK\$'000 千港元
Salaries, wages and allowances	薪金、工資及津貼	148,782	122,544
Discretionary bonuses	自由決定之花紅	5,712	4,790
Other employee welfare and benefits	員工其他福利	7,739	7,275
Pension costs — defined contribution plans (i)	退休成本 — 界定供款 計劃(i)	9,020	7,747
Provision for long service payments	長期服務金之撥備	135	500
Share-based payments	股份支付酬金	693	631
		<u>172,081</u>	<u>143,487</u>

9. Employment costs (including directors' emoluments) (Cont'd)

Note:

- (i) The Group has arranged for its Hong Kong employees to join the Hong Kong Mandatory Provident fund Schemes (the "MPF Scheme"), which is a defined contribution scheme managed by independent trustees. Under the MPF scheme, each of the Group (the employer) and its employees make monthly contributions to the scheme at 5% of the employees' earnings as defined under the Hong Kong Mandatory Provident Fund legislation. The monthly contributions of each of the employer and the employee are subject to a cap of HK\$1,000 and thereafter contributions are voluntary.

As stipulated by rules and regulations in Mainland China, group companies operating in Mainland China contribute to state-sponsored retirement plans for their employees. The employees contribute approximately 5% to 8% of their basic salaries, while the group companies contribute approximately 8% to 20% of the basic salaries of their employees and have no further obligations for the actual payment of pensions or post-retirement benefits beyond the annual contributions. The state-sponsored retirement plans are responsible for the entire pension obligations payable to retired employees.

As stipulated by rules and regulations in Singapore, the group company operating in Singapore contributes to the Singapore Central Provident Fund, a statutory pension scheme. The group company and its employees contribute 20% and 13% of the basic salaries of the employees, respectively. The total of the employer's and employees' contributions are subject to a cap of monthly earnings of SGD4,500.

During the year ended 31st March, 2006, the aggregate amount of the Group's contributions to the aforementioned pension schemes was approximately HK\$9,020,000 (2005: HK\$7,747,000). As at 31st March, 2006, unutilised forfeited contributions available to reduce the Group's employer contributions payable in future periods amounted to approximately HK\$9,000 (2005: HK\$90,000).

9. 職員成本(包括董事酬金)(續)

附註：

- (i) 本集團已為香港員工參加強制性公積金計劃(「強積金計劃」)，該計劃為界定供款並由獨立信託人管理，根據強積金計劃，本集團(僱主)及其僱員每月供款為僱員有關入息(按強制性公積金計劃條例之定義)之5%。而本集團及僱員供款每月之上限均各為1,000港元，超過上限的供款均為自願性供款。

根據中國大陸法規，本集團於中國大陸有業務之公司為其僱員設立一個界定供款並由國家資助的退休金計劃，員工之供款額為基本薪金約5%至8%，而本集團公司之供款額為該僱員基本薪金約8%至20%，而除年度供款外，該公司就實際的退休金付款或退休後福利而言，並不負任何責任。該個由國家資助的退休金計劃承擔對退休僱員的所有退休金責任。

根據新加坡法規，本集團於新加坡有業務之分公司需供款至一個名為中央公積金的法定退休金計劃，該公司及其僱員之供款額分別為該僱員基本薪金之20%及13%。僱主及僱員須供款之上限為每月收入4,500新加坡元。

截至二零零六年三月三十一日止年度內，本集團作出之上述退休金計劃供款約為9,020,000港元(二零零五年：7,747,000港元)。於二零零六年三月三十一日，可用作減低本集團將來供款之已註銷供款金額為約9,000港元(二零零五年：90,000港元)。

10. Directors' and senior executives' emoluments

(a) The remuneration of every Director for the year ended 31st March, 2006 is set out below:

10. 董事及高級行政人員酬金

(a) 二零零六年三月三十一日止年度各董事之酬金詳情如下：

Name of Director 董事姓名	Fees 袍金 HK\$'000 千港元	Salaries and allowances 薪金及津貼 HK\$'000 千港元	Discretionary bonuses 自由決定之花紅 HK\$'000 千港元	Pension costs-defined	Share-based payments 股份支付酬金 HK\$'000 千港元	Total 總計 HK\$'000 千港元
				contribution plans 退休金計劃之僱主供款 HK\$'000 千港元		
Executive Directors 執行董事						
Mr. Lam Kwong Yu 林光如先生	138	2,940	325	61	—	3,464
Ms. Yeung Chui 楊翠女士	88	2,911	273	51	—	3,323
Mr. Tai Tzu Shi, Angus 戴祖璽先生	88	1,056	209	28	143	1,524
Mr. Cheung Chi Shing, Charles 張志成先生	88	1,307	289	35	143	1,862
Non-Executive Director 非執行董事						
Mr. Christopher James Williams Christopher James Williams 先生	260	—	—	—	—	260
Independent Non-Executive Directors 獨立非執行董事						
Mr. Chan Yue Kwong, Michael 陳裕光先生	260	—	—	—	—	260
Mr. Kwok Lam Kwong, Larry, JP 郭琳廣太平紳士	150	—	—	—	—	150
Mr. Tam King Ching, Kenny 譚競正先生	150	—	—	—	—	150
	1,222	8,214	1,096	175	286	10,993

10. Directors' and senior executives' emoluments (Cont'd)

The remuneration of every Director for the year ended 31st March, 2005 is set out below:

Name of Director 董事姓名	Fees 袍金 HK\$'000 千港元	Salaries and allowances 薪金及津貼 HK\$'000 千港元	Discretionary bonuses 自由決定之花紅 HK\$'000 千港元	Pension costs—defined	Share-based payments 股份支付酬金 HK\$'000 千港元	Total 總計 HK\$'000 千港元
				contribution plans 退休金計劃之僱主供款 HK\$'000 千港元		
Executive Directors 執行董事						
Mr. Lam Kwong Yu 林光如先生	138	2,940	290	48	—	3,416
Ms. Yeung Chui 楊翠女士	88	2,895	253	41	—	3,277
Mr. Tai Tzu Shi, Angus 戴祖璽先生	88	1,056	168	22	150	1,484
Mr. Cheung Chi Shing, Charles 張志成先生	88	1,307	238	25	150	1,808
Non-Executive Director 非執行董事						
Mr. Christopher James Williams Christopher James Williams 先生	260	—	—	—	—	260
Independent Non-Executive Directors 獨立非執行董事						
Mr. Chan Yue Kwong, Michael 陳裕光先生	260	—	—	—	—	260
Mr. Kwok Lam Kwong, Larry, JP* 郭琳廣太平紳士*	68	—	—	—	—	68
Mr. Tam King Ching, Kenny* 譚競正先生*	68	—	—	—	—	68
	<u>1,058</u>	<u>8,198</u>	<u>949</u>	<u>136</u>	<u>300</u>	<u>10,641</u>

* Mr. Kwok Lam Kwong, Larry, JP and Mr. Tam King Ching, Kenny were appointed on 21st July, 2004.

The share-based payments represent charges to the income statement of the fair value of the share options under the share option scheme measured at the respective grant dates, regardless of whether the share options are or will be exercised or not.

No director waived any emolument during the year.

10. 董事及高級行政人員酬金(續)

二零零五年三月三十一日止年度各董事之酬金詳情如下：

Name of Director 董事姓名	Fees 袍金 HK\$'000 千港元	Salaries and allowances 薪金及津貼 HK\$'000 千港元	Discretionary bonuses 自由決定之花紅 HK\$'000 千港元	Pension costs—defined	Share-based payments 股份支付酬金 HK\$'000 千港元	Total 總計 HK\$'000 千港元
				contribution plans 退休金計劃之僱主供款 HK\$'000 千港元		
Executive Directors 執行董事						
Mr. Lam Kwong Yu 林光如先生	138	2,940	290	48	—	3,416
Ms. Yeung Chui 楊翠女士	88	2,895	253	41	—	3,277
Mr. Tai Tzu Shi, Angus 戴祖璽先生	88	1,056	168	22	150	1,484
Mr. Cheung Chi Shing, Charles 張志成先生	88	1,307	238	25	150	1,808
Non-Executive Director 非執行董事						
Mr. Christopher James Williams Christopher James Williams 先生	260	—	—	—	—	260
Independent Non-Executive Directors 獨立非執行董事						
Mr. Chan Yue Kwong, Michael 陳裕光先生	260	—	—	—	—	260
Mr. Kwok Lam Kwong, Larry, JP* 郭琳廣太平紳士*	68	—	—	—	—	68
Mr. Tam King Ching, Kenny* 譚競正先生*	68	—	—	—	—	68
	<u>1,058</u>	<u>8,198</u>	<u>949</u>	<u>136</u>	<u>300</u>	<u>10,641</u>

* 郭琳廣太平紳士及譚競正先生於二零零四年七月二十一日獲委任。

無論購股權是否將會被行使，股份支付酬金為購股權根據購股權計劃，按不同授出日期以公平值於收益表中列作開支。

年內概無董事免收任何酬金。

10. Directors' and senior executives' emoluments (Cont'd)

(b) The five individuals whose emoluments were the highest in the Group for the year include four (2005: four) directors, whose emoluments are reflected in the analysis presented in Note 10(a) above. The emoluments paid/payable to the remaining individual were as follows:

Basic salaries and allowances	基本薪金及津貼
Discretionary bonuses	自由決定之花紅
Share-based payment	股份支付酬金

The emoluments of the remaining one (2005: one) individual fell within the following bands:

Nil — HK\$1,000,000	0至1,000,000港元
HK\$1,000,001 —	1,000,001港元至
HK\$1,500,000	1,500,000港元

(c) No incentive payment for joining the Group or compensation for loss of office was paid or payable to any director or the five highest paid individuals during the year.

11. Income tax expense

The Company is exempted from taxation in Bermuda until 2016. Hong Kong profits tax has been provided at the rate of 17.5% (2005: 17.5%) on the estimated assessable profit arising in or derived from Hong Kong. Overseas taxation has been provided by subsidiaries with operations in Singapore and Mainland China, based on their estimated assessable profits at the rates of taxation of 20% and 15% to 33%, respectively.

10. 董事及高級行政人員酬金(續)

(b) 五位最高薪人士中，四位(二零零五年：四位)為本公司董事，其酬金已載於上述附註10(a)的分析中。已付／應付酬金給餘下人士如下：

	2006 HK\$'000 千港元	2005 HK\$'000 千港元
Basic salaries and allowances	1,020	595
Discretionary bonuses	184	110
Share-based payment	18	12
	<u>1,222</u>	<u>717</u>

餘下一位(二零零五年：一位)人員的酬金介乎下列範圍：

	2006	2005
Nil — HK\$1,000,000	—	1
HK\$1,000,001 —		
HK\$1,500,000	1	—
	<u>1</u>	<u>—</u>

(c) 年內概無向任何董事或最高薪之五位人士支付酬金作為邀請其加入本集團之獎金或作為其失去職位之賠償。

11. 所得稅開支

本公司由現時直至二零一六年為止獲豁免繳納百慕達稅項。香港利得稅已根據在香港賺取或源自香港之估計應課稅溢利，按17.5%(二零零五年：17.5%)之稅率作出撥備。海外稅項由經營新加坡及中國大陸業務之附屬公司就其估計應課稅溢利分別按20%及15%至33%之稅率作出撥備。

11. Income tax expense (Cont'd)

The amount of taxation charged to the consolidated income statement represents:

		2006	2005
		HK\$'000	HK\$'000
		千港元	千港元
Current income tax expense	即期所得稅開支		
— Hong Kong profits tax	— 香港利得稅	17,573	12,735
— Overseas taxation	— 海外稅項	6,452	4,866
		<u>24,025</u>	17,601
Deferred taxation (Note 25)	遞延稅項 (附註25)	(1,541)	305
		<u>22,484</u>	<u>17,906</u>

The taxation on the Group's profit before taxation differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the group companies as follows:

11. 所得稅開支(續)

於綜合收益表中扣除的稅項包括：

	2006	2005
	HK\$'000	HK\$'000
	千港元	千港元
Current income tax expense		
— Hong Kong profits tax	17,573	12,735
— Overseas taxation	6,452	4,866
	<u>24,025</u>	17,601
Deferred taxation (Note 25)	(1,541)	305
	<u>22,484</u>	<u>17,906</u>

按本集團之除稅前溢利計算之稅項與採用本集團公司所在國家之加權平均稅率計算之理論金額有所差異，其對賬如下：

		2006	2005
		HK\$'000	HK\$'000
		千港元	千港元
Profit before income tax	除稅前溢利	<u>53,612</u>	<u>80,710</u>
Tax calculated at domestic tax rate applicable to profits in the respective countries/places	按所在國家／地區之適用利得稅率計算之所得稅	8,917	13,028
Effect of	影響		
— income not subject to tax	— 無須課稅收入	(630)	(163)
— expenses not deductible for tax	— 不可扣稅支出	1,567	821
— deferred tax assets not recognised	— 未確認之遞延稅項資產	2,455	607
— utilisation of previously unrecognised deferred tax assets	— 使用以往未確認之遞延稅項資產	(988)	(1,547)
Additional provision in respect of prior years	過往年度撥備增加	<u>11,163</u>	<u>5,160</u>
Taxation charge	扣除之稅項	<u>22,484</u>	<u>17,906</u>

The weighted average applicable tax rate was 16.6% (2005: 16.1%).

加權平均適用稅率為16.6% (二零零五年：16.1%)。

11. Income tax expense (Cont'd)

The increase in effective tax rate is caused by a change in the profitability of the group companies in respective countries/places and additional provision in respect of prior years resulting from certain clarifications made by the Hong Kong Inland Revenue Department in 2006 in respect of the deductibility of expenses.

12. Profit attributable to shareholders

The consolidated profit attributable to shareholders includes a profit of HK\$544,000 (2005: a loss of HK\$631,000) dealt with in the financial statements of the Company.

13. Dividends

Interim dividends — HK\$0.015
(2005: HK\$0.015) per share

Proposed final dividends
— HK\$0.015
(2005: HK\$0.025) per share

中期股息 — 每股港幣
1.5仙 (二零零五年：
每股港幣1.5仙)

擬派末期股息 — 每股
港幣1.5仙 (二零零五年：
每股港幣2.5仙)

11. 所得稅開支(續)

有效稅率之增加是由於本集團公司於所在國家／地區之溢利轉變及於二零零六年香港稅務局澄清若干支出可否扣稅而需為過往年度增加撥備。

12. 股東應佔溢利

股東應佔綜合溢利已包括本公司賬目內處理之溢利為544,000港元(二零零五年：虧損631,000港元)。

13. 股息

	2006 HK\$'000 千港元	2005 HK\$'000 千港元
	6,442	6,378
	6,442	10,701
	<u>12,884</u>	<u>17,079</u>

A final dividend is proposed in respect of the year ended 31st March, 2006 of HK1.5 cent per share, amounting to a total dividend of approximately HK\$6,442,000, is to be proposed at the Company's Annual General Meeting to be held on 18th August 2006. These proposed dividends are not reflected as dividends payable in these financial statements, but will be reflected as an appropriation of distributable reserves during the year ended 31st March, 2006.

截至二零零六年三月三十一日止年度之擬派末期股息為每股1.5港仙，股息總額約為6,442,000港元，將於二零零六年八月十八日舉行之股東週年大會提呈審批，此等財務報表並無反映此應派股息，但將會列作截至二零零六年三月三十一日止年度可分派儲備之分配。

14. Earnings per share**Basic**

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

		2006	2005
Profit attributable to equity holders of the Company (HK\$'000)	本公司權益持有人應佔溢利(千港元)	<u>31,128</u>	<u>62,804</u>
Weighted average number of ordinary shares in issue ('000)	已發行普通股加權平均數(千股)	<u>428,426</u>	<u>425,175</u>
Basic earnings per share (HK cents)	每股基本盈利(港仙)	<u>7.27</u>	<u>14.77</u>

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding assuming conversion of all dilutive potential ordinary shares. The Company's only category of dilutive potential ordinary shares is share options. A calculation is performed to determine the number of shares that could have been acquired at fair value (determined as the average daily market share price of the Company's shares) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

		2006	2005
Profit attributable to equity holders of the Company used to determine diluted earnings per share (HK\$'000)	釐定每股攤薄盈利所用之股權持有人應佔溢利(千港元)	<u>31,128</u>	<u>62,804</u>
Weighted average number of ordinary shares in issue ('000)	已發行普通股加權平均數(千股)	<u>428,426</u>	425,175
Adjustments for share options ('000)	購股權之調整(千股)	<u>467</u>	1,136
Weighted average number of ordinary shares for diluted earnings per share ('000)	計算每股攤薄盈利所用普通股加權平均數(千股)	<u>428,893</u>	<u>426,311</u>
Diluted earnings per share (HK cents)	每股攤薄盈利(港仙)	<u>7.26</u>	<u>14.73</u>

14. 每股盈利**基本**

每股基本盈利乃按年內本公司權益持有人應佔溢利除已發行普通股加權平均數計算。

		2006	2005
Profit attributable to equity holders of the Company (HK\$'000)	本公司權益持有人應佔溢利(千港元)	<u>31,128</u>	<u>62,804</u>
Weighted average number of ordinary shares in issue ('000)	已發行普通股加權平均數(千股)	<u>428,426</u>	<u>425,175</u>
Basic earnings per share (HK cents)	每股基本盈利(港仙)	<u>7.27</u>	<u>14.77</u>

攤薄

每股攤薄盈利乃就假設所有具有攤薄潛力普通股獲轉換調整已發行普通股加權平均數計算。本公司唯一具攤薄潛力普通股為購股權。購股權乃按尚未行使購股權所附帶認購權之貨幣價值，可按公平值(按本公司股份平均每日市價釐定)收購之股份數目。上述計算之股份數目會與假設行使購股權而應已發行之股份數目比較。

		2006	2005
Profit attributable to equity holders of the Company used to determine diluted earnings per share (HK\$'000)	釐定每股攤薄盈利所用之股權持有人應佔溢利(千港元)	<u>31,128</u>	<u>62,804</u>
Weighted average number of ordinary shares in issue ('000)	已發行普通股加權平均數(千股)	<u>428,426</u>	425,175
Adjustments for share options ('000)	購股權之調整(千股)	<u>467</u>	1,136
Weighted average number of ordinary shares for diluted earnings per share ('000)	計算每股攤薄盈利所用普通股加權平均數(千股)	<u>428,893</u>	<u>426,311</u>
Diluted earnings per share (HK cents)	每股攤薄盈利(港仙)	<u>7.26</u>	<u>14.73</u>

15. Leasehold land and land use rights

The Group's interests in leasehold land and land use rights represent prepaid operating lease payments and their net book amounts are analysed as follows:

15. 租賃土地及土地使用權

本集團於租賃土地及土地使用權的權益指預付經營租賃款項及其賬面淨值，分析如下：

		Consolidated 綜合	
		2006 HK\$'000 千港元	2005 HK\$'000 千港元
In Hong Kong held on:	於香港持有：		
Leases of between 10 to 50 years	介乎10至50年之租約	3,458	3,546
In Mainland China held on:	於中國大陸持有：		
Land use rights of between 10 to 50 years	介乎10年至50年之土地使用權	22,955	25,077
		26,413	28,623
		2006 HK\$'000 千港元	2005 HK\$'000 千港元
Beginning of the year	年初	28,623	18,717
Additions	添置	—	10,440
Amortisation	攤銷	(2,752)	(534)
Translation adjustments	滙兌調整	542	—
End of the year	年終	26,413	28,623

The 2005 comparative figures are stated after reflecting the adjustment described in Note 2.1(iii).

二零零五年比較數字已反映附註2.1(iii)所提及之調整。

Amortisation of prepaid operating lease payments of HK\$88,000 (2005: HK\$156,000) has been expensed in cost of sales, and HK\$2,664,000 (2005: HK\$378,000) has been expensed in general and administrative expenses.

預付經營租賃之攤銷88,000港元(二零零五年：156,000港元)已列作銷售成本開支，及2,664,000港元(二零零五年：378,000港元)已列作一般及行政開支。

At 31st March, 2006, leasehold land with a net book amount of approximately HK\$2,166,000 (2005: HK\$2,223,000) was mortgaged as collateral for the Group's banking facilities (Note 32).

於二零零六年三月三十一日，賬面淨值約2,166,000港元(二零零五年：2,223,000港元)之租賃土地用作本集團備用信貸之附屬抵押(附註32)。

16. Property, plant and equipment

16. 物業、廠房及設備

		Consolidated 綜合					
		Buildings 樓宇	Machinery 機器	Furniture and equipment 傢俬及設備	Motor vehicles 汽車	Construction in progress 在建工程	Total 總計
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
At 1st April, 2004	於二零零四年四月一日						
Cost	成本	85,985	405,872	33,404	11,417	2,215	538,893
Accumulated depreciation	累計折舊	(10,876)	(209,204)	(23,994)	(7,754)	—	(251,828)
Net book amount	賬面淨值	<u>75,109</u>	<u>196,668</u>	<u>9,410</u>	<u>3,663</u>	<u>2,215</u>	<u>287,065</u>
Year ended 31st March, 2005	截至二零零五年三月三十一日止年度						
Opening net book amount	年初賬面淨值	75,109	196,668	9,410	3,663	2,215	287,065
Additions	添置	—	66,616	2,311	1,128	19,858	89,913
Disposals	出售	(1,345)	(82)	(1)	(99)	—	(1,527)
Depreciation	折舊	(1,800)	(36,051)	(3,093)	(1,133)	—	(42,077)
Translation adjustments	滙兌調整	—	348	1	6	—	355
Closing net book amount	年終賬面淨值	<u>71,964</u>	<u>227,499</u>	<u>8,628</u>	<u>3,565</u>	<u>22,073</u>	<u>333,729</u>
At 31st March, 2005	於二零零五年三月三十一日						
Cost	成本	84,640	465,491	35,665	11,785	22,073	619,654
Accumulated depreciation	累計折舊	(12,676)	(237,992)	(27,037)	(8,220)	—	(285,925)
Net book amount	賬面淨值	<u>71,964</u>	<u>227,499</u>	<u>8,628</u>	<u>3,565</u>	<u>22,073</u>	<u>333,729</u>
Year ended 31st March, 2006	截至二零零六年三月三十一日止年度						
Opening net book amount	年初賬面淨值	71,964	227,499	8,628	3,565	22,073	333,729
Additions	添置	32,540	50,699	13,191	1,170	30,701	128,301
Depreciation	折舊	(3,237)	(39,023)	(4,444)	(1,234)	—	(47,938)
Disposals	出售	—	(23)	(7)	(8)	—	(38)
Translation adjustments	滙兌調整	981	2,721	144	30	974	4,850
Closing net book amount	年終賬面淨值	<u>102,248</u>	<u>241,873</u>	<u>17,512</u>	<u>3,523</u>	<u>53,748</u>	<u>418,904</u>
At 31st March, 2006	於二零零六年三月三十一日						
Cost	成本	118,271	519,471	49,063	12,939	53,748	753,492
Accumulated depreciation	累計折舊	(16,023)	(277,598)	(31,551)	(9,416)	—	(334,588)
Net book amount	賬面淨值	<u>102,248</u>	<u>241,873</u>	<u>17,512</u>	<u>3,523</u>	<u>53,748</u>	<u>418,904</u>

The 2005 comparative figures are stated after reflecting the adjustment described in Note 2.1(iii).

二零零五年比較數字已反映附註2.1(iii)所提及之調整。

16. Property, plant and equipment (Cont'd)

- (a) Depreciation expense recognised in the income statements is analysed as follows:

Cost of sales	銷售成本
Selling and marketing costs	銷售及分銷成本
General and administrative expenses	一般及行政開支

- (b) Construction in progress mainly represents factories and office buildings under construction in Mainland China.

At 31st March, 2006, buildings with a net book value of approximately HK\$2,094,000 (2005: HK\$3,978,000) were mortgaged as collateral for the Group's banking facilities (Note 32).

(c) Finance leases

Certain property, plant and equipment are held under finance leases. Details of these assets are:

16. 物業、廠房及設備(續)

- (a) 於收益表中確認之折舊開支，分析如下：

For the year ended 31st March	
截至三月三十一日止年度	
2006	2005
HK\$'000	HK\$'000
千港元	千港元

44,577	40,241
317	130
3,044	1,706
47,938	42,077

- (b) 在建工程主要指在中國大陸興建中的廠房及辦公室樓宇。

於二零零六年三月三十一日，賬面淨值約2,094,000港元(二零零五年：3,978,000港元)之樓宇用作本集團備用信貸之附屬抵押(附註32)。

(c) 財務契約

若干物業、廠房及設備乃按財務契約持有。有關資產之詳情如下：

**Consolidated
綜合**

		Machinery 機器	Motor vehicles 汽車	Total 總計
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Cost	成本	38,323	1,173	39,496
Less: Accumulated depreciation	減：累計折舊	(11,319)	(494)	(11,813)
Net book value	賬面淨值	27,004	679	27,683
Depreciation for the year	本年度折舊	3,809	235	4,044

17. Available-for-sale investments/Long-term investments

17. 可供出售之投資／長期投資

		Consolidated 綜合	
		2006 HK\$'000 千港元	2005 HK\$'000 千港元
Shares listed in Hong Kong, at cost	香港上市股份，按成本值	821	736
Adjustment to quoted market value	調整至市場價值	359	232
Quoted market value	市場價值	<u>1,180</u>	<u>968</u>

		Consolidated 綜合	
		2006 HK\$'000 千港元	2005 HK\$'000 千港元
Beginning of the year	年初	968	905
Additions	增加	85	—
Revaluation surplus charged to equity (Note 28)	計入股本權益之估值盈餘(附註28)	127	—
Adjustment to quoted market value recognised in income statement	於收益表中確認之市場價值調整	—	63
End of the year	年終	<u>1,180</u>	<u>968</u>

18. Investments in subsidiaries

In the Company's balance sheet, investments in subsidiaries consisted of:

18. 於附屬公司之投資

在本公司資產負債表內，於附屬公司之投資包括：

		2006 HK\$'000 千港元	2005 HK\$'000 千港元
Unlisted shares	非上市股份	91,449	91,449
Due from subsidiaries	應收附屬公司款項	166,107	165,161
Less: Accumulated impairment losses	減：累計減值撥備	257,556	256,610
		<u>(12,622)</u>	<u>(13,859)</u>
		<u>244,934</u>	<u>242,751</u>

The outstanding balances with subsidiaries are unsecured, non-interest bearing and not repayable on demand.

附屬公司之尚未償還款項為無抵押，免息及無須即時償還。

18. Investments in subsidiaries (Cont'd)

Particulars of the principal subsidiaries as at 31st March, 2006 were:

Name of company 公司名稱	Place of incorporation and operations 註冊成立及營業地點	Issued and fully paid share capital 已發行及繳足股本	Percentage of equity interest held 所佔股權百分比		Principal activities 主要業務
			Directly 直接	Indirectly 間接	
Starlite Cultural Communications Limited 星光文化傳播有限公司	Hong Kong 香港	HK\$2 2港元	100%	—	Inactive 伺機作業
Starlite International Limited	British Virgin Islands 英屬維爾京群島	US\$1 1美元	100%	—	Inactive 伺機作業
Starlite International (Holdings) Ltd.	British Virgin Islands 英屬維爾京群島	US\$2 2美元	100%	—	Investment holding 投資控股
Starlite Printers Holdings Cook Islands Limited	Cook Islands 科克群島	US\$200 200美元	100%	—	Investment holding 投資控股
Starlite Printers (Far East) Pte. Ltd.	Singapore 新加坡	S\$8,759,396 8,759,396 新加坡元	100%	—	Printing of packaging materials and production of paper products and investment holding 包裝材料印刷及紙品生產及投資控股
Starlite Printers (Malaysia) Sdn. Bhd.	Malaysia 馬來西亞	Rm1,000,000 1,000,000馬元	100%	—	Inactive 伺機作業
Everfar Holdings Limited	British Virgin Islands 英屬維爾京群島	US\$20,000 20,000美元	50%	50%	Investment holding 投資控股
Starlite Visual Communication Limited 星光視覺媒體有限公司	Hong Kong 香港	HK\$2,000,000 2,000,000港元	—	100%	Production and distribution of licensed products 生產及分銷特許經營產品

18. 於附屬公司之投資 (續)

於二零零六年三月三十一日，主要附屬公司資料如下：

18. Investments in subsidiaries (Cont'd)

18. 於附屬公司之投資(續)

Name of company 公司名稱	Place of incorporation and operations 註冊成立及營業地點	Issued and fully paid share capital 已發行及繳足股本	Percentage of equity interest held 所佔股權百分比		Principal activities 主要業務
			Directly 直接	Indirectly 間接	
Star Union Limited 星盟有限公司	Hong Kong/ Mainland China 香港/中國大陸	HK\$2 2港元	—	100%	Property holding 持有物業
Starlite Consumer Products, Limited	British Virgin Islands 英屬維爾京群島	US\$1 1美元	—	100%	Investment holding 投資控股
Starlite Entertainment (Holdings) Limited	British Virgin Islands 英屬維爾京群島	US\$1 1美元	—	100%	Investment holding 投資控股
Starlite International Development Limited	British Virgin Islands 英屬維爾京群島	US\$1 1美元	—	100%	Procurement agency 採購代理服務
Starlite International Marketing Services Limited	British Virgin Islands 英屬維爾京群島	US\$1 1美元	—	100%	Procurement agency 採購代理服務
Starlite Label Company Limited 星光膠貼有限公司	Hong Kong 香港	HK\$950,000 ordinary 950,000港元 普通股份 HK\$50,000 non-voting deferred (ii) 50,000港元 無投票權 遞延股份(ii)	—	100%	Inactive 伺機作業
Starlite Laser Graphics Limited 星華鐳射分色有限公司	Hong Kong 香港	HK\$3,230,000 ordinary 3,230,000港元 普通股份 HK\$170,000 non-voting deferred (ii) 170,000港元 無投票權 遞延股份(ii)	—	100%	Provision of design and colour separation services 提供設計及分色服務

18. Investments in subsidiaries (Cont'd)

18. 於附屬公司之投資(續)

Name of company 公司名稱	Place of incorporation and operations 註冊成立及營業地點	Issued and fully paid share capital 已發行及繳足股本	Percentage of equity interest held 所佔股權百分比		Principal activities 主要業務
			Directly 直接	Indirectly 間接	
Starlite Management Services Limited	Hong Kong 香港	HK\$200 200港元	—	100%	Provision of management services 提供管理服務
Starlite Packaging Technology Consultancy Limited	British Virgin Islands 英屬維爾京群島	US\$1 1美元	—	100%	Holding of trade and service marks 持有貿易及服務商標
Starlite Development (China) Limited 星光發展(中國)有限公司	Hong Kong 香港	HK\$200 200港元	—	100%	Trading of paper products 紙類製品貿易
Starlite Paper Products Limited 星輝紙品有限公司	Hong Kong/ Mainland China 香港/ 中國大陸	HK\$1,738,000 ordinary 1,738,000港元 普通股份 HK\$262,000 non-voting deferred (ii) 262,000港元 無投票權 遞延股份(ii)	—	100%	Production of paper products 紙品生產
Starlite Printers Limited 星光印刷有限公司	Hong Kong 香港	HK\$2,700,000 ordinary 2,700,000港元 普通股份 HK\$2,300,000 non-voting deferred (ii) 2,300,000港元 無投票權 遞延股份(ii)	—	100%	Printing and trading of packaging materials 包裝材料印刷及貿易
Starlite Printers HK Holdings (BVI) Limited	British Virgin Islands 英屬維爾京群島	US\$1 1美元	—	100%	Investment holding 投資控股

18. Investments in subsidiaries (Cont'd)

18. 於附屬公司之投資(續)

Name of company 公司名稱	Place of incorporation and operations 註冊成立 及營業地點	Issued and fully paid share capital 已發行及 繳足股本	Percentage of equity interest held 所佔股權 百分比		Principal activities 主要業務
			Directly 直接	Indirectly 間接	
Starlite Printers, Inc.	United States of America 美國	US\$1 1美元	—	100%	Inactive 伺機作業
Starlite Printers (China) Limited 星光印刷(中國) 有限公司	British Virgin Islands 英屬維爾京群島	US\$100 100美元	—	100%	Investment holding 投資控股
Starlite Printers (Shenzhen) Co., Ltd. (i) 星光印刷(深圳) 有限公司(i)	Mainland China 中國大陸	US\$8,000,000 8,000,000美元	—	100%	Printing of packaging materials and production of paper products 包裝材料印刷及 紙品生產
Starlite Printers (Suzhou) Co., Ltd. (i) 星光印刷(蘇州) 有限公司(i)	Mainland China 中國大陸	US\$15,000,000 15,000,000美元	—	100%	Printing of packaging materials and production of paper products 包裝材料印刷及 紙品生產
Starlite Productions Limited 星光創作有限公司	Hong Kong 香港	HK\$3,000,000 3,000,000港元	—	100%	Inactive 伺機作業
Starlite Productions (BVI) Limited	British Virgin Islands 英屬維爾京群島	US\$256,420 256,420美元	—	100%	Investment holding 投資控股
Starlite Productions (Holdings) Limited	British Virgin Islands 英屬維爾京群島	US\$1 1美元	—	100%	Investment holding 投資控股
Shenzhen Xiangguangmei Gifts Co., Ltd. (i) 深圳星光美精品 有限公司(i)	Mainland China 中國大陸	RMB4,200,000 4,200,000人民幣	—	90%	Inactive 伺機作業

18. Investments in subsidiaries (Cont'd)

18. 於附屬公司之投資(續)

Name of company 公司名稱	Place of incorporation and operations 註冊成立 及營業地點	Issued and fully paid share capital 已發行及 繳足股本	Percentage of equity interest held 所佔股權 百分比		Principal activities 主要業務
			Directly 直接	Indirectly 間接	
Guangzhou Starlite Environmental Friendly Center, Limited (i) 廣州星光環保中心 有限公司(i)	Mainland China 中國大陸	US\$6,000,000 6,000,000美元	—	100%	Production of environmentally friendly and other paper products 生產環保及其他紙類 產品
Greenworks International Limited 綠色工程國際有限公司	Hong Kong 香港	HK\$2 2港元	—	100%	Investment holding and trading of environmentally friendly and other paper products 投資控股及環保及 其他紙類產品貿易
Shaoguan Fortune Creative Industries Company Limited (i) 韶關科藝創意工業 有限公司(i)	Mainland China 中國大陸	US\$2,990,000 2,990,000美元	—	100%	Inactive 伺機作業
Starlite Enterprises (Shanghai) Inc. 港星商貿(上海)有限公司	Mainland China 中國大陸	—	—	100%	Inactive 伺機作業

Notes:

(i) All subsidiaries incorporated in Mainland China, except for Guangzhou Starlite Environmental Friendly Center, Limited and Shenzhen Xiangguangmei Gifts Co., Ltd., are wholly foreign owned companies to be operated for 50 years up to 2042 to 2053. Guangzhou Starlite Environmental Friendly Center, Limited is a contractual joint venture established in Mainland China to be operated for 50 years up to 2044. Under the joint venture agreement, the joint venture partner is entitled to a pre-determined fee and is not entitled to share any profit or required to bear any loss of the joint venture. Shenzhen Xiangguangmei Gifts Co., Ltd. is an equity joint venture established in Mainland China to be operated for 20 years up to 2017.

附註:

(i) 除廣州星光環保中心有限公司及深圳星光美精品有限公司外，在中國大陸成立之全部附屬公司均為外資全資擁有，經營年期為五十年，直至二零四二年至二零五三年止。廣州星光環保中心有限公司乃在中國大陸成立之合作經營企業，經營年期五十年，直至二零四四年為止。根據合營協議，合營夥伴可獲得一筆預定費用之款項，惟無權分佔合營企業之任何盈利或負擔任何虧損。深圳星光美精品有限公司乃在中國大陸成立之合資經營企業，經營年期二十年，直至二零一七年。

18. Investments in subsidiaries (Cont'd)

Notes: (Cont'd)

- (ii) The non-voting deferred shares are not owned by the Group. These shares have no voting rights, are not entitled to dividends unless the net profit of the relevant company exceeds HK\$50,000,000,000 and are not entitled to any distributions upon winding up unless a sum of HK\$50,000,000,000 has been distributed by the relevant company to the holders of its ordinary shares.

None of the subsidiaries had any loan capital in issue at any time during the year ended 31st March, 2006.

19. Inventories

Raw materials	原材料
Work-in-progress	在製品
Finished goods	製成品

The cost of inventories recognised as expense and included in cost of sales amounted to HK\$699,549,000 (2005: HK\$629,484,000).

During the ended 31st March, 2006, the Group recorded a write-down of inventories of HK\$1,000,000 (2005: HK\$100,000), which was included in cost of sales.

The carrying amount of inventories that was pledged as security for trust receipts bank loan arrangements amounted to approximately HK\$13,234,000 (2005: HK\$6,109,000) as at 31st March, 2006 (see Note 32).

18. 於附屬公司之投資(續)

附註：(續)

- (ii) 此等無投票權遞延股份並非由本集團擁有。此等股份並無投票權，除非有關公司之純利超過50,000,000,000港元，否則持有人無權享有股息；而有關公司清盤時，亦無權享有任何分派，除非有關公司向普通股股東作出之分派達到50,000,000,000港元。

以上所有附屬公司於截至二零零六年三月三十一日止年度內任何時間均無已發行之借貸資本。

19. 存貨

		Consolidated 綜合	
		2006	2005
		HK\$'000	HK\$'000
		千港元	千港元
Raw materials	原材料	38,176	39,526
Work-in-progress	在製品	29,975	17,340
Finished goods	製成品	16,985	15,831
		<u>85,136</u>	<u>72,697</u>

存貨成本合共699,549,000港元(二零零五年：629,484,000港元)確認為開支並列入銷售成本中。

於二零零六年三月三十一日止年度內，本集團錄得滯銷存貨撥備1,000,000港元(二零零五年：100,000港元)，此撥備已列入銷售成本中。

於二零零六年三月三十一日，賬面值約為13,234,000港元(二零零五年：6,109,000港元)之存貨按信托收據銀行貸款安排作為抵押(見附註32)。

20. Trade and bills receivable

The Group grants to its customers credit terms generally ranging from 30 to 120 days.

The aging analysis of trade and bills receivable is as follows:

0 to 90 days	0至90天
91 to 180 days	91至180天
181 to 365 days	181至365天
Over 365 days	超過365天
Less: Provision for impairment of receivables	減：應收賬款呆壞賬撥備

The carrying amounts of trade and bills receivable approximate their fair values.

Other than Hong Kong dollars which is the Group's functional currency, trade and bills receivable is also denominated in US dollars, Renminbi and Singapore dollars.

There is no concentration of credit risk with respect to trade and bills receivable, as the Group has a large number of customers, internationally dispersed.

The Group has recognised a reversal of HK\$6,295,000 (2005: provision of HK\$6,663,000) for the impairment of its trade and bills receivable, which has been included in general and administrative expenses in the income statement.

20. 貿易應收賬款及票據

集團給予顧客信貸期限一般為30天至120天不等。

貿易應收賬款及票據之賬齡分析如下：

Consolidated	
綜合	
2006	2005
HK\$'000	HK\$'000
千港元	千港元
170,762	130,348
6,336	14,484
2,897	5,020
646	3,409
180,641	153,261
(3,888)	(11,597)
176,753	141,664

應收貿易賬款及票據的賬面值約相等於其公平值。

除港元(即本集團之功能貨幣)外,貿易應收賬款及票據亦以美元、人民幣及新加坡元結算。

由於本集團的客戶分散於不同國家,貿易應收賬款及票據並無信貸集中之風險。

本集團確認貿易應收賬款及票據減值回撥6,295,000港元(二零零五年:撥備6,663,000港元),該回撥/撥備已列入收益表中之一般及行政開支。

21. Cash and cash equivalents/Pledged bank deposits

21. 現金及現金等值／已抵押銀行存款

		Consolidated 綜合		Company 公司	
		2006 HK\$'000 千港元	2005 HK\$'000 千港元	2006 HK\$'000 千港元	2005 HK\$'000 千港元
Cash at bank and on hand	銀行存款及現金	76,958	79,926	71	407
Short-term bank deposits	短期銀行存款	12,854	—	—	—
Pledged bank deposits	已抵押銀行存款	—	12,306	—	—
		89,812	92,232	71	407

The effective interest rate on short-term bank deposits and pledged bank deposits was 2.90% per annum (2005: 0.32% per annum); these deposits have an average maturity of two months (2005: three months).

短期銀行存款及已抵押銀行存款之有效利率為年息2.90厘(二零零五年：年息0.32厘)，此等存款平均到期日為兩個月(二零零五年：三個月)。

Cash and cash equivalents and pledged bank deposits were denominated in the following currencies:

現金及現金等值及已押銀行存款乃按以下貨幣列值：

		Consolidated 綜合		Company 公司	
		2006 HK\$'000 千港元	2005 HK\$'000 千港元	2006 HK\$'000 千港元	2005 HK\$'000 千港元
Hong Kong Dollars	港元	20,268	43,739	71	407
Chinese Renminbi ("RMB")	人民幣	12,941	16,815	—	—
US Dollars	美元	15,786	17,988	—	—
Euro	歐元	26,948	437	—	—
Singapore Dollars	新加坡元	13,574	12,934	—	—
Others	其他	295	319	—	—
		89,812	92,232	71	407

The Group's cash and cash equivalents denominated in RMB are deposited with banks in Mainland China. The conversion of these RMB denominated balances into foreign currencies and the remittance of funds out of Mainland China is subject to the foreign exchange control rules and regulations of foreign exchange control promulgated by the Mainland China Government.

本集團以人民幣列值之現金及現金等值均存放於中國大陸之銀行。將人民幣換算為外幣及滙出中國大陸須受中國內地政府所頒佈之外匯管制規則及規例監管。

21. Cash and cash equivalents/Pledged bank deposits (Cont'd)

Cash and bank overdrafts include the following for purposes of the cash flow statements:

		2006 HK\$'000 千港元	2005 HK\$'000 千港元
Cash and cash equivalents	現金及現金等值	89,812	79,926
Bank overdrafts	銀行透支	(505)	(1,742)
		<u>89,307</u>	<u>78,184</u>

22. Borrowings**21. 現金及現金等值／已抵押銀行存款 (續)**

現金流量表中現金及銀行透支包括：

22. 借貸

		Consolidated 綜合	
		2006 HK\$'000 千港元	2005 HK\$'000 千港元
Non-current	非即期		
Long-term bank loan	長期銀行貸款	<u>135,135</u>	<u>60,510</u>
Current	即期		
Current portion of long-term bank loans	長期銀行貸款，即期部份	59,100	38,935
Short-term bank loan	短期銀行貸款	46,824	45,101
Trust receipts import bank loans	信託收據進口銀行貸款	13,234	6,109
Bank overdrafts	銀行透支	505	1,742
		<u>119,663</u>	<u>91,887</u>
		<u>254,798</u>	<u>152,397</u>

The maturity of borrowings is as follows:

借貸之到期日如下：

		Consolidated 綜合	
		2006 HK\$'000 千港元	2005 HK\$'000 千港元
Within 1 year	壹年內	119,663	91,887
Between 1 and 2 years	介乎壹至二年	59,100	25,850
Between 2 and 5 years	介乎二至五年	76,035	34,660
		<u>254,798</u>	<u>152,397</u>

22. Borrowings (Cont'd)

The carrying amounts of bank borrowings are denominated in the following currencies:

22. 借貸(續)

銀行借貸之賬面值乃按以下貨幣列值：

		Consolidated	
		綜合	
		2006	2005
		HK\$'000	HK\$'000
		千港元	千港元
Hong Kong Dollars	港元	217,387	107,171
Chinese Renminbi ("RMB")	人民幣	33,810	39,492
US Dollars	美元	3,228	1,886
Singapore Dollars	新加坡元	373	3,848
		254,798	152,397

The effective interest rates (per annum) at the balance sheet date were as follows:

於結算日之有效年利率如下：

		2006				2005			
		HK\$	RMB	US\$	S\$	HK\$	RMB	US\$	S\$
		港元	人民幣	美元	新加坡元	港元	人民幣	美元	新加坡元
Bank overdrafts	銀行透支	6.75%	—	—	7.25%	—	—	—	7.25%
Trust receipts import	信託收據進口								
bank loans	銀行貸款	6.16%	—	6.18%	—	4.50%	—	4.58%	—
Finance lease	財務契約	3.39%	—	—	5.83%	3.30%	—	—	3.25%
Short-term bank loan	短期銀行貸款	5.41%	5.70%	—	—	2.75%	5.31%	—	6.75%
Long-term bank loan	長期銀行貸款	5.24%	—	—	—	2.37%	—	—	—

The carrying amounts of all bank borrowings approximate their fair value.

借貸之賬面值與其公平值相若。

23. Finance lease obligations

23. 財務契約債務

		Consolidated 綜合	
		2006 HK\$'000 千港元	2005 HK\$'000 千港元
Total minimum lease payments under finance leases	財務契約最低總還款：		
— not exceeding one year	— 不超過壹年	8,174	9,855
— more than one year and not exceeding two years	— 超過壹年但不超過兩年	2,631	5,976
— more than two years and not exceeding five years	— 超過兩年但不超過五年	2,767	545
		<u>13,572</u>	<u>16,376</u>
Less: Future finance charges	減：未來財務費用	(825)	(541)
		<u>12,747</u>	<u>15,835</u>
Analysed as —	分析如下：		
The present value of obligations under finance leases	財務契約債務的現值：		
— not exceeding one year	— 不超過壹年	7,655	9,455
— more than one year and not exceeding two years	— 超過壹年但不超過兩年	2,428	5,837
— more than two years and not exceeding five years	— 超過兩年但不超過五年	2,664	543
		<u>12,747</u>	<u>15,835</u>
Less: Amounts payable within one year included under current liabilities	減：列入流動負債之壹年內須償還款額	(7,655)	(9,455)
		<u>5,092</u>	<u>6,380</u>

24. Trade and bills payable

The aging analysis of trade and bills payable is as follows:

0 to 90 days	0至90天
91 to 180 days	91至180天
181 to 365 days	181至365天
Over 365 days	超過365天

Other than Hong Kong Dollars which is the Group's functional currency, trade and bills payable is also denominated in US dollars, Renminbi, Japanese Yen, Singapore dollars and Euro.

25. Deferred income tax

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against tax liabilities and when the deferred taxes relate to the same fiscal authority. The offset amounts are as follows:

Deferred tax liabilities to be settled after 12 months	將於12個月後償付的遞延所得稅負債
--	-------------------

Movements in net deferred tax liabilities are as follows:

Beginning of the year	年初
Deferred taxation (credited)/charged to income statement (Note 11)	於收益表(計入)/扣除之遞延稅項(附註11)
Translation adjustment	滙兌調整
End of the year	年終

24. 貿易應付賬款及票據

貿易應付賬款及票據賬齡分析如下：

		Consolidated 綜合	
		2006 HK\$'000 千港元	2005 HK\$'000 千港元
		131,526	114,339
		2,580	6,862
		388	912
		—	27
		<u>134,494</u>	<u>122,140</u>

除港元(即本集團之功能貨幣)外,貿易應付賬款及票據亦以美元、人民幣、日圓、新加坡元及歐元結算。

25. 遞延所得稅

當有合法強制執行權利可將流動稅項資產與流動稅項負債互相抵銷,及遞延所得稅涉及同一財政機關,則遞延所得稅資產及負債即可互相抵銷。互相抵銷的款額如下：

		Consolidated 綜合	
		2006 HK\$'000 千港元	2005 HK\$'000 千港元
		15,794	17,301

遞延稅項負債淨額之變動詳情如下：

		Consolidated 綜合	
		2006 HK\$'000 千港元	2005 HK\$'000 千港元
		17,301	16,948
		(1,541)	305
		34	48
		<u>15,794</u>	<u>17,301</u>

25. Deferred income tax (Cont'd)

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future profits is probable. The Group has not recognised deferred tax assets of approximately HK\$27,477,000 (2005: HK\$28,747,000), in respect of the tax effect of cumulative tax losses (subject to agreement by relevant tax authorities) amounting to HK\$5,991,000 (2005: HK\$5,520,000) that can be carried forward against future taxable income. Tax losses amounted to approximately HK\$24,553,000 (2005: HK\$22,494,000) will be expired up to 2011, while the remaining balance can be carried forward indefinitely.

The movement in deferred tax assets/(liabilities) prior to offsetting of balances within the same entity and same taxation jurisdiction is as follows:

Deferred tax assets:

		Tax losses 稅項虧損		Others 其他		Total 總計	
		2006	2005	2006	2005	2006	2005
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Beginning of the year	年初	—	—	1,856	1,356	1,856	1,356
Credited/(Charged) to income statement	於收益表中 計入/(扣除)	258	—	(1,396)	496	(1,138)	496
Translation adjustment	滙兌調整	—	—	(2)	4	(2)	4
End of the year	年終	<u>258</u>	<u>—</u>	<u>458</u>	<u>1,856</u>	<u>716</u>	<u>1,856</u>

Deferred tax liabilities:

		Accelerated taxation depreciation 加速稅項折舊	
		2006	2005
		HK\$'000 千港元	HK\$'000 千港元
Beginning of the year	年初	19,157	18,304
(Credited)/Charged to income statement	於收益表中(計入)/扣除	(2,679)	801
Translation adjustment	滙兌調整	32	52
End of the year	年終	<u>16,510</u>	<u>19,157</u>

25. 遞延所得稅(續)

就承前結轉的稅項虧損列為遞延所得稅資產確認入賬，惟以有可能透過日後應課稅溢利將有關稅項優惠變現的數額為限。本集團並無確認遞延所得稅資產約27,477,000港元(二零零五年：28,747,000港元)，其中5,991,000港元之累計稅項虧損之稅項影響(二零零五年：5,520,000港元)可以結轉及抵銷日後的應課稅收入(須受有關稅務機構同意)。稅項虧損約共24,553,000港元(二零零五年：22,494,000港元)將於二零一一年屆滿，餘額可以無限期結轉。

遞延稅項資產/(負債)之變動(與同一實體及徵稅地區之結餘抵銷前)如下：

遞延稅項資產：

遞延稅項負債：

26. Share capital

26. 股本

		2006		2005	
		Number of shares 股份數目 '000 千股	Nominal value 面值 HK\$'000 千港元	Number of shares 股份數目 '000 千股	Nominal value 面值 HK\$'000 千港元
Authorised — Ordinary shares of HK\$0.1 each	法定股本 — 每股面值0.1港元 之普通股	1,000,000	100,000	1,000,000	100,000
Issued and fully paid — Ordinary shares of HK\$0.1 each: Beginning of the year	已發行及繳足 — 每股面值0.1港元 之普通股 年初	425,175	42,517	425,175	42,517
Issue of shares upon exercise of share options	因行使購股權而發行 之股份	4,301	430	—	—
End of the year	年終	429,476	42,947	425,175	42,517

During the year ended 31st March, 2006, certain employee share options were exercised to subscribe for 4,301,000 shares (2005 : Nil) in the Company at an aggregate consideration of approximately HK\$3,270,000 (2005 : Nil).

截至二零零六年三月三十一日止年度內僱員行使部份購股權認購4,301,000股(二零零五年：無)本公司股份，總代價約為3,270,000港元(二零零五年：無)。

27. Employee share options

Effective from September 2002, the Company has adopted a new employee share options scheme (the "New Share Options Scheme") to replace the old employee share options scheme adopted in 1993 (the "Old Share Options Scheme"). Under the New Share Options Scheme, the Company may grant options to employees (including executive directors of the Company) to subscribe for shares in the Company, subject to a maximum of 30% of the nominal value of the issued share capital of the Company from time to time excluding for this purpose any shares issued on the exercise of options. The exercise price will be determined by the Company's board of directors and shall be at least the highest of (i) the closing price of the Company's shares on the date of grant of the options, (ii) an average closing price of the Company's shares for the five trading days immediately preceding the date of grant of the options, and (iii) the nominal value of the Company's shares of HK\$0.1 each. All options granted under the Old Share Options Scheme will continue to be valid and exercisable in accordance with the rules of the Old Share Options Scheme.

27. 僱員購股權

自二零零二年九月起，本公司已採納新僱員購股權計劃(「新計劃」)用以代替一九九三年採納之舊僱員購股權計劃(「舊計劃」)。根據新計劃本公司可向員工(包括本公司之執行董事)授出購股權以認購本公司股份，而可發行之股份將最多為本公司不時已發行股份之30%，但不計算因行使購股權而發行之股份。認購價由董事局釐定，惟不可低於以下三項之最高者：(i)於授出日期本公司股份之收市價；(ii)本公司股份於緊接授出日期前五個營業日之股份平均收市價；及(iii)本公司股份之面值(即每股0.1港元)。根據舊計劃之條款，在終止舊計劃前授出之購股權仍繼續生效及可根據其條款繼續行使。

27. Employee share options (Cont'd)

Movements of employee share options during the year ended 31st March, 2006 were:

27. 僱員購股權(續)

截至二零零六年三月三十一日止年度內之僱員購股權變動如下：

Date of grant 授出日期	Exercise period 行使時間	Subscription price 每股認購價	Beginning of year 年初	Number of shares 股份數目			End of year 年終
				Granted during the year 年內授出	Exercised during the year 年內行使	Lapsed during the year 年內失效	
			'000 千股	'000 千股	'000 千股	'000 千股	'000 千股
Old Share Option Scheme							
舊購股權計劃							
10th September, 1997 一九九七年九月十日	11th March, 1998 to 9th September, 2007 一九九八年三月十一日至 二零零七年九月九日	HK\$0.69 0.69港元	4,214	—	(700)	—	3,514
New Share Option Scheme							
新購股權計劃							
10th January, 2003 二零零三年一月十日	10th July, 2003 to 9th January, 2006 二零零三年七月十日至 二零零六年一月九日	HK\$0.53 0.53港元	200	—	(80)	(120)	—
17th January, 2003 二零零三年一月十七日	17th July, 2003 to 16th January, 2006 二零零三年七月十七日至 二零零六年一月十六日	HK\$0.57 0.57港元	500	—	(500)	—	—
6th February, 2004 二零零四年二月六日	6th August, 2004 to 5th February, 2007 二零零四年八月六日至 二零零七年二月五日	HK\$0.93 0.93港元	4,200	—	(837)	—	3,363
19th February, 2004 二零零四年二月十九日	19th August, 2004 to 18th February, 2007 二零零四年八月十九日至 二零零七年二月十八日	HK\$1.07 1.07港元	6,900	—	—	—	6,900
29th December, 2004 二零零四年十二月二十九日	29th June, 2005 to 28th December, 2007 二零零五年六月二十九日至 二零零七年十二月二十八日	HK\$0.77 0.77港元	7,800	—	(2,184)	—	5,616
28th October, 2005 二零零五年十月二十八日	29th April, 2006 to 27th October, 2007 二零零六年四月二十九日至 二零零七年十月二十七日	HK\$0.72 0.72港元	—	482	—	—	482
			23,814	482	(4,301)	(120)	19,875

27. Employee share options (Cont'd)

The weighted average fair value of options granted on 29th December, 2004 and not yet vested on 1st January, 2005 and options granted on 28th October 2005 determined using the Binomial Option Pricing Model was HK\$0.16 per share option, totalling approximately HK\$1,324,000, of which approximately HK\$631,000 and HK\$693,000 were charged to the income statement for the years ended 31st March, 2005 and 2006, respectively, as employment costs. The significant inputs into the model include the following data and assumptions:

Share price at the grant date	HK\$0.77
Exercise price	HK\$0.77/HK\$0.72
Expected volatility of the Company's share	40% per annum
Average option life	2.6 years
Expected dividend yield	5.5% per annum
Average risk-free interest rate	1.37% per annum
Early exercise assumption	Option holders will exercise their options when the share price is at least 190% of the exercise price.

The volatility rate of the share price of the Company was determined based on the movement of the share prices during the period from October 1995 to October 2005 and the volatility rates of selected comparators.

The Company considers that certain subjectivity and uncertainty might exist in the above value of options as such values are subject to a number of assumptions and given the limitations of the Binomial Model.

27. 僱員購股權(續)

就二零零四年十二月二十九日授出而同時於二零零五年一月一日尚未歸屬之購股權及於二零零五年十月二十八日授出之購股權而言，其公平值經二項式期權定價模型估算定為每股0.16港元，合共約1,324,000港元，其中約631,000港元及約693,000港元已分別於截至二零零五年三月三十一日止年度及截至二零零六年三月三十一日止年度之收益表內計入員工成本支銷。投進該模型之主要數據及假設包括：

授出當日之股份價格	0.77港元
認購價	0.77港元/0.72港元
預期股份波幅	年率40%
平均購股權年期	2.6年
預期股息派發率	年率5.5%
無風險年率	年率1.37%
提早認購假設	當股價達至最低為認購價之190%時會提早行使購股權

上述預期股價之波幅乃根據一九九五年十月至二零零五年十月期間之股份價格每日統計數字及若干可比較公司之分析為基礎。

由於以上計算包括若干假設及二項式期權定價模型存在一定限制，本公司認為上述購股權之公平值存在一定主觀性及不明朗性。

28. Reserves

Movements were:

28. 儲備

變動之詳情如下：

		Share premium	Capital reserve	Share-based compensation reserve	Investment reserve	Cumulative translation adjustments	Retained profits	Total
		股份溢價	資本儲備	股份酬金儲備	投資儲備	匯兌調整	保留溢利	總額
		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
Consolidated	綜合							
As at 31st March, 2004	於二零零四年三月三十一日	100,968	1,169	—	—	(2,609)	137,134	236,662
Profit attributable to shareholders	股權持有人應佔溢利	—	—	—	—	—	62,804	62,804
Employee share option scheme	僱員購股權計劃							
— Value of employee services	— 僱員服務價值	—	—	631	—	—	—	631
Dividends paid	支付股息	—	—	—	—	—	(14,881)	(14,881)
Translation adjustments	匯兌調整	—	—	—	—	(902)	—	(902)
As at 31st March, 2005	於二零零五年三月三十一日	100,968	1,169	631	—	(3,511)	185,057	284,314
As at 1st April, 2005, as previously reported	於二零零五年四月一日， 按早前呈報	100,968	1,169	—	—	(3,511)	185,688	284,314
Employee share option scheme	僱員購股權計劃							
— Value of employee services	— 僱員服務價值	—	—	631	—	—	(631)	—
As at 1st April, 2005, as restated	於二零零五年四月一日， 重列	100,968	1,169	631	—	(3,511)	185,057	284,314
Opening adjustment for adoption of HKAS32 & 39	採納香港會計準則 第32及39號之期初調整	—	—	—	232	—	(1,416)	(1,184)
As at 1st April, 2005 after opening adjustment	於二零零五年四月一日 已作出期初調整之結餘	100,968	1,169	631	232	(3,511)	183,641	283,130
Fair value gains	公平價值收益							
— Available-for-sale financial assets	— 可供出售金融資產	—	—	—	127	—	—	127
Translation adjustments	匯兌調整	—	—	—	—	1,697	—	1,697
Net income recognised directly in equity	直接於權益中確認的 收入淨額	—	—	—	127	1,697	—	1,824
Profit attributable to shareholders	股權持有人應佔溢利	—	—	—	—	—	31,128	31,128
Total recognised income for the year	年內已確認總收入	—	—	—	127	1,697	31,128	32,952
		100,968	1,169	631	359	(1,814)	214,769	316,082
Dividends paid	已付股息	—	—	—	—	—	(17,141)	(17,141)
Employee share options scheme	僱員購股權計劃							
— Value of employee services	— 僱員服務價值	—	—	693	—	—	—	693
— Issue of shares upon exercise of employee share options	— 行使僱員購股權 而發行的股份	3,189	—	(349)	—	—	—	2,840
As at 31st March, 2006	於二零零六年三月三十一日	104,157	1,169	975	359	(1,814)	197,628	302,474
Representing:	代表：							
2006 dividend proposed	擬派二零零六年股息						6,442	
Others	其他						191,186	
							197,628	

28. Reserves (Cont'd)

28. 儲備(續)

		Share premium	Capital reserve	Share-based compensation reserve	Investment reserve	Cumulative translation adjustments	Retained profits	Total
		股份溢價	資本儲備	股份酬金儲備	投資儲備	滙兌調整	保留溢利	總額
		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
Company	公司							
As at 31st March, 2004	於二零零四年三月三十一日	100,968	520	—	—	—	54,981	156,469
Loss for the year	本年度虧損	—	—	—	—	—	(631)	(631)
Employee share option scheme	僱員購股權計劃							
— Value of employee services	— 僱員服務價值	—	—	631	—	—	—	631
Dividends paid	已付股息	—	—	—	—	—	(14,881)	(14,881)
		<u>100,968</u>	<u>520</u>	<u>631</u>	<u>—</u>	<u>—</u>	<u>39,469</u>	<u>141,588</u>
As at 1st April, 2005, as restated	於二零零五年四月一日， 重列	100,968	520	631	—	—	39,469	141,588
Profit for the year	本年度溢利	—	—	—	—	—	544	544
Employee share options scheme	僱員購股權計劃							
— Value of employee services	— 僱員服務價值	—	—	693	—	—	—	693
— Issue of shares upon exercise of employee share options	— 行使僱員購股權而發行的股份	3,189	—	(349)	—	—	—	2,840
Dividends paid	已付股息	—	—	—	—	—	(17,141)	(17,141)
		<u>104,157</u>	<u>520</u>	<u>975</u>	<u>—</u>	<u>—</u>	<u>22,872</u>	<u>128,524</u>
As at 31st March, 2006	於二零零六年三月三十一日	104,157	520	975	—	—	22,872	128,524
Representing:	代表：							
2006 dividend proposed	二零零六年擬派股息						6,442	
Others	其他						16,430	
							<u>22,872</u>	

29. Notes to the consolidated cash flow statement

(a) Reconciliation of cash generated from operations:

		2006 HK\$'000 千港元	2005 HK\$'000 千港元
Profit before income tax	除稅前溢利	53,612	80,710
Interest income	利息收入	(635)	(226)
Interest expense	利息支出	14,024	6,224
Depreciation of property, plant and equipment	物業、廠房及設備之折舊	47,938	42,077
Amortisation of leasehold land and land use rights	租賃土地及土地使用權攤銷	2,752	534
Net gain on disposal of property, plant and equipment	出售固定資產之收益淨額	(277)	(756)
Gain on long-term investments	長期投資收益	—	(63)
Share-based payments	股份支付酬金	693	631
Operating cash flow before working capital changes	未計營運資金變動前經營現金流量	118,107	129,131
Increase in inventories	存貨增加	(12,439)	(13,283)
Increase in trade and bills receivable	貿易應收賬款及票據增加	(35,089)	(22,664)
Increase in prepayments and deposits	預付款項及按金增加	(2,405)	(4,812)
Increase in trade and bills payable	應付賬款及票據增加	12,354	35,180
Increase in accruals and other payables	應計負債及其他應付款增加	369	13,619
Net cash generated from operations	經營產生之現金淨額	80,897	137,171

(b) In the cash flow statement, proceeds from disposal of property, plant and equipment comprise:

		2006 HK\$'000 千港元	2005 HK\$'000 千港元
Net book amount	賬面淨值	38	1,527
Gain on disposal of property, plant and equipment	出售物業、廠房及設備之收益	277	756
Proceeds from disposal of property, plant and equipment	出售物業、廠房及設備之收入	315	2,283

29. 綜合現金流量表附註

(a) 經營業務現金流入之對賬：

	2006 HK\$'000 千港元	2005 HK\$'000 千港元
Profit before income tax	53,612	80,710
Interest income	(635)	(226)
Interest expense	14,024	6,224
Depreciation of property, plant and equipment	47,938	42,077
Amortisation of leasehold land and land use rights	2,752	534
Net gain on disposal of property, plant and equipment	(277)	(756)
Gain on long-term investments	—	(63)
Share-based payments	693	631
Operating cash flow before working capital changes	118,107	129,131
Increase in inventories	(12,439)	(13,283)
Increase in trade and bills receivable	(35,089)	(22,664)
Increase in prepayments and deposits	(2,405)	(4,812)
Increase in trade and bills payable	12,354	35,180
Increase in accruals and other payables	369	13,619
Net cash generated from operations	80,897	137,171

(b) 於現金流量表內，出售物業、廠房及設備所得收入包括：

	2006 HK\$'000 千港元	2005 HK\$'000 千港元
Net book amount	38	1,527
Gain on disposal of property, plant and equipment	277	756
Proceeds from disposal of property, plant and equipment	315	2,283

29. Notes to the consolidated cash flow statement (Cont'd)

- (c) Major non-cash transactions:
During the year ended 31st March, 2006, the Group financed its outstanding payable at 31st March, 2005 in respect of purchase of property, plant and equipment amounting to approximately HK\$7,255,000 (2005: HK\$707,000).

30. Commitments

(a) Capital commitments

Capital commitments, which were authorised and contracted for, were:

Land and buildings	土地及樓宇
Machinery	機器

(b) Operating lease commitments

As at 31st March, 2006, the Group had lease commitments under various non-cancellable operating lease agreements extending to October 2013. The total commitments payable are analysed as follows:

Amounts payable	償還期
— within one year	— 壹年以內
— between two years and five years	— 兩年至五年內
— over five years	— 五年以上

29. 綜合現金流量表附註(續)

- (c) 主要非現金交易：
於二零零六年三月三十一日止年度，本集團繳付於二零零五年三月三十一日有關添置物業、廠房及設備的其他應付款約共7,255,000港元(二零零五年：707,000港元)。

30. 承擔

(a) 資本承擔

已批准及已訂約資本承擔，其分析如下：

		Consolidated 綜合	
		2006 HK\$'000 千港元	2005 HK\$'000 千港元
		1,507	7,633
		14,576	55,835
		<u>16,083</u>	<u>63,468</u>

(b) 營業契約承擔

本集團根據多份不可註銷之租用物業營業契約協議(期限至二零一三年十月)所承擔之款項分析如下：

		Consolidated 綜合	
		2006 HK\$'000 千港元	2005 HK\$'000 千港元
		10,763	4,147
		16,390	9,266
		5,751	8,066
		<u>32,904</u>	<u>21,479</u>

30. Commitments (Cont'd)**(c) Other commitments**

The total pre-determined fee payable to the joint venture partner of Guangzhou Starlite Environmental Friendly Center, Limited for 50 years up to 2044 amounted to approximately HK\$18,368,000 (2005: HK\$18,505,000) (see Note 18).

31. Contingent liabilities

As at 31st March, 2006, the Company had provided guarantees in respect of banking facilities of its subsidiaries amounting to approximately HK\$665,488,000 (2005: HK\$621,748,000). The facilities utilised by the subsidiaries as at 31st March, 2006 amounted to HK\$300,871,000 (2005: HK\$205,400,000).

32. Banking facilities and pledge of assets

As at 31st March, 2006, the Group had aggregate banking facilities of approximately HK\$636,996,000 (2005: HK\$606,374,000) for overdrafts, loans, trade financing and bank guarantees. Unused facilities as at the same date amounted to approximately HK\$316,731,000 (2005: HK\$375,953,000). These facilities were secured by:

- (i) mortgages over the Group's land and buildings with a net book value of approximately HK\$4,260,000 (2005: HK\$6,201,000) (Note 15 and Note 16(b));
- (ii) certain of the Group's inventories held under trust receipts bank loan arrangements (Note 19); and
- (iii) guarantees provided by the Company and certain of its subsidiaries.

30. 承擔 (續)**(c) 其他承擔**

需付廣州星光環保中心有限公司之合營夥伴預訂數額約共18,368,000港元(二零零五年: 18,505,000港元), 直至二零四四年, 合共五十年(見附註18)。

31. 或然負債

於二零零六年三月三十一日, 本公司就若干附屬公司所獲銀行融資而提供公司擔保約665,488,000港元(二零零五年: 621,748,000港元)。於二零零六年三月三十一日各附屬公司已動用之銀行信貸額約為300,871,000港元(二零零五年: 205,400,000港元)。

32. 銀行信貸額及資產抵押

於二零零六年三月三十一日, 本集團獲提供之透支、貸款及貿易融資及銀行承擔等銀行信貸總額約為636,996,000港元(二零零五年: 606,374,000港元)。於同日尚未動用之銀行信貸額約316,731,000港元(二零零五年: 375,953,000港元)。此等銀行信貸額之抵押如下:

- (i) 本集團土地及樓宇按揭, 其賬面淨值約為4,260,000港元(二零零五年: 6,201,000港元)(見附註15及16(b));
- (ii) 本集團按信託收據銀行貸款安排所持有之若干存貨(見附註19); 及
- (iii) 本公司及其若干附屬公司所作之擔保。

33. Related party transactions

During the year ended 31st March, 2006, the Group was approximately 50.90% owned by Best Grade Advisory Limited, a company incorporated in the British Virgin Islands. Best Grade Advisory Limited is owned by two discretionary trusts, the discretionary beneficiaries of which include Mr. Lam Kwong Yu and Ms. Yeung Chui, directors of the Company.

- (a) Particulars of significant transactions between the Group and a related party are summarised as follows:

Operating lease rentals charged by related parties:	支付營業契約租金予：
Megastar Enterprises Limited*	堯天企業有限公司*

* Megastar Enterprises Limited is beneficially owned by Ms. Yeung Chui, a director of the Company.

In the opinion of the Company's directors and the Group's management, the above transactions were carried out in the usual course of business and on normal commercial terms, and in accordance with the terms of the contract entered into by the Group and the related party.

(b) Key management compensation

Basic salaries and allowances	基本薪金及津貼
Discretionary bonuses	自由決定之花紅
Pension costs — defined contribution plans	退休成本 — 界定供款計劃
Share-based payments	股份支付酬金

33. 有關連人士之交易

於二零零六年三月三十一日止年度 Best Grade Advisory Limited (於英屬維爾京群島註冊成立) 持有本公司 50.90% 權益。Best Grade Advisory Limited 由兩個信託持有。而該等全權信託之受益人包括本公司董事林光如先生及楊翠女士。

- (a) 本集團與有關連人士進行之重要交易詳情如下：

Consolidated 綜合	
2006 HK\$'000 千港元	2005 HK\$'000 千港元

58	47
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* 堯天企業有限公司由本公司董事楊翠女士實益擁有。

本公司董事會及本集團之管理層認為上述交易均按一般業務常規及一般商業條款，及按本集團與有關連人士簽訂合同之條款進行。

(b) 主要管理人員酬金償付

Consolidated 綜合	
2006 HK\$'000 千港元	2005 HK\$'000 千港元
9,636	9,195
1,280	1,059
175	136
304	312
11,395	10,702

HONG KONG, CHINA

中國香港

