



TRONIC

Industries Holdings Limited

東力實業控股有限公司

Annual Report 年報

2005

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Digital Satellite
Receiver



Strong and concrete
customer base

強大而穩固的客戶基礎



C O R P O R A T E

I n f o r m a t i o n

DIRECTORS

Executive Directors

Mr. LING Siu Man, Simon (*Chairman*)
Mr. LEE Ka Yue, Peter
Mr. WONG Ki Cheung
Ms. LI Fung Ching, Catherine
Mr. AU Wai Man
Mr. LIU Hoi Keung, Gary
Mr. LAM Kwai Wah

Non-executive Directors

Mr. WONG Wai Kwong, David
Mr. HO Fook Hong, Ferdinand (Independent)
Mr. PANG Hon Chung (Independent)
Mr. CHENG Tsang Wai (Independent)

REGISTERED OFFICE

P.O. Box 309 GT, Ugland House,
South Church Street
George Town, Grand Cayman
Cayman Islands, British West Indies

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Unit B, 10th Floor, Summit Building
30 Man Yue Street, Hung Hom, Kowloon, Hong Kong

COMPANY SECRETARY

Mr. LIU Hoi Keung, Gary, Msc. FCCA, CPA

LEGAL ADVISORS

Richards Butler

AUDITORS

Ernst & Young

AUDIT COMMITTEE

Mr. PANG Hon Chung (Chairman)
Mr. HO Fook Hong, Ferdinand
Mr. WONG Wai Kwong, David
Mr. Cheng Tsang Wai

PRINCIPAL BANKERS

Hang Seng Bank Limited
The Hong Kong and Shanghai Banking Corporation Limited
The Standard Chartered Bank Limited

SHARE REGISTRARS AND TRANSFER OFFICE

In Hong Kong
Tengis Limited
G/F., Bank of East Asia Harbour View Centre,
56 Gloucester Road,
Wanchai, Hong Kong

In Cayman Island
Butterfield Bank (Cayman) Limited
PO Box 705, George Town, Grand Cayman
Cayman Islands, British West Indies

WEBSITE

www.tonic.com.hk
www.irasia.com/listco/hk/tonic

STOCK CODE

978

董事

執行董事

凌少文先生 (主席)
李嘉渝先生
黃其昌先生
李鳳貞女士
區偉民先生
廖開強先生
林桂華先生

非執行董事

黃偉光先生
何福康先生 (獨立)
彭漢中先生 (獨立)
鄭曾偉先生 (獨立)

註冊辦事處

P.O. Box 309 GT, Ugland House,
South Church Street
George Town, Grand Cayman
Cayman Islands, British West Indies

總辦事處及主要營業地點

香港九龍紅磡民裕街30號
興業工商大廈10樓B室

公司秘書

廖開強先生, Msc. FCCA, CPA

法律顧問

齊伯禮律師行

核數師

安永會計師事務所

審核委員會

彭漢中先生 (主席)
何福康先生
黃偉光先生
鄭曾偉先生

主要往來銀行

恒生銀行有限公司
香港上海豐銀行有限公司
渣打銀行有限公司

股份登記過戶處

於香港
登捷時有限公司
香港灣仔
告士打道56號
東亞銀行港灣中心地下

於開曼群島

Butterfield Bank (Cayman) Limited
PO Box 705, George Town, Grand Cayman
Cayman Islands, British West Indies

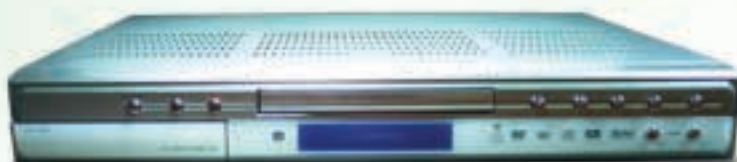
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www.tonic.com.hk
www.irasia.com/listco/hk/tonic

股票編號

978

Robust research and
development capability
研發能力超卓



DVD recorder

CHAIRMAN'S
STATEMENT

LING Siu Man, Simon
Chairman & Managing Director

凌少文
主席兼董事總經理

DEAR SHAREHOLDERS

On behalf of the Board of Directors (the "Board"), I am pleased to present the annual result of Tonic Industries Holdings Limited for the year ended 31 March 2005 (the "Year").

BUSINESS REVIEW AND OUTLOOK

For the Year under review, the Group achieved a turnover of approximately HK\$2,636 million, representing an increase of 27% as compared with HK\$2,074 million recorded last year. EBITDA and profit before tax were HK\$120 million and HK\$29 million respectively, as compared with HK\$96 million and HK\$20 million last year.

During the Year, market demands for the Group's products continued to be strong, but there was increasing competition in the consumer electronics market. High cost of materials continued to affect the Group's profit margin. The prices of key components, such as flash memory and RAM (random access memory), rose quickly as demands increased in the second half of last year. Increased costs continued to affect the Group in the first half of this year. The costs of other materials such as metals and plastics also rose significantly.

The Group continued to invest in the research and development of new digital products to keep pace with the rapidly changing needs of the market. Our production and engineering departments in Hong Kong, Shenzhen and Dongguan work very closely with integrated circuits solution providers and components suppliers. Many new products including digital amusement centre, digital satellite receivers, cable set top boxes, LCD TV, portable DVD players and DVD recorders were launched this year and are expected to

致各股東

本人謹代表董事會欣然提呈東力實業控股有限公司截至二零零五年三月三十一日止年度（「本年度」）的全年業績報告。

業務回顧及展望

本集團於回顧年度錄得營業額約2,636,000,000港元，較去年的2,074,000,000港元增加27%。未扣除利息、稅項、折舊及攤銷前的盈利及除稅前溢利分別為120,000,000港元及29,000,000港元，去年則分別為96,000,000港元及20,000,000港元。

過去一年，市場對本集團產品需求依然殷切，但消費電子產品市場競爭亦愈趨激烈。原材料成本高企，繼續對本集團邊際利潤構成影響。由於市場需求龐大，主要零件如快閃記憶體及RAM（隨機存取記憶體）等價格於去年底下半年大幅飆升，於本年度上半年繼續影響本集團。而其他原材料如金屬和塑料的成本亦顯著上升。

本集團繼續投放資源研發嶄新數碼產品，確保集團能緊貼市場需求的迅速變化。本集團香港、深圳及東莞的生產及工程部與集成電路方案供應商及零件供應商緊密合作。年內推出多種新產品包括數碼娛樂中心、數碼衛星接收器、有線電視機頂盒、液晶顯示屏幕（LCD）電視、可攜式數碼光碟（DVD）播放機及DVD錄影機，預期將於今後數年為本集團貢獻可觀及穩定的收益。開發中的新產品包括採用藍光規格的新一代高密度DVD播放

CHAIRMAN'S
STATEMENT

generate significant and constant contributions to the Group in the coming years. New products under development include the next generation DVD players with high density and blue ray format, combination products with VCR compatibility, etc. are expected to be launched at the end of the year.

The marketing division for digital satellite receivers saw steady progress. Increasing orders were received reflecting favourable customer response. Our research indicated strong potential demand for these products in the market and discussions with important ODM and OEM customers in Europe and the Middle East are in progress. We are also in discussion with certain veteran Korean manufacturers of satellite receivers to shift their production facilities from Korea to Tonic in China for more competitive production costs.

The construction of the factory buildings in Shek Pai was completed in early 2005 and can now provide the Group with extra production capacity. The new factory provides a timely solution to the anticipated growth in demand for the new products launched during the year. The project imposed additional financial constraints on the Group, however, those constraints are expected to be relieved when the factory becomes fully operational in the coming years and our turnover and financial resources increase.

The business of the Home Appliance Division grew steadily and contributed approximately 10% of the Group's turnover. The OEM/ODM segment of the business performed particularly well in terms of sales and margin. However the own brand business has yet to generate return to the Group. As such we have decided to scale down the own brand business in Japan. With the saved resources we aim to expand the division's product line in the coming years.

Taking into account the high oil prices and lingering international trade disputes, we are conservative about the outlook of the world economy. In the short term, keen competition in the market and high material costs will continue to squeeze our business and profit margins. In the long term, however, we believe the demand for new products such as DVD recorders, LCD TV and digital satellite receivers, which are still relatively expensive at the moment, will increase when their prices come down to more affordable levels. We are confident that the Group is well positioned to take on the challenges ahead.

RIGHTS ISSUE

As at 28 January 2005, the Group proposed to raise between approximately HK\$64 million to HK\$68 million, before expenses, by way of a rights issue ("Rights Issue") at the price of HK\$0.2 per rights share on the basis of one rights share for

機、兼容VCR的組合式產品等，預期將於今年年底面世。

數碼衛星接收器的市場推廣部正穩步進展。集團接獲的訂單增加，客戶反應亦非常熱烈。集團調查顯示，此類產品擁有優厚市場潛力；集團亦積極地與歐洲及中東的原設計製造及原設備製造客戶進行磋商。我們亦正跟數家歷史悠久的韓國衛星接收器製造商討論有關將其韓國生產設備遷往東力在中國的廠房內，以提高雙方的生產成本效益。

在石排的新建廠房已於二零零五年初竣工，為本集團提供額外產能；預計到市場對年內推出的新產品需求將更殷切，新廠房正好填補了這個空缺。雖然此項目對本集團造成額外財務負擔，本集團預期只要廠房在來年全面投入生產，加上集團的營業額及財政資源增加，該等壓力將得到舒緩。

家用電器產品部門業務維持穩健增長，其佔本集團營業額約10%。雖然自有品牌業務仍未為本集團帶來回報，但原設備製造／原設計製造部門的業務在銷售和邊際利潤的表現尤其突出。為此，本集團決定縮減旗下日本自有品牌業務規模，並打算在來年將減省下來的資源用於擴闊家用電器部門的產品類型。

鑑於油價高企，國際貿易糾紛持續不斷，本集團對環球經濟前景持較審慎態度。短期內，市場競爭劇烈，原材料成本高企等因素將繼續令本集團業務和邊際利潤受壓，但長遠而言，我們相信只要DVD錄影機、LCD電視及數碼衛星接收器等新產品的價格降至市場能接受的水平（目前該等產品售價仍相當高昂）下，該等產品的需求將會持續增加。我們相信本集團在穩佔的有利位置下，定能克服未來種種挑戰。

供股

於二零零五年一月二十八日，本集團建議按於記錄日期每持有兩股現有股份配發一股供股股份的基準提呈供股（「供股」），每股供股股份價格為0.2港元，藉此集資約64,000,000港元至

CHAIRMAN'S
STATEMENT

every two existing shares held on the record date. As at 16 March 2005, the Rights Issue was closed with a total of valid applications for 509,462,481 Rights Shares, which was approximately 1.6 times subscribed. Among the net proceeds of approximately HK\$62 million, approximately HK\$30 million would be used for the purchase of plant and machinery for the new factory and the rest would be used as the Group's general working capital. When the Rights Issue was completed, the Company's issued share capital was enlarged to 952,889,962 shares.

FINAL DIVIDEND

The Board of Directors recommended the payment of a final cash dividend of HK1 cent (year ended 31 March 2004: HK0.5 cent) per share.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 13 September 2005 to 15 September 2005, both days inclusive, during which period no transfer of shares will be effected. To qualify for the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Share Registrar in Hong Kong, Tengis Limited at G/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not later than 4:30 p.m., on 12 September 2005.

APPRECIATION

On behalf of the Group, I would like to extend my special thanks to our employees for their continuous contribution and hard work, to our customers and business partners for their continuous co-operation and support for the Group. To my fellow board members, I thank you for your dedication to good governance of the Company. We will endeavour to improve the results of the Company and bring in better returns for our shareholders.

On behalf of the Board

Ling Siu Man, Simon

Chairman & Managing Director

Hong Kong, 15 July 2005

68,000,000港元(未扣除開支)。供股於二零零五年三月十六日截止，共接獲509,462,481股供股股份的有效申請，超額認購約1.6倍。所籌得的款項淨額約62,000,000港元，其中約30,000,000港元會用來為新廠房購置機器及設備，餘款則會撥作本集團一般營運資金。供股完成後，本公司已發行股本擴大至952,889,962股股份。

末期股息

董事會建議派發末期現金股息每股1港仙(截至二零零四年三月三十一日止年度：0.5港仙)。

暫停辦理股東登記手續

本公司將於二零零五年九月十三日至二零零五年九月十五日(包括首尾兩日)暫停辦理股東登記手續，期間亦不會登記任何股份過戶。為確保可享受擬派的末期股息，所有過戶文件連同有關股票最遲須於二零零五年九月十二日下午四時三十分前交回本公司香港股份過戶登記處登捷時有限公司，地址為香港灣仔告士打道56號東亞銀行港灣中心地下。

致謝

本人謹代表本集團衷心感謝僱員作出的貢獻及辛勤工作，以及客戶及業務夥伴一直以來對本集團的合作與支持。此外，本人亦就董事會成員盡心監管本公司深表謝意。本集團將繼續致力改善本公司業績，為股東帶來更佳回報。

代表董事會

主席兼董事總經理

凌少文

香港，二零零五年七月十五日

Innovative product designs

產品設計創新



DVD Portable

D I R E C T O R S

P r o f i l e

EXECUTIVE DIRECTORS

Mr. LING Siu Man, Simon, aged 55, is the Chairman and Managing Director of the Company. Mr. Ling founded the business of the Group in 1976 and has over 28 years experience in the electronics industry. Mr. Ling is responsible for the strategic planning, corporate policy, and marketing aspects of the Group.

Mr. LEE Ka Yue, Peter, aged 58, was appointed to the Board following the investment of EHL in the Company in June 1997. He is responsible for advising on the financial and corporate policies of the Group as well as overseeing overall coordination between EHL and the Group. He is also an executive director of EHL and has over 33 years experience in the timepiece and jewellery businesses as well as in the consumer electronics industry.

Mr. WONG Ki Cheung, aged 55, joined the Group in 1976 and is responsible for the Group's overall management, purchasing and materials control functions. He has over 25 years experience in the electronics component industry.

Ms. LI Fung Ching, Catherine, aged 51, joined the Group in 1976 and is responsible for the management of the accounting, treasury and administrative functions of the Group. She has over 25 years experience in the electronics industry.

Mr. AU Wai Man, aged 60, is the Group's engineering consultant. He is responsible for the research and development of the Group's new products. Prior to joining the Group in 1995, he has over 30 years experience in electronics product engineering.

執行董事

凌少文先生，55歲，本公司主席兼董事總經理。凌先生於一九七六年創辦本集團的業務，擁有逾28年電子業經驗。凌先生負責本集團的策略計劃、公司政策及市場推廣工作。

李嘉渝先生，58歲，繼聯洲國際於一九九七年六月投資本公司後獲委任加入董事會，出任本集團的財務及公司政策顧問，並負責監察聯洲國際與本集團間的整體統籌工作。彼亦為聯洲國際的執行董事，擁有逾33年鐘錶、首飾及消費電子產品業經驗。

黃其昌先生，55歲，於一九七六年加入本集團，負責本集團整體管理、採購及物料控制工作。彼於電子配件業擁有逾25年經驗。

李鳳貞女士，51歲，於一九七六年加入本集團，負責本集團的會計、庫務及行政管理工作。彼於電子業擁有逾25年經驗。

區偉民先生，60歲，本集團工程顧問，負責為本集團研究及開發新產品。彼於一九九五年加入本集團前，已擁有逾30年電子產品工程經驗。

D I R E C T O R S

P r o f i l e

Mr. LIU Hoi Keung, Gary, aged 40, joined the Group in 1997 and is responsible for the financial management and company secretarial matters of the Group. He is an associate of Hong Kong Institute of Certified Public Accountants and a fellow of the Association of Chartered Certified Accountants. He also holds a Master of Science degree from The University of Hong Kong. Prior to joining the Group, he has over nine years experience in accounting, auditing and taxation.

Mr. LAM Kwai Wah, aged 40, joined the Group in 1998 and is mainly responsible for the Group's marketing activities in Europe. He has over 19 years experience in marketing of electronics products and home appliances. Mr. Lam obtained a higher certificate in marketing and sales management from The Hong Kong Polytechnic University.

NON-EXECUTIVE DIRECTOR

Mr. WONG Wai Kwong, David, aged 47, has over 23 years experience in finance, accounting, corporate and taxation affairs. He is a fellow of The Association of Chartered Certified Accountants, and an associate of Hong Kong Institute of Certified Public Accountants, the Australian Association of Practising Accountants and the Australian Association of Secretaries and Managers. He is a director of Incutech Investment Ltd and an executive director of EHL, both of which are companies listed on the Main Board of the Stock Exchange. Mr. Wong is also a non-executive director of seven other Hong Kong listed companies.

廖開強先生，40歲，於一九九七年加入本集團，負責本集團財務管理及公司秘書事務。廖先生為香港會計師公會會員及英國特許公認會計師公會資深會員。彼亦持有香港大學理學碩士學位。彼於加入本集團之前，已擁有逾九年的會計、審計及稅務經驗。

林桂華先生，40歲，於一九九八年加入本集團，主要負責本集團於歐洲市場之業務推廣。彼於電子產品及家庭電器市場推廣方面積逾19年經驗。彼持有香港理工大學頒授之市場推廣及銷售管理高級證書。

非執行董事

黃偉光先生，47歲，擁有逾23年財務、會計、公司管理及稅務各方面經驗。彼為英國特許公認會計師公會資深會員，並為香港會計師公會、澳大利亞會計師公會及澳大利亞秘書及管理人員學會的會員。彼分別為Incutech Investment Ltd及聯洲國際（兩者均為於聯交所主板上市的公司）的董事及執行董事。黃先生亦為另外七間香港上市公司的非執行董事。

D I R E C T O R S

P r o f i l e

INDEPENDENT NON-EXECUTIVE
DIRECTORS

Mr. PANG Hon Chung, aged 54, holds a master's degree in business administration, and is a member of the Association of Chartered Certified Accountants and Hong Kong Institute of Certified Public Accountants. Mr. Pang has extensive experience in business management and is a director and the general manager of Lotus International Limited. He is also a director of Graneagle Holdings Limited, a company listed on the Main Board of the Stock Exchange.

Mr. HO Fook Hong, Ferdinand, aged 57, holds a bachelor's degree in science and a master's degree in business administration from The University of Hong Kong and has been admitted as a solicitor of the Supreme Courts of Hong Kong, England and Wales and Singapore. Mr. Ho also serves as an independent non-executive director of Winsor Industrial Corporation Limited and Winsor Properties Holdings Limited, both of which are companies listed on the Main Board of the Stock Exchange.


Mr. CHENG Tsang Wai, aged 49, has over 27 years experience in the garment industry and is a director and major shareholder of Vicka Limited which is a sweater manufacturing company.

獨立非執行董事

彭漢中先生，54歲，持有工商管理碩士學位，亦為英國特許公認會計師公會及香港會計師公會會員。彭先生具有豐富商業管理經驗，現為安達國際有限公司董事兼總經理。彼亦為鷹馳實業有限公司（一間於聯交所主板上市的公司）之董事。

何福康先生，57歲，持有香港大學理學士學位及工商管理碩士學位，曾為香港、英格蘭與威爾斯及新加坡最高法院的認可律師。何先生亦為南聯實業有限公司及南聯地產控股有限公司之獨立非執行董事，該兩間公司均於聯交所主板上市。

鄭曾偉先生，49歲，鄭先生於成衣業積逾27年經驗，為毛衣生產公司緯興有限公司之董事及主要股東。



Scalable and cost-effective
production

極具規模及高效率的產能



DVD Portable

MANAGEMENT

DISCUSSION AND ANALYSIS

MANAGEMENT DISCUSSION AND ANALYSIS

Component prices

The persistently high oil price has a direct impact on the cost of plastic materials and electricity. Plastic materials are mainly used for producing our portable DVD players. Portable DVD players accounted for less than 10% of our sales during the year. The cost of plastic materials accounted for about 2% of the costs of the products and therefore does not have significant effect on our margin. Our main electricity supply is generated using heavy oil, which is substantially cheaper than diesel oil used by other generators. The cost of heavy oil generally accounted for less than 0.5% of our total costs. On the contrary, the increase in costs of metal has a more significant effect on our margin. Cost of metal generally accounted for 3% of our total material costs and during the financial year it increased approximately 20%. Prices of other components were stable or decreased during the year. Profit margin continued to be under pressure in this situation.

Working capital

Sales for March to May 2004 were particularly good despite that they fell within the traditional low season. Sales for the same period of this year decreased compared with last year and accordingly inventory level and accounts payable level decreased. More customers have required the Company to provide finance, which is cheaper to obtain in Hong Kong, thus prolonged the turnover period for accounts receivable. The net proceeds from Rights Issue of shares of approximately HK\$62 million has strengthened the capital structure of the Company and provide additional funding for working capital. Shareholders equity increased from HK\$397 million to HK\$520 million.

管理層討論及分析

零件價格

油價持續高企，直接影響到塑膠材料及電力的成本。塑膠材料主要用作生產本集團的可攜式數碼光碟(DVD)播放器。可攜式數碼光碟播放器佔本集團本年度的銷售額不足10%，而塑膠材料成本約佔產品成本2%，因而對本集團的毛利並無重大影響。本集團主要以重油供電，其價格遠低於其他發電機所使用的柴油。重油開銷一般佔本集團總成本不足0.5%。相反，五金成本上升對本集團毛利影響較大。五金成本一般佔本集團總材料成本的3%，而於本財政年度內則上升約20%。年內，其他零件的價格卻有所下調或保持穩定。在此情況下，邊際毛利因而持續受壓。

營運資金

儘管傳統上三月至五月為淡季，二零零四年三月至五月期間的銷售額卻十分強勁。與去年同期比較，本年度同期銷售額有所回落，存貨水平及應付款項水平亦因而下降。由於較多客戶要求本公司提供財務安排(鑑於香港在此方面的成本較低)，因此延長了應收賬款的週轉期。供股發行股份的所得款項淨額約為62,000,000港元，該筆款項穩固了本公司的股本基礎，並提供了額外營運資金。股東資金由397,000,000港元增加至520,000,000港元。

M A N A G E M E N T

DISCUSSION AND ANALYSIS

Liquidity resources

Taking advantage of the low interest environment, the Group had on 3 December 2003 signed a 3¹/₂ year term loan facility agreement for HK\$245,000,000 with a syndicate of 11 international and local banks. The loan is on HIBOR basis and repayable by installment one year after drawdown. The syndicated loan was used to refinance the Group's existing credit facility and the cost of construction of new factory buildings. Under the terms of the loan agreement, the Chairman of the Company, Mr. Simon Ling, being the single largest shareholder and actively involved in the management and business of the Group, is required to maintain at least 40% of the shareholdings of the Company.

As at 31 March 2005, the Group had total borrowings of approximately HK\$475 million, of which HK\$441 million was in bank borrowings and HK\$34 million was for obligations under finance leases. The Group's borrowings are denominated in Hong Kong dollars and bear interest mainly on a HIBOR basis. Bank balances and cash on hand amounted to HK\$98 million and are mainly denominated in Hong Kong dollars. Gearing ratio was 72%, calculated based on net borrowings over shareholders funds.

The Group is not exposed to material currency fluctuation risks, as most of its receivables are in US dollars and payable in Hong Kong and US dollars. The Group purchases forward contracts with bank to hedge against confirmed US dollars receipts and payments. Except for a few customers whom we offer credit on an open account basis, we transact business with all other customers on letter of credit at sight basis.

Investments in listed securities

The Group used to invest in securities of certain listed companies in Hong Kong. These investments had been treated as long-term investment. During the Year, we started to dispose of the investments on the market to generate working capital for the Group. And it is the management's intention to reclassify them into short-term investments and thus recorded base on market value. The resulting gain on the reclassification less the loss on the part disposed amounted to a net gain of HK\$19 million.

流動資源

鑑於息口偏低，本集團於二零零三年十二月三日與11家國際及本地銀行組成的銀團簽訂為期三年半的貸款協議，總額為245,000,000港元。該筆貸款的利息乃按香港銀行同業拆息計算，於提取後一年起分期償還。該筆銀團貸款已用作償還本集團現有信貸融資及興建新工廠大廈的建築成本。根據貸款協議條款，本公司主席凌少文先生作為單一最大股東須持有本公司最少40%股權，並積極參與本集團的管理及業務事宜。

於二零零五年三月三十一日，本集團借款總額約為475,000,000港元，當中441,000,000港元及34,000,000港元分別為銀行借貸及融資租約承擔。本集團的借款以港元結算，利息主要按香港銀行同業拆息計算。銀行結存及現金達98,000,000港元，主要以港元結算。資產負債比率為72%，乃按借款淨額除以股東資金計算。

由於本集團大部分應收款項以美元結算，而應付款項以港元及美元結算，故所面對外匯波動風險不大。本集團已向銀行購買遠期合約，以對沖已確認之美元收入款項。除向數名客戶以記賬方式提供信貸外，本集團與所有其他客戶均以即期信用證進行交易。

投資上市證券

本集團過往曾投資若干香港上市公司的證券，該等投資被視作長線投資。於本年度內，本集團開始於市場上出售該等投資，以為本集團提供營運資金。管理層的意向為將該等投資重新歸類為短期投資，因此有關投資乃以市值列賬。重新歸類產生的收益減去出售所帶來的虧損的淨收益為19,000,000港元。

M A N A G E M E N T

DISCUSSION AND ANALYSIS

Employees relations

As at 30 March 2005, the Group had 140 staff stationed in Hong Kong and 8,300 workers working in factories in the mainland China. Total salaries and wages amounted to approximately HK\$126 million for the year. Salaries and wages are normally reviewed annually on the basis of staff performance appraisals and market conditions. The Group provides year-end double pay, discretionary bonuses, provident fund, medical insurance and training to the staff. Workers welfare is set with reference to the prevailing labor laws in Hong Kong and the mainland China.

僱員關係

於二零零五年三月三十日，本集團有140名香港員工，而中國大陸之廠房則僱有8,300名僱員。年內薪金及工資總額約為126,000,000港元。一般會根據員工的工作表現及市場情況每年檢討薪酬及工資。本集團向其員工提供年終雙糧、酌情花紅、公積金、醫療保險及培訓。員工福利乃參照香港及中國大陸的現行勞工法例釐訂。

R E P O R T
OF THE DIRECTORS

The directors present their report and the audited financial statements of the Company and the Group for the year ended 31 March 2005.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The subsidiaries are engaged in the design, manufacture and trading of consumer electronic products and components and home appliance products. There were no changes in the nature of the Group's principal activities during the year.

Details of the principal activities of the Company's subsidiaries are set out in note 17 to the financial statements.

RESULTS AND DIVIDENDS

The Group's profit for the year ended 31 March 2005 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 28 to 86.

No interim dividend was paid to shareholders during the year (2004: HK1 cent per share). The directors recommend the payment of a final dividend of HK1 cent per share (2004: HK0.5 cent per share) in cash to shareholders whose names appear on the register of members on 15 September 2005. This recommendation has been incorporated in the financial statements as an allocation of retained profits within the capital and reserves section of the balance sheet.

RESERVES

Details of movements in the reserves of the Company and of the Group during the year are set out in note 30(b) to the financial statements and in the consolidated statement of changes in equity, respectively.

董事會謹此提呈截至二零零五年三月三十一日止年度董事會報告及本公司與本集團的經審核財務報表。

主要業務

本公司的主要業務為投資控股。附屬公司從事消費電子產品與零件及家庭電器產品設計、製造及銷售業務。本集團的主要業務性質於年內並無變動。

本公司各附屬公司的主要業務詳情載於財務報表附註17。

業績及股息

本集團截至二零零五年三月三十一日止年度的溢利及本公司與本集團於該日的財務狀況載於第28至86頁財務報表內。

年內並無向股東派發任何中期股息(二零零四年：每股1港仙)。董事會建議向於二零零五年九月十五日名列股東名冊的股東派發末期現金股息每股1港仙(二零零四年：每股0.5港仙)。該建議已載入財務報表內資產負債表下的資本及儲備部分，列作保留溢利分配。

儲備

本公司及本集團於年內的儲備變動詳情分別載於財務報表附註30(b)及綜合權益變動表。

R E P O R T

OF THE DIRECTORS

DISTRIBUTABLE RESERVES

At 31 March 2005, the Company's reserves available for cash distribution and/or distribution in specie amounted to HK\$159,785,000, including the share premium account, of which HK\$9,529,000 has been proposed as a final dividend for the year. Under the Companies Law (2000 Revision) of the Cayman Islands, the share premium account of the Company, in the amount of HK\$59,098,000, is available for paying distributions or dividends to shareholders subject to the provisions of its memorandum or articles of association and, provided that immediately following the distribution of dividends, the Company is able to pay its debts as and when they fall due in the ordinary course of business. In the opinion of the directors, the Company's reserves available for distribution represent the share premium account, contributed surplus and retained profits.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the five largest customers in aggregate accounted for approximately 74% of the total turnover of the Group and the largest customer accounted for approximately 29% of the total turnover of the Group.

During the year, the five largest suppliers in aggregate accounted for approximately 43% of the total purchases of the Group and the largest supplier accounted for approximately 14% of the total purchases of the Group.

As far as the directors are aware, neither the directors, their associates (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules")), nor any shareholders which, to the knowledge of the directors, own more than 5% of the Company's issued share capital, had any interest in the five largest customers or suppliers.

FIVE YEAR FINANCIAL SUMMARY

A summary of the published results, assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements and reclassified as appropriate, is set out on page 87. This summary does not form part of the audited financial statements.

可供分派儲備

於二零零五年三月三十一日，本公司可作現金及／或實物分派用途的儲備為159,785,000港元(包括股份溢價賬)，其中9,529,000港元已建議用作派付本年度末期股息。根據開曼群島公司法(二零零零年修訂本)，除公司組織章程大綱或細則條文另有規定者外，本公司可將股份溢價賬59,098,000港元分派予股東或以股息的形式向股東派發，惟在緊隨派發股息後，本公司須有能力償還其在日常業務中到期的債項。董事會認為，本公司可供分派的儲備指股份溢價賬、繳入盈餘及保留溢利。

主要客戶及供應商

年內，五大客戶合共佔本集團總營業額約74%，而最大客戶則佔本集團總營業額約29%。

年內，五大供應商合共佔本集團總採購額約43%，而最大供應商則佔本集團總採購額約14%。

據董事會所知，各董事、彼等的聯繫人士(定義見香港聯合交易所有限公司證券上市規則(「上市規則」))以及據董事所知擁有本公司已發行股本5%以上的任何股東，概無於五大客戶或供應商中擁有任何權益。

五年財務資料概要

本集團於過往五個財政年度的已刊發業績及資產與負債概要(摘錄自經審核財務報表，並在適當情況下重新分類及重列)載於第87頁。該概要並非經審核財務報表的任何部分。

R E P O R T
OF THE DIRECTORS**FIXED ASSETS**

Details of movements in the fixed assets of the Group during the year are set out in note 14 to the financial statements.

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the Company's share capital and share options during the year, together with the reason therefor, are set out in notes 28 and 29 to the financial statements, respectively.

PRE-EMPTIVE RIGHTS

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

DIRECTORS

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

Executive directors:

Ling Siu Man, Simon (*Chairman and Managing Director*)
Lee Ka Yue, Peter
Wong Ki Cheung
Li Fung Ching, Catherine
Au Wai Man
Liu Hoi Keung, Gary
Lam Kwai Wah (appointed on 27 September 2004)

Non-executive directors:

Wong Wai Kwong, David
Ho Fook Hong, Ferdinand *
Pang Hon Chung *
Cheng Tsang Wai * (appointed on 27 September 2004)

* *Independent non-executive directors*

固定資產

本集團於年內的固定資產變動詳情載於財務報表附註14。

股本及購股權

本公司於年內的股本及購股權變動詳情及其原因分別載於財務報表附註28及29。

優先購買權

本公司的組織章程細則或開曼群島法例並無有關本公司須向現有股東按比例發售新股的優先購買權規定。

董事

於本年度及截至本報告日期止，本公司之董事如下：

執行董事：

凌少文 (*主席兼董事總經理*)
李嘉渝
黃其昌
李鳳貞
區偉民
廖開強
林桂華 (於二零零四年九月二十七日獲委任)

非執行董事：

黃偉光
何福康 *
彭漢中 *
鄭曾偉 * (於二零零四年九月二十七日獲委任)

* *獨立非執行董事*

R E P O R T

O F T H E D I R E C T O R S

In accordance with article 116 of the Company's articles of association, Mr. Au Wai Man, executive director and Mr. Ho Fook Hong, Ferdinand, independent non-executive director, will retire and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

In accordance with article 119 of the Company's articles of association, Mr. Lam Kwai Wah, executive director, and Mr. Cheng Tsang Wai, independent non-executive director, will retire and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

The terms in office of the non-executive directors are the periods from their dates of appointment up to their retirement by rotation in accordance with the Company's articles of association.

The Company has received annual confirmations of independence from Mr. Ho Fook Hong, Ferdinand, Mr. Pang Hon Chung and Mr. Cheng Tsang Wai, and as at the date of this report still considers them to be independent.

DIRECTORS' BIOGRAPHIES

Biographical details of the directors of the Group are set out on pages 9 to 11 of the annual report.

DIRECTORS' SERVICE CONTRACTS

All the executive directors, other than Mr. Lee Ka Yue, Peter, and Mr. Lam Kwai Wah, have entered into service contracts with the Company for terms of three years commencing from 1 October 2003. Mr. Lam Kwai Wah has entered into a service contract with the Company for a term of three years commencing from 27 September 2004.

Save as disclosed above, none of the directors proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

根據本公司的組織章程細則第116條，區偉民先生（執行董事）及何福康先生（獨立非執行董事）均將於應屆股東週年大會上退任，惟彼等符合重選資格，並願意膺選連任。

根據本公司的組織章程細則第119條，林桂華先生（執行董事）及鄭曾偉先生（獨立非執行董事）將於應屆股東週年大會上退任，惟彼等符合重選資格，並願意膺選連任。

根據本公司的組織章程細則，非執行董事的任期由彼等獲委任之日起至輪席告退之日止。

本公司已接獲由何福康先生、彭漢中先生及鄭曾偉先生發出的年度獨立性確認書，於截至本報告日期，仍然認為彼等乃獨立人士。

董事履歷

本集團董事之履歷詳情載於本年報第9至11頁。

董事服務合約

除李嘉渝先生及林桂華先生外，所有執行董事均與本公司訂有服務合約，由二零零三年十月一日起計，為期三年。林桂華先生與本公司訂立之服務合約，自二零零四年九月二十七日起計，為期三年。

除上文披露者外，擬於應屆股東週年大會膺選連任的董事，概無與本公司或其任何附屬公司訂有本集團如不作出賠償（法定賠償除外）則不能於一年內終止的服務合約。

R E P O R T

OF THE DIRECTORS

DIRECTORS' REMUNERATION

The directors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the Company's board of directors with reference to the directors' duties, responsibilities and performance and the results of the Group.

DIRECTORS' INTERESTS IN SHARES

At 31 March 2005, the interests of the directors in the share capital of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were as follows:

a) Long positions in ordinary shares of the Company

Name of director	董事姓名	Nature of interest 權益性質	Number of ordinary shares held 所持普通股數目	Percentage of the Company's issued share capital 佔本公司已發行股本百分比
Ling Siu Man, Simon	凌少文	Corporate (Note) 公司(附註)	476,830,173	50.04
Wong Ki Cheung	黃其昌	Personal 個人	1,749,000	0.18
Li Fung Ching, Catherine	李鳳貞	Personal 個人	2,142,000	0.22
Liu Hoi Keung, Gary	廖開強	Personal 個人	8,000	—
Pang Hon Chung	彭漢中	Personal 個人	2,000,000	0.21
			482,729,173	50.65

Note: These shares were held by Success Forever Limited, a company incorporated in the British Virgin Islands, the entire issued share capital of which is beneficially owned by Ling Siu Man, Simon.

董事酬金

董事袍金須經股東於股東大會上批准。其他酬金則由本公司董事參考董事之職務、責任，以及本集團之表現及業績釐訂。

董事擁有之股份權益

於二零零五年三月三十一日，董事於本公司及其相聯法團（定義見證券及期貨條例（「證券及期貨條例」）第XV部）之股本中，擁有須記錄於本公司根據證券及期貨條例第352條規定存置之登記冊，或根據上市公司董事進行證券交易的標準守則須知會本公司及聯交所之權益如下：

a) 本公司普通股之好倉

附註：該等股份由於英屬處女群島註冊成立之公司Success Forever Limited持有。該公司的全部已發行股本由凌少文實益擁有。

R E P O R T

OF THE DIRECTORS

b) Associated corporation

At 31 March 2005, Ling Siu Man, Simon personally held 2,850 non-voting deferred shares of HK\$100 each of Tonic Electronics Limited, a subsidiary of the Company.

The interests of the directors in the share options of the Company are separately disclosed in note 29 to the financial statements.

Save as disclosed above, as at 31 March 2005, none of the directors had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from as disclosed under the heading "Directors' interests in shares" above and in the share option scheme disclosures in note 29 to the financial statements, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any directors or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, its holding company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in note 35 to the financial statements, no contract of significance to which the Company or any of its subsidiaries was a party in which any director had a material interest, whether directly or indirectly, subsisted at the end of the year or any time during the year.

b) 相聯法團

於二零零五年三月三十一日，凌少文個人持有本公司附屬公司東力電子有限公司每股面值100港元之無投票權遞延股份共2,850股。

董事於本公司購股權的權益於財務報表附註29另作披露。

除上文披露者外，於二零零五年三月三十一日，各董事概無於本公司或其任何相聯法團之股份、相關股份或債券中，擁有須根據證券及期貨條例第352條規定記錄，或根據上市公司董事進行證券交易的標準守則須知會本公司及聯交所之權益或淡倉。

董事購買股份或債券之權利

除上文「董事擁有之股份權益」及財務報表附註29購股權計劃披露事項所披露者外，於年內任何時間概無向任何董事或彼等各自之配偶或未成年子女賦予權力，以藉購入本公司股份或債券而獲益，亦無任何該等權力獲行使；而本公司、其控股公司或其任何附屬公司亦無涉及任何安排，致使董事可於任何其他法人團體獲得該等權利。

董事於重大合約中之權益

除財務報表附註35披露者外，於年終或年內任何時間，本公司或其任何附屬公司概無訂有任何董事於當中擁有直接或間接重大權益的重大合約。

R E P O R T

OF THE DIRECTORS

SHARE OPTION SCHEME

Concerning the share options granted during the year to the directors and employees, as detailed in note 29, the directors do not consider it appropriate to disclose a theoretical value of the options granted because in the absence of a readily available market value of the share options on the shares of the Company, the directors were unable to arrive at an assessment of the value of these share options.

SUBSTANTIAL SHAREHOLDERS

At 31 March 2005, the following parties having the interests of 5% or more of the issued share capital of the Company were recorded in the register of interests kept by the Company pursuant to Section 336 of the SFO:

購股權計劃

就向董事或僱員授出購股權事項上(詳情載於附註29)，董事認為在並無本公司股份購股權市場價值的情況下，披露所授出購股權之理論價值並不恰當，因此董事未能評估該等購股權的價值。

主要股東

於二零零五年三月三十一日，根據本公司按證券及期貨條例第336條而存置之權益登記冊所記錄，擁有本公司已發行股本5%或以上權益之人士如下：

Name 名稱	Capacity and nature of interest 身份及權益性質	Number of ordinary shares held 所持普通股數目	Percentage of the Company's issued share capital 佔本公司已發行股本百分比(%)
Success Forever Limited (Note 1)(附註1)	Directly beneficially owned 直接實質擁有	476,830,173	50.04
Eco-Haru Mfr. Holdings Limited ("Eco-Haru") (Note 2)(附註2)	Directly beneficially owned 直接實質擁有	181,651,303	19.06
Glorious Concept Limited ("Glorious Concept") (Note 2)(附註2)	Directly beneficially owned 直接實質擁有	12,753,000	1.34
EganaGoldpfeil (Holdings) Limited ("EganaGoldpfeil") (Note 2) 聯洲國際集團 (「聯洲」)(附註2)	Through controlled corporations 透過受控法團	194,404,303	20.40
Peninsula International Limited ("Peninsula") (Note 3) (附註3)	Through controlled corporations 透過受控法團	194,404,303	20.40

R E P O R T

OF THE DIRECTORS

Notes:

- 1) The entire issued share capital of Success Forever Limited is beneficially owned by Ling Siu Man, Simon as disclosed in the section "Directors' interests in shares" above.
- 2) The entire issued share capital of Eco-Haru and Glorious Concept is beneficially owned by EganaGoldpfeil.
- 3) The issued share capital of EganaGoldpfeil is held as to 38.65% by Peninsula.

Save as disclosed above, as at 31 March 2005, no person, other than the directors of the Company, whose interests are set out in the section "Directors' interests in shares" above, had registered an interest or short positions in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

Details of the connected and continuing connected transactions of the Company are set out in note 35 to the financial statements.

The independent non-executive directors of the Company have reviewed and confirmed that the continuing connected transactions set out in note 35 to the financial statements have been entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or on terms no less favourable to the Group than terms available to independent third parties; and (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

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

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

附註：

- 1) 按上文「董事擁有之股份權益」一詳所披露，Success Forever Limited全部已發行股本由凌少文實益擁有。
- 2) Eco-Haru及Glorious Concept全部已發行股本由聯洲實益擁有。
- 3) Peninsula持有聯洲已發行股本之38.65%。

除上文披露者外，於二零零五年三月三十一日，並無任何人士於本公司（其權益已載於上文「董事擁有之股份權益」一節之本公司董事除外）公司之股份或相關股份中擁有根據證券及期貨條例第336條須予登記之權益或淡倉。

關連交易及持續關連交易

本公司的關連交易及持續關連交易詳情載於財務報表附註35。

本公司的獨立非執行董事已審閱及確認，財務報表附註35所載之關連交易乃(i)於本集團的一般及日常業務過程；(ii)按正常商業條款或不遜於本集團給予獨立第三方的條款；及(iii)根據監管該等交易之相關協議，按對股東及本公司而言誠屬公平合理，以及符合彼等整體利益之條款訂立。

買賣或贖回本公司上市證券

年內，本公司或其任何附屬公司並無買賣或贖回任何本公司的上市證券。

R E P O R T
OF THE DIRECTORS

POST BALANCE SHEET EVENT

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

CORPORATE GOVERNANCE

In the opinion of the directors, the Company throughout the Year, complied with the Code of Best Practice (the "Code") as set out in Appendix 14 of the Listing Rules of the Hong Kong Stock Exchange, which was still in force prior to 1 January 2005 and remains applicable to the Year under review, except that Mr. Wong Wai Kwong, David as the non-executive Director and Mr. Ho Fook Hong, Ferdinand and Mr. Pang Hon Chung as the independent non-executive directors are not appointed for specific terms as required by paragraph 7 of the Code, but are subject to retirement by rotation in accordance with the Company's articles of association.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted its code of conduct regarding directors' securities transactions on terms no less exacting than the required standard set out in the Model Code as then in force, and after having made specific enquiry to all of the Company's directors, the directors of the Company are satisfied that the required standard set out in the Model Code and its code of conduct regarding directors' securities transactions have been fully complied with, throughout the accounting period covered by the annual report.

AUDIT COMMITTEE

Pursuant to the requirements of Rule 3.21 of the Listing Rules, the Company has established an audit committee which comprises all of the Company's non-executive directors. Except for Mr. Wong Wai Kwong, David, all members of the audit committee are independent non-executive directors. There are written terms of reference describing the authority and duties of the audit committee. The audit committee's principal duties include the review and supervision of the Group's financial reporting process and internal controls.

結算日後事項

本集團的重大結算日後事項詳情載於財務報表附註36。

公司管治

董事會認為，本公司於整個年度一直符合香港聯交所上市規則附錄14所載的最佳應用守則（「守則」）（於二零零五年一月一日前仍然有效，並仍然適用於回顧年度），惟執行董事黃偉光先生及獨立非執行董事何福康先生及彭漢中先生並無根據守則第7段獲委任固定任期，而根據本公司的公司組織章程細則輪值告退除外。

有關董事進行證券交易之標準守則

本公司已採納有關董事進行證券交易之操守守則（其條款之嚴謹程度不少於其時生效之標準守則所規定之標準），而經向本公司全體董事作出特定查詢後，本公司董事信納於年報所覆蓋的整段會計期間內，已遵守標準守則內所載的標準及董事進行證券交易之操守守則。

審核委員會

根據上市規則第3.21條規定，本公司已成立審核委員會，成員包括本公司全體非執行董事。除黃偉光先生外，審核委員會所有成員均為獨立非執行董事。董事會已制訂職權範圍書，列明審核委員會的職權及職務。審核委員會的主要職務包括檢討及監察本集團的財務申報程序及內部監控事務。

R E P O R T

OF THE DIRECTORS

COMPLIANCE WITH THE CONTINUING DISCLOSURE REQUIREMENTS UNDER CHAPTER 13 OF THE LISTING RULES

In compliance with the continuing disclosure requirements under Rule 13.21 of Chapter 13 of the Listing Rules, the directors of the Company reported below details of the loan agreement which included conditions relating to the specific performance of the controlling shareholder of the Company.

In 2003, the Group signed a term loan facility agreement for a syndicated loan of HK\$245 million for a period of 3½ years. Under the terms of the agreement, the chairman of the Company, Mr. Ling Siu Man, Simon, being the single largest shareholder and is actively involved in the management and business of the Group, is required to maintain at least 40% of the beneficial interests in shareholdings in the Company.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this report, being the latest practical date prior to the date of this report.

AUDITORS

Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

Chairman

Ling Siu Man, Simon

Hong Kong
15 July 2005

遵守上市規則第13章之持續披露規定

為遵守上市規則第13章第13.21條之持續披露規定，本公司董事於下文申報有關本公司控股股東須履行特定責任作為條件之貸款協議詳情。

於二零零三年，本公司就一筆為期三年半之245,000,000港元銀團貸款訂立一份有期貨款信貸協議。根據該協議之條款，作為單一最大股東以及積極參與本集團管理及業務之本公司主席凌少文先生須維持實益擁有本公司最少40%股權。

足夠公眾持股量

根據本公司可取得的公眾資料所示，以及就董事所知，於本報告日期（即本報告日期前之最後可行日期），本公司全部已發行股本最少25%乃由公眾人士持有。

核數師

安永會計師事務所任滿告退，於應屆股東週年大會將提呈一項決議案，續聘其為本公司核數師。

代表董事會

主席

凌少文

香港
二零零五年七月十五日

R E P O R T
OF THE AUDITORS

To the members

Tonic Industries Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

We have audited the financial statements on pages 28 to 86 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Company's directors are responsible for the preparation of financial statements which give a true and fair view. In preparing financial statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

BASIS OF OPINION

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

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

致：東力實業控股有限公司

(於開曼群島註冊成立之有限公司)

列位股東

本核數師(以下簡稱「我們」)已完成審核載於第28至86頁按照香港公認會計原則編撰之財務報表。

董事及核數師之個別責任

貴公司之董事須負責編撰真實與公平之財務報表。在編撰該等真實與公平之財務報表時，董事必須貫徹採用合適之會計政策。我們之責任是根據我們審核工作之結果，對該等財務報表作出獨立意見，並僅向整體股東報告。除此以外本報告不作其他用途。我們概不會就本報告之內容向任何其他人士負上或承擔任何責任。

意見之基礎

我們按照香港會計師公會頒佈之核數準則進行審核工作。審核範圍包括以抽查方式查核與財務報表所載數額及披露事項有關之憑證，亦包括評估董事於編撰該等財務報表時所作之重大估計和判斷、所釐定之會計政策是否適合貴公司及貴集團之具體情況以及有否貫徹應用並充份披露該等會計政策。

我們在策劃及進行審核工作時，均以取得一切我們認為必需之資料及解釋為目標，使我們能獲得充份之憑證，就該等財務報表是否存有重要錯誤陳述，作出合理之確定。在作出意見時，我們亦已衡量該等財務報表所載資料在整體上是否足夠。我們相信，我們之審核工作已為下列意見建立了合理之基礎。

R E P O R T

OF THE AUDITORS

OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2005 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Ernst & Young

Certified Public Accountants

Hong Kong
15 July 2005

意見

我們認為，財務報表均真實與公平地反映貴公司及貴集團於二零零五年三月三十一日之財政狀況及貴集團截至該日止年度之溢利和現金流量狀況，並已按照香港公司條例之披露規定妥善編撰。

安永會計師事務所

執業會計師

香港
二零零五年七月十五日

CONSOLIDATED PROFIT AND LOSS ACCOUNT

Year ended 31 March 2005 (Express in thousands of Hong Kong dollars)
截至二零零五年三月三十一日止年度 (港幣千元單位列表)

		Notes 附註	2005	2004
TURNOVER	營業額	5	2,636,294	2,074,140
Cost of sales	銷售成本		(2,528,477)	(1,969,624)
Gross profit	毛利		107,817	104,516
Net gain on transfer of long term investments into other investments	將長期投資轉為其他投資之收益淨額	19	20,290	–
Other revenue and gains	其他收入及收益	5	11,004	10,025
Selling and distribution costs	銷售及分銷成本		(11,304)	(11,899)
Administrative expenses	行政支出		(84,057)	(73,215)
Other operating expenses	其他經營支出		(1,962)	(318)
PROFIT FROM OPERATING ACTIVITIES	經營溢利	6	41,788	29,109
Finance costs	融資成本	9	(12,750)	(9,144)
PROFIT BEFORE TAX	除稅前溢利		29,038	19,965
Tax	稅項	10	(1,478)	5,634
NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS	股東應佔溢利淨額	11	27,560	25,599
DIVIDENDS	股息	12		
Interim	中期股息		–	6,353
Proposed final	擬派末期股息		9,529	3,176
			9,529	9,529
EARNINGS PER SHARE	每股盈利	13		
– Basic	– 基本		3.9 cents 仙	3.8 cents 仙
– Diluted	– 攤薄		N/A 不適用	N/A 不適用

CONSOLIDATED

BALANCE SHEET

31 March 2005 (Express in thousands of Hong Kong dollars)
二零零五年三月三十一日 (港幣千元單位列表)

		Notes 附註	2005	2004
NON-CURRENT ASSETS	非流動資產			
Fixed assets	固定資產	14	701,810	529,031
Intangible assets	無形資產	15	13,470	10,264
Interest in an associate	於一間聯營公司權益	18	–	74
Long term investments	長期投資	19	–	18,592
Non-current portion of loans receivable	應收貸款非即期部分	20	469	656
Deposits for acquisition of fixed assets	購買固定資產按金		2,031	34,343
Other receivable	其他應收數項	36	23,759	–
			741,539	592,960
CURRENT ASSETS	流動資產			
Inventories	存貨	21	257,210	400,843
Accounts and bills receivable	應收賬款及票據	22	227,821	256,270
Current portion of loans receivable	應收貸款即期部分	20	188	188
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項		20,246	17,744
Tax recoverable	可收回稅項		2,499	750
Other investments	其他投資	23	17,542	–
Cash and bank balances	現金及銀行結存		98,353	194,161
			623,859	869,956
CURRENT LIABILITIES	流動負債			
Trust receipt loans	信託票據貸款	24	136,894	178,509
Accounts payable	應付賬款	25	269,972	448,061
Accrued liabilities and other payables	應計負債及其他應付款項		64,583	51,577
Current portion of finance lease payables	融資租約應付款項即期部分	26	8,419	8,333
Current portion of long term bank loans	長期銀行貸款即期部分	24	141,697	110,261
Tax payable	應繳稅項		–	2,758
			621,565	799,499

CONSOLIDATED BALANCE SHEET

31 March 2005 (Express in thousands of Hong Kong dollars)
二零零五年三月三十一日 (港幣千元單位列表)

		Notes 附註	2005	2004
NET CURRENT ASSETS	流動資產淨額		2,294	70,457
TOTAL ASSETS LESS CURRENT LIABILITIES	資產總值減流動負債		743,833	663,417
NON-CURRENT LIABILITIES	非流動負債			
Non-current portion of finance lease payables	融資租約應付款項 非即期部分	26	25,779	2,148
Non-current portion of long term bank loans	長期銀行貸款 非即期部分	24	161,834	235,830
Deferred tax	遞延稅項	27	36,332	28,900
			223,945	266,878
			519,888	396,539
CAPITAL AND RESERVES	資本及儲備			
Issued capital	已發行股本	28	95,289	63,526
Reserves	儲備	30(a)	415,070	329,837
Proposed final dividend	擬派末期股息	12	9,529	3,176
			519,888	396,539

LING Siu Man, Simon

凌少文

Director

董事

LIU Hoi Keung, Gary

廖開強

Director

董事

CONSOLIDATED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2005 (Express in thousands of Hong Kong dollars)
截至二零零五年三月三十一日止年度（港幣千元單位列表）

			Issued share capital 已發行 股本	Share premium account 溢價賬	Contributed surplus 繳入盈餘	Exchange fluctuation reserve 外匯波動 儲備	Asset revaluation reserve 資產 重估儲備	Retained profits 保留溢利	Proposed final dividend 擬派 末期股息	Total 總計
	Notes 附註									
At 1 April 2003	於二零零三年四月一日		63,526	28,735	280	(6,898)	86,233	205,276	9,529	386,681
Final 2003 dividend declared	已宣派二零零三年 末期股息		-	-	-	-	-	-	(9,529)	(9,529)
Deferred tax credited to equity	計入股本之遞延稅項	27	-	-	-	-	87	-	-	87
Exchange realignment	匯兌調整		-	-	-	54	-	-	-	54
Net gains and losses not recognised in the profit and loss account	並未在損益賬中確認 之收益及虧損淨額		-	-	-	54	87	-	-	141
Net profit for the year	年內溢利淨額		-	-	-	-	-	25,599	-	25,599
Interim 2004 dividend	二零零四年中期股息	12	-	-	-	-	-	(6,353)	-	(6,353)
Final 2004 dividend proposed	擬派二零零四年末期股息	12	-	-	-	-	-	(3,176)	3,176	-
Balance at 31 March 2004	於二零零四年 三月三十一日結存		63,526	28,735*	280*	(6,844)*	86,320*	221,346*	3,176	396,539
At 1 April 2004	於二零零四年四月一日		63,526	28,735	280	(6,844)	86,320	221,346	3,176	396,539
Final 2004 dividend declared	已宣派二零零四年 末期股息		-	-	-	-	-	-	(3,176)	(3,176)
Issue of shares	發行股份	28	31,763	31,763	-	-	-	-	-	63,526
Share issue expenses	股份發行開支	28	-	(1,400)	-	-	-	-	-	(1,400)
Surplus on revaluation	重估盈餘	14	-	-	-	-	42,264	-	-	42,264
Deferred tax debited to equity	自股本扣除之遞延稅項	27	-	-	-	-	(5,438)	-	-	(5,438)
Exchange realignment	匯兌調整		-	-	-	13	-	-	-	13
Net gains and losses not recognised in the profit and loss account	並未在損益賬中確認 之收益及虧損淨額		-	-	-	13	36,826	-	-	36,839
Net profit for the year	年內溢利淨額		-	-	-	-	-	27,560	-	27,560
Final 2005 dividend proposed	擬派二零零五年末期股息	12	-	-	-	-	-	(9,529)	9,529	-
Balance at 31 March 2005	於二零零五年 三月三十一日結存		95,289	59,098*	280*	(6,831)*	123,146*	239,377*	9,529	519,888

* These reserve accounts comprise the consolidated reserves of HK\$415,070,000 (2004: HK\$329,837,000) in the consolidated balance sheet.

* 此等儲備賬目包括綜合資產負債表415,070,000港元（二零零四年：329,837,000港元）綜合儲備。

CONSOLIDATED

CASH FLOW STATEMENT

Year ended 31 March 2005 (Express in thousands of Hong Kong dollars)
截至二零零五年三月三十一日止年度（港幣千元單位列表）

	Notes 附註	2005	2004
CASH FLOWS FROM	經營業務產生之		
OPERATING ACTIVITIES	現金流量		
Profit before tax	除稅前溢利	29,038	19,965
Adjustments for:	經下列各項調整：		
Finance costs	融資成本	12,750	9,144
Interest income	利息收入	(461)	(291)
Dividend income	股息收入	(734)	(911)
Gain on disposal of fixed assets	出售固定資產之收益	(319)	(331)
Depreciation	折舊	73,118	63,607
Amortisation of trademarks	商標攤銷	260	258
Amortisation of deferred development costs	遞延發展成本攤銷	4,414	3,224
Provision/(write-back of provision) for inventories	存貨撥備／（撥備撥回）	688	(876)
Provision for amount due from an associate	一間聯營公司欠款撥備	—	318
Net gain on transfer of long term investments into other investments	將長期投資轉為其他投資之收益淨額	(20,290)	—
Unrealised holding losses on other investments, net	其他投資之未變現持有虧損淨額	1,640	—
Gains on foreign exchange forward contracts	外匯遠期合約收益	(2,404)	—
Loss on disposal of other investments	出售其他投資之虧損	48	—
Operating profit before working capital changes	營運資金變動前經營溢利	97,748	94,107
Decrease/(increase) in amount due from an associate	一間聯營公司欠款減少／（增加）	74	(200)
Decrease/(increase) in inventories	存貨減少／（增加）	142,945	(126,079)
Decrease/(increase) in accounts and bills receivable	應收賬款票據及票據減少／（增加）	4,690	(139,715)
Increase in prepayments, deposits and other receivables	預付款項、按金及其他應收款項增加	(2,502)	(12,085)
Decrease in trust receipt loans	信託票據貸款減少	(41,615)	(85,780)
Increase/(decrease) in accounts payable	應付賬款增加／（減少）	(175,685)	188,808
Increase in accrued liabilities and other payables	應計負債及其他應付款項增加	13,006	4,942
Cash generated from/(used in) operations	經營業務產生／（動用）之現金	38,661	(76,002)
Interest received	已收利息	461	291
Interest paid	已付利息	(12,432)	(8,933)
Interest element on finance lease rental payments	融資租約租金利息部分	(318)	(211)
Hong Kong profits tax refunded/(paid)	退回／（已付）香港利得稅	(3,416)	1,230
Overseas taxes paid	已付海外稅項	(575)	(84)
Net cash inflow/(outflow) from operating activities	經營業務產生之現金流入／（流出）淨額	22,381	(83,709)

CONSOLIDATED

CASH FLOW STATEMENT

Year ended 31 March 2005 (Express in thousands of Hong Kong dollars)
截至二零零五年三月三十一日止年度（港幣千元單位列表）

	Notes 附註	2005	2004
Net cash inflow/(outflow) from operating activities	經營業務產生之現金流入／（流出）淨額	22,381	(83,709)
CASH FLOWS FROM INVESTING ACTIVITIES	投資活動產生之現金流量		
Purchases of fixed assets	購買固定資產	(140,763)	(117,716)
Proceeds from disposal of fixed assets	出售固定資產所得款項	3,099	3,295
Proceeds from disposal of investments	出售投資所得款項	19,652	855
Proceeds from disposal of trademarks	出售商標所得款項	128	—
Dividends received	已收股息	734	911
Additions of intangible assets	無形資產增加 15	(8,008)	(6,388)
Decrease in loans receivable	應收貸款減少	187	188
Deposits paid for fixed assets	固定資產已付按金	(828)	(21,812)
Net cash outflow from investing activities	投資活動產生之現金流出淨額	(125,799)	(140,667)
CASH FLOWS FROM FINANCING ACTIVITIES	融資活動產生之現金流量		
Proceeds from issue of shares	發行股份所得款項 28	63,526	—
Share issue expenses	股份發行開支 28	(1,400)	—
New bank loans	新借銀行貸款	52,700	300,000
Repayment of bank loans	償還銀行貸款	(95,260)	(63,256)
Capital element of finance lease rental payments	融資租約租金 本金部分	(8,783)	(9,518)
Dividends paid	已付股息	(3,176)	(15,882)
Net cash inflow from financing activities	融資活動產生之現金流入淨額	7,607	211,344
NET DECREASE IN CASH AND CASH EQUIVALENTS	現金及等同現金項目淨額	(95,811)	(13,032)
Cash and cash equivalents at beginning of year	年初現金及等同現金項目	194,161	207,226
Effect of foreign exchange rate changes, net	匯率變動影響淨額	3	(33)
CASH AND CASH EQUIVALENTS AT END OF YEAR	年終現金及等同現金項目	98,353	194,161
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS	現金及等同現金項目結存分析		
Cash and bank balances	現金及銀行結存	98,353	194,161

BALANCE

SHEET

31 March 2005 (Express in thousands of Hong Kong dollars)
二零零五年三月三十一日 (港幣千元單位列表)

		Notes 附註	2005	2004
NON-CURRENT ASSETS	非流動資產			
Interests in subsidiaries	於附屬公司權益	17	255,109	156,224
CURRENT ASSETS	流動資產			
Cash and bank balances	現金及銀行結存		136	136
CURRENT LIABILITIES	流動負債			
Accrued liabilities and other payables	應計負債及其他應付款項		171	6
NET CURRENT ASSETS/(LIABILITIES)	流動資產／(負債)淨值		(35)	130
			255,074	156,354
CAPITAL AND RESERVES	資本及儲備			
Issued capital	已發行股本	28	95,289	63,526
Reserves	儲備	30(b)	150,256	89,652
Proposed final dividend	擬派末期股息	12	9,529	3,176
			255,074	156,354

LING Siu Man, Simon

凌少文

Director

董事

LIU Hoi Keung, Gary

廖開強

Director

董事

NOTES

TO THE FINANCIAL STATEMENTS

31 March 2005 (Express in thousands of Hong Kong dollars)
二零零五年三月三十一日 (港幣千元單位列表)

1. CORPORATION INFORMATION

The principal activity of the Company is investment holding. The subsidiaries are engaged in the design, manufacture and trading of consumer electronic products and components and home appliance products. There were no changes in the nature of the Group's principal activities during the year.

In the opinion of the directors, the ultimate holding company is Success Forever Limited, a company incorporated in the British Virgin Islands.

2. IMPACT OF RECENTLY ISSUED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The Hong Kong Institute of Certified Public Accountants has issued a number of new Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards, herein collectively referred to as the new HKFRSs, which are generally effective for accounting periods beginning on or after 1 January 2005. The Group has not early adopted these new HKFRSs in the financial statements for the year ended 31 March 2005. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a significant impact on its results of operations and financial positions.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**Basis of preparation**

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (which also include Statements of Standard Accounting Practice ("SSAPs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for the periodic remeasurement of certain fixed assets and equity investments, as further explained below.

1. 公司資料

本公司主要業務為投資控股。附屬公司從事設計、製造及買賣消費電子產品與零件及家庭電器產品。年內，本集團主要業務性質並無變動。

董事認為最終控股公司為於英屬處女群島註冊成立的Success Forever Limited。

2. 近期頒佈之香港財務報告準則（「香港財務報告準則」）之影響

香港會計師公會已頒佈多項新訂香港財務報告準則及香港會計準則（本文統稱新訂香港財務報告準則），全面適用於二零零五年一月一日或之後展開之會計期間。本集團並無於截至二零零五年三月三十一日止年度之財務報表提早採納該等新訂香港財務報告準則。本集團已開始評估該等新訂香港財務報告準則之影響，惟未能確定該等新訂香港財務報告準則會否對其營運業績及財政狀況構成重大影響。

3. 主要會計政策概要**編製基準**

此等財務報表乃根據香港會計師公會頒佈的香港財務報告準則（包括會計實務準則及詮釋）、香港公認會計原則及香港公司條例的披露規定，並按歷史成本方法編撰，惟若干固定資產及股本投資的定期重新計量除外，詳情見下文。

NOTES

TO THE FINANCIAL STATEMENTS

31 March 2005 (Express in thousands of Hong Kong dollars)
二零零五年三月三十一日（港幣千元單位列表）

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 March 2005. The results of subsidiaries acquired or disposed of during the year are consolidated from or to their effective dates of acquisition or disposal, respectively. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

Subsidiaries

A subsidiary is a company whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

The results of subsidiaries are included in the Company's profit and loss account to the extent of dividends received and receivable. The Company's interests in subsidiaries are stated at cost less any impairment losses.

Associates

An associate is a company, not being a subsidiary or a jointly-controlled entity, in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence.

The Group's share of the post-acquisition results and reserves of an associate is included in the consolidated profit and loss account and consolidated reserves, respectively. The Group's interest in its associate is stated in the consolidated balance sheet at the Group's share of net assets under the equity method of accounting, less any impairment losses.

Goodwill

Goodwill arising on the acquisition of subsidiaries represents the excess of the cost of the acquisition over the Group's share of the fair values of the identifiable assets and liabilities acquired as at the date of acquisition.

3. 主要會計政策概要 (續)

綜合賬目基準

綜合財務報表包括本公司及其附屬公司截至二零零五年三月三十一日止年度的財務報表。年內購入或出售的附屬公司業績已分別由有關公司的實際購入日期起計或截至實際出售日期止綜合入賬。集團內公司間的一切重大交易及結餘均於綜合賬目時對銷。

附屬公司

附屬公司為本公司可直接或間接控制其財務及營運政策以從其業務中取得利益的公司。

附屬公司業績按已收及應收股息計入本公司損益賬。本公司於附屬公司的權益按成本減任何減值虧損入賬。

聯營公司

聯營公司為本集團擁有其不少於20%股本投票權的長期權益，並可對其發揮重大影響力，且並非本集團附屬公司或共同控制實體的公司。

本集團所佔聯營公司的收購後業績及儲備分別計入綜合損益賬及綜合儲備內。本集團於其聯營公司的權益乃根據權益會計法按本集團應佔聯營公司資產淨值，減任何減值虧損後，在綜合資產負債表列賬。

商譽

收購附屬公司所產生的商譽指截至收購日期收購成本超逾本集團所佔已收購可辨別資產及負債公平價值的差額。

NOTES

TO THE FINANCIAL STATEMENTS

31 March 2005 (Express in thousands of Hong Kong dollars)
二零零五年三月三十一日 (港幣千元單位列表)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)***Goodwill** *(Continued)*

Goodwill arising on acquisition is recognised in the consolidated balance sheet as an asset and amortised on the straight-line basis over its estimated useful life.

Prior to the adoption of SSAP 30 "Business combinations" in 2001, goodwill arising on acquisitions was eliminated against consolidated reserves in the year of acquisition. On the adoption of SSAP 30, the Group applied the transitional provision of the SSAP that permitted such goodwill to remain eliminated against consolidated reserves. Goodwill on acquisitions subsequent to the adoption of the SSAP is treated according to the SSAP 30 goodwill accounting policy above.

On disposal of subsidiaries, the gain or loss on disposal is calculated by reference to the net assets at the date of disposal, including the attributable amount of goodwill which remains unamortised and any relevant reserves, as appropriate. Any attributable goodwill previously eliminated against reserves at the time of acquisition is written back and included in the calculation of the gain or loss on disposal.

The carrying amount of goodwill, including goodwill remaining eliminated against consolidated reserves, is reviewed annually and written down for impairment when it is considered necessary. A previously recognised impairment loss for goodwill is not reversed unless the impairment loss was caused by a specific external event of an exceptional nature that was not expected to recur, and subsequent external events have occurred which have reversed the effect of that event.

Impairment of assets

An assessment is made at each balance sheet date of whether there is any indication of impairment of any asset, or whether there is any indication that an impairment loss previously recognised for an asset in prior years may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's value in use and its net selling price.

3. 主要會計政策概要 (續)**商譽 (續)**

收購所產生的商譽在綜合資產負債表確認為資產，並於其估計可使用年期以直線法攤銷。

於二零零一年採納會計實務準則第30號「業務合併」前，收購產生之商譽乃於收購年度與綜合儲備對銷。採納會計實務準則第30號時，本集團已應用該會計實務準則之過渡條文，該條文容許該等商譽繼續與綜合儲備對銷。採納該會計實務準則後，收購產生之商譽乃根據上述會計實務準則第30號之商譽會計政策處理。

在出售附屬公司時，出售的盈虧乃按出售日期的資產淨值計算，包括應佔尚未攤銷商譽的金額及任何有關儲備（視適用情況而定）。於收購時，先前在儲備中對銷的任何應佔商譽將予撥回，並計入出售的盈虧。

商譽的賬面值，包括仍與綜合儲備對銷的商譽，會每年檢討，並於認為有需要時撇減減值。先前已確認的商譽減值虧損不會予以撥回，除非減值虧損乃由於預期不會再發生的特殊外在事件而產生，且其後發生扭轉有關事件影響的外在事件。

資產減值

於結算日期會進行評估以確認任何資產有否任何減值虧損之跡象或之前一年資產獲認欸減值虧損可能不再存在或可能減少。倘出現任何該等跡象，則會估計資產的可收回數額。資產的可收回數額乃按資產使用價值或其淨售價兩者之較高者計算。

NOTES

TO THE FINANCIAL STATEMENTS

31 March 2005 (Express in thousands of Hong Kong dollars)
二零零五年三月三十一日 (港幣千元單位列表)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of assets *(Continued)*

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged to the profit and loss account in the period in which it arises, unless the asset is carried at a revalued amount, when the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset, however not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation), had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is credited to the profit and loss account in the period in which it arises, unless the asset is carried at a revalued amount, when the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Fixed assets and depreciation

Fixed assets, other than construction in progress, are stated at cost or valuation less accumulated depreciation and any impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after fixed assets have been put into operation, such as repairs and maintenance, is normally charged to the profit and loss account in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the fixed asset, the expenditure is capitalised as an additional cost of that asset.

3. 主要會計政策概要 (續)

資產減值 (續)

僅在資產賬面值高於其可收回數額的情況下，方會確認減值虧損。減值虧損於其產生期間內自損益賬扣除，除非有關資產按重估價值列賬則作別論，減值虧損會按該重估資產的有關會計政策入賬。

先前確認的減值虧損僅在用以釐定資產可收回數額的估計數字出現變動時方會撥回。然而，有關數額將不會高於倘過往年度並無就該資產確認減值虧損而應釐定的賬面值（扣除任何折舊／攤銷）。撥回的減值虧損於其產生期間計入損益賬，除非有關資產按重估價值列賬，則撥回的減值虧損會按該重估資產的有關會計政策入賬。

固定資產及折舊

在建工程以外之固定資產乃按成本或估值減累計折舊及任何減值虧損入賬。資產成本包括其購買價及令該項資產達至運作狀況及地點作擬定用途的任何直接應佔成本。固定資產投產後所產生的開支，例如維修及保養費用，一般於該等支出產生的期間計入損益賬。倘能清楚證明該項支出使運用有關固定資產預期將來可得經濟利益有所增加，則將該項支出撥作有關資產的額外成本。

NOTES

TO THE FINANCIAL STATEMENTS

31 March 2005 (Express in thousands of Hong Kong dollars)
二零零五年三月三十一日 (港幣千元單位列表)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fixed assets and depreciation (Continued)

Depreciation is calculated to write off the cost or valuation of each asset over its estimated useful life at the following rates per annum:

Leasehold land	Over the remaining lease terms on the straight-line basis
Buildings	4% on the straight-line basis
Leasehold improvements	10% – 25% on the reducing balance basis
Furniture and fixtures	10% – 25% on the reducing balance basis
Equipment and tools	10% – 25% on the reducing balance basis
Motor vehicles	30% on the reducing balance basis
Moulds	25% on the straight-line basis

During the year, the Group revised the annual depreciation rate of current year addition of certain leasehold improvements and furniture and fixtures from 25% to a range of 10% to 25% on reducing balance basis. In the opinion of the directors, the revised useful lives of such fixed assets reflect more fairly than the then estimate of their useful lives. The change in the estimated useful lives of fixed assets has the effect of reducing the Group's depreciation charge by HK\$3,035,000 for the current year.

Construction in progress represents the cost of buildings under construction in Mainland China not yet ready for their intended use. Construction in progress is stated at cost less any impairment losses. Depreciation is provided upon its transfer to other fixed assets accounts, when it is ready for its intended use.

3. 主要會計政策概要 (續)

固定資產及折舊 (續)

折舊乃按下列年率於其估計可使用年期撇銷各項資產成本或估值計算：

租約土地	以直線法於所餘租約年期折舊
樓宇	以直線法按4%折舊
租約物業裝修	以遞減餘額法按10%–25%折舊
傢俬及裝置	以遞減餘額法按10%–25%折舊
設備及工具	以遞減餘額法按10%–25%折舊
汽車	以遞減餘額法按30%折舊
模具	以直線法按25%折舊

年內，本集團將今年添置的若干租約物業裝修和傢俬及裝置的折舊率，由25%修訂為介乎10%至25% (按餘額遞減法釐定)。董事認為，修訂後的固定資產可使用年期較先前的估計可使用年期，更公平地反映折舊情況。受到更改固定資產的估計可使用年期影響，本集團本年度的折舊開支已減少3,035,000港元。

在建工程指在中國內地仍未可作計劃用途的興建中樓宇之成本。在建工程按成本減任何減值虧損入賬，當該等固定資產可作計劃用途時轉往其他固定資產賬目後開始計算折舊。

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fixed assets and depreciation (Continued)

Changes in the values of fixed assets are dealt with as movements in the asset revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on an individual asset basis, the excess of the deficit is charged to the profit and loss account. A subsequent revaluation increase is recognised as income to the extent that it reverses a revaluation deficit of the same asset previously charged to the profit and loss account.

Upon the disposal of revalued fixed assets, the relevant portion of the revaluation reserve realised in respect of the previous valuation is credited directly to the retained profits account.

The gain or loss on disposal or retirement of a fixed asset recognised in the profit and loss account is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Research and development costs

All research costs are charged to the profit and loss account as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the projects are clearly defined; the expenditure is separately identifiable and can be measured reliably; there is reasonable certainty that the projects are technically feasible; and the products have commercial value. Product development expenditure which does not meet these criteria is expensed when incurred.

Deferred product development costs are amortised using the straight-line basis over the commercial lives of the underlying products not exceeding five years, commencing from the date when the products are put into commercial production.

3. 主要會計政策概要 (續)

固定資產及折舊 (續)

固定資產價值變動列作資產重估儲備變動處理。按個別資產計算，倘此儲備總額不足以彌補虧絀，則於損益賬扣除超出的虧絀。倘其後重估可導致該項資產早前計入損益賬之重估虧絀撥回，則其後之重估增值確認為收入。

出售重估固定資產時，過往重估而變現的有關重估儲備部分將直接撥入保留溢利賬。

於損益賬確認的出售或棄用固定資產收益或虧損，乃有關資產銷售所得款項淨額與其賬面值的差額。

研究及開發成本

所有研究成本於產生時計入損益賬。

開發新產品的計劃所產生的支出，於下列情況方撥作資本及作遞延處理：計劃獲清晰界定；支出可獨立地辨別並能可靠計算；有理由肯定計劃屬技術上可行；以及產品具有商業價值。未能符合此等要求的產品開發支出將於產生時列為支出。

遞延產品開發成本按自產品商業投產之日起計不超過五年之商業可用期內以直線法攤銷。

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leased assets

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum contract payments and recorded together with the obligation, excluding the interest element, to reflect the costs of purchase and financing. Assets held under capitalised finance leases are included in fixed assets and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the profit and loss account so as to produce a constant periodic rate of charge over the lease terms.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets and rentals receivable under operating leases are credited to the profit and loss account on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under the operating leases are charged to the profit and loss account on the straight-line basis over the lease terms.

Trademarks

Trademarks are stated at cost less accumulated amortisation and any impairment losses. They are amortised using the straight-line basis over their estimated useful lives but not exceeding ten years.

3. 主要會計政策概要 (續)

租賃資產

除法定所有權外，凡資產擁有權之絕大部分回報及風險歸本集團擁有之租賃，均列為融資租約。在訂立融資租約時，租賃資產成本按最低合約款項的現值撥作資本，並連同有關承擔扣除利息部分入賬，以反映購買及融資成本。按資本化融資租約持有的資產均列為固定資產，並按資產的租賃年期及估計可使用年期兩者之較短者計算折舊。該等租賃的融資成本於損益賬內扣除，以便可在租賃年期內按固定周期扣減比率計算。

透過融資租購合約收購的資產入賬列作融資租約，惟僅於其估計可使用年期折舊。

凡將資產擁有權絕大部分回報及風險撥歸出租人之租約均列作經營租約。倘本集團為出租人，則本集團根據經營租約租出之資產納入非流動資產，而根據經營租約應收之租金乃按租賃年期以直線法計入損益賬。倘本集團為承租人，則根據經營租約應付之租金乃按租賃年期以直線法自損益賬扣除。

商標

商標乃按成本減累計攤銷及任何減值虧損入賬，並按不超過十年的估計可使用年期以直線法攤銷。

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Long term investments

Long term investments in listed and unlisted equity securities, intended to be held for a continuing strategic or long term purpose, are stated at cost less any impairment losses, on an individual investment basis.

When a decline in the fair value of a security below its carrying amount has occurred, unless there is evidence that the decline is temporary, the carrying amount of the security is reduced to its fair value, as estimated by the directors. The amount of the impairment is charged to the profit and loss account for the period in which it arises. When the circumstances and events which led to the impairments in values cease to exist and there is persuasive evidence that the new circumstances and events will persist for the foreseeable future, the amount of the impairment previously charged is credited to the profit and loss account to the extent of the amount previously charged.

Other investments

Other investments in listed equity securities are stated at their fair values on the basis of their quoted market prices at the balance sheet date, on an individual investment basis. The gains or losses arising from changes in fair values of such securities are credited or charged to the profit and loss account in the period in which they arise.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

3. 主要會計政策概要 (續)

長期投資

就有關上市或非上市股本證券的長期投資而言，倘其計劃持作持續策略性或長期用途，將按個別投資基準以成本減任何減值虧損入賬。

倘證券公平價值降低至低於賬面值，除非有證據顯示減值屬暫時性，否則證券賬面值將調低至董事估計的公平價值，而減值數額會於減值出現的期間從損益賬扣除。倘若引致減值的狀況及事件不再存在，並有有力證據顯示新狀況及事件將於可見未來持續，則先前已扣除的減值數額將計入損益賬，惟以先前已扣除的數額為限。

其他投資

上市股本證券的其他投資按個別投資基準以結算日所報市價代表的公平值列賬。因該等證券的公平值變動產生的損益記入產生期間的損益賬或從其中扣除。

存貨

存貨按成本及可變現淨值兩者的較低者入賬。成本以加權平均基準計算，倘為在製品及製成品，則包括直接材料、直接勞工及適當部分的其他經常成本。可變現淨值乃根據估計售價減完成及出售所需的估計成本計算。

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income tax

Income tax comprises current and deferred tax. Income tax is recognised in the profit and loss account or in equity if it relates to items that are recognised in the same or a different period, directly in equity.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences:

- except where the deferred tax liability arises from goodwill or the initial recognition of an asset or liability and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries and associates, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

3. 主要會計政策概要 (續)

所得稅

所得稅包括即期及遞延稅項。所得稅於損益賬確認，或倘有關稅項與相同或不同期間直接於股本確認之項目相關，則於股本確認。

遞延稅項須按負債法，就資產及負債之稅基與用於財務申報之賬面值產生之所有暫時差額，於結算日作出撥備。

遞延稅項負債就所有應課稅暫時差額確認：

- 惟產生自最初確認交易資產或負債，以及於進行交易時不影響會計溢利或應課稅溢利或虧損的遞延稅項負債則除外；及
- 與於附屬公司及聯營公司之投資相關之應課稅暫時差額，惟假若可控制暫時差額之撥回時間，並有可能在可預見未來不會撥回暫時差額則除外。

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income tax (Continued)

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax assets and unused tax losses can be utilised:

- except where the deferred tax asset relating to the deductible temporary differences arises from negative goodwill or the initial recognition of an asset or liability and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

3. 主要會計政策概要 (續)

所得稅 (續)

遞延稅項資產乃於有可能將應課稅溢利抵銷可扣減暫時差額與未運用稅項資產及未運用稅項虧損結轉時，就所有可扣減暫時差額、未運用稅項資產及未運用稅項虧損結轉確認：

- 產生自最初確認交易資產或負債，以及於進行交易時不影響會計溢利或應課稅溢利或虧損的遞延稅項資產除外；及
- 與於附屬公司及聯營公司之投資相關之可扣減暫時差額，於暫時差額可能在可預見未來將會撥回及應課稅溢利將可抵銷暫時差額時，遞延稅項資產方予確認。

遞延稅項資產賬面值於每個結算日審閱，並於可能並無足夠應課稅溢利抵銷所有或部分遞延稅項資產時減少。相反，先前尚未確認之遞延稅項資產於有足夠應課稅溢利抵銷所有或部分遞延稅項資產時確認。

遞延稅項資產及負債乃按於結算日頒布或實質頒布之稅率（及稅法）計算，而有關稅率則為預期於變現資產或清償債務期間適用之稅率。

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

- (a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;
- (b) from the rendering of subcontracting and handling fee services, when the services are rendered;
- (c) rental income, on a time proportion basis over the lease terms;
- (d) interest income, on a time proportion basis, taking into account the principal outstanding and the effective interest rate applicable; and
- (e) dividend income, when the shareholders' right to receive payment has been established.

Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained profits within the capital and reserves section of the balance sheet, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

3. 主要會計政策概要 (續)

政府補貼

政府補貼乃於可合理確認將可獲得補貼及所有附帶條件將獲遵守時，按其公平價值確認。如補貼乃關於開支項目，則就以補貼配對其擬定補償成本之所需期間有系統地確認為收入。

收益確認

收益將於本集團可能獲得有關經濟利益及有關收益能夠可靠計算時，按下列基準入賬：

- (a) 銷售貨品的收益於擁有權大部分風險及回報已轉歸買方，惟本集團不再參與通常與所售出貨品的擁有權或實際控制權有關的管理時入賬；
- (b) 提供承包服務的收益於提供服務時入賬；
- (c) 租金收入，於租賃年期按時間比例入賬；
- (d) 利息收入根據尚未償還的本金及適用實際利率按時間比例入賬；及
- (e) 股息收入，於確定股東可獲取派息的權利時入賬。

股息

董事建議的末期股息列於資產負債表之資本及儲備下，獨立列作保留溢利分配，直至股息於股東大會獲股東批准為止。在此等股息獲股東批准及宣派後，即確認為負債。

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Dividends *(Continued)*

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

Foreign currency transactions are recorded at the applicable exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the applicable exchange rates ruling at that date. Exchange differences are dealt with in the profit and loss account.

On consolidation, the financial statements of overseas subsidiaries are translated into Hong Kong dollars using the net investment method. The profit and loss accounts of overseas subsidiaries are translated into Hong Kong dollars at the weighted average exchange rates for the year, and their balance sheets are translated into Hong Kong dollars at the exchange rates ruling at the balance sheet date. The resulting translation differences are dealt with in the exchange fluctuation reserve.

For the purpose of the consolidated cash flow statement, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

3. 主要會計政策概要 (續)

股息 (續)

中期股息可同時建議及宣派，原因為本公司的組織章程大綱及細則授予董事宣派中期股息的權力。因此，中期股息於建議及宣派時即時確認為負債。

外幣

外幣交易按交易日期適用的匯率換算入賬。於結算日以外幣為單位的貨幣資產及負債按當日的適用匯率換算入賬。匯兌差額於損益賬處理。

於綜合賬目時，海外附屬公司之財務報表按淨投資法換算為港元。海外附屬公司之損益賬按年內加權平均匯率換算為港元，其資產負債表則按結算日之匯率換算為港元，所產生之換算差額於外匯波動儲備處理。

就綜合現金流量表而言，海外附屬公司之現金流量按現金流量日期之匯率換算為港元。海外附屬公司年內產生之經常現金流量按年內之加權平均匯率換算為港元。

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)***Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets which necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale.

Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party, or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the balance sheet, cash and bank balances comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

3. 主要會計政策概要 (續)**借貸成本**

收購、建設或生產合資格資產 (必須以一段長時間準備以作計劃用途或銷售) 的直接應佔借貸成本，乃撥充該等資產的部分成本。當資產可作計劃用途或銷售時，該等借貸成本將停止撥充資本。

關連人士

倘一方有權直接或間接控制另一方或可對另一方的財務及經營決策發揮重大影響力，或受制於共同控制權或共同重大影響力者，則被視為關連人士。關連人士可以是個人或公司實體。

現金及等同現金項目

就綜合現金流量表而言，現金及等同現金項目包括手頭現金及活期存款，以及短期流通性高且可隨時兌換成變值風險極微的可知數額現金及於購入時起計三個月內到期的投資，減須按要求償還的銀行透支，為本集團現金管理的不可或缺部分。

資產負債表內之現金及銀行結存指手頭及銀行現金，包括無使用限制之定期存款及性質與現金類似的資產。

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Employee benefits

Employment Ordinance long service payments

Certain of the Group's employees have completed the required number of years of service to the Group in order to be eligible for long service payments under the Hong Kong Employment Ordinance in the event of the termination of their employment. The Group is liable to make such payments in the event that such a termination of employment meets the circumstances specified in the Employment Ordinance.

A provision is recognised in respect of the probable future long service payments expected to be made. The provision is based on the best estimate of the probable future payments which have been earned by the employees from their service to the Group to the balance sheet date.

Pension scheme

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the profit and loss account as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a percentage of their payroll costs to the central pension scheme. The contributions are charged to the profit and loss account as they become payable in accordance with the rules of the central pension scheme.

3. 主要會計政策概要 (續)

僱員福利

僱傭條例長期服務金

本集團若干僱員服務本集團之年期，已屆香港僱傭條例規定合資格於離職時獲取長期服務金之指定服務年期。倘僱員於符合香港僱傭條例指明情況下離職，本集團必須支付有關款項。

已就預期日後可能須支付之長期服務金作出撥備。撥備金額乃截至結算日僱員向本集團提供服務所賺取而本集團日後可能須支付之金額之最佳估計。

退休金計劃

本集團根據強制性公積金計劃條例，為合資格參與計劃之僱員設立一項定額供款強制性公積金退休福利計劃（「強積金計劃」）。按照強積金計劃之規則，供款乃按僱員基本薪金之百分比作出，並於應付時自損益賬扣除。強積金計劃的資產由獨立管理之基金與本集團之資產分開持有。本集團對強積金計劃作出之僱主供款繳入計劃後即全數歸屬僱員。

本集團旗下於中國內地經營業務之附屬公司之僱員必須參與由當地市政府設立之中央退休金計劃。該等附屬公司須按其涉及工資總額若干百分比向中央退休金計劃作出供款。根據中央退休金計劃規則，供款於應付時自損益賬扣除。

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)***Employee benefits** *(Continued)**Share option scheme*

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The financial impact of share options granted under the share option scheme is not recorded in the Company's or the Group's balance sheet until such time as the options are exercised, and no charge is recorded in the profit and loss account or balance sheet for their cost. Upon the exercise of share options, the resulting shares issued are recorded by the Company as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded by the Company in the share premium account. Options which are cancelled prior to their exercise date, or which lapse, are deleted from the register of outstanding options.

3. 主要會計政策概要 (續)**僱員福利 (續)***購股權計劃*

本公司設有購股權計劃，旨在向對本集團業務成就有所貢獻之合資格參與人士提供獎勵及獎賞。根據購股權計劃所授出購股權之財務影響於購股權獲行使時，方列入本公司或本集團之資產負債表，亦不會就有關成本於損益賬或資產負債表列賬。購股權獲行使時，本公司將因而發行之股份按股份面值列為本公司額外股本，而每股行使價超出股份面值之差額則列入本公司股份溢價賬。於行使日期前註銷或失效之購股權自尚未行使購股權登記冊刪除。

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4. SEGMENT INFORMATION

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products provided. Each of the Group's business segments represents a strategic business unit that offers products which are subject to risks and returns that are different from those of the other business segments. Summary details of the business segments are as follows:

- (a) the electronic products and components segment consists of the design, manufacture and sale of audio and video products and components;
- (b) the home appliance products segment consists of the manufacture and sale of home appliance products; and
- (c) the corporate segment comprises corporate income and expense items.

In determining the Group's geographical segments, revenues and results are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets.

There were no intersegment sales and transfer during the year (2004: Nil).

To accord with the presentation adopted in the current year, which in the opinion of the directors, achieve a consistent presentation, certain segment results of certain business segment for prior year have been restated.

4. 分部資料

本公司按兩種分類形式呈報分部資料：(i)以業務分類為主要分部報告基準；及(ii)以地區分類為次要分部報告基準。

本集團的經營業務根據業務性質及所提供的產品，獨立組織及管理。本集團各個業務類別代表一個策略性業務單位，所提供產品承受的風險及取得的回報與其他業務分部不同。業務分部之詳情概述如下：

- (a) 電子產品及零件分部包括設計、製造及銷售影音產品與零件；
- (b) 家庭電器產品分部包括設計、製造及銷售家庭電器產品；
- (c) 公司分部包括公司收入及開支項目。

在釐定本集團的地區分部時，分部應佔收入及業績按客戶所在地計算，而分部應佔資產則按資產所在地計算。

年內並無分部間銷售及轉撥（二零零四年：無）。

為符合本年度採納的呈列方式（董事認為其有助於呈列的一致性），上年度若干業務分部的若干分部業績已予重列。

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4. SEGMENT INFORMATION (Continued)

(a) Business segments

The following tables present revenue, profit and certain asset, liability and expenditure information of the Group's business segments.

Group

4. 分部資料 (續)

(a) 按業務劃分

下表呈列本集團的收入、溢利及若干資產、負債及開支的資料。

本集團

		Electronic products and components 電子產品及零件		Home appliance products 家庭電器產品		Corporate 公司		Consolidated 綜合	
		2005	2004	2005	2004	2005	2004	2005	2004
Segment revenue:	分部收入：								
Sales to external customers	銷售予外界客戶	2,367,455	1,860,003	268,839	214,137	-	-	2,636,294	2,074,140
Other segment revenue	其他分部收入	9,018	7,953	473	531	-	-	9,491	8,484
Total	總計	2,376,473	1,867,956	269,312	214,668	-	-	2,645,785	2,082,624
Segment results	分部業績	26,414	26,102	(3,553)	3,301	(231)	(125)	22,630	29,278
Interest income and unallocated income	利息收入及 未分配收入							21,803	1,541
Unallocated expenses	未分配支出							(2,645)	(1,710)
Profit from operating activities	經營溢利							41,788	29,109
Finance costs	融資成本							(12,750)	(9,144)
Profit before tax	除稅前溢利							29,038	19,965
Tax	稅項							(1,478)	5,634
Net profit attributable to shareholders	股東應佔溢利 淨額							27,560	25,599

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4. SEGMENT INFORMATION (Continued)

(a) Business segments (Continued)

Group

		Electronic products and components 電子產品及零件		Home appliance products 家庭電器產品		Corporate 公司		Consolidated 綜合	
		2005	2004	2005	2004	2005	2004	2005	2004
Segment assets	分部資產	1,194,170	1,313,648	126,078	111,156	136	124	1,320,384	1,424,928
Interest in an associate	於一間聯營公司權益							-	74
Unallocated assets	未分配資產							45,014	37,914
Total assets	總資產							1,365,398	1,462,916
Segment liabilities	分部負債	291,956	457,609	42,428	41,263	171	-	334,555	498,872
Unallocated liabilities	未分配負債							510,955	567,505
Total liabilities	總負債							845,510	1,066,377
Other segment information:	其他分部資料：								
Capital expenditure	資本開支	170,506	133,056	10,765	16,426	-	-	181,271	149,482
Depreciation and amortisation	折舊及攤銷	64,692	57,647	13,100	9,442	-	-	77,792	67,089
Surplus on revaluation	直接於權益								
recognised directly in equity	確認入重估盈餘	41,118	-	1,146	-	-	-	42,264	-
Provision/(write-back of provision) for inventories	存貨撥備/ (撥備撥回)	442	(955)	246	79	-	-	688	(876)

4. 分部資料 (續)

(a) 按業務劃分 (續)

本集團

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4. SEGMENT INFORMATION (Continued)

(b) Geographical segments

The following table presents revenue and certain asset and expenditure information for the Group's geographical segments.

Group

本集團

		United States of America 美國		Europe 歐洲		Asia-Pacific countries 亞太區國家		Others 其他		Consolidated 綜合	
		2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Segment revenue:	分部收入：										
Sales to external customers	銷售予外界客戶	781,402	469,956	1,307,766	1,252,280	302,158	314,235	244,968	37,669	2,636,294	2,074,140
Other segment information:	其他分部資料：										
Segment assets	分部資產										
- Hong Kong	- 香港									475,226	540,036
- Mainland China	- 中國									890,172	922,880
Total	總計									1,365,398	1,462,916
Capital expenditure	資本開支										
- Hong Kong	- 香港									21,470	3,574
- Mainland China	- 中國									159,801	145,908
Total	總計									181,271	149,482

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5. TURNOVER, REVENUE AND GAIN

Turnover represents the invoiced value of goods sold, net of discounts and returns, after elimination of all significant intra-group transactions.

An analysis of turnover and other revenue and gain is as follows:

5. 營業額、收益及增益

營業額乃指對銷所有集團內公司間的重大交易後，扣除折扣及退貨的售出貨品發票值。

營業額及其他收益及增益分析如下：

		2005	2004
Turnover	營業額		
Manufacture and sale of electronic products and components	製造及銷售電子產品及零件	2,367,455	1,860,003
Manufacture and sale of home appliance products	製造及銷售家庭電器產品	268,839	214,137
		2,636,294	2,074,140
Other revenue	其他收益		
Handling fee income	手續費收入	8,014	5,293
Interest income	利息收入	461	291
Others	其他	2,210	4,110
		10,685	9,694
Gain	增益		
Gain on disposal of fixed assets	出售固定資產的增益	319	331
		11,004	10,025

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6. PROFIT FROM OPERATING ACTIVITIES

The Group's profit from operating activities is arrived at after charging/(crediting):

6. 經營溢利

本集團的經營溢利已扣除／(計入)下列各項：

Notes 附註		2005	2004
Cost of inventories sold	已售存貨成本	2,530,193	1,970,500
Provision/(write-back of provision) for inventories	存貨撥備／ (撥備撥回)	688	(876)
Gains on foreign exchange forward contracts	外匯遠期合約 收益	(2,404)	—
Cost of sales	銷售成本	2,528,477	1,969,624
Depreciation	折舊	14	73,118
Minimum lease payments under operating leases on land and buildings	土地及樓宇經營 租約之 最低租金	3,671	3,014
Auditors' remuneration	核數師酬金	787	720
Amortisation of trademarks*	商標攤銷*	15	260
Research and development costs:	研究及開發成本：		
Deferred development costs amortised*	遞延發展成本 攤銷*	15	4,414
Current year expenditure	本年度開支	498	567
Staff costs (including directors' remuneration – note 7):	員工成本 (包括董事 酬金 – 附註7)：		
Wages and salaries	工資及薪金	123,393	133,557
Pension scheme contributions	退休金計劃供款	2,256	2,461
Less: Forfeited contributions**	減：已沒收供款**	(48)	(45)
Net pension contributions	退休金供款淨額	2,208	2,416
		125,601	135,973
Unrealised holding losses on other investments, net	其他投資之未變現持有 虧損淨額	1,640	—
Loss on disposal of other investments	出售其他 投資虧損	48	—
Gain on disposal of fixed assets	出售固定資產收益	(319)	(331)
Exchange gains, net	匯兌收益淨額	(3,030)	(1,830)
Interest income	利息收入	(461)	(291)
Gross and net rental income from land and buildings	土地及樓宇租金收入毛額 及淨額	(84)	(84)
Dividend income from listed investments	上市投資股息 收入	(734)	(911)
Government grants***	政府補貼***	—	(458)

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Notes:

- * The amortisation of trademarks and deferred development costs for the year are included in "Selling and distribution costs" and "Cost of sales", respectively, on the face of the consolidated profit and loss account.
- ** As at 31 March 2005, the Group had no forfeited contributions available to offset its future employers' contributions (2004: Nil).
- *** Government grants were received in prior year for the employment of qualified employees in Japan. There were no unfulfilled conditions or contingencies relating to these grants.

附註：

- * 本年度的商標及遞延發展成本攤銷分別計入綜合損益賬之「銷售及分銷成本」及「銷售成本」。
- ** 於二零零五年三月三十一日，本集團並無已沒收的供款（二零零四年：零）可供日後抵銷本集團的僱主供款。
- *** 上年度獲取政府補貼用作於日本聘請合資格僱員。有關該等補貼並無未達成之條件或任何或然事項。

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7. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Listing Rules and Section 161 of the Companies Ordinance, is as follows:

		2005	2004
Fees – executive director	袍金 – 執行董事	150	–
Fees – non-executive directors	袍金 – 非執行董事	65	65
Fees – independent non-executive directors	袍金 – 獨立非執行董事	163	130
Other emoluments – executive directors:	其他酬金 – 執行董事		
Salaries and allowances	薪金及津貼	11,893	11,016
Pension scheme contributions	退休金計劃供款	538	535
Discretionary bonus	酌情花紅	–	3,150
		12,809	14,896

The number of directors whose remuneration fell within the following bands is set out below:

屬於以下酬金範圍的董事人數如下：

		Number of directors 董事人數	
		2005	2004
Nil – HK\$1,000,000	零至1,000,000港元	5	4
HK\$1,000,001 – HK\$1,500,000	1,000,001港元至1,500,000港元	1	–
HK\$1,500,001 – HK\$2,000,000	1,500,001港元至2,000,000港元	2	–
HK\$2,000,001 – HK\$2,500,000	2,000,001港元至2,500,000港元	2	4
HK\$3,500,001 – HK\$4,000,000	3,500,001港元至4,000,000港元	1	–
HK\$4,500,001 – HK\$5,000,000	4,500,001港元至5,000,000港元	–	1
		11	9

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2004: Nil).

年內，各董事並無作出放棄或同意放棄任何酬金的安排 (二零零四年：無)。

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8. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year comprised five (2004: five) directors, details of whose remuneration are set out in note 7 above.

8. 五位最高薪僱員

年內，五位最高薪僱員包括五位(二零零四年：五位)董事，有關彼等酬金詳情載於上文附註7。

9. FINANCE COSTS

9. 融資成本

		2005	2004
Interest on:	利息：		
Bank loans and facilities wholly repayable within five years	須於五年內全數償還的銀行貸款及信貸	12,432	8,933
Finance leases	融資租約	318	211
Total interest	利息總額	12,750	9,144

10. TAX

Hong Kong profits tax has been provided at the rate of 17.5% (2004: 17.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

10. 稅項

香港利得稅撥備乃按本年度於香港賺取之估計應課稅溢利以稅率17.5%(二零零四年：17.5%)計算。其他地區之應課稅溢利稅項乃根據本集團經營業務所在國家之現行法例、詮釋及慣例按當地適用稅率計算。

		2005	2004
Group:	本集團：		
Current – Hong Kong	即期－香港		
Charge for the year	本年度支出	713	2,462
Overprovision in prior years	過往年度超額撥備	(1,235)	(8,543)
Current – Elsewhere	即期－其他地區		
Charge for the year	本年度支出	6	436
Deferred (note 27)	遞延(附註27)	1,994	11
Tax charge/(credit) for the year	本年度稅項支出／(稅收抵免)	1,478	(5,634)

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10. TAX (Continued)

A reconciliation of the tax charge/(credit) applicable to profit before tax using the statutory rates for the countries in which the Company, its subsidiaries and associate are domiciled to the tax charge/(credit) at the effective tax rate, and a reconciliation of the applicable rate (i.e., the statutory tax rate) to the effective tax rate, are as follows:

Group

10. 稅項 (續)

適用於除稅前溢利採用本公司、其附屬公司及聯營公司所在國家之法定稅率計算之稅項支出／(稅收抵免)與按實際稅率計算之稅項支出／(稅收抵免)之對賬，以及適用稅率(即法定稅率)與實際稅率之對賬如下：

本集團

		2005		2004	
			%		%
Profit before tax	除稅前溢利	29,038		19,965	
Tax at the statutory tax rate	按法定稅率計算之稅項	5,082	17.5	3,494	17.5
Higher tax rate for other countries	其他國家之較高稅率	505	1.7	236	1.2
Profit not subject to tax, due to concession	因稅務優惠而毋須 課稅之溢利	(1,565)	(5.4)	(1,396)	(7.0)
Adjustments in respect of current tax of previous periods	就過往期間即期稅項 作出調整	(1,235)	(4.2)	(8,543)	(42.8)
Income not subject to tax	毋須課稅收入	(3,802)	(13.1)	(386)	(1.9)
Expenses not deductible for tax	不可扣稅支出	1,968	6.8	922	4.6
Adjustment in respect of deferred tax of previous periods	就過往期間遞延稅項 作出調整	-	-	1,610	8.1
Tax loss utilised from previous period	以往期間已動用 之稅務虧損	(85)	(0.3)	-	-
Tax loss agreed and utilised in current year	本年度所同意及 已動用之稅項虧損	-	-	(2,017)	(10.1)
Tax loss not recognised	未確認之稅項虧損	1,302	4.5	145	0.7
Deferred tax not recognised, due to concession	因稅項減免而未確認 之遞延稅項	(508)	(1.8)	41	0.2
Others	其他	(184)	(0.6)	260	1.3
Tax charge/(credit) at the Group's effective rate	按本集團實際稅率計算 之支出／(稅收抵免)	1,478	5.1	(5,634)	(28.2)

11. NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS

The net profit attributable to shareholders dealt with in the financial statements of the Company for the year ended 31 March 2005 was HK\$39,770,000 (2004: net loss of HK\$117,000) (note 30(b)).

11. 股東應佔溢利淨額

本公司於截至二零零五年三月三十一日止年度財務報表處理的股東應佔溢利淨額為39,770,000港元(二零零四年：虧損淨額117,000港元)(附註30(b))。

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12. DIVIDENDS

12. 股息

		2005	2004
Interim – Nil (2004: HK1 cent per ordinary share)	中期股息 – 每股普通股：無 (二零零四年：1港仙)	–	6,353
Proposed final – HK1 cent (2004: HK0.5 cents) per ordinary share	擬派末期股息 – 每股普通股1港仙 (二零零四年：0.5港仙)	9,529	3,176
		9,529	9,529

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

本年度擬派末期股息須待本公司股東在應屆股東週年大會批准後方可作實。

13. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the net profit attributable to shareholders for the year of HK\$27,560,000 (2004: HK\$25,599,000) and the weighted average of 706,413,187 (2004 (restated): 672,628,209) ordinary shares in issue during the year, as adjusted to reflect the rights issue during the year.

A diluted earnings per share amount for the year ended 31 March 2005 has not been disclosed as no diluting events existed during that year.

13. 每股盈利

每股基本盈利乃按本年度股東應佔溢利淨額27,560,000港元(二零零四年：25,599,000港元)及本年度已發行普通股的加權平均股數706,413,187股(二零零四年(重列)：672,628,209股)計算，有關數目已作出調整，以反映年內進行之供股。

由於本年度並無攤薄性事件，故並無披露截至二零零五年三月三十一日止年度之每股攤薄盈利。

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14. FIXED ASSETS

Group

14. 固定資產

本集團

		Leasehold land and buildings 租賃土地 及樓宇	Construction in progress 在建工程	Leasehold improvements 租賃 物業裝修	Furniture and fixtures 傢俬 及裝置	Equipment and tools 設備 及工具	Motor vehicles 汽車	Moulds 模具	Total 總計
Cost or valuation:	成本或估值：								
At beginning of year	年初	228,916	72,696	56,903	27,523	322,241	12,853	147,974	869,106
Additions	添置	25,869	24,947	40,722	2,169	93,672	718	18,306	206,403
Disposals	出售	-	-	(438)	(355)	(3,360)	(2,413)	(210)	(6,776)
Surplus on revaluation	重估盈餘	26,068	-	-	-	-	-	-	26,068
Transfers	轉撥	34,812	(40,659)	2,959	362	2,234	292	-	-
Exchange realignment	匯兌調整	-	-	9	6	4	-	-	19
At 31 March 2005	二零零五年 三月三十一日	315,665	56,984	100,155	29,705	414,791	11,450	166,070	1,094,820
Analysis of cost or valuation:	成本或估值分析：								
At cost	按成本	-	56,984	100,155	29,705	414,791	11,450	166,070	779,155
At 31 March 2005 valuation	二零零五年 三月三十一日估值	315,665	-	-	-	-	-	-	315,665
		315,665	56,984	100,155	29,705	414,791	11,450	166,070	1,094,820
Accumulated depreciation:	累計折舊：								
At beginning of year	年初	7,714	-	31,870	20,585	174,485	10,012	95,409	340,075
Provided during the year	年內撥備	8,482	-	8,275	1,932	28,194	935	25,300	73,118
Written back on revaluation	因重估回撥	(16,196)	-	-	-	-	-	-	(16,196)
Disposals	出售	-	-	(227)	(191)	(1,545)	(1,902)	(131)	(3,996)
Exchange realignment	匯兌調整	-	-	4	3	2	-	-	9
At 31 March 2005	二零零五年 三月三十一日	-	-	39,922	22,329	201,136	9,045	120,578	393,010
Net book value:	賬面淨值：								
At 31 March 2005	二零零五年 三月三十一日	315,665	56,984	60,233	7,376	213,655	2,405	45,492	701,810
At 31 March 2004	二零零四年 三月三十一日	221,202	72,696	25,033	6,938	147,756	2,841	52,565	529,031

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14. FIXED ASSETS (Continued)

An analysis of the Group's leasehold land and buildings is as follows:

		Hong Kong 香港	Mainland China 中國	Total 總計
At valuation:	按估值：			
Held under long term leases	按長期租約持有	2,400	—	2,400
Held under medium term leases	按中期租約持有	50,860	262,405	313,265
		53,260	262,405	315,665

The Group's leasehold land and buildings were revalued at 31 March 2005 by Sallmanns (Far East) Limited, independent professionally qualified valuers, on an open market, existing use basis at HK\$315,665,000. A revaluation surplus of HK\$42,264,000 resulting from the above valuations, has been credited to the asset revaluation reserve.

Had the whole class of the Group's leasehold land and buildings been carried at cost less accumulated depreciation, they would have been included in the financial statements at approximately HK\$195,522,000 (2004: HK\$142,927,000).

The Group is applying for land use right certificates in respect of certain of the Group's leasehold land and construction in progress in Mainland China. These land and buildings had an aggregate net book value of approximately HK\$142,390,000 at 31 March 2005 (2004: HK\$70,389,537).

Included in the total amount of equipment and tools at 31 March 2005 are assets held under finance leases with a net book value of HK\$47,152,000 (2004: HK\$17,027,000).

As detailed in note 31, deposits for the acquisition of fixed assets of HK\$33,140,000 were utilised as part of the considerations paid for the purchases of the fixed assets.

14. 固定資產 (續)

本集團的租賃土地及樓宇分析如下：

本集團的租賃土地及樓宇由獨立專業合資格估值師西門(遠東)有限公司於二零零五年三月三十一日按其於公開市場的現用途重估的價值為315,665,000港元。上述估值產生的重估盈餘42,264,000港元已記入資產重估儲備內。

倘本集團全部類別租賃土地及樓宇按成本減累計折舊入賬，則該等資產應按約195,522,000港元(二零零四年：142,927,000港元)計入財務報表。

本集團正就其於中國若干租賃土地及在建工程申請土地使用權證。該等土地及樓宇於二零零五年三月三十一日之賬面淨值合共約142,390,000港元(二零零四年：70,389,537港元)。

於二零零五年三月三十一日的設備及工具總額包括賬面淨值為47,152,000港元(二零零四年：17,027,000港元)的融資租賃資產。

如附註31所詳述，關於收購固定資產的訂金33,140,000港元已用作支付購買該等固定資產的部分代價。

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15. INTANGIBLE ASSETS

Group

15. 無形資產

本集團

		Trademarks	Deferred development cost	Total
		商標	遞延發展成本	總計
Cost:	成本：			
At beginning of year	年初	2,619	15,949	18,568
Additions	添置	34	7,974	8,008
Disposal	出售	(145)	—	(145)
At 31 March 2005	二零零五年三月三十一日	2,508	23,923	26,431
Accumulated amortisation:	累計攤銷：			
At beginning of year	年初	1,011	7,293	8,304
Provided during the year	本年度撥備	260	4,414	4,674
Disposal	出售	(17)	—	(17)
At 31 March 2005	二零零五年三月三十一日	1,254	11,707	12,961
Net book value:	賬面淨值：			
At 31 March 2005	二零零五年三月三十一日	1,254	12,216	13,470
At 31 March 2004	二零零四年三月三十一日	1,608	8,656	10,264

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16. GOODWILL

As detailed in note 3 to the financial statements, on the adoption of SSAP 30 in 2001, the Group applied the transitional provision of SSAP 30 that permitted goodwill in respect of acquisitions which occurred prior to the adoption of the SSAP, to remain eliminated against consolidated reserves.

The amount of goodwill remaining eliminated against consolidated retained profits, arising from the acquisition of a subsidiary prior to 1 April 2001, was HK\$2,000 as at 31 March 2005 (2004: HK\$2,000).

16. 商譽

誠如財務報表附註3所詳述，於二零零一年採納會計實務準則第30號時，本集團應用會計實務準則第30號的過渡性條文，容許於採納會計實務準則之前的收購所產生的商譽繼續與綜合儲備對銷。

於二零零五年三月三十一日，於二零零一年四月一日之前因收購一間附屬公司所產生並繼續與綜合保留溢利對銷的商譽數額為2,000港元(二零零四年：2,000港元)。

17. INTERESTS IN SUBSIDIARIES

17. 於附屬公司權益

		Company 本公司	
		2005	2004
Unlisted shares, at cost	非上市股份的成本值	58,812	58,812
Due from subsidiaries	附屬公司欠款	196,297	97,412
		255,109	156,224

The balances due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

附屬公司欠款結餘乃無抵押、免息，且無固定還款期。

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17. INTERESTS IN SUBSIDIARIES (Continued)

Particulars of the subsidiaries are as follows:

17. 於附屬公司權益 (續)

附屬公司詳情如下：

Company 公司	Place of incorporation/ registration and operations 註冊成立/ 登記及營業地點	Nominal value of issued/ registered paid-up capital 已發行/註冊 繳足股本面值	Percentage of equity attributable to the Company 本公司所佔 股權百分比		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Agility Investments Limited	British Virgin Islands 英屬處女群島	US\$1 1美元	100	–	Investment holding 投資控股
Dongguan Gold Beam Electronics Co., Ltd. # 東莞金萊電子 有限公司#	Mainland China 中國	HK\$22,220,000 22,220,000港元	–	100	Manufacture of electronic components and home appliance products 製造電子零件及家庭 電器產品
Dongguan Tonic Electronics Co., Ltd. # 東莞東力電子 有限公司#	Mainland China 中國	HK\$63,543,484 63,543,484港元	–	100	Manufacture of electronic products 製造電子產品
Gold Beam Developments Limited 金萊發展有限公司	Hong Kong 香港	HK\$2 2港元	100	–	Trading and manufacture of components 買賣及製造零件
Tonic Appliances Limited 東力家用電器有限公司	Hong Kong 香港	HK\$2 2港元	100	–	Trading of home appliance products 買賣家庭電器產品
Tonic Electronics (B.V.I.) Limited	British Virgin Islands 英屬處女群島	HK\$1 1港元	100	–	Investment holding 投資控股

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17. INTERESTS IN SUBSIDIARIES (Continued)

17. 於附屬公司權益 (續)

Company 公司	Place of incorporation/ registration and operations 註冊成立／ 登記及營業地點	Nominal value of issued/ registered paid-up capital 已發行／註冊 繳足股本面值	Percentage of equity attributable to the Company 本公司所佔 股權百分比		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Tonic Electronics Limited 東力電子有限公司	Hong Kong 香港	Ordinary HK\$200 Non-voting deferred ^{##} HK\$300,000 普通股200港元 無投票權 遞延股份 ^{##} 300,000港元	—	100	Trading and manufacture of electronic products 買賣及製造電子產品
Tonic Digital Products Limited * 東力數碼產品 有限公司*	Hong Kong 香港	HK\$100 100港元	—	100	Trading of digital products 買賣數碼產品
Tonic Enterprises Limited	British Virgin Islands 英屬處女群島	US\$1 1美元	—	100	Holding of patents 持有商標
Tonic International Limited	British Virgin Islands/ Mainland China 英屬處女群島 ／中國	HK\$0.01 0.01港元	—	100	Provision of quality control services 提供品質控制服務
Tonic Investment (B.V.I.) Limited	British Virgin Islands 英屬處女群島	HK\$0.01 0.01港元	—	100	Investment holding 投資控股
Tonic Marketing Limited	British Virgin Islands 英屬處女群島	US\$0.01 0.01美元	—	100	Investment holding 投資控股

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17. INTERESTS IN SUBSIDIARIES (Continued)

17. 於附屬公司權益 (續)

Company 公司	Place of incorporation/ registration and operations 註冊成立/ 登記及營業地點	Nominal value of issued/ registered paid-up capital 已發行／註冊 繳足股本面值	Percentage of equity attributable to the Company 本公司所佔 股權百分比		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Tonic Plastic Limited	British Virgin Islands/ Mainland China 英屬處女群島／ 中國	US\$0.01 0.01美元	—	100	Provision of quality control services 提供品質控制服務
Tonic Trading Development Limited 東力商貿發展有限公司	Hong Kong 香港	HK\$100 100港元	—	100	Trading of electronic products and components 買賣電子產品及零件
Tonic Technology Limited 東力科技有限公司	Hong Kong 香港	HK\$10,000 10,000港元	100	—	Investment holding, manufacturing and trading of electronic products and components 投資控股，製造及買賣 電子產品及零件
Panatone Licensing Limited	British Virgin Islands 英屬處女群島	US\$1 1美元	—	100	Holding of patents 持有商標
Tonic Appliances Ltd. (USA) LLC	United States of America 美國	—	—	100	Marketing 市場推廣
deviceSTYLE Corporation	Japan 日本	Yen10,000,000 10,000,000日圓	—	100	Marketing 市場推廣

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17. INTERESTS IN SUBSIDIARIES (Continued)

17. 於附屬公司權益 (續)

Company 公司	Place of incorporation/ registration and operations 註冊成立/ 登記及營業地點	Nominal value of issued/ registered paid-up capital 已發行/註冊 繳足股本面值	Percentage of equity attributable to the Company 本公司所佔 股權百分比		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Tonic Technology (Shenzhen) Ltd # 東力科技(深圳)有限 公司#	Mainland China 中國	RMB10,500,000 10,500,000人民幣	—	100	Research and development and manufacturing of electronics products 研究、開發及製造 電子產品
Tonic Technology FZE @	Dubai 杜拜	AED1,000,000 阿聯酋幣1,000,000元	—	100	Marketing 市場推廣
Dongguan Xin Lian Digital Technology Co. Ltd ® 東莞鑫聯數碼科技 有限公司®	Mainland China 中國	HK\$9,000,000 9,000,000港元	—	100	Manufacturing of electronic products 製造電子產品
* Not audited by Ernst & Young Hong Kong or other Ernst & Young International member firms.			* 並非由安永會計師事務所(香港)或安永會計師事務所(國際)其他成員公司審核。		
@ Registered during the year.			@ 年內註冊成立。		
# Wholly foreign owned enterprise.			# 全外資企業。		
## The non-voting deferred shares carry the right to one-half of the profits after the holders of the ordinary shares have received a dividend of HK\$1,000,000,000,000, have no right to vote at general meetings and carry the right to receive one-half of the balance of any surplus in a return of capital in a winding-up after the holders of the ordinary shares have received a total return of the HK\$500,000,000,000,000. None of the non-voting deferred shares was held by members of the Group at the balance sheet date.			## 無投票權遞延股份持有人可在普通股持有人收取1,000,000,000,000港元股息後獲得所餘一半溢利，但無權於股東大會投票，清盤時則可在普通股持有人收取退回資本總額500,000,000,000,000港元後收取任何盈餘的一半餘額作為退回股本。本集團成員公司於結算日概無持有無投票權遞延股份。		

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18. INTEREST IN AN ASSOCIATE

18. 於一間聯營公司權益

		Group 本集團	
		2005	2004
Share of net assets	應佔資產淨值	-	-
Due from an associate	一間聯營公司欠款	-	850
		-	850
Provision for amount due from an associate	一間聯營公司欠款撥備	-	(776)
		-	74

During the year, the Group disposed of its interests in the associate to an independent third party at a consideration of US\$1. No significant gain or loss was resulted.

年內本集團將一家聯營公司內的權益出售給一名獨立第三者，代價為1美元。該項交易並沒有導致重大收益或損失。

The amount due from an associate at 31 March 2004 was unsecured, interest-free and had no fixed terms of repayment.

於二零零四年三月三十一日之一間聯營公司欠款為無抵押、免息，且無固定還款期。

19. LONG TERM INVESTMENTS

19. 長期投資

		Group 本集團	
		2005	2004
Hong Kong listed equity investments, at cost	香港上市股本投資，按成本	-	21,221
Provision for impairment	減值撥備	-	(2,629)
		-	18,592
Market value of listed equity investments at balance sheet date	上市股本投資於結算日的市值	-	24,080

During the year, the Company changed its intention in holding the investments from long term to short term purpose, resulting in a net gain in transferring the long term investments into other investments of HK\$20,290,000.

年內，本公司將原擬長線持有之投資改為短線持有，因而導致長期投資轉撥至其他投資的收益淨額20,290,000港元。

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19. LONG TERM INVESTMENTS (Continued)

Movements of long term investments are as follows:

		Group 本集團	
		2005	2004
At 1 April	於四月一日	18,592	19,447
Net gain on transfer of long term investments into other investments	將長期投資轉撥至其他投資之收益淨額	20,290	—
Disposal	出售	—	(855)
Transferred to other investments (note 23) 轉撥至其他投資 (附註23)		38,882 (38,882)	— —
At 31 March	於三月三十一日	—	18,592

19. 長期投資 (續)

長期投資變動如下：

20. LOANS RECEIVABLE

The loans receivable represents unsecured and interest-free advances to certain staff members of the Group.

The terms of the loans receivable are analysed as follows:

		2005	2004
Repayable within one year	一年內償還	188	188
Repayable by equal monthly instalments over four years (2004: five years)	四年 (二零零四年：五年) 內每月定額償還	469	656
		657	844
Portion classified as current assets	列作流動資產部分	(188)	(188)
Non-current portion	非即期部分	469	656

20. 應收貸款

應收貸款指授予本集團若干員工的無抵押免息貸款。

應收貸款的還款期分析如下：

21. INVENTORIES

		Group 本集團	
		2005	2004
Raw materials	原料	97,099	197,830
Work in progress	在製品	100,441	126,085
Finished goods	製成品	59,670	76,928
		257,210	400,843

The carrying amount of inventories carried at net realisable value included in the above balance was HK\$25,262,000 (2004: HK\$25,259,000).

21. 存貨

於結算日，上表所列按可變現淨值入賬存貨的賬面值為25,262,000港元 (二零零四年：25,259,000港元)。

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22. ACCOUNTS AND BILLS RECEIVABLE

An aged analysis of the Group's accounts and bills receivable, as at the balance sheet date, based on invoice date, is as follows:

		2005		2004	
		Percentage		Percentage	
		百分比		百分比	
0 – 30 days	零至三十日	136,923	60	212,944	83
31 – 60 days	三十一至六十日	16,944	7	28,617	11
61 – 90 days	六十一至九十日	41,054	18	3,246	1
Over 90 days	超過九十日	32,900	15	11,463	5
		227,821	100	256,270	100

The normal credit terms granted by the Group to customers range from 7 to 35 days, extending up to 120 days for major customers.

22. 應收賬款及票據

本集團於結算日按發單日期計算的應收賬款及票據賬齡分析如下：

本集團給予客戶的一般信貸期介乎七至三十五日，主要客戶的信貸期則最多為120日。

23. OTHER INVESTMENTS

23. 其他投資

		Group	
		本集團	
		2005	2004
Listed equity investments in Hong Kong, at market value	香港上市股本投資按市值	17,542	–
As disclosed in note 19, during the year, the Company changed its intention in holding the investments from long term to short term purpose, resulting in a net gain in transferring the long term investments into other investments.			
Movements are as follows:			
Transferred from long term investments (note 19)		38,882	–
Disposal		(19,700)	–
Unrealised holding losses on other investments, net (note 6)		19,182	–
		(1,640)	–
		17,542	–

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24. BANK BORROWINGS

24. 銀行借貸

		Group 本集團	
		2005	2004
Long term bank loans repayable:	須於下列年期償還的長期銀行貸款：		
Within one year	一年內	141,697	110,261
In the second year	第二年	98,000	109,997
In the third to fifth years, inclusive	第三年至第五年（包括首尾兩年）	63,834	125,833
		303,531	346,091
Portion classified as current liabilities	列作流動負債部分	(141,697)	(110,261)
Non-current portion	非即期部分	161,834	235,830

The Group's trust receipt loans are repayable within one year.

本集團的信託票據貸款須於一年內償還。

As at 31 March 2005, all the Group's bank borrowings were secured by a corporate guarantee granted by the Company and cross corporate guarantees among certain subsidiaries and the Company. As disclosed in note 35(c) to the financial statements, under the terms of the syndicated loan agreement, the chairman of the Company, Mr. Ling Siu Man, Simon, being the single largest shareholder and is actively involved in the management and business of the Group, is required to maintain at least 40% of the beneficial interests in shareholdings in the Company.

於二零零五年三月三十一日，所有本集團的銀行借貸均由本公司授出的企業擔保及若干附屬公司與本公司互相作出的企業擔保作抵押。誠如財務報表附註35(c)所披露，根據銀團貸款協議條款，本公司主席凌少文先生作為單一最大股東，並積極參與本集團的管理及業務，須維持於本公司持股量之實際權益最少40%。

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25. ACCOUNTS PAYABLE

An aged analysis of the Group's accounts payable as at the balance sheet date, based on invoice date, is as follows:

25. 應付賬款

本集團於結算日按發單日期計算的應付賬款賬齡分析如下：

		2005		2004	
		Percentage		Percentage	
		百分比		百分比	
0 – 30 days	零至三十日	96,630	36	205,743	46
31 – 60 days	三十一至六十日	42,747	16	134,891	30
61 – 90 days	六十一至九十日	42,791	16	43,472	10
Over 90 days	超過九十日	87,804	32	63,955	14
		269,972	100	448,061	100

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26. FINANCE LEASE PAYABLES

The Group leases certain of its fixed assets for its business. These leases are classified as finance leases and have remaining lease terms ranging from one to five years. At 31 March 2005, the total future minimum lease payments under finance leases and their present values were as follows:

Group

26. 融資租約應付款項

本集團租用其若干固定資產作業務運作之用。該等租約列為融資租約，餘下租期介乎一至五年不等。於二零零五年三月三十一日，按融資租約須付未來最低租金總額及其現值如下：

本集團

		2005	2004	2005	2004
		Minimum	Minimum	Present value	Present value
		lease	lease	of minimum	of minimum
		payments	payments	lease	lease
				payments	payments
		最低租金	最低租金	最低租金	最低租金
				現值	現值
Amounts payable:	須於下列年期償還：				
Within one year	一年內	9,080	8,494	8,419	8,333
In the second year	第二年	7,408	1,924	6,919	1,896
In the third to fifth years, inclusive	第三至第五年 (包括首尾兩年)	19,500	253	18,860	252
Total minimum finance lease payments	融資租約最低 租金總額	35,988	10,671	34,198	10,481
Future finance charges	未來融資費用	(1,790)	(190)		
Total net finance lease payables	融資租約應付款項 總承擔淨額	34,198	10,481		
Portion classified as current liabilities	列作流動負債 部分	(8,419)	(8,333)		
Non-current portion	非即期部分	25,779	2,148		

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27. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

Group

		Accelerated tax depreciation	Development costs	Revaluation of properties	Losses available for offset against future taxable profit	Others	Total
		加速稅項折舊	開發成本	重估物業	可供抵銷日後應課稅溢利的虧損	其他	總計
At 1 April 2003	於二零零三年四月一日	21,510	638	11,525	(3,087)	(1,610)	28,976
Deferred tax charged/(credited) to the profit and loss account during the year (note 10)	年內扣除/(計入)損益賬的遞延稅項(附註10)	551	138	-	(2,288)	1,610	11
Deferred tax credited to equity during the year	年內計入自股本的遞延稅項	-	-	(87)	-	-	(87)
Deferred tax liabilities at 31 March 2004 and at 1 April 2004	於二零零四年三月三十一日及二零零四年四月一日的遞延稅項負債	22,061	776	11,438	(5,375)	-	28,900
Deferred tax charged/(credited) to the profit and loss account during the year (note 10)	年內扣除/(計入)損益賬的遞延稅項(附註10)	2,834	315	-	(743)	(412)	1,994
Deferred tax debited to equity during the year	年內扣除自股本的遞延稅項	-	-	5,438	-	-	5,438
Deferred tax liabilities at 31 March 2005	於二零零五年三月三十一日的遞延稅項負債	24,895	1,091	16,876	(6,118)	(412)	36,332

At 31 March 2005, there was no significant unrecognised deferred tax liability (2004: Nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries as the Group has no liability to additional tax should such amounts be remitted.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

27. 遞延稅項

年內遞延稅項負債及資產的變動如下：

本集團

		加速稅項折舊	開發成本	重估物業	可供抵銷日後應課稅溢利的虧損	其他	總計
於二零零三年四月一日		21,510	638	11,525	(3,087)	(1,610)	28,976
年內扣除/(計入)損益賬的遞延稅項(附註10)		551	138	-	(2,288)	1,610	11
年內計入自股本的遞延稅項		-	-	(87)	-	-	(87)
於二零零四年三月三十一日及二零零四年四月一日的遞延稅項負債		22,061	776	11,438	(5,375)	-	28,900
年內扣除/(計入)損益賬的遞延稅項(附註10)		2,834	315	-	(743)	(412)	1,994
年內扣除自股本的遞延稅項		-	-	5,438	-	-	5,438
於二零零五年三月三十一日的遞延稅項負債		24,895	1,091	16,876	(6,118)	(412)	36,332

於二零零五年三月三十一日，並無就本集團若干附屬公司之未匯出盈利應付之稅項而有重大未確認遞延稅項負債（二零零四年：無），原因為倘本集團匯出該等金額，其並無額外稅項負債。

此對本公司派付予股東之股息並無所得稅影響。

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28.SHARE CAPITAL

28.股本

		Company 本公司	
		2005	2004
Authorised:	法定：		
1,200,000,000 ordinary shares of HK\$0.10 each	1,200,000,000股每股面值0.10港元的普通股	120,000	120,000
Issued and fully paid:	已發行及繳足：		
952,889,962 (2004: 635,259,975) ordinary shares of HK\$0.10 each	952,889,962股(二零零四年：635,259,975股)每股面值0.10港元的普通股	95,289	63,526

During the year, a rights issue of one rights share for every two existing shares held by members on the register of members on 24 February 2005 was made, at an issue price of HK\$0.20 per rights share, resulting in the issue of 317,629,987 shares of HK\$0.10 each for a total cash consideration, before expenses, of HK\$63,526,000.

A summary of the transactions during the year with reference to the above movements in the Company's issued share capital is as follows:

年內，本公司按發行價每股供股股份0.20港元之價格，以供股方式就二零零五年二月二十四日股東名冊上之股東所持之每兩股現有股份發行一股供股，導致發行317,629,987股每股面值0.10港元之股份，總現金代價(未計開支)為63,526,000港元。

參照上述本公司已發行股本之變動情況，年內所進行之交易概述如下：

		Number of shares in issue 已發行股份數目	Issued share capital 已發行股本	Share premium account 股份溢價賬	Total 合計
At 1 April 2004	於二零零四年 四月一日	635,259,975	63,526	28,735	92,261
Rights issue	供股	317,629,987	31,763	31,763	63,526
Share issue expenses	股份發行開支	—	—	(1,400)	(1,400)
At 31 March 2005	於二零零五年 三月三十一日	952,889,962	95,289	59,098	154,387

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29.SHARE OPTION SCHEME

The Company operates a share option scheme (the "Option Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Option Scheme include the Company's executive directors or employees of the Group. The Option Scheme became effective upon the listing of the Company's shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 16 October 1997 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Option Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue from time to time. No option may be granted to any one employee which, if exercised in full, would result in the total number of shares already issued and issuable to him under the Option Scheme exceeding 25% of the maximum aggregate number of shares subject to the Option Scheme at the time it is proposed to grant the relevant option to such employee.

The exercise price of the share options is determined by the directors and is equal to the higher of: (i) the nominal value of the shares; or (ii) a price, which is not less than 85% of the average closing price of the Company's shares on the Stock Exchange for the five trading days immediately preceding the date of grant of such options.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

29.購股權計劃

本公司設有購股權計劃（「購股權計劃」），旨在向該等對本集團業務成就有所貢獻的合資格參與人士提供獎勵及獎賞。購股權計劃合資格參與人士包括本公司執行董事或本集團僱員。購股權計劃於本公司股份於一九九七年十月十六日在香港聯合交易所有限公司（「聯交所」）上市後生效。除經取消或修訂外，該計劃將自上述日期起生效，為期10年。

根據購股權計劃目前可予授出的尚未行使購股權數目上限，相等於在購股權獲行使時本公司不時已發行股份的10%。倘向任何一名僱員授出購股權，而全面行使有關購股權將導致根據購股權計劃已發行及可發行予該名僱員的股份總數，超過在建議授出有關購股權予該名僱員之時購股權計劃所涉及股份總數上限25%，則不得向該名僱員授出購股權。

購股權行使價由董事釐定，相等於下列較高者：(i)股份面值；或(ii)不低於本公司股份在緊接授出有關購股權當日前五個交易日在聯交所的平均收市價85%的價格。

購股權並不賦予持有人享有股息或可於股東大會投票之權利。

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29.SHARE OPTION SCHEME (Continued)

An option may be exercised in accordance with the terms of the Option Scheme at any time from the date of acceptance of the option by the employee or such later date as may be fixed by the directors, to any date prior to the tenth anniversary of such date provided that the employee can only exercise a maximum of 20% of the options granted to him in each 12-month period following the commencement of the relevant option period. The consideration to be paid by the employee upon acceptance of a grant of options is HK\$1.00.

With effect from 1 September 2001, the Stock Exchange requires that the exercise price of options is at least the higher of the closing price of the shares on the Stock Exchange on the date of grant and the average of the closing prices of the shares on the Stock Exchange for the five trading days immediately preceding the date of grant. Up to the date of this report, the Company has not granted any options on or after 1 September 2001.

29.購股權計劃 (續)

有關僱員可自接納購股權之日或董事可能訂定的較後日期起至該日期後十年屆滿當日止期間，隨時按照購股權計劃的條款行使購股權，惟有關僱員在有關購股權期間開始後各個12個月期間僅可行使最多達其獲授購股權的20%。僱員在接納授出之購股權時須支付的代價為1.00港元。

自二零零一年九月一日起，聯交所規定購股權最低行使價須為下列較高者：股份於授出日期在聯交所的收市價或股份在緊接授出日期前五個交易日在聯交所的平均收市價。截至本報告日期，本公司於二零零一年九月一日或之後並無授出任何購股權。

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29.SHARE OPTION SCHEME (Continued)

The following share options were outstanding under the Option Scheme during the year:

29.購股權計劃 (續)

年內，在購股權計劃下尚未行使的購股權如下：

	At 1 April 2004* 於二零零四年四月一日*	Number of outstanding share options cancelled during the year 年內註銷之未行使購股權數目	At 31 March 2005 於二零零五年三月三十一日	Date of grant of share options 購股權授出日期	Exercise period of share options 購股權行使期	Exercise price of share options* 購股權行使價* HK\$ 港元
Directors: 董事：						
Ling Siu Man, Simon 凌少文	15,000,000	–	15,000,000	07-04-00 二零零零年四月七日	10-04-00 to 09-04-10 二零零零年四月十日至 二零一零年四月九日	0.467
Lee Ka Yue, Peter 李嘉渝	2,715,000	–	2,715,000	07-04-00 二零零零年四月七日	10-04-00 to 09-04-10 二零零零年四月十日至 二零一零年四月九日	0.467
Wong Ki Cheung 黃其昌	2,715,000	–	2,715,000	07-04-00 二零零零年四月七日	10-04-00 to 09-04-10 二零零零年四月十日至 二零一零年四月九日	0.467
Li Fung Ching, Catherine 李鳳貞	2,715,000	–	2,715,000	07-04-00 二零零零年四月七日	10-04-00 to 09-04-10 二零零零年四月十日至 二零一零年四月九日	0.467
Au Wai Man 區偉民	2,715,000	–	2,715,000	07-04-00 二零零零年四月七日	10-04-00 to 09-04-10 二零零零年四月十日至 二零一零年四月九日	0.467

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29.SHARE OPTION SCHEME (Continued)

29.購股權計劃 (續)

	At 1 April 2004*	Number of outstanding share options cancelled during the year 年內註銷 之未行使 購股權數目	At 31 March 2005 於二零零五年 三月三十一日	Date of grant of share options 購股權 授出日期	Exercise period of share options 購股權 行使期	Exercise price of share options* 購股權 行使價* HK\$ 港元
Liu Hoi Keung, Gary 廖開強	2,715,000	–	2,715,000	07-04-00 二零零零年 四月七日	10-04-00 to 09-04-10 二零零零年 四月十日至 二零一零年 四月九日	0.467
Lam Kwai Wah 林桂華#	1,650,000	–	1,650,000	07-04-00 二零零零年 四月七日	10-04-00 to 09-04-10 二零零零年 四月十日至 二零一零年 四月九日	0.467
	30,225,000	–	30,225,000			
Other employees: In aggregate 其他僱員： 合計	42,150,000	(2,100,000)	40,050,000	07-04-00 二零零零年 四月七日	10-04-00 to 09-04-10 二零零零年 四月十日至 二零一零年 四月九日	0.467
	72,375,000	(2,100,000)	70,275,000			

* Pursuant to the provisions of the share option scheme conditionally adopted by the Company on 18 September 1997, adjustments are required to be made to the exercise price and the number of shares falling to be issued upon exercise of the outstanding share options as a result of the issue of the right shares as detailed in note 28 to the financial statements. The exercise price of the outstanding share options was adjusted from HK\$0.70 per share to HK\$0.467 per share, and the number of shares falling to be issued upon full exercise of the outstanding share options was adjusted from 48,250,000 shares to 72,375,000 shares.

Mr. Lam Kwai Wah was appointed as a director on 27 September 2004.

* 根據本公司於一九九七年九月十八日有條件採納之購股權計劃之規定，基於發行供股股份(詳情載於財務報表附註28)，因而須對行使價反因行使尚未行使購股權而須予發行之股份數目作出調整。尚未行使購股權之行使價由每股0.70港元調整至每股0.467港元，以及因全面行使尚未行使購股權而須予發行之股份數目由48,250,000股調整至72,375,000股。

林桂華先生於二零零四年九月二十七日獲委任為董事。

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29.SHARE OPTION SCHEME *(Continued)*

At the balance sheet date, the Company had 70,275,000 share options outstanding under the Option Scheme, which represented approximately 7.4% of the Company's shares in issue at that date. The exercise in full of the remaining share options would, under the present capital structure of the Company, result in the issue of 70,275,000 additional shares of the Company and additional share capital of HK\$7,027,500 and share premium of approximately HK\$25,791,000 (before issue expenses).

30.RESERVES**(a) Group**

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on pages 11 to 12 in the financial statements.

The contributed surplus of the Group represents the difference between the nominal value of the share capital of the former holding company of the Group acquired pursuant to the Group reorganisation to rationalise the Group structure in preparation for the listing of the Company's shares on The Stock Exchange of Hong Kong Limited, over the nominal value of the share capital of the Company issued in exchange therefor.

29.購股權計劃 (續)

於結算日，本公司根據購股權計劃共有70,275,000股尚未行使購股權，佔本公司於該日之已發行股份約7.4%。按本公司現有股本架構而言，全面行使餘下購股權將導致本公司發行額外70,275,000股股份，並將導致額外股本7,027,500港元及股份溢價約25,791,000港元（未計開支）。

30.儲備**(a) 本集團**

本集團於本年度及過往年度之儲備及有關變動數額於財務報表第11至12頁之綜合權益變動表呈列。

本集團的繳入盈餘指本集團因籌備本公司股份在香港聯合交易所有限公司上市而重整本集團架構所進行的集團重組而收購的本集團前控股公司股本面值，超出本公司就此交換而發行股本面值的差額。

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30. RESERVES (Continued) (b) Company

30. 儲備 (續) (b) 本公司

		Share premium account 股份溢價賬	Contributed surplus 繳入盈餘	Retained profits 保留溢利	Total 總計
At 1 April 2003	二零零三年四月一日	28,735	58,794	11,769	99,298
Net loss for the year	本年度虧損淨額	–	–	(117)	(117)
Interim 2004 dividend	二零零四年中期股息	–	–	(6,353)	(6,353)
Proposed final 2004 dividend	擬派二零零四年 末期股息	–	–	(3,176)	(3,176)
At 31 March 2004 and at 1 April 2004	二零零四年三月三十一日 及二零零四年四月一日	28,735	58,794	2,123	89,652
Issue of shares	發行股份	31,763	–	–	31,763
Share issue expenses	發行股份開支	(1,400)	–	–	(1,400)
Net profit for the year	本年度虧損淨額	–	–	39,770	39,770
Proposed final 2005 dividend	擬派二零零五年 末期股息	–	–	(9,529)	(9,529)
At 31 March 2005	二零零五年三月三十一日	59,098	58,794	32,364	150,256

The Company's contributed surplus represents the excess of the fair value of the shares of the subsidiaries acquired pursuant to the reorganisation referred to in note 30(a), over the nominal value of the Company's shares issued in exchange therefor.

本公司的繳入盈餘指根據附註30(a)所述重組所收購附屬公司之股份公平值，超出本公司就此交換而發行股份面值的差額。

Under the Companies Law (2000 Revision) of the Cayman Islands, the share premium account of the Company is available for paying distributions or dividends to shareholders subject to the provisions of the Company's memorandum or articles of association, and provided that immediately following the distribution of dividends, the Company is able to pay its debts as and when they fall due in the ordinary course of business. In the opinion of the directors, the Company's reserves available for distribution represent the share premium account, contributed surplus and retained profits.

根據開曼群島公司法(二零零零年修訂本)，除本公司組織章程大綱或細則另有規定者外，本公司可將股份溢價賬用作分派或派發股息予股東，惟條件為本公司須於緊隨派發股息後可償還其在日常業務中到期的債項。董事認為，本公司可供分派的儲備為股份溢價賬、繳入盈餘及保留溢利。

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31. NOTE TO THE CONSOLIDATED CASH FLOW STATEMENT

Major non-cash transactions

- (i) During the year, the Group entered into finance lease arrangements in respect of fixed assets with a total capital value at the inception of the leases of HK\$32,500,000 (2004: HK\$3,566,000).
- (ii) During the year, deposits for the acquisition of fixed assets of HK\$33,140,000 (2004: HK\$8,807,000) were utilised as part of the considerations paid for the purchases of the fixed assets.

32. CONTINGENT LIABILITIES

At the balance sheet date, contingent liabilities not provided for in the financial statements were as follows:

		Group 本集團		Company 本公司	
		2005	2004	2005	2004
Bills discounted with recourse	有追索權貼現票據	-	1,079	-	-
Guarantees for general banking facilities of subsidiaries*	為附屬公司的一般銀行信貸提供擔保*	-	-	1,197,325	1,142,125
Guarantees for the purchases of a subsidiary	一間附屬公司的採購擔保	-	-	4,464	4,859
Shipping guarantees	船務擔保	1,060	2,744	-	-
		1,060	3,823	1,201,789	1,146,984

* At 31 March 2005, HK\$471,304,000 (2004: HK\$530,763,000) of the general banking facilities were utilised by the subsidiaries.

31. 綜合現金流量表附註

(a) 主要非現金交易

- (i) 年內，本集團就固定資產訂立融資租賃安排。於訂立該等租約時，該等固定資產的資本總值為32,500,000港元（二零零四年：3,566,000港元）。
- (ii) 年內，購買固定資產的訂金33,140,000港元（二零零四年：8,807,000港元）已經動用，作為購買固定資產的部分代價。

32. 或然負債

於結算日，未於財務報表中撥備的或然負債如下：

* 於二零零五年三月三十一日，附屬公司已動用的一般銀行信貸為471,304,000港元（二零零四年：530,763,000港元）。

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33. OPERATING LEASE ARRANGEMENTS

The Group leases certain of its properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to five years.

At 31 March 2005, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

		Group 本集團	
		2005	2004
Within one year	一年內	2,876	1,959
In the second to fifth years, inclusive	第二至第五年 (包括首尾兩年)	6,517	3,093
		9,393	5,052

At balance sheet date, the Company had no operating lease arrangements (2004: Nil).

34. COMMITMENTS

In addition to the operating lease commitments detailed in note 33 above, the Group had the following commitments at the balance sheet date:

(a) Capital commitments

		Group 本集團	
		2005	2004
Contracted, but not provided for:	已訂約但未撥備：		
Equipment and tools	設備及工具	205	28,532
Moulds	模具	1,115	67
Construction in progress in Mainland China	在中國的 在建工程	—	24,238
Leasehold improvements	租賃物業裝修	—	14
		1,320	52,851

33. 經營租賃安排

本集團根據經營租賃安排租賃其若干物業。物業租約的議訂年期介乎一至五年。

於二零零五年三月三十一日，本集團在不可撤銷經營租約下須於下列期間支付的未來最低租金總額為：

34. 承擔

除上文附註33所詳述經營租賃承擔外，本集團於結算日有以下承擔：

(a) 資本承擔

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34.COMMITMENTS (Continued)

(b) Commitments under forward foreign exchange contracts

		Group 本集團	
		2005	2004
Commitments to purchase foreign currencies	購買外幣的承擔	284,518	46,302

At the balance sheet date, the Company did not have any significant commitments (2004: Nil).

35.RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

In addition to the transactions and balances detailed elsewhere in these financial statements, during the year, the Group had the following related party and connected transactions:

- (a) The Group sold audio and video products and related components amounting to HK\$23,492,000 (2004: HK\$24,649,000) to Pioneer Ventures Limited ("PVL"), a wholly-owned subsidiary of EganaGoldpfeil (Holdings) Limited ("EG"), which is a substantial shareholder of the Company.

The sales to PVL were made according to the published prices and conditions offered to the other major customers of the Group.

- (b) The Group paid HK\$140,000 (2004: HK\$397,000) to International Taxation Advisory Services Limited, of which Mr. Wong Wai Kwong, David, a non-executive director of the Company, is a director, for corporate advisory services rendered to the Group.

34.承擔 (續)

(b) 遠期外匯合約的承擔

於結算日，本公司並無任何重大資本承擔 (二零零四年：無)。

35.關連人士交易及關連交易

除財務報表其他部分所載交易及結餘外，本集團於年內有下列關連人士及關連交易：

- (a) 本集團向本公司主要股東聯洲國際集團 (「聯洲國際」) 的全資附屬公司 Pioneer Ventures Limited (「PVL」) 出售價值 23,492,000 港元 (二零零四年：24,649,000 港元) 的音響與視像產品及有關零件。

向 PVL 銷售貨品乃根據公價及按本集團其他主要客戶所獲條件進行。

- (b) 本集團就 International Taxation Advisory Services Limited (本公司非執行董事黃偉光先生乃該公司的董事) 向本集團提供的企業顧問服務而支付 140,000 港元 (二零零四年：397,000 港元)。

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35. RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS *(Continued)*

- (c) In prior year, the Group signed a term loan facility agreement for a syndicated loan. Under the terms of the agreement, the chairman of the Company, Mr. Ling Siu Man, Simon, being the single largest shareholder and is actively involved in the management and business of the Group, is required to maintain at least 40% of the beneficial interests in shareholdings in the Company.

The above transactions are related party transactions, of which item (a) also constitutes continuing connected transaction as defined in Chapter 14A of the Listing Rules.

36. POST BALANCE SHEET EVENT

Subsequent to the balance sheet date, in May 2005, the Group entered into an agreement with a trade customer to acquire 19% equity interest in the shareholding of this trade customer at a consideration of HK\$23,759,000 which was satisfied by offsetting the balance receivable from this trade customer at 31 March 2005. As this investment is held for a long term purpose, the receivable balance of HK\$23,759,000 at 31 March 2005 has been classified as non-current asset in the balance sheet.

37. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 15 July 2005.

35. 關連人士交易及關連交易 (續)

- (c) 於前年度本集團就銀團貸款簽訂定期貸款融資協議。根據協議條款，本公司主席凌少文先生(彼為本集團唯一最大股東及積極參與本集團的管理及業務)須擁有本公司持股量之實際權益最少40%。

以上交易乃關連人士交易，而按照上市規則之規定第14A章，(a)項亦構成關連交易。

36. 結算日後事項

於結算日後，於二零零五年五月，本集團與一名貿易客戶訂立協議，以收購該貿易客戶股權中之19%股本權益，代價為23,759,000港元，此金額將與於二零零五年三月三十日應收該貿易客戶之餘款抵銷而支付。由於此項投資乃長期持有，故應收餘款23,759,000港元已於資產負債表內分類為非流動資產。

37. 財務報表的批准

財務報表已於二零零五年七月十五日獲董事會批准，並獲授權刊發。

FIVE YEAR FINANCIAL SUMMARY

31 March 2005 (Express in thousands of Hong Kong dollars)
二零零五年三月三十一日 (港幣千元單位列表)

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the published audited financial statements and reclassified as appropriate, is set out below.

以下為本集團過去五個財政年度之業績、資產及負債概要，此等資料乃摘錄自己刊發經審核財務報表，並已作出適當重新分類。

RESULTS

業績

		Year ended 31 March 截至三月三十一日止年度				
		2005	2004	2003	2002	2001
TURNOVER	營業額	2,636,294	2,074,140	2,680,277	2,013,623	2,625,533
PROFIT BEFORE TAX	除稅前溢利	29,038	19,965	53,495	10,762	14,513
Tax	稅項	(1,478)	5,634	(10,194)	(2,499)	(7,898)
NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS	股東應佔 日常業務 溢利淨額	27,560	25,599	43,301	8,263	6,615

ASSETS AND LIABILITIES

資產及負債

		At 31 March 於三月三十一日				
		2005	2004	2003	2002	2001
TOTAL ASSETS	資產總額	1,365,398	1,462,916	1,123,775	912,573	880,575
TOTAL LIABILITIES	負債總額	(845,510)	(1,066,377)	(737,094)	(551,830)	(521,886)
		519,888	396,539	386,681	360,743	358,689

Properties

HELD BY THE GROUP

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二零零五年三月三十一日（港幣千元單位列表）

Particulars of properties held by the Group as at 31 March 2005 are as follows:

本集團於二零零五年三月三十一日持有之物業詳情如下：

PROPERTY INTERESTS HELD BY THE GROUP IN HONG KONG

本集團在香港持有之物業權益

		Type 種類	Lease term 租約
1.	Units D, G and H on 4th Floor, Summit Building, 30 Man Yue Street and 21-23 Tai Wan Road, Hung Hom, Kowloon	Industrial	Medium
	九龍 紅磡 民裕街30號及 大環道21至23號 興業大廈 4樓D、G及H單位	工業	中期
2.	Unit B on 10th Floor, Summit Building, 30 Man Yue Street and 21-23 Tai Wan Road, Hung Hom, Kowloon	Industrial	Medium
	九龍 紅磡 民裕街30號及 大環道21至23號 興業大廈 10樓B單位	工業	中期

Properties

HELD BY THE GROUP

31 March 2005 (Express in thousands of Hong Kong dollars)
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PROPERTY INTERESTS HELD BY THE GROUP IN HONG KONG (Continued)

本集團在香港持有之物業權益 (續)

		Type 種類	Lease term 租約
3.	Units A, B, L and O on 11th Floor, Summit Building, 30 Man Yue Street and 21-23 Tai Wan Road, Hung Hom, Kowloon	Industrial	Medium
	九龍 紅磡 民裕街30號及 大環道21至23號 興業大廈 11樓A、B、L及O單位	工業	中期
4.	Town House No.113, Sunderland Estate, 1 Hereford Road, Kowloon Tong, Kowloon	Residential	Medium
	九龍 九龍塘 禧福道1號 新德園 第113號洋房	住宅	中期
5.	Flat D on 14th Floor, Block 8, 6 Tak Hong Street, Whampoa Garden – Site 11, Hung Hom, Kowloon	Residential	Long
	九龍 紅磡 黃埔花園第11期 德康街6號 第8座 14樓D室	住宅	長期

Properties

HELD BY THE GROUP

31 March 2005 (Express in thousands of Hong Kong dollars)
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PROPERTY INTERESTS HELD BY THE GROUP IN HONG KONG (Continued)

本集團在香港持有之物業權益（續）

		Type 種類	Lease term 租約
6.	Lorry Car Parking Spaces Nos. 7, 8, 9 and 10 on 1st Floor Summit Building, 30 Man Yue Street and 21-23 Tai Wan Road, Hung Hom, Kowloon	Car park	Medium
	九龍 紅磡 民裕街30號及 大環道21至23號 興業大廈 1樓第7、8、9及10號 貨車泊車位	車位	中期
7.	Private Car Parking Spaces Nos. 10, 14, 21 and 22 on Basement Summit Building, 30 Man Yue Street and 21-23 Tai Wan Road, Hung Hom, Kowloon	Car park	Medium
	九龍 紅磡 民裕街30號及 大環道21至23號 興業大廈 地庫第10、14、21及22號 私家車泊車位	車位	中期

Properties

HELD BY THE GROUP

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PROPERTY INTERESTS HELD BY THE GROUP IN THE PRC 本集團在中國持有之物業權益

		Type 種類	Lease term 租約
8.	An industrial complex in Shitanpu Administrative Zone Tangxia Town, Dongguan, Guangdong Province	Industrial	Medium
	廣東省 東莞市 塘廈鎮 石潭埔管理區之 綜合工業園	工業	中期
9.	An industrial complex in Zhenhua Industrial District Qishi Town, Dongguan, Guangdong Province	Industrial	Medium
	廣東省 東莞市 企石鎮 振華工業區之 綜合工業園	工業	中期
10.	Unit A805 Tiananchuangxin Technology Square Shenzhen City Guangdong Province	Industrial	Medium
	中國 深圳市 天安數碼城 創新科技廣場 A座805室	工業	中期

Properties

HELD BY THE GROUP

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PROPERTY INTERESTS HELD BY THE GROUP IN THE PRC

本集團在中國持有之物業權益

		Type 種類	Lease term 租約
11.	An industrial complex in Huangjiabo Village Shipa Town, Dongguan, Guangdong Province	Industrial	Medium
	廣東省 東莞市 石排鎮 黃家壩村 新工業區	工業	中期

TONIC INDUSTRIES HOLDINGS LIMITED
東力實業控股有限公司