



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 2007年報



印藝精英 共創無限商機



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伙伴

緊密連接供應鏈上下游成員
創造多贏伙伴關係

分享

為股東、員工和社會分享
合理企業增長成果

成長

與全球經濟一體化進程中同步發展
星光人從學習中健康成長

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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

Audit Committee

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

Remuneration Committee

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

Company Secretary

Mr. Cheung Chi Shing, Charles

Qualified Accountant

Mr. Cheung Chi Shing, Charles

董事**執行董事**

林光如先生 (*主席*)
楊翠女士 (*副主席*)
戴祖堯先生 (*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

審核委員會

譚競正先生 (*主席*)
陳裕光先生
Christopher James Williams 先生
郭琳廣 *太平紳士*

薪酬委員會

陳裕光先生 (*主席*)
Christopher James Williams 先生
郭琳廣 *太平紳士*
譚競正先生

公司秘書

張志成先生

合資格會計師

張志成先生

Auditors

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

Solicitors

Richards Butler
20/F., Alexandra House
Chater Road, Central
Hong Kong

Registered Office

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

Head Office and Principal Place of Business

3/F., Perfect Industrial Building
31 Tai Yau Street
Sanpokong
Kowloon
Hong Kong

Share Registrars and Transfer Offices**Principal Share Registrar and Transfer Office**

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

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

齊伯禮律師行
香港中環
遮打道
歷山大廈20樓

註冊辦事處

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

總辦事處及主要營業地點

香港
九龍新蒲崗
大有街31號
善美工業大廈3樓

股票過戶登記處**主要股票過戶登記總處**

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

Hong Kong Branch Share Registrar and Transfer Office

Secretaries Limited
26/F, Tesbury Centre
28 Queen's Road East
Hong Kong

Principal Bankers

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

Websites

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

Stock Code

403

香港股票過戶登記分處

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

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

網址

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

股票代號

403

RESULTS

The Group's results returned to growth in the year ended 31st March, 2007. Net profit amounted to approximately HK\$33 million, an increase of 5% over last year. Turnover grew by 24% to approximately HK\$1,128 million.

Compared with the increase in turnover, the relatively lower growth in net profit reflected the intensity of the challenges facing the Group during the year, which put pressure on the Group's profit margin. Such challenges included higher operating costs (in particular labour costs) in Mainland China, increase in the costs of raw materials and interest payments, and customers' demands for more competitive pricing for their orders. Nonetheless, by further strengthening its efforts to increase sales and improve cost efficiency, the Group has alleviated the impact brought by the challenges.

The Group's Singapore subsidiary and Suzhou subsidiary performed remarkably during the year. The Singapore subsidiary increased its net profit substantially, while the Suzhou subsidiary achieved a turnaround to profit.

Subsequent to the year-end, the Group entered into an agreement to acquire a 75% interest in a Malaysian company which is principally engaged in the printing of packaging materials, boxes and instruction manuals. The consideration for the acquisition is estimated to be approximately HK\$19.8 million. The completion of the acquisition is conditional upon the fulfillment of a number of conditions by 30th September, 2007. Details of the acquisition were set out in the circular dispatched to shareholders on 10th May, 2007 and are also explained under the section "Malaysia Project".

DIVIDENDS

The Directors recommend a final dividend of HK1.5 cents (2006: HK1.5 cents) per share for the year ended 31st March, 2007 payable on 17th September, 2007 to shareholders whose names appear on the Register of Members on 28th August, 2007. Together with the interim dividend of HK1.5 cents (2006: HK1.5 cents) paid, full year dividends for the financial year would be HK3 cents per share (2006: HK3 cents).

業績

截至二零零七年三月三十一日止年度內，本集團之業績回復增長。純利約為三千三百萬港元，較上年度上升百分之五。營業額約為十一億二千八百萬港元，上升百分之二十四。

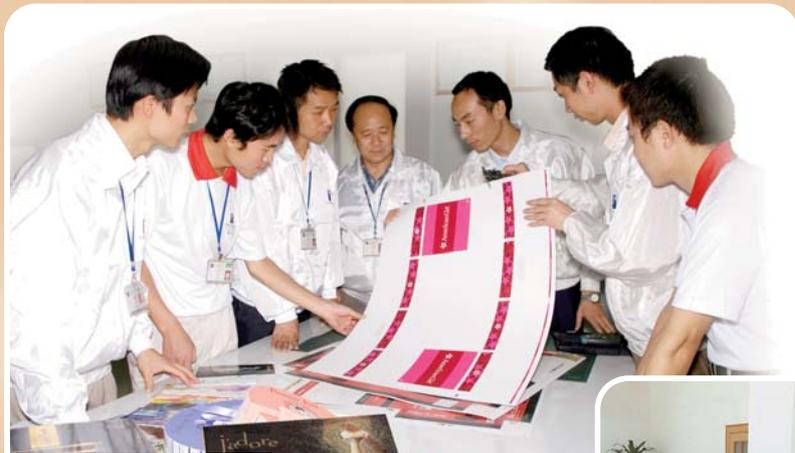
純利升幅較營業額升幅為少，反映了年內各項重大衝擊對集團邊際利潤的侵蝕。這些衝擊波及：內地經營成本（尤其勞工成本）大幅上升、原材料漲價和融資成本增加以及客戶訂單價格進一步下滑等。然而，憑著進一步提高銷售能力和營運效率，集團已減低了不利因素對純利的影響程度。

年內，集團之新加坡附屬公司和蘇州附屬公司表現理想。新加坡附屬公司純利大幅上升，蘇州附屬公司成功轉虧為盈。

在年結後，集團訂立合約收購一家馬來西亞公司百分之七十五權益，該公司主要從事印刷包裝物料、紙箱及使用手冊生產。該項收購估計代價約為一千九百八十萬港元，但須待數項條件於二零零七年九月三十日達成共識後始告完成。有關詳情載於二零零七年五月十日寄發股東之通函內，並載於下文「馬來西亞項目」一節。

股息

董事會建議向二零零七年八月二十八日名列股東名冊的股東，派發截至二零零七年三月三十一日止年度的末期股息每股港幣一點五仙（二零零六年：港幣一點五仙），有關股息將於二零零七年九月十七日派發。連同已派發的中期股息每股港幣一點五仙（二零零六年：港幣一點五仙），本年度全年股息為每股港幣三仙（二零零六年：港幣三仙）。



培育人才
成就未來



BUSINESS REVIEW AND PROSPECTS

A number of formidable challenges confronted the Group during the year under review. Topping the list was the higher operating costs in Mainland China. As explained in the Group's interim report, the minimum monthly wage of workers in Shenzhen was further increased to RMB700 in July 2006 following an increase from RMB480 to RMB580 in July 2005. With the increase in basic wage, overtime payment and social security cost also increased accordingly. Given that labour accounts for a significant part of the total cost of the printing and packaging industry, and the fact that Shenzhen is the Group's major production base in China, the substantial increase in minimum wage and benefits, together with the rise in other operating expenses such as electricity, has had a major impact on the Group's profit margin.

Due to intense competition in the industry, the increase in costs could not be fully passed on to customers, who demanded more competitive pricing and tighter delivery schedules for their orders. As a result, the Group has to absorb a large portion of the additional costs, as well as the increased airfreight and subcontracting charges.

In order to proceed with its expansion in Suzhou and Shaoguan, the Group has increased its bank financing in recent years. With higher interest rates during the year, the Group's finance costs increased. The additional human resources for management, operations and marketing incurred for the Suzhou and Shaoguan operations also affected the Group's bottom line.

The Group responded to these challenges by further capitalizing on the strengths of its subsidiaries. Having completed its second phase development, the Suzhou subsidiary was equipped with the facilities to handle a large amount of orders that require sophisticated workmanship and service. At the same time, the new plant in Shaoguan completed its phase-one development, where the minimum wage and other operating costs are relatively lower compared to Shenzhen and Guangzhou.

By assigning orders that take advantage of these strengths, the Group was able to generate higher sales and contain costs. Within the Group, the Shaoguan plant has increased its capacity for labour intensive orders, while the Suzhou plant has taken up the responsibilities of coping with sophisticated orders and spearheading the Group's drive to expand in the booming Yangtze River delta. The Singapore subsidiary has moved forward to expand the South East Asian and Oceania markets.

業務概況及前瞻

回顧年度內，集團面對多項重大挑戰，首項挑戰為內地經營成本飆升。如集團中期報告所述，深圳每月最低工資，自二零零五年七月由人民幣四百八十元增至人民幣五百八十元後，二零零六年七月又增至人民幣七百元。由於工資上漲，加班費和社保費相應增加。工資是包裝印刷業營運成本的重要部分，而深圳是集團在華南的主要生產基地。工資和相關費用大幅上漲，加上其他經營成本如電費等顯著上升，對集團邊際利潤帶來衝擊。

鑑於包裝印刷業競爭激烈，這些成本差額無法全部轉移。另外，客戶訂單價格進一步偏軟，交貨期進一步縮短。在這情況下，集團需要吸納大部分的成本差額，並承擔額外的外判費和空運費。

為進行蘇州和韶關擴產計劃，集團近年增加了銀行融資。回顧年度內，由於利率上升，集團的借貸利息相應遞增。同時，集團亦需在管理、運作和市場推廣方面配置人才，對集團純利難免有所影響。

對應上述挑戰，各附屬公司集結優勢，複倍力度發揮所長。蘇州附屬公司完成第二期發展計劃後，有能力大量承接高難度的訂單，以及提供更勝一籌的銷售服務。同時，韶關工資和營運成本較深圳和廣州為低，隨著韶關新廠完成第一期發展計劃，集團具備更佳條件提升生產效益。

集團充分利用這些優勢，妥善協調生產和訂單編配，成功地增加整體營業額及控制成本升幅。在集團安排下，韶關新廠大量承接集團內工藝繁複的訂單，蘇州廠主力負責技術難度較高的訂單及開拓長江三角洲市場，而新加坡附屬公司則積極發展東南亞和大洋洲地區的業務。



先進科技
優質服務的保證



These measures correspond to the Group's long-term development strategy, which is to reduce the Group's reliance on the United States market and to diversify the Group's manufacturing operation to the less expensive cities in China. The Group will explore other means to further realign the Group's resources and to increase its market penetration, details of which are described in the sections below. Whilst the management appreciates that it may take time for the Group's strategic plans to achieve all the desired results, it is confident that the Group is moving in the right direction and has a promising future.

Hong Kong/Mainland China Operations

Due to higher operating costs, the Group's printing and packaging operations in southern China recorded a decline in profit. As explained above, the major impact came from a further rise in the minimum wage of workers in southern China cities including Shenzhen and Guangzhou, where the Group's major manufacturing operations are located. Other factors, such as rising interest costs, fierce price competition, higher airfreight and subcontracting charges, also played a part in reducing the profit margin of the Group's southern China operations.

A more favourable performance was achieved in the eastern China region, where the Group's Suzhou subsidiary recorded its first year of profit. The turnaround is particularly encouraging given the fact that while the Suzhou subsidiary has benefited from orders transferred from the Group's southern China operations, it also managed to secure more domestic orders on its own efforts in the Yangtze River delta.

In terms of product range, paper products recorded an increase in turnover. The environmentally friendly products division continued with the production of interior packaging products and "Greenworks" products and further diversified to other paper products.

To increase sales, the Group is looking into the possibility of tapping the potential of the European market for paper products. Moreover, in view of the rising operating costs in Mainland China, the Group is exploring the possibility of further realigning its China operations and replacing some of the labour intensive production work with automation. The management will explore these options by capitalising on the expertise of "Starlite Innovation Centre" and "Starlite Institute of Management".

這些安排切合集團的長線發展策略，包括減低集團對美國市場的倚賴，以及在經營成本較低的內地城市進行生產。集團正研究其他方法，以便進一步鞏固和優化集團資源，擴闊集團的市場覆蓋面，有關詳情載於下文。管理層相信，集團整體部署得當，雖然全部效益需時顯現，唯集團正朝著正確方向邁進，有充分信心享有美好的前景。

香港／中國內地業務

受到經營成本上升影響，集團華南包裝印刷業務盈利下降。如上文所述，華南城市進一步調高最低工資，這些城市包括深圳和廣州，兩者都是集團在華南的主要生產基地。此外，集團利息開支增加，加上訂單價格偏軟、外判費和空運費上升等不利因素，導致集團華南業務的邊際利潤下降。

集團華東業務表現較佳。蘇州附屬公司成功轉虧為盈，首次錄得盈利。這不僅由於蘇州附屬公司獲集團華南廠轉撥訂單，亦由於蘇州附屬公司在長江三角洲市場自行取得更多訂單所致，故令人特別鼓舞。

產品方面，紙類製品銷量繼續上升，環保產品業務以內包裝環保產品及「綠色工程」(Greenworks)產品為主，並進一步擴闊至其他紙類產品。

為增加收入來源，集團現正研究開拓紙類製品歐洲市場。此外，鑑於內地經營成本持續上漲，集團現正探討方法鞏固和優化旗下資源，並研究機械化以取代部分人手密集工序。管理層會借助「星光創意中心」創意創新和「星光管理學院」人才培訓的優勢，探索各項優化資源計劃。



融入自然
熱心環保



Suzhou Operation

Despite the unfavourable operating environment, the Suzhou subsidiary managed to record its first year of profit with an increase in turnover. This marked a major breakthrough for the Suzhou subsidiary, which successfully utilized its quality service, enhanced productivity and effective marketing measures to differentiate itself from the competition.

With the completion of its phase-two expansion, the Suzhou plant has become one of the most sophisticated printing and packaging service providers in the Yangtze River delta. It is now spearheading the Group's expansion in the eastern China region apart from acting as a major manufacturing base of the Group. While providing labels printing services to a renowned multinational corporation based in the United States, the Suzhou plant is making preparations to provide production support to the Group's wholly-owned subsidiary in Shanghai.

Shaoguan Operation

In spite of a recent increase, the minimum wage and benefits in Shaoguan continued to be lower than Shenzhen and Guangzhou. This proved that the Group's decision to diversify its manufacturing base to Shaoguan has been a sensible move.

Facilitated by the completion of its phase-one development in the second quarter of 2006, the Shaoguan plant was able to provide stronger support to the Group's environmentally friendly products division and paper products division in Shenzhen and Guangzhou. The Group is considering the strategy of further integrating the resources of the paper products and environmentally friendly products divisions, which includes the possibility of combining their production in Shaoguan.

As a further option, the Group is exploring the possibility of expanding the Shaoguan operation and centralizing the Group's production of labour-intensive products in Shaoguan. This may form part of the Group's overall plan to realign its production facilities in southern China.

蘇州附屬公司

儘管營商環境欠佳，蘇州附屬公司成功錄得首次盈利，營業額亦有增長。這項重大突破，主要由於蘇州附屬公司善用所長，以優質產品和服務、高效產能及卓越的市場推廣，在競爭中能突顯優勢所致。

隨著第二期發展計劃完成，蘇州廠已成為長江三角洲最先進的包裝印刷商之一，除作為集團的主要生產基地外，亦擔任集團拓展華東市場的主力。該廠開啟了新的增長領域，為美國一家知名跨國公司提供標籤印刷服務，並準備為集團上海新全資附屬公司提供生產配套。

韶關新廠

儘管韶關近期調高最低工資和福利，其營運成本仍低於深圳和廣州，證明集團在韶關設廠是明智的決定。

韶關新廠於二零零六年第二季完成首期發展計劃，大量承接集團深圳廠和廣州廠的環保產品和紙類製品。集團現正考慮整合資源策略，其中包括由韶關新廠統一生產環保產品和紙類製品。

集團並正考慮把各項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。這是集團從華南整體生產佈局著眼，進一步鞏固和優化資源的方案之一。

Singapore Operation

By further enhancing its marketing initiatives and cost controls, the Singapore subsidiary managed to record a satisfactory growth in sales and a substantial increase in net profit despite strong competition from other Asian-based companies. Moreover, the Singapore subsidiary also benefited from more efficient allocation of management and capital resources following the completion of equity transfer of the Suzhou subsidiary to the Group's Hong Kong/Mainland China holding company.

With its existing business on a strong foothold, the Singapore subsidiary is expanding its business in the South East Asian and Oceania regions. As part of the effort, the Singapore subsidiary has agreed to acquire a majority interest in a Malaysian company subsequent to the year-end. Details of the acquisition are explained below.

Malaysia Project

On 11th April, 2007, the Singapore subsidiary entered into a sale and purchase agreement to acquire a 75% interest in Taspack Industrial Sdn. Bhd. ("Taspack") for a consideration estimated to be RM9.4 million (approximately HK\$19.8 million). Taspack is principally engaged in the printing of packaging materials, boxes and instruction manuals. Completion of the sale and purchase is subject to the fulfillment of a number of conditions by 30th September, 2007, which include Taspack's disposal of some of its assets that are unrelated to its principal businesses.

The Group considers that, to cater for the anticipated higher sales volume and anticipated future growth of the Singapore subsidiary, the acquisition of Taspack will provide additional capacity to meet the needs of the Singapore subsidiary. As the Singapore subsidiary is located in Singapore and Taspack is conveniently located in Malaysia, the proximity creates a platform for the Singapore subsidiary to expand its business without significantly stretching its management resources.

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, 2007, the Group's cash and bank balances and short-term bank deposits amounted to approximately HK\$107 million.

新加坡業務

回顧年度內，新加坡附屬公司面對亞洲同業激烈競爭，仍能錄得理想的營業額和大幅盈利增長，主要由於該公司有效地加強了市場銷售和控制成本，並因蘇州附屬公司轉由集團控股公司直接持有，令新加坡附屬公司減省了管理和財務資源。

在現有業務的穩健基礎上，新加坡附屬公司正開拓東南亞和大洋洲市場。該公司在年結後訂立合約收購一家馬來西亞公司之主要權益，詳情載於下文。

馬來西亞項目

二零零七年四月十一日，新加坡附屬公司訂立買賣協議，收購Taspack Industrial Sdn.Bhd. (「Taspack」) 百分之七十五權益，估計代價約為九百四十萬馬元（約一千九百八十萬港元）。Taspack主要從事印刷包裝物料、紙箱及使用手冊生產。該項收購須待數項條件於二零零七年九月三十日達成共識後始告完成，當中的條件包括Taspack須出售某些與其主要業務無關的資產。

本集團認為，收購Taspack能提供額外產能，滿足新加坡附屬公司的需求，配合新加坡附屬公司預期較高的銷售額及業務增長。由於新加坡附屬公司位於新加坡，而Taspack位於馬來西亞，雙方距離較近，能為新加坡附屬公司提供業務擴張平台，亦不會使其管理資源過量拉緊。

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。截至二零零七年三月三十一日，集團的現金和銀行結餘及短期銀行存款共約一億零七百萬港元。

During the year under review, the interest expense of the Group amounted to approximately HK\$18 million compared to approximately HK\$14 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, 2007, the Group had a working capital surplus of approximately HK\$22 million compared to a working capital surplus of approximately HK\$55 million as at 31st March, 2006. The Group's debt-to-equity ratio as at 31st March, 2007 was 73% (31st March, 2006: 87%), based on short-term and long-term bank borrowings and other debts/borrowings (excluding trade related debts) of approximately HK\$272 million (31st March, 2006: HK\$300 million), and shareholders' funds of approximately HK\$375 million (31st March, 2006: HK\$345 million). The Group will continue to adopt prudent policies to maintain a healthy financial position.

CHARGE ON ASSETS

As at 31st March, 2007, certain assets of the Group with an aggregate book carrying value of approximately HK\$54 million (31st March, 2006: HK\$17 million) were pledged to secure the banking facilities of the Group.

EXCHANGE RATE EXPOSURE

All the Group's assets, liabilities and transactions are denominated 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 Mainland 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.

回顧年度內，集團的利息支出約為一千八百萬港元，去年約為一千四百萬港元。現時，集團約有八千萬元人民幣銀行貸款額，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。

於二零零七年三月三十一日，集團營運資金錄得約二千二百萬港元盈餘，而二零零六年三月三十一日則有約五千五百萬港元盈餘。集團截至當日的債務權益比率為百分之七十三（二零零六年三月三十一日：百分之八十七），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）約二億七千二百萬港元（二零零六年三月三十一日：三億港元），與股東權益約三億七千五百萬港元（二零零六年三月三十一日：三億四千五百萬港元）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

於二零零七年三月三十一日，本集團合共賬面淨值約五千四百萬港元（二零零六年三月三十一日：一千七百萬港元）之資產已按予銀行作為後者授予本集團貸款之抵押。

匯兌風險

本集團大部分資產、負債及交易均以港元、美金、人民幣、日圓、新加坡元及歐元結算。香港現行之聯繫匯率制度令美元／港元匯率相對穩定。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匯率風險。

HUMAN RESOURCES DEVELOPMENT

Currently the Group has more than 8,000 employees. The Group maintains good relations with its employees, providing them competitive packages and incentive schemes as well as various training programmes. The Group has maintained a Share Option Scheme under which share options can 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 Mainland China and education institutions abroad to further enhance its staff quality.

LOOKING AHEAD

The economy of the United States is slowing down. Its first quarter real GDP growth was revised downwards to 0.6%, a higher-than-expected adjustment compared with the initial estimate of 1.3%, and represents the slowest growth of the United States economy since late 2002. The silver lining was that despite tremors in the subprime mortgage market, real personal consumption expenditures increased 4.4% in the first quarter, compared with an increase of 4.2% in the fourth quarter of 2006.

Moreover, according to the Economic Outlook published by the Organization for Economic Cooperation and Development, the economic growth in Europe and Japan will outpace the United States this year for the first time since 2001. The report suggests that the world can weather a cooling in the United States economy, aided by robust demand in China and India and strong growth elsewhere. It forecasts that the Chinese economy will continue to expand at more than 10% this year and next.

These developments and forecasts provide support to the Group's positioning. On the marketing side, while maintaining a strong clientele in the United States, the Group is taking concrete steps to expand sales in China, South East Asia, Europe and the Oceania market. China is top of our priority. There is growing evidence that China can become the "World Consumer" other than the "World Factory", and the management strongly believes that the ongoing plans for the Suzhou and Shanghai subsidiaries will help the Group to benefit from China's rising consumption.

人力資源發展

集團現僱用超過八千名員工。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。集團設有購股權計劃，可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內地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

美國經濟正在放緩，其首季實質國內生產總值，由最初估計為百分之一點三，向下修訂為百分之零點六，調低幅度高於市場預期，並創出了美國經濟自二零零二年底最緩慢的增長。幸好在次級樓宇按揭市場的震盪下，美國首季實質消費仍增長百分之四點四，較二零零六年第四季的百分之四點二增長為高。

此外，由經濟合作與發展組織刊發的「經濟前瞻」報告指出，今年歐洲和日本的經濟增長可望超越美國，而這將是二零零一年以來的首次。報告認為，在中國和印度及其他國家的強勁增長協助下，環球經濟可承受美國經濟放緩。報告預測，中國經濟今年和明年均可繼續錄得超過百分之十的增長。

這些發展趨勢和預測，為本集團的策略定位提供理據支持。市場策略方面，集團除保持強勁的美國客戶陣容外，並正積極開拓中國、東南亞、歐洲和大洋洲市場，而中國是集團的優先重點。更多證據顯示，中國除作為「世界工廠」外亦可扮演「世界消費者」的角色。管理層深信，蘇州和上海附屬公司正進行的計劃，有助集團從中國消費增長帶來的龐大商機中受惠。

On the other hand, the divide between rich and poor is growing in China. Moreover, prices are increasing in Chinese cities and towns as demand for resources continues to outstrip supply. In order to maintain social stability, the Chinese government is likely to further increase the minimum wage of workers in the near future. Foreseeing this trend, the Group is considering plans to further consolidate and realign its manufacturing facilities. One of the options is to further utilize the Shaoguan facility.

All in all, the global economic environment is expected to remain favourable with China playing an increasingly important role in Asia and in the world. As in the past, the global economy will encounter new challenges as it moves ahead, and the Group is adopting a cautious approach and maintaining flexibility to allow necessary adjustments when required. Being proactive and prudent, the management believes that the Group is well prepared to meet new challenges and make new mileage.

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, 9th July, 2007

另一方面，中國貧富懸殊日益嚴重，城市鄉鎮物價在求過於供下持續攀升。中國政府為保持社會穩定，短期內可能再次提高最低工資。考慮到這個趨勢，集團正研究進一步鞏固和優化生產資源，其中一項選擇是進一步發揮韶關廠的效益。

總括而言，環球經濟可望保持良好發展，而中國在亞洲和全球會扮演日益重要的角色。一如以往，環球經濟未來亦會遇到新挑戰。集團審慎部署，靈活應變，積極創新。管理層相信，集團定可面對新挑戰，開創新里程。

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，更感謝盡忠職守、忠心不渝的全體員工。

承董事會命

主席

林光如

香港，二零零七年七月九日

Take a look around the world and one can see the impact of economic globalization. Businesses are competing across the border, in every corner, day and night. "China Price" is dictating the world market for low and medium-end products. Zealous entrepreneurs and hard-working labourers alike are trying every means to stand their ground, to survive and grow, in an era of slim profit.

With good intentions of letting the working class share the success of rapid economic growth, the Chinese government increased the minimum monthly wage significantly. As an example, the minimum wage in Shenzhen rose annually by more than 20% year after year. At the same time, the rise of raw material manufacturers in China led to a decline in the foreign counterparts. With less competition, prices were not adjusted properly, supply and demand became imbalanced, prices of raw materials surged while their quality declined — all these should not be the case in a market economy. Elsewhere, the United States and European markets remained sluggish, and buyers in these markets demanded more competitive pricing for their orders while presenting higher credit risks of possible insolvency. All in all, our industry was confronted by formidable and unprecedented challenges.

Facing the challenges, Starlite Group launched the "2006 Cost Campaign" following the "2005 Acceleration Campaign". Cost saving became a major matter on our daily agendas. Innovative measures were put into practice in an urgent manner throughout the organization, ranging from Starlite Innovation Centre and Starlite Institute of Management, to all our production plants and each and every subsidiary. Implementation was closely supervised at all levels, from management to customer service and product design, entailing new concepts, new technology and new logistics. Consequently, our operations continued to improve in recent years and the results were encouraging. While there had been setbacks during the course, we knew very clearly that only with joined efforts and solid changes to create value for customers could we respond to the challenges, gain inroads into the high-end market, expand our business, and strive for satisfactory returns for our shareholders.

放眼全球經濟一體化態勢，無國界、不分區域和不分晝夜的企業競爭，由「中國定價」主宰著全球中低端商品市場，進取的企業家、勤奮的製造業的勞動者，想方設法在微利年代立於不敗之地，求生存求發展。

中國政府出於良好愿望，讓廣大受薪階層分享經濟快速增長成果，過去兩年來，以深圳每月最低工資為例，連續安排每年不少於20%調升。同時，隨著國內原料製造商的崛起，國外原料製造商萎縮，弱化競爭機制調節價格功能，供需關係失衡，導致原料價格上揚、質量不保證，形成與市場經濟背道而馳的怪現象。歐美市場呈現疲弱，買家強壓價格外，還承受客戶倒閉的風險。因此，企業面對前所未有的嚴重挑戰。

星光集團有見及此，我們繼前年提出「提速2005」後，提出「成本2006」，將降成本減浪費提上每天議事日程，管理創新、服務創新和設計創新的概念實施到工作中來，是刻不容緩。將新思維、新工藝和新流程切實地落實，從創意中心到生產工場、從星光管理學院的課室培訓到每一個分公司的各級主管實踐中。事實上，近年星光營運持續進步，成績為人振奮，雖然這中間也有些反覆，但我們非常清楚只有通過一致要求，為顧客創造價值，以變應變去搶佔高端市場份額，把企業做大做強，為大小股東爭取理想投資回報。

Having passed through rains and storms, Starlite Group has become more resilient. Being an upright enterprise with strong integrity, we stick to the principle of "Not Accepting Eight Kinds of Printing Orders". We are committed to environmental protection and are in full compliance with the ISO14001 environmental management systems. We are also the first printing and packaging plant in eastern China selected by the State Printing Standardization Council to pioneer and promote printing and packaging standards. While expanding the Mainland China market and operations, we are making further development in Singapore and Malaysia. We are capitalizing on the strengths of our subsidiaries in various regions — ranging from Singapore and Malaysia, to Shenzhen, Guangzhou, Shaoguan and Suzhou in China — to create synergy in our service across the world's hot investment zones and to extend our competitive advantages gained from years of hard working.

We do not want to become the biggest. We want to become the best. The fact is Starlite is equipped with sophisticated technology and facilities, professional teams, quality products and strong and loyal clienteles. In 2006/2007, with the dedicated efforts of our staff who showed the team spirit of thriving against the odds, the Group managed to record a 24% growth in sales.

Looking ahead, "survival of the fittest" will remain the rule of the jungle in the business world in 2007/2008. However, it is our belief that by sharing the same vision, we can grow together with our business partners in the supply chain and contribute to the construction of a harmonious society. Starlite People will face the challenges with courage, perseverance and adaptability, and will strive for new opportunities with innovation and creativity.

Lam Kwong Yu
Chairman

Hong Kong, 9th July, 2007

星光集團走過風風雨雨，有所磨礪，始終堅持不變的是誠信經營和「八不印」信念，信守對環保的抱負，全面實施ISO14001環保管理系統，率先為國家印刷標準化委員會在華東建立包裝印刷第一個標準化試驗與推廣基地。在加速發展中國內地市場和內地工廠的同時，發展新加坡和馬來西亞市場和工廠，發揮各分公司的區域優勢、服務特點，由南新加坡、馬來西亞到中國深圳、廣州、韶關和蘇州，逐步在全球投資熱點實現協同服務效應，從而展現星光歷經努力而取得的競爭優勢。

我們現在的目標不是要成為最大，而是要成為最好。事實證明，星光的科技領先、設備精良、人員專精、產品上乘和客戶傾心，在2006/2007年度通過員工上下群策群力，發揮團隊精神，逆流而上，創造了銷售額增長24%的紀錄。

展望2007/2008年度，優勝劣汰的森林法則繼續考驗企業經營者，我們相信商業伙伴之間建立共同願景、供應鏈和諧共生共長，為推動構建和諧社會盡一份綿力，星光人將以無比的信心、勇氣、毅力和適應力，以創新創意掌握發展新機遇。

主席
林光如

香港，二零零七年七月九日

CONSOLIDATED INCOME STATEMENTS

綜合收益表

		Year ended 31st March, 截至三月三十一日止年度				
		2007	2006	2005	2004	2003
		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
Revenue	收入	1,128,021	907,054	850,787	693,348	610,767
Operating profit	經營溢利	58,929	67,001	86,934	75,362	70,665
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	32,541	31,128	62,804	57,517	52,260
Dividends	股息	12,884	12,884	17,079	14,813	12,475
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)	7.58	7.27	14.77	13.70	12.70

CONSOLIDATED BALANCE SHEETS

綜合資產負債表

		As at 31st March, 於三月三十一日				
		2007	2006	2005	2004	2003
		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
Non-current assets	非流動資產	476,385	446,497	363,320	306,687	298,063
Current assets	流動資產	422,428	376,765	333,807	284,260	216,176
Current liabilities	流動負債	(400,600)	(321,820)	(286,105)	(236,653)	(217,746)
Net current assets/ (liabilities)	流動資產/ (負債)淨額	21,828	54,945	47,702	47,607	(1,570)
Total assets less current liabilities	總資產減流動 負債	498,213	501,442	411,022	354,294	296,493
Non-current liabilities	非流動負債	(123,135)	(156,021)	(84,191)	(75,115)	(64,203)
Net assets	資產淨值	375,078	345,421	326,831	279,179	232,290
Shareholders' equity	股東權益	375,078	345,421	326,831	279,179	232,290

The Directors have the pleasure of presenting their annual report together with the audited financial statements of Starlite Holdings Limited (“the Company”) and its subsidiaries (“the Group”) for the year ended 31st March, 2007.

Principal activities

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.

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

Major customers and suppliers

For the year ended 31st March, 2007, the five largest customers accounted for approximately 31% of the Group’s total revenue and the five largest suppliers accounted for approximately 25% of the Group’s total purchases. In addition, the largest customer accounted for approximately 8% of the Group’s revenue while the largest supplier accounted for approximately 13% 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, 2007 are set out in the consolidated income statement on page 47 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 19th January, 2007.

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\$210,843,000 be carried forward.

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」)截至二零零七年三月三十一日止年度之年報及經審核財務報表。

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、紙類製品及環保產品。

本集團按業務分類及地區分類之收入及分類業績之詳情載於隨附之財務報表附註5。

主要客戶及供應商

截至二零零七年三月三十一日止年度，本集團最大五位客戶佔本集團收入約31%，而最大五家供應商佔本集團採購總額約25%。另外，本集團之最大客戶佔本集團總收入約8%，而最大供應商佔本集團採購總額約13%。

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

本集團截至二零零七年三月三十一日止年度之業績詳情載於本年報第47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，有關股息並已於二零零七年一月十九日派發。

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210,843,000港元結轉。

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 25 and 26, respectively, to the accompanying financial statements.

Reserves

Movements in reserves of the Group and the Company during the year are set out in Note 27 to the accompanying financial statements.

As at 31st March, 2007, the Company's retained profit of approximately HK\$9,988,000 was available for distribution to the Company's shareholders, of which HK\$6,442,000 has been proposed as the 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, 2007.

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 17 to the accompanying financial statements.

Property, plant and equipment

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

Bank loans

Particulars of bank loans as at 31st March, 2007 are set out in Notes 21 and 31 to the accompanying financial statements.

Pension schemes

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

Charitable contributions

During the year, the Group made charitable contributions of approximately HK\$250,000 (2006: HK\$102,000).

股本及僱員購股權

本公司股本變動及僱員購股權計劃之詳情分別載於隨附之財務報表附註25及26。

儲備

本集團及本公司於年內之儲備變動載於隨附之財務報表附註27。

於二零零七年三月三十一日，本公司可供派發予股東之保留溢利約為9,988,000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二零零七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財務報表附註17。

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財務報表附註16。

銀行貸款

於二零零七年三月三十一日，銀行貸款之詳情載於隨附之財務報表附註21及31。

退休金計劃

退休金計劃之詳情載於隨附之財務報表附註9。

慈善捐款

年內，本集團捐出約250,000港元(二零零六年：102,000港元)之款項作慈善用途。

Directors and directors' 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發日之在任董事為：

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, 2007, 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	Total	Approximate % of Shareholding	¹ Outstanding share options
董事姓名	身份		個人權益	家族權益	公司權益	其他權益	總數	佔股權之概約百分比	尚未行使之購股權
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)	221,054,174 (Note 2) (附註2)	225,148,174	52.42%	3,412,000
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)	221,054,174 (Note 2) (附註2)	225,148,174	52.42%	2,802,000
Mr. Tai Tzu Shi, Angus 戴祖耀先生	Beneficial owner & interest of spouse	實益擁有及配偶權益	—	18,000	—	—	18,000	0.004%	1,920,000
Mr. Cheung Chi Shing, Charles 張志成先生	Beneficial owner	實益擁有	750,000	—	—	—	750,000	0.17%	1,940,000

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

Notes:

- 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.
- Best Grade Advisory Limited ("BGAL") held 221,054,174 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 221,054,174 shares relate to the same block of shares in the Company.

董事於股份及購股權之權益

於二零零七年三月三十一日，本公司董事及主要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

Name of Director	Capacity		Personal interests	Family interests	Corporate interests	Other interests	Total	Approximate % of Shareholding	¹ Outstanding share options
董事姓名	身份		個人權益	家族權益	公司權益	其他權益	總數	佔股權之概約百分比	尚未行使之購股權
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)	221,054,174 (Note 2) (附註2)	225,148,174	52.42%	3,412,000
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)	221,054,174 (Note 2) (附註2)	225,148,174	52.42%	2,802,000
Mr. Tai Tzu Shi, Angus 戴祖耀先生	Beneficial owner & interest of spouse	實益擁有及配偶權益	—	18,000	—	—	18,000	0.004%	1,920,000
Mr. Cheung Chi Shing, Charles 張志成先生	Beneficial owner	實益擁有	750,000	—	—	—	750,000	0.17%	1,940,000

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。

附註：

- 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。
- Best Grade Advisory Limited（「BGAL」）持有本公司221,054,174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221,054,174股本公司股份，實指同一股份權益。

Save as disclosed above, none of the Directors or Chief Executive of the Company had, as at 31st March, 2007, 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.

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 :

	Old Share Option Scheme 舊購股權計劃	New Share Option Scheme 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本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

除上文所披露者外，於二零零七年三月三十一日，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。

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：

	Old Share Option Scheme 舊購股權計劃	New Share Option Scheme 新購股權計劃
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	<p>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.</p> <p>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。</p>	<p>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).</p> <p>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.</p> <p>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。</p> <p>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。</p>
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	<p>25% of the aggregate number of Shares in respect of which options are issuable under the Old Share Option Scheme</p> <p>舊購股權計劃當時可發行之股份總數的25%。</p>	<p>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.</p> <p>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%。</p>

	Old Share Option Scheme 舊購股權計劃	New Share Option Scheme 新購股權計劃
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。
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。

	Old Share Option Scheme 舊購股權計劃	New Share Option Scheme 新購股權計劃
8. The basis of determining the exercise price 釐定行使價的基準	<p>The exercise price is determined by the Board in their absolute discretion but in any event shall not be less than the higher of:</p> <p>(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</p> <p>(ii) the nominal value of the Shares</p> <p>行使價由董事會釐定，但不得低於以下的較高者：</p> <p>(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</p> <p>(ii) 股份面值。</p>	<p>The exercise price shall be determined by the Board in its absolute discretion and shall be at least the highest of:</p> <p>(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</p> <p>(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</p> <p>(iii) the nominal value of the Shares on the date of grant.</p> <p>購股權之行使價由董事會釐定，但至少以下列中最高者為準：</p> <p>(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</p> <p>(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</p> <p>(iii) 於授予購股權當日的股份面值。</p>
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	<p>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.</p> <p>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。</p>	<p>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</p> <p>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。</p>

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 '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
Directors 董事								
Mr. Lam Kwong Yu 林光如先生	10.9.1997	11.3.1998 – 9.9.2007	0.69	1,912	—	—	—	1,912
Ms. Yeung Chui 楊翠女士	10.9.1997	11.3.1998 – 9.9.2007	0.69	1,602	—	—	—	1,602
				3,514	—	—	—	3,514

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)	—
	9.2.2007	9.8.2007 – 8.2.2010	0.48	—	1,500	—	—	1,500
Ms. Yeung Chui 楊翠女士	19.2.2004	19.8.2004 – 18.2.2007	1.07	2,250	—	—	(2,250)	—
	9.2.2007	9.8.2007 – 8.2.2010	0.48	—	1,200	—	—	1,200
Mr. Tai Tzu Shi, Angus 戴祖靈先生	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	1,420	—	—	—	1,420
	9.2.2007	9.8.2007 – 8.2.2010	0.48	—	500	—	—	500
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	1,440	—	—	—	1,440
	9.2.2007	9.8.2007 – 8.2.2010	0.48	—	500	—	—	500
(ii) Employees 僱員								
	6.2.2004	6.8.2004 – 5.2.2007	0.93	3,363	—	—	(3,363)	—
	29.12.2004	29.6.2005 – 28.12.2007	0.77	2,756	—	—	(764)	1,992
	28.10.2005	28.4.2006 – 27.10.2007	0.72	482	—	—	(64)	418
	9.2.2007	9.8.2007 – 8.2.2010	0.48	—	3,885	—	—	3,885
				16,361	7,585	—	(11,091)	12,855

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 26 to the financial statements.

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.

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 32 to the accompanying financial statements, 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.

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，詳情載於財務報表附註26。

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。

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

除於隨附之財務報表附註32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。

Substantial shareholders

So far as is known to any Director or Chief Executive of the Company, as at 31st March, 2007, 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 股東名稱	Capacity 身份	Number of Shares 股份數目	Approximate % of Shareholding 佔股權之概約百分比
Best Grade Advisory Limited	Beneficial owner 實益擁有	221,054,174 (Note 1) (附註1)	51.47%
Masterline Industrial Limited	Trustee 信託人	221,054,174 (Note 1) (附註1)	51.47%
HSBC International Trustee Limited	Trustee 信託人	221,054,174 (Note 2) (附註2)	51.47%

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

Name of shareholder 股東名稱	Capacity 身份	Number of Shares 股份數目	Approximate % of Shareholding 佔股權之概約百分比
Value Partners Limited	Investment manager 投資經理	25,738,000 (Note 3) (附註3)	5.99%
Cheah Cheng Hye 謝清海	Interest of controlled corporation 受控制公司之權益	25,738,000 (Note 3) (附註3)	5.99%

Notes:

1. The two references of 221,054,174 shares relate to the same block of shares in the Company. Best Grade Advisory Limited ("BGAL") held 221,054,174 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.

主要股東

就本公司董事或主要行政人員所知，於二零零七年三月三十一日，於本公司股份或相關股份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（本公司董事或主要行政人員除外）如下：

1. 主要股東於本公司股份之好倉

2. 其他人士於本公司股份之好倉

附註：

1. 上述兩處所提及之221,054,174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。

2. The two references of 221,054,174 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 221,054,174 shares.
3. The two references to 25,738,000 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, 2007.

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.

Directors' interests in competing business

During the year ended 31st March, 2007, none of the Directors nor their respective associates had any interests in a business which competes or may compete with the businesses of the Company

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 34 to 41 of the annual report.

Auditors

The accompanying financial statements 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, 9th July, 2007

2. 附註(1)及(2)所提及之221,054,174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、楊翠女士及林傳德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221,054,174股股份權益。
3. 上述兩處所提及之25,738,000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、內部監控及財務報表事項，包括審議此等截至二零零七年三月三十一日之年度財務報表。

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。

董事於競爭業務中的權益

截至二零零七年三月三十一日止年度，董事及彼等各自的聯繫人士概無於與本公司業務競爭或可能競爭的業務中擁有任何權益。

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34至41頁。

核數師

隨附之財務報表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，二零零七年七月九日

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.

Throughout the year ended 31st March, 2007, 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, 2007 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, 2007, 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。

除下文所述偏離者外，於截至二零零七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。

本報告包括於截至二零零七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，截至二零零七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, 2007, 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。截至二零零七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	4/4	楊翠女士	4/4
Mr. Tai Tzu Shi, Angus	3/4	戴祖靈先生	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	2/4	郭琳廣 <small>太平紳士</small>	2/4
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.

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.

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。

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組成，其中三位為獨立非執行董事，詳情載列如下。

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, 2007, attendance for the two meetings held by the Remuneration Committee is set out below:

Remuneration Committee Members	Meetings Attended/Held
Mr. Chan Yue Kwong, Michael	2/2
Mr. Christopher James Williams	2/2
Mr. Kwok Lam-Kwong, Larry, <i>JP</i>	2/2
Mr. Tam King Ching, Kenny	2/2

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 2007.

During the year ended 31st March, 2007, total Directors' remuneration amounted to approximately HK\$10,086,000 (2006: HK\$10,993,000), individual details of which are disclosed in Note 10 to the financial statements. 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, 2007, the Directors have selected suitable accounting policies and applied them consistently; adopted appropriate Hong

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。截至二零零七年三月三十一日止年度內，薪酬委員會舉行之兩次會議的出席率如下：

薪酬委員會成員	出席／舉行
陳裕光先生	2/2
Christopher James Williams 先生	2/2
郭琳廣 <i>太平紳士</i>	2/2
譚競正先生	2/2

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二零零七年之薪酬。

截至二零零七年三月三十一日年度內，董事酬金總額約10,086,000港元（二零零六年：10,993,000港元），詳情於隨附之財務報表附註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**財務匯報**

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。在編撰截至二零零七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；

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 delegated to management the responsibility to develop and maintain a sound internal control system. The internal control system, operating through a framework of management and operational controls, and risk management systems, is intended to allow the Board to monitor the Group's business performance and financial positions, to control and adjust risk exposures, to adopt sound business practices, to obtain reasonable assurance on controls against fraud and errors, to ensure compliance with applicable laws and regulations, and to provide oversight and guidance to management in achieving the Company's objectives.

The key procedures that the Group has established to maintain an effective internal control system are as follows:

- A clear management organisational structure is set up with well-defined lines of authority, accountability and responsibilities.
- Regular reporting of the performance of the Company's businesses to senior management. The Board reviews the Group's business and financial performance on a quarterly basis.
- The internal audit department shall independently evaluate the adequacy and effectiveness of key controls including financial, operational and compliance controls and risk management functions. The internal audit function reports major findings and recommendations, if any, to the Audit Committee on a quarterly basis.

Assessment of Internal Control System

The Board has assessed the effectiveness of internal control system by considering reviews performed by the Audit Committee and management, and the findings of both internal and external auditors. In undertaking this assessment, the Board also engaged an independent risk consulting firm to assist in the establishment of the internal audit function and execution of internal audit plan throughout the year ended 31st March, 2007.

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

董事會授權管理層負責制訂及維持健全之內部監控制度。內部監控制度通過管理及營運監控，風險管理制度架構之運作，使董事會可監察本集團之業務表現及財務狀況，監控及調節風險，採納健全之業務守則、合理確證對欺詐及誤差之監控，遵守適用法例及規則，以及對管理人員作出監察及指引，以達成本公司之目標。

本集團已設立以維持有效內部監控之制度，其主要程序如下：

- 設立清晰之管理組織架構，具有清楚界定之權限，問責性及職責。
- 定期向高級管理人員報告本公司之業務表現。董事會每季審閱本集團之業務及財務表現。
- 內部審核部門獨立評估財務、運作、合規及風險管理功能的重要監控之完備及效能，並每季向審核委員會匯報主要結果及建議（如有）。

內部監控制度之評估

董事會經斟酌審核委員會與管理層提交之審議，以及內部及外聘核數師作出之審核報告，從而對集團之內部監控制度進行評估。截至二零零七年三月三十一日止年度，董事會另聘一家獨立風險顧問公司已協助本集團成立內部審核功能及執行內部審核計劃。

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, 2007.

The Audit Committee has reviewed the annual and interim results of 2007 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
Mr. Tam King Ching, Kenny (<i>Chairman</i>)	4/4
Mr. Chan Yue Kwong, Michael	4/4
Mr. Christopher James Williams	1/4
Mr. Kwok Lam-Kwong, Larry, <i>JP</i>	3/4

Auditors' Remuneration

The financial statements for the year have been audited by PricewaterhouseCoopers. During the year, remuneration of approximately HK\$1,552,000 was payable to PricewaterhouseCoopers for the provision of audit services. In addition, approximately HK\$327,000 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, 包括審議此等截至二零零七年三月三十一日之年度財務報表。

審核委員會已審閱二零零七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:

審核委員會成員	出席/舉行
譚競正先生 (<i>委員會主席</i>)	4/4
陳裕光先生	4/4
Christopher James Williams先生	1/4
郭琳廣 <i>太平紳士</i>	3/4

審數師酬金

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1,552,000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327,000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 60

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 China and Hong Kong for many years. He is a member of the 10th National Committee of the Chinese People's Political Consultative Conference, a member of Election Committee for the 1st and 2nd Government of HKSAR and a committee member of the 2006 Election Committee Subsector Elections, a director of Chinese Overseas Friendship Association, an Adjunct Professor of City University of Hong Kong, an Executive 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 41 years' experience in the printing industry and is responsible for the overall policy making and business development of the Group.

Ms. Yeung Chui, aged 60

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 41 years' experience in the printing industry. Ms. Yeung is the wife of Mr. Lam Kwong Yu.

Mr. Tai Tzu Shi, Angus, aged 50

Mr. Tai is the Senior Vice President of the Company. He joined the Group in 1990 and is currently the Chief Technical Officer 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 22 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，現年六十歲，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中國及香港之社會公職，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、第二屆選舉委員會委員及現任2006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、暨南大學常務校董會校董、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四十一年經驗，並負責集團的整體策劃與業務發展。

楊翠女士

楊女士，現年六十歲，為本公司副主席，負責本集團之財務、行政、人事及採購工作，從事印刷業超過四十一年。楊女士為林光如先生之夫人。

戴祖靈先生

戴先生，現年五十歲，為本公司高級副總裁。戴先生於一九九零年加入本集團，現任本集團首席科技官。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，從事印刷業超過二十二年。

Mr. Cheung Chi Shing, Charles, aged 51

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 21 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 Director**Mr. Christopher James Williams, aged 48**

Mr. Williams joined the Board in 1997 and is currently a Non-Executive Director of the Company. 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 22 years of the legal experience. His area of specialisation include corporate finance, capital markets, mergers and acquisitions, joint ventures and cross border transactions. Mr. Williams is a non-executive director of Robinson and Co. Ltd, and of Overseas Union Enterprise Ltd. (both of which are listed on the Singapore Stock Exchange).

Independent Non-Executive Directors**Mr. Chan Yue Kwong, Michael, aged 55**

Mr. Chan is an Independent Non-executive Director of the Company since 1993. Mr. Chan is the Executive Chairman of the publicly-listed Café de Coral Holdings Limited in Hong Kong. He is also a Non-executive Director of Tao Heung Holdings Limited, an Independent Non-executive Director of Kingboard Laminates Holdings Limited and Pacific Textiles Holdings Limited, all of which are listed in Hong Kong, and a Non-executive director of a Singapore publicly listed Carats Limited (formerly known as Daka Designs 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. Mr. Chan is currently an elected member of the Hong Kong Retail Management Association, the Employers' Federation of Hong Kong, and the Quality Tourism Services Association. He is also the Chairman of the Business Enterprise Management Centre of the Hong Kong Management Association. He has over 12 years of professional experience in the public sector and over 21 years' managerial experience in the food and catering industry.

張志成先生

張先生，現年五十一歲，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。彼有超過二十一年時間於財務、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，現年四十八歲，於一九九七年加入董事局，現任本公司非執行董事。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，從事法律界超過二十二年，尤其專長公司財務、集資、合併與收購、合營企業及跨國交易。Williams先生為新加坡上市公司Robinson and Co. Ltd及Overseas Union Enterprise Ltd.之非執行董事。

獨立非執行董事**陳裕光先生**

陳裕光先生，現年五十五歲，於一九九三年起出任本公司獨立非執行董事，陳先生為香港上市之大家樂集團有限公司集團主席。陳先生亦為稻香控股有限公司之非執行董事，建滔積層板控股有限公司及互太紡織控股有限公司之獨立非執行董事（上述公司於香港上市），以及新加坡交易所上市公司Carats Limited（前稱Daka Designs Limited）之非執行董事。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。陳先生現任為香港零售管理協會執委會成員，香港僱主聯合會選任理事，優質旅遊服務協會選任委員，及香港管理專業協會企業管理發展中心主席。陳先生曾擔任若干公職超過十二年，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，迄今超逾二十一年。

Mr. Kwok Lam-Kwong, Larry, JP, aged 51

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. Kwok is currently an independent non-executive director of a number of publicly listed companies in Hong Kong, namely Pacific Andes International Holdings Limited, First Shanghai Investments Limited, Shenyin Wanguo (HK) Limited, Carry Wealth Holdings Limited and Cafe de Coral Holdings Limited.

Mr. Tam King Ching, Kenny, aged 58

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. Mr. Tam sits on the board as independent non-executive director of a number of publicly listed companies in Hong Kong, namely Shougang Concord Grand (Group) Limited, Kingmaker Footwear Holdings Limited, CCT Telecom Holdings Limited, Van Shung Chong Holdings Limited, North Asia Strategic Holdings Limited and Swank International Manufacturing Company Limited.

Senior Management**Mr. Lim Pheok Wan, Richard, aged 42**

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 18 years experience in the printing industry.

郭琳廣 太平紳士

郭先生，現年五十一歲，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。郭先生現為多間香港上市公司之獨立非執行董事，包括太平洋恩利國際控股有限公司、第一上海投資有限公司、申銀萬國（香港）有限公司、恒富控股有限公司及大家樂集團有限公司。

譚競正先生

譚先生，現年五十八歲，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。譚先生為多間香港上市公司之獨立非執行董事，包括首長四方（集團）有限公司、信星鞋業集團有限公司、中建電訊集團有限公司、萬順昌集團有限公司、北亞策略控股有限公司及恒光行實業有限公司。

高級行政人員**林必旺先生**

林先生，現年四十二歲，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十八年經驗。



羅兵咸永道會計師事務所

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**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF
STARLITE HOLDINGS LIMITED**

(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Starlite Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 47 to 112, which comprise the consolidated and the Company balance sheets as at 31st March, 2007, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the 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.

獨立核數師報告

致星光集團有限公司股東

(於百慕達註冊成立的有限公司)

本核數師(以下簡稱「我們」)已審核列載於第47至112頁星光集團有限公司(「貴公司」)及其子公司(以下合稱「貴集團」)的綜合財務報表,此綜合財務報表包括於二零零七年三月三十一日的綜合及公司資產負債表與截至該日止年度的綜合收益表,綜合權益變動表和綜合現金流量表,以及主要會計政策概要及其他附註解釋。

董事就財務報表須承擔的責任

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

核數師的責任

我們的責任是根據我們的審核對該等綜合財報表作出意見,並按照百慕達一九八一年《公司法》(「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。我們不會就本報告的內容向任何其他人士負責或承擔任何責任。

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

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

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

Opinion

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 9th July, 2007

我們已根據香港會計師公會頒佈的香港審計準則進行審核。這些準則要求我們遵守道德規範，並規劃及執行審核，以合理確定此等財務報表是否不存有任何重大錯誤陳述。

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

我們相信，我們所獲得的審核憑證是充足和適當地為我們的審核意見提供基礎。

意見

我們認為，該等綜合財務報表已根據香港財務報告準則真實而公平地反映貴公司及貴集團於二零零七年三月三十一日的事務狀況及貴集團截至該日止年度的利潤及現金流量，並已按照香港《公司條例》的披露規定妥為編製。

羅兵咸永道會計師事務所
執業會計師

香港，二零零七年七月九日

CONSOLIDATED INCOME STATEMENT

For the year ended 31st March, 2007

綜合收益表

截至二零零七年三月三十一日止年度

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		Note	2007 HK\$'000 千港元	2006 HK\$'000 千港元
Revenue	收入	5	1,128,021	907,054
Cost of sales	銷售成本	7	(881,378)	(700,549)
Gross profit	毛利		246,643	206,505
Other gains — net	其他收益 — 淨額	6	393	1,609
Selling and distribution costs	銷售及分銷費用	7	(62,913)	(50,367)
General and administrative expenses	一般及行政開支	7	(125,194)	(90,746)
Operating profit	經營溢利		58,929	67,001
Finance costs — net	融資成本 — 淨額	8	(17,304)	(13,389)
Profit before income tax	除稅前溢利		41,625	53,612
Income tax expense	所得稅開支	11	(9,084)	(22,484)
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	32,541	31,128
Earnings per share for profit attributable to equity holders of the Company during the year (expressed in HK cents per share)	按年內本公司權益持有人應佔溢利計算之每股盈利 (每股以港仙呈列)			
— Basic	— 基本	13	7.58	7.27
— Diluted	— 攤薄		7.58	7.26
Dividends	股息	14	12,884	12,884

The accompanying notes are an integral part of these consolidated financial statements.

附註為此等綜合財務報表的整體部份。

As at 31st March, 2007

於二零零七年三月三十一日

	Note 附註	Consolidated 綜合		Company 公司	
		2007 HK\$'000 千港元	2006 HK\$'000 千港元	2007 HK\$'000 千港元	2006 HK\$'000 千港元
ASSETS					
Non-current assets					
Leasehold land and land use rights	15	26,825	26,413	—	—
Property, plant and equipment	16	448,017	418,904	—	—
Investments in and amounts due from subsidiaries	17	—	—	244,523	244,934
Other non-current assets		1,543	1,180	—	—
		476,385	446,497	244,523	244,934
Current assets					
Inventories	18	105,274	85,136	—	—
Trade and bills receivable	19	195,017	176,753	—	—
Prepayments and deposits		15,094	25,064	702	739
Cash and cash equivalents	20	107,043	89,812	280	71
		422,428	376,765	982	810
LIABILITIES					
Current liabilities					
Borrowings	21	172,529	119,663	—	—
Finance lease obligations, current portion	22	2,565	7,655	—	—
Trade and bills payable	23	154,211	134,494	—	—
Accruals and other payables		49,260	41,993	1,040	1,095
Current income tax liabilities		22,035	18,015	14	—
		400,600	321,820	1,054	1,095
Net current assets/(liabilities)		21,828	54,945	(72)	(285)
Total assets less current liabilities		498,213	501,442	244,451	244,649
Non-current liabilities					
Borrowings	21	106,974	135,135	—	—
Finance lease obligations, non-current portion	22	2,858	5,092	—	—
Deferred income tax liabilities	24	13,303	15,794	—	—
Amounts due to subsidiaries	17	—	—	85,703	73,178
		123,135	156,021	85,703	73,178
Net assets		375,078	345,421	158,748	171,471

BALANCE SHEETS

As at 31st March, 2007

資產負債表

於二零零七年三月三十一日

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		Consolidated 綜合		Company 公司	
		2007	2006	2007	2006
Note		HK\$'000	HK\$'000	HK\$'000	HK\$'000
附註		千港元	千港元	千港元	千港元
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	25 42,947	42,947	42,947	42,947
Reserves	儲備	27 332,131	302,474	115,801	128,524
Shareholders' equity	股東權益	375,078	345,421	158,748	171,471

Lam Kwong Yu

林光如

Chairman

主席

Yeung Chui

楊翠

Vice Chairman

副主席

The accompanying notes are an integral part of these financial statements.

附註為此等財務報表的整體部份。

		Attributable to equity holders of the Company 本公司權益持有人應佔		
		Share capital 股本	Reserves 儲備	Total 總計
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
	Note 附註			
Balance at 31st March, 2006	於二零零六年三月三十一日結餘	42,947	302,474	345,421
Fair value gains	公平價值收益	—	363	363
Currency translation differences	匯兌差異	—	9,476	9,476
Net income recognised directly in equity	直接於權益中確認的 收入淨額	—	9,839	9,839
Profit for the year	年內溢利	—	32,541	32,541
Total recognised income for the year	年內已確認 總收入	—	42,380	42,380
		42,947	344,854	387,801
Employee share options scheme — Value of employee services	僱員購股權計劃 — 僱員服務價值	—	161	161
Dividends paid	已付股息	—	(12,884)	(12,884)
Balance at 31st March, 2007	於二零零七年三月三十一日結餘	42,947	332,131	375,078
Balance at 1st April, 2005	於二零零五年四月一日結餘	42,517	283,130	325,647
Fair value gains	公平價值收益	—	127	127
Currency translation differences	匯兌差異	—	1,697	1,697
Net income recognised directly in equity	直接於權益中確認的 收入淨額	—	1,824	1,824
Profit for the year	年內溢利	—	31,128	31,128
Total recognised income for the year	年內已確認 總收入	—	32,952	32,952
		42,517	316,082	358,599
Employee share options scheme — Value of employee services	僱員購股權計劃 — 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	25	2,840	3,270
Dividends paid	已付股息	—	(17,141)	(17,141)
Balance at 31st March, 2006	於二零零六年三月三十一日結餘	42,947	302,474	345,421

The accompanying notes are an integral part of these consolidated financial statements.

附註為此等綜合財務報表的整體部份。

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31st March, 2007

綜合現金流量表

截至二零零七年三月三十一日止年度

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		Note	2007 HK\$'000 千港元	2006 HK\$'000 千港元
		附註		
Cash flows from operating activities	營運活動之現金流量			
Cash inflow generated from operations	經營產生之現金流入	28(a)	118,220	80,931
Interest paid	已付利息		(18,451)	(14,024)
Hong Kong profits tax paid	已付香港利得稅		(10,427)	(12,706)
Overseas income tax paid	已付海外稅項		(7,949)	(4,646)
Hong Kong income tax refunded	已退還香港利得稅		6,943	—
Overseas income tax refunded	已退還海外稅項		1,268	969
			<u>118,220</u>	<u>80,931</u>
Net cash generated from operating activities	經營活動產生之現金淨額		<u>89,604</u>	<u>50,524</u>
Cash flows from investing activities	投資活動之現金流量			
Purchase of property, plant and equipment	購買物業、廠房及設備		(73,989)	(128,301)
Proceeds from disposal of property, plant and equipment	出售物業、廠房及設備所得收入	28(b)	150	315
Decrease in pledged bank deposits	已抵押銀行存款之減少		—	12,511
Interest received	已收利息		1,147	635
Translation adjustments	匯兌調整		(4,180)	(3,780)
			<u>(76,872)</u>	<u>(118,620)</u>
Net cash used in investing activities	投資活動所用之現金淨額		<u>(76,872)</u>	<u>(118,620)</u>
Cash flows from financing activities	融資活動之現金流量			
Proceeds from exercise of employee share options	因僱員行使購股權之所得收入		—	3,270
New long-term bank loans	新增銀行長期貸款		29,155	142,000
Repayment of long-term bank loans	償還銀行長期貸款		(62,139)	(47,210)
New short-term bank loans	新增銀行短期貸款		342,450	333,737
Repayment of short-term bank loans	償還銀行短期貸款		(286,434)	(325,955)
Repayment of capital element of finance lease obligations	償還財務契約之本金部分		(7,717)	(10,509)
Dividends paid	已付股息		(12,884)	(17,141)
Translation adjustments	匯兌調整		2,319	1,233
			<u>4,750</u>	<u>79,425</u>
Net cash provided by financing activities	融資活動產生之現金淨額		<u>4,750</u>	<u>79,425</u>
Net increase in cash and cash equivalents	現金及現金等值之淨額增加		<u>17,482</u>	<u>11,329</u>
Cash and cash equivalents, beginning of year	年初之現金及現金等值		<u>89,307</u>	<u>78,184</u>
Effect of foreign exchange rate changes	匯率變更之影響		—	(206)
			<u>89,307</u>	<u>78,184</u>
Cash and cash equivalents, end of year	年終之現金及現金等值	20	<u>106,789</u>	<u>89,307</u>

The accompanying notes are an integral part of these consolidated financial statements.

附註為此等綜合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 Company’s shares 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 consolidated financial statements are presented in Hong Kong Dollars (“HK\$”), unless otherwise stated.

These consolidated financial statements were approved for issue by the Company’s Board of Directors on 9th July, 2007.

2. Summary of significant accounting policies

These consolidated financial statements comprise the consolidated and the Company balance sheets at 31st March, 2007, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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

2.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”). They have been prepared under the historical cost convention.

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，此等綜合財務報表以港元呈列。

於二零零七年七月九日本公司之董事局已批准刊發此等綜合財務報表。

2. 重要會計政策概要

此等綜合財務報表包括截至二零零七年三月三十一日之綜合及本公司資產負債表與截至該日止年度之綜合收益表、綜合股東權益變動表及綜合現金流量表，以及主要會計政策概要及其他附註解釋。

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

2.1 編製基準

此等綜合財務報表乃根據香港財務報告準則(「香港財務報告準則」)編製，並按照歷史成本常規法編製。

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 Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where judgements and estimates are significant to the consolidated 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 events and actions, actual results ultimately may differ from those estimates.

- (a) *Amendments to and interpretations of published standards effective in 2006 and relevant to the Group's operations*

The following amendments and interpretations are mandatory for accounting periods beginning on or after 1st January, 2006 and are relevant to the Group's operations:

- Amendment to HKAS 39 and HKFRS 4, Amendment "Financial Guarantee Contracts". This amendment requires issued financial guarantees, other than those previously asserted by the entity to be insurance contracts, to be initially recognised at their fair value, and subsequently measured at the higher of (i) the unamortised balance of the related fees received and deferred, and (ii) the expenditure required to settle the commitment at the balance sheet date. The adoption of this amendment does not have a significant impact on the Group's 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主要會計估計，管理層於採用本集團會計政策時，亦須作出判斷。財務報表涉及高度判斷或複雜性，或綜合財務報表中的重大假設及估計在附註4披露。該等估計與假設會影響於財務報表結算日呈報之資產及負債數額及或然資產及負債披露，以及年內呈報收益及開支數額。儘管該等估計乃根據管理層對事件及行動的了解作出，但最終實際結果或有別於該等估計。

- (a) *於二零零六年生效的已頒佈且與本集團業務有關的準則修訂及詮釋*

下列修訂及詮釋為與本集團業務有關，且必須於二零零六年一月一日或其後開始的會計期間採用：

- 修訂香港會計準則第39號及香港財務報告準則第4號(經修訂)[「財務擔保合約」]。該修訂規定已發出而並非公司過往視為保險合約的財務擔保首先按其公平值確認，其後則以(i)已收取及遞延相關費用的未攤銷結餘；及(ii)於結算日結算承擔所需開支之較高者入帳。採納該修訂對該等綜合財務報表並無重大影響。

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

2.1 Basis of preparation (Cont'd)

(a) *Amendments to and interpretations of published standards effective in 2006 and relevant to the Group's operations (Cont'd)*

- HK(IFRIC)-Int 4 "Determining Whether an Arrangement Contains a Lease". It requires the determination of whether an arrangement is or contains a lease to be based on the substance of the arrangement. It requires an assessment of whether: (i) fulfillment of the arrangement is dependent on the use of a specific asset or assets (the asset); and (ii) the arrangement conveys a right to use the asset. The adoption of this interpretation does not have a significant impact on the Group's financial statements.
- HKAS 21 Amendment "Net Investment in a Foreign Operation". This amendment permits inter-company loans denominated in any currency to be part of a net investment in a foreign operation, and therefore any relating exchange difference to be treated as equity in the consolidated financial statements. Previously such loans had to be denominated in the functional currency of one of the parties to the transactions. The adoption of this amendment does not have a significant impact on the Group's financial statements.

2. 重要會計政策概要 (續)

2.1 編製基準 (續)

(a) 於二零零六年生效的已頒佈且與本集團業務有關的準則修訂及詮釋 (續)

- 香港(國際財務報告詮釋委員會)一詮釋第4號「釐定安排是否包括租賃」。該詮釋須基於安排的內容確定有關安排本身是否或其中包括租賃。此項詮釋須評估：(i)達成安排是否取決於使用個別或多項特定資產(資產)；及(ii)該項安排是否附帶使用該資產之權利。採納該修訂對本集團的財務報表並無重大影響。
- 香港會計準則第21號修訂本「海外業務淨投資」。該修訂批准以任何貨幣計值的公司之間的貸款納入海外業務淨投資的一部分，因此任何相關匯兌差額均被列入綜合財務報表的權益。該等貸款過去須以交易其中一方的功能貨幣計值。採納該修訂對本集團的財務報表並無重大影響。

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

2.1 Basis of preparation (Cont'd)

- (b) *New standards and interpretations to existing standards that are not effective and have not been early adopted by the Group*

The following are the new standards and interpretations to existing standards that have been published and are mandatory for accounting periods beginning on or after 1st May, 2006 or later periods that the Group has not early adopted:

- HKFRS 7 “Financial Instruments: Disclosures” (effective for annual periods beginning on or after 1st January, 2007), HKAS 1 “Amendments to capital disclosures” (effective for annual periods beginning on or after 1st January, 2007). HKFRS 7 introduces new disclosures relating to financial instruments. The Group has assessed the impact of HKFRS 7 and the amendment to HKAS 1 and concluded that the main additional disclosures will be the sensitivity analysis to market risk and capital disclosures required by the amendment of HKAS 1. The Group will adopt HKFRS 7 and the amendment to HKAS 1 for annual periods beginning 1st April, 2007.
- HKFRS 8 “Operating Segments” (effective for accounting periods beginning on or after 1st January, 2009). HKFRS 8 supersedes HKAS 14, “Segment Reporting”, which requires segments to be reported based on the Group’s internal reporting pattern as they represent components of the Group regularly reviewed by management. Management considers the adoption of HKFRS 8 will have no significant impact on the segment disclosures of the Group. The Group will apply HKFRS 8 from 1st April, 2009.

2. 重要會計政策概要 (續)

2.1 編製基準 (續)

- (b) *本集團並無提前採納的未生效新準則及現行準則詮釋*

下列為已頒佈及必須於二零零六年五月一日或其後開始之會計期間或較後期間採用而本集團並無提前採納的新準則及現行準則詮釋：

- 香港財務報告準則第7號「金融工具：披露」(由二零零七年一月一日或其後開始之年度生效)、香港會計準則第1號「修訂資本披露」(由二零零七年一月一日或其後開始之年度生效)。香港財務報告準則第7號推出有關財務工具的新披露規定。本集團已評估香港財務報告準則第7號及香港會計準則第1號的修訂的影響，並總結該等主要額外披露將為香港會計準則第1號的修訂所規定的市場風險敏感度分析及資本披露。本集團將於二零零七年四月一日開始之年度採納香港財務報告準則第7號及香港會計準則第1號的修訂。
- 香港財務報告準則第8號「營運分部」(由二零零九年一月一日或其後開始之年度生效)。香港財務報告準則第8號取代香港會計準則第14號「分類報告」，要求根據本集團內部報告方式(即管理層通常審閱的本集團業務劃分方式)匯報分部資料。管理層認為採納香港財務報告準則第8號對本集團的分部披露並無重大影響。本集團將於二零零九年四月一日起採用香港財務報告準則第8號。

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

2.1 Basis of preparation (Cont'd)

(b) *New standards and interpretations to existing standards that are not effective and have not been early adopted by the Group (Cont'd)*

- HK(IFRIC)-Int 8 “Scope of HKFRS 2” (effective for annual periods beginning on or after 1st May, 2006). HK(IFRIC)-Int 8 requires consideration of transactions involving the issuance of equity instruments – where the identifiable consideration received is less than the fair value of the equity instruments issued – to establish whether or not they fall within the scope of HKFRS 2. The Group will apply HK(IFRIC)-Int 8 from 1st April, 2007, but it is not expected to have any significant impact on the Group’s financial statements.
- HK(IFRIC)-Int 9 “Reassessment of Embedded Derivatives” (effective for annual periods beginning on or after 1st June, 2006). Management believes that this interpretation should not have significant impact on the Group’s accounting policies as the Group has already assessed whether embedded derivatives should be separated using principles consistent with HK(IFRIC)-Int 9. The Group will apply HK(IFRIC)-Int 9 from 1st April, 2007.

2. 重要會計政策概要 (續)

2.1 編製基準 (續)

(b) *本集團並無提前採納的未生效新準則及現行準則詮釋 (續)*

- 香港(國際財務報告詮釋委員會) – 詮釋第8號「香港財務報告準則第2號的範圍」(由二零零六年五月一日或其後開始之年度生效)。香港(國際財務報告詮釋委員會) – 詮釋第8號規定衡量涉及發行股本工具交易的代價(如可識別的已收代價低於已發行股本工具的公平值)是否屬於香港財務報告準則第2號所界定範圍。本集團將於二零零七年四月一日起採用香港(國際財務報告詮釋委員會) – 詮釋第8號, 但預期對本集團的綜合財務報表並無任何重大影響。
- 香港(國際財務報告詮釋委員會) – 詮釋第9號「重新評估嵌入式衍生工具」(由二零零六年六月一日或其後開始之年度生效)。管理層相信由於本集團已評估嵌入式衍生工具是否應根據與香港(國際財務報告詮釋委員會) – 詮釋第9號一致的原則劃分, 故此詮釋對本集團的會計政策應無重大影響。本集團將於二零零七年四月一日起採用香港(國際財務報告詮釋委員會) – 詮釋第9號。

2. Summary of significant accounting policies (Cont'd)**2.1 Basis of preparation (Cont'd)**

(b) *New standards and interpretations to existing standards that are not effective and have not been early adopted by the Group (Cont'd)*

- HK(IFRIC)-Int 10 “Interim Financial Reporting and Impairment” (effective for annual periods beginning on or after 1st November, 2006). HK(IFRIC)-Int 10 prohibits the impairment losses recognised in an interim period on goodwill, investments in equity instruments and investments in financial assets carried at cost to be reversed at a subsequent balance sheet date. The Group will apply HK(IFRIC)-Int 10 from 1st April, 2007, but it is not expected to have any significant impact on the Group’s financial statements.
- HK(IFRIC)-Int 11 “HKFRS 2 – Group and Treasury Share Transfer” (effective for annual periods beginning on or after 1st April, 2007). This interpretation addresses how certain share-based payment arrangements between group companies should be accounted for in the financial statements. The Group will apply HK(IFRIC)-Int 11 from 1st April, 2007 but it is not expected to have any significant impact on the Group’s financial statements.

2. 重要會計政策概要 (續)**2.1 編製基準 (續)**

(b) *本集團並無提前採納的未生效新準則及現行準則詮釋 (續)*

- 香港(國際財務報告詮釋委員會)－詮釋第10號「中期財務報告及減值」(由二零零六年十一月一日或其後開始之年度生效)。香港(國際財務報告詮釋委員會)－詮釋第10號禁止於中期確認按成本列帳有關商譽、股本工具投資及財務資產投資的減值虧損於其後結算日撥回。本集團將於二零零七年四月一日採用香港(國際財務報告詮釋委員會)－詮釋第10號，預期對本集團的綜合財務報表無任何重大影響。
- 香港(國際財務報告詮釋委員會)－詮釋第11號「香港財務報告準則第2號－集團及庫存股份轉讓」(由二零零七年四月一日或其後開始之年度生效)。此詮釋說明如何在財務報表上計入若干集團公司之間以股份為基礎之支付安排。本集團將於二零零七年四月一日起採用香港(國際財務報告詮釋委員會)－詮釋第11號，預期不會對本集團之財務報表有任何重大影響。

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

2.1 Basis of preparation (Cont'd)

- (c) *Interpretations to existing standards that are not yet effective and not relevant to the Group's operations*

The following interpretation to an existing standard has been published that is mandatory for accounting periods beginning on or after 1st January, 2008 and is not relevant for the Group's operations:

- HK(IFRIC)-Int 12 "Service Concession Arrangement". This interpretation sets out general principles on recognising and measuring the obligation and related rights in service concession arrangements. The Group has no service concession arrangements and management considers the interpretation is not relevant to the Group.

- (d) *Standards, amendments and interpretations effective for accounting periods beginning on 1st April, 2006 but not relevant to the Group's operations*

The following standards, amendments and interpretations are mandatory for accounting periods beginning on or after 1st January, 2006 but are not relevant to the Group's operations:

- HKAS 19 Amendment "Employee Benefits"
- HKAS 39 Amendment "Cash Flow Hedge Accounting of Forecast Intragroup Transactions"
- HKFRS 1 Amendment "First-time adoption of Hong Kong Financial Reporting Standards"
- HK(IFRIC)-Int 5 "Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds"

2. 重要會計政策概要 (續)

2.1 編製基準 (續)

- (c) *尚未生效且與本集團營運無關的現行準則詮釋*

下列為已頒佈並須自二零零八年一月一日起或其後開始期間生效，但與本集團業務無關的現行準則詮釋：

- 香港(國際財務報告詮釋委員會)一詮釋第12號「服務專營權安排」。該詮釋就服務經營權安排中的責任及相關權利之確認及衡量訂立一般原則。本集團並無任何服務經營權安排，因此管理層認為該詮釋與本集團無關。

- (d) *於二零零六年四月一日會計年度開始生效但與本集團營運無關的準則、修訂及詮釋*

下列為自二零零六年一月一日或其後開始的會計期間生效而與本集團營運無關的準則、修訂及詮釋：

- 香港會計準則第19號修訂本「僱員福利」
- 香港會計準則第39號修訂本「預測集團內公司間交易之現金流量對沖會計處理」
- 香港財務報告準則第1號修訂本「首次採用香港財務報告準則」
- 香港(國際財務報告詮釋委員會)一詮釋第5號「終止運作、復原及環境修復基金產生權益之權利」

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

2.1 Basis of preparation (Cont'd)

(d) *Standards, amendments and interpretations effective for accounting periods beginning on 1st April, 2006 but not relevant to the Group's operations (Cont'd)*

- HK(IFRIC)-Int 6 – “Liabilities arising from Participating in a Specific Market Waste Electrical and Electronic Equipment”
- HK(IFRIC)-Int 7 “Applying the Restatement Approach under HKAS 29, Financial Reporting in Hyperinflationary Economics”

2.2 Consolidation

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

Subsidiaries are all 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)

(d) 於二零零六年四月一日會計年度開始生效但與本集團營運無關的準則、修訂及詮釋 (續)

- 香港 (國際財務報告詮釋委員會) — 詮釋第6號「參與特定市場之負債—廢棄電力及電子設備產生」
- 香港 (國際財務報告詮釋委員會) — 詮釋第7號「根據香港會計準則第29號「在嚴重通貨膨脹的經濟下之財務報告」，應用重列方法」

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.

In the Company's balance sheet, the investments in subsidiaries are stated at cost less accumulated impairment losses, if any. The results of subsidiaries are accounted by the Company on the basis of dividends received and receivable.

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表。

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。

本公司於附屬公司投資以成本減累計減值撥備(如有)呈列。附屬公司之業績本公司按已收及應收股息入帳。

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's 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 partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

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.

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 charged in the income statement during the period in which they are incurred.

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。

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（如有）列賬。歷史成本包括因收購該項目而直接產生之支出。

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。

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

2.6 Property, plant and equipment (Cont'd)

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

— Buildings	25 to 50 years
— Plant and 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 the proceeds with the carrying amount and are recognised in the income statement.

2. 重要會計政策概要 (續)

2.6 物業、廠房及設備 (續)

物業、廠房及設備之折舊是以直線法將其成本減其剩餘價值於其估計可用年限內分配，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，並於收益表內確認。

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

2.7 Impairment of investments in subsidiaries and non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to 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). Assets other than goodwill that suffer an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.8 Financial assets

The Group classifies its financial assets in the following categories: derivative financial instruments at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(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.

2. 重要會計政策概要(續)

2.7 附屬公司投資及非金融資產減值

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。至於須攤銷的資產，如有任何跡象顯示出現賬面值不能收回，本集團將評估該資產的減值情況。如資產賬面值超越其可收回價值之數額，則會確認為減值虧損。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

本集團將金融資產劃分為以下類別：按公平價值列入損益賬的衍生金融工具及貸款及應收款。分類方法乃取決於金融資產之收購目的。管理層將於始初確認時為其金融資產分類。

(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。

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

2.8 Financial assets (Cont'd)

(b) Loans and receivables (Cont'd)

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.

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.

2.10 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 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 original effective interest rate. The amount of the provision is recognised in the income statement within general and administrative expenses. When a receivable is uncollectible, it is written off against the allowance for receivables. Subsequent recoveries of amounts previously written off are credited against general and administrative expenses in the income statement.

2. 重要會計政策概要 (續)

2.8 金融資產 (續)

(b) 貸款及應收款 (續)

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(如有)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。

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、其他直接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。

2.10 應收貿易帳款及其他應收賬款

應收貿易帳款及其他應收帳款最初按公平值入帳，其後運用實際利息法按攤銷成本並扣除減值撥備入帳。倘有客觀證據顯示本集團將無法根據應收帳款的原來條款，全數收回所有款項，則須計提應收貿易帳款及其他應收帳款的減值撥備。若債務人出現重大財務困難、債務人可能破產或須進行財務重組及欠付或拖欠付款，有關情況將視作應收貿易帳款減值的指標。撥備數額為資產面值與按實際利率折現計算估計未來現金流量現值之差額。資產帳面減值自撥備帳目扣除，而虧損數額則於收益表的一般及行政開支內確認。當一項應收貿易帳款為不可收取，則會扣減應收貿易帳款撥備。先前已扣減而其後收回之數額則計入收益表的一般及行政開支。

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

2.11 Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

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.

2.13 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 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. 重要會計政策概要 (續)

2.11 貿易應付帳款

貿易應付帳款最初按公平值入帳，其後運用實際利息法按攤銷成本計量。

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。

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

2.15 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 consolidated 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.

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.

2.16 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 the leave.

2. 重要會計政策概要 (續)

2.15 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佈或實質頒佈之稅率（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。

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。

2.16 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。

2. Summary of significant accounting policies (Cont'd)**2.16 Employee benefits (Cont'd)***(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 fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contribution for post-retirement benefits beyond these fixed contributions

The schemes are generally funded through payments to insurance companies or trustee-administered funds. The Group pays contributions on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employment costs when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(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.

2. 重要會計政策概要 (續)**2.16 員工福利 (續)***(ii) 退休福利*

集團公司參加多個界定供款退休福利計劃。界定供款計劃指本集團向獨立實體作出定額供款之退休金計劃。本集團並無法定或推定責任為該等定額供款以外的退休後福利支付其他供款。

計劃一般的資金來自向保險公司或受託人管理基金所作供款。本集團按強制、合約或自願基準作出供款。一旦支付供款後，本集團並無進一步責任付款。供款到期時確認為僱員成本。預付供款確認為資產，惟以退回現金或可扣減日後付款金額為限。

(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。

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

2.16 Employee benefits (Cont'd)

(iv) Share-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.

2.17 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.

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. 重要會計政策概要 (續)

2.16 員工福利 (續)

(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。

2.17 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。

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. Summary of significant accounting policies (Cont'd)

2.17 Provisions (Cont'd)

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

2.18 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, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measured until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(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.

2. 重要會計政策概要 (續)

2.17 撥備 (續)

撥備按採用稅前利率折現解除責任預期所需支出所得現值計算，該稅前利率反映市場現時貨幣時間值及責任特定風險的評估。因時間流逝而增加的撥備確認為利息開支。

2.18 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、退貨、回佣及折扣，以及對銷本集團公司內部銷售後的金額列示。

當能夠可靠地計量收益金額，而很可能日後有經濟利益將流入公司，並如下文所述本集團的各業務符合特定條件時，本集團確認收益。直至所有關於銷售的或然事件獲得解決方會視為能可靠計量收益金額。本集團根據過往業績，並考慮客戶種類、交易形式及各安排的特徵估計。

(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。

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

2.19 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.

2.20 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.

2.21 Contingent assets and contingent 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.

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. 重要會計政策概要 (續)

2.19 借貸成本

與收購、建造、安裝或生產資產(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。

2.20 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。

2.21 或然資產及或然負債

或然負債乃因過去事件而可能產生的責任。有關責任存在與否有待一項或多項本集團未能全面控制的不肯定未來事件有否發生方可確認。或然負債亦可為因過去事件而產生的現時責任，並基於毋須損耗經濟資產或責任的數額無法可靠計量而無予以確認。或然負債毋須確認，但會在財務報表披露。倘需要耗損的可能性有所變化而可能須要耗損資源，則會確認為撥備。

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. Summary of significant accounting policies (Cont'd)**2.22 Financial guarantees**

A financial guarantee (a type of insurance contract) is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the original or modified terms of a debt instruments. The Group does not recognise liabilities for financial guarantees at inception, but performs a liability adequacy test at each balance sheet date by comparing its net liability regarding the financial guarantee with the amount that would be required if the financial guarantee were to 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.

2.23 Dividend distributions

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

2. 重要會計政策概要 (續)**2.22 財務擔保**

財務擔保(一種保險合約)為一種合約,規定在債務工具屆滿時若指定債務人未能根據原來或經修訂條款付款的情況下,由發行人向持有人支付指定款項以賠償其損失。本集團於訂約時並無確認財務擔保負債,但會於各個報告日期進行負債充裕度測試,比較財務擔保的淨負債與因財務擔保而產生的現時法律或推定責任所需數額的差額。倘負債少於其現時法律或推定責任的數額,將即時在損益表確認全部差額。

2.23 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於本集團財務報表確認為負債。

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 except for some forward contracts to partially hedge the Group's foreign exchange risk.

(a) *Foreign exchange risk*

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

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.

Chinese Renminbi is not a freely convertible currency in the international market and its exchange rate is determined by the People's Bank of China.

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及公平值利率風險。

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，除部份遠期合約以對沖本集團部份外匯風險外，並無進行其他對沖活動。

(a) *外匯風險*

本集團因不同貨幣（包括人民幣、美元及新加坡元）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及新加坡業務之投資淨額。

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。

人民幣於國際市場並非自由兌換貨幣，其兌換率由中國人民銀行釐定。

3. Financial risk management (Cont'd)

3.1 Financial risk factors (Cont'd)

(b) *Credit risk*

Credit risk arises from cash and cash equivalents, deposits with banks and derivative financial instruments, as well as credit exposures to customers, including outstanding receivables and committed transactions. For sales transactions, risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Derivative counter parties and cash transactions are limited to high-credit-quality financial institutions.

The Group has no significant concentrations of credit risk.

(c) *Liquidity risk*

Prudent liquidity risk management implies maintaining sufficient cash, and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the Group's management aims to maintain flexibility in funding by keeping committed credit lines available.

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

Except for the bank deposits as at 31st March, 2007 of HK\$17,416,000 held at effective interest rates ranging from 1.95% to 3.63% per annum, 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. The Group has 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)

(b) *信貸風險*

信貸風險來自現金及現金等值、銀行存款及衍生金融工具、與及客戶信貸風險，包括未償付之應收帳款及已承諾交易。至於銷售交易，風險控制會考慮客戶之財務狀況、過去經驗及其他因素，從而評估客戶信貸質素。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。

本集團並無重大集中信貸風險。

(c) *流動資金風險*

審慎之流動資金風險管理，相當於備有充足之現金，並透過高質素之充裕信貸融資維持充足資金。由於相關業務屬活躍多變，故本集團管理層旨在維持充裕信貸融資，以保持資金之靈活彈性。

(d) *現金流及公平值利率風險*

除二零零七年三月三十一日按介乎年利率1.95%至3.63%實際利率計息的銀行存款17,416,000港元外，本集團並無其他重大計息資產。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。本集團利用息率較低的港幣貸款額度以支付於中國內地的各項人民幣承擔。

3. Financial risk management (Cont'd)

3.2 Fair value estimation

The fair values of forward currency contracts are determined using quoted forward exchange rates at the balance sheet date.

The carrying values less impairment provisions of trade receivables and payables are a reasonable approximation of their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

4. Critical accounting estimates and judgements

Estimates and judgments 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 and residual values 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

遠期貨幣合約之公平值以結算日之遠期貨幣市場匯率計算。

應收賬款及應付賬款之面值減減值撥備乃假設為與其公平值相若。所披露金融負債公平值，乃按本集團就類似金融工具可得當時市場利率貼現日後約定現金流量估計。

4. 重大會計估計及判斷

本公司經常檢查所採用之估計及判斷，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及剩餘價值

本集團管理層釐定估計其物業、廠房及設備之可使用年期、剩餘價值及有關折舊費用。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及剩餘價值為基準。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。實際經濟年期可能有異於估計可使用年期，實際剩餘價值亦可能有異於估計剩餘價值。定期檢討可使折舊年期及剩餘價值以至將來之折舊開支有所分別。

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 amount are 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.

(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.

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。可收回金額乃按其使用價值或市場價值釐訂。此等計算及估值須運用判斷及估計。

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。

(c) 存貨可變現淨值

存貨可變現淨值指日常業務估計售價扣除估計完工成本及出售開支。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。

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

(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)

(d) 貿易應收賬款、票據及其他應收款項

本集團管理層根據貿易應收賬款、票據及其他應收款項之估計可收回程度就該等應收款計提撥備。該等評估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。管理層於各結算日重新評估撥備。

(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。本集團按是否須繳納額外稅項而確認預計稅務審核事宜的負債。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及稅項虧損。倘預期結果與原先之估算不同，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所得稅開支之確認構成影響。

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 26. 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 periods of the relevant share options.

5. Segment information

(a) Revenue is analysed as follows:

Sales of packaging materials, labels, paper products and environmentally friendly products	銷售包裝物料、標籤、紙類製品及環保產品
Others	其他

(b) Primary reporting format — business segment

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. No business segment information is provided as substantially all of the assets, sales and contribution to the Group's results are attributable to the printing and manufacturing of packaging materials, labels, paper products and environmentally friendly products.

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26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) 收入之分析如下：

	2007 HK\$'000 千港元	2006 HK\$'000 千港元
	1,116,374	902,688
	11,647	4,366
	<u>1,128,021</u>	<u>907,054</u>

(b) 主要呈報形式 — 業務分類

本公司乃一投資控股公司。其附屬公司主要從事印刷及製造包裝材料、標籤、紙類製品及環保產品。由於本集團之總資產，銷售及業績均大部份歸屬於印刷及製造包裝材料、標籤、紙類製品及環保產品，所以並無呈列按業務分類資料。

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:

Revenue ¹	收入 ¹
— Hong Kong and Mainland China	— 香港及中國內地
— Singapore	— 新加坡
— United States of America	— 美國
— Others	— 其他

¹ Revenue by geographical location is determined by the destination of shipments/deliveries of merchandise.

Total assets	總資產
Hong Kong and Mainland China	香港及中國內地
Singapore	新加坡

Total assets are allocated based on where the assets are located.

Capital expenditure	資本開支
Hong Kong and Mainland China	香港及中國內地
Singapore	新加坡

Capital expenditure is allocated based on where the assets are located.

5. 分類資料(續)

(c) 次要呈報形式 — 地區分類

本集團主要於香港、中國內地及新加坡經營業務。

按地區劃分之分析如下：

2007 HK\$'000 千港元	2006 HK\$'000 千港元
488,078	388,015
140,103	125,985
339,482	293,932
160,358	99,122
1,128,021	907,054

¹ 以地區劃分之收入，乃根據商品付運之目的地而決定。

2007 HK\$'000 千港元	2006 HK\$'000 千港元
813,489	752,095
85,324	71,167
898,813	823,262

總資產按資產地區所在地劃分。

2007 HK\$'000 千港元	2006 HK\$'000 千港元
72,303	128,253
1,686	48
73,989	128,301

資本開支按資產所在地劃分。

6. Other gains — net

		2007 HK\$'000 千港元	2006 HK\$'000 千港元
Net exchange gain	滙兌收益淨額	414	1,332
Net (loss)/gain on disposal of property, plant and equipment	出售物業、廠房及設備之(虧損) / 收益淨額	(21)	277
		<u>393</u>	<u>1,609</u>

6. 其他收益 — 淨額

7. Expenses by nature

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

		2007 HK\$'000 千港元	2006 HK\$'000 千港元
Changes in inventories of finished goods and work in progress	製成品及在製品存貨變更	1,357	(13,789)
Raw materials and consumables used	原材料及消耗品使用	581,327	483,620
Sub-contracting charges	加工費用	40,302	41,856
Repairs and maintenance	維修保養	11,609	8,960
Freight and transportation	運輸費用	36,054	28,403
Employment costs (including directors' emoluments) (Note 9)	員工成本(包括董事酬金)(附註9)	223,817	172,081
Operating lease rentals of premises charged by — third parties	租用物業營業契約之租金支付予 — 第三者	12,255	11,432
— related parties (Note 32)	— 關連人士(附註32)	58	58
Provision for/(Reversal of) impairment of receivables	應收賬款減值撥備/(回撥)	19,280	(6,295)
Write-down of inventories	滯銷存貨減值	2,344	1,000
Amortisation of leasehold land and land use rights	租賃土地及土地使用權攤銷	487	2,752
Depreciation of other property, plant and equipment — owned assets	其他物業、廠房及設備之折舊 — 自置資產	54,880	43,894
— assets held under finance leases	— 以財務契約持有之資產	2,580	4,044
Auditors' remuneration	核數師酬金	1,674	1,499
Other expenses	其他開支	81,461	62,147
		<u>1,069,485</u>	<u>841,662</u>

7. 按性質劃分之開支

已列入銷售成本、銷售及分銷費用及一般及行政開支的分析如下：

8. Finance costs — net

		2007 HK\$'000 千港元	2006 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	17,917	13,230
Interest element of finance leases	財務契約之利息	534	794
Interest income from bank deposits	銀行存款利息收入	(1,147)	(635)
		17,304	13,389

8. 融資成本 — 淨額

9. Employment costs (including directors' emoluments)

		2007 HK\$'000 千港元	2006 HK\$'000 千港元
Salaries, wages and allowances	薪金、工資及津貼	196,571	148,782
Discretionary bonus	自由決定之花紅	8,973	5,712
Pension costs — defined contribution plans (i)	退休成本 — 界定供款計劃(i)	10,570	9,020
Provision for long service payments	長期服務金之撥備	—	135
Share-based payments	股份支付酬金	161	693
Other welfare and benefits	員工其他福利	7,542	7,739
		223,817	172,081

9. 員工成本 (包括董事酬金)

Note:

- (i) The Group has arranged for its Hong Kong employees to join the Hong Kong Mandatory Provident Fund Scheme (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 employer's and employees' contributions are subject to a cap of monthly earnings of SGD4,500 (equivalent to HK\$22,000).

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。

根據中國內地法規，本集團於中國內地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(相等於22,000港元)。

10. Directors' and senior executives' emoluments**(a) Directors' emoluments**

The remuneration of each director of the Company for the year ended 31st March, 2007 is set out below:

Name of Director	董事姓名	Fees	Salaries and allowances	Discretionary bonuses	Pension costs—defined contribution plans	Share-based payments	Total
		袍金 HK\$'000 千港元	薪金及津貼 HK\$'000 千港元	自由決定 之花紅 HK\$'000 千港元	退休成本— 界定供款計劃 HK\$'000 千港元	股份支付 酬金 HK\$'000 千港元	總計 HK\$'000 千港元
Executive Directors		執行董事					
Mr. Lam Kwong Yu	林光如先生	138	2,940	70	66	32	3,246
Ms. Yeung Chui	楊翠女士	88	2,924	62	51	25	3,150
Mr. Tai Tzu Shi, Angus	戴祖靈先生	88	1,104	45	29	11	1,277
Mr. Cheung Chi Shing, Charles	張志成先生	88	1,398	59	37	11	1,593
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	8,366	236	183	79	10,086

10. 董事及高級行政人員酬金**(a) 董事酬金**

二零零七年三月三十一日止年度各董事之酬金詳情如下：

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

(a) Directors' emoluments (Cont'd)

The remuneration of each director of the Company for the year ended 31st March, 2006 is set out below:

Name of Director	董事姓名	Fees	Salaries and allowances	Discretionary bonuses	Pension costs—defined contribution plans	Share-based payments	Total
		袍金 HK\$'000 千港元	薪金及津貼 HK\$'000 千港元	自由決定 之花紅 HK\$'000 千港元	退休成本— 界定供款計劃 HK\$'000 千港元	股份支付 酬金 HK\$'000 千港元	總計 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

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 ended 31st March, 2007 (2006: Nil).

10. 董事及高級行政人員酬金 (續)

(a) 董事酬金 (續)

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	Salaries and allowances	Discretionary bonuses	Pension costs—defined contribution plans	Share-based payments	Total
		袍金 HK\$'000 千港元	薪金及津貼 HK\$'000 千港元	自由決定 之花紅 HK\$'000 千港元	退休成本— 界定供款計劃 HK\$'000 千港元	股份支付 酬金 HK\$'000 千港元	總計 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

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。

二零零七年三月三十一日止年度內概無董事免收任何酬金 (二零零六年：無)。

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

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group include four (2006: four) directors whose emoluments are reflected in the analysis presented 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

10. 董事及高級行政人員酬金(續)

(b) 五位最高薪人士

五位最高薪人士中，四位(二零零六年：四位)為本公司董事，其酬金已載於上述的分析中。已付／應付酬金給餘下人士如下：

	2007 HK\$'000 千港元	2006 HK\$'000 千港元
	1,112	1,020
	45	184
	11	18
	<u>1,168</u>	<u>1,222</u>

(c) During the year ended 31st March, 2007, no emoluments were paid by the Company to any of the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2006: Nil).

(c) 於二零零七年三月三十一日止年度內，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(二零零六年：無)。

11. Income tax expense

The Company is exempted from taxation in Bermuda until 2016. The Company's subsidiaries established in the British Virgin Islands are incorporated under the International Business Companies Acts of the British Virgin Islands and, accordingly, are exempted from British Virgin Islands income taxes.

Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profit arising in or derived from Hong Kong.

Subsidiaries established and operated in Mainland China are subject to Mainland China Enterprise Income Tax at rates ranging from 15% to 33% for the year (2006: 15% to 33%). In accordance with the applicable law and regulations, the Group's subsidiaries established in Mainland China as wholly foreign owned enterprises or contractual joint ventures are entitled to full exemption from Enterprise Income Tax for the first two years and a 50% reduction in Enterprise Income Tax for the next three years, commencing from the first profitable year or 1st January, 2008, whichever is earlier, after offsetting unexpired tax losses carried forward from previous years.

11. 所得稅開支

本公司獲豁免繳納百慕達稅項，直至二零一六年為止。本公司於英屬維爾京群島成立的各附屬公司乃根據英屬維爾京群島國際業務公司法註冊成立，因此，獲豁免繳納英屬維爾京群島所得稅。

香港利得稅以稅率17.5%(二零零六年：17.5%)按香港經營業務之估計應課稅溢利計算撥備。

在中國成立及經營之附屬公司於本年度須按15%至33%(二零零六年：15%至33%)稅率繳納中國內地企業所得稅。根據有關稅法規定，關於該等在中國內地成立的附屬公司為外商獨資企業或中外合資企業，由經抵銷過往年度所有未到期承前稅務虧損後的首個獲利年度或二零零八年一月一日起計(以較先者為準)，首兩年可獲豁免繳付企業所得稅，而其後三年則獲半免。

11. Income tax expense (Cont'd)

The subsidiary established in Singapore is subject to Singapore Corporate Income Tax at a rate of 18% (2006: 20%).

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

		2007	2006
		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	5,724	17,573
— Mainland China Enterprise Income Tax	— 中國內地企業所得稅	2,949	3,602
— Singapore Corporate Income Tax	— 新加坡企業所得稅	3,055	2,850
		11,728	24,025
Deferred taxation (Note 24)	遞延稅項(附註24)	(2,644)	(1,541)
		9,084	22,484

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

		2007	2006
		HK\$'000	HK\$'000
		千港元	千港元
Profit before income tax	除稅前溢利	41,625	53,612
Tax calculated at domestic tax rate applicable to profits in the respective countries/jurisdictions	按所在國家/地區之適用利得稅率計算之所得稅	6,693	8,917
Income not subject to tax	無須課稅收入	(152)	(630)
Expenses not deductible for tax	不可扣稅支出	2,578	1,567
Deferred tax assets not recognised	未確認之遞延稅項資產	675	2,455
Utilisation of previously unrecognised deferred tax assets	使用以往未確認之遞延稅項資產	(710)	(988)
Additional provision in respect of prior years	過往年度撥備增加	—	11,163
Tax charge	扣除之稅項	9,084	22,484
Weighted average domestic applicable tax rates	加權平均適用稅率	16.1%	16.6%

11. 所得稅開支(續)

於新加坡成立之附屬公司按新加坡利得稅稅率18%(二零零六年:20%)繳納新加坡企業所得稅。

於綜合收益表中扣除的稅項包括:

	2007	2006
	HK\$'000	HK\$'000
	千港元	千港元
即期所得稅開支		
— 香港利得稅	5,724	17,573
— 中國內地企業所得稅	2,949	3,602
— 新加坡企業所得稅	3,055	2,850
	11,728	24,025
遞延稅項(附註24)	(2,644)	(1,541)
	9,084	22,484

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:

	2007	2006
	HK\$'000	HK\$'000
	千港元	千港元
除稅前溢利	41,625	53,612
按所在國家/地區之適用利得稅率計算之所得稅	6,693	8,917
無須課稅收入	(152)	(630)
不可扣稅支出	2,578	1,567
未確認之遞延稅項資產	675	2,455
使用以往未確認之遞延稅項資產	(710)	(988)
過往年度撥備增加	—	11,163
扣除之稅項	9,084	22,484
加權平均適用稅率	16.1%	16.6%

12. Profit attributable to equity holders

The consolidated profit attributable to equity holders includes a profit of HK\$Nil (2006: HK\$544,000) dealt with in the financial statements of the Company.

13. 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.

12. 權益持有人應佔溢利

權益持有人應佔綜合溢利已包括本公司賬目內處理之溢利為零港元(二零零六年：溢利544,000港元)。

13. 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。

		2007	2006
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>32,541</u>	<u>31,128</u>
Weighted average number of ordinary shares in issue ('000)	已發行普通股加權平均數(千股)	<u>429,476</u>	<u>428,426</u>
Basic earnings per share (HK cents)	每股基本盈利(港仙)	<u>7.58</u>	<u>7.27</u>

13. Earnings per share (Cont'd)**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. Shares issuable under the employee share option scheme are the only dilutive potential ordinary shares. A calculation is made in order 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.

13. 每股盈利(續)**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。根據購股權計劃可予發行之股份為唯一造成攤薄效應之潛在普通股。計算方法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。

		2007	2006
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)	32,541	31,128
Weighted average number of ordinary shares in issue ('000)	已發行普通股加權平均數(千股)	429,476	428,426
Adjustments for share options ('000)	購股權之調整(千股)	40	467
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)	429,516	428,893
Diluted earnings per share (HK cents)	每股攤薄盈利(港仙)	7.58	7.26

14. Dividends**14. 股息**

		2007 HK\$'000 千港元	2006 HK\$'000 千港元
Interim dividends — HK\$0.015 (2006: HK\$0.015) per share	中期股息 — 每股港幣1.5仙 (二零零六年：每股港幣1.5仙)	6,442	6,442
Proposed final dividends — HK\$0.015 (2006: HK\$0.015) per share	擬派末期股息 — 每股港幣1.5仙 (二零零六年：每股港幣1.5仙)	6,442	6,442
		12,884	12,884

14. Dividends (Cont'd)

A final dividend is proposed in respect of the year ended 31st March, 2007 of HK1.5 cents per share, amounting to a total dividend of approximately HK\$6,442,000, to be approved by the Company's shareholders at the Company's upcoming Annual General Meeting. This proposed final dividend has not been reflected as a dividend payable in these consolidated financial statements as at 31st March, 2007, but has been reflected as an appropriation of distributable reserves during the year ended 31st March, 2007.

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:

In Hong Kong held on:
Leases of between 10 to 50 years

In Mainland China held on:
Land use rights of between 10 to 50 years

於香港持有：
介乎10至50年之租約

於中國內地持有：
介乎10年至50年之土地使用權

Beginning of the year
Amortisation
Translation adjustments

年初
攤銷
滙兌調整

End of the year

年終

Amortisation expense recognised in the consolidated income statement is analysed as follows:

Cost of sales
General and administrative expenses

銷售成本
一般及行政開支

14. 股息 (續)

截至二零零七年三月三十一日止年度之擬派末期股息為每股一點五港仙，股息總額約為6,442,000港元，將於應屆股東週年大會提呈股東審批，此等截至二零零七年三月三十一日財務報表並無反映此應派股息，但將會列作截至二零零七年三月三十一日止年度可分派儲備之分配。

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	
		2007 HK\$'000 千港元	2006 HK\$'000 千港元
		3,370	3,458
		23,455	22,955
		26,825	26,413
		26,413	28,623
		(487)	(2,752)
		899	542
		26,825	26,413
		88	88
		399	2,664
		487	2,752

於綜合收益表中確認之攤銷開支，分析如下：

At 31st March, 2007, leasehold land with a net book amount of approximately HK\$2,110,000 (2006: HK\$2,166,000) was mortgaged as collateral for the Group's banking facilities (Note 31).

於二零零七年三月三十一日賬面淨值約2,110,000港元(二零零六年：2,166,000港元)之租賃土地用作本集團備用信貸之附屬抵押(附註31)。

16. Property, plant and equipment

16. 物業、廠房及設備

		Consolidated 綜合					
		Buildings 樓宇	Plant and 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, 2005	於二零零五年四月一日						
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>
Year ended 31st March, 2007	截至二零零七年 三月三十一日止年度						
Opening net book amount	年初賬面淨值	102,248	241,873	17,512	3,523	53,748	418,904
Additions	添置	7,884	38,164	2,167	1,644	24,130	73,989
Depreciation	折舊	(4,051)	(46,856)	(5,138)	(1,415)	—	(57,460)
Disposals	出售	—	(1)	(2)	(168)	—	(171)
Transfers	轉至	28,155	47,172	—	—	(75,327)	—
Translation adjustments	滙兌調整	3,389	7,537	469	149	1,211	12,755
Closing net book amount	年終賬面淨值	<u>137,625</u>	<u>287,889</u>	<u>15,008</u>	<u>3,733</u>	<u>3,762</u>	<u>448,017</u>
At 31st March, 2007	於二零零七年三月三十一日						
Cost	成本	158,030	617,206	52,024	14,115	3,762	845,137
Accumulated depreciation	累計折舊	(20,405)	(329,317)	(37,016)	(10,382)	—	(397,120)
Net book amount	賬面淨值	<u>137,625</u>	<u>287,889</u>	<u>15,008</u>	<u>3,733</u>	<u>3,762</u>	<u>448,017</u>

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

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

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

16. 物業、廠房及設備(續)

- (a) 於綜合收益表中確認之折舊開支，分析如下：

	2007 HK\$'000 千港元	2006 HK\$'000 千港元
	52,442	44,577
	392	317
	<u>4,626</u>	<u>3,044</u>
	<u>57,460</u>	<u>47,938</u>

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

- (b) 在建工程主要指在中國內地興建中的廠房及辦公室樓宇。

- (c) At 31st March, 2007, buildings with a net book value of approximately HK\$2,554,000 (2006: HK\$2,094,000) were mortgaged as collateral for the Group's banking facilities (Note 31).

- (c) 於二零零七年三月三十一日，賬面淨值約2,554,000港元(二零零六年：2,094,000港元)之樓宇用作本集團備用信貸之附屬抵押(附註31)。

- (d) Finance leases
Certain machineries above are held under finance leases.
Details of these assets are:

- (d) 財務契約
上述若干機器乃按財務契約持有。有關資產之詳情如下：

		Consolidated 綜合	
		2007 HK\$'000 千港元	2006 HK\$'000 千港元
Cost	成本	26,119	39,496
Less: Accumulated depreciation	減：累計折舊	<u>(9,140)</u>	<u>(11,813)</u>
Net book value	賬面淨值	<u>16,979</u>	<u>27,683</u>
Depreciation for the year	本年度折舊	<u>2,580</u>	<u>4,044</u>

17. Investments in and amounts due from subsidiaries
— Company

17. 於附屬公司之投資及應收款項
— 本公司

		2007 HK\$'000 千港元	2006 HK\$'000 千港元
Investment in unlisted shares, at cost	非上市股份，成本	91,449	91,449
Amounts due from subsidiaries	應收附屬公司款項	<u>165,696</u>	<u>166,107</u>
		257,145	257,556
Less: Accumulated impairment losses	減：累計減值撥備	<u>(12,622)</u>	<u>(12,622)</u>
		<u>244,523</u>	<u>244,934</u>

Amounts due from subsidiaries represent equity funding by the Company to the respective subsidiaries and are measured in accordance with the Company's accounting policy for investment in subsidiaries.

應收附屬公司款項乃本公司向有關附屬公司作出之股本資金並按本公司於附屬公司投資之會計政策計算。

17. Investments in and amounts due from subsidiaries — Company (Cont'd)

Particulars of the principal subsidiaries as at 31st March, 2007 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		Principal activities 主要業務
			所佔股權百分比		
			Directly 直接	Indirectly 間接	
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 包裝材料印刷及紙品 生產
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
Star Union Limited 星盟有限公司	Hong Kong/ Mainland China 香港／中國內地	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/ Hong Kong 英屬維爾京群島／ 香港	US\$1 1美元	—	100%	Procurement agency 採購代理服務

17. 於附屬公司之投資及應收款項 — 本公司 (續)

於二零零七年三月三十一日，主要附屬公司資料如下：

17. Investments in and amounts due from subsidiaries — Company (Cont'd) 17. 於附屬公司之投資及應收款項 — 本公司 (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 International Marketing Services Limited	British Virgin Islands/ Hong Kong 英屬維爾京群島/ 香港	US\$1 1美元	—	100%	Procurement agency 採購代理服務
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
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/中國內地	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

17. Investments in and amounts due from subsidiaries — Company (Cont'd) 17. 於附屬公司之投資及應收款項 — 本公司 (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	Indirectly	
			直接	間接	
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
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 中國內地	US\$8,000,000 8,000,000美元	—	100%	Printing of packaging materials and production of paper products 包裝材料及紙品生產
Starlite Printers (Suzhou) Co., Ltd. (i) 星光印刷(蘇州)有限公司(i)	Mainland China 中國內地	US\$17,044,489 17,044,489美元	—	100%	Printing of packaging materials and production of paper products 包裝材料及紙品生產
Starlite Productions (BVI) Limited	British Virgin Island 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
Guangzhou Starlite Environmental Friendly Center, Limited (i) 廣州星光環保中心有限公司(i)	Mainland China 中國內地	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 中國內地	US\$6,000,000 6,000,000美元	—	100%	Printing of packaging materials and production of paper products 包裝材料及紙品生產

17. Investments in and amounts due from subsidiaries — Company (Cont'd)

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.
- (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, 2007.

18. 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\$879,034,000 (2006: HK\$699,549,000).

During the ended 31st March, 2007, the Group recorded a write-down of inventories of HK\$2,344,000 (2006: HK\$1,000,000), which was included in cost of sales.

The carrying amount of inventories that were pledged as security for trust receipts bank loan arrangements amounted to approximately HK\$49,391,000 as at 31st March, 2007 (2006: HK\$13,234,000) (Note 31).

17. 於附屬公司之投資及應收款項 — 本公司 (續)

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，在中國內地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內地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內地成立之合資經營企業，經營年期二十年，直至二零一七年。
- (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。

所有附屬公司於截至二零零七年三月三十一日止年度內任何時間均無已發行借貸資本。

18. 存貨

Consolidated	
綜合	
2007	2006
HK\$'000	HK\$'000
千港元	千港元
59,671	38,176
22,110	29,975
23,493	16,985
105,274	85,136

存貨成本合共879,034,000港元(二零零六年：699,549,000港元)確認為開支並列入銷售成本中。

於二零零七年三月三十一日止年度內，本集團錄得滯銷存貨撥備2,344,000港元(二零零六年：1,000,000港元)，此撥備已列入銷售成本中。

於二零零七年三月三十一日，賬面值約為49,391,000港元(二零零六年：13,234,000港元)之存貨按信托收據銀行貸款安排作為抵押(附註31)。

19. 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:

1 to 90 days	1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

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

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 provision of HK\$19,280,000 (2006: reversal of HK\$6,295,000) for the impairment of its trade and bills receivable, which has been included in general and administrative expenses in the consolidated income statement.

19. 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	
		2007 HK\$'000 千港元	2006 HK\$'000 千港元
		168,780	152,485
		22,759	22,185
		22,583	5,694
		4,022	277
		218,144	180,641
Less: Provision for impairment of receivables	減：應收賬款呆壞賬撥備	(23,127)	(3,888)
		195,017	176,753

應收貿易賬款及票據的賬面值約相等於其公平值。

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撥備19,280,000港元，(二零零六年：回撥6,295,000港元)，該撥備／回撥已列入綜合收益表中之一般及行政開支。

19. Trade and bills receivable (Cont'd)

The Group's trade and bills receivable were denominated in the following currencies:

Hong Kong Dollars	港元
United States Dollars	美元
Chinese Renminbi	人民幣
Singapore Dollars	新加坡元
Others	其他

19. 貿易應收賬款及票據(續)

本集團之貿易應收賬款及票據以下列貨幣列值：

		Consolidated 綜合	
		2007	2006
		HK\$'000	HK\$'000
		千港元	千港元
		59,043	45,528
		113,705	84,373
		31,517	37,064
		12,979	13,623
		900	53
		218,144	180,641

20. Cash and cash equivalents

Cash at bank and on hand	銀行存款及現金
Short-term bank deposits	短期銀行存款

		Consolidated 綜合		Company 公司	
		2007	2006	2007	2006
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
		89,627	76,958	280	71
		17,416	12,854	—	—
		107,043	89,812	280	71

20. 現金及現金等值

As at 31st March, 2007 the effective interest rate on cash at bank, short-term bank deposits ranged from 1.95% to 3.63% (2006: 1.85% to 2.91%). These short-term bank deposits have an average maturity of two months (2006: two months).

於二零零七年三月三十一日銀行存款、短期銀行存款之有效利率為年息1.95厘至3.63厘(二零零六年：年息1.85厘至2.91厘)，此等短期銀行存款平均到期日為兩個月(二零零六年：兩個月)。

20. Cash and cash equivalents (Cont'd)

Cash and cash equivalents were denominated in the following currencies:

		Consolidated 綜合		Company 公司	
		2007 HK\$'000 千港元	2006 HK\$'000 千港元	2007 HK\$'000 千港元	2006 HK\$'000 千港元
Hong Kong Dollars	港元	24,293	20,268	280	71
Chinese Renminbi	人民幣	15,365	12,941	—	—
United States Dollars	美元	42,207	15,786	—	—
Euro	歐元	1,745	26,948	—	—
Singapore Dollars	新加坡元	23,086	13,574	—	—
Others	其他	347	295	—	—
		107,043	89,812	280	71

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

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

		2007 HK\$'000 千港元	2006 HK\$'000 千港元
Cash and cash equivalents	現金及現金等值	107,043	89,812
Bank overdrafts	銀行透支	(254)	(505)
		106,789	89,307

20. 現金及現金等值(續)

現金及現金等值乃按以下貨幣列值：

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

現金流量表中現金及銀行透支包括：

21. Borrowings

21. 融資

		Consolidated 綜合	
		2007	2006
		HK\$'000	HK\$'000
		千港元	千港元
Non-current	非即期		
Long-term bank loans	長期銀行貸款	106,974	135,135
Current	即期		
Current portion of long-term bank loans	長期銀行貸款，即期部份	54,277	59,100
Short-term bank loans	短期銀行貸款	68,607	46,824
Trust receipts import bank loans	信託收據進口銀行貸款	49,391	13,234
Bank overdrafts	銀行透支	254	505
		172,529	119,663
		279,503	254,798

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

所有銀行貸款的賬面值約相等於其公平值。

The maturity of borrowings is as follows:

借貸之到期日如下：

		Consolidated 綜合	
		2007	2006
		HK\$'000	HK\$'000
		千港元	千港元
Within 1 year	1年內	172,529	119,663
Between 1 and 2 years	介乎1至2年	54,279	59,100
Between 2 and 5 years	介乎2至5年	52,494	76,035
Over 5 years	超過5年	201	—
		279,503	254,798

21. Borrowings (Cont'd)

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

Hong Kong Dollars	港元
Chinese Renminbi	人民幣
United States Dollars	美元
Euro	歐元
Singapore Dollars	新加坡元

21. 融資(續)

銀行借貸之賬面值乃按以下貨幣列值：

Consolidated	
綜合	
2007	2006
HK\$'000	HK\$'000
千港元	千港元
227,776	217,387
45,914	33,810
5,687	3,228
126	—
—	373
279,503	254,798

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：

		2007					2006				
		HK\$	RMB	US\$	S\$	Euro	HK\$	RMB	US\$	S\$	Euro
		港元	人民幣	美元	新加坡元	歐元	港元	人民幣	美元	新加坡元	歐元
Bank overdrafts	銀行透支	7.75%	—	—	—	—	6.75%	—	—	7.25%	—
Trust receipts import	信託收據進口										
bank loans	銀行貸款	6.88%	—	7.60%	—	7.75%	6.16%	—	6.18%	—	—
Finance leases	財務契約	5.81%	—	—	5.83%	—	3.39%	—	—	5.83%	—
Short-term bank loans	短期銀行貸款	5.87%	5.86%	—	—	—	5.41%	5.70%	—	—	—
Long-term bank loans	長期銀行貸款	5.66%	—	—	—	—	5.24%	—	—	—	—

22. Finance lease obligations

22. 財務契約債務

		Consolidated 綜合	
		2007	2006
		HK\$'000	HK\$'000
		千港元	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1年	2,782	8,174
— more than one year and not exceeding two years	— 超過1年但不超過2年	2,226	2,631
— more than two years and not exceeding five years	— 超過2年但不超過5年	742	2,767
		<u>5,750</u>	<u>13,572</u>
Less: Future finance charges	減：未來財務費用	(327)	(825)
		<u>5,423</u>	<u>12,747</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1年	2,565	7,655
— more than one year and not exceeding two years	— 超過1年但不超過2年	2,124	2,428
— more than two years and not exceeding five years	— 超過2年但不超過5年	734	2,664
		<u>5,423</u>	<u>12,747</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	(2,565)	(7,655)
		<u>2,858</u>	<u>5,092</u>

23. Trade and bills payable

23. 貿易應付賬款及票據

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

貿易應付賬款及票據賬齡分析如下：

		Consolidated 綜合	
		2007	2006
		HK\$'000	HK\$'000
		千港元	千港元
1 to 90 days	1至90天	124,209	116,196
91 to 180 days	91至180天	20,740	14,288
181 to 365 days	181至365天	8,038	3,592
Over 365 days	超過365天	1,224	418
		<u>154,211</u>	<u>134,494</u>

23. Trade and bills payable (Cont'd)

The Group's trade and bills payable were denominated in the following currencies:

Hong Kong Dollars	港元
Chinese Renminbi	人民幣
United States Dollars	美元
Others	其他

23. 貿易應付賬款及票據(續)

本集團之貿易應付賬款及票據以下列貨幣列值：

		Consolidated 綜合	
		2007	2006
		HK\$'000	HK\$'000
		千港元	千港元
		68,621	60,289
		63,441	36,220
		10,357	15,516
		11,792	22,469
		154,211	134,494

24. 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 net 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
--	-------------------

24. 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	
		2007	2006
		HK\$'000	HK\$'000
		千港元	千港元
		13,303	15,794

The movements in the deferred tax account are as follows:

遞延稅項之變動詳情如下：

		Consolidated 綜合	
		2007	2006
		HK\$'000	HK\$'000
		千港元	千港元
Beginning of the year	年初	15,794	17,301
Deferred taxation credited to income statement (Note 11)	於收益表計入之遞延稅項(附註11)	(2,644)	(1,541)
Translation adjustments	滙兌調整	153	34
End of the year	年終	13,303	15,794

24. Deferred income tax (Cont'd)

The movement in deferred tax assets and liabilities without taking into consideration the offsetting of balances within the same tax jurisdiction is as follows:

Deferred tax assets:

		Tax losses		Others		Total	
		稅項虧損		其他		總計	
		2007	2006	2007	2006	2007	2006
		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
Beginning of the year	年初	258	—	458	1,856	716	1,856
Credited/(Charged) to income statement	於收益表中計入/(扣除)	(258)	258	5	(1,396)	(253)	(1,138)
Translation adjustments	滙兌調整	—	—	—	(2)	—	(2)
End of the year	年終	—	258	463	458	463	716

Deferred tax liabilities:

		Accelerated taxation depreciation	
		加速稅項折舊	
		2007	2006
		HK\$'000	HK\$'000
		千港元	千港元
Beginning of the year	年初	16,510	19,157
Credited to income statement	於收益表中計入	(2,897)	(2,679)
Translation adjustments	滙兌調整	153	32
End of the year	年終	13,766	16,510

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\$29,837,000 (2006: HK\$27,477,000), in respect of the tax effect of cumulative tax losses (subject to agreement by the relevant tax authorities) amounting to HK\$29,273,000 (2006: HK\$24,553,000) that can be carried forward against future taxable income. As at 31st March, 2007, tax losses amounting to approximately HK\$6,927,000 (2006: HK\$5,991,000) will expire in 2012, while the remaining balance can be carried forward indefinitely.

24. 遞延所得稅 (續)

遞延稅項資產及負債之變動(並未計算於同一徵稅地區之結餘抵銷)如下:

遞延稅項資產:

		Tax losses		Others		Total	
		稅項虧損		其他		總計	
		2007	2006	2007	2006	2007	2006
		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
Beginning of the year	年初	258	—	458	1,856	716	1,856
Credited/(Charged) to income statement	於收益表中計入/(扣除)	(258)	258	5	(1,396)	(253)	(1,138)
Translation adjustments	滙兌調整	—	—	—	(2)	—	(2)
End of the year	年終	—	258	463	458	463	716

遞延稅項負債:

		Accelerated taxation depreciation	
		加速稅項折舊	
		2007	2006
		HK\$'000	HK\$'000
		千港元	千港元
Beginning of the year	年初	16,510	19,157
Credited to income statement	於收益表中計入	(2,897)	(2,679)
Translation adjustments	滙兌調整	153	32
End of the year	年終	13,766	16,510

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29,837,000港元(二零零六年: 27,477,000港元)，其中29,273,000港元之累計稅項虧損之稅項影響(二零零六年: 24,553,000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6,927,000港元(二零零六年: 5,991,000港元)將於二零一二年屆滿，餘額可以無限期結轉。

25. Share capital

Authorised — Ordinary shares of HK\$0.1 each	法定股本 — 每股面值0.1港元之 普通股
Issued and fully paid — Ordinary shares of HK\$0.1 each: Beginning of the year Issue of shares upon exercise of share options	已發行及繳足 — 每股面值0.1港元之 普通股: 年初 因行使購股權 而發行之股份
End of the year	年終

25. 股本

2007		2006	
Number of shares	Nominal value	Number of shares	Nominal value
股份數目	面值	股份數目	面值
'000	HK\$'000	'000	HK\$'000
千股	千港元	千股	千港元
1,000,000	100,000	1,000,000	100,000
429,476	42,947	425,175	42,517
—	—	4,301	430
429,476	42,947	429,476	42,947

26. Employee share options

In 2002, the Company 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. The Group has no legal or constructive obligation to repurchase or settle the options in cash. 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.

26. 僱員購股權

於二零零二年，本公司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。認購價由本公司之董事局釐定，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）。本集團並無法定或推定責任回購或以現金支付此等購股權，所有按舊計劃授出之購股權仍繼續生效及可根據舊計劃之條款繼續行使。

26. Employee share options (Cont'd)

Movements of employee share options during the year ended 31st March, 2007 were:

26. 僱員購股權(續)

截至二零零七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 per share 每股認購價	Beginning of year 年初 '000 千股	Number of shares 股份數目			Lapsed during the year 年內失效 '000 千股	End of year 年終 '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			
Old Share Options 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	3,514	—	—	—	3,514	
New Share Options Scheme 新購股權計劃								
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	3,363	—	—	(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	5,616	—	—	(764)	4,852	
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	—	—	(64)	418	
9th February, 2007 二零零七年二月九日	9th August, 2007 to 8th February, 2010 二零零七年八月九日至 二零一零年二月八日	HK\$0.48 0.48港元	—	7,585	—	—	7,585	
			19,875	7,585	—	(11,091)	16,369	

26. Employee share options (Cont'd)

The weighted average fair value of options granted on 9th February, 2007 determined using the binomial valuation model was HK\$0.075 per option. The significant inputs into the model were share price of HK\$0.48 at the grant date, the exercise price of HK\$0.48, volatility of 32.59%, dividend yield of 6.32% per annum, an expected option life of 2.6 years, and annual risk-free interest rate of 4.17%. The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of daily share prices of listed companies in a similar business over the last three years.

Based on the above, the fair value of the above options granted during the year was approximately HK\$571,000 (2006: HK\$1,324,000). The attributable amount charged to the consolidated income statement during the year ended 31st March, 2007 was approximately HK\$161,000 (2006: HK\$693,000).

26. 僱員購股權(續)

就二零零七年二月九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0.075港元，投進該模型之主要數據及假設為：授出當日之股份價格0.48港元，認購價0.48港元，預期股份波幅年率32.59%，預期股息派發率年率6.32%，預期購股權年期2.6年，無風險利率年率4.17%。以持續複合股份收益標準計算的股價波動乃基於過去三年經營同類業務的上市公司的每日股價作統計分析。

根據上述計算，於年內授出購股權之公平值約為571,000港元(二零零六年：1,324,000港元)於截至二零零七年三月三十一日止年度之綜合收益表中扣除的費用約為161,000港元(二零零六年：693,000港元)。

27. Reserves

Movements were:

27. 儲備

變動之詳情如下：

		Share premium 股份溢價 HK\$'000 千港元	Capital reserve 資本儲備 HK\$'000 千港元	Share-based compensation reserve 股份酬金儲備 HK\$'000 千港元	Investment reserve 投資儲備 HK\$'000 千港元	Translation reserve 滙兌儲備 HK\$'000 千港元	Retained profits 保留溢利 HK\$'000 千港元	Total 總額 HK\$'000 千港元
Consolidated	綜合							
Balance at 31st March, 2005	於二零零五年三月三十一日結餘	100,968	1,169	631	232	(3,511)	183,641	283,130
Fair value gains — Other non-current assets	公平價值收益— 其他非流動資產	—	—	—	127	—	—	127
Currency translation differences	滙兌損益	—	—	—	—	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 equity holders of the Company	本公司股權持有人 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 — Value of employee services — Issue of shares upon exercise of employee share options	僱員購股權計劃 — 僱員服務價值 — 行使僱員購股權而 發行的股份	—	—	693	—	—	—	693
		3,189	—	(349)	—	—	—	2,840
Balance at 31st March, 2006	於二零零六年三月三十一日結餘	104,157	1,169	975	359	(1,814)	197,628	302,474
Fair value gains — Other non-current assets	公平價值收益— 其他非流動資產	—	—	—	363	—	—	363
Currency translation differences	滙兌損益	—	—	—	—	9,476	—	9,476
Net income recognised directly in equity	直接於權益中確認 的收入淨額	—	—	—	363	9,476	—	9,839
Profit attributable to equity holders of the Company	本公司股權持有人應佔溢利	—	—	—	—	—	32,541	32,541
Total recognised income for the year	年內已確認 總收入	—	—	—	363	9,476	32,541	42,380
		104,157	1,169	975	722	7,662	230,169	344,854
Dividends paid	已付股息	—	—	—	—	—	(12,884)	(12,884)
Employee share options scheme — Value of employee services	僱員購股權計劃 — 僱員服務價值	—	—	161	—	—	—	161
Balance at 31st March, 2007	於二零零七年三月三十一日結餘	104,157	1,169	1,136	722	7,662	217,285	332,131

27. Reserves(Cont'd)

27. 儲備(續)

Company		Share	Capital	Share-based	Investment	Translation	Retained	Total
		premium	reserve	compensation	reserve	reserve	profits	
		股份溢價	資本儲備	股份酬金儲備	投資儲備	滙兌儲備	保留溢利	
		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
Balance at 31st March, 2005	於二零零五年三月三十一日結餘	100,968	520	631	—	—	39,469	141,588
Profit for the year	年內溢利	—	—	—	—	—	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)
Balance at 31st March, 2006	於二零零六年三月三十一日結餘	104,157	520	975	—	—	22,872	128,524
Profit for the year	年內溢利	—	—	—	—	—	—	—
Employee share option scheme	僱員購股權計劃							
— Value of employee services	— 僱員服務價值	—	—	161	—	—	—	161
Dividends paid	已付股息	—	—	—	—	—	(12,884)	(12,884)
Balance at 31st March, 2007	於二零零七年三月三十一日結餘	104,157	520	1,136	—	—	9,988	115,801

28. Notes to the consolidated cash flow statement

28. 綜合現金流量表附註

(a) Reconciliation of profit before income tax to cash generated from operations:

(a) 除稅前溢利與經營產生現金之對賬：

		2007	2006
		HK\$'000	HK\$'000
		千港元	千港元
Profit before income tax	除稅前溢利	41,625	53,612
Adjustments for:	經下列調整：		
— Interest income	— 利息收入	(1,147)	(635)
— Interest expense	— 利息支出	18,451	14,024
— Depreciation of property, plant and equipment	— 物業、廠房及設備之折舊	57,460	47,938
— Amortisation of leasehold land and land use rights	— 租賃土地及土地使用權攤銷	487	2,752
— Net loss/(gain) on disposal of property, plant and equipment	— 出售物業、廠房及設備之虧損/(收益)淨額	21	(277)
— Share-based payments	— 股份支付酬金	161	693
— Translation adjustments	— 滙兌調整	153	34
		117,211	118,141
Changes in working capital:	營運資金變動：		
— Inventories	— 存貨	(20,138)	(12,439)
— Trade and bills receivable	— 貿易應收賬款及票據	(18,264)	(35,089)
— Prepayments and deposits	— 預付款項及按金	12,427	(2,405)
— Trade and bills payable	— 貿易應付賬款及票據	19,717	12,354
— Accruals and other payables	— 應計負債及其他應付款	7,267	369
Net cash generated from operations	經營產生之現金淨額	118,220	80,931

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

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

Net book amount	賬面淨值
(Loss)/Gain on disposal of property, plant and equipment	出售物業、廠房及設備之(虧損)/收益
Proceeds from disposal of property, plant and equipment	出售物業、廠房及設備之收入

28. 綜合現金流量表附註(續)

(b) 於現金流量表內，出售物業、廠房及設備所得收入包括：

2007 HK\$'000 千港元	2006 HK\$'000 千港元
171	38
(21)	277
150	315

29. Commitments

(a) Capital commitments

Capital expenditure at the balance sheet date contracted but not yet provided for is as follows:

Land	土地
Machinery	機器
Furniture and equipment	傢俬及設備

29. 承擔

(a) 資本承擔

於結算日已訂約但仍未計入之資本開支如下：

Consolidated 綜合	
2007 HK\$'000 千港元	2006 HK\$'000 千港元
582	—
31,846	14,576
80	1,507
32,508	16,083

29. Commitments (Cont'd)**(b) Operating lease commitments**

The Group had future aggregate minimum lease payments under non-cancellable operating leases of land and buildings, as follows:

Amounts payable	償還期
— within one year	— 1年以內
— later than one year but no later than and five years	— 2年至5年內
— later than five years	— 5年以上

(c) Other commitments

Total pre-determined fees payable to the joint venture partner of Guangzhou Starlite Environmental Friendly Center, Limited for 50 years up to 2044 amounted to approximately HK\$18,226,000 (2006: HK\$18,368,000) (Note 17).

30. Financial guarantees

As at 31st March, 2007, the Company had provided guarantees in respect of banking facilities of its subsidiaries amounting to approximately HK\$692,592,000 (2006: HK\$665,488,000). The facilities utilised by the subsidiaries as at 31st March, 2007 amounted to HK\$309,734,000 (2006: HK\$300,871,000).

29. 承擔 (續)**(b) 營業契約承擔**

本集團根據不可註銷之租用物業營業契約協議所承擔之未來最低營業契約款項總額如下：

Consolidated 綜合	
2007 HK\$'000 千港元	2006 HK\$'000 千港元
12,021	10,763
18,267	16,390
3,738	5,751
34,026	32,904

(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18,226,000港元(二零零六年：18,368,000港元)，直至二零零四年，合共五十年(附註17)。

30. 財務承擔

於二零零七年三月三十一日，本公司就若干附屬公司所獲銀行融資而提供公司擔保約692,592,000港元(二零零六年：665,488,000港元)。於二零零七年三月三十一日各附屬公司已動用之銀行信貸額約為309,734,000港元(二零零六年：300,871,000港元)。

31. Banking facilities and pledge of assets

As at 31st March, 2007, the Group had aggregate banking facilities of approximately HK\$639,558,000 (2006: HK\$636,996,000) for overdrafts, loans, trade financing and bank guarantees. Unused facilities as at the same date amounted to approximately HK\$302,050,000 (2006: HK\$316,731,000). These facilities were secured by:

- (i) mortgages over the Group's leasehold land and buildings with a net book value of approximately HK\$4,664,000 (2006: HK\$4,260,000) (Note 15 and Note 16 (c));
- (ii) the Group's inventories held under trust receipts bank loan arrangements of approximately HK\$49,391,000 (2006: HK\$13,234,000) (Note 18); and
- (iii) guarantees provided by the Company and certain of its subsidiaries.

32. Related party transactions

As at 31st March, 2007, approximately 51.47% of the Company's ordinary shares were 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. The directors of the Company regard Best Grade Advisory Limited to be the ultimate holding company.

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

Operating lease rentals charged by related parties: Megastar Enterprises Limited ¹	支付營業契約 租金予： 堯天企業有限公司 ¹
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¹ Megastar Enterprises Limited is beneficially owned by Ms. Yeung Chui, a director of the Company.

31. 銀行信貸額及資產抵押

於二零零七年三月三十一日，本集團獲提供之透支、貸款、貿易融資及銀行承擔等銀行信貸總額約為639,558,000港元（二零零六年：636,996,000港元）。於同日尚未動用之銀行信貸額約302,050,000港元（二零零六年：316,731,000港元）。此等銀行信貸額之抵押如下：

- (i) 本集團租賃土地及樓宇按揭，其賬面淨值約為4,664,000港元（二零零六年：4,260,000港元）（附註15及附註16(c)）；
- (ii) 本集團按信託收據銀行貸款安排所持有之若干存貨約49,391,000港元（二零零六年：13,234,000港元）（附註18）；及
- (iii) 本公司及其若干附屬公司所作之擔保。

32. 有關連人士之交易

於二零零七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51.47%權益。Best Grade Advisory Limited由兩個全權信託持有。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。本公司董事局視Best Grade Advisory Limited為最終控股公司。

- (a) 本集團與關連人士進行之重要交易詳情如下：

Consolidated 綜合	
2007 HK\$'000 千港元	2006 HK\$'000 千港元

58	58
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¹ 堯天企業有限公司由本公司董事楊翠女士實益擁有。

32. Related party transactions (Cont'd)

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 bonus	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

32. 有關連人士之交易 (續)

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	
2007	2006
HK\$'000	HK\$'000
千港元	千港元
9,880	9,636
281	1,280
183	175
90	304
10,434	11,395

33. Event after the balance sheet date

In April 2007, a wholly-owned subsidiary of the Company entered into an agreement to acquire a 75% equity interest in Taspack Industrial Sdn. Bhd., a private company incorporated in Malaysia, from certain third parties for a consideration of approximately RM9,444,000 (equivalent to HK\$19,836,000).

33. 結算日後事項

於二零零七年四月，本公司之全資附屬公司訂立協議向若干第三者以代價約9,444,000馬元（相等於19,836,000港元）收購Taspack Industrial Sdn. Bhd.，（於馬來西亞註冊成立之有限公司）75%股本權益。

The background is a vibrant golden-yellow color. It features several abstract, glowing white and yellow lines that curve and swirl across the frame. Interspersed among these lines are several bright, multi-pointed starburst or lens flare effects, adding a sense of light and energy to the composition.

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