



Eagle Nice (International) Holdings Limited

鷹美(國際)控股有限公司 *

(incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立之有限公司)



Annual Report 年報

*Stretching
New Sight*
Reaching
突破界限 邁向高峰
New
Heights



來年景願 —— 放眼世界

Our Vision— Eye on the World

The collaboration with a wholly-owned subsidiary of Yue Yuen Industrial (Holdings) Limited has successfully enabled our Group to further explore into the international market. The Group is committed to expand its client network into other regions around the world in the coming year.

隨著與裕元工業(集團)有限公司全資附屬公司建立之策略夥伴關係,本集團已進一步拓展其國際品牌市場。未來一年,本集團將致力把客戶網絡擴展至全球各地。

Creating New Records 刷新紀錄

Turnover
in 2005
二零零五年營業額

Profit Attributable
to Shareholders
股東應佔溢利

Earnings
Per Share
每股盈利

↑38.7% ↑193.1%

↑63.5%

*Striving
for the Best*

全力衝線





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Corporate Information

Executive Directors

Chung Yuk Sing (*Chairman*)
Tsang Yuk Ni
Chung Tung Sau
Tsang Sau Fan
Ku Yu Sun, Edward
Kuo Tai Yu

Non-executive Director

Ong Chor Wei

Independent Non-executive Directors

Chan Cheuk Ho
Li Chi Chung
Cheng Yung Hui, Tony

Company Secretary

Ong Chor Wei *ACA, HKICPA*

Registered Office

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

Head Office and Principal Place of Business in Hong Kong

Units 0902-0903 and 0905-0906
9th Floor, Tower B
Regent Centre
70 Ta Chuen Ping Street
Kwai Chung
New Territories
Hong Kong

Legal Advisers

Vincent T.K. Cheung, Yap & Co.
15th Floor
Alexandra House
16-20 Chater Road
Hong Kong

Auditors

Ernst & Young
Certified Public Accountants
18th Floor
Two International Finance Centre
8 Finance Street, Central
Hong Kong

Audit Committee Members

Chan Cheuk Ho
Li Chi Chung
Cheng Yung Hui Tony

Principal Bankers

The Hongkong and Shanghai
Banking Corporation Limited
673 Nathan Road
Kowloon
Hong Kong

Citibank N.A.
Room 2908, Tower 1
The Gateway
25 Canton Road
Tsim Sha Tsui
Kowloon
Hong Kong

Hang Seng Bank Limited
83 Des Voeux Road Central
Central, Hong Kong

Bank of China, Guangdong Branch
Composite Building
Dabeishan Road
Longhu District
Shantou
Guangdong Province
People's Republic of China

Principal Share Registrar & Transfer Office

Bank of Bermuda (Cayman) Limited
P.O. Box 513 GT
Strathvale House
North Church Street
George Town
Grand Cayman
Cayman Islands
British West Indies

Hong Kong Branch Share Registrar & Transfer Office

Tengis Limited
Ground Floor
Bank of East Asia Harbour
View Centre
56 Gloucester Road
Wanchai
Hong Kong

Website

<http://www.eaglenice.com.hk>

Stock Code

2368

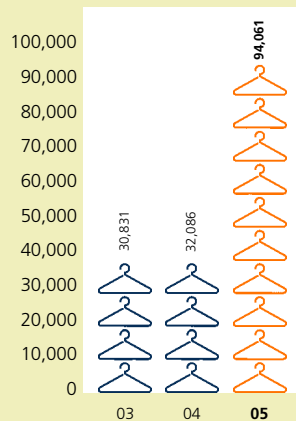


Financial Highlights

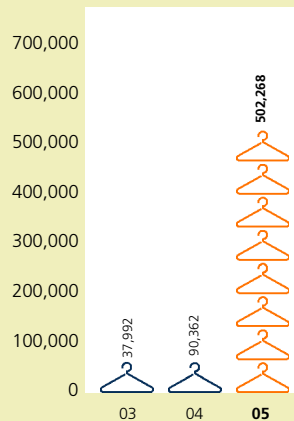
Results	2005	2004
	HK\$ Million	HK\$ Million
Turnover	451.4	325.4
Operating profit before depreciation, amortisation, interest and tax	115.2	46.6
Profit attributable to shareholders	94.1	32.1
Earnings per share	HK\$0.28	HK\$0.17
Dividend per share		
– Interim	HK4.5 cents	HK3.0 cents
– Final	HK6.0 cents	HK3.5 cents

Financial Position	2005	2004
	HK\$ Million	HK\$ Million
Total assets	557.0	174.3
Net debts	Nil	2.1
Shareholders' equity	502.3	90.4
Net assets per share	HK\$1.49	HK\$0.48
Net debts to total assets (excluding cash)	Nil	1.53%
Net debts to shareholders' equity	Nil	2.32%

Profit Attributable to Shareholders
(HK\$'000)



Shareholders' Equity
(HK\$'000)



+193.1%

+455.8%



Chairman's Statement

Move Ahead

The performance of our Group for the year ended 31 March 2005 continues to be encouraging. The production line of our New Production Plant will commence operation in the last quarter of 2005. The New Production Plant will minimize production cost as the operation becomes more efficient. Meanwhile, it provides ample room for further expansion. The referrals by Yue Yuen from its strong international brand names client base have expanded our Group's customer base further in the international market.

Dear Shareholders,

On behalf of the board of directors (the "Board") of Eagle Nice (International) Holdings Limited (the "Company"), I am pleased to present the annual report of the Company and its subsidiaries (together the "Group") for the year ended 31 March 2005.

Business Review

It is a delight to report that the performance of our Group for the year ended 31 March 2005 continues to be excellent and encouraging.

Comparing to the previous corresponding year, the consolidated turnover and net profit attributable to shareholders increased by approximately 38.7% and 193.1% respectively.

Results Highlights

The results highlights for the year ended 31 March 2005 are as follows:

- Turnover increased by approximately 38.7% to approximately HK\$451.4 million;
- Net profit attributable to shareholders increased by approximately 193.1% to approximately HK\$94.1 million; and
- As at 31 March 2005, our Group's net current assets increased by approximately 7.9 times from approximately HK\$41.0 million in the previous corresponding year to approximately HK\$366.5 million.

ring

Launch of Our New Production Plant

To accommodate our Group's expansion plan, we have established a new production plant ("New Production Plant") located at No. 48 Heng Shan Road, Shantou, People's Republic of China (the "PRC"). The New Production Plant is a 7-storeyed industrial complex, with a gross floor area of approximately 67,000 square metres. The construction work has been completed. The New Production Plant is scheduled to commence operation in the last quarter of 2005. It will increase our Group's existing production capacity.

Looking ahead to the coming year, we remain optimistic while we expect to meet some challenges. In the short term, the launch of our New Production Plant may result in additional manpower and outlay such as set-up related expenses. The profit in the year 05/06 may be slightly affected due to additional outlay and depreciation for the new plant and equipment. We believe that this effect is only temporary. As the New Production Plant increases its capacity and quantity produced, we believe that the effect will be minimized.

As such, we are confident that our Group can achieve sustainable growth in subsequent years.

We believe that the New Production Plant will bring benefits to the Group. Firstly, the New Production Plant will minimize production cost as the operation becomes more efficient. Secondly, it provides ample room for further expansion.

Successful Collaboration With A Wholly-Owned Subsidiary Of Yue Yuen Industrial (Holdings) Limited ("Yue Yuen")

With the Subscription Agreement made on 3 March 2004, the strategic collaboration between our Company and Yue Yuen has proven to be fruitful. The experienced experts of Yue Yuen have assisted our Group in the fields of production. In addition, with referrals by Yue Yuen from its strong international brand names client base, our Group's customer base has expanded further in the international market.

Looking Forward

Our Group has a track record of solid client base, including international brand names such as Nike, adidas and Puma. We firmly believe that our Group has promising prospects. In the future, we will continue to adopt the quality-oriented principle. To establish and maintain our leading position in the fields of sportswear manufacturing, our Group has dedicated more resources to acquire additional production plant. In the meantime, our management will make every effort to tighten the cost control. This will be achieved without compromising the quality of our products. In order to expand business and reduce production cost, our Group is planning to expand our production facilities and labour training to other places of the world in the coming year. To serve the purpose of maximizing profit growth, our Group is also searching for opportunities of working with suitable business partners.

On behalf of the Board, I would like to extend our gratitude to all staff for their dedication and hard work.

Chung Yuk Sing

Chairman

Hong Kong, 8 July 2005



Management Discussion and Analysis

Slam Dunk

Currently, our focuses are (a) to expand and develop the overseas markets and (b) to extend our production facilities to other parts of the PRC and the world. Our Group continues to acquire further plant and machinery, employ more labour and lease more factory premises. The management believes that such focus will enable our Group to develop its full potential by reducing the labour cost, minimizing the investment risk and meeting the international markets standards.

Business Review

The Group is principally engaged in the design and manufacture of sportswear for men, women and children on an OEM (an acronym for "original equipment manufacturer", which produces or customises products according to the design supplied by others) basis. The sportswear manufactured and sold by the Group can broadly be divided into tracksuits, sports pants, jackets, sweaters and t-shirts. The remaining products comprise casual wear, kids wear and fashion wear. The Group manufactures products under international brandnames such as **Nike**, **adidas** and **Puma**.

For the year ended 31 March 2005, the Group's products were mainly sold to Japan, the PRC and South Korea.

The performance of the Group for the year ended 31 March 2005 was strong compared to the previous corresponding year in 2004 as the turnover and net profit from ordinary activities attributable to the shareholders of the Group increased by approximately 38.7% and approximately 193.1% respectively.

The growth in turnover came principally from the increasing orders placed by the Group's existing customers such as **Nike** and other international brandname customers. Meanwhile, the Group's marketing team continued to approach new customers and orders are constantly taking place by new or potential customers.



On the production side, the Group continued to expand its production capacity during the year ended 31 March 2005 compared to the previous corresponding year in 2004. A New Production Plant was being constructed in Shantou, the PRC during the year. Please refer to the circular of the Company dated 14 July 2004 for further details of the New Production Plant.

Financial Review

Results

For the year ended 31 March 2005, turnover of the Group increased to approximately HK\$451.4 million compared to approximately HK\$325.4 million for the previous corresponding year, an increase of approximately 38.7%. The increase was mainly attributed to an increase in the orders placed by customers as a result of the hard work of the Group's marketing team supported by an expansion in the Group's production capacity. In terms of geographical segments, sales to the Group's major markets, i.e. Japan and the PRC increased by approximately 21.7% and 107.7% respectively.

Gross profit of the Group for the year ended 31 March 2005 increased to approximately HK\$128.2 million compared to approximately HK\$60.8 million for the previous corresponding year, an increase of approximately 110.9%. The increase was mainly attributed to the increase in turnover and an increase in gross profit margin. The gross profit margin of the Group was approximately 28.4% for the year ended 31 March 2005, an increase of approximately 9.7% compared to approximately 18.7% for the previous corresponding year. The improvement in gross profit margin was attributed to (a) improved production efficiency as a result of (i) implementation of a more advanced production planning computer system assisted by Yue Yuen Industrial (Holdings) Limited, (ii) increase in the use of more advanced machinery, (iii) a more stable quality and timely delivery of materials, (b) a lower percentage increase in direct labours, and (c) reduction in material consumption and wastage.

Other income for the year ended 31 March 2005 increased by approximately 97.2% to approximately HK\$7.1 million compared to approximately HK\$3.6 million for the previous corresponding year. The increase was mainly attributed to an increase in the amount of sale of samples and interest income.

Selling and distribution expenses of the Group for the year ended 31 March 2005 increased to approximately HK\$5.1 million compared to approximately HK\$4.4 million for the previous corresponding year, an increase of approximately 15.9%. The increase was mainly attributed to the increase in the transportation costs to customers due to increase in turnover and increase in advertising fee.

Administrative expenses for the year ended 31 March 2005 increased by approximately 19.5% to approximately HK\$26.4 million compared to approximately HK\$22.1 million for the previous corresponding year. The increase was mainly due to an increase in the level of salaries and general expenses to cope with the expansion of the business.

Finance costs for the year ended 31 March 2005 decreased by approximately 91.3% to approximately HK\$0.2 million compared to approximately HK\$2.3 million for the previous corresponding year. The decrease was mainly attributed to the lower average level of bank borrowings compared to the previous corresponding year.

The Group's profit attributable to shareholders for the year ended 31 March 2005 increased by approximately 193.1% to approximately HK\$94.1 million compared to approximately HK\$32.1 million for the previous





The Quality

The quality-oriented principle has been our production doctrine for years. The Group manufactures products under well-known brandnames such as *Nike, adidas* and *Puma*. The products manufactured and sold by the Group range from tracksuits, sports pants, jackets, sweaters, t-shirts, casual wear, kids wear and fashion wear. The steadily increasing number of orders placed by our customers is evidence of the success of our production doctrine. Another recognition of the quality of our products is the issue of the "Quality Check Certificates" from *Nike* to our Group. We strive to meet the clients' requirements at all times.

corresponding year. The increase was the result of an increase in the level of turnover and gross profit margin.

Liquidity and Financial Resources

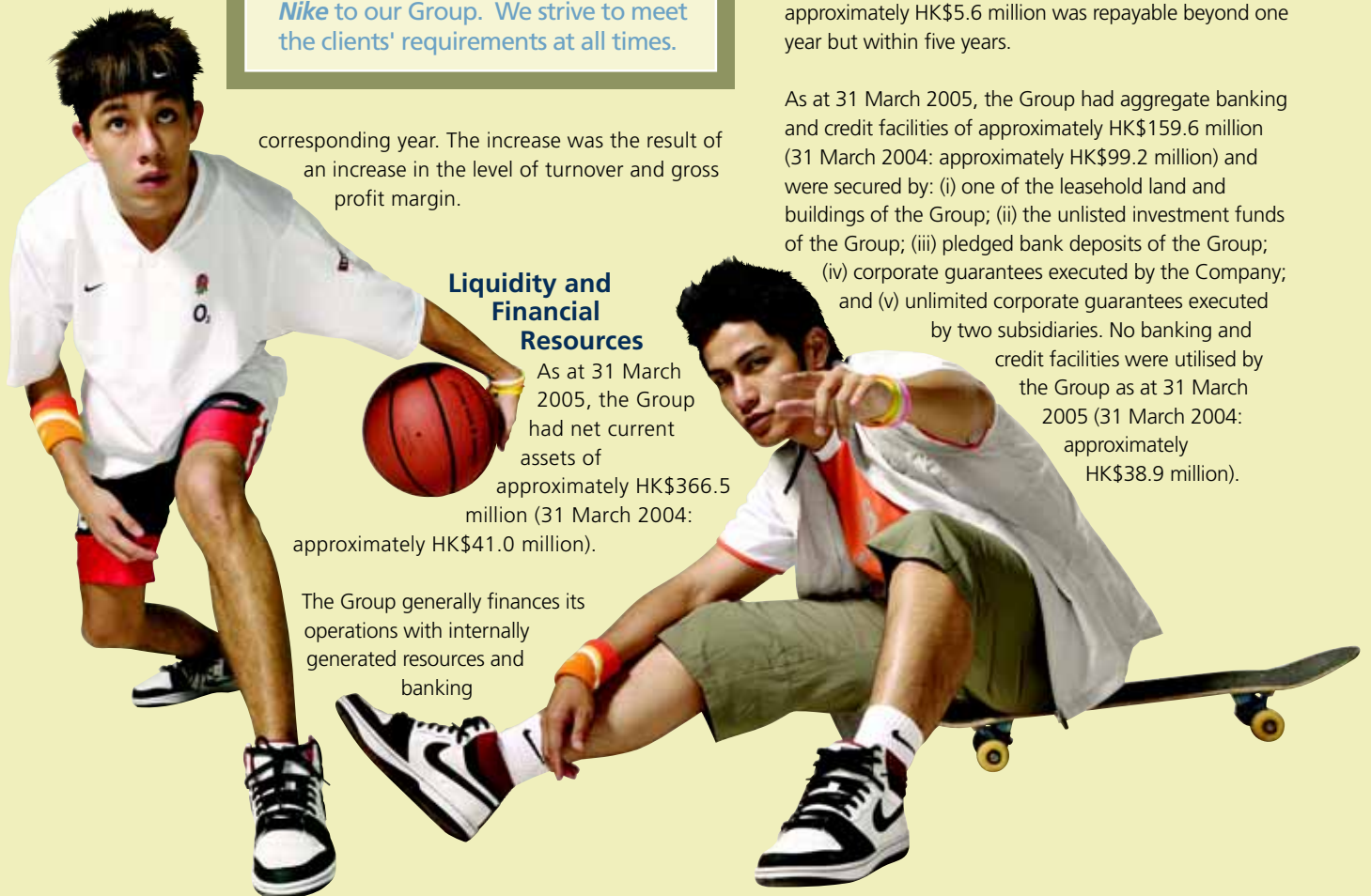
As at 31 March 2005, the Group had net current assets of approximately HK\$366.5 million (31 March 2004: approximately HK\$41.0 million).

The Group generally finances its operations with internally generated resources and banking

facilities provided by its bankers. Net proceeds from the initial public offering of the Company's shares, subscription of the Company's shares and convertible note and placing of the Company's shares during the year were primarily used for acquisition of new machinery and fixtures and fittings to support the expansion in capacity, to acquire additional factory building in the PRC and to expand the Group's marketing team and sales network. Please refer to the Report of Directors in this annual report for the details of the use of proceeds from the initial public offering of the Company's shares and from the subscription and placing of new shares and the issue of convertible note of the Company. As at 31 March 2005, the Group had cash and bank deposits amounted to approximately HK\$328.4 million (31 March 2004: approximately HK\$36.9 million).

As at 31 March 2005, the Group had no outstanding borrowings. However, as at 31 March 2004, the Group had outstanding borrowings of approximately HK\$38.9 million, comprising secured bank overdrafts of approximately HK\$7.4 million, secured trust receipt loans of approximately HK\$18.9 million, secured mortgage loans of approximately HK\$5.7 million, other secured bank loans of approximately HK\$5.0 million and obligations under finance leases of approximately HK\$1.9 million, of which approximately HK\$33.3 million of the total outstanding borrowings were repayable within one year and the remaining balance of approximately HK\$5.6 million was repayable beyond one year but within five years.

As at 31 March 2005, the Group had aggregate banking and credit facilities of approximately HK\$159.6 million (31 March 2004: approximately HK\$99.2 million) and were secured by: (i) one of the leasehold land and buildings of the Group; (ii) the unlisted investment funds of the Group; (iii) pledged bank deposits of the Group; (iv) corporate guarantees executed by the Company; and (v) unlimited corporate guarantees executed by two subsidiaries. No banking and credit facilities were utilised by the Group as at 31 March 2005 (31 March 2004: approximately HK\$38.9 million).



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As at 31 March 2005, the Group's gearing ratios represented by total liabilities as a percentage of the Group's total assets amounted to approximately 9.8% (31 March 2004: approximately 48.2%).

The Group did not have any significant contingent liabilities not provided for at the balance sheet date (31 March 2004: nil).

For the year ended 31 March 2005, the Group was not subject to any significant exposures in foreign exchange rates risk. Hence, no financial instrument for hedging was employed.

The management believes that the existing financial resources will be sufficient to meet future expansion plans and, if necessary, the Group will be able to obtain additional financing with favourable terms.

Capital Structure

The shares of the Company ("Shares") were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 22 August 2003. During the period from 22 August 2003 to 31 March 2005, the capital structure of the Company had the following changes:

On 3 March 2004, the Company, Time Easy Investment Holdings Limited ("Time Easy") and Mr. Chung Yuk Sing entered into the conditional subscription agreement (the "Subscription Agreement") with Great Pacific Investments Limited ("Great Pacific") and Yue Yuen in relation to the subscription by Great Pacific of 105,000,000 new shares in the Company at HK\$1.06 per share, making a total subscription price of HK\$111.3 million, and of the convertible note issued by the Company (the "Convertible Note") to Great Pacific at a subscription price of HK\$207.06 million. The total consideration payable by Great Pacific for the subscription was HK\$318.36 million, which was payable in cash upon completion of the Subscription Agreement.

On the same day, the Company entered into the conditional placing agreement (the "Placing Agreement") with Barits Securities (Hong Kong) Limited ("Barits"), pursuant to which Barits agreed to place, on a fully underwritten basis, and the Company agreed to issue, an aggregate of 35,000,000 new shares in the Company at HK\$1.06 per share (the "Placing Shares"). The total subscription price for the Placing Shares was approximately HK\$37.1 million, which was payable in cash upon completion of the Placing Agreement.

The completion of the Subscription Agreement and the Placing Agreement took place on 16 April 2004. Immediately upon completion of the Subscription Agreement and the Placing Agreement, the public float had become about 24.56% of the total issued share capital of the Company. Time Easy sold 1,500,000 Shares in the market on 23 April 2004 to restore sufficient public float for the Shares to 25%.

On 28 December 2004, the Company entered into the amendment agreement (the "Amendment Agreement") with, among other parties, Great Pacific to amend the existing terms of the Convertible Note so that Great Pacific might immediately upon the Amendment Agreement became effective exercise the conversion rights under the Convertible Note to convert the outstanding Convertible Note into the Shares (the "Conversion Shares"), instead of only during the one month period before the third anniversary of the Convertible Note (the "Early Conversion"). In addition, according to the terms of the Amendment Agreement, within 3 business days after the Amendment Agreement became effective, Great Pacific would exercise the conversion rights under the Convertible Note in full and the Company should allot and issue the Conversion Shares to Great Pacific or its nominee in accordance with the terms and conditions of the Convertible Note.

On 3 March 2005, Time Easy had concluded a placing agreement pursuant to which Barits would place 22,000,000 Shares at the placing price of HK\$4.125 per share to not less than 6 independent investors (the "Vendor Placing Agreement") in order to fulfil the condition of the Amendment Agreement that the public float of the Shares would not be less than 25% immediately before and after the Early Conversion.

The completion of the Vendor Placing Agreement, the Amendment Agreement and the Early Conversion took place on 7 March 2005, 15 March 2005 and 17 March 2005 respectively.

Set out below is a table showing the shareholding structure of the Company (i) as at 1 April 2004, (ii) immediately upon completion of the Subscription Agreement and the Placing Agreement on 16 April 2004, (iii) immediately upon completion of the Subscription Agreement and the Placing Agreement and the disposal of 1,500,000 Shares by Time Easy on



23 April 2004, (iv) immediately upon completion of the Vendor Placing Agreement on 7 March 2005, and

(v) immediately upon Early Conversion of the Convertible Note on 17 March 2005:

	As at 1 April 2004		Immediately upon completion of the Subscription Agreement and the Placing Agreement on 16 April 2004		Immediately upon completion of the Subscription Agreement and the Placing Agreement and the disposal of 1,500,000 Shares by Time Easy on 23 April 2004		Immediately upon completion of the Vendor Placing Agreement on 7 March 2005		Immediately upon Early Conversion of the Convertible Note on 17 March 2005	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
Time Easy	150,000,000	75.00	150,000,000	44.12	148,500,000	43.68	126,500,000	37.21	126,500,000	29.63
Ms. Tsang Sau Fan	1,500,000	0.75	1,500,000	0.44	1,500,000	0.44	1,500,000	0.44	1,500,000	0.35
Great Pacific	–	–	105,000,000	30.88	105,000,000	30.88	105,000,000	30.88	192,000,000	44.96
Public	48,500,000	24.25	83,500,000	24.56	85,000,000	25.00	107,000,000	31.47	107,000,000	25.06
Total	200,000,000	100.00	340,000,000	100.00	340,000,000	100.00	340,000,000	100.00	427,000,000	100.00

Comments on Segmental Information

Segment information is presented by way of the Group's primary reporting basis, by geographical segment. No further business segment is presented as the Group is solely engaged in the manufacture and trading of sportswear and garments.

The Group's turnover by geographical segments, based on location of customers, for the two years ended 31 March 2005 are summarised as follows:

	2005		2004		Year-on-year % change
	HK\$'000	%	HK\$'000	%	
Hong Kong	14,853	3.3	13,591	4.2	9.3
PRC	177,722	39.3	85,561	26.3	107.7
Japan	165,213	36.6	135,734	41.7	21.7
South Korea	48,649	10.8	54,150	16.6	(10.2)
Australia	12,557	2.8	3,722	1.2	237.4
Others	32,452	7.2	32,653	10.0	(0.6)
	451,446	100.0	325,411	100.0	38.7

Significant Investments

As at 31 March 2005, there was no significant investment held by the Group (31 March 2004: nil).

employees including directors. Total staff costs including directors emoluments were approximately HK\$78.6 million in the year under review (31 March 2004: approximately HK\$66.9 million).

Material Acquisition or Disposal of Subsidiaries and Associated Companies

There was no material acquisition or disposal of subsidiaries and associated companies during the year ended 31 March 2005.

The employees are remunerated based on their work performance, professional experiences and the prevailing industry practice. The Group also makes contributions to the statutory mandatory provident fund scheme for the employees of the Group in Hong Kong and to the central pension scheme for the employees of the Group in the PRC. A share option scheme is operated by the Company from 6 August 2003. In the year under review, no share options have been granted to any employees.

Employees and Remuneration Policies

As at 31 March 2005, the Group employed a total of 4,721 (31 March 2004: 4,563)

Our Brands

The Group manufactures products under international brandnames such as Nike, adidas and Puma. Long-term business opportunities can be seen under these international brandnames. The growth in turnover came principally from the increasing orders placed by the Group's existing customers such as Nike and other international brandname customers. Meanwhile, the Group will continue to approach new customers and orders are constantly taking place by new or potential customers.



Future Plans for Material Investments or Capital Assets and their Expected Source of Funding

As part of our expansion plans, the Group had entered into agreements acquiring new plants and buildings during the year.

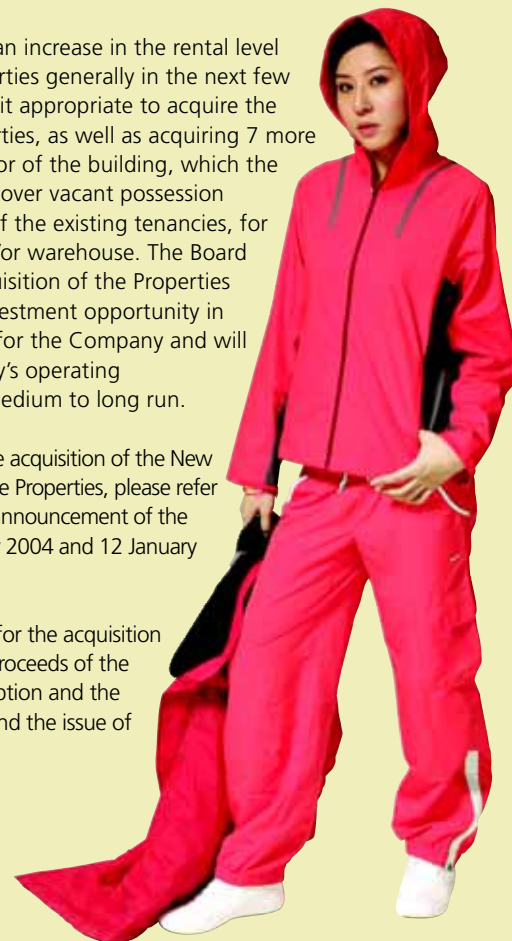
In order to increase the production capacity of the Group to cope with the increasing orders, on 19 June 2004, Yumei (Shantou) Garments Co., Ltd. (previously known as "Yue Mei (Shantou) Garment Manufacturing Co. Ltd."), a wholly-owned subsidiary of the Company entered into an agreement with 汕頭經濟特區成德工業村開發有限公司 (Shantou Special Economic Zone Cheng De Industrial Village Development Co. Ltd.) ("C.D. Real Estate"), an independent corporation established in the PRC, whereby C.D. Real Estate would construct and sell, and the Group would purchase, the New Production Plant for a consideration of RMB102,175,000 (approximately HK\$96,391,509). The New Production Plant was erected on a piece of land with a site area of approximately 23,334 square metres. The New Production Plant comprises a 7-storeyed industrial complex with a planned gross floor area of approximately 67,000 square metres together with ancillary facilities including a basketball court and a car port. The construction work has been completed. The New Production Plant is scheduled to commence operation in the last quarter of 2005. It will increase the Group's production capacity. As at 31 March 2005, a deposit of approximately HK\$42,453,000 was made. Subsequent to the balance sheet date, on 14 April 2005, the New Production Plant was examined and accepted by and delivered to the Group. The Group is currently in the progress of applying for the relevant title certificates.

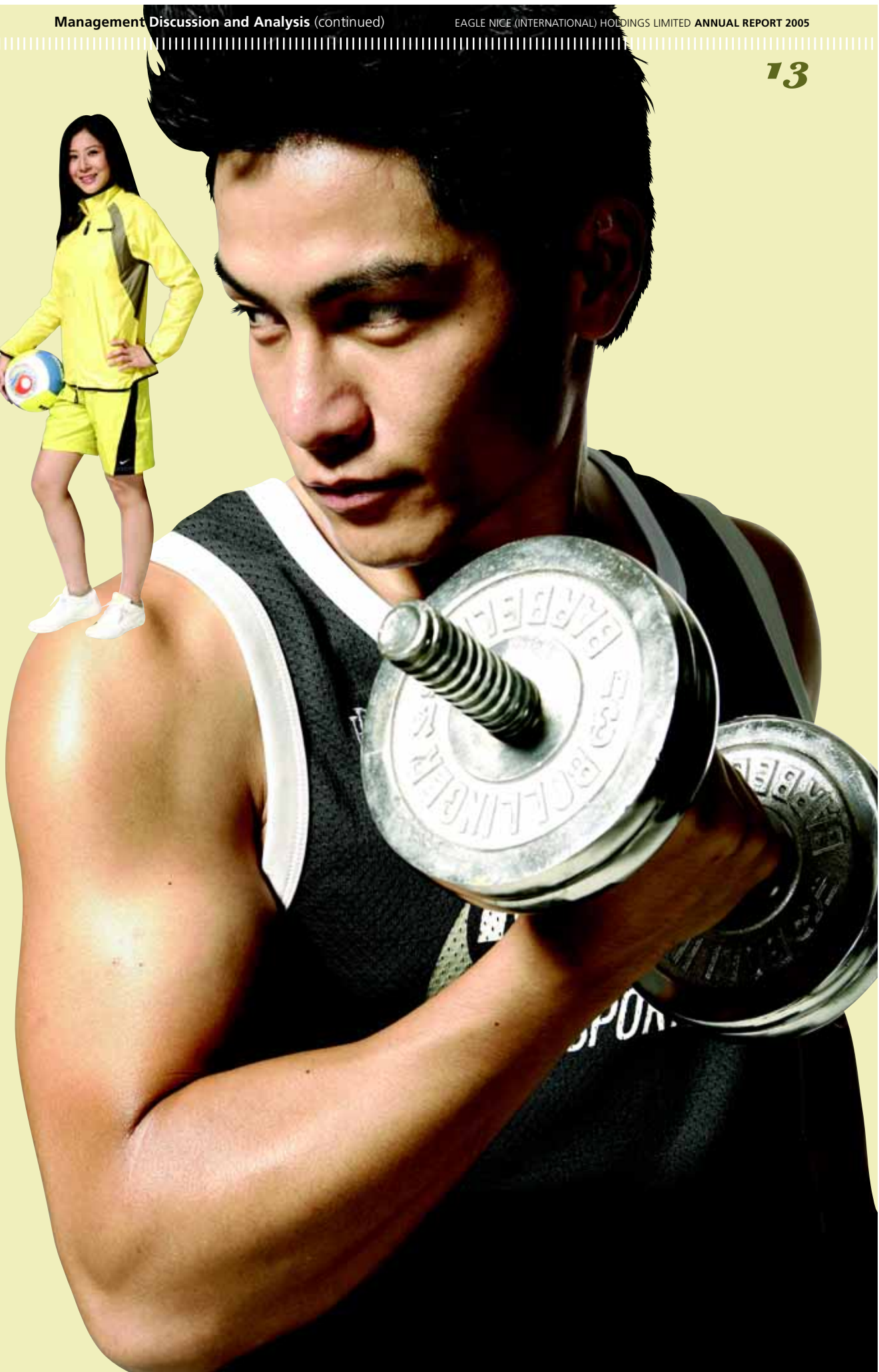
On 12 January 2005, Eagle Nice Development Limited, a wholly-owned subsidiary of the Company entered into a provisional agreement for sale and purchase with Chericourt Company Limited for the acquisition of totalling 18 units all on the 9th Floor of Tower B, Regent Centre, 70 Ta Chuen Ping Street, Kwai Chung, New Territories, Hong Kong (the "Properties") for a consideration of HK\$19,594,080.

The Group expected an increase in the rental level for commercial properties generally in the next few years and considered it appropriate to acquire the existing leased properties, as well as acquiring 7 more units on the same floor of the building, which the Board intended to recover vacant possession upon the expiration of the existing tenancies, for self-use as office and/or warehouse. The Board believes that the acquisition of the Properties represents a good investment opportunity in commercial property for the Company and will improve the Company's operating performance in the medium to long run.

For further details of the acquisition of the New Production Plant and the Properties, please refer to the circular and the announcement of the Company dated 14 July 2004 and 12 January 2005 respectively.

The source of funding for the acquisition came partly from the proceeds of the share offer, the subscription and the placing of the Shares and the issue of Convertible Note.





Our New Production Plant





The New Production Plant in Shantou Special Economic Zone is erected on a piece of land with a site area of approximately 23,334 square metres. The New Production Plant comprises a 7-storeyed industrial complex with ancillary facilities including a basketball court, a medical room and a car port. Modernized production facilities include new machinery, fixtures and fittings. This all-inclusive production environment can significantly increase the production quality and efficiency of our Group.



Directors and Senior Management Profile

Executive Directors

Chung Yuk Sing, aged 44, is the Chairman and an executive director and the co-founder of the Group. Mr. Chung is responsible for the overall strategic planning, marketing and management functions of the Group. Mr. Chung has over ten years of manufacturing and management experience in the garment industry. He was appointed as an executive director in October 2002. He is the spouse of Ms. Tsang Yuk Ni and the nephew of Mr. Chung Tung Sau.

Tsang Yuk Ni, aged 39, is an executive director and the co-founder of the Group. Ms. Tsang is responsible for the administrative and management functions of the Group. Ms. Tsang has over ten years of administration experience in the garment industry. She was appointed as an executive director in October 2002. She is the spouse of Mr. Chung Yuk Sing.

Chung Tung Sau, aged 52, is an executive director. Mr. Chung is responsible for the strategic planning and management functions of the Group. Mr. Chung has over twenty years of managerial experience in the manufacturing industry in particular, in the areas of production and sales and was previously a director of Quam Limited (previously known as Wah Fu International Holdings Limited), a company listed on the Main Board of the Stock Exchange. Prior to joining the Group in October 2002, he worked as a sales director in a securities company. Mr. Chung was an independent non-executive director of IA International Holdings Limited, a company listed on the Growth Enterprise Market of the Stock Exchange, until October 2003. He was appointed as an executive director in October 2002. He is the uncle of Mr. Chung Yuk Sing.

Tsang Sau Fan, aged 38, is an executive director and general manager of the Group. Ms. Tsang is responsible for the sales and marketing functions of the Group. Ms. Tsang has over ten years of experience in sales of garment products. Prior to joining the Group in March 1996, she worked as a merchandiser in a garment manufacturing company in Hong Kong. She was appointed as an executive director in October 2002.

Ku Yu Sun, Edward, aged 63, is an executive director. Mr. Ku was the senior partner of the law firm, Ku & Fong, in Los Angeles and is licensed to practise law in California and Taiwan. He also served as an executive director and the secretary of First Public Bank in Los Angeles. Mr. Ku holds a bachelor-in-law degree from National Taiwan University and received his J.D. degree from Washington University in St. Louis, U.S.. Mr. Ku concurrently serves as the executive director and general counsel of Yue Yuen, a company listed on the Main Board of the Stock Exchange, since 1997, responsible for legal affairs, organisational management and control, merger and acquisition and supervision of group labour practice of Yue Yuen Group. In the past three years, Mr. Ku has been and still is the executive director of Symphony Holdings Limited, a company listed on the Main Board of the Stock Exchange, the supervisor of Elite Group Computer Systems Co., Ltd. and Global Brands Manufacture Ltd. and the director of certain companies within the Yue Yuen Group. He was appointed as an executive director in April 2004.

Kuo Tai Yu, aged 55, is an executive director. Mr. Kuo has 28 years of experience in production of footwear in Taiwan. He received a bachelor's degree from Chung Hsing University in Taiwan. In the past three years, Mr. Kuo has been and still is the director of certain companies within the Yue Yuen Group and the director of Pou Chen Corporation, a company listed on the stock exchange of Taiwan. He is currently the executive director of Yue Yuen and general manager in charge of one of Yue Yuen's three shoe manufacturing groups since 1996. He was appointed as an executive director in April 2004.

Non-Executive Director

Ong Chor Wei, aged 35, is a non-executive director and the secretary of the Company. Mr. Ong is responsible for the financial management functions of the Group. He graduated from the London School of Economics and Political Science, University of London with a Bachelor of Laws degree in 1990. He obtained a Master of Business Administration jointly awarded by the University of Wales and the University of Manchester in 2000. He is a member of the Hong Kong Institute of Certified Public Accountants and an associate member of the Institute Chartered Accountants in England and Wales. Mr. Ong has over fourteen years of experience in finance and accounting. Mr. Ong is also an executive director of FX Creations International Holdings Limited, a company listed on the Growth Enterprise Market of the Stock Exchange and a non-executive director of Jets Technics International Holdings Limited, a company listed on the Singapore Exchange Securities Trading Limited. He has been a non-executive director and secretary of the Company since October 2002.

Independent Non-Executive Directors

Chan Cheuk Ho, aged 38, obtained a masters degree in Business Administration from the University of Manchester in 2003. He is also a fellow member of the Hong Kong Institute of Certified Public Accountants. Mr. Chan has more than ten years of experience in accounting and finance. He has been an independent non-executive director of the Company since November 2002.

Li Chi Chung, aged 36, is a solicitor practising in Hong Kong. He obtained a bachelor degree in laws from the University of Sheffield in England in 1990. Mr. Li was admitted as a solicitor in Hong Kong in 1993 and his practice has been focused on commercial related matters. He is also an independent non-executive director of PINE Technology Holdings Limited, a company listed on the Growth Enterprise Market of the Stock Exchange. He has been an independent non-executive director of the Company since November 2002.

Cheng Yung Hui Tony, aged 63, is the chairman and chief executive officer of World Friendship Company, Ltd. Mr. Cheng has over 30 years of experience in operating his company. He often travels between Taiwan, the PRC and United States to manage his business. He has extensive experience in international business, and has profound knowledge in the recreational vehicle, automotive accessory, and air tool industries. He has been an independent non-executive director of the Company since September 2004.

Senior Management

Chan Zhen Hao, aged 39, is the supervisor of the Group's production facilities in the PRC. He is responsible for the management and production functions of the Group in the PRC. Mr. Chan has over ten years of experience in production of garment. Prior to joining the Group in March 1987, he worked as a supervisor in a garment manufacturing company in the PRC.

Ching Yuen Fun, aged 37, is the administration assistant of the Group. She is responsible for the administrative functions of the Group. Ms. Ching obtained a diploma in management studies awarded jointly by Hong Kong Management Association and the Hong Kong Polytechnic University in 1999. Ms. Ching has over five years of experience in administration. Prior to joining the Group in January 2002, she worked as an administrative assistant in a sports company in Hong Kong.

Luo Wen, aged 38, is the sales manager of the Group. She is responsible for the Group's sales in the PRC. Ms. Lo has over five years of experience in sales and marketing. She obtained a degree from Xiang Fan University, the PRC in 1986. Prior to joining the Group in May 1995, she worked for a property development company in the PRC.

Mak Shun Yee, aged 35, is the accountant of the Group. She is responsible for the accounting and finance functions of the Group. Ms. Mak has over ten years of experience in accounting and finance. Prior to joining the Group in January 1995, she worked in a toy manufacturing company in Hong Kong.

Report of Directors

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

Principal activities

The principal activity of the Company is investment holding. Details of the principal activities of the subsidiaries of the Company are set out in note 16 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

Results and dividends

The profit of the Group for the year ended 31 March 2005 and the state of affairs of the Company and of the Group at that date are set out in the financial statements on pages 49 to 94.

An interim dividend of HK4.5 cents per ordinary share was paid on 2 December 2004. The directors recommend the payment of a final dividend of HK6 cents per ordinary share in respect of the year, to shareholders on the register of members on 11 August 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.

Use of proceeds from the initial public offering of the Company and the issue of new shares and a convertible note of the Company

The proceeds from the issue of new shares of the Company at the time of its listing on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 22 August 2003, after deduction of related expenses, amounted to approximately HK\$21 million. Up to 31 March 2005, these proceeds were fully applied in accordance with the proposed applications set out in the Company's listing prospectus dated 12 August 2003 (the "Prospectus"), as follows:

	HK\$ (in million)
Acquisition of additional factory buildings	10
Acquisition of new machinery and fixtures and fittings	6
Marketing and promotion	3
General working capital	2
	21

The proceeds from the issue of new shares and a convertible note by the Company in April 2004, after deduction of related expenses, amounted to approximately HK\$343 million. As at 31 March 2005, the Group had utilised approximately HK\$89 million, which was in line with the proposed applications set out in the circular of the Company dated 24 March 2004 (the "Circular"), as follows:

	HK\$ (in million)
Acquisition of additional factory buildings	32
Acquisition of new machinery and fixtures and fittings	17
General working capital	40
	89

The remaining net proceeds of approximately HK\$254 million at 31 March 2005 were placed on short-term interest-bearing deposits with banks in Hong Kong. The directors intend to use the net proceeds in the manner as disclosed in the Circular.

Summary financial information

The following is a summary of the published results and assets and liabilities of the Group for the last five financial years prepared on the basis set out in the note below.

Results

	Year ended 31 March				
	2005 HK\$'000	2004 HK\$'000	2003 HK\$'000	2002 HK\$'000	2001 HK\$'000
Turnover	451,446	325,411	242,330	218,704	178,191
Profit before tax	103,261	35,597	34,275	31,630	23,281
Tax	(9,200)	(3,511)	(3,444)	(3,502)	(3,246)
Net profit from ordinary activities attributable to shareholders	94,061	32,086	30,831	28,128	20,035

Assets and liabilities

	As at 31 March				
	2005 HK\$'000	2004 HK\$'000	2003 HK\$'000	2002 HK\$'000	2001 HK\$'000
Non-current assets	137,269	56,186	45,234	14,600	10,910
Current assets	419,691	118,162	47,865	42,094	29,323
Current liabilities	(53,226)	(77,136)	(47,333)	(33,685)	(25,097)
Net current assets	366,465	41,026	532	8,409	4,226
Non-current liabilities	(1,466)	(6,850)	(7,774)	(910)	(1,010)
	502,268	90,362	37,992	22,099	14,126

Note:

The summary of the consolidated results of the Group for each of three years ended 31 March 2003 and of the assets and liabilities of the Group as at 31 March 2001, 2002 and 2003 have been extracted from the Prospectus. The summary was prepared as if the current structure of the Group had been in existence throughout these financial years. The consolidated results of the Group for each of the two years ended 31 March 2005 and the consolidated assets and liabilities of the Group as at 31 March 2004 and 2005 are those set out on pages 49 to 94 of the annual report.

Fixed assets

Details of movements in the fixed assets of the Group during the year are set out in note 13 to the financial statements.

Share capital

Details of movements in the share capital of the Company during the year, together with the reasons therefor, are set out in note 25 to the financial statements.

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.

Purchase, redemption or sale of listed securities of the Company

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

Reserves

Details of movements in the reserves of the Company and of the Group during the year are set out in note 27 to the financial statements.

Distributable reserves

At 31 March 2005, the Company's reserves available for distribution, calculated in accordance with the provisions of the Companies Law of the Cayman Islands, amounted to HK\$429,644,000, of which HK\$25,620,000 has been proposed as a final dividend

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for the year. The amount of HK\$429,644,000 includes the Company's share premium account and capital reserve, of HK\$403,020,000 in aggregate at 31 March 2005, which may be distributed provided that immediately following the date on which a dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

Major customers and suppliers

In the year under review, sales to the Group's five largest customers accounted for approximately 99.1% of the Group's total sales for the year and sales to the largest customer included therein accounted for approximately 70.2%.

Purchases from the Group's five largest suppliers accounted for approximately 57.1% of the Group's total purchases for the year and purchases from the largest supplier included therein accounted for approximately 22.6%.

None of the directors of the Company or any of their associates or any shareholders (which, to the best knowledge of the directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or suppliers.

Directors

The directors of the Company during the year were:

Executive Directors:

Mr. Chung Yuk Sing
 Ms. Tsang Yuk Ni
 Mr. Chung Tung Sau
 Ms. Tsang Sau Fan
 Mr. Ku Yu Sun, Edward *(Appointed on 16 April 2004)*
 Mr. Kuo Tai Yu *(Appointed on 16 April 2004)*

Non-Executive Director:

Mr. Ong Chor Wei

Independent Non-Executive Directors:

Mr. Chan Cheuk Ho
 Mr. Li Chi Chung
 Mr. Cheng Yung Hui, Tony *(Appointed on 30 September 2004)*

In accordance with article 86(3) of the Company's articles of association, Mr. Cheng Yung Hui, Tony will hold office until the forthcoming annual general meeting of the Company and, being eligible, offer himself for re-election at the forthcoming annual general meeting.

In accordance with article 87 of the Company's articles of association, Mr. Chung Tung Sau and Mr. Li Chi Chung will retire by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

The Company has received annual confirmations of independence from Mr. Chan Cheuk Ho, Mr. Li Chi Chung and Mr. Cheng Yung Hui, Tony, and still considers them to be independent as at the date of this report.

Directors' and senior management's biographies

Biographical details of the directors of the Company and senior management of the Group are set out on pages 16 to 17 of the annual report.

Directors' service contracts

Other than Mr. Chung Tung Sau who has entered into a service contract with Eagle Nice Development Limited ("Eagle Nice Development"), the principal terms of which are set out in the circular to the shareholders of the Company accompanying the annual report, no director proposed for re-election at the forthcoming annual general meeting of the Company has a service contract with the Company or any of its subsidiaries, which is not determinable by the employing company within one year without payment of compensation, other than statutory compensation.

The non-executive directors (including the independent non-executive directors) have no fixed terms of office, but are subject to the provisions governing the retirement and rotation of directors in the articles of association of the Company.

Directors' remuneration

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

Directors' interests in contracts

No director had a significant beneficial interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

Directors' and chief executive's interests and short positions in shares, underlying shares and debentures

As at 31 March 2005, the interests and short positions of the directors and chief executive in the share capital, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")), which have been

notified to the Company pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such directors or chief executive was taken or deemed to have under such provisions of the SFO) or as recorded in the register required to be kept under 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 (the "Model Code"), were as follows:

(i) The Company

Name of director	Capacity/Nature of interest	Number of Shares held		Percentage of issued share capital of the Company
		Long position	Short position	
Chung Yuk Sing	Interest of a controlled corporation/ Corporate	126,500,000 (Note)	–	29.63%
Tsang Sau Fan	Beneficial owner/ Personal	1,500,000	–	0.35%

Note:

These shares are held by Time Easy Investment Holdings Limited ("Time Easy"). The entire issued share capital of Time Easy is held by Mr. Chung Yuk Sing and Ms. Tsang Yuk Ni, the wife of Mr. Chung Yuk Sing, in the proportion of 90% and 10% respectively.

(ii) Associated corporations

Name of director	Name of associated corporation	Capacity/ Nature of interest	Number and class of shares in associated corporation held		Percentage of issued share capital of the same class of the associated corporation
			Long position	Short position	
Chung Yuk Sing	Eagle Nice Development	Beneficial owner/ Personal	9,000 non-voting deferred	9,000 non-voting deferred (Note 1)	90%
	Far East (International) Garment Limited ("Far East")	Beneficial owner/ Personal	9,000 non-voting deferred	9,000 non-voting deferred (Note 2)	90%
Tsang Yuk Ni	Eagle Nice Development	Beneficial owner/ Personal	1,000 non-voting deferred	1,000 non-voting deferred (Note 1)	10%
	Far East	Beneficial owner/ Personal	1,000 non-voting deferred	1,000 non-voting deferred (Note 2)	10%

Notes:

- Pursuant to an option agreement dated 28 March 2002, each of Mr. Chung Yuk Sing and Ms. Tsang Yuk Ni granted an option to Jespar Age Limited ("Jespar") whereby Jespar has the right to purchase all of his/her non-voting deferred shares in Eagle Nice Development upon the terms therein provided. Accordingly, each of Mr. Chung Yuk Sing and Ms. Tsang Yuk Ni is taken to have a short position in his/her non-voting deferred shares in Eagle Nice Development under the SFO.
- Pursuant to an option agreement dated 28 March 2002, each of Mr. Chung Yuk Sing and Ms. Tsang Yuk Ni granted an option to Jespar whereby Jespar has the right to purchase all of his/her non-voting deferred shares in Far East upon the terms therein provided. Accordingly, each of Mr. Chung Yuk Sing and Ms. Tsang Yuk Ni is taken to have a short position in his/her non-voting deferred shares in Far East under the SFO.

Save as disclosed above, as at 31 March 2005, none of the directors or chief executive had 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 Stock Exchange pursuant to the Model Code.

Directors' rights to acquire shares or debentures

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 children under the age of 18, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

Share option scheme

On 6 August 2003, the Company has conditionally adopted a share option scheme whereby eligible

participants of the share option scheme, including any employee (whether full-time or part-time) and any director of the Company and/or any of its subsidiaries who the Company's board of directors (the "Board") may think fit with reference to their respective contributions to the Group, may be granted options which entitle them to subscribe for the shares of the Company. Details of the share option scheme are set out in note 26 to the financial statements.

As at 31 March 2005, no share options had been granted under the share option scheme.

Substantial shareholders' interests and short positions in shares and underlying shares

As at 31 March 2005, the interests and short positions of the following persons, other than directors and chief executive of the Company, in the shares and underlying shares of the Company which have been disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO and have been recorded in the register kept by the Company pursuant to Section 336 of the SFO:

Name	Capacity/ Nature of interest	Number of Shares Long position	Short position	Percentage of issued share capital of the Company
Time Easy	Beneficial owner/ Personal	126,500,000 (Note 1)	–	29.63%
Pou Chen Corporation ("PCC")	Interest of a controlled corporation/Corporate	192,000,000 (Note 2)	–	44.96%
Wealthplus Holdings Limited ("Wealthplus")	Interest of a controlled corporation/Corporate	192,000,000 (Note 2)	–	44.96%
Yue Yuen Industrial (Holdings) Limited ("Yue Yuen")	Interest of a controlled corporation/Corporate	192,000,000 (Note 2)	–	44.96%
Pou Hing Industrial Co. Ltd. ("Pou Hing")	Interest of a controlled corporation/Corporate	192,000,000 (Note 2)	–	44.96%
Great Pacific Investments Limited ("Great Pacific")	Beneficial owner/ Personal	192,000,000 (Note 2)	–	44.96%

Notes:

- The entire issued share capital of Time Easy is held by Mr. Chung Yuk Sing and Ms. Tsang Yuk Ni in the proportion of 90% and 10% respectively.
- PCC owns the entire interest in Wealthplus, which in turn owns approximately 47.4% interest in Yue Yuen. Yue Yuen owns the entire interest in Pou Hing which in turn owns the entire interest in Great Pacific.

Saved as disclosed above, as at 31 March 2005, no person, other than the directors and chief executive of the Company, whose interests are set out in the section headed "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures" above, had an interest or short position in

the shares or underlying shares of the Company which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO and recorded in the register kept by the Company pursuant to Section 336 of the SFO.

Sufficiency of public float

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

Directors' interests in a competing business

Interests of the directors of the Company in competing businesses required to be disclosed pursuant to Rule 8.10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") are as follows:

Name of director	Name of company	Nature of competing business	Nature of interest
Mr. Ku Yu Sun, Edward ("Mr. Ku")	Yuen Thai Industrial Company Limited ("Yuen Thai") (Note)	Garment Manufacturing	As a director

Note:

Yuen Thai is a company incorporated in Hong Kong on 24 September 2003 and is held as to 50% by Yue Yuen and its subsidiaries (the "Yue Yuen Group") and 50% by a subsidiary of Luen Thai Holdings Limited, a company listed on the Stock Exchange since 2004. Mr. Ku has been nominated by the Yue Yuen Group to represent its interest on the board of directors of Yuen Thai.

Having considered (i) the nature, geographical market, scope and size of Yuen Thai as compared to those of the Group; and (ii) the nature and extent of Mr. Ku's interest in Yuen Thai, the directors of the Company believe that there is unlikely to be any significant competition caused to the business of the Group.

Save as disclosed above, none of the directors of the Company or their respective associates was interested in, apart from the Group's businesses, any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

Post balance sheet event

Details of the significant post balance sheet event of the Group are set out in note 32 to the financial statements.

Code of Best Practice

In the opinion of the directors, the Company has complied with the Code of Best Practice (the "Code") as set out in Appendix 14 to the Listing Rules throughout the accounting period covered by the annual report, except that the non-executive directors of the Company are not appointed for specific terms as recommended 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 Securities Transactions

The Company has adopted the Model Code as the Company's code of conduct for dealings in securities of the Company by the directors. Based on specific enquiry of the Company's directors, the directors confirmed that they have complied with the required standard set out in the Model Code, throughout the accounting period covered by the annual report.

Audit committee

The Company has an audit committee which was established on 6 August 2003 and is in compliance with Rule 3.21 of the Listing Rules for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises the three independent non-executive directors of the Company.

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

Chung Yuk Sing
Chairman

Hong Kong
8 July 2005

Report of Auditors



To the members

Eagle Nice (International) Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

We have audited the financial statements on pages 49 to 94 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.

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

Hong Kong
8 July 2005

Consolidated Profit and Loss Account

綜合損益表

(Year ended 31 March 2005)

(截至二零零五年三月三十一日止年度)

		Notes 附註	2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
TURNOVER	營業額	4	451,446	325,411
Cost of sales	銷售成本		(323,286)	(264,576)
Gross profit	毛利		128,160	60,835
Other revenue	其他收入	4	7,111	3,606
Selling and distribution costs	銷售及分銷成本		(5,114)	(4,431)
Administrative expenses	行政開支		(26,373)	(22,138)
Other operating expense	其他經營開支		(334)	-
PROFIT FROM OPERATING ACTIVITIES	經營業務溢利	5	103,450	37,872
Finance costs	財務開支	8	(189)	(2,275)
PROFIT BEFORE TAX	除稅前溢利		103,261	35,597
Tax	稅項	9	(9,200)	(3,511)
NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS	股東應佔日常業務純利	10	94,061	32,086
DIVIDENDS	股息	11		
Interim	中期		15,300	6,000
Proposed final	擬派末期		25,620	11,900
			40,920	17,900
			HK cents 港仙	HK cents 港仙
EARNINGS PER SHARE	每股盈利	12		
Basic	基本		27.8	17.0
Diluted	攤薄		22.5	N/A不適用

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Consolidated Balance Sheet

綜合資產負債表

(31 March 2005)

(二零零五年三月三十一日)

	Notes 附註	2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
NON-CURRENT ASSETS			
Fixed assets	13	88,313	50,056
Prepayments and deposits for fixed assets	14	44,429	1,630
Long term investments	15	4,527	4,500
		137,269	56,186
CURRENT ASSETS			
Inventories	17	47,692	44,520
Accounts and bills receivable	18	38,557	33,469
Prepayments, deposits and other receivables		5,048	3,297
Pledged deposits	19	5,518	5,518
Cash and cash equivalents	19	322,876	31,358
		419,691	118,162
CURRENT LIABILITIES			
Accounts and bills payable	20	16,209	21,146
Accrued liabilities and other payables		20,460	12,272
Tax payable		16,557	10,432
Interest-bearing bank borrowings, secured	21	–	32,556
Finance lease payables	23	–	730
		53,226	77,136
NET CURRENT ASSETS		366,465	41,026
TOTAL ASSETS LESS CURRENT LIABILITIES		503,734	97,212
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings, secured	21	–	4,468
Finance lease payables	23	–	1,172
Deferred tax liabilities	24	1,466	1,210
		1,466	6,850
		502,268	90,362
CAPITAL AND RESERVES			
Issued capital	25	4,270	2,000
Reserves	27	472,378	76,462
Proposed final dividend	11	25,620	11,900
		502,268	90,362

Chung Yuk Sing
鍾育升
Director
董事

Chung Tung Sau
鍾桐琇
Director
董事

Consolidated Summary Statement of Changes in Equity

綜合股本變動簡表

(Year ended 31 March 2005)

(截至二零零五年三月三十一日止年度)

		Notes 附註	2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
Total equity at beginning of year	年初股本總額		90,362	37,992
Surplus on revaluation of leasehold land and buildings	租賃土地及樓宇 重估盈餘	13	2,330	5,386
Deferred tax charged to equity	於股本扣除之遞延稅項	24	(256)	(400)
Surplus on revaluation of long term investments	長期投資重估盈餘	15	27	224
Exchange realignment	匯兌調整	27	96	–
Net gains and losses not recognised in the profit and loss account	未於損益表確認之 收益及虧損淨額		2,197	5,210
Issue of new shares for cash consideration and conversion of a convertible note, including share premium	發行新股份換取現金代價 及兌換可換股票據 (包括股份溢價)	25	355,460	30,000
Share issue expenses	股份發行開支	25	(12,612)	(8,926)
Net profit for the year	年內純利		94,061	32,086
Dividends	股息	11		
Interim 2004 dividend	二零零四年中期股息		–	(6,000)
Proposed final 2004 dividend	二零零四年擬派末期股息		(11,900)	–
Interim 2005 dividend	二零零五年中期股息		(15,300)	–
Total equity at end of year	年終股本總額		502,268	90,362

Consolidated Cash Flow Statement

綜合現金流量表

(Year ended 31 March 2005)

(截至二零零五年三月三十一日止年度)

	Notes 附註	2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
CASH FLOWS FROM OPERATING ACTIVITIES	經營業務產生之現金流量		
Profit before tax	除稅前溢利	103,261	35,597
Adjustments for:	按以下項目調整:		
Interest income	利息收入	(2,192)	(288)
Depreciation	折舊	11,775	8,736
Write-off of fixed assets	撇銷固定資產	-	103
Revaluation deficit	重估虧絀	334	-
Finance costs	財務開支	189	2,275
Operating profit before working capital changes	營運資金變動前之經營溢利	113,367	46,423
Increase in inventories	存貨增加	(3,172)	(27,023)
Increase in accounts and bills receivable	應收賬款及票據增加	(5,088)	(14,708)
Decrease/(increase) in prepayments, deposits and other receivables	預付款項、按金及其他應收款項減少/(增加)	(1,751)	918
Increase/(decrease) in accounts and bills payable	應付賬款及票據增加/(減少)	(4,937)	11,720
Increase in accrued liabilities and other payables	應計負債及其他應付款項增加	8,188	7,019
Cash generated from operations	營運產生之現金	106,607	24,349
Interest paid	已付利息	(121)	(2,193)
Interest element of finance lease rental payments	融資租賃租金付款之利息部分	(68)	(82)
Dividends paid	已付股息	(27,200)	(11,000)
Hong Kong profits tax paid	已付香港利得稅	(2,691)	(1,053)
Overseas tax paid	已付海外稅項	(384)	-
Net cash inflow from operating activities	經營業務產生之現金流入淨額	76,143	10,021
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	(46,406)	(10,248)
Prepayments and deposits for fixed assets	固定資產之預付款項及按金	(44,429)	(1,630)
Increase in non-pledged deposits with original maturity of over three months when acquired	新增時原訂到期日多於三個月之非質押存款增加	(231,397)	-
Decrease in pledged deposits	質押存款減少	-	961
Interest received	已收利息	2,192	288
Net cash outflow from investing activities	投資活動產生之現金流出淨額	(320,040)	(10,629)

		Notes 附註	2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
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	25	148,400	30,000
Issue of a convertible note	發行可換股票據	25	207,060	-
Share issue expenses	股份發行開支	25	(12,612)	(8,926)
Drawdown of bank loans	提取銀行貸款		-	117,421
Repayment of bank loans	償還銀行貸款		(29,633)	(110,500)
Capital element of finance lease rental payments	融資租賃租金付款之本金部分		(1,902)	(401)
Net cash inflow from financing activities			311,313	27,594
NET INCREASE IN CASH AND CASH EQUIVALENTS		現金及現金等值項目之增加淨額		
Cash and cash equivalents at beginning of year	年初之現金及現金等值項目		23,967	(3,019)
Effect of foreign exchange rate changes, net	外匯率變動之影響淨額		96	-
CASH AND CASH EQUIVALENTS AT END OF YEAR			91,479	23,967
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		現金及現金等值項目之結餘分析		
Cash and bank balances	現金及銀行結存	19	51,374	31,358
Non-pledged time deposits with original maturity of less than three months when acquired	新增時原訂到期日少於三個月之非質押定期存款		40,105	-
Bank overdrafts	銀行透支	21	-	(7,391)
			91,479	23,967

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Balance Sheet

資產負債表

(31 March 2005)

(二零零五年三月三十一日)

		Notes 附註	2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
NON-CURRENT ASSETS	非流動資產			
Investments in subsidiaries	於附屬公司之投資	16	43,368	43,368
CURRENT ASSETS	流動資產			
Due from subsidiaries	應收附屬公司款項	16	125,048	13,030
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項		16	26
Cash and cash equivalents	現金及現金等值項目	19	271,643	26,151
			396,707	39,207
CURRENT LIABILITIES	流動負債			
Accrued liabilities	應計負債		6,161	100
Due to a subsidiary	應付一家附屬公司款項	16	–	5,642
			6,161	5,742
NET CURRENT ASSETS	流動資產淨值		390,546	33,465
			433,914	76,833
CAPITAL AND RESERVES	資本及儲備			
Issued capital	已發行股本	25	4,270	2,000
Reserves	儲備	27	404,024	62,933
Proposed final dividend	擬派末期股息	11	25,620	11,900
			433,914	76,833

Chung Yuk Sing
鍾育升
Director
董事

Chung Tung Sau
鍾桐琇
Director
董事

Notes to Financial Statements

財務報表附註

(31 March 2005)
(於二零零五年三月三十一日)

1. Corporate Information

The principal place of business of the Company is located at Units 0902-0903 and 0905-0906, 9/F, Tower B, Regent Centre, 70 Ta Chuen Ping Street, Kwai Chung, New Territories, Hong Kong.

The Group's principal activities are the manufacture and trading of sportswear and garments.

2. Summary of Significant Accounting Policies

Impact of recently issued Hong Kong Financial Reporting Standards ("HKFRSs")

The Hong Kong Institute of Certified Public Accountants (the "HKICPA") has issued a number of new and revised 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 the New HKFRSs in the financial statements for the year ended 31 March 2005. The Group has already commenced an assessment of the impact of the New HKFRSs but is not yet in a position to state whether the New HKFRSs would have a significant impact on its results of operations and financial position.

HKFRS 3 "Business Combinations" applies to accounting for business combinations for which the agreement date is on or after 1 January 2005. The Group did not have any business combinations during the year and, accordingly, this HKFRS has had no impact on these financial statements.

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 and Interpretations) issued by the HKICPA, 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 long term investments, as further explained below.

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.

1. 公司資料

本公司之主要營業地點位於香港新界葵涌打磚磡街70號麗晶中心B座九樓0902-0903室及0905-0906室。

本集團之主要業務為生產及買賣運動服及成衣。

2. 重要會計政策概要

最新頒佈香港財務申報準則(「香港財務申報準則」)之影響

香港會計師公會(「香港會計師公會」)已頒佈多項新訂及經修訂香港財務申報準則及香港會計準則,下文統稱「新訂香港財務申報準則」,一般於二零零五年一月一日或以後開始之會計期間生效。本集團未有就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新訂香港財務申報準則。本集團已著手評估新訂香港財務申報準則之影響,惟尚未能確定新訂香港財務申報準則會否對經營業績及財務狀況造成重大影響。

香港財務申報準則第3號「業務合併」適用於協議日期為二零零五年一月一日或之後的業務合併之會計處理。本集團於年內並無進行任何業務合併,因此,該項香港財務申報準則對此等財務報表並無任何影響。

編製基準

財務報表乃按香港會計師公會所頒佈香港財務申報準則(亦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之披露規定編製。除若干固定資產及長期投資定期重估外(見下文之說明),財務報表乃以歷史成本常規法編製。

綜合基準

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之財務報表。年內收購或出售之附屬公司之業績以自實際收購日期起或截至實際出售日期止綜合計算。本集團旗下各公司之間所有重大交易及結餘於綜合賬目時對銷。

2. Summary of Significant Accounting Policies

(continued)

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 investments in subsidiaries are stated at cost less any impairment losses.

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.

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.

2. 重要會計政策概要 (續)

附屬公司

附屬公司乃本公司直接或間接控制其財務及經營政策而從其業務獲益之公司。

附屬公司業績按已收股息及應收股息計入本公司損益表，本公司於附屬公司之投資按成本值減任何減值虧損列賬。

資產減值

本公司會於各結算日評估有否跡象顯示任何資產出現減值情況，或有否跡象顯示以往年度就資產確認之減值虧損不再存在或已減少。如出現任何該等跡象，則會估計資產之可收回金額。資產之可收回金額按照資產之使用價值或售價淨額之較高者計算。

減值虧損僅在資產之賬面值高於其可收回金額情況下予確認。減值虧損於產生期間在損益表扣除，除非該資產按重估價值列賬，則減值虧損將按該項重估資產之有關會計政策列賬。

早前確認的減值虧損僅會在用作釐定資產可收回金額之假設出現變動時方會撥回，但撥回金額不得超過倘過往年度並無確認資產減值虧損而原應釐定之賬面值（經扣除任何折舊／攤銷）。除非資產以重估值入賬，減值虧損之撥回按重估資產之有關會計政策入賬外，減值虧損撥回在產生期間於損益表入賬。

2. Summary of Significant Accounting Policies

(continued)

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.

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. Any subsequent revaluation surplus is credited to the profit and loss account to the extent of the deficit previously charged. On disposal of a revalued asset, the relevant portion of the asset revaluation reserve realised in respect of previous valuations is transferred to retained profits as a movement in reserves.

Depreciation is calculated on the straight-line basis to write off the cost or valuation of each asset over the following estimated useful lives:

Leasehold land and buildings	Over the lease terms, or the approved operating periods of the subsidiaries established in the People's Republic of China (the "PRC") to which the land use right is granted, whichever is shorter
Leasehold improvements	5 years or over the lease terms, whichever is shorter
Plant and machinery	5 years
Furniture, fixtures, equipment and motor vehicles	5 years

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.

2. 重要會計政策概要 (續)

固定資產及折舊

除在建工程外，固定資產乃按成本值或估值減累積折舊及任何減值虧損列賬。資產成本包括其購買價以及任何使該項資產達到運作狀況及地點以作擬定用途之直接相關成本。固定資產運作後所產生開支，例如維修及保養費用，一般於有關費用產生期間自損益表扣除。倘能明確顯示開支令預期將自使用該項固定資產獲得之未來經濟利益增加，則該項開支將撥充資本為該項資產之額外成本。

固定資產價值變動於資產重估儲備列作變動處理。倘儲備總額不足以抵償虧絀，超出之虧絀按個別資產基準於損益表扣除。倘其後出現重估盈餘，則以先前扣除之虧絀為限計入損益表。出售重估資產時，因以往估值而變現之資產重估儲備有關部分，將視作儲備變動轉撥至保留溢利。

折舊按各資產之估計可用年期以直線法攤銷其成本值或估值計算：

租賃土地及樓宇	按租期，或於中華人民共和國（「中國」）成立並獲授土地使用權之附屬公司之獲准經營時期（以較短者為準）
租賃物業改善工程	五年或按租期（以較短者為準）
機器設備	五年
傢具、裝置、設備及汽車	五年

在損益表中確認出售或廢棄固定資產之收益或虧損，乃指有關資產之銷售所得款項淨額與賬面值之差額。

2. Summary of Significant Accounting Policies

(continued)

Fixed assets and depreciation (continued)

Construction in progress represents leasehold improvement and renovation works in progress, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction. Construction in progress is reclassified to the appropriate category of fixed assets when completed and ready for use.

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 lease payments and recorded together with the obligation, excluding the interest element, to reflect the 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 provide a constant periodic rate of charge over the lease terms.

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 lessee, rentals payable under such operating leases are charged to the profit and loss account on the straight-line basis over the lease terms.

Long term investments

Long term investments are non-trading investments in unlisted investment funds intended to be held on a long term basis, and are stated at their estimated fair values, on an individual investment basis. The fair values of such unlisted investment funds are determined by reference to the individual market prices of the underlying securities held by the funds.

The gains or losses arising from changes in the fair value of an investment are dealt with as movements in the asset revaluation reserve, until the investment is sold, collected, or otherwise disposed of, or until the investment is determined to be impaired, when the cumulative gain or loss derived from the investment recognised in the asset revaluation reserve, together with the amount of any further impairment, is charged to the profit and loss account in the period in which the impairment arises.

2. 重要會計政策概要 (續)

固定資產及折舊 (續)

在建工程指進行之租賃物業改善工程及裝修工程，按成本值減任何減值虧損列賬，但不予折舊。成本值包括工程之直接成本。在建工程於竣工及可供使用時重新分類至合適之固定資產類別。

租賃資產

凡將資產擁有權（法定業權除外）絕大部分回報及風險轉歸本集團之租賃，均列為融資租賃。融資租約生效時，租賃資產成本按最低租金付款之現值撥充資本，並連同有關承擔（不包括利息部分）入賬，以反映有關購買及融資。按經撥充資本融資租賃持有之資產計入固定資產，按該項資產之租期與估計可使用年期之較短期間折舊。此等租賃之財務開支自損益表扣除，以在租期內達致固定之定期支銷率。

資產擁有權絕大部分回報及風險仍歸出租人所有之租賃列為營業租賃。倘本集團為承租人，營業租賃之應付租金乃按租期以直線法自損益表扣除。

長期投資

長期投資指於非上市投資基金所作出擬長期持有之非買賣投資，按其估計公平價值以獨立投資基準列賬。該等非上市投資基金之公平價值乃參考基金所持有相關證券的個別市價而釐定。

因投資的公平價值變動而產生之盈利或虧損列作資產重估儲備之變動處理，直至投資售出、提取，或以其他方式處理，或直至投資被釐定為出現減值為止，於該情況下，由該項投資產生之累積盈利或虧損會在資產重估儲備中確認，連同任何其他進一步減值數額一併於有關減值產生期間自損益表扣除。

2. Summary of Significant Accounting Policies

(continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out 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.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the balance sheet date of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the profit and loss account.

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 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, 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.

2. 重要會計政策概要 (續)

存貨

存貨乃按成本值及可變現淨值之較低者列賬。成本按先進先出基準釐定，在製品及製成品則包括直接材料、直接勞工及適當比例之間接成本。可變現淨值按估計售價減完工及出售所產生任何估計成本計算。

撥備

因過往事件產生現時承擔（法定或推定），且有可能需要動用未來資源以償還承擔，則於能夠可靠估計承擔數額時確認撥備。

若貼現之影響重大，則就撥備所確認數額為預期償還債務所需未來開支於結算日之現值。隨時間推移而產生之貼現現值增加計入損益表的財務開支中。

所得稅

所得稅包括即期及遞延稅項。所得稅於損益表確認，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財務申報賬面值於結算日之所有暫時差額，作出撥備。

遞延稅項負債就所有應課稅暫時差額確認：

- 惟產生自初步確認資產或負債，以及於進行交易時並無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
- 當中包括與於附屬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。

2. 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 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, 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.

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:

- (i) from the sale of goods and samples, 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; and
- (ii) interest income, on a time proportion basis taking into account the principal outstanding and the effective interest rate applicable.

2. 重要會計政策概要 (續)

所得稅 (續)

遞延稅項資產於可能有應課稅溢利抵銷可扣減暫時差額，以及可運用未運用稅項資產及未運用稅項虧損結轉情況下，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。

- 惟產生自初步確認資產或負債，以及於進行交易時並無影響會計溢利或應課稅溢利或虧損之可扣減暫時差額相關之遞延稅項資產除外；及
- 當中包括與於附屬公司之投資相關之可扣減暫時差額，遞延稅項資產僅會於暫時差額可能在可預見未來撥回及有應課稅溢利以抵銷暫時差額情況下方予確認。

遞延稅項資產賬面值於每個結算日審閱，並於不再可能有足夠應課稅溢利抵銷所有或部分遞延稅項資產情況下調減。相反，早前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情況下確認。

遞延稅項資產及負債乃根據於結算日頒佈或實質頒佈之稅率（及稅法），按預期於變現資產或清償債務期間適用之稅率計算。

收入確認

收入乃於本集團有可能獲得經濟利益及該收益能可靠計算時，按以下基準確認：

- (i) 貨物及樣辦之銷售：當擁有權之絕大部分風險及回報轉讓予買方時，惟本集團須不再參與一般與擁有權有關之管理，亦不再對已售出貨物有實際控制權；及
- (ii) 利息收入：按時間比例基準以未提取本金以及適用實際利率計算。

2. Summary of Significant Accounting Policies

(continued)

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 included 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.

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 cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

2. 重要會計政策概要（續）

外幣

外幣交易按交易日之適用匯率列賬。於結算日以外幣結算之貨幣資產及負債按該日之適用匯率換算。匯兌差額於損益表處理。

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表按年內之加權平均匯率換算為港元，而資產負債表則按結算日之適用匯率換算為港元。就此產生之換算差額計入匯兌波動儲備。

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適用匯率換算為港元。年內海外附屬公司之經常現金流量按年內加權平均匯率換算為港元。

有關連人士

倘一方有能力直接或間接控制另一方或在財務及營運決策方面對另一方施加重大影響，則雙方均被視為有關連。倘各方均受共同控制或共同重大影響，亦被視為有關連。有關連人士可為個人或企業實體。

現金及現金等值項目

就綜合現金流量表而言，現金及現金等值項目包括手頭現金及活期存款以及可隨時轉換為已知數額現金的短期高度流通投資，有關投資所承受價值風險輕微，一般於購入後三個月內到期，另扣除須按要求償還及構成本集團現金管理其中部分之銀行透支。

就資產負債表而言，現金及現金等值項目包括手頭及銀行現金，當中包括無使用限制之定期存款。

2. Summary of Significant Accounting Policies

(continued)

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.

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.

Pension schemes and other retirement benefits

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.

In addition, the Group also operates a defined contribution retirement benefits scheme (the "Retirement Scheme") for those employees who are eligible to participate in this Scheme. Contributions to the Retirement Scheme are charged to the profit and loss account as incurred. The Retirement Scheme operates in a similar way to the MPF Scheme, except that when an employee leaves the Retirement Scheme before his/her interest in the Group's employer contributions vested fully, the ongoing contributions payable by the Group are reduced by the relevant amount of the forfeited employer contributions.

The employees of the 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 make contributions for its employees who are registered as permanent residents in Mainland China. The contributions are charged to the profit and loss account as they become payable in accordance with the rules of the central pension scheme.

2. 重要會計政策概要 (續)

股息

董事建議派付之末期股息在資產負債表中歸入資本及儲備內保留溢利之獨立分配，直至股東在股東大會批准為止。有關股息於獲股東批准及宣派時確認為負債。

由於本公司的組織章程大綱及組織章程細則授權董事宣派中期股息，故可同時建議派付及宣派中期股息。因此，中期股息在建議派付及宣派時即時確認為負債。

退休金計劃及其他退休福利

本集團根據強制性公積金計劃條例，為合資格參加定額供款強制性公積金退休福利計劃（「強積金計劃」）之僱員推行強積金計劃。本集團須按僱員基本薪酬的一定百分比作出供款，並在按照強積金計劃之規定應付時自損益表扣除。強積金計劃資產與本集團資產分開持有，並由獨立管理基金保管。本集團的僱主供款在向強積金計劃作出供款時全數撥歸僱員所有。

此外，本集團亦為合資格參加計劃之僱員推行定額供款退休福利計劃（「退休計劃」）。向退休計劃作出之供款在產生時自損益表扣除。退休計劃之運作方式與強積金計劃類似，惟當僱員在本集團僱主供款全數撥歸其所有前退出退休計劃，所沒收僱主供款可用作扣減本集團持續應付之供款。

本集團在中國大陸所經營附屬公司之僱員須參加由當地市政府推行的中央退休金計劃。有關附屬公司須為登記為中國大陸永久居民之僱員作出供款。有關供款在根據中央退休金計劃之規定應付時自損益表扣除。

3. Segment Information

Segment information is presented by way of the Group's primary segment reporting basis, by geographical segment. No further business segment information is presented as the Group is solely engaged in the manufacture and trading of sportswear and garments.

Each of the Group's geographical segments, based on the location of customers (the destination of sales), represents a strategic business unit that offers products to customers located in different geographical areas which are subject to risks and returns that are different from those of the other geographical segments. The Group's customer-based geographical segments are as follows:

- (a) Hong Kong
- (b) Mainland China
- (c) Japan
- (d) South Korea
- (e) Australia
- (f) Others

In addition, segment assets and capital expenditure are further analysed by the geographical location of the assets (the origin of sales), where the Group's assets are located in different geographical areas from its customers and segment revenue from external customers or segment assets are 10% or more of the Group's total amount. There are two asset-based geographical segments, Hong Kong and Mainland China.

3. 分類資料

本集團以地區分類為主要分類報告基準呈列分類資料。由於本集團只從事運動服及成衣生產及買賣之業務，故並無進一步呈列業務分類資料。

本集團各地區分類以客戶所在地（銷售目的地）為基礎，代表向不同地區的客戶提供產品的策略業務單位，所承擔風險及回報會因地區不同而有所差別。本集團以客戶為基礎的地區分類如下：

- (a) 香港
- (b) 中國大陸
- (c) 日本
- (d) 南韓
- (e) 澳洲
- (f) 其他地區

此外，倘本集團的資產地區分佈與客戶分佈不同以及源自外界客戶之分類收入或分類資產佔本集團總額10%或以上，則分類資產及資本開支會按資產所在地區（銷售源頭）進一步分析。本集團以資產為基礎的地區分類有兩個，包括香港及中國大陸。

3. Segment Information (continued)

(i) Geographical segments based on the location of customers (continued)

Group – 2004

		Hong Kong 香港 HK\$'000 千港元	Mainland China 中國大陸 HK\$'000 千港元	Japan 日本 HK\$'000 千港元	South Korea 南韓 HK\$'000 千港元	Australia 澳洲 HK\$'000 千港元	Others 其他地區 HK\$'000 千港元	Consolidated 綜合 HK\$'000 千港元
Segment revenue:	分類收入:							
Sales to external customers	外界客戶銷售額	13,591	85,561	135,734	54,150	3,722	32,653	325,411
Sale of samples	樣辦銷售	164	–	1,541	660	43	392	2,800
Total	總計	13,755	85,561	137,275	54,810	3,765	33,045	328,211
Segment results	分類業績	3,918	22,458	19,764	10,775	938	5,782	63,635
Interest and other unallocated income	利息及其他未編配收入							806
Unallocated expenses	未編配開支							(26,569)
Profit from operating activities	經營業務溢利							37,872
Finance costs	財務開支							(2,275)
Profit before tax	除稅前溢利							35,597
Tax	稅項							(3,511)
Net profit from ordinary activities attributable to shareholders	股東應佔日常業務純利							32,086
Segment assets	分類資產	9,008	27,142	44,335	16,714	2,912	12,574	112,685
Unallocated assets	未編配資產							61,663
								174,348
Segment liabilities	分類負債	753	3,215	11,165	2,691	1,496	1,826	21,146
Unallocated liabilities	未編配負債							62,840
								83,986
Other segment information:	其他分類資料:							
Depreciation	折舊	291	876	3,579	1,208	68	690	6,712
Unallocated amount	未編配數額							2,024
								8,736
Capital expenditure	資本開支	548	1,034	7,465	1,739	1,059	1,386	13,231
Unallocated amount	未編配數額							1,909
								15,140

3. 分類資料 (續)

(i) 按客戶所在地區分類 (續)

本集團—二零零四年

3. Segment Information (continued)

(ii) Geographical segments based on the location of assets

3. 分類資料 (續)

(ii) 按資產所在地區分類

		Hong Kong 香港 HK\$'000 千港元	Mainland China 中國大陸 HK\$'000 千港元	Consolidated 綜合 HK\$'000 千港元
Group – 2005	本集團 – 二零零五年			
Segment assets as at 31 March 2005	於二零零五年三月 三十一日之分類資產	24,159	89,372	113,531
Capital expenditure Unallocated amount	資本開支 未編配數額	170	17,043	17,213 30,823
				48,036
Group – 2004	本集團 – 二零零四年			
Segment assets as at 31 March 2004	於二零零四年三月 三十一日之分類資產	48,152	64,533	112,685
Capital expenditure Unallocated amount	資本開支 未編配數額	2,352	10,879	13,231 1,909
				15,140

4. Turnover and Revenue

Turnover represents the net invoiced value of goods sold, after allowances for returns and trade discounts. All significant intra-group transactions have been eliminated on consolidation.

An analysis of the Group's turnover and other revenue is as follows:

4. 營業額及收入

營業額指扣除退貨及商業折扣後已售貨品之發票淨值。本集團公司間所有重大交易已於綜合賬目時對銷。

本集團營業額及其他收入之分析如下：

		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
Turnover	營業額		
Sale of goods	貨物銷售	451,446	325,411
Other revenue	其他收入		
Sale of samples	樣辦銷售	4,532	2,800
Interest income	利息收入	2,192	288
Others	其他	387	518
		7,111	3,606
		458,557	329,017

5. Profit from Operating Activities

The Group's profit from operating activities is arrived at after charging:

5. 經營業務溢利

本集團之經營業務溢利已扣除下列項目：

		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
Cost of inventories sold	已售存貨成本	323,286	264,576
Auditors' remuneration	核數師酬金	940	780
Depreciation*	折舊*	11,775	8,736
Write-off of fixed assets	撇銷固定資產	-	103
Revaluation deficit of leasehold land and buildings	租賃土地及樓宇重估虧絀	334	-
Staff costs (excluding directors' remuneration - note 6):	員工成本(不包括董事酬金 - 附註6):		
Wages and salaries	工資及薪金	72,549	62,395
Pension scheme contributions (defined contribution schemes)	退休金計劃供款 (定額供款計劃)	1,898	1,351
Less: Forfeited contributions	減: 已沒收供款	(28)	(18)
Net pension scheme contributions	退休金計劃供款淨額	1,870	1,333
Total staff costs*	總員工成本*	74,419	63,728
Minimum lease payments under operating leases in respect of land and buildings*	土地及樓宇營業租賃之 最低租金付款*	4,445	3,680
Exchange losses, net	匯兌虧損淨額	430	225

* Included in the respective balances are the following amounts which are also included in cost of inventories sold disclosed above:

* 各項結餘中包括以下亦計入上文所披露已售存貨成本之金額：

		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
Depreciation	折舊	8,574	6,712
Staff costs	員工成本	64,774	54,803
Minimum lease payments under operating leases in respect of land and buildings	土地及樓宇營業租賃之 最低租金付款	3,580	2,841

6. Directors' Remuneration

Directors' remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and Section 161 of the Hong Kong Companies Ordinance, is as follows:

6. 董事酬金

本年度董事酬金根據香港聯合交易所有限公司證券上市規則（「上市規則」）及香港公司條例第161條披露如下：

		Group 本集團	
		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
Fees	袍金	420	210
Other emoluments:	其他酬金：		
Salaries, allowances and benefits in kind	薪金、津貼及實物福利	2,828	2,328
Performance related bonuses	與表現掛鈎花紅	830	500
Pension scheme contributions	退休金計劃供款	152	141
		3,810	2,969
		4,230	3,179

Fees include HK\$300,000 (2004: HK\$140,000) payable to the independent non-executive directors. There were no other emoluments payable to the independent non-executive directors during the year (2004: nil).

袍金包括應付予獨立非執行董事之300,000港元（二零零四年：140,000港元）。年內並無其他應付予獨立非執行董事之酬金（二零零四年：無）。

The number of directors whose remuneration fell within the following bands is as follows:

酬金介乎以下範圍之董事人數如下：

		Number of directors 董事人數	
		2005 二零零五年	2004 二零零四年
Nil to HK\$1,000,000	零至1,000,000港元	8	6
HK\$1,000,001 to HK\$1,500,000	1,000,001港元至1,500,000港元	2	1
		10	7

6. Directors' Remuneration (continued)

The directors' remuneration shown above does not include the estimated monetary value of the Group's owned premises provided rent-free to two executive directors of the Company during the year. The estimated rental value of such accommodation was approximately HK\$595,000 (2004: HK\$672,000) for the year ended 31 March 2005.

During the year, two executive directors Mr. Ku Yu Sun, Edward and Mr. Kuo Tai Yu waived their directors' fee of HK\$115,000 each for the year ended 31 March 2005. Saved as aforesaid, there was no arrangement under which a director waived or agreed to waive any remuneration.

7. Five Highest Paid Employees

The five highest paid employees during the year included four (2004: three) directors, details of whose remuneration are set out in note 6 above. Details of the remuneration of the remaining one (2004: two) non-director, highest paid employee for the year are set out below:

Salaries, allowances and benefits in kind	薪金、津貼及實物福利
Performance related bonuses	與表現掛鉤花紅
Pension scheme contributions	退休金計劃供款

Group 本集團	
2005 二零零五年	2004 二零零四年
HK\$'000 千港元	HK\$'000 千港元

405	742
100	300
30	57

535	1,099
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The remuneration of each of the non-director, highest paid employees for the year ended 31 March 2004 fell within the band of nil to HK\$1,000,000.

截至二零零四年三月三十一日止年度，各最高薪酬非董事僱員之酬金均介乎零至1,000,000港元範圍。

8. Finance Costs

Interest on bank loans and overdrafts wholly repayable within five years	須於五年內悉數償還之銀行貸款及銀行透支利息
Interest on finance leases	融資租賃利息

Group 本集團	
2005 二零零五年	2004 二零零四年
HK\$'000 千港元	HK\$'000 千港元

121	2,193
68	82

189	2,275
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6. 董事酬金 (續)

上述所示董事酬金並未包括年內向本公司兩名執行董事免租提供的本集團自置物業之估計幣值。截至二零零五年三月三十一日止年度，該住宿之估計租值約為595,000港元(二零零四年:672,000港元)。

年內，兩名執行董事顧渝生先生及郭泰佑先生各自放棄截至二零零五年三月三十一日止年度之董事袍金115,000港元。除上文所述者外，並無任何董事放棄或同意放棄任何酬金之安排。

7. 五名最高薪酬僱員

年內，五名最高薪酬僱員包括四名(二零零四年:三名)董事，有關彼等薪酬的詳情已在上文附註6披露。年內，餘下一名(二零零四年:兩名)最高酬金的非董事僱員的酬金詳情如下：

9. 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.

汕頭市鷹美製衣有限公司 (“EN (Shantou)”) and Shantou SEZ Far East (International) Garments Factory Co., Ltd. (“FE (Shantou)”) are entitled to be exempted from PRC corporate income tax for the first two profit-making years and a 50% reduction in the corporate income tax for the succeeding three years. Moreover, under the relevant tax laws and regulations in Mainland China, EN (Shantou) and FE (Shantou) may set off losses incurred by them in a financial year against profits made by them in the succeeding financial year or years, subject to a maximum of five financial years.

According to the confirmation obtained by the Group from the PRC tax bureau, the first profit-making year of both EN (Shantou) and FE (Shantou) was the year ended 31 December 2002.

9. 稅項

香港利得稅以年內在香港產生的估計應課稅溢利按17.5% (二零零四年: 17.5%) 稅率撥備。其他地方應課稅溢利的稅項, 則根據本集團業務所在國家的現存法規、法例詮釋及慣例以當地稅率計算。

汕頭市鷹美製衣有限公司 (「鷹美(汕頭)」) 及汕頭經濟特區遠東(國際)製衣廠有限公司 (「遠東(汕頭)」) 可獲豁免首兩個盈利年度的中國企業所得稅, 以及在其後三年獲豁免繳交50%企業所得稅。此外, 根據有關中國大陸稅務法及規則, 鷹美(汕頭) 及遠東(汕頭) 可將其於一個財政年度產生之虧損, 抵銷其於其後一或多個財政年度之溢利, 但最多不得超過五個財政年度。

根據本集團獲中國稅務機關之確認, 鷹美(汕頭) 及遠東(汕頭) 的首個盈利年度均為截至二零零二年十二月三十一日止年度。

		Group 本集團	
		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
Current tax charge for the year:	本年度即期稅項支出:		
Hong Kong	香港	5,688	3,400
Elsewhere	其他地方	3,519	600
Overprovision of current tax in respect of prior years	過往年度即期稅項超額撥備	(7)	(489)
Total tax charge for the year	本年度稅項支出總額	9,200	3,511

9. Tax (continued)

A reconciliation of the tax expense applicable to profit before tax using the statutory rates to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

Group – 2005

		Hong Kong		Mainland China		Macau		Total	
		香港	%	中國大陸	%	澳門	%	總額	%
		HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
		千港元	百分比	千港元	百分比	千港元	百分比	千港元	百分比
Profit/(loss) before tax	除稅前溢利/ (虧損)	58,308		44,966		(13)		103,261	
Tax at the statutory tax rate	按法定稅率計算之稅項	10,203	17.5	6,745	15.0	(2)	(15.75)	16,946	16.4
Income not subject to tax	毋須課稅收入	(4,508)	(7.7)	–	–	–	–	(4,508)	(4.4)
Expenses not deductible for tax	不可扣稅開支	76	0.1	96	0.2	2	15.75	174	0.2
Adjustments in respect of current tax of previous years	過往年度即期稅項之調整	(7)	–	–	–	–	–	(7)	–
Lower tax rate due to tax holiday	免稅期之較低稅率	–	–	(3,420)	(7.6)	–	–	(3,420)	(3.3)
Tax losses not recognised	未確認稅項虧損	371	0.6	–	–	–	–	371	0.3
Others	其他	(454)	(0.8)	98	0.2	–	–	(356)	(0.3)
Tax charge at the Group's effective rate	按本集團實際稅率計算之稅項支出	5,681	9.7	3,519	7.8	–	–	9,200	8.9

9. 稅項 (續)

使用法定稅率計算之除稅前溢利之適用稅項開支，與按實際稅率計算的稅項開支之對賬，以及適用稅率（即法定稅率）與實際稅率之對賬如下：

本集團—二零零五年

9. Tax (continued)

Group – 2004

9. 稅項 (續)

本集團—二零零四年

		Hong Kong		Mainland China		Macau		Total	
		香港		中國大陸		澳門		總額	
		HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
		千港元	百分比	千港元	百分比	千港元	百分比	千港元	百分比
Profit before tax	除稅前溢利	28,061		7,423		113		35,597	
Tax at the statutory tax rate	按法定稅率計算之稅項	4,911	17.5	1,113	15.0	18	15.75	6,042	17.0
Income not subject to tax	毋須課稅收入	(1,386)	(4.9)	(313)	(4.2)	(18)	(15.75)	(1,717)	(4.8)
Expenses not deductible for tax	不可扣稅開支	173	0.6	–	–	–	–	173	0.5
Adjustments in respect of current tax of previous years	過往年度即期稅項之調整	(489)	(1.7)	–	–	–	–	(489)	(1.4)
Others	其他	(298)	(1.1)	(200)	(2.7)	–	–	(498)	(1.4)
Tax charge at the Group's effective rate	按本集團實際稅率計算之稅項支出	2,911	10.4	600	8.1	–	–	3,511	9.9

10. Net Profit from Ordinary Activities Attributable to Shareholders

The net profit from ordinary activities attributable to shareholders for the year ended 31 March 2005 dealt with in the financial statements of the Company was HK\$41,433,000 (2004: HK\$18,391,000) (note 27).

10. 股東應佔日常業務純利

截至二零零五年三月三十一日止年度已於本公司財務報表處理之股東應佔日常業務純利為41,433,000港元(二零零四年:18,391,000港元)(附註27)。

11. Dividends

11. 股息

		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
Interim – HK4.5 cents (2004: HK3 cents) per ordinary share based on 340,000,000 (2004: 200,000,000) shares in issue	中期股息—每股普通股4.5港仙 (二零零四年: 3港仙) · 按已發行 340,000,000股 (二零零四年: 200,000,000股) 股份計算	15,300	6,000
Proposed final – HK6 cents (2004: HK3.5 cents) per ordinary share based on 427,000,000 (2004: 340,000,000) shares in issue	擬派末期股息—每股普通股6港仙 (二零零四年: 3.5港仙) · 按已發行 427,000,000股 (二零零四年: 340,000,000股) 股份計算	25,620	11,900
		40,920	17,900

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

本年度之擬派末期股息須待本公司股東於應屆股東週年大會批准後，方可作實。

12. Earnings Per Share

The calculation of basic earnings per share is based on the net profit attributable to shareholders for the year of HK\$94,061,000 (2004: HK\$32,086,000), and the weighted average of 337,821,918 ordinary shares in issue (2004: 188,328,767 ordinary shares deemed to have been in issue) during the year.

12. 每股盈利

每股基本盈利乃根據年內股東應佔純利94,061,000港元 (二零零四年: 32,086,000港元) · 以及年內已發行加權平均股數337,821,918股普通股 (二零零四年: 188,328,767股視作已發行普通股) 計算。

The calculation of diluted earnings per share for the year ended 31 March 2005 is based on the net profit attributable to shareholders for the year of HK\$94,061,000. The weighted average number of ordinary shares used in the calculation is the 337,821,918 ordinary shares in issue during the year as used in the basic earnings per share calculation and the weighted average of 79,849,315 ordinary shares assumed to have been issued at no consideration on the deemed conversion of the outstanding convertible note since its date of issue to the date of conversion during the year.

截至二零零五年三月三十一日止年度之每股攤薄盈利乃按年內股東應佔純利94,061,000港元計算。用於有關計算之普通股加權平均股數，包括用來計算每股基本盈利的年內已發行普通股337,821,918股及假設尚未兌換可換股票據視作於發行日期至年內換股日期間按零代價發行的普通股加權平均股數79,849,315股。

A diluted earnings per share amount for the year ended 31 March 2004 has not been disclosed as no diluting events existed during that year.

截至二零零四年三月三十一日止年度並無存在攤薄事件，故並無披露有關年度之每股攤薄盈利。

13. Fixed Assets Group

13. 固定資產 本集團

		Leasehold land and buildings 租賃土地 及樓宇 HK\$'000 千港元	Leasehold improvements 租賃物業 改善工程 HK\$'000 千港元	Plant and machinery 機器設備 HK\$'000 千港元	Furniture, fixtures, equipment and motor vehicles 傢具、裝置、 設備及汽車 HK\$'000 千港元	Construction in progress 在建工程 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Cost or valuation:	成本或估值:						
At beginning of year	年初	24,128	11,566	30,321	8,024	-	74,039
Additions	添置	24,614	1,644	11,998	2,343	7,437	48,036
Surplus on revaluation	重估盈餘	716	-	-	-	-	716
At 31 March 2005	二零零五年 三月三十一日	49,458	13,210	42,319	10,367	7,437	122,791
Analysis of cost or valuation:	成本或估值分析:						
At cost	按成本值	-	13,210	42,319	10,367	7,437	73,333
At 31 March 2005 valuation	按於二零零五年 三月三十一日 之估值	49,458	-	-	-	-	49,458
		49,458	13,210	42,319	10,367	7,437	122,791
Accumulated depreciation:	累積折舊:						
At beginning of year	年初	-	7,338	13,289	3,356	-	23,983
Provided during the year	年內撥備	1,280	2,422	6,475	1,598	-	11,775
Written back on revaluation	於重估時撥回	(1,280)	-	-	-	-	(1,280)
At 31 March 2005	二零零五年 三月三十一日	-	9,760	19,764	4,954	-	34,478
Net book value:	賬面淨值:						
At 31 March 2005	二零零五年 三月三十一日	49,458	3,450	22,555	5,413	7,437	88,313
At 31 March 2004	二零零四年 三月三十一日	24,128	4,228	17,032	4,668	-	50,056

13. Fixed Assets (continued)

The Group's leasehold land and buildings were revalued at 31 March 2005 by Greater China Appraisal Limited, independent professionally qualified valuers, at open market value, based on their existing use. A revaluation surplus of HK\$2,330,000 and a revaluation deficit of HK\$334,000 resulting therefrom has been credited to the asset revaluation reserve and charged to the profit and loss account, respectively.

Had these land and buildings been carried at historical cost less accumulated depreciation, their carrying amounts would have been approximately HK\$42,180,000 (2004: HK\$18,743,000).

No fixed assets were held under finance lease as at 31 March 2005. The net book value of the Group's fixed assets held under finance leases included in the total amount of plant and machinery at 31 March 2004 amounted to HK\$2,164,000.

The Group's leasehold land and buildings as at 31 March 2005 are held under the following lease terms:

Long term leases outside Hong Kong	香港境外之長期租約
Medium term leases in Hong Kong	於香港之中期租約
Medium term leases outside Hong Kong	香港境外之中期租約

As at 31 March 2005, one of the Group's leasehold land and buildings with net book value of HK\$20,000,000 (2004: HK\$18,600,000) was pledged to secure banking facilities granted to the Group (note 22).

Two of the Group's properties with a net book value of HK\$21,868,000 (2004: HK\$20,720,000) in aggregate have been provided as rent-free accommodation to two executive directors of the Company during the year.

13. 固定資產 (續)

本集團之租賃土地及樓宇由獨立專業合資格估值師漢華評值有限公司於二零零五年三月三十一日按其當時用途以公開市值重估。重估所產生2,330,000港元重估盈餘及重估虧絀334,000港元已分別計入資產重估儲備及自損益表扣除。

倘有關土地及樓宇按歷史成本減累積折舊列賬，其賬面值原應約為42,180,000港元（二零零四年：18,743,000港元）。

於二零零五年三月三十一日，並無根據融資租約持有任何固定資產。於二零零四年三月三十一日，本集團機器設備總金額包括以融資租賃持有賬面淨值金額為2,164,000港元的固定資產。

截至二零零五年三月三十一日止，本集團之租賃土地及樓宇乃按以下租期持有：

		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
		2,198	1,949
		40,000	18,600
		7,260	3,579
		49,458	24,128

於二零零五年三月三十一日，本集團其中一項賬面淨值20,000,000港元（二零零四年：18,600,000港元）之租賃土地及樓宇已抵押，以擔保本集團獲授之銀行備用額（附註22）。

本集團其中兩項賬面淨值合共21,868,000港元（二零零四年：20,720,000港元）之物業於年內提供予本公司兩名執行董事作免租住宿。

14. Prepayments and Deposits for Fixed Assets

As at 31 March 2005, prepayments and deposits for fixed assets included a deposit of approximately HK\$42,453,000 for the acquisition of a production plant (the "New Production Plant") located at the 15th Street District, Cheng Di Industrial Village, Shantou Special Economic Zone (see also note 31).

Subsequent to the balance sheet date, the New Production Plant has been accepted by and delivered to the Group. The Group is currently in the progress of applying for the relevant title certificates.

15. Long Term Investments

Unlisted investment funds, at fair value

非上市投資基金·按公平價值

4,527

4,500

A revaluation surplus of HK\$27,000 (2004: HK\$224,000) has been credited to the asset revaluation reserve during the year.

As at 31 March 2005, the unlisted investment funds were pledged as security for banking facilities granted to the Group (note 22).

16. Interests in Subsidiaries

Unlisted investments, at cost

非上市投資·按成本值

43,368

43,368

The balances with subsidiaries are unsecured, interest-free and are repayable on demand.

14. 固定資產之預付款項及按金

於二零零五年三月三十一日·固定資產之預付款項及按金包括就收購位於汕頭經濟特區成德工業村第十五街區之生產廠房(「新生產廠房」)約42,453,000港元的按金(另見附註31)。

結算日後·新生產廠房已由本集團接納·並已送交本集團·本集團現正申請有關業權證書。

15. 長期投資

Group 本集團

2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
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重估盈餘27,000港元(二零零四年:224,000港元)已計入年內資產重估儲備。

於二零零五年三月三十一日·非上市投資基金已就本集團獲授之銀行備用額作出抵押(附註22)。

16. 於附屬公司之權益

Company 本公司

2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
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與附屬公司之結餘為無抵押·免息及須應要求償還。

16. Interests in Subsidiaries (continued)

Particulars of subsidiaries of the Company are as follows:

16. 於附屬公司之權益 (續)

本公司之附屬公司詳情如下：

Name 公司名稱	Place of incorporation/ registration and operations 註冊成立／登記 及經營地點	Nominal value of issued share/paid-up registered capital 已發行 股份面值／ 繳足註冊資本	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	
Jespar Age Limited	British Virgin Islands ("BVI") 英屬處女群島	US\$1,000 1,000美元	100	—	Investment holding 投資控股
Eagle Nice Development Limited 鷹美發展有限公司	Hong Kong 香港	Ordinary HK\$2; Non-voting deferred HK\$10,000 (Note (a)) 普通股2港元： 無投票權遞延股 10,000港元 (附註(a))	—	100	Manufacture and trading of sportswear and garments 生產及買賣 運動服及成衣
Far East (International) Garment Limited 遠東(國際)製衣有限公司	Hong Kong 香港	Ordinary HK\$2; Non-voting deferred HK\$10,000 (Note (a)) 普通股2港元： 無投票權遞延股 10,000港元 (附註(a))	—	100	Manufacture and trading of sportswear and garments 生產及買賣 運動服及成衣
EN (Shantou) (Note (b)) 鷹美(汕頭) (附註(b))	PRC/ Mainland China 中國／中國大陸	HK\$9,500,000 9,500,000港元	—	100	Manufacture and trading of sportswear and garments 生產及買賣 運動服及成衣

16. Interests in Subsidiaries (continued)

16. 於附屬公司之權益（續）

Name 公司名稱	Place of incorporation/ registration and operations 註冊成立／登記 及經營地點	Nominal value of issued share/paid-up registered capital 已發行 股份面值／ 繳足註冊資本	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	
FE (Shantou) (Note (b)) 遠東（汕頭） (附註(b))	PRC/ Mainland China 中國／中國大陸	HK\$15,000,000 15,000,000港元	—	100	Manufacture and trading of sportswear and garments 生產及買賣 運動服及成衣
裕美（汕頭）製衣有限公司 ("YM (Shantou)") （「裕美（汕頭）」） (Note (b)) (附註(b))	PRC/ Mainland China 中國／中國大陸	US\$7,834,026 7,834,026美元	—	100	Yet to commence business 尚未開業
裕鷹（汕頭）製衣有限公司 ("YY (Shantou)") （「裕鷹（汕頭）」） (Note (b)) (附註(b))	PRC/ Mainland China 中國／中國大陸	HK\$1,000,000 1,000,000港元	—	100	Yet to commence business 尚未開業
Everall Development Limited 永全發展有限公司	BVI 英屬處女群島	US\$1,000 1,000美元	—	100	Investment holding 投資控股
Yue Mei (HK) Garment Limited 裕美（香港）製衣有限公司	Hong Kong 香港	HK\$1,000 1,000港元	—	100	Dormant 暫無業務

Notes:

- (a) The non-voting deferred shares carry no rights to dividends, no rights to attend or vote at general meetings and no rights to receive any surplus assets in a return of capital in a winding-up (other than the nominal amount paid up or credited as paid-up on such shares, after the sum of HK\$100,000,000,000,000 per ordinary share has been distributed to the holders of the ordinary shares of the company in such winding-up).
- (b) EN (Shantou), FE (Shantou), YM (Shantou) and YY (Shantou) are registered as wholly-foreign owned enterprises under the PRC law.

附註：

- (a) 無投票權遞延股並無附帶以下權利：獲派股息、出席股東大會或在會上投票，以及在清盤退還資本時獲得任何剩餘資產，清盤時每股普通股總數100,000,000,000,000港元分派予公司普通股持有人後，有關股份之繳足或入賬列作繳足的面值除外。
- (b) 鷹美（汕頭）、遠東（汕頭）、裕美（汕頭）及裕鷹（汕頭）為根據中國法例註冊之外商獨資企業。

17. Inventories

		Group 本集團	
		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
Raw materials	原材料	13,655	15,986
Work in progress	在製品	28,205	27,307
Finished goods	製成品	5,832	1,227
		47,692	44,520

No inventories were carried at net realisable value at the balance sheet date (2004: nil).

於結算日並無任何存貨以可變現淨值列賬(二零零四年:無)。

18. Accounts and Bills Receivable

The Group's trading terms with its customers are mainly on credit. The credit period is generally for a period of 30 days. Overdue balances are regularly reviewed by senior management of the Group.

18. 應收賬款及票據

本集團主要以信貸方式與其客戶訂定貿易條款。信貸期一般為30天。逾期未付之結餘由本集團高級管理層定期審閱。

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

於結算日之應收賬款及票據根據發票日期的賬齡分析如下:

		Group 本集團	
		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
Within 30 days	30天內	37,207	28,022
31 to 60 days	31天至60天	703	3,928
61 to 90 days	61天至90天	531	810
Over 90 days	90天以上	116	709
		38,557	33,469

19. Cash and Cash Equivalents and Pledged Deposits

19. 現金及現金等值項目與質押存款

		Group 本集團		Company 本公司	
		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
Cash and bank balances	現金及銀行結存	51,374	31,358	141	26,151
Time deposits	定期存款	277,020	5,518	271,502	—
		328,394	36,876	271,643	26,151
Less: Time deposits pledged for overdrafts and trade financing facilities (note 22)	減:就透支及貿易融資備用額質押之定期存款(附註22)	(5,518)	(5,518)	—	—
Cash and cash equivalents	現金及現金等值項目	322,876	31,358	271,643	26,151

As at the balance sheet date, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to approximately HK\$44,829,000 (2004: HK\$3,139,000). The RMB is not freely convertible into other currencies, however, subject to the regulations and conditions stipulated in the Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

於結算日，本集團以人民幣(「人民幣」)計值的現金及銀行結存約44,829,000港元(二零零四年: 3,139,000港元)。人民幣不得自由兌換為其他貨幣，惟根據中國大陸的外匯管理條例以及結匯、售匯及付匯管理規定，本集團容許透過獲准辦理外匯業務之銀行將人民幣兌換為其他貨幣。

20. Accounts and Bills Payable

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

20. 應付賬款及票據

於結算日之應付賬款及應付票據根據發票日期的賬齡分析如下:

		Group 本集團	
		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
Within 90 days	90天內	15,598	19,704
91 to 180 days	91天至180天	532	1,384
181 to 365 days	181天至365天	26	58
Over 365 days	365天以上	53	—
		16,209	21,146

21. Interest-Bearing Bank Borrowings, Secured

21. 有抵押計息銀行貸款

		Group 本集團	
		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
Secured bank overdrafts repayable on demand	須按要求償還之 有抵押銀行透支	-	7,391
Secured mortgage loans repayable:	有抵押按揭貸款:		
Within one year	須於一年內償還	-	2,305
In the second year	須於第二年償還	-	2,371
In the third to fifth years, inclusive	須於第三年至第五年 (包括首尾兩年)內償還	-	1,009
		-	5,685
Secured trust receipt loans repayable within one year	須於一年內償還之 有抵押信託收據貸款	-	18,931
Other secured bank loans repayable:	其他有抵押銀行貸款:		
Within one year	須於一年內償還	-	3,929
In the second year	須於第二年償還	-	1,088
		-	5,017
		-	37,024
Portion classified as current liabilities	分類為流動負債部分	-	(32,556)
Long term portion	長期部分	-	4,468

22. Banking Facilities

As at 31 March 2005, the Group's banking facilities were secured by the following:

- (i) one of the leasehold land and buildings of the Group (note 13);
- (ii) the unlisted investment funds of the Group (note 15);
- (iii) pledged bank deposits of the Group (note 19);
- (iv) corporate guarantees executed by the Company to the extent of HK\$163.6 million; and
- (v) unlimited corporate guarantees executed by two subsidiaries.

22. 銀行備用額

於二零零五年三月三十一日，本集團之銀行備用額以下列各項作為抵押：

- (i) 本集團租賃土地及樓宇之一(附註13)；
- (ii) 本集團之非上市投資基金(附註15)；
- (iii) 本集團之質押銀行存款(附註19)；
- (iv) 本公司簽立以163,600,000港元為限之公司擔保；及
- (v) 兩家附屬公司簽立的無限額公司擔保。

23. Finance Lease Payables

The Group leased certain of its plant and machinery for its garment manufacturing business. These leases were classified as finance leases and were fully repaid during the year.

Group

Amounts payable:	應付款項:
Within one year	一年內
In the second year	第二年
In the third to fifth years, inclusive	第三至五年 (包括首尾兩年)
Total minimum finance lease payments	融資租賃最低租金付款總額
Future finance charges	未來財務開支
Total net finance lease payables	融資租賃應付款項總淨額
Portion classified as current liabilities	列為流動負債部分
Long term portion	長期部分

23. 融資租賃應付款項

本集團租賃若干用於其成衣生產業務之機器設備。該等租賃列為融資租賃，已於年內悉數償還。

本集團

Minimum lease payments 最低租金付款 2005 二零零五年 HK\$'000 千港元	Minimum lease payments 最低租金付款 2004 二零零四年 HK\$'000 千港元	Present value of minimum lease payments 最低租金付款現值 2005 二零零五年 HK\$'000 千港元	Present value of minimum lease payments 最低租金付款現值 2004 二零零四年 HK\$'000 千港元
—	752	—	730
—	620	—	572
—	700	—	600
—	2,072	—	1,902
—	(170)	—	—
—	1,902	—	—
—	(730)	—	—
—	1,172	—	—

24. Deferred Tax Liabilities

Group

		Accelerated tax depreciation 加速稅項折舊 HK\$'000 千港元	Asset revaluation 資產重估 HK\$'000 千港元	Total 總計 HK\$'000 千港元
At 1 April 2003	於二零零三年四月一日	810	-	810
Deferred tax charged to equity during the year	年內於股本扣除之遞延稅項	-	400	400
At 31 March 2004 and 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	810	400	1,210
Deferred tax charged to equity during the year (note 27)	年內於股本扣除之遞延稅項 (附註27)	-	256	256
At 31 March 2005	於二零零五年三月三十一日	810	656	1,466

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

The Company has tax losses arising in Hong Kong of HK\$1,814,121 (2004: nil) that are available indefinitely for offsetting against future taxable profits of the Company in which the losses arose. Deferred tax assets have not been recognised in respect of those losses as the Company has no taxable profits for some time.

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

24. 遞延稅項負債

本集團

於二零零五年三月三十一日，並無任何因本集團若干附屬公司之未匯出盈利所產生應付稅項而出現之重大未確認遞延稅項負債（二零零四年：無），原因為即使該等款額匯出，本集團亦毋須承擔額外稅項責任。

本公司於香港產生之稅項虧損1,814,121港元（二零零四年：無）可無限期用作抵銷產生虧損之本公司日後應課稅溢利。由於本公司已有一段時間無應課稅溢利，因而並無就該等虧損確認遞延稅項資產。

本公司向其股東派發股息概無附帶所得稅後果。

25. Share Capital

25. 股本

		Company	
		本公司	
		2005	2004
		二零零五年	二零零四年
		HK\$'000	HK\$'000
		千港元	千港元
Authorised:	法定:		
10,000,000,000 ordinary shares of HK\$0.01 each	10,000,000,000股 每股面值0.01港元之普通股	100,000	100,000
Issued and fully paid:	已發行及繳足:		
427,000,000 (2004: 200,000,000) ordinary shares of HK\$0.01 each	427,000,000股(二零零四年: 200,000,000)每股面值 0.01港元之普通股	4,270	2,000

25. Share Capital (continued)

The changes in the authorised and issued share capital of the Company during the year, together with the comparative information for the year ended 31 March 2004, are as follows:

25. 股本 (續)

本公司法定及已發行股本於年內之變動連同截至二零零四年三月三十一日止年度之比較資料如下：

		Notes 附註	Number of ordinary shares of HK\$0.01 each 每股面值0.01港元 之普通股數目 '000 千股	Nominal value of ordinary shares 普通股面值 HK\$'000 千港元
Authorised:	法定：			
Upon incorporation	於註冊成立時		38,000	380
Increase in authorised share capital	法定股本增加	(i)	9,962,000	99,620
At 31 March 2004 and 31 March 2005	於二零零四年三月三十一日及 二零零五年三月三十一日		10,000,000	100,000
Issued:	已發行：			
Allotted and issued as nil paid	以未繳股款方式 配發及發行	(ii)	1,000	–
On acquisition of Jespar Age Limited – new issue of shares – nil paid shares credited as fully paid	於收購Jespar Age Limited時 – 發行新股 – 未繳股款股份 入賬列為繳足	(iii) (iii)	27,000 –	270 10
Capitalisation issue credited as fully paid conditional on the share premium account of the Company being credited as a result of the issue of new shares to the public	在本公司股份溢價賬因 向公眾發行新股而 取得進賬之情況下 資本化發行入賬列為 繳足之股份	(iv)	142,000	–
Pro forma issued share capital as at 31 March 2003	於二零零三年三月三十一日之 備考已發行股本		170,000	280
Capitalisation of share premium account as set out above	上述股份溢價賬撥充資本	(iv)	–	1,420
New issue of shares	發行新股	(v)	30,000	300
At 31 March 2004 and 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		200,000	2,000
Subscription of new shares	認購新股	(vi)	105,000	1,050
Placement of new shares	配售新股	(vii)	35,000	350
Exercise of the Convertible Note	行使可換股票據	(viii)	87,000	870
At 31 March 2005	於二零零五年三月三十一日		427,000	4,270

25. Share Capital (continued)

The movements in the share capital of the Company were as follows:

- (i) Pursuant to a resolution passed on 6 August 2003, the authorised share capital of the Company was increased from HK\$380,000 to HK\$100,000,000 by the creation of 9,962,000,000 additional ordinary shares of HK\$0.01 each, ranking pari passu in all respects with the then existing share capital of the Company.
- (ii) On 28 October 2002, an aggregate of 1,000,000 shares of HK\$0.01 each were allotted and issued nil paid.
- (iii) Pursuant to the same resolution in (i) above, on 6 August 2003, 27,000,000 new shares of HK\$0.01 each in the Company were allotted and issued, credited as fully paid, and the existing 1,000,000 shares of HK\$0.01 each were credited as fully paid, at par, in consideration of and in exchange for the acquisition of the entire issued share capital of Jespar Age Limited.
- (iv) Pursuant to the same resolution in (i) above, a total of 142,000,000 shares of HK\$0.01 each were allotted and issued as fully paid, by way of capitalisation of an amount of HK\$1,420,000 standing to the credit of the share premium account of the Company, to the holders of shares in the Company whose names appear on the register of members of the Company at the close of business on 11 August 2003 in proportion to their then existing shareholdings in the Company, conditional upon the share premium account being credited as a result of the new issue and placing of shares as detailed in (v) below.
- (v) On 20 August 2003, a total of 30,000,000 new shares of HK\$0.01 each in the Company were issued at a price of HK\$1.00 per share to the public by way of new issue and placing of shares pursuant the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), for a total cash consideration, before expenses, of HK\$30,000,000.
- (vi) On 16 April 2004, 105,000,000 new shares of HK\$0.01 each in the Company were issued to Great Pacific Investments Limited ("Great Pacific"), a wholly-owned subsidiary of Yue Yuen Industrial (Holdings) Limited, at a price of HK\$1.06 each, for a cash consideration, before expenses, of HK\$111,300,000.

25. 股本 (續)

本公司之股本變動如下：

- (i) 根據於二零零三年八月六日通過之決議案，本公司法定股本藉設立9,962,000,000股每股面值0.01港元之額外普通股，由380,000港元增加至100,000,000港元，此等增加股本在各方面與本公司當時之現有股本享有同等權益。
- (ii) 於二零零二年十月二十八日，合共1,000,000股每股面值0.01港元之股份按未繳股款方式配發及發行。
- (iii) 根據上文第(i)段所述同一決議案，於二零零三年八月六日，本公司配發及發行股本中27,000,000股每股面值0.01港元入賬列作繳足之新股，及1,000,000股每股面值0.01港元之現有股份按面值入賬列作繳足，作為收購Jespar Age Limited全部已發行股本之交換代價。
- (iv) 根據上文第(i)段所述同一決議案，待下文第(v)段所詳述股份溢價賬因發行新股及配售股份獲得進賬後，藉將本公司股份溢價賬中1,420,000港元之進賬撥充資本，向於二零零三年八月十一日營業時間結束時名列本公司股東名冊之股份持有人，按彼等當時在本公司之現有持股比例配發及發行合共142,000,000股每股面值0.01港元之繳足股份。
- (v) 於二零零三年八月二十日，本公司股本中合共30,000,000股每股面值0.01港元之新股，根據本公司股份於香港聯合交易所有限公司（「聯交所」）主板上市，以發售新股及配股方式，按每股1.00港元之價格發行予公眾人士，以獲得總現金代價（未扣除開支）30,000,000港元。
- (vi) 於二零零四年四月十六日，本公司股本中105,000,000股每股面值0.01港元之新股，按每股1.06港元之價格發行予裕元工業（集團）有限公司之全資附屬公司Great Pacific Investments Limited（「Great Pacific」），以換取現金代價（未扣除開支）111,300,000港元。

25. Share Capital (continued)

(vii) On 16 April 2004, 35,000,000 new shares of HK\$0.01 each in the Company were issued at a price of HK\$1.06 each by way of placement of shares, for a total cash consideration, before expenses, of HK\$37,100,000.

(viii) On 3 March 2004, the Company entered into a conditional subscription agreement with Great Pacific in relation to the subscription by Great Pacific of a convertible note (the "Convertible Note") at a subscription price of HK\$207,060,000, which was convertible into 87,000,000 new shares of the Company at the conversion price of HK\$2.38 per share. The subscription agreement was completed on 16 April 2004. On 17 March 2005, 87,000,000 shares of HK\$0.01 each in the Company were issued pursuant to the conversion of the Convertible Note.

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

25. 股本 (續)

(vii) 於二零零四年四月十六日，本公司股本中35,000,000股每股面值0.01港元之新股，透過配股方式，按每股1.06港元之價格發行，以換取總現金代價（未扣除開支）37,100,000港元。

(viii) 於二零零四年三月三日，本公司就Great Pacific按認購價207,060,000港元認購可換股票據（「可換股票據」）與Great Pacific訂立有條件認購協議，可換股票據可按每股2.38港元之兌換價兌換87,000,000股本公司新股。認購協議已於二零零四年四月十六日完成。於二零零五年三月十七日，本公司根據兌換可換股票據發行87,000,000股每股面值0.01港元之股份。

就上述本公司已發行普通股本之變動，年內交易概述如下：

		Number of shares 股份數目 '000 千股	Issued share capital 已發行股本 HK\$'000 千港元	Share premium account 股份溢價賬 HK\$'000 千港元	Total 總計 HK\$'000 千港元
At 1 April 2004	於二零零四年四月一日	200,000	2,000	19,354	21,354
Issue of new shares ((vi) and (vii))	發行新股 ((vi)及(vii))	140,000	1,400	147,000	148,400
Conversion of Convertible Note (viii)	兌換可換股票據(viii)	87,000	870	206,190	207,060
		227,000	2,270	353,190	355,460
Share issue expenses	股份發行開支	-	-	(12,612)	(12,612)
At 31 March 2005	於二零零五年三月三十一日	427,000	4,270	359,932	364,202

26. Share Option Scheme

The Company operates a share option scheme (the "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 Scheme include the Company's directors, including independent non-executive directors, other employees of the Group, suppliers of goods or services to the Group and customers of the Group. The Scheme became effective on 6 August 2003 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 Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to independent non-executive directors' approval in advance. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of the grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 21 days from the date of the offer upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences after a certain vesting period and ends on a date which is not later than five years from date of the offer of the share options or the expiry date of the Scheme, if earlier.

The exercise price of the share options is determinable by the directors, but may not be less than the highest of (i) the Stock Exchange closing price of the Company's shares on the date of the offer of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of the Company's shares.

26. 購股權計劃

本公司設有一項購股權計劃（「該計劃」），旨在向對本集團成功經營有所貢獻的合資格參與人士提供獎勵及獎賞。該計劃的合資格參與人士包括本公司董事（包括獨立非執行董事）、本集團其他僱員、本集團貨品或服務供應商及本集團客戶。該計劃自二零零三年八月六日起生效，除非經另行取消或修訂，否則，該計劃將自該日期起計10年內有效。

現時根據該計劃獲准授出的未行使購股權數目獲行使時，最多不得超過相當於本公司於任何時間已發行股份10%。於任何十二個月期間內，根據購股權可向該計劃每名合資格參與人士發行的股份數目，最多不得超過本公司於任何時候已發行股份1%。進一步授出任何超過該限額的購股權均須於股東大會取得股東批准。

向本公司董事、主要行政人員或主要股東或彼等任何聯繫人士授出購股權，均須事先取得獨立非執行董事批准。此外，於任何十二個月期間內，倘向本公司主要股東或獨立非執行董事或彼等任何聯繫人士授出的購股權，超過本公司於任何時候已發行股份0.1%或按授出當日本公司股價計算總值超過5,000,000港元，則須事先於股東大會取得股東批准。

提呈授出的購股權可於提呈日期起計21天內由承授人支付合共1港元象徵式代價後接納。所授出購股權的行使期由董事釐定，於若干歸屬期後開始，並於不遲於提呈授出購股權之日起計五年或該計劃屆滿日的較早日期結束。

購股權的行使價由董事釐定，惟不得低於以下三者之最高者：(i)提呈授出購股權當日本公司股份在聯交所的收市價；(ii)提呈授出日期前五個交易日日本公司股份在聯交所平均收市價；及(iii)本公司股份面值。

26. Share Option Scheme (continued)

No share options had been granted under the Scheme as at 31 March 2005 or up to the date of approval of these financial statements.

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

27. Reserves
Group

		Share premium account	Capital reserve	Statutory surplus reserve	Exchange fluctuation reserve	Asset revaluation reserve	Retained profits	Total
	Notes 附註	股份溢價賬	資本儲備	法定盈餘 儲備	匯兌波動 儲備	資產重估 儲備	保留溢利	總計
		HK\$'000 千港元	HK\$'000 千港元 (Note (a)) (附註(a))	HK\$'000 千港元 (Note (b)) (附註(b))	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
At 1 April 2003	二零零三年四月一日	-	(229)	842	(2,712)	(93)	39,904	37,712
Issue of shares	發行股份	29,700	-	-	-	-	-	29,700
Share issue expenses	發行股份開支	(8,926)	-	-	-	-	-	(8,926)
Capitalisation issue	資本化發行	(1,420)	-	-	-	-	-	(1,420)
Surplus on revaluation	重估盈餘	-	-	-	-	5,610	-	5,610
Deferred tax charged	遞延稅項支出	-	-	-	-	(400)	-	(400)
Net profit for the year	年度純利	-	-	-	-	-	32,086	32,086
Transfer to reserve	轉撥至儲備	-	-	874	-	-	(874)	-
Interim dividend	中期股息	-	-	-	-	-	(6,000)	(6,000)
Proposed final dividend	擬派末期股息	-	-	-	-	-	(11,900)	(11,900)
At 31 March 2004 and 1 April 2004	二零零四年 三月三十一日 及二零零四年 四月一日	19,354	(229)	1,716	(2,712)	5,117	53,216	76,462
Issue of shares	發行股份	25	147,000	-	-	-	-	147,000
Conversion of the Convertible Note	兌換可換 股票據	25	206,190	-	-	-	-	206,190
Share issue expenses	發行股份開支	25	(12,612)	-	-	-	-	(12,612)
Surplus on revaluation	重估盈餘	-	-	-	-	2,357	-	2,357
Deferred tax charged	遞延稅項支出	24	-	-	-	(256)	-	(256)
Net profit for the year	年度純利	-	-	-	-	-	94,061	94,061
Exchange realignment	匯兌調整	-	-	-	96	-	-	96
Transfer to reserve	轉撥至儲備	-	-	3,680	-	-	(3,680)	-
Interim dividend	中期股息	11	-	-	-	-	(15,300)	(15,300)
Proposed final dividend	擬派末期股息	11	-	-	-	-	(25,620)	(25,620)
At 31 March 2005	二零零五年 三月三十一日	359,932	(229)	5,396	(2,616)	7,218	102,677	472,378

26. 購股權計劃 (續)

於二零零五年三月三十一日或直至財務報表獲批准日期為止，並無根據該計劃授出任何購股權。

購股權並無賦予持有人獲取股息或於股東大會投票的權利。

27. 儲備
本集團

27. Reserves (continued) Company

27. 儲備 (續) 本公司

		Notes 附註	Share premium account 股份溢價賬 HK\$'000 千港元	Capital reserve 資本儲備 HK\$'000 千港元 (Note (a)) (附註 (a))	Retained profits 保留溢利 HK\$'000 千港元	Total 總計 HK\$'000 千港元
At 1 April 2003	二零零三年 四月一日		—	—	—	—
Arising on a group reorganisation	於集團重組時產生		—	43,088	—	43,088
Issue of shares	發行股份		29,700	—	—	29,700
Capitalisation issue	資本化發行		(1,420)	—	—	(1,420)
Share issue expenses	發行股份開支		(8,926)	—	—	(8,926)
Net profit for the year	年度純利		—	—	18,391	18,391
Interim dividend	中期股息		—	—	(6,000)	(6,000)
Proposed final dividend	擬派末期股息		—	—	(11,900)	(11,900)
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		19,354	43,088	491	62,933
Issue of new shares	發行新股	25	147,000	—	—	147,000
Conversion of the Convertible Note	兌換可換股票據	25	206,190	—	—	206,190
Share issue expenses	發行股份開支	25	(12,612)	—	—	(12,612)
Net profit for the year	年度純利		—	—	41,433	41,433
Interim dividend	中期股息	11	—	—	(15,300)	(15,300)
Proposed final dividend	擬派末期股息	11	—	—	(25,620)	(25,620)
At 31 March 2005	二零零五年 三月三十一日		359,932	43,088	1,004	404,024

27. Reserves (continued)**Company** (continued)

Notes:

- (a) The capital reserve of the Group represents the difference between the aggregate of the nominal value of the share capitals of the subsidiaries acquired by the Company pursuant to a group reorganisation in August 2003, over the nominal value of the share capital of the Company issued in exchange therefor and the existing 1,000,000 shares of HK\$0.01 each credited as fully paid, at par.

The capital reserve of the Company represents the excess of the then consolidated net assets of the subsidiaries acquired by the Company pursuant to the same reorganisation over the nominal value of the share capital of the Company issued in exchange therefor. Under the Companies Law of the Cayman Islands, the capital reserve may be distributed to the shareholders of the Company, provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

- (b) In accordance with the relevant PRC regulations, subsidiaries registered in the PRC are required to transfer 10% of their profits after tax, as determined under the PRC accounting regulations, to the statutory surplus reserve, until the balance of the reserve reaches 50% of their respective registered capitals. Subject to certain restrictions as set out in the relevant PRC regulations, the statutory surplus reserve may be used to offset against accumulated losses.

28. Notes to the Consolidated Cash Flow Statement**(a) Disposal of subsidiaries**

Net assets disposed of:	已售資產淨值:
Cash and bank balances	現金及銀行結餘
	31,200
Satisfied by:	支付:
Cash	現金
	31,200

There was no net inflow or outflow of cash and cash equivalents in respect of the disposal of subsidiaries during the year.

The subsidiaries disposed of had no significant contribution to the Group's consolidated turnover or profit after tax for the year.

27. 儲備 (續)**本公司** (續)

附註:

- (a) 本集團資本儲備指本公司根據二零零三年八月之集團重組所收購附屬公司的股本面值總額，超出本公司就交換而發行之股本面值及現有1,000,000股每股面值0.01港元按面值入賬列作繳足股份間之差額。

本公司資本儲備指本公司根據同一重組所收購附屬公司當時的綜合資產淨值，超出本公司就交換而發行之本公司股本面值之差額。根據開曼群島公司法，資本儲備可分派予本公司股東，惟於緊隨建議派付股息日期後，本公司必須能償還其日常業務中到期債項。

- (b) 根據有關中國規例，本集團在中國註冊的附屬公司目前須將除稅後溢利10%（按中國會計規例釐定）轉撥至法定盈餘儲備，直至該儲備的結餘達到其各自註冊資本50%。在有關中國規例所載若干限制規限下，法定盈餘儲備可用作抵銷累積虧損。

28. 綜合現金流量表附註**(a) 出售附屬公司**

2005	2004
二零零五年	二零零四年
HK\$'000	HK\$'000
千港元	千港元

Net assets disposed of:	已售資產淨值:		
Cash and bank balances	現金及銀行結餘	31,200	-
Satisfied by:	支付:		
Cash	現金	31,200	-

年內，並無因出售附屬公司產生任何現金及現金等值項目流入或流出淨額。

已售出附屬公司對本集團年內之綜合營業額或除稅後溢利並無任何重大貢獻。

28. Notes to the Consolidated Cash Flow Statement

(continued)

(b) Major non-cash transactions

The Group had the following major non-cash transactions:

- (i) During the year ended 31 March 2005, 87,000,000 ordinary shares of HK\$0.01 each in the Company were issued at a price of HK\$2.38 per share, amounted to HK\$207,060,000 in total, pursuant to the conversion terms, rights and conditions of the Convertible Note.
- (ii) The group reorganisation during the year ended 31 March 2004 in preparation for the listing of the Company's shares on the Main Board of the Stock Exchange involved the acquisition of Jespar Age Limited by the issue of shares of the Company.
- (iii) During the year ended 31 March 2004, the Group entered into finance lease arrangements in respect of fixed assets with a total capital value at the inception of the leases of approximately HK\$2,303,000.

29. Contingent Liabilities

The Group did not have any significant contingent liabilities not provided for at the balance sheet date (2004: nil).

As at 31 March 2005, the Company has given corporate guarantees to banks to the extent of HK\$163,600,000 (2004: HK\$105,513,000) for banking facilities granted to the Group, which were not utilised at the balance sheet date.

30. Operating Lease Arrangements

The Group leases certain of its office premises and factories under operating lease arrangements, with leases negotiated for terms ranging from one to four years.

At the balance sheet date, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
Within one year	一年內	3,624	4,623
In the second to fifth years, inclusive	第二年至第五年 (包括首尾兩年)	1,930	5,774
		5,554	10,397

28. 綜合現金流量表附註 (續)**(b) 主要非現金交易**

本集團之主要非現金交易如下:

- (i) 截至二零零五年三月三十一日止年度, 本公司根據可換股票據之兌換條款、權利及條件, 按每股2.38港元之價格發行87,000,000股每股面值0.01港元之普通股, 合共207,060,000港元。
- (ii) 本集團於截至二零零四年三月三十一日止年度內就籌備本公司股份於聯交所主板上市而進行集團重組, 涉及透過發行本公司股份收購Jespar Age Limited。
- (iii) 截至二零零四年三月三十一日止年度, 本集團就於租約開始時資本總值約2,303,000港元之固定資產訂立融資租賃安排。

29. 或然負債

於結算日, 本集團並無任何尚未撥備之重大或然負債 (二零零四年: 無)。

截至二零零五年三月三十一日, 本公司就本集團獲授之銀行備用額向銀行作出最多163,600,000港元 (二零零四年: 105,513,000港元) 公司擔保, 有關備用額於結算日尚未動用。

30. 營業租賃安排

本集團根據營業租賃安排租賃若干辦公室物業及廠房, 議定之租期介乎一至四年不等。

於結算日, 本集團於不可撤銷營業租約項下之未來最低租金總額須於下列期限償付:

31. Commitments

In addition to the operating lease commitments detailed in note 30 above, the Group had the following capital commitments at the balance sheet date:

		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
Contracted, but not provided for:	已訂約但未撥備:		
Acquisition of the New Production Plant (note)	購置新生產廠房 (附註)	53,939	-
Construction in progress	在建工程	6,926	-
Purchase of other fixed assets	購買其他固定資產	-	130
		60,865	130
Authorised, but not contracted for:	已授權但未訂約:		
Construction in progress	在建工程	39,416	-

Note: As at 31 March 2005, the unpaid consideration for the New Production Plant amounted to RMB57 million (approximately HK\$53.9 million). Subsequent to the balance sheet date, in April 2005, an instalment of RMB25 million (approximately HK\$23.6 million) was paid (note 32). The remaining balance is payable as to RMB31 million (approximately HK\$29.3 million) after the issuance of the Real Estate Title Certificate of the New Production Plant by the relevant PRC authorities and RMB1 million (approximately HK\$1.0 million) upon the expiry of two years after the examination and acceptance of the New Production Plant by the Group.

The Company did not have any significant commitments at the balance sheet date (2004: nil).

32. Post Balance Sheet Event

Subsequent to the balance sheet date, in April 2005, an instalment of RMB25 million (approximately HK\$23.6 million) was paid by the Group for the New Production Plant in accordance with the terms specified in the relevant agreement.

33. Approval of the Financial Statements

The financial statements were approved and authorised for issue by the board of directors of the Company on 8 July 2005.

31. 承擔

除上文附註30詳列之營業租賃承擔外，本集團於結算日之資本承擔如下：

		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
Contracted, but not provided for:	已訂約但未撥備:		
Acquisition of the New Production Plant (note)	購置新生產廠房 (附註)	53,939	-
Construction in progress	在建工程	6,926	-
Purchase of other fixed assets	購買其他固定資產	-	130
		60,865	130
Authorised, but not contracted for:	已授權但未訂約:		
Construction in progress	在建工程	39,416	-

附註：於二零零五年三月三十一日，新生產廠房之未付代價為人民幣57,000,000元（約53,900,000港元）。結算日後，於二零零五年四月，已分期支付人民幣25,000,000元（約23,600,000港元）（附註32）。餘額人民幣31,000,000元（約29,300,000港元）須於有關中國機關就新生產廠房簽發房地產所有權證後支付。另人民幣1,000,000元（約1,000,000港元）須於本集團檢測及接收新生產廠房滿兩年後支付。

於結算日，本公司並無任何重大承擔（二零零四年：無）。

32. 結算日後事項

結算日後，於二零零五年四月，本集團根據有關協議所訂定條款，就新生產廠房分期支付人民幣25,000,000元（約23,600,000港元）。

33. 財務報表之批准

財務報表已於二零零五年七月八日獲董事會批准並授權刊行。